Changes in Ownership Affect Quality of Oshkosh Paper

by Miles Maguire

A content analysis of the Oshkosh Northwestern suggests that ownership and ownership structure do matter and are associated with changes in the quality and quantity of coverage.

Oshkosh, Wisc., was never a great newspaper town, but it has been a town with a great many newspapers. In its first 50 years, more than 50 were started or restarted there, including nine that were published in German. With names like the True Democrat, the Greenback Standard, the Fox Valley Courier and the Oshkosh Chief, these papers chronicled the growth of a small trading village as it profited from its proximity to the north woods of Wisconsin to become a bustling center of logging and lumbering. By the late 19th century, its riverfront mills were turning out so many planks, shingles, doors and window sashes that it had earned the nickname of Sawdust City. But only one of its early papers survived into the 21st century, a publication now known as the Oshkosh Northwestern. Thanks to enlightened owners who invested heavily in the cutting edge technology of the day—linotypes and stereotyping and private telegraph wires—the paper was able to bill itself in the early 1900s as “Wisconsin’s Greatest Family Newspaper.” In the fall of 1997, however, the two families that owned it brought in a team of consultants to upgrade the publication—improvements that set the stage for the paper to be sold three times in less than three years.

On July 21, 2000, the Northwestern became property No. 87 in America’s largest chain, made up then of the 94 daily newspapers of Gannett Co. Inc. That was the date when Gannett completed a $1 billion transaction with Thomson Inc. that included the Northwestern. For Gannett, the deal meant that its chain of

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dailies would exceed 90 papers while for the *Northwestern* it meant its fourth owner in slightly more than two years. During that time the paper passed from family ownership to a family owned newspaper chain to an international media conglomerate and finally to the largest U.S. publicly owned newspaper chain. The paper’s rapid-fire change in ownership brought a certain degree of notoriety in the industry and also created an opportunity to investigate whether different forms of ownership are associated with differing quality, quantity and content of news coverage. Numerous previous studies have measured the effects of ownership changes or compared the characteristics of papers under different ownership arrangements. What’s unusual here is the opportunity to study the sequential effects of ownership changes at the same publication and then to compare the impact of two different chain owners on the same paper.

**Research Questions**

**RQ1:** Did the quantity of news coverage in the *Oshkosh Northwestern* change under various ownership regimes?

**RQ2:** Did the quality of news coverage in the *Oshkosh Northwestern* change under various ownership regimes?

**RQ3:** Did the subject matter of news coverage in the *Oshkosh Northwestern* change under various ownership regimes?

**RQ4:** How do the two recent chain owners of the *Oshkosh Northwestern* compare in the changes they made to the quantity, quality and content of news coverage in the paper?

This paper begins with a literature review and background discussion. The next section describes the methodology of this study, which is followed by the presentation of data from a content analysis conducted in summer 2002 and a discussion of these findings in light of the effects of changing economic conditions. The final section offers some conclusions.

**Background and Literature Review**

About 10 percent of the newspapers sold during the 1980s were resold within a few years. By the mid-1990s, chains were buying and selling papers from each other at such a rapid pace that one broker estimated that 75 percent of all newspaper sales in 1996 were from one chain to another. Walton noted
that between 1994 and 2000 more than 100 daily papers were sold between two and four times. While previous studies have attempted to look at the effects on newspapers that change from independent to chain ownership, the more specific case of a newspaper moving from one chain owner to another has gotten little detailed attention.

This phenomenon deserves more study for several reasons. First, such an analysis may add a fresh perspective on the debate about the effects of chain ownership. If those like Demers, who argues that critics have “vastly overstated the consequences and adverse effects of the corporate form of ownership” including chain ownership, are right, then one might expect that a change in ownership from independent to chain would be accompanied by minimal changes in a given newspaper. Furthermore Demers’ argument that “ownership structure has no significant impact on quality” can be examined as a paper is sold and resold. On the other hand, if those such as Roberts and Ghiglione, who argue that chain ownership is often associated with negative consequences, are right, then one might expect to see a decline in quality with the shift to chain ownership but may also notice stability as a paper moves from one chain to another. Alternatively, if Lacy’s and Fico’s view that different chains have different quality standards is correct, then a change from one chain owner to another should be accompanied by discernible shifts in quality.

An additional reason for studying sequential chain ownership is to explore the assertion that newspaper chains often make “irresponsible” acquisitions and pay too much for newspapers. If this view is correct, then it would come as no surprise that subsequent chain owners would follow a path toward reduced news quantity and quality. A company that pays too high a multiple of projected earnings for an acquisition has little choice but to cut costs to make the numbers work.

