



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Overview – Intro

Intro

By the Project for Excellence in Journalism

The state of the American news media in 2008 is more troubled than a year ago.

And the problems, increasingly, appear to be different than many experts have predicted.

Critics have tended to see technology democratizing the media and traditional journalism in decline. Audiences, they say, are fragmenting across new information sources, breaking the grip of media elites. Some people even advocate the notion of “The Long Tail,” the idea that, with the Web’s infinite potential for depth, millions of niche markets could be bigger than the old mass market dominated by large companies and producers. ¹

The reality, increasingly, appears more complex. Looking closely, a clear case for democratization is harder to make. Even with so many new sources, more people now consume what old media newsrooms produce, particularly from print, than before. Online, for instance, the top 10 news Web sites, drawing mostly from old brands, are more of an oligarchy, commanding a larger share of audience, than in the legacy media. The verdict on citizen media for now suggests limitations. And research shows blogs and public affairs Web sites attract a smaller audience than expected and are produced by people with even more elite backgrounds than journalists. ²

Certainly consumers have different expectations of the press and want a changed product.

But more and more it appears the biggest problem facing traditional media has less to do with where people get information than how to pay for it — the emerging reality that advertising isn’t migrating online with the consumer. The crisis in journalism, in other words, may not strictly be loss of audience. It may, more fundamentally, be the decoupling of news and advertising.

This more nuanced recognition is also putting into clearer relief what news people see as their basic challenge: somehow they must reinvent their profession and their business model at the same time they are cutting back on their reporting and resources. “It’s like changing the oil in your car while you’re driving down the freeway,” said Howard Weaver, the chief news executive of the McClatchy Company.

In broad terms, the fundamental trends transforming how people acquire news continued in the last year. More effort

keeps shifting toward processing information and away from original reporting. Fewer people are being asked to do more, and the era of reporters operating in multimedia has finally arrived. In newspapers, and to lesser extent in network television, an expanding list of buyouts and layoffs in 2007 was expected to grow further in 2008 — in some cases even at online organizations.

The pressure points vary by news sector. In print, the problem is vanishing advertising, particularly classified. Were it not for that one sector, newspapers' problems would be comparatively modest. In television, where problems with audience are more acute, the industry is being sustained by the fact that still nothing compares to the persuasiveness of television advertising. Online, the problem is that the revenue model is in search, not conventional advertising — and journalism sites are now already lagging behind other Internet sectors financially.

Despite all this, those who remain in the newsroom, particularly in print, evince a stubborn optimism — a sense of mission to prove what they consider a calling still has resonance and in time will find financial footing. Certainly there is skepticism on Wall Street, from the public, in some cases from owners. Yet experimentation is proving liberating, even if some experiments make news people queasy. News organizations, or at least some, have become places of risk and innovation and feel growing connection with audiences, something we could not have said a few years ago.

Footnotes

1. Anderson, Chris, 2006. "The Long Tail," Hyperion, and 2004, "The Long Tail." Wired.
<http://www.wired.com/wired/archive/12.10/tail.html>

2. Hindman, Matthew, 2007, "Political Accountability and the Web's Missing Middle," paper prepared for presentation at the Princeton Conference on Changing Media and Political Accountability, adapted from his forthcoming book, "The Myth of Digital Democracy," Princeton University Press. Hindman's research casts a variety of doubts about democratization. Among them, he finds that the top 10 news Web sites account for 29% of all Web traffic. The top 10 papers in newspapers, in contrast, account for 19% of newspaper circulation. "Across every measure, newspaper content is more concentrated online than in print." Hindman's research also establishes a stronger pedigree in terms of elite education and advanced post-graduate degrees for the top bloggers than for the country's leading op-ed columnists. And the top news Web sites have 30 times the traffic of the top political and public affairs Web sites.

Major Trends

Major Trends
By the Project for Excellence in Journalism

In this, the fifth edition of our annual report tracing the revolution of news, several trends bear particular notice heading into 2008.

- **News is shifting from being a product — today's newspaper, Web site or newscast — to becoming a service — how can you help me, even empower me?** There is no single or *finished* news product anymore. As news consumption becomes continual, more new effort is put into producing incremental updates, as brief as 40-character

e-mails sent from reporters directly to consumers without editing. (The afternoon newspaper is also being reborn online.) Service also broadens the definition of what journalists must supply. Story telling and agenda setting — still important — are now insufficient. Journalism also must help citizens find what they are looking for, react to it, sort it, shape news coverage, and — probably most important and least developed — give them tools to make sense of and use the information for themselves. News people are uncertain how the core values of accuracy and verification will hold up. Some of the experiments, even the experimenters think, are questionable. And people are being stretched thinner, posing hard questions about how to manage time and where to concentrate. But the hope is that service, more than storytelling, could prove a key to unlocking new economics.

- **A news organization and a news Web site are no longer final destinations.** Now they must move toward also being stops along the way, gateways to other places, and a means to drill deeper, all ideas that connect to service rather than product. “The walled garden is over,” the editor of one of the most popular news sites in the country told us. A site restricted to its own content takes on the character of a cul de sac street with yellow “No Outlet” sign, reducing its value to the user. “Search has become the predominant ... paradigm,” an influential market research report circulating throughout the industry reads. That means every page of a Web site — even one containing a single story — is its own front page. And each piece of content competes on its own with all other information on that topic linked to by blogs, “digged” by user news sites, sent in e-mails, or appearing in searches. As much as half of every Web page, designers advise, should be devoted to helping people find what they want on the rest of the site or the Web. That change is already occurring. A year ago, our study of news Web sites found that only three of 24 major Web sites from traditional news organizations offered links to outside content. Eleven of those sites now offer them. Some of this may simply be automated, which may be a service of limited value.
- **The prospects for user-created content, once thought possibly central to the next era of journalism, for now appear more limited, even among “citizen” sites and blogs.** News people report the most promising parts of citizen input currently are new ideas, sources, comments and to some extent pictures and video. But citizens posting news content has proven less valuable, with too little that is new or verifiable. (It may thrive at smaller outlets with fewer resources.) And the skepticism is not restricted to the traditional mainstream media or “MSM.” The array of citizen-produced news and blog sites is reaching a meaningful level. But a study of citizen media contained in this report finds most of these sites do not let outsiders do more than comment on the site’s own material, the same as most traditional news sites. Few allow the posting of news, information, community events or even letters to the editors. And blog sites are even more restricted. In short, rather than rejecting the “gatekeeper” role of traditional journalism, for now citizen journalists and bloggers appear to be recreating it in other places.
- **Increasingly, the newsroom is perceived as the more innovative and experimental part of the news industry.** This appears truer in newspapers and Web sites than elsewhere. But still it represents a significant shift in the conversation. A decade ago, the newsroom was often regarded as the root of journalism’s disconnection from the public and its sagging reputation. “I think we may need to just blow up the culture of the newsroom,” one of the country’s more respected editors told a private gathering of industry leaders in 1997. Now the business side has begun to be identified as the problem area, the place where people are having the most difficulty changing. “My middle management in advertising and distribution is where I see the deer-in-the-headlights look,” one publisher recently told us. “Advertising doesn’t know how to start to cope,” said a major industry trade association leader. A

survey of journalists from different media (being released with this year's report) reinforces this sense. Majorities think such things as journalists writing blogs, the ranking of stories on their Web sites, citizens posting comments or ranking stories, even citizen news sites, are making journalism better — a perspective hard to imagine even a few years ago. These new technologies are seen as less a threat to values or a demand on time than a way to reconnect with audiences. News people also are less anxious about credibility, the focus of concern a few years ago. Their worries now are about money.

- **The agenda of the American news media continues to narrow, not broaden.** A firm grip on this is difficult but the trends seem inescapable. A comprehensive audit of coverage shows that in 2007, two overriding stories — the war in Iraq and the 2008 presidential campaign — filled more than a quarter of the newshole and seemed to consume much of the media's energy and resources. And what wasn't covered was in many ways as notable as what was. Other than Iraq — and to a lesser degree Pakistan and Iran — there was minimal coverage of events overseas, some of which directly involved U.S. interests, blood and treasure. At the same time, consider the list of the domestic issues that each filled less than a single percent of the newshole: education, race, religion, transportation, the legal system, housing, drug trafficking, gun control, welfare, Social Security, aging, labor, abortion and more. A related trait is a tendency to move on from stories quickly. On breaking news events — the Virginia Tech massacre or the Minneapolis bridge collapse were among the biggest — the media flooded the zone but then quickly dropped underlying story lines about school safety and infrastructure. And newer media seem to have an even narrower peripheral vision than older media. Cable news, talk radio (and also blogs) tend to seize on top stories (often polarizing ones) and amplify them. The Internet offers the promise of aggregating ever more sources, but its value still depends on what those originating sources are providing. Even as the media world has fragmented into more outlets and options, reporting resources have shrunk.
- **Madison Avenue, rather than pushing change, appears to be having trouble keeping up with it.** Like legacy media, advertising agencies have their own history, mores and cultures that keep them from adapting to new technology and new consumer behavior. The people who run these agencies know the old-media methods and have old-media contacts. New media offer the promise of more detailed knowledge of consumer behavior, but the metrics are still evolving and empirical data have not yet delivered a clear path. Advertising executives, in other words, do not have answers any more than the news professionals. In the short run, this may be helping traditional media hold onto share of advertising revenue. For now, the future seems to point to more confusion and fragmentation before new models emerge. But the losses could begin to accelerate when answers come. The question of whether, and how, advertising and news will remain partners is unresolved.

These trends add to those we have discussed in earlier years of this report. In the inaugural State of the News Media report in 2004, we outlined the broad contours of the revolution in news. Journalism is not disappearing, we concluded, but it is changing. Consumers trust and rely on journalists less, and expect more of them, because they have alternative sources of information. In subsequent years we have tracked the splintering of journalism into new norms, including the rise of a new commercially driven Journalism of Affirmation, the shift at many traditional news outlets toward becoming niche products, the emergence of what we call the new Answer Culture in news, and growing doubts about the ultimate potential of advertising online. We have also outlined ways in which newsrooms of the future probably need to change.

The study, which we believe is unique in depth and scope, breaks the news industry into eight sectors (newspapers, magazines, network, cable and local television, the Internet, radio and ethnic media) and builds off many of the findings from a year ago.

This year, we have a special report on **the future of advertising**, a **survey of journalists**, and a new **comprehensive study of the content of the press**.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

Two overriding, continuing stories took turns dominating headlines in 2007. As the year began, the increasingly bloody Iraq war and the fierce political debate over war strategy drove intensive coverage of the conflict. And the launch of Barack Obama's and Hillary Clinton's presidential candidacies at the outset of the year triggered aggressive coverage of the earliest-starting campaign in U.S. history.

Broadly speaking, the stories had reverse trajectories. By the end of the year, with the surge deemed largely to be working and President Bush in control of war policy, coverage of the Iraq conflict diminished considerably — with coverage of the political debate dropping more sharply than news of events on the ground. And with the Iowa caucus and the New Hampshire primary drawing near, coverage of the campaign swelled.

Taken together, the two continuing story lines — war and a presidential election — consumed a large portion of the media's energy and resources, and nearly a third of the overall newshole in PEJ's analysis of the news media. Factor that in with the broader trends affecting the news industry — economic retrenchment, staffing cuts and recalibrated ambitions — and 2007 became a year notable for the narrowness of the news agenda, defined almost as much by what wasn't covered as what was.

For 2007, PEJ offers a more in-depth, comprehensive analysis of news coverage than ever before. It examines coverage every weekday for the entire year in 48 media outlets and five media sectors, as well as Sunday newspapers. More than 70,000 stories were examined. The results offer what we believe to be an unprecedented view of what the mainstream media delivered in 2007 as well as insights into the priorities, tendencies and trends that helped define the news agenda. Among the key findings are:

- In the fragmenting media universe, the “old media” sectors — such as newspapers and network television — seem to have a broader and more diverse news agenda than the newer, more opinionated platforms, notably talk radio and cable television news. Not only did the older sectors offer a wider variety of subject matter, but they also were the least likely to be dominated by a few mega-stories, such as the Iraq war and politics. Talk radio and cable news tended to take the one or two hottest stories in the news and magnify them over the airwaves.
- In a strict sense, the American media did not in 2007 cover the world. Rather it would be more accurate to say it covered some U.S. interests abroad. Beyond Iraq, only two countries in 2007 received notable coverage, both closely related to the war — Iran and Pakistan. Among the arguably newsworthy places that received scant attention

were Afghanistan, North Korea, Darfur, Russia, China and Lebanon.

- The media and the public often disagreed about which stories were important in 2007. For one thing, citizens suggested that the press failed to deliver sufficient coverage of some basic bread and butter issues, such as rising gas prices, toy recalls, and the legislative battle over children's health insurance. They also showed less interest than the media in the crisis in Pakistan and certain aspects of the Iraq debate, such as General David Petraeus' September appearance before Congress. To the extent the press covered distant parts of the world, people in some ways thought even that was too much.
- Rush Limbaugh's reference to the mainstream press as the "drive-by" media may be an ideologically driven critique, but in the case of several major stories in 2007, including the Virginia Tech massacre, the media did reveal a tendency to flood the zone with instant coverage and then quickly drop the subject. The media in 2007 had a markedly short attention span. Despite the fascination in some quarters with Hollywood bad girls such as Britney Spears, Paris Hilton and Lindsay Lohan, the reality is that much of the mainstream media wasn't very interested in tabloid-style gossip and scandal. To the extent that there is interest in the mainstream press, the largest share comes from cable television news.

A Narrower News Agenda:

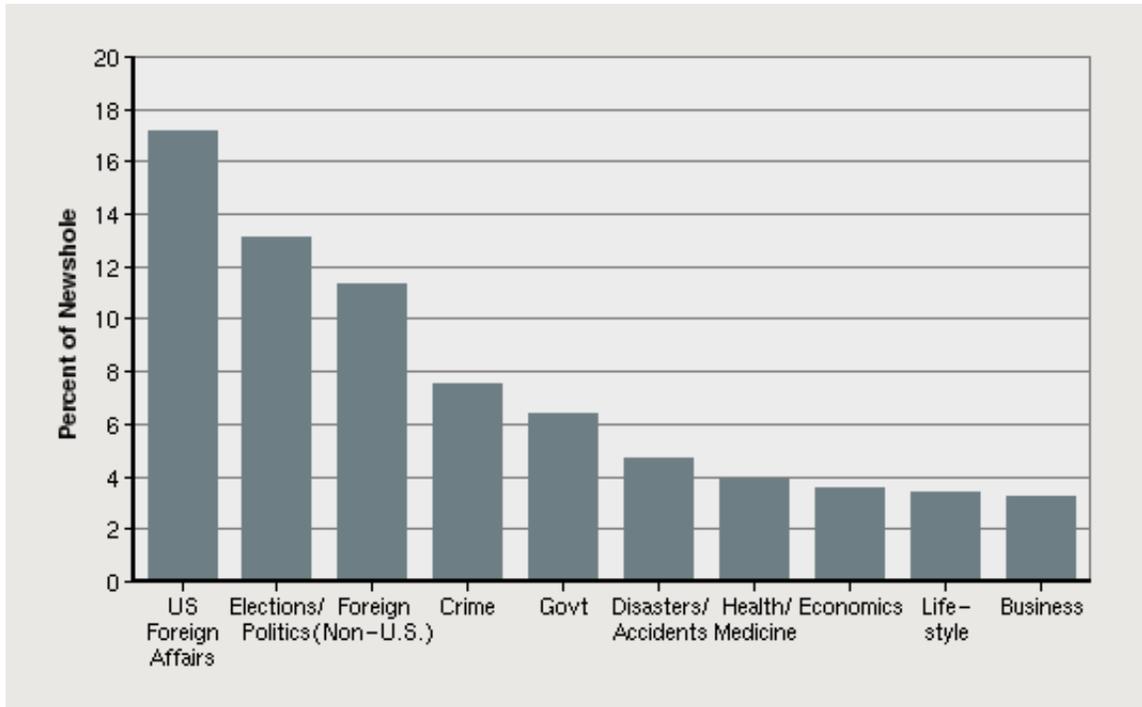
News consumers may have had more choices than ever for where to find news in 2007, but that does not mean they had more news to choose from. The news agenda for the year was, in fact, quite narrow, dominated by a few major general topic areas. Together, coverage of U.S. foreign policy and U.S. politics and elections accounted for almost one-third of the overall newshole for the year. It gets even narrower if we look at the specific news stories that drove coverage in each of those topic areas. Year-long coverage of the 2008 Presidential campaign pre-empted most political attention. And coverage of U.S. foreign policy topic was dominated by the war in Iraq and the debate over war strategy.

The third-biggest topic area in 2007 (11%) involved foreign events not directly related to U.S. actions. But these, too, rather than broadening the news agenda, point to a narrow range of coverage. First, Iraq and the two other areas of anti-terrorism concern — Iran and Pakistan — accounted for more than a quarter of that coverage. And another chunk of that foreign coverage involved one-time events, man-made and natural disasters such as plane crashes and hurricanes, lifestyle, science, celebrity, crime, and even lingering questions about the death of Princess Di. These stories ranged from the damage caused by Hurricane Dean in Mexico and parts of the Caribbean to the introduction of a group of baby pandas in China.

In short, an examination of the reporting finds that less than half of the foreign coverage that was not about the United States directly was concerned with what we might consider geopolitical foreign matters, diplomacy, internal affairs, etc.

Most Covered Topics Across All Media

2007



Source: PEJ, A Year in the News, 2007

A Limited Domestic Agenda:

In 2007, we learned that many of children's toys were unsafe as were a dismaying number of food products that needed to be removed from supermarket shelves. A landmark energy bill passed that set new fuel economy standards for the automotive industry for the first time in more than three decades. A heated battle erupted in Congress over a plan to expand health insurance for children.

Yet an examination of the mainstream news agenda in 2007 reveals that a broad range of domestic subjects was given limited attention by the media. And at least in theory, these stories were logistically much easier to report on than the Mideast or North Korea.

The half-dozen broad topic areas that generated the least coverage last year included development and urban sprawl, the legal and court system, religion, transportation, education, and race, gender and sexual identity issues. None of these attracted more than 1% of the coverage over all.

Least Covered Domestic Issues

Percent of Newshole

Topic

Education	1.0%
Transportation	0.8
Religion	0.7
Court/Legal System	0.4
Development/ Sprawl	0.2

These lesser-covered subjects do have something in common. Matters of religion, gender and race relate to the social underpinnings of the culture and the way people feel about their daily lives. Similarly, development, transportation and education relate to institutional underpinnings of daily life. Broadly speaking, they are the bread and butter subjects that most people deal with on a constant basis. Why weren't these subjects a more significant part of the news diet in 2007?

They are also subjects that normally bend rather than break. In other words, education, religion, infrastructure are vital factors in our lives, but they are slow-moving trends. They are news that bends. This kind of news requires more continuous attention to be able to understand and explain incremental changes along the way or to know when the small changes have added up to something more comprehensive — specialists, beats, sentinels assigned to watch. Many news organizations have cut back on staff devoted to specific beats like these.

Also, news that breaks, such as car crashes or explosions, generates more immediate news appeal, often involving strong visuals or attention-grabbing headlines.

Government Gets Short Shrift:

The extensive attention to the Washington-based debate over Iraq war policy and the battle for the White House also in some ways crowded out other news occurring inside the halls of the U.S. government in 2007.

In 2007, coverage of government filled 6% of the overall newshole in the five media sectors studied. That includes such areas as legislative debate over immigration, domestic anti-terrorism policy and the activities of the new Democratic-led Congress, which was the third-biggest story (at 6%) for the month of January 2007, when the new legislators took office with what many believed was a mandate to end the Iraq war.

How does that level of government coverage compare with past efforts? While this is the first year the Project has mounted such a comprehensive look at the media, the number, while not unprecedented, is lower than in recent years. In 2003, also a year before a presidential election, coverage of government accounted for 16% of the stories on the three commercial nightly television newscasts. In 2007, the comparable number was 5%. (The number was considerably higher a few decades ago, 37% in 1977 and 32% in 1987). On cable in 2003, government news made up 29% of the cable airtime. In 2007 government accounted for 7 % of the airtime on the cable programs studied. There are very likely a number of factors at play in the 2007 figures, not all driven by press choices. The excitement over the election and the intensity of the debate over Iraq policy were clearly bigger stories than they were four years earlier. Further, the lack of media coverage may in part reflect the lack of activity of a lame duck Bush administration, which, beyond thwarting the Democrats over the war and failing on its immigration plans, did not press much of an agenda in 2007.

Finally, as we see with coverage of domestic issues, the drop in government coverage may reflect newsroom resources — a diminished capacity of the press to cover multiple Washington-focused stories.

Consider for instance that on CBS News, White House correspondent Jim Axelrod has also been assigned to cover the Hillary Clinton campaign for president. Or that when the Washington bureau of the Copley News Service was recently cut back, those departing included Marcus Stern and Jerry Kammer, staffers who had won a 2006 Pulitzer Prize for their reporting on the bribery case that led to the resignation of Representative Randy “Duke” Cunningham, the California Republican who is now in prison for accepting bribes.

One of the other biggest government stories of the year was the firing of U.S. attorneys, which led to the resignation of Attorney General Alberto Gonzales and filled 1% of the newshole for the year. But early on in 2007, it was actually the work of a blogger, Josh Marshall of Talking Points Memo, that connected the crucial dots on the case while much of the mainstream press either failed to grasp its importance or was preoccupied elsewhere. (Marshall was later honored with the George Polk Award for Legal Reporting for essentially scooping the mainstream press on this story.)

A Limited Diet of Global News:

The year 2007 was the deadliest for American forces in Afghanistan since that war began in 2001. The U.S. reached a historic agreement on nuclear weapons with North Korea, a one-time member of what President Bush called “the Axis of Evil.” In November, about 50 countries gathered in Annapolis, Md., to start the most intensive Mideast peacemaking effort in years.

Yet, when one examines coverage of the world in 2007, it was dominated by only three geopolitical hot spots. Foremost was the war in Iraq, which accounted for nearly one-sixth of the overall coverage examined when you factor in all three story threads — the Washington-based political debate, the situation inside Iraq and the impact of the war on the U.S. homefront.

The second overseas crisis to generate notable attention was Iran, which finished as the fifth-biggest individual story of the year. But the most extensive spurts of coverage did not directly involve simmering U.S.-Iran tensions. Major spikes stemmed from the March 2007 hostage drama in which Iran temporarily detained 15 British sailors. Another big week of coverage occurred during Iranian President Mahmoud Ahmadinejad’s visit to New York, a trip that included a highly contentious appearance at Columbia University.

The other hotspot was Pakistan, a crucial but unstable ally in U.S. anti-terrorist efforts, which was rocked by internal turmoil. The return from exile and the subsequent assassination of former Prime Minister Benazir Bhutto in December generated more focused coverage that made Pakistan the ninth-biggest single story line of the year.

Yet, other than these three related stories — Iraq, Iran and Pakistan — coverage of the numerous international crises and events around the globe, some that clearly involved crucial U.S. interests, was modest in 2007. The war in Afghanistan, the Israeli-Palestinian conflict, the arms negotiations with North Korea, the civilian deaths in Darfur, and growing tensions between Washington and Moscow were among the major global events of the year that generated neither sustained coverage nor even intense short-term interest in the U.S. media.

Taken separately, each of the following foreign stories accounted for one-half of one percent or less of all coverage: the Israeli-Palestinian conflict (0.5%), nuclear negotiations with North Korea (0.4%), the violence in Darfur (0.2%) and deteriorating U.S. relations with Russia (0.2%).

Afghanistan, where American troops are fighting, made up less than 1% of coverage (0.9%)

Arguably, no country in 2007 might have commanded as much regular media attention as China, whose growing economy makes it the emerging global power. Yet in 2007, the China-related story that got the most media attention was the recall of products and toys. And even that fell well shy of filling 1% of the newshole.

The lack of broad and deep international coverage is probably a function of several interrelated factors. The war in Iraq has soaked up much of the journalistic energy and resources in the past five years. And the general trend in the news business toward cost-cutting and staff-reduction has meant an overall retreat from coverage around the world. A February 2007 article in the Washington Post on the “demise of the foreign correspondent” reported that the number of foreign-based newspaper reporters dropped about 25% between 2002 and 2006.

Yet another factor may be the public’s lack of interest in overseas stories, which has been measured in the 2007 News Interest Index surveys. (See section on the coverage divide.)

Differences By Media:

There were some notable differences in news judgment among the media sectors, both in terms of subject matter covered and the diversity or breadth of the news. (Each of the sectors is analyzed at a deeper level in their own subchapters that follow. Here we discuss their broad differences in news agenda.)

One key finding in 2007 is that the platforms that offered the widest variety of coverage were two traditional media sectors, newspapers and network television.

One way to measure this diversity is to see whether coverage was widely dispersed or concentrated in several key areas. How much space, for instance, did each media sector devote to their three biggest topics? Network television and newspaper front pages devoted the least (38% and 39%, respectively). The number was substantially higher in radio (43%), cable (48%) and among the top stories online (55%). Conversely, newspapers and network television had the highest number of topic areas (13 and 12, respectively) that filled about 3% of the newshole or more.

There were also significant differences in the smaller topic areas. Only newspapers included business coverage and health and medical stories among their top priorities. Broadcast network news offered the most coverage of disasters and accidents, such as the Minnesota bridge collapse and Southern tornadoes. Cable television news, with its demand for live-event coverage, devoted the most time by far to crime coverage. Radio proved to be the most self-absorbed sector, making coverage of the media itself one of its top coverage areas. (Much of that reflected talk radio’s fascination with the April 2007 firing of longtime radio host Don Imus over racially crude remarks.)

Each sector had its own characteristics that shaped content choices. Newspapers and network television, the two platforms that offered the broadest news agenda, have historically attracted the largest audiences and have been most

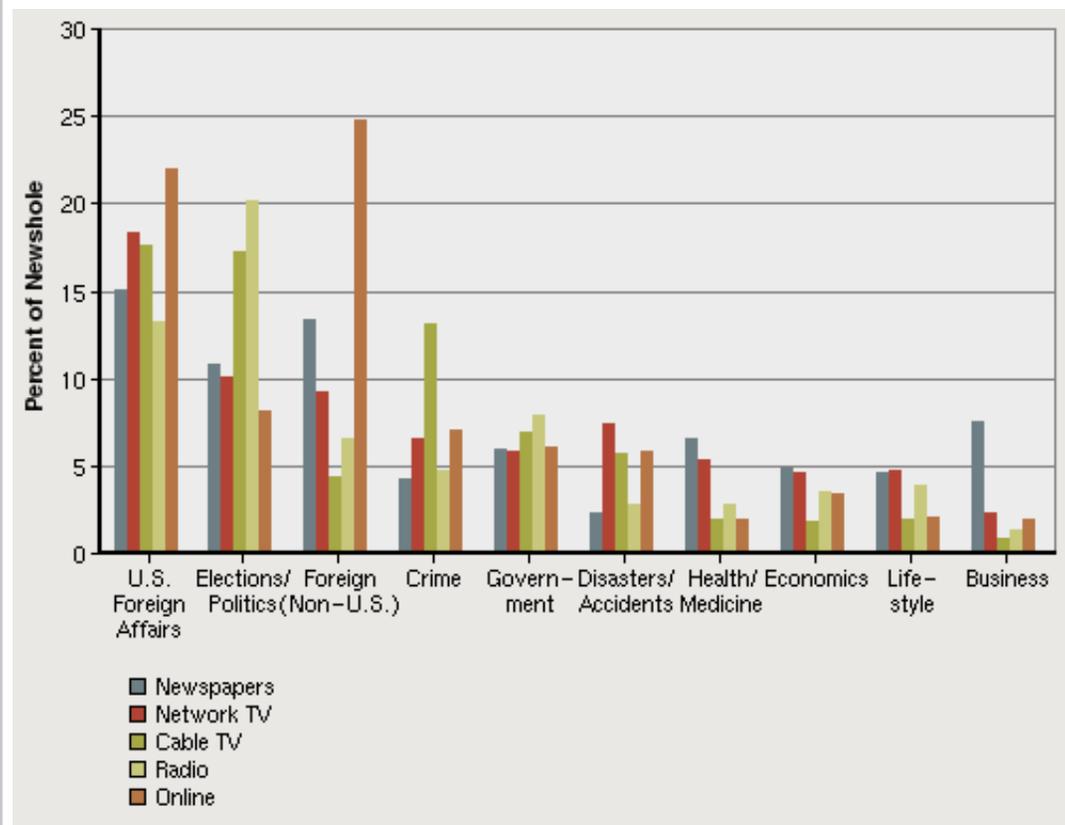
willing to invest in reporting resources. Cable television and radio, the two sectors that offer the highest doses of political coverage, are home to the ideologically driven talk shows that tend to hammer away at the biggest and most divisive issues in the country on a daily basis.

The most distinct sector in 2007 was online. The Web sites studied by PEJ consistently displayed the most interest in the rest of the world and the least interest in covering U.S. domestic politics. Not only did coverage of foreign policy and geopolitics make up almost half of the online newshole in 2007, but the leading broad topic category also featured international events that did not primarily involve the U.S. Why would the online sector offer by far the largest selection of international news? One conceivable explanation is that the Internet has the largest reach and is the medium that most easily crosses borders and continents.

It is also true that as a platform that often specializes in news aggregation and collection, many Web sites can cover the world without incurring the substantial expenses of overseas reporting.

Topics by Media Sector

2007



Source: PEJ, A Year in the News, 2007

The One-Week Wonders: Big Stories That Quickly Vanish

When the I-35W Bridge in Minneapolis collapsed during rush hour on August 1, 2007, killing 13 people, the tragedy quickly commandeered major cable coverage and dominated the news for several days. All told, it accounted for one-quarter of that week's news coverage, making it the eighth-biggest single-week story of 2007.

After the rescue and recovery operations ended, the bridge collapse provided the press with a chance to focus attention and examine the state of road, bridge and tunnel infrastructure in American society, something that we have heard for years may have suffered because of changes in government priorities.

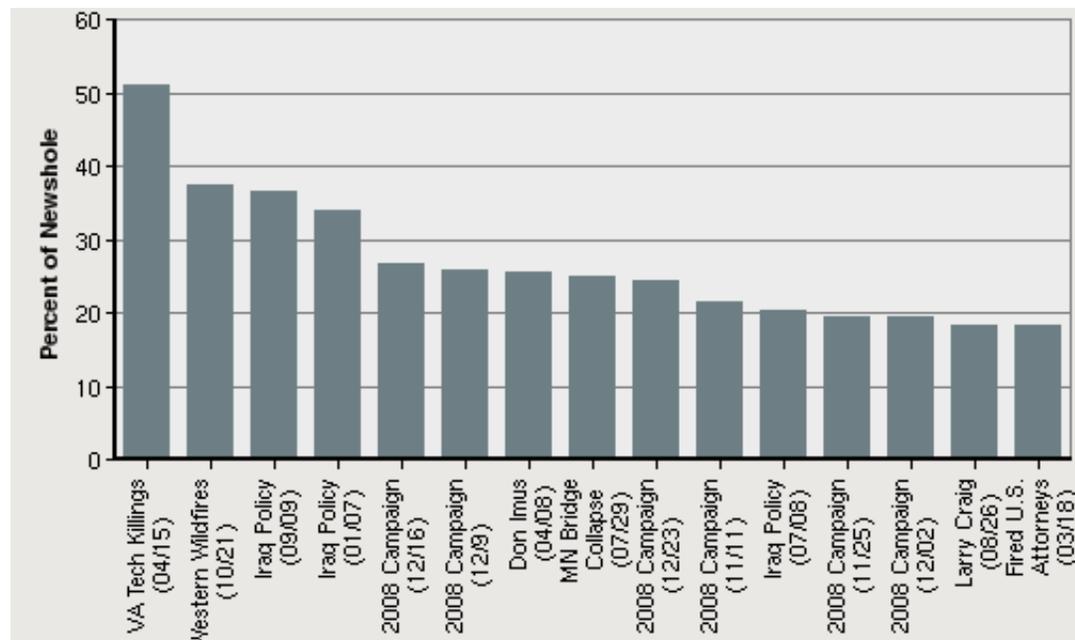
Did the bridge disaster lead to that kind of coverage?

For about a week after the disaster, coverage focused almost solely on the casualties and cleanup. And aside from the occasional story making a connection between funding priorities and bridge safety, the infrastructure angle went largely unexplored. Instead, coverage of the tragedy quickly petered out, dropping to 6% the week after the accident and then down to 1% the following week.

The bridge catastrophe was just one of a number of stories in 2007 that were big events that flashed across the media landscape and then vanished almost instantly, with less follow-up than one might have expected. They were one-week wonders.

Top 15 Single-Week Stories

2007



Source: PEJ, A Year in the News, 2007

The event that generated the most coverage in any single week in 2007 was the April 16 massacre in which 33 were killed at Virginia Tech. That week, the tragedy accounted for more than half of all news coverage examined, the biggest story of the year in any given week. The media descended on the traumatized Blacksburg, Va., campus and after a few days, a student (or students) had constructed a sign that read “VT Stay Strong. Media Stay Away.”

In fact, the media coverage soon diminished notably. The week following the shooting, Virginia Tech accounted for only 7% of the newshole. By the end of April, it had virtually vanished from the media agenda. There was little follow-up on a number of story lines that seemed to emerge from the rampage, including the debate over gun control and the issue of identifying and treating troubled adolescents who display serious psychological problems, or the security and communications plans on college campuses and other schools when emergencies occur.

Other breaking events that were among the biggest weekly stories of 2007 followed a similar pattern. There was an intense outburst of spot coverage of the destructive Southern California wildfires in October that forced hundreds of thousands to evacuate their homes. It was the second-biggest story in any single week, accounting for 38% of the coverage. But the following week, as the fires came under control, coverage plummeted by about 90% and it virtually disappeared the week after that. The underlying issue raised by the fires, the spread of housing development to areas that are prone to such catastrophes did not generate significant follow-up.

The firing of Don Imus filled more than a quarter of the newshole in the week of April 8. But coverage plummeted to 1% the next week.

Not all of these stories might have called for the same level of examination and follow-up. (As it was, the Imus story was arguably carried further than it otherwise would have been by talk hosts who were obsessed by something that happened to one of their own.) But the fact that the Virginia Tech disaster and the bridge collapse failed to have real journalistic “legs” and to generate further substantive coverage seems more telling.

What explains this phenomenon, what some critics call hit-and-run journalism? Certainly, one factor seems to be the role of cable television news, particularly daytime cable news, with its relentless hunger for live breaking events is a crucial factor. Almost invariably, it is cable news that lavishes wall-to-wall attention on these big stories, giving them the sense of ubiquity and catastrophe.

On cable, for example, the Virginia Tech story filled three-quarters of the newshole that week, the most coverage by any media sector. Cable devoted half its time to the California wildfires the week that story broke and nearly half its time to the Imus firing and the Minneapolis bridge story. It is cable’s propensity to drop virtually the rest of the news agenda to focus almost exclusively on one event that helps create such mega-stories. Yet, cable’s short attention span and constant search for the next major headline can turn this week’s bombshell into next week’s afterthought.

Cable producers may imagine they have covered all angles of a breaking story while it is occurring. Yet that “do it all at once” approach may also lead to more repetition than depth. And it lacks the perspective that comes with time, even a

week or two, to sort out the meaning and implications of events as the initial trauma and shock fade.

Other factors may be built into the nature of the news more generally. News is immediate, not so retrospective. And again one must also wonder about the connection to reporting resources. The one media sector that displayed a tendency to do more aggressive follow-up on these big stories was the newspaper industry, which, despite a recent history of cutbacks, still tends to produce more boots-on-the-ground reporting than other platforms and remains, by our estimates, at 90% of its peak staffing (*See Newspaper News Investment*).

Coverage That Divided the News Media From News Consumers:

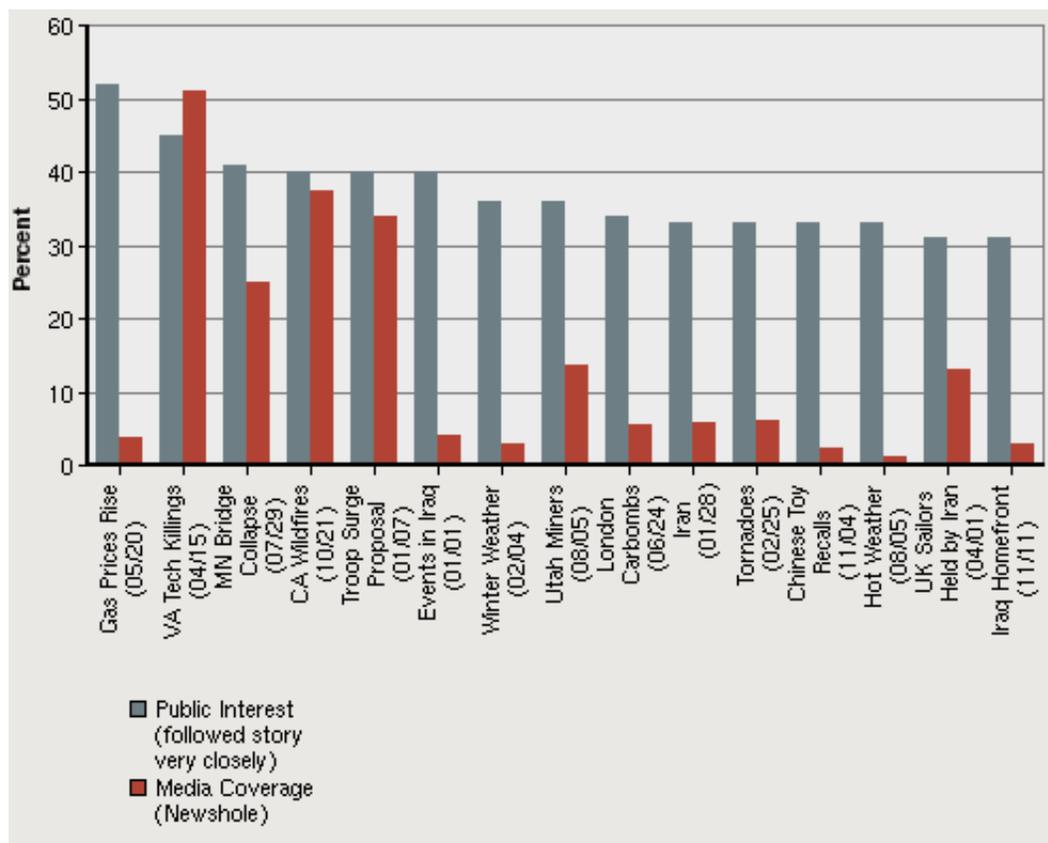
For the first time, in 2007, the Project was able to examine whether the public agreed or disagreed with the media over what constituted important news. Each week, the News Interest Index survey by the Pew Research Center for the People & the Press asked news consumers to describe their level of interest in the top stories as identified in the News Coverage Index. Several clear areas of disconnect emerged.

In the week of May 20-25, with the average price of gasoline spiking to \$3.22 a gallon, 52% of those surveyed in the News Interest Index said they were following that issue very closely, the highest level of public interest for any story in 2007. Yet, at 4% of the newshole, the rising costs at the pump were only the sixth-biggest story of that week in the News Coverage Index. That represented the biggest disparity of the year in these two metrics between editors and the public, and it was a basic pocketbook issue, the cost of filling a gas tank.

Looking at stories that the public said they were most closely following, significant interest gaps emerged for several other news events — revelations that the dangerous staph “superbug” called MRSA was more common than previously thought, recalls of pet food, the troubled U.S. economy in the week that investor guru Warren Buffett said taxes on the rich were too low, and President Bush’s veto of the legislation intended to expand health insurance for children.

Public Interest vs. Media Coverage

2007



Source: PEJ, A Year in the News, 2007

As was the case with many of the topic areas that got little coverage in the press, the common characteristic that defines these particular stories, including the spike at the gas pump, is that they speak to the nuts and bolts of daily existence, such as health and money. (See this section for more)

Conversely, there were some subjects that the media seemed far more interested in covering than the public said they were interested in following. These might be the stories that the media “over-delivered” in the year. A number of those stories involved events overseas. President Pervez Musharraf’s decision to declare a state of emergency in Pakistan, the Mideast peace summit meeting, the agreement by North Korea to abandon its nuclear weapons program and the Lebanese Army’s battle with Islamic militants were all stories that generated more media attention than public interest.

Those results apparently reflect the public’s lack of interest in stories that, in fact, are getting only minimal coverage. So even as journalists seem to have little inclination to cover global events other than Iraq, news consumers still think they’re being oversaturated. There may be a chicken-and-egg effect here. If Americans really aren’t interested in global conflicts, the press has even less incentive to spend time and money on those stories.

One major overcovered story of the year, according to the Pew Research Center For The People & The Press surveys, was General David Petraeus' Iraq progress report to Congress in September. Eagerly anticipated for months as a potential turning point in the battle for public opinion about the war, the report proved to be anti-climactic. Petraeus' message was to stay the course, and by then President Bush had successfully beaten back congressional attempts to change American strategy in Iraq. The media hung on Petraeus' every word and delivered the single biggest week of Iraq policy coverage. The public, only 14% of whom said that was the story they most closely followed that week, may have displayed the better grasp of the actual news value of the event.

The Mainstream Media Shun Tabloid Tales:

In 2007, not a single day seemed to pass without news of the public, or even private, indiscretions, of the troubled "girls gone wild" trio of Lindsay Lohan, Paris Hilton and Britney Spears. Celebrity DUIs and quick jaunts to rehab clinics felt like a staple of the news diet. No one could be blamed for thinking the press had been taken over by the paparazzi. In fact, the new TMZ syndicated television program is a celebrity show that often provides a paparazzi eye-view.

When assessing this torrent of info-tainment, one important question remains: Who is actually responsible for the coverage? Yes, the tabloid celebrity culture — fueled by US magazine, TMZ.com, Entertainment Tonight, cable news cameras, and an expanding array of "pap" media — grew bigger in 2007. But a closer look reveals that much of the mainstream media, as examined by PEJ, actually tended to give these stories a good leaving alone.

The broad topic of celebrity and entertainment was far down — at No. 16 — on the list of mainstream media priorities last year, filling only 2% of the overall newshole (behind, for example, coverage of the news media itself). Week after week, the red hot gossip specials — Spears' bizarre head-shaving spree, Lohan's drunk driving rap, the Rosie O'Donnell-Donald Trump feud, and Alec Baldwin's venomous voicemail to his daughter — failed to gain any traction in the mainstream media, usually accounting for 1% or less of the week's coverage.

Does this represent some diminishing interest in celebrity news in the mainstream media culture, particularly given the plethora of new specialized celebrity media? That is harder to answer at this point, but is something we can examine going forward. ¹

There were certainly scandals that attracted the media's attention in 2007, but they were not strictly celebrity. Two of the biggest involved government officials. The U.S. attorney firings that led to the resignation of Attorney General Alberto Gonzales stayed in the news for much of the year and ended up as the 10th-biggest story of 2007. The arrest of Senator Larry Craig on charges that he solicited sex from an undercover police officer was the biggest story the week it broke. O. J. Simpson, now perhaps less of a celebrity than a serial criminal defendant, also generated major coverage with his Las Vegas arrest on armed robbery and kidnapping charges.

But only two classic celebrity scandals — those involving the charter members of the showbiz, nightlife and gossip column crowd — cracked the weekly list of top-10 stories in 2007.

For one week in early June, party girl/socialite Paris Hilton made major news, and it was largely for the strange set of circumstances in which she was released from jail early, quickly escorted from her home to court in a police vehicle and then sent sobbing back to jail by an angry judge. But other than that one spike in coverage, Hilton received minimal

attention.

The other big celebrity tale made a considerably larger splash. The circumstances surrounding the death of Anna Nicole Smith, the former Playboy centerfold model, actress and heiress — and the ensuing court battles for custody of her body and infant daughter — became a much longer-running saga that ended up as the eighth-biggest story in the first quarter of 2007. In the interval from Smith's death on February 8 to her burial on March 2, only two other stories — the debate over Iraq and the 2008 presidential race — generated more attention in than Smith's demise.

But a deeper examination indicates that even what happened in the Smith case was a selective media feeding frenzy driven by the relentless coverage in only two media sectors. In the three weeks between her death and burial, the story consumed 22% of the cable news airtime studied and 15% of the coverage on the three broadcast network morning television shows. Much of the rest of the media treated it as an afterthought. For those who turned to radio, the Internet or newspaper front pages, the Smith story was a much smaller deal, not even reaching 5% of the newshole in any of those sectors. And a good deal of that coverage came on Feb. 8 or 9, when the news first surfaced of Smith's mysterious death.

The travails of the rich and famous are a treasure trove for the tabloids, the TMZs and the television shows that focus on Hollywood. But when it comes to the bulk of the mainstream media, those stories tend to be treated as trivia in 2007.

Footnotes

1. A look back at a previous PEJ study of a comparable time sample of morning network news suggests that the level of celebrity coverage in 2007 was similar to that in 2004. A comparison with cable news from that year suggests the number may have dropped. The 2004 cable sample included just three programs over 20 days, but examined both the first and second half-hours of those programs. The current PEJ sample includes many more programs but examines just the first half-hour.

Audience

Audience

By the Project for Excellence in Journalism

The basic direction of news consumption is clear enough.

Audiences are moving toward information on demand, to media platforms and outlets that can tell them what they want to know when they want to know it.

This is more nuanced than the audience simply fragmenting with new technology. Consumers are changing their expectations and their behavior.

For legacy media, however, this is not translating into an ever-accelerating exodus of audience but rather, a steady, fairly modest yet still inexorable drip, drip, drip.

The best response for these traditional media seems to vary. For network news, maintaining the product in its traditional

form is proving the better strategy for the moment. Attempts at winning new viewers have been ineffective.

For newspapers, in contrast, changing the product, given more limited resources and the shift to online delivery, is clearly the wave most outlets are pursuing.

But the goal of winning new audiences to old platforms — using the Web to lure people to television programs or print — generally is not working. Younger audiences, it turns out, are interested in news. But they want it from new platforms that can deliver it in new ways and on the consumers' new terms.

All this is also happening, as we began to discuss last year, against a backdrop of a revolution over measurement. Advertisers increasingly are demanding more precision about how many people are seeing and interacting with their ads. Traditional media, meanwhile, are pushing for ways to combine legacy and digital audiences, although it remains uncertain whether advertisers care to have such aggregate numbers.

All these pressures were again at play in what happened in 2007 to newspapers. Circulation fell at about the same rate as in the two previous years — down 2.5 % daily and 3.5 % Sunday, for the six months ending September 30 compared with same period a year earlier, according to the Audit Bureau of Circulations. Since 2001, newspapers have dropped 8.4% in daily circulation and 11.4% in Sunday circulation.

Readership, the new audience measure for newspapers preferred by many in the industry, more than doubles the total audience figure (2.3 times higher for daily and 2.5 for Sunday). The number of people who report reading the print paper at least once during a given week is higher still.

If you add in the unduplicated audience of a newspaper's Web site (people who do not also read the print edition), which typically is growing at a healthy rate, you get a picture of the "Total Audience" for newspaper organizations growing, not declining.

The story in network television news was one of more straightforward decline. For the nightly newscasts, the total number of viewers fell again in 2007 — by 4.9%, or 1.2 million viewers — to 23.1 million viewers each evening on average. For the past 25 years, the programs have lost roughly one million viewers a year.

In the morning, which had been more stable, the audience fell for the third year in a row, dropping 2% year to year, and offering the suggestion that we were seeing a deepening trend. The total audience for the morning news shows is now at its lowest point since 1999.

Online, meanwhile, the universe of people appears to have basically stabilized. What has changed is that they are going online more often, and spending more time when they get there. And that includes going online for news more regularly.

Seven in ten Americans have used the Internet for news — a number that has not changed in five years. But in 2007, 37% said that they had gone online for news the day before, up from 30% two years earlier, and a new high.

Industry executives have high hopes for online video, although exactly how much viewing has grown is uncertain. The Pew Internet & American Life Project's first major report on online video shows that, as of March 2007, 57% of online

adults had used the Internet to watch or download video, and 19% did so on a typical day. For those with broadband connections at home or work, 74% report having watched video online.

One reason people are tracking these numbers so intently is hope that video may become an important revenue stream for Web sites. The projections, for now, are steady growth, but something less than an explosion. One report, from e-Marketer, projects that online video ads will increase fivefold by 2011, reaching \$4.3 billion. But even with such strong growth, \$4.3 billion will account for just 10% of total Internet ad spending.

Cable news, which is highly sensitive to events, saw audiences grow in 2007 after sharp declines the year before. Much of this growth occurred in prime time, or the evening programming, which is now dominated by talk show hosts who spent much of the year focused on the 2008 presidential campaign. The median prime-time audience was up 9% (the mean was up 7%). Daytime rose more modestly, at 1%, for all three channels.

In the race among the three major channels, the patterns are also changing. Fox, which lost audience in 2006, saw modest growth in prime time (2%), while CNN, which had been losing audience fairly steadily for a decade, has reversed that slide and grew 4%. MSNBC, still a distant third, is the boomer, with prime-time audience up 36%.

For the second year running, none of the cable channels saw the kind of audience spikes from major news events they had become accustomed to. Instead, the evidence suggests programming built around a cast of hosts, often but not always the edgiest of cable personalities, were at the core of the growth.

In local television news, by our analysis, ratings continued to fall in 2007, often by sizable numbers. Our calculations show early evening news down 6% November to November and late night news down 7% in the same period. Even morning news, once a growth area, is declining, though to a lesser extent.

In response, we saw evidence that stations were shifting newscasts to different time slots to keep up with changing lifestyles, pushing them later in the early evening, right before prime time, and ever earlier in the morning.

And to keep up with the growing pressure of recording programs and skipping commercials, the way television news is measured changed. Nielsen Media Research introduced Commercial Ratings, a new system that measures viewers watching commercials (not programs).

In what was once called radio, the audience is rising — and fragmenting. The growing question is which, if any, of the new audio platforms — satellite radio, Internet radio, HD radio, podcasts, MP3/iPod listening or cell phone radio — will emerge as more significant, or whether the universe of “audio” will become more and more fragmented.

Traditional broadcast radio maintained an impressive following in 2007, even among fans of new audio. According to the radio ratings company Arbitron, traditional radio commanded a weekly audience of 93.3% of the population 12 and older as of the spring of 2007, though that number has fallen slightly (1.6 percentage points) since the spring of 2000. This translates into nearly 233 million people over age 12 who tuned into the AM/FM dial at least once during an average week.

While most people hear news of some kind on any station, 16.1% listened to dedicated news, talk or information

stations in 2006, among the most popular formats. This made it one of the most popular formats, though the various music formats combined is much greater.

(Of this overall figure, 1.4% listened to straight news on the “All News” format, 2.1% to “Talk/Personality” radio stations, 2.2% to an “All Sports” format, and the largest number – 10.4% – tuned into a mixed format of “News/Talk/Information.”) On average, people spent a little over nine hours a week listening to news/talk/information.

HD radio is not increasing audience as expected. The audience for HD radio in 2007 was estimated to be 320,000 (compared with 13 million satellite radio listeners), up from 100,000 in 2005. While that is sizable growth, the total audience is still minute. One reason is that, although the growth of stations digitally broadcast skyrocketed in 2005, it has since leveled off and even declined in 2007.

Satellite radio audience continued to grow, but that growth may not be enough to sustain either company on its own if the merger of the two companies is not approved. Sirius Satellite Radio ended 2007 with 8.3 million subscribers, up 38% in 2006. XM Radio added 1.4 million subscribers, bringing its total to more than 9 million, an 18% increase . 1

The audience for Internet radio has appeared to level off. About 12% of people 12 and over (or 29 million people) reported gone online “last week” to listen to the radio, according to Arbitron data. That lack of growth is interpreted by many as a concern. The sector had been growing.

Podcasting also appeals to a small audience over all (only 13% of those over the age of 12 have ever downloaded a podcast), but to a much larger contingency — 52% — of those under the age of 35.

And after years of research and field testing, the Portable People Meter — a new passive electronic device for measuring radio audiences — was finally implemented in a few markets. But early results from Philadelphia, Houston and New York have exposed some problems, namely sharp rating declines for younger listening audiences and minority groups, especially African-Americans and Hispanics, compared with results from the paper diaries. In response to complaints, Arbitron announced in November 2007 that it would delay the installation of the Portable People Meter in the nine markets it was expecting to launch in late 2007 and 2008.

In magazines, the news continues to be rough for the general interest news category, and much better for certain niche and news magazines. Time reduced the circulation it guaranteed advertisers by 600,000 to 3.4 million early in the year, and in November 2007 Newsweek followed with a cut of 500,000 (to 2.6 million). U.S. News is holding steady, hovering around its rate base mark of 2 million.

But niche publications were growing. Both The Week, a weekly news digest, and The Economist, the British-based newsweekly, enjoyed a strong 2007. The Week’s circulation was 480,084, up 36,000. The Economist’s U.S. circulation continued to grow, increasing 81,000 to 720,882.

In ethnic media, the picture is becoming more complex, too, as more ethnic groups spread across America. In Spanish-language media, for instance, the maturity of the community often translates into a bigger media market, but one not growing as fast.

Spanish-language newspapers saw a slight bump in overall circulation in 2006, up to 17.8 million from 17.6 million, but the bulk of that came from growth among print weeklies, often in newer communities. On the broadcast side, in the first week of measuring Spanish-language broadcasting as part of all programming in 2007, Nielsen's new system showed Univision beating every broadcast network among viewers ages 18 to 34, although three weeks later, Univision had slid to fourth place.

Footnotes

1. Sirius Radio and XM Radio press releases.

Economics

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By the Project for Excellence in Journalism

If the audience numbers for news tell an uneven narrative, the economics of the news business are more complicated. The reason has to do with the thinking on Madison Avenue about the difference among different kinds of advertising.

The revenue base for newspapers was built around ads that provided detail — this product on sale for this price — and this included classifieds. Discount retailers and then non-journalism competitors on the Internet have eroded that kind of advertising, and the print industry has not found a replacement.

In television, in contrast, advertising is about image and emotion and need, and no other medium has emerged that can rival it as a place where an advertiser can persuade consumers to want something they otherwise didn't know they craved. "Television is the only medium where a mediocre commercial can sell a lot of product," says Gene DeWitt, a long-time media agency executive and founder of DeWitt Media Strategies.

The figures for 2007 show another rough year for newspapers, and an even worse one expected in 2008. Advertising revenues fell by an average of more than 5%. Hardest hit has been classified, most of all employment. In 2007 alone, job ads were down 20%.

Earnings before taxes were down again, this time to the high teens, from last year. That profit margin, though, is still almost double most other U.S. industries.

Margins are also part of the tension. Should newspapers drop their expectations for high profitability to roll more money into developing their digital product? Or will that money be wasted, failing to translate into enough readers to justify the cost?

The stock prices for newspapers for the year fell 42%, after drops of 11% and 20% the two previous years. The markets are not bullish on the industry's future.

On newspaper Web sites, online advertising growth slowed, and already the business is lagging other online categories. For the year, the industry's online advertising grew a little less than 20%, lower than online advertising generally, and down from 30% growth a year earlier. In some markets, newspaper sites even experienced declines, mainly because

their losses in classified advertising share were so great.

The other print medium, magazines, fared a little better, but that depended on where you looked. Over all, the magazine industry was down only slightly in 2007, with ad pages off less than 1%.

But the Big Three traditional news magazines did not fare as well. All three lost ad pages in 2007, from 4% at U.S. News to 18% at Time. Three alternative or niche titles in the news category — The Economist, The Week and the New Yorker — managed to buck the downward trend, adding both ad pages and revenue, while also blending focus on both their print and online products.

When it came to the online media over all, ad spending is still growing, but not as quickly as in recent years. Through the first nine months of 2007, online ad revenue grew by 26% to \$15.2 billion, according to Interactive Advertising Bureau. But that rate of increase was down from the 36% through the same period a year earlier.

Despite the slowdown, as ad strategies become more and more directed toward the Web, most analysts see the Web's piece of the pie growing sharply. By 2011, Veronis Suhler Stevenson predicts total online advertising will reach \$62 billion, an average annual rate of growth of 15%. That would be enough to surpass both broadcast television (\$53 billion) and newspapers (\$60 billion) in just four years, though not all analysts are as bullish.

News Web sites are not expected to grow as much, and in 2007 slowing growth had already begun. As for video advertising online, it is growing exponentially. But that growth is also a function of the fact that, in sheer dollars, it remains a small category.

The television industry seems to offer some of the strongest financial promise heading into 2008.

At the head of that class is cable. Analysts projected operating profits to rise 20% in 2007. Fox News was expected to see the biggest jump (30%), with MSNBC close behind (28%) and CNN to maintain the same growth rate as in 2006 (10%).

And 2008 could be even better. So far, the campaign for president has proven a boon for cable news, with debates and election nights setting records in ratings.

In local television, 2007 saw a traditional non-election year slowdown in revenues – down 3% — to \$25.8 billion. (In odd years revenues tend to drop, while in even years, with both winter and summer Olympics and politics in the mix, they tend to rise.)

Yet that 3% drop was less than in most non-election years. Early political advertising heading into the 2008 elections helped stem the decline. And 2008 is likely to be a banner year.

News remains a major factor in local television economics. According to local news directors, news provides an average of 42% of total station revenue. And the majority of news directors (56%) say their newsrooms are profitable. The numbers are even higher for network affiliates and for those in bigger markets.

For network news, getting firm numbers is difficult. The estimates suggest, however, that even with audience numbers

at their lowest point since 1999, the three network evening newscasts still generate considerable ad revenue – revenue that was estimated to have grown around 4% in 2007, at least according to one estimate.

This was even more evident among the morning news shows, which according to one estimate collect more than a half a billion dollars a year in ad revenue.

In radio, business picked up some after a few difficult years. In 2006, the last year for which there is complete data, total radio revenue (including broadcast, satellite and digital) increased 3.7% to \$21.77 billion. The lion's share (92.5%) of 2006 revenue – \$20.14 billion – came from traditional AM/FM advertising revenue. Year-end figures for 2007 show that overall advertising revenue was down 2% for traditional radio. But the economic diagnosis is much more complex .

Other parts of radio are still small, but growing. Total advertising revenue for online radio was \$106 million in 2006, up 77% from 2005. Another component – paid content in the form of subscriptions and podcasts – accounted for an additional \$45 million.

It is unclear how much the news sector has contributed to that growth. But there is a chance that news, talk and information content may gain more traction, thanks to a major roadblock that online music stations faced in 2007. In June 2007, the Copyright Royalty Board approved a new structure that imposed stricter copyright fees on Internet radio stations. The royalty fee structure would charge online music stations (including both AM/FM webcasters and online-only stations) on a per-song, per-listener basis, instead of as a percentage of revenue.

Ethnic media, on the other hand, continues to look strong. In 2006, the last year for which numbers are available, ad revenues for Spanish-language papers broke the \$1 billion mark for the first time, hitting \$1.12 billion, a 13% increase. Weeklies were responsible for the biggest jump — 25%, to \$434 million, from \$346 million in 2005. In broadcast, Univision's revenues increased 8% in 2007, to \$2.5 billion.

Ownership

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By the Project for Excellence in Journalism

The debate over which model of ownership best suits news media continued in 2007.

As smaller new-media businesses appeared, media deals closed in on a record \$100 billion in value, but Wall Street was hardly bullish, and while it looked for long-term strategy, it also put a high value on short-term profits.

In newspapers, the roster of public newspaper companies that have disappeared since 2000 now has risen to four, with Tribune and Dow Jones joining Pulitzer (acquired by Lee in 2005) and Knight Ridder (acquired by McClatchy in 2006). Two more public companies – Belo and Scripps – plan to split in two in 2008, particularly separating print from television to add value to the more profitable and/or faster-growing parts of their holdings.

Things looked healthier for one public company. Rupert Murdoch's News Corp bucked the pessimism about newspapers and set off familiar alarms over quality and editorial independence with its takeover of Dow Jones, publisher of the Wall Street Journal. Murdoch also launched his long-awaited business channel on cable, with limited

fanfare, trying to keep expectations low and patience high.

But other owners who made acquisitions, such as Sam Zell of Tribune Company, borrowed heavily to finance the deals and face substantial debt and credit issues.

In magazines, Time Warner, owner of long-dominant newsmagazine Time, now shares the No. 1 spot in terms of revenue with Advance, owner of Condé Nast magazines. Both bring in more than \$3 billion in annual magazine revenue. Hearst is third at \$2 billion. Aside from Time Warner, with its legacy ties to magazines, the sector is not dominated by the largest media companies in America. Smaller companies are bigger players here.

In network television news, owners all made acquisitions, joint ventures or cutbacks in response to sagging stock prices. The situation was better in local television, where stations were vigorously bought and sold. On the regulatory side, Federal Communications Chairman Kevin Martin, perhaps sensing a possible Democratic victory in the presidential election, forced a late-year – and successful, along strict party lines — vote in his drive to relax ownership rules.

In radio, Clear Channel Communications may have started a trend when it went private and began divesting its stations in 2006; its closest competitor, Cumulus, is moving in the same direction. The sole satellite radio providers, Sirius and XM, fight on for a merger that they hope will provide success and profits.

Which companies dominate the online industry? It depends on which criteria you use to measure.

By revenues, three players in particular dominate: Google, Yahoo and Time Warner (which owns both AOL and CNN). All three companies continued to increase revenue in 2007, but Google's rate of growth (56%) for the year was far greater than what it was at either Yahoo (8%) or Time Warner (6%).

In terms of audience for news, four sites continued to generate the most unique visitors: Yahoo News, MSNBC, CNN and AOL News. Yahoo News, according to Nielsen Online data, averaged 32.6 million unique visitors a month in 2007, up 15% from its 2006 average. At No. 2, MSNBC.com averaged 29.2 million unique visitors a month in 2007 (up 14%). CNN.com averaged 29.1 million a month in 2007 (up 20%). Next came AOL News, which depending on the rating company, averaged between 20 million and 23 million a month, also growing.

But even in the infinite digital world, the model of a limitless marketplace for competition does not appear to be holding up. While Google continued to dazzle Wall Street through most of 2007, Yahoo and AOL fell farther behind their rival and failed to calm investors' anxieties. As 2008 began, the prospect of a Yahoo-Microsoft merger began to dominate the business pages, a sign of just how rapidly things in that industry can change. In less than a generation, Microsoft has become the slow-moving giant, much like the one it once helped bring humble — the IBM of its age. And, at only 13 years old, Yahoo is now trumped by a younger Google.

All of this activity has raised the question of whether overseas buyers might be interested in American media companies, a prospect that could boost stock prices but raises cultural questions. With a weak dollar, American newspapers appear ripe for picking by foreign investors in 2008. Thrillers have been written with plots of intrigue about shadowy foreign owners trying to influence American hearts and minds through U.S. media properties. To date, though, except for a few Canadian ownership groups, it hasn't happened. Perhaps investors sense that distant ownership would not go over well with hometown audiences.

News Investment

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By the Project for Excellence in Journalism

The old faction of the news industry has joined the new technological revolution.

Only three years ago, that was not so. Back then, our reports concluded that most of the innovation online was occurring outside of traditional news. For the most part, with the exception of what was generally called “bells and whistles,” legacy media were shoveling their content online from old platforms.

No longer. The legacy media have begun to see digital as their only hope, and experimentation has become general and increasingly enthusiastic. But that trend is not spread evenly across all media, or all companies. The sectors that are suffering most — particularly print — appear to be moving more aggressively out of need. Television, insulated by stronger advertising, continues to move more slowly, and in 2007 there were signs of some, such as CBS, moving backward.

Meanwhile, in older, or legacy platforms, the trend is even clearer. Most news organizations have fewer people to gather and report.

The challenge, taking it all in, is one that ultimately seems hard to reconcile: how can these media produce more, fulfilling a bigger task across more platforms, with generally fewer resources than in the past?

Hovering over that, too, is the question of what kind of news to produce in an age when so much information is so readily available that it is viewed as a commodity.

In the online news sector itself, much of the activity in 2007 was about partnerships, training multimedia reporters and adopting new technologies like “crowd sourcing” to get audiences involved in helping design coverage before the fact and react to it afterward. That may suggest that, with growing questions about revenue, the period of building may be flattening out some with the economic downturn. More attention is moving into such activities as more refined versions of search — especially local — that might lead to more revenue, not just traffic. And video is developing at an accelerated pace, again in part because of promising signs that users are more willing to watch video ads online, perhaps, than they are to click through text ads.

In network news, although numbers are not officially released, our estimates suggest more cuts in staff, continuing what has basically been a 20-year trend, with the heaviest toll again behind the camera. But there is one visible and potentially significant counter trend. Through the use of one-person bureaus — television’s equivalent of mobile journalists, or MOJOs — all three networks are now reporting that they have expanded their foreign bureaus into the mid-teens. It bears watching whether this will translate into a broader agenda of foreign news. So far, not yet.

On network Web sites, the trend in 2007 was in partnering rather than building new content from within. The partnerships were most often with other brand-name, often print, publications, giving those outlets wider exposure and

giving the networks extra staff to put on the air and more text to post online.

In cable, all three major cable news channels appeared to increase their investment in newsgathering during the year, although their reliance on correspondents doing traditional stories varied. CNN relied more on reporters. MSNBC is basically a network that relies on live, extemporaneous, unedited information, especially during its anchor interviews. Fox falls somewhere in the middle. This may reflect the fact that CNN spends the most money on newsgathering (\$273 million in 2006, estimated to increase 5% in 2007). Fox is not far behind and is expected to grow more in 2007 (\$266 million in 2006, estimated to grow as much as 20% in 2007). MSNBC continues to trail in dollars (\$145 million in 2006,) although 2007 marked the first time in two years that analysts projected it would increase spending (by 5%). MSNBC relies for much of its reporting on borrowing NBC staff, usually for quick live stand-ups, our content analysis reveals.

In local television news, directors report increasing budgets (53% in 2006, the last year for which there is data). But most of that money appears to be going toward technology, especially the transition to digital transmission. Staffing, in contrast, still is reported to be down slightly (to just under 36 people in the average local television newsroom in 2006). And those slightly smaller newsrooms are being asked to produce more news. News directors reported airing an average of 4.1 hours a weekday in 2006, a new high. They are also doing more sharing of content with other platforms, especially Web sites, another demand on time.

For radio, the vital signs in newsrooms have remained relatively stable over the past couple years. The amount of news being broadcast on local stations rose slightly in 2006, according to a survey of news directors, a recovery from the small dip seen in 2005. Stations in the largest markets accounted for this increase, while smaller-market stations programmed about the same amount of news as they had the previous year.

The trend toward centralized newsrooms also continues. More than three-quarters of radio news directors (76%) are in charge of providing news content to more than one station. Total staffing for radio news Web sites increased by half a person in 2006, compared with 2005. This brings the total full-time and part-time Web staff to two persons per newsroom. 1

Most of the people who work in radio news are not well paid, and they're also falling farther and farther behind. From 2001 to 2006, salaries grew only 5%, according to the RTNDA/Ball State University annual news director survey. This figure does not account for inflation, which grew 13.8% in the same time period.

In print, the news is largely bleak. More rounds of cutbacks in 2007 will be matched by even further scaling back in 2008. A firm number for job losses in 2007 is hard to gauge. We calculate the industry has lost a net of 3,000 print jobs from 2000 through 2006. With all appropriate caveats, we estimate as a reasonable guess for 2007 that somewhere in the neighborhood of 1,000 to 1,500 print jobs will be lost, with a gain of perhaps half that number added to the online workforce. In PEJ's 2007 survey of journalists, 48% of national journalists and 54% of local journalists say the reporting and editorial staffs are smaller than three years ago.

In magazines there were job losses as well, at least among the general-interest news magazines. Time reduced staff by 20%, to fewer than 190, a new low, and shifted resources to the Web. That included shuttering four national bureaus, and by mid-year, Newsweek for the first time claimed more people in bureaus than Time, 46 vs. 31. Staffing at

Newsweek overall appeared to remain stable. On the other hand, U.S. News & World Report saw its editorial staff fall to 168, down by 20 from 2006, a drop of about 11%.

Even with the job shifts online, the basic trend seems clear enough. In print, broadcast and elsewhere, more effort is moving to packaging and repurposing material, making it more interactive and multimedia and extending its reach. But less is being devoted to original newsgathering, especially the bearing witness and monitoring of basic news.

Footnotes

1. Bob Papper, RTNDA/Ball State University Annual News Director Survey “Net Worth,” RTNDA Communicator, May 2007.

Online Trends

Online Trends

By the Project for Excellence in Journalism

The cable brands are a major force online, but their performance over the air does not translate into the same position on the Web. MSNBC, No. 3 in cable television news, is the leader online, followed by CNN (an average of 29.2 million visitors per month at MSNBC, according to Nielsen net ratings, and 29.1 million for CNN). Both are among the top four brands in news on the Internet (along with Yahoo and AOL). Fox is a good many spots behind (No. 15, at eight million visitors monthly).

Their popularity may owe something to the nature of how people use the Web for news. Cable is best known for immediacy, and now so is the Web. It is possible that the people who once tuned into cable on television are now seeking the same brands online. That may be leading to smaller audiences on cable television for breaking news.

The traditional broadcast networks have not been able to translate their brands quite as effectively, although they too are important Web destinations. (NBC’s Web site, however, is MSNBC.com, a brand shared with its cable network but produced on the campus of Microsoft in Washington state. It has a collaborative but more limited connection to either the cable channel or network news division.) ABCNews.com is the No. 8 news Web site, with an average 10.6 million unique visitors each month in 2007, according to Nielsen Online. And CBSNews.com is No. 11 at 9.2 million.

In 2007, in varying degrees, all three networks continued to build on earlier digital strategies, including aggressive video campaigns, unique online newscasts, and expanding anchor and reporter blogs.

But their fortunes may be heading in different directions. CBS, whose site looked so promising with the hiring of CBS MarketWatch founder Larry Kramer and was among the most accomplished sites in design two or three years ago, has appeared to back away from the net some in the last year. The network cut back on its online staff by 30% late in 2007. Kramer has been replaced and other leaders are leaving too.

For all the network sites, 2007 was a year of creating partnerships perhaps more than building the sites internally. ABCNews.com formed a partnership with Facebook, MSNBC.com joined with the New York Times and National Journal, and CBSNews.com teamed up with Digg.

Local television news was late to the Internet, but the evidence suggests that the industry continued to try to catch up. For the second year in a row, news directors in 2006 (the latest year for which there is data) noted that nearly all stations have Web sites. In the last quarter of 2006, 97% of them had their own Web sites and virtually all of these (98%) include local news. They also continue to add staff. According to the latest survey, stations had, on average, four newsroom staffers dedicated to their station Web sites, with two working full time.

Financially, however, these sites are still marginal. About a quarter of stations reported in 2006 that their sites are making money (23%), but according to the market research firm Borrell Associates, television stations generate only 1.5% to 3.5% of their revenues from Web operations.

Local stations also made headway in moving to another video platform – cell phones. The Open Mobile Video Coalition was formed with a mandate to bring over-the-air broadcast programming to mobile phones and other handheld devices, and included more than 700 local stations and nearly every major station group in the U.S.

Newspapers have become places of more innovation online, even adopting many of the traits of new media, from blogging to citizen content. And some of newspapers have become major players in traffic. The top newspaper Web site, NYTimes.com, ranks No. 5 overall among news sites (14.7 million visitors a month), followed by the combined sites of Tribune and Gannett. USA Today is the No. 2-ranked individual paper (and 10th over all among news sites at 9.6 million monthly visitors) followed by the WashingtonPost.com (No. 14 over all with 8.6 million visitors).

Magazines, particularly newsweeklies, continued their push online in 2007. Time, Newsweek, The Economist, the New Yorker and The Atlantic all redesigned or punched up their sites. Newsweek formally ended its seven-year distribution agreement with MSNBC to become a stand-alone Web site, and The Week launched its new site, applying its weekly aggregation model to the daily news cycle. And some of the sites are still toying with paid content. While Newsweek and The Atlantic went for free access, The Week put its most current issues behind a pay wall.

But the newsweekly sector has a long way to go financially. While business and consumer brand names filled Ad Age's 2006 list of top 25 digital sites in overall digital revenue, only one newsmagazine, Newsweek, made the list – tying for last with only 5% as a percentage of the magazine's net revenue.

The story in ethnic media online continues to be more checkered.

Those large media with scale and mass audience, as in English language versions, have had more success, but even here this is still an emerging platform, not a particularly robust one. Internet revenues are growing for Univision, accounting for \$11.6 million through the first nine months of 2007, an increase of 26% from 2006. But that is a small fraction of the company's overall revenue of \$529 million for that same period.

ImpreMedia, which owns the leading Spanish-language newspapers La Opinión in Los Angeles and El Diario-La Prensa in New York, announced the creation of ImpreMedia Digital, led by its new CEO, Arturo Duran, who previously oversaw interactive and business integration at CanWest. The division plans to develop Web sites at the company's 23 publications and acquire new digital media properties.

The charges, subsequent trial and protest marches in the Jena Six case in Louisiana underscored the opportunities for

the Black Press, particularly online. Black newspapers orchestrated campaigns that drew in readers and created an opening for papers not only to reach out to younger readers with electronic messaging, but also to spotlight stories under-reported in the mainstream media.

Some promise is seen in the digital habits of the nation's growing Asian-American communities – marketing studies put the number of Asians online at 11 million in 2007, and that is projected to grow to 14 million in four years. 1

In the new arena of citizen media, the most well-known form of Web 2.0 activity, blogging, appeared to be growing as quickly as ever in 2007, but the evidence suggests that most Americans are not turning to blogs for news.

The technology of Web 2.0 has not only set new standards for community interaction among people online, so-called “netizens,” but it is also promising to challenge the definition of journalism as citizens take on the job themselves.

How far has it gone? A new study released in this report finds that most of the citizen Web sites and blogs exercise similar gatekeeper control over their sites as conventional media. Outsiders are not allowed generally to post original content, beyond commenting on the material from the site itself.

More momentum appears to exist in citizen agenda setting than reporting, at user-news sites like Digg, which allow visitors to choose and share what they define as news.

Footnotes

1. eMarketer, using historical data from the International Telecommunication Union as a baseline:
[http://www.emarketer.com/Reports/ All/Emarketer_2000413.aspx?src=report_head_info_sitesearch](http://www.emarketer.com/Reports/All/Emarketer_2000413.aspx?src=report_head_info_sitesearch)

Author's Note

Author's Note

By the Project for Excellence in Journalism

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

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 to see where Americans are going for news. Or they can move across the introductory overviews of each sector. They can flip back and forth between our narrative and the interactive charts and tabular material. Or they can work through the statistics for themselves, making their own charts, 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 Project for Excellence in Journalism, a nonpartisan and non-political institute that studies the press and is part of the Pew Research Center in Washington. The study is funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapter on newspapers, which was written with the help of a co-author. 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.

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 that data. We have attempted, to the best of our ability and 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 places. We hope this will allow us and others to make comparisons and develop insights that otherwise would be difficult to see.

Executive Summary PDF [See end of document]

PEJ2008-Overview

En Español

En Español

A Spanish-language version of the 2008 State of the News Media Executive Summary and the Ethnic media chapter will be released later this spring.

Please email us and enter "Spanish" as the subject line if you would like to be alerted when this becomes available.



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

A Year in the News – Intro

Intro

By the Project for Excellence in Journalism

Two overriding, continuing stories took turns dominating headlines in 2007. As the year began, the increasingly bloody Iraq war and the fierce political debate over war strategy drove intensive coverage of the conflict. And the launch of Barack Obama's and Hillary Clinton's presidential candidacies at the outset of the year triggered aggressive coverage of the earliest-starting campaign in U.S. history.

Broadly speaking, the stories had reverse trajectories. By the end of the year, with the surge deemed largely to be working and President Bush in control of war policy, coverage of the Iraq conflict diminished considerably — with coverage of the political debate dropping more sharply than news of events on the ground. And with the Iowa caucus and the New Hampshire primary drawing near, coverage of the campaign swelled.

Taken together, the two continuing story lines — war and a presidential election — consumed a large portion of the media's energy and resources, and nearly a third of the overall newshole in PEJ's analysis of the news media. Factor that in with the broader trends affecting the news industry — economic retrenchment, staffing cuts and recalibrated ambitions — and 2007 became a year notable for the narrowness of the news agenda, defined almost as much by what wasn't covered as what was.

For 2007, PEJ offers a more in-depth, comprehensive analysis of news coverage than ever before. It examines coverage every weekday for the entire year in 48 media outlets and five media sectors, as well as Sunday newspapers. More than 70,000 stories were examined. The results offer what we believe to be an unprecedented view of what the mainstream media delivered in 2007 as well as insights into the priorities, tendencies and trends that helped define the news agenda. Among the key findings are:

- In the fragmenting media universe, the “old media” sectors — such as newspapers and network television — seem to have a broader and more diverse news agenda than the newer, more opinionated platforms, notably talk radio and cable television news. Not only did the older sectors offer a wider variety of subject matter, but they also were the least likely to be dominated by a few mega-stories, such as the Iraq war and politics. Talk radio and cable news tended to take the one or two hottest stories in the news and magnify them over the airwaves.

- In a strict sense, the American media did not in 2007 cover the world. Rather it would be more accurate to say it covered some U.S. interests abroad. Beyond Iraq, only two countries in 2007 received notable coverage, both closely related to the war — Iran and Pakistan. Among the arguably newsworthy places that received scant attention were Afghanistan, North Korea, Darfur, Russia, China and Lebanon.
- The media and the public often disagreed about which stories were important in 2007. For one thing, citizens suggested that the press failed to deliver sufficient coverage of some basic bread and butter issues, such as rising gas prices, toy recalls, and the legislative battle over children’s health insurance. They also showed less interest than the media in the crisis in Pakistan and certain aspects of the Iraq debate, such as General David Petraeus’ September appearance before Congress. To the extent the press covered distant parts of the world, people in some ways thought even that was too much.
- Rush Limbaugh’s reference to the mainstream press as the “drive-by” media may be an ideologically driven critique, but in the case of several major stories in 2007, including the Virginia Tech massacre, the media did reveal a tendency to flood the zone with instant coverage and then quickly drop the subject. The media in 2007 had a markedly short attention span. Despite the fascination in some quarters with Hollywood bad girls such as Britney Spears, Paris Hilton and Lindsay Lohan, the reality is that much of the mainstream media wasn’t very interested in tabloid-style gossip and scandal. To the extent that there is interest in the mainstream press, the largest share comes from cable television news.

A Narrower News Agenda:

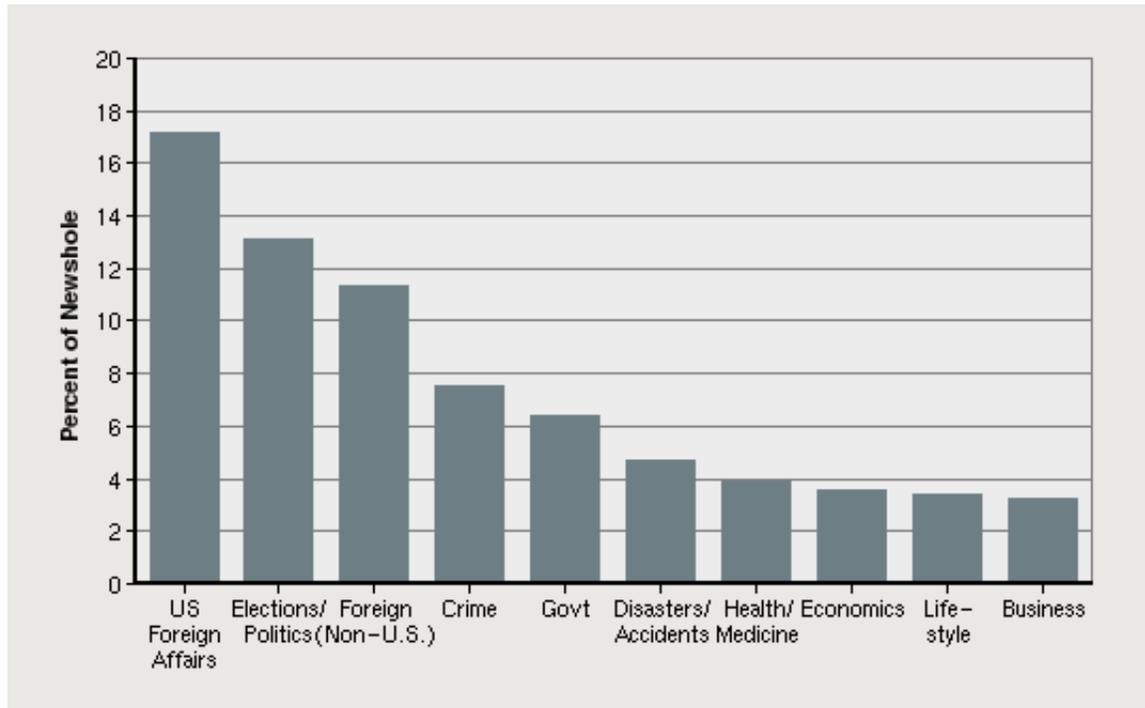
News consumers may have had more choices than ever for where to find news in 2007, but that does not mean they had more news to choose from. The news agenda for the year was, in fact, quite narrow, dominated by a few major general topic areas. Together, coverage of U.S. foreign policy and U.S. politics and elections accounted for almost one-third of the overall newshole for the year. It gets even narrower if we look at the specific news stories that drove coverage in each of those topic areas. Year-long coverage of the 2008 Presidential campaign pre-empted most political attention. And coverage of U.S. foreign policy topic was dominated by the war in Iraq and the debate over war strategy.

The third-biggest topic area in 2007 (11%) involved foreign events not directly related to U.S. actions. But these, too, rather than broadening the news agenda, point to a narrow range of coverage. First, Iraq and the two other areas of anti-terrorism concern — Iran and Pakistan — accounted for more than a quarter of that coverage. And another chunk of that foreign coverage involved one-time events, man-made and natural disasters such as plane crashes and hurricanes, lifestyle, science, celebrity, crime, and even lingering questions about the death of Princess Di. These stories ranged from the damage caused by Hurricane Dean in Mexico and parts of the Caribbean to the introduction of a group of baby pandas in China.

In short, an examination of the reporting finds that less than half of the foreign coverage that was not about the United States directly was concerned with what we might consider geopolitical foreign matters, diplomacy, internal affairs, etc.

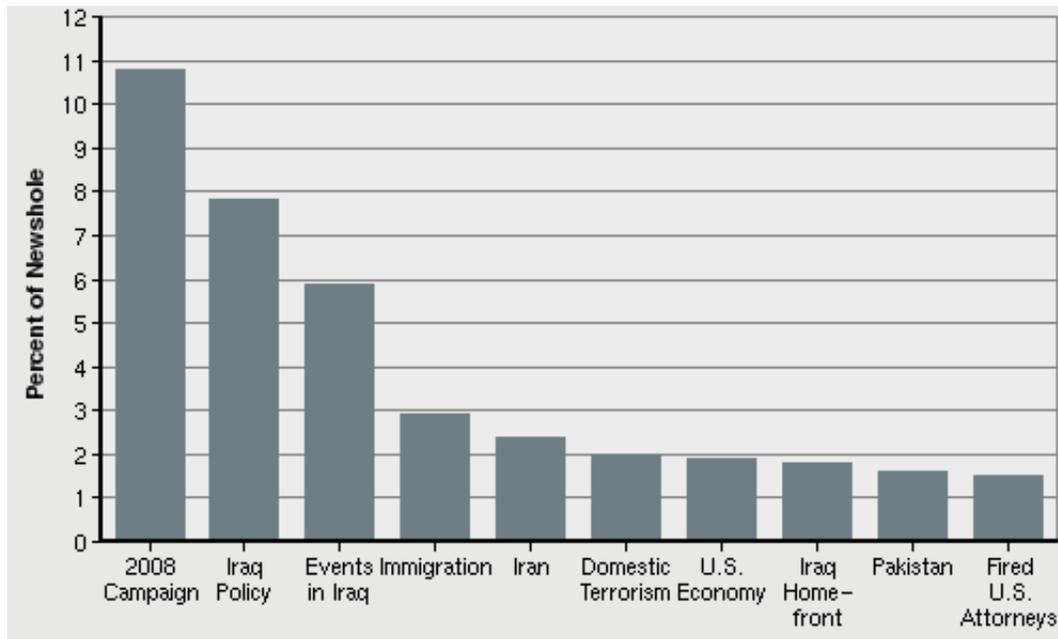
Most Covered Topics Across All Media

2007



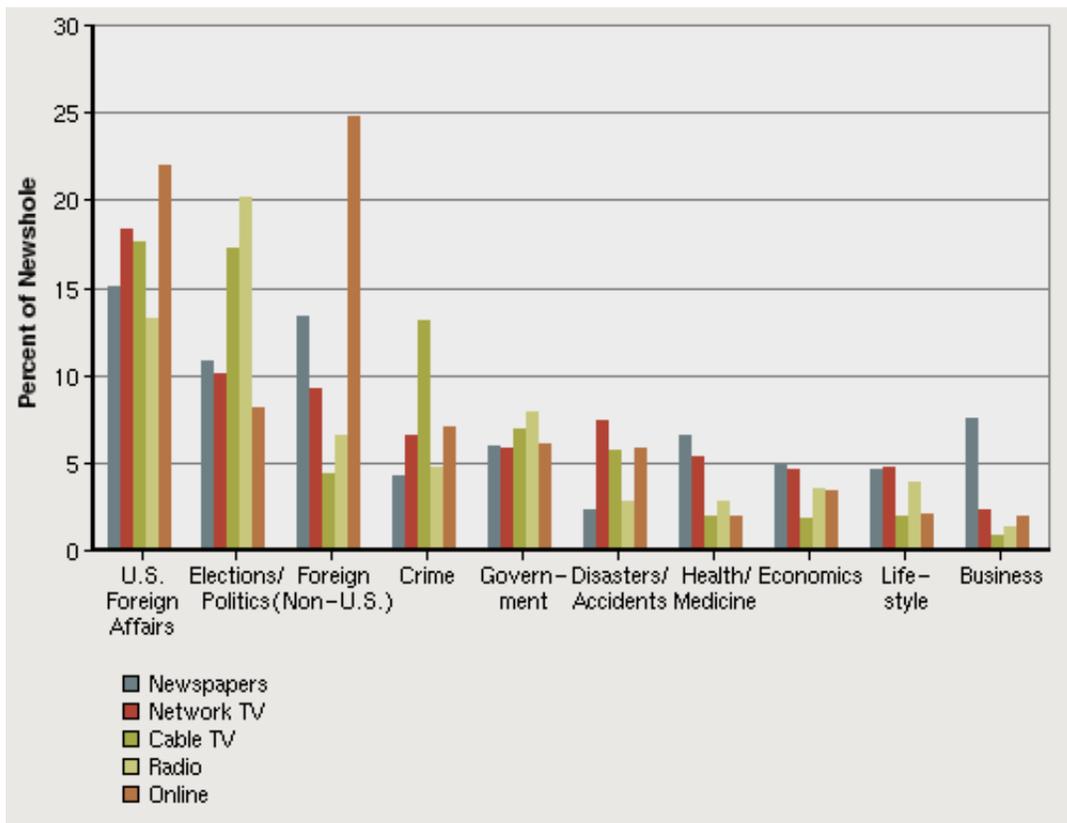
Source: PEJ, A Year in the News, 2007

Top 10 Stories for all Media, Overall
2007



Source: PEJ, A Year in the News, 2007
All other stories were less than 1.5% for the year
Newshole is defined as the time or space available in an outlet for news content

Topics by Media Sector
2007



Source: PEJ, A Year in the News, 2007

A Limited Domestic Agenda:

In 2007, we learned that many of children’s toys were unsafe as were a dismaying number of food products that needed to be removed from supermarket shelves. A landmark energy bill passed that set new fuel economy standards for the automotive industry for the first time in more than three decades. A heated battle erupted in Congress over a plan to expand health insurance for children.

Yet an examination of the mainstream news agenda in 2007 reveals that a broad range of domestic subjects was given limited attention by the media. And at least in theory, these stories were logistically much easier to report on than the Mideast or North Korea.

The half-dozen broad topic areas that generated the least coverage last year included development and urban sprawl, the legal and court system, religion, transportation, education, and race, gender and sexual identity issues. None of these attracted more than 1% of the coverage over all.

Least Covered Domestic Issues Percent of Newshole

Topic	
Education	1.0%
Transportation	0.8
Religion	0.7
Court/Legal System	0.4
Development/ Sprawl	0.2

These lesser-covered subjects do have something in common. Matters of religion, gender and race relate to the social underpinnings of the culture and the way people feel about their daily lives. Similarly, development, transportation and education relate to institutional underpinnings of daily life. Broadly speaking, they are the bread and butter subjects that most people deal with on a constant basis. Why weren't these subjects a more significant part of the news diet in 2007?

They are also subjects that normally bend rather than break. In other words, education, religion, infrastructure are vital factors in our lives, but they are slow-moving trends. They are news that bends. This kind of news requires more continuous attention to be able to understand and explain incremental changes along the way or to know when the small changes have added up to something more comprehensive — specialists, beats, sentinels assigned to watch. Many news organizations have cut back on staff devoted to specific beats like these.

Also, news that breaks, such as car crashes or explosions, generates more immediate news appeal, often involving strong visuals or attention-grabbing headlines.

Government Gets Short Shrift:

The extensive attention to the Washington-based debate over Iraq war policy and the battle for the White House also in some ways crowded out other news occurring inside the halls of the U.S. government in 2007.

In 2007, coverage of government filled 6% of the overall newshole in the five media sectors studied. That includes such areas as legislative debate over immigration, domestic anti-terrorism policy and the activities of the new Democratic-led Congress, which was the third-biggest story (at 6%) for the month of January 2007, when the new legislators took office with what many believed was a mandate to end the Iraq war.

How does that level of government coverage compare with past efforts? While this is the first year the Project has mounted such a comprehensive look at the media, the number, while not unprecedented, is lower than in recent years. In 2003, also a year before a presidential election, coverage of government accounted for 16% of the stories on the three commercial nightly television newscasts. In 2007, the comparable number was 5%. (The number was considerably higher a few decades ago, 37% in 1977 and 32% in 1987). On cable in 2003, government news made up 29% of the cable airtime. In 2007 government accounted for 7 % of the airtime on the cable programs studied. There are very likely a number of factors at play in the 2007 figures, not all driven by press choices. The excitement over the

election and the intensity of the debate over Iraq policy were clearly bigger stories than they were four years earlier. Further, the lack of media coverage may in part reflect the lack of activity of a lame duck Bush administration, which, beyond thwarting the Democrats over the war and failing on its immigration plans, did not press much of an agenda in 2007.

Finally, as we see with coverage of domestic issues, the drop in government coverage may reflect newsroom resources — a diminished capacity of the press to cover multiple Washington-focused stories.

Consider for instance that on CBS News, White House correspondent Jim Axelrod has also been assigned to cover the Hillary Clinton campaign for president. Or that when the Washington bureau of the Copley News Service was recently cut back, those departing included Marcus Stern and Jerry Kammer, staffers who had won a 2006 Pulitzer Prize for their reporting on the bribery case that led to the resignation of Representative Randy “Duke” Cunningham, the California Republican who is now in prison for accepting bribes.

One of the other biggest government stories of the year was the firing of U.S. attorneys, which led to the resignation of Attorney General Alberto Gonzales and filled 1% of the newshole for the year. But early on in 2007, it was actually the work of a blogger, Josh Marshall of Talking Points Memo, that connected the crucial dots on the case while much of the mainstream press either failed to grasp its importance or was preoccupied elsewhere. (Marshall was later honored with the George Polk Award for Legal Reporting for essentially scooping the mainstream press on this story.)

A Limited Diet of Global News:

The year 2007 was the deadliest for American forces in Afghanistan since that war began in 2001. The U.S. reached a historic agreement on nuclear weapons with North Korea, a one-time member of what President Bush called “the Axis of Evil.” In November, about 50 countries gathered in Annapolis, Md., to start the most intensive Mideast peacemaking effort in years.

Yet, when one examines coverage of the world in 2007, it was dominated by only three geopolitical hot spots. Foremost was the war in Iraq, which accounted for nearly one-sixth of the overall coverage examined when you factor in all three story threads — the Washington-based political debate, the situation inside Iraq and the impact of the war on the U.S. homefront.

The second overseas crisis to generate notable attention was Iran, which finished as the fifth-biggest individual story of the year. But the most extensive spurts of coverage did not directly involve simmering U.S.-Iran tensions. Major spikes stemmed from the March 2007 hostage drama in which Iran temporarily detained 15 British sailors. Another big week of coverage occurred during Iranian President Mahmoud Ahmadinejad’s visit to New York, a trip that included a highly contentious appearance at Columbia University.

The other hotspot was Pakistan, a crucial but unstable ally in U.S. anti-terrorist efforts, which was rocked by internal turmoil. The return from exile and the subsequent assassination of former Prime Minister Benazir Bhutto in December generated more focused coverage that made Pakistan the ninth-biggest single story line of the year.

Yet, other than these three related stories — Iraq, Iran and Pakistan — coverage of the numerous international crises

and events around the globe, some that clearly involved crucial U.S. interests, was modest in 2007. The war in Afghanistan, the Israeli-Palestinian conflict, the arms negotiations with North Korea, the civilian deaths in Darfur, and growing tensions between Washington and Moscow were among the major global events of the year that generated neither sustained coverage nor even intense short-term interest in the U.S. media.

Taken separately, each of the following foreign stories accounted for one-half of one percent or less of all coverage: the Israeli-Palestinian conflict (0.5%), nuclear negotiations with North Korea (0.4%), the violence in Darfur (0.2%) and deteriorating U.S. relations with Russia (0.2%).

Afghanistan, where American troops are fighting, made up less than 1% of coverage (0.9%)

Arguably, no country in 2007 might have commanded as much regular media attention as China, whose growing economy makes it the emerging global power. Yet in 2007, the China-related story that got the most media attention was the recall of products and toys. And even that fell well shy of filling 1% of the newshole.

The lack of broad and deep international coverage is probably a function of several interrelated factors. The war in Iraq has soaked up much of the journalistic energy and resources in the past five years. And the general trend in the news business toward cost-cutting and staff-reduction has meant an overall retreat from coverage around the world. A February 2007 article in the Washington Post on the “demise of the foreign correspondent” reported that the number of foreign-based newspaper reporters dropped about 25% between 2002 and 2006.

Yet another factor may be the public’s lack of interest in overseas stories, which has been measured in the 2007 News Interest Index surveys. (See section on the coverage divide.)

Differences By Media:

There were some notable differences in news judgment among the media sectors, both in terms of subject matter covered and the diversity or breadth of the news. (Each of the sectors is analyzed at a deeper level in their own subchapters that follow. Here we discuss their broad differences in news agenda.)

One key finding in 2007 is that the platforms that offered the widest variety of coverage were two traditional media sectors, newspapers and network television.

One way to measure this diversity is to see whether coverage was widely dispersed or concentrated in several key areas. How much space, for instance, did each media sector devote to their three biggest topics? Network television and newspaper front pages devoted the least (38% and 39%, respectively). The number was substantially higher in radio (43%), cable (48%) and among the top stories online (55%). Conversely, newspapers and network television had the highest number of topic areas (13 and 12, respectively) that filled about 3% of the newshole or more.

There were also significant differences in the smaller topic areas. Only newspapers included business coverage and health and medical stories among their top priorities. Broadcast network news offered the most coverage of disasters and accidents, such as the Minnesota bridge collapse and Southern tornadoes. Cable television news, with its demand for live-event coverage, devoted the most time by far to crime coverage. Radio proved to be the most self-absorbed

sector, making coverage of the media itself one of its top coverage areas. (Much of that reflected talk radio's fascination with the April 2007 firing of longtime radio host Don Imus over racially crude remarks.)

Each sector had its own characteristics that shaped content choices. Newspapers and network television, the two platforms that offered the broadest news agenda, have historically attracted the largest audiences and have been most willing to invest in reporting resources. Cable television and radio, the two sectors that offer the highest doses of political coverage, are home to the ideologically driven talk shows that tend to hammer away at the biggest and most divisive issues in the country on a daily basis.

The most distinct sector in 2007 was online. The Web sites studied by PEJ consistently displayed the most interest in the rest of the world and the least interest in covering U.S. domestic politics. Not only did coverage of foreign policy and geopolitics make up almost half of the online newshole in 2007, but the leading broad topic category also featured international events that did not primarily involve the U.S. Why would the online sector offer by far the largest selection of international news? One conceivable explanation is that the Internet has the largest reach and is the medium that most easily crosses borders and continents.

It is also true that as a platform that often specializes in news aggregation and collection, many Web sites can cover the world without incurring the substantial expenses of overseas reporting.

The One-Week Wonders: Big Stories That Quickly Vanish

When the I-35W Bridge in Minneapolis collapsed during rush hour on August 1, 2007, killing 13 people, the tragedy quickly commandeered major cable coverage and dominated the news for several days. All told, it accounted for one-quarter of that week's news coverage, making it the eighth-biggest single-week story of 2007.

After the rescue and recovery operations ended, the bridge collapse provided the press with a chance to focus attention and examine the state of road, bridge and tunnel infrastructure in American society, something that we have heard for years may have suffered because of changes in government priorities.

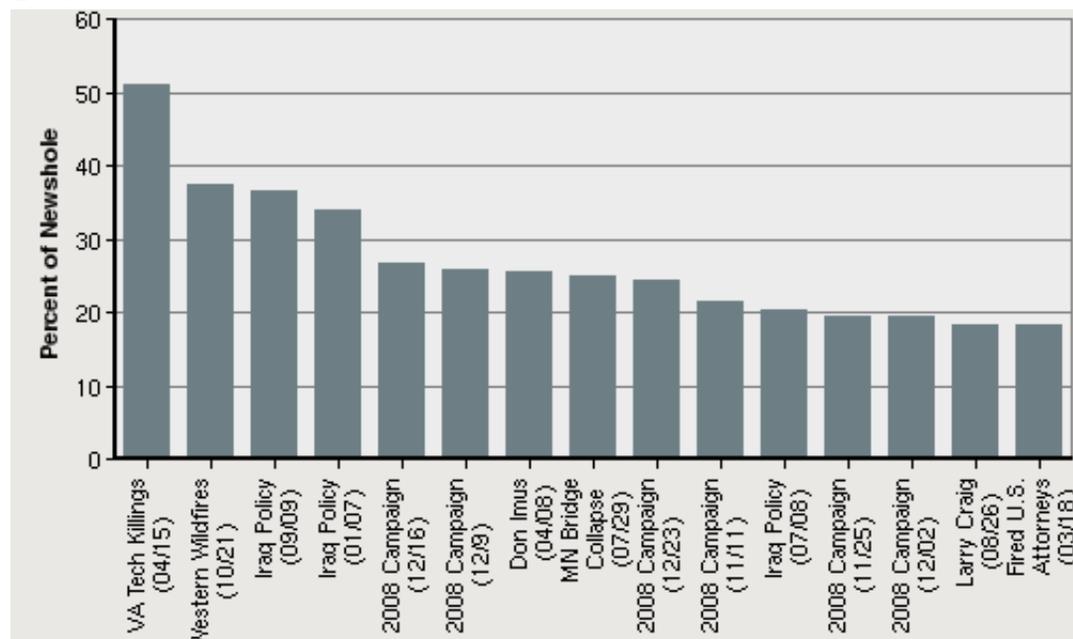
Did the bridge disaster lead to that kind of coverage?

For about a week after the disaster, coverage focused almost solely on the casualties and cleanup. And aside from the occasional story making a connection between funding priorities and bridge safety, the infrastructure angle went largely unexplored. Instead, coverage of the tragedy quickly petered out, dropping to 6% the week after the accident and then down to 1% the following week.

The bridge catastrophe was just one of a number of stories in 2007 that were big events that flashed across the media landscape and then vanished almost instantly, with less follow-up than one might have expected. They were one-week wonders.

Top 15 Single-Week Stories

2007



Source: PEJ, A Year in the News, 2007

The event that generated the most coverage in any single week in 2007 was the April 16 massacre in which 33 were killed at Virginia Tech. That week, the tragedy accounted for more than half of all news coverage examined, the biggest story of the year in any given week. The media descended on the traumatized Blacksburg, Va., campus and after a few days, a student (or students) had constructed a sign that read “VT Stay Strong. Media Stay Away.”

In fact, the media coverage soon diminished notably. The week following the shooting, Virginia Tech accounted for only 7% of the newshole. By the end of April, it had virtually vanished from the media agenda. There was little follow-up on a number of story lines that seemed to emerge from the rampage, including the debate over gun control and the issue of identifying and treating troubled adolescents who display serious psychological problems, or the security and communications plans on college campuses and other schools when emergencies occur.

Other breaking events that were among the biggest weekly stories of 2007 followed a similar pattern. There was an intense outburst of spot coverage of the destructive Southern California wildfires in October that forced hundreds of thousands to evacuate their homes. It was the second-biggest story in any single week, accounting for 38% of the coverage. But the following week, as the fires came under control, coverage plummeted by about 90% and it virtually disappeared the week after that. The underlying issue raised by the fires, the spread of housing development to areas that are prone to such catastrophes did not generate significant follow-up.

The firing of Don Imus filled more than a quarter of the newshole in the week of April 8. But coverage plummeted to 1% the next week.

Not all of these stories might have called for the same level of examination and follow-up. (As it was, the Imus story was arguably carried further than it otherwise would have been by talk hosts who were obsessed by something that happened to one of their own.) But the fact that the Virginia Tech disaster and the bridge collapse failed to have real journalistic “legs” and to generate further substantive coverage seems more telling.

What explains this phenomenon, what some critics call hit-and-run journalism? Certainly, one factor seems to be the role of cable television news, particularly daytime cable news, with its relentless hunger for live breaking events is a crucial factor. Almost invariably, it is cable news that lavishes wall-to-wall attention on these big stories, giving them the sense of ubiquity and catastrophe.

On cable, for example, the Virginia Tech story filled three-quarters of the newshole that week, the most coverage by any media sector. Cable devoted half its time to the California wildfires the week that story broke and nearly half its time to the Imus firing and the Minneapolis bridge story. It is cable’s propensity to drop virtually the rest of the news agenda to focus almost exclusively on one event that helps create such mega-stories. Yet, cable’s short attention span and constant search for the next major headline can turn this week’s bombshell into next week’s afterthought.

Cable producers may imagine they have covered all angles of a breaking story while it is occurring. Yet that “do it all at once” approach may also lead to more repetition than depth. And it lacks the perspective that comes with time, even a week or two, to sort out the meaning and implications of events as the initial trauma and shock fade.

Other factors may be built into the nature of the news more generally. News is immediate, not so retrospective. And again one must also wonder about the connection to reporting resources. The one media sector that displayed a tendency to do more aggressive follow-up on these big stories was the newspaper industry, which, despite a recent history of cutbacks, still tends to produce more boots-on-the-ground reporting than other platforms and remains, by our estimates, at 90% of its peak staffing (*See Newspaper News Investment*).

Coverage That Divided the News Media From News Consumers:

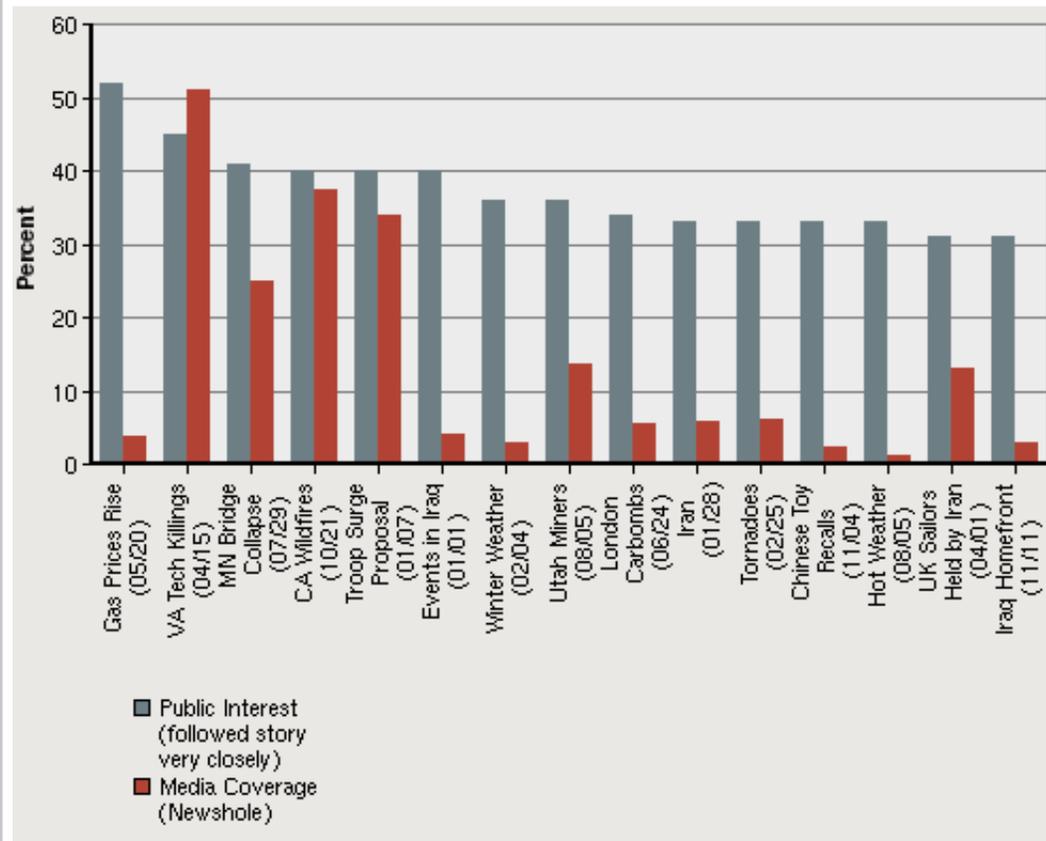
For the first time, in 2007, the Project was able to examine whether the public agreed or disagreed with the media over what constituted important news. Each week, the News Interest Index survey by the Pew Research Center for the People & the Press asked news consumers to describe their level of interest in the top stories as identified in the News Coverage Index. Several clear areas of disconnect emerged.

