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CONSIDER THIS:

#57 Googling to Newspaper Solvency

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I am an avid, lifelong, reader of newspapers in general, and of the *New York Times* in particular. Moreover, I'm a staunch believer in the essential role of an press in a modern democracy. But I'm also the owner of a Web site that serves over a million page views a month, some of which display short extracts of news articles, with links back to the full text. On occasion those links lead back to stories appearing at the Web site of the *Times*.

So why am I trying to kill my beloved *Times* and its worthy brethren?

Well, in fact I'm not. The real causes of newspaper distress are the diversion of ad dollars from print to on-line placements, and a plunge in the rates being paid for those same ads. The latter results in part from the ever-increasing supply of ad-ready Web pages, and the development by Google of technology that allows inexpensive ads to be targeted at the pages most likely to generate sales. That's not the way some newspaper owners and journalists see it, though. They would like to charge Google, and even small "aggregators" like me, for the privilege of driving traffic back to their own ad-bearing Web sites.

If you think that sounds backwards, you're right. It also explains why Google's revenues are still rising while the *Times* continues to report substantial losses. What Google realized years ago, but newspapers continue to miss, is the value of enlisting vast numbers of independent site owners (ISOs) as distributors. By creating targeting technology that enables even low-volume products to be cost-effectively advertised via these distributors, Google was able to harness the full power of "long tail" economics to its business model. Ads like these generate only pennies of revenue for Google and drag down ad rates overall, but Google's super-efficient technology platform allows it to more than compensate through volume.

The only way for newspapers to survive on ad revenue, then, is to learn how to sell on-line ads faster than their print-based advertising and subscription revenues evaporate. Surprisingly enough, they can – but only if they begin to emulate Google, rather than bash it.

Here's how: newspaper publishers need to start looking at aggregators as partners rather than enemies. Publishers also need to see news snippets not as content, but as advertisements for the newspapers themselves. By motivating ISOs to drive traffic back to the newspapers that underwrite the production of high quality content, publishers, like Google, can capture the long tail financial rewards to which they are entitled.

For the *Times,* such a program would work like this:

1. Launch a News Partner Program to encourage new ISOs to add automated news extract feeds to their sites, and incentivize existing aggregators to display only news from the Times. Make it as easy for an ISO to participate as it is to join the Google AdSense program.

2. Limit an ISO's extract rights to six per day, and control the amount of content that will display at the ISO site, so that there is enough of the story to grab a reader's interest, but not to satisfy her curiosity.

3. When an ISO reader generates ad revenue at the *Times* site, share 10% with the ISO.

4. Offer a default option that automatically matches news extracts with the content that is displaying on the same ISO page.

5. Empower ISOs by letting them customize what displays at their sites. Allow them to choose from topics as broad as "politics" or as narrow as "digital photography." Update the Times News Reader to allow ISOs to select individual stories simply by clicking on them.

6. Compete with Google by becoming an ad reseller, leveraging the relationship with ISO partners to generate further income.

7. Give commissions to site owners for new print subscriptions that result from promotional ads run at ISO sites.

Would this work? Yes, because it would be more appealing to ISOs and readers than the already wildly successful Google ad model, which produces only pennies a month for most ISOs, and displays ads, rather than interesting content, to visitors.

While simply allowing bloggers and others to syndicate small extracts of news stories would not be likely to generate enough ad revenue to save the *Times* and its peers from economic perdition, it could be an important first step in transitioning the world of print media into a digital future where it can more successful leverage its unique strengths and resources. By forging loyal networks of nimble ISOs, the *Times,* like Google, would gain the partners it needs in order to adapt to the challenges of on-line business as they continue to evolve.

It's a win-win proposition. And I can't be the only loyal *Times*-reading ISO who is standing by, just waiting for the invitation.

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