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Online Community News:
A Case Study in Long Beach, California
What It Takes to Survive and Thrive

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Introduction

A profound crisis is taking place in American journalism. Newspapers are closing their doors. Viewership of network and local television news broadcasts is a fraction of what it once was. Newspaper circulation is in a steady and deepening period of decline. Thousands of journalists are losing their jobs, from the *Los Angeles Times* to ABC News. Traditional news executives are wringing their hands in dismay, worried that the important “watchdog” function of the press may further deteriorate or even disappear. However, in the face of these seemingly depressing facts, a vibrant new industry is being developed—online hyper-local community news. The industry is in its infancy, and it is too early to know whether community and specialized news websites can be a viable and sustainable solution that will fill the local journalism gap.

Print and television advertising has supported journalism for decades. This historical accident, of vast revenues and huge profits from advertising being used to pay for in-depth professional journalism, is nearing an end. Whether using Google, Groupon or some other digital solution, advertisers can reach their audiences without paying to be adjacent to editorial content. “Signs that advertising, at least in any familiar form, would ever grow to levels sufficient to finance journalism online [are] ... in doubt,”¹ according to one recent report.

In the face of these changes, entrepreneurs across the nation are experimenting with new business models in journalism. In the last several years, thousands of community news sites have been launched in cities large and small. In 2006, one in eight U.S. residents was served by a community news website, or what Lisa Williams, the founder of *placeblogger.com*, calls a “place blog.” By 2010, that number was one in two.²

However, community news sites face major obstacles in their battle to survive and thrive, especially when it comes to generating revenues and profits. While local online ad dollars are growing fast—up 26% in 2010 from the previous year and expected to reach \$35 billion by 2014—competition is also increasing (*chart, page 2*). The growth in spending has attracted both new and traditional media to the hyper-local market trying to capture some of these ad dollars.³ In fact, there is already fierce competition between the big players such as Facebook, Yelp, Craigslist, Yahoo, Google and AOL’s Patch,⁴ which enjoy greater scale of traffic and lower ad rates. It is no longer clear that simply building consumer traffic will translate into a profitable revenue stream.

In this context, it may be no surprise that, although online community news “projects built on the grit and passion of a particular founder or corps of founders have created the most robust models for short- and long-term sustainability,” they are “not a business yet.”⁵ Most of the founders are working for little pay or as volunteers. The story of the *Long Beach Post*, a community news site that has survived for four years, can teach valuable lessons about the typical obstacles that entrepreneurs running these ventures face, what it takes to build a sustainable revenue model and what can be learned from the best practices of others trying to develop a sustainable business.

When Shaun Lumachi and Robert Garcia launched their community news website in 2006, they did not realize they were early pioneers in a growing national phenomenon. It all started with an email Lumachi received from Garcia:

“Hey man, I have a crazy idea. Let’s talk.”

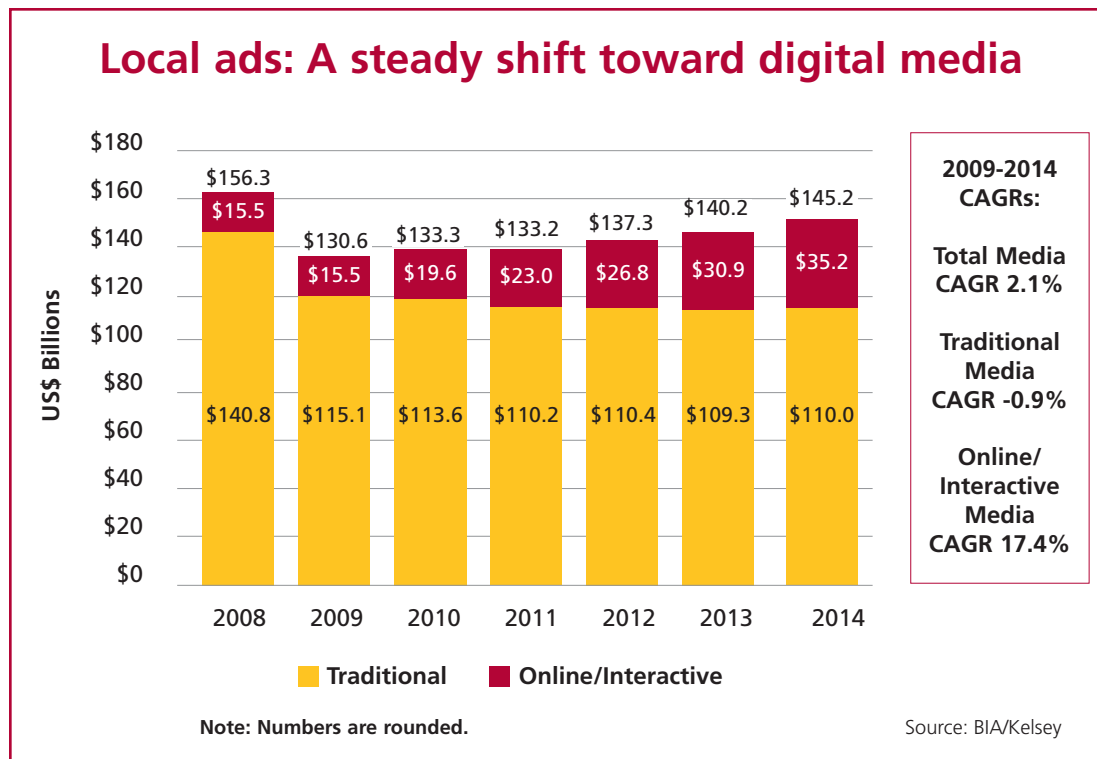
“What’s the idea?”

