



**JNPC Press Luncheon**  
**Guest: Mark Thompson,**  
**President & CEO,**  
**The New York Times Company**

**When entering further into a digital and mobile world, all news organizations have no choice but to embrace a spirit of experimentation**

Japan National Press Club (JNPC), Tokyo, Japan

September 25, 2015

Mr. Thompson has stated that it is inevitable for news media to adapt to changes, brought by new technologies, new business models and new forms of consumer behavior.

He has answered questions, ranging from the acquisition of the Financial Times by the Nihon Keizai Shimbun to ways to encourage reporters to change their mindset in a new working environment.

Moderator: Yoichi Nishimura, JNPC chairman for the Planning Committee (Managing Director of the Asahi Shimbun)

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**Moderator:** [*speaks in Japanese*] Good afternoon to you. Let me once again introduce our wonderful guest today, who is Mr. Mark Thompson, President and Chief Executive Officer of The New York Times Company.

Let me briefly introduce this speaker to you. Back in November 2012, Mr. Mark Thompson became the president and chief executive officer of The New York Times Company.

Before joining The Times company, Mr. Thompson served as director general of the BBC from 2004, where he reshaped the organization to meet the challenges of the digital age.

Mr. Thompson joined the BBC back in 1979. Since then, he has served many of the important posts, including the Nine O'Clock News and Panorama.

He is also serving as a visiting professor at school, at university, and he is planning to write a book and publish it in 2015.

**Mark Thompson:** Sixteen.

**Moderator:** Oh, '16. Okay, sorry.

**Thompson:** I have to still write it. [*laughter*]

**MC:** [*speaks in Japanese*] And the given topic for the speech will be transitioning to a digital and mobile world.

I understand that he is visiting Japan as part of a trip to Asia, inclusive of Hong Kong and South Korea, and we are privileged to have you.

Our procedures planned for today will be to have the speaker speak for maybe the first half an hour, inclusive of the interpreter's time, to be followed by a Q&A session.

The procedures for the Q&A session will be that I will be the very first person representing, on behalf of all of you who had turned in written questions, to ask a question, first of all, to be followed by the audience on the floor who might like to ask a question.

Belatedly, I am Moderator for you. I am from Asahi newspaper, Nishimura, and the interpreter will be Ms. Ikeda from Simul International.

So would you like to take the floor, sir? Mr. Thompson?

**Mark Thompson:** Thank you. *Minasama, konnichiwa. Mark desu.* [applause] Our translator can rest easy. That's the limit of my Japanese I'm afraid. But hello, everyone, and thank you very much for the opportunity to speak to you.

I want to offer my particular thanks to Mr. Nishimura, President Watanabe, and all of our colleagues at Asahi Shimbun for hosting us during this visit to Japan. The New York Times has enjoyed an almost century-long relationship with Asahi Shimbun, and during that time it's been a practical partnership. For many, many years their New York bureau has been based in our headquarters building in Manhattan, and they've reciprocated and our Tokyo bureau is in their headquarters here.

Their great support has assisted us in expanding our readership amongst Japanese language readers very substantially and we are very grateful for that. We are also very proud of our partnership with Japan Times, which is enabling us to reach out to Japanese readers in English, both in print and in digital. And we're excited to be facing the many challenges but also grasping the opportunities in this unfolding media landscape alongside our friends and colleagues here, and it's those challenges and opportunities that I plan to focus on in my talk to you this lunchtime.

Our business is changing so rapidly and in such unexpected ways that it requires us to think differently about what we do and be open to experimentation and change. We must adapt to new technologies, new business models, and new forms of consumer behavior. I'm going to try and address how we're trying to do all of these at The New York Times in a moment.

But, while we must focus of change and transformation, we must also devote an enormous amount of effort and resource to something that doesn't need to change, indeed must endure if we are to continue to succeed, and that is the commitment to a particular vision of great journalism – truthful, insightful, independent, fearless journalism – utterly free from commercial or political influence.

In an era of increasingly commoditized information, this has become a critical point of distinction for us.

This tradition dates back to 1896 when Adolf Ochs bought The New York Times Company. He famously said that his intention was "to give the news impartially, without fear or favor, regardless of party, sect, or interests involved."

