Ain’t there no more: The Times-Picayune downsizes

Jeff Totten, McNeese State University
Craig Davis, Ohio University
Hans K. Meyer, Ohio University

This case was prepared by the authors and is intended to be used as a basis for class discussion. The views presented here are those of the authors based on their professional judgment and do not necessarily reflect the views of the Society for Case Research, the Times-Picayune and its affiliated agencies. Copyright © 2016 by the Society for Case Research and the authors. No part of this work may be reproduced or used in any form or by any means without the written permission of the Society for Case Research.

The Announcement

Ricky Mathews, incoming president of the NOLA Media Group, a subsidiary of Advance Publications Inc., announced on May 24, 2012, that the 175-year-old New Orleans Times-Picayune [T-P] would no longer publish a printed paper each day, beginning sometime in the fall. The focus would shift to online news gathering 24/7 instead (McGill, 2012; “New digitally focused company,” 2012). Did Ricky Mathews fully understand the marketing implications of this decision? In other words, did he know how this change would resonate with the readers, considered highly brand loyal to the T-P?

The changes coming in the fall were necessitated by revolutionary upheaval in the newspaper industry, Matthews said. “These changes made it essential for the news-gathering operation to evolve and become digitally focused,” (“New digitally focused company,” 2012). Mathews also noted that “the transition will be difficult” and that the move “will result in a reduction in the size of the workforce” (“New digitally focused company,” 2012). The newspaper would be delivered to homes and sold in stores on Wednesdays, Fridays and Sundays only (“New digitally focused company,” 2012).

An alternative weekly in the city, Gambit, reported that the paper’s employees were in shock (Mirkinson, 2012). News of the impending changes appeared in The New York Times the day before (Carr, 2012) and was “explosive for employees and anyone who loved New Orleans, its celebrated newspaper, or who followed the long-struggling newspaper industry” (Theim, 2013, p. 92). T-P Editor Jim Amoss stated, “We will continue our 175-year commitment to covering the communities we serve” (“New digitally focused company,” 2012).

The Poynter Institute, a noted journalism policy organization, said the move “would make New Orleans the largest city in the country without a daily printed newspaper” (Descant, 2012). Edward Atorino, a media industry analyst, said other major metro papers are watching the T-P’s experiment very closely (McGill, 2012). Atorino expected to see more movement away from the traditional seven-day paper as print advertising dollars continued to decline, from approximately $23 billion in 2008 to $19 billion in 2011 (McGill, 2012). The decline continued in 2012 to $18.9 billion (Pew Research Center, 201). Market penetration for the T-P (print only) had fallen
from 68% in 2010 to 64% in 2012 (Pew Research Center, 2014). [For more information about the newspaper industry, see Appendix A.]

History

“Established as The Picayune in [January] 1837, the paper’s initial price was one picayune, a Spanish coin equivalent to about 6 cents” (Readex, 2013). It covered many historical events including the Mexican War, catastrophic floods, the Civil War, Reconstruction and the city’s growth (Readex, 2013). Journalistic innovations, under the first female publisher of a major paper, Eliza Jane Poitevent, included society pages and specific pages for children (Readex, 2013). It merged with its competitor, The Times-Democrat, on April 5, 1914 to become The Times-Picayune (Readex, 2013; Karst, 2014). Thorough coverage of major events continued in the 20th century, including both World Wars, terrible hurricanes, Governor Huey Long’s career, levee construction and the election of the city’s first African-American mayor in 1978 (Readex, 2013).

Samuel Newhouse, Sr., owner of Advance Publications, purchased The Times-Picayune and the afternoon paper in New Orleans, The States-Item, in 1962. The papers were merged in 1980 and were published as The Times-Picayune/The States-Item. The name was shortened to The Times-Picayune in 1986 (Wikipedia, 2013).

The newspaper gained national attention and was later awarded a Pulitzer Prize for Public Service in 2006 for reporting on Hurricane Katrina (August 29, 2005 and the months afterwards). Staffers camped out in the middle of the newspaper building and kept posting updates on the paper’s website, NOLA.com, until they were forced to abandon the building on August 30th due to flooding. For three days (8/30-9/1) the paper published editions online as pdf files. The first printed edition came out on Friday, September 2nd from the journalism building at LSU, 80 miles away in Baton Rouge. This paper’s win represented the first time the Pulitzer was given to online journalism (McLeary, 2005; Theim, 2013b, Chapter IV; Wikipedia, 2013). McLeary (2005) noted, “It’s hard not to recognize this as pure journalistic instinct at its finest. At no point during this whole ordeal has the Picayune staff abandoned their posts.” Beyond the Pulitzer, the T-P’s coverage of hurricanes, the New Orleans Saints, entertainment, political corruption and ties to the Mississippi River “all forged tight bonds with readers” (McGill, 2012). “During the days of the Katrina recovery, T-P became more than just a newspaper, but a guide to rebuilding. ... The newspaper in many ways held the city together” (“The Times-Picayune Fiasco,” 2013).

Reactions

Initial reactions to the cut in print varied among news media, reporters, and New Orleanians. The Associated Press noted, “This change is not easy, but it’s essential for us [in the industry] to remain relevant” (Descant, 2012). Danny Monteverde, a T-P reporter, tweeted “Stunned” (Descant, 2012). Keith Darcé, a former T-P reporter and San Diego public relations manager, said, “Upheavals in the news industry are still all too common as newspapers try to adjust to
reductions in revenue that may never resurface again” (Descant, 2012). He also said it “may turn out to be the next trend in newspaper journalism” (Descant, 2012). However, “newspapers that have cut their operations beyond usefulness or quit delivering a daily print presence have suffered. The audience has to be earned every day” (Carr, 2013).

