

WEEKLY NEWSPAPERS NAVIGATE
RAPIDLY CHANGING ADVERTISING MARKET, BUT
YET TO FULLY ADOPT AN ONLINE SALES STRATEGY

By

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ABSTRACT

WEEKLY NEWSPAPERS NAVIGATE RAPIDLY CHANGING ADVERTISING MARKET, BUT YET TO FULLY ADOPT AN ONLINE SALES STRATEGY

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The general population studied for this study consisted of 6,055 U.S. weekly newspapers, with managers at 1,000 of them surveyed electronically. The survey sample was proportionate to the number of weeklies in the 48 continental states.

This research project found that weekly newspaper publishers were retaining and attracting advertisers and readers, even though a majority of weeklies generate very limited revenue dollars from online media efforts.

Most of the owners responding to this survey predicted they would remain in business in the years to come and were generally more optimistic than the conventional wisdom would suggest regarding the future viability of print newspapers. Weekly newspapers receiving competition from radio stations for advertising dollars was confirmed, but came as no surprise. While the selling of online advertising occurred among some, not all, weekly newspapers, most of the managers indicated they did not have a strategy for online ad sales.

The findings point to a need to do more investigation of the weekly newspaper industry, which is its own unique segment, and the impact of digital distribution on the segment. It's clear that what may be true for daily newspapers is not always applicable to weekly newspapers. Key recommendations would include researching to discover if newspapers are retaining certain segments like grocers, for example, but earning fewer advertising dollars from those segments in the process.

For years, grocers routinely bought full-page print newspaper advertisements in weeklies and dailies, but several decades ago they shifted to newspaper circular advertisement inserts. The inserted circular ads communicated the same sales information that in-paper ads contained, but cost less than in-paper display advertisements.

Further research focusing on the competitive relationship between weekly newspapers and radio stations would be helpful in better understanding the future viability of both of those mediums in the marketplace. Finally, it would be beneficial to investigate just rural weeklies to learn what best practices they are engaged in that are contributing their ability to keep their heads above water and even thrive in certain communities.

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Chapter 1

Introduction

This research project explored the nature of weekly newspapers during what, in hindsight, turned out to be known as the Great Recession in the United States.

Much research has been published regarding daily newspapers, as well as about the relationship between dailies and non-dailies (weeklies). However, much less research exists on how non-dailies operate and, in particular, on how they are faring with advertising revenue and profit, as the 21st-century U.S. media marketplace experiences significant erosions in print advertising. One scholarly study of U.S. weekly newspapers, published in 2001, relied on data from 1997.¹

This survey research project investigated the viability of the weekly newspaper firm, under the economic model in which the weekly paper is primarily dependent upon advertising revenue for financial support, deriving proportionately a small percentage of income from newspaper subscriptions or none in the case of free distribution weekly newspapers. General-circulation urban, suburban and outstate weekly newspaper firms, excluding niche publications, made up this study's focus.

It is significant to note the survey for this dissertation research project occurred in the worst recession since the Great Depression.² The data here provide a snapshot of how the weeklies were doing at the worst point in the recession. And some anecdotal evidence suggests that weekly newspapers may have suffered less than their daily newspaper counterparts.³ Further evidence of some newspapers holding their own or experiencing increased revenues came from some of the weekly managers who replied to this research project survey.

The project sought to learn, among other things: To what degree were weekly newspapers surviving, failing or thriving? To what degree had weekly papers maintained, lost or gained print and/or online advertising? What role did the World Wide Web play? Finally, were weekly newspaper managers bullish or bearish on the future viability of weekly newspapers?

The answers to these questions are important to journalists, academics and society writ large. A newspaper is unique among business firms because it fulfills two distinctive roles: reporting information to the general public and earning enough to pay for this information to satisfy private owners or public shareholders of a newspaper firm's stock. The first reflects the marketplace of ideas and the second the marketplace for goods. The former has to do with the social needs and fabric and the latter with the economic needs of owners.

So, if it is important for weekly newspapers to continue serving communities, mostly rural or suburban, for another 100 years and beyond, an understanding of advertising markets that provide the largest share of their revenues is essential. If the weekly newspaper is to adapt, survive and prosper, it must provide businesses with reasons to advertise and not just rely on many small-town merchants' rote habit of advertising in weekly newspapers because they've always done so.

This research project sought to learn if rural and suburban weekly newspaper publishers, especially, were retaining or losing traditional advertisers and if they were attracting new categories of advertisers. What advertising strategies these weeklies were using, if any. If online advertising was gaining any traction among weeklies as a segment of the print publication industry. And, finally, if weeklies were planning to close their doors in the foreseeable future.

A plethora of new media, including citizen journalism blogs and websites, has the potential of reaching beyond metropolitan cities to rural communities and creating the possibility

of yet an additional competitor in the crowded media marketplace. Granted, the barriers to launching a web publication are minimal, but the obstacles to successfully monetizing the web loom large. While two studies suggest that citizen journalism sites failed to substitute for daily newspapers, more research would be required to learn whether they might be possible substitutes for weekly newspapers with or without the ability to monetize those sites.⁴ An important conclusion of such research was that citizen journalism is currently a big city phenomenon. It is not occurring pervasively in much smaller cities and towns. Concerns are also growing about how the decline of newspapers could negatively affect civic and social life in a community.⁵

1.1 Purpose of the Study

This project focused on how various factors affected the weekly newspaper's ability to generate advertising revenues and to earn a profit. It examined traditional print and online advertising. Income from display advertising has traditionally been critical to a firm's viability because it represents the bulk of both advertising revenue and total revenues for mostly non-dailies. Online advertising is important to study, too, because so little is known about its significance to weeklies.⁶

This study explored the relationships between predictor variables (distribution, ownership types, presence of competition and market strategy) and criterion variables (advertising revenue and profit at weekly newspapers). The study explored these overarching questions.

Have print display and online advertising revenues fallen, risen or remained the same for weekly newspapers, in rural/suburban U.S. markets?

Have key traditional advertisers, such as car dealers and real estate firms, reduced or stopped advertising in weekly print newspapers?

Have weekly newspaper firms viewed online advertising as an important strategy for

remaining economically viable in the future?

Managers from 1,000 weekly newspapers were questioned via an electronic survey to get at answers to these and other questions. The full questionnaire appears in Appendix C. The 1,000 newspapers were selected from the general population of 6,055 weekly newspapers. The sample surveyed was proportionate to the number of weeklies in each of the individual 48 states, excluding Alaska and Hawaii. Definition of terms used in the survey and this dissertation appear in Appendix A.

This study was significant because of its ability to shed light on the future viability of weekly newspapers in a rapidly changing industry. Information about viability is of interest to academics, who study media advertising, economics and management, as well as to weekly newspaper professionals, who earn their livelihood managing the 6,055 weekly newspapers (4,160 paid, 982 free and 913 combined paid and free) across the United States, reported as of February 2009.⁷

While daily newspapers anticipated coming changes in their markets, they failed to proactively and successfully prepare for the changes of the 21st century. In addition, the worst recession since the Great Depression started in 2008 and had reduced the amount of advertising money available in the United States. Studying weeklies' advertising sales strategy and behavior, will one day help academic researchers and managers of weeklies to better understand the sea changes that have swept the newspaper industry.

Chapter 2

Literature Review

The literature that shaped this study is limited in part by a sparse amount of academic research in this area. However, research on daily newspapers, the big city cousins to the weekly newspapers, does exist more abundantly and provided some background and useful information related to issues of distribution, ownership type, competition and strategy, revenues and profitability.

Despite conventional wisdom that writes off traditional print weekly and daily newspapers as an endangered species in the 21st century, the fact that newspapers remain a relevant part of citizens' lives is nowhere more evident than in weekly newspaper markets, where total paid and free weekly distribution totaled 45 million.⁸ When that number of households was multiplied by a 2.3 community newspaper pass-along rate,⁹ then an audience of 104 million readers accounted for nearly a third of the entire population of the United States.

Unlike metropolitan daily newspapers, which continued to hemorrhage advertising revenue losses, this research project hypothesized that weekly newspapers fared better than metropolitan daily newspapers because of the weekly newspaper's lower cost structures and their ability to maintain advertising revenue levels despite a downward trend in ad spending by traditional advertising majors such as car dealers and real estate firms. While some weeklies were experiencing revenue declines, they were still faring better when compared to the scale of decline among daily newspapers.¹⁰ Thad McIlroy, electronic publishing analyst, consultant and author, reports:

The latest data I can find on these (community weekly) papers paints a much healthier picture for circulation and ad sales than we find with the dailies. ... The beta results showed that 2007 was a growth year for the community newspaper industry with advertising revenue up .5%, as compared to the overall industry decline of 7.9% reported

by the Newspaper Association of America. First quarter 2008 results reported a decline in advertising revenue of 2.7% -- primarily related to economic factors influencing the real estate and automotive industries, two of the largest categories for community newspapers. In most cases, local revenue was up for the companies represented. This 2.7% decline for the quarter compares to double digit decreases reported by most of the publicly traded companies that are comprised of large metro daily newspapers (reported declines ranged from 10% to 19%).¹¹

Community newspapers reported a 2.4% decline for community newspapers compared to a 15% industry-wide decline in second quarter 2008, followed by further erosions a year later with 12.4% advertising revenue decline in the second quarter of 2009, less than half the national industry average decline of 29%. These results came from newspapers that participated in a survey conducted by Suburban Newspapers of America (SNA) and National Newspaper Association (NNA). While survey respondents reported automotive and real estate activity slowdowns, the majority did not lay off employees but did launch many new products.¹²

For daily newspapers, losses in 2011 were 7.3% compared to 6.3% in 2010. Total ad revenues for daily newspapers in 2011 were less than half what they were in 2006. And print advertising revenue losses greatly exceeded online advertising income gains. Online revenues were still growing at a fast clip in 2006 at daily newspapers, to the extent of covering about 80% of print advertising losses. But that changed with the 2008-2009 recession when daily online ad revenue stopped growing and began to dip, too. In 2010 and 2011, print ad revenue losses were nowhere close to being replaced by digital ad revenue gains, according to the Pew Research Center's Project for Excellence in Journalism.¹³

And the downward trend improved only slightly as daily newspaper advertising revenue dropped by 6% in 2012 compared to the 7.3% ad revenue decrease in 2011. Overall newspaper revenue declined at a lower rate of 2% in 2012, according to the Newspaper Association of America. This was due primarily to several other categories at daily newspapers growing by 5%

in 2012, including items such as digital consulting for local business and e-commerce transactions, which now represent close to one-in-ten dollars coming into daily newspaper media companies.¹⁴ What remained to be seen and researched was whether and to what degree weekly newspaper companies tapped into some of these alternative revenue sources that daily newspapers were mining.

