

THE NEWSPAPER THAT FELL FROM ITS IVORY TOWER

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*The decline that led the once-majestic Philadelphia Inquirer into bankruptcy, multiple public auctions and the recent sale of its historic building underscores the crisis facing the metro daily newspaper in the digital age. But the Inquirer's downward spiral has had less to do with the Internet than it has with changing demographics and failed corporate strategies.*

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## 1. The Rise

Few news organizations occupy so iconic a headquarters as *The Philadelphia Inquirer*. With its sweeping faux colonial architecture, distinctive clock tower, golden dome and eggshell terra-cotta facade, the newspaper's 87-year-old building on North Broad Street easily stands out among the boorish modern high-rises that dot much of surrounding City Center Philadelphia.

From the windows of the building, Inquirer editors and reporters can look out upon the bustling streets below as many long-vacant buildings are converted into apartments and condos. On the edge of the 18th story deck, facing south, the building offers an intoxicating view of the entire city.

But the romantic setting *The Inquirer* enjoys is set to end this summer. In November, the paper's parent company, Philadelphia Media Network, announced that it had been forced to sell the historic ivory tower on 400 N. Broad St. at a price tag of \$22.65 million as a last-ditch effort to pay off its debt. The company further announced that *The Inquirer* and its sister tabloid, *The Daily News*, were going to downsize and relocate to a smaller, leased space on the third floor of a vacant former department store in the center of town by early summer 2012. Along with the move, the company has offered layoffs and buyouts to 45 employees, bringing its total newsroom staff down to around 220, compared with its previous high of 600 as recently as 1998.

Faced with record budget shortfalls brought on by the rise of the Internet, flagging ad sales and an economy gone south, it's no secret that Philadelphia's flagship daily newspaper has been struggling to stay afloat in recent years, despite its reputation as one of the top investigative newspapers in the country. To some degree, almost all metro dailies have.

Yet hardly any major big city paper in the country has suffered so profoundly – and so dramatically – as *The Inquirer*, whose decline was set in motion long before the rise of the Internet by a completely different yet almost equally potent threat to its business model: suburban sprawl.

Over the course of a three-decade period, beginning in the early 1970s and lasting into the 2000s, the paper's now defunct corporate owners, Knight Ridder Newspapers, implemented a series of strategies intended to boost circulation by chasing readers into Philadelphia's growing and affluent suburbs. Ultimately, the paper was never able to devote enough resources to

suburban coverage to allow it to compete with the slew of small local dailies spread across its outlying coverage area. The *Inquirer*'s various attempts to lure suburban readers with hyperlocal news and features resulted in few circulation gains, other than on Sunday. For a staff that was hungry to do enterprise reporting, the suburban strategy took valuable resources away from what made the paper great – investigative and in-depth reporting that earned it 17 Pulitzer Prizes in the 1970s and '80s.

Today, as the paper struggles to define itself in the digital age, analysts say *The Inquirer* could learn from its past mistakes by trimming back its coverage to reflect a stronger emphasis on city and state politics and a greater commitment to collaborative, in-depth digital-first reporting if it wishes to maintain its role as the dominant voice of the region.

“*The Inquirer* still does some excellent reporting and is still the strongest voice in Philadelphia,” says C.W. Anderson, assistant professor of media culture at City University of New York and author of the forthcoming book *Networking the News: The Struggle To Rebuild Metropolitan Journalism*, which focuses on Philadelphia to trace the decline and future of big-city news ecosystems. “For *The Inquirer* to survive, however, it’s going to have to redefine its place in the digital news ecosystem with more investigative, collaborative reporting.”

But the challenge of making the kind of money to stay afloat in the region suggests that good journalism may not depend entirely on *The Inquirer* or its Philly.com portal website. More than a dozen different niche suburban dailies continue to hang on – if not thrive – in the region, and an array of new digital grassroots efforts and collaborative ventures offer a glimmer of hope for the city’s networked media future.

Veteran *Inquirer* reporter Andy Maykuth, 53, still recalls the culture shock of leaving his small-town Missouri home in 1982 to take a job at *The Inquirer*'s Camden County, New Jersey bureau.

“It was my first big break as a journalist,” says Maykuth, who was only 24 at the time. “But moving to South Jersey almost felt like entering a different country, like being a foreign correspondent.”

A few years later, Maykuth did become a foreign correspondent, going on to cover wars, natural disasters and genocide in a total of 49 different countries across the globe in the span of 27 years.

For hundreds of young reporters like Maykuth, *The Inquirer* during the 1970s and 1980s represented the pinnacle of journalistic greatness, a place where lifelong careers were made and kept. Spirits ran high during those heady days when Gene Roberts served as executive editor of the paper, presiding over a newsroom with fat budgets, booming circulation and where quality coverage was a top priority. Roberts offered his reporters the time, money and creative freedom to produce their best work, and made it his personal goal to expand the paper's foreign and investigative coverage.

