



Paper Debate: Why a New \$95 Million Office in Naples When Newspapers are Struggling?

The following article and sidebar, written by Laura Layden, are reprinted from the Naples Daily News:

Are newspapers going the way of the dinosaur?

More than a few observers have written them off as a dying breed of journalism. Across the country, newspapers are ailing. Circulation has declined. So have advertising revenues, page counts and stock prices. Newspaper buildings – and even newspapers themselves – have closed.

In the past year, a handful of newspapers, including the Seattle Post-Intelligencer and Christian Science Monitor, have gone to “Web only.”

But in Naples, Fla., it’s a different story.

The [Naples Daily News](#) is about to move into a new multimillion-dollar headquarters with a state-of-the-art printing press that will be one of the fastest running in the newspaper industry in the U.S. today. The timing of the project catches some by surprise.

“How did you do it?” asked Philip Meyer, a former Knight Chairman in Journalism at the University of North Carolina at Chapel Hill.

“It’s probably unusual,” he said of the new building. “But I don’t think it’s unwise. I think newspapers are going to be around for a long time, but not necessarily in the form we are used to.”

He said the true test will be how the newspaper company adjusts to changing times in its new headquarters.

“What journalism needs is risk-takers and innovators and putting up a new plant in the middle of a recession is a good sign of risk-taking,” said Meyer, author of “The Vanishing Newspaper: Saving Journalism in the Information Age.”

“Now we’ll see how good you are at innovating,” he said.

In challenging times, innovation is a big focus for newspapers.

The Daily News is venturing into social media, such as Twitter and Facebook, to reach more readers and get more information. It’s adding more videos to its Web site, encouraging more collaboration with the community on stories, pushing to get breaking news online quicker and working to make news gathering more transparent.

At a press conference about the new headquarters last Friday, Chris Doyle, president and publisher of the Daily News, unveiled the new name and new mission for the company.

The company is now known as the Naples News Media Group. The new mission statement is: "Improving people and communities through news, information and collaboration."

The new headquarters is more than a newspaper plant, Doyle said.

The 186,000-square-foot building includes a studio, fiber optic connectivity and "a vision for working in a new world," he said.

"If you want to drive in NASCAR, you ideally want a fast car and today's multimedia world is fast-changing and demands a flexible, state-of-the-art environment that we will now have," Doyle said.

The E.W. Scripps Co., a public company that owns the Daily News and its sister publications, has invested about \$95 million in the new headquarters. It sits on about 18 acres behind the Granada Shoppes on U.S. 41 North.

The move to the new building will begin in August. The Naples Daily News is expected to begin rolling off the new press in early September.

Critics have questioned the need for such an expensive press and elaborate headquarters. The move comes as many other newspapers look to shrink their offices and even outsource printing.

"It does seem to be an odd time to be investing in printing," said Joshua Benton, director at The Nieman Journalism Lab at Harvard University, whose mission is to determine the future of quality journalism online.

"I will say it's an unusual move," he said. "I have no reason to think the publisher and the executive officers haven't crunched the numbers."

Some might wonder if Scripps would make the same decision today. Planning for the headquarters began five years ago when the local economy was growing and real estate was booming. The project was well under way before hard times really hit newspapers. Construction began in February 2008.

"We do get questions from investors from time to time about it," said Mark Contreras, head of the newspaper division at E.W. Scripps. "We plowed ahead with the best information we had. I don't think anybody could have foreseen the enormity of the real estate bubble affecting Florida."

New Press to Begin Rolling in September

The move to the new building will begin in August and will happen in phases. The Naples Daily News is expected to begin rolling off the new press in early September.

The new WIFAG Evolution 371 press, manufactured in Bern, Switzerland, will be able to print 90,000 copies per hour and 1,500 copies per minute. It uses computer-to-plate technology, eliminating the need for the film used by older, slower presses, such as the one that's printing the Daily News today.

With the new press, the size of the newspaper pages will shrink, reducing printing costs. At the same time, the technology will allow more pages to have color, benefiting advertisers and readers. The ink will no longer rub off on your hands, promised Chris Doyle, president and publisher.

Commercial printing will be offered to outside companies, bringing in a new source of revenue.

The new press will reduce printing waste, saving money.

"A lot of people might not realize that you have waste when you print from copies that are blurry early in the run and sometimes during the run," Doyle said. "Our new press comes with technology to greatly reduce that waste and provide crystal clear, low-rub printing throughout the run."

He said equipment used to insert fliers in the paper will also be state-of-the-art in the new building, which will bring additional savings.

The new distribution and direct mail equipment will triple productivity.

