This file photo shows copies of The New York Times newspaper displayed for sale at a news stand in Hong Kong. (AP)

NYTimes wins new digital subscribers as ad revenue craters

The New York Times Co.'s digital transformation continued during the second quarter, with its online subscription and ad revenue now exceeding its print revenue, even as the economic aftershocks of the coronavirus pandemic slammed its ad sales.

The company said it was its best quarter ever for new digital subscriptions, with 669,000 new subscribers to its news, cooking and puzzle apps.

It now has 5.7 million digital subscribers and 6.5 million total. It has a goal of 10 million subscribers by 2025.

The Times has successfully built a digital subscription model, but a chasm has emerged between it and local news publishers whose struggles the pandemic has exacerbated. Many news organizations - even digital-only ones without a print newspaper history - have cut pay, furloughed or laid off thousands of workers or even shut down as advertising craters.

It's expanding its business into audio, buying the company behind the popular Serial podcast in July, and in TV and film. For example, film studio Lionsgate, Oprah Winfrey and New York Times journalist Nikole Hannah-Jones are partnering to adapt The Times' "1619 Project," which dealt with the legacy of slavery and racism, for film and TV.

Overall, The Times' net income fell 6% to $23.7 million, or 14 cents per share, in the April-June quarter.

Revenue fell 7.5% to $403.8 million, with digital subscriptions and ads pulling in more for the first time than print: $185.5 million for digital versus $175.4 million from print. (AP)

Business Plus

Negotiations on relief package have bogged down over unrelated issues

Loan program ends, hard-hit businesses hope for 2nd chance

In this file photo, a woman walks past a closed barber shop in Cleveland. Small businesses are in limbo again as the coronavirus outbreak rages and the government's $659 billion relief program draws to a close. Companies still struggling with sharply reduced revenue are wondering if Congress will give them a second chance at the Paycheck Protection Program, which ends on Aug 7, after giving out 5.1 million loans worth $523 billion. (AP)

'At that level only about 45% of restaurants would qualify. A second round of PPP will make or break these restaurants'

By Joyce M. Rosenberg

Small businesses are in limbo again as the coronavirus outbreak rages and the government's $659 billion relief program draws to a close.

Companies still struggling with sharply reduced revenue are wondering if Congress will give them a second chance at the Paycheck Protection Program, which ends Saturday after giving out 5.1 million loans worth $523 billion. While the program that began April 3 has gotten mixed reviews, business owners still need help as the virus continues to spread and hamstring the economy.

"They've exhausted their funds and are looking for a Round Two," says Molly Day, a spokeswoman for the National Small Business Association, an advocacy group.

Congress is debating further help for small business as part of a broader coronavirus relief package. One proposal would allow the hardest-hit businesses, those whose revenue is down over 50%, to return for a second PPP loan; there's still over $100 billion in unclaimed money in the program.

Some businesses are already expressing concerns. For example, the 50% requirement will leave out many small businesses, says Sean Kennedy, an executive vice president at the industry group National Restaurant Association. Many hard-hit groups such as restaurants have managed to keep some revenue flowing in, but still need a financial lifeline.

"At that level only about 45% of restaurants would qualify. A second round of PPP will make or break these restaurants," he says.

At the moment, negotiations on the relief package have bogged down over unrelated issues including unemployment benefits for laid-off workers.

When the PPP was created, the widespread expectation was the pandemic would subside by the summer, businesses would reopen and life would return to some semblance of normality. That's why Congress mandated that businesses use the money within eight weeks or forfeit the chance for loan forgiveness.

Instead, late spring and summer brought a resurgence of the virus in many parts of the country as companies reopened. Many restaurants are either closed again or operating with severe restrictions on the number of diners they can serve. Sales are down at many retailers as customers would rather shop online than take a chance on an in-person visit. And companies that cater weddings or produce corporate events have little or no revenue as gatherings have been canceled, some of them for the rest of this year.

Many businesses spent the PPP money to meet the terms for loan forgiveness, although they would have been better served saving it. (Congress later gave businesses 24 weeks to spend the money, but it was too late for many.) Five months after the pandemic hit the US, they need another loan.

Business is only 25% of normal at Coach's Corner, a restaurant in Elk Grove Village, Illinois, that used to be crowded after Little League and high school football games. A PPP loan helped co-owner Sue Remien hire back her 18 full- and part-time staffers, but when the money ran out, she had to lay six off again. Business is limited by social distancing and unpredictable because many customers are still uneasy about dining out.

"One day is gangbusters – everyone wants to come on a Friday night, then Saturday is nothing. I wonder if I can keep the doors open," she says.

Remien is interested in a second PPP loan, but wants to be able to use the money for expenses besides payroll, rent and insurance — the only costs allowed to be paid for under the original program. She has bills to pay while revenue is down.

While restaurants are among the hardest hit because of their extended shutdowns, other companies were able to get more benefits from the loans.

"There were challenges at the outset but once it go up and running, it really did what it needed to do," says Chris Netram, a vice president at the National Association of Manufacturers, an industry group whose members include thousands of small businesses. But, he noted, many manufacturers need more help.

The loan Jim Kolea got for his truck repair business helped keep 30 staffers working although the trucking industry was hard hit by the pandemic; as manufacturers and retailers shut down, there was less need for trucks and in turn, less need for maintenance.

"Freight definitely declined for some of our customers and therefore we lost about 50% of our business," says Kolea, owner of PennFleet, based in Boothwyn, Pennsylvania. With the economy struggling, Kolea's business is still down, and having spent all his loan money, he's hoping for a second loan.

