

# USA Today rewrites strategy to cope with Internet

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In this Nov. 23, 2010 photo, USA Today publisher Dave Hunke is seen at the headquarters of USA Today, in McLean, Va. (AP Photo/Evan Vucci)

(AP) -- USA Today, a newspaper created nearly 30 years ago to appeal to people who grew up watching television, is revising its formula to try to counter the Internet's threat to its survival.

The nation's second-largest newspaper is expanding its coverage of advertising-friendly topics, designing content for smartphones and tablet computers and refreshing the look of its print edition, whose circulation has fallen by 20 percent over the past three years.

For readers, it means lots of travel tips, gadget reviews, sports features, financial advice and lifestyle recommendations. Top editors say investigative journalism will also be emphasized.

A new design of USA Today's front page was unveiled in late January. The rest of the newspaper will be filled with more of the colorful graphics that made [USA Today](#) stand out when Gannett Co. started it in September 1982. The print edition also now includes a few barcodes that can be scanned by a mobile device to view videos and other [digital content](#) related to certain stories.

USA Today Publisher Dave Hunke is so confident these changes will pay off that he expects the newspaper in 2011 to boost revenue and circulation, which stands at 1.8 million. That would be the first time both categories have gained in four years.

"The idea that you can take incremental steps in the [media business](#) is over," Hunke says. "You have to take some big steps and you have to take some risks."

Other newspaper publishers face many of the same challenges. The abundance of free content online has shrunk newspapers' print audience, in some cases cutting it in half during the past decade.

But the sharp decline in print advertising has been far more damaging. Advertisers can better target their messages online, for a fraction of the cost. That's why revenue from print advertising, traditionally a newspaper's financial backbone, has declined by more than 50 percent in the past five years. Attempts to increase online [advertising revenue](#) so far have done little to inspire confidence that newspapers can evolve into big moneymakers on digital devices.

"They're all just throwing a bunch of stuff against the wall and hoping

some of it sticks," says Edward Atorino, a newspaper industry analyst at Benchmark Co.

Hunke spent most of last year drawing up USA Today's plan with a team that leaned on the digital expertise of Internet entrepreneur Rudd Davis.

Davis, 30, came to Gannett in 2008 after the company bought his "extreme" sports website, BNQT.com, pronounced "banquet." The site's focus on skateboarding and skiing appealed to advertisers eager to reach young men.

Hunke, 58, promoted Davis to USA Today's vice president of business development in August. His job is to oversee the effort to attract more advertising and find new places to sell the newspaper. "He helped us see and understand things that certain folks like me don't always get," Hunke says.

Davis helped convince Hunke that USA Today's newsroom should emphasize topics that attract readers and advertisers on the Web and digital devices. USA Today took the first step with the debut in November of Your Life, a health and fitness website that contributes material to the print edition. Upcoming websites will be devoted to personal finance, personal technology and "diversions" - movies, games and hobbies.

With thousands of bloggers and specialty websites already writing about those topics, one analyst who follows the newspaper industry believes it will be difficult for USA Today to catch up.

"It's a middle-brow newspaper that doesn't have the same cachet in the digital media as it does in print," says Ken Doctor, who works for Outsell Inc. "I don't think a lot of people were thinking about reading USA Today after they got their new iPads for Christmas."

USA Today's applications for [mobile devices](#) have been downloaded more than 6 million times, including 1.25 million designed for Apple Inc.'s hot-selling iPad. Mobile applications of The New York Times, another national newspaper that's trying to gain more readers and make more money on the Web, have been downloaded more than 9 million times.

Unlike the Times, Hunke doesn't plan to charge readers for digital access to USA Today's coverage.

USA Today is counting on its penchant for producing compact stories surrounded by charts, illustrations and photos to attract readers on digital devices. Hunke believes that formula, originally developed to cater to travelers pressed for time, is ideally suited to iPad screens, which measure 9.7 inches diagonally, and other computer tablets coming this year.

That breezy approach has reinforced perceptions that USA Today lacks the intellectual heft and sway of the Times and another national newspaper, The Wall Street Journal. Both those newspapers are also trying to expand their audiences and sell more advertising on digital devices.

"USA Today doesn't stand for authority in a lot of areas," Doctor says. "It stands for familiarity."

Even USA Today's mass appeal is waning as Internet search engines and other tools on digital devices enable people to parse the news to find just the stories that suit their tastes. Those selections then are frequently passed on to people's own relatively small circles of family, friends and fans on Facebook and Twitter - two online communication channels that have emerged as cultural phenomena in the past three years.

"USA Today was designed as every man's newspaper, but every man has been moving on to other things," Atorino says.

The shift already has cost USA Today its bragging rights as the nation's largest newspaper, although it still boasts the largest circulation in print. The Journal now has the highest total circulation, at just fewer than 2.1 million, because it sells nearly 450,000 online subscriptions compared with 18,500 for USA Today, according to the latest data from the Audit Bureau of Circulations.

Even more worrisome for its financial health, USA Today sold about 2,300 advertising pages in 2010, a drop of nearly 50 percent from 2005. The troubles at USA Today and Gannett's more than 80 other U.S. newspapers have caused the company's stock price to plummet about 70 percent during the same period

The struggles have prompted USA Today to trim employment from a peak of 1,800 in 2004 to about 1,400 after the latest reorganization eliminated another 130 jobs late last year.

Just how far USA Today's revenue has fallen is unclear because Gannett doesn't break out the newspaper's financial results. Atorino, the newspaper analyst, says the newspaper typically accounts for about 10 percent of Gannett's publishing revenue. That estimate would put USA Today's revenue at about \$380 million in 2010, down from about \$650 million in 2005.

Hunke says USA Today still squeezed out a profit last year because of the cost cutting. He wouldn't provide specifics.

USA Today was unlike any other newspaper when Gannett CEO Al Neuharth, a former Gannett CEO, founded it in September 1982. It's the only major newspaper to have been launched since World War II ended

and television became pervasive.

Although it was ridiculed initially as having more style than substance, USA Today quickly attracted readers and eventually became the nation's top-selling newspaper in 2001. Even the stodgiest of newspapers ultimately copied many of its ideas.

Hunke is counting on some of USA Today's old hands to re-establish the newspaper as a trendsetter.

Editor John Hillkirk, who has been with USA Today since it started, remains in charge of the newsroom, a role he has played since 2009. He's flanked by the former managing editor of the newspaper's Life section, Susan Weiss, another USA Today veteran who has been promoted to executive editor of content in the new hierarchy.

Even as it publishes more stories aimed at attracting advertisers, USA Today is promising to produce more hard-hitting coverage from an expanded team of investigative reporters. The investigative unit now consists of nine reporters and editors compared with more than 30 people devoted to entertainment coverage.

"We are running around like mad people to create a newsier and more impactful newspaper," Hunke says.

This is the second time in less than two years that Hunke has tried to shake up a Gannett-owned newspaper that's struggling. Before taking charge at USA Today in April 2009, Hunke moved the Detroit Free Press to a new distribution system that limits home delivery of the print edition to just three days a week. The change has lowered the Free Press' expenses while preserving most of its [print advertising](#).

"Dave is willing to step out of the box while a lot of us in our industry

are a little more cautious," says William Dean Singleton, CEO of MediaNews Group, the owner of The Detroit News, the San Jose (Calif.) Mercury News and more than 50 other newspapers. He also is The Associated Press' chairman. "But all of us in this industry are good copiers, and I don't think anyone will be ashamed to copy (USA Today) if this thing works."

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