

## World Association of Newspapers

2003 World Forum on Newspaper Strategy  
Gressy, France. 25-26 September, 2003

### “Measuring the Newspaper Business for Profit and Growth”

#### Conference Summary

##### **1. Conference theme**

In an industry as fast-moving and flexible as newspapers measurement systems are a critical success factor; until now, however, many areas of our business have been under-measured. The advent of new information technology systems is creating opportunities to measure every aspect of our business at both the operational level and in the marketplace. By adopting these systems publishers can radically improve their operational efficiency and increase their competitive advantage.

##### **2. Conference summary**

Newspaper publishers and managers have a range of measurement tools that they can draw upon and many are under utilised. Better measurement of activity and performance can demonstrably lead to greater success both in the market and within the P&L.

The area with greatest opportunity for improvement through measured performance is editorial. A range of research techniques exists to measure readers' ever-changing needs and attitudes. By acting on this research, editors can have a dramatic effect on circulation. Internal measures can also be applied to improving the efficiency of the newsroom and driving quality; accuracy and relevance are key determinants of reader satisfaction, and allow editors to reprioritise resources.

Given increasing pressures on margins derived from circulation revenues, publishers must develop means of building customer knowledge, leading to direct relationships with readers, that in turn drive new revenue opportunities.

Three critical factors which drive advertising revenues are the tracking of our relationship with our advertisers, maximizing their conversion and retention, and working harder at making their advertising work harder.

The latest management information tools allow senior executives to not only understand in more detail the activities and performance of their own functions but also to cross relate information from different functions, measuring the impact that actions in one area have on performance in another.

##### **3. Editorial measurement**

There are two determinants of editorial performance:

- External measures of the newspaper's effectiveness, in terms of its rating among its audience, in print, and increasingly in other forms;
- Internal measurement in terms of how efficiently and economically the staff produce the optimum product.

Ultimately the success of the newspaper lies in the ability of the Editor, as a journalist, but as importantly as a manager, to harness and direct the resources that are available to him to produce the best possible product. In the future he/she will also have to determine the most appropriate channels for content to be distributed.

Mike Smith<sup>1</sup> suggested that Editors need to become the strategists for their newspapers:

- In terms of delivering readers' needs, editors must concentrate on delivering stories that are particularly relevant to the newspaper's defined target audience.
- They must create benchmarks to measure performance, and not rely on their own "gut-feel".
- Some editors are adopting the "Balanced Scorecard"<sup>2</sup> approach as a means of evaluating and measuring their newspaper performance.
- A critical factor is accuracy, which is shown to be a key value point of readers.

Ironically, newspapers have been financially very successful due to technological advances which disguise the impact of declining sales. Some publishers do not thus see any reason to change or develop their business.

Two valuable guides to newspaper quality are the "Impact Study"<sup>3</sup> undertaken by the Readership Institute in the U.S. and the "Reading Behaviour Scores"<sup>4</sup> produced by the Media Centre at Northwestern University, which has been adopted by over 50% of newspapers in the USA.

Phil Meyer<sup>5</sup> points to the latest cohort analyses that question the belief that as people get older, readership increases. In fact reading peaks among young people and their falling interest as they age is a primary driver of readership decline.

Penetration	1972	1982	1992	2002
15-24	77.5	74.8	63.5	49.6
25-34	74.4	72.2	60.5	47.1
35-44	75.8	73.2	63.1	50.8
45-54	78.5	74.6	69.0	56.1
55-64	75.3	73.8	67.1	59.9
65+	66.1	64.2	62.9	58.5

Meyer says that newspapers "create two kinds of influence: societal influence,

which is not for sale, and commercial influence which is for sale"<sup>6</sup>. It is the societal influence that gives value to the commercial influence. There is considerable evidence, much of it from Meyer's own research, which points to a strong linkage between newspaper credibility and accuracy and that title's circulation performance. Yet analysis reveals (in the USA at least) that 59% of stories contain some sort of error. Meyer's message is "Don't harvest. Start investing in your influence."