One legendary incident of Roberts' quest for the unusual involved sending a young reporter, Marc Bowden, to Africa for four weeks to investigate the disappearance of the white rhinoceroses in the days when virtually no one was reporting about the environment. Bowden went on to national fame as the author of "Black Hawk Down," his *Inquirer* newspaper series that became a national bestseller and movie.

"It was an almost magical place to work back then," recalls veteran *Inquirer* crime reporter George Anastasia, 65, who joined *The Inquirer* in 1974. "Gene used to let us go two or three weeks without publishing anything just so that we'd have more time to get out and produce meaningful, enterprise-style journalism."

Roberts' editorial approach paid off. By 1983, the paper had become among the top broadsheets in the nation, with a Sunday circulation of close to 1.1 million. The Sunday *Inquirer*, always healthy because of its classified advertising section, boasted a thriving magazine and a selection of feature and enterprise stories that competed for attention.

In 1980, "the Inky," as locals had come to call it, officially surpassed its last remaining daily broadsheet competitor, *The Philadelphia Evening Bulletin*, to become the most widely read publication in the metropolitan area. Daily circulation hit 561, 018, according to Audit of Bureau and Circulation records. At the time, Roberts predicted that only one of the two dailies would survive the readership wars, and he was committed to making his paper the winner of that contest. Two years later in 1982, *The Bulletin* closed its doors, securing *The Inquirer's* dominance as the region's primary print organ.

The day *The Bulletin* folded, Roberts stood on the city desk to announce the implementation of his long-held strategic plan -- the opening of six foreign and seven national bureaus, plus eight new local thrice-weekly Neighbors bureaus to cover the suburbs. While the staff was thrilled with the idea of

the national and international coverage, there was plenty of grumbling from those assigned to move out to the “burbs,” where the stories seemed entry-level rather than compelling and career enhancing.

## 2. ‘Outlocaling the Locals’

With *The Bulletin* now no longer a threat, Knight-Ridder pushed the Neighbors concept in Philadelphia based on the success it was having at its Miami Herald property in the Dade and Broward Florida suburbs. Although *The Inquirer* was already covering the suburbs with a number of South Jersey and Pennsylvania bureaus, Neighbors would offer a separate tabloid within the paper to compete with staples like sports, municipal taxes and school lunch menus – the meat and potato stories – against the variety of small suburban dailies operating within the nine-county coverage area.

The rationale behind expanding suburban coverage was simple: Philadelphia, like so many other big cities, had seen many of its more affluent and middle-class white residents flock to the suburbs in search of better schools and lower crime rates. According to census data, the city’s overall population had plummeted by almost 50 percent between 1940 and 1980, from 1.93 million to 960,000. White residents went from making up 86.8 percent of the city’s total population to 57.1 percent during the same time period.

Using readership studies and focus groups, Knight-Ridder put increasing pressure on many of its big city publications like the *Detroit Free Press*, *Miami Herald* and *San Jose Mercury News* to devote a greater amount of coverage to the suburbs and the promise of circulation growth they represented.

While such “suburban strategies” made sense for cities without daily suburban competitors, the Philadelphia metropolitan market had a long history of supporting daily newspapers like *The Times Herald* in Norristown, Montgomery County; *The Courier-Times* and *The Daily Intelligencer* in Bucks County; *The Daily Local* in Chester County; *The Courier-Post* in Camden County; *The Courier* in Burlington County; *The Daily Times* in Gloucester County; *The Press* in Atlantic City and a host of smaller papers that served readers in South Jersey. Despite these formidable competitors, Knight Ridder believed it could find a way to convince readers outside of City Center that *The Inquirer* was worth the buy, especially on Sundays when there was little competition.

Roberts agreed. With a team of editors led by Glenn Guzzo, who went on to become editor of the *Denver Post*, and Gary Farrugia, who now publishes *The Day* in New London, Connecticut, Roberts designed a plan to establish visible bureaus throughout the suburbs that would sport “The Inquirer Neighbors” banner.

"We called it the ‘Neighbors’ section and it was meant to give a brief overview of suburban stories," recalls Roberts, who at 80 is a living legend in journalism because of his leadership at the paper, followed by a stint as managing editor of *The New York Times*. "Because we were fearful of the costs associated with covering the suburbs too intensely at the expense of other areas of coverage, we only ran the Neighbors section three days a week," featuring a special High School Sports Neighbors on Mondays during the academic year.

Roberts says he was well aware back then about how expensive it would be to cover the suburbs even on a surface level given a unionized pay scale staff. But he also equally understood that it may have been even more expensive not to. Looking back, Roberts considers the modest suburban strategy of the early 1980s to have been a relative success for the paper, at least in terms of short-term circulation growth. He noted that the Sunday “Neighbors” section, for example, helped prevent sales figures from dipping below the million-mark, adding that up to 1985 none of the 14 principal suburban dailies published Sunday editions. Ultimately, even with the use of relatively inexpensive young interns, the high cost associated with producing and distributing the Neighbors section outweighed the revenue it created.

