

Economic barriers to media entrepreneurship and media plurality

By Aidan McGloin

For the Cal Poly Journalism Department Senior Project

June 2020

Table of Contents

The intersection of economic barriers to media entrepreneurship and media plurality	1
Table of Contents	2
Introduction	4
Proposal	5
Existing Literature	7
Comparing start-up revenue and cost	9
Production costs and general history	10
Print presses	10
Digital publishing platforms	10
Labor costs	11
Brian Lawler, Graphics Communication professor	11
Paul Bittick, former Madera Tribune publisher, Mustang News general manager and College Media Business and Advertising Managers president.	22
Case studies of recent start-ups	31
Advertising print revenue	31
David Price, the Palo Alto Daily Post.	31
Chris Theodore, Reader Magazine	33
Raiza Giorgi, Santa Ynez Valley Star	37
Advertising online revenue	48
Bill MacFadyen, Noozhawk	48
Nonprofits	55
Donald Munro, The Munro Review	55
This conversation write-up was originally for my Online News Association @ Cal Poly group, used for this purpose with permission by Donald Munro	55
Marcia Parker, CalMatters	57
Jesse Marx, Voice of San Diego, Editor	65
Nonprofits and A.J. Liebling	77
Voluntary donations	77
Mike McPhate, the California Sun	77
Subscription revenue	78
Elia Blülle, Republik	78
Ephemeral, uneconomic press	87
Propaganda	88
Historical news start-ups	88

The San Luis Obispo Tribune	88
The New York Tribune	89
The San Francisco Chronicle	91
The Bulletin	91
Other early California papers	92
Summary of costs and revenue in a news start-up	93
The market trend toward monopoly	94
Conclusions	98

Introduction

The purpose of this article started out with a simple hypothesis: the lack of media plurality in America is due to an increase in news publishing costs and standards over the past hundred years. News presses have increased in so much cost that new publishers have no chance to front the high up-front cost or maintain journalistic quality with their competition.

It's an outdated idea.

I heard this argument first in a 1963 report from the Nederlands Genootschap van Hoofdredacteurs en Vereniging, a Dutch professional journalism organization. The rotator press at the time had increased the up-front cost of news organizations so much that new ones couldn't form, it said, so much more effort has to be made to preserve the current newspapers.

But the 1980's invention of the Macintosh computer revitalized the publishing world, creating a fresh influx of independent publishers in the vein of alternative weeklies. *Wochenzeitung* in Zurich, *New Times* in San Luis Obispo, the *Barb* in Santa Barbara, *The Stranger* in Seattle. The other papers followed the Greenwich *Village Voice's* model: weekly, event-based, advertising income without subscriptions, alternative voices, something for their generation. The model itself was not new. The *San Francisco Chronicle* started out the same way, with free distribution, content focused on theater reviews and the printing farmed out. Many other newspapers began as weeklies, or monthlies, but usually with the intent to turn into a daily paper. The provincial press in Hungary, America and the Netherlands also maintained weekly publication schedules, but in rural areas, not big cities. The biggest difference, however, was technology. With the only up-front cost of buying a Macintosh computer and a small number of design programs, new publishers could farm out their news publication edition-by-edition to local presses, which were prolific in every area.

My original hypothesis was wrong.

Proposal

This research paper would examine the historical cost of news start-ups in an effort to understand the historical reasons why news concentration increased in the past fifty years, and provide a roadmap to entrepreneurial publishers.

The journalism industry has been dominated by a new generation of owners in the past twenty years. These owners have outspoken power due to the high amount of concentration in the news industry.

The hedge fund Alden Global Capital owns 50 daily newspapers across the United States, including the Mercury News, Orange County Register and the Denver Post. Tribune Publishing, formerly TRONC, owned in 2018 the Los Angeles Times, the San Diego Union-Tribune and the Chicago Tribune. News Gannett, after a merger with GateHouse, owns over 100 daily papers and over 1,000 weeklies. McClatchy owns 30 dailies, primarily in California.

The impact of this level of news concentration is far-reaching. Monopolies on news ownership decreases publishing strategies in a time of needed innovation. They place an impossible burden on each publisher to represent the different segments of their population.

This concentration was predicted years ago. A 1963 report by the Nederlands Genootschap Van Hoofdredacteuren Vereniging described the rising cost of starting newspapers as a barrier to entry in the field, predicting increased consolidation as existing papers fall and new ones become financially impossible to start:

“Founding and publishing a new newspaper requires so much capital and requires a willingness to accept such great risks that new newspapers no longer arise.” (Translated from original Dutch.)

The first penny papers, which are arguably the first truly democratic newspapers, required little start-up cost, as printing presses were cheap by comparison to modern day papers and available to contract, publishers relied on advertising to underwrite the paper day-by-day, and street sales in the “little merchant system” meant little distribution cost.

James Gordon’s Bennett’s New York Herald, for example, was started in 1835 with \$5, which in 2019 would equal \$125.¹

Design costs, salaries and printing standards have increased further since then. Decreases in print advertising through the rise of internet advertising, as well as cheaper costs of web publication and changes in competition through both print and online publications or entertainment, have further changed the initial investment in news organizations.

Analyzing start-up costs will provide a framework to understand how to cultivate a new generation of publishers.

I will research this in two ways: archival searches and contact with existing media operations. Existing senior projects and books detail start up costs for papers, I just gave to pore through them. George Ramos', for example, details the cost of creating a paper in 1969

I expect little cost for this senior project beyond duplication of records which may have to be paid for certain archives.

Existing Literature

For modern day analysis, Mark Deuze's "Understanding Ideology as a Resource in Entrepreneurial Journalism" details the creation and success of the French *MediaPart* as a combination of three different types of capital: financial, social and symbolic, where social refers to the founders' network, and symbolic capital refers to the legitimacy or respect given to the founder prior to their creation.² This could be entrepreneurial experiences, or a past history of reporting. This framework leads to a holistic way to analyze start-ups costs, rather than looking at the initial start-up costs of financial capital.

The paper also gives a good understanding of how and why *MediaPart* became such a successful for-profit, online news organization in the nation.

Natalie Fenton's "New Media, Old News: Journalism & Democracy in the Digital Age" (SAGE, 2010) tells the beginning and demise of *openDemocracy*, which decided not to run a subscription fee due to the ideological demands of a free and open internet, and which did not have enough readers to get substantial advertising revenue to pay for staff. It was supported by donors until its fall.

The American Journalism Project's "Revenue Roles in Local News: Case Studies from Exemplary Civic News Organizations," contains six case studies of successful nonprofit media organizations, and says "the key for a successful revenue generation role is to find people with a *fundraising and business development skill set and a mission-driven mindset*," (italics theirs.)

The Institute for Nonprofit News published a start-up guide. "Starting a Nonprofit News Organization." *Learn*, Institute for Nonprofit News, learn.inn.org/startup-introduction/.

A lot of books have been written on the general history of journalism that drastically apply to media plurality and media entrepreneurship.

For historical analysis, *Journalism in California*, by John Young of the *Chronicle* family, detailed the beginnings of many newspapers in the early days of California: "very few persons concerned in the publication of newspapers regarded journalism as a profession. It could hardly be considered such at the time for various reasons, chief among which was the ease with which a newspaper could be called into existence."

The *End of the World (1931)*, by former *New York World* city editor James Barrett and his former staff, details the purchase and closer of the *World* as to the benefit of both the Pulitzer heirs, who grew richer, and Howard Scripps, who no longer had competition for his *New York Telegram* — turned *New York World-Telegram*.

A Free and Responsible Press, written by the Hutchins Commission in 1947, recommended the government to facilitate new media organizations and break up large units through antitrust regulation: "The possibilities of evil inherent in concentration can be minimized by seeing to it that no artificial obstructions impede the creation and development of new units."

The report also recommended papers themselves finance new, experimental activities including new news products and engage in mutual criticism; and for nonprofits to help supply the press needed for the American people.

Press critic A.J. Liebling's May 14, 1960 article in *The New Yorker* identified high start-up costs and a desire for owners to consolidate papers as the reasons for decreasing media plurality: "The point is, of course, that even when two, or several, competing newspapers in a town are both, or all, making money, it is vastly to the advantage of one to buy out the others, establish a monopoly in advertising, and benefit from the 'operating economies' of one plant, one staff, and exactly as much news coverage as the publisher chooses to give."

Modern Newspaper Production (1963) detailed the current state of the industry: For many years the cost of starting a new daily newspaper has been too great to be undertaken by anyone not having a fortune to back him up. As a result there has been a steady decline in the number of dailies in the country as one after another folded or merged under the pressures of increasing costs and were not replaced. But during this time, the total readership of newspapers has increased faster than new families have been formed. And advertising volume has increased faster than ever before. The evidence is clear that there is a good market available to sustain an increasing number of newspapers—if costs can be controlled within reasonable bounds.

How to Start your own Community Newspaper (1977), by John McKinney, urged the use of a central printing plant to print a paper instead of taking a high cost to purchase your own press: "Thanks to modern newspaper technology, today you can start a newspaper with practically no capital investment, other than a couple of second hand desks and typewriters."

George Ramos' 1969 Cal Poly senior project, "An investigation into the establishment of a second newspaper in a one-newspaper community," estimated initial investment for a weekly 18-page paper, with intent to transition into a daily and thus the purchase of a Goss Suburban press at \$48,000, to be \$144,997 total, with \$64,717 for operational costs, and including the cost of office space, which is in reality optional for a beginning newsroom. Ramos estimated the paper to pay itself off after three to five years. Ramos also referenced the Morro Bay Sun-Bulletin's revenue as \$80,000 and operating expense as \$70,000.

The 1991 Cal Poly senior project, "Case Study of New Times, An Alternative Newspaper by Jeffrey F. Snelling," interviewed local *New Times* founders Steve Moss, Beverly Johnson and Alex Zuniga, and found that the total investment for the paper was \$4,000 to buy a Macintosh computer. Both Moss and Johnson were already known in the community: Moss, for his work as editor of *Senior* magazine in San Luis Obispo, and Johnson, for her work selling ads for KSLY.

Comparing start-up revenue and cost

I set out to gather all the data I can on the cost of starting different specific news organizations, adjusted them for inflation, and compared them. All the data below I have adjusted for inflation. The *New York Enquirer* (unrelated to the current one), started by Mordecai Noah in 1828, cost the equivalent of \$589,000, while the *New York Herald* in 1835 cost the equivalent of \$125 and the *New York Tribune* in 1841 \$50,235. The *Enquirer* folded four years after it was created, while the *Herald* and *Tribune* merged in 1924.

The North Star, started by Frederick Douglass in 1845, cost \$55,600, was entirely supported by friends and Douglass' lecture circuit, and closed in less than ten years.

The California Star in 1846 was essentially free to start, the press and sorts found in a junkyard and instead of news press paper used cigarette paper. Two competitors, the *Public Balance* (1850) and its copycat *the Standard* (1850), folded in less than ten years with sunk investments of \$623,000 and \$933,000 respectively, both supported by a millionaire who wanted to end the liberal tint of *The Call*.

The *New York Times* in 1851 cost \$3.4 million, entirely fundraised from New York's wealthy, and the *Pacific Banner* in California \$93,000 in 1852.

The San Francisco Chronicle started out in 1865 with \$338.

A period after this high influx of papers, few new papers were created. Publishers could just buy a paper if they wanted to, and avoid the up-front cost of buying a press and setting up delivery routes. I have a gap in my data as a result of this lack of new activity, but in 1925 the *Ventura County-Star*, started by Porter and Roy Pinkerton, cost today's cost of \$371,000, in 1945 the estimated cost of theoretical papers by Maxwell Brooks of *The Negro Press Re-examined* was between \$720,000 and \$7.2 million.

The Village Voice, by Ed Fancher, took \$774,000 in 1955.

In 1969, George Ramos of Cal Poly, San Luis Obispo, calculated the cost of a new weekly with the intent to become a daily in San Luis Obispo to be \$1.2 million, the majority of the cost in a Goss suburban set.

Soon after, the cost (not the net investment) of printing and mailing a monthly single-page flyer (which most newspapers started out as in the penny press era) was \$141.

A Christian paper was started in SLO in 1976 at \$1,070.

New Times was started in 1986 under the alt-weekly model at \$9,437 (\$4,000 in 1986 money, its founder Steve Moss' retirement savings, which bought the Macintosh computer.)

In the modern era, *CalMatters*, a non-profit state-wide online-only news organization, was started in 2014 at an estimation of \$1,000,000 in seed funding. *The California Sun*, a 2018 morning curated newsletter, cost a \$81,600 investment before it broke even, and its author, Mike McPhate, estimated a leaner version can get by with \$52,800. The morning national climate-change newsletter, *Heated*, by Emily Atkin, cost no initial investment in 2019 beyond the author's day-to-day expenses—it's publication company, SubStack, takes a slice of the subscriptions after the newsletter

goes paid, but advises a three-month free publication model where SubStack sends the email and manages the list with no cost to the author.

Kit, Sweden, from Bonnier Growth Media, took \$6.1 million in 2015.

As David Price from *The Palo Alto Post* told me on a call, the cost of starting a news organization varies depending on the market and the business plan.

Production costs and general history

Print presses

The pandemic interrupted my research in presses by removing access to Kennedy Library and the graphic communication department's reading room. I only got information going until around the 1910's.

I did see a large increase in the cost of a news press, but the bubble has burst. A hand press in 1819 was the equivalent of \$6,000 in today's money, the Double Cylinder Hoe Press in 1837 was \$47,000, a cylinder press in 1868 was \$20,000, an Eratta country press in 1885 was \$26,000, and a Goss suburban offset press in 1969 was \$340,000. But there also were too many variables to analyze the cost of a start-up on press alone. Some publishers bought presses second-hand for hefty discounts. Many newspapers farmed out their operations to larger presses until they could afford their own. Some publishers who owned offset presses allowed other publications to print there, vastly improving the press' value over purchase price.

That all being said, news presses are now disappearing. The Goss Community Offset Web press in operation at Cal Poly, San Luis Obispo for the publication of its daily newspaper was purchased in 1990 at a cost of \$1.6 million plus another \$900,000 for shipping. The graphic communications department sold it in 2017 for \$5,000. The \$5,000 was unexpected—they found a Florida company to get rid of it for them for free, and the company mailed a check as a thank you. There is an element of depreciation involved—the press was 27 years old so it naturally had less value—but according to Cal Poly Graphic Communication professor Brian Lawler, presses are even being given away for free as many newspapers close or stop print production. The supply of presses is high, but demand is too low as the news industry transitions to online publication..

In conclusion, the actual cost of a printing press, without looking at the cost of replacement parts, which are needed more as presses get older but are being made less as companies stop producing them, is lower than it has been. The cost of the press is not the reason why new news organizations aren't forming.

Digital publishing platforms

We do need to look at the cost of a digital publishing platform. Wordpress' Newspack CMS, a new custom-built platform up for license, costs \$1,000 a month for news organizations with gross

revenue under \$500,000 annually and \$2,000 a month for organizations over that number. This includes technicians. Let's compare this to a press. The Goss Community Offset Web Press Cal Poly's Graphic Communication Department used for 27 years cost 2.5 million, which is a monthly cost of \$7,700 if spread over that time period. The cost of technicians is added onto that monthly expense. So the cost of Newspack is at least one eighth of the cost of buying a press straight-up. It may have been more than buying a used press though. So let's compare weekly publication costs. The cost of running 1,000 copies of Mustang News in 1997 with eight pages was \$299, with a weekly cost of \$1,500. That's \$6,000 monthly, six times more than Newspack, at a paper which owns its own press. *New Times'* cost of printing a month in 1991, at circulation of 10,000 was \$4,000 a week, so \$16,000 a month. *The Foundation*, a small Christian San Luis Obispoan newspaper founded for a senior project in 1976, cost \$150 monthly for the 10x16 monthly paper with a circulation of 3,000.

Indisputably, Newspack is less expensive than print publication.

Still, Newspack does not allow for job printing, and online advertising is notorious for bringing in less money than print publication.. The model that emerged with the rotator press between the 1950's and the 2000's was for a regional printing press to take on all local jobs, offsetting the total cost of the printing press. Because of the income from jobs and print advertisements, the total cost of a press is not its face value. The comparison of total cost, already dependent on each specific press and CMS, gets murky.

Labor costs

The typographical union was one of the first unionized classes of workers in American history due to their need for literacy (Smith, Anthony. *Goodbye Gutenberg: the Newspaper Revolution of the 1980s*. Oxford University Press, 1981.). As a result, they've been paid fairly well throughout American history. Now, typographical unions do not exist. Layout is done by designers using Adobe. Cost of labor is down as a result. Less time in general is needed to lay together a page. Comparing Adobe's InDesign to Mergenthaler's Linotype or hand type-setting leaves little to imagine.

Brian Lawler, Graphics Communication professor

Brian Lawler started his own newspaper in the 1970's, advised the creation of the alt-weekly *New Times*, ran his own typesetting company, and taught graphic communication at Cal Poly, San Luis Obispo at the time of our interview. He offers his historical analysis of the history of newspaper publishing. This interview has been edited to remove filler phrases and mistakes corrected seconds later in the interview.

There were dozens of papers in the 19th century. At the time of the invention of the linotype machine, there were probably 10 or 12 daily papers, and some of them printed twice, different editions, morning and afternoon, which is also pretty

incredible. So there was at the time a hunger for news, that now of course, in generations has been satisfied by radio, and television, and now the internet. So it's just I think a lot of it can be blamed on evolving new technologies, not blamed, but attributed to, credited to, depending on how you want to say it. So it's kind of interesting. But then, a lot of, over the years, in the late 19th century, there was a lot of consolidation of newspapers in New York City. And so some of the smaller ones either went out of business or were gobbled up by some of the bigger ones. And then that was the era, started in the era of William Randolph Hearst, and his son, William Randolph Hearst Sr., who really created the first big newspaper chain. So, this newspaper here, [pointing at a facsimile in the Shakespeare Press Museum at Cal Poly] this was the Spanish American War, which he created. So he's famous for having made the statement that some reporter said, "but there's no story," and he says, "okay, you provide the story and I'll provide the war," and he created a war to sell newspapers.

The big newspaper chain, as we now know is a direct result of that avarice of the Hearsts and some others like them who controlled the media and then in the process believed that they controlled, well they controlled a lot of politics as a result, which is kind of interesting.

The Linotype machine was a big hit among all of those guys because it made possible real daily news. Prior to that, the concept of a paper changed. For example, if you were writing on Tuesday about a city council meeting, you would be writing about last week's city council meeting. The linotype made it possible for you to write about last night's city council meeting, and that changed everything, and it made it possible for news organizations to print true daily news. And that changed the complexion of news for the whole world. It's an extraordinary difference in the way that suddenly timely news was possible and common. It was no big deal to have, you know, stories that have things that happened last night in today's paper, that's what changed in the 1880s and early '90s, the whole complexion of printed newspapers in America, that's extraordinary stuff, and the linotype machine indeed made that possible. Because one person could upset 20 typographers, typesetters.

Now, the other thing to take into account, you have to remember that rolls of paper weren't invented until about 1877, '78 something like that when the Fourdrinier machine was invented in England. So roll paper wasn't available until the pretty late 19th century. And then it made it possible, and so there was a delay between the invention of the roll paper making machine which is called the Fourdrinier machine, and the invention of printing presses that took advantage of it. So they were cylinder

presses but unlike their earlier counterparts, it took time for the press to follow the availability of the paper.

So the Hoes and the Koenigs and the various companies that made those roll fed or cylinder presses had to modify them. Not much. But it's a completely different animal to print on a roll of paper than it is on a sheet. But then that also, if you stopped to think about it, it increased the productivity of newspapers immensely because then to print, let's just say 25,000 copies of a newspaper was a matter of a couple of hours as opposed to a whole business day of working. So the roll press changed the dynamics completely. So if it was, in 1890 money, let's say it was \$25,000 to buy a roll fed newspaper press, your payback would be dramatically quicker than a sheetfed press of the same type because you'd be able to output, I mean, just as an example, sheetfed, the cylinder press right here, that's our newspaper press, it takes six turns of the crank to make one newspaper, one side of one newspaper, and you can print maybe one every four or five seconds if you go fast, and you're really good, maybe one every 10 seconds. So six a minute. A newspaper web press can print, even a slow newspaper press can print 20,000 an hour, and 20,000 an hour's like five a second. So then suddenly, you can print more newspapers in the same number of hours. And you could print other newspapers at the same time. So that guy who buys one of those, he not only can print his own paper, but he could maybe print his competitors papers or he could print downstream publications, specialty publications. There's a guy in Chicago to this day, I don't remember the name of the owner, but it's a company called Newspaper Publishing Incorporated or something innocuous like that. They own one of the very few new Goss newspaper presses in America, it was installed about five years ago. And they also put in two digital presses, that are newspaper presses. So they're web fed, digital printing presses that print with inkjet. And they specialize in printing small market publications. So in Chicago, they're not affiliated with anybody, so they can print anybody's paper. So they print some of the big, not the big dailies, but they print some of the small dailies. They print the Hebrew newspaper, they print the Spanish language newspaper, they print the Greek newspaper, because there's a whole neighborhood of Chicago that has its own newspaper, it's all Greek people. And they have profited, they've prospered printing specialty publications. So put yourself in 1890, and you'd be the first guy in New York with a web fed press. All of a sudden you can answer that need. You can do your own paper first. And then you could print the Hasidic paper for Brooklyn, on the same press at night. Or you could do it in the middle of the day when your reporters are writing. And you could be printing the Hebrew paper that day. And you could expand your market. So there's some, there's an explosion of capability that happens when you go from sheetfed to web. And that I'm sure made a difference, in the history of New York publishing specifically. It wasn't

until the turn of the 20th century that we start to see web fed newspapers everywhere in America. And the press we had here when I got here [at Cal Poly] as a student in 1969, was a letterpress web-fed newspaper, and the Tribune, right there [pointing to a cylinder in the museum] is a cylinder from the local newspaper, that is from a letterpress cylinder press. Web fed, but that's half the cylinder, or maybe it's a third, I think it's half, and so they would duplicate that and put two copies around one cylinder, and they ran. This is dated 1976 I think. So they were running letterpress web in 1976 when the rest of the world had already moved to offset. Some papers like the San Jose paper, they went from letterpress to flexo. And they stayed there until recently, the Fresno Bee is still flexo. Because they took an old letterpress newspaper press and they converted into a flexo. So they didn't have to buy a whole new press, and that is weird, but it's successful. So it's kind of kind of an interesting thing. And thinking about what would have been possible in the late 1800s in New York City specifically, whoever got there first would probably have prospered and you know, the big guys did so the *New York Times*, the *New York Daily News*, the *Post*. Back then there were probably a dozen papers who got web presses quickly. And all of them would have had excess capacity.

When you look at newspapers in the 1970s, that's when small startups would have been priced out of the business. It was essentially impossible for a weekly to get started in the 1970s because the cost was too great. I know this because I did it. I started a paper called the *Central Coast Times* in 1974. And it was a weekly, and it was politically liberal. And we were taking on the establishment, and the establishment was the Tribune. And the Tribune, which was then called the Telegram-Tribune, was in my eyes much too conservative. The counterculture needed its own paper. So I started this paper called Central Coast Times. And I didn't own a printing press, so I had to find somebody who was willing to print my newspaper for me. So I went to the Tribune, and they did print it. For me, they treated it as a job. So I would bring in paste ups, they would photograph them and print them. And they were slightly difficult to work with, but they were happy to do it. But they insisted on payment on delivery, so they wouldn't extend any credit to me, which was smart. And they extended no credit. They extended no courtesy, it was just a business transaction. That's all it was. And then I upset somebody in town somebody by the name of Madonna [a big rancher in the town who helped build the highway and whose inn is still a cultural institution.] And the Tribune suddenly was unwilling to print my newspaper. They refused. So I took the paper to, where did I go first? Go into five cities to the *Five Cities News Press Recorder*, it was called. And it was owned by a really right wing guy named Dick Blankenburg. And he reluctantly printed my paper for a while, and then he refused. So I ended up taking it to Santa Barbara, to the News Press. They printed it because they

didn't care, it wasn't their politics. It was some other county. So we would have a guy every week drive down to Santa Barbara with the paste ups and then they would bring back the newspapers, same night, but it would be six hours later or something. Same guy was my distribution guy, he would drive around the county and drop off papers at liquor stores and grocery stores and stuff. I did that for two and a half years and it nearly bankrupted me, but the advantage I had was that I had a typesetting company and I had excess capacity. So we could make type, we could set type all night long. So making a newspaper was just a little bit more work. So at the end of the business day, I had a whole staff of other people who would come in and they would set type and make up newspaper pages at night. And that was not cost prohibitive. It was okay because I covered the cost of the ownership of the machinery with my day to day business, which was commercial typography. So I did typesetting and design, and the business, the newspaper business was from the get go, it was a catastrophe, and ultimately, I gave up, I couldn't keep going, I did manage to sell the business. I sold it to a friend of mine for two dollars. And he assumed the debt because we had quite a bit of debt and he took it and made it profitable. And then he sold it to another guy for a pile of money. He got 10s of thousands of dollars for it. And that guy shut it down. He was a newspaper man from the north county. His name was Reddick, Ben Reddick, and he wanted our newspaper off the market. So he paid, I'm gonna make up a number, 20,000 bucks to buy the paper from Ross, who bought it for me for \$2 and never gave me the \$2 I might say. I agreed and then he never paid me my \$2, was terribly upsetting. I've never really forgiven him for that. But we do joke about it from decade to decade when we run into each other. Mostly I was grateful for him assuming the debt, but my point in telling you this is that if you owned typesetting equipment you could have done it in the 1970s, otherwise it would have been astronomically expensive. And there was no way to compete with daily or weekly papers who had that equipment.

