Townpaper

Acquire dying small-town US newspapers — 50-200 of them on the market for under $200k each — run them with 1-person editors + AI back office. Civic-notice revenue is the floor; subscriptions and classifieds are the upside.

Category	Set 3 · Post-AI Plays
Customer	Subscribers in US small towns + small local advertisers; statutory legal-notice publishers required by state law
Monetisation	$8–14/month digital subscription · classifieds · local display ads · statutory legal-notice revenue (often $40-100k/year/paper guaranteed)
Build effort	High
Plan version	v1.0 — 2026-05

Executive Summary

Townpaper is a small-town newspaper acquisition + revival strategy. The setup: roughly 2,200 small-town US newspapers (towns 2,000-25,000 population) have closed since 2005, and another 800-1,400 are operating at break-even or worse, owned by older publishers approaching retirement with no obvious succession. These newspapers are for sale at $50k-300k each (1-3x revenue), often quietly through brokers like Cribb Greene or Dirks, Van Essen. Most are 'unsaleable' to traditional buyers because they require a publisher willing to live in a 4,000-person town and run a 100-year-old operation.

The Townpaper thesis: acquire 8-20 such newspapers across 3-5 years, run each with a single full-time local editor (compensated $42-65k/year) and a shared AI-augmented back office (production, ad layout, billing, subscriber management, social-media distribution all centralised in one operations team of 5-7 people). Each newspaper generates $180k-450k/year revenue at 28-45% net margin once consolidated overhead is removed and AI augmentation cuts production cost 50-60%.

Year-1 target: acquire 3 newspapers (~$450k aggregate acquisition cost), establish shared ops centre in Austin or Nashville (lower cost than coastal cities, central time zone for US-wide coverage), launch revival playbook. Year-1 revenue: $640k from acquired papers, $190k net contribution against $180k in central ops cost. The business compounds slowly — year-3 portfolio of 12 newspapers generates $4-5M revenue at $1.4-1.8M net contribution.

Civic-notice revenue is the structural floor that makes this work even if subscription and classified revival proves slow. Most US states still require legal notices (foreclosures, probate, government meeting agendas, zoning hearings) to be published in 'newspapers of general circulation' — typically the only qualifying newspaper in the town. This revenue stream is regulated, stable, and often $40-100k/year per newspaper, often covering a large fraction of operating cost.

The Problem

The US small-town newspaper has been a 100-year institution that is now collapsing. Approximately 2,200 weekly and small daily newspapers have ceased operation since 2005; another 800-1,400 are operating at break-even or below; the median age of small-town newspaper publishers is 64. Conventional wisdom says these papers are not viable in the digital era. This is partly true and partly wrong.

The partly-wrong part: small-town newspapers retain genuine subscriber loyalty (many have 35-65% household-penetration in their towns), have monopoly-like advertising channels for purely-local businesses (the local hardware store, restaurant, lawyer, real-estate agent all need local reach the platforms cannot deliver), and hold statutory legal-notice contracts that produce stable revenue regardless of subscriber count. They are not the doomed Detroit Free Press; they are profitable local institutions that need operational refresh.

The partly-true part: at current operational cost structures (typically 12-25 staff for a paper publishing 8,000 copies a week), most small-town papers cannot generate enough revenue to support the team. Print production cost has risen (paper + ink); youth-subscriber acquisition has collapsed; the elderly editorial staff is retiring without replacement; the publisher is exhausted.

The acquisition opportunity exists because no traditional buyer wants these. Strategic buyers (Gannett, Lee Enterprises) are exiting the segment, not entering. Local buyers (a community-minded business person) are rare. The papers sell or close. Townpaper buys.

The Solution

Townpaper's playbook per acquired newspaper: (1) Acquire at 1-3x revenue, typically $80-250k cash + assumption of operating leases. (2) Reduce staff from 12-25 to 1 full-time editor + 1-2 freelance reporters paid per article. (3) Migrate production, ad layout, billing, subscriber management, social-media distribution to shared central ops centre running on AI-augmented workflows. (4) Maintain print weekly edition (4-12 pages, smaller than historic) plus digital edition. (5) Preserve and pursue civic-notice contracts vigorously (the regulatory revenue floor). (6) Modest revival of community-news coverage (high school sports, town council, local business profiles) that AI cannot generate but a competent local editor can produce in 25-35 hours/week with AI-assisted writing and research.

Three structural differences from prior consolidator approaches (Gannett's small-paper portfolio, GateHouse Media, etc.) define the wedge. First, scale of consolidation: 5-7 person shared back office for 12-20 papers vs. local-only or regional-clustered operations. Second, AI-augmented production: page layout, ad design, social-media distribution, billing, subscriber management substantially AI-assisted. Third, intentional smallness — the model is to be deliberately small per paper (1 editor, lean operations) rather than maintain pre-existing staffing levels that papers cannot support.

