

BECOMING READER ORIENTED

HOW NEWSPAPERS CAN FOCUS ON READERS
AND SERVE THEM BETTER

January 2001

READER ORIENTATION

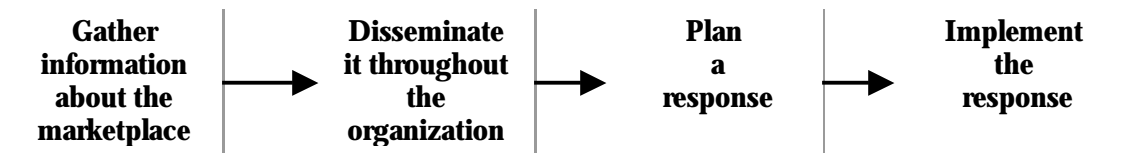
NEWSPAPERS' FOCUS ON THEIR READERS

BACKGROUND

The Reader Orientation Survey assesses the degree to which newspaper executives say they focus on and respond to their readers, and the ideal practices that they think should be in place.

The answers from about 500 executives and senior managers at the Impact newspapers provide a snapshot of an industry whose functional departments think more alike than differently on this subject, and who feel they have a long way to travel to be truly reader-oriented.

The survey is based on a well-tested, sequential model of how organizations learn about and react to market changes:



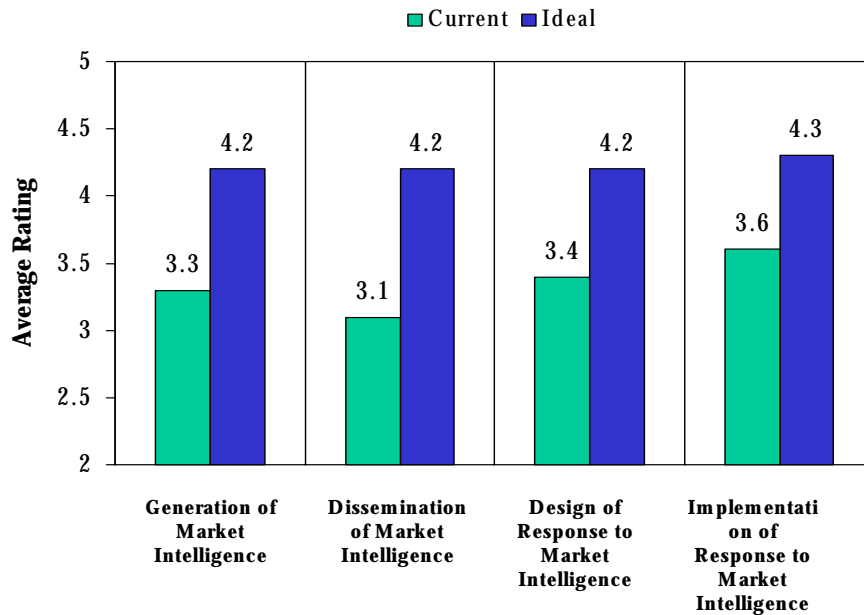
For an organization to demonstrate a strategic market orientation, it must demonstrate successful integration of all four steps. The steps are interdependent – each step must be completed successfully in order to succeed in subsequent steps.

The respondents, equally drawn from the news and business sides, replied on a five-point scale to a series of statements such as:

- “Our newspaper regularly measures how well we are serving readers.” (53% agreed; 99% said it would be ideal.)
- “Data on reader satisfaction are disseminated at all levels of the newspaper on a regular basis.” (27% agreed; 91% said it would be ideal.)
- “Several departments get together periodically to plan a response to changes taking place in our business environment.” (57% agreed; 91% said it would be

ideal.) (See Appendix 2 for agree/disagree percentages for the complete list of questions.)

More significant than individual items is the overall pattern of responses (see chart below.) Newspapers are far less reader-oriented than leaders think they should be. Leaders say they do a better job of responding to market intelligence and turning it into action, than in generating and sharing the information in the first place. Which raises the question of how effective the response can be if limited information has been generated.



