The Broken Wall - newspaper coverage of its advertisers

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How newspapers are selling their credibility to advertisers

YEARS AGO WHILE ON THE METROPOLITAN staff of The New York Times, I came up with a nifty idea for an article. Tiffany, the Fifth Avenue jewelry store, was getting a $4.5 million tax break under a state program designed to keep businesses from moving jobs out of town. Where could Tiffany move to: Ho-Ho-Kus, Hackensack, Des Moines?

The editors loved the idea, and it involved a large number of other companies, but as my finished piece moved up the chain of command, things began to get funny. I suddenly realized that Tiffany was one of the largest and oldest advertisers at the Times, always in the favored position: upper right, page three.

The story ran on the front page in a rewritten form. But the obvious lead was rewritten somewhat dully as follows: "A New York State Plan begun in 1968 to help small manufacturers create jobs in impoverished urban areas has evolved into a program awarding a broad range of corporations tens of millions of dollars a year in tax relief." The key and engaging point about Tiffany, the quintessential example, was moved to the 19th paragraph.

Last winter a team of six reporters published the results of a three-month investigation of the local phone company, Bell Atlantic, for the New York Daily News. They found that phone service was ten times worse in poor areas than in wealthy neighborhoods, that the phone company routinely misses 500,000 appointments a year, and that it overbills customers. The editors loved the story, and the first part of a promoted series ran on the front page. But then the angry head of Bell Atlantic, Ivan Seidenberg, got on the phone to Mort Zuckerman, publisher of the News. Seidenberg sits on the Board of Directors at Boston Properties, Zuckerman's parent company.

Bell Atlantic is one of the biggest advertisers at the News, which is not exactly making wads of money these days. Millions of advertising dollars were at stake. Parts of the story were faxed to Bell Atlantic for comment and, unbeknownst to the News, the phone company was more than happy to pre-release the damning information (with a favorable twist) to the New York Post, a rival tabloid. The Post then ran what's known as a "spoiler"--a quickie watered-down expose--the Saturday before the Sunday News investigation. It featured a sidebar jab at the News piece: "Tomorrow's News Today," featuring the News logo.

After an all-out fax, phone, and letter assault, the second story ran on page six and was considerably milder in tone. Editor Art Browne says the pressure--and an offer by Bell Atlantic to buy more advertising--had no effect. But the folks at Bell Atlantic are glad they "turned the story around" The follow-ups were never published. The advertising pressure and the "spoiler" worked.

The Bad Old Days

The New York Times, The Daily News, The Washington Post, Boston Globe, and other prestige big city papers have a long history of publishing fearless muckraking articles. They set the industry standard. But if even these large, rich papers can sometimes feel the pressure of advertisers, imagine the influences ordinary papers throughout the country are subjected to. It's not that papers haven't always felt commercial interests breathing down their necks. In the 1950s, woman's page and fashion writers were "required to come up every month with articles whose total column inches reflected the relative advertising strength of every story," according to Nan Robertson, a Pulitzer Prize-winning reporter at The New York Times. When she first started at the Times, she remembers in her book The Girls in the Balcony, "There was hell to pay [from the advertising director] every time an advertiser was not adequately represented in the `news' columns of the woman's page. I had the good fortune to be assigned to some of the quality emporia such as Bergdorf Goodman, Bonwit Teller and Henri Bendel, and it was easy to write about them. The woman's department was the Times's dirty little secret."

That obvious pandering policy--selling the soft sections--began to change in the '60s as Ralph Nader and his idealistic band of "raiders" opened Americans' eyes to the power of corporate interests. Journalists began to feel some shame about peddling the industry line, even in the soft sections, and grew bolder about reporting on corporate evildoers. The Washington Post's Watergate investigation, led by Bob

Woodward and Carl Bernstein, further encouraged journalists to feel that no institution was above reproach.

