

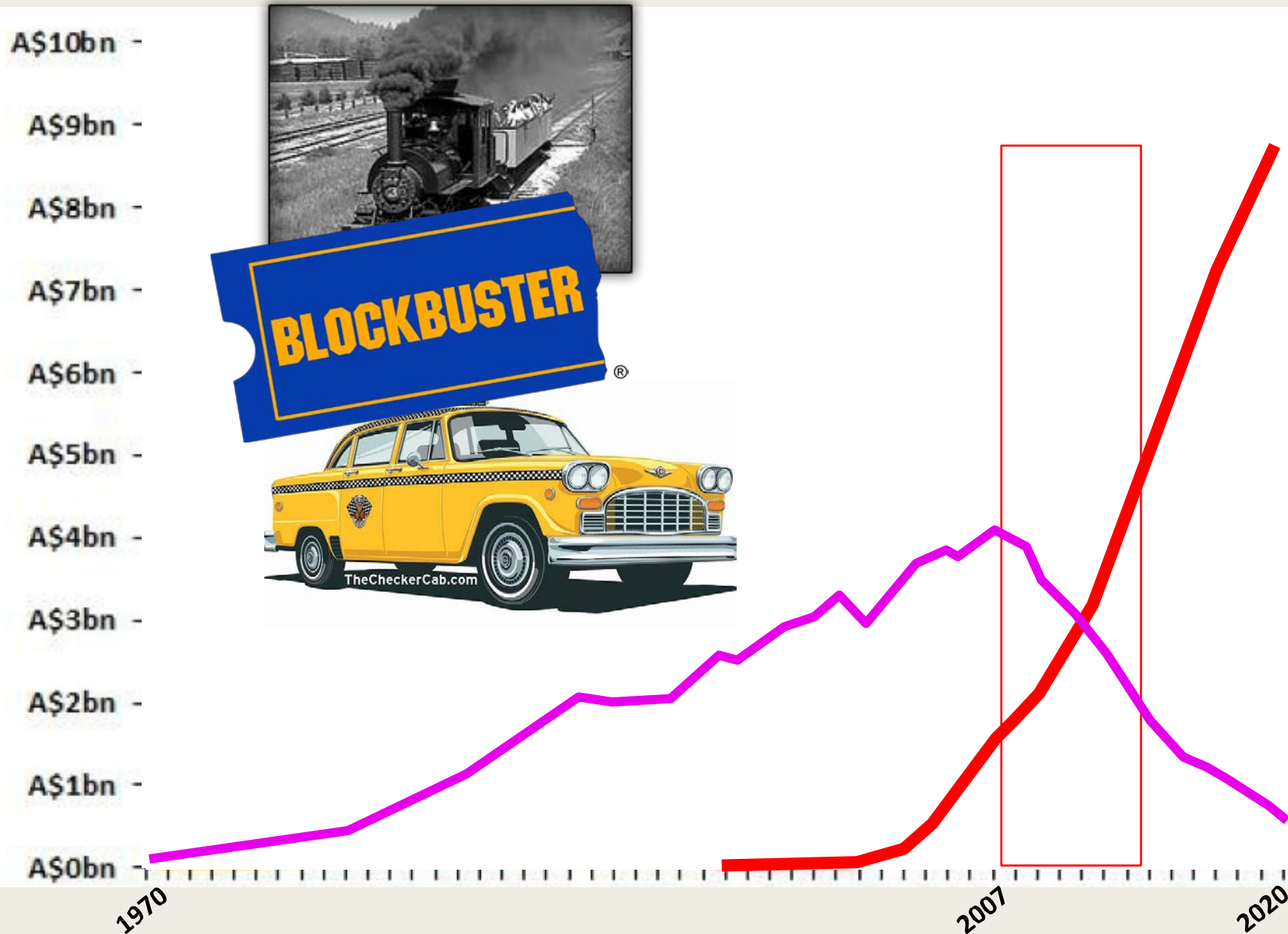
“PAPER CUTS”