Yael Krigman didn't have to close her Washington, DC, bakery but sales to hotels, corporate events and parties vanished and the four-month shutdown of the nearby National Zoo cut into revenue from walk-in customers.

Krigman laid off staffers and rehired them when she got a PPP loan, but that money has been spent. She's staying in business because she's changed her product mix, focusing more on comfort foods like bagels, and selling more online.

Still, Baked by Yael's revenue is still sharply lower, and Krigman says, "it's not good, and it's definitely not sustainable."

"If Congress were to allow businesses to get a second PPP loan, I would drop everything and apply immediately," she says. (AP)

Move could cause sticker shock at a time of double-digit unemployment

Samsung's new phones test demand for pricey gadgets

'We know these are challenging times, and people are depending on technology more than ever'

NEW YORK, Aug 8, (AP): Samsung aims to lift its sinking smartphone sales with three new models that will test consumer willingness to buy high-priced gadgets during the worst economic downturn since the Great Depression.

The latest Galaxy phones, unveiled during an online showcase, will cost $1,000 to $1,300. Such prices are have become standard for top-of-the-line phones in recent years. But they might cause sticker shock at a time of double-digit unemployment that could last through at least the end of the year, as the global economy struggles to recover from the coronavirus pandemic.

Samsung is touting the fancy phones, called the Galaxy Note20 and the Note20 Ultra, at a time that Apple is enjoying success with a $399 iPhone released in April. Google is also rolling out a $349 Pixel phone that has many of the same features as its more expensive model. Such phones are intended for buyers who are strapped for cash or unwilling to pay for pricey phones that don't offer big advances over their predecessors.

Samsung also gave a glimpse of its second attempt at a phone with a foldable screen, but said it won't have details on pricing and availability until Sept 1. That phone, called the Z Fold2, is expected to cost in the range of $1,500 to $2,000, based on the price for last year's first-generation model.

"We know these are challenging times, and people are depending on technology more than ever," said TM Roh, president of Samsung's mobile communications arm. He joked that the new phones will help people "play harder when maybe they should be working harder," a reference to the millions of people now doing their jobs at home.

This photo provided by Samsung shows the Galaxy Note20 Ultra, from Samsung. Samsung aims to lift sinking smartphone sales with two new models that will test consumers' willingness to buy high-priced gadgets during the worst economic downturn since the Great Depression. (AP)

Samsung is already struggling with an unsettling downturn. Its smartphone shipments plunged 29% from last year in the April-June quarter, according to the research firm International Data Corp. That drop helped China's Huawei at least temporarily surpass Samsung as the world's top seller of smartphones while Apple remained in third place – although the cheaper iPhone SE did boost Apple's market share, IDC said.

Like other phone manufacturers, Samsung is hoping that a transition to new ultrafast "5G" wireless networks will drive demand for new phones; its latest models are 5G-compatible. In other respects, however, smartphone innovation has largely stalled, a trend that predated the pandemic shock.

The upcoming foldable phone, meanwhile, is something of a do-over for Samsung. The Z Fold2 has a front display screen so it can be carried around like a phone with an interior screen that can be opened up so it can be used like a mini-tablet, depending on what a user needs at the time.

But Samsung's first foldable phone last year turned out to be a flop, partly because it proved fragile even after the company delayed its release by several months in an effort to deal with the problem.

Samsung is promises that the Z Fold2 will far more durable because it will have ultra-thin glass and tougher hinges for unfolding the device.

Consumer response to these phones might foreshadow demand for the next wave of iPhones. Apple has indicated those will come out in October, a few weeks later than usual because of manufacturing delays caused by the pandemic. The next generation of iPhones are expected to cost in the $700 to $1,200 range.

Samsung also announced its next generation tablet, smartwatch and wireless earbuds.

A technology research firm says Huawei has overtaken Samsung to become the world's biggest smartphone seller, as its home market in China emerged from the coronavirus pandemic better off than other economies.

Analysts at Canalys said that Huawei shipped 55.8 million devices in the second quarter of 2020.

While the figure was down 5% compared with a year ago, it was a smaller decline than rival Samsung, which saw smartphone sales slide 30% to 53.7 million.

Huawei still faces U.S. government sanctions restricting its international business, but it has come to dominate its domestic Chinese market, said Canalys, which estimated that the company's shipments in China rose 8% in the April-June period. Mainland China now accounts for 70% of Huawei's total smartphone sales, it said.

"If it wasn't for COVID-19, it wouldn't have happened," Senior Analyst Ben Stanton said. "Huawei has taken full advantage of the Chinese economic recovery to reignite its smartphone business." He noted that Samsung has a tiny market share in China, while the South Korean company's core markets, including the U.S., Europe, Brazil and India, have been ravaged by virus outbreaks and lockdowns.

Sanctions aimed at crippling Huawei are part of a broader global battle between the U.S. and China over technology and trade. The restrictions mean Huawei phones now face a distinct disadvantage outside China because they can only run a stripped-down open source version of Google's Android operating system and don't come with the U.S. search giant's apps like Chrome, YouTube, and Google Maps. Users also have to download apps through Huawei's own app store, not the Google Play store.

In China, popular homegrown apps for services like shopping and messaging help fill that gap.

Huawei might not be able to hold on to the top spot as the global economy recovers, because wireless carriers are increasingly wary of its devices, the firm said.

Huawei phones are popular in Europe and Asia but little known in the U.S., where the company's telecom switching gear has been effectively blocked for years over fears it could be used for spying by China's communist leaders.