In stark contrast, newspapers in other parts of the world performed better than those in the United States. For example, South African weekly newspapers have experienced overall revenue rising by 34%, or just under 7% per annum, for the five-year period from 2008 to 2012, according to researcher Gordon Patterson, who noted that retail remains the most important source of advertising revenue at 31% share and, across the five years, this income has increased substantially; in fact, more than three times that of the category growth.¹⁵

The NNA reported July 3, 2013, from a survey it conducted that 20.2% of community newspaper respondents reported that in the last five years their revenue has increased less than 5%. For the NNA, its community newspaper membership included mostly weekly newspapers, but also about 250 small daily newspapers. Fourteen percent said their growth was between 5% and 10%, with 11.6% of the respondents seeing a 10% to 15% gain in revenue. Slightly more than half or 53.5% of the respondents have seen revenue gains, as opposed to those newspaper companies that have remained the same or lost revenue. About 14% reported their revenue had been flat since 2009. About 16% said they showed a loss of 5% to 10% and another 16% said they lost more than 10%, during that same five-year time period.¹⁶

Respected newspaper and media analyst John Morton reported that most newspaper managers failed to invest sufficiently in the Internet early on to successfully transfer their business online in order to remain profitable. While percentage of growth in online ad revenues

has hit double digits, Morton pointed out that online advertising totaled only about 5% of total advertising revenues, adding, “A major reason for this small presence is that other (non-newspaper) entrepreneurs in the early years of the Internet era did invest the money necessary to develop online competitors that are now drawing away newspapers’ readers and business.”¹⁷

However, researcher Jennifer Wood Adams argued that most community daily and weekly newspapers have websites and are committed, to varying degrees, to richly populating their sites with local content. What remained to be learned was how much or what percentage of a weekly’s total revenues came from online advertising dollars, Wood conceded, adding, “Weekly newspapers have much to gain by producing successful online newspapers. The management of these sites is critically important in reaching the newspaper’s readership and revenue goals.”¹⁸

One study of 1,234 weeklies, all members of the National Association of America, found that, after eliminating those with broken links, only 785 of the weeklies had working websites, confirming that not all U.S. weeklies had a website.¹⁹ Another study showed that a large weekly group had no web presence, but a small weekly group was exploring the web for revenue potential.²⁰

Another more recent study demonstrated that weeklies are largely failing to feature on their websites hyperlinks, archives and interactivity. It concluded that weeklies’ potential for thriving in the future online world will go the way of the phonograph record if weeklies don’t embrace and robustly use their websites as another tool, on top of their print editions, to engage and supply citizens with information they seek.²¹ Limited staffing resources and scarcity of new advertising dollars may help explain weeklies’ embracing online opportunities less robustly than dailies.

Meanwhile, the weekly newspaper's commitment to local news, i.e. chicken dinner events, cute kid photographs, Little League baseball scores, local government news and more, may be viewed as an essential part of journalistic best practices. It's what well-grounded community newspapers have traditionally always done very well. But, by itself, great local community news content is insufficient to ensure the financial success of the weekly. That local content must be supported by advertising dollars. While it's inevitable that some weeklies will close and some dailies will survive in the coming years, weeklies seem to have survived and/or prospered better overall than dailies even though no definitive data on this currently exists in the literature.

2.1 Distribution

Today, many weekly newspapers distribute papers for free by private motor route carrier or by the U.S. Postal Service to meet advertiser demand for total market coverage (TMC) and/or as a defensive measure against new competitors. Other weeklies continue to sell subscriptions, relying on a traditional paid circulation model.

Even though some paid weekly newspaper managers still view the free distribution weekly as an inferior advertising medium, this is a viewpoint not shared by the numerous businesses that habitually advertise in free weeklies. The lower advertising cost per thousand of free news weeklies may also partially explain the success of the free weekly model in markets where free and paid weeklies compete.

It is unlikely that one model, free or paid distribution, is better than the other in all situations. The real determinant of financial success is exposure of readers to the advertisement, and it might be that more readers are exposed to the advertisement with paid weeklies. For example, if paid weeklies have 80 percent readership (people who actually look at the paper) and

free papers have 10 percent readership, then the paid model would be more efficient than the free model, contrary to conventional wisdom and higher free weekly distribution numbers. Which model works best depends on the attention readers give to the newspaper content.

Coulson, Lacy and Wilson said that rural weeklies depend more heavily on paid circulation, contending that small towns cannot produce the ad revenue required to make a free paper viable.²² In 2001, Lacy, Coulson and Cho found, in a national study of 432 weeklies, a correlation between competition from other weeklies in a county with a lower cost-per thousand ad rate.²³ However, they found that this relationship with cost per thousand disappeared following analysis of a subsample of 236 weeklies with intense competition.²⁴ Their research also showed that, when controlled for market size, paid weeklies' and free weeklies' ad rates did not differ from one another.

Also, based upon display advertising cost/per inch/per 1,000 distribution, it would make economic sense that free weekly newspapers with higher distribution and lower ad rate cost per inch, per thousand distribution, would be more viable than the paid weekly newspapers. Put another way, advertisers could spend fewer advertising dollars to reach 1,000 readers with the lower-unit cost, free distribution weekly newspaper than with the higher-unit cost paid circulation weekly. This is consistent with Coulson, Lacy and Wilson, who reported, "Although advertisers were charged twice as much per column inch in free weeklies, free weeklies averaged 4.4 times the circulation of paid weeklies."²⁵ And if news content exists in both the free and paid weekly competitors, that would be one less characteristic to distinguish the weeklies in the minds of the advertisers.

2.2 Ownership

Does it make a difference to small-town firms whether the newspaper is publicly or privately owned, or a member of a group or a single newspaper firm? Research dating to the early 1980s has found that publicly owned dailies are more aggressive in pricing advertising.²⁶

The impact of ownership on newspapers has received a great deal of scholarly attention during the last five years. However, the approach of early research was often a-theoretical, concentrating on the decline of the independent, family owned newspapers and the growth of newspaper groups.²⁷ Recent, more sophisticated studies have aimed to examine differences in performance between independent and group newspapers, although limited differences have been found.²⁸ Also, relationships may also play a role. For example, advertisers in smaller communities often times have a more personal relationship with their small town or community daily newspapers, which may help account for weeklies suffering less overall than metro dailies in times of economic recession.²⁹

Some have suggested that community newspaper managers are equal in stature to a local community's elite leaders, giving those managers a special relationship with and access to advertising dollars from those leaders. Akhavan-Majid made a strong case for how economic uncertainty and falling advertising revenues has motivated publishers to take on an even more civic-centered role. This leads to interacting on a regular basis with a community's leaders, as a solution to declining advertising revenues and readership by becoming a change agent in the community: sponsor workshops, host town meetings, promote get-out-vote campaigns, recruit new industry to town. Akhavan-Majid suggests, "To many publishers, this movement toward public journalism represents a novel approach to boosting revenues through greater visibility and increasing relevance to the economic and political life of the community."³⁰

However, Donohue, Tichenor and Olien have argued the opposite, suggesting community newspaper managers are not peer equals in the local community power structure due, in part, to newspaper managers' subservient dependence upon the local elite leaders for access and information. If the community newspaper manager enjoys no peer status with the community elite, it could be argued newspaper managers might be tempted to compromise their journalistic mission out of expedience to ensure that good relations continue with civic leaders for economic reasons, too, i.e. so that these leaders continue advertising with their newspapers. If true, then rather than serving as a watchdog to hold those in power accountable, small community newspapers would end up protecting the status quo and serving the interests of the local elite power structure, Donohue, Tichenor and Olien contended.³¹ Concurring with their view is Janowitz, who maintained that community newspapers are not a part of the power structure, but only serve as a middleman of sorts between individuals and major community institutions.³²

However, there may be a difference between publicly owned and family owned weekly community newspapers. Unlike publicly owned newspapers, where managers may change out periodically, it's common for family owned weeklies to have multiple generations of family members at the same newspaper living, playing and doing business with local elites. Such a long-term relationship might suggest more of a peer, than a subservient, relationship between a newspaper's managers and the local elite.

Meanwhile, Lacy and Blanchard found that publicly owned daily newspapers produced higher profit margins than did privately owned daily newspapers. Their study also suggested that the impact of profitability and public ownership on newsroom size is not linear but grows progressively greater as with increases in above average profits. The relationship found here becomes much stronger for newspapers with higher than average profit margins. It remains to be

learned whether the same will hold true for publicly owned versus privately owned weekly newspapers.³³

On the other hand, Beam found that content was more similar than different between publicly owned and privately owned newspapers, but his research focused upon daily, not weekly newspapers. His research found that publicly and privately owned newspapers both focused on producing ordinary content. However, he found that publicly owned dailies produced more locally produced articles, as a percentage of all content units, than did privately owned papers. This runs counter to assertions that publicly owned newspapers de-emphasize locally produced content to cut editorial department costs. However, because his study was based upon a small number of publications, his findings are more suggestive than definitive.³⁴

Also, the role of the weekly newspaper in the community goes beyond the necessity of selling enough advertising to sustain a profitable business firm. As a number of studies have demonstrated, the weekly newspaper helps promote social cohesion, influence elections, and form and perpetuate a community's identity, especially in rural communities. It's important to study the viability of the community weekly newspaper, not only for the sake of the newspaper industry and the owners of privately held newspapers, but also for the communities and citizens they serve like no other media outlet can do in such an intimate and local news manner.³⁵

2.3 Competition & Strategy

Literature has not produced definitive conclusions about whether and how weekly newspapers differentiate themselves from their weekly competitors to attract readers and therefore advertisers. However, conventional wisdom suggests that they probably do in some fashion since businesses in general differentiate to some degree. If not, then people would just flip a coin to decide between competitors. Segmenting markets by geography is a form of

differentiation, as is reallocating space among topics. However, it remains to be learned whether the online piece is a part of a weekly newspaper's strategy to try to garner as large a share of the market as possible. And, even if it is, whether it is a successful strategy in the short or long term.

Blankenburg has written that weekly newspapers possess the potential to become monopolists in their markets, adding, "Structurally, at least the country weekly would appear more monopolistic – or to put it another way, have less competition for advertising – than a daily. . . . market power depends on size relative to market, not on absolute size."³⁶ However, as more recent research establishes, weeklies face competition and typically do not enjoy a marketplace free of any media competition. Barriers to entry for weeklies have continued to fall as computer technology has become less expensive.

If a monopoly firm is defined as the only seller of a good or service with no close substitutes, most daily newspapers fit such a narrow definition since very few U.S. cities have more than one daily. Contrast that with some counties, which have two or more close substitutes in the form of paid and/or free weekly newspapers. Lacy and Coulson have called for more in-depth analysis of competition among general circulation weeklies, which is what this research paper attempted to do in the area of advertising, any newspaper's critical lifeblood source.³⁷

Meanwhile, Lacy, Coulson and Martin reported that counties, with a privately owned daily newspaper present, averaged "one weekly newspaper less than did counties with no dailies or publicly held dailies." However, "this study could not identify why counties with privately owned dailies have fewer weeklies."³⁸ Theory suggests that this may result from publicly owned dailies not investing in their newsrooms, which studies found to be the case.

Two models of newspaper competition has been researched and reported on: in layers by Rosse³⁹ and in rings by Bridges, Litman and Bridges.⁴⁰

Although little research exists on newspaper advertising from the rural merchant perspective, Smith reported that a majority of 131 advertisers surveyed in the markets of six daily newspapers “were unknowledgeable about advertising conditions in their markets and that the majority of advertisers believed small dailies compete with other media for advertising dollars.”⁴¹ Another Smith article examined the sophistication, or lack thereof, with which ad buy decisions were made by local retail advertisers, most of whom cited ad cost, not return on investment, as a crucial factor.⁴²

Even so, it’s hard to miss the surprising vitality and competition that still exists at the county level among two or more competing weekly newspapers. Unlike metropolitan cities that have long ago devolved into a single daily newspaper market, rural counties provide both advertisers/readers with a choice of weekly print advertising/news outlets.

