

AN ECONOMIC ANALYSIS OF FIVE
SELECTED RURAL WEEKLY NEWSPAPERS

by GOR

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A MASTER'S THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

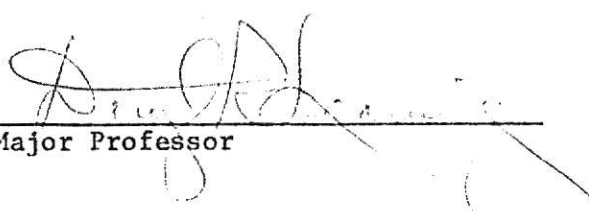
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1970

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TABLE OF CONTENTS

Chapter	Page
I. THE PURPOSE	1
II. DESCRIPTION OF PROPERTIES	2
III. THE NEWSPAPER'S INCOME	7
IV. THE NEWSPAPER'S COSTS	24
V. INCOME ANALYSIS	28
VI. SUMMARY, CONCLUSION, AND OBSERVATIONS	34
BIBLIOGRAPHY	37

**THIS BOOK
CONTAINS
NUMEROUS PAGES
WITH DIAGRAMS
THAT ARE CROOKED
COMPARED TO THE
REST OF THE
INFORMATION ON
THE PAGE.**

**THIS IS AS
RECEIVED FROM
CUSTOMER.**

LIST OF ILLUSTRATIONS

Figure		Page
1	Advertising Rate Card for the Metropolis News	13
2	Advertising Rate Card for the News-Plaindealer	15
3	ABC Audit Report on News-Plaindealer for 24 months ending September 30, 1967	17
4	1967 National Weekly Newspaper Cost Study	31
5	1968 National Weekly Newspaper Cost Study	32
6	1969 National Weekly Newspaper Cost Study	33
7	Comparison of Gross Income and Annual Costs of the Five Newspapers Studied	35

CHAPTER I

THE PURPOSE

I investigated business practices of five weekly newspapers in rural communities to determine if common or individual poor business practices were found and, if so, to consider solutions that would benefit many similar publications.

Only weekly newspapers with more than 2,000 paid circulation in primarily rural communities of under 20,000 population were studied.

One reason for the posited lack of advancement in the financial practices of weekly newspapers was the relatively small amount of research and investigative studies performed by their professional organizations or the academic community. Most of the investigative work done has been concerned with the editorial, not business aspects. This thesis seeks to help fill that void and to provide some reference material for future studies.

A detailed description of each publication is given along with an account of its financial success, or lack of it, during the past decade. The thesis deals with the total business operation of the newspaper and related sources of income, so profit and loss situations of the business are reviewed, and recommendations considered feasible for improvement are given.

CHAPTER II

DESCRIPTION OF PROPERTIES

The five Illinois newspapers studied were The Democrat, Pinckneyville; The Gazette Democrat, Anna; Metropolis News, Metropolis; News-Plaindealer, Sparta; and The Vienna Times, Vienna. All of the newspapers are published on Thursday except The Democrat which is published on Wednesday.

The Democrat

The Democrat, established in 1873, is edited and published by John A. Sheley. Its circulation is 2,700.

Pinckneyville's population is 3,085; Perry county's 16,400. County residents have annual total buying income of \$52,600,000; 1969 retail sales in the county totaled \$29,660,000.¹

The main industries of Perry county are coal mining, agriculture, and light manufacturing. As in most southern Illinois communities, coal mining is a declining industry.

President John F. Kennedy proclaimed Perry county, along with all of the other counties involved in this study, as a poverty area. The failure of the coal industry combined with failure to attract new industry contributed to slow economic conditions in the area.

Editor and Publisher Sheley is 51 and a native of Pinckneyville. He purchased The Democrat from his father. The current Mr. Sheley withdrew from college to enlist in the U.S. Army during World War II. He rose to first lieutenant as a fighter pilot before returning home at the end of the war.

¹Advertising Rate Book and Newspaper Directory (Urbana, Ill.: Illinois Press Association, 1969), p. 25.

Sheley and his family are well-known, active citizens of Pinckneyville and Perry county.

The Gazette Democrat

The Gazette Democrat is edited and published by Lewida Reppert in Anna, Union county, Illinois. Established in 1849, it now has a circulation of 4,719.

The Gazette Democrat is the result of merging three separate papers: The Gazette, The Democrat, and The Anna Talk. The last merger with The Anna Talk was in 1948.

Anna's population is 4,280; Union county's 14,800. The county residents in 1969 had annual total buying income of \$36,631,000; and retail sales in the county amounted to \$19,618,000.²

Fruit and vegetable farming are the main agricultural efforts of Union county. Light industry and manufacturing also contribute to the county's economy.

One of the larger state mental institutions at Anna employs many local citizens.

Lewida Reppert, editor and publisher of The Gazette Democrat, is 56 and a graduate of the University of Kansas, where she had some formal training in journalism, but majored in education.

Mrs. Reppert took the reins of the newspaper in 1951 following the death of her husband, H. Clay Reppert, who had purchased the property in 1939 and had edited it until his death.

Mrs. Reppert is active in community affairs and the local chamber of commerce.

²Ibid., p. 3.

Metropolis News

The Metropolis News is edited by Sam L. Smith and published by Charles C. Feirich in Metropolis, Massac county, Illinois. Established in 1890, its circulation now is 3,923.

Metropolis's population is 7,339; Massac county's 14,400. County residents have annual total buying income of \$31,793,000; retail sales in the county in 1969 amounted to \$18,977,000.³

Massac county has no major industry but many small businesses that employ ten to twenty persons. Agriculture in the county is diversified fruit and vegetable truck farming.

Metropolis is directly across the Ohio River from Paducah, Kentucky. Many people who work in Paducah live in Metropolis.

Editor Sam Smith is 52 and a native of Metropolis. He earned a degree in journalism at Southern Illinois University, then enlisted in the U.S. Army and was completing pilot training when World War II ended and he returned to Metropolis. He became editor of the newspaper in 1958 after working for its publisher three years.

The publisher, Charles Feirich, is 55 and a native of southern Illinois but not of Metropolis. He purchased the Metropolis News in 1946 when it was considered to be a failing property. By the time Smith became the working editor, the financial problems of the newspaper had long been settled. Feirich now travels and is a part-time consultant to Southern Illinois University president, Delyte W. Morris. Feirich still writes an occasional column for the newspaper but is not actively involved in its management.

³Ibid., p. 21.

News-Plaindealer

The News-Plaindealer is edited and published by Bill Morgan at Sparta, Randolph county, Illinois. Established in 1863, its circulation is 5,234.

Sparta's population is 3,452; Randolph county's 28,400. County residents have annual total buying power of \$69,200,000; retail sales in the county in 1969 were \$57,778,000.⁴

Randolph county's primary industry is a large publishing company in Sparta. The publishing company, which employs several hundred people, specializes in four-color process comic books and slick magazines. The county also has other small industries and stock, dairy, and poultry farms.

Editor and publisher Bill Morgan is 36, holds a journalism degree from the University of Illinois, took over the newspaper from his father, who had edited it more than forty years.

Morgan and his family are very active in local civic affairs, and Morgan is active in the Sparta Chamber of Commerce.

The Vienna Times

The Vienna Times is edited and published by Royce L. Bridges, 63, in Vienna, Johnson county, Illinois. Established in 1879, its circulation is 3,000; Vienna's population is 1,094; Johnson county's 4,800. County residents annual total buying power is \$13,132,000; and retail sales in the county in 1969 were \$8,927,000.⁵

Johnson county's primary industries are timber and diversified farming.

Bridges took over the editorship of the newspaper in 1932 when his father, who had published the paper for many years, retired. In addition to his job as

⁴Ibid., p. 29.