OTHER FINDINGS

Editors and other executives tend to agree. The two groups look at “current” and “ideal” performance in a similar way. They differ on some individual items – for instance, editors are less likely to agree that, ideally, business plans would be driven by market research – but when items are grouped into the overarching factors, the views are well-aligned.

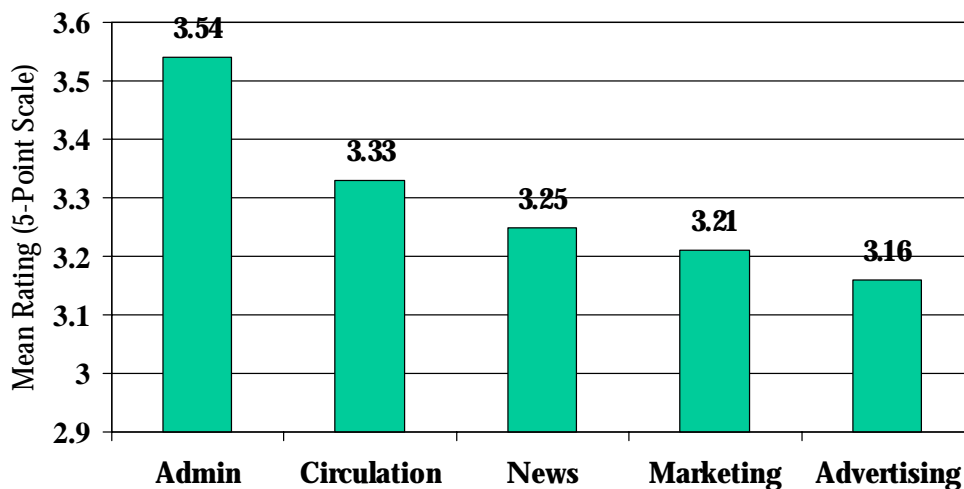
Function and position in the organization make a difference. Publishers and administrative executives perceive their newspapers as more reader-oriented than do the people charged with making it happen – editorial, advertising, circulation and marketing executives.

Size makes a difference. Midsize papers (50K-100K circulation) rate their current state of reader orientation higher than do larger and smaller papers.

Coordination among departments. We also explored a fifth factor, previously untested, that overlays all aspects of market orientation – coordination among departments. Sample statements:

- “There is close cooperation among the news, circulation, marketing and advertising departments about strategic decisions.” (59 percent agreed; 95 percent said it would be ideal.)
- “Editorial and marketing and/or circulation staffs interact on a daily basis about the content of the paper.” (34 percent agreed; 74 percent said it would be ideal.)

Leaders in all departments see a big gap between the way their papers operate and the way they should operate, giving an average rating of 4.19 (out of 5) to describe the way things should be, but only a rating of 3.29 to current practices. Although, again, publishers and other administrative executives think coordination among departments is better than the actual department heads think it is.



As with market intelligence, executives at mid-size newspapers (50K-100K) rate their papers higher than others do on coordination among departments.

DEPARTMENTAL DIFFERENCES

While top editors and other executives agree on the overarching factors, they have differing views on some of the details. Statements regarding the **current state** that showed statistically significant differences between editors and business-side executives:

- “Marketing personnel spend time discussing readers’ future needs with different functional departments.” (25 percent of editors agreed; 35 percent of business executives agreed.)
- “Internal politics drive the newspaper we sell more than reader needs.” (7 percent of editors agreed; 14 percent of business-side executives agreed.)
- “Big decisions are made with equal input from all departments.” (39 percent of editors agreed; 51 percent of business respondents agreed.)
- “Several departments get together periodically to plan a response to changes taking place in our business environment.” (50 percent of editors agreed; 63 percent of business executives agreed.)
- “When we find out that readers are unhappy with our newspaper, we take corrective action immediately.” (50 percent of editors agreed; 37 percent of business respondents agreed.)
- “Principles of reader segmentation drive new development efforts in our newspaper.” (34 percent of editors agreed; 49 percent of business executives agreed.)
- “According to top management, serving readers is the most important thing our newspaper does. (75 percent of editors agreed; 65 percent of business respondents agreed.)

