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VillageSoup: Sustaining News in a Rural Setting

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Abstract

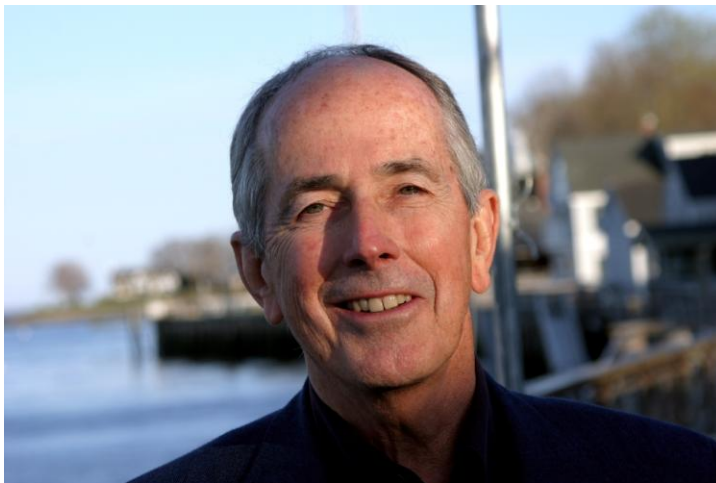
In rural Camden, Maine, Richard Anderson has found a formula for sustainable news coverage in an age when the Internet seems to be killing the news business. He began by starting an online-only news site for the community in 1996, an ambitious and early web presence. By specializing in quick, hard news, community service, citizen involvement, and community leadership, Anderson built an audience for his VillageSoup website. But the community had a moribund weekly newspaper that soaked up much of the advertising revenue. After five years of online-only news, Anderson started his own weekly paper newspaper that republished his web content. Today, Anderson has a sustainable multimedia enterprise, and a business model that could serve as the savior for weekly newspapers in communities with a population around 30,000. VillageSoup may be the first genuine example of alternative news media reaching sustainability.

As Richard Anderson walked through downtown Camden, Maine, there was a palpable skip in the gait of the former Chicago book-publishing entrepreneur, now in his late sixties. It seemed as if every third passerby was a friend or customer, worthy of a hello or a quick chat. His pace slowed, though, as he reached the corner of Main and Mechanic streets and the French & Brawn delicatessen, which was owned by his son Todd. His eyes brightened as he remembered the story of the webcam.

He installed the video camera in 1998 in the storefront window of French & Brawn looking out at the street of spiffy little shops—very few chain-store names here—that lined the roads for a few blocks around Camden Harbor. Camden is made up of community-minded people with cultural interests, wealthy retirees, marine and outdoor-oriented people. And so people noticed this piece of electronics because it wasn't just a video camera—it was a "webcam." Around the

clock, day-after-day, the faces of passersby, converted to bits and bytes, moved through wires to the offices of VillageSoup—the local, online news company that Anderson founded in 1996—across a high-speed link, and into the Internet cloud.

Anderson liked to think of the camera as a media metaphor. “It was just like sitting on the park bench watching people walk by,” he said. There were those who loved it. Teenagers would ham it up. Parents would bring their young children down to the storefront and beam a view of the kids to grandparents online a few thousand miles away. It was a community snapshot.



But some townspeople saw the webcam in French & Brawn’s window differently. The mood changed. Some avoided the camera’s incessant prying, not willing to have their stroll on the street documented and perhaps recorded by some precursor of Big Brother. It didn’t help that one of the people concerned was balladeer Don McLean (“American Pie”). Then Dan Rather picked up the controversy and CBS Evening News showed clips from the webcam one night. Anderson’s son and daughter-in-law began to worry that their store was seen as invading the privacy of Camden’s citizenry. There was talk about a boycott of the store.

Richard Anderson decided the camera had stirred up enough controversy along with a good discussion of privacy, and removed it after a couple months.

“That was fun!” Anderson recalled with a wide-eyed smile. Call it an experiment or a stunt, but for Anderson it was a playful attempt to document the faces of a community. And when it became a referendum on the notion of privacy, that was okay, too. He said the experience taught him something about being a community publisher: That it was part of his role to stir conversation in the community and let people express themselves, but never make any lasting enemies, and keep it fun.