And then this little magical thing happened in 1984, and that was the invention of the Macintosh computer. Macintosh computer democratized newspaper production, because suddenly, not quite suddenly, but over a period of about five years between '84 and '89, if you had \$5,000, you could buy a Mac and all the software and all the type fonts and all the technology that you needed to make a newspaper and you were suddenly in the business, it was all you needed. And the typesetting machines that I owned were hundred thousand dollar machines. And that was the way we did typesetting prior, but after the Mac came out, anybody could do it. And it was phenomenal. It was incredible because the Mac injected new blood into the newspaper industry, anybody on any topic in any community in the world could just buy a Mac and be in the newspaper business overnight. It didn't matter that they didn't own printing presses because if you knew somebody who, or if there was a printing press in

a nearby community where you'll give them money, they would print your paper for you. The first Macs were \$2,800, they were pretty pricey. And then you had to buy PageMaker and paste up tables and some wax or something to put adhesive on the back of the paper. The problem was photographs. So in order to put the photographs in, we didn't have scanners back then, so we had to take photographs and make prints of them and then you had to have a process camera to photograph them and that was a couple thousand dollar investment. So that's why I say \$5,000 bucks. You could buy that camera, you'd have to have a darkroom, you'd need a little processing machine, but you know, for between five and six thousand total, maybe about six grand, you could be in business, which is how the *New Times* got started. And the original owners of the *New Times*, interestingly, they found me, and they said, "Tell us what you know about the newspaper industry in San Luis Obispo," and I spent some time counseling them and coaching them and encouraging them and they jumped in. He and I became very, very good friends. He's a wonderful guy. And I know Beverly a little bit, I don't know her very well. And then Alex Zuniga, he was another partner. He's still there. He was the graphic designer behind the *New Times*. And they did the whole thing with a couple of Macs and an Apple laser writer. And they bought a scanner so they could do their photographs digitally. And then they took it to Santa Barbara every week and had a printer where they still have it printed as far as I know. And they are profitable. And they continue to be profitable. And I don't remember how many years they've been in business.

Steve and Alex [the *New Times* founders], they put a few thousand bucks into it starting a newspaper that is still interestingly profitable. So the *Tribune* declared bankrupt last week, the McClatchy paper, and McClatchy is a bigger organization, but the *Tribune* doesn't print the *Tribune*, it's printed in Santa Maria. But anyway, if you look at it historically, the *New Times* represents the perfect example of a specialty weekly, that pretty much every community in America has. Go to Chicago, there's a weekly, just like the *New Times*, might even be called the *New Times*, I don't remember. In Berkeley, there's the *Barb*, the same era, even though they were in business longer, they had typesetting machines. Santa Barbara has a competitive paper to the *News Press*, which, again, I don't remember the names of all these papers. But it's interesting wherever I go in America, I almost always find the alternative paper, and the alternative paper, almost all of them started at about the same time. They started either when I started mine, and they have some advantage of typesetting machines; or they started when the Mac came out, and they made it possible for them to start a newspaper with a minimal investment. Pretty cool. So, I would argue that, from 1984 to the present, it's been easier to start a newspaper than ever in history, because the cost of investment is so small. I mean, I can buy a Mac laptop and subscribe to the Creative

Cloud for 50 bucks a month and publish a newspaper complete with the photographs in color.

There are no presses in this county now, not even one. *Mustang News* is a perfect example. Can't be printed in this county because there are no presses left. So we go to Casey Printing in King City to get it printed. Well, if you want to start another paper, start a paper and have it printed at Casey Printing. It'll help them. And theirs is not a great press, but they do nice work, it's beautiful. So I would argue that there will probably always be regional presses. And the guy in Chicago is a perfect example. I talked to him on the phone five years ago. And he said, "Oh, you wouldn't believe it." He said, "Our new digital presses have given us these new opportunities." He said, "I told my salespeople to go back out and call on high schools." He said, "We couldn't afford to print high school newspapers for decades, because it was too expensive. Now we can print 200 copies, profitably, of a high school newspaper." And he said, "If they want a paper, we can print it. And we can print 200 and we can make money." And I thought, "Yes, that's cool." There's a Spanish language soccer newspaper in Chicago. Just about soccer. It's all, the only topic, entirely in Espagnol, printed on that digital press. Now I don't know how many copies, maybe they print 10,000, but they have 10,000 readers who are eager to spend whatever it costs to subscribe to their weekly publication that is all printed at this community newspaper press printing company, that's all they do is print newspapers. And that guy, he said he can profitably print 100 newspapers, which is very cool. So, as simultaneously as the big papers are faltering, the regional alternate, alternative papers, community alternative papers, the *Sun* and the *New Times*, two owned by the same company... Santa Maria's population is tremendously bigger than San Luis Obispo. It's 85,000, that's twice our population. And they have a keen interest in their community which is met by the *Sun*. It's phenomenal. And you know, meanwhile, the *Tribune* is going custer's up, not necessarily, I mean the *Tribune* will hold on, but the *Tribune* had to get out of their own building, they moved into an office on Tank Farm. They're, you know, a skeleton of their former self. It's kind of scary. It's also kind of a dreadful newspaper, I'm sorry to say. It's not that good. If I can read in the local paper stuff I read online last night, not from them, but from other news sources, they're doing it wrong. I think local papers will always exist as long as there is an interest in high school and collegiate sports, obituaries, and business information, community business information. Don't try to do Donald Trump on the front of the *Tribune*. We all read it last night. It's not worth it. So what you do is you focus on the community. Instead, you run the Idler's ads, because Don Idler desperately needs to run ads to sell appliances at his stores. And I know him. He's a friend, not a great friend, but he's a guy I know. And every once in a while, I'll ask him, "what are you doing for advertising?" and he says, "Ugh, it makes

me crazy. I put a full page ad in the *Tribune* and it doesn't work. Put a full page ad in the *New Times*, and it doesn't work. People don't buy refrigerators at *New Times*. They're not, they want to know about the next concert that's coming up. And then the *Tribune*, they don't read my ad at all, they just turn the page." And I said, "So where do you put your ads?" "Well, I put them on the web. I do social media. I do flyers. I do everything, everything because nothing works anymore." And that's the statement of something. But it's interesting that if he could run an ad in a local paper, he would if it worked, that's the challenge. *Tribune* still has 40,000 circulation. So it's nothing to sneeze at. It's not a big paper, but it's not a small paper. And I don't know what the *New Times* circulation is, but the *New Times* prints four times as many pages, they print 72 a week, something like that. It's a big paper. And I'm always impressed, although, curiously, I don't read it avidly, I read it occasionally. And they do dabble in local political reporting, but not enough. So they, I think they know the right mix. Mostly it's about concerts and brewpubs and social stuff. You know, it's mostly young people, and it's mostly music related, and that's fine. It's perfect. It's what the *Berkeley Barb* does. It's what the *Independent* in Santa Barbara does. They have all the concerts that are coming up. I mean, the local musical groups and I'm in two of them, the vocal arts ensemble and master chorale. We don't advertise in the *Tribune*, because it doesn't do any good. We advertise in *New Times*, because it works. You get people at your concerts as a result. Just fascinating. So anyway, we're off on a completely different tangent here. But when you think about the financial obstacles to success, I think the Mac changed the world, much more than people realize. And this is not just true in the US. It just happened here first, but anywhere you go in the whole world. Newspapers just exploded in the 1980s because of the Mac.

You know, the news agency called *Interfax* in Russia, it got its roots in 1991 at the fall of the communist era. Printing presses were banned in the Soviet Union. You couldn't have one unless the government approved, and whenever anything happened that was difficult they would shut the presses down. So there was never really an independent news medium in Russia. *Pravda*, which is the official newspaper of the Soviet party, the Communist Party, was communist controlled, every word in it was Communist Party approved. And then there was another paper and I cannot remember the name of it. *Pravda* is still the big one. But there was another paper that was essentially the counter to *Pravda*. When the revolt of the people began in about 1989, the first thing the government did was shut down the newspaper, the competitive newspaper, and *Pravda* was allowed to continue to report because they could report untruth, whatever the party wanted to be the truth is they published, which is what they did for 72 years. And of course, the irony is that *Pravda* means truth, which is the exact opposite of what it is. It's just complete party bullshit. it's all

propaganda. One hundred percent propaganda, and the people of Russia knew that, it was never was never you know, it was obviously propaganda but it was the only paper so they subscribed anyway. So the counterculture papers were all shut down. So what they started doing, was they started publishing news stories over fax. So people would buy fax machines or smuggle them into the country and they would connect them at coffee shops and bistros and wherever people congregated, mostly coffee and tobacco shops, and *Interfax* agency would somehow send a fax out to all the different fax machines in Moscow and all the machines would receive it simultaneously. And it became a news medium in itself, which was very cool because the Russian government didn't know how to stop it. They thought, well, we'll ban them. What they did is they just moved the fax machine. So they would take it if the government found out and turned off the telephone, they just move it to a different telephone. And then the faxes kept going. And *Interfax* was probably single handedly more responsible for the fall of the Soviet Union than any other factor, and Mikhail Gorbachev, he was called the Premier, was the last premier of the Soviet era. He realized that if the puppet, not puppet, it was a straw government. It was, they were barely held together, it was a house of cards. He realized that if they were going to continue to prevail they were going to have to start killing their own citizens. They were going to have open warfare on the street where Soviet soldiers were going to be shooting Russian citizens to stop the revolt, and he knew he would have blood on his hands, and it would be awful. And so, one day basically he walked outside with a white flag and he said, we're done. And the Soviet Union ceased to exist with minimal bloodshed. There were some but not much.

Now if you look at the press in Russia, there is *Pravda*, and it is the official government newspaper. And then there are dozens of competitive newspapers that are counter to the *Pravda* and they don't get shut down, which is at least one small step in the right direction. There's still a totalitarian government, they don't think they are, but they are. And that's a great example of how technology changes stuff. And the Macintosh changed everything in Russia too because with the Mac came freedom of the press, costing less. You know the old joke about freedom of the press belongs to the guy who owns the press. So in Hearst's day, freedom of the press belonged to the guy who owned one. And presses are extraordinarily expensive, so not very many people had freedom of the press, really. Now freedom of the press exists to anybody with a PC, which is a pretty cool thing. And you know, you can dispel misinformation if you want, or disinformation.

I don't know [why there are emerging news deserts.] I can't reconcile the whole thing. And I think actually freedom of the press, you know, as a technological topic,

had its peak right after the Mac came out. I think it's in decline. I think it's, I think it's because people have discovered that they can publish things online easily, more easily and with better reach. And your generation doesn't read newspapers as much as my generation. Well, is it quality or is it that your news desires are satisfied by Facebook and Instagram and Reddit?

If you look at newspapers in general, I mean, people who make that kind of money, they didn't get rich by being nice. I mean, Hearst was not a nice man. I can't remember the name of the company that owns the *Chronicle* in San Francisco. They were not nice people. These were, you know, basic robber barons. They were the same people as the railroad barons in the late 19th century. There they were in it for the money and if Hearst had to start a war in Cuba, fine, didn't matter, just if it sold papers, that's all that mattered. And they're not nice people, and when you look at broadcast media in the US, there are five networks. And people, I mean, Trump complains about how they're liberal. They're not liberal. The people who own NBC are horrible people. They're just despots. They only put up with Rachel Maddow because she pays the bills. If they had to choose on the basis of policy, none of those people would work there. But they have a market niche where they get viewers who watch ads, and the ads pay for that stuff. And they hate the people who advertise on there. They hate the people who are on their shows. They're sort of diametric opposites. The owners of the media, I mean look at Rupert Murdoch, what a creep. Not that he is liberal, but the people who own the newspapers and the big broadcasting companies in America, they're not liberal people's people. They are ultra rich barons who don't give a hoot about common people, it doesn't matter to them, they just want the money. And if the money's not there, they'll shut it down and do something else. And, and that's kind of disturbing, that you know, "the liberal media," nonsense. It's not. The liberal media is a bunch of companies owned by super rich, conservative people. And that is fascinating to me. And like I said, you know, why did they put up with Rachel Maddow? Only because she's the top rated nighttime news event in America. If she wasn't, they wouldn't ever. I watch the thing online. Two of them actually, one's called the Majority Report, and it's very left wing. The other one is called The David Pakman Show. And they both are YouTube channels basically. But they have trouble because YouTube censors that.

When you become a newspaper of record in the county, you can run legal ads, so fictitious business statements and notices like chemical warnings for the state of California. And announcements of bankruptcies and foreclosures, that sort of stuff. They often all have to be printed in, quote, every newspaper of record in the county, so it takes five years to become a newspaper of record. We got to the point where we were

just on the cusp, we were just about to get newspaper of record status. And in order to get that you have to publish on schedule, every time you claimed to be a publisher. So ours was a weekly, so we had to print every single week and we had to take the newspaper by hand and go down and register it with the county clerk every week and it had to go into the county clerk's registry. And then at the end of two years, we were given provisional status, and then we had to keep going for three more years. And then you get all the legal ads. Now the benefit is that newspapers of record. advertisers have to advertise. It's not an option, they must advertise. Some ads have to run in every newspaper of record. And, for example, fictitious business, they only have to run in a newspaper of record, whereas foreclosures have to run in all. So *New Times*, when you look at *New Times* in the back, fictitious business statements, the *Tribune* has none. They got out of that business, not even one. So they miss out on all the government stuff, all the legal notices, all of the official notices. They somehow decided that it wasn't a worthwhile business to be in. So it's really amazing that the *New Times* is now the paper of record and the county. Isn't that amazing? I didn't know that. And the *Tribune*, I haven't seen it. I mean, I subscribed to the *Tribune* until just a few weeks ago. The *Tribune* hasn't had legal ads in it for years. Just didn't make any sense. I mean, they gave up. They were running classified ads in the *Tribune* recently, but they were giving them away. So classified ads for free. What's the point? To get readership? So you're buying readership by giving away the full page ads. People don't pay for it. Or they pay so little that it's a joke.

Local ads really matter. Big ads, national ads, don't make any difference at all. But if you're going to buy a, I mean, most people go to Home Depot to buy a refrigerator. That's the challenge to people like Don Idler, who sells refrigerators and washing machines and service. He does more than Home Depot. He's a nicer guy, and he's local. So if you're a local person and you want to buy from a local dealer, how do you know where to buy a refrigerator? You need to know who the local sources are for things. minors, they advertise, sell them in the *Tribune* once in a while they do. They send stuff in the mail. It's kind of interesting. But the whole complexion of local advertising has changed, and advertisers locally are in a dead panic because they don't know where to advertise. They don't know how to get your attention. And they're all competing with Home Depot, or Costco, or Target. How do you, as an independent appliance dealer, fight Home Depot? It's impossible. It's almost impossible. Somehow he manages to stay in business.

[The creation of the Macintosh] is an unbelievable turning point. It's one of the most significant inventions of all time. In that respect. What it did is it democratize publishing, made it possible for anybody to be in the publishing industry with just a

minor investment. It's quite incredible. And if you look at the, I mean, the big heroes of printing and publishing are Gutenberg. And then you go several hundred years, and you get to Mergenthaler, who invented the linotype machine, and Lanston invented the other one, there was a typesetting machine called monotype, which was a competitor to imitate, not much of a competitor, and they sold hundreds of thousands of Linotype machines. There are one hundred of them in the world who still work today. But there were at one point there were hundreds of thousands of linotype machines running in the world, it was how typesetting was done for 100 years. And then they disappeared. And then, so who was on the list later? Okay, so you get Mergenthaler, and you probably put the press inventors in there if you want to, Hoe and Goss, and I don't know if Goss was a person by the way, I have no idea. So Hoe was definitely there, [Friedrich] Koenig, who invented the cylinder press in Germany. Not very many others, and then you get all the way into the latter part of the 20th century. And then you have Mr. Steve Jobs, who was probably more influential than most people realize. He certainly was. The Macintosh, the PostScript printer, Adobe. Adobe invents this, Apple invents that and there's a company called Aldus that made a program called pagemaker. And then there's Linotype Company that was involved in that. Their tech division was run by a really neat guy named Mike Parker, who was a very good friend of mine. Steve Jobs, Mike Parker, Paul Brainerd, who was all this, and John Warnock and Chuck Geschke from Adobe, the five people. They revolutionized publishing more than anybody in the history of the World Series. Steve made it happen. Steve was the matchmaker. And it was to him. He liked type. That's a coincidence. But he had a computer and he didn't have a market for it. So he looked around the world and thought, "My God, we've got this wonderful, cool new computer coming out. Who's going to buy it?" Nobody needs this computer. Nobody wants this computer. So he had to create want. So he went out and figured out who needs that computer and who did he level on? Graphic arts just nailed it. So the market for graphic arts, he put the Mac in our laps, basically. And he identified music, architecture, design, printing. And that was the market for the Mac right off the bat.

Paul Bittick, former *Madera Tribune* publisher, *Mustang News* general manager and College Media Business and Advertising Managers president.

The basis of the senior project originally was, I went to look at how the cost of technology, of publishing technology has changed over time. I was thinking that startups will be priced out of starting, which is why we don't see a lot of media plurality nowadays.

But based on the people I've talked to, and then the research and the articles I've read, that's not so much an issue anymore, even though it was in between like the 1920s and the 1970s. But the creation of Macintosh and now of course, online publication, kind of offset that, but I'm still analyzing this intersection between what it takes to start a digital in news organization and why newspapers are failing. So that's kind of the extent of the topic. And of course, you've got external experience being at the publisher in the Madera Tribune and then President of [College Media Business and Advertising Managers], so I wanted to get your thoughts on this.

I've been in newspapers virtually my entire working life. I started out as a journalist in the Air Force, where we put out a weekly paper for bases that were stationed out. I'm talking about this because it addresses the technology aspect bit. I'm one of the few people probably, there's guys older than me, but not many younger than me can say this, I put out a paper where the actual production of the paper was done in what's called hot type, which is a phrase for where you use a linotype machine to set each individual line of type in the newspaper. That was made from hot lead, that's why it's called hot type. And that was a weekly paper in Athens, Greece, for the Air Force at that time. When I went to work in regular newspapers after I got out of the Air Force, they all started cold type, when we would type up the story on a typewriter, typesetters would punch little tapes out, the tapes go through a type machine, spew out sheets of copy and they'd be pasted up from there. We did a big step up to electric typewriters, of IBM Selectrics, where you'd type up the story, and that would go through a scanner and that would punch that little tape again to set the story. We'd paste it up in the paper. The next process I worked on was where we will use what we called VDT, which was video display terminals. We'd have little TV screens sit in front of you, you type in your story and you see it on a big screen in front of you. All the computers in the newsroom, all the VTCs they were not computers, they were called dumb computers. But they were all tied into a mainframe. That would spit out the copy, we would paste it up. And from that we transitioned to pagination, which went out on the IBMs. I've seen that whole transition over the last five decades. At the same time I've seen the transition of newspapers during that same period, where I worked on a daily paper, it was actually two dailies, one in Burbank, one in Glendale. There were at that time in LA there was probably I'm guessing 25, 30, even more, local daily newspapers, in addition to the big boys: *LA Times*, *Herald-Examiner*, and then you also have a more regional papers. *The Daily News* out in San Fernando Valley, which had transitioned from what was called *Valley News and Greensheet*. And then you had the *Orange County Register*, but then in addition to those we have towns like Burbank, Glendale, San Gabriel Pasadena, all these towns had their own newspapers. Everybody covered all those little communities with their papers. Today, I don't know how many there are of

those. I just read last night much to my sadness was the Glendale paper, the *Glendale News-Press*, which is owned by the *LA Times*, and now the *Burbank Leader*, which was formed after they shut down the *Burbank Daily Review* three decades ago, both of those closed this week because of lack of money because of Coronavirus. (After we talked, the *LA Times* sold these papers to the Outlook Newspaper Group and they will continue publishing.) So *LA Times* has closed those down.

So again, we've lost again, more local newspapers. So that's been a transition in the last 50 years. Lots of reasons for that.

One, many years ago, every paper was owned by a family. It wasn't held by corporations. There were a few exceptions, the Hearst Corporation, things like that, but the majority was small family, they lived in the community, at the end of the year, if they've made a big profit they would reinvest into the paper and grow the paper. What happened is people whose families passed on the paper, they found generations that didn't want to continue the newspaper. And so they didn't want to be a newspaper people, for whatever reason might be the case, and then you started getting groups being formed of newspapers, and these groups kept getting bigger and bigger and bigger, but what happens when you're in a big group is they merge operations. You've got the copy editor of desks that are remote now, like for *The [San Luis Obispo] Tribune*. I don't think they use a local copy desk anymore. I think it's out of Grass Valley or someplace like that, I'm not sure exactly where the copy desk is. But it used to be you had a copy desk at the paper there. When I started here, you probably had 20 reporters working there plus editors and everything else. Now I'm not sure if you did an internship with *The Tribune*, but now I think they have half a dozen people working there. All these papers are corporate owned. They're corporations that are public corporations. They have stockholders, stockholders want to get their dividends. So you've got to cut expenses to make sure you have that 28 percent profit margin that used to be the standard for business, so the stockholders will get their money. So it's a whole different focus. So asking and trying to answer your question in my long, rambling way, you know, over the last 50 years, we've seen what I think some people would have called the golden age of newspapers and now basically the total disintegration of newspapers. There's not an *LA Times*, we pick up a Monday edition of the *LA Times* and it's, there's nothing to it. It's a joke. It used to be, a Sunday paper for the *LA Times* was the size of a telephone book, now it's maybe one tenth of the size. Why is it? Yeah, people don't read paper, they want to get their news online. Yeah, that's part of it. But also newspapers quit servicing the client. The customer that reads. Many kids in my generation, their first job ever was being a paper boy. You'd get up in the morning, or you'd come home from school in the afternoon, but you would go

out, deliver the paper and then at the end of the month, you went door to door to all your subscribers to collect their moneys. People didn't want to quit the paper because they knew that kid from down the street was their paper boy. And so it was, it was almost like a part of their lifestyle. So the best papers got bigger, they quit using the kids to deliver the paper. They started hiring external companies to distribute. And it's a change that they lost some of that local touch. They also quit having a local circulation office. So if you had a problem with delivery, you're calling some type of call center, no telling where it might be, and you may not get a paper for two days because of poor service. So my line from many years was, "Papers didn't die, papers committed suicide." They did it to themselves. Another thing they did way wrong in the beginning, and now they're trying to fix it, is they gave away the news for free online. They did everything in the world to drive readers to online and away from the print, full knowing that they were making no money off online but they thought that's how they can save their print. Now they're trying to charge for online, and people just won't pay for it. Because they can get that news elsewhere. Just like if you live here, and you go to find the story on the Coronavirus updates. And if it happens to be behind *The Tribune* paywall, you can't get it, but you go to KSBY, you can go to *Mustang News*, you go to a lot of different places where there is no paywall, and so by giving away for free from day one, instead of using it to build their print subscriptions and adding extra stuff online, they tried to cut back on what was in their print and drive people to online, knowing they would have a lot less advertising revenue.

Newspapers, at one point in time, they were the recorder of history for a community. I heard that all my working years, from publishers, from people, and I would tell that to all my reporters, that we have a responsibility to the community, that we will be the official record of history for that community. My question is now, "Who is the record of history for these communities?" It doesn't exist anymore. At what point in time will we hear that? At the same time, who will be holding all our elected officials on the local level accountable? Those are questions that people need to be asking. So it's nice to say, "I don't care about the local news," well, guess what, you better care about local news because that impacts you more financially than anything else. What happens in your community with your rent, with your taxes, you stop and think of people's paychecks, and what the majority of the money they spend out of their pocket every month goes to housing, taxes, and that's the two biggest costs to a lot of working people. So those are tied to the local area. So who's going to hold the city council responsible on how they spend your money? Who's going to hold the school board responsible for how they educate our children? If there's no journalism?