⁵Ibid.

editor of the newspaper, Bridges is Johnson county's coroner. Recognized as one of the communities' leading citizens, he has held various positions in city and county government. Mrs. Bridges is employed at the newspaper in the circulation and society departments.

All five newspapers reviewed are in county seat towns and are official county newspapers.

Newspapers tend to portray the personalities of their owners in all aspects of their operation, including business, so it was important to know something of the editors and their families.

CHAPTER III

THE NEWSPAPER'S INCOME

Community newspapers, as most other media, receive most of their income from advertising. Additional revenue to newspapers in this study came from circulation, commercial printing, and sale of office equipment, as shown below.

TABLE 1
PERCENTAGES OF INCOME FROM INDICATED
SOURCES BY NEWSPAPER STUDIED

Newspaper	Advertising	Circulation	Commercial Printing	Office Machinery
<u>The Democrat</u>	69	8	23	0
<u>The Gazette Democrat</u>	66	15	14	5
<u>Metropolis News</u>	69	13	16	2
<u>News-Plaindealer</u>	68	14	17	1
<u>The Vienna Times</u>	65	18	15	2
Average	66.6	12.8	16.6	2.0

Each newspaper derived about two-thirds of its total income from sale of advertising space.

The Democrat

In 1969, The Democrat had a gross income of \$42,000, \$29,000 from advertising--local display, general display, classified, and legal.

Local display advertising accounted for \$23,240. Local display advertising is that placed by local retailers. It normally receives a preferred rate. The rate in The Democrat is 65 cents per column inch with a 10 percent discount for payment in full by the fifteenth of the following month. Its rate for general (or national) advertising is 77 cents per column inch.

Sheley has no advertising department other than him, and he does very little selling or promotion. His philosophy is that advertisers will come to him because he has the only advertising medium in Pinckneyville. Advertisers deliver their advertisements to the office of The Democrat before the Tuesday noon deadline each week.

The primary retail advertisers in Pinckneyville and in The Democrat are four grocery stores, three furniture stores, two automobile dealers, and two clothing stores. Several smaller businesses advertise infrequently, or frequently but with small advertisements. All of the major businesses in Pinckneyville use the newspaper. The eleven businesses listed contribute approximately sixty percent of the local display advertising, and the rest (ninety-nine) account for the remainder.

The \$1,260 in 1969 general advertising was primarily new automobile advertising, through American Newspaper Representatives (offices in Brooklyn, New York), of which The Democrat is a member. That organization solicits large national advertisers on behalf of several small publications, for fifteen percent of the total cost of the advertisement plus two percent for billing and collecting. That seventeen percent is reflected in the difference between the local and general advertising rates (The term general is used instead of national to differentiate between regional, area, state, international, or any geographic area outside the local area where the newspaper might be involved. The general rate applies to all other areas.).

Classified advertising accounted for \$3,100 during 1969. The Democrat does not solicit classified ads; they come by telephone or are delivered by advertisers.

Legal advertising contributed \$1,500 during 1969. As are all of the newspapers studied in this research, The Democrat, located in the county seat

of Perry county, is the official legal newspaper of the county. That means that all "legal" advertising must be published in Sheley's newspaper. Such advertising is required by law to give notice of certain legal events. It is normally carried under the heading "Legal Notice." A legal notice might be a published list of tax assessments, a county budget, a notice of claim date in the case of a will, or other "governmental" notice.

The Democrat subscription is \$3.00 per year in Perry county; \$4.00 outside the county. Only \$3,000 was realized from circulation during 1969; but a subscription drive in 1968 that featured three-year subscriptions brought in \$9,000: an example of robbing Peter to pay Paul, or an unsound business practice.

Sheley's commercial printing department earned \$10,000 during 1969. The only supplier of job printing for Pinckneyville, he actively promotes and takes great pride in his "job department." All types of small jobs are turned out in the plant: letterheads, envelopes, statements, invitations, etc.

All "job" work is done by Sheley on Thursdays, Fridays, and Saturdays. It is all printed offset. Four women do the paste ups and operate the typesetting machinery, and Sheley does all of the press work. The Democrat has only two small offset job presses, but Sheley manages to make them pay a good profit.

The Democrat does not sell office supplies, so the areas mentioned account for the total income of the newspaper.

The Gazette Democrat

In 1969, The Gazette Democrat's gross income was \$105,780. Advertising accounted for \$69,968, from local display, general display, classified and legal advertising.

Local display revenue for 1969 was \$57,250. The major advertisers were four grocery stores, five automobile dealers, four clothing stores, two drug stores, and one general merchandise discount store. The sixteen business firms listed above accounted for over fifty percent of local display advertising revenue; with a total of 112 business places in Anna.

The Gazette Democrat charges 98 cents a column inch for general advertising; 80 cents for local display. The 80 cents is a "flat rate" with no discounts, one charge for everyone. That type of rate structure facilitates bookkeeping but has definite drawbacks that are reviewed later.

Mrs. Reppert solicits all of the advertising, which requires about half of her daytime working hours. She begins her rounds Friday mornings; ends them by Tuesday noon, the deadline, but she does not sell on Saturdays. The Gazette Democrat uses many promotions such as Boy Scout Week, FFA Week, County Fair Week, Christmas, New Year's Day, and football pages. Much time is spent selling the special promotion pages. They also have drawbacks that are discussed later.

Most of the local display advertising, other than the promotion ads, is picked up, not sold. A low-key approach such as, "What do you have for me this week?" is used. "Idea" selling is seldom practiced.

General advertising brought in \$3,270 during 1969. The Gazette Democrat is a member of American Newspaper Representatives and also the Illinois Press Association Advertising Service, which performs a similar function. The Gazette Democrat does no direct soliciting of general advertisers, so whatever appears may be attributed to its agents.

Although classified advertisements are not "sold" by The Gazette Democrat staff, the \$7,320 income from them indicates that classifieds are strongly supported. Minimum charge for a classified is 75 cents for a single three-line

insertion pre-paid. An additional 10 cents is charged if a bill must be sent. Additional charges on length is 5 cents a word. That was normal for the five newspapers investigated.

Legal advertising accounted for \$2,128 of The Gazette Democrat's total advertising revenue (1969 was not an election year, which increases income from legals).

Subscription prices are \$4.00 in Union county; \$5.00 elsewhere, with \$3.00 as a special rate for students and servicemen. Circulation revenue for 1969 was \$15,744, which shows no more increase from previous years than normal growth would allow. The Gazette Democrat had no subscription drive the preceding year. Its commercial printing department brought in \$14,809 gross in 1969. Its net profit was less than that by Sheley's Democrat, which is discussed later.

The Gazette Democrat sold \$5,289 worth of office equipment and machinery during 1969, such materials as metal "No Hunting" signs, electric typewriters, and business machines. The products are not actively sold but are displayed in the newspaper office and are advertised regularly in the newspaper.

Metropolis News

The Metropolis News's gross income was \$121,560 in 1969. Advertising accounted for \$83,876 of the total.

Local display accounted for \$67,939, largely from six grocery stores, three clothing stores, two department stores, four automobile dealers, and one furniture store. Those sixteen businesses accounted for over sixty-two percent of the local display advertising, with 115 businesses operating in Metropolis.

The Metropolis News offers a more elaborate and complex rate structure to local advertisers. While the charge for general advertising is \$1.12 per

column inch, they offer volume, frequency, rerun discounts, and a 10 percent discount for payment by the fifteenth of the succeeding month (see Figure 1, the paper's 1966 rate card, which is to be revised upward this year--1970).