Yet another reason for looking at the reselling of newspapers is that this appears to be a trend that will only grow stronger. As the relative number of independent newspapers declines, more newspaper acquisitions will involve chain papers passing to new chain owners. This kind of activity will get a boost should the Federal Communications Commission relax its media ownership rules, but even without that change, continuing concentration in the newspaper business will likely occur as it does in any maturing industry. A study of the effects of multiple ownership changes may provide data useful to citizens and policymakers concerned about this issue. In any case, a study like this one, which attempts to reflect the effects of current industry dynamics, may have more predictive value than previous studies that have focused on contrasting the states of independent and group ownership.

The case of the Northwestern presents an almost ideal “natural experiment” to study the effects of various kinds of ownership on a local newspaper and to contribute new data to the debate over the effects of chain ownership. Cowling dealt with the effects of the Northwestern’s ownership shifts on newsroom staffers and came to a cautiously optimistic conclusion that they were able to survive the turmoil and establish a level of stability. In this new equilibrium
they acknowledged tradeoffs between independent and chain ownership with both positive and negative effects from the transitions. Journalists working at a paper, however, may not be the most objective judges of how their newspaper is serving its readers. Instead this study focuses on intrinsic measures that could be revealed through content analysis.

The analysis included measures of news content, news quantity and news quality. The content measures were intended to indicate how coverage changed as reflected in the attention devoted to a range of news topics. The quantity measures were intended to indicate changes in the total volume of editorial material that was published and to show how different categories of news increased or decreased as ownership changed. The quality measures were intended to show how the nature of the news reporting changed over time.

As Picard has noted, “newspaper quality is an amorphous and problematic concept.” While this paper is not the place to fully explore the issue, one of the problems with discussing newspaper quality is that the concept has been developed in a way that is completely at odds with the way quality is approached in other industries. Wilberg, citing major figures of the quality field, stresses that most quality definitions “are primarily concerned with the needs of the customer” (emphasis in original). By contrast, definitions of newspaper quality have more typically been developed by considering the views of journalists rather than consumers of news reports.

For example, three surveys published in 1961 that sought to rate the top U.S. newspapers relied on the professional analysis of journalism professors, newspaper publishers and newspaper editors, respectively. Later studies took a similar approach, developing lists of quality indicators that could then be used for comparative assessments of individual newspapers or newspaper groups. The latter study, which relied on measures of newspaper quality developed by Bogart, reflects an effort to use content analysis as a way of reducing the amount of subjectivity involved in quality assessment.

Scholars and newspaper companies have studied reader preferences extensively, although such research is generally not related explicitly to the concept of newspaper quality. There has been relatively little effort to use reader perceptions of quality to inform the development of journalistic standards of quality even though Gladney has shown considerable agreement among readers and editors on standards of newspaper quality. Beginning in 1999, the Readership Institute at Northwestern University’s Media Management Center has worked to document factors that attract readers to newspapers, using research methodology that would be familiar to quality practitioners in other industries because of its emphasis on consumer attitudes and behavior. Yet the director of this effort has noted the reluctance of members of the news media to adopt the terminology and perspective of the quality profession.

While they do not coincide exactly, the factors identified by the Readership Institute as positively affecting consumer behavior toward newspapers (i.e., getting them to read more) are similar to the indicators of newspaper quality found in the literature. For example, the reader research highlights the role of
newspapers as watchdogs and their ability to look out for the personal and civic interests of readers while helping readers feel smarter. Kim and Meyer asked newspaper editors to evaluate 15 quality indicators, including some first cited by Bogart, and used the survey results to identify five factors that could be the basis of a quality measurement system. These factors are ease of use, localism, editorial vigor, news quantity and interpretation, all of which can contribute to the experiences that appear to motivate greater readership.

Nonetheless, measuring quality remains an unsettled issue. For a study like this, where quality is only one of the dimensions to be considered, it is necessary to be selective about which quality measures to use. One group of measures was chosen to capture the degree of localism, specifically the number of local section stories, the number of staff bylines and the number of stories with an Oshkosh focus. A second set of measures was selected as indicators of the level of effort expended in going beyond routine coverage. To collect data in this category, articles were analyzed according to criteria described more fully in the method.

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Method

The timing of the paper’s change in ownership helped to shape this study. It was first sold by its family owners to Ogden Newspapers Inc. on May 15, 1998. Thomson Corp. acquired the paper a little more than a month later in early July 1998. Gannett bought the paper on July 20, 2000. This chronology meant that the paper had a different owner in June of 1996, 1998, 2000 and 2002, and, accordingly, the study was structured to focus on that month in each of those four years. A systematic sample was set up so that papers spanning the seven days
of a week would be studied in each of the four years. Seven dates—1, 5, 9, 13, 17, 21 and 25—were selected in each month of June for those four years.

