GateHouse Media Parent Signals Cuts as it Preps to Buy More Newspapers

The parent company of GateHouse Media is once again talking about cutting expenses at the same time as it's talking about buying up more local newspapers across the country.

New Media Investment Group (NYSE: NEWM), the acquisitive firm that owns GateHouse, said in a regulatory filing today that the company has plans to cut $27 million in expenses this year. But in the same filing, CEO Mike Reed said that with about $200 million in cash and cash equivalents, "New Media is well positioned to take advantage of more great acquisition opportunities at attractive valuations in 2017."

The cuts come as the company, which owns more than 100 newspapers in Massachusetts including the Patriot Ledger and Worcester Telegram & Gazette, reports a 50 percent drop in profit for 2016 — to $32 million on $1.3 billion in generally flat revenue. New Media blamed its challenged financial results on the "further decline in traditional print" as well as a challenging holiday season experienced by its retail advertisers, which caused lower advertising spending.

It's not immediately clear if those cuts would come from its workforce itself, but the company did say that the savings would come from "synergies from out latest acquisitions." GateHouse CEO Kirk Davis did not immediately return a message seeking comment.

But the financial pressure won't apparently put a dent in New Media's plans for a newspaper shopping spree. Last year, New Media acquired newspaper including the Columbia Daily Tribune in Missouri; the Rochester Business Journal in New York; and Harris Enterprises, which owns papers in Kansas and Iowa, for $20.4 million. The company also acquired the publishing division of the Ohio-based Wooster Republican Printing Company for $21.2 million.

So far, New Media has spent $735 million buying up newspapers since it was formed in 2014, taking advantage of the flagging value of print newspapers across the U.S. New Media is managed by an affiliate of Fortress Investment Group (NYSE: FIG), which announced last week it would be acquired by Japanese multinational firm SoftBank Group for $3.3 billion.

New Media's portfolio includes 564 community print publications, 489 websites, 476 mobile sites and six yellow page directories across the country. The company employed 10,092 as of Dec. 25, 2016, according to a regulatory filing.
Shares of New Media were down about 5 percent on Tuesday to $15.01.


**What Walmart, Macy's and Home Depot Are Saying About Retail**

Walmart, The Home Depot and Macy's fiscal Q4 2016 earnings painted a mixed picture Tuesday, but they all highlight one common theme: Physical stores are still important, and online sales and digital strategies are key to bringing traffic and sales to stores.

"While ecommerce is growing rapidly, customers continue to rely on brick-and-mortar formats," said Walmart president and CEO Doug McMillon on a prerecorded conference call. "The supercenter remains the best retail format in the world."

Walmart's namesake US stores reported a better-than-expected 1.8% increase for the fiscal Q4 same-store sales, sending the Dow component's stock 3% higher at the close of the market. Online sales at Walmart US jumped 29%, driven partly by last year's acquisition of Jet.com as well as online grocery sales.

In a tactic that many brick-and-mortar retailers are trying to employ to their advantage, Walmart is using web-initiated transactions including online orders for same-day, in-store pickup, as well as "ship-to-store" to help drive traffic to its physical locations (and hopefully ink additional impulse purchases).

**Primary Location/Device Used to Make Impulse Purchases**

According to US Consumers, Jan 2017 (% of respondents)

To better compete against Amazon.com, Walmart has introduced free two-day shipping without a membership fee and lowered the minimum order threshold required for free shipping, from $50 to $35, which the company said has helped its online sales since the January 31 launch. (Likely in response to Walmart's move, Amazon cut its free-shipping minimum threshold back to $35.)

Research has showed that consumers tend to prefer retailers with both a physical and online presence, partly to make it easier to return products.

"Customer expectations continue to change rapidly," McMillon said. "They will increasingly expect even more personalization and convenience in their shopping experience."

Macy's, for its part, reported a 2.1% decline in same-store sales, while its online sales rose at least 10%. In another sign that sales between physical and online channels continue to blur, Macy's CFO Karen Hoguet said on a call it's not possible to "perfectly distinguish sales between channels," though she noted that "customers are choosing to purchase less in stores and more through digital means."

