



Peachtree Media Advisors, Inc.

March 23, 2009

John Sturm
President / CEO
Newspaper Association of America
4401 Wilson Boulevard, Suite 900
Arlington, VA 22203-1867

Dear Mr. Sturm & The Newspaper Industry:

In order to change course in a continuously evolving digital media landscape, the newspaper industry must radically retool its business model. Peachtree Media Advisors, Inc., a New York-based digital media investment banking firm, can help the newspaper industry become a dominant force in the new media landscape. As one of the most trusted content providers for information, the newspaper industry is well-positioned to leverage its advertising and editorial infrastructures to generate a substantial amount of revenue from providing interactive services to consumers as well as bloggers.

Newspapers Are Part of the Solution for Local Search

Newspapers not only provide high quality journalism that is typically the foundation for all other media reporting (television, cable, magazines, books and “blogging”), but they have the advantages of being local with a direct relationship with both subscribers and advertising constituents. There are very few interactive marketing services companies with the ability to reach local and regional merchants on the scale of newspapers. If newspapers and their advertising sales forces were to convert to a completely digital media format, then they would be able to provide highly targeted online marketing services at the local level for small businesses targeting readers in close proximity to them.

Tapping Into the Blogosphere for New Revenue

Social media is transforming the way people interact and retrieve information. On the one hand, the number of people getting their product & lifestyle information from a blog after a Web search is exponentially higher than that for newspapers, but blogging receives a disproportionately smaller share of the online advertising spend relative to the audience it attracts in the aggregate. The top 100 blogs, pro-bloggers and hobby-bloggers alike have trouble attracting brand advertisers primarily due to size and brand-recognition.

The opportunity exists for newspapers to develop partnerships with these blogs in addition to acquiring the tools that help navigate and organize the blogosphere. In partnering with blogs, newspapers would receive branded content from blogs in exchange for a revenue share on advertising sold by the newspaper. This allows newspapers to provide unique voices (and interpretations of their news content) to their readers while controlling the traffic. Bloggers generate additional revenue and increase their audience.

Journalistic Accreditation for the Blogosphere

The opportunity exists for newspapers to get in front of the democratization of online media trend by managing access to social media content, providing tools, becoming ad networks, and developing quality control mechanisms for bloggers and other social media publishers. Social media is a clear and growing force that the newspaper industry can harness, legitimize and take to the next level while generating a significant amount of revenue in the process. Ignoring or belittling the blogosphere, which has been the typical traditional media response to date, is not going to make it go away.

The #1 problem with blogging is credibility and newspapers could become a sort of TRUSTe or Moody's for journalistic integrity indicating brand-safe environments for advertisers or ad networks. Newspapers could become a rating service or journalistic grader for the blogging community and then generate membership fees from bloggers. Both ad networks and bloggers would then be able to ensure advertisers that their brands would only appear in a NYT, WSJ or USA Today Accredited Web site. Top blogging companies would comply because not being a member would affect their advertising revenue stream.

Social Media Applications: The Shopping Mall - Department Store Analogy

There are so many Web sites and consumers have a finite amount of time that they seek filters to provide them with relevant, timely and personalized information. Similar to the surge in shopping malls, one department store or "portal" is not enough to fully engage a consumer that is increasingly seeking more personalized information in bite-sized formats while they are mobile. With one-to-one relationships with local advertisers and their constituents, newspaper ad sales forces are well-positioned to provide interactive and mobile marketing services to their advertisers as well as time-saving applications to their readers. Whether scheduling their auto maintenance, clipping coupons, reading reviews or making dinner reservations, the applications exist to leverage this relationship.

Leveraging Local & Regional Ad Sales Infrastructures

Newspapers have a local and regional sales infrastructure that is unmatched by any other media channel. This network can be leveraged to sell online advertising as well as interactive marketing services not normally marketed to local and regional merchants. With a local audience, newspapers can offer local merchants a variety of services to help them increase sales, such as lead gen, cost-per-action and performance-based marketing, among many other services. There are few entities that can rival the one-to-one relationship that newspapers have with local advertisers as well as readers.

