



Chasing the Community Newspaper Rainbow: The *Whiteville News Reporter* and the Digital Age

By June 2014, Editor Les High had invested much thought and effort into how to salvage his family-owned, 10,000-circulation, twice-weekly newspaper. The Pulitzer Prize-winning *Whiteville News Reporter* served a rural county tucked into the southeastern corner of North Carolina. In 2009, High had agreed to be part of an academic project to research and implement digital media business strategies that eventually included some dozen community newspapers. But even as the study progressed, the ground shifted as the national economy went into a multi-year tailspin and the onslaught of the Internet dramatically altered the media landscape.

Initially, High had hoped that when the recession eased he could return to business as usual. But he quickly realized that a new normal had emerged—and it was not pretty. Across the country, newspapers folded or consolidated or shrank as advertising dollars migrated to the Web and subscriptions contracted. Everyone was looking for a viable new business model—but its characteristics were elusive. Certainly there were solutions aplenty proposed and attempted. High's partners in the community newspaper study, for example, had adopted a variety of strategies to adapt their print publications to a new digital age: create an in-house digital ad agency, slash print and distribution costs, design and market new products.

High and his sister, Director of Special Projects Stuart High (who joined the paper in 2011), examined each of these in turn to see whether any might be the solution for the *News Reporter*. Despite several efforts to increase the paper's digital advertising revenues, they still hovered around 10 percent. The paper still published itself, although its press, purchased in 1974, was aging—as were its pressmen. Finally, the *News Reporter* had successfully launched two new products in recent years, with a couple of others close to realization—but the Highs could not decide which was most promising and whether they should be digital only.

Recently, the Highs had begun to consider the possibility that there might come a day when there would be no print edition of the *News Reporter*, only digital versions. They would need to manage the transition from print to digital judiciously, since the vast majority of the paper's revenue still came from the print edition. With a small staff and limited funds for investment, the

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siblings wanted to focus on one or two major initiatives in the coming year. It was imperative that those new ventures have the potential to bring in new readers *and* new digital advertising revenue.¹ The question was: what should take priority?

Three Generations and Counting?

Les and Stuart High represented the third generation of their family to both own a stake in the *News Reporter* and actively manage it. Both hoped for a fourth generation, but recognized that there were no guarantees.² At the turn of the 21st century, approximately half the nation's non-daily newspapers, most of which served rural communities, were still independent (i.e. not owned by an investment group or a media company). By 2010, however, the number had declined to less than a third.³ As L. High observes:

As to whether we remain a family-owned paper, it ultimately comes down to this: Can we make enough to sustain the paper as a viable business going forward? The good thing about being a family paper is that you are never forced to make 20 or 30 percent profit margins (as many group-owned newspapers are); you can accept a 3 percent margin one year or two. But long-term, you need to be able to make enough to pay your staff and produce the sort of quality, comprehensive journalism that the community deserves.

The decline of independent newspapers had been driven by the economics of the industry. Larger chains were able to cut expenses significantly by consolidating production and distribution, advertising sales and even newsgathering and editing. Historically, independent newspapers such as the *News Reporter* had set the agenda for public debate of local issues by publicizing the most important concerns in a community.⁴ By contrast, a newly acquired newspaper often lost both its independent editorial voice and longtime reporters and editors. Several studies expressed concern about the future profitability of aggressive, independent, community “watchdog” journalism, and the detrimental effect its erosion would have on the vitality of grassroots democracy.⁵

The paper was founded in 1896. The Highs’ grandfather, Leslie Thompson, had purchased the *News Reporter* with a business partner in 1938; he became sole owner a decade later. In the early

¹ All quotes from Les High come from *Saving Community Journalism*, or from extensive interviews conducted with him from Spring 2009 through Spring 2014.

² In 2014, High had two teenage daughters.

³ David Coulson, Stephen Lacy, and Dan Riffe. “Group Ownership Increases Among Weekly Newspapers.” *Newspaper Research Journal*. Vol. 35, No. 1, Winter 2014. Pp 36-50.

⁴ Maxwell McCombs and Donald Shaw, “The Agenda-Setting Function of Mass Media.” *Public Opinion Quarterly* 36, No. 2 (Summer 1972): 176-87.

⁵ Most notably, this concern was voiced in both the Knight Foundation’s 2010 report, *Informing Communities: Sustaining Democracy in the Digital Age*, and the 2011 report by the Federal Communications Commission, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age*.

1950s Thompson, as publisher, made an editorial decision that affected the bottom line of the paper for more than a decade. He backed his crusading editor, Willard Cole, as Cole investigated and exposed Ku Klux Klan activity in Columbus County. In 1953, the *News Reporter* (then-circulation 4,500) and the neighboring *Tabor City Tribune* (circulation 2,000) became the two smallest papers ever to win the Pulitzer Public Service Award. National acclaim and recognition, however, did little to quell the backlash at home as advertisers boycotted the paper and circulation plummeted.

