

Business Structures

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The newspaper industry has absorbed a tremendous financial impact during the last three years in revenues and bottom lines. As a whole, industry players were slow to react to ever-changing marketplace dynamics.

Key thoughts: departmental structure, supply chain, staff development, continuous improvement, newspaper industry

1. Introduction

The newspaper industry has absorbed a tremendous financial impact during the last three years in revenues and bottom lines. As a whole, industry players were slow to react to ever-changing marketplace dynamics. Newspapers report on other companies and industries in their business pages every day. However, they failed to listen to and heed some of the advice and counsel they offered on those some pages. As they have to come to acknowledge the trend, it has triggered a re-evaluation of the company's organizational structure on the revenue and expense sides of the equation. The change in revenue streams had become so extreme that many large newspaper groups have opted to file bankruptcy in order to continue operations while relieving themselves of crushing loan payments and obsolete labor agreements. The newspaper industry, as a whole, is a capital-intensive one, with heavy investment required for printing and equipment for compiling and collating revenue-rich inserts, along with fleets of delivery trucks and vans.

This paper is segmented into three major essays: The first looks at the current newspaper industry from a macro point of view and the structural changes underway in this industry. The second essay examines from a micro viewpoint the newspaper industry from 2001 to 2007, and the structural changes to a traditional newspaper's circulation department. In addition, the organizational changes during this period are chronicled as an individual newspaper struggled to build the individually paid circulation base (i.e., circulation that is paid by the end consumer at 25 percent or greater of the basic price) against the backdrop of negative trends affecting the industry and the market. The second essay will also highlight the changes essential to implement during the evolution of departmental structures and the focus on this period of rebuilding the paid circulation base.

The last of the three essays will compare four current companies/products or services newspapers offer.

2. Macro Summary of Newspaper Industry

Henry J. Kaiser, an iconic industrialist, once said, "find a need and fill it." This could not be a more fitting comment for the newspaper industry. The industry historically has been one of the nation's most vigorous and rigorous public watchdogs, capable of bringing down corrupt presidents and elected officials, holding governments accountable for spending tax dollars to the benefit of citizens and informing and educating the public as needed. They shine a light where others often refuse to go. They provide a crucial check-and-balance role that has defined this nation's greatness. In our society,

newspapers serve as a trusted source for information and as an ever-vigilant watchdog for the public's larger interests. However, this industry also is at a crossroads between old and new media worlds. The keys to any medium's success are identifying audiences and producing compelling content that the public wants and to engage them in the process. Producing unique content, which intrigues and engages the public, can still be among the most effective ways for newspapers to develop again into a successful, profitable organization. As an industry, newspapers have seen their revenue stream cut by more than 40 percent in the last three years, which has destabilized even the most venerable newspaper institutions. With widespread layoffs, salary cuts, furloughs, and benefit reductions being effected by newspapers across the nation, the morale and motivation of newspaper professions, along with the ability to recruit talented and eminently qualified staff, has been hindered significantly. As a whole, the newspaper industry failed to realize the tidal wave of transformative impact coming to the industry, and evidence is more than ample of just how poorly prepared many newspapers were for this event. The result was tremendous, leading to the closure of many newspapers across the nation. In 2011, 152 newspapers ceased operations, compared to 151 in 2010. However, 2011 also was the first since 2009 where a major metropolitan newspaper did not cease publication (Mendolera, 2012).

The signs of decline have been ubiquitous for the prior decade. The convenient and free availability of information on the Internet, including papers giving their content away for free on their websites, is one factor as is the number of cable and news channels tripling during this period. Add to that the expanded use and functions of portable electronic devices and smart phones coming into their own that allow for news and information to be accessed on instant demand by consumers all over the world. This single development allowed consumers to engage with this information in unprecedented ways throughout their day. Because the information was being pushed as the consumer had requested it meant that content would have greater relevancy for a consumer's specific informational needs. The information was delivered according to the activity flow of a consumer's needs so naturally on a given day that the propensity to engage the consumer that much more effectively was easily accomplished. Thus, it became apparent that industry positions from the 1990s were no longer sustainable.

The newspaper industry's experience was not dissimilar to the problems observed in the auto industry a few years ago. These events required major changes to their structures and industry and market mindsets in order to rehabilitate themselves and return to successful operation. To understand the scope of the changes necessary to balance the equation for newspapers, let's look at a few examples of structures that were no longer sustainable, especially as the ability to balance the expense side with the revenue of the equation was a must for ensuring the industry's longevity. Structural changes offer a better match of the new revenue channels and resources with the expenses required to ensure profitable operations.