If I was 25 years younger, I'd probably be looking at doing something like [the *Palo Alto Daily Post*, referenced later in this project, a free, print-focused daily paper]

for North County and North County, San Luis Obispo County, because personally I honestly believe if somebody started locally delivered newspaper for Paso and Atascadero, Templeton, they would kick butt. You don't give it away for free. Even if you're giving your print article online for free, don't do it online for free. Because advertising online does not have the impact as a print ad, and as long as the guy has the money to survive this two or three month period of time [due to Coronavirus] that he is probably going through in Palo Alto right now, with probably very limited advertising, I'm sure he'll continue to do fine because it's a great business model. But once somebody's got to have a pretty good nest egg to start something like that, you can't just walk in and say, "Okay, I'm going to start a newspaper."

One, you've got to have money to pay for printing, you got to have all those startup money and everything. And so you need to go in with a good, and not a big debt service, you know, where you own a bunch of people money and you got to be paying that off before you start. If you want to look and see what happens with debt service, just look no further than McClatchy. What happened to McClatchy in the last decade plus, since they bought out Knight Ridder is they over extended themselves so far it was ridiculous. Paid a very high price for it and it has now ruined what was a very, very, very good newspaper organization.

McClatchy in the Central Valley, when I first moved to Central Valley 40 years ago, was stronger than hell. *The Fresno Bee*, *The Modesto Bee* and *The Sac Bee*, those three *Bees* were big strong newspapers with huge staffs, I mean, just powerful organizations. Now *The Fresno Bee* is printed in Sacramento, I mean, that is a joke. So you have seen what's happened to those papers because, had they just stayed that one organization, they would have thrived, continue to thrive, but they over-invested, then they had to start dumping off papers, they had to start consolidating. *The Tribune* was in that purchase from Knight Ridder. At that time, *The Tribune* was the fastest growing newspaper in the country. People don't realize the *The Tribune* was growing like hell, they were doing a great job. They had one reporter that just covered North County, another reporter just covered South County they had a cop reporter, they had a city beat, county beat. They had all those things covered, they had a half dozen guys in the sports department. They covered everything, they did a great job. They were almost 40,000 circulation. And then they started making cuts here, making cuts there. And you start trying to cut back on stuff, all you do is cut back on stuff you want to provide to the readers and readers aren't stupid. They quit taking it. The biggest thing is they cut back on their delivery service. That was horrible. That's the biggest issue there, and I say the example of *Palo Alto [Daily Post]* is, this is what you can do, but what you need to do it is a lot.

I think [free advertising-based papers] are entirely viable, as long as 1) you can provide the advertiser with a substantial reach, meaning, if you're in the San Ynez Valley, if you can get into 40 to 60 percent of the homes, you're giving that advertiser, great value. But if you're in San Luis Obispo County, you're at *The Tribune* and you've been in less than 10 percent of their homes, that's not great value for the advertiser. So the paper where I was publisher, we were 6 days a week. We still covered the entire county with our news beat and everything. In addition to the actual paid circulation of the paper, we also have what's called the TMC product. It's a total market coverage product. Every Tuesday, there was a free edition that went out to all our non-subscribers that might have a combination of a lot of different news that appeared in the paper that prior week, but also had a lot of adds in it too. The other name for the TMC was called a shopper, that advertisers loved because it got into all these homes. It's also like your mail flyers, you get stacks of these ads in your mailbox each week. Advertisers know there's only a small percent of people that actually go through those ads. Most of those go from the mailbox to the trash. Okay, the shopper, probably 60 percent of the time, maybe less, would go from the driveway to the trash, but that 40 or 50 percent that didn't go to the trash made it into the house. So if papers can get back to where they're reaching, you know, 40-50 percent of a market, then they're gonna have success. Because you're giving that advertiser something he can't find anywhere else.

I remember one of the things you said at ACP is that "community journalism is dead. It's not dying, it's dead and it's up to you all to bring it back." The idea of community journalism is something that I'm also exploring in the senior project. So can you just like elaborate first off and what you meant by that?

Community journalism is covering the community from the smallest town anywhere to the big city, but you're covering that community. You look at the county of San Luis Obispo. In the county, there are what, half a dozen cities, might be seven, but you have San Luis Obispo, you got Pismo, you got Grover, AG, Morro, Atascadero, Paso, incorporated cities that have City Council's and everything. All those cities. At the same time you've got different school districts all through the county. Those are a lot of policy impacts to a community. Again, how do people know what they're doing? If they decide they want to change the hours on the parks in that area or they want to not have band or music classes anymore. Are people learning about this? Going back to my days at Madera, every Friday, our county reporter and our city recorder will go to their respective beats. Pick up the agendas for the next week's meeting for the County Board of Supervisors or the City Council, school board reporter would pick up the school board agenda, and we would be doing the stories in advance of those meetings, informing the community what was going to be talked about. It may have impact, but to have input, they had to attend these meetings. You're

not always informed by the city or county of impending legislation that may impact you, or given that opportunity to appear before those boards, which many boards now relish that because there are no community people holding them accountable. It starts from that very bottom part of the community, that's community journalism.

Community journalism is also providing real obituaries. As part of our record of our history, people are born and die every day, but there's no record of that except if you go to a county office you got to dig through it. Well, newspapers used to be a great source of that information, I know for years, and I don't know when we stopped doing it. When I was publisher, I fought big time the corporate office because they wanted to have paid obituaries, and I refused to do that. Because if you want me to be publisher, I'm not going to do that. A person's life is important. And when they when they do die, the story of their life is important, regardless if they were not known by anybody, that was how you told their story and that obituary, now we're talking, usually back two or three graphs in the post. But if you look back and papers 30 years ago, you have an obituary page and you don't see that anymore, that's part of community journalism. It used to be newspapers actually had one person their full time job was an obituary. Why? Because that was news. People's names in the paper, covering the high school football game, without making these kids celebrities, which is always a challenge, they're not even college players, but covering them in high school football built interest in the program.

Community journalism is often applied to weekly papers. But you say that that's inaccurate. I don't know, pigeonholing for this genre, where do you fit that, like daily should be committed to newspapers as well?

Well, I think every newspaper should be community driven. There's an old adage regarding politics, it goes, "All politics are local." You'll hear that especially around election time. There's a lot of discussion on what it actually means, but it is a very commonly used phrase. And in that, that is part of the heart of community journalism is that, I am a firm believer, the reason we had this attitude change of people towards the media, the negative, the fake news, that type of criticisms, those things, is because most of their news now comes in either very short snippets online, quick stories and television. That type of thing is not coming out of a local paper. The local papers used to be very involved in politics, and I'm not seeing it, supporting or opposing politicians, or covering the races, interviewing and having candidates nights, doing stories on that, and then also having the courage to make recommendations in a campaign, but backing it up with facts and reason why they can feel that person should be elected. And not just because a paper may be considered to be a Democrat thing or a Republican paper. McClatchy for years had been known, and this is one of my biggest complaints against them, as a Democrat-leaning newspaper, and they would never endorse a Republican candidate, regardless of how qualified that person could be.

There are some papers that do the same with Republican candidates. I don't agree with that, I think you need to be very non-partial in your coverage. And local papers usually have done a very good job with that.

So one of the things that I've found that appears to be the case is that now, if it is the cheapest time, or at least one of the cheapest times to start a print newspaper because of the publishing technologies that we have now, and they are very easy to farm out your printing, and then it's also pretty cheap to sell something online too, although the whole paywalls that people are implementing, it's usually hard and complicated to get a CMS running that will accept that. But why do you think that if we are in the time where it's so easy, so cheap to start a news organization, we don't see an emergence of startups to replace the failing papers that have been bought up and consolidated?

Because it's not a high-profit business, and it takes someone who has a passion for it. As I said, if I was 25 years younger, I would probably be more than interested in helping start a paper for Atascadero, Paso Robles. Call it the *Tri-City Times* or whatever you want to do. But it takes a lot of work. It takes a lot of passion. And you've got to find people that have that same passion that are willing at the beginning like, "Hey, I know I may not make hundred thousand a year, but I'm getting happy with making 3\$5,000 for the first few years, if we get this paper off the ground, we're making money," and really go at it. But at the same time, you've got to have financial reserves to suffer the printing costs, overall operating costs from the first six months or so because you've got to show a product to advertisers. You just don't walk out and say, Okay, we're gonna start a paper on July 1. And we want to have everybody's ads and they want to see the full before they start advertising. It takes you six months to build up your advertising base. You've got to have somebody that just has a great passion for newspapers, I've seen that happen in areas where different people have that have worked for papers, they get together and say, "Hey, we can do this." Other parts of the country, not here in California.

As I said, newspapers have continually shot themselves in the foot with doing different, stupid things. I get emails from *The Tribune* all the time. And so at election time, but at first they made it sound like there was gonna be a huge different swing in the county Board of Supervisors Basically being much more of liberal, I think they really thought that Debbie Arnold would lose in this supervisor district. And they figured Adam Hill would then quite easily turn his seat over to Republicans. And they're playing up the basic Republic-Democrats very big in in their coverage of it. Well, number one, county supervisor races are non-partisan races, they really shouldn't be referred to as Republican or Democrat.

Two, as they were going and sending out these headlines all day long during the election day, it became clear that *The Tribune* didn't know what was going on. Debbie Arnold won quite easily. And Adam Hill almost lost because Adam Hill was under all

sorts of investigations right now. Had my reporters in touch with their community, I'd have fired them, because they can't be that out of touch with their communities where you're saying, "Ok, this is going to happen," and you're not even close to being accurate. That is an example of newspapers being their own worst enemy.

One of the questions I had is, in Mustang News, we do publish online, there's a big trend towards online publication bias. Why did we make that decision to go that route?

When I started [as general manager for *Mustang News*,] we put out a paper five days a week, because it made sense. But at the same time, the class I think it's [Journalism] 351, Advanced Reporting Class, always had 18 students per class, provided 95% of the copies for the newspaper. Students that class, they were required to turn in 18 stories for the quarter, just to get a passing grade. So we always had tons of content for the newspaper. Then, as things transitioned in the department, they changed the curriculum. 351 no longer became required for all journalism majors. At that time, only ones who didn't have to take two quarters of 351 were broadcasting students. Everybody else had to take it. PR students, everybody had to take two quarters of it. So we always have plenty of copy. As that changed, they didn't have to have that number of classes, we started really struggling to get content. We became more reliant on using Associated Press wire copy in the paper, and so the faculty and I, the first move did was we cut it down cut it to four days a week. At the same time, we started to allocate some extra money to hire paid staff, staff writers in addition to the classes. But then came the mentality of, we will put out the paper and then upload all the stories to the web, instead of digital-first. With the changing number of students and everything, our content production was dropping off the wall. So we made the move to go to digital-first philosophy and go twice a week of the newspaper to force the students to spend more time on content production versus newspaper production. Do you know what I mean by that?

So not so much on designing the paper, but on writing the stories.

Correct. That was the purpose behind it. If you're putting out a newspaper four days a week, you're not gonna be producing as much content, because you're gonna be spending more time in the actual physical production of the newspaper. So then, we went to twice a week for that. And it made a lot of sense. And it worked. And then in consultation with students and everything, we decided, just do it once a week and really focus on the content, the actual written content. Why is that important? The basis of any good solid journalism program is your content. If you're stretching your resources to put out a print product and you're, you're not cleaning up the content, you're putting out a weak product, it's not going to get read. So we wanted to have products that were read, and also produce quality content. So, that seems to have worked very well. Now, if I were at a daily paper, I wouldn't have gone that direction.

There's no way. This is all based on the learning, and we want people to learn all the tools they need to be using for going into a journalism career, and being able to produce online content in various forms.

One of the things that Mustang News is very strong on is we do have a very strong print focus and that does seem to make us better in terms of finances than most of the other papers that I've talked to.

A lot of the papers are not successful at selling print ads, especially in California now, other schools outside of California that have similar programs to ours are successful because they know what we know. And it's no big secret is; you need to have products that serve the client, as much as it does the reader. Meaning, our biggest revenue generators in the past before I left and I think they still are, to a great extent, have been specialized products such as the mail home edition. The Open House edition. Housing edition. Those are a great tool for readers for information. But they're also a great tool for specific advertisers to reach those people that want that information. So when you're providing that specialization, you're building that relationship with the advertisers, they see what you're giving them.

Case studies of recent start-ups

It's best now to do direct comparisons of specific media companies, starting with advertising-based ones. I interviewed

Advertising print revenue

David Price, *the Palo Alto Daily Post*.

Sole proprietorship, daily print, print advertising revenue, on-demand pull distribution

David Price runs a daily print publication in Palo Alto, the *Palo Alto Daily Post*. A security measure overwrote our conversation on my phone. Price has started five news organizations including one in Aspen, Colorado, and two in Palo Alto. The first in Palo Alto was reported in Gene Robert's book *Leaving Readers Behind: The Age of Corporate Newspapering*. Price started *The Palo Alto Daily News* in a janitor's room in Palo Alto with two others in 1995 with a circulation of 3,000. It was a free newspaper with dimensions of 16x10.75 inches. He didn't put any of the stories or articles online, calling it a fool's game on his website, which only contained the paper's address and employee's email

addresses.. The circulation continued to grow with its free, on-demand model, entirely supported by advertisements. In 2005, Price sold the paper and its sister papers to Knight Ridder, which sold it to Dean Singleton's Media News, which morphed into the Alden Global Capital subsidiary Digital First Media.. Its url now links to *The Mercury News*. In May 2008, Price stepped back to the plate and started a new newspaper, the *Palo Alto Daily Post*, in the same model. In a conversation with the *New York Times*, Price said he wasn't in the business of publishing online, he was in the business of publishing print.

When we talked, Price said the model is simple: local businesses want to reach people, and he's helping them by selling print ads. He said he wants to drive people crazy to read his stories so they have to drive around town to pick up his paper. His website eventually began carrying a small number of articles, about 10 percent of the written articles, because advertisers who wanted online ad campaigns insisted on it. He does not generate enough online advertising revenue to warrant putting all his stories online. His digital product does not compete with his print product, so people still read it. Price is not certain if this model will work elsewhere, but he said the main thing the model needs are local businesses. Local businesses are the only ones that advertise in local papers, he said. Big box stores like Home Depot don't. The destruction of local businesses by big box stores and now by Amazon is doing damage to the ad model.

Price broke even a couple of months after he launched his paper. Price said having advertisements in a daily paper makes them more valuable than weekly advertisements because the daily visualization of seeing an advertisement day after day increases the effectiveness of the ad campaign. It's also easier to build a habit of news readership if you have new stories out every day. He also said owing people money is not a good way to start a paper. Asking lenders or venture capitalists to start a paper with you causes you to lose control, and you're going to owe all the money and then some later. "It's always better to start small and build up."

In an email, Price provided more advice:

"Additionally, when it comes to starting small, keep the payroll as low as possible and do as many things as you can by yourself.

"When we began the Daily News in 1995, the founders had a daily regime that went like this: Get up in the morning, grab papers that were printed the night before, hit the streets and start handing them out to people. At first we didn't hire people to do delivery routes, we did it ourselves. While delivering papers, we met people, sold ads and got leads for stories. After delivery in the morning, I'd return to our small office and start writing stories. I'd put together the paper in the evening. My partner would sell ads and put the ads together. We'd print late in the evening, and go to bed. It's amazing how much you learn if you do everything by yourself. People I met distributing the paper in 1995 and 1996 are still my friends today, and the customers we got by hitting the streets to deliver papers stayed with us for many years.

“A few months after we started, and it was apparent that we would be a success, a guy with an MBA from Stanford came to our office in a suit and tie and told us he wanted to be our circulation manager. My partner, Jim Pavelich, told him we’d give him a tryout. He asked what that would entail. Pavelich nodded over at a stack of papers and told him to distribute them to every business on High Street. The MBA guy said that wasn’t what he had in mind -- he wanted to supervise the workers and develop strategy, etc. Pavelich told him that he should get a refund for his MBA because he didn’t learn anything in school.”

Chris Theodore, *Reader Magazine*

We turn to another advertising supported print start-up. Chris Theodore founded *Reader Magazine* in 2001. In 2018, it was mailed to 390,000 Californians. Like the other founders, Theodore was driven in an ideological way. The following is his Oct. 24, 2018 Medium post, “How to Save Journalism,” republished with his permission.

How to Save Journalism

Everything needed to begin to save American journalism is here and now. We have \$400 billion spent annually on advertising and marketing in the US. We have the US post office which is as a content delivery system and network creator is underestimated, which Amazon and Netflix used to start and grow massively successful businesses, which also can be used to create a world-class journalistic connection with nearly everyone in America.

We have the best journalists and newsrooms in the world. And we have a massive crisis of trust in media and journalism. What we have not heard is how to arrange these things in such a way that saves American journalism. Until now.

By “saving journalism” I mean a system-wide reversal of the trend in which quality is sacrificed for financial sustainability. I mean a journalism that exerts pressure on people, corporations and institutions to be honest and act according to the law or face steep political and economic consequences from an informed public. I mean the introduction of one or more for-profit journalism enterprises doing journalism in a way that exerts system-wide pressure on media companies to maintain higher standards of journalism or lose audiences and advertisers.

It's this vision of the effect of a journalism working again that radically improves the level at which Americans are informed that has driven my colleague and I for the last seventeen years.

Over that time she and I have slowly improved a simple, local media model that profitably connects and informs communities and cities in Southern California. Today, the print extension of our model, The Reader, reaches 390,000 Californians by mail. Our experience in communities and research of the local media market reveal a massive opportunity to save journalism in America.

At The Reader, we hope to reverse the decline of American democracy from four decades of media consolidation and its destructive impact on American journalism. We hope to regain the public's trust, put to work thousands of talented, full-time journalists across the nation and create thousands of robust, independent, local news organizations.

We will use our model to put into place a profitable system enabling the continuous influence of everyone in America. Our plan includes podcasts, print magazines, digital media and the United States Post Office. The engine of our solution is its power to capture 1% or more of the \$400 billion in annual advertising and marketing expenditures in the U.S.

Creating A New America

It is possible to create a network of robust, local media channels in the United States in about five years or less. It is possible through initially modest and later aggressive roll-out of one local, financially-sustainable media entity in each of 4,000 communities of 30,000 households, which together equal the entire U.S. population.

Each of these media entities will be multi-platform, including a podcast, mobile app, and quarterly printed news magazine mailed free to all 30,000 households, powered by advertising.

Each zone serving 120,000 households will include a beautiful office for four advertising sales people (one per sub-zone) and one community manager, which will create a nationwide network of 1,000 offices, designed to be cultural and social spaces. Reader offices and spaces will create the opportunity for deeper, long term connections between The Reader and local populations. This may be highly disruptive as it will

address a major cultural and social void in American communities for a place where you don't have to buy anything.

How We Learned It is Possible

In 2011, we began to research and develop plans to harness part of the \$140 billion spent on local advertising in the US to power public interest journalism in print form into every home in the United States, at no cost to the recipient. Our research was refined by the on- the-ground knowledge accumulated beginning eleven years earlier when The Reader began.

Taking what we knew about local advertising and the development of local media channels our team developed many scenarios, models, and highly complex strategic, operational and financial plans. We also did an enormous amount of research of the local advertising market and media channels in communities across the U.S.

We learned that what Sam Walton saw in U.S. communities in 1962 — economic homogeneity — still exists enough to create vibrant, fact-driven, extremely profitable local political magazines in print and digital format that can lift political consciousness, inspire and mobilize.

In fact, in 2017, an average of \$384,000 was spent every day on advertising to each 30,000 U.S. households, or about \$100 million annually. Yes, most or \$85 million of the \$100 million was spent by companies outside these communities, but an average of \$15 million was spent by businesses in the community.

Creating a local media entity in more and more communities, loved in part because of its structural capacity to speak truth to power, ironically creates the power to sell advertising to the largest U.S. advertisers which need to influence large audiences and have ever fewer options.

Media Revolution Mu\$t Include Print

There are four reasons why print must be included in a new media infrastructure with the power to permanently and radically improve the level at which Americans are informed on the most important issues. First, a print magazine enables the entity — through the USPS — to physically connect with every person in a local community. Second, while not all local business owners and potential advertisers will agree with or value the political perspective of the magazine, all will value its capacity to

reach all of their potential customers. Third, each 128-page, full-color magazine costs only 50¢ to print, 25¢ to mail, \$3.15 for personnel, editorial and operating expenses and produces \$7.00 in advertising revenue, profits from which can fund additional local and national journalism, and cultural and social development in each community.

Fourth, more is spent on print than any other form of advertising in the U.S. local advertising market. Last year, about 50% of the \$140 billion spent by U.S. local advertisers and 8% or \$22 billion of the \$260 billion spent by U.S. national advertisers was spent on print, for a total of 23% or \$92 billion of the total \$400 billion spent by all U.S. advertisers. According to a Boston Consulting Group study sponsored by Yelp!, U.S. SMEs are spending only 3% of their ad budgets on Internet/mobile advertising, a share which will grow, making it the ideal time to be first to establish authentic, local media channels in print and digital form.

Print is also a great equalizer, enabling The Reader to connect with people — through the USPS — who are the poorest and most marginalized and without access to computers.

The Power to Continuously Influence Everyone in America

The Reader model at scale allows every person in America with a mailing address to get honest, world-class journalism free. It enables the influencing of the hardest-to-reach rural communities in America, suburbs, and metropolitan areas — everyone. And with what content? As [these figures show](#), The Reader model produces enough revenue and profits that it can employ one full-time reporter for every 60,000 households. Each will each create quality, local, digital and print content, including a local podcast. The Reader model enables the hiring of as many as 2,000 new American journalists, at an average salary of \$60,000 a year. The Reader will also spend its editorial budget on content produced by the best explanatory and investigative journalism organizations such as Center for Public Integrity, Reveal, ProPublica, members of the Institute for Non-Profit News and marginalized public interest thinkers, activists and organizations.

Since 2002 to the present, Noble Media has built a network of personal relationships with talented mid, senior and C-level local media and advertising executives in many of the most successful and largest local media firms, some producing \$500 million+ per year in California.

In 2016, Noble Media finished a comprehensive operational and strategic plan that spells out all the details of how to create what has been described here. In 2017, it drafted a 152-page private placement memorandum in order to enable investors to participate in this planning. This year, it secured [\\$200,000](#) in growth capital to begin to make this plan real.

The Reader at scale, reaching all U.S. persons at the same time, powered by a million of the nation's smallest businesses rather than only its 500 largest, will enjoy a level of independence from mainstream thought and power structures. It is destined to not only be wildly popular with audiences and its SME customers, but its massive, locally-based nationwide infrastructure and enormous revenue and profits will mean politically progressive movements will have what they have been without and have sought for so long: a financially powerful, mission-aligned ally for reforming U.S. politics and society.

Raiza Giorgi, *Santa Ynez Valley Star*

We turn to yet another print ad start-up. Raiza Giorgi grew up in the Santa Ynez Valley and graduated from Cal Poly with a journalism degree in 2008. She worked for the *Santa Ynez Valley News*, owned by Lee Publishing, for two years and eight months and left to start a tour company with her husband on their family ranch. In 2015, she started the *Santa Ynez Valley Star*, a monthly free community newspaper with circulation of 5,000 per issue and reach of 21,000 in 2020. Two years later, she bought the *Santa Barbara Family & Life Magazine*, the sum of which profits she says brought in enough money to pay off her loan of \$25,000 after two years. Her front covers are filled with images of the youth recreation queen, and local WWII veterans with birthday celebrations. According to her website, the *Star* is distributed at more than 200 local businesses across the valley, including hotels, restaurants, shops, banks, grocery stores, coffee shops and schools. Most of the work is done at her house, and all staffers work remotely, so office rent is no cost on the budget. Printing is farmed out between \$1,500-\$2,400 per issue, and her delivery is done by an independent contractor who also delivers for the *Santa Maria Sun*. Their media kit is detailed. Rates run at \$35 per column inch with discounts for additional reruns. Full back page ads cost \$1,398, cover banner ads \$700, and regular banner ads at \$300. Their media kit includes a calendar detailing local events, publish dates, ad deadlines, required file formats, ad dimensions, website states (32,000 hits a month with 86 percent female readership, average age of 30-39, 75 percent readers have a college degree, 96 percent of readers shop locally, 50 percent dine at local restaurants more than once a week.) The *Star* has either 24 pages or 32 pages in each edition. She never publishes a paper without its costs being covered. The April 7 edition had around 12 pages of ads for its 24 pages total, and so did the March 17 edition. Its

December 3 edition had around 15 pages of ads for its 32 pages. The secret to having a good publication, Giorgi said, was to hire someone who knows how to sell ads.

