

# Small is beautiful (and successful) for newspapers

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In this Aug. 3, 2009 photo, sportswriter Matt Montgomery interviews high school softball coach Bryan Howard for The Purcell Register in nearby Washington, Okla. (AP Photo)

(AP) -- Newspapers are hurting all over the United States, but the pain is less severe at small publications like The Blackshear Times in Georgia.

The weekly [newspaper](#) fills an information vacuum in a county of 17,000 people who live about 75 miles from the closest metropolitan market, in Jacksonville, Fla. That has made it easier for The Times to hold on to its 3,500 subscribers and keep its revenue stable in a recession that's ravaging much of the newspaper industry.

"CNN is not coming to my town to cover the news and there aren't a whole lot of bloggers here either," said Robert M. Williams Jr., The Times' editor and publisher. "Community newspapers are still a great investment because we provide something you can't get anywhere else."

The scarcity of other media in small- and medium-sized cities has helped shield hundreds of newspapers from the upheaval that's causing dailies in big cities to shrink in size and scope as their print circulations and advertising sales decline.

Less competition means the print editions and Web sites of smaller newspapers remain the focal points for finding out what's happening in their coverage areas.

In contrast, large newspapers carry more national news, as well as local, and have many competitors, including Web sites and television and radio stations. They report much of the news the day before printed newspapers reach homes and newsstands. Large newspapers' Web sites also provide the news for free a day ahead of print editions.

Perhaps even more important, newspapers in smaller markets still haven't lost a big chunk of their revenue to Craigslist and other online classified advertising alternatives that have become the bane of large newspapers.

Print ads for everything from jobs to jalopies were a gold mine for newspapers until Craigslist began expanding an online service for free classified ads in 1999. Today, Craigslist blankets most major metropolitan markets while publishing about 40 million classified ads each month.

In 2000, classified advertising accounted for nearly \$20 billion, or about 40 percent, of the U.S. newspaper industry's revenue. In 2008, classified

ads in U.S. newspapers had dwindled to less than \$10 billion, or about one-quarter of the industry's revenue. (Subscription and single-copy sales traditionally contribute just 20 to 30 percent of newspapers' revenue.)

Now it appears the highly profitable classified ads in the print editions of large newspapers could dwindle to virtually nothing within the next few years, said media analyst Mike Simonton of Fitch Ratings. "There is still more pain," he predicted.

Smaller newspapers have been defying the ominous trend, based on a recent study of the finances at 125 U.S. newspapers of different sizes by the Inland Press Association, a trade group.

The classified ad revenue among daily newspapers with circulations of less than 15,000 actually rose by an average of 23 percent in the five years ending in 2008, the study found.

Overall ad revenue for daily newspapers with less than 15,000 in circulation rose by an average of 2.5 percent in the same time frame. Meanwhile, ad revenue dropped 25 percent at daily newspapers with circulations greater than 80,000, according to Inland Press.

"The bigger they are, the harder they are falling," said Ray Carlsen, Inland Press' executive director.

Smaller newspapers also have largely avoided the deep staff cuts made by the rest of the newspaper industry, which has eliminated more than 100,000 jobs since 2005. The Inland Press study found daily newspapers with circulations of less than 50,000 were spending more on their newsrooms in 2008 than they were in 2004.

But if they've largely avoided the Internet's impact on advertising and circulation, smaller newspapers have not been immune to the misery of

the longest recession since World War II.

Nearly one-fifth of their collective revenue evaporated in the first quarter compared with the same time last year, according to one industry study.

"It would be wrong to assume there is some sort of bubble over our market," said Chris Doyle, president and publisher of the Naples Daily News, a daily newspaper in southwestern Florida with a circulation averaging about 64,000 during the six months ending in March. "We are becoming leaner, more scrappy and more aggressive than ever before."

To cope with the recession, which has hit Florida especially hard, the Daily News and four neighboring community newspapers - all owned by E.W. Scripps Co. - have reduced their staffing nearly 30 percent.