This essay highlights three scenarios from respective varied newspaper markets that have attempted to balance the necessary changes to the cost structures in different ways. Regarding one of these markets, only minimal changes to the operations were made and obviously each of the markets still has a long way to go in terms of ensuring longer term stability in the industry. The names of the newspapers have been redacted from the comparisons in order to appreciate the focus and understand the structural changes being taken in various circumstances (Tables 2.1-2.7). In each case, questions are raised about whether the changes are significant enough to ensure the viability of each organization.

Table 2.1. Market 1: Structure in Effect until June, 2009

Newspapers	Newspaper's Production	Distribution Method	Counties covered by the newspaper's delivery personnel
#1	Newspaper owns the production plant with 30 full-time employees	Independent delivery network that is subsidized for only carrying one product	Palm, Broward
#2	Newspaper owns the production plant with 60 full-time employees	Independent delivery network that is subsidized for only carrying one product	Palm, Broward, Dade
#3	Newspaper owns the production plant with 60 full-time employees	Independent delivery network that is subsidized for only carrying one product	Broward, Dade

Table 2.2. Market 1: Current (Reflecting Changes after June, 2009)

Newspapers	Newspaper's Production	Distribution Method	Counties covered by the newspaper's delivery personnel
#1	Now being produced at Newspaper #2 (staff reduced by 30 full-time equivalents (FTE))	Now delivering two products in the core market (i.e., outside the core market the independents were terminated)	Palm and Broward being delivered by Newspaper #2
#2	Own production plant with 70 employees (i.e., now the production location produces eight different products). Production staff was increased by 10 FTEs to handle the additional work.	Independent delivery network that is now delivering 10 different products in Palm and Broward (i.e., the independents delivering for Newspaper #2 in Dade County were terminated)	Palm, Broward Delivered by Newspaper #3 in Dade
#3	Own production plant with 50 employees (i.e., now production location for four different products, from smaller players in the market)	Independent delivery carries four products in Dade (i.e., independents delivering for Newspaper #3 in Broward) were terminated)	Dade Delivered by Newspaper #2 in Broward

Table 2.3. Market 2; Structure in Effect until December, 2009

Newspapers	Newspaper's Production	Distribution Method	Counties
#1	Own production plant 150 employees	Union delivery to newsstand outlets within the five boroughs of New York City, two counties in New Jersey and one county in Long Island.	Brooklyn, Bronx, Queens, Manhattan, Staten Island, Nassau, Bergen and Hudson Counties
#2	Own production plant 60 employees (i.e., one product produced)	Union delivery to newsstand outlets with one product in the five boroughs of New York City	Brooklyn, Bronx, Queens, Manhattan, and Staten Island

Table 2.4. Market 2: Current (Reflecting Changes after December, 2009)

Newspaper	Newspaper Production	Distribution Method	Counties
#1	New production equipment enable production staff to be cut by 66 percent from the old staff levels	Unchanged	Unchanged
#2	Own production plant has added 10 FTEs to handle the production of a second newspaper that is a sister publish to the second publication	Has added a second publication to their delivery system (union trucks)	

Table 2.5. Market 3: Structure in Effect until January, 2010

Newspapers	Newspaper's Production	Distribution Method	Counties
#1	Own production plant 50 employees	Independent delivery network that is subsidized for only carrying one product	Bergen, Hudson, Rockland
#2	Own production plant with 60 employees	Independent delivery network that is subsidizes for only carrying one product	Rockland, Westchester, Putnam

Table 2.6. Market 3: Current (Reflecting Changes after January, 2010)

Newspapers	Newspaper's Production	Distribution Method	Counties
#1	Own production plant with 60 employees is producing newspaper #2's newspaper	Independent delivery network that is handling four products	Bergen and Hudson
#2	Plant closed	Independent delivery network is now handling nine products	Rockland, Westchester, Putnam

Table 2.7. Market 3: Current (as of July, 2012)

Newspapers	Newspaper's Production	Distribution Method	Counties
#1	Own production plant with 50 employees	Union delivery to newsstand outlets with one product	Bronx, Brooklyn, Queens, Staten Island, Manhattan, Nassau, Bergen, and Hudson
#2	Own production plant 60 employees (three products produced)	Union delivery to newsstand outlets with two products	Bronx, Brooklyn, Queens, Staten Island, and Manhattan
#3	Own production plant 160 employees	Union and wholesalers delivery to newsstand outlets with one product	Manhattan with union delivery personnel and all others with wholesalers

The three market scenarios provide a compelling definitive look at the macro-environment of what is happening across the country in countless newspaper markets. What becomes most evident in these three scenarios is the major change in the mindset, which has allowed competitors to collaborate across the country to save expenses, and to save their businesses. However, even in the first market shown, one has to question if these changes are sufficient to ensure their futures?