Although the tri-weekly “Neighbors” section never turned a net profit, the paper’s management kept the strategy in place in hopes that it would drain readership from its suburban competitors, as well as help keep the paper’s Sunday circulation figures high enough to satisfy investors.

Roberts said that Knight-Ridder, then led by the late Jim Batten, who died of a brain tumor in 1995, took a predominantly hands-off approach during the first few years of the “Neighbors” experiment. But as the paper’s year-on-year daily circulation growth began to ebb in the mid-'80s, the company began to take a more active role in attempting to increase short-term profit margins, and Roberts began to fall out of favor with Miami executives.

**B**y 1990, when Maxwell King succeeded Roberts as editor, the “Neighbors” sections still had not made a dent in curbing suburban

circulation among its competitors. Nearly all of the 14 suburban dailies within the coverage area had either gained or maintained their circulation levels since the metro-wide strategy was first introduced in 1982. Its three most formidable competitors, the *Courier Times* in Bucks County, the *Daily-Local* in West Chester, Chester County and the *Delaware County Daily Times* in Delaware County, which covered part of the Philadelphia wealthy Main Line, had each grown in size by 18 percent, 8 percent and 30 percent, respectively.

"What we saw happening was that our most traditionally loyal readers were moving out from the inner city of Philadelphia to these outlying areas, like Bucks County and Cherry Hill," recalls former managing editor Gene Foreman, 77, who was among the team of editors who developed the suburban coverage. "But when they moved to those places, they didn't necessarily take *The Inquirer* with them. Many of them figured they could get local news about their communities from the small suburban daily that was already in their community."

The growing demands for profit from Knight-Ridder, now under the leadership of News President Anthony P. Ridder, eventually led Roberts to step down rather than to redirect resources away from the national and international coverage readers had come to expect during his tenure.

"I think Gene just got tired of trying to fight with Knight Ridder," says King, now senior fellow at the Fred Rodgers Center in Latrobe, Pa.

King inherited a newspaper that had developed a strong reputation for investigative projects, mostly tied to Philadelphia, as well as staff-driven international and national reports. It was also locked into union contracts that dictated who could be assigned to the new suburban bureaus, which covered dozens of municipalities that required a lot of feet on the ground to be competitive. Even with a sizable corps of two-year interns to bolster the staff, that level of reporting was expensive and was never supported by advertising that relied on department, car and classified advertising, not the "Mom and Pop" or mall stores that were the brunt of the suburban clientele.

"When I came in as editor, the economics had been getting a lot harder for the past few years," says King, who'd worked at the paper under Roberts' tutelage since 1972, including an assignment as circulation director. "But I tried to keep it as much in line with Gene's vision as possible."

Readership studies conducted in the early 1990s show that as many as two

out of three of the paper's mostly white subscribers in the city had relocated to outlying areas that included 200 school districts and hundreds of separate municipalities with their own police forces and government structures. The Neighbors' staff of five, supplemented by three or four intern correspondents per bureau, couldn't possibly handle those demands. But in focus groups Inquirer suburban subscribers described feeling "ownership" to the tabloid-style sections because of the array of features, in-depth stories and local columns, including restaurant reviews. Despite the success of the content, Neighbors advertising – a major driver of suburban use and revenue – never kept pace with the need for profits.

Around the same time, *The Inquirer's* new color printing presses had just come online, making it now possible to print customized zoned daily editions of the paper tailored to each individual suburban community. That led King and publisher Robert Hall in the early 1990s to expand "Neighbors" from tri-weekly tabloids to daily broadsheets, similar to the city section.

King said he worked with corporate executives and company department heads to help implement the daily zones under the premise that local stories, supplemented by the national, local and regional stories, would beat the competition. Unfortunately, the zones' press production times made it almost impossible to deliver the latest stories and sport scores in those days before instant access via the Internet and ESPN became routine.

"We were essentially trying to out-local the locals, which is a hard, if not impossible, thing to do in a big metropolitan market," King says. "It was a mistake because we were trying to be all things to all people."

The frenetic, often dizzying, efforts of the paper to serve its core readership led the paper into a sort of lingering identity crisis during the 1990s and early 2000s. At various times, the paper offered its suburban readers four zoned editions, then five, then, because of budget problems, back down to three. And there was never ample marketing money to sell the zones to draw in new readers.

"They were so worried about quarterly profits that they couldn't stick with anything for very long," recalls Paul Jablow, the deputy suburban editor who is now retired. Jablow was in charge of recruiting, training and evaluating the many interns, identified as suburban correspondents that included such talent as future Pulitzer Prize winners David Rhode of *The New York Times* and Joby Warwick of *The Washington Post*. "If they'd just been patient and actually spent time doing some long-range planning, it



might not have been as bad.”