Experience would be the great teacher for Anderson as a pioneer in online news. He started a Web-only news site much earlier than most, and in doing so he used hard news professionalism to create value in his product. In competition with existing weekly newspapers in his region of Mid-Coast Maine, he was winning the battle for readers but not attracting all the advertisers away from print products. So he started weekly print newspapers of his own, going from Web to print in a counter-intuitive move that few others have tried.

Mid-Coast Maine sits in a vast rural district surrounded by working forestland, and it sustains itself in part from tourists attracted to a beautiful harbor and coastline. With only 1.3 million residents in an area the size of Indiana (which has more than 6 million residents), Maine is the most rural of the New England states. The Congressional district that includes Camden is the

largest in geographical area east of the Mississippi, and Maine has only two districts. Only three daily newspapers are published in Maine, plus a number of weeklies, giving most residents less access to the news of the day than more urban folks would have. The finances of newspapers and media in Maine mirror the issues found in rural areas of the Great Plains.

This story from start-up to sustainability at VillageSoup reads like a three-act play, including many of the same complications that new-media sites encounter everywhere, but it resolves using what may become a standard economic model for sustainable Web-based news production, especially in rural regions.

Act One: “Do you know about the building burning downtown?”

On Dec. 9, 1996—Richard Anderson’s 56th birthday—he and his son, Derek, started the Web-only news site focused on local news. Camden was a convenient location, but not an ideal place for a business experiment. It boasted a great deal of Internet penetration into the community, especially for 1996, but it also had a 127-year-old weekly newspaper, the *Camden Herald*. To compete, Anderson adopted hardcore news values. His first employee was Managing Editor Jill Lang, a journalism graduate of the University of Massachusetts and the Columbia University Graduate School of Journalism who also had substantial print journalism experience in Maine. A focus group helped them settle on a distinctive name, VillageSoup.com, that emphasized the community affinity focus and suggested a warm stew of ideas, words, photos, ads and listings. For a logo, they picked a big orange dot, plastering it on cars, buildings and sponsorship venues. Anderson was born in Burlington, Iowa, earned a Ph.D. at the University of Iowa, and taught middle school math in Cedar Rapids. He moved to Camden in 1996 after closing his successful elementary and high school textbook production company, Ligature, in Chicago. After Ligature, he had tried to start an innovative company that published curriculum on CDs and on the Internet, but teachers hated it. As often happens in the information age, however, failure can lead to innovative success. Anderson read a book called *Net Gain: Expanding Markets Through Virtual Communities*, published by John Hagel III and Arthur G. Armstrong in 1997, and saw that topics and geographical areas could create business affinity groups.

“I started with monetizing but after reading that book I saw the affinity side. Daily news online was how we generated traffic,” he said. “We were organizing affinity groups. We weren’t publishing a newspaper.”

To put it in simpler language, he decided to create a website that people in Camden (his geographic affinity group) would go to. He could create one that featured businesses and advertising, but he knew those weren’t as popular. He decided to put up local news to get people to the site. Once there, they could interact with advertisers, and do other local business, which had been his original intent. News wasn’t the passion so much as something he saw as his best vehicle.

At about the same time, America’s newspapers were taking baby steps online. Papers started up websites. At first, crude software shoveled the day’s print stories online, lightly embellished. Gradually came photos, then some audio, blogs, and video. Most of those sites remain unprofitable today.

The Andersons concentrated on the Web. They published Web-only and built an audience with fast, accurate, and well-written stories along with all the interactive services that only the Web can provide. They quickly expanded to the nearby towns of Rockland and Belfast.

Thomas J. Hall, the city manager of Rockland from 1999 until 2008, said, “The freshness of the news causes us to click on several times a day to find out what’s happening. There’s a level of journalism we haven’t enjoyed before.” He watched discussions on VillageSoup, for example about a methadone clinic, and felt those forums could be the future of government discussion. “VillageSoup gets community voices on a soapbox,” he said. “Other things VillageSoup affords us cannot be translated into a traditional print newspaper. This is made for the common man. This has the ability to change habits.”

Bob Hastings, until 2009 the C.E.O. of the Penobscot Bay Regional Chamber of Commerce in Rockland, knew about VillageSoup before he moved from Door County, Wisconsin. He used it to find a house in Maine. Sitting in his office a few steps from Rockland harbor, Hastings said, “That’s where you go for news. I check it eight times a day. The old media don’t get it. Most newspapers have very ineffective websites. Derek and Richard figured it out. But VillageSoup is part of the fabric of the everyday life here. Everyone talks about it. It really took off when the branding took place with the orange circle. The new name really says what it’s about.” He predicted the website would become a “national model.”