This conversation was lightly edited to remove filler words.

I worked there [at the *Santa Ynez Valley News*] for two years, almost three years, and I left because my, my husband and I started a business together. So, this is why I left, and after I left, Lee is a fine company, but that was right during the recession, and they had laid off a bunch of staff, a bunch of writers, photographers, copy editors, and I just felt they didn't replace those people as they left. And we were losing our hometown news, not that they were doing a terrible job, but it's the situation. It wasn't fun for anyone. Kind of like right now actually. I was also a mom and parenting at the same time. These times are definitely reminiscent of the recession in 2008 to 2011-ish. But I think that's really the reason why I wanted to start the *Star*, was because their reporters weren't local enough, they didn't know the issues enough, they didn't. And they weren't taking the time to research it, or talk to the people who were living here.

But that's because of the impacts of the recession, not because of Lee Publishing?

Yes. That went for a lot of newsrooms that lost their staffing during that time, they lost the writers that had been there for so long and knew who to talk to and knew, oh, well, this issue is happening at the same time, there's that issue happening and the only person you have to talk to is this guy and he lives down a country road that you can only get to by... Yeah, so it created what you call a news desert. We were constantly getting overlooked by the larger areas like Lompoc and Santa Maria in Santa Barbara.

But at that time, I had been there for, like I said, almost three years, and I was kind of like a chicken with my head cut off covering a bunch of things and, and getting paid about the same wage I had gotten as an intern, which also was a big drive of course because we wanted to start a family and we can't survive on \$12 an hour in the setting of salary.

What I have is, "In 2015 Giorgi started the Santa Ynez Valley Star, a biweekly free community newspaper with a circulation of 10,000 per issue and reach of 21,000 in 2020.

We grew literally overnight. I mean, we went from a dozen advertisers with, I think I started with 16 pages, and the next issue, we were at 24 pages, and I had, 40 advertisers. And then I, by the end of the year, we were at, I think 48 or 52 pages, and I

had over 100 advertisers, and they were just wanting it more. So in the start of 2017, we made the jump to bi-weekly. so we came out, we come out the first, third Tuesday of each month. So yeah, I think we started with 8,000 maybe it was 5,000 copies the first issue, and then we went up to 8,000 and then 10,000. We've said we've said there but seems to be like our good number.

Typical newspaper accounting [for readership] is 2.1 per issue because, if you think about it, somebody takes that copy and they bring it home and then their spouse reads it, the kids look at it, or if they live in a doctor's office, that's actually higher because you've got five to 10 people in a doctor's office at any one time, so you have more of a reach there or people reading it at a grocery store.

I give [ad] discounts for, multiple placements and for nonprofits and, I never actually really charged those [stated ad] prices. I would love to, I'd be really nice. I usually bargain down. There are times when people don't ask for a discount, and I don't give it to them, I'm not going to give it to them if they don't ask.

The Star has either 24 pages or 32 pages in each edition, but it sounds like that varies.

I want to make sure that all my costs are covered. So, typically we're at 32 pages. And unless it's January, we're typically 24 pages just because a lot of places are, closed for the holidays and it's a slower tourist season during January. And then you have these situations like COVID, and Montecito mudslide, which also impacted us because highway was shut down and closed. It all depends on the situation.

And are you going to be impacted by AB5 at all?

I was very impacted by AB5. I had to let a few people go, which was unfortunate, and then I mainly was independent contractors completely before this. And, when you're an independent contractor, you have to, take part of your paycheck and save it yourself. But there was two people that I couldn't keep on independent contractor status so I ended up hiring them. But for me to hire them, I had to let go two other people because I can't afford four people and payroll costs.

If you had almost entirely independent contractors, how many of those stories would be written by you?

I write a lot of stories. I'm kind of back to my chicken with a head cut off stage, but at least it's my own coop I'm taking care of, I guess, I'm paid decently. I'm able to afford a mortgage in the Santa Ynez Valley, I'll just say it that way.

And then as far as online ad revenue versus print ad revenue, if you were to take out the cost of publishing it, the cost of the product out of the advertising revenue, which would you say is more profitable?

Print. For sure. I use online as leverage, really, as an additional. When I'm pitching to clients, we'll say, "Oh, we'll include the costs of, an online ad." And, that's a value of 500 bucks a month. So people feel like they're getting a deal, which they are. My average views are right now around 40,000 a month, which are areas double the amount of people that live here. So actually, I'm probably losing money by not selling exclusively online, but my print at the moment is more valuable.

I noticed that you had an in edition in Chinese on your website?

Yes. In 2016, that year, we had a huge influx of Chinese visitors and it really had to do with Solvang marketing heavily to the Chinese market, because there's bus tours that go from San Francisco to LA and vice versa. And their halfway point was Santa Ynez Valley. And where do they want to come? Solvang. Because it's kind of like Disneyland. And so their marketing efforts had really started a few years prior to that, like, probably 2011 2012. But when those bus tours come in, they stopped for an hour or two as a break, get something to eat, buy a trinket, get back on the bus and keep going. But a lot of them ended up loving the area so much that we were seeing repeat customers coming back from China, the next year or the following year after that, and bringing their families and they come and stay for several days. So, there was nothing in Mandarin for all of these Chinese tourists, that wanted to know what the products or or the Chinese market is also heavily influenced by the story. So it's important to them in China to know the story behind a business or behind a family that owns the business and there was nothing of that here. So, they had no idea the history of Solvang, or why it was an important place for Danes to come and settle or, or anything like that. So, when 2016 came around, I was like, I have a few friends who read and write Mandarin. They're from China. And so I enlisted two of them. And so one would write the copy. And the other one would proofread it and make sure that it was grammatically correct and in Mandarin, because I had no idea. I mean, I could say it could say, "pink pigs fly every day in Solvang," and I have no idea, but I trust these two girls a lot. And they really helped me create this fabulous product. It was really kind of sad because we worked so hard on this and pitched it to the Solvang shop owners and

when your business has been ingrained, so much in foot traffic, and just expecting people to come, a lot of these local businesses don't have websites. They don't have marketing. They don't advertise. And it was okay then. But I mean, if you look now, especially with COVID, and the importance of having an online retail spot, a lot of these businesses are closed. And unfortunately, I think some of them are just not going to reopen. So anyways, back to Mandarin. So we would go and pitch them. We're doing this annual copy of the *Star* in Mandarin. So we're taking several of the stories that had been written throughout the year, especially focusing on Danish-made, because Danish Days, I wanted it to come out then. It would come out in August and then Danish days is in September. So we'd have that lead time of having people in town or when they're in town, they have scheduled events and stuff and a lot of them just were not interested. It took so much work to just get enough advertisers to cover the cost of it. And we did it for two years. We won a lot of awards for it. But, I mean, it was just more, it was more heartache than it was worth. So we did it for two years. And then I stopped because I just couldn't, I couldn't do that and run two publications.

I think that's kind of it. I mean, just talking about the growth that you've had, again, you had gotten up to 42 pages.

Sure. Um, so I have a look on my issue shelf to verify it because I can't remember it was three years ago, four years ago. Um, I believe it was 48 pages for our December issue, and we had

probably, at least over 100 advertisers in that issue. So I have a friend of mine who is an advertising whiz. He was really integral into helping us figure out how to grow and figure out how to go every other week, because at that point, I was scared out of my mind. And I guess that's like with any risk, though, you just have to do it and hope it succeeds. And

I've had several other businesses fail before this. I'm not scared of failure. It just makes you know what you want to do even better.

These other businesses, one of them, I'm guessing, was the ag tourism...

That one that one failed because of the county, not because of the actual business failing. We just were too stressed out and we were fighting. My husband and I spent our life savings fighting the county on it, and we ended up winning. But at that point, I was already pregnant with my daughter and I just was over it and they were done. So and then our other one, we were selling beef. We buy the cattle from my father-in-law and then have the steers, butchered, and then sell the beef wholesale. But that one proved to be a failure because unless you already own the cows, it's not cost

effective. I'm also a photographer. I did wedding photography, baby photography, I still do that on the side for friends. But I don't charge for it.

It seems like kind of a running trend in the people I'm talking with who have had entrepreneurial background and a lot of times those businesses have gone.

Yeah. I mean every failure there's also success too, because these people who usually start are entrepreneurial. If you are successful in your first one, one, you'd be super freaky lucky, and two, I don't know how long that would last because you wouldn't have the experience of knowing what's coming, or what to look for in what's coming. And so you can adapt and change, even with COVID a month, a month into it with a stay at home order and it has completely changed the face of newspapers, and how the business model is. And I suspect that we're going to see a lot of them go nonprofit from here.

Which isn't to say that you can't make money in a nonprofit, you can. Um, it's just, I think a better way to appeal to your community to keep it going. And honestly, I'm actually looking and probably going to start looking into that myself. I don't know if it'll happen, but I'm going to at least look into it and see if that is a good way to go. Because newspapers are community, they're about community, and they need to be supported by the community and more than just the businesses.

I'm here in the Santa Ynez Valley, I would think that I'm probably a big fish in a small pond. County-wide I am a tiny fish in a huge pond. I will be honest with you, I just closed the *Santa Barbara Family Life* this year after January, our January issue was the last one, and I did it because, it was several, there were several reasons why but the two big ones was that I lost my ad sales gal for Santa Ynez. She decided to go be a stay at home mom again. And while that's fine and dandy, I needed a good ad sales person. And my Santa Barbara gal was that person but she was doing Santa Barbara so it made more sense for her to come and focus on Santa Ynez which is my mothership. And, and then also Santa Barbara is a small fish in a huge pond. And even though it's been out for a long time, there was still people that had no idea what that paper was about. And kind of honestly I don't really know what it was about either.

We retooled it, we made it modern, we made it fun, we made it about kids, we made it about lifestyle, and it was still this, like, it was still this thorn in my side every month that I had to get it done. And I'm not in Santa Barbara, so I can't really be in the community there, and I really think that the publisher needs to be in the community to make it an effective newspaper.

Did you pursue the option of selling it?

I didn't, only just because I don't have the time. I might put it out there in the universe maybe? I might pitch it to Santa Barbara City College journalism students or someone at the Nexus at UCSB and see if they want to take it over, but I'd probably sell it for pennies, but would I actually pay for it? It's a good model, I just think it needed a lot more focus and attention that I could give it because I'm also a mom and a wife and Santa Ynez is really where my heart is. So it paid off the loan, and then I was done.

How long did it take for you to pay off the investment in the start, was it piece by piece, you always just paid each edition as soon as it came in or how did that happen?

I had saved up before I even started this. I figured out what my cost would be. And I saved up about three months worth of cost. So when our first issue you came out, even though the advertising had paid for it, had already paid for it. I still have that reserve in my back pocket if I needed it. So it's kind of like my dad always says, "You don't quit a job before you have another one in place." And that's, I wanted to make sure that I had at least a couple months of revenue, I guess, or savings in case advertisers were like, "Oh, no, I don't want to be in this." But that never happened. So that was great. It's about a 30 day lag time for all my costs. I have an open contract with the *Santa Barbara News-Press*, and it's monthly. So I usually pay two issues a month, and then it's 30 days after that, and then I pay that chunk of change. And my graphic designer, all of my independent contractors know that 30 days after is when I pay. It's kind of a known factor in all of this. My ad sales gal, she's the only one that's a little bit longer. And it's a 45-day lead time for that. And I don't pay, I pay all of it, whatever she sold for the month, I pay her that percentage 45 days later, even if I don't, even if that advertiser hasn't paid yet. I just think that that's the fairest and honest thing to do. But she knows, he knows, if that advertiser never pays, I do have the right to withhold it from a future paycheck.

Do you think that doing this would have worked in 2008? Or do you think that you really needed the positive economic strength that came later?

I think I needed, yes that, and I needed the *Valley News* to tank even more. Because after I left, they brought back the guy who I had taken over from and, and he's very well known. He's still one of my very good friends. And after he left, they didn't replace him. And it took about a year so that he came back and worked for a couple

years, like 2014 or 2013, he left and then they didn't replace him, which then caused it to slowly erode after that. And instead of having a reporter go cover the local council meeting, or parade, they would replace those stories with something out of Santa Maria, or just an AP story, and I think it took a community to get pissed off. Which is about 2014, beginning of 2015, I started getting those phone calls. "Raiza, when are you going back to the *Valley News*? Because it sucks without you." And at that time, they had also fired Pamela Dozois, who is the lifestyle editor. She was my mentor from right out of high school. They laid her off to bring in someone cheaper, which was dumb, because Pamela was even more ingrained than I was. And that's saying a lot, because, I know, pretty much I know, everybody in the Valley, but Pamela knew them all too. And once they got rid of Pamela and started to fill it with news from other places, people got really, really upset. So, Pamela actually works for me now, as a freelance writer, which is good.

I think it maybe takes a couple years for people to figure out, "Hey, our local council is not doing things that are right. And they need to be held accountable. Where's the newspaper, where's the editorials? Where are the stories?" I'm in the middle of that right now with one of the local councils who are using this, this period of lax flexibility, I guess, on the Brown Act, to just make up things as they fly by the seat of their pants and a lot of the locals are pissed off. And I continue to write about it because one day when people start "Oh, I'm, I'm really upset about this, let's look up what they've been doing," and then find a drove of stories that we've been working on for almost a year now, I think they'll start to realize, "Oh, this isn't right, we need to do something about it." Somebody is going to get recalled or new council members will get elected, and hopefully, set the path back on the right track. But honestly, I think it takes people don't realize the value of local news until it's gone.

Are there any other aspects of this that we haven't touched on?

I think from the advertising side, obviously, it takes a good salesman to pitch the businesses. It also takes the business community to really buy into your product as well. And it also takes a really good graphic designer that can make things stand out and pop. And it also takes people who are really actually interested in the business. Like, yeah, you want to sell an ad. But it's not just about selling an ad. It's about making sure that that ad is going to be seen. Something that we do differently than the other publications do, I kind of have been dropping the ball the last week or so but, my head has been spinning, is our social media is really the glue that, it's kind of a gray area. This is probably what you're missing out is this. The social media component is a gray area in between advertising and editorial. So you don't want you obviously don't want

your advertising dictating your editorial content, right. But you don't want your advertiser to feel neglected either. So I use my social media platform as a way to get extra eyeballs on those ads. So if an advertiser has a sale, or an event or they're doing something wonderful for the community, I'm on top of it, I want to make sure that gets seen by people. And really the most effective thing is Instagram and Facebook. Twitter, not so much. I include it anyway, because it's Twitter, you just click post to Twitter. But it's really Instagram and Facebook that drive that experience, I believe. We have probably over 12,000 followers between all of our social media platforms. The moms are getting tweets, local people that are coming into town, visitors. So I really blend that editorial, my editorial stories I'll put up two editorial stories and then an ad in between it and then a couple more stories or a fun photo or a poll or something to get people engaged, which none of my out of my competition does, which is surprising because I've been doing it for almost five years now. And they still haven't clicked on. Oh, I think I'm running circles around the Valley News because they literally have no online presence.

So when you say you promote stuff, you mean you promote the events that are happening for your advertisers.

Yeah, that and there's a dress shop in Solvang, Elna's Dress Shop, and she really caters to over 50 ladies. The older crowds are really on Instagram right now and they're really on Facebook. And so I post her actual ads, the PDFs that she sends for the paper, I post that on Instagram and Facebook. And you'd be surprised how many people show her that ad, on their phone, or go into the store, or "I saw you have a 40% off on hats or something this month," and it really helps her business. Ostrichland, they usually advertise with me at the end of the year to really promote locals coming in, or are getting that Christmas tourism, and it works every single time.

So just it adds more value to the package, so more people want to buy it

Yes, exactly. We come out twice a month in print, and we are more expensive in the short term, as opposed to the *Valley News*. I think that they're using that publication as a way to just lose money. Because I've looked at their ad costs, and I honestly don't know how they're still alive. Yeah, like the price of their stickers, but they also have a printing press, which is probably a lot in cost prospectus for them.

Yeah, and with The Adobe Press, it's one of those places, South County, where I think that there is ample room for a new weekly newspaper.

Sure, sure. But you're gonna have to have somebody that's deeply embedded in the community. I'm deeply embedded in the valley. You say, "Raiza Giorgi," anywhere from Los Alamos to Gaviota, pretty sure people know who I am. And that's not trying to be...

No, it's your social capital.

Exactly, because I'm at all the events. I take my kids to, all the things, all the things that I can do. And I'm at the council meetings. I'm vocal in the community, I'm not always saying my opinion, we're not a huge right or left leaning publication.

You want to appeal to all of your readers because you don't want to alienate them. The Santa Barbara News-Press, Wendy McCaw is a republican and she touts that proudly, and then you have the Independent, which they are super liberal, and they tout that proudly, but how much of the community are they losing, just promoting one view or another? Then you have *Noozhawk*. And you have Bill, he's a little right of center, but then you have Tom Bolton, who's a little left of center and he's the managing editor of *Noozhawk*. So you have a very well balanced viewpoint. So you have both sides represented.

As far as I go, I typically don't tell what side I go for. Because I don't want people in the Valley to know. Because if I did, I'd probably lose half my advertisers. Which is why on my Facebook page, you will never see me post about something political. Local politics. But from a neutral perspective. You know what I mean? I really try hard not to put my opinion in.

Do you run editorials or opinions?

We don't. We do run opinions from other people. So the superintendent can write in about what's going on at the school or somebody's pissed off about this, this council or that committee board, they can write in, but they have to put their name to it.

I mean, what if there was an element of corruption at the City Council, and everyone everyone across the valley was angry at them. And so, would you still be in line with what the people were saying, with what the majority of the readers were saying. Would you?

I would definitely make sure that their voice is heard.

So that would be, in a news article, you would describe the...

Yeah, there are things that the Solvang City Council is doing that is absolutely wrong. But I'm not going to write it from that perspective. I write it from "Okay, they did this. Technically they violated the Brown Act because of this, this and this," and I attributed it to a Brown Act attorney who knows that Brown Act inside and out and backwards and forwards. I'm not just saying it because I think so. And then I also get the Solvang Council a chance to defend themselves and say, "Oh, well, we didn't know that we did that," or "we circumvented it because of this." And then it's, "Okay, well, did they?" and then I go back to the attorney. "No, they didn't. And here's why."

The Santa Barbara News-Press, being owned by that Republican, was one of the reasons MacFadyen said he was able to start Noozhawk, because that alienated so many people away from the News-Press that he could just take those people who were kind of angry and then, just like you with the Valley News.

Yep. I think it's just in different circumstances, though. And you have Santa Barbara, which is a huge tech area, and the online works down there. I don't know us online would work here. I think it works in tandem with print. But I think you would lose, if *Noozhawk* would try to just be here solely, if I said tomorrow, we're not printing the *Star* anymore. We're exclusively online. I think I would lose a lot of readers and I would lose a lot of advertisers. Because we have a large senior population here. And there's just something about that tangible feeling of the newspaper, I've even surveyed just readers, "do you like the paper product? Or would you want to jump online?" I would say about 75% of them said paper. I think it really just depends on what your area is and what you're trying to cover. If I were to take this model to South County SLO, I would do a lot of research whether or not they would even stand a print model, or maybe something like *Noozhawk* would be better. There is a huge prevalence of senior citizens, and on top of that, low income families. I think that would beg more for a print edition than just solely online. And then you would want to definitely have an advertiser who has lived in the community for a long time and is a known figure, because you want them to be a good representation of your publication.

Advertising online revenue

Bill MacFadyen, *Noozhawk*

The idea of ad-supported publication isn't limited to paper. *Noozhawk* in Santa Barbara exists as a free advertising-supported website. They publish between 10-12 original written pieces of content a day, and an additional 26 articles submitted from readers which detail society functions like dinners or fundraisers. Because they focus on local businesses to support them, and they tailor advertisements to their reader's preferences, it made its money back within three months. They shun programmatic advertising, after its publisher, Bill McFadyen, realized giving forty percent of their ad revenue to Google doesn't make any sense. Their website says they have 33,000 daily visitors, 13,500 daily newsletter readers, 1.3 million page views per month, 735,000 visits per month and 319,000 unique visitors per month. Their website also details their reader's demographics: 42 percent of their readers are between 35 and 54 years old, 25 percent are less than 35, 19 percent are between 55 and 64, and 9 percent are above 65. 27 percent of their readers have an advanced degree, 48 percent college graduate, 25 percent no college. 31 percent have income less than \$50,000, 30 percent \$50,000-100,000, 18 percent \$100,000-\$150,000, and 21 percent more than \$150,000. They allow both outside and in-house ad design, and detail their media kit on their website. Ad costs are between \$1,100 and \$229, depending on size. Native advertising takes \$1,000 per story. *Noozhawk* paid itself off after three weeks of publication, and was formed as a response to the Santa Barbara News-Independent's sale from the New York Times to a business-owner who quickly alienated herself against the community, McFadyen said. Like Price, he is not sure if his model will work elsewhere.

So, a little bit of background, I spent my career in newspapers and daily newspapers, and I left the Santa Barbara daily newspaper in August of 2001. And the next year I started a weekly that won a ton of awards and never made a dime. And it was a complete financial disaster. We had no business being in business, but we struggled with that for about three years and I closed that down in 2004, fall of 2004.

And then I was looking for things to do, to keep up with things to do, exploring some other publishing opportunities and then in the summer of 2006, the daily newspaper completely imploded.

Six weeks later, KYET, our, Santa Barbara county's network affiliate, had a significant layoff, so in a span of six weeks, Santa Barbara suddenly had no source of daily, mainstream, everyday, local news. And so I thought that that would be a great opportunity because I knew at the time that readers were online, looking for local news, not being able to find it. But I didn't know whether businesses and advertisers

were in that same position. So I went back to our former advertisers, from the South Coast Beacon. And it turns out that they were all interested in advertising online. They didn't know what they were doing. They didn't know really why they needed to be there, but their peer groups were all pushing it there.

I put together my business plan, convinced a few of them to advertise for a year, and then convinced a few of those to prepay, which provided seed funding to get new stock started. So it was a great time to do this. It was the perfect time to do it in Santa Barbara County. We hit the wave just correctly, but we had circumstances in our county that were unique to us that were driving people in this community toward this already. So you know if we were to start it, if we had tried In San Luis Obispo, I'm not sure what would have worked at that time.

It was really pretty new around the country at that time, back then in 2007. But it was ideal for Santa Barbara because we had these extenuating circumstances that were driving, forcing people, really, to look for alternatives. So that's how the idea came about. And that's how we got started.

It wasn't just the collapse of the local media, but the new owner, for 16 years the paper had been owned by the New York Times and they were sort of a benevolent owner. They only had two properties in California. So there they weren't really paying attention to us but they, you know, it was a good company. And they were very, very involved in the community philanthropically and so then they decided to sell in 2000, and so they sold to a local owner, a billionaire. And she promised to do, you know, the benefits of local ownership. She lives in the community. She loves the community. But she very quickly instituted her own political agenda. And so within a matter of weeks, not months, she, she turned the community against her.

And then in 2006, that's when everything kind of imploded and it was just, it was a scorched earth policy. And so every demographic, every income, or race, age group, they were all opposed to her or canceled subscriptions and looked for something else. So, you know, San Luis Obispo County to this day has not had that kind of a situation. Santa Maria hasn't had that kind of situation. It's very unusual. But that that really was the catalyst.

In the beginning we did run programmatic ads. But we realized very quickly that Google was always going to undercut, and it was irritating to me, I'm trying to sell you as your company as an advertiser, on Noozhawk, and you turn around and advertise on Noozhawk through Google at a much lower rate. That defeats the

purpose. And so we decided to end all problematic ads because we didn't want to, Google didn't have a way for us to block local advertisers. What we tell our advertisers that are readers is we want to keep Noozhawk free to read. But if you want to get in touch and in front of our readers, which is a very valuable commodity, you have to go through us, and so that that comes at a higher cost.

We post about 35 to 40 articles a day, but our reporters are only writing at most two articles a day, two articles a day each. What we do is we keep our reporters focused on things that you need an independent professional journalist to cover. So consequently, our reporters are writing repetitively about government, K-12 education, business, breaking news, a little bit of nonprofits and sports. But very quickly, even just focusing on those limited areas we run out of time and resources. So we can't possibly cover everything that happens in a community. But we asked the community to cover all the other stuff that you don't need a reporter to cover. So nonprofit events, nonprofit, you know, service clubs, some schools coverage, those kinds of community events that anybody can report on. We asked them, if you're sharing that information with your group, share it with Noozhawk and we're happy to publish it. We publish a lot of news releases. So those are all parts or part of the 35 to 40 stories we publish a day.