“Not over email. Call me.”

“Can’t talk. Just tell me over email.”

“Let’s start a newspaper.”

With a couple of hundred dollars each, they



launched the *Long Beach Post*, an online local news website (LBPost.com) to serve the coastal community of Long Beach, in Southern California. Home to nearly a half million residents, this suburb of Los Angeles is known for tourist attractions such as the Queen Mary, the Aquarium of the Pacific and the annual Grand Prix race through its city streets. Long Beach has a long and rich history of citizen involvement and community activism. And it was here where both Shaun Lumachi and Robert Garcia had decided to live.

Over the course of the next three years, they would ride a roller coaster of business highs and lows, trying different approaches to selling advertising and delivering local news. By fall 2009, the *Long Beach Post* was still alive, having grown steadily in traffic and impact, but as a business, the *Post* was not doing well. It had lost more than \$100,000, and there was no more cash

to cover the losses. The business had a full-time managing editor, had implemented an impressive technology and had brought in an investor. Traffic had improved to about 63,000 unique visitors and 106,000 monthly visits by January 2010, but that included its separate sports website. Most disturbingly, perhaps, the revenues were not keeping pace with the traffic improvements.

The *Long Beach Post* faced an uncertain future. How would it survive long term? Instead of \$25,000 a month—the original revenue goal—receipts ranged from \$3,000 to \$5,000 a month. That was a significant improvement from \$1,000 per month the first year, but the business continued to lose money or, in some months, barely break even. Readership was still growing but the investor's cash was long gone. After Garcia's departure, Lumachi was subsidizing the business from his consulting practice, but that could not go

on forever. He had to focus on financial stability and have a clear plan to get there. He had to rethink the way in which he sold and packaged advertising, and had to manage costs aggressively. What should he do next?

The launch of *Long Beach Post*

It was 2006. Lumachi, an intense young man, mature beyond his then 28 years of age, had graduated from California State University, Sacramento, where he had served as president of the California State Students Association—essentially student body president of the whole California State University system. There, he had befriended Robert Garcia, 29, who was president of the Associated Students at Cal State Long Beach. They shared an interest in politics and public policy, news and information, technology and community activism. Indeed, to this day, Lumachi sits on nine nonprofit boards in the city and tries to be a local leader “who serves his community through advocacy and the development of relationships.”⁶ And Garcia is an elected City Council member.

By the time of that spontaneous email, Garcia had finished his master’s in communication at the University of Southern California and was working for the vice mayor of Long Beach, Frank Colonna. Lumachi had moved to Long Beach in 2002 to work for the local Chamber of Commerce and was starting his own consulting firm. They both worked for Colonna when he ran for mayor in 2006. Garcia ran the campaign and Lumachi was in charge of the campaign website. They would translate those roles (editorial and technology) to the new project.

The two entrepreneurs had a very straightforward and ambitious goal in mind: They wanted to “revolutionize and redefine” local media in

Lumachi and Garcia were not practicing journalists, but they had an idea, a passion for journalism and a commitment to make their enterprise work.

Long Beach. They knew the world of journalism was changing dramatically and rapidly. It was unclear whether print newspapers would survive the changes in both technology and reader habits.

As Lumachi explained years later in a speech to a community group, “nothing could be more inaccurate than to say that news is dying. It is changing, drastically. It is evolving, and it is up for grabs. Nowhere is that more apparent than right here in Long Beach, with a 100-year-old print newspaper, a slew of weeklies, several magazines and dozens of websites coming into the picture.”⁷

Lumachi and Garcia did not fit the typical mold. They were not practicing journalists, but they had an idea, a passion for journalism and a strong commitment to make their enterprise work. Most of all, they loved their community of Long Beach—which Garcia thought was underserved by the Los Angeles-centric media outlets—and wanted to serve it and its residents.⁸

Long Beach is situated in a complex, robust and fragmented media market, part of the Los Angeles television and radio designated market area (DMA)—the second largest in the country—with seven VHF stations and nearly 100 over-the-air radio stations. It is the 38th largest city in the United States and the fifth largest in California. Smack in the middle of the circulation territory of the long dominant *Los Angeles Times*, Long Beach itself has a daily newspaper, the *Long Beach Press-Telegram*, owned by Dean Singleton’s Media News Group—once part of the defunct



Above: First draft, Aug. 17, 2006.
Right: First homepage, Feb. 13, 2007.