Talking about the “real time online” quality of the site, Hastings told the story of a prisoner who had escaped during a hearing at the court in Rockland, within sight of the Chamber office. About 15 minutes later, someone came in and mentioned the escape. Hastings said four employees went straight to their computers and opened VillageSoup. A story had already been posted. It didn’t have much detail, but at least they learned the prisoner wasn’t armed.

Tammy Kolmosky, manager of Fuller Auto Mall, a car dealership in Rockland, said 80% of her clients have VillageSoup on their favorites list. “I personally go to their site every morning,” she said. “It’s today. It’s real time. It’s changing. If it happened this morning, they’ll have a reporter there. I want instant gratification. I don’t have patience. I’m in my mid-30s and my employees say the same thing. A garage blew up in town and my workers were on VillageSoup instantly. People who are savvy and follow the news read VillageSoup.” Whenever someone wants to visit the area, she refers them to VillageSoup. “That’s how people stay in touch. I hear that from clients who come in the door.” She likes the name VillageSoup. “They’ve branded themselves as different. It gives the sense that it was a resource for the community.”

The Hastings and Kolmosky stories aren’t unusual. In Camden, they tell the story about the town manager, who received a call from his sister in South Carolina. “Do you know about the building burning downtown?” she asked, having seen a report on the VillageSoup site. The town manager rushed downtown to find the fire department still battling the blaze. He hadn’t known about it, but the reporters at VillageSoup, and his sister in South Carolina, did.

Act Two: “My last five million dollars.”

VillageSoup had more competition than just the weekly *Camden Herald*. As Anderson expanded to nearby towns, he encountered more weekly newspapers. He tried to buy some of the papers, but South Carolina-based Crescent Publishing purchased the weeklies in 2001, reportedly doubling Anderson’s bid.

After five years of Web-only, the Anderson family realized that their newsgathering and community-building efforts were too expensive to be supported from Web advertising alone. “And we didn’t see the print advertisers coming on board fast enough,” Anderson recalled. With a rapidly maturing website, they began to think about starting a couple of weekly newspapers. Never mind that Camden (pop. 5,254), Rockland (pop. 7,609), and Belfast (pop. 6,381) already had weekly papers. *Village Soup Citizen* and *Village Soup Times* would be different—built in large measure from stories that began online, the papers were colorful and stylish.

The *Times* launched in Camden (Knox County) on Sept. 10, 2003; the *Citizen* in Belfast (Waldo County) on June 24, 2004. The *Times* was named Maine’s best weekly with less than 5,000 circulation in 2004, and in 2005 the New England Press Association called them the best small weeklies in New England.

Starting a newspaper from scratch in a competitive market seemed like folly. “There wasn’t a need for another newspaper when we started,” Anderson recalled. But they already had relationships with hundreds of advertisers including real-estate agents and auto dealers who used database services and listings online—the kind of big advertisers that are a newspaper’s bread and butter.

And VillageSoup had financial needs that were not met by Web revenues alone. “VillageSoup in its original form never did achieve sustainability,” Anderson said. The print editions brought advertisers who had not been attracted to the Web.

Unlike traditional newspapers, VillageSoup spent a lot of time and money developing software that could convert Web content into print content. Eighteen months after starting the papers, VillageSoup was billing \$1.4 million in annual print revenues on top of \$600,000 from Web advertising, databases, and custom website development. Starting the newspapers, the Andersons decided, had increased Web revenues by 50 percent because the papers promoted the Web, and vice versa.

“The opportunity is at the granular level,” Anderson said. “Nobody’s taking our approach of online first. We’re treating the website as community online—as Main Street for the town. No one has taken this approach to building community. Beyond the financial promise, it’s just the enjoyment I get from living in Camden, Maine, and making something happen in a town. I’d like to see more going on in lots of communities.”

