

Speech delivered by Ken Lowe, president and CEO, The E.W. Scripps Company at Ohio University on Scripps Day, September 12, 2006.

Thank you, Dr. Shepherd, distinguished guests, and to all of you for such a warm welcome.

I always enjoy my visits to Athens. In fact, it's a lot like a homecoming, even for a UNC alumnus like me.

It helps, of course, that Scripps and Ohio University are historically linked by our common goal to achieve educational excellence.

We've already accomplished a great deal over the years, sending out into the world generations of skilled media professionals, many of whom are today's industry leaders.

And, who better to represent all of those students – past and present – than Chris Glaser: My compliments to you, Chris, for your dedication and determination. What an incredibly moving story! It truly is an honor to share this podium with you this afternoon.

Chris is why we're here today.

True, we're celebrating the deepening relationship between this university and our philanthropic Foundation at Scripps. But, the real work begins after all the speeches are made and all of the accolades have been uttered. What happens here in the classrooms and lecture halls – day in and day out – is true cause for celebration.

At Scripps, we view our growing financial commitment to Ohio University as a wise investment in the future. Our company succeeds because of the talented people – people like Chris – who breathe life into our media enterprises and give purpose to all that we do.

We succeed at Scripps because of the creativity, determination and dedication of our employees. We often refer to the importance of human capital. That's a fancy buzz word – and a bit impersonal too, I think – to describe the value we assign to educated people who keep the trains running on time and who are creative enough to take us to new heights.

The foundation for our company's future is being laid right here in Athens and we appreciate – and respect – all that you do.

I was invited to talk to you today about the future of media in the digital age. It's a topic that we discuss every day at Scripps as we strive to stay ahead of the trends in our rapidly changing media marketplace.

Let me start with this general observation.

We – and I mean all of us, media consumers and the purveyors of media alike - are the lucky beneficiaries of a totally networked, electronic media super structure that brings the world instantly to our fingertips. We live in an interactive world that not so long ago, we could only imagine. It was the stuff of science fiction.

Think about it.

When I got my first job as a radio disc jockey fresh out of college about 30 years ago, Walter Cronkite was still the most respected man in America.

We had three choices for television entertainment and no choices when the president had something important to say.

A lot of us were still listening to AM super stations, although if you were really cool, you'd discovered FM.

We had to go to a movie theater to see feature length films without commercial interruption. We were still buying vinyl at the record store...that is unless you'd invested in an eight-track tape deck.

Many more of us subscribed to – and actually read – newspapers.

And computers . . . well ... they were the size of refrigerators and spit out reams of green and white paper that only the nerdiest of computer nerds could decipher.

We live in a vastly different world today.

We can choose from hundreds of television channels, including some that broadcast news non-stop, 24-hours a day, 365 days a year.

Just about all of us have home computers, and the Internet, which wasn't even in our vocabulary back then, has profoundly changed our lives.

VCRs came and went – and guess what – your DVD player's about to pass into history. Microsoft and Apple are marketing affordable home media centers that soon will be capable of digitally recording and storing hundreds of hours of programming that you'll be able to play on your TV or your computer.

There's more.

People are watching *Desperate Housewives* on mobile video devices and turning to their cable television companies for telephone service. By the end of 2005, five million people had watched video on their cell phones and that number is expected to double by year's end.

Satellite radio is doing to FM what FM did to AM. But, that might not matter because we can carry our entire music collections around with us on an iPod that fits in our wallet. It won't be long before we'll be doing the same with our video libraries. The technology's already on the market.

You get the idea.

Advancing digital technologies are constantly changing how we consume media, and maybe even how we live our lives.

As media consumers, we have more control over what we watch and when we watch it than ever before.

I'm going to focus our discussion this afternoon on how these new digital media technologies are affecting the habits of media consumers and how we – as managers of mainstream media companies – are responding to those changes.