Let's take a deeper look at Market 1 (Tables 2.1-2.2). Just two or three years ago there would have been no way that any of the newspapers in this market would have considered outsourcing the production of their newspapers, no less to a competitor. Moving to a competitor generated dynamic impacts. Production schedules meant earlier final deadlines, which would not include last-minute sports scores and late-breaking stories, that, in turn, helped to crystallize perceptions of a devalued product being offered to readers. In effect, a direct competitor now had access to review one's complete product before beginning the run on its own newspaper. The earlier deadlines were created for two primary reasons. The first concerned the logistical distance from the primary market in which the new production plant is located. The second concerned the production window of time available based on the production cycles of the second newspaper's organization that is now responsible for

printing both products. Added to the above concerns – most particularly, with Market 1 – is that all the newspapers in the same market compete for the same advertisers on a scale not seen before with the traditionally differentiated market player structure. Thus, using a competitor’s distribution network just gives the industry player additional information in which to fine tune and enhance current and potential advertiser’s insights into why a particular newspaper could offer a better media vehicle to reach the consumer.

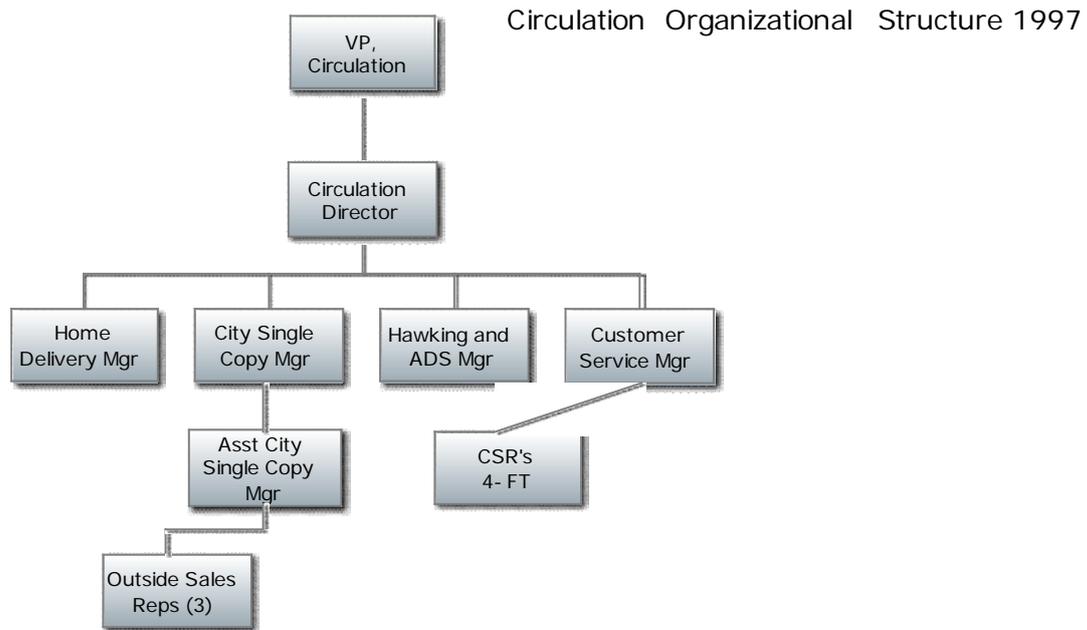


Figure 3.1. Circulation’s Organizational Structure (1997)