The Metropolis News has one full-time employee in the advertising department and Editor Smith also solicits some accounts. The advertising salesman works up promotions (legitimate ones with value to the customer in mind) and is in contact with his accounts weekly. The accounts that Smith handles are those of four personal friends. They are not time-consuming or difficult sales; they are, for both customer and salesman, a time of friendly conversation. Smith has no plans to expand the number.

That arrangement releases Smith for other editorial functions and provides advertisers with full-time care and advice of an advertising salesman.

General advertising contributed \$5,033 to the Metropolis News in 1969. It is also a member of both American Newspaper Representatives and the Illinois Press Association Advertising Service. It does no personal solicitation of national accounts.

The Metropolis News actively solicits classified ads by telephone. One office girl devotes two and one-half days a week calling local residents to stimulate classified ad sales. The newspaper realized \$7,548 from classified ads in 1969. The classified rate structure is given in Figure 1.

Legal advertising accounted for \$3,356 in 1969. Smith oversees all legal advertising, and few items that are legally to be published in Massac county fail to appear in the Metropolis News.

Subscriptions for the Metropolis News are \$5.00 a year in the county and \$6.00 elsewhere. Unlike the other four newspapers, the Metropolis News charges 15 cents per single copy of the newspaper compared with 10 cents by the other four papers studied. The Metropolis News received \$15,802 from circulation in 1969.

LOCAL ADVERTISING RATE CARD
THE METROPOLIS NEWS

Published Every Thursday At
 101 West Seventh Street, Metropolis, Illinois

10% Cash Discount

10% CASH DISCOUNT WILL BE ALLOWED ON ALL DISPLAY ADVERTISING IF THE ACCOUNT IS PAID IN FULL BY THE 15th OF THE MONTH AND NO PAST DUE BALANCE EXISTS.

The amount of the discount will be indicated on the invoice and applies equally to all advertisers regardless of volume.

The cash discount will be figured after volume, frequency and rerun discounts have been taken.

DISPLAY RATES

1 to 49 inches used in one month.....	\$1.00 per inch
50 to 99 inches used in one month.....	.95 per inch
100 to 199 inches used in one month.....	.90 per inch
200 inches and over used in one month.....	.85 per inch

FREQUENCY AND RERUN DISCOUNTS

5c per column inch discount will be earned by advertisers who purchase display space every week during the month or who rerun the same ad.

SPACE RESERVATION DEADLINE 3 P. M. MONDAY

PENALTY FOR LATE COPY

Display advertising copy received after 3 p. m. Monday without space reservation will be charged at \$1.00 per inch.

CLASSIFIED DISPLAY

\$1.50 per column inch

CLASSIFIED

20 cents per line first insertion, 15 cents per line each insertion thereafter, 80 cents minimum first insertion. Number of lines may be determined in advance by dividing number of words by four.

RATE CARD EFFECTIVE OCTOBER 1, 1966

Figure 1. Advertising Rate Card
 for the Metropolis News

Its job shop accounted for \$19,449 in 1969. But like The Gazette Democrat, it did not show a substantial net profit from job work, which is done by letter press.

Office supply and machinery sales contributed \$2,431 income in 1969. The Metropolis News does not sell large equipment but carries many supplies and typewriters and adding machines. The sales that it makes are largely for the convenience of the customers instead of creating income for the newspaper.

News-Plaindealer

The News-Plaindealer's gross income was \$158,181 in 1969; advertising accounted for \$110,205. Local display advertising amounted to \$83,250. Those advertisers using the bulk of the lineage were five grocery stores, two furniture stores, two savings & loan associations, two banks, and three clothing stores. Morgan estimated that forty-five of 100 business places in Sparta were "active" accounts.

The News-Plaindealer has a full-time advertising salesman, a recent graduate of Southern Illinois University with a degree in advertising. The paper has a reputation as being a good place for a young man interested in advertising or journalism, and Morgan has had several young graduates work for him in recent years.

The News-Plaindealer advertising representative devotes his entire work week to servicing his accounts; he is the singular local display advertising representative for the newspaper. Morgan does not handle any advertising.

Advertising rates for the newspaper are given in Figure 2.

General advertising income was \$9,222 in 1969. The News-Plaindealer also is a member of the Illinois Press Association Advertising Service and the American Newspaper Representatives. General advertising placed by them is

Local Advertising Rate Card

Sparta News-Plaindealer

Incorporated

Published Every Thursday at

116 W. Main Street, Sparta, Illinois 62286

DISPLAY

1 to 168 inches used in one month.....95c per inch
168 inches or more in one month.....85c per inch

FREQUENCY DISCOUNT

5c per column inch discount will be earned by advertisers who purchase display space every week during the month, but use less than 168 inches.

SPACE RESERVATION DEADLINE: 5 P.M. MONDAY

PENALTY FOR LATE COPY

Display advertising copy received after 5 p.m. Monday without a space reservation will be charged at \$1.00 per inch. No display advertising can be accepted after noon Tuesday.

CLASSIFIED

4c per word per insertion. \$1.00 minimum per insertion for 16 words.

RATE CARD EFFECTIVE JAN. 1, 1969

Figure 2. Advertising Rate Card
for the News-Plaindealer

based somewhat on local business outlets and the newspaper's reputation and circulation.

The News-Plaindealer carries a large classified section. In 1969, income from classified ads was \$11,415. Like the Metropolis News, the News-Plaindealer actively solicits classified advertisements by telephone, under a price structure given on the newspaper's rate card.

Legal advertising accounted for \$6,318 in 1969. Morgan, like Smith in Metropolis, is active in seeing that all legal publications for his county are published correctly and on time.

Subscription charges for the News-Plaindealer are a flat \$5.00 per year, in county or elsewhere.

The News-Plaindealer and The Gazette Democrat were the only two newspapers I studied that were members of the Audit Bureau of Circulations (ABC). It checks the validity of circulation claims made by various publications. Its service is paid for by the publication because it is accepted as an accurate report of the newspaper's true circulation.

ABC Reports go into great detail as shown in the accompanying reproduction of the ABC Report on the News-Plaindealer for twenty-four months ending September 30, 1967.

The reports are valuable to local advertisers as well as to those who place general advertising.

The News-Plaindealer took in \$18,420 in its circulation department in 1969.

Job printing brought in \$26,485 in 1969, a significant amount, which is discussed later. The paper's commercial printing is done on offset presses.

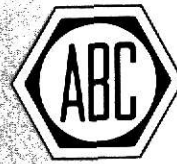
The News-Plaindealer does not deal in office equipment, only supplies. Gross income from its sale was \$1,546 in 1969.

Weekly
Newspaper For 24 months ending September 30, 1967
Audit Report

Sparta, Randolph County, Illinois
NEWS - PLAINEALER

NEWS - PLAINEALER
Sparta (Randolph County), Illinois

For 24 months ending September 30, 1967



audit report

Difference between figures shown in this report and Publisher's Statements for period audited amounts to an average deduction of 50 copies per issue.

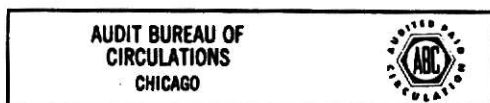
(See Par. 12-a for detail)

Audit Bureau of Circulations

Chicago, Illinois

ABC FACTS - THE BASIC MEASURES OF CIRCULATION VALUES

Figure 3. ABC Audit Report on News-Plainealer for 24 months ending September 30, 1967



(AUDITED EVERY OTHER YEAR)

AUDIT REPORT**WEEKLY
NEWSPAPER**

Sparta News - Plaindealer

Sparta (Randolph County)

Illinois **Year Estab.** 1863**Published** Every Thursday**Report for** 24 months ending September 30, 1967.