Macy's and other department stores have also been hurt by shifting consumer spending on home improvement, healthcare, automobiles and experiences as opposed to fashion products. (Department stores—heavy importers of apparel and other items—are keenly watching the development of House-proposed border adjustment tax, which retailers have said will force them to raise product prices.)

To respond to changing consumer spending, Macy's is introducing more products exclusive to its stores and is investing on improvement to its mobile app and other online initiatives.

Additionally, the company has announced plans to close a total of 100 stores. "This will give us a healthy physical portfolio, one that complements our growing digital business," said CEO Terry Lundgren. "This is how the large majority of Americans shop. Ninety percent of what we sell at Macy's and Bloomingdale's is still sold in a physical store. Physical stores will play an extremely important role in the future of shopping, for us as well as for others."

The Home Depot, on the other hand, is benefitting from an improved housing market and consumers' increased spending on their homes. The home-improvement giant saw its Q4 2016 US comparable sales jump 6.3%. Online, which now represents 5.9% of its total sales, was also a key contributor to this growth, as The Home Depot upgraded its mobile app and redesigned its website to speed online checkout and make it easier for consumers to search products.

"While we are seeing significant growth in our online business, our stores have never been more relevant," said Craig Menear, chairman, CEO and president of The Home Depot, on the company's earnings call.
Menear added that about 45% of Home Depot online US orders are picked up in-store. It’s “a testament to the power of our interconnected retail strategy.”

As online and physical sales are further intertwined and retailers increasingly credit online sales to in-store employees, “interconnected retail” may look to be a new industry buzzword.


**Macy’s Plans to Stay Afloat by Making Major Changes to Stores**

Macy’s CEO Terry Lundgren wants to make something clear: 90 percent of Macy’s and Bloomingdale’s transactions happen in store.

“A lot of people don’t believe that or understand that,” he said during the company’s fourth-quarter earnings call on Tuesday. “I want to point that out, because physical stores still play an important role, and while we feel good about our digital investments, more experimentation with in-store tech is priority for 2017.”

As Macy’s follows through on plans to close 100 underperforming stores this year, the struggling retailer is seeing double-digit growth in online sales. The company reported a decline in fourth-quarter sales of four percent, to $8.5 billion. In fiscal 2016, total sales fell 4.8 percent, to $25.8 billion.

While Lundgren touched on the opportunity to improve the Macy’s online and mobile experiences, as well as flesh out capabilities like free shipping and in-store returns, his update focused much more on Macy’s evolving in-store experience. Lundgren, who will step down as CEO and be replaced by current president Jeff Gennette in March, listed a series of steps Macy’s is taking to overhaul its existing stores to improve conversion rate.

“The answer lies in the conversion of consumers in store into sales,” said Lundgren. “We’re seeing in-store customer browse then buy elsewhere. 2017 will be about trying various formats that we believe will improve conversion rate.”

Macy’s CFO Karen Hoguet said that changing consumer shopping habits had a bigger impact on in-store sales than expected and that the company is now undergoing “dramatic changes in how we operate business.” Hoguet expects no financial improvement in 2017, as the company tests new store strategies before rolling them out nationally, a time-consuming process.

As Macy’s regroups, here’s a look at what a future store will look like.

**Faster fashion**

With women’s apparel and ready-to-wear its top-performing categories, Macy’s is planning to double down on its private brand and exclusive brand offerings. Exclusive items from brands like Tommy Hilfiger, Rachel Roy, Hugo Boss and Kipling account for 20 percent of apparel sales, while private in-house brands like Bar III account for another 20 percent.

“It requires a change in the way our merchant team works, but we’re looking to forego approval processes and speed along the supply chain to get new in-season items in stores faster,” said Lundgren.

Macy’s isn’t the first to shift its schedule to mirror customer shopping habits: it’s the crux of the see-now-buy-now movement that has swept the luxury market. The company’s merchandising team is adjusting to operate on these brands’ schedules, in order to have the newest collections in store.

