Overview

What now?

Inside news companies, the most immediate concern is how much revenue lost in recession the industry will regain as the economy improves.

Whatever the answers, the future of news ultimately rests on more long-term concerns: What are the prospects for alternative journalism organizations that are forming around the country? Will traditional media adapt and innovate amid continuing pressures to thin their ranks?

And with growing evidence that conventional advertising online will never sustain the industry, what progress is being made to find new revenue for financing the gathering and reporting of news?

The numbers for 2009 reveal just how urgent these questions are becoming. Newspapers, including online, saw ad revenue fall 26% during the year, which brings the total loss over the last three years to 41%.

Local television ad revenue fell 24% in 2009, triple the decline the year before. Radio was off 18%. Magazine ad pages dropped 19%, network TV 7% (and news alone probably more). Online ad revenue over all fell about 5%, and revenue to news sites most likely also fared much worse.

Only cable news among the commercial news sectors did not suffer declining revenue last year.

The estimates for what happens after the economy rebounds vary and even then are only guesses. The market research and investment banking firm Veronis Suhler Stevenson projects that by 2013, after the economic recovery, three elements of old media — newspapers, radio and magazines — will take in 41% less in ad revenues than they did in 2006.

For newspapers, which still provide the largest share of reportorial journalism in the United States, the metaphor that comes to mind is sand in an hourglass. The shrinking money left in print, which still provides 90% of the industry's funds, is the amount of time left to invent new revenue models online. The industry must find a new model before that money runs out.

The losses are already enormous. To quantify the impact, with colleague Rick Edmonds of the Poynter Institute we estimate that the newspaper industry has lost $1.6 billion in annual reporting and editing capacity since 2000, or roughly 30%. That leaves an estimated $4.4 billion remaining. Even if the economy improves we predict more cuts in 2010.
Network news division resources are likely down from their peak in the late 1980s by more than half — which amounts to hundreds of millions of dollars — and new rounds of cuts came in the last 12 months. Local television is harder to gauge, but one estimate puts the losses in the last two years at over 1,600 jobs, or roughly 6%. Staffing at the Time and Newsweek since 1983 is down by 47%.1

So what about the new-media experiments growing around the country? There are certainly exciting things happening, from former journalists creating specialty news sites and community sites, to citizens covering neighborhoods, to local blogs and social media.

In 2009 Twitter and other social media emerged as powerful tools for disseminating information and mobilizing citizens such as evading the censors in Iran and communicating from the earthquake disaster zone in Haiti. The majority of Internet users (59%) now use some kind of social media, including Twitter, blogging and networking sites, according to a new PEJ/Pew Internet & American Life survey.

Citizen journalism at the local level is expanding rapidly and brimming with innovation. This year’s report includes a new study of 60 of the most highly regarded sites. The prospects for assembling sufficient economies of scale, audience and authority may be most promising at specialized national and international sites — efforts like ProPublica, Kaiser Health News and Global Post.

For all the invention and energy, however, the scale of these new efforts still amounts to a small fraction of what has been lost. While not all of the blogs and citizen efforts can be quantified, J-Lab, a project led by Jan Schaffer that studies new media, estimates that roughly $141 million of nonprofit money has flowed into new-media efforts over the last four years (not including public broadcasting). That is less than one-tenth of the losses in newspaper resources alone.

Michael Schudson, the sociologist of journalism at Columbia University, sees the promise of "a better array of public informational resources emerging. " This new ecosystem will include different “styles” of journalism, a mix of professional and amateur approaches and different economic models — commercial, nonprofit, public and “university-fueled.”

Clay Shirky of New York University has suggested that the loss of news people is a predictable and perhaps temporary gap in the process of creative destruction. “The old stuff gets broken faster than the new stuff is put in its place,” he has written.

There is something important in these notions. As Schudson notes, the news industry became more professional, skeptical and ethical beginning in the 1960s. Many journalists think that sense of public good has been overtaken by a focus on efficiency and profit since the 1990s. In the collapse of those ownership structures, there is some rebirth of community connection and public motive in news.

Yet the energy and promise here cannot escape the question of resources. Unless some system of financing the production of content is developed, it is difficult to see how reportorial journalism will not continue to shrink, regardless of the potential tools offered by technology.

And as we enter 2010 there is little evidence that journalism online has found a sustaining revenue model. A new survey on online economics, released in this report for the first time, finds that 79% of online news consumers say they rarely if ever have clicked on an online ad.
There was certainly more talk of alternative approaches to advertising in the last year. Entrepreneur Steve Brill and others launched JournalismOnline.com, which offers news sites a mechanism for charging, but at this point it is more a possibility than a business reality. Rupert Murdoch announced discussions with Microsoft about higher payments for searching his content and insisted that everything his company produces would go behind pay walls. Columbia University produced a report that explored nonprofit and public funding sourcing and assessed the state of startup new media. The New York Times announced it was giving itself a year to figure out a way to charge for content to “get it really really right.” And more new-media startups were planned, a growing sign that as old media continues to shrink, the ecosystem is changing and some things are growing.

But if a new model is to be found it is hardly clear what it will be. Our survey, produced with the Pew Internet & American Life Project, finds that only about a third of Americans (35%) have a news destination online they would call a “favorite,” and even among these users only 19% said they would continue to visit if that site put up a pay wall.

In the meantime, perhaps one concept identifies most clearly what is going on in journalism: Most news organizations — new or old — are becoming niche operations, more specific in focus, brand and appeal and narrower, necessarily, in ambition.

Old media are trying to imagine the new smaller newsroom of the future in the relic of their old ones. New media are imagining the new newsroom from a blank slate.

Among the critical questions all this will pose: Is there some collaborative model that would allow citizens and journalists to have the best of both worlds and add more capacity here? What ethical values about news will settle in at these sites? Will legacy and new media continue to cooperate more, sharing stories and pooling resources, and if they do, how can one operation vouch for the fairness and accuracy of something they did not produce?

The year ahead will not settle any of these. But the urgency of these questions will become more pronounced. And ultimately the players may be quite different.

“I think the answer may come from places staffed by young people who understand the new technology and its potential and who have a passion for journalism,” said Larry Jinks, the highly regarded former editor and publisher who transformed the San Jose Mercury News a generation ago and who still sits on the board of the McClatchy Company.

**Major Trends**

In past years we have tried to identify major trends emerging in the coming year, and many of those still apply now. For 2010, we want to emphasize six points.

As we learn more about both web economics and consumer behavior, the unbundling of news seems increasingly central to journalism’s future. The old model of journalism involved news organizations taking revenue from one social transaction — the selling of real estate, cars and groceries or job hunting, for example, — and using it to monitor civic life — covering city councils and zoning commissions and conducting watchdog investigations. Editors assembled a wide range of news, but the popularity of each story was subordinate to the value, and the aggregate audience, of the whole. And the value of the story might be found in its consequence rather than its popularity. That model is breaking down. Online, it is becoming increasingly clear, consumers are not seeking out news organizations for their full news agenda. They are hunting the news by topic and by event and grazing across multiple outlets. This is changing both the finances and the culture of newsrooms. When revenue is more closely tied to each story, what is the rationale for covering civic
news that is consequential but has only limited interest? The data also are beginning to show a shift away from interest in local news toward more national and international topics as people have more access to such information, which may have other effects on local dynamics.

The future of New and Old Media are more tied together than some may think. A new multi-university study released in this report finds that even the best new-media sites in the country still have limited ability to produce content. No doubt they will evolve. Yet their reportorial capacity ultimately still will depend on finding a revenue model far larger than what exists today or than is projected to come from conventional online advertising. While there are some competing values and different reportorial cultures, in the end new and old media face the same dilemma and may be much more aligned in their search for revenue than many have thought. In some cases, there will be formal alliances or networks of new and old media. One concept that will get more attention is collaborations of old media and citizens in what some call a “pro-am” (professional and amateur) model for news. Yet how traditional news organizations cope with such partnerships, the rules for what is acceptable and what is not, remain largely uncharted.

The notion that the news media are shrinking is mistaken. Reportorial journalism is getting smaller, but the commentary and discussion aspect of media, which adds analysis, passion and agenda shaping, is growing — in cable, radio, social media, blogs and elsewhere. For all the robust activity there, however, the numbers still suggest that these new media are largely filled with debate dependent on the shrinking base of reporting that began in the old media. Our ongoing analysis of more than a million blogs and social media sites, for instance, finds that 80% of the links are to U.S. legacy media. The only old media sector with growing audience numbers is cable, a place where the lion’s share of resources are spent on opinionated hosts. One result may be the rising numbers in polling data that show 72% of Americans feel now most news sources are biased in their coverage and 70% feel overwhelmed rather than informed by the amount of news and information they see. Quantitatively, argument rather than expanding information is the growing share of media people are exposed to today.

Technology is further shifting power to newsmakers, and the newest way is through their ability to control the initial accounts of events. For now at least, digital technology is shifting more emphasis and resources toward breaking news. Shrinking newsrooms are asking their remaining ranks to produce first accounts more quickly and feed multiple platforms. This is focusing more time on disseminating information and somewhat less on gathering it, making news people more reactive and less proactive. It is also leading to a phenomenon in which the first account from newsmakers — their press conferences and press releases — make their way to the public often in a less vetted form, sometimes close to verbatim. Those first accounts, sculpted by official sources, then can rapidly spread more widely now through the power of the Web to disseminate, gaining a velocity they once lacked. That is followed quickly by commentary. What is squeezed is the supplemental reporting that would unearth more facts and context about events. We saw this clearly in a study of news in Baltimore, but it is reinforced in discussions with news people. While technology makes it easier for citizens to participate, it is also giving newsmakers more influence over the first impression the public receives.

The ranks of self-interested information providers are now growing rapidly and news organizations must define their relationship to them. As newsrooms get smaller, the range of non-journalistic players entering the information and news field is growing rapidly. The ranks include companies, think tanks, activists, government and partisans. Some are institutions frustrated by the shrinking space in conventional media and the absence of knowledgeable specialists to cover their subjects. Others are partisans and political interests trying to exploit a perceived opportunity in journalism’s contraction. There are varying degrees of transparency in these efforts about the financing and intentions. Some are quite clear. Others present themselves as purely journalistic and independent when in fact they are funded by political activists,
yet only by digging and cross-referencing websites can the agenda and financing be divined. In an age where linking and aggregation are part of journalism, news organizations must decide how they want to interact with this growing cohort of self-interested information players. Will they pick up this material and disseminate it? Can they possibly police it? Can they afford to ignore it? The only certainty is that these new players are increasingly vying for the public’s and the media’s attention, and their resources, in contrast to that of traditional independent journalism, are growing.

When it comes to audience numbers online, traditional media content still prevails, which means the cutbacks in old media heavily impact what the public is learning through the new. An analysis in this year’s report of online audience behavior, extrapolated from Nielsen Net Ratings data, finds that 80% of the traffic to news and information sites is concentrated at the top 7% of sites. The vast majority of the top news sites (67%), moreover, are still tied to legacy media financed largely by their shrinking end of the business. New media are growing, but their ranks among the most trafficked sites are still small. Another 13% of these news sites are aggregators, whose content is derived from legacy media. Only 14% of these sites are online-only operations that produce mostly original reportorial content rather than commentary. In short, the cutbacks in old media are drastically affecting not only traditional media but still significantly impact online content as well.

**Key Findings**

**Audience**

For the third consecutive year, only digital and cable news saw audiences grow among the key sectors that deliver news.

In cable in 2009, those gains were largely captured by one network, Fox, though during the day, a breaking-news time, CNN also gained viewers.

What’s more, the data continue to suggest a clear pattern in how Americans gravitate for news: people are increasingly “on demand” consumers, seeking platforms where they can get the news they want when they want it from a variety of sources rather than have to come at appointed times and to one news organization.

Online, an analysis of the list of Nielsen Net Ratings list of 4,600 news and information sites saw the collected number of unique visitors grow 9.25%, according to a PEJ analysis. But on that list the top sites tend to dominate. Of the 4,600 sites, the top 7% collect 80% of the traffic. And the top 20 sites attract the majority of that. Legacy media still make up the majority of the most popular destinations, although each year newly created websites are joining the list. Of the news sites with a half million visitors a month (or the top 199 news sites once consulting, government and information data bases are removed), 67% are from legacy media, most of them (48%) newspapers. And most people graze though among a limited number of sites. A new Pew Internet-PEJ survey finds only 21% say they tend to rely primarily on one destination for news online; only a third even say they have a favorite website. But these online news grazers do not range far. Most people, 57%, range from using two –to five websites, and only 11% use more than six.

The gains to cable news generated in the election of 2008 proved more ephemeral for some than others. Over all, median prime-time viewership for the three main news channels grew 7% to 3.88 million, while daytime rose 16% to 2.16 million. But those overall numbers are deceptive. At night, when cable is dominated by ideological talk shows, Fox grew by nearly a quarter to an average of 2.13 million viewers at any given moment. MSNBC rose 3% to 786,000, while CNN fell 15% to 891,000 viewers. In daytime, CNN was up 9% over 2008 to an average of 621,000 viewers. But Fox daytime viewership grew again by almost a quarter, to roughly twice CNN’s audience (1.2 million viewers). MSNBC, relying on NBC news people more than talk show hosts, fell 8% to 325,000 viewers.
Network news audiences in 2009, by contrast, continued their long decline. For the evening news programs, the rate of erosion appears to be slowing. Viewership for the year fell 2.5% (or 565,000 viewers), but that is about half the number of viewers on average lost annually in the evening over the last two decades. (The NBC Evening News actually gained viewers in 2009, while ABC’s World News Tonight lost the most heavily.) Still, overall, 22.3 million viewers tune in to network evening newscasts each weeknight at the dinner hour. That is more than five times the number watching cable news at any given moment during prime time, when more TV sets are in use. In the morning, 12.8 million people watch network morning shows. That figure, however, is down 2.4% from 2008, and marks the fifth year of decline.

Audio audiences are more stable. Fully 236 million Americans listened to at least some radio in an average week in the fall of 2009, a number that has been basically static for the past five years, and news/talk/information remains among the most popular formats. NPR’s audience in 2009 rose slightly, up 0.1%, from 2008. But new technology is encroaching on the amount of traditional radio use. More than 4—in 10 Americans now say they listen to less terrestrial radio due to iPod/MP3 use, and nearly 1 in 3 now say they listen to online radio.
The magazine industry is also hard hit. Of the 472 consumer magazines for which comparable data were available from the Audit Bureau of Circulations, circulation fell 2.23% for the last six months of 2009 compared with the same period a year earlier. But the type of circulation that cannot be controlled through promotional discounts — single-copy, or newsstand, sales — fell 9%, on top of 11% a year earlier. Six news magazines tracked here, excluding U.S. News & World Report after its conversion to monthly, fell 8.2%.

In ethnic media, the results were again mixed. The two major Hispanic television broadcasters saw audience growth. While some Spanish-language newspapers were flat, others fell and some smaller publications flourished. The black press also saw circulation numbers moving in various directions.

Economics

In 2009, the recession only intensified the financial crisis that technology has brought to the news business. Every commercial news media sector saw revenue declines except for cable. Ad revenues were particularly hard hit. If estimates by ZenithOptimedia prove accurate, total U.S. ad spending fell 12.9% for the year, the sharpest drop since the Great Depression, although most news sectors saw declines close to double that.

In newspapers, ad revenue (for print and online combined) fell 26%, a rate of decline that was more than 50% steeper than a year earlier (16%). Even online ads fell, 10%, a far cry from the 35% growth rates of a few years ago. Papers responded by raising circulation prices, figuring the core audience would remain. With those numbers added in, total revenue for newspapers fell about 22% to a total of $38 billion.

In audio, traditional broadcast radio experienced an 18% drop in ad revenue in 2009 compared to 2008. Internet and mobile radio revenues are growing (a projected 9.4%), but they do little to alleviate the pressure – counting for less than one fortieth of total. In satellite radio, SiriusXM in 2009 increased its revenue 3.7%, compared with a year earlier, to 2.5 billion compared to 2008. The company, however, both before and after the merger, has continued to report net losses in each of the last three years. In 2009 SiriusXM posted a net loss of $441 million.

In magazines, the number of ad pages sold across all titles studied fell by 26% in 2009, more than double the decline of a year earlier (12%). Almost every magazine suffered. Only 8% of the nearly 250 titles monitored saw an increase in ad pages. Among news magazines, the larger ones were hard hit. Time and Newsweek, for instance, saw ad pages fall 17% and 26% respectively. Niche news magazines examined tended to do better, though even here, the only one to gain ad pages was the Week, up 9.5%.
In local television, after an unprecedented ad revenue downturn for an election-Olympics year in 2008, declines accelerated in 2009. Ad revenue fell 24% from the year before. Most analysts predict a better 2010, buoyed by economic recovery, a Supreme Court decision overturning limits on campaign spending and a midterm election year. But those numbers will be pressured still by continuing declines in audience numbers and a wider range of advertising options.

Cable remained the outlier in 2009. Overall revenues for the three major players rose an estimated 5% thanks to subscription fees and audience growth. Ad revenue was flat, up less than 1%, but profits rose 9%. The channels' particulars are more revealing. Fox saw profits grow 19% to $535 million on revenue growth of 14% to $1.21 billion, according to data from SNL Kagan. CNN and its sibling HLN saw profits rise 1% to $476 million on revenues that were down 1% to $1.18 billion. At MSNBC, profits rose 1% to $150 million, on revenues that were similar, up less than 1% to $368 million.

Online, advertising during the year declined for the first time since 2002, according to data from eMarketer. The firm's updated August projections called for online ad spending to fall 4.6% to $22.4 billion. But some categories fared better than others. Search, which flows mostly to aggregators like Google, was projected to grow to 3% in 2009 to $10.8 billion, and by the end of the year, nearly half (48%) of the total online ad market was expected to be in search. But display advertising revenue, which news sites rely on, was expected to fall 2% to $4.8 billion. Even here, news does not get the greatest portion of revenue. Aggregators and internet service providers take in 28%. Newspaper websites get 5%, and other news and current-event sites less than 3%. Television websites, which include both news and entertainment material, get 6%. Another key ad category for news online, classified, is eroding in the face of free classifieds from places like Craigslist. Classified revenue was projected to plummet 31% to $2.2 billion in 2009. Accounting for 17% of online ad spending in 2003, classified are now just 9%.
Network news economics are harder to divine, but PEJ estimates that the three news divisions saw revenue declines in 2009, probably in double digits. Network ad revenue fell 7% over all. NBC now derives more than half of its news revenues from cable, and its single most important financial contributor is its financial cable news channel CNBC. PEJ estimates that CBS News did not turn a profit, and ABC managed to do so with cutbacks in 2009 and again in early 2010.

Ethnic media had a difficult year, although not as bad as some other quarters. For the 12 months ending June 2009, ad revenue for Spanish-language media fell by 6.3%, to $5.5 billion, according to estimates by Nielsen Media Research. But some segments fared better than others, and better their mainstream counterparts. Spanish-language television ad revenue, for instance, fell by just 2%, according to Nielsen data, compared with 8.3% for all television. Advertising revenue for local Hispanic newspapers fell to $88.6 million, or 20.3%, not quite as much as newspapers over all. Ad revenue to national Hispanic magazines fell by 17.5% to $146.7 million. Other ethnic media also had some bright spots. Black television ad revenue, for instance, rose 6.7%.

Online Economic Survey

A new survey by PEJ and Pew Internet and American Life Project finds a tough market for building economics on the Web.

The findings suggest there is a difficult hill to climb in putting content behind a pay wall. Most people graze the Web for news rather than rely on primary sources. Only about a third (35%) can even identify a favorite news website. And of those that do, only 19% said they would continue to visit if that site put up a pay wall.

The prospects for growth in conventional display advertising also look difficult. The vast majority of Internet users, 79%, say they never or rarely had clicked on an online advertisement. They don’t mind them. They simply ignore them.

News Investment

Newspaper staffs continued to shrink in 2009. We estimate with colleague Rick Edmonds that by year’s end 5,900 more full-time newsroom jobs were lost, disproportionately at larger papers, on top of a similar number in 2008. Roughly a third of the newsroom jobs in American newspapers in 2001 are now gone, and those cuts come particularly in specialty beats like science and the arts, suburban government and statehouse coverage.

In network television, the roster of journalists also continues to shrink. ABC News instituted three sets of cuts in the past year, NBC reportedly two, and CBS announced a big round in early 2010. We estimate that network news staffs had already been cut by roughly half from their peak in the 1980s.

At news magazines, the cutting continued as the publications moved farther, although not entirely, toward opinion journalism. Time’s ranks fell 20% more in 2009. U.S. News & World Report, in converting to a monthly print periodical, reduced its news staff by 38%. Newsweek cut about 9%. But the numbers over time reveal more. Time’s staff of 147 is less than half of the 304 it listed in 2003. Newsweek’s 150 is 15% less than the 176 in 2003, and 57% less than the 348 it listed in 1983.

Again, only cable, thanks largely to its reliance on subscriptions for half of its revenue, could claim more overall investment in newsgathering in 2009 than the year before, though those aggregate numbers are not true across the board. Fox News Channel’s estimated investment in news was up 10% to $674 million. Fox, however, spends 72% of
that on producing its host-driven programs, including multimillion-dollar salaries. Only 28% goes to administrative and overhead costs, which include staffing and bureaus. That number, $188 million, is less than half of what is spent by CNN and HLN. Those two channel’s overall news investment fell for the first time in years in 2009, down 2.5% to $703.4 million. MSNBC, whose newsgathering is mostly borrowed from sibling NBC, was expected to spend roughly the same amount on newsgathering in 2009 as a year earlier, $218 million.

In local TV news, PEJ estimated that about 450 jobs were lost at stations in 2009, on top of 1,200 jobs lost in 2008. Despite staff reductions, the average amount of news increased to 4.6 hours, from 4.1 hours the previous year. Researcher Robert Papper estimates that local TV newsroom staffing peaked in 2007.

In audio, news plays an unusual role. The number of stations identified by Arbitron as news/talk/information rose in 2009 to 1,583, up from 1,533 in 2008. This category is broadly defined and includes a large amount of talk programming. But all-news stations make up a much smaller category. In 2009, there were just 27 commercial stations around the country that listed themselves as all news, down from 31 the year before. And even here the label is self-defined and may include talk or other less news-oriented programs. In commercial radio, local all-news stations now tend to be limited to only the largest markets.

Ownership

Perhaps the biggest news in media ownership in 2009 was the pending sale by General Electric and Vivendi of NBC Universal to the cable company Comcast. The sale includes NBC’s broadcast network, cable channels and company-owned local TV stations. This was the largest media merger since the combination of AOL and Time Warner in 2000, a union that since has broken apart. The $37 billion NBC deal, which is subject to approval by the Federal Communications Commission and the Justice Department, may not be completed until 2011.

Few newspapers (14) changed hands in 2009, and those that did were in special circumstances, often bankruptcy. On the other hand, the notion that newspapers in large numbers were going out of business was not true. In all only a half-dozen ceased to exist or cut back on daily print publication in 2009, and most of those were among the few remaining second papers in their markets. A number of companies, due to debt obligations, went into some form of bankruptcy and some passed to private equity owners, but newspaper stocks were up from their rock bottom prices of 2008.

In magazines, 41 acquisitions were made in 2009, compared with 42 a year earlier, according to tracking by the Jordan, Edmiston Group. One of the higher-profile sales of the year was Bloomberg’s purchase of BusinessWeek from McGraw-Hill in a deal reported to include $5 million in cash and the assumption of $31.9 million in debt. In another significant acquisition, the Economist Group purchased Congressional Quarterly from the Times Publishing Co., the owner of the St. Petersburg Times. Times Publishing is owned by the Poynter Institute.

In local TV, the ownership landscape was also difficult and transactions limited. A few station owners sought bankruptcy protection and still others showed signs of trouble. Station sales transactions were up in 2009, both in number and dollar value, although most of that activity was the result of bankruptcy auctions or sales of distressed properties. According to one accounting, there were 76 station transactions in 2009, with a total value of $715 million. This compared with 46 in all of 2008 for a value of $537 million. Investors had trouble getting credit for acquisitions and station values were down throughout 2009.
The cable figure is based on PEJ’s analysis of Nielsen Media Research data. It represents the combined median total day viewership (individuals 2 and older) of CNN, MSNBC and Fox News. The online figure is based on PEJ’s analysis of Nielsen Online figures from Nielsen’s NetView Tool. It represents average unique visitors to sites in Nielsen’s News and Information category from 2008 and 2009. The network figure is based on PEJ’s analysis of Nielsen Media Research data. It represents the mean evening news viewership (individuals 2 and older) of NBC, CBS and ABC. The local TV figure is based on PEJ’s analysis of Nielsen Media Research data. It represents the mean evening news viewership (individuals over the age of 2) for ABC, CBS, Fox and NBC affiliates. The magazine figure is based PEJ’s analysis of circulation data provided by the Audit Bureau of Circulations. It represents the average circulation for the six months ending December 31, 2009, compared to the same period of 2008, for six news magazines studied by PEJ: Time, Newsweek, The Economist, The Atlantic, The Week, and the New Yorker. The newspaper figure is based on circulation data provided by the Audit Bureau of Circulations. It represents average circulation for 400 U.S. newspapers during a six-month period ending September 30, 2009, compared to the same period a year earlier.

Cable figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2008 and 2009, provided by SNL Kagan, a division of SNL Financial LLC. Online figures are total online display ad revenues, from January to September 2009, compared with the same period in 2008, provided by eMarketer. Network figures are based on revenue estimates for network television ads from January to September 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising. Radio figures are based on AM/FM advertising revenues from January 2009 to January 2010, compared with the same period in 2008-2009, provided by the Radio Advertising Bureau. Magazine figures are based on ad pages sold – not revenue – provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. Newspaper estimates are derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association. Local TV figures are based on revenue estimates for local and national spot advertising on local TV from January to September 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising.

Authors Note

This report each year attempts to analyze the major sectors of the news media in depth and to look across those different elements of the news media to see broader trends.

For each of the nine sectors studied, we examine developments in five different distinct areas—audience, economics, newsroom investment, ownership and digital journalism—and, often, alternative outlets as well. We aggregate as much publicly available data as possible in one place and include original content analysis. In addition to numerous new charts of data, most compilations from earlier reports are updated and still available.

Our goal is to be a resource for the public, journalists, students, academics, those in government and those who want to use the news culture to communicate. People can approach the material in this report in several ways. They can go directly to the medium about which they are most concerned — say, local television news — and drive vertically through it. Or they can focus on a particular issue — audience trends, for example — and move horizontally across different media sectors. They can move across the introductory overviews of each sector. They can flip back and forth between our narrative and the interactive charts. And this year, they can interact with the data themselves through our two new interactive databases, answering their own questions, in effect creating their own reports.

Our desire in this study is to answer questions we imagine any reader would find important, to help clarify the strengths and weaknesses of the available data, and to identify what is not yet answerable.
The study is the work of the Pew Research Center’s Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project’s staff, with the exception of the chapters on newspapers and online, which were co-authored. All of the chapters also benefit from the input of teams of readers who are experts in each media sector.

Our aim is a research report, not an argument. Where the facts are clear, we hope we have not shied from explaining what they reveal, making clear what is proved and what is only suggested. We hope that we are not seen as taking sides. Our intention is to inform, not to persuade, and where we interpret data to draw conclusions, our goal is to do so in a way that is fully supported by the data, and only when those data are clear.

We have tried to be as transparent as possible about sources and methods, and to make it clear when we are laying out data and when we have moved into analysis of it. We have attempted, to the best of our ability and within the limits of time, to seek out multiple sources of information for comparison where they exist. Each year we hope to gather more sources, improve our understanding and refine our methodology.

Our approach — looking at a set of questions across various media — differs from the conventional way in which American journalism is analyzed, one medium at a time. We have tried to identify cross-media trends and to gather in one place data that are usually scattered across different sites. We hope this will allow us and others to make comparisons and develop insights that otherwise would be difficult to see.

Press Alert

Press Alert

Declines in News Audience, Revenue, Reporting —
And A Grim Picture for Economic Models for Online News

March 15, 2010—The losses suffered in traditional news gathering in the last year were so severe that by any accounting they overwhelm the innovations in the world of news and journalism, according to a new report from the Pew Research Center’s Project for Excellence in Journalism.

There is tremendous energy in efforts around the country to do journalism in the digital age, PEJ’s State of the News Media 2010 finds, and many of these efforts are bringing a renewed sense of public mission to the news.

But the cutbacks in traditional media dominate. Newspapers now spend $1.6 billion less annually on reporting and editing than they did a decade ago, the report estimates. Network TV is down by hundreds of millions since their peak in the 1980s. Local TV newsrooms are cutting too, down 6% in the last two years, some 1,600 jobs. Only cable news, among the commercial news sectors, did not suffer declining revenue and layoffs last year.

By comparison, the non-profit contributions flowing to these new media efforts since 2006 amount to about $141 million, according to estimates by the group J-Lab. While that number does not include the many efforts that are operating without grants or are coming from legacy media, it offers some sense of scale.

“Last year was significantly harder on the news industry even than 2008, and the report predicts still more cutbacks in 2010, even with an improving economy,” PEJ Director Tom Rosenstiel said. “And while there is more discussion of
alternative ways of financing the news, there is not yet much concrete progress."

Three questions now drive discussions about the future of journalism: How much lost revenue might come back as the economy improves? How much journalistic potential exists in alternative new media operations? And what progress was made in new revenue models online? The answers are not yet all that promising, according to the comprehensive study of the State of the News Media, the seventh in a series of annual efforts by PEJ to take stock of the revolution occurring in news and information in the United States.

Among the study’s key findings:

Grim revenue numbers in 2009: Newspapers saw ad revenue fall 26%, while local television saw a 22% drop in 2009 — triple the decline the year before. Radio was down 22%; magazine, 17%; network TV, 8%. Online ad revenue overall fell about 5%. Cable news was the lone commercial news sector to be spared a drop in revenue. Nearly half of the 37 publicly traded media companies for which there are current data lost money in 2009, according to PEJ’s analysis of media ownership and industry data.

Online news consumers resistant to ads and “pay walls.” Fully 79% of online news consumers say they have never or only rarely clicked on an online ad, according to a new survey included in this year’s State of the News Media report that examines the potential for online revenue models. The prospects for “pay walls” are daunting as well: only 35% of online news consumers can identify a “favorite” news website, and of this most likely group that might pay for the content, only 19% said they would continue to visit the favorite site if they had to pay for it.

Top news sites garner most traffic. Of the 4,600 news sites Nielsen tracks, the top 7% get 80% of the traffic, according to a new analysis of news web sites based on Nielsen NetRatings data. Of the top 200 news sites, legacy media are heavily represented, accounting for 67%. Another 13% are aggregators, such as Google News, primarily of legacy content, while 14% are online-only sites that produce original content. The average visit to an online news site is three minutes and four seconds long, but a visit to the New York Times website averages more than a minute longer than a visit to an aggregator site. And contrary to what some might expect about consumers engaging more closely with their favorite topics, people spend about half as much time per month on niche news sites as they do on those focused on general interest news.

A broad range in content and depth in community journalism. A new study of community journalism sites finds that the best sites can vary widely in their values and norms — even among those run by former journalists. Highly regarded sites produce more new content than community sites overall, but they are still limited in capacity. Only 43% of the sites were likely to produce a new piece of lead content each day. Fewer than a third of these select sites allowed citizens to post news or feature stories, information about community events or photographs. Just 2% allowed videos to be uploaded.

Most sectors have seen continued audience declines. For the third consecutive year, only digital and cable news saw audiences grow among the key sectors that deliver news. In cable in 2009, those gains were largely captured by one network, Fox; though during the day, a breaking-news time, CNN also gained viewers. Local TV news, which surveys show Americans most rely on for news, is now seeing audience declines beyond those in network news — and they are across all day parts and all metrics, according to PEJ’s analysis of audience data.

The economy and health care topped the 2009 mainstream news agenda. While PEJ’s analysis of the Year in the News finds the economy was the top story of 2009, in the second half of the year it was outdistanced by the health care debate.
— and that was led by talk radio and cable news. In the third quarter, talk radio devoted 41.9% of its time to health care. Cable news spent 29.8% of its time on the subject. Meanwhile, bloggers and social media often had a different news agenda. The top linked-to news story among bloggers matched the top story in the mainstream press just 13 out of 47 weeks studied. On Twitter, the top story was even less likely to be the same — just four of the 27 weeks studied, or less than one-sixth of the time. But the traditional media play a large role in the blogosphere. American legacy outlets like newspapers and broadcast networks accounted for 80% of all linked-to stories on blogs.

In addition to these findings, PEJ’s 2010 State of the News Media report analyzes the state of each of the major media sectors and includes two new special interactive features.

The Who Owns the News Media database, which allows users to compare companies by various indicators, explore each media sector and read profiles of individual companies

Year in the News Interactive, which allows users nearly to explore PEJ’s comprehensive content analysis of media performance based on 68,000 stories from 2009

The report is the work of the Pew Research Center’s Project for Excellence in Journalism, a nonpolitical, nonpartisan research institute. The study is funded by The Pew Charitable Trusts and was produced with the help of a number of collaborators, including Rick Edmonds of the Poynter Institute and a host of industry readers.

A PDF of the complete executive summary can be found at the end of the document.

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Special Reports – Economic Attitudes

Economic Attitudes

The biggest question facing online journalism today is how to pay for it. With revenue declining both online and in legacy platforms, news organizations say they are intensifying the search for new models. What kind of new advertising options are out there? How will users respond? And would consumers in the marketplace accept pay walls?

To learn more, PEJ and the Pew Research Center’s Internet & American Life Project collaborated on a national phone survey in January 2010 to explore consumers’ willingness to pay for news online and their attitudes and behavior in response to online advertising. (A separate section of the report examines the models themselves.)

Over all, the evidence suggests the outlook is difficult both for pay walls and for online display advertising. While most people have not been asked to pay for content, even among the most avid news consumers online, only about one in five at this point say they would be willing to pay, and this does not include less voracious news consumers. At the same time, the vast majority of those online, 8 out of 10, say they basically ignore online ads.

In short, a good deal must change, the data suggests, before the digital age will begin to sustain itself.

Pay Walls

About 71% of internet users, or 53% of all American adults, get news online today, a number that has held relatively steady in recent years.

Most of these online news consumers graze across multiple sites without having a primary one that they rely on. Only 35% of online news consumers have a favorite site.

To put it another way, 65% of online news consumers do not have a site that is so important to them that it stands out in their minds above all other sites they visit.

The users who do have a favorite site are pretty faithful. Some 65% of them check in with that favorite site at least once a day.

Yet even among these most loyal news consumers, only a minority (19%) 1 said they would be willing to pay for news online, including those who already do so and those who would be willing to if asked.

Instead, a large majority – 82% – of those with a favorite site said they would find somewhere else to get the news.
Because so few online news consumers even have a favorite site this translates to only 7% of all people who get news online having a favorite online news source that they say they would pay for.

This is a sign of just how much initial difficulty the movement toward pay walls could have. 2

In sum, there appears to be only a very small cohort of voracious news consumers who have to have their news from a particular site, even if they have to pay for it. The vast majority of online news consumers, though, seem willing to browse for news from many sites, do not have a favorite online news source, and even if they do, are not willing to pay for that site’s content.

This is not to say that resistance might not breakdown over time.

Are Users Willing to Pay for Their Favorite News Sites?
Percent of Respondents

<table>
<thead>
<tr>
<th>Would Continue to use it</th>
<th>Would find somewhere else</th>
<th>Do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>15</td>
<td>3</td>
</tr>
</tbody>
</table>

Would you continue to use your favorite site if there was a pay wall?

There is evidence that some kind of flat fee – a networked microaccounting system rather than a pay-per-click system — might have better success in the marketplace. We asked people if they had to pay for content from their favorite site, would they prefer a subscription that would allow them to access all the content from the site or a pay-as-you-go plan where they would pay only for the articles and features they wanted to see. A substantial majority of those with a favorite site (54%) opted for the subscription model while less than half as many (24%) picked the a la carte option. 3
One technical and business challenge here is this: If people want to pay by subscription, but information is increasingly disaggregated across the web – then how could they do so without having to have multiple, confusing, subscription relationships?

Consumer Attitudes Toward Payment Plans

<table>
<thead>
<tr>
<th>Percent of Respondents</th>
<th>Full Subscription Plan</th>
<th>Pay-as-you-go plan</th>
<th>Neither Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: PRC-Project for Excellence in Journalism and PRC-Internet & American Life Project Online News Survey – December 28, 2009-January 19, 2010. N=2,259. Margin of error is +/-2 percentage points. All these findings speak to the natural disadvantage of news content: Most news is covered by more than one organization and people do not place enough value on the difference between the various reports. In other words, if a user had to pay for a New York Times article on Haiti, evidence suggests that he or she would just look for another source that could provide the basic information. The nuances of depth or breadth in the pay story may not be valued enough to induce payment over a free alternative.

Thus, if the news industry is going to make headway with pay walls, they are going to have to break through what for now appears to be continuing reluctance, even among its most avid consumers. 4

Some additional data suggest that people may not ever get to any full news article at all. Instead, according to data from Outsell, fully 44% of visitors to Google News just scan headlines and never click on the articles themselves. 5

Consumer Attitudes Toward Advertisements

Attitudes toward advertising online are also complicated. Fully 81% of online news users say they do not mind online advertising because it allows the content to be free. But 77% say they also ignore the ads (42% online news consumers say they “never” click on one of those ads and 35% say they do so “hardly ever”).
The survey data do reveal, however, that the heaviest online news consumers, as well as the most connected younger adults, are more likely to click on ads, but only marginally so. While only 21% of all online news users say they click on online ads at least sometimes, that number goes up to 28% of those who go online daily and 37% who visit at least six sites daily. And for those under 30, about 26% sometimes click on online ads as do 30% of those who get news on their cellphones. Still, even among these groups, ad consumption is low.
Over all, the data reveal the tenuous position of news producers. Unless consumer attitudes shift with a changing reality, news operations are looking at conventional advertising that will not work online or pay wall strategies that may drive down traffic.

For online news to become a profitable enterprise, either consumer attitudes need to change or the industry must do more. That more could be developing new better-targeted products that people are willing to pay for; new forms of advertising that work better, including local search; or new forms of revenue other than display advertising, including perhaps online retailing.

Elsewhere in this report, we discussed the findings of a joint survey by PEJ and the Pew Research Center’s Internet & American Life Project about the news audience and how its consumption behaviors are changing in the digital era. There are clear implications from these combined findings for those who are trying to figure out how to pay for news operations.

The fact that almost two-thirds of online news consumers do not have a favorite website strikes us as important. That is not good news for those already worried about branding issues and it makes it even tougher for those whose brands are not particularly well embedded in consumers’ minds. The fact that people now range across various news platforms (radio, TV, print, online) to get their news on a typical day makes it tougher than it used to be to establish a brand on any platform and that problem is compounded on the internet. Moreover, the fact that aggregator sites are among the most popular online news destinations is a difficult reality for news organizations that makes their product more of a commodity and less of a part of a “package” of stories that is put together by a team of editors with a special “branded” character.

There is some evidence from the survey that particular news organizations, most notably cable television news organizations such as CNN and Fox, have been at least somewhat successful in translating their offline brand to online loyalty. For the minority of online news consumers who do have a favorite site, television news organizations top the list. And among all online news consumers, television news organization websites are second in popularity behind news aggregators.

Still, it is clear that many Internet users treat news as a commodity. And if among the 35% of online news consumers who have a favorite site, only 19% would pay for access to that favorite site if it were to erect a pay wall, many must believe they could get the same information or something good enough for free elsewhere.

At the same time, those who want to find new revenue streams for news operations can take away some hope from other survey findings. Online, news consumers do not range very far. The majority say they use two-to-five sites to get their news. This could be taken as a sign that they are discriminating to a degree. If brands do not totally matter to them, well-known news organizations probably figure somewhere in that mix of “reliable” sites in consumers’ news searches. This could suggest that strategies to serve niches – to be the site that is reliable for a particular kind of information – might yield some paying customers and niche-oriented advertisers.

The PEJ-PIP survey also shows there might be rewards to news organizations that embrace social networking strategies to build audiences. Our earlier report found that news is a social currency for many people and that they rely on their
friends and colleagues at times to alert them about news or help them discuss the meaning of particular news events. Eventually, the news operations that develop social networking strategies and distribution mechanisms well might be able to convince advertisers that they have special access to attractive news consumers – especially those who influence the tastes of others. That could bring in more ad revenues from firms that are keen to participate in this increasingly word-of-mouth world.

The earlier PEJ-PIP report identified two classes of especially avid news consumers whose interests are so keen that they might be coaxed into paying something for special news products that either focus on the speedy delivery of information or high-quality, high-value information. The groups were the 33% of cell-phone owners who get news on their handheld devices and the 37% of Internet users who are active participants in the news making, news delivery, and news commentary processes. It is easy to imagine that these are people for whom the economic or social or political value of being the “first to know” or the “first to comment” has real meaning. They might be willing to pay at least a bit for news organizations that can truly deliver an extra increment of speed or in-depth material that is unique.

Footnotes

1. Includes both those who said they would pay for their favorite site if asked and those who say they already do.

2. Heavier online news consumers, those who use three or more online news sites on a typical day, are slightly more likely than those who use fewer sites to say they would pay for content at their favorite online site. Yet even among this group, only 46% have a favorite online news source, and just 10% have a favorite site they are willing to pay for.

3. Those with annual incomes of $75,000 or more are only slightly more likely to favor a subscription plan, while the lowest income respondents (those earning less than $30,000 annually) are more likely to prefer a pay-as-you-go-plan.

4. Other surveys similarly find a declining interest in the pay-per-article approach. The Accenture survey found that support among media industry leaders (beyond just news) had diminished greatly over the last three years. When asked what they believed will be the most prevalent business model in their sector of media, just 8% said pay-per-article. This is down from 23% in 2007.


Nielsen Analysis

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

Nielsen Analysis

In past years this report has concentrated first on how many people are going online for news and whether that has changed. Some of that is covered in the survey that PEJ and the Pew Internet and American Life Project produced together in early March 2010.

We also, however, wanted to dig more deeply into people’s online behavior: where they are going for news and what they do when they get there.

To do this, PEJ conducted an in-depth analysis using Nielsen’s NetView tool, a database of Nielsen’s online audience measurements.
That analysis shows that the websites of legacy news organizations – especially cable stations and newspapers – dominate the online news space in traffic in loyalty. But no one keeps visitors very long. The average visitor spends only 3 minutes 4 seconds per session on the typical news sites.

The metrics online are still evolving. Different services use different methods for measuring audience and behavior. Some in the online world argue that the methods by the two more traditional measuring companies, Nielsen and Comscore, tend to undercount traffic because of various methodological obstacles including access limitations to corporate servers during the day. Yet whatever the complications, most online professionals have told us that they believe the comparative relationships among different sites — the rankings and some of the patterns of usage that are uncovered in work like Nielsen's — are useful and revealing, even if it is the case that overall traffic numbers are higher.

We began with Nielsen's list of “News and Information” websites. We culled the list to remove sites that would not be considered news related, such as databases, consulting firms and sources like the National Weather Service. We also drove more deeply to identify individual news sites rather than families of sites. For instance, when Nielsen publishes its list of the top news sites, it uses CNN Digital Network, which is actually several different sites. In our analysis we use CNN.com, its primary news site. Next, we identified which of those sites averaged at least 500,000 unique visitors per month across three months in the fall of 2009 (September through November).

A total of 199 web sites fit those criteria. They ranged from traditional media outlets like the Washington Post to aggregators like Bing.com to blog sites like Gawker.com.

That analysis led to a range of findings:

- When it comes to online news, while it is a long tail world, with thousands of sites offering news, the top websites dominate traffic. 1 Across the full roster Nielsen examines — the entire unfiltered list of 4,600 news and information websites — the top 7% collect 80% of the overall traffic. 2 And the power curve even applies to top news sites. If we look just at news sites, refining the broad Nielsen list to eliminate sites from government and consulting firms that include information but not news, the same thing holds true. Among news sites that attract 500,000 monthly visitors or more, the top 10% of the most popular sites attract half the traffic.

- Legacy media still make up the majority of the most trafficked destinations (by Unique Audience), although newly created websites are joining the list each year. Of the top 199 sites in our analysis, 67% are from legacy media, and they account for 66% of the traffic. In all, 48% are from newspapers, and 19% from all other legacy media. Online-only sites make up the 33% balance of the list. The traffic figures closely match the raw numbers: legacy outlets get two-thirds of the traffic and online-only one-third (34%).

- Aggregators make up 27% of the top news websites and a few are among the most popular of all. Four of the top six news sites are either pure aggregator sites (Yahoo and Google News) or include a strong element of aggregation with some editing or original content (MSNBC Digital Network and AOL).

- The data also suggest that contrary to what some believe, specialty sites like those covering health care or science do not draw an especially loyal audience. Among the 39 niche sites on this list, all but two have audiences that are not only smaller, but also don't stay as long, come back less often and don't look at as many pages on the site as do audiences for either national and international sites or local sites.
Two political sites, Daily Kos and Drudge Report, stand out with vastly higher numbers than the average site. Daily Kos averages 48 minutes per person per month and the Drudge Report nearly an hour, five times the average news site. Given that minutes per person per month is partly a function of audience size, it is even clearer that these sites have a loyal audience. Neither site is in the top 30 in terms of audience, but in terms of time spent on the site per month they are No. 1 and No. 2.

Among the biggest sites, the different missions of aggregators and originators of news are evident in the traffic patterns. Visitors to top news originators like the New York Times and CNN stay on average more than a minute longer per session than they do at aggregator sites like Google and Yahoo. They also tend to view more pages. But which type of site does a better job of getting people to return more often is less clear. And all the differences diminish as you move down the list to smaller sites.

To do this analysis, PEJ researchers examined these 199 websites in three different ways. First, we determined each website's affiliation. Was it tied to a legacy outlet like print or television, or was it online only? Second, what was its editorial or topic focus? Was it national and international news, local or specialized around a certain topic and if so which one (science, celebrity, etc.)? Third, what was the nature of its content? Was it mostly reporting that the website produced itself? Was it mostly an aggregator of others' work? Was it mostly offering commentary as opposed to news reporting?

For more info on how PEJ came up with this list, click here.

The Top 20 News Websites

The top 20 sites at the front end of news sites are traditional brands most familiar to many. Except for one new aggregator of local news, these sites have all existed for more than a decade, and 15 (or 75%) are tied to legacy media.
The majority – 16 of the top 20 – focus mainly on national and international news. Yahoo News is at the top of this group, which includes the sites of the three cable networks (MSNBC Digital Network, CNN.com and FoxNews.com) and the other two commercial networks (ABC and CBS – NBC is a part of MSNBC Digital Network) as well as the British News site, BBC.com (the numbers here reflect only the U.S. audience).

Just four of the top 20 are sites focused on local news, three of which are actually networks of local sites with the same owner – CBS, Fox or NBC. The other locally focused site, Examiner.com, aggregates local newspaper content from all across the country and lets the user choose which area to display.

Not a single site in the top 20 covers a niche or specialty topic area like politics or the environment.

When it comes to the content, all 20 sites except Yahoo News, Google News and Examiner.com produce some of their own content. A number of these originator sites, though, like MSNBC Digital Network, do more editing of Associated Press wires and other outside content than they do originating their own reports.
If one compares data from Hitwise, another online metrics firm, with that of Nielsen there are some differences based on methodology. Hitwise tracks at the Internet service provider level, whereas Nielsen creates panels of users like Nielsen families. Some of the differences in their lists come from Nielsen grouping sites together more than Hitwise. There are some definitional differences of what is a news site. But if one looks at their lists of top sites, the first 20, there are few differences.

Yahoo News is on top of both lists. MSNBC and CNN come next in different orders, which may be explained by the fact that Hitwise is measuring only www.msnbc.com, while Nielsen is measuring MSNBC Digital Network, a larger group of MSNBC sites.

The starkest differences are the Drudge Report and AOL. The Drudge report is the 6th most visited site on the Hitwise list, and on Nielsen it is No. 33. AOL goes from the No. 10 site on Hitwise, to No. 4 on Nielsen. One possible reason for the difference is that Nielsen’s sample, according to some, undercounts daytime traffic since many workplaces will not allow Nielsen software on their servers. Hitwise data take more workplace traffic into account (see backgrounder on the different methods of Hitwise and Nielsen for a more detailed discussion of their methodologies).

On both lists, however, the traffic also drops off sharply after the top few websites. According to Nielsen’s data, just eight sites average more than 10 million monthly unique visitors (as measured from September through November, 2009 by Nielsen). The sites at the end of the top 20, CBS News and BBC News averaged half that. And the difference between the first site and the eighth is about 30 million.

This highly concentrated traffic at the top also reinforces the survey findings discussed in Online Audience that a majority of online news consumers graze on the Internet, but not very far, regularly visiting between two to five sites. And these data suggest that many people do not go very far down the list of the most popular destinations.

Looking at usage habits, the advantage of these top sites as a group goes beyond straight audience numbers.
Users of the top 20 sites also returned more often and looked at more pages on the sites than others that come after the top 20. They averaged 5 visits a month per person and 18 Web page views, while the remaining 179 averaged only 3.3 visits per person and 14 Web pages.

- With all of those return visits, people devote more time over the course of a month to top websites than to those lower down – an average of 15 minutes per person among the top 20 sites versus 10 for the remaining 179.

- One figure that was not much higher among the top sites compared with other sites was the amount of time visitors spend per session. They averaged 3 minutes and 4 seconds per visit, nearly identical to the 3 minutes and 6 seconds across all 199.

In other words, it seems to be more total audience and repeat visits rather than longer sessions that makes the difference in overall penetration.

Usage by Sector Affiliation

The sway of legacy media remained strong, but less so, as one looks past the top 20 to the full list of the most popular news sites (those with at least 500,000 monthly unique visitors). Of these 199 sites, 33% were —online-only— (versus 25% of the top 20) while the other 66% had ties to a traditional platform.

Top 199 Sites by Sector

Number of Sites

* Local TV includes networks of stations such as those owned and operated by Fox. These stations websites are combined into one figure.
† The four cable sites are the three cable news channels (Fox News, MSNBC and CNN) plus Time Warner Cable news channels, of websites owned by Time Warner.
In our longer list of 199 top news sites, cable news operations stood out both in total audience and in usage patterns. Each cable site averaged at least 23 million unique visitors monthly.

Newspapers, represented nearly 20 times more sites than cable, but commanded only about three times the combined audience, 181 million unique visitors.

And the traffic to the top three newspaper sites – the New York Times followed by the Washington Post and the USA Today – was half that of the three cable channels (37 million). It is also less than the top aggregator site alone, Yahoo News, which has close to 41 million.

Not only do cable sites get large audiences, but their audiences also return more frequently, go deeper and spend more time on the site per month.

- Users spend more than twice as much time on cable sites than on newspaper sites or local TV sites. The cable sites average close to 24 minutes per person each month, versus only 10 minutes on both newspaper and local TV sites. This gap stands out even more as the newspaper sites in aggregate have three times the combined unique visitors as the cable sites. Thus, cable sites more than make up for any factor that total audience plays in the equation.

- Online only sites only did slightly better, just over 12 minutes per person each month, still half that of cable sites.

- The same phenomenon occurs when it comes to the pages viewed each month. Audiences to cable sites see twice the number of pages as those going to newspaper or local TV sites and nearly twice that of online sites.

### Legacy Sites vs. Online Only

<table>
<thead>
<tr>
<th>Sector</th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages per Person</th>
<th>Monthly Time per Person (min:sec)</th>
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</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>3.17</td>
<td>13.59</td>
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<td>05:23</td>
</tr>
<tr>
<td>Online-Only</td>
<td>4.65</td>
<td>16.55</td>
<td>12:35</td>
</tr>
</tbody>
</table>

- Looking at the magazine websites on this list, audience patterns run contrary to their association with more long-form journalism. These sites averaged just 6 minutes per person each month and less than 4 monthly page views.

### Sites by topic

Another way of categorizing the growing array of online news options is in the type of information they cover most. Which topic areas draw the greatest audience, the deepest website penetration or the most loyal audiences? To look for answers...
we broke the group into three main topic areas, according to the subjects they emphasize the most on the home page: 1) National and international affairs, 2) local news or 3) niche topic areas like health or politics, celebrity or science.

Over all, we found national and international sites got the most traffic. They also, more surprisingly, have a more loyal and engaged audience than specialty sites. Not only are the audiences to niche sites smaller, but users also don’t stay as long, don’t return as often and don’t go as deep into the site as do users of national and international sites or local ones.

- Local sites make up the biggest portion of our list of the top 199 sites: 87 sites (44%) but, combined, they account for only 25% of the traffic.
- National and international sites account for slightly fewer of the sites, 74 (37%) and more than double the audience – 65%. Their dominance in traffic suggests the degree to which assembling a broad range of topics, even if covered elsewhere as well, can also draw powerfully large traffic.

There were just 38 niche sites on the list of top sites and they drew just 10% of the audience.  

Top Sites by Topic  
Percentage of Sites
The other way to look at sites by topic was not just the size of the audience but how people used them. How often do they visit? How long do they stay? And many pages do they look at per visit?

Here, averaging the sites in each category, niche websites appeared to attract less committed traffic, contrary to what some might have expected. In general, people visited niches sites less often, stayed less time and did not view as many pages per visit as they did national and international or local news sites.

- Niche sites averaged half the time per person each month as did national and international news sites — 7 minutes versus 14 minutes.

- The same is true for how many pages users look at: people average 9 pages on a month on niche sites versus 17 pages on national and international sites.

- And people also return to niche sites less often over the course of a month — 2.9 times per month for niche versus 4.6 for national and international

Those findings raise some questions about the idea that people in the online world are simply digging deeper into a handful of subjects at the expense of getting general news. At least when it comes to the sites that generate the most traffic, these data suggest it is not that simple.

As Bill Densmore director of the Media Giraffe Project at the University of Massachusetts sees it, "the dominance of general-interest rather than niche sites suggests the enduring value of curation, or editing — that people like someone helping them make decisions about what's important."
Niche Sites–

Although these niche sites make up a small portion of the sites overall, we wanted to examine them a little more deeply to see which specific topics they covered and whether audiences use some niche sites differently than others.

Among the total 39 niche topic sites, 17 are about politics. Nine of these were conservative-leaning sites. Three were liberal, and five were non-partisan.

A full analysis of blogs might reveal something different, but many either are not considered news and information sites by Nielsen or fall short of the minimum audience level (500,000 unique visitors a month) to be included in this data set. Even some that the tracking firm Technorati ranks as the most influential – which we analyze in a separate section of this report, – fall short of the minimum audience level.

But among the top 199 sites here there, are 22 that could be considered blogs, including Michele Malkin.com, Breibart.com and Daily Kos. While a separate analysis of blogs would be worthwhile, this list at least suggests the idea that the Internet moves left while things like talk radio tilt right, isn’t quite the case. Of these 22 blogs, three were liberal and eight were conservative. The rest were non-ideological or did not deal with politics.
Political sites tended to have higher user engagement than news sites over all, while sites that focus on other topics like entertainment, science and technology — fall below the average for most usage measurements.

- The average user seems far more engaged in politically leaning sites, compared to all news sites. Users spend about 23 minutes per person per month on the liberal sites and 20 minutes on conservative sites. This compares to only 12 minutes on the average site.

Minutes per Person for Niche Sites Per Month
Users also view more pages on political sites than among news sites over all. The average user looks at 25 pages on liberal sites and 30 on conservative ones.

This same pattern continues with how many times users return to the sites and how much time they spent per visit to the site.

### Usage of Political Sites

<table>
<thead>
<tr>
<th></th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Site</td>
<td>4.08</td>
<td>16.2</td>
<td>12:30</td>
</tr>
<tr>
<td>Conservative Site</td>
<td>6.94</td>
<td>29.61</td>
<td>19:59</td>
</tr>
<tr>
<td>Liberal Site</td>
<td>4.65</td>
<td>26.30</td>
<td>22:58</td>
</tr>
</tbody>
</table>

Part of these high averages is due to two sites, the liberal blog site Daily Kos and the Drudge Report, a news aggregator that offers a smattering of occasional reporting with a distinctly conservative flavor. Daily Kos averages 48 minutes per person per visit and the Drudge Report nearly an hour, five times the average news site. These two sites sharply increase the overall numbers for politically leaning sites. The other sites range between 5 and 25 minutes per person, still above the average but to a much lesser degree.

The two other most popular niche topic areas have much less user engagement, compared to both political sites and news sites overall.

- Science and technology sites averaged just under four minutes per person each month, much lower than the average news site (12 minutes). They also averaged fewer return visits per month, just 1.97 per person in a month.
- Entertainment sites fared slightly better with an average of just under six minutes per person and 2.6 visits per person per month.
- Users are also going looking at fewer pages on these sites than the average news site, with 9 Web pages per person per month for entertainment sites and 5 for science and technology sites, compared to 16 for the average site.

### Usage of Entertainment Sites vs. Science and Technology

<table>
<thead>
<tr>
<th></th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>2.58</td>
<td>9.3</td>
<td>05:59</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>1.97</td>
<td>5.50</td>
<td>03:54</td>
</tr>
</tbody>
</table>
Aggregators, Originators and Commentators

PEJ also categorized the top 199 sites by how their content is organized and presented: originator, aggregator, or commentary. In making these categories PEJ looked at the front page of each site and counted the links on the site. If two-thirds of the links on the site were original content, the site was labeled an originator. If two-thirds of the links were to outside content (including the Associated Press and other wire services), the site was categorized as an aggregator. Commentary sites are those that do not have original content in terms of original reporting, but have content that is mostly commenting or discussing reporting done by others.

AOL, for example, is categorized as a content originator although it began as largely an aggregator. In the analysis conducted in January, two-thirds of the links on its front page were to content produced by AOL staffers. But through the course of 2009, before it had added staff to produce original content, PEJ’s content analysis found that 84% of its top stories were actually copy produced by others.

Others on this list fall into the originator category, but might strike many as a hybrid of original work and aggregation. MSNBC Digital Network is an example. Most of the stories on its site contain bylines or credit lines attributed to MSNBC. But most of the stories at the bottom also note that there is wire copy that also contributed to each of these accounts. Since its redesign, most copy on CNN’s website carries byline from CNN staff. In the past the site relied heavily on wire copy for its most up-to-date news. Rules at the Associated Press allow news organizations to use their own byline even if only minimal alterations were made to the AP copy. We cannot assess to what extent a piece of content might be derived from wire material. This study, in other words, took a site at its word when it claimed credit for original work.

A site like Huffingtonpost, which is a commentary site, does do original reporting; the bulk of the content on its home page, however, is commentary, most of which links to original reporting done by others.

Of the 199 news sites, 27 (14%) primarily aggregate information produced by others; 20 (10%) put most of their resources toward offering commentary about news events first reported on by others. The largest portion, 152 (76%) produces their own original content.

The aggregators included here range from algorithmic sites like Bing News to Buzzle.com which is aggregated, by an individual. 6

The aggregator and commentary groups are, predictably, dominated by online-only sites: 19 of the 27 aggregator sites and 19 of the 20 commentary sites.

Among those that originate content, the majority, 124, are affiliated with legacy media outlets. Of these sites the largest sub-group is newspapers, with 90 sites, followed by local TV-based sites, 10. Many of the local TV sites, though, represent groups of stations, such as CBS owned and operated stations, which could not be disaggregated. Thus their audience figures are not directly comparable with a single site like the CNN.com. The remaining 28 originated as online only entities.
When it comes to usage patterns though, the different missions of aggregators and originators of news are only evident to a certain degree. Among the very top sites, some distinctions emerge, but others seem tied little to the type of content being offered.

Among the top ten sites studied here, visitors to news originators average more than a minute longer per session (visit) that at aggregator sites like Google and Yahoo. They also tend to view more pages. But what is less clear is which type of site does a better job of getting people to return more often. Here, CNN and Fox stand out above all the rest, but Yahoo scores higher than most other news sites.

**Top 10 Site Usage Figures**

<table>
<thead>
<tr>
<th>Website</th>
<th>Unique Audience (000)</th>
<th>Sessions per Person</th>
<th>Monthly Minutes per Person (min:sec)</th>
<th>Monthly Minutes per Session (min:sec)</th>
<th>Page Views per Session</th>
<th>Monthly Web Pages per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yahoo News</td>
<td>40811</td>
<td>5.91</td>
<td>13:59</td>
<td>2:22</td>
<td>2.91</td>
<td>17</td>
</tr>
<tr>
<td>MSNBC Digital Network</td>
<td>35571</td>
<td>5.66</td>
<td>19:18</td>
<td>3:25</td>
<td>4.21</td>
<td>24</td>
</tr>
<tr>
<td>AOL News</td>
<td>24358</td>
<td>6.86</td>
<td>17:37</td>
<td>2:34</td>
<td>3.22</td>
<td>22</td>
</tr>
<tr>
<td>CNN.com</td>
<td>20739</td>
<td>8.13</td>
<td>27:22</td>
<td>3:22</td>
<td>3.92</td>
<td>3.92</td>
</tr>
<tr>
<td>NYTTimes.com</td>
<td>18520</td>
<td>3.73</td>
<td>14:56</td>
<td>4:00</td>
<td>4.18</td>
<td>16</td>
</tr>
<tr>
<td>Google News</td>
<td>14737</td>
<td>4.13</td>
<td>9:11</td>
<td>2.13</td>
<td>3.10</td>
<td>13</td>
</tr>
<tr>
<td>Fox News</td>
<td>12650</td>
<td>7.08</td>
<td>29:35</td>
<td>4:11</td>
<td>5.54</td>
<td>39</td>
</tr>
<tr>
<td>ABCNEWS</td>
<td>10331</td>
<td>2.72</td>
<td>8:36</td>
<td>3:10</td>
<td>3.54</td>
<td>10</td>
</tr>
<tr>
<td>washington post.com</td>
<td>9810</td>
<td>3.17</td>
<td>11:11</td>
<td>3:32</td>
<td>3.94</td>
<td>12</td>
</tr>
<tr>
<td>USATODAY.com</td>
<td>9311</td>
<td>3.76</td>
<td>13:20</td>
<td>3:33</td>
<td>3.67</td>
<td>14</td>
</tr>
</tbody>
</table>
Also, as mentioned above, among the news originators at the very top, the three cable sites stand out from the newspaper sites, commanding roughly twice the time spent and visits made per person.

When looking at aggregators and news producers across the entire group of 199 sites, the differences diminish. Here, the minutes per person vary only slightly as do the depth of pages viewed. The only behavior measurement that shows much variation at all is the average monthly visits per person. But this can be as much a function of the total audience size as individual behavior patterns.

Commentary sites faiired the worst with users spending around 11 minutes on commentary sites in November, compared to 13 on an aggregator or originator.

Usage of sites by Content Type

<table>
<thead>
<tr>
<th>Content Type</th>
<th>Monthly Visits per Person</th>
<th>Web Pages per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Originator</td>
<td>3.93</td>
<td>16</td>
<td>12:36</td>
</tr>
<tr>
<td>Aggregator</td>
<td>4.93</td>
<td>16.83</td>
<td>12:16</td>
</tr>
<tr>
<td>Commentary</td>
<td>3.28</td>
<td>14.55</td>
<td>11:52</td>
</tr>
</tbody>
</table>
Community Journalism

Community Journalism
By the Project For Excellence In Journalism

The activity in citizen media continued to expand in 2009. Advancements in technology further enabled citizen monitoring, and the popularity of Twitter and other social media aided in dissemination. And this all comes as many communities face cutbacks and reduced coverage from traditional media.

“The new landscape is... more diverse and information-rich than ever before,” Michele McLellan, a 2009-2010 fellow studying online community news at the Donald W. Reynolds Journalism Institute, told the project. In an essay written in response to new research in this report, she added, “Digital tools make it easier and easier to stitch together the information niches.”

Some new sites like stlbeacon.org and voiceofsandiego.org, often launched with the help of foundation grants, show promise, providing critical community news and information. And some have formed partnerships with established news outlets.

Others are mixing community building with professional standards of reporting. Oakland Local, a community site founded by Web entrepreneur Susan Mernit and funded through both a startup grant and advertising, is one example of such an experiment. It covers topics like the environment, food, development and education for its local community and in a recent month had 65,000 page views, 40,000 visits and 25,000 unique visitors.

And some partnerships have begun between the old and the new media. The Seattle Times is partnering with a number of local neighborhood blogs including westseattleblog.com to share links and collaborate on reporting. Other legacy news organizations are looking to become aggregators of community sites as a way to deliver more micro local news to their users (and increase their value to users in the process).

Jane Stevens, the director of media strategies for the Kansas-based World Company which looks to integrate community information, reports that there are “16 advertising-supported media networks comprising 4,700 niche news sites.”

Federa
ted Media, for example, is a network of 148 niche sites founded by John Battelle, also the founding editor of Wired Magazine. Federated Media sells advertising across its networks in a revenue-sharing arrangement and, according to Stevens, returned $25 million to its network sites in 2008.

Jan Schaffer of J-Lab estimated that since 2006, more than $141 million in nonprofit funding flowed into new media, a number that includes entirely professionally run sites such as ProPublica, headed by Paul Steiger, the former editor of the Wall Street Journal, as well as small ones, such as the Frostburg, Md.-based Appalachian Independent.

Of those that constitute citizen sites, what kind of work are they doing? What level of reporting do they offer? What aspirations do they have? And what prospect do they offer to complement or supplement what is being lost in traditional reportorial journalism?

A new study of some of the most highly regarded sites in the country offering citizen reportorial journalism suggest that many questions remain over how well equipped citizen journalism is to offer regular, complete reporting in their areas of coverage, to fill that gap of traditional journalism and to what extent is this even part of their central mission.
A Content Audit of Superior Citizen Sites

To examine citizen journalism quantitatively, a multi-university team of academics, funded by grants from the Pew Charitable Trusts and the Knight Foundation, have conducted several stages of research in this field over the last two years. 2

The study began in 2007, with 363 journalism websites across 46 randomly sampled U.S. markets. This initial research found, in a report first published here, serious limitations in the ability of these sites to compete with traditional journalism. The citizen news sites offered less news, fewer updates and were less open to interaction with readers than traditional news websites.

In 2009, the university team then went several steps farther to look more closely at 60 of the most highly regarded citizen sites identified by nationally known experts in new media, available here. They consulted experts and explored sites like placeblogger, the Knight Citizen News Network and cyberjournalist.net and found 60 sites that were identified as high quality and perhaps even exemplary of what citizen journalism could be. The highly recommended sites were then compared with the sites previously analyzed in the 2007 study. Researchers also interviewed many of the operators of the 60 select sites as well as those who operated some sites in the random sample of cities.

How do the nationally recognized and acclaimed citizen sites compare to the others? Do they have features and characteristics that make them stand out above the rest?

The researchers examined the content, audited site characteristics – like the ability of outsiders to make comments or post information — and measured the degree to which the sites offered users links to content other than their own. 3

The new study found that a number of these sites individually revealed some impressive work. Many the people running these select sites also have backgrounds in traditional journalism.

In aggregate, though, the resources to provide these services at the same level of full news operations, day-in and day-out, do not exist, at least as of now. While promising, and at times rich in content, these more heralded sites still offer fairly limited levels of new content. They were also less transparent about funding and operations and no more likely to encourage citizen postings.

Follow-up interviews with the authors of these sites found the central mission in most cases was to help share local news – especially about government and politics – with the community. And while less than a third bring in enough outside revenue to fully fund the site, few expressed interest in getting help with a business model.

With that mission in mind, McLellan sees the findings as an opportunity to identify “the strengths of legacy media and of citizen news sites and how they might help one another provide news and information to neighborhoods, communities, cities and beyond.”

After doing the empirical studies of citizen sites, one of the writers of the study, Esther Thorson of the University of Missouri, said, “The major impediment to citizen journalism success is that the sites that do not have the financial backing of foundations, the work of professional journalists, or some supportive links with legacy media are usually fueled only by personal motivation and when that disappears, so will the site.”
In fact, one stark problem even among the exemplary sites is their apparent fragility. Of the original 60 sites studied at least four have died, and one (benicianews.blogspot.com), has not had a fresh posting November 2, 2009. The closing of Chi-Town Daily News last September showed that even citizen journalism sites that strive for foundation and contributor support are challenged.

The findings also tend to confirm a growing body of research that suggests that all of these sites tend to operate with small staffs, even among volunteers, and thus can produce only a limited amount of content. PEJ’s own study of the news in one city, Baltimore, found among other things that new media offered substantially less reportorial content than legacy media.

What the new university research captures is both the potential as well as the distance the movement has to go.

New Content

First, in terms of the amount of news content, the 60 select sites were more active — but were still far short of operating as daily news feeds.

In an examination of top stories, the select sites offered fresh content — that is, content posted that day — less than half the time. Just 43% of the lead stories on these sites were new, original reports. This was almost twice that of the broader mix of citizen sites, where a mere 27% of the lead stories were new. Still, more than half the time, even the top story of the day was not giving readers new information.

Newness of Lead Stories

Source: Margaret Duffy, Esther Thorson et al., University of Missouri.

One such site, Perfectduluthday.com, for example, links with other news sites like del.icio.us and digg but provided no original news.
When there was a new lead story, the focus most often was local and state government, accounting for 17% of the original reporting. The next most popular story topic was economic developments and challenges, which made up 15% of these stories.

A site that stood out for broad coverage at both the local and state level was the tdailyplanet.net (Minneapolis/St. Paul). It featured stories on such matters as challenges facing St. Paul schools, interviewing St. Paul Public School superintendent Valeria Silva, and a report on the “tea party” movement and its potential for joining with the Independence Party in Minnesota. And it has a regular feature, “The Capitol Report,” focused on the Minnesota state legislature.

While the frequency of reporting seems insufficient for many of these sites to operate as full news operations, the focus on important community matters suggests the sites could serve as valuable supplements.

The types of lead stories on these highly regarded sites were also different in another way. They were built as much around opinion as news right at the top. Half of all the fresh lead content was opinion, while 40% were news stories and 10% features that combined opinion and original reporting. These findings, while just a snapshot of lead coverage, suggest a media culture forming in citizen or community websites – even coming from former journalists – and sometimes it is a mingling of commentary and straight news, either within the same accounts or in the “lead” content at the top of the site. But news and opinion are not as separated as they are historically in traditional journalism.

A site that includes both opinion and news is dwightseffort.com (Hutchinson, Kan.), a collection of news, opinions and commentary. The lead story on the website on March 5, 2010, was an article taken from the Wichita Eagle on a potential statewide smoking ban. Directly next to it was an editorial by the Effort’s staff on Tiger Woods’ apology, which asked readers to provide their own commentary at the end of the editorial.

Some sites, such as Wyofile.com, include news reporting that is quite traditional in character. Other sites are closer to classic blogs. Citizenwausau.com (Wausau, Wis.), for instance, calls itself a blog and its contents are called “postings” rather than stories. In the lead on February 23, 2010, discussing a zoning change for a downtown Wausau apartment building, author John Fischer wrote that “[t]his project appears to be an outright abuse of those systems in place to help with our ‘affordable’ housing crisis.”

Site Characteristics

Another area of study was the openness, involvement and interactivity offered to its users. Here, the select sites scored even lower than citizen sites over all. They offered less transparency about their sites and fewer ways for citizens to post information.

They were about the same in their distribution methods (though these select sites were measured a year later when distribution options it might be expected to have increased) and scored higher in ways for citizens to at least get in touch with people who ran the site.

In the information offered about their own Web sites, the select sites turned out to be even less likely than citizen news sites over all to provide basic information such as a mission statement, privacy policy, guidelines about what can be posted or even an e-mail contact.
For example, citizenwausau.com did not have easy-to-find mission statement or contact information. In contrast to the general pattern, WestSeattleblog.com provided very specific information about the rules for commenting.

Even a year later, these sites were less open to citizen input than other citizen news sites studied. They were half as likely, for instance, to allow citizens to upload news stories or community activities or to take part in online forums. And they were even much less likely to allow the uploading of audio or video – two areas with the most development in 2009. On Wyofile.com, for example, despite its other strengths, there is no salient way for ordinary readers to blog, and the “guest columns” appear to be mostly taken from other publications. One exception to this trend is Twin Cities Daily Planet, which invites citizen participation in the “Free Speech Zone.”

Source: Margaret Duffy, Esther Thorson et al., University of Missouri.
However, more of the select sites provided contact information, including e-mail addresses, phone numbers and physical addresses. Examples of this strong site contact function included uvScene.com, which covers a cluster of New England communities, has complete contact information and also invites comments and story tips. Both wickedlocal.com in Plymouth Mass., and Seaside-Sun.com in Oregon provide complete contact information.

An important area where the two groups of citizen sites were very similar was in the kinds of distribution offered. The 60 sites were just as likely to provide RSS feeds, iPod feeds, content delivered to cell phones (which was low for all citizen journalism sites), and the ability to e-mail stories to others as were the citizen news and blog sites studied in the randomly chosen 46 cities. The St. Louis Beacon for example, offers a daily e-mail of new content, a Twitter feed, a Facebook site and an RSS feed.

When it came to external links, close to a third (32%) of the 60 select sites had none on their homepages. That was true of just 10% of other citizen news sites in 2008.

Motivations of Those Who Are Responsible for Citizen Journalism Sites

In addition to exploring qualities of highly regarded citizen sites, the research team also explored the motivations of the individuals running these sites. Why did they create these sites? What do they hope to achieve and how do they measure success? To answer these questions, the team interviewed 91 site owners from a mix of all 205 citizen sites studied.

The most important motivation was a significant background in traditional reporting. Two-thirds (66%) of those interviewed had a background in paid journalism, with an average of 14 years’ experience. Many of the respondents spoke to the importance of providing information to citizens, with little emphasis on financial sustenance. Those with a background in paid journalism, though, had more interest in financial success than those without.
Reasons for Launching a Site
On a scale of importance from 1 to 5

<table>
<thead>
<tr>
<th>Reason for launching site</th>
<th>Importance (avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide community information</td>
<td>4.66</td>
</tr>
<tr>
<td>Alternatives to community media</td>
<td>4.46</td>
</tr>
<tr>
<td>Improve community quality of life</td>
<td>4.20</td>
</tr>
<tr>
<td>Strengthen community ties</td>
<td>4.00</td>
</tr>
<tr>
<td>Citizen sharing and talking opportunity</td>
<td>3.71</td>
</tr>
<tr>
<td>Share own opinion with others</td>
<td>3.42</td>
</tr>
<tr>
<td>Make money</td>
<td>1.83</td>
</tr>
</tbody>
</table>

Source: Margaret Duffy, Esther Thorson et al., University of Missouri.

When asked why they started their sites, the biggest motivations were to provide information and alternative local media. For example, some of the answers were:

- “To play a kind of watchdog role on city government.”
- “Community service was the overriding motivation.”
- “The one big one is to help people share their news with the community.”

In the study, we asked owners to rate how they would evaluate “the quality of success” for their site. They strongly believed that their criteria for success were based on fulfilling the original mission of the site, coverage of local politics and government, and offering quality news coverage of topics important to the community.

Going forward, what they looked for most were ways to increase traffic and to attract more volunteers, but they expressed little interest in getting assistance with creating business models.

The financial side of the operation seemed almost an afterthought. Very few said they were in it mainly to make money. Generating revenues was the lowest measure of success. Examples of comments included:

- “It’s not about the money.”
- “A not-for-profit makes no money.”
- “I don’t want to advertise.”
About half (54%) of the sites have some advertising, while only 30% received individual donations and 22% get funding from private organizations. Over all though, just 30% said their total outside revenues fully funded the site and half use some of their own money to support the site.

**Future Needs**

On a scale of importance from 1 to 5

<table>
<thead>
<tr>
<th>Need</th>
<th>Level of importance (avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ways to get better traffic</td>
<td>3.07</td>
</tr>
<tr>
<td>More volunteers</td>
<td>3.07</td>
</tr>
<tr>
<td>Better revenue stream</td>
<td>2.92</td>
</tr>
<tr>
<td>Technological help</td>
<td>2.49</td>
</tr>
<tr>
<td>Expertise about online advertising</td>
<td>2.41</td>
</tr>
<tr>
<td>Help from traditional journalists</td>
<td>2.30</td>
</tr>
<tr>
<td>Business model help</td>
<td>2.22</td>
</tr>
</tbody>
</table>

Source: Margaret Duffy, Esther Thorson et al., University of Missouri.

Those with paid journalism experience gave each of the financial indicators greater importance. They were more likely to have become citizen journalists at least partly to make money, gauge some success on earned revenues and would value assistance from experts in online advertising. The biggest difference between those with paid journalism experience and those without is an increased desire for help to generate a stronger revenue stream.

Those from traditional outlets, then, seem to have an understanding of the need for a financial and revenue model and the repercussions of pressures on existing business models.

In reviewing both of these studies, the findings suggest that the desire for frequent original reporting, emphasis on public policy issues and connection with citizens is strong. In practice, the resources to provide these at the same level of full news operations do not exist.
Conclusion

This area of journalism is still in its infancy and, as those involved in citizen journalism explain, the landscape continues to broaden. Financially, they face some of the same burden as legacy media do today, but in some cases without established overhead costs. Of course, they face daunting challenges in developing newsroom capabilities, obtaining financial support and understanding changing news preferences.

Despite the gaps between legacy news coverage and citizen news, highly promising citizen and alternative sites are emerging daily. Imaginative news formats, partnerships, formats, technological capabilities and passionate supporters of journalism values offer significant reasons for optimism as journalism continues its mission to inform citizens, make their lives better and nurture democratic processes.

Stevens, the World Company executive, and others even see some of the differences as sign of “enormous opportunity” to create networks such as Patch.com that include traditional reporting, citizen input and other kinds of information as well. Stevens writes: “You have to integrate community conversation with ‘traditional’ journalism…. That means providing the same tools to the community, including businesses, as journalists have, and focusing content on how to solve problems and improve the community.”

Footnotes

1. Citizen sites are hyperlocal blogs and websites that report on micro news in their communities. (Citizen Media, J-Lab.)

2. The multi-university study was written by Steve Lacy (Michigan State University), Esther Thorson and Margaret Duffy (University of Missouri) and Dan Riffe (University of North Carolina) under a grant from the Pew Charitable Trusts and the Knight Foundation.

3. It is important to note that the smaller group of select sites was captured more than a year later (summer 2009) than the other citizen sites of legacy sites (spring 2008). Thus, some advancement in technological offerings could be expected.

4. Winooskieagle.com no longer exists even though it was one of the highly regarded sites. Mygrandforks.blogspot.com is a site designated as superior, yet its URL is no longer found. NewspaperTree.com (El Paso) has also disappeared and Womblog.com is also gone.


6. Trained coders led by the university team conducted a two-day audit of home page content and links. The same coding and audit method was used for the phases of the study. For a full methodology, see the academic paper—LINK.

Survey of News Executives

News Leaders and the Future
By the Project For Excellence In Journalism

America's news executives are hesitant about many of the alternative funding ideas being discussed for journalism today and are overwhelmingly skeptical about the prospect of government financing, according to a new survey by the Pew Research Center's Project for Excellence in Journalism in association with the American Society of News Editors (ASNE) and the Radio Television Digital News Association (RTDNA).

Many news executives also sense change for the better in their newsrooms today, despite cutbacks and declining revenue. Editors at newspaper-related companies praise the cultural shifts in their organizations, the younger tech-savvy staff, and a growing sense of experimentation. Many broadcast executives see so-called one-person crews—in which the same individual reports, produces and shoots video—as improving their journalism by getting more people on the street.

But the leaders of America's newsrooms are nonetheless worried about the future. Fewer than half of all those surveyed are confident their operations will survive another 10 years—not without significant new sources of revenue. Nearly a third believe their operations are at risk in just five years or less. And many blame the problems not on the inevitable effect of technology but on their industry's missed opportunities.

“Our mantra this year is experiment and fail quickly,” one newspaper news executive volunteered. “Don’t be afraid of change and don’t stick with something too long if it doesn’t work.”

“Outside funding options are a bad idea overall,” one broadcast news executive offered. “They are being used to ‘save’ old models of journalism that are no longer economically viable and will die out over time no matter what.”

The survey found some significant differences in the attitudes between leaders of newspaper-based newsrooms and those of broadcast. Among them was their view of journalism’s future. Broadcast news executives were strikingly more pessimistic, with those who see journalism headed in the wrong direction outnumbering those who think it is headed in the right direction by almost two-to-one. Leaders of newspaper newsrooms, by contrast, are split, with a slight tilt toward optimism.

These are some of the findings of the survey, conducted from December 2009 through January 2010, of members of the two major groups representing news executives from the newspaper industry and the broadcast industries, ASNE and RTDNA, conducted with the Project for Excellence in Journalism. In all, 353 news executives responded, representing 36% of those surveyed from ASNE and 24% from RTDNA.

Among the findings:

- Many of the new revenue options being debated today receive only limited or divided support from news executives. When it comes to the often-discussed option of pay walls for online content, for instance, only 10% say they are working on them, though that could change. Another 32% are considering them and just 11% have written off the idea. More than a third (35%) have not even considered them at all. Still, as they look ahead, only 15% of news executives believe pay walls will be a significant source of revenue in three years.

- There is significant resistance, however, to other discussed revenue streams, particularly from the government or from groups that engage in advocacy. Fully 75% of news executives have serious reservations about receiving government subsidies, and 78% have significant resistance to financing from interest groups. Roughly half have significant worries about funds from government tax credits and more than a third have significant doubts about private donations.
Most of the effort online is focused instead on more conventional revenue sources. Display and banner online advertising, for all that it has failed to grow, is still the No. 1 area of effort and the one that news executives pin their greatest hopes on. But second is revenue from products outside of news.

Broadcast news executives are noticeably more pessimistic about journalism’s future than editors at newspaper-based operations. Broadcasters think their profession is headed in the wrong direction by a margin of nearly two-to-one (64% versus 35%). By contrast, editors working at newspapers were split (49% wrong direction versus 51% right direction). A year ago, journalists who were members of the Online News Association surveyed by PEJ fell in between these two, 54% wrong direction, 45% right.

And most news executives think the Internet is changing the fundamental values of journalism. Six out of ten feel this way—though executives from broadcast operations (62%) do so more than executives from newspapers (53%). And their biggest concern is loosening standards of accuracy and verification, much of it tied to the immediacy of the Web.

Mobile applications are becoming increasingly important. Three-quarters say mobile applications are essential or very important while just 35% say that of YouTube postings or other video websites.

The State of Journalism

Overall, most news executives are worried about journalism’s future. Nearly six in ten, 58%, believe the profession is headed in the “wrong direction,” while 41% see things moving in the “right” one.

But there is a noticeable split here between newspaper executives and broadcast news executives. Members of ASNE, a newspaper-related organization, are narrowly more optimistic than pessimistic about journalism’s direction; 51% see things getting better vs. 49% who see them getting worse.
Question: “Thinking about journalism overall in the U.S. today, do you think it is generally going in the right direction or the wrong direction?”

Broadcast news executives who are members of RTDNA, by contrast, are strongly pessimistic. Only 35% of those who run TV or radio station newsrooms said the profession was headed in the right direction, while 64% thought it was going in the wrong direction.

Another broad area of inquiry asked about fundamental values of the news business. The majority of news executives believe that the Internet is altering basic journalistic ethics, and more often in ways they find worrisome. Fully 59% said they thought “the Internet is changing the fundamental values of journalism.” Meanwhile, 40% said they thought those values are “transferring to the Internet.”

Here again, however, we see a split between news executives working at newspapers and those from broadcast operations. Editors who came from newspaper organizations are less likely to think the Web is changing their values. Among this group, 53% think values are changing while 46% do not. Among broadcast news executives the number is 62% to 36%.
Question: “Do you think that the Internet is changing the fundamental values of journalism or would you say that journalism’s fundamental values are transferring to the Internet?”

Among those who see values changing, there is a broad consensus about the direction— and it is primarily negative. When asked to explain what they meant, majorities of both groups appeared most worried about loosening standards (62% of newspaper executives and 67% among broadcasters), and the bulk of these responses referred to a decline in accuracy, a lessening of fact-checking, and more unsourced reporting.

That was followed by, and closely linked to, an emphasis on speed, mostly in a negative light.

“I worry that journalistic standards are dropping in that blogging and celebrity gossip and Tweets are being confused with reporting and editing that passes a rigorous standard,” wrote one broadcast executive.

A newspaper executive echoed that, offering, “There is too much emphasis, I believe, on getting information fast—even at the expense of accuracy, thoroughness and fairness.”

One broadcast leader cited coverage of the Tiger Woods story as an example of “a culture in which we don’t double check facts like we used to.” The respondent added, “We (the media) reported he was seriously hurt, then not seriously hurt, then involved in a scuffle with his wife.”
Another concern, volunteered by over 10% of respondents, was increased opinion and bias. “[The] Internet is replacing facts with conjecture,” explained one broadcast news executive. “Opinion [is] being disguised as fact,” echoed another.

Neither group of news executives, however, finds the growing role of citizens as significantly influencing the fundamentals of the industry. Just 5% of the news executives mentioned citizen engagement as a source of changing news values (with newspaper executives slightly higher at 7% and broadcast executives at 4%).

Nor is the loss of the press’s exclusive role as gatekeeper of public knowledge at the forefront of change. Only 3% of newspaper executives and 1% of broadcasters volunteered greater access to news and information as an issue in changing standards.

How the Internet is Changing the Fundamental Values of Journalism

<table>
<thead>
<tr>
<th></th>
<th>ASNE %</th>
<th>RTDNA %</th>
<th>TOTAL %</th>
</tr>
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<tbody>
<tr>
<td>Loosening standards</td>
<td>62</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Emphasis on speed (good and bad)</td>
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<tr>
<td>More opinion or bias</td>
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<td>Less analysis / More superficial</td>
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<td>Emphasis on engagement/interactivity with audience</td>
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<td>5</td>
</tr>
<tr>
<td>Willingness to let others have a voice</td>
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<td>4</td>
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<tr>
<td>Less transparency/openness/accountability</td>
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<tr>
<td>Less original content / More content-based</td>
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<td>Allows for greater access to news or information</td>
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<td>13</td>
<td>8</td>
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</table>

[N=68] [N=140] [N=208]

Question: “If yes [the Internet is changing the fundamental values of journalism], in what way(s) is the Internet changing the fundamental values of journalism?”

Note: Open-ended question; total may exceed 100% due to multiple responses.
Executives have a complex and in some ways divided view of technology, seeing it as something that embodies risk and opportunity—the latter of which many feel they were slow to embrace. When we asked news executives to volunteer what they would do differently at their organization in the last 10 years if they could do it over again, the most common response was a greater and earlier investment in new technology.

Some of the responses were blunt. The news industry, wrote one broadcaster, acted like the Internet was “likely a passing fad…”

“[We should have] recognize[d] that the Web was the biggest opportunity this industry has ever been handed,” volunteered one ASNE member.

Many others expressed frustration that their organizations resisted investing in technology unless there was a clear promise of immediate financial return. “Invest in new media, despite lack of revenue return,” one RTDNA member pleaded when asked what his operation might have done differently.

“There should have been strategic planning to develop a blueprint for the changes in technology and platforms,” wrote another broadcast leader. “It should have included input from news-gathering staff so there would be a buy-in to a long-range plan.”

The sense that companies were operating without strategic planning came through in various responses.

An executive from the newspaper side said the industry should have been “more innovative from a technology standpoint instead of letting everyone else pass us by.”

And some saw the slowness to adapt to new technology repeating itself all over again with mobile tools.

The next most common thing executives would do differently was hiring and training followed by changing their culture or approach.

“[I wish we had] hired more kids earlier in the game and trained them in the old values. Then turned them loose to use the new technology to help distribute the product,” voiced a broadcast respondent. “I think we probably let the glitzy new tools distract us from the basic job of running a truly professional newsroom.”

Among newspaper executives, though, there was a much stronger inclination to think that allowing content to be free was a major mistake. Fully 30% said they should have charged for content earlier, while only 3% of broadcasters did. Some of that difference may stem from the revenue structures of their legacy platforms. Broadcast stations, in their current form, derive no revenue from subscriptions, while newspapers today derive 20% or more from print circulation.
Question: “If you could do it over again, what one or two things could you news organization have done differently during the last 10 years to better prepare for the future?” Note: Open-ended question; responses grouped; total may exceed 100% due to multiple responses.

To further probe how news companies might adapt in the future, the survey also asked news executives to rank various factors that had contributed to the current state of the industry. Here, the answers suggested both groups of news executives were more concerned with failures on the business side rather than the journalistic side. In short, news executives believe that missed opportunities to develop revenue have hurt more than any problems in attracting audiences or producing the news differently.

Newspaper executives put the most blame on their failure to develop new revenue streams and secondarily on not charging for online content in the first place. For broadcasters, the biggest problem, also financial, was demanding profit margins that were too high. That was followed by the failure to develop new revenue streams. But broadcasters were next most likely to cite the quality of their content as being insufficient. That was one of the factors newspaper executives were least likely to cite.

Both groups, though, clearly saw much of what happened as within their control. A mere 2% named technology itself as the dominant factor that had contributed to journalism’s current challenges and 37% said it was not a factor at all—27% of ASNE respondents and 42% from RTDNA said it was not a factor.
Factors Leading to Journalism’s Current Challenges

<table>
<thead>
<tr>
<th></th>
<th>The dominant factor</th>
<th>A major factor</th>
<th>One factor among many</th>
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<td>%</td>
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<td>50</td>
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<td><strong>Profit margin demands were too high.</strong></td>
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<td><strong>We didn’t use technology to develop new ways of storytelling.</strong></td>
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<td><strong>Too many competitors were vying for people’s time.</strong></td>
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<td><strong>Technology itself was the problem, not anything the industry did.</strong></td>
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<td>48</td>
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<td><strong>The quality of our content should have been higher.</strong></td>
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<td>ASNE:</td>
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<td>14</td>
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Question: “Here is a list of issues in journalism today. How big a factor do you think each has been in the industry’s current problems?”
Considering the challenges facing the news industry now, one debate in journalism is whether traditional journalistic institutions brought some of the current problems on themselves by letting opportunities slip through their hands or whether these problems were inevitable. Could the news industry have moved more aggressively into areas where new competitors such as Monster.com, Realtor.com or even aggregators have moved in? Or was the fragmentation of the audience, the problems of advertising online and the loss of market share to new competitors going to occur no matter what?

News executives in this survey are clearly divided. When asked what is more to blame for journalism’s problems—are they the inevitable result of technology or more a matter of missed opportunity—news executives are broken into three almost equal camps. A third see the problems as mostly a failure to adapt, about a third as inevitable and just over a third sensing a pretty even mix of the two.

Newspaper executives, though less pessimistic overall about the direction of journalism, were more likely to find fault with their own industry’s failure to adapt (37% felt that way) than to think the industry’s problems were “unavoidable” (29%). Among broadcasters, the split was much more even (30% versus 32% respectively), with the most, 57%, squarely in the middle.

The Matter of New Revenue

From a strictly numerical standpoint, traditional journalism’s problems have more to do with revenue losses than with declining audience. In the last several years, for instance, the percentage declines in revenue for TV, radio and print have been close to double or in some cases even triple the rates of decline in audience. And something of a consensus is forming that for the news industry to survive, it must do more to innovate new revenue models, not just wait for conventional display and banner advertising to grow.

There is much discussion, but little gathered information, about the extent to which the industry is experimenting with new models, whether experiments have yielded any positive results, or whether current demands to cut operations leave time and energy for this kind of innovation.

The survey asked a battery of questions to try to get a more solid sense of what is happening. What we found is that, for now, the efforts at developing new revenue focus on fairly conventional options. That mix changes some as news executives look further out at where revenue might come from in the future. And there are significant differences in the way broadcast news executives see the future versus those who are working in newspaper-based news operations.

When it comes to what news organizations are currently doing to generate more revenue, most companies are still looking to their advertising departments. The No. 1 area of effort is “concentrating more on display and banner advertising.” Fully 54% of news organizations listed this as one of the revenue streams they were pursuing “most actively.”

To a significantly lesser degree, though still sizable, the No. 2 area news organizations are concentrating on for revenue is “non-news products.” In all, 38% of news organizations ranked this as among their two most active areas for new revenue.
Search advertising, on the other hand, seems to have lost some of its steam. Over the last couple of years, networks like the Yahoo Initiative developed as ways to help news organizations capture the evolving local search market. But among executives surveyed here, it seems to now be less of a priority. In all, 26% listed building local search as a main area of activity, making it the No. 3 area of activity behind non-news revenue.

Close behind, and even more popular among print, was trying to develop specialty or niche news products that could be charged for. In all, 23% ranked fees from specialty niche sites as one of their most active revenue pursuits, with 30% of newspaper organizations and 17% of broadcasters listing that option.

Pay walls, the idea of charging people for content, at this point, appears to be more of an idea—and particularly among newspapers—than a reality. In all, only nine percent of executives named pay walls as one of their top two areas of development. Most of those responses came from newspaper executives, but even here, they were half as likely to name pay walls (15%) as to name non-news products or specialty niche products as their central revenue effort.

Still another option that has received some attention lately is the idea that news organizations might become more aggressive about raising fees from aggregators, something Rupert Murdoch has reportedly talked about with Microsoft, among others. The actual activity in this area appears to be quite small. Just 5% of news organizations list it as among their two main areas of activity. Just 3% of news organizations described this as a major part of their actions, and another 7% a “small” part.

We also probed this question of revenue experiments further, trying to get a more detailed sense of how important each one was to their news organizations. Was this revenue area a “major” part of their business efforts, a small part, something they are considering but not yet begun, or had they already considered but rejected it?

Here the rankings were similar, but the details were revealing. Concentrating more on conventional advertising came out on top, but it did not stand out quite as distinctly. Overall only slightly more than a third (37%) called concentrating on display and banner ads a “major” part of their effort, though the numbers were higher for ASNE members than RTDNA (47% vs. 31% respectively). The numbers were similar for those who said it was now a “small part of our effort.”

Nearly a quarter of all news organizations (22%) ranked non-news revenue products as “major,” and more than a third (38%) said they were acting on it in a “small way.” Nearly everyone had at least thought about it.

On a national level, the most lucrative form of online advertising has proved to be search, though the market here is controlled largely by aggregators such as Google. But local search is still a largely undeveloped market. How aggressively are news operations working on developing local search? Just a couple years ago, many were announcing partnerships with firms such as Yahoo and Google to develop things here. Now, that effort seems to offer less promise for many operations. Just 16% of news organizations described it as a major effort (14% newspapers and 17% broadcasters). Another quarter of news organizations (27%) said it was a “small” part of their effort, and here newspapers were more active (44% vs. 18% broadcasters). And 18% of news organizations said they were “considering” the option.
Note: Question based on those who are trying two or more revenue models and asked “Of the revenue models you are trying, which two are your organization pursuing most actively?” Respondents were allowed up to two answers.

If most news operations are not yet pursuing pay walls, newspaper executives at least clearly have them on their minds. Fully 58% of these executives said their organizations are looking at the pay wall option, again far more than among broadcasters (18%). And most news organizations have not written off the prospect entirely. Only 11% of news executives across both groups said they had considered and rejected pay walls. That number suggests that the moves here, if they occur, will be cautious. It also means that those newspapers that move toward pay walls may face the more difficult prospect of being pioneers. Some economists have suggested that the prospects of any news organization succeeding with a pay wall is much more difficult if that organization is doing it alone, as opposed to the industry shifting that way en masse.
Another kind of subscription—paid specialty or microsites—is getting more actual activity, but not by much. In all, just 10% of those surveyed said specialty pay sites were a major part of their news organization’s efforts, though it was far more likely for newspapers (16%) than broadcasters (7%). Another quarter of news organizations (44% of newspapers and 13% of broadcasters) said specialty pay sites were a small part of their effort. And 23% of news organizations said they were now considering it (27% of newspapers and 21% of broadcasters).
Question: “Here is a list of possible revenue streams people are talking about. Please tell us whether your organization is actively pursuing or considering each one.”

And what about one other idea—of embedding some kind of fee into what consumers already pay to Internet service providers? Only 2% of news organizations listed that as among their two main activities, and only 1% of news organizations (all of them broadcasters) called it a “major” effort. But it may grow. More than a quarter of newspapers said they were now considering this option.
And still one other idea that has been around since the early days of the Internet may have some potential for growth—building retail activity into their websites from which they would derive “transaction fees.” While just 6% listed it as among their two main activities (and 4% called it a “major” effort), 21% said they were doing it at some level, and 22% were looking at it. The numbers are higher for newspapers; fully 26% were doing it at some level and 28% were considering it.
Question: “Here is a list of possible revenue streams people are talking about. Please tell us whether your organization is actively pursuing or considering each one.”

But large majorities of news organizations appear to be uninterested at this point in the prospect of nonprofit contributions, something that is an option being considered by Congress and by state legislatures. Fully 69% of news organizations said they haven’t considered that option (80% newspapers and 64% broadcasters).
Question: “Here is a list of possible revenue streams people are talking about. Please tell us whether your organization is actively pursuing or considering each one.”

The survey then asked executives to look ahead further, beyond their current efforts, to what they thought would be the most important sources of revenue three years from now. Rather than foresee something substantially different, many of the current trends are expected to continue. Nearly 60% of respondents named some form of advertising as their primary revenue source in the future.

Newspaper executives still believe the answer will be display ads more than anything else, 31%, even though there are growing questions about the efficacy of this kind of advertising online. Another 17% pin the future on increasing their share of search ad revenue. But, nearly a quarter of newspaper executives now believe that in three years their most important source of online revenue will be subscriptions.
Most Important Revenue Source in Three Years

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<th></th>
<th>ASNE %</th>
<th>RTDNA %</th>
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<td>Display ads</td>
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<td>Video ads</td>
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<td>Subscription fees</td>
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<td>Revenue sharing from aggregators like Google</td>
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</table>

Question: “Thinking about online revenues, which do you think will be the most important source for your organization in 3 years? (Please select one.)

Broadcast executives put less hope in subscription revenue (just 11%) and instead think the biggest source will be video ads, 31%. That is followed closely by a good deal of hope in display ad growth, with 28% naming it first. Only 3% named search ads.

There was also a significant minority who sense that some kind of revenue relationship with aggregators will become the central form of revenue: 11% of newspapers executives and 12% of broadcast. But, only a small fraction of executives have high hopes for an option that relies on civic stewardship—user donations.

New Revenue and Ethics

As they look forward, news executives have concerns about some of the funding ideas being discussed for journalism. And these concerns are similar among newspaper and broadcast executives, thus marking fairly clear lines on what news executives deem acceptable.

The idea that draws the most concern is accepting money from interest groups that engage in advocacy of some kind. Nearly eight-in-ten surveyed (78%) had serious concerns about donations from groups of this sort. That can be a murkier line than it sounds. Some groups that fund advocacy can also fund groups that are educational. How much direct link can there be? If the organization is different but the funding source is the same, does that amount to interest group money? Such questions are harder to resolve.

There was a similar level of overarching concern about accepting government money. Fully 75% of all news executives surveyed—and 88% of newspaper executives—said they had “serious reservations,” or the highest level of concern, about
direct subsidies from the government. And about half (46%) have that level of concern over tax credits for news organizations. There was somewhat less reservation over tax credits directed at news consumers, with 38% having serious reservations and 24% saying they are neutral. Still, even in these dire economic times, only 19% would welcome such funding.

There are bills in the Senate and House that would allow news organizations to accept individual nonprofit donations from private citizens, in the way that public radio and TV stations generate much of their revenue. News executives, however, seem to view this prospect as something of a slippery slope. Fully 39% have serious reservations about them, about half as many as with government subsidies, but another 31% have “some reservations.” Only two-in-ten would welcome or be enthusiastic about such revenue. And, going back to what they are actually trying at the moment, fully 74% say their organizations haven’t even begun to consider such an option.

How about nonprofit funding from foundations, which has become a key funding mechanism for many citizen and start-up online news ventures? Here the feelings are more divided. Only a quarter are seriously opposed, with another quarter (27%) expressing some reservations. But 31% would welcome these funds. Again, though, few organizations have done much to develop these options. Majorities (80% of ASNE and 64% of RTDNA respondents) say their organizations have not considered it at all.

News executives were often passionate in their reactions, both pro and con. "If the government becomes the ‘money bags’ for journalism, journalism will become the ‘bag man’ for the government,” wrote a member of RTDNA. “This would be an assault to the first amendment of the constitution.”

"We must keep our independence or perception of independence and accepting government subsidies ties you to the government we are meant to watch,” explained an ASNE member. “The lines become too blurred if we begin taking donations and subsidies. Even if we remain aggressive in coverage why would readers believe we are independent?”

And another simply wrote, “Government involvement in any form is a terrible idea. Ultimately, we either need to provide what people want or we go out of business.”

Said another, “None of these are acceptable choices. Want to raise revenue. Produce a QUALITY product.”
Serious Reservations over Alternative Funding
% Who Expressed Serious Reservations

Question: "Here are some alternative options for funding journalism. For each, please tell us if you have any reservations or would welcome such funding." Those who responded "serious reservations" are represented in the chart above.

The idea that some of the new revenue ideas might cross ethical boundaries is not just theoretical matter, either. More than a third of news executives (36%) said their organization had already tried or discussed some revenue experiment that raised concerns about ethics or editorial independence at the organization. Most of these related to the relationship between advertisers and news.

The biggest area (cited by 38% of news organizations) related to ad sponsorship of specific content.

About a quarter (26%) also said they were concerned about blurring lines between advertising and news, something that would be less transparent to audiences than sponsorship. While hardly a majority, the specific examples were striking. Among them:

“Paid product placement in news stories”

“Much more pressure to ‘interview’ advertisers. Have started allowing news anchors to do paid live reads and endorsements.”
“Our sales staff has ‘sold’ some interviews to our online experts. They don’t always offer great content, but a guest appearance is part of their sales package.”

“Sponsored segments.”

“The organization chart of our company places the news department under the sales director, not under a program director. The sales director developed an e-strategy that says it is important to have an internet presence but that we will only do things on the internet that can generate a profit or will be something a journalist wants to do that does not incur much expense. The news department is appalled.”

“Blurring the lines between ads and editorial space in the paper.”

How Long a Future Without New Revenue

Without significant new revenue streams, how long would their news operations remain viable? In all, nearly a third (31%) said their news organizations are at risk in five years or less (7% in two years or less and 24% in three to five years). Another 17% put the number up to 10 years. But most, 46%, of those surveyed were confident that their organization would be around more than 10 years from now.

And is there any difference between those news operations with newspaper roots versus those with broadcast legacies? Not really. In that regard, the notion that somehow newspapers are in greater peril than television is not supported by the data, or at least not believed by the news executives who run the organizations.
How Long Do You Think Your News Organization Can Remain Solvent?
Newspaper Executives

- Less than 1 year: 5%
- 1 to 2 years: 2%
- 3 to 5 years: 3%
- 6 to 10 years: 20%
- More than 10 years: 43%
- No answer: 18%
How Long Do You Think Your News Organization Can Remain Solvent?
Broadcast Executives

- Less than 1 year: 21%
- 1 to 2 years: 6%
- 3 to 5 years: 6%
- 6 to 10 years: 17%
- More than 10 years: 47%
- No answer: 8%
Question: "Without significant new funds, revenue streams or partnerships, how long do you think your news organization can remain solvent?"

For all that news executives do not tend to see their organizations’ solvency at immediate risk, there is little doubt that most of these news operations are smaller. Fully seven out of ten of the news organizations surveyed said they had cut staff—often sizably.

Among newspaper organizations, more than nine out of ten (92%) said they had cut back on news staff in the last three years. Among broadcasters surveyed, the number was 59%. Only 10% of all respondents said that they added news staff in the past three years, and far more broadcasters (15%) said they added news staff, compared to only 2% of newspaper executives.
Staffing Changes in the Last Three Years

Question: "In the last three years, has your organization cut back on its news staff, added news staff or has the news staff remained about the same?"

The cuts were deep, but especially at newspapers. A third of newspapers that had cutbacks (33%) said they saw declines of one-quarter to half of their staff. Most news organizations saw smaller, yet still significant, staff decreases; 45% of newspapers faced cuts of 10-24% and 53% of broadcasters saw the same.
Question: “How large was the decrease in your news staff?” Based on those whose news organization had staff cutbacks.

But despite the cutbacks, there is a sense of determined optimism among news organizations. Two-thirds say that their staff is “leaner than ideal, but that they can still do the job well.” Only 20% of news organizations said their staff is too small to do more than the bare minimum of reporting. And these views are consistent across broadcast and newspaper-based operations.

On the other hand, only 8% offered the most confident assessment, that “our staff is now plenty big to do the job.” Any notion that news staffs had gotten bloated and the cutbacks now just take them to where they should be—that this cutting was just fat and not bone, as it were—is not widely shared.
Some people say their news staff had gotten larger than necessary and with cutbacks is still big enough to provide robust coverage. Others believe the cutbacks have materially hurt their ability to do their job. Thinking about your own organization, which of these statements comes closer to your view?

The survey also tried to probe more deeply to identify the reasons for the optimism in newsrooms. What was different in their operations that was helping them do their jobs better than before? The findings here, particularly in newspaper-based newsrooms, had more to do with changing the culture of their newsrooms than with the adoption of new technology, though clearly the two subjects are related.

Overall, about a quarter of newspaper executives mentioned changes in staff structure and leadership as well as changes in newsroom culture as the most helpful new development in covering the news.

One dimension of the sense of changing culture that came through in many responses was a clearer sense of purpose or focus.

"Clarifying the mission," wrote one newspaper executive. "Clearer focus," wrote another. "Focus on priority topics," wrote a third. "We have been forced to focus like a laser on what we can do well and not worry about the rest," wrote still another.
This new focus took various forms. Some mentioned renewed emphasis on watchdog and enterprise work. Others described concentrating more on breaking news. And others mentioned engagement with the audience, both from user generated content and responding more to consumers’ comments. That suggests that with limited resources, people are striking out in different directions. It is not clear if all will succeed.

But there was a clear sense that the financial crisis facing legacy media had inspired creativity. That tone far outweighed the number of comments that seemed simply angry or downbeat.

“The decline in readership and revenue has removed any sense of complacency and much of the hubris. Some of the poor performers are gone. Pace of reporting and publication has quickened. We are more open to collaborating with our audience,” wrote one newspaper executive.

“The reduction in staff and subsequent reorganization FINALLY convinced everyone we are serious about a Web-first operation,” wrote another newspaper news executive. “Our capacity for covering breaking news is stronger than ever. We fully integrated with our broadcast partners.”

And executives spoke enthusiastically about new hires, younger people, versed in multimedia. Some wished they had moved faster to bring such people in.

Among broadcasters, the No. 1 change that people cited favorably was adopting new technology that did not involve the Internet. Many of these praised in particular the impact of so-called “one-person bands,” in which a single person is equipped with the skills and equipment to report, shoot video, do live feeds and record audio—the correspondent, producer, camera and sound crew in one.

“The one-person-band outfits allow the survivors of the cutbacks (the best qualified remain behind) to gather news effectively and quickly,” said one broadcaster. “Reporters who shoot and edit their own stories,” said another. Wrote a third, these crews “give us more cameras and reporters on the street everyday.”
What Change in Your Newsroom Has Helped Coverage?

Question: “What change in your newsroom, if any, has HELPED most your ability to cover the news well?”
Note: Open-ended question; all mentions were coded, so totals may exceed 100%.

Few found Internet resources helpful to covering the news. Only 16% of newspaper executives said that adoption or increased use of Internet resources were helpful in covering the news and only 7% of broadcasters agreed.

Even with this optimism, the shrinking newsroom is still having a toll on the quality of news. Overall, both newspaper editors and broadcasters agreed that staff cuts were the most detrimental to covering the news well, with 56% of newspaper editors and 31% of broadcasters saying that staff cuts hurt their ability to cover the news.

“We are expected to do more with less and that hurts morale,” one broadcaster explained.

“Requiring me to basically do three jobs—producing, videography and editing when I was hired to do one—producing,” offered another broadcaster when asked what if any changes made the job more difficult.

“I have one reporter per shift a day,” said another, “I have one photographer on staff. He is our only live truck operator. Our company dropped the AP News Wire Service about the same time they cut the staff.”

“Fewer reporters,” said one newspaper executive; “cutting positions,” wrote another; “too many cuts, too much talent leaving the business,” wrote a third.
Far fewer felt that smaller budgets had a negative affect on news coverage. Only 14% of respondents said that budget cuts hurt their organization’s ability to cover the news.

Content

What kinds of changes or adaptations have news organizations begun to make to the content as an online, 24-hour-a-day, seven-day-a-week product?

Most still rely most heavily on their original reporting. Fully 89% of news executives name it as the type of information most important to their brand. But, in the age of the Internet, even original reporting can often be duplicative. Two-thirds of broadcast executives acknowledge that less than half of their original content is unique information not yet reported by others, including one-in-three who say that is the case for less than a quarter of their original content. Among newspapers executives, four-in-ten say that 51-75% of their original content has information not yet reported on by others.

Newspaper Organizations’ Unique Information

% of all Content
Question: “Thinking about the original content you now offer each day, what portion would you say is unique information not yet reported by others?”

The next most important element to the brands of these organizations differs somewhat by media sector and plays to the traits of each. For broadcasters, multimedia features were most likely to rank second (41%), followed by material aggregated from other legacy outlets or wires (24% ranked it second and 27% ranked it third). Print executives put higher value on original commentary offered (45% ranked it second), while most broadcast executives ranked it last among the items listed.
Question: “Please rank in order from 1 to 6 the importance to your brand of each type of information, where 1 represents the most important and 6 the least important. (Please use each number only once.)” These charts represent those who ranked the types of information as most important, one or two.

As a way of finding distinctive content to draw audiences, some organizations are becoming more specialized in the content they offer, especially those from a print background. Fully 76% of newspaper executives say their organization is moving in the direction of choosing to cover certain subject areas in depth and no longer covering others. This includes a quarter of them say they are moving strongly in that direction. Another 23% aren’t moving that way at all.

Broadcast organizations are mostly split with half saying they are moving toward specialized content (16% strongly so) and the other half (48%) saying they have not taken such steps.

Another trend that has yet to become widely adopted among these organizations is the growing practice of including content produced by outside news organizations or journalist groups, other than wires. Among both groups, the biggest
percentage (45% combined, 49% RTDNA, 37% ASNE) has not done this at all. But a third of newspaper executives say their outlets do this “on a regular basis.” Fewer broadcasters (22%) report the regular practice. But majorities of both groups say that in general they are at least somewhat comfortable with the idea.

When organizations do run this type of content, they seem to keep control over what makes it into their brand. Nearly 60% of print executives fully edit these outside submissions, sometimes asking for additional reporting. Just 2% of all executives surveyed said they are contractually obliged to take that content verbatim.

Content Management/Display

We also asked about the way in which online content is managed and distributed. The news organizations are experimenting with new modes of delivery and display, but overall the survey results suggest they remain fairly traditional in their approach to the Web. Even as consumers are increasingly following individual stories of their own—accessing stories through search and e-mail alerts, clicking directly to the story they want to read—home pages remain essential. Three-quarters of news executives listed homepages as essential—more than double most other options.