The reactions from New Orleans were swift and negative. “Howls of protest accompanied the announcement. Protest rallies were held” (Edge, 2014, p. 4). The paper “was much loved by New Orleans residents, and at 65 % market penetration, it had one of the most avid readerships of any daily newspaper in the country” (Edge, 2014, p. 5).

Anne Milling, a T-P advisory board member, said an online-focused model wouldn’t work in New Orleans. “It’s part of our tradition: You wake up with a cup of chicory coffee and read the newspaper” (Descant, 2012). Eighty miles away, David Manship, publisher of The [Baton Rouge, LA] Advocate, emphasized that his paper would continue to be published in print while acknowledging the growing presence of the Internet (Descant, 2012). The Advocate was distributed from south central Louisiana (known as Acadiana) to the New Orleans metro area, including the Northshore (north of Lake Pontchartrain).

“A letter deploring the shortened new publication schedule was released on June 4, featuring scores of signatories, including university presidents, chefs, chief executives, civic activists and even the archbishop of New Orleans” (Robertson, 2012). “Satirical signs about the paper’s new leadership [were] stapled to poles, a suitably analog form of protest, and bars advertised drinks on the house for [T-P] staff members” (Robertson, 2012). Behind the scenes, some prominent citizens lobbied to save the seven-day schedule as well as sought alternatives like asking The Advocate to enter the market more extensively (Robertson, 2012). “New Orleans is one of the poorest and least digitally advanced cities in America. More than a third of its residents have no Internet access at home” (Chittum, 2013). Steve Ritea, a former T-P reporter now with UCLA, started “the ‘Friends of the Times-Picayune Editorial Staff’ Facebook group, a private, by-invitation-only page specifically for employees, alumni and newspaper supporters” (Theim, 2013a, p. 95; Edge, 2014, p. 4).

Layoffs

The proverbial axe fell in June as Advance Publications Inc., through its NOLA Media Group and other subsidiaries, began laying off employees. “In New Orleans and across the state of Alabama on Tuesday [June 12th], as part of a basic restructuring [at four Advance Publications-owned papers], scores of employees walked into one-on-one meetings and walked out 10 minutes later with severance packages” (Robertson, 2012). T-P editor Amoss said that 84 people in the newsroom, about half, were let go (Robertson, 2012). Stephanie Grace, an editorial columnist, was invited back as a news reporter but did not really know what her new title would entail (Robertson, 2012). She ended up joining The Advocate as a columnist (Theim, 2013b, p. 243). What made matters worse was T-P staffers had to follow Gambit’s Twitter account to find out who was laid off (Robertson, 2012). It was estimated that 200 total employees were laid off (“Advocate extends,” 2012). Bruce Nolan, a T-P vet of 41 years, was one of the people let go. In
the newsroom after his layoff, he said, “… everyone is standing around. It’s a death march. Every face turns to me, and I draw my finger across my throat. It was stunning” (Chittum, 2013).

The 17 remaining top reporters signed a memo on June 19th and sent it to Amoss, Mark Lorando, the new managing editor, and online editor Lynn Cunningham. The memo asked the three leaders questions including “Will there be goals or quotas for tasks such as blog posting, activity on Twitter, and entering comment streams?” They never received an answer and most of them ended up leaving the T-P (Chittum, 2013). Chittum (2013) noted that “the mix of jobs has moved away from news toward sports and entertainment, which have grown significantly since the layoffs.”

Let the Blogging Begin: Citizens’ Reactions

Websites and blogs launched criticizing the change (Edge, 2014, p. 4). “A website called ‘Ricky Go Home’ was set up to vilify” Matthews, and “featured ‘wanted’ posters with Matthews’s face on them. ‘He has the gall to move to town and dismantle our newspaper,’ it said. ‘Even Hurricane Katrina couldn’t do that’” (Edge, 2014, p. 4).

After word got out that Anne Milling’s T-P Citizens Group had asked the Newhouse family in a letter to sell the T-P but were rebuffed (Theim, 2013b, p. 121), one NOLA.com blogger by the name of inletsman, said,

“Newhouse, in his statement to the New York Times said that talk of local owners buying the Times-Picayune missed something: “We have no intention of selling no matter how much noise there is out there.” Well folks, this kinda’ says it all about what you can expect from the Times-Picayune owners/managers in the future.....especially if we’re just considered ‘noise’. Does this guy really have any idea how few of his readers have access to computers, iPads, etc. or in the case of many readers.....even care to learn how to use one? SELL THE T-P to someone who considers the readers and subscribers as something more than ‘noise’! From his statement, it's obvious that he has NO feelings for the ‘locals’.....or loyal employees of his publications” (Nola.com archive, 2012a).