A research assistant was selected and trained to carry out the content analysis. The instrument used was a modified version of the Story Analysis Form developed by the Readership Institute. This form was selected because it had been developed and tested for use on a very large content analysis project and would thus allow comparison of at least some of the data developed here to national results. Arguably the use of this form, which is based on item counts as opposed to story lengths, could mask the extent of a reduction in editorial news hole. On the other hand, scholars like Graber have shown that readers often scan a publication by reading headlines without reading all the way to the end of an article. In this way the item count may be a better reflection of how much news is likely to be taken in by readers.

The form was then modified to capture data on several other areas of interest. One change was to incorporate a measure of journalistic aggressiveness by classifying stories as either enterprise or event. An event story was defined as one that has some kind of event (scheduled or not) as the main news hook. Examples would include official announcements, trials, hearings, government meetings, coming attractions, accidents, crimes and anniversaries or birthdays. An enterprise story was one that showed signs of originating from a journalist’s initiative. Examples would include investigations, computer-based analyses, news leaks, trends and personality profiles.

Another quality measure was added to gauge the degree to which the paper was fulfilling a watchdog role. Stories were placed in one of three categories: accountability stories (those that attempt to hold those in power accountable for their actions), neutral reportage (stories that describe an event or action without challenging the legitimacy of those involved or their actions) and promotional stories (those that celebrate achievements of one kind or another, including graduations, community events and groundbreakings).

The author recoded a sample of the researcher’s results and calculated a coefficient of reliability of 85 percent. A chi-square test of the data showed statistical significance (p < .001). After the data were gathered and analyzed, a summary of the findings was presented to the executive editor of the Northwest-ern, who had held the same post since 1998 and previously had served as managing editor. The executive editor concurred with the findings and thereby provided significant confirmation for the results of this study. “There is nothing here that surprises me,” he said. The study results are “pretty close to what I would guess at.”

Results

**RQ1: Did the quantity of news coverage in the Oshkosh Northwestern change under various ownership regimes?**
As shown in Table 1, the overall quantity of news published, as measured by the number of individual articles, was greatest under the family chain ownership (Ogden) and least under the ownership by the national chain (Gannett). Similarly, the number of local-, business- and editorial-section stories was greatest when the Northwestern was an Ogden paper and least when a Gannett paper. Initially these results might suggest that Ogden was a particularly enlightened owner, but this suggestion must be considered in light of a closer examination of the circumstances surrounding that paper’s initial sale. Ogden owned the paper for such a short time, less than two months, that it’s unlikely that its management had much of an impact on the paper. Instead what the Ogden-era statistics reflect is the investment made by the previous family owners to improve the paper by greatly expanding the news hole, a change that in hindsight appears to be part of a conscious effort to boost circulation in order to prepare the paper for its eventual sale. The Ogden phase of the paper’s history shows an expansion in both the lifestyle and editorial sections of the paper.

Since the Ogden era appears to be anomalous, more telling comparisons can be made between the family era and the time when the paper was owned by large chains. Several trends stand out. Both of the chains, Thomson and Gannett, progressively decreased the total number of stories. The chains effected a shift from news to entertainment in the paper’s coverage, increasing the story count in the sports and lifestyle sections while also decreasing coverage in the business section. The number of items in the editorial section remained relatively constant.

RQ2: Did the quality of news coverage in the Oshkosh Northwestern change under various ownership regimes?

Table 2 shows that changes in quality accompanied changes in quantity. By the measure of local coverage, the quality of the paper fell in more or less of a straight line from the time of the family chain owners through the following two chain eras. By the time of the Gannett ownership, the number of local section stories had been cut almost in half, while the number of stories with an Oshkosh focus was off by almost 40 percent. The number of local staffers as measured by the number of bylines appearing during study periods also dropped in a

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Quantity Measures</th>
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<tbody>
<tr>
<td></td>
<td>Family</td>
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<tr>
<td>Sports Section Stories</td>
<td>172</td>
</tr>
<tr>
<td>Lifestyle Section Stories</td>
<td>36.0</td>
</tr>
<tr>
<td>Business Section Stories</td>
<td>55</td>
</tr>
<tr>
<td>Editorial Section Stories</td>
<td>34</td>
</tr>
<tr>
<td>Total Stories</td>
<td>684</td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>58.424</td>
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</table>
straight line during these periods, with most of the decline coming during the ownership of the second national chain, Gannett.