And that will always remain the aspiration of The Times. One hundred and twenty years later it is still our central mission and we're working hard to adjust and transform our business model to support that vision of the world's most ambitious journalism.

Our strategy is intrinsically cross-platform; that's one of the ways in which we are adapting our business model. We know that we're going to be living in a world of print and desktop, web, and tablet, and above all smartphone, and no doubt other devices for many years to come. Already many of our regular users read The Times on multiple different platforms. Using these platforms to support each other – through the configuration of subscription offers like the one we have with the Japan Times subscribers who receive access to NYTimes.com as part of their subscription say; innovating on all of the platforms, including print; but also focusing on what each platform does best and optimizing for that: this is what to me a cross-platform strategy means.

Our business model is based on multiple revenue streams. Our revenue in the case of both print and digital has moved over time from an historic reliance on advertising to a point where in 2012, for the first time, consumer revenue, in other words revenue from home delivery of the print newspaper, from newsstand sales of the newspaper, at home and around the world with our international paper, and our digital subscription business, so consumer revenue overtook advertising revenue. That trend has continued and I expect it to continue to grow.

The New York Times Company today is the combination of a still highly cash-generative, but now mature print business, and a very rapidly growing digital business, but both businesses rely on a combination of consumer and advertising revenue.

I want to focus on the digital business for a few minutes now.

As many of you will know, we launched our digital subscription model back in 2011 and we've seen strong and steady growth ever since then. In late July this year – less than four-and-a-half years after launching – we hit a major milestone, one million digital-only subscribers. And this one million is a number which is in addition to the 1.1 million subscribers who pay us for the print New York Times and who get access to digital as part of that subscription. What's interesting, by the way, about these 1.1 million print subscribers, there are almost 90 percent of them authenticate their digital accounts and use the digital asset as well as print. The New York Times now has very, very few people who only look at our print newspaper.

The fact that we have a million digital subscribers and that the rate at which are adding new subscribers is faster now than it was a year ago and two years ago, our model is accelerating, is obviously a pleasing accomplishment for our digital consumer business. But we think it puts us in a unique position amongst global news providers. We believe that no other news organization in the world can boast digital subscribers like these or comparable digital subscription revenue.

And it means that our total digital revenue is much, much larger than some of the digital players that you may well have thought are bigger than we are. Our total digital revenue, around 400 million dollars a year, is greater than the Huffington Post and BuzzFeed and Vox and several other digital players put together, and we believe it has very significant further growth potential.

Now it's true that demonstrated willingness to pay for content on digital is not as developed in other countries as it is in the United States and the UK. But I want to say to you that it didn't exist to anything like its present extent in the US five years, seven years ago. The arrival of iTunes, people's willingness to pay for feature films on demand, even the purchase of add-ons for video games, and the fact that it's becoming much easier to pay for content on smartphone and other digital platforms is transforming willingness to pay in the US, and I believe it's likely that other major markets, including this one, will follow.

I've been hearing from colleagues at Asahi Shimbun about the growing success of their subscription model.

As for The Times, we want to keep growing and expanding our reach further, particularly outside the United States. We believe that the international audience is one of the richest targets for digital subscription growth. In sheer numbers, it's a very big pool to fish in. Eighteen months ago, around 10% of our digital subscribers came from outside the US. Today, they represent more than 13% of a larger total, and we expect that proportion in international subscribers to grow and grow. That's why we have an ongoing effort to further grow our global audience and to convert the most engaged members of that audience to becoming subscribers.

Beyond our focus on international audiences, we are working to better anticipate the needs of our existing readers and to present them with more relevant and useful content, products and services and to meet them where they are, which increasingly is on smartphones rather than on Web or print.

Our top priority is to support and develop our digital assets, our apps, and our websites so we can provide the best, most comprehensive experience of The Times for loyal readers. And, as you may have read and heard, we are also experimenting in order to expand the reach of our journalism to some third party digital products and platforms.

We are working with Facebook on Instant Articles, with Apple on their recently launched News App, and even with Starbucks on their mobile app. We are approaching all of these relationships with optimism but also with caution. We see them as a great way to get people who are less engaged with our brand to become more so. We're embracing a spirit of experimentation that I believe is critical not

just for The New York Times, but for all news organizations as we move further into our digital futures.