Yet at the same time, newspapers began to feel the pangs of a long-term decline in readership and profits that would ultimately undermine their newfound courage. In the '60s nearly 85 percent of the adult American public read a newspaper daily; now that figure is below 55 percent. Newspapers are losing readers in droves. Moreover, there is much more competition for advertising dollars. Merchants are looking to reach highly targeted and segmented audiences. Sofa dealers want to be in a decorating magazine like House and Garden. Tennis racquet makers want to be in Tennis Magazine. In part these are the same factors that led to the demise of general interest magazines such as Look and Life in favor of more targeted outlets. Special interest magazines, pennysavers, shoppers, Cable TV, direct mail, and the Net are all seeking advertising dollars that once exclusively belonged to general-interest newspapers.

The money problem was compounded by a shift in ownership structure. In the early days of American journalism, papers were often owned by wealthy men who used them as bully pulpits for their own views. Nowadays they're more likely to be owned by large companies that are responsible to an investor class demanding annual profits of 18-20 percent (the industry average). A board of directors or a media corporation is obligated to focus on the bottom line, which can easily translate into a pressure to keep big advertisers happy, or at least not to upset them.

The zeitgeist helped too. By the early '80s greed was in, and Nader's anti-corporate attitudes were rapidly falling out of fashion. The papers began to rely more heavily on soft sections, including some new arrivals: "Home," "Arts," "Style," "Science". At first, these sections were seen as a way to keep the rest of the paper free of advertiser influence. Abe Rosenthal, the legendary prize-winning editor, made his deal with the devil. "If they keep my A Section pure," he is widely quoted as saying, "then I will let them have all those other [advertiser-driven] sections." After all, the reasoning was, the more ad pages you have, the greater your integrity can be.

Yet in the past decade newspapers' ongoing financial hardship has made the so-called "wall" between advertising and editorial more porous than ever. Owners and publishers, in a revolutionary turnaround, have routinely empowered editors with marketing responsibilities. A poll by the National Newspaper Association magazine Presstime last year found that more than 192 daily and weekly newspapers (the majority of those polled) have marketing committees that include editorial members. Even The New York Times has assembled a high-level executive group of ten, the Mohonk Group I and II--half from news and half from business--to figure out more ways to make money. Owners seem to have forgotten that the idea of a "wall" between advertising and editorial was originally intended, at the turn of the century, as a marketing device, a token of integrity that would help to draw readers and advertisers. However imperfectly it may have been practiced, it has been a winning formula.

Yet attitudes appear to be changing. Where once such base considerations were downplayed and hidden, editors now openly flaunt their money-making responsibilities. Chris Wells, publisher of Knight-Ridder's Bradenton Herald, recently bragged to the Columbia Journalism Review, "We've changed the culture of this organization forever." Wells has set up "business literacy" training for reporters and editors similar to programs at the Los Angeles Times, The Tribune Company and Gannet. It has become a mantra at professional editors' meetings to show how tough a marketing guru you can be.

The question is: Has this newfound marketing cooperation already resulted in a subtle, and sometimes not so subtle, erosion of the limits that editors used to place on advertiser influence? The overwhelming consensus at editors' and publisher's meetings across the country is that the "wall" between advertising and editorial has been replaced by a line. "There is a difference," writes David Shaw, a reporter at the Los Angeles Times. "A wall is impregnable--a line can be breached much more easily, moved so gradually that no one knows it has actually been moved until it's too late."

Recent evidence indicates that readers have noticed changes and that editors themselves are troubled. Last year the National Association of Newspaper Editors commissioned a massive three-year, million-dollar poll and research project entitled: "Why Has Newspaper Credibility Been Dropping?" The results are grim. Seventy-eight percent of the 3,000 readers polled "believe that powerful people or organizations can get stories they want into the paper, or keep stories out of the paper if they don't want them covered" Sixty percent of those polled believe newspapers allow advertisers' interests to influence news decisions.