With respect to editorial aggressiveness, the paper showed a decline during the Ogden era, reflected both in a drop in enterprise stories and in stories that aimed to hold powerful institutions accountable. As noted in the discussion of quantity indicators above, this shift may not reflect any changes instituted by the Ogden management. Rather, these drops are likely the result of strategy decisions by the newspaper consultants. By reducing the amount of enterprise and accountability journalism, they were adopting a conservative stance that surely reduced the risk that the paper would either alienate advertisers or attract lawsuits based on its reporting.

Under Thomson, both of these indicators moved up, perhaps surprising given Thomson’s generally poor reputation for caring about editorial quality, although the company reversed course in the 1990s toward greater investment in equipment and personnel after deciding that its cut-rate editorial strategy was hurting profits.28

By the time Thomson bought the Northwestern, it had learned a lesson about the dangers of cutting too deeply into editorial quality. The Canadian chain had earned a reputation for high profits and low quality in the 1980s, but it had paid a price as continued cost cutting lead to a serious erosion in profit margins, which had once approached 40 percent. By the late 1990s, the company was aiming for a lower, though still substantial, profit margin of 20 percent, which it hoped to achieve by combining editorial quality with operational excellence in areas such as circulation and marketing.29

After Gannett’s purchase of the paper, its content improved by one quality measure but fell by the others. The improvement came in the percentage of accountability stories, which for the first time in recent years rose over the level of the family ownership era. But the number of enterprise stories fell, although it remained above the level seen during the family and Ogden ownership.

RQ3: Did the subject matter of news coverage in the Oshkosh Northwestern change under various ownership regimes?

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Quality Measures</th>
<th>Family</th>
<th>Ogden</th>
<th>Thomson</th>
<th>Gannett</th>
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<tr>
<td>Local Section Stories</td>
<td>121</td>
<td>124</td>
<td>70</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Staff Bylines</td>
<td>17</td>
<td>16</td>
<td>15</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Stories with Oshkosh Focus</td>
<td>137</td>
<td>141</td>
<td>112</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Enterprise Stories</td>
<td>21</td>
<td>18</td>
<td>61</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Accountability Stories</td>
<td>28</td>
<td>16</td>
<td>35</td>
<td>39</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Pearson Chi-Square</th>
<th>Value</th>
<th>df</th>
<th>Significance</th>
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<tbody>
<tr>
<td></td>
<td>78.957</td>
<td>12</td>
<td>p&lt;.001</td>
</tr>
</tbody>
</table>
Analysis of the newspaper's coverage indicates that in some respects the paper remained remarkably constant. Through all four owners, the number one topic of coverage by a consistently wide margin was professional sports. The percentage of stories in the paper on pro sports ranged from a low of 15.8 under Thomson to 18.9 under Gannett, with the family and Ogden at 17.6 and 16.1 percent, respectively. [See Table 3]

Five of the top 10 content areas were the same under all four ownerships. In addition to pro sports, these were politics and economy, education, high school sports and health/medicine. Three other topics were in the top 10 for three of the four eras police/courts, city planning and food. Two topics appeared only under family ownership. These two were religion/spirituality and parenting/relationships. One topic—celebrity news—appeared in the top 10 only under Gannett.

**RQ4: How do the two recent chain owners of the Oshkosh Northwestern compare in the changes they made to the quantity, quality and content of news coverage in the paper?**

The final issue that this study attempted to address was whether the paper had changed under its two most recent chain owners, both of which operated large national chains. Under quantity measures Thomson led in four categories and tied with Gannett in the other one. In terms of quality measures Thomson led in four categories, while Gannett led in one.

**Discussion**

The Oshkosh Northwestern was never a great newspaper. But by several key measures it became demonstrably worse in the five years after its family owners sold it to a series of chains. By 2002 there were fewer reporters who were writing fewer local stories and generating less copy for the local section. Not surprisingly, there were also fewer readers—circulation fell more than 4 percent from the time Gannett acquired the paper in 2000 through the end of 2002. This
decline in circulation occurred even though the paper had not changed very much in terms of its news content. Under Gannett the paper covered many of the same topics as before but provided less news overall, less with an Oshkosh focus and less that was staff written. This decline in absolute terms in local news coverage is consistent with the approach that Gannett has taken in other cities where it has acquired newspapers, such as Little Rock.30

But before any final conclusions are drawn, the effects of changing economic conditions must also be considered, especially given the recession that began in March 2001 and brought with it sharp declines in advertising for newspapers across the country. One straightforward way to gauge, at least in approximate terms, the impact of the business cycle on the newspaper’s finances is by measuring changes in classified linage. Using the same dates that were covered by the content analysis in this study, the author counted columns of classified ads in the Northwestern and found that they totaled 368 in 1996, rose by 27 percent to 468 in 1998, increased another 12 percent to 522 in 2000 and then fell by 30 percent in 2002. After this decline, the ad columns, 366, were almost exactly what they were in 1996. In other words, economic conditions appeared to be improving for the first two chain owners. They then deteriorated sharply for Gannett, but this decline still left the classified volume roughly where it was when the family owners were in control.