Executives listed mobile applications as the next most important element in news delivery, but to a much lesser degree (41% said it was essential). It was followed by e-mail alerts at 33%.

Social media—postings to social media sites—carries some importance as well for executives. Just less than a third (29%) said it was essential. Another 35% said it was very important. There were some differences by medium. About a quarter (23%) of newspaper executives and 32% of broadcasters call these posts to sites like Twitter and Facebook “essential.”

Still, that puts social media ahead of RSS (rated essential by 22%), widgets and other syndication (11%) or YouTube and other video sites (11%).
Question: “When it comes to displaying or delivering your site’s content to users, how important is each of the following?”

A good deal of where news organizations are putting their emphasis depends on what they know about their audiences and where their traffic comes from.

For these news operations, which are heavily local, the results appear to be somewhat different than for some of the better known national news websites. While outside searches draw some users, it does not make up the majority of Web traffic to news sites, according to the news executives surveyed. Most responded that half or less of their website traffic came from outside searches or external sources. Almost half (48%) of newspaper executives said that a quarter to a half of their website traffic came from outside searches, and 37% of broadcasters said the same. A quarter (24%) of all respondents said that less than a quarter of their website traffic came from external sources.
Religion in the News

Religion in the News: 2009
By the Project for Excellence In Journalism and the Pew Forum on Religion & Public Life

Pope Benedict XVI and the Obama administration generated the most religion-related coverage in the U.S. press in 2009.

The pope, though he made no visits to the United States last year, was the subject of two of the top 10 religion stories, while the Obama administration accounted for three of the top 10 religion-focused storylines during the year.

No single event dominated religion news coverage in 2009 the way the pope’s visit to the U.S. did in 2008. Instead, when religion made the news, it was often just one element of a larger story, such as the debate over abortion funding and health care reform, the impact of the recession on religious institutions, or the actions of President Barack Obama’s administration, including its continuation of the “faith-based initiative.”

These are some of the findings of a new study by the Pew Research Center’s Project for Excellence in Journalism and the Pew Forum on Religion & Public Life that examined news stories from January through December 2009.

Among other key findings:

The overall amount of religion coverage remained fairly steady, at 0.8% (compared with 1% in 2008) of the newshole – the total space or time available for news content in newspapers, on television and in other media.
About two-thirds of religion coverage in 2009 focused on stories that took place in the United States. About a third of the content focused on stories outside the U.S., down from 42.3% in 2008.

Religion-related issues drew more attention in new media than in traditional press outlets. In a separate analysis of blogs throughout 2009, religion-related news made a list of top stories in 11 out of the 45 weeks studied. The topics that showed up in new media ranged from a Swiss ban on construction of minarets to a French trial of a group of Scientologists to the debate about same-sex marriage.

The importance of new media platforms as a place for news and discussion about religion may grow as the number of religion writers in traditional news outlets decreases. According to the Religion Newswriters Association, at least 16 major print news outlets have reduced or abandoned their religion beats since 2007.

The study of traditional news sources analyzed more than 68,700 stories from newspapers, the internet, network and cable television, and the radio (for details, see the full methodology). The new media content was analyzed separately by aggregating and coding a sample of blogs, tweets and other sources monitored by Technorati and Icerocket, which track millions of blogs and social media entries (for details, see the full New Media Index methodology).

Religion Coverage Overall in 2009

Religion accounted for 0.8% of the mainstream media’s newshole in 2009. This level of attention was on par with press attention to several other specialty areas, such as education and immigration.

While some news topics received much more attention in 2009 than they had a year earlier, religion coverage remained fairly steady. Health news coverage, for example, nearly quadrupled to 11% of the overall newshole, an indication of media interest in the debate about health care reform. Religion coverage saw a slight dip, dropping from 1.0% of overall news coverage in 2008 to 0.8% in 2009.
The bulk of the religion coverage in American media outlets in 2009 (67.0%) focused on stories that took place in the United States. About a third of the content (32.8%) focused on stories outside the U.S., primarily on coverage of Benedict’s travels and activities in Europe, the Middle East and Africa. Attention to events on foreign soil was down from 2008, when 42.3% of religion-related coverage dealt with events abroad.

Top Stories of the Year

The pope’s visit to the Middle East from May 8-15 accounted for 4.5% of all religion news last year, making it the No. 2 religion news story of 2009. The only storyline to receive more attention was the role of religion in the Obama administration, but this narrative ebbed and flowed for several months, following a number of different actions taken by the new administration. Obama and Benedict also dominated many of the other top religion stories of 2009, such as the president’s speech to the Turkish parliament in April and the papal pardon of a controversial bishop.
Taken together, the various actions of the pope accounted for 7.3% of religion coverage for the year. Religion storylines related to the Obama administration made up 9.6% of all religion-related news.

Press Still Followed the Pope

Press coverage of the pope’s activities focused on his diplomatic efforts as well as several controversies.

Benedict’s trip to the Middle East was the biggest of these storylines, at 4.5% of the religion newshole. Some news reports picked up on the pontiff’s efforts to build bridges both to Jews and to Muslims in the region. On May 11, for example, NBC’s Today Show reported on the pope’s visit to Bethlehem, where he honored Holocaust victims and called for a Palestinian homeland.

But some other reports painted a picture of an embattled pope. For example, a segment on the May 12 broadcast of ABC’s World News Tonight described the pontiff’s attempt to promote peace, but it also focused on the politics that continued to prevent peace in the Middle East. As ABC News Middle East correspondent Simon McGregor-Wood noted, “Pope Benedict XVI came to Jerusalem today as a pilgrim of peace, but this is a place of conflict.” And a BBC News Web story on the same day referenced Benedict’s involvement in Hitler Youth during World War II. “The chairman of the Yad Vashem Holocaust Memorial Directorate, Avner Shalev, said he was disappointed that the pope did not more strongly condemn the Nazis,” reported the BBC.

The pope also made news in January for lifting the excommunication of a group of bishops who had been ordained 20 years earlier without the Vatican’s approval. The pardons drew criticism from European leaders when it turned out that one of the bishops, Richard Williamson, recently had questioned whether 6 million Jews died in the Holocaust and claimed that none were killed in Nazi gas chambers (2.3% of all religion coverage). The pardon was a home page story on ABCNews.com on Feb. 3.
The third major papal storyline was the pontiff’s trip to Africa in March, which garnered 0.5% of religion coverage for the year. Once again, controversy followed Benedict. On March 27, National Public Radio broadcast a BBC story about a British medical journal’s denunciation of the pope’s stance against the use of condoms in Africa. “The pope, who will shortly celebrate his 82nd birthday, has been involved in a series of public relations gaffes,” reported the BBC’s David Willey. “The Vatican has so far shown no sign of any willingness to modify its doctrinal views on the necessity of changing peoples’ sexual conduct rather than relying on condoms.”

The pope also was featured prominently in many stories during the Christmas holiday season. Holiday stories accounted for 4.2% of religion coverage and about half of these were about a papal Mass at which Benedict was attacked and dragged down by a female assailant, who was quickly subdued; the pope was not injured in the incident. A Dec. 25 CNN.com report described the scene: “The pope was quickly helped to his feet by his aides – prompting cheers from the crowd – and the service resumed.”

Religion and the President

Three of the top religion stories of the year revolved around the ideology, policies and rhetoric of President Obama. Together, these stories made up 9.6% of the religion newshole in 2009.

One storyline, which accounted for 5.8% of all religion coverage, centered on the role of religion in the new administration. Early in the year, the media covered the administration’s choices for the presidential inauguration festivities, where both evangelical pastor Rick Warren and an openly gay Episcopal bishop, Gene Robinson, delivered prayers. CNN’s Campbell Brown, in her prime-time program on Jan. 12, delved into the political implications of these choices, recalling that “it was only a few weeks ago that gay rights groups were pretty outraged when Obama picked Pastor Rick Warren, who, of course, campaigned against gay marriage in California, to say the prayer at the inauguration. Is this a way of placating everybody?”

Other news reports from early in the president’s first year raised questions about Obama’s religious ideology. For instance, Fox News Channel’s Bill O’Reilly, in his program’s opening segment, “Talking Points Memo,” stated that “the president is a secular guy.” O’Reilly proceeded to describe some incidents he felt were indicative of Obama’s approach to religion in the public sphere: when Obama spoke at Georgetown University, a religious symbol behind him was covered; he did not choose a home church once in office; and he did not attend National Day of Prayer events. Other news outlets picked up on the latter observation. CNN’s Situation Room aired a story on May 6 describing how the new president had upset certain Christians by not participating in the National Day of Prayer in May. CNN White House correspondent Ed Henry noted, however, that “many past presidents marked the occasion by just signing a proclamation.”

Additionally, a number of media accounts focused on Obama’s continuation and expansion of former President George W. Bush’s faith-based initiative (see the report by the Roundtable on Religion & Social Welfare Policy) and the creation of a faith-based advisory council (see the Pew Forum’s report on Obama’s advisory council). On Feb. 6, Barbara Bradley Hagerty of National Public Radio interviewed Jim Towey, who ran the office under Bush for five years. Towey’s advice to Obama was that “he’d better pray, every day, because you really need the wisdom to navigate a very treacherous landscape between the Establishment Clause and the Free Exercise Clause of the Constitution.”

Two other media storylines focused on speeches by the president. His April address to the Turkish parliament and a related news conference received 2.1% of religion coverage in 2009. While in Turkey, Obama stressed the positive impact of Islam on the United States and the world, which generated some backlash from conservative talk show hosts. Radio
broadcaster Michael Savage argued on his April 6 program that Obama was wrongfully defending Islam during the visit. "Obama said that 'Islam has made contributions that have shaped or shaken the world, including my own country.'...so I said I couldn’t think of one contemporary Islamic contribution to America other than Obama … Barack Hussein Obama, their mouth piece."

In May, the topic of abortion and Catholicism appeared in the news when Obama delivered the University of Notre Dame’s commencement address. Some bishops took issue with the university’s selection of Obama because the Democratic president’s views on abortion made him, in their view, an inappropriate choice for a Catholic university. Coverage of the event made up 1.7% of the religion newshole for the year. Fox News’ Sean Hannity interviewed anti-abortion activist Randall Terry, the founder of stopobamanotredame.com, on his May 15 program, where Terry said, “Human life is being snuffed out because of President Obama. And they’re honoring him.”

Press coverage of Obama’s speech at Cairo University in June focused almost entirely on the diplomatic angle of the event. Although Obama addressed matters of faith explicitly, even quoting the Koran, the vast majority of the mainstream coverage emphasized the broader international relations aspect. “Most notable in the hourlong address was Mr. Obama’s reiteration of his support of a state for Palestine, and his rejection of continued construction by Israel of new settlements on disputed land,” reported the Wall Street Journal on June 4. Only about halfway down did the article briefly touch on Obama’s references to Islamic traditions and beliefs, noting that Obama “quoted from the Quran and recited Muslim contributions to the world and to America.”

Religion and Public Affairs

Attempts to change the U.S. health care system and the struggling economy were two stories that generated a great deal of coverage in 2009. These two issues also generated some religion-related coverage.

Faith groups’ activism around health care reform made up 3.0% of the religion newshole in 2009, sometimes providing a window into how religious groups take different stances on the same issue. An Aug. 11 CNN story published on Google News described the efforts of religious groups in favor of health care reform. The story quoted a Baptist minister and a Jewish rabbi who argued that access to health care is a moral issue. But some reports examined religious coalitions that opposed an overhaul of the health care system. A front-page New York Times story on Aug. 28 described a group of Catholic bishops opposed to the proposed health care legislation, having “concluded that Democrats’ efforts to carve out abortion coverage are so inadequate that lawmakers should block the entire effort.”

Religion narratives tied to the economic recession accounted for 2.2% of all religion-related coverage. These stories mostly examined how houses of worship were faring under financial duress, as well as the growing demands on religious charities and social service providers. A few stories went deeper, such as the Pittsburgh Post-Gazette’s front-page account on July 8 of the pope’s encyclical about the moral aspects of economic responsibility. Reporter Ann Rodgers noted where the pope spoke to Wall Street in “Caritas in Veritate.” “The pope criticized economic decisions made solely for the short-term interest of investors, particularly when jobs are lost,” Rodgers wrote.

The perennial debate over abortion rights also made the news in 2009, accounting for 1.7% of religion-related coverage during the year. Most of the coverage focused on tensions between the hierarchy of the Catholic Church and Catholics who question or depart from the church’s teachings, particularly on abortion. For example, Yahoo News carried an Associated Press story in November that reported that Providence, R.I., Bishop Thomas Tobin had asked Democratic Rep. Patrick Kennedy to refrain from receiving Communion in light of his stance on abortion.
Other Notable Stories

Two other religion-related stories received notable coverage in 2009. One of these was the shooting at Fort Hood, which filled 2.0% of the religion newshole. When Army Major Nidal Malik Hasan went on a shooting spree at the Texas military base in November, the media focused on whether and how the Muslim psychiatrist had been radicalized.

Worried about a backlash, leaders of the American Muslim community were eager to convey their own message through the media. NPR's Nov. 6 broadcast of Morning Edition contained a statement by Ibrahim Hooper of the Council on American-Islamic Relations (CAIR). He insisted that "this is just something that ... should not be used to somehow paint Muslim military personnel or the American Muslim community as somehow unpatriotic or anti-military." The cable news channels were another venue where Islamic leaders spoke freely. On MSNBC's Nov. 6 edition of Hardball, host Chris Matthews spoke with Nihad Awad, also of CAIR. Awad told Matthews, "Sincerely, I offer condolences for the families who lost their loved ones and I pray sincerely for God to give a speedy recovery for those who were injured in this attack. But also I remember the thousands of Muslims continuing to serve in the U.S. military and also the many headstones in Arlington National Cemetery that have crescents on them." On the same day, MSNBC's Rachel Maddow interviewed Suhail Khan, an expert on Muslim-Christian relations, who also stressed that thousands of Muslims serve with honor in the U.S. military.

Another storyline involved Republican Sen. John Ensign, who admitted to having an affair with the wife of one of his aides. Stories on this topic, which accounted for 1.6% of religion-related coverage for the year, addressed Ensign's conservative Christian positions on social issues and his ties to The Fellowship (also known as The Family), an evangelical Christian group that includes members of Congress and other public officials.

Religion Coverage by Medium

Each sector of the media devoted about the same amount of coverage to religion during the year. Across network and cable television news, radio broadcasts, newspapers and websites of traditional news organizations, about 1% of the total newshole focused on religion.

But there were differences in the type of religion stories that were featured most prominently. On cable TV, religion-related stories that had a political component received the most attention. For example, the top religion-related storyline on CNN, Fox News and MSNBC was the policies and ideology of the new Obama administration (15.2% of cable's religion coverage) followed by faith groups' involvement in the health care debate (6.7%). Cable also devoted a significant portion of its religion coverage (6.5%) to Ensign's affair.

Broadcast networks, including NBC, CBS and ABC, focused more on the pope; the networks' top two religion stories included Benedict's travels to the Middle East (9.5% of the networks' religion coverage) and his pardon of the bishop who had once denied the Holocaust (8.3%).

Newspapers devoted significant space (5.8% of their religion coverage) to religion and the economic downturn. They were the only news outlet to devote much attention to that issue.

And on the Web and radio news programs, no particular type of news story dominated religion-related news coverage.
New Media and Religion

In 2009, religion attracted significantly more attention in new media sources than in the mainstream media. An analysis of nearly a year’s worth of commentary in a sample drawn from millions of blogs and social media finds that religion was a top story in nearly a quarter of the weeks studied (11 out of 45 weeks). 2 (For details, see the complete methodology of PEJ’s New Media Index.)

The specific religion-related topics covered by new media were broad in scope. Some reappeared throughout the year, while others surfaced quickly and faded abruptly. For instance, the debate over same-sex marriage was the top theme in five of the 45 weeks studied.

Popular Religion Topics on Blogs in 2009

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<tr>
<th>Week</th>
<th>Topic*</th>
<th>Percent of Links</th>
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<tr>
<td>Feb. 9-13</td>
<td>Catholic Indulgences (#3 story that week)</td>
<td>7%</td>
</tr>
<tr>
<td>Feb. 16-20</td>
<td>Founder of Islamic TV Station Charged with Beheading Wife (#4 story)</td>
<td>8%</td>
</tr>
<tr>
<td>Mar. 9-13</td>
<td>Decline of Organized Religion (#1 story)</td>
<td>30%</td>
</tr>
<tr>
<td>Mar. 16-20</td>
<td>Culture Wars (#4 story)</td>
<td>5%</td>
</tr>
<tr>
<td>Apr. 6-10</td>
<td>Same-Sex Marriage (#1 story)</td>
<td>26%</td>
</tr>
<tr>
<td>Apr. 20-24</td>
<td>Same-Sex Marriage (#2 story)</td>
<td>16%</td>
</tr>
<tr>
<td>May 4-8</td>
<td>Same-Sex Marriage (#1 story)</td>
<td>14%</td>
</tr>
<tr>
<td>May 25-29</td>
<td>Same-Sex Marriage (#1 story)</td>
<td>35%</td>
</tr>
<tr>
<td>Jun. 15-19</td>
<td>Same-Sex Marriage (#2 story)</td>
<td>6%</td>
</tr>
<tr>
<td>Oct. 26-30</td>
<td>Scientology (#4 story)</td>
<td>11%</td>
</tr>
<tr>
<td>Nov. 30-Dec. 4</td>
<td>Swiss Ban on Minarets (#1 story)</td>
<td>17%</td>
</tr>
</tbody>
</table>

*Topics included in this table appeared among the top five overall topics for that particular week.

Between April and June, the debate over same-sex marriage appeared frequently in the blogosphere, stemming mostly from state legislation. On April 7, for example, Vermont legislators voted to allow same-sex couples to marry and the City Council in Washington, D.C., voted to recognize gay nuptials that had been performed elsewhere. Most bloggers who linked to news reports applauded the developments. “It’s been an amazing last few days for gay rights in America,” declared blogger Collin Kelley. “The Vermont legislature approved same-sex marriage, so I guess that means the Christian right-wing crazies and their Republican cohorts will have to find someone else to blame besides ‘activist judges.’”

But a minority of bloggers were critical of the developments. “While we Christians should abhor the events that have taken place in Vermont,” warned blogger Nathaniel Darnell, “more concerning to us than the legalization of sodomy should be the Church’s failure to proclaim the Law of God and the failure of fathers to train their sons in manliness.”

This is an illustration of a new media trait that emerged throughout the course of the year – its ability to quickly amass a passionate community of commentators around any particular subject (for more on the character of new media audience engagement, see the 2010 State of the News Media report). This was the case for same-sex marriage as well as for other religion topics that sometimes generated intense debate.
Some religion-related topics that did not get much attention from the mainstream media received more coverage in new media. During the week of Feb. 9, for example, the subject of Catholic indulgences was widely debated in new media sources. It was sparked by a New York Times story that chronicled the return at some Catholic churches of plenary indulgences – a practice that allows for the mitigation of punishment for sins. During the week of Oct. 26, Scientology was the topic of conversation in the blogosphere after a French court found six members of the Church of Scientology guilty of organized fraud and fined each as much as 400,000 euros. And from Nov. 30-Dec. 4, 17% of the links in blogs were about a Swiss referendum banning the construction of minarets.

The blogosphere and other social media tools have grown over the past few years. According to the Pew Internet & American Life Project, 51% of internet users post online content that they have created themselves. Eleven percent of all adults use blogs. The use of Twitter has tripled since 2008.

At the same time, the number of reporters assigned to the religion beat in the mainstream media has been shrinking. According to Debra Mason, executive director of the Religion Newswriters Association, at least 16 major print news outlets have reduced or abandoned their religion beats since 2007. At the same time, she says, online newspapers such as The Huffington Post and Politics Daily have increased their religion staff. “We’re in the midst of growth of the [religion] beat online,” Mason says, “but newspapers haven’t kept up with the trend and have instead let religion coverage languish.”

**Footnotes**

1. Percent of newshole is calculated using an algorithm that accounts for total space or time devoted to news content in newspapers, television, audio and Web sources.

2. For the sake of authenticity, misspellings and grammatical errors that appear in direct quotes from blog postings have not been altered.
Newspapers – Summary Essay

By the Project For Excellence In Journalism and Rick Edmonds of the Poynter Institute

Poynter Institute ethicist Kelly McBride was visiting former colleagues at the Spokane Spokesman-Review last summer, when the conversation slid into the how-bad-is-it? mode. It has gotten so bad, one journalist said, that the independent contractors who deliver the paper are complaining that the Monday edition doesn’t have enough throw-weight to get all the way up the porch.

That’s our metaphor for the state of the industry early in 2010. Newspapers, contrary to what is frequently alleged, are not dying in droves. Only half a dozen of any size went out of business, and most of those were second papers in their market. More papers, nearly 100, cut back at least one day a week, but most of those were very small.

But far too many American papers are at risk of becoming insubstantial. They lack the heft to be thrown up the front porch or to satisfy those readers still willing to pay for a good print newspaper.

As they shed circulation at an accelerating pace, they lose value to advertisers. Worst case, the industry could simply keep shrinking, stall out as a business and be left without resources to reinvent itself.

The recent financials certainly have been ugly. Advertising losses, averaging 26% in 2009 (on the heels of a cumulative 23% loss the previous two years) left newspapers downsizing everything – the physical dimensions of the paper, the space devoted to news and, most painfully, their roster of news professionals.

By our calculation advertising revenues fell 43% over the three years.

Roughly 13,500 jobs for full-time, newsroom professionals disappeared during that period, the total falling from 55,000 to 41,500, a count which includes some 284 new jobs at some online-only newspapers now included in the industry’s tallies. That means that newsrooms have shrunk by 25% in three years, and just under 27% since the beginning of the decade.

To put it another way, newspapers headed into 2010, devoting $1.6 billion less annually to news than they did three years earlier.

Business prospects for 2010 are marginally better. The advertising losses and the need for further cutting will be less extreme. With price increases at many papers, circulation revenues are trending up modestly, even as paid circulation numbers continue to decline steeply.

Online advertising revenues should begin to grow again in 2010, and newspapers may find a way to tap profitably into emerging markets like news to mobile devices. Incremental growth, however, seems far more likely than a surge that will
transform the business and facilitate a complete switchover from print to digital. After 15 years of transition, about 90% of newspaper company revenues still come from the print business. 6

Circulation losses at daily papers seem to have peaked at 10.6% year-to-year in the six-month period ended September 2009. 7 Big declines are almost certain to continue in 2010. To put this in perspective, newspapers have lost 16.9% circulation in three years and 25.6% since 2000. 8

The online sites of newspapers continued to add audience through 2009, although measurement of that audience remains wildly imprecise. Typically, such sites have developed well editorially, becoming the locus of breaking news and offering an array of Web-native features like blogs, discussion chains, interactive presentations and video.

But during 2009, online advertising revenues, which had grown at a robust rate as high as 35% a year earlier in the decade, actually declined year-to-year by about 10%. 9

The industry made brave noises about charging for online content and some experiments will be forthcoming in 2010. Generally, though, newspapers have hesitated to pull the trigger on a pay wall, fearing a big loss of audience that would drive online ad revenues farther down.

Besides a handful of closings, there were significant bankruptcies in 2009. At the top of that list was Tribune Company, owner of the Los Angeles Times and Chicago Tribune, among others, staggering under the huge burden of $13 billion in debt real estate baron Sam Zell took on to acquire it. Others included Freedom Communications (owner of the Orange County Register), Star-Tribune of Minneapolis, Philadelphia Newspapers, Journal Register, MediaNews and Morris Publishing.

In March 2009, only Washington Post stock was trading among newspaper companies for more than $5 a share and several of the companies were entering penny stock territory. 10

By the end of the year, shares still traded at far below their 2006 values but had ticked back up sharply from the depth-of-recession lows.

Improved fortunes for the industry should not be confused with an all’s well. The trends remain negative. Particularly troublesome — so long as advertising revenues decline, companies will need to make further cuts and potentially do more damage to their print and digital franchise.

Here is a summary, category by category:

Circulation and Readership

Circulation has been falling most of this decade, but the losses reported for the period ending in September 2009 were unprecedented: 10.6% daily and 7.5% Sunday compared to the same period a year earlier. Some of that loss reflects readers opting to get news on the Web instead or dropping their subscriptions. But there were other factors at work, too — continued trimming of circulation to distant geographic areas, limited money to spend on promoting new circulation and the recession’s impact on people who had lost their jobs or were worried they would.
Industry boosters correctly point out that newspaper Web site audiences continue to grow and that the total reach of a news organization’s print and digital offerings is probably greater than ever. That hardly masks the business problem in print circulation declines – fewer ad impressions at the premium rates print commands, fewer copies distributed with packets of advertising inserts.

Advertising and Earnings

Advertising began improving late in 2009, in the sense that the percentage decline in year-to-year comparison was slowing. Most public companies were reporting ad losses of 15% to 20% in the fourth quarter compared to fourth quarter 2008. An actual upturn in ad revenues is unlikely until mid-2010.

The woes are familiar: loss of the once-lucrative classified franchise to electronic competitors like Craigslist and low rates for online display. And, of course, there was the recession. A remedy is less obvious, although continued improvement in targeting online ads to demonstrated user interests (as the industry has done through the Yahoo Newspaper Consortium) together with a share of the action in new ad formats like mobile or local search could help.

As expected, earnings continued to plunge in 2009, with many companies just breaking even once they made interest payments on their debt and paid down some of the principal. The good news, if there was some, was that by dint of very deep cuts in operating budgets, most companies were squeaking out an operating profit by year’s end.
But 2010 should pose a pair of challenges. Most predict revenue will continue to fall, perhaps in the 10% range. The cutbacks from the last two years thus probably will not be enough to keep papers profitable as that happens. A major task will be to minimize damage to the news report and customer service. And then, once revenues do pick up — if they do — companies will need to strike a balance between improving profits and investing in rebuilding depleted news reports, together with starting up new ventures to diversify their revenue streams.

Newsroom Cutbacks


Minorities include Native Americans, African Americans, Latinos and Asian Americans.

Newspaper Newsroom Work Force
1978-2008

Design Your Own Chart
Source: American Society of News Editors, Newsroom Employment Census, 2008. ASNE dates its data according to the release date. PEJ presents the data according to the year they were compiled.
Papers are allocating much less space for the news report. Separate business and features sections have been eliminated at many metros. Lighter advertising days like Monday and Tuesday are especially skimpy in contrast to the Sunday edition, where ad revenues are relatively stronger and readers have more time to read long articles. One consequence of all that cutting is a pronounced drop in time-consuming investigative projects and serious day-to-day local accountability reporting.

Ownership

Shares of publicly traded companies couldn’t fall much lower than the rock bottom prices of spring 2009. Indeed, they did rally, and stocks by the end of the year were up anywhere from 40% to 1,000% from their lows (though they are still typically down 80% to 90% from mid-decade peaks). 11

With depressed earnings and shaky prospects, few newspapers were sold in 2009. The still-profitable Austin American-Statesman in a big-state capital and growth market attracted bidder interest, but owner Cox pulled it off the market in August rather than accept what its publisher called “a fire-sale price.” 12

After soliciting bids, the New York Times Company ended up in the fourth quarter selling neither the Boston Globe nor the Telegram-Gazette of Worcester, which had been for sale.

Through bankruptcy proceedings, several papers did pass into the hands of private equity firms specializing in distressed debt. The Star Tribune of Minneapolis and Journal Register papers emerged from bankruptcy under creditor control.
Creditors were also seeking control of Philadelphia Newspapers and the Tribune Company. Platinum Equity acquired the San Diego Union Tribune at a bargain liquidation price. It appears that 2010 will be the first test of how these nontraditional owners run papers once they take over.

So how bad is the condition of the industry?

It is certainly fair to say without the major cost structure cuts of the past couple of years, the majority of metros would have been facing a death sentence. That is not a likely outcome, however.

The beginnings of overall economic recovery will bring at least some of the disappearing ad revenues back. It remains an open question whether newspapers and their digital operations will grab a significant share of the recovery ad dollars or whether companies will shift big portions of their budgets to new digital marketing formats without news content.

With deep expense cuts in place, even modestly improved revenues will drop easily to the bottom line.

For the time being, advertising inserts remains a strong business (while tilting ad revenue further to the Sunday edition). Industry advocates continue to argue that the reach of print newspapers, even if circulation has fallen, is attractive and valuable as media fragmentation increases. Similarly, branding campaigns are not going away, and that may be an area where newspapers, along with other traditional media like television and billboards, hold their own against trendier digital and search alternatives.

But those arguments, familiar for more than a decade, cannot gloss over weak print readership by younger people. And papers are flirting with a tipping point where the cutbacks are so great that even loyal audiences give up.

The plight of the industry and the erosion of journalism’s civic contribution have caught the attention of Congress and agencies like the Federal Trade Commission and Federal Communications Commission. There is little consensus yet within government – or even within the industry – about what action would help or even whether government can be involved without damaging traditions of independence.

The problems are not uniform across the industry. Big-city papers continue to have the worst of it in these difficult times. Small dailies and community weeklies, with the exception of some that are badly positioned or badly managed, still do better. The latter come closer to the late-20th century position of newspapers as the dominant source for local information and the place for local merchants to advertise.

The three national dailies, never so dependent on classifieds, had a rough advertising year in 2010, but are positioned relatively well as the economy rebounds. The three papers – the New York Times, Wall Street Journal and USA Today — all have strong Web sites (as does the Washington Post) with a growing national and international audience and comparatively strong ad base.

In a possible sign of shifting industry dynamics, the New York Times launched regional supplements to its San Francisco and Chicago editions, drawing on the work of well-financed donor-sponsored startups. Similarly, ESPN launched regional sites in Chicago, Boston, Dallas and Los Angeles, challenging papers there for dominance in sports reporting. The Wall Street Journal is rolling out regional supplements as well and increasing its local coverage of New York City.

But if this is, as it appears, a case of well-off national media lions (and some new media challengers) feasting on sickly antelopes, watch for many metros to fight back in 2010. Already, for example, the Seattle Times has responded to the
rich collection of neighborhood Web sites in that city by partnering with and aggregating 19 of them. 13

The Dallas Morning News announced late in 2009 that it was adding back a handful of reporters and editors to strengthen the paper, for which it will charge a proportionately higher price. Dallas is trying to please advertisers that may be worried about the paper’s falling circulation with a separate, free quick-read paper delivered in higher-income Zip codes.

Similarly, Gannett has established Sunday Select, essentially to deliver an insert packet to targeted nonsubscribers.

All of these developments suggested a thaw. Post-recession, newspaper companies are beginning to make small strategic investments in their future. We still see the first half of 2010, though, as mostly a continuation of the hunkering down of 2009.

After that we may soon see the return of an old choice. Do papers extract most of the returning ad revenue in higher profits? Or will they recognize the damage done by the financial hurricane that swept through the industry and apply some substantial investment to developing new lines of business and rebuilding skimpy news reports in print and online?

Footnotes

8. Newspaper Assocaiton of America, Trends and Numbers.
10. Yahoo Finance.
11. Yahoo Finance.
Newspaper organizations reached something of a turning point in audience strategy in 2009. After years of trying to maximize audience with relatively low circulation prices, relying more on advertising for revenue, they raised the price of print editions substantially, to 75 cents or $1 in most cities. And many were preparing for experiments with a version of paid online content early in 2010.

As a result, many companies by the end of 2009 were reporting at least a modest increase in circulation revenue. But that came at a cost, the biggest print circulation losses yet for an industry whose audience numbers chart over the last six years has come to look like a ski slope.

Newspaper circulation fell 10.6% daily and 7.1% Sunday in the six months ended September 30 compared to the same period a year earlier, according to the Audit Bureau of Circulations (ABC). 1

That left paid circulation nationwide at about 43,500,000 daily and 45,600,000 Sunday. 2

Those numbers represent declines in print audiences of 31.5% and 27%, respectively, from peak totals in the last 25 years. 3 More importantly, unlike the losses before the 1990s, which came from afternoon and second papers going out of business rather than the surviving papers losing circulation, these are circulation losses suffered at the papers that remain.

Design Your Own Chart
Source: Deutsche Bank Securities and Audit Bureau of Circulations
At the same time, print circulation numbers do not tell the full story. Not all of this audience is lost. Online audience continued to be a positive counterpoint for the industry. Monthly unique visitors averaged 74 million in the third quarter of 2009, according to Nielsen Online, up 14% from 65 million in the third quarter of 2008. Page views averaged 35.5 billion per month during the quarter, which was even with the total a year earlier. 4

But the detail behind those figures is less cheering. A typical visitor spends only a little more than half an hour per month on all newspaper sites (a share of that typically going to the large national sites). 5

Also, a substantial share of unique visitors, at least locally, also read the print edition.

And online users command only a small fraction of the advertising rate, by most estimates 7% to 10%, of what newspapers can charge per print newspaper reader. (For more on this see Economics.)

Why the Declines?

Do the huge and accelerating losses reported in the fall of 2009 represent some kind of tipping point at which papers, becoming less substantial, are beginning to see a flight of readers beyond simply moving to new versions of the print edition online?

The losses reported in the fall of 2009 have multiple causes. Most obviously, they represent a continued shift of audiences, especially younger ones, away from print to online as the preferred way of getting the news.

But there are a number of additional factors:

- Newspapers, especially metros, continue to voluntarily cut circulation in more distant areas on the grounds that the cost of delivering papers is higher and that the readers are of marginal value to local advertisers.

- With tight budgets and a need to continue cutting in tandem with ad revenue losses, newspapers had even less to spend on generating new circulation orders, a more expensive effort than it was early in the decade because of the federal do-not-call restrictions on telemarketing. The Newspaper Association of America reported that churn (the percentage of the circulation total replaced with new subscriptions in a given year) had fallen to 31.8% in 2008 from 54.5% in 2000. 6 That suggests that earlier numbers were pumped up with cheap introductory offers; now more papers are getting down to a smaller, loyal base of readers.

- As newspapers aggressively marked up both single-copy and subscription prices, they lost at least some readers as a result.

- That effect was heightened with the impact of recession, which led those losing their jobs, and others watching household expenses, to cut back or eliminate spending on newspapers.

- Skimpy newspapers, without the volume of news and advertising that print readers expect, doubtless led to some additional erosion of subscriptions and daily sales.

While bad results from one six-month circulation period tumble into the next, the industry believes it has a chance to turn around some of the causes of decline in 2010, especially during the second half of the year. But it will be a testing time.

The big question going forward about newspaper audiences might be summarized as follows: Can a tighter news report produced by a smaller staff hold its own with readers at a markedly higher price than they have been used to paying?
Totals at Individual Papers

Larger metro papers have had the worst of it in print circulation losses for several years now. That was true again in 2009, although national and mid-sized papers took hard hits as well.

The sole winner among big papers was the Wall Street Journal, which managed a 0.6% gain in the six months ended September 30 compared to the same period in 2008. The Journal benefits by having about 400,000 paid subscriptions to its electronic edition counted under auditing rules in the paid totals, Also, as a favored property in Rupert Murdoch’s News Corp. empire, the Journal is not as starved for circulation promotion money as is the rest of the industry.

The Journal passed USA Today as the nation’s highest circulation daily, 2 million to 1.9 million, a position it once safely held a generation ago. USA Today recorded a 17.1% decline in circulation. That reflected weakness in travel and changing agreements with some of the hotels it has counted on for distribution, plus a decision to take its cover price to $1 in late 2008.

The New York Times, the most expensive American paper at $770 a year for a seven-day subscription to the national edition, saw daily circulation fall 7.3% daily and 2.7% Sunday.

Among the large metros, the San Francisco Chronicle had the worst performance, declining 25.8% weekdays and 23% on Sundays. The Dallas Morning News and the Star Ledger of Newark were off about 22% daily and 19% Sunday. The Los Angeles Times, with an 11% decline, now circulates 657,000 daily. That is down 39% from 1.1 million in 2000.

Top 15 Daily Newspapers Circulation 2008-2009

<table>
<thead>
<tr>
<th>Name of Newspaper</th>
<th>2008 Circulation</th>
<th>2009 Circulation</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Street Journal</td>
<td>2,011,999</td>
<td>2,024,269</td>
<td>0.6%</td>
</tr>
<tr>
<td>USA Today</td>
<td>2,293,310</td>
<td>1,900,116</td>
<td>-17.1</td>
</tr>
<tr>
<td>New York Times</td>
<td>1,000,665</td>
<td>927,851</td>
<td>-7.3</td>
</tr>
<tr>
<td>Los Angeles Times</td>
<td>739,147</td>
<td>657,468</td>
<td>-11.1</td>
</tr>
<tr>
<td>New York Daily News</td>
<td>632,595</td>
<td>544,167</td>
<td>-14.0</td>
</tr>
<tr>
<td>New York Post</td>
<td>625,421</td>
<td>608,042</td>
<td>-18.8</td>
</tr>
<tr>
<td>Washington Post</td>
<td>622,714</td>
<td>582,844</td>
<td>-6.4</td>
</tr>
<tr>
<td>Chicago Tribune</td>
<td>516,032</td>
<td>465,892</td>
<td>-9.7</td>
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<tr>
<td>Houston Chronicle</td>
<td>448,271</td>
<td>384,437</td>
<td>-14.2</td>
</tr>
<tr>
<td>Philadelphia Inquirer*</td>
<td>300,675</td>
<td>361,480</td>
<td>20.2*</td>
</tr>
<tr>
<td>Newsday (NY)</td>
<td>377,517</td>
<td>357,124</td>
<td>-5.4</td>
</tr>
<tr>
<td>Arizona Republic</td>
<td>361,333</td>
<td>316,874</td>
<td>-12.3</td>
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<tr>
<td>Minneapolis Star Tribune</td>
<td>322,360</td>
<td>304,543</td>
<td>-5.5</td>
</tr>
<tr>
<td>San Francisco Chronicle</td>
<td>339,440</td>
<td>251,782</td>
<td>-25.8</td>
</tr>
<tr>
<td>Dallas Morning News</td>
<td>338,933</td>
<td>263,810</td>
<td>-22.2</td>
</tr>
</tbody>
</table>

Note: Circulation numbers from Audit Bureau of Circulations publishers’ statements for the 26 weeks ending September.* The jump is attributable to the inclusion, for the first time, of the Daily News, which is co-owned and now treated as an edition of the Inquirer. It is not an increase in the circulation of the Inquirer alone.
Smaller papers and weeklies generally beat the averages, and some have been able to keep circulation level, although the difference is hard to quantify because most do not have their circulation audited by ABC.

**New Audience Strategies – The Options Proliferate**

Very best case, print newspapers will emerge from their present troubles with a print circulation base older but willing to pay the new higher subscription or newsstand price.

That makes it more urgent than ever in 2010 for newspapers to try to identify and serve additional audiences in their communities with an assortment of digital and print products, potentially each with a different revenue stream and business model. While advertisers may not care much about a total number for the audience reached by all these efforts, an ad sales force can mix and match the offerings to sell tailored package deals to local prospects.

A few newspaper organizations – notably the Chicago Tribune with Red Eye and the St. Petersburg Times with tbt* — have established successful free alternative dailies. They can be produced inexpensively by re-editing the material that makes up the traditional print edition. And with daily distributions of 250,000 (Red Eye) and 75,000 (tbt*), to mostly a younger demographic and others who prefer a quick, free read, the tabloid-size publications have a different advertising base. And at least a fraction of the daily tab readership ends up buying the traditional Sunday paper.

An equivalent electronic success would be websites targeted to stay-at-home mothers or working mothers. Gannett’s MomsLikeMe sites now run in more than 75 communities, assembling a targeted audience that itself provides much of the content for free and is attractive to both local and national advertisers for the large set of products and services that mothers buy.

For some years, newspapers have been adding other supplementary print products with lesser frequency, targeting such advertiser-friendly topics as health, travel or luxury living in an attempt to increase audiences.

In 2009, the Dallas Morning News rolled out a free compact edition, distributed to higher income zip codes. Similarly Gannett papers in its larger cities began offering Sunday Select, essentially a package of inserts home-delivered to a set of nonsubscribers.

New technologies are creating additional options. To date, many papers offer electronic facsimile issues, typically costing something but lots less than print, reflecting the much lower production and distribution costs. At the end of 2009, Amazon’s Kindle offered nearly 100 papers, downloadable and easy to read on a plane or train (though in a gray, words-only format).

These products have been surprisingly popular even with less than fabulous technical quality.

But the ante goes up in 2010 with the introduction of bigger and more versatile electronic tablets, starting with in March with Apple’s much-hyped iPad. Magazine demos – like one produced by Sports Illustrated in fall 2009 – suggest these presentations can replicate the page-turning experience and also offer opportunities for deeper content and search, in short, a better product, for many, than print.
Whether the devices themselves – and their use for reading newspapers and acceptability to advertisers – will catch on in a big way is conjectural. They are at least a significant opportunity, and in the eyes of some futurists eventually a potential escape route from the fixed expenses of print, though with uneven revenue expectations.

Similar considerations are at play as newspapers try to figure out whether there is opportunity in serving news to mobile devices. The capabilities and presentations on mobile are on a fast upward curve. In 2009, the iPhone (and those like it) and the more than 100,000 apps that followed were runaway hits and the next generation of so-called smartphones may be even more impressive and popular (as well as cheaper). 15

But a host of very basic questions linger. Will news be among the top uses or at least big enough to constitute a business opportunity? How can news best be delivered on the platform, beyond the plain-vanilla alert? How do advertising messages fit and will geo-specific ads bring hesitant small local businesses onto the digital playing field?

The industry also needs to figure out whether free, get-acquainted mobile news apps, like one offered by the New York Times, is the right way to build traffic or whether such service should carry a price from the start, as the Washington Post will now do. The Associated Press is reviewing its own AP Mobile app, downloaded 3.5 million times and including member content on an opt-in basis, with an eye toward applying lessons to the iPad platform. 16

Meanwhile Online Audience Is in a Stall

The good news, noted above, is that unique-visitor-per-month figures for the industry and most individual sites continue to grow. An analysis of the top news websites elsewhere in this year’s annual report finds, for instance, that newspapers make up half of all the 105 news websites with at least one million unique visitors a month. The bad news is that page views and time on-site are stalled – as low as four or five minute per month at some. That reflects that the growth is in traffic from search engines to individual articles, some local but much of it not, worth something but not much to advertisers.

With general display rates low and falling, media consultant Ken Doctor suggested at a Poynter Institute conference in November, moderate increases or decreases in overall traffic may not be of much consequence to most papers now. Targeting, partnerships and new ad formats are far more important.

There is another problem, well known within the industry and not unique to newspapers, but nonetheless broached publicly at a Federal Trade Commission workshop in December by Mark Contreras, senior vice president for newspapers at E.W. Scripps and incoming chairman of the Newspaper Association of America. For years, different measuring methodologies have yielded wildly divergent counts of monthly online traffic. It baffles advertisers, he said, and is a threshold problem in telling a coherent story that will justify higher rates. Contreras even suggested that he would welcome a nudge from the federal government for an industry effort to sort out the disparities (as Congress mandated for TV ratings in the 1960s). 17

Efforts to establish common measures of mobile and social usage add to these issues.

So add to the newspaper industry’s formidable to-do list for 2010 better measuring online audience and breaking down reader interests and on-site usage patterns, in a way that justifies higher rates and begins to attract the sluggish local merchant base.
Number of Newspapers

Over all, the number of daily newspapers continues to fall.

In 2008, the most recent year for which data are available, the total number of dailies declined by 14 to 1,408 from 1,422 in 2007. This was the fourth year of decline.

Evening papers continued to decline in number, while the number of morning papers grew. In 2008, the number of evening papers declined by 19 while the number of morning newspapers grew by five, a smaller increase than 2007’s increase of 34. Some of these were afternoon papers converting to morning circulation.

Number of U.S. Daily Newspapers

Weekday and Sunday editions, yearly increments, 1990-2008

Readership Demographics

Who was reading print newspapers in 2009?

According to Scarborough Research, 43% said in 2009 that they had read a daily newspaper the day before.
Daily and Sunday Newspaper Readership
2009

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage Nationally Who Read Newspaper the Day Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any Daily Newspaper</td>
<td>43%</td>
</tr>
<tr>
<td>Any Sunday Newspaper</td>
<td>48</td>
</tr>
<tr>
<td>5 Daily/1 Sunday</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Scarborough Research survey data

The numbers suggest that across all age cohorts the numbers are dropping.

Those in the youngest cohorts, 18 to 24 and 25 to 34, had the lowest readership levels. Fewer than two out of three, 27% and 28%, respectively, said in 2009 that they read a daily newspaper the day before, according to data from Scarborough Research. Both those figures were four percentage points lower than where they stood the year before. 19

Those aged 35 to 44 and 45 to 54 also showed declines in readership. Both groups saw five-point decreases in 2008, to 36% and 46% respectively.

People in the oldest groups were the most likely to say they read a newspaper the day before, with 62% of those over 65 answering affirmatively, a decrease of two percentage points from 2008, and 54% of those 55 to 64, a decrease of three percentage points from 2008. 20

Daily Newspaper Readership by Age Group
Percentage nationally who read any daily newspaper yesterday, 1999-2009

[Chart showing readership by age group from 1999 to 2009]

Source: Scarborough Research survey data
Between 2008 and 2009, readership dropped for all of the races and ethnicities that PEJ analyzed. The group most likely to read newspapers, whites, declined to 44% from 47% the year before. Asians dropped even more, nine percentage points, to 32% in 2008, and African Americans declined five points to 37%. Hispanics, the group least likely to have read a newspaper in the past day, dropped three points to 26%. 21

Among readers of various levels of education, readership declined across the board between 2008 and 2009. Of the groups most likely to read newspapers – those with post-graduate educations – readership dropped five percentage points to 55%. Those with some post-graduate education saw a decrease of six percentage points to 50%. High school graduates saw the smallest decline, of three points to 41%, while those with some college education dropped four points to 44% and college graduates dropped five percentage points to 47% in 2009. 22
Daily Newspaper Readership by Education
Percentage nationally who read any daily newspaper yesterday, 1999-2009

Footnotes
2. Newspaper Association of America, Trends and Numbers, adjusted to include 2010 declines.
3. Newspaper Association of America, Trends and Numbers, adjusted to include 2010 declines.
12. Times Media Solutions, online media kit 2009.
18. 2009 Editor & Publisher International Yearbook Data, “Circulation of U.S. Daily Newspapers by Circulation Groups, Number of Daily Newspapers.”
22. Scarborough Research Center, survey data spring 2009.
In the face of falling revenues, it took a yearlong series of brutal cost-cutting to keep newspapers in business. Several prominent papers like the Washington Post, Boston Globe and Newsday lost money over all in 2009, but most were operating at least modestly in the black by the end of the year and were poised to do better in 2010. Unfortunately, that improvement comes only with further rounds of cuts through the first half of the year as advertising revenues continue to fall. And that follows radical cuts in both staff and content over the last three years, instituting reductions in pay and benefits, and outsourcing all sorts of business functions, including printing.

The wild card, as we noted at the beginning of this year’s report, is whether the cutting required to keep newspapers even marginally profitable risks hastening the flight of readers and thereby a new round of problems and possibly a further downward spiral.

Wall Street, by year’s end, was modestly hopeful on industry prospects, bidding the shares of publicly traded companies four to ten times higher than the rock bottom values of March 2009. The stocks, however, are still way down from their peak levels in 2005 and 2006.
You could compare the economic state of the industry to the day after a hurricane passes through. Damage was extensive, but there were few deaths. There is measured optimism about rebuilding, but some hard truths have emerged:

- Online, advertising by itself won’t soon and may never be sufficient to support a strong, comprehensive newsgathering operation. This report has been pessimistic about those prospects for some time, and that skepticism has been borne out.

- Keeping print revenues strong – from advertising and increasingly from circulation – will be essential as the work of building new income streams from an assortment of digital ventures accelerates.

- Some form of paid online content is coming at papers ranging in size from the New York Times to small-city dailies. That will bolster the value proposition for print subscribers (assuming they get free online access) and begin a pattern of charging regular readers something in any format. But that shift, as new survey data that are part of this year’s report finds, must overcome significant consumer resistance and will almost certainly be a difficult transition. It may require the industry moving to pay en masse before it works.

- There is no agreed-upon business model for the future. Everyone is searching — no one is so obviously doing it right that others are rushing to emulate it.

- The window for reinvention and transformation is not indefinite. Readers and advertisers are gravitating to other options, and newspapers need to figure out how to be providers of a share of those. How long newspapers have to discover this is impossible to pin down. Newspapers may shut down some days of weekday circulation in print first and hang onto Sunday as long as possible. But our guess, based on conversations with industry analysts is a medium-term number, longer than a year or two, but less than 10.

- If the economy were to slip into a double-dip recession or there were an accelerated shift of marketing budgets from traditional media to new digital formats, the industry’s immediate prospects probably become life-and-death again. Some inside the industry, including the, Newspaper Association of America, for instance, foresee new digital competition and price pressure for lucrative preprint insert advertising, which held up relatively well during the recession.

- Thirteen newspaper companies, even several with mostly profitable papers, were forced to file for bankruptcy protection in 2008, 2009 and early 2010. A significant share of the industry, perhaps a fifth or a quarter, will by the end of 2010 be run by lenders without newspaper experience.

Advertising: Anatomy of an Advertising Crash

At the heart of newspapers profit crisis is what has happened to classified.

By early 2007, the industry had already lost a significant share of the once-lucrative classified advertising franchise to competitors like Monster, Craigslist and Google search. The recession then made the decade-long swoon worse, with classified falling 40% for the year. In nine years, print classified revenues fell from $19.6 billion in 2000 to an estimated $6 billion in 2009, a decline of 70%.
And to make matters worse, classified advertising was generally the most profitable source of newspaper revenue. At some papers, the margins on classifieds were as high as 90% at their peak a decade ago.

Electronic search, run largely by non-news companies, is a natural match for the business that used to go to print classifieds. Individual listings in an electronic format can be expansive as opposed to the cramped mash of abbreviations they were in print – accommodating, say, a photo tour of a house for sale. Also, as the plain but functional Craigslist site demonstrates, buyers are on a mission to find a particular good or service, and no accompanying news content is necessary.

If classified print advertising were to fall $4 billion more in 2010 and kept at that pace, it would be gone by mid-2011. But that’s not considered likely. Newspaper print classifieds are never going to grow back to their old levels, but neither are they likely to go to zero anytime soon. Some potential buyers still prefer print and use the Internet sparingly, if at all. Newspapers still dominate in obituaries, for which nearly all now charge, along with paid birth and wedding announcements. And, as the economy improves, motivated sellers may choose to use both the electronic listings and the newspaper to move the goods.

Some even saw some positive signs by the end of 2009. One publisher told us that December 2009 classifieds compared to December 2008, “up a little, but still terrible.”

Still, the three main subcategories of classified – cars, real estate and employment recruitment – were all sectors of special pain during the downturn. As the chart here indicates, besides its overall steep decline, the mix of the remaining...
classified business has changed drastically.

Job recruitment, the worst of the worst, was running two-thirds below 2008 levels through the first three-quarters of 2009 and has fallen to a tenth what it was in 2000. There is expected to be some modest growth here in 2010, unless the so-called “jobless recovery” runs through the year.

Automotive and real estate were both off in the mid-40% range year to year. 5

Though there was a flurry of advertising connected to the federal cash-for-clunkers initiative in August, the car industry was in a deep slump and the closing of many local dealerships thinned the list of potential advertisers. Real estate was another sector that crashed rather than just declined. That caused especially deep losses for papers in Florida, California, Arizona and Nevada that had at the height of the real estate boom enjoyed some false prosperity compared to papers in the rest of the country.

The rest of the classified pie – “other” – did not decline nearly so badly in 2009. Once the smallest of the four subcategories, it is now the biggest by a wide margin and runs nearly equal to its volume back in 2000. Besides paid announcements of various kinds, evergreen categories like pets and garage sales are holding up. 6

Online Advertising

A second major source of trouble for the industry has been online advertising. At the beginning of the decade, optimists said — as New York Times chairman and publisher Arthur O. Sulzberger Jr. did — that as news audiences moved to the Web, newspaper publishers and advertisers would simply move with them.

Mid-decade, even though the online base was tiny, it was growing robustly – by about a third a year. We expressed the doubt then that if that rate of growth continued indefinitely (unlikely as the absolute numbers got bigger) it would be late in the decade just begun before it equaled print advertising and could be viewed as the primary revenue support for newspaper organizations.

Things haven’t worked nearly that well. Starting in mid-2007, basic online display rates started falling and have continued to decline. It’s a simple case of supply and demand. Whatever one thinks of the journalistic merits of online startups, blogs and now social media, they have created an explosion of inventory, and dirt-cheap advertising opportunities. Aggregation sites like Yahoo and Huffington Post have huge audiences, taking further ad share from newspapers.

In the years of fast growth, newspaper online advertising was dangerously reliant on so-called “up-sells” from print classifieds. These electronic versions of print classifieds once accounted for more than half of total online ad revenue. As print classifieds have crashed, so too has that segment of online business.
What other kind of online advertising could step in? Some in the industry, such as McClatchy chairman Gary Pruitt, argue that the recession of 2008-09 masks progress made in replacing the classified share with a more diverse and Web-exclusive ad placements. At McClatchy, both online display and the percentage of online ads that are Web-only increased at a healthy rate in 2009 despite the bad economy. 7

McClatchy (and other companies to a lesser degree) achieved part of that gain by getting better rates for a share of their online advertising by targeting ads to individual consumer interests. Information can be collected either by customer profiles or an analysis of what they choose to read or both. Several hundred papers now partner with Yahoo, leveraging their local sales force with the computer giant’s targeting capacity and industry-leading readership. Well-targeted ads command rate increases of 50% and more, compared to non-targeted ad inventory. 8

In sum, though, the negatives outweighed the positives in online during 2009. Over all, online revenue to newspapers declined 12% for the year, according to NAA estimates. Industry-wide, online accounts for only 10% of total ad revenue; 90% still goes to print 9 (although the online share is higher than the industry over all at some of the big companies).

Also, while 2009 was a year where most categories of digital advertising except search declined, newspapers continued to lose share of the total as well — a worrisome trend since companies may choose after the recession to plow money into newer formats like their own Web sites. (For more, see Online Economics.)
Besides being bad for the bottom line, the stall in online advertising creates a strategic paralysis for the companies with their legacy ties to newspapers. It makes no sense to abandon print anytime soon so long as that remains where the money is. But papers, as badly as ever, need to identify and then develop new revenue streams in the digital environment where much of their future inevitably lies.

Basic questions linger about whether online display ads are welcome (as opposed to an interruption) to Web users. The form has been very slow to catch on with small-business merchants, cooling earlier enthusiasm for hyperlocal ventures. Part of the reluctant exploration of paid content online (discussed in more detail near the end of this section) reflects doubts about whether advertising on Web sites will ever reach the potential once supposed.

Ad Rates

Prices as well as volume were falling in 2009. Newspaper ad rates have never closely tracked circulation figures (as, for instance, ad rates are pegged to circulation bases in magazines or ratings for television). In the "good old" quasi-monopoly days, newspapers were able to raise rates substantially year-to-year even when circulation grew little or was flat.

Early in the decade, rates tended to stay steady or match inflation even as circulation started to slide. But the much-steeper declines in circulation and broader competition in urban markets weaken a newspaper's hand in negotiating rates. In earnings conference calls with stock analysts, public company executives were pressed to say how much rates were off. They did not volunteer exact figures, which are hard to determine, given the complexity in pricing various combinations to major clients.

McClatchy's Pruitt did estimate that rates were off "high-single digits," and New York Times chief executive Janet Robinson conceded they were off some. That is an important negative heading into 2010 as substantial further circulation declines are virtually a certainty.

There was a modest success story mixed in with all the gloom. Preprint insert advertising held up reasonably well. People who never used to hunt bargains and clip coupons did so in 2009, and advertisers responded by putting more coupons in the paper than ever before. Downloadable electronic coupons are beginning to catch on, but newspapers and their traditional direct mail competitors still dominate.

Inserts now make up more than half of the retail print advertising base at metro newspapers. And the Sunday editions, flush with inserts, now account at a typical paper for 50% or more of total print advertising revenue.

The Newspaper Association of America published an analysis in October 2009 warning publishers that the insert business was coming "under siege." It cited demands from Sears and other big users for rate cuts of up to 15% and concern from others that the newspaper preprints do not reach enough young people. The report also faulted newspapers for doing a mediocre job in providing data on return on investment and other performance metrics.

Cost Control: Cutting Like Crazy, Then Cutting Some More

The newspaper industry was well into a cutting frenzy in 2008 as ad revenue declines accelerated. But deeper cuts and new ways to save were necessary for papers to come close to living within their means in 2009. More of the same looms for the first half of 2010.
Most obvious to readers, all but the biggest national papers have made big reductions in the size of their news and editing staffs and the space devoted to a news report. (Details are discussed in the News Investment section of this chapter.) Editions on weak advertising days like Monday and Tuesday had a distinctly flimsy feel in most American cities, and about 100 papers, almost all in smaller communities without major league sports interest, have eliminated the Monday edition. 12

The industry caught a break as newsprint prices, partly reflecting weak demand, fell for the first time in several years, by roughly 20%. Nearly all papers had reduced their width and shaved the thickness of paper stock in previous years; in a few places, the physical dimensions of the paper were compressed still further. Combine those factors with fewer pages of news report and many fewer ads to print, and the industry had a running start on cost control. McClatchy and Gannett reported that their 2009 fourth quarter paper costs were down more than 40% from the same period a year earlier. 13

But that was only a start. New features of the cost cutting of 2009 were freezes or outright reductions in salaries, benefits, pension contributions and health care benefits to retirees. Early in the year, Gannett took a lead in a furlough plan — requiring every employee, from salaried workers to top corporate executives, to take off a week unpaid in the first and second quarters. Many other companies followed, figuring the strategy spread the pain, blunted the number of layoffs needed and amounted to a bet that there will be some revenue bounce-back as the recession eased, more when a full recovery occurs.

Outsourcing, a trend well under way in 2008, accelerated in 2009. All kinds of business functions — from payroll to circulation telemarketing to ad composition — were subcontracted, allowing big cuts to payroll and benefits. Some of the larger chains (and the Associated Press) went for savings by consolidating these functions – and a good deal of copy editing — regionally.

A growing number of papers have outsourced printing. When McClatchy made a presentation to a meeting of investors and analysts in December, Pruitt said that eight of the company’s 30 papers are now printed somewhere other than the city they served. 14 More than half of Gannett’s 85 papers are outsourced or printed on other Gannett presses. 15 The other side of that coin is that papers with high-capacity, newer presses aggressively go after the business of printing additional papers or the regional editions of the New York Times and the Wall Street Journal. (There is a market for used presses, which can be broken down and shipped to Asia or Latin America, where newspaper industries are still expanding.)

As they pressed for salary cuts and benefit reductions, newspapers encountered noisy resistance from unions. However, given the state of the industry, unions had little leverage to fight back. Management threats to eliminate more positions, to sell or close the newspaper or to void certain contracts by seeking bankruptcy were all too credible. Unions in Boston and San Francisco, for instance, reluctantly accepted deep concessions to preserve the enterprise and their jobs.

Headed into 2009, the clear challenge was to make cuts big enough and fast enough to keep pace with the sharp ad revenue declines. By the fourth quarter most companies – except those in the most challenging metro situations — had brought revenues and expenses back into equilibrium. The cuts, especially those to the news report itself, were much deeper than anyone wanted, but as McClatchy’s Pruitt told the December investors’ meeting, “We did what we needed to do.” 16
Little Momentum for Asset Sales or Major Frequency Reductions

In last year’s edition of this report, we discussed two other ways of economizing for newspaper organizations – selling unrelated businesses or assets and the more drastic move of cutting back on daily print publication or delivery. Except for the discontinuation of Monday editions at some smaller papers, neither proved to be a big factor in 2009, although dropping some weekday editions remains a possibility in the future.

Back when the basic newspaper business was wildly profitable, papers took on side ventures for diversification or so-called synergies. Newspapers also typically occupied big downtown office buildings, and many purchased land for future expansion. Any or all of that made sense to sell and get cash infusions in 2009. Trouble was, credit was tight, and the market, especially for real estate, was weak.

Among the few successful transactions of 2009, were these:

- Tribune Company sold the Chicago Cubs, Wrigley Field and a share of a related television venture for $845 million in August. 17
- The New York Times announced it planned to dispose of its share of the Boston Red Sox and a related television syndicate but had not done so by early 2010. Faced with a credit crunch in the first quarter of 2009, the Times sold part of its recently built headquarters building in midtown Manhattan for $225 million, then leased back the space it uses. 18
- The St. Petersburg Times sold its Congressional Quarterly subsidiary to the Economist group for an unspecified price believed to be near $100 million. 19

In cutting back print publications, two experiments played out in 2009. The Christian Science Monitor and the jointly operated Detroit Free Press and Detroit News announced in late 2008 that they would retreat from daily publication and delivery, relying on a continuously updated Web site as a substitute. It was a halfway measure — not abandoning print and losing the entire costs of printing and distribution, but incurring those less frequently and generating substantial savings in the process,

The experiments worked well enough for the two organizations, their executives said, but hardly anyone followed. That reflected the fact that each was a special case, and publishers of most large papers were wary of cutting service to their most loyal readers and seeming to say they were not essential every day.

The Monitor, with a small circulation spread across the country, offered a weekly magazine as an alternative. Circulation rose from below 50,000 to more than 70,000. 20 Web audience and page views grew. The Monitor is unusual, however, having a very small advertising base, online or print, and thus not putting big money at risk with the change in print publication frequency. The newspaper continues to be heavily subsidized by the Church of Christ, Scientist, although it is aiming for self-sufficiency in five years.

The Detroit papers, one of the few surviving joint operating agreement pairs in a big city, were faced with an especially depressed local economy linked to the faltering car industry and their losses were tough to reverse. Their solution was to cut home delivery to three days a week, publish a compact edition other days of the week and aggressively market an electronic facsimile edition. The idea was to keep Sunday and a few other strong advertising days intact, but cut costs way back other days.
Detroit reported minimal losses of circulation and advertising as the experiment kicked in. Editorialy, there were a few bumps. Big news in the car industry, sports championships or the court actions against Mayor Kwame Kilpatrick seemed to have a way of happening frequently on the days of the nondelivered compact edition. Readers, especially older ones, complained that they did not hear of deaths in a timely way and missed some funerals.

Robert Dickey, head the community newspaper division of Gannett, one of the Detroit publishers, told us in 2008 that the reduced frequency made sense only in special cases like Detroit or for very small papers which may lack enough news to make up a solid news report every day. 21

Until digital revenues grow much higher, we do not see many papers going the route of omitting several daily editions – let alone the giant leap of abandoning print and going to a digital-only operation.

Profits, Debt, Stock Performance and Bankruptcies

The two important business dynamics in 2009 for newspapers were plunging revenues and draconian cost-cutting. Early in the year, the revenue losses outpaced the cuts and most papers were operating at close to break even or losing money. By the fourth quarter, cost reduction had caught up and most papers were at least modestly profitable.

By our estimates, average operating margins fell from the high teens in 2007 to the low teens in 2008, to around 8% in 2009. 22 But margins were not the most important bottom-line measure. Earning a slightly lower margin on 25% less revenues meant actual profits were 30% to 50% less than they had been in 2008, itself not a strong year.

For companies that had borrowed heavily in the middle of the decade to expand by acquisition, managing debt was a brutal problem. Best case, they needed to plow back most of what the newspapers earned in operating profit to pay debt service and debt reduction (the case at McClatchy). Many needed to refinance debt coming due at a much higher rate, thus increasing interest expense (the New York Times Company). For others the debt was overwhelming and filing for bankruptcy protection was the only option (Tribune Company, MediaNews).

Only companies with little or no debt – Washington Post, Belo and E.W. Scripps, for example – escaped the crunch. They still had to make deep cuts but could operate at break-even or a loss, figuring on a post-recession bounce-back in 2010, keeping their basic news report closer to intact and investing in startup ventures.

As has been the case for several years, smaller newspapers (under-75,000 circulation) did comparatively better, with less revenue loss and greater profitability. A small-town paper may still come closer to the old operating model of being the go-to place for news and for local businesses to advertise; a paucity of broadcast competition in smaller areas also makes a significant difference in ad sales. Metros no longer enjoy that isolation from competition.

The industry started the year with the economy and their ad revenue in free fall, and then gradually got a little better. Newspaper stocks closely tracked that distress and modest rally. By March, no newspaper stock except the Washington Post was trading for more than $5 a share. 23 Several – McClatchy and Lee – were deep in penny stock territory. The market was saying, in effect, that these companies were worth nothing as operating businesses going forward (the same message conveyed by non-bidders and low-ball bidders on newspapers for sale).

By the end of 2009, the industry had stabilized somewhat. Most of the stocks were trading at double to 10 times the March lows. But the valuations were still just a small fraction of what they had been in 2005 and early 2006.
Design Your Own Chart  
Source: Yahoo Finance  
The Washington Post is not included in this chart. Its 12/31/08 price/share was $390.00 and its 12/31/09 price/share was $439.60.

Bankruptcies were numerous. Tribune Company, the Star Tribune of Minneapolis and Philadelphia Newspaper all filed for bankruptcy by late 2008 or early 2009. Each had been purchased mid-decade by private investment groups at the high going rates of the time. Unwary buyers with non-industry backgrounds underestimated the structural weaknesses of the newspaper business. And like almost everyone, they didn't see the deep recession coming.

Others followed as the year went on and 2010 began. Journal Register, run so cheaply it had little room for cuts, filed and re-emerged within a few months. Freedom Communications (owner of the Orange County Register), Dean Singleton’s MediaNews, and Morris Publications also sought bankruptcy protection after protracted negotiations with creditors who finally lost patience. These companies were not able to improve their businesses enough or fast enough.

Typically in these Chapter 11 proceedings, the original equity holders lose everything and other creditors accept pennies on the dollar. Management may find new backers and seek to regain control of the company as Brian Tierney has tried to do in Philadelphia and Singleton appears to have arranged for his large chain, which includes the Denver Post and clusters of papers near San Francisco and Los Angeles. In other cases, the banks or private equity specialists in distressed properties take over and install their own management teams (a trend discussed in the Ownership section of this chapter).
New Revenue Prospects

The industry entered 2010 eager as ever for new revenue streams. Once again, there are prospects but no sure things: targeted digital advertising, self-service ads, news and ads served to mobile devices, experiments in paid online content, and electronic editions on the next generation of tablet devices like Apple’s iPad.

This section discusses some new business models and revenue streams that newspapers in particular are trying both online and offline. In the Online chapter of the State of the News Media 2010, there is another discussion of revenue experiments solely online, some of which apply to newspaper as well as other sectors.

Behavioral targeting, discussed more fully in online economics, is a now a proven success for a number of newspaper groups, some reporting 30% year-to-year online display gains as a result. Questions for 2010 are whether the targeting can be made more lucrative with a higher level of targeting specificity and be paired with ad formats more appealing to online users than often-ignored banners or irritating drop screens. Some of the larger companies choose not to partner in the Yahoo consortium. Those in the consortium are splitting revenue with the company and others are cobbling together their own targeting system with Google or other partners.

A threat is looming, though, in the efforts of privacy advocates to put much tighter regulation on gathering online information about individual users. The current norm is that an individual can “opt out” of being served targeted advertising. Reversing the standard, that is, serving ads only to those who choose to “opt in,” would be crippling to one of the industry’s few growing income streams.

Experiments began during 2009 with so called “self-service” platforms, allowing smaller advertisers to buy reduced-rate packages without the intermediary of a salesperson. Tribune implemented the new service with some success at a number of its papers and is one of several companies offering a self-serve system to others in the industry. It is early yet to tell, however, whether the ads work well enough to attract repeat business from advertisers like dry cleaners and restaurants. In addition, competition for new small business digital revenue will be fierce, as Yellow Pages and broadcast sales forces move on the same opportunity.

Every year, digital pundits predict this will be the breakout year for mobile news and ad revenues. In 2009 Apple’s iPhone caught on in a big way and an explosion of more than 100,000 apps to serve it followed. Mobile news alerts also grew sharply – the New York Times reported in April it was getting 60 million page views a month, double the total in April 2008. 24

But none of that activity has resulted in a solid revenue stream for newspapers. The Times and a number of other feeds are free to the user for now. Working out the nuances of effective story display, especially of longer pieces and graphics is still under development as is ad placement and design. In concept, geo-targeted advertising has great promise – say a list of today’s specials as a shopper drives into a mall. It is still not clear, however, whether that option will catch on with digital-wary merchants and whether newspapers as opposed to shopping and user-rating services will be the beneficiaries if so. In addition, it is the wireless carriers and companies like Google, Yahoo and Amazon that sit in the catbird’s seat when it comes to amassing and acting on geo-targeted data.

For most of 2009 and into 2010, no topic has been more discussed and hotly debated than whether newspapers should move to some form of paid content for their Web sites. The discussion has ideological/spiritual overtones. Some argue that the industry committed an “original sin” when it widely adopted a free content model online a decade ago. 25 Digital
evangelists, led by blogger Jeff Jarvis, counter that content on the Web ought to be free and that anyone who says otherwise is out of touch with the digital world as it is.

Ultimately, paid content is a business question and not necessarily a simple one. The newspapers’ problem is that a paid wall could easily reduce audience substantially and cost more in lost ad revenue than it generates in subscription fees.

Nor has it been it proved that very many people will pay for a newspaper’s general news online when there are free local, national and international alternatives. Surveys suggest not too many will. After three months, Newsday had just 35 subscribers to its Web site (although clients of its parent Cablevision get access free). 26

How consumers react will be among the most important issues facing the industry now.

The on-the-other-hand is that as online ads plateau for newspapers, Web operations need to move to a mixed subscriber/advertiser revenue model similar to print. Also as newspapers have raised single-copy and home delivery prices, it becomes odder and odder to offer most of the print edition content and various Web extras an alternative at the attractive price of zero.

Walter Hussman, publisher of the Arkansas Democrat-Gazette, was viewed as an eccentric for years after he instituted an online pay wall mainly to protect his print circulation base. Now Hussman’s strategy is looking better and better to small newspapers, which are putting little online ad revenue at risk if they lose visitors and page views, and it even appeals to some larger papers.

Although paid content amounted to a lot of talk and hardly any action in 2009, we look for 2010 to bring at least cautious experimentation. Since September, the Pittsburgh Post-Gazette has been offering a premium package of special content and access to events and writers while keeping its main site free, although the paper has yet to disclose results.

The New York Times announced in January 2010 that it would begin a year hence to keep its site free to print subscribers and allow access to a limited number of articles per month, typically via search, for free. But it will impose a monthly fee, not yet specified, for unlimited use beyond a metered limit. (For more, see Online Economics.)

Another version of the paid content debate is whether publishers should exact fees from Google and other aggregators who build news sites with their content. Google has argued that its algorithmic news site and search function send an enormous volume of traffic to newspaper sites against which they can sell ads.

Publishers counter that many readers of Google or Yahoo news sites stop at the headlines and summaries, and thus the search engines are the real beneficiaries of the traffic. Influential CEO’s like Tom Curley of the Associated Press and Rupert Murdoch of News Corp. have hinted that they might strike exclusive arrangements with Microsoft’s Bing or other search competitors and block Google access, but the threats to date have not produced a new kind of compensation from the aggregators.

A final new revenue prospect emerged in January 2010 with the much-hyped announcement of Apple’s new iPad device. One of its many functions will be to display electronic editions of newspapers. The iPad and similar electronic tablets in theory have potential for a best-of-both worlds, print-like display with digital delivery and flexibility. As with smart phones, however, whether news will catch on as a leading use and work for advertisers remains to be seen. It will probably be mid-2011, at best, before tablets have a serious marketplace impact on revenue.
As this inventory suggests, the opportunities for new revenue are numerous. There is no obvious path, however, to picking the right combination and no obvious timetable for meaningful new income streams to arrive. Newspapers can expect some swing back to revenue growth in print and digital advertising later in 2010, but there will be competing demands for that money – increasing profits, rebuilding news reports and investing in new ventures.

The continued shift of audiences to digital news formats and advertisers to an assortment of digital options, most of them divorced from news, seems inevitable. Newspaper organizations most likely have a window of several years to transform their business. There is no assurance, though, that they will find their way to the front of the line in this emerging new order of information and marketing. Success has been discouragingly elusive to date.

Footnotes

1. Newspaper Association of America, Trends and Numbers. Fourth quarter 2009 is Edmonds estimate.
2. Yahoo Finance.
22. Mike Simonton, Fitch Ratings, e-mail to PEJ, February 1, 2010.
23. Yahoo Finance.

**News Investment**

*Newspapers*

By the Project For Excellence In Journalism

**News Investment (Updated April 22, 2010 to reflect estimates of newsroom job losses.)**

Here is a short history of how newsroom cuts have played out at large metro papers:

- **1980-2000:** Big newsrooms, hundreds and hundreds of reporters, more than 1,000 at the Los Angeles Times. The most ambitious regionals had a few foreign bureaus and multiple investigative projects cooking at any time. In retrospect, this staffing may have been a little flush. Newspapers were making so much money they could satisfy investors with huge profits and still afford a big news effort.

- **2000-2005:** A nasty recession opens the decade. More than 2,000 professional newsroom jobs (about 4% of the total) disappear in 2001. They do not come back as the industry chooses to squeeze expenses to keep profits up. The news investment section of our 2005 report quotes leading industry executives asked at an editors convention to grade how their newspapers are discharging their public service function. Most give it about a C.

- **2006-2008:** Now the deterioration of ad revenue and deep newsroom cuts begin in earnest. Another 7,500 news jobs vanish. Those foreign bureaus are closed. Many specialty beats are shut down. Metros can no longer afford to cover outlying suburbs. The most experienced (and highest salaried) reporters and editors are targeted with buyout/early retirement packages.

- **2009-early 2010:** Horrible recession and accelerating ad losses force continuing deep cuts. Separate business and features sections disappear. The space for news, especially on light advertising days, has been squeezed to a fraction of what it once was. Statehouse and Washington bureaus are gutted or closed. All but the most positive newsroom survivors are mourning the departure of colleagues, worried they may be next to be axed and pessimistic about the industry's future. The latest job-cutting target is to slash the copy desk. Readers see less news and many more typos and factual errors.

Some industry boosters would say that this inventory dwells on the negative. Even with all those cuts, newspaper organizations still have 41,500 journalists, about 70% of what they once fielded. The newspaper still typically has the biggest newsgathering force in a given community. A Project for Excellence in Journalism case study of Baltimore
published in January 2010 found that the Baltimore Sun, as depleted a metro as one could find, still did the great majority of original reporting on six major stories sampled. 5

On the other hand, the cutting has not stopped yet, and the next round of options looks even less appealing than the last. Newspapers don’t have much of a track record of reinvesting in news after a recession passes. Will this be an exception as the economy gradually picks up?

A usually positive news executive surprised us in late 2009, commenting, “Have you been around the country lately? Most of the papers are just awful.” The locals are noticing too, judging by the bitter complaints that dominate comment chains any time a paper announces more cutbacks. Surely quality has something to do with the sudden doubling of the rate of circulation losses.

The dynamic comes uncomfortably close to what scholar Philip Meyer, borrowing an aviation term, dubbed the “death spiral” several years back – the point at which cuts required to maintain profitably hasten further flight by readers and further losses of ad revenue. It is not clear how the industry, as it charges more in print and explores paid online content, can regain some forward thrust in the news report it offers in either format.

Measuring the Losses

Typically in years past, we have tried to quantify the industry’s news effort by referring to the American Society of News Editors newsroom census (For a detailed discussion of those numbers, the losses at particular metro papers and details of the changes summarized above, see the News Investment section of last year’s report).

The ASNE census results for calendar 2009 were released in mid-April, 2010. It showed a loss of 5,200 newsroom professional jobs, not quite as high as the 5,900 lost in 2008, and 700 less than this report initially estimated it might be. One difference is that ASNE this year included some online-only newspapers in its count, representing 284 jobs, that it did not include in previous years. With those new online-only newsrooms included, that brings newsroom employments down to 41,500 from a high from a high of 56,400 in 2000. 6 The percentage losses are higher at big metros and lower at smaller papers.

Several analysts tried over the last year to offer an alternative measure of what has been lost.

Co-author Rick Edmonds suggested in an October 2009 article that newspapers are spending $1.6 billion less annually on news than they had been just three years ago.

That estimate, probably conservative, begins by taking the $21.5 billion reported in ad losses and an estimated $1.5 billion in circulation revenue losses, reducing the industry from approximately $60 billion in 2005 and 2006 to $37 billion in 2009.

The Inland Press Association Cost and Revenue Study has found newsroom expense to range between 8% and 15% of revenues, depending on the size of the paper. To avoid any risk of inflating a number, Edmonds estimated current average newsroom share at 12% of revenues and also assumed the figure was two percentage points lower three years ago when more went to profit.

That calculates to $6 billion spent on news three years ago, $4.4 billion now, or a loss of $1.6 billion. If one figured average newsroom share to be a bit higher or the differential because of lower profit margin to be less, the figure for losses easily rises above $2 billion.7
Independently, analyst Ken Doctor, in his new book. “Newsonomics” (February 2010), suggests that 828,000 articles were not published in a year as a consequence of the news jobs eliminated in 2007 and 2008. 8

These estimates also raise a pair of tough questions, not easily answered. How much of the work lost was expendable or duplicative, with little impact on quality for the reader? And, how much of the shift is leading to content better tailored to the interests of readers? Many articles in the good old days were overlong. The industry is still hacking at inefficiencies like having six editors read a single story or sending hundreds of reporters, editors and photographers to the Super Bowl.

Is the fast-growing new-media sector making up much of the real slack? The PEJ Baltimore study suggests not; most of the blogs and alternative sites were made of links to the original reporting or opinion without any additional reporting. The numbers also suggest a huge difference in scale. The best and biggest local startups like MinnPost and Voice of San Diego have annual operating budgets of $1 million or so. Thus it would take 1,600 of those to cover the $1.6 billion news deficit. 9

Academic Clay Shirky of New York University expressed a version of the same thought in a celebrated essay early in 2009, “Newspapers and Thinking the Unthinkable.” It is quite possible, he argued, that newspapers and other old media will fade faster than the replacement news system takes shape, leaving a sort of journalism limbo of several years duration. This, Shirky wrote, “is what real revolutions are like. The old stuff gets broken faster than the new stuff is put in its place.” 10

Downsizing Trends of 2009

The deep cuts of the last 18 months did not so much veer in a new direction as continue the trends already becoming evident by mid-2008. These included:

Targeting Higher Paying Jobs:

As revenues fell fast at the end of 2008 and all through 2009, companies sought the maximum savings by getting rid of the best-paid, most-experienced reporters and editors. So buyouts, offered only to those with decades of experience, continued to be in favor, sometimes with explicit warnings that generous severance packages would expire if eligible staffers postponed the decision to move on. Institutional memory and mentoring of younger reporters were two of the casualties in this approach.

The Copy Desk as Target:

Concurrently copy editing has been scaled way back at many metros. Layers of editing became viewed as a nice quality-control luxury but not a necessity. Many of the copy editors asked to leave were experienced and well paid. A number of large organizations – Gannett, Scripps, and the Associated Press – moved to consolidate copy editing at regional centers, losing something of local knowledge but realizing additional savings. The new secured-lender owners of the Star Tribune in Minneapolis mandated a reduction of 30 positions, 18 of them on the copy desk, in January 2010. 11

Starting Over:

In one of the more extreme cost-cutting strategies that emerged in 2009, several newspapers let the entire newsroom staff go, then asked the ex-employees to reapply to a restructured company. Gannett’s Journal-News in New York City’s
Westchester County suburb went that route in August. Seventy of 288 news and ad sales jobs were cut. 12 Those who successfully reapplied had changes in duties but retained their pay. New media skills were emphasized in the reapplications.

Advance’s Ann Arbor News in Michigan went one step farther, closing as a business in July and then reopening as a new website with a twice-weekly print publication. The site, with a nontraditional social media tilt, re-employed fewer than half of the news staffers let go, and those at substantially lower salaries.

Since both of these were efforts of large chains, they can be looked at as pilots that may be instituted more broadly if management deems them a success.

Partnering And Pro-Ams:

In 2008, a number of newspapers decided that competition for top-dog status with other papers in their state something they could no longer afford. Former rivals began collaborating instead: Three South Florida papers sharing local coverage, eight Ohio papers sharing stories (a structure picked up in Maine and other states). The statehouse bureaus of the Miami Herald and St. Petersburg Times merged.

In 2009 newspapers took a further step from the tradition of originating all the important stories they run. The Kaiser Family Foundation launched a new health policy news service with a cadre of experienced health journalists and placed its stories with the Washington Post and other prominent publications. The Post also accepted a piece on the a proposed federal budget commission from Fiscal Times, a similar specialty site, and this occasioned some embarrassment when it was revealed that the service is being paid for by financier Pete Peterson, a longtime critic of what he regarded excessive federal spending. In its business section, the Post now runs media stories by the Web sites Paid Content and TechCrunch.

The New York Times is drawing content for its new regional editions in San Francisco and Chicago from heavily endowed nonprofits in the two cities. ProPublica, the national investigative site, now has 32 working journalists and continues to offer most of its projects free to a collaborating newspaper or television outlets. 13

A less-noticed trend we expect to build momentum this year is for newspapers to farm out some content to freelance writers or citizen volunteers. There are several networks now for aspiring writers both displaying work on a home site and helping place it. One of the largest of these businesses, Helium, began offering articles in late 2008 to papers in Lawrence, Mass., and Springfield, Ill., then added the Hearst chain as a client in early 2009. The Helium writers take on soft lifestyle features and neighborhood news, providing inexpensive content and freeing up professional staff to work on tougher stories. Demand Media, which commissions stories according to measures of advertiser demand, also is syndicating content to newspaper companies.

More broadly, interest is building for so-called "pro-am" journalism in which a few professionals assign and coordinate the work of volunteers or inexpensive freelancers. It is an attractive avenue for rebuilding some of the coverage lost in the reversals of the last three years while not incurring the expense of rehiring professionals to do all of that work.

Top Editors Depart:

Another quiet trend of the last several years has been the departure of many editors and managing editors. A few have quit or been fired when they openly objected to cuts – Jim O’Shea, editor of the Los Angeles Times in early 2008, Ken

The general point is that the job cutting (or talent drain, depending on your view) affects not just senior reporters and line editors. Many top editors have left the business, and publishers figure that a smaller group of senior editors is needed to oversee the much smaller news staffs.

What the Editors Say

We asked a number of top editors of metros for comments on what has been lost in their newsrooms, what remains and where they would reinvest should additional budget for news become available. Their take is typically somewhat more optimistic than the raw numbers would indicate. Here are some responses:

- **Martin Kaiser**, Milwaukee Journal Sentinel. In the face of cutbacks, the Journal Sentinel actually expanded local investigative efforts, figuring that high-impact projects were part of what readers most wanted. Two projects have already won major national prizes early in 2010. Kaiser also said that in 2009 more readers than ever before sent encouraging messages, asking that the paper keep on doing what it’s doing.

- **Neil Brown**, St. Petersburg Times. Early focus groups showed readers didn’t have time to read big papers early in the week. So the newshole was reduced selectively leaving more room later in the week and especially on Sunday. A follow-up survey found that readers were spending more time reading the paper after the cuts, which included elimination of freestanding business and features sections weekdays. In 2009, the Times slightly reduced some of its zoning and found resources to do a major investigation of alleged physical and mental abuse by the leader of the Church of Scientology. (The Church, in turn, has hired seven investigative reporters to examine the Times). The Times also shifted some resource to expand its popular, award-winning political fact-checking Web site, PolitiFact.

- **Martin Baron**, Boston Globe. Cutbacks of space and people have been the occasion for sharper focus on what the Globe does well. So there may be less content but it is vetted to be “unique and enterprising,” of higher interest and higher impact. That’s necessary, Baron said, “because we are an expensive paper, $600-a-year-plus, second to the New York Times.” The news report, he said, has “less breadth – and that is something lost.” Should news budget money become available, Baron said he would put it all in digital, especially mobile, where competitors are already trying to get a foothold.

- **Karen Peterson**, News Tribune of Tacoma, Washington. Like many metros, the News Tribune has pulled coverage of smaller communities and focused resources and space on local enterprise and investigative reporting. Were money available, her first priority would be restoring some of the cuts in news hole and giving raises to star reporters and editors. Some loss of circulation is not all bad, she said; “If we have more dedicated, smarter core readers, that’s a good thing.”

Other New-Media Content

Tight as money was, 2009 was not an expansionary year for much of anything, and our sense is that changes in the editorial side of newspaper Web sites was mostly incremental.
Home page design, which had grown crowded and cluttered at many papers, got a cleaner, easier-to-navigate look at a number of papers.

Papers pressed on at making their websites the place for breaking news. Many encouraged a “Web-first” strategy of looking for the first treatment online – often with several expansions and updates as detail on a breaking story became available. In theory, only then would reporters and editors turn to planning a print version that advanced the story.

“Stickiness” – that is getting visitors to spend longer on site – continues to be an objective. Statistics show, however, that traffic from search steadily increases as a share of total traffic. Those so-called “drive-by” visits, combined with the preference of some online users to do no more than a quick scan of headlines, drove average time on site down rather than up at many papers.

Not so many years ago, the online news operation at a typical metro was small and tucked into a corner or an office on a different floor from the newsroom. Full integration of the print and online efforts now is the norm. In 2009, the Washington Post moved its online department from separate quarters across the river in Virginia into the Post’s newsroom. Marcus Brauchli and his editing team give online more emphasis than had longtime executive editor Leonard Downie and his managing editor, Phil Bennett.

At the New York Times, executive editor Bill Keller chose not to replace Jonathan Landman, who had requested reassignment after several years overseeing digital and became culture editor. Keller explained that he and managing editors Jill Abramson and John Geddes needed to take charge directly of that side of the operation rather than delegate.

Web news staffs, while not as heavily hit as print newsrooms, did not escape the job cutting of 2009. Editors tended to dial down emphasis on professional-quality produced videos, as the traffic they drew failed to justify the expense.

Looking forward, 2010 may be a year of development of mobile news presentation on the theory that more and more users will access digital news in that fashion over the next several years. We also hear editors saying that a next generation digital news skill is going to be picking the right mix of story-telling tools depending on the nature of the news event.

Of course, as they feel their way forward in the digital sphere, traditional newspapers face more competitors, at least some of them very solidly grounded in professional journalism skills (and staffed by motivated professionals who were victims of the downsizing). The optimists argue that newspaper organizations are down to fighting weight, focused on innovation and stronger in print than doomsayers give them credit.

The opposite view is that less really is less, and newspapers are falling far short on public service, thin and dumbed-down in a way that irritates discerning readers as well as displaced newsroom veterans.

Glen Frankel, a Pulitzer winner who left the Washington Post, taking one of the early buyout offers, put the issue succinctly in an interview with former Rocky Mountain News editor John Temple: “If we don’t have anything important to say and no unique journalistic contributions to make, we won’t need new platforms. We won’t need to exist at all – and we won’t.”
Ownership

Newspapers
By the Project For Excellence In Journalism

Ownership
This was the year almost nothing changed in the ownership of American newspapers. But that is a story in itself.

Many papers were openly or quietly for sale. But buyers were sitting on their hands, unwilling to pay anything in anticipation of future earnings. The offers – the few that were accepted and the many rejected – tended to be just for the value of real estate and other hard assets like presses.

Put another way, the ownership groups in place as 2009 began were stuck running those properties indefinitely. Those who would like to sell may see a slight thaw in 2010, but big changes in ownership await a fuller recovery.

A year ago, the industry saw lively theoretical discussion about whether nonprofits might become a forceful presence in newspaper ownership. Unburdened by market expectations, debt or the need for big profit margins, the argument went, they could keep the public service function of a community’s newspaper alive as the industry lost its appeal to red-meat capitalist investors.
No such trend materialized in 2010. Tax laws and the complexity of converting a property from for-profit to nonprofit was a factor. Equally important, philanthropic groups like one led by San Francisco financier Warren Hellman took a hard look at the business challenges facing troubled metros and concluded that even operating at break-even in coming years was no sure thing.

Instead, an unanticipated class of new owners emerged: private equity firms, banks, investment groups specializing in distressed assets and their advisers. They gained control of the Star-Tribune of Minneapolis and the San Diego Union Tribune in 2009 and could take over other important metro papers in bankruptcy as those proceedings play out in 2010.

Banks in Charge

Beginning in late 2008, a wave of bankruptcies began to sweep through the newspaper industry (see detailed discussion in the Economics section of this chapter).

As bankruptcy reorganizations played out – and some were unresolved in early 2010 – several passed ownership to the holders of secured debt that the original owners had been unable to pay. In practice, the original bank lenders often sell their stake at a steep discount to smaller private equity firms that specialize in turning around distressed properties and then sell them off.

That is how Angelo Gordon & Co. of New York became lead partner in a group that took over the Star Tribune of Minneapolis in September. Angelo Gordon is also the lead in a secured debtors group trying to gain control of Philadelphia Newspapers, publisher of the Philadelphia Inquirer and the Daily News. And Angelo Gordon also is a major holder of secured debt in Tribune Company, whose holdings include the Los Angeles Times, Chicago Tribune, Baltimore Sun and Orlando Sentinel.

In a different scenario not involving bankruptcy, Platinum Equity of Beverly Hills acquired the San Diego Union Tribune in May 2009. Platinum, another specialist in buying distressed properties, also was among the final bidders for the Austin American-Statesman and the Boston Globe, both of which were ultimately taken off the market.

So how do asset managers like Angelo Gordon or Platinum run a newspaper once they take control?

The press-shy principals of the two firms would not discuss even such basic questions as why they see an opportunity in newspapers when others don’t. But events in San Diego and Minneapolis give some hints of how they will operate.

They are in it for the money, running the businesses for a period of time then hoping to exit and sell at a premium to the modest amount they paid. While this turnaround-and-flip process typically takes two years or so, managers of the firms have indicated that the newspapers will be a longer-term proposition, probably taking five to seven years before they are resold.

Platinum cut 192 employees in San Diego when it took over in May and another 118 in August, a 30% reduction. 1 Angelo Gordon did not make major staff reductions at the Star Tribune immediately, but it did announce in January 2010 plans to cut up to 30 newsroom positions, mostly copy editors. 2 The previous owner, Avista Capital Partners, had made many rounds of cuts earlier.

On the plus side, Platinum quickly gave the green light to installation of a pagination system at the Union Tribune (the last big paper in the country still pasting up the old-fashioned way). It also agreed to contribute startup funding to a new nonprofit investigative unit former senior editor Laurie Hearn is trying to set up in cooperation with San Diego State University.
Platinum is drawing on help from Canadian publishing mogul David Black, who earlier bought the Akron Beacon Journal from McClatchy. Angelo Gordon, on taking over the Star Tribune, immediately installed a new board headed by local businessman Michael Sweeney and including former Wall Street Journal publisher L. Gordon Crovitz.

The bankruptcy process typically takes at least six to nine months, allowing the takeover firms a big time window to analyze operations and plan an operating strategy. They often hire consulting firms with special expertise in publishing – FTI Consulting of Washington is the most prominent – to do some of that work.

So both the equity firms and their consultants are becoming new forces in newspaper ownership. And there may be more to come. Angelo Gordon is fighting for control of Philadelphia Newspapers and secured lenders could end up in control of Tribune Company and its papers. So a half-dozen or more major metros could end up in the hands of nontraditional owners.

A second version of bank control, also taking shape in 2009, was the so-called “pre-packaged” bankruptcy. In these cases, owners failing to make debt payments yield to new management, which does some of the restructuring in advance, gets buy-in from the secured lenders, then files for bankruptcy protection. The proceedings move quickly and the interim management assumes control, reporting to a new board of directors appointed by the secured lenders.

Publicly traded Journal Register, publisher of the New Haven Register in Connecticut and the Trentonian in New Jersey, went that route, filing in February 2009, closing several of its papers and wiping out the little remaining equity when it emerged in August.

Privately held Freedom Communications, publisher of the Orange County Register, announced September 1 that it was filing for a pre-structured bankruptcy that will pass control to creditors. Veteran publisher Burl Osborne, formerly of the Dallas Morning News, has been installed as interim chief executive.

Sales and Nonsales of the Last Year

Very few papers of any size were sold in 2009 and for the few that did change hands there were typically some special circumstances.

Such was the case for the Portland (Maine) Press Herald and Maine Sunday Telegram, sold to a private equity group headed by Richard Connor in July. (Another group that Connor heads bought the Wilkes-Barre Times Leader in Pennsylvania from McClatchy in 2006). The seller, Blethen Communications, had indicated it wanted out to concentrate its hometown Seattle Times. The Times had been losing money as had the Portland papers, but its business prospects improved with the closing in March of the Seattle Post-Intelligencer.

The price was not disclosed but was believed to be little more than the value of real estate and presses.

A similar scenario played out in San Diego, where Copley family ownership had lost interest in turning around the paper and was willing to settle for the clearance-sale offer from Platinum.

January 2010 opened with the sale by of the Daytona Beach News Journal for $20 million to a private equity group including several Florida-based executives backed by Stephens Capital Partners of Little Rock. 3

In this instance, the sale was prompted by a federal court judge who had taken the paper into receivership. The sale, if the judge gives final approval to the price, partially satisfied a judgment against the paper’s family owners, the
Davidsons, in a case alleging mismanagement and squandering of assets, brought by minority owner Cox Enterprises. The family and Cox will then split the modest proceeds.

Perhaps more notable than these transactions were several that did not happen. Atlanta-based Cox offered the Austin American-Statesman, and the paper attracted substantial interest and at least four serious bidders. The American-Statesman was an unusually attractive prospect, still profitable and in a growing market that is a government, education and high-tech business hub.

Nonetheless, Cox called off the sale in August, disappointed by the bids. “Cox Enterprises said from the beginning that it would not preside over a fire sale,” Statesman publisher Michael Vivio said in the paper’s own article. “This is a profitable company, and it just did not make sense to sell it for the prices offered.”

The New York Times shopped both the Boston Globe and the Star-Telegram of Worcester, Mass. Final bidders were identified for both, but the upshot was the same as in Austin. The Times Company announced late in 2009 that it had decided not to sell and to continue owning and managing both papers.

The sales and nonsales were flip sides of the same coin. With the difficulties and uncertainties of the industry in 2009, newspapers had little or no sales value as going enterprises. Under the circumstances, all but the most motivated sellers were inclined to wait for better times.

Takeover Artists Back Off

We wrote in last year’s report about the purchase of large stakes (roughly 20%) that Harbinger Capital Partners and Firebrand Partners had assembled in both the New York Times Company and Media General, based in Richmond, Va.. The apparent strategy was to get buy-in from other investment companies with large holdings and force a sale at a premium as investor Bruce Sherman had done several years earlier with Knight Ridder.

Instead, share prices tumbled early in 2009 at both companies. No premium sale was in prospect. So Firebrand and Harbinger took their losses and sold off most of their Media General stock and cut their holdings of New York Times shares by about a third.

Earlier in the year, the New York Times, faced with liquidity issues as some of its long-term debt matured, borrowed $250 million at a 14% interest rate from Mexican billionaire Carlos Slim Helú. Slim also acquired an ownership share and an option to increase the stake to 17% of the company's common stock, triggering speculation he could be a white knight for the controlling Sulzberger family if the company became an acquisition target (which it has not).

At Media General, investment companies controlled by financier Mario Gabelli have held a big minority share, roughly 25%, for decades and sought to influence management. Had Media General stock not rallied, Gabelli might have teamed with Harbinger/Firebrand to try to force a sale. But like the New York Times, Media General has a controlling share of voting stock in family hands and thus a strong defense against an unfriendly takeover.

Nonprofits Turn Elsewhere

As 2009 began, it seemed as if this might be the year that nonprofit ownership became a growing force in the industry. A number of for-profit papers appeared to be failing. Wall Street was shunning the sector. Concerned foundation
executives and wealthy individuals were worried their cities might be left without the civic information and leadership a newspaper provides.

The liveliest possibility was in Baltimore, where the Abell Foundation, funded from the fortune of the family that had owned the Sun before it was sold to Times-Mirror and then Tribune, had been quietly exploring for years a way to facilitate sale of the paper and conversion to a nonprofit. Theodore G. Venetoulis, a former Baltimore county executive and a publisher of smaller suburban papers, was on board for the effort, willing to invest some money himself and put together a local ownership group.

Off and on negotiations with Tribune never resulted in a sale. There were also tax complications in buying and transferring assets and then operating as a nonprofit while selling advertising and subscriptions.

Not coincidentally, Senator Benjamin Cardin of Maryland introduced legislation in late March that would explicitly authorize newspapers to operate as nonprofits. But that legislation got set aside and continued negotiations with Tribune did not lead to a sale. It was unclear whether Tribune rejected an offer as insufficient, wanted to keep its family of newspaper properties together or had its hands tied by the bankruptcy proceeding.

Conferences were held in the course of the year at Duke, Yale, Harvard and the Poynter Institute on the nonprofit alternative, or a variation known as L-3-C, that allow low-profit ventures to operate as businesses with some of the tax benefit to donors of a nonprofit. But there had been no response to these proposals by early 2010, either from Congress or the Internal Revenue Service.

Other groups in other cities with papers in financial trouble explored the nonprofit option, notably in San Francisco, where Hearst’s San Francisco Chronicle had been losing $1 million a week even before the worst of the downturn. Hearst threatened in February to sell or close the Chronicle unless it received immediate labor concessions. 6

In response, Warren Hellman, a billionaire financier who had earlier launched and now pays for a successful annual bluegrass festival in the city, organized a working group, hired consultants and set a fast-track schedule. Early on, Hellman told an interviewer, the group decided it did not want to take on the continuing losses, high fixed costs and labor issues at the Chronicle. 7

Ultimately, the group chose instead to launch a nonprofit news collective, with an initial grant of $5 million from Hellman. The venture will draw on the work of professionals and students from the University of California at Berkeley. 8 It publishes articles online and offers the work free to cooperating newspapers (including the New York Times for its new San Francisco regional edition). Hellman acknowledges that this could further damage the Chronicle and the San Jose Mercury News but told a New York Times reporter their “demise might be inevitable, anyway. This might put journalism, broadly defined, on a much more stable foundation.” 9

The Chronicle, meanwhile, did get the job cuts and other concessions it was seeking and was reported be operating profitably in early 2010.

Similar organizations were launched with millions in startup funding in Texas and Chicago, as did smaller counterparts in other states and cities.

For now, that appears to be the preferred avenue for philanthropies aiming to rebuild journalism in their communities – let the legacy newspaper organizations deal with trying to manage a business transition and invest directly in content production under independent auspices.
The coming year will likely be at least marginally better for the sale of newspaper properties. As the industry has stabilized at the end of 2009 and early 2010, investors bid newspaper stocks up substantially. Prospective buyers may not find the business so daunting, especially at smaller organizations.

We do not look for the recent dynamic to suddenly reverse, however. Gannett, with the exception of a swap, did not buy an American newspaper in the course of the decade, preferring to invest in digital acquisitions and startups, in fact, choosing to sell its Honolulu Advertiser in February 2010 to the rival Honolulu Star-Bulletin. Other big chains also show no appetite for expansion.

Lenders taking control will continue to be a factor in the coming year. For-profits and nonprofits will probably still favor low-overhead online startups. The industry itself will be less concentrated, more under private and independent ownership rather than public. And “journalism broadly defined,” as Hellman put it, will be far more dispersed than most could have imagined five years ago.

Footnotes


Alternative Weeklies

The year past was a difficult one for alternative weekly papers. The decline in circulation seen in recent years accelerated. One of the biggest players, Creative Loafing Inc., completed a financial reorganization and emerged from bankruptcy.
Village Voice Media, on the other hand, was threatened with involuntary bankruptcy over an uncollected court judgment.

Two alternatives stopped publishing: Los Angeles CityBeat, founded in 2003, folded in March 2009, and Port Folio Weekly, in Hampton Roads, Va., published its last print edition in February 2009, becoming an online-only publication.  

Additionally, a major chain of gay publications shut down.

“There’s no doubt that the economy was just as hard on alternative weeklies as it was on the dailies,” said Tony Ortega, the editor of the Village Voice. “But it’s also obvious that some alt weeklies have come through the tough times in better shape than others.”

Ortega argued that the alternative weeklies had some intrinsic advantages that had helped them: a more flexible business model than daily newspapers, increased reader accessibility on the Web and the fact that many publications were already free to readers.

Audience

The combined circulation of the weekly papers that belong to the Association of Alternative Newsweeklies dropped by nearly 7% in 2009. That came after a drop of 5% the year before.

The association, which underwent a management change in 2009, had not calculated absolute circulation figures as of the completion of this study. But Jason Zaragoza, the advertising and awards director of the association, said the declines tended to hit publications in large markets most severely. While some large-market alt-weeklies were holding steady at the end of 2009 – namely the San Diego Reader and the Boston Phoenix – Zaragoza said a number of elements added to the overall decline in large-markets.

Internet usage, the quality of the mainstream press and other factors may play roles, Zaragoza said.

“I don’t know if there is any one factor that is driving down the circulation numbers in the larger markets” Zaragoza said.

In the biggest market, New York, the Village Voice’s circulation averaged 213,358 for the 12 months ending June 2009, down 11% from 240,265 during for the same period in 2008. Ortega said the paper reduced the number of copies printed to save money. Saving money by printing fewer copies of the paper was a “better way to stanch the bleeding” than laying off employees, he said.

Although Village Voice does not publicly release figures, Ortega said ad revenue declines for the paper were consistent with the rest of the industry. He said the company was seeing fast growth in Web revenue and expected print revenue to increase in 2010.

The Village Voice increased its online content in 2009 and is expanding that presence further in 2010, with plans to hire more staff.

Other large-market publications also experienced severe declines:

- New York Press’ circulation fell over 41% from 53,846 for the 12 months ending June 30, 2008 to 31,538 for the same period in 2009.
LA Weekly saw an 8.5% decrease to 183,862 for the 12 months ending June 2009 from 200,886 for the same period in 2008. 8

Chicago Reader dropped 19% in circulation to 97,555 for the six months ending June 2009 from 120,450 for the same period the year before. 9

Houston Press dipped almost 9% from 2008 to 2009, with a reported average circulation of 84,007 for the 12 months ending June 2009 from 92,268 for the same period in 2008. 10

By contrast, some small-market alt-weeklies stayed fairly constant and some grew, including:

- Reno News & Review climbed 7.8% to 23,450 for the six months ending September 2009, up from 21,726 for the same period in 2008.

- The Missoula (Mont.) Independent grew 6% in circulation to 18,357 for the six months ending March 2009 from 17,307 for the same period the year before. 11

- Wausau (Wis.) City Pages grew 4% in circulation to 14,331 for the 12 months ending September 2009 from 13,770 for the same period in 2008. 12

Ownership

Creative Loafing, publisher of the Chicago Reader and Washington City Paper, emerged inform bankruptcy in fall 2009 under the ownership of Atalaya Capital Management, a hedge fund that was Creative Loafing’s primary creditor. 13

In November 2009, Creative Loafing hired a new chief executive, Marty Petty, the former publisher of the St. Petersburg Times and the Hartford (Conn.) Courant. Creative Loafing publishes six alternative newsweeklies: The Chicago Reader, Washington City Paper and Creative Loafing Atlanta, Tampa, Charlotte and Sarasota. 14 In January 2010, the company hired a new chief marketing officer, Henry E. Scott. 15 Also in January, Creative Loafing Atlanta promoted senior editor Mara Shalhoup to editor in chief. 16

Washington City Paper reported that its full-time editorial staff numbered 10 in January 2010, down from 22 in 2006. 17 In February 2010, Erik Wemple, the paper’s editor, left to take over editorial operations for an unnamed local news website owned by Allbritton Communications. 18

Another large publisher, Village Voice Media Holdings began 2010 still enmeshed in a messy legal dispute. The company owns 14 alternative weeklies throughout the country, including the venerable Village Voice.

Its legal troubles stem from a 2004 case between Village Voice Media’s San Francisco Weekly and its rival, San Francisco Bay Guardian. The Guardian alleged that the Weekly had engaged in predatory pricing, cutting the price of its ads in order to drive its rival out of business. A jury agreed and in 2008 awarded the Guardian more than $6 million, which grew to $21 million with interest and penalties. 19

In January 2010, the San Francisco Superior Court placed a lien on Village Voice Media as the Bay Guardian attempted to collect the $21 million judgment. 20 Bloomberg News reported that the Guardian was considering asking the court to force Village Voice Media into involuntary bankruptcy to collect the debt. 21
SF Weekly dropped 15% to 85,046 for the six months ending June 30, 2009 from 100,124 for the same period in 2008. 22

Other Village Voice alt-weeklies had a tough year as well:

- New Times Broward-Palm Beach dropped 31.9% in circulation from about 80,000 to 54,500 in 2009 and cut its newsroom staff from 17 to 13. 23
- LA Weekly, the last remaining alternative weekly in Los Angeles, reported it was fighting to survive in November 2009, citing a steep decline in advertising demand. 24

Gay Publications

Gay publications, not traditionally defined as alt-weeklies, had a particularly difficult year in 2009.

Window Media and Unite Media, the parent companies of several gay publications closed in November 2009. The companies, both owned by the Avalon Equity Fund, did not meet capital requirements required by a loan from the Small Business Administration.

The papers that closed included the 40-year-old Washington Blade, as well as Southern Voice (Atlanta), the Houston Voice, the South Florida Blade, David Atlanta magazine and 411 Magazine. 25 Some of the newspapers have plans to reorganize under new owners. 26

Other gay publications that closed in 2009 include the New Mexico Voice, the New York Blade, HX Magazine, Genre Magazine, the New England Blade and the Houston Voice. 27

Digital

Alternative weeklies, like more traditional papers, are trying to move to digital platforms. In 2009 those efforts seemed to gather particular focus on introducing mobile apps designed to take advantage of the popularity of smartphones and other mobile devices.

In October 2009, LA Weekly released an iPhone app that provides concert, restaurant and event listings and recommendations from the magazine. 28

In January 2010, Philadelphia Weekly launched a Happy Hour Guide app for the iPhone, based its online version. The app helps users to find bars, use Twitter to notify friends and call a cab. 29

Charleston (S.C.) City Paper launched a similar app in January 2010, the Cocktail Compass that shows nearly happy hours based on a person’s current location. 30

The Village Voice newspapers did the same in March 2010, releasing a happy hour app in partnership with GoTime. The app works in 30 U.S. cities. 31

The Monterey County Weekly launched a redesigned website and a corresponding mobile app in October 2009. The California alternative newspaper’s website has more content as well as a restaurant and wine search. 32

Other alt-weeklies focused on improving their websites.
Palo Alto Weekly announced a new digital version of its paper in November 2009 that more closely resembles reading a physical newspaper online. 33

Pittsburgh City Paper launched CPtv on its website in January 2010, with a live hour-long daily video webcast as well as video clips from local news stories. 34

Footnotes

2. Tony Ortega, e-mail to PEJ, February 18, 2010.
4. San Diego Reader reported a circulation of 149,687 for the 12 months ending June 2009, slightly less than the 149,912 reported for the same period a year before. Boston Phoenix dipped slightly to an average circulation of 98,460 for the six months ending September 2009 from an average of 98,536 for the same period in 2008.
5. E-mail from Jason Saragoza, Association of Alternative Newsweeklies, February 2, 2010.
6. Tony Ortega, e-mail to PEJ, February 18, 2010.
9. Verified Audit Circulation Publisher’s Statement.
10. Audit Bureau of Circulations Audit Report.
11. Verified Audit Circulation Publisher’s Statement.


22. Audit Bureau of Circulations, publisher’s statement.


Content Analysis

A Year In The News
By the Project For Excellence In Journalism
Sector Highlights
YEAR IN REVIEW SECTORS

Newspapers
Cable
Network
Radio
Online
New Media
Continuing a pattern we first saw in 2008, print newspapers covered the economic crisis more extensively than any other media sector in 2009. Roughly one-quarter (25%) of all front-page coverage studied focused on the economic recession and related recovery efforts. That is more than any other media sector and more than media coverage over all (20%). The coverage peaked in February, shortly after President Obama's inauguration (48%). In every month of the year, however, the economy was the top story in newspapers, never dipping below 16% of the news hole in any month.

Smaller newspapers studied (circulation less than 100,000) covered the economy and local news more than larger newspapers. The smallest papers studied by PEJ — from the Herald News of Fall River, Mass., to the Anniston (Ala.) Star — devoted nearly one-third (31%) of their print news hole to covering the economy in 2009, more than second-tier papers (25%) and the largest dailies (24%). In many respects, these community papers were able to cover the overarching impact of the recession at the grassroots level, by monitoring employment, foreclosures and retail trends.

A look at some of these stories illustrates why that might be. There was often a deeply practical element at play. On December 10, for example, an article in the Herald News told readers who had exhausted their unemployment benefits (there were 34,000 of them in Massachusetts) how to apply for additional jobless benefits after federal legislation granted an extension. On September 1, the Anniston paper ran an article about how the community was grappling with a $2 million budget cut and deciding on what services, including a swimming pool, it could live without.

Smaller newspapers also focused more attention on health and medicine storylines than did larger newspapers. Between coverage of attempts to overhaul the health care system and efforts to fight swine flu, smaller newspapers with circulation less than 100,000 gave more prominent, front page play to stories about health and medicine in 2009 (15% of their news hole) compared to larger newspapers with circulation between 100,000 and 650,000 (12%) and the largest newspapers with more than 650,000 (8%). Coverage often localized these unfolding natural, national phenomena with particular emphasis on how the swine flu was affecting the local community. And, again, there was often a practical, how-to component to this more local coverage.

On April 28, for example, the Herald News in Fall River let readers know that while the number of swine flu cases had risen in the United States, none had been reported in either Massachusetts or Rhode Island, and that local hospitals were on alert.

Newspapers gave much less play than other media to the death of pop music icon Michael Jackson. The death of Michael Jackson captured the public’s attention and much of the media’s in 2009. Across all media sectors, the story ranked as the No. 9 news item of the year. In newspapers, however, Jackson’s death did not rank in the in the year’s top 20 stories. After the singer’s June 25 death, newspapers paid quick tribute, making Michael Jackson’s death the fourth-largest of the entire month (3% of their coverage) at the same time that the economy (25%) and Iran’s presidential election and protests (11%) dominated.

CABLE

Once again, in 2009, cable TV news was the place to see the most coverage of politics. For the year, 9% of time on cable was devoted to politics, compared to 5% for the media studied over all. This was more than any other media sector, but not nearly as much as in the presidential election year of 2008, when fully 56% of cable’s coverage was focused on politics. In 2009, the focus of the political debate was on a few hot-button political controversies such
as the passionate political battle over health care, the performance of the Obama administration, and the debate about the best ways to combat terrorism. Health care, the most politically polarizing domestic issue of the year, was a prime topic for cable. Cable news devoted 13% of its news hole to the health care debate. From July, when the story really took off, through the end of the year, that number for cable jumped to 25%. For example, consider the difference between cable broadcasts and network news shows on the evening of August 7. That night, many cable talk shows led with discussions of the health care protesters attending town hall meetings with various members of Congress. MSNBC’s Keith Olbermann began his show by criticizing the protesters as a front for the health care industry. CNN’s Anderson Cooper 360 program led with a report by correspondent Gary Tuchman, who asked whether the protests were an example of “democracy” or “demagoguery.” And Fox News’ Sean Hannity began his show by applauding the protesters, saying they were “the real pulse of the American people.” That same night, however, all three broadcast network news shows and PBS’ NewsHour led with a very a different subject — a report from the Labor Department that the unemployment rate had fallen for the first time in 15 months.