In the week of May 20-25, with the average price of gasoline spiking to \$3.22 a gallon, 52% of those surveyed in the News Interest Index said they were following that issue very closely, the highest level of public interest for any story in 2007. Yet, at 4% of the newshole, the rising costs at the pump were only the sixth-biggest story of that week in the News Coverage Index. That represented the biggest disparity of the year in these two metrics between editors and the public, and it was a basic pocketbook issue, the cost of filling a gas tank.

Looking at stories that the public said they were most closely following, significant interest gaps emerged for several other news events — revelations that the dangerous staph “superbug” called MRSA was more common than previously thought, recalls of pet food, the troubled U.S. economy in the week that investor guru Warren Buffett said taxes on the rich were too low, and President Bush’s veto of the legislation intended to expand health insurance for children.

Public Interest vs. Media Coverage

2007



Source: PEJ, A Year in the News, 2007

As was the case with many of the topic areas that got little coverage in the press, the common characteristic that defines these particular stories, including the spike at the gas pump, is that they speak to the nuts and bolts of daily existence, such as health and money. (See this section for more)

Conversely, there were some subjects that the media seemed far more interested in covering than the public said they were interested in following. These might be the stories that the media “over-delivered” in the year. A number of those stories involved events overseas. President Pervez Musharraf’s decision to declare a state of emergency in Pakistan, the Mideast peace summit meeting, the agreement by North Korea to abandon its nuclear weapons program and the Lebanese Army’s battle with Islamic militants were all stories that generated more media attention than public interest.

Those results apparently reflect the public’s lack of interest in stories that, in fact, are getting only minimal coverage. So

even as journalists seem to have little inclination to cover global events other than Iraq, news consumers still think they're being oversaturated. There may be a chicken-and-egg effect here. If Americans really aren't interested in global conflicts, the press has even less incentive to spend time and money on those stories.

One major overcovered story of the year, according to the Pew Research Center For The People & The Press surveys, was General David Petraeus' Iraq progress report to Congress in September. Eagerly anticipated for months as a potential turning point in the battle for public opinion about the war, the report proved to be anti-climactic. Petraeus' message was to stay the course, and by then President Bush had successfully beaten back congressional attempts to change American strategy in Iraq. The media hung on Petraeus' every word and delivered the single biggest week of Iraq policy coverage. The public, only 14% of whom said that was the story they most closely followed that week, may have displayed the better grasp of the actual news value of the event.

The Mainstream Media Shun Tabloid Tales:

In 2007, not a single day seemed to pass without news of the public, or even private, indiscretions, of the troubled "girls gone wild" trio of Lindsay Lohan, Paris Hilton and Britney Spears. Celebrity DUIs and quick jaunts to rehab clinics felt like a staple of the news diet. No one could be blamed for thinking the press had been taken over by the paparazzi. In fact, the new TMZ syndicated television program is a celebrity show that often provides a paparazzi eye-view.

When assessing this torrent of info-tainment, one important question remains: Who is actually responsible for the coverage? Yes, the tabloid celebrity culture — fueled by US magazine, TMZ.com, Entertainment Tonight, cable news cameras, and an expanding array of "pap" media — grew bigger in 2007. But a closer look reveals that much of the mainstream media, as examined by PEJ, actually tended to give these stories a good leaving alone.

The broad topic of celebrity and entertainment was far down — at No. 16 — on the list of mainstream media priorities last year, filling only 2% of the overall newshole (behind, for example, coverage of the news media itself). Week after week, the red hot gossip specials — Spears' bizarre head-shaving spree, Lohan's drunk driving rap, the Rosie O'Donnell-Donald Trump feud, and Alec Baldwin's venomous voicemail to his daughter — failed to gain any traction in the mainstream media, usually accounting for 1% or less of the week's coverage.

Does this represent some diminishing interest in celebrity news in the mainstream media culture, particularly given the plethora of new specialized celebrity media? That is harder to answer at this point, but is something we can examine going forward. ¹

There were certainly scandals that attracted the media's attention in 2007, but they were not strictly celebrity. Two of the biggest involved government officials. The U.S. attorney firings that led to the resignation of Attorney General Alberto Gonzales stayed in the news for much of the year and ended up as the 10th-biggest story of 2007. The arrest of Senator Larry Craig on charges that he solicited sex from an undercover police officer was the biggest story the week it broke. O. J. Simpson, now perhaps less of a celebrity than a serial criminal defendant, also generated major coverage with his Las Vegas arrest on armed robbery and kidnapping charges.

But only two classic celebrity scandals — those involving the charter members of the showbiz, nightlife and gossip column crowd — cracked the weekly list of top-10 stories in 2007.

For one week in early June, party girl/socialite Paris Hilton made major news, and it was largely for the strange set of circumstances in which she was released from jail early, quickly escorted from her home to court in a police vehicle and then sent sobbing back to jail by an angry judge. But other than that one spike in coverage, Hilton received minimal attention.

The other big celebrity tale made a considerably larger splash. The circumstances surrounding the death of Anna Nicole Smith, the former Playboy centerfold model, actress and heiress — and the ensuing court battles for custody of her body and infant daughter — became a much longer-running saga that ended up as the eighth-biggest story in the first quarter of 2007. In the interval from Smith's death on February 8 to her burial on March 2, only two other stories — the debate over Iraq and the 2008 presidential race — generated more attention in than Smith's demise.

But a deeper examination indicates that even what happened in the Smith case was a selective media feeding frenzy driven by the relentless coverage in only two media sectors. In the three weeks between her death and burial, the story consumed 22% of the cable news airtime studied and 15% of the coverage on the three broadcast network morning television shows. Much of the rest of the media treated it as an afterthought. For those who turned to radio, the Internet or newspaper front pages, the Smith story was a much smaller deal, not even reaching 5% of the newshole in any of those sectors. And a good deal of that coverage came on Feb. 8 or 9, when the news first surfaced of Smith's mysterious death.

The travails of the rich and famous are a treasure trove for the tabloids, the TMZs and the television shows that focus on Hollywood. But when it comes to the bulk of the mainstream media, those stories tend to be treated as trivia in 2007.

Newspapers

Newspapers

By the Project for Excellence in Journalism

In 2007, despite numerous hits to the industry and a rush of resources away from print and toward the Web, newspapers stood out in 2007 for unique coverage. Their particular strength, at least in print, may be less covering breaking news than tracking stories that percolated, ebbed and flowed over the course of the year. The nation's newspapers gave front-page coverage to issues and events often not found in other news genres. The state of the U.S. economy, the continuing debate over health care policies and foreign news beyond the war in Iraq, among others, stood out on newspaper front-pages.

Here, we take a look at three distinct areas of coverage where the role of newspapers stands out.

The Economy

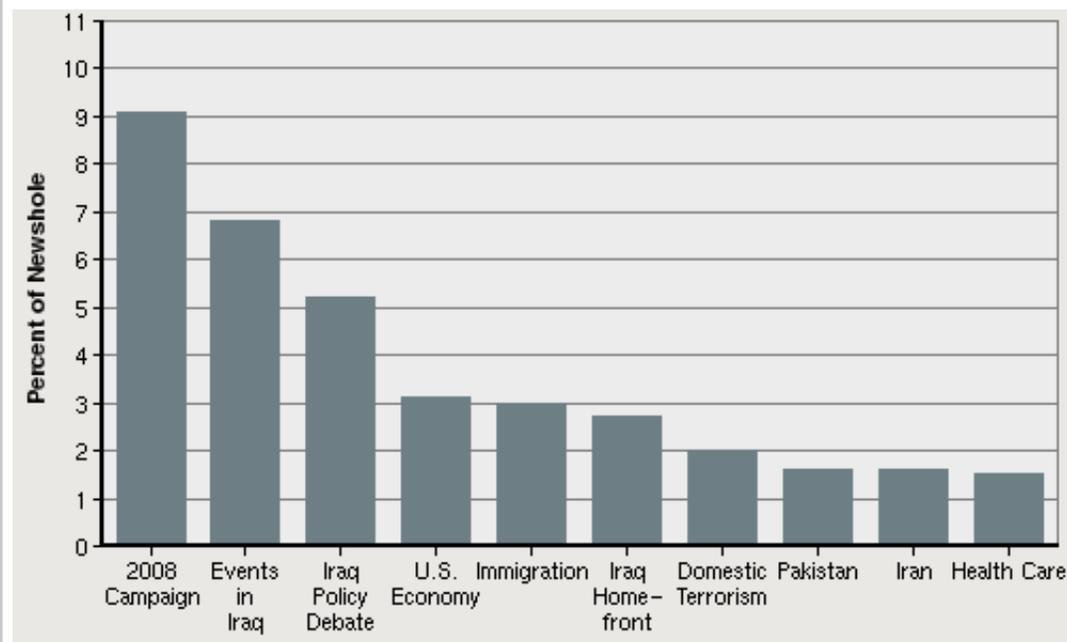
In January of 2008, economic concerns rose significantly among Americans to rival the war in Iraq as the top problem facing the country. ¹ At the same time, it began driving the presidential primary debates and became a top issue influencing primary votes. ²

In the press, newspapers had already been covering the issue for months, dedicating staff, space and early attention the story when most other genres had yet to treat it as top news.

Looking across 2007, newspaper front pages covered the downturn in the U.S. economy more than any of the other six genres studied. Over all, it was No. 4 among the biggest stories of the year in newspapers, accounting for 3% of the front-page newshole. The only other genres to include the economy on their top 10 list were online news sites, where it ranked No. 6 over all (2%) and network morning and evening television news, where it placed No. 5 for each (2%).

Top 10 Newspaper Stories

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The emphasis in print is even greater than it first may seem, considering it includes only the front-page articles. The business section fronts may well have had more. This compares to the entirety of network evening news shows, the hard news section of the morning programs (where all the economic news would likely be) and several hours of cable programming each day. (The online news studied is more similar to newspapers — the top five stories of the page.)

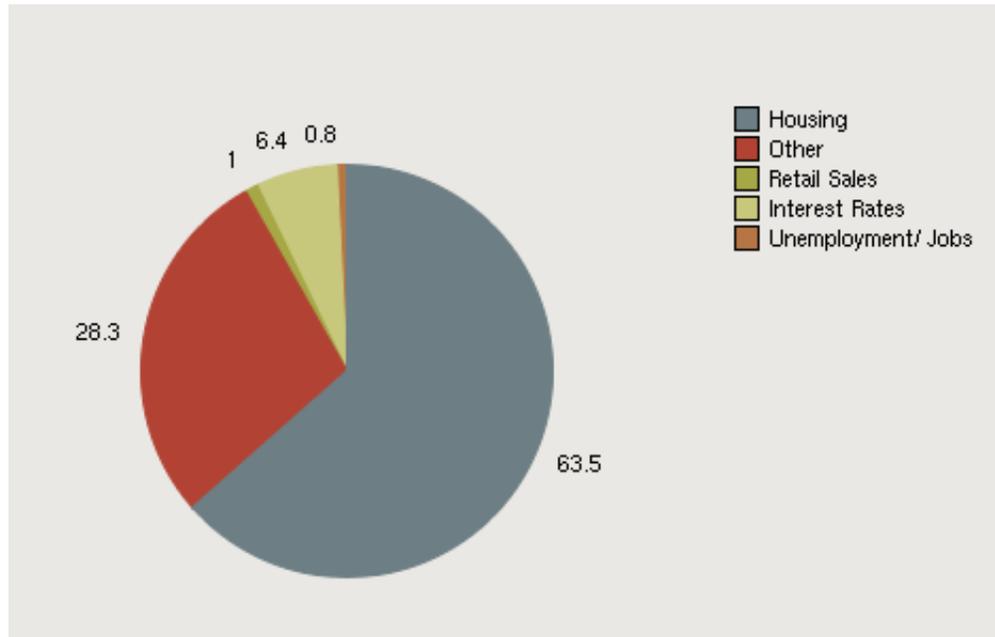
This difference also was not a case of the big national papers tuned in to debates in Washington and on Wall Street while smaller papers across the country focused on more local matters. If anything, the local papers tuned in to the issue of the flagging economy first. The issue actually accounted for more of the front-page newshole in medium-sized metropolitan papers (3.6%) and small papers (3.4%) than the national papers (2.9%)³.

Part of this attention at the local level was due to the nature of the story. It did not evolve as a Washington policy event

initially but in neighborhoods across the country as people found their houses were not selling or the sale of their neighbors' houses suggested their home values may have dropped. The sense of security that people had in their homes began to waver, and local newspapers began reporting the shifts, having attachments to the local communities and still with newsrooms structured to cover more than the news of the moment (something local television finds hard to break free of).

Breakdown of U.S. Economy Stories

Across Newspapers

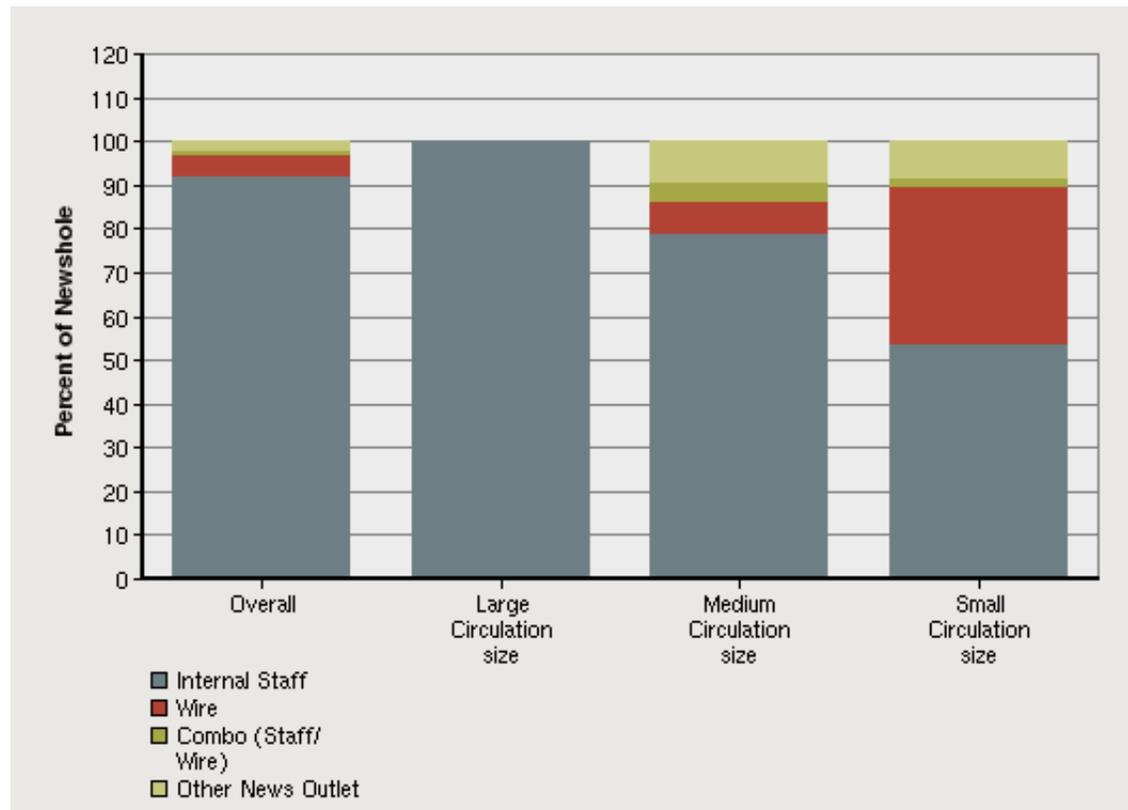


Source: PEJ, A Year in the News, 2007

As early as March of 2007, for example, the Ohio Star Beacon in Ashtabula reported that late mortgage payments had jumped to a three-and-a-half-year high, with foreclosures at an all-time high. The Bakersfield Californian front page noted that, after a steep decline, the local housing market was now one of the nation's worst.

Another sign of the local nature of this story is that these smaller newspapers devoted their own staffs to covering this issue. For major national news stories, local and metropolitan papers tend to rely on the wires, especially the front-page stories. This was not the case when it came to coverage of the economy in 2007. At the mid-level metro papers, nearly 80% of coverage about the economy was from staff reporters versus about half the coverage of about the war in Iraq and only 37% of coverage about Iran. At the most local papers more than half (53%) of front-page economic coverage were written by staffers compared to just 29% of Iraq coverage.

How Newspapers Covered the U.S. Economy Coverage by Format



Design Your own Chart

Source: PEJ, A Year in the News, 2007

The national paper that stood out most in early coverage was the Wall Street Journal. In March 2007, the paper carried front-page articles on failing mortgage lenders, fears about sub-prime loans and foreclosures, regulators facing added scrutiny and even a profile on one investor trying to take advantage of the low housing market.

Setting the Agenda

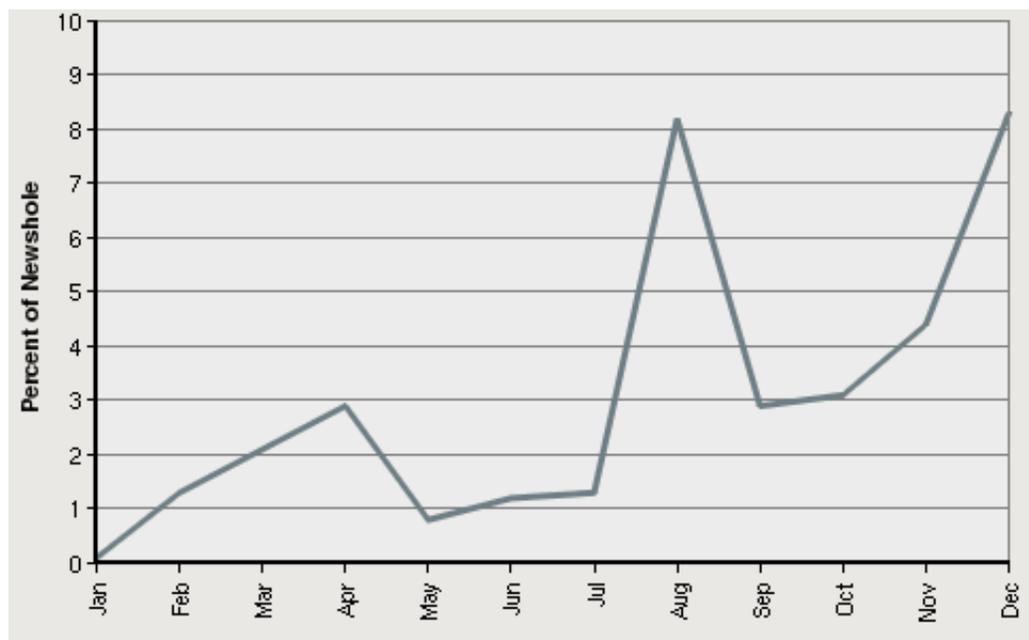
The failing economy had become a major story in American newspapers as early as March of 2007 when it was the eighth-most covered news event (accounting for 2% of the front-page newshole). The burst of coverage was driven largely by the downturn in the housing market. Fully 89% of the economic coverage that month (63% of the coverage for the year) pertained to the housing market. Again, roughly half of that was state or local reportage.

Elsewhere, the media had not yet noticed. The state of the economy did not show up in other sectors as a top story until

August. That month, when the Federal Reserve began taking action, possible bankruptcy emerged at the largest mortgage lender and credit worries hit overseas markets, news Web sites, network news programming and radio news suddenly jumped into the story. For cable news, it took even longer and the economy did not make it into the top 10 list until December.

Newspaper Coverage of the U.S. Economy

2007



Source: PEJ, A Year in the News, 2007

In newspapers, the troubled economy spiked to the top spot in August, accounting for 8% of the front-page newshole. And after that, the only months when the economy was not a top 10 story were May, June and July, when the scandals at the World Bank, the death of Jerry Falwell and Palestinian uprising drove it lower.

Health Care Policy

Newspapers also stood out as the one genre to devote significant amount of front-page space to the debate over health care policy. In 2007, it was not one big event or debate in Congress driving the coverage, but a story that ebbed and flowed throughout the course of the year as Congress debated new programs, states adopted new practices or public opinion shifted.

Over all, the health care debate was the 10th-biggest story on newspaper front-pages and accounted for 2% of the total front-page newshole.

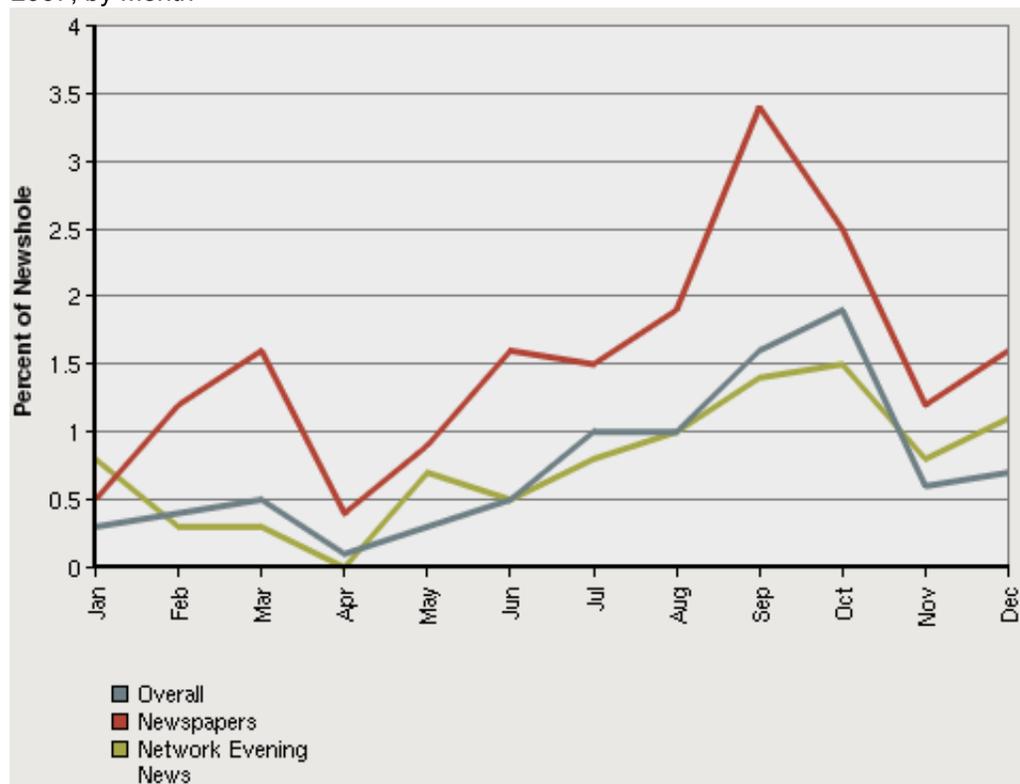
Top Stories in Media in 2007

Percent of newshole

Rank	Media Overall		Newspapers		Network Evening News	
1	2008 Campaign	11%	2008 Campaign	9%	2008 Campaign	8%
2	Iraq Policy Debate	8	Events in Iraq	7	Events in Iraq	7
3	Events in Iraq	6	Iraq Policy Debate	5	Iraq Policy Debate	6
4	Immigration	3	U.S. Economy	3	Iraq Homefront	3
5	Iran	2	Immigration	3	U.S. Economy	2
6	U.S. Domestic Terrorism	2	Iraq Homefront	3	VA Tech Shooting	2
7	U.S. Economy	2	Domestic Terrorism	2	Domestic Terrorism	2
8	Iraq Homefront	2	Pakistan	2	Global Warming	1
9	Pakistan	2	Iran	2	Iran	1
10	Fired U.S. Attorneys	1	Health Care	2	Immigration	1

Health Care Coverage Across Media

2007, by Month



Design Your own Chart

Source: PEJ, A Year in the News, 2007

No other genre covered the story to a degree that placed it among their top 10 stories of the year. Even the network evening news, whose agenda is usually the closest match the newspaper front pages (See Network Content) gave the story significant coverage only in one month of the year. That was October, when the debate about the State Children's Health Insurance Program pushed health care to No. 9 among network news stories (for 2% of the newshole on network news programs). That month it is also ranked No. 5 in the radio programs studied (4%).

In newspapers, the health care issue ebbed and flowed but was around much of the year. The coverage ranged included rising Medicare costs, state initiatives such as the requirement in Massachusetts that residents carry health insurance, and, later in the fall, congressional debate over the proposed broadening of the State Children's Health Insurance Program. In total, it made the top 10 list in six months.

It appeared first in March with news of several different changes in policy: new strict federal standards on transplants, states turning to pharmaceutical companies to help contain Medicaid spending and doctors delinquent on Medicare tax payments. It then reappeared in June — more coverage of delinquent doctors, high costs for retirees in California, other state-level developments — and remained within the top 10 through October. In September when several local papers

reported on new state findings or programs, it was the No. 4 among stories used.

As with the economy, this was not a case of the big papers covering the Washington debate. The issue actually accounted for more coverage in mid-sized papers (2%), followed by the smallest (1.8%) and then the national papers (1.4%).⁴

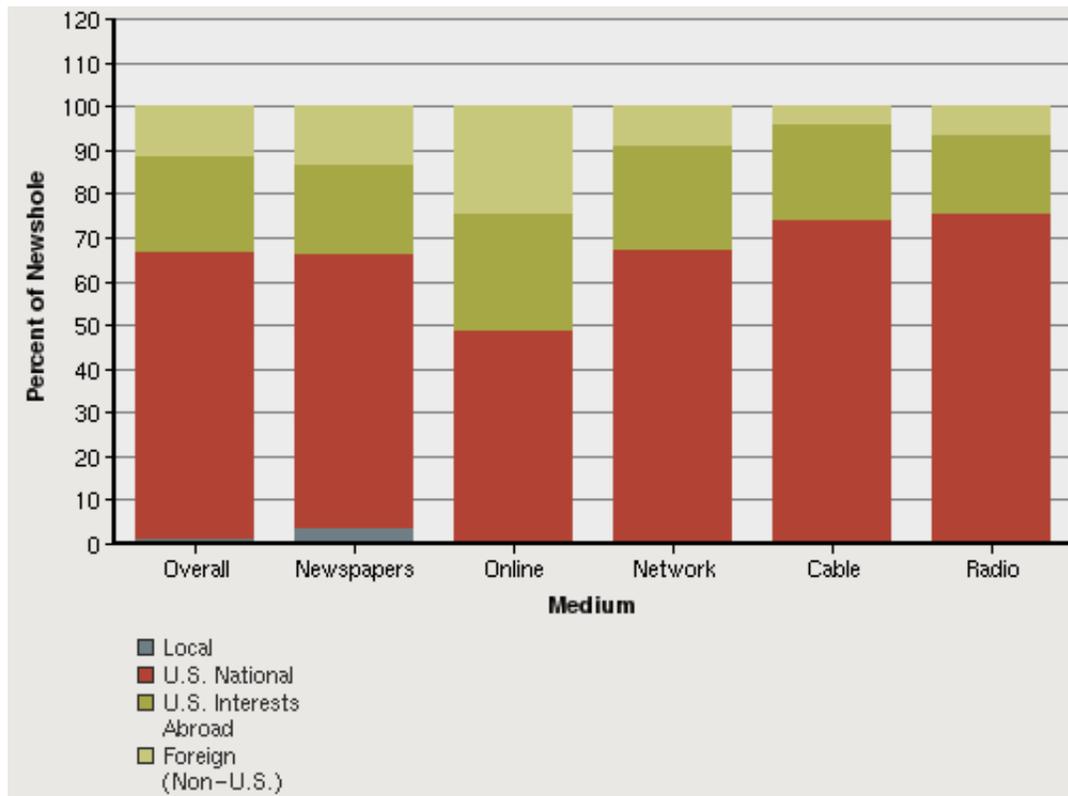
In this case, more than half of the reporting was about initiatives or problems in health care policies at the state or local level. Coverage included businesses in Albuquerque starting to charge high-risk employees, San Francisco — the first city ever — offering health to uninsured individuals, and new figures on college graduates opting out of health insurance.

Geographic Range

Beyond the issues in our own country, newspapers also were second only to news Web sites in their coverage of foreign affairs that did not involve the U.S. directly. The newspapers examined here devoted 13% of their front-page coverage to non-U.S. news, three times that of cable news (4%), more than double that of radio (7%) and also more than network television news (9%). Only online coverage devoted more — nearly 25% of lead-story coverage. Aside from events in Iraq the biggest foreign stories were about the situation in Pakistan (9%), the conflict in Israel and the Palestinian territories (3% on conflict between Israel and Palestine and 2% on the factions among the Palestinians) and Iran (2%).

Geographic Focus by Medium

2007



Design Your own Chart

Note: In every medium less than 0.1% of the newshole had no specific geographic focus

Source: PEJ, A Year in the News, 2007

One of the big issues in print is whether local and big metro papers should now become more local, or even “hyper local,” in the language of some Wall Street investment advisers. In past studies, PEJ has found a fair degree of foreign coverage in local papers, often on the front page, and more than in other media.

The geographic differences bear watching in 2008 as many metro papers found hyper local coverage to be, in many ways, more work. Covering 12 neighborhoods required more reporting, more resources — and in many cases faced greater competition — than did covering national issues.

Conclusion

As newspapers struggle with the future unknowns — audience base, delivery mechanism, revenue base and even reporting agenda — one thing is clear: In 2007, the print pages, and the print front-pages in particular, still provided information that was harder to find elsewhere. How, and if, that service translates to the Web or to the distribution of

newsroom resources remains to be seen.

Footnotes

1. Pew Research Center for the People & Press, January Political Survey, Final Topline, January 9-13, 2008, www.people-press.org.

2. For detailed , WashingtonPost.com reports entrance and exit poll results from every state that has voted:

<http://projects.washingtonpost.com/2008-presidential-candidates/primaries/exit-polls/topics/One-of-four-most-important-issue/r/> (Republican).

<http://projects.washingtonpost.com/2008-presidential-candidates/primaries/exit-polls/topics/most-important-issue/d/> (Democrats)

3. In order to get a representative sample of what the 1,450 daily newspapers cover across the United States, PEJ divides them into three tiers based on circulation. Five newspapers from the first tier and four each from the second and third tiers are in the sample. The list is as follows:

1st Tier	2nd Tier	3rd Tier
New York Times	Boston Globe	Sun Chronicle (Attleboro, Mass.)
Washington Post	Star Tribune (Minneapolis)	Star Beacon (Ashtabula, Ohio)
Los Angeles Times	Austin American Statesman	Chattanooga Times Free Press
USA Today	Albuquerque Journal	Bakersfield Californian
Wall Street Journal		

For each of the newspapers included in our sample, we code all articles where the beginning of the text of the story appears on the front page of that day's hard copy edition. If an article has only a picture, caption or teaser to text inside the paper, we do not include that story in our sample.

We code all stories that appear on the front page with a national or international focus. Local articles that have no connection to a major news event or ongoing issue are not included in the sample. In this case, among other issues, the economy and health care were considered national domestic issues and included in the analysis.

4. The weekly news coverage index studies national news and thus for local newspapers includes all local coverage that pertains to a national news story. It does not include purely local news such as the closing of a local school or a highway accident. In this case, all health care stories were considered a part of the national news and were included in our analysis.

Online

Online

How does the lead news agenda online differ from that in other media? Is it a replay of what we find elsewhere? Is there any shifting of priorities? And among the most popular sites for news, commanding the largest share of the online news audience, how much original content is there to be found?

Throughout 2007, the Project for Excellence in Journalism conducted a study of the lead news coverage every weekday on five of the most popular news sites on the Web — AOL News, CNN.com, Google News, MSNBC.com, and Yahoo News.¹ These sites range from generating their own content to solely aggregating content from other sources to having a mix of original reporting and reliance on other news sources. While much exists on these sites beyond the lead stories, the goal of this study was to investigate what stories and topics the Web sites were choosing to emphasize above all others.

The most striking finding over all was a heavy emphasis on foreign news, particularly topics not involving the U.S. directly. One consequence of that, in turn, is that we found a smaller focus on major domestic news.

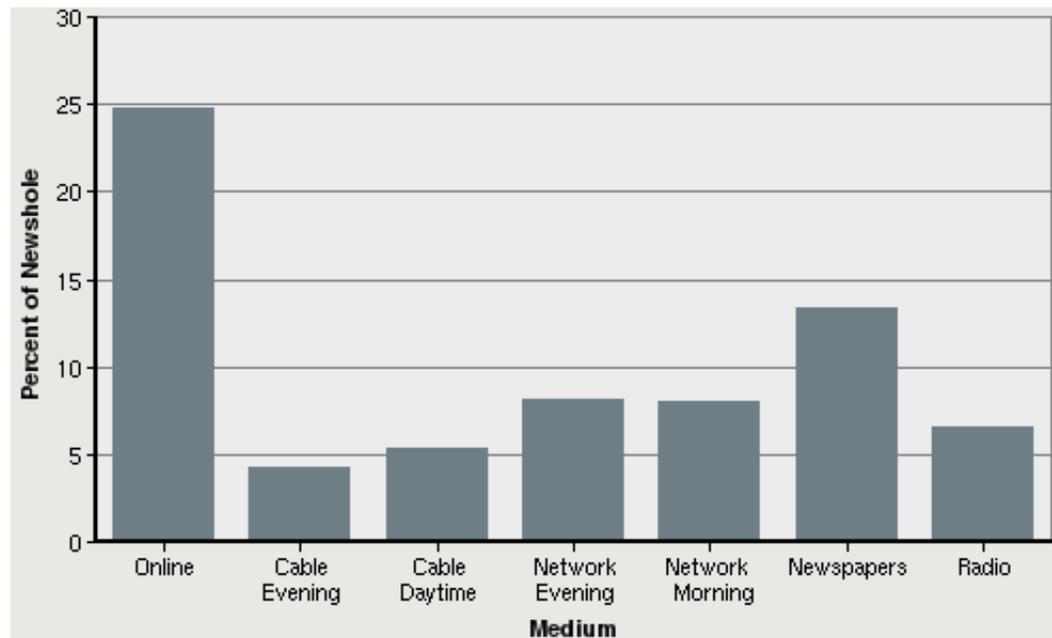
We also found that the sites varied tremendously — not only aggregators versus originators of news but also among the aggregators themselves. Yahoo was the most focused on the events in Iraq, while Google gave more attention to the 2008 election and AOL covered smaller, one-time news events. The two cable news Web sites mirrored the characteristics of their cable counterparts but with an added emphasis on international news.

International Takes the Lead

Over all, the lead news agenda online was the most international of any media we studied. At least in their top five stories, which is roughly analogous to the number of stories found on a front page of a newspaper and generally describes the number of stories featured at the top of a Web page, the leading Web sites studied put a premium on international news that far outweighed any other medium. Fully 25% of the top coverage dealt with non-U.S. international stories. This was nearly six times that of cable (4%), three times that of commercial network evening news and the network morning news (8%), nearly twice that of newspapers (13%), and about 60% more than radio news programming (15%).

International Focus, By Media

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

In addition, 26% of the space was devoted to U.S.-international events, again more than any other genre, though not to the large extent as foreign news.

Looking at the specific news stories covered enhances the finding. Of the top 10 news events in our online sample, six were foreign events, some of which involved U.S. policy and some of which did not. Events inside Iraq constituted the biggest story over all, accounting for more than one-tenth (11%) of the newshole of the lead stories online.

Other events in the top 10 list were Iran's weapons build-up (No. 4 at 3%), Pakistan (No. 5 at 3%), the U.S. military campaign in Afghanistan (No. 7 at 2%) and, at No. 10, the Israeli-Palestinian conflict (2%)

By contrast, Afghanistan and Israel were not among the top 10 stories in the media over all and the other foreign stories all got a smaller share of the news agenda.

Top Stories for Online Sites in 2007

Percent of Newshole

1	Events in Iraq	11%
2	2008 Campaign	7
3	Iraq Policy Debate	6
4	Iran	3
5	Pakistan	3
6	U.S. Economy	2
7	Afghanistan	2
8	Domestic Terrorism	2
9	Fired U.S. Attorneys	2
10	Israeli/Palestinian Conflict	2

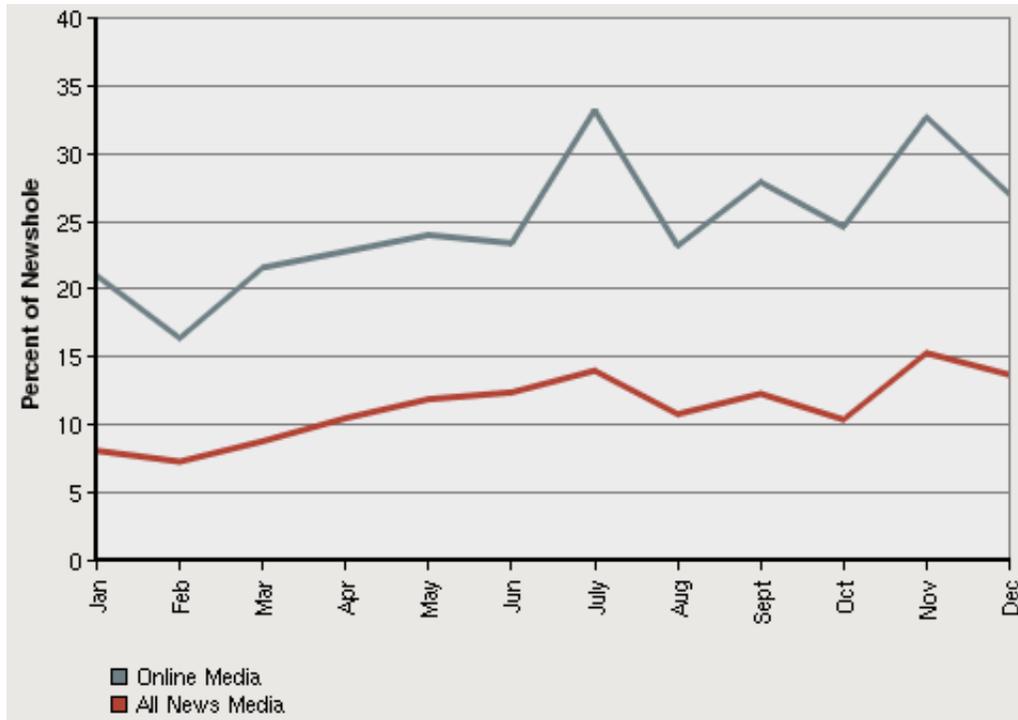
Top Stories for All Media in 2007

Percent of Newshole

1	2008 Campaign	11%
2	Iraq Policy Debate	8
3	Events in Iraq	6
4	Immigration	3
5	Iran	2
6	Domestic Terrorism	2
7	U.S. Economy	2
8	Iraq Homefront	2
9	Pakistan	2
10	Fired U.S. Attorneys	1

This emphasis on foreign coverage online was a trend that occurred throughout the entire year of 2007. In every month except one (December), these sites devoted the most attention in their lead news to an international story. From January through October it was the war in Iraq — either events on the ground there or the debate over U.S. policies about the war. In November, the top story did not even involve the U.S. The chaotic events occurring in Pakistan led, accounting for a full 14% of the online newshole for the month. December was the only month where an entirely domestic story, the presidential campaign, was the biggest online story (16% of the newshole).

Non-U.S. International Coverage, Online vs. Overall 2007, by month



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

No other overall media sector studied came close to giving international news such consistent top play. It is only at the more specific programming level that resemblance appears. On the commercial evening newscasts, international news events got the most coverage seven months of the year and the PBS evening news gave it top billing in nine. Morning network television, on the other hand, only had three months where an international news story got the most coverage (all three months being the debate about U.S. policy in Iraq). Even in newspapers, the sector with the second-most focus on non-U.S. foreign news, a domestic news event got the most coverage for eight months. Cable television had a domestic story in the lead 10 months in 2007.

Domestic News in the Background

One result of the emphasis on international news is that certain domestic topic areas and specific news stories got less prominence. Elections and other U.S. politics, for instance, received the lowest percentage of coverage in the online sector—just 8% of the online newshole studied, 17% in cable television, 11% on newspaper front pages and 10% in network television.

Online Topics for 2007

Percent of Newshole

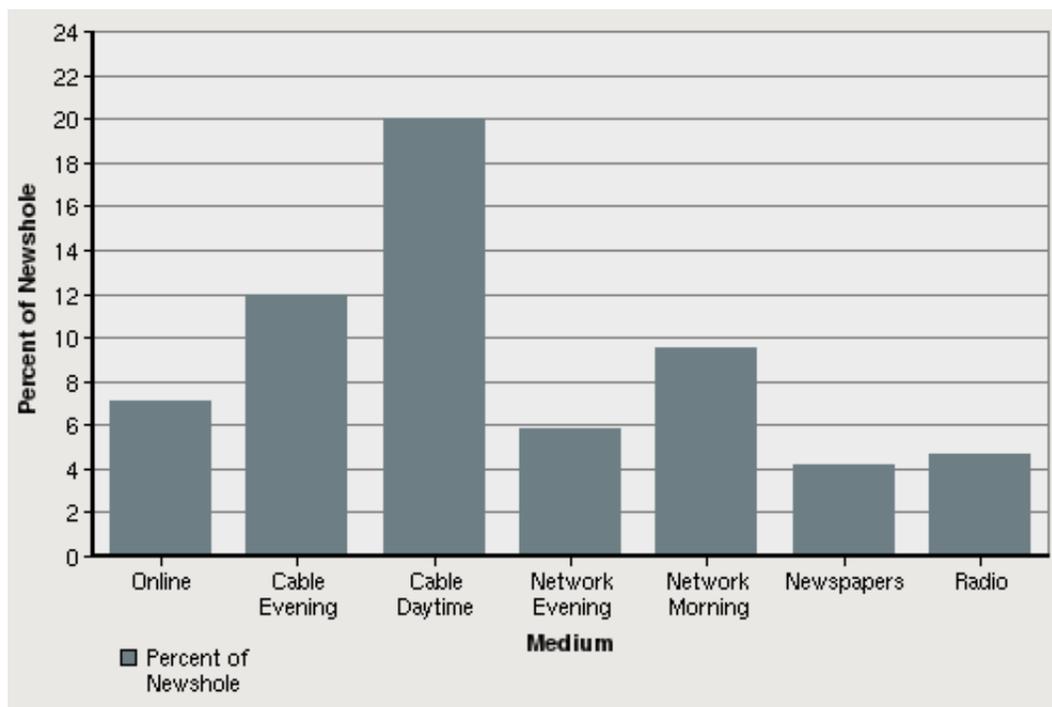
Government	6%
Elections/Politics	8
Crime	7
Economics/Business	5
Environment	1
Health/Medicine	2
Science/Technology	1
Immigration	1
Other Domestic Affairs *	7
Disasters/Accidents	6
Celebrity/Entertainment	1
Lifestyle/Sports	4
Miscellaneous & Media	4
U.S. Foreign Affairs	22
Foreign (non-U.S.)	25

Totals may not equal 100 due to rounding.

*Note: * Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.*

One area of domestic news that the Web sites gave more attention to in their lead stories was crime. Only cable television spent more of its news coverage (13%) on crime than the Web sites did (7%). In fact, for all of the domestic topics covered online, only stories about politics took up more space than coverage of crime. The greatest percent of this coverage were one-time events rather than continuing stories, followed then by coverage of the Virginia Tech shootings and the trial of I. Lewis (Scooter) Libby Jr., the White House official whose prison sentence was commuted by President Bush.

Crime Coverage by Media, 2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

A number of domestic stories commanded less attention online than in other genres. Immigration, for example, was the No.12 story of the year online (1% of the online newshole). While it received considerable more attention on cable television (5%) and radio (4%) and was the No. 4 story in the media over all. The tragedy of the Virginia Tech shootings was the No.13 story online (1%) while it was the No. 7 story on cable (2%) and No. 9 on network television (2%).

Certainly users can find news stories about a large variety of topics lower down on these sites, in the margins of the news sections or through user-generated searches. But, to the extent that editors or algorithms are making a news agenda, there is higher priority placed on international news. And the PEJ has found in past research [LINK HERE TO TYPOLOGY] that it is often only these lead stories that take advantage of the online capabilities, offering users multimedia components such as slide shows, video clips or links to background information.

A User's News Agenda?

If the Web is all about democratization of the news and the flow of information, there is an interesting chasm in the priority of news public interest. Through the year, the one area that the public consistently said the press gave *too* much attention to was foreign news. President Pervez Musharraf's decision to declare a state of emergency in Pakistan, the Mideast peace summit meeting at Annapolis, Maryland, the agreement by North Korea to abandon its nuclear weapons

program and the Lebanese Army's battle with Islamic militants were all stories that the public felt generated too much media attention. (See Overview) Does this suggest that the Web sites, at least in their lead news coverage, are less reflective than other media of users' interests? One important difference is that the audience for many of these Web sites, according to online news professionals, is more international in origin. The audience for network evening newscast, for instance, lives by and large in the United States. The audience for Yahoo News lives around the world.

Site Differences – The Aggregators

The mix of online outlets studied is more diverse in structure and news process than any other genre studied. Three of the sites aggregate news, one with a completely computer-based algorithm (Google News) and two tied to cable news channels (CNN.com and MSNBC.com). We'll first consider the aggregators.

Google News uses a computer-based algorithm to determine the most popular stories being read throughout the net. It does not include any originally reported material, but takes its headlines and links from a wide variety of sources that originate from all over the globe.

Yahoo News is another frequently updated aggregator site, but it uses human editors to select stories throughout the day. The editors rely heavily for their top stories on wire services such as the Associated Press (98%) and, as we have found in past research, update it continuously. At least in these top stories, Yahoo News tends to emphasize breaking news as it happens rather than offering different angles on a given story, analysis pieces, or multimedia treatment of top stories.

AOL News also relies heavily on wire news services for its content, but the home page looks less like a listing of the top stories and more like an interactive newspaper in that each of the highlighted top stories on the center of the page is given a teaser, a photograph, and perhaps an interactive feature. In addition to the feature stories, AOL News is incorporating more and more user input by having sections on the home page devoted to "blog chatter" and "user-submitted news." These sections are different from the prominent stories highlighted by the editorial process from AOL.

How did the various structures sites play out in the featured news coverage? How did Google's algorithm-based selections compare with the stories on a aggregator such as Yahoo, a site that is still mostly written by outside news organizations but involves an editorial selection?

Geographic Focus for the Top 5 News Web Sites

Percent of Newshole

	All	AOL News	CNN.com	Google News	MSNBC.com	Yahoo News
U.S. National	49%	62%	52%	36%	56%	35%
U.S. Interests Abroad	26	23	23	26	26	33
Foreign (Non-U.S.)	15	16	25	37	17	32

Google and Yahoo stood out for a similar devotion to international events, more than other outlets. Fully two-thirds of the lead coverage on each site was about foreign news (65% for Yahoo and 64% for Google). Google devoted a little more space to non-U.S. international events (37% versus 32% on Yahoo).

But within this geographic breadth, their specific story lineups were quite different. Google's top story of the year was domestic — the 2008 presidential campaign, accounting for 10% of the lead coverage. This was close to five times the attention it received on Yahoo, where it barely made it into the top 10 list (coming in at No. 9 with 2%).

Top Stories for Google News in 2007

Percent of Newshole

1	2008 Campaign	10%
2	Iraq Policy Debate	7
3	Events in Iraq	6
4	Pakistan	4
5	Iran	3
6	Fired U.S. Attorneys	2
7	Israeli/Palestinian Conflict	2
8	North Korea	2
9	Afghanistan	2
10	Rival Factions in Gaza	1

Second on Google's list was the U.S. debate over policies in Iraq (7%) which was also the second story on Yahoo's list (5%). Beyond these, though, the only other U.S.-based story to make it in Google's top 10 was the scandal over the fired U.S. attorneys (No. 6 at 2%). This and the percentage of foreign coverage over all suggests that beyond these stories, much of the day-to-day coverage was spent on international news.

Google has even structurally imposed priority for foreign news. Beneath the top two or three stories featured on the center of the page are topic-related sections, the first of these is "World" news, followed by " U.S." news.

Yahoo News stood out in its lead news stories for a devotion to events inside Iraq. Those events alone accounted for a full 16% of lead coverage, making it the top story over all for 2007. Those events ranked first on the other three Web sites as well, but not at that degree of coverage. (MSNBC.com devoted the second most attention to it at 12%.) Coverage of these events got three times the attention on Yahoo as the second- place story, the debate over U.S. policies there (5%).

In fact, events in Iraq got the top most billing—the No. 1 lead story in more one out of every four weekday mornings (27%) in 2007.

Top Stories for Yahoo News in 2007

Percent of Newshole

1	Events in Iraq	16%
2	Iraq Policy Debate	5
3	Iran	5
4	Pakistan	4
5	U.S. Economy	4
6	Israeli/Palestinian Conflict	4
7	North Korea	3
8	Afghanistan	3
9	2008 Presidential Campaign	2
10	Domestic Terrorism	2

The other story that stood out on Yahoo's news page was the U.S. economy. Throughout the year, its lead stories tended to give more attention to the U.S. economy, 4%, than the 2008 presidential campaign, 2 %.)

Top Stories for AOL News in 2007

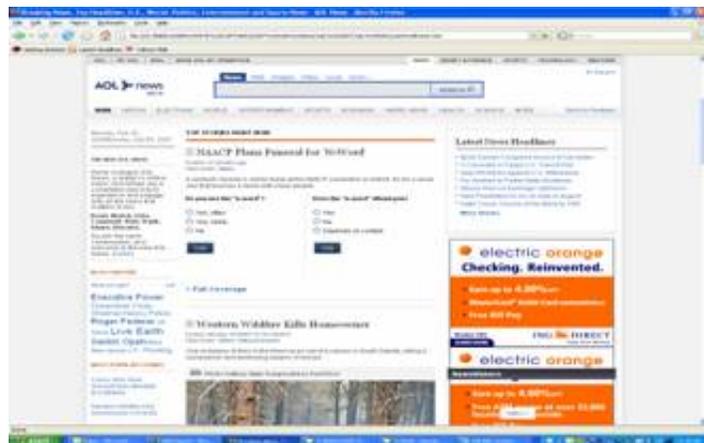
Percent of Newshole

1	Events in Iraq	7%
2	Iraq Policy Debate	5
3	2008 Campaign	5
4	Iran	3
5	Domestic Terrorism	2
6	Fired U.S. Attorneys	2
7	Afghanistan	1
8	Iraq Homefront	1
9	Global Warming	1
10	Valerie Plame Investigation	1

If Yahoo was the most caught up in one news story, AOL News was the reverse. Readers of its news page got the

greatest mix of lead stories day-to-day. AOL spent less time on the Iraq War (13% total) than any of the other Web sites, and no single news story took up more than 7% of the coverage. Over all, the top 10 stories accounted for just 28% of the newshole, at least 20% less than any other Website studied (MSNBC.com 42%, CNN.com 35%, Yahoo news 49%, Google news 41%). And the last two stories on the list — global warming and the investigation over the leaking of Valerie Plame’s association with the CIA, each accounting for 1% – did not show up in the top lists of any of the other four Web sites.

Another way to consider AOL’s tendency toward smaller, one-time news events is by looking at the top story for each download. What landed in the No. 1 spot? Here again, the big news events of the year were less common. On 13% of the days tracked, the lead story was not among the list of major stories that PEJ was tracking as part of its weekly index. Among the other sites, an average of only 9% were not big news events.



For example, on the morning of July 9, AOL led with a story about the NAACP planning to hold a symbolic funeral for the “N-word,” a story that did not attract much attention in many other media outlets. On that same day, MSNBC.com led with a story about a tougher immigration policy in Oklahoma, Yahoo News led with a story about President Bush invoking executive privilege to prevent some of his staff from having to testify in the investigation over the fired U.S. attorneys, Google News led with a story about Pakistan’s President Pervez Musharraf trying to deal with a conflict with militants at a mosque in his country, and CNN.com led with a story about the shutdown of the Pennsylvania state government over a budget dispute. All these stories on the sites other than AOL were stories that received much more coverage in the media over all than the story that AOL chose to lead with.

The differences in subject matter between AOL News and Yahoo News cannot be accounted for by the sources that the sites use for their lead stories. Both AOL and Yahoo use wire services for more than 90% of the lead news coverage on their sites, most of it coming from the Associated Press. So while each site often relies on similar sources, they make very different editorial decisions about which stories to lead with.

Source by Web Sites

Percent of Newshole

	CNN.com	Yahoo News	MSNBC.com	Google News	AOL News
Internal Staff	61%	<1%	16%	0%	2%
Wire	32	98	54	17	90
Combo Wire/Staff	3	0	4	<1	0
Other News Outlet	3	1	26	82	8
Outside Contributor/Freelance	<1	0	<1	<1	0

Google News, on the other hand, a site that produces no original content itself sends its users to other sites for their news content. And when a user follows a link from one of the lead stories on the Google News site, 17% of the coverage was wire content that appeared on some other site while 82% of the coverage was original reporting by the cited news organization, most often newspaper outlets.

Site Differences – Sites Tied to Legacy Media

Two of the sites in the year-long study were tied to legacy media, in particular cable news channels. In what ways do the sites tied to legacy media differ from those who are not likewise connected? And how similar is each to their cable identities?

The CNN.com and MSNBC.com homepages mirror to a certain degree the news tendencies of cable counterparts but augmented with the characteristics of online news such as a greater emphasis on foreign news.

CNN.com is similar to the CNN cable network in that their specialty is in featuring up-to-the-minute news and spends less of its focus on its on-air personalities and more on the ability for users to customize the site. On the CNN.com homepage, the latest headlines are featured prominently on the page with one story usually getting the clear top billing because of a large picture and sizable headline. CNN.com also offers ample opportunities for users to watch streaming video clips that accompany the news stories of the moment. Below the top lists of breaking stories, CNN.com has sections for two headlines for various groups of news (such as “Politics,” “Entertainment,” and “Science”). The site also has links to blogs written by CNN’s television personalities and information about their programs, but those are not as prominently placed.

MSNBC.com, on the other hand, has built its own identity by being the home for NBC, MSNBC and Newsweek magazine. The site offers a combination of breaking news, often from wire stories, along with longer pieces from Newsweek and prominent links to the various NBC and MSNBC television-related Web sites. Like CNN.com, multimedia features are prevalent on the site, although unlike CNN.com, MSNBC.com will often feature multiple stories on the top of the page with pictures and story teasers rather than focusing on one or two emerging stories only. Beneath the top stories on the page, MSNBC.com also has sections devoted to specific topics, but, unlike CNN.com, the sections include six or more headlines along with multiple video news reports for each section.

A quarter of the lead coverage for CNN.com (25%) was about stories that went beyond the boundaries of the U.S., while only 17% of the lead coverage on MSNBC.com did so.

Top Stories for CNN.com in 2007

Percent of Newshole

1	Events in Iraq	11%
2	Iraq Policy Debate	5
3	2008 Campaign	5
4	Iran	3
5	Pakistan	2
6	Afghanistan	2
7	Immigration	2
8	Fired U.S. Attorneys	2
9	Virginia Tech Shootings	2
10	Western Wildfires	2

Top Stories for MSNBC.com in 2007

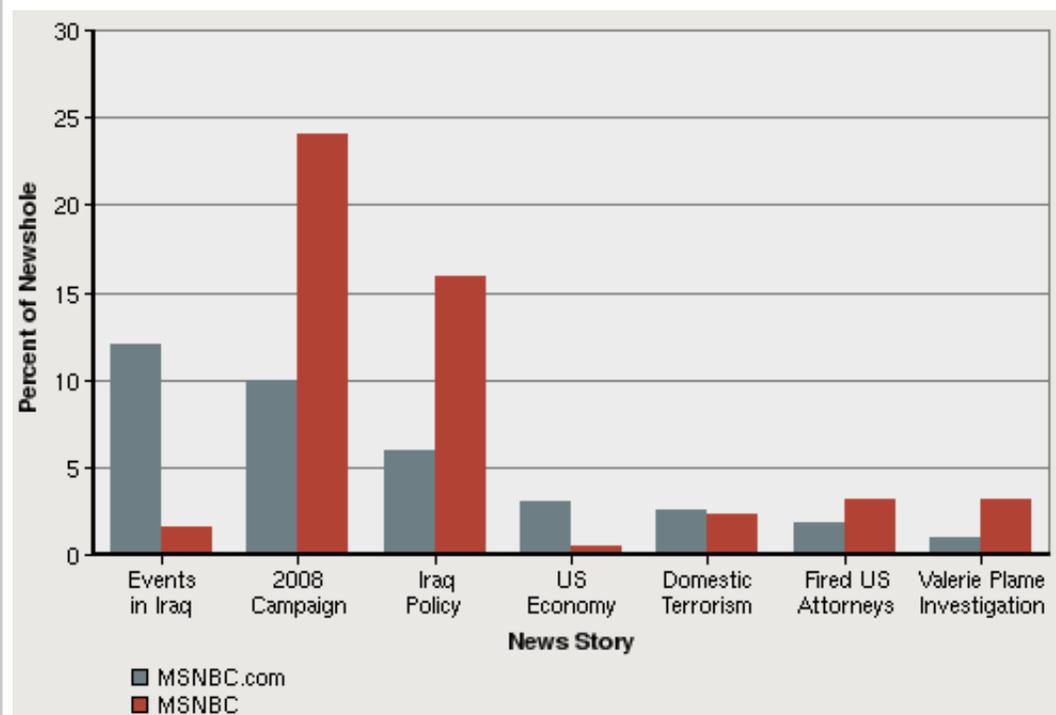
Percent of Newshole

1	Events in Iraq	12%
2	2008 Campaign	10
3	Iraq Policy Debate	6
4	U.S. Economy	3
5	Domestic Terrorism	2
6	Iran	2
7	Pakistan	2
8	Fired U.S. Attorneys	2
9	Iraq Homefront	2
10	Afghanistan	1

Comparing the CNN and MSNBC Web sites, both had the same top story for the year, events on the ground in Iraq. And both sites spent about the same percentage of coverage on the Iraq policy debate (CNN.com at 5% and MSNBC.com at 6%). However, MSNBC.com gave twice as much coverage to the presidential campaign (10%) as CNN.com did (5%). MSNBC.com also gave more coverage to the U.S. economy throughout 2007 (3%) than CNN.com did, which at 1% was not one of the top ten stories of the year on their site.

MSNBC.com's emphasis on the presidential campaign reflects an identity that the cable channels established this year. (See Cable news investment section for more) In the programs studied throughout 2007, the cable channels devoted almost a quarter of its newshole (24%) (See Cable content section for more) to the campaign, more than any other news outlets studied. While the percentages are smaller online, the priority of politics relative to other news and to other Web sites stands out.

Top Stories of 2007: MSNBC.com and MSNBC



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

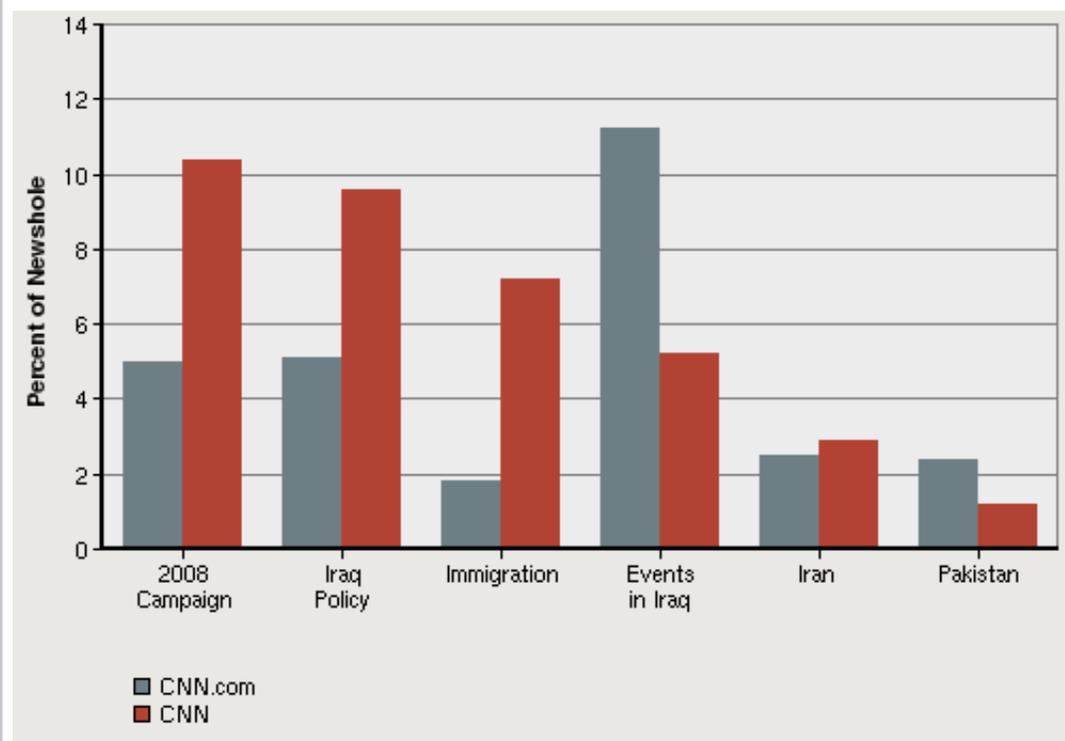
Similar ratios exist in coverage of the policy debate about the war in Iraq. It was one of the most covered stories on both MSNBC.com (No.3) and the programming studied on MSNBC cable (No. 2). But the percent of newshole it garnered was much smaller on the Web site (6%) than the cable channel (16%).

The similar ranking but smaller percentages on the Web site suggest the slightly different role each outlet plays in daily journalism. The cable television news programs, especially ones like Hardball and Countdown, are more about pundit-driven analysis and discussion of one or two news events of the day. The Web site that at least in brand name is associated with the cable channel (they are separate companies produced on separate coasts) is a place more for

event-driven coverage of breaking events. This also helps to explain why the reports of the war in Iraq, which were almost all event-driven stories, were the lead story on MSNBC.com at 12% and the policy debate about Iraq, at 16%, was the No. 2 story on the cable channel.

CNN and CNN.com have a closer relationship: they are at least the same company and are produced in the same city, although the television people are not directly responsible for the Web site. And here the contrasts between cable and the Web were not as sharp. For CNN.com, the presidential campaign was the No. 3 story of the year (5%) while it was the top story on the cable channel at 10%. Likewise, CNN.com focused more on the events in Iraq (the No.1 story at 11%) while the cable channel focused more on the policy debate about potential planning for the war (No. 2 at 10%).

Top Stories of 2007: CNN.com and CNN



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The most striking difference between CNN and CNN.com's lead news coverage is in the emphasis on immigration. On the Web site, immigration was the No. 7 story of the year at 2%. However, on the cable channel, immigration was No. 3 at 7% of the airtime. Much of this difference can be explained by the presence of on the cable channel of Lou Dobbs, who devoted 22% of his airtime to immigration. It is clear that the focus Dobbs has on immigration on his cable show

does not carry over to the editorial decisions made about the lead stories on the CNN.com Web site.

The focus of the Web sites in this study on international news is even more evident when comparing CNN.com and MSNBC.com to their cable counterparts. CNN.com (at 25%) and MSNBC.com (at 17%) devoted much more coverage to issues not involving the U.S. than did the corresponding cable channels, with CNN only devoting 6% of its airtime to non-U.S. stories and MSNBC giving even less with only 2%.

Footnotes

1. For each site studied, the Web sites were captured every weekday between 9 and 10 a.m. ET. The Project captured and coded the top five stories on each site, as those are the most prominent as determined at that time by the news service.

Network

Network

By the Project for Excellence in Journalism

Network news in the last two years has seen a generational transfer in anchors, news bosses at two of the three networks, more declines in audience and further cutbacks in staff.

Does it show? In 2007, did the programs change? Do they differ from each other? And how is network broadcast news, night and morning, similar or distinct from what one would see on cable or elsewhere?

This year, the Project offers its most comprehensive study to date of network news. For the first time, the Project studied every minute of the three commercial networks' weekday nightly newscasts, as well the "hard news" half hour (the first 30 minutes) for the weekday morning shows. That represents some 27,600 minutes of news in 2007. That analysis builds on snapshot studies we have conducted in seven previous years. ¹

This larger examination, a "census" of every weekday rather than a snapshot or sample, finds:

- After CBS initially built more of its evening newscast around its new anchor, Katie Couric, she now plays in some ways a smaller role in her program than her rivals do in theirs. Most notably, she does significantly less of the signature interviewing for which she was known in morning television than do her evening rivals. In many ways, Couric's role is more circumscribed than the other network evening anchors.
- In its news agenda, however, CBS, whatever its initial changes, now is quite similar to the other programs. There are differences in what the newscast covers versus the others, but those differences are now subtle.
- With all the changes behind the scenes, on the air the three commercial nightly newscasts are structured much as they were under the previous generation of anchors. Audiences seem to have resisted attempts to alter them, which is one reason that Couric's innovations failed to increase her audience. The nightly newscasts are the last place in television news where the correspondent is a key participant in the newscast, which is built around their written, vetted, edited and produced story packages where words and pictures are carefully matched. Most other television

news has moved toward more extemporaneous news delivery.

- Nightly network news continues to offer the broadest range and most traditional or “hard news” agenda on television, clearly distinguishable from that on cable.
- In the mornings, when a narrower slice of the news is presented, the agenda in 2007 was dominated by politics, the war, crime and disasters. CBS’ Early Show stood out for having a lighter news agenda than its rivals.

The Culture of Storytelling Continues at Night

When CBS hired Katie Couric from NBC’s Today Show to become its evening anchor, the network had her fill more of the airtime than her predecessor, particularly by conducting interviews.

The show’s producers apparently wanted to have her play more of the role she had in morning news, where the anchor is also the reporter in most segments, often formatted around one-on-one interviews.

When she took over in September 2006, live interviews were a significant part of the new program, and analyst Andrew Tyndall noted that she was filling a larger part of her newscast than her rivals.

Even as changes began to be made in that initial plan, Couric’s role was significant. In February 2007, in writing about a new set series of interviews on CBS called the American Spirit, in which Couric talked with inspiring Americans, New York Times television critic Alessandra Stanley wrote that Ms. Couric is “hoping to enliven the newscast with some of her trademark early-morning pep and pizzazz — the ‘Today’-ification of the ‘CBS Evening News.’ ”

By the end of 2007, with new executives in charge of the newscast, that reliance on Couric had been scaled back. In fact, the opposite was true. Looking at 2007 in total, interviews made up roughly half as much of the CBS Evening News with Katie Couric as they did on rival newscasts (178 minutes on CBS, 308 minutes on ABC and 371 minutes on NBC).

That number might have been even lower, moreover, had CBS in early December not introduced its Primary Questions, a 10-part, favorably reviewed series of interviews with the presidential candidates. (Among the questions: “What one book, other than the Bible, would you bring the White House?”; “Besides your family, what are you most afraid of losing?”; “Who is the single most impressive person you’ve ever met?”— four Democrats said Nelson Mandela and four Republicans said Ronald Reagan.)

If Couric’s strength was once considered, as Washington Post critic Tom Shales suggested the night of her CBS debut, “chiefly her ability as an interviewer,” CBS apparently believes that this did not work for her on the evening news.

That does not mean that Couric’s role has shrunk across the board. According to accounting by analyst Andrew Tyndall, Couric spent as much time as one of her rivals, Charles Gibson, as a reporter herself in taped packages (273 minutes over the course of the year).²

But that means that more of her time on the air than her rivals is circumscribed by editing. Even many of her interviews are now tightly edited. Her Primary Questions segments were taped and edited, making them, in a sense, a hybrid of interview and package.

At least one of the signature skills that Couric was imagined to have brought as an asset to evening news is now considered something to limit.

Story Format Night News by Network
Percent of Newshole

	ABC		CBS		NBC	
	%	Minutes	%	Minutes	%	Minutes
Package	83	3864	85	4130	77	3824
Interview (live and taped)	7	308	4	178	8	371
Staff Live	2	85	1	46	5	229
Anchor read (Voice-over/Tell Story)	9	423	10	480	10	502
Unedited a/v	0	0	<1	1	0	0
Live (event or ext. live)	0	0	<1	3	0	0
Other (Banter, weather, don't know)	0	0	<1	1	<1	12

Were there other notable distinctions among the networks?

One that stands out, in contrast with the trend at CBS, is that NBC Nightly News with Brian Williams has moved away somewhat from a reliance on correspondent packages. Just slightly over three-quarters of the time on the NBC was made up in 2007 by these taped stories (77%), the lowest of the three networks.

We found a similar pattern on NBC's cable sibling, MSNBC. It stood out even among cable channels for nearly abandoning packaged storytelling entirely (just 10% of time studies and a heavier reliance on interviewing (70% of all time studied).

What would explain this? It is possible that the sharing of correspondents between the two channels has contributed to less time for NBC correspondents to put together taped packages. If Andrea Mitchell is doing stand-up reports for MSNBC during the day, and even anchoring some daytime programs, she may be available for a two-way interview with anchor Brian Williams, but not to put an edited piece together.

Does the format matter?

We find evidence that it does. In studies of network nightly news in previous years, one finding was that the stories on these newscasts had a thoroughness of reporting not found in cable or on morning news (2005 *State of the News Media*). Much of that stemmed, we concluded, from the continuing reliance on taped and edited correspondent packages as the heart of the nightly newscasts.

And whatever the small differences among the three nightly newscasts, that reliance on correspondent storytelling persisted in 2007. It did drop some, and the role of the anchor and the reliance on the live interview and reporter stand-up grew slightly.

But compared to anything else on television news, the nightly newscasts is where viewers can see stories that have been checked and edited, where the words from the correspondents have been carefully written rather than spoken from quick notes, where producers and correspondents have discussed the content of the stories, and the pictures and the words have been carefully matched in an editing room.

In 2007, correspondent packages made up 82% of the time on the nightly newscasts down slightly from 86% in our 2004 sample. The reliance on anchor conducted interviews and reporter live stand-ups grew to more than 8% of time (up from 2% in 2004).

Format of Different TV News Programs
Percent of Newshole

	Nightly Network	Cable	Morning Network	News Hour
Package	82%	30%	50%	36%
Interview	6	45	30	52
Staff Live	2	11	5	<1
Live (event or ext. live)	<1	3	<1	<1
Anchor read (Voice-Over/tellstory)	10	10	9	12
Unedited a/v	<1	<1	0	<1
Other (Banter, weather, don't know)	<1	1	5	0

These numbers still distinguish nightly news from morning, where interviews make up a third of the time, and even more so from cable, where the dependence on live programming that is harder to vet or correct makes up nearly 60% of time.

The interview and the use of the live stand-up, the latter a staple of local television news, are controversial in network nightly news. Time is more limited on these programs, which average 18.6 minutes of news each night. Live interviews tend to cede control to the interview subject, and live reporter stand-ups, if not handled judiciously, can simply repeat what is contained in a story.

Consider, for instance, the evening of October 2, a night picked at random. A view of NBC's Nightly News with Brian Williams would have seen the program focus at the beginning with events of the day — first a news story about Blackwater Security's president, Erik Prince, questioned in Congress, followed by a quick update of the third-quarter fundraising totals of the presidential candidates. Then came news about a court finding New York Knicks and its coach and president, Isiah Thomas, liable in a sexual harassment case, a quick tell story on housing sales figures and a story on the U.S. dollar.

A viewer tuning in to the closest thing to a newscast on NBC's cable channel, MSNBC's Olbermann program, would have seen a lead story on Democrats proposing a war surtax, a symbolic action that was not going to pass, followed by a follow-up interview about Democrats being unhappy with their party leadership. Then came a story and an interview about Blackwater's ties to the Bush administration, calling the security firm "the armed wing" of the White House, followed by two stories about a controversy involving Rush Limbaugh.

None of the pieces on NBC Nightly news were live interviews. Three of the first six pieces on Olbermann were. Indeed, the three brief packages were setups to the longer interviews.

Differences among Nightly Newscasts in Topic Agenda

Beyond their differences in structure, the three commercial evening newscasts are in many ways even more similar in their news agenda — what they choose to cover and not cover each night.

Consider a few statistics.

- The three newscasts had the same lineup of the top six stories of the year, with one exception (NBC gave more time to following up Hurricane Katrina.)
- Over the course of the year, out of 2,303 minutes devoted on the three evening news programs to the war in Iraq over, they varied by just eight minutes (CBS 771, ABC 769, NBC 763).
- Each gave about the same percentage of time in 2007 to U.S. foreign policy, to disasters, to education, to government, and more.

The similarities are particularly true when looking at the two most popular programs, ABC and NBC.

The list of the topics on each of these two newscasts for the year does not deviate in order until topic No. 10. On NBC it is the environment, which ranked No. 15 on ABC. And that focus on the environment on NBC reflected in part a corporation-wide decision at General Electric to focus attention on global warming and energy use late in the year. All NBC newscasts devoted special time that week. That weeklong special also coincided with NBC retaking the lead in ratings over ABC.

There are slightly more difference with CBS' newscast, which is last in ratings.

CBS devoted more time in 2007 to health topics and lifestyle topics (18% of its time) than did either ABC (15%) or NBC (14%).

But broadcast by broadcast, divided over 261 weekday nights (ABC evening was preempted on 3 nights, and CBS evening was preempted on 2 nights), these small percentage differences might be scarcely noticeable. (The difference in between NBC and CBS coverage of non-U.S. foreign events, for example, amounts to just 36 seconds difference a night.)

Were there distinctions in how different networks led their newscasts? Some. NBC led more often with the debate over

Iraq policy, but less often with events on the ground in Iraq. ABC was more likely to lead with anti-terrorism issues at home and similar efforts abroad than the others.) But overall, those differences also paled in relation to similarities.

A more meaningful difference among the networks might be the overall time devoted to delivering the news. Of the 30 minutes these programs air, subtract commercials, and “teases” of forthcoming stories and the programs are not equal in size. ABC had 18.1 minutes of news, CBS had 18.7 and NBC had the longest newscast, 18.9 minutes (ABC evening was preempted on 3 nights, and CBS evening was preempted on 2 nights).

This also reflects another change, one we have noted in the past. The proverbial 22 minutes of news in a 30-minute newscast, in other words, has shrunk to an average of 18.6 minutes. 3

This declining newshole has been documented in these reports before using data from ADT Research and analyst Andrew Tyndall. (State of the Media 2005)

Differences among Nightly Newcasts by Topic
Percent of Newshole

	ABC	CBS	NBC
Govermemnt	5%	5%	5%
Elections/Politics	8	9	7
Crime	6	6	5
Economics/Business	8	6	7
Environment	2	3	4
Health/Medicine	8	10	8
Science/Technology	2	3	1
Immigration	1	1	2
Other Domestic Affairs*	15	15	15
Disasters/Accidents	7	7	7
Celebrity/Entertainment	1	1	1
Lifestyle/Sports	10	10	8
Miscellaneous & Media	3	3	4
U.S. Foreign Affairs	15	15	16
Foreign (Non-U.S.)	8	7	9
Total Minutes	4,680	4,837	4,938

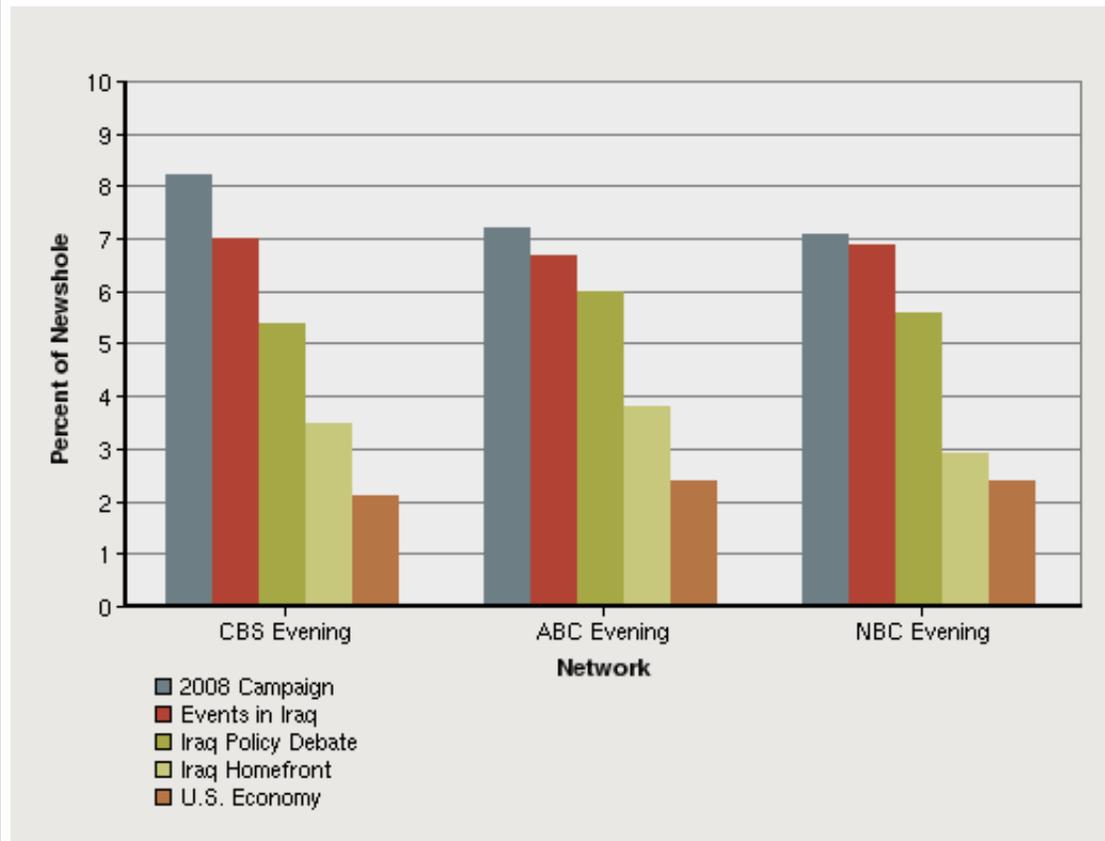
Totals may not equal 100 due to rounding.

Note: * Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.

Other domestic affairs includes such issues as development, transportation, education, religion, court/legal system, defense/military (domestic), race/gender/gay issues, poverty, social security, etc.

Top 5 Nightly News Stories

2007, by Network



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The Network News Agenda Over Time

How has the news agenda on the nightly news changed?

Over the years, the Project has traced an arc in the content of the nightly newscasts. The definition of news shifted from a more traditional diet of what some used to call “hard” news in the 1970s and 1980s toward a clear softening of the agenda in the 1990s. For the decade of the 1990s, both Andrew Tyndall and Robert Lichter’s research found that crime, once a largely local story, was the biggest topic on nightly news in the decade, although the crime rate was declining. That raised questions about “tabloidization” in network television. That coincided with the end of the Cold War, and the decline in foreign coverage.

After 9/11, there was a brief but clear turn in the news agenda of nightly news toward foreign affairs again, with anti-terrorism efforts as a clear focus.

What is the agenda now?

The nightly newscasts in 2007 devoted more time to a range of domestic issues, especially health and medicine coverage, than in 2004. 4 (The number for a host of issues at home rose to 24% of the stories, up from 21% in 2004 and the mid-teens for several years before that.) The newscasts all also devoted 75% more to disasters and accidents than three years earlier, a topic that has ebbed and flowed over the years. All told, they devoted 7% of disaster and accident stories up from 4% in 2004.

Coverage of government, meanwhile, shrank markedly, as it did on other media sectors, to just 5% of the stories on the nightly newscasts, down from 27% in 2004. That number is not unprecedented, but it matches the lowest we have seen in prior snapshots of network news topics.

To some extent, the time that might have been devoted to government activities was swallowed up by attention focused on the Iraq policy debate and the campaign for president. But that does not explain the entire decline. The uptick in coverage of crime (to 6% up from 2%), accidents and such domestic issues as health and medicine also account for part of it.

Does this suggest some lightening or shifting of the news agenda on nightly news, in particular toward medical coverage that is particularly attuned to an older audience that watches nightly news, or toward lifestyle stories about diet and other news you can use?

That judgment is premature. Numbers can move up and down in different years. But certainly features that were once branded staples of the network news, such as those that focused on government waste (NBC's *Fleeing of America*), have given way to frequent special series on health.

Commercial Nightly News Topics, Over Time
Percent of All Stories

	1977	1987	1997	June '01	Oct. '01	2002	2003	2004	2007
Government	37%	32%	18%	5%	7%	5%	16%	27%	5%
Foreign Affairs/Military*	22	20	18	23	39	37	28	15	25
Elections								9	7
Domestic Affairs#	8	7	5	18	34	12	16	21	24
Crime	8	7	13	12	4	12	6	2	6
Business/Economics	6	11	7	14	5	11	12	8	10
Celebrity/Enter.	2	3	8	5	0	2	2	2	1
Lifestyle/Sports	4	11	14	13	1	17	6	5	8
Science and Technology	4	5	6	4	11	2	2	3	2
Accidents and Disasters	9	5	10	4	0	3	10	4	7
Other+	N.A.	N.A.	N.A.	3	0	N.A.	2	4	5

Totals may not equal 100 due to rounding.

Note: *Foreign Affairs in 2007 includes much of Iraq policy debate, U.S. foreign diplomacy and non-U.S. involved foreign events. #Domestic affairs includes topics such as health and immigration that in other charts are broken out separately. +Other in 2007 includes media

Nightly News vs. Other Media

Whatever changes may have occurred in the topics in 2007, the three commercial nightly news programs still feature the most traditional hard-news-oriented agenda on commercial television, and in some way the broadest. While cable news has moved toward commentary, with a focus on a narrower range of topics often of a controversial nature, with a dose of tabloid crime and scandal mixed in, the nightly newscasts cover a wider range of topics.

In 2007, one was twice as likely to see coverage of events from abroad that did not involve the U.S. on nightly network news, for instance, than on the several hours a day of cable studied in our sample. There was about half the percentage of crime coverage on nightly news as on cable (6% vs. 13%), more than twice the percentage of economic/business coverage (7% vs. 3%), about a fifth of the celebrity and entertainment coverage (1% vs. 5%).

Topics on Different Media
Percent of newshole

	Network Evening	Cable	Online	Newspapers
Government	5%	7%	6%	6%
Elections/Politics	8	17	8	11
Crime	6	13	7	4
Economics/Business	7	3	5	12
Environment	3	1	1	2
Health/medicine	8	2	2	7
Science/Technology	2	<1	1	2
Immigration	1	5	1	3
Other Domestic Affairs	15	10	7	13
Disasters/Accidents	7	6	6	2
Celebrity/Entertainment	1	5	1	<1
Lifestyle & Sports	9	3	4	7
Miscellaneous & Media	3	6	4	2
U.S. Foreign Affairs	15	18	22	15
Foreign (Non-U.S.)	8	4	2	13

Totals may not equal 100 due to rounding.

The distinctions with mornings are somewhat less pronounced but similar (see Morning News for a more detailed comparison).

Morning Shows

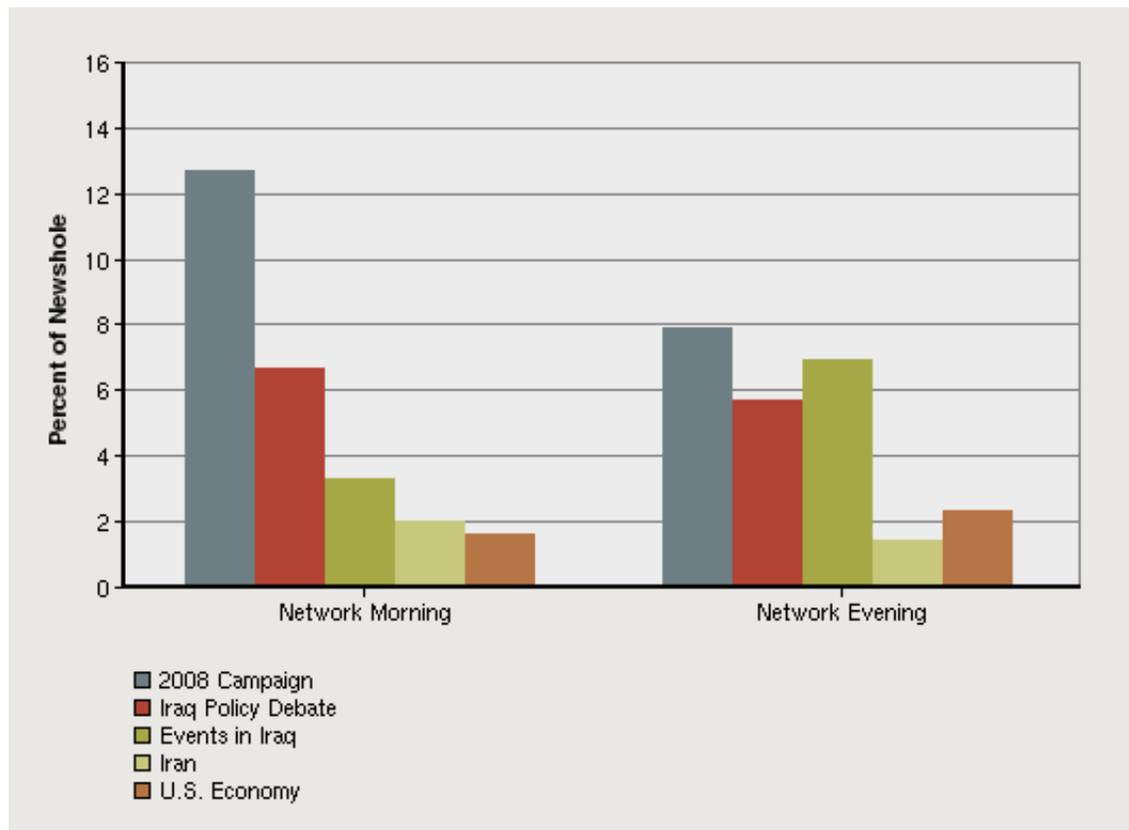
Morning network television programs are markedly different than their evening brethren, so much so that the time slot makes much more difference in determining what viewers see than the network they choose.

For these comparisons, we examine the first half hour of morning news, the “harder news” portion of the programs, the portion most like a “news” program. We examined every weekday of morning news and every minute of evening network news for the year (13,212 minutes for morning network, and 14,455 minutes of evening network).

In 2007, morning programs devoted significantly more of their time than evening news to the presidential campaign (13% vs. 8%). Only cable news and talk radio devoted more of their time to the campaign. Often this coverage had a decidedly different flavor than one might see at night.

Top 5 Stories on Network Morning vs. Network Evening News

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Take, for instance, the CBS' Early Show's Candidates Unplugged, series. The one on December 5 was an interview with a Republican presidential candidate, Mike Huckabee, in which the candidate talked about liking iPods (he owns two), the Rolling Stones and the rocker John Mellencamp. On the CBS Evening News that night, by contrast, the network reported on Hillary Clinton firing a staffer who had sent attack e-mails against her opponent for the Democratic nomination, Barack Obama, and about a new attack ad by another Republican candidate, Rudolph Giuliani, and Couric did one of her Primary Questions, segments, asking the candidates about their biggest mistakes.

But morning news also devoted more of its time to crime, disasters and celebrity, key ingredients in a more emotional, or what some critics would call a more tabloid news, agenda than nightly news. The morning shows devoted more of their time to crime (10% vs. 6%), celebrity and entertainment (4% vs. 1%) and more to accidents and disasters (11% vs. 7%). Collectively, about a quarter of the first half-hour of morning news programs was devoted to these three, 77% more than on the nightly newscasts. The crime and disaster segments tended to focus on the feelings of the families and victims.

Consider how evening and morning news covered a tornado in Alabama on March 1, 2007. The NBC Nightly News did

three stories, a package about the tornado's destruction, a live report about current conditions in the town, Enterprise, and another live report about meteorologists tracking tornadoes.

The next morning, the Today Show covered the same story by running an interview with two students who were in the school when the tornado hit.

"First of all we are all very happy you are both all right, especially in the wake of what we've seen, this destruction," Matt Lauer began. "Marissa, let me start with you. I think you were in the science hall when this tornado struck. Were you with some other students? Did you hear some sirens? What kind of warning did you get?" And then he asked, "Can you describe, Marissa, what it was like when the twister actually hit the school?" 5

On October 1, as an example, ABC's Good Morning America devoted seven minutes in its lead half-hour to the story of a police search for man who taped himself molesting a three-year-old girl. The program covered the story first as a package and then by interviewing the suspect's ex-girlfriend, who, anchor Chris Cuomo said, "is now struggling to reconcile the images on that tape with the man she thought she knew." The police search was never covered as a story on the network's evening news program.

Topics in the News: Commercial Network Morning vs. Evening News 2007, Percent of newshole

	Commercial Morning	Commercial Nightly
Government	5%	5%
Economics/Politics	14	8
Crime	10	6
Economics/Business	6	7
Environment	1	3
Health/Medicine	3	8
Science/Technology	1	2
Immigration	1	1
Other Domestic Affairs	7	15
Disasters/Accidents	11	7
Celebrity/Entertainment	4	1
Lifestyle/Sports	7	9
Miscellaneous & Media	10	3
U.S. Foreign Affairs	13	15
Foreign (Non-U.S.)	8	8

Totals may not equal 100 due to rounding.

Another comparison also helps explain the difference in the feel of the programs. In total, 11% of the morning shows' first half-hour was devoted to the war in Iraq over all, versus roughly 16% on nightly news.

Differences by Network

Were there measurable differences in the news agendas of the three network morning shows in 2007?

Our analysis suggests the answer is a qualified yes, and again it was the CBS network that stood out. CBS' Early Show offers viewers a different, and some might say lighter, selection of news in the first half hour.

More of the CBS program during the time studied was devoted to the trio of celebrity, crime and disasters news than on the other networks. Fully 31% of the hours studied of the Early Show (1,267 minutes) were devoted to these subjects, versus 22% on GMA (954 minutes) and 22% on Today (1,013 minutes).

The Early Show also devoted less of its time in the hours studied to more hard news staples such as government and politics. Fully 14% of its time (or 571 minutes) was devoted to those two general topics, compared with 18% on ABC (802 minutes). NBC's Today show (22%) was the most focused on government and politics (1,035 minutes).

Those numbers highlight another difference in choice that viewers might find among the three morning programs. In general, at least in the first half-hour, NBC's Today show probably offered the most traditional hard-news-oriented agenda of the three, although it would be a stretch to say it was broad-based. Even on Today, three topics — U.S. foreign policy (mostly the war in Iraq), politics (mostly the election) and accidents/disasters — made up 41% of the airtime studied.

Topics in the News: Commercial Morning Network News 2007, Percent of Newshole

	GMA	Early Show	Today
Government	4%	4%	5%
Elections/Politics	14	10	17
Crime	8	12	9
Economics/Business	6	5	7
Environment	1	1	1
Health/Medicine	5	2	3
Science/Technology	2	1	1
Immigration	1	1	<1
Other Domestic Affairs	8	6	7
Disasters/Accident	10	12	10
Celebrity/Entertainment	3	8	3
Lifestyle/Sports	6	8	6
Miscellaneous & Media	11	9	9
U.S. Foreign Policy	13	12	15
Foreign (non-U.S.)	7	9	8

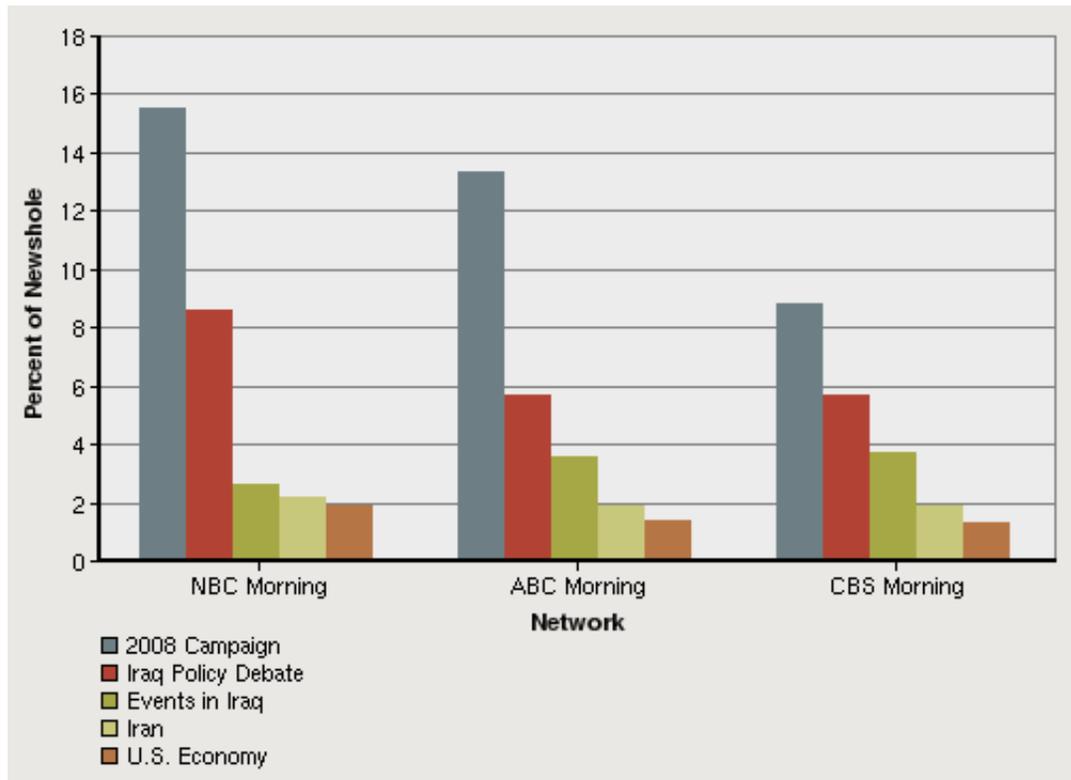
Totals may not equal 100 due to rounding.

But viewers might not have entirely noticed, at least not if they were taking their cue from the lead stories each morning. Here, ABC's Good Morning America tended to look a little more traditional.

GMA tended toward leading with foreign and economic news, especially the war, more than its rivals. Of the big stories of the year, the war, foreign events and the economy were the lead story nearly a quarter of the time on GMA (22%), substantially higher than the 13% on Today, and somewhat higher than 17% on the CBS Early Show. Thus even though Today was somewhat more oriented to hard news in the hours studied, it often led with other topics, and moved to those traditional news topics next.

Top 5 Stories on Network Morning Shows

2007, by Network



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The other difference is in structure. In the mornings, GMA tends to rely more on taped packages and less on interviews, at least in the first half hour of the newscast. NBC's Today Show, in keeping with what we found in nightly and on cable, leans most heavily on live. Here, CBS fell in the middle.

Story Format Network Morning Shows
Percent of newshole

	GMA	Today	CBS Early
Package	54%	46%	51%
Interview	24	32	35
Staff Live	5	7	3
Live (Event or Ext. Live)	0	<1	<1
Anchor read (Voice-over/Tell Story)	11	10	6
Other (Banter, Weather, don't know)	5	5	4

Cable

Cable

By the Project for Excellence in Journalism

For all the time it has to fill, roughly 18 hours of original programming each day, cable news has become in many ways a niche medium that offers viewers narrow formula rather than a broad-based agenda of the events of the day.

That formula in 2007 was a combination of controversial opinion, a dose of tabloid-tinged crime and celebrity, edgy personalities, and, during the daytime, a focus on the immediate.

In emphasis what is defined as significant amid this formula varies significantly, too, by the channel one watches, the time of day and to some extent the program. More than any on other medium we have studied, the definition of news differs depending on the outlet.

- In general, cable news focuses much of its time on three or four topics a day and relies on wires and brief “tell stories” for much of the rest of the news.

- There are distinct differences among the different channels, only some of which reflects the demographic differences of their audiences.
- MSNBC, at least in terms of time spent, was indeed the place for politics in 2007 — by nearly double over its rivals in the percentage of time studied (28% vs. 12% on CNN and 15% on Fox News). Fox, in turn, spent less time on the war in Iraq than the others (10% vs. 18% on MSNBC and 16% on CNN). And it was more oriented to crime, celebrity and the media than its rivals (28% vs. 19% on MSNBC and 16% on CNN).
- The host-oriented culture of cable, particularly in prime time, now translates into notably different agendas and character even among programs on the same network. Not only does Lou Dobbs have a news agenda of his own on CNN, but so does Anderson Cooper versus Wolf Blitzer on CNN, and Shepard Smith versus Brit Hume on Fox News.
- In a medium that relies heavily on being “live” and not on taped and edited packages prepared by correspondents, MSNBC is the most ephemeral and live-oriented of all, despite its connection to a broadcast news division or perhaps because it must borrow correspondents from its NBC sibling. Only 10% of time studied was made up of taped, edited packages, versus 45% on CNN and 28% on Fox.

There are also two distinct parts of the cable day. Daytime is more focused on crime and disaster. Nighttime increasingly is more about topics that spark controversy and suit the particular audience that tunes in to each channel.

These are some of the findings of our study of cable news, an analysis of 17 shows, 885 hours of cable news over the course of the year, a total of 22,823 stories.

Breadth of Topics

The cable news agenda is measurably different and narrower than other media platforms. With its focus in prime time on talk, it tends toward the political and the controversial, with a clear focus on crime and celebrity mixed in as well.

As an example, cable news spent a smaller percentage of its time than did network evening news covering the broad range of domestic issues, from the environment, to transportation, health care, Social Security, welfare, education, economics, race, gender and more. It also spent half as much of its airtime on the economy and business. And it was among the lowest of media sectors studied in the percentage of time it devoted to foreign affairs that did not involve the U.S. directly.

The medium devoted twice as much of its time to politics and the wide-open campaign for president as network nightly news or cable’s new chief rival for breaking news, news online Web sites, and five times as much on celebrity and entertainment. It also spent twice the percentage of its time on crime.

Collectively, the broad range of domestic issues including the environment, education, transportation, development, religion, domestic terrorism, health care, race — everything but immigration — made up 13% of the time on cable (compared with 26% on network evening news). The three topics of celebrity, crime and disasters, in contrast, accounted for 24% of cable's time.

To put that into perspective, if one were to have watched five hours of cable news, one would have seen about:

- 35 minutes about campaigns and elections
- 36 minutes about the debate over U.S. foreign policy
- 26 minutes or more of crime
- 12 minutes of accidents and disasters
- 10 minutes of celebrity and entertainment

On the other hand, one would have seen:

- 1 minute and 25 seconds about the environment
- 1 minute and 22 seconds about education
- 1 minute about science and technology
- 3 minutes and 34 seconds about the economy
- 3 minutes and 46 seconds about health and health care

Topics on Cable News vs. Other Outlets
Percent of Newshole

	Cable	Network Evening	Online	Newspapers
Government	7%	5%	6%	6%
Elections/ Politics	17	8	8	11
Crime	13	6	7	4
Economics/ Business	3	7	5	12
Environment	1	3	1	2
Health/ Medicine	2	8	2	7
Science/ Technology	<1	2	1	2
Immigration	5	1	1	3
Other Domestic Affairs*	10	15	7	13
Disasters/Accidents	6	7	6	2
Celebrity/ Entertainment	5	1	1	<1
Lifestyle & Sports	3	9	4	7
Miscellaneous & Media	6	3	4	2
U.S. Foreign Affairs	18	15	22	15
Foreign (Non U.S.)	4	8	25	13

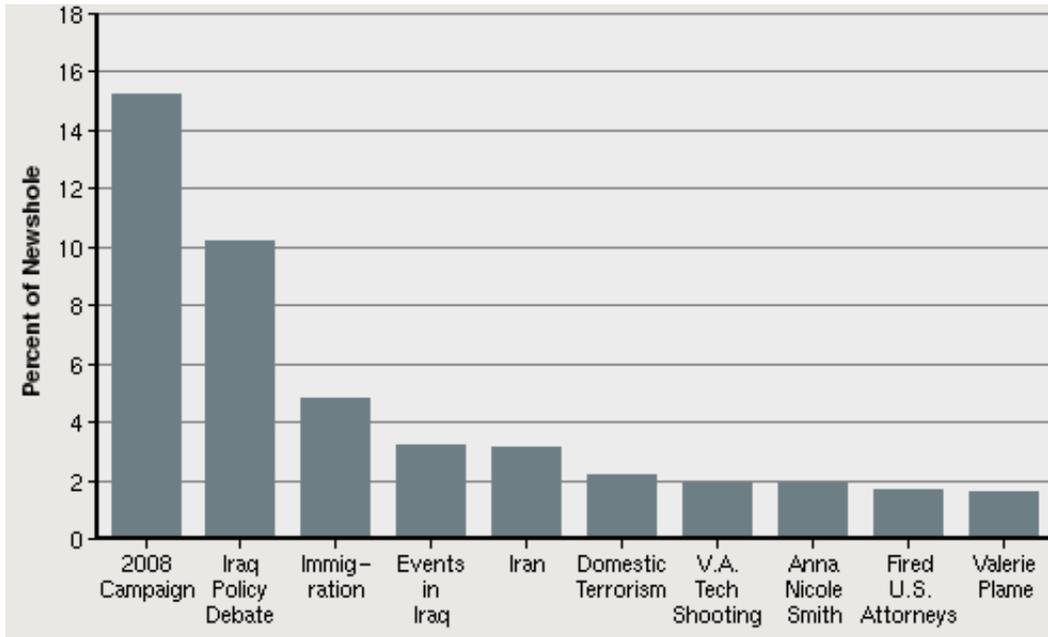
Totals may not equal 100 due to rounding.

Note: * Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.

Top 10 Stories of the Year

When it came to specific stories, cable news showed a tendency to take the biggest stories of the year and make them bigger, particularly stories that lent themselves to argument, predictions and political divide. Hence the campaign, a long-running story or conversation, filled 50% more time on cable news than evening network news or than in the newshole for media over all. So did the debate over what U.S. policy on Iraq should be. But events on the ground in Iraq, a story that required people in place engaged in reporting, filled less than half the percentage on the cable programs studied than on network nightly news or the media studied over all, and third of the space readers would have seen on cable's newest rival, online.

Top 10 Stories in Cable
2007, Channels combined



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Thus while the list of the top five big stories is similar on cable with other media sectors, the nature of the way cable is structured — around talk rather than reporting (see format below) — alters the nature of the content one sees.

Top Stories: Cable News vs. Other Media
Percent of Newshole

Cable		Nightly Network		Overall		Online	
2008 Campaign	15%	2008 Campaign	8%	2008 Campaign	11%	Events in Iraq	11%
Iraq Policy Debate	10	Events in Iraq	7	Iraq Policy Debate	8	2008 Campaign	7
Immigration	5	Iraq Policy Debate	6	Events in Iraq	6	Iraq Policy Debate	6
Events in Iraq	3	Iraq Homefront	3	Immigration	3	Iran	3
Iran	3	U.S. Economy	2	Iran	2	Pakistan	3
U.S. Domestic Terrorism	2	VA Tech Shooting	2	U.S. Domestic Terrorism	2	U.S. Economy	2
VA Tech Shooting	2	U.S. Domestic Terrorism	2	U.S. Economy	2	Afghanistan	2
Anna Nicole	2	Global Warming	1	Iraq Homefront	2	U.S. Domestic Terrorism	2
Fired U.S. Attorneys	2	Iran	1	Pakistan	2	Fired U.S. Attorneys	2
Valerie Plame Investigation	2	Immigration	1	Fired U.S. Attorneys	1	Israeli/Palestinian Conflict	2

The News Agenda – Daytime vs. Nighttime

Time of day also influenced the news agenda a viewer was likely to see in 2007. The range of stories and topics one saw in the daytime was different than at night, when cable's well-known talk hosts and personalities fill prime time. During the day, younger hosts, their names not built into the program titles, their experience less clear, sit in the anchor chairs. This is a group of usually physically attractive and often young, on-air "talent." At night, cable's better known hosts and personalities fill the time, focusing on topics they particularly care about or fit the formula of their show.

This changes the content. The No. 1 topic in daytime hours studied was crime, the only sector studied where that was true in PEJ's content studies, where it filled fully 20% of the time studied, nearly double the number at night. Accidents and disasters similarly filled 11% of time studied, again more than double prime time. Celebrity entertainment was larger in daytime than at night by nearly half (7% vs. 4%). Politics and the campaign for president, in contrast, was a smaller story (8% vs. 20% at night).

Government, which does much of its business during the day and may even try to time events to get on live cable TV, was also smaller percentage of time during day period studied than it was at night (filling less than 5% of time versus just under 8% at night).

Topics on Daytime Cable vs. Nighttime Cable Percent of Newshole

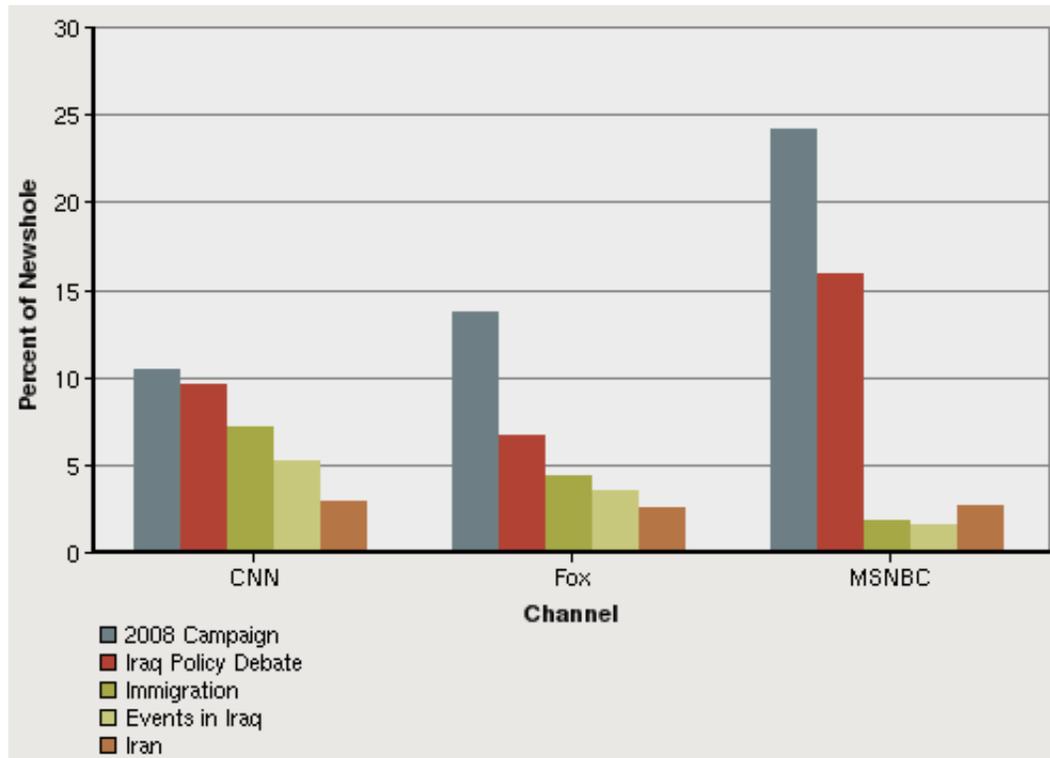
	Daytime Cable	Nighttime Cable
Government	4%	8%
Elections/ Politics	8	20
Crime	20	11
Economics/ Business	5	2
Environment	1	1
Health/ Medicine	3	2
Science/ Technology	1	<1
Immigration	2	5
Other Domestic Affairs	8	10
Disasters/Accidents	11	4
Celebrity/ Entertainment	7	4
Lifestyle & Sports	5	3
Miscellaneous & Media	8	6
U.S. Foreign Affairs	11	19
Foreign (Non U.S.)	5	4

Totals may not equal 100 due to rounding.