This backdrop provides an important context for evaluating the actions of the chain owners. As previously noted, the increased news hole and the increased emphasis on local coverage under Ogden were the result, in part, of a consultant effort to make the Northwestern more attractive to a prospective buyer, but the changes were easier to put in place because of the improving economy.

Based on the classified linage, it appears that economic conditions continued on the upswing as ownership passed to Thomson. Content analysis shows the Thomson-era Northwestern was on par with the family-owned paper, ahead on five indicators and behind on five indicators. In other words, the rosy economy as well as a new restraint in profit seeking may have allowed Thomson to enjoy adequate returns without taking advantage of all of the cost-cutting possibilities that the Northwestern acquisition presented.

In his 2003 letter to shareholders, Gannett CEO Douglas McCorkindale wrote: “Local news is the heart and soul of Gannett’s Newspaper Division.”31 The depth of the Gannett commitment to serving local communities, however, is called into question when its version of the Northwestern is compared to the family-owned version. Although the classified advertising linage was almost exactly the same in 1996 and 2002, the Gannett paper had 21 percent fewer articles, 46 percent fewer local section articles, 41 percent fewer staff bylines and 39 percent fewer articles with an Oshkosh focus. While it is possible that a stable ownership structure would have resulted in similarly drastic reductions, this outcome seems unlikely.
An ongoing debate in the journalism profession has been over the effects of chain ownership. This case study suggests that there is another dynamic that also needs to be examined: the churning of newspaper ownership as papers are transferred from chain to chain. At least in the case of the Northwestern, this churning has led to a diminishment in the paper. The first of three buyers was the beneficiary of a growing economy and editorial improvements that had already been set in motion, but its ownership still reflected declines in some quality measures. The second buyer, also operating under favorable economic conditions, still made cuts in six out of 10 measured areas compared with the immediately previous owner. The third buyer, after encountering a recession, made cuts in eight of 10 measured areas.

**Conclusion**

The evidence in this study suggests that, contrary to Demers’ assertion, ownership and ownership structure do matter and seem to be associated with changes in the quality and quantity of news coverage. Those like Roberts, who cited the Northwestern as an example of how rapid changes in ownership would likely have a dramatic effect on readers, may not be correct either. There are changes, some of them extreme when viewed on a cumulative basis. But not all of them are negative, and some of them may play out in a fluctuating fashion over time. In this study, the third chain owner, Gannett, compares unfavorably with the second chain owner by four out of five quality measures and four of five quantity measures. But Gannett is still better than the family owner by two quality measures and two quantity measures.

Chain owners, particularly publicly traded ones, are under pressure to produce gains in earnings. As demonstrated by Thomson’s experience in the 1980s, there are limits to how much they can reduce editorial quality and still achieve expected returns. There may also be limits on how much they can expect to gain by expanding the extent of their newspaper holdings. Research contradicts the belief that chain ownership makes financial sense because of scale economies. While newspapers can save on production costs if they can share printing facilities, chain ownership does not confer lower advertising, circulation or news gathering costs. Except for tax considerations, there may be no financial returns to be gained by building a chain. If there are no financial gains to be expected by chain acquisition, then owners are forced to improve returns, or at least justify their expenditure in their new properties in other ways, and the easiest way to do that is by cutting staff and news costs.

There are good reasons to assume that the kind of churn in ownership that has become more common in recent years will have at least as much of a negative effect on newspaper as the more basic change from independent to group ownership. As Neiva pointed out, economic and financial considerations associated with changing technology provided strong incentives for chains to expand their reach during the three decades following World War II. When a
chain buys an independent newspaper, it has the opportunity to make technological and managerial improvements that can yield both a better paper and suitable returns on the investment in the acquired property. But by the time a second or even a third chain acquires the newspaper, most of the low-hanging fruit has already been plucked. As a result, bottom-line gains may require reductions in the quantity and quality of news coverage, whether the economy is improving as it was for Thomson in this case or declining as it was for Gannett. If this hypothesis is true, and it certainly bears further testing in other ways given the limits of generalizing from a case study, then further concentration in the newspaper industry will almost certainly be accompanied by further deterioration in the way papers with group owners cover their local communities.

Notes

18. Lacy and Fico, “Newspaper Quality and Ownership.”