Cable also spent more time on other politically charged issues than other media such as evaluations of the Obama administration and his leadership and ideology (7% versus 5% in the media over all) and the debates surrounding domestic terrorism (6% versus 4% in the media over all).

Even though the economy was the No. 1 subject, cable spent less time (17%) covering it than any other media sector except for network television not including PBS' NewsHour (also at 17%).

- Cable news was far more focused on U.S.-centric news than any other media sector. Fully 82% of cable’s coverage was about U.S. domestic topics, compared to 74% for the media over all. At the same time, cable offered the least amount of international news not focused on the U.S. Only 3% of cable’s newshole was devoted to foreign news not directly related to the U.S., which was less than half the amount of newshole devoted to such topics in any other sector.

- The major cable networks differed in the amount foreign news offered. CNN devoted 23% to foreign news (18% to U.S.-involved events and 5% strictly foreign). Fox News devoted 18% (15% U.S.-involved and 4% non-U.S.). MSNBC devoted the least, 13%, (11% U.S.-involved and 2% non-U.S.). During the week following the July 16 bombings of hotels in Jakarta, Indonesia, for example, CNN spent 5% of its news hole on the topic. MSNBC and Fox News each barely even mentioned it in the hours studied.

- The subject matter of daytime cable news is significantly different from the nighttime news shows. Part of this is a function of when news happens. Fully 20% of daytime was devoted to coverage of live events, compared with 1% at night. About 19% was made up of live reports from correspondents, compared with 9% at night. Yet some of it is simply story choice. Evening cable is more focused on politics (10% vs. 6% during the day), while daytime spent more time on the economy (12% vs. 9%) and crime (9% vs. 6%).

- Despite their differences in approaches, the basic menu of the top subject matter covered on the three cable channels was relatively similar. The list of the top five subjects covered by each of the channels was the same, although the order for each network was different. All three networks gave more attention to the economy, health care, the Obama administration,
Afghanistan and terrorism than any other topics over the course of the year. All of these stories have clear political components that lend themselves to the round-table discussions that characterize much of cable news coverage.

- Despite the similarities concerning the top subjects among the three channels, MSNBC did serve as an outlier from the other two channels in two significant ways. MSNBC spent far more time than its rivals on the health care debate (20%), almost twice as much as Fox News (11%) and significantly more than CNN (8%). At the same time, MSNBC’s editorial priorities shift far more sharply from daytime to prime time, which cannot be said of either CNN or Fox News.

Network

In 2009, news coverage provided by traditional broadcasters (ABC, NBC, CBS and PBS) reflected a number of patterns we have noted in previous years. There tends to be greater news priority differences between morning and evening network newscasts than among the commercial networks themselves. And PBS’ nightly NewsHour program tends to offer a different news menu than that of the commercial networks.

- Over all, there was little difference in the news agenda among the three commercial broadcast networks (ABC, CBS and NBC), in either the morning or the evening. In the morning, eight of the top ten stories were the same for all networks, and each network devoted virtually the same amount of combined airtime to these stories — 37% on NBC, 39% on ABC, and 38% CBS. In the evening, nine of the top ten stories were the same on all three networks, consuming an even greater percentage of the total newshole — 44% on NBC and on ABC, and 47% on CBS.

- There was, however, somewhat more diversity demonstrated by the editorial priorities between morning and evening network news broadcasts. For example, coverage of the Michael Jackson story was higher on all three morning shows than on their evening counterparts. Both the economy and Afghanistan were bigger stories on the evening newscasts than on the morning programs. The health care debate, though, was one issue that received nearly equal coverage in the morning and the evening across all three commercial networks.

Finally, one area of news coverage in particular stands out. On morning television, crime was a much bigger topic, accounting for 12% of the news hole compared with only 5% on the evening newscasts. Much of this attention focused on a handful of stories. The recovery of kidnapping victim Jaycee Dugard, Bernard Madoff’s massive Ponzi scam, attacks by Somali pirates, the arrest of the “Craigslist killer” and the murder of Yale graduate student Annie Le — accounted for nearly 40% of all the news hole devoted to crime.

- Compared to the national media over all, the three commercial newscasts stood out for spending less time on two of the year’s top ten stories — domestic terror and the health care debate in Washington. Network evening news coverage of domestic terror issues (2% of news hole) was only half that of the media over all (4%), and a third of the attention given by cable at 6%. Similarly, the three network evening newscasts devoted 5% of their time to the national debate over health care, notably less than the media over all (9%), and less than half as much as cable news (13%). At the same time, the three network evening newscasts, which traditionally have a significant focus on medical issues, put the swine flu pandemic story in the top five, devoting about double the amount of news hole (4%) as the media over all (2%) and more than three times the attention paid to this public health crisis by cable evening programs (1%). For example, in the month of October alone, as swine flu spread rapidly throughout the country and President Obama declared H1N1 (the correct designation to the misnamed swine flu) to be a national emergency, the evening networks aired a total of 71 stories about the pandemic, consuming 12% of their overall newshole.
The PBS NewsHour continued to stand out among the network programs for its significantly greater attention to international stories and events that did not directly involve the U.S. These types of stories accounted for 13% of the PBS news hole, roughly double that of the three commercial evening networks (8%). The NewsHour regularly devoted about twice as much airtime as its commercial evening counterparts to storylines about Iran, Afghanistan, the Israeli-Palestinian conflict, Pakistan and China. On the domestic side, PBS devoted more than twice as much attention to the health care debate (11% of news hole) as the three commercial networks (5%). Not only was there more attention to health care, but the focus was different as well. The NewsHour devoted roughly twice as much airtime to efforts to describe specific components of plans (32%) as did the commercial network programs (17%).

Radio

Viewed as a broad media sector, the news agenda on radio would appear to track closely with that of the media over all, with the exception of the health care debate, which received more attention on radio — and by a wide margin. But these numbers mask big differences in the character of content offered respectively by the three distinct segments contemporary radio news and information content today — public radio, talk radio and syndicated radio news headlines. PEJ examines these three segments by studying content from National Public Radio’s Morning Edition, network headline newscasts from CBS and Mutual Radio, and some of the most popular commercial talk radio hosts in the country, both liberal and conservative. Each element of the radio sector has its own distinct character.

Public radio was the go-to media platform to learn about any non-U.S. international news or events. Nearly 21% of NPR’s coverage had a foreign focus, double the number for the media over all. Only a minuscule amount of talk radio coverage had any international flavor (1%), with network headline news falling somewhere in between at 7%. Among the non-U.S. involved foreign news NPR covered in 2009 that was not covered much elsewhere were AIDS in Bolivia, farmers in India going organic, oil militants in the Niger Delta and alcohol abuse in Mongolia.

On talk radio, the health care debate was the top story. It filled 21% of the newshole compared with 9% in the media over all. That number was driven by liberal hosts such as Ed Schultz and Randi Rhodes attacking President Obama for not going far enough. They devoted nearly one-third (31%) of the airtime studied in 2009 to that subject. Conversely, the conservative radio talkers, such as Sean Hannity, Rush Limbaugh and Glenn Beck, devoted less than half that (14%) to the issue.

Talk radio, in particular, stood out for its ongoing focus in two areas. The platform devoted more than twice as much time to talking about the campaigns and elections, primarily the political fortunes of the Obama administration, as the media over all, about 11% vs. 5%. Talk radio shows also spent over 11% of their news hole on the media itself, six times the attention paid to the topic by the media over all. Much of that media-oriented coverage tends to be self-referential.

And, while sometimes these discussions touched on issues that reached the national stage — the pros and cons of the Fairness Doctrine, the crisis in the newspaper industry, whether the media had gone overboard on the Michael Jackson story — far more often these discussions involved hosts talking about themselves. Sean Hannity, for instance, promoted his Freedom Concerts. Rush Limbaugh talked about polls taken on his own popularity. Michael Savage responded at length to being barred from entering Britain by the government. Ed Schultz promoted his town hall meetings and stints on MSNBC.
Network headline news was the only radio segment in which crime stories were a top-five topic, accounting for almost 9% of total coverage, compared with 6% for the media over all. That coverage ranged from the Bernard Madoff Ponzi scam to the Somali pirates to fraudulent behavior in connection with the financial crisis and its implications.

ONLINE

Online media covered more international news than any other sector. More than one-third of the online news hole (36%) either focused on strictly international matters or on how the U.S. influenced issues on the world stage, compared with 26% in the media over all. Stories with a focus on foreign affairs directly relating to the U.S. represented 18% of the online news hole and 17% concerned matters that did not involve the U.S.

One reason for these variations is that BBC.com is among the top 12 general interest news websites in the U.S. for traffic and thus is included in this sample. However, the U.S.-based websites also gave significant attention to international events. Almost half (46%) of the leading coverage on Yahoo News, for example, featured global events. One such story was on February 12 when Yahoo News gave prominence to the Australian government’s response after deadly wildfires displaced thousands of people, a story that ran nowhere else among the websites studied that afternoon. USAToday.com ran the fewest international headlines among its top stories (20%) of the websites studied.

The economy dominated the online news agenda over all. Coverage of the grave U.S. recession and economic recovery was the No. 1 story on news websites in 2009 (21%). That was about four times the coverage of the next largest story online, the health care debate (5%). Only the newspaper sector (25%) devoted more attention to the economic crisis. Great variance existed, however, among news websites with regard to news judgment. MSNBC.com (27%) and NYTimes.com (25%), for instance, gave far greater priority to coverage of the economy than did AOL News (7%).

There were sharp differences in websites when it came to the sources of information, whether from the outside or internally. At the No. 1 website in terms of traffic, Yahoo News, 99% of the news coverage studied during the year was aggregated from elsewhere, most of it from wire services. Despite its discussions about developing its own news resources, the numbers were similar at AOL News (91% of the newshole produced by others). Among cable-based websites, CNN.com was much more loyal to its own brand, with 93% of its top coverage originating internally. At Foxnews.com, slightly less than half of the coverage was internally produced (49%). And that was much greater than what was produced by MSNBC.com (20%), despite its connection to the NBC newsgathering operation. The top three newspaper websites continue to rely primarily on their own original content for their top stories, although there is some variation here, too. NYTimes.com produced 98% of its leading coverage, and WashingtonPost.com 95%. At USAToday.com the number was 72%.
**Glossary**

Newspapers
By the Project For Excellence In Journalism

Glossary
Circulation: The average number of copies of a newspaper distributed or sold in a given time period. Often expressed as daily circulation (Monday-Saturday) or Sunday circulation.

Pay wall: A policy of limiting access to a website (or a part of a website) to users who pay a fee or purchase a subscription.

Media fragmentation: Increased channels for disseminating information (e.g. newspapers, cable television, Web sites, etc.)
Charts & Tables

Charts and Tables
Audience

Daily Newspaper Readership by Age Group
Daily Newspaper Readership by Education
Daily Newspaper Readership by Income
Daily Newspaper Readership by Race/Ethnicity
Newspaper Circulation, Percentage Declines
Number of U.S. Daily Newspapers
Sunday Newspaper Readership by Age Group
Sunday Newspaper Readership by Education

Sunday Newspaper Readership by Race/Ethnicity
Top 15 Daily Newspapers Circulation
Total U.S. Daily Newspaper Circulation

Economics

Breakdown of Daily Newspaper Print Ad Revenue
Daily Newspaper Advertising Revenue
Daily Newspaper Advertising Revenue Change
Print vs. Online Ad Revenue, Newspapers
Selected Newspaper Stock Prices
The Decline of Classified Advertising

News Investment

Newspaper Newsroom Work Force

Ownership

Percent of All Daily Newspapers by Circulation Category, 2008

Content Analysis

Newspaper Top Broad Topics vs. Media Over All
Online – Summary Essay

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project
Summary Essay
The state of online news heading into 2010 may best be described as a moving target.

Digital delivery is now well established as a part of most Americans daily news consumption. Six in ten Americans get some news online in a typical day—and most of these also get news from other media platforms as well.

Yet it remains unclear how best to count the audience online. Should those with an interest in knowing the count care more about total unique visitors, number of page views, or time per visit? And are some users more valuable than others? Do news organizations want to amass the largest possible audience, including those who will return often but usually for quickly read stories across a wide range of topics? Or will a small, loyal audience that digs deeper, returns more often in the end prove more valuable? Overall, the data suggest users do not stay anywhere for long—with search clearly taking an increasing role in news consumption.

It remains as unclear in 2010 as ever how to monetize the growing audience. The year past was a time of experimentation for all kinds of entities, — but many have yet to materialize and others have little yet to show in terms of real dollars. The most established revenue source, online advertising, saw declines for the first time since 2002. The declines were partly due to recession, but it is not clear to what extent the declines may also be structural and permanent. And the most talked about new revenue stream – getting users to pay for content – will depend, economists argue, on news organizations offering content that is unique, and this may require specialization and investment by news organizations.

The year past proved important for social media establishing themselves as a part of the media ecosystem. The power here had less to do with reporting than serving as a place for people to quickly come together around an issue that they feel passionately about to share concerns, pass along information, offer financial contributions and in several cases bring about change.

Citizen news sites continued to evolve as well, in part because, still financed with start up funds or contributions from nonprofits, they were less affected in some cases by the recession’s downturn in advertising. New research released as part of this report, however, provides more evidence that even the most established citizen sites are not in a position to take on the job of traditional news outlets. Instead, what has begun to emerge is more of a coming together of the two, particularly at the local level.

Consumers meanwhile, are quickly moving on to even newer forms of communication. Blogging is declining in frequency while 26% of Americans now get news on their cell phones, and half of online news consumers with social networking
sites use those pages for news.

What all this amounts to is an intensely active media sector— with more players than ever. But as those players try to figure out whether they are competitors or partners, as well as where their future dollars will come from, the public moves right on ahead.

News Grazers – Within Limits

One thing that is becoming clearer is the way people use digital technology to acquire news. The American news consumer is increasingly becoming a grazer, across both online and offline platforms. On a typical day, nearly half of Americans now get news from four to six different platforms—from online to TV to print and more, according to new research from PEJ and the Pew Internet and American Life Project.

Within the online universe the same pattern holds true. People graze across multiple websites for their news. Only 21% say they tend to rely primarily on one destination; only a third even say they have a favorite news website (35%) among those they use. But these online news grazers do not range far. Most (57%) usually rely on two to five websites.

And most of that grazing is still done through the big familiar sites. Among news sites that attract 500,000 monthly visitors or more, the top 10% attract half the traffic. When asked to name their favorite news site, survey respondents named sites of major news organizations such as CNN and Fox as well as aggregators like Google.

For now, an analysis of Nielsen Net Ratings data we have done this year finds that websites tied to legacy news outlets like newspapers or cable stations now attract the bulk of the news traffic, but there are signs that this dominance could change. Younger generations especially begin their news consumption through search. There are signs that more and more people are ending it there as well, deciding that all they need is the headline, byline and first sentence of text. In short, news consumers young and old get a good deal of news without ever actually clicking on the story. If this cursory read is deemed valuable – or valuable enough – it could send content producers back to the drawing board for both their content and financial strategies.

The new data suggest there is also a question for news organizations about how to brand for the future. A successful audience may be about much more than grabbing unique visitors day and after day. Instead, loyalty and engagement are gaining importance. Among the biggest sites, there has already been some differentiation depending on the mission of the site. The top four aggregators have built their strategies around attracting audiences that stay for less time but come back more often. That strategy comes through in our Nielsen analysis: users spend less time at aggregator sites per visit than at other top sites. The top news originators like the New York Times and CNN.com, on the other hand, try to have people stay longer and go deeper into their sites. Indeed, visitors stay more than a minute longer there than on Google or Yahoo.

Still, the differences diminish greatly as we go further down the list (as the total audiences get smaller). Even many of the specialty sites, such as those that focus on science or health, are not attracting an especially dedicated – if smaller – audience. For the most part, visitors to these sites stay no longer, go no deeper and return no more often than visitors to general news sites — there are just fewer of them. The one exception seems to be political sites.
Economics: No One Model Will Suffice

As online news is increasingly being pressured to replace revenue lost from other sectors, the outlook for success remains as unclear in 2010 as ever.

Overall, U.S. online advertising in 2009 saw its first decline since 2002, according to the online research firm eMarketer, which began tracking in 1996. The firm, whose updated August projections were the most recent, expected revenues to fall 4.6% to $22.4 billion, down from $23.4 billion in 2008. 1

Some types of revenue though did better than others. Search, by far currently the largest piece of online ad revenue, was projected to increase 3% to $10.8 billion in 2009. Very little, if any, of this though goes to directly to news producers. 2

Display ad revenue, which is where the majority of news sites get most of their advertising revenue, is still the second largest part of the online pie, but it was projected to fall 2%. 3

Survey data may suggest a further devaluing of most online ads. While 81% say they do not mind them if it means they can get the content free, much of that is because they find them easy to ignore. Fully 79% say they never or hardly ever click on advertisements.

Talk about finding alternatives to advertising intensified, from cordonning off aggregators to charging users to creating networks of bundled ads. Ideas and planned experiments filled conferences and media reports. But for all the talk, there is little real evidence of potential models. No sites have yet to close their content walls to aggregators or service providers. Networked news sites are still in their infancy in terms of amassing audiences or advertising dollars. And the few news outlets planning to install payment structures from users seem to have a tough battle ahead.

The reality strongly suggests, though, that people do not want to pay and that the flow of information is just too open to try to control content in that manner – like trying to force butterflies back into their cocoons.

In a new survey released as part of this report, just 7% of Americans express any willingness to pay for news content. Instead, large majorities said they would look for content elsewhere if their favorite site put up a pay wall.

Another kind of experimentation has been partnerships. Among the biggest so far is the Yahoo consortium launched in 2006. By 2009, about 800 newspapers had joined and, while Yahoo does not release hard financial figures reports early in the year indicated that the experiment had generated $50 million in ad revenue. One company, E.W. Scripps, attributed a 30% growth in its online ad revenue to this arrangement with Yahoo—albeit those total dollars are still very small. How Yahoo’s new partnership with Bing will affect this consortium remains unclear.

New Media

As legacy media work to adapt to the future, new media without ties to the old continues to develop and play an increasing role in the news ecology.

In 2009, PEJ launched a new weekly analysis of the top news stories discussed and linked to on blogs and social media. The New Media Index revealed over the course of the year that these media play a unique role, both in the topics addressed and in how they are treated.

The stories and issues that draw the most attention in blogs and on Twitter differ substantially from the mainstream press. In the 47 weeks studied during 2009, blogs and the mainstream press shared the top story just 13 times. And in Twitter there was even less overlap.
Among the two social media platforms, Twitter users strayed the farthest from the mainstream press. Blogs were a bit more traditional, at least in the sources they drew on. On both platforms, though, one clear characteristic was the ability of new media to quickly trigger and concentrate passionate debate and activity around a specific issue.

Citizen journalism continued to play a role as well. Here, new research added to the sense that citizen media at this point still are not in a position to replace or provide the same type of coverage as traditional outlets. They just don’t have the resources to do so. New research conducted by a team of academics finds that some top citizen news sites average less than one new story a day.

Instead, many in that field see a different kind of role – partnering with news, helping to fill in gaps where news outlets no longer go and even joining forces with one another to increase their offerings. One such local example is the Kansas-based World Company. It planned to launch in early 2010 a local/regional health site, called WellCommons.com, which would integrate community information, advertising information and journalism. According to Jane Stevens, director for media strategies, community members will provide most of the information on the site, teamed with journalists from several local news outlets as well as local health companies.

Some specialty outlets fared well in 2009. Politico, the Washington-based political newspaper and website, for example, had net revenue of $18.6 million in 2009 and a profit of $901,000, according to SEC filings compiled by Paidcontent.org. That is up from about $11.3 million in revenue in 2008 and a loss of $2.8 million. Still, more than 60% of Politico’s revenue comes from its print edition.

News Investment

When it comes to investments in news online, it is becoming clearer that there are several different types of organizations and different services involved.

Of the top roughly 200 news sites analyzed by PEJ, the majority (67%) are tied to a legacy media outlet that produces at least some original reporting. Most of those reporting resources, though, come largely through revenue earned from other platforms, revenue that is on a sharp downward decline. The newspaper industry for example, still draws roughly 90% of its total advertising revenues from its print versions. The declines in those ad dollars have meant massive cutbacks in newsroom staff and other resources, cutbacks that affect both the legacy and the online product.

The remaining third of these roughly 200 top sites are online only entities. The biggest of these, accounting for the bulk of both audience and revenue, are Google News, Yahoo News, AOL News, and Bing News, which is owned by Microsoft. Aside from AOL, their greatest service is to help people find content rather than produce it themselves, a critical task today and one that can be daunting. Dylan Casey, a product manager at Google, says his company spends a great deal of “time and energy and intellectual power on trying to differentiate the significance and importance between popularity and social importance.” It is a task he adds, that is very complicated and that “and we aren't even close to solving it yet.”

Footnotes


**Audience Behavior**

**Online**
**By the Project For Excellence In Journalism and the Pew Internet & American Life Project**

**Audience Behavior**
The Internet and cell phones are changing people’s relationship to news.

On a typical day, 61% of Americans get news online, which puts the Internet just behind television as a news source and ahead of newspapers. And more than a quarter of adults now commonly access the Internet on their phones and PDAs, adding yet another layer of change in consumers’ relationship with news.

And how they interact with the news, what they are most likely to learn there, and what they do in response, are different in the digital space than it is in older platforms. It is making news more portable, perpetual, personalized and participatory.  

Several newer technology developments are shaping this new environment: First, social media sites and blogs have helped the news become a social experience in fresh ways for consumers. People use their social networks to filter, assess, and react to news. Second, mobile connectivity via laptops and cell phones has turned news gathering and news awareness into an anytime, anywhere affair for a segment of avid news watchers.

To explore this, PEJ and the Pew Research Center’s Internet & American Life Project took two new steps for this year’s State of the News Media Report. First we surveyed 2,259 American adults on landlines and cell phones about their news consumption habits. Some resulting data was released on March 1, 2010. Second, we conducted a close analysis of consumer behavior to news sites using Nielsen’s NetView tool, a database of Nielsen’s online audience measurements.

The survey found that Americans have become news grazers. On a typical day, nearly half of Americans now get news from four to six different platforms, including online, TV and print.

And even online people graze across multiple news sources. Only 21% say they tend to rely primarily on one destination; only a third even say they have a favorite news website. But these online news grazers do not range far. Most (57%) rely mostly on two-to-five websites. Only 12% use more than six.

The analysis of Nielsen’s usage data, written as a separate, special report-LINK, reveals that traffic is highly concentrated at the top. Among news sites that attract 500,000 monthly visitors or more, the top 10% of the most popular sites – largely sites tied to legacy media – attract half the traffic. But no one keeps visitors very long. The average visitor spends only 3 minutes 4 seconds per session on the typical news sites.

Who gets their news online?
Online news users skew younger than the general adult population. About two-thirds of online news users (68%) are under age 50, including 29% who are under age 30. Given their younger age profile, it is not surprising that those in this group are also more likely than other Americans to have never been married (24% vs. 9%) and to have young children (36% vs. 17%). Online news users tend to be employed full-time (50%), two-thirds (67%) have at least some college education (including 22% with a bachelor’s degree and 15% with advanced degrees), and their annual household income trends higher than American adults in general. Racially, this group skews toward Hispanics and whites; while 50% of non-Hispanic African-Americans get their news entirely offline, the same is true of just 38% of non-Hispanic whites and 32% of Hispanics.
Who are online news users?

How online news users compare to other internet users and other adults

<table>
<thead>
<tr>
<th>Age</th>
<th>Online news users</th>
<th>Other internet users</th>
<th>Total other adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>29% *</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>30-49</td>
<td>36% *</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>50+</td>
<td>31</td>
<td>53% *</td>
<td>66%</td>
</tr>
<tr>
<td>Median Age</td>
<td>40</td>
<td>50</td>
<td>58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Online news users</th>
<th>Other internet users</th>
<th>Total other adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a HS degree</td>
<td>6%</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>High School Grad</td>
<td>58</td>
<td>80% *</td>
<td>65</td>
</tr>
<tr>
<td>College Grad +</td>
<td>36% *</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Online news users</th>
<th>Other internet users</th>
<th>Total other adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>24%</td>
<td>26%</td>
<td>46%</td>
</tr>
<tr>
<td>$30,000-$49,999</td>
<td>19</td>
<td>26% *</td>
<td>16</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>15</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>$75,000+</td>
<td>29% *</td>
<td>16</td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Raca/Ethnicity</th>
<th>Online news users</th>
<th>Other internet users</th>
<th>Total other adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>White, non-Hispanic</td>
<td>71% *</td>
<td>72%</td>
<td>66%</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>9</td>
<td>19% *</td>
<td>18%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12% *</td>
<td>6</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home internet connection</th>
<th>Online news users</th>
<th>Other internet users</th>
<th>Total other adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>84% *</td>
<td>48%</td>
<td>2%</td>
</tr>
<tr>
<td>Premium broadband</td>
<td>34% *</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Dial-up</td>
<td>6</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Wireless internet user</td>
<td>66</td>
<td>42</td>
<td>15</td>
</tr>
</tbody>
</table>

*Indicates a statistically significant difference


Americans explore a wide variety of news topics online
Internet users were asked how many, if any, of 12 news topics they explore online. The most popular were weather and national events, although fully nine of them are topics that majorities of users explore online.

### Americans explore a wide variety of news topics online

The percentage of internet users who get news and information online about each topic:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The weather</td>
<td>81%</td>
</tr>
<tr>
<td>National events</td>
<td>73%</td>
</tr>
<tr>
<td>Health or medicine</td>
<td>66%</td>
</tr>
<tr>
<td>Business, finance or the economy</td>
<td>64%</td>
</tr>
<tr>
<td>International events</td>
<td>62%</td>
</tr>
<tr>
<td>Science and technology</td>
<td>60%</td>
</tr>
<tr>
<td>Developments in your state</td>
<td>58%</td>
</tr>
<tr>
<td>Sports</td>
<td>52%</td>
</tr>
<tr>
<td>Developments in your local community</td>
<td>51%</td>
</tr>
<tr>
<td>Arts and culture</td>
<td>49%</td>
</tr>
<tr>
<td>Celebrities or entertainment</td>
<td>47%</td>
</tr>
<tr>
<td>Traffic</td>
<td>32%</td>
</tr>
<tr>
<td>None</td>
<td>6%</td>
</tr>
</tbody>
</table>

1-3 topics (Light news users)                  | 15%        |
4-8 topics (Medium news users)                 | 39%        |
9-12 topics (Heavy news users)                 | 40%        |

*Indicates a statistically significant difference

Most individuals use just a handful of online news sources and do not have a favorite

While topic range is wide, online news consumers are fairly economical in the number of Internet sites they use to gather that information. One in five online news users (21%) say they routinely rely on just one website for their news and information, and 57% rely on two to five websites. Asked whether they have a favorite online news source, a surprisingly small segment of online news users (35%) say they did.

Men are slightly more likely than women (39% vs. 30%) to have a favored site online, as are college graduates when compared to other online news users (44% vs. 29%) and those with incomes of at least $50,000 annually when compared with those earning less (39% vs. 30%). The most active online news consumers — individuals who explore the greatest variety of topics online and those who use the greatest number of online sources on a typical day — are also the most likely to have a favorite site.

And indeed people may soon be adding more types of platforms and web applications to their daily mix. Content creators may be focused less on their home pages and more on the entire experience they can offer.

Among those who have a favorite site, the most popular types of sites are those of major national television news organizations such as CNN and Fox, favored by more than a third of online news consumers who named a favorite site. Also popular are news aggregators such as Yahoo and MSN, indicating that many online news consumers like to get news about a variety of topics in one place. Still, among those who named a favorite online news source, 13% cited a local site, such as a television station’s site, a local newspaper’s site, or a website or blog specifically developed to provide local news.
The most popular types of news sites among those with a favorite

*Indicates a statistically significant difference


Moving beyond favorite sites, we asked online news consumers about sources they turn to on a typical day, ranging from the websites of major newspapers and TV news organizations to posts from journalists and news organizations on sites
like Facebook and Twitter.

Portal websites like GoogleNews, AOL and Topix are the most commonly used online news sources, visited by over half of online news users on a typical day. Also faring well are the sites of traditional news organizations with an offline presence, such as CNN, BBC and local or national newspapers. These responses match closely with audience figures from two web-tracking firms, Hitwise and Nielsen NetView LINK.

For all of the growth in Twitter in 2009, it has yet to be a common source for news. Twitter updates, either from journalists and their news organizations (4%) or from other individuals and organizations including friends and family (6%), were the least used news sources of those asked about.
## What online sources do people use?

<table>
<thead>
<tr>
<th>Source Description</th>
<th>All online news users 18+</th>
<th>Ages 18-20</th>
<th>Ages 30-40</th>
<th>Ages 50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>A portal website like Google News, AOL or Topix that gathers news from many different sources</td>
<td>56%</td>
<td>66%*</td>
<td>57%*</td>
<td>45%</td>
</tr>
<tr>
<td>A website of a TV news organization such as CNN, Fox or CBS</td>
<td>46</td>
<td>50*</td>
<td>47</td>
<td>40</td>
</tr>
<tr>
<td>A website that specializes in a particular topic like health, politics, or entertainment</td>
<td>38</td>
<td>40</td>
<td>38</td>
<td>35</td>
</tr>
<tr>
<td>A website of a national or local newspaper</td>
<td>38</td>
<td>36</td>
<td>42</td>
<td>36</td>
</tr>
<tr>
<td>An individual or organization other than a journalist or news organization, that you follow on a social networking site like Facebook</td>
<td>30</td>
<td>44*</td>
<td>31*</td>
<td>17</td>
</tr>
<tr>
<td>A website of an international news organization such as the BBC or The Guardian, or a foreign language news site</td>
<td>18</td>
<td>19</td>
<td>20*</td>
<td>15</td>
</tr>
<tr>
<td>A website that offers a mix of news and commentary, such as the Drudge Report of Huffington Post</td>
<td>17</td>
<td>12</td>
<td>20*</td>
<td>17</td>
</tr>
<tr>
<td>The website of a radio news organization such as NPR</td>
<td>15</td>
<td>14</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>A news podcast from an organization such as NPR or the New York Times</td>
<td>14</td>
<td>15</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>A news organization or an individual journalist you follow on a social networking site like Facebook</td>
<td>13</td>
<td>22*</td>
<td>14*</td>
<td>4</td>
</tr>
<tr>
<td>The website of an individual blogger (who does not work for a major news organization)</td>
<td>11</td>
<td>13*</td>
<td>13*</td>
<td>8</td>
</tr>
<tr>
<td>A news website such as Digg or NewsTrust where users rank stories</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Twitter updates from an individual or organization other than a journalist or news organization</td>
<td>0</td>
<td>8*</td>
<td>0*</td>
<td>2</td>
</tr>
<tr>
<td>Twitter updates from a journalist or news organization</td>
<td>4</td>
<td>6*</td>
<td>4*</td>
<td>1</td>
</tr>
<tr>
<td>Use none of these on a typical day</td>
<td>14</td>
<td>7</td>
<td>11*</td>
<td>22*</td>
</tr>
<tr>
<td>Use 1-2 of these on a typical day</td>
<td>34</td>
<td>30</td>
<td>35*</td>
<td>35*</td>
</tr>
<tr>
<td>Use 3-5 of these on a typical day</td>
<td>30</td>
<td>44*</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>Use six or more on a typical day</td>
<td>16</td>
<td>19*</td>
<td>18*</td>
<td>11</td>
</tr>
</tbody>
</table>

*Indicates a statistically significant difference

News is pocket-sized

Overall, 26% of all Americans say they get some form of news today via cellphone, which amounts to 33% of cell phone owners. There is every reason to think this number will rise significantly as more and more people get smartphones like the iPhone and phones with Google’s and Microsoft’s mobile operating system on them. (About 80% of American adults have cell phones and 34% of them go online from their phone.)

What topics and applications do those wireless news consumers use? The table below highlights them.

### What kinds of news mobile users access on their cells

33% of mobile users get news on their handhelds. Below are the different kinds of news they access on their handheld devices.

<table>
<thead>
<tr>
<th>% of mobile users who get this kind of news on a mobile device</th>
<th>Weather</th>
<th>26</th>
</tr>
</thead>
<tbody>
<tr>
<td>News and current events</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>An application for news content</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Sports scores and stories</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Traffic info</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Financial info</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>News via emails and texts</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

*Indicates a statistically significant difference


On-the-go news consumers: Who are they?

The typical on-the-go news consumer is a white male, age 34, who has graduated from college and is employed full-time. Given their younger profile, it is not surprising that 40% of this group are parents of young children (compared with 30% of the general adult population), while 32% have never been married. One in three (32%) live in households with incomes of $75,000 or more. As a subset of this broader mobile Internet population, on-the-go news consumers share many of these characteristics.
## Wireless and news on-the-go populations

How do they compare to the general adult population?

<table>
<thead>
<tr>
<th></th>
<th>% all adults</th>
<th>% wireless internet users</th>
<th>% on-the-go news consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-29</td>
<td>23%</td>
<td>32%</td>
<td>38%</td>
</tr>
<tr>
<td>30-49</td>
<td>35</td>
<td>42</td>
<td>45</td>
</tr>
<tr>
<td>50+</td>
<td>41</td>
<td>25</td>
<td>16</td>
</tr>
<tr>
<td>Median Age</td>
<td>45</td>
<td>38</td>
<td>34</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>49%</td>
<td>52%</td>
<td>57%</td>
</tr>
<tr>
<td>Female</td>
<td>51</td>
<td>48</td>
<td>43</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>42%</td>
<td>52%</td>
<td>59%</td>
</tr>
<tr>
<td>Part-time</td>
<td>12</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Retired</td>
<td>19</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>50%</td>
<td>50%</td>
<td>44%</td>
</tr>
<tr>
<td>Never Married</td>
<td>20</td>
<td>28</td>
<td>32</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td><strong>Parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have children</td>
<td>30%</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Educational Attainment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than a HS degree</td>
<td>12%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>High School Grad</td>
<td>60</td>
<td>56</td>
<td>59</td>
</tr>
<tr>
<td>College Grad</td>
<td>28</td>
<td>38</td>
<td>37</td>
</tr>
<tr>
<td><strong>Household Annual Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $30,000</td>
<td>30%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>$30,000-$49,999</td>
<td>17</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>12</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>$75,000+</td>
<td>22</td>
<td>32</td>
<td>32</td>
</tr>
</tbody>
</table>

*Indicates a statistically significant difference

On-the-go news consumers maximize their cell phone use. They are 68% more likely than other cell phone users to text message, more than twice as likely to take pictures with their phones, and almost five times more likely to use their phones to instant message. They are also especially heavy Internet users: 82% of this on-the-go group are online on a given day, compared with just 67% of other internet users. And they engage more in other Internet activities such as e-mail (96% vs. 90%), blogging (21% vs. 11%), using social networking sites (75% vs. 48%), and using status update sites like Twitter (30% vs. 14%) at significantly higher rates than other Internet users.

Footnotes


Nielsen Analysis

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

Nielsen Analysis

In past years this report has concentrated first on how many people are going online for news and whether that has changed. Some of that is covered in the survey that PEJ and the Pew Internet and American Life Project produced together in early March 2010.

We also, however, wanted to dig more deeply into people’s online behavior: where they are going for news and what they do when they get there.

To do this, PEJ conducted an in-depth analysis using Nielsen’s NetView tool, a database of Nielsen’s online audience measurements.

That analysis shows that the websites of legacy news organizations – especially cable stations and newspapers – dominate the online news space in traffic in loyalty. But no one keeps visitors very long. The average visitor spends only 3 minutes 4 seconds per session on the typical news sites.

The metrics online are still evolving. Different services use different methods for measuring audience and behavior. Some in the online world argue that the methods by the two more traditional measuring companies, Nielsen and Comscore, tend to undercount traffic because of various methodological obstacles including access limitations to corporate servers during the day. Yet whatever the complications, most online professionals have told us that they believe the comparative relationships among different sites — the rankings and some of the patterns of usage that are uncovered in work like Nielsen’s — are useful and revealing, even if it is the case that overall traffic numbers are higher.

We began with Nielsen’s list of “News and Information” websites. We culled the list to remove sites that would not be considered news related, such as databases, consulting firms and sources like the National Weather Service. We also drove more deeply to identify individual news sites rather than families of sites. For instance, when Nielsen publishes its list of the top news sites, it uses CNN Digital Network, which is actually several different sites. In our analysis we use CNN.com, its primary news site. Next, we identified which of those sites averaged at least 500,000 unique visitors per month across three months in the fall of 2009 (September through November).

A total of 199 web sites fit those criteria. They ranged from traditional media outlets like the Washington Post to aggregators like Bing.com to blog sites like Gawker.com.
That analysis led to a range of findings:

- When it comes to online news, while it is a long tail world, with thousands of sites offering news, the top websites dominate traffic. 1 Across the full roster Nielsen examines — the entire unfiltered list of 4,600 news and information websites — the top 7% collect 80% of the overall traffic. 2 And the power curve even applies to top news sites. If we look just at news sites, refining the broad Nielsen list to eliminate sites from government and consulting firms that include information but not news, the same thing holds true. Among news sites that attract 500,000 monthly visitors or more, the top 10% of the most popular sites attract half the traffic.

- Legacy media still make up the majority of the most trafficked destinations (by Unique Audience), although newly created websites are joining the list each year. Of the top 199 sites in our analysis, 67% are from legacy media, and they account for 66% of the traffic. In all, 48% are from newspapers, and 19% from all other legacy media. Online-only sites make up the 33% balance of the list. The traffic figures closely match the raw numbers: legacy outlets get two-thirds of the traffic and online-only one-third (34%).

- Aggregators make up 27% of the top news websites and a few are among the most popular of all. Four of the top six news sites are either pure aggregator sites (Yahoo and Google News) or include a strong element of aggregation with some editing or original content (MSNBC Digital Network and AOL).

- The data also suggest that contrary to what some believe, specialty sites like those covering health care or science do not draw an especially loyal audience. Among the 39 niche sites on this list, all but two have audiences that are not only smaller, but also don’t stay as long, come back less often and don’t look at as many pages on the site as do audiences for either national and international sites or local sites.

- Two political sites, Daily Kos and Drudge Report, stand out with vastly higher numbers than the average site. Daily Kos averages 48 minutes per person per month and the Drudge Report nearly an hour, five times the average news site. Given that minutes per person per month is partly a function of audience size, it is even clearer that these sites have a loyal audience. Neither site is in the top 30 in terms of audience, but in terms of time spent on the site per month they are No. 1 and No. 2.

- Among the biggest sites, the different missions of aggregators and originators of news are evident in the traffic patterns. Visitors to top news originators like the New York Times and CNN stay on average more than a minute longer per session than they do at aggregator sites like Google and Yahoo. They also tend to view more pages. But which type of site does a better job of getting people to return more often is less clear. And all the differences diminish as you move down the list to smaller sites.

To do this analysis, PEJ researchers examined these 199 websites in three different ways. First, we determined each website’s affiliation. Was it tied to a legacy outlet like print or television, or was it online only? Second, what was its editorial or topic focus? Was it national and international news, local or specialized around a certain topic and if so which one (science, celebrity, etc.)? Third, what was the nature of its content? Was it mostly reporting that the website produced itself? Was it mostly an aggregator of others’ work? Was it mostly offering commentary as opposed to news reporting?

For more info on how PEJ came up with this list, click here.

The Top 20 News Websites
The top 20 sites at the front end of news sites are traditional brands most familiar to many. Except for one new aggregator of local news, these sites have all existed for more than a decade, and 15 (or 75%) are tied to legacy media.

![Graph showing Top 20 Sites by Sector]

The majority – 16 of the top 20 – focus mainly on national and international news. Yahoo News is at the top of this group, which includes the sites of the three cable networks (MSNBC Digital Network, CNN.com and FoxNews.com) and the other two commercial networks (ABC and CBS – NBC is a part of MSNBC Digital Network) as well the British News site, BBC.com (the numbers here reflect only the U.S. audience).

Just four of the top 20 are sites focused on local news, three of which are actually networks of local sites with the same owner – CBS, Fox or NBC. The other locally focused site, Examiner.com, aggregates local newspaper content from all across the country and lets the user choose which area to display.

Not a single site in the top 20 covers a niche or specialty topic area like politics or the environment.

When it comes to the content, all 20 sites except Yahoo News, Google News and Examiner.com produce some of their own content. A number of these originator sites, though, like MSNBC Digital Network, do more editing of Associated Press wires and other outside content than they do originating their own reports.
If one compares data from Hitwise, another online metrics firm, with that of Nielsen there are some differences based on methodology. Hitwise tracks at the Internet service provider level, whereas Nielsen creates panels of users like Nielsen families. Some of the differences in their lists come from Nielsen grouping sites together more than Hitwise. There are some definitional differences of what is a news site. But if one looks at their lists of top sites, the first 20, there are few differences.

Yahoo News is on top of both lists. MSNBC and CNN come next in different orders, which may be explained by the fact that Hitwise is measuring only www.msnbc.com, while Nielsen is measuring MSNBC Digital Network, a larger group of MSNBC sites.

The starkest differences are the Drudge Report and AOL. The Drudge report is the 6th most visited site on the Hitwise list, and on Nielsen it is No. 33. AOL goes from the No. 10 site on Hitwise, to No. 4 on Nielsen. One possible reason for the difference is that Nielsen’s sample, according to some, undercounts daytime traffic since many workplaces will not allow Nielsen software on their servers. Hitwise data take more workplace traffic into account (see backgrounder on the different methods of Hitwise and Nielsen for a more detailed discussion of their methodologies).

On both lists, however, the traffic also drops off sharply after the top few websites. According to Nielsen’s data, just eight sites average more than 10 million monthly unique visitors (as measured from September through November, 2009 by
Nielsen). The sites at the end of the top 20, CBS News and BBC News averaged half that. And the difference between the first site and the eighth is about 30 million.

This highly concentrated traffic at the top also reinforces the survey findings discussed in Online Audience that a majority of online news consumers graze on the Internet, but not very far, regularly visiting between two to five sites. And these data suggest that many people do not go very far down the list of the most popular destinations.

Looking at usage habits, the advantage of these top sites as a group goes beyond straight audience numbers.

- Users of the top 20 sites also returned more often and looked at more pages on the sites than others that come after the top 20. They averaged 5 visits a month per person and 18 Web page views, while the remaining 179 averaged only 3.3 visits per person and 14 Web pages.

- With all of those return visits, people devote more time over the course of a month to top websites than to those lower down – an average of 15 minutes per person among the top 20 sites versus 10 for the remaining 179.4

- One figure that was not much higher among the top sites compared with other sites was the amount of time visitors spend per session. They averaged 3 minutes and 4 seconds per visit, nearly identical to the 3 minutes and 6 seconds across all 199.

In other words, it seems to be more total audience and repeat visits rather than longer sessions that makes the difference in overall penetration.

Usage by Sector Affiliation

The sway of legacy media remained strong, but less so, as one looks past the top 20 to the full list of the most popular news sites (those with at least 500,000 monthly unique visitors). Of these 199 sites, 33% were online-only— (versus 25% of the top 20) while the other 66% had ties to a traditional platform.
* Local TV includes networks of stations such as those owned and operated by Fox. These stations websites are combined into one figure.
† The four cable sites are the three cable news channels (Fox News, MSNBC and CNN) plus Time Warner Cable news channels, of websites owned by Time Warner.

In our longer list of 199 top news sites, cable news operations stood out both in total audience and in usage patterns. Each cable site averaged at least 23 million unique visitors monthly.

Newspapers, represented nearly 20 times more sites than cable, but commanded only about three times the combined audience, 181 million unique visitors.

And the traffic to the top three newspaper sites – the New York Times followed by the Washington Post and the USA Today – was half that of the three cable channels (37 million). It is also less than the top aggregator site alone, Yahoo News, which has close to 41 million.

Not only do cable sites get large audiences, but their audiences also return more frequently, go deeper and spend more time on the site per month:

- Users spend more than twice as much time on cable sites than on newspaper sites or local TV sites. The cable sites average close to 24 minutes per person each month, versus only 10 minutes on both newspaper and local TV sites. This gap stands out even more as the newspaper sites in aggregate have three times the combined unique visitors as the cable sites. Thus, cable sites more than make up for any factor that total audience plays in the equation.

- Online only sites only did slightly better, just over 12 minutes per person each month, still half that of cable sites.
The same phenomenon occurs when it comes to the pages viewed each month. Audiences to cable sites see twice the number of pages as those going to newspaper or local TV sites and nearly twice that of online sites.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>3.17</td>
<td>13.59</td>
<td>10:18</td>
</tr>
<tr>
<td>Local TV</td>
<td>2.94</td>
<td>14.04</td>
<td>9:41</td>
</tr>
<tr>
<td>Cable TV</td>
<td>6.67</td>
<td>29.07</td>
<td>23:36</td>
</tr>
<tr>
<td>Magazines</td>
<td>2.29</td>
<td>3.75</td>
<td>06:00</td>
</tr>
<tr>
<td>International</td>
<td>2.59</td>
<td>6.83</td>
<td>05:23</td>
</tr>
<tr>
<td>Online-Only</td>
<td>4.65</td>
<td>16.55</td>
<td>12:35</td>
</tr>
</tbody>
</table>

Looking at the magazine websites on this list, audience patterns run contrary to their association with more long-form journalism. These sites averaged just 6 minutes per person each month and less than 4 monthly page views.

Sites by topic

Another way of categorizing the growing array of online news options is in the type of information they cover most. Which topic areas draw the greatest audience, the deepest website penetration or the most loyal audiences? To look for answers we broke the group into three main topic areas, according to the subjects they emphasize the most on the home page: 1) National and international affairs, 2) local news or 3) niche topic areas like health or politics, celebrity or science.

Over all, we found national and international sites got the most traffic. They also, more surprisingly, have a more loyal and engaged audience than specialty sites. Not only are the audiences to niche sites smaller, but users also don't stay as long, don't return as often and don’t go as deep into the site as do users of national and international sites or local ones.

- Local sites make up the biggest portion of our list of the top 199 sites: 87 sites (44%) but, combined, they account for only 25% of the traffic.
- National and international sites account for slightly fewer of the sites, 74 (37%) and more than double the audience – 65%. Their dominance in traffic suggests the degree to which assembling a broad range of topics, even if covered elsewhere as well, can also draw powerfully large traffic.

There were just 38 niche sites on the list of top sites and they drew just 10% of the audience.
The other way to look at sites by topic was not just the size of the audience but how people used them. How often do they visit? How long do they stay? And many pages do they look at per visit?

Here, averaging the sites in each category, niche websites appeared to attract less committed traffic, contrary to what some might have expected. In general, people visited niches sites less often, stayed less time and did not view as many pages per visit as they did national and international or local news sites.

- Niche sites averaged half the time per person each month as did national and international news sites – 7 minutes versus 14 minutes.

- The same is true for how many pages users look at: people average 9 pages on a month on niche sites versus 17 pages on national and international sites.

- And people also return to niche sites less often over the course of a month– 2.9 times per month for niche versus 4.6 for national and international

Those findings raise some questions about the idea that people in the online world are simply digging deeper into a handful of subjects at the expense of getting general news. At least when it comes to the sites that generate the most traffic, these data suggest it is not that simple.

As Bill Densmore director of the Media Giraffe Project at the University of Massachusetts sees it, “the dominance of general-interest rather than niche sites suggests the enduring value of curation, or editing — that people like someone helping them make decisions about what’s important.”

Usage of Sites by Content Emphasis

<table>
<thead>
<tr>
<th>Content Emphasis</th>
<th>Monthly Visits Per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and International</td>
<td>4.55</td>
<td>17.45</td>
<td>13:48</td>
</tr>
<tr>
<td>Local</td>
<td>3.28</td>
<td>15.67</td>
<td>10:52</td>
</tr>
<tr>
<td>Niche</td>
<td>2.86</td>
<td>8.93</td>
<td>07:34</td>
</tr>
</tbody>
</table>

Niche Sites–

Although these niche sites make up a small portion of the sites overall, we wanted to examine them a little more deeply to see which specific topics they covered and whether audiences use some niche sites differently than others.

Among the total 39 niche topic sites, 17 are about politics. Nine of these were conservative-leaning sites. Three were liberal, and five were non-partisan.

A full analysis of blogs might reveal something different, but many either are not considered news and information sites by Nielsen or fall short of the minimum audience level (500,000 unique visitors a month) to be included in this data set.
Even some that the tracking firm Technorati ranks as the most influential – which we analyze in a separate section of this report, – fall short of the minimum audience level.

But among the top 199 sites here there, are 22 that could be considered blogs, including Michele Malkin.com, Breibart.com and Daily Kos. While a separate analysis of blogs would be worthwhile, this list at least suggests the idea that the Internet moves left while things like talk radio tilt right, isn’t quite the case. Of these 22 blogs, three were liberal and eight were conservative. The rest were non-ideological or did not deal with politics.

### Niche Sites by Topic

<table>
<thead>
<tr>
<th>Topic</th>
<th>Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>8</td>
</tr>
<tr>
<td>News</td>
<td>5</td>
</tr>
<tr>
<td>Entertainment</td>
<td>3</td>
</tr>
<tr>
<td>Business</td>
<td>2</td>
</tr>
<tr>
<td>Science</td>
<td>6</td>
</tr>
<tr>
<td>Environment</td>
<td>8</td>
</tr>
<tr>
<td>General Politics</td>
<td>3</td>
</tr>
</tbody>
</table>

Political sites tended to have higher user engagement than news sites over all, while sites that focus on other topics like entertainment, science and technology — fall below the average for most usage measurements.

- The average user seems far more engaged in politically leaning sites, compared to all news sites. Users spend about 23 minutes per person per month on the liberal sites and 20 minutes on conservative sites. This compares to only 12 minutes on the average site.
Users also view more pages on political sites than among news sites over all. The average user looks at 25 pages on liberal sites and 30 on conservative ones.

This same pattern continues with how many times users return to the sites and how much time they spent per visit to the site.

Usage of Political Sites

<table>
<thead>
<tr>
<th></th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Site</td>
<td>4.08</td>
<td>16.2</td>
<td>12:30</td>
</tr>
<tr>
<td>Conservative Site</td>
<td>6.94</td>
<td>29.61</td>
<td>19:59</td>
</tr>
<tr>
<td>Liberal Site</td>
<td>4.65</td>
<td>26.30</td>
<td>22:58</td>
</tr>
</tbody>
</table>

Part of these high averages is due to two sites, the liberal blog site Daily Kos and the Drudge Report, a news aggregator that offers a smattering of occasional reporting with a distinctly conservative flavor. Daily Kos averages 48 minutes per person per visit and the Drudge Report nearly an hour, five times the average news site. These two sites sharply increase the overall numbers for politically leaning sites. The other sites range between 5 and 25 minutes per person, still above the average but to a much lesser degree.

The two other most popular niche topic areas have much less user engagement, compared to both political sites and news sites overall.

- Science and technology sites averaged just under four minutes per person each month, much lower than the average news site (12 minutes). They also averaged fewer return visits per month, just 1.97 per person in a month.
● Entertainment sites fared slightly better with an average of just under six minutes per person and 2.6 visits per person per month.

● Users are also going looking at fewer pages on these sites than the average news site, with 9 Web pages per person per month for entertainment sites and 5 for science and technology sites, compared to 16 for the average site.

### Usage of Entertainment Sites vs. Science and Technology

<table>
<thead>
<tr>
<th></th>
<th>Monthly Visits per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>2.58</td>
<td>9.3</td>
<td>05:59</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>1.97</td>
<td>5.50</td>
<td>03:54</td>
</tr>
</tbody>
</table>

### Aggregators, Originators and Commentators

PEJ also categorized the top 199 sites by how their content is organized and presented: originator, aggregator, or commentary. In making these categories PEJ looked at the front page of each site and counted the links on the site. If two-thirds of the links on the site were original content, the site was labeled an originator. If two-thirds of the links were to outside content (including the Associated Press and other wire services), the site was categorized as an aggregator. Commentary sites are those that do not have original content in terms of original reporting, but have content that is mostly commenting or discussing reporting done by others.

AOL, for example, is categorized as a content originator although it began as largely an aggregator. In the analysis conducted in January, two-thirds of the links on its front page were to content produced by AOL staffers. But through the course of 2009, before it had added staff to produce original content, PEJ's content analysis found that 84% of its top stories were actually copy produced by others.

Others on this list fall into the originator category, but might strike many as a hybrid of original work and aggregation. MSNBC Digital Network is an example. Most of the stories on its site contain bylines or credit lines attributed to MSNBC. But most of the stories at the bottom also note that there is wire copy that also contributed to each of these accounts. Since its redesign, most copy on CNN's website carries byline from CNN staff. In the past the site relied heavily on wire copy for its most up-to-date news. Rules at the Associated Press allow news organizations to use their own byline even if only minimal alterations were made to the AP copy. We cannot assess to what extent a piece of content might be derived from wire material. This study, in other words, took a site at its word when it claimed credit for original work.

A site like Huffingtonpost, which is a commentary site, does do original reporting; the bulk of the content on its home page, however, is commentary, most of which links to original reporting done by others.

Of the 199 news sites, 27 (14%) primarily aggregate information produced by others; 20 (10%) put most of their resources toward offering commentary about news events first reported on by others. The largest portion, 152 (76%) produces their own original content.
The aggregators included here range from algorithmic sites like Bing News to Buzzle.com which is aggregated, by an individual. 6

The aggregator and commentary groups are, predictably, dominated by online-only sites: 19 of the 27 aggregator sites and 19 of the 20 commentary sites.

Among those that originate content, the majority, 124, are affiliated with legacy media outlets. Of these sites the largest sub-group is newspapers, with 90 sites, followed by local TV-based sites, 10. Many of the local TV sites, though, represent groups of stations, such as CBS owned and operated stations, which could not be disaggregated. Thus their audience figures are not directly comparable with a single site like the CNN.com. The remaining 28 originated as online only entities.

When it comes to usage patterns though, the different missions of aggregators and originators of news are only evident to a certain degree. Among the very top sites, some distinctions emerge, but others seem tied little to the type of content being offered.

Among the top ten sites studied here, visitors to news originators average more than a minute longer per session (visit) that at aggregator sites like Google and Yahoo. They also tend to view more pages. But what is less clear is which type of site does a better job of getting people to return more often. Here, CNN and Fox stand out above all the rest, but Yahoo scores higher than most other news sites.
Top 10 Site Usage Figures

<table>
<thead>
<tr>
<th>Website</th>
<th>Unique Audience (000)</th>
<th>Sessions per Person</th>
<th>Monthly Minutes per Person (min:sec)</th>
<th>Monthly Minutes per Session (min:sec)</th>
<th>Page Views per Session</th>
<th>Monthly Web Pages per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yahoo News</td>
<td>40811</td>
<td>5.91</td>
<td>13:59</td>
<td>2:22</td>
<td>2.91</td>
<td>17</td>
</tr>
<tr>
<td>MSNBC Digital Network</td>
<td>35571</td>
<td>5.66</td>
<td>19:18</td>
<td>3:25</td>
<td>4.21</td>
<td>24</td>
</tr>
<tr>
<td>AOL News</td>
<td>24358</td>
<td>6.86</td>
<td>17:37</td>
<td>2:34</td>
<td>3.22</td>
<td>22</td>
</tr>
<tr>
<td>CNN.com</td>
<td>20739</td>
<td>8.13</td>
<td>27:22</td>
<td>3:22</td>
<td>3.92</td>
<td>3.92</td>
</tr>
<tr>
<td>NYTimes.com</td>
<td>18520</td>
<td>3.73</td>
<td>14:56</td>
<td>4:00</td>
<td>4.18</td>
<td>16</td>
</tr>
<tr>
<td>Google News</td>
<td>14737</td>
<td>4.13</td>
<td>9:11</td>
<td>2.13</td>
<td>3.10</td>
<td>13</td>
</tr>
<tr>
<td>Fox News</td>
<td>12650</td>
<td>7.08</td>
<td>29:35</td>
<td>4:11</td>
<td>5.54</td>
<td>39</td>
</tr>
<tr>
<td>ABCNEWS</td>
<td>10331</td>
<td>2.72</td>
<td>8:36</td>
<td>3:10</td>
<td>3.54</td>
<td>10</td>
</tr>
<tr>
<td>washingtonpost.com</td>
<td>9810</td>
<td>3.17</td>
<td>11:11</td>
<td>3:32</td>
<td>3.94</td>
<td>12</td>
</tr>
<tr>
<td>USATODAY.com</td>
<td>9311</td>
<td>3.76</td>
<td>13:20</td>
<td>3:33</td>
<td>3.67</td>
<td>14</td>
</tr>
</tbody>
</table>

Also, as mentioned above, among the news originators at the very top, the three cable sites stand out from the newspaper sites, commanding roughly twice the time spent and visits made per person.

When looking at aggregators and news producers across the entire group of 199 sites, the differences diminish. Here, the minutes per person vary only slightly as do the depth of pages viewed. The only behavior measurement that shows much variation at all is the average monthly visits per person. But this can be as much a function of the total audience size as individual behavior patterns.

Commentary sites fared the worst with users spending around 11 minutes on commentary sites in November, compared to 13 on an aggregator or originator.

Usage of sites by Content Type

<table>
<thead>
<tr>
<th>Content Type</th>
<th>Monthly Visits per Person</th>
<th>Web Pages per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Originator</td>
<td>3.93</td>
<td>16</td>
<td>12:36</td>
</tr>
<tr>
<td>Aggregator</td>
<td>4.93</td>
<td>16.83</td>
<td>12:16</td>
</tr>
<tr>
<td>Commentary</td>
<td>3.28</td>
<td>14.55</td>
<td>11:52</td>
</tr>
</tbody>
</table>
The prospect of an economic model for journalism online made only limited progress in 2009, even as the industry's eagerness to find new Internet-based revenue sources intensified.

Signs that advertising, at least in any familiar form, would ever grow to levels sufficient to finance journalism online seemed further in doubt.

News organizations talked about the need for pay walls to charge for content, but there was little evidence that anyone had found a successful model.

And, public sentiment, according to survey data from the Pew Internet Project and PEJ released for the first time in a separate section of this report, seems strongly resistant to any such model.

Certainly the ad revenue numbers for 2009 were not encouraging.

Overall, U.S. online advertising during the year had its first decline since 2002, according to the online research firm eMarketer, which began tracking in 1996. The firm, whose updated August projections were the most recent, called for
revenues to fall 4.6% in 2009 to $22.4 billion, down from $23.4 billion in 2008. And the numbers for the categories that finance news were worse than that. 1

Actual revenues for the first six months of the year suggest these projections are on track. From January through July overall online ad revenues declined 5.3% to $10.9 billion down from $11.5 billion in the same period of 2008, according to Price Waterhouse Cooper. 2

eMarketer sees a turnaround for online advertising in 2010, with revenues beginning to inch back up again to 23.6, a level slightly higher than 2008. 3

Other market research projections, though produced earlier, were more optimistic. 4

Economic Results of 2009

All of this comes amid a difficult economic performance in 2009 for the one model that the industry is trying to rely on, advertising.

Within online advertising, there are several different ways to categorize spending. There are different types of ads, such as search versus display. There is where the ads are going, such as mobile versus computer based. And there are local ads versus nationally focused ad buys. Some areas clearly fared better than others during the year.

Online Ad Formats

In what is a further challenge for news, search advertising, which goes largely to aggregators and search engines, added to its dominance online. Meanwhile classified, rich media, and display ads — all areas that news sites rely on more — declined further. And video advertising began to stake a claim.
Search revenue was projected to grow to 3% in 2009 to $10.8 billion, up from $10.5 billion in 2008. By year end, nearly half (48%) of the total online ad market was expected to be in search, almost all of it going to aggregators.

Display ads, the category from which news sites get most of their revenue, represent the next biggest piece of the online ad pie, 21%. But display was projected to fall by 2% during the year to $4.8 billion, down from $4.9 billion in 2008.

The greatest loss was in classified ads. Classified declined by almost a third (31%) to $2.2 billion in 2009, down from $3.2 billion in 2008. After making up 17% of total online ad spending in 2003 they now account for just 9%, a sign, among other things, of the influence of free classified sites such as Craig's list.

Rich media, those ads that involve moving “flash” images or video], also fell to $1.5 billion down from $1.6 billion in 2008.
The only category other than search that grew in 2009 was video advertising, an area where news would like to expand. It reached $1.02 billion in 2009, up 40.2% from $734 million in 2008. Although this is a large increase, video advertising is still a small part of the advertising pie, just 6% in all.

Display Ad Revenue by Website Category

While search ads account for the biggest portion of all ad revenue, display ads are by far the biggest revenue source for news sites.

But display ads are not serving the industry that well. Not only did display advertising decline in 2009, but according to at least one research group, news sites represent just a small portion of even the current spending.

TNS Media Intelligence developed 25 categories of websites and estimates the display ad revenue going to each (not including search or video).

- The highest portion of display ad revenue (28%) goes to search engines and Internet service providers. Newspaper websites get 5%, and other news & current events sites less than 3%. Add television websites, which includes both news and entertainment material, and the number rises to 14% of the pie.

- Of the various types of news websites, television station websites earned $632 million through the first 10 months of 2009. Newspaper sites earned $445 million and other current event sites like Global Post or Yahoo News earned $239 million.

- News sites did trump social networking sites, which brought in $189 million from display ads in 2009.

Top 25 Website Categories by Display Ad Revenue

<table>
<thead>
<tr>
<th>Rank</th>
<th>Site Category</th>
<th>Jan-Oct 2009 (000)</th>
<th>% Change vs. Jan-Oct 2008</th>
<th>% Share Jan-Oct 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MULTI-SERVICE SITES (i.e. Google, Yahoo, AOL, Comcast and others)</td>
<td>$2,606,403</td>
<td>48.7%</td>
<td>28.35%</td>
</tr>
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<td>SPORTS</td>
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<td>4.54%</td>
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<td>$354,988</td>
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<td>INTERNET SERVICE PROVIDERS</td>
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<td>Change %</td>
<td>Growth Rate</td>
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<tr>
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<tr>
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<td>PORTALS &amp; SEARCH ENGINES (like digg.com and Askjeves.com)</td>
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</table>

*source TNS Media Intelligence

Mobile Advertising

Mobile advertising is calculated separately from computer-based advertising. It has enjoyed rapid growth in the last five years, with many in the industry counting on mobile ads to become at least part of the answer to the current financial quandary. To that end, Google recently purchased, for $750 million in stock, AdMob, a company that built a mobile ad platform to make buying mobile ads easier. 8

But, while analysts predict growth through 2013, mobile ads revenue is still tiny compared with other revenue streams.

- eMarketer reported that for the first three quarters of 2009, mobile ad revenues will be $416 million, up from $320 million in 2008. In 2010 eMarketer predicts mobile ad spending will reach $593 million.

Like computer-based online ads, mobile ads can be broken down into different forms: primarily text, search and display ads. Here, the two major forecasting firms vary in some of their exact figures, but they agree on the general proportions and direction of mobile ad spending.

- The majority of mobile advertising is through text messages (SMS and MMS), put at 63% to 73% depending on the estimate used. 9
eMarketer forecast in September 2009 a 19.2% growth rate in text messaging mobile ad revenue for the year, although it do not publicly release exact dollar figures. Earlier in 2009 Veronis estimated the growth rate would be slightly lower, 11.3% with a dollar figure of $1.2 billion, half of the growth rate it reported for 2008 (23.6%).

The third largest portion of mobile advertising is search and display, and this segment has one of the fastest growth rates.

eMarketer projects both display and search mobile ad revenue to almost double in 2009, with search still outpacing display in total dollars. Its projections put display revenue growth at 47.7%, to $20.8 million according to their data. It expects search to grow 44.4% to $38.4 million.

Veronis Suhler Stevenson sees similar growth in mobile search and display ad revenue which combined are predicted to grow 48.4% in 2009 (although the total dollar amount is higher for this and many other measures).

The increased use of cellphones for news suggests this will be an important platform for the future. According to a joint survey by PEJ and the Pew Internet & American Life Project completed on January 19, 2010, 80% of adults own cell phones and 33% of them – or 26% of all adults – said that they used their phone to access news and information about current events.

Much of this, though, is through Web applications/pages, rather than text and email alerts. Just 12% of cellphone owners said they ever receive text or email alerts about news through their phones. And the advertising dollar in the mobile arena is even smaller than the desktop dollar. There is a long way to go before mobile advertising could give much of a boost to overall revenues.

Local Advertising

Some online ad buys are targeted at national audiences and some at local.

In recent years, two phenomena have occurred in this breakdown. National websites such as Yahoo and AOL began reaching into local markets, bringing potential new business to regional and local media websites. At the other end, local businesses began making more nation-wide buys on aggregators like Google. The result has been a pull and tug with national ad dollars still in the lead, but with the gap closing, according to Borrell Associates.

Local ad buys were one area in 2009 expected to see an increase, to $14.2 billion, up from $12.7 billion in 2008. Display is expected to grow more than search, and it makes up a slightly larger portion of the pie.

- Local display or banner ads are projected to increase 1.8% to $5.9 billion. Search ads are projected to grow 2.6% to $5.4 billion, according to Borrell Associates. 10

- The Gannet newspaper company is the news organization that makes the most revenue from local ad dollars, with just under $300 million in local online ad revenue. 11

- Newspaper overall get $31 billion from local ad buys.

National ad buys, on the other hand, according to Borrell Associates, were projected to decline 6.3%. They still bring in much more total spending than local, with $23.6 billion expected in 2009. 12
Future Economic Models

As evidence mounted that advertising alone will not be enough to support the news industry online, we heard in 2009 louder rumblings of alternative revenue streams to sustain news operations.

There was much talk this year of introducing some form of user payment, of demanding compensation from aggregators and of finding new ways to appeal to advertisers. Much of this remained theoretical. But some experiments did begin – and bear watching. Among the kinds of new revenue streams discussed:

Payments from users

News organizations have mostly discussed two ways of securing direct payment from consumers: full subscriptions and pay-per-article fees, often referred to as micro-payments or aggregated micro-accounting.

Full subscriptions Even though most early attempts at full subscriptions have failed to lure users away from the vast array of free content available on the Internet (link to past write-ups), many news organizations in 2009 returned to the idea. One of the most vocal proponents was Rupert Murdoch, whose News Corp. has had some of the greatest success in pay-wall subscriptions. New Corp.’s Wall Street Journal charges $79 for yearly access to its websites and was the only newspaper to turn a profit in 2009. In August 2009, Murdoch announced that News Corp. would be extending this model to all of its websites but it has yet to take any action on the matter.

Most other success along these lines has come from specialty newsletters or online databases like LawTrack from Congressional Quarterly and ClimateWire, published by Environmental and Energy Publishing. Consumer Reports is often mentioned as a success poster child. All of these provide deep reporting into a specific topic area that appeals to a narrow, industry-focused clientele that can often include the subscription price in work budgets. The subscription prices range widely, depending on the market, but those with a large industry following can be in the thousands of dollars a year.

Micropayments Here, in theory, users pay for content piece by piece, so the price varies according to how much one consumes from a site. Experiments here have come from individual news organizations as well as aggregate sites that pool together content from many different news organizations.

The New York Times announced on January 20, 2010 that it would be adopting this method sometime in 2011. The paper’s publisher, Arthur O. Sulzberger Jr., said, “Our audiences are very loyal and we believe that our readers will pay for our award-winning digital content and services,” but he offered few details, other than that consumers could access a certain number of articles for free before hitting the pay wall. 13

Microaccounting: Aggregator-style experiments come from Kachingle, Journalism Online and CircLabs. Each relies generally on building a network of collaborating services.

Kachingle’s model is not a pay-wall system, Kachingle refers to its system as “crowdfunding.” User’s can choose to make a monthly contribution of $5 or not pay anything at all. Then Kachingle will take the money from the fee and divvy it up among the sites that the user chosen to access. To receive a pro-rate share of the $5, a site must join the Kachingle network and display its icon. Kachingle went live in late 2009.
Journalism Online (JO) allows users to sign up for annual, monthly, day passes, or per-article payment from participating content providers. JO announced in February, 2009, that it would begin testing with two newspaper sites owned by MediaNews Group Inc.

CircLabs, at the Reynolds Journalism Institute at the University of Missouri, partners with news sites to invite users to sign up for a personalized news feed delivered via a downloadable browser application it calls the Circulate Bar. CircLabs will then partner with transaction third parties to build a network of content providers serving premium links into the bar. CircLabs starts a private beta in late March.

In all three cases the consumer would not “pay per click” but would be charged periodically, or in the case of Kachingle be asked to contribute voluntarily, and the payments divided among a variety of providers through a microaccounting process.

Some of the immediate criticism of this approach is that it puts the greatest fee on the news organization’s most loyal audience, pressuring people to consume less because the more a user consumes, the more she pays. (This does not apply to Kachingle which asks for a flat voluntary contribution.) In addition, some involved in these networks finds a big challenge to be identifying unique content that consumers will value sufficiently to pay for on any basis.

One hybrid option is a plan often referred to as “Freemium” plans that offer some content for free and “premium” material for a fee.

In late 2009, the consulting firm Accenture surveyed executives from 102 media firms, including those outside the news business, and asked about the business models that they thought would be embraced throughout media firms in the next three years. Many said that they expected that hybrid models combining several revenue streams and combinations of free and pay services would emerge in the coming years. Specifically:

- 39% of the executives said the predominant model would be advertising-funded
- 21% said it would be a hybrid model of multiple revenue streams
- 18% said it would be “freemium” systems that would offer some free content to users and hope to encourage people to pay for “premium” content that went deeper and more analytically into subjects, perhaps with customized material for particular users.
- 14% said it would be subscription-based offerings
- 8% said the predominant model would be “pay for play” or “on demand” services that were bought a la carte.

Headed into 2010 there was no clear consensus on what the economic model would look like in the future. What is fairly clear is that no one model will replace advertising as the major revenue source for news.

Advertising Innovations

Beyond payments from users, some experiments in new online advertising are already underway.

Targeted advertising: One of the biggest drawbacks with display ads in the eyes of advertisers is that they are not as targeted at consumers as search ads are. In search, if you type “vacation” into Google, along with the search results will
be ads associated with vacation, like travel agencies, cruises and the like, also associated with your geographic region or the places where you have expressed an interest in visiting. Users then may actually find the ad helpful and advertisers like that at least some of the people seeing there ads are already primed for whatever they are selling.

In an attempt to bring more targeting to display ads, California businessman and former newspaper executive Alan Mutter is planning something he calls ViewPass LINK.

Although this service has not been launched, the approach is worth noting: Rather than have users pay directly for content (subscriptions, micropayments, etc.), they would submit various demographic data to the system before viewing the content. The expectation then is that ads can be sold at a much higher rate because they can be targeted to users more specifically.

This is essentially the model used by Facebook, which is thought to have turned a profit in 2009 and was valued as a company at $6.5 billion. Facebook can go to advertisers with an enormous amount of data about its users — their age, gender, where they live, their relationship status, who their friends are, what groups they have joined, the kinds of purchases they post about or discuss with their friends, and lots of other behavioral facts — that can be mined to sell ads at a much higher rate.

There is tremendous ferment among privacy and consumer watchdogs about how aggressively companies, including news organizations, should be able to exploit the troves of data they gather about users. Facebook, among others, has experienced backlashes from users at times when they felt the firm was insinuating commercial interests too deeply into their personal online activities.

Other Online Revenue Experiments

Combination models: Some organizations are developing experiments around combinations of the different revenue ideas. One such site is Information Valet, started by Bill Densmore during a fellowship at the Missouri School of Journalism’s Donald W. Reynolds Journalism Institute. Its a combination of microaccounting and interest-based advertising. The Information Valet ideas are being tested in a commercial venture, CircLabs Inc., which is part owned by the university.

The “Circulate Bar” would allow a user to optionally provide a demographic profile as data on their information interests. Circulate will then match to free and premium content and deliver reading and viewing recommendations via an always-on web toolbar. Newspapers, radio and other affiliates would offer the service to their users, and presumably make money by added traffic to their services, higher prices for advertising targeted to unique users and, in some cases, network sale of premium content. CircLabs says it will begin private beta trials in the end of March. 16

Closing off aggregators: Another area of heated public discussion in 2009 involved news organizations closing off their content to aggregators like Google, or at least trying to get aggregators to pay them some kind of fee for carrying references to their articles.

Again, one of the most vocal proponents was News Corp.’s Rupert Murdoch. In April 2009 he posed the question, “Should we be allowing Google to steal our copyrights?” And in the fall he began talks with Microsoft to have News Corp. content exclusively on Bing, Microsoft’s search engine. As with the calls for subscription models, though, there has been little evidence of actual implementation. The threat that Murdoch made of pulling all of News Corp.’s content from Google has not been carried out. A compromise position, for Wall Street Journal content, has been that users can get to
one Journal article for free through Google referral, and after that the pay-wall on WSJ.com would force users to pay for any additional content.

Another organization that took steps toward stopping aggregators and others from carrying their content was the Associated Press. In the summer of 2009 it launched a new system that would attempt to track its content across the Internet as it is reposted, copied, etc. Other third-party companies such as Attributor provide services that content producers can sign up for that will attempt to do the same thing, track their content across the Internet so producers can take down content if it appears in an unauthorized place. As of early 2010, though, there were no data to indicate any early level of impact or success.

In 2009, Google responded saying that news outlets can always opt out of the Google search engine. “Publishers put their content on the Web because they want it to be found,” said an unnamed Google spokesperson. “Few choose not to include their material in Google News and Web search. But if they tell us not to include it, we don’t . . . all they need to do is tell us.”

In the fall Google, offered an olive branch of sorts. It announced that it was developing a platform to allow newspapers to charge for online content, , an enhancement of the GooglePay service, in which all users must register with and pay Google. It hasn’t provided details.

Fees through the Internet service provider

Another discussed revenue stream has been the kind of subscriber access-fee that exists for cable. Cable news networks receive about half of their revenues from fees per subscriber charged to the cable service providers. These providers then pass that fee along to the consumer on their monthly cable bills. A similar model could potentially be implemented on the Internet, where fees are built into the internet access charge that users already pay. The idea remains hypothetical at this point, though, and there would be large hurdles to implementing it. One hurdle is that content providers would have to band together to lobby the broadband internet providers (Comcast, Verizon, etc.) to get a cut of the revenue the ISP’s get from broadband fees. Another is a myriad of legal issues that would need to be addressed involving the control of information. In 2008, Clickshare Service Corp. received a patent 17 on a system for managing information transactions on the web and the company, which has been serving newspaper and other clients for more than a decade, believes it can implement a service in which consumers have an account at one service (such as a news, cable or Internet service provider site, and can be periodically billed for access to information from a plethora of other affiliated content sites.

Footnotes


4. The market research firm Veronis Suhler Stevenson had projected revenues in 2009 growing to $36.5 billion up from $33.8 billion on 2008. The firm also projected this growth to continue, and accelerate, into 2010.

6. Please note that the categories created by TNS are not the same categories used in the analysis of Nielsen data.

7. TNS Media Intelligence


9. eMarketer reports that 60% of the mobile ad market is in text-messaging. Veronis Suhler Stevenson reports 70%.


15. Accenture, "This time, it’s personal: Engaging and interacting with consumers is the content industry’s new battleground.”


17. Bill Densmore founded Clickshare Service Corp. and remains a major stockholder, his name is on the patent cited. He is one of four individual founders of CircLabs Inc.; the others are Martin Langeveld, Jeff Vander Clute and Joe Bergeron. The University of Missouri has a 35% stake and The Associated Press has an option to acquire a 20% stake and has invested $50,000.


Economics Attitudes

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project
Economic Attitudes
The biggest question facing online journalism today is how to pay for it. With revenue declining both online and in legacy platforms, news organizations say they are intensifying the search for new models. What kind of new advertising options are out there? How will users respond? And would consumers in the marketplace accept pay walls?

To learn more, PEJ and the Pew Research Center’s Internet & American Life Project collaborated on a national phone survey in January 2010 to explore consumers’ willingness to pay for news online and their attitudes and behavior in response to online advertising. (A separate section of the report examines the models themselves.)

Over all, the evidence suggests the outlook is difficult both for pay walls and for online display advertising. While most people have not been asked to pay for content, even among the most avid news consumers online, only about one in five at this point say they would be willing to pay, and this does not include less voracious news consumers. At the same time, the vast majority of those online, 8 out of 10, say they basically ignore online ads.
In short, a good deal must change, the data suggests, before the digital age will begin to sustain itself.

Pay Walls

About 71% of internet users, or 53% of all American adults, get news online today, a number that has held relatively steady in recent years.

Most of these online news consumers graze across multiple sites without having a primary one that they rely on. Only 35% of online news consumers have a favorite site.

To put it another way, 65% of online news consumers do not have a site that is so important to them that it stands out in their minds above all other sites they visit.

The users who do have a favorite site are pretty faithful. Some 65% of them check in with that favorite site at least once a day.

Yet even among these most loyal news consumers, only a minority (19%) 1 said they would be willing to pay for news online, including those who already do so and those who would be willing to if asked.

Instead, a large majority – 82% – of those with a favorite site said they would find somewhere else to get the news.

Because so few online news consumers even have a favorite site this translates to only 7% of all people who get news online having a favorite online news source that they say they would pay for.

This is a sign of just how much initial difficulty the movement toward pay walls could have. 2

In sum, there appears to be only a very small cohort of voracious news consumers who have to have their news from a particular site, even if they have to pay for it. The vast majority of online news consumers, though, seem willing to browse for news from many sites, do not have a favorite online news source, and even if they do, are not willing to pay for that site’s content.

This is not to say that resistance might not break down over time.
Would you continue to use your favorite site if there was a pay wall?

There is evidence that some kind of flat fee – a networked microaccounting system rather than a pay-per-click system — might have better success in the marketplace. We asked people if they had to pay for content from their favorite site, would they prefer a subscription that would allow them to access all the content from the site or a pay-as-you-go plan where they would pay only for the articles and features they wanted to see. A substantial majority of those with a favorite site (54%) opted for the subscription model while less than half as many (24%) picked the a la carte option. 3

One technical and business challenge here is this: If people want to pay by subscription, but information is increasingly disaggregated across the web – then how could they do so without having to have multiple, confusing, subscription relationships?
Consumer Attitudes Toward Payment Plans

All these findings speak to the natural disadvantage of news content: Most news is covered by more than one organization and people do not place enough value on the difference between the various reports. In other words, if a user had to pay for a New York Times article on Haiti, evidence suggests that he or she would just look for another source that could provide the basic information. The nuances of depth or breadth in the pay story may not be valued enough to induce payment over a free alternative.

Thus, if the news industry is going to make headway with pay walls, they are going to have to break through what for now appears to be continuing reluctance, even among its most avid consumers. 4

Some additional data suggest that people may not ever get to any full news article at all. Instead, according to data from Outsell, fully 44% of visitors to Google News just scan headlines and never click on the articles themselves. 5

Consumer Attitudes Toward Advertisements

Attitudes toward advertising online are also complicated. Fully 81% of online news users say they do not mind online advertising because it allows the content to be free. But 77% say they also ignore the ads (42% online news consumers say they “never” click on one of those ads and 35% say they do so “hardly ever”).
The survey data do reveal, however, that the heaviest online news consumers, as well as the most connected younger adults, are more likely to click on ads, but only marginally so. While only 21% of all online news users say they click on online ads at least sometimes, that number goes up to 28% of those who go online daily and 37% who visit at least six sites daily. And for those under 30, about 26% sometimes click on online ads as do 30% of those who get news on their cellphones. Still, even among these groups, ad consumption is low.
Over all, the data reveal the tenuous position of news producers. Unless consumer attitudes shift with a changing reality, news operations are looking at conventional advertising that will not work online or pay wall strategies that may drive down traffic.

For online news to become a profitable enterprise, either consumer attitudes need to change or the industry must do more. That more could be developing new better-targeted products that people are willing to pay for; new forms of advertising that work better, including local search; or new forms of revenue other than display advertising, including perhaps online retailing.

Elsewhere in this report, we discussed the findings of a joint survey by PEJ and the Pew Research Center’s Internet & American Life Project about the news audience and how its consumption behaviors are changing in the digital era. There are clear implications from these combined findings for those who are trying to figure out how to pay for news operations.

The fact that almost two-thirds of online news consumers do not have a favorite website strikes us as important. That is not good news for those already worried about branding issues and it makes it even tougher for those whose brands are not particularly well embedded in consumers’ minds. The fact that people now range across various news platforms (radio, TV, print, online) to get their news on a typical day makes it tougher than it used to be to establish a brand on any platform and that problem is compounded on the internet. Moreover, the fact that aggregator sites are among the most popular online news destinations is a difficult reality for news organizations that makes their product more of a commodity and less of a part of a “package” of stories that is put together by a team of editors with a special “branded” character.

There is some evidence from the survey that particular news organizations, most notably cable television news organizations such as CNN and Fox, have been at least somewhat successful in translating their offline brand to online loyalty. For the minority of online news consumers who do have a favorite site, television news organizations top the list. And among all online news consumers, television news organization websites are second in popularity behind news aggregators.

Still, it is clear that many Internet users treat news as a commodity. And if among the 35% of online news consumers who have a favorite site, only 19% would pay for access to that favorite site if it were to erect a pay wall, many must believe they could get the same information or something good enough for free elsewhere.

At the same time, those who want to find new revenue streams for news operations can take away some hope from other survey findings. Online, news consumers do not range very far. The majority say they use two-to-five sites to get their news. This could be taken as a sign that they are discriminating to a degree. If brands do not totally matter to them, well-known news organizations probably figure somewhere in that mix of “reliable” sites in consumers’ news searches. This could suggest that strategies to serve niches – to be the site that is reliable for a particular kind of information – might yield some paying customers and niche-oriented advertisers.

The PEJ-PIP survey also shows there might be rewards to news organizations that embrace social networking strategies to build audiences. Our earlier report found that news is a social currency for many people and that they rely on their
friends and colleagues at times to alert them about news or help them discuss the meaning of particular news events. Eventually, the news operations that develop social networking strategies and distribution mechanisms well might be able to convince advertisers that they have special access to attractive news consumers – especially those who influence the tastes of others. That could bring in more ad revenues from firms that are keen to participate in this increasingly word-of-mouth world.

The earlier PEJ-PIP report identified two classes of especially avid news consumers whose interests are so keen that they might be coaxed into paying something for special news products that either focus on the speedy delivery of information or high-quality, high-value information. The groups were the 33% of cell-phone owners who get news on their handheld devices and the 37% of Internet users who are active participants in the news making, news delivery, and news commentary processes. It is easy to imagine that these are people for whom the economic or social or political value of being the “first to know” or the “first to comment” has real meaning. They might be willing to pay at least a bit for news organizations that can truly deliver an extra increment of speed or in-depth material that is unique.

**Footnotes**

1. Includes both those who said they would pay for their favorite site if asked and those who say they already do.

2. Heavier online news consumers, those who use three or more online news sites on a typical day, are slightly more likely than those who use fewer sites to say they would pay for content at their favorite online site. Yet even among this group, only 46% have a favorite online news source, and just 10% have a favorite site they are willing to pay for.

3. Those with annual incomes of $75,000 or more are only slightly more likely to favor a subscription plan, while the lowest income respondents (those earning less than $30,000 annually) are more likely to prefer a pay-as-you-go-plan.

4. Other surveys similarly find a declining interest in the pay-per-article approach. The Accenture survey found that support among media industry leaders (beyond just news) had diminished greatly over the last three years. When asked what they believed will be the most prevalent business model in their sector of media, just 8% said pay-per-article. This is down from 23% in 2007.


**News Investment**

By the Project For Excellence In Journalism and the Pew Internet & American Life Project

The money is invested in online news operations is becoming increasingly difficult to quantify. As the Internet becomes more an integral part of most newsrooms, it also becomes harder to distinguish between resources being devoted solely to the digital and resources being devoted to other platforms.

Of the top 200 sites analyzed by PEJ, fully 67% are tied to a legacy media outlet, meaning that they are at least partly funded by another platform such as cable TV or newspapers. Often most of the reporting resources come largely through revenue earned from other platforms. The newspaper industry, for example, still garners roughly 90% of its total advertising revenues from ad buys in their print product. The numbers for online ads at some papers are higher, closer to
15%. But those advertising dollars have seen a massive slide in recent years, leading to newsroom cut backs which affect both the legacy and the online product.

Thus, even as the content moves more online, the resources to support it there do not yet exist.(See PEJ’s Study “How News Happens”)

The remaining 33% of these 200 top sites are online-only entities. The biggest of these, accounting for the bulk of both audience and revenue, are Google News, Yahoo News, AOL News and Bing News, owned by Microsoft.

For all four, their news-related offerings are just one part of a very diverse mix of online services. And for three, the offerings are to help people find content rather than produce it themselves.

Google News, Yahoo News and Bing News are basically aggregators of others’ content. Whatever revenue they gain, then, is not directed back into newsroom reporting but to other services connected to news consumption. AOL News recently invested in producing some of its own content, but it still relies a good deal on aggregating content from other news sites. Thus, at best, its revenue may be split between reporting and other services.

Aggregators

Aggregators, if not originating content, are still a critical element of the online ecosystem, helping news consumers navigate and organize an ever-expanding volume of news content produced both by professional journalists and individuals.

Their newsroom resources, in other words, are investments in developing solid and efficient ways of organizing information, primarily through algorithms. And their audiences are among some of the biggest anywhere online. A closer look at the top three aggregators helps explain what goes into this process.

Yahoo News, Google News and Bing News rank Nos. 1, 7 and 30, respectively, according to Nielsen data.

All three rely to varying degrees on algorithms to help organize and rank news content.

One key criterion is the newness of the content. Newer content is generally pushed to the top, with prominent display of how long ago the content was posted.

The source of the content is factored in as well. Both Google and Bing attempt to judge the prominence of different news sources around the world. They do this through both the popularity stories from a source, discussed below, as well as some other metrics, including how often the source is cited by others, a proxy for the authority of the news source. Google does not disclose exactly how these other qualitative judgments are made using the algorithm, but Dylan Casey, a product manager at Google, explained at a Pew Research Center conference the difficulty of the task. 1

“It’s not as simple as saying, O.K., well, we should promote this news story because it has the most number of clicks,” he said, adding that “we spend a lot of time and energy and intellectual power on trying to differentiate the significance and importance between popularity and social importance.”

And the different social media platforms today, he adds, make it even more challenging. “Somebody is saying, ‘Hey, go read this article,’ ” he said. “There some intent back there. These platforms are built in such a way that you are
broadcasting to the public. You are also broadcasting to friends or people that have selected to follow you. It’s a very complicated problem and we aren’t even close to solving it yet.”

Yahoo works a little differently in that it has a confined list of sources to begin with, as well as human editors making decisions about stories that make it onto the home page. (This is one element that could change, now that Yahoo has become a part of the Bing search engine.

A third element brings in the popularity of each individual news story. The number of visits a particular story gets factors heavily into how high the story appears in a search result. (In addition, having many popular stories helps increase the value of the news source as a whole.)

These are just a few of the factors used, as these aggregator look to constantly adjust their algorithms to better reflect popular and trusted news content on the Web.

Goggle has also begun a different kind of relationships with news organizations, reaching out to work with them on news presentation. Two of its main experiments in 2009 were Living Stories and Fastflip, both of which were launched within the GoogleLabs domain with the involvement of journalists from news organizations like the Washington Post.

Content Originator Sites

Some of the bigger websites that originate their own content now often mix some aggregation with original reporting. Some of this stems from a new emphasis on providing a full service to consumers rather than being limited by just what they have created themselves. It also, though, may reflect in part the diminished newsrooms available inside these organizations.

And some outlets clearly do more of their own original reporting than others. Here we look at the seven sites in among the top ten that produce at least some of their own content: NYTimes.com, ABC News.com, CNN.com, Washingtonpost.com, FoxNews.com, MSNBC.com and AOL.com.

Among the seven, NYTimes.com, ABC News, CNN.com and Washingtonpost.com clearly produced the bulk of their content themselves, adding just a small portion of Associated Press wire copy or other aggregated material. According to PEJ’s News coverage index, around 90% and above of the content on NYtimes.com, ABC News, CNN.com and Washingtonpost.com is produced by staff of those sites.

At Fox News, even though it has a full cable TV news outlet, about half the content on the site is produced by the staff, with the other half being wire service copy or staff-edited wire copy.

MSNBC.com and AOL are also a mix of originated content and the posting of other content.

At MSNBC, 50% of home page stories studied in 2009 were straight wire service stories or staff-edited wire copy, according to the PEJ analysis. Just 20% were bylined solely as MSNBC staff. This was by far the lowest percentage of staff-produced stories of any non-aggregator sites, or those sites that put bylines or at least staff credit lines on the majority of their stories.
Wire Stories vs. Staff Reporting of the Top Stories on Leading Sites in 2009

<table>
<thead>
<tr>
<th>Site</th>
<th>Wire or Combination of wire/staff editing</th>
<th>Staff Produced</th>
<th>Other News Outlet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yahoo News</td>
<td>89.4%</td>
<td>0.8%</td>
<td>9.5%</td>
</tr>
<tr>
<td>MSNBC Digital Network</td>
<td>50.5</td>
<td>19.7</td>
<td>22.1</td>
</tr>
<tr>
<td>AOL News</td>
<td>85</td>
<td>8</td>
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<tr>
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<td>93.2</td>
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<td>washingtonpost.com</td>
<td>3.9</td>
<td>94.6</td>
<td>0.1</td>
</tr>
</tbody>
</table>

These figures are based on PEJ's News Coverage index, which tracks the top five stories on each of these sites each day throughout the year, for a more detailed description see the methodology for the NCI here.

AOL is also a mix of wire copy and original content, but sorting out which is which is more straightforward. It tends to either post wire stories without editing or adding a staff credit line, or it posts stories created solely by AOL staffers. There is some evidence that toward the end of 2009, AOL took steps to increase its original reporting [LINK]. That change is already evident on the front page. In 2007, 90% of the top stories on the AOL News homepage studied by PEJ were wire service stories. That percentage dropped to 70% in December 2009. Despite this, for the year 2009, fully 84% of stories on the front page of AOL were either wire-copy or elsewhere. Given that AOL’s push to produce more of its own content occurred later in the year, it remains to be seen if the amount of wire copy used will drop further in 2010.

Footnotes


Ownership

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

Ownership

For this year’s State of the News Media report, PEJ has released a new interactive tool with data on the owners of the top media companies in the U.S.

Of the top 10 news websites for 2010, three are run by companies that make all of their revenue from online ventures, while the other websites all have ties to legacy media companies. For the companies that are tied to other media sectors see the ownership sections of Cable TV, Network TV and Newspapers.

In this section, big events from 2009 relating to Yahoo, Google and AOL will be discussed. For these companies’ revenue, online audience, other financial figures and basic information, see PEJ’s Who Owns the News Media database here.

Two of these companies, Yahoo and Google, get the majority of their revenue from Online advertising, and most of that revenue is from search.
Yahoo and Microsoft announced that they were would be partnering on search and online ads. All search, and thus search advertising on Yahoo, is now run on the Bing search engine platform. Yahoo is taking the lead in selling display advertising for the two companies. This move is aimed directly at taking on Google, which currently leads in both search and display advertising.

Microsoft, which has a partial stake in MSNBC.com and is also a top-10 news site for 2009, took steps in 2009 to take on the biggest player in the search market, Google.

In summer 2009, Microsoft launched its own search engine, Bing, to compete with Google. As of fall 2009, according to Hitwise, Google was drawing 71.6% of searches, with Bing coming in third with 9.3%. Because Yahoo searches are now run using the Bing search engine, Yahoo’s 16.1% of searches can be added to Bing’s, putting the two companies in second with 25.4% of searches in the U.S.

Despite Bing’s gaining ground in search, it is still a long way off from catching Google.

As mobile advertising grows (see economics section), it will become an increasingly important part of these companies’ revenue streams. In 2009 Google took the first step in building a large mobile ad platform to complement its online platform.

In fall 2009, Google expanded its place in the world of mobile advertising with the acquisition of AdMob, a platform for selling and distributing mobile advertising. Google paid $750 million in stock for AdMob, the third-largest purchase Google has ever made. Google’s largest purchase was that of DoubleClick for $3.1 billion in 2007 and its second-largest was that of YouTube for $1.65 billion in 2006. The acquisition of AdMob gives Google an already established and powerful platform to sell mobile ads, so combined with Google’s search advertising platforms, like Adsense, it is a huge step for the company.

Of these three companies, only one, AOL, produces some of its own news content. Yahoo and Google are aggregators that crawl the Web and compile other news content but do not produce their own.

In January 2010, AOL officially split with its former parent company, Time Warner. In the same month, AOL announced that it would drop 1,200 employees because not enough employees accepted a buyout offered earlier in 2009.

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Footnotes


Content Analysis

NEWSPAPERS

Continuing a pattern we first saw in 2008, print newspapers covered the economic crisis more extensively than any other media sector in 2009. Roughly one-quarter (25%) of all front-page coverage studied focused on the economic recession and related recovery efforts. That is more than any other media sector and more than media coverage over all (20%). The coverage peaked in February, shortly after President Obama’s inauguration (48%). In every month of the year, however, the economy was the top story in newspapers, never dipping below 16% of the news hole in any month.

Smaller newspapers studied (circulation less than 100,000) covered the economy and local news more than larger newspapers. The smallest papers studied by PEJ — from the Herald News of Fall River, Mass., to the Anniston (Ala.) Star — devoted nearly one-third (31%) of their print news hole to covering the economy in 2009, more than second-tier papers (25%) and the largest dailies (24%). In many respects, these community papers were able to cover the overarching impact of the recession at the grassroots level, by monitoring employment, foreclosures and retail trends.

A look at some of these stories illustrates why that might be. There was often a deeply practical element at play. On December 10, for example, an article in the Herald News told readers who had exhausted their unemployment benefits (there were 34,000 of them in Massachusetts) how to apply for additional jobless benefits after federal legislation granted an extension. On September 1, the Anniston paper ran an article about how the community was grappling with a $2 million budget cut and deciding on what services, including a swimming pool, it could live without.

Smaller newspapers also focused more attention on health and medicine storylines than did larger newspapers. Between coverage of attempts to overhaul the health care system and efforts to fight swine flu, smaller newspapers with circulation less than 100,000 gave more prominent, front page play to stories about health and medicine in 2009 (15% of their news hole) compared to larger newspapers with circulation between 100,000 and 650,000 (12%) and the largest newspapers with more than 650,000 (8%). Coverage often localized these unfolding natural, national phenomena with particular emphasis on how the swine flu was affecting the local community. And, again, there was often a practical, how-to component to this more local coverage.

On April 28, for example, the Herald News in Fall River let readers know that while the number of swine flu cases had risen in the United States, none had been reported in either Massachusetts or Rhode Island, and that local hospitals were on alert.

Newspapers gave much less play than other media to the death of pop music icon Michael Jackson. The death of Michael Jackson captured the public’s attention and much of the media’s in 2009. Across all media sectors, the story ranked as the No. 9 news item of the year. In newspapers, however, Jackson’s death did not rank in the in the year’s top 20 stories. After the singer’s June 25 death, newspapers paid quick tribute, making Michael Jackson’s death the fourth-largest of the entire month (3% of their coverage) at the same time that the economy (25%) and Iran’s presidential election and protests (11%) dominated.
CABLE

Once again, in 2009, cable TV news was the place to see the most coverage of politics. For the year, 9% of time on cable was devoted to politics, compared to 5% for the media studied overall. This was more than any other media sector, but not nearly as much as in the presidential election year of 2008, when fully 56% of cable’s coverage was focused on politics. In 2009, the focus of the political debate was on a few hot-button political controversies such as the passionate political battle over health care, the performance of the Obama administration, and the debate about the best ways to combat terrorism. Health care, the most politically polarizing domestic issue of the year, was a prime topic for cable. Cable news devoted 13% of its newshole to the health care debate. From July, when the story really took off, through the end of the year, that number for cable jumped to 25%.

For example, consider the difference between cable broadcasts and network news shows on the evening of August 7. That night, many cable talk shows led with discussions of the health care protesters attending town hall meetings with various members of Congress. MSNBC’s Keith Olbermann began his show by criticizing the protesters as a front for the health care industry. CNN’s Anderson Cooper 360 program led with a report by correspondent Gary Tuchman, who asked whether the protests were an example of “democracy” or “demagoguery.” And Fox News’ Sean Hannity began his show by applauding the protesters, saying they were “the real pulse of the American people.”

That same night, however, all three broadcast network news shows and PBS’ NewsHour led with a very a different subject — a report from the Labor Department that the unemployment rate had fallen for the first time in 15 months.

Cable also spent more time on other politically charged issues than other media such as evaluations of the Obama administration and his leadership and ideology (7% versus 5% in the media overall) and the debates surrounding domestic terrorism (6% versus 4% in the media overall).

Even though the economy was the No. 1 subject, cable spent less time (17%) covering it than any other media sector except for network television not including PBS’ NewsHour (also at 17%).

Cable news was far more focused on U.S.-centric news than any other media sector. Fully 82% of cable’s coverage was about U.S. domestic topics, compared to 74% for the media overall. At the same time, cable offered the least amount of international news not focused on the U.S. Only 3% of cable’s newshole was devoted to foreign news not directly related to the U.S., which was less than half the amount of newshole devoted to such topics in any other sector.

The major cable networks differed in the amount foreign news offered. CNN devoted 23% to foreign news (18% to U.S.-involved events and 5% strictly foreign). Fox News devoted 18% (15% U.S.-involved and 4% non-U.S.).
MSNBC devoted the least, 13%, (11% U.S.-involved and 2% non-U.S.). During the week following the July 16 bombings of hotels in Jakarta, Indonesia, for example, CNN spent 5% of its news hole on the topic. MSNBC and Fox News each barely even mentioned it in the hours studied.

- The subject matter of daytime cable news is significantly different from the nighttime news shows. Part of this is a function of when news happens. Fully 20% of daytime was devoted to coverage of live events, compared with 1% at night. About 19% was made up of live reports from correspondents, compared with 9% at night. Yet some of it is simply story choice. Evening cable is more focused on politics (10% vs. 6% during the day), while daytime spent more time on the economy (12% vs. 9%) and crime (9% vs. 6%).

- Despite their differences in approaches, the basic menu of the top subject matter covered on the three cable channels was relatively similar. The list of the top five subjects covered by each of the channels was the same, although the order for each network was different. All three networks gave more attention to the economy, health care, the Obama administration, Afghanistan and terrorism than any other topics over the course of the year. All of these stories have clear political components that lend themselves to the round-table discussions that characterize much of cable news coverage.

- Despite the similarities concerning the top subjects among the three channels, MSNBC did serve as an outlier from the other two channels in two significant ways. MSNBC spent far more time than its rivals on the health care debate (20%), almost twice as much as Fox News (11%) and significantly more than CNN (8%). At the same time, MSNBC’s editorial priorities shift far more sharply from daytime to prime time, which cannot be said of either CNN or Fox News.

Network

In 2009, news coverage provided by traditional broadcasters (ABC, NBC, CBS and PBS) reflected a number of patterns we have noted in previous years. There tends to be greater news priority differences between morning and evening network newscasts than among the commercial networks themselves. And PBS’ nightly NewsHour program tends to offer a different news menu than that of the commercial networks.

- Over all, there was little difference in the news agenda among the three commercial broadcast networks (ABC, CBS and NBC), in either the morning or the evening. In the morning, eight of the top ten stories were the same for all networks, and each network devoted virtually the same amount of combined airtime to these stories — 37% on NBC, 39% on ABC, and 38% CBS. In the evening, nine of the top ten stories were the same on all three networks, consuming an even greater percentage of the total newshole — 44% on NBC and on ABC, and 47% on CBS.

- There was, however, somewhat more diversity demonstrated by the editorial priorities between morning and evening network news broadcasts. For example, coverage of the Michael Jackson story was higher on all three morning shows than on their evening counterparts. Both the economy and Afghanistan were bigger stories on the evening newscasts than on the morning programs. The health care debate, though, was one issue that received nearly equal coverage in the morning and the evening across all three commercial networks.

    Finally, one area of news coverage in particular stands out. On morning television, crime was a much bigger topic, accounting for 12% of the newshole compared with only 5% on the evening newscasts. Much of this attention focused on a handful of stories. The recovery of kidnapping victim Jaycee Dugard, Bernard Madoff’s massive Ponzi scam,
attacks by Somali pirates, the arrest of the “Craigslist killer” and the murder of Yale graduate student Annie Le — accounted for nearly 40% of all the newshole devoted to crime.

- Compared to the national media over all, the three commercial newscasts stood out for spending less time on two of the year’s top ten stories — domestic terror and the health care debate in Washington. Network evening news coverage of domestic terror issues (2% of newshole) was only half that of the media over all (4%), and a third of the attention given by cable at 6%. Similarly, the three network evening newscasts devoted 5% of their time to the national debate over health care, notably less than the media over all (9%), and less than half as much as cable news (13%). At the same time, the three network evening newscasts, which traditionally have a significant focus on medical issues, put the swine flu pandemic story in the top five, devoting about double the amount of newshole (4%) as the media over all (2%) and more than three times the attention paid to this public health crisis by cable evening programs (1%). For example, in the month of October alone, as swine flu spread rapidly throughout the country and President Obama declared H1N1 (the correct designation to the misnamed swine flu) to be a national emergency, the evening networks aired a total of 71 stories about the pandemic, consuming 12% of their overall newshole.

- The PBS NewsHour continued to stand out among the network programs for its significantly greater attention to international stories and events that did not directly involve the U.S. These types of stories accounted for 13% of the PBS newshole, roughly double that of the three commercial evening networks (8%). The NewsHour regularly devoted about twice as much airtime as its commercial evening counterparts to storylines about Iran, Afghanistan, the Israeli-Palestinian conflict, Pakistan and China. On the domestic side, PBS devoted more than twice as much attention to the health care debate (11% of newshole) as the three commercial networks (5%). Not only was there more attention to health care, but the focus was different as well. The NewsHour devoted roughly twice as much airtime to efforts to describe specific components of plans (32%) as did the commercial network programs (17%).

Radio

Viewed as a broad media sector, the news agenda on radio would appear to track closely with that of the media over all, with the exception of the health care debate, which received more attention on radio — and by a wide margin. But these numbers mask big differences in the character of content offered respectively by the three distinct segments contemporary radio news and information content today — public radio, talk radio and syndicated radio news headlines. PEJ examines these three segments by studying content from National Public Radio’s Morning Edition, network headline newscasts from CBS and Mutual Radio, and some of the most popular commercial talk radio hosts in the country, both liberal and conservative. Each element of the radio sector has its own distinct character.

- Public radio was the go-to media platform to learn about any non-U.S. international news or events. Nearly 21% of NPR’s coverage had a foreign focus, double the number for the media over all. Only a minuscule amount of talk radio coverage had any international flavor (1%), with network headline news falling somewhere in between at 7%. Among the non-U.S. involved foreign news NPR covered in 2009 that was not covered much elsewhere were AIDS in Bolivia, farmers in India going organic, oil militants in the Niger Delta and alcohol abuse in Mongolia.

- On talk radio, the health care debate was the top story. It filled 21% of the newshole compared with 9% in the media over all. That number was driven by liberal hosts such as Ed Schultz and Randi Rhodes attacking President Obama for not going far enough. They devoted nearly one-third (31%) of the airtime studied in 2009 to that subject.
Conversely, the conservative radio talkers, such as Sean Hannity, Rush Limbaugh and Glenn Beck, devoted less than half that (14%) to the issue.

- Talk radio, in particular, stood out for its ongoing focus in two areas. The platform devoted more than twice as much time to talking about the campaigns and elections, primarily the political fortunes of the Obama administration, as the media over all, about 11% vs. 5%. Talk radio shows also spent over 11% of their newshole on the media itself, six times the attention paid to the topic by the media over all. Much of that media-oriented coverage tends to be self-referential.

And, while sometimes these discussions touched on issues that reached the national stage — the pros and cons of the Fairness Doctrine, the crisis in the newspaper industry, whether the media had gone overboard on the Michael Jackson story — far more often these discussions involved hosts talking about themselves. Sean Hannity, for instance, promoted his Freedom Concerts. Rush Limbaugh talked about polls taken on his own popularity. Michael Savage responded at length to being barred from entering Britain by the government. Ed Schultz promoted his town hall meetings and stints on MSNBC.

- Network headline news was the only radio segment in which crime stories were a top-five topic, accounting for almost 9% of total coverage, compared with 6% for the media over all. That coverage ranged from the Bernard Madoff Ponzi scam to the Somali pirates to fraudulent behavior in connection with the financial crisis and its implications.

ONLINE

- Online media covered more international news than any other sector. More than one-third of the online newshole (36%) either focused on strictly international matters or on how the U.S. influenced issues on the world stage, compared with 26% in the media over all. Stories with a focus on foreign affairs directly relating to the U.S. represented 18% of the online newshole and 17% concerned matters that did not involve the U.S.

- One reason for these variations is that BBC.com is among the top 12 general interest news websites in the U.S. for traffic and thus is included in this sample. However, the U.S.-based websites also gave significant attention to international events. Almost half (46%) of the leading coverage on Yahoo News, for example, featured global events. One such story was on February 12 when Yahoo News gave prominence to the Australian government’s response after deadly wildfires displaced thousands of people, a story that ran nowhere else among the websites studied that afternoon. USA Today.com ran the fewest international headlines among its top stories (20%) of the websites studied.

- The economy dominated the online news agenda over all. Coverage of the grave U.S. recession and economic recovery was the No. 1 story on news websites in 2009 (21%). That was about four times the coverage of the next largest story online, the health care debate (5%). Only the newspaper sector (25%) devoted more attention to the economic crisis. Great variance existed, however, among news websites with regard to news judgment. MSNBC.com (27%) and NYTimes.com (25%), for instance, gave far greater priority to coverage of the economy than did AOL News (7%).

- There were sharp differences in websites when it came to the sources of information, whether from the outside or internally. At the No. 1 website in terms of traffic, Yahoo News, 99% of the news coverage studied during the year was aggregated from elsewhere, most of it from wire services. Despite its discussions about developing its own news resources, the numbers were similar at AOL News (91% of the newshole produced by others). Among
cable-based websites, CNN.com was much more loyal to its own brand, with 93% of its top coverage originating internally. At Foxnews.com, slightly less than half of the coverage was internally produced (49%). And that was much greater than what was produced by MSNBC.com (20%), despite its connection to the NBC newsgathering operation. The top three newspaper websites continue to rely primarily on their own original content for their top stories, although there is some variation here, too. NYTimes.com produced 98% of its leading coverage, and WashingtonPost.com 95%. At USAToday.com the number was 72%.

Sidebars & Backgrounders

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

Sidebars Backgrounders
Analysis of Nielsen, Hitwise and comScore Rating Services

Measuring traffic on the Internet has become increasingly complicated. A number of methods have emerged, but no single methodology has been accepted as a standard. Nielsen and comScore use a panel of Internet users to estimate total U.S. Internet traffic. Just as a telephone polls contact a sample of Americans, Nielsen and comScore contact a sample of Internet users who agree to share how they spend their time on the Web. Internet users who participate then download software on their computers that tracks their online visits without attaching any personally identifiable information to the traffic data to ensure anonymity.

Nielsen uses a random sample of Internet users by collecting its panel with telephone calls, the method used by most pollsters today. Achieving a random sample of participants for the panel is a key advantage. With a random sample, Nielsen can take the traffic data and more effectively generalize to U.S. population of Internet users as a whole. Nielsen runs two panels – one consisting of people at work and the other of people at home – for a combined total of 30,000 participants.

In 2008, Nielsen began testing a product that tracks how television viewing and Web browsing interrelate. It combines existing Nielsen methods for measuring television viewership with Nielsen Online’s sample-based system for estimating Internet usage. During the year, NBC tested a system called Total Audience Measurement Index that was designed to measure and analyze traffic and viewership for the network’s Olympics broadcasts and webcasts.

ComScore recruits what it calls a convenience sample instead of a simple random sample by offering incentives to participants. ComScore then applies statistical methods to adjust, or weight, the results to reflect the demographics of the actual online population.

For example, after it obtains traffic data from a panel, comScore analysts may discover they have a smaller percentage of males than the online population at large. They then add more results from males so that they are correctly represented. ComScore says this gives it an advantage because it uses more people (about 150,000) and maintains three panels – at work, at home and at universities — to ensure that the data capture how students are using the Internet differently from adults at home or at work.
Hitwise takes a wholly different approach. It does not gather data directly from individual computers as comScore and Nielsen do. Instead, it gets the data from Internet service providers (ISPs) who aggregate traffic data across all the individuals to whom they deliver Internet access. Hitwise provides ISPs with proprietary software that allows them to
analyze website usage logs created on their networks. To ensure the data are representative, Hitwise says it collects “from a geographically diverse range of ISP networks in metropolitan and regional areas, representing all types of Internet usage including home, work, educational and public access.” The sample of ISPs, however, is not a purely random one.

Hitwise feels its data offer some advantages. First, it reports data using specific website addresses (like www.CNN.com). ComScore and Nielsen report data that include all related websites (like money.CNN.com), a definition that can change over time. Hitwise data also put a premium on anonymity. Because it collects aggregate data, it never has access to the personal information of Internet users.

Different methodologies often result in different results, and that is the case here. Nielsen and comScore, for example, both rank Yahoo News, MSNBC.com, CNN.com, and AOL News as the four most-visited sites. Both rank AOL News as fourth. Hitwise, however, ranks AOL News as the 11th-most popular news site.

While Hitwise ranks the Drudge Report as the fifth-most popular site, it does not register on the top 25 sites as listed by comScore or Nielsen.

Hitwise included a number of sites that are not generally regarded as traditional news sites and did not appear on the Nielsen or comScore lists. These include Yahoo Weather, Yahoo Local, and TVGuide.com. Both comScore and Hitwise listed some that Nielsen did not list, including the Weather Channel and Weather Underground. Nielsen did not include any of those websites in its categorization. According to Hitwise’s press office, differences materialize largely because of what the company categorizes as news.

**Glossary**

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

**Glossary**

Page Views: The number of times a single page of a website is viewed. This is calculated by the number of times that particular page is loaded from the server. If a user hits refresh on a page, it counts as a page view.

Unique Audience (Visitors): The number of unique individuals, not including webcrawlers, that view a website in a given time frame (normally in a month). This is calculated several different ways by different measurement services, see analysis below. The most effective way to measure this is by making users log in to a site every time they use it; however, since most sites do not require a log-in, the most prevalent way to measure this is through the use of tracking cookies.

Cookies: Cookies are small text files that are placed on users’ browsers when they visit a website.