Flow of Supply Chain Information 1997

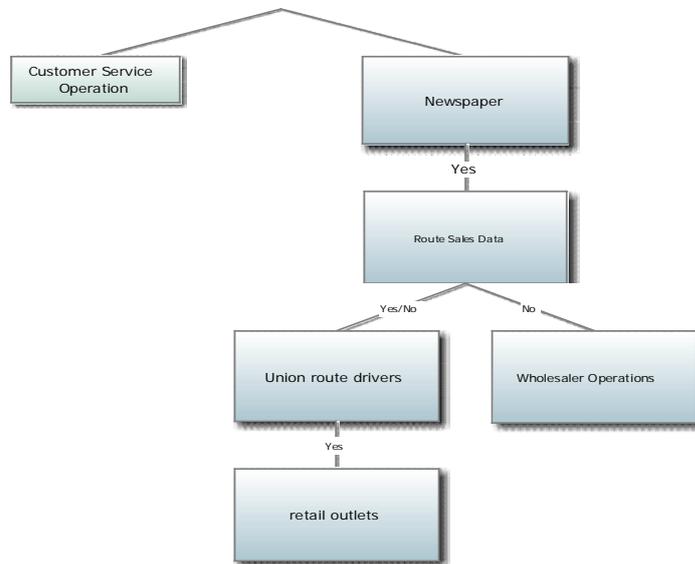


Figure 3.2. Flow of Supply Chain Information (1997)

3. Recent Evolution of Circulation Department Structure

In this essay the problems facing a circulation department from the newspaper's vantage point are discussed as they relate to the structure, management, and the development of the newspaper's supply chain. This essays covers multiple periods reflecting the evolution and development of staff and structure. Also discussed are the impacts of decision variables including news cycles, market development, demand forecast, retention/attrition on subscription modeling and production/delivery times and their impact on the business structure. For this essay, the market is considered as part of a duopolistic setting, where each of the newspapers benefits from the overflows of the competitor's unmet demand. In addition, the essay provides analytical solutions in the case of uniform and event demand allocations that help to overcome the tremendous variation in demand, as they are caused by market events.

There are four demands the firm faced: (i) the newsstand demand for its product, (ii) the overall demand newspapers in the market place, (iii) the effects on the demand for the product with the entrance of new competitors, and (iv) demand for subscribers. The stochastic demand is realized at the newsstand, and this demand can be satisfied to the extent based on the delivery times and stocking quantity of the newspapers at the newsstand. The structure of a supply chain is fundamentally reflected in the staffing and business model within the city marketplace. There are three levels to the supply chain distribution system in the New York City market. This system and structure change as one moves away from the city into the suburban and outer areas, where all four levels of demand exist. It is widely understood that each level can engender conflicting interests among the various parties within the chain that can trigger overall market inefficiencies.

Substantial efforts also were devoted to analyzing and coordinating mechanisms within the supply chain to allow for better coordination of goals and efficiencies, but the business structures also should be under constant monitoring to ensure they best match the ever-changing marketplace. This would enable multiple decision-makers to pursue their individual objectives for collective goals. In fact, the evidence shows subordinates who were motivated by performance measures in their structure often pursue objectives different than those from a firm that makes operational-level decisions as their basis. This can trigger profound implications for performance in an organization whose operations are predicated heavily upon the effectiveness of the supply chain. With more information about consumer preference and distribution, this type of framework provides the ability to manage the supply chain management that much more effectively.

There have been numerous research papers published on the news vendor problem. In fact, it may be the most studied stochastic inventory model in history, going as far back as 1888, when it was studied by Edgeworth. This essay focuses upon the work of Huh, Kachani and Sadighian (2009) in the area of optimal pricing, along with the work of Parlar (1988) in a duopoly model that takes into account demand allocation of the product. Research suggests a firm's unmet demand does spill over to the other competitor. There also is research dating to the late 1800s regarding pricing and/or quantity in a competitive environment, which was translated into English by Bacon in 1897. Following this long trend of inquiry, Kirman and Sobel (1974) considered how firms compete on price and quantity decisions.

The market studied here is a duopolistic market representing two newspaper tabloids and two broadsheet newspapers. There is another tabloid on the edge of the city tabloids' Newspaper Designated Market Area (NDM). Along with two free tabloids in the City market area, each product can be substituted for one another based on availability, event coverage, and the value proposition that each provides the consumer every day. The impact on the demand of the market as a whole was affected by the entry of two give-away newspapers and the exit of a third publication that required a paid subscription. Thus, this essay examines how market events affect the demand for the newspaper, coupled with the availability which, in turn, has a tremendous effect on the overall sales of a newspaper. At the same time, the market demand creates a continuously evolving marketplace that requires an ever-changing flexible departmental structure to keep pace and take advantage of the developments as they begin to reshape market dynamics and characteristics.

