



# Beyond the Book<sup>®</sup>



ANNOUNCER: Welcome to a podcast of *Beyond the Book*, a presentation of the not-for-profit Copyright Clearance Center. Copyright Clearance Center is the world's largest provider of copyright-compliant solutions through a wide range of innovative licensing services and comprehensive educational programs for authors, publishers and their audiences in academia, business and research institutions. For more information about *Beyond the Book* and Copyright Clearance Center, please go to [www.beyondthebook.com](http://www.beyondthebook.com).

KENNEALLY: The marketplace of ideas. Is it becoming a bargain basement? That's a worry for many freelance journalists and one that Los Angeles Times reporter and columnist Jim Rainey has looked at in a recent piece for his "On The Media" column. We have him on the line with us for *Beyond the Book*. Jim, welcome to the program.

RAINEY: Hi, Chris. Thank you.

KENNEALLY: It's good to have you here, Jim, and the piece caught my eye because I have to confess, I was one of those freelance journalists for many, many years and it never got easier as I wrote for papers, including the Los Angeles Times, but at least there was always a decent check at the end of all the work that was involved.

What you report in your column for January 6 is that that decent paycheck has gone way down, and in fact, we're sort of bottoming out at the low two figures at this point.

RAINEY: Yes, absolutely. There's an outfit, in fact, based here in the LA area called Demand Media, which is providing a lot of this content for the Web now, and often they're paying about 20 bucks per post and what you've got is a situation where there's just a huge, huge surplus of writers right now because there are so many laid off journalists from mainstream media publications, and at the same time, information has sort of been commoditized. There's just a ton of need for it and folks are willing to work for that low number and so the employers are going to continue to pay that little if they can get away with it.

KENNEALLY: And it appears they can, which is such a striking thing. We were all taught as youngsters the old Dr. Johnson rule that no one but a blockhead ever wrote for free. But today, so many people, it seems, are willing to do so. You cite some instances where you're supposed to be happy with getting published, essentially. Or if you do write for – was it a yachting magazine? – this is going to get you entrée into as many regattas as you could go to.

RAINEY: Right. I don't know what you're going to eat when you're out there sailing because you're not going to have any money to buy yourself lunch. But in fact, it is not uncommon at all now for these folks who are offering writing jobs to suggest that the payday will come somewhere down the road, that this is great. They love to say this is great exposure



for you, this is great experience, you can put this on your website. And somehow, the payday is always going to come down the road from some other publisher or website.

The fact is now that there just aren't that many others out there, and in fact, if you've already published something somewhere, either for free at a low rate, others aren't necessarily going to want to step up and then pay you a real living wage to run the same material.

**KENNEALLY:** And for people who may not be freelance journalists and don't follow this as closely as you or I do, let's tease out a few of the reasons for all of this. What's happening in the newspaper business? And you point out some of the contradictions in the perceptions.

It's not that there are fewer readers. There are more readers than ever for the news business. But something is going on that's undermining what people call the business model.

**RAINEY:** Yes. What's really the essential problem is that the readers are going online in droves. Our paper, for instance, has got about 10, 11 million unique visitors per month. So that's a huge audience that most advertisers would want, but there's really been a revolution and a crisis in the advertising business because there is, in essence, a limitless inventory – as the advertisers call it – of space now to advertise. If you want to imagine all the websites and blogs in the world, they're potentially slots where you could place an ad.

So the fact is, where an ad, say in our newspaper years ago, I think the going rate for a full-page ad was something on the order of \$75,000. Now, for an ad that would be on the Internet, what they call a display ad that you might see on the front page of an article in a major newspaper – they might be getting a rate if they're really, really lucky of \$15. And that's \$15 not for one person clicking and looking at that page and ad. That's \$15 what they call CPM, cost per mil. So that's for a thousand people. A thousand people have to look at that page before the publisher makes \$15.

So I think if you compare that with a \$75,000 or even for smaller papers, a \$5,000, \$10,000 full-page ad, it's just a huge order of magnitude difference between those kinds of advertising. And that's what's killing print as well as – there's a whole other category, which is classified advertising, which has virtually disappeared.