Knight-Ridder newspaper chain and today essentially merged with *The Daily Breeze* from nearby Torrance. In 2008, the two dailies combined “their Internet, copy editing and pagination operations in response to sagging ad revenue.”⁹

“The Long Beach media scene is a lot like the city itself, incredibly diverse,”¹⁰ notes Ryan ZumMallen, managing editor of *Long Beach Post*. The city has several weekly newspapers, two local magazines and a variety of online special interest and community news websites—not exactly the kind of place you would want to start a media empire if you were worried about competition.

At first Garcia and Lumachi did not set out to build a profitable business. Their focus was on community service. They wanted to create an archive of community information, a place where community leaders and thinkers could gather, communicate and participate. Garcia hoped that the site “could be a chronicle of the city that will live on forever.” But as early as three or four months after the launch, they realized that if this

“community service” was to survive long term, it also had to be a viable business.

“Reality set in,” Lumachi recalls, thinking back to when he realized that “we [were] not creating a community service anymore, we [were] creating a business. And a business takes money and we [had] to figure out how to make that happen.”

Lumachi and Garcia did not let the competitive landscape stand in the way of their vision. They sketched out a drawing of what the website might look like. It looked a little like Politico.com, a three-column, robust, Washington D.C.-based website they both admired. Quickly they realized the complex three-column site they envisioned was impossible to launch immediately. They decided to start anyway and “keep it simple” with a one-column spread and basic, not-very-automated technology.¹¹

First, they needed content. They intended to rely on a mix of community contributors, unpaid professionals and paid freelancers, like many



Above: The redesigned and automated LBPost.com, Sept. 9, 2007.

community news sites. They called these contributors their “posters.” They corralled several possible writers by buying them dinner and asking if they would join in their community experiment. They launched with about six contributors, and Garcia writing a political column.

Initially, Garcia was responsible for the editorial content and Lumachi worked through the night getting the technology to work. “I would wake up at 3:30 a.m. and build every single page by about 5 a.m., and then I’d send an email alert to a few thousand email addresses, which could take up to four hours,” Lumachi recalls.

Knowing they could not keep up this pace, they wanted a robust technology platform that could incorporate written contributions easily and load them effortlessly. Working with a lone developer, they decided to create their own proprietary system rather than use an off-the-shelf content management system. They designed it so that a writer sitting at a press conference could log into the system from his or her cell phone, write a story and have it up and available

on the website within minutes. They also built the site so that it would be simple to load advertising as well. Once it was operational, the founders could spend time improving content and attracting advertisers rather than making the technology work. It was a key decision.

When they started, they had an open invitation on the home page for anyone to contribute, but they quickly learned that good content and reliable “posters” were hard to find. Lumachi was hoping for hundreds of “citizen journalists” to contribute local news stories but, similar to the experiences of other hyper-local community news sites, it turned out to be a challenge to get dedicated, regular contributors of quality content. Typically in community news sites, plenty of people say they want to write and get involved, but only a tiny percentage of those who express interest actually follow through.¹² Instead, the founders of *Long Beach Post* turned to a professional—recent journalism graduate Ryan ZumMallen, who they hired as managing editor. He was soon turning out more than five stories a day, and his content was responsible for more than 85 percent of the site’s readership.

When the site was finally launched, the team invited readers to join in “their great new media experiment.” Their ambitions were not small, as they told readers: “The *Long Beach Post* intends to revolutionize how you access community opinions

When they started, they had an open invitation on the home page for anyone to contribute, but they quickly learned that reliable “posters” were hard to find. The site now has freelancers writing specific stories for \$300 per piece.



In addition to local news, sports, politics, election news and commentary, *Long Beach Post* has developed a number of recurring features unique to the site.

and news. ... We hope to become the primary source of independent reporting and commentary on local, regional, statewide, national and international issues impacting Long Beach.”

The business plan, the surprises, the obstacles

Like most entrepreneurs, they had passion. They had a vision. They wanted to serve the community and fill a need. They did not, however, have much of a business plan, nor a proven business model. Their initial email correspondence that launched the project was in August 2006. A few months later, in February 2007, they launched the website, without a written business plan. In April, they realized they needed to articulate their goals. “So we launched in February and two months later we were like OK, what are we doing? We need to figure this out,” says Lumachi.