NewspaperGrouch commented (Comments are reproduced here exactly as written with spelling and usage areas uncorrected):

NewspaperGrouch commented:

And finally, you DO NOT become a better news media by laying off your newsroom staff!!! If you want to cover New Orleans properly, it's a no brainer. You need to have the proper amount of reporters, copy editors, & other support staff to have a quality newspaper & website! Take a good look at the MLive Media Group and the mistakes they have made there [in Michigan] and learn from it instead of repeating those same mistakes here!” (NOLA.com archive, 2012a).
Luvmyparish wrote:

“My dear Times-Picayune: I guess I’m old because I remember you when you were the States-Item and the Times-Picayune. This is how long we've been friends. When the paper came in the morning and the afternoon, it was such a joy to read the paper twice in one day. You provided me with laughter with the comics and advice from Ann Landers and Dear Abby. How would I ever have learned how to make a roux without the recipe section? You taught me to read when I was a child. … Now, they're telling us that we won't see you everyday and that we'll have to read the news on NOLA.com. Well, my old friend, I'm not reading NOLA.COM anymore, I've deleted it as my home page. It's horribly designed, cold and doesn't have the "feel" in my hands as you do. You're real. You're my best friend with my coffee in the morning. I can't imagine you not in my life anymore. I pray that the hard working people who were let go on Tuesday find jobs and show the new Editor and new owners what they've given up for this change and that those hard working people who put you together every day go on to have successful careers. Losing you is heartbreaking. Love you for all you've given us throughout the years” (NOLA.com archive, 2012a).

Imacynic 2 responded,

“Although I read and am posting online now, I feel the printed page has more authority - in part because of the commitment it takes to continuously deliver a quality product and also because this is something from my own community. Such deep staff reductions mark the end of the T-P. A great loss to us all and I am greatly sorry for all the employees” (NOLA.com archive, 2012a).

Alpha Oyster pointed out:

“I am in that ‘youngster’ generation they talk about. I still read the whole paper in print, and I have a subscription. I look at NOLA.com on work breaks only to see if there’s any breaking news, and also to come here to comment. They're selling a lie when they talk about people my age wanting all digital stuff--I want a break from looking at a screen! Also, if they are trying to appeal to the younger generation, they have got to fix this website. It looks like Tumblr and is a joke” (NOLA.com archive, 2012a).

From MyIrishEyes:

“Your model will fail and fail quickly. Perhaps that would be for the best because the locals to whom you will not sell the paper now can get it at a discount later. Remember you bought a Pulitzer Prize winning journal and you are turning it into a ludicrous shadow of itself? Do I agree with everything Jim Amoss prints? Absolutely NOT, but I respect him and all the T-P staff as what they are - professional journalists. You want a Huffington Post who has nothing but bloggers and "re-publishes" other news articles from real journals! It is called "on the cheap." Shame on you!” (NOLA.com archive, 2012a).
Journal of Case Studies
www.sfcrcs.org

May 2016, Vol. 34, No. 1, p. 21-45
ISSN 2162-3171

From Goomba1:

“Man, it was like seeing an old friend at the end of the driveway this morning. I couldn’t wait to get my paper. Come on TP, man up and give the people what they want and need, a seven day a week newspaper. The city deserves this. I can’t believe that the current owners are breaking a huge tradition by giving us a three day a week paper. New Orleans is deep in traditions, this is one of them. Please reconsider giving us our paper back.....” (NOLA.com archive, 2012b).

The Advocate Moves In

The Advocate decided to fill a void in the New Orleans marketplace, and announced it “will begin a daily New Orleans edition Monday [October 1st], setting up an old-fashioned newspaper war” (McGill, 2012). At one New Orleans coffee shop, Louis Gomez said he would get the new paper and stop reading the T-P, while others don’t want to lose the T-P (McGill, 2012). “The Advocate’s challenge entering the city is the first by a major daily newspaper in New Orleans in more than 50 years” (McGill, 2012). Nola Media would strike back by offering a tailored version of NOLA.com for residents in the Baton Rouge area (McGill, 2012). “The management of [T-P] managed to create the one thing the paper never had before: actual competition” (Carr, 2013).

The Advocate sold about 400 newspapers a day in New Orleans. It hoped to grow its audience there by 20,000. The week of September 28, 2012, 10,000 copies were given away free to New Orleans residents (McGill, 2012). Phone calls for subscription information were heavy after the paper’s announcement (McGill, 2012). Advocate Publisher David Manship later said they had 10,000 subscriptions in six days (“Louisianians,” 2013). “As of late December, The Advocate was distributing about 22,750 copies a day in New Orleans” and had hired several veteran T-P reporters to staff its New Orleans bureau (“Louisiana newspaper,” 2012).


The Fallout, locally and nationally

The T-P addressed its readers in early January, noting that the current news staff was up to 155, and more than a hundred were veterans who have worked for the T-P for many years (Amoss, 2013a, p. A-1). T-P Editor Amoss (2013, p. A-1) noted that the industry as a whole had lost 20 million subscribers in 23 years and had a 65% drop in ad revenue over the past 13 years. According to figures the publisher gave The Wall Street Journal in September, the T-P saw its
advertising drop 42% since 2009 (Chittum, 2013). He also noted that “average paid circulation was up both daily and Sunday for October and November 2012” and “41 million viewers came to NOLA.com” in 2012, up 7 million from the year before (Amoss, 2013, p. A-23).

As of March 1, 2013, “a battle still rages for the soul of the Times-Picayune, and over the meaning of what happened” (Chittum, 2013). “Advance is following the industry into marketing services. But mainly it has stuck by what was conventional Web wisdom from before the recession – chasing clicks” (Chittum, 2013). Ironically, “if anything was broken at [T-P], it wasn’t the newsroom. The paper covered its metro area as well as any in the country … Readers rewarded the coverage: [T-P] had the highest market penetration of any major US daily” (Chittum, 2013).