CONFESSIONS OF A DIGITAL TERRORIST INSIDE THE TURBULENT WORLD OF
NEWSPAPERS

*First-hand account of a quarter century of power, influence, monopoly,
hubris, blunders, internecine battles,
and why the enterprising journalist still represents the best of a free society.*

Lincoln Millstein

1. A Truly Gigantic Disruption



- Size of Change
- Speed of Change
- Specific Impact
- Resulting Duopoly



How did we react? By panicking



Doom and Gloom - Only industry which publicly disparages its own core

- 'Will we be printing a newspaper in five years? I don't know and you know what? I don't care' - Arthur Sulzberger 2007



- The internet did not cause all our problems and the internet will not solve them
- The internet did not lard us up with punishing debt; we did
- 'Digital first' is a fatuous promise - *'We're going digital first and print last,' John Paton, CEO of Digital First Media, 2010*

The future will be an uneven one; some metros will not have a daily newspaper

The bottom feeders will milk their properties or sell them to local buyers – the ones that are still salvageable

Newspapers (companies) with a bright future

New York Times

Washington Post

Landmark

Berkshire Eagle

Maine Today Media

Adams Media Newspapers

Hearst Newspapers

State of our industry:
Total Revenue 2017 vs 2016

Hearst Newspapers	A.H. Belo	McClatchy	Gannett	Lee	The NY Times	Tribune / Tronc	New Media
-2.9%	-4.4%	-7.5%	-9.2%	-6.1%	7.7%	-7.6%	-5.9%

State of Industry
Circulation Revenue 2017 vs 2016

Hearst Newspapers	A.H. Belo	McClatchy	Gannett	Lee	The NY Times	Tribune / Tronc	New Media
-0.9%	-3.4%	-0.4%	-5.7%	-0.6%	14.5%	-3.5%	0.4%

State of our industry

Digital Revenue % of Ad Revenue

Hearst Newspapers	A.H. Belo	McClatchy	Gannett	Lee	The NY Times	Tribune / Tronc	New Media
32.4%	38.0%	34.7%	27.8%	33.1%	42.7%	25.2%	21.0%