What that gets us is it's free content for us, but it's also enormously important to those groups. They'll turn around and they'll say that Noozhawk published their story, when in fact, that was just a news release or an announcement. They'll also give Noozhawk credit for writing about it, even though we didn't, they just, they wrote it themselves and we posted it. But that's, that's really important for a small community, it helps us increase our story count. And some of those stories, they're just announcements, get really good web traffic.

We have six full time journalists. So with the exception of sports, usually there's a lot more sports stories per day, per reporter than news. But you know at most we're probably publishing 10 or 12 stories.

Most newspapers are not covering that kind of reader submitted news. Because, a few of the print papers, you work for the Mustang Daily, right? So, you can't magically stretch those pages, you have a finite space. And once you put in the ads and you put in a few stories, you're kind of out of space. And so those those marginal things that are service clubs and nonprofit groups, church groups hosting something, that's never going to rise to the force of news to force you to take out advertisements or a story your staff has written.

[Ad prices] are all over the map. It depends on the advertiser, and it depends on Facebook and depends on the contract. So we have all kinds of ranges. We can work with any budget. You know, some are \$1500, \$1600 a week compared to, I think our lowest price is about \$30 a week. It just, it just depends.

Part of [our success], I will attribute to my time at the South Coast Beacon newspaper. I tell everybody, that's where I got my MBA, from South Coast Beacon University. Because all the lessons that I've learned there in failure I reapplied to Noozhawk and completely turned around, and even our reporters know that, in our culture, we're not in the news business, we're in the business of news. We have to be profitable for us to survive. And so we tell everybody that you have a responsibility to help us do that and even a reporter. You know, they're selling Noozhawk on the stories that they write, not that they're, you know, playing favorites or something like that. But we tell our reporters that if you do a story correctly, and you're fair, and you're objective in how you present that, that helps us. So it's advertising on our site, and if you don't do that, that makes our job that much harder, and we will end up failing. So, that's just our culture. And I think we've been very successful at it. You know, it's a lot of work, and you can't, you can't deny that. But I'm very proud of the culture that we've built, and I'm also very proud that the reporters, we've never had to explicitly say that. It's just understood that this is what we do. But we do tell reporters You know, that's, that's how you sell ads is you write a thorough, fair story, that that makes our job really that much easier.

So we have 13 people total. We have three ad sales. Six on news side, six reporters. And then we have two, three part-time copy editors and then myself. That adds up to 13.

It is very, very slim. And you know, even if we hadn't, even if we had 100 reporters in a community of 450,000 people which is what Santa Barbara County's population is, we would still leave news on the table. So we're, every day we have to make choices that we don't want to make. We just can't get to everything. So I, you know, we would love to have more staff. We have plans to grow or we did have plans to grow prior to the coronavirus period but, you know, we understand that what we're doing is adequate coverage for a community of our size. We will strive to do more and our reporters worked their butts off. I don't think any other organization in Ventura, Santa Barbara or San Luis Obispo counties can match us in terms of output.

We are blessed because I think our newest reporter is three years into us now. She came out of college, Gianna Magnoli, You know or should know, is our managing editor, she came right out of Cal Poly. But we we have an experienced staff. One we inherited through a project that we were doing. Another one, we sort of inherited we started sports, but the others we just hired as we went. Joanna is the cradle Noozhawk, we took her out of Cal Poly. She's just exceptional. So she very quickly rose up, made her editor and then managing editor. She's doing a prime job. We actually prefer to hire kids out of college because they don't, they don't come with bad habits, number one. We can get them into our culture and train them the way we want them to do. You know it's it's tough hiring in Santa Barbara County, I'm sure to admit, and I'm sure it's the same in San Luis just because the cost of living is higher there's not as much opportunity so it's sometimes your your choices aren't as great as you'd have in Los Angeles County or in the San Francisco Bay Area. But we have great, I mean, Tom Bolton, our executive editor, has been in business in this county a lot longer than I have, two years longer than I have. And then he brought in Janene Scully, who's our North County editor, she reported for him in Santa Maria. It's unusual for us to have such an experienced staff.

We may have run [coupons,] we don't sell those. We have very few retail advertisers, restaurants or service advertisers, most of our companies are service advertisers, home improvements, and our ads are on the site 24/7 for a week at a time, that's how we sell them. So we're not doing a lot of spot ads. I will say that calls to action like UCSB, arts and lectures, which are events, nonprofit events, those things do get better click throughs because there's a specific date that you have to take advantage of if you want to go see this performance. So those are always better than just branding ads. But we do send our clients, some of them get weekly Analytics reports. All of them get monthly analytics reports, and at the conclusion of their campaign, we do share that information with them and kind of go over, especially with our longtime advertisers, okay, this worked. What about this week, was it soft? and could we? Does the creative need to be refreshed or changed? But we've never, I don't know, that we've ever done coupons. I just don't have that kind of clientele.

We were really lean at the start, I had a few advertisers on prepay. Yeah, so that was what we limited ourselves to. In the beginning, the plan was to be a full service. general interest newspaper without the paper, so we had our sports, business, but we very quickly realized, oh man, you know, we're gonna be out of business supporting that kind of infrastructure in a couple of weeks. So about that same time we started to really appreciate Google Analytics, which you know, our readers are telling us every minute of every hour of every day, what they want us to cover in what they're

interested in reading. And so we look at our Google Analytics and know where the best use of our time is, best use of our reporter's time is. So that's been very helpful in shaping our coverage and allowing us to not be afraid to shed things that are just not getting the traffic. And we all joke if we had a million dollars we would do all these kinds of stories, but until we get there, we're gonna stick to our game plan.

It's breaking news. And then it's it's government, K-12, education, politics, business, a little bit of nonprofits. But the nonprofit coverage distinction is it's not that, you know, you had a benefit and you raise \$100,000, and it's more, you know, the nonprofit entity in Santa Barbara County is a major source of our economic strength. And so we're covering that as an industry, not as a society thing. We have, you know, that the groups themselves can provide that coverage. They don't need a reporter for that. But for us, we need to, we need to treat it like an industry. So we're doing that stuff

When we started, I don't think WordPress was a thing. So we're on Expression Engine CMS, which is a great system. It's very stable. We understand it. But it's very limiting because we don't have any programmers on staff, we outsource that. And so, we say, hey, wouldn't it be cool to have this feature? We can't run up and explain that feature to the programmer, they have to imagine how they're going to do, they have to do testing and so that conversation, you know, could spark a project that takes days if not weeks, if not months, it can be very expensive. So, especially in the web, and especially for a small company like ours, it's not very helpful. But we were chosen for the NewsPack project, which you can Google, it's a joint venture between wordpress and [indistinguishable.] They'll be converting us to a WordPress site that will come along with the NewsPack program, their developers are continuously developing features that new sites like ours need. All of the stuff you can imagine, they are already doing that. And obviously, WordPress is more diplomatic, in terms of its, you know, it's open source. It's truly open source there's so many people around the world who are using and developing for it. So there's a lot more flexibility there at a lower cost,

We budget more than [\$1,500 a month for web development] at least for the first year, we're planning to continue that budget, because we know that what is provided probably won't be enough for us. And so we're preparing that, you know, we're still gonna use our same web dev team in Vancouver, but the basic structure will be handled by NewsPack, and WordPress, and then we can use them to make it look prettier or for other things, but we're not we're not anticipating any less web dev expense, at least in the first year. But over time, we do expect that to decline.

Noozhawk reached breakeven in about three and a half months. And then we, we've been modestly profitable ever since with the exception of August and September of 2009. Which I honestly thought we wouldn't make it because that was the tail end of the recession. Nobody was paying us. It was grim. But we've been modestly profitable ever since. But again, I had that background of having a business fail, and I wasn't gonna let that happen again. So we are extremely conservative with our budgeting. We're extremely conservative with our forecasting. We don't spend money we don't have. You know, we'll take a quarter out of our pocket, turn it over, look at it and put it right back in our pocket if we have to. But I think one of the challenges is, a lot of these startup online news sites are started by journalists who have no business background, and they shy away from selling ads, because that's the dark side. And they don't know how to sell them. And so, and then the other thing that they run into is they're so passionate about their journalism part, that it's to the exclusion of all others in general. And there are some exceptions there. But I think I mean, unless you can get over that hurdle, you're really setting yourself up for failure. Because you have to be, you have to have a thriving business plan. It's got to be able to be implemented. And what I've told other people is, you know, if you're the founder, and you're the startup guy, the entrepreneur, the journalism part is actually pretty easy. That's really a no brainer. Anybody can do it. I say that in jest, but it's, it's actually true. You can hire journalists, they know, journalism is, they know how to do that. But on the business side, you can't outsource that. If you're the founder, you're the only one who knows what's in your gut and what's in your heart of why you founded that publication. And you have to be able to make that pitch to a funder, to an advertiser, to a sponsor. You can't hire somebody to do that. Only you can convey that message. So the hardest thing to do is to fire yourself because you got into it for the journalism piece, you wanted to do good journalism. But you have to understand that you can hire somebody who can do the journalism, probably better than you can. And they don't need to, they don't need to know what's in your heart and what's in your gut. You're just telling them, hey, go cover this. And they'll, they'll cover that to the best of their ability. And like I said, a lot of times they're better at it than you are, it's the sales part that only you as an entrepreneur can do. And that's really hard for a journalist.

And what's interesting is and I blame journalism schools for a lot of this stuff, when I appear to journalism schools, I've never missed an opportunity to say they do a terrible job teaching entrepreneurship, because a lot of the journalism school professors are, a lot of the journalism professors, are former news people, and so they're teaching your craft that they are really good at.

What I feel like they can do better with, just as with teaching basic practices and writing and reporting, they need to teach the entrepreneurial part because you've got to be able to identify opportunities, and have the wherewithal, the education to be able to identify how to take advantage of those or how to figure out how to take advantage of those. In the old days, I was coming out, you know, you were going to get a job at a newspaper. And that was going to be your career in, maybe you would change newspapers, but you were going to end up dying in that position. But today, those jobs are all gone, but the work is still there. They're just not in one little, tidy little box like they were 30 years ago. You can still make a pretty good living, if your hustle can take advantage of the situations, but the journalism schools just haven't quite gotten there yet. That's going to change ultimately, as those old professors retire and are replaced by contemporary people who are actually doing this kind of work in the gig economy. But I think that's a real fundamental failure by our industry. And we need to do better in explaining that teaching.

It's really difficult as an entrepreneur to juggle all the different hats that you have to wear. And so, like I said before, the journalism part in this equation is actually the easiest, simplest piece. And so if you can, if you can, be honest with yourself and accept that you can't do as much of that as you want, but you can hire other people to do that. And as long as you're focused on the business, you can make that successful. That's a really important takeaway. It's not, it's not what you want to hear. Because you want to be the guy to break the story. You want to be the guy that investigated that controversy, to explain that. But that's, it's really important that we create a climate so that more of these Noozhawks can survive around the country. And I think that's really the only way to do it.

Nonprofits

Donald Munro, *The Munro Review*

This conversation write-up was originally for my Online News Association @ Cal Poly group, used for this purpose with permission by Donald Munro

Before Donald Munro created his own news site, he was the editor of *Mustang Daily*. His senior project focused on *New Times*, a paper he helped create the first copy of in 1986.

After graduation, Munro went to work for the *Anchorage Times*, until he managed to do something unlikely today: he got a job at a paper, and worked his way up the newsroom. From 1990 to 2017, he worked at the *Fresno Bee*, first as a copy editor, then as a features reporter, back-up theater

critic, movie critic and arts reporter and columnist, according to a [journalism department post](#) by alumna Megan Schellong.

When he joined, the *Bee*'s newsroom was 150 people large, and reporters could spend weeks working on a story if it was a good one, he said.

And then, things changed.

In his last couple of years at *The Bee*, which is owned by McClatchy, the owner of *The SLO Tribune* since 2006, Munro had a consistently high average reader time. *Bee* readers stayed online, reading his articles, for an average of five minutes per. But *The Bee* grew less interested in reader times. They focused on clicks and national stories instead, in order to get more impressions on their online advertisements. The niche area Munro was covering—local arts—was not a priority, he said.

So he was offered a deal: either stay on, but lose the arts beat, or take a buyout. He chose the buyout. He left the *Bee* on a Friday, and by Monday he started his own site, the *Munro Review*.

“I’m going to offer a curated look at the local scene with a special emphasis on theater, classical music, visual art, dance, the literary arts and anything else that strikes my fancy. I believe that advance stories about upcoming events are an important part of arts coverage because they give audience members added context in terms of relating to and connecting with artistic events. I’ll be continuing to offer a critical voice through reviews, and I will cover local arts news. I’ll throw in coverage of some of my own interests, too, including travel and books, and will likely be unleashing some Fresno-centric commentary from time to time. All this is in the early stages, but I’m excited about the possibilities ahead,” [he published May 10, 2017](#).

Munro had a couple of ideas of how he wanted the site to operate. No paywalls. Non-profit. Most important, “I wanted to keep the arts in Fresno alive.”

For the first week, that meant covering Fresno State’s production “Heather’s: The Musical,” and for the first year it meant coasting by on his buyout package.

When he began to use up those savings, Munro partnered with the Community Media Association Collaborative, an existing non-profit in the Valley. He channels donations from the *Munro Review* to them, and they pay him at around 20 hours a week for \$40 an hour, income he combines with money from teaching editing at Fresno State. The CMAC gives him a non-profit model, allowing the donations to be tax deductible, and allowing them to do all the accounting work for him, without any of the legal issues of getting approval for the tax status.

But for him, the non-profit status works more for the ownership structure than for the tax benefits. He thinks that news should be a non-profit, instead of something that pads the pockets of the paper’s owners, like a lot of the papers around the country which are being drained of their profits.

“The wave of the future will be newspapers that are non-profits that are ran by foundations,” he said. “We have to wrest control of our local newspapers back from these corporations.”

The *Review*’s metrics:

- One worker (Munro himself)
- 275 donors
- Some local sponsors/advertisers
- 125 free members
- 700 newsletter subscribers (good for a niche market)
- 250 signed up for emailed copies of new articles
- 5-7 articles a week
- 5 people he appointed for his advisory board
- \$1500-\$2000 a month in income
- 1000s of hits (large) on articles about community theater reviews
- 100s of hits (small) on interviews with local abstract expressionist
- 4,000 Facebook followers

If Facebook doesn’t like a post, even if his readers do, the algorithm will bury it, forcing Munro to dish out some money to boost.

For the foreseeable future, the local arts scene is dead, so Munro is going to do long-term planning. Improving his site, by perfecting his newsletter, fine-tuning his marketing (something he said he really has to do.)

Marcia Parker, CalMatters

Adding to the list of free news start-ups is *CalMatters*, started in Sacramento as a non-profit in order to combat the lack of a press corps covering the capital. It started with an early investment of \$1,000,000, according to Publisher Marcia Parker, and is fully supported by grants and donations.

This report is tightly adapted, with input from Parker, from the transcript of a conversation with her at an Online News Association @ Cal Poly meeting. Parker added some phrases to expound on previous points. None of what she added changed the content or message of the conversation.

I’m also on the board of the Institute for Nonprofit News. There’s about 270 members, those are all nonprofits across the country. Some of them are hyper local, some are state, like us, state government-focused, some are topically focused on key

issues like environment, education,. Almost every month the board approves many new applicants.

There is a kind of reawakening of the need to meet the information needs of communities across our country, and there's a belief that the nonprofit model has potential for saving local journalism. It's already starting to happen with a couple hundred news organizations that are being supported by their communities, by philanthropy, by business. I don't know if it will ever replace for-profit, but I think it certainly can be a huge part of the solution to sustaining our industry.

CalMatters was founded by two wealthy and successful women who believe in journalism, one conservative, one liberal, and Dave Lesher, who's our editor, and they had this idea, which a lot of people thought they were crazy. They were told it would be too hard to raise the money and make the case for a struggling industry. But they pursued it anyway and succeeded in attracting donors by making a compelling case for Cal Matters to fill the void left by the decline in California in state government coverage after financially ailing newspaper cut their expensive bureaus.

We started primarily with funding from wealthy individuals in our co-founders' networks. So that was a great start. Most nonprofit news organizations start out primarily with foundation funding. We actually started out the opposite of that with more funding from wealthy, major donors. We did have some foundation funding. Two of the best known are the Emerson Collective, which was created by Steve Jobs's wife, Laurene Powell, and the Walton Foundation. Those are two of our biggest investors and they have stayed with us and increased their investment in us since the beginning. Since then we have added many more foundations. If you look on our website, you'll see under our supporters list all the people, family, community and media foundations as well as institutions that are funding us.

Then we decided that it was time for us to build a sustainable model. You can't be dependent on any single funding source. And we were more dependent initially on major donors. Now we have a much bigger array of major donors, a much bigger array of foundations, and other revenue streams we started in 2018. We now have an individual membership program like most nonprofit news outlets have now: we pitch become a member and donate to us. We have four levels of membership. They all have corny names to them, like one's gray whale.

We recently hit 1,500 members who are paying us under \$1,000 a year. Some of them give us \$5 a month, others give us \$1,000 in one chunk. We don't require anyone to pay us. We just give people the opportunity. That revenue stream has been growing each year and we appeal to them regularly to support us by boosting their donation..Then we also have other individuals who also give us money, but they're giving us more than \$1,000 each year. . The other important revenue stream is institutional. That's the newest and the hardest revenue to raise We offer institutional

memberships to companies and organizations that want to support journalism. In our initial pricing, institutional members paid \$1,000 per year. That was inexpensive to be an institutional member, and then if they did that they got the opportunity to sponsor different products such as our newsletter, our public events, and our election guide, for example.

Then in year two, we decided our growth in website traffic and distribution through our media partner network justified upping our pricing, because we're trying to build the revenue model." So now we have a new package and new products too, but we really test the pricing in the marketplace all the time. You have to adjust to the market — and we have to adjust a lot right now in the COVID-19 crisis. So now we have a corporate membership for \$4,000. And with that, you get four free weeks of newsletter subscription, but you still have to pay to sponsor our products and now our sponsorship packages for our events. For our products, like our election guide, the sponsorship cost is way more than it used to be because our reach has grown so much.

We're doing a two year reporting series now called The California Divide, looking at poverty and inequity in our state. Over the next two years, we're doing a series of town halls on that topic. So we'll charge like \$120,000 for that, to be the lead sponsor of those eight events. And we've created different benefits for those lead sponsors to make it attractive. We don't have event sponsors, do what lots of other news orgs do — . which is to do a pre-event pitch..Sometimes that irritates and disappoints them, but generally we haven't had trouble getting our events sponsored. We do acknowledge them at the beginning of the event, we have their name as the sponsor of the event on with the Eventbrite pages and our website. we

We certainly never give them access to anybody who's been at our events. . If you work for like Axios and you're in the events business you get a lot more, but they also charge you you know, much more than we do but they also have much bigger audience reach than we do. .

So those are the revenue streams we have and each year we up our goal for each of those revenue streams. And so far, we've been able to make them each year. We're raising lots of money successfully, but we still have to adjust now to what is a very challenging pandemic-impacted market. We're definitely finding that we have to adjust our pricing for the institutional market because it's so hard hit.

We have pretty good relationships with our partners. We just talked to them about, "Ok, what's your budget, what really do you have to spend?" And then we figure out, can we afford to take that? And that seems to work out pretty well so far.

Looking at the model, it's interesting because even though you are a nonprofit, you operate very similarly to how newspapers usually operate in terms of revenue streams, like your sponsorships are basically advertisements, and your donations are basically

subscriptions, and you're writing it just without a paywall. So the novelty of nonprofit is kind of diminished by that kind of an analysis.

Yeah, I think the difference might be that I think people are learning paying for news information is worth investing in, so they're doing it. And I think a lot of people like the idea that they can write it off, because they can do that. So they feel like they're actually investing in something that is nonprofit and doing good. So I think that helps us because it seems like those messages appeal to them. But I think the rest of the, and foundations are different from that, but I think on the institutional side they're mostly seeking alignment with a good brand. So we are absolutely competing with other sponsorship opportunities that are quite similar. And we're priced much lower than lots of our competitors, like we could never compete with an Axios. I actually love the excellent Axios model, I think it's amazing. However, because we're nonpartisan, we have limits on what we can do.

And secondly, we are bound by the INN member guidelines and rules and regulations governing nonprofits and the walls that we have put up in terms of both donor transparency and donor engagement. For example, even though SoCal Edison is an institutional member and sponsor, we don't take money from them to support our energy and environment coverage, or to support a single event that's on the energy or environment because it looks bad, and it is bad. ? Even though we tell our sponsors, you have no access, no influence over the content or anything like that, and that's true, we don't want there to be any question about their engagement with us or that they have undue influence. Everyone has to sign a transparency statement to be sure they understand the rules and regulation of the game. If you are a donor to any of the nonprofit news organizations, the bar is pretty high for transparency, and also for engagement with the editorial organization.

So CalMatters of course covers all of California. The Voice in San Diego covers a large metropolitan area. , Texas Tribune, same thing, large area. One of the things that I've heard, specifically from Ken Doctor, was that the nonprofit model doesn't really lend itself well to smaller towns, smaller cities. In your time at the INN, how many nonprofit news sites have you seen started in small towns?

I disagree with that. Look at all the successful local news models like BenitoLink, Berkeleyside, the new Oakland site. I mean, it's about pricing really, for advertising and for institutional membership in those communities. You just can't price at the same level you would be able to for an organization that covers the whole state. In fact for events a local news site might have great reach, because a lot of times a local has most everybody in town, depends on how big you are. hundreds of small

sites, and support from small community foundations is growing nationwide — it's just that the scope of their appeal has to be broad to their community members and to lots and lots of small businesses. So they're going to have to price accordingly for them, and then keep reaching out to more and more individual members, they're going to have to attract many more even at small amounts because, depending on the size of the city, and the demographics and everything, not everyone will have the money to actually support them at a really big level.

We have a lot of individual donors at that high \$5,000 and above mark, because we have a lot of wealthy people in the Bay Area, not every town has that. I think about when I ran the West Coast Patch local sites, which were for profit, quite a few of my California sites were among the top money making sites because we had so much wealth in those communities. So there was tons of advertising, and there were a lot of bigger players in those markets too but in the smaller ones you could still do well, you just have to price very differently.

And CalMatters is such a successful model, that's something that you don't really expect to see that often: a big growing newsroom, saying goodbye to a long-term reporter like that. It was pretty incredible.

I think we're pretty lucky. We're still pretty young, 40 people isn't that many, right? It's still pretty small. We're going to celebrate our five year anniversary this summer. We've been thinking about what kind of party we can do, especially if it has to be virtual. I'm really proud of the success that we've had both editorially and in terms of our reach, our audience, etc. We hit 5 million pageviews in March. But I was on the call today with our Table Stakes media partners which are mostly daily newspapers, and even though many of those newspapers are struggling financially, they have much bigger online reach than we have. So my point is, yes, we're very successful. But, I can look at us and say, "Great, we just hit our 5 million mark, that's fantastic, and we're still growing. But we have a long way to go to reach millions more of California's 20 million residents,, and we have a long way to go to build a fully sustainable model, and to build the size of the team we need to cover a state as big as ours. So we're even thinking now, "Do we need a \$50 million campaign?" In a given year we need to raise, say, \$7 million to fund our annual budget. In addition we aim to have keep six months of operating capital in reserve. That's a lot. But to accommodate our growth we have to raise a lot more money to get there.

Stephanie Zappelli: I have heard that. advertisers don't want to, if you're running on an ad-based model or a subscription based-model or something with both,

advertisers don't want to market to people who are low income because they can't pay for the products and, on the other side, like low income, people can't afford a subscription. And so in these business models, sometimes like low income communities aren't getting the coverage they need. Do you feel like being a nonprofit model kind of like insulates you from that or makes it easier to cover?

Really good question. We are insulated from that to a large extent -- because we are nonprofit and our mission is singular -- to reach all engaged Californians. And we live in a very diverse state so we want to reach all diverse communities, including low income communities. Our supporters know that is our mission.

We don't have advertising on our site, we have chosen not to have advertising there. We do have some in our newsletter. A lot of nonprofit news organizations do have website advertising, we just don't have an ad selling or ad operations team. Ads aren't very profitable anymore and it requires a team, which we don't have, to manage them. We see a bigger opportunity to grow our other revenue streams.

During this Table Stakes program we are considering focusing our challenge, which we work on for a year, on a strategy and then executing that strategy to reach out to, engage with, and really serve the news and information needs of underserved communities across our state. That's core to our mission and audience growth strategy. And we think that probably one of the ways for us to do that is going to be in partnership with our media partners. And in part, we're using this model we have for the California Divide project to cover poverty and inequity in our state for the next two years, where we raised the money from foundations and we are paying to embed reporters in five of our media partner newsrooms so far to cover poverty and equity issues locally.