When his father-in-law died in 1958, Jim High, who had recently married Leslie Thompson's daughter, put aside his plan to study veterinary medicine and returned to Columbus County to run the paper. He built a new plant, purchased one of the first offset presses in the state, and hired additional reporters. By the early 1970s, the paper was back on firm financial ground. Published twice a week—Mondays and Thursdays—it became the paper of record for the county's 55,000 residents, who were spread across 954 square miles of farms and swampland, dotted with 10 small incorporated towns and a dozen or so unincorporated crossroad communities.

Jim High groomed his son Les as a journalist from an early age, driving him along the back roads and main streets of Columbus County's communities "taking photos, covering accidents and town meetings, and gathering news." In college, Les High majored in photography and journalism, and volunteered with the rescue squad. He briefly considered taking a job as an EMS responder on the Outer Banks of North Carolina. But in 1984, with his mother gravely ill, he returned home after graduation to help his father with the family paper. Signing on as a staff photographer, over the next decade he worked his way up the editorial side to the position of managing editor.

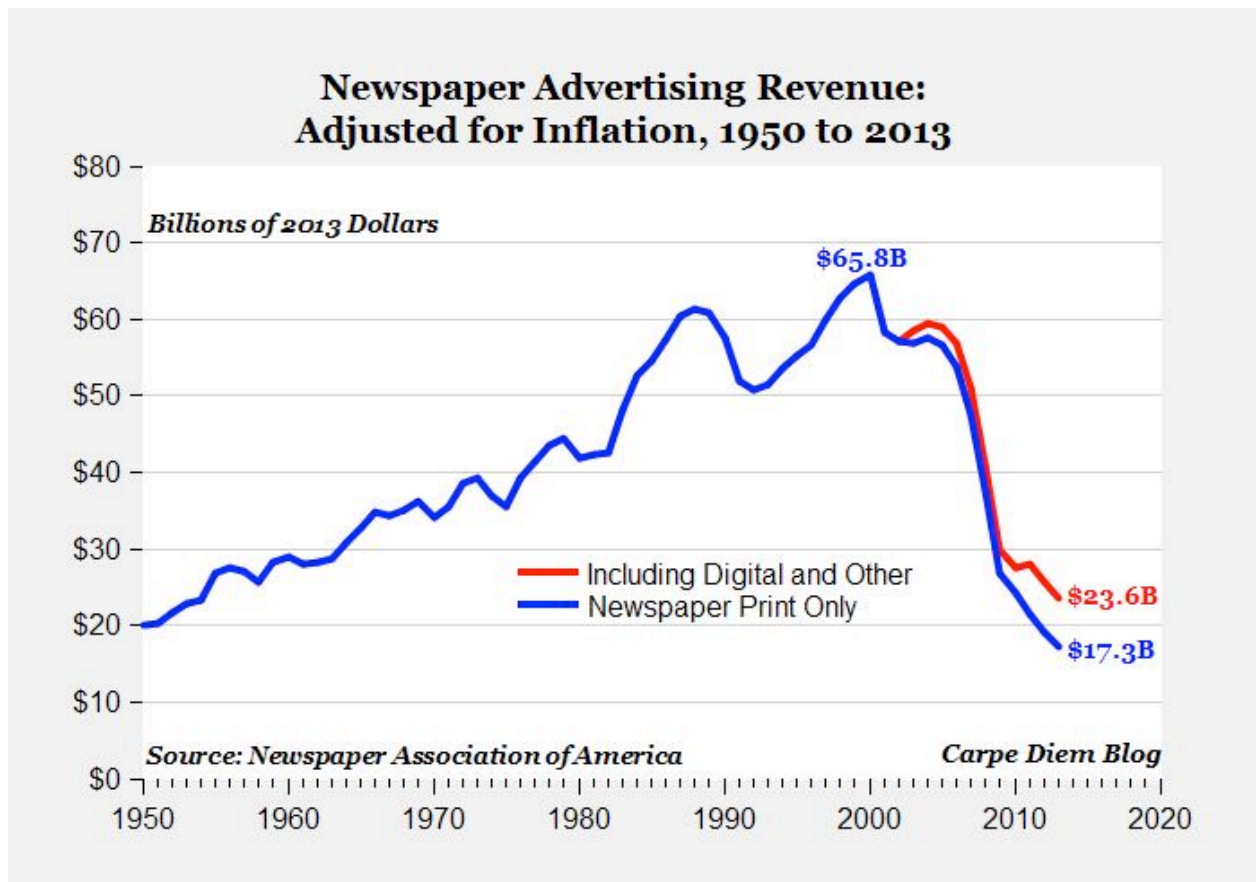
With his son on board and rising through the editorial ranks, Jim High, still active as publisher, concentrated on the business side, working closely with Advertising Director Mickey Greer. In a stable market with little meaningful competition, the division of labor worked well. While High Sr. and Greer focused on the advertising needs of local businesses, High Jr. promoted aggressive public service journalism on the tough issues in Columbus County, including crime, economic growth and political infighting. He also began to experiment with new digital options.