After the switch, the T-P’s three weekly print editions were thick with news and advertising. “The Wednesday paper would be a Sunday paper in most cities” (Chittum, 2013). But the size of the papers couldn’t calm the critics. “As the old structure disintegrates, some staffers say, the quality of the reporting is deteriorating. The planning required for medium- to long-term projects is mostly gone” (Chittum, 2013). Katy Reckdahl, one laid off reporter, bemoaned the lack of coverage of poverty-based issues, an area she used to report about, plus the lack of a female news columnist (Chittum, 2013). Jim Amoss’ reputation slid in the eyes of reporters, although they admitted he tried to maintain as much of the culture as possible under the circumstances (like a captain going down with his ship) (Chittum, 2013). The website is “still an ugly mess” – difficult to navigate and some say, feels more like “an out-of-town visitor” (Chittum, 2013). “The vaunted website that was to be the lifeblood of the new enterprise remains a creaky mess, and the newsroom has been denuded of remarkably talented people” (Carr, 2013). “Columbia Journalism Review described The Times-Picayune’s strategy as a ‘rolling disaster’” (Carr, 2013).

The backlash against the new model affected Advance’s other plans as well (Chittum, 2013). Editors developed Web quotas in December 2012. Most of the reporters signed a letter to the editors, protesting the quotas. The editors were shocked and responded that the quotas were only goals. Many reporters didn’t believe it because they had already been told by Lorando that “three to five posts a day” would help them reach the goals (Chittum, 2013). [It is not known exactly what the quotas were.]

Chittum (2013) concludes, “It’s hard to imagine a lucrative future for NOLA.com once the print edition inevitably slides into the red.” “This looks like an orderly liquidation … Once the paper reaches terminal velocity, they can shut down [the printing side] and [toss it] into the Mississippi … [The] system that so clearly emphasizes quantity over quality will have taken its toll. And not just in New Orleans” (Chittum, 2013).

Meanwhile, changes continued in the newspaper industry, both locally and nationally. Locally New Orleans businessman John Georges purchased The Advocate from the Charles Manship family for a rumored price of $25 million to $50 million on May 1, 2012. He brought in two former T-P managing editors to serve as general manager and editor (“Georges buys Advocate,”
2013, p. A1; Theim, 2013b, p. 241). Dan Shea, the paper’s new COO and general manager, was quoted on NPR as saying, “The notion of going into another newspaper’s market and convincing their readers to read yours is a fool’s errand – except when you so break the bonds of your brand with your readers, and it’s created this once-in-a-lifetime opportunity” (Theim, 2013b, p. 242).

Nationally, New Orleans readers and T-P staffers should have seen Advance’s actions coming. Three years before the T-P downsizing (2009), Advance “shut down the 174-year-old Ann Arbor News and replaced it with a website, a buzzword-driven news agenda, and a biweekly newspaper called AnnArbor.com” (Chittum, 2013).

On a brighter note, billionaire Warren Buffet of Omaha purchased the Tulsa World and Greensboro (NC) News and Record in early 2013, adding to his portfolio of 63 daily and weekly newspapers. According to a survey by the University of Missouri’s Reynolds Journalism Institute of community newspaper readers, such newspapers play an important role. More than 80% of those surveyed said they relied on their papers for local news and information (Dower, 2013, p. B1). “Success of papers our size [Lake Charles, over 35,000 Sunday subscribers] is attributed to the blanket coverage we can give local news” (Beam, 2013, p. B1).

Amazon’s Jeff Bezos also surprised the world by purchasing The Washington Post in early August for $250 million. One columnist saw the purchase as “a generational shift that will [we hope] resurrect an industry that has somehow managed the odd paradox of being vital, yet moribund” (Pitts, 2013). Newspapers in San Francisco, Boston, and Dallas made adjustments to their online content, making some of it free for some versions while charging for others (“Dallas Morning News,” 2013). Cleveland’s Plain Dealer, another Newhouse publication, was allowed to publish seven days a week, although it was home delivered only on certain days. The Portland-based Oregonian followed the T-P and publication was cut to four days (“The Times-Picayune Fiasco,” 2013). That same year, 68-year-old Anchorage Daily News was bought by the owners of the digital news site, Alaska Dispatch (Rieder, 2014). “The end had finally come for the venerable newspaper industry, executives of Advance Publications decided” (Edge, 2014, p. 3).

### Back in print

Back in New Orleans, on April 30th, the T-P announced it would return to publishing daily with the introduction of its T-P Street in the summer of 2013 on the off-days that T-P is not published (Mondays, Tuesdays and Thursdays, according to Carr, 2013). It will be available for single-copy users in newsboxes for 75 cents (Allman, 2013). “In addition, a special electronic edition of T-P Street will be available to the three-day subscribers of the home-delivered newspaper” (Carr, 2013). Editor Jim Amoss said on the eve of the launch in June, “What began then [1837] continues to this day: a deep and personal connection between [T-P] and its readers” (Amoss, 2013b).

Blogger twilliamadams commented,
“It looks like the Gambit is making money and they give away their paper. It features very little reporting and one page of commentary and looks profitable. City Biz continues to publish. Some blog style is gaining popularity. T-P is lost in the wilderness. It is a very old world operation and long time monopoly that is finding it difficult to transition. People want news. The Georges matter must chill the brass at Advance/T-P. The industry is upside down and T-P is searching for a model. An old fashion newspaper war is emerging so the picture a few years from now for print and net news here will be different. The printed T-P could be gone and soon. This is a good time for some of the city's historic black papers to expand their scope and pick up readers looking for more news and less gimics. The news consumer in the real New Orleans wants strong reporting and honest editorials. We want an informative, useful daily paper on the porch each morning. We don't care what the Publisher looks like, we just want it right and proper. The T-P, despite some excellent reporting and writing in both editorial and feature, is lost. It currently has no other identity than that of a business in search of a model to make profit” (NOLA.com archive, 2013).