“It takes a very talented merchant team who understands what customers want six months from now,” Lundgren said. “But we’ve started changing the way the team works with anticipating product delivery: You have to commit upfront without touching or seeing the product, and forego the approval process. It requires trust. If we wait, we’re getting leftover product, and that would be a disaster.”

Consistent pricing

Macy’s is rolling out a discounting strategy to all categories that will keep marked-down items away from full-price items. So far, this has been tested for shoes and women’s apparel, where third and second markdown items are moved to a clearance section, Macy’s Backstage.

“The price on the ticket should typically be what you pay,” said Hoguet. “We’re figuring out ways to move away from coupons altogether, which will take longer, but cleaning up price formats on the floor will help regular-priced sales overall.”

The category hit hardest by Macy’s markdowns is handbags, one of the worst performing categories of the quarter. At Macy’s, handbags have been bogged down by discounts and as a result, brands like Coach and Michael Kors have pulled bags out of Macy’s. Lundgren blamed a too-quick category expansion on the dilution of the category, which now has more supply than demand. Macy’s hopes that plans to reinvest in higher-quality, more expensive products and slim down its handbag category will revive it.

“When you’re backed up with inventory, somebody wants to reduce the price, then others match, then it gets away from you a little bit,” said Lundgren. “Getting that supply and demand back on track is the first answer, as well as a focus on the product itself by adding more quality product and covering higher price points.”

Updated stores to fit a new mall landscape

In November, Macy’s announced a partnership with real estate developer Brookfield that involves the company creating and implementing a 24-month plan for 50 Macy’s stores within their shopping centers. It will include complete redevelopments of some locations. Lundgren said that the in-development Macy’s stores are in “top-tier malls,” where the surrounding household income average is in the six-figures.

Hoguet said this could lead to “mix-use” Macy’s stores in the future, featuring more services and entertainment. Business Insider reported earlier this month that it could mean an expansion of Macy’s in-store restaurant, Stella 34 Trattoria, currently located in the Macy’s flagship in Herald Square.

As developers look for alternatives apart from the department store to anchor shopping centers, Macy’s stores need to bring something more to the table than the traditional in order to not be eclipsed by younger, trendier options, like Eataly, Whole Foods, Primark or Equinox.

“Malls are thinking differently about how their anchor tenants are,” said Ken Morris, principal at Boston Retail Partners. “Something like a grocery story isn’t traditional, but you think about who’s visiting a grocery store every day, and you get that spillover. Restaurants, too, are a better destination. Malls and retailers both need to think outside the box to attract people.”


Lowe’s to Cut Another 525 Employees as it Focuses on Leaner Staffing Formulas

Lowe’s Cos. Inc. will cut another 430 corporate office employees in Mooresville and 70 support personnel in Wilkesboro as the home improvement retailer works to become a leaner, efficient operation.

Last month, Lowe’s (NYSE: LOW) announced it was introducing a new store-staffing model that is resulting in the cutting of about 2,400 jobs.

The latest cuts, which were announced to employees on Tuesday, will allow Lowe’s to “foster a culture that innovates as fast as customers expect,” says Karen Cobb, spokeswoman for Lowe’s.

The total number cut in the latest layoffs is 525, which includes 25 employees spread around corporate offices but not in Mooresville or Wilkesboro.
Those dismissed will receive a “competitive transition package” including severance, outplacement and other support, Cobb says.

All of the job cuts amount to less than 1% of the company’s 285,000 full- and part-time staff, Cobb continues.

And after plans announced last week to add 600 contact center jobs in Wilkesboro, Lowe’s employment number in North Carolina will remain static, Cobb says.

“We’re hiring in a number of areas so across the state our employment level will be about the same even with latest reductions,” she says.