**KENNEALLY:** Right. And if I can underline that point about the advertising, the old department store ad that you said – the full-page ad for the weekend sale. So when a dollar went out of the print ad revenue, if a penny poured into the online revenue, the publication was lucky.



RAINEY: To give you a percentage, most of even still fairly successful publishers like our paper – some people might not realize it, but this paper still makes tens of millions of dollars a year. It’s got a lot of other problems with too much debt and that sort of thing. But yes, about somewhere between 7 and 12 percent of the revenue for most successful papers comes from the online. That means 80, 90 percent – closer to 90 percent of their money is still coming from print advertising, and that’s the big crisis.

There’s also a fraction there, maybe another 10 percent, that comes from actual distribution costs from subscriptions, but that’s the crisis because advertising in many different categories is –

And then one of the most important – I didn’t start with it – being classified – is virtually disappearing. Classified used to be anywhere from 20 to often closer to 40 percent of the revenue these papers would make, and now Craigslist and other online services have virtually just captured that entire marketplace.

KENNEALLY: And as the advertising has shrunk, so has the room for what kind of came between the ads, which is of course the articles, and many of those produced by staff, of course, but occasionally by lucky freelancers.

I think back to when I was freelancing, Jim. You’d have a 1,500-word piece, sometimes a 2,000-word piece in a newspaper. Those are gone too, so the pieces themselves have shrunk.

RAINEY: Absolutely. Some of the people I talked to, they didn’t want to be named, many of them, because they didn’t want to further alienate their potential employers, but yes, they were talking about in the old days, they’d write a story even longer, a 3,000- 4,000-word story for a major magazine and get paid maybe \$2 a word. Now they’re talking about writing at most half that – 1,000, 1,500 words – and if they’re lucky, getting paid \$1 a word.

So we’re talking about a payday going from something like maybe \$6,000, \$7,000 for some of these big magazines to maybe being \$1,000, \$1,500. So that’s obviously a pretty devastating loss in income if you had to go through that.

KENNEALLY: It certainly is, and maybe we can get to how freelance writers are surviving on this, but I also want to – if they are surviving.

But I want to tie together another piece you did earlier in January, which was asking the question, do Web readers value journalism enough to pay? And that is obviously an



# Beyond the Book®



important question this year, because so many newspapers went through so much in 2009, many of them probably teetering on the edge. And we're hoping for better economic times, hopefully better enough to keep the newspapers in business.

But where are we headed? Do you think that this glut of inventory – it's not only a glut of inventory from the advertiser's perspective, but it's a glut of inventory from the reader's perspective, from the consumer's perspective. How is all of this going to affect whether or not there is a business model here at all?

RAINEY: I think it's going to be especially difficult for publications like ours, although I think they'll survive, but that are general interest and serve a lot of different audiences. We've got people who read our paper who are most interested in sports and we've got people who read it because they're most interested in what's happening in Haiti or overseas right now, and then others who don't read any of that stuff but they care about fashion or they care about the entertainment industry here in LA. So I think that's the kind of publication that's having a lot of difficulty now is one that appeals to a broad audience like that.

I think where you're going to see a lot of this and where it already is going right now is to niche publications and websites that appeal to a very narrow and specific interest and that you can not only sell ads with to that specific interest group, but probably get away with charging them for access to the Web content.

To give some quick examples. For instance, you've got the Wall Street Journal, which is actually doing fairly well compared to others, although they're having their struggles. But one thing they have done throughout their history is charge for their content. One reason they're able to do that is because it's a part of a business for many people. They write off or their company even pays for them to get the Journal. So they're able to charge a fairly decent amount for Web content.

On a much more local level, I can tell you, like here in LA, there's a guy who runs a website that does nothing but write about the business of radio in LA, and he charges about \$50 a year because people who are in radio here can't get that information anywhere else.