State of our Industry

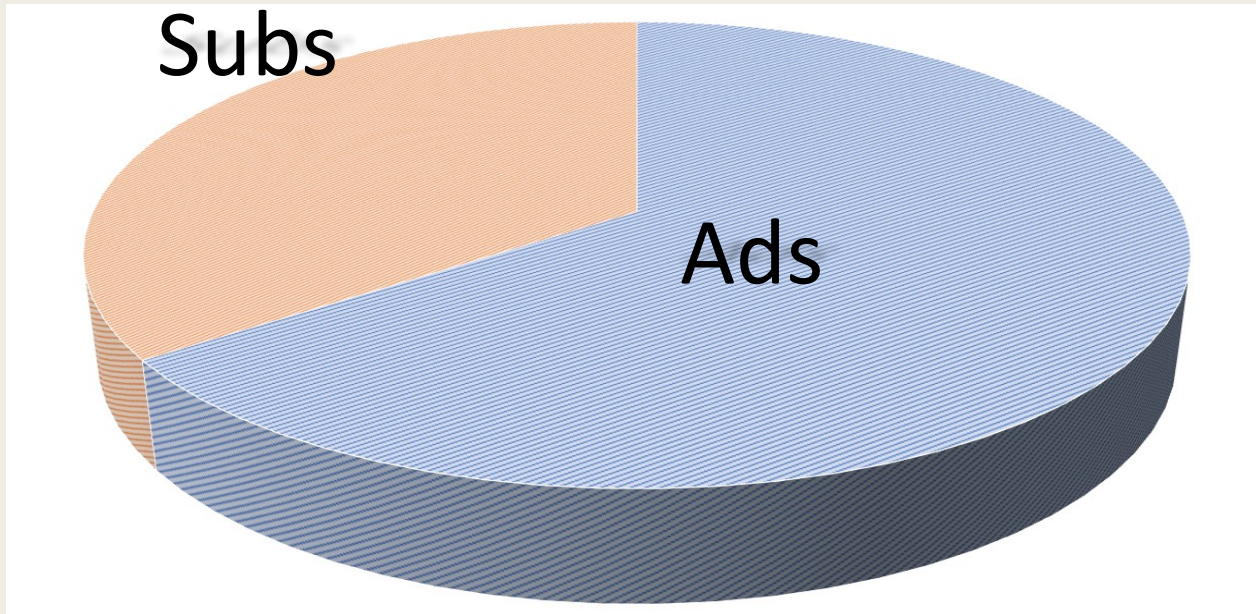
Profit Margin

Hearst Newspapers	A.H. Belo	McClatchy	Gannett	Lee	The NY Times	Tribune / Tronc	New Media
14.7%	0.2%	7.1%	5.0%	16.4%	12.4%	7.3%	3.4%

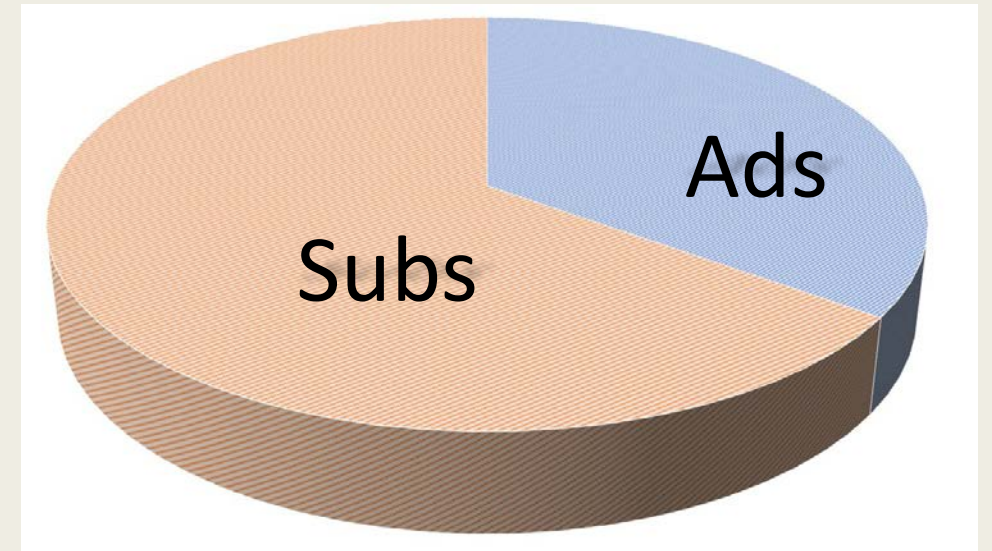
Today, readers will buy quality products and consume it only in a frictionless manner

- Amazon understands this
- The Skimm understands this
- So do The Information, The Athletic

It's All About Subscriptions



1997 Revenues



2017 Revenues

But it's not about paid websites

- Except for NYT, WashPo, WSJ, no other paid site is working; Readers are rejecting our newspapers dumped onto a website
- “A subscription model requires great content and a lot of it,” - Richard Tofel, president of ProPublica and architect of the WSJ paywall
- Time to reboot the paid product – newsletters, apps, build strong value prop (tent poles)
- The only marginal success is the eReader – exact replica of the newspaper
- Attack the problem with PT boats and not a battleship

- “Leave your newsrooms alone” – Mark Adams, CEO of Adams Media, at newspaper conference in San Diego, March 2018

NEWSROOMS SHOULD NOT GET A FREE PASS!

Killing marginal products



- When private labels invaded Europe
- Kill everything except 1, 2 and 3 brands
- Focus

Mark Ritson, marketing consultant

What's a journalist?

- Ken Doctor says there were 56,900 journalists in 1990 and only 25,000 today
- But who is he counting?
- I had a staff of 150 in 1990 as features editor of the Boston Globe; only a third were journalists

- Journalists should be enterprising and not just sit in their cubicles emailing and texting
- Journalists should do journalism and nothing else ... find out stuff about their communities that readers can't get on their own and will pay us for
- Everything else – food, travel, movies, puzzles, opinion, fashion, gardening, even sports – can be done by social media

A word about the business side:

It's about defending share not gaining It

- Defensive strategy different from Acquisition approach
 - It's very hard to grow and defend your advertising sales at same time
-
- Estimate the decline for 2018 in adverting dollars
 - Set a financial goal to soften the decline in dollars
 - Manage expectations of the senior team up front
 - Target existing believers to keep investing
 - Target the Long Tail
 - Position on proof and retention

Mark Ritson, Australian marketing consultant



BE COMPETITIVE!

