

Reinventing the Newspaper: How to Begin

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The challenge facing the newspaper industry today is to become more customer-driven.

In order to grow, expand and find new sources of revenue, newspapers will have to reinvent themselves.

While many newspapers are already experimenting with changes in layout and color, new sections, and even new print vehicles, they may be missing out on the real opportunities by not going far enough.

Most newspapers have begun to accept the reasons why they must become more customer-oriented. In recent years, the industry has lost customers—both readers and advertisers—due to changing consumer demographics, major shifts in advertiser structure, and emerging technologies.

But many newspapers have only begun to learn how to become more customer and marketing-focused.

The task, though daunting, is not impossible. Other industries have reinvented themselves—or their products and services—to keep pace with a changing market. And newspapers can learn from what they have done.

There is no magic to becoming a marketer; there is a process.

- First, recognize that the need to be customer-oriented is real. If newspapers cannot find ways to provide what both readers and advertisers need and want, they will continue to lose their customers.
- Know who your customers are. Marketing, though imprecise, is a discipline. It takes good research to understand not only who your customers are, but their attitudes and needs. This applies to both readers and advertisers.
- Growth may require reinventing not just products and services, but perhaps your entire business. But simply jumping into new technologies is not necessarily the answer. New product development takes strategic planning, and there are tools you can use to make the process simpler and more effective.
- And finally, to become truly customer-oriented requires changes within the organization, even changes in corporate culture to make it happen.

Know Your Customer

Newspapers now know that the need to focus on the customer is real. However, most still take a “manufacturer’s” view of the world and their customers.

The manufacturer’s view looks at the world through the product, providing a very narrow perspective. For example, in newspapers, most think of customers as “readers.” But readers are consumers, not just readers.

When consumers look at the world, they see not only your product, but many other products and services that may be able to meet their needs.

To become market-oriented, you must learn to look at your product through the eyes of consumers. Consumers now have the ability to get information from a variety of sources. Consumers interested in a news event, for example, can read the newspaper, or turn to local or network television news, radio news or talk shows, cable television, on-line computer bulletin boards, or weekly news magazines.

If you think of your customers only as “readers,” then you may be misunderstanding competitive products and services—and missing out on new opportunities.

To stay competitive, newspapers have to start adapting to their customers’ needs. How? By first understanding who their customers are and what motivates them.

Reinventing the newspaper means more than adding a new section or creating a new layout.

When Chrysler reinvented the station wagon to meet a changing consumer need, it did not just add new trim; it created the mini-van. Wal-Mart reinvented the retailing concept that originally put Sears and K-Mart in business. With Healthy Choice, ConAgra reinvented frozen dinners by creating good tasting, good-for-you foods.

These successful firms understood the consumer attitudes that drove the purchase. They understood who their customers are, and not just what they need, but why they need it.

Consumers are driven by attitudes and feelings that tell them what they need. Their needs send them in search of products and make them receptive to messages about the benefits those products might provide.

You can begin to target consumers on the basis of different attitudes and needs by using a tool called a “segmentation framework.”

Take dog food, for example. There’s a whole group of consumers out there whose attitude is “I love my dog.” They’re motivated by a desire to give their dogs food that their dogs love, no matter what the cost. Their need, in this case, emotional—a desire to indulge a pet they love.

The dog food these consumers purchase must have certain “antes” and “drivers” to be acceptable. The ante is that the dog must never reject the food. The driver is a product the dog always eats with great gusto and relish, a product the dog loves. Reassurance for the consumer might be that the product helps the dog lead a long, healthy life, or that it looks like people food.

On the other end of the scale are consumers who use their dogs as watchdogs. They look for the cheapest food that will keep the dog alive and barking. Their need is a product that is practical, the most economical dog food that sustains life.

The ante is that the product keep the dog energetic and active. The driver might be that no other dog food is as cheap, or easy to use.

In between these extremes, of course, are other segments, driven by consumers’ specific attitudes toward their dogs. Consumers in each of these attitudinal segments may come from a range of different demographic groups, but their needs will be the same. The product “set” they choose from will be dictated by those needs.

Newspapers are certainly more complex than dog food. But the principles of attitudes and needs are the same.

A primary driver that brings consumers to your product—information—is a “thirst” for information about the world around them. You can begin to segment consumers by the degree—high to low—to which consumers want to obtain information. Key additional factors that will affect their consumption of your product include:

- **Scope of content.** How much depth of information are they after?
- **Time availability.** How much time does their lifestyle allow them to spend obtaining and absorbing information?
- **Recency of information.** Is their focus on current news or on other, less current types of information?