For the most part, though, big newspapers are under more pressure. Denver and Seattle each lost a printed daily newspaper this year, while Detroit's two newspapers cut home delivery to three days a week.

The shakeout could leave more big newspapers adopting the so-called "hyperlocal" approach that publishers of smaller newspapers have always focused on.

Rather than filling their pages with material that is readily available on the Internet, smaller newspapers focus on the politics, business, sports, crime and community affairs occurring in narrowly defined geographic areas - a county, a town or, in some cases, even a few neighborhood blocks.

"If it walks, talks or spits on the concrete in our area, we cover it," said John D. Montgomery Jr., editor and publisher of The Purcell Register in Oklahoma. The weekly newspaper, based about 40 minutes south of

Oklahoma City, had built up a circulation of about 5,000 by focusing on Purcell and four nearby towns with a combined population of about 17,000.

With a weekday circulation of about 73,000, The Chattanooga Times Free Press in Tennessee has been setting aside more space for local news and puts all national news through a community lens, said Tom Griscom, the daily newspaper's publisher and executive editor.

"If you really want to read about the Iraq war every day, you are not going to buy our paper. You will buy The New York Times," Griscom said.

More large newspapers also may take a page from smaller newspapers by reducing the number of days that they print their editions. Many small newspapers already are weeklies or don't come out every day - another factor that has helped them stay out of major trouble.

Production and delivery costs are among newspapers' biggest expenses, so more publishers are assessing whether it makes sense to drop their print editions on days that traditionally don't attract a lot of advertising - typically Mondays through Wednesdays.

Being small also makes it easier to stay tuned to readers' interests, said Jeff Ackerman, publisher of The Union, a daily newspaper with a circulation of about 16,000 in Grass Valley, Calif., not far from the Tahoe National Forest.

"Too many newspapers have been operating in an ivory tower for too long," said Ackerman, whose newspaper is based in a county with a population of about 100,000. "I answer my own phone. Some newspapers are just now trying to develop relationships with the local communities they cover. Ours has been going on for 144 years."

Most community newspapers are privately held - often owned by the same family for several generations. That means they aren't under constant pressure to boost their earnings in a time of declining ad prices. It also means they don't have to make the same financial disclosures as the publicly traded companies that own most major newspapers.

Smaller newspapers generally have little debt. Huge debts drove the owners of newspapers like the Los Angeles Times, Chicago Tribune, Philadelphia Inquirer and Star Tribune of Minneapolis into bankruptcy court to reorganize their finances.

Still, small-town newspapers face more of the problems dogging big-city dailies.

Last year, ad revenue drooped 4 percent at more than 1,000 community newspapers responding to a survey by the National Newspaper Association and the Suburban Newspapers of America. Industrywide, newspaper ad revenue plunged 17 percent, according to the Newspaper Association of America.

But that difference narrowed this year. First-quarter ad revenue at community newspapers was nearly 19 percent below the first quarter of 2008 while the industrywide total plummeted 28 percent, according to the same groups.

As the Web becomes even more ubiquitous and indispensable, more people may start sites focused on the same issues covered by small newspapers. [Advertising](#) alternatives like Craigslist also could catch on in more remote areas of the United States. Craigslist serves more than 325 U.S. cities - offering free classified ads in most of them - and welcomes suggestions on areas where it should expand.

Richard Connor, [publisher](#) of The Times Leader in Wilkes-Barre, Pa.,

(weekday circulation of about 36,000), already has to contend with [Craigslist](#) in his market, but he has another worry: disappearing car dealers, traditionally big ad buyers. His newspaper's ad revenue declined by about 5 percent in the first quarter but improved modestly in the second. He suspects sales will still be scarce in the months ahead.

Even so, Connor is betting small newspapers still have a bright future. He just bought three dailies in Maine in June.

"We still think community newspapers have an audience and it's not going away," he said. "There will always be an audience for local news."

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