Lacy and Picard maintained that the phenomenon of the single surviving daily newspaper in a given metropolitan city was not due to natural monopoly power but rather a result of what they termed “interactive monopoly power.” They said this type of monopoly had the effect of creating long-term barriers to market entry, due to a metro daily’s worrisome degree of power, drawn from a combination of market forces and product characteristics.⁴³ Technology has changed this process. The lower expense of starting a news operation means monopoly power has declined and continues to decline. This is especially true for weekly newspapers, which, unlike dailies, do not require ownership of a printing press.

In a University of Georgia study, the researchers reported on findings obtained from asking via survey several questions on perceived media effectiveness and substitutability within local advertising. One hundred and thirty local advertising decision makers’ survey responses showed that daily newspapers and radio are the most effective media for local advertising, that

media interchangeability in local advertising is limited to a particular set of media options, namely, daily newspapers and radio, and that patterns of media effectiveness and substitutability do not vary much by either local advertiser type or the amount spent on advertising. Also, no single medium was viewed as most effective means for advertising in a local market, according to this study, which did not include questions on the Internet.⁴⁴

Their research also found that of 14 media options, only five other media categories were viewed as first or second place substitutes for local advertising: cable TV, magazines, weekly newspapers, broadcast TV and direct mail. While this study did not include a large sample, its findings may suggest that weeklies may be looked to as alternative places to advertise by businesses who normally advertise primarily in daily newspapers. And this might suggest a strategy for weekly newspapers of successfully competing with nearby daily newspapers for advertising dollars.

Meanwhile, Lacy and Dravis found that competition from radio stations and daily newspapers affected the cost per thousand of weekly newspaper advertising, suggesting that weeklies are susceptible to inter-media competition.⁴⁵ In a later study, Shaver and Lacy found that radio and television are acceptable substitutes for people and organizations seeking to advertise in newspapers, consistent with economic theory. So, if also true for weekly newspapers, this would suggest that weeklies are not immune either from inter-media advertising competition.⁴⁶

While degree of competition varies from market to market, rural markets with two or more weekly newspapers may present advertisers with a choice of advertising in a paid distribution weekly and/or in a free distribution weekly. In some markets, advertisers choose to

advertise in the paid weekly newspaper even when the free circulation weekly has a greater newspaper distribution. Several reasons may help explain this.

1. Many paid weeklies have an advantage of a long-established community identity over that enjoyed by free weeklies, typically in existence many fewer years or decades.
2. The unique revenue advantage paid weeklies have with circulation income that free papers do not enjoy.
3. Some advertiser bias against free weeklies and preference for weeklies with paid circulation, even when dwarfed by the superior distribution numbers offered by free weeklies.
4. Practice of paid and free weeklies successfully venturing into adjoining counties to find new sources of advertising revenues to help replace shrinking ad dollars from in-county auto dealers and real estate firms that buy less print.
5. The fact that many firms advertise in weeklies out of habit and fail to hold weeklies accountable for producing advertising that delivers results.

2.4 Revenues

Daily newspaper managers have seen their overall advertising lineage and revenue decline in recent years. Even Google has found it tough to generate revenues through online advertising in partnership with newspapers. Google ended its newspaper print ad business at the end of February 2009, underscoring the industry's problems. The company had started the service in 2006, and more than 800 U.S. newspapers had used it. The news came against the backdrop of declining newspaper revenues; although online newspaper revenues are still growing, that is not nearly enough to offset losses on the print side.

Martin Langeveld highlighted a 40 percent-plus decline in daily newspaper advertising revenue, between 2005's record-setting \$49.4 billion and 2009's meager \$24.5 billion.⁴⁷ During this time period, daily newspaper print ad revenues fell more than 9.4% in 2007 and 17.4% in 2008,⁴⁸ with the freefall continuing by a decline of still 6% even in 2012.⁴⁹ Combined newspaper print and online advertising revenue totaled only \$22.3 billion in 2012, down 51.6% from \$46.1 billion in 2003.⁵⁰

While online advertising had been showing gains at some papers for a while, it was not growing fast enough to replace the print display and classified advertising lost to a variety of conditions, not the least of which has been the reduction overall of new car and real estate advertising. Online advertising for weekly newspapers has not kept pace with that at larger daily newspapers and had not changed much since 1996, according to researcher Donica Mensing's 2007 study published in *Newspaper Research Journal*.⁵¹ And the fact that consumer/reader use of newspaper websites is lagging behind the use of print editions has ramifications for advertisers and newspapers, especially weekly newspapers, from viewing newspapers' online websites as an attractive advertising medium.⁵² And that's not for a lack of adoption of websites on the part of weekly newspaper firms, most of which have some kind of a website nowadays.⁵³

Presstime reported in 2007 that sagging sales of new vehicles was torpedoing print media advertising goals: "For newspapers, which historically have benefited greatly from automakers' and franchise dealers' ad dollars, this new reality has suddenly left gaping holes in their revenue streams. Now, 20 percent, 30 percent and even 50 percent and higher drops in year-over-year auto advertising revenue are the norm."⁵⁴

However, things have changed in the ensuing five years, with U.S. auto sales for 2012 reported as the best since 2007, and more than 1.5 million units higher than 2011.⁵⁵ But that may

not be translating into more print advertising dollars for newspapers, as dealers have been paying Google significantly more in July 2013 than they were in January of 2013 to reach prospective customers via their smartphones. An Oakhurst, N.J., Cadillac dealership, for example, from March through June 2013, paid Google an average of \$3.24 whenever a smartphone shopper clicked on a Google search ad for the dealership.

That's an increase of 68% from the \$1.93 the dealership paid from November 2012 to February 2013, according to the dealership's manager.⁵⁶

According to data from the National Automobile Dealers Association (NADA), car dealerships have increased all forms of advertising except newspaper print advertising in the past 10 years ending in 2012, which has experienced a 30% drop. Table No. 1 here reports what the ad spending share of U.S. automobile dealerships by media type was from 2002 to 2012.⁵⁷ It demonstrates what newspapers have been experiencing the last 10 years, a steady decline in new car advertising.

Table 1. Auto Dealer Ad Expenditures by Media Type

Media	2002	2011	2012
Internet	5.0%	24.8%	26.6%
TV	16.7%	20.1%	20.2%
Newspapers	46.7%	20.0%	16.9%
Radio	15.7%	15.9%	15.9%
Direct mail	7.4%	9.9%	10.8%
Other	8.5%	9.3%	9.6%
Total	100.0%	100.0%	100.0%

Source: Data from National Automobile Dealers Association.

Managers in the industry generally accept, but do not often publicly acknowledge that some businesses advertise with print media out of habit, without requiring any measurable return on advertising investment. Some small businesses recognize a lack of return on investment and choose not to advertise in the local weekly newspapers, even if they previously did so. Those in

the former category supported Smith's research: "A survey of 131 advertisers in the markets of six small daily newspapers revealed that the majority of advertisers were unknowledgeable about advertising conditions in their markets ..."⁵⁸

Profitability

While maximizing profit is the goal for many newspaper firms, Lacy and Martin reported that "investment in news content by dailies can draw more readers to the publication and, conversely, as demonstrated by Thomson newspapers, that failure to invest in content, especially where competition is present result in lower circulation and penetration."⁵⁹ That can lead to declines in advertising revenues since advertising rates are based in part on circulation or size of print audience. Lacy, in a separate study, also found that investment in the news product can affect newspaper circulation.⁶⁰

The positive news is that weekly newspapers are, relatively speaking, faring financially better than many dailies, whose much-ballyhooed impending death has been predicted for decades.⁶¹ However, rather than die, some smaller dailies have simply morphed into weeklies. These small dailies typically earn, on average, half the profits that medium size daily newspapers earn, thereby pressuring them to adapt by increasing revenues, cutting expenses, staff levels or reducing publication frequency to weekly.⁶² Interestingly, dailies are feverishly trying to adopt what has been a traditional strength of weeklies, the practice of focusing on local news, now dubbed "hyper-local" news by dailies.⁶³ A recent national study of dailies and weeklies looked at the question of how each type of newspaper covered county government news compared to city government. The results showed that both dailies and weeklies provided far less news coverage of county government than they did of city government, but dailies did a better job of covering

county government than did weeklies. However, weeklies devoted greater percentage of local articles to county meeting stories than did daily newspapers.⁶⁴

2.5 Research Questions

Some theory and research findings about dailies may also be applied to weeklies, namely that each “participates in two product markets: They sell information to readers and audience access to advertisers.”⁶⁵ However, much more remains to be learned and researched about whether ownership type and/or distribution type has any relationship to the absence or presence of profit for general circulation weekly newspaper firms.⁶⁶

Answers to the following research questions were sought from this weekly newspaper survey project.

2.5.1 *Descriptive Research Questions*

RQ1: Was online ad sales part of weekly newspaper revenue strategy?

Conventional wisdom and logic suggests that for many weekly newspaper markets, where insufficient audience size exists, low or non-existent revenues from online advertising may be the norm rather than the exception here. More research about the online advertising component of weekly newspaper companies is needed to help establish whether this is true or not. Free print weeklies – which have no circulation revenue – have an extra incentive to be more aggressive in selling advertising on Websites than do paid print weeklies that enjoy additional circulation and advertising revenues.

One publisher responding to the survey wrote, “Please remember that the predictions about the newspaper mostly concern urban markets where local content is available from elsewhere – the Web, TV, etc. Here in rural areas, and in suburban markets, newspapers are

actually doing well and in some cases, growing. We offer local content that our readers cannot obtain elsewhere.”

RQ2: Did weekly newspaper managers view paid weeklies, free weeklies, radio stations and TV stations as competitors in their markets?

Studies about competition among daily newspapers are prevalent, but less so among weekly newspapers. It is believed that the weekly newspapers will make a profit with the presence or absence of non-print competitors and print competitors alike.⁶⁷ More research is needed to test to see if daily assumptions are also true for weeklies.

Traditionally, newspaper managers and advertisers alike valued paid newspapers as a more credible advertising medium than that of free weeklies. That was primarily based upon the proposition that if a person pays single copy price or annual subscription fee, the reader is more likely to read the news and advertising content of the publication. Conventional wisdom used to be that free newspapers would be less likely to be read just because it didn't cost the reader anything, but that truism has been supplanted by today's conventional wisdom that has conditioned consumers to expect all the content they read on the Internet sites to be free.

Basic economic theory suggests that when a marketplace has more than one competitor that the players will have lower revenues and profit levels than if they enjoyed either less or no competition. As Lacy and Martin reported in a 2004 study, advertisers when viewing all of their local advertising choices will tend to make subjective decisions based upon their perceptions of substitutability among various media: “It (advertising decision) is influenced by a wide range of factors from advertising sales people to the managers' previous experience with advertising. Even if a media product is a limited substitute for newspaper advertising, a newspaper's high advertising rates could result in poor substitutes becoming alternatives for advertisers.”⁶⁸

RQ3: Did a majority of weekly newspaper managers expect to be in business in five years?