There's another one nationally that's called STRATFOR that's all about the intelligence community and international affairs, and they are charging for content and actually doing – I'll probably be writing about them soon. In fact, they're doing quite well.

I could give you a couple other examples, but these are all very niche products that both the consumers – the people reading the information, looking at the pictures – know what they're getting. They want to go there and they're enough of an obsessive or an enthusiast



for that information that they're willing to say, OK, I know the Web is free, but this is really good content. I'm willing to pay for it.

And then the advertisers seeking out that audience also. You might get both ends of the equation. Not only get a subscription fee but get advertisers willing to pay for that very specialized audience.

KENNEALLY: But again, there's something much smaller there. We've gone from this kind of cover-the-waterfront view of the world for a newspaper down to cover this particular plank on the boardwalk.

RAINEY: Right, absolutely. And I think it is – those of us who are in and have been in these more general interest publications, it's a shame because I think the thing that has been the value of the big mainstream media outlets – and you could even apply it, for instance, here in LA.

We have KCRW, a public radio station that covers all those things, arts, culture, politics, government. The value is, people come in for one thing and then they learn about something else and they're exposed to some other ideas and some other parts of the world that otherwise, if they're just in their niche and they're only on the chess website, well, maybe they're not going to learn anything about salsa dancing or how the Lakers fared last night.

And I think for those of us who love newspapers, that's been the joy and the kind of thrill of them is that often, it's pure happenstance. You're reading one thing, you turn the page and there's a story about a new discovery or new invention you had no idea you cared about, but you find your way into it.

And that can happen on the Web, but as you get into these specialty websites and people get in their little silos, I think it's going to happen less.

KENNEALLY: And I think the other thing that's at stake – and you've written about this too, of course – is that what we call investigative journalism is imperiled because it's a very costly endeavor to go out and search through a whole mountain of public records to track down corruption or do the kinds of things we expect journalists to do. It's one thing to have a blogger kind of riffing on the latest healthcare reform bill or permutation of that. It's another thing to send somebody onto Capitol Hill to talk with people, to find out who the lobbyists are involved, what the budget office is thinking about this, to do all of that work. And if we are talking about a shrinking world, the resource to pay for that is gone.



RAINEY: Yes, and you're looking at another thing there. When you write about a company that's designed a faulty product, say, or about a senator who's embezzling funds, these don't have a ready and willing advertising audience to them. It's not like writing about food or cooking or fashion where folks want to be next to those stories. This is something that you're doing almost purely in the public interest with a hope that people value it. But it's not something advertisers are dying to put their ads with.

So it really is a challenge. And just to emphasize the point, original content – I know there's a lot of sort of triumphalism about the Web and it has many great things it's brought us, but for instance, there was a study just out in recent days from the Pew Center, the Project for Excellence in Journalism, which showed that in the city of Baltimore that 90 percent – 90 percent – of the information that's out there from all news sources including new media, that the new information – I'll repeat it again – 90 percent came from old media institutions, principally the newspaper in town there, the Baltimore Sun, but also from the TV and radio stations.

If you take them out of the equation and leave just the bloggers, you essentially – they're doing exactly what you said. They're riffing on new information that the old media has produced.

It's great. I'm glad everybody's got a voice out there. More power to them. But still, for better or sometimes for worse now, because there are less of them, the new content that's out in the world tends to be produced mostly by newspapers, secondarily by TV and radio. And we're really getting away from that.

KENNEALLY: We're talking with Jim Rainey from the Los Angeles Times – he's the columnist for "On The Media" and covers all things media for the LA Times – and asking about the impact of the change in the business model and the change in the reading and writing habits of newspapers and how it's having – it's unworking the model that made freelance professional writing possible.

But Jim, there are still freelance writers today who are managing to make a go at it, who are keeping their heads above water, and in fact sort of fighting off the inevitable depression. You talk about them. What are some tips they have to kind of maintain a positive outlook?

RAINEY: Well, I think the main thing is the other side of what I was just talking about. If you want to stay in this business, first of all, you've got – it's always been true because it's never been a hugely lucrative field except for the very, very premier people. But you've got to really want to do it.