Fokrab7 said,

“White flag has been raised. The digital experiment has failed. Perhaps if Nola.com had the look and feel of a newspaper (see New York Times and WSJ websites) it would of had a fighting chance. A blog with talking reporters does not make a newspaper. And let's not forget the vial and ignorant comments often posted by certain users. At least management recognized their mistake and that is good news for the citizens of New Orleans” (NOLA.com archive, 2013).

Velociraptor added,

“Hmmmm...John Georges just completed the purchase of the BR Advocate on the same day the T-P announces a quasi daily edition. My what a coincidence. See what competition does to a stale market like a daily newspaper. Long live free enterprise and competition!” (NOLA.com archive, 2013).

However, Momo was happy:

“I hope the new edition(s) will be EXACTLY like the street versions of old (maybe in PDF?) where I could pull it up on my computer (hooked up to my 46 inch HD TV) and read the Sunday comics to my grand children! What a great IDEA!” (NOLA.com archive, 2013).

Chalmette02 supported the online edition:

“People in this comments section sound very old...I am in my late 20's and have not opened a newspaper and read it in roughly 15+ years. I probably read more news articles in a day then most people commenting here. This written word thing thrown on
my lawn does not make sense. NOLA.com is where I go to get local news, but it is slightly lacking. The site does not seem to be used to its full potential. It is very good source though and has improved. Sort of wild how many people are hard up for a 7 day a week newspaper” (NOLA.com archive, 2013).

Midcitysean summed it up nicely:

“This is really sad...we warned that the business model was never going to work in this tradition rich city. The Times-Picayune ruined that tradition by not listening to the most important people--their customers. That's basic business. Now they are going to experiment with something new...continuing to reveal more weakness and basically admitting that their model is failing. I still subscribe, but, the Times-Picayune has already soured my taste. It'll be nice to see what The Advocate has planned with new local ownership. I'm ready to jump ship. This bologna about caring for the community is hot air. We learned it was nothing more than hot air when they looked at all of us in a snooty way last year and said...."Enjoy your morning coffee without us 4 days of the week." And to top that the quality of the paper is starting to suffer. I knew it was going to happen” (NOLA.com archive, 2013).

Market Statistics

Scarborough Research released the results of its New Orleans Core Based Statistical Area (CBSA) in October 2013. Figure 1, as used by Nola.com, shows the website and paper still maintain high readership.

Figure 1: CBSA Readership
Notes: The New Orleans Advocate reaches 16% of the New Orleans market. The Times-Picayune reaches 66% of the New Orleans market.

Table 1 shows that the T-P ranked sixth in the percent of adults reading five daily editions or one Sunday in the newspaper’s designated market, according to the Scarborough Research findings (Breuhl, 2014).

Table 1: T-P’s Readership

<table>
<thead>
<tr>
<th>Rank</th>
<th>Newspaper</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Milwaukee Journal Sentinel/e-Edition</td>
<td>62.7%</td>
</tr>
<tr>
<td>2</td>
<td>Cleveland Plain Dealer/e-Edition</td>
<td>59.6%</td>
</tr>
<tr>
<td>3</td>
<td>Newsday/e-Edition</td>
<td>58.3%</td>
</tr>
<tr>
<td>4</td>
<td>Hartford Courant/e-Edition</td>
<td>55.6%</td>
</tr>
<tr>
<td>5</td>
<td>Louisville Courier-Journal/e-Edition</td>
<td>55.6%</td>
</tr>
<tr>
<td>6</td>
<td>New Orleans Times-Picayune</td>
<td>55.1%</td>
</tr>
<tr>
<td>7</td>
<td>Richmond Times-Dispatch/e-Edition</td>
<td>52.6%</td>
</tr>
<tr>
<td>8</td>
<td>Memphis Commercial Appeal/e-Edition</td>
<td>52.5%</td>
</tr>
<tr>
<td>9</td>
<td>Columbus Dispatch/e-Edition</td>
<td>52.4%</td>
</tr>
<tr>
<td>10</td>
<td>Indianapolis Star/e-Edition</td>
<td>51.7%</td>
</tr>
<tr>
<td>71</td>
<td>Advocate, New Orleans Edition</td>
<td>13%</td>
</tr>
</tbody>
</table>

Scarborough Research: October 2012-September 2013

Audience metrics for NOLA.com (October 2012 to September 2013) included 4.8 million plus unique users/month, 42 million page views/month, mean age was 42, and mean visitor head-of-household-income was $71,136, with 60.2% of visitors earning $50,000 or more (Breuhl, 2014).
Demographic characteristics of the T-P’s readership in the New Orleans Primary Metropolitan Area are 54% female; 37% ages 55 plus vs. 11% ages 18 to 24. More than 29% earn $75,000 or more while 20% earn between $35,000 and $49,999. More than 56% were Caucasian and 34% African-American; 27% were employed at the executive, managerial or professional level, whereas 24% were homemakers, students or not employed. Up to 47% were married, 30% said they had never married / were single, while 36% were high school graduates and 26% were college graduates. Another 66% were home owners, and 69% had no children under 17 at home (Breuhl, 2014).

October 2013 to March 2014

On Wednesday, October 30th, The Advocate announced that two-time Pulitzer prize-winning editorial cartoonist, Walt Handelsmann, was joining the paper as its cartoonist. Handelsmann won the first Pulitzer in 1997 when he was with the T-P (“Pulitzer Prize-winning,” 2013).