Specifically, I'm going to focus our discussion on news and entertainment media and – lest we forget that we're talking about businesses – the changing economics that provide the underpinning for these enterprises. I'll leave some time at the end to take your questions.

Let's start by looking at the serious side of the business -- the journalism.

As media consumers, we've come to expect – and even demand – instant access to the breaking news of the day thanks to the ubiquity of the Internet, high-quality satellite feeds and incredible digital video technologies.

That's a far cry from back in Walter's day when our concept of "immediacy" might have included a network news report on the Vietnam War that was filmed – not taped – days before it aired.

There weren't any satellite uplinks. There weren't any live reports. You couldn't even overnight by FedEx.

Battlefield reporters relied on a cumbersome network of land and air couriers to get raw footage back to the newsroom in New York, where footage was carefully edited and packaged for the nightly news.

Today, a news report that's days old is ancient history.

News cycles have been compressed to the "nth" degree as reporters and editors scramble to meet an insatiable demand for immediate information.

Stories are updated by the minute by news channels, newspaper Web sites, bloggers, and so many other sources that it's hard to keep track.

And, if we're so inclined, we can even bypass the news media altogether and go directly to the newsmakers themselves.

If we want to know what the Israeli government's saying about the cease fire in Southern Lebanon, we can go to its Web site.

You can't access Hezbollah's official Web site because of its outlaw status here in the U.S. as a terrorist group, but you can easily find plenty of other Web sites that are eager to explain its cause.

For the most part, though, when the big story breaks, media consumers in large numbers still turn to us, the long-established, and trusted sources for news and information.

For example, when the Jon Bonet Ramsey case resurfaced a few weeks ago, the Scripps newspapers in Boulder and Denver were in the thick of it. Traffic to our Web sites quadrupled as people from across the globe turned to us, figuring that we were on the ground and closer to the story.

The pressure to provide timely updates throughout the day - each day - was intense. More importantly, there was equally intense pressure on our reporters and editors to get it right, especially in the midst of the media feeding frenzy that we were all witnessing.

The Rocky and Daily Camera did a great job, breaking several relevant angles and providing local context to balance the rumors and innuendo that seemed to me at times to be spinning out of control.

As I watched non-stop TV and Internet coverage of the Ramsey case, I couldn't help wondering how we'd treat the Hindenburg Disaster or the Lindberg kidnapping if they happened today.

The point is: sensational treatment of big news stories has been around for a long time. We don't have a patent on that by any means, but the new digital technologies, and the immediacy they make possible, certainly add to the intensity and exposure.

It also doesn't help that speculation and commentary passes as "news" when the story isn't moving along fast enough to suit some. A blind race to get the story first too often clouds good judgment and sound editorial decisions.

I have to say that, as the manager of a news media company, I'm always worried by those who would play fast and loose with the facts. Credibility is our stock in trade and I believe that we have to be very careful not to blow it by getting it wrong.

As a media consumer, I keep hoping for some restraint. Realistically, though, I don't think it's possible in an electronic world that's totally saturated with information.

The challenge for the news media today is to meet the incessant demand for immediacy without sacrificing journalistic excellence. It's still important to be accurate, fair and balanced, no matter how tight our deadlines are.

Turning now to the entertainment side of our business, we're under every bit as much pressure to deliver quality content for the growing range of consumer electronics devices that are finding their way into the hands of media consumers.

It was tough enough creating shows that were worth watching back when we just had three networks to program. Imagine what it's like now with all of the different media platforms that exist today.

Perhaps the biggest headline is the tremendous growth in the number of people who are watching video online. Thanks to the proliferation of high-speed Internet services – or broadband, as we call it – the quality and ease of access of online video has improved significantly.

That's given rise to new Internet stars like YouTube and MySpace, which provide a platform to anybody with access to a computer and digital video equipment.

So now, media consumers also are programmers, putting them in direct competition with us for eyeballs.

YouTube's growth the past nine months alone has been astounding, and I have to admit, I'm hooked. Some of this stuff is pretty entertaining.

