

Good Books/Quality News:

Publishing and Journalism in the Digital Age

(Presented at The Salisbury Forum, June 4, 2010)

Let's start with - in the language of these times - an interactive exercise. Can we have a show of hands to these questions?

How many of you read The New York Times on paper? How many of you read it on the web? How many of you would pay to get the NYT on the internet?

How many of you read other newspapers in print? On the internet?

How many of you read the Economist? The New Yorker? Vanity Fair?

How many of you look at these magazines web sites?

How many of you are listeners to National Public Radio?

How many regularly watch The Daily Show and The Colbert Report?

How many of you prefer to read books in the traditional printed version? How about listening to audio? How many of you now own Kindles or iPads and use them for reading books? Or magazines and newspapers?

Finally, how many of you have cable television at home? And how many of you subscribe to Fox News?

That was a trick question. Everyone with cable subscribes to Fox News and hundreds of other channels you may never watch, which is why they make so much money. They have advertising and your subscription dollars funneled to them by the cable systems. You are paying for content you may not want and yet as a society, we've so far been reluctant to pay for superior content on line- say The New York Times -- which is why the news industry is in financial trouble.

Welcome to the digital age of information and entertainment distribution. This is a world of profound, even dizzying, change. Facebook with 450 million users is barely six years old. So is YouTube. Google has been around for less than decade as a public company. And yet these brand names and products like the iPhone, iPod and Kindle have become standard features in our society and by extension, they are playing an increasing role in our content economy. For one measure of how fast things change and how volatile they are, consider that in the mid 1990s, 30 million people were paying \$20 a month for their America On-Line dial-up service and then they weren't.

The panorama we'll be discussing tonight is not the destination. It is a journey on which we are all being carried by technology, which is the driving force behind society's communications and entertainment as never before. A century ago, our culture was shaped by, among others, two graduates of Hotchkiss, Henry Luce and Brett Haddon. They were inventors of the mass news magazine, which were in a way, like today's websites, providing you with an array of information. Walt Disney, William Paley, David

Sarnoff, William B. Mayer were the pioneers of film and television. Their emphasis was content, mainly entertainment, using cameras and screens as they evolved.

Today's version of those visionaries are primarily engineers and marketing geniuses like Steve Jobs of Apple, Sergey Brin, Larry Page and Eric Schmidt of Google, Bill Gates of Microsoft and Jeff Bezos of Amazon. In the space of a generation they have transformed distribution but they are much less involved in developing the content than their predecessors. That is the role of people like me and the challenge we face is how best to accommodate this revolution in the way things are presented and secure the quality we cherish in the process.

The message I have for you tonight is that what we see now is really a snapshot. If there is as much change in the next ten years as there has been in the past decade, then iconic brands of the moment may be replaced by gadgets and networks being devised right now by some graduate student in a garage. This is, of course, exciting, but it is also extremely daunting, especially for those of

whose main role is to develop the content in all the ways technology now permits and, increasingly, demands.

What I'd like now is to divide this talk into three parts: First, what does all this activity mean to you, the consumers, the readers of news and books. And then I'll try to explain where I think the worlds of book publishing and quality newsgathering are headed. These are vast subjects, so what you'll be hearing is amounts to a sketch. Perhaps we can focus on specific questions you have in the Q-A which will follow.

Two characteristics dominate today's information and entertainment more than they ever have before: The power of choice; and On-Demand delivery.

Each day, each of us makes a series of decisions about where, when and how we consume information and entertainment. When it comes to news each of you is your own editor-in-chief. A generation ago, the paper was delivered to your door, you watched

the evening news and you read a weekly magazine or two. All of these were prepared by journalists who told you what they thought you needed to know and that seemed to work. Advertisers supported the mass market so the proprietors and publishers, especially in monopolies, were secure and all powerful.

Today that model no-longer applies. As your own editor-in-chief, you select among a vastly greater series of options. In my questions at the outset, we barely scratched the options any one of you can choose to be informed. Never before has more material - stuff if you want to be vaguely pejorative - been so available. And never before has the consumer had greater responsibility and the privilege that goes with that to make choices about what they want to know.