In the classic formulation of the news vendor problem, the optimal choice of inventory is such that the chance of at least one lost sale equals the cost of the product divided by the retail price. This solution makes sense when the news vendor is responsible for the aggregate costs of all unpurchased copies of the newspaper. However, this is not the case in 99 percent of the newspapers across United States and Europe where the newspaper's organization is realistically the only one on the hook for the cost of unsold product.

To further elucidate the issue, it is best to track the progression in the organization's developments designed to achieve optimization in a department's operations and performance, as reflected by the effects of price changes at the newsstand. The demand changes on a variety of factors, including the nature and significance of news events, production and marketing efforts, and changes leading to a smaller newspaper in the marketplace. The period reviewed here covers September, 1997 to September, 2007. The first tabloid (#1) had just started to produce a Sunday edition and to offer home delivery subscriptions. The second tabloid (#2) was the commanding player in the market both in terms of circulation and advertising dollars. For example, the Audit Bureau of Circulations (ABC) reported that tabloid (#2) had 62.6 percent of the Monday through Friday market (based on the two-tabloid market) and 72.9 percent of Sunday market.

In the city, the percentage was more prominent with 66 percent of the daily circulation being held by tabloid (#2) and 78 percent on Sunday. Regarding additional information, in early 1996, the individual route delivery personnel set the draws (i.e., the amount of products ordered) for tabloid #1, with no knowledge of the supply chain decisions being acknowledged by the newspaper circulation staff. All returns were done on the delivery route level once a week with no real verification process in place or any vendor/outlet information ever being passed on to the newspaper. Thus, the supply chain decisions and structure were such that factors such as customer availability were never considered by the route personnel. The route delivery personnel also did all the billing and collection. The newspaper was merely a supplier of product; being paid by the route personnel on the route level. In addition, no consideration was given to market place events, availability, or the value proposition that was being offered by the product.

3.1 Time 1997 - 1999

The methodology in developing a better organization structure, which would strengthen the decision-making concerning the supply chain and customers for the product, was to understand all the different levels and components within the chain. By providing improved information flows throughout the supply chain operation, this process enabled the executive staff's capabilities to make market-smart informed decisions. The billing and draws were moved to a newspaper's main office. These functional moves assured the capability to understand customers (i.e., the retailers and vendors) and consumer behavior patterns. This ultimately meant more effective control for 6,000 retail locations would move on to the company's billing system, with the draw allocation still being in the hands of the retailer and or the route driver in the first phase of the transfer. However, once this first phase was completed and a flow of information was developed, the next step was to institute a scanning system of the return's data. This system would offer the ability to capture the information about the edition, date and day of the week for each return. This information was then posted to the outlet's specific billing system. Once this next phase was completed the draw allocation was moved to the main office. This also allowed company officials to begin understanding the trends of sales by date and time, which, in turn, would allow a better understanding of the traffic patterns. In some cases, information about the time of the day based on edition, and on-hand field counts allowed the circulation department to obtain a good understanding of the impacts caused by different traffic commuter patterns as affected by news events which occurred throughout a given week.