In 1998, the *News Reporter* became one of the first non-daily newspapers in North Carolina to establish a website, *whiteville.com*. But the primary focus of the newsroom remained on the print edition, while the website was filled with stories posted after they appeared in the paper. In 2000, the future looked promising for the *News Reporter*. "Running a newspaper wasn't too hard in a county such as ours," says Les High. "People—both advertisers and readers—still relied on the print paper."⁶ That was about to change.

Shifting Economic Winds

⁶ Penny Muse Abernathy, The Business of News blog posting, "Part Two: Reinventing the Future" on May 15, 2014. <http://www.savingcommunityjournalism.com/staying-up-to-date/>

Although some prognosticators began predicting the demise of the newspaper industry as early as the mid-1990s, Wall Street continued to be bullish on the stock of publicly traded newspaper companies through 2005. With little competition for advertisers or readers, investors viewed newspapers—especially those in small and mid-sized markets—as de facto monopolies, which meant the owners could exercise great latitude in setting prices, especially for print advertising. Profit margins routinely exceeded 20 percent at many newspapers.



Source: Mark Perry's *Carpe Diem* blog

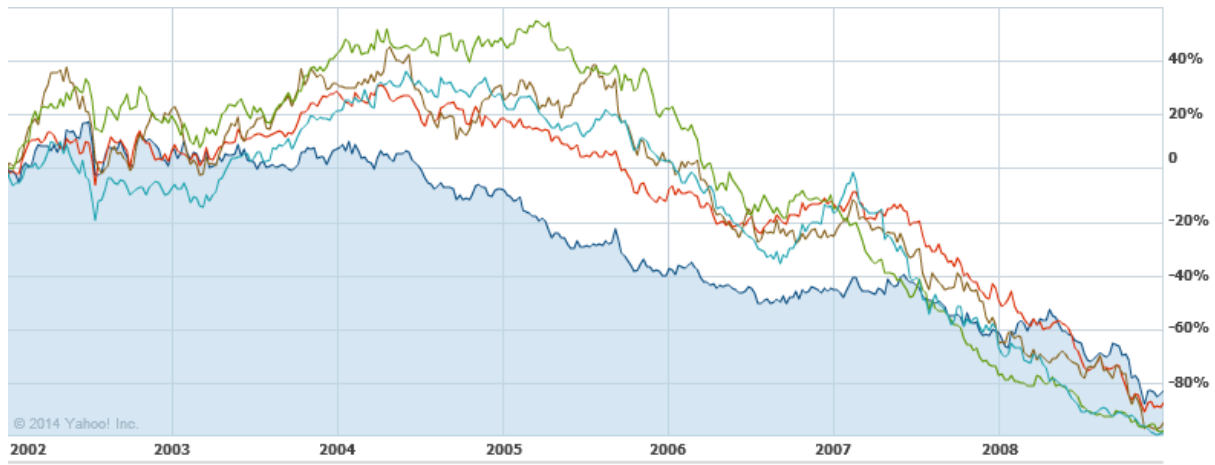
As of 2000, advertising accounted for as much as 85 percent of total revenue at the typical newspaper, with circulation accounting for the rest. But 2000 proved the peak year for newspaper advertising; by 2010, it had fallen below 1950 levels, and the decline continued unabated in following years.⁷ Newspapers in large, “wired” metropolitan areas felt the competition from the Internet first, and their margins begin to decline dramatically early in the decade as advertising

⁷ Mark Perry, “Creative Destruction: Newspaper ad revenue continued its precipitous free fall in 2013, and it’s probably not over yet,” *Carpe Diem* blog, 4/25/14. See: <http://www.aei-ideas.org/2014/04/creative-destruction-2013-newspaper-ad-revenue-continued-its-precipitous-free-fall-and-its-probably-not-over-yet/>

shifted to the web. Classified advertising, the most profitable, was the first to go. At many papers, classified advertising had enjoyed a profit margin of 80 percent (meaning that, after expenses, publishers kept 80 cents of every dollar earned).