But we also have to take care that consumers know they are receiving journalism from The New York Times, and that we don't lose the clarity of our brand and of the experience that we can offer readers because of a third party standing between us and our readers, thus the need for caution as well as experimentation.

Now I'm sure some of you will have heard about our Innovation Report. It was commissioned and written in our newsroom. It was then leaked, not by me. I was in favor of publishing it, didn't leak it; it got leaked. Then it was published. The Innovation Report was a really interesting piece of work. It was very self-critical. It was written by great journalists and was quite searching and challenging, and was a very candid assessment about digital transformation, our achievements but also our shortcomings, and it included a set of very insightful recommendations.

And I'm really proud to say, I mean, it's one thing to produce a great report. I think the really striking thing is the way in which the company rallied around the report and the fact that a year and a few months after the report, pretty much all of its recommendations have been implemented or are in the process of being implemented and we are a much stronger organization as a result.

While we accept the need for church-state segregation of duties in areas like advertising sales, we've brought our organization much closer together. Our newsroom works in tandem with product, technology, marketing and other parts of what had traditionally been thought of as the "business side" of the company. This is critical as we develop new products and services to meet the needs of our readers.

Under the leadership of my colleague and friend, the executive editor Dean Baquet and his masthead, we've set up three teams in the newsroom to help steer our digital efforts: Audience Development, Newsroom Analytics and Newsroom Strategy. There is a shared understanding now but it's not enough to produce the best journalism and just assume that it will be found. We must actively seek out our audience and develop ongoing relationships with them.

We've brought in new talent into our newsroom – from a variety of places, including the business side of our own organization, but also we've hired stars from places like Upworthy, BuzzFeed and the start-up world.

We've changed our famous Page One Meeting to reflect digital rather than print priorities and our digital platforms are much less tethered to print deadlines. We're prioritizing digital, particularly smartphone, which now accounts for more than half of our traffic.

Dean and his senior leadership have done an extraordinary job evolving the culture of our newsroom and inspiring and encouraging a new spirit of openness and innovation.

But we will be living in a hybrid world with print as well as digital for many years to come, so although smartphone and digital is our main priority for growth, we're determined not to neglect our print products and to continue to invest and innovate in print as well. Our print readers are some of our most loyal and most valuable readers and we want to serve them in the US but also around the world.

Here in Asia, we've seen print circulation for the physical International New York Times climb to an all-time high of 107,000. And Japan, thanks to that relationship with the Japan Times, has become our number one circulation market in the world with a circulation of around 33,500 copies every day.

And it's also worth noting that a little more than a week ago in the United States, we had our largest, most robust print edition of The New York Times, the Sunday New York Times, in several years. I think the last time we had a physical copy of the Sunday Times as big as this was the Sunday before the collapse of Lehman Brothers in 2008. On September 13, the Sunday edition of The New York Times in America weighed almost five-and-a-half pounds, that's somewhat over two-and-a-half kilos, so you needed kind of to muscle through it to hold it. It was more than two inches thick. So while print is definitely mature, I don't think of it as something on life support. It remains highly valued by readers and advertisers alike who understand its unique capabilities.

So continued support, continued targeted investment in print but a central focus on digital as the future of New York Times journalism. But all of it, willingness to pay by subscribers, attractiveness of the platform for advertisers, strength of the brand of The New York Times, all of it depends on the quality of our journalism. So let me finish with a few words about that.

As I said earlier, our investment on boots-on-the-ground, investigative and original journalism is a point of distinction for us; it's our mission but it's also, it seems to me, a means of achieving a commercial and competitive advantage. And it's a great tribute to our publisher and Chairman Arthur Sulzberger, and the members of his family, the Ochs-Sulzberger family, that we've been able to continue fiercely to defend investment and support of that kind of journalism.

Even as our competitors downsized, Arthur and his family took steps to protect The Times's news gathering force. We never cut the number of reporters we have in our newsroom. Last year, New York Times journalists reported from more than 170 countries, including more than forty visits to active conflict zones and more than 400 days in the Ebola zone.

We have 30 foreign bureaus, including Afghanistan and Iraq, where we have operated continuously since the start of those two wars.

We have more journalists who can code than any other news organization, and partly because of that, we're trying to redefine storytelling for the digital age.