All of the mainstream media companies are busy migrating video content to the Web on the belief that the Internet may well be the next television play, especially as the convergence of computer and digital television technologies accelerates. No one can afford to be complacent, given the speed at which change is happening.

One of our strategies at Scripps has been to create dedicated broadband channels that burrow down deeper into the categories served by our national lifestyle networks.

This year we've launched video-rich Web sites that focus on kitchen and bath design and woodworking. Three of these broadband channels already are live and we have six more in the works.

We've also been experimenting at Food Network with programming that's produced exclusively for the network's Web site. We just launched a news series called Dave Does, featuring celebrity chef Dave Lieberman. Here's a sample of what Dave's show looks like at Food Network-dot-com.

This is actually the second round of Web-i-sodes that we've produced with Dave. We've seen a nice spike in Food Network's Web traffic with both efforts. Food Network, by the way, has the number one site on the Internet in its category, based on the millions of people who visit it every month.

Broadband video is just part of the story, though. There's a whole slew of consumer electronic products on the market that are having an impact on how we all access entertainment.

I've already mentioned home media centers that can network your home computer and television. TiVos and other digital recording devices have been around for a few years, making it possible for us to store and watch whole seasons of our favorite shows at our convenience.

High-definition television is getting more affordable.

Mobile video – which has been big in Western Europe and Asia for quite a while – is finally coming on strong in the U.S.

And there's even a product called SlingBox – have you seen this? – that makes it possible for you to watch your home TV on your laptop or video cell phone from wherever in the world you're traveling.

Now there's no telling for certain which of these technological applications are going to be big hits with consumers long-term, or which are headed the way of the eight track. The challenge – and opportunity

– for media companies, though, is to be nimble enough – and creative enough -- to deliver content that brings life to all of these new electronic gadgets.

In other words, at Scripps, we're making absolutely certain at all of our media enterprises that the content we're creating is completely portable and able to go wherever the consumer's going . . .

. . . which brings me to the third point of today's discussion – the changing economics of our business.

Looking at it from a purely Scripps perspective, you can get a better understanding of where we – and the industry – are headed by looking at where we've been.

Scripps got its start almost 130 years ago as a newspaper company. E. W. Scripps, our founder, launched one of the country's first mass communications concerns by assembling a portfolio of popular newspapers that were written and designed with the working class in mind.

The Scripps newspapers in E.W.'s day were inexpensive, easy to read and a great advertising platform for merchants who wanted to reach a whole generation of new consumers.

As media technologies evolved, so did Scripps. The company launched its own news wire and feature services at the turn of the last century. We got into radio in the 1920s, and would exit the business some 60 years later.

We were one of America's broadcast television pioneers, putting Ohio's first television station on the air in Cleveland in 1947.

We got into the cable television business in the 1980s as a system operator, then, in the 1990s, shifted strategic directions to concentrate on the programming side of the cable and satellite television business.

And now, as the Internet comes into play, we're fully involved in leveraging the powerful interactive nature of the Web by migrating content from all of our media businesses to online platforms. More recently, we've decided to tap the growth potential of Internet search by adding two very promising online search and price comparison services to our portfolio of businesses.

Now, I provided this little history lesson as illustration.

Throughout our history, we've been in the business of creating marketplaces between consumers and merchants. Regardless of the media platform, we've been committed as a company to meet the needs and demands of both media consumers and advertisers.

It's no different today.

While some may view the proliferation of new consumer electronics devices as disruptive and threatening to traditional media businesses, we view them as additive – opportunities to be seized, and new marketplaces to be discovered, created and conquered.

For our entire 130 years, the economic foundation for our business has been advertising. Display ads and classified advertising in our newspapers; 30-second spots on our local TV stations and national lifestyle networks, all will account for a full 80 percent of our company's total revenues this year.