Session (Visit): A session is a continuous series of URL requests, running applications or AOL proprietary online service page requests. Logging off or 30 minutes of computer inactivity ends a session. (Differs slightly from a Visit, which only considers URL requests.) (From Nielsen Online)
Sessions (Visits) per Person: The average number of sessions a single visitor has at one site in a given time period. This figure is calculated by taking the total number of sessions to a site in a given time period, and dividing it by the number of unique visitors.

Web Pages per Session (Visit): The average number of pages called up on a site during the average session. It is calculated by taking the total number of sessions and dividing it by the total number of Web pages.

Web Pages per Person: The average number of pages looked at by an average user during the given time period (in this report it is a month). It is calculated by dividing the total number of page views by the unique audience.

Minutes per Person: the average number of minutes an average user spends on a site during a given period. This is calculated by taking the total number of minutes on a site and dividing it by the number of unique visitors. This figure is affected by the unique audience of any site and it does not reflect necessarily how much time an individual user spends on average on a site. It is an approximation of that figure based on total minutes and total unique visitors, both of which are affected by the size of the site.

Search Ads (Text-Based Ads): These are the most common kind of ad, and the kind of ad that a search engine like Google makes most of its money on. This is an ad that contains only text and a hyperlink to the product the ad is selling. Text ads of this kind are ubiquitous and show up in various places on the Internet. Google has integrated these ads into its search engine, e-mail service (Gmail) and YouTube, as well as all its other Web-based services.

Display Advertising (Banner): This is the second-most common form of advertising on the Internet. These ads include text and some kind of image such as a company logo or a photograph. These ads can include some kind of flash animation or moving image, but the user’s interaction is limited to clicking on the ad.

Rich Media Ads: This refers to ads that include animation or video, but also include a more complex user interaction. These are ads that a user can interact with in various ways, including stopping or starting a video that may be part of the ad or playing a simple game that is itself a lead into the advertisement.

Video Advertising: Video ads appear before, after or during a video clip that a user has chosen to watch and are video’s themselves in the vein most users are used to seeing on television.

Lead Generation: This term refers to a kind of advertising in which users are required to fill out some kind of personal information to receive a free or trial offer from the company hosting the ad. The level of information can be as little as an e-mail address, but can also include more information such as gender, age, home town, etc. This kind of ad is lucrative for advertisers because it requires users to have a higher level of interactivity with the brand because they have to fill out personal information first. It also allows the company to archive the data that the user fills out and can be used later to get a better picture of what kind of people are interested in a particular product and therefore can help the company target ads better in the future.

Classified Ads: These are traditional classified ads for anything from jobs to used cars that once were common in newspapers but have now largely migrated to the Internet. Craigslist is the most popular place for free classified ads, but these ads appear on lots of websites.
E-mail Ads: These are ads the users receive through their email.

SMS/MMS Ads: These are ads that users receive as text messages. SMS refers to “Short Message Service” and are ads that include text only. MMS refers to “Multimedia Message Service” and ads of this type can include photo, video or audio content.

Pay Wall: Blocks access to a website (or a part of a website) without payment.

**Charts & Tables**

Online
By the Project For Excellence In Journalism and the Pew Internet & American Life Project

Charts Tables
Audience Behavior

Who are online news users?
Americans explore a wide variety of news topics online
The most popular types of news sites among those with a favorite
What online sources do people use?
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Wireless and news on-the-go populations

Nielsen Analysis

Top 20 Sites by Sector
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Wire Stories vs. Staff Reporting of the Top Stories on Leading Sites in 2009
Network TV – Summary Essay

Network TV
By the Project For Excellence In Journalism
Summary Essay
Heading into 2009, there were some small signs of promise in network news. Viewership of the evening newscasts actually rose in the November, December and January following the 2008 presidential election. It dipped in February and March 2009, but was up again in April.

Was it the economy and a sense among viewers that they needed the synthesis of taped packages they couldn’t get on cable talk shows? Or was it enthusiasm and curiosity about the incoming president? Or some new shift caused by DVRs or the popularity of network websites bringing people back to the networks?

Whatever it was, time wouldn’t sustain it. By May, the audience spikes dissipated. For the year, network news audiences had fallen 500,000 more from the year before, less of a drop than in many years but nevertheless a continuing decline. Most of the losses came at ABC’s World News, down 444,000 viewers year to year. NBC Nightly News actually grew by 65,000 viewers. CBS Evening News remained in third place. The year ended with a change at the ABC anchor desk, with Diane Sawyer replacing Charles Gibson. As usual, the new anchor attracted a sampling of curious new viewers, increasing audience numbers, however briefly. Sawyer’s arrival meant that, for the first time, two of the three nightly network newscasts were anchored by women.

What is occurring in network evening news now is not something apocalyptic. The loss in 2009 was half what the average has been for the last two decades and comes after an even smaller drop a year earlier. The situation, as one industry observer described it, is glacial, not tectonic. An erosion, not a collapse.

And some programs are growing. The late-night news program Nightline saw audiences increase 9%.

There are new worries about the networks’ morning news programs, which are now following the trend of the nightly newscasts. For years after evening numbers began to fall, morning shows were a bright spot, audiences growing for several years and then stable for several more. That is now changed. In 2009, morning news audiences fell for the fifth straight year. The biggest drops, again, came at ABC for Good Morning America.

The problems in morning news are important. The morning shows have represented a growing share of network news revenue thanks to the greater number of hours of morning news – two to four hours, depending on the network — produced each day.

For all the erosion in network TV news audiences, an average of more than 22 million Americans still tune in to the three commercial network news broadcasts each evening, five times the number of people watching the three cable news
channels at any given moment in prime time, when far more people are home at in front of their TV sets. And another 1.2 million watch the PBS NewsHour.

A little less than 13 million people watch the three network morning news programs.

Furthermore, the broadcast networks are news leaders on the Sunday morning talk shows, when they compete directly with the Fox News Channel and CNN. ABC’s Nightline has grown in popularity as a news alternative to the entertainment talk shows after the late local newscasts, with a 9% year-over-year improvement. In primetime, CBS’ 60 Minutes continues to be a proven ratings winner as the pre-eminent hour-long news magazine, with an average audience of almost 12 million.

The economics of network news are challenging but the problems may be more tied to the structure of the financial model than to ratings. Broadcast network revenues come almost entirely from advertising, while cable channels get half their revenue from subscription fees from cable operators. By our reckoning, two of the three news divisions could claim a profit for 2009, ABC and NBC, though all three network news divisions instituted cutbacks in costs and personnel, and ABC’s cuts are becoming increasingly steep.

NBC News is a profit center for NBC Universal, but its earning power now comes from its multiplatform structure. On paper, the news division derives more revenue from cable news channels than from the broadcast. About two-thirds of news revenues come from MNSBC and CNBC.

ABC News and CBS News, by contrast, have no such multiplatform systems.

Over all, including entertainment programs, the three broadcast networks saw ad revenue fall 10%, according to market research estimates. Yet that was not nearly as much as most of the other media sectors studied in this report. (click here to see how network television revenue compared with other media sectors) But we estimate that the revenue declines for news at CBS and ABC could be much higher.

And the cutbacks in news investment continue.

ABC announced several rounds of cuts in the last 12 months. The most recent was the most brutal. On February 24, 2010, ABC announced it would reduce the size of its news division by 300 to 400 employees, somewhere between 20% to 30% of its roughly 1,500 news staffers worldwide. And those 2010 cuts come on top of about 55 cuts in the U.S. in 2009. The 2009 cuts, we estimate, amount to a percentage cut in double digits of domestic news staff, which is in sync with estimates of decline in revenues for news amid the recession.

CBS News, which managed to hold staffing relatively stable in 2009, also instituted cutbacks in early 2010, with estimates of 100 news staff members, or roughly 7% of the total, dropped.

And NBC News experienced double digits cutbacks in 2009, by our reckoning and press accounts. So far in 2010, no further rounds have been announced.

The problem the networks have now is one that is hard to escape as long as they are bound by the confines of the network broadcast model. And if the networks lean on local stations to share some of the revenue they receive from cable operators for carrying their programming, there is a limit to what can be gained. Sooner rather than later, other platforms
like the Web or video streaming will need to become a more integral part of the networks distribution and revenue strategy, a strategy NBC has already largely developed and reaped benefits from.

As of 2009, NBC News stood alone as the only American broadcast news division to actually have built a true multiplatform organization. Overseas, BBC News has accomplished the same feat. Now NBC News’ move away from its broadcast roots is likely to be accelerated by the pending arrival of a new owner, the Comcast cable operator. Regardless of what assurances come as mergers or sales occur, history suggests one fact about corporate life is unavoidable. As former CNN president and former Los Angeles Times publisher Tom Johnson once said, “The single most important element in the life of a media company is who owns it.”

In the face of these difficulties, there was renewed speculation in early 2010 that ABC and CBS were looking to ally with existing cable news channels. 1 Both have explored partnerships with CNN in the past. 2 The likeliest partnership now, according to press reports, would be between CBS News and CNN; CNN correspondents regularly appear on the network’s 60 Minutes.

For its part, ABC News in 2009 strengthened ties to business cable channel Bloomberg. ABC reporters began appearing on the cable channel, and the two organizations are reported to have jointly hired one or more employees. Bloomberg also gets content from the network’s affiliate news service.

Yet, unless there is new revenue attached to such alliances the impact might be minimal. Without it, ABC News and CBS News have reached a point of seemingly inescapable maturity, with large audiences but a revenue model for their content that is not as lucrative as their competitors, with only one broadcast platform to deliver that content on, a platform that is slowly eroding.

Footnotes


After an encouraging uptick at the end of 2008, the audience for network evening television news programs continued its generation-long decline in 2009.

The more recent decline in morning network news viewership, meanwhile, continued.

Collectively, in the evening, the three network newscasts lost more than 565,000 viewers during the year, or 2.5%, from the year before. That is a slower rate of decline than they had posted for most the last decade.

The decline in the broadcast audience size for three morning programs has been more recent. They lost 300,000 viewers, or 2.4%. That represents a rising rate of decline and marks the fifth straight down year after a period of relative stability.

Among major trends in 2009:

- Ratings leader NBC Nightly News with Brian Williams gained slightly in audience, the only newscast to add viewers. ABC’s World News remained No. 2 in the ratings but saw the steepest audience losses, making up 80% of the overall audience decline for the nightly newscasts. The third-place CBS Evening News with Katie Couric lost viewers at a slightly slower rate than in 2008.

- The broadcast audience losses for the morning news also were not evenly spread across the board. Mirroring the performance of World News, second-place ABC’s Good Morning America saw the biggest losses, followed by No. 3 CBS Early Show. NBC’s Today Show, the longtime leader, posted a 1% loss in viewers for the year. 1

- Despite declines in viewership and ratings, the morning shows mostly held on to their share of audience, or the percentage of people who were watching TV during those hours. That suggests that some of this audience loss is from people no longer watching TV at all at that time.

- Late in 2009, Diane Sawyer replaced Charles Gibson as anchor of World News Tonight on ABC; former This Week host George Stephanopoulos took Sawyer’s place as lead anchor of Good Morning America. World News got a short-term bump in ratings after Sawyer took over, but Stephanopoulos’ move did not have the same effect.

Nightly Newscasts

Combined, the commercial network evening broadcasts were down in all three of the major audience measures: total viewers, ratings and the share of households watching television in 2009.
Evening News Viewership
2008 vs. 2009

Design Your Own Chart
Source: Nielsen Media Research, used under license
The audience for network evening news in 2009 was also smaller in all but two months when compared to the same months of the previous year, possibly due to the temporary boost the year before in viewers following the presidential election. For the year as a whole, according to data from Nielsen Media Research, the networks averaged a combined 22.3 million viewers a night, a drop of 565,000, or 2.5%, compared with 2008. The decline was greater than in 2008, when the average audience decreased by 1% or 273,000 viewers.

Since 1980 network evening newscasts have lost an average of one million viewers a year. Smaller declines over the past two years (300,000 in 2008 and 565,000 in 2009) suggest audience erosion is slowing but not reversing.

Evening News Viewership Over Time
1980-2009, November to November

Household ratings, another metric of audience size, measure the percentage of all television households tuned to a particular program. In 2009, the three network nightly news programs together pulled in a combined a household rating of 15, meaning 15% of television households were tuned to network news programs. That was down from 15.5 for the same period in 2008, according to Nielsen.
Design Your Own Chart

Source: Nielsen Media Research, used under license
Ratings taken for month of November
The third measuring stick for audience is share, or the percentage of just those television sets in use that are tuned to a particular program. The average share for the three newscasts was down slightly to 27 in 2009, from 28 in 2008, according to data from Nielsen.

The Race Among the Networks

Looking at individual programs, not all three nightly newscasts saw audiences shrink. NBC Nightly News, now with Brian Williams, not only led its nightly news competitors for the 12th year in a row, but it gained viewers as well. Its broadcast audience grew by an average of 65,000 viewers a night, just under 1% to slightly over 8.6 million.

That represented an average household rating of 5.7 for the year, down from 5.8 in 2007. (Viewership can rise while ratings fall because the number of households per ratings point increases with growth in population. In 2009, one ratings point now represented 1,149,000 households, or 1 percent of the 114.9 million television households in the United States. The number of all television households was up by 400,000, meaning one ratings point covers 4,000 more households than in 2008.)

The NBC Nightly News share fell to 13.8, down from 13.9 in 2008 (meaning that 13.8% of households watching TV were tuned to Brian Williams’ program on an average night.
ABC World News Tonight saw the biggest drop in 2009 but remained in second place. The newscast lost an average of 444,000 viewers a night, bringing its viewership down to 7.7 million in 2009. The decrease represented a 5.4% decrease from 2008, when World News averaged 8.1 million viewers.

World News’ household ratings decreased 6% in 2009 and share was down slightly, to 10.8, from 10.9 in 2008. The program did, however, get a small ratings boost in early 2010, the probable result of viewers tuning in to watch Diane Sawyer, who took over from Charles Gibson in the last weeks of 2009.

The early numbers in January suggested that viewers were sampling a new anchor’s newscast. If history is any guide, that creates the possibility of viewers changing allegiances. There are no data over the last 20 years, however, to suggest that a change in anchor can increase the pool of evening news viewers.

The CBS Evening News with Katie Couric, which posted the largest audience losses among the half-hour newscasts in 2008, saw smaller decreases in 2009. The program had an average nightly audience of 5.9 million viewers for the year, down 3% or about 186,000 viewers year to year. That decline is less than the previous year’s drop of 5% and much less than the 13% plunge in 2007, when Couric took over. For comparison’s sake, the most popular prime time cable news program, Fox News Channel’s opinion-and-analysis hour, The O’Reilly Factor, has an audience of 3.3 million.
CBS Evening News drew an average household rating of 4.1 for the year, down from 4.2 the year before, and share of 7.8, down from 7.9 in 2008.

![Evening News Household Ratings, by Network 2008 vs. 2009](source)

Design Your Own Chart
Source: Nielsen Media Research, used under license
Nightly News Audience Demographics

Network news divisions have failed for years to attract additional younger viewers to their evening programs. In 2009, the audience for nightly news grew yet older.

The median age of nightly news viewers was 62.3 for all three evening newscasts in 2009, according to an analysis of copyrighted Nielsen data provided by Magna, a media buying firm. That was up by a full year from 2008, when the median age of all three networks averaged 61.3. The median age of viewers had been rising since 2004, as has the U.S. population as a whole. 2

These demographics are important. Some television news professionals say the advertising industry barely looks at overall ratings anymore, given how important younger demographics (viewers between the ages of 25 and 54) are on the theory that they are more fluid in their consumer choices.

Among the networks, NBC’s audience is the youngest, although the median age crept up a bit in 2009 after falling the year before. The median age of NBC Nightly News viewers was 62.2 in 2009, up from 61.1 in 2008.

The audience for ABC World News Tonight was the oldest, with a median age of 62.9 in 2009. That was significantly older than it was the year before (61.4).

And the audience for CBS Evening News had a median age of 61.5 in 2008, basically flat from 61.4 in 2008.
Morning News

The erosion in the audience for morning news programs is a growing source of concern for the network news divisions since it is a more recent phenomenon.

In the 1990s, even as nightly audiences for network news programs started shrinking, morning shows grew.

That trend reversed in the mid-2000s and, in 2009, viewership for morning shows fell for the fifth year in a row.

Much of the decline was due to smaller audiences for ABC’s Good Morning America and the CBS Early Show, although the leading morning news show, NBC’s Today, also saw its audience ebb in 2009.

Total morning news show viewership averaged 12.8 million in 2009, down 2.4% from 2008, according to data from Nielsen.
Average household ratings fell 4.5% to 9.6 in 2008, down from 10.1 the year before. Share held steady at 15 in 2009, meaning that all of the audience erosion is attributable to the declining popularity of television as a medium in this timeslot as opposed to the morning news programs in particular.

NBC’s Today Show, which has led among the morning news broadcasts for 13 years, maintained its audience share for the timeslot, but lost viewers and saw lower ratings. The program saw about 69,000 fewer viewers in 2009, just slightly under the 5.5 million total from 2008, representing a 1.2% decrease in viewership from the previous year. Household ratings were down 3.1% to 4.1, from 4.2 in 2008. Share was unchanged from the previous year.

At Good Morning America, viewership fell 3.4% in 2009, to 4.3 million viewers, a loss of 151,400 from 2008. Household ratings fell 5.3%, to 3.2, down from 3.4 the year before. Share was down by 4.3%, to 10.8, from 10.9 in 2008.

The arrival of George Stephanopoulos as the lead anchor of Good Morning America did not boost ratings as did Diane Sawyer’s arrival at World News Tonight. An analysis of data from January 2010 showed declines for Good Morning America in all measures compared with figures from the previous year.

The picture was mixed for the CBS Early Show. Viewership was down by 98,000 viewers, or 3%, in 2009, to 3.1 million. Household ratings were down 5.4% to 2.3, from 2.4 in 2008. But share increased 3% to 8.8, from 8.6 in 2008.
Morning News Household Ratings, by Network
2008 vs. 2009

Design Your Own Chart
Source: Nielsen Media Research, used under license
Morning News Demographics

Similar to evening news, the median age of viewers of morning news increased significantly in 2009, to 55.2 from 53.9 in 2008.

NBC’s Today Show audience was the youngest in 2009 at 54.1, but went up from 53.7 in 2008. CBS’s Early Show was in the middle, at 55.8 in 2009, up the most among the three networks’ morning shows, from 52.9 in 2008. ABC’s Good Morning America had the oldest audience, 56.2, up from 55.1 a year earlier.
Design Your Own Chart
Source: Magna, analysis of copyrighted Nielsen Media Research data

(For a discussion of audience trends for prime-time magazine programs click here.)

Footnotes
1. PEJ analyzes audience data for the first hour of each network's morning newscast.
3. Data for the network morning news programs are for the first hour of each show.

Economics
Network TV
By the Project For Excellence In Journalism Economics

Getting a handle on the economics of the network news divisions is among the most challenging areas of assessing the health of the news media. The networks do not release revenue data for their news divisions, let alone for any news programs in particular, and have not done so for years.
Estimates from the press are also elusive. The news divisions are in part sub-units of their broadcast networks, which in the case of NBC and ABC are now sub-units of television divisions of larger multimedia conglomerates. At the same time all three news divisions are attempting to maximize video revenues from new-media platforms that are independent of broadcast television.

Some market research firms estimate how much broadcast ad revenue each network news division brings in. The best known of these is TNS. But these estimates, insiders say, often do not reflect actual revenues.

TNS takes the networks’ advertising rate cards and estimates revenue based on how many advertisements air on each newscast. While widely used in the industry, there are several reasons they may be off. Advertisers may buy time across multiple platforms or even television channels owned by the same parent company. There is no way of knowing what discounts may be applied to the ad buys. Nor do the estimates account for the commission networks may pay to advertising agencies. Not infrequently, TNS estimates suggest that lower-rated programs bring in more money than higher rated ones.

Still, the TNS data offer a starting point, from which we can extrapolate some more precise estimates based on private discussions with those more familiar with network economics.

CBS

TNS estimated that CBS pulled in just over $180 million in ad revenue for its morning and evening news programs through the first six months of 2009. Extrapolating that number, which is probably high, and consulting with network officials and market analysts, PEJ estimates that CBS News brought in revenue of about $400 million in 2009, including 60 Minutes, Sunday Morning and Face the Nation. That number is down substantially from our estimates of last year that were closer to $500 million. PEJ estimates the news division is not operating in the black.

ABC

At ABC, TNS estimates for the first six months put the network's morning and evening daily news programs at $253 million. Again, that rate card analysis might be high. Extrapolating from conversations with industry insiders, PEJ estimates ABC News revenue over all, including 20/20 in prime time, Nightline in late night and This Week on Sunday mornings, at about $600 million for the year. That number, too, is down from last year's estimate of closer to $700 million. The news division, we estimate, could claim to generate a small operating profit in 2009, as it has in years past, though doing so required cost cutting in 2009 and drastic cuts in 2010 that amount to what David Westin, the president of ABC News, called a "fundamental transformation that will ultimately affect every corner of the enterprise."

NBC

NBC News by all estimates is the leader in revenue. It remained No. 1 in evening news and morning news (Today) and Sunday political talk shows during the year. The morning program also produces more hours than its competitors. According to television professionals, being the ratings leader in a time slot for news traditionally translates into an additional premium for advertising rates of roughly 10% for those shows. NBC makes less from magazines than its rivals, given that Dateline is down to one hour a week and that the program suffered ratings declines during the year. TNS estimated revenue for NBC's morning and evening programs for the first six months of $313 million for just morning and evening news.
Extrapolating that for the full year, and accounting for all NBC News programs, PEJ estimates NBC News broadcast revenues in the neighborhood of $800 million for 2009, the lion’s share from morning news, followed by evening. That is down slightly from the year before, we estimate.

But NBC News’ revenues are the most complicated to estimate. The news division’s properties include more than just broadcasting. There is also MSNBC, the cable news channel; CNBC, the financial cable channel; and the Weather Channel. While resources are shared across channels, allowing some discretion in how costs are accounted, most agree that cable now represents more than half of the revenues of NBC News. Cable news now generates more revenue for NBC News than broadcast, and the largest single share comes from the financial news channel, CNBC. The reason is that cable channels have those two revenue sources, subscription fees as well as advertising. This allows cable to generate far more revenue per viewer than broadcast.

The market research firm SNL Kagan estimates that in 2009, the MSNBC cable news had revenues of $368 million, and CNBC had $663 million. That would put NBC News revenue over all in the neighborhood of $1.8 billion in 2009.

And the lion’s share of that, by this accounting close to 60%, now comes from cable, particularly CNBC.

What does that mean in terms of pre-tax profits? In March of 2009, the New York Times’ Bill Carter, citing unnamed NBC News executives, reported that NBC News various components supplied about 13 percent of the overall profit of its parent company, NBC Universal. 2 That would have amounted to a profit of about $400 million in 2008 from news.

NBC Universal profits fell by more than 25% in 2009, according to the company’s SEC filings, but the New York Times reported in February 2010 that profits from NBC News were flat, thus the percentage of the company’s profits from news in 2009 would have grown. 3 It is possible that roughly 18% of NBC Universal’s profit came from news in 2009.

Those numbers bring into stark relief the reality of the broadcasting business, at least one that is not built into a model of news that is blended with cable.

“In broadcast television, we are competing against a business model,” said one network executive. “Our evening newscast beats all the cables combined at 6:30 and even in prime time. But we don’t have those subscription fees.”

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**Footnotes**

1. The highly rated CBS Sunday Morning magazine program is not included in this comparison of Sunday morning political talk shows on network television — Meet the Press (NBC), Face the Nation (CBS) and This Week (ABC).


By all indications, the resources devoted to news gathering and program production at the broadcast networks shrank even further in a difficult 2009. ABC was hit hardest and in February 2010 announced yet another round of cuts that were reportedly as high as 27% of the news division. As 2010 began the news became grim at CBS as well.

The network news divisions do not generally release staffing figures. Also, the news divisions routinely pool resources across different media platforms. In the case of CBS News and ABC News this means working both in broadcast television and online video. At NBC News, in addition, staff members work for cable news networks. An NBC Universal spokeswoman told PEJ that its staff is so fully integrated that it would be impossible to separate.

But there are some yardsticks that can offer indications of what is going on. Those yardsticks suggest staffing cuts in the neighborhood of 8%, deeper for off-air personnel in 2009. The number of bureaus operated by the networks appeared to change only a little. NBC shuttered two bureaus — in Frankfurt and Amman — and opened bureaus in Afghanistan and Pakistan. ABC and CBS sent senior correspondents on extended reporting missions to the war there and for the first time since the invasion of Iraq in 2003, more resources were devoted to the coverage of Afghanistan than to Iraq. Domestically, the number and location of bureaus maintained by the networks were basically unchanged from 2008.

### Staffing

The evidence from press accounts and PEJ’s own tracking of media directories suggests the total number of staffers employed at network news divisions was down from 2008, even before the announced 2010 cutbacks.

One source of evidence for tracking network newsgathering resources is the list of people that the networks themselves provide to a media staff guide called the Leadership Directories. These lists are not definitive. There are no strict rules about whom the networks list and do not. But this analysis in the past has provided a guide to the trajectory of staffing at each of the networks.

### Domestic News Staffing, by Network 2008-2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>215</td>
<td>183</td>
<td>-14.3%</td>
</tr>
<tr>
<td>CBS</td>
<td>220</td>
<td>223</td>
<td>1.4</td>
</tr>
<tr>
<td>NBC</td>
<td>138</td>
<td>122</td>
<td>-11.6</td>
</tr>
<tr>
<td>Total</td>
<td>573</td>
<td>528</td>
<td>-7.9</td>
</tr>
</tbody>
</table>

Source: Leadership Directories

According to the Leadership Directories accounting, which is updated now relatively quickly, network news staffing over all dropped by 8% in 2009 from a year earlier, though these numbers do not include the announced additional cuts at ABC and CBS.

These reductions in 2009 appeared to be higher among off-air staffers. The number of editors, researchers, assignment managers and others listed in the directories decreased 25% in 2009. That is double the rate of decreases observed in 2008, when 13% fewer off-air staffers were listed compared to the previous year.
News divisions saw smaller cuts in on-air staffers and producers in 2009, though 2010 may prove more difficult for this group.

The number of anchors and correspondents, whether based in a bureau or associated with a program, dropped 4%, compared with a 6% decline in 2007, the directories show.

The number of producers listed in the directories was down by one person during 2009. A year earlier, the number of people listed in those job categories grew by 10%. The growth in 2008 may have reflected targeted hiring for the presidential campaign. And in 2009, fewer staffers were located outside of the networks’ New York headquarters. The networks’ domestic bureau staff was down 14% in 2009, compared to a decrease of 6% in 2008, according to the directories.

ABC

The biggest overall reductions in came at ABC News.

In February 2010 ABC announced a major restructuring of its news division that according to press reports would result in 300 to 400 job cuts, totaling up to 27% of a 1,500 person worldwide news staff. In a memo to employees ABC News president David Westin stated that voluntary buyouts would be offered. Layoffs would be instituted if not enough employees volunteered to leave.

As part of the plan, the news division would increase the use of digital journalists who shoot and edit their own material and freelance staffers. The restructuring would also see the combination of weekday and weekend staffs of Good Morning America and World News Tonight.

News magazines would shift to include “a more flexible blend of staff and freelancers.”

This announcement followed a series of smaller cuts in 2009 and even a few weeks earlier in 2010. In January of 2009, ABC News announced cutting about 35 staffers from its Primetime and 20/20 news magazine shows, ABC News Now digital service and ABCNews.com. That round of layoffs was part of a companywide staff reduction at the Disney-ABC Television Group that was the result of a “weakening economy.” Then, in May, cuts were made to the London bureau. The journalism blog MediaBistro reported that a minimum of 20 out of a total of 65 employees would be laid off. An ABC spokesperson told the website that the cuts were made to align… “worldwide resources with the new technologies available to us and the economic realities we all face.”

Then 2010 began with yet another round. In January, ABC cut 31 more jobs at the news operation’s broadcast operations and engineering division in New York.

Prior to the 2010 cuts, according to the analysis of directory listings, ABC News staff over all was down 15% in 2009 compared to a 2% reduction in the previous year.

In all, the directory listed 32 fewer staffers than in the previous year. That figure comports with news reports of about 35 domestic layoffs in spring of 2009.
### ABC Domestic News Staffing
**2008-2009**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Air</td>
<td>78</td>
<td>71</td>
<td>-9%</td>
</tr>
<tr>
<td>Producers</td>
<td>82</td>
<td>71</td>
<td>-13%</td>
</tr>
<tr>
<td>Off Air</td>
<td>55</td>
<td>42</td>
<td>-24%</td>
</tr>
<tr>
<td>Total</td>
<td>215</td>
<td>184</td>
<td>-14%</td>
</tr>
</tbody>
</table>

Source: Leadership Directories

The biggest cuts were made among off-air staffers, with 13 fewer in 2009, translating to a 24% reduction.

After adding a producer in 2008, the news division cut 11 in 2009, or 13%.

ABC also saw the steepest drop among the network news divisions in on-air staff, with seven fewer anchors and correspondents, a 9% reduction.

The news division continued to employ more staffers in domestic bureaus when compared to CBS and NBC, but like its competitors, ABC also made cuts in 2009. 11

Domestic bureau staffing was down 9% from 2008, or six employees over all.

As this study was completed, the newer 2010 cuts had not yet been reflected in the directories.

The network cut 10 producers, a 19% reduction from 2008 levels, and eight off-air positions, down 23% from 2008.

### NBC
The second biggest loss of positions in calendar 2009 appeared to take place at NBC News.

The year opened on a rough note. In December 2008 the parent company had announced job cuts totaling about 3% across NBC Universal’s personnel. According to press reports, others followed amid the turmoil at the network.

In September 2009, the New York Observer reported NBC Universal had sought the voluntary buyouts of employees in its news division, though the network did not confirm the story. According to the report, NBC News employees, which include those at its cable news channels, were told layoffs would be instituted if enough staffers did not accept buyouts. 12

No additional follow-up reports detailed how many buyouts were sought or how many accepted them. NBC declined to comment on these reports.

According to the directory analysis, however, NBC News staffing shrank by 12% in 2009 from a year earlier. The number of staffers was down 16 from 2008 to 122. 13
The network cut 10 producers, a 19% reduction from 2008 levels, and eight off-air positions, down 23% from 2008.

NBC added two on-air staff members in 2009, a 4% increase, to 52 anchors and correspondents. This came after the network cut 15%, or nine, on-air employees in 2008.

But NBC News’ resources go beyond what is listed in the directories under the NBC broadcast network. The network news division offers separate listing for NBC Universal’s cable news channels MSNBC and CNBC. An additional 50 news employees are listed for MSNBC in the directory, (see Cable News Investment) and 88 more employees are listed for CNBC. The three organizations combined, all NBC News employees, total 260, the largest of the three networks. Those numbers do not include the Weather Channel, which is also part of NBC News.

CBS

While CBS News employees were spared significant layoffs in 2009, that may be deceptive. Industry insiders note that CBS headed into 2009 with an already much leaner staff (largely due to more severe cuts in 2008). And the network kicked off 2010 with the announcement of deep cuts to come.

In late January of 2010, the Los Angeles Times reported that CBS was cutting as many as 100 positions, equivalent to 7% of network’s news division. 14 An unnamed CBS executive quoted in the article said the cutbacks would be made to reduce newsgathering costs and “make the news division more of a financial contributor” to the parent company. About 70 jobs were cut by the end of February 2010, according to one report. 15

The cuts would be at every CBS News program, including highly rated 60 Minutes, according to the report. 16

Word of layoffs at CBS News raised questions about CBS Evening News anchor Katie Couric’s salary, reported to be $15 million a year. 17 One CBS News insider told the Drudge Report website that Couric “makes enough to pay 200 news reporters $75,000 a year.” 18

Nevertheless, Sean McManus, president of CBS News and Sports, told the Huffington Post that “there have been and are no plans and not even a single discussion about making a change or renegotiating” Couric’s pay. 19

The cutbacks in 2010 were not reflected in the CBS directory analysis, which was completed in December 2009. 20 According to the count, CBS News actually grew by three people during the year.

The news division added 20 producers, an increase of 23%, but cut 10 other staffers in off-air positions, a decrease of 29%. The network also cut 3% of staffing in its eight domestic bureaus during the year.
CBS Domestic News Staffing
2008-2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Air</td>
<td>82</td>
<td>79</td>
<td>-4%</td>
</tr>
<tr>
<td>Producers</td>
<td>89</td>
<td>109</td>
<td>23</td>
</tr>
<tr>
<td>Off Air</td>
<td>49</td>
<td>35</td>
<td>-29</td>
</tr>
<tr>
<td>Total</td>
<td>220</td>
<td>223</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Leadership Directories

Correspondent Counts

Another way of measuring network news investment is by tracking the number of correspondents who appear on air during the year at least five times on each network’s weekday nightly newscast. This accounting, long used by researchers, may be a rough proxy of newsgathering muscle, but it has two virtues. First, the numbers go back many years. Second, they are not subject to the vagaries of self-reporting as the Leadership Directories estimates are.

After years of decline, the correspondent counts had leveled off and even grown slightly in recent years. In 2009, the counts went up slightly.

A total of 158 people filed at least five story packages for the evening newscasts in 2009. That was three more than in 2008, according to a newscast-by-newscast analysis conducted by ADT Research.

NBC had the most people on air, 59. ABC was second, with 53, and CBS third at 46.

The networks reached their peak in 1985, according to these data, when they averaged 77 correspondents appearing per network.

The numbers also give a sense of the workload employees in network TV are carrying, although it does not indicate whether these people also have to file for other shows, such as morning or magazines shows, or, in the case of NBC, cable. It also does not account for the level of reporting involved in the stories.

In 2009, the workload was slightly lighter for reporters contributing to the nightly news programs. The average newsroom size increased by an average of one person, to 53, while the workload decreased by about one story, to 32, according to ADT research.

Despite concern that workloads would increase as the news divisions shed employees in 2009, at least among on-air contributors, reporters are not being stretched any thinner.
Domestic Bureaus

Despite cuts to domestic news staffs in 2009, network news divisions appeared to maintain the same number of bureaus and newsgathering offices as in 2008.

Besides the Washington bureau, which covers the White House, Congress, the Pentagon, the Supreme Court and the many numerous agencies of the federal government, NBC had four domestic bureaus. It also maintained an office in New York City, where the news division is headquartered. The other two news divisions use the word “bureau” to describe their New York operation. According to figures from early 2008 provided to PEJ, CBS had seven domestic bureaus outside the Washington Beltway. According to figures from late 2008 provided to PEJ, ABC had eight domestic bureaus. Being television networks, all three news divisions, in addition, have working relationships with the newsgathering operations of local affiliates across the nation.
Coverage From Abroad

The modes of foreign reporting have been changing since the end of the Cold War in the early 1990s. For the broadcast networks, that has meant fewer permanent bureaus overseas, more one-person operations and, increasingly, dispatching news gatherers to locations around the globe as events take place. (See 2008 News Investment for changes observed in 2007-8.)

But as foreign coverage rebounded on all of the nightly programs in 2009 following the quadrennial pullback that always accompanies the presidential election cycle, the networks shifted resources as well.

As of November 2009, NBC told PEJ it had 12 overseas bureaus, the same number reported in 2008. It closed its bureaus in Germany and Jordan and opened bureaus in Afghanistan and Pakistan.

In Jordan, NBC replaced its Amman bureau staff with a fixer, a local resident who helps a foreign correspondent with reporting duties. NBC told PEJ that in addition to Amman, it employed fixers in two other Middle East locations: Beirut, Lebanon, and Gaza in the Palestinian territories.

Another trend in foreign reporting came with partnerships. In September, CBS announced a partnership with the international news website GlobalPost. The deal provides CBS with reporting from the website’s network of 70 affiliated correspondents in 50 countries.
Note: Information on bureaus from the networks. CBS figures are from early 2008; the network did not respond to requests for updated information. ABC figures are from late 2008; the network did not respond to requests for updated information.

According to the 2008 accounting, ABC claimed a presence in 17 overseas locations, including a new one office opened in Havana in 2008. Ten of those newsgathering operations were traditional bureaus, while another were one-person bureaus. (See News Investment 2008)

In early 2008, the most recent year for which figures available, CBS told PEJ it operated 14 bureaus: Amman, Baghdad, Beijing, Bonn, Havana, Islamabad, Johannesburg, Kabul, London, Moscow, Paris, Seoul, Tel Aviv and Tokyo. CBS did not provide PEJ with more current data on bureaus or overseas staffing.

None of the networks had a bureau in Tehran when protests erupted over disputed Iran’s presidential elections. With no correspondents in the country, and with the government barring their entry, the networks turned to nonjournalistic sources, including cellphone video and social networking websites. An ABC News’ digital correspondent, Lara Setrakian, covered the protests by monitoring Twitter from her base in the Persian Gulf.
Hours Devoted to Stories With Foreign Datelines
1996-2009

Design Your Own Chart
Source: ADT Research
The amount of time devoted to news within the 30-minute nightly newscasts — that is, time not consumed by ads, promos and teasers — held steady in 2009 at an average of 19.1 minutes, identical to 2008.

As recently as 2003 the average time devoted to news stood at just 18.1 minutes. The increase from 2003 to 2008 reflected a shift toward sponsorships of particular segments or whole newscasts by a single advertiser that displaced commercials from other advertisers.

NBC and CBS devoted the most time to editorial content, each with 19.4 minutes in 2009. For NBC, the amount of time devoted to news was down from 19.8 minutes in 2008; for CBS it represented an increase from 19 minutes in the previous year.

The time for editorial content at ABC was 18.8 minutes, flat from 2008.
Design Your Own Chart
Source: ADT Research

Footnotes

1. NBC e-mail communication with PEJ, October, 29, 2009


7. Memo from ABC Television group president Anne Sweeney to ABC News employees obtained by the MediaBistro website, January 29, 2009.
11. Its nine domestic bureaus were also the largest number of the three networks.
13. The number of employees listed for NBC network news likely does not reflect the division’s entirety, since the network news division shares resources and staff with MSNBC.

Ownership

Network TV
By the Project For Excellence In Journalism
Ownership
For data and baseline information about network news ownership, see PEJ’s new interactive tool, Who Owns the News Media, on the top media companies in the United States. Readers can use it to compare financials, audience and general information of the companies that own the three broadcast networks’ news divisions — Disney (ABC), CBS Corporation (CBS) and NBC Universal (NBC). In the section below, key trends and developments in the ownership of the network news divisions in 2009 are examined.

NBC Universal
The biggest news in media ownership in 2009 was the agreement to sell NBC Universal. Under the agreement, General Electric is reducing its share of ownership from 80% to 49%; Vivendi, the France-based media conglomerate, is selling its
20% share; and Comcast Corp, the giant cable operator, is acquiring a controlling 51% interest. That deal and its implications are covered in the Cable chapter, since the new controlling owner, Comcast, is a cable company.

CBS Corp.

Since it was spun off from Viacom in 2005, CBS comes closest of the four television networks to being a stand-alone broadcaster. ABC, NBC and Fox all have sibling cable channels in their corporate families. Broadcast television accounted for more than two-thirds of CBS’ revenues in 2009.

On paper, CBS rebounded from a tough 2008 in 2009, returning to profitability. But the improvement in CBS’ accounts derived solely from a comparison to a $14 billion write-down of the value of its media assets it posted in 2008. Despite a mixture of cost cutting (including a substantial number of layoffs), sales of television programs into syndication and an improved ad market in the second half of the year, CBS’ television operation posted lower revenues and profits in 2009.

- The company saw revenue decrease by $936 million to $13.6 billion through in 2009, down 6.7% from $14 billion in 2008.
- CBS managed to turn a profit in 2009, earning $1 billion, compared to a loss of $12.2 billion in 2008.
- CBS Entertainment brought in more than half of the company’s revenue for 2009, at $7 billion in 2009, up from $6.9 billion the previous year.
- Along with the entertainment group, CBS cable networks and content businesses increased revenues in 2009. The company’s publishing local broadcast and outdoor advertising businesses saw losses compared with 2008.

### CBS Revenues, 2008 vs. 2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>$6,878.8</td>
<td>$6,976.7</td>
<td>1.4%</td>
</tr>
<tr>
<td>Cable Networks</td>
<td>1,264.5</td>
<td>1,347.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Publishing</td>
<td>857.7</td>
<td>793.5</td>
<td>-7.4</td>
</tr>
<tr>
<td>Local Broadcasting</td>
<td>9,117.4</td>
<td>9,001.0</td>
<td>-1.2</td>
</tr>
<tr>
<td>Outdoor Advertising</td>
<td>2,170.6</td>
<td>1,722.6</td>
<td>-21</td>
</tr>
<tr>
<td>Total</td>
<td>13,950.4</td>
<td>13,014.6</td>
<td>-7</td>
</tr>
</tbody>
</table>

Source: SEC filings, CBS Corporation, February 18, 2010
Walt Disney (ABC)

Profits at Walt Disney fell by 21% in fiscal 2009, to $6.7 billion, as all of the company's business segments saw declines in 2009.

Disney's media networks division, which includes ABC's broadcast network along with a portfolio of cable channels and radio and television stations, gained the most in revenue and shrank the least in profits. It contributed $16.2 billion (or 54%) of the revenue in 2009. The unit has long been Disney's most lucrative.

Disney Revenues, FY 2008 vs. FY 2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media Networks</td>
<td>$15,857</td>
<td>$16,209</td>
<td>2.2%</td>
</tr>
<tr>
<td>Parks and Resorts</td>
<td>11,504</td>
<td>10,667</td>
<td>-7.2</td>
</tr>
<tr>
<td>Studio Entertainment</td>
<td>7,348</td>
<td>6,136</td>
<td>-1.6</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>2,415</td>
<td>2,425</td>
<td>0</td>
</tr>
<tr>
<td>Interactive Media</td>
<td>719</td>
<td>712</td>
<td>-1</td>
</tr>
<tr>
<td>Total revenue</td>
<td>37,843</td>
<td>36,149</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

Source: SEC Filings, October 3, 2009

Disney Profits, FY 2008 vs. FY 2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media Networks</td>
<td>$4,981</td>
<td>$4,765</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Parks and Resorts</td>
<td>1,897</td>
<td>1,418</td>
<td>-25.2</td>
</tr>
<tr>
<td>Studio Entertainment</td>
<td>1,086</td>
<td>175</td>
<td>-84</td>
</tr>
<tr>
<td>Consumer Products</td>
<td>778</td>
<td>609</td>
<td>-22</td>
</tr>
<tr>
<td>Interactive Media</td>
<td>(258)</td>
<td>(295)</td>
<td>-14</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>8,484</td>
<td>6,672</td>
<td>-21</td>
</tr>
</tbody>
</table>

Source: SEC Filings, October 3, 2009
With a broader range of businesses than CBS and greater resources than NBC Universal, Disney undertook initiatives in cable TV, filmed entertainment, gaming and digital content distribution.

Among the developments:

As part of a restructuring at Disney, the company merged the operations of ABC Studios and ABC Entertainment into the ABC Entertainment Group, combining divisions that produce non-news programming for the ABC network and develop shows for other networks.

- In March 2009, Disney signed a deal with the video website YouTube to launch multiple channels, including one for ABC News. (For more, see Network Digital.)

- Disney joined as a joint venture partner and equity owner of Hulu, an online aggregator of video content in April 2009.

- In August 2009, Disney reorganized its part-ownership of Lifetime cable networks. Lifetime Entertainment Services (Lifetime Television, Lifetime Movie Network and Lifetime Real Women) had been co-owned with Hearst. It is now owned by A&E Networks (A&E Network, History and the Biography Channel), which in turn is co-owned by Disney, Hearst Corporation and NBC Universal. (Hearst acquired Lifetime Entertainment Services, which comprises Lifetime Television, Lifetime Movie Network and Lifetime Real Women.)

- In one of the largest media acquisitions of the year, Disney acquired the comic book giant Marvel in August for $4 billion.

- In September 2009, Disney acquired Halo creator Alexander Seropian’s gaming company Wideload Games.

Neither Lifetime, Marvel nor Wideload is involved in the operation of ABC News.

Footnotes

1. ABC News Now, the news division’s digital cable network, is available on a small number of cable systems in the U.S.

2. This segment includes CBS Television Network, which encompasses CBS News. CBS Television Studios, CBS Studios International, CBS Television Distribution, CBS Films and CBS Interactive.

Digital

Network TV
By the Project For Excellence In Journalism
Digital

In 2009, the broadcast networks’ news divisions increasingly looked to the Web, video platforms and mobile devices for new sources of revenue.

ABC and CBS sought to catch up to NBC in the digital arena, and put a lot of emphasis on bolstering online video capabilities with new technology and partnerships to distribute content, including news.

Audience

Internet audience measurement is still something of a frontier, and there is no single — or agreed upon — way of counting traffic to particular websites.
Data from two of the top audience measurement companies, Hitwise and Nielsen Online indicate the websites belonging to the broadcast networks lagged behind those of cable as online destinations for news. Of the three networks, only NBC is among the top five news websites in rankings from Nielsen Online (No. 2) and Hitwise (No. 3). (ComScore, the other firm most often looked to for Web audience analytics, was in the process of revising its methodology and was unable to provide comparable data for this report).

MSNBC.com, operated jointly by NBC News and cable channels MSNBC and CNBC, is promoted on both a major broadcast network and cable news channels, and also draws traffic from Microsoft’s MSN portal, the home page for millions of Internet users. It is also headquartered on the campus of Microsoft in Redmond, Wash., and is a joint operation with that company. MSNBC consistently ranks among the top four websites for news, rivaling CNN, AOL and just behind Yahoo.

While MSNBC.com placed similarly high on rankings made by both Nielsen and Hitwise, there were bigger differences in the respective rankings of ABC News and CBS News.

<table>
<thead>
<tr>
<th>Network News Website Audiences in 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitwise</td>
</tr>
<tr>
<td>Website</td>
</tr>
<tr>
<td>MSNBC.com</td>
</tr>
<tr>
<td>ABCNews.com</td>
</tr>
<tr>
<td>CBSNews.com</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>MSNBC.com</td>
</tr>
<tr>
<td>ABCNews.com</td>
</tr>
<tr>
<td>CBSNews.com</td>
</tr>
</tbody>
</table>

Source: Hitwise, Nielsen Online

Nielsen Online ranked the ABCNews.com as number eight among news and information websites in 2009, just behind FoxNews.com. It was followed by washingtonpost.com at number nine.

Hitwise’s data painted a different picture: It ranked ABCNews.com as the number 24 news and information website of the year, behind associatedcontent.com, an online publisher and distributor of original content at number 23, and followed by buzz.yahoo.com at 25, an aggregator of the popular content including news.

Similarly, the CBSNews.com network of websites fared better in the Nielsen rankings (No. 19) than in Hitwise’s (No. 35).

Why the disparity between the two companies’ measurements for ABC and CBS? One factor is that Nielsen’s measurements bundle several ABC News and CBS News website into one grouping, while Hitwise keeps them separate. Thus the family of ABC News websites is ranked higher in Nielsen, while the single domain of ABC News.com ranked lower by Hitwise.

Another difference between Hitwise and Nielsen is that Hitwise measures traffic through Internet access companies, while Nielsen does it through panels of users. Many observers argue that Nielsen’s numbers may undercount traffic during the day, as a consequence of many businesses not allowing Nielsen software on their company servers. (For more on how Internet measurement companies track audience, see the backgrounder.)
Online Video

The trailing networks’ focus on video throughout the year hints at the potential of the emerging form.

Online video advertising is small, representing just over $1 billion in spending in 2009. The category, however, grew by 40% from 2008, while most other forms of online advertising stayed flat or fell. But the share of that figure for network TV (or the news divisions themselves) is unknown; the market research firm eMarketer does not break out this category of online ad spending for network platforms.

According to one set of projections, by eMarketer, online video ads are set reach $5 billion by 2014.

One growing form of online video advertising, the pre-roll ad, seems particularly promising for the networks news divisions. Pre-roll ads are online video commercials that appear prior to a video. It is one of the few types of online advertising that cannot be bypassed by consumers and for which marketers can guarantee viewers have watched.

As a result, even though audiences for online video are still minute, advertisers are paying a premium for pre-roll advertising. In fact, costs for that form of advertising rival that of commercials on network television in primetime.

Thus, networks sell pre-roll ads for videos with a small, though steadily growing viewership, a challenge for companies used to higher volumes. “Broadcast networks think in millions, not in thousands,” Andrew Tyndall of ADT Research, who is a consultant to this report, told Broadcasting & Cable in June 2009. “They don’t have the audience for those things, but they have the sales force and they have the technology.”

ABC and CBS were especially active in this area in 2009, bolstering online video offerings on their news websites and pushing news content onto additional online video channels. But for now, the Web operations of their news divisions do not generate enough revenue to support full-scale professional journalism operations or bring a profit to their parent companies. In 2009, almost exclusively, existing news staffers produced limited Web-only offerings.

ABC News

ABC expanded its video distribution via the Web with a number of key partnerships.

In April 2009, Disney, ABC’s parent company, became a part of owner of the video site Hulu, joining NBC parents General Electric and Vivendi as well as News Corp., the owner of Fox.

The New York Times reported that Disney gave Hulu a $25 million marketing credit, that the website can use to advertise itself during ABC’s broadcast shows, in exchange for 28% stake in of the company. That stake is slightly less than that of News Corp. and GE, according to the report.

ABC’s Hulu deal was for the distribution of full-length programs, not short-form clips. Originally geared toward ABC’s entertainment programs, the network expanded its offerings in February 2010 to news, including World News Tonight, Good Morning America, Nightline, This Week, Primetime, 20/20 and ABC News Now.

News offerings on Hulu from NBC News are limited to specials and documentaries, excluding the news division’s most popular broadcast programming. (Fox does not make full-length videos of popular shows like Hannity and the O’Reilly Factor available on Hulu.) Hulu was the third-largest video site behind YouTube and the Fox Interactive Media network in 2009 and hosts a wide variety of recorded content from high-profile content partners. The site’s exclusivity — Hulu has no user-generated content — has made it a favorite among broadcasters.
Disney also struck a deal in 2009 with YouTube to launch ABC-branded channels on the website. 9

The Disney/ABC YouTube channels, including ABC Entertainment and cable offerings ESPN, ABC Family and SOAPnet, were the first on the website to use its own pre-roll advertising for the short-form video clips. Under the deal, Disney sells its own advertising on the channels. That stood in contrast to previous deals YouTube made for other channels, which had the website sell ads for content providers. 10

ABCNews.com serves as the main Web page for its morning, evening and prime-time news programming, including Good Morning America, World News, 20/20, Nightline and This Week.

In addition, ABC News Now, which began in 2004, offers breaking news clips, interview segments and story packages from Good Morning America, World News and Nightline. 11

In June, ABC News responded to civil unrest in Iran by producing a daily half-hour webcast, Iran in Crisis, on ABCNews.com to cover the aftermath of that country’s disputed presidential election. 12 That program grew out of Nightline’s own Web program NightTline, the “T” standing for its incorporating updates from users of the Twitter microblogging service. 13

NBC News

MSNBC.com is the umbrella site for the NBC News family, which includes the Today Show, NBC Nightly News with Brian Williams, Dateline, Meet the Press and MSNBC’s cable news programming.

As of early late January 2010, it employed more about 200 staffers, according to an MSNBC spokeswoman.

Most of the news division’s digital initiatives in 2009 focused the 24-hour cable news channel MSNBC and MSNBC.com. (For further information on those digital initiatives see Cable Digital).

CBS News

CBS’ digital strategy has differed greatly from its broadcast competitors. The network passed on a deal to become an equity owner of the online video website Hulu and instead offered news content on its own TV.com website. 14

CBS focused in 2009 on developing its existing digital properties, often in partnerships, rather than acquiring technology-based businesses as it had since 2006.

In June, CBS partnered with the Web startup company Ustream to stream its Evening News broadcasts and breaking news reports on CBSNews.com. 15 The companies share ad revenues from streams on Ustream.tv, CBSNews.com and the websites of CBS’ owned-and-operated local TV stations. 16

In September, CBS completed a separate deal with AT&T Entertainment, a Web and mobile destination for TV shows and movies, to distribute news and entertainment programming. Other content providers to AT&T Entertainment include Disney/ABC, NBC Universal, CW and USA Network, but CBS News is the only broadcast operation distributing video on the website. 17

Extending its presence on mobile devices, the news division launched CBS News applications for the iPhone and Blackberry in October 2009. 18 The free application allows users to view breaking news and video clips from
CBSNews.com. In addition, the ad-based tool connects users to the Twitter feeds of 40 of the network's news reporters as well as Twitter feeds from other CBSNews.com users. 19

Further expanding CBS Evening News online, in September 2009, CBSNews.com launched @katiecouric, a webcast by CBS Evening News anchor and managing editor Katie Couric. 20 The weekly program almost exclusively features interviews with political figures and newsmakers in business and entertainment.

In January 2010, the Katie Couric brand went mobile, with an application for iPhones and Blackberries. The app includes Couric’s segments from the Evening News, 60 Minutes, CBS Sunday Morning and the @katiecouric webcast. 21

Along with initiatives for video distribution and mobile applications, CBS retooled the news division’s Web presence in 2009. CBSNews.com is the website for the network’s six television news programs: CBS Evening News with Katie Couric, 60 Minutes, Face the Nation, CBS Sunday Morning, the Early Show and 48 Hours. It also produces original content not aired on television.

But perhaps the biggest departure from the previous iteration of the CBSNews.com was the inclusion of breaking news not just from CBS news staffers but also from rival news sources, including Politico, the Washington Post and WebMD. 22

CBS also moved beyond general audiences with the January 2009 launch of MoneyWatch.com, an extension of CBS Interactive’s business management website BNET. The personal finance website is geared toward professionals and features financial services guides and tools, economic news and video series. 23

The site represents new competition for MarketWatch, which from 1997 to 2005 was operated jointly by CBS News and Dow Jones. In 2005 Dow Jones acquired CBS’s stake for over $500 million.

MoneyWatch.com content is regularly featured on CBS television and radio websites and the network’s mobile platforms. And its staffers have appeared on the CBS Early Show and the Evening News, as well as CBS owned-and-operated local television and radio stations. 24

Footnotes

1. MSNBC.com is the default homepage on most Microsoft-based PC Web browsers, and has long been one of the top news destinations on the Web.


19. Mike Shields, “TV Nets Boost iPhone Presence,” AdWeek , October 15, 2009. Users will also be able to view full episodes of several original CBS News Web series, including the Tomorrow Show, Washington Unplugged and Doc Dot Com.


The diminished but enduring franchise of the network news magazine held its own in 2009.

NBC, the leading news division over all, saw continued declines for its prime-time news magazine, Dateline, but at year’s end the woes of NBC’s entertainment programming offered the prospect of revitalization.

Viewership of the other flagship network news magazines — CBS’ 60 Minutes and ABC’s 20/20 — was flat in 2009.

Despite CBS’ decision to move the true-crime magazine 48 Hours Mystery to Saturday — the least popular night for television viewing — in 2008, the program actually drew more viewers in 2009.

And Nightline, ABC’s half-hour, late-night news program, posted the biggest gain in viewers from 2008 to 2009.

Audience

NBC’s Dateline started the year with only two scheduled hours each week, down from its height of 2004, when it was broadcast four nights. Both editions lost viewers in 2009, but the Friday edition had a bigger audience and saw a smaller decline from 2008.

The Friday program lost 1.6% of its audience, falling from a weekly average of 6.2 million in 2008 to 6.1 million in 2009.

Dateline’s Sunday edition was replaced in the fall of 2009, to make way for prime-time broadcasts of National Football League games. The plan had been to move the show to Saturday, but NBC ultimately moved another program there instead.

During the nine months before it was replaced, the Sunday edition of Dateline lost 3.6% of its audience in 2009, falling from 5.5 million viewers in 2008 to 5.3 million in 2009.

The prospects for an expansion of the Dateline franchise in 2010 improved at the end of the year when the network scrapped the daily 10 p.m. Jay Leno experiment, according to NBC executives. NBC said it was looking for the franchise air additional nights following the 2010 Winter Olympics.

Whatever happens, the fortunes of Dateline have fallen significantly from the program’s height in 2004.

ABC

At ABC, in contrast, news magazines represented something of a bright spot amidst audience losses in 2009 at the network’s two signature newscasts, Good Morning America and World News.


Nightline, airing five nights a week on ABC after the late local news, has smallest audience among the network news magazines. But in 2009, the program added 300,000 viewers, an increase of 9% over the weekly average for 2008, to a total of 3.7 million.
CBS’ 60 Minutes remained on top among the network news magazines in 2009. Although viewership was unchanged from 2008, the stalwart was the most popular news magazine on television. In 2009, 60 Minutes drew an average of 11.9 million, basically flat from the previous year.

The broadcast audience for 60 Minutes, benefiting each fall from a massive lead-in of NFL fans, is nearly twice as large as either of its main competitors, 20/20 (6.1 million) and Dateline Friday (6.1 million).

After losing 12% of its audience in 2008, 48 Hours Mystery succeeded in winning some viewers back in 2009. The Saturday night program added 100,000 viewers in 2009, drawing a weekly average of 6 million, up from 5.9 million in 2008. But the program has its work cut out to make up for the 800,000 viewers it lost in 2008.

Personnel Changes

As part of broader changes in the news division of ABC, 20/20 saw the departure of a well-known anchor.

In September 2009, anchor John Stossel announced he was leaving the show to host a one-hour weekly program on Fox Business simply called Stossel. He had joined 20/20 in 1981 as a correspondent and was named co-anchor in 2003.
Three months earlier, Stossel, a libertarian, complained publicly about ABC News’ decision to run a report on the death of pop star Michael Jackson instead of his own segment, which took a critical look at government-run health care systems. 3

After the announcement, Stossel wrote on his ABC blog that he was leaving the network to “dig into the meaning of the words ‘liberty’ and ‘limited government’ ” at the financial news cable channel. 4

In December 2009, ABC announced that Good Morning America anchor Chris Cuomo would replace Stossel, joining Elizabeth Vargas as co-anchor. 5

Footnotes


PBS

The PBS NewsHour got a new name, a change in format, a new website and a stronger emphasis on digital news heading into 2010.

After years of audience loss, the program also experienced an uptick in viewers in the fiscal year that included the 2008 presidential election.

Change in Format

In December 2009 the NewsHour with Jim Lehrer was rebranded as the PBS NewsHour, which meant that for the first time since its inception in 1983 the program did not carry the name of anchor Jim Lehrer.

The program also underwent a change in format, returning to a two-anchor setup it abandoned when Robert MacNeil retired from the program in 1995. 1

The new title and a switch to a two-anchor format hinted at lessening Lehrer’s day-to-day role on the nightly newscast.

After the transition Lehrer remained as the executive editor and served as the primary anchor. Senior correspondents Gwen Ifill, Judy Woodruff and Jeffrey Brown rotate in the secondary anchor role.

Lehrer and the second anchors alternate, introducing story segments and leading in-studio interviews.

With an eye toward quickening the pace of the program, the NewsHour also changed the way it presented news. The program now generally starts with a story package, rather than rundown of news headlines.
Taped packages are also shorter, on average, than in the past. Under the new format, story packages are about 6 to 8 minutes long, compared to 7 to 9 minutes previously. And 12-minute stories are increasingly rare. Generally, the lengths of interview segments were unchanged.

Another objective is to combine the newsgathering and production resources of the broadcast and website. The NewsHour hired an on-air-online correspondent, Hari Sreenivasan, to bridge the two formats. Sreenivasan anchors the news summary on the nightly broadcast that Lehrer formerly did, and it now comes after the lead segment. He also does them throughout the day online. 2

The focus on breaking news coverage on the Web also has translated to a greater emphasis on breaking events on the broadcast. David Sit, vice president of NewsHour and MacNeil/Lehrer Productions, told PEJ that the program would remain primarily a source for analysis of the news, but would air more original video reporting and late-breaking coverage than it had previously. 3

Online, the NewsHour website was redesigned and launched in December 2009. According to NewsHour officials, the simultaneous remaking of the program and its website was done with an eye toward making its news reports better suited to digital platforms, including outside video websites and social networking sites like Twitter. 4

The closer integration of the television and digital platforms was accompanied by a physical shift: the NewsHour’s broadcast and website staffs moved into a single integrated newsroom. Previously the Web staff worked out of a separate office a block away from the PBS studio. 5

New on the website in 2009 were The Rundown, a blog of news and analyses, Web-only video segments, extended interview material not used on air and microsites devoted to NewsHour’s special projects.

Audience

The NewsHour attracted 1.2 million viewers during the average minute of programming in the season that ran from July 2008 to June 2009, according to the most recent available data from the NewsHour research department. That was up 9% from an average of 1.1 million viewers in the previous year.

Eliza Jacobs, associate director of PBS research, attributed much of increase to the NewsHour’s coverage of the 2008 presidential campaign and the public’s interest in the new administration. 6

For the 2008-09 season, the number of different people watching the NewsHour each week was 5.5 million, unchanged from previous season.

In general the NewsHour routinely draws each weekday night about one-fifth the ratings of the average commercial network news program, but PBS managed to hold on to its ratings during the 2008-09 season while those of the commercial network newscasts dipped slightly during that period.

The NewsHour drew a household rating of 0.8 for the 2008-09 season, flat from the previous season. That compared with an average rating of 5 for the network news programs from July 2008 to June 2009. Average ratings for the network news programs were down by less than 1% in the same period.
Audience Demographics

The PBS NewsHour’s audience is older and more educated than viewers of the network news programs and the general population.

The lion’s share (72%) of the NewsHour’s audience, is 55 years or older. In addition, 21% are age 25 to 54. 7

Fully 55% of NewsHour viewers hold at least a college degree, compared to 27% of the general population. According to the most recent survey data by the Pew Research Center for the People & the Press, 23% of network evening news viewers and 28% of cable news viewers hold at least a college degree. 8

NewsHour viewers, on average, are about as affluent as the general population. About 42% of NewsHour viewers made $75,000 or more, equaling the percentage for Americans generally. In 2008, 24% of nightly news viewers and 19% for cable news had household incomes of $75,000 or more.
Despite a decrease in revenue, which was driven by a one-time grant the prior year, the NewsHour made gains in stabilizing its finances in 2009.

Excluding a one-time $5.2 million grant the NewsHour received for coverage of the 2008 presidential elections the previous year, the program budget for the fiscal year that ends June 30, 2010 increased 15%, about $3.5 million, to $27.7 million. The budget increase was primarily due to more corporate underwriting in the 2009-2010 fiscal year. Corporate underwriting went from $5.7 million in 2008-2009 to $10 million in 2009-2010.

Sit told PEJ that the 2010-11 budget would probably stay level from the previous fiscal year at about $27 million. The program gets about 40% of its funding from the federal government, 35% from corporate underwriting and another 25% from foundations. But the overall level of funding is not certain. “In this economy, it’s very hard to project a budget,” Sit said. “It’s constantly in flux. But it appears that corporate underwriting has thawed.”

PBS also began in 2009 to seek sponsorships for online video and other content but expressed some concerns about pursuing that strategy too aggressively. “We want to make sure we aren’t devaluing our broadcast sponsors,” Sit said.

News Investment

Staffing figures provided by NewsHour showed a total of 114 employees for the television program and its affiliated website, as of February 2010. That is down slightly from a year earlier, when the program listed 115 employees.

There was a net loss of one staffers based in Washington, where the show is produced. In all 102 editors, reporters, correspondents, producers and support staff were based there, down from 103 a year earlier. Six correspondents were
based in NewsHour’s Washington headquarters, up one from 2009.

There was no change in the number of positions in two domestic bureaus. Nine staffers are based in San Francisco and three in Denver.

The NewsHour maintains no permanent staffing abroad. In 2009 the program teamed with the start-up website GlobalPost to provide additional foreign news coverage.

The partnership represented a change in approach for the NewsHour, which had previously focused on providing context and analysis to global events, not necessarily original reporting. “It gives us the ability to get some very fast reporting on the ground — faster than we could assemble a team to go cover an event abroad,” Sit said of the partnership with GlobalPost, which had correspondents in 50 countries in 2009.

The new partnership was not meant to supplant the NewsHour producing its own coverage abroad. “By no means are we relying on [GlobalPost] to do most of our foreign reporting,” Sit said.

He said the NewsHour staff would continue to produce the same amount of foreign coverage on location, perhaps even more in 2010. Speaking of the additional funding for foreign coverage, Sit said that the money goes farther than it once did. “We have efficiencies,” he said. “We use small teams and have better equipment. With lower costs, it allows us to produce more bang for the buck.”

Digital

Online, the NewsHour website saw a pickup in traffic following a relaunch in December 2009 that coincided with the new broadcast format. The NewsHour website was frequently referenced on the program. Sit told PEJ in March 2010 that website traffic had increased about 30% the previous month in year-over-year comparisons. And video downloads doubled in that month, according to Sit.

One of the main objectives of the 2009 rebranding of the NewsHour was to draw viewers of the broadcast to its website and vice versa. In general, there was little overlap between the program’s audiences for the broadcast and website before December 2009. 9

“We’ve only been at this a few months,” Sit told PEJ. “I think it’s too early to tell, but we’ve been encouraged in the short term with bringing viewers of the broadcast onto the new platforms. But it’s not a fact at this point.”

For the 2008-09 season, the NewsHour website had a monthly average of 864,000 unique visitors, according to an analysis of Google Analytics data provided by PBS research. 10 Big spikes in traffic, corresponding to the 2008 presidential election and the inauguration in January 2009, were unusual. By comparison, in the last six months of 2009 (the first six months of the NewsHour’s broadcast season), the website averaged 610,000 unique visitors.
Unique Visitors to PBS Website
July 2008 to January 2010

Design Your Own Chart
Source: PBS Research based on Google Analytics measures

Footnotes

1. The NewsHour’s broadcast season corresponds with the fiscal year, which runs from July to June.


3. PEJ interview with David Sit, vice president, NewsHour, February 8, 2010.


5. PEJ interview with David Sit, vice president, NewsHour, February 8, 2010.


7. Figures are based on average viewership of the NewsHour from July 2008 to June 2009.

8. The NewsHour demographic findings are from Nielsen data collected and aggregated throughout the year. The Pew data are from a survey released in August 2008: “Key News Audiences Now Blend Online and Traditional Sources,” Pew Research Center for the People & the Press, August 17, 2008. Its figures are weighted to the general adult population.


Content Analysis
A Year In The News
By the Project For Excellence In Journalism
Sector Highlights
YEAR IN REVIEW SECTORS
Newspapers
Cable
Network
Radio
Online
New Media

NEWSPAPERS

- Continuing a pattern we first saw in 2008, print newspapers covered the economic crisis more extensively than any other media sector in 2009. Roughly one-quarter (25%) of all front-page coverage studied focused on the economic recession and related recovery efforts. That is more than any other media sector and more than media coverage over all (20%). 1 The coverage peaked in February, shortly after President Obama’s inauguration (48%). In every month of the year, however, the economy was the top story in newspapers, never dipping below 16% of the news hole in any month.

- Smaller newspapers studied (circulation less than 100,000) covered the economy and local news more than larger newspapers. The smallest papers studied by PEJ — from the Herald News of Fall River, Mass., to the Anniston (Ala.) Star — devoted nearly one-third (31%) of their print news hole to covering the economy in 2009, more than second-tier papers (25%) and the largest dailies (24%). In many respects, these community papers were able to cover the overarching impact of the recession at the grassroots level, by monitoring employment, foreclosures and retail trends.

  A look at some of these stories illustrates why that might be. There was often a deeply practical element at play. On December 10, for example, an article in the Herald News told readers who had exhausted their unemployment benefits (there were 34,000 of them in Massachusetts) how to apply for additional jobless benefits after federal legislation granted an extension. On September 1, the Anniston paper ran an article about how the community was grappling with a $2 million budget cut and deciding on what services, including a swimming pool, it could live without.

- Smaller newspapers also focused more attention on health and medicine storylines than did larger newspapers. Between coverage of attempts to overhaul the health care system and efforts to fight swine flu, smaller newspapers with circulation less than 100,000 gave more prominent, front page play to stories about health and medicine in 2009 (15% of their news hole) compared to larger newspapers with circulation between 100,000 and 650,000 (12%) and the largest newspapers with more than 650,000 (8%). Coverage often localized these unfolding natural, national phenomena with particular emphasis on how the swine flu was affecting the local community. And, again, there was often a practical, how-to component to this more local coverage.

  On April 28, for example, the Herald News in Fall River let readers know that while the number of swine flu cases had
risen in the United States, none had been reported in either Massachusetts or Rhode Island, and that local hospitals were on alert.

- Newspapers gave much less play than other media to the death of pop music icon Michael Jackson. The death of Michael Jackson captured the public’s attention and much of the media’s in 2009. Across all media sectors, the story ranked as the No. 9 news item of the year. In newspapers, however, Jackson’s death did not rank in the in the year’s top 20 stories. After the singer’s June 25 death, newspapers paid quick tribute, making Michael Jackson’s death the fourth-largest of the entire month (3% of their coverage) at the same time that the economy (25%) and Iran’s presidential election and protests (11%) dominated.

CABLE

- Once again, in 2009, cable TV news was the place to see the most coverage of politics. For the year, 9% of time on cable was devoted to politics, compared to 5% for the media studied over all. This was more than any other media sector, but not nearly as much as in the presidential election year of 2008, when fully 56% of cable’s coverage was focused on politics. In 2009, the focus of the political debate was on a few hot-button political controversies such as the passionate political battle over health care, the performance of the Obama administration, and the debate about the best ways to combat terrorism. Health care, the most politically polarizing domestic issue of the year, was a prime topic for cable. Cable news devoted 13% of its news hole to the health care debate. From July, when the story really took off, through the end of the year, that number for cable jumped to 25%. For example, consider the difference between cable broadcasts and network news shows on the evening of August 7. That night, many cable talk shows led with discussions of the health care protesters attending town hall meetings with various members of Congress. MSNBC’s Keith Olbermann began his show by criticizing the protesters as a front for the health care industry. CNN’s Anderson Cooper 360 program led with a report by correspondent Gary Tuchman, who asked whether the protests were an example of “democracy” or “demagoguery.” And Fox News’ Sean Hannity began his show by applauding the protesters, saying they were “the real pulse of the American people.”

That same night, however, all three broadcast network news shows and PBS’ NewsHour led with a very a different subject — a report from the Labor Department that the unemployment rate had fallen for the first time in 15 months.

Cable also spent more time on other politically charged issues than other media such as evaluations of the Obama administration and his leadership and ideology (7% versus 5% in the media over all) and the debates surrounding domestic terrorism (6% versus 4% in the media over all).

Even though the economy was the No. 1 subject, cable spent less time (17%) covering it than any other media sector except for network television not including PBS’ NewsHour (also at 17%).
Cable news was far more focused on U.S.-centric news than any other media sector. Fully 82% of cable’s coverage was about U.S. domestic topics, compared to 74% for the media over all. At the same time, cable offered the least amount of international news not focused on the U.S. Only 3% of cable’s newshole was devoted to foreign news not directly related to the U.S., which was less than half the amount of newshole devoted to such topics in any other sector.

The major cable networks differed in the amount foreign news offered. CNN devoted 23% to foreign news (18% to U.S.-involved events and 5% strictly foreign). Fox News devoted 18% (15% U.S.-involved and 4% non-U.S.). MSNBC devoted the least, 13%, (11% U.S.-involved and 2% non-U.S.). During the week following the July 16 bombings of hotels in Jakarta, Indonesia, for example, CNN spent 5% of its newshole on the topic. MSNBC and Fox News each barely even mentioned it in the hours studied.

The subject matter of daytime cable news is significantly different from the nighttime news shows. Part of this is a function of when news happens. Fully 20% of daytime was devoted to coverage of live events, compared with 1% at night. About 19% was made up of live reports from correspondents, compared with 9% at night. Yet some of it is simply story choice. Evening cable is more focused on politics (10% vs. 6% during the day), while daytime spent more time on the economy (12% vs. 9%) and crime (9% vs. 6%).

Despite their differences in approaches, the basic menu of the top subject matter covered on the three cable channels was relatively similar. The list of the top five subjects covered by each of the channels was the same, although the order for each network was different. All three networks gave more attention to the economy, health care, the Obama administration, Afghanistan and terrorism than any other topics over the course of the year. All of these stories have clear political components that lend themselves to the round-table discussions that characterize much of cable news coverage.

Despite the similarities concerning the top subjects among the three channels, MSNBC did serve as an outlier from the other two channels in two significant ways. MSNBC spent far more time than its rivals on the health care debate (20%), almost twice as much as Fox News (11%) and significantly more than CNN (8%). At the same time, MSNBC’s editorial priorities shift far more sharply from daytime to prime time, which cannot be said of either CNN or Fox News.

Network

In 2009, news coverage provided by traditional broadcasters (ABC, NBC, CBS and PBS) reflected a number of patterns we have noted in previous years. There tends to be greater news priority differences between morning and evening network newscasts than among the commercial networks themselves. And PBS’ nightly NewsHour program tends to offer a different news menu than that of the commercial networks.

Over all, there was little difference in the news agenda among the three commercial broadcast networks (ABC, CBS and NBC), in either the morning or the evening. In the morning, eight of the top ten stories were the same for all networks, and each network devoted virtually the same amount of combined airtime to these stories — 37% on NBC, 39% on ABC, and 38% CBS. In the evening, nine of the top ten stories were the same on all three networks, consuming an even greater percentage of the total newshole — 44% on NBC and on ABC, and 47% on CBS.
There was, however, somewhat more diversity demonstrated by the editorial priorities between morning and evening network news broadcasts. For example, coverage of the Michael Jackson story was higher on all three morning shows than on their evening counterparts. Both the economy and Afghanistan were bigger stories on the evening newscasts than on the morning programs. The health care debate, though, was one issue that received nearly equal coverage in the morning and the evening across all three commercial networks. Finally, one area of news coverage in particular stands out. On morning television, crime was a much bigger topic, accounting for 12% of the news hole compared with only 5% on the evening newscasts. Much of this attention focused on a handful of stories. The recovery of kidnapping victim Jaycee Dugard, Bernard Madoff’s massive Ponzi scam, attacks by Somali pirates, the arrest of the “Craiglist killer” and the murder of Yale graduate student Annie Le — accounted for nearly 40% of all the news hole devoted to crime.

Compared to the national media over all, the three commercial newscasts stood out for spending less time on two of the year’s top ten stories — domestic terror and the health care debate in Washington. Network evening news coverage of domestic terror issues (2% of news hole) was only half that of the media over all (4%), and a third of the attention given by cable at 6%. Similarly, the three network evening newscasts devoted 5% of their time to the national debate over health care, notably less than the media over all (9%), and less than half as much as cable news (13%). At the same time, the three network evening newscasts, which traditionally have a significant focus on medical issues, put the swine flu pandemic story in the top five, devoting about double the amount of news hole (4%) as the media over all (2%) and more than three times the attention paid to this public health crisis by cable evening programs (1%). For example, in the month of October alone, as swine flu spread rapidly throughout the country and President Obama declared H1N1 (the correct designation to the misnamed swine flu) to be a national emergency, the evening networks aired a total of 71 stories about the pandemic, consuming 12% of their overall newshole.

The PBS NewsHour continued to stand out among the network programs for its significantly greater attention to international stories and events that did not directly involve the U.S. These types of stories accounted for 13% of the PBS news hole, roughly double that of the three commercial evening networks (8%). The NewsHour regularly devoted about twice as much airtime as its commercial evening counterparts to storylines about Iran, Afghanistan, the Israeli-Palestinian conflict, Pakistan and China. On the domestic side, PBS devoted more than twice as much attention to the health care debate (11% of news hole) as the three commercial networks (5%). Not only was there more attention to health care, but the focus was different as well. The NewsHour devoted roughly twice as much airtime to efforts to describe specific components of plans (32%) as did the commercial network programs (17%).

Radio

Viewed as a broad media sector, the news agenda on radio would appear to track closely with that of the media over all, with the exception of the health care debate, which received more attention on radio — and by a wide margin. But these numbers mask big differences in the character of content offered respectively by the three distinct segments contemporary radio news and information content today — public radio, talk radio and syndicated radio news headlines. PEJ examines these three segments by studying content from National Public Radio’s Morning Edition, network headline newscasts from CBS and Mutual Radio, and some of the most popular commercial talk radio hosts in the country, both liberal and conservative. Each element of the radio sector has its own distinct character.
Public radio was the go-to media platform to learn about any non-U.S. international news or events. Nearly 21% of NPR's coverage had a foreign focus, double the number for the media over all. Only a minuscule amount of talk radio coverage had any international flavor (1%), with network headline news falling somewhere in between at 7%. Among the non-U.S. involved foreign news NPR covered in 2009 that was not covered much elsewhere were AIDS in Bolivia, farmers in India going organic, oil militants in the Niger Delta and alcohol abuse in Mongolia.

On talk radio, the health care debate was the top story. It filled 21% of the newshole compared with 9% in the media over all. That number was driven by liberal hosts such as Ed Schultz and Randi Rhodes attacking President Obama for not going far enough. They devoted nearly one-third (31%) of the airtime studied in 2009 to that subject. Conversely, the conservative radio talkers, such as Sean Hannity, Rush Limbaugh and Glenn Beck, devoted less than half that (14%) to the issue.

Talk radio, in particular, stood out for its ongoing focus in two areas. The platform devoted more than twice as much time to talking about the campaigns and elections, primarily the political fortunes of the Obama administration, as the media over all, about 11% vs. 5%. Talk radio shows also spent over 11% of their news hole on the media itself, six times the attention paid to the topic by the media over all. Much of that media-oriented coverage tends to be self-referential.

And, while sometimes these discussions touched on issues that reached the national stage — the pros and cons of the Fairness Doctrine, the crisis in the newspaper industry, whether the media had gone overboard on the Michael Jackson story — far more often these discussions involved hosts talking about themselves. Sean Hannity, for instance, promoted his Freedom Concerts. Rush Limbaugh talked about polls taken on his own popularity. Michael Savage responded at length to being barred from entering Britain by the government. Ed Schultz promoted his town hall meetings and stints on MSNBC.

Network headline news was the only radio segment in which crime stories were a top-five topic, accounting for almost 9% of total coverage, compared with 6% for the media over all. That coverage ranged from the Bernard Madoff Ponzi scam to the Somali pirates to fraudulent behavior in connection with the financial crisis and its implications.

ONLINE

Online media covered more international news than any other sector. More than one-third of the online news hole (36%) either focused on strictly international matters or on how the U.S. influenced issues on the world stage, compared with 26% in the media over all. Stories with a focus on foreign affairs directly relating to the U.S. represented 18% of the online news hole and 17% concerned matters that did not involve the U.S.

One reason for these variations is that BBC.com is among the top 12 general interest news websites in the U.S. for traffic and thus is included in this sample. However, the U.S.-based websites also gave significant attention to international events. Almost half (46%) of the leading coverage on Yahoo News, for example, featured global events. One such story was on February 12 when Yahoo News gave prominence to the Australian government's response after deadly wildfires displaced thousands of people, a story that ran nowhere else among the websites studied that afternoon. USAToday.com ran the fewest international headlines among its top stories (20%) of the websites studied.
The economy dominated the online news agenda overall. Coverage of the grave U.S. recession and economic recovery was the No. 1 story on news websites in 2009 (21%). That was about four times the coverage of the next largest story online, the health care debate (5%). Only the newspaper sector (25%) devoted more attention to the economic crisis. Great variance existed, however, among news websites with regard to news judgment. MSNBC.com (27%) and NYTimes.com (25%), for instance, gave far greater priority to coverage of the economy than did AOL News (7%).

There were sharp differences in websites when it came to the sources of information, whether from the outside or internally. At the No. 1 website in terms of traffic, Yahoo News, 99% of the news coverage studied during the year was aggregated from elsewhere, most of it from wire services. Despite its discussions about developing its own news resources, the numbers were similar at AOL News (91% of the newshole produced by others). Among cable-based websites, CNN.com was much more loyal to its own brand, with 93% of its top coverage originating internally. At Foxnews.com, slightly less than half of the coverage was internally produced (49%). And that was much greater than what was produced by MSNBC.com (20%), despite its connection to the NBC newsgathering operation. The top three newspaper websites continue to rely primarily on their own original content for their top stories, although there is some variation here, too. NYTimes.com produced 98% of its leading coverage, and WashingtonPost.com 95%. At USAToday.com the number was 72%.
Glossary

Network TV
By the Project For Excellence In Journalism

Ad bundling: The practice of selling advertising across platforms, including network, cable and online properties owned by the same company.

Bureau: an office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo. Foreign bureau is a generic term for a news office set up in a country other than the primary operations center. A Washington bureau is an office in the capital that covers news related to national politics and government in the United States.

Digital Television (DTV): Generic term that refers to all digital television formats, including high-definition television (HDTV) and standard-definition television (SDTV).

Digital Video Recorder (DVR): A digital video recorder also known as a personal video recorder. A DVR or PVR records broadcasts on a hard disk drive that can then be played back at a later time in a practice known as time shifting.” A DVR often enables smart programming, in which the device records an entire series or programming defined by keywords, genre, or personnel. It also offers pause control over “live” broadcasts. The DVR is frequently referred to by its leading commercial brand name, TiVo.

Fixer: a local resident who helps a foreign correspondent with reporting duties. As George Packer wrote in a September 2009 New Yorker article, that help comes in various forms:

“interpreting, finding the phone number of the Iraqi member of parliament, knowing the personal history of the Afghan battalion commander, setting up interviews, hiring a car and driver, figuring out where to get food on a long drive in the desert, dispensing political analysis and cultural insight and — sometimes most importantly — security advice, about this or that contact, this or that road.”

Household ratings: the percentage measure of all U.S. television households tuned to a particular program on average at any given moment.

Lead-in: A program that immediately precedes another program on the same station or network.

Multimedia journalist (A.K.A. backpack journalist, digital journalist, one-man band, mobile journalist (“mo-jo”): A local news reporter who performs a range of tasks related to the reporting, shooting and editing of news stories for broadcast, Web or mobile content delivery. The availability and ease of use of inexpensive video cameras, laptop editing applications, and cost cutting has spurred an increase in the use multimedia journalists.

Pre-roll advertisement: A video ad that plays before the start of selected online content.

Prime time: The hours on weekdays between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen. On Sundays, the prime-time hours are 7 p.m. to 11 p.m.
Rating: A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Rating Point: A value equal to one percent of a population or universe, such as the population of a Designated Market Area.

Retransmission consent: An option granted to television stations as part of the law that granted such stations the option to elect must-carry rights. Under retransmission consent, a full-power U.S. television station may elect to negotiate with a cable system operator for carriage of its broadcast programming. A station may propose that the cable operator pay cash to carry the station or ask for any other form of consideration. The cable operator may refuse the broadcaster’s proposal and not carry the station or offer a counter-proposal. Broadcast stations have similar rights with respect to satellite television providers like DirecTV and Dish Network.

Share: The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Viewership: Collectively, the viewers of a television program.
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**Network TV**

By the Project For Excellence In Journalism

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Cable TV
By the Project For Excellence In Journalism
Summary Essay
Introduction

Maybe one of the few questions left about cable news is whether a channel attempting to build its brand around neutral reporting and balanced conversation can succeed.

The medium became noticeably more partisan in tone in 2009, adding ideological talk show hosts to prime time and shedding dissenting voices.

These programs saw audience growth ahead of more neutral programs. Whether daytime programming will follow in this direction remains unclear. MSNBC experimented with a themed, personality-driven daytime schedule in 2009, only to revert to a more traditional news style in early 2010.

In one key demographic — 25-to-54-year olds — CNN fell behind a more ideological MNSBC in prime time audience, a prospect unthinkable even two years earlier. For the first time in years, CNN also cut back on newsgathering, its primary competitive advantage over its rivals.

And Fox, whose talk show hosts promote a populist brand of conservatism, further distanced itself from the competition. Its prime-time viewership was nearly bigger than both CNN’s and MSNBC’s combined. It has almost erased CNN’s advantage in “cume,” the number of viewers it draws from over the course of a month.

Fox surpassed CNN in profit and revenue, as well, and was closing in fast in the amount it can charge for advertising per thousand viewers, after years of having to discount the price of its ads. This is all the more striking given that CNN’s figures include those of its sister channel, HLN. Even farther behind these channels was MSNBC, whose profits and revenues were half that of CNBC’s, the other news channel owned by NBC Universal.

One place where CNN still leads Fox is online. But although Foxnews.com attracts significantly fewer unique visitors per month than its cable news rivals, its audience tends to be the most loyal (for more on this, see News Website Audiences).

What is less certain is whether cable news, like talk radio, will be a conservative-dominated medium. More than half of people watching cable news at any given moment are watching Fox, a share that more and more is mirroring the audience for conservative versus liberal talkers on radio.
How much of that is now baked into the medium, or reflects a boost in opinion journalism to the party out of power, is yet to be sorted out. MSNBC’s role as a left-leaning prime time channel, a mirror image of Fox, is clearer now than it was even when the election of 2008 was under way.

The Medium as a Whole

It was not taken for granted that the cable news industry would grow in a recession, especially in the letdown year after the boost of an extraordinary made-for-TV election year.

But taken as a whole, the medium gained in 2009 across a spectrum of indicators.

Median prime-time viewership rose 7% to 3.88 million — and daytime grew even more, up 16% to 2.16 million.

Profits were up 9% to $1.16 billion on revenues that rose by 5% to $2.76 billion.

The amount the channels spent on newsgathering, salaries and administrative costs was up slightly — 3% — to $1.6 billion.

Web traffic remained high. According to two of the top Web measurement companies, Hitwise and Nielsen Online, the websites of the three major cable news channels were among the most popular news and information sites for the year.

The only place where things have hit a ceiling is in the total universe of viewers. All three channels saw their average monthly “cume” audience figures fall, a sign that the medium may have reached a point where the only growth it can register is persuading viewers to tune in more often or to watch its video content on other platforms. Partly as a result, as with the Web, success with audiences is marked by deeper engagement. By this measure, Fox has the advantage, certainly online with “time spent viewing.” And on television, the channel’s ratings lead indicates that it can attract a greater number of reliable “appointment” viewers to its programs.

That may explain why talk shows are even more likely to be the wave of the future. Data from surveys about where people go for their national and international news suggest that the Internet has already captured cable. If cable has lost its place as the go-to destination for breaking news, talk shows — with their ability to draw people day in and day out at lower cost — may have a logic irresistible to those watching the bottom line.

But the nature of this format, for some, has called into question the accuracy of the label “24-hour news channel.” Television news analyst Andrew Tyndall claims that “the innovation in 2009, for the cable news channels, was to add non-journalism to their mix.” Tyndall points to the shift away from analysis into outright advocacy as granting plausibility to the comment by White House communications director Anita Dunn that Fox News Channel “often operates as either the research arm or the communications arm of the Republican Party… Let’s not pretend they are a news organization like CNN is.”

In response to the White House’s charges, the News Corp. president, Chase Carey, said, “I do think Fox is quite comfortable where it is.”

An Ideological Medium

The strongest ratings and ratings growth were on ideological programs.
Glenn Beck was up 96% from the year before in Fox’s 5 p.m. time slot. The O’Reilly Factor, the top program in cable, was up 16% to an average of 3.3 million viewers. The Rachel Maddow Show ended the year with 13% higher viewership than in the year before. Perhaps the one exception to this pattern was Lou Dobbs, whose viewership was down 25% for the year before he left CNN.

But over all, these audience figures seemed to reward what had become a clear branding strategy at the channels.

Program executives made hosting decisions that reflected the channels’ identities. At Fox, Beck began hosting the 5 p.m. program after being hired in late 2008. Sean Hannity lost his long-time counterpart, and liberal foil, when Fox chose to put on his evening talk show without Alan Colmes in January 2009. MSNBC in April unveiled The Ed Show, hosted by Ed Schultz, a left-leaning radio broadcaster in the rhetorical tradition of the conservative Rush Limbaugh. The most notable change in CNN’s lineup came in November when the channel parted ways with Dobbs, who had hosted the lone opinion-driven news program in CNN’s evening lineup, and replaced him with the more politically neutral John King.

The tone of cable news content seemed to mirror this ideological alignment. The partisan gap that showed itself during the 2008 election season continued into 2009, at least when it came to cable’s coverage of the new Obama administration. A PEJ study of the first 100 days found that the majority of Obama stories on Fox were clearly negative in tone. It was the only outlet studied where that was the case. On MSNBC, the majority of stories were clearly positive in tone. It was the only outlet studied other than Newsweek where that was the case. In that respect, the two channels offered divergent images of Obama. CNN, meanwhile, mirrored the rest of the mainstream news media in the tone of its coverage.

“I’m not a journalist,” Glenn Beck said in a June 2009 interview with GQ. “If I wanted to be a journalist, I would be Charlie Rose and bore the snot out of people and have fourteen people watching me.” 6 Bill Shine, senior vice president of programming at Fox, said that Beck’s viewers would “see some sides of an issue that they won’t see elsewhere.” 7 After bowing to criticism and removing the liberal hosts Keith Olbermann and Chris Matthews from covering the election, MSNBC brought them back on for the presidential inauguration. “Our guys do have a point of view in prime time, but they base everything on research and facts and they’re smart,” said MSNBC president Phil Griffin. 8

CNN, for its part, called out its competition and tried to distinguish itself as the channel with journalistic integrity. Referring to his channel’s competitors, CNN president Jon Klein said, “They are in a completely different business than we are. We are not putting out the same product as they are. And we shouldn’t be compared to them on that account.” 9

Boom Times for Fox

For all of the negative attention it got, by the numbers, CNN’s story is not entirely bleak. With regard to audience, CNN was all over the map.

Its prime-time viewership was down 15% to an average of 891,000. 10 But in daytime, the channel was up 9% to an average of 621,000 viewers. On the Web, unique audience registered a slight up-tick of 4% growth, according to Nielsen.

Financially, CNN and HLN remained static, not necessarily a bad thing given the challenges facing other media in 2009. Profits (up 1% to $475.5 million) and revenues (down 1% to $1.18 billion) were basically flat, as was overall news investment (down 2.5% to $703.4 million). 11
By contrast, Fox achieved growth across nearly all key metrics. Its audiences were up by nearly a quarter in both prime time (2.13 million viewers) and daytime (1.2 million viewers). Its profits (up 19% to $534.8 million) and revenues (up 14% to $1.21 billion) grew substantially. The channel’s news investment was up 10% to $674 million.

There were moments when Fox’s style of news looked as if it could hurt the channel. When Beck suggested that President Obama was racist, a number of key advertisers promptly removed their commercials from his program. Fox countered that the impact of these removals was “revenue neutral,” because the ads were placed elsewhere in the channel’s schedule.

Another sign that, so far, Fox has not alienated its key revenue source is in the advertising value of its viewers. The gap continued to narrow between the ad value placed on Fox viewers compared to CNN viewers. CNN’s CPM — the cost per thousand viewers for a 30-second ad — has always been higher than Fox’s. But even here, Fox had gains. Since 2001, the first year for which there are data on Fox, the channel’s CPM has increased more than threefold to $3.97. The CPM at CNN/HLN, the longer-established channels, has increased by only 21%, even though it remains ahead of Fox in dollar amount at $5.81.

As for MSNBC, the median audience for its prime-time programming, now filled with liberal talk shows, rose 3% to 786,000 for the year. Its daytime audience, when it relies more on news from NBC, fell 8% to 325,000. Financially, the mixed audience results helped keep things flat. Profits rose 1% to $149.6 million, on revenues that were similar, up less than 1% to $368 million. As a consequence, MSNBC is expected to have spent roughly the same amount, $217.9 million, on newsgathering in 2009 as a year earlier.

One question is whether the ideological branding that appears to work in prime-time cable television somehow didn’t blend well with the more neutral personality of the website.

Does all of this mean that cable news is destined to be not only ideological, but also a fundamentally conservative and personality-driven medium — like talk radio?

It may be too soon to tell. While Fox has thrived for several years, the leading news channel in prime time since 2002, the segregated cable landscape of liberal, conservative and non-ideological channels is relatively new. It is possible that if the Republican Party was in power, MSNBC would experience an audience boost closer in percentage to the one that Fox enjoyed.

There were hints in 2009 that the key to attracting a loyal audience had less to do with attacking a liberal target and more to do with simply going on the attack.

Perhaps this was behind MSNBC’s stability in prime time, where it was up 3% in median viewership. In the coveted 25-to-54-year-old group, the channel for the first time surpassed CNN in viewers, averaging 284,000, compared to CNN’s 264,000.

One might have expected MSNBC’s prime-time viewership to suffer without the Bush administration in office to criticize. But the channel adapted by channeling the voice of the political left, criticizing the Obama administration for not being progressive enough on issues like health care and foreign affairs. A healthy dose of outrage — or “pushing back on the president,” as Chris Matthews’ program tagline reads — may have bolstered the channel in 2009.
A Future for Cable News

Although it was a robust year for cable, there are signs that the medium has reached a point of maturity.

Will cable audiences continue to grow in the future? Projections are that, over all, there is only minimal room to grow in terms of households accessing cable television. Cable systems are expected to continue to add about 3 million households per year, the same as in recent years. So as the channels look for revenue growth, subscriber fees — one of two key revenue streams — are projected to flatten in the long term. Even with rate increases taken into account, analysts forecast that by 2012, license fee revenues will fall below advertising, the second revenue source.

With cable news, at least one audience measure indicates that the universe of people tuning in is shrinking. The cumulative audience, or cume, was down in 2009 at each of the three channels. At Fox, it was down 2%, at CNN, 9%, and at MSNBC, 16%. So while the number of loyal evening “appointment” viewers is up, the overall number of people who tune into a channel at all — even for just a few minutes — is down.

One of the factors behind this audience “ceiling” may be the growth of the Web, including social media platforms like Twitter, as the destination for breaking news.

Another way the Internet may pose a challenge for cable is in the accessibility of free content that has so plagued the bottom lines in other news sectors. Websites like hulu.com have made it possible to view clips from cable news channels online free. In addition, Fox, CNN and MSNBC post clips and live streaming content to their websites. New applications for mobile devices have made it possible for news consumers to view this ad-supported content — free, on the go.

What is the industry doing to prevent becoming a casualty of the digital media landscape?

One tactic is being applied at the corporate level. Led by a cable provider, Comcast, a new service was established in 2009 to establish a pay wall, in which only paying cable customers would be able to access programming online. The Comcast model, known in the industry as TV Everywhere, represents at least a symbolic effort to challenge alternatives like hulu.com. Under the Comcast effort, paying cable customers can access content online after entering through a password-protected screen.

A second tactic is to invest in the Web. In 2009 CNN was the leader among the three cable news brands according to Hitwise, one of the major Web audience measurement companies. Its site, CNN.com, was relaunched in the fall, and registered even more traffic in the months following.

Another tactic is shaping the identity of cable news in such a way as to provide a product that is unique enough to retain its value. Turning prime time into a talk-and-opinion-driven format has long been the most obvious manifestation of this. And although similar programs appeared outside of prime time in 2009, including The Ed Show and Glenn Beck, it is unclear whether daytime cable news will shed the more traditional newscast.

If cable news is no longer the first place people turn to for updates on breaking news, it must meet another need of the news consumer. Fox and MSNBC have bet heavily on the notion that they can provide opinions on the political events of the day. CNN has bet that it can meet that need with its HLN brand, while maintaining its own niche as a news-gatherer for major world events.
This may or may not be enough to carry CNN. The audience spikes the channel enjoyed during key moments in the 2008 presidential race were met with a reality in 2009: During the weeks of the shootings at Fort Hood and the earthquake in Haiti, CNN's coverage was not enough to keep Fox News out of first place.

Footnotes
1. There are eight talk radio hosts — all conservative — who attract at least 6.25 million unique listeners each week, according to Talkers Magazine. (Weekly Monday-Sunday cumulative estimates, ages 12+, provided by Arbitron).
2. The Pew Research Center for the People & the Press
3. Personal communication with Andrew Tyndall, January 14, 2009
4. Reliable Sources, CNN, October 11, 2009
10. Viewership data are provided by Nielsen Media Research and used under license.
11. CNN economic figures are combined with its sister channel, HLN. All economic data provided by SNL Kagan, a division of SNL Financial LLC.
The year 2009 brought overall economic growth to the cable news industry, further distinguishing this sector from the travails faced by other media platforms.

<table>
<thead>
<tr>
<th>Channel</th>
<th>2009 Profit</th>
<th>2009 Total Revenue</th>
<th>2009 Ad Revenue</th>
<th>2009 Subscriber Revenue</th>
<th>2008 CPM for 30-second ad</th>
<th>2009 Average Monthly Subscriber Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN &amp; HLN</td>
<td>$475.5 million (+1%)</td>
<td>$1.18 billion (-1%)</td>
<td>$513.4 million</td>
<td>$578.8 million</td>
<td>$5.81</td>
<td>$0.48</td>
</tr>
<tr>
<td>Fox News</td>
<td>$534.8 million (+19%)</td>
<td>$1.21 billion (+14%)</td>
<td>$622.9 million</td>
<td>$569.5 million</td>
<td>$3.97</td>
<td>$0.49</td>
</tr>
<tr>
<td>MSNBC</td>
<td>$149.6 million (+1%)</td>
<td>$367.5 million (+&lt;1%)</td>
<td>$183.6 million</td>
<td>$180.2 million</td>
<td>$3.33</td>
<td>$0.16</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC. All figures are estimates, and figures for 2009 are projections.

But as in audience, there were big differences among the channels. For the first time, Fox News was clearly on top.

While all three cable news operations — CNN (whose finances are combined with HLN), Fox News, and MSNBC — were projected to increase their profits, at CNN and MSNBC the gains were a negligible 1%. Only Fox was projected to increase total revenues, and to do so substantially.

In further signs that Fox was eclipsing CNN as the economic powerhouse of cable news, a role CNN held for years even after being eclipsed in ratings, Fox showed gains in all economic indicators for the cable industry except for CPM, the amount it charges advertisers, per thousand viewers, for each 30-second ad. Fox was projected to again outpace CNN in advertising revenue, but also to eclipse it for the first time in profit and in the average license fee per subscriber.

MSNBC had a steady year but showed no hints of posing a threat to either of its rivals anytime soon. Even CNBC, its sibling business channel with a smaller but more affluent audience, was more than twice as profitable as MSNBC. (For more on CNBC, see Specialty Channels.)
Cable News Profitability by Channel
1997-2009

Design Your Own Chart
Source: SNL Kagan, a division of SNL Financial LLC. CNN figures include HLN; all figures are estimates.

Profits
Cable news was expected to be a robust business in 2009, despite — or perhaps partly because of — the U.S. recession.

SNL Kagan, a leading financial research firm, estimated that the pretax profits of the major cable news channels combined would grow 9% to $1.16 billion in 2009, up from $1.07 billion in 2008.
The projections are periodically revised, and the figures in this study reflect those that were issued in October 2009.

Fox News was expected to lead not only in percentage growth, but also in total profit in 2009, according to SNL Kagan, the leading provider of economic data for the cable industry. There have been years when analysts erroneously projected that Fox would eclipse CNN/HLN’s profits. Indeed, CNN Worldwide President Jim Walton stated in December that profits would be up “double digits” for the year—a stronger growth estimate than that made by SNL Kagan. But the firm projected that FOx would exceed CNN/HLN in 2009 by $59 million—the biggest difference since SNL Kagan began tracking the channels.

Even if Walton’s estimates prove accurate, it appears more likely that Fox will have maintained its edge in total profits for the year.

- CNN, whose figures include HLN, was expected to increase its profits by just 1% to $475.5 million in 2009, up from $470.3 million in 2008.
- Fox News was expected to increase its profits by 19% to $534.8 million in 2009, up from $450.8 million in 2008.
- MSNBC was expected to increase its profits by only 1% to $149.6 million in 2009, up from $148.1 million in 2008.

<table>
<thead>
<tr>
<th>Channel</th>
<th>2008 Projected</th>
<th>2008 Revised (difference)</th>
<th>2009 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN &amp; HLN</td>
<td>470.2</td>
<td>470.3 (+0.1)</td>
<td>475.5</td>
</tr>
<tr>
<td>Fox News</td>
<td>447.4</td>
<td>450.8 (+3.4)</td>
<td>534.8</td>
</tr>
<tr>
<td>MSNBC</td>
<td>135.4</td>
<td>148.1 (+12.7)</td>
<td>149.6</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC
Note: Numbers are estimates. Projections for the year 2008 were originally published in March of that year, but revised in December, while projections for 2009 arrived in October of that year.

Revenues

In a year when many businesses had declining revenues, Fox News stood out for its strong growth. CNN and MSNBC remained basically flat, although that is still not such a bad thing in an environment where some media companies had great losses.

- CNN, along with HLN, was expected to decrease total revenues 1% to $1.18 billion in 2009, down from $1.19 billion in 2008.
- Fox News was expected to increase its revenue 14% to $1.21 billion in 2009, up from $1.06 billion in 2008.
- MSNBC was expected to increase its revenue by less than 1% to $368 million in 2009, up from $367 million in 2008.
Cable News Revenue (Estimated)

2008 vs. 2009, in Millions of Dollars

<table>
<thead>
<tr>
<th>Channel</th>
<th>2008 Projected</th>
<th>2008 Revised (difference)</th>
<th>2009 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN &amp; HLN</td>
<td>1,197.7</td>
<td>1,191.7 (-6)</td>
<td>1,178.9</td>
</tr>
<tr>
<td>Fox News</td>
<td>1,058.5</td>
<td>1,061.9 (+3.4)</td>
<td>1,208.8</td>
</tr>
<tr>
<td>MSNBC</td>
<td>346.6</td>
<td>366.6 (+20)</td>
<td>367.5</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC

Revenue Streams

Cable’s dual revenue streams — advertising and subscriber fees — provided them relief from the ad declines bedeviling other media. For CNN and MSNBC, subscriber fees, which cable providers pay the channels, cushioned the blow of decreased advertising revenues. For Fox, growth in both subscriber and advertising revenues put it in a much stronger financial position than the other channels. (For more on the two revenue streams of cable, read the backgrounder.)

Cable News Revenue Streams (Estimated)

Design Your Own Chart

Source: SNL Kagan, a division of SNL Financial LLC

CNN figures include HLN
Each of the two streams counts for about half of the total revenues to cable news channels. Subscriber fees were projected to total $1.3 billion in 2009, as was advertising revenue. In general, each stream makes up about half of a channel's total revenue.

Subscriber Revenues

The year 2009 marked the first time that Fox News was expected to pass CNN in the average monthly revenue per cable subscriber. MSNBC would continue to receive a much lower fee than either of the other channels.

In total subscriber revenue, though, CNN continued to beat Fox News by a small margin. This is largely due to the fact that CNN is available in slightly more households than Fox. If each of the channels were available in the same number of households, then Fox would probably have the edge in total subscriber revenue. And if its subscriber fees — also known as license fees — continue to increase sharply, as they have in recent years, the channel will soon beat CNN in subscriber revenue whether they are in more homes are not.

- CNN, along with HLN, was projected to increase its subscriber revenue 5% to $579 million in 2009, up from $550 million in 2008. Its average subscriber fee was expected to rise to 48 cents per subscriber, up from 47 cents.
- Fox News was projected to increase its subscriber revenue 19% to $570 million in 2009, up from $478 million in 2008. Its average subscriber fee was expected to rise to 49 cents per subscriber, up from 42 cents.
- MSNBC was projected to increase its subscriber revenue 6% to $180 million in 2009, up from $171 million in 2008. It was expected to raise its average subscriber fee to 16 cents per subscriber, up from 15 cents.

Fox News' gains in subscriber revenues are the result of contract negotiations with cable systems that are finally coming to fruition. Fox's success in those negotiations is a reflection of the channel's ratings surge over recent years (see Audience for more). For more discussion of the efforts of News Corp., Fox's parent, to attract this type of revenue for its broadcast operations in 2009, see the Network TV chapter.
Early 2009 brought with it concerns of a new vulnerability for cable TV. With improvements in the quality and accessibility of online videos, and the success of free video websites such as hulu.com, and the improved clarity of broadcast television signals after the change from analog to digital, might some consumers cancel their cable subscriptions? The deepening recession seemed to suggest that this was a likely outcome.

Yet the most recent projections by SNL Kagan actually showed growth in 2009, in both number of cable subscriptions and subscription revenues.

It could be that with the recession, at-home television viewing is seen as a cheap — and therefore preferable — alternative to other forms of entertainment.
Nevertheless, the Sanford C. Bernstein research group conducted a poll that found that 35% of people who watch video online said they might cancel their cable subscriptions within five years. And if an a la carte pricing model were to replace the current packaged system, the cable business model could be upended.

Not coincidentally, Comcast launched Fancast Xfinity TV, an online service for its subscribers, in December. The service allows subscribers to watch cable TV content online after authenticating their identity as paying customers. Fancast is the first official portal to launch based on the TV Everywhere concept, and could protect cable license fee revenues. According to SNL Kagan Analyst Derek Baine, it is likely that nearly all multichannel providers, including satellite companies, will adopt this model.

Advertising Revenues

When it came to the second part of cable revenue, advertising, Fox News was expected to extend its lead over CNN for a second year. It was projected to be the only news channel to generate more revenue in 2009 than in 2008. CNN, however, kept its hold on one part of the equation: rates advertisers pay based on a cost per thousand viewers (CPM). MSNBC remained in third place in both CPM and overall ad revenues.

The mixed results in terms of advertising revenue point to a challenging economic climate in which the car and financial industries, two big sources of advertising, — were hard hit. The fact that things were not worse suggests that the channels took an aggressive approach to replace some of these sources of advertising with others.

<table>
<thead>
<tr>
<th>Channel</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN &amp; HLN</td>
<td>412.8</td>
<td>445.9</td>
<td>359.8</td>
<td>399.2</td>
<td>317.4</td>
<td>375.9</td>
<td>399.0</td>
<td>434.0</td>
<td>556.3</td>
<td>513.4</td>
</tr>
<tr>
<td>Fox News</td>
<td>51.2</td>
<td>59.9</td>
<td>109.8</td>
<td>208.6</td>
<td>257.0</td>
<td>345.3</td>
<td>388.3</td>
<td>460.1</td>
<td>567.6</td>
<td>622.9</td>
</tr>
<tr>
<td>MSNBC</td>
<td>138.8</td>
<td>115.7</td>
<td>98.4</td>
<td>113.1</td>
<td>111.0</td>
<td>106.4</td>
<td>116.6</td>
<td>137.4</td>
<td>192.7</td>
<td>183.6</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC
*Note: Net Ad Revenue refers to revenue generated after discounting the commission that goes to advertising agencies. Figures for 2009 are projections.

- CNN and HLN’s advertising revenue were projected to drop 8% to $513 million in 2009, down from $556 million in 2008.
- Fox News was projected to increase its advertising revenue by 10% to $623 million in 2009, up from $568 million in 2008.
- MSNBC’s advertising revenue was projected to drop 5% to $184 million in 2009, down from $193 million in 2008.
As for the rates charged for those ads, CNN still has an edge. In 2008, the latest year for which there are data, advertisers had to pay CNN $5.81 per thousand estimated viewers per 30-second advertisement, while they paid Fox $3.97, and MSNBC $3.33. All of these figures are down slightly from 2007.

CNN maintains that it is more valuable to advertisers because, when all its platforms are included, it has wider reach than all broadcast and cable networks. Greg D’Alba, the executive vice president of CNN ad sales, points to Nielsen TV/Internet Fusion data as well as cume to support that argument. 4

Part of what buoyed CNN was HLN’s warm reception among big-name advertisers, who took notice of HLN’s ratings surge in 2009 (CNN and HLN revenues are tallied together). First-time advertisers include Subway and Pepsi. Other advertisers that had left HLN returned to the channel. 5

<table>
<thead>
<tr>
<th>Cable Channel</th>
<th>CPM ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESPN</td>
<td>15.27</td>
</tr>
<tr>
<td>Golf Channel</td>
<td>11.12</td>
</tr>
<tr>
<td>MTV</td>
<td>10.72</td>
</tr>
<tr>
<td>Bravo</td>
<td>10.21</td>
</tr>
<tr>
<td>Comedy Central</td>
<td>7.46</td>
</tr>
<tr>
<td>CNN</td>
<td>5.81</td>
</tr>
<tr>
<td>TLC</td>
<td>5.78</td>
</tr>
<tr>
<td>Weather</td>
<td>4.61</td>
</tr>
<tr>
<td>E!</td>
<td>4.32</td>
</tr>
<tr>
<td>Lifetime</td>
<td>4.13</td>
</tr>
<tr>
<td>Fox News</td>
<td>3.97</td>
</tr>
<tr>
<td>MSNBC</td>
<td>3.33</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC

If Fox continues to gain in both total viewers and ads, the effect of a lower rate will continue to diminish.

There were some questions in 2009 about the effect on advertisers of partisan-sounding rhetoric on Fox News. Glenn Beck in July raised a stir with some comments he made about President Obama. As a result, some companies moved their ads from Beck’s program to others on Fox.

Among those who moved their ads from Beck’s program were ConAgra, Procter & Gamble, Geico and Sprint, some 33 in all.
Why the pullback in advertising, especially when Beck brings so many viewers? Clorox issued a statement: “We do not want to be associated with inflammatory speech used by either liberal or conservative talk show hosts.”  

Fox News stated that these companies “have redistributed to other programming on the network, so there has been no revenue lost.” There is no evidence that it harmed Fox’s financial situation.

Footnotes
1. All profit estimates in this chapter are pre-tax.
2. The fee collected by the cable channel differs from system to system.
4. Personal communication with SNL Kagan analyst Derek Baine, January 4, 2009

News Investment

CNN, which struggled with ratings in 2009, was projected to cut back its spending on the news for the first time since analysts began tracking it in 1996. MSNBC was projected to stay at 2008 spending levels. Only Fox News was projected to add to its editorial expenses, and by a wide margin, too, creeping closer than ever to CNN’s levels.

CNN’s cutbacks ran across several different areas. It closed two units, ended its online TV channel, and failed to fully staff its 10 all-platform journalist positions.

MSNBC, which draws on the resources of NBC News, increased its staff, but kept its already small budget where it was a year earlier.

Fox's growth, on the other hand, was fueled mostly by multimillion-dollar salary contracts that materialized in 2009, as well as adding staff internationally.

Newsroom spending

Fox’s robust spending increases in 2009 were enough to produce slight growth in the combined cable investment in news.
The three channels' combined expenses were projected to increase 2.8% to $1.6 billion in 2009, up from $1.55 billion in 2008.

CNN/HLN was projected to decrease spending 2.5% to $703.4 million, down from $721.5 million in 2008.

Fox News was projected to increase spending 10.3% $674 million, up from $611.1 million in 2008.

MSNBC was projected to keep spending flat at $217.9 million, compared with $218.5 million spent in 2008.