In mid-December, “eight former employees of [T-P] sued the newspaper and parent Advance Publications Inc., alleging their layoffs violated a long-standing ‘job security pledge’ and age discrimination laws” (McConnaughey, 2013). Publisher Ricky Mathews said that the T-P has delivered on high-quality investigations and Web pages, and is reaching “more than 500,000 readers in print each week,” with the website audience growing “to more than 4.5 million unique users a month” (Mathews, 2013).

New Orleans Magazine offered the following quip as a new year approached: “There are some cities that are one-newspaper towns. There are others that are two-newspaper towns. In terms of daily home deliveries, New Orleans enters the New Year as a one-and-three-sevenths-newspaper town” (“Rolling the Presses,” 2013). “Wags derided [the T-P] as the Sometimes-Picayune” (Edge, 2014, p. 5).

Publisher John Georges of The Advocate told LaPolitics.com in late February 2014, “We’re able to deliver to New Orleans the content that they wanted, and most importantly we’re able to deliver it seven days a week. We’ve become a local paper. The Times-Pic is like new Coke. They changed the recipe, there’s pushback and they haven’t addressed it yet. Even in the week there were freezes, people were still signing up. We believe we can take half The Times-Picayune’s readers.” (Connelly, 2014; see also Maginnis and Alford, 2014, p. 20).

“The irony was that, as with the first Battle of New Orleans, the war had already been won. The combatants just didn’t know it yet” (Edge, 2014, p. 8). Did Matthews really know how this change would resonate with the readers, considered highly brand loyal to the T-P? What were the marketing implications of this digital-first change?

Appendix A
Newspaper Industry Note
Introduction

As the newspaper industry heads into the future, executives have struggled with cutting costs and expanding online to fight declining revenues. The following industry note defines and describes the newspaper industry and provides further background related to the case.

Newspaper Definition

The news industry defined by NAICS classification number 511110 comprises the establishment known as the newspaper publishers. Newspaper publishers carry out operations necessary for producing and distributing newspapers, including gathering news, writing news columns and feature stories, editorials and selling, and preparing and printing advertisements. The classification includes newspapers in print or in electronic form (NAICS, 2014).

For this industry analysis, newspapers are described in two formats. The first format is the gatefold, which is a folded paper divided with two sections. The second is a tabloid that is read more like a book or a magazine. Newspapers can also be described based on the frequency of publication such as a weekly or daily newspaper (Gale, 2014).

Industry Overview

The newspaper publishing industry includes producers and distributors who print newspapers (Ulama, 2014). According to the Newspaper Association of America, 103 million adults read a newspaper in print or online every weekday as tracked by Scarborough Research in 2011.

Combining the 1,400 daily newspapers with the 5,500 weekly newspapers, there are approximately 6,900 local newspapers in the U.S. according to the Newspaper Association of America (NAA, 2012).

Throughout history, newspapers have faced competition from other media. First competition came from radio, then television, then cable channels, then the 24-hour news channels. Today, newspapers face competition from a unique entity – the Internet. While some believe the Internet is a direct competitor to newspapers because it is considered a form of media, the Internet is more than one media entity.

Many newspaper publishers have launched websites, as have many radio and television stations, to expand their news coverage to a younger demographic (GALE, 2014).

While the newspaper industry represents one segment of the total media industry, it faces the same challenges that the media industry at large faces. Content is widely available in a digital format and millions of people can become publishers. This has created an explosion of content and information. In addition, mobile media is making it even easier for consumers to access information whenever and wherever they want. The way consumers search for content and
information has changed too. Now consumers discover information from recommendations, social media, most-popular lists and other aggregators (Dawson, 2009).

**Business models**

These changes have forced the industry to experiment with new business models in today’s digital world which includes mobile, social media and niche publications. Some newspaper publishers have decided to concentrate resources on digital media only and making money through pay walls and monetized content.

Advertising revenues in print continue to decrease while online advertising continues to increase.

In 2012, the Newspaper Association of America reported revenues of $38.6 billion for roughly 1,400 U.S. dailies, a figure that also included digital, circulation and other ancillary revenues. No other sector of media in the U.S. approached $10 billion in annual news related revenues as Figure 1 shows (Holcom & Mitchell, 2014).

**Figure 1: Annual News Revenue 2012**

Newspapers the Largest Revenue Media Segment in U.S.

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Revenue (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital-Native News</td>
<td></td>
</tr>
<tr>
<td>News/Talk radio</td>
<td></td>
</tr>
<tr>
<td>Non-commercial News</td>
<td></td>
</tr>
<tr>
<td>Network TV News</td>
<td></td>
</tr>
<tr>
<td>Weekly Newspapers</td>
<td></td>
</tr>
<tr>
<td>Cable News</td>
<td></td>
</tr>
<tr>
<td>Local TV News</td>
<td></td>
</tr>
<tr>
<td>Newspapers</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>


Even though newspapers represented the largest revenue producer in the media segment in the U.S., Americans preferred TV as the main news source for all age groups, according to a Gallup Research study conducted in June, 2013 (Saad, 2013). See Table 1.
Table 1: Where Americans Turn for News

<table>
<thead>
<tr>
<th>Media</th>
<th>U.S. Adults Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>55%</td>
</tr>
<tr>
<td>Internet</td>
<td>21%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>9%</td>
</tr>
<tr>
<td>Radio</td>
<td>6%</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>2%</td>
</tr>
<tr>
<td>Media non-specific</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>None/Don’t follow the news</td>
<td>1%</td>
</tr>
<tr>
<td>No opinion</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Saad, Gallup Research, July 2013.