Differences among Cable Channels

One distinguishing factor of cable is how different the definition of news is on each of the three major channels. This is the only medium studied where we see such contrasts.

Top 5 Stories in Cable
2007, by Channel

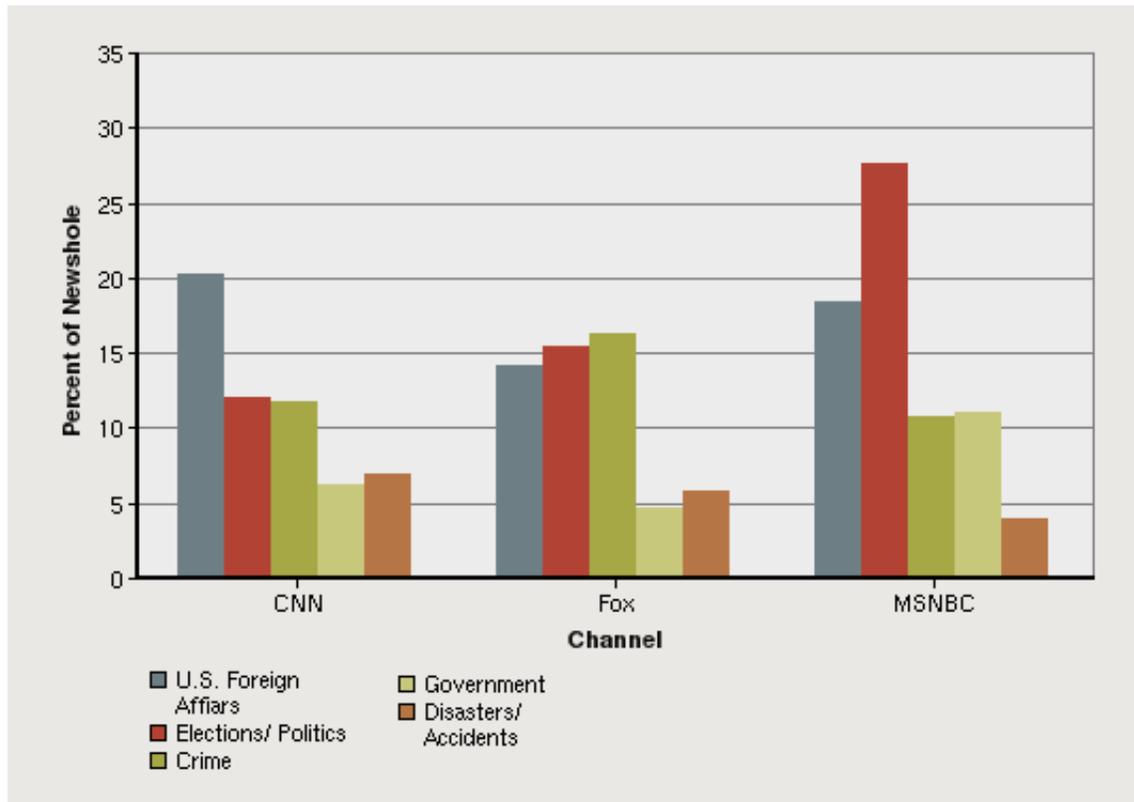


Design Your Own Chart

Source: PEJ, A Year in the News, 2007

By illustration, the No. 1 topic on each of the three channels was different, the only sector where we found this disparity among rival outlets. On MSNBC it was the politics. On Fox, it was crime. On CNN, it was U.S. foreign policy.

Top 5 Topics in Cable 2007, by Channel



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

In simplest terms, MSNBC focused itself around Washington, the campaign and political scandal, often with an eye sharply critical of the Bush administration, to good ratings effect.

Fox was more oriented to crime, celebrity and the media than its rivals.

CNN tended by degrees to devote somewhat more time across a range of topics, and to rely more on taped edited packages to tell stories, although not nearly to the degree found on network nightly news.

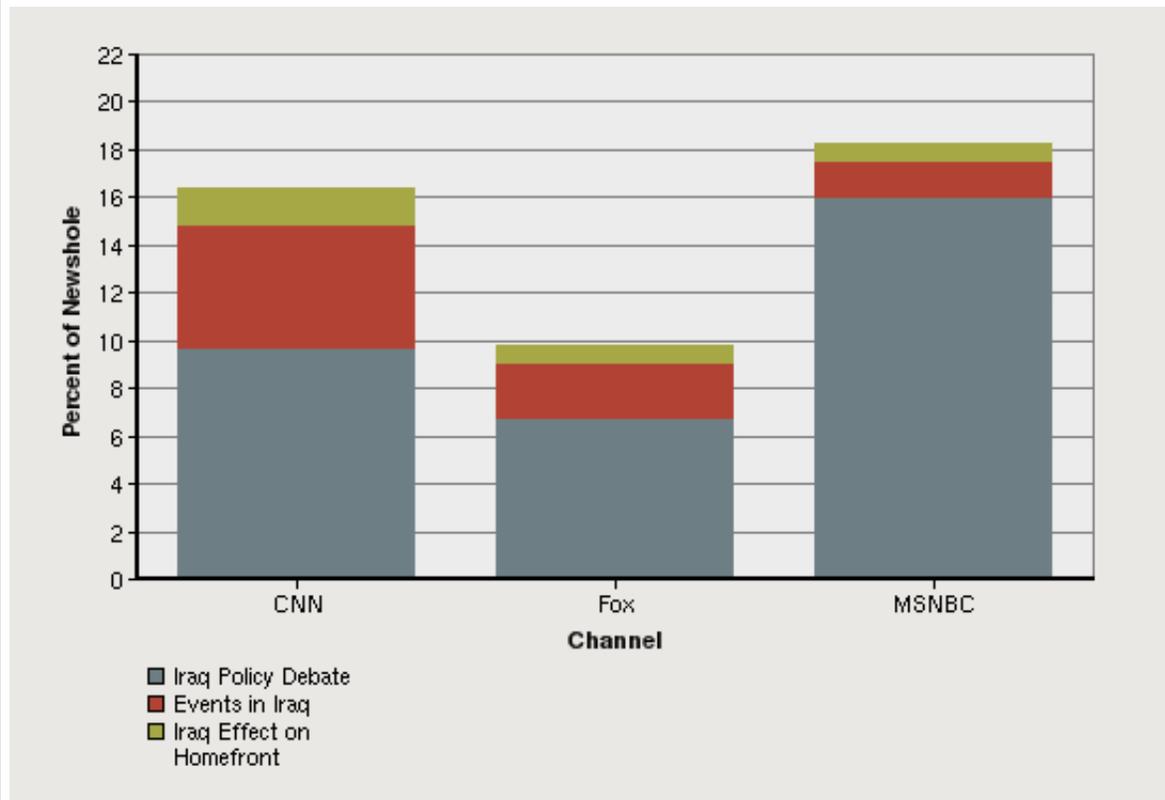
MSNBC, which bills itself as the Place the Politics, in 2007 devoted 25% more of the airtime studied to Washington and political topics than did CNN and 46% more than Fox. Those topics filled fully 63% of the time studied on MSNBC (versus 50% on CNN and 43% on Fox). 1

On Fox, the four topics of crime, celebrity, disasters and media topics alone filled 34% of the airtimes studied. That is 46% more than on CNN and MSNBC. Yet political topics, particularly those involving the Bush administration, were aired far less.

The war in Iraq, by example, filled 10% of the airtime studied on Fox in 2007, compared with 16% on CNN and 18% on MSNBC.

Iraq War Coverage by Channel

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Similarly, the four top political scandals during the year — the firings of the U.S. Attorneys, the CIA leak prosecution of I. Lewis (Scooter) Libby Jr., the sexual-advance case against Idaho Senator Larry Craig, and the acknowledgment by Senator David Vitter of Louisiana that he had been involved with an escort service under police investigation for prostitution in the District of Columbia — filled 3% of the airtime studied on Fox. They filled 4% on CNN and 8% on MSNBC.

The cable channels do have some similarities in format. All lean now in prime time toward marquee names as hosts. And with talk as their primary form of news delivery, they tend toward topics that lend themselves to argument along

with an emphasis on breaking news of a visual nature.

But the subjects being discussed or propagated by these hosts and their guests — in other words the news agenda — differs more on cable among the three channels than in any other medium we have studied.

Topics on Cable News by Channel

Percent of Newshole

	CNN	MSNBC	Fox News
Government	6%	11%	5%
Elections/ Politics	12	28	15
Crime	12	11	16
Economics/ Business	4	2	2
Environment	1	<1	1
Health/ Medicine	3	2	1
Science/ Technology	1	<1	1
Immigration	7	2	5
Other Domestic Affairs	11	7	10
Disasters/Accidents	7	4	6
Celebrity/ Entertainment	3	5	7
Lifestyle & Sports	3	2	4
Miscellaneous & Media	4	7	8
U.S. Foreign Affairs	20	18	14
Foreign (Non U.S.)	6	2	5

Totals may not equal 100 due to rounding.

The Differences Among Different Programs

Consider the differences among what some regard as the evening newscasts on the three channels. Identifying a signature newscast on cable is not a simple matter. Fox offers two — Shepard Smith's and Brit Hume's. MSNBC features Keith Olbermann. In 2007, CNN moved a second airing of Wolf Blitzer's Situation Room into something more akin to this spot by pushing it into the evening.

On Olbermann's program, the No. 1 topic was U.S. foreign policy (26% of time studied), followed by the activities of the government (23%), with a particular focus on the war, totaling half his airtime.

On Smith's program, the No. 1 topic is crime (24%) followed by accidents and disasters (12%). Government and foreign policy made up 13%.

On CNN's newscast, the war in Iraq and foreign policy (30%) and the campaign and politics (21%) came in No. 1 and 2.

So what is the news agenda of cable news? The answer is it depends on the channel, and to some extent on the host of the program.

One other feature of cable news now is that even on programs that bill themselves as general interest news programs, the news agenda varies significantly by program, even on the same network.

Shepard Smith vs. Brit Hume

On Fox, compare the two shows that come closest to being general evening newscasts: Fox Report with Shepard Smith and Special Report with Brit Hume.

They differ as markedly in their rundown of the day's news as any programs on cable.

Smith's newscast is a mix of crime, disasters, accidents, with a marked dose of celebrity and entertainment. The war, the rest of the world, the campaign and the government are a smaller portion of the news than in the media over all.

Hume's program, in contrast, is as focused on politics and government.

"Welcome to Washington. I'm Brit Hume. The federal deficit is down, down more than predictions, down to its lowest level in half a decade. And while his critics continue to find a cloud around that silver lining, President Bush says the best is yet to come," Hume began his program on October 11.

On Smith's program, the lead story that night was about the arrest of a 14-year-old in Pennsylvania who allegedly was thinking about shooting up a high school.

Consider the numbers. On Smith's program, the No. 1 topic is crime (24% of time studied, the highest of any show studied), followed by disasters (12%); and a miscellany of oddball, weather, traffic and accident stories (9%). Celebrity/entertainment is the No. 6 topic (6%). Together these four subjects alone make up 52% of the time studied.

On Hume's show, in contrast, these are minor topics — 9% of time studied.

Hume's program is more focused on Washington, in a way that resembles the news one might have seen on the CBS newscasts when Walter Cronkite was the anchorman from 1962 to 1981. The No. 1 topic for Hume in 2007 was U.S. foreign policy (32%), followed by politics (20%), government (10%), and then non-U.S.-involved foreign affairs (8%). Together, these four topics made up 70% of the time studied.

Add the next five topics, all of which intersect with politics — immigration, domestic terrorism, economics, health and medicine, and the environment — and to total rises to 81% of the airtime.

O'Reilly vs. Hannity & Colmes

Fox's two leading talk programs in the evening also have different news agendas from one another, and are distinctly different from Fox's news programs.

Those programs, run by Bill O'Reilly and Sean Hannity & Alan Colmes, spend a good deal of time talking about the media, for instance, small topics on the news shows. They also spend more time on celebrity entertainment than even Shepard Smith. Government is also a topic that gets less attention from the talkers than from the newscasts.

The differences between the two talk shows may be more subtle, but they are still evident. O'Reilly's news agenda suggests his interests are in some ways more cultural, while Hannity & Colmes' are more traditionally political.

For O'Reilly, for instance, crime is the No. 1 topic (16% of the time studied vs. 8% on Hannity & Colmes). Immigration, a subject that crosses culture and politics, is also a bigger issue (11% of the programs studied), more than twice as big as for Hannity & Colmes (4%).

Hannity, by contrast, spent more time on politics, by far his No. 1 topic by a factor of three over any other subject (36% vs. 12% on the O'Reilly Factor).

After the politics, domestic and foreign, Hannity and Colmes were somewhat interested in more emotional stories that, while not dominant, cumulatively change the character between the two programs. They spent substantially more time on celebrity entertainment than O'Reilly (11% vs. 8%), and more than twice as much on accidents and disasters (5% vs. 2%). And in the hours studied, the program did no coverage of economics and business.

So is there a Fox formula to the news? Not strictly. There are clearly differences in Fox's news agenda as opposed to its rivals, which to a significant degree appear to reflect the interests of Fox's more conservative audience demographics (see Audience).

But there are differences, too, by host, and the programs in Fox's now steady (and to some extent perhaps aging lineup) that offer viewers some variety.

Those subtle differences now also exist in degrees on the other news channels as well.

CNN Shows

CNN's prime time lineup in 2007 shifted slightly with the departure of Paula Zahn in August but three general news programs were a foundation of its lineup for the year. (The study does not include Larry King's interview program, which usually has a single subject each night and tilts toward celebrity interviews.)

Those three news programs, which vary from one another distinctly, are Anderson Cooper 360, Lou Dobbs Tonight and the Situation Room with former Washington beat reporter Wolf Blitzer.

Cooper's program is more cultural, while Blitzer's, and even more so Dobbs', are more political.

Consider the numbers: Five topics on Dobbs' program — U.S. foreign policy, immigration, politics, government and the military situation at home — make up 70% of the hours studied. (They filled 40% on Cooper's.)

Dobbs' No. 1 story of the year far beyond any other was immigration, accounting for nearly a quarter of all the airtime studied (22%).

And if anyone thought Dobbs separates his commentary from his reporting, the video offers a different impression.

"Tonight crushing defeat for President Bush and the Senate's Democratic leadership on amnesty, a glorious victory for the American people," Dobbs began June 28, the night the immigration bill failed.

Cooper's program spends more time on stories with a strong emotional or cultural appeal — crime (his No. 1 topic), accidents and disasters, celebrity entertainment, health and lifestyle fill 37% of the programs studied. Those subjects, by contrast, make up just 15% of the Situation Room and 13% on Dobbs.

Often, Cooper is on the scene of these stories, getting involved:

On February 2, news broke about tornadoes that hit Florida and caused a lot of destruction. Cooper was there.

"You were talking about strength and courage, well, the people here are exhibiting a lot of that, strength and courage, tonight," he opened his show, speaking to Larry King, something Cooper does to try to keep more of King's audience. "Nothing really prepares you for this, Larry, not to see it, certainly not to live it. They get hurricanes in this part of the country, of course. Yet, even houses built to take a Category 3 or 4 storm could not stand up to what happened here overnight."

His No. 1 story of the year was the campaign in total (13%), but in any given week, if one wanted to hear about O. J. Simpson, the aftermath of Katrina, Don Imus, or the trapped miners on CNN, Cooper was the most likely place to find them.

MSNBC Shows

On MSNBC, even as it tries to position itself around the topic of politics, there are unmistakable gradations.

In prime time, Tucker Carlson and Chris Matthews were so particularly focused on the game of politics that no other programs studied came close. But MSNBC's top-rated show, Keith Olbermann, is actually more focused on governing and the activities of the Bush administration.

Olbermann spent nearly a quarter of the time studied on government (23%), nearly triple the time on Carlson (8%) and double Matthews (12%). (In March 2008, MSNBC removed Carlson from its lineup and replaced him with David Gregory, an NBC News reporter. Gregory began a new show called Race for the White House.)

Much of Olbermann's emphasis on government has to do with Bush's conduct of the war in Iraq. Nearly four in ten of

125 Olbermann programs studied over the year led with the war, more than triple the next most popular lead story, the firing of the U.S. attorneys.

On two-thirds of the nights studied, Olbermann opened with a story that offered the opportunity for him to look askance at the Bush administration over its antiterrorism tactics or other disputed issues.

“Good evening,” he began on May 15. “The etymology is unclear, but the phrase is politically apt, especially tonight. We’re checking for tire treads on the just-resigned deputy attorney general, Paul McNulty, after he got rolled under the wheels by his erstwhile boss, Alberto Gonzales,” and then without starting a new sentence he turned to another White House controversy involving the World Bank, saying, “the White House today indicating it might be willing to give Paul Wolfowitz a glimpse of pavement and the oncoming vehicle.”

In contrast, Tucker Carlson and Chris Matthews were focused on the race for president and politics rather than the conduct of Bush Administration. Carlson spent 47% of time studied on politics and the election and Matthews 44%. (Olbermann spent 16%.)

The Carlson and Matthews shows stood out in cable for the similarity of their focus. Both opened their programs nearly four nights out of ten studied about the presidential campaign and two nights with the Iraq war debate.

But the character of their shows differed from the personalities of the two hosts. Carlson offered what he called a libertarian critique while Matthews is a former Democratic staffer on Capitol Hill. But the more striking differences were stylistic. Matthews is famous for asking questions and then interrupting his guests to offer his own answers. Picking one night at random, November 26, the transcripts show that while Carlson interrupted his guests three times, Matthews did it 13.

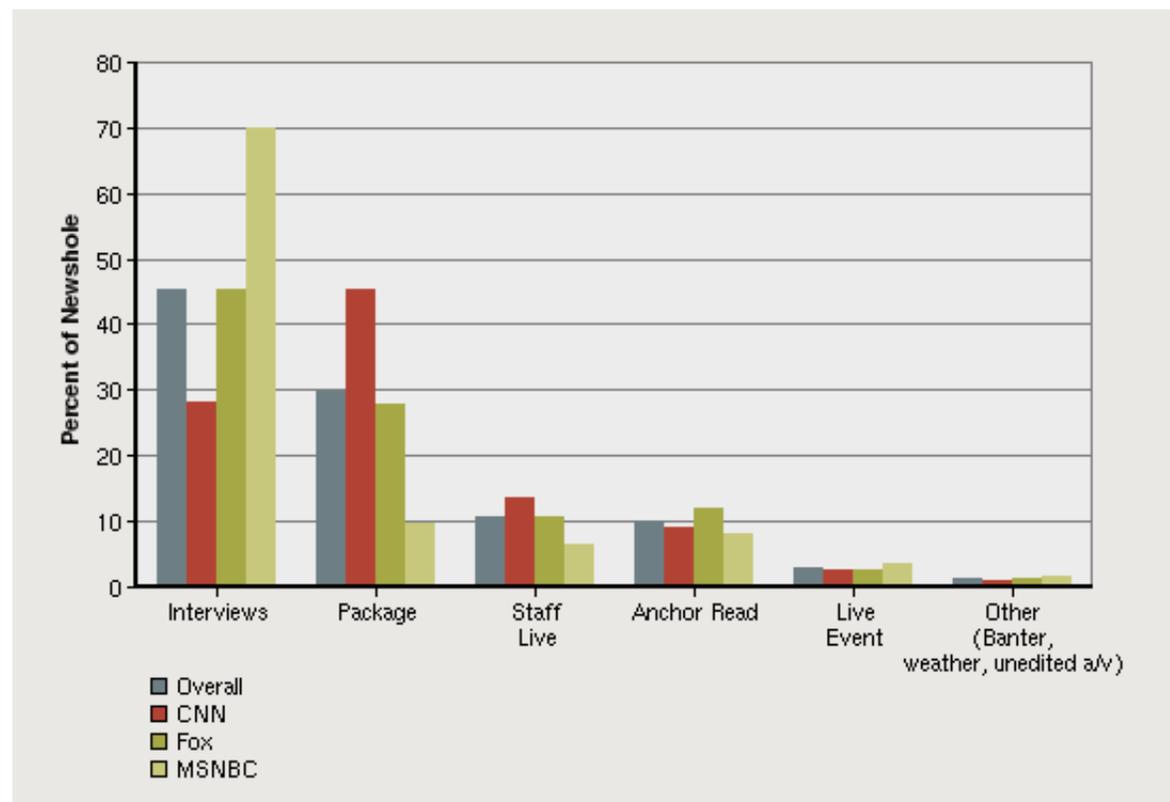
If there was a consistent strain on MSNBC, it was the war and U.S. foreign policy, something about which their liberal and conservative critics tended to express objections to. When he was still on in the evening, Joe Scarborough, a Republican, spent 31% of his time on the subject, Olbermann 26%, but other shows were not far behind (Hardball spent 20% of the time on the subject and Carlson 19%).

Live Reporting Lives On

Much of the character of cable, and of each channel, is derived from how the time is structured, that is, the format of the programs.

In general, cable news continues to be dominated by the culture of live, extemporaneous journalism, but that differs substantially by network.

How Cable Does its Reporting Story Format, by Channel and Overall



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Overall, of the 885 hours studied, 496 (56% of the time) were unedited and unrehearsed, with in interviews (usually by anchors) or live stand-ups by correspondents. That is even higher than we identified in past years. The medium, as we have noted in earlier years, “has all but abandoned what was once the primary element of television news, the written and edited story.”

About half as much time, 30%, on the cable programs studied was made up of correspondent packages. Compare that to network nightly newscasts, in which 82% of time is taken up by such packages, or even morning news, where half of the time studied made up of edited packages.

But the notion that cable takes you live to watch events for yourself is in many ways overstated. In all, only 3% of the time covered live events such as press conferences. (About 1% was spent on banter between anchors, weather and other chat.) This compares with 6% in live events the last time we examined the structure of cable news, in 2004.

Story Format on Cable News vs. Network News

Percent of Newshole

	Cable	Nightly Network	Morning Network
Package	30%	82%	50%
Interview	45	6	30
Staff Live	11	2	5
Live (Event or Ext. Live)	3	<1	<1
Anchor Read (Voice-over/ Tell Story)	10	10	9
Unedited Audio/Video	<1	<1	0
Other (Banter, Weather, Don't know)	1	<1	5

The emphasis on live thus cannot be explained by the desire to go continually for substantial periods of time to show viewers live events. Rather, the nature of time on cable news appears to be more on creating the impression that things are being reported as they happen. Producing programs in a live, unedited and essentially extemporaneous model is also cheaper.

And it means that a central figure in cable news, particularly during the daytime, is the “booker,” the often-young staffer who finds guests who can go on air for interviews or panels.

Despite the emphasis on live, the amount of updating, our earlier studies have found, is minimal, and the emphasis on live cable news has resulted in walking away from the capacity to review, verify, edit, choose words carefully and match those words to pictures.

Audiences are even less likely to find verified, edited journalism at certain times of the day. Daytime cable is more than half as likely to have edited packages. Just 14% of the daytime programming studied was made up of such produced packages. Instead, fully 70% was made up of live, extemporaneous programming.

In the evening, roughly a third (34%) of the time is spent on packaged pieces. This is down from what we found in 2004 when 42% of time was made up of stories that had been edited and taped.

Differences in Format by News Channel

Yet the some of most substantial differences in the structure of cable news exist in the distinctions among the three channels.

MSNBC, perhaps because it has fewer staffers and correspondents of its own and instead “rents” them from NBC (see News Investment), relies substantially more on unscripted, live unedited news delivery. Fully 80% of the time on MSNBC is “live” and unscripted, by far the highest of the three cable channels. It is 44% on CNN, and 59% on Fox.

Most of that time studied on MSNBC involved people doing interviews (70%). Compare that number to 28% on CNN and 45% on Fox.

CNN and Fox, on the other hand, are the near reverse of each other when it comes to interviews versus packaged reports.

CNN, the first all-news cable channel in the country, sticks more to the network news style of packaged pieces. Close to half (45%) of its time is spent on packaged pieces. While this is still about half the number found on the traditional broadcast network evening news programs, it is by far the highest among the cable channels. And those packages on CNN tend also to be longer (an average of 2.9 minutes on the programs studied, versus 2.4 on its rivals).

There are differences between the daytime and evening programming here. Packages were fewer during daytime than at night (24% vs. 50%) and live reporter stand-ups were heavier (31% vs. 10%).

Anderson Cooper’s program is particularly inclined to packages, on a wide range of topics, from visiting the Congo, to Nicaragua, to the lives of Marines in Iraq, to an autistic woman who posts video on YouTube.

On Fox, slightly more than a quarter of time studied was made up of edited packages (28%). And again there were more packages at night (31%) than during the day (15%) and more stand-ups in daytime (21% vs. 8%).

On MSNBC, at least on the general interest news programs studied, the edited news story has all but disappeared, making up slightly less than 10% of the time. Here, too, there were differences in daytime vs. night. In daytime, MSNBC relies more on reporters to do live stand-ups (18% vs. 2% in the evening) and even less on packages (3% vs. 12%). But in both parts of the day, live delivery still fills up 80% of the time.

(At 10 p.m. Eastern, MSNBC does air taped reported programming, a variety of documentaries under different names, including MSNBC Investigates and MSNBC Reports. These documentaries are often produced through the Dateline unit at NBC and are both original and previously aired segments.)

Story Format on Cable News Channels

Percent of Newshole

	CNN	MSNBC	Fox News
Package	45%	10%	28%
Interview	28	70	45
Staff Live	14	7	11
Live (Event or Ext. Live)	3	4	3
Anchor Read (Voice-over/ Tell Story)	9	8	12
Unedited Audio/Video	<1	1	<1
Other (Banter, Weather, Don't know)	1	1	1

Radio

Radio

By the Project for Excellence in Journalism

One of the big events in the pre-primary phase of the presidential campaign was an October 30, 2007, debate in Philadelphia where then-frontrunner Hillary Clinton experienced the first concentrated attacks from her Democratic rivals.

In the media generally, according to the Project's News Coverage Index, the campaign that week accounted for about one-sixth of all the news coverage, and much of that acknowledged the rough-and-tumble nature of that debate. The New York Times reported that Clinton came under "withering attack" on everything from "candor" to "electability." "After getting punched around in Tuesday's Democratic debate, Hillary Clinton is still acting tough," NBC's Andrea Mitchell reported.

But in the world of talk radio, the Philadelphia debate was the starter's gun for something much bigger. The talkers devoted more than 40% of their airtime to the campaign that week. And for them, Clinton wasn't just a combatant in that debate. She was the big loser.

"She's blowing this big time... playing the gender card," declared conservative host Rush Limbaugh, who was responding to complaints from the Clinton camp that her rivals had ganged up on her. Added conservative radio talker and Fox News Channel host Sean Hannity: "Last night's debate in Philadelphia may soon become known as the great Hillary debacle." Clinton even got whacked by syndicated liberal host Ed Schultz, who accused her of "whining."

In many ways, the Philadelphia encounter was a classic example of how talk radio operated, at least in 2007, according to an examination of the top talk radio shows throughout the year.

One clear finding of this examination is that the major personalities in the medium tend to seize on a few major news events each week and amplify them for their own purposes. Many weeks, the top stories in the media generally are roughly twice as big in the talk radio universe.

Generally, those events are then run through an ideological filter and used to create a narrative about good guys and bad guys, winners and losers. That process is fairly similar among both liberal and conservative hosts. It is, at its core, a medium of three P's—personality, persuasion and polarization.

These are just some of the findings of this study, which included almost 220 hours of talk radio content from 2007, some 4,100 different segments, from five of the leading hosts on both sides of the ideological spectrum.

Among other findings:

- Talk radio was consumed with elections and politics in 2007 (more than a quarter of the airtime studied). The second-biggest talk topic was the media themselves, which accounted for about one out of every six minutes of conversation . In almost half the weeks in 2007, the lead story in talk radio got about twice as much play as the No. 1 story in the media over all.
- Conservative hosts were also fixated on Hillary Clinton, and they weren't flattering. A study early in the year found she had generated almost three times as many segments on conservative talk as any other candidate, and almost 90% were negative. From July through the end of the year, she was the lead newsmaker in talk radio .
- Among the subjects that generated minimal coverage on talk radio in 2007 were foreign events that did not involve the U.S and a host of domestic issues. Combined coverage of the legal system, business, transportation, education and science and technology filled only 2% of the talk radio newshole.
- Talk radio is not tabloid. Crime and celebrity news filled only about 5% of time studied.
- Radio news headlines (from CBS and ABC) were in many ways a solid supplement to the narrow and selective talk news agenda. The brief hourly headline reports lacked depth but offered a broad and evenly balanced menu of topics. And the story noticeably absent was the 2008 presidential contest. It accounted for just 2% of the time here, a fraction of the attention it got from the talk radio realm. The headlines were also much more than just anchors reading wire copy. Nearly half (46%) were packaged pieces often with reporters from the field and with sound “actualities” or quotes from sources.

In its modern incarnation in the past two decades, talk radio has been a business dominated by conservative voices. While that is still true, liberals have begun to make their mark in the industry in recent years, and the 2004 launch of the Air America network, despite its problems, appears to have helped. As part of its weekly News Coverage Index in 2007, the Project examined the first 30 minutes of the programs from the three conservative talk hosts with the biggest audiences according to Talkers Magazine — Rush Limbaugh (estimated 13.5 million listeners a week), Sean Hannity (12.5 million) and Michael Savage (8 million.) On the Democratic side, the Project looked at two leading liberal hosts, Ed Schultz (3.25 million) and Randi Rhodes (1.5 million).

Talk Radio's Amplification

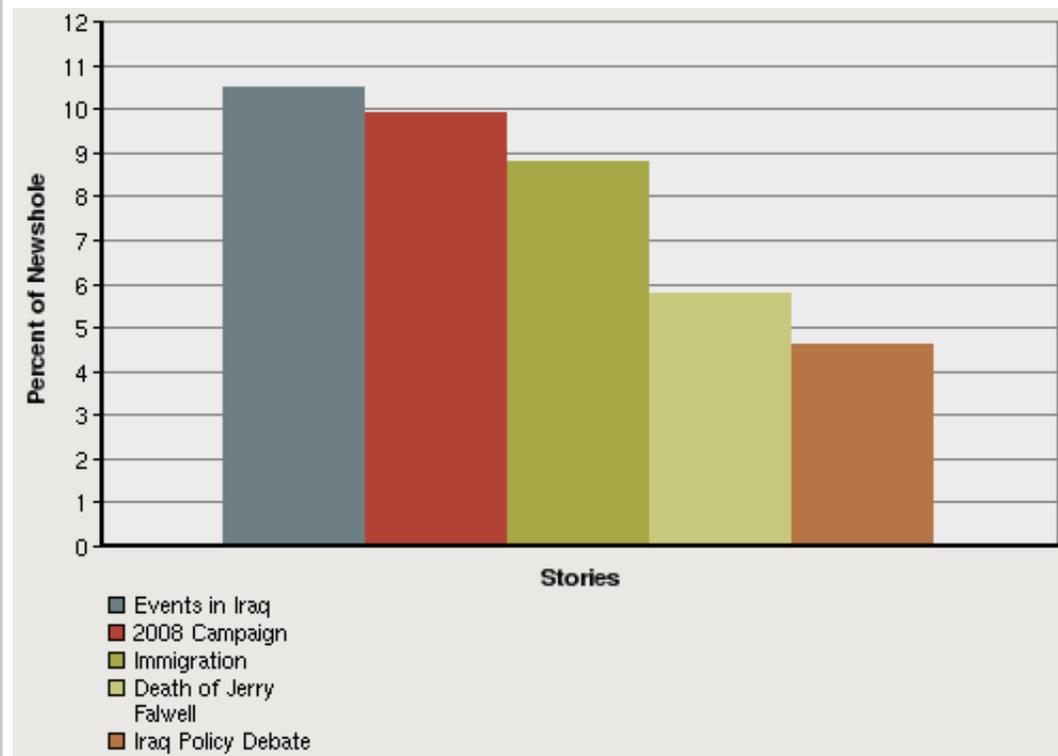
The most striking characteristic of talk radio is its tendency for hosts to seize on the news and amplify those events. The hosts might suggest they are analyzing them, or offering a deeper level of clarity and truthfulness. Critics might suggest

the hosts are not so much reporting the news as exploiting it.

Whatever one's view, talk radio tends to amplify the handful of stories best suited to debate and division. Typical was the week of May 13-18, 2007, when several important events — Congressional votes on Iraq war funding, the death of Moral Majority leader Jerry Falwell, the immigration bill, the second Republican presidential debate, and a deadly ambush in Iraq — were all part of the five leading stories in the mainstream media. Each one consumed between 5% and 10% of the newshole and together, they constituted 40% of the week's overall coverage.

Top 5 Stories for the Week of May 13-18, 2007

Percent of Newshole



Source: PEJ, A Year in the News, 2007

On the radio talk shows, however, just three of those stories — the Iraq policy debate, the campaign and immigration — consumed 50% of the airtime. Many of the other stories of the week got short shrift.

That same trend is evident over time. The top-two broad topic areas in talk radio in 2007 — elections/politics and the media — by themselves filled 44% of the airtime studied over the year. They made up 16% of the overall press

coverage.

Four topics accounted for nearly two-thirds of all the time on talk radio — politics/elections, media, U.S. foreign policy and government — about 60% more than they did in the media generally.

Top Broad Story Topics: Talk Radio vs. Media Overall
Percent of Newshole

Talk Radio		Media Overall	
Election/ Politics	28%	U.S. Foreign Affairs	17%
Media	16	Elections/Politics	13
U.S. Foreign Affairs	12	Foreign (Non U.S.)	11
Government	8	Crime	7
Crime	4	Government	6
Immigration	4	Disasters/Accidents	5
Lifestyle	3	Health/Medicine	4
Additional Domestic Affairs	3	Economics	4
Environment	3	Lifestyle	3
Miscellaneous	2	Business	3

The agenda also differed in its nature.

A major focus of talk radio is the media itself, including the talk radio hosts talking about themselves as victims of attack. Media, the No. 2 talk subject of the year, filled 16% of airtime studied, about six times as much as in the media over all (3%). Elections/politics at 28% was the No. 1 talk topic of the year compared to 13% and No. 2 over all in the media.

Foreign events that did not involve the U.S. directly were largely absent in the discussion on talk radio (2% of time studied compared to 11% in the media over all). Crime, the No. 4 story at 7% in the media over all, was No. 5 on talk radio, but only about half as big at 4%.

Talk radio, however, is also notable for the degree to which, at least in the hours studied, it was not much concerned with two classic elements of the tabloid media formula — crime and celebrity. Those two topics made up about 5% of time studied in talk radio, half of the 10% of the media over all.

This tendency toward amplification also means that the talk radio is particularly narrow. The combined coverage of the legal system, business, transportation, education, and science and technology, accounted for a mere 2% of the talk radio airtime in 2007. The media over all, which still did not cover them extensively, devoted 7% to those issues last year.

In a year in which we have concluded that the media agenda in general was narrow, talk radio focused on an even

smaller slice of that pie.

Top Stories : Talk Radio vs. Media Overall

Percent of Newshole

Talk Radio		Media Overall	
2008 Campaign	17%	2008 Campaign	11%
Iraq Policy Debate	12	Iraq Policy Debate	8
Immigration	4	Events in Iraq	6
Global Warming	3	Immigration	3
Iran	3	Iran	2
U.S. Domestic Terrorism	2	U.S. Domestic Terrorism	2
New Democratic Congress	2	U.S. Economy	2
Valerie Plame Investigation	2	Iraq Homefront	2
Fired U.S. Attorneys	2	Pakistan	2
Events in Iraq	1	Fired U.S. Attorneys	1

News Through the Prism of Ideology:

On March 29, 2007, former Justice Department official Kyle Sampson offered damning testimony about Attorney General Alberto Gonzales, telling Congress that Gonzales was more involved in the firings of U.S. attorneys than he had acknowledged.

On the talk radio airwaves, liberal talk hosts Ed Schultz and Randi Rhodes eagerly jumped on the Gonzales story. In the airtime examined by PEJ, conservative talkers Rush Limbaugh, Sean Hannity and Michael Savage uttered barely a peep on the matter.

Almost two months later, the announcement of a compromise on immigration legislation galvanized conservative radio hosts who labeled it an “amnesty” bill. Sean Hannity declared that “you cannot begin your career or life as an American by first breaking the law.” Michael Savage said: “We’re not giving away the sovereignty of America. This is the Alamo right now.”

On that subject, their liberal counterparts were virtually silent.

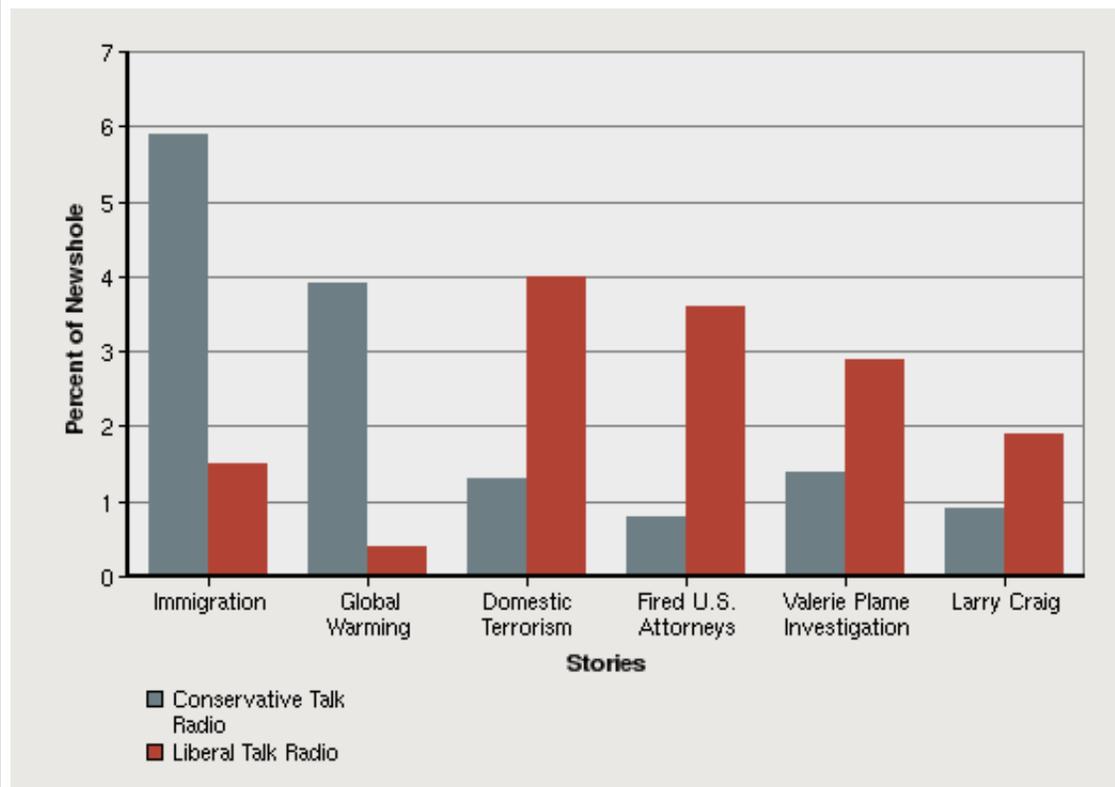
It comes as no surprise that liberal and conservative hosts would have sharply differing views on the war in Iraq or the presidential race or a host of other subjects. But another way in which the ideological wars on talk radio play out is through the selection of stories themselves. In an industry in which hosts much prefer to attack the enemy rather than defend the ally, ideology determines what subjects are even up for discussion. 1

Immigration, a hot-button issue for many conservatives, was the third-biggest topic (at 6%) in conservative talk radio in 2007, right behind the campaign and the Iraq policy debate. Liberal talkers were much less interested, devoting only 1% of their airtime to what was their 10th-most popular story. The third-hottest story among liberal talkers (4%) was domestic terrorism, as they criticized the Bush administration on issues such as torture and electronic surveillance. Conservatives, who tended to back White House policy on terrorism, devoted only 1% of their airtime to that subject.

Not surprisingly, liberal hosts were far chattier about the U.S. attorney firings and the Valerie Plame/CIA leak case that led to the conviction of Vice President Cheney's aide, I. Lewis (Scooter) Libby Jr., since both were embarrassing to the administration. The arrest of Larry Craig, the conservative Republican Senator accused of sexual overtures to an undercover police officer, was also a much hotter topic on liberal talk.

Story Selection in 2007

Conservative vs. Liberal Talk Radio



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Conversely, conservative talkers spent a lot more time on the subject of global warming — criticizing its chief advocates,

particularly Al Gore. They also invested much more energy on the new Democratic-led Congress, whose leaders, such as House Speaker Nancy Pelosi, were a frequent target for criticism.

And then there is the Hillary Clinton factor. Her history with the conservative talk hosts goes back to the 1990's when she was First Lady and presided over an unsuccessful attempt to remake the nation's health care system. (Conservative talk radio's ascendancy coincided to a significant extent with Bill Clinton's 1992 election and the hosts decided to make his administration a primary target.) Ever since Hillary Clinton's January 2007 announcement that she intended to follow in her husband's footsteps, she has been a prime subject on talk radio, more specifically a prime target of conservative talkers.

For the first five months of 2007, Clinton generated almost three times as many segments on conservative talk radio than any other candidate, a PEJ report on early election coverage found. And 86% of those segments on the conservative air waves about her were negative in tone. In that period, she did not fare particularly well on the liberal talk radio either, but was a far less frequent topic of discussion. A study of the summer months of 2007 found that Clinton was a lead newsmaker in more than four times as many talk radio segments on the campaign as the next closest candidate, Barack Obama. And again, it was largely conservative talk radio's fixation with her driving that coverage.

Discussing some purported problems with the Clinton campaign on a December edition of his show, Rush Limbaugh opted for a Wizard of Oz wicked witch analogy. People have been e-mailing all morning "asking me 'Do you believe it's the end for Hillary?'" Limbaugh remarked on Dec. 14. "Until I see the house fall on her... and the legs curl up [and] the body in the casket, she is not dead, she is not finished."

That ethos was also summed up by Hannity, who during the campaign nicknamed his program The Stop Hillary Express.

Conservative Talk and the Immigration Jihad

The ability of talk hosts to influence voters may be an open question, but on one important legislative matter in 2007, the conservative hosts seemed to have had an impact. In the six weeks between the May 17 introduction of immigration legislation and the bill's June 28 demise, the talk hosts were in the forefront of a relentless assault on the measure. Day in and day out, Limbaugh, Hannity and Savage — with considerable help from CNN's Lou Dobbs — railed against the immigration bill and its supporters. So intense was the barrage that among conservative radio hosts, the immigration debate was the No. 1 topic in the second quarter, filling 16% of the airtime. (The second-biggest topic was the presidential campaign at 13%).

What made the conservative talkers' war on the immigration bill more noteworthy was their willingness to butt heads with some key Republicans who had often been allies, including President George Bush. So exasperated was Republican Senator Trent Lott that he complained openly during the immigration debate that "talk radio is running America."

That only made Lott a bigger target. "What are we going to do about Mississippi Senator Trent Lott... one of the engineers of the Senate immigration bill, the amnesty bill?" Limbaugh asked his listeners. "Senator Lott's out there

saying the problem with this is talk. Now what does that mean?”

On his radio program, Hannity defended his stance by drawing firm distinctions between conservatives and Republicans. “We stand up for our principles regardless of any party affiliation,” he said. “We find ourselves now at odds with Republicans for one reason and one reason only.... They keep compromising their values.”

That was same argument that conservative talk hosts would make later in explaining their campaign against John McCain, who became the Republican party’s presidential nominee but was deemed too liberal for their tastes.

Differences among Hosts of the Same Ideology:

The conservatives:

Naturally, the most obvious arguments and differences are between the liberal and conservative talk hosts. But a close examination also reveals that there are some significant differences among talkers of the same ideologies.

In terms of news agendas, there were some noticeable differences among the three big conservative hosts. Hannity is most clearly a Washington creature, spending 45% of the first half hour of his program on the topic of politics/campaigns. That is about 150% as much attention as Limbaugh gave the subject in his top 30 minutes and nearly three times as much coverage as Savage offered. Savage, in contrast, whose program has more in-your-face vitriol, seems more culture-oriented and less political. Topics such as lifestyle, immigration, religion, race and gender all get more time on his 30 minutes of air-time (23%) than from Limbaugh (8%) or Hannity (9%). Limbaugh is harder to pin down, but in some ways encompasses, with more wit and less overt anger, combinations of both. But the differences that often stand out the most are stylistic. Limbaugh is a godfather of modern conservative talk and a very influential figure in conservative circles. (Many credited him with a role in the conservative revolution that swept the Republicans into power in the 1994 Congressional elections and he is often characterized as the leading representative of the talk-show wing of the Republican Party.)

Limbaugh’s on-air style is relaxed, conversational and flecked with humor, or at least sarcasm. He has a considerable skill for self-promotion and injecting himself into the middle of major political controversies, a classic example being the “phony soldiers” furor that erupted in September 2007. At the time, Democrats were smarting over congressional resolutions condemning an ad from the liberal group, MoveOn.org, characterizing the top U.S. commander in Iraq, General David Petraeus, as “General Betray Us.” In a September 26 on-air phone conversation about anti-war sentiment, a caller said that media “never talk to real soldiers. They like to pull these soldiers that come up out of the blue and spout to the media.” Limbaugh interrupted, saying, “the phony soldiers.” Limbaugh’s use of the term “phony soldiers” was quickly attacked as an effort to discredit troops who might express doubts about the war and Democrats in Congress introduced a measure condemning the talk host.

Limbaugh countered that his “phony soldiers” remark referred only to one veteran who had fabricated stories about Iraq atrocities. And in a creative response to this dispute, Limbaugh took the letter of complaint about him signed by 41 Democratic senators and auctioned it on eBay, with Limbaugh matching the top bid and the money going to charity. The final bid: \$2.1 million. On his show, Limbaugh played a clip of Senate Majority Leader Harry Reid, a major critic in the “phony soldiers” battle, actually lauding the Limbaugh auction as “worthwhile cause.” It was typical of Limbaugh’s knack

for making himself part of the story.

Younger and newer on the scene than Limbaugh, Hannity, not only has the bully pulpit of a syndicated talk radio show, but is also co-host of the Fox News Channel's nightly Hannity & Colmes show where he faces off against liberal Alan Colmes. Hannity and Limbaugh seem quite close on many issues and they spent much of the year battering Hillary Clinton. Almost in sync, they both shifted targets as the Republican primary fight went on, becoming sharply critical of John McCain and Mike Huckabee for being too liberal and thus, becoming the favorite Republican candidates of the liberal mainstream media. Their preferred Republican candidates clearly were Fred Thompson and Mitt Romney, two politicians who dropped out after failing to meet expectations.

The differences between Hannity and Limbaugh appear to be more about style than substance. Hannity tends to be more overtly pugnacious and direct, purveying more of a street-fighting sensibility than Limbaugh, who tends to favor more linguistically intricate soliloquies and ornate reasoning.

The real wildcard among conservative talkers is the San Francisco-based Savage, who is more of a contrarian and loose cannon than either Limbaugh or Hannity. On occasion, he has even taken what can only be characterized as a liberal view of an issue.

When Haliburton, the big military contractor once led by Dick Cheney, decided to open a headquarters in Dubai, Limbaugh defended the decision, charging that the company "is one of the footballs kicked around by the mad, insane left." But Savage, who attacked the move as an example of the unfettered power of big business, played a clip of President Eisenhower's famous speech warning of the rise of a "military-industrial complex." When a student was subdued with a Taser while being disruptive during a John Kerry appearance at the University of Florida, Savage called the campus police "fascist," and declared that "I don't want to live in a country where even a left-wing student gets tasered for asking a question." Savage also remarked that making Barry Bonds the villain in baseball's steroid scandal "looks like racism to me," in effect making a classic liberal argument by using a charge of racism in Bonds' defense .

At the same time, the volcanic Savage is more likely than any host to explode and use scorched-earth rhetoric to make his points. He once likened the wave of immigration in the U.S. to the battle at the Alamo and on another occasion, predicted that many liberals would "die in their own vomit." He expressed disappointment that Speaker of the House Nancy Pelosi "was not gutsy enough" to make an obscene gesture to Syrian President Bashar Assad on a trip to Damascus. And he denounced those who questioned General David Petraeus during a Congressional hearing as "those slimy, backstabbing, anti-American scum called Democrats."

Other aspects of Savage's behavior are unorthodox as well. To protest the media's extensive coverage of the tabloid Anna Nicole Smith saga, he began reading on the air from "Once Upon a Time in the Catskills" a memoir about the summer of 1958 designed to hark back to a simpler, more innocent time in America. To honor the passing of tenor Luciano Pavarotti, he played classical music, something you don't usually hear on talk radio.

Top Stories : Conservative Talk Hosts

Percent of Newshole

Host	Story Rank 1		Story Rank 2	
Rush Limbaugh	2008 Campaign	19%	Iraq Policy Debate	12%
Sean Hannity	2008 Campaign	33%	Iraq Policy Debate	10%
Michael Savage	Immigration	9%	Iraq Policy Debate	8%

The liberals:

On the liberal/Democratic side, the North Dakota-based Schultz and New Yorker Rhodes are distinct from each other as well.

First, there were some differences in news agendas. At 18% of the first 30 minutes of his airtime in 2007, Schultz devoted more than twice the attention to the 2008 campaign than Rhodes did (8%). Rhodes was more concerned with the two leading threads of the Iraq war — the policy debate and events inside Iraq — than Schultz, devoting 19% of her newshole to those subjects compared with 13% for Schultz.

But the biggest contrast between the two is stylistic, with Schultz' moderate Midwestern mores clashing with Rhodes's Brooklyn brashness and ideological bomb-throwing.

One example of their divergent approaches was the reaction to news that Larry Craig, a conservative Republican Senator from Idaho, had been arrested for making a sexual overture to an undercover police officer in a Minneapolis airport. Rhodes went on the offensive, accusing Craig of being an "anti-homosexual homosexual" and attacking his Republican colleagues who quickly distanced themselves from him as hypocrites. For Schultz, the issue was far different. "The thing that bothers me the most about the Craig thing is that something happened with law enforcement and it went unreported to the Ethics Committee or Republican leadership," he said. Craig "shouldn't have the liberty... to be able to hide an arrest."

Top Stories : Liberal Talk Hosts

Percent of Newshole

Host	Story Rank 1		Story Rank 2	
Ed Schultz	2008 Campaign	18%	Iraq Policy Debate	12%
Rhandi Rhodes	Iraq Policy Debate	15%	2008 Campaign	8%

On another show, Schultz announced that he liked all the Democratic candidates, the kind of positivity one usually does not here on talk radio. "There isn't one up there I wouldn't vote for," he said. "I'm just a big cheerleader today, aren't I?"

Rhodes' elbows and rhetoric are often sharper. She dubbed the First Lady "Crazy Eyes Laura Bush" and voiced her opinion that Bush "had a face lift." She mocked John McCain's assertion that the security situation inside Iraq had improved by declaring that during his stay in Iraq "John McCain had more bodyguards with him than P. Diddy getting to the MTV Awards." At one point, she voiced her displeasure at General Petraeus and U.S. Ambassador to Iraq Ryan Crocker by characterizing them as a "tag team of liars."

Rhodes was involved in a strange drama back in October, when she suffered significant facial injuries in a fall in New York City. The next day, another liberal host told listeners that Rhodes had been assaulted and raised the specter of a deliberate attack by “the right-wing hate machine.” Rhodes then returned to the airwaves and said that “I don’t know if someone hit me from behind or if I just fainted.” She was not able to clear up the mystery, but the episode offered further proof that in talk radio, everything is about politics.

Radio News Headlines: Brief but Broad

When the 5 o’clock CBS News aired on April 16, 2007, the depth of that day’s tragedy had become clear. In the worst shooting incident in American history, a murderous rampage had left 33 people dead on the campus of Virginia Tech. The newscast led with an update from the scene, followed by a White House reaction from President Bush and devoted a full two minutes to the story, a very long time for the briskly paced radio headlines format.

But even with Virginia Tech dominating, the five-minute newscast featured seven stories that quickly traversed the news landscape—including a jury verdict for a Hurricane Katrina victim; questions about an arthritis drug; Boston Marathon race results; closing stock prices; a terrorism-related trial in Miami; and fears of a cell phone-transmitted virus in Afghanistan.

That newscast offered a smorgasbord of news topics typical of the platform: crime, domestic events, medicine, sports, economics and foreign affairs.

In 2007, the Project for Excellence in Journalism examined these top-of-the-hour radio newscasts from CBS and ABC and found that in their own way, they were models of diversity, brevity and efficiency. These headline services — usually marking the top of the hour on radio talk, news and information stations — are an important force in radio in America, a primary source of news for stations of all kinds of spectrums. And in the hundreds of stations around the country that categorize themselves as “news and talk,” such as the ones that carry major talk show hosts, these headlines represent the news.

In general, the study finds, they offer an impressively broad if quick look at the day’s events, Cliff Notes to the news. What is absent is depth, any kind of nuanced analysis or comparison of multiple angles on any given issues. But the sense of scale, or ordering of news by importance, is more often found here in the headlines than on the talk programs that often follow.

The news headlines are designed for their well-defined niche, serving time-pressed commuters in their cars, multi-tasking homemakers in the kitchen or those that want to listen mostly to music while still being plugged into the news of the day. They are straightforward and delivered without attitude or agenda.

For all the terrain they cover in a short period, these newscasts are more than rip-and-read exercises in which smooth-sounding anchors regurgitate news or wire stories. The Project’s examination of these reports found that the largest component, 46% of the airtime, consisted of prepared news packages in 2007, often with reporters from the field and with sound “actualities” or quotes from sources. About 32% was made up of live comments or reporting from staff journalists. And only 21% of the time was spent with the anchor functioning as storyteller or reader.

Format of News Radio Headlines

Percent of Newshole

Format	Percent
Package	46%
Staff Live	32
Anchor Read (Voice-over/Tell Story)	21
Interview	1
Live (Event or Ext. Live)	<1

When it comes to news agendas, one striking element of the radio headlines is the subject that did not get very much coverage, the 2008 presidential contest. In a year in which the media were consumed by the campaign, elections/politics was only the 10th-biggest topic area in the headlines, accounting for just 3% of all the airtime. By means of comparison, it was the No. 2 topic (at 13%) in the media over all for 2007 and in the world of talk radio elections/politics represented the top subject area, consuming 28% of the airtime.

Top Broad Story Topics: News Radio Headlines vs. Talk Radio vs. Media Overall

Percent of Newshole

Rank	News Radio Headlines Only	Percent	All Talk	Percent	Media Overall	Percent
1	U.S. Foreign Affairs	13%	Election/Politics	28%	U.S. Foreign Affairs	17%
2	Crime	10	Media	16	Elections/Politics	13
3	Disasters/Accidents	10	U.S. Foreign Affairs	12	Foreign (Non U.S.)	11
4	Economics	10	Government	8	Crime	7
5	Foreign (Non U.S.)	7	Crime	4	Government	6
6	Health/Medicine	7	Immigration	4	Disasters/Accidents	5
7	Government	6	Lifestyle	3	Health/Medicine	4
8	Lifestyle	5	Additional Domestic Affairs	3	Economics	4
9	Miscellaneous	4	Environment	3	Lifestyle	3
10	Elections/Politics	3	Miscellaneous	2	Business	3

The trend toward limited coverage of the campaign was confirmed when the news headlines were analyzed more narrowly, by individual story rather than the more general topic category. The 2008 campaign was only fourth-biggest radio headlines story (filling 2% of the airtime), compared with No. 1 for the media over all (at 11% of the newshole) and No. 1 on talk radio (17%).

What the radio headlines do deliver is a broad and balanced news menu. U.S. international news, driven primarily by the war in Iraq, topped the topic list (filling 13% of the newshole). That was followed closely by crime (10%), disasters and accidents (10%), economics (10%), foreign events not related to the U.S. (7%) and health/medicine (7%).

That kind of balance in topic selection distinguishes the headlines from the media over all, with its heavier emphasis on three major categories — U.S. international news (17%), elections/politics (13%) and foreign non-U.S. (11%). And it represents a sea change from the world of talk radio, where the pre-occupation with elections/politics (28%) and media (16%) accounted for nearly half the newshole.

Looking at the radio headlines by their coverage of big stories, the editorial balance is even more obvious. The top story of the year, the policy debate over Iraq, was separated from the No. 10 story, rising gasoline prices, by a mere 6 percentage points.

Top Stories: News Radio Headlines vs. Talk Radio vs. Media Overall
Percent of Newshole

Rank	News Radio Headlines Only		All Talk		Media Overall	
1	Iraq Policy Debate	7%	2008 Campaign	17%	2008 Campaign	11%
2	Events in Iraq	5	Iraq Policy Debate	12	Iraq Policy Debate	8
3	U.S. Economy	3	Immigration	4	Events in Iraq	6
4	2008 Campaign	2	Global Warming	3	Immigration	3
5	U.S. Domestic Terrorism	2	Iran	3	Iran	2
6	Iran	2	Domestic Terrorism	2	U.S. Domestic Terrorism	2
7	Fired U.S. Attorneys	2	New Democratic Congress	2	U.S. Economy	2
8	Iraq Homefront	1	Valerie Plame Investigation	2	Iraq Homefront	2
9	VA Tech Shooting	1	Fired U.S. Attorneys	2	Pakistan	2
10	Gas/Oil Prices	1	Events in Iraq	1	Fired U.S. Attorneys	1

The attention given to rising gas prices, a story the public followed very closely this year, highlights another factor that distinguished the radio headlines. The headlines devoted a large portion of the newshole, 10%, to the subject of economics. (For the media over all in 2007, economics was the eighth-biggest subject, at 4%.) Some of that is the result of the dutiful daily reporting of the numbers on Wall Street. But given the fact that the sub-prime mortgage crisis and the slowing economy had by early 2008 emerged as a primary campaign topic, perhaps even eclipsing the Iraq war, the emphasis on economics suggests some solid news judgment at play.

Despite its ability to deliver a brisk news digest, there are natural limits to relying on radio headlines for the bulk of one's news diet. The average length for a radio headlines story in 2007 studied by the Project for Excellence in Journalism was just under 25 seconds. And given that the lead story often gets more in-depth treatment, many of the others are reduced to quick synopses. On the evening of April 16, 2007, for example, the CBS broadcast devoted slightly more than two minutes to an update on the Virginia Tech tragedy. But five of the remaining six stories in that newscast each took less than 25 seconds. The three stories immediately following the Virginia Tech update on the ABC headlines service that day were each under 10 seconds in length.

While sometimes enhanced with live or taped reporting from the scene, the headline stories are still too brief to offer listeners much nuance or to evaluate complicated issues. A more detailed 2006 study of news in three markets in the U.S. found that most of these stories made almost no attempt to offer listeners much context, explore different elements or try to make any sense of how stories might affect them. 2

Footnotes

1. Each day, on the conservative side, the PEJ studied the first 30 minutes of Rush Limbaugh's show and rotated between the first half-hour of Sean Hannity's and Michael Savage's shows. On the liberal side, PEJ rotated between the first half-hour of Randi Rhodes' program and Ed Schultz's program each day. In total, the Project examined approximately 7.5 hours of talk radio per week.

2. See state of the News Media 2006, http://www.stateofthenewsmedia.com/2006/narrative_daymedia_radio.asp?cat=9&media=2.

Ethnic

Ethnic

By the Project for Excellence in Journalism

How do the ethnic media differ from the mainstream in the United States?

What would a reader or viewer of the major ethnic media, Spanish-language, learn or not learn about a particular event compared with what is offered in English?

What angles does the ethnic press address versus the mainstream media? What sources did they turn to, and what was the overall tone of the coverage?

To find out, we turned to one of the big issues of 2007 with natural interest to the Hispanic population, the debate over immigration, and examined the coverage in

the leading Spanish-language television networks and three major papers and compared that with similar English language press from one key period, the week the immigration bill died in the U.S. Senate.

The answer is that Hispanic audiences turning to native-language news, especially the broadcast programs, heard a much different side of the bill's defeat.

Two years ago, in the 2005 State of the Media Report, the Project studied front-page coverage of five ethnic newspapers in New York City. We found, among other things, that the ethnic press was filled with three distinct types of news that appealed to their ethnic audiences: They covered events back in their native countries, they offered U.S. national news events with a more ethnic angle and they covered local events directly related to that outlet's ethnic community.

This year, we wanted to probe further into ethnic coverage of U.S. national news by closely examining a single event. To focus on these questions, we conducted a snap shot study of one crucial week during the debate over immigration: the week the Senate closed debate on an overhaul of the immigration law, June 25 to 29, 2007. The Senate's inability to reach a compromise on an immigration bill was viewed by many as the end of discussion until at least 2009. In a clip from June 27, as the Senate leadership struggled to muster the 60 votes necessary to continue the debate, Senator Ken Salazar, a Democrat from Colorado, told Univision, "If we don't have the 60 votes, goodbye to immigration reform, possibly for 10 years."

For this snapshot, the Project for Excellence in Journalism compared coverage between English and Spanish media looking at four English-language nightly news programs (the three network evening newscasts and the PBS NewsHour), two Spanish-language evening newscasts (Telemundo's Noticiero and Univision's Noticiero) and the New York Times, Los Angeles Times and Washington Post and three Spanish language newspapers, El Diario-La Prensa, La Opinión and El Nuevo Herald. We analyzed the extent of coverage, the prominence given to the story, the tone of the coverage, sources and length.

The greatest differences occurred on the broadcast side, where the Spanish coverage was more emotional, much less about the politics and more about effects on every-day people, and turned to immigrants for comment. Spanish-language print was closer to English-language press in its more detached approach to the coverage, often using a mix of sources similar to their English-language counterparts. The biggest differences in print were among the three Spanish-language papers themselves, displaying the vast range of Spanish language roots in the U.S.

Broadcast

What were Hispanics who watched Univision and Telemundo, the equivalent of the network evening newscasts, getting that viewers watching the ABC World News Tonight, the NBC Nightly News, the CBS Evening News and PBS' NewsHour weren't? How were their media experiences different?

During the week the immigration bill died in the Senate, the most striking differences between English and Spanish media occurred in broadcast.

PEJ examined Spanish network national evening news on the two major stations, Telemundo and Univision and compared it to evening network news on the major networks, ABC, CBS and NBC. PEJ also examined the NewsHour with Jim Lehrer on PBS.

The first noticeable difference was in the amount of coverage the issue received. Spanish language broadcasts gave the issue much more attention and greater prominence than network news. PBS was more in line with the ethnic media.

Telemundo and Univision aired a total of 18 stories focusing on the immigration bill during the period. Of these stories, 14 aired in one of the first three segments. (The vast majority, 12 in all, were edited packages. Three were interviews and three were brief tell stories).

By comparison, ABC, NBC and CBS covered the issue substantially less. In total there were just eight stories during this period. What they did produce was given high prominence with most — six out of the eight — in the first three stories. Of these stories, four were packaged pieces, two were interviews and two were tell stories.

The PBS NewsHour, however, covered the story much more heavily than the main networks. It aired 10 stories on the immigration bill in the first 30 minutes of the program (the time period we study). As is often the program's style, more of these were roundtable interviews than packaged pieces (Two were packages, five were interviews and the remainder were simple tell stories or anchor voiceovers.

The most striking differences came in the focus and tenor of the coverage. In the more qualitative assessment of the coverage, three characteristics of the Spanish-language coverage stood out:

- The Spanish broadcasters openly displayed their own emotions about the issue.

- The Spanish coverage took a clear stance in the debate, which was more tied to human impact than political.
- Criticisms by reporters and sources were focused more on the Senate or U.S. government as a whole rather than on one party or another.

More than anything else, what Hispanics watching Spanish broadcast coverage got that was different from English network coverage, was in a word, sympathy. On June 28, the day the bill was defeated and Univision anchor Jorge Ramos began the broadcast by saying (translated into English):

“The news could not be worse for undocumented immigrants in the United States. In a vote, the Senate killed plans to legalize millions of immigrants. With this decision, the hopes of many that immigration law will change with respect to those without documentation in this country have disappeared. Thirty-six Republicans and 15 Democrats voted against continuing the debate — this is to say that *they* killed the reform. We have extensive coverage of this decision and its enormous consequences.”

Comparatively, English network news coverage was more detached and focused on the bill as a political defeat for President Bush. For example, on that same day, NBC’s Brian Williams led into the coverage by saying, “The other big story in Washington tonight is the defeat of the immigration reform bill in the U.S. Senate. A vote to go forward with it fell a whopping 14 votes short. It’s a big loss for President Bush, who pushed hard to revive this bill only to see it lose big today.”

Along with emotion and sympathy, the Hispanic anchors and reporters offered a clear stance on the vote. The coverage treated the defeat of the bill as a significant setback for the Hispanic community. Spanish broadcast media openly offered their strong bias toward finding a solution for the estimated 12 million illegal immigrants currently residing in the United States.

A package on Telemundo the day the measure was defeated began with a Hispanic woman calling in to the popular Hispanic radio talk host Eduardo Sotelo in tears, saying how upset she was by the Senate’s action. The package then went on to show Sotelo himself in tears. The word “disappointed” came up many times in interviews and sound bites with activists and other Hispanics hoping for a solution to immigration policy in the United States.

If the wish was for protection of illegal immigrants, the Spanish broadcasters were

not shy to lay blame at the feet of both Democrats and Republicans for their failure to find a solution. While some Spanish coverage mentioned the bill as a significant defeat for President Bush and its political implications for him as most English coverage did, it mainly spoke of the Senate's decision in the context of the implications for the 12 million illegal immigrants currently in this country. Many interviews and pieces focused on every-day Hispanics hoping and depending on the Senate to find a solution for either themselves, their families or members of their community. Telemundo showed a group of immigrants holding hands and praying in front of the Capitol before and during the Senate's vote.

In portraying the impact on Hispanics, the most popular sources were interviews with every-day Hispanics and Hispanic activists representing organizations such as the Consejo Nacional La Raza (National Council of La Raza) and the Coalición por Reforma Migratoria (Coalition for Immigration Reform) to illustrate the effects the bill would have upon the Hispanic community. In covering the political aspects of the bill, reporters relied heavily upon Spanish-speaking senators like Mel Martinez, Robert Menendez and Ken Salazar and Commerce Secretary Carlos Gutierrez.

Some may think that these findings place the Spanish-language broadcasts closer in style to the English-language cable talk programming. It is important to note, though, that the newscasts on Telemundo and Univision are the only national news programs offered. The networks operate more like ABC, CBS and NBC in that they carry all types of programming, with news just one small segment in the mix. There is no real comparison, then to the televised news talk shows. The genre that offers this kind of programming in Spanish is radio.

Print

In print, there is more continuity between the English-language and Spanish-language press, though differences do emerge in a few key areas. Some of the bigger disparities lie within the three big Spanish-language papers, speaking to the great diversity of the Hispanic population across the U.S. For the print analysis from June 25 to 29, PEJ included all the newspaper stories on immigration that appeared anywhere in the front sections.

Over all, the English-language papers had more stories but gave them less prominence than the Spanish-language papers. The three English-language papers ran a total of 37 stories during the five days (pretty evenly distributed among the three) while the Spanish papers ran 22. The majority of the English-language stories fell in the inside pages — 23 out of 37. Just 14 made page 1. The Spanish-language papers, on the other hand, ran 15 of the 22 on page 1.

Despite more prominence, the Spanish-language articles tended to be shorter. A majority (15 out of 22) were between 200 and 800 words. English-language reporters wrote longer, with 22 out of the 37 articles running well beyond 800 words.

Some of that length was devoted to covering different angles of the bill's defeat and as well as details on the socio-political implications (mainly for American citizens), often with more quotes and statements from parties involved in the bill's development and defeat. The Washington Post, for example, ran a 1,434-word article on an American labor recruiter who has created a database that helps match skills of Mexican laborers with job opportunities in the U.S.

The Spanish articles tended to narrow in on the Senate's proceedings and the implications of the bill on Hispanic immigrants.

When it came to tone, the Spanish-language print media were more like English-language media than like Spanish-language broadcasters. The reports remained mostly neutral, although a few articles did reflect a bias. For example, the day after the bill was defeated when coverage peaked in both Spanish broadcast and print, *El Diario-La Prensa* offered this straightforward account: "The immigration bill suffered a checkmate in the Senate, where for the second time in a month, legislators voted to limit debate and proceed to a definitive vote. With a final result of 46 votes in favor and 53 against limiting the debate to thirty hours, the measure was very far — 14 votes shy — of the 60 needed to overcome this obstacle."

In assessing the implications of the defeat, Spanish papers still mostly focused on it as a loss for immigrants nationwide, but they also at times, more often than Spanish-language broadcasts, addressed it as a loss for President Bush. After the bill's defeat, *La Opinión* wrote: "It was a political defeat for President Bush, who personally lobbied for the bill and hoped to make the reform his legacy in domestic policy. Bush regretted the result and said: 'The failure of the Congress to act is disappointing.' He added: 'We worked hard to see if we could find a point in common, but it didn't work.'" Similarly, *El Diario* reported: "President George Bush is personally involved in lobbying undecided Republican senators to obtain the required votes so the Senate approves the measure and sends it to the House. Bush wants immigration reform to be his legacy in domestic policy."

A closer look at the Spanish outlets reveals a bigger difference and points to an important reality of the Hispanic community throughout the United States: Hispanics differ greatly in their individual cultures, nationalities and ethnicities. The way each of these papers chose to cover the immigration story reflected these differences clearly.

The three Spanish newspapers differed greatly in the number of stories they ran. La Opinión ran 12 articles on the immigration bill, El Diario ran seven and El Nuevo Herald ran only three. The prominence and tone of the coverage differed as well.

La Opinión, based in Los Angeles, gave the story the greatest amount of coverage and highest prominence of the three. It ran all of its 12 articles on page 1. The readership of the paper helps explain differences in the scope and tenor of the coverage. According to its own information, 79% of the newspaper's readers are Mexican and 13% are of Central American origins. ¹ The issue of immigration reform had a great deal of bearing on these communities, as they are geographically the closest to the border with the United States. ² La Opinión relied on a mix of sources from the Senate and House (both English- and Spanish-speaking lawmakers) as well as activists of various organizations representing the Hispanic community.

La Opinión also stood out as the paper that brought the most emotion from reporters into its coverage. Its June 29 article read:

“In the end, what mattered was not the opinion of the majority of Americans, who in survey after survey for months, demonstrated favorability toward a pragmatic solution to the question of immigration.... To the contrary, what the majority thought was of little importance. Other things were of more importance: the anti-immigrant ideology of a handful of Republicans, politics, the rhetoric and mistreatment that the immigrants have received day after day on the radio talk shows in English and in the afternoons from Lou Dobbs of CNN.” ³

The readership of El Diario/La Prensa, based in New York City, covers a mixed market of Dominicans, Puerto Ricans and Central Americans. It has few articles on the front page, heavy coverage of entertainment and sports, and coverage of pressing local and national news.

Over the period we looked at, the immigration bill made the front page twice, or two out of five days, and made the front section of the paper every day, with one article each day except for Friday, when the bill made the front page and was the subject of two more articles in the front section.

El Diario's sources included English-speaking senators such as Dianne Feinstein of California and Edward M. Kennedy of Massachusetts, in addition to Spanish-speaking activists representing the Hispanic immigrant community. The tone of the articles over all was neutral with only two out of seven that really stood out as having a bias. When there was bias, it came in the form of telling stories of local immigrants and activists affected by the bill. One such piece focused on a local

Ecuadorian lawyer counting on the bill's success to reunite him with his family, and the other explored activist groups and their reaction to the Senate's decision.

The coverage of El Diario was by far the most localized of the three Spanish-language papers.

Perhaps the most unusual paper of the three Spanish publications is El Nuevo Herald, which covered the immigration issue significantly less than the others. Its readership is primarily the Cuban population of Miami-Dade County, which makes up 47% of the total Hispanic population of the county. 4

It can be reasoned then that the paper would cover immigration significantly less, because Cubans entering the United States are subject to different immigration laws than other Hispanic immigrants. According to a Congressional Research Service report prepared in 2005, "Cubans who do not reach the shore (i.e. dry land), are interdicted and returned to Cuba unless they cite fears of persecution. Those Cubans who successfully reach the shore are inspected for entry . . . and generally permitted to stay and adjust under the Cuban Adjustment Act." 5

Cubans as a group are surely interested in the issue of immigration as it pertains to the Hispanic community, but unless a provision was being considered that would specifically affect the Cuban population entering the U.S., they as a group had less invested in the issue of immigration than, for example, Mexicans or Central Americans.

El Nuevo Herald's coverage of the immigration bill reflects this accurately. During the period PEJ covered, the issue of immigration only made the front page once (with a wire story) and the inside pages twice throughout the week, compared to La Opinión's 12, and El Diario's seven.

Over all, during the week the immigration bill died in the Senate, consumers turning to Spanish-language media for their news probably came away with a different perception of the meaning and impact of the defeat. They learned about angles not focused on in much of the English-language media, heard from different people and, especially in broadcast, often heard what the reporters themselves felt about the situation.

As Ethnic media in this country continue to grow in number, expand their reach, and even differentiate among themselves, the importance of the content will grow as well.

Spanish-Language Coverage of the Immigration Bill: Methodology

Sample

PEJ studied the period June 25-29, 2007. In print we studied the front-sections of three Hispanic papers — La Opinión, El Nuevo Herald and El Diario-La Prensa — and three English-language papers — the Washington Post, the New York Times and the Los Angeles Times. In broadcast we studied the three English-language commercial television network evening newscasts and the PBS NewsHour and two Spanish-language evening newscasts, on Telemundo and Univision.

During this period all stories that were at least 50% about the issue of immigration were captured for analysis.

Story Capture

Five of the six papers — La Opinión, El Nuevo Herald, the Washington Post, the New York Times and the Los Angeles Times — were collected by conducting a simple LexisNexis search, which allowed us to determine the word counts and placement of each story. Since El Diario-La Prensa was unavailable on LexisNexis, hard copies of the papers were obtained from the New York Public Library archives and all relevant articles were obtained. PEJ collected and studied all stories on the immigration bill appearing in the front section of each paper. The papers were selected based on circulation and geographic relevance to show the differences between different Hispanic markets, since Hispanic newspapers do not circulate nationally.

The broadcast stories were obtained from National Aircheck, a broadcast media monitoring firm. English broadcast stories were collected from PEJ's news index archives, which contains daily network broadcast news programs. PEJ's normal practice is to code only the first 30 minutes of a news broadcast if the program airs for over one hour, but in the case of all broadcast sources in English and Spanish, save for PBS NewsHour, all programs air for thirty minutes. In the case of PBS, PEJ coded only the first half hour.

Coding Design

Once the stories were collected, PEJ used the content analysis method employing original software designed to organize the stories according to specific variables. We selected several different variables that would allow us to measure each article quantitatively and qualitatively. For this project, the English-language stories had already been coded and identified in the News Index as being on the discussion of the immigration legislation, and PEJ went back in the database and isolated those stories and combined them with the Spanish-language stories in the database. The

stories were categorized by:

- program or publication
- date
- word count
- format
- story describer
- three main sources

The story describer serves the purpose of allowing us to quickly identify a story based on content and gives a brief description of the material covered in the article. The three main sources variable specifies where the reporters obtained their information from when they relied on an outside source. Quotes from politicians or activists, statistics from organizations and interviews with citizens all are considered sources.

The qualitative aspect of the project focused on examining the articles for tone, language use and any other similarities or differences found in both print and broadcast. The stories were compared to one another in their respective languages and mediums and were then compared in English and Spanish to draw comparisons.

All stories were coded in their original language.

Spanish-Language Coverage of the Immigration Bill: Topline

Total Number of Stories

Source	Stories
English Broadcast	18
Spanish Broadcast	18
English Print	37
Spanish Print	22

Number of Stories by Source – Broadcast

Source	Stories
ABC World News Tonight	2
NBC Nightly News	3
CBS Evening News	3
PBS Newshour	10
Telemundo	8
Univision	10
Total	36

Number of Stories by Source – Print

Source	Stories
New York Times	11
Washington Post	16
Los Angeles Times	10
El Diario	7
El Nuevo Herald	3
La Opinion	12
Total	59

Broadcast Format

Format	English Broadcast	Spanish Broadcast
Package	6	12
Interview	7	3
Voice-over/Tell Story	5	3
Total	18	18

Print Format

Format	English Print	Spanish Print
Internal Staff Report – Straight News	30	17
Wire	0	4
Opinion	7	0
Other	0	1
Total	37	22

Placement/ Prominence – Print

Placement	English Print	Spanish Print
Front Page	14	15
Front Section	23	7
Total	37	22

Placement/ Prominence – Broadcast

Placement	English Broadcast	Spanish Broadcast
1st	3	6
2nd	2	4
3rd	3	4
4th	1	2
5th or later	9	12
Total	18	18

Footnotes

1. http://laopinion.com/mediakit/audience/index_sp.html
2. Based on Lexis Nexis Archiving system that identified all articles in La Opinión as appearing on the front page.
3. Pilar Marrero, La Opinión, June 29, 2007. “Voz de Mayoria Importo Poco; El Discurso antiinmigrante se impuso en el debate.”
4. http://www.miamidade.gov/planzone/library_narratives.asp
5. <http://www.fas.org/man/crs/94-005.htm>

Topline

[Click here for a PDF version of the 2007 Journalist Survey Questionnaire and Topline](#)



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Journalist Survey – Intro

Introduction

In the fall of 2007, PEJ in conjunction with the Pew Research Center for the People and the Press surveyed over 500 journalists about the state of their profession and their attitudes towards the future. A cross section of national and local reporters, editors and executives, this survey builds off a similar survey conducted for the 2004 State of the News Media. It finds clear shifts in the major concerns, areas of strength and broad values voiced by those surveyed. The detailed results of the survey come from the Pew Research Center with a commentary on the findings by PEJ.

Contents:

Commentary on the Survey Findings

by the Project for Excellence in Journalism

Financial Woes Now Overshadow All Other Concerns for Journalists

by the Pew Research Center for the People and the Press

Survey Topline

Past Surveys:

2004 Journalist Survey

1999 Report: Striking the Balance, Audience Interests, Business Pressures and Journalists' Values

Commentary

Commentary

By Amy Mitchell and Tom Rosenstiel of the Project for Excellence in Journalism

Journalists have become markedly more pessimistic about the future of their profession.

But their concerns are taking a distinctly new turn. Rather than worrying as much about quality, they are now focused on economic survival. And in that new focus, we see signs of new openness to change.

Journalists are ready — even eager — to embrace new technologies. They think a range of new digital activities, from blogs to citizen media, are good for journalism. They even think, by 2 to 1, that splitting their time across multiple platforms is a positive change rather than a problem that is taking time from their reporting or spreading them thin. These are all attitudes hard to imagine a few years ago.

It is also striking what is not here in these numbers. The fears of a decade ago in journalism have faded. News people are less concerned about credibility. They are not as worried about cynicism. They do not feel as isolated. It is possible that technology has helped alleviate these concerns, but it is also possible that there are simply bigger problems today, problems that are more concrete and less cultural.

The problems are about money. The crisis in journalism in 2008, journalists now more clearly believe, is a crisis of a broken economic model. And cutbacks in the newsroom, covering fewer things is now a concern front and center instead of how they are covered.

Those concerns will either be solved or journalism as people traditionally think of it — reporters out in the community bearing witness to facts — will shrink substantially.

Pessimism

Certainly there is a clear but complex sense of pessimism pervading journalism. It cuts across print and broadcast and across local and national journalists. At the national level, more than six in ten journalists and senior executives now think journalism is headed in the wrong direction; less than a third are optimistic. TV and radio journalists at national news networks, many of whom entered 2007 with hopes of growth as online video became more widely used, are among the most pessimistic of all. All of these numbers are up from 2004.

Online journalists working for established news outlets see things in a slightly better light, but even they are more negative than positive. Half see journalism headed in the wrong direction (versus 42% who said things are moving forward.)

Only one group, local news executives are generally optimistic (65%).

Technology

What is most striking, though, is not the level of pessimism but its character. The worry is not that new technology is undermining the quality of journalism. Only about two in ten name technology as a primary worry.

To the contrary, look inside what journalists say and they are largely optimistic about what technology brings to the craft. When asked to name what in particular they see as the industry's *strengths*, those naming adapting to Web more than tripled among national journalists and increased ten-fold among those at the local level. And near the top of the list are two direct results of technology — timeliness and speed. About one in five name these as something the industry is doing especially well.

Journalists also distinguish among various innovations in Web content. The vast majority now see great value in having

a place on the Web site where users can post comments. Smaller majorities say that citizen-started Web sites are a good thing. (Print journalists are slightly more accepting of the practice than TV and radio journalists.) And they are less upbeat about users posting content directly onto news sites. Yet even here a sizable minority is positively inclined, nearly four in ten TV and radio or print journalists see it as a good thing.

In another area, the popular practice of ranking the most popular news stories, journalists (except for those working online) express more comfort with news organizations ranking their own material (such as most e-mailed or most viewed) than with Web sites that rank news from a multitude of sources. More than half (and two-thirds of online journalists) said ranking of a news organization's own material was a good thing, while only a quarter to a third felt this way about separate news-ranking Web sites that pull content from many different sources.

The journalists here do not sense that the Internet has become all-consuming or that new technology has become the core of what they do. That is evident in the fact that majorities of both print and broadcast outlets say their organizations' main focus is still the legacy media.

And that is borne out in how journalists spend their time. A good portion of those surveyed still work only or mostly on the original product. Around a quarter spend *no* time on the Web product. (This holds true for journalists at both the national and local levels.) The multimedia work also appears to be going on more at a national level. National journalists are more than three times as likely as local to devote half or more of their time there (19% versus 6% of local). And it is perhaps a harbinger of the future that national print journalists are the most likely to be multimedia. More than a quarter of them (26%) spend at least half of their time producing Web content. This was true of just 9% of national TV and radio journalists.

Nor did we find evidence, as some might have expected, that journalists resent having to split their time. Those who do straddle technologies tend to see it as a good thing. About half say it has improved their work, twice the number that has doubts. This could be self-selecting. The doubters may have resisted or even taken buyouts. But, one way or another, the profession is becoming more accepting.

One reason may be that technology is putting journalists more in touch with audiences, at least at the national level. In the early part of this decade, as news organizations became more centralized and journalists found themselves spending more time reporting from their computers and often living outside the main city area, there was a growing sense of disconnect between journalists and their audiences. In 1999, 57% of national journalists surveyed agreed that journalists were out of touch with their audience. That has now dropped to 41%. At the local level, journalists did not reveal as much of a shift. Perhaps this is partly due to less advanced Web sites of local news outlets as well as to differing expectations at the local level. Most readers of the Washington Post or viewers of NBC Nightly News do not expect to see those reporters in the neighborhood supermarket. But viewers of the local television station in Iowa or Oregon very well may.

And that connects to another change — the decline in concern over journalistic cynicism. In 2004, roughly four in ten said cynicism of the press was a valid criticism. That number has now dropped down to three in ten. Technology, while posing profound economic problems, seems in some ways to have alleviated the concerns about disconnection and isolation, key elements of what many considered the credibility crisis of the a decade ago.

Print vs. Broadcast

If one sector seems more affected and unsure of the Web's value, it is, at least according to these responses, the print industry. Journalists at national newspapers expressed the greatest sense of change in their daily work and the most uncertainty of the Web's ultimate impact on journalism. More than a quarter, 28%, of national print journalists say their news organizations place greater emphasis on the Web (versus 9% of national TV and radio journalists). They also expressed less confidence in their leaders' skill with the transition. While 72% of national TV and radio journalists say their leaders are doing a good or excellent job in the transition to the Web, 59% of national print journalists expressed this view.

And, in thinking about the internet's impact on the core values of the profession, print journalists voiced the greatest skepticism. Most — 44% of nationals and 55% of locals — think it will weaken journalistic values. In TV and radio, the largest groups (49% of national and 40% of local) say it will strengthen in the end.

As a result, working more with the new technology, as print people are more likely to do, is associated with worrying more about their effects.

A Quality Product

That is related to one of the other major threads in the findings. Journalists in this survey are much less concerned than three years ago or eight years earlier about issues of quality and credibility. In earlier years the quality of the coverage was the chief concern among those surveyed. In 1999, 44% named issues of quality as the top problem facing journalism as did 41% in 2004. Now half as many, about two in ten, place these issues at the top. The same drop occurred among local journalists, falling from 33% in 2004 to 21% in 2007.

Concerns about the lack of credibility declined even more, falling from 28% of national journalists and 23% of locals naming it as the top problem in 2004 to just 9% for both groups this year.

Yet this does not mean that journalists are now satisfied. Less than 20% of journalists named the quality of coverage as something that journalism "is doing especially well these days."

But these concerns over quality may now be more concerned with resources than with the attitudes or professionalism of the journalist. Indeed, this concern is overwhelmingly shared. More than eight in ten journalists surveyed, a greater percentage than in 2004, agree that news organizations have cut back too much on the scope of their reporting and that too little attention is paid to complex issues.

What seems to be happening instead is that other, more pressing issues have evolved — namely those of money and bottom-line pressures.

Economics

In 2007, concerns about the economics of the business have eclipsed all others, more than double any other issue. These anxieties, moreover, are felt across all the groups of journalists, and those working on the Web or in print report

the greatest worry.

The concern is not just what changing economics *might* do. Journalists believe business cutbacks have already hurt their news organization. About three-quarters of print and online journalists say this. The concern is closer to two-thirds in broadcast. As far as journalists are concerned, in other words, the cutting has gone beyond fat into muscle.

And they believe this problem is getting worse. Nearly nine out of ten print journalists say the economic pressures they feel have increased. And it is not as though the online parts of the operations are growing are immune. Online journalists are nearly as likely as print to feel more economic pressure than a few years ago (79%).

The pressure is not felt as acutely in television and radio (61% of national and 73% of local reported increased pressures), the industry that so far still holds the greatest advertising appeal.

In short, journalists have begun to embrace the technology for what it can do for their journalism. They are uneasy about what this might do to journalism values. But their biggest worry is that the economic model of the Web won't evolve to the point that it will support the gathering of news at a magnitude that people have come to recognize.

Divisions within Newsrooms

One other pressure point also continues. There remains a significant divide between those who manage newsrooms — the executives and editors of news organizations — and the reporters and line editors and producers who work for them.

This divide first can be seen in the questions about values. More than half (55%) of national executives felt their reporters substantially shared their values. Only 30% of reporters feel this way about their top owners and editors. And the gap is even greater between executives and newsroom staff. At the local level, only 23% reporters felt their bosses shared their values, versus 47% of executives and 31% of senior editors who felt this way about their reporters.

The divide can also be seen in how the line journalists rank their leaders. Just 12% of national reporters and 6% of local gave their leaders a rating of excellent (over half of executives offered this highest mark about themselves). And when asked specifically about the leadership's transition to the Internet, executives again gave more positive assessments than did newsroom staff.

This concern over values also extends to how journalists see the influence of corporate ownership. Even greater divides exist over the influence of corporate owners in story selection. Reporters were five to six times as likely to say that corporate owners had a great deal of influence over coverage (11% of national and 13% of local journalists versus not a single national executive and 2% of local executives.) Very similar divides existed over the influence that advertising concerns have on content.

The divisions exist throughout the way both sides view the industry's problems. Journalists, for instance, see the pressure of the never-ending news cycle as a problem. Majorities sense this as a valid criticism. Majorities of both executives and senior editors say it is not.

Executives also see greater potential in user-generated content. Whether based on economics or the content itself, about half of executives (47% national and 53% local) say users posting content on a news organization's Web sites is a good thing. Only a quarter of reporters feel this way (28% national and 25% local). Executives were also more approving of citizens starting their own Web sites.

Perhaps some of this has to do with job security. Those in the newsroom were more likely to report staff cuts compared with three years ago. And, looking ahead, they have a greater sense of those cuts heading their way. Only about 30% of staff reporters and senior editors say it is not at all likely that they will lose their jobs in the next three years, compared to more than half of corporate executives.

But despite all these differences, there is one main area of consensus. Majorities at all levels agree that financial pressures have increased over the past three years and are hurting — not just changing — the industry.

To some extent, newsrooms may simply be places where reporters are skeptical of leadership. Skepticism is part of the reporter's makeup. But it is not so obvious that a generation ago that skepticism came through to reporters' own editors and bosses — even in some cases owners. There may even have been a bit of heroism. Think of Ben Bradlee or Katharine Graham in Washington, Otis Chandler in Los Angeles, or Richard Salant at CBS.

Does it matter? Perhaps not. But it may. This gap between those who work in newsrooms and those lead them could represent an impediment to an industry that clearly must innovate and experiment to resolve its problems.

Survey Findings

Journalist Report 2008

Topline

[Click here for a PDF version of the 2007 Journalist Survey Questionnaire and Topline](#)

See end of document



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Newspapers – Intro

Intro

By the Project for Excellence in Journalism and Rick Edmonds of the Poynter Institute

Newspapers are still far from dead, but the language of the obituary is creeping in. The industry has been in declining health for some time now. It got sicker rather than better in 2007, and 2008 offers no prospect of a quick cure.

The dismal fundamentals, chronicled in the last several years of these reports, continue. Basic indicators were as bad or worse in 2007 than in 2006:

- **Circulation continues to fall** at about 2.5% year-to-year for dailies and 3.3% for Sunday editions. 1 The total reach of newspaper organizations including their online and niche products is growing, but this does not translate readily into sustaining advertising revenue.
- **Advertising revenues, flat in 2006, fell** by 7% industry-wide in 2007. 2 The burst of the real estate bubble took away what had been a positive for papers in the overheated markets of 2005 and 2006. Retail and national advertising were only off a little, but all categories of the once-lucrative classifieds are losing share. a gradual decline that looks to be irreversible.
- **Despite cost-cutting initiatives earnings at public companies were also down** by more than 10% for the year. 3 Newsprint expenses are on the rise, and interest payments are significant for some.
- **Newspaper company stocks were battered** for a third consecutive year. McClatchy lost more than 70% of its value, Gannett 35%. 4 Rupert Murdoch's 60% premium bid for Dow Jones and Sam Zell's more modest takeover offer for Tribune (both deals that closed in December) bucked the trend. Entering 2008, however, the pool of potential buyers, even at current depressed prices, looks shallow.
- **A shrinking of news staffs and space committed to news continued** though 2007 and spread from the big metros to many mid-sized papers. Some of the lost "feet on the street" end up as jobs added to online and niche, but the ambition of newspapers to cover their regions or even basic government functions in nearby exurban towns is on a sharp decline.

Bright spots? Online audience and revenues again are both up substantially, but advertising revenue growth has slowed

to 20% on average, compared to 30% or more in the earlier years of this decade. 5 Moderately optimistic analysts now think the growth could equal print revenue losses within two to three years, which would constitute welcome equilibrium but hardly an industry turnaround.

Like fans of a struggling sports franchise, newspaper watchers typical have a “maybe-next-year” scenario. For 2008, the hope is that a collaboration of more than 400 daily papers with Yahoo will generate a kick of as much as 10% to 20% in online advertising because it will be much easier to buy and place ads under the new arrangement.

On the plus side, newspapers have improved their Web sites — with a 24/7 diet of breaking news, an array of multimedia features and a wave of redesigns. This builds visitor traffic and induces at least some readers to spend more time on the site. Put online audience together with print, and newspapers can rightly say that they are reaching as many readers as ever.

On the other hand, the industry is no closer to charging for the growing cost of generating this content. During 2007, the New York Times ended its \$50-a-year Times Select premium service, despite having 200,000 subscribers. Murdoch has decided to stop charging for some of the content of the Wall Street Journal Online, with more than 700,000 paid subscribers for the full service at \$100 per year. In both instances the idea is that increases in traffic and ad revenues will more than make up for lost subscription revenue.

And beyond the slowdown in online ad revenue growth, questions are emerging about the effectiveness of ads on news Web sites. Print ads have a high-degree of acceptance among readers, and many begin the shopping week by hunting for bargains in the fat stack of Sunday newspaper inserts.

Online advertising, with its dancing mortgage offers and drop-down display ads, by contrast, is often as intrusive as the worst of television advertising. Besides, it has become clear that the typical online shopper is on a narrowly targeted buying mission and thus just as happy to search commerce-only sites (which some papers are experimenting with now in their home communities).

As for cuts, the end of 2007 and the beginning of 2008 are shaping up as a time of you-ain't-seen-nothin'-yet. On the business side, newspapers companies are busily outsourcing, taking functions like payroll, circulation service complaints and ad production to vendors across town or as far away as India.

On the news side, the game plan is to do less with less but in an artful way that will minimize negative reader reaction. As one executive, ordered by headquarters to plan a fresh round of newsroom cuts for 2008 told us, “I’m past bleeding — we’re into amputation now.” Foreign bureaus at all but the biggest papers were decimated in 2006; current targets for deep cuts include satellite bureaus, specialty beats like science and religion, and in-house movie and television critics. What remains of stock tables is the target of more cuts, and some freestanding business sections are being collapsed to a couple of pages inside the metro section.

Phil Bronstein, executive editor of the San Francisco Chronicle, which eliminated more than 100 newsroom jobs in 2007, including that of the managing editor, put it succinctly: “We can’t afford to cover the Richmond City Council anymore,” a reference to a municipality in the Chronicle’s circulation area. 6

This sort of development risks driving readers to seek their local news elsewhere. Few hyper-local sites have succeeded yet in generating revenue or serious meat-and-potatoes coverage. But a host of start-ups, some driven by foundation support, others funded with venture capital, are emerging to pick up business if newspaper coverage becomes truly uncompetitive. Their scale remains a question.

A year ago, we cited the sheer bulk of the newspaper industry as a saving grace. Even with numbers slightly lower at the close of 2007, nearly 50 million newspapers are sold on an average day and 117 million read one.⁷ The industry remains profitable, but it has come time to take the “obscenely” out of that commonplace observation.

On average, the industry recorded a pre-tax profit margin of about 18.5 % in 2007.⁸ Some papers were still in the cash-cow, 20%-plus range of the good old days, but many of the nation’s best metros were in the low single-digits or flirting with actual losses. Smaller newspapers – with much less direct competition – are still doing relatively well.

What is true all over is that margins have begun to decline quickly and that high fixed costs from the era of print dominance are not sustainable. That puts some papers facing the possibility of going into the red, and sales of extraneous business units or buildings and land have become commonplace.

Were print advertising losses to accelerate, it might even make sense three to five years hence to look at pulling the plug on print and rolling the dice on getting readers and advertisers to follow to a Web-only format. That would eliminate, in one swoop, the cost of paper, pressmen and circulation delivery – perhaps as much as 35% of a typical newspaper’s expense base. Still the scenario would make sense only if savings exceeded the loss of print revenues.

Certainly the last few years have wrung nearly all remaining complacency from a once-stodgy industry. A focus on online development and novel business models (for now, mostly in the early concept stage) has become universal as has urgent attention to cost control.

You could call the industry’s situation, as a friend who is expert in new media has, a “race against time.” For businesses that prospered for decades slow and steady as a tortoise, success in 2008 and beyond will require developing new sources of audience and revenue at sprint speed, while tending as well to the old print business that still pays the bills.

Footnotes

1. Paul Ginocchio, “Newspaper Circulation, Deutsche Bank Securities analyst’s report, November 6, 2007.
2. Richard Perez-Pena, “Paper Cuts,” News York Times, February 7, 2008.
3. Peter Appert, “Newspaper Trends and Outlooks,” Goldman Sachs analyst’s report, December 12, 2007.
4. Yahoo Finance, January 2, 2008.
5. Newspaper Association of America, “Online Newspaper Advertising Growth Continues,” press release, November 20, 2007.
6. Phil Bronstein, Interview with co-author Edmonds, September 2007.

7. Newspaper Association of America, “Trends and Numbers” at NAA.org. Most recent figures are as of the end of 2006, adjusted for further losses in 2007 (see footnote 1).

8. Karl Choi, Merrill Lynch analyst, e-mail to co-author Edmonds, February 25, 2008.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

In 2007, despite numerous hits to the industry and a rush of resources away from print and toward the Web, newspapers stood out in 2007 for unique coverage. Their particular strength, at least in print, may be less covering breaking news than tracking stories that percolated, ebbed and flowed over the course of the year. The nation’s newspapers gave front-page coverage to issues and events often not found in other news genres. The state of the U.S. economy, the continuing debate over health care policies and foreign news beyond the war in Iraq, among others, stood out on newspaper front-pages.

Here, we take a look at three distinct areas of coverage where the role of newspapers stands out.

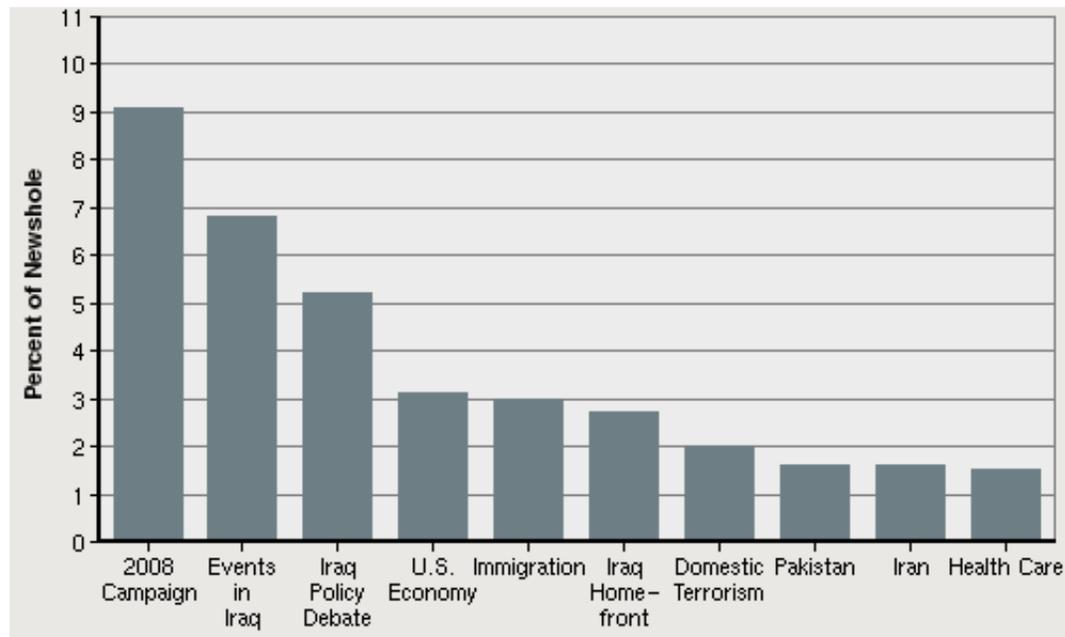
The Economy

In January of 2008, economic concerns rose significantly among Americans to rival the war in Iraq as the top problem facing the country. ¹ At the same time, it began driving the presidential primary debates and became a top issue influencing primary votes. ²

In the press, newspapers had already been covering the issue for months, dedicating staff, space and early attention the story when most other genres had yet to treat it as top news.

Looking across 2007, newspaper front pages covered the downturn in the U.S. economy more than any of the other six genres studied. Over all, it was No. 4 among the biggest stories of the year in newspapers, accounting for 3% of the front-page newshole. The only other genres to include the economy on their top 10 list were online news sites, where it ranked No. 6 over all (2%) and network morning and evening television news, where it placed No. 5 for each (2%).

Top 10 Newspaper Stories 2007



Design Your Own Chart

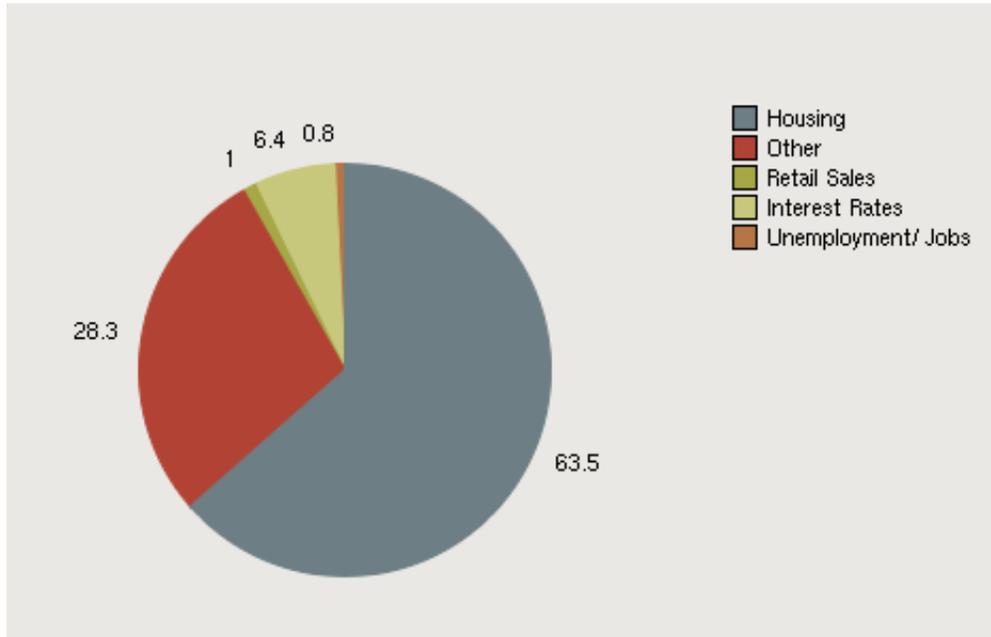
Source: PEJ, A Year in the News, 2007

The emphasis in print is even greater than it first may seem, considering it includes only the front-page articles. The business section fronts may well have had more. This compares to the entirety of network evening news shows, the hard news section of the morning programs (where all the economic news would likely be) and several hours of cable programming each day. (The online news studied is more similar to newspapers — the top five stories of the page.)

This difference also was not a case of the big national papers tuned in to debates in Washington and on Wall Street while smaller papers across the country focused on more local matters. If anything, the local papers tuned in to the issue of the flagging economy first. The issue actually accounted for more of the front-page newshole in medium-sized metropolitan papers (3.6%) and small papers (3.4%) than the national papers (2.9%)³.

Part of this attention at the local level was due to the nature of the story. It did not evolve as a Washington policy event initially but in neighborhoods across the country as people found their houses were not selling or the sale of their neighbors' houses suggested their home values may have dropped. The sense of security that people had in their homes began to waver, and local newspapers began reporting the shifts, having attachments to the local communities and still with newsrooms structured to cover more than the news of the moment (something local television finds hard to break free of).

Breakdown of U.S. Economy Stories Across Newspapers

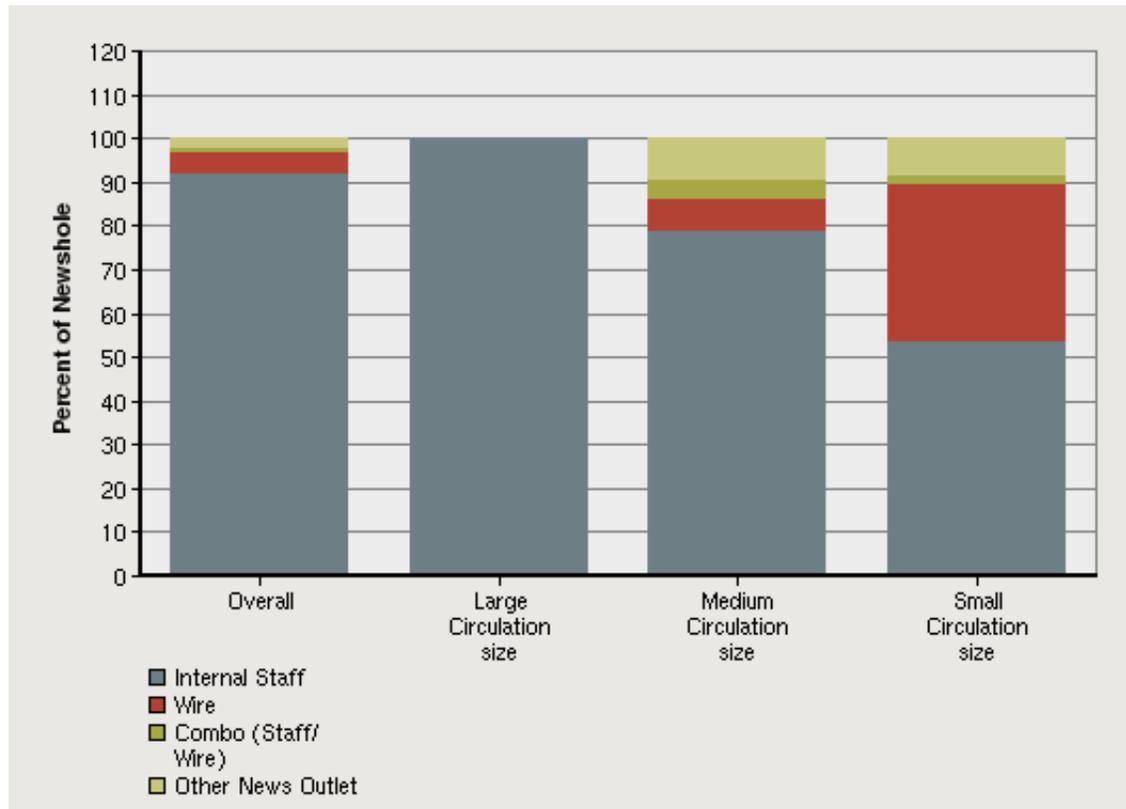


Source: PEJ, A Year in the News, 2007

As early as March of 2007, for example, the Ohio Star Beacon in Ashtabula reported that late mortgage payments had jumped to a three-and-a-half-year high, with foreclosures at an all-time high. The Bakersfield Californian front page noted that, after a steep decline, the local housing market was now one of the nation's worst.