Flow of Supply Chain Information 1999

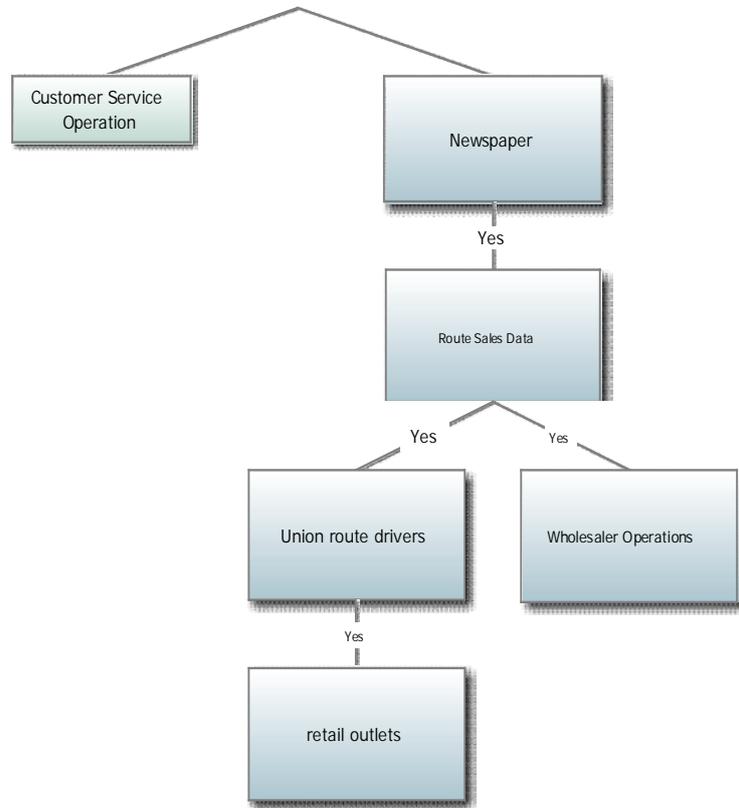


Figure 3.3. *Flow of Supply Chain Information, 1999*

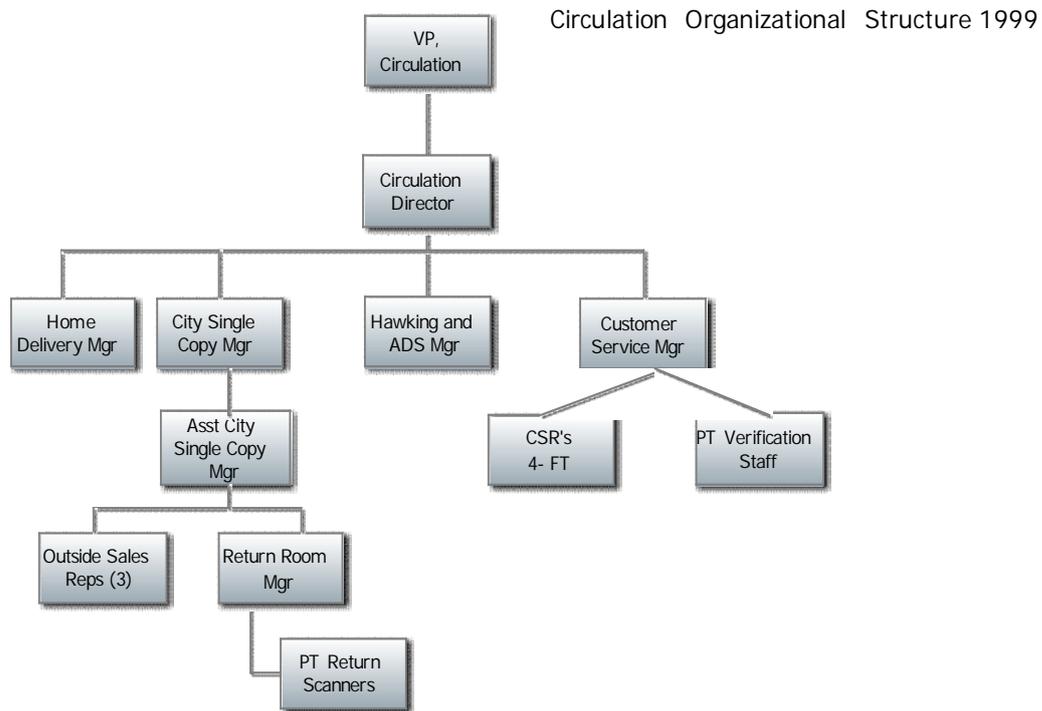


Figure 3.4 Circulation Organizational Structure, 1999

Table 3.1. Tabloid Comparisons in Circulation, Market Share.¹		
	Sept 30, 1998	Sept 30, 1997
Daily		
Tabloid #2	469,799	469,382
Market Percentage	66.8%	65.8%
Tabloid #1	233,176	244,010
Market Percentage	33.2%	34.2%
Sunday		
Tabloid #2	560,425	547,728
Market Percentage	75.4%	78.4%
Tabloid #1	182,387	151,322
Market Percentage	24.6%	21.6%

¹ Source Publisher's ABC audit statements 1997 and 1998

As observed in Table 3.1, this change to the information flow caused the Monday through Friday circulation of tabloid #1 to drop by 11,000 copies per day. This drop was triggered by the supply chain's protests and dissatisfaction about the new structure and the change in control of the data flows. However, the changes had a tremendous impact on the Sunday circulation. Finally, the returns were broken out into each of the seven days of the week and the date-specific information led to a more effective and efficient manner of operation for the supply chain. To accomplish and codify these changes, a the organizational hierarchy was modified accordingly (Compare Figures 3.2 and 3.4).