And we remain fanatical about quality. We have the most rigorous quality control processes in the industry – indeed our style and ethics handbooks are often used at other publications.

The combination of all this is an unrivaled news organization whose lead over our competitors is growing.

So while we are in the midst of a massive program of change, it is a change that is directed at nurturing and enhancing something that doesn't need to change: an idea about the value of high quality journalism that dates from the earlier years of The New York Times but which our readers tell us matters to them every bit as much today as it ever did.

Thank you. [*applause*]

**Moderator:** [*speaks in Japanese*] Well thank you very much, Mr. Thompson, for giving us your idea about how important the spirit of experimentation and openness and innovation spirit are and so forth. That is the spirit that the media in the time of the digital era needs to have surely, and thank you for being very concrete in telling us about your company's strategy in such a comprehensive way. We are very thankful.

Before opening the floor for questions, let me be allowed to ask you the first one or two questions based on the paper questions which had been handed to us in advance by the audience.

So you mentioned that at the end of July you reached a major milestone by exceeding the one million mark for digital-only subscriber revenue, but I think you need to further increase digital revenue in order to cover the decline in the revenue you are experiencing from the print media. And I think you said it elsewhere that within five years' time digital revenue would exceed that of print-based revenue. So what would be your concrete measures to achieve that?

**Thompson:** So the premise of the question I think is completely correct, which is that over time we would expect the revenue from print to decline. Our current experience is of pressure on print advertising. Print circulation is more stable with



some loss of copies but with price increases offsetting that. But, yes, over time we expect print revenue to decline.

We need to build our core digital business, to continue to grow digital subscriptions. As I said, international is important for that. We need to grow our digital advertising business by continued innovation. We are focused in particular on branded content and growing that business, and growing sponsorship. We are less sanguine about digital display advertising.

We want to exploit areas of lifestyle. We have a successful cooking app. We are looking at other lifestyle and cultural areas to develop products. We have a live event business, which we think is capable of growth. And we're also looking at B2B opportunities. The New York Times, unlike other media organizations, has not exploited the idea of offering enhanced services to businesses and so we're looking at that as well.

But we, over the last five years, have doubled our digital revenue. Digital revenue in 2010 was less than 200 million a year; it's now more than 400 million, so more than doubled. And we intend to do that again. If we are able to achieve that, that will take us beyond the tipping point where digital revenue is higher than print.

**Moderator:** [*speaks in Japanese*] There are so many questions which came in from the audience based on the paper, so let me read them out. First is, attention has been drawn to the acquisition made by Nikkei of the Financial Times, which caused great news, and also there are some trends where The New York Times had to release the Boston Globe, and Verizon bought AOL and so forth. So do you think going forward an oligopoly of media will continue? Do you think that will be the trend?

And also, globalization trade is something that is likely to continue for a long time to come in the future. So what do you think first of all about Nikkei buying FT?

**Thompson:** Well, I think you need to talk to our friends at Nikkei to understand their strategy. I guess to an observer it looks like a desire to achieve global scale and global capability in one go, a pretty expensive go, 19 times EBITDA feels like an expensive way of doing it, but I guess that's the core of it.

I think you will see some legacy media organizations consolidating in different ways or trying to rationalize their business. We thought with the Boston Globe that the Boston Globe is very much a regional, it's a metro newspaper. We couldn't see a way of doing the things we wanted to do to The New York Times in a way which would help the Boston Globe, and we think it was therefore better for the paper if it was owned by somebody else.

But our focus at The Times is not on, it's certainly not on disposal. We're not going to sell ourselves nor are we interested in acquiring other legacy media assets. We're focused on winning in digital, and our new competitors are very different. They're not owned by families typically. They are not involved in large conglomerates. They often are start-ups, often they are in private ownership. They move very quickly and we want to learn how to move as quickly as our digital competitors and not to worry too much about the strategy of our legacy competitors.

**Moderator:** [*speaks in Japanese*] There are some people who are from TV stations on the floor as well, and of course Mr. Thompson used to work for BBC known for a reform conducted at the BBC as well. So while you were with BBC you must have recognized how difficult it is to carry on an image-based business. So what would be the vision that you have at your company now for the image business? Any strategy there, or what do you think about image as a media for expressing the views at your company? That's my first question.