Research can show how consumers fall into attitudinal groups ranging from a high to low “thirst” for information.

As an example, consumer groups might be segmented like this:

- **Info Seekers.** These consumers use information to achieve an enriched life. They have a strong need to be highly aware and informed on political, social, business and personal issues. They need good breadth and depth of information.
- **Habitualists.** These consumers want to be reasonably well-informed to the degree that it fits their lifestyles.
- **Topic Driven.** These consumers use information to gain deeper learning or to become educated on a specific topic, usually with a more personal focus. For example, these consumers have more of a thirst for recipes, gardening tips, and how-to information.

- **Time Driven.** These consumers must balance their need to be informed with other lifestyle demands.
- **Relaxation/Leisure-Oriented.** These consumers use information more for relaxation, entertainment and enjoyment. For example, they read books, the travel section of the Sunday paper, and like to watch travelogues on television.
- **Event Driven.** These consumers have a high need for awareness on specific events that are personally appealing, like elections, or results of sporting events.

Good research will start to fill in information about these consumers—not just the “whats,” but also the “whys”: the percentage of the population each group represents; the percentage of information each consumes; how different information vehicles relate to each type of consumers; the benefits they seek from information sources; the barriers and limitations to obtaining and absorbing information; the time they spend consuming; subjects they consume, in what priority, and why; and finally, the demographic tendencies of consumers within each group.

With a clearer understanding of the consumers in your market and their information needs, you can begin to make market-driven decisions:

- Who should we target for new subscribers?
- Which of our current subscribers are worth investing in to ensure continuity?
- How do we improve the newspaper’s marketing effort?
- What new products might we explore and how?

Reinventing The Product

Once the framework that segments consumers in your market by attitudes and needs is developed, ideas for new products that target consumers, not just readers, emerge.

But newspapers have not had to introduce new products the way traditional consumer goods or services companies have. So, most do not have well-developed processes in place to develop new products.

Many newspapers are considering new products like a selective newspaper, or have jumped into new technologies to generate revenues. But technology is a tool, an enabler, not necessarily an answer.

Consumers will move to new technologies, but only when there are real benefits to be had.

Before you launch an on-line or an audiotext service, consider the benefits it provides the consumer. Speed? Access to more information? Convenience? Recency? And to which consumers does it provide better benefits? How is it better than available alternatives? Plan strategically before taking the plunge.

Identifying, testing and setting criteria on how and when to expand are critical capabilities. They are not capabilities that are easily developed “on the fly” or imported from other industries. Even the best consumer product companies that have done a lot of new product development have batting averages of only .100 to .300.

One of the best ways to develop and test new products is to listen to your consumers and let them tell you what they want in the way of new products.

A number of companies have successfully developed and tested new product concepts through a five-step process known as “Safari.”

The process looks something like this:

- Step 1:** Develop strategies and form hypotheses about consumer needs.
- Step 2:** Identify potential consumer targets and their areas of interest.
- Step 3:** Develop creative concepts through focused ideation that meet consumer needs.
- Step 4:** Optimize the concepts in consumer focus groups.
- Step 5:** Develop an action plan based on what consumers tell you.

With good consumer research, the first step helps to identify the consumer targets with the best potential and a hierarchy of their needs for information. What types of information do they want? When do they want it? How and where do they get it?

From that, you can hypothesize possible benefits to meet their unfilled needs.

These hypotheses can then be tested by conducting exploratory focus groups among heavy users in the highest potential targets. The resulting information can provide specific target groups, three to five broad consumer need areas that offer potential new product opportunity, an assessment of the magnitude of the opportunity, how proprietary it could be, and the probability of timely success.

Through focused ideation sessions, the project team develops benefit-based solutions for each of the consumer needs. Benefits consumers might be looking for are “convenience,” or “entertainment,” or “keeps me informed.”

The sessions are designed to produce 10 or 20 new product ideas in each benefit area. The ideas with the highest potential are turned into concept boards, and these concepts are exposed to groups of heavy users or heavy “needers” within the consumer target. During these groups, consumers are encouraged to respond and react to the concepts in any way they choose. As a result, changes are made to concepts, concepts are dropped between groups, and entirely new concepts are created in response to what consumers say.

Ultimately, the process identifies two to three or more very high interest concepts, the proposition that consumers really want, including benefits promised and product details, product name and positioning opportunities, and recommendations to take the product to market.