The improvement came from two main area actions within the supply chain. The first was to have all seven days' returns isolated by day, which enabled a better understanding of the different sales patterns. This also enabled the newspaper's ability to improve the availability of product significantly on the Sunday side of the business. Along with the inefficiencies of the higher valued product, lumped together in the returns was the lower priced Sunday product. This change worked in the retailer's favor with returns being broken out that permitted the numbers to be isolated for the Sunday product and improved tremendously the effective value of the report figures. Now, the report easily pinpointed glaring gaps in availability in the supply chain. After beginning to receive outlet level information, the reporting showed that a regression model now could be developed to set good targets on the daily draws for the 5,000 outlets. Once a year's worth of information had been generated, the model's algorithm was fine tuned to produce acceptable predictions of the draw allocation each day for the retail outlets, based upon a moving average of seven days. Frozen draws were permitted (which meant the algorithm would not predict a draw for accounts set at one draw by the outlet or driver).

Once the algorithm was changed to account for a daily draw allocation, the policy that allowed frozen draws was modified to make it more difficult for retailers to freeze their draw. Once the second phase was completed and the supply chain had settled into the changes, the next step was to adjust the algorithm to project more effectively draws based on individual days of the week and the individual consumer's daily patterns.

3.2 Old Model Methodology

Table 3.2.1 Week 1 (Two Weeks back from Current Week)

.5%	33.2%
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Sunday

Tabloid #2	537,862	560,425
Market Percentage	75.7%	75.4%
Tabloid #1	173,117	182,387
Market Percentage	24.3%	24.6%

Bell (2001, 1997) postulated that if $a \geq p$ [(a) is the perceived value of the product, p is the price of the product] than the consumer will opt to purchase the product. What Bell suggested is that $D((a-p)q) = k(a-p)^2q^2$ was a feasible function if the travel costs are proportional to the distance from the retail destination. Later in this essay, it is shown that convenience of the availability which would cause the travel costs in the equation $D((a-p)q) = k(a-p)^2q^2$ to be reduced have the effect of an increase in the perceived value (a). This would have a potentially significant impact upon sales of the

newspaper. Bell added, "Potential customers whose travel cost is less than the expected value added will grow as the square of that value added."

This concept of the perceived value can be as well as seen in a 2001 study by the Newspaper Association of America, which showed that 17 percent of weekday purchasers buy copies on impulse. One note of the study, however, is that the sample appears to have been concentrated among occasional and younger readers. In this case, the perceived value to be added to or subtracted from is based on perceptions about the front page of the newspaper. The sample group in this study also tends to be the most coveted age group for an advertiser. Results showed that in the 18-34 age demographic, 24 percent normally decide to buy when they see the paper while 43 percent usually or occasionally scan the front page when thinking about whether or not to buy the copy.

The Newspaper Association of America added: "Extremely important is our finding that a weekday single-copy sales must fit comfortably and easily into the rhythm of the buyers' workday." This observation also guides the focus in the balance of the current paper, especially as readers take note of the organizational changes that were made during this period to build relevance and enhance convenience of access for retail customers and end-consumers.

In looking at the classical news vendor problem, one assumes the vendor purchases newspapers for 20 cents per copy, with a retail price of 50 cents per copy but demand also is highly variable. Early on students understand that the top optimal choice of inventory is such that the chance of one lost sale equals the quotient calculated in the following: 20 cents divided by 50 cents. This leads to the conclusion that the higher the price of an inventory item, the more inventory the vendor should have available on hand. The lower the profit margin for a vendor the less likely the vendor will maintain high inventory levels. For what has a small profit margin that doesn't take into account as an impact to the vendor's profit picture are the ancillary items purchased as a result of the additional traffic generated by way of the newspaper sales.