Local Weekly Newspaper.

AVERAGE PAID			
Quarter		Quarter	
4th 1965	4,967	4th 1966	5,275
1st 1966	5,099	1st 1967	5,387
2nd 1966	5,145	2nd 1967	5,392
3rd 1966	5,178	3rd 1967	5,429

1A. AVERAGE PAID CIRCULATION

	WEEKLY
Dealers and Carriers	1,972
Mail Subscriptions	2,893
Street Vendors	
Publisher's Counter Sales	369

TOTAL PAID excluding Bulk

5,234

3. DISTRIBUTION IN TOWNS RECEIVING 25 OR MORE COPIES IN DETAIL BY COUNTIES AS WELL AS THE TOTAL ONLY FOR TOWNS RECEIVING LESS THAN 25 COPIES WEEKLY.

Thursday, September 14, 1967.

Occupied Housing Unit figures - 1960 Census; 1967 ABC Estimate.

The listing below gives the gross distribution for one day only and is 4.88% greater than the paid average for the twelve months ending September 30, 1967.

State County Town	Occupied Housing Units		Dealers	Mail	Total
	1960 Census	1967 ABC Est.			
ILLINOIS					
RANDOLPH COUNTY					
Baldwin	8,588	8,500	75	117	192
Chester			130	58	188
Coulterville			230	171	401
Eden			50		50
Ellis Grove			30	48	78
Evansville			125	99	224
Percy			45	52	97
RedBud				95	95
Sparta			1,314	386	1,700
Sparta Rural Routes				304	304
Steeleville			165	117	282
Tilden			145	40	185
Walsh			40	58	98
TOTAL RANDOLPH COUNTY			2,349	1,545	3,894

(Sparta News - Plaindealer, Sparta, Ill., Page #2)

State County Town	Occupied Housing Units		Dealers	Mail	Total
	1960 Census	1967 ABC Est.			
<u>ILLINOIS (Cont'd)</u>					
<u>MISCELLANEOUS COUNTIES</u>					
Belleville (St. Clair Co)				55	55
Campbell Hill (Jackson Co)			25	11	36
Chicago (Cook Co)				29	29
Cutler (Perry Co)			25	39	64
East St. Louis (St. Clair Co)				29	29
Marissa (St. Clair Co)			130	87	217
Pinckneyville (Perry Co)				29	29
Willisville (Perry Co)			55	16	71
UNDER 25 COPIES			15	434	449
TOTAL MISCELLANEOUS COUNTIES			250	729	979
TOTAL IN ILLINOIS			2,599	2,274	4,873
<u>ALL OTHER STATES</u>					
<u>MISCELLANEOUS COUNTIES</u>					
St. Louis, Mo.				169	169
UNDER 25 COPIES				552	552
TOTAL IN ALL OTHER STATES				721	721
MILITARY SERVICE- DESTINATION UNKNOWN				39	39
<u>SUMMARY</u>					
TOTAL ILLINOIS			2,599	2,274	4,873
" ALL OTHER STATES				721	721
" MILITARY SERVICE- DESTINATION UNKNOWN				39	39
GRAND TOTAL			2,599	3,034	5,633
			(Adjusted Figure		5,371)

The "Adjusted Figure" of the grand total will approximate the paid average for the twelve months ending September 30, 1967.

"*BALANCE IN COUNTY" is comprised of the distribution in towns receiving less than 25 copies which is not identified with towns, townships or minor civil divisions listed.

The town, opposite which mail circulation is listed, is the Post Office address of mail subscribers. It does not mean that all the copies are delivered in that town. Mail circulation figures include copies served on post office rural routes emanating from the post office named.

4. NET PRESS RUN BY EDITIONS AND DAY OF ISSUE: September 14, 1967:

EDITION	DAY	COPIES
1st	Thursday	5,965

5. AVERAGE BULK SALES: 50.

Represents copies sold to a local business concern at 7¢ per copy, distribution being made by the purchaser.

6. AVERAGE UNPAID DISTRIBUTION:

	Weekly
Arrears	
Service, Advertisers, Employes, etc.	33
Agencies, Complimentary, Samples, etc.	204
Total	237

7. WERE RETURNS ACCEPTED OR ALLOWANCES MADE FOR UNDELIVERED, LEFT OVER AND UNSOLD COPIES?

Publisher's declared policy as to returns was fully returnable to dealers. The allowances for returns, undelivered, left over and unsold copies for the period covered by this report were found to have been 2.93%.

This percentage is based on the gross figure and has been deducted, leaving paid circulation shown in Paragraph 1.

ANALYSIS OF CARRIER AND MAIL SUBSCRIPTION SALES (NEW AND RENEWAL)
For Period Covered by this Report.

8. PREMIUM, COMBINATION, SPECIAL OFFERS, CLUBS AND INSURANCE:
None of record.9(a). CONTESTS INVOLVING SUBSCRIPTION CONTRACT:
None of record.(b). CONTESTS NOT INVOLVING SUBSCRIPTION CONTRACT:
None of record.

10. Arrears Under Three Months as of September 14, 1967 for mail; September 30, 1967 for balance:

Dealers None Mail None

11. PRICES:

	BY MAIL				BY CARRIER				SINGLE COPY
	1 Yr.	6 Mos.	3 Mos.	1 Mo.	1 Yr.	6 Mos.	3 Mos.	1 Mo.	
(a) Basic Prices:									
Thursday only	4.00	2.50							10¢

(b) Special reduced prices:
None of record.(c) Prices higher than basic:
None of record.

12. EXPLANATORY:

(a) With the exception of an average of 50 copies per issue, representing deductions made for bulk copies included in paid, the average paid circulation as reported by publisher in statements to the Bureau has been substantiated by this audit.

(Sparta News - Plaindealer, Sparta, Ill., Page #4)

(b) It is the practice of the publisher to expire all subscriptions on a monthly basis and therefore some new subscribers may receive from one to four issues more than entitled to, but no offer of this kind is made to subscribers.

For comparative purposes, the average paid circulation by quarters as shown in audits for the previous three years and for the period covered by this report is shown below:

4th	Quarter	1962	4,475
1st	"	1963	4,529
2nd	"	1963	4,473
3rd	"	1963	4,463
4th	"	1963	4,524
1st	"	1964	4,617
2nd	"	1964	4,559
3rd	"	1964	4,611
4th	"	1964	4,691
1st	"	1965	4,779
2nd	"	1965	4,809
3rd	"	1965	4,842
4th	"	1965	4,967
1st	"	1966	5,099
2nd	"	1966	5,145
3rd	"	1966	5,178
4th	"	1966	5,275
1st	"	1967	5,387
2nd	"	1967	5,392
3rd	"	1967	5,429

The records maintained by the News - Plaindealer pertaining to circulation data and other data reported for the period ending September 30, 1967 have been examined by the Audit Bureau of Circulations.

The examination was made in accordance with the Bureau's bylaws, rules and auditing standards and included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

Based on this examination, the data shown in this report present fairly the information pertaining to the circulation data and other data of the News - Plaindealer as verified by the Bureau auditors.

CITY - Sparta, Ill.

DATE - November, 1967.

AUDIT BUREAU OF CIRCULATIONS.

(Sparta News - Plaindealer, Sparta, Ill., Page #5 - #97888 - AE - AK)

The Vienna Times

The Vienna Times's gross income in 1969 was \$28,560; advertising accounted for \$18,564.

Local display advertising for the year amounted to \$12,423. The Vienna Times's advertising is handled by Bridges. He calls on most of the accounts during the week, but his calls are combination of news-gathering and advertisement pick up.

Bridges personally conducts the newspaper business, but an appearance of business actually being conducted rarely surfaces.