By letting consumers tell you what they want and need, the changes of success are that much greater.

Experimenting with proven techniques also limits risk and improves success rates.

Buy any time you consider developing and testing new products, you have to be prepared to make mistakes.

The “Other” Customer

The true challenge newspapers face is bringing their two customers together.

The attractiveness of a newspaper to an advertiser is directly linked to how well the newspaper can deliver the consumers for which that advertiser is looking.

But just as the industry must think of “readers” as consumers, it also must learn to think of “advertisers” as marketers in order to tap a bigger chunk of the marketing budget.

Advertisers are using more than advertising to sell their products. So if a newspaper wants more of their promotion, direct marketing, or in-store promotion dollars, it can not limit its thinking to “advertisers.”

In retailing, for example, the changing marketplace has affected how retailers advertise. Value discounters, who have traditionally invested as much as 80 percent of their advertising dollars in newspapers, are transferring more of that money to other media.

Technology has been playing an increasing role as retailers seek new ways to reach their customers.

Department stores have led the industry’s move to direct marketing. Databases give them proprietary access to their customers’ buying histories and demographics. Direct marketing is now common among most types of retailers, from Sears to power merchants like Toys R Us to specialty stores like The Limited.

Supermarkets now claim the leading edge when it comes to using the relatively new technology of scanners for merchandise and inventory management. Long users of mass mailing, even supermarkets are becoming more targeted, using frequent-shopper programs to encourage store loyalty, direct marketing, and point-of-sale couponing.

The same is true of other advertisers. The move toward focused retailing has made targeted marketing a necessity and has sparked an increasing impatience with traditional media on the part of advertisers.

Newspapers and network TV now deliver less than 65 percent of households, and these aren't always the "right" 65 percent.

New media technologies are clamoring to replace established vehicles. Retailers are now enthusiastic about applying technology to marketing, not only for its ability to target, but also to evaluate effectiveness. They want the computer to manage not only inventory or production, but customers as well. Scanners, database technology, new audience measures, selective delivery, addressability, and telecommunications are being sold aggressively. All of them are after the newspaper industry's share of the pie.

Does this mean newspapers should follow the stampede into new technologies? Not necessarily. Many newspaper groups, for example, are jumping into database marketing. But it is not clear what added value they bring to it to make them any better than others already in the business.

There are perhaps three objectives for creating your own database: to do the newspaper's own marketing research to retain and expand the subscriber base; to work with advertisers to improve their reach and their marketing programs; and to create a business in and of itself.

There are pitfalls and competitive obstacles to all three, and often the benefits do not outweigh the upfront fixed and on-going updating costs.

If the newspaper wants more of the advertisers' marketing budgets, it should evaluate and develop a better understanding of the advertisers in its market. The challenges for the newspaper to face are:

- How can current customers be served better? Do all customers want the same services?
- How can more marketing revenue from local, regional, national, and classified advertisers be obtained?
- Which new advertising should be targeted?
- Are new products needed to meet more of the broad and targeted marketing and advertising budgets?
- How can better links between the audience and the advertisers' targets be made?

If you've begun the process of reinventing your newspaper to meet the needs of your readers/consumers, you may be halfway to finding better ways to delivering a targeted audience to your advertisers/marketers.

New products that target specific groups of consumers may be excellent vehicles for advertisers if you understand your customers' attitudes and purchase behavior.

But you must also understand your advertisers' needs. Who is their intended audience, its demographics, its attitudes and needs? What is the intended effect of advertising—to inform, to persuade, to remind, to get consumers to act? What is their promotion and media budget split? What is their media mix? How effective have their advertising vehicles been? What are the emerging growth opportunities for your advertisers?

To find out the answers to these questions, you must listen to your advertisers in the same way you listen to your consumers. The process you use with advertisers is analogous to the consumer process.

Start with your market. Talk with your advertising customers, and create the same sort of segmentation framework for them that you would for consumers.

Find out how much money is in their marketing budgets: how much they spend in broad versus targeted marketing; how much in electronic versus print media; how much in local versus regional or national splits.

Identify the hierarchy of benefits they seek—the antes, the drivers and reassurance they seek in trying to reach their targets.

What are the marketing tools they're using, and what are the characteristics of those tools that satisfy their needs?

You can even use the Safari process with advertisers to explore vehicles that will best link them with their consumer targets.

Above all, what a segmentation framework should tell you is where there is money to go after and how you can go after it.