Looking at the numbers, it’s hard to see evidence that the zoned editions had any net positive effect on circulation. *The Inquirer* suffered a far more noticeable dip in daily readership between 1992 and 1996 than any of the suburban publications, nose-diving about 20 percent from 503,603 to 400,385 daily circulation.

Foreman said that although he believes the daily-zoned editions of at one point surpassed many of the local dailies in terms of quality of suburban coverage, the problem was more a matter of perception than reality.

“It’s not that we didn’t out-local the locals, because we did in my opinion,” says Foreman who lives in suburban Radnor, Delaware County. “It’s just that there seemed to be almost this inherent bias among the suburban readers that, for example, the *Bucks County Courier-Times* would always cover Bucks County better than we could.”

Reuters London Bureau Reporter Steve Stecklow, who got his start in 1981 as an *Inquirer* suburban reporter, says he generally agrees with Foreman that the paper’s coverage of the county was better from an investigative standpoint, but it lacked a certain community “boosterism” that made it an attractive choice for local readers and advertisers.

“We covered the big stuff – the stories from Bucks County that would matter not just to people in Bucks County, but everywhere else,” recalled Stecklow who went on to win a Pulitzer Prize for investigative reporting at *The Wall Street Journal*. “In that sense, I’m not sure the local community would have ever abandoned the *Courier-Times* for what we were doing.”

**T**he hard-fought battle for the suburbs raged on with yet another iteration of strategic rebranding in 1999, during Robert J. Rosenthal’s tenure as editor. It was dubbed the “paper within a paper” and took the form of two daily broadsheet zoned sections aimed at readers in Pennsylvania’s expanding Chester County and the more mature Camden County in South Jersey. A team of 18 reporters staffed a newsroom in downtown West Chester, the headquarters of county government in the fastest growing county in the region. A similar number worked in the South Jersey Cherry Hill office. Both were equipped with their own advertising and circulation staffs.

The “paper within a paper” represented a major attempt to mimic the caliber

of intense local reporting that was the lifeblood of the suburban dailies. It was content-heavy, and featured highly localized ‘commodity’ news such as sports scores, school board meetings and community announcements. The vision behind the concept was to create additional daily sections in other suburban areas if the experiment proved successful.

From a circulation standpoint, the “paper within a paper” was by far the most successful suburban venture to date. A year-and-a-half after the launch of the project, Rosenthal says it was beating the West Chester *Daily Local* in terms of Chester County readership.

“The idea was to throttle the competition one by one,” says Rosenthal, who was never a suburban reporter and was stubborn in his refusal to give up the national and international reporting in favor of more hyper-local stories.

Revenue-wise, however, the “paper within a paper” failed to attract the advertising-base necessary to make up for the significant amount it cost to be produced and distributed. In early 2001, Inquirer publisher Bob Hall pulled the plug on the project, citing its financial unsustainability.

“I was told by a corporate executive that I had built the Rolls Royce,” Rosenthal recalls. “But the problem is that he wanted a Chevy.”

The first of the paper’s many buyouts to trim what Knight-Ridder considered a bloated sized staff, based on its circulation, took place in the fall of 2000. Within a year Rosenthal was out as editor. St. Paul Pioneer Press Editor Walker Lundy, who had no knowledge of the Philadelphia area or its staff, took over the reins and tried to create the “Chevy” Knight-Ridder executives wanted.

Lundy put in place yet another iteration of zoned suburban sections. Though he moved a lot of people around and started to dismantle the foreign and national operation to save money, Lundy never warmed to the job and quit a year later. Pulitzer Prize winning editor Amanda Bennett, then head of the Knight-Ridder owned Lexington Herald-Leader, took over from Lundy but also did not last long. She is now a senior enterprise editor at Bloomberg in New York.

**I**n assessing the paper’s suburban strategy, interviews with veteran and former staff members blamed the nearly 100,000-circulation drop of the 1990s on management’s decision to pursue the hyperlocal suburban news in favor of national, international and even city of Philadelphia news.

But for former editorial page editor Chris Satullo, that excuse is too easy. Satullo joined the paper in 1988 as a suburban editor and worked on numerous coverage plans.

"It wasn't necessarily the 'local' part that failed so much as it was a failure in implementation," says Satullo who now runs local coverage for NPR's WHYY in Philadelphia and has long been a believer in community-level reporting. "We had trouble getting everyone on the same page to produce a better local product."

Satullo said the "paper within the paper" model could have worked had it not been for lackluster support from the various business sides of the paper, especially advertising, coupled with the financial mandates that Knight-Ridder's corporate watchdogs levied.

Satullo also recalls that many of the city-based reporters, who did not aspire to careers writing about school boards, snubbed their noses at being assigned to cover the suburbs, and bristled when regional or investigative pieces they wrote were shoved to the back of the zoned edition in favor of the hyperlocal stories that were targeted to specific areas.

