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Proposed: Digital JOAs!
The next media operating efficiency--one JOA for ALL major local media in a market combined. One site, one IT team, one Web server. And why "local vertical integration" trumps "corporate vertical integration" on the Web.

By Paul Bermel

(September 03, 2009) -- Newspapers, radio stations, and TV stations each have had various levels of a Joint Operating Agreement (JOA) for decades. Typically the newspaper JOA has been for printing, distribution, marketing, advertising sales, etc., but the next logical level is a combination of web site related personnel and platforms of ALL media outlets in one market.

Not just a "Digital-JOA" for two newspapers, radio stations, or two TV stations, but one Digital-JOA for all local media in the market combined. One web IT team, one web site, one web server (with backups of course), one media player, etc., etc. Although, there would still be separate branded editorial content per entity, but all content should be included on the one market web site.

A JOA is a joint venture arrangement of two or more parties to share either physical or business operations. The purpose of a JOA is to protect one or both parties from going under, yet prevent monopolization. JOAs are used beyond the media field, from health care, oil and gas, and other industries.

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Some JOAs, in place for decades, weren't enough to ultimately save a participating entity. See the demise of afternoon papers in Evanston, El Paso, , and Nashville, in the late '90s to more recent failures such as The Birmingham Post-Herald in 2005, The Cincinnati Post in 2007, and The Rocky Mountain News and The Seattle Post-Intelligencer, both in 2009.

Why create a local market Digital-JOA?

There are substantial savings to be had, along with increased unique visitors & page view traffic and increased revenue to be capitalized as well.

At present, in any given media market, there will be a half dozen to more than a dozen media outlets, each incurring duplicate operating web expenses, that if combined into one central Digital-JOA, each party would stand to reap substantial benefits.

Media outlet web sites tend to fall into one of three categories:

1. A corporate developed web template (see any CBS owned & operated TV station, e.g., WCBSTV.com – New York; CBS2.com – Los Angeles; cbs2chicago.com – Chicago; WBZTV.com – Boston, etc., they're all the same, save the content; likewise, many of the Advance Publications newspaper web sites utilize a like template; see the Oregonian at Oregonlive.com, Birmingham News at Al.com, or Cleveland Plain Dealer at Cleveland.com);
2. a rep firm template which manages the design and national advertising sales; companies in this line of business include WorldNow (Media General, Raycom, and Young Broadcasting are clients), Internet Broadcasting Systems (Hearst, McGraw-Hill, and Meredith are clients), or Broadcast Interactive Media (Belo, Fisher, and Granite are clients); or
3. a locally created and managed web site.

5 Reasons why local media won't adopt a Digital-JOA approach

Since the tendency with new ideas is typically to debate why something won't work, let's start by looking at what the expected objections would therefore probably be:

1. Corporate vertical integration. "My corporate group owner provides me the corporate template."
2. Fear of brand identity loss. "If my content is on a blended web site, I'll lose my brand identity and tune-in promotional value."
3. Fear or loss of content control. "How do I know my content will receive fair priority placement on a Digital-JOA web site?"
4. Fear of exposing content weaknesses. "Web visitors will see the breath and depth of my outlet's content is limited, or skewed, when blended in with everyone else's content."
5. Fear of fractionalization. "My newspaper already is the #1 local news content web site in my market, thus my web traffic will go down and so will my revenue with a Digital-JOA, so why would I possibly want to do this?"

5 Reasons why local media should adopt a Digital-JOA approach:

1. Local vertical integration trumps corporate vertical integration. The redundancy in technical positions and expenses holds the practicality of great savings. The sheer number of local news web sites gives local management a denominator to calculate an off-the-top savings. E.g., if there are 12 potential participants in one market, divide an outlet's web non-editorial expenses by 12 and the difference is the upfront savings alone, not to mention the gain from all the upside benefits. Perhaps some savings can be put into strengthening editorial to attract even more visitors?

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2. The competition is already doing it! See Google News, Yahoo News, and Bing, to name a few. They're all scraping and aggregating local news stories and displaying summaries of them. Not to mention Huffington Post.com, Newser.com, Drudge.com, etc. Sure these sites drive traffic to a local news outlet web site and sometimes in great volume; however, the problem is these sites point to the original article and one media outlet web site within a local market. The theory is that a local aggregated news web site stands to retain a visitor longer for more page views and potential return visits because of the one-stop shopping offer. Net result: Greater opportunity for increased web traffic.