Another sign of the local nature of this story is that these smaller newspapers devoted their own staffs to covering this issue. For major national news stories, local and metropolitan papers tend to rely on the wires, especially the front-page stories. This was not the case when it came to coverage of the economy in 2007. At the mid-level metro papers, nearly 80% of coverage about the economy was from staff reporters versus about half the coverage of about the war in Iraq and only 37% of coverage about Iran. At the most local papers more than half (53%) of front-page economic coverage were written by staffers compared to just 29% of Iraq coverage.

How Newspapers Covered the U.S. Economy Coverage by Format



Design Your own Chart

Source: PEJ, A Year in the News, 2007

The national paper that stood out most in early coverage was the Wall Street Journal. In March 2007, the paper carried front-page articles on failing mortgage lenders, fears about sub-prime loans and foreclosures, regulators facing added scrutiny and even a profile on one investor trying to take advantage of the low housing market.

Setting the Agenda

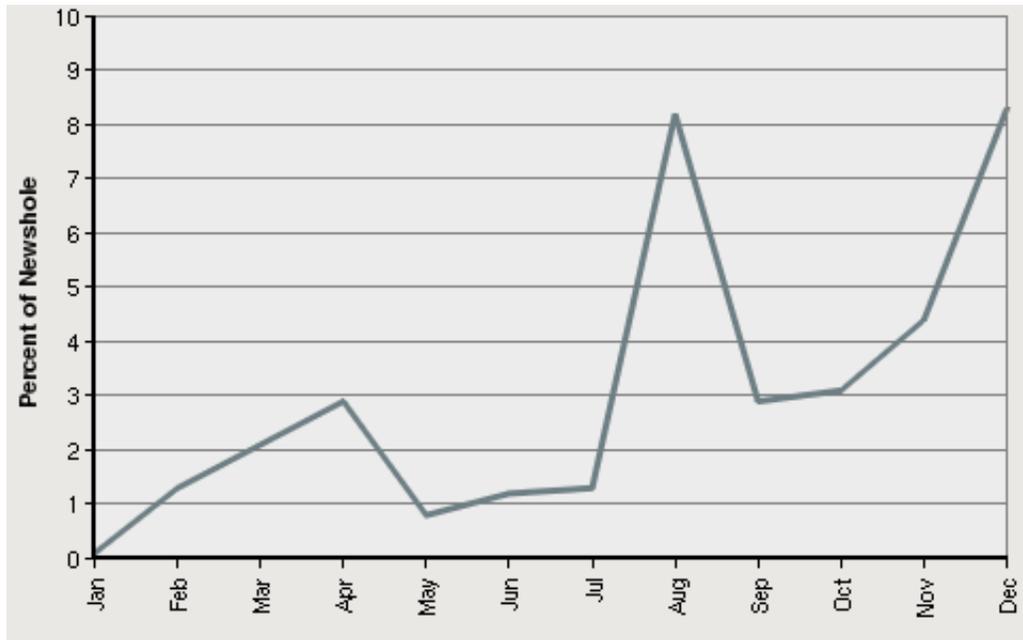
The failing economy had become a major story in American newspapers as early as March of 2007 when it was the eighth-most covered news event (accounting for 2% of the front-page newshole). The burst of coverage was driven largely by the downturn in the housing market. Fully 89% of the economic coverage that month (63% of the coverage for the year) pertained to the housing market. Again, roughly half of that was state or local reportage.

Elsewhere, the media had not yet noticed. The state of the economy did not show up in other sectors as a top story until August. That month, when the Federal Reserve began taking action, possible bankruptcy emerged at the largest mortgage lender and credit worries hit overseas markets, news Web sites, network news programming and radio news

suddenly jumped into the story. For cable news, it took even longer and the economy did not make it into the top 10 list until December.

Newspaper Coverage of the U.S. Economy

2007



Source: PEJ, A Year in the News, 2007

In newspapers, the troubled economy spiked to the top spot in August, accounting for 8% of the front-page newshole. And after that, the only months when the economy was not a top 10 story were May, June and July, when the scandals at the World Bank, the death of Jerry Falwell and Palestinian uprising drove it lower.

Health Care Policy

Newspapers also stood out as the one genre to devote significant amount of front-page space to the debate over health care policy. In 2007, it was not one big event or debate in Congress driving the coverage, but a story that ebbed and flowed throughout the course of the year as Congress debated new programs, states adopted new practices or public opinion shifted.

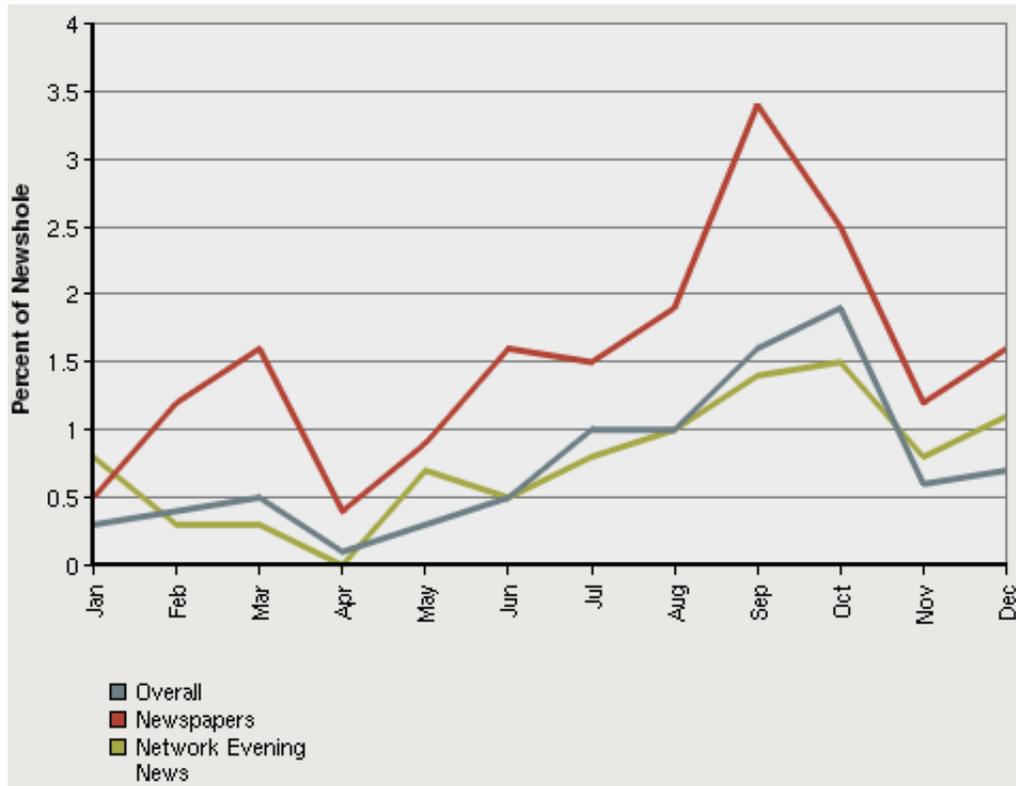
Over all, the health care debate was the 10th-biggest story on newspaper front-pages and accounted for 2% of the total front-page newshole.

Top Stories in Media in 2007

Percent of newshole

Rank	Media Overall		Newspapers		Network Evening News	
1	2008 Campaign	11%	2008 Campaign	9%	2008 Campaign	8%
2	Iraq Policy Debate	8	Events in Iraq	7	Events in Iraq	7
3	Events in Iraq	6	Iraq Policy Debate	5	Iraq Policy Debate	6
4	Immigration	3	U.S. Economy	3	Iraq Homefront	3
5	Iran	2	Immigration	3	U.S. Economy	2
6	U.S. Domestic Terrorism	2	Iraq Homefront	3	VA Tech Shooting	2
7	U.S. Economy	2	Domestic Terrorism	2	Domestic Terrorism	2
8	Iraq Homefront	2	Pakistan	2	Global Warming	1
9	Pakistan	2	Iran	2	Iran	1
10	Fired U.S. Attorneys	1	Health Care	2	Immigration	1

Health Care Coverage Across Media 2007, by Month



Design Your own Chart

Source: PEJ, A Year in the News, 2007

No other genre covered the story to a degree that placed it among their top 10 stories of the year. Even the network evening news, whose agenda is usually the closest match the newspaper front pages (See Network Content) gave the story significant coverage only in one month of the year. That was October, when the debate about the State Children's Health Insurance Program pushed health care to No. 9 among network news stories (for 2% of the newshole on network news programs). That month it is also ranked No. 5 in the radio programs studied (4%).

In newspapers, the health care issue ebbed and flowed but was around much of the year. The coverage ranged included rising Medicare costs, state initiatives such as the requirement in Massachusetts that residents carry health insurance, and, later in the fall, congressional debate over the proposed broadening of the State Children's Health Insurance Program. In total, it made the top 10 list in six months.

It appeared first in March with news of several different changes in policy: new strict federal standards on transplants, states turning to pharmaceutical companies to help contain Medicaid spending and doctors delinquent on Medicare tax payments. It then reappeared in June — more coverage of delinquent doctors, high costs for retirees in California, other state-level developments — and remained within the top 10 through October. In September when several local papers

reported on new state findings or programs, it was the No. 5 among stories used.

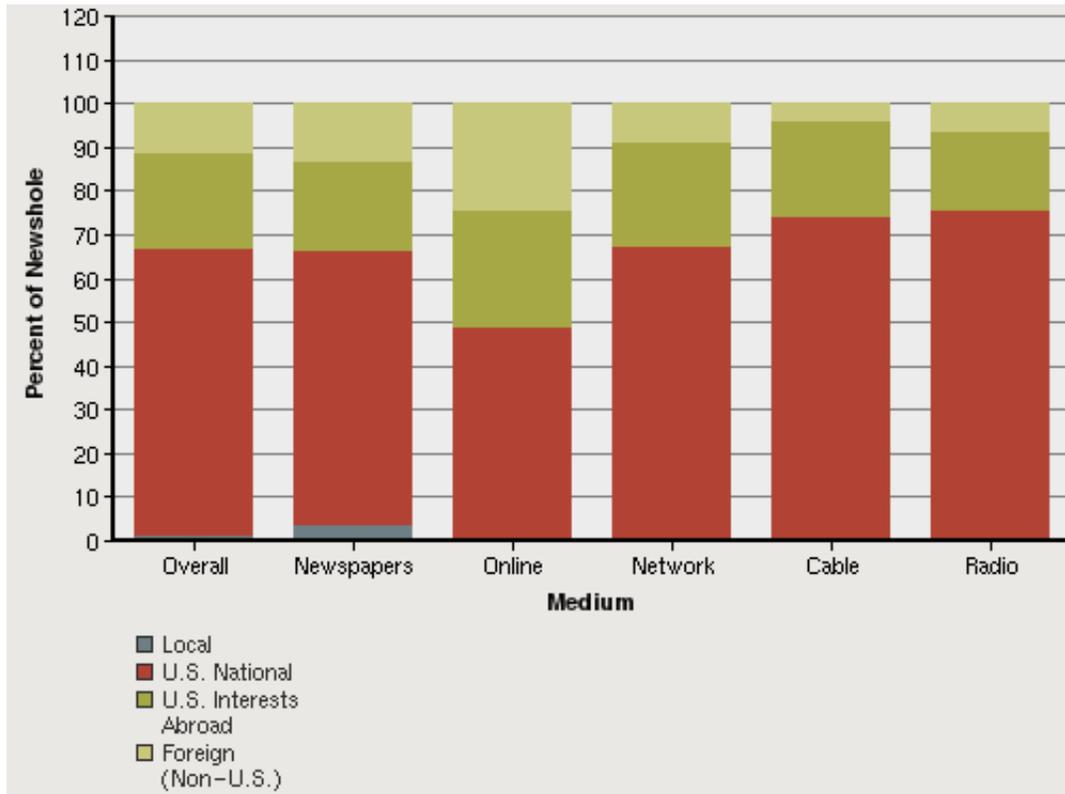
As with the economy, this was not a case of the big papers covering the Washington debate. The issue actually accounted for more coverage in mid-sized papers (2%), followed by the smallest (1.8%) and then the national papers (1.4%).⁴

In this case, more than half of the reporting was about initiatives or problems in health care policies at the state or local level. Coverage included businesses in Albuquerque starting to charge high-risk employees, San Francisco — the first city ever — offering health to uninsured individuals, and new figures on college graduates opting out of health insurance.

Geographic Range

Beyond the issues in our own country, newspapers also were second only to news Web sites in their coverage of foreign affairs that did not involve the U.S. directly. The newspapers examined here devoted 13% of their front-page coverage to non-U.S. news, three times that of cable news (4%), more than double that of radio (7%) and also more than network television news (9%). Only online coverage devoted more — nearly 25% of lead-story coverage. Aside from events in Iraq the biggest foreign stories were about the situation in Pakistan (9%), the conflict in Israel and the Palestinian territories (3% on conflict between Israel and Palestine and 2% on the factions among the Palestinians) and Iran (2%).

Geographic Focus by Medium 2007



Design Your own Chart

Note: In every medium less than 0.1% of the newshole had no specific geographic focus
Source: PEJ, A Year in the News, 2007

One of the big issues in print is whether local and big metro papers should now become more local, or even “hyper local,” in the language of some Wall Street investment advisers. In past studies, PEJ has found a fair degree of foreign coverage in local papers, often on the front page, and more than in other media.

The geographic differences bear watching in 2008 as many metro papers found hyper local coverage to be, in many ways, more work. Covering 12 neighborhoods required more reporting, more resources — and in many cases faced greater competition — than did covering national issues.

Conclusion

As newspapers struggle with the future unknowns — audience base, delivery mechanism, revenue base and even reporting agenda — one thing is clear: In 2007, the print pages, and the print front-pages in particular, still provided information that was harder to find elsewhere. How, and if, that service translates to the Web or to the distribution of newsroom resources remains to be seen.

Footnotes

1. Pew Research Center for the People & Press, January Political Survey, Final Topline, January 9-13, 2008, www.people-press.org.

2. For detailed , WashingtonPost.com reports entrance and exit poll results from every state that has voted:

<http://projects.washingtonpost.com/2008-presidential-candidates/primaries/exit-polls/topics/One-of-four-most-important-issue/r/> (Republican).

<http://projects.washingtonpost.com/2008-presidential-candidates/primaries/exit-polls/topics/most-important-issue/d/> (Democrats)

3. In order to get a representative sample of what the 1,450 daily newspapers cover across the United States, PEJ divides them into three tiers based on circulation. Five newspapers from the first tier and four each from the second and third tiers are in the sample. The list is as follows:

1st Tier	2nd Tier	3rd Tier
New York Times	Boston Globe	Sun Chronicle (Attleboro, Mass.)
Washington Post	Star Tribune (Minneapolis)	Star Beacon (Ashtabula, Ohio)
Los Angeles Times	Austin American Statesman	Chattanooga Times Free Press
USA Today	Albuquerque Journal	Bakersfield Californian
Wall Street Journal		

For each of the newspapers included in our sample, we code all articles where the beginning of the text of the story appears on the front page of that day's hard copy edition. If an article has only a picture, caption or teaser to text inside the paper, we do not include that story in our sample.

We code all stories that appear on the front page with a national or international focus. Local articles that have no connection to a major news event or ongoing issue are not included in the sample. In this case, among other issues, the economy and health care were considered national domestic issues and included in the analysis.

4. The weekly news coverage index studies national news and thus for local newspapers includes all local coverage that pertains to a national news story. It does not include purely local news such as the closing of a local school or a highway accident. In this case, all health care stories were considered a part of the national news and were included in our analysis.

Audience

Audience

By the Project for Excellence in Journalism and Rick Edmonds of the Poynter Institute

When it came to audience and circulation, 2007 was simply another verse in the same old song for the newspaper industry.

Paid circulation continued to fall and at just about the same rate as in the two previous years. For the six months ending September 30, 2007, the Audit Bureau of Circulations (ABC) reported that circulation was down 2.5% daily and 3.3% Sunday compared to the same period a year earlier. ¹

Cumulatively, newspapers end 2007 with 8.4% less circulation daily and 11.4% less Sunday than in 2001. ²

Industry executives took some solace in alternative measures. Readership is, of course, higher than circulation by a factor of about 2.1 times daily and 2.5 Sunday. ³ The number of people who read the print paper at least once during a given week is higher still.

Add in that the unduplicated audience of a newspaper's Web site (people who don't also read the print edition) typically is growing at a healthy rate, and you get a picture of newspaper organizations growing total audience rather than shedding it.

One of the industry's many works in progress is to get good counts and marketable demographics for each of its ventures on any platform. Some newspapers – the Sacramento Bee and the St. Petersburg Times, are two examples – now have audience development directors and teams in place of the traditional circulation department. But since audience strategies remain a work in progress, it makes sense to discuss the old measure and the new ones separately.

Circulation

We have noted in earlier editions of this report that declining paid circulation has multiple causes. Several of the less obvious ones had particular relevance to continued bad results in 2007.

- It certainly is true that some people have stopped reading print newspapers and instead get their news online. Since that is especially a preference of the younger and more Web-savvy, over time print readers die out and are replaced by online readers. Those looking for national and international news have a host of 24/7, high-quality, free options. Those who want local news will typically go to the Web sites of the local newspaper.
- There is wrinkle to this much-ballyhooed shift to the Web. Most news consumers, Pew research and other studies show, use a combination of three or four media formats. So in many instances, the audiences for a print newspaper and its Web site are the same people. As the years go by and multimedia and breaking news Web content improve, the electronic option gets a bigger share of time and attention from this shared audience.
- Part of the continuing paid circulation losses comes from people who used to subscribe seven days a week but now

read some days and skip others. Most newspapers now offer four-day subscriptions for the weekend relaxing and shopping cycle. Skipping the print paper during the busy working days early in the week is that much easier with a good Web version now available for a quick scan.

- Newspaper subscriptions are most often sold by phone solicitation. With the advent of the federal do-not-call registry, the cost of acquiring new subscribers has roughly tripled, and these are discounted trial subscriptions most often not renewed. Under intense pressure to control expenses, most newspapers are less willing to play the churn game to prop up numbers than they once were.

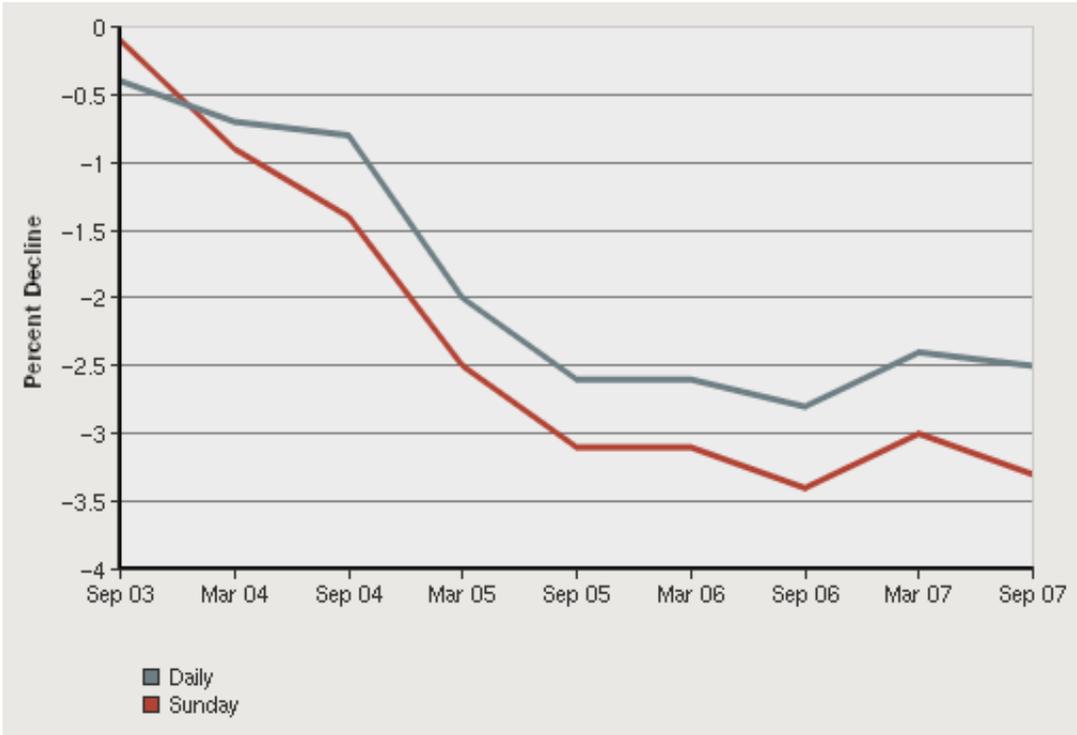
- For similar reasons, papers – particularly large metros that once served broad regions — are eliminating distant circulation. It is expensive to serve and of comparatively little benefit to core local advertisers. Several of the papers showing the biggest 2007 circulation losses, like the Atlanta Journal-Constitution and Dallas Morning News, are heaviest into this kind of voluntary circulation cutback.

- Beyond the big circulation-padding scandals at Newsday, the Dallas Morning News and the Chicago Sun-Times in 2004, many other papers were keeping their circulation numbers up with soft distribution paid for by third parties. Most have cut back, again with minimal damage to the number of attentive core readers advertisers hope to reach.

One more factor to watch in 2008 and beyond is whether continuing cutbacks at newspapers — in the form of reduced news space, smaller newsroom staffs and reduced ambitions in coverage — will drive a new wave of circulation losses. Ombudsman columns in 2007 were thick with complaints from those who see a less-is-less editorial philosophy for what it is and don't like it. While newspapers are dirt cheap (compared to a cup of Starbucks coffee, for instance), buyers are surprisingly price sensitive.

We may also be seeing the beginnings of what many newspaper futurists have predicted for some time — more sophisticated and more expensive print papers targeted to an older, wealthier, more educated audience. So far, there is more talk than action except at top-of-the-line titles like the Wall Street Journal and Financial Times, which take care that the print version adds a second-day twist or some other perspective to what has become old news online. At many Gannett papers, by contrast, what is most evident are the continuing cuts rather than retooling and upgrading the print report.

Daily and Sunday Circulation Declines 2003-2007



Design Your Own Chart

Source: Deutsche Bank Securities

Results at Individual Newspapers

As in the last two years, metro papers continue to have the worst of it in circulation declines. Among the biggest losers, for the reporting period ending September 30, 2007, the Atlanta Journal-Constitution was down 8.9 daily and 9.2% Sunday; the San Diego Union-Tribune, 8.2% daily and 7.9% Sunday; the Dallas Morning News, 8.0 % daily and 7.6 % Sunday; and the Boston Globe, 6.6% daily and 6.5% Sunday. All were engaged in some of the voluntary trimming of distribution to distant areas.

A few of the 25 top papers did eke out circulation gains, daily or Sunday: the Philadelphia Inquirer (2.3 % daily), USA Today (1% daily), the Los Angeles Times (0.2% daily), the St. Petersburg Times, (0.04 % daily and 0.85 % Sunday), the St. Louis Post-Dispatch (0.43 % Sunday), and the Houston Chronicle (0.1 % Sunday). But the numbers are small.

The New York Times took a healthy hit – down 4.6% daily and 7.6% Sunday. 4 That partly reflected a price increase and a decision to cut way back on third-party paid distribution of the Sunday paper. The Times is one of very few papers for which circulation is an important profit center, and CEO Janet Robinson told investors in December that circulation revenue was up for the year.

Searching for other good news in the generally downward trend, at least circulation losses are not accelerating (though now advertising revenue declines are). Some of the big losers of recent years, for instance, such as the San Francisco Chronicle and the Washington Post were back closer to the industry average in circulation losses in 2007. But these are pyrrhic victories at best. Lee Enterprises, with a stable of mid-sized papers in the Midwest and Mountain states, had the best company performance of any chain — losses well below the industry averages.

ABC Rule Changes

The Audit Bureau of Circulations has adopted a fairly sweeping set of changes in its reporting procedures over the next several years that might help the numbers look somewhat better over time. Since the changes are not immediate, it is too early to say whether the new counts will make a difference to advertisers.

- Paid circulation will be redefined as paid by individuals.
- Copies will be counted as paid regardless of the price paid. ABC will discontinue its current breakdown by percentage of cover price paid.
- So-called “other paid” purchased by sponsors or distributed to schools or newspaper employees will be reclassified as a separate “verified” total.
- Hotel distribution and copies businesses buy for groups of employees will be broken out in another new category.

ABC has also joined in the attempt to measure total reach to print and online audiences with a new Audience FAX product introduced in late 2007 and discussed below.

The various categories will still be added up for a count of a paper’s total print circulation so it is unclear whether this may be a means to the goal of halting the regular news of yet another circulation decline. Since publishers may now discount as deeply as they wish, perhaps so. Also, the New York Times and a few other papers now offer electronic downloads of the daily paper at a price well below the print subscription. Should these hybrids pick up steam, they will help paid circulation.

Online Audience and Total Reach

Alternative measures of newspaper audience start with a simple premise — not everyone who reads the paper does so in print anymore. By the Newspaper Association of America’s count, 62.8 million people visited a newspaper Web site in the third quarter of 2007, an increase of 9% compared to the same period a year earlier. ⁵

So does that mean that online gains make up for print losses? Not exactly.

Unique visitors per month is the most frequently used measure of Web traffic. But clearly a visit or several in the course of the month (for free) is in no way comparable to the purchase of a single day’s issue in print.

A second important metric is time spent on site. By the Newspaper Association’s calculation in the third-quarter, the average visitor to newspaper Web sites spent 43 minutes on them in the course of the month, a modest increase over

the average of 42 minutes in the period a year earlier. But that works out to less than a minute and a half a day (and is a measurement of visits to all newspaper sites including the popular national ones like those of the New York Times, Washington Post and USA Today). By contrast, a typical newspaper reader spends about 40 minute a day on a given issue.

Consultant and blogger Alan Mutter, himself a former newspaper editor, analyzed paper-by-paper measures of so-called stickiness and found that a majority were actually posting declines year-to-year in October 2007. That could be a function of more quick visits to check a single article, but it hardly represents progress.

Scarborough has developed a third way of looking at total newspaper audience. In larger markets it now measures how many adults look at either the print or online editions at least once in the course of a week. Drawing on those numbers, the Newspaper Association says that the newspapers measured reach 77% of adults one way or the other on average. ⁶

Once again, though, the detail carries some qualifiers. Scarborough found that in the top online newspaper markets – Boston, Atlanta and Phoenix — as many as 16% to 17% of adults looked at the site at least once a week. ⁷ But because most of those were also at least occasional newspaper readers, the addition of unduplicated audience was 4% to 7%. And in most markets, the additional reach was only a percentage point or two.

The new ABC Audience FAX report, in prototype format only for now, is similar to Scarborough's measure except that it will count the in-market audience coming to the site in the course of a month rather than a week.

All this activity, as Stephen Hills, president and general manager of the Washington Post, put it in the November announcement of the ABC initiative, is aimed at “marketing the industry.” It is a little hard to see why an advertiser would care about total reach as opposed to how many readers will see a given placement in a given medium.

Still, addressing negative perceptions is part of what the industry is looking for. These totals can also be an invitation on a sales call to look at the range of offerings that are now standard at newspapers. News organizations also gain more tools directing ad messages to specific demographic groups.

Perhaps newspapers will go the next step and develop more detailed information about the most regular readers of their Web site and the attention they pay to Web advertising.

For now that information either is not available or is not helpful in making the case for advertising on newspaper Web sites.

As we will discuss in the next section on newspaper industry economics, it has become clear that a very large share of those looking for content or advertising on Web sites come through the side door of search rather than the front door of the home page. That is causing newspapers to think like their competitors, seeing whether they can capture a share of the commerce-only visitor who is looking for a specific product or service and may be indifferent to the news surrounding it.

In summary, the online audience has grown and will continue to grow. Print readership is not falling as fast as print

circulation. And total readership of all the newspapers' products is fairly healthy. But it is becoming clearer year by year that the traditional model of an audience coming for news and then sampling the ads does not work as well online as in print. Following or driving news audience to the Web has become an industry fascination, but it remains, as we will see, a bold leap to an undeveloped business model.

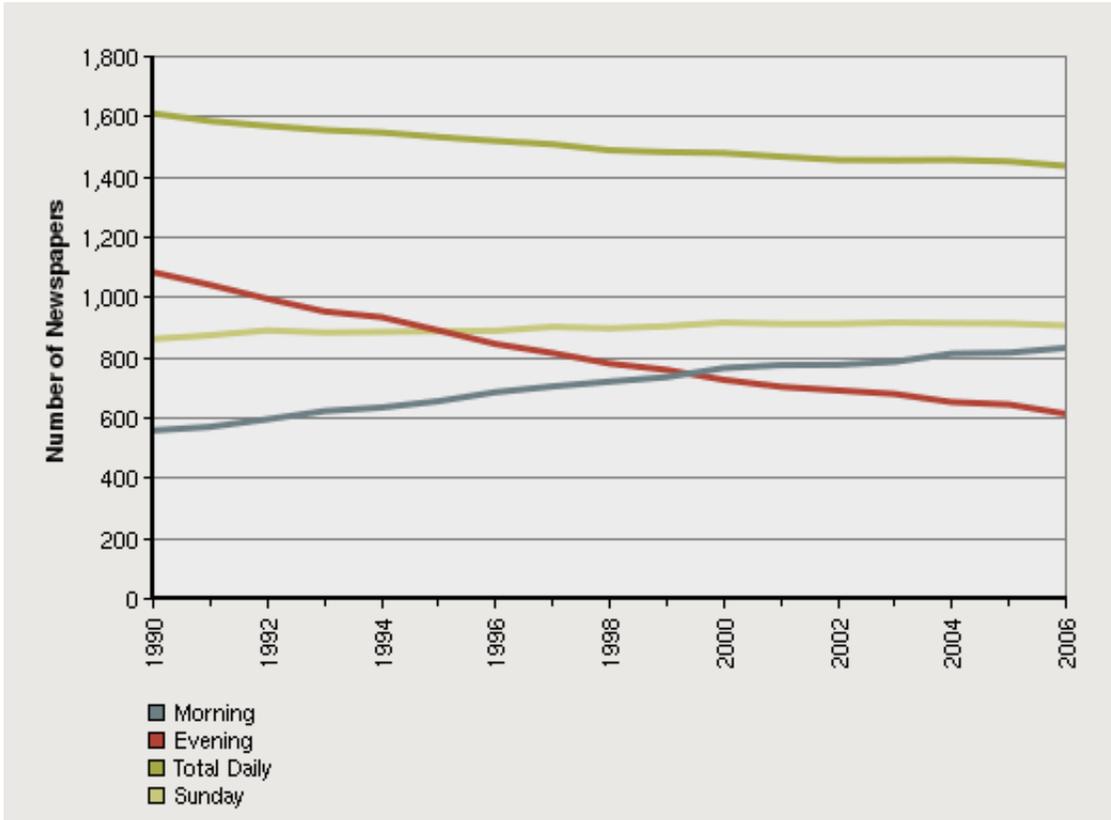
Number of Daily Newspapers

The woes of the newspaper industry have not caused a groundswell of owners to abandon the operations of their papers.

Overall, the total number of daily newspapers was down slightly to 1,437 in 2006 (the most recent year for which there are data), compared with 1,452 in 2005. ⁸ The net loss in daily papers is a continuing trend in the reduction of evening newspapers, some of them folding, others shifting to morning publication. There were 31 fewer evening titles in circulation in 2006 compared with 2005. On the other hand, there is also a continuing trend in the growth of morning newspapers, with a net addition of 16 papers in 2006.

Sunday editions are holding steady, fluctuating both up and down slightly in the past 10 years. In 2006, there were 907 Sunday papers being circulated, down from 914 in 2005. This marks the fourth consecutive year of a decline, albeit small.

Number of U.S. Daily Newspapers
Weekday and Sunday Editions, Yearly Increments, 1990-2006



Design Your Own Chart

Source: Editor and Publisher Yearbook data

Also free newspapers seem to have slowed as competition. Several of the Metro free newspapers are money-losing and up for sale. The Examiner papers launched in Washington and Baltimore several years ago are not expanding, either. The strongest of the free papers seem to be those, like the Chicago Tribune's Red Eye, that are basically brand extensions of the mother paper.

Readership Demographics

Newspaper readership, like paid circulation, continues to decline. And this trend is true for nearly every demographic group, regardless of age, ethnicity, education or income.

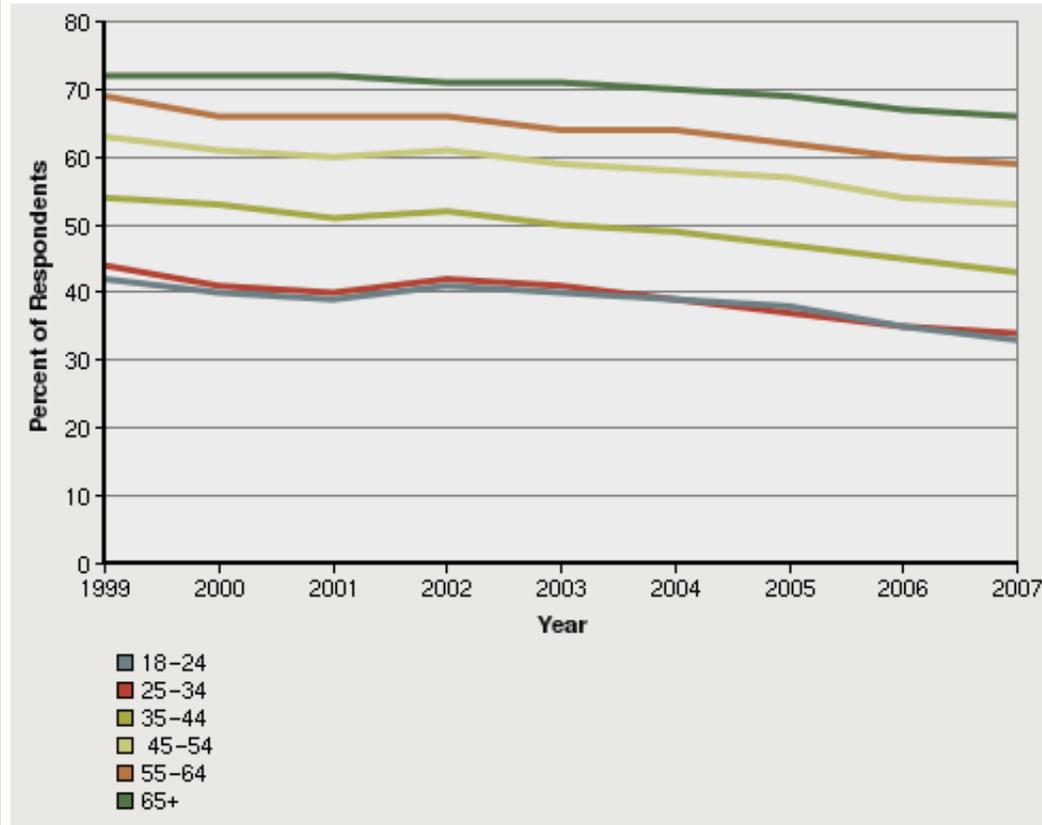
Young people continue to shun the newspaper. In 2007, just 33% of 18-to-24-year-olds and just 34% of 25-to-34-year-olds read a newspaper in an average week, according to data from Scarborough Research. ⁹ This represents a decline of seven and six percentage points, respectively, since 2000. But the largest drop in readership is seen among those ages 35 to 44: since 2000 they have seen a 10 percentage point drop, from 53% to 43%.

Even the elderly, newspapers' most loyal readers, are losing interest in the newspaper, though at a slightly slower pace. Weekly readership among those over 65 has declined six percentage points since 2000, to 66%.

Although Sunday readership is typically higher, these figures have also declined among all age groups.

Daily Newspaper Readership by Age Group

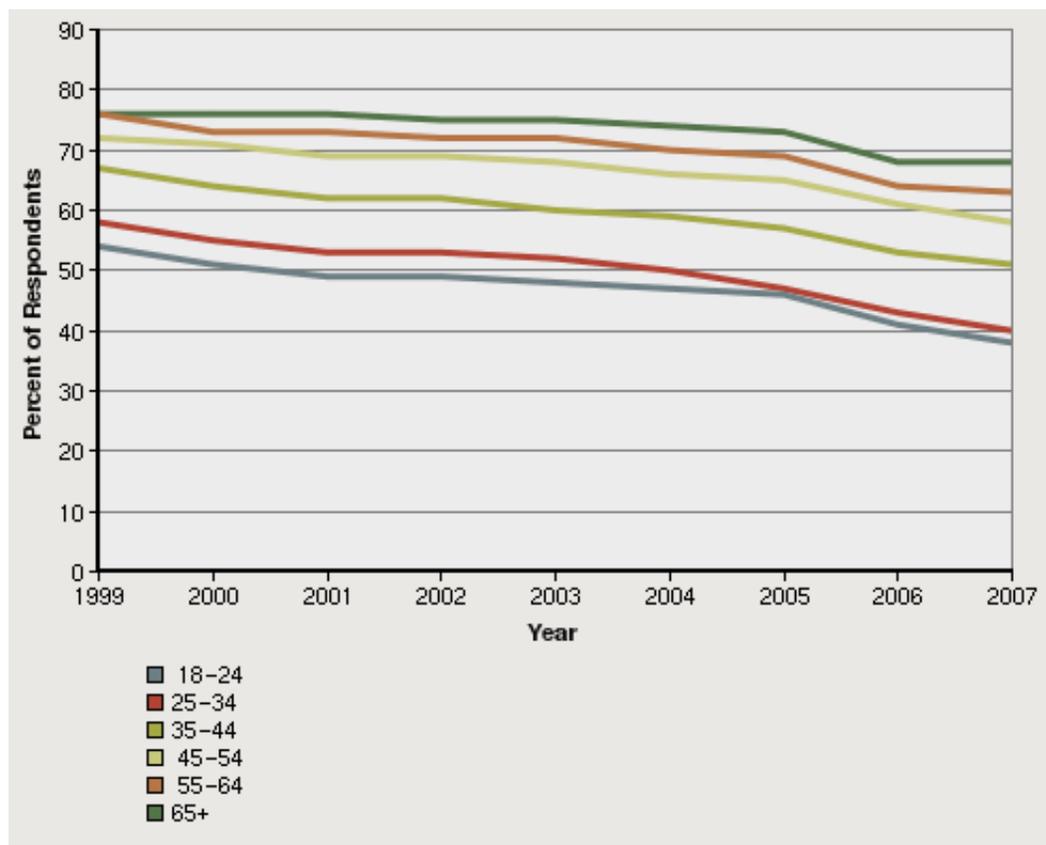
Percentage Reading Newspapers in an Average Week, 1999-2007



Design Your Own Chart

Source: Scarborough Research survey data

Sunday Newspaper Readership by Age Group
 Percentage Reading Newspapers in an Average Week, 1999-2007



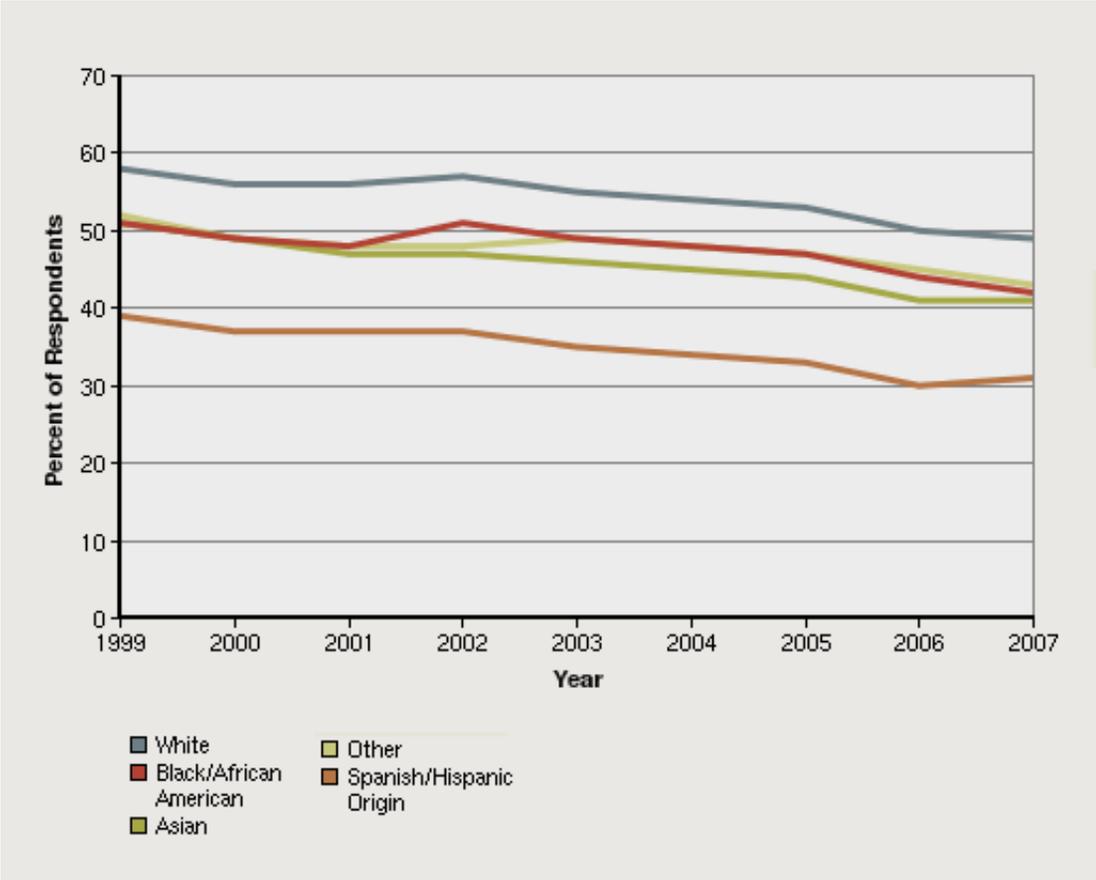
Design Your Own Chart

Source: Scarborough Research survey data

The ethnic composition of newspaper readers continues to show the same trends that we have seen over the past decade. Whites are more likely than any other group to pick up a paper during the course of the week (49% read a daily newspaper in 2007, 54% read the Sunday paper). Those of Hispanic descent are the least likely to read a newspaper (31% read a daily newspaper in 2007, 33% read the Sunday paper), perhaps because there are a number of Spanish-language media options (see Ethnic Chapter). Hispanic readers, however, composed the only demographic group to show a slight uptick in readership from 2006 to 2007. This could be a result of the relative expansion of second- and third-generation of English-speaking Hispanics.

Asian-Americans, African-Americans and the group of “other” ethnicities share very similar newspaper readership habits, although the decline in Asian-American daily readership may be ending.

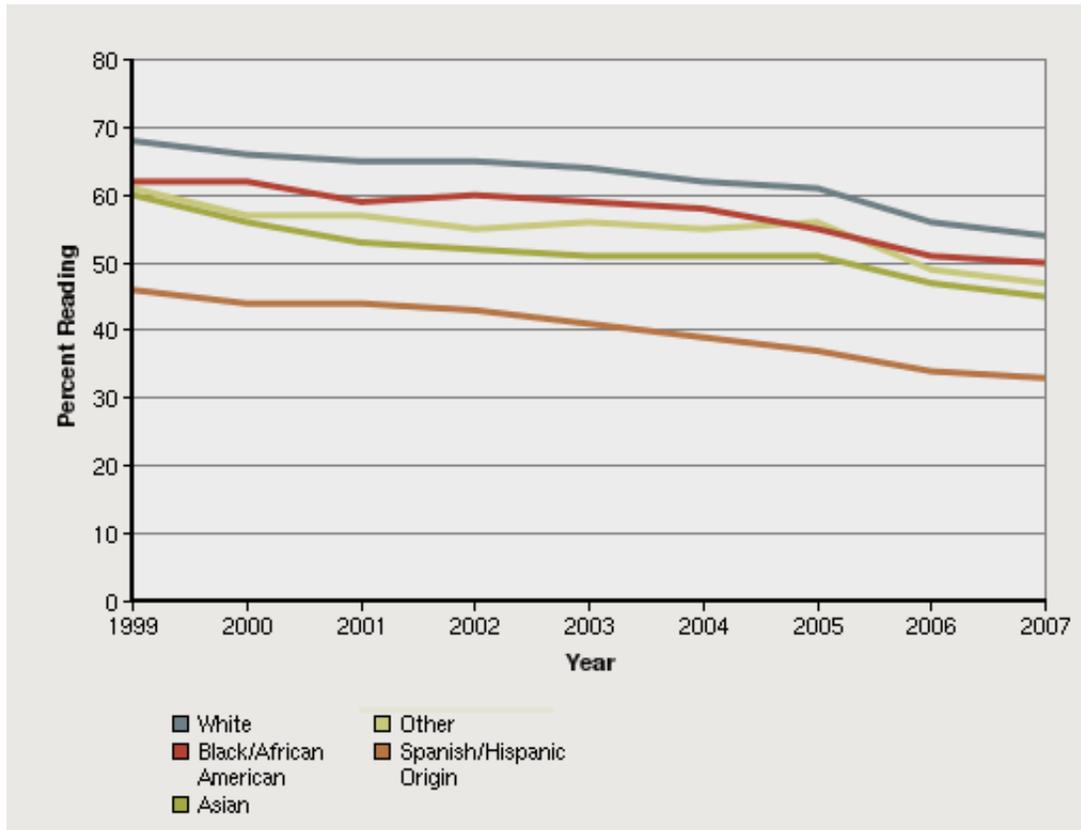
Daily Newspaper Readership by Race/Ethnicity
Percentage Reading Newspapers in an Average Week, 1999-2007



Design Your Own Chart

Source: Scarborough Research survey data

Sunday Newspaper Readership by Race/Ethnicity
Percentage Reading Newspapers in an Average Week, 1999-2007

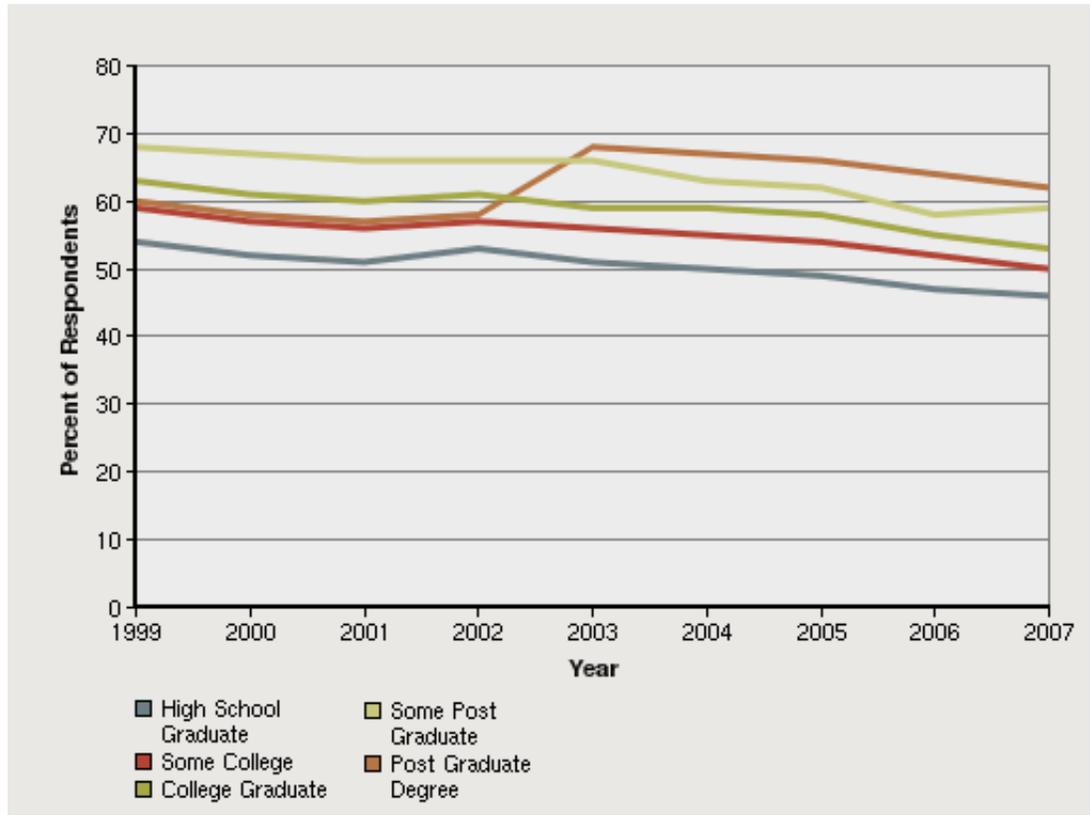


Design Your Own Chart

Source: Scarborough Research survey data

Education has always been a strong indicator of newspaper readership and it continues to be so. In 2007, 62% of those with postgraduate degrees said they read a newspaper in an average week, compared with 46% of high-school-only grads. 11 But as in years past, these numbers continue to decline regardless of the level of education that one has received.

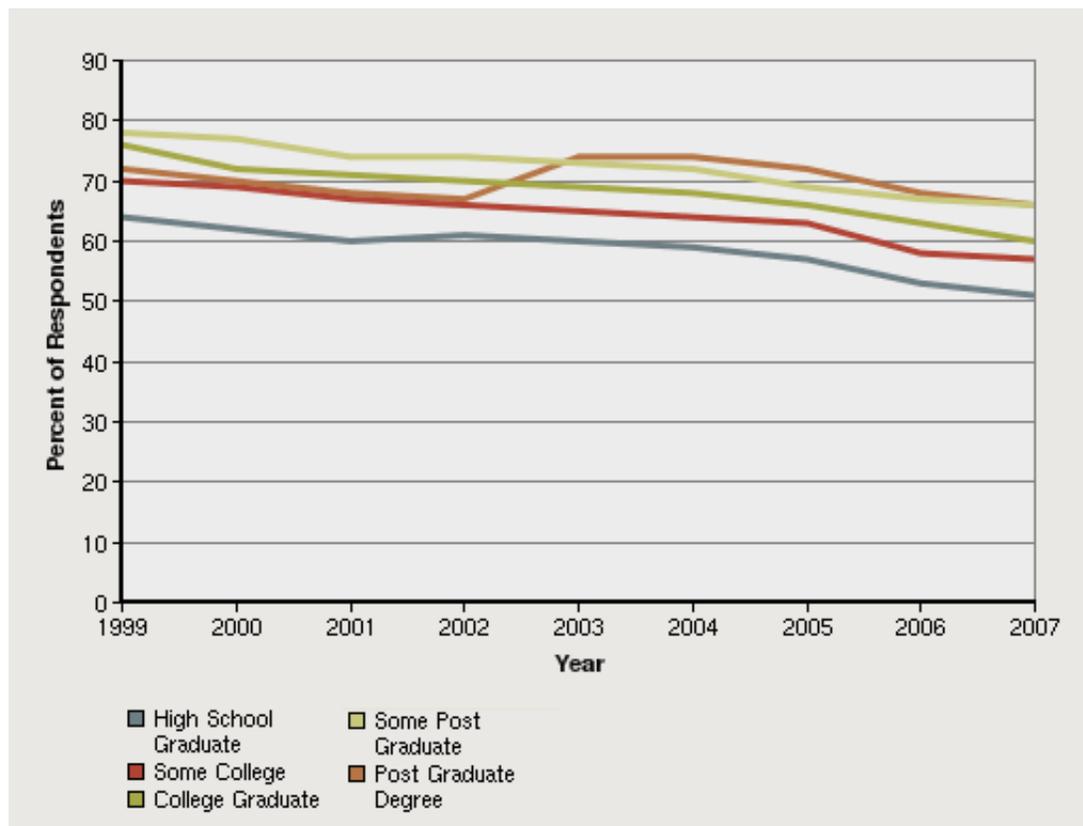
Daily Newspaper Readership by Education
Percentage Reading Newspapers in an Average Week, 1999-2007



Design Your Own Chart

Source: Scarborough Research survey data

Sunday Newspaper Readership by Education
Percentage Reading Newspapers in an Average Week, 1999-2007



Design Your Own Chart

Source: Scarborough Research survey data

Footnotes

1. Paul Ginocchio, "Newspaper Circulation," Deutsche Bank Securities analyst's report, November 6, 2007.
2. Ibid.
3. Newspaper Association of America, Trends and Numbers, Readership, at naa.org
4. Paul Ginocchio, "Newspaper Circulation," Deutsche Bank Securities analyst's report, November 6, 2007.
5. Newspaper Association of America, "Online Newspaper Viewership Reaches Record in 2007," press release, January 24, 2008.
6. Newspaper Association of America, "Newspaper Web Sites Continue to Expand Medium's Footprint," press release, October 31, 2007.

7. Scarborough Research, Scarborough Newspaper Audience Ratings Report 2007,” April 24, 2007.

8. 2007 Editor & Publisher International Yearbook, 87th Edition.

9. Scarborough Research Center , survey data spring 2007

10. Ibid.

11. Ibid.

Economics

Economics

By the Project for Excellence in Journalism and Rick Edmonds of the Poynter Institute

Newspapers continued their weak economic performance in 2007. Advertising revenues fell by an average of about 7%. 1 Earnings were down again, slightly more than 10% measured by earnings per share at public companies. 2 Stock prices for public companies plunged for a third straight year, losing 42% of value cumulatively over the three years. 3 The coming year’s prospects were for more declines in revenue and earnings – and that was even before recession was in the air.

Gallows humor making the rounds in the industry sums it up, “If you liked 2007, you’re going to love 2008.”

The short- and mid-term gloom may not be the worst of it, however. Doubts crystallized in 2007 over whether the industry can count on Web revenues – by themselves or with print — to support a vigorous and comprehensive news report.

Here are the issues:

■ Online advertising growth slowed throughout the industry and, in some markets, newspaper sites experienced declines (mainly because sales related to print classifieds were way down). For the year, the industry’s online advertising grew a little less than 20%, compared to more than 30% for several years before. 4

It is evident that much online reading is done in quick bursts, leaving not much time to browse the ads, which may not be nearly as reader-friendly as their print counterparts. Much traffic now comes through search rather than the “front door” of a home page. A substantial share of those readers live out of market and thus is not of use to local advertisers.

■ Except for wire-service licensing fees charged to news aggregators, the industry is no closer than ever and may be farther way to charging for content – both costly to produce and the core of its franchise.

With the print-only business model broken, newspapers have no choice but to develop the multimedia content of their web sites, harvest online advertising wherever they can find it and invent profitable side businesses. Does that add up to enough money to support a volume of quality work in the public interest?

Possibly, some day. For the moment, the newspaper industry is profitable — less so than it once was — but still

significantly so. And it is, online and print combined, still generating advertising revenue of roughly \$45.5 billion a year. 5

Advertising Woes—Real Estate is the Bleeding Edge

The fundamental reasons for decline have not changed. (See last year's report.)

In brief review, the problems are as follows: Mergers and restructuring of American retail industry have permanently diminished retail display advertising. There are many fewer department stores and a continuing 25-year share of market shift to Wal-Mart, a very light newspaper advertiser. Robust insert business, much of it from big-box stores like Best Buy or Circuit City, brighten that picture somewhat, and smaller-circulation papers have done well retaining local merchants as advertisers. But part of that retail advertising base of the business is gone due to changes in retailing. .

And newspapers can no longer raise ad rates aggressively, a cornerstone of the prosperous 1980s and 1990s. The industry has simply lost too many readers and has too many new competitors. The comparatively good news here is that newspapers have not been forced to cut ad rates despite lower circulation. That reflects a strength often overlooked — the appeal of the print buy, for sales and price information particularly, keeps most of those advertisers coming back.

Being able to sell to online sites and niche publications gives the sales force an extra card to play with established customers, but those ads are at much lower rates than traditional print, so the gains in revenue do not make up for the losses.

National advertising has held up reasonably well, though it ebbs and flows and is likely to take significant hits in 2008 with a recession.

The worst damage has been to classifieds, which once accounted for 40% of advertising revenue and was a particularly profitable segment. 6 If it were not for the declines in classified, indeed, newspapers would face only moderately difficult revenue problems.

Newspapers have lost market share to electronic classified rivals, which exist in every major category. These online competitors, often by definition are made to be searched and thus are a perfect match to Web-based commerce.

In employment/recruitment, the biggest losses came early in the decade with the rise of Monster.com. Newspapers have regrouped to a degree, partnering with industry-owned CareerBuilder and this year with Yahoo HotJobs and even Monster itself. This amounts to sharing a business the industry once had to itself, and 2007 marked another year of decline, almost 20% in the third quarter, the most recently reported. 7 (We are not aware of a reliable figure for total share of employment advertising lost to online competitors over time.)

Automotive is another problem child, unlikely to get better soon. The weakness in the U.S. car industry hurts; there are fewer local dealerships, and these get smaller advertising allowances from parent companies. Marketing studies show that buyers now also make heavy use of company Web sites, most of which now offer a version of "design your own car." The forecast is for continuing shift to new media marketing.

As recently as 2006, real estate classified was in positive territory, up 20% for the industry. 8 But with the housing bust of

2007 came an advertising collapse, too. Revenue was down as much as 40% in former boom markets like California and Florida; newspapers in those states had the worst year-to-year total advertising revenue declines. 9

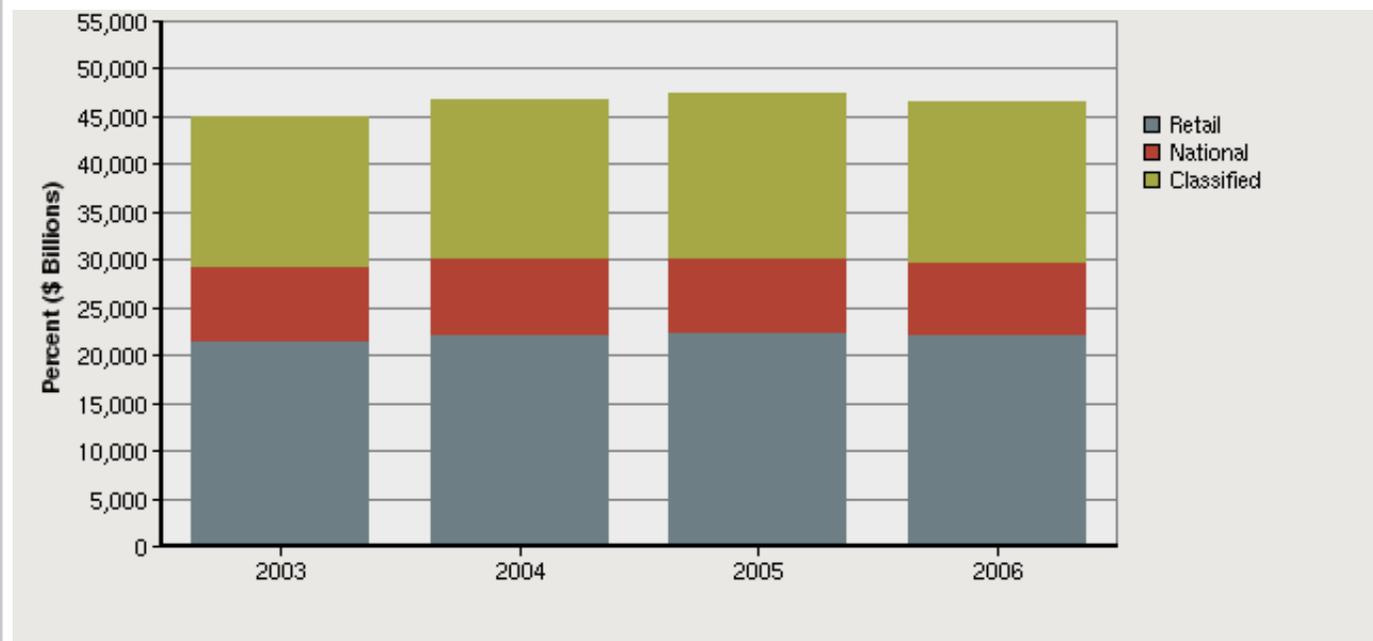
One rival, Craigslist, free for everything but some employment listings, has hurt in several of these categories. It has gobbled share in general classified and is a presence in real estate, cars and employment as well.

As the situation for classified worsens, gutting what was once the most important financial leg of the industry, managers now frankly admit they do not know where the bottom is.

Finally, newspapers retain a lot of advertising volume – about \$42.5 billion in print and \$3 billion more online in 2007, compared to a peak of \$49.2 billion in 2000. 10 That does not sound like a huge loss, but adjusting for inflation, by our calculation, the print side is down about 20% over those seven years with further losses on the way in 2008. 11

You can still make a business out of that if cost structure can be reduced without grievous damage to the revenue stream. That, however, is no easy task.

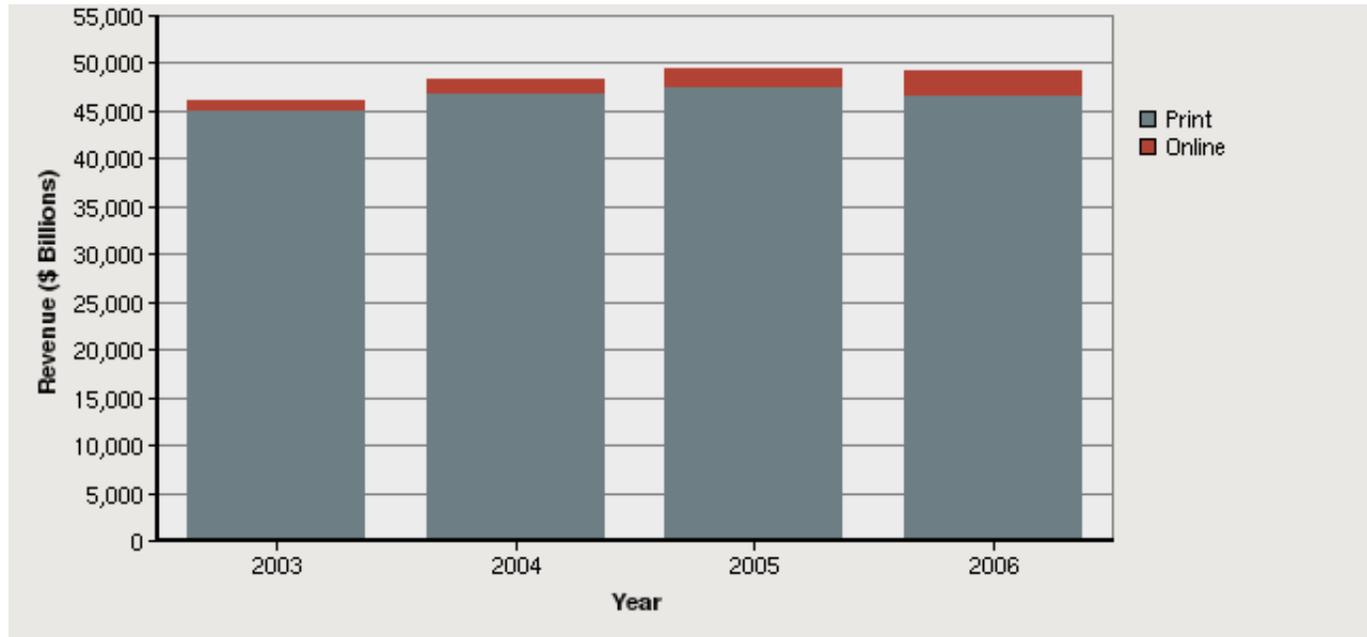
Daily Newspaper Ad Expenditures, 2003-2006



Design Your Own Chart

Source: Business Analysis and Research, Newspaper Association of America

Print vs. Online Ad Expenditures



Design Your Own Chart

Source: Business Analysis and Research, Newspaper Association of America

Costs – Deeper Cuts Quickly

In earlier editions of this report, we have discussed cuts in news investment in depth but otherwise looked at costs elsewhere in newspaper operations only in summary form, noting the trends in big-ticket items like paper or employee health benefits.

In 2007, however, the industry's cost structure came center stage, and 2008 is certain to see more urgent and novel plans to save money.

As noted in the audience section, newspapers have tried to cut costs, both by eliminating circulation to distant areas and reducing churn, the amount of money spent to aggressively sell new trial subscriptions at discounted rates to sustain circulation at current levels.

Now, executives are beginning to look at many more places in their operations to cut costs than ever before.

McClatchy's CEO, Gary Pruitt, was asked at the December investors meeting: if he were starting from scratch, how would he structure business differently? His answer: news and advertising are core functions that need to be in the company. Everything else is up for grabs.

In late 2007, McClatchy acted on that principle when its flagship Sacramento Bee outsourced advertising production

(the design and production of advertising that is not “camera ready” from the advertiser) to India. A wave of outsourcing is now well under way industry-wide with functions like call centers or payroll sent elsewhere if there are savings to be realized.

Some companies have quietly shifted to subcontracting printing rather than owning their own presses. For instance, the struggling Boston Herald is now printed by its rival Boston Globe and the Chicago Sun-Times by the Chicago Tribune.

Another maneuver to avoid outright losses is selling what can be comfortably disposed of. McClatchy’s Miami Herald was one of several newspapers selling land it had banked in better times for expansion. The Philadelphia Inquirer announced it was considering selling its whiter-than-white office tower at the edge of Center City and leasing back space it needs (no longer the whole building).

The St. Petersburg Times said in January 2008 that it would sell the profitable CQ Press book subsidiary of its Congressional Quarterly. Sam Zell indicated that the Chicago Cubs would be sold as he took Tribune private. The company’s Connecticut papers in Stamford and Greenwich were dealt to Hearst in late 2007, and analysts speculate more deals are in the offing if Tribune is to cover the heavy interest expense of the transaction and still make a profit.

Landmark Communications, based in Norfolk, Va., and publisher of papers there, in Roanoke, Va., and in Greensboro, N.C., was put up for sale in early 2008.

We also are persuaded, as we will discuss in the **Ownership** section of this chapter, that more companies would be selling off some of their newspaper holdings were the pool of buyers more robust. But the pool is not robust, so the focus will be on less depressed assets and more rounds of reduction in support staff, news staff and paper use.

Reducing paper use is important because after a flat 2007, newsprint prices are expected to rise slightly in 2008 and by 9% in 2009, dampened a bit by weak demand. 12

And efforts at holding down wages, health and pension benefits — the focus of cost cutting in the past — will continue in 2008 as well. The Star Tribune of Minneapolis took the unusual step of announcing that it has retained consultants who specialize in drawing unions into a planning process for the future. Inflexible work rules that add expense and slow down change are particular targets in 2008.

There is in place a cost structure that worked for many years but is a straitjacket now. Paper and production costs account for nearly 25% of total expense. Circulation sales and billing together with fleets of trucks and delivery employees throwing papers on the front lawn account for 10% more. 13

But unless papers are ready to eliminate their print edition, there is a limit to how much these costs can be reduced. You can shrink the physical size of the paper. You can outsource printing. You can reduce the ratio of news to ads, though that clearly weakens the product. But you still have the cost of printing and delivery .

The Growth in Online Revenue — How Much Upside?

The question that has dominated industry conversation for the last five years is how much online advertising will grow to

make up for the losses in print and the migration of readers to the new platform.

Even as online advertising experiences bumps of its own, revenues continued to grow in 2007 at a rate of about 20%. That is a significant drop from the 30%-plus in previous years. Some of the slowing is simple math — a dollar gain that yields 33% one year, amounts to only 25% the next.

Another factor is that much of the rest of the slowdown traces directly to classified advertising troubles. Fewer print classifieds translate to fewer opportunities to sell a related online ad. If some categories of classified — like real estate — pick back up, so may some of the related online business. However, with classified still accounting for 60% to 70% of ad revenues at many sites, the industry's wagon is currently hitched to a fast-falling star. 14

Some analysts like Gordon Burrell see the action in local online advertising shifting to search and even local video. Newspapers have not made much of a dent against Google in local search. But they are doing as well as any competitor in the nascent area of local video — and advertising that precedes video news clips is a healthy business.

Even if you are skeptical (as we are) that the volume and direction of online advertising can be accurately predicted years out, most would agree that the game is in early innings and fluid. It strikes us as overly dour and premature to contend that newspapers have missed the train. There is likely to be plenty of business in play in years to come.

On the other hand, Borrell, Deutsche Bank analyst Paul Ginocchio and others including the industry's own influential Newspaper Next project fault the business side as slow to change and especially slow in adding online sales specialists,

In early 2005, the co-author of this chapter, Rick Edmonds, projected that if revenue growth trends at that time continued, online revenues would take a dozen years to surpass print. 15 Since then slow growth in print advertising revenue has turned to accelerating loss. And the online growth rate has slowed sooner than many expected. Today, using the same formula, the lines of the two revenue streams cross sooner, though that is still years away.

Perhaps more important, those lines cross at a much lower point on the graph — meaning the newspapers industry in print and online combined will have shrunk. Around 7% of revenues were lost in 2007 alone, and McClatchy has announced it expects year-to-year ad revenue declines in the double digits in the first quarter of 2008. Though the out years might stabilize or might get worse, what once was a \$60-billion-a-year industry (including circulation revenue) will be \$50 billion or less sometime in the next decade.

Thus the future depends both on improving the quality of the product online and finding new kinds of revenue streams. In other words, the industry, if it wants to thrive, cannot wait for the current business model to play out.

What are the prospects? At the moment, they are difficult.

Online classifieds, with their close connection to print classifieds, are no basis at all for growth. But display advertising may have limited potential as well. The Newspaper Association of America has nicely documented that print ads are welcome by readers, and that readers may come first for the news content but look at the ads as they leaf through (and also hunt the inserts for bargains).

There is no such match online. Most visits are quick ones, not conducive to scanning the ads. Many of the ads themselves are intrusive – dancing mortgage offers, curtains that roll down over content, sound or video activated by moving the mouse from one part of the home page to another. Also, a Catch-22 becomes apparent as the volume of advertising increases. There are only a limited number of display positions on the home page and some sites find themselves “running out of inventory” of available space.

Visitors who do want to sample ads may go straight to the category they care about – job listings, for instance – never seeing the rest of the site. Similarly, people coming to a site as part of a content search will most likely look only at the single ad displayed alongside. And the visitor may be from Madrid.

For all that, online display advertising continues to grow at a healthy rate. The Newspaper Association of America is trying to make the case that while search may be the final jumping off point for an online transaction, other forms of advertising build awareness of the product or service for the buyer. Because the price of prime Google search terms has soared, the association reasons, a balanced mix of search and other online advertising programs should have increasing appeal.

More than 400 participating daily papers now are pinning great hopes on the partnership with Yahoo. The arrangement, started in 2006 with a much smaller group, makes placing national ads in multiple papers’ Web sites (now next to impossible with separate billing and varying specifications) an easy one-stop buy on a common platform. For example, Nike could place spots on the high school sports section of as many of the sites as it wishes. Optimists, among them Ginocchio, think online could increase 20% in one year for the participating papers. 16

But, as with many online initiatives, the scale of new things to continuing losses is discouraging. “I expect to do \$1.8 million to \$ 2 million in new business,” one publisher told us, “but my auto once was \$18 million and now is \$8 million.” So it would take the equivalent of five Yahoo partnerships just to get back to even.

There is an assortment of other online revenue opportunities in the oven, but it is hard to forecast what will come of them. Local search advertising has been identified as a potential growth area for years, but has yet to arrive in a big way for newspapers. Google is a lot quicker and simpler way to find what you are looking for. A few papers, notably the Atlanta Journal-Constitution with its kudzu.com, are venturing to commerce-only sites, where the content is ads and listings with a sprinkling of viewer comments and reviews (as one finds on travel sites). The Philadelphia Inquirer has launched an Amazon-like site, titled Zeppy, and the Charleston (S.C.) Post and Courier has established a general shopping site, PalmettoBizBuzz.com.

The Chicago Tribune took the step in January 2008 of moving employment classified to online-only on weekdays, and others may follow.

Borrell believes that local video advertising will rise from a tiny base now to a hot format over the next five years and that nimble newspapers are in a position to get a good share of the action. (And they had better, according to Borrell, because he predicts that classified and local display will not only stagnate but decline). A typical video ad might be for a local car dealership, partly promoting service, good deals and the like, and part a demonstration drive of the latest models.

The lines between ads and content can be fuzzy in the typical online page design, and online editors say they are besieged with proposals for content/ad packages — for instance a driving trip around the world, sponsored by a manufacturer and using its car. Online business executives, charged with growing this engine of future earnings, are eager to explore, but editors want to maintain, at least in part, the traditional wall between the news and business side in print.

A year ago, we discussed high hopes for the Newspaper Next project, sponsored by the American Press Institute, urging newspapers to get innovation in their bloodstream, testing many ideas for “jobs to be done” for both readers and non-readers, traditional advertisers and the host of businesses and services that do not advertise.

The concept was well received. In 2007 many newspapers set out to find ideas that were workable anywhere or were particular fits to their market. An early favorite, widely adopted by Gannett papers and others, is to create a site for busy moms. There is a natural mix of how-to features and listings of after-school activities or summer camps that quickly attracts an audience. Mothers, the thinking went, like to chat and thus contribute additional content. A targeted audience that visits with some frequency, in turn, draws specialized advertisers who might not be able to afford the print paper or the general news Web site.

And indeed mom sites make a good little business, but with an emphasis on *little*. The revenue enhancements are modest, and publishing executives concede they will need 20 or 30 such successes to make up for the print revenue falling off the table. And it is unclear there are 20 or 30 good such opportunities there for the taking.

Stephen Gray, director of the Newspaper Next project, was on the road most of 2007, doing workshops. In an interview, he conceded some disappointment that many experiments to date have been slower and smaller as money-makers than he had hoped. But he still sees merit in the idea that newspapers can evolve into a sort of “local information and connection utility” for their communities, some of that information news, much of it not. ¹⁷

More drastic scenarios

Once, as futurists imagined the delivery of news digitally, they thought the savior of the news business would be the elimination of those brick and mortar costs — printing, production and delivery. The future of news, they imagined, was bright, because the cost of producing it would go down. That future seems much more cloudy in 2008 than it might have in 1988 when all that was just theoretical.

How close are we today to that more radical cost solution – discontinuing publication on some days or eventually pulling the plug on print entirely, hoping that by then print readers and advertisers will follow to an online-only version?

Newspaper executives have been saying for years that if the audience for news moves online, they are prepared to follow them there. Even if that means the end of the print editions. Do they really mean it?

In 2008, the conditions are lining up so that, at least on certain days, papers may actually begin to experiment with just that scenario.

As will be discussed at more length at the end of this section and the next on ownership, profits have deteriorated

rapidly over the last two years. Some newspaper companies are highly leveraged with debt they took on to make acquisitions at prices that looked reasonable at the time but now appear way too high. They could have difficulty making their interest payments in 2008.

Should newspapers see possible default in their near future, incremental changes will probably not be enough, and the stage would be set for a more radical solution.

The math on pulling the plug on print is straightforward. The savings on paper, production, circulation sales and delivery would slice at least 35% off a typical newspaper's expense base in one swoop. ¹⁸ Online production systems and capacity are not without costs of their own, but added revenues drop quickly to the bottom line. (So, even maintaining print and online editions, companies like MediaNews have said they now see the majority of earnings coming from the electronic side within a few years).

Discontinuing print would only make sense, however, if the savings were greater than the loss of advertising and circulation revenue. Given the perceived effectiveness of print as an advertising medium, and the fact that the paper still provides more than 90% of revenue while the Web sites contribute less than 10%, the industry appears not to be at a point yet where most of the advertisers (or all the paid subscribers) would follow over to the online alternative.

A more likely scenario would be for some papers to discontinue daily editions on the lightest readership and advertising days. That would save paper and allow shrinking production and news staffs with only five days instead of seven in the working week. The proposition to readers would be that they could keep current with a more compact report on the Web site, a pattern some readers have probably already adopted.

There has been discussion in the industry for several years of the eventual possibility of dropping print publication some days. We wouldn't be amazed to see at least a few papers making this move in 2008 or 2009.

If a pattern of phasing gradually from print to online does develop, Sunday editions will be the last to go. They provide as much as 50% of advertising revenue at some papers and are the focus of the insert business, which continues to thrive.

Profits and Stock Performance

It used to be that newspaper operating profits averaged above 25% and were routinely described by industry stalwarts like Davis "Buzz" Merritt or Jim Ottaway as "obscene." ¹⁹ That is certainly yesterday's news. By 2006, pretax margins for newspaper companies whose stock is traded on the exchanges were down to 18.5%. ²⁰ As year-end 2007 figures began to come in, mid-teens appeared typical, and 2008 was expected to be worse. Early in 2008, Goldman Sachs analyst Peter Appert wrote that since a recession now seems probable, he was knocking an additional 5 percentage points off his estimate for revenues and expected "accelerating earnings declines." ²¹

Several points put this falling profit trajectory into perspective. While an analyst or an investor wants to know operating results (earnings before interest, taxes, depreciation and amortization, known as EBITDA), at the end of the day companies do need to pay out taxes (typically 35% to 40%) and interest on their debt. So the sky-high margins of yesteryear do overstate a bit. Taxes will fall along with earnings, but interest payments are becoming a big, threatening

factor for companies with a lot of debt like McClatchy, Tribune, MediaNews and Journal Register.

These falling results would be even worse except for the boost for online operations. As we have discussed, that contribution is leveling or even slowing — and there is no easy way for companies to disentangle themselves from print and its cost structure (which, in any case, continues to provide more than 90% of revenue).

Analyst Ginocchio has written that as much of the ad revenue declines of 2007 were cyclical.²² That portion, especially as real estate recovers, should be back eventually, although not in a 2008 recession. The structural changes in classifieds that are the heart of the print advertising problem are another story. Classifieds are clearly going to fall some more in 2008. Industry executives can hope classifieds level off to a smaller but stable base, but that's no sure thing. Conceivably, the rate and volume of losses could even accelerate.

Finally, an industry average of profit margins in the mid-teens masks the range of results that find a number of papers in deep trouble. Smaller-circulation papers are beginning to feel the competitive pain but never were as reliant on classifieds as the big metros. Lee closes its fiscal year in September and most of its papers had 20% pretax margins for 2006-07. But acceptable results elsewhere do not do you much good in San Francisco, Seattle, Minneapolis or Philadelphia, where publishers are already losing money or in danger of dipping into the red in 2008.

Stock Values

Given all these factors, the stock market gave newspaper shares a drubbing for a third straight year. Cumulatively, the remaining publicly traded companies have lost 42% of their value from the start of 2005 to the end of 2007, and 2008 started with more of the same.²³ The table below provides details.

Stock Values, Select Newspaper Companies

Company	12/28/08	12/31/2007	% Change	2-Year Peak	Decline from Peak
Gannett	61	39	-36%	65 (1/06)	-40%
New York Times	24	17.5	-27%	29 (2/06)	-40%
E.W. Scripps	50	45	-10%	53 (1/07)	-15%
The McClatchy Co.	43	12.5	-71%	59 (1/06)	-79%
The Washington Post	746	791	6%	858 (11/07)	-8%
Lee Enterprises	31	15	-52%	37 (1/08)	-59%
Journal Communications	13	9	-31%	14 (5/07)	-36%
Journal Register	7	2	-71%	15 (1/06)	-87%
Media General	37	21	-43%	51 (3/06)	-59%
Belo Corp.	18	17	-6%	23 (1/06)	-26%
Gate House Media	19	9	-52%	22 (4/07)	-59%

Source: Yahoo Finance

Stock values are rounded to whole dollars and percentage change calculated on that basis.

The one company whose shares were up for the year was Washington Post. Its flagship newspaper shares the typical negatives of the industry, despite a Web site that is strong both editorially and financially and reaches a national and international audience as the printed Post does not. Investors like the company's fast-growing Kaplan education business, which has passed the newspaper as the biggest source of revenues, plus its highly profitable television stations.

Hardest hit were McClatchy and Journal Register (which owns small papers in New England, the Philadelphia suburbs and Michigan). Each is exclusively in the business of newspapers and Web sites and is facing a daunting debt load besides .

Several companies raised their dividends. GateHouse Media continues to lead the pack, paying out a robust 40 cents a share, quarterly, even as its share price has fallen to roughly \$6, and Wall Street has begun questioning the wisdom of its continuing acquisitions. 24

Conclusion

We don't affiliate with the doom-and-gloom club like retired Knight Ridder executive Rob Reed, who delivered a lecture to a local senior citizens' group in Battle Creek, Mich., titled "Are Newspapers Near Death?" 25

No, they are not. There is life, earnings and maneuvering room in the industry. Even weakened, newspapers remain the top source of news for their communities. The editorial inroads of community-based online publications are patchy geographically and have been slow in coming.

Still, 2007 and early 2008 were a time where the road ahead looked harder, and doubts developed over whether an online revenue rescue of the news enterprise will indeed materialize.

The best bet for a 2008 strategy would seem to be balance – urgent attention to finances but taking care not to destroy what is essential for longer-term viability. And much of the brighter future that may be on the other side of a print-to-digital transition still remains to be defined.

Footnotes

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Ownership

Ownership

By the Project for Excellence in Journalism and Rick Edmonds of the Poynter Institute

To read the financial press you would think 2007 was a year of big deals and high promise in the newspaper industry. Sam Zell took Tribune private in an \$8.2 billion deal, and Rupert Murdoch’s News Corp successfully bid \$5 billion for Dow Jones and its Wall Street Journal.

Fair to say, those two events were positive proof that at least a few people with money see opportunity in newspapers, where most predict trouble and more trouble.

In general, though, the deals were an exception to a cooling interest during the year in newspaper properties among prospective owners:

- Murdoch’s acquisition raises some familiar issues about consolidation and financial muscle dominating the industry. Much more common, though, were big companies selling off papers or otherwise breaking up their businesses.
- With earnings slowing sharply, companies that have borrowed heavily to finance acquisitions face tough debt and credit issues. With deep cuts and sales of less essential businesses, they may be scrambling in 2008 just to pay interest owed lenders. That list could include Zell and Tribune. Less-leveraged companies are better positioned to invest in online expansion and give loyal print readers the news report they expect.

■ In early 2008, several groups are for sale – Dow Jones' (now News Corp.'s) 15 remaining Ottaway community papers and Virginia-based Landmark Communications. More may become available. But prices are depressed. Like homeowners in the current down market, existing ownership groups may be inclined to wait for better times. Difficult years for Brian Tierney's local investor group in Philadelphia and the private venture Avista Capital Partners in Minneapolis may also have chilled potential nontraditional owners who were beginning to emerge as players in late 2006.

■ News Corp. is a publicly traded American company and Murdoch a naturalized American citizen (a requirement for him to buy local television stations in the 1980s) but the fortune behind a premium bid for Dow Jones was largely made abroad. With a weak dollar, American newspaper properties appear ripe for picking by foreign investors in 2008. To date, though, except for a few Canadian ownership groups, it has not happened. Perhaps, given the cultural and political nature of newspapers, investors sense that distant foreign ownership would not go over well with hometown audiences.

■ The roster of defunct publicly traded newspaper companies in the 2000s now has risen to four, with Tribune and Dow Jones joining Pulitzer (acquired by Lee in 2005) and Knight Ridder (acquired by McClatchy in 2006).

■ Two more public companies – Belo and Scripps – plan to split in two in 2008. The deals aim to add value to the more profitable and/or faster growing parts of their holdings on the theory that having newspapers in the mix drags down the share price of the whole. At the same time newspapers and Web development will receive attention their special circumstances merit and, in the case of Belo, begin a second life debt free.

In earlier editions, this part of the report and the News Investment section following have examined the variety of ownership structures – publicly traded, private, family and nonprofit – and made distinctions between those aiming for high short-term margins and more long-term oriented and optimistic proprietors who see a payoff from investments in news quality.

These distinctions are still relevant, but the intensity of current economic pressures has had a leveling effect. Wall Street in recent years has been more interested in “top-line” revenue growth than in bottom-line profits. Two bigger proponents of the bottom-line focus — Knight Ridder and Tribune's former owners — are now gone. That leaves the remaining high-margin crowd, Gannett to an extent, and Journal Register particularly out of favor with investors.

That focus of Wall Street represents a change from the best days of the newspaper business, when things were so good investors seemed to gravitate to companies, like Gannett, that were growing by acquisition and making those papers more profitable. Now, the market wants more proof of a long-term strategy.

At the same time, however, companies willing to accept single-digit margins in an off year like 2007 — the Washington Post newspaper, the Newhouse family's Advance chain — are hardly immune from pressure. They can see red ink around the corner. That is not sustainable for very long for any ownership structure.

Transactions of 2007

Tribune was put into play as an acquisition target in spring 2006 at the urging of the Chandler family, owners of 20% of

the company's stock received when Tribune took over Times Mirror in 2001. The Chandlers' SEC filing included a scorching critique of Tribune management, accusing it of pursuing a failed strategy and steering the company to one of the worst performance records among public newspaper groups. 1

More to the point, the Chandlers were ready to cash out. They hoped that a buyout would come at a premium (shares were down 50% from their peak) and figured they could shed potential tax liabilities in the process.

An extended auction followed with expressions of interest from various private equity firms and from Los Angeles billionaires David Geffen, Eli Broad and Ron Burkle, each of whom hoped to acquire the Los Angeles Times if the company was sold in pieces.

Ultimately Broad and Burkle bid for the whole company, but the winner of the auction in April 2007 was Chicago real estate mogul Sam Zell, who offered \$8.2 billion and assumed \$5 billion in debt. 2

The financial deal was a complicated transaction in which a large share of the purchase funds came from the Employee Stock Ownership Plan. Simplifying slightly, Zell, not the employees, controls the company, but they stand to benefit should Tribune prosper but will not lose money or retirement benefits if not. And the structure allowed the deal itself to be virtually tax free.

Zell, a colorful character and motorcycle enthusiast, was known as the "grave-dancer" during the mergers & acquisitions boom of the 1980 (an unfortunate juxtaposition to the current state of the industry). As potential owner through most of 2007 and proprietor once the deal closed in December, Zell has been accessible to the media and bullish on the industry but vague on details of his turnaround plan. In a round of pep talk visits in January 2008, he told newspaper staffs he would encourage "bottom-up" management and individual employee initiative, an allusion to the heavy-handed corporate directives of the Tribune management he has replaced.

But in those early conversations with staff, he is also indicating a tough focus on the bottom line. During a testy exchange with an Orlando Sentinel photographer that ended with Zell cursing her out, he said, "My view of journalism is that I want to make enough money to afford you." 3

The sale of Tribune, the second largest-newspaper company after Gannett, constituted a big deal with a spicy accent of boardroom drama. But bigger and more dramatic was right around the corner.

On May 1, Rupert Murdoch announced unexpectedly that his News Corp. was making a \$5 billion offer for Dow Jones. 4 At \$60 a share, he was offering a hefty 60% premium over the price at the time. The reality was that Dow Jones had been limping financially for years despite a strong paid online site, initiatives to improve the Wall Street Journal editorially and an assortment of lesser-known specialized online business information services providing most of the company's earnings. The model that had served Dow Jones so well for years, finding the CEO from within the Journal newsroom, faltered with Peter Kann at the helm. When Kann retired in early 2006, the company went to Rich Zannino, a financial executive whose career had been in fashion clothing at Saks and Liz Claiborne before he joined Dow Jones.

It later transpired that Murdoch had coveted the Journal for more than a decade, disclosed his intentions to Zannino before the offer became public and had calculated that an eye-popping premium would be needed to overcome

potential resistance from the controlling Bancroft family.

Wall Street, a veteran handicapper of such situations, immediately bet on Murdoch, bidding Dow Jones stock up into the high \$50s per share. It remained at that level until the offer was accepted July 31. But there was plenty of ink and angst over whether the deal would be done in the three months between.

Unlike the Sulzbergers at the New York Times or the Grahams at the Washington Post, who have continued to operate the publicly traded companies their families control, the Bancrofts had a majority of voting shares but no individuals active in day-to-day management for decades. There were sensitivities to a legacy of maintaining the Journal's editorial quality and independence but, as in so many of these family dramas, there were factions as well.

Letters and shifting coalitions among the 40 or so Bancroft heirs ensued, with questions raised about Murdoch's intentions and those of fellow family members. Dissenting family members were joined by board member Jim Ottaway, a publisher who sold his community papers to Dow Jones in 1970 and vehemently opposed Murdoch's purchasing the company and the Wall Street Journal.

In the end, money talked. Family members realized that an offer of that magnitude was unlikely to come along in the next decade, if ever. With some behind-the-scenes coaching from Zannino, they also decided that Dow Jones, badly damaged by a failed electronic venture (Telerate) in the 1990s, did not have the capital on its own to take the company to the next stage – particularly against tough competitors in electronic financial information, including Bloomberg, Reuters/Thomson and Pearson.

And given the unique nature of Murdoch's empire, which includes cable news in the U.S., a fledgling business channel, and news channels abroad as well as MySpace and newspapers around the world, Dow Jones may have been more valuable strategically to his News Corp. than any other possible suitor who might have been sought out as an alternative. Putting aside whatever desire he might have for a journalistic crown jewel to burnish his reputation in an industry where his financial bravura is more respected than his publications, no better offer was forthcoming.

The deal, like Zell's, was not finally completed until December. Murdoch has an office at the Journal, has installed several of his British and Australian lieutenants in key management positions and plans to move the newspaper away from Wall Street to News Corp's midtown Manhattan offices.

Murdoch's plans are not entirely clear. He speculated out loud about changes, including making all Dow Jones online content free, but insiders say now that some of that was simply musing and was far from certain. In January, for instance, Murdoch backed away from previous statements that he would take WSJ.com from paid to free, settling instead on a structure in which more material would be offered free but full access would remain paid. 5

Some see his preference for shorter stories endangering the paper's tradition of lengthy Page One "leders" or the kinds of huge investigations that a reporter might spend a year on. But as this report is being edited for publication, it is too early to say how drastically he will remake the Journal editorially or how he will integrate Dow Jones various Internet businesses (many of them international) into News Corp.'s existing global network.

One musing that seems more likely, given his past history and word from Journal senior staff, is that the Journal may

move toward offering a more general-interest diet of news, making its paper and particularly its Web site a more direct competitor to the New York Times.

Other observers will be watching to see whether the Journal's coverage of China – a Pulitzer Prize winner in 2007 – will retain its hard investigative edge given Murdoch's huge business interests there.

A takeaway from these two big deals is that trophy newspaper properties still have an appeal to the super-rich of a certain age who can afford to buy what they want. Should the New York Times, Washington Post, Los Angeles Times or Boston Globe go on the block, similarly motivated individual buyers might come forward (though there is almost no prospect that offers for either the New York Times or the Post would be entertained).

Other 2007 Deals and 2008 Prospects

Elsewhere in the industry, a more defensive scenario has set in.

Belo took the unusual step of announcing in October that it would break the company in two. ⁶ E.W. Scripps, in slightly different fashion, followed suit two weeks later, and there may be more such deals to come. ⁷

The immediate impetus was that Belo was hearing from the investment community and analysts that part of the drop in share price was because murky prospects for newspapers cast a shadow over its more profitable local television station group. As soon as the plan was announced, Belo stock staged a modest rally.

A side benefit is that the remaining Belo will be the largest publicly traded local-television-only company, thus an attractive buy for those who like the prospects for local television. The spinoff, A.H. Belo, will have just the company's four newspapers – the Dallas Morning News, the Providence (R.I.) Journal and the Press-Enterprise of Riverside, Calif., and the Denton Record-Chronicle. – and associated electronic and niche businesses. In theory, this allows for tighter management focus on transitional challenges particular to the newspaper business.

CEO Robert Dechard elected to stay with the newspaper side of things (in part because of family tradition) and to structure the split so that all existing debt is assigned to the television group. The debt assignment may help the newspapers to take whatever money that would have been used to service debt to invest in innovative ideas, presumably online. A question remains of how well a newspaper-only company can do with investors.

Scripps elected to leave both its newspapers and local television stations in one company (retaining the E.W. Scripps name) and spin its growth engine, cable networks including HGTV and the Food Network, into a new company (Scripps Networks). Though the structure is slightly different, the idea is the same. Scripps has been a relatively strong stock market performer among newspaper companies because of the success of the cable networks. The thinking is that it will do even better without newspapers dragging the share price down. CEO Ken Lowe, who is from a television background and steered the cable network strategy, will go with the new Scripps Networks.

The remaining Scripps newspapers – including the Rocky Mountain News in Denver, the Memphis Commercial Appeal, the Knoxville (Tenn.) News Sentinel and the Ventura County (Calif.) Star – will be under the direction of Lowe's second-in-command, Rich Boehne. There has been little public discussion yet of strategy for the new company.

For the second time in two years, activist shareholders are challenging the management structure and strategy of the New York Times Company. There seems little likelihood that the Sulzberger family will yield voting control but the Harbinger group had assembled a 19% share of stock by the end of February 2008. 8

Other 2007 transactions typically consisted of larger companies selling off smaller, profitable papers to the handful of companies still in an acquiring mode. The moves both raised some cash and allowed for focus on the bigger problems of bigger papers.

Among these, Copley sold all nine of its smaller papers, leaving just its flagship San Diego Union Tribune, Copley News Service and one small suburban paper. 9 Morris Communications sold 17 papers distant from its Georgia base for \$115 million, focusing on its papers in Savannah, Augusta and Jacksonville, Fla. 10 Journal Register sold seven small papers in Massachusetts, leaving it with 22 papers, including the New Haven Register and clusters in upstate New York and suburban Philadelphia. 11 The buyer in all three of these deals was GateHouse Media, based in upstate New York and still flush with proceeds from a successful 2006 initial public offering. The company, formed by venture capitalists from the private Liberty Group, now owns more than 100 dailies and numerous weeklies and shoppers.

Dow Jones sold six of the Ottaway papers for \$250 million to Community Newspaper Holding, a low-profile Alabama-based chain that now owns dailies and weeklies in 200 communities. 12 Funded mainly by public employee retirement funds in Alabama, Community Newspaper has a reputation for tight cost controls and operates only small and mid-sized papers.

As part of the Zell takeover, Tribune agreed to sell its two Connecticut papers, the Stamford Advocate and Greenwich Time. There was a tentative deal with Gannett, which fell through when unions would not agree to concessions. Hearst, the privately owned family company whose newspapers include the Houston Chronicle and San Francisco Chronicle, ended up the buyer in November. 13

In early 2008, Dow Jones put the remaining 15 Ottaway papers for sale, since they are not a fit with Murdoch's international media focus. 14 (He did observe in an interview with the Journal in June that "those silly little Ottaway papers make more than the Journal." 15

Landmark Communications, controlled by the Batten family, announced in January 2008 that it had hired investment bankers and may sell all or part of the company. 16 Like Scripps, Landmark is a collection of newspapers and television stations and a fabulous cable television network success – the Weather Channel, believed to be worth at least \$4 billion by itself and sure to draw interest from bigger cable programmers.

The Battens have had an old-school commitment to news quality at their three biggest dailies – the Virginian-Pilot, the Roanoke (Va.) Times and the Greensboro (N.C.) News and Record.

The Roanoke and Greensboro papers have also been noted for Internet innovation. Given the level of newsroom investment, any buyer might cut newsroom costs aggressively. The television evangelist and former presidential candidate Pat Robertson has expressed an interest in buying the Norfolk paper.

Ownership Trends

All things being equal, expect many publishers to be raising money in 2008 by selling some of their papers or exiting the field of battle entirely. One check on this activity, however, is that stock prices (typically set now by multiplying projected next year earnings by a 6 X multiple) have been hammered down.

Several companies have marked down the book value of papers they acquired by more than 50% (a requirement of accounting rules). Those reflect deteriorating earnings prospects and the much lower prices newspapers are fetching.

Another check on sales activity is that the pool of acquirers does not look deep. Dean Singleton's Media News, typically a buyer, for example, did no deals in 2007 and seems focused on squeezing costs and developing Internet businesses at its existing properties.

The year also proved especially bumpy for non-traditional owners, who seemed just a year ago to be an emerging force in the industry. The Philadelphia Inquirer and Daily News, owned for 18 months by public relations executive Brian Tierney and a local investment group, has its editorial house in order and posted a daily circulation gain. But early in 2008, he announced that he needs to squeeze 10% more from the two papers' expense base or risk default on bank payments.¹⁷

Avista Capital's December 2006 acquisition of the Star Tribune of Minneapolis from McClatchy has also proved a series of misadventures. Avista hired Par Ridder, son of former Knight Ridder CEO Tony Ridder, as publisher, away from the rival Pioneer Press of St. Paul. Ridder decamped with confidential computer files and quickly tried to bring along some of his favorite executives in apparent violation of non-compete clauses. A messy lawsuit ensued and Ridder was forced to leave.

In the wake of the debacle, Avista CEO Chris Harte, who hails from another newspaper family, installed himself as publisher. In January 2008, he wrote a memo to staff saying that classifieds had fallen 50% since 2000, cash flow had decreased 50% in just two years and another large revenue decline was budgeted for 2008. Harte also said that he was hiring a consulting firm that "specializes helping unions and management work together to improve performance."¹⁸

There are still plenty of private venture capital funds flush with money and looking for companies to buy, so some may yet try their hand at the newspaper business challenge. However the Philadelphia and Minneapolis experiences mainly dash cold water on the notion that outsiders can bring some special operational magic that traditional publishers lack.

We foresee continued turbulence in ownership during 2008. Despite the activity of News Corp. and GateHouse, we would expect control to continue over all to shift from publicly traded to private, a trend we noted in last year's edition that reverses the 40-year pattern of big fish swallowing smaller papers. Certainly the thrill is gone in the public companies' relationship with Wall Street investors.

Wealthy individuals like Zell, some of them content to operate on a break-even basis, hover in the wings, and nonprofits are looking for ways to bolster professional newspaper journalism as it increasingly seems endangered. Wealthy California philanthropists have launched ProPublica, a nonprofit investigative service under the direction of former Wall Street Journal managing editor Paul Steiger. It will develop stories and offer them free or partner with existing news organizations (See News Investment section.)

However, 2007 was not a year that nonprofits stepped up to acquire newspapers, and various potential benevolent ownership models remain more a theoretical part of the industry's future than a trend.

Marked-down prices for newspaper properties are going to look like even more of a clearance-sale bargain in 2008 if you are shopping with any other currency than the dollar. It also remains conjectural, though, whether international buyers will enter the fray.

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News Investment

News Investment

By the Project for Excellence in Journalism and Rick Edmonds of The Poynter Institute

This section has been updated with new ASNE numbers as of 4/28/2008

The list of newspapers cutting staff and reducing newsholes has grown steadily for the last four years. Heading into an increasingly difficult 2008, the question is not so much who is cutting as who, if anyone, is not.

Early in 2007, the Sun Sentinel of Fort Lauderdale, the Columbus Dispatch and the Ann Arbor News were first of the year to announce buyout plans. In mid-February, the Atlanta Journal-Constitution offered buyouts to 80 senior newsroom employees. Nearly 50 accepted and 17 more left voluntarily in the course of the year and were not replaced.

The biggest buyout of the year was yet to come, at the San Francisco Chronicle. There, 100 news employees – a quarter of the staff remaining after earlier cutbacks – departed over the summer, including managing editor Robert Rosenthal. 1 Editor Phil Bronstein left day-to-day operations for a Hearst corporate job in early 2008.

The year closed with USA Today announcing its intention to trim 45 newsroom jobs, or 9% of the staff. 2

January 2008 opened with another wave of announced cuts, many of them the result of budgeting in fall 2007 for the continued classified revenue losses expected in 2008. The newsroom is also sure to take its share of hits as papers like the Star Tribune of Minneapolis and the Philadelphia Inquirer have announced that they face financial crisis. Buyouts were announced at the Washington Post in February, and new Tribune owner Sam Zell announced buyouts of 400 to 500, about 2% of the company's workers. Every paper is looking at potential additional damage if recession materializes.

On Valentine's Day 2008, New York Times executive editor Bill Keller announced that the newsroom would shed 100 jobs, roughly 7.5%, through attrition, buyouts and, if necessary, layoffs. 3

Rather than focusing on the tallies — a number that rapidly becomes dated — it seems more useful to concentrate on the factors and ramifications underlying the continuing cuts:

- What is a best estimate of the cumulative print job losses so far this decade at American newspapers?
- What are the pros and cons of cutting senior print jobs to make room for new online positions?
- In the reorganization, what areas not being covered anymore?
- To what extent, if any, are user-generated content and so-called "pro-am" collaborations helping plug some of the gaps?
- What are the implications of further rounds of staff reduction and shrinking of the paper and its news space?

These questions, and others, will be part of an extended discussion in a subsequent report by our colleague, journalist Tyler Marshall, whose reporting took a detailed look at shifting resources in newsrooms and included a quantitative component — a survey of editors from around the country. In the interim, these more general conclusions seem clear.

How Many Jobs Have Been Lost?

A year ago, we estimated that 3,000 newsroom jobs had disappeared since a recent peak in news gathering and editing employment at newspapers at the end of 2000.

So it came as some surprise to many when the American Society of Newspaper Editors announced in April that full-time professional newsroom employment stood at 57,000 at the end of 2006, as high as it had ever been. ⁴

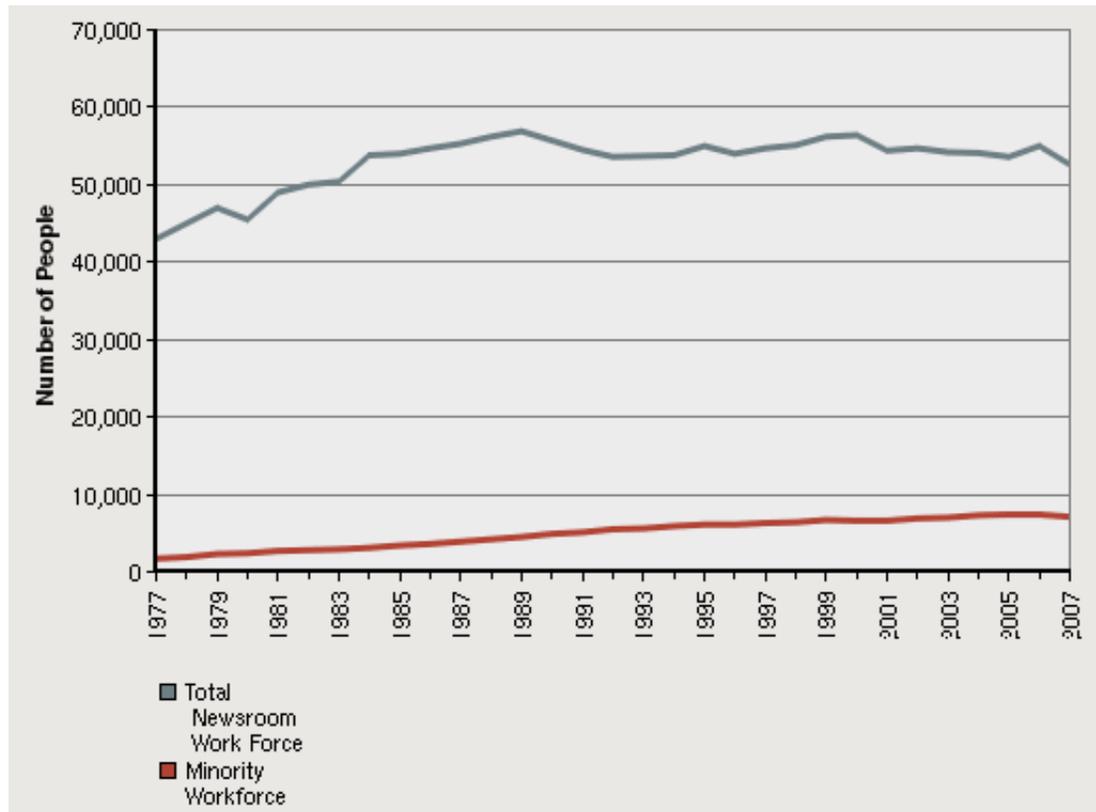
There is an explanation for the apparent discrepancy. In the most recent census, the editors association began counting online news staff for the first time, turning up 2,000 “new” jobs. The previous year, ASNE had started to include an estimate of news staff devoted to free distribution, adding 1,300 more to the total (a point that was not entirely clear from the initial report). An “apples-to-apples” examination of the data suggests a loss of 3,000 jobs in the period is about right, if one looks at the universe of people in the print newspaper.

In April 2008, ASNE announced census results as of the end of 2007. An estimated 2,400 additional fulltime, professional newsroom jobs were lost. That brings the total contraction for the decade to about 5,500 jobs or roughly 10 %.

ASNE also issued revised totals for the two most recent years, indicating that it had far overestimated the number of editorial jobs at free daily newspapers. With the revisions, the total estimate is 52,600 fulltime, professional news jobs as of the end of 2007. And there have been numerous additional cutbacks through attrition, buyouts and layoffs in the first four months of 2008

Newspaper Newsroom Workforce

1977-2007



Design Your Own Chart

Source: American Society of Newspaper Editors, Newsroom Employment Census, 2006

Minorities include Native Americans, African Americans, Latinos, and Asian Americans. ASNE began counting online news jobs in the 2006 totals.

The 2001-02 recession was described as the worst in the industry since World War II, and 2,000 news jobs were lost in one year. Now industry executives are telling investors that 2007 and 2008 are even worse, and most newspapers no longer have the cushion of comfortable profit margins.

As recently as 2006, small and mid-sized papers were doing relatively well, less reliant on classifieds, facing less competition for ad dollars, and somewhat immune from the job cuts. But a mid-year check by co-author Rick Edmonds found the stress and the cutting spreading. Mike Pride, editor of the highly regarded Concord Monitor, said he was drafting himself to be on the reporting team for the New Hampshire primary and let five newsroom positions (with a staff count in the 40s) “go dark” in mid 2007.

Roanoke Times publisher Debbie Meade said conditions were softening and announced a few weeks later that 27 jobs (not all in news) had been frozen or eliminated and 21 buyouts were being offered to a total staff of 450, a downsizing

over all of about 10%. 5

It remains true that financial pressure and shrinking staff are most acute at big city metros. To take an extreme case, the San Jose Mercury News now operates with less than half the news staff it fielded in the Silicon Valley boom times of the 1990s. The Philadelphia Inquirer, the Dallas Morning News, the Star Tribune of Minneapolis and all Tribune papers except the Chicago flagship are among others that have experienced deep — 30% to 50 % — newsroom cuts. In the newest round, announced in February, the Los Angeles Times would lose 5% to 6% more from news from its total of 887 (40 to 50 people), the Baltimore Sun 45 people from all departments, the Hartford Courant the same.