Cable News Total Spending*

2008-2009, in Millions of Dollars

<table>
<thead>
<tr>
<th>Channel</th>
<th>2008 Projected</th>
<th>2008 Actual</th>
<th>2009 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN/HLN</td>
<td>763.9</td>
<td>721.5</td>
<td>703.4</td>
</tr>
<tr>
<td>Fox News</td>
<td>621.7</td>
<td>611.1</td>
<td>674.0</td>
</tr>
<tr>
<td>MSNBC</td>
<td>203.8</td>
<td>218.5</td>
<td>217.9</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, a division of SNL Financial LLC

*Note: Includes programming as well as general/administrative expenses
To see how this money is spent, it is useful to break down the resources inside each channel.

CNN has the most bureaus, biggest staff, and largest newsgathering infrastructure of the three. Its general and administrative costs were projected to be $400.9 million in 2009, or 57% of the channel’s budget. Programming expenses — which typically include investments tied to specific programming and taking in host salaries — were projected to be $302.7 million, or 43% of the channel’s budget in 2009.

Fox’s programming expenses, on the other hand, account for much more of their overall spending — 72%, or $486.2 million, in 2009, according to projections. Its general and administrative expenses, or newsgathering infrastructure, are projected to account for 28%, or $187.8 million.

MSNBC, drawing on the newsgathering resources of NBC News, has a relatively small budget of its own — only 35% to 40% of that of its competitors. Like Fox, MSNBC’s greatest strengths in terms of ratings and advertising potential come from its popular prime-time, host-driven programs. Its programming expenses were projected to be 78% ($170.3 million) of the channels total spending in 2009. Its general and administrative expenses were projected to be $47.6 million, or 22% of the budget.

Newsroom Staffing

Over all, cable news staffing levels in 2009 remained on track with the prior year. CNN remained the leader in sheer newsroom numbers and total bureaus, with more than three times as many staff as Fox and more than double the number of bureaus. But there were scattered signs that the channel was pulling back. Fox News continued to spend on its marquee hosts and contributors. MSNBC appeared to do the same, though with a lower budget.

<table>
<thead>
<tr>
<th>Cable News Staffing (Self-Reported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN/HLN</td>
</tr>
<tr>
<td>Total staff (2008) 4,000</td>
</tr>
<tr>
<td>Total staff (2009) 4,000</td>
</tr>
<tr>
<td>Bureaus (2008) 46</td>
</tr>
<tr>
<td>Bureaus (2009) 47*</td>
</tr>
<tr>
<td>Fox News</td>
</tr>
<tr>
<td>Total staff (2008) 1,200</td>
</tr>
<tr>
<td>Total staff (2009) 1,200</td>
</tr>
<tr>
<td>Bureaus (2008) 17</td>
</tr>
<tr>
<td>Bureaus (2009) 20</td>
</tr>
<tr>
<td>MSNBC</td>
</tr>
<tr>
<td>Total staff (2008) 600</td>
</tr>
<tr>
<td>Total staff (2009) (Unavailable)</td>
</tr>
<tr>
<td>Bureaus (2008) 17</td>
</tr>
<tr>
<td>Bureaus (2009) 16**</td>
</tr>
</tbody>
</table>

*CNN calls its bureaus “editorial operations/bureaus”
**MSNBC shares bureau resources with NBC News. In addition to its 16 bureaus, the channel reports that it has three fixers — local guides for traveling reporters. The channel declined to provide staffing numbers in 2009.
The cable news channels do not report their bureau lists according to a uniform standard. CNN calls its bureaus “editorial operations/bureaus” and includes its new all-platform journalists among them. Fox News counts three individual reporters based in different cities among its list of bureaus. MSNBC, which shares the resources of NBC News, utilizes NBC bureaus. NBC includes fixers along with actual bureaus in its list.

Nevertheless, in 2009, CNN maintained more than twice the number of these operations as its two competitors. These bureaus also support CNN International.

### Cable News Bureaus

<table>
<thead>
<tr>
<th>Domestic Bureaus 2009</th>
<th>Foreign Bureaus 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN/HLN</td>
<td>CNN/HLN</td>
</tr>
<tr>
<td>Atlanta</td>
<td>Abudhabi</td>
</tr>
<tr>
<td>Boston</td>
<td>Amman</td>
</tr>
<tr>
<td>Chicago</td>
<td>Baghdad</td>
</tr>
<tr>
<td>Dallas</td>
<td>Bangkok</td>
</tr>
<tr>
<td>Denver</td>
<td>Beijing</td>
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<tr>
<td>Los Angeles</td>
<td>Beirut</td>
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<td>Miami</td>
<td>Berlin</td>
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<td>Minneapolis</td>
<td>Bogota</td>
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<td>New Orleans</td>
<td>Buenos Aires</td>
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<tr>
<td>New York</td>
<td>Cairo</td>
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<td>Orlando</td>
<td>Chennai</td>
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<td>San Francisco</td>
<td>Dubai</td>
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<td>Seattle</td>
<td>Havana</td>
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<td>Washington</td>
<td>Hong Kong</td>
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<td>Islamabad</td>
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<td></td>
<td>Istanbul</td>
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<td>Jakarta</td>
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</tbody>
</table>

|                       | Jerseyom              |
|                       | Jerusalem             |
|                       | Kabul                 |
|                       | Lagos                 |
|                       | London                |
|                       | Madrid                |
|                       | Mexico City           |
|                       | Moscow                |
|                       | Mumbai                |
|                       | Nairobi               |
|                       | New Delhi             |
|                       | Paris                 |
|                       | Paris                 |
|                       | Rome                  |
|                       | Santiago              |
|                       | Seoul                 |
|                       | Tokyo                 |
|                       | Tokyo                 |
|                       | Hong Kong             |
|                       | Kabul*                |
|                       | Baghdad*              |
|                       | Cairo                 |
|                       | Kabul                 |
|                       | Istanbul              |
|                       | Jakarta               |
|                       | London                |
|                       | Baghdad               |
|                       | Beijing               |
|                       | Cairo                 |
|                       | Kabul*                |
|                       | Hong Kong             |
|                       | Seoul                 |
|                       | Jakarta               |
|                       | Beirut               |
|                       | Rome                  |
|                       | Jakarta               |
|                       | Kabul*                |
|                       | Baghdad               |
|                       | Beijing               |
|                       | Cairo                 |
|                       | Kabul*                |
|                       | Hong Kong             |
|                       | Seoul                 |
|                       | Jakarta               |

Source: The channels

Note: MSNBC uses NBC News bureaus. CNN calls its bureaus “editorial operations/bureaus.”

* Single reporter
CNN Staffing

CNN reported an unchanged number of total staff — 4,000 — in 2009. But the channel does not break out specific tallies of staff involved in news gathering.

One rough proxy for news staff is to examine the numbers that CNN provides to Leadership Directories, an online database (formerly printed as the News Media Yellow Book) that lists staff contacts for leading news media organizations in the United States.

This list includes top management, staff assigned to various desks such as national, international and medical, as well as nine national bureaus, staff assigned to specific national programs, such as The Situation Room or Anderson Cooper 360. (It does not include technical, sales and promotional staff.)

While self-reported, it offers some sign of year-to-year changes:

The number of CNN’s news staff in October 2009, which represents 7% of the network’s reported overall staff, was down 12% from 2008.

CNN’s number of bureaus rose, however, in 2009. The channel reported an increase from 46 to 47 — adding a bureau in Seattle — with 14 domestically and 33 abroad. The channel opened a “TV production facility” in Abu Dhabi in November. 1

Mixed signals continued throughout the year from CNN. The channel rolled out some initiatives but scaled back on others at the same time.

In December 2008, CNN announced it was closing its science unit, led by Miles O’Brien. According to the channel, the closure was “strategic,” and unrelated to the hard economic times. 2 The channel also closed its documentary unit, CNN Presents, and folded most of that unit’s staff into two other departments. 3

CNN’s much-heralded plans to add “all-platform journalists” (see last year’s discussion) to 10 U.S. cities was still incomplete. As of February 2010, the channel had only hired five—in Orlando, Minneapolis, Denver, Seattle and Philadelphia. 4 According to its director of coverage, Victor Hernandez, the reason is that CNN has been unable to find adequately qualified personnel who can combine solid reporting skills with technological prowess. 5

A new wire service, CNN Worldwide, was formally launched in the first quarter of 2009, offering both a full wire service to outside news organizations and an a la carte option. 6 The Worldwide president, Jim Walton, played down its ability to compete with Associated Press or Thompson Reuters, the major wire services. “Those are big established companies with tentacles all around the world,” he said. “We’re not going to build that. We have no intention.” 7

CNN relaunched its website, CNN.com, on October 26 with a major redesign (for more on this, see Digital Trends). 8 But at the same time, CNN shuttered its online hosted portal, CNN.com/live, and dropped its four anchors and producers.

Some of these belt-tightening measures may indicate an element of caution for a channel that experienced a drop in ratings in 2009 as well as a slight decrease in revenue.
Fox News Staffing

Fox's self-reported staff tally, like CNN's, did not change in 2009, remaining at 1,200, nearly 3,000 shy of CNN. And, like CNN, Fox does not provide specific tallies of staff directly involved in newsgathering.

Fox's news investment growth appears attributable to an increase in editorial staff, more international reporters and the coming into effect of new multimillion-dollar salaries for its key hosts, many of which were renegotiated in 2008.

The Project's analysis of the Leadership Directories online database in October 2009 found 2% more news people on staff at Fox than in 2008. That number represented 18% of the reported overall staff.

Fox added a new bureau in Baghdad in 2009, and placed permanent reporters in Kabul, Islamabad, Bangkok and Singapore. It stopped staffing its Paris and Hong Kong bureaus, however.

Partly responsible for Fox's high programming expenses are the salaries of its valued prime-time hosts. Shepard Smith reportedly earns $7.5 million a year. Bill O'Reilly signed a contract in October 2008 for four years at over $10 million a year. And Glenn Beck, whose show is not in prime time, but generated considerable interest in 2009, is reported to earn about $2 million a year.

MSNBC Staffing

MSNBC declined to report a total staff number in 2009, stating that it is impossible to break out a discrete tally of individuals who work for its operation as opposed to that of NBC News. The most recent estimate, though, is 600, which was provided by MSNBC in 2007.

The Project's analysis of the Leadership Directories online database in October 2009 found that MSNBC had significantly increased the size of its core editorial and production staff. The number of people it listed in 2009 represented 39% more news people on staff at MSNBC than in 2008. The jump in the percentage of core staff may be explained by the fact that the number of core staff listed by Leadership Directories for MSNBC is small to begin with, jumping from 36 in 2008 to 50 in 2009. (When presented with this figure, an MSNBC spokesperson Jeremy Gaines reiterated that this estimate does not represent the channel's total staff, which is "much more than that.")

The number of NBC News bureaus remained unchanged in 2009 at 16. NBC also notes that it keeps three fixers in Amman, Beirut and Gaza. The bureaus are the domain of NBC News, and not MSNBC specifically. But MSNBC enjoys the benefit of these and other resources available through the larger network and, as such, reports a deceptively small spending budget in comparison to CNN and Fox.

As with Fox, MSNBC's program hosts attract a core audience and are extremely valuable to the channel. Keith Olbermann is reported to earn $7.5 million per year. Chris Matthews, whose program, Hardball, sets up the channel's prime-time hours, is paid approximately $5 million, though the exact terms of his contract were not disclosed.

Programming

The cable news channels each hewed to their branded identities with personnel changes in their evening lineups. CNN parted ways with Lou Dobbs, the opinionated host at the 7 p.m. hour, while HLN added two hosts to its evening lineup.
Fox News brought in Glenn Beck to ratings success and public controversy, and replaced its veteran lead anchor Brit Hume with Bret Baier. MSNBC hired Ed Schultz to host a liberal-leaning news talk show in the 6 p.m. slot.

CNN Programming

Of these shifts, the one with the least advance notice came in November when Lou Dobbs, the opinionated and controversial host in CNN’s 7 p.m. slot, left the channel to pursue other unspecified opportunities. Dobbs had been with CNN, save for a brief hiatus, for 30 years (since its inception). In recent years, Dobbs’ style and commentary at times clashed with CNN president Jonathan Klein’s focus on a more neutrally toned brand. Dobbs was replaced by CNN’s John King, a former AP newsman, who reflects CNN’s straight-news marketing strategy. Whether his subdued persona will appeal to viewers in a prime time increasingly crowded with out-sized personalities remains to be seen.

An earlier change at CNN came on June 1, when Campbell Brown returned from maternity leave to her prime-time slot, where Roland Martin had been filling in. Her program dropped its No Bias, No Bull tagline to become, simply, Campbell Brown. 15

In January 2009, CNN began airing a Sunday morning talk show of its own, called State of the Union. It was hosted by John King until he left to take over Dobbs’ weekend time slot. He was replaced in February 2010 by CNN’s senior political correspondent, Candy Crowley. 16 (For a detailed CNN program schedule, see the backgrounder.)

At HLN, the direction was the opposite. It added a new host to its roster of opinionated talkers that has been growing since it abandoned its headline news format in 2005.

“We position [CNN and HLN] to be alternative,” said HLN’s head, Ken Jautz. “Basically, we’re aiming at different types of viewers. CNN is comprehensive, analytic programs. HLN is point-of-view programs and opinion shows where we debate the host’s opinions. They’re aimed at different niches.” 17

On September 29, HLN introduced The Joy Behar Show in the 9 p.m. slot. According to a TVNewser interview, Behar “gives a daily ‘rant’ about ‘something that’s bugging me,’ and provide ‘an infusion of humor’ when it comes to the serious news of the day.” 18

Behar joined Jane Velez-Mitchell and Nancy Grace as women hosting programs on the channel. (Velez-Mitchell replaced Glenn Beck in October 2008, after he left the channel.)

For a detailed HLN program schedule, see the backgrounder.

Fox News Programming

In 2009, Fox News built upon its foundation of opinionated evening hosts by adding another one to its lineup, Glenn Beck, who became an instant lightening rod.

Beck started at Fox in early 2009 in the 5 p.m. slot. Two New York Times reporters, Brian Stelter and Bill Carter, gave this description of his program: “With a mix of moral lessons, outrage and an apocalyptic view of the future, Mr. Beck, a longtime radio host who jumped to Fox from CNN’s Headline News channel this year, is capturing the feelings of an alienated class of Americans.” 19 Beck, like some of his cable news counterparts, is promoted not just on his Fox program, but also through radio broadcasts, book sales and event appearances.
In addition to Beck, there were other changes to the programming lineup at Fox. Alan Colmes departed the Hannity & Colmes program at the end of 2008, leaving its remaining host to present a singular perspective on the political news of the day. Bret Baier took over the helm at the Fox Report, a program formerly anchored by Brit Hume, who had been a mainstay at Fox since its inception.

In April, the channel canceled The Beltway Boys, a Saturday evening political talk show with Fred Barnes and Morton Kondracke. Former presidential candidate Mike Huckabee’s Saturday program, which first aired in September of 2008, continued to broadcast on weekends in 2009. (For a detailed Fox News program schedule, see the backgrounder.)

MSNBC Programming

MSNBC remained committed to defining itself as an ideological alternative to Fox News in 2009, adding another opinionated host to its early evening lineup.

MSNBC added in April a new program hosted by Ed Schultz in the 6 p.m. hour. The Ed Show is formatted to complement the channel’s prime-time lineup. It has a left-leaning, personality-driven format. Schultz continued to host his radio political talk show, which as of April 2009 was syndicated on more than 100 stations. Also in early 2009, MSNBC made permanent the practice of using a replay of Keith Olbermann’s program in its 10 p.m. slot because of its strong ratings performance.

When it came to daytime, MSNBC experimented with its schedule and format in 2009, only to reverse much of what it had done in early 2010.

In June, the channel rearranged its daytime schedule to include themed programming hosted by anchors who were, in some cases, reflective of the personality-driven culture of prime time and, to some extent, the early morning, which is dominated by Morning Joe. An impassioned financial reporter, Dylan Ratigan, was brought over from CNBC to host the 9-to-11 a.m. slot, focusing on the economy. MSNBC also began devoting the noon hour to Dr. Nancy, a health-themed show anchored by Nancy Snyderman.

After the changes failed to deliver new ratings success, MSNBC announced in early 2010 that it was reconfiguring its lineup. Much of the daytime programming would return to a live news format, with slots anchored by David Shuster, Tamron Hall and Contessa Brewer. The two-hour Morning Meeting with Dylan Ratigan was canceled and its host was given one hour later in the afternoon. One new MSNBC program that remained in place was Andrea Mitchell Reports, anchored by the NBC News chief foreign affairs correspondent.

Political talk shows are less expensive than traditional newscasts, and MSNBC as a result was able to save money while it filled the hours. This did attract criticism, though. On weekends, MSNBC continued to replay its in-house produced documentaries. During the weekend of June 20, when other cable news channels covered the Iran election protests, MSNBC showed documentaries about human trafficking (“Sex Slaves in America”) and prisons (“Lockup”). Documentaries, while expensive to produce, are cheaper in the long run because they can be shown repeatedly. This comes at the cost of breaking news coverage, however. While MSNBC denies that the cost of producing news coverage influenced its weekend programming decisions, its spokesman Jeremy Gaines did offer that “these programs generate higher viewership for us on weekends.”

(For a detailed MSNBC program schedule, see the backgrounder.)
Footnotes

3. Personal communication with former CNN Washington bureau chief, Frank Sesno, January 10, 2010
4. Personal communication with Bridget Leininger, CNN publicist, February 2, 2010
5. Deb Wenger, “All-platform journalism at CNN,” NewsLab, October 14, 2009
6. Personal communication with Bridget Leininger, CNN publicist, February 2, 2010
8. Mercedes Bunz, “CNN.com relaunch to focus on video,” the Guardian (Britain), October 23, 2009
9. Tom Junod, “Because They Hate Shepard Smith and Want Him to Fail,” Esquire, February 10, 2009
12. Personal communication with MSNBC spokesperson Jeremy Gaines, February 2, 2010
Ownership

Introduction

A year after one of the worst economic downturns since the Great Depression, cable news shone as a bright spot in the parent companies’ struggling portfolios.

Although each of the parent companies that own the cable news channels returned to or remained in the black, each also had a dip in revenues for the year. The cable news channels they own were an exception in that regard; they either increased their revenue or remained flat.

Part of ensuring profitability for these companies meant shedding assets and cutting costs in other ways. Time Warner completed the spinoff of both AOL and Time Warner Cable and hinted that such a fate might be in the future of several other properties. News Corp. sold the Weekly Standard, and oversaw significant layoffs at MySpace, its struggling social networking portal.

The biggest change came at NBC Universal, when Comcast struck a deal to purchase a controlling stake in the operation.

In 2009, it would seem that Comcast and Time Warner made opposite bets. Time Warner sold its cable systems in order to concentrate on content; and Comcast purchased a programming producer in order to integrate it with its cable systems. Comcast’s purchase of the NBC television network along with NBC Universal’s cable channels is widely interpreted as a further sign of the ascendancy of cable and the decline of broadcast.

For data and baseline information about cable news ownership, see PEJ’s new interactive tool, Who Owns the News Media, on the top media companies in the United States. Readers can use it to compare financial information, audience, and general information of the companies that own the cable news channels – NBC Universal (MSNBC and CNBC), Time Warner (CNN and HLN), and News Corp. (Fox News Channel and Fox Business Network). In the section below, key trends and developments in the ownership of the cable news channels in 2009 are examined.

NBC Universal (NBC News, including MSNBC)

The biggest news in media ownership in 2009 was the sale of NBC Universal: General Electric reduced its share of ownership from 80% to 49%; Vivendi, the France-based media conglomerate, sold its 20% share; and Comcast Corp, the giant cable operator, acquired a controlling 51% interest. The sale gives Comcast control of NBC News, which produces the cable news channels MSNBC and CNBC as well as top-rated broadcast news.

The merger was subject to regulatory approval by the Federal Communications Commission and the U.S. Justice Department. Additionally, the Senate antitrust panel scheduled a February 2010 hearing to determine whether the new entity will have an unfair advantage over its competitors. 1
Given the complexity of the deal, and the scrutiny it attracted by federal regulatory authorities and Congress, it was expected that it could take as long as 18 months for the deal to be completed. So NBC Universal is likely to remain under the control of General Electric until the sale to Comcast is completed. And even after the deal clears regulatory hurdles, the transition may not be complete until 2011.  

When the transaction was negotiated, GE owned 80% of NBC Universal. France-based media conglomerate Vivendi owned the remaining 20%.  

Under the terms of the deal, GE has an option to sell its remaining 49% stake in NBC Universal at specified intervals over the course of seven years.  

The deal valued NBC Universal at $37 billion.  

In 2009, NBC Universal revenues represented 10% of GE’s revenues, and 21% of its profits.  

Comcast Would Bolster Content Business  

The purchase would give Comcast, which already has a vast cable network, a much bigger portfolio of programming and a vast pipeline through which to distribute it.  

Comcast’s main business focus has been in content distribution; it had 23.8 million cable subscribers as of January 2010.  

The Philadelphia-based company already owns E! Entertainment Television, the Golf Channel, and a controlling interest in the 76ers and Flyers. In addition to 10 cable channels including MSNBC and CNBC, NBC Universal owns NBC News, the NBC and Telemundo networks and 26 local TV stations.  

Acquiring NBC may also give Comcast an important role in determining how network digital TV content will be delivered to consumers. The cable company offers on-demand programming on its cable systems and launched a trial of Xfinity, Comcast’s version of the “TV Everywhere” technology, which delivers online video via broadband to subscribers and existing cable customers.  

Possible Impact on NBC, News Division  

A change in the control of either broadcast and cable news operation is rare and bound to bring about changes — though just what they will be may not be known until Comcast and NBC integrate their businesses.  

Most of the growth at NBC Universal in recent years has come from its cable channels, which benefit from an entirely different economic model than broadcast. Cable channels generate half of their revenue from subscription fees rather than relying entirely on advertising. Despite broadcast television’s larger audiences, cable channels are more profitable. NBC Universal’s portfolio of cable channels — including those operated by NBC News — were projected to earn $3.9 billion in revenue, and $1.77 billion in profit, according to estimates by the research firm SNL Kagan.  

The news channels have grown swiftly in recent years. Analysts estimated that MSNBC alone would earn $149.6 million in profit on $367.5 million in revenue in 2009. Along with CNBC and CNBC World, news channels make up more than $500 million of the NBC Universal cable channel profits — about 30%.
<table>
<thead>
<tr>
<th>NBCU-owned cable channel</th>
<th>2009 Revenue</th>
<th>2009 Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA Network</td>
<td>$1.44 billion</td>
<td>$633 million</td>
</tr>
<tr>
<td>CNBC</td>
<td>$663.2 million</td>
<td>$369.9 million</td>
</tr>
<tr>
<td>Syfy</td>
<td>$585.2 million</td>
<td>$239.5 million</td>
</tr>
<tr>
<td>Bravo</td>
<td>$494 million</td>
<td>$235 million</td>
</tr>
<tr>
<td>MSNBC</td>
<td>$367.5 million</td>
<td>$149.6 million</td>
</tr>
<tr>
<td>Oxygen</td>
<td>$217.3 million</td>
<td>$82.3 million</td>
</tr>
<tr>
<td>Sleuth</td>
<td>$55.1 million</td>
<td>$21.3 million</td>
</tr>
<tr>
<td>Chiller</td>
<td>$33.8 million</td>
<td>$14.5 million</td>
</tr>
<tr>
<td>Mun2</td>
<td>$33.3 million</td>
<td>$11.8 million</td>
</tr>
<tr>
<td>CNBC World</td>
<td>$13.8 million</td>
<td>$7.8 million</td>
</tr>
</tbody>
</table>

Source: SNL Kagan, LLC. All numbers are estimates. Revenue is total net revenue, and profit is pre-tax.

Some NBC employees and industry observers raised questions about Comcast’s commitment to broadcast television.

At the December 2009 UBS investor conference, Comcast CEO Brian Roberts promised to retain a broadcast network and ties to affiliated local television stations. 8

Indeed, Roberts and GE Chief Executive Jeffrey Immelt said the focus in 2010 would be on restoring NBC as a first place network by improving programming. 9 NBC has been in last place among the four major networks in ratings for entertainment programming since 2006. Five years earlier, it was No. 1.

Comcast executives told NBC employees that “widespread layoffs were unlikely because there is little overlap between the two companies,” according to the New York Times. 10 But one NBC employee told the Times, “Some of us are worried that they’re going to have sticker shock over what it takes to do it on the broadcast side.”

What does it mean for news? As of early 2010 the company hadn’t announced any change in strategy for the news division.

On the broadcast side, NBC News may have been the only profitable news operation among the networks in 2009 (for more, see Network Economics). Deana Myers, a senior media analyst for SNL Kagan told the New York Times in March 2009, “NBC’s success in news is definitely an advantage…It’s their strong point. It balances their weakness in prime time.”
After an abysmal year of financial losses, Time Warner made strides to return toward profitability in 2009, in part, by spinning off AOL and Time Warner Cable to raise funds. The company also hinted at further asset sales to come.

- Time Warner achieved a $4.55 billion profit in 2009, a nearly $8 billion dollar turn-around, following a $3.03 billion dollar loss in 2008.  

- But the company also decreased its revenue by $700 million 3% to $25.79 billion in 2009, down from $26.52 billion in 2008.

- CNN (with HLN) made up a small portion of Time Warner’s revenue for 2009, at $1.2 billion. It also was down from 2008 levels (see Cable Economics).

- The spinoff of its cable operation brought in $9.25 billion for the company.

The long-awaited spinoff of Time Warner Cable finally happened on March 27. Time Warner chairman and CEO Jeffrey Bewkes had defended the sale as a way for his company to invest in its television and film businesses. The spinoff also helped strengthen Time Warner’s balance sheet, giving the company, which owned 85% of the unit, $9.25 billion to spend elsewhere. Some analysts have speculated the company may use the proceeds to bid on more cable channels.

Several other attempts to shed properties were in the offing for Time Warner.

The company rid itself of AOL, the struggling Web portal. The spinoff, which was announced in late April, officially occurred on December 9.

Bewkes hinted that the company may sell Time Inc., too. Of the company’s future in publishing, Bewkes said it “may well include publishing,” but “we’re not making a religious statement about it either way at this point.”

Time Warner’s foray into online social networking with Bebo, the European social networking portal, continued to be lackluster, although there was no official word on whether the company would sell the property. Time Warner purchased Bebo for $850 million in 2008. That same year, Bewkes admitted that his company “may have overpaid” for the site. By January 2009, a Bebo insider told the Washington Post that the site was for sale for $200 million. But Bebo and AOL denied that a sale was being discussed.

While shedding some assets, Time Warner took steps to protect others. Perhaps eyeing the fate of newspapers, which have lost readers and advertising to the Internet, Bewkes endorsed a measure to prevent a similar plight for television channels. (For more on newspaper economics, see the Newspaper chapter). He embraced the concept called TV Everywhere. Under the plan, cable subscribers would still be able to access television programming and movies at a password-protected website, but nonsubscribers would be blocked. (For more on TV Everywhere, see Cable Economics).

News Corp. (Fox News Channel)

In 2009, News Corp, the parent of Fox News Channel, was less profitable and generated less revenue than in 2008. The dip in overall profit was slight, offset by layoffs at one of its properties and the sale of another.

- News Corp.’s profits dipped by $1.32 billion to $4.30 billion in 2009, down from $5.62 billion in 2008.
The company's revenues dropped by $1.84 billion to $30.88 billion in 2009, down from $32.72 billion in 2008.

Fox News generates a small but growing fraction of News Corp.’s overall revenue, helping to make up for declines in its print and Web operations. Its revenues grew 14% in 2009 to $1.2 billion (see Cable Economics). News Corp.’s cable network division (which includes Fox Business Network, FX, Fox Movie Channel, and others), is one of the company’s top performing units.

One property that has not fared well financially is News Corp.’s social networking website, MySpace. It was purchased by News Corp. in 2005 for $580 million. But with declining ad revenue, the company, in June of 2009, cut 420 employees, or 30% of its staff. 17

News Corp.’s newspaper properties also continued to have revenue declines, tied largely to the inability of online revenue to make up for losses in print circulation (see the Newspaper chapter). 18

News Corp. sold off its conservative political magazine the Weekly Standard. 19 The magazine, which, like News Corp.’s other print ventures, struggled with declining revenue, was purchased by Clarity Media Group in June for an undisclosed sum (see the Magazine chapter).

Footnotes
3. GE bought NBC Universal in 1985 for $6.3 billion.
5. GE 10K, SEC filing, fourth quarter and full year results 2009, filed February 19, 2010

14. Personal communication with SNL Kagan analyst Derek Baine, January 4, 2009


17. Marc Graser, “MySpace cuts 30% of staff,” Variety, June 16, 2009


Digital

Cable TV
By the Project For Excellence In Journalism
Digital
Introduction

The Web identities of the three cable news channels in many ways differ more than the cable channels on television. All, though, saw an overall increase in traffic to their various Web products, and, in turn, took steps to increase and improve their digital offerings.

Audience

Internet audience measurement is still something of a frontier, and there is no single — or agreed upon — way of counting traffic to particular websites.

Nevertheless, the data indicate that the digital brands of the major cable news channels were some of the most popular news destinations in 2009.

Two of the top Web audience measurement companies, Hitwise and Nielsen Online, reported that the websites belonging to CNN, Fox News Channel and MSNBC were clustered among the top 10 news and information sites in terms of popularity for the year. (ComScore, the other firm most often looked to for Web audience analytics, was in the process of revising its methodology and was unable to provide comparable data for this report).

<table>
<thead>
<tr>
<th>Website</th>
<th>Rank</th>
<th>Market Share</th>
<th>Website</th>
<th>Rank</th>
<th>Unique Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN.com</td>
<td>2</td>
<td>3.34%</td>
<td>MSNBC Dig. Network</td>
<td>2</td>
<td>35.57 million</td>
</tr>
<tr>
<td>MSNBC.com</td>
<td>3</td>
<td>3.10%</td>
<td>CNN.com</td>
<td>4</td>
<td>20.74 million</td>
</tr>
<tr>
<td>Foxnews.com</td>
<td>5</td>
<td>1.96%</td>
<td>Foxnews.com</td>
<td>7</td>
<td>14.74 million</td>
</tr>
</tbody>
</table>

Source: Hitwise, Nielsen Online
Hitwise ranked CNN.com as the number two news and information website of 2009, just behind Yahoo.com. It was followed by msnbc.com at number three and Foxnews.com at number five.

Nielsen Online’s data painted a slightly different picture: It ranked MSNBC’s network of websites (MSNBC Digital Network) as the number two news and information website of the year, followed by CNN.com at number four and Foxnews.com at number seven.

Why the disparity between the two companies’ measurements? MSNBC’s Web audience ranking may be more favorable according to Nielsen because that measurement firm bundles the outlet’s Web brands into one, but does not do so for other outlets, including CNN and Fox. Hitwise keeps them separate.

Another difference between Hitwise and Nielsen is that Hitwise measures traffic through Internet access companies, while Nielsen does it through panels of users. Many observers argue that Nielsen’s numbers may undercount traffic during the day, as a consequence of many businesses not allowing Nielsen software on their company servers. (For more on how Internet measurement companies track audience, see the backgrounder.)

Cable News Websites Over All

A close examination of the features of each website and their developments in 2009 reveals some key differences in content, technology, and overall blueprint for growth.

<table>
<thead>
<tr>
<th>Website</th>
<th>Blogs</th>
<th>Podcasts</th>
<th>Home Page Video Links</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN.com</td>
<td>30</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Foxnews.com</td>
<td>7</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td>MSNBC.com</td>
<td>24</td>
<td>11</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: data compiled from each website by PEJ in December 2009
CNN.com

CNN maintains a digital network of four main websites — CNN.com, iReport.com, CNNMoney.com, and CNNPolitics.com. CNNMoney.com is the online home of Fortune, Money and Fortune Small Business (FSB) magazine.

The main news site, CNN.com, has a dedicated staff of 200 (as of 2008) based in Atlanta. The site is managed by Susan Grant, executive vice president of CNN News Services, and Kenneth “KC” Estenson, senior vice president and general manager of CNN.com.

CNN's program hosts are not heavily promoted on the website, with their shows advertised at the bottom of the home page. The site's top stories in 2009 were the foundering economy (15%) and the health care debate (6%). Nearly all of the content on the site was written by CNN staff (93%), a much larger portion than on MSNBC.com or Foxnews.com.

The site leads MSNBC.com and Foxnews.com in the number of blogs and podcasts it has. However, CNN.com features just over half the number of video links on its home page as the other two sites. PEJ's content analysis revealed that just 1% of the site's home page content was made up of video.

CNN.com took further steps to integrate user content into its site. This is perhaps in recognition of the growing ability of individuals to upload videos, photos and text from the ground, in an instant, essentially providing first-hand accounts of news events.

In September 2009, CNN launched an iPhone and iPod touch application that allows users to upload their own iReports. The application is a multidimensional tool, featuring written news content, live streaming video and other elements. As of late 2009, CNN was the only one of the three cable channels to charge for its mobile app, at $1.99. And as of January 2010, it remained on the list of the top 50 most downloaded apps that carry a price tag.

On October 26, more thorough change came in with the launch of a new design that highlighted user interactivity (users can personalize their cnn.com home pages), and better integrated CNN video and text. The new home page puts more emphasis on video by placing a video player front and center, with breaking news headlines relegated to the left-hand column.
In November, Estenson announced that the website would be shutting down its anchor-driven “live, multistream video service,” CNN.com Live. Its four primary anchors were let go, along with some associated production staff (see Cable News Investment for more on the channel’s resources).

According to a staff memo from Estenson, CNN would be “shifting resources to create a unit focused on streaming major live events, producing video packages especially for CNN.com and increasing our overall on-demand offering.”

Foxnews.com

Foxnews.com, along with FoxNation.com, which was launched in 2009, is the online home of the Fox News Channel.

The site has a staff of about 100 based in its New York headquarters, up from 80 in 2008.

Foxnews.com focused less on the economy than the other two sites (11% of its news hole), but covered stories about domestic terrorism (6%) more frequently. Nearly half (49%) of the site’s content was written by Fox News staff.

The site’s design hints at the tabloid style of its parent company’s other properties, such as the New York Post. Just as on CNN.com, the Fox News program hosts are not promoted heavily except at the bottom of the home page. But in 2009, it launched a new website to draw on their popularity. Its citizen journalism microsite, U-Report, allows users to upload their own photos and videos to the site, some of which make it to the Fox News Channel.

The site has fewer blogs than the other two sites, only seven, but it promotes them more by including several links to them in its right-hand sidebar.

On March 30, Fox News launched FoxNation.com, a website designed to leverage the popularity of Fox News Channel’s prime-time evening talk hosts. The site adopts some of the characteristics of a social networking platform in which visitors are invited to post comments and debate among themselves.
Fox made another foray into the world of interactive journalism, capitalizing on its corporate sibling, MySpace (see Cable Ownership). The project, MySpace uReport, gives users the ability to share their self-produced content with the MySpace community, and possibly be selected to air on Fox News. 6 Fox's uReport program was launched in 2007 (see the 2008 report for more details) following similar efforts by CNN and MSNBC.

Another of News Corp.'s ventures, Hulu.com (co-owned with GE and Disney) continued to grow in popularity in 2009. The website features streaming, high-quality video produced by the television and film arms of the owners' properties, including Fox News and MSNBC news content. In October, News Corp.'s deputy chairman, Chase Carey, suggested that the Hulu model would evolve into a subscription-based one. “I think a free model is a very difficult way to capture the value of our content,” said Carey during a conference hosted by Broadcasting & Cable. 7

MSNBC.com

MSNBC.com, a joint venture of NBC and Microsoft, headquartered in Redmond, Washington, which is also the home of Microsoft, is staffed by about 200. 8

MSNBC.com includes a broad range of content on its site. In 2009, it devoted more attention (25% of its news hole) to the economy than the other two sites. This intense focus is reminiscent of the tendency of cable news television to latch onto a story and follow it incessantly. More than any of the cable news websites, MSNBC.com uses wire copy (46% of news hole) on its home page. Only 20% of its content was written in-house. The site's home page contains more video than the others, though, primarily produced by NBC or MSNBC staff. A sample tally revealed more links to video segments, and PEJ's content analysis found that 4% of its home page content comprised video clips.

In 2009, MSNBC.com improved its mobile offerings and acquired a local news aggregator.

In June, MSNBC, in partnership with Zumobi, announced the launch of its iPhone and iPod touch application. While the application is free, it lacks the live streaming video feature that CNN offers. The Rachel Maddow Show also has its own application.
In August, MSNBC.com acquired EveryBlock, a Chicago-based local news aggregator. The site allows users in several major American cities to find hyperlocal news and information by entering their zip codes. MSNBC.com president Charlie Tillinghast stated that EveryBlock, which would remain its own site, would complement MSNBC.com’s editorial skills and presentation strengths. 9

**Footnotes**


2. David Sarno, “CNN’s new iPhone app takes mobile news to the next level,” Los Angeles Times, September 28, 2009

3. Kenneth “KC” Estenson, note to CNN.com staff, posted on WebNewser, November 12, 2009

4. Personal communication with Loren Hynes, Fox News Channel publicist, February 25, 2010


7. Bobbie Johnson, “TV websites must begin charging, says Murdoch lieutenant,” the Guardian (Britain), October 23, 2009

8. Personal communication with Gina Stikes, MSNBC.com publicist, January 28, 2010

9. Marisa Guthrie, “MSNBC.com Acquires EveryBlock,” Broadcasting & Cable, August 17, 2009

**Speciality Channels**

Cable TV
By the Project For Excellence In Journalism
Specialty Channels
Introduction

In a year of economic turmoil, cable TV’s financial channels might have seemed poised to benefit from the national attention on money matters, but the results were mixed for CNBC, Fox Business Network (FBN) and Bloomberg Television in 2009. CNBC’s ratings and revenues were mostly flat. Its distant competitor Fox Business Network saw sharp gains in advertising sales, at least proportionally, although the channel remained in the red. Bloomberg Television continued to attract an elite core audience but was forced to make its first round of layoffs since the channel’s 1981 founding.

The other niche of cable news, internationally based channels, continued to struggle in gaining traction in U.S. subscriber-TV markets. BBC World News showed signs of growth, but was still only available in about 3 million households. France 24 and Al Jazeera English continued to be more accessible on the Web than on American television screens.

Another specialty channel, Current TV, was forced to lay off a quarter of its staff, and began to retool its program strategy.
Key Players in Financial News

The major player in cable financial news was still CNBC, followed by Bloomberg TV and Fox Business Network (FBN). All are operations of major companies with other substantial media interests, and each in some ways has a different model for how it fits into the larger media strategy of the company.

CNBC had the largest television audience. Bloomberg, an offshoot of the business news empire, had the most journalistic resources to draw on but operated the channel as a television extension of its data and online products. FBN, with the fewest resources, was still in its early stages of building the channel.
CNBC remained the dominant financial news channel — both in overall audience and earnings — in 2009. But it was a year marked by declining ratings, stagnant profits, and controversy.

The high point of CNBC’s recent history may have come and gone in the fall of 2008. The day after Lehman Bros. filed for bankruptcy, September 16, 2008, the channel averaged 488,000 daytime viewers (5 a.m. to 7 p.m.). But by June 2009, that number was nearly halved.

- CNBC’s average daytime viewership, the key day part for business news, in June 2009 (264,000 viewers) dropped 11.4% from June 2008 (298,000 viewers).
- By December 2009, the channel’s average daytime audience was even lower, hovering at 233,000 viewers.
- For the year, CNBC’s median daytime viewership was 275,500.

Financial news channels tend to have a smaller core audience, with many viewers tuning in at work. At times of financial panic, these audiences grow exponentially, only to subside along with the crisis that precipitated the surge. Amid the panic, the on-air conduct of CNBC’s hosts and correspondents caused controversy.
One such episode involved on-air editor Rick Santelli. On February 19, 2009, Santelli, reporting from the floor of the Chicago trading center, delivered a critical diatribe on the Obama administration's mortgage bailout, which aired live on Squawk Box, a "'pre-market' morning news and talk program." The impromptu speech drew an indirect rebuke from President Obama himself.

Another host who found himself in public controversy during the year was Jim Cramer. Cramer had made a name for himself by mixing strident financial advice with showmanship on his prime-time CNBC program, Mad Money. On March 12, 2009, Comedy Central's Daily Show host, Jon Stewart, skewered Cramer during an on-set interview. Stewart accused Cramer and CNBC of participating in the swindling of average investors. "[Insider trading] is a game that you know is going on," Stewart said, "but you go on television as a financial network and pretend it isn't happening."

CNBC remained the leader among financial channels. Its profits were more than double that of its sister cable channel, MSNBC, and was projected to show a nearly 50% profit margin. The channel's strength on relatively small viewership attests to the power a small but affluent audience can hold. CNBC was, however, projected to see no revenue growth in 2009, and a decline in total profit. A challenging advertising environment was partly responsible. The financial industry that advertises on CNBC, and which the channel also covers, was hard hit by the recession.

- CNBC's total revenues were projected to remain flat in 2009 at $663 million (advertising revenue was down 9%).
- The channel's profit was projected to decline 4% to $370 million in 2009, from $387 million in 2008.

The channel's investment in the news was projected to increase 6% to $293 million, up from $277 million in 2008. This came despite losing some talent (Dylan Ratigan, Margaret Brennan) to other channels.

Although CNBC is a subsidiary of NBC Universal, it is unclear what changes, if any, the deal to sell it to Comcast would bring to the channel (See Ownership for more on the sale).

Fox Business Network

Two years after its launch, Fox Business Network (FBN) was projected to grow revenue faster than its rivals despite its failure to substantially increase viewership.

FBN's ratings are measured by Nielsen, but partly because they are so small, the figures are not publicly released. Some hints about the channel's audience emerged throughout the year, which indicated that FBN, like CNBC, saw a spike during the peak of the recession news cycle, but then drifted back to earlier levels.

- July 2008: The Washington Post reported that the network averaged around 8,000 daytime and 20,000 prime-time viewers in the first few weeks of that month.
- March 2009: The Hollywood Reporter obtained information from the channel stating it averaged about 40,000 viewers that month.
- June 2009: The New York Times reported that FBN was averaging 21,000 viewers during its "business day" of 5 a.m. to 9 p.m.
While these figures are incomplete, and some come straight from the channel, they do offer a sense of FBN’s performance from the months before until the months after the 2008 financial crisis.

FBN’s audience is a fraction of CNBC’s, roughly one-fifteenth of its size. The channel increased its carriage on cable systems throughout the country (in 2009, FBN was available in 50 million households, just half of the 99 million households that can access CNBC). 11

FBN’s own financial indicators were strong in 2009

- Total revenues were projected to grow 33% to $96 million in 2009, up from $72 million in 2008 (ad revenues were projected to increase 44%).

- The channel was expected to reduce its losses in 2009 by 32%, but remained in the red with a loss of $32 million.

FBN also increased its investment in the news by 8%, slightly more than either CNBC or Bloomberg Television, although its base was small to begin with. In April, the channel began broadcasting from a new studio, bigger and more high-tech than its old one. 12

New talent on the channel added to its expenses, too. In September, it recruited John Stossel from ABC News to work for both FBN and Fox News. On October 5, former MSNBC “shock jock” Don Imus, who had been fired for making racially offensive comments, launched a new morning show on FBN, even though his specialty is not financial news and the timeslot in the hours before trading begins is crucial for financial coverage (more on his 2007 firing). But the channel lost a key figure when Alexis Glick, vice president of business news and host of Opening Bell, left FBN at the end of December to pursue an undisclosed new opportunity.

Bloomberg Television

Bloomberg Television has more journalistic resources to draw on than its competitors and displays them with less flashiness. Although it saw a slight dip in advertising revenue, Bloomberg Television ended the year with strong profit growth and signs, too, that it was trying to expand beyond its core elite audience.

Available in an average of 53 million households in 2009, Bloomberg Television suffers from the same reach problem as FBN. Its actual viewership is difficult even to estimate, because the channel is not measured by Nielsens. While Bloomberg Television probably retains a very small audience, survey data indicate it is an elite one. Among households earning $100,000 or more, Bloomberg Television attracts the wealthiest ($237,632 household income, on average) as compared to CNBC ($202,928) and FBN ($198,353). 13

Bloomberg Television entered 2009 on an ominous note, with a February announcement that 100 jobs would be cut, the first in the channel’s history since the founding of Bloomberg LP in 1981. According to New York Observer reporter Felix Gillette, Bloomberg’s head of TV news programming, David Rhodes, filled the void by placing off-air news people in front of the cameras. 14

Rhodes was able to attract at least one anchor, though, when he signed Margaret Brennan, who had been a general assignment reporter for CNBC.

Between staff cuts, new hires, and other expenses related to news gathering, Bloomberg Television was projected to increase its spending by only 1% in 2009.
The channel was also expected to finish 2009 with a strong profit.

- Bloomberg Television’s total revenues were projected to grow 4% to $99 million in 2009, up from $95 million in 2008 (ad revenues were projected to decrease 4%).

- The channel’s profit was projected to grow 21% to $23 million in 2009, up from $19 million in 2008.

Bloomberg’s president, Dan Doctoroff, had hinted in 2008 that he would be interested in acquiring other properties. In the fall of 2009, Bloomberg bought BusinessWeek. In October, Bloomberg and the Washington Post Company announced a new partnership in which they would distribute some of their content to other news organizations.

Other Cable News Channels

Other specialty news channels, including several with an international perspective, made incremental progress (at best) with the American audience.

BBC World News

BBC World News, the British Broadcasting Corp.’s 24-hour news channel, is broadcast in more than 200 countries but has struggled to gain a toehold in the American market, where it has been available since 2006.

In 2009, BBC World News was projected to reach 2.5 million households, up from 1 million in 2008. This is still only a fraction of the reach achieved by other cable news channels, though. BBC World News is available in the New York City metropolitan area (Cablevision), northern Virginia (Cox Communications) and Texas (Grande Communications), as well as other locations throughout the country via Verizon FiOS.

In April 2009, the entertainment-heavy BBC America channel dropped its three-hour simulcast of BBC World News morning bulletins. At the same time, it announced it had dropped its Newsnight program (a decision made in November of 2008). This came after some PBS stations in April 2008 decided to drop their broadcast of BBC World News bulletins, too.

Despite weak carriage, BBC World News looked to more than double its revenues in 2009. Still, though, the young channel would still see no profit by the end of the year.

- BBC World News’ total U.S. revenues were projected to grow 117% to $1.3 million in 2009, up from $600,000 in 2008.

- Its expenses were projected to increase 12% to $3.8 million in 2009, up from $3.4 million in 2008.

- The channel cut its losses 10% to a loss of $2.6 million in 2009, a $2.9 million loss in 2008.

France 24

France’s international news channel remained available in the United States in 2009, despite threats by the French president to pull the plug, but it has failed to attract widespread viewership.
The news channel, launched in 2006, was originally aimed at a French audience. But in 2007 it tried to challenge BBC World and CNN by launching the English-language version, which was made available to American audiences via cable and satellite. As of 2009, it was only available on cable systems based in New York and Washington. However, France 24 programming can be accessed through a streaming portal on its website.

In 2008, President Nicolas Sarkozy threatened to shut down the English and Arabic versions of France 24 (see last year’s discussion). But no changes ever materialized.

At its launch, the channel had 390 employees worldwide and 180 journalists, but has since grown to well over 520 staff, including 260 journalists.

Al Jazeera English

Al Jazeera English (AJE) is a 24-hour news channel based in Qatar, and aspires to be “the English-language channel of reference for Middle Eastern events.” 17

The channel is available in the United States through several satellite TV providers and a handful of cable systems. It can also be accessed on the AJE website and on its own branded YouTube channel.

AJE broadcasts from four centers — Doha, in Qatar; Kuala Lumpur, Malaysia; London, and Washington. 18 According to the website iwantaje.com, the channel has more than 69 bureaus around the world, as well as more than 1,200 employees.

In October 2009, AJE announced it had launched a blogging network, a forum to allow its correspondents all over the world to interact with issues they care about and with their audiences on a more personal level. 19 The launch was the first major initiative of Mohamed Nanabhay, who took the reins of AJE’s online media department.

Current TV

The year 2009 was one of challenges and changes at Current TV.

On November 11, the channel announced it was laying off 80 members of its staff, equal to one quarter of its work force. The layoffs included chief of programming, David Neuman. 20 This followed an announcement in April that Current Media, Current TV’s parent, had to cancel plans in April for an initial public offering in the face of a weak economic environment. 21 The IPO would have allowed the company, and therefore its cable channel, to grow.

Admitting its strategy of filling its schedule with user-generated content was not feasible, Current also shifted its programming format. Instead of short, user-contributed “pods,” the channel would feature more half-hour and hour-long news programs. And instead of producing content in-house, the channel would look to acquire programming from others. 22

Current TV is a news and entertainment channel founded by former Vice President Al Gore. Its programming is geared toward the 18-to-34-year-old demographic, and features technology, fashion, the environment, spirituality and politics, among other topics.

The channel was projected to expand its reach in 2009. It was available in an average of 54 million households, up 15% from 47 million in 2008. But this was still less than the channel had hoped to reach.
Despite the cutbacks and the programming changes, Current TV’s financial reports suggested improvement:

- Total revenues were projected to grow 17% to $89.1 million in 2009, up from $76.3 million in 2008. The majority of Current TV’s revenues are generated from subscriber fees.

- Its expenses were projected to increase 1% to $72.4 million in 2009, up from $71.9 million in 2008.

- The channel’s profit was projected to grow 280% to $16.7 million in 2009, up from $4.4 million in 2008.

Current TV found itself in the headlines in March when two of its journalists — Laura Ling and Euna Lee — were arrested by the North Korean government while reporting near the Chinese border. They were sentenced to 12 years of hard labor. In August, North Korean President Kim Jong Il pardoned the women after former President Bill Clinton met with Kim in person and asked for their release. 23

Footnotes

1. CNBC had its origins in the Satellite Program Network, launched in 1980, but was re-launched as the Consumer News and Business Channel in 1989.

2. CNBC also says it has a large out-of-home audience that is not captured by Nielsen, including financial professionals who watch the channel in the office (personal communication with Derek Baine, SNL Kagan analyst, January 4, 2009).


4. All television audience figures provided by Nielsen Media Research, used under license.

5. November viewership is for CNBC’s business day: 5 a.m. to 7 p.m.

6. CNBC data is split as follows: For January-June 2009, it is daytime (6 a.m.-6 p.m.) median viewership. For July-December 2009, it is “business day” (5 a.m.-7 p.m.) median viewership. August and December are missing.

7. All economic projections are from SNL Kagan, a division of SNL Financial LLC. Projections were published in October 2009.


11. All cable subscription projections are from SNL Kagan, a division of SNL Financial LLC. Projections were published in August 2009.


17. Al Jazeera English online. Retrieved on October 27, 2009
19. “Al Jazeera English launches new blog site,” Judith Townend, journalism.co.uk, October 12, 2009
20. Joe Flint, “Current TV’s cuts acknowledge a strategy that didn’t catch fire,” Los Angeles Times, November 11, 2009
22. Joe Flint, “Current TV’s cuts acknowledge a strategy that didn’t catch fire,” Los Angeles Times, November 11, 2009

Content Analysis
A Year In The News
By the Project For Excellence In Journalism
Sector Highlights
YEAR IN REVIEW SECTORS

Newspapers
Cable Network Radio Online
New Media

NEU SPAPERS

- Continuing a pattern we first saw in 2008, print newspapers covered the economic crisis more extensively than any other media sector in 2009. Roughly one-quarter (25%) of all front-page coverage studied focused on the economic recession and related recovery efforts. That is more than any other media sector and more than media coverage overall (20%). The coverage peaked in February, shortly after President Obama’s inauguration (48%). In every month of the year, however, the economy was the top story in newspapers, never dipping below 16% of the news hole in any month.

- Smaller newspapers studied (circulation less than 100,000) covered the economy and local news more than larger newspapers. The smallest papers studied by PEJ — from the Herald News of Fall River, Mass., to the Anniston (Ala.) Star — devoted nearly one-third (31%) of their print news hole to covering the economy in 2009, more than second-tier papers (25%) and the largest dailies (24%). In many respects, these community papers were able to cover the overarching impact of the recession at the grassroots level, by monitoring employment, foreclosures and retail trends.
A look at some of these stories illustrates why that might be. There was often a deeply practical element at play. On December 10, for example, an article in the Herald News told readers who had exhausted their unemployment benefits (there were 34,000 of them in Massachusetts) how to apply for additional jobless benefits after federal legislation granted an extension. On September 1, the Anniston paper ran an article about how the community was grappling with a $2 million budget cut and deciding on what services, including a swimming pool, it could live without.

- Smaller newspapers also focused more attention on health and medicine storylines than did larger newspapers. Between coverage of attempts to overhaul the health care system and efforts to fight swine flu, smaller newspapers with circulation less than 100,000 gave more prominent, front page play to stories about health and medicine in 2009 (15% of their news hole) compared to larger newspapers with circulation between 100,000 and 650,000 (12%) and the largest newspapers with more than 650,000 (8%). Coverage often localized these unfolding natural, national phenomena with particular emphasis on how the swine flu was affecting the local community. And, again, there was often a practical, how-to component to this more local coverage. On April 28, for example, the Herald News in Fall River let readers know that while the number of swine flu cases had risen in the United States, none had been reported in either Massachusetts or Rhode Island, and that local hospitals were on alert.

- Newspapers gave much less play than other media to the death of pop music icon Michael Jackson. The death of Michael Jackson captured the public's attention and much of the media's in 2009. Across all media sectors, the story ranked as the No. 9 news item of the year. In newspapers, however, Jackson's death did not rank in the in the year's top 20 stories. After the singer's June 25 death, newspapers paid quick tribute, making Michael Jackson's death the fourth-largest of the entire month (3% of their coverage) at the same time that the economy (25%) and Iran's presidential election and protests (11%) dominated.

CABLE

- Once again, in 2009, cable TV news was the place to see the most coverage of politics. For the year, 9% of time on cable was devoted to politics, compared to 5% for the media studied over all. This was more than any other media sector, but not nearly as much as in the presidential election year of 2008, when fully 56% of cable's coverage was focused on politics. In 2009, the focus of the political debate was on a few hot-button political controversies such as the passionate political battle over health care, the performance of the Obama administration, and the debate about the best ways to combat terrorism. Health care, the most politically polarizing domestic issue of the year, was a prime topic for cable. Cable news devoted 13% of its news hole to the health care debate. From July, when the story really took off, through the end of the year, that number for cable jumped to 25%. For example, consider the difference between cable broadcasts and network news shows on the evening of August 7. That night, many cable talk shows led with discussions of the health care protesters attending town hall meetings with various members of Congress. MSNBC's Keith Olbermann began his show by criticizing the protesters as a front for the health care industry. CNN's Anderson Cooper 360 program led with a report by correspondent Gary Tuchman, who asked whether the protests were an example of "democracy" or "demagoguery." And Fox News' Sean Hannity began his show by applauding the protesters, saying they were "the real pulse of the American people." That same night, however, all three broadcast network news shows and PBS' NewsHour led with a very a different subject — a report from the Labor Department that the unemployment rate had fallen for the first time in 15 months.
Cable also spent more time on other politically charged issues than other media such as evaluations of the Obama administration and his leadership and ideology (7% versus 5% in the media over all) and the debates surrounding domestic terrorism (6% versus 4% in the media over all).

Even though the economy was the No. 1 subject, cable spent less time (17%) covering it than any other media sector except for network television not including PBS' NewsHour (also at 17%).

- Cable news was far more focused on U.S.-centric news than any other media sector. Fully 82% of cable's coverage was about U.S. domestic topics, compared to 74% for the media over all. At the same time, cable offered the least amount of international news not focused on the U.S. Only 3% of cable's newshole was devoted to foreign news not directly related to the U.S., which was less than half the amount of newshole devoted to such topics in any other sector.

- The major cable networks differed in the amount foreign news offered. CNN devoted 23% to foreign news (18% to U.S.-involved events and 5% strictly foreign). Fox News devoted 18% (15% U.S.-involved and 4% non-U.S.). MSNBC devoted the least, 13%, (11% U.S.-involved and 2% non-U.S.).

- The subject matter of daytime cable news is significantly different from the nighttime news shows. Part of this is a function of when news happens. Fully 20% of daytime was devoted to coverage of live events, compared with 1% at night. About 19% was made up of live reports from correspondents, compared with 9% at night. Yet some of it is simply story choice. Evening cable is more focused on politics (10% vs. 6% during the day), while daytime spent more time on the economy (12% vs. 9%) and crime (9% vs. 6%).

- Despite their differences in approaches, the basic menu of the top subject matter covered on the three cable channels was relatively similar. The list of the top five subjects covered by each of the channels was the same, although the order for each network was different. All three networks gave more attention to the economy, health care, the Obama administration, Afghanistan and terrorism than any other topics over the course of the year. All of these stories have clear political components that lend themselves to the round-table discussions that characterize much of cable news coverage.

- Despite the similarities concerning the top subjects among the three channels, MSNBC did serve as an outlier from the other two channels in two significant ways. MSNBC spent far more time than its rivals on the health care debate (20%), almost twice as much as Fox News (11%) and significantly more than CNN (8%). At the same time, MSNBC's editorial priorities shift far more sharply from daytime to prime time, which cannot be said of either CNN or Fox News.

Network

In 2009, news coverage provided by traditional broadcasters (ABC, NBC, CBS and PBS) reflected a number of patterns we have noted in previous years. There tends to be greater news priority differences between morning and evening
network newscasts than among the commercial networks themselves. And PBS’ nightly NewsHour program tends to offer a different news menu than that of the commercial networks.

- Over all, there was little difference in the news agenda among the three commercial broadcast networks (ABC, CBS and NBC), in either the morning or the evening. In the morning, eight of the top ten stories were the same for all networks, and each network devoted virtually the same amount of combined airtime to these stories — 37% on NBC, 39% on ABC, and 38% CBS. In the evening, nine of the top ten stories were the same on all three networks, consuming an even greater percentage of the total newshole — 44% on NBC and on ABC, and 47% on CBS.

- There was, however, somewhat more diversity demonstrated by the editorial priorities between morning and evening network news broadcasts. For example, coverage of the Michael Jackson story was higher on all three morning shows than on their evening counterparts. Both the economy and Afghanistan were bigger stories on the evening newscasts than on the morning programs. The health care debate, though, was one issue that received nearly equal coverage in the morning and the evening across all three commercial networks. Finally, one area of news coverage in particular stands out. On morning television, crime was a much bigger topic, accounting for 12% of the news hole compared with only 5% on the evening newscasts. Much of this attention focused on a handful of stories. The recovery of kidnapping victim Jaycee Dugard, Bernard Madoff’s massive Ponzi scam, attacks by Somali pirates, the arrest of the “Craigslist killer” and the murder of Yale graduate student Annie Le — accounted for nearly 40% of all the news hole devoted to crime.

- Compared to the national media over all, the three commercial newscasts stood out for spending less time on two of the year’s top ten stories — domestic terror and the health care debate in Washington. Network evening news coverage of domestic terror issues (2% of news hole) was only half that of the media over all (4%), and a third of the attention given by cable at 6%. Similarly, the three network evening newscasts devoted 5% of their time to the national debate over health care, notably less than the media over all (9%), and less than half as much as cable news (13%). At the same time, the three network evening newscasts, which traditionally have a significant focus on medical issues, put the swine flu pandemic story in the top five, devoting about double the amount of news hole (4%) as the media over all (2%) and more than three times the attention paid to this public health crisis by cable evening programs (1%). For example, in the month of October alone, as swine flu spread rapidly throughout the country and President Obama declared H1N1 (the correct designation to the misnamed swine flu) to be a national emergency, the evening networks aired a total of 71 stories about the pandemic, consuming 12% of their overall newshole.

- The PBS NewsHour continued to stand out among the network programs for its significantly greater attention to international stories and events that did not directly involve the U.S. These types of stories accounted for 13% of the PBS news hole, roughly double that of the three commercial evening networks (8%). The NewsHour regularly devoted about twice as much airtime as its commercial evening counterparts to storylines about Iran, Afghanistan, the Israeli-Palestinian conflict, Pakistan and China. On the domestic side, PBS devoted more than twice as much attention to the health care debate (11% of news hole) as the three commercial networks (5%). Not only was there more attention to health care, but the focus was different as well. The NewsHour devoted roughly twice as much airtime to efforts to describe specific components of plans (32%) as did the commercial network programs (17%).
Radio

Viewed as a broad media sector, the news agenda on radio would appear to track closely with that of the media over all, with the exception of the health care debate, which received more attention on radio — and by a wide margin. But these numbers mask big differences in the character of content offered respectively by the three distinct segments, contemporary radio news and information content today — public radio, talk radio and syndicated radio news headlines.

PEJ examines these three segments by studying content from National Public Radio’s Morning Edition, network headline newscasts from CBS and Mutual Radio, and some of the most popular commercial talk radio hosts in the country, both liberal and conservative. Each element of the radio sector has its own distinct character.

- Public radio was the go-to media platform to learn about any non-U.S. international news or events. Nearly 21% of NPR’s coverage had a foreign focus, double the number for the media over all. Among the non-U.S. involved foreign news NPR covered in 2009 that was not covered much elsewhere were AIDS in Bolivia, farmers in India going organic, oil militants in the Niger Delta and alcohol abuse in Mongolia.

- On talk radio, the health care debate was the top story. It filled 21% of the newshole compared with 9% in the media over all. That number was driven by liberal hosts such as Ed Schultz and Randi Rhodes attacking President Obama for not going far enough. They devoted nearly one-third (31%) of the airtime studied in 2009 to that subject. Conversely, the conservative radio talkers, such as Sean Hannity, Rush Limbaugh and Glenn Beck, devoted less than half that (14%) to the issue.

- Talk radio, in particular, stood out for its ongoing focus in two areas. The platform devoted more than twice as much time to talking about the campaigns and elections, primarily the political fortunes of the Obama administration, as the media over all, about 11% vs. 5%. Talk radio shows also spent over 11% of their news hole on the media itself, six times the attention paid to the topic by the media over all. Much of that media-oriented coverage tends to be self-referential. And, while sometimes these discussions touched on issues that reached the national stage — the pros and cons of the Fairness Doctrine, the crisis in the newspaper industry, whether the media had gone overboard on the Michael Jackson story — far more often these discussions involved hosts talking about themselves. Sean Hannity, for instance, promoted his Freedom Concerts. Rush Limbaugh talked about polls taken on his own popularity. Michael Savage responded at length to being barred from entering Britain by the government. Ed Schultz promoted his town hall meetings and stints on MSNBC.

- Network headline news was the only radio segment in which crime stories were a top-five topic, accounting for almost 9% of total coverage, compared with 6% for the media over all. That coverage ranged from the Bernard Madoff Ponzi scam to the Somali pirates to fraudulent behavior in connection with the financial crisis and its implications.

ONLINE

- Online media covered more international news than any other sector. More than one-third of the online news hole (36%) either focused on strictly international matters or on how the U.S. influenced issues on the world stage, compared with 26% in the media over all. Stories with a focus on foreign affairs directly relating to the U.S. represented 18% of the online news hole and 17% concerned matters that did not involve the U.S.
One reason for these variations is that BBC.com is among the top 12 general interest news websites in the U.S. for traffic and thus is included in this sample. However, the U.S.-based websites also gave significant attention to international events. Almost half (46%) of the leading coverage on Yahoo News, for example, featured global events. One such story was on February 12 when Yahoo News gave prominence to the Australian government’s response after deadly wildfires displaced thousands of people, a story that ran nowhere else among the websites studied that afternoon. USAToday.com ran the fewest international headlines among its top stories (20%) of the websites studied.

The economy dominated the online news agenda overall. Coverage of the grave U.S. recession and economic recovery was the No. 1 story on news websites in 2009 (21%). That was about four times the coverage of the next largest story online, the health care debate (5%). Only the newspaper sector (25%) devoted more attention to the economic crisis. Great variance existed, however, among news websites with regard to news judgment. MSNBC.com (27%) and NYTimes.com (25%), for instance, gave far greater priority to coverage of the economy than did AOL News (7%).

There were sharp differences in websites when it came to the sources of information, whether from the outside or internally. At the No. 1 website in terms of traffic, Yahoo News, 99% of the news coverage studied during the year was aggregated from elsewhere, most of it from wire services. Despite its discussions about developing its own news resources, the numbers were similar at AOL News (91% of the newshole produced by others). Among cable-based websites, CNN.com was much more loyal to its own brand, with 93% of its top coverage originating internally. At Foxnews.com, slightly less than half of the coverage was internally produced (49%). And that was much greater than what was produced by MSNBC.com (20%), despite its connection to the NBC newsgathering operation. The top three newspaper websites continue to rely primarily on their own original content for their top stories, although there is some variation here, too. NYTimes.com produced 98% of its leading coverage, and WashingtonPost.com 95%. At USAToday.com the number was 72%.
Sidebars & Backgrounders
Cable TV
By the Project For Excellence In Journalism

Sidebars and Backgrounders
Cable audiences during major news events. Survey data now suggest that the Internet has caught cable as the destination for breaking news. That may explain why the prime time hours, filled with talk shows and opinionated debate, have become the focus of the channels, and an increasingly important part of their identities.

But among the three main news channels, the ability to draw viewers during a breaking news event is still an indicator of a point of strength. Historically, CNN has held the reputation as the go-to channel when a disaster strikes, a scandal breaks, or votes are counted. Its ability to tap into a larger pool of viewers is further indicated by its dominance in cume audience — the number of unique viewers who tune in at least once for just a few minutes in a month. In all other audience measures, Fox News Channel is the clear leader.

An analysis of the cable viewership during breaking news events of 2009 indicates that Fox is now a solid competitor to CNN for this audience.

Cable News Viewership during Major Events

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<thead>
<tr>
<th>Event</th>
<th>Channel Viewership</th>
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<tbody>
<tr>
<td></td>
<td>CNN (million)</td>
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<tr>
<td>Hudson River crash (3:30-6 p.m., 1/16)</td>
<td>1.73</td>
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<tr>
<td>U.S. Inauguration (11-2 p.m., 1/20)</td>
<td>6.94</td>
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<tr>
<td>Obama speech to Congress (9-10 p.m., 2/24)</td>
<td>5.05</td>
</tr>
<tr>
<td>Death of Michael Jackson (6-7 p.m., 6/25)</td>
<td>3.10</td>
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<tr>
<td>Ted Kennedy funeral (10-1:30 p.m., 8/29)</td>
<td>2.34</td>
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<tr>
<td>Balloon Boy hoax (3-5 p.m., 10/15)</td>
<td>1.74</td>
</tr>
<tr>
<td>Fort Hood shooting (3-7 p.m., 11/5)</td>
<td>1.33</td>
</tr>
<tr>
<td>Haiti earthquake (8-11 p.m., 1/12/10)</td>
<td>1.11</td>
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</tbody>
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Source: Nielsen Media Research on Mediabistro.com and TVbythenumbers.com
During the year, a number of major events occurred that drew larger than normal audiences to cable. Some were political in nature, and planned, such as the inauguration of President Barack Obama in January. Others were sudden and tragic, such as the shooting at Fort Hood in Texas by Army Sergeant Malik Nadal Hasan.

Among the cable news channels, CNN and Fox drew the biggest audiences in the hours immediately following the breaking of one of these stories. MSNBC trailed both channels by a large number of viewers in every case.

CNN tended to see the biggest audiences when there was an anticipated political event occurring. It was the audience leader during the inauguration ceremony, Obama’s first address to Congress and the funeral of Senator Ted Kennedy. The one exception was when pop singer Michael Jackson died. In the 6 p.m. hour that day, CNN topped Fox by a relatively small margin.

By contrast, Fox News drew the biggest audiences during the unanticipated breaking news events. These included the nearly disastrous landing of a plane on the Hudson River, the Balloon Boy hoax, the shooting at Fort Hood, and the devastating earthquake in Haiti.

If Fox ultimately replaces CNN as the destination channel when a major news event is happening, it will mark yet another advantage for the channel, which has led in ratings for nearly a decade.

Online news videos

In 2009, more news consumers turned to the Web for video content. Nielsen Online reported in March 2009 that overall, the number of video streams was significantly higher than a year before, in March 2008. Near the top of the list, which was dominated by YouTube and hulu.com, came CNN.com. The cable channel’s website ranked 10th overall, with 103.5 million video streams in that month, according to Nielsen.

CNN.com, along with other cable news websites foxnews.com and msnbc.com, feature short, edited news packages on their sites. These clips are generally produced for television, and after they air, are embedded in the channel’s site. Viewers are exposed to a 15- or 30-second advertisement before the video begins.

Not all video news content is equal in the eyes of advertisers. Hard news, such as stories on foreign affairs, command a lower CPM than lifestyle content. The New York Times cited an MSNBC.com feature called TodayMoms, sponsored by Wal-Mart, as an example of the kind of content that advertisers value.

The growing popularity of online news videos places television-based news organizations at an advantage to print-based ones. The costliness of producing video news content can be an inhibitor for newspapers or magazines, who wish to expand their online offerings but are dealing with shrinking budgets. CNN, MSNBC and Fox have an abundance of video content and the resources to stream live footage, whereas NYtimes.com and wsj.com must invest more than they are typically used to doing.
Nevertheless, text-based content draws Internet news consumers to a much greater extent than video-based content. This is a fact that may temper the ambitions of cable news websites as they strive to balance meeting consumer demand with the temptation to leverage their natural strengths as video content producers.

Leadership Directories staffing estimates One rough proxy for cable news staff is to examine the numbers that the channels provide to Leadership Directories, an electronic database containing lists of key personnel in United States government, business, professional and nonprofit fields, including the news media.

These lists are self-reported by the channels. The people listed are all news people, including top management, staff assigned to various desks such as national, international, and medical, as well as national bureaus, and staff assigned to specific national programs, such as The Situation Room or Anderson Cooper 360. (It does not include technical, sales and promotional staff.)

In past years, PEJ has made use of the News Media Yellow Book, a quarterly released print version of Leadership Directories. The Web database is the electronic version of the Yellow Book.

Median vs. mean in audience measurement Audience trends in television can be measured using one of two calculations: median and mean.

This report offers the numbers in both forms.

The cable news channels prefer to calculate their year-to-year ratings by converting the Nielsen ratings data into annual “averages” using the mean. Academic advisers to the Project have persuaded us, however, that the median is a better indicator of core audience.

Here is why.

Mean, or simple average, is calculated by taking each month’s ratings, adding them together and dividing by the number of months. By that accounting, wild fluctuations in the audience due to occasional events can heavily influence the numbers.

Median examines all the monthly numbers in a year and identifies which one is most typical, or falls in the middle (the middle value).

Esther Thorson, associate dean for graduate studies for the University of Missouri’s School of Journalism, explains the choice of median rather than mean this way: The median is a better indicator of central tendency when there are extremely high or extremely low observations in the distribution. Those greatly influence the mean, but have little effect on the median. In other words, the median is the closest on the average to all of the scores in the distribution. Very high levels of cable viewing during a big event pull the mean too far away from realistic viewing scores. For that reason, the median is the better indicator of typical viewing levels.

For instance, in 2003, when the war in Iraq began, mean viewership numbers showed the cable news business booming — up 34% for daytime and 32% for prime time from the year before. But using the median, the middle value of the 12 months of that year, the picture that emerged was that cable viewership was basically stable. It showed no growth during the day and a gain of just 3% in prime time. How can that be? The reason is that cable news did not retain the audience
that it gained during those first weeks of the war. Median was a better reflection of a year in which viewership spiked only for two months and then fell back down again.

In 2006, the median numbers actually meant better news for cable channels. Taking the average viewership for 2006 and comparing it to 2005 shows a significant decline in the cable news audience — down 11% for daytime and 12% for prime time. But using the median, there was a decline of just 4% during the day and 8% in prime time. Thus in times of major breaking news, mean can help the numbers. But in years when there are fewer major events, the mean will suffer. The spikes, when using mean, can cut both ways.

In short, our research team and the staff at the Pew Research Center believe the median is the fairest way to try to understand the core audience for cable, given the volatility of ratings spikes. The mean, or simple average, tends to be disproportionately inflated by the spikes and, consequently, also exaggerates any declines in cable audiences when those spikes do not occur. In contrast, median offers a truer sense of the core or base audience, those people who are watching day in and day out, without ignoring the cumulative effect of the size of the audience that gathers momentarily if extraordinary things happen.

The two revenue streams of cable TV channels generate revenue through two streams: advertising and subscriber fees.

Advertising makes up roughly half of the revenue the channels generate each year.

Cable news channels do not earn as much from advertisers as the broadcast networks or some sports or niche entertainment networks. In large part, this is because the ratings for cable news for any one program are fairly low. The ratings of the highest-rated cable show, Bill O'Reilly, are still only about a quarter of that of the lowest-rated evening network newscast, the CBS Evening News With Katie Couric, for instance, and most cable programs are only a fraction of that.

In general, analysts view advertising as having greater potential than subscriptions for long-term growth. That is because it is harder to sign new cable subscribers, or get existing ones to pay substantially more each month for the cable bill, than to generate more ad revenue.

Ad revenues are the total number of ads sold, multiplied by the average number of viewers (in thousands), which is then multiplied by the CPM.

The other source of revenue is subscriber fees, also referred to as license fees.

The viability of subscriber fees as a strong area of future growth, though, may be threatened by the emergence of broadcast networks commanding costly retransmission fees. If cable operators must pay broadcast networks to carry their programming, the operators may then decide to keep the subscriber fees of smaller, niche cable channels — which draw smaller audiences than the networks — flat, or even reduce them.

The highest fees are typically paid for sports and general entertainment channels. The highest is the $3.77 per subscriber per month, commanded by ESPN.

If Fox's audience is so much larger than CNN's is, then why are the average license fees almost identical for these two channels? Part of the answer is that not all of Fox's contract negotiations have fully kicked in. SNL Kagan projects that
2010 will be another year of much higher license fees for Fox as more contracts come into play. Second, CNN brings a "two channels for the price of one" advantage to the table. The fee for HLN is rolled into one single fee for the two channels.

Internet audience measurement Measuring traffic on the Internet has become increasingly complicated. A number of methods have emerged, but no single methodology has been accepted as a standard.

Nielsen and comScore use a panel of Internet users to estimate total U.S. Internet traffic. Just as a telephone poll contact a sample of Americans, Nielsen and comScore contact a sample of Internet users who agree to share how they spend their time on the Web. Internet users who participate then download software on their computers that tracks their online visits without attaching any personally identifiable information to the traffic data to ensure anonymity.

Nielsen uses a random sample of Internet users by collecting its panel with telephone calls, the method used by most pollsters today. Achieving a random sample of participants for the panel is a key advantage. With a random sample, Nielsen can take the traffic data and more effectively generalize to U.S. population of Internet users as a whole. Nielsen runs two panels – one consisting of people at work and the other of people at home – for a combined total of 30,000 people.

Nielsen in 2008 began testing a product that tracks how television viewing and Web browsing interrelate. It combines existing Nielsen methods for measuring television viewership with Nielsen Online’s sample-based system for estimating Internet usage. During the year, NBC tested a system called Total Audience Measurement Index that was designed to measure and analyze traffic and viewership for the network’s Olympics broadcasts and webcasts.

ComScore recruits what it calls a convenience sample instead of a simple random sample by offering incentives to participants. ComScore then applies statistical methods to adjust, or weight the results to reflect the demographics of the actual online population.

For example, after it obtains traffic data from a panel, comScore analysts may discover they have a smaller percentage of males than the online population at large. They then add more results from males so that they are correctly represented. ComScore says this gives it an advantage because it uses more people (about 150,000) and maintains three panels – at work, at home and at universities — to ensure that the data capture how students are using the Internet differently from adults at home or at work.

Hitwise takes a wholly different approach. It does not gather data directly from individual computers as comScore and Nielsen do. Instead, it gets the data from Internet service providers (ISPs) who aggregate traffic data across all the individuals to whom they deliver Internet access. Hitwise provides ISPs with proprietary software that allows ISPs to analyze website usage logs created on their networks. To ensure the data is representative, Hitwise says it collects “from a geographically diverse range of ISP networks in metropolitan and regional areas, representing all types of Internet usage including home, work, educational and public access.” The sample of ISPs, however, is not a purely random one.

Hitwise feels its data offer some advantages. First, it reports data using specific website addresses (like www.CNN.com). ComScore and Nielsen report data that includes all related websites (like money.CNN.com), a definition that can change over time. Hitwise data also put a premium on anonymity. Because it collects aggregate data, it never has access to the personal information of Internet users.
Different methodologies often result in different results, and that is the case here. Nielsen and comScore, for example, both rank Yahoo News, MSNBC.com, CNN.com, and AOL News as the four most-visited sites. Both rank AOL News as fourth. Hitwise, however, ranks AOL News as the 11th-most popular news site. While Hitwise ranks the Drudge Report as the 5th-most popular site, it does not register on the top 25 sites as listed by comScore or Nielsen.

Hitwise included a number of sites that are not generally regarded as traditional news sites and did not appear on the Nielsen or comScore lists. These include Yahoo Weather, Yahoo Local, and TVGuide.com. Both comScore and Hitwise listed some that Nielsen did not list, including the Weather Channel and Weather Underground. Nielsen did not include any of those websites in its categorization. According to Hitwise’s press office, differences materialize largely because of what the company categorizes as news.

Program schedule, CNN & HLN (February 2010)

<table>
<thead>
<tr>
<th>Time</th>
<th>CNN</th>
<th>HLN</th>
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<tbody>
<tr>
<td>6 a.m.</td>
<td>American Morning</td>
<td>Morning Express w/ Robin Meade</td>
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<tr>
<td>7 a.m.</td>
<td>American Morning</td>
<td>Morning Express w/ Robin Meade</td>
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<tr>
<td>8 a.m.</td>
<td>American Morning</td>
<td>Morning Express w/ Robin Meade</td>
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<tr>
<td>9 a.m.</td>
<td>CNN Newsroom</td>
<td>Morning Express w/ Robin Meade</td>
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<td>CNN Newsroom</td>
<td>Headline News</td>
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<td>11 a.m.</td>
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<td>CNN Newsroom</td>
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<td>3 p.m.</td>
<td>Rick’s List</td>
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<td>The Situation Room</td>
<td>Prime News</td>
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<td>The Situation Room</td>
<td>Issues with Jane Velez-Mitchell</td>
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<td>8 p.m.</td>
<td>Campbell Brown</td>
<td>Nancy Grace</td>
</tr>
<tr>
<td>9 p.m.</td>
<td>Larry King Live</td>
<td>The Joy Behar Show</td>
</tr>
<tr>
<td>10 p.m.</td>
<td>Anderson Cooper 360</td>
<td>Nancy Grace replay</td>
</tr>
<tr>
<td>11 p.m.</td>
<td>Anderson Cooper 360</td>
<td>Showbiz Tonight</td>
</tr>
<tr>
<td>Midnight</td>
<td>Larry King Live replay</td>
<td>The Joy Behar Show replay</td>
</tr>
<tr>
<td>1 a.m.</td>
<td>Anderson Cooper 360 replay</td>
<td>Nancy Grace replay</td>
</tr>
<tr>
<td>2 a.m.</td>
<td>Anderson Cooper 360 replay</td>
<td>Showbiz Tonight replay</td>
</tr>
<tr>
<td>3 a.m.</td>
<td>Anderson Cooper 360 replay</td>
<td>Headline News</td>
</tr>
<tr>
<td>4 a.m.</td>
<td>Larry King Live replay</td>
<td>Headline News</td>
</tr>
<tr>
<td>5 a.m.</td>
<td>Anderson Cooper 360 replay</td>
<td>Headline News</td>
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Source: Respective websites
Note: All times Eastern
<table>
<thead>
<tr>
<th>Time</th>
<th>Program</th>
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</thead>
<tbody>
<tr>
<td>6 a.m.</td>
<td>Fox News</td>
</tr>
<tr>
<td>7 a.m.</td>
<td>Fox &amp; Friends</td>
</tr>
<tr>
<td>8 a.m.</td>
<td>Fox &amp; Friends</td>
</tr>
<tr>
<td>9 a.m.</td>
<td>America's Newsroom</td>
</tr>
<tr>
<td>10 a.m.</td>
<td>America's Newsroom</td>
</tr>
<tr>
<td>11 a.m.</td>
<td>Happening Now</td>
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<tr>
<td>12 p.m.</td>
<td>Happening Now</td>
</tr>
<tr>
<td>1 p.m.</td>
<td>America Life with Megyn Kelly</td>
</tr>
<tr>
<td>2 p.m.</td>
<td>America Life with Megyn Kelly</td>
</tr>
<tr>
<td>3 p.m.</td>
<td>Studio B with Shepard Smith</td>
</tr>
<tr>
<td>4 p.m.</td>
<td>Your World with Neil Cavuto</td>
</tr>
<tr>
<td>5 p.m.</td>
<td>Glenn Beck</td>
</tr>
<tr>
<td>6 p.m.</td>
<td>Special Report with Bret Baier</td>
</tr>
<tr>
<td>7 p.m.</td>
<td>Fox Report with Shepard Smith</td>
</tr>
<tr>
<td>8 p.m.</td>
<td>O'Reilly Factor</td>
</tr>
<tr>
<td>9 p.m.</td>
<td>Hannity</td>
</tr>
<tr>
<td>10 p.m.</td>
<td>On The Record with Greta Van Susteren</td>
</tr>
<tr>
<td>11 p.m.</td>
<td>O'Reilly Factor (replay)</td>
</tr>
<tr>
<td>Midnight</td>
<td>Hannity (replay)</td>
</tr>
<tr>
<td>1 a.m.</td>
<td>On the Record (replay)</td>
</tr>
<tr>
<td>2 a.m.</td>
<td>Glenn Beck (replay)</td>
</tr>
<tr>
<td>3 a.m.</td>
<td>Red Eye with Greg Gutfeld</td>
</tr>
<tr>
<td>4 a.m.</td>
<td>Special Report (replay)</td>
</tr>
<tr>
<td>5 a.m.</td>
<td>O'Reilly Factor (replay)</td>
</tr>
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</table>

Source: Fox News website
Note: All times Eastern
<table>
<thead>
<tr>
<th>Time</th>
<th>MSNBC</th>
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</thead>
<tbody>
<tr>
<td>6 a.m</td>
<td>Morning Joe</td>
</tr>
<tr>
<td>7 a.m</td>
<td>Morning Joe</td>
</tr>
<tr>
<td>8 a.m</td>
<td>Morning Joe</td>
</tr>
<tr>
<td>9 a.m</td>
<td>Daily Rundown</td>
</tr>
<tr>
<td>10 a.m</td>
<td>MSNBC Live</td>
</tr>
<tr>
<td>11 a.m</td>
<td>MSNBC Live</td>
</tr>
<tr>
<td>12 p.m</td>
<td>MSNBC Live</td>
</tr>
<tr>
<td>1 p.m</td>
<td>Andrea Mitchell Reports</td>
</tr>
<tr>
<td>2 p.m</td>
<td>MSNBC Live</td>
</tr>
<tr>
<td>3 p.m</td>
<td>MSNBC Live</td>
</tr>
<tr>
<td>4 p.m</td>
<td>The Dylan Ratigan Show</td>
</tr>
<tr>
<td>5 p.m</td>
<td>Hardball with Chris Matthews</td>
</tr>
<tr>
<td>6 p.m</td>
<td>The Ed Show</td>
</tr>
<tr>
<td>7 p.m</td>
<td>Hardball with Chris Matthews replay</td>
</tr>
<tr>
<td>8 p.m</td>
<td>Countdown with Keith Olbermann</td>
</tr>
<tr>
<td>9 p.m</td>
<td>The Rachel Maddow Show</td>
</tr>
<tr>
<td>10 p.m</td>
<td>Countdown (replay)</td>
</tr>
<tr>
<td>11 p.m</td>
<td>Rachel Maddow (replay)</td>
</tr>
<tr>
<td>Midnight</td>
<td>Hardball (replay)</td>
</tr>
<tr>
<td>1 a.m</td>
<td>Countdown (replay)</td>
</tr>
<tr>
<td>2 a.m</td>
<td>Rachel Maddow (replay)</td>
</tr>
<tr>
<td>3 a.m</td>
<td>The Ed Show (replay)</td>
</tr>
<tr>
<td>4 a.m</td>
<td>Countdown (replay)</td>
</tr>
<tr>
<td>5 a.m</td>
<td>First Look/Way Too Early with Willie Geist (5:30 a.m.)</td>
</tr>
</tbody>
</table>

Source: MSNBC website
Note: All times Eastern
Glossary

A la carte cable: A pricing model that would allow consumers to pick which channels they wish to view.

Amortization: An accounting procedure that gradually reduces the cost value of a limited-life or intangible asset through periodic changes to income (Alison, A., et al., from Media Economics: Theory and Practice).

Bureau: An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo, Japan; foreign bureau is a generic term for a news office set up in a country other than the primary operations center; a Washington bureau is an office, typically located in Washington, D.C., that covers news related to national politics in the United States.

Cable system: A video distribution system that uses coaxial cable and optical fiber to deliver multichannel service to households within a geographically defined franchise area (Webster, J. et al., from Ratings Analysis: The Theory and Practice of Audience Research).

CPM: The cost an advertiser pays for every thousand viewers who watch a 30-second television ad (cost per thousand, in industry terms). For example, if Nielsen estimates that 1 million people watch Fox News on a given day, a 30-second ad would cost $3.97 times a thousand (or $3,970 per ad). These costs vary depending on the show and day part.

Cumulative audience measurement: A way of measuring audience. "Cume" is short for cumulative audience. This calculation refers to the number of individual (or "unique") viewers who watch a channel for at least six minutes over the course of a month. Cume is sometimes referred to as "reach" in the industry.

Daytime: Daytime refers to the hours between 6 a.m. and 6 p.m., in which the average cable audience for that time period is measured by Nielsen Media.

Fixer: A local resident who helps a foreign correspondent with reporting duties. As George Packer wrote in a September 2009 New Yorker article, that help comes in various forms:

"interpreting, finding the phone number of the Iraqi member of parliament, knowing the personal history of the Afghan battalion commander, setting up interviews, hiring a car and driver, figuring out where to get food on a long drive in the desert, dispensing political analysis and cultural insight and—sometimes most importantly—security advice, about this or that contact, this or that road."

News hole: The space given to news content in a program or publication. On TV, it is measured in time, and in text-based media, words. Thus for cable news, for example, the Project refers to the percent of total seconds that a certain story received. In other words, of all the seconds analyzed in cable news this week, ground events in Iraq accounted for xx% (or xx seconds out of a total of xxx).

Packaged cable: The current pricing model for multi-channel television in which a number of channels are bundled together.
Prime time: Prime time refers to the hours between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen (on Sundays, the prime-time hours are 7 p.m. to 11 p.m.).

Programming costs: The expenses incurred by a cable programmer in the production of original programming and the purchase of rights to non-original programming.

SG&A: Selling, general & administrative expenses. These include any overhead costs not directly associated with programming at a cable channel.

Subscriber fees: Also known as license fees, subscriber fees come to cable channels indirectly from viewers. The channels are paid the fees by cable systems (in exchange for their programs), which in turn recoup that money in cable bills to consumers. The amounts of those fees are negotiated with the cable systems based on an estimate of how many subscribers the system will have during the life of the agreement.

Viewership: Measurement of how many people are in an audience.
Charts & Tables
Cable TV
By the Project For Excellence In Journalism

Charts Tables
Audience

Cable News Prime-Time Viewership over Time
Cable News Daytime Viewership over Time
Cable News Prime-Time Viewership, by Channel
Cable News Viewership in 2009, by Program
Cable News “Cume” Audience, by Channel
CNN Prime-Time Viewership
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Fox News Prime-Time Viewership
Fox News Daytime Viewership
MSNBC Prime-Time Viewership
MSNBC Daytime Viewership
HLN Viewership

Economics

The Economics of Cable News
Cable News Profitability by Channel
Cable News Profits
Cable News Revenue
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News Investment

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Ownership

NBC Universal Cable Properties

Digital

Cable News Website Audiences in 2009
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Specialty Channels

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Audience
Cable TV
By the Project For Excellence In Journalism
Audience
Introduction

After a blockbuster election year for cable in 2008, the total cable audience grew even more in 2009. The gains were made largely by one channel, Fox News, whose prime-time and daytime audiences grew by nearly a quarter. CNN lost prime-time viewers, and MSNBC was up just slightly. HLN (CNN's stablemate), like Fox, registered increases. Daytime programming had the greatest increases: median viewership growth was double that of prime time in 2009, and both Fox and CNN made significant gains during these hours. CNN's problems came in the evening.

Cable Audience Over All

Even without a historic presidential election to cover, the overall universe of cable news viewership grew.
Cable ratings growth can be measured using one of two calculations — the mean (the simple average) or the median (the number in the middle of a series of figures). 1

This report offers the numbers in both forms, but the Project, in consultation with various experts, considers median the better reflection of audience trends. (Click here to read the backgrounder on median versus mean audience measurement.)

- Over all, the median viewership for cable news across all three channels in prime time grew by 7%, to 3.88 million, up from 3.64 million in 2008. (While robust, cable’s viewership is a fraction of the network evening newscasts, which averaged 22.3 million viewers in 2009.) For more on Network Audience, click here.
- Prime-time mean viewership, the industry’s preferred measurement, shrank by 9% to 3.81 million, down from 4.17 million in 2008.

Cable News Prime-Time Viewership

During the day, viewership jumped by both median and mean calculations.

- Over all, the median viewership for cable news across all three channels in daytime grew by 16%, to 2.16 million, up from 1.86 million in 2008.
Daytime mean viewership grew by 7% to 2.19 million, up from 2.05 million in 2008.

Why was there such a discrepancy between the median audience numbers and mean, including, in prime time, a gain for median and a loss in mean? The answer most likely had to do with the historic presidential election of 2008 that created a series of newsmaking events — convention speeches, candidate debates, election night itself — that attracted unprecedented prime-time audiences. These unusual events inflated the mean audience size more sharply than its median. Thus 2009 saw erosion in the mean and a slight increase in the median.

Cable News Daytime Viewership

1998-2009

Again, the increases in mean were smaller, probably as a result of extreme peaks in 2008 election months.

2009: Channel by Channel

The separation among the three cable channels continued to widen in 2009, raising new questions about whether cable news is becoming an ideological medium, particularly in prime time, when the stations attract their largest audience, and whether a balanced approach to news can continue to appeal to viewers.

- Fox News had by far the most successful year in terms of ratings. In prime time, Fox increased its median viewership by 19% (and mean viewership by 6%) to 2.13 million.
- MSNBC had a slight increase. It was up 3% from the year before in median prime-time viewers (but down 12% in mean). That represents 786,000 viewers.

- CNN had the worst ratings year. It was down 15% in prime-time median viewers, and down 30% in mean — normally a metric that plays to CNN's strengths. Its median prime-time viewership was 891,000.

The prime-time hours continued to draw “appointment” viewers, especially with programs hosted by opinionated personalities. The O'Reilly Factor on Fox News continued to be the highest-rated program, followed by Hannity, also on Fox.

The biggest ratings changes were seen outside of prime time, where an opinionated host, Glenn Beck, attracted millions of viewers at 5 p.m. for Fox. On MSNBC, Countdown With Keith Olbermann was the channel's strongest audience draw. CNN struggled to attract sizable audiences to its prime-time lineup, and at times was beaten by MSNBC and HLN, CNN's sibling channel.
<table>
<thead>
<tr>
<th>Time</th>
<th>Program Name</th>
<th>Channel</th>
<th>Presenter/Topics</th>
<th>Viewership</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 p.m.</td>
<td>Fox Report With Shepard Smith</td>
<td>Fox News</td>
<td>Lou Dobbs Tonight*</td>
<td>(1,878,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hardball With Chris Matthews</td>
<td>(633,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Issues with Jane Velez-Mitchell</td>
<td>(484,000)</td>
</tr>
<tr>
<td>8 p.m.</td>
<td>O'Reilly Factor</td>
<td>CNN</td>
<td>Campbell Brown</td>
<td>(3,343,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Countdown With Keith Olbermann</td>
<td>(1,157,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nancy Grace</td>
<td>(943,000)</td>
</tr>
<tr>
<td>9 p.m.</td>
<td>Hannity</td>
<td>CNN</td>
<td>Larry King Live</td>
<td>(2,506,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rachel Maddow Show</td>
<td>(1,019,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lou Dobbs replay*</td>
<td>(464,000)</td>
</tr>
<tr>
<td>10 p.m.</td>
<td>On the Record With Greta Van Susteren</td>
<td>CNN</td>
<td>Anderson Cooper 360</td>
<td>(1,976,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Olbermann replay</td>
<td>(695,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nancy Grace replay</td>
<td>(567,000)</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research on MediaBistro.com
Note: Numbers in parentheses are average viewership, P2+ (Age 2 and up)
* Lou Dobbs Tonight was replaced in late September 2009 by CNN Tonight on CNN and by the Joy Behar Show on HLN.

Yet for all that, CNN continued to hold its edge in the third way of measuring audience: cume.

Cume, short for cumulative audience, counts the number of individual (or “unique”) viewers who watch a channel for at least six minutes over the course of a month. Ratings, by contrast, measure how many people are watching a given program at any one moment. In CNN’s decade-long struggle against Fox News, this is one measurement by which CNN has consistently surpassed Fox News (the cume data used in this report were supplied to PEJ by CNN).
Design Your Own Chart

Source: Nielsen Media Research, data provided by CNN
Cumulative or “cume” audience refers to the number of individual viewers who watch a channel for at least six minutes over the course of a month.

Fox executives tend to discount cume, suggesting that advertisers do not care about it. But cume does offer an indication of how many different people might see an advertisement over time. Cume also offers, to those interested in understanding the changing ecosystem of news delivery, the broader appeal of different channels and approaches by revealing the universe of viewers of each channel rather than simply the number watching at any given moment.

Even here, though CNN maintained the edge, its cume figures fell substantially from 2008 levels, as did MSNBC’s. Fox was the only channel to remain relatively steady, with a loss of 2% in cume for the year. This also suggests that while cable ratings are up, it is not because more people are turning to cable over all. Rather, the basic universe of viewers is tuning in more often, and they are tuning in to Fox.

CNN’s average monthly cume audience dropped 9% to 67.1 million unique viewers, down from 73.96 million in 2008.

Fox’s average monthly cume audience dropped 2% to 57.5 million unique viewers, down from 58.38 million in 2008.

MSNBC’s average monthly cume audience dropped 16% to 50.3 million unique viewers, down from 60.03 million in 2008.
CNN struggled in 2009 to maintain its election-year audiences, and at times it even slipped behind MSNBC in monthly ratings to third place.

There were only two months in 2009 — January and July — when CNN’s prime-time viewership exceeded that of 2008. All the other months had declines, especially later in the year.

- For 2009, CNN’s median prime-time viewership dropped 15% to 891,000, down from 1.05 million in 2008.
- The channel’s mean prime-time viewership dropped 30% to 891,000, down from 1.27 million in 2008.

While the channel struggled in prime time, it had gains during the day.

- CNN’s median daytime viewership rose 9% to 621,000, up from 571,000 in 2008.
- The channel’s mean daytime viewership for the year rose 3% to 645,000, up from 627,000 in 2008.
CNN Programs
CNN executives continued to promote their channel as more objective and serious about the news than Fox or MSNBC. But this approach did not seem to attract more viewers. When the year’s ratings were tallied, none of CNN’s shows was among the top 10 in cable news. The channel’s top program was Larry King Live (1.1 million viewers on average), an interview show more oriented to celebrity and gossip news. It was down 14% from 2008 levels. CNN’s prime-time “hard” news programs, Anderson Cooper 360 and Campbell Brown, were also down for the year. Cooper’s program drew only 978,000 viewers (down 19%) and Brown’s drew 831,000 (down 17%).

Even some of CNN’s opinionated and ideological programming struggled. Lou Dobbs Tonight, which aired in the 7 p.m. hour right before prime time, became a magnet for controversy over Dobbs’ opposition to illegal immigrants in the months before he left CNN. But it was watched by only 759,000 viewers on average in 2009, down 25% from 2008.

Fox News
Fox News, the ratings leader, increased its lead over CNN and MSNBC in 2009. For each of the first eight months of 2009, Fox’s prime-time audiences exceeded those during the same month in 2008. This changed in September, when heavy viewership associated with the presidential election boosted the year-earlier 2008 numbers.

- For the year, Fox’s median prime-time viewership grew 19% to 2.13 million, up from 1.79 million in 2008.
- The channel’s mean prime-time viewership grew 6% to 2.14 million, up from 2.02 million in 2008.
Fox's gains in prime time were mirrored during the day.

- Median daytime viewership grew 25% to 1.2 million, up from 955 million in 2008.
- Mean daytime viewership grew 17% to 1.2 million, up from 1.03 million in 2008.
Fox Programs

As with CNN, Fox News did not change its programming strategy in 2009. It invested in it further. It added Glenn Beck and shed Sean Hannity’s liberal counterpart, Alan Colmes, both moves that appeared to help audience numbers. And gone was Brit Hume, a veteran journalist with a background in the broadcast network news who retired at the end of 2008.

Individual Fox programs dominated cable news in prime time and early evening. For the year, the top 10 programs on cable news were all Fox News shows. The O’Reilly Factor (3.34 million average viewers, up 16%) was No. 1, followed by Hannity, whose 2.51 million viewers was 14% above 2008. Glenn Beck’s average of 2.32 million viewers in 2009—up 96% from the previous year in that slot—was high especially given his 5 p.m. time slot. Beck’s program popularity was a key reason for Fox’s ratings surge in daytime over all. On the Record With Greta Van Susteren averaged 1.98 million viewers—up 11% from the year before. (For more on the offerings of these programs, see A Year in the News.)

Other Fox programs, some of which more closely resembled traditional newscasts, also fared well in 2009. Special Report With Bret Baier averaged 2.04 million viewers, up 26% from 2008. The Fox Report With Shepard Smith averaged 1.88 million viewers and was up 16%.

MSNBC
MSNBC ranked third among the three main cable news channels for audience in 2009, as it has for years. But it grew in prime time, gaining on CNN. In daytime, it was the one cable channel to lose viewers, lagging far behind its competitors for that audience.
For 2009, MSNBC's median prime-time viewership grew 3% to 786,000, up from 767,000 in 2008.

The mean prime-time viewership dropped 12% to 785,000, down from 889,000 in 2008.

Daytime audience levels dropped at MSNBC, even as they grew at CNN and Fox.

- MSNBC's median daytime viewership for 2009 dropped 8% to 325,000, down from 352,000 in 2008.
- The mean daytime viewership dropped 13% to 344,000, down from 398,000 in 2008.
MSNBC Programs

In 2009, MSNBC's programming lineup, which maintained its formula as a liberal counterpart to Fox, was not strong enough to beat out competitors on Fox. But it was strong enough sometimes to beat some of CNN's programs.

MSNBC's prime-time stars, Rachel Maddow and Keith Olbermann, attracted the channel's biggest audiences, which grew over 2008 levels. Maddow's program drew an average of 1.02 million viewers in 2009, up 13%, and Olbermann's drew 1.16 million, up 10%. The 10 p.m. repeat of Olbermann's program, Countdown (695,000 average viewers), was down, however, by 17% from 2008 levels.

MSNBC reshuffled its daytime lineup substantially in 2009. One of the biggest changes outside of prime time was the addition of the Ed Show, hosted by liberal radio personality Ed Schultz, in the 6 p.m. hour. The program averaged 536,000 viewers in 2009, which was down 3% from the programming that held the slot in 2008.

HLN

CNN's sibling channel had strong audience growth in 2009, particularly in prime time, where it grew more, by percent, than any other cable news channel. HLN honed its evening lineup, in many ways seeming to do what CNN has tried to avoid — deliver an opinion-driven, entertaining take on the news.

For 2009, HLN's median prime-time viewership grew 21% to 525,000, up from 434,000 in 2008.
The channel's median daytime viewership grew by a slight 1% to 260,000, up from 258,000 in 2008.

<table>
<thead>
<tr>
<th>Year</th>
<th>Prime-Time Viewership</th>
<th>Daytime Viewership</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>525,000</td>
<td>260,000</td>
</tr>
<tr>
<td>2008</td>
<td>434,000</td>
<td>258,000</td>
</tr>
<tr>
<td>2007</td>
<td>353,000</td>
<td>235,000</td>
</tr>
<tr>
<td>2006</td>
<td>302,000</td>
<td>218,000</td>
</tr>
<tr>
<td>2005</td>
<td>307,000</td>
<td>244,000</td>
</tr>
</tbody>
</table>

Source: PEJ Analysis of Nielsen Media Research, used under license

In 2009, HLN not only had a new host, Jane Velez-Mitchell, to replace Glenn Beck, but it also added Joy Behar to its prime-time schedule at the end of September. Issues with Jane Velez-Mitchell seemed to be a better fit on HLN than Beck was, averaging 484,000 viewers in 2009, which was 26% higher than the time slot in 2008. Behar’s host-driven take on politics and pop culture averaged 492,000 viewers in 2009. This was 37% less than the same hour’s viewership in the final quarter of 2008, which was filled by replays of Glenn Beck and Lou Dobbs’ programs.

Nancy Grace, whose program focuses on crime news, continued to be the channel’s top audience draw. In 2009, Grace’s program attracted 943,000 viewers, up 35% over 2008 figures.

Footnotes

1. Throughout this report, whenever cumulative and viewership audience data are presented for an entire year, both median and mean audiences are calculated across 12 monthly averages.

Local TV – Summary Essay

Local TV
Summary Essay
By the Project For Excellence In Journalism
Almost all the indicators for local TV are pointing down.

Audiences continue to fall for newscasts across all timeslot.

NBC stations suffered in particular as a result of the network's short-lived experiment with putting comedian Jay Leno on in the final hour of prime time, which failed to attract a big following and reduced the audiences for the local news that followed. Even after he was bumped back to his old timeslot, news directors feared the viewers might not return to the newscasts.

Revenue, too, was in a free fall. Ad revenue is always lower in a year without federal elections or the Olympics, but the drop in 2009 was especially severe even with the unexpected bounty of political spending on health care legislation. Revenues were estimated to have fallen by 22% from the year before. The last two non-election years, by contrast, recorded much smaller declines: 5% in 2005 and 6% in 2007.

Looking ahead, most market analysts project revenues to grow only slightly, in the 3%-to-5% range in 2010, but that is hardly taken as good news given that it is a year that will include both the off-year elections and winter Olympic games. Some analysts even predict a slight decline in 2010. There is a wild card in play, however: the lifting of restrictions on corporate campaign spending by the Supreme Court could produce an avalanche of new political ads.

The industry, in other words, is facing a structural challenge. Stations, after years of declines in audience, may be nearing a point where they can no longer add new newscasts or new revenue opportunities, such as sponsored segments, to its old ones.

Stations are banking on new technology, and indeed this is the one area where the numbers are moving in the right direction. As more people use the Web and mobile devices to browse video, stations stand to gain. Stations are expected to see brisk revenue growth from their online properties — websites and mobile — for years to come. But online only amounted to 8% of station revenues in 2009, and there is little prospect of it significantly buoying them anytime soon.

And TV stations weren’t the only media outlets seeking local revenue from Web and mobile devices, and some of their competitors are ahead of stations in getting into the game. Stations only had a 10% share of local online ad spending in 2009.
Amid all this, the simmering conflicts between local affiliates and the networks are intensifying. Networks are demanding a share of the fees that cable systems pay to local stations to carry their broadcasts, revenue the stations say they can ill afford to part with. In exchange, station owners could seek more influence over programming or more opportunities to sell local ads during network broadcasts.

The affiliates come to the bargaining table with a vivid illustration of their clout. NBC’s decision to cancel the Jay Leno Show was largely driven by the complaints of station managers.

Comcast’s pending purchase of NBC creates a unique situation. As the owner of NBC stations, Comcast will have to negotiate retransmission fees with other cable companies. At the same time, Comcast is required to pay those fees to affiliates.

Meanwhile, local TV is facing more immediate changes. Newsgathering operations are getting smaller. For news this has meant new experiments with competing stations sharing content, staff or equipment, or even teaming up with the local newspaper. In addition, stations are pushing to create different types of local content—not just news—in the hopes of saving money on syndicated programming or filling in gaps left by reductions in network offerings.

But among the biggest lessons of the year is a reminder of the power of lead-in. Be it syndicated, local or network programming, when ratings fall for what airs just before the news, there is usually collateral damage to newscasts. And, despite their own drop in ratings, it is still news broadcasts that deliver the largest portion of station revenue.

Further evidence could be in the offing: Oprah Winfrey, who typically delivered strong audiences to early evening newscasts, ends her run in over-the-air broadcasting in 2011 as she turns to cable.

All of this helps explain why local television stations, once Wall Street darlings, are generally off investors’ most-favored lists. Some station owners, especially those with newspaper holdings, restructured under bankruptcy protection; others appeared to be on the verge of doing so.

Mergers and acquisitions of local TV properties slowed markedly over the last two years. In 2009, most stations that did change hands went to creditors or were sold at fire-sale prices, not to investors or companies looking to expand their broadcast portfolios.

It remains to be seen whether changes in the industry will lead to more stations being owned by fewer companies or if local ownership will take root. Much of that may be determined by federal media ownership policy. (Click here to read more about media ownership and federal policy.)

Despite prospects for new technologies and expanded local programming, the outlook for the industry appears difficult. In the near term, stations are likely to continue to bounce between boosts in election and Olympic years and lean years in between. But the boom years of late have not been as good and the lean years even leaner.

Economics:

- In 2009, total industry revenues were expected to decrease 22% to $16.1 billion, from $20.6 billion the previous year.
- Revenues for 2010 were expected to increase between 3% and 5%.
- Political advertising neared $1 billion in 2009, doubling the total of 2007, the previous non-election year.
News Investment:

- Reports suggest that 450 jobs were lost at local TV stations in 2009, and that was on top of 1,200 jobs lost in 2008.
- Despite staff reductions, the average amount of news increased to 4.6 hours each day, from 4.1 hours the previous year.

Ownership:

The number of transfers of station ownership was up in 2009, mostly due to bankruptcies and distressed sales. As a result, the total value of sales increased to $715 million in 2009, from $537 million in 2008.

Digital Trends:

- Local TV station website revenue was expected to increase 26% to $1.3 billion in 2009, from $1.1 billion in 2008.
- Websites of local TV stations were expected to have 10% of the market share for all local online advertising in 2009, up slightly from 2008.

Audience

Local TV
By the Project For Excellence In Journalism

Audience

Local television news appears to be losing its audience at an accelerating pace.

In 2009, viewership at affiliates of the four major networks, which produce most of the local television news in the U.S., declined across all timeslots, according to PEJ's analysis of data from Nielsen Media Research.

For early evening and late news, the viewership decreases were steeper than in 2008. And in 2009, there were declines in early morning local newscasts as well, which had been stable the previous two years.

The declines were also seen across all four networks, with CBS and Fox the hardest hit as well as NBC's late night news.

There may be some distinctions by market size and geographic breakdown (not available in this analysis), but these numbers reveal a clear pattern across more than 200 markets, roughly 800 stations.

Network Affiliates

Affiliates of the four major broadcast networks — ABC, CBS, Fox and NBC — saw their ratings, share and viewership decline in all months and all news timeslots studied. 1

There was a sole minor exception. The only one of the 27 measures not to suffer a decline was share for the May sweeps month for late night news, which was flat.

Even more worrisome, the declines appeared to worsening.

Not only did morning news also fall in 2009, along with early evening and late news. But the rate of decline for early evening and late news appeared to be much steeper than the year before. On average, local TV newscasts lost twice as many viewers in 2009 (4.1 million viewers) across the three sweeps periods compared to the 2008 loss (2 million viewers).
Total Average Audience for Early Evening News, 2009
In Millions

<table>
<thead>
<tr>
<th>Sweep Month</th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>23.8</td>
<td>22.5</td>
<td>-5.4%</td>
</tr>
<tr>
<td>July</td>
<td>22.3</td>
<td>20.9</td>
<td>-6.3</td>
</tr>
<tr>
<td>November</td>
<td>26.3</td>
<td>25</td>
<td>-4.9</td>
</tr>
<tr>
<td>Average</td>
<td>24.1</td>
<td>22.8</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

Total Average Audience for Late News, 2009
In Millions

<table>
<thead>
<tr>
<th>Sweep Month</th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>29.6</td>
<td>28.6</td>
<td>-3.7%</td>
</tr>
<tr>
<td>July</td>
<td>25.7</td>
<td>23.9</td>
<td>-7</td>
</tr>
<tr>
<td>November</td>
<td>28.6</td>
<td>25.9</td>
<td>-9.1</td>
</tr>
<tr>
<td>Average</td>
<td>28.0</td>
<td>26.1</td>
<td>-6.5</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

Total Average Audience for Morning News, 2009
In Millions

<table>
<thead>
<tr>
<th>Sweep Month</th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>12.9</td>
<td>12.5</td>
<td>-3.9%</td>
</tr>
<tr>
<td>July</td>
<td>9.9</td>
<td>9.2</td>
<td>-7</td>
</tr>
<tr>
<td>November</td>
<td>13.1</td>
<td>12.2</td>
<td>-7.6</td>
</tr>
<tr>
<td>Average</td>
<td>12.0</td>
<td>11.2</td>
<td>-6.1</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

To do this analysis, PEJ combines the data from Nielsen Media Research about individual stations and computes national averages for each timeslot. We do this for three sweeps months during the year. (Click here to read more about how PEJ analyzes local TV audiences.)
Across the three sweeps periods, early morning newscasts fell an average of 6.1% in 2009, after increasing 1% through the same period in 2008. 2

Late newscasts following prime time (which does not include 10 p.m. news on many Fox stations) fell an average of 6.5%, following a drop of 1.5% in 2008.

Early evening newscasts fell 5.5%, following a decrease of 6.6% in 2008.

For a better understanding of the trends it is useful to examine these timeslots individually.

Late News

What stood out this year in the continuing decline of late night news (the programs that follow the end of the prime-time entertainment shows on ABC, CBS and NBC), was a much steeper decline in ratings, while losses in share were less than seen a year ago.

- Both July and November sweeps months had ratings declines that were more than double the declines of 2008 (10% in July 2009 versus 3.6% for July of 2008 and 9.4% in November 2009 versus 3.7% for November of 2008).
- When it came to share, however, the declines were not quite as steep as in 2008: 9.1% in July versus 11.1% for the same time period in 2008 and 8.3% in November versus 12.5% in 2008.
- Total viewership declined at increasing rates throughout the year, from a decline of 3.4% in May to a 9.1% decline in November.

Just how much of this might be connected to the short-lived and poorly rated Jay Leno show, which was broadcast during the November sweeps on NBC just prior to the late news? A closer look at the Nielsen data suggest quite a bit.

First, the steep ratings declines versus more modest drops in share indicate that the problem was fewer televisions overall were tuned to late night television rather than fewer TV viewers watching local news. In other words, rather than watching something other than Leno, many people simply stopped watching TV altogether after 10 p.m.

In addition, PEJ conducted additional research of the Nielsen data, separating the findings by network. With this analysis the connection between Leno and the declines in late news becomes clearer.