Continued Quality Content Production

There is no mistaking the ability of newspapers to create quality content. The only issue is that newspapers need to create personalized content that is relevant to the person reading it. A digital platform will allow newspapers to archive relevant content for readers to access when they are in a buying mood. Even if a subscriber prefers the Arts section, simple scheduling tools will allow readers to bookmark articles, ideas and/or recipes to return to. The ability to sell advertising around these tools will be a significant advantage over most other online media publishers.

Online Digital Media Acquisitions

There are several small acquisitions (other than Yahoo) that will provide the necessary tools and applications to build a powerful news portal that better serves advertisers and consumers. Digital media acquisitions should help organize the Web or blogosphere for consumers in addition to providing them with the tools to make their lives easier. Peachtree Media Advisors, Inc. can assist you in developing acquisition strategies in the following categories:

- Organizing and navigating the blogosphere (BlogCatalog, Technorati, Digg, etc.);
- Social media at the local level (Yelp, Meetup, etc.)
- Acquiring interactive marketing services companies will allow digital newspapers the ability to generate a substantial amount of revenue from national, regional and local businesses targeting their community from capitalizing on basic reader information, such as subscriber interests, homeowner status and zip code/geographic location;
- Consumer and B2B corporate blog outsourcing/management services;
- Ad networks offering geographic and behavioral targeting;
- Web aggregation, RSS Feeds, scheduling and sharing sites; and
- Video, search and analytical tools.

Rethinking Distribution

A major step in radically rethinking the newspaper model is to completely eliminate paper versions of the newspaper except in certain areas where people are price insensitive, such as airports and train stations, or leverage the on-demand printing of public facilities like Kinkos. One option is to have a printer or location-based digital kiosk that could print a double-sided 11 x 17 or legal sized newspaper. The cost could run up to \$25 per print copy at these locations, which should not be a problem for price insensitive customers. Otherwise, people could download the newspaper to their phone, laptop or wireless reading device (ala Kindle).

The second option would be to spin-off printing and distribution. A local entrepreneur or printer could try to build a separate business with total control of pricing and distribution. This option is least favorable since it does not allow for a game changing event that would move the industry totally online and focused on building a more significant online presence. In addition, management may remain attached or concerned about quality control and pricing issues with their product (even if sold without the brand) in someone else's hands.

Going Green for Stimulus Dollars

Rethinking distribution by eliminating paper could allow the industry to receive a portion of the stimulus dollars allocated to the new green economy, which could be instrumental in recapitalizing or restructuring a portion of the industry's debt. Reducing the amount of paper used with printing daily newspapers will clearly have a positive impact on the environment. As far as displaced workers go, distribution employees could be retrained to repair digital printing kiosks in addition to removing and recycling newspaper boxes throughout the city.

This letter is just the tip of the iceberg in not only saving the newspaper industry, but building it into the dominant force that brings order to the new media sector and creates balance in advertising and search. The newspaper industry is well-positioned to legitimize personalized content (blogs) as well as continue providing its investigative reporting online. More importantly, the industry can take advantage of digital tools and applications to leverage its direct relationship with local subscribers and advertisers.

Please do not hesitate to contact Peachtree Media Advisors, Inc. at (212) 570-1009 to discuss this letter as well as potential digital media acquisitions, restructuring and recapitalizing services for the industry or individual companies. This is just a white-paper/teaser and there are more potential solutions for the industry where this came from.

Thank you for your time and consideration.

Cordially,



John H. Doyle II
Managing Director & Founder
Peachtree Media Advisors, Inc.

About Peachtree Media Advisors, Inc.

Peachtree Media Advisors, Inc. is a digital media investment banking firm headquartered in New York City that provides M&A advisory services to growth and middle market companies in the digital, interactive marketing and out-of-home sectors media. The company's founder, John Doyle, has substantial insight in all media verticals, 10+ years of media industry focus and completed over 20 transactions with a focus on maximizing value at each stage of the process. Peachtree Media Advisors, Inc. delivers expert advice in valuing digital media properties, structuring deals, positioning companies during the sell or buy-side process, and developing the necessary tools and analysis to manage the deal process from initial contact to close.

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