Statements regarding the **ideal state** that showed significant differences between editors and business-side executives:

- “The readers’ interests always come first, ahead of the level of profitability.” (85 percent of editors agreed this would be ideal; 68 percent of business respondents agreed.)

- “Editorial decisions on what stories to write are never influenced by other departments.” (86 percent of editors agreed this would be ideal; 76 percent of business-side executives agreed.)
- “I believe this newspaper exists primarily to serve readers. (87 percent of editors agreed this would be ideal; 74 percent of business respondents agreed.)
- “Our business plans are driven by market research.” (62 percent of editors agreed this would be ideal; 82 percent of business-side executives agreed.)
- “Editorial and marketing and/or circulation staff interact on a daily basis about the content of the paper.” (64 percent of editors agreed this would be ideal; 81 percent of business respondents agreed.)
- “Principles of reader segmentation drive new development efforts in our newspaper.” (58 percent of editors agreed this would be ideal; 84 percent of business executives agreed.)
- “According to top management, serving readers is the most important thing our newspaper does. (95 percent of editors agreed this would be ideal; 85 percent of business respondents agreed.)

READER ORIENTATION APPENDIX I

Respondents to the questionnaire

We asked Impact newspapers to have six executives in each organization complete the survey with three coming from News/Editorial and three coming from business departments, including one from Administration/Publishing, and two from Marketing, Circulation, or Advertising. We received responses from 89 of the 100 newspapers, for a response rate of 89 percent. Some newspapers had fewer than six executives complete the survey. Our final sample was composed of the following respondents:

Editorial	249
Business departments	241
Administration	83
Publishers	31
Other administrative	52
Marketing	37
Advertising	67
Circulation	54
Total	490

Survey Content

The survey consisted of 32 questions, 24 of which are based on items used by other marketing researchers studying market orientation. The eight questions related to the “Coordination Among Departments” were unique to this survey.

Respondents were asked how much they agreed/disagreed that each statement reflected the current state of their organization, and what the ideal would be. For example:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	Statement	Current State	Ideal State
1.	Our newspaper regularly measures how well we are serving our readers.	<i>3</i>	<i>5</i>
2.	Our business plans are driven by market research.	<i>4</i>	<i>4</i>

Composite Results

Here are the average scores for all respondents on the four areas of market intelligence.

	Average Score for "Current State"	Average Score for "Ideal State"	Difference Score (Ideal - Current)
1. Generation of Market Intelligence Information	3.25	4.20	-.95
2. Dissemination of Market Intelligence Information	3.10	4.21	-1.11
3. Response to Market Intelligence Information	3.43	4.24	-.81
4. Implementation of Response to Market Intelligence	3.57	4.27	-.70

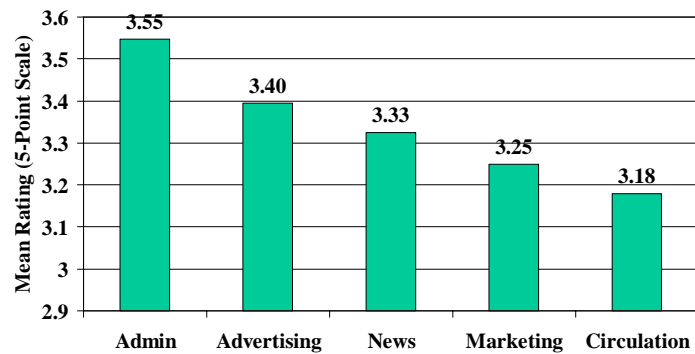
Average Rating by Job Category

Here are the scores for each of the four market intelligence areas reported by functional department and top administrators.