By 2006, Wall Street had taken notice, and the stock price of large publicly traded media companies began to plummet dramatically. By the beginning of 2009, the stock price of major public newspaper companies was less than a fifth of what it had been in 2005.⁸

Chart Indicating Newspaper Stock Prices from 2002-2009



NYT-New York Times MEG-Media General MNI-McClatchy LEE-Lee Enterprises GCI-Gannett

Source: Yahoo Finance

However, the future still looked bright for the privately owned *News Reporter*, even though rural Columbus County was not experiencing the economic growth of more populated, adjacent counties on the Carolina coast. Under Greer, print advertising—both classified and display—remained strong, accounting for roughly 75 percent of total revenue. The additional 25 percent came from circulation (both subscriptions and newsstand sales), which held steady at 10,000 copies, and from printing other newspapers in the area on the offset press that Jim High had purchased in 1974.⁹

Les High began to consider expanding. He envisioned “a suburban strategy” that would piggy-back on the booming growth in the coastal community of Wilmington, only 50 miles away, and tie together five small newspapers in the surrounding counties of Brunswick to the south, Columbus to the west, and Pender to the north. A unified “suburban” market, he believed, would

⁸ Stock market: Prices come from Yahoo Finance’s interactive custom chart from 01-2-2002 to 12-29-2008 for New York Times, Gannett, Media General, McClatchy and Lee Enterprises stocks:
<http://finance.yahoo.com/echarts?s=NYT+Interactive#symbol=NYT;range>

⁹ Financial information is based on interviews with Les High from 2009 through 2014 and on proprietary data shared with the University of North Carolina research team.

attract advertisers, especially real estate developers and automotive dealers, who wanted to reach residents of the outlying communities. Their only other options were the regional television station (too inefficient, in High's view) and the *Wilmington Star News* (with low household penetration in these counties).¹⁰

In contrast to landlocked Columbus County, both Pender and Brunswick had profited from the coastal real estate boom. They had also benefitted from being close to a studio complex near the Wilmington regional airport. As of 2005, more than 20 films and a dozen television shows—including *Matlock*, *One Tree Hill*, *Dawson's Creek* and *Crimes of the Heart*—had been shot on location in the picturesque towns of Southport in Brunswick and Burgaw in Pender.¹¹

Since the 1930s, the High family had been half-owners of the *State Port Pilot*, an award-winning weekly newspaper in Southport with a circulation of 8,000. So when three small papers in Pender County with a total circulation of 5,000 became available in 2005, Les decided to purchase them. "I had never been to business school, but I got my MBA managing those papers," he says.

We had to assume debt, which meant our assumptions about revenue growth were critical. And to make matters worse, almost immediately I realized the newsroom culture was not good. The focus was almost entirely on soft [non-hard news] stories.

Over the next two years, Les High each week traveled 120 miles round-trip between Burgaw and Whiteville as he attempted to "turn around the newsroom" and deliver the projected revenue growth.

Then in fall 2008, the stock market crashed, and the shock waves rippled across America. The worst recession since the Great Depression hit Columbus County especially hard. When major local employer Georgia Pacific closed shop, suddenly the county had one of the highest unemployment rates in the state—hovering around 15 percent—and one of the lowest per capita household incomes.¹² As consumer spending declined, small businesses went bankrupt. Fewer businesses meant fewer advertisements in the *News Reporter*. Compounding the financial distress, an accompanying real estate bust in Pender and Brunswick counties wiped out visions of a grand "suburban" advertising strategy to lift the fortunes of the five small papers.

When confronted by lean times in the past, the High family had responded by hunkering down and investing in the *News Reporter*. This time, Publisher Jim High and Ad Director Greer

¹⁰ Circulation data comes from the Audit Bureau of Circulations, or ABC, U.S. Division. 2006. ABC data is currently accessed through <http://www.auditedmedia.com/data.aspx>

¹¹ Recent television shows included *Revolution* and *Under the Dome*. Recent movies included *Tammy*, *Safe Haven* and *22 Jump Street*. Source: <http://www.visitpender.com/WhatToDo/FilmLocations.aspx?subcategory=film> and <http://www.southporttimes.com/featured/200407.html>

¹² Source: the North Carolina Department of Commerce. See: <http://accessnc.commerce.state.nc.us/docs/countyProfile/NC/37047.pdf>

remained intent on “protecting” print advertising, even though it was declining rapidly, because it was so much more profitable than the banner and display advertising sold on *whiteville.com*. Jim High, who still typed stories and editorials on an old Royal typewriter instead of a computer terminal, was also hesitant to invest any more editorial resources in the digital edition, for fear it would undermine circulation of the print edition.