We can see that the model is working and that we might want to raise more money to put more reporters in partner newsrooms. We're working with a group of ethnic and black news organization leaders on a kind of Marshall Plan to save black and ethnic media in the state. There are hundreds of ethnic media outlets, we only have about a dozen that are working with us now. But we feel like we could play an important role in bolstering them and most of them are serving underrepresented communities. But they're all struggling financially. So we think that the California Divide model could work with those outlets too.

Few of us feel we are doing a great job at connecting with and covering diverse communities that are in our state, and local, regional audiences. even if they have a diverse newsroom, which many of them don't. At CalMatters, we're working really hard to build a diverse team -- we have a much more diverse team than we've ever had. But we still need to diversify our top leadership ranks. And we have to do much more to engage and cover the diverse audiences in our state. So we got a long way to go. It's

really hard. It's really hard in a state as big as California. You have to, you have to think about diversity, equity and inclusion in a really different and much broader way. And we're all a big part of this Table Stakes challenge that we're doing. We're getting a lot of new training around sort of a new framework for looking at diversity, equity, inclusion, policies, strategies, it's way beyond just team, because that's not anywhere near enough. We have to connect with these communities. We have to understand them. There are a million reasons that are blocking our ability to do it well. So we have to rethink that whole strategy to achieve that goal., If we really believe it's an important goal, then we have to change the way we work, and even the way we fund maybe the way we work with partners to actually serve the information needs of those communities better.

How is CalMatters making sure that the news that you write really gets in front of people so that people do consume it?

Our original mission was not to be a daily news organization. We never wanted to be, we didn't want to compete with our partners, we didn't have the staffing, we didn't think it was a good idea. And on top of that, we only really wanted to do explanatory journalism. That meant more, and mostly, long form, which meant we didn't produce very much content, which makes it really hard to build an audience. So it was a very controversial thing we struggled with when I first got there three years ago. Everyone felt "We don't want to become dailies, and we're not gonna..." but yet at the same time we saw that we're growing your audience each year but not in any big way. And then we changed course just a bit to produce different kinds of content such as explainers and video, and we also staffed up, which meant we produced more content. When COVID-19 hit, we made a conscious decision to shift to producing daily content not to grow audience but because we are the primary news outlet providing content about state government and state government was driving all of the COVID-19 response so we needed to meet the now daily demand for timely news and information for all Californians. And we did that recognizing that this is the first time in decades that state news was leading the news cycle every hour, and we knew "we've got to be, we should be the lead, and no one else is going to do it." And our media partners expected us to do it. So we shifted to do a lot more. Now we're essentially kind of an around the clock organization. It isn't really what we wanted, but we're learning a lot about reaching people. As I said we hit that 5 million mark in March, and now we're well beyond that. And we know we're getting hundreds of thousands of new people coming and many of them are subscribing.

So we know we're reaching a lot more people, in part because we're the prime state government news source right now. And that's helping us and we're seeing our readership grow and also coming from places in the state that we didn't have a lot of

reach before. So those are good things. The other thing that we did that we didn't do before was offer weekly "Getting Through COVID-19" virtual events that are how-to oriented like here's how to understand the new unemployment benefits. But it is in keeping with our explanatory mission so we had reporters moderate hour long sessions with experts who explained how things work, and provided resources, So that has become like a new part of our mission during this time, because we saw there was a gap there, and no one else was going to do it. And we have expertise in state government so we can actually help people get that information.

Before a successful public event for us would be we fill a room with 300 people, which we usually do.. Now, a successful virtual event has far greater reach, say there's a thousand people or more online, which is of course true for other organizations too. And often 90% of whom are brand new to CalMatters, because they don't understand unemployment benefits, and we've got three experts and our reporters on there, or they don't know where else to turn because their kids are at home, and they're not teachers, and they have to teach.

So when you say you've hit the 5 million mark, is that subscribers or something else?

Those are page views. So we hit five million, so we ended 2019 with 3.9 million, for the year, and then, by the end of March, we had hit 5 million page views for this year on our website, that does not include any of our distribution via our media partners. So, just to give the bigger picture, we ended 2019 with more than 17,000 of our stories having been published by our 188 media partners since we began tracking..

And that includes our stories being cited in the newsletters of *New York Times California Today* newsletter and others like *Politico's California Playbook*. . distribution is our owned audience on our site, which is 5 million plus. We also distribute our work on other platforms, like Apple News and Smart News that generate hundreds of thousands of page views, and we distribute our work on the 160 Patch California local news sites, where we also get hundreds of thousands pages from there. So we have a very broad distribution program. And we're always adding new media partners and platforms. .

We're about to start working with Nextdoor, which just agreed for the first time going to experiment with publisher content on the platform. They reach like more than 14 million people in California. They just inked an agreement with the Institute for Nonprofit News that they're going to take member news feeds, and add local news to local Nextdoor sites. they don't really know how they're going to do CalMatters, but they wanted CalMatters content. They saw what we were doing on

Patch. And they were like, “Well, this is really interesting. So we’re going to experiment with you too.” there are only about a dozen state news organizations in INN so all of us are going to be being tested in that way. We’re also going to do events with Nextdoor in communities across the state for elections, like proposition parties.”

So I'm wondering in terms of percentage of effort, how much do you focus on publishing on the CalMatters site, as opposed to getting published in other news organizations?

It's shifted really dramatically. When we first launched we focused entirely on achieving reach through our media partners although we put every story up on our website. By 2018 as we saw lots of growth on our website audience we began building an audience strategy for our own site too. Now we just send out a media alert every day to our partners telling them every story we have, and then they just grab them. It used to be really clunky and crazy. We put them in Box, dropped everything in every day, and it took an enormous amount of work, because the stories, pictures, and all the graphics had to be uploaded. Now they can just take feeds of our stories, or take the stories from our site.

Now, 90% of our focus is on our content on our own site, which our partners also use so that is way more efficient. And then most of the other news platforms that we distribute to get our stories via a news feed. So, there's not a lot of work, you set it up and then it happens. But some of them like Apple News, for example, Apple News, we have to be really agile with these platforms, because they are changing and evolving all the time. In the first year you just sent Apple News stories via feed. But now they have an actual editorial team, and you can pitch to them. Even though they also get our feeds you're working with them in more of a real editorial sort, collaborative sort of manner.

Jesse Marx, *Voice of San Diego*, Editor

I'm the Associate Editor at *Voice of San Diego*. It's a nonprofit. I grew up initially in Chicago. I went to school there. I did my grad school work in journalism, specifically in magazine writing in New York, Columbia. And then I worked for *The Oregonian*, in Portland, which is close to where you're going.

I also worked for *City Pages*, it was an alternative weekly in Minneapolis. And then I decided that I was really sick of the Midwest. So I just moved to California and I

found a job in Palm Springs working for the newspaper there, as a political reporter. I did that for two and a half years and then I came to *Voice*. I've been at *Voice* for about two and a half years now, almost three years. And so my point is, I've seen a lot of different newsrooms. I've worked for different companies that have different business models, and I've seen how the editorial decision making process differs depending on what your stream of income is, and I'm happy to dig into that and answer any more questions on it. But just to start, with a little bit of information on *Voice*.

Voice got rolling in 2005. It was the pet project of a local entrepreneur-developer-political donor, his name was Buzz Wooley, Buzz is still the chairman of the board, and he got together with Neil Morgan, who'd been a former newspaper columnist, and in 2005, they were looking around and they were realizing that there was a major pension scandal happening at City Hall. But there hadn't been a great deal of coverage about it. Most of it had been pretty, superficial or pretty surface level, and so Buzz and Neil, who were friends, were asking themselves, why isn't there more investigative journalism explaining how we got to this moment, how we got to this financial crisis at City Hall? Why can't more people make sense of it? So they decided that the San Diego region needed more competition in terms of its media so they created this, they created the platform and essentially helped to pioneer nonprofit journalism as a thing. So we've been going for 15 years now, strong since then.

I wanted to give some context on news deserts themselves, not to suggest that San Diego is a news desert, but there are a lot of parts of the country where people really don't have many options on understanding what is happening, particularly rural communities. We can talk later about whether nonprofits are actually viable in those communities, but in any case, let's concede upfront and stipulate that news deserts are a real thing and a real problem. Even in urbanized areas, the shrinking of newspapers and media outlets generally has led to just a lack of information and a lack of coverage and there are a couple of facts that I wanted to throw out at you. The journal *Urban Affairs Review* has put together some data that corroborates the fact that whenever newsrooms shrink, there are fewer candidates who bother to run for mayor, and there's also evidence that turnout decreases as well in proportion to the number of journalists.

Governing Magazine had this really interesting piece by Liz Farmer; some researchers had discovered that municipal borrowing rates were increasing very slightly in parts of the country where media outlets had also been decimated. It was a really small percentage, it was a 10th of a percentage point that the municipal borrowing rate had increased by. It doesn't sound like much, but actually over the long term, it translates into hundreds of thousands of dollars, so there is a financial cost that communities have to pay when there are fewer journalists and reporters around.

Keeping all this in mind, it's one of the things that makes I think nonprofit journalism, new and exciting and relevant and much needed going forward. Because if

it's harder and harder to sustain a media outlet based on the traditional advertising model, I think nonprofits offer one potential way out of that.

Voice specifically differs in one way; we have a mix of topical as well as geographical beats, and so like, there's the border, there's environmentalism, there's politics — all of those beats are divided up by reporters, but then we also have somebody who just covers the northern part of the county, and ideally we would like to grow some day to cover the eastern rural part of the county, we'd like to have somebody who's just down in the southern part of the county. And so, we have this kind of mismatch of different types of beats.

Voice specifically is a 501(c3), and it's an educational one, you have to stipulate in the IRS code, which one of those 501(c3)s you are. So we're an educational nonprofit, which means that we can't actually endorse any candidates, but our goal is civic participation. So, we host things like Politifest — it's an annual conference of public policy. Political nerds, we get together, we debate with candidates, we host forums and discussions on homelessness, on housing. You're never going to see us write an editorial because we don't actually take these really hard stands on things, but at the same time, we're very open about what we believe in, and because we're an educational nonprofit, we have some flexibility in that sense. Our financial support comes from a mix of things. It's donations, its grants, its sponsorships, when we initially got started, it was mostly donations. It was largely funding coming from guys like Buzz who is the chairman, he's a wealthy man, like I said before, he's an entrepreneur, he's a political donor, he got it off the ground. But the plan always was that it would need to be self-sustaining, so over the years our mandate has been, how do we get more people in? How do we get a larger number of donors and who are donating less money? Last I checked, I think we're around 3,000, or more individual donors, but we also get grant money from the Knight Foundation, Open Societies Foundation, which is the George Soros thing, and we're totally transparent about all of this.

Audrey McClure, from SMU Daily Campus: When you guys get the funding, does it go towards Voice of San Diego as the overall organization, or do people choose where their donations go?

It's a combination of both. Most people when they give us money, it just goes into our general pot, but some people will earmark it specifically, and it's usually for larger amounts. So for instance, we'll get a grant from an educational organization that will say, "Here's \$20,000, we want you to spend this though only on an education reporter." Like I said, it's more common that those donations just go into a general pot, but we do specifically get dollars that are attached to education. We get dollars attached to immigration. I don't think we are any more for environmentalism, but if

anyone wanted a specific breakdown on that I can pull the numbers, I just don't off the top of my head.

In the beginning, you said that you've seen a lot of different business models. Have you come to the conclusion that nonprofit is the best of the best in a certain situation, and how did you get to that point of how you feel about it now?

I think nonprofits tend to be very niche, right? So it might be hard to be an outlet of record as a nonprofit. You need a newspaper, you need a TV station to go cover every city council meeting, go to every school board meeting, and to do the daily kind of grinding work. I think where nonprofits excel is being able to produce investigative work, being able to take what the dailies are doing, and then step back from it and try to provide more context to it. That worries us to a degree, because as the local newspaper starts to shrink, the *Union Tribune* shrinks, as the public radio station shrinks, we've heard that there may be some cuts made there over the next couple of months, all that puts more pressure on us to do more of the daily work, but we want to do more investigative work, you know what I mean? So it's like, there's this balance that we're constantly mindful of.

Do you know of any nonprofits that are considered the media outlet of record in certain places?

I do feel like that term in the majority of cases is ambiguously defined. Two weeks ago we met with a guy who ran a review journal for the arts in the Central Valley, so all the stuff happening in the art community as far as performances and nonprofits — he did cover that.

Izz LaMagdeleine: The Philadelphia Inquirer, actually, would be a good example of that, because they are ran by the Landfest Institute, and they are the paper of record.

[The Salt Lake Tribune,] that's gonna be worth watching. So it's entirely possible. But they already had a size, so they were already at a certain scale. Now they're changing the way that they do revenue.

Audrey: I don't know if they're actually the paper record, but one nonprofit that I'm a huge fan of is 100 Days In Appalachia. They're based in West Virginia, and they're run by I think it's the state university. I think the radio station over there contributes. Something really cool about them that I think is really great is that they were

meant just to cover the first hundred days in Appalachia after Trump was elected back in 2016, but it's been reporting ever since, and I don't know if they're the paper of record like I said, but I do think that in an area where there's not much news where it's very rural, I think they're definitely really good at like covering the area. It's a different way especially because they are rural. so they have a smaller budget and they have a small staff, but they still do really powerful work.

Aidan: One thing that I'm kind of noticing is a lot of daily papers, they focus less and less on like investigative stuff because, you know, newsrooms are shrinking and a lot of owners think that that's not stuff that people do want to care about, and this hole is being filled just because that's the hole that needs to be filled. I feel like the fact that most nonprofits are more investigatory is just due to where the need is.

I think that's fair, and that's that's certainly how we got started, as I said a second ago. So, that makes sense, right? Because somebody sensing that there's a lack of coverage, typically is how a nonprofit gets started, rather than there's just a lack of any coverage at all.

Earlier you were talking about the possibility of whether or not nonprofits were good for rural areas. We talked with Ken Doctor from Nieman Lab last week, and he said that the main problem with nonprofits is that they really only can exist in rich, affluent areas, which is where you do see them mostly concentrated. Do you think that they are possible on smaller scales?

I think if there is a flaw in the nonprofit model it is certainly that it's just hard to scale up, and people seem to be willing to give money if they know that it's going towards a kind of niche cause, right? So for us, it's, hey, we need to supplement the local newspaper, or we need to supplement the public radio station and the TV station. I think that's actually a pretty good point that he gave you.

I was wondering if the nonprofit status for you is more of a business model, or more of most of its value coming from the ownership model in the fact that there isn't an owner who can tell you what to cover so that you can focus on really good journalism without that influence?

I think it's certainly played out that way, because we have a board that governs us, but the board exists basically to make sure that we're financially stable. I've worked in newsrooms that got their money from advertising, and I've worked on the nonprofit side, and I can tell you, at least the pressures that I've ever experienced within a

newsroom have always been greater within the advertising based platforms. I'm assuming it's because of the nonprofit, you do have this level of protection where the people who are making the decisions at the top, they are guiding it financially. Buzz, our chairman, may be giving us money, but there's such a separation between Buzz. Buzz is one of a dozen people on a board, whereas at the newspaper model, my executive editor was also my publisher. So he was out there selling advertisements, and he was also coming to me and talking to me about story ideas. One, I was always uncomfortable with that, but you also realized at a certain point that at the newspaper, at least the newspaper either I worked for in the desert, we didn't have a lot of people still willing to buy advertising, so the number of businesses that were supporting us had been shrinking over the years. So for instance, this was when I was in Palm Springs, our top advertiser was the film festival out there, and the guy who ran the film festival also ran a restaurant that was very popular, and he also was the biggest political donor in town. So you had one person who was largely supporting this operation, and if you were going to write anything critical about him, he would immediately go, "well, have you talked to your editor about this? What does your editor say about this?" It was a very subtly threatening way of saying, be careful what you do.

People give nonprofits a lot of grief because they say, well, you're ripe for abuse because people are just cutting you checks. Yeah, that's true. The potential is there, but having actually worked in a nonprofit, I can tell you there are different systems of check that don't necessarily exist anymore at newspapers. The other thing I would say too, is that, because the newspaper I was working for was surviving largely on the number of eyeballs that we could bring into a story, the incentive was always for me to write a story that could go national. And I was there during 2016, so every story became, how can we write Donald Trump into this, and it was just completely absurd. That became the financial incentive of the organization, which then trickled down to the reporters. What I realized at a certain point while I was writing for this newspaper in Palm Springs, was that my audience was no longer my neighbors. My audience was becoming anyone with access to the internet. What I love about the nonprofit model at *Voice of San Diego* is, yeah, we're getting money from people, but we're getting money from people in our community who care about what we do, and they want to see it continue. They give us money because they want news about San Diego, right? The advertising model doesn't matter who you are, as long as you're just reading the story. You're just an eyeball that then can be exchanged for money.

One of the things that you did say is that these checks [a separation between the editorial and advertising side] don't exist anymore in newspapers. Do you think that in some that are financially successful, they could have this separation of the business side and the reporting side again?

That's difficult. I guess they would have to get to a financial level in which they're so financially comfortable that they could try to separate those two things, right. So like I said, the executive editor was also the publisher. I think that's pretty much the case that a lot of newspapers these days, I mean, they would have to be so comfortable that they'd be able to split the top into two people. I just imagine that's hard to do. It sounds like you've researched nonprofits a little bit. So like *The Inquirer*, when they switched to a nonprofit, did they restructure their management?

So, what I believe happened is they were just bought by the Lenfest Institute, so The Philadelphia Inquirer itself isn't the nonprofit, but its owner is, and I don't think that they did any restructuring. I'm not too familiar with that one though. I think Poynter also owns a newspaper, and that's another nonprofit out there.

People have been saying that nonprofits need to exist ever since like the 1920s as a way to safeguard reporters from the pressures of the editor and the pressures of the owner. I'm wondering, what was that paper that you've worked at in Palm Desert?

The one in Palm Springs was *The Desert Sun*, which was a Gannett newspaper, so that should help.

Yeah, that says a lot there, because Gannett has been consistently trying to give more money back to the people who own the shares, and they keep on cutting down on newsrooms too. That whole business model has been really heavily criticized.

At a certain point, I think we realized, me and some of my fellow reporters at *The Sun*, I mean, it's still awesome paper, it's a good place to work for, but what was always really frustrating was that you would get a random email or phone call from somebody who worked at *USA Today*, you'd never met them before, but they would say, "hey, um, can you go do this thing for me? Or can you go cover this thing?" It was rarely within your area of coverage. It was just sort of like, "well, you guys are in Southern California, can you go drive to Los Angeles for me and just do this thing?," and there would be pressure within the company to do it, so you realized at a certain point, that the way Gannett was set up was that everything was being fed up the top to *USA Today*, they had a number of papers in California, but they would lean on their papers across the United States to push up their *USA Today* reporting. In exchange for that, I would get a byline in *USA Today*, which is cool, but at the same time, you realize that the consolidations which were increasing over the years were partly just intended to make a couple of brands look better in the process, and that was frustrating.

When you talk about scaling up, what do you necessarily mean by that? Because we're talking about news deserts and the need to fill that niche of local news, so like, to a certain extent, how urgent is that need?

Oh, I think it's pretty significant. The question of scaling up — our perspective, we have 15 people on staff, on the editorial side, it's what — 12, and we've been around for 15 years. Over the course of 15 years, you know, we've grown by an average of one person a year. So like, if you wanted to get to a place where you could really, on a daily basis, cover a metro, it's just, it's harder to get there. It's interesting that some of these advertising base models are just making the switch, and so they're not necessarily a start up like we were a few years ago, so maybe that's potentially one way around this.

Your other question about whether or not it's urgent in these rural communities, I totally think it is. I'd have to dig this up, but I've seen maps and I've seen reports based on where people are actually getting coverage these days, and it's just what, purely on the coast, or it's within bigger cities. I don't understand who is covering, like, 80 percent of the United States. It's baffling to me. What do you think about it?

I agree. I've been kind of looking at nonprofits as well, and you see that pretty much all of them are in New York or California. Then, I'm in Texas, I'm originally from San Francisco Bay Area, but like, Texas Tribune is one of the only ones that's not on the coast, and you think about — what is happening in Minnesota? What's happening in the middle of the country? There's really nothing else there, and there's not the people to do that, so I definitely feel that there's a need to scale up.

What does scaling up look like for a nonprofit that's trying to cover a local area? What is a goal for them, and is there a limit to growth that they would eventually be like, oh, we don't need to scale up anymore, or is there just a general desire to keep going? It seems that resources are more of a problem than anything.

Well, you know who's been able to do quite well is *ProPublica*, and I don't totally know how they have, but maybe it's because they're a national outlet. Because they're based in D.C. they may have an advantage, but I think the nice thing about *ProPublica*, at least the last I heard, was they were opening smaller offices up. So they were using D.C. as their base and as their primary fundraising arm, but then they're opening up smaller offices, like in the San Francisco Bay Area, to go cover Silicon Valley. It just seems unlikely to me that a *ProPublica* would say, hey, let's go to Omaha, Nebraska now and cover it. I don't know how they would have the finances for it.

Or even the way that NPR, I guess it's a little bit different because it's government, but the way NPR has their local stations places, but who else has the resources that NPR does, you know?

Well, that's a good point, actually, because KPBS is the public radio station in San Diego. Every time that they raise money, they tout the fact that they're connected to NPR. It's a branding, marketing move. So everything is NPR, NPR, and it's funny, you'll hear people on the radio and they'll say, "hey, why did you just donate to us, why did you just donate to KPBS?" And somebody will say, "because we love NPR." Hey, man, like, you know, use it. That's, that's smart.

The *Texas Tribune* is really interesting, and they've inspired us to a degree as well. The *Texas Tribune*, I think they were the first ones to do the kind of annual political conference, which we also started doing as well.

A couple of slides down from where we left off, you talked about how nonprofit new sites rely on other existing news organizations to carry that copy. I'm wondering, for one thing, why can't you really set up your own distribution and publication method to make sure that people really do receive all your content.

We are, I think it's taken us years to do that. But in the beginning, the irony is that we relied on established traditional media outlets to give our stories a boost, right. So we needed the *Union Tribune*, and we needed the local public radio station to pick up one of our big stories and amplify it so that we could literally just get it in front of more people. The one thing that actually put us on the map was coverage of us. Not necessarily a story that we had done that had sort of gone bigger, but there was coverage of us and our business model in the *New York Times*. I think it was 2009, somewhere around there. We have this framed in our office and we all kind of laugh at it because it's so ironic that this old school media outlet is coming in and basically saying, "alright, welcome to the club, you've made it." After the *New York Times* wrote about *Voice of San Diego* and what it was doing and how its funding model and how its business worked, and the role that it was filling within journalism in San Diego, after that, we got a flood of donations from people who lived in San Diego, who didn't know about us until the *New York Times* wrote about us. So yeah, I don't know if today things would have been different. 15 years ago, we needed other people to kind of tout what we were doing.

Audrey: What were your guys' first initial steps to kind of getting yourselves out there, because now there's social media, but 15 years ago, there was no tweet blasts or anything like that.

It was a startup mentality, it was a watchdog mentality, and it was, well, if we're going to get attention, we just need to be better than everybody else. And we need to do harder hitting stuff. And we need to really root out and sniff out corruption. Because then when we write good stories, we'll be recognized by our competitors. That was it. Really it. You're right, now you can just tweet it out a lot. But I mean, we still have that mentality to this day, though. I like not to suggest that that's gone by any means, and we still consider ourselves to be underdogs, and we still, we kind of like that image of ourselves, whether or not it's true.

A bit further down in your presentation, you talk about how Twitter and how platforms in general have flattened the value of news have screwed worldviews of journalists. We have this whole kind of movement, I guess it's a small movement in the journalism community, to own your own content, to not rely on Facebook, to not rely on Twitter, to be able to put your stories right in front of your audience, either through your own pathways or through partnerships. Where is Voice of San Diego on that?

We use all of those channels to push on our content, and to be clear, we've also gotten grants from Google and Facebook, in order to operate. There's some irony in that, but I also think that the big tech companies, which have largely destroyed media feel bad about what they did, and so now they're just, like, giving money to people as this like mea culpa. I'm happy to take it as long as there are no strings attached to it, so I actually just finished reviewing a couple a couple of weeks ago, one of our grants with Google, Google's paying us, I forget the dollar amount, but they're paying us whatever it is, like \$10 to 20,000 just to test out their version of Zoom. So Google is coming in and giving media outlets money to basically do market research for them. That's money I'll happily take. Facebook just came in and said, "here's \$100,000, we feel bad for having destroyed media." And I said, okay, sure.