How do reporters feel about it? "It's not that somebody comes up to you in the newsroom and says `knock it off,'" says Mike Meyers, a veteran reporter at the Minneapolis Star Tribune. "It doesn't happen that way. The influences are more subtle. Editors have traditionally been insulated from the counting house. The difference in the '90s is that all editors have a double incentive system. Today they get paid handsomely to think of, and anticipate, what advertisers want."

Last March Meyers wrote a story explaining how Northwest Airlines' domination of its Minneapolis hub cost local consumers $75 million per year in higher prices on airline tickets. A great story, but a dangerous one in Minnesota. Knowing that the airline was the largest employer in the state, and one of the biggest advertisers in the paper, Meyers did not have to be told to be unusually careful. He faxed his data to airline executives and asked for a comment. Before they got back to him, or the article was even published, airline executives were on local radio releasing the figures and putting their own spin on them. "We were being so careful that we let them scoop us on our own exclusive," says Meyers. When the article appeared it was old news.

Since the middle '80s most newspapers in the country, including the best and the brightest, have been racing to reposition themselves as products to be made more palatable to readers and advertisers, based on audience testing and other well-established Harvard Business School techniques. This concept is known as Total Newsroom, in which editorial, advertising, circulation and promotion are all coordinated around the goal of marketing a product. Instead of worrying about whether this is a good story, editors ask whether the proposed story will connect with the reader's life style. Like politicians, many major papers run nightly tracking polls so they can give readers what they say they want. But for many reporters, such techniques violate the ethic of honesty that has made Americans trust their newspapers. "We should act like professionals," says Meyers. "You would be an idiot if you went to a doctor who only told you what you wanted to hear. Reporters have to tell readers what they need to hear."

The battle is being fought out most visibly in southern California, where news is often literally treated as a product to be marketed like any other. Twenty-two months ago Mark Willes, a former General Mills (Wheaties, Cheerios, Lucky Charms) marketing executive, caused an industry firestorm when he took over the publisher's seat at the Los Angeles Times. He declared that he would "use a bazooka, if necessary, to blow up the wall" between business and editorial.

But Willes was merely responding to the ruthless competition from suburban shoppers and papers like the Orange Country Register, which had increased its circulation 56 percent in the ten years from 1981 to 1991, bucking nationwide trends. It was outselling the Times by two to one in Orange County.

Former Register editor Chris Anderson explains how he did it: "We did extensive polling. Readers told us they only wanted to know things that applied to themselves." he said. "They wanted to know how to save time and money." Feeling pressure from the shoppers, Anderson made their turf his own. He assigned reporters to cover shopping malls, pets, traffic, autos, baby-sitting, hobbies, families, teens, personal relationships, traffic, and culture. Anderson, now Register publisher, is the new president of the American Society of Newspaper Editors. Anderson is careful to emphasize that his approach was geared to satisfying the needs of readers based on what they said they wanted. Willes carried this one step further at the Los Angeles Times when he ordered editors to think about the needs of advertisers.

But it's a short step from thinking about the needs of advertisers to giving them what they want.

Consider the following examples:

* A seemly innocuous article Headlined "A Car Buyer's Guide to Sanity" in the San Jose Mercury News in 1995 drew a four-month boycott which nearly destroyed the paper. The piece counseled buyers on how to negotiate lower prices. Car dealers became furious as their tricks and scams were exposed to customers. The dealers went to a hotel room and agreed to stop advertising. The paper lost more than a million dollars. The publisher got desperate as his automotive section shrank from 24 pages to 12. Publisher Jay Harris had a meeting with the car dealers and even sent a public letter of apology, but to no avail. He then ran a full page ad, "Ten Reasons Why You Should Buy or Lease Your Next New Car from a Factory-Authorized Dealer." The FTC got involved and found that the boycott was illegal. Eventually the car dealers agreed to sign a "Cease and Desist" order with the FTC and decided to resume advertising. But the lesson had been taught to Harris and every newspaper publisher in the country.