They developed some specific goals—five milestones—they wanted to reach within three

years, by Dec. 31, 2009:¹³

1. **Traffic:** 5,000 online visitors per day and 50,000 email addresses
2. **Revenue:** \$25,000 per month in gross advertising revenue
3. **Staffing:** A full-time content editor
4. **Technology:** Website automation
5. **Financing:** Sell or seek investors

They tackled their goals one by one. In 2007 they automated the website and developed their proprietary backend system. By September of that year, they had hired a full-time managing editor, allowing the founders to spend time on strategy and selling advertising.

“Now that the system was automated [the managing editor] went in and did all the updating himself while Robert and I would sell advertising and focus on the big picture,” Lumachi recalls. They had more than 35 writers contribute during the course of three years, with 12 to 15 contributing at any one time. But they had to develop a more professional approach to their freelance writers, who demanded a lot of their time.



The addition of sports coverage instantly increased the quantity and quality of content produced by *Long Beach Post* and expanded the brand to reach an entirely new segment of Long Beach.

“So, in the old days when we fired a poster, it was a month-long emotional process for Robert and me to figure out how we would do it because it was a personal relationship,” explains Lumachi. “I remember when we first started we would get into heated debates [when] we knew we had to fire somebody. Today if they are not writing, they are gone.”

The site now has freelancers writing some specific stories or specials, for which they are paid \$300 per piece.

The site includes local news, commentary and sports, and also covers politics and election news. The team developed annual features, like the Long Beach “Person of the Year” and the city’s “Ten Most Powerful” people. In 2010, the site launched an online database showing the salaries of city employees. Other popular features include “The Long Beach Election Center,” which provides up-to-the-minute reports on local candidates, measures and propositions during the elections and “LBPostLive,” which streams live

events and webcasts live interviews so community members can ask questions of local leaders in real time. Readers “seem most interested in our political coverage, although our highest-traffic stories ever were breaking news such as coverage of the floods in January [2010] or [a] high school shooting,” adds ZumMallen.

In 2008, Garcia left the business to run for City Council—a seat he won.¹⁴ Although Garcia kept his ownership interest in the company, the potential for conflict of interest meant that he had to completely separate himself from the operations of the *Long Beach Post*. It was now up to Lumachi to make the business a success on his own.

LBPostSports.com

That same year, Lumachi made the decision to dramatically expand local sports coverage. He knew that high school and community sports had always been a popular mainstay of local newspapers and thought it would work on the web as well. He had developed a relationship with two leading local sports writers and launched LBPostSports.com.

“We began providing game scores and analysis for all local sports—from high school basketball to collegiate tennis and everything in between,” he explains. “LBPostSports.com managing editors Mike Guardabascio and J.J. Fiddler were hired to run our sports operation and the course of Long Beach sports coverage was immediately altered for the better.”

The decision to pursue sports coverage instantly increased the quantity and quality of content produced by *Long Beach Post* and expanded the brand to reach an entirely new segment of Long Beach.¹⁵ Visitor traffic immediately improved and continued to grow. But would the sports coverage generate revenue and profit?

“Mike and J.J. injected local sports coverage with knowledgeable insight, inside sources that led to several breaking stories and [they] added video highlights that would come to be the website’s trademark,” says Lumachi.

Both journalists really became a reference for local sports in Long Beach and were recognized by the Long Beach Century Club with the Keith Cordes Award for best promotion of the city through sports. They also hosted SportsNight, a weekly Internet podcast, and produced video reports of the major sports events—especially high school football games—that they distributed through YouTube.¹⁶ Unfortunately, revenue did not follow the spike in traffic and content.

According to internal Google Analytics for LBPost.com and LBPostSports.com, the traffic for both sites combined in the first six months of 2010 ranged from 45,000 to 65,000 unique visitors per month, and page views ranged from 112,000 to 170,000 per month. They also developed an important presence in social media to distribute their content and connect with the Long Beach community, reaching 1,000 Facebook fans and 1,390 Twitter followers by September 2010.

Financing

In early 2009, an investor committed \$75,000 to the *Long Beach Post* enterprise. The investment allowed for improvements, permitting Lumachi to focus heavily on content expansion and technology enhancements, but, at the same time, the extra cash gave him a false sense of comfort. He did not feel the pressure of unpaid bills that might have focused his attention on growing revenue and achieving profitability. He assumed that by improving content and web design, visitor traffic would increase and revenue would follow.

He enhanced the “look and feel” of the site and invested in making the technology work better.

By July 2009, as the investor’s cash was running out, Lumachi faced a crisis. Financial reserves were being depleted and the future of the site was in question, even though he was in the middle of an already-paid-for redesign. Lumachi had built an inviting website that was attracting a growing cadre of readers; his technology worked flawlessly; there was plenty of solid news and information on the site. But he realized he had not paid enough attention to the revenue side of his business model.