Another facet in newsroom staffing is redeployment both to online and to various niche publications, catering to target audiences and many driven by luxury advertising. One regional editor told us that he still has an editorial staff of about 100, but that 15 of those are now working on online or niche rather than traditional newsgathering and editing — what amounts to a 15% decline in editorial staff.

In this respect the industry is reprising a trend of the 1980s and 1990s, when a large volume of page makeup and proofing was moved out of production departments into the newsrooms. The consensus now is that copy desks were generally asked to absorb the work but that they were not staffed up proportionately.

The waves of announcements of buyouts and layoffs occurring now indicate a real diminishment of expert senior news staff and the critical areas they covered. Still, as was evident in the 2007 figures from the American Society of Newspaper Editors, the creation of new jobs in online ventures lessens the total staff declines. Counting the jobs that have migrated to newspaper's online ventures, a topic we will treat next, overall newsroom employment remains at 90% to 95 % of what it ever was – even as the total losses for 2007 and in progress during 2008 remain to be tabulated.

Newspapers still by all estimates have far more people reporting on their communities than any other news organizations in their towns, and for many the cuts have been quite surgical. But some, particularly big metros that have announced multiple and sizable rounds of reductions, are different papers than at the beginning of this decade. There has also been an enormously deflating – if not measurable – hit to morale as news people enter 2008 uncertain whether their job may be one of the trims in the next round of reorganization. News excellence even sometimes seems at the margins in the current discussions of new business models.

The Online Job Shuffle

The Dallas Morning News made substantial newsroom cuts in 2002, 2004 and 2006. But in one week in mid-2007 the paper also made two hires– a senior online executive and a talented young copy editor. Editor Bob Mong explains this was not an isolated instance. After big cuts like the 111 buyouts in 2006 and the savings of keeping jobs open for a period of time, some rehiring takes place – different people for different positions.

Our colleague Tyler Marshall, preparing a separate PEJ report on staffing changes at dailies, observed the same pattern at the South Florida Sun Sentinel and several other newsrooms he visited: cuts followed after a while by a meaningful number of new hires.

As one prominent Midwestern editor told PEJ bluntly: “For the price of two senior people, who weren't willing to learn

new skills, I can hire three or maybe four young people who can do more new technology where I really need them.”

These unannounced new hires mean that net newsroom job losses may be less than what you would expect by totaling announced cuts and projecting similar losses by attrition at other papers.

More fundamentally it highlights some options newsrooms now have for generating more breaking news and multimedia content for their Web sites, a near-universal strategy now:

- Some people may simply be reassigned from the print newsroom to the Web operation. At least some of the top online editors have been print veterans to assure continuity with newsroom standards.
- Nearly all print reporters are asked to file breaking news quickly to the Web, as well as feed blogs and reader discussion sites, so some of the time they used to spend developing their daily or weekend stories has been transferred to the online operation. This also represents a time and values shift, driven perhaps by readers, from more reflective larger or analytical pieces to faster more incremental updates.
- Nearly all photographers and a number of reporters shoot video for the Web along with still photos. The Dallas Morning News now has most of its photographers shooting video only and gets pictures for the print newspaper from frames of the video.
- With all that repurposing of the traditional newsroom, expanding sites still need new hires, typically young and versatile in all things digital. The youth movement will become even more of a trend as sites move into such areas as social networking and text transmission.

Since many streams are feeding online content, newspapers are getting in the habit of announcing newsroom reorganizations and Web-first initiatives along with staff cuts. This version of doing more with less amounts to cutting staff devoted to print, then doing the online development with a few additional jobs and a lot of redeployment.

The Atlanta Journal-Constitution may be the most far-reaching and closely watched such experiment. Editor Julia Wallace has done away with the traditional method of organizing departments around section topics like sports, features and business. Instead the staff, while still containing some beat writers and specialist editors, is now divided into breaking news and enterprise groups with separate editing/production teams for print and online. 6

Pouring resources into online in this fashion helps break the newsroom of lingering attachment to the traditional print once-a-day cycle and attempts to get ahead of what many see as an inevitable movement of audience to heavier consumption of news on the Web and other digital devices.

While that makes broad strategic sense, something is lost in the process, namely parts of a traditional metro newspaper report. We turn to that topic next.

What Coverage Is Being Lost?

For a time, news executives used to package announcements of buyout plans and other staff cuts with the reassurance that those who remained would figure out “a way to do more with less.” By the end of 2007, headed into further editorial

belt-tightening in 2008, that formulation had worn thin.

A first goal for many editors was to identify and eliminate things that, with new technology, people could now readily get elsewhere

Certainly some of what is gone would fit this category. Stock tables, for instance (due for even deeper cuts or elimination at some papers in 2008), took up pages of space when the same information was available, free and up-to-the-minute, online.

Reporters at all papers, even such icons as the New York Times and the Washington Post, have been encouraged to write tighter. While a controversial notion when introduced in an extreme form by USA Today in the early 1980s — with a prohibition against stories that exceeded a few paragraphs or required a “jump” to a second page — in a more general sense, concision is always, of course, better. And in an age when news consumption now occurs continuously throughout the day, the notion that print stories should contain all details (especially when background material can be found online in various forms) seems even more questionable. The case can be made that papers, 10% to 20% bigger in news space a decade ago, may have been providing more detail than today’s busy readers (with Web access) really want.

But the issue of what constitutes unnecessary content and what represents a key part of newspaper’s identity and appeal can be more subtle.

In 2005 and 2006, regional papers with national and international bureaus — like the Boston Globe and the Baltimore Sun — eliminated them. The move didn’t go down well with sophisticated and cosmopolitan readers. Even some of the editors who implemented the changes thought they were unwise.

The argument for a metro paper continuing to offer its own coverage of matters that are national or international in scope, or about issues such as culture and society, follows something along these lines:

Newspapers don’t simply report on what happens in a community in a literal sense. They also reflect and define a community’s identity, its concept of itself, its aspirations and mythology. The paper, in a sense, represents how people see themselves and the region. This is an essential part of why people buy the paper and look to it as an authority. If a large part of a community is particularly interested in a region of the world, for instance, due perhaps to a heavy Jewish, Middle Eastern, European or Hispanic population, readers expect a paper to reflect those interests in those subjects and deliver it to them. If a community is particularly interested in art, or books, having writers on those issues may be vital. If people are talking about obesity, or the campaign for president in their town, they want to see that conversation, tied to and tailored to their community, in the paper.

Thus, cutting back on key elements of this definitional or community identifying coverage could define a newspaper as too provincial, and people may stop reading it altogether. The metropolitan paper would thus be caught in no-man’s-land: too narrow for the readers who consider themselves sophisticated, but not local enough to cover my neighborhood, my suburb, school and government. Why get the Los Angeles Times or the Boston Globe at all? Why not instead combine NYTimes.com and other national sources with the more micro-local newspaper more closely connected to one’s neighborhood and leave it at that?

A hard choice .

The easy part was over heading into 2007, and editors by and large tell us the year's cuts were of muscle rather than flab. "The lower hanging fruit is gone, and so is some of the higher hanging fruit," said Bill Keller of the New York Times, in announcing the next round of cuts. 7

A small but indicative trend was the willingness of many papers to drop their own film critics and sometimes book and television critics, too. The reasoning went that in-house reviewers do not add much value since there is nothing local about the content of most movies. Why not run Roger Ebert of the Chicago Sun-Times or Kenneth Turan of the Los Angeles Times instead? Papers as large as the Atlanta Journal-Constitution and the Detroit Free Press eliminated the film critic job. Stories on the trend reported at least a dozen such layoffs or reassignments. The total was probably higher with more such moves on the way in 2008. 8

Less visibly, metro papers have been thinning the ranks of specialty reporters. Science is a good example, though there are others – higher education, religion. Science is doubly exposed in the current climate – it may not be perceived as an audience pleaser, plus many of the best reporters are experienced veterans and hence buyout candidates. After looking at this area in particular, our sense is that high-profile topics like health and fitness, the environment and global warming still get attention; the rest of science not.

Highly regard papers like the St. Petersburg Times and the News and Observer of Raleigh no longer have science writers. Strong science sections used to be commonplace. One study in the 1980s counted 91 of them. Now the total is about 35 and most of those have been refocused on personal health and fitness. 9

The effect is that the public information office spinners are increasingly in the ascendant. The reporter who writes about research coming out of a local university or hospital may not have much background to separate a breakthrough from hype.

There are pockets of broad and well-executed science reporting – the weekly Science Times section of the New York Times or Scientific American magazine. But the average reader of the average metro won't find much of that any more.

Bob Mong, editor of the Dallas Morning News, used to have an admired science section with a staff of half a dozen; he now is down to a single science reporter. "We used to try to be excellent in everything. Now we have to pick a few centers of excellence and make do with less elsewhere," he explained . "In our case, we picked K-12 education and local/state investigations – not the ones that win Pulitzers but that have impact here." 10

Many newspapers have been including a heightened emphasis on local news as part of a package of new approaches. The idea is that national and international news is a commodity, readily available 24/7 for free on the Web, so local newsgathering is the newspaper's remaining strategic strength. Newspapers including the Albany Times-Union and the Cleveland Plain Dealer have moved to an all local front with only "teasers" to national and international stories inside.

Yet at many metro papers, local news staff and space have emerged as the biggest single targets for cuts.

Bill Marimow, a regional editor at the Philadelphia Inquirer in the 1980s and 1990s who returned as editor in January

2007, said that the large suburban staffs and big twice-a-week sections of that era are gone. That is how a paper like the Inquirer and others can manage a staff reduction in the hundreds.

A few papers – the Fort Worth Star Telegram, St. Petersburg Times, the Daily Herald in the Chicago suburbs and the News Journal in Westchester suburbs of New York – have gathered substantial audience and advertising with professionally staffed multiple daily editions. For many others, however, this strategy of “zoning” has proved a marginal business proposition and thus a logical target for the budget knife.

Phil Bronstein, editor of the San Francisco Chronicle, put it succinctly, after the big cuts of summer 2007: “We can’t afford to cover the Richmond City Council any more.”¹¹ (Richmond is an East Bay city of 100,000 that is a suburb of San Francisco.) In effect, the big-city paper cedes the area to whatever small daily or weekly serves it.

At smaller papers, the same dynamic plays out in stopping or decreasing coverage of the borough or township nearby.

The disappearance of this type of nuts-and-bolts government accountability coverage may not provoke as much notice or controversy as eliminating a foreign bureau, but potentially leaves millions of readers without the attention metros used to provide to the place they live. And in some markets, where no suburban papers exist to fill the niche, it may also mean that the activities in some of these communities, governmental and otherwise, will effectively occur in the dark until such time as new media evolve to cover them.

Is User-Generated Content an Answer?

If deploying professional reporters to gather the news over a wide metropolitan area is no longer an economically viable proposition, to what extent can we expect citizen reporters or citizens assisted by professional journalists fill the gaps? (See Citizen Media in Online Chapter)

The idea has been on the table for some time. At this point, large replicable successes have been elusive.

There is clear evidence that the field of freestanding citizen news sites, often staffed by people who once worked for local news operations, is growing.

Our own more subjective review finds that the most robust of citizen news sites—such as h2otown in Watertown, near Boston, Chi Town Daily News, the New Haven Independent, Baristanet in Montclair, N.J., are a good deal more than blogs but something less than a full online newspaper. They run on the energy and ingenuity of their proprietors and have developed loyal audiences. Their financial footing is still emerging. Some others like Backfence in several Washington, D.C., suburbs have failed as businesses, but the publishers say they will try again with lessons learned.

The Knight Foundation believes in the potential of such experiments and is putting \$25 million over five years in grants for them through its News Challenge, believing they can potentially plug many of the gaps left as newspapers and their news efforts decline.

Newspapers are conducting their own experiments with so-called hyperlocal sites that rely on user contributions. In 2007, the Washington Post launched LoudonExtra.com in suburban Loudon County, hoping to focus on just one county

with robust content. That experiment is probably too young to evaluate fully.

Also, the typical newspaper site now has a substantial volume of reader comment, though policing for incivility and worse has proved a major headache.

Other papers – the Bakersfield Californian and the Rocky Mountain News are prominent examples – are now several years into hyperlocal experiments in which most of the content comes from readers. The level of engagement is encouraging but the contributions run more to soft stuff like pet pictures than reporting or civic discussion. Nor have such experiments been especially successful attracting advertising (some do make some money by “reverse publishing” material into print form).

Last year brought some interesting variations on the idea of melding citizen and professional journalism. The Fort Myers (Fla.) News-Press, a Gannett paper, employs a number of mobile journalists, so-called MOJOs who rarely come to the office and instead roam the city’s neighborhoods gathering ground-level news and video clips. The News-Press also has drawn on its area’s retiree population and engages journalism amateurs with technical or investigative skills to help on project work.

However, papers are not generally mobilizing citizens or inexpensive freelancers to cover local government meetings (the way many do for high school sports).

Another closely watched experiment, MinnPost.com, is an independent nonprofit founded with donations, user contributions and a Knight grant. It is online only and the twist is that the editors and contributors are professionals, most of them laid off or bought out by the Twin Cities dailies. They are paid for their contributions but not close to a full-time wage.

So Web publications, built on the contributions of citizens or donated effort of professionals, are taking shape. Newspapers are squarely focused on harnessing audience engagement that generates material of interest.

However, the caution of Dan Gillmor, an ardent advocate of citizen journalism still applies: don’t count on the new form to do the most ambitious and complicated work of traditional news organizations. 12

Courting Danger

Where do the cuts of 2007 and the coming cuts of 2008, leave print newspapers with their remaining loyal readers? They are treading a very fine line trying to balance financial realism with a public service ideal and the more practical necessity of a substantive, appealing product.

Sharply critical of the strategy of cutting back to sustain profit margins in the face of declining audience, Philip Meyer, a journalism professor at the University of North Carolina, applied the aviation phrase “death spiral” to newspapers some years ago. By that he meant a cycle in which circulation and advertising losses led to news cutbacks which in turn sparked more business reverses and then more cutbacks.

The metaphor may be overly dramatic, but the cycle now is unquestionably playing out. The question is whether it is

inevitable.

Newspapers that have made a big and steady investment in the news report still have some maneuvering room for cuts. But if they have operated on tight margins, they may also be among those feeling the current pinch most acutely.

Those who have already published lean reports for some time are running out of further options for subtraction that will escape notice. If, as Gannett said at a December 2006 investors' meeting, the print newspaper reader of the present and future is "older, better educated and more affluent," they also look with a particularly critical eye.

The strained relationship between newspapers and their readers can also be seen in online comment strings – lightning rods when the subject is downsizing.

A small example: In Orange County, Calif., in early February, Terry Horne, the publisher of the Register, wrote to readers that "difficult decisions" on cuts were motivated by drastically deteriorating business conditions, not "greed."

Reader Linda Tate replied: "I haven't canceled my subscription yet. I'm curious to see how long it will take you to put yourselves out of business." 13

Angry readers are nothing new. But the industry is well past the point where it can imagine the reductions in coverage won't be noticed.

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Alternative Weeklies

Alternative Weeklies

By the Project for Excellence in Journalism and Rick Edmonds of the Poynter Institute

Life has become more difficult for alternative news weeklies.

They are facing more competition. Their loyal audience is aging. And their readership is increasingly at home raising children while their advertising base is still aimed at nightlife.

Mostly free, they appeared in 2007 to hold onto readership. There is conflicting evidence, however, about what is happening with advertising revenue.

But online is emerging as a platform well suited for a sector that specializes in niche, intensely local content. Some small and mid-size publications saw revenue growth online, an area that is still something of a new frontier for the industry.

Audience

Alternative weekly circulation began to stall in 2005. In 2007, there was no change.

According to figures from the Association of Alternative Newsweeklies (AAN), the trade group for the industry, the total circulation for hard-copy editions of its 130 member papers remained at 7.5 million, the same as the previous year .

With most other news genres witnessing steady if not sharp audience declines, this is not entirely bad news. But it should also be noted that these are free newspapers, whose circulation data in some ways are less telling than their financial results.

One factor that may be affecting audience, as we have noted in this report in the past, is aging readership. The percentage of readers 25 to 34 years old has been declining steadily since 1995, according to surveys by The Media Audit. At the same time, the percentage of readers 45 and older has been growing.

In 2007, the trend continued. 1 Only 21.7% of alternative weekly readers were in the 25-to-34 group, down about 1 percentage point from the previous year and down 8 points since 1995 (29.7%). The number of older readers (45 and up) grew to 41.5% in 2007, up about 1 percentage point from the previous year. That figure was up over 10 points since 1995 (29.3%).

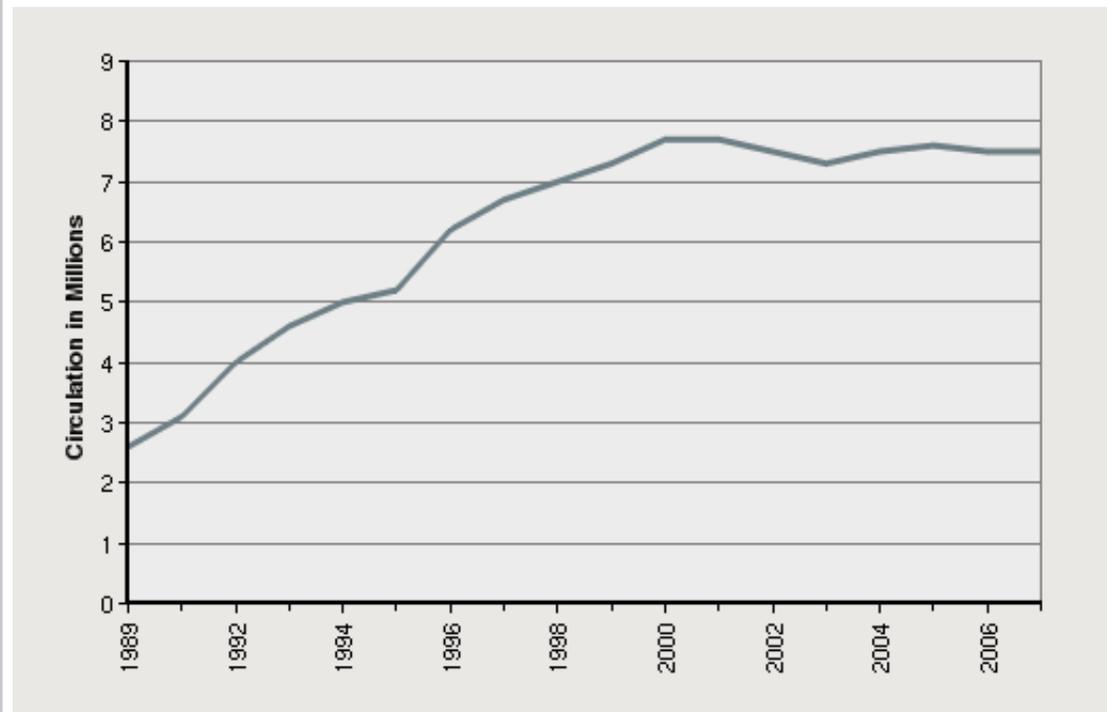
Even more than aging, parenting may be a major issue. Since 1995 the number of alternative weekly readers with a child at home has grown closer to the figure for the general population. In 2007, 42.9% of weekly readers in the 71 markets surveyed had a child at home. The figure for the entire market was 43.9%. That's a difference of only 1

percentage point. Compare that to 1995, when only 35.4% of alternative weekly readers had a child at home as against an average of 42.4% of homes over all in the markets surveyed.

Of course there are advertisers that would transcend the differences between those groups and look at another finding in the survey — that alternative weekly readers are getting wealthier. The 2007 survey found 34% of readers had an average household income of more than \$75,000. Over all, 30.6% of households in those markets had incomes that high.

Growth in Alternative News Weeklies

Association of Alternative Newsweeklies Member Publications, 1989-2006



Design Your Own Chart

Source: Association of Alternative Newsweeklies unpublished data

Note: The Association of Alternative Newsweeklies (AAN) is a diverse group of 130 alt-weekly news organizations that cover every major metropolitan area in North America. Members of AAN reach a print and online audience of more than 25 million young, educated, active and influential adults in the U.S. and Canada.

Economics: Smaller Papers, Bigger Gains

The economics picture for alternative news weeklies is cloudier.

There is no single official source for overall revenue for alternative weeklies. Looking at specific data from various industry groups suggests an uncertain picture financially. Some statistics are down, but others are up.

One group that has long offered data for the sector is the Alternative Weekly Network, which sells national ads for 110 weekly publications across the country. AWN reported its revenue was down to \$8.4 million in 2007 from the year before, a drop of 8.7%. But AWN's sales represent only a fraction of the industry's revenue.

Yet other data, also a sample, suggest things may not be quite so difficult.

The Association of Alternative Newsweeklies, the trade group, analyzed the financial reports supplied to it by 55 of its members during 2007. ² The data are from 2006, a year earlier. But it found total revenue (mostly, but not limited to, advertising) among this sample had risen 3.6% over 2005.

The largest growth, 7%, occurred in the medium-sized papers, those bringing in \$2 million to \$5 million a year, according to the AAN sample. Larger weeklies in the sample, with more than \$5 million in annual revenue, were down slightly (less 1%). ³

(Using those same papers as a base to look at staffing, the number of full-time employees increased, on average, from 31 to 32. Newsroom employment saw a slight bump, from an average of seven full-time and two part-time employees in 2005 to eight full-time and one part-time employee in 2006.)

New data collected by the AAN from an even smaller subset of members suggests a quiet but marked revenue increase for smaller and mid-size weeklies.

In January 2008, AAN surveyed 23 of its 130 members to get a read on annual revenue for 2007. All weeklies but one (the Boston Phoenix, with more than 107,000 in circulation) represented small to mid-size markets and reported sizable increases in revenue. Nine — including those in the widely separated markets of Vermont, North Carolina, Oregon and Iowa — reported 10% to 21% jumps. And 14 weeklies, based in Utah, Washington State, Colorado, Illinois and elsewhere, saw revenue grow by 5% to 9%. ⁴

So what is the revenue picture for alternative weeklies? Without a single source, there is mixed evidence. One caveat is that the minority of papers that supplied AAN with data might well be those with the most positive story to tell. Another is that 2007 may have been healthier than 2006. At best, the sample means that whatever the industry's problems, they are not occurring equally across the board.

New Media Resurgence

One of most promising areas in 2006 was alternative weekly Web sites. In 2007, the online audience numbers appeared to continue to grow, although the economic benefit is less certain.

The Media Audit, which tracked online audience in 2006, did not supply numbers for 2007, but there is anecdotal evidence of growth when looking at specific weeklies, especially those in larger markets. The Web site network run by Village Voice Media, owner of the Village Voice in New York and 15 other alternative weeklies in major cities across the

country, saw enough traffic to make it the 10th-most visited newspaper site in November 2007, according to Editor and Publisher. ⁵ The company increased its online audience by 127% from November 2006 to November 2007, with total time spent on the sites jumping 89% during the same time period.

As in other sectors, that audience growth loses some of its spark when economics enters the picture. For most weeklies, online revenue adds up to less than 1% of total dollars, Richard Karpel, executive director of the Association of Alternative Weeklies, told us. ⁶ And in a January 2008 article in the Quill, a publication of the Society of Professional Journalists, three owners of larger alt weeklies reported no more than single-digit revenue. ⁷

Don Farley, publisher of four alternative newsweeklies owned by Times Shamrock Communications, puts the number higher, at least for his papers — 2.5 percent of the total ad revenue. Of one those, the Baltimore City Paper, he says, “In rough dollars, it’s grown from \$60,000 four years ago to \$240,000 this year [2007].”

The evidence suggests that those revenues are at least growing.

And there may be potential online and in other digital platforms, given alt weeklies’ traditional focus on music and other entertainment.

Other evidence, for instance, suggests even smaller weeklies are immersing themselves in new media, betting that younger audiences and advertisers will follow. Many are building out their Web sites to focus largely on music downloads and purchases, including podcasts and “jukeboxes” (streaming music) that feature local bands.

Weeklies also are now drawing on their unique strength – data-driven listings – to use the newer delivery system of mobile phones in inventive ways.

The Isthmus in Madison, Wis., for example, provides cell phone users with typical content, like restaurant and movie listings. The Boise (Idaho) Weekly takes customizing a step farther, sending its outdoors-oriented readers mobile alerts with skiing and bicycling conditions. The Phoenix Media/Communications Group in Boston offers its subscribers editorial content as well as polls, coupons and texting contests in which readers vie for prizes by seeing who can type the fastest cell phone message.

The pace is expected to pick up in 2008, according to the AAN’s Karpel, who said that nearly two-thirds of his group’s members are planning to offer mobile content, including the 16 Village Voice Media properties and the four papers in the Times-Shamrock chain .

Consolidation: The New Solution?

One company, apparently seeing both audience and revenue potential in alternative weeklies, went into buying mode in 2007.

In July, the Tampa-based Creative Loafing, which owns weeklies in Mobile, Ala., Charlotte, N.C., and Tampa and Sarasota, Fla., doubled its size when it bought the Chicago Reader, one of the country’s oldest alternative papers, and the City Paper in Washington, D.C., from Chicago Reader for an undisclosed sum. (The purchase was made with help

from BIA Digital Partners, a private investment firm.)

The Chicago weekly, founded in 1971, brings with it an average weekly circulation of 135,000, and the 26-year-old City Paper, 80,000. With the purchases, Creative Loafing will boost its total weekly circulation from 275,000 to nearly 500,000 newspapers, increase monthly print readership to 2 million and capture an estimated 10 million page views per month on its Web sites, according to Creative Loafing CEO Ben Eason. Included in the buy was the popular syndicated weekly column, “Straight Dope,” whose Web site, straightdope.com, has nearly 2.3 million page views per month.

The investment in newspapers amid downturns and layoffs raised predictable questions, which Eason addressed in an article in the St. Petersburg Times: “I’ve got my four papers, and while that’s a nice publishing footprint, it’s not going to let us play in the national Internet game. You want a national platform, national quality technology, that features local content. How can I help put together a consortium of great local media companies [and then] tie into one common platform? That way, we get national advertisers that will help sponsor the local restaurant listings.”⁸

While consolidation – and the new media ad platform it brings — might offer a solution, it also runs counter to the non-establishment, intensely local culture of alt weeklies. Will the loss of original owners intimately familiar with the papers and their readership be strongly felt?

“In some ways, these alternative newsweeklies are now middle-aged, and many of the dynamic young founders are beyond middle age; they’re reaching their dotage,” Charles Whitaker, an assistant professor at Medill School of Journalism at Northwestern University and director of Medill’s Academy of Alternative Journalism, told the Quill. “I think the [older owners] have had difficulty adjusting and figuring out the new media landscape, particularly the Internet and things like Craigslist. At the same time, a group of new owners said, ‘We can do this as a chain. We still have our alternative press sensibilities, but by pooling our resources we can run these papers more efficiently than they had been run in the past.’”⁹

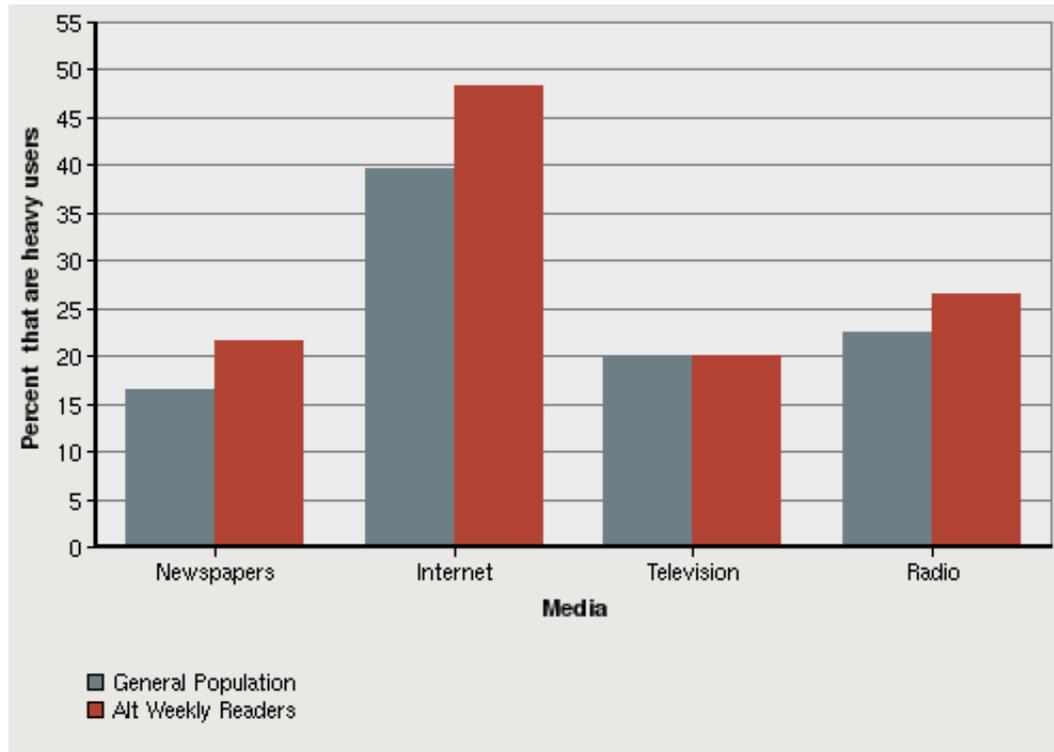
Demographics

Alt Weekly Reader: The ‘Perfect’ Media User

According to The Media Audit, which surveys audiences for marketing, communications and media firms, readers of alternative weekly newspapers have a tendency to be avid consumers of other media, more so than the public over all.

Compared with the general population, they are 32% more likely to be heavy newspaper readers (meaning they read for 60 minutes or more in an average weekday), 22% more likely to be on the Internet (430 minutes or more in an average week) and 18% more likely to listen to the radio (180 minutes or more in an average weekday). Nearly half (48%) were heavy Internet users in 2007, compared with less than 40% of the general population. Television attracted an equal share of heavy users from the general population and the alt weekly audience – both 20%.

Alternative Weekly Readers are Heavy Media Users



Design Your Own Chart

Source: The Media Audit

Note: "Heavy media usage" defined as follows: Newspapers — 60 minutes or more in average weekday; Internet — 430 minutes or more in average week; Television — 300 minutes or more in average weekday; Radio — 180 minutes or more in average weekday.

When it comes to daily newspapers, the front page dominates for alt weekly readers. About two-thirds (66.5%) regularly check it out, compared with 52% of the general population.

They are also interested in the Sunday advertising inserts, the movie and entertainment sections and the Business and Sports pages. Something to note for advertisers: 53% of alt weekly readers are more likely to check out employment ads and 33% auto classifieds.

Footnotes

1. The Media Audit, an audience survey that covers 450 target items for each rated media outlet's audience, surveyed audiences of 123 weeklies in 71 markets from January to April 2007 .

2. AAN estimates there are 175 alternative news weeklies in the United States, excluding publications focused solely on arts and entertainment.

3. Final revenue numbers are not publicly released by alternative weeklies. AAN averaged revenue numbers from 55 of its 130 members (may include only one paper in a chain).

4. Newspapers (and their circulations) surveyed by AAN were: San Luis Obispo (Calif.) New Times, 39,898; Santa Barbara Independent, 40,250; San Antonio Current, 44,913; Colorado Springs Independent, 36,500; Tucson Weekly, 47,309; Illinois Times, 27,894; Monterey County (Calif.) Weekly, 38,951; Boise (Idaho) Weekly, 35,000; Source Weekly (Bend, Ore.), 13,630; Metroland (Albany, N.Y.), 40,000; Seven Days (Burlington, Vt.), 32,000; Willamette Week (Portland, Ore.), 89,134; Ventura (Calif.) County Reporter, 33,385; Eugene (Ore.) Weekly, 38,904; Santa Fe Reporter, 22,726; Cityview (Des Moines), 27,902; Boston Phoenix, 107,067; Metro Santa Cruz (Calif.), 33,000; North Bay (Calif.) Bohemian, 33,271; Metro Silicon Valley (Calif.), 79,442; Mountain Xpress (N.C.), 29,268; Pacific Northwest Inlander (Wash.), 46,000; and North Coast Journal (Calif.), 22,000.

5. Editor and Publisher, via Association of Alternative Newsweeklies (an examination of Nielsen and comScore data for newspaper Web sites suggests this claim is hard to evaluate): http://aan.org/news/village_voice_media_web_traffic_up_127_percent_from_last_year/Aan/ViewArticle?oid=200369.

6. Telephone interview with Project for Excellence in Journalism editor Jane McDonnell, February 5, 2007.

7. Ed Avis, "Alternative Newsweeklies: Growing Up," Quill, January 28, 2008:

https://www.spj.org/quill_issue.asp?REF=1284

8. Eric Deggans, "Media Exec Gets Cold Shoulder From Chicago," St. Petersburg Times, August 19, 2007:

http://www.sptimes.com/2007/08/19/Features/Media_exec_gets_cold_.shtml

9. Ed Avis, "Alternative Newsweeklies: Growing Up," Quill, January 28, 2008:

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Charts & Tables

Charts & Tables

AUDIENCE

Average Circulation of U.S. Daily Newspapers

Daily Newspaper Readership by Age Group

Daily Newspaper Readership by Education

Daily Newspaper Readership by Income

Daily Newspaper Readership by Race/Ethnicity

Number of U.S. Daily Newspapers

Sunday Newspaper Readership by Age Group

Sunday Newspaper Readership by Education

Sunday Newspaper Readership by Race/Ethnicity

U.S. Daily Newspaper Circulation

ECONOMICS

Daily Newspaper Advertising Revenue

Daily Newspaper Advertising Revenue Growth

OWNERSHIP

Percent of Newspaper Circulation by Circulation Category, 2006

Percent of Newspapers by Circulation Category, 2006

NEWS INVESTMENT

Newspaper Newsroom Work Force

ALTERNATIVE WEEKLIES

Alternative Weekly Readership by Age Group

Alternative Weekly Readers are Heavy Media Users

Growth in Alternative News Weeklies

Growth of Alternative Weekly Readers Who Have Children



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Online – Intro

Intro

By the Project for Excellence in Journalism

After a decade of high hopes, there are increasing concerns about the Web's ability to meet the news industry's financial challenges.

The number of people going online for news on a regular basis is rising.

The audience for major news sites is also continuing to grow.

For many of these bigger players, the watchwords increasingly appear to be assimilation, acquisition and partnership. In 2007, among other examples, MSNBC purchased community news aggregator Newsvine and ABC News allied with Facebook, just as Google had earlier bought YouTube, and News Corp. acquired MySpace.

But there are also nuances and growing concerns. There has been little evidence that these new acquisitions and alliances have added much to the bottom line or justified their expense.

More significant, as a category, news Web sites appear to be falling behind financially. They are not growing in advertising revenue as quickly as other kinds of Internet destinations. And these figures do not include the most important revenue source, search, where news is a relatively small player.

The most promising element heading into 2008 may be innovation. The news industry now appears to be taking to new technology in earnest. Sites are evolving quickly and, in a new development, the mainstream media are now among the more experimental players.

More media sites are taking the reader away from the "walled garden" – their own content – linking to once-taboo outside sources or even inviting in third-party content, allowing hunting-and-gathering consumers to act more directly on their preferences rather than being led to them.

Citizen media are also growing in ways unmistakable and engaging. Web sites run by citizen journalists are multiplying – rapidly approaching 1,500 heading into 2008 – offering stories, blogs and videos. And that trend is considered a healthy one by professional journalists, who call on citizens more frequently to inform their reporting.

The journalism of the future increasingly appears to be a hybrid that takes advantage of the technology rather than fights it. But the questions of who will pay and how they will do it seem more pressing than ever.

Content Analysis

Content Analysis

How does the lead news agenda online differ from that in other media? Is it a replay of what we find elsewhere? Is there any shifting of priorities? And among the most popular sites for news, commanding the largest share of the online news audience, how much original content is there to be found?

Throughout 2007, the Project for Excellence in Journalism conducted a study of the lead news coverage every weekday on five of the most popular news sites on the Web — AOL News, CNN.com, Google News, MSNBC.com, and Yahoo News. ¹ These sites range from generating their own content to solely aggregating content from other sources to having a mix of original reporting and reliance on other news sources. While much exists on these sites beyond the lead stories, the goal of this study was to investigate what stories and topics the Web sites were choosing to emphasize above all others.

The most striking finding over all was a heavy emphasis on foreign news, particularly topics not involving the U.S. directly. One consequence of that, in turn, is that we found a smaller focus on major domestic news.

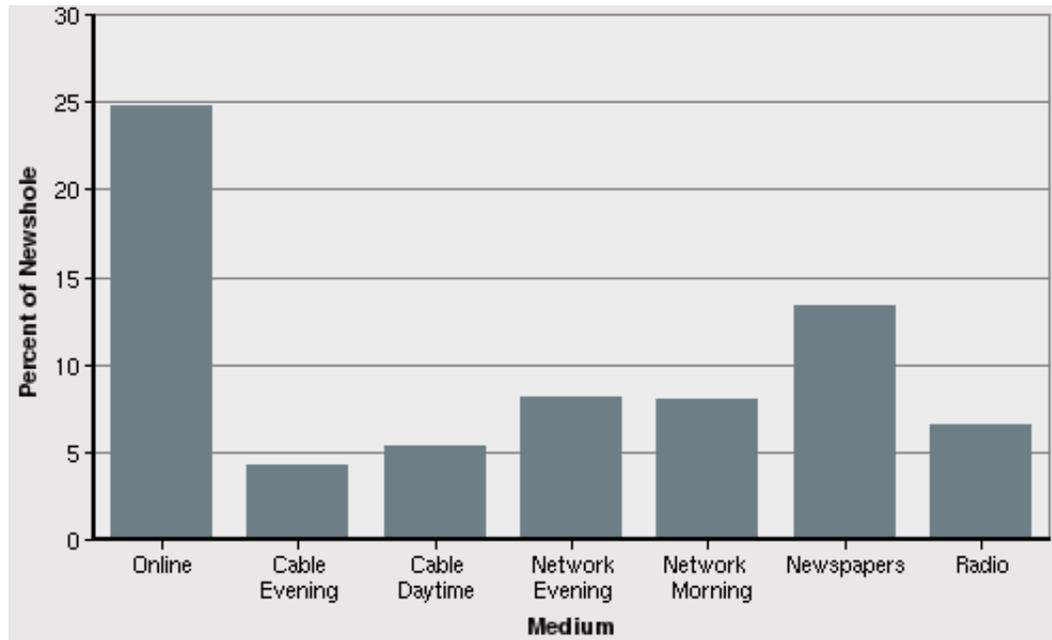
We also found that the sites varied tremendously — not only aggregators versus originators of news but also among the aggregators themselves. Yahoo was the most focused on the events in Iraq, while Google gave more attention to the 2008 election and AOL covered smaller, one-time news events. The two cable news Web sites mirrored the characteristics of their cable counterparts but with an added emphasis on international news.

International Takes the Lead

Over all, the lead news agenda online was the most international of any media we studied. At least in their top five stories, which is roughly analogous to the number of stories found on a front page of a newspaper and generally describes the number of stories featured at the top of a Web page, the leading Web sites studied put a premium on international news that far outweighed any other medium. Fully 25% of the top coverage dealt with non-U.S. international stories. This was nearly six times that of cable (4%), three times that of commercial network evening news and the network morning news (8%), nearly twice that of newspapers (13%), and about 60% more than radio news programming (15%).

International Focus, By Media

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

In addition, 26% of the space was devoted to U.S.-international events, again more than any other genre, though not to the large extent as foreign news.

Looking at the specific news stories covered enhances the finding. Of the top 10 news events in our online sample, six were foreign events, some of which involved U.S. policy and some of which did not. Events inside Iraq constituted the biggest story over all, accounting for more than one-tenth (11%) of the newshole of the lead stories online.

Other events in the top 10 list were Iran's weapons build-up (No. 4 at 3%), Pakistan (No. 5 at 3%), the U.S. military campaign in Afghanistan (No. 7 at 2%) and, at No. 10, the Israeli-Palestinian conflict (2%)

By contrast, Afghanistan and Israel were not among the top 10 stories in the media over all and the other foreign stories all got a smaller share of the news agenda.

Top Stories for Online Sites in 2007

Percent of Newshole

1	Events in Iraq	11%
2	2008 Campaign	7
3	Iraq Policy Debate	6
4	Iran	3
5	Pakistan	3
6	U.S. Economy	2
7	Afghanistan	2
8	Domestic Terrorism	2
9	Fired U.S. Attorneys	2
10	Israeli/Palestinian Conflict	2

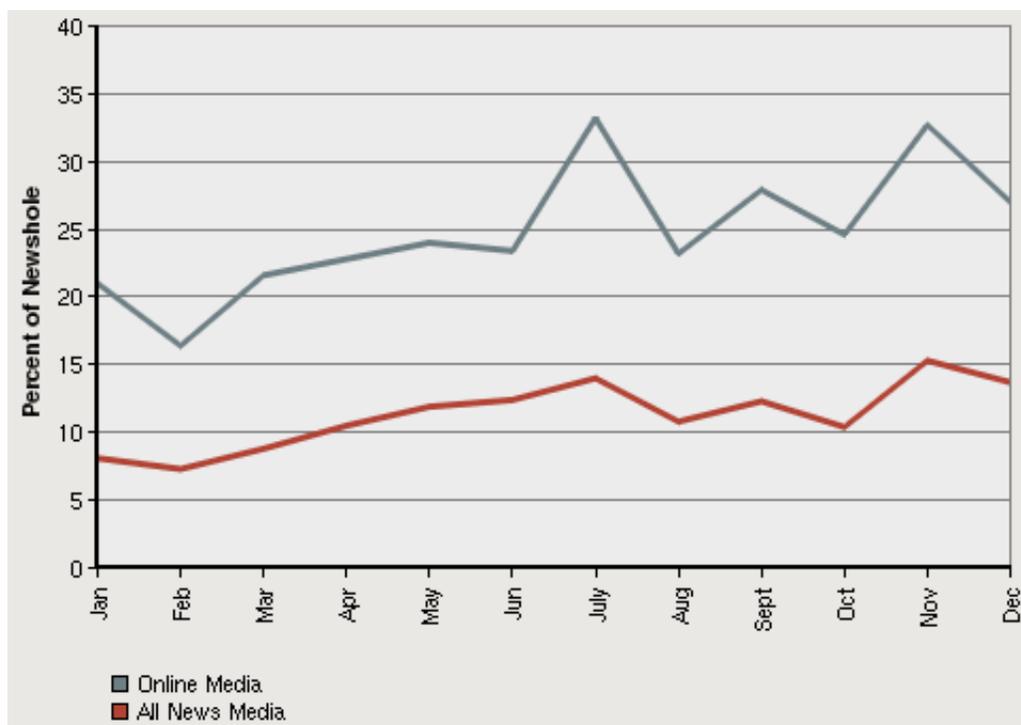
Top Stories for All Media in 2007

Percent of Newshole

1	2008 Campaign	11%
2	Iraq Policy Debate	8
3	Events in Iraq	6
4	Immigration	3
5	Iran	2
6	Domestic Terrorism	2
7	U.S. Economy	2
8	Iraq Homefront	2
9	Pakistan	2
10	Fired U.S. Attorneys	1

This emphasis on foreign coverage online was a trend that occurred throughout the entire year of 2007. In every month except one (December), these sites devoted the most attention in their lead news to an international story. From January through October it was the war in Iraq — either events on the ground there or the debate over U.S. policies about the war. In November, the top story did not even involve the U.S. The chaotic events occurring in Pakistan led, accounting for a full 14% of the online newshole for the month. December was the only month where an entirely domestic story, the presidential campaign, was the biggest online story (16% of the newshole).

Non-U.S. International Coverage, Online vs. Overall 2007, by month



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

No other overall media sector studied came close to giving international news such consistent top play. It is only at the more specific programming level that resemblance appears. On the commercial evening newscasts, international news events got the most coverage seven months of the year and the PBS evening news gave it top billing in nine. Morning network television, on the other hand, only had three months where an international news story got the most coverage (all three months being the debate about U.S. policy in Iraq). Even in newspapers, the sector with the second-most focus on non-U.S. foreign news, a domestic news event got the most coverage for eight months. Cable television had a domestic story in the lead 10 months in 2007.

Domestic News in the Background

One result of the emphasis on international news is that certain domestic topic areas and specific news stories got less prominence. Elections and other U.S. politics, for instance, received the lowest percentage of coverage in the online sector —just 8% of the online newshole studied, 17% in cable television, 11% on newspaper front pages and 10% in network television.

Online Topics for 2007

Percent of Newshole

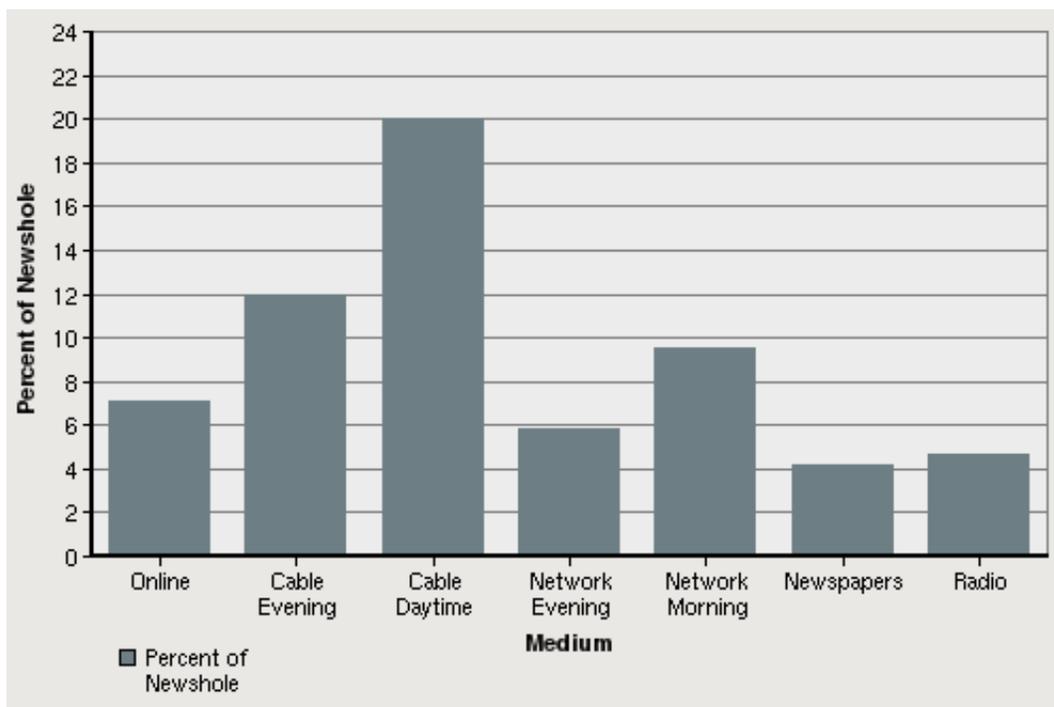
Government	6%
Elections/Politics	8
Crime	7
Economics/Business	5
Environment	1
Health/Medicine	2
Science/Technology	1
Immigration	1
Other Domestic Affairs *	7
Disasters/Accidents	6
Celebrity/Entertainment	1
Lifestyle/Sports	4
Miscellaneous & Media	4
U.S. Foreign Affairs	22
Foreign (non-U.S.)	25

Totals may not equal 100 due to rounding.

*Note: * Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.*

One area of domestic news that the Web sites gave more attention to in their lead stories was crime. Only cable television spent more of its news coverage (13%) on crime than the Web sites did (7%). In fact, for all of the domestic topics covered online, only stories about politics took up more space than coverage of crime. The greatest percent of this coverage were one-time events rather than continuing stories, followed then by coverage of the Virginia Tech shootings and the trial of I. Lewis (Scooter) Libby Jr., the White House official whose prison sentence was commuted by President Bush.

Crime Coverage by Media, 2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

A number of domestic stories commanded less attention online than in other genres. Immigration, for example, was the No.12 story of the year online (1% of the online newshole). While it received considerable more attention on cable television (5%) and radio (4%) and was the No. 4 story in the media over all. The tragedy of the Virginia Tech shootings was the No.13 story online (1%) while it was the No. 7 story on cable (2%) and No. 9 on network television (2%).

Certainly users can find news stories about a large variety of topics lower down on these sites, in the margins of the news sections or through user-generated searches. But, to the extent that editors or algorithms are making a news agenda, there is higher priority placed on international news. And the PEJ has found in past research (See *State of the Media 2007*) that it is often only these lead stories that take advantage of the online capabilities, offering users multimedia components such as slide shows, video clips or links to background information.

A User's News Agenda?

If the Web is all about democratization of the news and the flow of information, there is an interesting chasm in the priority of news public interest. Through the year, the one area that the public consistently said the press gave *too* much attention to was foreign news. President Pervez Musharraf's decision to declare a state of emergency in

Pakistan, the Mideast peace summit meeting at Annapolis, Maryland, the agreement by North Korea to abandon its nuclear weapons program and the Lebanese Army's battle with Islamic militants were all stories that the public felt generated too much media attention. (See Overview) Does this suggest that the Web sites, at least in their lead news coverage, are less reflective than other media of users' interests? One important difference is that the audience for many of these Web sites, according to online news professionals, is more international in origin. The audience for network evening newscast, for instance, lives by and large in the United States. The audience for Yahoo News lives around the world.

Site Differences – The Aggregators

The mix of online outlets studied is more diverse in structure and news process than any other genre studied. Three of the sites aggregate news, one with a completely computer-based algorithm (Google News) and two tied to cable news channels (CNN.com and MSNBC.com). We'll first consider the aggregators.

Google News uses a computer-based algorithm to determine the most popular stories being read throughout the net. It does not include any originally reported material, but takes its headlines and links from a wide variety of sources that originate from all over the globe.

Yahoo News is another frequently updated aggregator site, but it uses human editors to select stories throughout the day. The editors rely heavily for their top stories on wire services such as the Associated Press (98%) and, as we have found in past research, update it continuously. At least in these top stories, Yahoo News tends to emphasize breaking news as it happens rather than offering different angles on a given story, analysis pieces, or multimedia treatment of top stories.

AOL News also relies heavily on wire news services for its content, but the home page looks less like a listing of the top stories and more like an interactive newspaper in that each of the highlighted top stories on the center of the page is given a teaser, a photograph, and perhaps an interactive feature. In addition to the feature stories, AOL News is incorporating more and more user input by having sections on the home page devoted to "blog chatter" and "user-submitted news." These sections are different from the prominent stories highlighted by the editorial process from AOL.

How did the various structures sites play out in the featured news coverage? How did Google's algorithm-based selections compare with the stories on a aggregator such as Yahoo, a site that is still mostly written by outside news organizations but involves an editorial selection?

Geographic Focus for the Top 5 News Web Sites

Percent of Newshole

	All	AOL News	CNN.com	Google News	MSNBC.com	Yahoo News
U.S. National	49%	62%	52%	36%	56%	35%
U.S. Interests Abroad	26	23	23	26	26	33
Foreign (Non-U.S.)	15	16	25	37	17	32

Google and Yahoo stood out for a similar devotion to international events, more than other outlets. Fully two-thirds of the lead coverage on each site was about foreign news (65% for Yahoo and 64% for Google). Google devoted a little more space to non-U.S. international events (37% versus 32% on Yahoo).

But within this geographic breadth, their specific story lineups were quite different. Google's top story of the year was domestic — the 2008 presidential campaign, accounting for 10% of the lead coverage. This was close to five times the attention it received on Yahoo, where it barely made it into the top 10 list (coming in at No. 9 with 2%).

Top Stories for Google News in 2007

Percent of Newshole

1	2008 Campaign	10%
2	Iraq Policy Debate	7
3	Events in Iraq	6
4	Pakistan	4
5	Iran	3
6	Fired U.S. Attorneys	2
7	Israeli/Palestinian Conflict	2
8	North Korea	2
9	Afghanistan	2
10	Rival Factions in Gaza	1

Second on Google's list was the U.S. debate over policies in Iraq (7%) which was also the second story on Yahoo's list (5%). Beyond these, though, the only other U.S.-based story to make it in Google's top 10 was the scandal over the fired U.S. attorneys (No. 6 at 2%). This and the percentage of foreign coverage over all suggests that beyond these stories, much of the day-to-day coverage was spent on international news.

Google has even structurally imposed priority for foreign news. Beneath the top two or three stories featured on the

center of the page are topic-related sections, the first of these is “World” news, followed by “ U.S.” news.

Yahoo News stood out in its lead news stories for a devotion to events inside Iraq. Those events alone accounted for a full 16% of lead coverage, making it the top story over all for 2007. Those events ranked first on the other three Web sites as well, but not at that degree of coverage. (MSNBC.com devoted the second most attention to it at 12%.) Coverage of these events got three times the attention on Yahoo as the second- place story, the debate over U.S. policies there (5%).

In fact, events in Iraq got the top most billing—the No. 1 lead story in more one out of every four weekday mornings (27%) in 2007.

Top Stories for Yahoo News in 2007

Percent of Newshole

1	Events in Iraq	16%
2	Iraq Policy Debate	5
3	Iran	5
4	Pakistan	4
5	U.S. Economy	4
6	Israeli/Palestinian Conflict	4
7	North Korea	3
8	Afghanistan	3
9	2008 Presidential Campaign	2
10	Domestic Terrorism	2

The other story that stood out on Yahoo’s news page was the U.S. economy. Throughout the year, its lead stories tended to give more attention to the U.S. economy, 4%, than the 2008 presidential campaign, 2 %.)

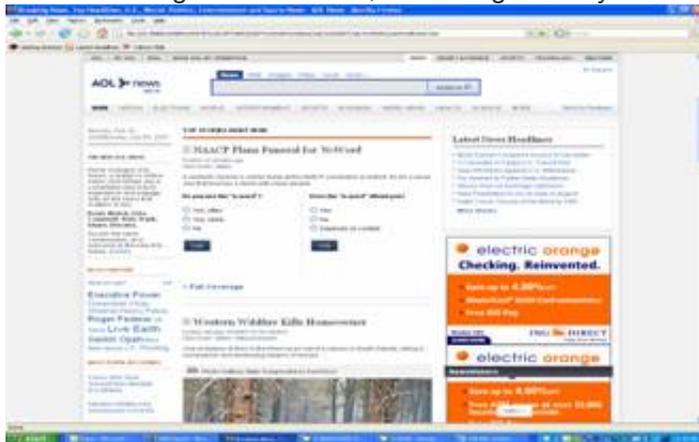
Top Stories for AOL News in 2007

Percent of Newshole

1	Events in Iraq	7%
2	Iraq Policy Debate	5
3	2008 Campaign	5
4	Iran	3
5	Domestic Terrorism	2
6	Fired U.S. Attorneys	2
7	Afghanistan	1
8	Iraq Homefront	1
9	Global Warming	1
10	Valerie Plame Investigation	1

If Yahoo was the most caught up in one news story, AOL News was the reverse. Readers of its news page got the greatest mix of lead stories day-to-day. AOL spent less time on the Iraq War (13% total) than any of the other Web sites, and no single news story took up more than 7% of the coverage. Over all, the top 10 stories accounted for just 28% of the newshole, at least 20% less than any other Website studied (MSNBC.com 42%, CNN.com 35%, Yahoo news 49%, Google news 41%). And the last two stories on the list — global warming and the investigation over the leaking of Valerie Plame’s association with the CIA, each accounting for 1% — did not show up in the top lists of any of the other four Web sites.

Another way to consider AOL’s tendency toward smaller, one-time news events is by looking at the top story for each download. What landed in the No. 1 spot? Here again, the big news events of the year were less common. On 13% of the days tracked, the lead story was not among the list of major stories that PEJ was tracking as part of its weekly index. Among the other sites, an average of only 9% were not big news events.



For example, on the morning of July 9, AOL led with a story about the NAACP planning to hold a symbolic funeral for the “N-word,” a story that did not attract much attention in many other media outlets. On that same day, MSNBC.com led with a story about a tougher immigration policy in Oklahoma, Yahoo News led with a story about President Bush invoking executive privilege to prevent some of his staff from having to testify in the investigation over the fired U.S. attorneys, Google News led with a story about Pakistan’s President Pervez Musharraf trying to deal with a conflict with militants at a mosque in his country, and CNN.com led with a story about the shutdown of the Pennsylvania state

government over a budget dispute. All these stories on the sites other than AOL were stories that received much more coverage in the media over all than the story that AOL chose to lead with.

The differences in subject matter between AOL News and Yahoo News cannot be accounted for by the sources that the sites use for their lead stories. Both AOL and Yahoo use wire services for more than 90% of the lead news coverage on their sites, most of it coming from the Associated Press. So while each site often relies on similar sources, they make very different editorial decisions about which stories to lead with.

Source by Web Sites

Percent of Newshole

	CNN.com	Yahoo News	MSNBC.com	Google News	AOL News
Internal Staff	61%	<1%	16%	0%	2%
Wire	32	98	54	17	90
Combo Wire/Staff	3	0	4	<1	0
Other News Outlet	3	1	26	82	8
Outside Contributor/Freelance	<1	0	<1	<1	0

Google News, on the other hand, a site that produces no original content itself sends its users to other sites for their news content. And when a user follows a link from one of the lead stories on the Google News site, 17% of the coverage was wire content that appeared on some other site while 82% of the coverage was original reporting by the cited news organization, most often newspaper outlets.

Site Differences – Sites Tied to Legacy Media

Two of the sites in the year-long study were tied to legacy media, in particular cable news channels. In what ways do the sites tied to legacy media differ from those who are not likewise connected? And how similar is each to their cable identities?

The CNN.com and MSNBC.com homepages mirror to a certain degree the news tendencies of cable counterparts but augmented with the characteristics of online news such as a greater emphasis on foreign news.

CNN.com is similar to the CNN cable network in that their specialty is in featuring up-to-the-minute news and spends less of its focus on its on-air personalities and more on the ability for users to customize the site. On the CNN.com homepage, the latest headlines are featured prominently on the page with one story usually getting the clear top billing because of a large picture and sizable headline. CNN.com also offers ample opportunities for users to watch streaming video clips that accompany the news stories of the moment. Below the top lists of breaking stories,

CNN.com has sections for two headlines for various groups of news (such as “Politics,” “Entertainment,” and, “Science”). The site also has links to blogs written by CNN’s television personalities and information about their programs, but those are not as prominently placed.

MSNBC.com, on the other hand, has built its own identity by being the home for NBC, MSNBC and Newsweek magazine. The site offers a combination of breaking news, often from wire stories, along with longer pieces from Newsweek and prominent links to the various NBC and MSNBC television-related Web sites. Like CNN.com, multimedia features are prevalent on the site, although unlike CNN.com, MSNBC.com will often feature multiple stories on the top of the page with pictures and story teasers rather than focusing on one or two emerging stories only. Beneath the top stories on the page, MSNBC.com also has sections devoted to specific topics, but, unlike CNN.com, the sections include six or more headlines along with multiple video news reports for each section.

A quarter of the lead coverage for CNN.com (25%) was about stories that went beyond the boundaries of the U.S., while only 17% of the lead coverage on MSNBC.com did so.

Top Stories for CNN.com in 2007

Percent of Newshole

1	Events in Iraq	11%
2	Iraq Policy Debate	5
3	2008 Campaign	5
4	Iran	3
5	Pakistan	2
6	Afghanistan	2
7	Immigration	2
8	Fired U.S. Attorneys	2
9	Virginia Tech Shootings	2
10	Western Wildfires	2

Top Stories for MSNBC.com in 2007

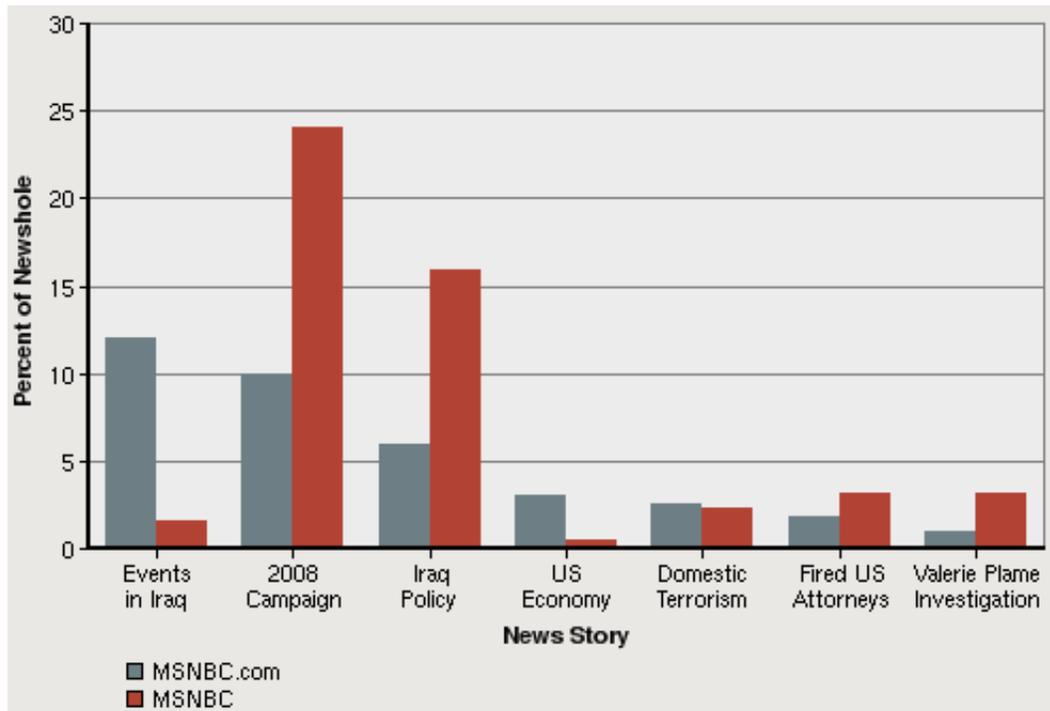
Percent of Newshole

1	Events in Iraq	12%
2	2008 Campaign	10
3	Iraq Policy Debate	6
4	U.S. Economy	3
5	Domestic Terrorism	2
6	Iran	2
7	Pakistan	2
8	Fired U.S. Attorneys	2
9	Iraq Homefront	2
10	Afghanistan	1

Comparing the CNN and MSNBC Web sites, both had the same top story for the year, events on the ground in Iraq. And both sites spent about the same percentage of coverage on the Iraq policy debate (CNN.com at 5% and MSNBC.com at 6%). However, MSNBC.com gave twice as much coverage to the presidential campaign (10%) as CNN.com did (5%). MSNBC.com also gave more coverage to the U.S. economy throughout 2007 (3%) than CNN.com did, which at 1% was not one of the top ten stories of the year on their site.

MSNBC.com's emphasis on the presidential campaign reflects an identity that the cable channels established this year. (See Cable news investment section for more) In the programs studied throughout 2007, the cable channels devoted almost a quarter of its newshole (24%) (See Cable content section for more) to the campaign, more than any other news outlets studied. While the percentages are smaller online, the priority of politics relative to other news and to other Web sites stands out.

Top Stories of 2007: MSNBC.com and MSNBC



Design Your Own Chart

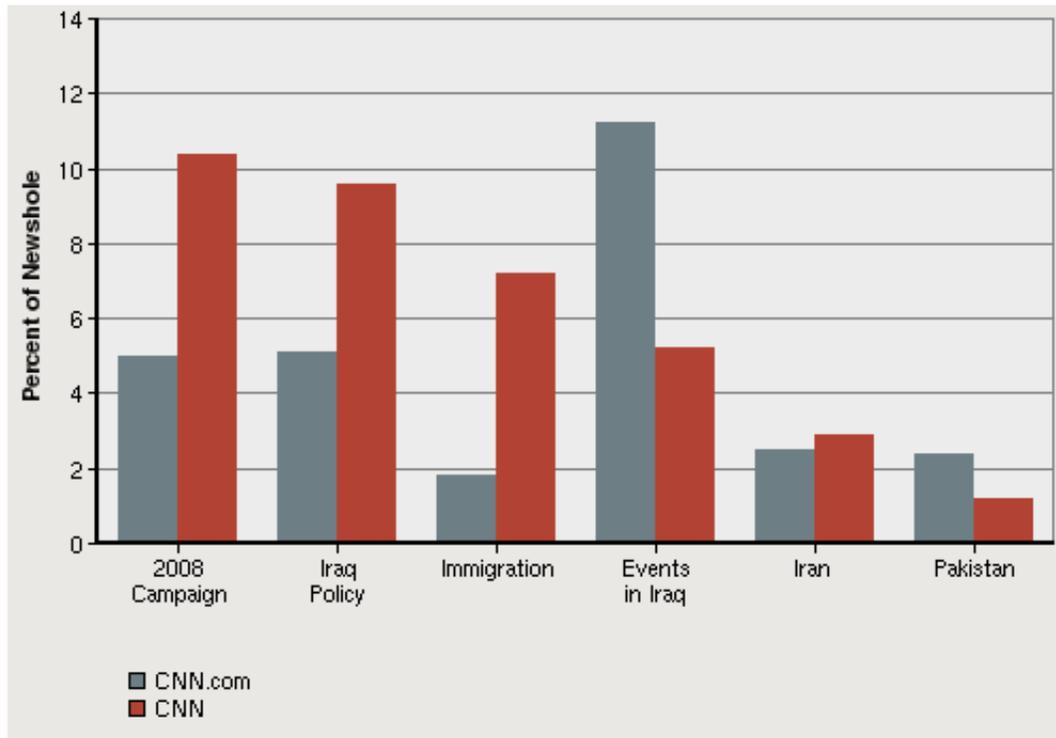
Source: PEJ, A Year in the News, 2007

Similar ratios exist in coverage of the policy debate about the war in Iraq. It was one of the most covered stories on both MSNBC.com (No.3) and the programming studied on MSNBC cable (No. 2). But the percent of newshole it garnered was much smaller on the Web site (6%) than the cable channel (16%).

The similar ranking but smaller percentages on the Web site suggest the slightly different role each outlet plays in daily journalism. The cable television news programs, especially ones like Hardball and Countdown, are more about pundit-driven analysis and discussion of one or two news events of the day. The Web site that at least in brand name is associated with the cable channel (they are separate companies produced on separate coasts) is a place more for event-driven coverage of breaking events. This also helps to explain why the reports of the war in Iraq, which were almost all event-driven stories, were the lead story on MSNBC.com at 12% and the policy debate about Iraq, which was the No. 2 story on the cable channel.

CNN and CNN.com have a closer relationship: they are at least the same company and are produced in the same city, although the television people are not directly responsible for the Web site. And here the contrasts between cable and the Web were not as sharp. For CNN.com, the presidential campaign was the No. 3 story of the year (5%) while it was the top story on the cable channel at 10%. Likewise, CNN.com focused more on the events in Iraq (the No. 1 story at 11%) while the cable channel focused more on the policy debate about potential planning for the war (No. 2 at 10%).

Top Stories of 2007: CNN.com and CNN



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The most striking difference between CNN and CNN.com's lead news coverage is in the emphasis on immigration. On the Web site, immigration was the No. 7 story of the year at 2%. However, on the cable channel, immigration was No. 3 at 7% of the airtime. Much of this difference can be explained by the presence of on the cable channel of Lou Dobbs, who devoted 22% of his airtime to immigration. It is clear that the focus Dobbs has on immigration on his cable show does not carry over to the editorial decisions made about the lead stories on the CNN.com Web site.

The focus of the Web sites in this study on international news is even more evident when comparing CNN.com and MSNBC.com to their cable counterparts. CNN.com (at 25%) and MSNBC.com (at 17%) devoted much more coverage to issues not involving the U.S. than did the corresponding cable channels, with CNN only devoting 6% of its airtime to non-U.S. stories and MSNBC giving even less with only 2%.

Footnotes

1. For each site studied, the Web sites were captured every weekday between 9 and 10 a.m. ET. The Project captured and coded the top five stories on each site, as those are the most prominent as determined at that time by the news service.

Audience

Audience

By the Project for Excellence in Journalism

As the number of people going online continues to grow, how people use the Internet is changing rapidly, as does what they access and how often they visit those sites.

Americans are going online more frequently, spending more time there and relying more on search and links rather than brand-name destinations to navigate the Web. They are also spending more time looking at content and less time e-mailing. Video is becoming more important. And while still a niche activity, mobile access is widely expected to grow, thanks to a revolution that may be led by the Apple i-Phone.

The Web is becoming a more integral part of people's lives. Eight in 10 Americans 17 and older now say the Internet is a critical source of information — up from 66% in 2006. According to the same survey, more Americans identified the Internet as a more important source of information than television (68%), radio (63%) and newspapers (63%).¹

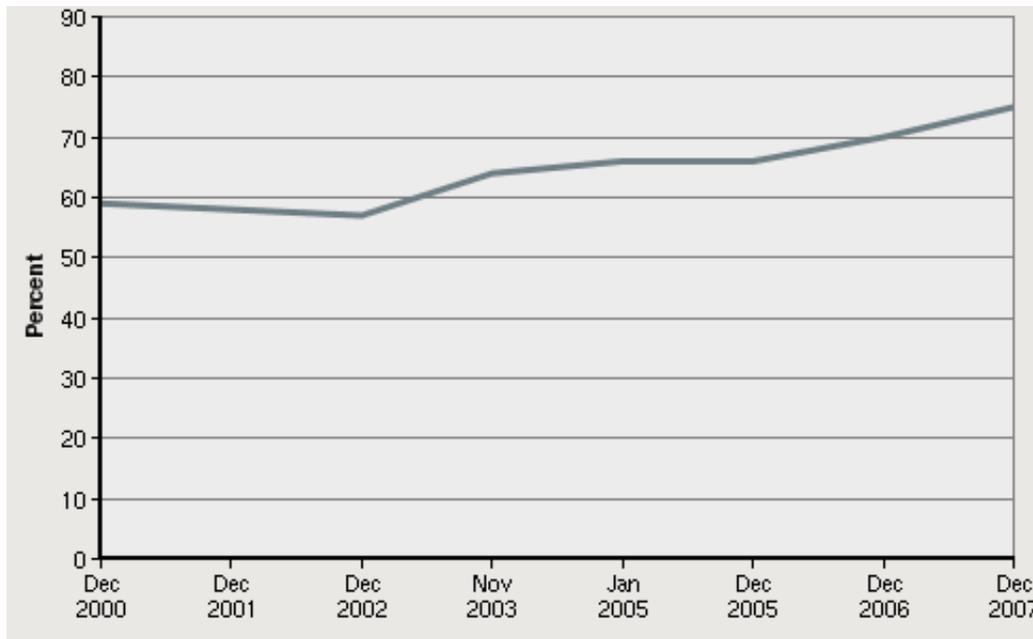
Another survey found that fully a third of Americans now say the Internet is the most essential medium (up from 2 in 10 in 2002), trailing television by only 3 percentage points.²

The Online Universe

In 2007, as the number of people going online grew, so did the frequency with which they went there, as well as how much time they spent.

Over all, 75% of adult Americans use the Internet, according to data from the Pew Internet & American Life Project gathered from October 24 to December 2, 2007. That number is up from the 70% during the same time in 2006.

Percent of Population Ever Going Online

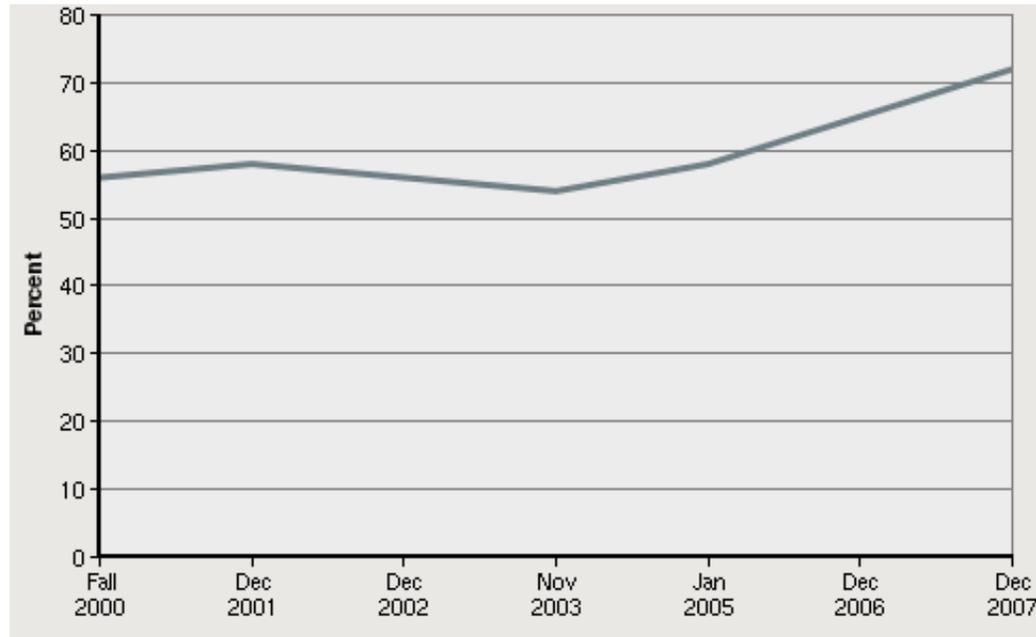


Design Your Own Chart

Source: Pew Internet & American Life Project, <http://pewinternet.org/>

When respondents are asked about more regular use – say, if they went online “yesterday” – there is even more growth. Fully 72% of Internet users said they had been online the day before, up from 65% in 2006, the survey found.

Percent of Population Going Online Yesterday



Design Your Own Chart

Source: Pew Internet & American Life Project, <http://pewinternet.org/>

Data from other sources seem to confirm the finding. According to the USC Annenberg Center for the Digital Future, Americans 17 and older said they spent 15.3 hours a week online in 2007, up by more than an hour per week over 2006. ³

In a November 2007 Harris Poll, Americans reported spending 11 hours per week online, up from nine the previous year, and eight hours in 2005. ⁴

Online News Viewing

How many of these Americans are going online specifically for news?

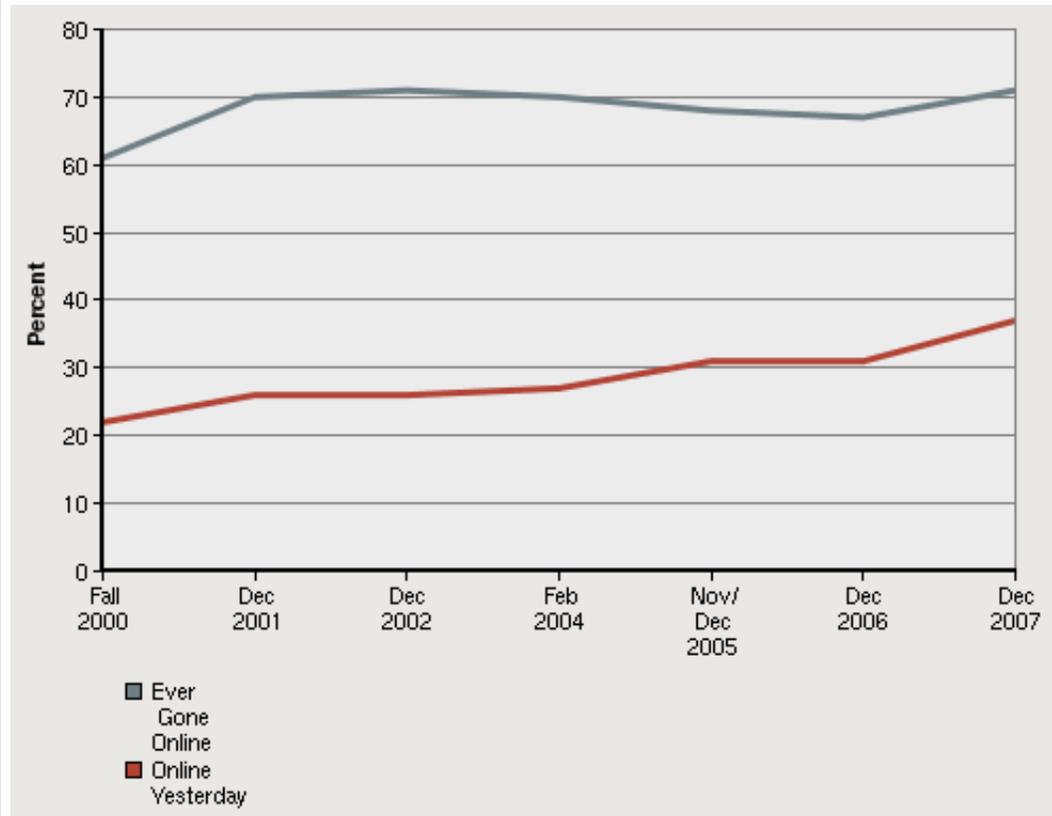
Nearly three-quarters of those who go online have used the medium at some point for news in 2007, a percentage that has not changed over the past five years, although the total the universe of online users has grown during this time.

But, as was the case for more general use, the number going online *regularly* for news is growing.

In late 2007, more than 7 in 10 Americans (71%) said they went online for news, the same number reported in 2002, according to the Pew Internet & American Life Project. But the number who reported going online more regularly has grown considerably. In the October to December survey, 37% went online yesterday for news, up from the 30% who did so at the same time in 2005 and the 26% who did so in 2002. This is the highest number recorded by the Pew Internet project.

Online News Consumption

Percent of Internet Users



Design Your Own Chart

Source: Pew Internet & American Life Project, <http://pewinternet.org/>

Online Video

One element of Internet growth is the use of videos, but how much it has grown is less certain.

According to a 2007 study from the Online Publishers Association, 44% of online video users say they watch them on at least a weekly basis — up from 24% a year ago. More frequent use is up as well, according to the study. Eight percent report watching video online daily, up from 5 percent a year ago.

A different study, from Horowitz Associates, a market research company, put that number even higher among high-speed Internet users. It found that 61% of them watched online video content at least once a week, up 36% from 2006. 5

Meanwhile, the Pew Internet & American Life Project's first major report on online video shows as of March 2007, 57% of online adults have used the Internet to watch or download video, and 19% do so on a typical day. For those with broadband connections at home or work, 74% report having watched video online. 6

Other research suggests more regular online video consumption could be quite a bit lower.

The Leichtman Research Group, which looked at the general population, found only 4% of all adults over 18 watch video online at home every day, and 14% watch once a week. In comparison, 93% of all adults spend at least an hour a day watching television. 7

Whatever the number, the bigger audience bodes well for video on news sites. News videos appear at the top of most-watched lists in several studies.

Research from the Pew Internet & American Life Project found that news was the most popular genre, surpassing comedy, movies and television, music and sports. Thirty-seven percent of adult Internet users report ever having watched online video news. Ten percent said they had done so yesterday. 8

Other research also finds news to be the most popular online video category. According to an Online Publishers Association study, 14% of video users said they watched online video news on a daily basis, up from 5 percent a year ago. A third study, from advertising.com, found that news was the leading category (62%), followed by movie trailers (38%) and music videos (36%). 9

At the same time, investors increasingly see the medium as a lucrative one. A Dow Jones survey found the amount of venture capital channeled into video-related startups was up 95% in 2007 over 2006, reaching \$682 million. 10

Who is most likely to watch online news video? Everyone, with the exception of young adults, according to survey research from the Pew Internet & American Life Project in February and March of 2007.

These younger Americans, the 18-to-29-year-old group, preferred comedy (56% vs. the 43% who said they had watched news). But even comedy may qualify as news to some. "Much of the content viewed by young adults, such as clips from The Daily Show or The Colbert Report, blurs the line between news and comedy," the Pew report argued, referring to two cable television programs on the Comedy Central channel. 11

The rise of video viewing brings a significant shift to the possibilities and appeals of the Web, which for many years had remained largely text-based. The newspaper industry, which used the text-based structure to its advantage online, appears to have understood this shift to a more video-based platform. With greater competition online from other news that is video-based, the industry is grappling with what balance to strike, at the same time trying to find the resources and time to train staff in video story-telling (see [Newspaper Chapter](#)).

How is video consumption online affecting television viewing? For now, there are conflicting data.

One study found that 32% of frequent YouTube viewers said their time spent watching television is most likely to have taken a hit, and 36% said their YouTube viewing comes at the expense of visiting other Web sites. 12 Yet research from

advertising.com came to a different conclusion: 80% of Americans said online video usage does not cut into their television viewing. 13

The Changing Way Online Information is Accessed

The most important change in the Internet in 2007 may not be in the size of the audience per se but the growing recognition of how people are using the medium.

And that may start with the way people arrive at Web sites.

For years, much of the strategy behind major Web sites connected to larger companies, particularly in news, was to lure users to a home page or section front and try to keep them there. The New York Times site, for instance, features its own content, as most other news sites do. Some people have likened it to entering a walled garden.

Even aggregator sites like America Online tried to create a good deal of proprietary content to persuade users to choose it as their Internet provider.

For many, particularly Web sites engaged in producing news, the walled garden connected to long-held and cherished professional principles. Visitors were being directed to content the site could vouch for, usually already vetted. This was core to the concept of brand — the reason for coming: If it's here, you can bank on it.

The focus was on collecting eyeballs, and any link that sent readers offsite was frowned upon. “A link that went to a competitor’s site was almost treasonous,” as Mark Glaser, the author of MediaShift, a PBS weblog that tracks the Internet, put it. 14

But early in online development, a different philosophy emerged. Aggregators such as Yahoo, and later Google, did not produce news but helped users navigate work produced by others. Blogging represented something of a hybrid, a place where individuals offered comments but also passed along news stories and linked visitors to other blogs — news and opinion as a social dialogue. The same was true of social networking sites and viral marketing.

In 2005, Dave Winer, a pioneer blogger who ushered in the development of Really Simple Syndication, or RSS, feeds (explained below), began to see the value of having news sites mimic, at least somewhat, the gateway model.

“Imagine putting your best news, with links to pages with your ads on it, in the right column of a River of News style aggregator with all your competitors’ news on it (and weblogs, of course, thank you),” he said. “Now the readers no longer need to go to your competitors’ home pages. You’ve just given them an incentive to come to *you* to get news from *them*.”

The kind of change Winer was talking about was bold, and most news Web sites stuck to what they knew. Even as late as 2007, PEJ found sites largely keeping users inside their own content. 15

But we may look back at 2007 as the year that consumers could act more directly on their preferences, rather than being led to them.

In 2004, most users came to a Web site through its home page, Advertising Age reported in April 2007. ¹⁶ While the magazine offered no hard data for that, it did have some numbers for how things worked now. By 2007, only 43% arrived at Web sites via their front pages, the magazine reported. Instead, nearly 57% report first making contact with a Web site by clicking to a page buried deep inside.

At some sites, the numbers may be higher. The editor of one of the country's largest newspaper sites told us in a background briefing that fully two-thirds of the traffic to his paper's site now comes not through the home page but, in effect, through the side door, through aggregators, blog links and other means.

When the New York Times announced in September 2007 it would no longer charge readers for online access to its opinion columnists, an article in the newspaper explained as follows:

“What changed, the Times said, was that many more readers started coming to the site from search engines and links on other sites instead of coming directly to NYtimes.com. These indirect readers, unable to gain access to articles behind the pay wall and less likely to pay subscription fees than the more loyal direct users, were seen as opportunities for more page views and increased advertising revenue.” ¹⁷

This is a major reason, in turn, that Rupert Murdoch considered for a time eliminating the paid content requirement for the Wall Street Journal online. The paper was thought to be losing more in potential advertising revenue from higher traffic than it was gaining from subscriptions, but Murdoch said in January 2008 that the paper would continue to charge readers for access to much of its Web site. Murdoch, who took control of the paper a month earlier, finally decided to keep the it behind the paid wall, at least for now, company officials said. ¹⁸

This recognition is changing the way sites are being designed, including in news. “The walled garden is over,” the editor of one of the country's most popular Web sites privately told us this fall.

Indeed, a PEJ analysis in December 2007 found some local sites, such as the online version of the Cleveland Plain Dealer and several others owned by the Advance/Newhouse Group, one of the top five newspaper companies by daily circulation, were now linking to outside content. But this is not new only for smaller newspapers. The Los Angeles Times, the fourth largest newspaper in the country, announced in February of 2008 that it had added the ability to place hyperlinks in its news stories. ¹⁹

Some leading media sites have gone a step farther, taking much of the work out of updating outside links by using “disaggregation.” CBS.com and Washingtonpost.com, for instance, now embed coding, called widgets, into their pages, that bring in live content – advertising, links or images — from third-party sites without the need for constant monitoring.

Aggregators like Sphere, Technorati and Newsgator also help news sites keep up with the wave of online content that could be helpful links for readers. Technorati, the leader, for instance, tracks 112.8 million blogs and over 250 million pieces of tagged social media.

Once Again, Content is King

This horizontal nature of Web traffic — people moving among sites, hunting and gathering as they please — may also

be linked to another growing recognition about how people use the Web.

There was new evidence in 2007 that more Americans were spending time online with content rather than with communication tools, like email.

According to a study by the Online Publishers Association, nearly half (47%) of all time on the Web was devoted to content, up from 34% in 2003. The study also found a significant decrease in time devoted to communication, falling from 46% in 2003 to 33% in 2007.

The study's authors attributed the trend toward content-driven viewing to four factors that open Web doors wider or save users time:

- Wider availability of the Internet, thanks to higher broadband penetration rates
- The increase in online video viewing
- Improvements in search engine technology that allow users to “more easily and quickly find the exact content they are looking for”
- More Web content being produced

How Internet Users are Spending Time Online 2003 vs. 2007

	Share of Time Online 2003	Share of Time Online 2007	Share of Time Online Change 2003-2007
Content	34%	47%	+37%
Search	3%	5%	+35%
Commerce	16%	15%	-5%
Communications	46%	33%	-28%
Total	100%	100%	—

Source: Online Publishers Association

What is not clear is whether the extra revenue that could result from consumers spending more time online with content — and news in particular — will be enough to offset sluggish ad revenue growth on older media platforms, such as television and newspapers. The data now suggest that ad spending on the Internet, including news, is growing. However, both growth rates are slowing. (See Economics Section and Advertising Chapter.)

In this horserace between content and communication, e-mail is still the single most popular activity online. According to data from the Pew Internet & American Life Project conducted in late 2007, 60% of Internet users said they sent and received e-mail, compared to the 37% who received news or the 19% who watched any kind of video. 20

And according to Lee Rainie, director of the Pew Internet project, people are also communicating on social network sites like MySpace and Facebook, activity that is not captured by research organizations.

News Over the Phone

If the Web is becoming a more horizontal activity, and content is more of a draw, how much of it is moving to cell phones?

In 2007, the evidence suggests online access through mobile phones was still a niche activity. The debut of Apple's iPhone in June of 2007 may begin to change that. In February 2008, the company projected sales of 10 million iPhones by the end of the year. ²¹ In addition, other technology companies such as Google are developing software and other technology to make it easier to use the Internet over the phone.

These companies, though, have a long way to go. As of March 2007, the latest period for which data are available, more than 60% of U.S. broadband users owned an Internet-enabled mobile device, but just 5% reported using the Internet there, according to research conducted by Media-Screen, a research firm. ²²

And another study, conducted in July 2007 by Avenue A|Razorfish, a Web design firm that develops applications and layouts, suggests usage of the Internet through cell phones is higher, with 36% using them to check weather, news or sports headlines. Still, 64% said they had never used their phones to do so. Moreover, 76% had not viewed video on their phones. ²³

For those people who do use their phones online, what news sites do they tend to visit? Data from January of 2007, six months before the release of the iPhone, found it is a mix of traditional news, pure play and sports sites.

For now, the heaviest consumers of mobile video appear to be men and young people, according to research conducted by comScore, a leading online measurement firm. More frequent use over all should rise when and if other demographic groups become more regular users.

"While the use of mobile TV is a growing trend among mobile phone users, its current devotees appear to be the early adopters of new technologies," said Serge Matta, senior vice president of comScore Telecom Solutions. "As is the case with the majority of technology lifecycles, early adopters include many younger and male consumers. Once the early adopters have had a chance to fully engage with the technology and share their experiences with colleagues, mobile TV is substantially more likely to reach a critical rise in the marketplace." ²⁴

Podcasting

As with using cell phones to access the Internet, podcasting is popular with only a certain few heading into 2008.

The number of Americans who own MP3 players, such as Apple's iPod, continued to rise. Nearly a third of Americans (30%) over the age of 12 owned an iPod or other MP3 player in 2007, an increase of 8 percentage points over the previous year. ²⁵

And there is no shortage of podcasts ready to stream over those phones. According to PodNova, an Internet site to

place to find podcasts and videoblogs, there were 90,000 online in 2007.

But only 13% of Americans over 12, or 32 million, have ever listened to podcasts, according to Arbitron. 26 And just 1% downloaded a podcast on a typical day, said James Belcher, a senior analyst with eMarketer. 27

That does not appear to have affected the inventory for news podcasts.

According to Podcast Alley, an organization that tracks podcast content and trends, there were 36,018 podcasts as of October 2007. Of those, 984 focused on news and politics. And of the top-10 podcasts that Podcast Alley tracked in October, half were on news and politics. (See Radio Chapter.)

Online Audience Metrics: The Web's Biggest Challenge?

All the changes in online audience viewing habits have made a tough job even tougher – measuring. And, because audience is so closely tied to ad dollars, the perennial lack of a standard method to count viewers is a source of ever-growing frustration, particularly among marketers.

Over the past several years, the big names that once dominated the online metrics industry – notably, comScore and Nielsen//Net Ratings — have been joined by dozens of others, including Google. These new entries into the market offer very different ways to assess online usage that often yield very different traffic figures, even for the same site. In short, there are no standard measurement data for advertisers as there are, for example, for network television.

For some advertisers, the uncertainty of gauging Web traffic may be behind a slowdown in the growth rate of online advertising — from 36% in 2006 to 26% in 2007. When it comes to accurately measuring traffic, the stakes for Web site operators and advertisers are high. Except for a bumpy ride when the dot-com bubble burst in 2000, spending on online advertising has grown robustly each year. And even with a slowdown, the Web generated more than \$15 billion in the first nine months alone of 2007, according to the most recent data released by the Interactive Advertising Bureau, a trade association that helps media companies increase their ad revenues. (See Economics Section.)

“You’re hearing measurement as one of the reasons that buyers are not moving even more money online,” said Wenda Harris Millard, president for media at Martha Stewart Living Omnimedia.

Living Omnimedia and formerly chief sales officer at Yahoo. “It’s hugely frustrating. It’s one of the barriers preventing us from really moving forward.” 28

A number of experts believe strong revenue growth will continue only if there is widespread agreement on the accuracy of online traffic measurements.

In its infancy, the Web appealed to many advertisers who presumed that audiences left a measurable footprint when they clicked on an ad. Unlike older media platforms — radio, television and newspapers — advertisers would no longer have to play a guessing game to determine the number of people who saw a particular ad.

Advertisers were attracted to those sites that generated the most traffic, so unique visitors and page views became the vital statistics for media companies and advertisers (unique visitors are the number of people who go to a Web site, and

page views are the number of pages seen by visitors). Nielsen Net//Ratings, along with comScore, ruled the scene, allowing marketers to make key business decisions based on the volume of traffic.

But even as advertisers poured money into the Web, some expressed dissatisfaction with how traffic was being measured. And recently these concerns have grown louder.

In April 2007, Randall Rothenberg, president and CEO of the Interactive Advertising Bureau, published an open letter requesting an audit of how comScore and Nielsen//Net Ratings gauged Web traffic.

“We simply cannot let the Internet, the most accountable medium ever invented, fall into the same bad customs that have hindered older media and angered advertisers for decades,” Rothenberg wrote.

Some also wondered whether there were more valuable data — such as how much time a user spends on a site — than visitors or page views. 29

These questions have become particularly relevant with the rise of online video consumption. When someone views a video online, as compared to text, there may be a drop in their number of page views but the person’s amount of overall time spent online could increase.

The picture gets even murkier with the increasing popularity of Ajax, a Web technology that updates data automatically without a user having to refresh the page. For example, on Yahoo’s Finance site, stock prices continuously change as their value changes in real time on Wall Street. Because pages using Ajax programming are not continually refreshed, page views decline, failing to take into account the fact that users are spending more time on the site.

For advertisers, these changes create a different, perhaps even more valuable, opportunity to reach consumers because they are engaged with a particular Web site for a longer period of time.

In a move that reflects the continuing evolution of the online metrics industry, Nielsen//Net Ratings announced in the summer of 2007 that it would change the method by which it ranked top Web sites. Now, rather than counting visitors, Nielsen will calculate how much time the average visitor spends on a site.

“The page view was exposed as a flawed metric over the last year and Nielsen clearly listened to customers and tried to get out ahead of things with this new metric,” said Jeff Lanctot, a senior vice president at Avenue A|Razorfish.

Others, however, say this change is only a preliminary move toward establishing a better tracking system. According to Robert Niles, editor of the Online Journalism Review, Nielsen’s announcement is “just a toddler’s step toward the larger goal of cleaning up the mess that is online audience metrics.”

Nielsen and comScore no longer have the playing field to themselves. Criticism of these companies, which employ panel-based methodologies, intensifies. Some critics contend that the panels lack representation from college students, Hispanics and other demographic groups. 30

An increasing number of smaller services that track online metrics have emerged recently, although it is difficult to keep count. Among the best known of these services, which generally rely on radically different sampling methodologies, are

Alexa, Quantcast and Hitwise.

Hitwise seems to have emerged from this new crop as a significant new force in the industry. Its data are regularly cited in publications such as Broadcasting & Cable, Wired and Forbes.

Hitwise, founded in Australia in 1997 and introduced in the U.S. in 2003, collects its data differently than comScore and Nielsen, which rely on panels of users for their data. They assemble these users by installing software on the participants' computers to record online behavior. Hitwise, in contrast, collects anonymous data sent directly from Internet Service Providers such as Verizon, Comcast and AOL. Over all, 25 million online users are included in the sample, although some critics contend it is biased toward home users and misses those who surf the Web at work.

Hitwise's general manager for global research, Bill Tancer, argues that data based on this larger sample size enable his clients to study their customers' Web behavior on a "granular level." In addition to the number of visits to a Web site, clients can see precisely their share of the online market and even the sex and age breakdown of their users.

For Bareness.com, an online retailer of women's intimate apparel, the number of monthly unique visitors to its Web page are not the only data it needs. Bareness.com uses Hitwise to keep track of how its smaller rivals, not traditionally tracked by the leading measurement companies, are performing online, according to Dan Sackrowitz, vice president for marketing and business development at the company.

Will the online metrics industry mimic the VCR market in the 1970s and 1980s — one clear winner (VHS) and one clear loser (Beta)? For now, it does not appear that will be the case. The rise of these smaller and newer companies that aspire to shake up the world of Web metrics may be a welcome development for advertisers and businesses long searching for more than one option, but several metrics could all continue to thrive and compete, offering a more complete picture.

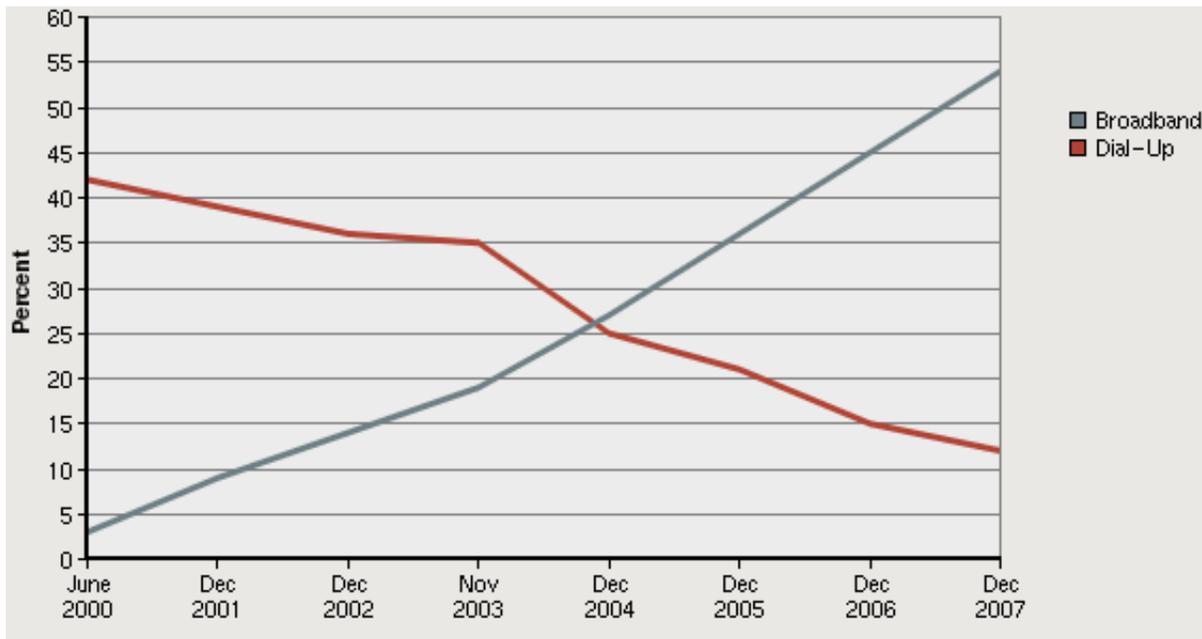
"Web publishing is complex and fast changing," said Katie King, lead digital strategist at Marsteller Interactive's office in Washington, D.C. "The most successful players are always tracking new ways to analyze what they do. Even though it is challenging for all of us to keep up with the pace of change, I believe having lots of tracking tools is an advantage, and gives me a richer source of information."

High-Speed Internet

In September 2007, the number of Americans going online through a high-speed connection reached a majority of users for the first time. By December, the Pew Internet project found that 54% of all online adults had a high-speed connection at home, up from 45% the same month in 2006. 31

Home Broadband and Dial-Up Penetration

Percent of Internet users



Design Your Own Chart

Source: Pew Internet & American Life Project, <http://pewinternet.org/>

Other data also suggest that access to high-speed Internet connections is growing robustly in the United States.

According to the data published by the Federal Communications Commission (FCC), the number of high-speed connections in 2006 increased 61%. By December 2006, there were 82.5 million high-speed lines, an increase of 31.3 million from the same time in 2005. In 2005, the number grew 37%.

Since 2000, the number of high-speed lines has increased 1,122%, according to FCC data.

A substantial majority of high-speed lines, or broadband, are hooked up either through a cable modem or digital subscriber line (DSL), which transmits over telephone wires. According to the FCC, nearly 70% of all high-speed lines fall into one of these two categories.³² Other studies suggest their share may even be higher.

What accounts for their recent growth?

“The most significant factor here is the aggressive push by phone companies to offer affordable DSL plans that competed with cable company offerings,” Lee Rainie, the director of the Pew Internet & American Life Project, told us. “This prompted some cable operators to drop prices, too. Both sides ramped up their marketing dramatically. Another factor at work was that more and more people were drawn to the greater amount of content and activities they could do online.”

Broadband users view more Web pages, including news pages and online video clips, than those who connect to the Internet on a dial-up connection, research from Pew Internet shows. Broadband access provides more opportunities for telecommuting, long-distance education and online health care services not readily available in rural areas, for instance. In response, there has been growing pressure for a more aggressive public policy to expand broadband lines.

To support their push for a more active government role, advocates point to international data showing the United States trailing other industrialized countries in the total number of high-speed lines. According to June 2007 data from the Organization for Economic Co-Operation and Development, the U.S. currently is ranked 15th in the number of high-speed subscribers per 100 inhabitants. 33

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Economics

Economics

By the Project for Excellence in Journalism

The economics of the Internet are still new and still being sorted out, but for now and the foreseeable future the news industry is still betting on advertising revenue as its basis.

In 2007, online ad revenue continued to grow, but for the first time fell short of analyst expectations. And growth rates over the next several years are now expected to slow even more. Moreover, news is lagging other online categories in growth.

Despite all this, given even greater slowdowns in other platforms, at least one major research firm predicts that by 2011 the Internet will trail only newspapers and broadcast television in total revenue. What is less clear is how much news will be a part of that.

And all this may change if new forms of advertising or revenue grow, or if the portable technology of video, podcasting and cell phones, now relatively small revenue enhancers, increase beyond anyone’s expectations.

Growth in 2007

Ad spending online is still growing, but not as quickly as in recent years.

Through the first nine months of 2007, online ad revenue grew by 26% to \$15.2 billion, according to Interactive Advertising Bureau. But that number was down from a 36% growth rate through the same period a year earlier.

Depending on the source, growth predictions for the full year 2007 vary. JMP Securities projected 26%, while Borrell Associates put the figure at a low of 10%. ¹

But whatever their differences in accounting and projections, most analysts agree that growth is slowing and they offer a number of reasons why.

First, the industry has not yet agreed upon an audience measurement, a source of complaints from online media and advertisers. As online measurement firms experiment with the most effective way to count online viewers, advertisers can only guess how many consumers are seeing their ads. (See Audience section and Advertising chapter).

A weakening U.S. economy could also be slowing the online ad market. Real gross domestic product was expected to grow just 2.2% in 2007 and 0.8% in 2008. 2

Some experts also contend that advertisers need to make their Web strategies a higher priority and bring digital out of the back room. According to a survey conducted by the Association of National Advertisers, the Interactive Advertising Bureau and Booz Allen Hamilton, only 24% of marketers believe their organizations are “digitally savvy.” 3

But most marketers realize that online is now critical to their broader ad campaign strategies. According to the Interactive Advertising Bureau’s president, Randall Rothenberg, “Marketers large and small have come to accept digital media as the fulcrum of any marketing strategy.” 4

Looking Ahead

Despite the slowdown in growth, as ad strategies become more and more directed toward the Web, most analysts see the Web’s piece of the pie growing.

By 2011, Veronis Suhler Stevenson predicts that online advertising will reach \$35 billion, a compound annual rate of growth of 18% between 2006 and 2011. That projection trails only newspapers (\$60 billion) and broadcast television (\$53 billion). 5

Advertising Spending
2007-2011, Spending in Millions (\$)

	2007	2008	2009	2010	2011
Newspapers	56,200	57,192	58,120	59,260	60,367
Broadcast Television	48,150	52,263	51,198	54,437	53,454
Cable & Satellite TV	23,452	25,925	27,830	30,545	32,492
Broadcast & Satellite Radio	20,725	21,386	21,733	22,604	23,143
Yellow Pages	15,914	16,173	16,481	16,836	17,233
Pure-Play Internet	19,093	23,106	27,462	31,246	34,780
Consumer Magazines	13,996	14,581	15,192	15,823	16,465
Business-to-Business Magazines	11,489	12,103	12,845	13,714	14,717
Out-of-Home	7,931	8,943	10,103	11,441	12,986
Entertainment Media	691	1,006	1,314	1,720	2,343
Pure-Play Mobile	810	1,259	1,755	2,235	2,707
Total	218,451	233,937	244,033	259,861	270,687

Source: "Communications Industry Forecast 2007-2011," Veronis Suhler Stevenson

The market research firm offered two main reasons for the shift in priorities in years ahead.

First, it considers online ad rates a bargain relative to television and print, which will help it grow.

Second, the capability that online offers advertisers to both track and target audiences will be even more appealing once the industry refines its methods of measuring.

If the projections are correct, they carry one other implication. While online advertising may be slowing, it is still growing at a brisk pace, while the competition, newspapers and television, are expected to be basically flat.

Ad Dollars and the News

As the Web becomes a stronger advertising tool, news sites are not expected to grow as much. In 2006, the rate of growth for ad spending on news sites already had not kept pace with other leading categories.

Data from TNS Media Intelligence, based only on display advertising and excluding search and video, show that in 2006, ad revenue for news and current events sites grew by just 9% from the year before, to \$767 million. And that rate of growth is down from 12% in 2005. 6

Over all, news is the third-largest category of online advertising, behind portals and search engines, as well as business/finance/investing sites.

In 2006, portals and search engines such as MSN, Yahoo and AOL took in \$1.3 billion, an increase of 13%. Business sites took in display ad revenue of \$901 million, up 26% from 2005.

Top 25 Web Site Categories by Ad Revenue, 2006

Dollars, in Millions

Rank	Type of Site	U.S. Ad Spending	% Change
1	Portals, search engines & ISPs	\$1,277.9	13.1
2	Business, finance, investing	900.5	25.5
3	News & current events	766.8	9.1
4	Sports	715.4	31
5	Local news & guides	689	48.3
6	General interest/general entertainment	644.1	16.1
7	Computing & technology	523.8	62.6
8	Movies, videos, TV & cable	374	1.6
9	TV stations	340.9	21.2
10	Portals & search engines	318.6	5

11	Games	315	5.4
12	Health & fitness	282	-22.8
13	Travel	260.1	15.2
14	Internet service providers	229.7	3.2
15	Automotive	206.8	15.5
16	Cards & screen savers	199	16.3
17	Common cultures/communities	138.1	35.9
18	Music, broadcast & radio	134.4	-9.9
19	Real estate	116.4	11.3
20	Shopping	109.2	34.1
21	Special interests/hobbies	109.1	25
22	Food	107.7	31.1
23	Meeting places	85.1	21.5
24	Hispanic	81.3	64.1
25	Education & reference	75	27.9
	Total	9,769.8	17.5

Source: Data from TNS Media Intelligence on more than 2,800 sites.

Note: Dollars are in millions for calendar 2006 and represent only display advertising; excludes search and broadband video. Percent change computed vs. 2005 data, not shown. No 1 is multi-service such as MSN, Yahoo and AOL and No. 10 is just portals and search engines such as Ask and About. Categories are from TNS.