Making It Happen

There is no easy way to make all this happen. And there will undoubtedly be obstacles to overcome in the process. The biggest obstacles you're likely to encounter are resources, the limitations of the organization, and corporate culture. However, none of these is insurmountable.

Here are some suggestions for turning each of these obstacles into a strength that will improve your chances of success:

Resources. Money and manpower will be needed. Here's how to find both.

- Do your homework upfront before you embark on the challenge of reinventing yourself. Anticipate the resources and support you'll need. Find out what your competitors are doing in the marketplace and what's worked.
- Share research not only with advertising, circulation and other departments, but also with other newspapers in your company, if you have more than one. The specifics of each market will

undoubtedly be different, but the framework for research should be the same, enabling you to stretch your budget.

- Rely on supplier creativity. Consultants and other outside resources are flexible enough to work with you and your budget constraints. Ask them how to do things less expensively. While you may have to limit the scope of a project, suppliers can be very creative in finding ways to get done what needs to be done.
- Tap others' experiences. Find out what's worked for others in and outside the industry and why. See if it's relevant to what you want or need to accomplish, and learn from these experiences. Industries like financial services—banking, insurance, mutual funds—have all gone through the same transitions you're now facing.
- Test ideas and expect failures. Use concept testing or limited market testing to try out the feasibility of your ideas before introducing new products. Remember, the best hitters in baseball don't bat much over .300—and they aren't expected to.
- Use cheap, skilled labor. There is a wealth of bright undergraduate and graduate students who would welcome the opportunity to cut their teeth on real-world business problems through internship programs. In today's economy, there are also many people willing to work part-time, such as professionally trained women who have taken time out of their careers to raise children.
- Reallocate budgets. Financial resources can be reallocated from other sources. Most newspapers are still making enough money to set aside an adequate budget for a task of this nature. It's a matter of getting commitment and money from other functions. Most of the money newspapers spend on telling advertisers about their own market, for example, is a waste. Advertisers already know their market. Instead, use that money to find out more about your readers/consumers and what drives your advertisers/marketers.

Organization. Few businesses are as balkanized as newspapers. Editorial ignores advertising, which in turn ignores circulation. To become more market-oriented, organizations must:

- Break down functional walls. The actions required to become more market-driven will cross traditional lines, particularly when developing new editorial products, new distribution channels, and potentially brand new businesses.
- Build cross-department teams. Not only will you generate more ideas on how to reinvent products, services, and businesses, but you will give everyone an "ownership" share in the ideas, and a greater vestiture of time and energy from everyone involved.
- Get strong commitment from the top. If you've done your homework, it will be easier to demonstrate both the needs and rewards for undergoing this process. Commitment from management will make the whole process easier.
- Realize that it won't be business as usual. Be prepared to make mistakes.

Culture. If you're committed to reinventing your newspaper, then the newspaper's culture is bound to change. Remind yourself:

- That change is good. Change means that you are constantly re-evaluating your effectiveness in meeting the needs of your customers, constantly finding ways to grow your business and make

it better. To look at your business from the outside in. Take the marketer's view, not the manufacturer's view of your business. Understand your customers' attitudes towards and needs from your business.

- What business you're in. Becoming more market-driven means thinking of your business differently. Are you in the newspaper business or the information business? If you're in the information business then editorial shouldn't be afraid of getting into audiotext or on-line service. If you're in the entertainment business, maybe you need to expand into restaurants, movies, or sports.
- That fresh blood can give you a different perspective on the business. Bring in new people or facilitators to help you with the process. Some may stay with you. Others may get frustrated by the process or the pace of change. But each will bring new ideas and new ways of thinking to the table.

Advertisers are demanding more impact from their media. Competition for consumer dollars is painfully keen. Consumers are more selective. They read less, watch television more, zap more commercials. New technologies are proliferating to help advertisers better target and deliver interactive communication.

Staying competitive means putting in the time and effort to become a market-driven company. It means reinventing the way you do business. How do you become more market-driven?

- You realize the need to become more customer-focused.
- You take the customer's view—either the consumer/reader's or advertiser/marketer's—and understand their needs.
- You use techniques like the segmentation framework to identify potential customer targets, both consumer and marketer.
- You strategically plan for growth, both short-term and long-term.
- You let your customers tell you what they want. Reinvent your products through processes like Safari, rather than simply relying on new technology.
- You find the resources and reallocate the money you have to get this job done.
- You get commitment from the top to help you break down functional walls within the organization and to change the culture.

Marketing isn't magic, it's a discipline. With the right plan and the right tools, the newspaper—your newspaper—can be reinvented. Start now.