We use these platforms, we rely on these platforms sometimes financially. I don't have an issue with that. My issue generally with those platforms is that they're useful, but that they skew the perspective of journalists. And I think whatever harm those companies have caused media, we've been insulated against it to a degree, right. So like, Facebook changes its algorithm and suddenly, a media organization that relies on advertising gets screwed. We don't have that same pressure because people are just giving us money to do what we do and because they like us, and they appreciate what we do.

Like I said, we don't have to worry about eyeballs as much as any other media outlets. I remember when I was working at *The Desert Sun*, you know, under the Gannett regime, they would make these changes to Facebook all the time. And, and

you know, it would go from like, we're going to prioritize this type of content, and then the reporters would have to switch to go produce that kind of content. Or they'd say, okay, now we're only into five second videos, and you'd have to go and try to distill a complicated story into five seconds. It was like, just constantly felt like you were at their whim, and that was frustrating.

Roberts, in his book on the American Journalism Project, he argues that newspapers have begun leaving readers behind by focusing on corporate ideas of what readers want and by constantly changing the bar as to what kind of stories they do deliver. His argument is that newspapers are collapsing because of that kind of corporatisation.

From your experience, would you agree or disagree with that?

I completely agree with that. I think everything I experienced at Gannett would back that up, it was the consolidation of media outlets which led to fewer reporters, less content, and then it was this bizarre content Ponzi scheme that existed where, you know, your local reporters were suddenly working for a national chain that had never hired you. I think that's a completely fair criticism.

One of the things that I'm kind of finding in my senior project, I've interviewed people at like 10 different news organizations, and read a lot of books in the history of journalism, and it does seem to be that, you know, newspapers get consolidated and brought up, but only for the benefit of the owner, for the benefit of the greater company. Even though 80 years ago, like the newspapers in San Luis Obispo, there were three of them, they all got bought and combined not because they were in dire financial straits, but because owning the one paper in town makes more sense in terms of advertising for the owner than having to fight with other people for competition. So, that is decimating the entire industry, and now people have an idea that news isn't profitable at all, even though there are a whole bunch of small instances where people are finding it profitable. The giants are suffering, because the giants have these kind of bad business models, but small papers are doing fine, depending — some of them, if they had a good enough business model.

What seemed to me to be what the industry needs right now is just a reinvigoration of the journalism industry with a whole bunch of startups with good journalism integrity, and it seems like it's time for that, but the majority of that has been happening with nonprofits. In recent years.

I've heard one idea floated before, it's an interesting one, which would be that — you don't generally want the federal government to be involved in deciding who's going to get money and why, right. That's really tricky. It's going to be a partisan battle.

Instead, I've heard of an idea in which the federal government would set aside a pool of money and basically remove itself from the process, and it would be up to some, I don't know how this would be structured, necessarily, but maybe this is something we're looking into and considering, but there'd be a pot of money that could be divided up based on how the American people vote. Maybe they cast their votes, or maybe there's a diverse body made up of people from different backgrounds who come together, and they give out grants. I don't know, it's something to consider, and I've heard this idea floated. Has that ever crossed your radar, Aidan?

That's actually what the Nordic countries do. So, if you look at the World Press Freedom rankings by Reporters without Borders, they said that Denmark, and I think to some degree the Netherlands did it too, and those five countries I think have the five highest in terms of press freedom. The US is way down in like number 48 because of the consolidation happening. But, that's a model that does actually work. The interesting way that they do it is they say that there are these pillars of society, so you have the Catholics and you have, you know, the different Protestant faiths, and you have people in these different areas of society, and each of them gets their own kind of fund to start a newspaper. So it really promotes the diversity in the plurality of the press, rather than just being something that like, you know, it's given to whatever everyone votes for.

I would be into that as long as it's fully insulated from partisan politics. And from, you know, executive overreach. I don't want the Trump administration any more than the Obama administration deciding who gets money and who doesn't get money.

What are the metrics that you know, you look at it as Voice of San Diego and think, okay, we're doing a good job because x, y and z is happening?

We look at how many of our stories get picked up by other media outlets. We annually look at how many of our stories lead to policy changes, not just at the state level, but the city level as well as the county level. And then on top of that, like on a more daily or weekly basis, we do monitor the open rate on our newsletters, which we consider to be important, and we look at the download rate on our weekly podcast as well. So whereas at a newspaper that may make or break you as a staffer, because you know, your finances are tied to the number of eyeballs you have, it's, an interesting and an nonetheless important benchmark for us, but it's not the only benchmark. So we're able to more abstractly say, Okay, well, how many stories did we publish over the last three months was the last year that led to a policy change?

Nonprofits and A.J. Liebling

This model for news sites is not new, *Mother Jones* adopted it in the 1970's and so did the Center for Investigative Reporting, but it is growing as people see the traditional ad-subscription model as failing. Non-profits were described as the ideal newspaper, free from advertising or owner pressure, by long-standing New Yorker Magazine newspaper critic A. J. Liebling.

I also hope that we will live to see the endowed newspaper, devoted to the pursuit of daily truth as Dartmouth is to that of knowledge. I do not suppose that any reader of the (Dartmouth Alumni Magazine) believes that the test of a college is the ability to earn a profit on operations (with the corollary that making the profit would soon become the chief preoccupation of its officers). I think that a good newspaper is as truly an educational institution as a college, so I don't see why it should have to stake its survival on attracting advertisers of ball-point pens and tickets to Hollywood peep shows. And I think that private endowment would offer greater possibilities for a free press than state ownership (this is based on the chauvinistic idea that a place like Dartmouth can do a better job than a state university under the thumb of a Huey Long or Gene Talmadge. The hardest trick, of course, would be getting the chief donor of the endowment (perhaps a repentant tabloid publisher) to (a) croak, or (b) sign a legally binding agreement never to stick his face in the editorial rooms. The best kind of an endowment for a newspaper would be one made up of several large and many small or medium-sized gifts (the Dartmouth pattern again).

A common argument against non-profits is that it's not a business model, it's a tax status. The actual revenue comes from voluntary payments, typically from grants. That model is also seen in Noozhawk—they have a membership VIP program—and NPR.

Voluntary donations

Mike McPhate, the *California Sun*

Another user of the membership model is the *California Sun* by Mike McPhate, the former editor of the California Today newsletter for the *New York Times* and a one-time instructor at Cal Poly, San Luis Obispo. The product is a five-day-a-week morning curated Californian news newsletter. Mike said he doesn't know if he made the right choice by going with a membership model instead of a subscription model. It bugs him to see people reading his news who never give him a dime. Still, it works for him. He is getting over \$70,000? A year in net revenue, enough to save up for his kids' college fund. He enjoyed a massive benefit, he said, in having a wife who could support him while the *California Sun* was not profitable. The newsletter is run on MailChimp, with a custom

design by Chorus, and uses syndicated Getty images. Mike's foundational idea is to be a guide to California news, someone who can take a reader's hand and show them what's happening in the state. He attempts to provide enough information to tell the entire story in each blurb, and always links out to the original article.

He now has 25,000 readers. It's enough to sustain him, and give him some money to put away for his kids' colleges. McPhate said his goal is to be the guide to California news. He said there is a need for "Interpreters of the world." There's a lot of stuff happening in the state, and not a lot of statewide coverage. His stated competition is *CalMatters*, which reports primarily on Sacramento politics, the *California Sunday Magazine*, and the *LA Times*, which has California coverage as only one aspect of its publication. The *California Sun* is a curated newsletter, which links out to newspaper articles across the state, although Mike said he is not interested in readers clicking to the original article: he hopes to give them the beginning, middle and end in the newsletter blurb itself.

He started the *California Sun*, after working for the *New York Times* on their California Today newsletter, because the *Times* were asking him to relocate, and he wanted to spend time in Los Osos with his family. The newsletter gave him freedom and independence.

He values authenticity, personality and history. When he does his own reporting for the California Sun, he sticks with a topic that interests him: Californian beauty. He also uses "I" statements, showing he is a person with costs that need to be paid by readers if they want to continue reading. Every week, he does a piece recounting a historical moment in Californian history.

All of this goes into a very interesting framework for analyzing newspapers: the idea of community. Sharing history, expressing humanity and being authentic are all forms of community building, a role a lot of newspapers have abandoned. This community of Californians Mike has developed interacts with the newsletter, in some cases becomes advocates for it, and in a lot of cases supports it.

Subscription revenue

Elia Blülle, Republik

One interesting European start-up is Republik, a Zürich-based online-only subscription/donation start-up. It was started, as one editor Elia Blülle told me, "because the old model is broken, and we want to find a new one." Media plurality had been decreasing across Europe just as it has in America, and in Switzerland where each interest group had their own paper, few are left. Ringier controls most of the Swiss media. The *Neue Zürcher Zeitung*, since 1780, is still kicking but its daily edition is decreasing, its weekly is growing and many of the people I talked with said it is full of old, stuffy writers now. Republik operates with drastic transparency, putting each of its financial reports online and offering its financial plans up for review by the many who hold shares in its business end,

Project R. Each of its financial plans have to be voted on by a plurality of stockholders in order for it to pass. The most drastic and commanding aspect of the company is its three-month plea for 2.3 million Swiss Franks, which started the day before I met with its Blülle. Republik had started out with intensive energy. Its slogan, “Ohne demokratie kleine journalismus,” or, “No democracy without journalism,” gave it the determined and driven mission and set the foundation for the seriousness of the program. They designed their entire CMS from scratch. It’s a beautiful one, with many beautiful design capabilities and in-built data visualization tools, but it cost a lot of money, and never stopped being a question of efficiency in the leased office on the second floor of a bar in the rough street of Zürich where a hooker solicits men and parties continue all night. They also hired many of the best writers in Switzerland away from the Neue Zürcher Zeitung and Wochenzeitung, the long-living weekly remnant of the 1970’s cultural revolution. To pay these best writers away cost money. While attempting to find their voice, and in attempting to adapt their writers to an online-format where they could suddenly write as much as they want without the column limit of a newspaper even though writing that much might be too much, Republik faced an unexpectedly high amount of churn. As a result, three years into their great experiment, they fell short of financial stability by 2.2 million Swiss Franks, or \$2.8 million. They simply asked for it. They mounted an extensive public relations campaign, with the slogan, “Do you really want to know?” and through advocacy of independent journalism raised all the money required. As of the coronavirus pandemic, they were not suffering too much. Blülle told me that without ad revenue they aren’t feeling a large impact. They do have a free trial available.

Elia Blülle, editor

First of all, we believe that our old business model that we used to have is broken. So the market for journalism is broken in Switzerland as well as in other countries as well as in the US. I mean, I’ve been in the US for a couple of months two years ago. And I stayed in New York the first three months. And I talked to a lot of journalists. And what I believe is that in the US, the market has been broken. I mean, like the tipping point, or the deepest point in, how you call it, in the curve, in the crisis, has been reached a couple of years ago, and in Switzerland that’s still ahead. I mean, that’s what you were saying, right? So we have a couple of really good independent media’s which are where a lot of good journalists work, but these kinds of outlets, just kind of media, they belong to big corporations. Like there’s the NZZ group, there is the Tamedia group which owns the Tages-Anzeiger. What they did the last couple of years, they aren’t really interested in journalism anymore. What they do is they like they were buying these online shopping sites, they were merging their business with all the kinds of branches. And what they did, they tried to make journalism...what is the right term in English for that? They tried to make it profitable, right. So what they did, they were asking their journalists to do the same job as they did 20 years ago, but with just

less stuff. So that's what we experienced and what also the scientists say, who observed this kind of development over the last couple of years. What they say is that what we observed is there is a decrease in quality. There is a decrease in quantity. And, as you might as you might know, Switzerland is a direct democracy. So journalism and the public debate, like the public fighting between different kinds of media has always been one of the most important pillars of this kind of democratic system, and with the decrease of quality in, in the big media outlets, and this is the most important point, also with decreasing spectrum of different medias. 30-40 years ago, every city had like 4, 5, 6, 7 different newspapers, Switzerland is a highly complex, there are very different, small local communities which have their own news, such as their own newspapers, as I think it's in some way comparable to the US media, you could observe the same same development and they broke away, they had no money anymore. So our main motivation was, first of all, to say, our first goal is to do journalism. And now like different business models, we are nonprofit, we don't want to profit from journalism. And we don't do ads. We don't, there is always, in such a small country as we are. I mean, our reach is only like a Swiss-German part that we're talking about that there are about like 4 million, 5 million people. There's not too much, right. So what we would say is that it's important that we don't rely on ads. I mean, a few, couple of weeks ago, I heard this, this number, nowadays, like two billions, yes like 2 billion Swiss Francs are going to Google, to Facebook, to Twitter, to Instagram and it's all the same. But in the early days they were spent to newspapers and they broke away and we said all these ads, we cannot rely on that anymore. So, we have to find another business model. We have to find it fast, because all the other big outlets, which still rely on ads, they will rely on this they can profit and then at some point, they will realize that's not profitable anymore. So we will close out and we will close our newsroom. We will find a journalist and then we have no alternative and like a whole generation of journalists, a whole generation of thinking will break away. So we have to find some kind of new approach, how we can start a new way of thinking about journalism and a new way of doing journalism. I think this was the main goal.

I think another important point to mention is I mean, Switzerland is such a rich country in many ways, in one way that there is so much money here. We thought there should be enough money that we can rely on. There should be enough people who are interested in it, in a democracy, that has different medias, who are interested in investigating politics and investigating all the things happening in this country, it's small but it's a very important country when it comes to international business, when it comes to culture, when it comes to international trade. I mean in Geneva, we have all the UNO, the FIFA. There are a lot of important corporations and important organizations which have their headquarters in Switzerland. And we think it's

important that there is a strong, there's strong need in Switzerland and this is kind of an approach to how we can change the decrease of quality and of quantity in Switzerland.

The membership model, so enter in 10 years 20 years ago, there was this, newspaper reader-consumer relationship. So I provided journalism, and you paid some amount for it. And most of the money came from that. So this is a model that doesn't work anymore. And then what we experienced as well as in the US also in Switzerland is that everyone can be a journalist, you can open your blog and then you're a journalist. This is not like a professional method that you have. You don't have to study, everyone can name himself a journalist, there's no problem. What we realized and what you realized in the US in a very uncomfortable way is that people don't trust anymore. So, you have to find, if someone doesn't trust you anymore, you will have to establish a new way of relationship to them, you have to find a new way how you communicate with each other, and the membership model stresses the point that these people who are a member of your outlet or of your community, they are not just readers, they are part of it. So in the sense that they can talk to the journalists and that we react, that we listen to their ideas, that they come for wild ideas, that they can support our investigations, that they can be part of finding other readers, that they can support our work. I mean, very interesting. I mean, financially, it doesn't look too good right now. So what we did yesterday we launched a new campaign in which we actually said, "Okay, we need more money and help us," in the lunchroom like 20 hours ago. Now we have about 500 people who are willing to help us find this money. So they support us because they are part of it. They're not just consumers, they are part of it. And this bond relationship is because they trust, they trust in the journalists working here. They trust in the things we're doing. And we have to explain ourselves. They have questions we have to explain. If they don't believe what we are saying, we have to explain. They're fully transparent. We tell them where we spend our money. We tell them how we decide whether we report on something or not. And we, if it is necessary, we also let them participate in the way we do journalism. And I think that's really important because what I experienced is that in our media bubble, we have a very deep understanding of how journalism works, how the media world works, and everyone who's outside of that doesn't know anything about how we're doing journalism, and Jay Rosen, who, who I did an interview with Jay Rosen, and when he, he listened to us, and he told me, like, you know, no one outside of the media bubble knows that like a journalist to publish this, this investigation that he won't sleep because he fears that he had made an error. And yes, of course they don't know, because we don't tell them. We don't tell them how we do our journalism. How should they know that our biggest act, that our biggest fear is to make errors that our biggest fear is to hurt someone? And this

is kind of a new relationship, because in the old days, like the old guys who are sitting in the NZZ building, they're thinking, "we're gods and we explain to you how the world works and just don't ask questions or explain it to you." And when you ask them, "why should I know that?" they say, "yes, because you should."

After our discussion, Republik's campaign to fundraise 2.2 million CHF (\$2.26 million) was successfully completed.

And so it's not the way of how it works anymore. And I think in this way, we are on an even level when it comes to it, it's an even relationship. It's not anymore like the paternalized version of, "I tell them how the world works and you have nothing to say you have to believe me" because this model doesn't work anymore. The internet has broken this model. We have to find a new way. And this is the membership program, the membership based model is a way how can we involve our readers, how we can make them feeling a part of it and make them complicit.

Also, another important message is, what I believe is that they say, I mean to spend money on an online magazine. I mean, you know that right? It's very difficult to [make people pay for things online], I mean, I don't spend too much money on the internet. I have my few subscriptions from online media, but you know, why should I spend this money when I can? When I can find ways how I can spend it otherwise? So what do we say, I mean, our content is very loosely available if you share it on Facebook or Twitter, everyone can visit this website and we can, everyone can read this. And what we say is okay, if you are willing to invest, if you're willing to spend this 240 Swiss Francs a year, you don't do you, you want to that only for yourself, but you also, will you also with that you enabled, you will enable other people to read good content, you will enable journalists to do good investigations, you will unlock in some way, this quality journalism that we missed the last 10, 20 years because it decreased. So it's also an investment like this. I mean, this is our main claim, which is misunderstood by wherever there are a lot of people but this is also an investment in democracy. It's not only an investment in your own consumption, like your own consumption in your own consuming habits or in your your, your consuming behavior. It's more an investment in your media world in some kind.

I mean, that's something we discussed heavily because in looking back, we are not really sure if this was the right approach. But yes, we developed our own content management system, because of a few different reasons. First of all, we can control what kind of data we give outside. And it was very important that we won't sell any data. And so this was like, this was why it was so difficult for us to work with another

big company that built a content management system that we could rely on, something like WordPress because they will steal your data in some way. So that's why we decided to build our own content management system. And also, I mean, it's complete freedom. If you have your own system, if you have your own content management system, you can decide on your own, what you are going to change and how you are going to change. And if you are relying on some other company that does it for you, you will always have to make compromises, and that's something we didn't want to do. We didn't want to do something we didn't do, we decided not to rely on other partners and other companies. It's perfectly customized on our own way of doing journalism. And it's open source. So we also thought that we can share it with others, if the time comes, and all the different projects like ours will emerge so they can use this as well for free. I cannot give you an answer if this was a good idea or not. Yeah. I mean, it's very comfortable to work. And I can go to our IT guys and tell them, "This doesn't work for me. Can you change it, please?" And then 24 hours later, it's fixed. And that's because we have such a deep insight in our own product, you know?

A lot of people say that our articles are too long. I agree. I agree. Mostly, I think when we started you know, I'm the youngest journalist, the youngest in here. So I started when we started off. There were a lot of staff writers here who came from established big media like NZZ, Tages-Anzeiger. And they did all their life in print. They came here and they did online journalism without knowing what online journalism means, without knowing the internet, and they thought, "Oh, yes. Now I'll have the freedom to write as much as I want." And I think it doesn't say that. But it's like a psychological thing that when you have limitless space, you will fill it. I don't know if you know this feeling, but if you start to write and then so many different things pop up and you want all to include in your article, then it explodes and you have this massive, long-ish article you didn't intend to write but rather happened. It just happened. And then it's very difficult to shorten again. And in the beginning, this was a real problem. This is a real problem. Nowadays. I think we can handle it better than before. And what we realize is that people, the people also like, I mean, it has also become some kind of [good thing] because they, they want to read, they like to read and this is good written. And if there is some kind of storytelling, they love to read like 20 or 30 minutes But I agree if people say that still there are too many, too long-ish, too boring articles that are written by our own staff, I totally agree. And this is something we have to, we are getting better. But we have to be better in the future. And that's something I tell, I say every meeting, I stress every meeting that we have to, to think every sentence we write, we have to think about it and think is this paragraph, is this really necessary? Do we need to include that? And the other thing that I think is a problem, when you work together with so many highly respected, highly established

journalists, guys who know they have no intention to do things different. And many people told us that our product is like a print newspaper in the internet, and me coming from another tradition of journalism, growing up with online journalism, with interactive journalism, it was very difficult to to explain that. Internet you can show me, you can do so many different things in the internet. And we have to find a way to establish that in our journalism, otherwise, we can do it also on print.

We put it on the site, like five o'clock in the morning, two to three articles. No, we don't [publish continuously throughout the day]. Yeah. We realize that it's really important to establish some kind of habit. And our readers, I mean, they love...there's so many...I mean, it's so funny. They're so used to the old print newspaper they love to, they get their newsletter at five o'clock in the morning and they love to open it. And then there are some situations when we, I mean, we had some, we had breaking news investigations where we were bound to some kind of time. For example, when we cooperate with some international, some other international newsrooms, and then we decided together when we publish, and then we work to go into *Der Spiegel* the *Süddeutsche Zeitung*, and then they decide, then we suddenly go, we will go out at like seven o'clock. And you can follow, or you don't. And then we published also during the day but most of the time we want to establish this kind of habit. And because everyone you, I mean, you know that feeling, I'm getting tired of always refreshing my feed, or all these pop-ups. We decided we want, first of all, we don't have too much content that we could push our readers every hour with new stuff. And the other thing is that we don't want to play this game, which other newsrooms play, that we will inform you, we will put a large pile of news on you every few hours and make you some way addictive to our product, that was not our goal. We will establish habit, we will send you a newsletter at five o'clock and you can open it, you can decide whether you want to read or not. And then the rest of the day you don't have to check it again.

We do a different kind of journalism right? We do this background journalism and heavy investigations, Well, this is not something you have, we don't have to do news, right. So we are not bound to the time. So whether we publish our big investigation today or tomorrow doesn't really matter, whether you publish it in the morning or in the evening doesn't really matter. So that gives us some space, and of course, some company like Tages-Anzeiger, who needs to have the clicks, because otherwise they won't earn money from the online ads. They have to be on time, they have to publish when it's burning. And we don't have to do that, and that's why it's so comfortable to work here because we don't have to do this. This incentive to go out and something happens, we can think half an hour, an hour, and then decide what we're doing. We don't have to make our opinion in a few seconds. And I think that's

why so many are past, so many people don't like media anymore, or are getting tired because there is no, often there is no thinking behind it. It's just put it, they put it on the internet, they see something, they react, and they put it on the internet. What we do is we can think about something, for example, if you do journalism right you have your subject and you have, you might have like one or two days to write about it, to do research about it. That's a privilege, what you have is like, you will reduce it to like 5, 6, 7 minutes reading peace, and it's compromise time. That's our privilege. The more you think about it, the more research you do, the better it will be, and in the past or in the past few years, we started to minimize this time, and of course, it will get for us of course, the quality will decrease and that's what people are feeling, and they think, "Why should I spend money on crap? Why should I do that?" And this is this downcycle. First. We need to say I don't want to scramble to spend money on this because the quality is decreasing. Secondly, the more people run away, the more the media outlets rely on ads, ads are falling away as well. So they reduced their stuff, the quality is getting worse, the quality is decreasing. They will earn less ad money because they reach not as many people as they did before. And this is not a model that works. At some point that will collapse. And that's why we decided, "Okay, we have to find a different model." We don't know if it works. We have no idea. But we thought at that point, we should try it. Because, I mean, the other model isn't fun anymore. For the readers for the consumer, as well as for the journalists, who, I mean, I am sad for myself and my colleagues as well. We cannot stand behind this kind of journalism anymore. If I don't, if I don't know it's the things I put out this right because I have, I've told us time to check it, double check if I have if I have to rely on several sources because the timeframe is so tight. I don't need to, I don't need to do this anymore this way. So yeah.

So we have two editors in chief, three editors-in-chief, one editor in chief and two like sub editor-in-chief. Christof you met before you'd like is our editor in chief. There is Oliver which is his associate. And there is Brigitte, who is responsible for all the design and for pictures and for the like. So, then we have the next level. We have three different kinds of, I don't know how you say it in English, but these are like sections, can we call it the resource? What is it in English? There's like politics. Economic. We have like three [unsure]. I'm in politics, then we have economics and science. And then we have culture called in French and in German [unsure], which is like the cultural section of the newspaper. So then there are different people who are responsible for the sections. I am the co-leader of the Swiss politics section, we are seven or eight people and two of them are in Bern, which is our capital. They do like national politics, and all our reporters are in my team. It's Swiss politics and everything has to do with Switzerland. And there's economic scientists abroad the way they do all like that.

I mean, I have to, like everyone else that's in such positions. [Team leaders] have to organize the meetings. We have to organize the stories. We have to decide what kind of stories we do. We have to decide when we run the story and when we don't. We have to work together with the freelancers. We decide on what kind of stories we spend the money. We have to decide. We are the final editor so we decide when the story is ready to be published. And I mean, we are the first responders to the chief editor.