Jim Chisholm<sup>7</sup> outlined a four level process<sup>8</sup> for measuring editorial resources:

- **Effectiveness** of the newspaper can be measured through a range of research techniques that can provide the editor with detailed strategic direction for his/her newspaper in terms of essential content elements, positioning, style and approach. Competitive analyses can highlight relative strengths and weaknesses and key action areas. Research can be utilised in training to ensure the journalists are attuned to the needs of their readers and not simply acting on a hunch.
- **Efficiency** in the newsroom can be easily measured by utilising the management reporting systems inherent in most modern newsroom systems. By setting operational targets, newsroom workflow can be greatly reduced.
- **Economy** measures can be drawn from benchmarking with other similar newspapers. In Finland the majority of newspapers participate in a biannual benchmarking project.
- The **Editor** should also be measured in terms of his ability as a manager, a role which too many editors remain unwilling to adopt.

<sup>1</sup> Mike Smith is Managing Director of the Media Management Centre at North Western University.

<sup>2</sup> 'Balanced Score Card' by Robert S. Kaplan, David P. Norton. Harvard Business School Press. ISBN: 0875846513

<sup>3</sup> Details can be found at [http://readership.org/institute/quick\\_guide/main.htm](http://readership.org/institute/quick_guide/main.htm)

<sup>4</sup> Details can be found at <http://readership.org/consumers/rbs/main.htm>

<sup>5</sup> Phil Meyer is Knight Chair in Journalism at the University of North Carolina. [www.unc.edu/~pmeyer/Quality\\_Project/](http://www.unc.edu/~pmeyer/Quality_Project/)

<sup>6</sup> Knight Ridder executive Hal Jurgensmeyer (1931-1995).

<sup>7</sup> Consultant and strategy Advisor to the World Association of Newspapers. [www.futureofthenewspaper.com](http://www.futureofthenewspaper.com)

<sup>8</sup> This process is outlined in the WAN/SFN report "Editorial Measurement". [www.futureofthenewspaper.com](http://www.futureofthenewspaper.com)

These steps together can form the basis of an appraisal system that draws together both objective and subjective measures of a journalist's performance. This is both motivating and the basis for personal development and training.

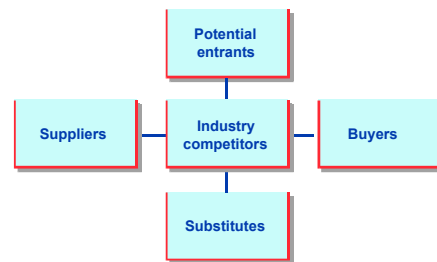
Rick Edmonds<sup>9</sup> asks if it is possible to define news capacity in a comprehensive, contemporary way. What are its components? How can they be measured in numbers or otherwise assessed?

He encourages editors to have businesslike discussions of resources with corporate management, based more on hard facts and less on protective rhetoric than those of the recent past.

And he is working on benchmarks for a given paper to compare itself to other papers of similar size and ambition – or to chart progress over time. In time he hopes a version of news metrics could help citizens assess how the newspaper in their community performs its public service role.

Porter's five forces<sup>10</sup> can be applied very effectively to understanding the newspaper in terms of its content, competitors and drivers of success.

Porter's Five Forces



#### 4. Newspapers sales / readership

Italy is traditionally a single copy market, and a number of publishers are seeking to establish subscription models for various reasons:

- To secure regular purchase, replacing a traditionally volatile and vulnerable distribution model
- As margins derived from circulation are declining, therefore it is vital to both improve distribution efficiency and to identify incremental revenues that can be derived from reader knowledge or the distribution capability
- To stabilise advertising revenues through stronger circulation performance
- To lever customer knowledge to build new revenue streams

The customer definition has moved from buyer to reader. Value is increasingly derived not from distribution, but from knowledge. Perhaps we have to become platform agnostic. The important thing is the conduit between the reader and the advertisers, adding value through payment for content.

Marco Vernocchi<sup>11</sup> outlined the role that measurement plays in Accenture's management of circulation and distribution on behalf of a number of Italian newspapers.