Lowe’s has been on a push to become more efficient as it struggles to compete with No. 1 home-improvement chain The Home Depot Inc. (NYSE: HD).

http://www.bizjournals.com/charlotte/news/2017/02/21/lowe-s-to-cut-another-525-employees-as-it-focuses.html?ana=e_me_set1&s=scroll&ed=2017-02-22&u=xQeDzsnDNIz7iZRd3rGZapkQ9Db+i=1487783906&i=77457931

**YouTube Is Getting Rid of Unskippable 30-Second Ads**

YouTube is killing one of its more obstrusive ad formats: The Google-owned video service said Friday that it was going to phase out unskippable 30-second preroll ads by next year.

British advertising magazine Campaign was first to report the news Friday, noting that the site would still offer shorter preroll ads that can’t be skipped by viewers. These include 20-second ad clips, as well as a six-second bumper ad format that YouTube introduced about a year ago.

A YouTube spokesperson confirmed the move when contacted by Variety with the following statement:

“We’re committed to providing a better ads experience for users online. As part of that, we’ve decided to stop supporting 30-second unskippable ads as of 2018 and focus instead on formats that work well for both users and advertisers.”

YouTube has long offered skippable ad formats, dubbed TrueView. Advertisers only have to pay for these ads if a viewer doesn’t skip them, which allows YouTube to charge higher rates. TrueView ads also don’t come with time limits, so advertisers can decide to make them as long as they want.

YouTube’s move away from longer unskippable ad formats also is an answer to the growing popularity of mobile video viewing. More than 50 percent of YouTube’s video views now come from mobile devices, and the service specifically referenced mobile viewing as its primary reason for introducing its six second bumper ads last year.

“Bumper ads are ideal for driving incremental reach and frequency, especially on mobile, where ‘snackable videos’ perform well,” said video ads product manager Zach Lupei at the time.


**6 Initiatives to Restore Confidence in Digital Advertising**

“Digital is unquestionably our future.” A statement some might regard as somewhat necessary, coming from a high-profile conference dedicated to the nitty-gritty of digital strategies.

The numbers back up the statement. 50.6 minutes per day were spent on average consuming media in 2010, but that has escalated over the years, and average daily consumption is now at 144.8 minutes.
Jim Freeman, the Commercial Director of Sales and Trading at the Telegraph Media Group, feels passionate about the damage the advertising industry has inflicted on itself, as he explained to the audience at the Digital Media Strategies 2017 conference:

“There’s huge negativity around digital advertising – ad blocking, fraud, and now fake news. But advertising doesn’t have to be the enemy – it can be memorable.”

“There is some good creativity in the advertising world, but it’s not at the heart of most digital campaigns. We tend to see things that don’t particularly stand out.”

Freeman believes that there’s one industry that publishing can learn a great deal from: the fashion and luxury industry.

“Back when digital was growing in the early days…the fashion and luxury sector stood back and avoided the digital arena for a couple of years. Rather than jumping straight in, they wanted to think about how their brands would work in digital. They realised they needed the same things as they did in print - beautiful imagery and a big space to show it off.”

He draws this back to the current stability luxury print magazines are enjoying. “Half a magazine now is advertising,” he points out. “A consumer doesn’t mind that – they know it’s part of the value exchange.”

Here are Freeman’s six initiatives needed to restore confidence in digital advertising.

1 - An impression should be measured from the time the ad has rendered on the page

Freeman argued that the industry has lost its sense of reason when it came to measurability. “We need to go back to basics,” he emphasised.

2 - A viewable impression should only be measured as viewable if 100% of the ad is in view

His second initiative was along the same lines, and that so much damage had been done with a lack of industry standards in measurement.

“No one would pay for me only printing half an advert. We need an industry consensus about how much of an advert counts as ‘seen’, and for me personally, I think that should be 100%”

3 - A viewable impression should be based on being seen for more than one second

Many ad traders will guarantee that an ad is seen for at least one second, but on many occasions, this cuts close to the bone. “One second is nothing. You wouldn’t even notice it had been there,” Freeman argued.

4 - Networks, Trading desks and Media Owners should be audited, measured and certified

Many of the above issues would be overcome if there was an industry standard. Freeman made the case that we should go back to the pre-digital era to learn from some of these

“Brands were built, things were sold, lessons were learned long before digital came along. These lessons still apply…now we have data and technology which can enhance what we know, but that doesn’t mean we throw out the rest of the lessons.”