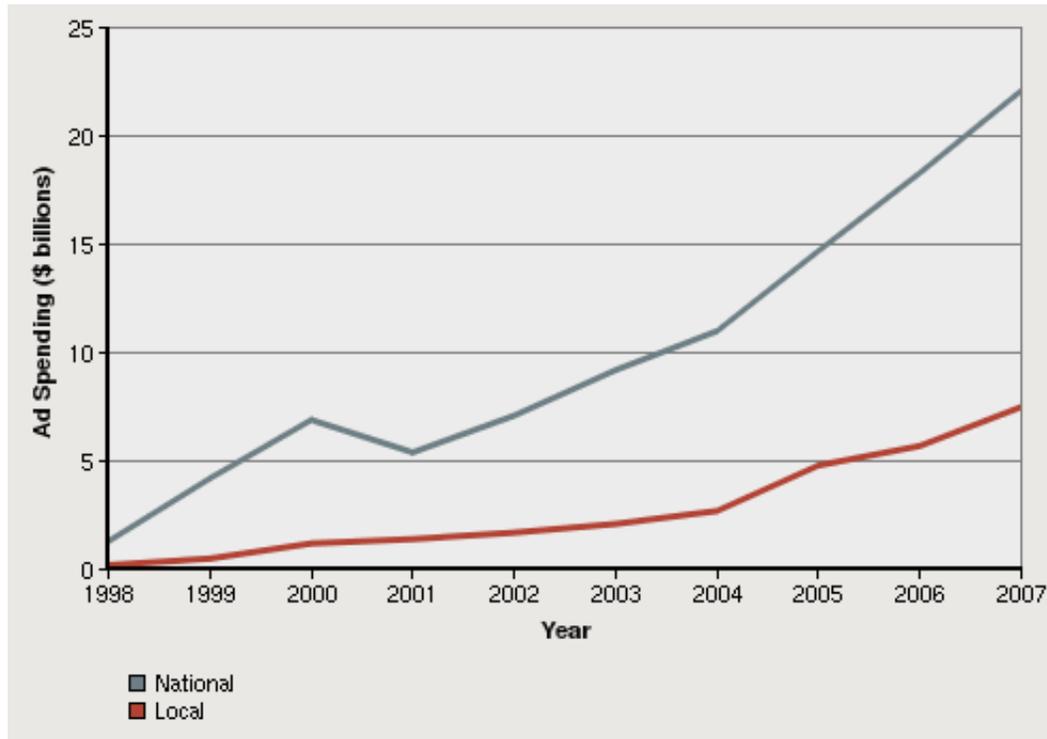
Local vs. National Advertising

Another way of parsing Web ads is by their geographic focus — those aimed at a national audience and those targeting a more local one. As far back as 1998, national ads have accounted for a much greater portion of ad spending. While this continues to be the case heading into 2008, local ads are gaining ground.

According to Borrell Research, local ads are projected to increase 32% in 2007, to \$7.5 billion, from \$5.7 billion in 2006. ¹²

National ads, on the other hand, are expected to grow 20%, though overall spending is still nearly three times that of local ads.

Local and National Online Ad Spending, 1998-2007



Design Your Own Chart

Source: Borrell Research, "What Local Media Web Sites Earn: 2007 Survey"

Newspapers (36%) continue to dominate the local market but "pure-play" Internet companies, such as Google, Yahoo and Monster, are closing the gap (33%). Following are YellowPages (12%), other print (such as local magazines, with 9%), television stations (8%) and radio stations (2%). 13

In response to strong growth in local online advertising, Web sites also are beefing up their sales forces. The number of local online-only salespeople increased 26% in 2006, with budget figures for 2007 showing an additional 35% increase. 14

Video Advertising

Online video advertising was expected to grow exponentially in 2007, though in sheer dollars is still a very small number.

eMarketer projected that advertising on online video will grow 89% in 2007, to reach \$775 million. But even with that growth, it will account for just 4% of total online ad spending. By 2011, the market is expected to multiply by more than five, to \$4.3 billion, but still less than 10% of all Internet expenditures, eMarketer projects. 15

That \$775 million does not include the videos that marketers are creating and posting on their own sites. A February 2007 Advertising Age article listed some examples, including “Unilever creating mobisodes for Dove Calming Nights”; “General Motors launching mini-documentaries as part of its MyCadillacStory.com”; and the ambitious Bud.tv project out of Anheuser-Busch, essentially the brewery company’s own Web entertainment network targeting 21- to 27-year-olds. (A mobisode is a brief episode meant to be seen on a cell phone.) (See Advertising Chapter.)

As Suzanne Johnson, a senior product marketing manager at Akamai, a company that has Apple, Audi and IBM as Web clients, put it, “We have to question what’s coming to be the ultimate ad format. Is it going to be a paid sponsorship? Marketers are also investing a lot on their own.” 16

The industry seems unsure, even divided, over the potential of video ads online. Some marketers have found reason to doubt consumers are drawn to ads on online videos. A study conducted by Forrester Research in late 2006 found that 75% of Web video users ignore ads placed either before or after video clips. 16

Others have found just the opposite. Research from DoubleClick conducted in 2006 found that video ads generated around three times as many clicks as image ads did. 17

Another question is whether the classic 30-second format that works on traditional television will succeed online. In a summer 2007 Advertising.com survey of 500 consumers, 63% said online video ads should be shorter than television ads. 18 And it is not just consumers who lean toward brevity. Another 2007 survey by Advertising.com, this one of publishers of a range of Web sites, found that 93% preferred 15-second ads, compared to 70% who favored the traditional 30-second format. 19

Advertising.com also asked publishers which format they most prefer. Most seem to be moving toward in-banner ads, or ads that run within a banner, or pre-roll ads, which run before content begins playing. Ads that run at the end of the video, or post-roll ads, have become much less popular, the survey found, presumably because most viewers have clicked off by then.

Big, Bigger, Biggest

In the early days of the Internet, some writers such as George Gilder pictured an inherently democratic utopia where virtually anyone with a modem and computer could compete with the richest media companies.

But when it comes to advertising, the Web’s biggest recipients are big media companies, according to data from IAB/Pricewaterhouse Coopers. In 2006, the top four sites — Google, Yahoo, AOL and MSN — accounted for 85% of all online ad dollars, as measured in gross dollars (“gross” is the amount before reductions, deductions and taxes). 20 In net dollars, or the amount after adjustments, the share of total dollars fell to 57% for the top four sites. 21

Who receives the rest? The data suggest a large part filters down to other large corporate media sites, such as Disney Internet Group, Fox Interactive and New York Times Digital.

Altogether, the top-10 sites received 99% of all gross dollars and 70% of all net dollars.

Podcasting Advertising

As the science of audience measurement evolves, podcasting ads will continue to generate only a very small piece of the ad revenue pie, even over the next five years.

According to eMarketer, advertising on podcasts will grow to \$400 million in 2011, up from \$165 million in 2007 and the \$240 million expected in 2008. 22

“I definitely see growth in podcasts because they’re free and targeted,” says Chad Stoller, executive director of emerging platforms at Organic, which is part of the Omnicom Group.’ “But it’s still going to get lumped into that experimental media category until measurement improves and audiences grow.” 23 (See Radio Chapter.)

Advertising on the Cell Phone

What about cell phones? For now, the number of Americans using their cell phones to keep up with news remains small (see Audience Section.) The same is true for advertising on mobile phones.

Data from eMarketer suggest that advertisers would spend \$878 million on mobile phones in 2007, more than twice what it was in 2006 (\$410 million). Although significant, \$878 million still would represent just a very small percentage of total online spending.

Spending is expected to jump to \$1.5 billion in 2008, \$2.3 billion in 2009, and \$3.2 billion in 2010. 24

Business Model

What could a slowdown in online advertising revenue mean for the industry?

Revenue from media companies’ digital operations are still just a fraction of total gross revenues. According to Borrell Associates, newspaper online revenues account for roughly 3% to 8% of total dollars, and television and radio sites bring in even less, from 1.5% to 3.5% on average. 25

Over the past five years, as the dust settled from the dot-com bust of 2000, major newspaper companies saw online advertising grow sharply. The five-year compound annual growth rate at 13 major newspaper companies during this time was 35%, according to Borrell Associates. But in the first quarter of 2007, growth rates fell to 18%. 26

This is also true at Web companies with no links to old media, such as AOL, which experienced a major slowdown in ad revenue in the third quarter of 2007, growing just 13%, compared to 46% the same quarter a year before. 27

The question that many continue to dodge: What will media companies do when it becomes apparent that online revenues will not compensate for sluggish growth on older platforms?

News organizations are considering or initiating a variety of solutions, including consolidating staff and experimenting with access to online content.

“We have to find ways to grow revenue or become more efficient by eliminating fixed costs,” said Joseph Lodovic,

president of MediaNews Group. “Why does every newspaper need copy editors? In this day and age, I think copy-editing can be done centrally for several newspapers.”

The New York Times reported in late September 2007 that it was dropping its Times Select subscription program, which allowed access to Times columnists and other features but not the newspaper’s basic menu of news, even after it generated \$10 million a year in revenue. “[O]ur projections for growth on that paid subscriber base were low, compared to the growth of online advertising,” said Vivian Schiller, senior vice president and general manager of the site, NYTimes.com. 28

On the other hand, after studying proposals that the Wall Street Journal drop subscriptions to the paper’s Web site, its owner, the News Corp., decided to continue charging, at least for now.

In 2007, The Journal charged about four times what the New York Times does for each ad shown on its Web page. If the Journal moved to a free model, critics contended, it could not command the same premium because advertisers would lose access to the highly educated, high-income business professionals who can afford the \$100 annual subscription fee.

As of December 2007, another successful business news Web site, that of the Financial Times, offers its readers four options.

Unregistered users can read only five news articles in 30 days. Registered users can read 30 articles a month and receive news by e-mail. At the third level, those who pay an annual fee of \$109 have unlimited access to news and commentary. And last, for \$299 a year, premium subscribers have news and financial data delivered to their cell phones or PDAs.

“To get caught between all this ‘free’ or ‘paid’ is too simplistic,” said Ien Cheng, publisher of FT.com. “We see this as a third way.” 29

But the Financial Times’ hybrid strategy — mixing both subscription and ads — clearly appears to be an exception to a broader trend. Most media companies, old and new, are shifting to a pure ad-based model on the Web.

MediaNews, a chain of 57 newspapers, now sees 7 percent of its sales come from online ads. Its CEO, Dean Singleton, says he wants to see that figure at 20% in five years. And at AOL, all signs point to an even greater reliance on online advertising, despite its setbacks in 2007. (See Ownership Section.)

“The business model for advertising revenue, vs. subscriber revenue, is so much more attractive,” said Colby Atwood, president of Borrell Associates. “The hybrid model has some potential, but in the long run, the advertising side will dominate.” 30

The Top 25 Online Advertisers

Data from TNS Media Intelligence showed that spending by the top 25 U.S. Internet companies on display advertising, the second most popular format after search, increased 18% in 2006 compared to the year before. 31

But eight companies on that list actually slowed down their spending, according to TNS. Those included overall leader Vonage Holding as well as 19th-place Time Warner, which decreased spending by 46%.

The 17 remaining companies – including second-place AT&T and Walt Disney Co., coming in fourth – increased spending over 2005, with a total growth rate of 86%.

Top 25 U.S. Internet Advertisers, 2006
Dollars, in millions

Rank	Type of Site	U.S. Ad Spending	% Change
1	Vonage Holdings Corp.	\$185.7	-32.7
2	AT&T	166.9	196.9
3	Dell	137.8	-13.3
4	Walt Disney Co.	133.2	46.7
5	General Motors Corp.	129.7	16
6	Experian Group	128.3	-29.5
7	Verizon Communication	123.6	-14.2
8	Apollo Group	123.6	38.7
9	IAC/InterActiveCorp	123	37.2
10	TD Ameritrade Holding Corp.	119.8	30.5
11	United Online	115.9	-23.2
12	Netflix	115.2	-15.8
13	Hewlett-Packard Co.	111.4	3.1
14	E-Trade Financial Corp.	106.9	49.3
15	Scottrade	105	23.3
16	Monster Worldwide	102.6	74.3
17	Ford Motor Co.	99.1	80.1
18	FMR Corp. (Fidelity Investments)	97.4	236.8
19	Time Warner	90.6	-46
20	Nextag	90.1	198.6
21	Dollar Thrifty Automotive Group	88	176.4
22	Microsoft Corp.	81.7	-20.7
23	American Express Co.	80.8	180
24	Sony Corp.	73.6	65.8
25	Charles Schwab Corp.	72.1	12.1
	Total	9,769.8	17.5

Source: Data from TNS Media Intelligence on more than 2,800 sites.

Note: Dollars are in millions for calendar 2006 and represent only display advertising; excludes search and broadband video.

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Ownership

Ownership

By the Project for Excellence in Journalism

Which companies dominate the online industry? It depends on which criteria you use.

Whatever the method, a few big companies show up as Internet leaders.

If revenue is the standard, there are three main players — Time Warner, Google and Yahoo.

If traffic is the measuring stick, Microsoft and News Corp. — thanks to the popularity of MySpace — enter the picture. 1

When it comes to online news, the same four Web sites continued to dominate in 2007 as have in the past: Yahoo News, CNN.com, MSNBC.com, and AOLNews.com.

Mergers and Acquisitions

2007 was an active year for media deals in the online world.

The first three quarters saw more than 637 transactions, matching the number for all of 2006. What's more, these deals totaled more than \$95 billion in value, surpassing last year's total of \$61 billion by 56%.²

Online advertising companies were among the most sought after, and the biggest names — AOL, Yahoo, and Microsoft — made a number of notable purchases.

By mid-year, advertising deals such as Google's purchase of the digital marketing company, DoubleClick, had topped \$12 billion.³

Why were online advertising sites the most sought-after? According to an August 2007 article in the New York Times, more people are spending time on social networking sites and less time on online portals.⁴

"Just like Yahoo, AOL is fighting MySpace, Facebook and others for audience and ad dollars, and those are tough competitors," Jordan Rohan, an analyst with RBC Capital Markets, told the New York Times.⁵

As a result, owners are feeling increasing pressure to acquire a more lucrative stake in the online advertising market, and add more revenue streams.

How long the run on online advertising and content companies will continue is less certain. At least one analyst, John Suhler, president of Veronis Suhler Stevenson, said tightening credit markets, though not likely to affect the number of transactions, may significantly reduce the number of high-value deals, or those estimated at more than \$2 billion.⁶

Perhaps no potential acquisition created more interest than that of Facebook, the social networking site developed in February 2004 initially to appeal to college students. Facebook was opened to the general public in September 2006. Meanwhile, its friends-making theme struck a chord with the general public, attracting more than 58 million active users worldwide, as of December 2007.

In October 2007, Microsoft beat out Google to acquire a 1.6% stake in the site for \$240 million. Facebook's founder, 23-year-old Mark Zuckerberg, did not appear interested in an outright sale.

Although Facebook rivals News Corp.'s MySpace in total members, some question whether the site is worth its bidding price. According to the Economist magazine, investors estimate Facebook's 2007 revenues at just \$100 million, with "tiny profits."⁷

Facebook, which Microsoft valued at \$15 billion, seemed excessive to those who see long-term challenges in making money from social networking sites.

"No one knows what the scene is going to look like in five years' time. It is the Wild West out there," the News Corp. CEO, Rupert Murdoch, replied when asked about Facebook's valuation.

Some analysts disagreed. "The partnership can't be measured in dollars — its chief benefit is to give Microsoft a critical foothold in the emerging ecosystem of social network-based advertising, and Facebook is a formidable partner for long-

term growth,” said Andrew Frank, vice president for research with Gartner, an information technology research firm.

Other analysts view the deal as a worrisome sign that the tech industry may be headed for a market crash similar to the one precipitated by the dot-com boom of the 1990s. Others argue that venture capitalists, older and wiser, will take a more sober, long-term approach to valuing deals this time around. 8

Profiles of Major Online Media Companies

According to data from the online measurement companies Nielsen//Net Ratings, Hitwise and comScore, three of the most popular news sites are Yahoo News, AOL News and Google News, owned by three of the biggest online companies.

In 2006, for instance, Time Warner, which owns AOL News, was the U.S. media company with the most revenue from its media properties, according to data published by Advertising Age. Google (No. 19) and Yahoo (No. 21) were lower on Advertising Age’s list.

In official filings to the Securities and Exchange Commission, Yahoo, Google and AOL do not break out revenue for their news properties, making it nearly impossible to discern how much money the companies are generating from their online properties. Therefore, the discussion about revenue and earnings in this section will refer to these companies’ total revenues.

There are both differences and commonalities among the three companies.

Yahoo and Google are pure-play Internet companies, meaning all their revenue is generated online. And virtually all that revenue comes from advertisements placed on their search engines.

AOL, in contrast, represents a minority share of its parent company, Time Warner. Revenue from AOL, of which news is just one small part, accounted for just over one-fifth of Time Warner’s total revenues in 2006.

In 2006, AOL shifted largely from an Internet provider to one more dependent on revenue from advertising. The company made more moves in 2007 to strengthen its ad revenue stream in the years ahead, with perhaps less success than it had hoped for.

Nevertheless, AOL appeared even more committed to generating revenue from marketing over the Web in 2007, acquiring a number of online advertising companies, and moving a step closer toward the models adopted by its rivals, especially Google.

Google

Google continues to dazzle Wall Street, getting bigger, more profitable and gaining even more market share in its core business — search.

Through the first nine months of 2007, Google’s earnings grew 46%, to nearly \$3 billion, compared with the same time the year before. Revenue, meanwhile, grew by 59%, to \$11.8 billion. 9 With a market value of \$187 billion, Google,

which went public in 2004, was by the end of 2007 more valuable based on stock market capitalization than such older companies as Coca Cola, Wal-Mart, Hewlett-Packard and IBM. 10

The gains in 2007 came after robust growth in 2006, when the company added nearly 5,000 employees and increased revenues by 73% to \$10.6 billion. Profits had increased 110% in 2006, reaching \$3.1 billion, according to SEC filings. 11

Most of the advertising revenue at Google, 60%, comes directly from its search engine at www.google.com. The remaining ad revenue of 40% comes largely from its Google Network members. According to Google's Web site, the network is a "large group of Web sites and other products, such as e-mail programs and blogs, who have partnered with Google" to display ads. 12

The source of Google's success is its dominance of the search market. In October 2007, for instance, 64% of all searches in the United States originated on Google, up from 61% a year earlier. Yahoo's share, meanwhile, remained at 22% while third-place MSN fell from 11% to 7%, according to October data from Hitwise. 13

Traditional media companies have noticed missed Google's amazing growth. Several newspaper companies that once considered Google a major competitor have agreed to partner with Google, Yahoo and other online media companies to compensate for little or no growth in revenue from print ads.

Google also made gains abroad, especially in China and other emerging markets. Over all, 43 percent of its total revenue in 2006 was generated outside the United States. As of early 2007, the company had 32 sales offices in 19 countries. 14 Nearly half its engineer hires in 2006 were placed abroad, including in China, Brazil, Russia, and India.

Beyond search, Google seems to be everywhere and anywhere, pursuing more ad revenue as it looks ahead. 15 It has sought to compete in markets with well-established leaders: e-mail, social networking, online news, instant messaging and, most recently, cell phones. According to Jennifer Simpson, a senior analyst with the Yankee Group research firm, "Google is trying to make itself into a ubiquitous brand, where it's everywhere on the Web."

History offers no guarantee that Google will be able to succeed in these new markets. Microsoft, Yahoo and AOL all achieved a great success in branching out with cutting-edge applications, but struggled to maintain their dominance as technology's leading innovators.

Google also made a big splash in the world of online video in October 2006 when it acquired YouTube, the most popular video-sharing site with 57.4 million unique viewers in the U.S., for \$1.65 billion. 16 At the time, media mogul Mark Cuban was quoted as saying only a "moron" would buy the site because it eventually would be "sued into oblivion" for copyright violations.

A year later, questions remain about the fallout from the YouTube purchase.

YouTube's legal troubles remain unresolved. In March 2007, Viacom announced it would sue YouTube for \$1 billion, alleging that 160,000 of Viacom's clips had been uploaded to the site. "Their business model, which is based on building traffic and selling advertising off of unlicensed content, is clearly illegal and is in obvious conflict with copyright laws," the company said in a statement. 17 As of late 2007, Viacom showed no signs of backing off the lawsuit.

Second, there are questions about how much YouTube will contribute to Google's bottom line. It was thought Google planned to charge \$20 per viewing. One blogger suggests that, in a best-case scenario, it will take five years for YouTube to generate the amount of revenue Google currently gets from its search engine. 18

Citigroup estimated YouTube would bring in \$135 million in revenue in 2008. 19 At that clip, the number of videos watched on the site would have to grow 1,642 percent before YouTube accounts for 5% of Google's revenues.

Why does Google invest in news? Once again, it is hard to evaluate Google's financial stake because the company does not break out revenues for news. Since Google News, fully produced by computer algorithms that distribute other news organization's original reporting, was launched in 2002 and remained in beta form until early 2006, there were questions about whether Google News made any money.

According to Adam Penenberg, writing for Wired, Google News would bring up unwelcome copyright issues if it chose to place advertising on its home page. 20

But that may not matter. According to Lucas Grindley, a blogger and operations manager on the Web site of the Herald-Tribune in Sarasota, Fla., Google is able to make money from its ad-free service because of branding and its ability to drive heavy traffic to newspaper sites often filled with Google AdSense ads.

"All multi-billion dollar companies are in it for the money, Google included," Grindley wrote in April 2007. "They're not featuring Google News prominently on their ever-so-sparse home page just to be nice."

Yahoo

After a disastrous 2006, Yahoo appeared to be making gains in 2007. But the company's 2007 economic performance continued to pale in comparison to that of Google. It was estimated in mid-2007 that Google, in just one quarter, far surpasses what Yahoo makes in a year. 21

Through the first nine months of 2007, Yahoo's earnings declined 6%, to \$454 million, compared to the same time a year earlier. Revenues, meanwhile, grew to \$5.1 billion, an increase of 8%. But things were much worse in 2006. 22 For the entire year, earnings dropped 60%. Revenues, meanwhile, were up 22%, to \$6.4 billion. 23

Like Google, the lion's share of Yahoo's revenue comes from advertising — 88% in 2006. 24

Heading into 2008, Yahoo remains more focused on the U.S. market than Google, although it, too, is becoming more international. In 2006, nearly a third (32%) of its total revenue came from abroad, up from 30% in 2005 and 26% in 2004, according to documents filed with the SEC. 25

Yahoo attributed some of its growth to its implementation of Panama, the company's long-awaited online advertising platform, purchased in the fall of 2006. Panama promised advertisers a quality index, which gives them a better sense of why certain ads are more effective than others.

In the third quarter of 2007, Yahoo increased its share of all spending in the search market to 20.4% in the third quarter, up from 8.5% in the second quarter. 26

Is that enough for Wall Street? Some analysts had projected that Panama would boost Yahoo's search revenue by as much as 45% in 2007. 27

Much of Yahoo's troubles with investors may have a lot to do with the general perception of the company. According to blogger Alan Mutter, author of the Reflections of a Newsosaur blog, Yahoo "is not the technology leader. Yahoo is the technology follower."

In late 2007, one business analyst, Jeffrey Lindsay of Sanford C. Bernstein, went so far as to say Yahoo would be worth more if the company was broken up. "It appears that Yahoo will not take bold measures to right the ship," Lindsay wrote in a research report. "We believe that Yahoo still has a potentially high intrinsic value. We believe, however, that to stop the inevitable slide into irrelevance the management team must consider more radical actions and strategies."

In February 2008, Microsoft formally bid for Yahoo, offering \$44.6 billion in cash and stock. Yahoo declined the offer as too low, the New York Times reported. 28 Shortly after, there were news reports that Yahoo and News Corp. had begun talks about a possible acquisition. As of late February 2007, there was speculation that Microsoft may offer Yahoo more money or conduct a proxy fight to acquire Yahoo.

When Yahoo replaced Terry Semel with co-founder Jerry Yang as CEO in June 2007, the company made it clear that it remained committed to a strategy that bucks the conventional wisdom of how Web behavior has changed over the past few years. With mounting evidence that the initial concept of the portal as a gated community is in decline (see **Audience Section**), Yahoo insists that it is still a place where consumers can find all their informational and communication needs: In a much-discussed October 2007 blog posting, Yang told users that Yahoo is still a starting point that will "help you better manage your life and connect you to what matters most to you." That, according to Yang, includes e-mail, search, news, sports and finance.

How is Yahoo investing in its news operations? Yahoo News is the top news site in the United States, according to data from Nielsen//Net Ratings and comScore, but, since most media companies do not break out revenues and profits for their news divisions, analysts cannot be certain.

But at least some of Yahoo's budget, it seems, is allocated to licensing fees it pays to post articles from more than 7,000 sources.

There is also some original reporting. Kevin Sites' In the HotZone, launched in 2006, was the company's first attempt. In 2007, Yahoo Sports published findings from its eight-month exclusive investigation of former Heisman Trophy-winner and current NFL player Reggie Bush of the New Orleans Saints, focusing on possible NCAA violations while the running back played at the University of Southern California.

Yahoo has also created several pages that mix more traditional journalism with consumer information, such as Yahoo Food and Yahoo Health, which offer communities of users ways to organize around their interests as well as blogs from experts.

AOL

In 2007, AOL's ambitions to move from a subscription-based to advertising-supported model were somewhat undermined, according to its economic data.

In 2006, when AOL essentially abandoned its dial-up subscribers and shifted focus to online advertisers, revenue from subscriptions dropped 14% while ad revenue surged 41%. But over all for the year, revenue dropped 5%, underscoring the critical boost subscriptions had given AOL's bottom line. ²⁹ The hope was that online advertising would continue to grow even more in 2007, defying critics' skepticism that AOL's transition would be a relatively smooth one.

Instead, growth in revenue from online ads slowed considerably. In the third quarter of 2007, for instance, ad revenue grew 13% while subscription revenues decreased 56%. And over all, revenues fell 38%. ³⁰ Some analysts are concerned that AOL will not be able to generate enough revenue to compensate for canceled subscriptions. According to Forbes columnist Louis Hau, "AOL's transition to an ad-supported business is proving to be a tad rocky." ³¹

There is also continuing pressure for AOL to bolster Time Warner's earnings, which led to 2,000 AOL employees being laid off in October 2007, adding to the 5,000 let go the previous year. ³²

Time Warner continues to deny rumors that it plans to sell AOL after the retirement of its chairman and CEO, Richard Parsons, which is expected in 2008.

Looking ahead, what is AOL's strategy?

"Publishing is no longer just about the portal," Randy Falco, the CEO for AOL, told the New York Times. "We are going to be in as many different places as possible." Falco said he believes that everything does not have to be tied to the AOL brand, "which evokes many, not entirely positive, associations." ³³ Some contend that AOL's money-making focus will be on selling ads not on its own Web properties, but on other Web sites.

And AOL does not have to look far for a model. "[Google] combines its own site with a network that represents millions of other sites," Falco said. "The reach of the network attracts advertisers, but most of the profits come when those ads are run on its own site."

AOL's recent purchases suggest it is beginning to act on that strategy.

The company's most notable acquisition was the targeted ad network Tacoda, whose clients include Coke, Bank of America and General Motors, purchased in July 2007 for \$275 million. ³⁴ Tacoda is described as using "behavioral targeting" to give online advertisers insight into select audiences.

Again, analysts see Google's success as the inspiration.

"The rest of online advertising, from banner ads to video spots to pop-up ads, is getting Googlified," Business Week said in May. "Google made the business of selling ads against search results a runaway success — in the process making display ads less attractive to advertisers. Not only can advertisers target just the right customers based on search terms they type in, no guessing required, but those advertisers also can track exactly how many people click on the ad and whether they bought something as a result."

In May, AOL also bought Third Screen Media, the leading mobile ad network, and AdTech Ag, an international serving company based in Germany. In early November, it spent \$300 million on Quigo, an Israeli startup that specializes in online advertising. ³⁵ In 2006, it bought Lightningcast, which delivers ad solutions for video content.

In the wake of these acquisitions, critics appeared divided over the long-term implications for AOL and its parent company, Time Warner.

“We wake up one day and now AOL has become a real player in online advertising,” said Bob Davis, a managing partner at Highland Partners, a venture capital firm.

But AOL’s future seemed a bit cloudier for Anthony Noto, an analyst at Goldman Sachs. “This is a conglomerate company, and there are two underlying companies that are really driving the valuation: AOL and Time Warner Cable, both of which have some uncertainties right now,” Noto told the New York Times in November 2007. ³⁶

Net Neutrality

One issue that appeared to have cooled down a bit in 2007 is net neutrality.

The ins and outs of net neutrality are complex and confusing; the name itself is hard to define.

In simple terms, net neutrality is the idea that those who provide Internet service treat those who produce the content on the Web equally. It is the framework that exists now, which allows users to access Google, blogs and everything in between at the same speed. This approach offers the same terms to everyone, whether they are one of the largest media companies or an ordinary citizen.

On one side of debate are those who oppose writing net neutrality into law. These forces, arguing free-market economics, say that the Web should be left free of burdensome regulation, which they contend would reduce the investments in the Internet needed as more and more bandwidth is utilized. Under this scenario, how fast a site runs or how much it pays to an Internet service provider may one day be determined by that site’s content.

Opponents of net neutrality include a number of telecommunication companies, such as AT&T, Comcast and Verizon, free-market advocacy groups, as well as the Communications Workers of America, which, according to its Web site, is “America’s largest communications and media union, [and] represents over 700,000 men and women in both private and public sectors, including over half a million workers who are building the Information Highway.”

Then there are those who urge codifying net neutrality, currently a policy but not a regulation, as the law of the land. This side argues that a differentiated pricing arrangement could be unfair to certain content producers, particularly smaller, non-commercial sites who may not be able to absorb any higher fees set by the telecommunications providers. Consequently, those sites unable to pay the premiums would be forced to run at slower speeds, and theoretically, be less desirable to Web readers. Without net neutrality, they contend, the big will just get bigger.

In a worst-case scenario, proponents of net neutrality contend, an Internet provider could deny access to a particular form of content. To support their assertion, they point to an incident that occurred in the fall of 2007, when Verizon

Wireless prevented an organization that favors abortion rights from sending text messages to its members who had agreed to receive them.

Those lobbying for net neutrality include a broad coalition of corporate Web companies, including Google, Amazon.com, Yahoo and eBay, along with a number of consumer rights groups, many bloggers and several conservative religious organizations.

After Democrats won control of the House and Senate in November 2006, many advocates hoped the shift in power would lead to legislation codifying net neutrality. By the end of 2007, it had not happened, although a number of presidential candidates from both parties did offer positions on the issue during the campaign. ³⁷

Perhaps most significant, in June 2007 the Federal Trade Commission urged policy makers to “proceed with caution” before enacting any legislation. Regulators, the report read, simply “do not know what the net effects of potential conduct by broadband providers will be on all consumers, including, among other things, the prices that consumers may pay for Internet access, the quality of Internet access and other services that will be offered, and the choices of content and applications that may be available to consumers in the marketplace.” ³⁸

For now, it appears the Internet is still too raw to be regulated.

Online News Leaders

Which news sites generate the most traffic each month?

This is a key question for the top Web sites, as they compete to attract the largest audience. Advertisers, meanwhile, analyze traffic figures to see which sites have gained momentum and which have cooled off.

Nielsen Online and comScore, despite growing competition from companies like the Australian-based Hitwise (See **Audience Section**), remain the most-cited sources for determining which sites generate the most traffic. Both Nielsen and comScore utilize a panel-based methodology to measure Web traffic. But because Nielsen and comScore differ in which sites they include in their samples, there is often considerable divergence between the traffic numbers compiled by the two rating houses. This leaves advertisers and others unsure about which figures to trust and where the eyeballs and clicks are going. And as the figures below indicate, the differences lead to different lists of who is on top and who has momentum.

The Big Four

In 2007, four news sites continued to generate the largest audiences: Yahoo News, MSNBC, CNN and AOL News. The rank order among them has remained the same since 2005. While Nielsen and comScore both found that the audiences for each of these four sites grew in 2007, they differed on how much. Over all, comScore showed lower year-to-year growth among the top sites (although some of this was because of higher traffic figures for 2006).

At the very top is Yahoo News, which according to Nielsen Online data averaged 32.6 million unique visitors a month in 2007, up 15% from its 2006 average. comScore reports slightly higher figures, 35 million unique visitors a month, an

increase of 13% over 2006.

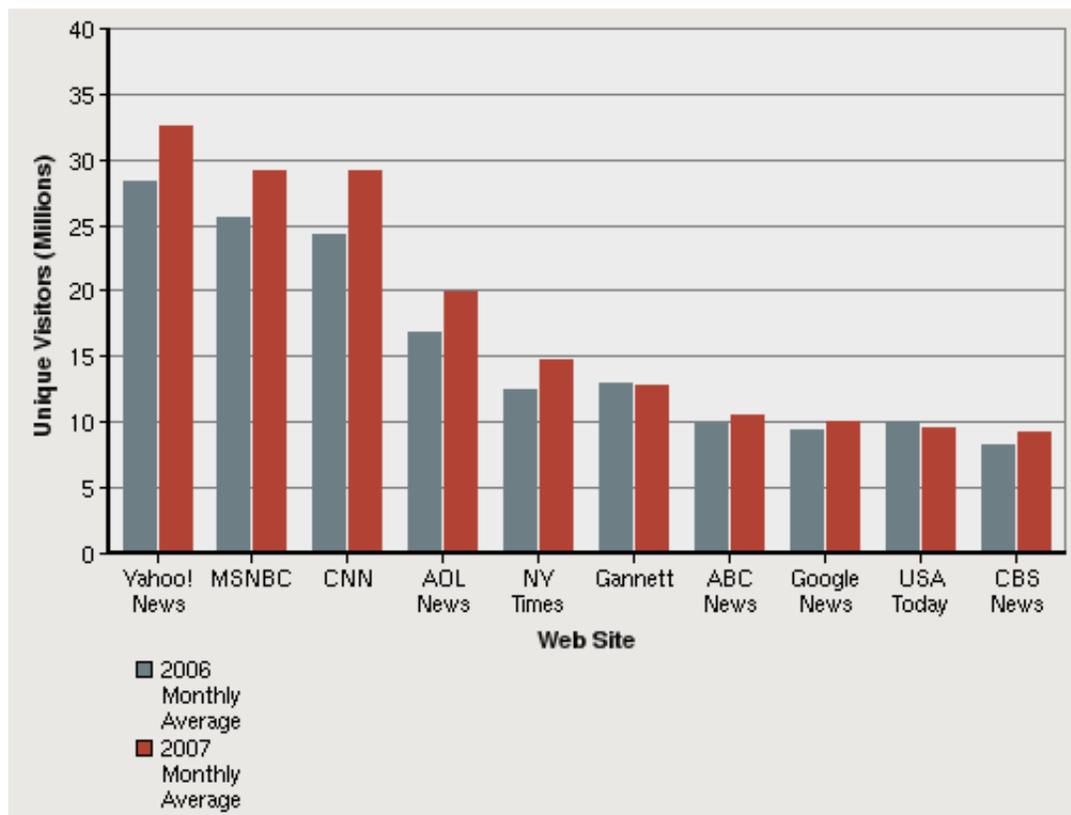
At No. 2 is MSNBC.com. although the two measurement firms differ quite a bit in their exact figures. According to Nielsen data, MSNBC averaged 29.2 million unique visitors a month in 2007, an increase of 14% year to year. But comScore reports an average of 26.7 million per month, but just a 3% growth rate.

In third place is MSNBC's cable rival CNN.com, which drew an average of 29.1 million a month in 2007, according to Nielsen, a 20% surge compared with 2006. Again, comScore's numbers are lower, with half the rate of growth — 10% — and an average of 23.4 million unique visitors a month.

And fourth is AOL News. In past years, this has been the site with the greatest variance between comScore and Nielsen, with comScore ranking AOL News much closer to CNN.com and MSNBC.com than Nielsen. This year, comScore's numbers are still higher, but not by nearly as much. Much of this seems to be due to 19% growth reported in the Nielsen numbers, with an average of 20 million unique monthly visitors in 2007. ComScore reports a slightly higher average, 22.9 million, but an increase over 2006 of just 9%.

Top Online News Sites (Nielsen), 2006 vs. 2007

Unique visitors, monthly average 2006 vs. 2007

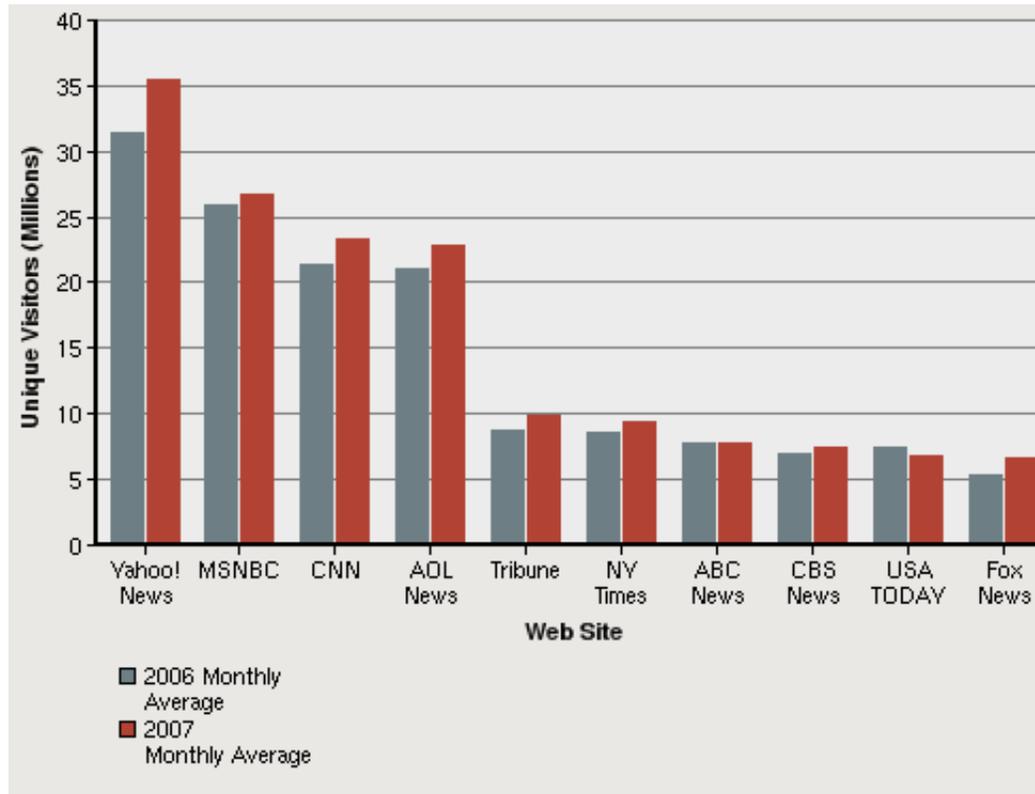


Design Your Own Chart

Source: Nielsen Online

Top Online News Sites (comScore)

Unique visitors, monthly average 2006 vs. 2007



Design Your Own Chart

Source: comScore Media Metrix

The Rest of the Top Sites

There is a significant drop-off in the number of monthly unique visitors to the remaining top 20 sites, a group that includes a mix of newspaper Web sites, television news sites and collections of sites under one news brand.

(In this section, we will analyze the traffic data from Nielsen and comScore separately.)

Nielsen Online

Among the newspaper sites in Nielsen's 20, the most popular in 2007 was NYTimes.com, with a reported average of 14.7 million unique visitors a month. The site, which granted users free access to its opinion columnists in late 2007, grew by 18% year to year, according to Nielsen data. Next is USAToday.com, though its audience actually declined by 3% in 2007 to an average of 9.6 million unique visitors per month. The third individual newspaper site to crack the top 20, Washingtonpost.com, averaged 8.6 million unique visitors, growing 9% from its 2006 average.

In addition to CNN.com and MSNBC.com, three other television news sites were among the most popular in 2007. ABCNews.com's audience grew 8% over 2006, averaging 10.6 million unique visitors per month. This kept it ahead of CBSNews.com (9.2 million per month), although CBS had a higher growth rate (11%). Fox News's Web site also increased traffic by 20% in 2007, reaching an average of 8.3 million unique visitors a month.

There were a number of sites aggregated under one corporate news brand that finished among the top 20 sites. The most popular one was Tribune Newspapers, according to Nielsen data, which averaged 13.2 million unique visitors per month in 2007, up 17% year to year. Gannett newspaper Web sites (excluding USA Today) averaged 12.8 million unique visitors, down 1% compared with 2006 data.

Other sites in this category were McClatchy newspaper Web sites (8.9 million unique visitors, up 39%), Internet Broadcasting Web sites (8.8 million, down 28%), Hearst Newspaper Web sites (7.9 million, up 3%) and World Now Web sites (7.8 million, up 6%). Two other sites, Media News Group Web sites (6.7 million), and Advance Internet Web sites (6 million), were new to Nielsen's top 20 list in 2007.

Google News, a news aggregator that offers no original content, also made the top 20 list in 2007, averaging 10 million unique visitors, up 7% year to year.

Why did the audiences for some sites surge while others remained flat or even declined? It is hard to say. While ABCNews.com increased its digital staff in 2007, CBSNews.com announced at the end of the year that it was reducing its online personnel by 30% and ceasing operations of perhaps its most well-publicized blog, Public Eye. Yet Nielsen data found the audience for CBSNews.com grew at a stronger rate than ABCNews.com in 2007.

Heading into 2008, it remains difficult to understand the ebbs and flows of Web traffic trends.

comScore

comScore's list of the most-trafficked Web sites indicates a different line-up, with several that do not appear in Nielsen's rankings.

A number of individual newspaper Web sites appear on comScore's 2007 list. comScore reports an average of 9.4 million unique visitors a month for the New York Times, up 9% year to year. USAToday.com ranks as the second-most popular newspaper site in 2007, (ahead of the Washington Post) averaging 6.8 million unique visitors a month, but by comScore's count, as with Nielsen, it was losing traffic (8%) compared with 2006.

For the Washington Post, 5.4 million visitors were recorded, an increase of 6%.

Two other papers are included in comScore's list. Boston.com, the Web site for the Boston Globe, averaged 3.5 million visitors a month, increasing 9% during 2007, which saw the Boston Red Sox winning the World Series once again. And the Wall Street Journal Web site entered the top 25 in 2007.

Among the television sites, comScore has ABCNews.com edging out CBSNews.com (7.7 million unique visitors per month vs. 7.5 million at CBS). ABC, however, fell 1% year to year while CBS was up 9%. comScore also reported large

increases, 29%, at FoxNews.com, with an average of 6.6 million unique visitors a month.

The BBC News Web site, with headquarters in the United Kingdom, fell 12%, according to comScore, coming in at the bottom of the list with 4.4 million visitors per month.

Most of the Web sites collected under one corporate name increased their audiences in 2007, according to comScore. Tribune Company newspapers averaged 9.8 million visitors a month, an increase of 13%. Belo news sites, which include the Dallas Morning News, attracted 4.5 million visitors per month, an increase of 22% over 2006. McClatchy sites drew 6.2 million visitors a month, up 28%. Sites in the MediaNews Group averaged 3.7 million, up 48%.

Cox Newspaper Web sites, which include the Atlanta Journal- Constitution, were virtually flat, averaging 3.4 million per month.

Two other aggregated sites, Hearst (6.5 million) and Scripps (2.2 million), were new to comScore's top-25 list in 2007.

Online Media Ownership Trends

The most popular news sites are still largely owned by the richest media companies, a trend we have noted in previous editions of the annual report.

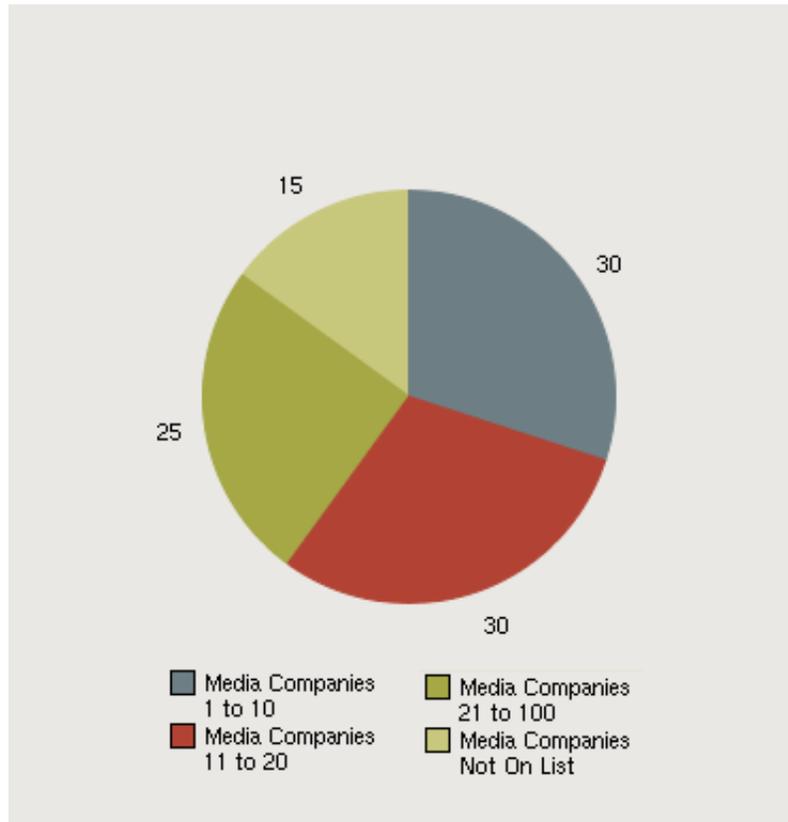
Of the top-20 most popular news sites, 17 are owned by one of the 100 largest media companies in terms of total net revenue generated in the U.S. in 2006, based on an analysis of data from Advertising Age and Nielsen Online. For instance, Time Warner, the leading U.S. media company in 2006 with \$34 billion in revenue, owns both CNN and AOL News, two of the four most popular news sites in 2007. Compared with 2006, the number of sites owned by the richest companies increased by one.

What's more, the 10 richest companies are increasing their hold on the top Web sites. In 2007, they owned 30% of the most popular news sites, up from 21% in 2006 and 25% in 2005.

Two of the three sites not owned by the richest media companies are Internet Broadcasting and World Now, which both aggregate local news sites. The third was the Associated Press, a non-profit cooperative.

Ownership of 25 Most Popular News Sites, 2007

Percent owned by top media companies



Design Your Own Chart

Source: Advertising Age, "100 Leading Media Companies list"; PEJ research

The top 100 list is determined by domestic media revenues. The top 25 sites are based on Nielsen Online data for January-December 2007.

Footnotes

1. Data from metrics company comScore in May 2007 showed that the top five most-visited Web sites overall were owned by Yahoo, Time Warner, Google, Microsoft and Fox Interactive Media, which is made up largely of MySpace.
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News Investment

News Investment

By the Project for Excellence in Journalism

How much did media companies invest in online newsrooms in 2007?

As in years past, the data remain spotty. News organizations continue to vary in how they account for staffing and budgeting for online newsgathering. The total number of journalists working on news Web sites is still difficult to pin down. In 2007, the Los Angeles Times followed Gannett's earlier lead in merging their online and news operations, with little or no clear-cut financial break-downs.

But the evidence in general suggests that 2007 brought a refocusing of resources to the Web and away from the legacy product, at least in some cases. While hard numbers are elusive, survey research and anecdotal evidence suggest more media companies are showing a deepening commitment to the Web.

Heading into 2008, four trends stand out:

- Media companies are partnering with online-only giants, specifically to exploit the Web's advertising potential.
- Veteran journalists as well as new hires are being trained more and more on new media skills needed for journalism of the future.
- Media companies are broadening the definition of journalism. No longer is it all about original, branded content. News sites are now taking on the role of helping users navigate through content that comes from others.
- Old media are moving toward training more reporters to produce more multimedia.

Joint Ventures

One trend that began in 2006, joint ventures between news organizations and online companies, including former competitors, grew in 2007.

In the summer of 2006, Monster.com, a job recruitment Web site, announced it would power the job search for the Philadelphia Inquirer's Web site. By early 2007, it had struck deals with 60 newspapers, including the St. Petersburg Times and the Akron Beacon Journal. ¹

Then, in February 2007, the New York Times, which had remained one of the few hold-outs to partnering with an online-only media company, announced it, too, had agreed to partner with Monster.com. ²

"As big as it is, the New York Times doesn't have the same kind of marketing power a Monster does," said Ken Doctor, a newspaper industry analyst with Outsell, a research firm. ³

As of early January 2008, Monster.com has formed partnerships with over 160 newspapers, according to its corporate Web site.

In November 2006, shortly after Monster.com's initial announcement, Google retaliated with its own new offering: the Print Ad program. Here, Google would serve as the middleman, allowing advertisers to purchase ads in any partnered print newspapers. Initially, 50 newspapers signed on; that number grew to more than 600 by late November 2007, according to a list published on Google's Web site.

Yahoo also got into the mix with yet a different kind of partnership. It announced, in November 2006 that it had joined with 176 newspapers to link their classified ads with Yahoo's search technology. ⁴ According to Rick Edmonds, an analyst with the Poynter Institute and co-author of this report's newspaper chapter, the newspaper industry has a "miserable record facilitating print buys for national advertisers across a large group of papers." Yahoo suggested it had the potential to resolve this. As of late November 2007, 415 daily newspapers had partnered with Yahoo. ⁵

According to those involved, these partnerships offer potential advantages to all players. Advertisers can streamline their buys, placing many more ads in one transaction. Newspapers get a new avenue for ad dollars and can seem more appealing as a group than in individual sales. Aggregators naturally become a more essential player particularly in the growing local ad market.

Of course, aggregators also drive traffic to newspaper Web sites. A study by the audience measurement firm Hitwise found that newspaper Web sites, not necessarily participants in the Print Ad program, generated 30% more traffic from Google in March 2007 compared to the same month a year earlier. 6

And early evidence suggests the Yahoo partnership has already yielded positive results for newspapers. In November 2007, Leon Levitt, vice president for digital media at Cox Enterprises, said there have been significant increases in traffic to the company's 17 Web sites since it joined Yahoo's consortium in November 2006. 7 And, while details of the revenue split between Yahoo and partnered newspapers has not been disclosed, early figures suggest the partnership has given newspapers a boost. For the Lee newspapers, one of the 10 largest newspaper groups by daily circulation, online revenue grew 49% in the eight months before its deal with Yahoo, but then averaged 62% growth in the first five months after the deal. 8

According to a Lee spokesman, Dan Hayes, Yahoo is having a "beneficial impact" on the chain, which owns 50 daily newspapers, including the St. Louis Post-Dispatch. "We pick up eyeballs," Hayes said. "We gain traffic." 9

One analyst projects even larger gains for newspapers in these partnerships looking ahead. According to Paul Ginocchio, an analyst with Deutsche Bank, online ad revenue for newspapers in the Yahoo consortium will grow by 20% or more in 2008 and 2009. He estimates that overall growth for newspapers, both print and online, "could turn positive" for some participating newspapers by 2009, a year earlier than most analysts currently anticipate. 10 (See Advertising Chapter.)

The Primacy of the Web

Up until a few years ago, the Web was frequently characterized as a tool to supplement or improve news on traditional platforms, particularly newspapers. In 2006 and 2007, however, media executives and editors started to speak of the Web as a front porch rather than back door for their older, legacy properties.

The most prominent voice representing this changing attitude came from Gannett, the country's largest newspaper chain. In November 2006, Gannett's CEO, Craig Dubow described his organization's vision for the "newsroom of the future." 11

As part of its strategic plan, Gannett's newsroom would become "platform agnostic," meaning news would be delivered from any medium. New techniques for producing and gathering information formed the backbone of the plan, including using multimedia – podcasting, video, photos and graphics — and "crowd sourcing," or soliciting advice from online readers on a particular story.

In May 2007, Gannett made such crowd sourcing, along with online video and databases, critical to the company's experiment with hyperlocal journalism, a "24/7, multiplatform operation [that] invites readers to be among its eyes and ears." 12

Advocates of these new approaches, such as Jeff Jarvis, author of the Buzz Machine blog, applauded Gannett's decision to foster a news climate in which "newspapers do less and the Web sites do much more." 13 Although Dubow's memo also included a discussion on how these changes could impact all of Gannett's media properties, including

newspapers, it was the Internet that was seen as the catalyst for change, because, as he put it, “Breaking news on the Web and updating for the newspaper draws more people to both those media.”

Other news organizations also publicized their commitment to the Web at about the same time.

In a November 2006 memo, the Washington Post’s executive editor, Leonard Downie, announced to his staff both a “re-direction of newsroom resources for expanded political coverage in the printed newspaper and significant initiatives on washingtonpost.com.”

Evolution in the Post’s digital operations resulted in changes on the print side. Although Downie emphasized he was still committed to maximizing the paper’s print readership, the memo stressed plans to “shrink” the newspaper staff. 14

A few months later, at the Los Angeles Times, James O’Shea, who was then the editor, urged a “total integration of the print and online reporting teams” to compete not only with other newspaper sites but also online news aggregators. “We can’t hide from the fact that that smart competitors such as Google and Craigslist are stealing readers and advertisers from us,” O’Shea told his staff in January 2007.

More attention on the Web meant a new role for the Los Angeles Times newspaper. With the Web site now absorbing breaking news responsibility, the print version would focus more on “analysis, interpretation, and expertise,” O’Shea said. 15

Online Newsroom Staffing

Data — both quantitative and qualitative — on the precise number of people employed in online newsrooms are in short supply.

As media organizations devote more staff to their online products, the need has grown for specific staff counts. But since many employees serve both the legacy and online products, they are often difficult to pin down. The American Society of Newspaper Editors, for example, added an online element to its 2006 census of the newspaper industry. It proved valuable on a paper-by-paper basis but differences in newspaper structures made it hard to combine those figures across outlets in a meaningful way. The editors society has continued to refine its survey and will have new figures to release in the spring of 2008.

Directories like the News Media Yellow Book, published by the Leadership Directories, now include online staff listings, but there are often considerable variances from the numbers reported in news articles. For example, one widely circulated report on the future of LATimes.com, often referred to as the Spring Street memo, reported that the WashingtonPost.com Web site employed 200 employees. 16 Yet only six are listed in the 2008 Winter Edition of the Yellow Book.

Anecdotal evidence and discussions with specific news organization suggest sizable increases in online staff. At Time.com, the Web site’s general manager, John Cantarella, told MediaPost Publications in early 2007 that the number of employees on both the business and editorial sides had doubled to around 30. 17

Retraining and Training for the Web

One issue in the transition to the Web is working with journalists schooled and practiced in print and other more traditional forms of journalism. How well do their skills translate online and how is management preparing them for their new tasks?

In a survey of 245 online journalists, Shahira Fahmy, an assistant professor of journalism at Southern Illinois University, asked them to rank the most critical skills needed in 2007, and then predict the same for 2012. These responses indicated a clear sense of the need for sharper online skills. 18

Although these journalists saw traditional journalism skills as the most vital, both now and in the future, they ranked digital journalism skills as increasingly important over the next five years.

According to the respondents, online production skills such as shooting photos and video, capturing audio, and editing and producing other multimedia will be more relevant to the online newsroom in 2012. Less important, the survey found, were Web-coding skills, such as a knowledge of Javascript or HTML.

In the future category, the study also found teamwork ranked third for 2012, perhaps underscoring the critical need for more collaboration between online journalists and those with older media background.

Attitudes Toward Current and Future Journalism Skills

	Current Importance	Future (5 Years) Importance
Traditional Journalism Skills		
Ability to learn	#1	#1
Editing	#2	#6
Reporting	#3	#4
Spelling	#4	#13
Research	#5	#2
Writing	#6	#11
Teamwork	#7	#3
Interviewing	#8	#7
Photography	#10	#4
AP Style	#12	#25
Digital Journalism Skills		
Shooting photos	#9	#8
Imaging production	#13	#16
Graphics	#15	#19
Multimedia delivery	#16	#12
Multimedia editing/production	#21	#15

Capturing audio	#21	#14
Shooting video	#23	#10
Animation & Flash	#24	#17
Podcasting	#25	#20
Web-Coding Skills		
Accessibility	#11	#9
HTML/XML/XHTML	#14	#21
Database	#17	#18
Web-editing software	#18	#24
Javascript	#19	#22
PDF-editing	#20	#23

Source: Shahira Fahmy, "Retooling the News Approach: Online News Professionals' Attitudes Toward Current & Future Journalism Skills," Association for Education in Journalism and Mass Communication, 2007

Note: Rankings for perceived importance of current and future traditional journalism skills, digital journalism skills and web-coding skills (N=245)

There is also evidence of a shift toward investing more in multimedia already in use in 2007, particularly in training former print journalists to shoot video. In a January 2008 article published in the American Journalism Review, Charles Layton, a senior contributing writer for the journal, noted that as of fall 2007, the Washington Post had trained more than 140 reporters to capture video.

The Tampa (Fla.) Tribune had given 60 of its 275 total news staff online video training. According to the paper's executive editor, Janet Coats, "pretty much everybody in the newsroom" ultimately will know how to use a video camera. 19

In October 2007, ABC News announced it was opening seven new foreign bureaus, each staffed by one person who would operate as both a reporter and producer. Before moving overseas, each of the reporters received training in digital photography, Reuters reported. Each bureau is staffed by one ABC News employee, who serves as both reporter and producer. Before being shipped overseas, each staffer received training in digital photography, Reuters reported. 20

Training for the Web is now beginning even before future journalists hit the workforce.

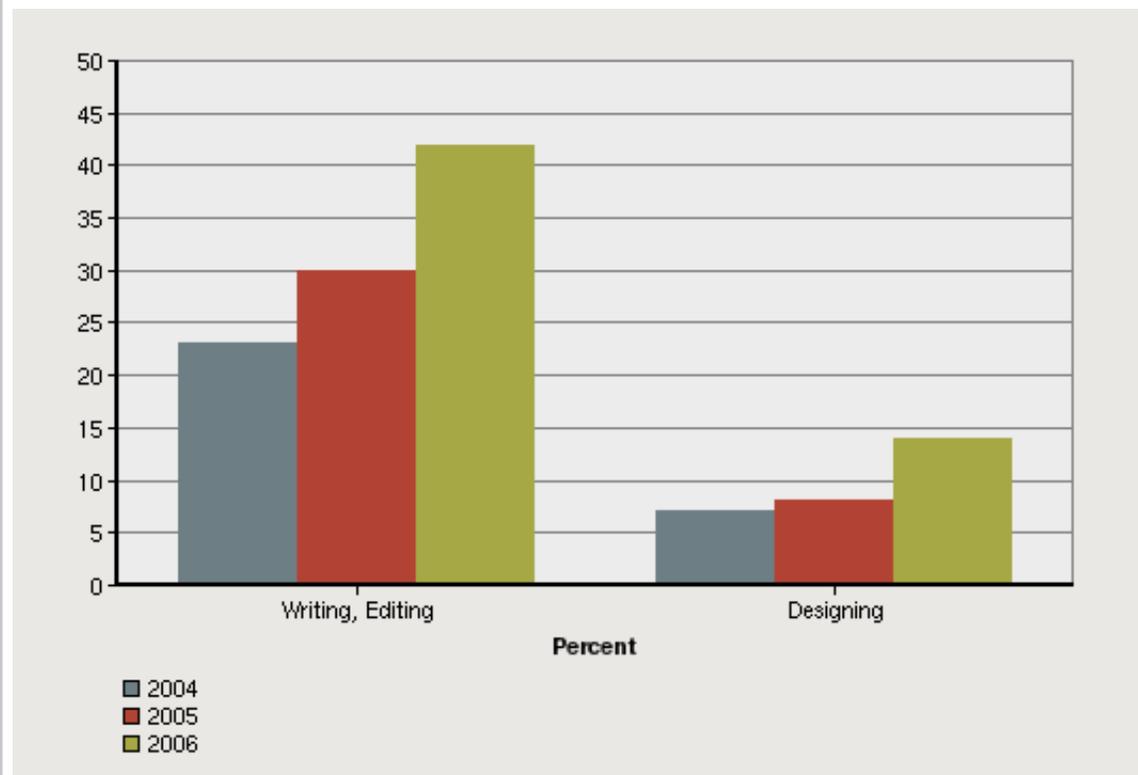
According to the 2006 Annual Survey of Journalism & Mass Communication Graduates, supervised by Professor Lee Becker at the University of Georgia, a growing number of journalism and communication students are being trained for the online work world. 21

For instance, 42% of 2006 graduates indicated that their undergraduate curriculum included writing and editing for the Web, up from 30% in 2005, and 23% from 2004.

Over all, 14% say they received training in designing and building Web pages, up from 8% the year before and 7% in 2004.

Growth of Web-Related Jobs in Journalism

Surveys of journalism and mass communication graduates, 2004-2006



Design Your Own Chart

Source: The Cox Center at the University of Georgia, Annual Survey of Journalism & Mass Communication Graduates, <http://www.grady.uga.edu/ANNUALSURVEYS/>

Seven in ten (71%) graduates surveyed also said they were more likely than their predecessors to be online news consumers.

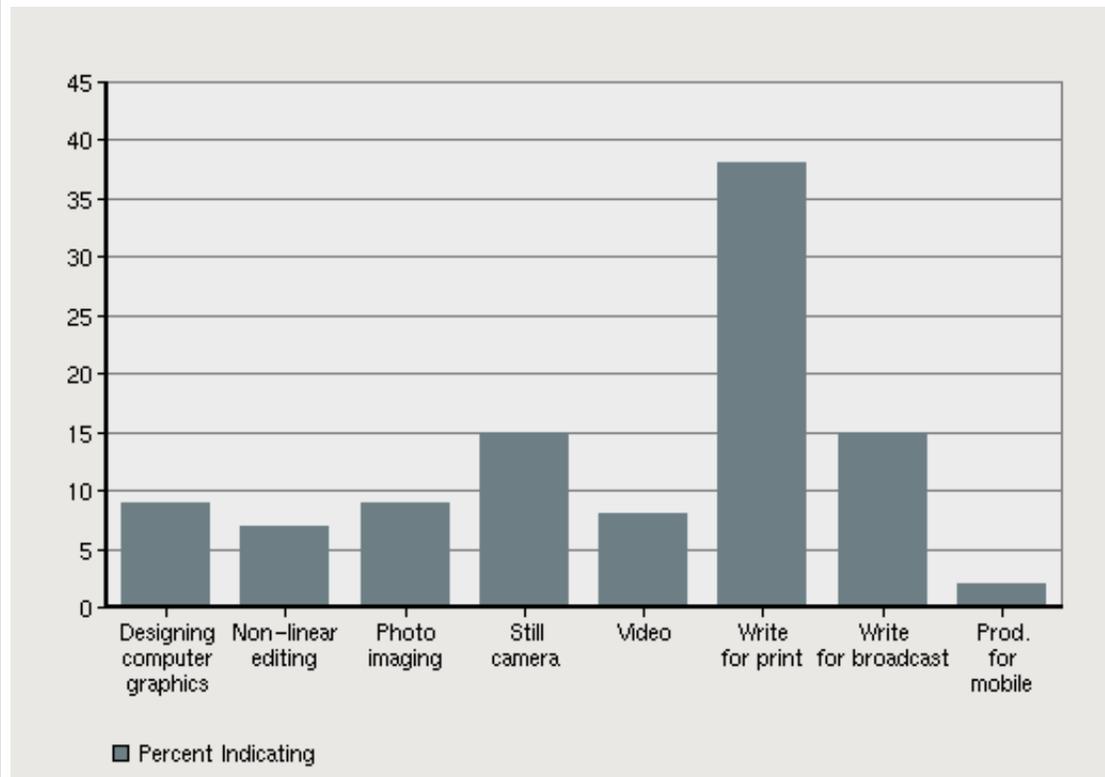
For now, though, these new working journalists still spend most of their time in traditional journalism roles. Fewer than two in ten (18%) reported holding a position that asked them to produce photos and graphics for the Web.

Less than one in ten (9%) said they designed and created computer graphics and just 2% were responsible for producing content for mobile devices. In comparison, a much larger percentage (38%) said they wrote, reported or edited for print publications.

That adds up to relatively small percentages of journalists taking on responsibilities that would ultimately help news Web sites reach their full potential, particularly in the area of multimedia.

Technical Work Performed on Job

An Overview of Jobs for 2006 Bachelor's Degree Recipients



Design Your Own Chart

Source: Annual Survey of Journalism and Mass Communication Graduates

Handing the Reins Over to the User

Just as journalists are being trained to produce content more amenable to the Web, the Web sites themselves are taking more advantage of the new technology.

For the 2007 report, the Project evaluated a range of news Web sites from both traditional media (newspapers, radio and cable) and online-only outlets, including blogs. (See last year's report.) One finding from the report was "that the participatory nature of the Web is more theoretical than a virtue in full bloom. 22 New data in 2007 suggest many new steps have been taken, especially in the area of allowing users, rather than editors, to be in control.

The Bivings Group, a communications firm that creates Internet programs, studied the Web sites of the top 100 highest circulation newspapers based on the Audit Bureau of Circulations' March 31, 2007, report. The authors found that most of the sites had added features that can be personalized by users. 23

Among the findings:

Virtually all (97%) of the sites offered RSS (Really Simple Syndication), a technology that allows users to subscribe to regularly updated Web feeds, up from 76% in 2006.

Eighty-eight percent now allowed readers an opportunity to post comments on blogs hosted on the newspaper sites, up from 67% in 2006.

More than half (51%) included a "most popular" articles listing determined by reader usage, a number that increased from 33% the year before.

Forty-four percent offered readers the ability to bookmark news articles, compared to just 7 percent in 2006.

A third (33%) allowed readers to make comments on news articles, up from 19% in 2006.

The advent of the consumer-as-editor is not limited to news Web sites. In the fall of 2007, CBS.com announced it had launched Eyalab, allowing users to edit its programming, including news shows.

"Online video is not just about TV shows as we know them, and EyeLab content is not for TV," explained George Schweitzer, president of the CBS Marketing Group. 24

According to a July 2007 survey conducted by Avenue A|Razorfish., personalization of online media is now a mainstream activity. 25

Six in ten consumers (60%) reported their home pages had been customized with specific content feeds or scheduled updates.

More than half (56%) said they use RSS feeds. Most of them, however, do not appear to be regular RSS users. Just two in ten said they used RSS either "all the time" (7%) or "most of the time" (11%). Most (37%) indicated they used RSS just "once in a while."

The survey also found that a majority (55%) shared bookmarks with others through user-generated sites like del.icio.us. Nearly two in ten (18%) indicated they had done this either "all the time" (6%) or "most of the time" (11%).

The same consumers also said they were making purchases based on personal recommendations from online retail sites like Amazon.com. More than six in ten (62%) indicated they had bought an item as a result of a customized suggestion from a Web site based on their previous purchases.

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Citizen Media

Citizen Media

By the Project for Excellence in Journalism

Heading into 2008, Web 2.0 and citizen media have taken root as significant elements in the news of the future. And they have become a true competitor to traditional media.

In 2006, citizens made it clear that they wanted a voice. In 2007, more ways of doing that began to emerge and that voice became stronger. Now, 2008 looks to be the year the mainstream press tries to lure citizens toward creating the content within their own outlets.

As with much of the Web, though, the growth in citizen-based content brings with it questions about the future. And, as with much of the Web, the answer to one fundamental question — financial viability — remains uncertain.

Web 2.0

A new buzzword in 2006, Web 2.0, or the second generation of the Web, has become common language and an accepted part of the online experience.

The term, put simply, refers to online media that operates as partnership, or interactively, with the consumer. Anything that involves users posting video, writing a blog, reviewing products or connecting with friends on a social network site is a Web 2.0 activity. YouTube, the video-sharing site, or Facebook and MySpace, the social networking giants, are among the success stories of Web 2.0. So is Wikipedia, the citizen encyclopedia site.

How many people are actively living in the Web 2.0 universe?

As of spring 2006, according to a study from the Pew Internet & American Life Project, 37% of all Americans who go online were engaged with user-generated content. Nearly four in ten adult Internet users had uploaded video or photos, blogged, posted comments to an online news group or Web site, remixed a song, or created some other form of media. ¹

The percentage is even higher for teenagers. According to survey data collected by Pew Internet in the fall of 2006, 64% of 12- to 17-year-olds say they have created content for the Internet, up from 57% in 2004. ²

Is it News?

The technology of Web 2.0 has not only set new standards for community interaction among people online, so-called “netizens,” it is also challenging the definition of journalism as citizens take on the job themselves, often as publishers without editors.

Over the past few years, user-news sites like Digg have turned the tables on traditional media by allowing visitors to choose and share what they define as news.

Fans of these sites show a taste in news often quite different from what traditional media offer. A snapshot study by the Project in the summer of 2007 found the top stories on popular user-driven news sites – Digg, Reddit and Del.icio.us – were very different than those of the mainstream media.

In the week studied (June 24 to June 29, 2007), the release of Apple’s new iPhone was the most popular story on Digg, while the mainstream press focused on the immigration debate in Washington. Coverage of the war in Iraq accounted for 10% of all articles in the traditional press that week, but across the three user-news sites that PEJ studied, it made up just 1% of all stories.

PEJ’s one-week study also found the sources for stories on these sites tended to differ from the mainstream press. Blogs by non-journalists proved to be the most popular source, making up 40% of the stories. Nearly 31% of stories originated on sites such as YouTube and Technorati that also offer citizen-generated content.

Mainstream media, by contrast, made up just 25% of articles on these sites. Wire services, such as the Associated Press Reuters, accounted for 5% of them. ³

Indeed, citizens are playing a more direct role in making new media sites both competitors and partners with traditional online news sites. Let’s consider the types of citizen media one at a time.

Video and Social Networking sites

Perhaps no segment of online media underscores the growing role of citizens more than online video and social networking sites.

YouTube, founded by Chad Hurley, Steve Chen and Jawed Karim in February 2005 and purchased by Google in November 2006, is by far the most popular online video site, with a 28% share of the total video market, according to the most recent figures published by comScore. ⁴

Though YouTube is ground zero for citizen-generated video, there are other video sites that attract significant audiences.

According to data from Quantcast, a Web analytics company that tracks the U.S. audience for more than 20 million Web sites, other popular video-sharing sites are DailyMotion.com, Metacafe.com, Break.com, Heavy Networks, Revver.com and Veoh.com. Like YouTube, these generally showcase slick professional productions alongside homemade videos of all styles and lengths.

Select Video-Sharing Sites

Property	U.S. Monthly Audience	Site at a Glance
YouTube	44 million	Launched in December 2005; acquired by Google in November 2006 for \$1.65 billion; involved in continuing suit with Viacom for copyright infringement.
Metacafe.com	9.7 million	Silicon Valley-based site launched in 2003; specializes in short-form original content.
Break.com	3.6 million	Founded in 1998 in Beverly Hills, Calif.; content focused mainly on males aged 15 to 35; holds partnerships with TiVo, NBC Universal and others.
Veoh.com	2.1 million	San Diego, Calif.-based company founded in 2004; distributes video content in its original form; requires a software download, unlike YouTube.
Revver	481,401	Based in Los Angeles; regards itself as the first video-sharing site "powered by advertising," with revenue split with users who submit content; as of September 2007, paid out \$1 million to more than 25,000 amateur videographers.

Source: Data according to Quantcast, December 3, 2007

Social networking also continued to grow in both variety and audience size in 2007.

In June, according to data from comScore, the total worldwide number of unique visitors 15 and older to MySpace grew 72% over the same month in 2006, to 114 million unique visitors. Facebook had less than half that audience, with 52 million globally, but grew 270%. 5

And there are other players now, as well. As an example, Twitter, launched in 2006, combines traditional social networking features and micro-blogging, a feature that allows users to publish short postings from either a computer or phone. These postings can then be seen by the general public or restricted to certain users. According to Katie King, lead digital strategist at of Marsteller Interactive's Washington D.C. office, Twitter, along with Facebook, is being extensively used as a news distribution platform as well.

These citizen-based Web sites began largely as places to post compelling material, much of it from the mainstream media with added content from users. As popularity grew, these sites began rivaling news sites for breaking news. Newsmakers themselves, from the Pentagon to the presidential candidates to humanitarian and activist groups, began placing content directly on YouTube and MySpace as a way of countering what might be in the mainstream press or even beating the press to the punch.

Blogging

The most well-known form of Web 2.0 activity, blogging, appeared in 2007 to be growing as quickly as ever. But the

evidence suggests most Americans are not turning to blogs for news.

Data from Technorati, a blogging search engine, found in the spring of 2007 that the number of blogs was doubling every 320 days. According to the research, there were 70 million blogs produced worldwide at that time. 6

Despite the proliferation of blogs, survey data suggest most Americans have yet to accept them as significant news sources. According to a winter 2007 Zogby Poll, blogs were the lowest on the list of “important” sources of news, coming in at 30%, well after Web sites (81%), television (78%), radio (73%), newspapers (69%) and magazines (38%). More Americans, 39%, chose friends and neighbors over blogs as an important informational source. 7

Other research found that Americans appeared to be more interested in blogs for their entertainment value than their importance as a news source. According to August 2007 data published by the marketing research firm Synovate, 49% of all Americans read blogs because they find them entertaining, 26% because of a particular hobby or interest and 15% for news and information. 8

That appears to jibe with citizen bloggers’ own interests. The Pew Internet & American Life Project found in 2006 that most bloggers wrote about issues other than news. Nearly four in ten (37%) said they blogged mainly about their “life and experiences,” with issues of public life (11%) cited as the second most popular topic area. Just 5% said they concentrated primarily on news and current events. 9

If citizens are gravitating to blogs more for personal pleasure, traditional media are working to connect them more to the news. Fully 95% of the top 100 newspapers included blogs from reporters in March 2007, up from 80% in 2006, according to research conducted by the Bivings Group. 10

This increase is interesting given the controversial editorial issues surrounding blogging in traditional newspaper circles only a few years ago. But blogging appears to have become a compelling way to attract new audiences online.

In 2006, the latest year for which data are available, traffic to blog pages on the top newspaper Web sites surged. According to data from Nielsen//Net Ratings, the number unique visitors to blog pages on the 10 most popular newspaper sites grew 210% from December 2005 to December 2006. Collectively, those visitors made up 13% of total traffic to these Web sites. 11

These readers are part of a growing overall audience for blogs.

July 2007 data from Synovate suggest that nearly half of all Americans report ever having read a blog, but the numbers are growing rapidly. 12 That is notably higher than the 39% the Pew Internet and American Life Project reported in the winter of 2006. And that number was up from the 27% Pew Internet found a year earlier. 13

And that universe appears to be much larger among the young. According to Synovate’s data, 78% of adults 18 to 24 years old have read blogs. These younger adults also were more likely to notice ads on blogs, 61% compared to 43% over all.

Only a small core of all adults, however, are regular blog readers, according to Synovate’s research. Just 15% read a

blog daily and only 5% more than once a day. In comparison, three in ten (28%) were monthly visitors. And the largest group of blog readers (39%) visited them less than once a month, according to the research. 14

The Financial Future of Blogs

While loyal blog readers generally go elsewhere for their news of the day, that may well change in the future.

The majority of Americans expect blogs to play an increasingly prominent role in bringing them the news. According to the Zogby Poll, 55% believe blogging will be an important aspect of journalism in the future. An overwhelming number (74%) saw amateur citizen reporters, as opposed to established media outlets, playing a key role. 15

If they are right, independent bloggers will have to figure out a way to finance their work.

Heading into 2008, there are mixed signs about an emerging financial model. Advertising — and therefore ad revenue — is becoming more common, but whether this trickles down to contributing bloggers is less certain. Let's consider two of the more popular blogs in 2007, both of which showed signs of turning a profit.

The popular political commentary blog Huffington Post placed ads from CNN, the New York Times, Xerox, Audi and Discovery in 2007. Co-founder Ken Lerner expects the blog's audience to double in the election year of 2008, suggesting more ad revenue to come.

But profit or no, Lerner has no intentions of ever paying volunteer bloggers, who numbered about 1,800 as of late 2007, many of them famous names who submit essays without expecting payment. "That's not our financial model," Lerner told USA Today in September 2007. "We offer them visibility, promotion and distribution with a great company." 16

In contrast, writers at Gawker, which focuses on media industry news, receive compensation for their blog postings. Gawker has more than 100 employees and contractors (many of them freelancers) and was estimated to generate \$10 million to \$12 million in profits annually, according to an article in New York magazine. 17

Ad spending on blogs is expected to increase. According to data from PQ Media, a research firm, and MarketingVox, a marketing industry newsletter, marketers were projected to increase their spending on blogs by 730%, from \$36.2 million in 2006 to \$300.4 million in 2010. 18

Wikipedia: A New Kind of News Source?

Perhaps no site reflects Web 2.0's participatory nature more than Wikipedia, the free, citizen-written, online encyclopedia that relies on 1,000 volunteer administrators to create, edit and maintain its content.

Wikipedia was launched in January 2001 by Jimmy Wales and Larry Sanger. With more than 2 million English-language articles as of January 2008, it has become a resource guide for many more, including journalists, despite questions and continuing controversy about its accuracy.

In 2007, there also are signs that Wikipedia is evolving into a new role: news source.

A number of media critics have noted Wikipedia's popularity during major news events in recent years, most notably the 2005 terrorist bombings in London and the Southeast Asian tsunami in 2004. But the site generated perhaps the most attention in 2007 in the wake of the April 16 shooting massacre at Virginia Tech University in Blacksburg, Va.

Wikipedia attracted more than 750,000 visits to its article on the tragedy in the first two days, an average of four visits per second, according to the New York Times. The Roanoke Times, the university's hometown newspaper, described Wikipedia as "the clearinghouse for detailed information on the event." 19

Who uses Wikipedia? Survey research from the Pew Internet & American Life Project found that 36% of Americans who go online have consulted the site, with nearly one in ten (8%) doing so on typical day in the winter of 2007. The same survey also found that Wikipedia's highest use came from those with at least a college degree. 20

The site also appears to be most popular among the youngest adult Americans (18 to 29 years old), as well as online adults with a broadband Internet connection at home. Younger Americans are among those most likely to consume news online or to have ever read a blog, according to Pew Internet data.

Wikipedia Users at a Glance

<i>Do you ever use the Internet to look for Percent of adult Internet users who say "yes" information on Wikipedia?</i>	
Men	39%
Women	34%
Whites	37%
Blacks	27%
English-Speaking Hispanics	36%
Age 18-29	44%
Age 30-49	38%
Age 50-64	31%
Age 65+	26%
High school diploma	22%
Some college	36%
College grad +	50%
<\$30,000 household income	32%
\$30,000-50,000	35%
\$50,000-\$75,000	39%
>\$75,000	42%
Dial-up connection at home	26%
Broadband at home	42%

Source: Pew Internet & American Life Project Survey, February 15-March 7, 2007.

N= 1,492 internet users. Margin of error is +/- 3%.

Citizen Journalism Sites

Over the past few years, citizens have increasingly set up news Web sites to report on issues affecting their cities, communities and even neighborhoods.

Citizen-run sites like Newsvine aggregate news from around the country. Newsvine was acquired by MSNBC in October 2007 and has a monthly audience of one million unique visitors, the New York Times reported. ²¹

Jan Schaffer, executive director of the University of Maryland's Institute of Interactive Journalism, estimated citizen journalism Web sites in the U.S. at "more than 1,000, rapidly approaching 1,500" heading into 2008. ²² Content on these sites varies, from breaking news to school closings to city council hearings. Mixed in are wedding and birth announcements or favorite recipes.

What is the business model for these sites?

While some citizen journalism sites are selling ads, there are little data about how much revenue they generate from them. What we do know is that most are not earning enough to finance their sites. According to 2006 research from the University of Maryland's interactive journalism program, just 21% of those who run citizen journalism sites reported covering their operating costs.

In the absence of revenue, most appear to be running on the owners' blood, sweat and tears. According to the Maryland survey, 51% said it was not necessary to generate revenue to keep sites running — 14% of citizen journalists reported it took less than \$1,000 to launch their sites and another three in ten (29%) put that number at less than \$100. ²³

But it takes more than direct dollars of investment — it takes time, which in the end translates into money. The collapse of Backfence, a two-year-old commercial network of local citizen-run sites, raised questions about the economics of citizen journalism. The site, backed by venture capital and launched in May 2005, ceased operations in mid-summer 2007. ²⁴

"Realistically, it's going to take close to 10 years for the business models to be there and for there to be enough advertisers willing to give money to hyperlocal start-ups," Vin Crosbie, managing partner of Digital Deliverance, a media consulting firm, told the Washington Post. "Backfence's problem is that it was too early." ²⁵

In the midst of the uncertainty that surrounds the business model for citizen journalism sites, nonprofits have become a more visible presence in online journalism. This is especially true at the hyperlocal level, where nonprofits have contributed money to encourage and support citizen reporting.

The biggest boost in 2007 came from the John S. and James L. Knight Foundation, which as of mid-June had awarded just under \$4 million to various sites devoted to citizen-run journalism.

Other nonprofits have become more directly involved in online journalism.

In early 2006, Dan Gillmor, a former San Jose Mercury News columnist and author of “We the Media,” launched the nonprofit Center for Citizen Media in cooperation with Harvard University’s Law School and the University of California at Berkeley. The center was founded with three main goals, according to Gillmor:

- Conduct research and analysis on citizen journalism
- Provide tools and practices for journalists
- Offer education and training to both citizens and professional journalists who want to work with citizen journalists 26

Among others, the center has collaborated on the Citizen Media Law Project, designed to help citizen journalists understand cyberlaw. As of January 2008, the center’s Web site also hosts Gillmor’s blog on citizen media. 27

Another group, the Sunlight Foundation, was founded in 2006 to help educate citizens about transparency in government, funding Web projects that combine both citizen journalism and activism. The site’s Exposing Earmarks campaign led to legislation that gives the public access to an online database of how federal money is spent. The Sunlight Foundation also has helped establish Congresspedia, which calls itself the “citizens’ encyclopedia on Congress that you can edit.” Launched in April 2006, the site includes articles and research on members of Congress and the Senate. Content is written by citizen journalists, although, unlike Wikipedia, a paid editor supervises the site. 28 Contributors are also required to register before submitting articles.

Though the foundation purports to be bipartisan, questions have been raised about its principals’ liberal leanings. MediaShift blogger Mark Glaser, for instance, pointed out in April 2007 that its chairman, Michael Klein, who had given the foundation \$3.5 million, had donated far more to Democratic causes in the past than to Republican ones. 29

Getting a Read on ‘Citizen J’

To get a better sense of citizen journalism Web sites, a team of researchers from Michigan State University, the University of Missouri and Ohio University have embarked on a two-part study titled Tracking and Analyzing Community News Models, funded by the Pew Charitable Trusts and the Knight Foundation. The first phase, conducted in late 2007, was an audit of various features on 64 citizen journalism sites in 15 metropolitan areas. Phase 1 examined the sites for such elements as the posting of outside material, the use of links and the extent of advertising. The sites studied ranged in their reach from covering an entire metro area to a smaller city to even a single neighborhood. (Click here for the full report).

The fact that 15 metro areas now include at least this many local citizen news sites and local blogs is something of a finding. The phenomenon is becoming more robust.

The other discovery was that, for all that citizen journalism might imply openness and interactivity, the majority of sites analyzed tended to demonstrate the instincts of “strong gatekeepers” who control the content and are somewhat more difficult to interact with than the ideals of citizen journalism suggest. Now, instead of professionals, those gatekeepers were the bloggers or citizens who ran the sites.

The majority of sites did not allow users to post news and feature stories, information about community activities, letters to the editor, photographs or videos, the study found.

The one form of openness was that the majority, indeed almost all, did allow users to post comments about the material on the site, but the staff reserved the right to edit or otherwise screen the comments to meet its standards of civility.

Among other trends that emerged: Most offered only limited ways to interact with staff, were low-tech compared with mainstream media sites and had spotty advertising. Many of these sites were also very young, established only in the last six months, which may explain some of the lag in technological sophistication. One area where they seemed comparable with established media outlets was in direct links to additional information.

The researchers differentiated between citizen sites that post original news stories and those that operate as journalism blogs. They found over all that the news sites were more welcoming to other citizens than were blogs, although even here user-content was not the norm.

Just 27% allowed users to upload material to the site.

At the citizen news sites, four in ten allowed users to post text stories and half as many (20%) to upload of photographs. A little more than a quarter (28%) allowed the uploading information of community events; 16% provided for uploading of audio files; and 12% allowed uploading of video.

Blogs were even less open. A mere 10% allowed text-based posts from visitors, and half of that (5%) allowed photo or video posting. Not one of the blogs studied allowed audio posts of any kind by users.

What about at least commenting on the content or contacting staff? Here again citizen journalism seemed no farther along than (and at times behind) mainstream journalism. The 2007 PEJ Report included a content study of 38 news Web sites and found the participatory nature of the Web was more theoretical than tangible. Since then, many mainstream news outlets have taken additional steps to bring users and their original content into the news process.

All 64 sites allowed users to post comments, reserving the right to screen or edit as needed, but only 20% of news sites and a mere 8% of blogs offered reader forums. Another early tactic to give users a voice with an online poll proved no more popular than forums (20% of news sites and 5% of blogs).

When it came to contacting staff directly, nearly all (96%) of the news sites allowed e-mail messages to be sent to the site administrators, compared to 75% of the blogs. The vast majority of the sites did not provide a telephone number or address for the administrators.

Citizen-based sites also seem behind the curve in the methods of distribution they offer. As with most mainstream sites in the 2007 PEJ study, RSS feeds were extremely common. Only four blog sites and one news site did not have RSS feeds. However, the use of other distribution systems was rare. Less than 10% of blog sites (8%) or news sites (4%) offered podcasts, and only slightly more (13% of blogs and 8% of news sites) allowed visitors to e-mail stories to other people. And mobile delivery, the latest techno gimmick, existed only on one blog site and one news site.

One major shift in mainstream news Web sites in 2007 was in breaking down the “walled garden,” which allowed linking to outside organizations or stories both on their home pages and even more so inside stories [link to appropriate place in report]. With the idea that a new role of journalism is to guide people to the information they want, and that people are going to get to these other places anyway, many mainstream news Web sites are consciously choosing to help send people elsewhere.

According to this analysis, most citizen-run sites are working toward this model as well.

All of the home pages had one or more external links, but the types of link varied greatly. Forty percent of the blog sites and 24% of the citizen news sites had links to traditional news media. Thirty-four percent of sites linked to other news sites, but a larger percentage (58%) linked solely to citizen blog sites. Some of the citizen-run sites linked to commercial news sites (14%) and commercial blog sites (19%) that were not connected to a traditional news organization. These appear to be for-profit, stand-alone Internet news and blog sites.

Percentage of Citizen-Run Sites with at Least One Link to Various Types of Sites

	Blog Sites	News Sites	Total Sites
Link with traditional news organizations (newspaper, TV, etc.)	40%	24%	34%
Link to citizen news sites	28%	48%	34%
Link to citizen blog sites	60%	56%	58%
Links to commercial news sites	20%	4%	14%
Link to commercial blog sites	27%	4%	19%
Number of sites	39	25	64

Source: Project for Excellence in Journalism

Looking at revenue streams, the picture was more varied. Advertising was much more common on citizen news sites than blogs. The majority of blog sites (58%) had no ads at all, while the majority of news sites (64%) had three or more display ads on the home page. Classifieds ads appeared on 44% of the news sites, most offered at no cost. (Only 3% of the blog sites carried classified ads.)

The second phase of the study will expand on the first by tripling the number of markets to be examined and adding an analysis of the content found on the citizen journalism site. In addition, some of the sites in Phase 1 will be examined to see if they have changed.

This study cannot answer why the sites were generally more restrictive than citizen journalism advocates might like, and several possibilities present themselves.

The nature of the sites might reflect their early development. Having an interest in citizen journalism does not guarantee knowledge of technology nor the funds to invest in needed software. Young sites also are likely to have fewer volunteers than sites that have established themselves. Another possible explanation is simply the lack of time to invest in the more complicated technology.

Or, it could be that these citizen journalists share some of the concern expressed by more traditional journalists in serving as hosts for information over which they have no editorial control.

Footnotes

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21. Brian Stelter, “MSNBC to Acquire a Chatter News Site,” New York Times, October 8, 2007.

22. Interview conducted by PEJ researcher David Vaina, January 10, 2008.

23. Jan Schaffer, “Citizen Media: Fad or Future of News?” J-Lab, February 2007.

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Charts & Tables

Charts & Tables

AUDIENCE

Home Broadband & Dial-Up Penetration

Online News Consumption

Percent of Population Ever Going Online
Percent of Population Going Online Yesterday

ECONOMICS

Local & National Online Ad Spending, 1998-2007
Recipients of Online Advertising Dollars, 2006

OWNERSHIP

Ownership of 25 Most Popular News Sites, 2007
Top Online News Sites (comScore)
Top Online News Sites (Nielsen)

NEWS INVESTMENT

Growth of Web-Related Jobs in Journalism



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Network TV – Intro

Intro

By the Project for Excellence in Journalism

After a tumultuous 2006 with shakeups among anchor and executives, 2007 marked a return to more stability for network news.

The evening programs, if anything, became more alike, much as they were before their makeovers of the last two years. CBS reined in its anchor, Katie Couric, to the point that she is operating even more conventionally than her rivals.

Efforts to expand the audience appear to have failed. In the evening, the total audience fell once again, continuing a trend that began with the advent of cable in the early 1980s. In 2007, the fight over this dwindling audience in some ways intensified. ABC News dethroned NBC for the first time since the summer of 2005, when its anchor, Peter Jennings, died, only to have NBC reclaim the lead in December.

The morning news audience declined too, for the third year running. While NBC kept its long-time lead, ABC managed to lose fewer viewers, and the gap between the two rivals narrowed.

Financially, the picture is more difficult to discern. Numbers are not broken out. But in 2006, the last year for which complete data are available, advertising revenue for both the morning and evening newscasts appeared to drop slightly.

Online, the networks appeared to be moving toward partnerships rather than building on their own, often with ventures that might bring in younger demographics. ABC News teamed up with Facebook, a popular social networking site, and CBS News signed on with Digg, a user-generated site with no reporters or editors.

And while the evidence suggests that overall staffing continued to drop, the three networks appear to be responding to the long-standing decline in foreign bureaus by re-staffing with one-person bureaus, bringing overseas bureau numbers back up to the mid-teens.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

Network news in the last two years has seen a generational transfer in anchors, news bosses at two of the three networks, more declines in audience and further cutbacks in staff.

Does it show? In 2007, did the programs change? Do they differ from each other? And how is network broadcast news, night and morning, similar or distinct from what one would see on cable or elsewhere?

This year, the Project offers its most comprehensive study to date of network news. For the first time, the Project studied every minute of the three commercial networks' weekday nightly newscasts, as well the "hard news" half hour (the first 30 minutes) for the weekday morning shows. That represents some 27,600 minutes of news in 2007. That analysis builds on snapshot studies we have conducted in seven previous years. ¹

This larger examination, a "census" of every weekday rather than a snapshot or sample, finds:

- After CBS initially built more of its evening newscast around its new anchor, Katie Couric, she now plays in some ways a smaller role in her program than her rivals do in theirs. Most notably, she does significantly less of the signature interviewing for which she was known in morning television than do her evening rivals. In many ways, Couric's role is more circumscribed than the other network evening anchors.
- In its news agenda, however, CBS, whatever its initial changes, now is quite similar to the other programs. There are differences in what the newscast covers versus the others, but those differences are now subtle.
- With all the changes behind the scenes, on the air the three commercial nightly newscasts are structured much as they were under the previous generation of anchors. Audiences seem to have resisted attempts to alter them, which is one reason that Couric's innovations failed to increase her audience. The nightly newscasts are the last place in television news where the correspondent is a key participant in the newscast, which is built around their written, vetted, edited and produced story packages where words and pictures are carefully matched. Most other television news has moved toward more extemporaneous news delivery.
- Nightly network news continues to offer the broadest range and most traditional or "hard news" agenda on television, clearly distinguishable from that on cable.
- In the mornings, when a narrower slice of the news is presented, the agenda in 2007 was dominated by politics, the war, crime and disasters. CBS' Early Show stood out for having a lighter news agenda than its rivals.

The Culture of Storytelling Continues at Night

When CBS hired Katie Couric from NBC's Today Show to become its evening anchor, the network had her fill more of the airtime than her predecessor, particularly by conducting interviews.

The show's producers apparently wanted to have her play more of the role she had in morning news, where the anchor is also the reporter in most segments, often formatted around one-on-one interviews.

When she took over in September 2006, live interviews were a significant part of the new program, and analyst Andrew Tyndall noted that she was filling a larger part of her newscast than her rivals.

Even as changes began to be made in that initial plan, Couric's role was significant. In February 2007, in writing about a new set series of interviews on CBS called the American Spirit, in which Couric talked with inspiring Americans, New York Times television critic Alessandra Stanley wrote that Ms. Couric is "hoping to enliven the newscast with some of her trademark early-morning pep and pizzazz — the 'Today'-ification of the 'CBS Evening News.'" "

By the end of 2007, with new executives in charge of the newscast, that reliance on Couric had been scaled back. In fact, the opposite was true. Looking at 2007 in total, interviews made up roughly half as much of the CBS Evening News with Katie Couric as they did on rival newscasts (178 minutes on CBS, 308 minutes on ABC and 371 minutes on NBC).

That number might have been even lower, moreover, had CBS in early December not introduced its Primary Questions, a 10-part, favorably reviewed series of interviews with the presidential candidates. (Among the questions: "What one book, other than the Bible, would you bring the White House?"; "Besides your family, what are you most afraid of losing?"; "Who is the single most impressive person you've ever met?"— four Democrats said Nelson Mandela and four Republicans said Ronald Reagan.)

If Couric's strength was once considered, as Washington Post critic Tom Shales suggested the night of her CBS debut, "chiefly her ability as an interviewer," CBS apparently believes that this did not work for her on the evening news.

That does not mean that Couric's role has shrunk across the board. According to accounting by analyst Andrew Tyndall, Couric spent as much time as one of her rivals, Charles Gibson, as a reporter herself in taped packages (273 minutes over the course of the year).²

But that means that more of her time on the air than her rivals is circumscribed by editing. Even many of her interviews are now tightly edited. Her Primary Questions segments were taped and edited, making them, in a sense, a hybrid of interview and package.

At least one of the signature skills that Couric was imagined to have brought as an asset to evening news is now considered something to limit.

Story Format Night News by Network
Percent of Newshole

	ABC		CBS		NBC	
	%	Minutes	%	Minutes	%	Minutes
Package	83	3864	85	4130	77	3824
Interview (live and taped)	7	308	4	178	8	371
Staff Live	2	85	1	46	5	229
Anchor read (Voice-over/Tell Story)	9	423	10	480	10	502
Unedited a/v	0	0	<1	1	0	0
Live (event or ext. live)	0	0	<1	3	0	0
Other (Banter, weather, don't know)	0	0	<1	1	<1	12

Were there other notable distinctions among the networks?

One that stands out, in contrast with the trend at CBS, is that NBC Nightly News with Brian Williams has moved away somewhat from a reliance on correspondent packages. Just slightly over three-quarters of the time on the NBC was made up in 2007 by these taped stories (77%), the lowest of the three networks.

We found a similar pattern on NBC's cable sibling, MSNBC. It stood out even among cable channels for nearly abandoning packaged storytelling entirely (just 10% of time studies and a heavier reliance on interviewing (70% of all time studied).

What would explain this? It is possible that the sharing of correspondents between the two channels has contributed to less time for NBC correspondents to put together taped packages. If Andrea Mitchell is doing stand-up reports for MSNBC during the day, and even anchoring some daytime programs, she may be available for a two-way interview with anchor Brian Williams, but not to put an edited piece together.

Does the format matter?

We find evidence that it does. In studies of network nightly news in previous years, one finding was that the stories on these newscasts had a thoroughness of reporting not found in cable or on morning news (2005 *State of the News Media*). Much of that stemmed, we concluded, from the continuing reliance on taped and edited correspondent packages as the heart of the nightly newscasts.

And whatever the small differences among the three nightly newscasts, that reliance on correspondent storytelling persisted in 2007. It did drop some, and the role of the anchor and the reliance on the live interview and reporter stand-up grew slightly.

But compared to anything else on television news, the nightly newscasts is where viewers can see stories that have been checked and edited, where the words from the correspondents have been carefully written rather than spoken from quick notes, where producers and correspondents have discussed the content of the stories, and the pictures and the words have been carefully matched in an editing room.

In 2007, correspondent packages made up 82% of the time on the nightly newscasts down slightly from 86% in our 2004 sample. The reliance on anchor conducted interviews and reporter live stand-ups grew to more than 8% of time (up from 2% in 2004).

Format of Different TV News Programs
Percent of Newshole

	Nightly Network	Cable	Morning Network	News Hour
Package	82%	30%	50%	36%
Interview	6	45	30	52
Staff Live	2	11	5	<1
Live (event or ext. live)	<1	3	<1	<1
Anchor read (Voice-Over/tellstory)	10	10	9	12
Unedited a/v	<1	<1	0	<1
Other (Banter, weather, don't know)	<1	1	5	0

These numbers still distinguish nightly news from morning, where interviews make up a third of the time, and even more so from cable, where the dependence on live programming that is harder to vet or correct makes up nearly 60% of time.

The interview and the use of the live stand-up, the latter a staple of local television news, are controversial in network nightly news. Time is more limited on these programs, which average 18.6 minutes of news each night. Live interviews tend to cede control to the interview subject, and live reporter stand-ups, if not handled judiciously, can simply repeat what is contained in a story.

Consider, for instance, the evening of October 2, a night picked at random. A view of NBC's Nightly News with Brian Williams would have seen the program focus at the beginning with events of the day — first a news story about Blackwater Security's president, Erik Prince, questioned in Congress, followed by a quick update of the third-quarter fundraising totals of the presidential candidates. Then came news about a court finding New York Knicks and its coach and president, Isiah Thomas, liable in a sexual harassment case, a quick tell story on housing sales figures and a story on the U.S. dollar.

A viewer tuning in to the closest thing to a newscast on NBC's cable channel, MSNBC's Olbermann program, would have seen a lead story on Democrats proposing a war surtax, a symbolic action that was not going to pass, followed by a follow-up interview about Democrats being unhappy with their party leadership. Then came a story and an interview about Blackwater's ties to the Bush administration, calling the security firm "the armed wing" of the White House, followed by two stories about a controversy involving Rush Limbaugh.

None of the pieces on NBC Nightly news were live interviews. Three of the first six pieces on Olbermann were. Indeed, the three brief packages were setups to the longer interviews.

Differences among Nightly Newscasts in Topic Agenda

Beyond their differences in structure, the three commercial evening newscasts are in many ways even more similar in their news agenda — what they choose to cover and not cover each night.

Consider a few statistics.

- The three newscasts had the same lineup of the top six stories of the year, with one exception (NBC gave more time to following up Hurricane Katrina.)

- Over the course of the year, out of 2,303 minutes devoted on the three evening news programs to the war in Iraq over, they varied by just eight minutes (CBS 771, ABC 769, NBC 763).
- Each gave about the same percentage of time in 2007 to U.S. foreign policy, to disasters, to education, to government, and more.

The similarities are particularly true when looking at the two most popular programs, ABC and NBC.

The list of the topics on each of these two newscasts for the year does not deviate in order until topic No. 10. On NBC it is the environment, which ranked No. 15 on ABC. And that focus on the environment on NBC reflected in part a corporation-wide decision at General Electric to focus attention on global warming and energy use late in the year. All NBC newscasts devoted special time that week. That weeklong special also coincided with NBC retaking the lead in ratings over ABC.

There are slightly more difference with CBS' newscast, which is last in ratings.

CBS devoted more time in 2007 to health topics and lifestyle topics (18% of its time) than did either ABC (15%) or NBC (14%).

But broadcast by broadcast, divided over 261 weekday nights (ABC evening was preempted on 3 nights, and CBS evening was preempted on 2 nights), these small percentage differences might be scarcely noticeable. (The difference in between NBC and CBS coverage of non-U.S. foreign events, for example, amounts to just 36 seconds difference a night.)

Were there distinctions in how different networks led their newscasts? Some. NBC led more often with the debate over Iraq policy, but less often with events on the ground in Iraq. ABC was more likely to lead with anti-terrorism issues at home and similar efforts abroad than the others.) But overall, those differences also paled in relation to similarities.

A more meaningful difference among the networks might be the overall time devoted to delivering the news. Of the 30 minutes these programs air, subtract commercials, and "teases" of forthcoming stories and the programs are not equal in size. ABC had 18.1 minutes of news, CBS had 18.7 and NBC had the longest newscast, 18.9 minutes (ABC evening was preempted on 3 nights, and CBS evening was preempted on 2 nights).

This also reflects another change, one we have noted in the past. The proverbial 22 minutes of news in a 30-minute newscast, in other words, has shrunk to an average of 18.6 minutes. 3

This declining newshole has been documented in these reports before using data from ADT Research and analyst Andrew Tyndall. (State of the Media 2005)

Differences among Nightly Newcasts by Topic
Percent of Newshole

	ABC	CBS	NBC
Governemnt	5%	5%	5%
Elections/Politics	8	9	7
Crime	6	6	5
Economics/Business	8	6	7
Environment	2	3	4
Health/Medicine	8	10	8
Science/Technology	2	3	1
Immigration	1	1	2
Other Domestic Affairs*	15	15	15
Disasters/Accidents	7	7	7
Celebrity/Entertainment	1	1	1
Lifestyle/Sports	10	10	8
Miscellaneous & Media	3	3	4
U.S. Foreign Affairs	15	15	16
Foreign (Non-U.S.)	8	7	9
Total Minutes	4,680	4,837	4,938

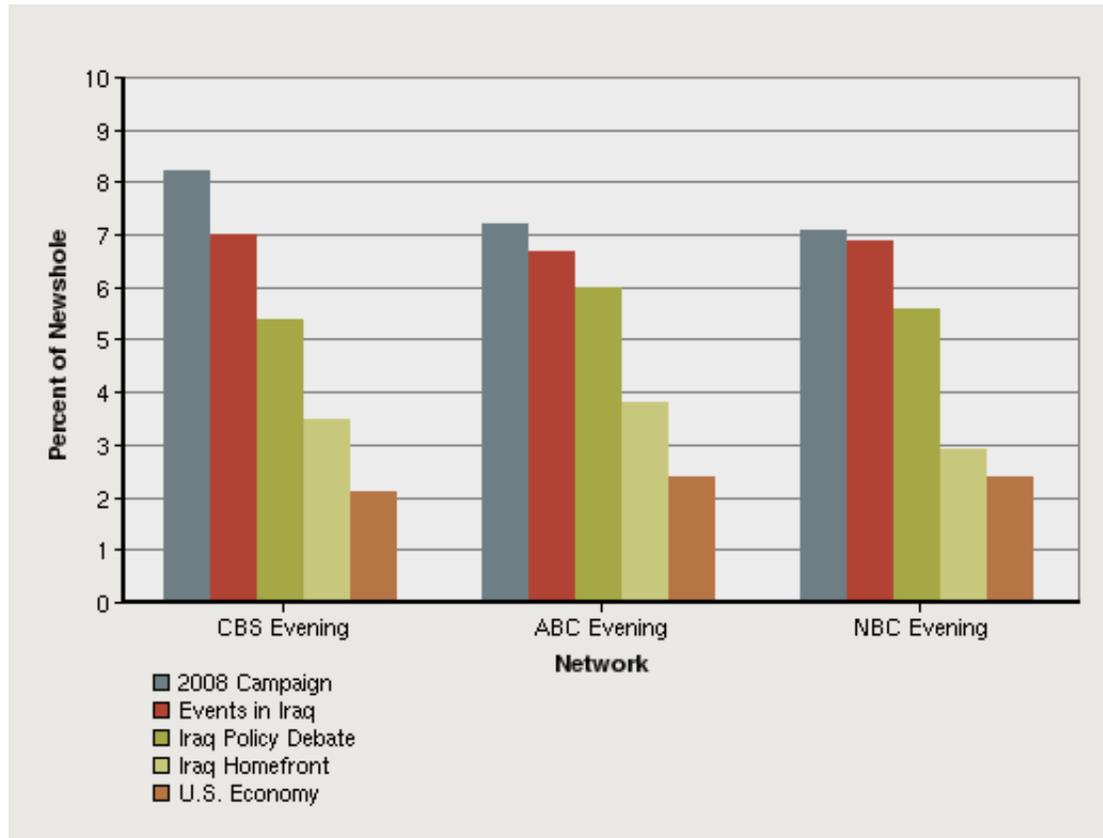
Totals may not equal 100 due to rounding.

Note: * Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.

Other domestic affairs includes such issues as development, transportation, education, religion, court/legal system, defense/military (domestic), race/gender/gay issues, poverty, social security, etc.

Top 5 Nightly News Stories

2007, by Network



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The Network News Agenda Over Time

How has the news agenda on the nightly news changed?

Over the years, the Project has traced an arc in the content of the nightly newscasts. The definition of news shifted from a more traditional diet of what some used to call “hard” news in the 1970s and 1980s toward a clear softening of the agenda in the 1990s. For the decade of the 1990s, both Andrew Tyndall and Robert Lichter’s research found that crime, once a largely local story, was the biggest topic on nightly news in the decade, although the crime rate was declining. That raised questions about “tabloidization” in network television. That coincided with the end of the Cold War, and the decline in foreign coverage.

After 9/11, there was a brief but clear turn in the news agenda of nightly news toward foreign affairs again, with anti-terrorism efforts as a clear focus.

What is the agenda now?

The nightly newscasts in 2007 devoted more time to a range of domestic issues, especially health and medicine coverage, than in 2004. 4 (The number for a host of issues at home rose to 24% of the stories, up from 21% in 2004 and the mid-teens for several years before that.) The newscasts all also devoted 75% more to disasters and accidents than three years earlier, a topic that has ebbed and flowed over the years. All told, they devoted 7% of disaster and accident stories up from 4% in 2004.

Coverage of government, meanwhile, shrank markedly, as it did on other media sectors, to just 5% of the stories on the nightly newscasts, down from 27% in 2004. That number is not unprecedented, but it matches the lowest we have seen in prior snapshots of network news topics.

To some extent, the time that might have been devoted to government activities was swallowed up by attention focused on the Iraq policy debate and the campaign for president. But that does not explain the entire decline. The uptick in coverage of crime (to 6% up from 2%), accidents and such domestic issues as health and medicine also account for part of it.

Does this suggest some lightening or shifting of the news agenda on nightly news, in particular toward medical coverage that is particularly attuned to an older audience that watches nightly news, or toward lifestyle stories about diet and other news you can use?

That judgment is premature. Numbers can move up and down in different years. But certainly features that were once branded staples of the network news, such as those that focused on government waste (NBC's Fleeing of America), have given way to frequent special series on health.

Commercial Nightly News Topics, Over Time
Percent of All Stories

	1977	1987	1997	June '01	Oct. '01	2002	2003	2004	2007
Governemnt	37%	32%	18%	5%	7%	5%	16%	27%	5%
Foreign Affairs/Military*	22	20	18	23	39	37	28	15	25
Elections								9	7
Domestic Affairs#	8	7	5	18	34	12	16	21	24
Crime	8	7	13	12	4	12	6	2	6
Business/Economics	6	11	7	14	5	11	12	8	10
Celebrity/Enter.	2	3	8	5	0	2	2	2	1
Lifestyle/Sports	4	11	14	13	1	17	6	5	8
Science and Technology	4	5	6	4	11	2	2	3	2
Accidents and Disasters	9	5	10	4	0	3	10	4	7
Other+	N.A.	N.A.	N.A.	3	0	N.A.	2	4	5

Totals may not equal 100 due to rounding.