“Some of the responsibility rests upon my shoulders,” he admits. “I became very comfortable with the idea that that investment money was there and accessible and [the belief that the] next month will be better. And the following month will be better, and then the third month will be better. And then the following month will be better. And it never got better. ...” With the investor’s cash running out, Lumachi had to focus on cost efficiencies and new ways to generate revenues.

Generating revenues

The generation of advertising sales was the biggest challenge for the new startup. Initially, Lumachi sold the ads himself, although he clearly did not have time to devote to sales preparation, strategy and prospecting. Like many other community news sites, it was difficult to get advertisers to buy into the concept of a local community online news site as a place to market and attract new customers. Once they signed on, advertisers would frequently continue their commitment. That was the good news, but it was difficult to find new merchants to sign up in the first place.

In the first couple of years, two different salespeople sold with limited success. Lumachi was the first one, and then he hired a second salesperson part-time from December 2008 to July 2009. Initially she was paid on a commission-only basis, making it difficult for her to earn a decent wage. “It was somewhat demoralizing, I think, to work hard [throughout] the course of the month and be paid a percentage of a few hundred dollars,” recalls Lumachi.

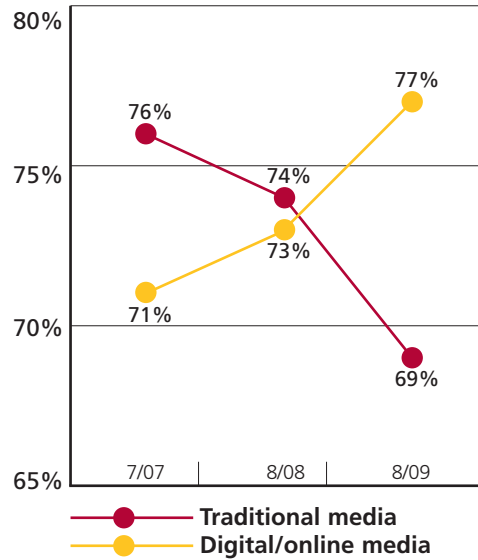
At the same time, *Long Beach Post* had a very complex pricing structure. The rate card was complicated and difficult to explain, with 30 different price points and varied types of banners and ad positions for purchase. Prices ranged from as low as \$150 to as high as \$750.

Lumachi was getting desperate. He picked up the phone and called an old childhood friend, Chris Foster, who was selling cemetery plots in Northern California. He figured if Foster could sell funeral services, he could sell advertising in the *Long Beach Post*. Lumachi told his friend he would do his best to get his commissions to \$2,000 a month, that he would let him live in the office (a converted apartment above a retail store), and that his wife would make him dinner every night and even do his laundry, if he would move south and take over ad sales. With his friend Foster in place, Lumachi had a stable sales presence. He then streamlined the price points, and revenue started to grow.

And it was not called “advertising.” The ads were positioned as “sponsorships.”

Most advertising on newspaper or other content websites is based on what is called CPM, or cost per thousand impressions (i.e., how many times an ad is viewed by a reader)—unlike Google and some other new media outlets that rely heavily on CPC, cost per click, when advertisers pay when someone clicks on their advertisement. Advertisers use CPM to compare the cost

Small and medium-sized businesses using digital media



Source: BIA/Kelsey

effectiveness of advertising on different sites by using a universal pricing metric.

Major websites, such as those of national magazines and large metropolitan newspapers, usually have fairly large audiences, so the cost for an advertiser to reach a thousand users is relatively inexpensive. For startups with little, but growing, traffic, the cost per thousand seems much more expensive by comparison. As a result, many community news sites prefer not to charge by the “users reached” but by some other metric, such as a time commitment (e.g., your banner ad for a week on the home page). By characterizing the advertising as a sponsorship, the hope at *Long Beach Post* was that CPM would be deemphasized and the advertiser would feel like the ad was an “investment” in the community. The “sales pitch” became more about selling the Long Beach community, as well as the quality, loyalty and exclusivity of the audience.

Still, it was a hard slough for Foster. For many small to medium-sized businesses, the Internet was still relatively new as a marketing tool, although the percentage of them using new media is growing fast in the United States.