During the November sweeps when Leno was on the air, NBC affiliates saw ratings, share and viewership fall more than twice as much as ABC affiliates. CBS stations on average actually saw slight increases in viewership. (For a fuller discussion see “The Leno Effect.”)

Local News: Change in Ratings
Sweeps Months, 2008 to 2009*

<table>
<thead>
<tr>
<th>Sweep Month</th>
<th>Evening News</th>
<th>Late News</th>
<th>Morning News</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>-7.1%</td>
<td>-2.9</td>
<td>-7.1%</td>
</tr>
<tr>
<td>July</td>
<td>-7.7</td>
<td>-10</td>
<td>-9.1</td>
</tr>
<tr>
<td>November</td>
<td>-6.7</td>
<td>-9.4%</td>
<td>-7.1</td>
</tr>
<tr>
<td>Average</td>
<td>207</td>
<td>207</td>
<td>203</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates
*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.
Local News: Change in Share
Sweeps Months, 2008 to 2009*  

<table>
<thead>
<tr>
<th>Sweep Month</th>
<th>Evening News</th>
<th>Late News</th>
<th>Morning News</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>-8.3%</td>
<td>0%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>July</td>
<td>-9.1</td>
<td>-9.1</td>
<td>-14.3</td>
</tr>
<tr>
<td>November</td>
<td>-9.1</td>
<td>-8.3</td>
<td>-7.1</td>
</tr>
<tr>
<td>Average Number of Markets</td>
<td>207</td>
<td>207</td>
<td>202</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates
*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

Early Evening Newscasts

Local affiliate newscasts between 5 and 7 p.m., the so-called early evening timeslot, also had a drop in ratings and share in all three sweep months examined in this report for 2009.  

- The fall in ratings was fairly consistent across sweeps periods, 7% in May and November and 8% in July.
- Share, the percentage of people watching televisions tuned to local news, was also down to a similar degree: 8% in May and November and 9% in July. These losses were roughly on par with the losses in 2008.
- Viewership declined between 5% and 8% each month. Fewer people now watch this early evening, or dinner hour, newscast than watch late night news.

One possible explanation for why the audience of early evening news was smaller than late newscasts in 2009 is a gradual change in television viewing habits in recent years, when audiences around the dinner hour have gotten smaller. Wally Dean, the broadcast/online director at the Committee of Concerned Journalists and a consultant to this report, believes two factors may be at play in audience decreases of early evening newscasts.

First, Dean said, early evening newscasts are less important to consumers, who are increasingly accessing news (including local stories) online at work. “By the time people leave work, they feel like they know what's going on so they don't turn on the evening news,” Dean told PEJ.

Yet later, after prime time has ended, “They haven't grazed on the news in a while…. They want to know what's going on before they go to bed,” Dean said, including what the weather will be like when they wake up or if there were any late developments in the news. The pattern explains why audiences for late news have diminished at a slower rate.

The second major factor working against early evening newscasts, Dean said, is Americans' long commutes from their jobs. “With people taking jobs anywhere they can find them, it often takes longer for people to get home,” Dean said.
“And people trying to save money on their commutes may be taking public transportation or carpooling. All that cuts into people watching in the early evening.”

**Morning News**

After two years of relative stability, ratings, share and viewership in 2009 all also had significant declines during the early morning newscasts that many local stations now air.

Stations lost share for morning news in each sweeps period in 2009, with declines as steep as 14% (July). Morning newscasts lost the fewest viewers among the traditional local newscasts, but it still amounted to a relatively high proportion of their audience (audiences for morning newscasts was roughly half that of early evening news).

- Year over year, morning ratings fell 7% in May, 9% in July and 7% in November.
- Share was down 7% in May, 14% in July and 7% in November.
- Viewership was down in 2009, as much as 7% in November, compared to increases in 2008, as high as 2% in May.

After serving as the growth area for local news for many years, audiences leveled off in 2007 and 2008, and they fell in 2009, suggesting that viewers were turning to other news offerings during that timeslot, perhaps to online and mobile news. In 2009, the downward trajectory solidified with losses coming from fewer people tuning in to local television at all.

**Fox Local News**

The strategy developed by Fox affiliates of airing local news at off-hours – the 7 a.m. to 8 a.m. morning hour and 10 p.m. to 11 p.m. late night hour – also showed signs of difficulty in 2009.

The morning hour designed to compete with the first hour of the national network morning news shows saw ratings declines between 7% and 9%.

The late evening hour – set against the last hour of prime-time programming – had even greater losses: 15.4% in July and 18.2% in November. They fared worse than late local newscasts that air on ABC, CBS and NBC affiliates an hour later.

**Morning News: Change in Ratings**

Sweeps Months, 2008 to 2009

<table>
<thead>
<tr>
<th>Time</th>
<th>May</th>
<th>Jul</th>
<th>November</th>
<th>Average Number of Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-8 a.m.</td>
<td>-7.7</td>
<td>-9.1</td>
<td>-8.3</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license

Note: 7-8 a.m. figures represent Fox affiliates only.
### Fox Affiliates, Prime-Time News: Change in Ratings

**Sweeps Months, 2008 to 2009**

<table>
<thead>
<tr>
<th>Time</th>
<th>May</th>
<th>July</th>
<th>November</th>
<th>Average Number of Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-11 p.m.</td>
<td>-6.5%</td>
<td>-15.4%</td>
<td>-18.2%</td>
<td>167</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates

### Local Affiliate News in Nontraditional Timeslots

To counter the lower audiences for newscasts at traditional hours, stations in recent years have shifted the times when they broadcast news. Stations have added newscasts at noon, or before and after early evening newscasts.

For the most part, the strategy offered mixed results in 2009. The timeslot following the network evening newscasts fared the best.

- Ratings and share for the noon news timeslot were down in 2009, after holding steady in 2008.
- News broadcasts in the 4-to-5 p.m. hour, before the evening newscasts, lost more than 6% of their ratings each month.
- The timeslot that fared best was 7 to 7:30 p.m., which mainly held steady.

### Network Affiliate Midday News: Change in Ratings

**Sweeps Months, 2008 to 2009**

<table>
<thead>
<tr>
<th>Time</th>
<th>May</th>
<th>July</th>
<th>November</th>
<th>Average Number of Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noon to 1 p.m.</td>
<td>-5.6%</td>
<td>-5.6%</td>
<td>-11.1%</td>
<td>139</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates
Network Affiliate Evening News: Change in Ratings
Sweeps Months, 2008 to 2009

<table>
<thead>
<tr>
<th>Time</th>
<th>May</th>
<th>July</th>
<th>November</th>
<th>Average Number of Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-5 p.m.</td>
<td>-6.7%</td>
<td>-6.7%</td>
<td>-6.3%</td>
<td>33</td>
</tr>
<tr>
<td>5-7 p.m.</td>
<td>-7.1</td>
<td>-7.7</td>
<td>-6.7</td>
<td>207</td>
</tr>
<tr>
<td>7-7:30 p.m.</td>
<td>3.6</td>
<td>0</td>
<td>0</td>
<td>135</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

Independent Stations

The number of independent stations — those not affiliated to any network — is now quite small. Only 6 to 18 markets, depending on the timeslot, had independent stations with large enough news audiences for Nielsen to track. (For network affiliates, most timeslots are measured in more than 200 markets.)

Over all, the number of viewers tuning in to news on independent station newscasts is minuscule compared to network-affiliated stations. In the early evening timeslot, the viewership of news on independent stations is just 1% of the network affiliate viewership (25 million on network affiliate versus 290,000 on independents). Independent stations do slightly better in the last hour of prime time (10 p.m. to 11 p.m.) when they mainly compete with Fox stations. In that hour, their viewership is 10% of Fox stations and 9% of the affiliate audience altogether (5.4 million for the four network affiliates versus 497,000 for independents).

Similar to Fox affiliates, independent stations schedule news programs to compete with network programming on ABC, CBS and NBC. And like Fox, independent stations get their biggest audiences for newscasts during the last hour of prime time, from 10 p.m. to 11 p.m. But even compared to Fox stations — which attract the smallest number of viewers, on average, among network affiliates — the viewership of news on independent stations is much smaller, ranging from 8% (morning news) to 48% (noon to 1 p.m. newscasts), the size of Fox’s local news viewership.

Viewership of Local News for Independent Stations, Fox Affiliates and Network Affiliates, November 2009
In Thousands

<table>
<thead>
<tr>
<th>Time</th>
<th>November 2009</th>
<th>Independent Stations</th>
<th>Fox Affiliates</th>
<th>ABC, CBS and NBC Affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 a.m. to 7 a.m.</td>
<td>144</td>
<td>1,758</td>
<td>10,434</td>
<td></td>
</tr>
<tr>
<td>7 a.m. to 8 a.m.</td>
<td>206</td>
<td>2,248</td>
<td>189</td>
<td></td>
</tr>
<tr>
<td>Noon to 1 p.m.</td>
<td>201</td>
<td>423</td>
<td>7,601</td>
<td></td>
</tr>
<tr>
<td>5 p.m. to 7 p.m.</td>
<td>290</td>
<td>2,275</td>
<td>22,737</td>
<td></td>
</tr>
<tr>
<td>7 p.m. to 7:30 p.m.</td>
<td>155</td>
<td>464</td>
<td>11,191</td>
<td></td>
</tr>
<tr>
<td>10 p.m. to 11 p.m.</td>
<td>497</td>
<td>5,187</td>
<td>225</td>
<td></td>
</tr>
<tr>
<td>11 p.m. to 11:30 p.m.</td>
<td>128</td>
<td>1,034</td>
<td>24,917</td>
<td></td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license
Note: Network Affiliate numbers represent ABC, CBS and NBC affiliates
Footnotes

1. In 2009, local television audiences were measured in March rather than February because of the scheduled transition to digital television. Since there are no valid data to compare to the one-time March sweeps month, PEJ’s analysis this year relies on May, July and November data. Fox stations are excluded from the analysis of late news because few air news during the 11 p.m. timeslot. A separate analysis of Fox stations’ 10 p.m. newscasts is included.

2. To arrive at these findings, PEJ took the average total weekday audience for each sweeps period and combined them into an average for that time period across all three and compared that year to year.

3. For early evening news, PEJ examined data for newscasts between 5 and 7 p.m. in the Central and Mountain time zones and 6 to 8 p.m. in the Eastern and Pacific zones. For late news, we took 11 to 11:30 p.m. in the Eastern and Pacific zones and 10 to 10:30 p.m. in the Central and Mountain zones. Fox stations generally air news at 10 p.m. in the Eastern and Pacific zones and 9 p.m. in the Central and Mountain zones.

4. In previous years PEJ had analyzed full-year data on independent stations — those not affiliated with any broadcast network. For the 2010 report PEJ could not include such an analysis because the applicable data were not valid due to systematic errors Nielsen Media Research discovered in August 2009. As a result, PEJ’s analysis offers a broad sense of the state of independent local news based on figures from November 2009, the last of four sweeps months.

Economics

Local TV
By the Project For Excellence In Journalism

Economics
The question about local TV economics in 2009 was not whether it was bad year but how bad.

When the year was over, industry revenues had fallen to levels not seen since the mid-1990s. 1

Most of the drop came in on-air revenues, which is still expected to have generated 91% of local station revenue in 2010. 2 And all sorts of advertising categories fell, from furniture, to financial services to insurance. 3 The hardest hit was automotive, which was down more than half for the first nine months of 2009.

The lone silver lining was unanticipated revenue from political issue ads, which, according to estimates by the Television Bureau of Advertising, may have doubled the total from the previous non-election year of 2007. 4

The outlook for the industry in 2010 is less clear. Most financial analysts expect 2010 advertising revenues to improve over 2009 levels, but the scenarios are far from secure.

Revenues

Revenues were declining for the second year in a row as 2009 came to a close. The final numbers won’t be available till later this spring, and there are differences in the estimates, but one thing was consistent. Everyone’s projections point down.
The media consulting firm BIA/Kelsey Group (the primary estimator of total revenues) estimated in December 2009 that industry revenues for the year would fall 22% from 2008 to $16.1 billion. That would come on top of a 4% revenue decline from 2007 to 2008.

It would also represent a drop of 25% from the previous non-election year, 2007’s $21.5 billion.

Revenues at local television stations come from four main sources. Three of the four — station websites, retransmission consent and mobile — have all exhibited slow but steady growth in recent years. 5 (Click here to read about digital trends in local TV.) But together these three categories are expected to account for less than 10% of station revenues through at least 2011. 6

And the fourth, on-air advertising, —representing nearly $9 out of every $10 of revenues, is falling.

It was this last category that took the hardest hit in 2009. Broadcast television’s trade group, the Television Bureau of Advertising, reported that for the first nine months of the year local TV advertising was down 27%.
The declines were due in part to a projected 43% decline in auto advertising, the most important ad category for local TV station owners. In the first nine months of the year, auto advertising was down 52%. (The fourth biggest category, ad spending from car dealers, was down 39% in the same period.)

As recently as 2006, auto advertising represented 31% of all advertising on local television. By 2009, that percentage dropped to 19% as carmakers reeled from big drops in sales and the bankruptcies of General Motors and Chrysler.

Automobile Advertising as a Share of Total Local TV Advertising

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Total Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 (first half)</td>
<td>19.3%</td>
</tr>
<tr>
<td>2008 (first half)</td>
<td>27.7</td>
</tr>
<tr>
<td>2007</td>
<td>28.8</td>
</tr>
<tr>
<td>2006</td>
<td>30.2</td>
</tr>
<tr>
<td>2005</td>
<td>31.1</td>
</tr>
</tbody>
</table>

Source: TNS Media Intelligence; Television Bureau of Advertising

Carmakers and dealers were not the only ones to cut their budgets in 2009. Revenue was down sharply from 24 of the top 25 categories of local television advertisers in the first nine months of the year. Ad spending from prescription, medication and pharmaceutical advertisers, for instance, was down 35%, home centers and hardware stores down 26% and furniture stores down 24%. 8

There is some disagreement on the economic outlook for stations in 2010. Some analysts predict further losses, although at a lower level. One media economist, Jack Myers, of Myers Publishing LLC, for example, projects local television revenues will drop 7% more in 2010.

A December 2009 projection from BIA/Kelsey Advisory Services expects revenues to increase 4% in 2010. 9 After big drops in 2008 and 2009, BIA/Kelsey projects local TV revenues to level off over through 2013.

But a late projection by Magna, a unit of the Interpublic Group, in January 2010 predicts local TV ad spending to decrease by 1% in the year. 10

But even in 2012, the next big year for local TV, with a summer Olympics and a presidential election, BIA expects revenues to top off at just $17.7 billion. That would be 14% lower than 2008, the previous presidential election-Olympics year, and 22% lower than the peak for local TV in 2006. 11
Local and National Spot Advertising

On-air advertising buys in local television come in two forms: local spot and national spot. In 2009, both had declines, but local spots are projected to take longer to rebound.

Local spot ads are bought exclusively by local advertisers and only run in a station’s market. For example, when a local Ford dealer buys ad time in its local market, it is local spot advertising.

National spots are bought by companies that wish to advertise in several — but not all — markets at once but do not need to buy commercials on national television networks. For example: when Ford advertises its latest model in some markets, it is a national spot advertisement.

Local spots normally account for 55% of all station advertising revenue and national spots the remaining 45%.

The economic downturn made revenue forecasting, already a combination of art and science, even more difficult for 2009. Veronis Suhler Stevenson’s latest, as of August 2009, projected local spot to decline 14.8% and national spot 13.5%.

Local TV Revenue Projections, 2009

<table>
<thead>
<tr>
<th></th>
<th>TVB</th>
<th>VSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Spot</td>
<td>-6%</td>
<td>-14.8%</td>
</tr>
<tr>
<td>National Spot</td>
<td>-13.5</td>
<td>-13.5</td>
</tr>
<tr>
<td>Total Spot</td>
<td>-9</td>
<td>-14.2</td>
</tr>
</tbody>
</table>

Source: Veronis Suhler Stevenson, 2009-2013 Communications Industry Forecast. Television Bureau of Advertising projections listed are the midpoint of the projection range.

The disparity between projections for local spots suggest that category of advertising may have been down more than expected.

Competition for Local Spot Advertising: Local Station vs. Local Cable Advertising

Even when the economy starts to turn around, forecasters predict less growth for local on-air TV spot revenue. The reason is that competition in local markets is growing, especially from local cable advertising.

In return for carrying the channels on their distribution systems, cable companies are allowed to pre-empt a portion of the spots delivered from channels’ satellites with their own local spots. Advertising on cable can be even more targeted than spots on local on-air television. For instance, businesses can reach younger viewers on channels such as MTV, women on Lifetime or African Americans on BET.

This ability to target ads on individual cable systems, at generally lower ad rates, has caused marketers to shift some spending away from local television stations. 12

Spending on local cable spot advertising grew nearly 60% from 2002 to 2008 and even had 2% growth in 2009.

That growth increasingly came at the expense of local TV. In 2008, cable providers received $43 for every $100 of local TV spot ad revenue. In 2009, that figure was expected to have increased to $50. 13
Growth of Broadcast Local Spot vs. Cable Local Spot Advertising
2002-2010 (Revenue in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Broadcast Local Spot Revenue</th>
<th>Broadcast Local Spot Growth</th>
<th>Cable Local Spot Revenue</th>
<th>Cable Local Spot Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 (est.)</td>
<td>$11.7</td>
<td>3.3%</td>
<td>$6.2</td>
<td>5.5%</td>
</tr>
<tr>
<td>2009 (est)</td>
<td>11.4</td>
<td>-14.8</td>
<td>5.8</td>
<td>1.9</td>
</tr>
<tr>
<td>2008</td>
<td>13.3</td>
<td>-6.7</td>
<td>5.8</td>
<td>5.5</td>
</tr>
<tr>
<td>2007</td>
<td>14.3</td>
<td>-4.8</td>
<td>5.4</td>
<td>11.1</td>
</tr>
<tr>
<td>2006</td>
<td>15.0</td>
<td>6.6</td>
<td>4.9</td>
<td>7.5</td>
</tr>
<tr>
<td>2005</td>
<td>14.1</td>
<td>-3.0</td>
<td>4.5</td>
<td>5.2</td>
</tr>
<tr>
<td>2004</td>
<td>14.5</td>
<td>7.3</td>
<td>4.3</td>
<td>13.2</td>
</tr>
<tr>
<td>2003</td>
<td>13.5</td>
<td>3.1</td>
<td>3.8</td>
<td>2.3</td>
</tr>
<tr>
<td>2002</td>
<td>13.1</td>
<td>—</td>
<td>3.7</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: Veronis Suhler Stevenson, 2009-2013 Communications Industry Forecast

And analysts expect local cable ad revenue growth to outperform that of local broadcast TV for years to come. From 2008 to 2013, Veronis Suhler Stevenson projected that cable local ad revenue would increase at a compound annual growth rate of 5.9%. Local broadcast ad revenue, by contrast, was projected over the same period to decrease at a compound annual rate of 4.5%.

Political Advertising

One bright note for local television in 2009 came in political advertising. Normally, political advertising in non-election years is a negligible source of revenue for local television stations.

Not anymore. According to the Campaign Media Analysis Group, part of the ad measurement company TNS Media Intelligence, political ad spending was higher than expected in 2009. Evan Tracey, the chief operating officer of the media research firm, told PEJ at the end of 2009 that political ad spending would end up totaling about $970 million for the year. 14 That was $85 million more than his group projected in a joint forecast with the Television Bureau of Advertising in September 2009. And it was more than double that of the last non-election year, 2007 at $481 million.

The main factor that pushed up political television spending in 2009 was issue advertising. Policy debates over issues like health care legislation sparked new advocacy advertising. Most of this came from interest groups on either side of a policy debate. Tracey estimates issue ads accounted for about $650 million, compared with $320 million from election campaigns. 15
In 2010, political spending is likely to increase as 37 governors, 38 senators, and the entire House of Representatives will be elected. Heading into the year, Tracey’s group estimated total political spending of between $2 billion and $3 billion, but that was before the Supreme Court struck down many campaign finance limits, something that could result in even more lucre.

But not all the gains will accrue to local TV stations. Candidates and issue groups have shifted some of their spending to local and national cable, and forecasts suggest that trend will continue.

**Individual Station Revenues**

What does all this mean at the level of the individual local television station?

Numbers for total revenue by station, as opposed to overall spending across the industry, reveal that not all stations are affected equally. On average, stations in larger markets are suffering proportionally greater declines than those in smaller markets, according to figures from 2008, the most recent available.

One reason for the steep declines may be that large markets tend to offer more options to advertisers, including local cable and broadcast outlets as well as online platforms, community newspapers and magazines. Advertisers in small markets who want to advertise on news platforms generally have fewer choices. And smaller stations, which have never had the luxury of relying on national advertising, may have simply been more nimble in responding to local advertisers.

Another factor may be that local merchants and service providers have stopped advertising or cut back sharply as the economy worsened. This may have been amplified in larger markets, where commercial spots are more expensive than in smaller markets.

Looking across the whole landscape of TV, the average station with a local news division saw revenues fall 27% in 2008, according to PEJ’s analysis of BIA/Kelsey Group data for 848 local television stations.

This follows average per-station earnings declines of 13% in 2007.

And the bigger the stations, on average, the tougher things looked. Those in the top 15 markets, for instance, fell 22%. That was twice the rate of those in smaller markets.
When average revenues are adjusted for inflation, the figures paint an even more dire picture. The typical station has lost 30% of its revenues since 1995, the first year for which comparable data are available.
News Broadcasts as a Share of All Station Revenues, 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>43.5</td>
</tr>
<tr>
<td>2007</td>
<td>45</td>
</tr>
<tr>
<td>2006</td>
<td>42</td>
</tr>
<tr>
<td>2005</td>
<td>44.9</td>
</tr>
<tr>
<td>2004</td>
<td>42.8</td>
</tr>
<tr>
<td>2003</td>
<td>46.1</td>
</tr>
<tr>
<td>2002</td>
<td>39.7</td>
</tr>
</tbody>
</table>

Source: RTNDA/Hofstra University Survey
Based on survey responses of news directors

News Drives Station Revenue

Even in this difficult terrain, however, news continues to be very important in the economics of local television.

On average, each station made about 44% of its revenue from news broadcasts, according to a 2008 survey of news directors by the Radio-Television Digital News Association. 18

The figure is increasingly significant when considering the average television station that produces news airs an average of just 4 hours and 36 minutes of news per weekday. Advertising from the rest of the day — more than 19 hours — represents the remaining 56% of revenues.

The proportion of revenues from advertising on news broadcasts in 2008 is slightly lower than the 45% year before, but within the same range as responses in recent years.
More than half (53%) of all news directors surveyed said their stations were making a profit on news. This figure decreased slightly from the previous year (55%). Yet what is more significant is there is slight downward trend since 2003. Local news continues to play a critical role in local TV financing.

Footnotes
1. “BIA/Kelsey Expects TV Station Revenues to End Year Lower Than Anticipated; Levels Last Seen in 1990s Predicted Through 2013,” BIA/Kelsey Advisory Services, December 23, 2009.


9. “BIA/Kelsey Expects TV Station Revenues to End Year Lower Than Anticipated; Levels Last Seen in 1990s Predicted Through 2013,” BIA/Kelsey Advisory Services, December 23, 2009. An earlier projection by the Television Bureau of Advertising estimates indicates that revenues will grow in the range of 3% to 5% in 2010.


14. Evan Tracey, e-mail communication with PEJ, December 1, 2009.

15. Evan Tracey, e-mail communication with PEJ, December 1, 2009.

16. Evan Tracey, e-mail communication with PEJ, December 1, 2009. The Campaign Media Analysis Group expects local TV to take in about 70% of all campaign ad spending in 2010.

17. The Project uses BIA/Kelsey Group’s MediaAccess Pro database to calculate station revenue; the last full year for which data are available is 2008. Since there are hundreds of local television stations in the U.S., the report (like previous ones) short-lists those that have news directors (to see if they produce local news) and are commercial and viable. Spanish-language stations are not included. The exact tally of stations cannot be the same every year since stations constantly change ownership or shut down or both, and news divisions are not permanent features of local stations and may be added or removed.

18. Figures from the 2009 survey probably will be previewed in April 2010, with full data released a few months later.

**News Investment**

Local TV
By the Project For Excellence In Journalism
News Investment
While getting inside local television news operations can be difficult, all the evidence points toward one conclusion: Stations are producing more news with fewer people and fewer resources.

An annual survey of news directors by the Radio Television Digital News Association reveals further cuts to budgets, declines in the size of the average newsroom and in newsroom salaries.

But the overall amount of news actually increased, suggesting that stations are finding ways to spread existing staff farther.
Some noted cost-cutting methods in 2009 ranged from full newsroom mergers to heavier use of part-time staff:

- Stations merged their newsgathering resources through the formation of video content pools, also known as local news services. In January 2009, for example, Philadelphia stations owned by Fox Television and by NBC began sharing video. Fox and NBC franchised joint video pools to cities where they both own and operate stations: Los Angeles, Chicago, New York, Dallas and Washington. Affiliate stations in Cleveland, Atlanta and Columbus, Ohio, also formed content pools. Such arrangements do not always work out, however, and in some markets pools have been disbanded.

- In at least four cities – Honolulu; Peoria, Ill.; Rochester, N.Y.; and Augusta, Ga. — some local stations merged their news operations.

- Many stations let go experienced and highly paid staffers, including anchors and on-air reporters. A handful of stations made cuts to their sports departments. Longtime sportscasters at Fox-owned WFXT in Boston and CBS-owned WBBM in Chicago were dropped and another was cut to part time at the ABC affiliate WFLA in Tampa Bay, Fla. The NBC affiliate in West Palm Beach, Fla., WPTV, outsourced its sports department to a local ESPN radio station. ¹

- The use of part-time journalists in local television grew and anecdotal evidence suggests that stations utilized more freelance or per-diem staffers to gather and produce the news. ²

- An increasing number of stations have abandoned the dual-anchor format that was once a mainstay of early evening and late newscasts.

- Some stations equipped their reporters with cameras to eliminate the need for separate camera operators.

- Some cut back on other jobs, as well, such as editors and engineers.

While the methods each station used to cut costs in 2009 varied, most owners sought to produce more news with fewer people.

TV News Budgets

For the third year in a row, news directors at local stations expected their budgets to be smaller in 2009 than they were in 2008.

Robert Papper, who conducts a survey of radio and television news directors each year for the Radio Television Digital News Association, or RTDNA, ³ and is chairman of the department of journalism, media studies and public relations at Hofstra University, expected budget reductions in 2009, though not as steep as those in 2008.

Looking ahead to 2010, with both the Olympics and a heavy election year, he expected most budgets to remain flat or actually increase.

But for now, the latest survey data are from 2008, and they show hefty budget reductions and deep cuts in the newsroom. ⁴
In 2008:

Four in ten news directors (41.9%) reduced their budgets, more than three times the percentage that reported cuts in 2007.

Just one quarter, on the contrary, reported increasing their news budgets, compared with 46% in 2007.

Another 28% reported that their budgets would stay at the same level, down from 34% in 2007.

Budget cuts dominated in 2008 in all market sizes except for one. The single exception were stations in medium-to-small-sized designated market areas or DMAs (ranked 101 to 150). News directors at those stations were just as likely to report increasing their budgets as decreasing them (25.9% each).

Local TV News Budgets by Market Size Grouping, 2008

<table>
<thead>
<tr>
<th>Market Size</th>
<th>Increase</th>
<th>Decrease</th>
<th>Same</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markets 1-25</td>
<td>23.5%</td>
<td>50.0%</td>
<td>20.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Markets 26-50</td>
<td>26.7</td>
<td>40.0</td>
<td>33.3</td>
<td>0</td>
</tr>
<tr>
<td>Markets 51-100</td>
<td>31.1</td>
<td>46.7</td>
<td>17.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Markets 101-150</td>
<td>25.9</td>
<td>25.9</td>
<td>38.9</td>
<td>9.3</td>
</tr>
<tr>
<td>Markets 151+</td>
<td>17.5</td>
<td>52.5</td>
<td>27.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Source: RTNDA/Hofstra University Survey
Based on survey responses of news directors

Those most likely to have reduced budgets were the smallest (151 and above) where more than half (52.5%) reported reductions.

Independent stations fared worse than those owned or affiliated with the ABC, CBS, Fox or NBC networks. More than half of news directors at independent stations (54.5%) reported reducing their budgets in 2008, contrasted to 42.1% for affiliates.

Stations in medium-sized markets (DMAs 51 to 100) were most likely to have increased their budgets in 2008, with 31% of news directors reporting higher budgets. But even among this group, a plurality (46.7%) said they reduced their budgets.

Among the affiliates, NBC and Fox affiliates were more likely than those of ABC and CBS to have had a budget increase in 2008; CBS affiliates were a little more likely to have seen a decrease in budget.
Newsroom Staffs Get Smaller

Job losses in 2009 were not as severe as 2008, when the industry cut about 4% from a workforce that had reached, in 2007, its highest level since the news staffing and profitability survey has been conducted.

A PEJ accounting of staff reductions reported in the press puts the number of job losses for the year at about 450 or roughly 1.7%. These layoffs were mostly limited to anchors and other on-air staff staffers including meteorologists, sportscasters and some reporters. 5

The estimate released in late spring 2010 (after the release of this report) by the Radio Television Digital News Association was in line with PEJ's accounting. According to the RTDNA survey of news directors, conducted in the fourth quarter of 2009, 400 local TV news staffers lost their jobs throughout the year, equivalent to 1.5% of an overall workforce of about 27,000. 6

Fox-owned stations in the nation's largest markets had some of the biggest staff reductions in 2009, at least partly as the result of consolidations of commonly owned stations in the same market. 7

Among the announced and reported cuts:

- In Los Angeles, 95 staffers at Fox-owned stations KTTV (a Fox station) and KCOP (a MyNetworkTV station) were dropped in June 2009, with 117 more employees reportedly cut in September. The staff reductions followed the merger of the stations' news operations in December 2008. 8

- In June, 20 staffers at Fox's two New York stations — WNYW and WWOR — were reported to have been cut. 9 Some NBC-owned stations had staff reductions as well.

- In July, NBC-owned WTVJ in Miami dropped three anchors and five other employees to cut costs. 10

- In August, 10 design and production staffers at the Dallas NBC station, KXAS, were reported to have been laid off. 11

And companies owning both local television groups and newspapers also instituted staff reductions. Media General, a company that owns 18 affiliated stations and 21 daily newspapers in the Southeast, announced 130 dismissals in January 2009.

Gannett, which owns 23 television stations and 84 daily newspapers, including USA Today, cut 2% to 4% companywide in 2009, from its 41,500-person workforce. These cuts came after Gannett cut 10% of its workforce in 2008. 12

Newport TV, which owns 56 stations in 24 markets previously owned by Clear Channel Communications prior to 2007, announced 33 cuts in June 2009. 13

Some of the job losses were the result of consolidation within markets.

In Syracuse, N.Y., 40 staffers at WTVH, a CBS affiliate owned by Granite Broadcasting, which has 11 stations, four of them in New York, lost their jobs when the station combined news operations with WSTM. The latter is the NBC affiliate in Syracuse owned by a private investment-backed television holding company, the Barrington Broadcasting Group. 14

Several owners of local TV stations instituted furloughs in 2009 as a cost-cutting measure.
Irvine, Calif.-based Freedom Communications, the owner of eight television stations and newspapers including the Orange County Register, announced a companywide furlough in March 2009 that required employees at all levels to take five days off of work, without pay, between April 1 and June 30. 15

Wisconsin-based Journal Broadcast Group, which owns 14 stations in nine markets, instituted a 6% pay cut in April, and gave two weeks of personal days in return. 16

Missouri-based Newport Television, which operates 56 stations in 24 markets, announced a 10-day furlough for employees in addition to layoffs in June 2009. 17

The Richmond, Va.-based Media General required employees to take 15 furloughs days throughout 2009. 18

Gannett, which announced furloughs in January and March, mandated two weeks’ unpaid time off for its employees in 2009. 19

Harder to document were other cost-cutting tactics employed by station owners, including salary cuts and the suspension of contributions to retirement accounts and health insurance.

To get a sense of the where the industry stands as a whole, the latest data available are again from the 2008 survey by Robert Papper. 20 According to that survey, the industry lost 1,200 jobs, or 4.3% of the workforce, in 2008.

The survey, conducted in the fourth quarter of 2008, indicated that a majority of news directors, 56%, made staff reductions in 2008, compared with just 20% in 2007.

News directors expected 2009 to be another down year, but fewer (32%) said they planned to decrease staff during the year.

Because of earlier cutbacks and anecdotal evidence of staff reductions in 2009, local television stations’ news staffs were very likely smaller than they were in 2007.

The survey data suggest that one result of these cuts was the lowest median staff size for local television newsrooms since 2004: 30.5 employees, down from 33.5 in 2007. (The only other year that staffing dropped in the survey was 2000, another year of financial setbacks for the industry.) 21

The greatest increase was in the biggest markets, those 1 to 25. In 2008, the median station staff size in those markets was 69, up from 58 in 2007. The median for markets 100 and above was flat from 2007 at 28 employees.

And again, affiliated stations were more protected than others. The median at network affiliates remained at 32 in 2008. At independent stations, a small group with more volatile numbers, the median fell from 21.5 in 2007 to 12 in 2008.
Salaries Get Smaller

As with budgets and the size of newsrooms at local stations, salaries of news staffers shrank in 2008.

According to the RTNDA survey, average salaries for local television news professionals decreased by 4.4%, compared to a 5.2% increase in 2007. Real wages, which are adjusted for inflation, fell 8.2% in 2008.

In 2007, salaries of on-air staff and station managers grew, while they held flat at best for most others. Not so in 2008, when median salaries were down for nearly every job type. In contrast with 2007, salaries for on-air positions were down the most in 2008. Reporters’ salaries were down 13.3% to a median of $26,000. News anchors’ median salaries fell 11.5%, to $57,500. Weathercasters had an 8.9% drop to $50,000.
Amount of News Increases

Widespread layoffs in 2008 raised concerns among industry observers about whether stations could produce the same amount of news with reduced staffs.

But the amount of news on local television actually increased in 2008. Further, even with the apparent financial pressures news directors were under in late 2008, 8 in 10 said the amount of news would stay the same (60.2%) or increase (23.9%) in 2009.

Average Hours of News per Weekday
2003-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4.6</td>
</tr>
<tr>
<td>2007</td>
<td>4.1</td>
</tr>
<tr>
<td>2006</td>
<td>4.1</td>
</tr>
<tr>
<td>2005</td>
<td>3.8</td>
</tr>
<tr>
<td>2004</td>
<td>3.6</td>
</tr>
<tr>
<td>2003</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Source: RTDNA/Hofstra University Surveys
Based on survey responses of news directors
Reports suggest stations continued to add to the time allotted to news in 2009. Stations expanded newscasts in several different timeslots. For example:

- The CBS affiliate in Houston, KHOU, added one half-hour of news at 4:30 a.m.
- The Fox affiliate in Salt Lake City, KSTU, added a noon newscast.
- KDFX, the Fox affiliate in Palm Springs, Calif., added a 5:30 p.m. newscast.
- WZVN, the ABC affiliate in Fort Myers, Fla., added a half-hour of news at 7 p.m.

In other cases, added programming from news departments spread into nontraditional subject areas.

The Meredith-owned Fox affiliate in Las Vegas, KVVU, for example, launched More at 4, an afternoon version of its morning celebrity, fashion and lifestyle program. The new program comes from KVVU’s news department.

LIN TV announced plans to add morning lifestyle programming to its stations in late 2009. 23 And WXIX, the Raycom-owned Fox affiliate in Cincinnati, launched a high school sports program in the fall of 2009. 24

In the nation’s largest local market, New York City, WNBC reduced its news programming. It canceled its Live at Five newscast and replaced it with a lifestyle-driven news show, LX New York, produced by WNBC and LX.TV, a lifestyle television production company.

In February 2010, a Chicago station, WBBM, launched a morning talk show for the 5-to-7 a.m. timeslot called Monsters and Money in the Morning, mixing discussion of sports, business, personal finance and more traditional news fare such as headlines, weather and traffic. 25

How are stations increasing news programming at the same time they reduced staffing?

For most stations, it means repackaging news from previous local broadcasts and adding national and international news from parent networks and other affiliate partners.

It comes down to a simple cost-benefit analysis. For most stations, producing more local content is cheaper than paying the fees stations for some syndication programming.

“The big picture is, there’s going to be carnage, and the ones who are not doing [lots of] local news are vulnerable,” KSTU president and general manager Tim Ermish told Broadcasting and Cable. “You’ve got to be a dominant news player to survive.” 26
Footnotes

4. Data for 2009 will be released in spring of 2010.
5. PEJ’s estimate is derived from three steps. We conducted a close analysis of reports on the Broadcasting & Cable website, including a blog called Fates and Fortunes that details announced and reported job cuts in the local TV industry. These reports were then tallied. And we consulted in refining that estimate with Robert Papper of Hofstra University, who conducts the annual survey of local news stations for the Radio Television Digital News Association.
7. News Corp., the parent of Fox and MyNetworkTV stations, own more than one station in some markets. The ownership of two stations in a common market is referred to as a duopoly.
21. Papper told PEJ that local television saw major revenue declines and resulting staff reductions after the dot-com bubble burst in 2000. Internet startup companies were major advertisers on local television. When many of those companies went out business, a main source of ad revenue dried up and some invoices for spots went unpaid by the defunct websites.
22. Because the largest, highest-paying stations can raise the average salaries out of proportion, the median—or midpoint—is usually considered a better gauge of typical salaries.
Ownership

Local TV
By the Project For Excellence In Journalism
Ownership

The market for local television stations was more active in 2009 than a year earlier. But most of this activity was due to bankruptcies and the availability of distressed properties at often below market value.

Industry analysts predict that financing will be easier to get in 2010 and could spur more mergers and acquisitions. Still, financing sales will be harder than in the early part of the decade when the industry had revenue growth and station values rose.

But it remains an open question, beyond bankruptcies and bargains, how much interest investors will have in local television stations.

Mergers and Acquisitions

After a very slow year for mergers and acquisitions in 2008, the number and dollar value of transactions grew in 2009. The totals, however, still remained below levels reached earlier in the decade.

And most station purchases were by creditors or others with a financial interest rather than those with strategic ones in the properties.  

- A total of 76 transactions were completed in 2009, compared with 46 in the same period in 2008.
- The total value of the transactions through October 2009 was up 33%, to $715 million, compared with $537 million during the same period in 2008. The increase though, came from bigger volume rather than greater value for the sales.
Bankruptcies Drive Sales

Much of the acquisition activity through October 2009 was generated by sales from companies operating under bankruptcy protection.

Three such companies accounted for almost three-quarters of all sales in 2009.

Young Broadcasting, owned 10 television stations when it filed for bankruptcy protection in February 2009. In July 2009, Young’s creditors took over all the stations, for a total price of $220 million. The creditors hired Gray Television, a company that owns 36 television stations, mostly in Southeastern states, to operate seven of their stations there.

Pappas Telecasting, another television group that had filed for bankruptcy protection in 2008 (Click here to read more about Pappas) also sold its 10 remaining stations in 2009. In January 2009, Pappas, a privately held company, sold at bankruptcy auction its last stations to private-equity backed New World TV Group for $260 million. New World is backed by Fortress Credit Corp., Cerberus Capital Management and Angelo Gordon & Co., private equity companies.

Equity Media, which had filed for Chapter 11 bankruptcy protection in December 2008, sold off all of its U.S. television properties in 2009. From June to August, it sold its 22 English-language and 19 Spanish-language stations for a total of $23.3 million.
The stations were purchased by a number of buyers including Daystar Television Network, a Christian television network; Tyler Media Corporation, a small Oklahoma-based broadcasting company, and Silver Point Capital LP, a privately owned hedge fund sponsor.

Other companies faced debt-related financial problems. Most stemmed from debt that groups carried after borrowing money to acquire stations in recent years.

The largest among these companies, Sinclair Broadcasting, is a Baltimore-based company that operates 58 stations in 35 markets. In a regulatory filing in the summer of 2009, it warned investors that bankruptcy was possible if it could not negotiate a restructuring of its debt. 9

The disclosure prompted Moody’s Investors Service and Standard & Poor’s Ratings Services to cut Sinclair’s credit rating to junk status in July. 10

Sinclair was not the only company to have its credit rating reduced. Credit rating agencies also cut LIN TV Corp and Nexstar Broadcasting Group to junk status. 11

Wall Street analysts expect that lenders will extend more credit for media companies in 2010. 12 Mark Fratrik, vice president of the media and communication consulting firm BIA/Kelsey Group, told PEJ in November 2009 that as credit markets loosen limitations on borrowing, more local television mergers and acquisitions will occur. 13

Diane Mermigas, a media columnist and a consultant to this report, is cautious about the prospect of a reinvigorated market for local TV stations in 2010. “Banks lend on the basis of revenue and earnings growth projections and track records — all of which are abysmal,” she said. She added, “Despite the uncommonly desperate times, that generally is something lenders do not overlook or easily dismiss.”

Despite uncertainty, four factors could push sales up in 2010:

- Political spending on midterm Congressional and other local races in 2010 is likely to energize the ad market, making stations more attractive to investors. 14
- Stocks of companies were relatively cheap as of the fall of 2009, setting the stage for bargain buys. 15
- The possibility of a change in the federal regulations restricting the common ownership of newspapers and television stations in a single market.
- Comcast’s purchase of a controlling interest in GE-owned NBC Universal.

The most significant driver of potential sales throughout the industry would be a change in the federal regulations restricting the common ownership of newspapers and television stations in a single market.

In late 2009, the Federal Communications Commission began its quadrennial review of ownership rules. The review is due to be completed in 2010.

It is not clear whether the FCC is leaning toward loosening ownership rules. The commission’s rules have been in limbo since 2003, when the Third U.S. Circuit Court of Appeals ruled to halt then-FCC Chairman Michael Powell’s plan to allow the common ownership of a newspaper and a television station in the same market. 16
Under a “failed station” clause in its rules, the commission has permitted the transfer of financially distressed stations even if that further consolidates media ownership in a market. But station owners argued that the dire financial results of 2009 meant that further deregulation was needed to save weak stations before they failed.

In a November 2009 hearing on the rules review, Hearst Television’s president, David Barrett, told the FCC that station owners needed to consolidate further to achieve economic efficiencies in order to preserve local television. 17 Hearst and other broadcasters argue that the existing ownership rules prevent them from competing with cable, satellite and Internet companies that are not subject to the same restrictions.

Pro-regulation groups including Free Press and Media Access Project, and religious organizations including United Church of Christ counter that economic distress in the industry is a product of a cyclical economic downturn. These anticonsolidation groups argue the FCC should not deregulate as a way to support local television owners. 18

If media ownership rules were loosened, the policy change could well mean a higher volume of station sales in 2010.

The December 2009 agreement for Comcast to buy a controlling interest in NBC Universal from General Electric could have a major impact of the ownership of stations among the top four networks.

Although a court decision in 2002 overturned FCC rules that prevented a company from owning a cable system and a local television station in the same market, the commission is required to review the transfer of broadcast licenses. 19

Glenn Manishin, a former antitrust counsel and trial attorney at the Justice Department’s Antitrust Division, which also reviews media industry mergers and acquisitions, told the DailyFinance website in December that the commission’s regulatory scrutiny may pressure Comcast to sell off some or all of its local stations. 20

The FCC and the Justice Department will review the deal. 21 Once the review begins, the process could take as long as six months. 22 And even after the deal clears regulatory hurdles, it could take the two companies months to integrate their businesses. 23

Top Four Station Groups Still Dominate

The top four networks — ABC, CBS, Fox and NBC — still dominate local television ownership, even after selling off a majority of the stations they owned and operated to other companies earlier in the decade.

Ranking the ownership groups by 2008 revenues, the latest year for which data are available, Fox was first with $1.8 billion from its 28 stations, CBS second with $1.6 billion from 31 stations, NBC third with $1.5 billion from 33 stations and ABC fourth with $1.1 billion from just 10 stations.

Revenues of the top four represented 30% of total industry revenue for the year. According to PEJ analysis of BIA/Kelsey Financial data, the four companies took in $6.1 billion combined in 2008, out of $20.1 billion industrywide.

Based on industrywide revenue estimates, the top four’s revenues in 2009 could be much lower.

Revenues Down for the Top Ownership Groups

Expanding the scope, the top 30 owners of television stations took in 80% of total industry revenue in 2008.
All but three of these, however, had lower revenues than in 2007. 24

Among the biggest losses:

- Local TV LLC, owned by private equity firm Oak Hill Capital Partners, was down the most. Revenues declined 65.7% — or $316 million — to $165 million in 2008, from $481 million in 2007.

- Newport Television, which operates 56 stations in 24 markets after acquiring Clear Channel Television in 2008, was down 41% to $190 million in 2008, from $323 million in 2007.

- Miami-based Sunbeam Television Corp., the private owner of Fox affiliate WSVN in Miami, NBC affiliate WHDH in Boston and WLVI, a CW affiliate in the same market. was down 15% to $217 million in 2008, from $256 million in 2007.

These losses were the extreme. All other losses remained at or below 11%.

Three companies among the top 30 had revenue increases in 2008:


- Nexstar Broadcasting Group saw revenues increase 1.5% to $185 million in 2008, from $183 million in 2007.

Revenues at LIN TV remained basically unchanged from 2007 to 2008 at $401 million.

Footnotes

1. Mark Fratrik, e-mail communication with PEJ, November 16, 2009.

2. Strategic buyers are those who have an interest in a specific type of business and are likely to be competitors, customers or suppliers of some kind. By contrast, financial buyers are typically interested in acquiring companies regardless of the industry and often intend to enhance the company's value only to resell it.

3. David Goetzl, “Bankers To Buy Young Broadcasting For $220 Million,” MediaPost News, July 15, 2009. The deal was completed through an equity-for-debt exchange, in which Young’s debt holders took the company’s assets in exchange for the cancellation of its sizable debt.

4. In 1999, Young bought San Francisco station KRON-TV from Chronicle Publishing Company for $823 million. At the time of the sale, industry analysts thought Young, which outbid NBC for the station and as a result lost its NBC affiliation, paid too much for the station, and revenues have declined since. According to BIA Financial, the stations brought in $190 million in 2008, led by KRON with $41.8 million.


8. Buyers included small media companies, private equity firms. Some creditors, including the Bank of Little Rock and Valley Bank, took possession of some properties.


13. Mark Fratrik, e-mail communication with PEJ, November 16, 2009.


24. Some revenue fluctuations from 2007 to 2008 are attributable to the number of local TV stations a group owns, which can vary based on the sale or purchase of stations.
D**igital**

Local TV
By the Project For Excellence In Journalism

**Digital Sees Solid, but Slower Growth**

Most local television news websites had strong revenue growth in 2009, although at a rate lower than in past years, and managed to slightly increase their share of local online advertising.

Borrell Associates, a media research, consulting and project firm specializing in local Internet advertising, projected in April 2009 that local TV station website revenue would increase 24% to $1.3 billion for the year, from $1.05 billion in 2008. 1 In 2008, revenues grew 36%.

Neither year matched the tremendous increase observed in 2007. In that year, revenues grew 73% to $772 million from $447 million in 2006.

Moreover, even with the growth, online revenue remained a relatively small portion of total station revenues. For 2009, that revenue is expected to be about 10% all projected revenues. 2

Borrell projects still slower growth in 2010. The media research firm forecast $1.59 billion in station website revenue for the year, an increase of 22% over 2009.

**Market Share Up**

Despite a growing number of competitors for local online advertising, station websites have held on to their market share and are projected to increase it in coming years.

In 2009, station website revenues were expected to represent 10% of all local online revenues, up from 8% the year before, according to Borrell projections. By 2010, their share is expected to increase to 11%.

But their hold is still well behind newspapers (25%) and pure-play Internet websites (51%) according 2009 estimates. 3 But if newspapers follow through on threats to erect pay walls, local TV websites could have gains in advertising revenue.
Despite hope among station owners that advertising on cellphones and smartphones will boost revenues in the coming years, mobile devices failed to add to the bottom line in 2009.

Content

In 2009, shifts in the types of content on station websites were made to compete with insurgent local (and hyper-local) online news sources.

The sites are offering more blogs, video and live camera feeds and relying less on podcasts or other forms of recorded audio, according to survey responses from news directors in 2008.

More than half of all station websites have live camera feeds, mostly for traffic and weather. There were also big increases in the number of stations offering live streaming newscasts — and a corresponding drop in websites making recorded newscasts available.

The changes represent an effort by stations to draw users to their websites for live local content as opposed to encouraging downloads of station-produced content to be outside of a Web environment.
In 2009, it got easier for stations to distribute news video outside of their own websites. The video delivery company Syndicaster announced plans to distribute local TV clips to YouTube, Yahoo and AOL. By contrast, early adopter television groups LIN Television and Hearst Argyle Television, which have had YouTube channels since 2007, negotiated their own content distribution deals with the video websites.

Interactive Features on Local TV Websites
2006-2008

Source: RTNDA/Hofstra University Surveys
Based on responses of news directors

As has happened across news Web sites more broadly, some stations have also worked to broaden their online content to include more than what they do for television—particularly in cities that have lost their daily newspaper. Some of these developments include:

- Rebranding websites without station call letters
- Establishing Web “verticals” — sites devoted to a specific topic such as entertainment
- Partnerships with nonbroadcast local journalism websites
- Expanding station creative services departments to produce Internet ads in-house
These developments appear at least in part to be aimed at positioning the stations against a growing array of new Web-based competitors. 5

One example of the broadening of general interest content is the growth of blogging on local station websites. In just two years the percentage of stations websites with blogs increased from 34% in 2006 to 56% in 2008.

In addition to competition from local newspaper websites, online entities like CitySearch, Yelp and Topix now offer local pages in cities and towns across the United States. And long-established national websites including ESPN, AOL, Huffington Post, Microsoft and Yahoo announced plans to establish local content and court local advertisers more aggressively in 2010.

Going Hyper Local

Some TV station groups have taken their digital strategies far beyond translating broadcast content to the Web. A number of station groups developed websites and mobile platforms for news you can use on neighborhood block-by-block basis:

- In April, LIN TV announced a partnership with News Over Wireless (NOW) to bring local text and video updates to mobile phones. 6

- In July, NBC owned and operated stations announced a partnership with the neighborhood site Outside.In to provide information about local events, businesses and other things. 7

- In September 2009, CBS-owned WCBS in News York launched its own real estate site. The station gets a portion of the broker fees from home sales and rentals. 8

- In an effort to broaden their appeal beyond broadcast, stations in Jacksonville, Fla., Rochester, N.Y., Chicago and New York dropped call letters from their website URLs and rebranded them as local portals. 9
Text, Pictures and Audio on Local TV Websites
2006-2008

Source: RTNDA/Hofstra University Surveys
Based on responses of news directors
Video Elements on Local TV Websites
2006-2008

Source: RTNDA/Hofstra University Suveys
Based on responses of news directors

Mobile DTV Starts Slow in 2009, Could Expand in 2010

The expansion of mobile digital television – mobile DTV – has been eagerly anticipated by local television station owners. It would allow consumers to watch local broadcasts on their smartphones and other devices. It could also become a small but significant new revenue source for stations. BIA Advisory Services projected in May 2009 that Internet and mobile advertising could be worth $1 billion a year to the industry by 2013. And the cost of implementing the technology is a mere fraction of what it cost stations to add digital television capabilities in recent years. 10

But progress toward that goal has been slow.

Just about 30 stations had begun mobile DTV transmission by the end of 2009. 11

Throughout the year tests were conducted in Seattle and Atlanta by makers of smartphones, laptop computers, netbooks — small, light-weight and relatively inexpensive laptop computers — and other types of hardware equipped with receiver chips. 12 And by the end of 2009, the Open Mobile Video Coalition began consumer tests of advanced mobile DTV interactive features in Washington, D.C.

With a technical standard for transmission and delivery of mobile DTV in place at the end of 2009, Anne Schelle, the executive director of the video coalition, told PEJ in December that many more stations would launch mobile DTV simulcasts in 2010.
Ahead of a wider launch of the technology in 2010, consumers seemed to like the idea of getting live TV on their mobile devices.

A survey commissioned by the coalition and released in December 2009 indicates that 46% of mobile device owners would like to watch live TV on them. That number jumps to 65% among young adults (ages 18 to 29). 13

The survey also suggests information provided by local stations would be a draw to the emerging technology. Nine out of 10 said they would watch news or get weather information through mobile DTV.

Over all, 59% said they would watch local or regional news, but that number drops to 52% for adults 18-29. 14

That expansion will be dependent in part upon the availability of consumer products. At the end of 2009, just a few electronics companies had committed to make devices with mobile digital television receivers.

Along with the handset makers LG and Samsung, which developed the original mobile DTV standard, the computer maker Dell signed on to provide receiver chips in its netbooks.

In 2009 station groups began talks with wireless companies to carry mobile DTV on their networks and devices but by the end of the year no agreement had been publicly announced. 15

“It’s been a chicken-and-egg situation, just like it was in [the early days of HDTV],” said Harris Broadcast vice president for technology, Jay Adrick, whose company co-developed the mobile DTV transmission technology with LG. 16

Although many carriers have implemented their own systems for delivery of video on smartphones and stiff competition from the fledgling mobile broadcast company MediaFlo, mobile DTV could present some financial advantages to wireless carriers.

It relies on inexpensive tuners, not unlike those used with digital televisions, that receive transmissions from local stations. Currently, most video to smartphones comes through much more expensive mobile broadband technologies such as 3G, which also consume greater amounts of bandwidth.

Station Website Staffing and Profitability

Assessing the profitability of local TV station websites is still somewhat of a guessing game.

According to the 2008 RTNDA/Hofstra University News Staffing and Profitability Survey, many news directors do not know if their websites are making money. Four in 10 could not say if station websites made a profit, broke even or showed a loss in 2008.

Further, the budgets and staffing for broadcast and website content were still deeply intertwined, making accounts of expenses tied to digital properties difficult to separate.

Commenting on the study in October 2009, Stacey Woelfel, chairman of the Radio Television Digital News Association, told the trade publication Broadcasting & Cable that station websites needed "more editorial supervision and
management vision." Woelfel said websites were increasingly the primary platform for delivering news to audiences. “This research gives every news director in America something to examine in his or her own newsroom," Woelfel added. 17

Responses by news directors who could make assessments about profitability of their stations' websites suggest 31% are turning a profit, 10% are breaking even and 17% are showing a loss. 18

Internet Staffing Increases

The number of news people working on station websites has inched up, but mostly due to existing staff taking on digital duty or the hiring of part-timers.

The average station in 2008 had six newsroom staffers dedicated to the Web, with an average of 3.7 part-time employees and 2.3 full-time employees. In 2007, Web staffers were evenly split between part-time and full-time employees.

Since 2001, when the first survey was conducted, the number of station staffers dividing their time between on-air and website tasks has increased steadily. In 2003, 30% local television staffers helped with Web duties. Five years later, the percentage of staffers who performed broadcast and Web duties doubled to 60%. The figure was up from 55% in 2007.

Footnotes


2. Borrell Associates estimate of $1.3 billion for station websites divided by BIA Advisory Services estimate of $16.1 billion for total local television revenues in 2009.


5. Hyper-local refers to news coverage of community-level events.


10. The cost of adding a mobile DTV transmitter is estimated at about $250,000, compared to $5 million to $7 million stations were estimated to invest in digital television prior to the transition from analog television in June of 2009.


13. Glen Dickson, “OMVC Claims Consumer Appetite For Mobile DTV,” Broadcasting and Cable, December 9, 2009. Among all adults surveyed, 47% said they would be interested in getting a device with mobile DTV capability if they were shopping for a new mobile device.


18. The 2008 figures for all stations remained basically unchanged from responses of news directors in 2007. The percentage of news directors who said their stations made a profit in 2008 was down to 31% from 36% in 2007 and the percentage who said they did not know increased to 42% from 37% in 2007.

**Sidebars & Backgrounders**

**Local TV**

By the Project For Excellence In Journalism

**Sidebars and Backgrounders**

**The Leno Effect**

As many news accounts noted, NBC affiliates throughout the country were a driving force behind the recent decision to cancel Jay Leno’s nightly 10 p.m. show after his low ratings began to erode the lead-in audience for their late newscasts.

A PEJ analysis of audience data from Nielsen Media Research shows just how sharp that decline was and how much worse NBC stations fared compared to those affiliated with ABC or CBS.

It also shows that the late-night news viewers lost to NBC stations were for the most part not acquired by their competitors. Rather, most of them just stopped watching the news.

Viewership for late local news on NBC — at 186 owned-and-operated stations and affiliates — in the November 2009 sweeps period fell by a striking 19.7% when compared with the same period in 2008. In all, the newscasts lost 1.8 million viewers. The audience in November 2009 totaled 7.2 million.

Ratings fell 21.9%. And share, the percentage of people watching TV who tuned to NBC affiliates’ local newscasts, was also down 18% in November from the year before.

By comparison, during the November 2009 sweeps period, ABC affiliates’ late local newscasts saw their viewership, ratings and share all drop 9% compared to 2008.

And CBS stations, which have enjoyed a relatively strong prime-time entertainment program lineup from the network, saw their news audiences grow slightly. Viewership was up by 144,000 to 9.7 million on CBS affiliates, though ratings and share were unchanged from the previous year.
Traditionally, local television news audiences were difficult to track at a national level. Data from Nielsen Media Research are designed to help advertisers analyze stations by market, but not as group.

PEJ developed a method, using Nielsen data, to combine the numbers from individual stations into national averages by timeslot and to track the trends of those averages year to year. In previous years, the data were analyzed for all the major news timeslots across four sweeps periods — February, May, July and November.

In 2009, local television audiences were measured in March rather than February because the transition to digital television was scheduled for February 17 (though it did not ultimately take place until June 12). Since there are no valid data to compare to the one-time March sweeps month, PEJ's analysis this year largely relies on May, July and November data. 1 (Click here to read more about proposed changes in audience measurement (link to “Sweeps in 2009”)

Local TV Audience Measurements

To gauge audience, the television industry relies on two metrics — share and ratings.
Share indicates the percentage of the television sets in use that are tuned to a program at a given time. If, for example, 500 television sets are turned on in Orlando, Fla., and 250 are tuned to the 7 p.m. news hour on WKCF-TV, then that station gets a 50 share for that time slot.

Ratings, on the other hand, step back a level and indicate the percentage of households tuned to a program out of all households with television sets — not just those in use but also those that are turned off. In the same example, if Orlando had 1,000 television sets in total, with 250 tuned to WKCF-TV for the 7 p.m. news, then it would get a rating of 25. 2

In previous reports, PEJ gathered the May sweeps audience data for network-affiliated stations using the Nielsen audience estimates that were included in the database from BIA Financial Network, a media research and investment firm. We then calculated averages for the early evening and late night newscasts, combining them into a national average. The data, going back to 1997, allowed us make comparisons year to year.

With the 2007 report, we expanded our data sample to get a different perspective. We now look at local news market audience by examining ratings and share during the four sweeps months — February, May, July, and November – which are the months advertisers use to determine what to buy.

![Viewership of Late Local News November 2008 vs. November 2009](link)
Major Change in Audience Measurement in 2010

In an effort to measure the audience of people who watch programming both when it airs and later through digital video recorder (DVR) playback, Nielsen Media Research announced it would eliminate on April 1, 2010, ratings based only on who is watching a broadcast as it is aired.

Instead, the company said it would issue what has been termed live-plus-same-day program ratings. The new type of rating will combine live viewing with viewing via DVR playback. 3

A similar measurement for network television pushes ratings up by about 13%. 4 The effect on local news is expected to be much smaller. Wally Dean, the broadcast/online director at the Committee of Concerned Journalists and a consultant to this report, told PEJ that, almost exclusively, local news is watched live. 5

Still, the elimination of the live-only measurements has raised concerns among some advertising agencies that buy commercial spots and the advertisers they represent. One agency opposing the change is GroupM North America, a subsidiary of the London-based WPP Group that, according to the Television Bureau of Advertising, controls one third of all local television ad spending.

The agency says contracts with clients stipulate that it use live-only ratings to buy commercials on their behalf. 6 “If they want to add another stream, that’s fine. But by eliminating the live-only stream, they are changing the currency,” Rino Scanzoni, chief investment officer for GroupM North America, told MediaPost Publications in November. 7

Audience Measurements: Ratings and Share

The key metrics for audience in television are ratings and share:

- Ratings are the percent of households watching a program at a given time among all households in the market.
- Share is the percent of households watching a particular program among only those households that have their televisions on.

Sweeps in 2009

Typically, Nielsen measures audience in all media markets in the United States in February, May, July and November.

In 2009, the transition to digital television was scheduled for February 17 (although ultimately it did not take place until June 12). Both Nielsen and local stations agreed the analog shut-off would disrupt February audience measures too much, and therefore skew results. 8 For stations, the concern was that ratings would drop, at least temporarily, when unprepared viewers discovered that their televisions no longer worked. In general, stations favored skipping February sweeps measurements altogether, but Nielsen decided to move the sweeps to March, citing contractual obligations. 9

Then Congress, at the urging of the Obama administration, delayed the digital transition to June 12. 10 It was too late to conduct a February sweeps, so Nielsen carried out its March measurements. “Our feeling was that the industry did not want an information vacuum from November to May,” a Nielsen spokesman, Gary Holmes, told Broadcasting & Cable. 11

Nielsen had not conducted measurements in March previously, nor does the company plan to in the future. This means there is no way to compare that March measurement to any other year.
Viewership patterns from February to March tend to differ significantly. February is darker and colder with more people indoors watching television. By contrast, warmer temperatures and daylight savings (which started March 8, 2009) can push television viewing down in March. Indeed, the 2009 March measures tended to be much lower than those measured in February of 2008, especially for evening and morning news.

**Footnotes**

1. In 2008, PEJ also analyzed data for stations affiliated with the smaller CW and MyNetworkTV networks. PEJ decided not to analyze data for the stations in 2009 because few of the stations air news, and fewer still produce their own newscasts.

2. Overall, stations not affiliated with a major network get lower ratings and a smaller share of the audience when compared with stations affiliated with ABC, CBS, Fox and NBC. Thus increases and decreases in ratings and share from year to year are generally more volatile than those of affiliate news programs, which get higher ratings and a bigger share of audience. Since the total number of stations is small, it is hard to draw broad conclusions about the health and future of independent local news programming and local networks. A spike or decline in one market can heavily impact the ratings or share numbers for that month.


Bond credit rating: In investment, the bond credit rating assesses the credit worthiness of a corporation’s debt issues. It is analogous to credit ratings for individuals and countries. The credit rating is a financial indicator to potential investors of debt securities such as bonds. These are assigned by credit rating agencies such as Moody’s, Standard & Poor’s, and Fitch to have letter designations (such as AAA, B, CC), which represent the quality of a bond. Bond ratings below BBB/Baa are called junk bonds.

Broadcast coverage area: The geographic area that receives a signal from an originating television station.

Corporate/financial buyer: Buyer that is looking for a financial investment in a company, is more concerned with a return on equity and investment.

Cost-Per-Thousand (CPM): The cost of reaching 1,000 homes or individuals with a specific advertising message. According to the Television Advertising Bureau, CPM is a standard advertising measure to compare the relative cost efficiency of different programs, stations or media.

Coverage: The percentage of homes or persons receiving a particular broadcast signal within a specific geographic area.

Cross-ownership rule: A rule that restricts companies from owning properties across media in the same market. It disallows the ownership of a television station and daily newspaper in all but the 20 largest media markets.

Debt load: The total amount of debt a company has accumulated. It is a dollar figure that represents the total financial situation when referring to income in comparison to debts.

Designated Market Area (DMA): Represents an exclusive geographic area of counties in which the home market stations are estimated to have the largest quarter-hour audience share (as defined by Nielsen).

Digital Television (DTV): Generic term that refers to all digital television formats, including high-definition television (HDTV) and standard-definition television (SDTV).

Digital Video Recorder (DVR): Refers to digital video recorder, also known as personal video recorder. According to the Television Advertising Bureau, a DVR or PVR records broadcasts on a hard disk drive that can then be played back at a later time (this is known as time shifting). A DVR often enables smart programming, in which the device records an entire series or programming defined by keywords, genre, or personnel; and offers pause control over “live” broadcasts.

Duopoly: An instance where two stations in the same designated market area are owned by the same party. Though once forbidden by the FCC, the rules surrounding duopolies have been relaxed in recent years, according to the Television Advertising Bureau.

Early evening newscasts: Local affiliate newscasts between 5 and 7 p.m. in the Central and Mountain time zones and 6 to 8 p.m. in the Eastern and Pacific zones.

Failed-station clause: Precondition for newspaper-broadcast cross ownership or the common ownership of two television stations in the same market. Under the clause, a station must be in bankruptcy or ceased operation for four months before the buyer can seek approval for a sale by the FCC.
High Definition Television (HDTV): Various technical systems providing a finer and wider TV picture and usually twice as many scanning lines as standard TV. According to the Television Advertising Bureau, it provides the highest quality picture and sound simultaneously with a substantial data delivery service.

Independent Station: Stations not affiliated with any network; usually refers to commercial stations only.

Late news: Local affiliate newscasts from 11 to 11:30 p.m. in the Eastern and Pacific zones and 10 to 10:30 p.m. in the Central and Mountain zones. These newscasts generally follow prime-time entertainment programming and precede late-night talk shows including The Tonight Show (NBC) and The Late Show with David Letterman (CBS); ABC late newscasts are followed by Nightline. Fox stations generally air news at 10 p.m. in the Eastern and Pacific zones and 9 p.m. in the Central and Mountain zones.

Lead-in: A program that immediately precedes another program on the same station or network. (Lead-out is the program that immediately follows another program.)

Local news service (A.K.A. content pool): Partnership between two or more local news stations to generate general video news coverage generally with the intention to reduce newsgathering costs for the individual stations.

Local portal: Presents information from diverse sources in a unified way. Apart from the standard search engine feature, local portals offer other services such as news, information, social networking and entertainment. Portals provide a way for enterprises to provide a consistent look and feel with access control and procedures for multiple applications, which otherwise would have been different entities altogether.

Local spot: The advertising purchased in a market and aimed only at the audience in that market.

Midday: Local newscasts that normally air between noon and 1 p.m. Part of the daytime programming daypart. (See Daypart.)

Mobile DTV: Technology that allows the transmission of over-the-air broadcast programming to cellphones and other hand-held devices.

Morning news: Local newscasts before or following national morning news programming on ABC, CBS and NBC and newscasts on Fox and unaffiliated stations that air any time between 4 and 9 a.m. (See Daypart.)

Multicasting: Broadcasting several programs at once via DTV on a single channel. According to the Television Advertising Bureau, a viewer might be able to receive two programs at the same time, and choose the program preferred.

Multimedia journalist (A.K.A. backpack journalist, one-man band, mobile journalist (“mo-jo”): A local news reporter who performs a range of tasks related to the reporting, shooting and editing of news stories for broadcast, Web or mobile content delivery. The availability and ease of use of inexpensive video cameras, laptop editing applications, and cost cutting has spurred an increase in the use multimedia journalists.

National spot: The advertising time bought by national advertisers in several markets.
Network-affiliated station: Local television stations affiliated with one of the four major national broadcast networks, ABC, CBS, Fox and NBC.

Open Mobile Video Coalition: An alliance of U.S. commercial and public broadcasters formed to accelerate the development and rollout of mobile DTV products and services.

Owned and Operated (O & O) station: A television station that is owned by the network with which it is associated.

Personal People Meter (PPM): Hardware currently being tested by Arbitron. The PPM is a pager-sized device that is worn by consumers throughout the day to automatically detect inaudible codes that radio and television broadcasters and cable networks embed in the audio portion of their programming, according to the Television Advertising Bureau.

Persons Using Television (PUT): According to the Television Advertising Bureau, a PUT is a measurement of the total number of people in the target audience who are watching television for five minutes or longer during an average quarter-hour. PUT is generally expressed as a percent.

Rating: A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Rating Point: A value equal to one percent of a population or universe, such as the population of a Designated Market Area.

Retransmission consent: An option granted to television stations as part of the law that granted such stations the option to elect must-carry rights. Under retransmission consent, a full-power U.S. television station may elect to negotiate with a cable system operator for carriage of its broadcast programming. A station may propose that the cable operator pay cash to carry the station or ask for any other form of consideration. The cable operator may refuse the broadcaster’s proposal and not carry the station or offer a counter-proposal. Broadcast stations have similar rights with respect to satellite television providers like DirecTV and Dish Network.

Reverse compensation: The practice of a commercial television station paying a television network in exchange for being permitted to affiliate with that network. The word “reverse” refers to the historical practice of networks paying stations to compensate them for the airtime networks use to run network advertisements during their programming.

Share: The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Strategic buyer: Usually from a similar industry and typically has a specific reason for wanting to buy a particular company. The strategic buyer will frequently be willing to pay a premium price in order to obtain a company possessing that quality.

Spot TV: The advertising time purchased from individual stations.

Sweeps: Ratings surveys in which local markets are simultaneously measured by a rating service. Nielsen Media Research measures television audiences to help the industry determine advertising rates for television stations. Sweeps months are generally February, May, July and November. In anticipation of the federally mandated switch to digital television in 2009, Nielsen elected to change the winter sweep month from February to March.
Television Household: An estimate of the number of households that have one or more television sets.

Timeslot: A designated time on a television schedule for a particular program or type of programming.

Total Audience: According to the Television Advertising Bureau, total audience is the percent of households tuning to all or to any portion of a program for at least 6 minutes.

Viewership: Collectively, the viewers of a television program.

Charts & Tables
Local TV
By the Project For Excellence In Journalism

Charts & Tables
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Fox Morning News: Change in Ratings, Sweeps Months, 2008 to 2009
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Video Elements on Local TV Websites, 2006-2008
Magazines – Summary Essay

As 2010 began, several existential questions hung over the American magazine industry.

One is whether there is a future for the mass-market magazine anymore. The evidence in 2009 was mixed but not encouraging.

Among news magazines, niche publications such as The Economist or The Atlantic, gained the most in circulation, as they have for several years. But Newsweek, which tried to downsize and reimagine its editorial focus, saw little evidence of revival. Ad pages plummeted 26%, one of the worst performances in the sector. Time, still closer to a mass-market magazine, was down 17%.

Another question is to what degree advertising, which makes up the lion’s share of magazine revenue in the United States, will continue to support the industry. For the year, the number of ad pages sold across magazines generally fell by 25.6%. Ad revenue is not projected to resume growing again until 2013. And by then, according to estimates by industry analysts at Veronis Suhler Stevenson, ad revenue will have fallen to a point well below where it was in 2003. In effect, the industry would have lost a decade.

Another sign of trouble in 2009: several well-known publications stopped publishing and staffs at many of the surviving ones were cut (again).

In response, some experts are urging the industry to try to change its basic approach. Magazines, they argue, must charge readers more, including erecting pay walls online, and stop the practice of discounting subscriptions.

That scenario, however, is challenged by events on the ground. For latest period, newsstand single-copy sales fell by more than 9% year to year, and industry surveys find fewer people saying they read magazines each month. Overall circulation fell by only 2.23% in that period, but that decline was likely cushioned by the old habit of discounting, virtually giving magazines away to readers.

“We are in a transition period – which is good in most situations, if the powers that be wake up from the coma and accept that the business model they have depended on since World War II is dead,” said Samir Husni, the director of the Magazine Innovation Center at the University of Mississippi’s School of Journalism and New Media, who also publishes a blog under the name Mr. Magazine.

A third question, even more basic, is what constitutes a magazine.
Salon, one of the original online publications, announced during the year that it was no longer a magazine because it posts content too often. The Daily Beast, launched in 2008 by celebrity magazine editor Tina Brown, has gained prominence, but Brown, in her inimitable way, promotes her site as something faster and bouncier, and has the word "daily" in its name. The Week is a magazine that summarizes the work of others, an aggregator as magazine. The Economist comes close to the original notion of a news magazine, byline-less and covering the world.

Beyond the news space, the term magazine encompasses everything from Bowhunt America, about hunting with a bow and arrow, to O, a magazine built around the tastes and personality of talk show host Oprah Winfrey, to AARP, now the country's largest magazine and the only big one, according to the data, to increase its audience in 2009.

We asked a number of industry professionals for their definition. One concept seemed to connect all of their responses. A magazine is not instantaneous. It does not cover the news as it is breaking. It is not a destination to find out what's new.

Rather, there is something in the periodicity of magazines — regardless of the platform of delivery — that involves contemplation of the news rather than coverage of it. A daily newsroom is necessarily focused more on what has just happened and what might happen next. A magazine can raise questions those events imply that the daily press is unlikely to answer. One looks on news that breaks. The other on news that bends or the trends and currents that flow beneath. Thus by degrees magazines try to focus on ideas and conclusions, to assimilate evidence, be it about the debate over health care, the character of our public figures, the shifts in film or art, the story behind war policy, changes in our national temperament.

Generalizations such as these are fraught with exceptions. This does not mean, for instance, that magazine work is not deeply reported or does not make news. Among the highlights of the year readers might put the work of Malcolm Gladwell in the New Yorker that, through in-depth reporting, changed almost overnight the national perspective on concussions in professional football, or James Fallows' reporting in The Atlantic on the peril and promise of an emergent China.

Nor does it mean that there isn't contemplative work about trends and big ideas in daily journalism. The distinctions lie rather in where the bulk of the effort lies, in the focus of most of the attention. A daily newsroom is necessarily fixed to a larger degree on today as a specific date. A magazine can be more easily thought of today in the sense of contemporary life.

Even in the 21st century, when the mode of delivery may be digital rather than print, some believe the magazine is still rooted in these distinctions from the 20th. The magazine involves a level of reflection at its heart that cannot fully be the focus of other kinds of news operations.

“A magazine is where you go when you already have an idea what has happened but want to learn more about it,” said Slate editor in chief Jacob Weisberg. And he believes its possible online. He pointed to a series of initiatives that resulted in 10,000-word, multipart series on his site. “We've cracked the case,” he argued. 5

Others are not so sure the contemplative quality of the magazine can survive online. “It seems like all kinds of publications on the Web are being pulled into this very fast pace on the Web,” said Jeanne Carstensen, a former managing editor of Salon. 6 “Magazines used to fill a different role; they were more idea-driven. Now Salon and Slate and the Daily Beast, which have a lot of magazine DNA, are trying to figure out how to do that kind of thoughtful content and still be a part of the conversation on the Web.”
And some magazines are trying to develop a relationship in which print versions and their websites play off each other. What that means, however, is still evolving.

The question looking ahead is not only to what degree this contemplative quality can exist online, but also whether it can pay for itself.

News Magazines

For news magazines in particular, the year was enormously difficult.

Six magazines are studied here that can be categorized as news — Time, Newsweek, The Atlantic, the New Yorker, The Week and The Economist. The categorizations are loose. The New Yorker includes material that is hardly news. Other publications might be included, but this list, all periodicals about which we can get substantial amounts of data, provides a range that is illustrative.

For the six, circulation fell 8.2% year to year for the latest period audited, nearly four times the rate of decline as consumer magazines over all. The gainers here were all niche publications, particularly The Economist and The Atlantic. 7

And if the results of a vastly reconfigured U.S. News & World Report are included — it converted from a twice-monthly news magazine to a monthly theme-based print publication — the category was down 10.8%. 8 U.S. News’ print circulation per issue fell by 25%, although traffic grew to the website, usnews.com, where it increasingly is putting its news emphasis. 9

The economics were also grim, though not as tough as the industry over all.

Not including U.S. News & World Report, the top six newsmagazines sold 19% fewer ad pages in 2009 than the year before. 10

Only one magazine, The Week, posted a gain in pages. Its editor said it was going to turn a profit in 2009 for the first time since its creation in 2001.

The biggest losers were the larger magazines — Time and Newsweek. And the declines led to further cuts in newsgathering resources. Time and Newsweek, which once fielded hundreds of staffers in every corner of the globe, were operating newsrooms half as big as they were 15 years earlier. And Time’s total staffing fell below Newsweek’s for the first time since PEJ began counting.

Digital

It all leads back, as in other media sectors, to questions about online. Digital traffic numbers in 2009 seemed to take a breather after sprinting upward for several years.

There are questions about how much traffic the sector can gain. The biggest magazine website, Time.com, attracted only about one-sixth as many unique monthly visitors as Yahoo News, one of the leading sites.

Among online magazines, those that claim the designation of magazine but have no print operation, the year was mixed. Audience traffic fluctuated but rarely hit the peaks of the election year. And no clear model for financial success emerged.
Slate remained the most popular online-only magazine website, although the number of unique monthly visitors was well behind Time and Newsweek, according to PEJ's analysis of data from Nielsen Net Ratings.

U.S. News Weekly, the digital newswEEKly successor to U.S. News & World Report, had thousands of paying subscribers, and was meeting projections, according to its editor. But most were print subscribers who asked for a free trial of the online publication. Only about 3,000 nonmagazine subscribers put up the $19.95 a year.

Salon, the pioneer online magazine, lost more money, bringing its accumulated deficits to more than $100 million since its inception in 1995. Its new boss pledged to dive more deeply into the breaking news and commentary that the Web seemed to demand.

Several publishers rolled out online initiatives, including various mobile devices — from iPhone apps to wireless tablet readers — that they hoped might one day replace lost advertising revenue.

“Given the more than 15 years we have been waiting for most legacy media companies to develop Internet-literate products, there is reason to fear they will not segue smoothly into tablet computing,” said media veteran Alan Mutter. “Because tablets represent the last, best do-over for media companies, however, here’s hoping the continuing erosion of their traditional businesses will impel them to act before it’s too late.”

In one frightening reflection of the age, some of the 31 magazines that changed hands in 2009 sold at virtually no value. TV Guide, once the largest magazine in America, sold for $1 plus the assumption of liabilities.

Footnotes

10. U.S. News & World Report sold 81% fewer ad pages, a figure greatly affected by its conversion to a monthly. With U.S. News & World Report included, the news magazine group sold 27% fewer ad pages.
Industry Over All

Magazines
By the Project For Excellence In Journalism

Industry Over All
The American magazine industry overall saw its retrenchment accelerate during the recession of 2009.

Consumers bought fewer magazines and advertisers bought fewer ads. And that came on the heels of an awful 2008.

Publishers shut down hundreds of magazines, including some beloved names, cut staff and eliminated issues to save money. Some also began to jettison old assumptions about the value of selling as many magazines to as many people as possible in hopes of attracting advertisers.

Circulation

Over all, circulation, which to some degree can be controlled in the magazine industry through discounting, was down.

Of the 472 consumer magazines for which comparable data were available from the Audit Bureau of Circulations, circulation were off 2.23% in the latest audited period, final six months of 2009, compared with the same period a year earlier. In the first half of the year, magazines were down 1.19%. 1

Paid subscriptions, which make up nearly 90% of magazines sold, declined 1.12%, erasing a slight gain of 0.56% in the first half. 2

But the type of circulation that cannot be controlled through promotional discounts, single copy or newsstand sales, fell 9.1% in the latest period audited from a year earlier. According to industry consultant Harrington Associates, the number of consumer magazines sold on newsstands tumbled 35% from 1998 to 2008, reaching 1.274 billion in the United States and Canada. 3

The problems in newsstand sales are particularly troubling, some experts believe, because they are the more lucrative component of circulation, even with payments to the distributors and the share paid to the newsstand owners. 4
Consumers plunk down the full copy price at the newstands, often $5 or more. While newsstand sales account for about 11% of magazine circulation, for instance, as recently as 2008 that represented a third of the industry’s circulation revenue. 5

Still, as more questions arise about the future of print advertising, many believe readers, through both subscriptions and newsstand purchases, will have to pay more – even if it means circulation falls.

Many publishers in 2009 pared discounted subscriptions, cutting the minimum circulation, or “rate base,” guaranteed to advertisers. This typically reduces the revenue from ads, but also cuts production costs. (read more about rate base strategies)
“We need to charge consumers more for a better product and to take costs out of inflated rate bases,” Scott Crystal, the president of TV Guide, told Folio. “We’re all making tough decisions that should have been made a long time ago.”
There are no industry data outlining which categories of magazines had circulation gains and which did not. But the list of the top magazines offers some clues.

Crystal’s former magazine, TV Guide, lost 26% of its circulation from a year earlier in the latest period audited, a drop of 840,342 – one of the largest declines in absolute numbers among the 25 biggest magazines tracked by the Audit Bureau of Circulations. 7 TV listings are available widely now, including on television sets themselves.

But other magazines among the top 25 that do not have such obvious competition on the Internet also continued to fall. National Geographic, for instance, was down 11% or 564,446. People fell 2%, or 77,917.

The largest gain among the top 25 occurred at a magazine devoted to video game news and reviews: Game Informer Magazine. Its circulation rose more than 8% to 3.8 million.

Circulation Changes, 2008-2009, Top 25 Magazines
(Declines in Parentheses)

<table>
<thead>
<tr>
<th>Magazine</th>
<th>2009 Circulation</th>
<th>Change from 2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AARP, The Magazine</td>
<td>24,371,637</td>
<td>(457,475)</td>
<td>0.1</td>
</tr>
<tr>
<td>AARP Bulletin</td>
<td>24,042,603</td>
<td>(457,475)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Better Homes and Gardens</td>
<td>7,621,786</td>
<td>(38,037)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Reader’s Digest</td>
<td>7,099,558</td>
<td>(1,069,109)</td>
<td>(13.1)</td>
</tr>
<tr>
<td>Good Housekeeping</td>
<td>4,652,904</td>
<td>(31,908)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>National Geographic</td>
<td>4,495,931</td>
<td>(564,446)</td>
<td>(11.2)</td>
</tr>
<tr>
<td>Woman’s Day</td>
<td>3,966,414</td>
<td>45,547</td>
<td>1.2</td>
</tr>
<tr>
<td>Ladies’ Home Journal</td>
<td>3,858,773</td>
<td>18,128</td>
<td>0.5</td>
</tr>
<tr>
<td>Family Circle</td>
<td>3,823,253</td>
<td>(91,674)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Game Informer Magazine</td>
<td>3,805,038</td>
<td>287,440</td>
<td>8.2</td>
</tr>
<tr>
<td>People</td>
<td>3,613,902</td>
<td>(77,917)</td>
<td>(2)</td>
</tr>
<tr>
<td>Time</td>
<td>3,329,429</td>
<td>(30,706)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Taste of Home</td>
<td>3,215,228</td>
<td>12,735</td>
<td>0.4</td>
</tr>
<tr>
<td>Sports Illustrated</td>
<td>3,201,524</td>
<td>(16,609)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Cosmopolitan</td>
<td>3,001,894</td>
<td>75,211</td>
<td>2.6</td>
</tr>
<tr>
<td>Prevention</td>
<td>2,900,193</td>
<td>(439,423)</td>
<td>(13.2)</td>
</tr>
<tr>
<td>Southern Living</td>
<td>2,855,973</td>
<td>21,384</td>
<td>0.8</td>
</tr>
<tr>
<td>AAA Via</td>
<td>2,767,064</td>
<td>(40,766)</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Maxim</td>
<td>2,513,734</td>
<td>(7,976)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>O, the Oprah Magazine</td>
<td>2,479,722</td>
<td>114,388</td>
<td>4.8</td>
</tr>
<tr>
<td>AAA Living</td>
<td>2,462,789</td>
<td>(2,040)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Glamour</td>
<td>2,448,119</td>
<td>157,667</td>
<td>6.9</td>
</tr>
<tr>
<td>TV Guide Magazine</td>
<td>2,416,620</td>
<td>(840,342)</td>
<td>(25.8)</td>
</tr>
<tr>
<td>Remedy/Remedy MD</td>
<td>2,373,205</td>
<td>413,404</td>
<td>21.1</td>
</tr>
<tr>
<td>AAA Going Places</td>
<td>2,354,779</td>
<td>(206,422)</td>
<td>(8.1)</td>
</tr>
</tbody>
</table>

Source: Audit Bureau of Circulations is average per issue for six months ending December 31, 2009.
And there were some other difficult signs. Mediamark Research & Intelligence data suggested that the percentage of Americans who are regular magazine readers is continuing to decline. In the fall of 2009 it reported that 83.9% of American adults were magazine readers, compared to 84.8% the previous fall and 87.6% in the fall of 1998.  

Economics

Divining the financial health of a magazine is challenging, in part because so many publications are owned by private companies not required to issue public financial reports. Even publicly traded media companies, which do issue reports, generally do not break out revenue figures for specific magazines.

But there are some metrics we can use, and the financial story they tell of 2009 for the magazine industry generally is rough one. The number of advertising pages fell by more than a quarter. Market researchers project revenues to continue to decline for at least the next two years. More magazines closed during the year than were launched. And many experts believe the industry must shift to depend more on circulation to survive.

The first numbers may be the firmest. The Publishers Information Bureau, affiliated with the Magazine Publishers Association, calculates how individual publications are doing by counting the pages of ads in magazines. These numbers are also grouped by another firm into categories of magazines.

The highlights for 2009 were not pretty:

- The number of ad pages fell by 26%, including new launches and closed publications. This is double the decline in 2008 (12%). The year before that, the loss was just 0.6%.

- Of the 249 magazines the Information Bureau tracked, only 21, or 8%, reported an increase in the number of ad pages sold. (Publishers Information Bureau also calculates ad revenue by multiplying ad pages counted against the rate cards of each magazine, the published price magazines hope to charge for an ad. But due to discounting, the rate cards are not necessarily an accurate guide to what magazines are able to charge. (read more about ad pages v. ad revenue)

- The advertisers that cut back most, not surprisingly, were those most affected by the recession. Automotive advertisers, for example, bought 40.5% fewer ad pages compared to the year earlier. Financial, insurance and real estate advertisers slashed their buys by 41%. Retail fell 30% and home furnishings and supplies declined 27.4%.  

- According to ad page calculations by Mediaweek’s magazine datacenter, through November the worst performing category was “wealth” magazines, which had a 38% plunge in ad pages sold. Second-worst was travel, followed by business/personal finance, both down about 32%.

- While no categories were up, those with the smallest declines included women’s lifestyle/service (down 8%), parenting & kids (down 12%), and women’s health/fitness (down 14%).
Ad Page Sales, by Category of Magazine, 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth</td>
<td>-37.60</td>
</tr>
<tr>
<td>Travel</td>
<td>-31.79</td>
</tr>
<tr>
<td>Business/personal finance</td>
<td>-31.51</td>
</tr>
<tr>
<td>Enthusiast/sports</td>
<td>-28.29</td>
</tr>
<tr>
<td>Shelter</td>
<td>-26.32</td>
</tr>
<tr>
<td>Regional</td>
<td>-24.56</td>
</tr>
<tr>
<td>General interest</td>
<td>-24.09</td>
</tr>
<tr>
<td>Science and technology</td>
<td>-23.42</td>
</tr>
<tr>
<td>Teen</td>
<td>-21.32</td>
</tr>
<tr>
<td>News weeklies</td>
<td>-23.25</td>
</tr>
<tr>
<td>Fashion/beauty</td>
<td>-22.71</td>
</tr>
<tr>
<td>Bridal</td>
<td>-21.08</td>
</tr>
<tr>
<td>Men’s lifestyle/fitness</td>
<td>-18.02</td>
</tr>
<tr>
<td>Weekend magazines</td>
<td>-17.53</td>
</tr>
<tr>
<td>Food/epicurean</td>
<td>-15.96</td>
</tr>
<tr>
<td>Entertainment/celebrity</td>
<td>-14.98</td>
</tr>
<tr>
<td>Women’s health/fitness</td>
<td>-13.96</td>
</tr>
<tr>
<td>Parenting/kids</td>
<td>-11.69</td>
</tr>
<tr>
<td>Women’s lifestyle/service</td>
<td>-7.63</td>
</tr>
</tbody>
</table>

Source: Mediaweek, magazine monitor. 12

Several leading research firms projected further declines in ad revenue for consumer magazines for several more years, making them among the worst performers in media.

In its annual Communications Industry Forecast, released in August, Veronis Suhler Stevenson estimated consumer magazines ad revenue would decline 9.8% in 2010, 5.5% in 2011 and 0.6% in 2012. The firm estimated a five-year, compounded annual decline of 6.6% for consumer magazines for 2008-2013, the worst performance for any of the 11 media categories it tracks except for newspapers. 13

Ad revenues — combining print and digital — aren’t expected to grow again until 2013, when they will be buoyed by expected economic improvement and gains in mobile advertising (read more about magazines on mobile devices and tablets). Even then, with an expected increase of 0.6% in 2013, the total of $8.8 billion would still be 22% below where it stood in 2003. 14

For 2009, Veronis Suhler Stevenson estimated a decline in advertising of 15.6%, also the second-worst of any media segment for the year, and this included digital ad revenue.

When circulation revenue is included, where declines will be less severe, Veronis Suhler Stevenson projects consumer magazines will see a 9.7% decline in total revenue in 2009, and a compounded annual decline of 2.8% from 2008 to 2013. 15
The revenue declines were due to “a confluence of factors,” including a shift from broad-reach traditional advertising to targeted alternative ad services as well as the growth of digital businesses, said Jim Rutherfurd, executive vice president and managing director of Veronis Suhler Stevenson. 16

Veronis Suhler Stevenson’s predictions were echoed by others.

eMarketer, for instance, predicted print magazine ad revenue – without digital — to fall 6.5% in 2010 and 1% in 2011, followed by a 4% increase in 2012. For 2009, it had projected a fall of 16.2% to $10.9 billion, after falling 7.1% in 2008. But that projection, issued in March 2009, may prove an underestimate. 17

The toll of shuttered magazines continued in 2009 with such well-known publications as Gourmet, Modern Bride, Metropolitan Home, Condé Nast Portfolio and Country Home closing. The hardest-hit categories for closings: regional interest, business and lifestyle. 18

“There are too many magazines, too many Web sites and too many conferences — and not enough advertising or marketing spending to support them,” says Frank Anton, CEO of Hanley Wood, publisher of magazines for the construction and remodeling industries.” 19
The closures were accompanied by job cuts, both at the closed operations and other magazines. Condé Nast, for example, eliminated hundreds of jobs — one estimate said a total of 500 could be cut — as editors and publishers reportedly sought to cut their budgets by 25% for 2010.  

Time Warner said it would incur a $100 million charge during the fourth quarter of 2009 as it restructures its magazine division, Time Inc. Company executives said they expected targeted job cuts not as severe as the 600 that were implemented in 2008.  

A filing with the New York State Department of Labor, required under plant closing laws, said 280 layoffs were expected at Time Inc., which news reports said employed about 9,000 people, from November 2009 to February 2010.  

The cuts are part of a long-term trend. National employment in periodical publishing peaked in 2000 and has fallen since, according to a report by the comptroller of New York City, where the industry is concentrated.  

Even with these strategic and tactical shifts, many professionals predicted the industry would never recover to the levels it enjoyed in prior years.  

“The magazine business, particularly if you’re dominated by print advertising, is going to continue to be a no-growth to a declining business — probably forever,” David Nussbaum, CEO of Enthusiast magazine, said during a panel discussion organized by Folio magazine in October.  

“A lot of folks in the industry don’t think the magazines will ever recover to the level of profit we had in 2008,” said Bill Mickey, group managing editor of the trade journals Folio and Audience Development.  

Magazine Web Economics  

It is difficult to ascertain how much money magazines are making from their digital operations. Few publishing companies report revenue figures, fewer still by revenue source or single publication. But estimates suggest that digital revenues are a small, though fast-growing, part of their business.  

In 2009, digital revenues continued to grow, although the rate slowed considerably and seemed unlikely to make up for declines in traditional revenues anytime soon.  

Veronis Suhler Stevenson projected digital revenue for the consumer magazine industry would grow 6.5% to $650 million in 2009, less than half the 12.5% growth rate for 2008.  

This compared to annual growth rates in excess of 30% for the preceding four years.  

Still, it was a drop in the bucket. Online and mobile revenue was expected to account for only 3.1% of revenue for the consumer magazine industry in 2009.  

In comparison, print advertising accounted for 51% of revenues for the consumer magazine industry, and circulation 46%, according to Veronis Suhler Stevenson.  

Even increasing digital income would not amount to much. By 2013, Veronis Suhler projected just 6.9% of magazine revenues would come from digital, or $1.3 billion.  


Footnotes

1. Audit Bureau of Circulations, FAS-FAX report for consumer magazines, June 30, 2008 and 2009. The 472 magazines represent those that were audited by ABC in both 2008 and 2009. Not included are magazines that commenced audits in 2009, or those that use other audit services.


3. Harrington Associates LLC, via e-mail from John Harrington, February 8, 2010. The figures include the United States and Canada.


8. Mediamark Research & Intelligence’s Survey of the American Consumer. MRI’s data show that the total number of magazine readers has grown, but not as much as the growth in the population of adults. MRI estimates that there were 170.9 million adults who read magazines in 1998. In 2009, that figure was 189.5 million adults. That is a gain of 18.6 million readers.

9. The ad page count is limited to about 250 participating PIB member publications each year and is considered a representative sample.


13. The advertising-based segments isolated by VSS are broadcast television, subscription TV, broadcast & satellite radio, out-of-home media, newspapers, yellow pages, consumer magazines, business-to-business media, pure-play Internet, pure-play mobile and entertainment media.


While some of the plans were outlined the year before, 2009 was when American news weeklies finally started to chart distinctly different paths. 

Time remained the closest thing to a mass market magazine among news weeklies, though with a more analytical and thematic redesign that it had launched a year before, complete with a host of individual voices. 

Newsweek set out a vision of a more targeted niche publication that would no longer be as tied to reporting news, although critics were divided as to whether this was a full-scale reimagining or a graphic redesign. 

U.S. News & World Report converted to a monthly focused on specific subjects, blending magazinelike treatment with its with famous — or notorious – consumer ratings. 

The Economist, based in Britain, remained perhaps closest to the original vision of the American news weekly as a review of the week, absent bylines, with a consistent world view and sensibility driven by the editors. The Week, on the other hand, reviewed the week by aggregating the content of others, and The Atlantic and the New Yorker pursued long-form journalism that was deeply reported. 

"Everybody is going in a different direction now. There isn’t any common denominator anymore," said U.S. News editor Brian Kelly. 1
Design Your Own Chart
Source: Hall’s Media Research, unpublished data. Columns do not add up to 100 because not all topics are included.

Newsweek

A Newsweek that promised to be “reinvented and rethought” was launched in May. In his explanatory note, editor Jon Meacham promised the magazine now would largely have two kinds of stories: The first would “reported narrative — a piece grounded in original observation and freshly discovered fact.” The second would be “the argued essay — a piece grounded in reason and supported by evidence that makes the case for something.”

What would be different? “We know you know what the news is,” he wrote, adding that the thing chiefly to be displaced is “the straightforward news piece and news written with a few… new details that does not move past what we already know.”

There was a new heavier paper stock and a major graphic redesign. Structurally, the magazine was reorganized into four sections: Scope for short-form, front-of-the-book piece such as the conventional wisdom ranking; The Take, home to columnists such as George Will and Howard Fineman; features for longer form narratives and essays; and culture.

Critics were skeptical. “The new Newsweek, judging from the first issue… bizarrely resembles the old Newsweek more than the new Newsweek Meacham describes,” Michael Kinsley wrote in the New Republic. “The new Newsweek maintains the same irritating practice as the old one of half-explaining, which is no use either to those who already know the story or to those who don’t.”
David Carr wrote in the New York Times, “Newsweek has responded ... by doubling down on its legacy as a Beltway-driven magazine. The new Newsweek looks a bit like The Economist but reads even more like the New Republic, a magazine that has its merits but does not play much beyond the aforementioned Beltway.”

One sign of willingness to break from the past came when the magazine devoted an entire issue to the war in Iraq and turned over the editing duties to comedian Stephen Colbert. To the extent that it has become more of an opinion magazine, it would be much larger than the traditional journals of opinion such as The Nation or National Review.

A quantitative analysis of cover topics and the amount of interior space devoted to various types of stories revealed some of the shifts and some of what stayed the same.

Lifestyle dominated Newsweek’s covers in 2009. Fully 10 issues during the year were devoted to arts, culture and other lifestyle topics, more than any other category and up from three the year before. No. 2 was national affairs, with eight covers. The economy and international affairs tied for seven. Health and the military dominated the covers four weeks each, a big increase from 2008 when health received two and the military just one.

Under the covers, the most space (35%) was still devoted to national affairs, according to page counts conducted by Hall’s Media Research. That was down from 39% the year before. Foreign affairs, at 16%, consumed more space in 2009.
than the year before (11%) and was exactly the same allocation as in Time. In May, then Newsweek assistant managing editor Kathleen Deveny wrote, “One thing you’ll find less of: celebrity news. Our research told us you didn’t want it, which is a relief since we were doing it only because we thought we had to.” Yet the Hall’s data reveal the amount of celebrity/entertainment news was virtually unchanged (9.5% in 2009 versus 9.1% in 2008) while slightly more space was devoted to business news.

Time

Time, whose redesign and refocus was executed a year earlier, changed less than others in 2009.

Time stuck to more familiar topics and treatments, although it greatly increased the number of lifestyle topics appearing on its covers. At 13 covers apiece, national affairs tied with lifestyle for first place among cover topics. The economy came in second, with 10 covers, twice as many as in 2008. International covers fell to two from five while the number of covers devoted to health jumped from four to seven (including a “health care special report” two months after “the health issue”). Three covers focused on the environment, one more than the year before.

That is not to say that Time steered entirely clear of provocative subjects. Its cover story on conservative talk show host Glenn Beck was entitled “Mad Man” and was illustrated with a close-up photo of Beck sticking his tongue out. The story sought to go beyond a traditional profile by including a history of “paranoid politics” and asking if Beck’s angry style of politics was stirring unjustified fears.

Time, too, strove to connect news events with readers in an accessible way. Among the 10 cover stories on the economy during 2009 were ones entitled “The Economy and You” and “The New Frugality.”

Changes to the magazine’s story coverage, as revealed by the Hall’s data, were also relatively small. National affairs remained the top category, at 30%, but was down from 35% the year before, a logical decline following an election year. Foreign affairs and business news gained space.
Design Your Own Chart
Source: Hall’s Media Research, unpublished data. Columns do not add up to 100 because not all topics are included.

U.S. News & World Report

Structurally among news magazines, the biggest transformation came at U.S. News & World Report, which changed frequency and outlook and converted its weekly news magazine efforts to the Web. (read more about the magazine’s digital strategies)

First, the weekly became a monthly in print. Those monthly issues were focused around one theme or subject — health, money and business, education and science — but also included stories unrelated to the main theme. Several of the issues were built around the magazine’s trademark rankings of colleges, high schools, hospitals, health care plans and more, but not all. 5
In June, for example, the magazine offered a “progress report” on President Obama, asking: “Will his bold initiatives work?” In November, the magazine trumpeted an exclusive interview with Obama as part of a special issue on leaders and leadership.

Consumerism remained a specialty. In the “solving the college crisis” issue, the long-term advantages of a college diploma were weighed against sharply rising tuition. A sidebar offered “smart ways to pay for your education.” And a “post-recession money guide” was chock full of news-you-can-use, such as “rethinking your 401K” and “best jobs for the future.”

On its covers, business (including consumer advice) dominated in 2009, with five covers devoted to the topic. The next most frequent topic was health (three covers), then national affairs (two). The remaining two were devoted to lifestyle topics — “50 Ways to Improve Your Life in 2009” and “Surviving the College Crisis”.

Inside, the page counts show U.S. News decreased its coverage of national and foreign affairs more than Time, Newsweek and the New Yorker. National affairs, for instance, dropped from 35% of space a year earlier to 21%.

Coverage of business grew, to 14.5% up from 7.8%. So did consumer news. So did personal health (to 13.1%, from 8.8% in 2008), personal finance (to nearly 12%, up from 8%), and jobs and career (to 7%, up from 1.7%).
Footnotes

5. The complete list of rankings on U.S. News’ website: high schools, colleges, graduate schools, universities, hospitals, children’s hospitals, health plans, nursing homes, cars and trucks, leaders, places to retire and places to work in the federal government.

Audience

Magazines
By the Project For Excellence In Journalism

Audience

What were once called the big three news magazines now have a smaller footprint in American life.

The three magazines, which sold an average of nearly 10 million copies a week as a group in 1989, were on a pace to sell about 6 million in 2009. 1

Other, smaller news magazines, meanwhile, expanded their readership in 2009. The big got smaller and the small bigger.

Once a news weekly that competed with Time and Newsweek, U.S. News & World Report changed its frequency and editorial focus in 2009 and experienced a sharp decline in circulation per issue.

The publication cut the number of issues it publishes from 46 a year to 12.

Arguably, the sales of each print issue might have risen, but that didn’t happen. As a monthly, U.S. News averaged 1.2 million copies sold per issue through the last six months of 2009, down 25% from the same period a year earlier when it was weekly. 2 For all of 2008 it fell 16%. 3

That also meant that, even as a monthly, U.S. News was down 45% from 1999, when it sold slightly more than 2 million per issue.

Most of U.S. News & World Report’s circulation loss came from subscriptions, which fell 26% during the last half of the year. 4 Its newsstand sales, however, grew by 9.6%, to 46,767, during the period, suggesting a receptive audience for its reformulated print edition, but also reflecting the longer time on newsstands.
Design Your Own Chart


Source: Audit Bureau of Circulations, annual audit reports and publisher’s statements.

Change in Circulation, Select Newsmagazines
2007 to 2009

<table>
<thead>
<tr>
<th>Magazine</th>
<th>2008 Circulation</th>
<th>2009 Circulation</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time</td>
<td>3,360,135</td>
<td>3,329,429</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Newsweek</td>
<td>2,701,893</td>
<td>1,972,219</td>
<td>-27%</td>
</tr>
<tr>
<td>U.S. News &amp; World Report</td>
<td>1,583,914</td>
<td>1,188,933</td>
<td>-25%</td>
</tr>
<tr>
<td>The New Yorker</td>
<td>1,051,152</td>
<td>1,040,103</td>
<td>-1%</td>
</tr>
<tr>
<td>The Economist</td>
<td>786,977</td>
<td>813,240</td>
<td>3.3%</td>
</tr>
<tr>
<td>The Week</td>
<td>515,936</td>
<td>517,037</td>
<td>0.2%</td>
</tr>
<tr>
<td>The Atlantic</td>
<td>456,529</td>
<td>471,548</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Audit Bureau of Circulations is average per issue for six months ending December 31, 2009.
At Newsweek, the new editorial approach always involved a smaller audience. As part of the plan, Newsweek pared its distribution to save money and focus on an elite core of readers – giving up the aspiration of a mass-market magazine.

After cutting the circulation it guaranteed to advertisers from 3.1 million to 2.6 million copies a week in 2008, in 2009 it cut it further, to 1.9 million, and announced plans to pare it to 1.5 million by January 2010, or by more than half in two years. (Read more about the strategy of cutting circulation).

"Mass for us is a business that doesn’t work," Thomas E. Ascheim, Newsweek's chief executive, told the New York Times. “Wish it did, but it doesn't. We did it for a long time, successfully, but we can’t anymore.”

Instead, Ascheim said the magazine would focus on highly educated, high-income subscribers. "We would like to build our business around these people and grow that group slightly…. These are our best customers. They are our best renewers, and they pay the most.”

The publication was well on its way to meeting that target by the end of 2009. For the last half of the year, circulation dropped 27% from the same period a year earlier – the most of any of the six news magazines – to an average of 1.97 million copies per issue.

Time, meanwhile, continued with a strategic shift set out in 2008 and also suffered a drop in circulation. Its average weekly circulation dipped 0.9% in the last half of 2009 compared to the same period a year earlier to 3,329,429. For all of 2009, the magazine was up 0.7%.

Time cut its guaranteed rate base in early 2007 from 4 million to 3.25 million, but has held steady since then.

In contrast, the troubles of the three larger American magazines, The Economist added circulation for the fourth year in a row. It increased its rate base by 50,000, to 764,000. Its average weekly circulation of 813,240 for the final six months of 2009 beat that handily, and was up 3% from the same period a year earlier. (The Economist’s success also contrasts with that of other business and economic publications, whose circulations are flat or falling such as Business Week, down 2% to 917,568, and Forbes, up 0.1%, to 920,873.)

The Atlantic posted gains, though at a slower rate than the year before. It also increased its rate base, from 400,000 to 465,000 as its average circulation hit 471,548 for the last six months of 2009, up 3% from the same period a year before. In the first half of 2009, the magazine was up nearly 7% year to year.

The New Yorker, with a circulation of 1,044,443 for the last half of 2009, declined slightly, 1%, on top of a 2% decline the year before.

The Week’s circulation grew by 0.2% to 517,037 in the last half of the year compared with the same period in 2008. That growth is lower than in previous years – it was up 4.6% in 2008. The Week’s management believes it is succeeding by adopting the strategy abandoned by competitors.

“The mission of the magazine is to make sense of the world when people are overwhelmed by media. Readers are busy. We are striking a chord with them,” editor William Falk told PEJ.

Its staff seeks each week to present a taste of the best news and commentary from other sources. The stories often contain a dash of irony, but never betray a political agenda, he said.
The results have been impressive. The Week nearly doubled its overall circulation from 2002 to 2009 and increased its rate base eight times in seven years. 12

As of the end of 2009, the magazine had no intention to further increase its rate base, feeling that 500,000 was about the right size, Falk said.

Demographics

Readers of news magazines tend to be both older and wealthier than the population as a whole.

According to Mediamark’s spring 2009 survey, the average age of the readers of the news magazines we studied was 48.03, compared with 45.2 for the nation’s adult population. Both figures were virtually unchanged from the year before.

These readers are also more likely to be male than female, although that varies among the magazines. One thing all the publications share is a readership with higher household income than the nation as a whole.

<table>
<thead>
<tr>
<th>Demographics of News Magazine Readers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Household Income</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>U.S. adult average</td>
</tr>
<tr>
<td>Time</td>
</tr>
<tr>
<td>Newsweek</td>
</tr>
<tr>
<td>U.S. News</td>
</tr>
<tr>
<td>The Atlantic</td>
</tr>
<tr>
<td>The New Yorker</td>
</tr>
<tr>
<td>The Week</td>
</tr>
<tr>
<td>The Economist</td>
</tr>
</tbody>
</table>

Source: Mediamark, spring 2009 survey, except for The Week, which provided its data based on a 2009 survey by another research firm, Mendelsohn.

Of the group, The Economist boasts the youngest and second-wealthiest readership, with an average age of 44 and household income of nearly $120,000. The Week was No. 1 in terms of income, at $150,900, and age, at nearly 52.
Design Your Own Chart
Source: MediaMark Research, survey data
Footnotes

1. In 1983, Time sold an average of 4.3 million copies a week, Newsweek, 3.2 million and U.S. News & World Report, 2.3 million, or 9.8 million a week, for an annual total of 509 million. In 2009, the three sold an average of 6 million a week when U.S. News & World Report’s circulation was averaged across 52 weeks. “Key News Audiences Now Blend Online and Traditional Sources,” by the Pew Research Center for the People & The Press, August 17, 2008


4. It is important to note that these figures are a per-issue average and that the total number of copies distributed each month is far less than were distributed when it was a weekly.


10. Audit Bureau of Circulations, publisher’s statement.


Economics

Magazines
By the Project For Excellence In Journalism
Economics

A staggering drop in ad volume in news magazines accelerated in 2009, raising serious questions about whether strategic redesigns or cuts in circulation undertaken by many publishers would succeed.

Just one of the seven news magazines we studied managed to sell more ad pages: The Week.

U.S. News & World Report did the worst. It sold 81% fewer ad pages. That largely reflected its shift from a weekly to a monthly, but it also illustrated the cost of taking that step. 1

As a group, the six news magazines studied here – not including U.S. News — saw their ad pages drop by 19%. 2 That is better than the 25.6% decline experienced by all magazines tracked by the Publishers Information Bureau, which includes some publications that ceased to exist. 3 (Read more about PIB’s ad page counts).

“It’s no secret that there’s just less money out there, so even if readers react very positively to the changes, it’s a difficult time,” Scott Kruse, director for print investments at MediaCom USA, told the New York Times. “The core categories in the newsweeklies have been automotive, financial, tech and pharmaceutical, and all of those are under-delivering in a major way right now. So they’re going to have to bring in new advertisers from new categories, and I just wonder where all those ads are going to come from.” 4

Changes in Ad Pages, Selected News Magazines

<table>
<thead>
<tr>
<th>Publication</th>
<th>2009 Pages</th>
<th>2008 Pages</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All magazines</td>
<td>173,735.34</td>
<td>233,558.34</td>
<td>-25.6%</td>
</tr>
<tr>
<td>The Week</td>
<td>659.91</td>
<td>602.73</td>
<td>9.5</td>
</tr>
<tr>
<td>The Atlantic</td>
<td>445.67</td>
<td>528.71</td>
<td>-15.7</td>
</tr>
<tr>
<td>Time</td>
<td>1,447.05</td>
<td>1,752.19</td>
<td>-17.4</td>
</tr>
<tr>
<td>The Economist</td>
<td>1,970.55</td>
<td>2,468.28</td>
<td>-20.2</td>
</tr>
<tr>
<td>The New Yorker</td>
<td>1,125.11</td>
<td>1,478.15</td>
<td>-23.9</td>
</tr>
<tr>
<td>Newsweek</td>
<td>1,116.73</td>
<td>1,506.06</td>
<td>-25.9</td>
</tr>
<tr>
<td>U.S. News &amp; World Report</td>
<td>206.98</td>
<td>1,109.59</td>
<td>-81.3</td>
</tr>
</tbody>
</table>

Source: Publishers Information Bureau.
Some experts also fear news magazines will not be among the boats lifted if and when the tide comes back in. As the Wall Street Journal intoned, “Industry executives believe news, business and general-interest magazines — unlike fashion and entertainment publications — are unlikely to rebound fully even after the economy is on a firmer footing.”

Bill Mickey, group managing editor of Folio and Audience Development magazines, said a long-term shakeout is under way in the magazine industry that will disproportionately affect news magazines, especially the biggest ones.

One reason for the pessimism is the cumulative nature of the losses:

- Despite stable circulation, Time sold 17% fewer ad pages in 2009 compared with the same period a year earlier. This followed a 19% drop for 2008.
- Even the New Yorker, which enjoyed gains in circulation, was off 24% in 2009, on top of a loss of 27% in 2008.
- The Economist, which stood out in 2008 for its 4% growth in ad page sales, fared much worse in 2009. It was down 20% despite gains in circulation and impressive demographics: its readers are the youngest and among the wealthiest of the news magazines.

Perhaps the most attention was focused on results at Newsweek in response to its new focus.

Financially, the results were tough. Its ad page count was off 26% in 2009, on top of a drop of 19% for 2008.

Most publishers do not report revenue figures for individual magazines. But Newsweek, which is owned by the publicly traded Washington Post Company, does, and it showed ad revenue was down 38% for the first nine months of 2009. That is an even sharper plunge than its 26% drop in the number of ad pages sold for all of 2009 as counted by the Publishers Information Bureau.

In the third quarter, its ad revenue was down 48%. In that quarter, the company ordered another round of staff reductions in the division but still failed to stay in the black. The Post’s magazine division — consisting of Newsweek and a travel guide — posted an operating loss of $29.7 million for the first nine months of 2009, compared to an operating loss of $27 million for the first nine months of 2008. For more on job cuts at Newsweek and other publications, go to the News Investment chapter .