And the second is data-driven type of media. It's not a visualization but on the Internet there are many expressions which are carried, so what kind of expression are you interested in through different media that are out there now, mainly the Internet?

**Thompson:** Just so I understand the question, the use of the word image means visual journalism? It means video and still images?

**Moderator:** [*off mic*] Both, both. Either one visualization, both. The first question is about video and the second question is about beyond visualization, what kind of...

**Thompson:** Yes, okay, that's very helpful. So it's quite interesting. It's quite easy to assume that video, because video's history was, it was created and used in television, but TV broadcasters must have a kind of advantage as video becomes much more prevalent on digital assets, on the Web and on apps.

I'm not sure that's true. I think video in a digital context, very short, very intense, is very, very different from the way in which TV broadcasters think about video, and companies like the BBC have to reinvent the way they think about video too. I mean, nobody ever says, because journalists use words and playwrights use words, it's kind of like very easy for journalists to become playwrights or playwrights to become journalists. I mean, video is a very, very broad medium.

I think the opportunity for The Times is in very rich multimedia journalism which combines written journalism with great graphics, with great video, with great still images, and it's the integration of media, where you use each medium for what it's best at, is where the best way forward certainly for The Times is.

I think data-driven journalism is very interesting. This is the age of data, and I think using advanced data analytics, data science, machine learning and so on to open up stories and to show people how you are deriving your analysis and deriving your stories is a great pathway for journalism. I would point to the saliency of Nate Silver in the last presidential election. Now at The Times we have a blog called The Upshot, which is based on analytical and predictive data-driven journalism. I think these things, particularly when you can then visualize them in great infographics, is a great new area for journalism. It's very different from what journalists have traditionally done but it's an important way of understanding the world. And again, I think it's a real opportunity.

**Moderator:** [*speaks in Japanese*] So this is going to be the last question that I will be asking myself on behalf of the audience. You talked about Facebook and Apple with which you are working together, sort of trying to work together with a third party platform and so forth. You said that optimism and caution are the two strategies that you have at the same time in approaching these third party participants.

And we have a problem in Japan that if you allow for a step in the door, maybe that person will take away everything that you have, so I hope that will be not the case. So, what do you think about the outlook that those new startups might have total control over the contents? Are you afraid of that happening in the future or not?

**Thompson:** Well, I think that the door opened a long time ago. [*laughter*] It's too late to bar the front door. The New York Times first I think did a deal with AOL to get audience from AOL by providing Times journalism to AOL in 1992. We had a deal with Yahoo in the late 1990s. The reality that search and social Google and more recently Facebook and Twitter would be good ways of getting your journalism out there, of getting it talked about, getting it shared, getting it propagated, but with the risk that some users will say, well, that's it, I've seen enough, I'm not going to pay anything, I'm not going to look in the ads or if there are ads I'm going to look at them on the other side, that tension we've lived with as an industry for 20 years. This is the latest turn of a very familiar screw. It's the latest turn.

And I think we have our eyes open in a way perhaps we didn't 20 years ago, and I think we need to be clear about what we want to get out of it and what is reasonable for our partners, and they can be good partners, these platforms.

But I must admit, I do see this significantly as around first order audience development, so finding new readers or trying to persuade very light users to become a bit more engaged and getting the brand out there so you remain influential as a brand. I think most of the deep monetization, much of the advertising revenue and all the subscription revenue is going to come from readers who are much more engaged, and so we need to get better at drawing people and

encouraging people to move from light use on other people's platforms to deep use on our own platforms.

**Moderator:** [*speaks in Japanese*] Now I would like to open the floor directly for questions. Please raise your hand and wait for my recognition. Please speak into the microphone. State your name and affiliation first of all, and please be concise in your question.

**Question:** [*speaks in Japanese*] I used to work for Mainichi Newspaper. My name is Hashiba and I am very pleased that I am able to ask directly questions to you. Thank you for that.

So you already referred to it partially in your answer to the previous question, that today we are living in an era which is driven by visual journalism and data-driven journalism, and you changed your job from BBC to a newspaper company. Now that you are with a newspaper company you must have recognized fully that it's very difficult to change the mindset of reporters who are working on the ground because they are still looking for text to express themselves, it's text-driven, and they are working maybe within a deadline which arrives maybe once a day. So I take it that it's very difficult to change the mindset of reporters. And compared with the United States I would say that it's much more difficult here in Japan in that respect.