In a print advertisement, the advertiser has something real to hold, which helps demonstrate the impact, says Foster.¹⁷

With an online ad, on the other hand, the impact has to come in the form of new customers in the door, and, oftentimes, it is difficult for a nightclub owner or a small local retailer, to know what drove a customer to try its products or services. For example, was it the banner ad on LBPost.com, word of mouth or the Yellow Pages that attracted a new customer? That's where the importance of a good sales effort came into play. Foster had to create relationships with the local businesses, helping them understand the value of online marketing, the impact of the *Long Beach Post* and the cost effectiveness of buying a sponsorship package. At the same time, a good salesperson has to do a lot of prospecting—cold-calling businesspeople to try to get their attention. Without that dedicated and unrelenting commitment and sales effort, it would be almost impossible to grow the revenue stream.¹⁸

"We were a startup and we needed somebody who was dedicated to the point where they would sacrifice their personal life," Lumachi says. "I was that person for the first two years, but considering everything else that I was doing, including my other company, [it was lucky I did not have] a heart attack. [F]inding that dedicated person who could do nothing but this and focus on it ... took us two years."

Lumachi was not alone in his quest for sales talent. One of the most common problems of startups generally, and community news websites in particular, is finding and retaining qualified, talented sales professionals. Turnover is high and

results are often mixed.

Even managing editor ZumMallen recognizes the importance of innovative ways to generate revenue. "It's a very competitive market and I think the challenge of covering a city as large as Long Beach consistently and accurately is a lot to ask of an operation as small as ours," he says. "It's a challenge that we certainly embrace but we have bitten off a lot to chew. Obviously it's also a difficult economic climate and it isn't easy to generate revenue online. These are the things we need to understand if we're going to survive, and so far we've done well, although there is a lot to learn."

Co-founder Garcia also recognizes the importance of advertising sales: "It is just as important as the content side. People overestimate how easy ad sales is. It is not easy. We are still figuring that out. We didn't have a plan for advertising. A little more investment on advertising sales would have helped us grow faster and bring stability quicker."

Nevertheless, Lumachi is positive about the future. "There are 35,000 businesses in Long Beach alone. There is enough advertising revenue to go around. It's whoever has the most value that can be offered and convince those advertisers to invest. The ones who get there first and can sustain the relationship the longest are the ones that will benefit."

In late 2010, Lumachi made further adjustments to his advertising sales strategy. He put Foster on a commission-only payment scale, with no base salary. He hoped that Foster had built up enough existing business that he would earn a good minimum but have an incentive to grow the business even more. Lumachi reduced the number of ad positions on the site, raised rates and simplified pricing. Instead of requiring a 10-page rate card to explain all the pricing and position options, a half page now does the job. And he



Latest redesign, August 2010—from LBPost.com to *Long Beach Post*.

considered adding a second salesperson. The new system now has five fixed spaces on the right side of the site for rotating ads, but the same advertisers get visibility on the home page and with every single article. An extra space in the body of every article makes room for another sponsor's banner ad to appear. Also, they sell two banners at the homepage header. This increased visibility allowed the *Long Beach Post* to raise its ad rates. As the new ad rate card shows, they changed from "\$100 to \$750 a month" to "\$350 to \$1,250 a month." See the current rate card at www.lbpost.com/ads.

Equally important for distributing content and generating ad revenues is the *Post's* newsletter, or "e-alert," which Lumachi calls their "golden nugget." Newsletters go out twice a day and have two advertising spaces at the top and bottom. *Long Beach Post* has its own email service connected to the backend system in order to generate the e-alerts easily, especially important when it comes to breaking news. The managing editor "just clicks on the stories he wants to send, presses a button and 20,000 people get that instantly."

Managing costs

Growing ad revenues was just one of the steps necessary to stabilize the business. The site still had too many expenses, forcing Lumachi to focus on the cost side of the business as well.

The first step was to reconsider the sports strategy. Even though the separate sports site was generating thousands of visitors, winning awards and attracting attention, the overwhelming majority of advertising appeared on the main site, not the sports site. Even the modest investment of \$750 per month for each of the sports journalists was further draining the company's resources. Although the site was producing some of the best sports coverage in Long Beach, the strategy did not seem to make sense from a business perspective. It may have made sense from a long-term investment perspective, but the long term wouldn't matter if Lumachi could not get the business to at least break even.

"The challenge with sports was that it was the right idea at the wrong time in our growth," explains Lumachi. "We weren't ready for two [sports editors] of their capability and potential—they were overqualified and undercompensated and they overproduced. They produced 10 stories a day sometimes."

Lumachi estimated that the sports content was about 15 percent of the total content and attracted 25 percent of the readership, which was impressive, but drew little to no advertising revenue. One person, the managing editor of the main site, was producing 85 percent of the overall content, which was responsible for almost all of the advertising dollars. Something had to change.

One idea was for the sports editors to take LBPostSports over financially, sell their own advertising and be responsible for their own financial destiny. However, getting journalists to sell advertising turned out not to be a viable

option—something that the producers of community news sites across the nation have learned the hard way.