One newspaper manager who responded to the survey has evolved with the times at his newspaper, writing:

This business is 74 years old. It started as a shopper in 1937, and has always competed with 100% subscription-based weeklies and dailies. My wife and I bought the business in 1975 from my grandparents. We saw the writing on the wall then. We developed our 'Free Weekly Newspaper' model in 1985, and our website in 1999, when the Internet was going to be the 'demise' of the newspaper industry. It has been the demise of the OLD newspaper model. But not our model. 2010 was the BEST year in sales in the 75-year history of the business – and we surpassed that mark in October 2010!

RQ4: Did automotive and real estate advertising remain the top advertisers for weeklies?

An unpublished research study by this researcher has shown that new automotive and real estate firms no longer view weekly newspapers as a critical part of their advertising strategies for selling cars and homes. Interviews of car dealer and real estate firm managers in several Michigan counties by this researcher for an unpublished research project revealed that they have shifted their advertising dollars to non-newspaper websites operated by MLS.com (multiple listing service) real estate or AutoTrader.com advertising companies. However, this study is very narrow since it is limited to Michigan, which is not a representative state because of its poor economy and of its possession of among the highest employment rates in the country.⁶⁹

RQ5: Did newspaper managers believe that firms advertise in free and paid distribution weekly newspapers primarily out of habit?

2.5.2 Relational Research Questions

RQ6: Was there a correlation between competition and weekly newspaper revenue or weekly newspaper profits?

In this research study, surveyed weekly newspaper managers were asked if they had competition from other media, including: paid weeklies, free weeklies, daily newspapers, radio stations, TV stations

Another respondent publisher, bullish on the future of weeklies, replied to the survey saying, “Radio was supposed to kill newspapers, TV was supposed to kill newspapers and now the Internet is supposed to. However, it should make us better able to deliver local news, with a combination of print and on-line editions. Digitalizing archives will also make weeklies more valuable in the future.”

RQ7: Was there a correlation between newspaper type (rural vs. non-rural) and weekly newspaper revenue or between newspaper type and weekly newspaper profits?

While daily newspaper circulation has been trending downward for the past 50 years, paid weeklies may actually be enjoying a resurgence in circulation growth because of two key factors: a once-a-week newspaper requires less time to read than does a newspaper delivered daily, and also because the weekly newspaper provides hyper-local content unique to the rural or suburban community that other media will not or cannot afford to cover.⁷⁰

RQ8: Was there a correlation between newspaper viability and weekly newspaper revenue or between newspaper viability and weekly newspaper profits?

Rising newsprint prices may be pushing weekly newspaper managers to reduce the press runs for their newspapers, thus reducing the free distribution numbers of their publications. They may be able to do this without endangering their competitiveness with local paid weekly

distribution newspapers so long as their free distribution numbers significantly exceeded the paid circulation of their competitors.

RQ9: Did paid and free distribution weekly newspaper firms, with competing broadcast media, in their home counties of origin make more of a profit in 2008 or in 2010?

Chapter 3

Method

This project's questions were answered using chi-square and multiple regression, for the most part, depending on the nature of the question.

The research subjects for this project were limited to those decision makers at general circulation weekly newspapers. Their titles varied from paper to paper, but included: publisher, manager, general manager, business manager, advertising manager and editor. These decision makers typically possess access and control over and intimate knowledge of their newspapers and their markets.

Focusing only on weekly newspapers was admittedly a narrow subsection of the entire print publication industry and excludes dailies, monthlies, books, newsletters, etc., but it made sense to do so for two reasons: limited amount of research about weekly newspapers and the unique role weekly newspapers play as a source/provider of local news and advertising content in rural markets.

A survey instrument was used to collect information from managers of weekly newspapers. In an effort to generate sufficient data for generalization to a national population of weekly newspapers, 1,000 weekly newspaper publishers from 48 contiguous states were electronically surveyed in spring of 2011.

Of the 1,000 weekly managers surveyed for this research project, 189 of the 202 responding managers disclosed the state in which their newspaper is located. The U.S. Census Bureau identifies four regions of the United States of America: Northeast, Midwest, South and West.⁷¹ Newspaper respondents came from these four U.S. regions in these proportions: 35% from the South, 34% from the Midwest, 17% from the West and 14% from the Northeast. Nearly 70% of

the total number of responses originated from weeklies surveyed in the South and Midwest regions. All 48 states except for Idaho, Nevada and Rhode Island, had survey responses, with the top four survey response states and their number of respondents including: California, 11, Illinois, 11, Michigan, 9, Texas 21. For each of the remaining 41 states, response rates varied from 1 to 8 newspapers replying to the survey per state.

While 202 or 20.2% of the 1,000 respondents actually started the questionnaire, 146 (72.3% of the 202) completed the entire 40-question survey. Of these 56 respondents, who did not complete the questionnaire, 6 opened the survey and answered none of the questions. This dropped the overall response rate from 202 or 20.2% down to 196 or 19.6% of the 1,000 managers originally surveyed.

A completion rate of 14.6%, representing 146 of the managers surveyed who completed the entire survey from start to finish, is less robust than desired to generalize results from these respondents to the entire population of all weeklies from which the sample of 1,000 weeklies was randomly selected. One research study that analyzed studies using both mail and e-mail for surveys discovered that e-mail did not consistently do better than U.S. Postal Service mail. Apparently, surveys by email did better than some mail surveys when it comes to response rates, but some performed worse, and some were statistically tied. While there are many advantages to email surveys over mail surveys, this study reported that responses rates are falling for surveys overall, both email and mail ones.⁷²

Although a response rate of 50% or more is highly desirable, some scholars have argued that response representativeness is more relevant than the response rate, even for response rates lower than 50%. One analysis on the subject asserted that studies surveying top executives from organizations are likely to experience lower response rates, with some research pointing to a

response rate benchmark of about 35-40 percent. The response rate in this dissertation research project was lower than this benchmark. While the respondents are all weekly newspaper managers, they are different from one another in that they come from free and paid weeklies, which are privately or publicly owned. Therefore, response representativeness would not apply to these survey respondents.⁷³

The response rates to the individual non-narrative and narrative questions ranged from 19.6% to 9.2%, with this breakdown of the percentage of the 196 respondents answering how many of the 40 questions (see Appendix D).

One hundred and forty-five participants (145 of 146, 97.8%) responded that the company's stock trade was private. The majority of participants (99 of 146, 65.6%) answered that their company did not own any free weeklies. Less than half of the participants (71 of 146, 46.7%) answered that their company owned one paid weekly. One hundred and twenty-five (125 of 146, 82.8%) participants answered that their company did not own any daily newspapers.

Two survey questions asked, respectively, if the manager's company owned paid weekly newspapers and if the company owned free weekly newspapers. Out of all 202 newspaper managers surveyed, 52 (25.7%) owned by paid and free weeklies, 114 (56.4%) owned paid weeklies only, 18 (8.9%) owned free weeklies only and 18 (8.9%) didn't answer if they owned free and/or weekly newspapers.

3.1 Sampling Design/Participation

A list of the weekly newspapers and their top managers were collected from the 2009 Editor & Publisher International Year Book. While not all weeklies are listed in the Editor & Publisher publication, it was the most complete source and is a trusted publication within the newspaper industry and academic circles.

The sample of 1,000 weekly newspapers was proportionately selected from each of the individual 48 states, based upon the number of weeklies in each state. For example, if California had 10% of the nation's 6,065 weekly newspapers, then 10% of the 1,000 newspapers to be surveyed, would be selected from E&P's listing of California weekly newspapers. After picking a random starting point, every fourth newspaper was selected until the requisite number of papers, respectively for each state, was selected for each state. Contact names, phone numbers and websites for each paper were obtained from Editor & Publisher International Year Book. Email addresses for each publisher were obtained from each newspaper's individual website and/or from Editor & Publisher Yearbook.⁷⁴

3.2 Survey Method

The project relied upon an email survey of the questions that appear in Appendix C, utilizing www.surveymonkey.com. Each manager was offered the opportunity to receive a summary report after the data have been analyzed, as an incentive to participate in the survey. Transmission of the email questionnaire was followed up in a one-week interval with an email reminder to any non-respondents among the 1,000 weekly newspaper top managers who would possess the data and information germane to this project.

Three weeks after the initial emailing, an additional email reminder was made by the researcher to any newspaper managers who had yet to participate in the survey. Four weeks after, a final email reminder was sent to remaining non-respondents.

The consent form was included in the body of the email, as well at the top of the survey to ensure it was received and seen by each respondent. See Appendix B for a copy of the written informed consent document that was included in the email survey invitation sent via www.surveymonkey.com. Confidentiality of respondents to survey is maintained by ensuring

only this researcher has access to the respondent newspaper identities, via www.surveymonkey.com.

3.3 Questionnaire

A questionnaire of 40 questions included 2 questions in the introduction, 7 questions on ownership, 4 questions on distribution and advertisers, 11 questions on competition and strategy, 5 questions on advertising revenues and expenses, and 11 questions on profitability/viability. Included in the survey design were yes/no, 5-point and 7-point interval question scales, fill-in-the-blank and narrative questions. See Appendix C for a copy of the questionnaire. Percentages of completed questionnaires for survey questions appears in Appendix D.

3.4 Validity/Reliability

A pretest of the survey instrument was conducted with two different newspaper managers, and adjustments to some of the questions were made accordingly. Respondents were supplied with option of specifying their agreement or disagreement on a symmetric 7-point agree-disagree, 5-point much higher-much lower, and 7-point very unlikely-very likely scale for a series of statements. This permits a range for the intensity of respondent feelings for a given item while the results of analysis of multiple items (if the items are developed appropriately) reveals a pattern that has scaled properties of the kind Likert identified.

The most common cause for loss of representativeness comes when small samples are solicited from a specific geographic area. When this happens, it can call into question any inference from the one isolated geographic location to other locations geographically. However, this survey intentionally drew upon a list of interview subjects from each of the 48 states, in proportion to the number of the weekly newspapers in each state and in a random process.

Table 2 first lists the percentage of the sample that responded from each state and then the percentage of the population in each state. In 38 of the 48 states, the percentage of responses in each state equaled or exceeded the population percentages of those states, respectively. For example, 4.2% of the response came from Michigan, but 3.1% of the population was from Michigan. A majority of the percentages are close, presenting a possible argument for the sample's representativeness of the population.

Table 2. Percentage of Sample of Weekly Newspapers that Responded from Each State Compared to Each State's Percentage of the U.S. Population

State	%'s	State	%'s	State	%'s	State	%'s	State	%'s	State	%
AL	1.5	GA	3.0	ME	0.4	NE	0.5	OH	3.6	TX	8.0
AZ	2.0	ID	0.5	MD	1.8	NV	0.8	OK	1.1	UT	0.8
CA	11.9	IL	4.1	MA	2.0	NH	0.4	OR	1.2	VT	0.1
AR	0.9	IN	2.0	MI	3.1	NJ	2.8	PA	4.0	VA	2.5
CO	1.6	IA	0.9	MN	1.6	NM	0.6	RI	0.3	WA	2.1
CT	1.1	KS	0.9	MS	0.9	NY	6.1	SC	1.4	WV	0.5
DE	0.2	KY	1.4	MO	1.9	NC	3.0	SD	0.2	WI	1.8
FL	6.0	LA	1.4	MT	0.3	ND	0.2	TN	2.0	WY	0.1

Source: Data from U.S. Census Bureau, <https://www.census.gov/>.