General advertising accounted for \$1,635 during the year. A noticeable lack of major business concerns accounts for such low income from that source. The Vienna Times is a member of the Illinois Press Association Advertising Service.

Income from classified advertisement in 1969 was \$2,430, for advertisements not actively sold but that come to the newspaper through the mail and by telephone.

Legal advertising brought in \$2,066 during 1969. Bridges is active in local politics and closely watches the legal advertising requirements.

The Vienna Times's subscription rate is \$4.00 in the county, \$5.00 elsewhere. Circulation income in 1969 amounted to \$5,140, a realistic yearly figure because no subscription promotions have been used.

Commercial job-printing income during 1969 was \$4,287, a sizable amount of the paper's net income. Bridges has only one man working in his back shop; the rest of his staff on the production side are women, who command lower salaries than men in Vienna.

The Vienna Times sells no large office machinery, but it carries office supplies such as pens, pencils, stationery, adding machine ribbons, and staplers. Gross income from such sales was \$571 in 1969.

CHAPTER IV

THE NEWSPAPER'S COSTS

The cost of operating a newspaper has the same importance in relation to the profit as does income. No matter how much money is being taken in, less must be going out to leave any profit.

Certain costs are variable and can be controlled and reduced through wise management; others are fixed costs. Salaries, for example, are a variable cost. Rent is a fixed cost.

Newspaper managers must recognize fixed costs and calculate what they will be, but they are not listed here.

Variable costs considered are supplies, salaries (front shop and back shop), and equipment expense.

The Democrat

The Democrat is produced by offset. Sheley employs six persons (all women) other than himself. The Democrat's production equipment consists of two Justowriters, one headliner, and one hand-fed offset press.

It had fixed expenses in 1969 of \$10,470--for utilities, depreciation, feature services, taxes, donations, phone, etc. The 1969 figure reflects only the rise in the cost of living index from the previous year.

Salaries amounted to \$13,780 in 1969. The girl in the front office received \$55 a week (\$2,860 a year). Total salaries of the four back-shop girls was \$215 a week (\$10,920 a year), not "organized labor" wage rates.

The Democrat purchased \$4,400 in operating supplies in 1969, including ink, newsprint, commercial paper, chemicals, film, and other necessary materials.

Total costs for 1969 were \$28,750. The \$42,000 gross left Sheley's net (before taxes) at \$13,950.

No new equipment was purchased in 1969. The two small offset job presses, hand-fed offset newspaper press, two Justowriters, headliner, and light tables and camera are all old but in good repair. There are no plans to purchase new equipment in the near future.

Profit-cost relationships over the past ten years are developed in a later section.

The Gazette Democrat

The Gazette Democrat has a much larger plant, uses traditional letterpress-hot metal production, employs four girls in the front shop, five men (printers) in the back shop.

The major items of equipment owned by The Gazette Democrat are a Duplex flatbed printing press, one Intertype, three Linotypes (two with teletype setters), a Ludlow, melting equipment, two saws, a router, several cases of type, a paper cutter, several commercial presses, and various other pieces of smaller equipment needed to operate a letter-press plant.

The Gazette Democrat had fixed expenses of \$19,470 during 1969, similar to those of The Democrat. Salaries were \$51,950. Back shop salaries for the five male employees amounted to \$36,350 (an average of \$7,270 per man). All five are experienced printers, with a small range in salaries. The front office salaries totaled \$15,600 (an average of \$3,900 per person).

Operating supplies cost the newspaper \$17,780 during the year, mostly newsprint and paper for commercial printing.

One teletype setter and several fonts of mats were purchased during the year at a cost of \$3,500.

All 1969 costs totaled \$92,700. The year's gross profit of \$105,700 left \$13,080 in net profits before taxes.

Metropolis News

The Metropolis News's reproduction plant is similar to The Gazette Democrat's letterpress-hot metal. Even the same number of people are employed front and back.

Fixed expenditures were \$19,760 in 1969: salaries, \$59,580--for four men and one woman in the back shop, \$35,080 (an average of \$7,016); \$24,500 for front office salaries, including \$10,750 for Smith, \$13,750 (an average of \$4,583) for other front office personnel.

Operating supplies cost \$19,970 in 1969, higher than that of The Gazette Democrat partially because the Metropolis News does not have adequate storage space for news print and cannot buy in bulk. The Anna newspaper has a great deal of storage room.

The Metropolis News purchased a used linotype and several fonts of linotype mats in 1969, for \$5,870.

Total 1969 costs were \$105,180. Gross income was \$121,560, leaving a profit before taxes of \$16,380.

News-Plaindealer

The News-Plaindealer is in the transition stage between hot-metal letterpress and cold-type offset, but still using hot-metal offset when studied.

Use of linotypes and an offset press was motivated by a lack of funds for the complete transition.

Fixed expenditures for the News-Plaindealer were \$17,435 in 1969. The newspaper moved into a new, modern building in 1965, which reduced fixed costs that do not include depreciation.

Salaries totaled \$90,160 during the year: for seven in the back shop, at \$48,895 (an average of \$6,985); six of the front for \$25,391 not including

Morgan's salary; \$17,391 for four other front-shop people (an average of \$4,348); and \$8,000 for the advertising man. Morgan's \$15,910 salary is from News-Plaindealer, Inc. The Metropolis News and the News-Plaindealer are corporations. The other three newspapers studied are single proprietorships or ownerships.

Operating supplies amounted to \$19,780 for the year.

The cost of the newly acquired, used offset press and camera equipment was scheduled over ten years; the 1969 payment was \$7,766.

Total costs for 1969 were \$151,041; gross income was \$158,181, leaving a gross profit of only \$7,140 before taxes.

The Vienna Times

The Vienna Times is a small, hot-metal letterpress plant. Two girls are employed in the front shop (one is Mrs. Bridges), and one girl and one man are employed in the back shop.

The equipment in the production department of The Vienna Times is almost identical to that in The Gazette Democrat.

In 1969 the newspaper had fixed expenses of \$6,480, proportionate to the other papers, but much smaller.

Salaries amounted to \$17,900 in 1969: Bridges's, \$5,200; one male printer, \$4,600; three women, \$8,100--or about \$2,700 each.

Operating supplies cost \$3,010 during 1969, small because few pages per week to relatively few subscribers.

The Vienna Times purchased no equipment in 1969. Though machinery needed repairs, none was planned at the time of the study.

Total costs for 1969 were \$27,390; gross income was \$28,560, which left a gross profit of only \$1,170 before taxes.

CHAPTER V

INCOME ANALYSIS

This chapter provides data and observations that may give readers some insight on incomes and costs associated with weekly newspapers.

Logically, good journalists putting out good newspapers would make good profits and poor journalists putting out poor newspapers would soon be in financial trouble; unfortunately, that often is not so.

The newspapers studied indicate that it costs money to put out a good publication and some of the money should be spent on improving the publication. Another factor that all of the newspapers studied had in common is that none has a full-time reporter. One of the front office girls handles locals, columns, and canned news and does some original reporting. The editor is usually responsible for all other news.

The Democrat

With a gross income of \$42,000, a cost of \$28,750, and a net profit of \$13,950 in 1969, The Democrat had the highest net income percentage (33.2) of the newspapers studied. One apparent reason for the high net is low labor costs. Sheley employs all women at comparatively low salaries. But \$13,950 includes some of Sheley's annual salary because he does not pay himself on the same basis as the staff.

Sheley operates very old offset equipment that did not cost much initially and does not cost much to operate.

When asked if he thought newspapers have a viable economic future, he replied, "It depends on the area. If you choose the area wisely and want to give service and pay attention to your job department, you'll have a good future."