Likewise, it was hard for executives to foresee what's happened to newspapers over the past few years.

Last year, nearly 6,000 journalists lost their jobs, setting a one-year record, according to a survey by the American Society of News Editors. That includes layoffs at Scripps papers. Scripps closed newspapers too, including Denver's oldest, the Rocky Mountain News, in February.

"The world changed dramatically a couple of years ago. The best thing to do then was to sell the business and retire," said Edward Atorino, a top media analyst with the New York-based brokerage firm Benchmark Co.

He points to some startling statistics about newspaper advertising. It was down nearly 30 percent in the first quarter of this year, according to the Newspaper Advertising Association.

"The problem is not efficiency," he said. "It's not cost. It's not staffing. It's not travel. It's not overhead. It's advertising."

Even in tough times, Scripps stands behind its investment in this market.

"Clearly it's bad timing," Contreras said. "But that is if you look at a very short snippet of time."

Scripps is focused on the long-term success of the Daily News and its sister publications. The chain continues to be bullish on future growth prospects in this market, Contreras said.

"The market is unique in terms of the demographics. Newspaper readership there is extremely high. The product that you put out every day is one that we are very proud of," he said.

The Naples area is home to many retirees and continues to attract the baby-boom generation, which is more likely to read newspapers.

When it comes to advertising, the Naples News Media Group has been aggressive and innovative there too, pursuing new online opportunities through a Scripps partnership with Yahoo Inc.

A blitz in January to sell what's called behavioral targeted advertising in Naples generated \$2 million in sales – more than half what the paper sold online in 2008. Here's how it works: Local ads appear based on what users do online when they visit Yahoo! or the Naples Daily News Web sites, from researching stories to checking e-mail or stock prices.

"It's because of the spark and the creativity of that management team that those kinds of results have occurred," Contreras said, tipping his hat to Doyle and other local executives. "It didn't happen by accident."

Single-copy sales of the Daily News are up over last year, but home delivery is down, said Tom Janning, executive director of circulation for the Naples News Media Group. On a bright note, he said, the Daily News last week officially launched its e-edition, or electronic newspaper, and got nearly 800 paid subscribers, who can now access it online.

The Naples group of newspapers continue to be among the most profitable in the chain.

"We continue to grow our online audience 30 to 40 percent a year in Naples, year after year," Contreras said. "That indicates a strong interest to me by consumers in the news and information that is coming out of the Naples Daily News and many of the publications that are part of our franchise there."

While opening a new headquarters is unusual in these times, other newspapers are investing in their plants, too.

The San Francisco Chronicle is about to open a new \$200 million, 338,000-square-foot plant in cooperation with Transcontinental Inc., a Canadian company, that will do the printing for it, said Alan Mutter, a former journalist-turned-media consultant. Transcontinental Inc. expects to print about 400,000 copies a day at the new plant in northern California.

Other newspapers are upgrading the plants they have.

“There has been a lot of money put into modifications to existing plants, and that money includes adding color capacity,” Mutter said.

The Daily News first looked to modify its existing plant on Central Avenue. Adding the new state-of-the-art press would have pushed the building beyond the city’s height limit.

“Frankly we were sort of out of choices if we wanted to continue the newspaper business there because of the age of the printing press and the location,” Contreras said. “We always had a fear of being so close to the water. This new facility sets us up in a stable location for the next 50-75 years.”

One newspaper company in Vancouver, Wash., recently built a headquarters and then had to sell it because business went downhill so fast, said Rick Edmonds, a media business analyst at Poynter Institute, a school and resource center for journalists in St. Petersburg.

But Naples is a different market.

“Clearly things are bad now,” Edmonds said. “But I think they will pick up after the recession, at least in parts of Florida. I think there is kind of a further wave of growth, with baby boomers retiring. I think Naples is pretty well positioned.”

Newspaper companies, including Scripps, are brainstorming ways to bring in more revenue. There are discussions about charging for content generated by reporters on newspaper Web sites and about developing a platform for classified advertising that can be shared by newspapers and compete with Craigslist, said Carol Ann Riordan, vice president of programming and personnel at the American Press Institute in Virginia.

“There is so much talk about how do we pay for this thing called journalism. It is of value and it is something that we need in a society. But people have been conditioned that if it’s on the Web it’s free.”

CJ Hueston, chairwoman of the Greater Naples Chamber of Commerce, said the investment by Scripps shows a commitment to the community.

“This is really showing that the company is very technology progressive and really on the cutting edge of a change in media,” she said. “This new facility is going to allow them a springboard for staying very competitive in the marketplace.”

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