It is assumed that the newspapers will be 100 percent returnable by the vendor to the supplier (i.e., newspaper) for full credit. This, of course, sets up a lose-lose proposition for the newspaper and the retailer and, in turn, compels a reevaluation of the existing structure. Bell (2001) set forth the following formula for the optimal inventory, I^* which is defined, implicitly, as:

$$1 - F(I^*/D) = c/p$$

Let p =price, c =cost of the product, and denote the uncertain demand by $D\bar{z}$ where D , represents the expected (i.e., average) demand, and \bar{z} is a non-negative random variable with the mean of 1.0, cumulative distribution F . This is a classic consideration of the problem as it was proposed and fine tuned variously by Whitin (1955), Porteus (1990), Federgruen and Heaching (1999), and Petruzzi and Dada (1999). One can modify the above formula by putting in an adjustment for cost (c) and price (p) to reflect the realistic newspaper's point of view in the equation, which provides an opportunity to acknowledge the suppliers' level of the supply chain. The cost then become the costs of manufacturing. Meanwhile, all other costs remain constant with regard to distribution, except for the labor cost as it relates to the return process but for this paper considered the cost of labor will be held constant. Relating to the retail price (p), F would become the access ratio throughout the distribution system based on the number of sales outlets in the market place. To the equation, add a new variable V for the availability in the sales outlets. These two variables become extremely important to the overall sales of a single copy dominated newspaper, as observed in the earlier cited study of the Newspaper Association of America which suggested the impulse buying behavior of newsstand purchasers. Thus, availability and full-faced exposure are keys to success, while at the same time there is a cost associated to ensure availability. With the product having a shelf life of only hours at best and all returns being fully refundable, the total cost of producing the newsstand edition then

would have to be shouldered by the newspaper. Therefore, the optimal inventory level (I) is defined by:

$$(V) \times (F) = (I)$$

This optimal inventory (I) allows for maximization of availability in the marketplace. If the cost of the unsold copies is taken into account the equation would become:

$$I \times e = TI$$

In developing a total inventory level (TI), the previous week's sales by outlet and day of week are then rolled together into an inventory calculation, which is then multiplied by a news event (e) multiplier to produce a total inventory level (TI):

$$I \times e = TI$$

The uncertainty of demand (D) is defined by the following in which we added e as the event coefficient, which is represented by the strength of the relevant news of the day. Also, add (a) which represents the maximum amount a customer is willing to pay for the newspaper and which changes from day to day as based on the news/events of the day and the probability of purchase (q):

$$(I) \times ((a \times e) - (p))q = D$$

Considering this formula, tabloid #1 reduced its daily price by 50 percent in the city marketplace to 25 cents in September, 2000, and saw a 9.7 percent or 21,000-copy increase in sales over the next year. With the price reduction, this brought additional consumers to the newspaper market by changing the equilibrium to the value proposition that the two papers offered.

The overall newspaper market showed a little more than an increase of 19,000 in sales (2.8 percent) and 2,000 copies per day coming from the tabloid #2. The results changed the market permanently as tabloid #1 evidently embraced the consumer value proposition. This was accomplished by upping the article count, shortening stories suitable to the length of commuting common among consumers in the market, adding more color, and providing a cleaner design to the paper. The results were significant with tabloid #1's circulation up 28.2 percent daily and 15.2 percent Sunday year over year. Meanwhile, the competitor was down 6.1 percent daily and 3.7 percent Sunday, with the overall market place again showing an increase of 42,000 copies per day Monday through Friday and 3,000 on Sunday. These increases were based on a new value proposition being offered.

With changes to the product and supply chain, the analytical work had just begin with returns over 29 percent in the NDM and 41 percent ONDM, with availability at 76 percent daily and 70 percent Sunday. This wasn't the only issue in which the churn in the number of sales outlets hampered the availability. Once the initial increase in circulation occurred based on the price change, managers soon determined that the organizational structure needed to change so over the next four years the structure continued to evolve to match the market to ensure the ongoing effectiveness of the operation. Among the first changes occurred with the infield representatives, with the mission to secure additional sales outlets and five daily sales informational contact.

At the start of this process was to educate 10 field reps and three college students who majored in computer science/statistical and one marketing student. The students, who were either sophomores or juniors in college, were hired on a part-time basis, and their schedules were made flexible to match their school demands. The intent was to bring in individuals with outstanding technical skill sets and match them with the experienced staff. This move facilitated several departmental impacts:

- Raised the bar level of acceptable skill levels
- Added analytical capabilities
- Enhanced the capacity to develop potential staff members at a reasonable cost
- Offered a fresher, more market-contemporary way of looking at readership patterns and problems, especially among the younger demographic of readers who have not cultivated or have yet to cultivate traditional newspaper reading habits.

The review of the circulation department along with the developmental response within the organizational structure and the impacts during the period studied offers a narrow, yet representative look at an industry as a whole that is currently under much market stress.

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