Overall, it was expensive. By 2005, Anderson had invested in VillageSoup more than \$5 million from his Ligature royalties, and had yet to see a profit. But Anderson had the advantage of not *needing* to make money (at least not right away), and a philosophical interest in the process. He

also saw an opportunity. “On the financial side,” Anderson said then, “for the amount of money we have invested, there’s huge opportunity if we can get this model established.” He had a vision for an economic model that grew from strong business experience, and he had a theoretical perspective on community-based affinity groups. Today’s citizen journalists attempting to put up a Web-based news site in a small town will not likely have anything to match Anderson’s financial strength. But initial investment must always be part of a sustainable business plan. It seemed like a big investment but, as Anderson said, “It wasn’t my last five million dollars.”

Act Three: “Now we’re sustainable.”

Nevertheless, the investment phase could not continue forever, and VillageSoup was still not earning a profit.

Anderson started to think about how the model might work in other locations. His situation in Camden, facing-off with the owner of a local weekly newspaper when he started, was not ideal. Anderson believed that the Village Soup papers disrupted Crescent’s plan to run the weeklies for a few years and flip them for a profit. If he had owned the weekly from the start, Anderson said, “We would have been wildly successful early on.”

Instead, the competitive environment meant that no one made money. The two counties where VillageSoup operated, Knox and Waldo, had 80,000 people and seven weekly newspapers, including one tri-weekly. Anderson said the advertising revenues were spread too thin for profitability. “We were just beating each other up.”

Someone had to get the market down to a reasonable number of papers. In the summer of 2007, Anderson entered negotiations with Crescent publications on the condition that he would be the buyer. “I was very eager to prove that this model would work.” The negotiation extended from August 2007 to June 2008, when Anderson bought the weekly papers in Rockland and Camden and two weeklies in Belfast, and for an amount less than what Crescent had paid. The deal came with two additional weeklies, one in Bar Harbor on Mount Desert Isle and the other in Augusta, the state capital. Another weekly is still published in the Camden area, the *Free Press*, which is independently owned.

Upon acquisition, Anderson merged his two Village Soup newspapers into the older weeklies and closed one of them. Then he joined the Camden and Rockland papers, with the *Herald Gazette* published three times a week. That left two weeklies owned by Anderson in the counties, plus the *Free Press*. The area had gone from seven weeklies to three. VillageSoup online remains the same.

The magic goal had been achieved. After the purchase of the competing weekly newspapers, Anderson said, “We’re making a profit. Now we’re sustainable.”

Looking Ahead

The letters and comment section of VillageSoup is largely posted unfettered. Foul language is censored. Personal attacks are dealt with on a case-by-case basis. Anderson said that when

commentary becomes too personal, an e-mail asking the parties to calm down has always done the trick. Government and community stories have the most hits on VillageSoup. A business membership concept has worked well, with about 400 businesses signing up out of nearly 8,000 in the two counties. “The potential is huge,” he said with a vision of Yellow Page listings in his eye. The most important element in the model is the print and online combination. “You can’t have one without the other,” Anderson said. Online revenues are very important. “We’re getting a lot of little guys. Online is perfect for the little guys, and it will grow.”

Anderson continues refining the model—which may be the first genuine example of alternative news media reaching sustainability—and he may expand. He also envisions this model working for others.

How much would it cost to start a VillageSoup-like enterprise in a pristine location, without competing media? “Today, with a website only, you need six or seven reporters. You can’t do it with one or two,” he said. In 2005, Anderson had 14 news-editorial employees at VillageSoup.com. “And you need sales and production people. I would estimate that you need to prepare for a \$750,000 to \$1 million burn-rate per year. You need to invest perhaps half a million dollars per year for three years.” It cost Anderson more in Camden, but the situation wasn’t perfect and he had to develop a Web platform and a print product. These days, if there were a competing newspaper, it might fold or offer to sell. “It’s really tough to enter a market with a newspaper in the area and dislodge them,” he said. “Today it might be easier because everyone is fragile now.”

It’s very difficult to follow his model without a platform, but that software can be obtained from Anderson. In 2007, he was awarded a John S. and James L. Knight Foundation News Challenge grant for \$885,000 to turn his software open-source (free). Anderson hoped to create a VillageSoup operation that would be open to weekly newspapers in the United States and elsewhere, and that his software would facilitate the online-to-print interaction.