But Jablow, who built most of his career in the suburbs, sees the issue differently, doubting that it was ever possible to gain sufficient readership in the Philadelphia suburbs. "I'm inclined to think the whole problem was that we were getting devoured by prawns in the suburbs, and there wasn't much we could do to stop it in Philadelphia. We just had too much competition, and it cost too much money to compete."

Hank Klibanoff, who along with Gene Roberts co-authored *The Race Beat* history book that won the Pulitzer Prize in 2006, served as an Inquirer city and national reporter before becoming the business editor and then deputy managing editor. Klibanoff left the paper in 2002 to become managing editor of *The Atlanta Journal-Constitution* and has had plenty of experience in navigating suburban strategy. "The same strategy mostly failed in Atlanta, and there wasn't anywhere near the competition there as we had in Philadelphia."

### 3. 'Doing What We Do Best'

Standing on the sidelines from her perch as 43-year veteran crime and courts reporter for the *Courier-Post* in South Jersey, Renee Winkler

analyzed *The Inquirer's* problem as one of identity. For Winkler, who retired in 2008, the question of why the *Courier-Post* hangs on is a fairly straightforward one to answer: "We've always known who we are and what we do best, and that's Camden County."

When *The Inquirer* had three to five full-time reporters and roughly a half-dozen band of young interns and stringers stationed in its Camden County bureau during the 1980s, the *Courier Post* had a dedicated newsroom of 35 journalists. "We'd be out there every day on the ground covering organized crimes," Winkler recalls. "Meanwhile, *The Inquirer* would just be covering everything by press releases."

Winkler is the first to admit that *The Inquirer* would occasionally scoop the *Courier* in its own backyard with a big story. But in terms of consistency, the *Courier* always had the upper hand. "Some people would buy both papers," she added, "but most usually bought one or the other. For the local coupons alone, though, the *Courier-Post* was a better choice."

Still, Winkler rejects the notion that Camden County readers didn't want to know what was going on across the river in Philadelphia, where many of them worked and commuted to the city on a daily basis. It was just a matter of which they valued more – local or regional news.

According to circulation figures for the 14 daily newspapers in the Philadelphia nine-county coverage area, the suburban papers on average have lost around 26 percent of their circulation since 2000. That's significantly less than the 42 percent drop *The Inquirer* experienced during the same period. Going 10 years further back, the suburban dailies slipped 30 percent between 1990 and 2010, while *The Inquirer* saw a stunning 55 percent decline in the same span.

The decline doesn't address actual revenue generated or expenditures incurred. Although *The Inquirer*, now privately owned, hasn't disclosed its earnings publicly to the SEC since the days of the publicly-owned Knight Ridder, a Philly.com report in February claimed that the current parent company, Philadelphia Media Network, earned only \$4 million profit in 2011 before interest payments as against the nearly \$390 million it owes in debt as of its bankruptcy filing in 2009.

Meanwhile, at the Journal Register Company, the digital-savvy newspaper group that owns the *Daily Local News*, the *Delaware County Daily Times*, the *Mercury* in Pottstown, Montgomery County's *Reporter* and the *Times-*

*Herald* in Norristown, annual earnings of \$41 million were posted for fiscal year 2010. The company recently hired Jim Brady, famed for his digital innovations at *The Washington Post*, as its CEO. A look at any one of its websites connects readers with the rest of the suburban newspaper sites, offering a full view on what's happening in those counties. An inspection of the Philly.com site offers a link to the suburban Main Line that covers the wealthy communities in Delaware and Montgomery counties.

At Calkins Media, the privately held company that owns *Courier Times* of Bucks County, *The Intelligencer* in Doylestown and the *Burlington County Times* in South Jersey, executives say that all three papers are solidly in the black and have seen at or below average circulation losses of since 2000.

Perhaps most notable of all the Philadelphia papers has been the vitality of the *Daily Local News*, which has kept circulation losses around 10 percent in Chester County since 2001.

“We’re doing well with the shift to digital, and people in Chester County are still buying newspapers,” says *Daily Local News* editor Andrew Hachadorian, who attributes the paper’s modest drop in print circulation from 66,598 in 2001 to 60,801 in 2011 to its hyperlocal approach to covering the news. “All we do is hyperlocal. That’s our sole focus, and it always has been, We’re not concerned about trying to please everyone at the same time, just our local audience.”

Calkins Media’s operations for its three papers is headquartered in a flat, brick building stretching along U.S. 13, just outside of the sprawling suburbs of Levittown, the region’s first post-war suburban development. The century-old family business, which owns eight newspapers and three television stations in greater Philadelphia, New Jersey and Florida, has managed to weather the storm of the digital age with relative ease.