Lumachi considered a variety of options, including getting community contributors to be responsible for the content. But the separate sports site simply did not seem to work at this stage. Accordingly, in spring 2010, the separate sports operation was discontinued and incorporated into the primary website, which was redesigned. The two sports writers left to join a competitive group. The consolidation of the sports coverage back into the main website reduced costs significantly, eliminating the salaries and related costs of two writers. The two-year investment in sports was over.

“The sports site was part of our growing pains,” Garcia notes.

“I don’t regret any decisions I have made, but in hindsight I could have moved quicker to cut costs,” Lumachi adds.

The future

Lumachi and *Long Beach Post* have experienced many of the same challenges as thousands of entrepreneurial journalists who have attempted to build new community news business models. In the end, Lumachi acknowledges, business success and sustainability require the kind of editorial quality that attracts and retains readers, but also requires the proper balance between revenues and costs. By consolidating the sports site, the *Long Beach Post*’s costs were now much more under control.

For the future, Lumachi has to focus on new and growing sources of revenue. He is open to and considering a variety of options and, fortunately, the operators of community news sites are beginning to share their success stories and

“The big complaint I get about online news sources is that it’s difficult to tell which ones are trustworthy and which have an agenda,” says managing editor Ryan ZumMallen, “but in my experience it’s easy to tell right off the bat when you’re dealing with an experienced source that you can trust.”

lessons learned in forums and conferences.¹⁹ Other news sites, such as New West, have derived profits from running in-person, live events where participants pay a fee to attend.²⁰ Some websites, like the Voice of San Diego, are incorporated as nonprofits and accept individual contributions and foundation support.

The *Long Beach Post* is typical of scores of new community news ventures that have launched over the past few years. It is unclear whether this new business model will succeed and what it will take for those who survive to thrive.

ZumMallen is convinced that the basic concept is working: “Our own experience has taught me that there is a market for legitimate journalism because of the way our own traffic has spiked in the short amount of time that we’ve been around,” he argues. “We’ve developed a trust and credibility in the community that places us right up there with the other legitimate news sources in the city. That’s our bread and butter, so to speak, and it’s how we’ll continue to survive and grow in the future.

“Legitimate journalism is needed more than ever as newspapers cut and slash their staffs, and I think readers recognize that and turn to sources

without the big-name recognition but that are clearly committed to accuracy. The big complaint I get about online news sources is that it's difficult to tell which ones are trustworthy and which have an agenda, but in my experience it's easy to tell right off the bat when you're dealing with an experienced source that you can trust. I think our increasing numbers have shown that readers trust us to give them the truth."

There is no shortage of creative ideas at the *Long Beach Post*. The trick remains executing them well with limited staff and minimal investment. Lumachi is considering having the business produce revenue-generating events affiliated with its annual features, such as "Person of the Year" and "10 Most Powerful People."

"We will do more events around them," he says. "We have two receptions during the year, one for Person of the Year and a reader appreciation reception, but [neither] of them is being exploited as a revenue stream."

He also is considering adding Google AdSense to the site as an additional revenue stream. Also, in 2009 the site launched UPost, an e-commerce hub where people can buy, sell, rent and shop locally. It did not bring the revenues he hoped for, but Lumachi explains that was mainly because they did not promote it. Partnerships are another potential source of new business. Lumachi's overtures to the local newspaper and other local news sites have so far not been positively received. He fears that there is still too much focus on competition, rather than cooperation, among other local websites and print outlets. But he remains hopeful.

He has reason to be. Very few community news websites have already survived for four years. As one of the early ones that is still around, *Long Beach Post's* founders can be optimistic about the future of their enterprise. Their tenacity and commitment have so far paid off—if not yet in

financial success, at least in the spirit of their original intent: community service.

"It is an absolute success," Garcia says. "The *Post* is one of the most read, most respected and talked about publications in the city. It has been a massive success from a community-service point of view. From a business perspective, it is still finding its way. It doesn't really make a profit, but it is for the most part self-sustaining. ... The *Long Beach Post* is here to stay."

And Lumachi is not looking back. "[There have been] 500 times that I wanted to give up. And the only reason why the *Post* is here today is because [no one] on the team [ever] gave up. That's it. We never give up. That is the secret."

NOTES

¹ "Economics," in *The State of the News Media 2010*, Pew Project for Excellence in Journalism (http://www.stateofthemedias.org/2010/online_economics.php).

² See Williams, Lisa, "The End of Journalism as 'Outsider Art,'" *News Leadership* 3.0, Oct. 19, 2010 (http://www.knightdigitalmediacenter.org/leadership_blog/comments/20101018_the_end_of_journalism_as_outsider_art). J-Lab recently developed the Directory of Community Media Sites with a database that includes more than 800 citizen and community media sites (see http://www.kcnn.org/citmedia_sites/).