* California publisher John Armstrong endured two boycotts from dealers while he was publisher of the Times Advocate in North San Diego. Armstrong still smarts over the time he reprinted a list of real dealer car costs that first appeared in USA Today. The resulting brouhaha cost the paper $100,000 in lost advertising. "We were wrong to publish the list," he now says.

* While working for the Detroit Lakes Tribune a few years ago, reporter Pete Kotz got a memo that his parent company distributed to their string of newspapers and television and radio properties. It was a ban on consumer stories about car buying. The company's flagship paper in Fargo, North Dakota, had run such an article and auto dealers had boycotted the paper for a year.

This kind of story is the third rail of publishing: Touch it and you die. Every publisher and editor I talked to had his own story about car dealer boycotts. A survey by Consumer Reports in 1992 found that one-third of the journalists questioned admitted that they had stopped running stories about cars and car buying because of friction, or anticipated friction, from dealers.

Real Estate agents and developers have a similar clout. In 1997, an editor at the Minneapolis Star Tribune stopped the presses to change a headline that read: "Money Maker or Money Pit" over an article which asked whether home buying is always a good financial investment. The real estate advertisers had objected, and classified ads were a big part of the revenue stream. The Newspaper Guild filed a protest over the incident, and suggested future guidelines that might be followed, which the paper quickly rejected. Half the real-estate editors polled by the Washington Journalism Review in 1991 said they could not criticize developers for fear of jeopardizing advertising.

Airlines are also among the major advertisers who have caused problems at newspapers, as Mike Meyers' experience with Northwest Airlines in Minneapolis shows. It is difficult if not impossible for reporters to write about monopoly airline domination in such hub cities as Minneapolis (Northwest), Houston (Continental), Dallas (American), Atlanta (Delta) or Phoenix (America West). Three years ago reporter Ed Foster broke a series of stories in the Arizona Gazette about serious maintenance problems discovered by the FAA at America West Airlines. The stories provoked a letter from AW chairman William A. Franke, who charged that Foster was "biased or didn't understand the issues." Franke went on to mention the million-dollar a year advertising budget, according to the Phoenix New Times. After the paper was merged into another newspaper, Foster was laid off. (The reason given was staff consolidation.)

Puffing for Profit

In the travel and entertainment sections advertisers are even more likely to get what they want. We've all read our share of puff pieces about how fabulously the author was feted at that special hotel in Bora Bora or by the flight attendants whose airline just happens to be mentioned on the second paragraph. But we rarely hear about how editors scurry to please advertisers behind the scenes. A few years ago after television star Kathy Lee Gifford got some bad press for sponsoring clothes made by child labor in Asia, a reporter at a major New York City newspaper started to do a follow-up by focusing on exploitative conditions on the Carnival Cruise ships Ms. Gifford was promoting on television. "KATHY LEE'S FLOATING CARNIVAL SWEATSHOP," the tabloid head would have screamed. "But unfortunately the travel editor got wind of the story in the making and nixed it because it would have cost the paper a pretty penny in cruise ship advertising," explained the reporter, who begged to remain anonymous.

The cruise lines got their way with another story published four years ago when Laura Bly, a United Press Syndicate writer, chronicled the terror of passengers trapped on Caribbean cruises during hurricanes. The wire story was picked up by the Contra Costa Times in Walnut Creek, California, which decided to publish it in the travel section, but no sooner did the first few copies roll off the presses than somebody noticed that it might not go down so well with the advertisers. The presses were stopped, and another story inserted. Editor John Armstrong told me, "It's not the kind of story I would want to see in the travel section."

Music store chains have been more brazen in using their influence with papers. In the early '90s the Metro Times of Detroit uncovered strong-arm tactics used by these chains against retail shops selling used, cheaper CDs. But after getting boycott threats from record companies the publisher told the reporters that he couldn't afford the lost income, according to Pete Kotz, a reporter who worked there at the time. More than half the paper's revenue came from entertainment ads.

