

Hearst hopes Web-only Seattle P-I will turn profit

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(AP) -- When the Seattle Post-Intelligencer transforms into an Internet-only operation Wednesday, it will try to do something it failed to accomplish for years as a traditional newspaper: make money.

With a much smaller staff, SeattlePI.com is trying to become Seattle's main news portal with news and information not only from its own staff but also from plenty of outside sources, such as its readers, blogs and rival news organizations.

New York-based Hearst Corp. has been losing money on the P-I since 2000, including \$14 million last year, and is hoping to shed enough expenses with a Web-only product to reverse that. The privately held company said it will publish the last print edition Tuesday and let many of its 181 employees go this week.

But can the Web-only P-I succeed where the printed newspaper has failed?

"It definitely can make money," said Ken Doctor, news industry analyst with Outsell, Inc. in San Jose, Calif. "They have a head start in terms of the brand and (Web) traffic. They have to run like hell to create a new identity."

A small newspaper in Kansas, the Kansas City Kansan, went all-digital in January, while the Spanish-language Hoy in New York did so Dec. 31. The 117,000-circulation P-I is the largest to do so thus far and, backed

by Hearst's deep pockets, its fate is being closely watched by the industry.

The P-I will certainly save money in producing and distributing the printed edition, though it will also lose substantial [revenue](#) in [print ads](#) and circulation.

Even with deep staff cuts to reduce costs, the site will need to hold onto some of its current 1.8 million monthly unique visitors - perhaps by keeping marquee names such as sports columnist Art Thiel and political columnist Joel Connelly along with site's current look and feel - while attracting new readers by expanding its community news.

"The Web is first and foremost a community platform, so we'll be featuring new columns from prominent Seattle residents, more than 150 reader blogs, community databases and photo galleries," said Steven R. Swartz, president of Hearst Newspapers.

SeattlePI.com will also function as a gateway to other sites. In recent weeks, the P-I began posting prominent links to other newspapers in the region, such as The Olympian and The Herald in Everett. It also linked to a blog that takes a highly localized, neighborhood-by-neighborhood approach, contrasting with the citywide and regional focus that the newspaper has historically taken.

It's part of a trend many traditional news organizations are adopting. Although encouraging readers to leave one's own Web site was unthinkable a few years ago, many have started to break down their "walled garden" mentality and hope to boost traffic overall by at least making their ad-supported sites a launching point for good stories.

"They seem to be signaling that they're going to be the Huffington Post of mainstream news, a news aggregator that brings together interesting

pieces from anywhere," said David Domke, professor of communication and head of journalism at the University of Washington.

Few details were available on how the P-I plans to make money, but online ads will be at least one part of the mix. Hearst said Monday it planned to form a local agency to sell local business advertising as well as ads from such partners as Yahoo Inc., Kaango and Google Inc.

Although Hearst hasn't said how many people have been offered jobs at the Web-only P-I, the staff will likely be about 20 in the newsroom and another 20 to sell advertising, P-I managing editor David McCumber said Monday.

"They intend for everybody to know how to do everything, because the staff is going to be real small," said P-I breaking news editor Candace Heckman, who turned down an offer to work on the site.

What's will be missing is obvious, she said.

"We have a lot of expertise and institutional knowledge," Heckman said. "The stories we come up with are based on wide and deep sourcing in government and Seattle, and we're losing those people and that expertise. We're going to be losing those stories."

Meanwhile, reporters at the P-I are exploring two separate online ventures - one that would continue to report key issues such as politics and education in Seattle, and another nonprofit venture focusing on investigative journalism in the West.

Former journalists have set up online sites elsewhere, including nonprofit ventures in Minneapolis and San Diego. Former staffers at the Rocky Mountain News in Denver, which closed last month, said Monday they plan to start an online newspaper if they can get 50,000 paying

subscribers at \$4.99 a month by April 23.

Even though staff are leaving and setting up rival operations, Hearst CEO Frank A. Bennack said he is confident the company can turn SeattlePI.com into the region's leading news and information portal.

Doctor said the challenge will be making the user experience habitual enough to grow an audience. According to Nielsen Online, readers spent an average of eight minutes on the site during the entire month of February; by contrast, Doctor said, they typically spend four to five hours a month with the printed newspaper.

"I'm sure Hearst sees this not only as a Seattle question," he said, "but a question for the rest of Hearst and the rest of the industry."

On the Net:

Seattle Post-Intelligencer: <http://www.seattlepi.com>

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