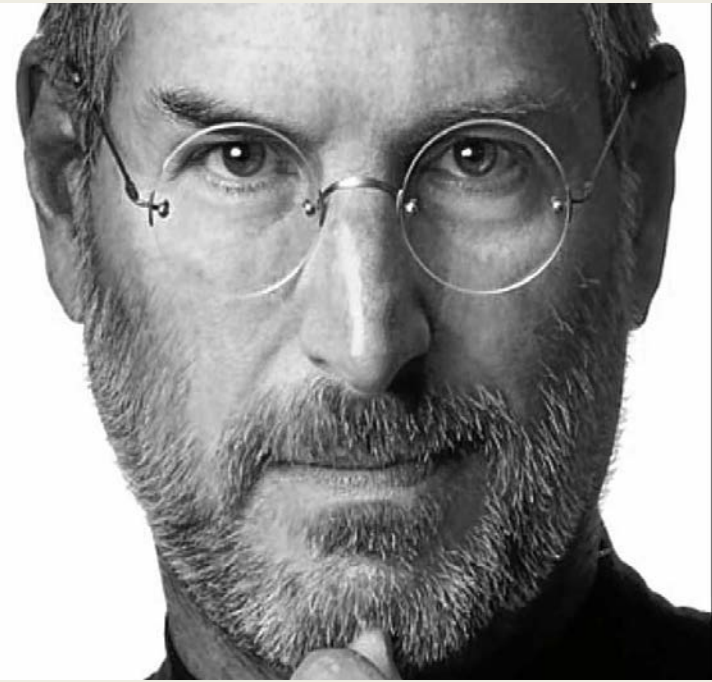
The FANG companies are not your friends

Unplug your journalism from
Facebook, Twitter



“Google, you fucking ripped off the iPhone. Grand theft. I will spend my last dying breath if I need to, and I will spend every penny of Apple’s \$40 billion in the bank, to right this wrong. I’m going to destroy Android, because it’s a stolen product. I’m willing to go thermonuclear war on this.”

- Steve Jobs



The Playbook

- Don't play your rival's game: techno-porn – Use digital media; don't let digital use you
- Understand your differentiation and do more of it
- Apply your unique assets against your rival
- Your greatest assets – journalism, trust, local
- Create scarcity
- Retain customers; relentlessly manage churn
- Compete with Google and Facebook and Apple and Amazon
 - Public Interest