The questionnaire response rate from weekly newspapers in the 48 states from each state, as a percentage of the total number of weeklies in each state appears in Table 3. The statistical techniques applied via SPSS included the following techniques: Chi square analysis, independent sample t-tests and Spearman correlation.

Table 3. Percentage of Weekly Newspapers that Responded from Each State Shown Below as a Percentage of the Total Number of Weeklies in Each State

State	%	State	%	State	%	State	%	State	%	State	%
AL	5.4%	GA	1.4%	ME	4.4%	NE	2.0%	OH	2.1%	TX	4.9%
AZ	0.0%	ID	0.0%	MD	1.7%	NV	0.0%	OK	2.3%	UT	3.0%
CA	4.2%	IL	2.2%	MA	3.4%	NH	7.4%	OR	4.2%	VT	6.8%
AR	6.4%	IN	3.3%	MI	4.2%	NJ	3.0%	PA	3.5%	VA	3.6%
CO	5.2%	IA	1.2%	MN	1.6%	NM	1.0%	RI	0.0%	WA	7.1%
CT	1.2%	KS	2.9%	MS	3.8%	NY	1.3%	SC	2.8%	WV	3.8%
DE	6.2%	KY	2.5%	MO	5.3%	NC	4.2%	SD	3.6%	WI	1.0%
FL	2.0%	LA	6.9%	MT	1.5%	ND	3.7%	TN	3.0%	WY	3.2%

Source: Data from 2009 Editor & Publisher International Yearbook, Editor & Publisher, 17782 Cowan, Suite A, Irvine, CA 92614.

3.5 Statistical Analysis

Multiple regression was employed to allow for control of the multiple independent variables and their potential effect upon, relationship to the two dependent variables: revenue levels and profit levels of weekly newspapers. Since questions of increasing and/or decreasing revenue and profit levels led to responses along 5-point or 7-point interval scales, multiple regression was the appropriate statistical analysis to apply to this survey data.

A two-sample proportion z test was conducted to assess for significant differences in the disagree and agree responses to the inquiry: Do newspaper managers believe that firms advertise in free and paid distribution weekly newspapers primarily out of habit?

A chi square analysis was conducted to determine if there exists a statistically significant relationship between weeklies with radio competition and separately between weeklies and TV stations.

3.6 Dependent Variables

Two dependent variables were examined in this research study project: revenue and profit of weekly newspapers. Each of the survey questions, relating to dependent variables revenue and profits, asked the newspaper managers to indicate whether revenues and profits had experienced an increase or decrease or had no change in 2010 budget year compared to 2008 budget year. The survey respondents were given the opportunity to supply their answers to these questions on five-point interval question scale.

Theoretically, this research sought to learn whether weekly newspaper's revenues and/or profits could be correlated to various outside predictors, namely competition.

3.7 Independent Variables

A number of independent variables were examined in this research study project: paid weekly, free weekly, daily newspaper, radio station, TV station, online ad sales, viability, competition index, newspaper type (rural versus non-rural).

Newspaper managers responding to the research survey were asked to respond on a 7-point interval answer scale to indicate how much or little competition each faced from paid weeklies, free weeklies, daily newspapers, radio stations and TV stations. There were five survey questions focusing on managers' perception of competition.

Theoretically, this research sought to learn whether things like competition, viability, ownership type and other predictor variables mentioned above would have any correlation or relationship to the increase or decrease of a weekly newspaper's revenues and/or profits. Concretely, what was being measured was the presence or absence of relationship between individual independent variables of competition upon dependent variables of revenue and profit levels.

Two questions were asked of managers about their perception of their individual newspapers future viability by asking how certain they were that they would still be in business a year into the future and five years into the future. Again a 7-point interval answer scale was used by survey respondents.

Also, an index of competition was formed by combining all of the individual competitive independent variables to discover whether, as a composite index, competition had any effect upon revenue and profit levels. And since newspaper managers are protective and not inclined to disclose actual dollar figures when it comes to revenues or percentages when it comes to profits, this research project resorted to soliciting interval-level characterizations from managers on whether revenue levels or profits levels had increased or decreased in 2010 compared to their levels in 2008.

Chapter 4

Results

The respondents to the survey for this research project hailed mostly from rural newspapers, with a tiny number of them publicly owned and a clear majority from paid circulation versus a smaller number of free distribution newspapers. Most of those responding were publishers, editors or in many cases one manager holding the title of editor and publisher. While the presence of more than one competing daily newspaper has long since disappeared from metropolitan cities, competition appeared plentiful in the mostly rural or suburban markets in which most weeklies are located.

4.1 Descriptive Findings

Regarding ownership type, only 4.3% the weekly newspapers responding were publicly owned and 95.7% were privately owned. Also, 88.4% of the weeklies responding are paid distribution and 11.6% were free distribution.

Newspaper managers also identified each of their weekly newspapers as urban (located in the central city of a metropolitan area), suburban (located in a suburb within a metropolitan area) or outstate (located outside of metropolitan areas, i.e. rural). Of the 186 responding, 72.04% self-identified as outstate (rural), 25.81% suburban and 2.15% metropolitan.

When it comes to selling advertising online at their weekly publication's websites, 32% of the 153 managers responding said they don't sell advertising at all online and 26% didn't first start selling advertising online until sometime between 2006 and 2010.

As far as competition goes in their county, 60.4% of the 149 responding managers said they had between 1 and 10 paid weeklies, compared to 34.9% saying they had zero competing paid weeklies in their county, with the remaining 4.7% providing answers above 10 weeklies or

replying they didn't know. That contrasted with 51% of the managers reporting they had competition from between 1 and 10 free weeklies in their county, compared to 42.28% saying they have zero free weeklies with which to compete, with the remaining 6.71% of the managers providing answers of above 10 competing free weeklies or replying they didn't know. Table 4 shows what percentage of responding newspaper firms owns how many free weekly, paid weekly and daily newspapers.

Table 4. Shows What Percentage of Responding Newspaper Firms Owns What Quantity of Free Weeklies, Paid Weeklies and Dailies

# of papers owned by owned by companies	Percentage of types of papers owned by		
	Free weekly	Paid weekly	Daily
0	10.44%	62.16%	81.32%
1	45.05%	17.30%	5.49%
2	12.64%	6.49%	3.30%
3	9.34%	4.86%	2.20%
4	4.40%	1.08%	1.65%
5	3.85%	1.08%	0.00%
6	1.10%	1.08%	0.00%
7+	3.30%	0.54%	2.20%
no answer	9.88%	5.41%	3.84%
Total	100%	100%	100%
N	182	185	182

Responding to the question about type of ownership, 7 of the weekly newspaper firms said they are publicly traded and 145 of the firms said they are privately owned. The underrepresentation of publicly owned weeklies makes any test of differences between privately and publicly held weeklies impossible. It is also possible that publicly owned weeklies may have corporate policies against answering surveys.

Ninety-six participants (61%) answered that his/her role at the newspaper was publisher, followed by 83 (54%) participants' role as editor, followed by 31% general managers, 32% owners, 19% ad managers. Since many of the managers wear two, three or more hats at their weekly, the percentages obviously total more than 100%. But some of the respondents who were

editors and ad managers, in particular, provided anecdotal feedback confirming that they lacked access to financial information necessary to answer some survey questions.

Frequencies and percentages participant’s roles at newspaper are presented in Table 5.

Table 5. Frequencies and Percentages for Roles at Newspaper

Roles at newspaper*	n	%
Publisher	115	61.5%
GM	59	31.55%
Editor	101	54.01%
Owner	61	32.62%
Ad manager	36	19.25%

*Note: Participants could select multiple responses; therefore total of n doesn’t equal total of respondents and total of individual percentages doesn’t equal 100%.

RQ1: Was online ad sales part of weekly newspaper revenue strategy?

Selling online advertising is not a part of most weekly newspaper’s revenue strategies, as evidenced by only 25.7% of weeklies agreeing, 51.4% disagreeing and 22.9% neither agreeing nor disagreeing.

RQ2: Did weekly newspapers view paid weeklies, free weeklies, radio stations and TV stations as competitors in their markets?

Managers of weeklies ranked forms of media with which they compete for advertising dollars ranked as follows: No. 1 – 58% of managers cited intense competition with radio stations; No. 2 – 56% of managers cited intense competition with daily newspapers; No. 3 – 39% of managers cited intense competition with paid weekly papers; No. 4 – 38% of managers cited intense competition with free paid weekly papers, and No. 5 – only 27% of managers cited intense competition with TV stations.

While 58%, of the responding managers claimed intense competition with radio stations for advertising dollars, 56% of managers viewed daily newspapers as a close second to radio stations as intensely competing for advertising dollars.

RQ3: Did a majority of weekly newspaper managers expect to be in business in five years?

A super majority, 93% of responding newspaper managers, said they did not anticipate their newspapers closing within one year, and 84.6% said they didn't anticipate their newspapers shutting down within the next five years. Clearly, managers in this survey are bullish about being around five years from when they answered the survey.

RQ4: Did automotive and real estate advertising remain the top advertisers for weeklies?

Thirty-seven participants (24.2%) ranked grocery number one as the weekly newspaper firm's top advertiser. Thirty-two (20.9%) participants ranked retail number two as the weekly newspaper firm's top advertiser. Twenty-six (38.2%) participants ranked automotive number three as the weekly newspaper firm's top advertiser. Rankings here are subject to some distortion due to the small n. One conclusion is that some of the ad categories do not appear in a lot of newspapers, but the ad categories are important to the papers in which they appear. Frequencies and percentages for the ranks of the top three print advertisers are presented in Table 6.

Table 6. Frequencies and Percentages for Rank of Top 3 Print Advertisers

ARI*	Category	MBN**	Rank					
			1		2		3	
			n	%	n	%	n	%
2.571	Gambling	17.99	5	3.16	1	0.65	1	0.68
2.352	Grocery	159.93	37	23.42	18	11.69	13	8.78
2.330	Attorneys	13.98	3	1.90	2	1.30	1	0.68
2.106	Medical	138.96	24	15.19	25	16.23	17	11.48
2.087	Real estate	118.95	21	13.29	20	12.98	16	10.81
1.987	Retail	158.96	23	14.56	33	21.43	24	16.22
1.915	Automotive	135.96	21	13.29	23	14.93	27	18.24
1.790	Other	55.49	12	7.59	4	2.60	15	10.14
1.709	Banking	93.99	9	5.70	21	13.64	25	16.89
1.684	Insurance	31.99	3	1.90	7	4.55	9	6.08
	N		158		154		148	

Table 6 (Cont'd)

*ARI stands for average relative importance. The advertising with the highest average is the most important, second highest, second most important, etc. Average relative importance figures were obtained by giving every first rank a value of 3, each second rank a value of 2, and each third rank a value of 1. Then those numbers were added together and divided by the number of respondents who listed them. **MPN stands for multiply by N (total number of papers for each advertising category).

4.2 Relational Findings

RQ5: Did newspaper managers believe that firms advertise in free and paid distribution weekly newspapers primarily out of habit?