But beyond “holding the line,” both he and his son were unclear on how best to invest their rapidly dwindling profits. So in 2009, when the *News Reporter* had an opportunity to join two other small newspapers in a University of North Carolina-Chapel Hill pilot project to research alternative strategies and business models for community news organizations, they agreed to participate, hoping that it would, as Jim High puts it, “provide us with some answers about when things will get better.”¹³

Charting a Path

The UNC team envisioned a three-part process over two to three years—research and analyze market and proprietary financial data; formulate an overarching strategic plan; and implement the new strategy.¹⁴ Like most newspapers, the *News Reporter* had done little market research in recent years. The most recent reader survey dated to 1994 and was woefully out of date. Relying on newly available digital tools as well as time-tested interviewing techniques, UNC students were able to quickly obtain reliable and inexpensive reader and advertiser feedback and trending information.

First, they gathered readily accessible data from local, state and federal government sources (such as the US census) to build a profile of Columbus County and its 57,000 citizens. Next they posted a brief [online survey](#) of 10 to 15 questions on *whiteville.com*, querying readers about their media consumption habits and engagement with content on the website. Simultaneously, they conducted one-on-one interviews with 10 [print-only readers](#) of the *News Reporter*, chosen by calling every 100th person on the subscriber list. Finally, they conducted similar one-on-one half hour interviews with 10 current and former [advertisers](#).

Readers. The reader results were striking and, in many ways, reassuring to Les and Jim High. Using a technique employed by other newspapers, students calculated that reader loyalty to the *News Reporter* was “off the charts,” as Les puts it.¹⁵ Asked if they would recommend purchase of the *News Reporter* to a friend, colleague or newcomer, more than 80 percent of readers responded

¹³ Author interviews with Jim High in June 2013 in Whiteville, North Carolina. All further quotes from Jim High, unless otherwise attributed, are from these interviews.

¹⁴ All statistics and recommendations in this section of the case study come from *Saving Community Journalism*.

¹⁵ The loyalty survey was based on the recommendation of Frederick Reichheld in *The Ultimate Question: Driving Good Profits and True Growth*, Harvard Business School Press, 2006.

affirmatively. Compared to other news sources, they said the community paper was “the most credible and comprehensive” source of news and information they “cared about.” This included stories about local politics and sports, nearby entertainment and leisure activities, as well as the highlights of life in Columbus County, such as births, deaths, graduations and promotions.

The research showed that at least half the readers of the online edition routinely read the print edition—but for different reasons. As heavy news consumers, the dual print-web readers used the digital version to stay up-to-date on breaking stories, especially on days that the *News Reporter* did not publish, and looked for information behind the stories they read in the print edition. The average print-only reader was over 60 years old; the dual online/print reader was 15 years younger; and the average online-only reader was 35. The print-only and dual print-digital readers were exceedingly loyal, while the online-only reader tended to “check out the site” when a friend or colleague mentioned a particular story.

Both the dual print-online readers and the online-only readers expressed a strong desire for the *News Reporter* to offer digital coverage of even more topics, such as school sports, parenting or politics. Print-only readers said they were satisfied with the content currently offered in the print edition, and would not cancel their subscriptions if the *News Reporter* started producing more online material. In fact, some indicated they might even be prompted to log onto the website *if* it had content that supplemented what was in the print edition, such as expanded obituaries with video, photos and online condolences.

The student researchers also found a reservoir of goodwill toward the newspaper among local advertisers. But even though the research had demonstrated strong reader loyalty and engagement with *News Reporter* content—including advertisements—local business managers said that “newspaper sales reps don’t make a compelling case for buying either the print or online editions.” By contrast, they said, the *News Reporter’s* competitors—the television and radio stations, digital portals and even billboard companies—came armed with “facts and figures.” Many also complained that they wanted the newspaper to give them “options other than print.”

As Les High reviewed the market research and analyzed recent financial statements, the Internet’s effect on his paper’s business model was all too clear. First of all, printing and distribution capability—once a barrier to entry that kept potential competitors at bay—was now a financial albatross, consuming more than half the paper’s revenue. Simultaneously, the Internet was siphoning off potential readers, especially younger ones who surfed the web in search of specific information rather than read a general interest newspaper. Even more worrisome long-term, the print edition of the *News Reporter* was becoming less attractive to advertisers. In order to reverse the advertising revenue decline, the paper had to reposition itself as an effective multi-platform advertising vehicle.

Recommendations. In 2011, the UNC team recommended a three-pronged strategy to address costs, readership and advertising revenue while moving the *News Reporter* from a print-only to a viable digital business model. They included:

1) Shed 30 percent of legacy printing and distribution costs over the next five years, either by cutting back on publication days, moving print features online, or outsourcing print and distribution. Ideally, this would free up funds to invest in the digital operation;

2) Develop a stronger editorial presence online, creating sections or pages focused on areas of special interest such as sports, parenting and local politics;

3) Increase digital advertising revenue by 30 percent over five years by revamping the advertising rate card and the sales process to stress “combo sales” of print and digital editions; training the staff to engage in “consultative selling” (i.e. understand the marketing objectives of local businesses) instead of simply “order-taking”; and creating a new incentive system to compensate ad staff for achieving new sales goals.