Newly appointed CEO Mark G. Contreras has only been on the job since November 2011, yet he already seems comfortable enough in his position to go on at great length about the company’s three suburban Philadelphia newspapers, which all “still have circulations and are still making money,” although he won’t disclose the exact revenue figures. Circulation-wise, however, none of the publications has gone astray much more than 30 percent since 2000. He said increased sales of local print and online display advertising has helped offset those losses.

Contreras identified community “boosterism,” strong support from local

advertisers and a manageable economy of scale as the primary ingredients for his company's success. He also pointed out the growth of Calkins' online news site, PhillyBurbs.com, which, according to Quantcast, attracts about 800,000 unique visitors a month by aggregating content from the company's three greater Philadelphia region's daily newspapers.

More than anything else, Contreras said that what sets Calkins apart is the monopoly the company has on local news dissemination in the various communities it serves.

"In Doylestown, we're the only ones. In Bucks County, we're the only ones. In Burlington County, we're the only ones," Contreras says. "These places have no other outlet that serves their communities except for us."

Calkins' newspapers are exclusively local in content, which Contreras said makes them a unique product with a competitive advantage over *The Inquirer*. "The stuff we have is the stuff you can't find anywhere else – investigations into the county property tax assessments, coverage of school board meetings, names of students on the local honor roll."

On a recent February morning, Contreras pulled out copies of the three Calkins-owned Philadelphia papers, along with a copy of the day's *Inquirer*. Above the fold on the front page of *The Inquirer* was an on-location report from the GOP presidential primary race in Tennessee, written by an *Inquirer* staffer. In the *Intelligencer* of Doylestown, however, a piece on a local school-board meeting took top billing.

"It probably cost us a tenth to produce that story as it cost *The Inquirer* to send a reporter all the way to Tennessee," Contreras said. "And I'm pretty sure our story is something that wouldn't have been reported on otherwise."

Another metric working in Calkins' favor is the company's shrinking reliance on erratic national advertising sales. At the *Intelligencer*, for example, only 5 to 10 percent of ad inventory is sold nationally. The rest is bought up by local mom-and-pop businesses and merchants in Doylestown that continue to see the paper as a viable medium to promote their brands. Contreras is quick to point out that it takes far less employees to sell ads in such a small geographic area.

Despite its print holdings, however, Calkins has postured itself as a company working outside the confines of legacy media through the sale of web development, graphic design and search engine optimization services

to local area clients. “We’re increasingly becoming a hyperlocal technology and communications business rather than just a news organization,” Contreras explained. “But that’s okay, because we believe we can be the ‘sherpas’ that help our communities establish their digital future.

#### 4. Developing the News Ecosystem

Just before 10 a.m. on a Saturday morning in early April, nearly 150 bloggers, hackers, programmers and journalists gathered together over coffee and doughnuts in the communications department of Temple University in downtown Philly to address a question of mutual concern: What will the future of journalism in Philadelphia and other big cities look like?

The group was gathered for the fifth-annual “BarCamp NewsInnovation” conference, a daylong panel on the future of the news hosted by Philadelphia media-consultancy group Technically Media, owners of the popular Philadelphia technology news site TechnicallyPhilly.com

At the start of the event, conference attendees clustered around a light blue pushpin board to sign up for the topics they wished to discuss. During the first hour-long time slot, groups met in separate rooms to debate issues such as “Who will pay for news?” and “What will happen if we wake up one day and the newspaper disappears?”

Most of the conference’s attendees represented one of dozens of Philadelphia-area online media and technology start-ups, including groups such as “Tweet Philadelphia,” a social media consulting service, “Generocity,” a site dedicated to covering local philanthropic news, and “The Hacktory,” a self-described collection of “hackers, artists and technology enthusiasts working together on interesting projects in Philadelphia.”

Companies from outside of Philadelphia attended the conference as well, including a team of representatives from Google and a group of programmers from *The New York Times* and *The Washington Post*. A small handful of staffers from *The Inquirer* even showed up to the conference, among them Philly.com executive editor Wendy Warren. Still, for the most part, the conference felt decidedly anti-establishment in sentiment

“It’s kind of like we’re just all here waiting for the dead trees to fall,” said

Eric Richmond, 54, who drove down to Philadelphia for the event from Brooklyn. “We’re just waiting to see what will replace the newspapers when they die.”

After lunch, Inquirer senior products editor Rose Ciotta delivered a presentation that helped underscore the value that traditional news institutions continue to bring to Philadelphia journalism. Ciotta, who helped oversee *The Inquirer’s* recent Pulitzer-Prize winning “Assault on Learning” series on violence within the Philadelphia school system, pointed to the complex level of technology and reporting that went into producing the series as a reason for *The Inquirer’s* importance to the community.

“This took a year’s worth of reporting from five different reporters who conducted more than 300 interviews,” Ciotta said. “It’s not something that we could just do overnight.”