Most newspaper managers believe that firms do not advertise in free and paid distribution weekly newspapers primarily out of habit. Responses included 67.8% (103) disagreeing, 24.3% (37) agreeing and 7.9% (12) neither agreeing nor disagreeing. A two-sample proportion z test was conducted to assess for significant differences in the disagree and agree responses. Results were significant, $z = 7.59$, $p < .001$, suggesting that the proportion of participants that selected “disagree” was significantly higher than the proportion that selected “agree”.

RQ6: Was there a correlation between competition and weekly newspaper revenue or with weekly newspaper profits?

Dependent variables competition index (consisting of free weekly, paid weekly, daily newspaper, TV) failed using regression to predict the results of revenue or profits, with a significance level of only .296 after running separate regression analyses for independent variables revenue and profit. Therefore, competition is not highly correlated with either weekly newspaper revenue or weekly newspaper profit. See Table 7 and Table 8 below.

RQ7: Was there a correlation between newspaper type (rural vs. non-rural) and weekly newspaper revenue or between newspaper type and weekly newspaper profits?

Dependent variable newspaper type (rural vs. non-rural) failed using regression to predict the results of revenue or profits, with a significance level of only .296 after running separate regression analyses for independent variables revenue and profit. Therefore, newspaper geographic location is not highly correlated with either weekly newspaper revenue or weekly newspaper profit. See Table 6 and Table 7 below.

RQ8: Was there a correlation between newspaper viability and weekly newspaper revenue or between newspaper viability and weekly newspaper profits?

Dependent variable viability (viability 5 years out) also failed using regression to predict the results of revenue or profits, with a significance level of only .296 after running separate regression analyses for independent variables revenue and profit. Therefore, newspaper viability is not highly correlated with either weekly newspaper revenue or weekly newspaper profit. See Table 6 and Table 7 below.

Table 7. ANOVA for the effect of predictor variables on weekly newspaper revenue.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.055	3	2.018	1.246	.296
	Residual	200.914	124	1.620		
	Total	206.969	127			

- a. Dependent Variable: Revenue from 2008 to 2010
- b. Predictors: (Constant), Dummy for paper type, Viable in 5 years, Total competition index

Table 8. ANOVA for the effect of predictor variables on weekly newspaper profit.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.055	3	2.018	1.246	.296
	Residual	200.914	124	1.620		
	Total	206.969	127			

- a. Dependent Variable: Profit from 2008 to 2010
- b. Predictors: (Constant), Dummy for paper type, Viable in 5 years, Total competition index

RQ9: Did paid and free distribution weekly newspaper firms, with competing broadcast media, in their home counties of origin make more of a profit in 2008 or in 2010?

The first of two chi square analyses (Radio & TV) conducted was significant and, therefore, suggests a relationship between weekly newspaper intense competition for advertising (with radio stations) and the weekly newspaper’s net profits after taxes in 2010 (compared with 2008). Results of the second chi square were not significant, indicating no comparable relationship between weekly newspaper intense competition for advertising (with TV stations) and the weekly newspaper firm’s net profits after taxes in 2010 (compared with 2008).

The results of the first chi square (Radio competition) were significant, χ^2 (df4) = 12.16, p = .016, suggesting that there was a relationship between weekly newspaper intense competition for advertising (with radio stations in primary county of business) and the weekly newspaper firm’s net profits after taxes in 2010 (compared with 2008). Higher profits and a disagreement with intense competition resulted in a counted response of 20 (expected 13.9). Same profits and a disagreement with intense competitions resulted in a counted response of four (expected 9.9). Because of the low cell sizes for “neither” responses, the chi square was re-run without these. The results of the chi square came out similarly, χ^2 (df2) = 7.28, p = .026, supporting the previously found results. Results of the first chi square are presented in Table 9.

Table 9. Chi Square Analysis on Newspaper Intense Competition for Advertising (with Radio Stations in Primary County of Business) and Weekly Newspaper Firm’s Net Profits after Taxes in 2010 (compared with 2008)

Net profits after taxes in 2010	Weekly competes intensely with radio stations			χ^2 (df4)	p
	Agree	Neither	Disagree		
Higher profit	21[27.3%]	1[10.0%]	20[46.5%]	12.16	.016
Same profit	21[27.3%]	5[50.0%]	4[09.3%]		
Lower profit	35[45.4%]	4[40.0%]	19[44.2%]		
Total	77[100%]	10[100%]	43[100%]		

The results of the second chi square were not significant, $\chi^2(4) = 3.68, p = .452$, suggesting that there was not a relationship between weekly newspaper intense competition for advertising (with TV stations in primary county of business) and the weekly newspaper firm's net profits after taxes in 2010 (compared with 2008). Because of the low cell sizes for "neither" responses, the chi square was re-run without these. The results of the chi square came out similarly, $\chi^2(df2) = 2.51, p = .285$, supporting the previously found results. Results of the second chi square are presented in Table 10.

Table 10. Chi Square Analysis on Newspaper Intense Competition for Advertising (with TV Stations in Primary County of Business) and Weekly Newspaper Firm's Net Profits after Taxes in 2010 (compared with 2008)

Net profits after taxes in 2010	Weekly competes intensely with TV stations			$\chi^2(df4)$	<i>p</i>
	Agree	Neither	Disagree		
Higher profit	11[27.5%]	3[20.0%]	29[37.2%]	3.68	.452
Same profit	12[30.0%]	4[26.7%]	14[17.9%]		
Lower profit	17[42.5%]	8[53.3%]	35[44.9%]		
Total	40[100%]	15[100%]	78[100%]		

The questionnaire resulted in these open-ended responses from some of the weekly newspaper managers:

- “Advertising markets vary run the gamut: stable, extremely slow, stagnant, full of very loyal advertisers, steady but gradually declining, weak, poor economy, lower income residents, mostly franchised advertisers where advertising decisions are made remotely.”
- “Some markets are dominated by casino money but casino does not advertise locally. Market is struggling and so is the newspaper, but many businesses are surviving and so is this newspaper.”

- “Many local advertisers have a tendency to support local activities through their advertising more so than in support of their actual business. Although the weekly ad market is softer than it was in 2009, it is stronger than it was in 2010.”
- “Extremely rural, low retail base, dependent upon real estate advertising and real estate is hurting.”
- “Strong base of clients who advertise weekly, starting to see an increase in advertising from the last year’s slight depression.”
- “Serve a rural area that features strong local support from the community – lots of auto dealers and grocery stores, strong, anemic, good growth potential and expanding manufacturing base is fueling growth, more deaths than births.”

Chapter 5

Conclusion

This research project, which examined the nature of the weekly newspaper industry during the Great Recession, explored several overarching questions.

Were weeklies planning on closing their doors or selling their newspapers in the foreseeable future? Did weekly newspaper firms view online advertising as an important strategy for remaining viable in the future? Did key traditional advertisers, such as car dealers and real estate firms, reduce or stop advertising in weekly print newspapers? Did weeklies face significant competition from other media?

Contrary to popular conventional wisdom about the world wide web serving as the newspaper industry's salvation for multiple millions of dollars of lost print advertising revenue, it was somewhat surprising to learn that a majority of the newspaper manager respondents didn't really buy into this premise of a gold rush of online advertising dollars awaiting them. But it shouldn't be all that surprising to think that weekly newspapers, especially those in rural markets where many have fewer than 2,000 paid subscribers, would not pursue scarce and perhaps nonexistent online advertisers with newspaper resources becoming more scarce. While the future may be in the online arena for content providers, it remains to be seen how economies of scale will ever make it a viable revenue stream for smaller weekly newspapers unless perhaps state newspaper/press associations can marshal and organize their state's weeklies into a large enough vehicle for attracting statewide and national online ads.

While the newspaper website with its advertising sales potential has been touted as both replacement for and savior of print newspapers, survey responses from weekly newspaper managers tell a different story: A 75% majority of the survey respondents confirmed that

generating revenue from online advertising sales is not a part of their newspapers' revenue strategy. That might help explain why 380 or 38% of the 1,000 weeklies surveyed had no websites, according to Editor & Publisher Yearbook.⁷⁵ The survey results also confirm an earlier study published in 2012 on the state of weekly newspapers in the United States, by Coulson, Lacy, Riffe and Blom, reporting that weekly newspapers in general have not adopted and embraced Internet technology with a proactive eye toward maximizing revenues.⁷⁶

Daily newspapers and even publicly owned groups of weekly newspapers might have the resources, staff and time to make online advertising sales a key part of their revenue strategy. But for many privately owned weeklies their full-time staff may total as few as two or three people. The failure to adopt web ad sales strategy may have more to do with lack of resources than with lack of desire. The survey responses bear this out.

The fact that radio stations are viewed as the top competitor for weeklies by a majority of the newspaper manager respondents in this survey underscores the ability and strength of radio to advertise and promote local business sales and local news, with the added ego gratification for a car dealer hearing his own voice on the radio, and more importantly his customers, neighbors and golf buddies affirming that they heard his ad spots on the radio. While TV stations have the same ego pull, they tend to pull more ad dollars in medium and larger size markets, less so in the rural markets in which so many weeklies operate.

To a much lesser degree, weekly newspapers perceived competitive threats from TV stations, free weeklies and paid weeklies. Percentage of weekly newspaper managers perceiving threats to these various other forms of media with which they compete for advertising dollars ranked as follows: No. 1 – 58% of managers cited intense competition with radio stations; No. 2 – 56% of managers cited intense competition with daily newspapers; No. 3 – 39% of managers

cited intense competition with paid weekly papers; No. 4 – 38% of managers cited intense competition with free paid weekly papers, and No. 5 – only 27% of managers cited intense competition with TV stations.

Stability (or belief the newspaper would still be in business five years out) also did not predict the results of profits and revenues. A majority of newspaper manager chimed in strongly that they anticipated being around for at least five years into the future. What this communicated was that despite tough recessionary times weekly newspapers had found ways to adapt and either sell more advertising and/or make do with less revenue by accepting lower overall revenues and profits and/or by cutting expenses. Given the lower cost structure of weekly newspapers, it remains to be seen if weeklies will reach a tipping point beyond which viability is not possible.

The struggles of some weeklies notwithstanding, a full 93% of responding newspaper managers said they did not anticipate their newspapers closing within one year, and 84.6% said they didn't anticipate their newspapers shutting down within the next five years. That optimism about keeping the doors open in the next five years could suggest that, even for weeklies that are earning lower revenues and profits, the managers in this survey believe they can weather adverse economic conditions and remain viable into at least the near future.

As to the future viability of weekly newspapers, Rosse maintained that a newspaper's ability to survive in a particular geographic area depends upon its ability to provide customers with a unique product: local information. He went on to suggest that newspapers would face competition for audience and advertising, not from other local newspapers primarily, but from other local media and advertising outlets.⁷⁷

The verdict is in and car dealers and real estate brokers have known experientially for more than a decade that they by and large don't see a positive correlation between print

advertising and additional foot traffic into their respective sales lots or offices. For years, both of these formerly huge weekly newspaper advertisers have found a much larger return on investment marketing their new cars or homes for sale on online advertising sites like Auto Trader and free real estate sites like Zillow and free classified sites like Craig's List. Some Realtors continue to advertise with print newspapers, but oftentimes do so only under pressure from their home-selling clients who perceive the agent is not doing his job if not advertising in the local newspaper. However, as more and more consumers access online portals in their search for buying cars and homes, even consumer reliance on print advertising will diminish, at least in these two fields.