	Admin	Advertising	News	Marketing	Circulation	All Respondents
1. Generate	3.47	3.29	3.23	3.21	3.06*	3.25
2. Disseminate	3.33	3.22	3.06*	3.04	2.98	3.08
3. Respond	3.62	3.52	3.45	3.32	3.26	3.45
4. Implement	3.77	3.55*	3.56	3.43	3.42	3.55
Total	3.55	3.40	3.33	3.25	3.18	3.34

* Indicates statistical difference from Administrators

This chart compares the average rating for all statements by department (the "Total" Line in the table above):



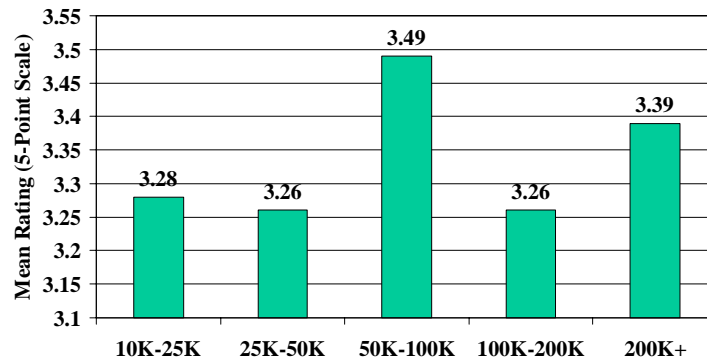
Average Rating by Circulation Size

Here are the scores for each of the four market intelligence areas reported by circulation strata.

	10K-25K	25K-50K	50K-100K	100K-200K	200K+	All Respondents
1. Generate	3.20	3.18	3.36	3.29	3.27	3.25
2. Disseminate	3.07	2.97*	3.25	2.90*	3.23	3.08
3. Respond	3.30*	3.31*	3.62	3.43	3.60	3.45
4. Implement	3.55	3.58	3.72	3.43	3.45*	3.55
Total	3.28	3.26	3.49	3.26	3.39	3.34

* Indicates statistical difference from 50K-100K

This chart compares the average rating for all statements by circulation size (the "Total" line in the table above):



READER ORIENTATION APPENDIX II

Here are the survey statements grouped according to the four areas of market intelligence and coordination among departments. Responses are reported as the percentage that disagreed (1 or 2 rating) or agreed (4 or 5 rating). Neutral responses (3) are omitted, so percentages do not always total 100.

Generating Market Intelligence

All the statements relate to the organization’s external focus on its readers and the market it serves.

GENERATION OF MARKET INTELLIGENCE INFORMATION		DISAGREE	Agree
		(1 or 2 rating)	(4 or 5 rating)
Our newspaper regularly measures how well we are serving readers.	Current	27.60%	52.90%
	Ideal	0.20%	98.80%
The readers’ interests always come first, ahead of the level of profitability.	Current	36.80%	31.50%
	Ideal	6.30%	76.00%
I believe this newspaper exists primarily to serve readers.	Current	18.40%	58.90%
	Ideal	9.20%	81.30%
We periodically review the likely effect of changes in our business environment on readers.	Current	32.20%	44.50%
	Ideal	2.40%	92.90%
We are slow to detect fundamental shifts in our market (competition, technology, etc.).	Current	53.30%	21.90%
	Ideal	80.50%	12.80%
We are slow to detect changes in our readers’ preferences.	Current	44.80%	30.10%
	Ideal	77.70%	15.10%

Dissemination of Market Intelligence

Each of these items reflects the ability of the organization to communicate what it has learned throughout the organization and to incorporate reader satisfaction into its business strategy.

DISSEMINATION OF MARKET INTELLIGENCE INFORMATION		DISAGREE	Agree
		(1 or 2 rating)	(4 or 5 rating)
In our newspaper, marketing personnel spend time discussing readers' future needs with different functional departments.	Current	40.40%	30.10%
	Ideal	1.60%	89.50%
There is minimal communication between different departments concerning reader trends and developments.	Current	49.00%	29.80%
	Ideal	76.50%	19.20%
Data on reader satisfaction are disseminated at all levels of the newspaper on a regular basis.	Current	51.10%	27.40%
	Ideal	3.20%	90.50%
The business objectives of our newspaper are driven by reader satisfaction.	Current	29.40%	38.50%
	Ideal	6.90%	79.20%
Business strategies are driven by the goal of increasing the newspaper's value to readers.	Current	19.60%	57.90%
	Ideal	2.00%	90.70%
Our top managers are in close personal touch with the average member of the community.	Current	25.40%	50.30%
	Ideal	1.00%	92.10%

Response to Market Intelligence

Each of these items reflects the ability of the organization to respond to the needs of its readers and create a viable business strategy from them.