On-demand delivery: Being your own editor-in-chief also gives you control over the timing and format of the information and entertainment you want. Take movies as an example. Watching movies is one of our family's favorite weekend activities: Here are the ways we can watch: video-on-demand on cable (including, increasingly, independent films on the same day they are released

in theaters), recent Hollywood films on demand, Netflix, standard cable (I'm a fan of Turner Classic Movies), premium cable like HBO. I can buy DVDs on Amazon; rent them on iTunes, take them out of the library. And finally, if I want to see Avatar in 3D for \$15 a ticket, I can go to the multiplex. Every one of these options is essentially mine on demand.

The obligation of the content creator has decisively shifted from providing you with goods on their terms to making those goods available to you where, when and how you want them. Being hard to find is a disqualifier to success these days.

This is also true of news. If you want a single fix a day in the time-honored way, of course you can have it. But news at every level, from the cheesiest web gossip to the most sophisticated political and foreign policy analysis is available where, when and how you choose to search for it. The power to choose and on-demand delivery are defining features of our age. Both are thrilling and overwhelming.

Now let's turn to the two aspects of this transforming universe that I know best: Books and news.

Here is a basic fact. Books are not disappearing, contrary to what you may sometimes hear. Publishing is under pressure. That has always been the case. It is often said that the second book published after Gutenberg invented the printing press was called "The Book is Dead." Remember, books don't have advertising, so we're not losing it; we don't have subscribers so we're not losing them either. The issue for books has always been - now stay with me on this - inventory management; that is putting books in the right place at the right time. In that sense, book publishing can only benefit if more people adopt the principle and gadgetry of on-demand delivery.

Traditionally, when people contemplated finding a book that was not a huge bestseller, their thought has tended to be, "I'll see if I

can get it. I'll go look for it." In Russia, when I lived there in the 1970s, there was no verb in common use for "to buy." The verb instead was "to obtain, to acquire with difficulty." Most books like those we publish at PublicAffairs, tend to be more visible in reviews and interviews than they are available from booksellers. A serious work this winter by the former provost of Columbia University called *The Great American University* was launched with 9000 copies in print for our nation of 320 million people because that was the orders we had in advance. Technology is now making these books far easier to find. In 2005, with support from the MacArthur and Carnegie Foundations, I started a project we called Caravan to do books in all the ways possible: in print, as eBooks, audio, large print and from print-on-demand machines. The motto we adopted was Good Books. Any Way You Want Them. Now.

And that is the principle: to succeed today, publishers need to recognize that consumers make choices based on convenience, the urge or need to close the transactions. We all love local booksellers. We respect the scale of the big chains like Barnes & Noble. But these brick-and-mortar retailers now have to compete

with the efficiency and aggressive pricing on Amazon and other leading on-line booksellers. Bookstores are for browsing but they also should be showrooms in which the selection on hand should be backed up by access to the vast catalogue and data bases of books that can be ordered. No customer should ever leave a store having asked for a book that can be located somewhere without closing the sale. I once saw a relevant sign in a hotel that booksellers should seek to adopt: “The answer is yes, there is no other answer.”

And then there is the Kindle and iPad. I’m assured there is Wi-Fi in this auditorium. Let’s pick a book just published that someone here thinks my wife or I should read. I’ll order it for the Kindle and keep talking. It should be mine in less than a minute. The iPad selection is still limited but take a look at how beautifully the books are represented on that screen.

Compare that with going to a store and being told that book will take a week to get and please stop by to pick it up. Naturally, more and more people make the convenient choice. Recently, the *Wall Street Journal* published a very positive review of a

PublicAffairs book called *Power Hungry*, a contrarian view of U.S. energy policy. That day, 450 copies of the printed book were sold on Amazon and it was as high as #27 on the bestseller list. At the big chains, only 110 copies were sold, a 4-1 ratio based largely, I believe, on the ability of the consumer to complete the purchase instantly, before the urge passed and some new book competed for attention. EBooks are now pushing towards 10 percent of the book market based primarily on the Kindle and now the iPad, although the Barnes & Noble Nook and the Sony Reader also have fans. There are predictions that as much as 25 percent of the books will be digital sometime in the next ten years.

There are a great many issues to be resolved. What are the right prices and how should the proceeds be divided between author publisher and retailer? How to limit piracy? Do children's' books belong on screens? How to bring local booksellers into the digital process before it is too late?

