



## **AllNovaScotia.com: Success or Anomaly?**

### **Teaching Note**

#### **Case Summary**

In 2001, media entrepreneur David Bentley and his daughter, Caroline Wood, founded the first online, local news website in Halifax, Nova Scotia. Twelve years later, unlike many digital news experiments of the early 21<sup>st</sup> century, *AllNovaScotia.com* was an unqualified success. Its devoted readers included politicians, professionals and pundits of the small city on Canada's eastern seaboard, and its newsroom included a stable of talented and well---respected journalists. Perhaps most unusual, the business had no debt and generated a steady profit.

Bentley had built *AllNovaScotia* by following his own instincts, which led him away from most of the best practices of online journalism of the time. While others lauded the Internet's potential for online ad revenues, multimedia storytelling and audience participation, Bentley insisted on hefty subscription fees, eschewed all photos, video and graphics, and refused to adopt any regular form of reader engagement. His formula had worked for a decade, and by 2013 the rest of the world had started to take note.

This case traces the crisis in legacy news operations alongside the growth of *AllNovaScotia*. It charts the dramatic collapse of revenues at North American newspapers and the impact on local newsrooms and local communities. It looks at the waning influence of television news and covers the rise of digital journalism, including the difficulty of finding sustainable business models for digital news, and the new processes and standards developed as journalism on the Internet matured.

*AllNovaScotia* was considered a backwater anomaly for many years because Bentley ignored the potential of the new medium. In 2013, *AllNovaScotia* was still behind an impermeable paywall and did not use social media in any way. But *AllNovaScotia* pioneered several innovations that were missed by casual observers who looked solely at the potential of new technology. The *AllNovaScotia* business model included a tight focus on creating specific content for a niche market, an early emphasis on mobile delivery and an unusual organizational structure.

The case is situated at a crucial time in the evolution both of *AllNovaScotia* and of digital journalism. News is shifting to mobile devices. Traditional news media are moving away from advertising---supported news to subscription---based news. Mass media is faltering and fragmentation is leading to ever---smaller niche markets and publications. Bentley is past retirement age. *AllNovaScotia* is his legacy. He wants the editorial operation to thrive, but he also wants to make sure that the business provides a solid financial base for his family over the long term. He has started and sold media businesses before, but they all faltered after he left the helm. Students must plot the future of *AllNovaScotia*. They are offered five options, and encouraged to come up with options that are not included in the case. An epilogue, to be distributed to students after class discussion, reveals that Bentley and Wood sold 14 percent of the company to staff in the summer of 2013.

### Teaching Objectives

This case is designed to give students an overview of the recent history of for---profit journalism in North America, as well as a sense of how new business models are emerging. The case can be used to help establish fundamental knowledge about the structure of the news industry, or to help students delve deeper into the potential for journalism in North America.

Students are given five options for the future of *AllNovaScotia*: incorporate multimedia and try to beat out the dominant local newspaper; replicate the model in other cities; divide the business into industry or subject---specific niche publications; sell the company; develop related businesses such as event management. Students must tackle key questions about value, competitive advantage and existing markets to determine the best course.

Students should first determine the core value of the site for existing readers. Why is it so popular and influential? Does it benefit from a lack of quality competition in the Halifax market? Do students think service features such as the full list of civil lawsuits and government tenders are key to its popularity? How important is brevity to the value of the site? How much of its content is available elsewhere? Is there any evidence that readers want videos, graphics or other multimedia elements? Students should be guided to think about how each of the potential options for the future of *AllNovaScotia* could affect the core value of the site to readers. For example, many students will typically argue that *AllNovaScotia* should use multimedia storytelling techniques and go after a broad audience, but is that really consistent with a site that promises a concise roundup of local business and political news?

The second crucial question is why *AllNovaScotia* has succeeded when so many other similar operations around North America have failed. Students should be encouraged to think about what is different in the content, delivery and operations of the site. *AllNovaScotia* has a unique operational structure that forces reporters to take ownership of their beats. Is that crucial to its success? Bentley has a record of hiring top reporters

away from other media and of paying competitive salaries. Staff also get every other Friday off. How important is top talent to the success of *AllNovaScotia*? Would the site continue to thrive if staff earned less than reporters at the local newspaper? How important is Bentley's dedication to keeping operating costs low? *AllNovaScotia* also asks reporters to sell subscriptions. Is that a source of competitive advantage? The epilogue reveals that Bentley and Wood have plowed almost all profit back into the business, hiring reporters to dig up more original news. Students should be encouraged to think about how *AllNovaScotia*'s competitive advantage could—or might not—continue under the five options for the future.