Sheley earned more from his commercial printing than from his newspaper, so he must be following his own advice.

Sheley also said, "The newspaper field is economically rewarding, but more money could be made in a related financial field. The only way to real financial success in weekly newspapers now is to keep costs down, and that is done through offset."

The Democrat is enjoying great financial success now, but it is doubtful if Sheley will make a great deal more in the future. The reasons are discussed in the next chapter.

The Gazette Democrat

A gross income of \$105,700 with a cost of \$92,700 produced a net income of \$13,000 for the newspaper in 1969, a "net" of 12.3 percent, which includes Mrs. Reppert's salary; so the real net income was comparatively low. Some reasons for the low net income are apparent. The newspaper's salaries are high for its gross income. More than forty-eight percent of its gross income goes to employees' salaries compared with 32.8 percent by The Democrat. The Metropolis News pays 38.8 percent in salaries (Smith's salary is deducted as were salaries of editors of The Gazette Democrat and The Democrat).

Metropolis News

The Metropolis News's gross of \$121,560 with \$105,180 costs produced \$16,380 net income--or a net percentage of 13.5, not including Smith's salary. If his salary were included, the net would be \$27,130, or 22.3 percent.

The two newspapers already reviewed were single editor-owner enterprises. The Metropolis News is a corporation whose net income (\$16,380) goes to the corporation head, Charles C. Feirich, who does not work at the newspaper, which is comparatively successful financially.

News-Plaindealer

The News-Plaindealer's \$158,181 gross for 1969 was the largest of any property studied, but \$151,041 costs left a net of only 6.5 percent (\$7,140); however, Morgan's salary as an administrative officer of the corporation (\$15,910) made \$23,050, or a "net" profit of 14.4 percent.

The Vienna Times

The Vienna Times's gross \$28,560 for 1969 with \$27,390 costs produced a total net profit of only \$1,170 or four percent; but when Bridges' salary is calculated along with his wife's earnings, they take \$9,070, or 34.8 percent of the gross income.

Facts and figures such as those that I have presented are produced annually under the auspices of Newspaper Association Managers and the National Newspaper Association.

Such figures and summaries should give interested readers a very general idea of how weekly newspapers are doing financially, but the study has certain shortcomings.

First, it is highly probable that newspapers losing money do not take the time or interest to fill out a detailed form mailed to them by an organization they are not a member of. Second, many newspapermen, as businessmen, are secretive about their financial operations. They figure they're making too much, not enough, or it just isn't "public" information. So, they do not reply.

Third, many newspapers hide net profits in bookkeeping to prevent higher taxes. They can do it by constantly improving their plant, paying family expenses out of business income, or in other ways that auditors cannot refute.

Results of such studies conducted in 1967, 1968, and 1969 follow; but one should not rely on them too heavily.

Average Weekly Revenue Up, Study Shows

An increase of 23 percent in total revenue per subscriber is noted for the average newspaper participating in the 16th annual National Weekly Newspaper Cost Study as compared with the previous year's study.

Newspapers in 44 states submitted 240 reports of 1966 income and expenditures for the study which is conducted each year under the auspices of Newspaper Association Managers and the National Newspaper Association.

"The average adjusted net, after deducting a modest salary for the publisher, increased for 1966 to 8.2% of total income from the 7.6% level in 1965," says Carl C. Webb, associate professor of journalism at the University of Oregon and manager of the Oregon Newspaper Publishers Association, who again conducted the study as he has the previous studies with

the exception of last year when the task fell upon Theodore A. Serrill, executive vice president of NNA.

The income per subscriber for the average newspaper increased from \$31.45 in 1965 to \$38.94 in 1966, which was divided as follows: from Advertising \$22.93; from Circulation \$3.16; from Commercial Printing \$10.96; and from Miscellaneous \$1.89.

"A billion dollar industry" can be said of the 8,003 weekly newspapers published in the United States in 1966. Multiplying their combined circulation of 26,088,230 by the \$38.94 average income per subscriber, for those newspapers participating in this 16th annual Cost Study, produces a total estimated income of \$1,015,875,676.

A total income of \$12,524 for each full-time employee was realized by the average of all newspapers reporting the number

of employees as requested. The average weekly newspaper employed 10.2 employees and had a circulation of 327 per employee.

Of the 240 newspapers participating in the cost study, 37% are produced by offset, an increase of 5% from the previous year and 21% from two years ago. Only 207 of the 240 reports received were complete and 33 were incomplete in providing detailed breakdown.

Each participating newspaper will receive a 14-page detailed report on the findings of the study as a "reward" for providing the information upon which the entire study is based. The detailed report gives the data for the six circulation groups for weekly and semi-weekly newspapers and classifies each newspaper's total income into the "high, low, median and average" for that group.

COMPOSITE FINANCIAL REPORT

Compiled from the 207 usable reports out of 240 submitted (Circulation range from 360 to 11,014; circulation average 3,335)

Income	1965	1966
	Average	Per Cent
Local Advertising	45.0%	45.3%
National Advertising	5.3	4.5
Classified Advertising	10.4	6.5
Legal Advertising	3.6	4.0
Total Advertising	64.3	60.3
Circulation	10.4	8.2
Commercial Printing	21.2	27.4
Miscellaneous	4.1	4.1
Total Income	100.0%	100.0%

Expenditures (as per cent of total income)

Office Salaries (except publisher's)	19.3%	16.5%
Shop Wages	24.1	22.9
Materials	15.7	18.5
Depreciation	4.1	4.0
Taxes (all except income)	2.3	2.6
All other expenses	22.2	22.1
Total Expense	87.7	86.6
Net Income, including publisher's salary	12.3	13.4
Total Expense and Net Income	100.0%	100.0%
Adjusted net income, less publisher's salary	7.6%	8.2%

Page 20 KANSAS PUBLISHER October, 1967

Figure 4. 1967 National Weekly Newspaper Cost Study

1968

Cost Study Shows Net Income Down

The average weekly newspaper registered a decrease in income per subscriber and a drop in net income last year, if those newspapers participating in the 17th annual National Weekly Newspaper Cost Study are typical of all weeklies.

Newspapers in 42 states submitted 195 reports of 1967 income and expenditures for the study which is conducted each year under the auspices of Newspaper Association Managers and the National Newspaper Association.

"The average adjusted net, after deducting a modest salary for the publisher, declined for 1967 to 7.4% from the 8.2% in the previous year," says Carl C. Webb, associate professor of journalism at the University of Oregon and manager of the Oregon Newspaper Publishers' Association, who conducted the study.

The average income per subscriber decreased from \$38.94 in the 1966 study to \$36.23 for the 1967 study. Circulation income increased from \$3.16 to \$3.44 and the other income in 1967, per subscriber, was: Advertising, \$21.12, Commercial Printing, \$9.61; and Miscellaneous \$2.06.

Income per employee increased from \$12,524 to \$14,663 for the average newspaper reporting in the 1967 study. The average weekly newspaper employed 9.6 employees, a drop from the 10.2 average for the year previous and in 1967 the average newspaper had 414 subscribers per employee.

Offset printing of newspapers continues to increase and 44% of the participants in the 1967 study use this method, compared with 37% in 1966 and 32% in 1965. Of these 88 newspapers printed by

offset, 59% report their presswork is being done in a central plant.

In this 17th annual study, 82 newspapers gave both advertising lineage and advertising income records for the four kinds of advertising. The average advertising income per inch for the "composite" weekly newspaper of 4,281 circulation in 1967 was: Local \$.96; National \$1.12; Classified \$1.16; and Legal \$1.32.