But the core point is this: Good Books. Any Way You Want Them. Now. That is the future of the book business. It is up to authors, publishers, editors, agents and booksellers to fulfill that mandate.

Turning now to news and news gathering; there is no need to tell you that traditional news gathering, especially the great metropolitan dailies, the news magazines and the broadcast network news divisions have been devastated by the loss of advertising and circulation to the internet and the miscalculations they made in choosing to give away their material rather than charge for it. For all of you in the room, who now subscribe to Fox News and pay \$4.95 a month for HBO, suppose you were told a few years ago that for another \$4.95 added to your cable or broadband bill, you could have a package of, say the New York Times, The Washington Post and the Financial Times, just a small add-on to your bill. Many people wouldn't have hesitated. That didn't happen and trying to recapture payment now is going to be very hard.

I have argued for some time that the companies who deliver you the “free” news - Google, Yahoo and the others who scrape websites and aggregate via search results around which they sell billions in advertising should be sharing that revenue with the content creators. That debate is on-going. Rather than repeat what you already know about cutbacks in news gathering, let me tell you about some innovative developments out of which may well come successful new models.

All around the country, including in Connecticut, new news gathering organizations are being created, mainly on-line. One of them is The Connecticut Mirror, a new non-profit with top-notch professionals behind it. There are also investors starting up a chain of for-profit local news sites in places like Westport. In every major city where the newspapers are in trouble, San Francisco, Minneapolis, Chicago, San Diego, St. Louis, small start-ups mainly funded by foundations and small individual gifts are starting to get traction. I am involved with the Chicago News Cooperative, which launched last fall and got a significant boost because it supplies

Chicago news twice weekly to the pages of the regional edition of The New York Times. The CNC has a partnership with the local public television station. Just this week CNC agreed with the public radio station to put a joint reporter in the Illinois statehouse.

Overtime, the most enterprising of these outfits will start to develop business models aimed at the holy grail of start-up theology: sustainability. Relying on philanthropy is not a long term strategy. They will solicit memberships, look for advertising and deliver news across multiple platforms: on the web, in print and over the air. If that sounds a bit like the history of public radio, it is very similar and provides perhaps the most dramatic case of the re-invention of quality news. In the 1970s, small radio stations operating in communities and at educational institutions began to aggregate as a national publicly supported network that shared an interest in news and cultural programming. Initially, the federal government was a considerable financial supporter but politics inevitably intervened. And today, public radio, that is National Public Radio and other providers of programming for the local stations in a network numbering in the hundreds are supported by

their members, by underwriting (essentially advertising), foundations and a small contribution from the Corporation for Public broadcasting. Significantly, NPR, in particular, has one of the largest and most respected news gathering organizations in the nation, with more foreign correspondents than all the broadcast networks put together. NPR has more than 30 million listeners a week.

Think about what that means: This most old-fashioned of media - radio - is now an essential provider of news, because of the quality of its service, the serendipity of its development over the years and the support of its listeners, an enormous audience of engaged Americans, from moguls to schoolteachers and of all ages.

I believe that despite the decline in metro news and investigative journalism on a local level, there is a surge in entrepreneurial energy and vision that will devise new means of providing quality news. There will be serious disruption as new platforms take hold, but the demand for news in our society has never been greater and the record shows that ours is a culture that meets demand when

confronted with it. Every major community has a university or college, libraries and museums and considers them civic assets. News gathering, the monitoring of government and the recording of events and trends, is indispensable to our society and if the market will not support a news organization then it is up to the community to do so.

For those of us in the content end of news and book publishing, this is a very complicated period. The most profitable enterprises of the moment are the distributors and hardware providers: Google, Amazon, Apple, Microsoft. They don't produce content. They deliver it. They are pipes through which information flows, today's version of Ma Bell or Western Union. And even the billionaire moguls in those companies recognize the importance of quality material to maintain their corporate growth. To add to names I mentioned earlier as 20th century innovators, there was Edison, Alexander Graham Bell, Andrew Carnegie (creator of the great national library system) and newspaper publishers like Joseph

Pulitzer, the Sulzbergers and Grahams. We are in a new century now absorbing change at what seems like a frenetic pace. But I am confident that quality books and quality news have a future in the digital age if we can persuade the audiences to stay engaged and find the resources to meet what all of would agree are the enormous challenges and opportunities of our time.

Thank you.