This year’s Pulitzer marks the first time *The Inquirer* has won the award since 1997. Yet even as newsroom relished in its victory, the prize felt like a small consolation in light of the paper’s last six months of turmoil.

“The Pulitzer this spring was the first time in a while the newsroom has had something to feel good about,” said metro columnist Annette John-Hall, who has been at the paper since 1992. “It was a small bright spot in what’s otherwise been a grim, dark, depressing six months around here.”

**A**s the business model of the metro daily newspaper continues to erode, *The Inquirer* and Philly.com appear to cling to a notion that the two are distinct and separate operations. Nowhere is this better seen than in the physical separation of the Philly.com newsroom and *The Inquirer* newsroom, which until recently were located on different floors.

Rick Edmonds, a former Inquirer reporter and fellow at the Poytner Institute who follows and writes about the state of the news media, including the Philadelphia market, said he remains both pessimistic optimistic about the future of the *The Inquirer*, *Daily News* and Philly.com properties.

“The new owners will have to place ownership of the news cycle in the community rather than in investment bankers or political influence peddlers,” Edmonds said. “Otherwise it’s hard to see much of a future for *The Inquirer* as an institution.”

At City University of New York, C.W. Anderson has spent three years



studying *The Inquirer* for his forthcoming book *Networking the News*. In Anderson's mind, the future of *The Inquirer* depends on whether the paper is willing to take bold steps to set itself apart as a hub of investigative, watchdog reporting on a city and state level. His ideal model for funding journalism in the region is similar to online, non-profit models spearheaded by organizations such as The Texas Tribune and MinnPost.

"I think the paper's going to have to try out a more collaborative, investigative and financially-subsidized approach that allows it to maintain its standard of independent reporting," Anderson said. "So far, it's been unwilling to adopt anything close to such an approach."

Ultimately, the production of a consistent level of quality journalism may have more to do with how non-legacy online sites fare in comparison to traditional print products. WHYY is investing millions in the an array of online products, including Chris Satullo's Center Square commentary and NewsWorks, a site that produces local coverage for the northwest region of Philadelphia. Recently, The Philadelphia Foundation threw its support behind a local reporting initiative with a \$2.4 million grant to Temple University's journalism program for a public interest reporting center. And there are a number of former *Inquirer* staffers – Dale Mezzacappa at The Notebook; Matt Golas at PhillyPlan and Tom Ferrick at Metropolis – who are all reporting and writing about a range of Philadelphia topics.

**I**ronically, given the paper's poor track-record in the suburbs, *The Inquirer's* most recent suburban strategy is, perhaps, one of its most innovative initiatives yet. In 2011, under the leadership of Philly.com executive editor Wendy Warren, the Neighbors Main Line blog was launched as a way to experiment with hyperlocal digital news projects, as well as to extend Philly.com's reach into the affluent Main Line neighborhood of Montgomery County.

Warren tapped web-savvy journalist Daniel Victor to design and implement the site, which was created to give the Main Line neighborhood a free, interactive and comprehensive communication site that serves as a one-stop source for community news and information. The site offers constantly updated, pertinent news reported by two entry-level part-time staffers.

Victor, 27, described the Main Line Neighbors site as offering an "Inquirer level of reporting at a neighborhood level," while refashioning the way news is disseminated on Philly.com

On a more functional level, the site was designed to provide for greater user engagement, featuring a “What We’re Working On” section that allows readers to see what stories are in the works and offer their own contributions.

Although Victor has since left Philly.com to become the social media editor for ProPublica.org, an investigative news website, he says he sees the current void in Philadelphia civic journalism as a potential gold mine for hyper-local online news initiatives such as the Main Line blog.

“People keep saying it’s a bad time for journalism, but I say we’ve now got a wider range of good reporting than ever before,” Victor says. “It’s just all a matter of someone bringing it to life.”

Recent Temple University graduate Josh Fernandez, 22, serves as one of the blog’s two part-time editors, posting three to four 500-word entries on the site per day. Fernandez says he’s holding out hope that his work on the Neighbors Main Line Blog will give him the job experience he needs to be able to advance in the field.

“The sky’s the limit as far as journalism goes online, so it’s exciting to think I might be able to have a part in the digital renaissance,” Fernandez says.

*Inquirer* publisher Bob Hall said the paper plans to create similar hyperlocal “Neighbors” sites in other neighborhoods in the coming months, but the plans have yet to be worked out.

“We obviously want to do whatever we can to reach out to our readers in the suburbs,” Hall said. “We always have, because it is and continues to be such a big part of our readership.”

Digital innovation, coupled with his belief in hyperlocal news, is what prompted Chris Satullo to apply for the WHY Y job in 2008 when he left *The Inquirer* in the wake of widespread newsroom layoffs and budget cutbacks. At WHY Y, Satullo received a \$4 million grant from the Pew Charitable Trust to launch “NewsWorks,” an online news site created to bolster area investigative journalism. NewsWorks.org covers the Philadelphia Delaware and South Jersey regions, focusing on regional issues, city neighborhoods, health and the arts.