3. More efficient and effective advertising sales locally. If an estimated 70 to 80 percent of revenue for most local news outlets is local, think of the conundrum at local businesses and local ad agencies: Every local business has dozens of online reps calling on them, different ad placements on the page, different media players and audio and video advertising executions per web site, each web site has a different frequency and subject matter of e-mail newsletters, mobile applications, etc., etc. With a Digital-JOA, there would be one uniform communication, one methodology, one effective CPM, one traffic source standard, and the list goes on and on (let alone fewer sales reps calling on the buyer and local business which should make their attention span and knowledge absorption that much better). Think of the power one "go-to" web site will have in a local market. The sheer publicity of it locally will generate buzz and visitation. Several existing JOAs today include single advertising representation.

4. Eliminates redundant positions, allows for the strongest expertise position by position. The Digital-JOA stands to attract and retain the smartest and strongest people, position by position, while still benefiting from the contribution of the local management's corporate and/or rep firm experiences.

5. "What blesses one, blesses all!" Better SEO results for everyone, a stickier web site because of the volume of content and clear marketing messaging behind it. One benefit of local content on the web is it allows people outside the market, in other parts of the country or world, including former residents, to stay in touch with news from a specific market, perhaps from where they used to live, whereas they typically aren't able to watch a local newscast or read the print edition of the paper outside of the market. Therefore, with one Digital-JOA web site there is a better chance of more local content being digested. For example, while I used to live in Atlanta, I don't visit the web sites of all the media outlets I used to read, watch, and listen to; however, if they were all rolled into one, I'm likely to spend a great deal more time digesting news from the one site.

Why NOT a Digital-JOA?

If your TV or radio station, newspaper, or media outlet is part of a group owner, why not be part of a one market trial to determine if the upside assumptions hold any water? Better to experiment now, while web ad revenues are still a minor percentage of a media outlet's overall revenue.

It's especially worthwhile trialing in a city where a group owner has multiple media, say for example Atlanta, where Cox is not only headquartered, but owns the ABC TV station, WSB-TV, the newspaper, The Atlanta-Journal Constitution, and the local AM news radio station 750 WSB (not to mention four FM radio stations as well). Other multimedia group owners are in similar situations, e.g., from the more diverse Cablevision on Long Island (News12 TV and Newsday), to Advance Publications' 41-city business journals overlap some of its locally newspapers (Portland, OR, to Birmingham, Alabama).

Market Situation Analysis: Boston

In drilling down into a specific scenario city example, such as Boston, in testing the hypothesis of a Digital-JOA, specific Internet web stats provided by Nielsen for this article, certainly can lead one to the affirmative conclusion for a Digital-JOA based on several variables.

The Boston Globe's web site Boston.com dominates the 21 different local media web sites featuring news and information – basically the web sites of TV stations, newspaper, radio, business and technology news publishers. While Boston.com, for the month of July, garnered 51% of Unique Visitors and 70% of all page views of the 21 sites studied, The Globe still loses money, even being the #1 local web site. It's followed, distantly, in popularity by BostonHerald.com, thebostonchannel.com, myfoxboston.com, and WHDH.com.

While the Globe is the nation's 14th-largest newspaper, Boston.com today is the eight most visited newspaper website in the U.S. according to Nielsen July figures. With such a successful web site, one would think Boston.com would propel The Globe to profitability. The Globe itself has reported it lost an estimated \$50 million in 2008 and is projected to lose \$85 million in 2009.

Some estimates have pegged The Globe.com's annual revenue in the \$30 million range, also this has not been confirmed.

While on the surface, a Boston Digital-JOA would jeopardize Boston.com traffic, or its share in a Digital-JOA, Boston.com stands to reduce its operating expenses dramatically by the potential participation of up to another 20 local news web sites. Those 20 other local sites will want to

financially participate in a Digital-JOA, hypothetically, because of their own infrastructure and personnel savings, not to mention the upside potential for increased branded content exposure and traffic, let alone increased advertising revenue from a one "go-to" local news web site.

The fractionalization of traffic goes deeper than content. It extends to advertising sales, ad agency confusion, and local business buying decisions. One "super-local" news web site, via a Digital-JOA, should go along way in eliminating those hurdles.

In Conclusion

Pre-existing local vertical promotion and web linkage doesn't have to be lost with a Digital-JOA, it can be preserved as well. With the city Business Journals for example, if they were to participate in a Digital-JOA, a pop-up index of cities (very much like the one they presently have at bizjournals.com) could accompany each story. Likewise, a local CBS station or O&O station can tout a CBS network entertainment or news program.

A Digital-JOA is akin to the Macy's vs. Gimbel's department store referrals depicted in the 1947 movie *Miracle on 34th St.*; however, in a Digital-JOA, all the customers stay on one web site, which ultimately makes local media vertical integration seem like corporate vertical integration after all!

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