That's so good to hear that there are young people around. I mean, I don't know that much older. I'm 27. And so cool to hear that. That's, you know, that's, that's what makes me so hopeful. I see so many young people who are willing to, like, we grew up with this kind of crisis. We're familiar with it. Okay, there is a crisis. So let's do shit. Let's try new things. Let's try to be innovative. It's so cool. And this is why we're, you know, I could have gone to different other places, but this is like, I love this place because I can do my own stuff I can be innovative, I can do journalism in a way that breaks the rules. This is such a good opportunity, especially for a young man for a young journalist. And I always, um, when I, when I started as a journalist like when I was 17, 18 years old, I decided that I will never ever corrupt myself, that I will never, I will change my profession as soon as I have to do something that I cannot support. This was a very good decision. Because now I can do what I always hoped I could do. I will never be able to do journalism in that way. And I'm very optimistic about the future. Especially when I hear people talking like you, 22, thinking about building their own.

Our freelance budget is very high compared to others. But, I mean, it really depends. I feel that we recently decreased our cooperation of freelancers because freelancers are always very, actually, I should just say that it's very complicated to work with freelancers, because you have to rely on them. They don't know you. You're not very familiar with how they work. I mean, we have a few very close freelancers, which contribute on a monthly basis. I would say like 10 to 20% of our content is bought from freelancers. I mean, everything that we publish about events occurring outside from Switzerland is written by freelancers. So, we write about, if there is a major event in the US like elections, 2020 elections, we will write about that and we will have our freelancer sitting in Washington and will provide every two months an article that sums up what's going on.

We are very optimistic. We are optimistic about the quality. The expectation when we started, they were very, very, very high. I mean, some of the best journalists from Switzerland work at this place and decided to work here. So the expectations were

so high. And I mean, this was my thing. So we all said, we will be the best. So everyone waited, that we fail, everyone expected that we fail because the mark we set was so high. And in the first year, we have to figure out I mean, we, we've thought, we invested so much time, so much time in thinking about business and business model and how we can earn money. And we didn't, we felt, "Okay, we are journalists. When we start we will know how, what we are, what we need to do," and then we start to interview realized, "Fuck, we have no plan, what are you going to do? What is our plan? What is our goal?" We reach a certain level like a new side and we will have this like, highly regarded journalists but we have no plan how we how we how we should run a newsroom, what we are going to publish about what is our like main, what are our main subjects, we had no plan in the first year it was. I mean, we were so inefficient. We had so many, so many fights. We had, I mean, a few people left.

And yeah, after two years now finally we can say okay, we have a plan, we know what we're doing. We know what our main subjects are. We know our focus. I can tell them. In one, in one claim what we are doing so every article that we write, every investigation we do, must have some, must be relevant, relevant in the sense that it is relevant to democracy and how our democracy works and somehow we're able to deliver improved democracy. And that's very helpful to decide what kind of journalism we do.

Ephemeral, uneconomic press

News presses have not always been economically sustainable. Ever since the creation of wood-pulp paper, and possibly even before, many have taken to print as a means of advocating for a specific policy or idea even while taking a loss. These papers have been short-lived, but by no means unimpactful. *Frederick Douglass' Magazine*, the suffragette press, any of the multitudes of California newspapers created in the heyday of the hand press to argue for miner's rights, or Horace Greeley's *Log Cabin*, which argued for the Whig candidate William Henry Harrison in the 1840 election and which may have been the cause of the president's appointment all ran for different lengths for different reasons. *Frederick Douglass' Magazine*, like so many of his publishing endeavors, failed because his reading base was economically disenfranchised so he could get neither subscription nor advertising revenue. He supported it primarily through speaking tours and donations. (This is not included in the membership category because it was never sustainable.) The suffragette press ended after the achievement of women's suffrage. Today's ephemeral press is the multitude on social media. These people don't make any money from their endeavors, so they are more likely to come and go, arguing for one cause or against one policy. The ephemeral press has always existed in American history, but the ease of digital publishing put it into overdrive.

Propaganda

A fifth category must also be described: propaganda. While the description of propaganda has disappeared from the contemporary lexicon in favor of its alternative meaning of public affairs, it means an information provided supported by advocates for a specific group. Propagandists can also easily get money from subscribers or advertisements, and there are many news organizations that exist as composites between these categories, but a pure propaganda organ is paid for entirely by a group for promotion of their ideals. Public relations magazines are propaganda, as are to a high degree superpacs. The Russian disinformation campaign in the 2016 election, and the Russian state-run news organization RT both count. Radio Free Europe, Radio Free Asia and Voice of America promoted and still support Western ideas of democracy and freedom of expression in their programming, and still do count as propaganda. Propaganda does not need to be untrue, although it often can be. In the United States, propagandists outnumber journalists by a factor of 4.6 to 1, and each of these professionals compete with the journalist for attention.

Historical news start-ups

No analysis of the present is complete without an accompanying analysis of the past. Some of these organizations I mentioned at the top, but revisiting them in greater detail will chart a reasonable guide.

The San Luis Obispo Tribune

The following is from a conversation with *SLO Tribune* photographer and residential historian David Middlecamp.

The first paper in San Luis Obispo was *The Pioneer*, ran by Jerome Vickers, and which local businesses supported. The paper was non-partisan, uninteresting and hard to read, but once race issues came up in 1868, six months after its founding, Vickers turned Democrat and began advocating for Horatio Seymour. The deep-rooted SLO resident and lawyer Walter Murray, and other local businessmen, disliking Vickers' racism, withdrew their support, and Murray decided a year later to start *The Tribune*. He demolished the *Pioneer* in nine months with the help of traveling printer and part owner Horatio Rambor. The ads at the time came from a national ad pamphlet, but the paper went in for subscriptions in order to get residents to become active consumers instead of travelers. The print shop got extra money from printing handouts, bills and wedding announcements.

The *Telegram* came in the early 1900's as a prohibition paper, ran by Protestant pastors. It almost went broke, and went through a revolving door of editors and writers. A man named Lawrence Day bought and remade it in 1902, and made it feel alive. A new tone, wire copy and

cartoons gave the paper a modern feel which brought it out on top. *The Tribune* at that time was ran by an old editor, Benjamin Brooks, who didn't feel the want or the need to change the paper to match.

In 1925, the three-part merger began. At the time, there were three papers: *The Tribune*, the *Telegram* and the *Obispiian*, which pastors started as a prohibition paper after they lost the *Telegram* to Day. Their experiment to end drinking failed again, the pasters sold the paper and a man bought it and renamed it the *Herald*. This owner then bought the *Telegram*, and then *The Tribune*, and merged them to the *Telegram-Tribune*. He then sold the paper to Scripps-Canfield, who sold it to John P. Scripps, who sold it to Scripps-Howard, who sold it in the 90's to Knight Ridder, who sold it to McClatchy in their 2006 dissolution deal.

During the last forty years, Middlecamp said, there has been a decrease in local businesses which means less local advertising business, which is exacerbated by the advertising alternative of the mail-order catalogues, television and internet.

The New York Tribune

Horace Greeley started the New York Tribune in 1841 with \$2,000 (\$50,000 adjusted) of his own money, a \$1,000 loan, (\$25,000) and a \$2,000 (\$50,000) infusion four years after launch from his business manager, after whose arrival the Tribune became fully sustainable. The Tribune was a small sheet and was sold for a cent (a quarter.) His competition was the New York Herald and The Sun, both of which were for the Democrats, giving him room to supply Whig news.

My leading idea was the establishment of a journal removed alike from servile partisanship on the one hand and from gagged, mincing neutrality on the other. Party spirit is so fierce and intolerant in this country that the editor of a non-partisan sheet is restrained from saying what he thinks and feels on the most vital, imminent topics; while, on the other hand, a Democratic, Whig, or Republican journal is generally expected to praise or blame, like or dislike, eulogize or condemn, in precise accordance with the views and interest of its party. I believed there was a happy medium between these extremes,—a position from which a journalist might openly and heartily advocate the principles and commend the measures of that party to which his convictions allied him, yet frankly dissent from its course on a particular question, and even denounce its candidates if they were shown to be deficient in capacity or (far worse) in integrity.

Greeley had had experience starting papers before—he started the *New Yorker*, which folded, and the Whig propaganda sheet *The Log Cabin* which both got William Henry Harrison elected and which made his name familiar already to his target audience. He also was a regular contributor to the *New York Whig*, one of the longer papers at the time with a life of three years, and had 15 years of publishing experience. The Whigs, too, he mentioned, were a loose coalition, “the loosely aggregated, mainly undisciplined opponents of a great party, than, in the stricter sense, a party themselves,” so deviation from party norms would not hurt him like it would with Republican or Democratic readers. He credited two men to the success of the Tribune: his assistant, Henry Raymond, who later

started the *New York Times*, and Thomas McElrath, his business manager. He had five hundred subscribers at start, chiefly gathered by two friends, and started with a print run of 5,000. He farmed out his work, having no presses himself, and folded and mailed the papers himself. He had 2,000 paid-for issues at the end of the first week, then increased subscribers by 500 per week until they peaked at 10,000. Initial cost for the first week of printing was \$525, with income at \$92, a margin which steadily shrank with costs increasing and income by a greater margin until McElrath, a lawyer and a member of a publishing firm, invested \$2,000 to gain control over the business end, and under whose management the paper was soluble. Greeley blamed his own mismanagement on a tendency to give loans to others.

The Tribune, as it first appeared, was but the germ of what I sought to make it. No journal sold for a cent could ever be much more than a dry summary of the most important or the most interesting occurrences of the day; and such is not a newspaper, in the higher sense of the term. We need to know, not only what is done, but what is purposed and said by those who sway the destinies of states and realms; and, to this end, the prompt perusal of the manifestoes of monarchs, presidents, ministers, legislators, etc., is indispensable. No man is even tolerably informed in our day who does not regularly "keep the run" of events and opinions, through the daily perusal of at least one good journal; and the ready cavil that "no one can read" all that a great modern journal contains, only proves the ignorance or thoughtlessness of the caviller. No one person is expected to take such an interest in the rise and fall of stocks, the markets for cotton, cattle, grain, and goods, the proceedings of Congress, Legislatures, and Courts, the politics of Europe and the ever-shifting phases of Spanish-American anarchy, etc., etc., as would incite him to a daily perusal of the entire contents of a metropolitan city journal of the first rank. The idea is rather to embody in a single sheet the information daily required by all those who aim to keep "posted" on every important occurrence; so that the lawyer, the merchant, the banker, the forwarder, the economist, the author, the politician, etc., may find here whatever he needs to see, and be spared the trouble of looking elsewhere.

In 1867, the time of his writing, the Tribune paid \$100,000 annually for intellectual labor and another \$100,000 for correspondence and telegraphing. In every year, revenue grew, but expenses with it. In 1866, it gained over \$900,000, but "its expenses had been very nearly equal in amount, leaving no profit beyond a fair rent for the premises it owned and occupied."

And yet its stockholders were satisfied that they had done a good business,—that the increase in the patronage and value of the establishment amounted to a fair interest on their investment, and might well be accepted in lieu of a dividend. In the good time coming, with cheaper paper and less exorbitant charges for "cable despatches" from the Old World, they will doubtless reap where they have so faithfully sown. Yet they realize and accept the fact, that a journal radically hostile to the gainful arts whereby the cunning and powerful few live sumptuously without useful labor, and often amass wealth, by pandering to lawless sensuality and popular vice, can never hope to enrich its publishers so rapidly nor so vastly as

though it had a soft side for the Liquor Traffic, and for all kindred allurements to carnal appetite and sensual indulgence.

The *Tribune's* stockholders didn't request to withdraw money every year, and instead continually invested in it.

The San Francisco Chronicle

J. P. Young was very proud of his family's legacy, pointing out the *Chronicle's* success during a time of failures and foldings amongst other papers. The first edition was Jan. 18, 1865, and the paper's "continuous growth was attended by a constant battle for public approval, but not by truckling to the holders of every vagrant sentiment, or by the adoption of a neutral attitude. The *Chronicle* had opinions from the first day that it saw the light, and did not shrink from maintaining them with persistence and courage at all times."

The *Chronicle* and its original 10x13.5 four-sheeter format was created by the de Young boys, Charles de Young at 19 and Henry de Young at 17. They distributed the paper for free in the middle of the day, when restaurants were crowded, so waiters would drop the edition off at their patron's tables. It was dropped in theaters and around town to the point that advertisers began noticing a commercial appeal. A great sum of money was not used to start the paper, John de Young claims, and it was produced in the corner of a room occupied by the job printing establishment Harrison & Co., on Clay Street. Their corner had two type frames and a makeshift desk. Henry took the management side and Charles the editorial and printing. They rented an Adams Press at \$75 (\$1,269 adjusted for inflation) per week, part paid in advance. They had a \$20 (\$338) loan, and paid for all costs through advertisements. They also double-used their papers by collecting discarded copies, smoothing them out, and sending them to local hotels. There were 9 ¼ columns of advertisements in the first issue, and 6 ¾ in reading matter, primarily dramatic criticism and attacks against the other papers. The chief aspect of it, John de Young claimed, was the quality of the dramatic criticisms in a town such as San Francisco where plays were large aspects of the local culture. Advertisements grew to 15.5 columns within three months, out of only 20 columns total. The brightness of attacks against other papers and the value of the advertising as content the readers looked for made this distribution of space worthwhile. The *Chronicle* bought its own four-cylinder press in the 1870's before investing in Hoe Perfecting Presses.

The Bulletin

James King of William started the *Bulletin* in 1855, saying that necessity, not choice, had driven him into the experiment of publishing a paper, and that he was "fully sensible of the folly of a newspaper enterprise as an investment of money." The *Bulletin* grew to 2,500 readers in less than a

month, and by December reached 3,500 daily. At the time San Francisco probably had 55,000 inhabitants. King was attempting to right grievances held against his brother by certain politicians.

Other early California papers

The *Californian* was an early California paper, first published Aug. 15, 1846 in Monterey, California. Its small single sheets, published weekly and about the size of printer paper at 12.5x8.75 inches, cost \$5 (\$146) annually in advance, and didn't carry any advertisements. It paid of all expenses in its first six months. The *California Star*, similarly, was started Jan. 7, 1847 on four pages, 12x15 inches, on a Washington Hand Press. At the time, papers made little economic sense, and people took them up to support one cause or another, not so much to print news, but to argue. The paper of largest circulation in 1856 distributed 3,600 copies daily, making high-powered presses unnecessary to invest in. The count of the pages was insignificant to the publishers, who cared more about effecting change than growing readership. Newspapers were terribly cheap to make then, and a large turnover of papers was seen. A hand press which could turn out five or six hundred pages double-sided, enough type, and the cases to hold them altogether was all that was needed. A small Washington Hand Press in 1870 cost \$225 (\$4,600), and a large one \$350 (\$7,168). Combined San Franciscan circulation of the 12 dailies prior to 1856 was under 15,000 (again, in a population of 55,000.) A couple of reasons for this was laid out by J. P. Young, of the San Francisco Chronicle's de Young family, in 1915: that the newspapers just didn't try hard enough to appeal to all masses, instead focusing on people who want bits and pieces of knowledge:

It is not to be inferred from this statement that papers published under such conditions did not contain matter that was interesting; the idea sought to be conveyed is that the editor of the fifties did not realize that it is possible to stimulate the disposition to read, and, failing to apprehend that possibility, he only catered for those in whom the desire for news and comment, chiefly political, already existed.

In 1853, with twelve dailies, nine mornings and three evenings, only 19 actual reporters were on hand, partly because of the small size of the sheets, but also because of the lack of metropolitan news like crime or culture. The creation of wood-pulp paper, which vastly reduced the cost of newsprint from rags, didn't cause a high increase in paper size either, since newspapers did not care about competing against each other in the size of their editions. Instead, they fought by supporting a certain political policy. The outcome of that political debate declared the winner of the newspaper wars, and each individual paper continued to fight for the same principals they carved themselves out as the champions of. While the increased paper cost of the 1850's (13.5 ¢) caused Eastern publishers to raise rates, Western publishers had enough money already to cover the charge.

Summary of costs and revenue in a news start-up

In a summary of the previous pages: now is the cheapest time ever to start a news organization. Every revenue model has seen some success, from print ads to online ads to subscriptions to donations. The California Sun and CalMatters are state-wide. Voice of San Diego is metropolitan and Noozhawk is for a city of 91,350 and the Palo Alto Daily Post are for medium-sized cities. The Santa Ynez Valley Star is rural. Redlands Community News is for a town, and so is Reader Magazine. MediaPart is French-national. Republik is Swiss-national, but focused on Zürich with 434,000 residents.

The market trend toward monopoly

This is a brief retelling of many different reports of the monopolizing and damage to the industry done not by economic, but ownership pressure.

Oswald Garrison Villard in his 1944 book *The Disappearing Daily*.

Coupled with the alarming mortality among our dailies, those tendencies toward chain ownership, consolidations, and monopolies which were pointed out twenty years ago are more obvious than ever, except that the spread of chain ownership has for the moment been checked.

Morris Leopold Ernst in his 1946 book, *The First Freedom*.

The decline of the press in numbers was not far around the corner. The chains started by Scripps, Hearst and Munsey cast a widening shadow. Absentee ownership was on the march. Papers were owned and edited by people living remote from the problems which concerned the readers in their daily lives. Moreover, the twenties saw innumerable consolidations of existing papers and a general narrowing down of diversity. And in urban areas particularly there was a tendency of larger papers to extend their spheres of influence over the surrounding territories, thus further eliminating actual or potential competition.

Many newspapers were consolidated and bought up by chains, not because they were economically unsound but rather because they were exceedingly valuable properties. To remove all possible competition was deemed worthy of large investments in return for future hopes of profits.

The 1947 Hutchin's Commission:

The main causes of the trend toward concentration in the communication industries have been the advantages inherent in procreating on a large scale using the news technology. High labor costs have also contributed to the elimination of the smaller, marginal owner.

Other forces are at work as well. They are personal forces; they have nothing to do with technological change. They exist, and always have existed, in all branches of the economy, and the communications industries are no exception. These forces are those exaggerated drives for power and

profit which have tended to restrict competition and to promote monopoly throughout the private enterprise system.

New Yorker press critic A.J. Liebling picked the alarm bell up in his 1960 New Yorker column: “Do you belong in journalism?” which caused the quote “Freedom of the press is guaranteed only to those who own one” emerge into American culture.

The point is, of course, that even when two, or several, competing newspapers in a town are both, or all, making money, it is vastly to the advantage of one to buy out the others, establish a monopoly in selling advertising, and benefit from the “operating economies” of one plant, one staff, and exactly as much news coverage as the publisher chooses to give. The advertisers must have him anyway, and the readers have no other pabulum. He will get all the income for a fraction of the outlay, so he can afford to pay a price for his competitor paper far beyond what it might be worth to a buyer from outside, who would continue to operate it competitively. Almost as frequently as not, the “weak” ownership in a town buys out the “strong” ownership. Whoever buys, at almost whatever price, is bound to get his money back fast. The temptation to the seller is the large, beautiful lump of cash he gets by virtue of the limitation of the capital-gains tax to twenty-five per cent. If his paper earned the same amount in its regular operations—which would be highly unlikely as long as the field remained competitive—he would have to pay out a much higher percentage in the graduated income tax. The best thing Congress could do to keep more newspapers going would be to raise the capital-gains tax to the level of the income tax. (Freedom of the press is guaranteed only to those who own one.)

A. J. Liebling passed the baton onto Ben Bagdikian in 1983, who in his 1983 book *The Media Monopoly*, which was continually re-edited until its final 2004 version, *The New Media Monopoly*, detailed the business strategy further, quoting Los Angeles Times owner Otis Chandler in 1977:

If a newspaper is noncompetitive, it gives you a franchise to do what you want with profitability. You can engineer your profits. You can control expenses and generate revenues arbitrarily

And Gannett executive Al Neuharth in 1976:

No Gannet newspaper has any direct competition...in any community in which we publish

Ben Bagdikian constantly renewed his book, but still left room for Gene Roberts in his 2001 book, Volume 1 of the Project on the State of the American Newspaper, *Leaving Readers Behind*:

A generation of relentless corporatization is now culminating in a furious, unprecedented blitz of buying, selling, and consolidating of newspapers, from the mightiest dailies to the humblest weeklies. Intended to height efficiency and maximize profits, this activity is at the same time reducing competition and creating new ownership models.

Most of these sales are being driven by a relatively new concept known as clustering, in which a company purchases properties in close proximity to one another, or to its existing papers.

By definition clustering reduces competition, with fewer companies operating in the same area, and taken to its logical conclusion it can dramatically reduce the number of editorial voices as well.

By the time Gene Roberts was done, Ken Doctor began for the Nieman Lab. By this time, however, the argument for reducing competition was gone—most competing papers had already been bought and closed. But owners still wanted to create regional clusters to reduce printing and administrative costs, putting all the regional press under one editorial roof so there would be not even a sense of competition. By this point, too, the goal wasn't to run the paper, just to squeeze out all profits before it dies:

Alden president Heath Freeman has recently noted some interest in *buying* other chains. His rationale is quite understandable: He's optimized his cost-cutting enough to keep profits flowing smoothly, pushing *only* a tenth of his subscribers a year to cancel. He believes he could "optimize" other chains and, to their dying moments, extract higher returns.

The San Francisco Chronicle's M. H. de Young bought The Call, a rival paper, Sept 1, 1913, and immediately stopped publication. (Journalism in California)

The Scripps-Howard chain bought and merged Pulitzer's *World* in 1931 with their *Telegram*. The Evening World, one of three editions of the paper, was still making money, but its owners wanted to get rid of the product and could only do so if the net profits decreased,

"What's he want to sell the Evening for? That's making money."

"What's he want sell Evening for? 'Cause he can get his price for it. You can get your price for a winner. So he's going' sell it and get a damn good price for it and go away and never be a newspaperman any more."

“Well, how about the Morning?”

“Scripps-Howard. They take it over and combine it with the Evening. Merge it, see? Merge it, retaining bes’ features of each. Ha-ha! Morning and Evening Worlds now merged, retaining bes’ features of each. ‘Member that one? Ol’ Munsey started all this.”

(p 48 The End of the World)

The *World’s* city editor, James Barrett, attempted to buy the paper in a workers cooperative, but their purchase was never considered by the *World’s* owners, who said they had already signed a contract with Scripps-Howard, and who broke their father’s will to sell the paper. He claimed the worker’s cooperative received \$10 million to buy the *World*.

Frank Munsey pioneered the idea of mergers. In 1920, he bought The *New York Herald, the Evening Telegram* and the *Herald’s* Paris edition for \$4 million, also breaking its founder’s will, which said the *Herald* would be published in perpetuity. Munsey had bought a number of newspapers in New York, Philadelphia, Washington, Boston and Baltimore, and by 1917 had closed all of them, blaming his failures on a crowded market instead of his own management.

The key, Munsey now decided, was consolidation; there were just too many newspapers around.

He bought the *Press* in 1912 for a million dollars, and four years later bought the *Sun*, one of the original penny papers, for two and a half million dollars and merged the two. Then he bought the *Herald*, combined it with the *Sun*. When that failed, he attempted to buy the *Tribune*, whose ownership instead bought the *Herald* from him to make the *Herald Tribune*. The *Herald* was the 10th paper he bought.

Conclusions

The low cost of digital publishing and regional printing plants show that the financial investment is no longer preventing people from starting new news organizations. The cost of starting a paper is at a low point, but few people know how to do so. The following models are shown to work in this project, in certain cases: a freely distributed daily paper, supported by ads from local businesses, while the stories are not put online for free as well; online-only web sites with hard paywalls; a freely distributed rural weekly paper, with cross-posting ads online and on social media; nonprofits in large, rich areas; curated newsletters with an emphasis on the author's personality supported by donations; a free-distribution magazine delivered through the mail and an online-only free paper supported entirely by local ads.

That's almost all types of business models or formats. Many of the interviewees told me they were not certain if their model would work somewhere else, but their model is specific to the area they do cover. A lack of knowledge or education seems to be a reason why people don't want to start their own news sites: they just don't know how, or they are too embedded in the journalism side to understand the business side of the program.

A chief issue to solve in the lasting plurality of newsrooms is the ownership model. David Price sold the original *Palo Alto Daily News* to Knight Ridder, leaving it eventually to an Alden Global Capital subsidiary and sold and causing him to start the *Palo Alto Daily Post* in the same model. The *New York World*, the San Luis Obispo *Telegram*, the San Francisco *Call* and Lawler's paper all closed because new ownership wanted them merged and out of competition.

An answer to this issue lies with the ownership model. Both nonprofits and cooperatives are interesting models which could provide safeguards against purchases and closures. Further research is required in both of them, but my conclusion is that the issue with journalism is not in the business model, but the ownership structures.