While nearly two-thirds of newspaper manager respondents reported their belief that merchants do not just advertise out of habit alone, this researcher's experience as a former weekly newspaper owner, publisher and ad sales manager found the opposite to be true in at least in one rural weekly newspaper market. More often than not, merchants did in fact tend to make advertising buy decisions based upon their friendship with a weekly newspaper sales rep. This researcher did find, however, that new car dealers were sometimes the exception to this rule, even in rural markets, choosing to do no or very little print newspaper advertising in local weeklies.

The analysis, using a composite index for competition failed to predict the results of profits and revenues. The fact that regression statistics showed no significant relationship between competition composite and revenue nor between competition composite and profit may indicate that, at least in rural markets, that weekly newspapers enjoy more freedom to operate a business, generate revenues and earn a profit with fewer obstacles caused by competitors, at least.

Data confirming weeklies experience competition with other weekly newspapers supports research in at least two studies, one by Guenther⁷⁸ and another by Lacy and Davis,⁷⁹ that concluded evidence existed of direct competition between weeklies in the same market. However, between paid and free weeklies, as Martin reported, “Free circulation may also make it easier for new weeklies to acquire readers.”⁸⁰ He cited the fact that Gannett and Lee Enterprises, two publicly traded newspaper companies, have launched free weeklies as a strategy for attracting younger readers who have less of an interest in reading a daily newspaper.⁸¹

The fact that more than half, or 58%, of the respondents claimed intense competition with radio stations for advertising dollars suggests that inter-media competition represents more of a threat to weeklies than even other weeklies, paid or free, pose to the weeklies. However, nearly as many managers, 56%, see daily newspapers as a close second to radio stations as intensely competing for advertising dollars and thereby posing a threat to a newspaper’s bottom line profits. Lacy reported that electronic and other inter-media competition is only going to continue to grow. This additional pressure on weekly and daily newspapers is a challenge that managers must face as they will increasingly compete with other media like radio and other media for advertising dollars.⁸²

Clustering of newspapers in regional groups was seen by newspaper managers as a way to reach and allow advertisers to reach a single geographic area with one ad buy, something that Morton accurately predicted would become a buzzword in the 1990s.⁸³ The mounting pressure on publicly and privately owned weekly newspaper companies to maintain profit margins will likely ensure the continuation and perhaps additional pursuit of firms buying weeklies to give them a competitive advantage that clustering affords.

Group-owned weeklies may have a competitive advantage, according to Martin, because they “may hold down ad prices while distributing more free circulation to increase their competitive advantage in markets where entry barriers are low.”⁸⁴ The downside going forward is that weekly consolidation might also bring about the decline of weeklies in some markets.⁸⁵

While most of the predictor variables did not explain variations in weekly newspaper performance, radio competition was shown to have an effect. Regarding competition, weekly newspapers in this study perceived strong competition for ad dollars from radio stations and nearby daily newspapers as affecting the weekly newspaper’s net profits the most. But this is not surprising as it confirms earlier research that suggested as much. Shaver and Lacy found that radio and television are acceptable substitutes for people and organizations seeking to advertise in newspapers, consistent with economic theory. So, if also true for weekly newspapers, this would suggest that weeklies are not immune either from inter-media advertising competition.⁸⁶

Previous research suggests that weekly newspapers have employed the use of websites to share news and information with its readers, some to a greater or lesser degree, to try and recruit new subscribers and to sell additional advertising.⁸⁷ However, the results in this dissertation study reflected a majority weekly newspaper manager respondents do not believe that significant website revenue is achievable and also have not adopted a web-based ad sales strategy.

Car dealers and real estate firms have slipped as ad revenue sources from prior decades when they were known as weekly newspaper’s major sources of advertising revenue dollars, survey responses confirmed. As demonstrated earlier in Table 6, based upon average relative importance, categories of advertisers were ranked as follows by weekly newspaper managers: No. 1 Gambling, No. 2 Grocery, No. 3 Attorneys, No. 4 Medical, No. 5 Real Estate, No. 6 Retail, No. 7 Automotive, No. 8 Other, No. 9 Banking, No. 10 Insurance. However, this is misleading

actually only a small number of weeklies in this survey actually had gambling and attorney advertising.

While about one-half of the managers responded that they still receive real estate and/or automotive advertising, it's clear that newspapers are earning historically lower revenue from real estate and automotive advertisers, as well as from grocery, than in decades gone by.

Although grocery is still listed at No. 3 advertiser position, grocery store advertisements bring in substantially less advertising revenue now than they did decades ago when they ran primarily in-paper display advertising. Grocers, with their current practice of paying an insert fee to insert their own preprinted grocery ad circulars into the newspaper, yield much fewer ad dollars to newspapers than when they bought in-paper display grocery sales display advertisements.

Based upon an unpublished survey of 40 Michigan weekly newspapers, some weekly newspapers still manage to sell full-page print ads to new car dealers. Even so, these weekly Michigan publishers bemoan the fact that new car dealers have greatly reduced or even stopped advertising in weekly newspapers. Instead, there's a greater reliance by auto dealers in these weekly Michigan newspapers' markets on using their websites, including SEO (search engine optimization), direct mail and third-party companies to generate sales leads for prospective buyers of their new cars. These publishers reported that the same can be said for Michigan real estate companies, which report the main reason some of them even still advertise in their print newspapers is because home sellers pressure them to advertise in newspapers as proof of sales efforts ... in spite of the fact that real estate brokers receive few leads or calls as a result of home for sale ads appearing in the newspaper.⁸⁸

In spite of the reduction in dollars spent with weekly newspapers by key advertising categories like automotive and real estate, several weekly newspaper managers surveyed for this

study remain bullish on the future of weekly newspapers, with some like this weekly newspaper publisher, who reported:

We have very low advertising rates compared to daily newspapers in the area, so when we attempt to sell, a lot of the advertisers with lower budgets are much more likely to advertise with us, even though our circulation is less. Our readership is significantly higher than our circulation because we carry local news, and an added bonus to advertising with us is that our shelf life is longer. Also, because our newspaper itself is smaller and does not contain wire, it is read cover to cover – therefore ads in our newspaper are noticed. Many of our advertisers say they receive a lot of business from our readers because ads are not squeezed into the newspaper among articles no one is reading.

A second weekly publisher reported: “With the struggling economy, I think it is obvious weekly papers are more likely to succeed than daily newspapers ... just think, we only have to fill an advertising quota once a week, whereas our competitors are required to do it 5-7 days a week. This makes it much easier to make our publication profitable.”

A third weekly publisher reported, “Also, because the economy is tougher, there is a lot more public adversity. This gives us more controversial news to publish, which sells more newspapers. As we sell more, we have advertisers calling us. In a small community, word gets around quickly. Local businesses also want to see other local businesses succeed.”

A fourth weekly publisher reported, “With television, I think it is necessary for newspapers to think outside the box and stop relying on wire to fill the newspaper - people are getting the same news everywhere. In my opinion, local news, and plenty of it, is very important and necessary for a newspaper in today's world to flourish....”

While online advertising offers the potential of bringing additional advertising dollars, even to rural weeklies, many weeklies already have captured the advertising budgets of mom and pop businesses; and would be hard-pressed to sell these same advertisers online ads, too, without just simply shifting dollars from print to online. Surveyed newspaper managers, 40.2% of them to be exact, reported earning more online revenue in 2010 than in 2008, while 16.1% of managers reported earning less online ad revenue in the same time period comparison. But when newspaper web sites earn only pennies on the dollars that weekly newspapers earn via print ad sales, the percentage increase in online ad sales fails to tell the whole story. However, even if rural weekly newspapers do not aggressively pursue online advertising revenues, weeklies may find nearby daily newspapers reaching into their rural markets via sale of advertising on their daily websites. As Bridges, Litman and Bridges contend, “When advertising becomes a major revenue component of newspaper web sites, the pattern of competition will change again.”⁸⁹

The data from this research study found many of the weekly newspapers surveyed across the United States were financially doing about the same or a little better in 2010 compared to 2008, although some papers were not faring well. While most of the responding newspaper managers optimistically reported that their firms’ performance would improve, still a significant number of the weeklies seemed to be struggling. Case in point: 61 weeklies or about 32% of those surveyed had lower profits, which is a significant percentage even though it is not a majority.

5.1 Limitations

Research project limitations always include the possibility of a lower than desired response rate. A robust response rate of 50% or greater to the survey would help maximize the possibility of generalizing results from these respondents to the entire population of all weeklies

from which the sample of 1,000 weeklies was randomly selected. However, the response rate was only about 14% in this electronic survey of 1,000 newspaper managers.

Another limiting factor likely was the reluctance of many top managers, with access to P&L data for their weekly newspapers, to comment about the financial performance of their publications. And for those papers' managers, where editors or advertising directors (not publishers or general managers or owners) ended up responding, those lower level managers responding may literally been unable to answer financial questions if they had no access and/or permission to share financial information, even under the cloak of an anonymous survey.

5.2 Recommendations

It would be useful in future research to study whether merchants advertise with radio stations out of habit, without requiring a measurable return on invested ad dollars, like so many mom and pop retailers do with weekly newspapers. It would also be helpful to learn if the prestige of having one's business advertised through a voice-powered medium like radio gives radio stations a competitive advantage over print weekly newspapers.

Another area of future research could focus on how much advertising for certain market categories, like grocery, comes in the form of advertising inserts versus display ads ... while grocery ranked as No. 2 print advertising for weeklies in this research study, the question didn't specify type of advertising, i.e. display ads or inserted circular advertising. This would be a more focused area worth examining since newspapers earn far more revenue dollars from display advertising than they do from insert advertising circulars.

In these especially challenging times since the onslaught of the recession several years ago, why wouldn't every weekly newspaper have sales of online advertising a centerpiece of their revenue strategy? The answer may lie in the types of ownership of weekly newspapers:

privately owned and publicly traded/owned, but this question could not be addressed here because there were so few publicly owned weeklies in this research project. Future studies on the percentage of total weekly ad revenue coming from online advertising dollars would be worth pursuing.

Measurably significant data turned up in this research study in terms of weekly newspapers viewing local radio stations as a significant competitor, but TV stations and daily newspapers were not viewed as strong competitors by the weekly newspapers in their respective county markets. Further research focusing on the competitive relationship between weekly newspapers and radio stations would be helpful in better understanding the future viability of both of those mediums in the marketplace.

Finally, it would be beneficial to investigate rural (outstate) weekly newspapers alone to learn what best practices they are engaged in that are contributing to their ability to survive and thrive in their rural markets.

APPENDICES

APPENDIX A

Definition of Terms

Terms unique to this research study are defined below:

Advertising display – advertising in print publications

Advertising online – advertising that appears online on websites

Advertising revenue – dollars resulting from sale of advertising

Distribution free – newspapers delivered to readers free of charge

Distribution paid – newspapers distributed for a subscription or single copy price to readers

Manager (or general manager) – sometimes top or second in command manager at a newspaper

Newspaper publisher – top manager at a newspaper

Newspaper editor – manager in charge of editorial content at a newspaper, who usually reports to a publisher or a general manager, but at weeklies is sometimes also the top financial manager, too.

Non-dailies – another term or name for weekly newspapers.