Note: *Foreign Affairs in 2007 includes much of Iraq policy debate, U.S. foreign diplomacy and non-U.S. involved foreign events.

#Domestic affairs includes topics such as health and immigration that in other charts are broken out seperately. +Other in 2007 includes media

Nightly News vs. Other Media

Whatever changes may have occurred in the topics in 2007, the three commercial nightly news programs still feature the most traditional hard-news-oriented agenda on commercial television, and in some way the broadest. While cable news has moved toward commentary, with a focus on a narrower range of topics often of a controversial nature, with a dose of tabloid crime and scandal mixed in, the nightly newscasts cover a wider range of topics.

In 2007, one was twice as likely to see coverage of events from abroad that did not involve the U.S. on nightly network news, for instance, than on the several hours a day of cable studied in our sample. There was about half the percentage of crime coverage on nightly news as on cable (6% vs. 13%), more than twice the percentage of economic/business coverage (7% vs. 3%), about a fifth of the celebrity and entertainment coverage (1% vs. 5%).

Topics on Different Media
Percent of newshole

	Network Evening	Cable	Online	Newspapers
Government	5%	7%	6%	6%
Elections/Politics	8	17	8	11
Crime	6	13	7	4
Economics/Business	7	3	5	12
Environment	3	1	1	2
Health/medicine	8	2	2	7
Science/Technology	2	<1	1	2
Immigration	1	5	1	3
Other Domestic Affairs	15	10	7	13
Disasters/Accidents	7	6	6	2
Celebrity/Entertainment	1	5	1	<1
Lifestyle & Sports	9	3	4	7
Miscellaneous & Media	3	6	4	2
U.S. Foreign Affairs	15	18	22	15
Foreign (Non-U.S.)	8	4	25	13

Totals may not equal 100 due to rounding.

The distinctions with mornings are somewhat less pronounced but similar (see Morning News for a more detailed comparison).

Morning Shows

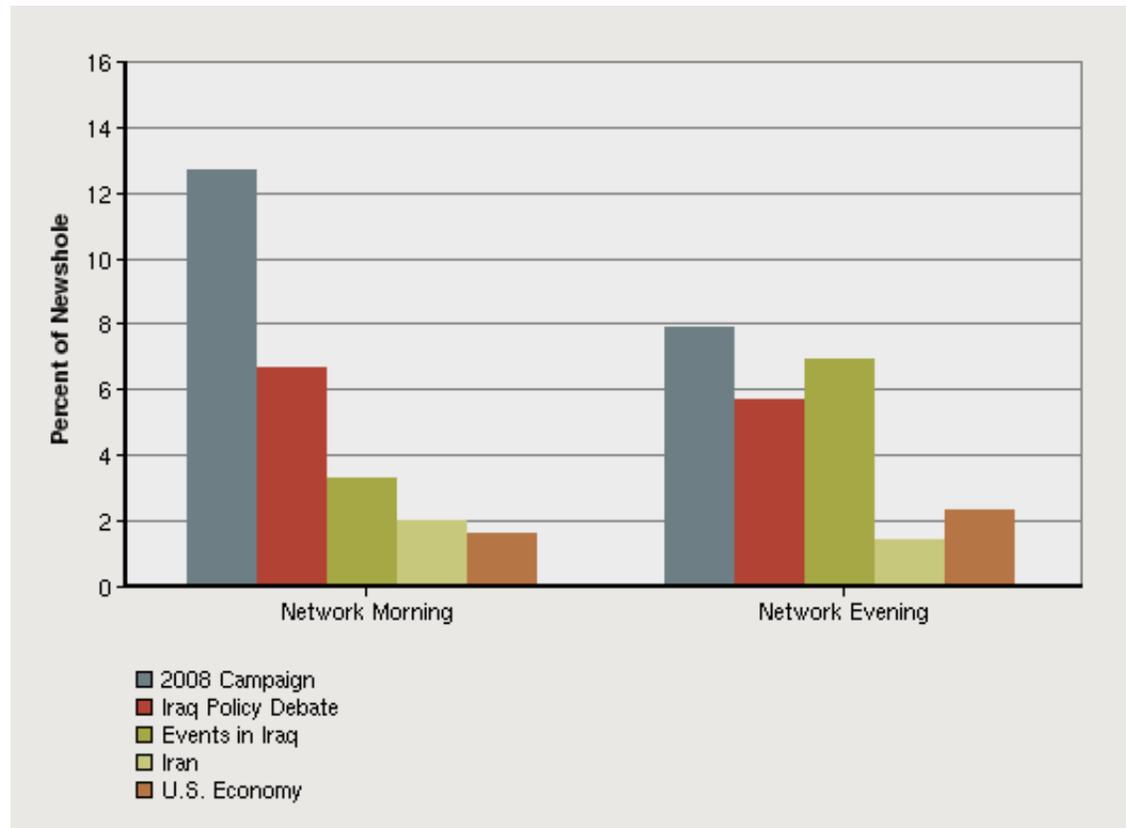
Morning network television programs are markedly different than their evening brethren, so much so that the time slot makes much more difference in determining what viewers see than the network they choose.

For these comparisons, we examine the first half hour of morning news, the “harder news” portion of the programs, the portion most like a “news” program. We examined every weekday of morning news and every minute of evening network news for the year (13,212 minutes for morning network, and 14,455 minutes of evening network).

In 2007, morning programs devoted significantly more of their time than evening news to the presidential campaign (13% vs. 8%). Only cable news and talk radio devoted more of their time to the campaign. Often this coverage had a decidedly different flavor than one might see at night.

Top 5 Stories on Network Morning vs. Network Evening News

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Take, for instance, the CBS' Early Show's Candidates Unplugged, series. The one on December 5 was an interview with a Republican presidential candidate, Mike Huckabee, in which the candidate talked about liking iPods (he owns two), the Rolling Stones and the rocker John Mellencamp. On the CBS Evening News that night, by contrast, the network reported on Hillary Clinton firing a staffer who had sent attack e-mails against her opponent for the Democratic nomination, Barack Obama, and about a new attack ad by another Republican candidate, Rudolph Giuliani, and Couric did one of her Primary Questions, segments, asking the candidates about their biggest mistakes.

But morning news also devoted more of its time to crime, disasters and celebrity, key ingredients in a more emotional, or what some critics would call a more tabloid news, agenda than nightly news. The morning shows devoted more of their time to crime (10% vs. 6%), celebrity and entertainment (4% vs. 1%) and more to accidents and disasters (11% vs. 7%). Collectively, about a quarter of the first half-hour of morning news programs was devoted to these three, 77% more than on the nightly newscasts. The crime and disaster segments tended to focus on the feelings of the families and victims.

Consider how evening and morning news covered a tornado in Alabama on March 1, 2007. The NBC Nightly News did three stories, a package about the tornado's destruction, a live report about current conditions in the town, Enterprise, and another live report about meteorologists tracking tornadoes.

The next morning, the Today Show covered the same story by running an interview with two students who were in the school when the tornado hit.

"First of all we are all very happy you are both all right, especially in the wake of what we've seen, this destruction," Matt Lauer began. "Marissa, let me start with you. I think you were in the science hall when this tornado struck. Were you with some other students? Did you hear some sirens? What kind of warning did you get?" And then he asked, "Can you describe, Marissa, what it was like when the twister actually hit the school?" 5

On October 1, as an example, ABC's Good Morning America devoted seven minutes in its lead half-hour to the story of a police search for man who taped himself molesting a three-year-old girl. The program covered the story first as a package and then by interviewing the suspect's ex-girlfriend, who, anchor Chris Cuomo said, "is now struggling to reconcile the images on that tape with the man she thought she knew." The police search was never covered as a story on the network's evening news program.

Topics in the News: Commercial Network Morning vs. Evening News
2007, Percent of newshole

	Commercial Morning	Commercial Nightly
Government	5%	5%
Economics/Politics	14	8
Crime	10	6
Economics/Business	6	7
Environment	1	3
Health/Medicine	3	8
Science/Technology	1	2
Immigration	1	1
Other Domestic Affairs	7	15
Disasters/Accidents	11	7
Celebrity/Entertainment	4	1
Lifestyle/Sports	7	9
Miscellaneous & Media	10	3
U.S. Foreign Affairs	13	15
Foreign (Non-U.S.)	8	8

Totals may not equal 100 due to rounding.

Another comparison also helps explain the difference in the feel of the programs. In total, 11% of the morning shows' first half-hour was devoted to the war in Iraq over all, versus roughly 16% on nightly news.

Differences by Network

Were there measurable differences in the news agendas of the three network morning shows in 2007?

Our analysis suggests the answer is a qualified yes, and again it was the CBS network that stood out. CBS' Early Show offers viewers a different, and some might say lighter, selection of news in the first half hour.

More of the CBS program during the time studied was devoted to the trio of celebrity, crime and disasters news than on the other networks. Fully 31% of the hours studied of the Early Show (1,267 minutes) were devoted to these subjects, versus 22% on GMA (954 minutes) and 22% on Today (1,013 minutes).

The Early Show also devoted less of its time in the hours studied to more hard news staples such as government and politics. Fully 14% of its time (or 571 minutes) was devoted to those two general topics, compared with 18% on ABC (802 minutes). NBC's Today show (22%) was the most focused on government and politics (1,035 minutes).

Those numbers highlight another difference in choice that viewers might find among the three morning programs. In general, at least in the first half-hour, NBC's Today show probably offered the most traditional hard-news-oriented agenda of the three, although it would be a stretch to say it was broad-based. Even on Today, three topics — U.S. foreign policy (mostly the war in Iraq), politics (mostly the election) and accidents/disasters — made up 41% of the airtime studied.

Topics in the News: Commercial Morning Network News

2007, Percent of Newshole

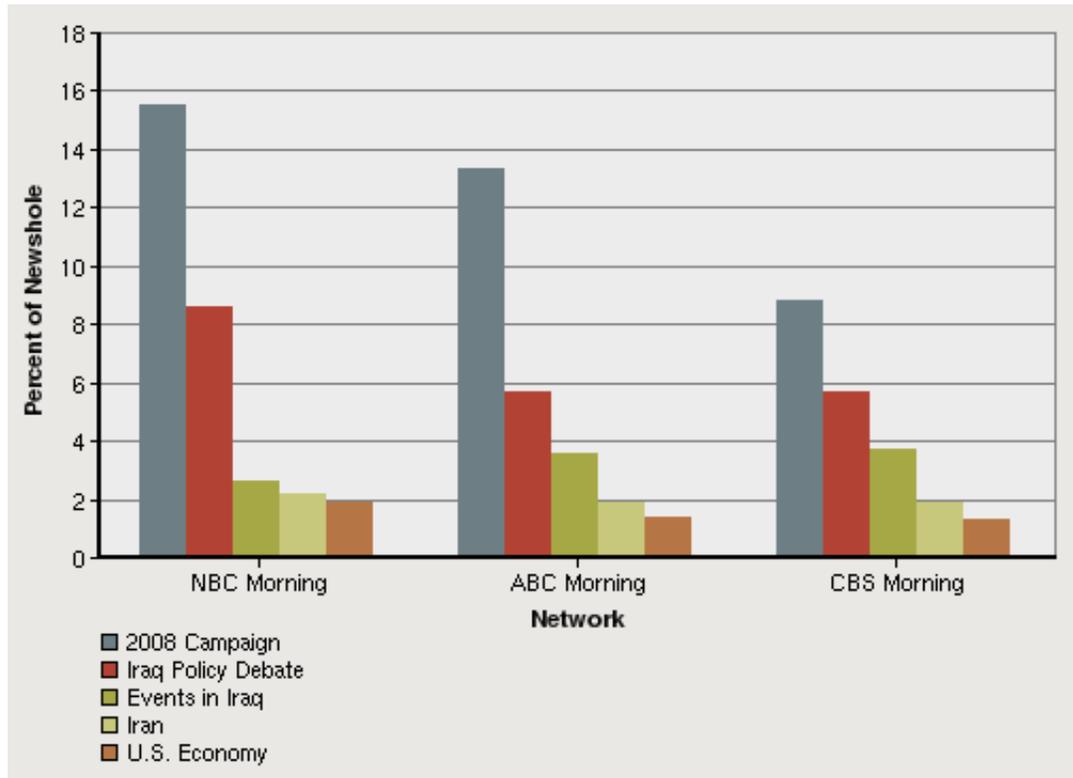
	GMA	Early Show	Today
Government	4%	4%	5%
Elections/Politics	14	10	17
Crime	8	12	9
Economics/Business	6	5	7
Environment	1	1	1
Health/Medicine	5	2	3
Science/Technology	2	1	1
Immigration	1	1	<1
Other Domestic Affairs	8	6	7
Disasters/Accident	10	12	10
Celebrity/Entertainment	3	8	3
Lifestyle/Sports	6	8	6
Miscellaneous & Media	11	9	9
U.S. Foreign Policy	13	12	15
Foreign (non-U.S.)	7	9	8

Totals may not equal 100 due to rounding.

But viewers might not have entirely noticed, at least not if they were taking their cue from the lead stories each morning. Here, ABC's Good Morning America tended to look a little more traditional.

GMA tended toward leading with foreign and economic news, especially the war, more than its rivals. Of the big stories of the year, the war, foreign events and the economy were the lead story nearly a quarter of the time on GMA (22%), substantially higher than the 13% on Today, and somewhat higher than 17% on the CBS Early Show. Thus even though Today was somewhat more oriented to hard news in the hours studied, it often led with other topics, and moved to those traditional news topics next.

Top 5 Stories on Network Morning Shows 2007, by Network



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

The other difference is in structure. In the mornings, GMA tends to rely more on taped packages and less on interviews, at least in the first half hour of the newscast. NBC's Today Show, in keeping with what we found in nightly and on cable, leans most heavily on live. Here, CBS fell in the middle.

Story Format Network Morning Shows
Percent of newshole

	GMA	Today	CBS Early
Package	54%	46%	51%
Interview	24	32	35
Staff Live	5	7	3
Live (Event or Ext. Live)	0	<1	<1
Anchor read (Voice-over/Tell Story)	11	10	6
Other (Banter, Weather, don't know)	5	5	4

Footnotes

1. PEJ has looked at the topic agenda of network news in 1977, 1987, 1997, 2001, 2002, 2003 and 2004. The 1977, 1987 and 1997 studies looked at all the coverage on the three main network newscasts for one month (March) of each of those years. The 2001 study looked at 15 days of network news. The 2002 study looked at 20 randomly selected days, as did the studies in 2003 and 2004.

2. Analyst Andrew Tyndall defines story categories slightly differently than does PEJ, and along with possible differences on when a story “begins,” that translates into slightly different total minutes over the course of a year different format categories. But both methodologies find a similar constriction in Couric’s interview time.

3. This declining newshole has been documented in these reports before using data from ADT Research and analyst Andrew Tyndall. *State of the News Media 2005*

4. These longitudinal comparisons of the programs are by percent of stories rather than by percent of time. The earlier studies were conducted that way. Repeated studies, however, have shown that the two different forms of calculating the newscasts yield almost identical results.

5. A day earlier, March 1, Today had done a live standup report on the tornado coming.

Audience

Audience
By the Project for Excellence in Journalism

In 2007, five key trends stood out regarding the audience for the three commercial broadcast networks with newscasts, ABC, CBS and NBC.

- The total number of evening news viewers fell once again, and the rate of decline accelerated in 2007. As a new generation of anchors has failed to attract more viewers, it may be that the three nightly newscasts are now left to compete for a shrinking pool of viewers.

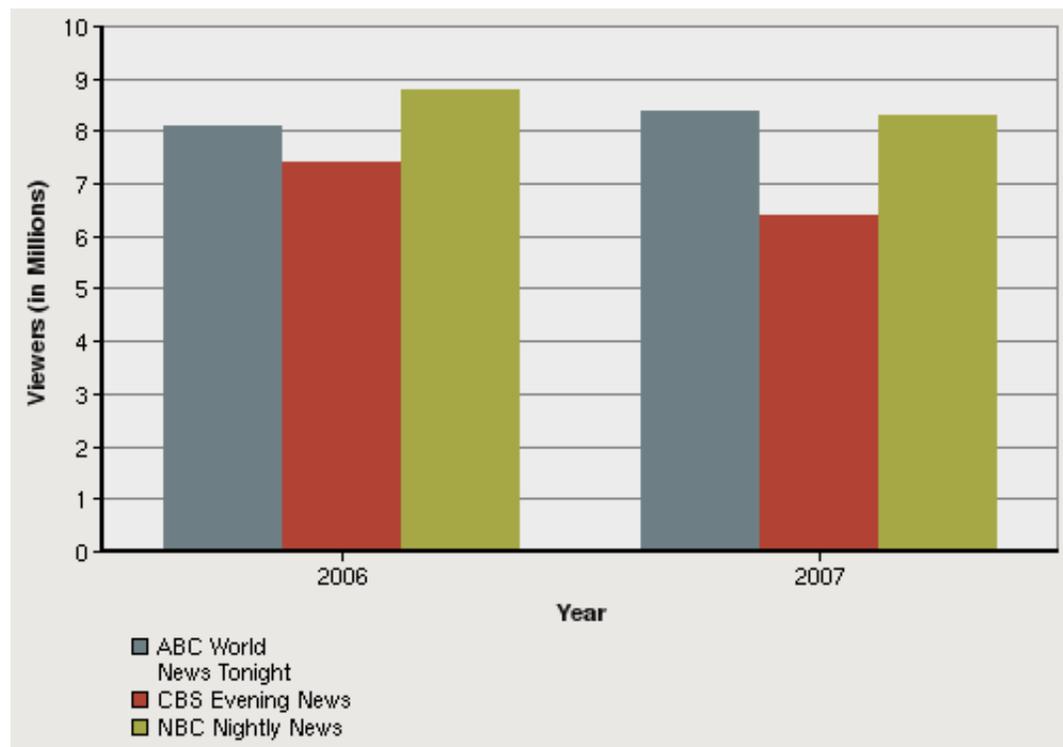
- For much of the year, ABC's World News With Charles Gibson increased its audience and overtook the NBC Evening News with Brian Williams for the top position in nightly news, although by year's end, after some retooling, NBC was again on top. CBS, meanwhile, fell farther behind, dropping by double digits for the year.
- The audience for the morning news shows fell for the third year in a row, dropping 2% year-to-year. The total audience for the morning news shows is now at its lowest point since 1999.
- Of the three morning programs, Good Morning America experienced the smallest drop and narrowed the difference between it and the long-time leader, the Today Show, to half a million viewers.

Nightly Newscasts

In 2007, the first full year of new anchors, the steady decline in audience accelerated rather than ebbed. 1 When the three networks were taken together, all three measurements of audience saw declines over a year earlier and, in two, the declines were steeper than in the past.

According to data from Nielsen Media Research, the networks averaged 23.1 million viewers a night, a drop of 5%, or 1.2 million viewers compared with data from 2006. 2

Evening News Viewership, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

Over the past 25 years, the audience has fallen around 1 million per year, making the decline somewhat steeper in 2007.

Ratings, which measure the number of television sets in a market tuned to a particular program, was 8.1 for the three networks in 2007. This was a drop of 6% compared to 2006, according to Nielsen data.

The third measuring stick for audience is share, or the percentage of television sets in use tuned to a particular program. In 2007, the share for the three newscasts was 30, identical to the 2006 average, according to data from Nielsen.

After years in which an unchanging cast of anchors saw their numbers gradually fall, everyone in network news wondered whether a generational change might attract new audiences. The past year, 2007, was the first in which that new generation was in place for an entire 12 months.

One of those newscasts, the CBS Evening News with Katie Couric, also made significant efforts initially to change and in some ways lighten the content in a way that was designed to distinguish it and appeal to new audiences. That failed to happen.

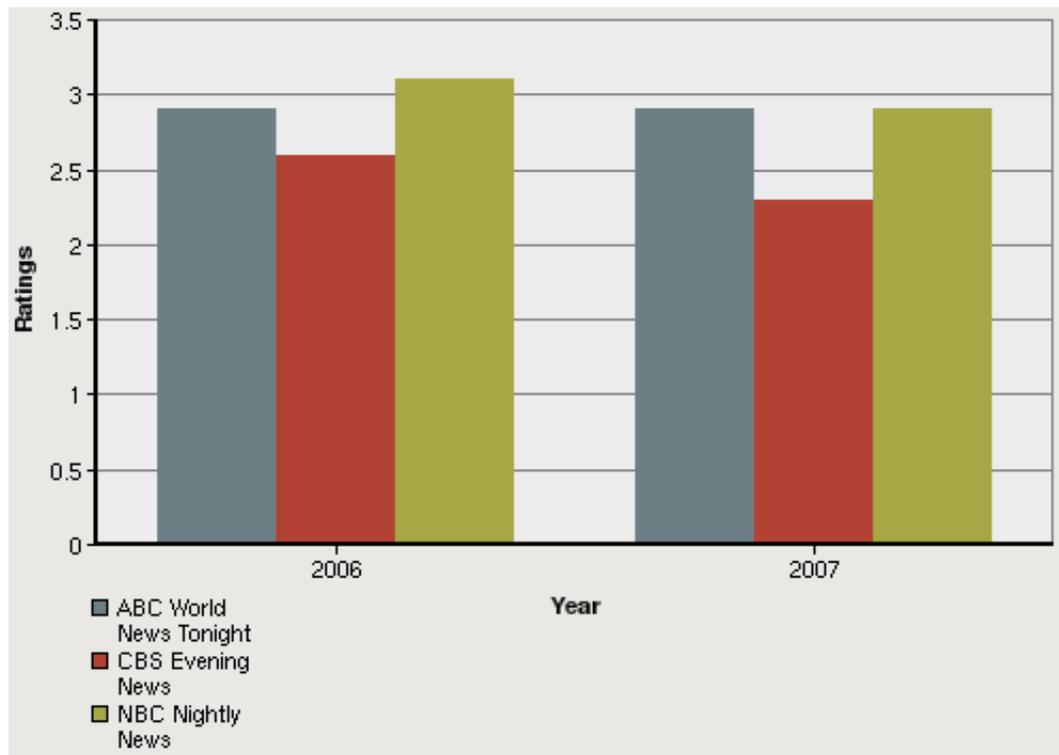
It appears, for now at least, that the structural problems facing network evening news may have more to do with competing technologies and the limitations of a dinner-hour timeslot than the personalities of the anchors.

To get a sense of the extent of decline over time, consider 1980, the year that CNN began, and U.S News & World Report asked "Is TV News Growing Too Powerful?" That year, ratings for network news were 37, with a share of 75. ³ Since then, as of November 2007, ratings have fallen 54% and share 56%.

Much of that has occurred in the last decade. Since 1997, ratings have dropped 34% and share 33%, November to November, according to Nielsen data.

(For a more detailed discussion of the reasons for network's long audience decline, see the 2004 *State of the News Media Report*.)

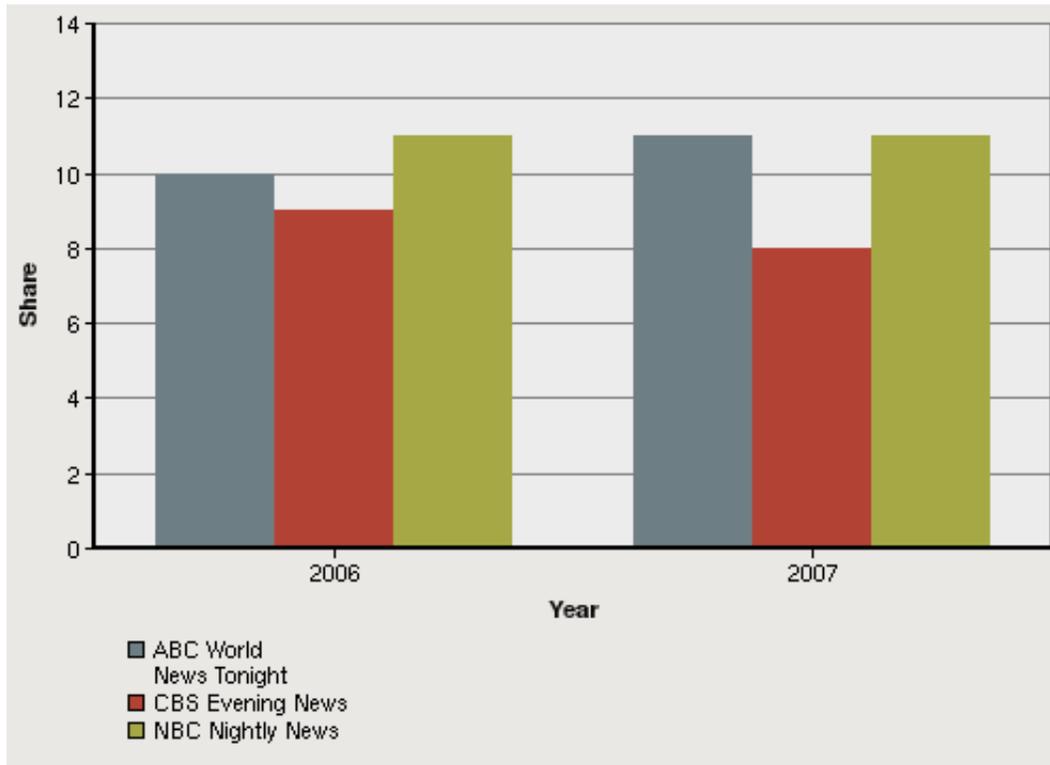
Evening News Ratings, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

Evening News Share, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

In many ways, this decline in network news viewership reflects not so much a reaction to news as it shows a structural slide in the audience for the networks themselves. The audience for everything the networks offer — sports, soap operas, prime-time entertainment, etc. — have all suffered long-term declines, a process that began in the 1980s with more choices on the dial. That decline continued in 2007 as well. According to data from Nielsen Media Research, the combined prime-time television audience at the four broadcast networks — CBS, ABC, NBC and Fox — fell 7 percent in 2007 compared with the same time period in 2006. ⁴

Viewers are also increasingly recording television programs and watching them at their own convenience, often several days after a show first aired. According to 2007 research conducted by the Leichtman Group, a research and consulting firm, 20% of U.S. households have DVRs, up from 8% in 2005. ⁵

With that comes an argument that Nielsen is missing a new, important segment of the audience. In response, Nielsen has made changes over the past two years to update its methodology to more accurately reflect television's viewing audience. ⁶

In January 2006, Nielsen introduced its first ratings data that combined live viewing with those who had watched a

recorded version of the show within seven days after it first aired. By March 2006, the data showed that the new rating system elevated the audience for most of the 25 most popular shows, with some receiving as much as a 4% increase in total audience.

Then, in September 2007, Nielsen announced plans to triple the size of its household sample to better estimate television viewing behavior. By 2011, Nielsen plans to sample 37,000 homes, up from 12,000 in 2007.

“Increasing the size of the sample audience is really important to measure the audience with the precision that our clients want and need,” said Sara Erichson, Nielsen executive vice president for client services.⁷

Despite these methodological adjustments, advertisers are increasingly relying on data that count how many people are watching the commercials aired during a program rather than the number watching the television program.

In the end, if the problems of network news can be mostly attributed to the decline in the overall audience of broadcast network television generally rather than something having to do with the newscasts in particular, then the survival of the networks’ news divisions in some ways may well depend on their liberating themselves from the broadcast television platform on which they were founded — and even perhaps from the networks themselves. If ABC News, CBS News and NBC News are to survive, it may be as video newsgathering organizations whose products are available on demand on many platforms, only one of which is broadcast television. And the measure of their potential for that future, as is true for other media, may be in their total audience across multiple platforms — from Web sites to podcasts, to viral online distribution to mobile networks.

Nightly News Audience Demographics

Another challenge for the evening network newscasts is attracting not only more viewers, but younger ones especially. In 2007, the audience appeared to grow older.

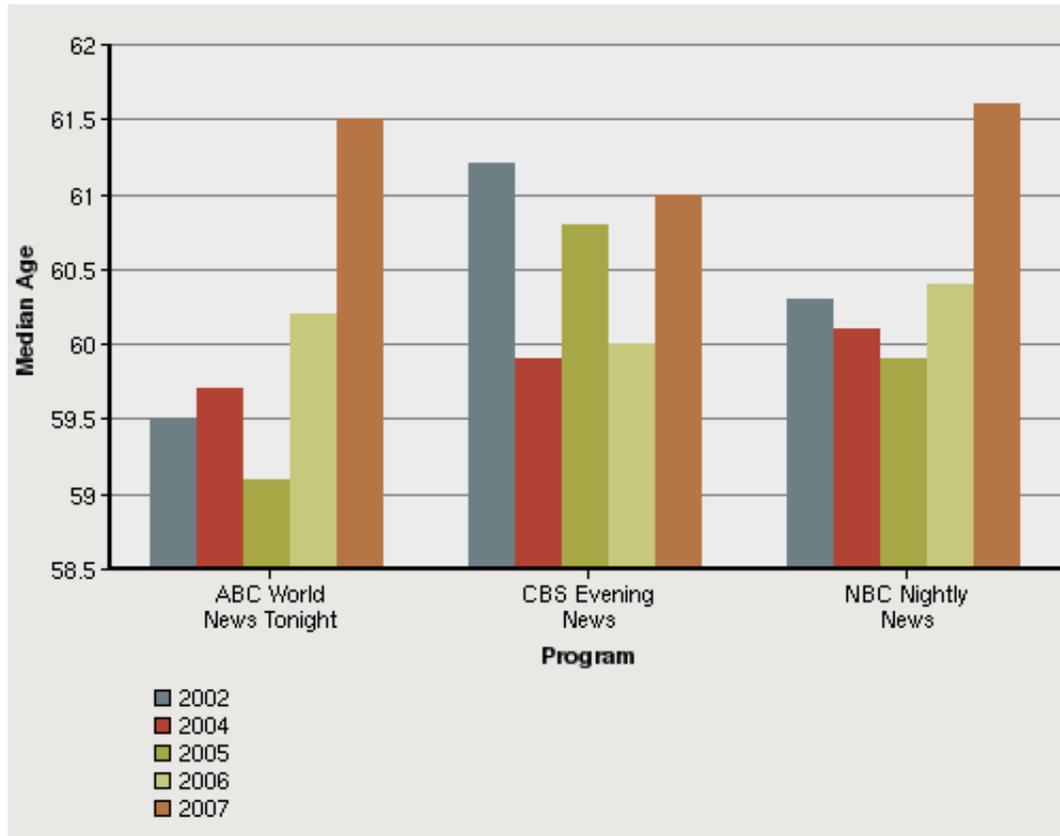
The median age of nightly news viewers was 61 years, according to data provided by Magna Global USA, a media services firm. That figure is up from the past few years, when it was roughly 60 years of age. There were virtually no differences across the three networks.

Younger viewers are important to the network news programs because marketers generally pay higher ad rates for them, specifically those in the 25-to-54 demographic.

As the age for audience for network news television programs has hovered around 60 over the past several years, there is evidence that the networks’ Web sites may be attracting a younger audience. For instance, the median age for CBSNews.com was 49.3 in the winter of 2008, according to data from Nielsen Online.⁸

Median Age of Nightly News Viewers

2002, 2004-2007



Design Your Own Chart

Source: MagnaGlobal USA

The Race Among the Networks

The evidence, heading into 2008, suggested that the competition among networks during the evening is for share of the existing pool of older viewers, with the only change being in how it is divided up.

Even then, the stakes can be significant.

According to network sales executives, each 0.1 rating point — or roughly 100,000 viewers — a newscast drops can translate into a loss of anywhere from \$5 million to \$6 million in revenue annually, the New York Times reported in May 2007.⁹

In that contest, ABC appears to be gaining, with NBC and, to a greater extent, CBS losing.

Over all, the average audience for ABC's World News Tonight with Charles Gibson in 2007 was 8.38 million viewers.

That represented a gain of roughly 300,000 viewers over the year before, some 3.8%.

It also, as an annual average, put ABC 88,000 viewers ahead of the NBC Nightly News.

NBC averaged 8.29 million a night, according to data provided to us by Nielsen Media Research, a drop of 5.7%, or 500,000 viewers, from the year before.

By the end of 2007, however, NBC was narrowly on top again, with 9.1 million viewers a night in November and 9.3 million in December.

CBS, amid all the fanfare and controversy surrounding Couric, remained a more distant third, with an average nightly viewership of 6.43 million viewers. With that average, CBS fell 13.4% year to year, or 996,000 viewers.

When measured in ratings, ABC and NBC tied at 2.9, and CBS was 2.3, according to Nielsen's 2007 data.

And in share, or the percentage of viewers watching news on television during the half-hour, ABC and NBC were at 11 for the year, and CBS 8.

To put this into perspective, NBC began the year with a 560,000-viewer lead over ABC. It soon fell into second place and trailed ABC much of the year. But by November, it was back on top.

But the story of the year in nightly news cannot be told entirely in the final numbers. There is actually something of a horse-race narrative here.

Early in February, ABC's World News surpassed NBC News for the top spot, attracting an average of 9.7 million viewers a night, edging out NBC's 9.6 million. Its claim of the top spot for the week of February 5 marked the first time since August 2005 — the week after Peter Jennings died — that ABC led, according to data from Nielsen Media Research. 10

ABC held onto the top spot for the next eight months, until relinquishing it in November. At year's end, ABC averaged 8.9 million viewers and NBC attracted 9.3 million, according to December data from Nielsen.

For NBC, which had been at the top for 26 months (December 2004 through January 2007), second place was an unusual position. When asked about its fall from first place, NBC anchor Williams seemed unfazed: "It is predictable. This is why I haven't allowed any champagne toasts in the newsroom when the ratings have been flawless and spectacular and joyous. This is a back-and-forth dogfight." 11

But in early March, NBC News reassigned its executive producer, John Reiss, and promoted Alexandra Wallace to the executive producer role, making her the first woman in a decade to head an evening newscast. Wallace had been the news division's vice president, and before the announcement there had been reports of disagreement between Williams and Reiss, the Associated Press reported in March. 12

What accounts for the increasing competition between NBC and ABC?

According to Andrew Tyndall, a network television analyst and contributor to this report, the reason the gap between

NBC and ABC had narrowed was more likely because of Gibson's performance as anchor than anything NBC had done or not done. The veteran Gibson, said Tyndall, had brought much-needed stability to the network, which, after Jennings' death, experimented with dual anchors until early 2006, when one of those anchors, Bob Woodruff, was wounded in Iraq. ¹³

Other experts point out the importance of the audience from the lead-in program. If the program that precedes the evening newscast, such as Oprah, attracts a large audience, this may ultimately boost the number of viewers who watch the news on the same network.

Meanwhile, it was another rocky year for the CBS Evening News and its host, Katie Couric. Heading into 2007, CBS had lost 26% of its audience since her debut in September 2006. Although there was further erosion in 2007, the rate of decline of 13% for the year represented a slowing of the loss, according to Nielsen's figures. While that was happening, CBS was also retooling Couric's newscast, changing its content and some of the personnel, including those behind the scenes.

First, the network scrapped the initial incarnation of Couric's newscast that involved fairly noticeable differences from the traditional newscasts. That effort began in earnest when CBS News replaced Couric's first executive producer, Rome Hartman, with Rick Kaplan, the well-traveled producer who had 35 years of news experience with ABC, CNN, MSNBC and CBS.

Kaplan's mission, according to the New York Times, was to bring more consistency to the CBS newscast. "When people tune into CBS News I want them to know what they're going to get," he said. ¹⁴ Privately, CBS insiders say, the intention was to make the newscast more hard-news oriented, which would also make it more like a traditional nightly newscast.

Publicly, Couric conceded that a return to more traditional news was necessary. "The biggest mistake we made is we tried new things," she told New York Magazine. ¹⁵

But underneath the public statements there were murmurings of discontent.

In April 2007, in a much-discussed article, television news correspondent Gail Shister reported in the Philadelphia Inquirer that Couric might leave CBS after the 2008 presidential elections to take on another position at the network. ¹⁶

The report was denied. In May, Sean McManus, president of CBS News, offered this response: "Three years, four years, five years; that is the time frame that I think, realistically, you need to evaluate where the broadcast is and where CBS News is." ¹⁷

The news wasn't all grim for CBS. Couric continued to attract women to the newscast. Through the first quarter of 2007, the Evening News was up 6% among women 18 to 49, according to the Chicago Tribune. ¹⁸ And in the first week of 2008, the newscast was tied for first among women 18 to 49, Media Life magazine reported. ¹⁹

How much does all that behind-the-scenes maneuvering matter? Do viewers notice the changes in content, or do they just react to the personality of the anchor?

It is impossible to say for sure, but there is some evidence to examine. First, as noted in the content section above, at least when it came to the topics covered, there were only negligible differences among the three nightly newscasts for most of 2007.

Thus, any differences among the networks that viewers are detecting may not be in what was covered. They therefore must be in how — the quality of the correspondent packages — or in the affect and manner of the anchor who links the stories and the program together.

Which is it? Again it is hard to say. What is certainly the case is that the most obvious difference among the networks is the face that fronts the broadcast. Even if people subtly sense more value in the way stories are done on one network over another, they may not be able to articulate it. According to a June 2007 survey conducted by the Pew Research Center for the People & the Press, 74% of Americans said the three evening newscasts were “pretty much the same.”

20

But the changes of 2007 and the horse race that now exists for the top spot make something clearer than before. Changing the content of the programs, switching anchors and spending more on promotion all have failed to expand the pool of nightly news viewers. The three newscasts are now probably looking at a permanent future of fighting for a shrinking pool of viewers at the dinner hour over broadcast television. To expand that audience, the networks may have to define themselves as something more than network TV broadcasters.

PBS

At PBS, the audience for the NewsHour With Jim Lehrer continued to show somewhat more stability than the commercial networks, but also some weakness. 21

The NewsHour, an hour-long broadcast that began in 1983 and now seen each weekday on more than 300 PBS stations, attracted approximately 2.2 million viewers a night during the 2006-07 season, according to data from the NewsHour research department. That number remains unchanged from the previous season.

But the program’s cumulative audience — the number of different people who watched across the course of a week — fell slightly during this time, from 6.3 million to 6.1 million each week. 22

What accounted for the drop? According to Beth Walsh, director of PBS research, there are two factors that influence the audience for the NewsHour.

First, like all media, PBS has felt competition from alternative sources of news, particularly cable.

Second, she said, the fortunes of the NewsHour are also tied to non-news programming. “Many of our programs have been down just a bit and our prime-time average has been sliding,” Walsh said. “In general, when PBS has a few ‘hits’ on the schedule, it raises everything, and when we have ‘status quo’ programming, we tend to slide.”

PBS expected that the 2007-08 season would be a better one for the NewsHour, thanks to the Ken Burns’ documentary “The War,” the most-watched PBS series in 10 years, which aired in the fall of 2007, but will be counted in the upcoming

year's audience figures. The documentary, along with political coverage of the 2008 presidential election, should attract more viewers to regular programming. ²³

Morning News

For the third consecutive year, the total viewership for the morning shows news declined.

And with that, a smaller network news audience in the morning now appears to be a trend.

It may be that the challenges for the morning shows are now similar to what they are for their counterparts in the evening: shifting work patterns and more competition from the Internet and cable television.

In 2007, total morning viewership averaged 12.7 million, down 4% from 2006, according to data from Nielsen Media Research.

Ratings were 4.5 in 2007, down 4% from the year before, and share stood at 33, down 3% year-to-year.

The audience leader in 2007 was NBC's Today Show, which finished first for the 11th consecutive year. Although the show remained comfortably ahead of second-place ABC's Good Morning America, the difference between the two narrowed in 2007.

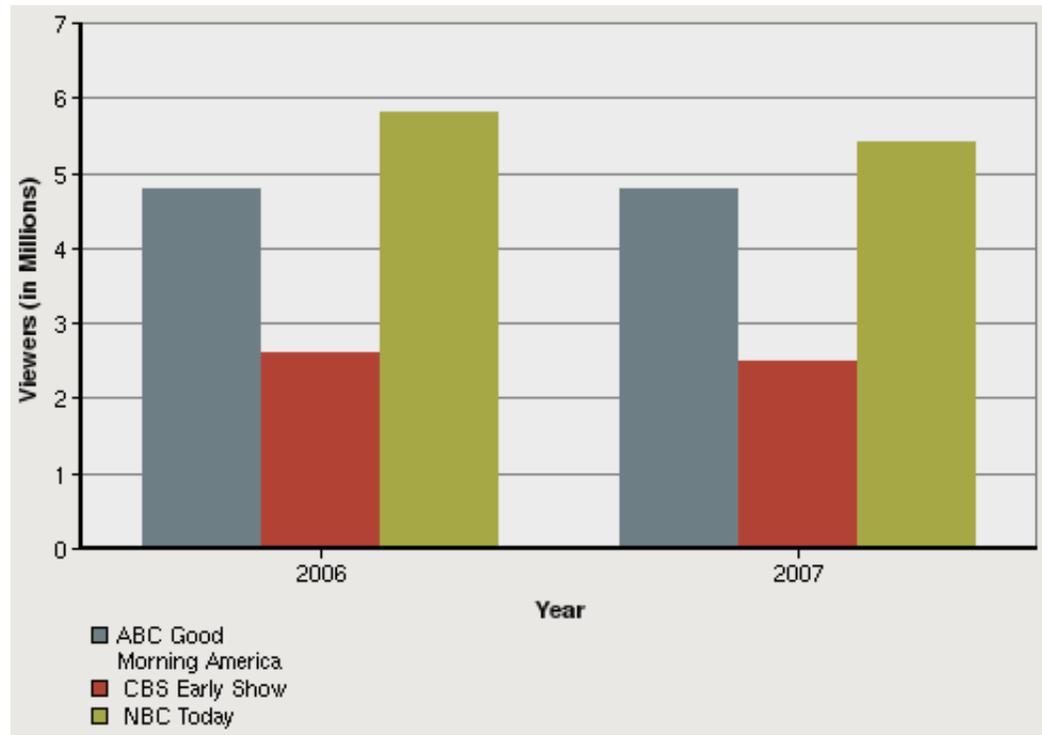
For the year, the Today Show averaged 5.38 million viewers each morning, down 6.9% or some 397,000 viewers from 2006, according to data from Nielsen Media Research. ²⁴ Using November to November data, often cited by the networks, this was the fourth consecutive year of decline.

The Today Show averaged ratings of 1.9 and a 14-point share for the year. Compared with 2006, ratings were down 10% and share fell seven percent.

Good Morning America also lost viewers in 2007, but considerably fewer of them. For the year, it averaged 4.77 million viewers, down 1.5%, or about 74,000, from 2006. ²⁵ Ratings averaged 1.7, the same as 2006. And share was 12, unchanged from the year before.

In third, perennially, was CBS' Early Show, which averaged 2.5 million viewers each morning, according to data from Nielsen. ²⁶ This average was virtually the same as it was in 2006. Ratings were 0.9 and share, at 7, were both unchanged.

Morning News Viewership, 2006 vs. 2007

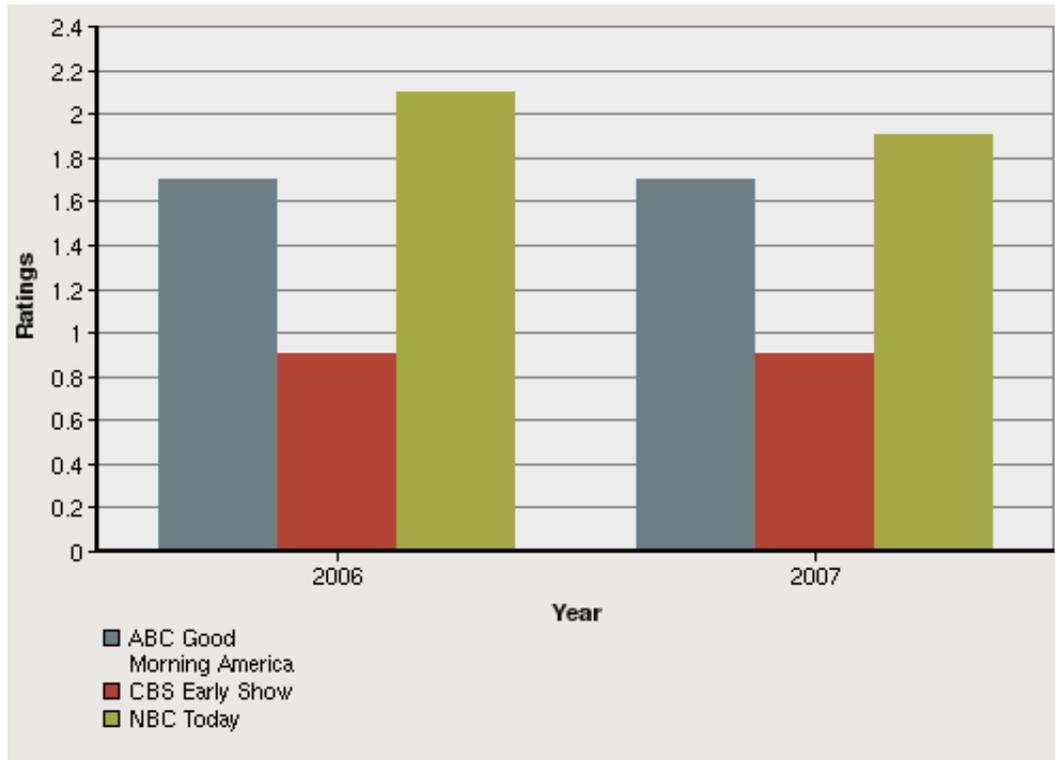


Design Your Own Chart

Source: Nielsen Media Research, used under license

But the implications of smaller morning news audiences may concern network executives more than a decline in evening news viewership. Morning news shows have long been network news' cash cows, with as much as three times the ad revenue generated from evening news programming, given the greater number of hours of programming. If that franchise, which over all had held somewhat steady, begins a gradual erosion, the effect on network news economics could be significant.

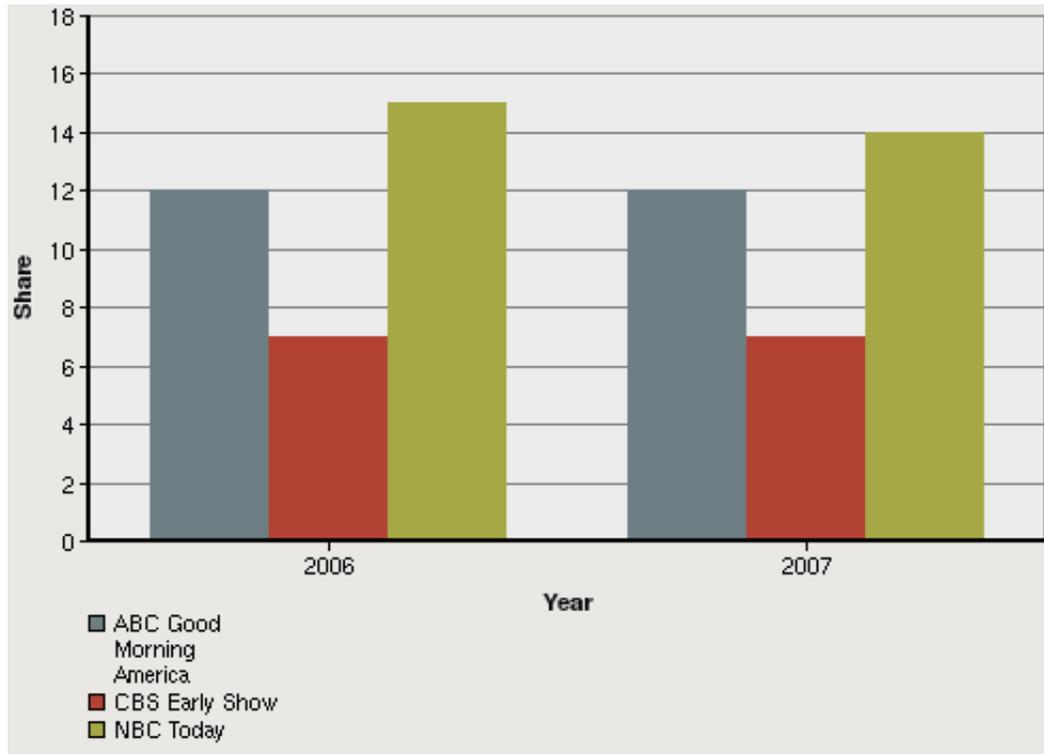
Morning News Ratings by Network, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

Morning News Share, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

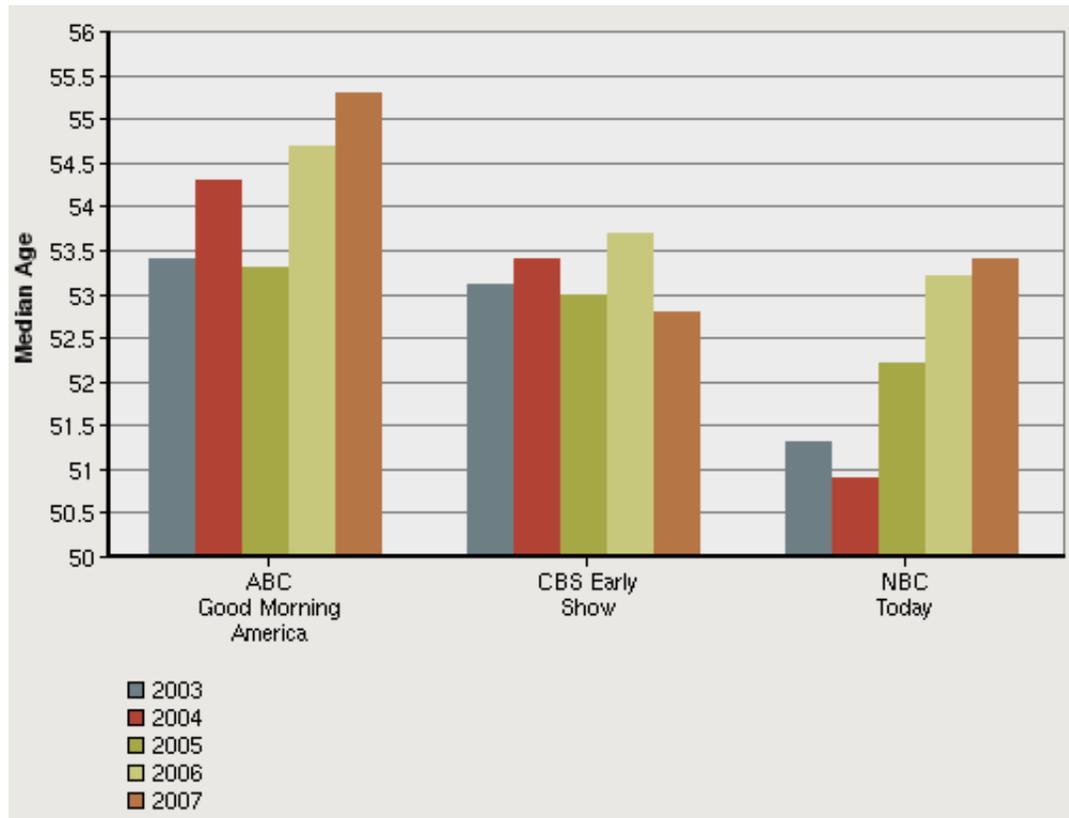
Morning News Demographics

For now, the median age for the morning news shows remains younger than what it is in the evening. But for two of the three morning newscasts, the median age climbed a bit in 2007.

According to data from Magna Global USA, CBS's Early Show got younger in 2007, attracting viewers with a median age of 52.8 years. The audience for NBC's Today Show got slightly older (53.4) while ABC's Good Morning America remained the oldest, at 55.3.

Median Age of Morning News Viewers

2003-2007



Design Your Own Chart

Source: MagnaGlobal USA

Morning Show Personnel

There were a fair amount of personnel and programming changes at the morning shows in 2007, as well as in the evening, some of which may have a bearing on audience trends.

September 2007 marked the one-year anniversary of co-anchor Meredith Vieira's tenure on the Today Show. During Vieira's first year, the show never lost a week to its rival, Good Morning America. But according to data from Nielsen Media Research, the Today Show lost 360,000 viewers (or 6.2%) on the average weekday since Vieira, who co-hosts with Matt Lauer, joined the program. What is more, the show was down 12% among women 25 to 54, a demographic group much prized by advertisers. 27

It was also at this time that the Today Show added a fourth hour of programming in the fall season. The fourth hour, however, is not hosted by Vieira or Lauer but rather by Ann Curry, Natalie Morales and Hoda Kotb.

The move was regarded as somewhat of a risk for NBC. In 1999, the network sought to expand programming to three hours with Later Today, but before long the show was canceled. And though it generated higher ratings after it added a third hour once again in 2000, the show's audience reportedly drops off significantly after the first two hours. 28

There was also concern from NBC's local affiliates, which were hesitant to surrender air time that had been allocated for syndicated programming. The network, however, convinced its affiliates there would be ample opportunities for local news and, by mid- 2007, 90% of the affiliates had made room for all of the Today Show. 29

For ABC, Good Morning America saw the first full year with co-hosts Robin Roberts and Diane Sawyer at the helm, after longtime host Charles Gibson left the show to anchor ABC's World News in June 2006.

The show did endure several challenges in 2007. In late July, Roberts announced she had been diagnosed with breast cancer and would have surgery in early August. Roberts returned to the show just 10 days after her surgery. 30 In mid-January 2008, Roberts finished chemotherapy, some of which was videotaped for the ABC News Web site. 31

Earlier in the year, Good Morning America also lost its longtime film critic, Joel Siegel, to cancer. Siegel, who died in June, had been with the show since 1981. 32

At third-place CBS, things were much less stable in 2007 and early 2008.

In late 2006, the Early Show, which uses a four-anchor format, saw the departure of host René Syler, who had been with the broadcast since October 2002. In late November 2007, another anchor, Hannah Storm, was reassigned. 33

There was also a major change off-camera. In September 2007, CBS named Shelley Ross the show's senior executive producer. Ross had been with Good Morning America from 1999 to 2004, and had been credited with raising that show's ratings. 34 She is one of several veterans of ABC who have been recruited by CBS News' president, Sean McManus, and in particular under his executive vice president, Paul Friedman, the former No. 2 at ABC News.

These developments did not come to as a surprise to many since McManus had told reporters in late 2006 that he would focus on improving the morning newscast ratings after re-launching the CBS Evening News With Katie Couric, who made her debut in the fall of that year. 35

Perhaps the biggest change came in early 2008 when CBS made the first hour of the Early Show available to all of its affiliates. Before then, 43 CBS affiliates, whose broadcasts reach about 20% of the country, had aired local news for most of the 7.a.m. hour.

"Having a fully distributed national broadcast will finally put us on a level playing field with the other two networks," McManus told the New York Times. "[But] we are not expecting any immediate or dramatic ratings increases. Slow and steady growth is the goal." 36

The Sunday Shows

The Sunday morning talk shows have historically drawn small but highly desirable audiences. Those viewers are attractive to advertisers because they are one of the most upscale.

In 2007, NBC's Meet the Press continued to attract the most viewers, averaging 3.5 million per week for the year, according to data from Nielsen Media Research. That is 34% more than second-place Face the Nation, which airs on CBS and averaged 2.62 million. Just 25,000 viewers behind CBS was ABC's This Week (2.59 million). And in fourth place was Fox News Sunday, with an average of 1.3 million each week. In comparison with 2006, NBC and CBS were down 8% and 7% respectively, ABC was up 4%, and Fox remained the same.

The 2007 season was its 60th for Meet the Press, and the program finished in the top slot for the 10th consecutive year. What accounts for the show's perennial dominance? According to one analyst, the show's success may lie in its ability to attract the most star power. In 2007, for instance, 12 presidential candidates sat for interviews as part of the show's "Meet the Candidate" series. "It's strong because they get the big interviews," said Sheree Johnson, senior vice president and director of media services for Nicholson Kovac, a marketing communications agency. "Anything that's happening in the news that week, they come up with the big player, the big guns. They get them first, and they do a nice job of promoting that. The C-level in particular are watching." 37

Of course, to some degree this is a self-perpetuating advantage. The program first in ratings can tend to get the most sought-after guests.

Footnotes

1. All audience data are from Nielsen Media Research. The data analyzed are P2+ data, which consider individuals over the age of 2.
2. Alvin P. Sanoff, U.S. News & World Report, June 9, 1980.
3. Alvin P. Sanoff, U.S. News & World Report, June 9, 1980.
4. David Bauder, "Data Says 2.5 Million Less Watching TV," Associated Press, May 8, 2007.
5. Despite this growth, Leichtman estimated that 95% of television viewing was still live. Linda Moss, "DVRs Nested in One-in-Five Homes, Survey Says," Multichannel News, August 21, 2007.
6. David Goetzi, "DVR Data Begins to Have Impact, Top Shows Get a Boost," Media Daily News, March 1, 2006.
7. Meg James, "Nielsen to expand its TV sample," Los Angeles Times, September 27, 2007.
8. Nielsen Online @plan, Winter 2007/2008, courtesy of the CBS Corp.
9. Bill Carter, "Is It the Woman Thing, or Is It Katie Couric?" the New York Times, May 14, 2007.
10. Jacques Steinberg, "Charles Gibson's 'World News' Gets Rare Ratings Victory," the New York Times, February 14, 2007.
11. David Bauder, "2nd place a new world for Brian Williams," Associated Press, June 24, 2007.
12. "NBC newscast gets new top producer," March 5, 2007.

13. David Bauder, "2nd place a new world for Brian Williams," Associated Press, June 24, 2007.
14. Bill Carter, "CBS Producer Goes Around, Comes Around," the New York Times, March 9, 2007.
15. Joe Hagan, "Alas, Poor Couric," New York, July 12, 2007.
16. Gail Shister, "CBS evening blues," the Philadelphia Inquirer, April 23, 2007.
17. Bill Carter, "Is It the Woman Thing, or Is It Katie Couric?" the New York Times, May 14, 2007.
18. Phil Rosenthal, "Couric feeling more at ease," the Chicago Tribune, April 22, 2007.
19. Toni Fitzgerald, "These days, it's Sundays with George," Media Life, January 10, 2008.
20. That number was much lower for the three cable news networks — Fox, CNN, and MSNBC — with only 40% agreeing they were pretty much the same. "Why Change the Channel?" Pew Research Center for the People & the Press, June 20, 2007.
21. According to the NewsHour Web site: "The NewsHour grew out of the half-hour MacNeil/Lehrer Report, which, from 1975-1983, garnered critical praise and numerous awards for in-depth coverage of a different single issue in each broadcast. The program was transformed into the MacNeil/Lehrer NewsHour in 1983. It made history as the first hour-long broadcast of national nightly news and was recognized with Emmys, Peabodys and other honors. In October 1995, the program began its newest incarnation as the NewsHour with Jim Lehrer."
22. The weekly cumulative audience is an unduplicated count of everyone who saw six minutes or more on PBS that week, though those minutes do not have to be six consecutive minutes. The key distinction is that cumulative measures the number of total *unique* viewers. This is distinct from advertising impressions, which are gross numbers that include duplication.
23. According to a PBS press release, 37.8 million people tuned it to watch all or part of the series, which concerned World War II. It also attracted nearly one million visitors to the PBS Web site. "Ken Burns' and Lynn Novick's 'The War' was the most-watched series in last 10 years on PBS," PBS press release, November 20, 2007.
24. Nielsen data for the Today Show refers to the following time period: 7 AM and ending at various times.
25. Nielsen data for Good Morning America refers to the following time period: 7 AM and ending at 8:25 AM
26. Nielsen data for the Early Show refers to the following time period: 7:47 AM and ending at 8:25 AM
27. Jacques Steinberg, "A 'Today' at a Time, Until Finally She Has a Year," the New York Times, September 11, 2007.
28. Peter Johnson, "NBC to Take 'Today' into a fourth hour this fall," USA Today, January 16, 2007.
29. Paul J. Gough, "A longer 'Today' gets many OKs," the Hollywood Reporter, April 12, 2007.

30. "Robin Roberts to Begin Chemo Thursday," Associated Press, September 20, 2007.
31. "Robin Roberts' Final Day of Chemotherapy," ABCNews.com, January 16, 2008
32. Edward Watt, "Joel Siegel, 63, Movie Critic Who Instructed and Amused, Dies," the New York Times, June 30, 2007.
33. Heading into 2008, The Early Show's four anchors were: Harry Smith, Julie Chen, Dave Price and Russ Mitchell. Jacques Steinberg, "An Early Show Exit," the New York Times, November 29, 2007.
34. Brian Stetler, "CBS Early Show Tries a Revised Format, Again," the New York Times, January 7, 2008.
35. Anne Becker, "René Syler to Leave CBS' Early Show," Broadcasting & Cable, December 4, 2006.
36. Brian Stetler, "CBS 'Early Show' Tries a Revised Format, Again," the New York Times, January 7, 2008.
37. "C Level" is industry jargon referring to top management such as CEOs, CFOs or other "chief" executives. Mary Ellen Podmolik, "No. 6 Meet the Press," BtoB: The Magazine for Marketing Strategists, May 7, 2007.

Economics

Economics

By the Project for Excellence in Journalism

Assessing network news economics presents a challenge. The networks do not release revenue data. Nor are there data on how much money it costs to produce network news programs. There are market researchers who do estimates on how much ad revenue each program generates, but those numbers are, on their face, questionable. Moreover, these data are just for revenue from television, and do not include money made from the Internet and wireless media.

What can be said with some confidence is that, despite declining audience numbers, network news continues to generate considerable ad revenue. This is particularly true in the morning, when what data are available suggest two news shows — the Today Show and Good Morning America — each collect roughly half a billion dollars a year in ad revenue.

Evening News Revenue

The only publicly available financial data on how much money news programs bring in come from TNS Media Intelligence, a research company that provides data to advertising agencies, advertisers and media companies

TNS' methodology for estimating the ad revenue for each networks news program involves three steps:

1. TNS determines how much each news program charges for a 30-second advertisement. It generally receives this price from the network, but when it cannot, it collects this information from advertisers.
2. It counts the number of ads that appear in each news program.
3. It then multiplies the ad rate by the number of ads to *estimate* the amount of ad revenue each news program

generates in a particular time period.

Television news executives — and even the ratings numbers — suggest that the TNS figures are not the full story. The programs with the highest revenues do not track with programs with the highest ratings. Some of this is because networks now bundle ads across multiple programs and even channels. And advertisers may cut deals with the networks.

What the TNS data do offer is, first, a sense of the financial trends for network evening news programming as a whole. Second, it also can offer some sense of scale of revenues, especially compared with other industries.

Looking at the three evening newscasts together, the data suggest slight declines in ad revenues. According to TNS data for 2006, the latest year with full data, the three evening newscasts together generated \$478 million in ad revenue. That total is down 2% from 2005, when the newscasts collected a combined \$489 million.

The three evening newscasts combined for \$435 million in ad revenue through the first 11 months of 2007, a decline of 2% from the same time period a year before, according to TNS data.

And even with diminished ratings for network nightly news, these numbers indicate that the programs still generate significant revenue. And if, as network executives argue, the TNS estimates are incomplete, the revenue could be even higher. 1

Morning News Revenue

The morning news shows are even bigger engines for revenue than nightly news, generating more than double, and perhaps, according to some estimates, nearly triple the money.

But the hard data again are illusory. As was the case with the nightly newscasts, we have analyzed ad revenue data from TNS Media Intelligence. Again, these estimates appear contradictory to what insiders privately have told the Project.

In 2006, the last year of full data, the three morning news shows combined for \$1.4 billion in ad revenue, a decline of 2% from 2005 totals. 2

How did things look through the first 11 months of 2007? The three morning shows were projected to collect a total of \$1.3 billion in ad revenue during this time, up 4% from the first 11 months in 2006, according to TNS estimates.

Footnotes

1. Breaking the TNS estimates down by individual program raises more questions than it answers. For 2006 — and projections for 2007 — TNS puts CBS first in the lineup for ad revenue.

That lineup is almost certainly not accurate. CBS was third in ratings in 2006, and NBC first. And network officials privately told the Project this year that CBS was far from the revenue leader again. Usually, revenues and ratings track closely. Thus in 2006, NBC would have been the revenue leader, with figures higher than the TNS estimates. ABC

would have been next. CBS would trail.

In 2007, NBC and ABC would be close in terms of ad revenue, perhaps with ABC ahead given its ratings lead for much of the year. But these are only guesses.

2. TNS data indicated Good Morning America generated the most ad revenue in 2006. But privately, executives tell us that NBC's Today Show produces the most ad revenue. First, it has been the morning news audience leader since December 1995. Second, it is on the air one hour more than its competitors.

Ownership

Ownership

By the Project for Excellence in Journalism

The corporations that own the three network news divisions — CBS Corp. (CBS), General Electric (NBC) and the Walt Disney Company (ABC) — are large entities with investments in products and services other than news programming.

There are noteworthy differences between the three corporations. While General Electric is an industrial-financial conglomerate, Disney is a corporation consisting largely of media properties, entertainment and theme parks. And CBS is primarily a broadcaster. But for all three, journalism is an ancillary product.

In 2007, each corporation made acquisitions, formed partnerships and invested in their existing media properties as they dealt with concerns about sagging stock prices.

These titans of the media industry continued to face stiff competition from small start-up companies, especially on the Internet. Each implemented different strategies for dealing with these challenges in 2007.

The Big Picture

CBS

The CBS Corp. was formed in 2005, when Viacom split into two separate companies, one now known as Viacom and the other CBS Corp. After the split, Viacom was left with a number of cable properties, most notably MTV and Comedy Central. CBS Corp. consisted of a number of radio and television holdings, including CBS.

The company, with 23,650 employees, can be broken down into four segments: television, radio, outdoor and publishing. ¹

Television: The television segment accounted for 66% of all revenue in 2006, according to CBS' 2006 Annual Report. In real dollars, that was \$9.5 billion for the full year.

As of January 2008, the CBS Corp. owned 29 local television stations. ² Most of these stations are local CBS and CW affiliates, according to CBS' Web site. ³

But that number is notably lower than a year earlier. Heading into 2007, the company owned 40 television stations, and

during the year sold 11 of them. Analysts have attributed these sales to CBS' long-term strategy to divest holdings in medium and smaller markets, and concentrate on stations in the country's largest ones — such as Los Angeles, Chicago and New York — which CBS Corp. executives consider more profitable. 4

CBS Corp.'s television holdings also include two cable networks: Showtime and CSTV: College Sports Television.

Outdoor: The best-known form of outdoor advertising (15% of total revenue) is billboards, but the category also includes ads posted on buses and in train stations, mall kiosks and sports arenas.

Radio (14% of total revenue): In 2007, CBS Corp. sold four of its radio stations, bringing its total to 140 as of January 2008. Since 2006, the company has sold 39 stations.

As with its local television properties, analysts attribute these sales to the company's growing focus on larger markets.

In 2006, the last year for which there are complete data, CBS Corp. had the most profitable radio news operation in terms of average revenue per news station (\$26.6 million), followed by Citadel/ABC (\$24.5 million), according to data from the BIA Financial Network. (See Radio Chapter.)

Publishing (6% of revenue): CBS Corp. also owns the Simon & Schuster publishing house, which publishes 1,800 books each year, according to its corporate Web site.

In the first nine months of 2007, total revenues at the CBS Corp. fell 1%, to \$10.3 billion. While revenues increased in the outdoor and publishing segments, they declined in the radio and television divisions. Television, which accounted for 66% of all revenues in this time period, declined 2% compared to the first nine months of 2006, according to documents filed with the Securities and Exchange Commission. 5

Profits, reaching \$1.9 billion in the first nine months of 2007, were essentially flat, falling by less than 1% compared to what they were in the first nine months of 2006, according to SEC filings.

Profits in the television division were also flat (down less than 1%) to \$1.3 billion, while radio declined 15%. The segments that produced the least revenue, outdoor and publishing, increased their profits by 9% and 90%, respectively. 6

The following tables below analyze the revenue and profits for each division within CBS Corp. through the first nine months of 2007 and compare them to the same time frame in 2006.

CBS Corp. Revenues
First Nine Months 2007 vs. First Nine Months 2006
In Millions

	2007	2006	Increase/Decrease
Television	6,813.6	6,926.1	-2%
Radio	1,306.6	1,461.7	-11%
Outdoor	1,568.7	1,522.8	3%
Publishing	643.8	554.5	16%
Total	10,314.1	10,437.3	-1%

Source: SEC filings

CBS Corp. Profits

First Nine Months 2007 vs. First Nine Months 2006

In Millions

	2007	2006	Increase/Decrease
Television	1,287.1	1,289.1	<-1%
Radio	498.2	583.9	-15%
Outdoor	262.1	240.9	9%
Publishing	61.1	32.2	90%
Total	1,917	1,924.9	<-1%

Source: SEC filings

In 2007, CBS Corp.'s stock price fell 11%, from 30 in January to 27 by the end of the year. ⁷

A critical component of CBS Corp.'s investment strategy involves online media properties, particularly the idea of scale, which occurs when large companies reach a wider audience in the most efficient manner. "Advertisers are looking for greater scale, and, with our native properties, we weren't always able to deliver that when I came on," said Patrick Keane, who joined CBS Corp. in February 2007 as the company's interactive executive vice president and chief marketing officer, after previously serving as the head of ad sales for Google. ⁸

In 2007, CBS Corp. made a number of moves that underscore this approach.

In February, it invested \$7 million in the Electric Sheep Co., a virtual world content developer. Virtual world sites, like Second Life, are part of the growing online gaming industry. Pricewaterhouse Coopers projected that the worldwide online gaming industry would generate \$38 billion in revenue in 2007, and estimated that number would grow to \$49 billion by 2011. ⁹ "We believe that all these virtual worlds represent next-generation communications platforms," CBS Corp.'s interactive president, Quincy Smith, said when the deal was announced. ¹⁰

In April, CBS launched CBS Audience Network, which streams full episodes of its television shows to more than 100 Web sites, including AOL and TV.com. According to analysts, this move seemed to validate CBS's understanding that a large number of people are watching CBS content on sites the company does not own. Indeed, a quarter of CBS's online content is consumed on a Web site other than CBS.com, the Los Angeles Times reported. ¹¹ According to a CBS spokesperson, these online destinations external to CBS.com include not only its partners — like AOL and TV.com — but also sites that it does not have a formal deal with, such as YouTube.

“It takes an awful lot of humility to recognize that it’s better to distribute the stuff off your site than to try to attract people to it,” said Josh Bernoff, an analyst with Forrester Research, a technology and market research company. “That means if the viewer community wants to talk about it somewhere else, let them take it somewhere else.” 12

In May, CBS Corp. purchased the video blog Wallstrip.com for \$5 million. This was followed by its acquisition of Last.fm, a music recommendation site, which it bought for \$280 million. 13

In October, CBS Corp. paid \$10 million for Dotspotter, a celebrity blog. The acquisition comes at a time when AOL’s TMZ, which drew 9.5 million unique visitors in August 2007, dominates the online celebrity genre. 14

Since October 2006, CBS Corp. has had its own channel on YouTube, the most popular online video-sharing site, with over 57 million viewers each month in the U.S. as of March 2007. 15 According to the deal, CBS and YouTube will share ad revenue from the video content, which includes its hit series “Survivor” and “CSI” as well as news programming, such as the CBS Evening News with Katie Couric, 60 Minutes, and the Early Show. 16

General Electric (NBC)

General Electric, with a total of 319,000 employees worldwide, is the one of the world’s largest corporations. In 2006, Forbes magazine ranked the conglomerate as the fourth biggest company in the world. 17

GE can be broken down into six different segments: infrastructure, commercial finance, GE Money, healthcare, NBC Universal, and industrial.

Infrastructure: This segment, the most lucrative one, according to GE’s 2006 Annual Report in terms of total revenue (29%), takes in a wide range of goods. 18 These include jet engines, motorized wheels for off-highway vehicles, gas and steam turbines, water purification equipment, and solar and geothermal technology.

Industrial: This segment (21% of revenue) includes major household appliances, such as refrigerators, freezers, ovens, dishwashers, washers and dryers, microwave ovens and lamps. Also in this category are telecommunications equipment, car parts, land and marine shipping containers and home security equipment.

Commercial Finance: GE (15% of revenues) services loans and leases to companies, particularly those in the construction, manufacturing, telecommunications and healthcare industries.

GE Money: In addition to providing loans to companies, GE Money (14% of revenues) issues personal loans, as well as credit cards, bank cards, home equity loans and car loans. It also offers debt consolidation services and credit insurance to customers in the United States and abroad.

Healthcare: Manufactured goods in this segment (10% of revenues) include MRI and CT scanners, ultrasound devices and cardiology monitoring equipment. GE’s customers, including hospitals and pharmaceutical and biotechnology companies, can be found across the globe. Spending on GE’s healthcare products is part of the \$2.1 trillion that was spent on health care in the United States in 2006, a 6.7% increase compared the year before, according to the federal government. 19

NBC Universal: In addition to the NBC network, NBC Universal, which in 2006 generated \$16 billion (or 10% of the company's total revenue), includes Telemundo, and the MSNBC, CNBC, Bravo, USA and the Sci-Fi cable television channels. The segment also consists of a movie and television studio, 230 local affiliates, theme parks, and a number of online digital properties.

Three differences are worth noting in the ownership of NBC's news operations.

First, is joint ownership. GE owns 80% of NBC Universal, and the 20% balance is held by Vivendi, the French media conglomerate. The second is that NBC, unlike its broadcast rivals, operates two cable news channels (MSNBC and CNBC) and amortizes people and costs across the platforms. Third, NBC has a different relationship with its new Web site. MSNBC.com is jointly owned with Microsoft and is produced largely by people in Washington State working at the Microsoft corporate "campus."

Through the first nine months of 2007, GE's revenues were up 12%, to \$124 billion, compared with the same time frame in 2006, according to a company press release. ²⁰

Growth at GE Money led the way (up 28% over the first nine months in 2006). There were also strong performances in the infrastructure (21%) and commercial finance (16%) segments. Healthcare revenues grew just 1%. Revenues declined in both the NBC Universal (-9%) and industrial (-2%) segments.

Profits also grew in the first nine months as well. According to a company press release, GE collected \$15.5 billion in earnings during the first three quarters of 2007, up 9% compared to \$14.2 billion the previous year. ²¹ Again, GE Money led the way, with 40% more profit than the year before, followed by infrastructure (20%) and commercial finance (17%). There was less robust, but still positive, growth, in the NBC Universal (5%) and industrial (4%) segments. Healthcare profits declined 2% during this time.

GE Revenues, First Nine Months 2007 vs. First Nine Months 2006

In Millions

	2007	2006	Increase/Decrease
Infrastructure	40,587	33,578	21%
Finance	19,698	17,017	16%
GE Money	18,441	14,408	28%
Healthcare	12,002	11,860	1%
NBC Universal	10,865	11,971	-9%
Industrial	18,285	18,696	-2%
Eliminations	4,284	3,009	42%
Consolidated revenues	124,162	110,539	12%

Source: SEC filings

GE Profits, First Nine Months 2007 vs. First Nine Months 2006

In Millions

	2007	2006	Increase/Decrease
Infrastructure	7,386	6,131	20%
Finance	4,121	3,521	17%
GE Money	3,323	2,369	40%
Healthcare	2,021	2,059	-2%
NBC Universal	2,184	2,078	5%
Industrial	1,365	1,307	4%
Consolidated net earnings	15,521	14,284	9%

Source: SEC filings

Despite revenue and profit gains in 2007, GE's stock value moved just one point during the year, from 36 in early January to 37 at the end of the year.²² But the stock price is down more than 30% from what it was when its former CEO, Jack Welch, was running the company from 1984 to 2001.

NBC Universal has received much of the criticism for GE's sagging stock value. Critics point to its poor prime-time ratings, which in 2007 remained behind rivals CBS and ABC.²³ And its movie studio, Universal, ranked last among major studios in terms of domestic revenue as of mid-2007.²⁴

In April 2007, Jeffrey Sprague, an analyst with Citigroup, called for GE to sell NBC Universal as way to boost its stock value.²⁵

In response to a poor economic performance, there were news reports that GE would continue to cut costs at NBC Universal.²⁶ In the second quarter of 2007, for instance, NBC Universal spent an estimated \$28 million on buyouts and severance packages.²⁷

At the same time as it was restructuring, the company also made a number of forward-looking investments, both in television and in online media, in 2007.²⁸

Over a three-year span (2004 to 2007), NBC Universal said it has increased its prime-time development budget by 25%.²⁹

It also made a notable acquisition. In October 2007, NBC Universal announced it had purchased Oxygen, a cable channel aimed at young women, for \$925 million. When it was founded in 1998, Oxygen initially received enthusiastic support from a number of celebrities, including Oprah Winfrey, but its viewership and ratings had long disappointed its investors.

But with more than 40% of its audience women between the ages of 18 and 49, one of the most sought-after demographics by advertisers, executives at NBC believed its television and online properties could increase Oxygen's

visibility and bring much-needed revenue to the NBC Universal segment.

“We love the brand,” said NBC Universal’s CEO and president, Jeff Zucker. “The only changes that we would envision are to put more resources behind making [Oxygen] bigger and make it more widely known.”³⁰

NBC also sought to tinker with its own brand, by emphasizing a company-wide commitment to save the environment, which was announced in May 2007.

In November 2007, the company devoted a whole week to the cause. It tinted its television logo green and displayed graphics on how to cut carbon emissions. On *The Biggest Loser*, a reality show about obese people trying to lose weight, participants learned how to exercise without using electricity. And two of its morning news hosts, Ann Curry and Matt Lauer, broadcast segments from Antarctica and the Arctic Circle that week.

“NBC Universal really has the ability to be positioned as the media market leader in green. Among all of our customers — consumers, advertisers, employees — the demand is rising for that,” said Lauren Zalaznick, the president of Bravo Media, another cable network owned by NBC Universal.³¹

NBC Universal is also investing in online media properties as a way to generate more revenue.

In March 2007, it announced it had formed a joint-online venture with the News Corp. to distribute the companies’ entertainment programming. Like other traditional media companies, NBC Universal continues to face competition from YouTube as well as disagreements about how YouTube uses traditional media companies’ copyrighted material.

The joint venture, referred to in the press as either “Caterpillar” or “New Site,” does not yet have a Web site. The site was expected to include user-generated video in addition to video from the companies’ television and film archives. The site will be supported by ad revenue, the *New York Times* reported.³²

In August, the project received a \$100 million investment from Providence Equity Partners, a media investment firm.³³

“Large distribution, a good revenue share and content protection are the three key reasons anybody who wants their content disseminated as widely as possible would want to join,” said Zucker.³⁴

Until this new venture is complete, NBC Universal will allow users to download its entertainment programming online free for the first week. After the first seven days, the file download will expire. NBC announced this service in September 2007, shortly after it cut ties with Apple’s iTunes when Apple balked at NBC’s request to triple the amount it charges per television episode download.³⁵ But by mid-year 2008, NBC says it has plans to start charging consumers for episodes.³⁶

Disney (ABC)

The Walt Disney Company was the third-largest media company in the U.S. in 2006 when ranked by revenue generated from media properties.³⁷

The company, with more than 137,000 employees, is divided up into four segments: media networks, parks and resorts,

studio entertainment and consumer products. 38

Media Networks: At roughly \$15 billion (or 42% of total revenue), this segment was Disney's most lucrative in 2007. It includes the ABC Television Network, 10 local television stations, and 46 radio stations.

Disney also owns a number of cable and satellite properties, including the various ESPN channels, the Disney Channel, the ABC Family Channel, Toon Disney, and SOAPnet. It is also in a joint operation to produce programming for the Lifetime and A&E channels.

Parks and Resort: The two best-known properties in this segment (30% of total revenue) are the Walt Disney World Resort in Florida and the Disneyland Resort in California. In addition to theme parks, these resorts include golf courses, restaurants and hotels. Disney also has a 40% stake in EuroDisney, outside Paris, and a 43% interest in Hong Kong Disneyland. The company also operates a cruise line based in Florida as well as the ESPN Zone sport-themed restaurants in eight U.S. cities.

Studio Entertainment (21% of total revenue): Disney also produces movies. Its live-action and animation films are distributed under the Walt Disney Pictures, Touchstone Pictures and Miramax banners. In 2006, it acquired Pixar, a computer-animation studio that has produced such hits as "Toy Story," "Cars" and "Ratatouille."

Consumer Products (7% of total revenue): Disney designs and distributes books and magazines, video games and computer software. These products can be purchased online at disneyshopping.com and retail outlets in North America, Europe, and Japan.

Disney operates on a different fiscal year calendar than the CBS Corp. and General Electric. Therefore, revenue and profit totals are not from the first nine months of 2007 but for the 12-month period that ended September 30, 2007.

In the 2007 fiscal year, total revenues rose 5% at Disney, reaching \$36 billion worldwide during this time. This rate of growth, however, was down from an 8% rate of growth the year before. 39

Media networks, parks and resorts, and consumer products each grew at a 7% clip. But revenue at the studio entertainment segment declined 1%.

What accounted for strong growth in the media networks segment? According to Disney, increases were largely attributed to a contractual rate increases that the company signed with cable and satellite operators for the distribution of ESPN. In addition, less significant increases were driven by more ad revenue from NASCAR programming on ESPN.

Disney's profits surged in 2007, to \$7.8 billion, an increase of 23% compared to 2006. That increase comes on the heels of 28% growth in 2006.

Though its revenue declined, profits in the studio entertainment segment grew at 65%. The increase in profits was caused by improvements in its home entertainment division, which includes DVDs. 40 That increase at Disney bucks the overall trend of falling DVD sales, which fell 3.6% in 2007. 41 In addition to more DVD sales, production and marketing costs declined, according to documents filed with the SEC.

Profits in the media networks segment rose 23% in Disney's fiscal year, to \$4.3 billion. Again, an increase in profits could be largely attributed to growth among its cable channels, especially ESPN, as well as cutting production costs at ABC, largely achieved by cutting the number of hours devoted to sports programming on the broadcast network.

Disney Revenues, FY 2007 vs. FY 2006

In Millions

	2007	2006	Increase/Decrease
Media Networks	15,046	14,100	7%
Parks and Resorts	10,626	9,925	7%
Studio Entertainment	7,491	7,529	-1%
Consumer Products	2,347	2,193	7%
Total revenue	35,510	33,747	5%

Source: SEC filings

Disney Profits, FY 2007 vs. FY 2006

In Millions

	2007	2006	Increase/Decrease
Media Networks	4,285	3,480	23%
Parks and Resorts	1,710	1,534	11%
Studio Entertainment	1,201	729	65%
Consumer Products	631	618	2%
Total operating income	7,827	6,361	23%

Source: SEC filings

Disney's stock was fairly stable in 2007, decreasing one point, and ending the year at \$32 a share. 42

After five consecutive years of double-digit profit growth, what does Disney's investment in media look like? 43

It is hard to identify one overarching strategy. In its broadcast division, which as late as 2004 trailed its chief rivals, it has had a series of recent hits, including *Dancing With the Stars*, *Brothers and Sisters* and *Ugly Betty*. It consistently ranked first in 2007 among adults 18 to 49, according to Nielsen Media Research. 44

To increase its television audience, ABC's strategy was to become the first of the Big Four networks — Fox, ABC, NBC and CBS — to attract more Hispanics. This meant investing in dubbing shows into Spanish and hiring more Hispanic actors. 45

On the Internet, Disney has been criticized for not doing enough to appeal to one of its largest customer bases: children.

Increasingly, Disney's children's Web sites are facing stiff competition from smaller companies, the New York Times reported. 46

In response, Disney redesigned its Web site (www.Disney.com) in early 2007, and it now offers more social networking components, as well as more games and video. While children chat and play games, parents can monitor how they are using the site.

According to Robert Iger, Disney's CEO, the redesigned Web site is "the single most important company-wide strategy Disney is currently implementing." 47

In August 2007, Disney acquired one of its competitors, the Canadian-based Club Penguin, a rapidly growing virtual community that was launched in 2005. Club Penguin, which cost Disney \$350 million at the time, attracted five million unique visitors in June 2007, an increase of 159% compared to the same month a year earlier. 48

Thus, while the lineup of companies that control network broadcast news has remained the same, the companies are rapidly changing in many ways.

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News Investment

News Investment

By the Project for Excellence in Journalism

In 2007, the three network news divisions tried to meet now-familiar economic challenges in both traditional and new ways.

First, following a trend that began nearly 20 years ago, network news divisions trimmed news personnel in 2007. Most of the losses appear to have hit staff working behind the camera.

At the same time, ABC News announced in October 2007 that it had opened seven new foreign bureaus, most in Asia. Each of these bureaus, however, would rely on just one staff member to both report and produce the news. Network news executives said technology such as digital cameras and laptops would make for leaner foreign coverage.

What was not clear, however, was whether more foreign bureaus would ultimately result in more news from abroad. So far, this does not appear to have happened.

Staffing

In previous editions of the annual report, we have documented the steady decline of network news personnel, which began with cuts in the 1980s.

Since then, cable television and the Internet have eaten away at network news audiences. And the Big Three have responded by eliminating bodies — both on and off camera.

This trend appeared to continue in 2007.

In 1985, Joe Foote, now a journalism professor at the University of Oklahoma, published the first annual Network Correspondent Visibility Study, to chart the number of reporters who appeared on the air during the evening newscasts. ¹

By 2002, when he concluded his research, Foote found the number of reporters who appeared on network news had dropped 35%. ²

After Foote retired his report in 2002, another analyst, Andrew Tyndall, employing a similar methodology, found little change in the number of on-air staffers from 2004 to 2005.

Then in the 2007 edition of this report, the Project for Excellence in Journalism used a different methodology to quantify personnel changes in the three network news divisions that also tried to measure off-air personnel.

By analyzing how the networks report their own staff listings to the News Media Yellow Book, a quarterly publication published by Leadership Directories, the Project found there had been steep declines in both the number of on- and off-

air personnel from 2002 to 2006. Over all, the Project found total staff size has declined 10% over those four years. The number of on-air journalists fell 7% and producers dropped 12%.

In 2007, there were further declines, according to an examination of the winter 2008 edition of the Yellow Book. Total staff, which includes on-air correspondents, anchors, executives, producers, editors and researchers, fell 7% compared to the year before. The number of producers was down by 24% compared to the number listed the previous year. However, the number of on-air journalists dropped less than 1%.

To some, these findings may come as little surprise. In late 2006, NBC announced a broad restructuring plan — dubbed NBCU 2.0. As part of the initiative, as many as 700 jobs, or 2% of total staffing, were expected to be cut from the network's payroll by the end of 2008. Roughly 300 of those losses were targeted for newsrooms at NBC News and its sister, MSNBC. ³

In December 2007, the New York Times and Paul Gough, a Hollywood Reporter columnist, reported that NBC News (along with MSNBC) was also letting go an additional 15 to 20 employees, either through layoffs or buyouts. The New York Times reported that many staffers who left were senior employees. NBC, however, said it had added staff but it was not clear whether those replacements could compensate for earlier losses. ⁴ Another report quoted an unnamed insider as saying there were no foreseeable plans to fill the spots. ⁵

“There is an ongoing process at NBC News to reallocate, reorganize and right-size the division given the business pressures that every major media organization is facing,” the NBC News spokeswoman, Allison Gollust, told the New York Post in December 2007. “This process began some time ago, it continues today, and will continue tomorrow.” ⁶

What about the staffers who work primarily online in network news divisions?

Those listings are largely absent from the Yellow Book, although CBS News did include personnel for its blogs, and 24 staffers are identified. ⁷

Some caveats about our analysis of the Yellow book listings should be mentioned. The listings are self-reported, which means not every staff member may appear and not every network may list things the same way. Also, news divisions owned by the same parent company, such as NBC News and MSNBC, often pool resources. Staff members who contribute to NBC's news gathering operations may be listed as an employee of MSNBC rather than NBC News. Still, the tracking of numbers year to year by network should offer some suggestions of trends.

There is also an argument, outlined in previous reports, that a reduction in staff does not directly translate into weakening the news product. With evolution in technology, fewer people may be needed to produce television programming.

But, as we have noted in past years, on balance few industry professionals contend that the level of budget cutting that has occurred in network news in the past 20 years has not changed the nature of the product, although it may not be as obvious as outsiders imagine.

There is also the possibility that the network news divisions are investing more online.

At ABC News, for instance, the network said it would cut 35 jobs and reallocate more resources to its digital operations, Broadcasting & Cable reported in September 2007. 8 (For more details on how the three networks — along with PBS' NewsHour — are investing in their online news properties, see the [Online Chapter](#).)

Coverage from Abroad

How have network news foreign bureaus evolved over time?

Since the end of the Cold War in the 1980s, the number of foreign bureaus has dropped considerably.

In 1986, CBS News staffed 23 overseas bureaus, Ken Auletta reported in “Three Blind Mice,” his 1991 book on network television. Twenty years later that number had dropped to half a dozen. In the summer of 2003, for instance, the American Journalism Review reported that each network had six foreign bureaus. 9 Since then, the networks in appear to be building new foreign bureaus, but in a new and less costly way. 10

As of January 2008 CBS News told the Project it had 14 overseas bureaus, ABC News told us it had 16 and NBC News told the Project it staffed 16 bureaus. 11

How have they grown?

The answer, at least for one network and perhaps others, appears to be new technology and a changing definition of what constitutes a bureau.

In October 2007, ABC News announced it had opened seven new bureaus, most in Asia. 12 Each bureau is staffed by one ABC News employee, who serves as both reporter and producer. Before being shipped overseas, each staffer received training in digital photography and was expected to write, film, shoot and feed material from a laptop via a broadband Internet connection to New York, Reuters reported. 13

“Technology has dramatically changed how we gather the news around the world,” said David Westin, president of ABC News. “Because our reporters can now shoot and produce their own stories, travel with more portable gear, and transmit material from anywhere, we can report more stories from more locations.” 14

In other words, the networks are moving to mobile journalists, so-called MOJOs, one-person bureaus functioning as producers, camera people and occasionally on-air correspondents.

CBS declined to provide a figure for the number of people who staff each bureau. It listed the 14 bureaus as: Amman, Jordan; Baghdad; Beijing; Bonn, Germany; Havana; Islamabad, Pakistan; Johannesburg, South Africa; Kabul, Afghanistan; London; Moscow; Paris; Seoul; Tel Aviv, and Tokyo.

ABC also declined to offer figures on staffing in each bureau, but listed its 16 bureaus as being in London, Jerusalem, Baghdad, Rome, Moscow, Beijing, Hong Kong, Tokyo, Mexico City, New Delhi, Mumbai, Seoul, Jakarta, Rio de Janeiro, Dubai and Nairobi, Kenya.

NBC declined to provide either staffing or a city list for the 16 bureaus it said it had. The most recent previous

accounting we have (from 2005) put bureaus in 11 cities: Amman, Baghdad, Beijing, Cairo, Frankfurt, Hong Kong, London, Mexico City, Moscow, Tel Aviv and Tokyo.

Whether and how the new bureaus alter what gets on the air remains to be seen. So far, the rise in the number of overseas bureaus that the networks describe has not necessarily translated into more foreign news.

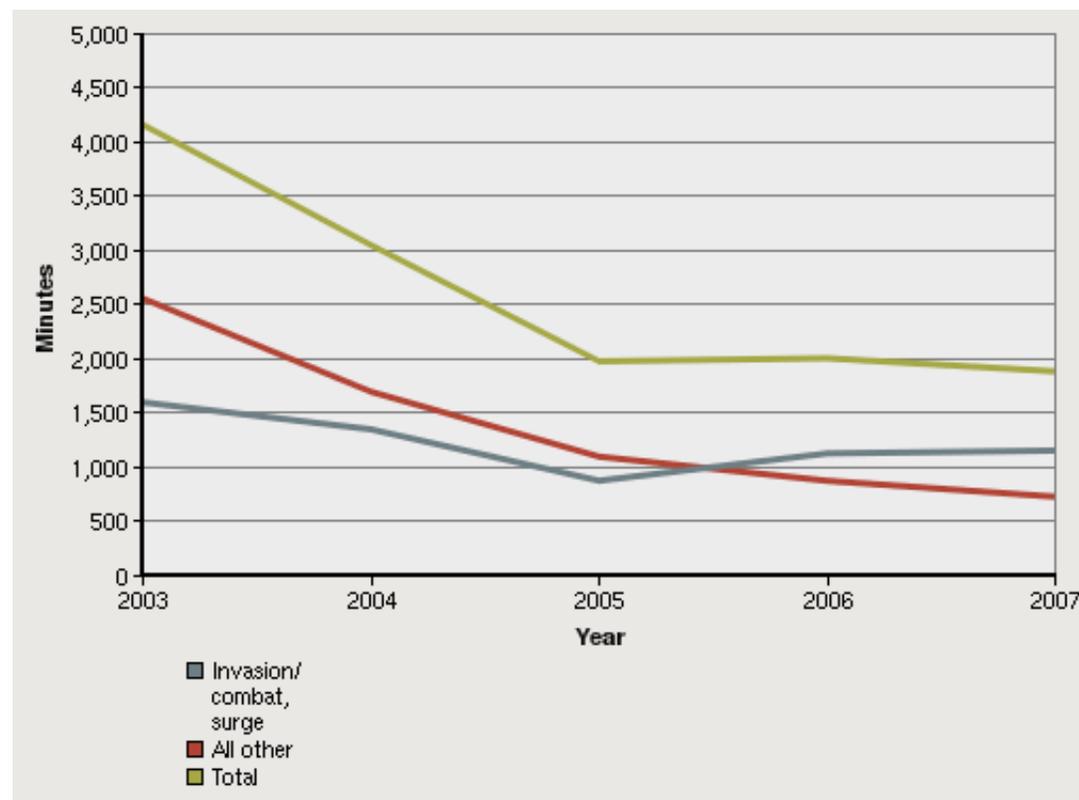
According to research conducted by Tyndall, foreign news coverage fell sharply after the Cold War came to a close in the late 1980s and early 1990s. It rebounded somewhat after the terrorist attacks of September 11, 2001, and through 2003, the first year of the Iraq war, but slowly tapered off after that.

By 2006, the number of time devoted to foreign news coverage across all three networks was 21% lower than what it was in 2003, when the Iraq war began, and 46% lower than 1989, the year the Berlin Wall crumbled.

This was also true when Tyndall only considered the Iraq war. In 2007, Tyndall found, the three networks allocated 1,888 minutes to the war, 6% fewer than 2006, and a drop of 55% from 2003.

Time Devoted to Iraq War, 2003-2007

In Minutes



Design Your Own Chart

Source: ADT Research

PBS

One news show bucking the trend of waning investment in newsgathering – although on a relatively small scale — is the NewsHour with Jim Lehrer, a PBS staple since 1983.

Over the years, there has been much controversy about how much financial support the federal government should provide the Corporation for Public Broadcasting, a private nonprofit corporation that helps fund PBS programming, including the NewsHour. 15

Most of the NewsHour's 2007 funding, however, did not come from Washington. According to David Sit, vice president of the NewsHour, 40% was federal funding — 60% was provided by foundation grants or underwritten by corporations. 16

The show used some of that support to increase the budget for its foreign desk, from \$300,000 to \$467,000, according to Sit. This funding helped send Margaret Warner, a senior correspondent, to Pakistan on two occasions in 2007. On her first trip, Warner traveled to the country when Benazir Bhutto first returned to Pakistan after her purported political deal with President Pervez Musharraf, not long before her assassination. Warner then reported from Pakistan shortly after Musharraf declared martial law, Sit told the Project.

On December 17, 2007, the NewsHour began to broadcast in high definition, a digital technology that generates a much higher resolution than older television formats. 17

Broadcasting in high definition has had a largely aesthetic impact on programming, according to Sit, significantly enhancing the audio and visual, particularly in taped segments on environmental and scientific issues.

According to Sit, the number of staff at the NewsHour did not change in 2007.

However, the NewsHour plans to beef up its reporting on the 2008 Presidential election. According to Sit, the program is projected to spend \$5.2 million on the campaign, compared to \$3.8 million during the 2004 election cycle.

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Online Trends

Online Trends

By the Project for Excellence in Journalism

For the three network news Web sites — MSNBC.com, ABCNews.com, and CBSNews.com — partnership was the key word in 2007.

All three formed alliances with other media companies in apparent attempts to drive revenue and attract an elusive younger audience.

At the same time, all three networks continued to build on earlier digital strategies, including aggressive video campaigns, unique online newscasts and expanding anchor and reporter blogs.

NBC News (MSNBC.com)

NBC News' Web site, MSNBC.com, was launched in 1996 as a joint venture between Microsoft and NBC. It 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.

The site's headquarters are in Redmond, Wash., and news is produced there, as well as in New York, and Washington, D.C. As of early January 2008, it employed more than 200 staffers, according to its Web site. ¹

According to data from Nielsen Online, MSNBC.com is the second-most popular news Web site in the U.S., trailing only Yahoo News. In 2007 the site averaged 29.2 million unique visitors per month, compared to Yahoo News's 32.6 million. The online audience for the network's news division's digital properties — along with those at CBS and ABC — may actually be higher, when one includes visitors from outside the United States as well as those who view video segments on YouTube or wireless devices such as iPods.

The site's layout was redesigned in late 2007, with an emphasis on showcasing more video and photos.

MSNBC.com also formed partnerships with two print news organizations to boost its political coverage of the 2008 presidential election. (As we reported in [Online news investment](#), joint ventures have become an increasingly popular strategy for major media companies.)

In June, NBC News, MSNBC and MSNBC.com joined forces with the National Journal, which publishes a weekly magazine aimed at Washington insiders. According to news reports, the partners hope to combine their respective strengths — video and political print journalism — to create an alternative to the traditional “campaign embed” strategy used by most news organizations. The standard coverage entails assigning one reporter to follow one candidate throughout the campaign. Instead, NBC and the National Journal plan to field “mobile campaign bureaus” which move from candidate to candidate. ² For MSNBC, which had failed to develop a cadre of online reporters producing original content, the deal provides built-in staff of sorts. For the National Journal, the deal gives a respected magazine with limited circulation a far broader outlet online and exposure on cable news.

In July, NBC News and MSNBC.com announced a partnership with the New York Times to collaborate on election coverage. ³ According to a New York Times press release, the news outlets will share access to breaking news. In a memo to the newspaper's staff, Times' executive editor Bill Keller wrote: “In brief, the arrangement goes like this: We will give NBC stories, graphics, pictures and the Caucus blog for their Web site. They will give us video for ours along with

links that should expose many new readers to our online journalism.”

“The 2008 campaign is already the biggest political story of our lifetimes, and getting bigger and more complex with every passing day,” said Mark Lukasiewicz, vice president for digital media for NBC News. “This collaboration gives our organization the ability to cover all the bases, with a powerhouse combination of top-quality journalism and top-flight technology delivering the story to viewers and readers wherever, and whenever, they want it.”⁴

In October 2008, MSNBC.com also made its first acquisition in 11 years, buying the Seattle-based Newsvine, a citizen-run Web site that lets users produce their own news, offer feedback on articles and link to related news sites.⁵ Links to Newsvine’s content are now displayed on MSNBC.com’s news pages. Neither company disclosed terms of the sale.

The deal comes at a time when a number of media companies are investing in or buying user-generated sites, upping the ante in the networks’ battle against spreading cable and online-only media.

For instance, MSNBC.com rival CNN.com launched I-Report in August 2006. The online tool offers a form and upload that allows citizens to submit photos and video of breaking news. In April 2007, video from a graduate student’s cell phone, which captured sounds of sniper and police gunfire erupting on Virginia Tech’s campus, was aired repeatedly on CNN television programming the day the tragedy unfolded. (See Cable Chapter.)

ABC News (ABCNews.com)

ABCNews.com serves as the main page for its morning, evening and prime-time news programming, including Good Morning America, World News, 20/20, Nightline, and This Week. The site also hosts The Note, a political news blog written by ABC News staff.

ABCNews.com averaged 10.6 million unique visitors per month in 2007 in the United States, making it the eighth-most popular news site that year, according to data compiled by Nielsen Online. One knowledgeable network Web executive estimated its online staff to be at roughly 100 as of early January 2008.

In the summer of 2007, ABC launched i-Caught, both a prime-time newsmagazine and Web site built largely around video submitted by users.⁶ For six weeks, the news magazine aired at 10 p.m. on Mondays, with ABC News television correspondents producing news stories based on select videos. Though there were news reports the show would air again later in the year, it has not returned to television as of early 2008. The Web site, however, continues to feature user-generated video covering a wide range of subjects, from predatory animals to the 2008 presidential campaign.

In November 2007, ABC News also announced a partnership with Facebook, the social networking site, which generated 35 million unique visitors in the U.S. in December 2007, according to data from comScore.⁷ The New York Times reported that month that there was no money involved in the deal.⁸

On Facebook, registered users can subscribe to ABC News journalists’ profiles, correspond directly with reporters, participate in polls and debate ABC News election coverage with other Facebook users. The platform got its first real test in January 2008, when the new partners sponsored both the Republican and Democratic televised presidential debates in New Hampshire and used Facebook as a real-time voter forum.

“The goal is to extend the debate from being a one-hour session that happens on television to a dialogue that can take place before, after and now during the debate between voters,” said Dan Rose, Facebook’s vice president for business development.”⁹

ABC News also made inroads in creating original newscasts solely for online.

Its online newscast was launched in January 2006, when ABC News was still experimenting with two evening news anchors, Bob Woodruff and Elizabeth Vargas.¹⁰ In May 2006, Gibson was named the program’s sole anchor.

When Jason Samuels, a senior producer who manages World News’ digital content, took charge of the online newscast in April 2007, he wanted a more freewheeling, informal feel than television viewers were accustomed to seeing. “Do one long stand-up, do much longer sound bites, play an interview,” he told contributors to the online newscast. “Produce a show in any way you think is engaging — there are no rules.”¹¹

The free newscast can be downloaded directly from ABCNews.com or Apple’s iTunes store. The newscast has placed ads from such companies as AT&T and Pfizer, and is aggressively reaching out to 25- to 54-year-olds.

For now, however, ABC News concedes it is more focused on experimenting with its editorial content online than on making money. The digital newscast’s monthly audience of 4.5 million is roughly half of what the televised newscast reaches in an average evening on television.

“What I’m hoping is that the digital end of ABC News will begin to produce enough revenue to devolve to the benefit of World News,” said Gibson.¹²

CBS News (CBSNews.com)

CBSNews.com is the Web site 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.

In 2007, the site averaged 9.2 million unique visitors, making it the 11th-most-visited news site that year. That number places CBS News third, or last, among network news Web sites.

Heading into 2008, CBSNews.com’s staff was estimated to be anywhere from 15 to 20 people. That number, however, may change. In mid-December 2007, there were online reports that CBS News had plans to lay off as much as 30% of online personnel.¹³ CBS has not confirmed that.

In 2007, CBS News created other opportunities for citizens to participate on its Web site. In September, for instance, the network launched EyeLab, an online feature that allows users to edit CBS programming, including news shows, into bite-sized clips.

CBS’ initial inspiration for EyeLab was a seven-minute YouTube clip of CSI, CBS’ hit crime show series. The network conducted internal research and found that less than a third of CBS.com’s audience was willing to watch full-length episodes of its programming, the Wall Street Journal reported.¹⁴

“Recognizing that short-form content is what our viewers want online, we’re committed to bringing CBS fans short, easy-to-digest clips — which they can take and mash up, rework, re-edit and, no doubt, inspire us with their creativity,” said Anthony Zuiker, the executive producer and creator of CSI. “Using the Web as a direct engagement platform with those who care the most about the show is a perfect way to bring the TV experience online and in turn, to learn from fans.” 15

The site cost \$500,000 to set up and CBS hired six digital-video editors to create content. In order to maintain a more genuine “citizen media” spirit, CBS said EyeLab’s editors would work outside corporate headquarters. 16

In 2008, CBS News, like MSNBC.com and ABCNews.com, also formed a partnership to enhance its political coverage, though this one was not an alliance with professional reporters. In January, CBS teamed up with Digg, one of the most popular user-generated news sites. CBSNews.com users will be able to share political content with registered Digg users, as well as see Digg’s election-news headlines. 17

In addition to the main CBS News Web site, there are a number of blogs. As of January 2008, CBSNews.com hosted 10 blogs, fewer than both MSNBC.com (21) and ABC News (12), according to research conducted by the Project for Excellence in Journalism.

In 2007, the News Media Yellow Book, published by Leadership Directors, included staff listings for four of CBS News’ blogs: Couric & Co., Primary Source, Public Eye and Tech Talk. According to the winter 2008 Yellow Book, there were 24 editors and contributors to these four blogs.

In early 2008, however, CBS News ceased operations on its Public Eye blog.

“We weren’t able to find a sustainable business model for Public Eye. We are exploring other ways to maintain a similar spirit of public discourse by engaging the CBSNews.com audience and building a community around multiple voices,” a representative of CBS Interactive told the TVNewser blog. 18

These staff listings, however, are self-reported and may not be an exhaustive list of all staff members who contribute to or edit CBS News’ blogs.

The NewsHour (PBS)

In 2007, the NewsHour’s Web site continued to evolve.

With a grant of \$1.15 million from the Knight Foundation in August 2007, the site is now equipped to offer more original content, according to David Sit, vice president of the NewsHour. The grant allowed the program to hire an online managing editor and add two online reporters, bringing the total online news staff to 14, two more than in 2006.

The site began hosting online forums in the fall of 2007, encouraging visitors to submit questions to NewsHour guests, who included journalists, economists, doctors and poets. Interviews with guests are available to download as podcasts. The grant has also enriched the site’s Extra component, an online news and information resource designed for students and teachers. According to Sit, the grant was used for a major redesign that made the feature easier for users to navigate.

In 2007, the NewsHour also formed an online partnership with NPR. The radio and television venture resulted in an interactive 2008 Election Map and more political reporting from local NPR and PBS stations.

Summary

In the end, 2007 was a transitional one for the network news Web sites.

Rather than continuing to build their sites mostly on their own, MSNBC and ABC sought more prominence through partnerships building content through access to other brands rather than their own. And CBS followed suit.

Some of these partnerships were about more traditional journalism, such as MSNBC's deals with the New York Times and the National Journal to provide its readers with more original reporting.