Each participating newspaper will receive a 14-page detailed report on the finding of the study as a "reward" for providing the information upon which the entire study is based. The detailed report gives the data for the six circulation groups for weekly and semi-weekly newspapers and classifies each newspaper's total income into the "high, low, median and average" for that group.

Composite Financial Report

Compiled from the 175 usable reports out of the 195 submitted.
(Circulation range from 675 to 30,562; circulation average 3,796)

	Average 1966	Per Cent 1967
INCOME		
Local Advertising	45.3%	45.0%
National Advertising	4.5	4.4
Classified Advertising	6.5	7.1
Legal Advertising	4.0	3.4
Total Advertising	60.3	59.9
Circulation	8.2	9.4
Commercial Printing	27.4	24.4
Miscellaneous	4.1	6.3
Total Income	100.0%	100.0%
EXPENDITURES (as per cent of total income)		
Office Salaries (all except publisher's salary)	16.5%	17.8%
Shop Wages	22.9	23.7
Materials	18.5	17.1
Depreciation	4.0	4.4
Taxes (all except income)	2.6	2.6
All other expenses	22.1	21.8
Total Expense	86.6	87.4
Net Income, including publisher's salary	13.4	12.6
Total Expense and Net Income	100.0%	100.0%
Adjusted net income, LESS publisher's salary	8.2%	7.4%

Figure 5. 1968 National Weekly Newspaper Cost Study

18th Annual Cost Study

Weeklies Show Growth

The average U.S. weekly newspaper enjoyed more business in 1968 than in 1967 and had a greater net income at the close of the year. These are the conclusions reached in the 18th annual National Weekly Newspaper Cost Study and the analysis of the "composite" or average for all of the participating newspapers.

Newspapers in 38 states submitted 196 reports of 1968 income and expenditures for the study which is conducted each year under auspices of Newspaper Association Managers and the National Newspaper Association.

"The adjusted net income, after deducting a modest salary for the publisher, increased in 1968 to 9.2% from 7.4% the previous year, for the 'composite' or average newspaper," says Carl C. Webb, manager of the Oregon Newspaper Publishers Association, and associate professor of journalism at the University of Oregon, who conducted the study.

The average income per subscriber increased from \$36.23 in 1967 to \$38.92 in 1968. The composite of all the participating newspapers showed the distribution of income per subscriber as follows: Advertising \$24.17; Circulation \$3.81; Commercial Printing \$6.46; and Miscellaneous \$4.48.

Income per employee increased from \$14,663 to \$15,595 for the average newspaper reporting in the 1968 study as compared with the average for the previous year. The average weekly newspaper employed 9.0 employees and had an average of 411 subscribers per employee.

Offset printing of newspapers continues to increase and 49% of the participants in the current study use this method, an increase from 44% in 1967 and 37% in 1966. Of the 97 newspapers which participated in the study and which are printed by offset, 48% report their presswork is being done in a central plant.

In this 18th annual study, 83 newspapers gave both advertising lineage and advertising income records for the four kinds of advertising. The average advertising income per inch for the "composite" weekly newspaper of 4,327 circulation in 1968 was: Local \$1.19; National \$1.36; Classified \$1.34; and Legal \$1.21.

Each participating newspaper will receive a 14-page detailed report on the findings of the study as a "reward" for providing the information upon which the entire study is based. The detailed report gives the data for the six circulation groups of weekly and semi-weekly newspapers and classifies each newspaper's total income into the "high, low, median, and average" for that circulation group.

COMPOSITE FINANCIAL REPORT

Compiled from the 161 usable reports out of the 196 submitted
(Circulation range from 700 to 16,930; circulation average 3,670)

INCOME	AVERAGE PER CENT	
	1967	1968
Local Advertising	45.0%	46.7%
National Advertising	4.4	4.4
Classified Advertising	7.1	7.4
Legal Advertising	3.4	3.6
Total Advertising	59.9	62.1
Circulation	9.4	9.8
Commercial Printing	24.4	16.6
Miscellaneous	6.3	11.5
Total Income	100.0%	100.0%
EXPENDITURES (as per cent of total income)		
Office Salaries (all except publisher's salary)	17.8%	15.3%
Shop Wages	23.7	22.6
Materials	17.1	17.0
Depreciation	4.4	4.5
Taxes (all except income)	2.6	2.8
All other expenses	21.8	23.3
Total Expense	87.4	85.5
Net Income, including publisher's salary	12.6	14.5
Total Expense and Net Income	100.0%	100.0%
Adjusted Net Income, LESS publisher's salary	7.4%	9.2%

Page 4 -- KANSAS PUBLISHER -- June, 1969

Figure 6. 1969 National Weekly
Newspaper Cost Study

CHAPTER VI

SUMMARY, CONCLUSION, AND OBSERVATIONS

The preceding chapters dealt with financial records of five newspapers during 1969. To give some insight to the comparative success of that year, a list of graphs showing financial records of the past decade is included, along with a few observations.

Figure 7 shows that the News-Plaindealer made great increases in gross income and net profit during the decade. Both can be directly contributed to Editor and Publisher Bill Morgan, who took control of the paper in 1958. Morgan made several progressive operation changes that are reflected on the graph.

The Democrat's net profit increased significantly after Sheley made the transfer to offset in 1965 to reduce salary levels and production costs so net profits could increase as soon as he refined reproduction operations and increased revenue from his offset job presses.

The Gazette Democrat, Metropolis News, and The Vienna Times just maintained a constant cost-profit relationship. They are still being produced as they were in 1960. The graph illustrates their lack of financial gain.

What financial gain they might seem to be making is diminished by the consumer price index, which is shown on the following page.

Considering that \$1.00 earned in 1960 was worth 76 cents in 1969, the gains that some of the newspapers made were not gains at all.

Although my study did not cover newspaper bookkeeping, the bookkeeping process is most vital to a newspaper's financial success. No newspaper studied had a bookkeeper who could do the complete record-keeping function.