Situation Analysis of the Newspaper Industry

Significant factors determine the environment in which newspapers exist. The political, economic, social and technological factors are summarized below.

Political

Democratic governments with evolving capital systems tend to drive newspaper growth (Santhanan & Rosenstiel, 2011).

Newspaper organizations are considered a low-regulated business. Some even view the newspaper industry as an unregulated business because the Constitution guarantees freedom of the press. Newspapers can print almost anything provided it isn’t libelous.

The government has also loosened ownership restrictions to allow more media outlets to join a larger corporate structure. The major corporations owning newspapers are provided in Table 2.

Table 2: Number of Daily Newspapers by Company

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Number of Daily Newspapers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital First Media</td>
<td>96</td>
</tr>
<tr>
<td>Gannett</td>
<td>82</td>
</tr>
<tr>
<td>Gatehouse</td>
<td>78</td>
</tr>
<tr>
<td>Community Newspaper Holdings</td>
<td>75</td>
</tr>
<tr>
<td>Lee Enterprises</td>
<td>59</td>
</tr>
<tr>
<td>Ogden Newspapers</td>
<td>40</td>
</tr>
<tr>
<td>Advance (Advance Local)</td>
<td>36</td>
</tr>
<tr>
<td>Civitas Media</td>
<td>35</td>
</tr>
<tr>
<td>McClatchy</td>
<td>35</td>
</tr>
<tr>
<td>BH Media Group (Warren Buffet)</td>
<td>30</td>
</tr>
</tbody>
</table>
Economic

The newspaper industry derives its revenue from advertising and circulation. Newspaper advertising revenue is generated mostly from classified advertising, retail advertising and national advertising. Classified advertising was defined as help-wanted advertising for products like real estate or used cars. Retail advertising was defined as local advertising that ran in weekly or Sunday editions, was targeted to the local area, and often featured coupons and store specials. National advertising was defined as advertising that ran nationally in all newspapers across the country but is not unique to a local area.

Circulation revenue was revenue that newspapers received from single copy sales, home or post office delivery sales and newsstands sales. In 2000, 80% of newspaper revenue came from advertising and 20% from circulation. Table 3 provides estimated revenues and costs for a newspaper (Vogel, 1998). However, the inroads the Internet has made since this 1998 have changed this distribution considerably.

| Source: Entertainment Industry Economics, 1998 |

<table>
<thead>
<tr>
<th>Table 3: Estimated Revenue and Costs for Newspaper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
</tr>
<tr>
<td>Classified (32 %)</td>
</tr>
<tr>
<td>Retail (40 %)</td>
</tr>
<tr>
<td>National (8 %)</td>
</tr>
<tr>
<td>Newstand</td>
</tr>
<tr>
<td>Subscription</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
</tbody>
</table>

Social

Some feel that economic problems in the newspaper industry could have greater social and civic implications as fewer reporters monitor the decisions and actions of the government and corporations (Kirshoff, 2009). Others feel that Americans will have less access to news if they have to rely on the Web for news and live in areas not served by broadband. The poor, elderly or less savvy Web users will also find it difficult to receive news.
Some also feel Americans are splintering into self-defined communities where they are connected by shared interests like sports or travel and not by common geography or politics. Mainstream newspapers that served civic societies are predicted to disappear (Kirshoff, 2011).

**Technological**

The rise of the Internet in the 1990s impacted all media: radio, television, cable and newspapers. Perhaps the media that was impacted the most was the newspaper industry. “The move to digital-first publication was all about the future of news, and the consensus among media theorists was that the future was online. Journalists, who had always been more connected to the real world, weren’t so sure” (Edge, 2014, p. 6).

The drive towards online media led to a change in attitudes towards news. In 2008, Pew Research concluded that more than half of Americans looked to the news to get a broad overview of top stories rather than detailed accounts. These people were defined as “news grazers” who checked the news in varying degrees rather than scheduled times of the day with the exception of the weekend (Collis, Olson and Furey, 2010). This has business implications for newspapers, television and radio stations. The Web made news available instantaneous without charge.

**Value Proposition for News**

An American Press Institute Study released in 2014 titled, “The Personal News Cycle: How Americans Choose to Get Their News,” found that the nature of the news itself – the topic and speed of the story – largely determines where people go to learn about events (American Press Institute, 2014). This is contrary to the current belief that media consumption is divided along generational or political lines. The findings also suggested that some long-held beliefs about people relying on just a few primary sources for news are now obsolete.

In contrast to the idea that one generation tends to rely on print, another on television and still another the Web, the majority of Americans across generations now combine a mix of sources and technologies to get their news each week, according to a survey by the Media Insight Project, an initiative of the American Press Institute and the Associated Press-NORC Center for Public Affairs Research (American Press Institute, 2014).

Where people go for news, moreover, depends significantly on the topic of the story — whether it is sports or science, politics or weather, health or arts — and on the nature of the story — whether it is a fast-moving event, a slower-moving trend, or an issue that the person follows passionately (American Press Institute, 2014).

People turn to newspapers, whether in print or online, more than any other source specified, and in relatively high numbers for a wide range of topics (double-digit percentages for 11 of the 15 topics discussed). But they are most likely to turn to newspapers for news about their local town or city, arts and culture, and schools and education (American Press Institute, 2014).
Newspapers are seen as a trustworthy source of information. A 2011 study released by the Newspaper Association of America, conducted by Frank N. Magrid and Associates, found that consumers saw newspapers as the most believable and trustworthy medium for advertising (Magrid, 2011). In another study, Pew Research reported that seven in 10 adults trusted information coverage by local news sources (Pew, 2013).