Consulting company Accenture provided a checklist of "high performing circulation solutions", namely:

- Advanced search criteria for retrieval of customer's master data
- Address normalization and identification of duplicates
- Automatic payments registration (postal and credit card)
- Multidimensional analysis for budgeting and reporting of subscriptions revenues
- Different delivery methods (Door to door, post, newsstand, direct)
- Multi-address delivery depending on day of week
- Workflow management tools to support critical and urgent activities
- Central system for delivery key performance indicators
- Geographic representation using GIS functionalities
- Demand Forecasting based on historical trends
- Standard interface with Invoice modules and accounting systems
- Automatic acquisition of return and sellouts's quantities from distributors through network or form processing
- Simulation environment for distribution analysis and what-if scenarios
- Multi-level and multi-network distribution model

<sup>9</sup> Rick Edmonds, The Poynter Institute redmonds@gte.net

<sup>10</sup> Michael E. Porter. Competitive Strategy. MacMillan. ISBN 0-02-925360-8

<sup>11</sup> Marco Vernocchi is a partner of Accenture, responsible for Media and Communications Industries.

The Accenture circulation model splits the circulation function into those areas “upstream” of the production process, namely prospecting, customer relations, and fulfilment and “downstream”, namely logistics and delivery. Within these two opportunities exist:

Business growth	Customer knowledge is central to business growth, and experience is demonstrating that considerable benefit can be derived through direct knowledge of customers rather than relying on anonymous, “blind” distribution as has occurred in the past (and remains the case in the majority of markets).
Cost control	Efficiencies are derived through end-to-end measurement and control of all activities involved in the customer relationship from prospect identification through to distribution and cash collection. Distribution efficiency has wider implications across the company because it impacts on newsprint consumption (both in production and returns), staffing, printing and mailroom as well as direct distribution costs.

Better customer knowledge can also be fed back into the other core newspaper processes leading to product improvement.

- In editorial, better audience profiling leads to better understanding of readers’ needs and attitudes.
- In advertising, this drives better audience definition and opportunities for zoning or targeted inserting.

## 5. Advertising

Advertising revenues are determined by the potential value of a newspaper’s readership to advertisers, and the ability of sales people to realise that potential. In order to maximise revenues, publishers must direct the sales force to the most viable advertising categories and ensure the sales operation is structured toward dealing with advertisers within that category, or their agents.

Different categories of advertising, and different types of businesses, require different sales approaches, and the most successful sales operations are not those that simply structure their sales operation according to the category or source of advertising, but also consider more qualitative factors such as the loyalty and frequency of the advertiser, and the nature of their business.

Eamonn Byrne<sup>12</sup> pointed out that even today many newspaper businesses set performance targets but fail to structure activity in order to achieve the set targets. Established research shows that the provision, measurement and achievement of specific tasks is critical to the achievement of success.

From the sales managers’ perspective, it is activity that drives performance, and to achieve set targets we need to measure and improve activity if we are to achieve and improve performance.

Byrne presented a performance cycle in which objectives are achieved in a cyclical process of continual improvement.



<sup>12</sup> Eamonn Byrne is Deputy Director General of WAN. ebyrne@wan-asso.fr

- The first step is the setting of performance standards, giving the sales people numbers to achieve, both in terms of activity and results.
- The second step lies in planning, anticipating factors in the market and within the business, that influence activity and results, positive and negative.
- Third comes performance measurement, tracking the consequences of activity and achievement of target.
- Next come rewards, and sanctions. Clear reward, bonuses, other forms of recognition for achieving results, but also identification of what is required, either at an individual level, or across a team or department, in order to improve performance next time. This may require training, it may require different procedures.
- Finally there should be top down review across the advertising operation. Not perhaps monthly, but perhaps on a quarterly basis.

Byrne went on to demonstrate how one company, through the utilisation of technology, manages and improves sales peoples' activity, both in terms of efficiency and effectiveness. This can radically improve performance and results.

The first finding from this review was that sales people actually spend very little time selling. In tele-sales the actual amounts of time spent selling are shown on the table on the right. The introduction of activity measurements led to an increase in the number of active accounts of 20% and an increase in recanvassing activity of 20%.