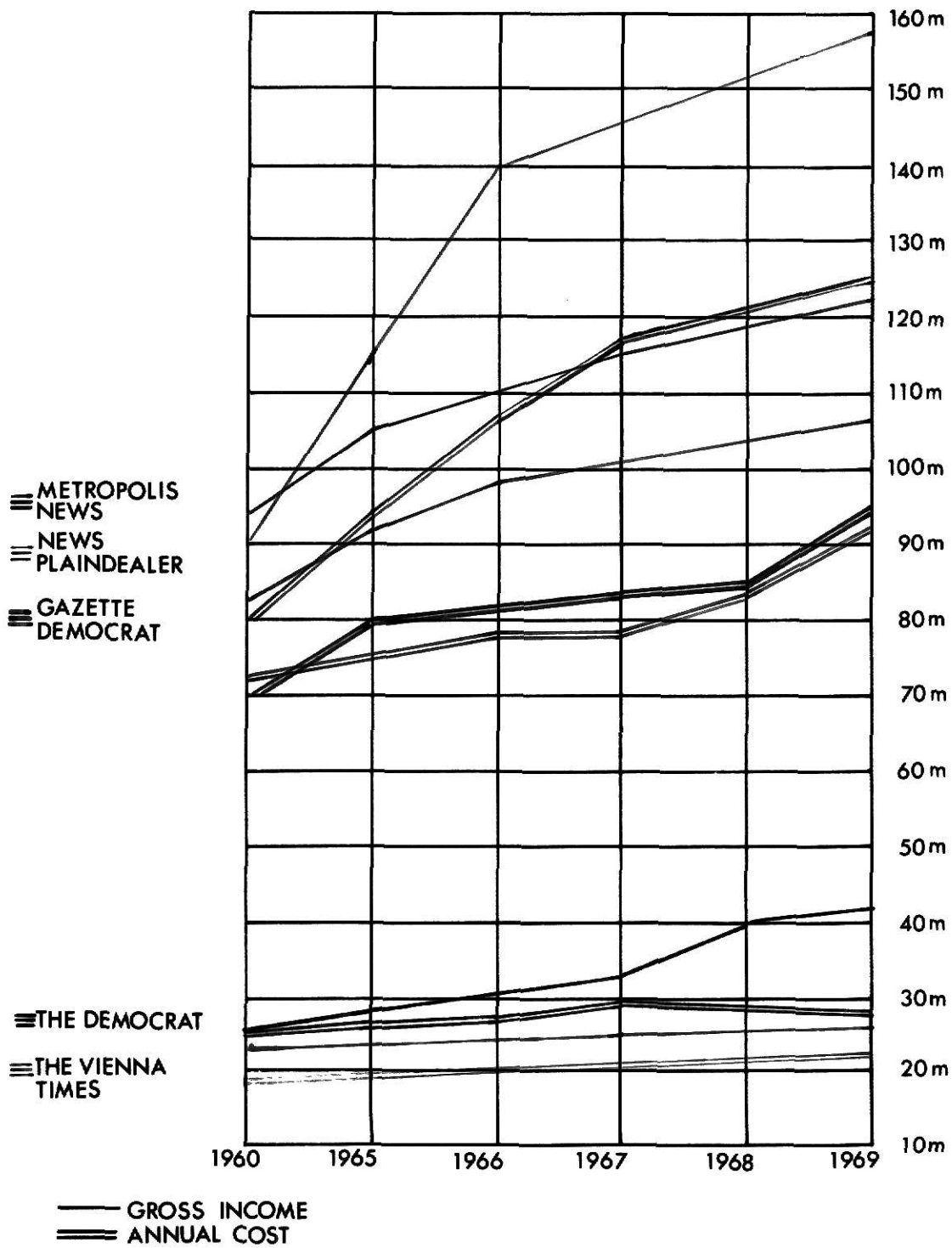


Figure 7. Comparison of Gross Income and Annual Costs of the Five Newspapers Studied

CONSUMER PRICES⁶

(1957-59=100)

<u>Period</u>	<u>All Items</u>	<u>Period</u>	<u>All Items</u>	<u>Period</u>	<u>All Items</u>
1929	59.7	1960	103.1	1965	109.9
1933	45.1	1961	104.2	1966	113.1
1941	51.3	1962	105.4	1967	116.3
1945	62.7	1963	106.7	(Jan) 1968	121.2
		1964	108.1	(Jan) 1969	127.7
				(Jan) 1970	131.8

Two of the newspapers, The Democrat and News-Plaindealer, delivered all monthly records to an accounting firm that, for a nominal fee, kept their records.

The accounting firms did not concern themselves with inches of advertising from one month to the next but rather with income, expenses, and profits by sources and periods of time. Accounting data gave owners a profit and loss picture for any period and comparisons with current financial, so faults could be corrected, profitable practices increased.

The other three newspapers attempted to do their bookkeeping with their personnel. None had a satisfactory system for comparative analyses. Likely, they also suffered tax assessments that could have been legally avoided.

This study indicates that future and current newspapermen should have business as well as journalism training.

A weekly newspaper career is much more diversified than many young or old aspirants might realize. However, major areas of both trouble and rewards is the business side of the operation.

Two of the newspapers studied are practicing some of the more modern techniques in newspaper production and business practices. All of the newspapers studied have faults that could be improved with proper attention. Of

Board of Governors, "The Federal Reserve System," Federal Reserve Bulletin, March, 1970, p. 20.

all the newspapers, the News-Plaindealer is by far the most successful; Morgan is practicing more good business techniques than the other editor-publishers concerned. The Democrat has improved its net profit but Sheley fails to promote his business; and, therefore, his gross income probably won't increase, and his costs are not going to decrease. So, unless he changes his front office policies, he has set a low ceiling for his business.

The Metropolis News is doing a good job with an outdated production plant, but it will do no better in the future if it maintains its present operation.

The Gazette Democrat needs immediate attention. New production, promotion, and record-keeping processes should be implemented to increase both gross and net profits.

The Vienna Times also needs some immediate corrective measures in its business policies. Like the Anna newspaper, it is practicing old habits in a new financial era.

AN ECONOMIC ANALYSIS OF FIVE
SELECTED RURAL WEEKLY NEWSPAPERS

by

JOSEPH RICHARD REPERT

B.A., Kansas State University, 1966

AN ABSTRACT OF A MASTER'S THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

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Manhattan, Kansas

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Despite its direct and sizable role in the economic life of every small community in which one is found, the rural newspaper is often one of the most detached and least progressive business enterprises there. While the advertising and public relations news stories on their pages reflect continuous change in the businesses they serve, their own business policies often reflect the continuation of outmoded or financially unrewarding practices. Not in conflict with loud and defiant cries that they are the public defender and a public service lies the fact that with rare exception the community newspaper is a business enterprise normally representing a large capital investment.

Before further discussion, it is necessary to define the institution to be examined. Newspapers considered were weekly publications with more than 2,000 paid circulation in primarily rural communities of under 20,000 population in the county. While many of the problems and practices may be equally applicable in several cases for other media, the tremendous span from the garage mimeograph to the metropolitan giant must be limited for realistic analyses.

Perhaps the independent tradition and nature of many medium-sized weekly newspapers have limited changes in their economic practices. Most operate with about the same marketing and sales structure they used several decades ago.

One reason for the stagnation of weekly newspaper business practices may be the loss of comparison and improvement through competition. In the early 1900's it was common to find two or more weekly publications in communities of the size defined earlier. Now it is normal to find a single weekly newspaper in each community. Without direct competition, weeklies have made changes in financial structure slowly, if at all.

Perhaps a more important reason for the lack of advancement in the financial practices of weekly newspapers is the relatively small amount of research

and investigation performed by their professional organizations or the academic community. Most investigative work done deals with editorial, not the business aspects of the newspaper.

I investigated business aspects of five weekly newspapers in rural communities to determine if common or individual poor business practices were found and, if so, to consider solutions that would benefit many similar publications.

A standard questionnaire was used to obtain: (1) size and nature of business community in prime circulation area; (2) alternate sources of advertising community businesses use; (3) relationship between each newspaper and businesses; (4) advertising rate structure; (5) other sources of income; (6) evaluation of newspaper's sales personnel; (7) production methods; (8) production cost in relationship to gross income.

Those basic data were compiled and analyzed for similarities and differences, then reviewed for business strengths and weaknesses, individually and collectively.

Using a personal interview limited the number and geographical area of publications studied to these five, all in Illinois:

SELECTED PUBLICATIONS¹

<u>City</u>	<u>Population</u>	<u>Newspaper</u>	<u>Circulation</u>
Anna	4,280	<u>The Gazette Democrat</u>	4,719
Metropolis	7,339	<u>Metropolis News</u>	3,923
Pinckneyville	3,085	<u>The Democrat</u>	2,299
Sparta	3,452	<u>News Plaindealer</u>	5,460
Vienna	1,094	<u>The Vienna Times</u>	3,133

¹Leonard Bray, ed., Directory Newspapers and Periodicals 1969 (Pennsylvania: N. W. Ayer and Son, Inc., 1969), pp. 253-329.

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Bridges, Royce, personal interview, Vienna, Illinois, July, 1968.

Morgan, Bill, personal interview, Sparta, Illinois, June, 1968.

Reppert, Lewida, personal interview, Anna, Illinois, June, 1968.

Sheley, John, personal interview, Pinckneyville, Illinois, June, 1968.

Smith, Sam, personal interview, Metropolis, Illinois, June, 1968.