# Beyond the Book®



And I think in addition, the second piece is, you've got to do what I was talking about before. Look for a specialty. Look for something you really do well or two or three things you do well.

There was a young man in a story that I wrote who still is doing quite well and he's got an interesting mix of specialties. He does everything from gambling coverage in Los Vegas to travel writing and he's got some sort of fascination with whales. So he's apparently been able to write a number of articles about that. He's passionate enough about it and he's educated himself enough in those topics that he's been able to find niches that still pay.

This is not a business for the faint of heart at this point. If you're kind of just musing about it, you probably should be doing something else. Or like a lot of people in this field, you should realize this is great as a second income, but you maybe need a principle source of income or you need a spouse who makes a really good living doing something else. A lot of these people who are in this and willing to stay in it, it's because they're married to someone who makes a decent income and has health insurance.

**KENNEALLY:** Well, a lot of that was true 25 and 30 years ago, too, so nothing's changed in that regard.

**RAINEY:** Exactly. It's maybe just kind of a little more severe, but it's pretty much the same thing.

**KENNEALLY:** Right. But it occurs to me as you were describing somebody having to have multiple niches, that kind of sounds like a good trick if you can do it because if you're going to specialize in something, it's usually at the cost of other subjects, so it's really asking freelance journalists these days to have – I don't know – half a dozen hands, three heads and so forth.

**RAINEY:** Right. The other thing we see happening, which is a mixed blessing, is that we see organizations. For instance, here, I have former colleagues who have gone to write for the California Trial Lawyers Association, which is a lobby, a very powerful one, of course, in Sacramento. They are actually writing stuff that's very much like the journalism they wrote when they were at the newspaper, but they have a master now who – there should be a fairly strong argument made that has a sharp point of view. Can they really write what they want to without any fear of retribution or running afoul of their bosses? I don't know.

But you're going to see that more and more. You're going to see it in both think tanks, companies, unions who are going to employ people who are going to write. And all I can hope with that is, I guess that's fine on one level. At least they'll get a paycheck, but we



# Beyond the Book®



just hope that that information when it filters out into the Internet, that we know the source of that information and we know the potential biases based on who was writing the check.

KENNEALLY: That's a good point and maybe a good place to end because it seems to me you recognized the value of what you were reading when you knew it was from the Los Angeles Times or the New York Times or the Boston Globe and you could rely upon that institution to some extent. There's a certain amount of skepticism that comes with everything, but you could rely upon a profession and a professionally trained group to provide you with news.

Today, you really do have to ask who is telling you this story? Who is paying them, if anyone is at all? And what else is out there? You have to do more work as a reader, I think, than you did before.

RAINEY: Absolutely. I think the source of this information – again, so many people are very triumphal, I always say, about the Web and the wonders of it and they often cite information to me that they send that I know to be false, but they found it out there on the Internet. Therefore, they think it's true and I think increasingly, there's sort of a buyer beware, reader beware complex that we all are going to have to have about this information.

KENNEALLY: I want to thank Jim Rainey from the Los Angeles Times for joining me today on Beyond the Book. Jim, it's been a pleasure chatting with you.

RAINEY: Thanks, Chris. It was fun.

KENNEALLY: I wish you had a more optimistic story to tell us about my old profession, but nevertheless, sometimes the reality of the situation is something we need to really look at square in the eye and understand where it's taking us.

Again, Jim Rainey from the Los Angeles Times. Thank you very much and for me, Chris Kenneally, and everyone at Copyright Clearance Center, thank you very much for listening to this latest edition of Beyond the Book.

ANNOUNCER: Beyond the Book is an educational presentation of the not-for-profit Copyright Clearance Center, with conferences and seminars featuring leading authors and editors, publishing analysts and information technology specialists. Beyond the Book is the premier source for knowledge on the latest business issues facing today's dynamic publishing industry from initial research to final publication and beyond.



END OF PODCAST