The same held true for news that was consumed from newspaper websites. A Populous/Open Road study found that 57% of all opinions formed named newspaper as the most trustworthy source of information for work-related issues (Reilly & Cooper, 2012).

Newspapers were seen as a top source of information for local audiences (Pew, 2013. Local news consisted of the following:

- Community
- Events
- Crime
- Taxes
- Local government
- Arts
- Culture
- Social Services
- Zoning
- Development
- Politics
- Schools and education
- Jobs
- Housing
- Sports

**Newspaper Suppliers and Process**

The main supply chain for print newspapers is described below in Figure 2. Both advertising and news are gathered via sales people and journalists. This content, including words, graphics and photography is designed and laid out in newspaper format and then provided to production so that it can be printed in mass quantities. The newspapers are packaged so that other channels can sell the newspapers.

**Figure 2 Newspaper Supply Chain**
The Top U.S. Newspaper Companies

The following list ranks the number of Daily Newspapers by Company according to Pew Research, in 2013.

1. **Advance Publications**, Inc. is a US media company owned by the descendants of the Newhouse family headquartered in New York, NY. Its combined companies and assets are worth $6.5 billion employing 25,000 (Advance Publications, 2014).

2. **Digital First Media Inc.** specialized in newspapers and headquartered in New York City, NY. With its combined assets with approximately $1.4 billion in revenues and 10,000 employees, Digital First Media Inc. delivers news and information on the platform of the customer’s choice including the Web, mobile, SMS and Social Media (Digital First Media, 2014).

3. **Community Newspaper Holdings** is a publisher of newspaper and advertising-related publications in the eastern U.S. with headquarters in Montgomery AL. Community Newspaper Holdings generates revenues of $520 million while employing 6,500 (Wikipedia, 2014).

4. **Gannett Company, Inc.**, is a publicly traded media holding company headquartered in Tysons Corner, VA. With its combined assets with $ 5.2 billion in revenues and 31,000 employees, Gannett is considered the largest newspaper publisher as measured by circulation. Gannett also owns 43 television stations (Gannett, 2014).

5. **Gatehouse Media Inc.**, is a newspaper publisher headquartered in Fairport, NY. The company filed for bankruptcy and was restructured into a new holding company (New Media Investment Group.). With its combined assets with approximately $559 mil in revenue and 5,200 employees, Gatehouse Media Inc. publishes 97 daily newspapers and 198 paid weeklies (Wikipedia, 2014a).
6. **Lee Enterprises** is a publicly traded US media company headquartered in Davenport, Iowa. The company filed for bankruptcy in 2011. The company revenues are not disclosed. Lee Enterprises employs 10,000 in publishing 54 newspapers and providing online services that support the newspaper operation (Lee Enterprises, 2014).

7. **Ogden Newspapers** is a publisher of daily and weekly newspapers, magazines, telephone directories and shopping guides with headquarters in Wheeling, WV. It serves small markets in 12 states. Its revenues are not disclosed and Ogden employs 3,500 (Wikipedia, 2014b).

**U.S. Newspaper and Circulation**

*Table 4* lists the most popular U.S. newspapers based on March 2013 Alliance for Audited Media Average Circulation Figures. Changes based on 12-month period: (Paperboy.com, 2014)

**Table 4: Top U.S. by Newspaper Circulation 1-50**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Newspaper</th>
<th>Circulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wall Street Journal</td>
<td>(2,378,827)</td>
</tr>
<tr>
<td>2</td>
<td>New York Times</td>
<td>(1,865,318)</td>
</tr>
<tr>
<td>3</td>
<td>USA Today</td>
<td>(1,674,306)</td>
</tr>
<tr>
<td>4</td>
<td>Los Angeles Times</td>
<td>(653,868)</td>
</tr>
<tr>
<td>5</td>
<td>San Jose Mercury News</td>
<td>(583,998)</td>
</tr>
<tr>
<td>6</td>
<td>New York Daily News</td>
<td>(516,165)</td>
</tr>
<tr>
<td>7</td>
<td>New York Post</td>
<td>(500,521)</td>
</tr>
<tr>
<td>8</td>
<td>Washington Post</td>
<td>(474,767)</td>
</tr>
<tr>
<td>9</td>
<td>Chicago Sun-Times</td>
<td>(470,548)</td>
</tr>
<tr>
<td>10</td>
<td>Denver Post</td>
<td>(416,676)</td>
</tr>
<tr>
<td>85</td>
<td>Los Angeles Daily News</td>
<td>(82,431)</td>
</tr>
<tr>
<td><strong>86.</strong></td>
<td>Times Picayune</td>
<td><strong>(81,109)</strong></td>
</tr>
<tr>
<td>87</td>
<td>News Journal</td>
<td>(80,918)</td>
</tr>
</tbody>
</table>
References


Breuhl, B. (2014, May 27). General NAA presentation.pptx. E-mail message with Dr. Craig Davis (attached PowerPoint file).


Georges buys Advocate. (2013, May 1). The Advocate, pp. 1A, 4A.


Louisiana newspaper industry turns a page. (2012, December 30). *The Advocate*, p. 4F.


NOLA.com (2012, May 24). New digitally focused company launches with beefed up online coverage; The Times will move this fall to three printed papers.” Retrieved from [http://www.nola.com/](http://www.nola.com/)


Pulitzer Prize-winning cartoonist Handelsmann to join Advocate. (2013, October 30). The Advocate, pp. 1A, 5A.