The third question is: what is the most promising market for the future of *AllNovaScotia*? Four of the five options require that *AllNovaScotia* move into a new market, seeking new readers or new sources of revenue. How much competition exists in each of those markets? What is the potential for each of those markets? Does *AllNovaScotia*'s competitive advantage lend itself to moving into those markets? In what way? Materials in the appendix will be useful for evaluating the potential of some proposed new markets. Students should be encouraged to think about what additional market research is needed to make a firm decision.

The case can also be used to explore contemporary ethical issues in journalism. For example, should *AllNovaScotia* guard its content so zealously? Does it have a public responsibility to share important information beyond its subscriber base? What is the tradeoff for society in establishing a publication for a niche market of elites? *AllNovaScotia* asks reporters to sell subscriptions. Is that ethical? Could it compromise coverage or create a perception that coverage is skewed?

## Class Plan

Use this case in a course about the business of media, foundations of journalism or entrepreneurial journalism.

*Pre----class.* Help students prepare for class by assigning the following two questions:

How should David Bentley and Caroline Wood ensure the financial and editorial future of *AllNovaScotia*? Maximum 250 words. Explain.

What additional research or information is needed to confirm your decision? Be specific. Maximum 100 words.

Students should post responses privately to the instructor. Posting privately will allow students to more easily change their position during the class discussion, rather than trying to justify their original decision. Ask students to think about three issues before filing their posts:

- 1) What is the core value of *AllNovaScotia* for existing readers? (Or, to phrase it differently, "Why do readers choose *AllNovaScotia*?")

2) Why has *AllNovaScotia* succeeded when so many other similar operations have failed?

3) What is the most promising market for expansion?

Students should be encouraged to come up with options that are not outlined in the case.

*In---class questions.* The student posts will be useful to determine key themes for preliminary discussion, after which the instructor could pose any of the following questions to promote a 60---90 minute discussion. In general, choosing to discuss three or four questions in some depth is preferable to trying to cover them all.

a) What is the core value of *AllNovaScotia* to readers in Halifax? Would it be enhanced or hurt by incorporating multimedia on the site? Why?

b) What would be required to convert *AllNovaScotia* to a general---interest news site? Would it have to cover lifestyle, sports, arts and entertainment? How would this change the core value of the site? Would *AllNovaScotia* retain a competitive advantage over the local newspaper or television news operation if it expanded to a general audience?

c) Why has *AllNovaScotia* thrived when so many similar operations have failed? Is there something unique about the way the operation is run? This is a good place to raise issues of talent acquisition, newsroom management, pay scales and perquisites.

d) If *AllNovaScotia* chooses to develop subject or industry---specific publications, which industries or subjects should it pursue? Why? Should it restrict itself to a Halifax audience or expand to Nova Scotia or Atlantic Canada? What are the risks of pursuing this strategy?

e) One company tried to duplicate the *AllNovaScotia* model in two Ontario cities and failed. Was that a fair test of the business model? Why or why not? Is it worth testing the model in other cities? If so, which ones? What are the risks of expanding or franchising outside Halifax?

f) Many media companies have developed ancillary products such as consulting services, conferences and even wine clubs and cruises. Is this a good direction for *AllNovaScotia*? If so, what products should they add? What are the risks in pursuing this strategy?

g) Can *AllNovaScotia* thrive without David Bentley in the newsroom? Why? What does this answer mean to the potential for selling the company?

h) What are the potential benefits and risks of selling *AllNovaScotia*? Bentley has consistently plowed profit back into the company. Would a new owner, particularly a publicly traded media company, be likely to do this? Why or why not? What might that mean for editorial quality?

i) Editorial and business functions are sharply separated in most news operations. *AllNovaScotia* reporters are asked to sell subscriptions. Is this ethical? How does it affect the content of the site or the perception of the site in Halifax?

j) *AllNovaScotia* is intensely competitive. It closely guards its content and its operations. It won't allow competing reporters to subscribe to the site, and it won't allow employees to talk about operations. Is it ethical for *AllNovaScotia* to be so secretive? Does it have an obligation to the broader public to ensure that news in the public interest is shared widely across society? In an era of waning local journalism, does *AllNovaScotia* have a responsibility to share some of the secrets of its business success?

*Conclusion.* At the end of the discussion, the instructor should ask the class to vote on the best option for *AllNovaScotia*. The instructor should then compare the results to a tally compiled from the original student posts. If desired, the instructor may distribute the epilogue.