The model preserves what makes small-town papers valuable (local editor with community relationships; print edition that older subscribers still want; civic-notice contracts; classified-ad relationships with local businesses) while removing what made them unprofitable (over-staffed production, marketing, ad sales, executive compensation absorbed at paper level rather than centralised).

Market Opportunity

Approximately 6,800 small-town US newspapers still operating in 2026 (weekly + small daily, towns 2,000-25,000 population). Of these, an estimated 2,200 are in active financial distress (declining revenue, owner approaching retirement, willing to sell at distress prices). Of these, an estimated 800-1,400 fit Townpaper's acquisition criteria (sustainable underlying market, civic-notice contracts intact, geographic accessibility for ops centre, no insurmountable lease or printer-contract obligations).

Aggregate annual revenue of the addressable acquisition pool: ~$220-360M. At Townpaper's expected portfolio of 12-20 papers by year 3-4, capturing ~$4-7M in annual revenue ≈ 1.5-3% of pool, the strategy does not require dominant share to work.

Civic-notice revenue is regulated state-by-state. Most states require legal-notice publication in 'newspapers of general circulation' published in the relevant county. As long as the acquired paper remains publishing on its established cadence, it retains the qualifying status. Revenue per paper from civic notices: typically $40-100k/year, with stability driven by foreclosure cycles, probate filings, government-meeting requirements, and zoning hearings (all regulated).

Exit options: hold the portfolio for cash yield (the most likely path), sell to a regional consolidator at 4-6x EBITDA after demonstrated turnaround, or take a portfolio public after sufficient scale (very long horizon, unlikely).

Target Customer

Customer (advertiser) — primary persona: a 56-year-old owner of a third-generation hardware store in Decatur, Illinois (population 13,000). Spends $400-1,200/month on local advertising; has tried Facebook ads but found the targeting too vague. Will continue advertising in the local paper at $250-650/month as long as the paper continues publishing with quality.

Customer (subscriber) — primary persona: a 71-year-old retired teacher in a small Iowa town (population 4,200) who has subscribed to the local weekly for 38 years. Reads the paper to know about town council meetings, high school sports, deaths in the community. Subscription is $48/year; will pay $72/year for digital + print if it preserves the institution she values.

Selling publisher — primary persona: a 67-year-old publisher of a 4,800-circulation weekly in a small Wisconsin town who has run the paper for 32 years (inherited from his father). Wants to retire; has no successor; would prefer to sell to someone who will preserve the paper rather than close it. Will sell at $135k cash + minor seller financing to a buyer who commits to continued publication for 5+ years.

Product

Acquisition pipeline: monitor Cribb Greene + Dirks Van Essen + state newspaper-association classified listings, direct outreach to 500+ identified small-town publishers per year matching criteria. Standardised diligence: revenue history, circulation history, civic-notice contracts, printer contracts, real-estate liabilities, staff compensation. Pipeline target: evaluate 80-120 acquisition candidates per year, close 4-6.

Per-paper operations: 1 full-time editor (lives in town, writes editorials + lead community-news stories, manages stringers, attends town events), 1-2 freelance reporters paid $80-150/article, all production moved to central ops.

Central ops (shared across portfolio): print-page layout (AI-augmented templates with editor review), ad-design service (small in-house design team plus AI tools serving all papers' classifieds + display), billing + subscription management (single CRM across portfolio), digital publishing (single CMS with per-paper sites), social-media distribution (AI-assisted), classified ad intake (online + phone), civic-notice publishing workflow with state-by-state compliance.

Print production: contract with regional commercial printer (each paper has historical printer relationship; preserve or consolidate as economics permit). Distribution via existing networks (USPS for mail, regional distributors).

Digital publishing: single CMS (likely a custom Ghost-based deployment) hosting all paper sites, with per-paper customisation. Mobile-responsive, paywall-enabled, simple digital subscription management.

Revenue management: civic-notice contract monitoring + renewal management, classified-ad-sales workflow, display-ad-sales support (small inside-sales team covering all papers, complementing editor's local relationships).

Technical Architecture

Editorial CMS: Ghost-based custom deployment, multi-tenant (each paper as separate site within shared infrastructure), AI-augmented writing assistance (Claude Code-style tooling for editorial work).

Production: Adobe InDesign templates with automated layout for routine content, manual layout for front-page and feature stories. Print-ready PDF output integrated with printer-handoff workflow.

Subscription / billing: Stripe-based billing platform with print + digital combo subscriptions, automated renewal handling, expired-subscription win-back workflow.

Classified-ad system: web intake + phone intake, automated layout, billing integration, recurring-ad management.

Civic-notice publishing: state-by-state format compliance, automated proof-of-publication affidavit generation, billing to publishing entities, archive maintenance.

Social-media + email distribution: per-paper Twitter + Facebook + Instagram presence, weekly email-newsletter distribution to subscribers and free-tier readers, AI-assisted content adaptation for each channel.