Despite the results, Newsweek officials continued to express optimism for the strategic shift, one that was being closely watched in the industry. “It’s been a disgusting economy, in case nobody else noticed,” Thomas E. Ascheim, the chief executive of Newsweek told the New York Times. He said that Newsweek had driven up its per-subscriber subscription revenue and that renewals were strong.

Ascheim said he hoped the magazine could be profitable again in 2011, but that sounded like something less than a promise.

In 2010, he said, “We expect to operate less in the red.”
The biggest success story financially among news magazines in 2009 was The Week. Though it has half the number of ad pages as Time, The Week sold nearly 10% more ad pages in 2009 than it did in 2008 and the publication expected to post its first annual profit.

The Week’s singular gain in ad pages came on top of a flat 2008, which was not an insignificant accomplishment given the declines most magazines endured that year.

The Week had an especially good year at the newsstand, too, with single-copy sales rising 86% in the second half of the year compared with the same period a year earlier. And its readership boasts a median household income of $150,900, the wealthiest of the newsmagazines. 9

The Week does not reveal its financial results, but its editor, William Falk, said 2009 was its first profitable year since it was founded in 2001. 10 He told PEJ that the magazine nearly broke even in 2008. Its British owner, Dennis Publishing, also operates versions of the magazine in the United Kingdom and Australia.

Forbes reported The Week’s revenue climbed from $20 million in 2004 to $48 million in 2008. 11

The company manages with a business model that is almost as unique as its editorial approach. From the start, it has eschewed discounted subscriptions.

The Week in 2009 also announced an unusual sweetener to advertisers. It said it would guarantee that its readers would remember an ad run in The Week more than one run in the pages of most competitors. It said it would hire a research
firm to convene focus groups and test them for recall of ads in The Week. If the research doesn't put The Week among the top one-third of magazines in which consumers recall seeing a given ad, the magazine will run free ad pages until it hits the mark.

“We were trying to think, ‘What’s the most accountable thing you could do?’” said Steven Kotok, president of The Week. “This is a way they can say when they buy The Week, they know it’s money well spent, because we’re guaranteeing it will be among the most effective ads they purchase.”

Footnotes


3. With U.S. News & World Report included, the seven news magazines sold 26.2% fewer ad pages in 2009 compared with a year earlier.


News Investment
Magazines
By the Project For Excellence In Journalism

News Investment

Magazine journalists continued to feel acutely the decline of mass-market news magazines in 2009. Jobs were cut, bureaus eliminated and beats cast aside. And the cuts came after sharp reductions in jobs and bureaus over the last two years.

The effect is an inevitable reimagining of what a news magazine is, a change that, however bold, inescapably involves diminished ambition.

Obviously, the size of a staff partly reflects frequency, and many people now do double duty online and in print. Still, the numbers do offer some sense of health and are also one objective metric of capacity. Though numbers do not mean quality, there is in all the research we have done over the years one clear correlation between quality and staffing. The more time people have to work on something, the better the chance it will be better work.

Both Time and Newsweek closed down every domestic bureau not on the Eastern Seaboard, and reduced the number of staffers assigned to Washington. Newsweek shut its Baghdad bureau and U.S. News & World Report lopped off 38% of its newsroom and listed operations only in New York and Washington.

One exception was the New Yorker. The publication does not print a staff box and executives do not say how many people work there, but a spokeswoman said it was spared cuts in 2009.

The Week, which has always had a small staff, didn’t get any smaller.

News Magazine Staff Size Over Time

Time and Newsweek select years, 1983-2009

2008 Newsweek total reflects figures from a staff box published in February 2009. Source: PEJ research, from magazine staff boxes
Time

After several years of painful job cuts, Time’s newsroom in 2009 fell below long-time rival Newsweek in size, according to an examination of the staff counts published in the magazines.

Magazines are often reluctant to reveal the total size and compensation of staffs. For those that publish staff names on their mastheads, though, we can get an idea of their size, although it may not be precise as changes from full-time to honorary or contract job levels are not always indicated in masthead lists. For this analysis, we count news-related jobs – not sales or marketing – and leave out staffers designated as “contributing,” a title that conveys they are not full-time staff.

An analysis of Time’s staff listings showed a 20% decline in overall positions and a geographical retrenchment during 2009.

Time Bureaus (staff size)

<table>
<thead>
<tr>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington (6)</td>
<td>Washington (4)</td>
</tr>
<tr>
<td>Los Angeles</td>
<td></td>
</tr>
<tr>
<td>Miami</td>
<td>Miami</td>
</tr>
<tr>
<td>London</td>
<td>London</td>
</tr>
<tr>
<td>Paris (3)</td>
<td>Paris (2)</td>
</tr>
<tr>
<td>Berlin</td>
<td></td>
</tr>
<tr>
<td>Moscow</td>
<td></td>
</tr>
<tr>
<td>Jerusalem (3)</td>
<td>Jerusalem (2)</td>
</tr>
<tr>
<td>Cairo (2)</td>
<td></td>
</tr>
<tr>
<td>Baghdad</td>
<td>Baghdad</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>Johannesburg</td>
</tr>
<tr>
<td>New Delhi</td>
<td>New Delhi</td>
</tr>
<tr>
<td>Islamabad</td>
<td>Islamabad</td>
</tr>
<tr>
<td>Beijing (2)</td>
<td>Beijing (2)</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Bangkok</td>
<td>Bangkok</td>
</tr>
<tr>
<td>Tokyo</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Beirut</td>
<td>Beirut</td>
</tr>
</tbody>
</table>


The number of correspondents assigned to bureaus outside of the United States was cut by more than 25%, from 23 to 17. The number of foreign bureaus was also trimmed, to 12 from 15. Gone altogether were postings in several key cities around the world that were often the source of significant news: Moscow, Berlin and Cairo. The number of people assigned to both Jerusalem and Paris went from three to two.
In the United States, the Washington bureau went from six to four. Closed altogether was Los Angeles, leaving the news department with no permanent presence in the United States outside of New York, Washington and Miami.

The biggest cuts came among various reporting positions. The number of positions classified as senior writers, writer-reporters, reporters, senior reporters and senior correspondents fell from 32 to 24.

The numbers are striking over time. The number of people listed as staff at Time as of the end of 2009 was 147, less than half the 304 listed in 2003 and only about 40% of the 362 listed in 1983.

The number of contributors listed on the masthead shrank too, to 25 from 33 the year before.

**Newsweek**

Newsweek, too, was preparing “cost saving initiatives” at the end of 2009, according to a filing with the Securities and Exchange Commission by the magazine’s parent company, the Washington Post Company. ¹

The filing said 44 staffers – news and business-side — took advantage of a buyout in the first quarter of 2009. That came on top of 117 that accepted similar offers the year before. In November 2009, another 12 jobs were eliminated, according to a memo to the staff from editor Jon Meacham obtained by Politico. ²

A comparison of staff boxes published in February 16 and December 7, 2009, showed the retrenchment, especially in domestic bureaus.

Total newsroom staffing fell by 16 to 150, from 164, a drop of 8.5%.

Other than Washington and Miami, all seven domestic bureaus were eliminated. The Washington staff was cut to 12 from 16.

The total number of foreign bureaus and journalists assigned to them remained constant, but there were changes in the lineup. The magazine closed its Baghdad bureau, which had three people assigned to it at the beginning of the year, as well as bureaus in Tokyo and Hong Kong. At the end of the year, new bureaus were listed for Beirut, Rio de Janeiro and Berlin.

Newsweek.com staffing fell by one, to 18. The international edition’s staffing actually grew by five, to 13. The number of people assigned to the picture desk fell to seven from 16.

There were also title changes during the year. The categories of assistant managing editor, associate editor, senior editor and contributing editor were eliminated. In their place were added contributors, senior article editors, senior writers and staff writers.

To put this in some perspective, Newsweek staffing of 150 is 15% less than the 176 employed in 2003, and down 56% from the 348 listed as staff in 1983.

Meanwhile, the number of contributors grew to 36 from 33.
A reduction in frequency and a shift in focus resulted in a cut of more than a third of the newsroom at U.S. News & World Report.

A comparison of the staff boxes published in December 2009 with the 2008 year-end issue shows drops in a number of job categories.

Among the categories taking losses: the number of senior writers went from 12 to five deputy editors went from nine to four, and reporters went from 11 to five. The design and photography desk fell from 23 to eight.

The 2008 box showed staff based in New York, San Francisco and St. Louis. In addition, special correspondents, who were not full-time employees, were based in France and the Middle East.

The 2009 list shows only New York in addition to the Washington headquarters.

Over all, the masthead listed 76 newsroom jobs in 2009, down 39% from 124 in 2008.

The New Yorker

The New Yorker does not print a staff box but the New York Observer has taken it upon itself to occasionally construct one from byline counts and other sleuthing. The Observer reported in November that the New Yorker staff appeared to be about the same size as it was four years earlier. 3
The faux staff box shows a surprisingly robust staff of 187, not including editorial assistants. The total includes 11 critics, 66 staff writers, 24 “cartoonists and cover artists,” and 15 fact checkers supervised by a “head of checking” and two “deputy checking heads.”

“In order to do what we do, we need a sizable staff,” New Yorker editor David Remnick told the Observer. “We don’t publish 10 issues a year, or 12 issues a year. We publish 46.”

A spokeswoman for the magazine would not comment on the Observer list’s accuracy, other than to say it included some people who are contractors and not full-time employees. But, she said, the magazine, at least as of the end of 2009, had been spared the job cuts that were imposed on other Condé Nast publications despite its own 28% decline in ad pages sold.

“We’re lucky that we did not have any staff cuts this year. It’s hard to make predictions, but we don’t foresee any,” said the spokeswoman, Alexa Cassanos.

The Economist

The London-based Economist, a weekly that uses almost no bylines out of preference for its institutional voice, also doesn’t print staff boxes. But a count of its online phone directory shows a large and sprawling global workforce of journalists.

As of December 2009, the list had 97 journalists and four overseas bureaus — in San Paolo, Paris, Tokyo and Washington. The list also shows correspondents living in China, East Africa, Cairo, Chicago and Moscow.

The Week

The Week, as a matter of mission, publishes with a small staff. The staff box published December 4, 2009, listed 17 people and editor Bill Falk said that figure has been stable for several years.

The Atlantic

The Atlantic, a monthly, listed 51 news people on its digital masthead as of January 2010, along with 36 contributors.

Footnotes


2. Michael Calderone, “Layoffs at Newsweek,” Politico.com, November 11, 2009. The memo does not specify if the layoffs were in the newsroom or across the company.


Digital

Publishers rolled out a number of initiatives designed to pry revenue from the readership. Especially intriguing, though unproven, were several competing plans for generating revenue through mobile devices (click here to read more about digital initiatives). Some of these took the form of wireless electronic readers, either those already sold by Amazon and Sony, or new ones controlled by publishers. Other efforts were aimed at reaching readers through the smaller screens of smart phones and similar gadgets. (Click here to read more about e-readers)

Print Magazines Online

As a group, news magazine websites rank relatively low in the hierarchy of the Web compared with other media. The biggest, Time.com, for instance, attracts one-seventh the number of unique monthly visitors as Yahoo News, which sits by most counts at the top of news sites. Time’s traffic is less than a third of that of the top newspaper website, the New York Time, according to data from Nielsen NetView.

Looking at average unique monthly visitors for the last half of 2009, as calculated by Nielsen, offers the following ranking of magazine online traffic. Many online news executives contend that many of the popular online metrics undercount their audiences, but agree that the relative ranking of the sites is fair. We are focusing on that relative placement here. (Read more about the PEJ analysis of Nielsen data).

- Time.com was the top site among the six news magazines examined. Among the roughly 200 top news sites of all types, Time.com ranked No. 18. 1

- Newsweek.com, which had the strongest traffic of the news magazines during the last half of 2008, suffered the biggest drop in 2009 but remained the No. 2 site among the news magazines, according to Nielsen’s figures, close behind Time.

- Despite its new emphasis on the Web, usnews.com, the free site, managed less than half the traffic as Newsweek for a third-place ranking among news magazine. Its traffic would put it in the top 20 news sites according to PEJ’s list of nearly 200.

- The Atlantic.com, which also boosted its offerings on the Web, managed to attract only one-fifth the visitors of Time.com.

- There was a considerable drop-off in traffic among the final two magazines we examined. The New Yorker had one-seventh the traffic as Time.com. The Economist, with a third less traffic than the New Yorker, about one tenth that of Time.com, would rank near the bottom of the top 200 news sites.
Online-Only Magazines

Questions persisted about whether the sort of long-form and deeply analytical journalism that has been the province of magazines can manage the transition to the Internet.

There have been several ambitious efforts, from Slate and Salon, for example, and now, at least according to some online, a new entry, the Daily Beast, founded by magazine veteran Tina Brown.

Over all, traffic to online-only news magazines fluctuated throughout 2009, but rarely hit the peaks of late 2008 when the nation was engaged in an avidly followed presidential election. Even the biggest, Slate, still fell short of Time and Newsweek’s websites then in unique monthly visitors, according to data from Nielsen, but attracted twice as many as U.S. News & World Report.

And there was no indication any of the online-only news sites had achieved profitability other than reports that Slate had posted some years in the black, although officials there would not say if 2009 was among them.

Some argued, however, that over the long term online-only continues to have the inherent financial advantage of its low production and distribution costs. Said Slate editor-in-chief Jacob Weisberg: “If I had to bet on the prospect of anything, I would bet on online only. I think the business is inherently better.”

Thanks in part to the low cost of entry, the number of online-only magazines of all types grew to 694 in 2009, up from just 168 in 2004, according to MediaFinder, a database of periodicals maintained by Oxbridge Communications. 4

Salon.com

Salon.com continued to spill red ink and new chief hired to right the ship said he frankly wasn’t sure the original mission was still the right one.

“It was a mistake to think of ourselves as a magazine,” CEO Richard Gingras told a PoynterOnline columnist. “Magazine’ suggests a periodicity that to me does not relate to who Salon is in a news environment on the Web that is increasingly real-time.”

The Salon Media Group reported a loss of $4.7 million in fiscal 2009, which ended March 31, up from a $3.5 million loss in fiscal 2008. The dismal 2009 figures brought the accumulated deficits since its inception in 1995 to $101 million and Salon’s accountants warned investors there is “substantial doubt” about its ability to stay in business. 6

The company brought in Gingras, a veteran new-media entrepreneur and former Google adviser, dropped a half-dozen of its 29 news staffers and announced a transition away from its roots of long nonfiction articles and toward the faster-paced, breaking-news and commentary prevalent on the Web.

The roots for that shift in strategy are clear in the company’s financial statements, which detail a faltering effort to get readers to pay directly for content rather than luring sufficient eyeballs to impress advertisers.

Paid subscriptions peaked at 89,100 in 2004 and the company said it expected further drops in the year ahead “following longstanding industry trends away from paid Web content.” By the end of fiscal 2009, the magazine had 23,450 subscribers who were paying $45 for a year’s worth of access to ad-free content. 7

As a result, the company said it would focus on building advertising revenue, which made up 76% of its income in fiscal 2009. 8
To get more advertising, Salon said in its report to investors that it had to persuade more people to make more frequent visits to its site. That’s hard to do with the sort of long-form articles that take weeks or even months to prepare.

So the publication said it would redesign its site to “improve the presentation of timely and relevant content…that will drive new users to the site and a higher proportion of repeat engagement, as users return throughout the day to obtain timely news and information.”

Gingras, in a statement to media news site Gawker, put it more plainly:
“We are moving away from a very traditional magazine production model and becoming more of a true Web publication, with a more direct publishing system.”

Though this is likely to mean fewer editors spending less time pouring over stories, Gingras said, “The financial changes emphasize what we do best — publish sharp, fast takes on the important events in the world, as well as the in-depth stories, reviews and blogs that readers come to us for — and will also allow us room to grow.”

U.S. News Weekly

U.S. News & World Report committed itself to a hybrid model when it gave up being a print news weekly in 2008 and shifted much of its news dissemination to the Web. It produces both a free website that is constantly updated and the subscription-only U.S. News Weekly, which it describes as “Smart analysis, insightful reporting, in-depth perspective — in a new, digital format.”

It also sells access to its trademark guides of colleges, hospitals and other service providers.

There are 90,000 subscribers to the weekly, editor Brian Kelly told PEJ. But most of those are subscribers to the print magazine who opted to get a free trial to the digital News Weekly. About 3,000 have independently signed up for the weekly, which costs $19.95 a year.

“We’ve had steady growth. We haven’t really gotten to the point of marketing it very much,” Kelly said. “It’s a small audience but very engaged.”

The Weekly is Washington-centric, in keeping with U.S. News & World Report’s founding principles, he said. Combined with the free site, and the print monthly, “We’re providing more information to more people,” he said.

U.S. News & World Report does not release financial data, or say if it is profitable, but Kelly said about half of its income is from online ads, licensing fees and other sources not related to the print magazine.

“I don’t think the newsweekly concept’s outdated,” Kelly told Portfolio. “I think it’s the delivery method that’s outdated.”
Slate

Slate, the online magazine founded in 1996 by Microsoft and sold in 2004 to the Washington Post Company, had the strongest traffic of the online magazines and added new channels in 2009.

Slate describes itself as "a daily magazine on the Web... a general-interest publication offering analysis and commentary about politics, news and culture."; 14 This marks an evolution away from its founding, when it was conceived as a weekly publication. It required a paid subscription beginning in 1998 but gave that up and has been free for readers since 1999.

Among its changes in 2009 was the incorporation of two other magazines into the website: Foreign Policy and a women’s magazine, Double XX. Foreign Policy was purchased in 2008 by the Washington Post, which folded its operation into the Slate Media Group and relaunched its website as a channel on Slate, saying it intended to be “a vibrant, daily online magazine. Rather than merely complementing the print edition, the site stands on its own as one of the Web’s premier destinations for international news and opinion.” 15

Double XX, which began as a blog on the site, adds to a stable of channels on the site that included a financial news site, The Big Money; The Root.com, focused on African American readers, and a video site called Slate V.

The Slate Media Group also furthered an initiative launched in 2008: the Fresco Fellowship, named for an editor’s fondness for the soft drink and developed to encourage long-form journalism by all staff members. Among its projects in 2009 were a 10,000-word look at “the crisis in American dental care” and an interactive 11,000-word examination of why the country has not suffered a major terrorist attack since 9/11. 16

While the projects received a good response from readers although overall traffic to the site fell from the high levels of the 2008 election year.

Weisberg declined to discuss the operation’s finances other than to say that Slate had posted profitable years during its history. 17
The organization was trying to diversify its revenue base away from online advertising by developing syndication and licensing fees, charging for Slate on mobile devices, publishing books and attracting affiliate fees for referrals to Amazon. 18

"I like the model of a free website, but with paid mobile applications. Down the road, I hope we can add revenue from events and non-display advertising, such as lead generation, as well as by selling more targeted advertising at premium prices," Weisberg said. "Ten years is a century on the Internet, but I’d be very happy to someday see traditional display advertising provide less than 50% of our revenue." 19

The Daily Beast

The site founded by Tina Brown passed its first anniversary in October with plenty of attention focused on its combination of commentary and reported pieces, including photos and accounts of Iranian protest marches.

Nielsen data show the site ranked roughly 70th among the top 200 news sites, putting it below the website of the Baltimore Sun but above that of the Detroit Free Press.

Over all, Brown said, the response has been "beyond our wildest hopes when we started last October." 20

The site added new channels in 2009, each with the moniker "Beast," on books, art, food and drink and one called "Sexy Beast" on entertainment and style. It also announced the creation of a book imprint, Beast Books, launched with Perseus Books Group, whose books will be published first online and then as paperbacks. The books will be produced in months, instead of a year or more for most, aimed a filling a gap between online writing and full-length books that magazines once did. 21 "Books are the new magazines," Brown contended. 22

The Daily Beast is owned by InterActiveCorp, an Internet company headed by former Paramount Pictures and Fox Broadcasting chief Barry Diller. The Daily Beast does not release financial figures, but was reportedly losing money its first year. 23 The company cited the operating costs of the Daily Beast for pulling down corporate profits in 2009. 24

The Daily Beast has published material from a wide array of freelance contributors, including novelist Scott Turow and writer Christopher Buckley, but makes wide use of aggregation as well. Its daily “cheat sheet” aims to direct readers to the most important content published elsewhere. Edward Felsenthal, a former Wall Street Journal editor, is the site’s executive editor.

The publication has no foreign bureaus and Brown was dismissive of the need in her anniversary comments. The Daily Beast was able to follow the terrorist attacks in Mumbai with local freelancers, she said.

"The whole notion of bureaus is so 20th century," she said. "Get me a smart blogger with a laptop and an iPhone in Tehran or Caracas and the Daily Beast is in business." 25

Footnotes

1. Nielsen uses data provided by the news groups and Time includes 27 entities under the Time.com umbrella, including Life, Time for Kids and Realclearpolitics.com. For November 2009, traffic to time.com represented 68% of the traffic to the family of sites.


4. Mediafinder.com, via e-mail from spokeswoman Lisa Hendrickson, December 22, 2009. The figures are for the United States and Canada.


24. InterActiveCorp, third quarter filing with the Securities and Exchange Commission.

Opinion Magazines

By the Project For Excellence In Journalism
Opinion Magazines

True to industry dogma – and despite the swirling economic storms – conservative opinion publications did better than their liberal counterparts in 2009 as Democrats added command of the White House to their control of both houses of Congress.

We examine four of the magazines each year for which we have data. The conservative National Review had the biggest surge in circulation, jumping 9.9% from a year earlier in the latest period for which there was data. 1 Another conservative publication, the Weekly Standard, which was more closely allied with the Bush administration, stayed relatively flat.

On the left, The Nation shed 3% of its circulation and the New Republic plunged 18%.

Design Your Own Chart
Source: The Nation, National Review: Audit Bureau of Circulations. The New Republic, Weekly Standard: BPA Worldwide. Figures are for six months ending June 30. The Weekly Standard was launched in the fall of 1995 and circulation data prior to 1997 were unavailable..
The steep gain in readers at National Review came despite a period of turmoil.

In 2008, the magazine’s founder, William F. Buckley Jr., died, and one of its bloggers, David Frum, left after questioning GOP vice presidential nominee Sarah Palin’s fitness to serve.

But the Obama presidency and the earlier Democratic takeover of the House and the Senate provided the twice-a-month magazine with an opportunity to, as it said, provide “intelligent, disciplined opposition” during the Obama presidency.

It seemed to work. National Review’s average circulation for the six months ending June 30, 2009 grew nearly 10% over the same period the year before, to 189,294 – the highest level since the days of the Clinton administration. The magazine’s recent peak was 1994, when it sold an average of 269,512 copies per issue.

Online, nationalreview.com attracted the largest audience of all the opinion magazine sites, according to Nielsen Company data.

The magazine’s free website consisted exclusively of features not found in the magazine: NRO TV, produced by the Hoover Institution and featuring conservative lectures and discussions; 13 blogs, including one devoted to Sarah Palin and another entitled Planet Gore that provides criticism of the former vice president’s environmental policies. Getting a digital version of the magazine online required a $21.95 annual subscription.

Publisher Jack Fowler told PEJ that the nation’s leftward electoral tilt did boost the magazine’s readership, but he noted that circulation had been on the rise for several years. He credited this to quality writing and an improved system for renewing subscriptions.

“I would have thought we would have had a greater bounce from the Obama presidency and Pelosi and Reid. But I think the economy may have impacted us,” he said.

The circulation gains also failed to boost the magazine’s economic fortunes. The company was reluctant to increase its $59-a-year subscription because past efforts faltered and the price was brought back down. Ad revenues, too, fell by several hundreds of thousands of dollars in 2009, he said.

The magazine turned to other sources of revenue, such as donations and cruises with conservative luminaries. But it wasn’t enough to avert the first staff cut in many years, he said. He declined to provide specifics on either revenue or staff cuts but said the magazine employed about 40 people as of early 2010.

“We’re not a nonprofit but we are unprofitable,” Fowler said. “Our operating revenues have always been negative.”

In addition to a staff of 17 editors, correspondents and researchers, the biweekly National Review’s January 25, 2010, masthead listed seven people assigned to the online operation as well as 28 contributors.
The Weekly Standard

The other major conservative journal, the Weekly Standard, had a slight decline in circulation in 2009. It also was sold during the year.

In a deal between conservative billionaires, Philip Anschutz’s Clarity Media bought the Weekly Standard from Rupert Murdoch’s News Corp.

Clarity, which also owns the San Francisco Examiner and the free Washington Examiner among other media properties, paid $1 million for the magazine, which was founded in 1995 and loses $5 million a year. 7

Circulation for the Weekly Standard, which was founded by the conservative commentators William Kristol and Fred Barnes with backing from News Corp., was essentially flat at 75,487 for the first half of 2009. 8

Online, weeklystandard.com managed to hold on to more of its traffic than the other opinion journals, according to Nielsen Company data.

The magazine hit its peak in circulation in 2005, during the George W. Bush administration. The magazine was an early and vocal supporter of the invasion of Iraq and Vice President Richard Cheney reportedly picked up 30 copies each Monday – giving it a cachet analogous to that enjoyed by National Review when Ronald Reagan was among its avid readers. 9

But the close association with Bush and its vocal support for Sarah Palin’s vice presidential candidacy may have hurt it when the popularity of both plummeted.

"On foreign policy, the Weekly Standard had a lot of influence with the Bush administration,” conservative writer and former Bush speechwriter David Frum told the New York Times. “It was among the most consistent defenders of the broad outlines of Bush policy.” 10

Anschutz spokesman Jim Monaghan hinted that a greater concern with the bottom line may be in the offing for the magazine, which has reportedly never earned a profit.

"We have a high regard for the magazine, and a high regard for the leadership in Kristol and Barnes. We look forward to increasing circulation, increasing advertising and Web presence,” Monaghan told the New York Times. “We don’t purchase assets with the intention that they won’t become profitable.” 11

As of December 28, 2009, the masthead of the Weekly Standard listed 20 editors, designers, editorial assistants and writers. It also listed 16 contributing editors.
The Nation

The Nation, a vocal opponent of postal rate increases in 2007, took several steps to control costs in 2009 as rates rose again.

The magazine hired a consultant to review its mailing system and implemented efficiency measures, its president, Teresa Stack, told Foliomag.com. 12

She also encouraged readers to voice concerns with members of Congress. “The largest publishers are pushing for their interests, and their interests are not the same as those of small publishers, so we have to speak up. I think it’s essential that small periodicals are given a voice in the new process,” she said.

The liberal magazine, which ended 2008 in near parity with National Review, fell behind it with a 3.3% loss in circulation through the first half of 2009. 13 Traffic to thenation.com was the lowest of the opinion journals examined, according to Nielsen data.

The Nation’s masthead on January 21, 2010, listed a staff of 29 editors and correspondents working at the weekly. It also listed six columnists, 10 interns and three correspondents listed in bureaus in London and Southern Africa and 32 contributing writers and editors.

The New Republic

The New Republic’s first year under new – really, old – ownership coincided with the biggest loss in circulation of the leading opinion journals.

The average circulation of 53,485 for the first half of 2009 was 18% lower than the level for the first half of 2008, and was half what it was the year before George W. Bush took office. 14 Its circulation began a steady decline in 2000, interrupted by modest gains in 2007 and 2008.

Its free website contains content from both the current issue of the magazine and online-only blogs, podcasts and other content updated daily. The full print version is available in digital form for $29.95, or $10 less than a print subscription.

In March, 2009, Canada’s CanWest Global Communications sold the magazine to longtime editor-in-chief and former part-owner Martin Peretz and a group of investors for an undisclosed sum. 15

CanWest acquired a minority share of the publication in 2006 and bought the rest in 2007. It sold the magazine in 2009 to cut costs and meet debt obligations.

The semimonthly New Republic announced the elimination of six jobs in December 2009. Among those dropped was senior editor Chris Orr. Three of the writers were converted to contractor status. 16 As of January 21, 2010, its masthead listed 41 editors, critics, correspondents and a designer. There were also 32 contributing editors and four interns. 17

Footnotes

1. For comparative purposes we use circulation data for the six months ending June 30 because end-of-year data were only available for two of the magazines.

2. Audit Bureau of Circulations, FAS-FAX report for consumer magazines, June 30, 2008 and 2009; December 31, 2008 and 2009. For the second half of 2009, the National Review’s circulation averaged 183,751, up 1.3% from a year prior.
Sidebars & Backgrounders

Magazines
By the Project For Excellence In Journalism
Sidebars and Backgrounders

Digital Initiatives

Publishers have been active in trying to reach consumers through the growing number of smartphones and other handheld devices, and several planned to start seeking money from that in 2010.

In addition, several publishers looked to sell their publications through smartphones. The Audit Bureau of Circulations, an official arbiter of circulations that advertisers rely on, agreed to count each purchase of an issue through an app as circulation.

Hearst, for example, announced that, beginning with its January 2010 issue, Esquire would be available via the iPhone for $2.99 per issue. Users were to be able to browse the magazine and gain access to extra content, such as videos of
interviews. They would also be able to click on ads and purchase products. 1

Condé Nast began selling GQ on iTunes and via iPhone for $2.99. 2 The publisher reported selling 6,614 copies of the December issue of GQ on iTunes, and 12,000 copies of the January issue. According to one estimate, that resulted in about $39,000 in revenue for the publisher after Apple took its share. 3

The new applications and tablet developments come on the heels of several Web-based systems designed by publishers to sell e-editions or print issues one-at-a-time. Zinio.com, which calls itself the world’s largest newsstand, rolled out a number of initiatives and said it had 50,000 magazines and books for sale. It offered gift cards for sale for the first time in 2009 and announced a joint venture with Target.com to create a co-branded digital newsstand. It also expanded its efforts to sell magazines on iPhone and iTouch devices. The company was founded in 2001. 4

Zinio.com users access the digital editions from personal computers and handheld devices like the iPhone before magazines hit newsstands. Zinio.com gets a cut of sales as the online distributor. The site sells subscriptions, single issues and back issues. The advantages for the publishers are clear; they save on paper, printing and distribution costs, and can embed Web-based features such as audio, video, links and other tools. The e-editions carry the advertising found in the print editions, too.

Time Inc.’s Maghound rolled out in 2009 and failed to make much of an impact in its first months, according to several publishers who had signed on for the Netflix-like service. Time said the volume was in line with expectation and that the company had held off a full marketing effort until it could work out the bugs in the system. 5 Maghound sells digital editions of magazines on an a la carte basis or a monthly package of three or five publications. Maghound also sells subscriptions of print editions.

Publishers did seem to be making progress using the Web to sell traditional subscriptions. Hearst estimated that one-fourth of its new subscriptions in 2008 came from the Web and that it was an economical way to sign up new customers. Chuck Cordray, the general manager of digital media for Hearst Magazines, told Mediaweek that the renewal rates are high. “The economics on the online subs are very strong,” he said. 6

Tablet Devices

Amazon’s Kindle was a hit when introduced in 2007, chiefly as a way to download and read books. Amazon signed up various media outlets to provide news content as well, often for a monthly fee.

Kindle soon attracted competitors, including from Sony, and by late 2009 one estimate put the number of Americans owning tablet devices at 2.1 million with sales moving briskly. 7 And, in early 2010, Apple unveiled its entry: the iPad.

The advent of the devices attracted the attention of publishers who viewed it as an opportunity to get in on the ground floor of a new technology and a way to get consumers to pay for content they weren’t already receiving free on the Web.

David Granger, editor in chief of Esquire, told the New York Times that the magazine industry has historically undersold its products, first in print and, later, online. The e-readers could alter that. “The situation’s changed. We all kind of regret that our ancestors gave away the magazine for too little money,” he said. 8
Publishers bristled, however, at the share of the fees that device makers kept. News Corp., for example, publisher of the Wall Street Journal, said it received only a third of the $14.99 monthly subscription fee Amazon.com was charging in 2009 for the newspaper on Kindle. News chief Rupert Murdoch said it was “not a great deal.”

The Skiff e-reader, by Hearst and Marvel. Photo: Hearst Corp.

In December 2009, News Corp. and four of the biggest magazine publishers announced plans to team up on their own device: Time Inc., Condé Nast, Hearst and Meredith.

The publishers said the joint venture would emphasize visuals more than the text-focused Kindle and incorporate videos, games and social networking. The magazines would be in color and resemble their print editions, with readers flipping through pages with the touch of a finger.

“It may help them reassert some, not just control, but reassert themselves and not be in the death spiral that some were in in the last years,” Ned May, director and lead analyst for the research firm Outsell, told the New York Times.

The project also set out to devise standards for the publishers that would let consumers read the digital publications on other tablet computers, portable electronic readers and smartphones. In that sense it would build off of several existing operations, such as Zinio.com or Time Inc.’s Maghound.com that sell e-editions of magazines.

Analysts said the project would face a number of challenges, including generating enough revenue to pay for the cost of creating expensive, rich digital presentations of their content. Moreover, many of the publications were already giving the
content away free on their own sites, raising the question of how the new product would affect that content and the ad
revenues derived from it. 12

But e-readers offer possible advantages for magazine publishers. Advertising could also be included in a format that
consumers may find less obtrusive than the pop-ups and banner ads now on the Web. And the time spent looking at an
ad, consumer by consumer, could be measured.

There are doubters, too, such as Jeff Bercovici, the media columnist for AOL’s DailyFinance, who wrote: “Taken together,
it’s a kind of Manhattan Project for magazines. Will it succeed in splitting the atom? Alas, probably not in the way
publishers are hoping. Despite the wishful thinking… the tablet won’t be a broad bridge over which magazines will be able
to skip en masse across the chasm they’re now toeing. Some of them will make it to the other side, yes, but in much
diminished form, while others will get there and flourish but mutate so much in the process as to become
unrecognizable.” 13

Publishers, too, were developing their own devices apart from the industry consortium or other partnerships. Hearst, with
the Marvell Technology Group, unveiled in January 2010 an e-reading platform called the Skiff Reader Development Kit
that could be used on a variety of devices, both tablets and smartphones. It would offer consumers a variety of
newspapers, magazines, books and other content from many publishers, the company said. 14 Condé Nast was reportedly
working with Adobe Systems and Hewlett-Packard to develop a touch-screen reader that could present news digitally. 15

“You dare not be sitting back,” Condé Nast chief executive Chuck Townsend told the Wall Street Journal. 16

And News Corp. struck a deal to sell digital subscriptions to some of its products on Sony’s newest electronic reader. 17
Wired and Sports Illustrated were reported to have produced mockups of tablet versions of their print editions. 18

“With the first tablet computers headed to the marketplace, it’s already late for the slow-poke media companies to begin
thinking about how to leverage this new medium,” said media consultant and blogger Alan Mutter. “But starting late is
better than not starting at all.” 19

Backgrounders

Rate Base

Some declines in circulation are by design. All three of the traditional news weeklies in the United States, for example,
have been actively trying to reduce the minimum circulation the publications guarantee to advertisers in recent years.

Why would a magazine seek to reduce the number of copies it distributes?

The biggest share of revenue a magazine takes in comes from advertising, with a much smaller share from subscriptions
and sales of individual copies. Advertising rates are based on a promised circulation number for each issue. This number
is often lower than actual circulation.

If a magazine fails to deliver the promised circulation, a publisher has to refund advertisers a portion of the rate, based on
how short circulation falls.

Publishers make certain that they meet the guaranteed circulation, or advertising rate base, mostly by attracting readers
through incentives. And some offer steep discounts to subscribers to meet this goal, discounts that can cut into any profits,
With a slow erosion of ad sales at magazines since the mid-1990s—and significantly fewer ads bought in 2008—publishers have reconsidered the cost-effectiveness of trying to maintain high circulation bases. As Victor Navasky, the former publisher and editor of The Nation and now a journalism professor at Columbia University, sees it, reducing the rate base has become a strategy of necessity for news weeklies, “owing to higher mailing costs, paper costs and lower subscription returns, not to mention the growth of online.”

Ad Pages vs. Ad Dollars

Divining the financial health of a magazine is challenging.

Two of the biggest owners of magazines — Hearst and Advance (the owner of Condé Nast)— are privately held companies, and as such are not required to issue public financial reports. Even the publicly traded media companies that do issue reports generally do not break out revenue figures for specific magazines.

The Publishers Information Bureau offers estimates by combining ad rates and published pages. It multiplies the ad prices magazines list on their rate cards by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest.

For 2008, the collective discounts at Time Inc.’s two dozen American magazines, for example, amounted to 44% off the official rates, according to press accounts. And at Meredith, which owns 25 consumer magazines, reports put the collective discounts at an average of about 75% below official rates.

The figures for how many pages of advertising were published, on the other hand, are based on an actual count of ads in a publication.

Footnotes


**Glossary**

Magazines
By the Project For Excellence In Journalism

Glossary
Rate base: Circulation a publications guarantees to advertisers.

Ad pages: The total number pages of advertising published, based on an actual count of ads in a publication.

Ad dollars: Publishers Information Bureau estimates of advertising revenues, derived by combining official ad rates and published pages. It multiplies the rate magazines charge on their rate card by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest. For this reason we are not using these estimates.

Digital magazine (replica): Where the advertising and editorial content exactly match the printed publication. (Audit Bureau of Circulations)

Digital magazine (nonreplica): Where the basic identity and content are similar to the printed edition but the articles and advertising may differ. Free, unrestricted public access to a Web site does not qualify as a paid digital edition. (Audit Bureau of Circulations)
Charts & Tables
Magazines
By the Project For Excellence In Journalism

Charts and Tables
Summary Essay

Circulation Changes, 2008-2009, Top 25 Magazines
Total Magazine Revenues of the Top Publishers

Audience

Circulation for Select Newsmagazines Over Time
Changes in Circulation of Select Newsmagazines, 2008 vs. 2009
Demographics of News Magazine Readers
Median Age of Newsmagazine Readers
Average Income of Newsmagazine Readers

Economics

Changes in Ad Pages Sold, Select News Magazines (chart)
Changes in Ad Pages Sold, Select News Magazines (table)

Content

Topics in Select Newsmagazines, 2009
Newsweek, Changes in Newshole by Topic, 2008 vs. 2009
Time, Changes in Newshole by Topic, 2008 vs. 2009

News Investment

Newsmagazine Staff Size Over Time
Time Bureaus, 2008 vs. 2009
Newsweek Bureaus, 2008 vs. 2009

Opinion Magazines

Circulation of Leading Opinion Magazines

Ownership

Total Magazine Revenue of the Three Biggest Publishers, 2009
Ownership

By the Project For Excellence In Journalism

Ownership

For this year's State of the News Media report, PEJ has released a new interactive tool with data on the owners of the top media companies in the United States. For the top magazine publishers, users can compare financial information, top stations, ratings, and general information on the companies themselves. See Who Owns the News Media.

The magazine chapter, too, has been restructured. You’ll find more information on the performance of specific publishers in the industry overall section as well as news magazines economics.

Below is information about merger and acquisitions in the last year and some reports on foreign-based publishers (information not included in Who Owns the News Media).

Total Magazine Revenue of the Three Biggest Publishers

![Graph showing revenue for three biggest publishers from 2002 to 2009.](image)

Design Your Own Chart
Source: Estimates by Ad Age, Top Ten Magazine Companies

Mergers & Acquisitions

Dealmaking in the consumer magazine market was virtually flat in 2009, with 41 deals announced compared with 42 in the same period the year before, according to the Jordan, Edmiston Group Inc., an investment banking firm that tracks media transactions.

One of the higher-profile sales of the year was Bloomberg L.P.’s October purchase of BusinessWeek from McGraw-Hill in a deal reported to include $5 million in cash and the assumption of $31.9 million in debt.
The deal included BusinessWeek.com, Business Exchange online news and information service, SmallBiz magazine and BusinessWeek Events. 3

“The BusinessWeek acquisition will yield huge benefits for users of the Bloomberg terminal, and for our television, online and mobile properties,” Bloomberg president Daniel L. Doctoroff said. 4

McGraw-Hill said the transaction would enable the company to focus its resources on its remaining brands, such as Aviation Week magazine. 5

Bloomberg’s chief content officer, Norm Pearlstine, a former top editor at the Wall Street Journal and Time Inc., saw the deal as a chance to expand the company’s reach. In an interview with Paidcontent.org, Pearlstine said, “we have always had both a desire and a need to be read in the corporate suite, in areas of government where people are not subscribing to the terminal.” 6

In another prominent acquisition, the Economist Group in October 2009 purchased Congressional Quarterly from the Times Publishing Company, the owner of the St. Petersburg Times. Times Publishing is owned by The Poynter Institute. (link to Who Owns the News Media) Congressional Quarterly publications include CQ Weekly, CQ Today, CQ Politics, CQ Moneyline and CQ Homeland Security.

While no financial details of the deal were disclosed, Andrew Rashbass, chief executive of the Economist Group, described it as meaning that “we will be able to offer comprehensive information and analysis to customers.” 7

The Economist merged the CQ operation with that of Roll Call, a publication it already owned that also provides intensive online and print coverage of Congress.

After a two-month review of the operations, a reorganization was announced that resulted in the elimination of 44 positions across the merged newsroom of the newly created CQ-Roll Call Group, giving it a news staff of 184. 8

Among the other transactions was the sale of TV Guide. Once the largest magazine in the United States, the weekly guide to TV programming has struggled to remain relevant in an age of on-screen and online program guides. A California-based investment firm, OpenGate Capital, bought the magazine from Macrovision for $1 — less than the cover price of a single issue – and the assumption of liabilities estimated to be worth $255 million. 9

“OpenGate is stepping in with the commitment to successfully complete the magazine’s turn-around, which targets restored profitability by the end of 2009, and to re-establishing TV Guide as the premier television entertainment magazine in the country,” said OpenGate founder and managing partner Andrew Nikou. 10

The Reader’s Digest Association filed for bankruptcy in August 2009. The filing, which only affected its U.S. operations, was negotiated in advance with creditors and was expected to reduce the company’s debt from $2.2 billion to $550 million. Private equity firm Ripplewood Holdings, which acquired Readers Digest in 2007 for $1.6 billion, was expected to lose much of its equity. 11

A leading magazine that covers the news media, Editor & Publisher, was briefly shut down by its owner and then sold to a company that resumed publication. Nielsen Business Media announced in December that it would close Editor & Publisher, which resulted in several potential buyers coming forward. One of them, the Duncan McIntosh Company, an Irvine, Calif.-based publisher of magazines focused on boating and fishing, bought the operation in January 2010, for an undisclosed sum. 12
Foreign Magazine Owners

Beyond U.S. borders, foreign owners continued to play a major role in U.S. magazine publishing. Among those is the Economist Group.

Despite a drop in ad pages in its U.S. edition, the Economist Group, which publishes The Economist, reported that its worldwide operating profit grew 26% for the fiscal year that ended March 31, 2009, to £56 million (or $80 million at the exchange rate prevailing then), setting a record for the company. Revenue was up 17%, to £313 million ($447.5 million). The London-based company credited ad gains in Europe, Africa and the Middle East as well as from its website.

Some of this was driven by the economic performance of various regions during the fiscal year. The Economist’s circulation in India grew 37% and sales of the company’s regional economic forecasts were especially strong in China.

“These results demonstrate once again that great brands delivering real value to readers and advertisers thrive even when the economic cycle turns and when the structure of the industry is evolving,” said Andrew Rashbass, the company’s chief executive. 13

However, the company warned in its annual report that although it had benefited from a “flight to quality” among advertisers, economic turmoil would take its toll on revenues and that the company was cutting expenses. 14

Felix Dennis, the founder of Dennis Publishing, which owns The Week among others, said that he had received offers for his magazine, but that they had always been too low and that he had no plans to sell the magazine. 15

The privately held, British-based company, which does not release its financial results, purchased Land Rover Monthly and a global entertainment portal, Kontraband.com. 16

Footnotes


Audio – Summary Essay

Audio
By the Project For Excellence In Journalism
Summary Essay
The dynamics impacting audio’s future are clearer with each year.

Most people still listen to news, talk and music for at least a little while every week, and they do most of this listening through traditional broadcast, or “terrestrial,” radio. This is where the audience is largest. Yet this is where the profit and revenue are under the most pressure. Many stations have left the air and some owners of multiple stations have entered bankruptcy.

Everything else, by comparison, is small, and in the newest forms the revenue model is not yet clear, though it will almost surely involve direct user payment.

With every year the signs grow that terrestrial radio is already having, and will continue to have, a harder time. And yet another clearly foreseeable threat is the arrival of Internet-based car radio.

Web developments have already impacted the wider universe of news greatly. But they have yet to be made available inside cars, where most audio listening occurs. If developed, this now-captive audience would have a much wider universe of listening options.

Audiences slowly shifting their attention

Terrestrial broadcast radio continues to serve the greatest number of overall listeners. Fully 236 million Americans listened to at least some radio in an average week in the fall of 2009, a number that has been basically static for the past five years. 1

This dominance, though, is based on an old advertiser-supported model that is showing serious cracks, especially if trends that are accelerating in other sectors hit radio in a way they haven’t yet.

While ventures such as pure-play Internet radio, or audio available only through the Internet, have yet to significantly hurt terrestrial radio, other technologies are already eating away at the time people spend listening to traditional broadcasts. The number of people who say they listen to less terrestrial radio as the result of their use of an iPod/MP3 player has increased from 37% in 2008 to 42% in 2009. 2 A parallel pattern is evident with online radio. In an Arbitron survey, 27% of respondents said they listened to online radio in the previous month (about 69 million people), which is up from 21% in 2008. While these numbers are still small, they do show a steadily increasing number of people seeking audio service from other technologies. 3
People like the control and variety that newer technologies offer, according to polls. And though it is not yet available, already a third of Americans say they would like online radio in their cars.

Indeed, though predicted only a few years ago, other competing audio systems now seem to pose less of a threat to terrestrial broadcasters than had been expected.

Satellite radio, for example, had its first decline in overall subscribers in January 2009, and some experts believe this could be a sign that a technology that was once seen as a serious competitor to terrestrial radio may be only a small piece of the competition.

Another technology, HD radio, has struggled to gain listeners. Only one seventh of radio stations transmit HD signals and only a third of Americans say they have much interest. 4 One problem is that few HD outlets provide programming different from their main signal, thus reducing listener incentive to purchase the still pricey receivers.

More options for listeners, less advertising dollars for producers

The more serious threat, beyond fragmenting audience, is the increasingly uncertain future for on-air advertising. Terrestrial broadcast radio saw an 18% drop in ad revenue in 2009 compared to 2008. 5

Other economic woes could be even direr for SiriusXM satellite radio. In the year and a half since the merger of the only two satellite companies, the economic benefits have not come through in the way the companies hoped. SiriusXM reduced, but did not eliminate, its losses in 2009.

In 2009 SiriusXM lost $441 million, down from the $902 million loss in 2008.

As with other services, SiriusXM is facing the lagging economy in general. Consumers may not see a satellite radio subscription or the cost of the receiver as essential to their lives the way cable TV or the Internet is.

Mobile developments, though, hold some economic promise. Market analysts predict both terrestrial and satellite radio could make money from both advertising and subscriptions on mobile devices such as smart phones. Analysts at Veronis Suhler Stevenson, a media research firm, predict that revenue from mobile platforms will grow to $167 million by 2013.

News on the Radio

News plays an unusual role on the radio. The number of stations identified by Arbitron as “news/talk/information” rose in 2009 to 1,583, up from 1,533 in 2008. This category is broadly defined, and includes a large amount of talk programming.

A much smaller category is “all news” stations, of which there are just 27 commercial stations around the country, down from 31 the year before. And even here the label is self-defined and may include talk or other less news-oriented programs. Commercial all-news stations tend to be people-intensive operations and thus expensive and viable only in the largest markets.

Given this, one organization that clearly has developed an advantage in radio news is National Public Radio.
In 2009 NPR had 26.4 million listeners to its news programming, this is up 0.1% from 2008. In addition NPR had 268 member stations, down 2 from 2008 and was heard on 901 stations across the country (including non-member stations) up from 866 stations the year before.

NPR’s connection to local markets around the country though its member-station format makes it uniquely poised to take advantage of audience fragmentation. Some report, though, that NPR's attempts to reach out to local markets has caused friction with member stations that prefer to emphasize their own brand to local listeners and fear the encroachment of the national entity.

Footnotes

1. Arbitron Radar, December 7, 2009


4. Awareness of HD radio was up slightly in 2009, when 32% of respondents in an Arbitron survey said they were somewhat or very interested in HD radio. However, this has not translated into adoption of the technology. There are 2,012 stations in the U.S. broadcasting in HD, up only slightly from 1,828 in 2008. This is but a fraction of the 14,000 radio stations in the U.S.


Glossary

By the Project For Excellence In Journalism

HD Radio: HD radio stations transmit a digital signal, rather than an analog AM or FM signal as traditional radio has used for decades. Digital has some benefits over analog. Stations can transmit their signals farther (that is not often true) and the signal will be clearer ("CD-quality sound") to those equipped with an HD receiver. Stations can "multicast" their programs. This means that they can transmit more than one channel at a time and thus tailor content more specifically for each channel.

HD Radio is a proprietary technology developed by iBiquity. The "HD" does not stand for "high definition" as it is merely a brand name.

Podcasts: A podcast is an audio program that listeners can download to portable devices or their computers. Internet makes tracking podcasts very difficult. Several companies try, and we rely on podcastalley.com, the largest of them, for our data. The figures cited may not be comprehensive but still offer a glimpse of trends.

Satellite Radio: This system transmits audio with orbiting communication satellites rather than ground-based transmission, which gives it some benefits. While broadcast radio has a limited range, satellite signals can be received anywhere in the country and signals are less prone to static. A downside is that satellite radio reception is affected by weather or physical obstacles more than terrestrial broadcast radio. Listeners of satellite radio must, like cable TV viewers, pay a monthly fee.
Internet Radio: This is a term used to describe two types of audio accessed over the Internet. One is broadcast (or satellite) radio stations streaming their broadcasts online. The other is “pure play” Internet, such as Pandora. These services are available only over the Internet. Internet radio has also become a part of mobile radio. However, PEJ makes a distinction between “cellphone radio” and Internet radio picked up by mobile devices. Because so many mobile phones now have ready access to the Internet, Internet audio services have become a major problem for proponents of cellphone radio (below).

Cellphone Radio: These are cellphones that pick up AM/FM and HD radio stations. As of 2009, most cellphones did not yet have this capability.

Portable People Meter: This is an audience research device launched in 2008 by Arbitron. It is a portable device worn by survey participants that tracks all radio signals that they come in contact with. If they are near a radio, the device will pick up the station’s identity, the time and date. The people meter does not distinguish between active listening and background signals the may come close to the wearer, such as at a supermarket.

Controversy over Arbitron’s people meter methodology resulted in a number of lawsuits, most of them contending that the system under-represented ethnic minority audiences. All of the suits were settled or dismissed in early 2009. (for more on the controversy, see the 2009 report).

Arbitron: Arbitron is a radio ratings company founded in 1949 and has in recent decades been the dominant radio ratings provider. Until 2008, Arbitron’s ratings were compiled using a written diary system in which participants wrote down what station they listened to and for how long. In 2008, Arbitron began the transition to a digital collection system, the portable people meter above.

Nielsen: Nielsen is a media ratings company that has long been the major provider of television network and station ratings. Nielsen stopped measuring radio in 1964, but in 2009 began measuring small- and medium-sized radio markets.
Charts & Tables

Audio
By the Project For Excellence In Journalism

Charts and Tables
Traditional Broadcast

News/Talk Radio Growth
Listenership of News/Talk/Information, by Age
Weekly Online Radio Listeners
Broadcast Radio Revenue Changes by Quarter
Sources of Broadcast Radio Ad Revenue, 2009
Audio Revenue Change Predictions
Internet and Mobile Projected Audio Revenue Growth
NPR News Audience Spring 2005-Spring 2009
Responsibilities News Directors Have Other Than the News
Salaries in Radio Newsrooms

HD Radio

Number of Stations Converting to HD in 2009
Changes in Number of HD Stations

Podcasts & Pure-Play

Listenership of Online
Radio vs. Podcasts
Top Podcast Topics, October 2009 Podcast Awareness

Talk Radio

Top Talk Radio Hosts, Millions of Listeners
Traditional Broadcast

Audio
By the Project For Excellence In Journalism
Traditional Broadcast and Broadcast Online

Despite newer technologies, conventional broadcast radio continues to be the dominant mode by which most Americans listen to audio content. And the overall amount of listening held steady in 2009, even as listenership to newer audio modes increased. This is a trend that has been under way for several years. As of the fall of 2009, about 236 million people listened to the radio for 15 minutes during an average week, according to estimates from Arbitron, a figure unchanged from the same period in 2008.

That amounts to 92.5% percent of the population over the age of 12 and includes passive exposure, such as hearing radio in a store.

Separate data released by Nielsen in October of 2009 suggest broadcast listening levels may be lower. Nielsen’s analysis, which tracks a panel of individuals each year, reports that 90% were “reached” by some form of audio — and 77% of those reached by some form of audio were reached by broadcast radio. These numbers cannot be directly compared to Arbitron’s as one is survey-based and the other a form of diary tracking. Still, both represent an extremely large portion of the U.S. population.

What’s more, people seemed to listening for roughly the same amount of time as in 2008 and saw it as having a relatively big influence on their lives.

- Despite the advent of Internet radio, iPods, and other audio innovations, 80% of radio listeners 12 and older, according to an Arbitron survey released in March of 2009, said they would listen to the same amount of AM/FM radio as the year before. Just 20% reported listening less.

- Roughly a quarter, 21%, said that AM/FM radio had a “big impact” on their lives. Compared with other devices, this was roughly the same percentage who said that of an iPod or iPhone, but half the percentage who said that of cellphones (47%). These numbers help explain why radio industry leaders are pushing for a federal requirement that cellphone manufacturers include AM/FM capabilities in their devices.

One potential trouble area for the industry is where people listen.

- Most radio listening continued to be in a car or other place away from the home: 62.2%, while 37.8% was at home.

- And of all the listening done in the home, traditional radio now accounts for less than half (46.4%), according to the Nielsen panel. Alternatives forms like streaming audio, recorded books or recorded music account for the remainder.
If, as many predict, streaming Internet access becomes available in most cars, AM/FM radio could lose audience. The prospect of a car radio more akin to mobile Internet device, with all the options that might imply, will surely have a major effect on terrestrial stations. Not only would wider choice impact what people listen to, but it also could greatly affect advertising. Radio advertising is local. Internet radio listening often is not.

News/Talk Listening

News-and-talk radio remains the most popular category in broadcast radio, and it grew in both audience and number of stations, according to the most recent data.

The category – news/talk/information – is broad. It includes stations that are all-news, those that broadcast sports and those that offer primarily talk shows. That number totaled 1,583 in 2008, up 50 stations from the year before.  

In 2009, an estimated 53 million people tuned in to these stations each week. That was up from 48 million in 2007. Some of this growth may have been tied to the presidential election, which attracted widespread interest among audiences and talk show hosts.

Listeners to news/talk/information programming are, relative to the general population, older, in higher income brackets and more likely to be men. According to Arbitron:
Men accounted for 57.1% of listeners of the format. And 35% were 65 and older. Only classical music stations had a higher percentage of listeners older than 65. 11 One contributing factor is that most news/talk is aired on the AM band, which skews older than the FM band. 12

Of listeners to news/talk/information programming, 45.1% had a college degree and 40.7% reported making more than $75,000 per year. 13 This puts news/talk as the fourth-highest format in terms of number of listeners with a college degree.

Radio News Headline Providers

How much real news is carried on these stations is a question mark. According to past content analyses by PEJ and interviews with industry experts, most of the national news, other than on NPR, comes through brief top-of-the-hour segments purchased from outside companies. On many stations these are the only national newscasts at all during the day.

The largest providers of these two-to-three-minute headline accounts are ABC and CBS. CBS RADIO reported that its headlines ran on 550 stations at the end of 2009. The network estimated that it had a weekly cume of 23 million, meaning that an average of 23 million people heard all or part of their broadcasts in a typical week. 14
Westwood One markets the CBS news content through an agreement that expires in 2017.

ABC News Radio, owned by the Disney Company, is the other major provider. The network did not disclose its audience or station figures.

Terrestrial Radio Online

One area of strong growth for AM/FM radio is in the number of people tuning in to the stations’ website audio streams.

According to Arbitron, 69 million people reported in 2008 listening to online radio in the previous month, up 28% from 54 million the year before. These figures do not include people who listen to “pure-play” stations (meaning those with no talk of any kind), such as Pandora, that broadcast only on the Internet. These are discussed below.

- Nearly half, or 49%, of Americans reported having ever listened to radio online, up from 46% the previous year.
- In a measurement of frequency of use, 27% reported listening to online radio in the previous month, up from 21% last year.
- Those who reported listening in the previous week grew to 17% from 13% the previous year.

Weekly Online Radio Listeners

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<th>Year</th>
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Design Your Own Chart
And it could easily grow. Nearly a third of respondents said they would listen to online radio in their cars if it were available.

Such an innovation could be a boon for consumers, but a potential disaster for terrestrial radio because of the added competition from online-only services as well as non-local broadcast stations. Other than smartphones, however, the technology that would bring streaming radio into cars has not been adopted by carmakers and its appeal to consumers is untested.

- Online radio listening is spread more evenly across age groups than regular terrestrial station listening. While the largest listeners fall in the ages of 25–to-54 (20%), the youngest age groups listen online at nearly the same rate (18% for 12-to-17-year-olds). 19

Online radio attracts an audience that is more likely to be employed and have a higher income than the average population.

- More than half, or 54%, of online radio listeners are employed full time, compared to 43% of the general population over the age of 18. 20

- In terms of income, 16% report household earnings of $100,000 or higher, compared with 10% of the general public. 21

- More than a third, or 37%, have a college degree, compared to 29% of the general public. 22

Economics

AM/FM

Despite holding on to most of its audience, traditional radio suffered a steep fall in revenue in the first half of 2009, setting up what is likely to be the third consecutive year of declines.

Total radio revenue was down 18% in 2009 compared to 2008, according to the Radio Advertising Bureau. 23

Local and national radio advertising – the biggest sources of revenue for radio – were both down and projected to continue falling at least through 2011. There was growth in online advertising, but not enough to make up for the loss of on-air advertising.
Design Your Own Chart

- National and Local advertising fell by 20% and 19% respectively in 2009 compared to 2008. Local advertising has always been radio’s lifeblood.

- Online advertising revenue saw a 13% increase in 2009, but represented only 3% of industry advertising revenue and was not enough to offset the losses in other categories. 24

- Off-air revenues, such as billboards and concert sponsorships, fell 9% in 2009 compared 2008, to 1.3 billion. While these revenues currently make up only a small part of radio revenue, continued decline of national and local advertising may add to their importance.

In an August report, analysts at Veronis Suhler Stevenson projected a drop of 11.9% in total revenues for the industry in 2009. The firm projected a nearly identical drop in national and local advertising: 12% for local and 11.6% for national. 25 If the projections prove accurate, broadcast revenue will end the year at the lowest level since at least 2001. What’s more, they follow an overall decline of 9.9% in 2008.

The firm forecast annual declines to continue through 2011, when it foresees a return to gradual growth. Even with that growth, however, the firm projects broadcast revenues in 2013 will still be less than in 2009. 26

AM/FM Streaming Online

There has been strong growth in ad revenue from radio station websites and mobile devices, and further gains are projected. But these are still not expected to make up for the declines in traditional broadcast revenue any time soon.

- Veronis Suhler Stevenson reported a 13.2% growth in Internet (computer-based) and mobile revenue combined in 2008. It is projected to grow 9.4% more to $301 million in 2009. But this is tiny compared to the total of $18.4 billion of revenues projected for 2009 from all forms of radio.

- Online streaming revenues are expected to have increased 6.6% in 2009 and account for the bulk of Internet-based revenues, $274 million. Mobile is expected to grow at a much higher rate, 49.4% in 2009, but will still bring in only $27 million in revenue.
Another way of breaking down these revenues is advertising dollars versus direct user payment or subscriptions. On mobile radio, unlike online listening, user fees bring in more revenue than advertisements. This speaks to larger trends found in online behavior: Individuals are more used to paying for content they get on their phones than on their computers. (see the online chapter for more info on mobile news trends)

- On mobile platforms, paid content brought in $15 million in revenue in 2008, compared to $3 million brought in from advertising. And for 2009, Veronis Suhler Stevenson projects revenue from paid content growing 51.3% to $23 million, while advertising will grow 40% to $4 million. 27

Audio Revenue Change Predictions

Design Your Own Chart
Veronis Suhler Stevenson, “Community Industry Forecast 2008-2012”
Design Your Own Chart
Veronis Suhler Stevenson, “Community Industry Forecast 2008-2012”

News/Talk Revenue

The main source of data on radio newsroom profitability comes from a survey by Bob Papper, a professor of media studies at Hofstra University, produced in conjunction with the Radio and Television News Directors Association.

The survey of news directors, taken in the fourth quarter of 2008, is the best indicator of the health of radio news, although as with all surveys, the findings depend on who chooses to respond. For this reason, they should be thought of primarily as trend-indicators rather precise numbers. With this in mind:

- Most news directors, 62%, said they did not know if their news operation was making a profit. That is up from 55% who said they did not know in 2007. The rise could reflect a new sense of uncertainty, news directors’ unwillingness to report losses or simply that they were truly unaware of the answer.

- Just 12% reported that their newsrooms were showing a profit in 2008, almost half that of 2007 (21%).

- The number reporting their newsroom had posted a loss was also down, though only slightly, to 9.8%, from 10.5% in 2007.

Another source of information on the financial health of radio news comes through examining individual companies. The largest companies, according to BIA Financial Network, were able to keep their revenue from news/talk station stable through hard economic time. But news/talk stations were profitable only in the largest markets.
CBS RADIO-owned stations led the pack in terms of revenue per news/talk station:

- Clear Channel made $3.1 million per station, the same as in 2007. 31
- Citadel Broadcasting made $1.4 million per station, the same as in 2007. 32

One of the main reasons for CBS RADIO’s higher revenue per news/talk station is that while Citadel, Clear Channel, and CBS RADIO all own stations in various-sized markets, CBS RADIO’s news stations are mainly all-news formats and stations that serve large metropolitan areas where all news stations are lucrative, as opposed to news/talk stations.

NPR

One of the largest news operations in radio, National Public Radio, undertook several efforts to expand its digital reach in 2009.

![NPR News Audience Spring 2005-Spring 2009](image)

Source: National Public Radio. The figures are according to Arbitron nationwide Spring 2005-Spring 2009.
In summer, NPR re-launched its website, NPR.org, with a new look and emphasis on making content of specific shows more accessible to users. The idea, according to the organization, was to make it easier to combine listening and reading, follow breaking news, comment upon and share stories, and find programming from NPR member stations. Pictures and videos are featured more prominently and top stories updated more frequently. A blog, “The Two-Way,” fosters and ongoing discussion of stories among users. Users can customize the homepage to suit their interests.

It also launched in August its first iPhone app, which became one of the most popular apps on the iPhone and received over 1 million downloads in the first week, according to NPR. The average user spends about 15 minutes per session on the NPR app, a relatively long time.

All NPR’s digital platforms experienced growth in the year. NPR.org said it had 11.5 million unique visitors on its web and mobile platforms in 2009, up from 8 million in 2008.

In terms of the mobile content, there were 20.9 million page views in January 2010 of NPR mobile content, up 42% from December 2009, the organization said. Roughly three-quarters of the traffic came from the iPhone app, and the rest going to member station audio streaming pages.

Possibly as a result of the popularity of the iPhone app, downloads of NPR podcasts declined. In December 2009 there were 14.7 million podcast downloads, a drop of about 8% from December 2008. The iPhone app offers streaming audio rather than requiring a download of a podcast.

NPR has coupled these technological upgrades with a large effort to engage its audience through social media. According to NPR, its Twitter feed has more than 1.3 million followers and more than 500,000 Facebook fans. In an effort to try to institutionalize this effort, NPR issues ethnics guidelines encouraging journalists to embrace social media as part of their regular work.

The audience for its audio programming was flat, according to data from the organization. In spring of 2009, 26.4 million listeners heard its news in an average week, either on a member station or through a feed provided to another station. That was up 0.1% from 2008. Its content was available on 901 stations – up from 866 the year before. That total includes stations that buy the feed as well as member stations. NPR had 268 member stations in 2009, down two from 2008.

NPR Audience Demographics

Who Listens to NPR?

The audience for NPR tends to be older and more affluent than the U.S. population.

- The median age of an NPR listener is 50, compared to 45 for the U.S. population.
- Men are more likely to listen than women. The NPR audience is 54% male and 46% female. In the general population 48% are male and 52% are female.

NPR listeners are substantially wealthier than the population at large and more likely to have a college degree and to vote.

- The median household income of an NPR listener is $86,114, compared to $55,462 for the U.S.
- 40% of NPR listeners have a household income of more than $100,000, compared with 22% of the population.

- In terms of education, 69% of NPR listeners have a college degree or higher, compared to only 26% of the general population.

- Fully 70% voted in a federal, state, or local election in 2008, compared to 44% of the U.S. population.

Surveys show that the NPR audience is politically moderate overall—though a smaller number are more likely to be liberal than the nation as a whole.

- The largest group of NPR listeners identify themselves as “Middle of the Road” (26%), this is roughly the same as the general population (28%).

- However, the listeners are twice as likely to describe themselves as liberal as the population as a whole. Nearly a quarter, or 22%, describe themselves as “somewhat liberal” and 12% say they are “very liberal.” This compares to 11% and 5% of Americans as a whole.

- Another 18% describe themselves as “somewhat conservative,” compared to 20% of the population. Self-described “very conservatives” represent 9% of the audience, compared to 12% of the population.

News Investment

The main source of data on radio newsroom profitability comes from a survey by Bob Papper, professor and chair of the department of journalism, media studies and public relations at Hofstra University, produced in conjunction with the Radio Television Digital News Association (formerly the Radio Television News Directors Association).

These figures (given the response rate) should be taken as general trends, not hard figures.

The average size of a radio newsroom staff rose slightly in 2008 to just shy of three people (2.8), according to the survey. The largest newsrooms gained slightly and most newsrooms saw no change at all.

Radio news directors often are responsible for more than one station.

- 43.3% of news directors oversaw two or three stations in 2008, up from 18.5% in 2007.

- 18.3% oversaw four stations in 2008, up from 8.6% in 2007.

Salaries for radio journalists rose slightly in some categories in 2009, but remained well below the pay of their TV counterparts. And except for sports anchors, the highest paid category, none over the past five years have kept up with inflation.

Other positions inside radio newsrooms rose slightly or remained unchanged.

Salaries in Radio Newsrooms

<table>
<thead>
<tr>
<th>Position</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>News Anchors</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Reporters</td>
<td>$23,400</td>
<td>$25,000</td>
</tr>
<tr>
<td>Producers</td>
<td>$25,400</td>
<td>$26,000</td>
</tr>
<tr>
<td>Sports Anchors</td>
<td>$32,000</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

Footnotes

1. Arbitron Radar, December 7, 2009
14. PEJ interview with CBS RADIO.
30. BIA Financial Network and PEJ Research
31. BIA Financial Network and PEJ Research
Satellite

Audio
By the Project For Excellence In Journalism
Satellite
The year 2009 was a tough one for the sole operator in satellite radio, SiriusXM.

For the first time since satellite radio began in 2001, the numbers of subscribers declined. Through the first three months of 2009, amid fears of a worsening economy (but also due to dissatisfaction with program changes made by the merged company, including an extra charge for online service), 1.7 million subscriptions expired or were canceled. The company had a total of 18.8 million subscribers at the end of 2009.¹

The rate of subscription loss (“churn”) did slow as the year progressed. In the first quarter of 2009, SiriusXM reported a 2% drop in subscribers. In the second quarter, the drop was 1%.² For the year SiriusXM lost 231,098 subscribers compared to 2008.

And Veronis Suhler Stevenson predicted that the number of subscribers would grow by the end of the year. Still, it also expects growth rates to steadily decline through 2013.³

Because the company generates virtually all (97%) of its revenue from subscriptions, which average close to $12 a month, the loss of subscribers greatly impacts its bottom line. In 2009 SiriusXM increased its revenue 3.7% to 2.5 billion compared to 2008.

When it came to total profits, however, the company, both before and after the merger, has continued to report losses in each of the last three years. In 2009 SiriusXM posted a net loss of $441 million, compared to a net loss of $902 million in 2008.

Part of the challenge, too, is that while consumers now know about satellite service, many have made the decision not to buy it. In a survey released in April 2009, some 65% of people aged 12 and older said that they had heard of SiriusXM.⁴ This was up about 5 percentage points from those who had heard of either of the two companies a year earlier (60% for Sirius and 59% for XM). Much of that increase though may have been due to the large amount of media coverage about the merger, rather than increased interest in using the service.

Analysts at Veronis Suhler projected revenue growth of 5.2% in 2009 but then a steady decline through 2012:

- Ad dollars were expected to drop 7.5% in 2009 to $65 million. Veronis Suhler predicts that this loss in ad dollars will continue at least through 2010.

- This comes on top of a 4.1% drop in advertising in 2008, to $70 million.⁵
In another sign of distress, the company received notice from Nasdaq in September 2009 that it was in danger of having its stock delisted by the exchange because it had closed below $1 per share for 30 consecutive days. The company has until March 2010 to boost its stock value.  

In addition to these troubles, a new regulatory ruling in 2009 could be a further blow to satellite radio’s financial future. The Copyright Royalty Board issued rulings that resulted in satellite radio having to pay higher royalty fees to the music industry.

The board, which sets royalty rates for the broadcast of sound recordings, ruled that satellite radio providers had to pay the recording industry more for music beginning July 29, 2009. SiriusXM said it would have to raise its subscription rates to offset the higher cost. (for more information about this dispute, see the 2009 State of the News Media report and this year’s Internet radio section)

Footnotes
2. SiriusXM press releases
5. Veronis Suhler Stevenson, “Communications Industry Forecast 2009-2013”

HD Radio
Audio
By the Project For Excellence In Journalism
HD Radio
HD radio, which has struggled to establish itself among emerging audio technologies, had another lackluster year.

To deliver its improved sound quality, HD radio depends on terrestrial stations adding HD transmission capabilities in order to grow. The number of stations that converted in 2009 was almost identical to the number from 2008 — 184 and 185 respectively. But that is a massive fall from those that converted from 2005 to 2007. And it doesn’t bring the industry even close to having the majority of stations providing HD.

The 2009 conversions put the total number of stations that broadcast digitally with HD at 2,012, a fraction of the nation’s 14,417 radio stations. 1

- Of the 2,012 stations broadcasting digitally, about half, 1,060, were using HD to transmit more than one program from the same frequency. This feature of HD is termed multicasting.
This data suggests that HD conversion is in real trouble, having peaked in 2006 and declining since. The pattern is reminiscent of the experience half a century ago of FM radio, which declined before finally growing again. And a key reason for the similarity is they share the same cause – a lack of unique programming to encourage potential listeners to invest in the still-expensive receivers needed to enjoy the new service.

News/talk, the No. 1 format in HD (as it is for analog outlets), continued to feature in most of the conversions. Of the 184 stations that converted, 102 were news/talk outlets, which put the total of news/talk stations at 478 in 2009, up from 376 in 2008.
HD radio has failed to attract much consumer interest, despite a large marketing campaign. Only 32% of people said they were very or somewhat interested in HD radio in 2008, up from 30% in 2007. Some of this could be tied to hard economic times. A typical HD radio costs about $100 (several times the cost of an analog receiver), and twice that for one installed in a car, although there is no monthly fee as there is with satellite radio. Or it could be that people are choosing other options for their listening.

In one notable sign of hope for the industry, five car manufacturers made HD radio available as an extra-cost option in 2009 models. Audi announced it would make the technology standard in all its models by 2010, but this had not happened in the 2010 models that came out in the end of 2009. This brings to 13 the number of car companies offering the option.

Supporters of the HD industry see the auto market as a key to its future, both to build consumer awareness and because so much radio listening is done while traveling.

Footnotes

1. BIA Financial Network and PEJ Research
2. BIA Financial Network and PEJ Research
Downloading radio programs for later listening on a computer or mobile device – podcasting – continued to slowly gain ground in 2009. News programs, however, make up only a very small part of this listening.

An estimated 27 million Americans in 2008 (the most recent year for which data are available), reported listening to a podcast in the previous month. This is up 2% from 2007, according to survey data from Arbitron. 1

Awareness of podcasts also grew in 2008, to 43% of Americans aged 12 and older, up from 37% the year before. 2

- Growth in listeners, however, doesn’t come close to matching the growth in the number of podcasts available. In October 2009, some 69,860 producers offered video or audio podcasts, according to Podcast Alley, a website that catalogs podcasts. That figure is up 43% from the same period in 2008 when 48,903 were offered. 3
- Podcasts classified as news and politics grew only very slightly, to 1,075 up from 1,023 in 2008.
- Technology topped the October podcast topics list with 4,598 in 2009, followed by comedy with 3,988 and business with 2,657.

Top Podcast Topics, October 2009

www.podcastalley.com
Podcast Awareness

Design Your Own Chart
“The Infinite Dial 2009,” Arbitron, April 2009

Pure-Play Internet Radio

The Internet-only services, which tend to cater to very specific niche interests — jazz and classical music, for example — won a key battle with regulators in 2009.

The issue, which heated up in 2008, was whether pure-play Internet radio stations would have to pay substantially higher royalties than in the past to play music (for more information on the history of this issue see last year’s report). In July 2009, representatives from an Internet radio coalition from sites like Pandora and Slacker Radio reached an agreement with the Copyright Royalty Board to pay a lower royalty rate than had been proposed, a reduction that Pandora and other companies had said was necessary for their survival.

Internet broadcasters will pay 40% to 50% less per listener for each song than what was originally proposed. In the end, their rate will be 25% of their total yearly revenue, or a fixed per-song fee, whichever is larger.

While this rate is lower than the originally proposed, it is still far more than those paid by satellite or broadcast radio. Satellite radio pays only 6.5% of its gross revenue to artists (and by proxy the record companies that own the copyright) as well as the composers. Broadcast radio currently pays only composers and does not pay anything to recording companies or artists for playing their music; however, there is a bill in Congress that would change this.
Footnotes

3. www.podcastalley.com
4. www.podcastalley.com

Talk Radio

Audio
By the Project For Excellence In Journalism

Talk Radio
For talk radio, 2009 was a year of going back to basics. With a Democratic White House and Congress, largely conservative talk radio regained some of its stability and force in 2009 and became one of the leading voices of the political opposition.

The Right: Back to Basics

With the election of President Obama came new life and a new focus for conservative talkers.

Rush Limbaugh and Sean Hannity continue to dominate the talk radio universe with 15 million and 14 million listeners, respectively, in spring 2009.

But much of the attention in 2009 went to the meteoric rise of Glenn Beck. Beck began a radio program in 1983 and then went to Fox News and took over as anchor of a Fox News television program. While popular, he had remained in the shadow of Limbaugh and Hannity. Then his radio audience tripled to 9 million by the spring of 2009, up from 3 million at the same point a year earlier.

Much of this popularity has been attributed to Beck’s emergence as a voice of opposition against specific Obama administration policies. Beginning with the economic stimulus package, Beck became the rallying point for opposition to the Obama administration on a range of issues, including the proposed overhaul of the healthcare system.

Another conservative talker, Michael Savage, suffered a setback in 2009 when his home station, KNEW in San Francisco, canceled his program in September. There is little indication as to why Savage was dropped from the station. The program director, John Scott, said that the station was “headed in a new direction” and that “Savage does not fit any longer.” 1

Savage will be back on the air on February 1 on KTRB-AM San Francisco.

The Left

Talk radio has never been as strong a voice among liberals as conservatives and in 2009, the left-leaning hosts did not fair as well as their conservative counterparts. Ed Schultz, the top liberal talk show host, saw audiences fall slightly to 2.5 million, from 3 million in 2008. The other major liberal talker, Randi Rhodes, quit Nova M radio in February 2009. She was picked up in April 2009 by Premier Networks, a subsidiary of Clear Channel Communications. Her show returned in May 2009, but it will take her some time to find out if she can rebuild her audience to what it was.
One liberal talker who is making an impression, though slowly, is Thom Hartmann. In 2009 Hartmann had 2 million listeners, up from 1.5 million in 2008.

A prominent liberal talk radio network, Air America Radio, ceased broadcasting in January 2010 and filed for bankruptcy.

Top Talk Radio Hosts, Millions of Listeners

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<tbody>
<tr>
<td>Rush Limbaugh</td>
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<td>15</td>
<td>14.25</td>
<td>13.5</td>
<td>14.5</td>
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<td>Sean Hannity</td>
<td>Conservative</td>
<td>14</td>
<td>13.25</td>
<td>12.5</td>
<td>11.74</td>
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<td>Conservative</td>
<td>9</td>
<td>6.75</td>
<td>5</td>
<td>*</td>
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<tr>
<td>Michael Savage</td>
<td>Conservative</td>
<td>9</td>
<td>8.25</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Dr. Laura Schlessinger</td>
<td>Conservative/General Advice</td>
<td>9</td>
<td>8.25</td>
<td>8</td>
<td>8.5</td>
</tr>
<tr>
<td>Laura Ingraham</td>
<td>Conservative</td>
<td>6.25</td>
<td>5.5</td>
<td>5</td>
<td>1.25</td>
</tr>
<tr>
<td>Mark Levin</td>
<td>Conservative</td>
<td>6.25</td>
<td>5.5</td>
<td>4</td>
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<tr>
<td>Dave Ramsey</td>
<td>Financial Advice</td>
<td>6.25</td>
<td>4.5</td>
<td>4</td>
<td>*</td>
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<tr>
<td>Neal Boortz</td>
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<td>4.75</td>
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<td>4</td>
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<tr>
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<td>4</td>
<td>3.75</td>
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<td>Jim Bohannon</td>
<td>Ind./Moderate</td>
<td>3.75</td>
<td>3.5</td>
<td>3.25</td>
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<tr>
<td>Dough Stephan</td>
<td>Ind./Moderate</td>
<td>3.75</td>
<td>3.5</td>
<td>3.25</td>
<td>2</td>
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<tr>
<td>Bill Bennet</td>
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<td>3.5</td>
<td>3.25</td>
<td>*</td>
<td>*</td>
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<tr>
<td>Jerry Doyle</td>
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<td>3.5</td>
<td>3</td>
<td>*</td>
<td>*</td>
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</tbody>
</table>

Source: Talkers magazine, “Top Talk Personalities,” Fall 2009
Note: * = Information unavailable; NA = Talk host not nationally broadcast

Footnotes


Ownership

Audio
By the Project For Excellence In Journalism
Ownership
For this year’s State of the News Media report PEJ has released a new interactive tool with data on the owners of the top media companies in the U.S. For the largest radio companies, users can compare financial information, most popular stations, ratings and general information on the companies themselves.

Here we discuss the major events of the year, which in 2009 focused on developments in two of the largest U.S. radio companies, Clear Channel and Cox Enterprises.
After going private in 2008, Clear Channel continued to face serious revenue problems. Its revenue was down about 22% in the first six months of 2009 compared with 2008.

In April, the company responded by cutting nearly 600 jobs in its radio division and suspended its 401k pension-matching program. The cut in employees came on top of another larger job cut in January of 1,850 jobs. All told, through April this was a 12% cut across the board at Clear Channel. 1

In spring 2009 there were reports that Clear Channel wanted to shift some of its debt from its radio division to its more profitable outdoor advertising division, but lenders in the projected deal to buy Clear Channel blocked the company’s move.

As the deal was completed in 2009, some lenders attempted to pull out as the economy worsened, but they had signed binding agreements in 2006 to finance the deal. The lenders’ solution was to block this attempted shift in debt, allowing the company to go into debt and allowing the lenders to pick up assets at a discount. 2

Cox Enterprises

Cox Enterprises, which was already a majority shareholder in Cox Radio Inc., made a $69 million offer to take Cox Radio private in May 2009 by buying the final 22% of the company that Cox Enterprises did not already own.

While the offer is a 15% premium over the share price for Cox Radio at the time of the deal, it is a 70% discount from the price a year ago. 3

Air America Radio

Air America Radio ceased broadcasting in January 2010 and filed for bankruptcy. For more info on the history of Air America Radio, see PEJ’s 2008 and 2009 State of the News Media Reports.

Footnotes

Content Analysis
A Year In The News
By the Project For Excellence In Journalism
Sector Highlights
YEARS IN REVIEW SECTORS
Newspapers
Cable
Network
Radio
NEWSPAPERS

- Continuing a pattern we first saw in 2008, print newspapers covered the economic crisis more extensively than any other media sector in 2009. Roughly one-quarter (25%) of all front-page coverage studied focused on the economic recession and related recovery efforts. That is more than any other media sector and more than media coverage over all (20%).

- Smaller newspapers studied (circulation less than 100,000) covered the economy and local news more than larger newspapers. The smallest papers studied by PEJ — from the Herald News of Fall River, Mass., to the Anniston (Ala.) Star — devoted nearly one-third (31%) of their print news hole to covering the economy in 2009, more than second-tier papers (25%) and the largest dailies (24%). In many respects, these community papers were able to cover the overarching impact of the recession at the grassroots level, by monitoring employment, foreclosures and retail trends.

A look at some of these stories illustrates why that might be. There was often a deeply practical element at play. On December 10, for example, an article in the Herald News told readers who had exhausted their unemployment benefits (there were 34,000 of them in Massachusetts) how to apply for additional jobless benefits after federal legislation granted an extension. On September 1, the Anniston paper ran an article about how the community was grappling with a $2 million budget cut and deciding on what services, including a swimming pool, it could live without.

- Smaller newspapers also focused more attention on health and medicine storylines than did larger newspapers. Between coverage of attempts to overhaul the health care system and efforts to fight swine flu, smaller newspapers with circulation less than 100,000 gave more prominent, front page play to stories about health and medicine in 2009 (15% of their news hole) compared to larger newspapers with circulation between 100,000 and 650,000 (12%) and the largest newspapers with more than 650,000 (8%). Coverage often localized these unfolding natural, national phenomena with particular emphasis on how the swine flu was affecting the local community. And, again, there was often a practical, how-to component to this more local coverage.

On April 28, for example, the Herald News in Fall River let readers know that while the number of swine flu cases had risen in the United States, none had been reported in either Massachusetts or Rhode Island, and that local hospitals were on alert.

- Newspapers gave much less play than other media to the death of pop music icon Michael Jackson. The death of Michael Jackson captured the public's attention and much of the media's in 2009. Across all media sectors, the story ranked as the No. 9 news item of the year. In newspapers, however, Jackson's death did not rank in the in the year's top 20 stories. After the singer's June 25 death, newspapers paid quick tribute, making Michael Jackson's death the fourth-largest of the entire month (3% of their coverage) at the same time that the economy (25%) and Iran's presidential election and protests (11%) dominated.
Once again, in 2009, cable TV news was the place to see the most coverage of politics. For the year, 9% of time on cable was devoted to politics, compared to 5% for the media studied over all. This was more than any other media sector, but not nearly as much as in the presidential election year of 2008, when fully 56% of cable’s coverage was focused on politics.

In 2009, the focus of the political debate was on a few hot-button political controversies such as the passionate political battle over health care, the performance of the Obama administration, and the debate about the best ways to combat terrorism.

Health care, the most politically polarizing domestic issue of the year, was a prime topic for cable. Cable news devoted 13% of its news hole to the health care debate. From July, when the story really took off, through the end of the year, that number for cable jumped to 25%.

For example, consider the difference between cable broadcasts and network news shows on the evening of August 7. That night, many cable talk shows led with discussions of the health care protesters attending town hall meetings with various members of Congress. MSNBC’s Keith Olbermann began his show by criticizing the protesters as a front for the health care industry. CNN’s Anderson Cooper 360 program led with a report by correspondent Gary Tuchman, who asked whether the protests were an example of “democracy” or “demagoguery.” And Fox News’ Sean Hannity began his show by applauding the protesters, saying they were “the real pulse of the American people.”

That same night, however, all three broadcast network news shows and PBS’ NewsHour led with a very a different subject — a report from the Labor Department that the unemployment rate had fallen for the first time in 15 months.

Cable also spent more time on other politically charged issues than other media such as evaluations of the Obama administration and his leadership and ideology (7% versus 5% in the media over all) and the debates surrounding domestic terrorism (6% versus 4% in the media over all).

Even though the economy was the No. 1 subject, cable spent less time (17%) covering it than any other media sector except for network television not including PBS’ NewsHour (also at 17%).

Cable news was far more focused on U.S.-centric news than any other media sector. Fully 82% of cable’s coverage was about U.S. domestic topics, compared to 74% for the media over all. At the same time, cable offered the least amount of international news not focused on the U.S. Only 3% of cable’s newshole was devoted to foreign news not directly related to the U.S., which was less than half the amount of newshole devoted to such topics in any other sector.

The major cable networks differed in the amount foreign news offered. CNN devoted 23% to foreign news (18% to U.S.-involved events and 5% strictly foreign). Fox News devoted 18% (15% U.S.-involved and 4% non-U.S.). MSNBC devoted the least, 13%, (11% U.S.-involved and 2% non-U.S.).

During the week following the July 16 bombings of hotels in Jakarta, Indonesia, for example, CNN spent 5% of its newshole on the topic. MSNBC and Fox News each barely even mentioned it in the hours studied.

The subject matter of daytime cable news is significantly different from the nighttime news shows. Part of this is a function of when news happens. Fully 20% of daytime was devoted to coverage of live events, compared with 1% at night. About 19% was made up of live reports from correspondents, compared with 9% at night. Yet some of it is
simply story choice. Evening cable is more focused on politics (10% vs. 6% during the day), while daytime spent more time on the economy (12% vs. 9%) and crime (9% vs. 6%).

- Despite their differences in approaches, the basic menu of the top subject matter covered on the three cable channels was relatively similar.

  The list of the top five subjects covered by each of the channels was the same, although the order for each network was different. All three networks gave more attention to the economy, health care, the Obama administration, Afghanistan and terrorism than any other topics over the course of the year. All of these stories have clear political components that lend themselves to the round-table discussions that characterize much of cable news coverage.

- Despite the similarities concerning the top subjects among the three channels, MSNBC did serve as an outlier from the other two channels in two significant ways. MSNBC spent far more time than its rivals on the health care debate (20%), almost twice as much as Fox News (11%) and significantly more than CNN (8%).

  At the same time, MSNBC’s editorial priorities shift far more sharply from daytime to prime time, which cannot be said of either CNN or Fox News.

Network

In 2009, news coverage provided by traditional broadcasters (ABC, NBC, CBS and PBS) reflected a number of patterns we have noted in previous years. There tends to be greater news priority differences between morning and evening network newscasts than among the commercial networks themselves. And PBS’ nightly NewsHour program tends to offer a different news menu than that of the commercial networks.

- Over all, there was little difference in the news agenda among the three commercial broadcast networks (ABC, CBS and NBC), in either the morning or the evening. In the morning, eight of the top ten stories were the same for all networks, and each network devoted virtually the same amount of combined airtime to these stories — 37% on NBC, 39% on ABC, and 38% CBS. In the evening, nine of the top ten stories were the same on all three networks, consuming an even greater percentage of the total newshole — 44% on NBC and on ABC, and 47% on CBS.

- There was, however, somewhat more diversity demonstrated by the editorial priorities between morning and evening network news broadcasts. For example, coverage of the Michael Jackson story was higher on all three morning shows than on their evening counterparts. Both the economy and Afghanistan were bigger stories on the evening newscasts than on the morning programs. The health care debate, though, was one issue that received nearly equal coverage in the morning and the evening across all three commercial networks.

Finally, one area of news coverage in particular stands out. On morning television, crime was a much bigger topic, accounting for 12% of the news hole compared with only 5% on the evening newscasts. Much of this attention focused on a handful of stories. The recovery of kidnapping victim Jaycee Dugard, Bernard Madoff’s massive Ponzi scam, attacks by Somali pirates, the arrest of the “Craigslist killer” and the murder of Yale graduate student Annie Le — accounted for nearly 40% of all the news hole devoted to crime.

- Compared to the national media over all, the three commercial newscasts stood out for spending less time on two of the year’s top ten stories — domestic terror and the health care debate in Washington. Network
evening news coverage of domestic terror issues (2% of news hole) was only half that of the media over all (4%), and a third of the attention given by cable at 6%. Similarly, the three network evening newscasts devoted 5% of their time to the national debate over health care, notably less than the media over all (9%), and less than half as much as cable news (13%). At the same time, the three network evening newscasts, which traditionally have a significant focus on medical issues, put the swine flu pandemic story in the top five, devoting about double the amount of news hole (4%) as the media over all (2%) and more than three times the attention paid to this public health crisis by cable evening programs (1%). For example, in the month of October alone, as swine flu spread rapidly throughout the country and President Obama declared H1N1 (the correct designation to the misnamed swine flu) to be a national emergency, the evening networks aired a total of 71 stories about the pandemic, consuming 12% of their overall newshole.

- The PBS NewsHour continued to stand out among the network programs for its significantly greater attention to international stories and events that did not directly involve the U.S. These types of stories accounted for 13% of the PBS news hole, roughly double that of the three commercial evening networks (8%). The NewsHour regularly devoted about twice as much airtime as its commercial evening counterparts to storylines about Iran, Afghanistan, the Israeli-Palestinian conflict, Pakistan and China. On the domestic side, PBS devoted more than twice as much attention to the health care debate (11% of news hole) as the three commercial networks (5%). Not only was there more attention to health care, but the focus was different as well. The NewsHour devoted roughly twice as much airtime to efforts to describe specific components of plans (32%) as did the commercial network programs (17%).

Radio

Viewed as a broad media sector, the news agenda on radio would appear to track closely with that of the media over all, with the exception of the health care debate, which received more attention on radio — and by a wide margin. But these numbers mask big differences in the character of content offered respectively by the three distinct segments contemporary radio news and information content today — public radio, talk radio and syndicated radio news headlines. PEJ examines these three segments by studying content from National Public Radio’s Morning Edition, network headline newscasts from CBS and Mutual Radio, and some of the most popular commercial talk radio hosts in the country, both liberal and conservative. Each element of the radio sector has its own distinct character.

- Public radio was the go-to media platform to learn about any non-U.S. international news or events. Nearly 21% of NPR’s coverage had a foreign focus, double the number for the media over all. Only a minuscule amount of talk radio coverage had any international flavor (1%), with network headline news falling somewhere in between at 7%. Among the non-U.S. involved foreign news NPR covered in 2009 that was not covered much elsewhere were AIDS in Bolivia, farmers in India going organic, oil militants in the Niger Delta and alcohol abuse in Mongolia.

- On talk radio, the health care debate was the top story. It filled 21% of the newshole compared with 9% in the media over all. That number was driven by liberal hosts such as Ed Schultz and Randi Rhodes attacking President Obama for not going far enough. They devoted nearly one-third (31%) of the airtime studied in 2009 to that subject. Conversely, the conservative radio talkers, such as Sean Hannity, Rush Limbaugh and Glenn Beck, devoted less than half that (14%) to the issue.

- Talk radio, in particular, stood out for its ongoing focus in two areas. The platform devoted more than twice as much time to talking about the campaigns and elections, primarily the political fortunes of the Obama administration,
as the media over all, about 11% vs. 5%. Talk radio shows also spent over 11% of their news hole on the media itself, six times the attention paid to the topic by the media over all. Much of that media-oriented coverage tends to be self-referential.

And, while sometimes these discussions touched on issues that reached the national stage — the pros and cons of the Fairness Doctrine, the crisis in the newspaper industry, whether the media had gone overboard on the Michael Jackson story — far more often these discussions involved hosts talking about themselves. Sean Hannity, for instance, promoted his Freedom Concerts. Rush Limbaugh talked about polls taken on his own popularity. Michael Savage responded at length to being barred from entering Britain by the government. Ed Schultz promoted his town hall meetings and stints on MSNBC.

- Network headline news was the only radio segment in which crime stories were a top-five topic, accounting for almost 9% of total coverage, compared with 6% for the media over all. That coverage ranged from the Bernard Madoff Ponzi scam to the Somali pirates to fraudulent behavior in connection with the financial crisis and its implications.

**ONLINE**

- Online media covered more international news than any other sector. More than one-third of the online news hole (36%) either focused on strictly international matters or on how the U.S. influenced issues on the world stage, compared with 26% in the media over all. Stories with a focus on foreign affairs directly relating to the U.S. represented 18% of the online news hole and 17% concerned matters that did not involve the U.S.

- One reason for these variations is that BBC.com is among the top 12 general interest news websites in the U.S. for traffic and thus is included in this sample. However, the U.S.-based websites also gave significant attention to international events. Almost half (46%) of the leading coverage on Yahoo News, for example, featured global events. One such story was on February 12 when Yahoo News gave prominence to the Australian government’s response after deadly wildfires displaced thousands of people, a story that ran nowhere else among the websites studied that afternoon. USAToday.com ran the fewest international headlines among its top stories (20%) of the websites studied.

- The economy dominated the online news agenda over all. Coverage of the grave U.S. recession and economic recovery was the No. 1 story on news websites in 2009 (21%). That was about four times the coverage of the next largest story online, the health care debate (5%). Only the newspaper sector (25%) devoted more attention to the economic crisis. Great variance existed, however, among news websites with regard to news judgment. MSNBC.com (27%) and NYTimes.com (25%), for instance, gave far greater priority to coverage of the economy than did AOL News (7%).

- There were sharp differences in websites when it came to the sources of information, whether from the outside or internally. At the No. 1 website in terms of traffic, Yahoo News, 99% of the news coverage studied during the year was aggregated from elsewhere, most of it from wire services. Despite its discussions about developing its own news resources, the numbers were similar at AOL News (91% of the newshole produced by others). Among cable-based websites, CNN.com was much more loyal to its own brand, with 93% of its top coverage originating internally. At Foxnews.com, slightly less than half of the coverage was internally produced (49%). And that was much greater than what was produced by MSNBC.com (20%), despite its connection to the NBC newsgathering operation. The top three newspaper websites continue to rely primarily on their own original content for their top stories, although there is some variation here, too. NYTimes.com produced 98% of its leading coverage, and WashingtonPost.com 95%. At USAToday.com the number was 72%.
Ethnic – Summary Essay

By the Project For Excellence In Journalism
Summary Essay

In a year that saw the inauguration of the country’s first black president and the arrival on the Supreme Court of the first Hispanic justice, the ethnic news media managed to stay in relatively good health, despite the worst recession since the Great Depression, although some bruises and scars were picked up along the way.

Some segments fared noticeably better than their mainstream counterparts. While ad revenue for television over all fell 8.3% through the first three quarters of 2009, for instance, Spanish-language television ad revenue fell by just 0.7%. And African American television ad revenue rose 31% compared with the same period in 2008.

There were areas of trouble. Several publications closed, consolidated or cut back how often they appeared and an attempt to create a national Hispanic newspaper failed. Black magazines took a severe battering even by the standards of the beleaguered magazine industry. Arab publications struggled to produce advertising revenue and a handful of planned television channels delayed launch dates.

Perhaps more than anything else, 2009 spoke to both the unique appeal and particular fragility of media outlets that appeal to specific ethnic groups.

Historically, the ethnic media in America have served multiple roles for audiences. [See our content study on ethnic newspaper front pages from 2006.] They cover stories about the activities of those ethnic groups in the United States that are largely ignored by the mainstream press, they provide ethnic angles to news that actually is covered more widely, and they report on events and issues taking place back in the home countries from which those populations or their family members emigrated.

These outlets have also traditionally been leaders in their communities. “I think it is a key part of ethnic media’s function and reason for survival,” said Hayg Oshagan, an associate professor of communication at Wayne State University. 1

But, despite rapid growth in ethnic populations, the new decade also poses tough challenges and opens the door for new competitors.

One challenge is the evolving population. Most ethnic groups are seeing their U.S. population grow, but much of that growth now comes from second and third generations, people who were born in the United States. These are people are likely to speak and read more in English, which could mean less reliance on native-language news.
Both the ethnic and mainstream media in 2009 were already taking steps to address such a shift. At least two native-language outlets adopted bilingual or English-only formats. Vida en Valle, for example, a California-based newspaper switched from Spanish only to a mostly English format. [Read more, here.] And a bilingual, daily Nichi Bei Times closed in September 2009 to re-emerge a week later as the English-language nonprofit Nichi Bei Weekly.

Some mainstream media also noticed the shift and sensed opportunity. The Tribune Company, for instance, in December introduced Tribune Hispanic, an advertising initiative aimed to reach Hispanic consumers through print, Internet, television, mobile, digital signage, events and more. In October, CNN aired a two-part program, Latino in America, covering issues about and deemed of interest to Hispanic Americans. And, public radio’s StoryCorps introduced StoryCorps Historias, which seeks to capture and archive the stories of Hispanic Americans in an audio format.

Financial stability is another challenge. Many ethnic media outlets come from small operations without the deep pockets that may help larger media operations withstand economic slumps or market turbulence. In response, some ethnic publications in 2009 began more content sharing, both within and among different ethnicities. One Vietnamese newspaper in Seattle, Nguoi Viet Tay Bac, established a content-sharing partnership with a Spanish-language paper and another Vietnamese paper.

Also, a major African American newspaper, the Afro-American, collaborated with impreMedia's Spanish-language publications on an editorial about the importance of health care legislation to minorities. New America Media, an
advocate for ethnic news outlets, set up online collaborations between ethnic media organizations in Los Angeles and New Orleans. 2

Still another challenge is the Internet and its growing accessibility among ethnic populations. Asian Americans already use the Internet at a higher rate than the average American. And the rate for African Americans and Hispanics has begun to climb. The growth has both positive and negative potential. Now, news directly from outlets back home is as close as a laptop or cellphone, bringing new competition for U.S. ethnic news media.

But the Internet has also presented new opportunities, foremost the ability for small-budget operations to reach a broader audience. Native American radio stations, for instance, now stream their programs on the website Native Voice One so listeners can tune in even if they do not receive a radio signal. In addition, developments like mobile technology hold promise. Both African Americans and Hispanics use mobile technology to access the Internet at higher rates than the average American. 3 This has already given several ethnic media organizations the push to produce mobile Web content.

Moreover, the sour economy has also presented opportunities for ethnic media by forcing cutbacks at mainstream news organizations. “The economy will continue to constrict mainstream media to focus on stabilizing its core media assets and not expanding to reach its expanding ethnic audiences,” said Neil Foote, a senior lecturer at the Mayborn School of Journalism at the University of North Texas. 4

Throughout all these shifts and challenges is a characteristic at the root of most ethnic media: There is a passionate sense of mission in this sector, an attitude that creating an ethnic press and serving these communities is a calling, not just a job or even a business. When a Japanese newspaper, Hokubei Mainichi, for example, moved to an online-only publication and then announced that even the Web site would fold, one employee stepped up. As a one-person volunteer shop, he has, so far, kept the site active.

That sense of mission may help this sector survive hard times. Yet as immigrant populations become a larger part of American culture in the 21st century, this sense of mission will increasingly run up against the colder financial rationality that pervades more establishment media companies. And as ethnic media grow, and become more mainstream, that collision will only become more likely.

Footnotes


2. The LA Web site LA Beez aggregates six Los Angeles-based ethnic publications and partners with California State University-Northridge’s journalism department. The New Orleans site NOLA BEEZ is a collaboration of seven New Orleans-based ethnic news organizations.

3.Hispanics are second only to African Americans in mobile broadband usage. (“Internet Access on the Handheld,” Pew Internet & American Life Project.)

Hispanic

Ethnic
By the Project For Excellence In Journalism
Hispanic
Overview

Hispanic media outlets in 2009 struggled with the sour economy and long-term shifts of language preferences.

For the 12 months ending June 2009, ad revenue for Spanish-language media fell by 6.3%, to $5.5 billion, according to Nielsen. 1 The downturn was especially acute for Hispanic print outlets, some of which closed, cut staff or reduced their frequency to align expenses with revenues. And an effort to create a national paper with regional editions, Sea Latino, failed by year’s end.

On the positive side, the two major television broadcasters saw audience growth and only slight revenue declines. One of the newest media platforms, mobile, appears particularly well suited for this population. And the robust population growth that fueled Hispanic media for many years continued, providing hope for better years ahead. At 47.4 million (15.8% of the U.S. population) as of March 2009, Hispanics are the nation’s largest minority group. 2 By 2050 projections call for Hispanics to account for 29% of the total U.S. population. 3 (Click here for more information on Hispanic demographics, and here to read about the impact of the 2010 Census on Hispanic media)

Most of the growth is now from American-born Hispanics who are more likely to speak and read mainly in English. 4 As of 2007, the most recent year for which data are available, a majority (60.2%) of Hispanic Americans were U.S.-born, according to the advertising industry magazine AdWeek. 5 and the percentage rises to 88% among Hispanic children. 6

With that in mind, some Hispanic media outlets switched from Spanish-language to bilingual or even all English-language in 2009. This, in turn, put them in more direct competition with the mainstream media. And one English-language company took steps in 2009 to broaden its reach among Hispanics. In December, the Tribune Company announced Tribune Hispanic, an advertising initiative aimed to reach Hispanic consumers through print, Internet, television, mobile, digital signage, events and more. 7 8

Print

During the 12-month period through June 2009, advertising revenue for local Hispanic newspapers fell 20.3% to $88.6 million. Ad revenue to national Hispanic magazines fell by 17.5% to $146.7 million. 9 10

Amid the trouble, publishers looked for ways to cut costs and broaden audience through new content-sharing and distribution systems.

That kind of shifting, which also helps Hispanic media become more mainstream and technologically advanced, was perhaps most boldly demonstrated by a series of moves announced late in the year by one of the biggest Hispanic print publishers, impreMedia, which is already in a content-sharing agreement with a large newspaper publisher, the McClatchy Company. 11 (To read more about impreMedia, and other companies in Hispanic media, go to Who Owns the News Media)

Among the moves announced by impreMedia: 12

- A new content-sharing deal with AOL Latino. 13
• An agreement for The Associated Press to distribute impreMedia’s Spanish-language content over its AP Mobile feed, accessible on smartphones. 14

• And electronic journalism labs in its New York and Los Angeles newsrooms. 15

But one of the most ambitious print efforts over the last 18 months, Sea Latino, failed in its attempt to become what it called “the USA Today of the Nation’s Hispanics.” The weekly paper launched editions in Seattle, Los Angeles, Houston, Chicago, South Florida and New York in September 2008. In mid-December of that year it took a four-week hiatus from publishing, saying it would return in 2009. But that return never occurred. While a website for the newspaper was still accessible as of December 2009, the newest content was dated May 2009.

One barometer of the health of an ethnic media sector is the number of daily papers it can support. In 2008, the latest year for which data are available, the number of Hispanic dailies fell to 29, from 33 the year before and 38 in 2006. 16

Although data for 2009 are not available yet, advertising revenue for daily newspapers dropped drastically between 2007 and 2008 to $427 million in 2008 from $637 million the year before. 17
The number of Spanish-language weeklies, though, grew in part due to some publications like Hoy Los Angeles, switching from daily to weekly.\(^{18}\) There were 424 weeklies in 2008, the most recent figure available, compared to 417 the year before. The number of newspapers published less than weekly increased to 381 from 377.\(^{19}\) (Click here for more background on weeklies vs. dailies.)

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<th>Number of Hispanic Newspapers</th>
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Design Your Own Chart
Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

Dailies

Of the three biggest dailies, New York’s El Diario/La Prensa had fairly stable circulation while the other two experienced steep declines.

- La Opinión, an impreMedia publication in Los Angeles, lost 8.4% of its average weekday circulation, falling to 91,977 for the six months ending September 2009 from 100,462 for the same period in 2008.\(^{20}\) That followed an even steeper drop in 2008, when it increased its newsstand price to 50 cents from 25 cents.
- El Diario/La Prensa, the oldest Hispanic daily in the United States, lost about 2% of its circulation. The impreMedia newspaper reported a combined average daily circulation of 51,749 for the 26 weeks ending September 27, 2009, down from 52,857 for the same period the year before.\(^{21}\) (Click here for background about audited newspapers)
Miami’s El Nuevo Herald, jointly published by impreMedia and McClatchy, experienced a near 22% decline in its weekday circulation. The paper sold an average of 60,483 papers during the 26 weeks ending September 28, 2009, down from 77,295 during the same period a year earlier.  

![Circulation of Major Spanish-Language Dailies](chart)

Design Your Own Chart
Source: Audit Bureau of Circulations publishers’ statements

Some smaller daily newspapers, meanwhile, had increases in their circulation:

- Hoy Chicago, a free daily also owned by the Tribune Company, reported growth in March 2009. The newspaper’s Monday-Thursday average circulation was 63,723 for the six months ending March 2009, up 16.3% for the same period a year earlier.

- Al Día Dallas, owned by the Dallas Morning News, reported an average daily circulation of 19,172 for the six months ending September 2009, an increase of almost 26% compared with March 2009. (The newspaper was not audited prior to March 2009.)

Weeklies

Circulation figures are harder to come by for weeklies, which often do not participate in independent audits. But there is anecdotal evidence that 2009 proved to be a challenging year for them, with steps taken to cut costs or broaden a paper’s reach.
ImpreMedia dominates the Spanish-language weekly newspaper landscape and hired a new news director in February
2010, Hilda García Villa. 25

A handful of impreMedia papers are owned jointly with McClatchy. One of those, Vida en el Valle, serves Sacramento
and Fresno, California, and switched in 2009 from half English/half Spanish to offering 80% of its content in English. The
paper’s editor, Juan Esparza, said that the switch to majority-English was done for two reasons. First, the paper saved
money by publishing a single version of an article in English, with a synopsis in Spanish at the end, rather than publishing
each one twice. Also, the paper’s younger readers are proficient in English, he said. 26 The paper reported an average
weekly circulation of 157,163 in September 2008, the most recent figures available. 27

Most impreMedia weeklies are still published only in Spanish. These include:

La Raza, founded in 1970, serves the Spanish-language market in Chicago and had a self-reported a weekly circulation of
152,154 for 2008, the most recent figure available.

El Mensajero, founded in 1987, serves the San Francisco Bay Area. ImpreMedia reported the paper had a circulation of
102,664 in 2008.

RUMBO Houston had a weekly circulation of 50,000 in 2009 according to impreMedia.

La Prensa, founded in 1981, has editions in Orlando, Daytona Beach and Melbourne, Fla., and publishes every Thursday
in tabloid form. ImpreMedia reported that the newspaper had a weekly average distribution of 34,266 as of March 2009,
citing Certified Audit of Circulations. 28

Some of the other major Spanish-language weeklies have other owners.

The Atlanta-based Mundo Hispánico built off of its partnership with another Cox Enterprise-owned newspaper, the
Atlanta Journal-Constitution. In March 2010, Mundo Hispánico began printing from the Journal-Constitution’s new printing
presses. The Journal-Constitution was already delivering Mundo Hispánico to the Spanish-language paper’s 6,000 home
subscribers. 29

Qué Pasa, out of Winston Salem, N.C., reported an average net circulation of 67,605 in December 2008. 30 Qué Pasa
has editions in Greensboro, Charlotte and Raleigh, N.C. The newspaper also owns Qué Pasa radio, which it says is the
only Spanish-language radio station in North Carolina with local news reports. 31

El Tiempo Latino, a free newspaper in the Washington, D.C., region, is owned by the Washington Post. The newspaper
said it circulated an average of 58,105 copies in 2007 and 2008. 32

Television

If print suffered, Spanish-language television fared somewhat better. The medium over all experienced only slight
debits in advertising revenue in 2009, much less severe than Spanish-language print outlets or much of the mainstream
press. And the two biggest players, Univision and Telemundo increased their audience, in some cases now competing
with the major English language networks.

The bulk of the ad revenue – about two-thirds – goes to Spanish-language network and cable stations. Just a third is
directed at local stations. 33
Spanish-language network and cable television generated an estimated $3.2 billion in ad revenue for the 12 months ending June 2009, a 2% drop from July 2008. For spot advertising, both local and national, the decline was more severe: a 13.2% drop in the 12-month period to $1.5 billion in June 2009. 34 (Click here for a more detailed discussion of local TV economics.)

That relative strength is attracting more players to the market. Indeed, despite the economic recession, a new Spanish-language television network started in September 2009, when Liberman Broadcasting’s Estrella TV launched local stations throughout the U.S., including New York, San Francisco, Miami and Los Angeles. Estrella TV reports viewership on the rise with its Los Angeles station (KRCA-TV) increasing by 21% the number of viewers aged 18–to 49 between 7 and 11 p.m., though the company did not release absolute numbers. 35 With the February 2010 purchases of KWHD-53 in Denver and W40BY in Chicago, Liberman Broadcasting became the owner and operator of nine stations throughout the United States. 36, 37

The two largest Spanish-language networks, Univision and Telemundo, both increased their audiences in 2009. 38 As a division of NBC Universal, Telemundo would be part of the pending merger of Comcast and NBC Universal.

Univision

Univision, the dominant Spanish-language TV network, again led all other Hispanic television networks in both revenue and audience in 2009, although revenue declined slightly.

The network reported a record 2008-09 television season, with an average total viewing audience of 3.9 million viewers, an 11% increase and the highest ever for the network. 39

These gains place Univision as the fifth-most-watched network in prime time among all adults aged 18–to 49 for the 200809 season. 40

Univision returned to upfront week, the annual preseason gathering of networks and major advertisers, in 2010 after sitting it out in 2009. This was seen as an indication that the network is more confident about ad revenue for 2010. 41

In some markets, Univision viewership outpaced that of local newscasts regardless of language. In Los Angeles, Houston, Dallas and Phoenix, Univision stations delivered the top rated late local news (11 p.m.) among all 18-to-49-year-olds. Univision 34 in Los Angeles outperformed both its English and Spanish-language counterparts during the November 2009 sweeps to become the most watched late newscast in the country among adults 18 to 49, regardless of language. 42

The network now features several nationally aired news programs as part of its brand:

- Noticiero Univision, a half-hour nightly news program.
- Ultima Hora, a late-night, half-hour news program.
- Primer Impacto, a weekend news magazine.
- Aquí y Ahora, a daily news magazine.
- Al Punto, a Sunday political talk show that had a 19% climb in viewership during the 2008-09 season from the season before. 43
Despite audience gains, the network still had revenue declines during the year, though hardly as much as many English-language broadcasters. Univision’s revenue declined 3% in 2009 to $1.97 billion.