Amount of effective selling time per day		
	Highest time	Lowest time
Canvassers	2 hrs 20 mins	1 hrs 15 mins
Receptionists	3 hrs 50 mins	2 hrs 30 mins

Another key factor was the identification and tracking of lapsed advertisers. Byrne cited the case where non-repeat business accounted for 35% of revenue and 65% of annual customer base. Attention to this group can lead to a dramatic rise in revenues.

A key lesson is about learning and sharing. We look at the process in terms of imparting information to the sales force. But we should be using the sales force as a means of identifying ways of changing the process, by asking them what we need to do to be more effective.

We need to think about personalisation of the sales process from the perspective of both the sales person and the customer. What are the most appropriate processes and incentives for each sales person? What makes advertisers more committed to newspaper advertising?

More up-market readers are responsible for generating a disproportionately high proportion of our advertising revenues, yet Jim Chisholm showed that the most important readers, those that generate the highest amounts of advertising revenues, are least loyal in terms of purchase frequency.

One critical factor is that while advertising effectiveness equals the effectiveness of the newspaper multiplied by the effectiveness of the advertisement within it, too little attention is paid to the actual advertisements themselves and their ability to attract prospects for the advertisers. A conclusion of the delegates at the conference was that newspapers are seriously losing out, because they accept too many advertisements that simply do not work.

## 6. Implementation

Allan Marshall<sup>13</sup> presented Associated Newspapers' plans to introduce a business activity monitoring (BAM) process in which every aspect of the company's activities and performance is tracked and analysed in a common framework. All the company's operational systems are interconnected by a central "bus" through which every event and statistic is recorded in XML format and stored in a central database that sits above the various functional systems within the company. This provides a standardised means of not only utilising the information but also sharing and comparing this knowledge.

<sup>13</sup> Allan Marshall is Managing Director of Associated Mediabase and IT Director of Associated Newspapers, London.  
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This means that every member of staff can monitor what is going on in his or her own job, within a common browser-based environment, whatever form of tracking or analysis they require. The more senior the member of staff, the wider the range of information to which they have access.

The system enables new forms of analysis and monitoring. For example, senior managers can establish where weaknesses exist: consistent lateness at certain points, for example, or regular resource shortages, points where ads arrive late, common points where copy flow stops, or is returned.

Not every newspaper company is as complex as Associated Newspapers, but the common elements that are required to implement such a system are:

- Firstly a means of tracking performance in every part of the business. These do not always exist, particularly in the newsroom. Often the means exist to improve performance measurement, but they are not utilised;
- The second is ensuring standardisation of information, and this is achieved through the utilisation of XML across the organisation;
- The third factor is the means of integrating the systems and knowledge across the company. In the case of ANL this is delivered through the Tibco bus which brings all systems into a common environment;
- The utilisation of browser-based interfaces ensures a common look and feel, for every employee;
- Finally good graphical analysis tools ensure that the information that is presented is easy to access and easy to understand.

## **7. Chairman's conclusions**

Murdoch MacLennan<sup>14</sup>, the Forum Chairman, believes that the key to continuous improvement of our newspaper businesses lies in simplifying access, making it easier for managers to understand the areas of the business for which they are responsible, and allowing them to extend their knowledge across the organization to better understand how their actions and those of their colleagues affect each other's success.

Such a difference is driven by a passion about continuous improvement, seeking better ways of doing things, giving people the time and freedom to do their jobs and to adapt their rewards and sanctions.

Our people need to be given clear guidelines, measures they can understand, that motivate them, and this is as true in the advertising department, as it is in the newsroom, as it is in the press hall. Ultimately we may be measuring waste, or sales variances, or production times, or improvements in workflow, or reduced distribution times, but all these physical measures ultimately relate to people doing jobs and doing them better. A commitment to excellence is the primary driver of circulation and long term viability.

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<sup>14</sup> Murdoch MacLennan is President of IFRA, Vice President of WAN and Managing Director of Associated Newspapers, London.