“It’s everything I’d always hoped *The Inquirer* might finally become but didn’t,” said Satullo, who hopes the site can get the financial support of

readers in much the same way the public NPR has over the years. “It’s everything you love about NPR, only it’s on the web, and it’s all Philly.” Most of NewsWorks.org’s content comes from volunteer contributors, but the site also employs three full-time reporters who work on special multimedia projects and investigations into local government and affairs.

A little more than a year after its launch, the non-profit venture has already established a solid volume of regular traffic, receiving about 200,000 visitors per month, according to Google.

The site’s non-profit model, which collaborates with WHYI, the city’s existing public broadcast organization, has drawn considerable interest for its ability to produce quality journalism without the need for immediate monetization. Much of NewsWorks’ funding comes from membership fees paid by individual donors who, as the site’s membership page puts it, are “concerned about the future of journalism in our region.”

“We make a good bit of ad revenue, but obviously our first goal right now is to produce good journalism and get people behind us who support our mission,” said Satullo. “This has tremendous potential, so we want to make sure we do it right.”

Ava Seave, a media management professor at Columbia University’s Business School who co-authored a 2011 report entitled “Making the Business of Digital Journalism Work,” said she sees NewsWorks.org positioning itself as a viable candidate to fill the gap that may soon be left by *The Inquirer*’s decline.

“I wouldn’t be surprised if they’re waiting to pull out all the stops until something official happens with the newspaper,” Seave said.

To its credit, NewsWorks feels more like a big-city’s major hub of serious investigative content than Philly.com, whose barrage of national celebrity stories and flashy ads look cartoonish in comparison.

“Philly.com is an anomaly among the newspaper-related web sites in America in that it doesn’t much like news,” wrote former *Inquirer* metro columnist Tom Ferrick in a scathing post on his popular local news and commentary site Metropolis in late March. “It wants to get millions of [unique visitors] and it knows it cannot get the mass it wants featuring stories with just news. News is dull. Sports is better. Gossip is better still.”

## V. The Fall

It is tempting to see *The Inquirer's* current woes as an inevitable byproduct of external forces such as suburban sprawl, the lack of population growth in an aging region and the shift to digital distribution. All of those issues certainly have played a part in its current problems. But staff interviews again and again pointed to Knight Ridder's decisions to seek short-term profits to quench the thirst of shareholders over investing for the long haul. Despite evidence to the contrary, they saw those profits in the suburbs.

"Even as we tried to fight it, the paper kept expanding and expanding, until it finally reached a point where it was so bloated that it could no longer support its operations," recalls former editor Max King, "We stretched ourselves too thin."

While no one thought that continued investing in the foreign and national coverage for which it was celebrated would have helped the profit margin, staffers offered that keeping those bureaus would have given the paper a competitive edge while management figured out a more sustainable long-range plan.

Rosenthal, who went on to become managing editor of *the San Francisco Chronicle* and now directs the Center for Investigative Reporting in Berkeley, points to the constant changing of strategic initiatives, which ranged from branding plans to civic outreach, as a reason for a confusion on the mission. "Knight Ridder kept telling us to change our strategy so much that we were never able to get on the same page with the various departments. If it had only been an advertising strategy, a marketing strategy, a business strategy and a circulation strategy instead of just an editorial strategy, we could've better put it into action."

Whatever the causes for its decline, the future for *The Inquirer* and *Daily News* sister paper looks bleak if you examine how devalued the news organization has become. The \$55 million the company attracted in its latest sale in April represents a fraction of the \$1.2 billion at which it was valued in 1990. It also marked the fifth time the paper has changed hands since 2006.

Reporter George Anastasia, who gained national respect in his 38-year career for his coverage of crime and the Philadelphia region mob, said he finds the current turmoil disheartening "because we've got amazingly

talented people here. I don't know what we're all going to do."

Columnist Karen Heller, 55, has been at the paper for 26 years and was contemplating the latest buyout offer in March. "We've got two weeks to decide what we're doing, and I just don't know . . . it's devastating."

Satullo said he thinks his former employer is a "lost cause," but remains heartened by the amount of new opportunities technology now offers to do journalism that matters.

"Good reporting in this city isn't going to be lost anytime soon," Satullo said. "Not if I have anything to do with it."

Back at the Inquirer building, Philly.com staffer Ashley Nguyen, 22, said she remains hopeful that the city's paper of record will endure its current crisis.

"We're going to have to keep evolving a lot as an industry, and we need to be more lean and nimble," Nguyen said as she looked out upon the sea of empty cubicles that zigzag across *The Inquirer's* vaunted-ceiling newsroom. "But I wouldn't be here if I weren't a believer in journalism and a believer in Philadelphia."