*Final assignment.* Instructors may choose to have students do a 1,000---word essay based on the in---class discussion and the epilogue. Students could choose one of the following topics:

Evaluate the decision to sell part of *AllNovaScotia* to employees. Will this deal help Bentley achieve his goal of ensuring that *AllNovaScotia* continues to thrive and remain profitable? If so, how? If not, why not?

(For students who changed their position) Re---visit your original decision about the future of *AllNovaScotia*. What do you now believe to be the best direction for the future of the company? Why?

(For students who have not changed their position) Re---visit your original decision about the future of *AllNovaScotia*. What are the potential risks of your suggested option? Be specific. As publisher, what could you do to mitigate some of those risks?

### **Suggested Readings:**

Tim Currie, "How a tightly pay---walled, social---media---ignoring, anti---copy---paste, gossip news site became a dominant force in Nova Scotia," *Nieman Journalism Lab*, January 23, 2012.

SYNOPSIS: This article is an overview of the operations and history of *AllNovaScotia.com*. It explains the influence of the site in Nova Scotia and how it differs from other local online sites in North America.

<http://www.niemanlab.org/2012/01/how-a-tightly-paywalled-social-media-ignoring-anti-copy-paste-gossip-news-site-became-a-dominant-force-in-nova-scotia/>

Bill Grueskin, Ava Seave and Lucas Graves, "The Story So Far: What We Know About Digital Journalism," *Columbia University Graduate School of Journalism*, May 10, 2011

SYNOPSIS: This report offers an overview, circa 2011, of key issues in the emerging business models for digital journalism. Chapters cover multimedia, niche versus mass, paywalls versus advertising, alternative revenue streams, aggregation and analytics.

[http://www.cjr.org/the\\_business\\_of\\_digital\\_journalism/the\\_story\\_so\\_far\\_what\\_we\\_know.php](http://www.cjr.org/the_business_of_digital_journalism/the_story_so_far_what_we_know.php)

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Kristin Noland and Lara Setrakian, "Seeking The Single---Subject News Model," *Tow Center for Digital Journalism*, November 2013

SYNOPSIS: This Tow/Knight brief examines the trend of single---subject news operations. It looks at how single---subject operations emerged as a natural consequence of fragmentation. The report looks at common problems facing subject---specific operations, as well as common issues in business model development. The report predicts that single---subject sites will proliferate.

<http://towcenter.org/seeking-the-single-subject-news-model/>

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Clayton Christensen, David Skok and James Allworth, "Breaking News: Mastering the art of disruptive innovation in journalism," *Nieman Reports*, February 2013

SYNOPSIS: This useful three---part report applies Clayton Christensen's famous theory of disruption to journalism and the news industry. The theory examines the disruption caused by new technology and explains why so few established industries are able to pioneer innovations based on new technology. The report breaks the news industry value chain into three parts: gathering news, distributing content and selling news. It then looks at disruption and innovation within each part of the value chain.

<http://www.nieman.harvard.edu/reports/article/102798/Breaking-News.aspx>

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Esa Sirkkunen and Clare Cook, "Chasing Sustainability on the Net," *Tampere Research Center for Journalism, Media and Communication*, 2012

SYNOPSIS: This report is a joint research project of Tampere University (Finland), University of Southern California Annenberg School for Communication and Journalism and Waseda University Graduate School of Journalism (Japan). It examines the business model of 69 journalism outlets on nine continents. All of the organizations are online---only start---

-ups without ties to legacy media. The report divides the organizations into two types: those that focus on content and those that focus on services. It charts common problems and solutions faced by digital journalism startups.

[http://tampub.uta.fi/bitstream/handle/10024/66378/chasing\\_sustainability\\_on\\_the\\_net\\_2012.pdf?sequence=1](http://tampub.uta.fi/bitstream/handle/10024/66378/chasing_sustainability_on_the_net_2012.pdf?sequence=1)

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Jeff Kaye and Stephen Quinn, *Funding Journalism In The Digital Age: Business Models, Strategies, Issues and Trends*, New York, Peter Lang, 2010

SYNOPSIS: This book takes an international look at the challenges of funding digital journalism. It includes useful case studies from around the world.

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Mark Briggs, *Entrepreneurial Journalism*, Los Angeles, Sage CQ Press, 2012

SYNOPSIS: Briggs is the author of *Journalism Next*, one of the first texts to examine the potential for new forms of journalism in an Internet age. In this volume, Briggs turns his attention to business models for digital journalism. This is a practical how---to guide that focuses on US examples and is designed for journalists who want to start their own business.