SHARE, SHARE, SHARE ... And then share even
more

Paper

Presses

Distribution

Procurement

Sales

Journalism

Research

Call centers

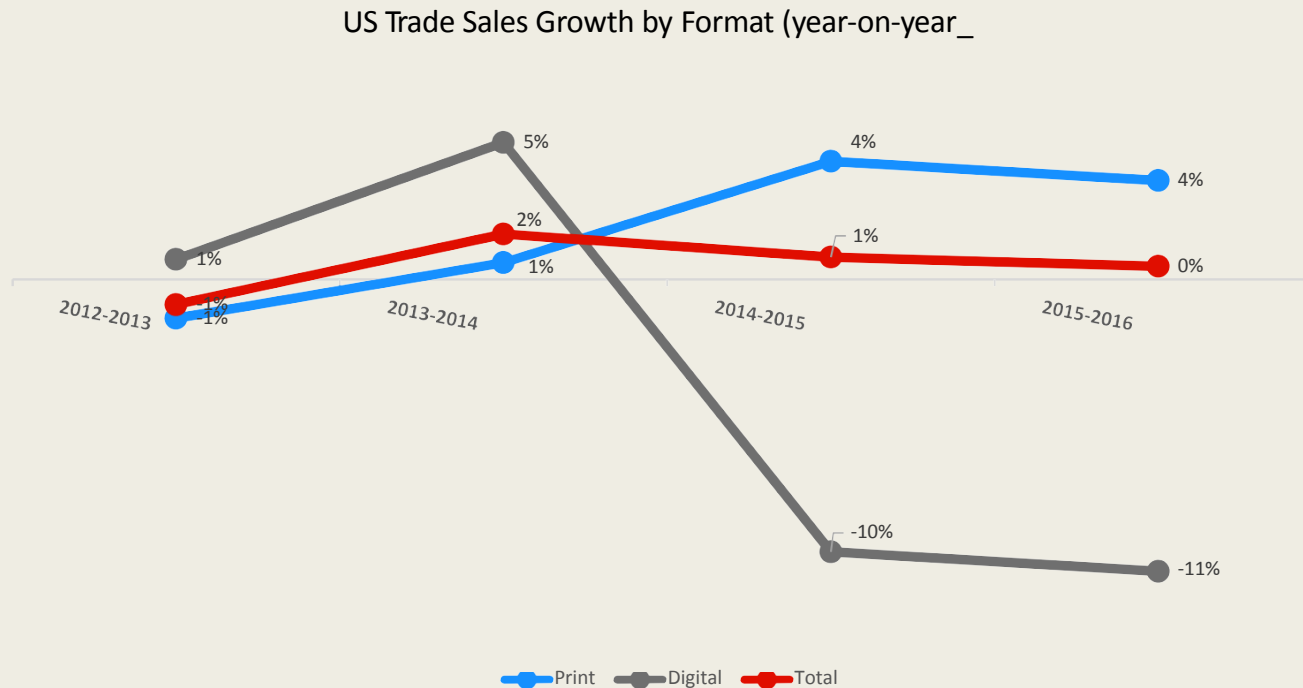
CMS



**Many industries have been declared dead –
radio, books, coffee, vinyl records, cigarettes**

BOOKS AS A CASE STUDY

Print is rising steadily, whereas e-books have declined



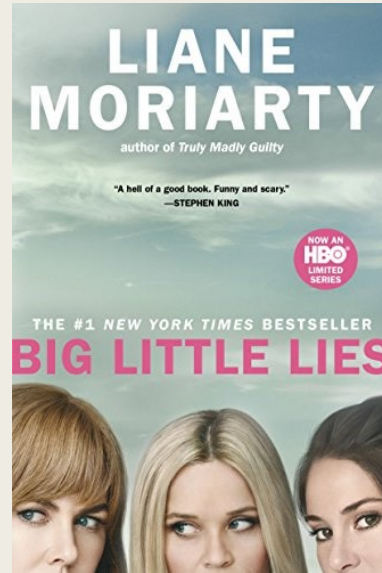
*AAP stats (2016 estimated based on nov YTD)

Why the Shift to print?



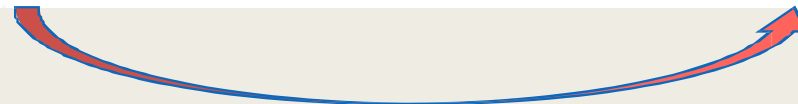
- In 2015, all major US Trade Publishers switched Ebook Models

Consumer e-book prices close to print prices because of loss of competition at digital platform level



Note:
Hardcover book price establishes
the value of the book

Kindle \$9.99	Hardcover \$21.23 ✓Prime	Paperback \$10.11 ✓Prime
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Books also innovated ...

- Books exploited digital media which made publishing much more accessible to millions of author wannabes
- Books are beautiful products today and cover a much broader range of interests than they did 50 years ago
- Newspapers took an opposite tack. They cut the paper quality. They cut the journalism. Their customer service was abysmal. They made their products worse and tripled the price

■ Book publishers intelligently understand what readers value ... newspapers must:

- Exploit **quality of the relationship** with subscribers
- Know the **probability of canceling** for each and every one of our subscribers
- Know which subscribers **will and will not be influenced** by retention treatments, and **content types and consumption patterns** that predict great retention and greater price elasticity
- Give readers more of what they value

Make your products sticky and addictive;
it's why tobacco companies are still making a ton
of money



Newsday's Market and its retention strategy



Newsday

Research and mine your own data

Audience Data and Analytics –

- Provides a depth of audience knowledge and opportunities, which can provide significant revenue growth.
- Second to talent, audience data will be the most valuable company asset in the coming years as the insights derived will guide strategic decision making across the organization.

