

Few business sectors in the U.S. have undergone more change in the last few decades than the newspaper industry. And that's true for several reasons—and each reason can be very instructive for us. But let's back up for a minute. Newspapers have been around for hundreds of years—some say modern newspapers started in Europe about 400-500 years ago. In the U.S. a century ago, many cities of any reasonable size had numerous newspapers. And those newspapers were competing for two different, necessary relationships: readers and advertisers.

Over time, there was consolidation of newspapers in major cities—that means that financially weaker newspapers simply went out of business or were acquired by stronger newspapers. Whichever newspaper forged the better ability to attract readers and advertisers won, whether that attraction was by marketplace perceptions of better reporting, columnists, comic strips, or editorials.

You see, the typical modern newspaper is a type of platform. So just what is a “platform?” Well, Facebook and Google are digital platforms—that's where two or more participating parties are connected by a platform that makes matches—where a social media participant on Facebook or search engine participant on Google matches up with an advertiser who wants a connection bearing fruit for both parties!

So, the majority of newspapers the last hundred years in America were matchmaking platforms—matching up readers with advertisers to make the newspaper work financially. It's as simple as that. But most all big-city newspapers were extremely vulnerable to those new matchmakers of Facebook and Google, matchmakers that diverted huge volumes of advertising dollars away from the newspapers. All the more, many newspapers' classified ads were being swallowed up by Craigslist and others.

Of course, some people saw that a sort of slow-motion nuclear event was unfolding for many big-city newspapers in the U.S.—and some of those people were newspaper veterans. But by and large, those leaders rendered themselves pretty helpless in halting the disaster—deep digital disruption was a fact of life...and death...for many newspapers. Regardless, many other industries are also very much vulnerable to digital disruption too. Consequently, unpacking some key factors leading to the nuclear winter for newspapers should be really instructive for all of us as organizational leaders. So, let's take a look.

First: The Purely Digital Can Overwhelm the Purely Physical in Economics. In the modern era, high-circulation newspapers would buy extremely sophisticated, very costly printing presses—and that was a competitive advantage because aspiring competitors faced that very high barrier to just getting started.

But just like retailers competing with Amazon discovered that costly retail buildings came to haunt them—that's what's called the bricks-and-mortar problem—likewise, the new purely-digital competitors in the news business had no need for those printing presses *or* the myriad of people serving that approach. Costly machine operators, paper buyers, truck drivers, and newspaper carriers coming all the way to your neighborhood each day—these were no longer needed. And, of course, the purely digital publishers didn't need the paper or the ink. There used to be a sharp warning to ordinary folks about the immense power of newspapers: “never pick a fight with someone who buys ink by the barrel and paper by the ton.” Now that has become very ironic: ink and paper are actually a millstone around the neck of newspaper CEOs!

Second: The Purely Digital Can Demolish the Purely Physical in Accessibility and Portability. Of course, every person hearing or reading this podcast episode has already bought in to the convenience of digital found through mobile phones and tablets as opposed to waiting for the paper to arrive on your front porch. Nostalgic, yes! Efficient, no! Do you know anybody deeply yearning to go back to paper news?

Third. Precise Matchmaking Defeats Inefficient Broad-Audience Newspaper Ads. The truth is, general-purpose newspapers were never very efficient at reaching potential customers for advertisers. For example, what percentage of the readers of a major-city newspaper are in the market for a tennis racket advertised that very day? You see, large newspapers print display ads for advertisers who are casting their bait in a big ocean of many readers, with it being very likely that only a few readers are interested in what is being offered. That's fishing in a big ocean. Contrast that with Google, where the user types in key words that the user is interested in, like "hiking in Colorado." Instantly Google displays hiking-gear advertisers to that person at the very time of that search! You yourself know from personal experience that precise matchmaking by Google is much more efficient than sellers casting out for customers in one newspaper.

Fourth. Many Ordinary Citizens Routinely Break Certain Laws on a Widespread Basis. Fairly early on, some large newspapers realized that people were taking their costly, copyrighted newspaper content and using that content as part of their bag of tricks. The truth is, many ordinary people routinely break certain laws on a widespread basis, like drinking alcohol during Prohibition or exceeding the posted speed limit on a highway. Copyright law is one of those laws many people don't heed and law enforcement often ignores.

Fifth. Digital News Aggregators Help Change the Game. Early on, quick-witted entrepreneurs like Matt Drudge stepped into the news business and thrived just by being very effective aggregators. That is, without producing one ounce of original content, aggregators connect readers to websites the world over. So people in Dallas or Los Angeles or Tokyo can click to aggregators like Feedly—there's no need to wait on one newspaper to be delivered tomorrow morning. Yes, news aggregators worked to change the game for many original content providers.

Sixth. Self-Proclaimed Indispensability Will Humble Its Proclaimer. For decades, newspaper people inflated their self-identified role beyond simple reporting of the day's happenings into a societal gate-keeping role they believed was unique, essential, and not duplicable: they called that "journalism." Somehow, they believed that the American people could not survive, let alone thrive, without newspaper journalists like them in their "special" profile guarding the republic. But no particular enterprise is indispensable, and many a big-city, general-purpose newspaper found that out the hard way. Part of the issue hinged on newspapers believing they were "objective," while in fact many readers easily discerned their biases. Unhappily for newspapers, readers' increasing realization of dubiously-claimed objectivity contributed a great deal to many simply unsubscribing to newspapers' supposed indispensability.

So, you're not impacted by these issues because you're not in the newspaper business? Think again. The digital era is in full swing and many industry sectors are being impacted by some or all of these same principles. And every savvy enterprise leader must take notice! But, wait, you say you don't even know how digital may be impacting your industry? Then it's all the more important that you get moving.

Start with this research: the Kingdom of God is the ultimate matchmaking platform! You can find deeply intriguing comparisons of Facebook, Google, Amazon and the Kingdom of God at whitestone.org in the Whitestone Seminar named "Match Made: The Power of Platforms™." Those videos will completely energize your brain...and your faith in Christ!

So, start researching platforms deeply now—don't let the next headline on the Drudge Report be that your enterprise is going the way of many newspapers! Be proactive! It all comes down to research, teachability, flexibility, then action. Positive, lasting results only come after that!

A&A: Application & Action

1. Take a look at the six factors particularly problematic for the newspaper sector. Do any of them apply to your enterprise in your business or nonprofit sector? Be specific for each one of the six.
2. Again, take a look at the six factors particularly problematic for the newspaper sector. Then consider your enterprise in this rapidly-evolving digital-matchmaking era. Based on your enterprise and industry sector, can you identify one or two factors that might be missing from this list of six? If you can't think of any additional factors, are you comfortable with that?
3. What are you actually *doing* to competitively address the digital-disruption levels coming in your business or nonprofit sector? Be specific.