So-called traditional advertising has been, and continues to be, the primary source of support for a very profitable business model, and one that we rely on to sustain our businesses for the benefit of all of our various stakeholders.

That's not to say, though, that we're resting on our laurels or are oblivious to changing market forces.

Far from it: I think it's fair to say that we've done a good job anticipating changes in advertising and marketing trends that have paralleled the changing habits of media consumers.

With the launch of HGTV in 1994, we were responding to and anticipating advertiser demand to reach a more defined and engaged audience. The proliferation of cable TV channels provided us with the opportunity to deliver niche television programming that was targeted to viewers with very specific passions and interests.

We've applied the same thinking to the Food Network, DIY, Fine Living and Great American Country. The strategy worked, advertisers responded, and today, Scripps Networks is a billion-dollar-a-year business.

But advertisers are demanding even more accountability.

As media becomes increasingly interactive – especially on the Internet – our advertising customers are wanting more proof that they're getting a return on the marketing dollars they spend. It's sort of the Holy Grail. They want to see a direct link between their commercial messages and ringing cash registers.

We're working hard to accommodate that growing expectation.

We're developing creative advertising and marketing strategies around all of our online content services.

All of our television networks, newspapers and TV stations have a presence on the Web and are offering a growing range of creative, interactive marketing solutions.

It's been clear to us for some time now that banner ads and pop-ups alone won't get it.

We have to do more than just transplant traditional marketing techniques over to the Web. Instead, we're learning to capitalize on the interactive – one-to-one – marketing nature of the Internet to provide measurable marketing results.

We still have a way to go.

The Internet sites we've developed around our traditional media businesses – as great as they are – will generate only about 5 percent of the company's total revenue this year, which is about what our industry peers are averaging.

Even though we're all aggregating millions of unique visitors a month at our Web sites, there remains a considerable disparity between the earnings power of our online and traditional media platforms.

No doubt the day will come when we reach some level of equilibrium, but my bet is we won't get there with a traditional advertising model. When we're able to show advertisers categorically that they're getting a return on the money they're spending on Internet marketing, then we'll be talking.

One area of the Internet where that's already happening is general and specialized search.

General search is Google's domain. You know you're profoundly successful when you become a verb.

But there's also a growing market in specialized search, which is an area that we've had considerable interest in at Scripps for a few years now.

In fact, in the past 18 months, we've invested about \$900 million, to add two promising – and profitable – specialized search businesses to our portfolio, Shopzilla and uSwitch.

Shopzilla is the leading comparison shopping site in the U.S. for products and uSwitch is the top search site in the United Kingdom for essential home services.

Like all of our media businesses, both create a marketplace for merchants by aggregating tons of useful information for consumers.

The difference is that merchants who use these new media services pay only for the qualified leads that Shopzilla and uSwitch send their way. It's a highly efficient model that gets a lot closer to that Holy Grail that advertisers seek.

To help you size the importance of these acquisitions for Scripps, consider this.

With Shopzilla and uSwitch in the fold, all of our Internet-based enterprises combined will contribute about 13 percent of the company's total revenue this year. Also, when you add user traffic counts from Shopzilla into the mix, Scripps now ranks among the top 15 U.S. companies doing business on the Internet. Once again, our profile is changing.

We view our foray into specialized search as the next stage in our company's continuing evolution.

As we see it, prospering in today's changing media environment is a matter of anticipating what direction media consumers and advertising dollars are headed, then getting in front of the trends.

But, the real power is in the hands of media consumers, and that includes all of us in this room.

We'll be the ones deciding with our choices – and with our pocketbooks. – what the future of media will be.

We have a voracious appetite for news, information and entertainment in all forms.

And as the world becomes more digitized – more interactive – our expectations grow. I'm no longer willing to wait more than five seconds to get Internet search results. How about you?

The world keeps getting faster, and we're doing all that we can to stay ahead of the pace.

Thanks for your attention. You've been very kind.

I'd be happy to take your questions.