The published examples are plentiful enough and very easy to dig up. Just ask any reporter or editor. But for every printed story that draws advertiser ire, there are thousands that never see the light of day. Reporters learn the dominant values by osmosis. The publisher hears something from the owner. The editor overhears the publisher and passes on the gospel to reporters with verbal and non-verbal signs. Self-censorship steps in.

Sometimes editors actually curry favor with advertisers through fuller or more favorable coverage. Last year the Albany Times Union devoted most of its front page to fawning coverage of new Delta Airline service in town. The Chicago Sun Times, in a story reporting increased sales after the Versace murder, mentions the major department store advertisers but leaves out non-advertisers like Neiman Marcus. Executive Editor Larry Green publicly admits that the paper favors advertisers in its news stories. "We have to take care of our customers," he says.

Another example of taking care of customers is a story in the "Driving" section of the Cleveland Plain Dealer last June 27. The front page is devoted to buying "The First Car" and appropriately features a piece on crash-test results, pointing out that the Ford Taurus and the Chevrolet Lumina have a good rating from the Insurance Institute. The article does not mention that the Chevrolet Cavalier gets a "poor" rating from the same Insurance Institute. On the next page the Cavalier is prominently displayed as a Special of the Week in a half page ad.

Selling the Future

In the last few weeks I talked to dozens of editors and publishers across the country. They all grew up with the ideals and myths of the profession: that pursuit and publication of the truth was the highest value, and that if you worked hard enough, the truth could even bring down a president. This passion for truth was in the air they breathed as young men in the '60s and '70s.

But at some point in their lives, these 40- and 50-year old men and women had also learned some other truths: That their papers were owned by far-off chains, controlled by California pension funds and invested with a very specific quarterly profit agenda. That if these returns were not forthcoming, they would be replaced. There is a lot of mobility in the newspaper business. It doesn't pay to bite the hand that feeds you. They learned to steer clear of any controversy that might quickly cost their papers $100,000 or even a million dollars in lost advertising.

In many cases, these editors would insist that they're simply giving readers what they want. But that is precisely the problem. What is it that readers really want from their newspapers? The surveys are contradictory; the answers seem to depend on how you ask the questions. Readers want help with their shopping, but they also want hard-hitting investigative stories. They want their sacred cows poked and gored. They want the hidden agendas of the rich and powerful exposed. Yet editors too often pay more attention to the clamor for product-oriented coverage, and in so doing, they undermine their own credibility. "In order to combat the shoppers, we have become a shopper," said Mike Meyers. "We are giving away the franchise. It is the dumbest strategy"

And he may be right--selling out to advertisers could be the road to financial ruin. The Los Angeles Times did not make the kinds of inroads against the Orange County Register that Mark Willes was counting on. The latest figures from the Audit Bureau of Circulation show that the Registers penetration is the highest it has ever been. Meanwhile, the Times has lost 10,000 home delivery subscriptions in Orange County since last year. Mark Willes was replaced as publisher in June to concentrate on his CEO duties. Operating profits slipped 15 percent in 1998 from the previous year and circulation growth was fiat. Veteran reporters and other employees have left in droves.

Newspapers operate under a curious protocol. The currency they bring to the table is their objectivity, openness, and fairness. This is what makes them valuable as a business. This is what attracts readers and causes advertisers to support them. If readers come to believe that newspapers are not telling the truth, circulation drops and advertisers won't advertise. The myths and idealism of the profession, however imperfectly practiced in the past, are vital to the professions financial success. By publicly renouncing these myths with his well-publicized plans to smash down the "wall" between advertising and editorial, Mark Willes may have sabotaged his own plans. As American Society of Newspaper Editors President Edward Seaton said earlier this year: "Without ethics there is no quality. Without quality there is no credibility. Without credibility there is no future."

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