Les took a calculator to the cost side first. He concluded that the printing operation was essentially “breaking even,” thanks to contracts the *News Reporter* had with other area businesses, including two newspapers. So outsourcing printing and distribution did not make financial sense for the moment. Nor did he think it would be wise to save on newsprint expenses by moving content from the print to the online edition, since that would most likely antagonize loyal print-only readers.

As for moving to once-a-week publication from twice--that, too, seemed premature. The *News Reporter* was making money on both publishing days, primarily because of preprinted advertisements routinely inserted into the paper at the beginning and end of the week by grocery, pharmacy and other national retailers in the area. High concedes that “preprints are probably going to go away entirely someday in the near future and when they do, or we lose several major national accounts, we will have to cut back printing to one day a week. But not now.”

Working the Revenue Side

So High postponed any decision on major cost-cutting and restructuring, and turned his attention instead to revenue challenges. Meanwhile his sister Stuart High, two years younger, was thinking of returning to Whiteville. She had earlier worked at a mutual funds company and in the advertising and marketing research departments at the *Charlotte (NC) Observer*. After conferring with their father, Les High asked Stuart High to join the *News Reporter* in fall 2011 as director of special projects, coordinating and overseeing the kind of digital editorial and advertising initiatives recommended by the UNC team.

Working with the seven members of the *News Reporter* editorial staff, the two siblings first identified six “special interest communities” in Columbus County and gave each a descriptive

name: Sports of All Sorts, Plugged-in Parents, Curious Citizens, Front Porch Neighbors, Texting Teens and Home for the Holidays. Les High estimated that the first three groups—those interested in local sports, parenting and local government—were the largest.

The editorial team began developing prototypes for three new “sections” that would appear in both the print and digital editions of the *News Reporter*, but with different content in each edition.¹⁶ While the print edition would continue to focus on covering important issues and events twice a week, the digital version would take advantage of the Web’s 24/7 connectivity and interactivity by offering video and audio to supplement breaking news and features, as well as reader contests and contributions. By using both mediums to best advantage, Les High hoped to retain the loyalty of current readers, as well as attract younger readers to the website.

Ad packages. At the same time Stuart High, working with Greer and Dean Lewis (digital advertising “specialist” at the paper), developed new “sponsorship” advertising packages for the special-interest sections that would require local businesses to advertise in both the print and online editions. With only 1,000 unique visitors daily, S. High did not believe that *whiteville.com* had enough “eyeballs” to justify a rate increase. However, the UNC market research had shown that advertisers who used *both* the print and online editions of the *News Reporter* had increased their reach (the number of people who saw an ad) and exposure (the number of people who saw the ad more than once) by as much as 50 percent. Therefore, she priced the sponsorship package at a 20 percent premium over print alone, instead of the five percent used in the past. With a new rate structure in place, the advertising and editorial staff committed to a fall 2012 launch of the “Sports of All Sorts” section, with the next two sections (“Plugged-In Parenting” and “My Community”) scheduled to debut the following year.

But before the sales staff—which consisted of Greer, Lewis and one other representative—could begin to identify potential sponsors, Greer in May 2012 died unexpectedly of a heart attack. The High family quickly agreed that Lewis, who had the most digital experience, would be named ad director. Lewis soon convinced two important print advertisers that they should sign on as sponsors of the dual print-and-online “Sports of All Sorts” section. McDonald’s sponsored a weekly feature called “Athletes of the Week,” while a local realtor signed on to sponsor the athletic calendar. While these sponsorships did not sell at the 20 percent rate premium that Stuart had recommended, they were sold on an extended timeline (six months or more) and began to establish the *News Reporter* as a cross-platform advertising medium, not just a print-only one.

“Sports of All Sorts” debuted in time for the 2012 high school football season and was an immediate success. Daily unique visitors to *whiteville.com* tripled to 3,000. The inaugural sponsors were pleased with their dual exposure, which helped them connect with a new and younger

¹⁶ All quotes and observations from Stuart High come from *Saving Community Journalism*, or from extensive interviews conducted with her from Fall 2011 to Spring 2014.

reader, many of whom accessed “Sports of All Sorts” through the online edition instead of print. Next up was “Plugged-in Parenting,” which the editorial staff worked to finalize in late fall.

But Jim High learned that “someone from outside the county” was preparing to create and circulate a magazine in Columbus the following year. Reacting to the threat of competition on home turf, both the advertising and editorial staffs quickly shifted gears, postponed the debut of “Plugged-In Parenting” and scrambled instead to create a new quarterly lifestyle magazine. Titled 954 (the number of square miles in Columbus County), it would be both a print and online publication. The magazine debuted in April 2013. The High siblings considered it a success from both an editorial and advertising standpoint—an example of how the *News Reporter* was becoming more than just a print newspaper.