5 - Guidelines and advice should be drawn up to help creatives

The constant need to upskill is a factor that the Telegraph Media Group are constantly aware of, so companies must invest in helping their creatives with the necessary tools to meet the changing digital world. As an example, he drew out the care and attention given to content, and urged the audience to put the same care into advertising.

“We need to think more about what we’re doing online. We think carefully what the content is and how it’s delivered to the consumers, but do we think as carefully about the advertising?”
6 - We need to humanise the tech

This last initiative draws on an issue we're all very familiar with.

“We've all had experience of being followed around the web by things we've already bought. The tech is clever, but the tech can't know whether we've bought it or that if we haven't bought it within ten days, we probably won't.”

Freeman called for a ‘human’ approach to technology, where we use the data to the best of our ability, but apply the ‘common sense’ needed to properly translate it into the best experience for readers.

“Advertisers, media agencies and publishers…just need to care more about the user experience.”

https://www.themediabriefing.com/article/6-initiatives-to-restore-confidence-in-digital-advertising

More Defections At Rubicon Project As President, 6 Other Execs Depart

It’s been a helluva ride over the last few months for Rubicon Project. While the ad-tech firm has been rolling out new products and partnerships, it's also experienced high-level defections within its executive ranks over the last few months. And in January, a report surfaced that the ad-tech stalwart was exploring a potential sale.

Now word comes today via a Wall Street Journal report that Rubicon’s president, Greg Raifman, is leaving the company amid a broader restructuring designed to refine the company’s business focus. The report said that six other executives are leaving the company as well, though “it declined to disclose which employees.”

Raifman managed Rubicon’s day-to-day business and will remain on Rubicon’s board of directors, according to the report. Raifman shared his departure news in an email to employees yesterday, highlighting the progress that has been made: "As I reflect on my journey at the company and everything that we have accomplished together, I feel heartened that the future still holds very promising times for this team and a very bright future for the company. In the end, it is always what you make of the opportunity that matters most. And for me, these past four years have been extremely rewarding and gratifying, both personally and professionally. I am pleased to have met, worked with and gotten to know so many interesting, quirky and talented people at Rubicon Project and I will always recall so fondly my time spent here."

In the email, Raifman noted that since he joined Rubicon in January 2013, the firm had "more than tripled" the size of its business, generating more than one billion dollars in ad spend annually. He also cited a tech expansion, header bidding, and the mobile exchange that reaches "more than one billion connected devices each month. We did not acquire this capability—we built it," he said of the mobile exchange.

This wave of departures is the latest in a string of ups and downs as the ad-tech sector continues to consolidate. Last November, Rubicon announced layoffs of 125 people. And then there were two high-level departures: Jay Sears, Rubicon’s senior vice president of marketplace development, and Neal Richter, Rubicon’s chief technology officer, both left the company in recent months.

Rubicon Project is reportedly was working with Morgan Stanley to explore its options, including a potential sale.

The Journal reported that Rubicon’s CEO Frank Addante attributed the most recent exits to a "broader restructuring to focus the company on its core 'ad exchange' business." That suggests that Rubicon will refocus on marketing technology to ad sellers and online publishers vs. ad buyers. Rubicon's programmatic technology enables ad sales in real-time auctions.

Addante told the Journal that working with the sell side of the digital ad market is a less crowded part of the sector and requires a leaner staff and less investment in marketing and support. He also posted an open letter to customers and partners on the Rubicon Project's website. Addante wrote: "This management restructuring is the final step in our restructuring initiative and will enable us to reallocate resources to invest in growing our marketplace, as well as technology and R&D including mobile, video, orders and our consumer initiative."

How Forbes has Begun Targeting Millennials

Sami Main of Adweek writes about how Forbes magazine has pivoted its content to where now nearly half of its readers are millennials.

Main writes, “While Forbes magazine publishes 15 times a year, the Forbes website sees about 56 million visitors a month. Nearly half are considered part of a millennial demographic.