³ Schonfeld, Erick, "Online Local Advertising Estimated to Grow 26 Percent This Year to \$20 Billion," *Techcrunch*, Sept. 14, 2010 (<http://techcrunch.com/2010/09/14/online-local-advertising-20-billion/>).

⁴ See, for example: Tartakoff, Joseph, "Yahoo Revs Up Its Local Content Efforts," *Paidcontent*, Aug. 26, 2010 (<http://paidcontent.co.uk/article/419-yahoo-revs-up-its-local-content-efforts/>); Efrati,

Amir, "Google Plays Up Local Advertising, Business Insider," *Wall Street Journal*, Oct. 27, 2010 (<http://www.businessinsider.com/google-plays-up-local-advertising-2010-10>); "Google vs. Facebook on Places," *Wall Street Journal*, Aug. 19, 2010 (http://online.wsj.com/article/SB10001424052748703791804575439740544880692.html?mod=WSJ_article_related); or new player as Datasphere: Tartakoff, Joseph, "DataSphere Raises \$10 Million More For Hyperlocal Sites For TV Broadcasters," Paidcontent, Sept. 9, 2010 (<http://paidcontent.co.uk/article/419-datasphere-raises-10-million-more-for-hyperlocal-tv-sites/>).

⁵ Schaffer, Jan, *New Voices: What Works, Lessons From Funding Five Years of Community News Startups*, J-Lab, 2010 (http://www.kcnn.org/nv_whatworks/pdf/).

⁶ About Shaun Lumachi (<http://www.chamberadvocacy.biz/shaunlumachi.htm>).

⁷ Lumachi talks about his view on the future of the news industry and on the importance of being nimble (http://www.youtube.com/watch?feature=player_embedded&v=FPdTSUbN3ms).

⁸ Interview with Robert Garcia, co-founder of *Long Beach Post*, November 2010. All further quotes from Garcia, unless otherwise attributed, are from this interview.

⁹ "2 Southland newspapers to reduce, combine staffs," *Los Angeles Times*, March 4, 2008 (<http://articles.latimes.com/2008/mar/04/business/fi-newspaper4>).

¹⁰ Interview with Ryan ZumMallen, managing editor of *Long Beach Post*, November 2010. All further quotes from ZumMallen, unless otherwise attributed, are from this interview.

¹¹ Interview with Shaun Lumachi, founder of *Long Beach Post*, June 2010. All further quotes from Lumachi, unless otherwise attributed, are from this interview.

¹² In fact, in the conclusions from the 2010 Reynolds Journalism Institute community news

sites' survey (<http://www.rjionline.org/fellows-program/mcLellan/block-by-block/part-1.php>), Michelle McLellan states that today "fewer see user-generated-content as a significant or reliable source of content but most welcome contributions."

¹³ "Strategic Goals" document from the founders.

¹⁴ ZumMallen, Ryan, "Garcia Wins First District Election For City Council," *Long Beach Post*, April 8, 2009 (<http://www.lbpost.com/ryan/2283>).

¹⁵ See Garcia, Lumachi and ZumMallen presenting the new site in 2008 (http://www.youtube.com/watch?v=gfN6e_X7JDo).

¹⁶ See an example at <http://www.youtube.com/watch?v=1ps--wZ-6vY>.

¹⁷ Interview with Chris Foster, sponsorship director of *Long Beach Post*, August 2010.

¹⁸ See Foster explaining the *Long Beach Post's* approach to selling ads to small and medium-sized businesses in Long Beach (http://www.youtube.com/watch?v=hAQIVGvTa9A&feature=player_embedded).

¹⁹ For example, see the Entrepreneurship and the Community Web Conference from the Center on Communication Leadership & Policy at the USC Annenberg School for Communication & Journalism in December 2009, where a big group of community news sites convened (<http://annenberg.usc.edu/Events/2009/091204/entrepreneurship.aspx>) and the Community News Summit 2010 held in Chicago and organized by Reynolds Fellow Michele McLellan and New York University Journalism Professor Jay Rosen (<http://www.rjionline.org/events/stories/mcLellan-sept-event/index.php>).

²⁰ Westphal, David, "Recession? Local news sites are hanging tough," *OJR*, Feb. 26, 2009 (<http://www.ojr.org/ojr/people/davidwestphal/200902/1660/>).

About the Center on Communication Leadership & Policy

Based at the USC Annenberg School for Communication & Journalism, the Center on Communication Leadership & Policy conducts research and organizes courses, programs, seminars and symposia for scholars, students, policymakers and working professionals to prepare future leaders in journalism, communication and other related fields. CCLP focuses its activities in two areas: **1) The Role of Media in Democracy** and **2) Communication Leadership**. Current projects include: Public Policy and the Future of News; New Models for News; The Constitution and the Press; Media and Political Discourse; Children's Media and Ethics; Women and Communication Leadership; and Photographic Empowerment.

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