Hosting: AWS for primary infrastructure, with significant cost-optimisation pressure given the modest revenue base per paper.

Business Model & Unit Economics

Revenue per acquired paper varies significantly. Typical post-revival mix: subscriptions $80-180k (8,000 subscribers @ $48-72/year ≈ $400-580k revenue, but realistic post-revival circulation often 2,500-5,000 subscribers), classifieds $30-90k, display ads $40-120k, civic notices $40-100k. Total: $190-450k/year per paper.

Per-paper cost structure (post-consolidation): editor $42-65k, freelance/stringer reporters $15-30k, allocated central ops cost $40-65k, printing + distribution $35-80k, miscellaneous (insurance, software, etc.) $10-20k. Total: $140-260k. Net margin: $50-190k per paper, 26-42% margin.

Acquisition multiples: typical 1-3x revenue depending on quality (papers with strong civic-notice contracts trade at higher multiples; papers with declining subscription bases at lower). Median acquisition: $130k for a $260k-revenue paper at 0.5x revenue (depressed market).

Capital deployment: $1.2-2.0M to acquire 8-12 papers + $400-600k working capital + $300-500k central ops setup. Total capital required: $1.9-3.1M.

Unit Economics (Year-1 base case)

Year-1 acquisitions (target)	3 papers
Year-1 aggregate revenue from acquired papers	$640,000
Year-1 net contribution per paper (post-consolidation)	$80-160k each
Year-1 central ops cost	$180,000
Year-1 net contribution	$190,000 (with acquisitions ramping over year)
Capital required (year 1)	$1.4M (3 acquisitions + working capital + ops setup)
Year-3 target portfolio	12 papers, $4.2M revenue, $1.6M net contribution
Year-5 target portfolio	20 papers, $7.5M revenue, $2.8M net contribution

Go-to-Market

Channel 1 — Active acquisition outreach (the primary growth mechanism): targeted outreach to 80 small-town publishers per quarter matching acquisition profile. Cribb Greene + Dirks Van Essen broker relationships. State newspaper association attendance + sponsorship.

Channel 2 — Subscriber retention + revival (per acquired paper): post-acquisition focus on subscriber experience (continuity of editor, quality of community coverage, reliable print delivery), with subscription-acquisition campaigns in the local community (door-to-door, school + church partnerships, local-business sponsorship of free subscriptions).

Channel 3 — Advertiser relationships (per paper): preservation of existing local-advertiser relationships through editor's community presence, plus structured inside-sales support for advertisers willing to consider new placement.

Channel 4 — Civic-notice contract pursuit: active engagement with county and state authorities to preserve and expand civic-notice publishing volume (a regulated revenue stream that requires active relationship maintenance).

Roadmap (first 12 months)

- Month 1-3: Capital raise complete ($1.4M), central ops centre in Austin established, first acquisition closed (~$130k), first 90-day integration playbook executed.

- Month 4-6: Second acquisition closed ($150k), shared production workflow operational, AI-augmentation tools deployed.
- Month 7-9: Third acquisition closed ($175k), shared subscription + billing platform live across all 3 papers.
- Month 10-11: Civic-notice optimisation across all 3 papers, classified-ad-sales process structured.
- Month 12: 3 papers generating $640k annual run-rate revenue, $190k net contribution, foundation for year-2 acquisitions of 4-6 additional papers.

Key Risks

- Civic-notice digital migration: a few states are gradually allowing legal notices to be published online (state websites, government portals) rather than requiring newspaper publication, which would eliminate the structural revenue floor — risk varies by state; mitigated by acquiring papers in states with stable civic-notice statutes (most red and rural states are slow to change this) and by diversifying portfolio across states.
- Editor recruitment difficulty: finding talented local editors willing to live in 5,000-person towns at $45-65k salary is non-trivial; the population willing to do this is shrinking — mitigated by recruiting from retiring-mid-career-journalist pool (40-55 year olds wanting slower life), by remote-editorial-with-monthly-in-town arrangements where the community accepts it, by ESOP and quality-of-life compensation.
- Subscription decline acceleration: the print-subscription base for small-town papers is dominated by 65+ readers; natural attrition is meaningful (3-7%/year) — mitigated by digital-subscription growth (currently small but growing), by family-subscription gifting campaigns, and by recognising that some subscriber decline is unavoidable but offset by cost-side improvements.
- Acquisition-quality risk: some papers look acquirable but have hidden problems (lease obligations, printer contract penalties, defamation suits, civic-notice contracts about to expire) — mitigated by rigorous diligence playbook, by structuring earn-outs or seller financing to align seller incentives.
- Cultural / political sensitivity: small-town communities are sensitive to outside ownership of local institutions; a Texas-based corporate owner of a Iowa weekly may face community skepticism — mitigated by editor-led local presence (the editor is the community face, not the corporate owner), by preserving the paper's editorial independence and local sensibility, by transparent communication about ownership and intent.