Based on the success of selling the print-and-online sponsorship package to local retailers for both “Sports of All Sorts” and the new magazine, S. High began to “dream big with the community pages.” She and her brother identified four regional and national retailers headquartered in North Carolina as potential sponsors of the “Plugged-In Parenting” page. One, a regional bank, was the largest employer in the county but did not advertise in the *News Reporter*.

Over the summer of 2013, the two refined the editorial prototype, put together a “professional-looking” sales presentation kit, and identified the bank’s key regional decision maker. Confidently, the two of them, along with Lewis, made the pitch in late summer, and were disappointed at the reaction. “Why do I need to advertise with you?” the marketing executive asked. “I already own the market.” Disappointed, they returned to the *News Reporter* to re-group. “Obviously, we needed to up our game and make a better argument about the value of the *News Reporter* before approaching other clients,” says Stuart High. When two of the staff who had been most enthusiastic about the section left the paper in fall 2013 for family reasons, L. and S. High decided to postpone the debut of “Plugged-In Parenting” yet again, until summer 2014.

Website. S. High turned her attention to the website and a new template more compatible with mobile access. In the last couple of years, cellphone coverage in the rural county had improved significantly, and smart phones were proliferating. Even her father, who still used a typewriter at work, had become a fan of his new iPhone. “As I watched Dad and my children trade stories and photos, it became clear to me that mobile was an important way we were going to reach new readers,” says Stuart. “That meant it was also going to be increasingly important to our advertisers.” She settled on a WordPress template, and began overseeing a major redesign of the site.

But as the end of 2013 approached, L. High began to worry that his management attention was spread too thin between the papers in Pender and the *News Reporter*. He decided to sell the three Pender County papers—which he had merged into one weekly paper in 2012—and focus

exclusively on the *News Reporter*. “We were making half of what we were making in 2006,” says Les.

I’m proud to say we’ve gotten through this without cutting anyone from our reporting staff. But with tighter budgets, I need to be focused on making sure we are spending every dollar wisely and that we’re building a paper that can survive financially in the years ahead so it can continue to serve the people of Columbus County. The economy, health, education—we know there are a lot of quality-of-life issues here in Columbus that will affect our future. And if we don’t cover them, no one else will.

What’s Everybody Else Doing?

Meanwhile, the five-year UNC research project ended in April 2014 with the publication of a report.¹⁷ The project had expanded to include more than a dozen newspapers—dailies and non-dailies—in eight states from California to Vermont and Florida. They ranged from a 7,000-circulation weekly in West Virginia to a 90,000-circulation daily in Utah and a 150,000-circulation Spanish-language weekly in Chicago.

On May 8, 2014, publishers of four of the UNC study publications spoke to 150 publishers, editors and advertising directors gathered for an annual, day-long North Carolina Press Association newspaper workshop. The moderator asked each panelist: “What do you know now that you wish you had known five years ago?” High, elected president of the state press association a year earlier, represented the smallest paper on the panel. He listened intently as the other veteran publishers spoke.

The longtime publisher and editor of the *Santa Rosa Press Democrat*, a 55,000-circulation daily in affluent Sonoma County, northern California, was first to respond. “In 2009,” he said, “I thought we could make a series of incremental steps that would move us from print to digital. What I didn’t realize is that, at some point, there is a leap across the chasm.”¹⁸ The *Press Democrat* had made that “leap” by creating an in-house digital ad agency to serve a range of marketing needs for area businesses, including web development and search engine optimization. This served as an impetus for the *Press Democrat* to completely revamp its own rate card, sales training

¹⁷ Penelope Muse Abernathy, *Saving Community Journalism: The Path to Profitability*. [UNC Press: April 2014]. Unless otherwise noted, all statistics, quotes and observations in this case study come from research conducted for and cited in the book.

¹⁸ Penny Muse Abernathy. Quotes in the text come from the following The Business of News Blog postings: “Part Two: Reinventing the Future” on May 15, 2014 and “Do Some Newspapers Want to Die?” on May 22, 2014. <http://www.savingcommunityjournalism.com/staying-up-to-date/>

program and incentive structure. By the end of 2013, almost a third of advertising revenue at the California paper came from digital.

The general manager of the *Rutland Herald*, a 12,000-circulation daily in Vermont, focused on the cost side of the equation. “You can’t shed the legacy costs associated with the print edition fast enough,” she said. Over the previous five years, the *Herald* had revamped its production and distribution processes, shedding almost \$6 million in costs. As a result, while most newsrooms were laying off staff, the *Herald* had freed up funds to hire additional reporters and editors.