Ownership private – independently owned, not traded on stock market.

Ownership public – publicly owned company, with shares traded on stock market.

P & L – shorthand standing for profit and loss

Profit – each dollar of revenue remaining after operating expenses are deducted.

Single copy price – refers to the cost of buying a single copy of a newspaper from a newspaper coin box or from a newsstand inside a store or business.

Subscription fee – refers to the cost of buying a newspaper, typically for six months or a year, and receiving it via U.S. mail or via private motor route or foot carrier.

APPENDIX B

Dear Weekly Newspaper Publisher/General Manager:

This survey questionnaire is part of a research project concerning weekly newspapers and relies on your expertise, familiarity and knowledge of weeklies.

In return for your participation, we would be happy to send you a short report about the results of the survey when the data have been analyzed. If you would like a report, please send a message to: alan_blanchard@hotmail.com with your email address and name.

However, if you would prefer a printed survey, email me to that effect and I'll send you one via snail mail with postage paid, self-addressed envelope.

Should you choose to participate in this in-depth survey, your identity and your business' identity will not be disclosed or used. Your privacy will be protected to the maximum extent of the law. Please respond to each question and statement as completely as possible. You may be assured of complete confidentiality. Under no circumstances will you be identified in any report. Feel free to call (616) 222-1504 or email alan_blanchard@hotmail.com with questions. Participating in this survey constitutes permission to use the data.

If you have any questions or concerns regarding your rights as a study participant or are dissatisfied at any time with any aspect of this study, you may contact primary investigator Stephen Lacy, Ph.D., at slacy@msu.edu, 517-432-1332, Associate Dean for Graduate Studies, Michigan State University, 293 Communication Arts & Sciences Building, East Lansing, MI 48824; or myself. The study identification number is IRB i036327.

Participation is voluntary. You can refuse to participate, refuse to answer particular questions or choose to withdraw at any time prior to submitting the survey without penalty or consequence.

Please select the responses below that best represent your experience and opinions. Thank you for participating.

Sincerely,

Alan D. Blanchard
P.O. Box 732
Greenville, MI 48838
616.222.1504 or 616.835.5574

APPENDIX C

Weekly Newspaper Ad Research Questionnaire – Alan D Blanchard – Ph.D. Candidate MSU

1. Weekly Newspaper Research Study – Questionnaire

Dear Weekly Newspaper Publisher/General Manager:

This questionnaire concerns weekly newspapers and relies on your expertise, familiarity and knowledge of weeklies.

However, if you would prefer a printed survey, email me to that effect and I'll send you one via snail mail with postage paid, self-addressed envelope.

In return for your participation, we would be happy to send you a short report about the results of the survey when the data have been analyzed. If you would like a report, please send a message to: alan_blanchard@hotmail.com with your email address and name.

Please respond to each question and statement as completely as possible. You may be assured of complete confidentiality. Under no circumstances will you be identified in any report. Feel free to call (616) 222-1504 or email alan_blanchard@hotmail.com with questions.

Participating in this survey constitutes permission to use the data.

If you have any questions or concerns regarding your rights as a study participant or are dissatisfied at any time with any aspect of this study, you may contact primary investigator Stephen Lacy, Ph.D., at slacy@msu.edu, 517-432-1332, Associate Dean for Graduate Studies, Michigan State University, 293 Communication Arts & Sciences Building, East Lansing, MI 48824; or myself. The study identification number is IRB i036327.

Participation is voluntary. You can refuse to participate, refuse to answer particular questions or choose to withdraw at any time prior to submitting the survey without penalty or consequence.

Please select the responses below that best represent your experience and opinions.

Thank you for participating.

Sincerely,

Alan D. Blanchard
Ph.D. candidate, Michigan State University
alan_blanchard@hotmail.com

1. Do you wish to participate in this research project? If your answer is yes, please continue with the survey. If your answer is no, please submit the survey as is.

YES

NO

2. If you have selected "yes" above that you plan to participate in this survey research, would you like to receive a summary report on my research findings after I've had time to analyze the data? If yes, please email me at alan_blanchard@hotmail.com with the following words in the subject line: WEEKLY NEWSPAPER RESEARCH PROJECT

YES

NO

2. Section I – Ownership

Following questions focus upon weekly newspaper's ownership in your country. Please respond by selecting the appropriate answer on the drop-down menus, checking the appropriate answer box and/or by typing your answer in the blank.

3. In what state is this weekly newspaper located?

State: _____ (dropdown menu allows respondent to choose state)

4. Is this newspaper company's stock publicly traded?

Yes

No

5. How many free weeklies does your company own in total?

_____ (dropdown menu allows respondent to choose zero through 10 or to type in another number in an "other" box)

6. How many paid weeklies does your company own in total?

_____ (dropdown menu allows respondent to choose zero through 10 or to type in another number in an "other" box)

7. How many daily newspapers does your company own?

_____ (dropdown menu allows respondent to choose zero through 10 or to type in another number in an "other" box)

8. Check one or more of the following that describe your role(s) at the weekly newspaper:

publisher general manager editor owner ad manager _____ other

9. How would you classify your weekly newspaper firm?
__ Urban (located in the central city of a metropolitan area)
__ Suburban (located in a suburb within a metropolitan area)
__ Outstate (located outside of metropolitan areas)

3. Section II – Distribution & Advertisers

Following questions focus upon weekly's distribution and top advertisers in your county. Please respond by selecting the appropriate answer or ranking on the drop-down menus, checking the appropriate answer box and/or by typing your answer in the blank.

10. In what year did your newspaper firm first sell online advertising?
_____ (dropdown menu allows respondent to choose an answer between 2010 to 1995 or to choose answer: do not sell advertising online)

11. On average, how many total copies of your print newspaper were distributed weekly in 2008 and 2010?
_____ (Blank spaces are provided to fill in number totals for free and paid copies for each year.)

12. Rank your weekly newspaper firm's top 3 print advertisers as 1, 2 and 3: feel free to fill in the blank if one of your top 3 advertisers is not listed below:
_____ (Individual drop down box allows respondent to rank 1, 2 or 3 for the following advertising categories, plus a blank to fill in with a different advertiser category: automotive, real estate, grocery, medical, retail, banking, insurance, gambling, attorneys, other.)

13. Rank your weekly newspaper firm's top 3 online advertisers as 1, 2 and 3: feel free to fill in the blank if one or more of your top 3 advertisers is not listed below:
_____ (Individual drop down box allows respondent to rank 1, 2 or 3 for the following advertising categories, plus a blank to fill in with a different advertiser category: automotive, real estate, grocery, medical, retail, banking, insurance, gambling, attorneys, other.)

4. SECTION III – Competition & Strategy

These questions focus upon competition/strategy in your county. Please select the correct answers on drop down menu for some questions, on 7-point disagree-agree scale provided for others.

14. Not counting my weekly print newspaper, how many paid weeklies are there in my county?
_____ (dropdown menu allows respondent to choose zero through 10 or to type in another number in an "other" box)
15. Not counting my weekly print newspaper, how many free weeklies are there in my county?
_____ (dropdown menu allows respondent to choose zero through 10 or to type in another number in an "other" box)

16. A new weekly print newspaper in my county would likely to be financially successful if it were free distribution.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

17. A new online newspaper in my county would likely attract enough online advertising to be financially successful.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

18. My weekly competes intensely for advertising with paid weekly newspapers in our primary county of business.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

19. My weekly competes intensely for advertising with free weekly newspapers in our primary county of business.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

20. My weekly newspaper competes intensely for advertising with daily papers in our primary county of business.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

21. My weekly newspaper competes intensely for advertising with radio stations in our primary county of business.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

22. My weekly newspaper competes intensely for advertising with TV stations in our primary county of business.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

23. Some businesses in our community advertise in my weekly paper more out of habit than out any kind of strategy.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

24. Selling advertising on my newspaper's Web site is an important part of my weekly's revenue strategy.

- Strongly agree
- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree
- Strongly disagree

5. Section IV – Advertising Revenues & Expenses

These questions focus upon advertising revenues & expenses in your county. Select the correct answers on the drop down menu on the 5-point higher-lower scale provided for others.

25. The number of potential advertisers in my county marketplace is _____ in 2010 than it was in 2008?

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

26. My weekly newspaper firm's print advertising revenues in 1st quarter 2010 were _____ than they were in 1st quarter 2008?

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

27. My weekly newspaper firm's online advertising revenues in 1st quarter 2010 were _____ than they were in 1st quarter 2008?

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

28. My newspaper firm's total operating expenses in 1st quarter 2010 were _____ compared with 1st quarter 2008.

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

29. My weekly newspaper firm's newsroom operating expenses in 1st quarter 2010 were _____ compared with 1st quarter 2008.

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

6. Section V – Profitability/Viability

Following questions focus upon profitability/viability in your county. Please respond by selecting the correct answers on the drop down menu for some questions and on the 5-point higher-lower scale for some questions and on the 7-point disagree-agree scale provided for others.

30. Compared with 2008, my weekly newspaper firm's operating profits before taxes in 2010 were _____.

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

31. Compared with 2008, my weekly newspaper firm's net profits after taxes in 2010 were _____.

- much higher
- slightly higher
- about the same
- slightly lower
- much lower

32. Given predictions of the decline of the newspaper industry, how likely is it for my weekly newspaper firm to go out of business before Dec. 31, 2011?

- Very unlikely
- Unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Likely
- Very likely

33. Given predictions of the decline of the newspaper industry, how likely is it for my weekly newspaper firm to go out of business within the next five years?

- Very unlikely
- Unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Likely
- Very likely

34. My newspaper firm is likely to start a new sister print publication inside my county within the next five years?

- Very unlikely
- Unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Likely
- Very likely

35. My firm is likely to purchase a competitor weekly print newspaper inside my county within the next five years?

- Very unlikely
- Unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Likely
- Very likely

36. Is your weekly newspaper currently listed for sale?

- Yes
- No
- Not sure

37. Even if your weekly newspaper is not for sale, if a buyer made a serious offer, would the owner likely sell?

- Yes
- No
- Not sure

38. How would you describe the nature of your local advertising market that your weekly newspaper firm serves.

(Space provided to provide narrative answer to this open-ended question)

39. How do you think your local advertising market affects the long-term viability of your weekly newspaper firm?

(Space provided to provide narrative answer to this open-ended question)

40. What else you would like to add?

(Space provided to provide narrative answer to this open-ended question)

APPENDIX D

Table 11. Percentage of Completed Questionnaires for Survey Questions

<u>Categories of Questions</u>	<u>% of 196 Respondents Answering Questions</u>	
Introduction	94% to 97% response rate range for these 2 questions	
Ownership	90% to 93% response rate range for these 7 questions	
Distribution	45% to 75% response rate range for these 4 questions	
Competition	73% to 76% response rate range for these 11 questions	
Advertising	55% to 74% response rate range for these 5 questions	
Profitability	35% to 70% response rate range for these 11 questions	
<u>Quantity of Questions</u>	<u>% of 40 Questions</u>	<u>Response Rates</u>
9 questions	22.5% of questions	90% to 97%
24 questions	60.0% of questions	70% to 78%
2 questions	5.0% of questions	66%
3 questions	7.5% of questions	55% to 59%
1 question	2.5% of questions	45%
1 question	2.5% of questions	35%

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