He believes in the viability of the weekly newspaper, which has been a healthy segment of the news industry and is not threatened by the Web in his model. The problem with community *daily* newspapers, he said, is that they have too much AP copy. “There just isn’t that much local news to fill a daily paper.” Online, three or so stories a day is fine. Analysis done by Martin Langeveld, a former newspaper owner and media consultant in Vermont, suggests that daily newspapers will not suddenly drop to online-only, but will shift to three times a week or to weekly print editions. The *Detroit News* and *Free Press* newspapers in 2009 adopted a three-day-a-week home delivery model for their print editions. “It’s important not only for newsrooms to become online-first, but for the advertising sales department to follow suit. Right now,” Langeveld said. Anderson and VillageSoup were there in 1996.

Anderson then shared something else that seemed important. It was a funny fact—a little geeky—but it’s often this kind of fact that predicts success or failure. His observations of community and business life have led him to believe that people want to live in communities of about 30,000 people. This, he said, is a perfect size for a weekly newspaper, but businesses and advertisers want communities of 120,000 people. He described the market in Augusta as four 30,000-population communities within a 120,000-population base. “The reader wants 30–50,000

other people in the community. The businesses serve 120,000 people. In Maine, it's not quite that high, but car dealers and high-end restaurants want to draw from a larger base." He felt the 30,000-person weekly newspaper community was standard across the United States. "There are 10,000 weekly newspapers in the U.S. serving 300 million people, for an average of 30-40,000 each." He mentioned that Manhattan (New York) has 3 million people and nearly a thousand weekly newspapers. "We're trying to design a business that serves that phenomenon," he said. Anderson used these figures to support two theories: First, that his economic plan will work; and Second, that weekly newspapers have a viable future, which even in the current economy has proven correct.

Circling back around to his community-based affinity groups, Anderson said he now envisioned community more in terms of a trade show or community fair. "You go to a trade show to hear the keynote address or the discussion of some topic," Anderson said. "While you're there, you can interact with the speaker and the other visitors. You can visit the exhibit hall and do research on things you might want.

"On our website model, we have a site where you learn from our reporters, or from the police blotter, then you have the ability to ask questions of that reporter and talk with others in the community. Blogs, stories from local citizens, news of restaurant menus and specials at the stores. It's about researching. You're going to walk through the door to buy. You're just doing research online. It's like a community expo."

With all this, can newspapers survive? The talk about the Web as a disruptive technology for news got Anderson thinking about substitute technologies. He mentioned that when Interstate highways came along, trucks became a substitute technology for rails and trains. "The way you survive is to narrow your focus." Trains focused on carrying bulk cargo over long distances, which was something the substitute technology, trucks, couldn't do as efficiently.

"What we're about is substitute technologies with the Internet and Google. How does a newspaper narrow its focus?" Anderson said the answer is something that Google cannot do. "The feet-on-the-ground news will be local news—trustworthy, valuable stories from the neighborhood. There is a need to have trusted sources. We put feet on the ground. We're local. Google will never do that. Being a trusted source comes through research, vetting, analyzing. That's an opportunity for us. The Internet in our model provides timely information on who, what, where, when. Then we use the weekly print product to be the contextual framework, and for analyzing and suggesting an action or offering an opinion. The big aggregators can never do that."

Having a physical presence in each town they serve is essential. "In every town," he said, "we need to hire a crackerjack community leader. We have to have a local, trusted presence. That's always been the publisher. We have to be profitable enough to incentivize someone to play that role in this community without being the owner. That's part of the model."

The model may not lend itself to widespread, chain-type ownership because of this need for a community leader. "I'm not sure that owning even five of these news operations makes sense

because you need so much presence and you have to be a trusted source and a trusted leader. There may not be a lot of efficiencies in having more operations.”

“News has been all about efficiencies. It hasn’t worked,” Anderson said. “It killed the product. We’re going to have to go back and find a way to improve the quality of the product. The era of skimming from the news operation hasn’t worked.”

Author Information

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Norman Sims is a professor of journalism at the University of Massachusetts Amherst. He is the author of *True Stories; A Century of Literary Journalism* (Northwestern University Press, 2007), and editor of *Literary Journalism in the Twentieth Century* (Northwestern, 2008) and co-editor with Mark Kramer of *Literary Journalism* (Ballantine, 1995). He has a Ph.D. from the University of Illinois Urbana-Champaign, and teaches the history of American journalism, freedom of the press, literary journalism, and writing. He is a co-founder of the Media Giraffe Project at UMass Amherst.



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