TV revenues for Univision were up 1% to $1.59 billion. Univision’s radio stations, however, decreased in revenue 18% in 2009 to $338.7 million and its online revenue dipped 1% for the year to $41.2 million. 44

These declines, though, may be significant given that Univision was saddled with a large debt following its 2008 acquisition by a group of private investors. It still owed $10.2 billion as of December 2009, which it must pay it back before 2015. 45

The network in late 2009 announced several initiatives to increase revenue and audience, and said it was looking for ways to accommodate the growing number of English-speaking Hispanics. Kevin Conroy, the president of Univision Interactive Media, said the company was “actively looking at ways to attract and engage bilingual and English-dominant Hispanics, which may include English-language content and products.” 46

This could signal a shift in strategy for Univision, which has tended to favor Spanish-language programming imported from Mexico. Among its initiatives:

- Univision Partner Group, a new ad network, will sell advertising on Univision’s own online properties as well as third-party website publishers in the United States, Latin America and Spain. 47
- In partnership with YouTube, it created in the first quarter of 2010 a YouTube channel that will show both clips and full-length programming from Univision’s television holdings. 48
- A TV production company in Miami, Univision Studios, will produce telenovelas, dramas, entertainment specials and other TV programs. 49
- A campaign with the U.S. federal government to boost academic achievement among Hispanics in the United States launched in February 2010. 50
- A new video website and mobile site with full episodes of telenovelas and other programming from Univision and its outside suppliers to launch in spring 2010. 51

In addition, Univision had changes in leadership and management structure. In a March 2010 press release, Univision announced it was elevating its focus on news operations and named Alina Falcón to the newly created president of news position.

In October 2009, César Conde became the president of Univision, replacing the longtime president, Ray Rodriguez. Conde previously worked in corporate development, sales and interactive services and headed its sister cable station, Galavisión. Conde also was integral to the launch of Al Punto. 52

Telemundo

Telemundo had audience gains in 2009 as well and announced changes in its news programming.

The network averaged 640,000 weekly viewers (18 to 49 years old) through November 15, 2009, up 1.6% from the same point in 2008 (630,000 viewers), according to Broadcasting & Cable.
NBC Universal does not release separate financial data for Telemundo. But the financial research firm SNL Kagan projected ad revenue of $309 million in 2009 and $318 million, up 2.9%, in 2010. 53

The sale of Telemundo (and the rest of General Electric's NBC Universal) to Comcast is expected to have important implications for the competitive landscape.

Former NBC Universal chairman Bob Wright, now an adviser with Thomas H. Lee Capital Partners, told Broadcasting & Cable, "If I were Comcast I would be looking at Telemundo [as an asset]. Comcast is in a lot of markets where there is a Hispanic population, South Florida for instance."

The Telemundo brand, he argued, could help Comcast sell its cable, Internet and other services to Hispanics. 54

Even before the change in ownership, Telemundo announced plans to integrate its news programs at the end of 2009. Among the changes:

- Jose Diaz-Balart replaced Pedro Sevec on its nightly newscast, Noticiero Telemundo. 55 Diaz-Balart also began hosting the network’s new weekly public affairs show, Enfoque, which started in the first quarter of 2010. Previously, Diaz-Balart was a co-anchor of CBS This Morning. 56

- Telemundo will create “content centers” with the goal of improving news coverage while also providing multimedia news content to local stations. 57

- The daily news programs will share content, stream their news segments online, and create exclusive content for cellphones and their website. 58

“All our shows have been in separate silos,” Telemundo’s president, Don Browne, said. “Now we’re breaking down the silos. We’re taking a more aggressive approach to the news that our viewers find relevant.” 59

One effort that ended was a three-year experiment to overhaul its local newscasts.

The experiment began in 2006 when Telemundo downgraded some local station staffing in favor of a hub broadcast from Dallas that would provide national and international news tailored to 10 NBC-owned Telemundo stations throughout the United States. Facing criticism from the beginning, Telemundo brought the regionalized plan to an end in November 2009. 60

In February 2010, Telemundo announced the release of an iPhone application, A La Mano, which provides Spanish-language news, weather and sports content. 61

Other Television Outlets


V-Me, a U.S. Hispanic channel, was launched March 5, 2007. The channel is a public-private partnership between the Educational Broadcasting Corporation (the parent of the New York public television station WNET) and private
investors. 62 The channel is available free in several major markets through partnerships with PBS member stations and it is also carried on basic cable and on basic Hispanic packages of satellite providers. V-Me airs several current affairs programs, including the nightly opinion show Viva Voz con Jorge Géstoso, a program that focuses on the content of the New York Times, the prime-time news show V-me Noticias, the documentary series Wide Angle in Spanish, and several others. 63

HITN, the Hispanic Information and Telecommunications Network, is a nonprofit television station established in 1983. It is distributed on cable and satellite and airs several daily public affairs programs. Its news shows include a daily Spanish-language call-in program (Diálogo de Costa a Costa), a weekly English-language Latino policy show (Destination Casa Blanca), a national daily newscast (HNN News), a Puerto Rican news show (TuTv Noticias), and several other news programs. 64

Radio

Radio continues to be one of the most prevalent Spanish-language media platforms, with stations in nearly every part of the United States. By the most recent count (spring 2008), there were 1,041 Spanish-language stations, a growth of 19% from the 872 the year before.

In 2008, the most recent year for which data are available, Spanish news/talk stations attracted 1.5 million Hispanic listeners per week, down from 1.7 million in 2007. Even so, the number of Spanish-language news/talk stations grew to 93 in 2008 from 63 in 2007.

English-language news/talk stations accounted for 3.8% of the Hispanic audience in fall 2008, up from 2.5% in 2007. 65

Ad revenue in 2009, though, fell slightly, although far less than the 21% decline seen in broadcast radio over all for the first three quarters of 2009. Estimated ad revenue for the 12 months ending June 30, 2009, was $569 million, down 3% from the same period a year before, according to Nielsen. 66

The dominant player in the Hispanic-American radio market is Univision. Its stations, which traditionally offer mostly music with very little news, rank No. 1 among all adults in eight markets, according to Arbitron: Miami, San Antonio, San Diego, Phoenix, Las Vegas, Albuquerque, Fresno, Calif., and McAllen, Texas. 67

On October 15, 2009, Univision radio gained a stronger radio signal in the New York market when it sold one station and bought another in a three-way $33 million transaction. It converted the new station to WXNY-FM 96.3, changing its format from classical music to rhythmic Spanish hits. 68

Another Spanish-language radio distributor is the Spanish Broadcasting System which was threatened with having its stock de-listed by Nasdaq because it repeatedly closed below the $1 per share minimum required. In February 2010, Nasdaq granted Spanish Broadcasting System’s request for an extension to regain compliance with the minimum bid price requirement; the new deadline is June 7, 2010. 69

Spanish Broadcasting System is the largest publicly traded Hispanic-controlled media company in the United States, according to its website. In addition to its operation of 21 radio stations, in 2010 the company expanded its satellite television station, Mega TV, to New York, and is now available in 11 markets. 70 In February 2010, Mega TV announced a new weekly news show, Conversemos. 71
Hispanic-owned radio stations are still relatively rare. While the number of commercial radio stations has grown, ownership by minorities of any ethnicity remained virtually flat from 2007 to 2009 at 815, or 7.24% of the nation’s commercial stations. 72 Slightly more than a third of those broadcast in Spanish. 73

One Latino-owned radio network is Radio Bilingüe, a California nonprofit. As of December 2009, its website said it was the only national distributor of Spanish-language programming in public radio. Much of the network’s funding comes from the Corporation for Public Broadcasting, a U.S. agency, as well as local and federal governments and foundations. 74

Radio Bilingüe airs Noticero Latino, a news program, and other shows. The network airs on stations throughout the United States. 75 Radio Bilingüe in 2009 joined with the Corporation of Public Broadcasting to fund the L.A. Public Media Project, which aims to bring public radio to a diverse group of relatively young listeners. 76 While the project initially focused on a Hispanic population, in December 2009, the founders decided to broaden its reach to a multiethnic audience of people from all backgrounds. 77

Radio is facing the same shifts in language preference as other Hispanic media. Four in 10 Hispanics said they “mostly” listen to Spanish-language radio, according to New America Media’s 2009 ethnic media study; more than say this for newspaper or television. Still, over half, 53%, said they never listen to radio programming in their native language. 78

As a result, some experts believe that Hispanic radio will evolve away from pure Spanish broadcasts. “Radio will continue to expand as bilingual or…Latino-themed English broadcast[s]” according to Félix Gutiérrez, a professor of journalism and American studies and ethnicity at the University of Southern California. 79

Digital

Hispanics have lower rates of Internet usage than the general population, but have, in recent years, increased usage at a faster pace. 80 From 2006 to 2008, Internet use among Hispanic adults rose 10 percentage points, from 54% to 64%. Among whites, the increase was less than half that, 4 percentage points, over the same two years. 81

Usage among Hispanics grew more rapidly for those with less education and lower incomes. In 2006, only 31% of those who did not graduate from high school used the Internet; in 2008 it was 41%. Hispanics in households with annual incomes less than $30,000 had a growth of 17 percentage points in Internet usage from 2006 to 2008, from 39% to 56%. 82 (For more information, read the Pew Hispanic study here.)

New Web ventures in 2009 included a Spanish-language social network, programs streaming online and an increased presence of Spanish-language Internet radio.

- In October 2009, Newt Gingrich, the former speaker of the U.S. House of Representatives, launched a conservative bilingual news site and opinion page called The Americano. The site describes itself as offering “a more balanced view on all the issues that concern American Hispanics today, while celebrating the richness of Hispanic heritage.” 83

- That same month, Univision announced the development of a Spanish-language social media website in partnership with Flock, a social Web browser. The website is designed to connect users to Spanish-language content while keeping them linked to e-mail and social networking. Univision.com will have an edition that provides access to news, entertainment and sports feeds with media streams of Univision programming. 84
Univision’s website, Univision.com, continues to be the most-visited Spanish-language website among U.S. Hispanics. The site attracted 995,000 unique visits in November 2009, compared to 19,742,000 for CNN.com in the same month. Traffic to Univision.com grew through the year but was still lower than the 1.3 million recorded in November the year before, when the national elections were held. 85

Much of the traffic comes not from news content but streamed television programs, particularly the popular telenovas. One such program, Vidas Cruzadas (Crossed Lives), attracted over 2 million streams in August 2009. 86

Univision also has a Twitter feed for news, called newsunivision that updates Twitter users with Univision news headlines.

Cellphone Usage

Hispanics are second only to African Americans in mobile broadband usage, something that attracted the attention of at least one major Hispanic media company in 2009. Hispanic adults were more likely to live in a household with only a wireless telephone — at 28.2% compared to white adults (19.7%) and black adults (21.3%) based on estimates from the Centers for Disease Control and Prevention in 2009. 87

Over half, 53%, of Hispanics said they have used a handheld device to go online, in comparison to 58% of African Americans and only 33% of non-Hispanic whites.

The high usage numbers for Hispanics may at least in part be a function of demographics. Young people are more likely than older to use their cellphones to access the Internet, and the Hispanic population has a lower median age than other ethnic groups. 88

Additionally, cellphone usage is more common than landlines in many parts of the world, including Mexico and other Central and South American countries. According to the Hispanic Institute and Mobile Future, this gives many immigrants in the United States a propensity toward mobile use. 89

Seeking to take advantage of high cellphone use among Hispanics, Univision, through its Univision Móvil system, provided streaming footage of the Latin Grammy awards ceremony to wireless users. 90 The company also released LigaMax, a portal that provides news, statistics and mobile video from Mexican, U.S., European and Latin American soccer leagues. 91

Stimulus Package and Access to Broadband

Several Hispanic organizations, including the National Association of Hispanic Journalists, joined in 2009 to seek increased access to broadband services for rural Hispanic Americans. The groups expressed support for the Obama administration’s policy goals of net neutrality, or ensuring that Internet providers treat all Web traffic equally. 92

In a report on Hispanic broadband access, the Hispanic Institute and Mobile Future wrote that “expanding broadband connectivity is essential to current efforts to enhance our nation’s economy and quality of life through broadband and wireless-fueled innovation.” 93
Footnotes


10. While about a third of all Hispanics say they mostly read newspapers and magazines in Spanish, almost as many prefer English, according to a 2009 study by the ethnic media association, New America Media. (New America Media, Ethnic Media Study 2009, Topline.)

11. A powerhouse in Hispanic media, impreMedia publishes daily and weekly papers throughout the country. It also publishes a bilingual monthly, Vista magazine that is distributed in its newspapers. Vista had an average circulation of 451,562 for the last six months of 2008, down almost 8% from 2007 (Audit Bureau of Circulations). The magazine reported a higher distribution of 900,000 for December 2009, but the numbers were not yet audited as of December 2009.

12. A founder, John Paton, stepped down as CEO of impreMedia in early 2010 to become the CEO of the newspaper publisher Journal Register.


18. Hoy Los Angeles, a free Spanish-language tabloid owned by Tribune Company, switched to a weekly in March 2009. As a daily it averaged 75,547 circulation, according to the advertising firm Echo Media. Weekly figures were not available.


22. ImpreMedia Web site.


27. impreMedia Publications

28. impreMedia Publications


31. Que Pasa Media

32. El Tiempo Latino


38. Telemundo and Univision also own cable channels.


40. When looking at the more targeted 18-34 year age group, Univision does even better, beating out both ABC and CBS during prime time in the third quarter of 2009 (average audience of 956,000). “Univision Announces 2009 Third Quarter Results,” Univision Press Release, November 3, 2009.


43. E-mail from Monica Talan, Univision, October 8, 2009.


62. Investment groups include the Baeza Group and Syncom Funds, which specialize in media investments that reach underserved markets.
63. V-Me Website
64. HITN Website
67. Univision Communications press release
73. At 35.7%, Spanish is the most common of the minority-oriented formats broadcast on minority-owned stations: Spanish, urban, urban news, Asian, ethnic and minority-oriented religious.
74. Radio Bilingue website
75. Radio Bilingue website
76. Max Benavidez, project director, LA Public Media, Interview with PEJ, December 2, 2009.
77. Max Benavidez, project director, LA Public Media, Interview with PEJ, December 8, 2009.
African American

Ethnic
By the Project For Excellence In Journalism
African American

Though African Americans have fallen behind Hispanics as the largest minority group in the United States, they still make up a growing market with a vibrant media sector. The Census Bureau estimates there are 39.9 million non-Hispanic blacks in the United States, 12.9% of the total population. The population is expected to grow 42.7% by 2050, to 56.9 million. 1

The median household income level of African Americans, though, often an indicator of advertiser appeal, trails all other ethnic groups measured: $35,425, compared to $41,470 for Hispanics, $56,826 for whites, $70,069 for Asians and $52,029 for the total population. 2

In a difficult year, advertising revenue for African American media declined 9.6%, to $1.8 billion, in the 12 months ending June 2009, according to estimates by the Nielsen Company. In comparison, Spanish-language media fell 6.3% in the same period. 3

The impact varied by sector, with national magazines and syndicated television faring the worst. Several magazines faced rumors of sale. In television, two of the three largest stations had substantial increases in ad revenues as well as audience growth.

To learn more about the companies that own African American media, go to Who Owns the News Media.
Few African American newspapers release financial data. Most analysts and industry insiders estimate that this sector lost revenue for the year, but not to the extent of most other media. 4

As Neil Foote, a senior lecturer at the University of North Texas Mayborn School of Journalism, explained it, “Black newspapers have been able to sustain themselves due to local advertising… Black media are pretty effective at soliciting ad dollars from… businesses that primarily serve an African American clientele.” 5

But even with income from government-related public notices, the decline of automotive and financial services advertising could have a lasting effect on many black publications, Foote said. Publishers will have to find alternative revenue streams.

In 2009, the black press was boosted by the inauguration of President Obama and the death of Michael Jackson, which resulted in high demand for souvenir copies.

Nevertheless, readership remains low for the black press. Only 28% of African Americans reported that they regularly read a black newspaper in a 2010 Pew Research Center study (PDF). 6

“Black media will have to develop more creative ways for marketers to reach the African-American audience, and will have to invest in digital media strategies on the Internet and cellphones to provide methods for advertisers to invest,” Foote said.

Circulation of Top African American Newspapers

![Circulation of Top African American Newspapers](image)

Design Your Own Chart

Source: Audit Bureau of Circulations Publisher's Statements for the six-month periods ending September 30. The Philadelphia Tribune circulates on Sundays, Tuesdays and Fridays. The Afro-American has editions in Baltimore and Washington. This chart combines the three days of the Philadelphia Tribune and both editions of the Afro-American.
One major newspaper saw a big year-over-year increase in circulation. The New York Amsterdam News, a weekly founded in 1909, reported an average circulation of 17,477 for the six-months ending September 2009, an increase of 46% from the same period the year before.  

Editor Elinor Tatum attributed the increase to both Barack Obama’s inauguration and Michael Jackson’s death. “The November election and the inauguration were both large.

A lot of [the readers] were new… and in general it was people looking for the African American outlook on what was going on in America,” Tatum said.

Tatum predicted that the newspaper’s circulation would stabilize in 2010 but said she hopes to see the upward trend continue. Still, the Amsterdam News had trouble attracting advertising revenue. “[In] advertising, everyone is having trouble,” Tatum said. “We’re taking it day by day, trying to bring in new readers and new advertisers.”

Other newspapers did not have as much success in 2009. The Philadelphia Tribune, founded in 1884, calls itself the country’s oldest newspaper serving African Americans. It is published three times a week and showed a decline in circulation in 2009.

The Philadelphia Tribune, which publishes on Tuesdays, Fridays and Sundays, reported a 5% decrease on Tuesdays for the six months ending September 2009 when compared with the same period the year before. The paper’s Friday circulation declined even more significantly, 19%, over the same period.

Circulation for the Sunday edition, introduced in May 2008, declined 23% for the six-month period ending September 2009, to 8,406. That followed a year-over-year gain of 8.6%, to 9,857 in the twelve-months ending March 2009, a period that included both the election and inauguration of Obama.

Another major newspaper, the Afro-American, which calls itself the oldest family-owned black paper in the country, publishes weekly editions in the majority-black cities of Washington and Baltimore.

The Washington edition of the paper suffered a considerable 21% drop in circulation in the six months ending September 2009, falling to 6,592 from 8,374 for the same period in 2008.

The Baltimore Afro-American saw more stable numbers in 2009 than its sister newspaper. In September 2009, the Baltimore edition reported its six-month average circulation at 7,244, not significantly lower from the circulation of 7,303 the year before.

The newspaper’s publisher, Jake Oliver, told PEJ that the Afro was having success selling the Baltimore edition in bulk to churches, fraternities and retirement homes.
The Afro also sends bulk copies of its papers to service members in Iraq, sponsored by churches and other groups. The Afro had plans to expand delivery to Afghanistan as well, said Oliver, who also hopes to start sending an electronic version of the paper to soldiers.

And the inauguration of President Obama sold hundreds of copies of the paper. The Afro also sold a glossy commemorative publication for $5 called “Victory” that included the newspaper’s coverage throughout the election. There was a decline in circulation in the months after the inauguration.

There was a much steeper decline in advertising income in both editions. “It’s tough,” said Oliver. “National and local advertising has grinded — though not completely — to a halt. Very rarely have I seen it consistently this bad… We’re not about to go out of business, but it’s a strain.”

Both editions advanced their shared Web presence in 2009 to broaden readership and began sharing content with other ethnic media to control expenses.

One of their biggest drivers to their Web site for the year was an article about the tea party protests in Washington in September 2009. The article focused on how the vast majority of the protesters were to—the right politically and predominantly white. Web traffic surged and within 24 hours readers posted over 150 online comments.

Oliver said that the website had an average of 42,000 monthly unique visitors in 2009, and he predicted more future growth on the digital side of his business than the print side.

The Afro also began sharing videos on Facebook, started a Twitter news feed in January 2009, and plans a site redesign in 2010 to increase its video capabilities.

Beyond the Web, the Afro branched out to work with newspapers of other ethnicities. In 2009, the paper joined with several other black newspapers as well as the impreMedia chain of Spanish-language papers to run the same editorial on the importance of health legislation to minorities. “You can attract more attention by working together,” Oliver said.

“Like anything else,” he said, “a lot of the existing methods and habits need to radically change because our market is changing. It requires us to become far more innovative.”

Other major African American weekly newspapers include:

- The Washington Informer, founded in October 1964. For 2009, it reported distributing a weekly average of 19,000 newspapers to distribution boxes and 750 more to subscribers throughout the Washington region. The Informer is unique in that it does not cover crime news. The focus, according to the website, is on community solutions to improve the quality of life for all Washington area residents.

- The St. Louis American, founded in 1928. The free newspaper distributes 70,000 copies each Thursday, making it the second largest weekly newspaper in Missouri, according to its website. The newspaper also has an interactive website with videos and social networking.

- The Los Angeles Sentinel, established in 1933, is published on Thursdays and says it is the largest subscriber paid African American-owned newspaper in the West. At one time the paper was audited, but by December 2009, it had canceled the service.
The Chicago Defender, founded in 1905, switched from daily to weekly in February 2008. The Defender is owned by Real Times Media, which owns several African American newspapers. 21 At one time, the Chicago Defender was audited, but by December 2009, it was no longer being audited. In December 2009, the Defender began to distribute a monthly tabloid about black business produced by Target Market News. The publication also has a companion website, BlackBusinessChicago.com. 22

A self-described radical newspaper, The San Francisco Bay View, stopped printing in 2008, but reinvented itself by year’s end.

The newspaper stopped printing its weekly edition in July 2008 and began to print monthly in November 2008. The paper’s editor, Mary Ratcliff, said the new monthly paper had an average monthly circulation of 20,000 in 2009. 23 She cites its website’s average monthly page views at about 50,000.

There are some signs of hope: The new monthly edition is clearing “a little profit with every paper,” said Radcliff, who added, “We’re doing better on advertising than when we were weekly.” 24

Radcliff said she hoped the paper would revert to publishing on a weekly basis by mid-2010. The paper established a nonprofit arm to apply for grant money and is attempting to rebuild its staff. 25

Magazines

African American magazines faced economic challenges coupled with decreasing readership in 2009 despite a study that found that 60% of blacks regularly read black magazines. 26

Owners of some of the biggest magazines were contemplating selling at the end of the year, and one folded its print publication in December.

Ad revenue dropped significantly for national African American magazines from July 2008 to June 2009. For the 12 months ending June 2009, ad revenue for national African American magazines fell 21.8% to $452 million, from $578.2 million the year before. 27

Two venerable magazines, Ebony and Jet, both owned by the Johnson Publishing Company, experienced declines in circulation and were the subject of sale rumors in 2009.
Jet, a weekly news magazine, reported an average circulation of 868,983 for the six months ending in June 2009, a decline of 6.5% from 929,599 the same period the year before. The average number of ad pages in the third quarter of 2009 was 125.29, a decrease of 34.5% from the same period the year before.

In February 2010, Jet introduced a redesigned layout and logo in an effort to appeal to a broader audience.

Ebony, a monthly lifestyle magazine, reported an average circulation of 1.3 million for the six months ending June 2009, a 10% decrease from the year before. Ebony's average number of ad pages in the third quarter of 2009 was 114.38, a 51.6% decline from 236.41 the same period the year before. That came on top of two previous years of ad page declines.

To save money, Johnson Publishing canceled its traveling Ebony Fashion Fair in fall 2009 after a more than 50-year run.

And in fall 2009, rumors of a sale of the two magazines emerged. At least two African American-led investment groups expressed interest, emphasizing that they would preserve Ebony and Jet as black-owned businesses.

One set of interested buyers was reported to be a group of journalists, including a former president of the National Association of Black Journalists, Sidmel Estes-Sumpter; Professor Neil Foote of the University of North Texas and a former broadcast news manager, Willie Chriesman. In February 2010, Foote reported there was “no movement” with the group’s interest in Johnson Publishing.

Design Your Own Chart
Source: Audit Bureau of Circulations publisher’s statements for the six-month period ending June 30.

Another group of interested buyers was headed by Connecticut businessmen and brothers Kenton and Peter Clarke. Kenton Clarke is the CEO of DiversityBusiness.com, a multicultural IT consulting firm. 37

The retired NBA star Magic Johnson was reportedly in talks to purchase Johnson Publishing in February 2010. If the former basketball star bought the publisher, the magazines would be folded into his company, Magic Johnson Enterprises. 38

Johnson Publishing declined to comment on the matter and as of February 2010 neither magazine had been sold.

Another large African American magazine, Essence, a monthly women's lifestyle publication owned by Time Inc., had an increase in circulation of almost 4%. For the six months ending June 2009, the magazine reported an average circulation of 1.09 million, up from 1.05 million the year before. 39

Average ad pages for the magazine dropped to 284.74 in the third quarter of 2009, or 3% fewer than same period in 2008. 40

Michelle Ebanks, president of Essence Communications, cited her readers' loyalty to the magazine, saying that it had the ability to draw in marketers, “when 37% of your target demographic reads you three out of four issues, that’s a wonderful position to be in.” 41

Nevertheless, after Essence relaunched its website in 2009, according to Journalisticks, an online community for journalists of color, the magazine eliminated virtually its entire Web staff of 12 to 15 people, as part of massive cuts at Time Inc. A Time spokeswoman did not respond to requests for comment. 42

Giant Magazine, published by Radio One, suspended the print edition of the entertainment and lifestyle bimonthly in December 2009, making it an online-only publication.

“The economic downturn has had a tremendous impact on print media,” said Radio One Interactive's president, Tom Newman. “We had to make the decision to suspend printing the publication.” 43

Giant Magazine last reported an average circulation of 317,015 for the six months ending June 2009, a decrease of 12% from 362,090 the year before. 44

One magazine that showed stability in 2009 was Black Enterprise, the monthly business magazine, founded in 1970 and published by Earl G. Graves. It reported a circulation of 527,655 for the six months ending in March 2009, slightly less than 530,655 for the same period a year before. 45

The magazine also has two weekly nationally syndicated television series. Our World With Black Enterprise, which debuted in September 2006, includes interviews with newsmakers as well as roundtable discussions on black business. The other, Black Enterprise Business Report, was launched in November 2003. The weekly program focuses on financial issues of interest to African Americans and presents profiles African American executives. 46

Television

Black-oriented cable television is available in a large number of American households and its ad revenue grew in 2009.
For the most part, news is a small portion of programming on black cable television, except for special event coverage. Most of the programming on African American cable consists of music, lifestyle and entertainment.

For the 12 months ending June 2009, African American cable television showed a 6.7% growth in advertising revenue to $529 million from $495.7 million for the same period the year before. 47

The inauguration of President Obama gave African American cable channels that do not normally have a news focus the chance to provide more news-like coverage.

BET, the largest cable channel providing African American programming was founded in 1980. The station, owned by Viacom, was available in an estimated 90 million households in 2009, up slightly from 88.7 million in 2008, according to SNL Kagan, a leading financial research firm. 48

In ratings, BET had its best ever year in 2009. It averaged 512,000 viewers per month for the year. That is a gain of 17% over 2008. 49 It also gained the highest year-over-year total viewership gains among all other top 20 ad-supported entertainment cable networks, with an increase of 37%, based on data from Nielsen. 50

Even with increased viewership, revenue and profits fell in 2009. Advertising revenue, according to SNL Kagan, was projected to drop almost 10% to $245.9 million in 2009, down from $272.5 million in 2008. Pretax profits of BET were forecast to decrease 11.6% to $193.2 million in 2009, down from $218.5 million in 2008. 51

BET Pretax Profits
1997-2009

Design Your Own Chart

Source: SNL Kagan, a division of SNL Financial LLC... Numbers are estimates.

Another cable television channel, TV One, targets African American adults with original and rerun lifestyle programming. Established in 2004, the channel’s potential audience has grown to an estimated 51.7 million subscribers in 2009.

The channel is also expected to enjoy its first profitable year in 2009, according to SNL Kagan. The firm estimates $1.3 million in profit, up from a loss of $11.1 million in 2008.

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TV One Pretax Profits
2004-2009

Design Your Own Chart
Source: SNL Kagan, a division of SNL Financial LLC
Numbers are estimates.
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Much of that profit comes from a strong increase in advertising, projected to rise almost 6% in 2009 to $44.5 million from $42 million in 2008.
The channel is a venture of Radio One, Comcast and DIRECTV. TV One CEO Johnathan Rodgers said that he did not expect that Comcast’s purchase of a majority share of NBC Universal would affect TV One. “It’s a great move for Comcast, but we don’t expect it to have any material impact on TV One, which is a separate company whose managing partner is Radio One,” Rodgers told the online column Journal-isms. 55

The Africa Channel has a slightly different focus than BET and TV One. The channel was launched in September 2005 as a showcase for English-language content from Africa, including newsmagazines, business analysis and talk shows. The Africa Channel could reach an estimated 11.6 million people in 2009, according to SNL Kagan, up 50.6% from 7.7 million in 2008.

The channel is still in the red but doing better, according to estimates. Its expected loss of $11.7 million in 2009 is 19% better than its loss in 2008 ($14.5 million). Even more promising, its net ad revenue in 2009 was projected to rise 45% over 2008 to $2.9 million (from $2 million). 56

Plans to launch new black-owned television networks in 2009 were all delayed until 2010.
- Former Congressman J. C. Watts had planned to launch The Black Television News Channel in 2009. But late in the year, Watts pushed it back to sometime in 2010. The focus of the network will be news programming with "a distinctly African-American perspective." In late 2009, it hired the Carol H. Williams Advertising agency to take on its marketing. 57

- Better Black Television is a project of Percy Miller (the rapper Master P), who wants it to be "the family-friendly network." The station also revised its launch to 2010. While the website already exists, in December 2009 its "Late Breaking News" section led with an April 14 article about the first 100 days of the Obama administration. The station does have a few television shows lined up, including a Percy Miller sitcom. 58

- Urban Broadcast Universal Television (UBU TV), another black-owned start-up network, has a planned launch for the second quarter of 2010. The network aims to be a "positive, progressive, urban, multicultural TV network." Its CEO, Walter Morgan, also the co-founder and president of defunct Urban American Television, wants the network to fill the role of a major television network with majority African American ownership, airing positive images about African Americans and other ethnic cultures. 59

Radio

A majority of blacks, 62%, say they regularly listen to black news or talk shows on the radio, but the size of African American radio in the United States is hard to pin down. 60 Arbitron Radio Ratings and Media Research, the radio ratings service, can identify the demographics of different radio formats. Yet many stations have sizable African American audiences that are not explicitly targeted at that group. At the same time, Arbitron’s count does not include some formats that are likely to have a sizable African American component, such as gospel and Southern gospel stations.

If one includes those formats whose audiences are mostly black, urban contemporary and urban adult contemporary, there were 564 stations on the list in 2008. A larger universe, those stations with formats whose audiences are at least one third African American, come to just under 1,000. Add those formats that were not included in Arbitron’s survey and the number rises further, to more than 1,500. 61

Whatever the universe, the business had a hard time in 2009.

Ad revenue for African American radio as defined by a different company, Nielsen Media Research, fell by 6.7% for the 12 months ending June 2009, to $794.1 million. 62

The biggest African American radio company is Radio One, which reached 14.5 million listeners in 2009, covering 16 urban markets. 63 In October 2009, the company reported its second consecutive profitable quarter: a $14.5 million profit in the third quarter, compared with a loss of $325 million the same quarter a year earlier. But the company still had a net loss for the year-to-date of $26.9 million. 64

Facing decreased ad revenue, most notably from the automotive (down 37.6%) and financial sectors (down 22.9%), the company reduced operating expenses. 65

One of the most popular personalities affiliated with Radio One is Tom Joyner, the host of the Tom Joyner Morning Show, the syndicated radio program. He is also the founder of REACH Media, a marketing and media company established in 2003 that is majority-owned by Radio One. REACH Media owns BlackAmericaWeb.com (discussed further in Digital). 66
Syndication One is a joint venture between Radio One and REACH Media. The company syndicates programs with personalities targeting the African American community, including the Yolanda Adams Morning Show, the Rickey Smiley Show, Bishop T. D. Jakes’ “Empowering Moments,” the Rev. Al Sharpton Show, the Warren Ballentine Show and Coco Brother Live.

Another popular radio personality is Joe Madison, who has a talk show aired nationally on satellite radio as well as locally in Washington. Madison, who is known as The Black Eagle, discusses issues important to the African American community. 67

Of the U.S. radio stations owned by minorities, African Americans account for a major part, though most of the stations do not target African American listeners. Out of 815 minority-owned radio stations, 135 stations targeted urban or African American audiences in 2009. Six of those were urban news/talk, addressing issues specific to African American communities. 68

American Urban Radio Network says it is the only African-American network owned by an African American. With a mix of music, religion and news, the network says it has more than 20 million listeners each week. 69

In October 2009, one of American Urban Radio Network’s journalists, Brian Cook, won the award for network radio short form news reports from the National Association of Black Journalists for his story on the deaths of Bernie Mac and Isaac Hayes. 70

Digital

Black-oriented media continue to search for their niche online. About 70% of non-Hispanic blacks use the Internet, compared to 64% of Hispanics and 76% of non-Hispanic whites, according to a September 2009 survey by the Pew Internet & American Life Project. 71 According to Pew, only 30% of African Americans reported that they regularly read a black website or blog. 72

In September 2009, NBC Universal launched TheGrio.com, a news website that calls itself the “first video-centric news community site” geared toward African Americans. The site was founded by the documentarian David Wilson and NBC News and is named after West African storytellers called “griot.” In addition to its own staff, commentators on the site include writers from other publications and websites as well as the Rev. Al Sharpton. The site also provides footage from historical events in black history. 73

BlackAmericaWeb.com was launched in 2001 as a “broad-based effort to become a timely and credible source for news and information covering all aspects of daily life, featuring a wide array of viewpoints and perspectives.” Started by radio host Tom Joyner, the site provides visitors with news aggregated from other sources as well as stories produced by its own writers.

The site says that Joyner sees BlackAmericaWeb.com as “a vehicle to leverage his tremendous popularity and to create a one-stop source that will bring African-Americans together.” 74 The site is a portal for news and information, and it is also a gateway to everything “Tom Joyner,” including a stream to his nationally syndicated radio show, his special events throughout the year and his foundation, which helps students stay in historically black colleges.

Interactive One, Radio One’s online venture launched in 2007, provides news, information and entertainment to an African American audience and claims more than 9 million monthly users among its various websites. 75 Its sites include:
NewsOne provides news coverage of events that impact African Americans. In November 2009, the site attracted 133,000 unique visitors.

TheUrbanDaily covers music, movie, television and lifestyle trends. In November 2009, the site had 95,000 unique visitors.

HelloBeautiful, a website geared toward African American women, had 127,000 unique visitors in November 2009.

Elev8 calls itself a website for "black spirituality, black empowerment, advice, tips and gospel music." In November 2009, it had 35,000 unique visitors. 76

GIANTmag will become GIANTlife.com in 2010, as discussed in magazines (link here to magazines). Audience figures were unavailable. 77

Radio One bought BlackPlanet in April 2008, a social network for African Americans founded in 1999 that claimed more than 15 million members. 78 In a $38 million deal, Radio One also acquired MiGente and AsianAve, Hispanic and Asian social networking communities. 79

Another popular African American website is TheRoot.com, owned by Washington Post/Newsweek Interactive. In November 2009, the site attracted 341,000 unique visitors, compared to a high of 1.5 million in November 2008, the month of Barack Obama’s election. 80

The Root calls itself a daily online magazine that provides commentary on the day’s news “from a variety of black perspectives.” 81 The website was founded by its editor-in-chief, Henry Louis Gates Jr., the writer and Harvard professor.

In August 2009, the black blogging community came together to respond to controversial statements made by Fox News’ Glenn Beck about President Obama. On August 4, 2009, Beck, on Fox & Friends, referred to Obama as a “racist” with “a deep-seated hatred for white people or the white culture.” Black bloggers, under the coalition name Color of Change, voiced their concern, calling for a boycott of Fox News and pressuring companies to take their advertisements off of his program. Several companies pulled their ads from the show, including ConAgra, Geico, Procter & Gamble and Progressive Insurance, but those ads were “redistributed to other programming on the network, so there has been no revenue lost” a Fox News spokesperson told Broadcasting & Cable magazine. 82 (Read more in Cable.)

Footnotes


2. U.S. Census Bureau, Median Household Income.


4. Nielsen does not provide data for African American newspapers.


7. Audit Bureau of Circulations, Publisher’s Statement, New York Amsterdam News.


9. Audit Bureau of Circulations, Newspaper Publisher’s Statement, the Philadelphia Tribune, the Sunday Tribune.

10. Audit Bureau of Circulations, Audit Report and Publisher’s Statement, the Philadelphia Tribune, the Sunday Tribune.

11. Audit Bureau of Circulations, Newspaper Publisher’s Statement, the Washington Afro-American.

12. Audit Bureau of Circulations, Newspaper Publisher’s Statement, the Baltimore Afro-American.


18. No comparative data from year-to-year were available.

19. Washington Informer Website

20. St. Louis American Website

21. Real Times Media Website


23. Radcliff said the paper stopped paying for audits in 2005.


31. Audit Bureau of Circulations, Paid, Verified & Analyzed Non-Paid Magazine Publisher’s Statement, Ebony.
36. E-mail from Neil Foote, February 16, 2010.
39. Audit Bureau of Circulations. Paid & Verified Magazine Publisher’s Statement. Essence. (The magazine’s newest audited numbers, for the year 2008 cited Essence’s circulation at 1.07 million.)
44. Audit Bureau of Circulations, Paid & Verified Publisher’s Statement, Giant.
45. Audit Bureau of Circulations, Paid & Verified Publisher’s Statement, Black Enterprise.
46. 2010 Media kit, Black Enterprise.
57. Black Television News Channel Website
58. Better Black TV Website
59. UBU TV’s Website
61. Data from Arbitron Radio Today 2009 Edition. Combined number of Urban AC, Urban Contemporary, Religious, Gospel, NAC/Smooth Jazz, Jazz and Southern Gospel stations. These were either included in Arbitron’s Black Radio Today or had black listening compositions above 20%.
63. BIA/Kelsey Group, PEJ Research.
64. SEC Filing, September 30, 2009.
66. Black America Website
67. Joe Madison Website
69. American Urban Radio Networks Website
70. “ARUN is proud to announce Brian Cook won the Salute to Excellence Award at the National Association of Black Journalists,” press release, October 9, 2009.
74. Black America Website
75. Interactive One Website
Asian American

Ethnic
By the Project For Excellence In Journalism
Asian American
Overview

For Asian American media it was a year of ups and downs.

Several major Asian American newspapers, including a venerable pan-Asian newsweekly and a national Filipino paper, stopped printing in 2009. Others, such as the KoreAm Journal, cut expenses and staff.

And some, such as the Vietnamese paper Nguoi Viet Tay Bac, survived in part by sharing content with former competitors, something one observer of ethnic media says is likely to be more common in the future.

Others invested in a digital future for salvation, but the Web was a challenge as well. One popular site catering to Filipinos cut its staff and moved production overseas.

And one enterprising journalist ignored the trends and went ahead with plans for a new Chinese newspaper in the San Francisco market. Profits remained elusive by the end of the year, but the newspaper switched from a monthly publication to twice a week.

Asian Americans make up only about 4% of the American population, according to 2008 U.S. Census Bureau figures. 1 That figure, according to the Pew Hispanic Center, is expected to rise to 9% by 2050. 2 Asians have a larger median household income than that of the average American household. That translates to strong buying power, an attractive characteristic for most businesses, including the media.

Moreover, notes AdweekMedia, the Asian American population is “heavily clustered in just a handful of top states and urban areas,” most notably California. 3 This presents an advantage to print and broadcast media seeking to reach Asian Americans. 4
Print

Asian American print publications range from locally distributed Asian-language publications in smaller U.S. cities to widely circulating bilingual and English publications whose content is geared toward Asians.

Pan-Asian Media

The only national English-language newsweekly for Asian Americans folded its print publication during the economic downturn.

This was AsianWeek, founded in 1979 as the "only national English-language publication for Asian Pacific Americans," which stopped publishing its print edition on January 2, 2009, and moved to online only.

As of February 2010, the website offered new content, some aggregated from other sites, though. According to Ngoc Nguyen from the ethnic media association New America Media, it was working with a skeleton crew. 5

At the beginning of 2010 there was at least one local pan-Asian print publication: Asian Fortune, an English-language monthly newspaper based in Haymarket, Va., which reported a print circulation of 30,000 in addition to 20,000 monthly unique Web visits. 6 Formed in 1993, the newspaper serves Chinese, Korean, Vietnamese, Japanese, Filipino, Asian Indian, Pakistani, Cambodian, Thai and Laotian readers. 7

Ethnic-Specific Papers

Chinese

Chinese Americans made up the largest ethnic group of Asian Americans with almost three million people or 22.3% of the Asian-American population. 8

Despite the poor economic environment, a new Chinese newspaper opened its doors at the end of 2008, joining several other Chinese-language papers already in existence.

The new newspaper, News for Chinese, was founded by a former staff member of another paper, the World Journal. It began as a free Chinese-language monthly distributed to 14 cities in the San Francisco Bay area, with a focus on local Chinese community news. By early 2009 it had expanded from 16 to 20 pages and began publishing twice a week. 9

In November 2009, the founder, Brian Ho, announced plans to expand the paper in February 2010 to 14 more cities, including San Jose. 10 Ho reported that he did not expect to make a profit for another two years, but that he expected more advertising income after the February expansion. 11

Other newspapers:

The World Journal (Daily News): a newspaper published by the United Daily News Group, which also publishes the United Daily News in Taiwan. The World Journal has a strong readership among Chinese Americans with an unaudited daily circulation of 280,000. According to Echo Media, an advertising firm that tracks print media, the newspaper publishes six editions on the East Coast, including the only Chinese daily newspaper in the Southeast U.S. On the West Coast, the newspaper is known as the Chinese Daily News. 12

Sing Tao Daily: an international newspaper headquartered in Hong Kong, with a strong following in California. According to the newspaper's website, Sing Tao Daily is read by 57% of Bay area residents who read Chinese newspapers. 13
Unaudited estimates report Sing Tao Daily’s circulation in San Francisco, Oakland and San Jose at 30,000. The newspaper also owns a radio station (link to radio section).

Korean

The picture for Korean print publications in 2009 was mixed. Some publications showed slight declines in circulation, while others struggled to stay solvent.

The Korean Journal, a Korean-language monthly magazine headquartered in Houston, had a mostly stable 2009. Its circulation for the six months ending June 2009 was 96,762, down about 3% from 100,166 for the same period in 2008. The magazine was launched in October 1996 and focuses on items “relevant to the lives of Korean-speaking Americans.”

Other publications did not fare as well.

The English-language KoreAm Journal, according to president and co-founder James Ryu, maintained its circulation in 2009, but clearly was not in a strong financial position. It laid off staff, cut salaries and reduced the monthly magazine’s editorial page count by 25 to 30%.

The magazine redesigned its website in an effort to draw more readers and launched a special Web campaign that raised several thousand dollars in contributions.

But the situation was clearly tough. When asked about the KoreAm Journal’s future, Ryu was hopeful but uncertain. “I don’t know,” said Ryu, “This community is very strong. It is hard to tell whether many of our readers will continue with our print side or [turn to] the Web.”

Two other publications serve the Korean market in the United States and both are very large. One is the Korea Times, an English-language daily newspaper based in Korea that circulates in more than 160 countries and publishes editions in New York, San Francisco, Chicago, Seattle, Atlanta, Texas and Hawaii.

The Korea Daily, headquartered in Los Angeles with editions in that city, New York, Chicago, Atlanta, San Francisco and Washington, D.C., is also large. While the Korean-language publication offers no overall numbers, it reported a daily circulation in the D.C. metro region alone of 12,000.

Vietnamese

Of the two Vietnamese newspapers examined, one stood out for its inventive journalism partnerships.

Nguoi Viet Tay Bac, or Northwest Vietnamese News, a semi-weekly Vietnamese-language newspaper in Seattle, had a stable circulation from 2008 to 2009, according to managing editor, Julie Pham, who declined to provide figures.

Pham attributes some of that to new partnerships the paper launched to produce content that appeals to a broader base while still keeping costs low.

Pham arranged for students at the University of Washington’s News Lab to write articles for her newspaper that would be shared with two other newspapers: El Mundo, a Hispanic newspaper, and Pinoy Reporter, a Filipino newspaper.
“It’s great for the students, and it’s great for us, too,” Pham said. “We understand that local news has to be generated locally. It’s the kind of thing that you can’t get on the Internet—especially in a foreign language.”

The newspaper also has a content exchange with Ngui Viet, which subscribes to AP and Reuters feeds and translates them to Vietnamese. 23

To Nguyen, a media analyst for New America Media, these steps toward a more collaborative newspaper are the future of ethnic newspapers. “I think we’re going to see a lot more collaborations,” Nguyen said. “The only way to [fill the news hole] is to build partnerships and collaborations.” 24

A larger Vietnamese newspaper, Ngui Viet Daily, also reported stable circulation. 25 Ngui Viet Daily, a newspaper out of Westminster, Calif., reported an average daily circulation of 17,533 for the six months ending December 2008, the latest figures available, virtually the same as the 17,555 average reported from the same period the year before. 26 Founded in 1978, the newspaper is the only Vietnamese-language newspaper with home delivery in the U.S. 27

The newspaper publishes a weekly English-language publication, Ngui Viet 2, targeted toward younger Vietnamese Americans—who are far less likely to speak Vietnamese. In another example of partnership, the weekly shares content with the Orange County Register. 28

Filipino

Filipinos make up the second-largest Asian population in the United States, with 3.05 million as of 2007, 29 and most speak English, since it is one of three official languages in the Philippines (along with Filipino and Tagalog). 30

Eric Olander, the vice president for news and production for Asian television station LA 18/KSCI-TV, in Los Angeles and San Diego, points out that strong English language skills make this population one of the most difficult Asian American group to target because they can easily access English-language media. 31

Filipinas Magazine, a monthly news magazine in Daly City, Calif., reported losing 75% of its advertising income for the year through November 2009. To stem its losses, the magazine renegotiated its printing contract, eliminated raises and suspended plans to add an international edition in favor of putting more content online.

“If we were simply businessmen, we probably should have shut down months ago,” its publisher and editor, Greg Macabenta, said in November 2009. But the magazine “is a source of pride,” he said, and at year end the company was in talks with prospective investors. 32

The magazine, with a circulation of about 30,000, also set up a partnership with a major Filipino website, Inquirer.net, to provide its content online.

Among other Filipino-American media:

- The English-language FilAm Star increased its publishing frequency, according to Odette Keeley, the chief of staff for New America Media, who interviewed the magazine’s editor for New America Now, the media group’s radio and television program. The publication, which started in 2007 as a bimonthly, became weekly and has had increased advertising income. 33
Balita, a biweekly English-language newspaper established in 1991, calls itself the "No. 1 Filipino-American newspaper in Southern California" and showed solid growth in 2009. Midweek Balita, which is distributed on Wednesdays, reported a circulation gain of 19.6%, to 15,115. The company also publishes Weekend Balita, which is distributed on Saturdays.

The Manila Bulletin USA, a weekly English-language newspaper, and its companion magazine, Kababayan Edition, closed. The San Francisco-based paper published its last print edition in July 2009. At one time, the nationally distributed paper circulated 15,000 copies just in San Francisco. As of mid-February 2010, the paper's website still existed, but its headline story was from late November 2009.

Japanese

For the two major Japanese-American publications, 2009 proved an awful year.

Hokubei Mainichi, a bilingual newspaper that had published out of San Francisco since 1948, ceased print publication in December 2009 and fired its staff. According to the former chief editor, Shintaro Tanaka, the newspaper's senior editor, J. K. Yamamoto, volunteered to update the website's news content, but the Internet edition will continue only as long as the Hokubei company continues to pay for the website.

A bilingual daily, Nichi Bei Times, stopped publishing on September 10, 2009, only to re-emerge a week later as the English-language Nichi Bei Weekly. The paper employs much of its former staff but is now classified as a nonprofit, is four pages smaller and is published in English only.

Kenji G. Taguma, the president of the nonprofit and the editor in chief of the new weekly newspaper, said the paper was benefiting from its nonprofit status. "Wire services are discounted [and] people have donated services because we're nonprofit," he said.

After learning that Hokubei Mainichi had closed, Taguma said that "it's even more crucial that we succeed in our efforts" because Nichi Bei Weekly became the only Japanese-American newspaper in San Francisco.

Taguma says the new paper plans to eventually become more pan-Asian in its coverage and wants to redo its website.

Television

Most of the United States now has access to Asian-language television. Pan-Asian TV stations are now broadcast from most major Asian markets in the U.S. (Los Angeles, San Francisco, New York and Honolulu) and are available outside of those markets through satellite and local cable systems.

And the market for these stations seems strong. While solid audience figures are hard to come by, more than half of Asian Americans (55%) report watching at least some Asian-language television, according to a 2009 New America Media survey.

The Asian Media Group (KSLS Inc.) is a major player in the Californian Asian television market. KSLS Inc. owns both KSCI-TV, a multilingual television station in Los Angeles and San Diego, as well as KIKU-TV, a multilingual television station in Honolulu. KSLS also provides digital subchannels in Los Angeles for several other ethnicities and languages, including Japanese, Armenian, Spanish, Vietnamese and Mandarin, and two Korean stations.
KSCI reaches 338,000 viewing households and Kiku reaches 73,000 viewing households, according to Alice Lee, the vice president for research and development for LA 18/KSCI-TV. Lee said viewership did not fluctuate much from year to year, but expects that the new digital subchannels will result in higher viewership in 2010.

Digital subchannels are relatively low cost and have ignited “a fierce competition for viewership and advertising dollars in major Asian markets.” Olander said they have “exploded into the U.S.” and Lee estimated that 2010 would bring both more newcomers as well as some consolidation.

There are several other major players in Asian-language television:

- Television Korea 24 is a 24-hour Korean television network carried by cable providers in the United States and headquartered in Los Angeles. Television Korea owns and operates two digital channels, TKV and TVK2. TVK2 was launched in November 2009 and targets a younger Asian American audience. Both channels aggregate and broadcast programming from South Korea. Television Korea 24 also produces its own programming, including TVK News.

- KTSF provides programming in 10 languages, with occasional additions in others. Formed in 1976, the station reached an average of 650,000 unduplicated viewers a month in 2009 throughout the San Francisco Bay area. KTSF is available via broadcast and is carried in that market by both cable and satellite. It says it is “the only station in the United States broadcasting nightly live news programming in both Cantonese and Mandarin.”

- Saigon Broadcasting Television Network broadcasts from Garden Grove City, Calif., and has several news programs, including SBTN News, Good Morning Saigon, News of the Day and Story of the Day. The network is carried by several major cable and satellite companies throughout the U.S.

- The Filipino Channel showed growth in 2009. It started out with only a weekly English newscast and grew into a daily news program, according to Ricky Resurreccion, the ad sales director for ABS-CBN International – The Filipino Channel. As of fall 2009, the channel was reaching 30% to 40% of Filipino households in the U.S. and the company had plans to expand to growing markets.

- New Tang Dynasty Television is a Chinese-language television station funded by Falun Gong, a spiritual movement under severe political constraints in China. While the company produces a lot of Chinese-language programming, virtually none if its content comes from mainland China.

- TVB (Chinese Broadcasts Limited) broadcasts from Hong Kong and has a large following in the U.S., particularly in traditionally Cantonese markets like San Francisco.

One failed effort in 2009 was a cable program geared toward Filipinos. The Filipinas Magazine Show, backed by Filipinas Magazine and airing on another major broadcasting company out of the Philippines, started in April 2009, but shut down after a 13-week season. Greg Macabenta, the magazine’s publisher, said the project “should have been undertaken in better times” and hopes to start it up again.

Radio

Only 15% of Asian Americans, according to a 2009 New America Media survey, listened mostly to Asian-language radio. Nevertheless, there are a handful of Asian-language radio stations throughout the U.S. that tend to be popular with commuters, store owners and older listeners, according to a separate study conducted by LA 18 KSCI-TV.
KBS World Radio broadcasts throughout the world, including the U.S. Its first English-language broadcast aired in 1953. Calling itself the “voice of Korea,” it airs programs on both North and South Korea.

Little Saigon Radio, established in 1993, broadcasts from Orange County and San Jose, Calif., and Houston. It airs daily broadcasts of international Vietnamese programs from BBC London, Radio France Internationale and Radio Free Asia. In addition, it provides live, online webcasts of its radio programming.

Radio Saigon also broadcasts from Houston and is aimed at growing Vietnamese population. The station provides breaking news and current events to its listeners. As of November 2009, the station planned to produce more bilingual programming and some programming in English only. It calls itself the only “full-time Asian station that caters to Vietnamese listeners in the greater Houston area.”

Sing Tao Chinese Radio, which airs in both Mandarin and Cantonese, is owned by Sing Tao Daily (link to newspaper section). According to the company’s website, 85% of the San Francisco Bay area’s Chinese radio audience listens to Sing Tao Chinese Radio, an audience of approximately 182,000. The station, KTVO 1400, which airs from Berkeley, Calif., reported 95,300 cumulative listeners in the metro area. Sing Tao Chinese Radio provides its listeners with local and international news, emphasizing news from mainland China, Hong Kong and Taiwan.

Digital

Asians are more likely to have access to the Internet at home than any other demographic group studied, but the U.S-based Asian media have failed to accumulate a solid audience online.

According to the U.S. Census Bureau’s 2007 Current Population Survey, 67.8% of Asian households have Internet access at home. The next closest are white non-Hispanics with 66.9% with Internet access at home, followed by 45.3% of black households.

Yet the numbers have not translated into a major digital presence for Asian media, and part of the issue seems to be that Asian Internet users tend to go to overseas sites when looking for Asian content.

Among the most successful is the Filipino site, Inquirer.net. It has only a small staff of two or three in the United States, but it has seen robust audience growth. In September 2009, it recorded 707,536 unique page views in the United States, up from an average of 555,435 in 2008. It also struck an agreement with to publish content from Filipinas Magazine on Inquirer.net. The U.S. director of sales, Esther Chavez, said she expected the site to grow even more in 2010.

Others hope that enhancing their websites may begin to build the marketplace. Leslie Yngojo-Bowes, the founder of U.S. Asian Wire, said that many companies in 2009 put a new focus on adding content, improving designs and increasing interactivity, along with adding social networking for outreach, including Twitter and Facebook. “Once you switch to online,” Yngojo-Bowes said, “you become global automatically.”

The problem is that younger Asian Americans tend to use Asian portals online to stay in touch with entertainment and news from Asia. China Gateway, Sina and Sohu are three online portals with social networking, news, videos and entertainment. Second-generation Asian Americans often visit these sites to access content they cannot get from television or newspapers.
Yngojo-Bowes’ U.S. Asian Wire is an American source of Asian news founded in 2006. The company specializes in “distributing news releases and multimedia content” for an Asian audience. But as a relatively young company, the recession hit it hard. Yngojo-Bowes watched as outreach budgets slimmed and the number of press releases declined.

U.S. Asian Wire continued its partnership with Jistar and Dynasign to bring digital screens into businesses frequented by Asian Americans. The digital screens provide news and advertising to consumers while they are waiting in lines and are common in Asian countries. And in a difficult year, it was one sign of growth.

Footnotes


4. Southern California has the largest Asian concentration in the U.S. according to Nielsen estimates. Asians in Southern California also tend to be first generation, resulting in many native language publications and programs from that region. California is the biggest media market for Asians, with 293 media outlets in the state (70% of which are in Southern California), followed by New York/New Jersey with 106 media outlets, according to a report from the television station LA 18 entitled Asian American Media Overview 2009.


6. E-mail from Leah Kosin, office manager, Asian Fortune, November 17, 2009.

7. Asian Fortune Website


10. Brian Ho, interview with PEJ, November 20, 2009


13. Sing Tao Website

14. Sing Tao Daily, Echo Media

15. Audit Bureau of Circulations audit report for the period ending December 31.


19. Korea Times Website
23. Julie Pham, interview with PEJ, November 11, 2009
27. Nguoi Viet 2008 Media Kit
32. E-mail from Greg Macabenta, November 16, 2009.
34. E-mail from Odette Keeley, November 16, 2009.
36. The closed Nichi Bei Times published in Japanese three times a week and had 16 pages. The new paper has 12 pages and is in English only.
40. LA 18 Asian American Media Overview 2009.
42. Asian Media Group Website
43. Alice Lee, interview with PEJ, November 12, 2009.

44. Eric Olander, interview with PEJ, November 17, 2009.

45. Alice Lee, interview with PEJ, November 12, 2009.


47. The ten languages are: Cantonese, Mandarin, Japanese, Korean, Vietnamese, Tagalog or Taglish, Farsi, Hindu, Greek and English (E-mail from Lisa Yokota)

48. E-mail from Yukai Liu, January 5, 2010.

49. KTSF Website

50. Saigon Broadcasting Television Network Website

51. E-mail from Odette Keeley, November 13, 2009.


54. E-mail from Greg Macabenta, November 16, 2009.


56. LA 18 Asian American Media Overview 2009.

57. KBS World Website

58. Little Saigon Radio Website

59. Radio Saigon Website

60. Sing Tao USA Website

61. BIA/Kelsey Group

62. Sing Tao Radio Website

63. LA 18 Asian American Media Overview 2009


65. LA 18 Asian American Media Overview 2009

Native American

The small but enduring universe of Native American media saw growth in radio and digital in 2009, a mixed year in print and changes and developments in television.

According to the most recent U.S. Census Bureau data, as of July 1, 2008, the population of American Indians and Alaska Natives is an estimated 4.9 million, about 1.6% of the total U.S. population. 1

Most of that is concentrated in the West, with California claiming the highest total, 738,978 in 2008, followed by Oklahoma (406,492) and Arizona (359,841). Texas had the largest numeric increase from July 2007 to July 2008, with a growth of 12,828, about 4.3% to about 300,000.

And the strong English-language dominance among this group makes content production and dissemination easy. Just 29% of the Native American population spoke a language other than English at home in 2008, making English the primary language for American Indian media. 2

Radio

One of the most important elements of Native American media is radio. As of October 2009, there were 34 local Native American stations on the air, some of which also streamed their radio programming online and shared programming with mainstream public radio stations. 3

And, according to Loris Taylor, the executive director of Native Public Media, an organization that seeks to strengthen and expand the voice of Native Americans, that figure is set to almost double in the coming three years. The FCC, according to Taylor, granted in 2009 an additional 35 local construction permits connecting tribes to the Native radio system. These new stations are in development and would eventually double the total number of stations dedicated to Native Americans.

Radio, Taylor points out, can reach Native Americans who live in less concentrated remote areas with less access to the Internet or specialized print publications.

Even so, advancements in technology have helped extend the reach of several national radio programs and Web streams geared to Native Americans.

Native Voice One (NV1) is a website that aggregates and provides online streaming of numerous Native American radio programs. The programs are produced by a number of organizations. The two most focused on news are National Native News and Native America Calling, both produced by Koahnic Broadcast Corporation. 4 Native Public Media serves as an umbrella advisory service for NV1.
National Native News, begun in 1987, is a five-minute news program broadcast on mainstream and tribal radio stations throughout the country every weekday. NV1 streams the program live and also offers it as a daily podcast. 5

The other, Native America Calling, is an hour-long call-in public radio program that focuses on issues specific to Native American communities. According to its website, the program is heard on 52 stations in the U.S. and Canada by 500,000 listeners each week. 6

Another specialized website is Native American Public Telecommunication, which aggregates programming produced by a number of outlets. It works with Native American producers to “develop, produce and distribute educational telecommunications programs for all media.” 7

Other Web-Based Media

In addition to audio streams online, other Native American news Websites extended their operations in 2009.

Among them is Reznet, one of the biggest Native American news sites. Started by the University of Montana School of Journalism in 2002, Reznet’s goal is to “get more Native Americans working in professional journalism” as well as to provide news, information and entertainment to Native American readers on its website. 8 Reznet employs 20 college students as contributors to the website.

In 2008, Reznet was a finalist for two online journalism awards — specialty site journalism and online topical reporting — for coverage of political issues in the presidential campaign by the Online News Association. 9

Another website, RezKast, is a Native American social networking site that provides users a platform with which to share videos, articles, photos and music on the Internet. It grew out of a desire to use technology to “preserve our tribal language, history, and culture” before broadband reached as far as it does now. From there, the group started building a broadband infrastructure to pave the way for the website.

By October 2009, RezKast claimed more than 1,000 members and provided numerous video channels. The most popular channels after entertainment are culture and Language, and Activism and Politics. RezKast is supported by Many Cultures, 1 Community, the Coeur d’Alene reservation youth activities group. 10

A new venture from News From Indian Country is IndianCountryTV.com, which started in July 2008 with a $148 flip video camera and the hope to bring video news to Native Americans on the Internet. The show has grown to become a roundup of news of interest to American Indians and broadcasts online daily. The staff produced 500 programs by October 2009 and has a goal of producing 1,000 more in the next year. 11 Indian Country Communications hopes to bring the show to cable television. 12

Print

If radio and digital are seeing encouraging expansion, Native American newspapers had a mixed 2009. The two biggest, Indian Country Today and News From Indian Country, evolved into multimedia efforts, but at least two others went out of business.

The most widely read newspaper among Native Americans is Indian Country Today, established in 1981. Owned by Four Directions Media of the Oneida Nation of New York, the weekly newspaper is distributed nationally and available for
subscription both in hard copy and online. The company also prints glossy magazines and produces audio programs carried by Native American-owned public radio stations. 13, 14

Another major Native American newspaper is News From Indian Country, published by Indian Country Communications, which calls itself an “independent, Indian-owned, reservation-based” newspaper on the Lac Courte Oreilles Ojibwe Reservation in northern Wisconsin. It says it is one of the “few tribally oriented publications that is not owned, or politically controlled by a tribal government.” 15

In 2010, the newspaper cut down to 14 issues a year from 24 in 2009 and 26 in 2008. The newspaper’s editor, Paul DeMain said the reduction was in response to decreased advertising and subscription revenue. In addition to its monthly newspaper, News From Indian Country prints two special editions a year, including one on the annual pow-wow that sells particularly well, according to DeMain. 16 The newspaper publishes both print and online, and includes national news as well as information specific to a Native American audience. 17

DeMain said 3,800 copies were circulated to both paid subscribers and stores in 2009. Still, he says this figure is “about half of what [News From Indian Country] mailed out four or five years ago.” In 2009, though, according to DeMain, readership appears to have stabilized. 18 Also in 2009 the newspaper launched a digital television station, IndianCountryTV.com. (Read more in Other Web-Based Media)

Some smaller newspapers survived by cutting back on expenses. The Navajo-Hopi Observer of Flagstaff, Ariz., slimmed to 8 pages from 24 in late 2008. By September 2009, the paper had regained some of its advertisers and was back up to 10 or 12 pages. Its managing editor, Wells Makhe, expressed confidence in its future, saying his paper has “a unique niche in our particular region that must make us immune” to the recession. 19

Another newspaper was sold in 2009. The five-year-old Lakota Country Times was sold in March to Connie Louise Smith, who said the newspaper’s success is based on keeping the content community-based. “Those who try to stay nationwide [in their coverage] are hurting,” Smith said. 20

In 2008, the paper began what many in mainstream media have been shy to try themselves: charging for its content online. So far the move seems at least partly successful. From 2008 to 2009, the paper gained 300 online subscribers paying $35 a year to read its Web content. 21

Several other newspapers did not make it through the year.

The Hopi Tutuveni, the primary newspaper covering Hopi lands, closed in December 2009. The Hopi Tribal Council voted to stop publishing the 6,000 circulation paper for budgetary reasons. The paper had been published since the 1970s. 22

In September 2009, The Native American Press/Ojibwe News shut down after 21 years, not directly because of the economy but due to the publisher’s poor health. The Minnesota-based weekly newspaper focused on the Ojibwe Native Americans in the northern part of Minnesota. 23

In his last issue released in the fall of 2009, the publisher, Bill Lawrence, wrote that he was “no longer physically able to do the tasks — computer searches, investigating, seeking ads — that are necessary to put out an edition.” 24
A new program was launched during the year. Native Heartbeat, a television magazine program that began production in October 2009, covers issues specific to indigenous people throughout the world. 25

The show will be provided free to interested broadcasters, and the program hopes to begin airing sometime in 2010. In February 2010, the show’s website reported that the program would become available on PBS, NBC, The CW, the Dish Network and Newport Television. 26

The show’s news director, Jim Browder, says he sees television as a derivative of the oral tradition “of the Indian culture” hopes to expand the audience to Asian and European viewers. 27

Browder is a veteran of another Native American television venture that remains on the air. It is NorthWest Indian News, which broadcasts on public television, commercial television, public access, satellite and over the Internet reaching more than 60 million households throughout the U.S. and Canada, according to Browder. The programs are produced to be long-standing segments relevant to viewers of all age ranges and backgrounds. To that end, the first program was produced in March 2003 and is still used as educational material in public schools. 28

Footnotes

4. Native America Calling Website
6. Native America Calling Website and Susan Braine, interview with PEJ, October 22, 2009.
7. Native American Public Telecommunication Website
8. E-mail from Steven Chin, director, Reznet, Oct. 22, 2009, and Reznet Website
9. Reznet Website
10. RezKast Website
11. Phone interview with Paul DeMain, editor in chief, News From Indian Country.
12. Lonnie Barber, interview with PEJ, October 2009.
13. Indian Country Today Website
14. Programs include the weekly Indian Country Headline News and Editorial as well as monthly Indian Country Washington Review and In Depth.
15. Indian Country News Website
Arab American

The Arab American media in 2009 suffered substantial losses in advertising revenue.

Demographics

The total population of Arab Americans in the U.S. is disputed. The U.S. Census Bureau in 2000 reported 1.2 million Arab Americans. The Arab American Institute, however, argued that figure was low and in 2003 issued its own estimate of 3.5 million.

What is not in dispute is that the Arab American population has grown. Between 1990 and 2000, it grew 38%, according to the census estimates, and has doubled in size since 1980, when the census began tracking ancestry. About half of the Arab American population lived in five states in 2000: California, New York, Michigan, Florida and New Jersey.

Print

Despite population growth, Arab American print struggled in 2009. Two of the biggest newspapers suffered deep cuts in advertising revenue, though one managed to add a new West Coast edition.

The weekly Arab American News, the largest and oldest Arab American newspaper in the United States, experienced a 35%-to-40% cut in advertising revenue in 2009, according to the newspaper's publisher, Osama Siblani.
Established in 1984, the paper publishes articles in both English and Arabic. It does some original reporting and also runs material from the Christian Science Monitor News Service and Reuters.

The paper is distributed free throughout Southeastern Michigan and available by subscription in other parts of the country.

With a circulation of 30,000 in 2009, the paper, Siblani said, cannot print enough copies to keep up with reader demand, but it also cannot afford to expand its production and distribution. To Siblani, the “advertising revenue cannot support this high [level of] distribution.”

To raise more advertising revenue, the paper published special supplements. The 2009 supplement for the holy month of Ramadan was particularly successful, Siblani said, and a special wedding supplement will come out in early 2010.

Arab American News also has a website that includes all of the print newspaper's content as well as breaking news headlines. Still, the website does not bring in much income. "We have a great website," Siblani said. "However, so far Internet advertising isn't cutting it."

A smaller Arab-American newspaper, Aramica, also experienced huge declines in advertising in 2009. Established in Brooklyn in 2002, the paper is also bilingual and is distributed at no cost in mosques and Arabic churches in the New York City region.

In 2009, Aramica had an estimated average circulation of 14,000 or 15,000, about half what it was in 2008, according to the newspaper’s publisher, Antoine Faisal. By November 2008, the paper had lost 85% of its advertising and Faisal considered shutting down the newspaper.

Instead, the publisher cut down to a “barebones” operation and, in August 2009, started an edition in Los Angeles. The decision to start a California edition “was not an expansion,” Faisal said, adding that it was done “to save what could be saved, getting more advertising income from California.”

The California edition reprints most of what is carried in the New York edition, but it still makes the paper the first bicoastal Arab American newspaper in the U.S. The California edition has a circulation of 10,000, according to Faisal.

Faisal sees a promising future. The fall of 2009 brought an advertising spike of 35% to 40% for the New York edition over the summer months, which is generally a slow period for the newspaper. Faisal also plans a massive shift to Internet and mobile access, where he sees the future of journalism.

Radio

The number of Arab-focused radio programs in the United States is small. The Arab American Journalism Association estimated there were 12 in 2008.

One popular Arab radio host is Ray Hanania, a journalist and stand-up comedian who hosts Radio Chicagoland, a daily talk radio show on WJG in the Chicago area. Hanania also publishes the National Arab American Times News Newspaper, an online English-Arabic newspaper.

Another Arab-targeted radio program is RadioTahrir, which broadcasts from New York City on Pacifica-WBAI. The program’s website says that it is “dedicated to the principle of public broadcasting with the aim of bringing the voices,
history, compassion and concerns of Arab/Muslim peoples everywhere to the general public.”

Digital

One area where the Arab American media has shown growth is online. Several Arab American news outlets started Twitter accounts and found Facebook to be a useful tool in 2009, according to Suzanne Manneh, a media coordinator and Arab media monitor for New America Media, an association of ethnic media. While Manneh was unsure whether it would result in monetary gain, she did say that it could “broaden the scope” for Arab American Media. 15

Television

The main source of Arab-focused news in America on television comes from Al Jazeera English, a subsidiary of the Arab news network Al Jazeera. That network is discussed more fully in the Cable chapter. The channel does provide a news program that airs on cable stations throughout the U.S. and on satellite. There is no estimate, however, of how many stations might carry that half-hour news program, and there has been resistance in general to carry the all-news network itself.

Footnotes

2. Arab American Institute, Arab American Demographics.
15. Suzanne Manneh, interview with PEJ, November 20, 2009
The 2010 Census

The U.S. Census Bureau was planning a major advertising campaign in Hispanic media aimed at encouraging participation in the 2010 census.

The Census Bureau estimated that it would spend almost $28 million on advertising in Hispanic media for the 2010 Census, compared to the $19 million it spent for the 2000 Census. 1

The impact could also extend beyond the immediate revenue.

It could be a “game-changer” for Hispanics and Hispanic media. According to Telemundo Communications Group president Don Browne, the Census would reveal a growing Hispanic population in new areas of the country, which should be of interest to marketers and media owners.

Because larger numbers can mean more money for Hispanic media outlets, many are working to ensure that Hispanics are not undercounted, as some believe they were during the 2000 Census.

Telemundo, along with community groups, created an outreach program called “¡Hazte Contar!” (“Be Counted!”) to increase awareness of the 2010 Census among Hispanics. “We want to make sure that people know this is one of the most confidential processes you can be involved in,” said Telemundo Communications Group president Don Browne. The network also introduced a plotline about a Census recruiter in its telenovela Mas Sabe El Diablo (The Devil Knows Best). 2

Univision will broadcast a 30-minute program in March 2010 to guide its viewers through the process of filling out Census forms.

Not all Hispanic media are encouraging Hispanics to participate in the Census. A Latino evangelical preacher with a radio show in 11 U.S. markets urged his listeners in the U.S. illegally not to take part in the Census. 3

Hispanic Demographics

The U.S. Hispanic population has experienced rapid growth and remains concentrated in the West and Southwestern regions of the country. Since 1990, the Hispanic population has more than doubled, up from 21.9 million in 1990. 4 The 2010 Census is expected to show that the total Hispanic population has risen to almost 50 million, up from 38 million in 2000. 5

Almost half of all Hispanics live in California and Texas, and they remain more geographically concentrated than the nation’s second-largest minority group, non-Hispanic blacks. 6

A majority, 60.2%, was born in the United States. Nearly two-thirds (64.3%) of Hispanics say they have Mexican ancestral origins, followed by 9.1% who say they are of Puerto Rican origin, 3.5% who say they are of Cuban origin, 3.2% who say they are of Salvadoran origin, and 2.6% who say they are of Dominican origin. 7
The flow of immigrants from Mexico grew in the early part of the decade, but the flow of immigrants from Mexico to the U.S. declined sharply from 2006 till 2009.  

Language preference is often determined by place of birth. American-born Hispanic Americans are more likely to speak English than those born in other countries. More than a third, or 37.1%, of American-born Hispanics aged 18 and older said they only speak English at home, according to Pew Hispanic Center. Almost half said they speak English “very well,” even if they speak a language other than English at home.

Not surprisingly, those numbers fall when foreign-born Hispanics are included. Only 18.7% of all Hispanics 18 and older speak English exclusively at home and 35.2% said they speak English “very well,” even though they speak a language other than English at home.

Age is also a predictor of language use. About half, 50.3%, of both American-born and foreign-born Hispanics under 18 said they speak English very well, even if another language is spoken in their home. Less than a third (31.7%) say they speak only English at home.

One way Hispanic media outlets have adjusted to the challenge of serving both native-born and immigrant populations is through bilingual publications and broadcasts or by offering Spanish-language content that is specifically targeted at the native-born population.

African American Demographics

Though African Americans have fallen behind Hispanics as the largest minority group in the United States, they still make up a growing market with a vibrant media sector. The Census Bureau estimates there are 39.9 million non-Hispanic blacks in the United States, 12.9% of the total population. The population is expected to grow 42.7% by 2050, to 56.9 million.

The median household income level of African Americans, though, often an indicator of advertiser appeal, trails all other ethnic groups measured: $35,425, compared to $41,470 for Hispanics, $56,826 for whites, $70,069 for Asians and $52,029 for the total population.

In a difficult year, advertising revenue for African American media declined 9.6%, to $1.8 billion, in the 12 months ending June 2009, according to estimates by the Nielsen Company. In comparison, Spanish-language media fell 6.3% in the same period.

The impact varied by sector, with national magazines and syndicated television faring the worst. Several magazines faced rumors of sale. In television, two of the three largest stations had substantial increases in ad revenues as well as audience growth.

To learn more about the companies that own African American media, go to Who Owns the News Media.

Asian American Demographics

Of all Asian Americans, 40.6% say they speak English “very well,” but less than a quarter speak only English, suggesting potential for native-language publications.
Economically, this demographic group also holds potential. Asian households have a higher median income than any other group tracked by the Census: $70,069. That compares with $56,826 for whites, $41,470 for Hispanics and $35,425 for blacks according to the U.S. Census Bureau. The Selig Center for Economic Growth at the University of Georgia projects that Asian buying power – or disposable income – will reach $752 billion by 2013, up from $509 billion in 2008. Asian Americans also have very high rates of business and home ownership.

Asians are also highly educated. According to the U.S. Census Bureau’s 2008 American Community Survey, almost half of the American Asian population (49.7%) has a bachelor’s degree or higher, more than any other ethnic group. Among non-Hispanic whites, just 30.7% do, and for blacks the figure is just 17.5%.

The Asian population in the U.S. grew by 2.9% from 2006 to 2007.

Filipino Americans are attractive to advertisers because they have a relatively high employment rate of 68.9%, compared to 64.8% among all Americans.
Auditing in ethnic media: Although auditing is commonplace among major mainstream English-language weeklies and dailies, in ethnic media, auditing is less common because outlets generally do not have the same pool of resources and an audit can be a costly process. As a result, many ethnic publications put out self reported numbers that are generally unverified. This is an obstacle for many advertisers because most advertisers require proof of circulation/readership before consenting to spending big ad dollars. In many areas of ethnic media when a paper or magazine participates in regular audits, it is seen as a sign of maturity.

Weeklies vs. Dailies in Hispanic print: Generally, weeklies are started up in emerging Hispanic markets that are not large enough to support dailies of their own. They may also be family operations that do not have the resources to publish daily. A few are also former struggling dailies that cut back frequency.

Footnotes
6. E-mail from Mark Lopez, November 30, 2009.
12. U.S. Census Bureau, Median Household Income.
14. U.S. Census Bureau, 2008 American Community Survey
15. U.S. Census Bureau: Fact Finder


**Glossary**

Ethnic
By the Project For Excellence In Journalism

Glossary

Bilingual media: Bilingual media is in both English and the native language of the population being targeted. In print, bilingual material can appear throughout the paper (each article has its own English and non-English version), or certain articles can be in one language and others in English.

Ethnic media: Ethnic media is a term that is still sometimes debated. Some will argue that for ethnic media to truly be considered “ethnic media,” it must be both produced/owned by and targeted at a particular ethnic community. Others say that if an outlet is simply targeted at a particular ethnic population that is enough for it to be considered ethnic media.

**Charts & Tables**

Ethnic
By the Project For Excellence In Journalism
Charts and Tables
Summary Essay

Estimated Population Growth

Hispanic

Circulation of Major Spanish-Language Dailies
Hispanic Newspaper Ad Revenue
Hispanic Newspaper Revenue
National vs. Local Ad Revenue in Hispanic Newspapers
Number of Hispanic Newspapers
Number of Audited Hispanic Newspapers
Total Circulation of Hispanic Newspapers
Weekly Spanish vs. English News/Talk Radio Listening

African American

Africa Channel Total Net Loss
Average Monthly Circulation of Top African American Magazines
BET Pretax Profits
Circulation of Top African American Newspapers
TV One Pretax Profits
Backgrounders

Median Household Income by Race/Ethnicity
OVERVIEW INTRODUCTION

What now?

Inside news companies, the most immediate concern is how much revenue lost in recession the industry will regain as the economy improves.

Whatever the answers, the future of news ultimately rests on more long-term concerns: What are the prospects for alternative journalism organizations that are forming around the country? Will traditional media adapt and innovate amid continuing pressures to thin their ranks?

And with growing evidence that conventional advertising online will never sustain the industry, what progress is being made to find new revenue for financing the gathering and reporting of news?

The numbers for 2009 reveal just how urgent these questions are becoming. Newspapers, including online, saw ad revenue fall 26% during the year, which brings the total loss over the last three years to 41%.

Change in Ad Revenue by Medium, 2008 to 2009

Source: Cable: SNL Kagan; Online: eMarketer; Network: TNS Media Intelligence; Audio: Radio Advertising Bureau; Magazines: Publishers Information Bureau and is for ad pages sold, not revenue; Newspapers: estimate derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association; Local TV: Television Bureau of Advertising.¹

¹ Cable figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2008 and 2009, provided by SNL Kagan, a division of SNL Financial LLC. Online figures are total online display ad revenues, from January to September 2009, compared with the same period in 2008, provided by eMarketer. Network figures are based on revenue estimates for network television ads from January to December 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising. Radio figures are based on AM/FM advertising revenues from January 2009 to January 2010, compared with the same period in 2008-2009, provided by the Radio Advertising Bureau.
Local television ad revenue fell 24% in 2009; triple the decline the year before. Radio also was off 18%. Magazine ad revenue dropped 19%, network TV 7% (and news alone probably more). Online ad revenue over all fell about 5%, and revenue to news sites most likely also fared much worse.

Only cable news among the commercial news sectors did not suffer declining revenue last year.

The estimates for what happens after the economy rebounds vary and even then are only guesses. The market research and investment banking firm Veronis Suhler Stevenson projects that by 2013, after the economic recovery, three elements of old media — newspapers, radio and magazines — will take in 33% less in ad revenues than they did in 2006.

For newspapers, which still provide the largest share of reportorial journalism in the United States, the metaphor that comes to mind is sand in an hourglass. The shrinking money left in print, which still provides 90% of the industry’s funds, is the amount of time left to invent new revenue models online. The industry must find a new model before that money runs out.

The losses are already enormous. To quantify the impact, with colleague Rick Edmonds of the Poynter Institute we estimate that the newspaper industry has lost $1.6 billion in annual reporting and editing capacity since 2000, or roughly 30%. That leaves an estimated $4.4 billion remaining. Even if the economy improves we predict more cuts in 2010.

Network news division resources are likely down from their peak in the late 1980s by more than half — which amounts to hundreds of millions of dollars — and new rounds of cuts came in the last 12 months. Local television is harder to gauge, but one estimate puts the losses in the last two years at over 1,600 jobs, or roughly 6%. Staffing at the news magazines Time and Newsweek since 1983 is down by 58%.

2 So what about the new media experiments growing around the country? There are certainly exciting things happening, from former journalists creating specialty news sites and community sites, to citizens covering neighborhoods, to local blogs and social media.

In 2009 Twitter and other social media emerged as powerful tools for disseminating information and mobilizing citizens such as evading the censors in Iran and communicating from the earthquake disaster zone in Haiti. The majority of Internet users (57%) now use some kind of social media, including Twitter, blogging and networking sites, according to a new PEJ/Pew Internet & American Life survey.

Citizen journalism at the local level is expanding rapidly and brimming with innovation. This year’s report includes a new study of 60 of the most highly regarded sites. The prospects for assembling

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**Magazine** figures are based on ad pages sold – not revenue – provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. **Newspaper** estimates are derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association. **Local TV** figures are based on revenue estimates for local and national spot advertising on local TV from January to December 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising.

2 These figures, derived from analysis of staff boxes, show staffing at the two magazines of 710 in 1983 down to 373 in 2009.
sufficient economies of scale, audience and authority may be most promising at specialized national and international sites — efforts like ProPublica, Kaiser Health News and Global Post.

For all the invention and energy, however, the scale of these new efforts still amounts to a small fraction of what has been lost. While not all of the blogs and citizen efforts can be quantified, J-Lab, a project led by Jan Schaffer that studies new media, estimates that roughly $141 million of nonprofit money has flowed into new media efforts over the last four years (not including public broadcasting). That is less than one-tenth of the losses in newspaper resources alone.

Michael Schudson, the sociologist of journalism at Columbia University, sees the promise of “a better array of public informational resources emerging.” This new ecosystem will include different “styles” of journalism, a mix of professional and amateur approaches and different economic models — commercial, nonprofit, public and “university-fueled.”

Clay Shirky of New York University has suggested that the loss of news people is a predictable and perhaps temporary gap in the process of creative destruction. “The old stuff gets broken faster than the new stuff is put in its place,” he has written.

There is something important in these notions. As Schudson notes, the news industry became more professional, skeptical and ethical beginning in the 1960s. Many journalists think that sense of public good had been overtaken by a focus on efficiency and profit since the 1990s. In the collapse of those ownership structures, there is some rebirth of community connection and public motive in news.

Yet the energy and promise here cannot escape the question of resources. Unless some system of financing the production of content is developed, it is difficult to see how reportorial journalism will not continue to shrink, regardless of the potential tools offered by technology.

And as we enter 2010 there is little evidence that journalism online has found a sustaining revenue model. A new survey on online economics, released in this report for the first time, finds that 79% of online news consumers say they rarely if ever have clicked on an online ad.

There was certainly more talk of alternative approaches to advertising in the last year. Entrepreneur Steve Brill and others launched JournalismOnline.com, which offers news sites a mechanism for charging, but at this point it is more a possibility than a business reality. Rupert Murdoch announced discussions with Microsoft about higher payments for searching his content and insisted that everything his company produces would go behind pay walls. Columbia University produced a report that explored nonprofit and public funding sourcing and assessed the state of start up new media. The New York Times announced it was giving itself a year to figure out a way to charge for content to “get it really really right.” And more new media startups were planned, a growing sign that as old media continues to shrink, the ecosystem is changing and some things are growing.

But if a new model is to be found it is hardly clear what it will be. Our survey, produced with the Pew Internet and American Life Project, finds that only about a third of Americans (35%) have a news destination online they would call a “favorite,” and even among these users only 19% said they would continue to visit if that site put up a pay wall.3

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3 Includes both those who said they would pay for their favorite site if asked and those who say they already do.
In the meantime, perhaps one concept identifies most clearly what is going on in journalism: Most news organizations — new or old — are becoming niche operations, more specific in focus, brand and appeal and narrower, necessarily, in ambition.

Old media are trying to imagine the new smaller newsroom of the future in the relic of their old ones. New media are imagining the new newsroom from a blank slate.

Among the critical questions all this will pose: Is there some collaborative model that would allow citizens and journalists to have the best of both worlds and add more capacity here? What ethical values about news will settle in at these sites? Will legacy and new media continue to cooperate more, sharing stories and pooling resources, and if they do, how can one operation vouch for the fairness and accuracy of something they did not produce?

The year ahead will not settle any of these. But the urgency of these questions will become more pronounced. And ultimately the players may be quite different.

“I think the answer may come from places staffed by young people who understand the new technology and its potential and who have a passion for journalism,” said Larry Jinks, the highly regarded former editor and publisher who transformed the San Jose Mercury News a generation ago and who still sits on the board of the McClatchy Company.
MAJOR TRENDS

In past years we have tried to identify major trends emerging in the coming year, and many of those still apply now. For 2010, we want to emphasize six points.

• **As we learn more about both web economics and consumer behavior, the unbundling of news seems increasingly central to journalism’s future.** The old model of journalism involved news organizations taking revenue from one social transaction — the selling of real estate, cars and groceries or job hunting, for example, — and using it to monitor civic life — covering city councils and zoning commissions and conducting watchdog investigations. Editors assembled a wide range of news, but the popularity of each story was subordinate to the value, and the aggregate audience, of the whole. And the value of the story might be found in its consequence rather than its popularity. That model is breaking down. Online, it is becoming increasingly clear; consumers are not seeking out news organizations for their full news agenda. They are hunting the news by topic and by event and grazing across multiple outlets. This is changing both the finances and the culture of newsrooms. When revenue is more closely tied to each story, what is the rationale for covering civic news that is consequential but has only limited interest? The data also are beginning to show a shift away from interest in local news toward more national and international topics as people have more access to such information, which may have other effects on local dynamics.

• **The future of New and Old Media are more tied together than some may think.** A new multi-university study released in this report finds that even the best new-media sites in the country still have limited ability to produce content. No doubt they will evolve. Yet their reportorial capacity ultimately still will depend on finding a revenue model far larger than what exists today or than is projected to come from conventional advertising online. While there are some competing values and different reportorial cultures, in the end new and old media face the same dilemma and may be much more aligned in their search for revenue than many have thought. In some cases, there will be formal alliances or networks of new and old media. One concept that will get more attention is collaborations of old media and citizens is what some call a “pro-am” (professional and amateur) model for news. Yet how traditional news organizations cope with such partnerships, the rules for what is acceptable and what is not, remain largely uncharted.

• **The notion that the news media are shrinking is mistaken.** Reportorial journalism is getting smaller, but the commentary and discussion aspect of media, which adds analysis, passion and agenda shaping, is growing — in cable, radio, social media, blogs and elsewhere. For all the robust activity there, however, the numbers still suggest that these new media are largely filled with debate dependent on the shrinking base of reporting that began in the old media. Our ongoing analysis of more than a million blogs and social media sites, for instance, finds that 80% of the links are to U.S. legacy media. The only old media sector with growing audience numbers is cable, a place where the lion’s share of resources is spent on opinionated hosts. One result may be the rising numbers in polling data that show 71% of Americans feel now most news sources are biased in their coverage and 70% feel overwhelmed rather than informed by the amount of news and information they see. Quantitatively, argument rather than expanding information is the growing share of media people are exposed to today.
Technology is further shifting power to newsmakers, and the newest way is through their ability to control the initial accounts of events. For now at least, digital technology is shifting more emphasis and resources toward breaking news. Shrinking newsrooms are asking their remaining ranks to produce first accounts more quickly and feed multiple platforms. This is focusing more time on disseminating information and somewhat less on gathering it, making news people more reactive and less proactive. It is also leading to a phenomenon in which the first account from newsmakers — their press conferences and press releases — makes their way to the public often in a less vetted form, sometimes close to verbatim. Those first accounts, sculpted by official sources, then can rapidly spread more widely now through the power of the Web to disseminate, gaining a velocity they once lacked. That is followed quickly by commentary. What is squeezed is the supplemental reporting that would unearth more facts and context about events. We saw this clearly in a study of news in Baltimore, but it is reinforced in discussions with news people. While technology makes it easier for citizens to participate, it is also giving newsmakers more influence over the first impression the public receives.

The ranks of self-interested information providers are now growing rapidly and news organizations must define their relationship to them. As newsrooms get smaller, the range of non-journalistic players entering the information and news field is growing rapidly. The ranks include companies, think tanks, activists, government and partisans. Some are institutions frustrated by the shrinking space in conventional media and the absence of knowledgeable specialists to cover their subjects. Others are partisans and political interests trying to exploit a perceived opportunity in journalism’s contraction. There are varying degrees of transparency in these efforts about the financing and intentions. Some are quite clear. Others present themselves as purely journalistic and independent when in fact they are funded by political activists, yet only by digging and cross-referencing websites can the agenda and financing be divined. In an age where linking and aggregation are part of journalism, news organizations must decide how they want to interact with this growing cohort of self-interested information players. Will they pick up this material and disseminate it? Can they possibly police it? Can they afford to ignore it? The only certainty is that these new players are increasingly vying for the public’s and the media’s attention, and their resources, in contrast to that of traditional independent journalism, are growing.

When it comes to audience numbers online, traditional media content still prevails, which means the cutbacks in old media heavily impact what the public is learning through the new. An analysis in this year’s report of online audience behavior, extrapolated from Nielsen Net Ratings data, finds that 80% of the traffic to news and information sites is concentrated at the top 7% of sites. The vast majority of the top news sites (67%), moreover, are still tied to legacy media financed largely by their shrinking end of the business. New media are growing, but their ranks among the most trafficked sites are still small. Another 13% of these news sites are aggregators, whose content is derived from legacy media. Only 14% of these sites are online-only operations that produce mostly original reportorial content rather than

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4 The top news sites among Nielsen’s list of 4,600 are those sites with 500,000 unique visitors monthly, or the top 199 sites after government, consulting and database sites that do not produce news are culled from the list. The first reference includes all 4,600 sites on Nielsen’s list, which includes some government, consulting and databases that are not news.
commentary. In short, the cutbacks in old media are drastically affecting not only traditional media but still significantly impact online content as well.

SECTOR HIGHLIGHTS

Newspapers
Newspapers are not disappearing in droves. Only half a dozen went out of business or cut back print publication last year, most being second papers in their market. But ad revenues have fallen by nearly half in three years, staff cutbacks are dramatic. Papers are now at risk of becoming insubstantial, lacking the heft to satisfy those readers still willing to pay for a good print newspaper.

Audience
- Print circulation losses accelerated in 2009. In the latest period, September, industry-wide daily circulation fell 10.6% from a year earlier. Those come on top of losses of 4.6% in 2008. Since 2000, daily circulation has fallen 25.6%.

The sole winner among big papers was the Wall Street Journal, with a 0.6% gain in the six months ended September 30 compared to the same period in 2008, though it did so only because it can count paid online subscribers. The Journal passed USA Today as the nation’s highest circulation daily, 2 million to 1.9 million. The New York Times saw circulation fall 7.3% daily and 2.7% Sunday.
Economics

- In newspapers, ad revenue (for print and online combined) fell 26%, a rate of decline that was more than 50% steeper than a year earlier (16%). Adding to the problems, even online ads revenue fell, by 10%. That compares to a 35% growth rates just a few years ago.

- Papers responded to falling ad revenue by raising circulation prices, figuring the core audience would remain. Total newspaper revenue, including circulation, fell about 22% to a total of $38 billion.

News Investment

- Newsroom staffs continued to shrink in 2009. We estimate with colleague Rick Edmonds that by year’s end 5,900 more full-time newsroom jobs were lost, disproportionately at larger papers, on top of similar losses in 2008.

- Roughly a third of the newsroom jobs in American newspapers in 2001 are now gone, and those cuts come particularly in specialty beats like science and the arts, suburban government and statehouse coverage.

Ownership

- Few newspapers (14) changed hands in 2009, and those that did were in special circumstances, often bankruptcy.
On the other hand, the notion that newspapers in large numbers were going out of business was not true. In all only a half dozen ceased to exist or cut back on daily print publication in 2009, and most of those were among the few remaining second papers in their markets. A number of companies, due to debt obligations, went into some form of bankruptcy and some passed to private equity owners, but newspaper stocks were up from their rock bottom prices of 2008.

Digital

Online audience continued to be a positive counterpoint for the industry. Monthly unique visitors to newspapers rose 14% in 2009, according to Nielsen Online to roughly 74 million.

Starting in mid-2007, basic online display rates started falling and have continued to decline. It’s a simple case of supply and demand. Whatever one thinks of the journalistic merits of online startups, blogs and now social media, they have created an explosion of inventory, and dirt-cheap advertising opportunities. Aggregation sites like Yahoo and Huffington Post have huge audiences, taking further ad share from newspapers.

Online

The state of online news heading into 2010 may best be described as a moving target. Digital delivery is now well established as a part of most Americans daily news consumption. Six in ten Americans get some news online in a typical day—and most of these also get news from other media platforms as well.

Audience

Online, an analysis of the list of Nielsen Net Ratings list of 4,600 news and information sites saw the collected number of unique visitors grow 9.25% in 2009, according to a PEJ analysis.

<table>
<thead>
<tr>
<th>Content Emphasis</th>
<th>Monthly Visits Per Person</th>
<th>Monthly Web Pages Per Person</th>
<th>Monthly Time per Person (min:sec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and International</td>
<td>4.55</td>
<td>17.45</td>
<td>13:48</td>
</tr>
<tr>
<td>Local</td>
<td>3.28</td>
<td>15.67</td>
<td>10:52</td>
</tr>
<tr>
<td>Niche</td>
<td>2.86</td>
<td>8.93</td>
<td>07:34</td>
</tr>
</tbody>
</table>

But on that list the top sites tend to dominate. Of the 4,600 sites, the top 7% collect 80% of the traffic. And the top 20 sites attract the majority of that. Legacy media still make up the majority of the most popular destinations, although each year newly created websites are joining the list.
A new Pew Internet-PEJ survey finds only 21% of online news consumers rely primarily on one destination for news online; only a third even say they have a favorite website. But these online news grazers do not range far. Most people, 57%, range from using two to five websites, and only 11% use more than six.

Economics
- Advertising during the year declined for the first time since 2002, according to data from eMarketer. The firm’s updated August projections put the declines at 4.6%, to $22.4 billion in total revenues.

- But some categories fared better than others. Search, which flows mostly to aggregators like Google, was projected to grow 3% in 2009 to $10.8 billion. But display advertising revenue, which news sites rely on, was expected to fall 2% to $4.8 billion. Classified revenue was projected to plummet 31% to $2.2 billion in 2009. Accounting for 17% of online ad spending in 2003, classified are now just 9%.

Are Users Willing to Pay for Their Favorite News Sites?

Source: “Will Consumers Pay for Online News: Even Those With a Favorite Site Say No” Pew Project for Excellence in Journalism and Pew Internet and American Life Project

- A new survey by PEJ and Pew Internet and American Life Project suggests there is a difficult hill to climb in putting content behind a pay wall. Of those that have a favorite Web site (just a third of online news users), only 19% said they would continue to visit if that site put up a pay wall.5

- The prospects for growth in conventional display advertising also look difficult. The vast majority of Internet users, 79%, say they never or rarely had clicked on an online advertisement. They don’t mind them. They simply ignore them.

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5 Includes both those who said they would pay for their favorite site if asked and those who say they already do.
News Investment

- The money invested in online news operations is becoming increasingly difficult to quantify. As the internet becomes more an integral part of most newsrooms, it also becomes harder to distinguish between resources being devoted solely to the digital and resources being devoted to other platforms.

- Of the top roughly 200 sites analyzed by PEJ, fully 67% are tied to a legacy media outlet, meaning that they are at least partly funded by another platform such as cable TV or newspapers.

Network TV

As 2009 began viewership of the evening newscasts actually rose for three months straight, but more declines quickly followed. What is occurring in network evening news is erosion, not a collapse. And there are new worries about the networks’ morning news programs. For years after evening numbers began to fall, morning shows were a bright spot. That is now changed. In 2009 morning news audiences fell for the fifth straight year.

Audience

- For the evening news programs, the rate of erosion appears to be slowing. Viewership for the year fell 2.5% (or 565,000 viewers), but that is about half the number of viewers lost annually over the last two decades. (The NBC Evening News actually gained viewers in 2009, while ABC’s World News Tonight lost the most heavily.)

Evening News Viewership Over Time

1980-2009, November to November

![Evening News Viewership Over Time](source: Nielsen Media Research, used under license. Ratings taken for month of November)
Even with the declines, 22.3 million viewers tune in to network evening newscasts each weeknight at the dinner hour. That is more than five times the number watching cable news at any given moment during prime time, when more TV sets are in use.

In the morning, 12.8 million people watch network morning shows. That figure, however, is down 2.4% from 2008, and marks the fifth year of decline.

**Economics**

- Network news economics are harder to divine, but PEJ estimates that the three news divisions in 2009 saw revenue declines — probably in double digits. NBC now derives more than half of its news revenues from cable, and its single most important financial contributor is its financial cable news channel CNBC. PEJ estimates that CBS News did not turn a profit, and ABC managed to do so only with cutbacks.

**News Investment**

- In network television, the roster of journalists also continues to shrink. ABC News instituted three sets of cuts in the past year, including a cut of 25% in early 2010. NBC went through two rounds of cuts and CBS announced a big round in early 2010.

- We estimate that network news staffs had already been cut by roughly half from their peak in the 1980s.

<table>
<thead>
<tr>
<th>Domestic News Staffing, by Network, 2008-2009</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>ABC</td>
</tr>
<tr>
<td>CBS</td>
</tr>
<tr>
<td>NBC</td>
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<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Leadership Directories (early 2010 announced staff reductions for ABC and CBS not included.)

**Digital**

- In April 2009, Disney, ABC’s parent company, became a part of owner of the video site Hulu, joining NBC parents General Electric and Vivendi as well as News Corp., the owner of Fox. In February 2010 ABC made its news programs, including World News Tonight, Good Morning America, Nightline, This Week, Primetime, 20/20 and ABC News Now available on Hulu.

- Of the three networks, only NBC (MSNBC.com) is among the top five news websites in rankings from Nielsen Online (No. 2) and Hitwise (No. 3).
Cable TV

Cable news in 2009, in nearly every indicator, was more robust than the previous year. Much of this growth was on the back of Fox News Channel, which offset some struggles at CNN and MSNBC. Ideology and opinion, now a centerpiece of the medium, was a key factor in that growth equation.

Audience
- Overall, median prime-time viewership for the three main news channels grew 7% to 3.88 million, while daytime rose 16% to 2.16 million.

- But those overall numbers are deceptive. At night, when cable is dominated by ideological talk shows, Fox grew by nearly a quarter to an average of 2.13 million viewers at any given moment. MSNBC rose 3% to 786,000, while CNN fell 15% to 891,000 viewers.

- In daytime, CNN was up 9% over 2008 to an average of 621,000 viewers. But Fox daytime viewership grew again by almost a quarter, to roughly twice CNN’s audience (1.2 million viewers). MSNBC, relying on NBC news people more than talk show hosts, fell 8% to 325,000 viewers.

Economics
- Cable remained the outlier in 2009. Overall revenues for the three major players rose an estimated 5% thanks to subscription fees and audience growth. Ad revenue was flat, up less than 1%, but profits rose 9%.

- The channels’ particulars are more revealing. Fox saw profits grow 19% to $535 million on revenue growth of 14% to $1.21 billion, according to data from SNL Kagan. CNN and its sibling HLN saw profits rise 1% to $476 million on revenues that were down 1% to $1.18 billion.
billion. At MSNBC, profits rose 1% to $150 million, on revenues that were similar, up less than 1% to $368 million.

**News Investment**

- Again, only cable, thanks largely to its reliance on subscriptions for half of its revenue, could claim more overall investment in newsgathering in 2009 than the year before, though those aggregate numbers are not true across the board.

- Fox News Channel’s estimated investment in news was up 10% to $674 million. Fox, however, spends 72% of that on producing its host-driven programs, including multimillion-dollar salaries. Only 28% goes to administrative and overhead costs, which include staffing and bureaus. That number, $188 million, is less than half of what is spent by CNN and HLN.

- CNN and HLN’s overall news investment fell for the first time in years in 2009, down 2.5% to $703.4 million. MSNBC, whose newsgathering is mostly borrowed from sibling NBC, was expected to spend roughly the same amount on newsgathering in 2009 as a year earlier, $218 million.

**Ownership**

- Perhaps the biggest news in media ownership in 2009 was the pending sale by General Electric and Vivendi of NBC Universal to the cable company Comcast. The sale includes NBC’s broadcast network, cable channels and company-owned local TV stations.
Digital
- All three of the major cable news channel websites ranked in the top 10 news and information sites in 2009. According to Hitwise, the top cable site was CNN.com, which ranked number two over all. According to Nielsen Online, it was the MSNBC digital network of sites, which as a whole, ranked number two over all.
- Each of the cable news sites expanded their digital presence in some way during 2009. CNN.com relaunched its site and released an iphone app that streams live content. Foxnews.com increased its web staff by 25%. And MSNBC.com purchased EveryBlock, a Chicago-based local news aggregator.

Local TV
Almost all the indicators for local TV are pointing down. Audiences continue to fall for newscasts across all timeslots. Revenue, too, was in a free fall. Looking ahead, most market analysts project revenues to grow only slightly, but that is hardly taken as good news given that it is a year that will include both the off-year elections and winter Olympic Games.

Audience
- Local television news is now seeing accelerating audience declines beyond those in network. According to PEJ’s analysis of Nielsen data, viewership of the late news fell an average of 6.4% in 2009, four times the rate of a year earlier.
- Early evening news, at the dinner hour, fell 5.5%. And early morning news, the programs that air prior to network morning shows that have been an island of relative stability for audiences, fell by 6.1% on average.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late News</td>
<td>27.9</td>
<td>26.2</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Early Evening News</td>
<td>24.1</td>
<td>22.8</td>
<td>-5.5</td>
</tr>
<tr>
<td>Morning News</td>
<td>11.9</td>
<td>11.3</td>
<td>-6.1</td>
</tr>
</tbody>
</table>

Source: Nielsen Media Research, used under license.
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

Economics
- In local television, after an unprecedented ad revenue downturn for an election-Olympics year in 2008, declines accelerated in 2009. Ad revenue fell 24% from the year before.
- Most analysts predict a better 2010, buoyed by economic recovery, a Supreme Court decision overturning limits on campaign spending and a midterm election year. But those numbers will be pressured still by continuing audience declines and a wider range of advertising options.
News Investment

- In local TV news, PEJ estimated that about 450 jobs were lost at stations in 2009, on top of 1,200 jobs lost in 2008. Despite staff reductions, the average amount of news increased to 4.6 hours, from 4.1 hours the previous year. Researcher Robert Papper estimates that local TV newsroom staffing peaked in 2007.

Ownership

- Station sales transactions were up in 2009, both in number and dollar value, although most of that activity was the result of bankruptcy auctions or sales of distressed properties.

  - According to one accounting, there were 76 station transactions in 2009, with a total value of $715 million. This compared with 46 in all of 2008 for a value of $537 million. Investors had trouble getting credit for acquisitions and station values were down throughout 2009.

Digital

- In 2009, station website revenues were expected to represent 10% of all local online revenues, up from 8% the year before, according to Borrell projections. By 2010, their share is expected to increase to 11%.

  - Local TV revenues from online sources, such as the Internet and mobile represented just 3% of industry revenues in 2009, according to BIA/Kelsey Group.

Magazines

In a tough year for magazines, news magazines were especially hard hit despite efforts by some to reinvent themselves. Newsweek announced it would focus on analysis, rather than news, and U.S. News
& World Report converted to a subject-specific monthly. Both lost readers in droves. The biggest winners were British: The Economist gained circulation, again, and The Week gained in ad pages.

**Audience**
- Of the 472 consumer magazines for which comparable data were available from the Audit Bureau of Circulations, circulation fell 2.23% for the last six months of 2009 compared with the same period a year earlier. And the type of circulation that cannot be controlled through promotional discounts — single-copy, or newsstand, sales — fell 9%, on top of 11% a year earlier.
- The six news magazines tracked here, excluding U.S. News & World Report after its conversion to monthly, fell 8.2%.

**Circulation for Select News Magazines over Time**

![Circulation graph](image)

*Source: Audit Bureau of Circulations, annual audit reports and publisher’s statements. Figures are full year, except 2009 data for The Atlantic, Week, New Yorker and U.S. News, which are averages for the six months ending December 31, 2009. U.S. News & World Report became a monthly in 2009.*

**Economics**
- In magazines, the number of ad pages sold across all titles (beyond just news) fell by 26% in 2009; more than double the decline of a year earlier (12%). Almost every magazine suffered. Only 8% of the nearly 250 titles monitored saw an increase in ad pages.
- Among news magazines, the larger ones were hard hit. Time and Newsweek, for instance, saw ad pages fall 17% and 26% respectively. Niche news magazines examined tended to do better, though even here, the only one to gain ad pages was the Week, up 9.5%.
News Investment

- At news magazines, the cutting continued as the publications moved farther, although not entirely, toward opinion journalism. Time’s ranks fell 20% more in 2009. U.S. News & World Report, in converting to a monthly print periodical, reduced its news staff by 38%. Newsweek cut about 9%.

- But the numbers over time reveal more. Time’s staff of 147 is less than half of the 304 it listed in 2003. Newsweek’s 150 is 15% less than the 176 in 2003, and 57% less than the 348 it listed in 1983.

![News Magazine Staff Size Over Time](chart.png)

2008 Newsweek total reflects figures from a staff box published in February 2009.
Source: PEJ research, from magazine staff boxes

Ownership

- In magazines, 41 acquisitions were made in 2009, compared with 42 a year earlier, according to tracking by the Jordan, Edmiston Group.

- One of the higher-profile sales of the year was Bloomberg’s purchase of BusinessWeek from McGraw-Hill in a deal reported to include $5 million in cash and the assumption of $31.9 million in debt.

- In another significant acquisition, the Economist Group purchased Congressional Quarterly from the Times Publishing Co., the owner of the St. Petersburg Times. Times Publishing is owned by the Poynter Institute.
Digital

- As a group, news magazine websites rank relatively low in the hierarchy of the Web compared with other media. The biggest, Time.com, for instance, attracts one-seventh the number of unique monthly visitors as Yahoo News, which sits by most counts at the top of news sites. Time’s traffic is less than a third of that of the top newspaper website, the New York Times, according to data from Nielsen NetView.

- Over all, traffic to online-only news magazines fluctuated throughout 2009, but rarely hit the peaks of late 2008 when the nation was engaged in an avidly followed presidential election. Even the biggest, Slate, still fell short of Time and Newsweek’s websites then in unique monthly visitors, according to data from Nielsen, but attracted twice as many as U.S. News & World Report.

Audio

The dynamics impacting audio’s future are clearer with each year. Most people still listen to news, talk and music for at least a little while every week, and they do most of this listening through traditional broadcast, or “terrestrial,” radio. This is where the audience is largest. Yet this is where the profit and revenue are under the most pressure. Many stations have left the air and some owners of multiple stations have entered bankruptcy.

Audience

- Fully 236 million Americans listened to at least some radio in an average week in the fall of 2009, a number that has been basically static for the past five years, and news/talk/information remains among the most popular formats.

Source: National Public Radio. The figures are according to Arbitron nationwide Spring 2005-Spring 2009.
• NPR’s audience in 2009 rose slightly, up 0.1%, from 2008. But new technology is encroaching on the amount of traditional radio use.

• More than 4 in 10 Americans now say they listen to less terrestrial radio because of iPods/MP3s. Nearly 1 in 3 now say they listen to online radio.

Economics
• Traditional broadcast radio experienced an 18% drop in ad revenue in 2009 compared to 2008. Internet and mobile radio revenues are growing (a projected 9.4%), but they do little to alleviate the pressure – counting for less than one fortieth of total.

• In satellite radio, SiriusXM in 2009 increased its revenue 3.7%, compared with a year earlier, to $2.5 billion compared to 2008. The company, however, both before and after the merger, has continued to report net losses in each of the last three years. In 2009 SiriusXM posted a net loss of $441 million.

News Investment
• In audio, news plays an unusual role. The number of stations identified by Arbitron as news/talk/information rose in 2009 to 1,583, up from 1,533 in 2008. This category is broadly defined and includes a large amount of talk programming.

• But all-news stations make up a much smaller category. In 2009, there were just 27 commercial stations around the country that listed themselves as all news, down from 31 the year before. And even here the label is self-defined and may include talk or other less news-oriented programs. In commercial radio, local all-news stations now tend to be limited to the largest markets.

News/Talk Radio Growth

Ethnic
In a year that saw the inauguration of the country’s first black president and the arrival on the Supreme Court of the first Hispanic justice, the ethnic news media managed to stay in relatively good health, despite the worst recession since the Great Depression. Some segments fared noticeably better than their mainstream counterparts, but there were areas of trouble. Perhaps more than anything else, 2009 spoke to both the unique appeal and particular fragility of media outlets that appeal to specific ethnic groups.

Hispanic
- For the 12 months ending June 2009, ad revenue for Spanish-language media fell by 6.3%, to $5.5 billion, according to Nielsen. For local Hispanic newspapers, advertising revenue fell 20.3% to $88.6 million during the 12-month period through June 2009. Ad revenue to national Hispanic magazines fell by 17.5% to $146.7 million.

- Of the three biggest dailies, New York’s El Diario/La Prensa had fairly stable circulation while the other two experienced steep declines. La Opinión in Los Angeles lost 8.4% of its average weekday circulation and Miami’s El Nuevo Herald experienced a near 22% decline in its weekday circulation.

- Hispanic television experienced a 2% declines in advertising revenue in 2009, much less severe than Spanish-language print outlets or much of the mainstream press. And the two biggest players, Univision and Telemundo increased their audience, in some cases now competing with the major English language networks. Univision reported an 11% increase to 3.9 million viewers. record 2008-09 television season, with an average total viewing audience of. Its rival, Telemundo, rose 1.6% to 640,000 weekly viewers through November 15, 2009, versus the same point in 2008.

Circulation of Major Spanish-Language Dailies,
for the 26-week period ending September 30, 2001-2009

Source: Audit Bureau of Circulations publisher’s statements
African American

- In a difficult year, advertising revenue for African American media declined 9.6%, to $1.8 billion, in the 12 months ending June 2009, according to estimates by the Nielsen Company. One major African American newspaper, however, The New York Amsterdam News, stood out with a reported increase in circulation of 46% from the same period the year before.

- Ad revenue for national African American magazines fell 21.8% to $452 million, for the 12 months ending June 2009. Among the most prominent, Jet reported a decline of 6.5% and Ebony 10%, in the six months ending June 2009 compared to the same period the year before. Essence increased circulation almost 4%.

- African American cable television, on the other hand, showed a 6.7% growth in advertising revenue to $529 million in the 12 months ending June 2009 from $495.7 million for the same period the year before. In ratings, BET had its best ever year in 2009, averaging 512,000 viewers per month for the year, a gain of 17% over 2008.

![Average Monthly Circulation of Top African American Magazines](chart)

Source: Audit Bureau of Circulations publisher’s statements for the six-month period ending June 30

Asian American

- The English-language KoreAm Journal maintained its circulation in 2009, but laid off staff, cut salaries and reduced the monthly magazine’s editorial page count by 25 to 30%.

- Of the two major bilingual Japanese-American publications, Hokubei Mainichi, published out of San Francisco since 1948, ceased print publication in December 2009 and fired its staff. Nichi Bei Times stopped publishing on September 10, 2009, only to re-emerge a week later as the English-language Nichi Bei Weekly.
Native American

- As of October 2009, there were 34 local Native American stations on the air, some of which also streamed their radio programming online and shared programming with mainstream public radio stations. In 2009, the FCC granted an additional 35 local construction permits connecting tribes to the Native radio system. These new stations are in development and would eventually double the total number of stations dedicated to Native Americans.

Arab American

- The weekly Aramica reported half the circulation of 2008 – 14,000 or 15,000. Still, In August 2009 the paper started an edition in Los Angeles, becoming the first bicoastal Arab American newspaper in the United States.