So you talked about the Innovation Report about The New York Times and you mentioned that transformation and change will be the key for the future. And it's been nearly three years since you became the head of The New York Times, and you must be working hard to change the mindset of reporters working out in the field, on the ground.

So what has management done in order to back up those mindset changes? Any encouragement you gave them? And what would be the point of emphasis that you have had in trying to support and encourage the reporters to change their mindset?

**Thompson:** That's a good question. Many of the reporters are using one of these devices to take photographs, take videos, to share content, to experience multimedia content, and in a way, we're not asking our colleagues to do much more than to apply in the workplace the kind of uses of media which is completely natural to them and their families and their children now at home.

And I think that the really big thing to say is that it's very hard now to be a citizen in Japan or in the United States or in the United Kingdom and not be extraordinarily exposed to the digital revolution. And I think our experience was, when you open the door to journalists and say, why don't you try it and why don't you take part in it, we've had far, far less resistance than was predicted. You know, there is labor relations, there are union contracts, and all of that, I understand that,

and those are issues for all of us to work through, but good journalists are not stupid. They can see the world is changing.

Our guys, I mean our journalists, and it will be true of the BBC as well as The New York Times, they want to believe in the future. They want to believe they'll have a job in ten years' time. They're very clear. They understand that if they don't change at all, they won't have a job. If these newsrooms do not change and think differently, the businesses will not succeed, the businesses will stop, and they will end up and not have a job.

So I think there is an existential point here, and they have in their hands usually the future. They know what the future looks like and sounds like and feels like because they use it. So the leadership of the newsroom was very anxious about the Innovation Report, thought that the journalists would hate it, that there would be a lot of anger, and that wasn't our experience at all. When the Innovation Report came out, a lot of journalists in our newsroom said, at last, at last you're beginning to confront the future. So that's our experience.

**Moderator:** [speaks in Japanese] Our time is actually up but Mr. Thompson is kind enough to entertain one more question before we close.

**Question:** Thank you for taking my question. My name is Kaori Iida. I'm with NHK public television. I guess it's a follow-up to the previous question. You talked about bringing new talent into the newsroom and you also talked about having many reporters or journalists that can code, do coding, and also blog and also use data. So I was wondering, has the criteria or standard of becoming a journalist, becoming a reporter at The New York Times changed or maybe evolved? And also, has anything changed or evolved in the way that you train young new reporters to meet these new challenges. Thanks a lot.

**Thompson:** So I think this is a really interesting topic and it's much on our minds right now. I think the tough thing to say is at one level we don't, the criteria for who we want hasn't changed. We want the best, highest potential, highest quality journalists in the world to work for us. It's just that we expect them to do more and to know more and to have additional expertise. So we're trying to add. We don't want to take anything away. We still want brilliant writers, brilliant reporters and people who can unearth facts and get further into a story than anyone else, but we now recognize that we also need them to have other skills as well. So I'm afraid we're kind of asking for more is the truth there.

I think the training point is a really big one and I think it's been underemphasized at The New York Times and many other legacy media organizations around the world, which is it's not fair to ask people to embrace the digital revolution, all these new platforms, all these more needs, without giving them the means to learn how to

do it, and I would say we are focused more than we ever have been before on training. I expect to invest more money in training. I think it's been a real problem that sometimes the managers of media organizations have kind of thought that the digital thing was all about hearts and minds, so you have to convince your staff to take it seriously. Well, that's kind of, that's a necessary but very definitely not sufficient condition of success.

Once you've convinced them, you then need to give them the tools to actually do the job, and I think we need to as an industry, both on the broadcast side, NHK and BBC, but also on the legacy print side, focus much more on what are the practical tools people need. The good thing is a lot of what they need is the kind of training that they can do with online modules. They can do it relatively quickly. A lot of what they need to learn is intuitive. Frankly, our children learn stuff very like this without even noticing they're learning. So it doesn't have to be onerous but I definitely think a bigger focus on training makes sense, so thank you for that.

**Moderator:** [*speaks in Japanese*] Thank you so much, Thompson-san. So our time is up. So that concludes our press conference. Thank you. [*applause*]

**Thompson:** Thank you very much indeed. Thank you.