RESPONSE TO MARKET INTELLIGENCE INFORMATION		DISAGREE	Agree
		(1 or 2 rating)	(4 or 5 rating)
We periodically review our product development efforts to ensure that they are in line with what readers want.	Current	21.50%	54.30%
	Ideal	0.20%	98.20%
Internal politics drive the newspaper we sell more than reader needs.	Current	72.40%	10.50%
	Ideal	91.90%	3.70%
Our business plans are driven by market research.	Current	29.60%	36.30%
	Ideal	5.30%	72.40%
Several departments get together periodically to plan a response to changes taking place in our business environment.	Current	21.10%	57.40%
	Ideal	2.00%	90.90%
Principles of reader segmentation drive new development efforts in our newspaper.	Current	23.20%	41.70%
	Ideal	2.30%	71.40%
For one reason or another, we tend to ignore changes in our readers' product or service needs.	Current	67.10%	12.50%
	Ideal	84.50%	9.20%

Implementation of Response

These items reflect action taken by the organization based on information about its readers.

IMPLEMENTATION OF RESPONSE TO MARKET INTELLIGENCE		DISAGREE	Agree
		(1 or 2 rating)	(4 or 5 rating)
Even if our newspaper came up with a great plan to build readership, we probably would not be able to implement it in a timely fashion.	Current	70.90%	15.60%
	Ideal	88.30%	8.90%
Our newspaper is quick to respond to significant changes in our competitors' product or service offerings.	Current	31.30%	39.90%
	Ideal	3.00%	86.40%
Reader complaints fall on deaf ears at this newspaper.	Current	86.50%	6.00%
	Ideal	90.30%	7.90%
When we find out that readers are unhappy our newspaper, we take corrective action immediately.	Current	25.80%	43.70%
	Ideal	4.70%	77.40%
According to top management, serving readers is the most important thing our newspaper does.	Current	14.10%	69.80%
	Ideal	2.80%	91.30%
When we find that readers would like us to modify the paper, the departments involved make concerted efforts to do so.	Current	17.40%	50.70%
	Ideal	1.60%	82.90%

Coordination Among Departments

The questions used to measure Coordination Among Departments were created specifically for this survey. Only four of the eight yielded statistically significant results. The following statements from the survey were not included in the analysis because they did not yield statistically significant results:

- Editorial decisions on what stories to write are never influenced by other departments.
- The quality of the paper is determined by its economic performance.
- There is a history of people moving from news to the business side of the paper.
- Overall, editorial staff believes it has the budget and resources to serve its readers well.

COORDINATION AMONG DEPARTMENTS		DISAGREE	Agree
		(1 or 2 rating)	(4 or 5 rating)
There is close cooperation among the news, circulation, marketing, and advertising departments about strategic decisions.	Current	19.30%	58.80%
	Ideal	1.40%	94.60%
Editorial decisions on what stories to write are never influenced by other departments.	Current	23.20%	64.50%
	Ideal	19.00%	72.20%
Big decisions are made with equal input from all departments.	Current	33.50%	45.20%
	Ideal	8.30%	83.80%
The quality of the paper is determined by its economic performance.	Current	39.50%	40.00%
	Ideal	49.50%	28.50%
Editorial and marketing and/or circulation staff interact on a daily basis about the content of the paper.	Current	47.60%	33.80%
	Ideal	11.60%	74.40%
There is a history of people moving from news to the business side of the paper.	Current	74.40%	8.90%
	Ideal	38.30%	18.50%
People from all departments of the paper get along well on a personal level.	Current	10.10%	68.10%
	Ideal	1.60%	85.80%
Overall, editorial staff believes it has the budget and resources to serve its readers well.	Current	47.00%	27.30%
	Ideal	6.90%	80.70%