“More than 50 percent, and sometimes up to 70 percent, of digital readers come from mobile devices, comparable to other digital publishers. With that in mind, Forbes set out to design a completely consumable experience that would match other swipeable platforms for bigger projects on their site.

“With people swiping and rotating in other apps, the team at Forbes wanted bigger packages to feel familiar to their millennial audience and create an easier experience for them to navigate.

“This is a generation who grew up with [Mark] Zuckerberg,’ said Lewis DVorkin, and industry veteran who was Forbes’ executive editor in the Internet 1.0 days, and returned as chief product officer in 2010. ‘Young people want to do good or make their own non-traditional company.’

“‘Not many new media start-ups have succeeded in attracting a young, business crowd,’ he said.”

http://talkingbiznews.com/1/how-forbes-has-begun-targeting-millenials/

The New York Times is Experimenting with Mobile-Specific Headlines

After 10 months of A/B testing its headlines seriously, the New York Times has started slicing its audience into finer segments, albeit informally.

Last week, a story about airlines abandoning their in-flight entertainment systems got two headlines, one of which spoke directly to the fact that readers were likely holding the reason that airlines were making that move:

“I’d love to see us doing more of that in the future, when we can,” said Mark Bulik, a senior editor at the Times who heads up its headline-testing operations.

The headline, which helped drive 26 percent more clicks on mobile, was just an experiment. But it’s a step forward for a project that began in April 2016, when the Times tasked a two-person team with optimizing its headlines, a practice that’s become standard operating procedure in digital media over the past several years.

While headlines have always been important to publishers, the emphasis on testing them has grown as publishers have grown more reliant on social distribution for traffic. The right headline can drive exponentially higher traffic to a story, which is why publishers big and small are optimizing their headlines not just on social media or their owned and operated properties but inside third-party recommendation widgets like Taboola too.

What’s less common is optimizing by device. While some publishers have toyed with using different headlines inside their mobile apps, fewer are showing headlines to mobile readers that differ from the headlines shown to readers accessing their sites from desktop computers, or from the ones that appear in newsletters, which are getting more important all the time. Most haven’t taken the step because muddling through reader data on that level requires dedicated analytics and support for the work.

But sweating those details will become necessary as publishers get increasingly serious about personalization. A growing number of them are intrigued by the concept but lack good data and clear incentives to pursue it fully. They have taken baby steps toward correcting those problems, now that most publishers and their newsrooms have gotten past the idea that optimization is the first step down the road to clickbait.

http://digiday.com/media/new-york-times-experimenting-mobile-specific-headlines/
Gannett’s the Record Exec Leaves after Restructuring

Former Editor-in-Chief of The Record Deirdre Sykes, who was downgraded in the takeover by Gannett last year, has decided to exit the publication — ending a 30-year run at the North Jersey paper.

Her departure is not being billed as a retirement.

Sykes had replaced Martin Gottlieb in late January 2016, but held the top job for only months before Gannett took over it and other papers in the North Jersey Media Group in September.

At the time, it was said she would be given a “new leadership position” at The Record.

Richard Green, who replaced Sykes as vice president of news and editor of The Record, told the already shell-shocked staffers about Sykes’ exit on Monday.

“I’m writing to tell you that Deirdre Sykes has decided to turn the page and launch her next adventure,” he wrote. “Her last day with us will be March 24. This is not a retirement. Deirdre has made that abundantly clear to me. Instead, it is an opportunity for a very accomplished, very talented editor to pursue new challenges and opportunities in a moment of time that she decided was right for her and her family.”

Sykes could not be reached for comment on Tuesday.

Her departure date is one day before 48 editorial employees will exit under the last round of layoffs of 141 employees that the company unveiled in January. After two major prunings, there are now just under 150 editorial employees remaining at North Jersey Media Group, which includes two daily newspapers, three dozen weeklies, a website and a magazine.

http://nypost.com/2017/02/21/gannetts-the-record-exec-leaves-after-restructuring/