Churn Modeling – What is it?



- Predictive analytics identifying steps and stages of **why and when subscribers leave**
- Provides awareness, **anticipation**, and quantifiable metrics of **churn risk for each individual subscriber**

Dynamic Messaging for Engagement Deviations – Payments



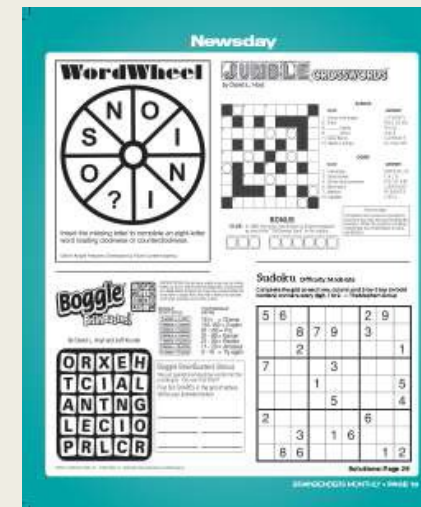
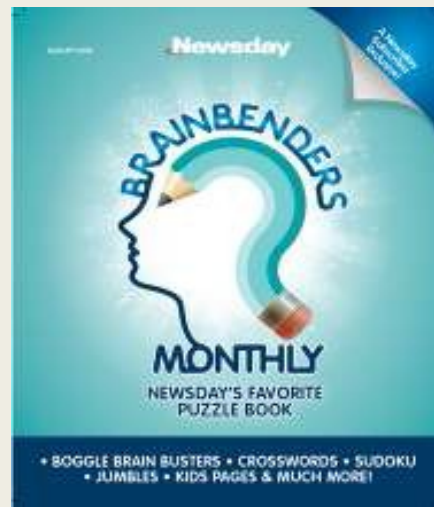
Assumptions: **Change in habit**, particularly payment timing, is highly predictive of declining relevancy of product to consumer and subsequently consumer engagement

Application: **Communication sequence** during the renewal process is **triggered by deviations from prior payment behaviors** instead of a generic collections communication sequence applied to all subscribers.

Newsday

Determining Niche Product Opt Ins

Application: Developed Brain Benders monthly games and puzzle book



Newsday

‘Life Tributes’ Not death notices

**How the San Francisco Chronicle turned
its ugly obits into a huge content and
financial cornerstone of the Sunday
paper**

Crowd-sourced journalism: San Francisco Chronicle

Chasing dreams and dollars: India and the H-1B visa

By Padmaparna Ghosh

April 29, 2016 Updated: April 30, 2016 7:46pm

HYDERABAD, India — It is a balmy early spring morning in this hilly southern India capital of some 7 million.

Once a cultural and gem trading center known as the City of Pearls, it is now better known as the home of the high-technology hub dubbed “Cyberabad.”



The StoryStudio (brand marketing)

High Touch Approach

We are content creators. We tell your stories in a way that makes people listen. We are data geeks and are lead by research. We use strategic insights to connect with your consumers.

Sophisticated Distribution

We leverage premium inventory, proprietary data, and optimization technology across all platforms to maximize engagement for each story.

Turn-Key Solution

Turn-Key Content Marketing. We create, distribute, promote, provide analytics, and optimize.

Reverse publish to print



HEARST newspapers

The Playbook

- Don't play your rival's game: techno-porn – Use digital media; don't let digital use you
- Understand your differentiation and do more of it
- Apply your unique assets against your rival
- Your greatest assets – journalism, trust, local
- Create scarcity
- Retain customers; relentlessly manage churn
- Compete with Google and Facebook and Apple and Amazon
 - Public Interest

Thank you!

Lincoln Millstein

lmillstein@gmail.com

917-509-4509