The publisher of the *Southern Pines Pilot*, a 13,000-circulation, twice-weekly newspaper located in a golfing resort community in central North Carolina, touted the benefits of diversification away from financial dependence on the print newspaper. In addition to creating an award-winning website, the *Pilot* had begun publishing three upscale monthly lifestyle magazines for communities in the area and two telephone directories for adjacent counties. It also purchased a design company and a local independent bookstore. When it was his turn, High said:

In 2009, I wish I’d known the true meaning of transformational change. Over the last five years, I’ve realized that when our print readers die, they’re not being replaced by people in their twenties and thirties. [Young readers] are getting their news online—even in Columbus County. That is what every newspaper in every community is facing. That train is coming down the tracks and you better be ready.

Back to the Future

Inspired by what he had heard at the workshop, High and his sister in early June 2014 met in the *News Reporter’s* small, windowless conference room that doubled as the library, or “morgue,” to decide jointly on a path forward. They were surrounded by bound, yellowed copies of the paper that dated back more than a century, including the Pulitzer-Prize-winning articles on the KKK published by their grandfather in the early 1950s. Their goal: map out a strategy for the coming year.

L. High had earlier rejected as premature some of the recommendations from the UNC team for cutting costs and increasing revenue by 30 percent over a five-year period. But now he was ready to reconsider.

Shed legacy printing and distribution costs. Both the *News Reporter’s* offset press, purchased in 1974, and its production employees were aging. Recently, one of the pressmen, age 64, had collapsed at work and had to be rushed to the hospital. The person in charge of the mailroom was 70. Jim High had resisted outsourcing print and distribution because it meant laying off lifelong employees. However, the current production operation was barely breaking even. If a major press component broke (requiring a “six-figure repair”), or if the paper lost just one outside

printing contract, L. High calculated that the paper would have to outsource printing immediately. Since 2009, most newspapers in eastern North Carolina had outsourced printing to one of two regional newspapers (50-150 miles away) that had state-of-the-art presses working 24/7. Perhaps the paper could improve profits if it did the same. “Should we wait for the emergency or bite the bullet now?” asks High.

Create more print and digital publications around special interests, such as parenting.

The prototype for the Plugged-In Parenting section was “ready for primetime” but its two biggest proponents had left the paper. Meanwhile, two summer interns—both journalism majors—and his 17-year-old daughter were lobbying Les High to start an online-only section of “news for people who aren’t old.” With S. High, they had produced a prototype dubbed “POP” (Popular Culture, Opinion and People). Several local businesses had expressed interest in sponsoring the online-only section aimed at readers aged 15-25. The Highs debated whether to “go where the staff energy and excitement are” (POP) and attempt to attract a young, wired audience, or follow the strategic plan and produce the print-and-online “Plugged-in Parents” section, which would likely attract a larger, older audience and more advertising revenue. If they opted to go with POP, how could the paper sustain it when the interns returned to school?

Pursue new sources of advertising revenue. “Sports of All Sorts” and 954 had been successful, producing enough revenue to more than offset costs, and repositioning the *News Reporter* as a multi-platform publication. But the Highs knew that they needed to continue to diversify away from print advertising, which still accounted for the vast majority of revenue. Preliminary research at UNC had concluded that newspapers had the potential to triple digital advertising revenue by establishing in-house advertising agencies that served all of their clients’ marketing needs (digital, print and video).¹⁹

The siblings had been intrigued by the success of the digital agency established at the much larger *Santa Rosa Press Democrat*. Could a slimmed-down model work in rural, economically challenged Columbus County? Was this the most efficient use of the three-person *News Reporter* advertising staff or would it overwhelm them? Was it better to increase digital revenue by launching multiple print and online products, as the *Southern Pines Pilot* had done? The two Highs realized that these were not “incremental steps” but a strategic reorientation. Were they ready? Could they tackle all three options simultaneously? Could they afford not to?

¹⁹ Research conducted by JoAnn Sciarrino, Knight Chair of Digital Advertising and Marketing, UNC at Chapel Hill, in spring and summer 2014, with anticipated publication in spring 2015.

APPENDIX 1

Newspapers Profiled in *Saving Community Journalism*



APPENDIX 2

Sports of All Sorts: Two Versions

McDonald's Athletes of the Week

Free Ping Pong Tournament at Whiteville Parks and Recreation (ages 11 & up)

WHG Baseball Alumni Game at Legion Stadium

McDonald's Athletes of the Week

Sports of All Sorts on whiteville.com

UPCOMING SPORTS EVENTS

LIBERTY MEDICAL SPECIALTIES

Sports of all Sorts

McDonald's Columbus Athletes of the week

Taking aim

LIBERTY MEDICAL SPECIALTIES

HICKAMAN

Sports of all Sorts Print Edition

APPENDIX 3

The Suburban Strategy: Pender, Columbus, Brunswick Counties

