

The Impact of Corporate Ownership on Local Media: A Comparison of Two New England Newspapers

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Background: Newspapers have been on a precipitous decline since the emergence of the Internet and the Financial Recession of 2008-2009. The rise of websites such as Craigslist, and the prominence of Google Advertisements, undercut newspapers' business models which relied heavily on classified advertisements. Previously newspapers served not only as places to get local and national news, but as market intermediaries. Anyone looking for a job or to hire someone, wanting to buy or sell any good or service had to use a newspaper to find each other. Because newspapers served this critical function, they were considered economic rivers of gold, that could consistently generate 20-30% profit margins. The Internet broke the existing business model and newspaper giants typically backed by hedge funds and investment banks, moved in buying local papers by the hundreds. These corporations have differed from traditional newspaper ownership as they use an extractive ownership model, which involves raised prices, and cutting resources to generate quarterly returns for shareholders, irrespective of the long-term cost to the paper or community it serves.

The Study: While newspapers have been declining universally, I attempted to determine what specific impact corporate ownership has had on local papers. To do so I used a case study comparison between two New England papers. *The Portsmouth Herald* is based in Portsmouth NH and owned by Gannett, the largest newspaper company in the nation. Meanwhile, *The Times-Record* based in Brunswick, Maine is owned by Masthead Maine, a local business that only owns papers in Maine. The two towns, Brunswick and Portsmouth are remarkably similar, both with populations of 20,000, semi-rural, politically liberal, similar education along with income levels. The largest difference between the towns is the difference in ownership of the papers, which constitutes an almost perfect natural experiment. I analyzed microfilm from both papers from 2002-2022 to track the changes in the paper's coverage of local news events, and other metrics as the internet emerged and undermined the business model. I also conducted dozens of interviews with reporters who worked at the papers and executives who worked at Gannett. I concluded that while the internet has undermined the advisement-based business model, ownership still does matter. In 2022, *The Portsmouth Herald* had 7000 subscribers and charged \$2.00 per daily issue, while *The Times-Record* had 2500 subscribers and charged \$1.50 per daily issue. Even though *The Times-Record* has half the subscribers, and charges each of those subscribers less, they still provide comparable coverage of local news events. In 2022, *The Portsmouth Herald* covered an average of 3.6 local events per day, while *The Times Record* covered an average of 2.8 local events per day. I concluded, based on the data and my interviews, that the difference can be attributed to ownership. While it remains difficult to operate a newspaper in the current economic climate, *The Portsmouth Herald* as part of Gannett has a responsibility to generate quarterly profits even if they come at the expense of the quality of its coverage. *The Times-Record* views itself as having a responsibility to the community in the long term, which results in high-quality coverage and attempting to sustain itself so it can operate in the community in the long term. My study suggests that irrespective of ownership the current business model is broken, and for local newspapers to inform the communities accurately and reliably they serve a new business model must be developed.

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