But, through its partnerships in 2007, ABCNews.com's reached out to new forms of media, to social networking through Face book, and, it obviously hoped, toward younger audiences.

For many years CBSNews.com had been ahead of the virtual curve among the network news Web sites, offering blogs and customized features to its visitors. That momentum may have slowed in 2007, with a reported staff reduction, and the site is now in third place among the Big Three.

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News Magazines

News Magazines

By the Project for Excellence in Journalism

A decade ago, news magazines held a prominent position in network television. As researcher Andrew Tyndall notes: "In the mid 1990s, the news divisions were a prime-time production warhorse for the broadcast networks, churning out hour after hour of magazine fare, using journalists as a cheaper, reliable alternative to screenwriters."

Beginning in the early 2000s, network news divisions began to scale back production of these shows. For instance, Dateline, which had aired five times a week at its peak, was down to three episodes per week in 2002, and in 2007, aired just twice a week.

The genre's diminished role became even more evident in 2007, a year in which television writers walked off the job, leaving a gaping hole in programming for four months. Instead of turning to news magazines to fill the gap, the networks appeared to increase their reliance on reality shows, which generally draw larger audiences and are considerably less expensive to produce.

The writers strike began in early November 2007, when the 12,000 members of the Writers Guild of America struck the Alliance of Motion Pictures and Television Producers. The strike had involved writers' demands for compensation from sales of DVDs and revenue from online media and continued until mid-February 2008. ¹

How did the strike affect network news?

On the whole, there appeared to be little impact, as writers on news staffs, who did not belong to the Guild, did not

participate. Television news writers are members of the Writers Guild of America, East, while those who participated in the strike are from Writers Guild of America, West.

When the strike began, there was some speculation that news magazines would fill the gaps left by the strike-hit scripted shows. According to a November 2007 Los Angeles Times article, producers were stockpiling news magazine shows in anticipation of more air time. ²

As of late December 2007, however, only one news magazine, CBS' 48 Hours: Mysteries, had increased its air time, according to the Associated Press. ³

News Magazine Audiences

If the networks did not turn to news magazines during the writers strike, the other bad news for the genre was that the audience for the news magazines that were airing tended to decline again in 2007.

CBS' 60 Minutes, now in its 40th season, remained the most popular news magazine on television.

However, its audience dropped by 4% in 2007, according to data from Nielsen Media Research, to an average of 11.5 million viewers.

Though it continues to dominate the news magazine category, it has been seven years since the venerable franchise, once one of the most-watched programs in any genre, has cracked the annual list of the 10 most popular television shows. According to its Web site, 60 Minutes finished among the Nielsen Top 10 highest-rated programs for 23 consecutive years (1977-2000), and finished No. 1 for the season five times: 1980, 1983, 1992, 1993 and 1994. ⁴

But 60 Minutes did manage to make the *weekly* top 10 on several nights during the 2007-08 season. For instance, its January 6, 2008, program, which included interviews with President Pervez Musharraf of Pakistan, pitcher Roger Clemens and a Boston mobster, drew 18.2 million viewers, finishing in the sixth slot for the week of December 31, 2007-January 6, 2008. According to Nielsen, that week's program generated the largest audience in the 25- to 54-year-old demographic in more than two years. ⁵

In general however, 60 Minutes attracts an older audience, a median age of close to 60, according to published accounts. ⁶ In 2007, signs that the show was reaching for younger viewers were clear.

In September 7, CBS News made 60 Minutes available as a free audio podcast on Apple's iTunes, available every Sunday at 11 p.m., just hours after it first airs. In the past, CBS News distributed audio and video clips from 60 Minutes on its Web site, but iTunes — which accounted for 70% of all musical downloads in the United States in December 2007 — brought the show to a wider, younger audience. ⁷ “60 Minutes is perfect for this kind of audio podcasting,” said the show's executive producer, Jeff Fager. “Our broadcast has always been built on solid storytelling, with or without the pictures.” ⁸

And for the past two years, 60 Minutes has been showcasing some younger correspondents. Foreign correspondent Lara Logan is 36, and Anderson Cooper, who is seen nightly on CNN, is 40. The program has made that partial

transition without losing its veterans. Morley Safer, with the show since 1970, is 76; humorist Andy Rooney, whose *A Few Minutes With Andy Rooney* has appeared at the end of each show since 1978, is 89.

The other news magazines attract considerably smaller audiences each week. According to data from Nielsen, CBS News's *48 Hours Mystery* averaged 6.7 million weekly viewers in 2007, down 4% year-to-year. ABC News's *20/20* averaged 6.6 million, a decline of 11%, and *Nightline* averaged 3.4 million, down 3% year-to-year.

NBC's *Dateline* fell 8%, averaging 6.6 million viewers each episode.

There were two other major changes at *Dateline* in 2007.

First, *Dateline* parted ways with its co-anchor, Stone Phillips, who had been with the program for 15 years. The dismissal, which came in May, appeared to be a cost-saving measure. "The situation came down to a financial decision," an unnamed NBC executive told the *New York Times*. "It is not taking anything away from Stone Phillips. But many times he was simply on the set reading a lead-in to a report. If we don't spend it on a superfluous anchor on *Dateline*, we can spend the money on other things." 9

Dateline has also had problems in 2007 with its controversial series, *To Catch a Predator*, which each week sets up hidden cameras to capture unsuspecting men seeking to meet underage girls for sex.

The series had been a successful one for NBC, averaging 7 million viewers during the 2006-07 season, compared to the 6.2 million other *Dateline* programs attracted during this time. 10

And on MSNBC, NBC's cable news channel, the series captured a big audience as reruns. In July 2007, 19 of the channel's most popular hours were *Predator* reruns, the *New York Times* reported in late August 2007.

At the end of the year, however, there were signs the network was backing away from *Predator*. Heading into 2008, *Dateline* had aired just two sting operations — down from 11 the season before.

What could account for the drop-off? Some advertisers, according to the *New York Times*, have become increasingly worried about linking their products with the series, which has generated controversy since it first aired in November 2004. "We're all concerned with what content we're associating ourselves with," said Andy Donchin, national broadcast director for the ad agency Carat USA. 11

To Catch a Predator was also the target of two lawsuits in 2007, one filed by a former producer of the series and the other by family members of a man who committed suicide after being caught on camera by an NBC crew. 12

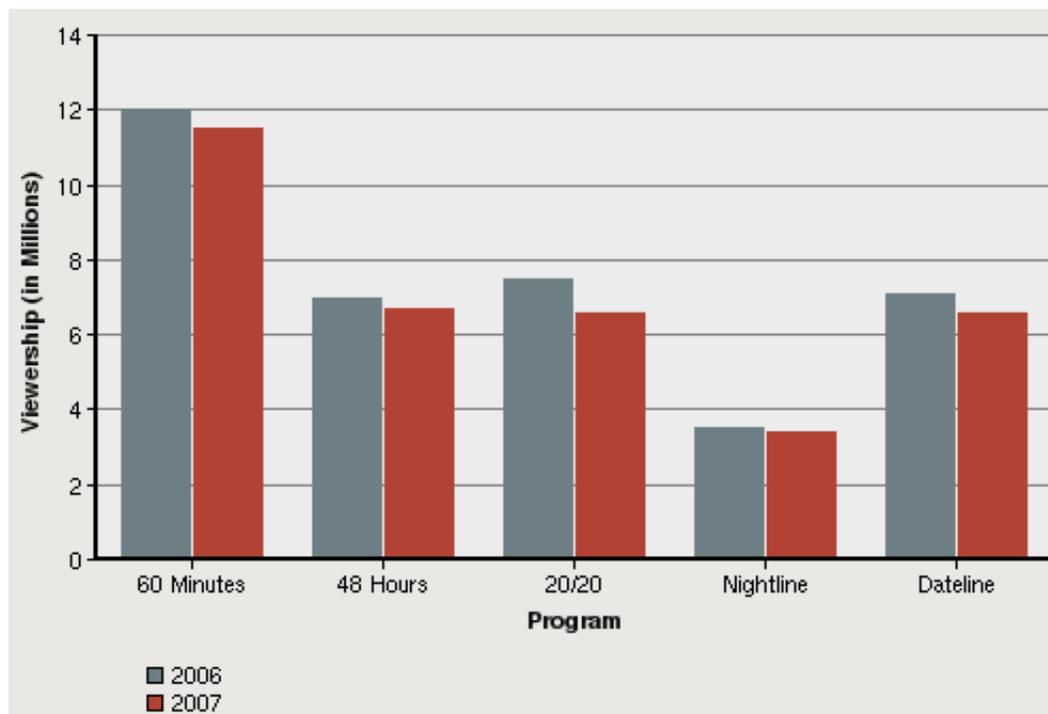
The show also has generated unfavorable press coverage.

In September, the rival news magazine *20/20* did a critical segment. 13 In the piece, ABC News' Brian Ross alleged that suspects who had been exposed in Murphy, Texas, could not be prosecuted because *Dateline* and its partners had mishandled the case. On its Web site, *Dateline* disputed the allegations shortly after the *20/20* segment aired. 14

Money also may have been a factor. Production costs for news magazines are roughly half those for drama or sitcoms.

According to the New York Times, NBC paid Perverted Justice, a Portland, Ore.-based activist group, a consulting fee of \$70,000 for each episode of To Catch a Predator. That is over and above what the network paid for the surveillance equipment used to nab suspected criminals.

News Magazines Audiences, 2006 vs. 2007



Design Your Own Chart

Source: Nielsen Media Research, used under license

Conclusion

Where is network news heading?

There is something important embedded in the sentiments of Jason Samuels, the senior producer who manages World News' digital content, who says there should be "no rules" for the network's Web site.

In a sense, he is saying the network news divisions can reinvent themselves on the Web, in mobile devices and all the other new ways they can deliver video news and information.

The question is, are they capable of reinvention? Can they produce video journalism that will be viable in a post-

broadcast environment? That means more than whether it can be paid for. It also means: Can they produce something that fits these new devices and appeals to the next generation of news consumers who are using them?

Their sites are popular. Their brands give them a head start. And their legacy media, at least potentially, give them means to experiment.

On the face of it, the networks' bread-and-butter format for reporting — the two-minute correspondent-narrated video package — seems well suited to the YouTube generation's viewing rhythms. The packages even come equipped with 30-second unskippable pre-roll advertisements. ¹⁵

Cable television, with its emphasis on live interviews, cannot compete.

So can the networks pull it off?

The answer will depend on vision and also on a word that, perhaps ironically, was a favorite of Dan Rather, courage.

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Charts & Tables

Charts & Tables

AUDIENCE

Evening News Ratings

Evening News Ratings, 2006 vs 2007

Evening News Share

Evening News Share, 2006 vs 2007

Evening News Viewership, 2006 vs 2007

Evening News Viewership, All Networks

Median Age of Morning News Viewers

Median Age of Nightly News Viewers

Morning News Ratings

Morning News Ratings, 2006 vs 2007

Morning News Share

Morning News Share, 2006 vs 2007

Morning News Viewership, 2006 vs 2007

Morning News Viewership, All Networks

NEWS INVESTMENT

Time Devoted to Iraq War, 2003-2007

NEWS MAGAZINES

News Magazine Audiences



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Cable TV – Intro

Intro

By the Project for Excellence in Journalism

Cable television news showed further signs of maturity in 2007. After a year of losses, the medium regained viewers, especially at prime time, though the roster of winners is changing.

MSNBC, still lagging in sheer numbers, saw the greatest growth. CNN, stemming years of losses a year earlier, grew just slightly while sibling CNN Headline News grew more. Fox News, which saw substantial growth for nearly a decade, enjoyed the least amount of growth even as it remained the audience leader.

But the medium may face a more long-term challenge. For the second year running, there were no significant audience spikes from major events, which may reflect a slower news year but could also reflect a structural change in where audiences go for breaking news. Instead, prime-time programming, built around cable personalities, is what viewers were tuning into more substantially.

Financially, cable news remained a robust business. Fox News increased its profits most, MSNBC inched its way into healthier economic territory (exceeding projections) and CNN & Headline News remained steady.

MSNBC, as part of a broader corporate decision, moved in with NBC News in New York to make the organization more efficient and share resources. Time Warner, parent of CNN, brought in a new CEO, while News Corp., the parent company of Fox News, kept analysts busy with the launch of the long-anticipated Fox Business Network and its purchase of Dow Jones & Company.

CNN & Headline News continued to spend the most money on news gathering, even as the company announced plans to build up its international newsgathering resources, after breaking ties with Reuters. In many ways, with a greater reliance on correspondents producing taped packages and fewer talk shows, CNN is more focused on traditional reporting.

Both Fox News and MSNBC were expected to add to their spending in news in 2007, as well. But our content analysis reveals that MSNBC is the least oriented to correspondents preparing edited packages and, with the smallest reporting staff, depends far more heavily on interviewing and reporters answering questions from anchors.

Meanwhile, Fox News finally came forward with its business news channel, coinciding with its parent company's purchase of Dow Jones, but the launch of Fox Business Network was a decidedly low-key affair.

The 24-hour news channels outside the U.S. — BBC, France 24 and Al Jazeera — marked the first year of their American operations without much growth but remained optimistic. Current TV, with its unique offering of user-created current affairs, did see growth in audience, and economic projections bode well.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

For all the time it has to fill, roughly 18 hours of original programming each day, cable news has become in many ways a niche medium that offers viewers narrow formula rather than a broad-based agenda of the events of the day.

That formula in 2007 was a combination of controversial opinion, a dose of tabloid-tinged crime and celebrity, edgy personalities, and, during the daytime, a focus on the immediate.

In emphasis what is defined as significant amid this formula varies significantly, too, by the channel one watches, the time of day and to some extent the program. More than any on other medium we have studied, the definition of news differs depending on the outlet.

- In general, cable news focuses much of its time on three or four topics a day and relies on wires and brief “tell stories” for much of the rest of the news.
- There are distinct differences among the different channels, only some of which reflects the demographic differences of their audiences.
- MSNBC, at least in terms of time spent, was indeed the place for politics in 2007 — by nearly double over its rivals in the percentage of time studied (28% vs. 12% on CNN and 15% on Fox News). Fox, in turn, spent less time on the war in Iraq than the others (10% vs. 18% on MSNBC and 16% on CNN). And it was more oriented to crime, celebrity and the media than its rivals (28% vs. 19% on MSNBC and 16% on CNN).
- The host-oriented culture of cable, particularly in prime time, now translates into notably different agendas and character even among programs on the same network. Not only does Lou Dobbs have a news agenda of his own on CNN, but so does Anderson Cooper versus Wolf Blitzer on CNN, and Shepard Smith versus Brit Hume on Fox News.
- In a medium that relies heavily on being “live” and not on taped and edited packages prepared by correspondents, MSNBC is the most ephemeral and live-oriented of all, despite its connection to a broadcast news division or perhaps because it must borrow correspondents from its NBC sibling. Only 10% of time studied was made up of taped, edited packages, versus 45% on CNN and 28% on Fox.

There are also two distinct parts of the cable day. Daytime is more focused on crime and disaster. Nighttime increasingly

is more about topics that spark controversy and suit the particular audience that tunes in to each channel.

These are some of the findings of our study of cable news, an analysis of 17 shows, 885 hours of cable news over the course of the year, a total of 22,823 stories.

Breadth of Topics

The cable news agenda is measurably different and narrower than other media platforms. With its focus in prime time on talk, it tends toward the political and the controversial, with a clear focus on crime and celebrity mixed in as well.

As an example, cable news spent a smaller percentage of its time than did network evening news covering the broad range of domestic issues, from the environment, to transportation, health care, Social Security, welfare, education, economics, race, gender and more. It also spent half as much of its airtime on the economy and business. And it was among the lowest of media sectors studied in the percentage of time it devoted to foreign affairs that did not involve the U.S. directly.

The medium devoted twice as much of its time to politics and the wide-open campaign for president as network nightly news or cable's new chief rival for breaking news, news online Web sites, and five times as much on celebrity and entertainment. It also spent twice the percentage of its time on crime.

Collectively, the broad range of domestic issues including the environment, education, transportation, development, religion, domestic terrorism, health care, race — everything but immigration — made up 13% of the time on cable (compared with 26% on network evening news). The three topics of celebrity, crime and disasters, in contrast, accounted for 24% of cable's time.

To put that into perspective, if one were to have watched five hours of cable news, one would have seen about:

- 35 minutes about campaigns and elections
- 36 minutes about the debate over U.S. foreign policy
- 26 minutes or more of crime
- 12 minutes of accidents and disasters
- 10 minutes of celebrity and entertainment

On the other hand, one would have seen:

- 1 minute and 25 seconds about the environment
- 1 minute and 22 seconds about education
- 1 minute about science and technology

- 3 minutes and 34 seconds about the economy
- 3 minutes and 46 seconds about health and health care

Topics on Cable News vs. Other Outlets

Percent of Newshole

	Cable	Network Evening	Online	Newspapers
Government	7%	5%	6%	6%
Elections/ Politics	17	8	8	11
Crime	13	6	7	4
Economics/ Business	3	7	5	12
Environment	1	3	1	2
Health/ Medicine	2	8	2	7
Science/ Technology	<1	2	1	2
Immigration	5	1	1	3
Other Domestic Affairs*	10	15	7	13
Disasters/Accidents	6	7	6	2
Celebrity/ Entertainment	5	1	1	<1
Lifestyle & Sports	3	9	4	7
Miscellaneous & Media	6	3	4	2
U.S. Foreign Affairs	18	15	22	15
Foreign (Non U.S.)	4	8	25	13

Totals may not equal 100 due to rounding.

Note: *Other Domestic Affairs includes such things as development, transportation, education, religion, abortion, gun control, welfare, poverty, social security, labor, aging, court/legal system, race and gender issues, etc.

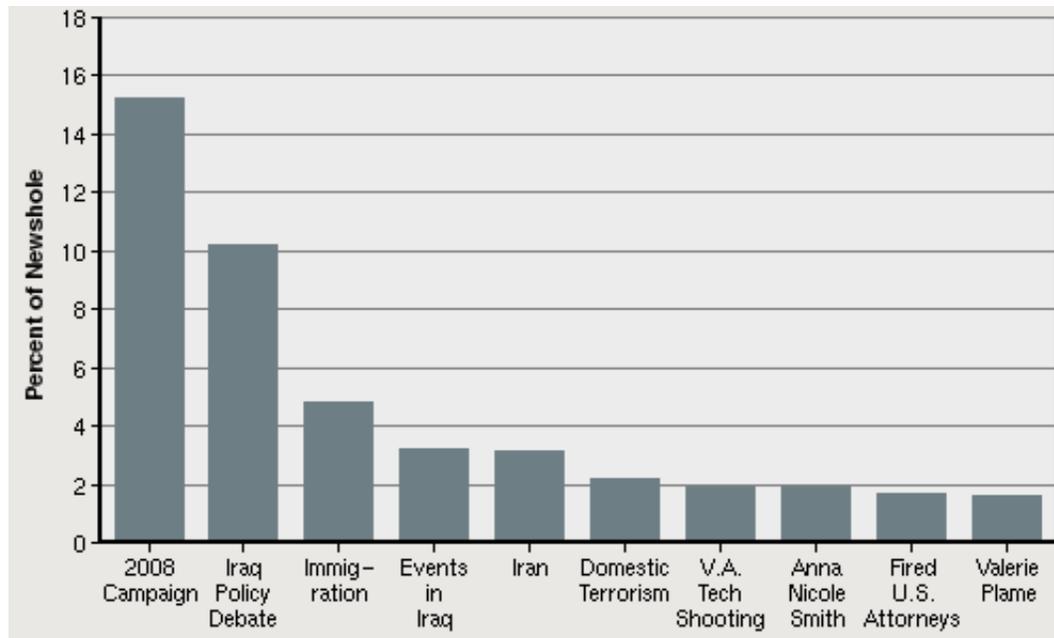
Top 10 Stories of the Year

When it came to specific stories, cable news showed a tendency to take the biggest stories of the year and make them bigger, particularly stories that lent themselves to argument, predictions and political divide. Hence the campaign, a long-running story or conversation, filled 50% more time on cable news than evening network news or than in the newshole for media over all. So did the debate over what U.S. policy on Iraq should be. But events on the ground in Iraq, a story that required people in place engaged in reporting, filled less than half the percentage on the cable programs studied than on network nightly news or the media studied over all, and third of the space readers would have

seen on cable's newest rival, online.

Top 10 Stories in Cable

2007, Channels combined



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Thus while the list of the top five big stories is similar on cable with other media sectors, the nature of the way cable is structured — around talk rather than reporting (see format below) — alters the nature of the content one sees.

Top Stories: Cable News vs. Other Media
Percent of Newshole

Cable		Nightly Network		Overall		Online	
2008 Campaign	15%	2008 Campaign	8%	2008 Campaign	11%	Events in Iraq	11%
Iraq Policy Debate	10	Events in Iraq	7	Iraq Policy Debate	8	2008 Campaign	7
Immigration	5	Iraq Policy Debate	6	Events in Iraq	6	Iraq Policy Debate	6
Events in Iraq	3	Iraq Homefront	3	Immigration	3	Iran	3
Iran	3	U.S. Economy	2	Iran	2	Pakistan	3
U.S. Domestic Terrorism	2	VA Tech Shooting	2	U.S. Domestic Terrorism	2	U.S. Economy	2
VA Tech Shooting	2	U.S. Domestic Terrorism	2	U.S. Economy	2	Afghanistan	2
Anna Nicole	2	Global Warming	1	Iraq Homefront	2	U.S. Domestic Terrorism	2
Fired U.S. Attorneys	2	Iran	1	Pakistan	2	Fired U.S. Attorneys	2
Valerie Plame Investigation	2	Immigration	1	Fired U.S. Attorneys	1	Israeli/Palestinian Conflict	2

The News Agenda – Daytime vs. Nighttime

Time of day also influenced the news agenda a viewer was likely to see in 2007. The range of stories and topics one saw in the daytime was different than at night, when cable's well-known talk hosts and personalities fill prime time. During the day, younger hosts, their names not built into the program titles, their experience less clear, sit in the anchor chairs. This is a group of usually physically attractive and often young, on-air "talent." At night, cable's better known hosts and personalities fill the time, focusing on topics they particularly care about or fit the formula of their show.

This changes the content. The No. 1 topic in daytime hours studied was crime, the only sector studied where that was true in PEJ's content studies, where it filled fully 20% of the time studied, nearly double the number at night. Accidents and disasters similarly filled 11% of time studied, again more than double prime time. Celebrity entertainment was larger in daytime than at night by nearly half (7% vs. 4%). Politics and the campaign for president, in contrast, was a smaller story (8% vs. 20% at night).

Government, which does much of its business during the day and may even try to time events to get on live cable TV, was also smaller percentage of time during day period studied than it was at night (filling less than 5% of time versus just under 8% at night).

Topics on Daytime Cable vs. Nighttime Cable
Percent of Newshole

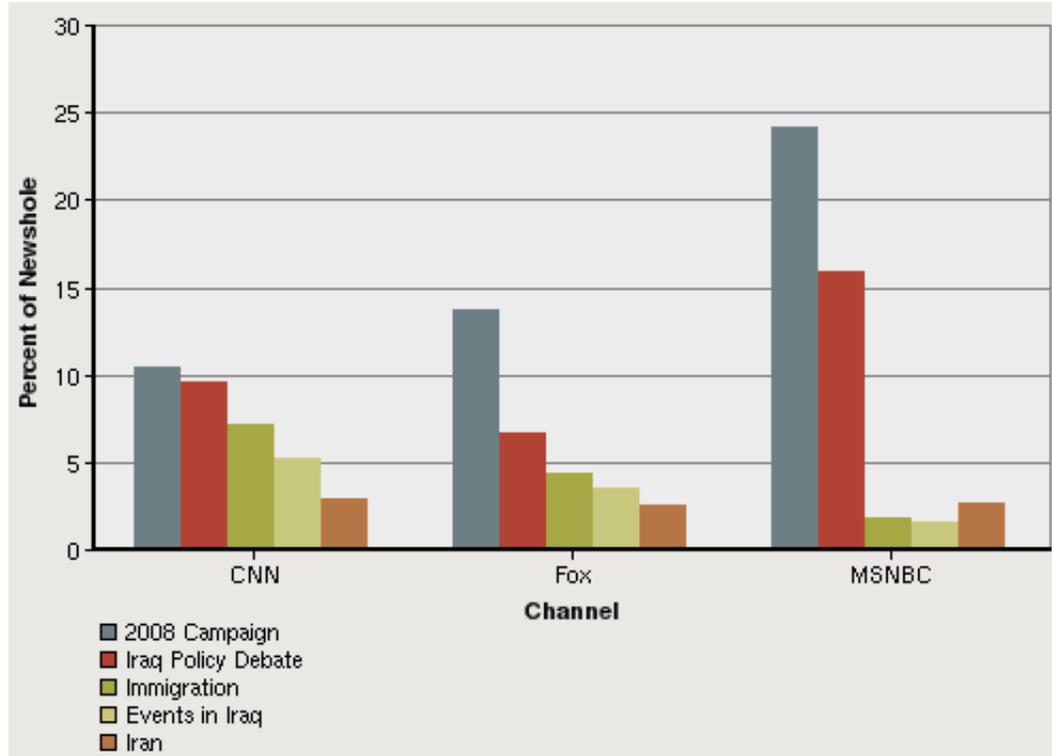
	Daytime Cable	Nighttime Cable
Government	4%	8%
Elections/ Politics	8	20
Crime	20	11
Economics/ Business	5	2
Environment	1	1
Health/ Medicine	3	2
Science/ Technology	1	<1
Immigration	2	5
Other Domestic Affairs	8	10
Disasters/Accidents	11	4
Celebrity/ Entertainment	7	4
Lifestyle & Sports	5	3
Miscellaneous & Media	8	6
U.S. Foreign Affairs	11	19
Foreign (Non U.S.)	5	4

Totals may not equal 100 due to rounding.

Differences among Cable Channels

One distinguishing factor of cable is how different the definition of news is on each of the three major channels. This is the only medium studied where we see such contrasts.

Top 5 Stories in Cable 2007, by Channel

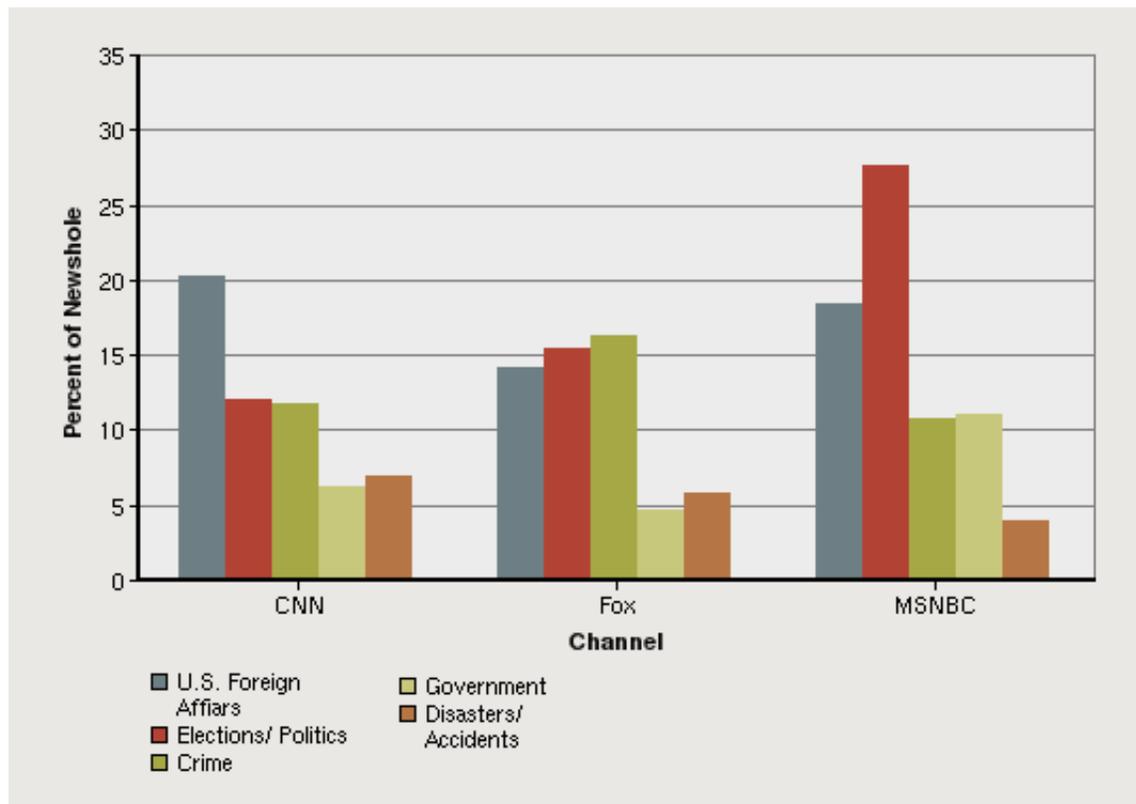


Design Your Own Chart

Source: PEJ, A Year in the News, 2007

By illustration, the No. 1 topic on each of the three channels was different, the only sector where we found this disparity among rival outlets. On MSNBC it was the politics. On Fox, it was crime. On CNN, it was U.S. foreign policy.

Top 5 Topics in Cable 2007, by Channel



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

In simplest terms, MSNBC focused itself around Washington, the campaign and political scandal, often with an eye sharply critical of the Bush administration, to good ratings effect.

Fox was more oriented to crime, celebrity and the media than its rivals.

CNN tended by degrees to devote somewhat more time across a range of topics, and to rely more on taped edited packages to tell stories, although not nearly to the degree found on network nightly news.

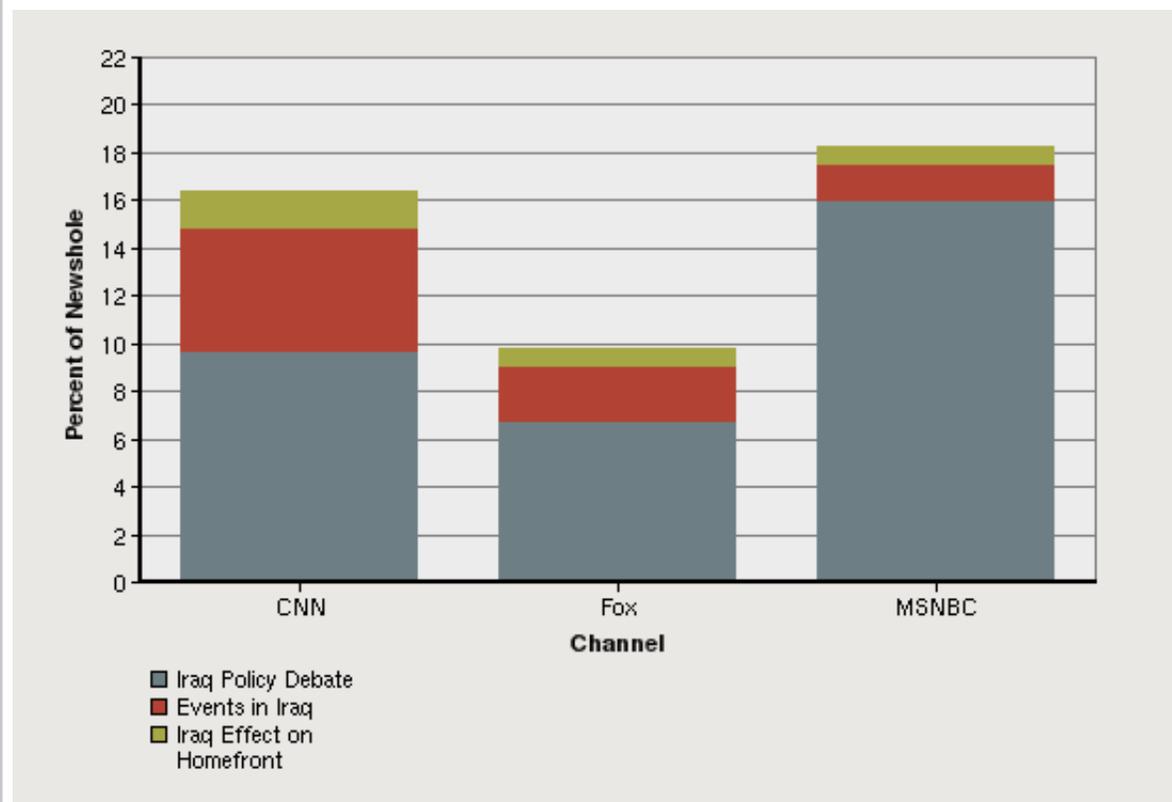
MSNBC, which bills itself as the Place the Politics, in 2007 devoted 25% more of the airtime studied to Washington and political topics than did CNN and 46% more than Fox. Those topics filled fully 63% of the time studied on MSNBC (versus 50% on CNN and 43% on Fox). 1

On Fox, the four topics of crime, celebrity, disasters and media topics alone filled 34% of the airtimes studied. That is 46% more than on CNN and MSNBC. Yet political topics, particularly those involving the Bush administration, were aired far less.

The war in Iraq, by example, filled 10% of the airtime studied on Fox in 2007, compared with 16% on CNN and 18% on MSNBC.

Iraq War Coverage by Channel

2007



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Similarly, the four top political scandals during the year — the firings of the U.S. Attorneys, the CIA leak prosecution of I. Lewis (Scooter) Libby Jr., the sexual-advance case against Idaho Senator Larry Craig, and the acknowledgment by Senator David Vitter of Louisiana that he had been involved with an escort service under police investigation for prostitution in the District of Columbia — filled 3% of the airtime studied on Fox. They filled 4% on CNN and 8% on MSNBC.

The cable channels do have some similarities in format. All lean now in prime time toward marquee names as hosts. And with talk as their primary form of news delivery, they tend toward topics that lend themselves to argument along with an emphasis on breaking news of a visual nature.

But the subjects being discussed or propagated by these hosts and their guests — in other words the news agenda — differs more on cable among the three channels than in any other medium we have studied.

Topics on Cable News by Channel

Percent of Newshole

	CNN	MSNBC	Fox News
Government	6%	11%	5%
Elections/ Politics	12	28	15
Crime	12	11	16
Economics/ Business	4	2	2
Environment	1	<1	1
Health/ Medicine	3	2	1
Science/ Technology	1	<1	1
Immigration	7	2	5
Other Domestic Affairs	11	7	10
Disasters/Accidents	7	4	6
Celebrity/ Entertainment	3	5	7
Lifestyle & Sports	3	2	4
Miscellaneous & Media	4	7	8
U.S. Foreign Affairs	20	18	14
Foreign (Non U.S.)	6	2	5

Totals may not equal 100 due to rounding.

The Differences Among Different Programs

Consider the differences among what some regard as the evening newscasts on the three channels. Identifying a signature newscast on cable is not a simple matter. Fox offers two — Shepard Smith's and Brit Hume's. MSNBC features Keith Olbermann. In 2007, CNN moved a second airing of Wolf Blitzer's Situation Room into something more akin to this spot by pushing it into the evening.

On Olbermann's program, the No. 1 topic was U.S. foreign policy (26% of time studied), followed by the activities of the government (23%), with a particular focus on the war, totaling half his airtime.

On Smith's program, the No. 1 topic is crime (24%) followed by accidents and disasters (12%). Government and foreign policy made up 13%.

On CNN's newscast, the war in Iraq and foreign policy (30%) and the campaign and politics (21%) came in No. 1 and 2.

So what is the news agenda of cable news? The answer is it depends on the channel, and to some extent on the host of the program.

One other feature of cable news now is that even on programs that bill themselves as general interest news programs, the news agenda varies significantly by program, even on the same network.

Shepard Smith vs. Brit Hume

On Fox, compare the two shows that come closest to being general evening newscasts: Fox Report with Shepard Smith and Special Report with Brit Hume.

They differ as markedly in their rundown of the day's news as any programs on cable.

Smith's newscast is a mix of crime, disasters, accidents, with a marked dose of celebrity and entertainment. The war, the rest of the world, the campaign and the government are a smaller portion of the news than in the media over all.

Hume's program, in contrast, is as focused on politics and government.

"Welcome to Washington. I'm Brit Hume. The federal deficit is down, down more than predictions, down to its lowest level in half a decade. And while his critics continue to find a cloud around that silver lining, President Bush says the best is yet to come," Hume began his program on October 11.

On Smith's program, the lead story that night was about the arrest of a 14-year-old in Pennsylvania who allegedly was thinking about shooting up a high school.

Consider the numbers. On Smith's program, the No. 1 topic is crime (24% of time studied, the highest of any show studied), followed by disasters (12%); and a miscellany of oddball, weather, traffic and accident stories (9%). Celebrity/entertainment is the No. 6 topic (6%). Together these four subjects alone make up 52% of the time studied.

On Hume's show, in contrast, these are minor topics — 9% of time studied.

Hume's program is more focused on Washington, in a way that resembles the news one might have seen on the CBS newscasts when Walter Cronkite was the anchorman from 1962 to 1981. The No. 1 topic for Hume in 2007 was U.S. foreign policy (32%), followed by politics (20%), government (10%), and then non-U.S.-involved foreign affairs (8%). Together, these four topics made up 70% of the time studied.

Add the next five topics, all of which intersect with politics — immigration, domestic terrorism, economics, health and medicine, and the environment — and the total rises to 81% of the airtime.

O'Reilly vs. Hannity & Colmes

Fox's two leading talk programs in the evening also have different news agendas from one another, and are distinctly

different from Fox's news programs.

Those programs, run by Bill O'Reilly and Sean Hannity & Alan Colmes, spend a good deal of time talking about the media, for instance, small topics on the news shows. They also spend more time on celebrity entertainment than even Shepard Smith. Government is also a topic that gets less attention from the talkers than from the newscasts.

The differences between the two talk shows may be more subtle, but they are still evident. O'Reilly's news agenda suggests his interests are in some ways more cultural, while Hannity & Colmes' are more traditionally political.

For O'Reilly, for instance, crime is the No. 1 topic (16% of the time studied vs. 8% on Hannity & Colmes). Immigration, a subject that crosses culture and politics, is also a bigger issue (11% of the programs studied), more than twice as big as for Hannity & Colmes (4%).

Hannity, by contrast, spent more time on politics, by far his No. 1 topic by a factor of three over any other subject (36% vs. 12% on the O'Reilly Factor).

After the politics, domestic and foreign, Hannity and Colmes were somewhat interested in more emotional stories that, while not dominant, cumulatively change the character between the two programs. They spent substantially more time on celebrity entertainment than O'Reilly (11% vs. 8%), and more than twice as much on accidents and disasters (5% vs. 2%). And in the hours studied, the program did no coverage of economics and business.

So is there a Fox formula to the news? Not strictly. There are clearly differences in Fox's news agenda as opposed to its rivals, which to a significant degree appear to reflect the interests of Fox's more conservative audience demographics (see [Audience](#)).

But there are differences, too, by host, and the programs in Fox's now steady (and to some extent perhaps aging lineup) that offer viewers some variety.

Those subtle differences now also exist in degrees on the other news channels as well.

CNN Shows

CNN's prime time lineup in 2007 shifted slightly with the departure of Paula Zahn in August but three general news programs were a foundation of its lineup for the year. (The study does not include Larry King's interview program, which usually has a single subject each night and tilts toward celebrity interviews.)

Those three news programs, which vary from one another distinctly, are Anderson Cooper 360, Lou Dobbs Tonight and the Situation Room with former Washington beat reporter Wolf Blitzer.

Cooper's program is more cultural, while Blitzer's, and even more so Dobbs', are more political.

Consider the numbers: Five topics on Dobbs' program — U.S. foreign policy, immigration, politics, government and the military situation at home — make up 70% of the hours studied. (They filled 40% on Cooper's.)

Dobbs' No. 1 story of the year far beyond any other was immigration, accounting for nearly a quarter of all the airtime studied (22%).

And if anyone thought Dobbs separates his commentary from his reporting, the video offers a different impression.

"Tonight crushing defeat for President Bush and the Senate's Democratic leadership on amnesty, a glorious victory for the American people," Dobbs began June 28, the night the immigration bill failed.

Cooper's program spends more time on stories with a strong emotional or cultural appeal — crime (his No. 1 topic), accidents and disasters, celebrity entertainment, health and lifestyle fill 37% of the programs studied. Those subjects, by contrast, make up just 15% of the Situation Room and 13% on Dobbs.

Often, Cooper is on the scene of these stories, getting involved:

On February 2, news broke about tornadoes that hit Florida and caused a lot of destruction. Cooper was there.

"You were talking about strength and courage, well, the people here are exhibiting a lot of that, strength and courage, tonight," he opened his show, speaking to Larry King, something Cooper does to try to keep more of King's audience. "Nothing really prepares you for this, Larry, not to see it, certainly not to live it. They get hurricanes in this part of the country, of course. Yet, even houses built to take a Category 3 or 4 storm could not stand up to what happened here overnight."

His No. 1 story of the year was the campaign in total (13%), but in any given week, if one wanted to hear about O. J. Simpson, the aftermath of Katrina, Don Imus, or the trapped miners on CNN, Cooper was the most likely place to find them.

MSNBC Shows

On MSNBC, even as it tries to position itself around the topic of politics, there are unmistakable gradations.

In prime time, Tucker Carlson and Chris Matthews were so particularly focused on the game of politics that no other programs studied came close. But MSNBC's top-rated show, Keith Olbermann, is actually more focused on governing and the activities of the Bush administration.

Olbermann spent nearly a quarter of the time studied on government (23%), nearly triple the time on Carlson (8%) and double Matthews (12%). (In March 2008, MSNBC removed Carlson from its lineup and replaced him with David Gregory, an NBC News reporter. Gregory began a new show called Race for the White House.)

Much of Olbermann's emphasis on government has to do with Bush's conduct of the war in Iraq. Nearly four in ten of 125 Olbermann programs studied over the year led with the war, more than triple the next most popular lead story, the firing of the U.S. attorneys.

On two-thirds of the nights studied, Olbermann opened with a story that offered the opportunity for him to look askance at the Bush administration over its antiterrorism tactics or other disputed issues.

“Good evening,” he began on May 15. “The etymology is unclear, but the phrase is politically apt, especially tonight. We’re checking for tire treads on the just-resigned deputy attorney general, Paul McNulty, after he got rolled under the wheels by his erstwhile boss, Alberto Gonzales,” and then without starting a new sentence he turned to another White House controversy involving the World Bank, saying, “the White House today indicating it might be willing to give Paul Wolfowitz a glimpse of pavement and the oncoming vehicle.”

In contrast, Tucker Carlson and Chris Matthews were focused on the race for president and politics rather than the conduct of Bush Administration. Carlson spent 47% of time studied on politics and the election and Matthews 44%. (Olbermann spent 16%.)

The Carlson and Matthews shows stood out in cable for the similarity of their focus. Both opened their programs nearly four nights out of ten studied about the presidential campaign and two nights with the Iraq war debate.

But the character of their shows differed from the personalities of the two hosts. Carlson offered what he called a libertarian critique while Matthews is a former Democratic staffer on Capitol Hill. But the more striking differences were stylistic. Matthews is famous for asking questions and then interrupting his guests to offer his own answers. Picking one night at random, November 26, the transcripts show that while Carlson interrupted his guests three times, Matthews did it 13.

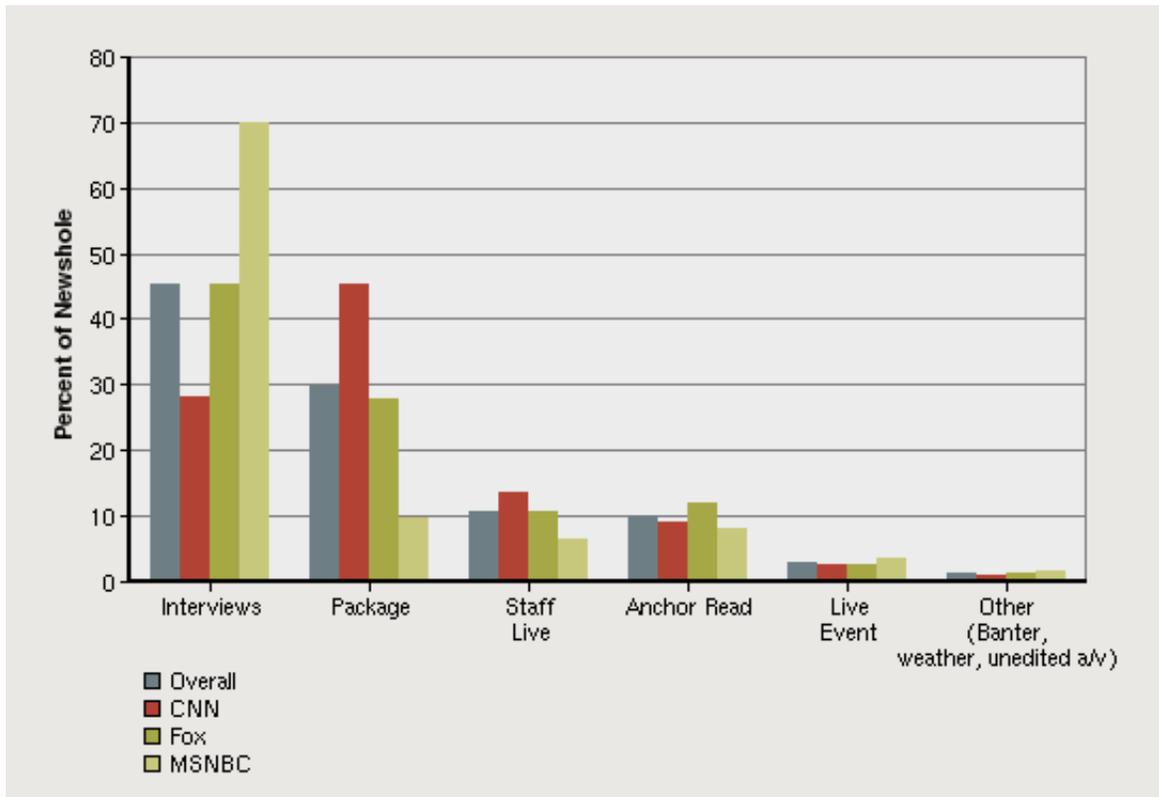
If there was a consistent strain on MSNBC, it was the war and U.S. foreign policy, something about which their liberal and conservative critics tended to express objections to. When he was still on in the evening, Joe Scarborough, a Republican, spent 31% of his time on the subject, Olbermann 26%, but other shows were not far behind (Hardball spent 20% of the time on the subject and Carlson 19%).

Live Reporting Lives On

Much of the character of cable, and of each channel, is derived from how the time is structured, that is, the format of the programs.

In general, cable news continues to be dominated by the culture of live, extemporaneous journalism, but that differs substantially by network.

How Cable Does its Reporting Story Format, by Channel and Overall



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Overall, of the 885 hours studied, 496 (56% of the time) were unedited and unrehearsed, with in interviews (usually by anchors) or live stand-ups by correspondents. That is even higher than we identified in past years. The medium, as we have noted in earlier years, “has all but abandoned what was once the primary element of television news, the written and edited story.”

About half as much time, 30%, on the cable programs studied was made up of correspondent packages. Compare that to network nightly newscasts, in which 82% of time is taken up by such packages, or even morning news, where half of the time studied made up of edited packages.

But the notion that cable takes you live to watch events for yourself is in many ways overstated. In all, only 3% of the time covered live events such as press conferences. (About 1% was spent on banter between anchors, weather and other chat.) This compares with 6% in live events the last time we examined the structure of cable news, in 2004.

Story Format on Cable News vs. Network News

Percent of Newshole

	Cable	Nightly Network	Morning Network
Package	30%	82%	50%
Interview	45	6	30
Staff Live	11	2	5
Live (Event or Ext. Live)	3	<1	<1
Anchor Read (Voice-over/ Tell Story)	10	10	9
Unedited Audio/Video	<1	<1	0
Other (Banter, Weather, Don't know)	1	<1	5

The emphasis on live thus cannot be explained by the desire to go continually for substantial periods of time to show viewers live events. Rather, the nature of time on cable news appears to be more on creating the impression that things are being reported as they happen. Producing programs in a live, unedited and essentially extemporaneous model is also cheaper.

And it means that a central figure in cable news, particularly during the daytime, is the “booker,” the often-young staffer who finds guests who can go on air for interviews or panels.

Despite the emphasis on live, the amount of updating, our earlier studies have found, is minimal, and the emphasis on live cable news has resulted in walking away from the capacity to review, verify, edit, choose words carefully and match those words to pictures.

Audiences are even less likely to find verified, edited journalism at certain times of the day. Daytime cable is more than half as likely to have edited packages. Just 14% of the daytime programming studied was made up of such produced packages. Instead, fully 70% was made up of live, extemporaneous programming.

In the evening, roughly a third (34%) of the time is spent on packaged pieces. This is down from what we found in 2004 when 42% of time was made up of stories that had been edited and taped.

Differences in Format by News Channel

Yet the some of most substantial differences in the structure of cable news exist in the distinctions among the three channels.

MSNBC, perhaps because it has fewer staffers and correspondents of its own and instead “rents” them from NBC (see News Investment), relies substantially more on unscripted, live unedited news delivery. Fully 80% of the time on MSNBC is “live” and unscripted, by far the highest of the three cable channels. It is 44% on CNN, and 59% on Fox.

Most of that time studied on MSNBC involved people doing interviews (70%). Compare that number to 28% on CNN and 45% on Fox.

CNN and Fox, on the other hand, are the near reverse of each other when it comes to interviews versus packaged reports.

CNN, the first all-news cable channel in the country, sticks more to the network news style of packaged pieces. Close to half (45%) of its time is spent on packaged pieces. While this is still about half the number found on the traditional broadcast network evening news programs, it is by far the highest among the cable channels. And those packages on CNN tend also to be longer (an average of 2.9 minutes on the programs studied, versus 2.4 on its rivals).

There are differences between the daytime and evening programming here. Packages were fewer during daytime than at night (24% vs. 50%) and live reporter stand-ups were heavier (31% vs. 10%).

Anderson Cooper's program is particularly inclined to packages, on a wide range of topics, from visiting the Congo, to Nicaragua, to the lives of Marines in Iraq, to an autistic woman who posts video on YouTube.

On Fox, slightly more than a quarter of time studied was made up of edited packages (28%). And again there were more packages at night (31%) than during the day (15%) and more stand-ups in daytime (21% vs. 8%).

On MSNBC, at least on the general interest news programs studied, the edited news story has all but disappeared, making up slightly less than 10% of the time. Here, too, there were differences in daytime vs. night. In daytime, MSNBC relies more on reporters to do live stand-ups (18% vs. 2% in the evening) and even less on packages (3% vs. 12%). But in both parts of the day, live delivery still fills up 80% of the time.

(At 10 p.m. Eastern, MSNBC does air taped reported programming, a variety of documentaries under different names, including MSNBC Investigates and MSNBC Reports. These documentaries are often produced through the Dateline unit at NBC and are both original and previously aired segments.)

Story Format on Cable News Channels

Percent of Newshole

	CNN	MSNBC	Fox News
Package	45%	10%	28%
Interview	28	70	45
Staff Live	14	7	11
Live (Event or Ext. Live)	3	4	3
Anchor Read (Voice-over/ Tell Story)	9	8	12
Unedited Audio/Video	<1	1	<1
Other (Banter, Weather, Don't know)	1	1	1

Footnotes

1. This includes elections/politics, U.S. foreign affairs, government, military, immigration, and domestic terrorism.

Audience

Audience

By the Project for Excellence in Journalism

In 2007, three trends stand out when it comes to the audience for cable news.

- Average audience at the three channels grew – better news than the losses the year before.
- Fox News remained the audience leader but saw more monthly fluctuations, while MSNBC saw slow but steady growth. CNN, meanwhile, appears to have stopped its losses, while its sister channel, Headline News, saw notable growth.
- More evidence suggests a change is occurring in the appeal of cable news going forward.

What is that change? For the second year running, none of the cable channels saw the kind of audience spikes from major news events they had become accustomed to.

Instead, the evidence suggests programming built around a cast of hosts, often but not always the edgiest of cable personalities, contributed in large part to the growth.

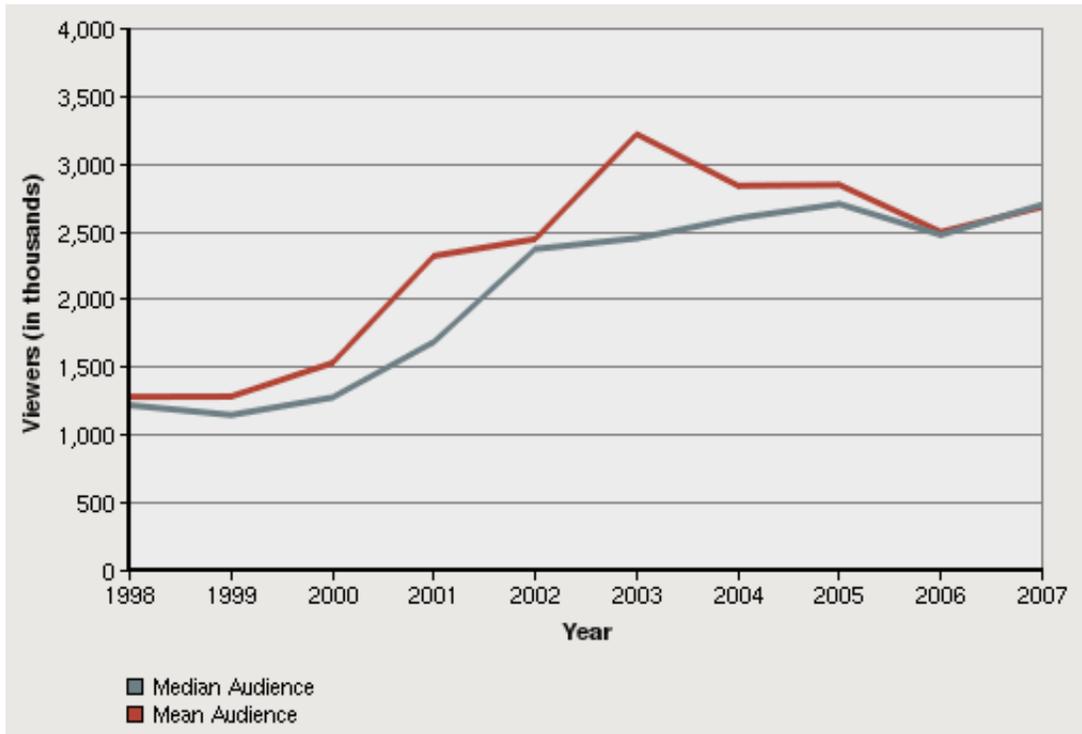
Cable Audiences

After losing viewers in 2006, cable news had audience growth again in 2007, during both the day and evening.

And as in previous years, prime time saw more growth than daytime on the three cable news channels – Fox News, CNN and MSNBC. 1

Over all, the median audience for cable news in prime time grew by 9%. (This report analyzes median audience first because statisticians have advised us that it offers a truer sense of base audience. See the [sidebar on audience measures](#).) Using the industry-preferred metric — the mean or simple average — the prime-time audience grew 7%. By either measure, nearly 2.7 million viewers watched cable news on an average night during 2007, compared with 2.5 million in 2006.

Cable News Prime Time Audience 1998-2007, Channels Combined



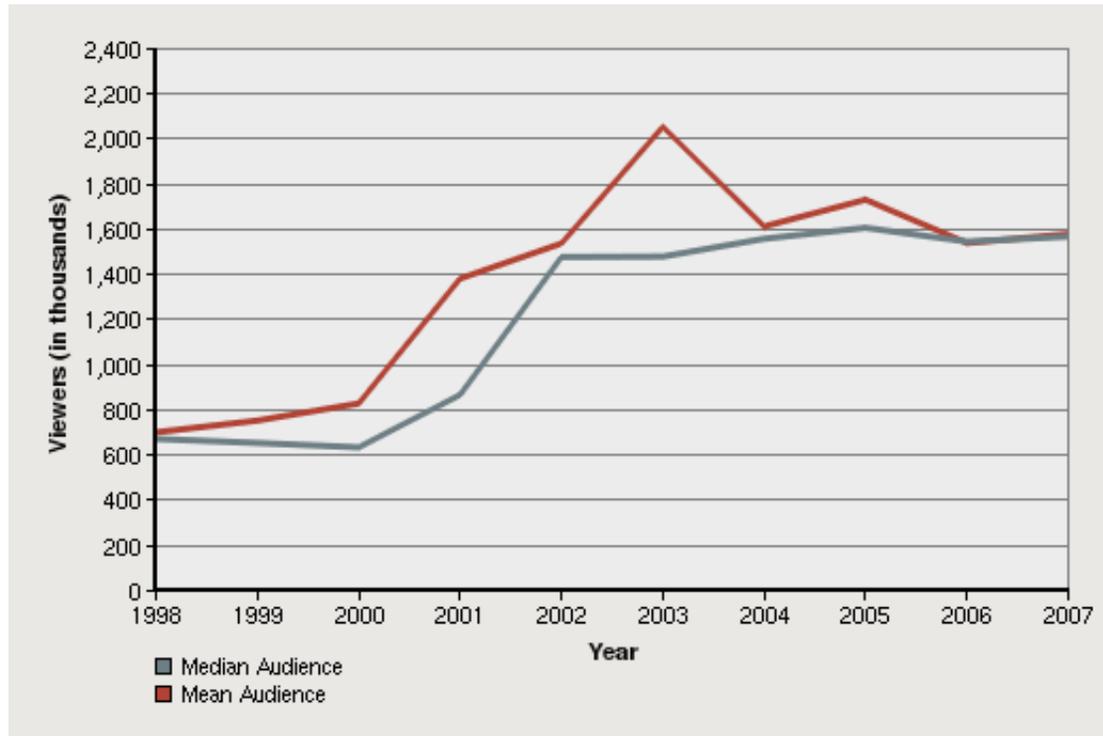
Design Your Own Chart

Source: PEJ Analysis of Nielsen Media Research, used under license

Note: Audience shown is the sum of Fox News, MSNBC and CNN's mean and median audience respectively

During daytime the median cable news audience rose just 1% in 2007. About 1.57 million viewers on average tuned in to the three channels during the year, up from the 1.55 million in 2006. The mean audience grew 3% – 1.58 million viewers on average in 2007, compared with the 1.54 million in 2006.

Cable News Daytime Audience 1998-2007, Channels Combined



Design Your Own Chart

Source: PEJ Analysis of Nielsen Media Research, used under license

Note: Audience shown is the sum of Fox News, MSNBC and CNN's mean and median audience respectively

The Big Stories of 2007

A year ago, when the cable news audience dropped, analysts wondered whether the medium might be suffering from structural erosion in its base appeal. Through its history, cable has benefited as the first destination for breaking news events, and the medium tended to see huge spikes in its audience during those moments. But that was not the case in 2006. That raised the question of whether the Internet, with its e-mail alerts and mobility, had matured to the point that it has become a serious rival as a source for news as it was occurring. We suggested one year was not enough to offer a clear indication, but that the question deserved observation. ²

What happened with cable audiences during major breaking news events in 2007?

The year was characterized by a series of major stories, both sensational and tragic – from the death of the celebrity-model Anna Nicole Smith in February to the mass killings at a Virginia college in April – as well as continuous momentum provided by the coverage of the 2008 presidential candidates and the developments in the war in Iraq. Cable news took an active role in the political debates, which turned out to be big audience draws. (For a fuller

discussion on how cable news covered politics, and gained from it, see [News Investment](#).) But, for the second year that we have tracked them, numbers suggest the spikes in viewership during breaking news events were less dramatic and less consistent than in past years.

The year began with a media flurry over the death of Smith in February, and cable news led all media sectors in continuous coverage, from daytime to prime time. ³ Looking at the average figure for the month, however, this frenzy did not translate into an audience spike. During the day, the audience was up just 3% from the month before, and in prime time there was a loss of 3%.

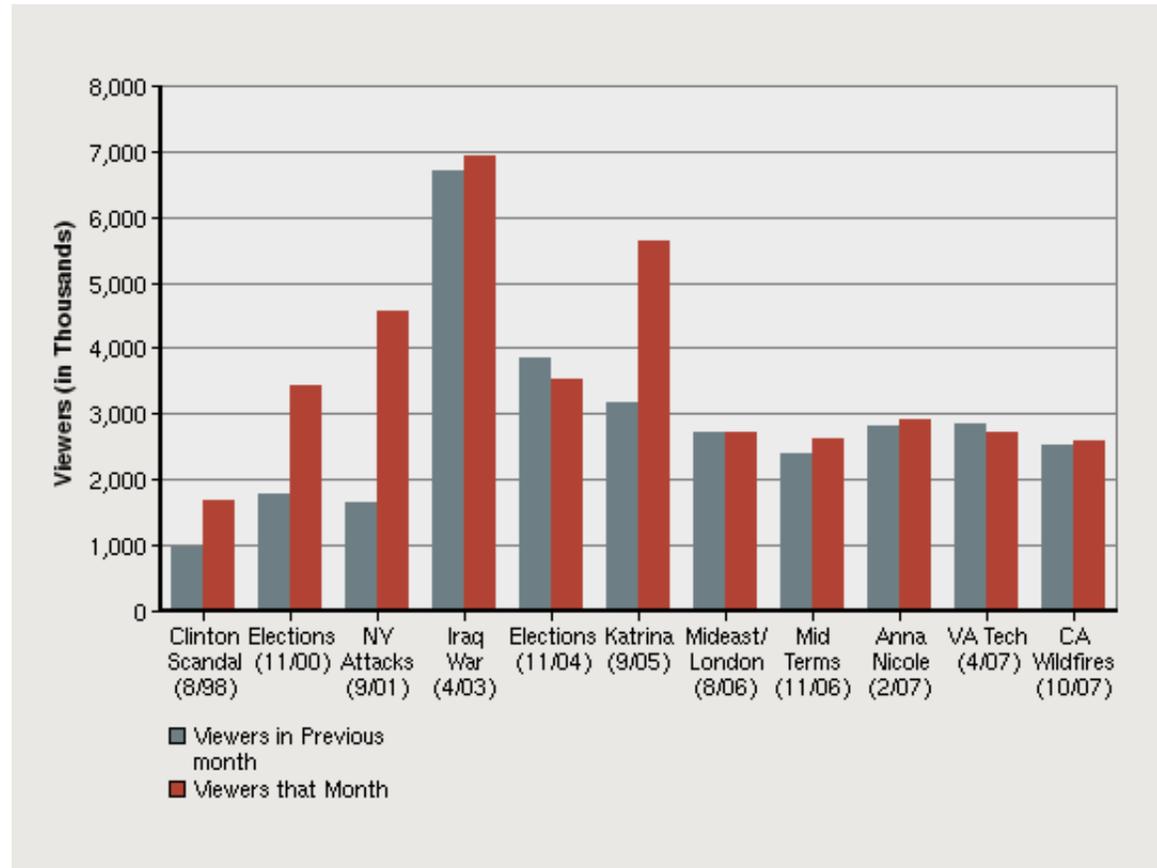
In April, Cho Seung Hui, a disturbed college student, shot to death 32 students and faculty members (and himself) on Virginia Tech's campus in Blacksburg, Va. Of all media, cable news again invested the most time, offering intensive coverage for two weeks. ⁴ Here, viewers did respond. Daytime viewership rose 9% over the previous month and prime time rose 6%.

In June and August, audiences spiked to smaller degrees when twin car bombs were found in London and, in the U.S., a bridge collapsed in Minnesota, workers died in a Utah mine and the presidential election campaign got under way. (The period saw three televised presidential debates and the Iowa straw poll). But when wildfires spread across California in October and took up half the cable news time during one week, that, too, failed to produce an audience spike over the previous month.

So, while on average the number of viewers in 2007 increased over the previous year, there were no significant audience spikes during the year's breaking news events, at least not the kind that cable news used to see. The biggest audience draw on cable news over the past decade was the start of the Iraq war in 2003, followed by Hurricane Katrina coverage in September 2005.

It is possible that 2007 was simply a modest year for breaking news. It is also possible, as we began tracking in 2006, that cable news now must compete with the Internet as a source for immediate breaking news, and that these more modest spikes will become the norm. The campaign year of 2008 may not be an ideal test of that. It could be influenced how much coverage the networks offer and by higher interest in the 2008 race than in 2004. But this long-term question deserves more scrutiny.

Cable News Prime Time Audience during Big Events 1998-2007, Channels Combined



Design Your Own Chart

Source: Nielsen Media Research, used under license

Note: Average viewers in the respective month on Fox News, MSNBC and CNN combined

If breaking news is losing appeal, however, what explains the slight rise in cable audiences? The shows growing fastest in cable news tend to be personality driven. The fastest-growing shows in prime time are Nancy Grace (up 23%) on Headline News, Keith Olbermann on MSNBC (up 15%) and Bill O'Reilly on Fox News (up 11%), still by far the No. 1-rated program on cable news. These shows are also the most heavily promoted on respective channels.

Some analysts believe that cable channels, as they reach saturation point in terms of new audiences, are creating these confrontational shows or personalities to draw viewers in – in effect, more entertainment-like programming.

If we look at the prime-time lineup from 7 to 10 p.m. on cable news, each network differs in its mix of talk and news. MSNBC's first three programs are all personality-driven – Chris Matthews, Keith Olbermann and Dan Abrams, all of whom mix top stories with opinion and talk. They then close out the prime-time with a non-news program, MSNBC

documentaries.

Fox News bookends its two opinion shows, the O'Reilly Factor and Hannity & Colmes, with Shepard Smith's Fox Report on one end, a traditional newscast with a lead anchor, and the more crime-news-oriented On the Record with Greta Van Susteran on the other. It also airs another newscast, Special Report with Brit Hume, before Smith.

CNN alternates talk and news. It begins prime time with a news-and-commentary combination, Lou Dobbs Tonight, then moves to news (Out in the Open), followed by the talk show Larry King Live, whose one-on-interview format with newsmakers and celebrities continues to attract the largest audiences on CNN, as it has historically, and then goes back to news with Anderson Cooper 360. On Headline News, CNN seems to counter-program by only airing opinion programming with Glenn Beck and Nancy Grace. (See more about the distinction between the cable shows in [Cable TV Content Analysis](#).)

Cable News Shows at Prime Time

November 2007

	Fox News	CNN	MSNBC	CNN Headline News
7 p.m.	Fox Report (1,369,000)	Lou Dobbs Tonight (872,000)	Hardball w/ Matthews (420,000)	Glenn Beck (367,000)
8 p.m.	O'Reilly Factor (2,300,000)	Out in the Open (631,000)	Countdown w/ Olbermann (793,000)	Nancy Grace (489,000)
9 p.m.	Hannity & Colmes (1,459,000)	Larry King Live (931,000)	Live w/ Abrams (420,000)	<i>Glenn Beck replay</i>
10 p.m.	On the Record (1,205,000)	Anderson Cooper 360 (589,000)	MSNBC Documentaries (395,000)	Nancy Grace replay

Source: Nielsen Media Research on Media Bistro.com

Note: Numbers in parentheses are November 2007 average viewership, persons 2+

Fewer spikes could also be a result of more people going online to get breaking news, perhaps making the Internet the real beneficiary of audience spikes. (See more about the growth of news online in our [Online chapter](#).)

2007: Channel by Channel

Which news channels were growing? For much of the last decade, only Fox News grew steadily, much of that coming at the expense of CNN. MSNBC struggled to get traction of any kind.

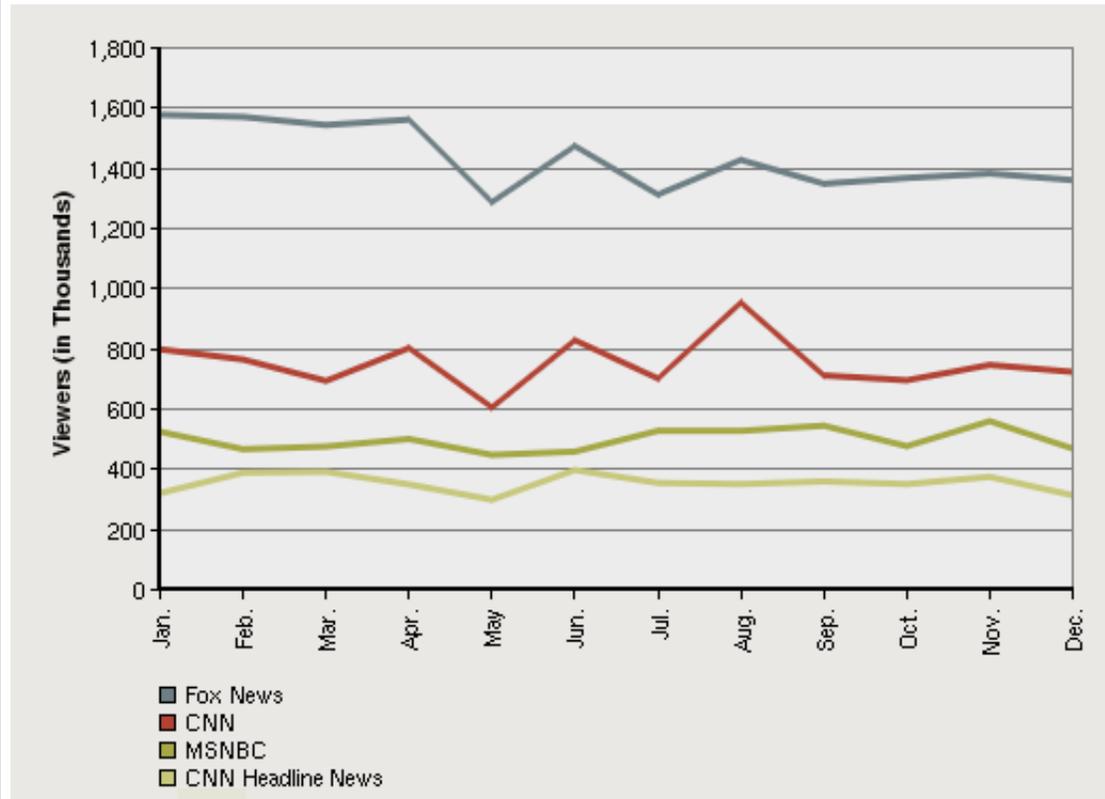
In 2006, that changed. Fox News began to decline, and the perennial third-place channel, MSNBC, began to grow. What happened in 2007?

The growth at MSNBC continued steadily. Fox News, still by far the dominant cable channel in audience, grew over the

previous year, but only slightly. CNN showed some strength of its own for a second year, and its sibling, Headline News, also saw some notable growth. Indeed, in 2007 if we were to add Headline News's median prime-time viewers to CNN's audience, the total (about 1 million) gives some competition to, but still does not top, Fox News's median audience of 1.4 million. 5

Cable News Prime Time Audience in 2007

Channel by Channel, Median Audience



Design Your Own Chart

Source: PEJ Analysis of Nielsen Media Research, used under license

MSNBC

While it continues to lag behind its competition, MSNBC had reason to cheer as, by any measure, it increased its audience substantially in 2007.

The channel's median daytime audience grew 10% to 270,000 viewers, up from 247,000 a year earlier. (Using mean,

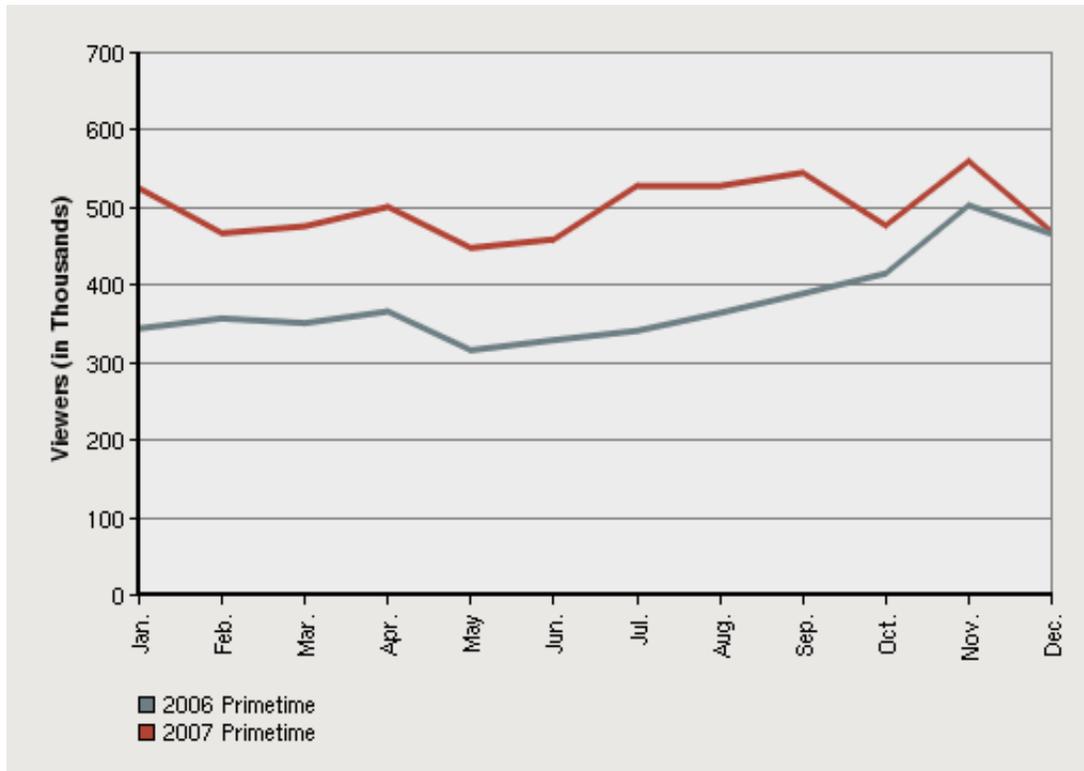
audience grew 14% – from 244,000 the year before to 278,000 viewers in 2007.)

MSNBC's numbers during prime time were even more remarkable. The median audience grew 36%, to nearly 490,000 viewers a night in 2007, up from a median of 361,000 during in 2006. Using mean, there was similar double-digit growth, of 32%.

MSNBC also managed to score the steadiest growth – in the double-digits at prime time in every month in 2007 except December. Even at daytime, only the last three months of the year broke this trend.

MSNBC at Prime Time

Median Audience, 2007 vs. 2006

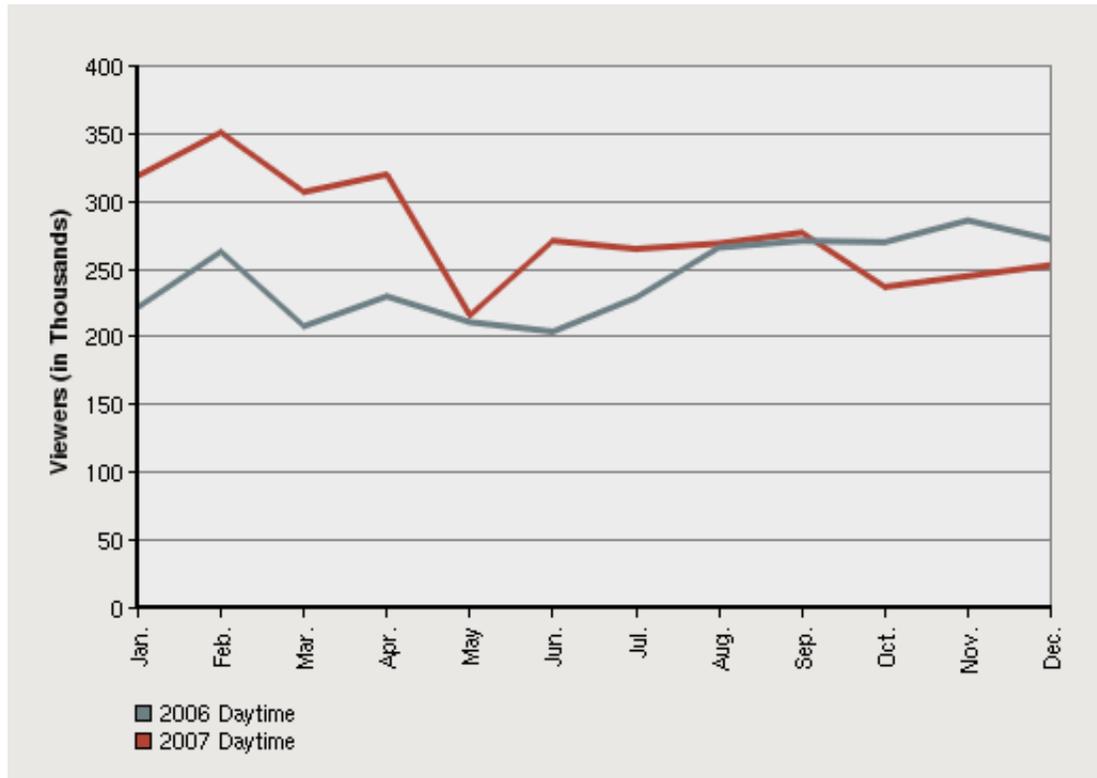


Design Your Own Chart

Source: PEJ Analysis of Nielsen Media Research, used under license

MSNBC at Daytime

Median Audience, 2007 vs. 2006



Design Your Own Chart

Source: PEJ Analysis of Nielsen Media Research, used under license

MSNBC was keen to attribute that steady growth to a number of factors, from its focus on political news to the rising popularity of its loquacious evening talk-show host, Keith Olbermann.

In Countdown with Keith Olbermann, the host picks five top stories, each accompanied by his strong opinion. Olbermann's continuing criticism of the Bush administration has coincided with a ratings increase; the show had the top ratings on the channel throughout the year.

MSNBC's other big-name anchors also brought in substantial viewers (Also see [News Investment](#).) Chris Matthews and Dan Abrams, who returned as anchor in late 2007, led in audience numbers on the channel, as did Tucker Carlson in daytime (his show was canceled in March 2008) and Joe Scarborough in early morning.

MSNBC's success, however, must be kept in context – when compared to the year before, none of these time slots saw growth. The time slot now filled by Abrams (formerly by Scarborough) fell 16% from November 2006 to November 2007. Carlson dropped about 10% and Matthews dipped 8.5%.

Top Shows on MSNBC

November 2006 vs. November 2007

Show	Time	November 2006	November 2007
Countdown with Keith Olbermann	8 p.m.	689,000	793,000
Verdict with Dan Abrams (replaced Scarborough Country)	9 p.m.	500,000 (Scarborough)	420,000
Hardball with Chris Matthews	7 p.m.	459,000	420,000
MSNBC Investigates	10 p.m.	329,000	395,000
Tucker*	6 p.m.	296,000	269,000
Morning Joe (replaced Imus in the Morning)	6 a.m.	371,000 (Imus)	229,000
MSNBC Live	9 a.m.	255,000	209,000

Source: Nielsen Media Research on Media Bistro.com

Note: *Tucker was replaced by Race for the White House in March, 2008; all numbers are average viewership, persons 2+; shows ranked by November 2007 viewership

And compared to competition, its total audience figures still lag behind both CNN and Fox News. Its prime-time audience, together, is about one-third of Fox News' and about a quarter million viewers behind CNN's. ⁶ And even its top-rated show (Olbermann) trails its competition at 8 p.m., the O'Reilly Factor, by more than 150,000 viewers.

The Fox News Channel

The Fox News channel remained comfortably ahead in terms of viewers, just as it has the past decade. But there are more signals that perhaps the network has reached a ceiling.

In 2007, the cable news leader continued to have the largest viewership among the three channels, but showed little or no growth over the previous year. At prime time, the median audience grew just 2% to 1.41 million viewers, up from 1.37 million the year before.

The picture looked similar when measured as simple mean – a 4% growth, from an average of 1.38 million viewers to 1.43 million in 2007.

During daytime, the median audience grew 3% to 814,000 on average. The mean audience fell by 1% to 817,000, down from 824,000 the year before.

Even with growth flat, however, Fox News' median prime-time audience of 1.41 million is nearly triple MSNBC's (489,000) and nearly double CNN's (736,000).

Seen another way, that meant that more than half (53%) of all viewers watching prime-time cable news in 2007 were

tuned into the Fox News Channel. And according to trade magazines, the third quarter of 2007 marked the 23rd consecutive quarter that Fox News had topped CNN and MSNBC.⁷

That dominance carried over to daytime, when 51% of all viewers tuned to Fox News, again about double CNN and more than triple MSNBC. Fox News averaged 817,000 viewers, compared with 485,000 for CNN and 278,000 for MSNBC.

It also was home to eight of the top 10 shows, according to Nielsen rankings. The prime-time talk show conducted by Bill O'Reilly, O'Reilly Factor, remained the most-watched show on cable news, averaging about 2 million viewers a night, for the sixth year in a row.

CNN

At CNN, the channel stopped the losses and even began to grow a little. But the news channel is still lodged firmly in second place, with MSNBC gaining ground.

In prime time, CNN attracted a median audience of 736,000 in 2007, an increase of 4% over the previous year's 710,000. That was somewhat better than its growth during the day, with a 2% growth in median audience – 482,000 compared with 474,000 in 2006.

Using mean, the growth was similar – just 2% at prime time, as average viewership went up to 753,000, compared with 739,000 in 2006. And during the day, viewers increased by 3% — 485,000 viewers vs. 472,000 the year before.

As in previous years, individual shows continued to pull in big ratings but, apart from the veteran host Larry King, none of the CNN personalities or shows broke into the top-10 list of cable news shows.

The other top performers for the channel were Lou Dobbs – like Olbermann and O'Reilly, a mix of strident opinion and news – and newsman Anderson Cooper. These prime time shows contributed in part to the growth CNN has seen overall – in 2007, its prime-time audience growth beat out daytime growth.

In CNN's decade-long struggle against Fox News, one measurement by which it has consistently surpassed its rival is in "Cume," short for cumulative audience. This calculation refers to the number of individual (or "unique") viewers who watch a channel over a fixed period of time.⁸ Ratings, by contrast, measures how many people are watching at any given moment. If more people watch CNN over time, though fewer at any given moment, CNN can claim that it has a wider reach. And indeed, historically CNN has used this metric to sell itself to advertisers despite Fox's advantage in ratings.

In the third quarter of 2007, CNN released figures showing it maintained that lead.

Cable News – Cumulative Audience
Number of Unique Viewers (in thousands)

Channel	Q3 2007	December 2006	December 2005
CNN	66,485	71,797	59,949
Fox News	55,570	61,591	53,083
MSNBC	53,578	53,785	42,201
CNN Headline News	53,790	57,185	46,020

Source: Nielsen Media Research on Media Bistro.com, retrieved on October 3, 2007

Note: Select months, depending on data available; Channels ranked by Q3 2007 Viewership

CNN Headline News

CNN's sister channel, Headline News, has in the past two years broken away from its typical 24-hour headlines-only format to include distinct morning and evening news programming, and the changes seem to have worked in its favor.

In 2007, CNN Headline News had an 18% increase in prime-time median audience (353,000 viewers) and 8% (235,000) during the day. That rate of growth is better than both CNN and Fox News, and resembles that of MSNBC.

CNN Headline News
Median Audience

Year	Prime Time Audience	Daytime Audience
2007	353,000	235,000
2006	302,000	218,000
2005	307,000	244,000

Source: Nielsen Media Research used under license

If we look at individual shows on the channel, CNN Headline News' top shows – essentially opinion or entertainment news—continued to attract a substantial number of viewers. Glenn Beck and Nancy Grace, prominent in any analysis of CNN Headline News in 2006 as it ramped up efforts to carve out a niche for itself, continued to be two of the channel's three highest-rated shows.

The Nancy Grace Show was Headline News' top performer, with an average of 489,000 viewers in November 2007. When compared to the competition, though, the show lagged behind. Grace occupied the personality-dominated 8 p.m. slot, where her audience figures were no match for Fox News' O'Reilly Factor and came in at half of those for MSNBC's Countdown With Keith Olbermann. Headline News' entertainment news show, Showbiz Tonight, was its second-most-watched show, with 381,000 viewers.

The Glenn Beck show, which airs an hour earlier, at 7 p.m., had 367,000 viewers in November 2007. It competes with its sister channel CNN's Lou Dobbs Tonight, MSNBC's Hardball With Chris Matthews and the only hard-news show in that

slot, Shepard Smith's Studio B on Fox News.

Top Shows on CNN Headline News

November 2006 vs. November 2007, by Viewership

Show	Time	November 2006	November 2007
Nancy Grace	8 p.m.	397,000	489,000
Showbiz Tonight	11 p.m.	250,000	381,000
Glenn Beck	8 p.m.	345,000	367,000

Source: Nielsen Media Research on Media Bistro.com

Note: Numbers are average viewership, persons 2+; Shows ranked by November 2007 Viewership

Who Is Watching

Survey data have shown that there are some clear partisan differences among those tuning into the three cable news channels.

According to data from the Pew Research Center for the People and Press, CNN and MSNBC had more Democrats tuning in, while Fox News' audience leaned Republican.

Looking at party affiliation, CNN and MSNBC had nearly identical viewer demographics. Almost half of both of their audience members were Democrats – 48% for MSNBC and 45% for CNN. Independents made up about a quarter (26%) of viewers, while Republicans took up the smallest share – 22% for CNN, and only 19% for MSNBC.

On Fox News, the trend was somewhat reversed. The largest share of its audience – 38% — were Republicans, followed by Democrats (31%) and independents (22%).⁹

Footnotes

1. We define daytime as 6 a.m. to 7 p.m., and prime time as 7 p.m. to 11 p.m. The project began collecting yearly data on CNN Headline News in 2007 (see more in respective section.)

2. Hurricane Katrina represented something of a milestone in where people turn for breaking news coverage. For the first time, the Internet rivaled cable TV as the place people turned for to learn about the latest developments, browse through archived footage, and even contribute to the story themselves – witnessing a huge growth in citizen journalism (see Online Audience in our 2006 report.) In a September 2005 survey during the aftermath of Hurricane Katrina, 21% reported going to the Internet for news about Katrina. By comparison, 31% tuned into CNN, while 22% went to Fox News and only 9% to MSNBC. Nearly a year later, in August 2006, the numbers were even more telling. People going for news on the Internet, at 21%, were almost at par with CNN (24%) and Fox News (20%) and much ahead of MSNBC (6%). In 2007, the Virginia Tech shooting mirrored this trend – indeed, its media coverage provided something of a case study of how a news event could be parceled out in a multi-platform world (see more in Digital). Survey results from Pew

Research Center for the People & the Press, "Internet News Audience Highly Critical of News Organizations," Pew Research Center, August 9, 2007.

3. According to PEJ's news coverage index, cable news devoted 30% of its newshole on the Anna Nicole Smith case at the height of the event, and over all it was the third-biggest story on cable in the first quarter of 2007. See more online at: <http://www.journalism.org/node/5716>

4. PEJ News Coverage Index, "Campus Rampage is 2007's biggest story by far," April 15-20, 2007, Online at: <http://www.journalism.org/node/5197>

5. CNN's median prime time audience in 2007 was 736,000 and CNN Headline News' was 353,000. They total 1089,000. Fox News channel's median primetime audience was 1405,000 in 2007.

6. In 2007, Nielsen Media Research data indicates that median prime time audience of MSNBC was 489,000. CNN had 736,000 viewers and Fox News, 1,405,000.

7. Steve Donahue, "Fox News Dominates News Ratings," MultiChannel News, October 2, 2007

8. Viewers are counted as part of a TV channel's Cume measurement if they tune in for six minutes or longer (they are typically calculated over the course of a month). Like average audience, Cume is measured by Nielsen Media Research.

9. All numbers from the Pew Research Center's biennial media consumption survey conducted from April 27 to May 22, 2006. Pew Research Center for the People & the Press, "Online Papers Modestly Boost Newspaper Readership," July 30, 2006

Economics

Economics

By the Project for Excellence in Journalism

Financially, cable news continued to be a robustly growing business in 2007. Fox News grew most. MSNBC inched its way into healthier economic territory. CNN and CNN Headline News remained steady.

But when we look at the expectations from Wall Street, the story becomes more nuanced. In examining how the news channels did compared with the revenue and profit estimates from analysts for 2006, MSNBC actually exceeded expectations, CNN (including Headline News) hit the mark, and Fox News fell short. 1

Profits

Starting with the bottom line, the cable news industry continued to increase profits at a substantial rate in 2007.

According to estimates by SNL Kagan, a leading financial research firm, 2 the three cable news channels were projected to earn a combined \$791 million in pre-tax profits in 2007, a 20% growth over the \$657 million the year before.

Fox News again was projected to have the biggest growth in profits. Kagan expected it to earn \$347 million in profits in 2007, a jump of 30% over the \$266 million the year before. 3

Analysts, as they have the past two years, again overreached in projecting that Fox News would overtake CNN in profits. Every year, however, Fox News chips away at the gap, and its rate of growth continues to be much higher than CNN's.

If it does match projections, Fox News would earn about \$10 million more than CNN (\$347 million to CNN's \$337). In 2006, however, it fell \$60 million short of projections and ended up lagging behind CNN.

CNN, whose numbers include CNN Headline News, 4 was projected to see a more modest 10% growth in profits. In 2007, it was expected to earn \$337 million, up from \$307 million in 2006. Its revised figures for 2006 were pretty much what analysts had projected (just short of estimates by about \$3 million).

Cable News – Profits 2007 vs. 2006, in Millions

	2006 Projected	2006 Revised (difference)	2007 Projected
CNN & CNN Headline News	310.1	307 (-3)	336.9
Fox News	326	266 (-60)	347
MSNBC	64	84 (+20)	108

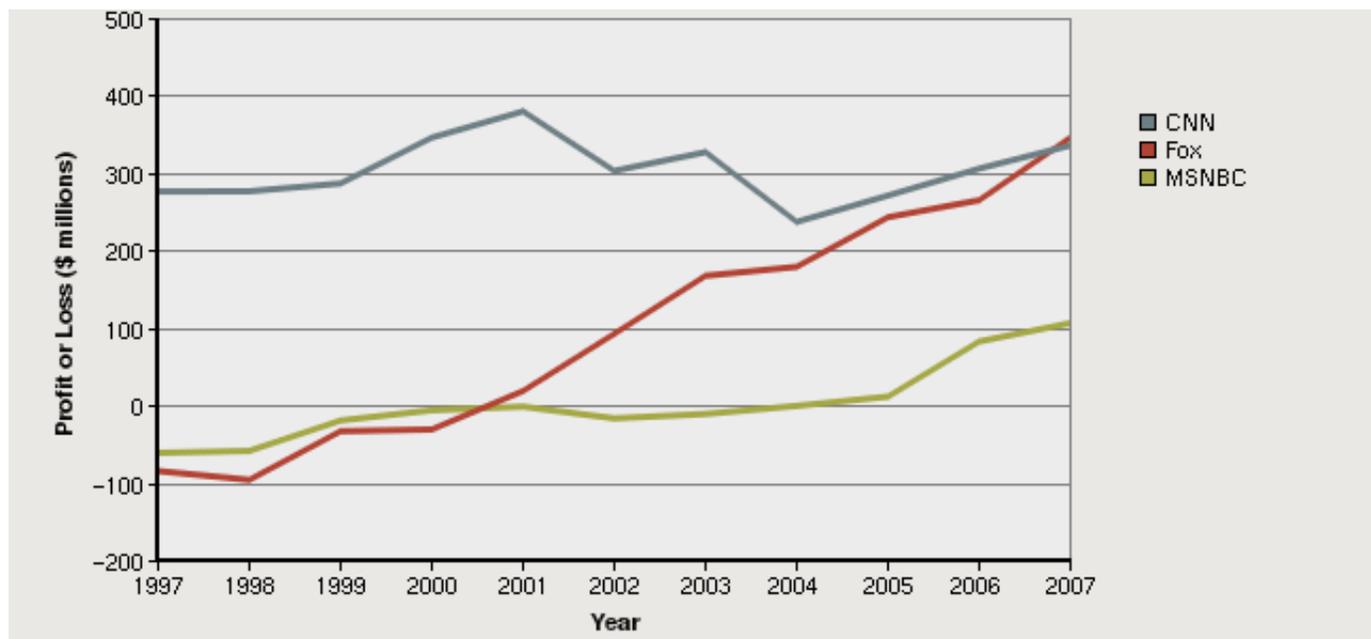
Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

Considering that it first earned profits in 2004, MSNBC has had a good run the past two years. It was expecting to earn \$108 million in profits in 2007, a noteworthy 28% jump over \$84 million the year before. That figure of \$84 million was much better than what analysts had expected it to be in 2006, and \$20 million more than projections the year before.

Cable News Profitability

1997-2007, by Channel



Design Your Own Chart

Source: SNL Kagan, a division of SNL Financial LLC

Note: CNN figures include CNN Headline News

Revenues

Profits are the difference between the revenues channels bring in and the expenses they pay out (see discussion on their expenses in *News Investment*). In 2007, all three channels are expected to see steady revenue growth.

Let's look at each channel individually.

Having spent its first decade establishing a formidable audience base, Fox News is reaping the financial benefits. Both advertisers and cable operators – the two main sources of revenue for a cable channel – now recognize the channel's reach, and are paying accordingly.

In 2007, Fox News was projected to bring in revenue of \$834 million, a 21% increase over the previous year's \$688 million — more than triple CNN's growth rate and double that of MSNBC in 2007. Whether it will have reached those figures is not clear. As with profits, analysts tended to overreach in their expectations about how much Fox News would make in revenues in 2006. Fox News' actual revenues in 2006 (\$688 million) were roughly 10% lower than the expected \$754 million.

CNN (these figures include only its two U.S. cable news channels, CNN and CNN Headline News), in contrast, has seen smaller growth, in the single digits, the past four years, but it has managed to keep a lead over Fox News in sheer

dollars. It is projected to make \$1.024 billion in 2007, growing about 7% over \$961 million the year before. Its revised figures in 2006 show that it did not grow as expected, falling \$24 million short of expectations.

MSNBC was projected to take in \$299 million in total net revenue in 2007, a 10% improvement over its previous year's figure of \$270 million. It should also be noted that, unlike its two competitors, MSNBC met projections for profits for 2006 (\$269 million).

Cable News – Revenue
2007 vs. 2006, in Millions

	2006 Projected	2006 Revised (difference)	2007 Projected
CNN & CNN Headline News	985	961 (-24)	1024
Fox News	754	688 (-66)	834
MSNBC	269	270 (+1)	299

Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

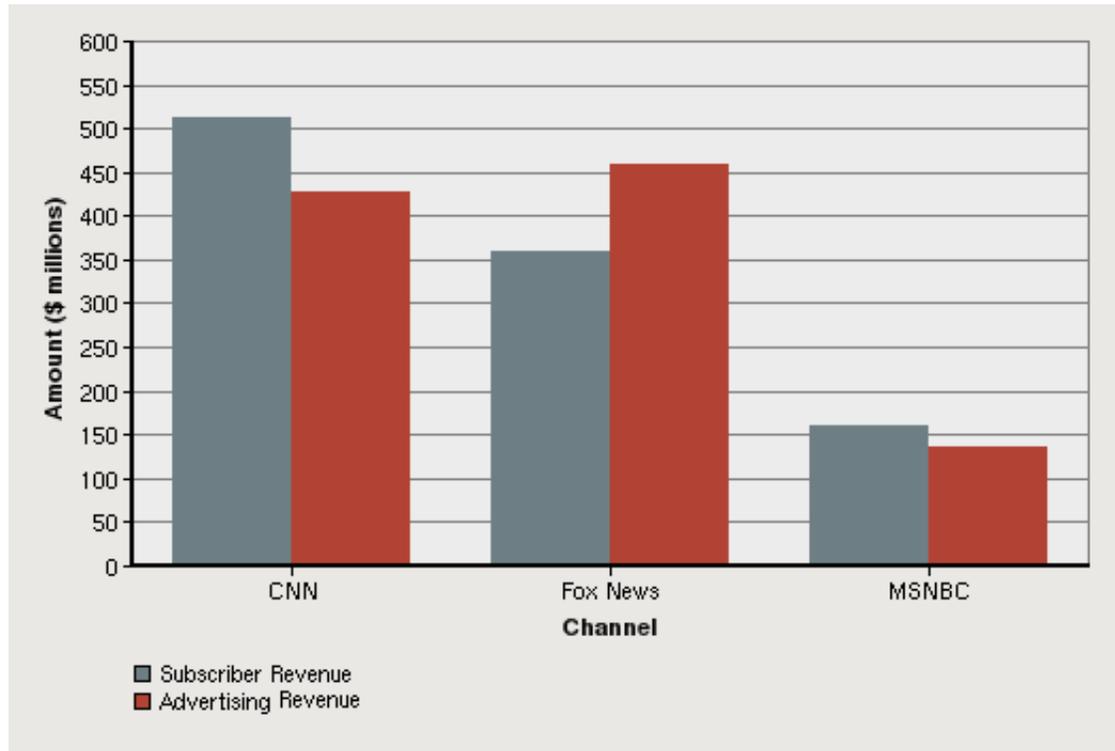
Revenue Streams

Behind these earnings are cable's two equally important sources of revenue – subscriber fees and advertisements.

CNN dominates when it comes to the contractual subscriber revenue, but Fox News now is thought to make more money from advertisers.

Cable News Revenue Streams

2007



Design Your Own Chart

Source: SNL Kagan, a division of SNL Financial LLC

Note: CNN figures include CNN Headline News

These components are the bulk of a channel's total's revenue. 5 We look at subscriber revenue and net ad revenue individually.

License Fee (Subscriber) Revenues

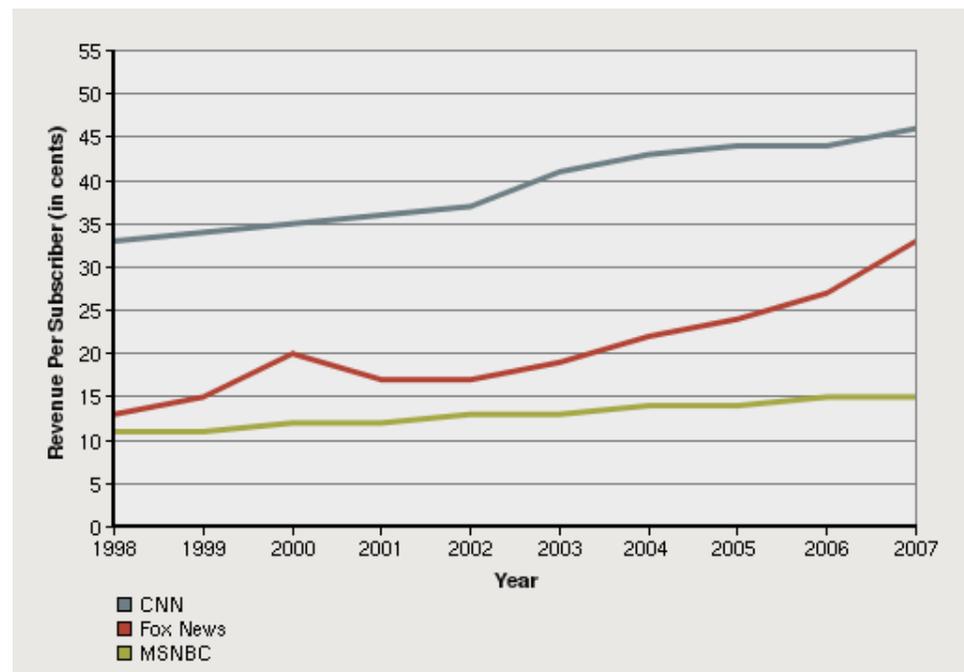
The less obvious revenue stream in cable, license fees, is the money paid by the cable systems to carry the channel. These are decided in the form of long-term deals negotiated in advance on a per-subscriber basis irrespective of how many subscribers actually end up watching the channel during the life of the deal. If a cable company enlarges its audience, it can renegotiate those license fees upward when contracts come up for renewal. Also, they tend to be multi-year contracts that have an escalating fee structure, so that every year sees a slight increase in the license fees and the agreed-upon rate is reached over the life of the contract.

CNN, the oldest 24-hour news network, has had the highest fees among the channels. In 2007, it still led, but Fox News greatly narrowed the gap.

For the past decade (since 1996,) CNN has earned more than 30 cents per subscriber. In 2007, it was expected to earn 46 cents. Sports and general entertainment channels handily beat out news channels in attracting higher fees. The highest fee paid to any cable channel is the \$2.96 commanded by ESPN.

Cable News Monthly Revenue per Subscriber

1997-2007



Design Your Own Chart

Source: SNL Kagan, a division of SNL Financial LLC

Note: CNN figures include CNN Headline News

When MSNBC started in 1996, its fee per subscriber was 13 cents per month and that has barely budged. Its 2007 projection, 15 cents, is the same as the past three years, and is the lowest fee per subscriber among the three rivals. That reflects the limited audience growth of the channel since its launch.

Fox News, on the other hand, has seen its fee increase over time and, in 2007, projections held that it would earn 33 cents per subscriber. From 2008 onward, these projections most likely will escalate even more rapidly as new multi-year contracts that Fox News has signed with cable operators start kicking in.

The channel began renewing its 10-year contracts in late 2006 and, according to media reports (nothing was declared officially), managed to triple its license fees. Using its high audience numbers and News Corp.'s stature as leverage, the channel was reported to have signed new contracts with all the major cable operators. Predictions of tough competition were, in the end, overrated as no cable operator wanted to lose the highly rated Fox News or tangle with News Corp. over other cable holdings.

The escalating fee structure of the contracts means that the Fox News channel will earn 75 cents and more per subscriber over the lifetime of the contract. ⁶ These new rates make Fox News not only the highest paid news channel, but also put it among the top earners among all cable channels for subscription fees.

This distribution of license fee rates among the three rivals also mirrored the subscriber revenues that each channel makes.

CNN was projected to make the largest amount – taking in \$512 million. This would be a small increase (6%) over the previous year's \$484 million. MSNBC was expected to see the same rate of 6% growth, \$160 million in 2007 from \$151 million the year before.

Fox News grew its subscriber revenue by more than a quarter, the biggest jump. In 2007, it was projected to make \$359 million, a 26% increase over the \$284 million in 2006. In actual dollars, though, this was still less than CNN.

Advertising Revenues

The other big revenue stream for cable channels is advertising. While cable news channels do not earn as much from advertisers as the broadcast networks or other, more popular, niche cable channels (like sports or entertainment programming), they do draw a comparatively affluent and loyal audience. This attracts advertising despite their relatively smaller audience base.

Advertising Costs on Television

2006, Select Networks

Network	2006
Big 4 Networks	\$17.63
Fine Living	\$15.80
Golf Channel	\$14.60
ESPN	\$11.40
MTV	\$9.40
Comedy Central	\$7.08
CNN	\$5.74
TLC	\$4.56
Lifetime	\$4.53
Weather	\$4.21
E!	\$4.02
Fox News	\$3.43
MSNBC	\$3.38

Source: SNL Kagan, a division of SNL Financial LLC. Note: The dollar amount represents the average cost an advertiser pays per every 1,000 people who view the ad (termed CPM or Cost per Thousand in the advertising industry). For example, if Nielsen estimates that 1 million people see Fox News each day, an ad would cost \$3.43 times a thousand (or \$3,430 per ad).

And, of the two revenue streams, many see advertising as having greater potential for long-term growth. The prospect of signing new cable subscribers, or getting existing ones to pay substantially more each month for the cable bill, is more constrained.

In 2007, all three cable news channels were projected to increase their revenues from advertising. The biggest growth is expected to come from Fox News.

Cable News – Net Ad Revenue

2000-2007, in Millions

	2000	2001	2002	2003	2004	2005	2006	2007
CNN & CNN Headline News	412.8	445.9	359.8	399.2	317.4	375.9	399	427.5
Fox News	51.2	59.9	109.8	208.6	257	345.3	388.3	459.2
MSNBC	138.8	115.7	98.4	113.1	111	106.4	116.6	135.4

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.

MSNBC, which has the smallest share, actually did better than expected in 2006. And analysts project that ad revenues will grow by 16% to \$135 million in 2007, up from the \$117 million the year before.

CNN made higher ad revenues than Fox News in 2006, but not by that much. As for 2007, revenues were projected to grow 7% to \$428 million up from \$399 million.

Even though Fox News has not been able to overtake CNN the past few years, despite predictions, analysts again project that it might in 2007, with \$459 million, a growth of 18% over the \$389 million in 2006.

If the trend for Both CNN and Fox News of failing to meet projections for ad revenues continues, CNN could still emerge as the highest grosser. But it is losing ground fast.

Still, as industry analyst Andrew Tyndall sees it, so far anyway, CNN and Headline News have been able to buck the

trend of advertisers following the most eyeballs (see Audience). After years of lagging behind in viewers, ad revenues for CNN and Headline news continue to be comparable to Fox News. This suggests, according to Tyndall, that their audiences continue to be more valuable to advertisers.

Footnotes

1. Because the news channels are smaller entities of larger media conglomerates (see ownership/top media owners list), their financials are typically not released to the public. As a result, media research firms – like SNL Kagan and Veronis Suhler Stevenson, which we use for this report – use a number of network and industry data, including figures from advertisers, industry associations and firms specializing in media audience, to arrive at estimates each year for the channels. As more information is made available every year, estimates are revised. We have used data from the same sources in every successive annual report to maintain consistency.
2. Various market analyst groups offer roughly similar projections for cable revenue and profits. For the sake of clarity here, we will rely on one them, SNL Kagan, formerly known as Kagan Research. It is one of the most experienced media and communications analysis and research firms in the U.S., widely cited in the general press and in trade publications. Kagan provides us with economic profiles for the individual cable news channels.
3. Releasing figures for the fourth quarter of its fiscal year — April to June 2007 – News Corp., the parent company of Fox News, said that its cable networks, which include the news channel along with other sports and regional channels, saw operating income (profits) rise 46%. Seth Sutel, “Cable Networks Boost News Corp. Earnings,” Associated Press, August 8, 2007
4. SNL Kagan’s projections for CNN include only CNN TV (aired in the U.S.) and CNN Headline News because they are sold as a package to advertisers and distributors. They do not include CNN’s other operations.
5. SNL Kagan’s calculation of total net revenue is the sum of subscriber revenue, net ad revenue and other revenue, which is insignificant compared to the other two.
6. Mike Reynolds, “Fox News and Time Warner Do Business,” Multichannel News, January 8, 2007.

Ownership

Ownership
By the Project for Excellence in Journalism

There were no significant ripples when it came to cable news ownership.

MSNBC moved in with its more established corporate sibling, NBC News, to make the organization more efficient and share resources.

News Corp., the parent company of Fox News, kept analysts busy in 2007 as it finally launched its long-anticipated business channel and turned even more heads by acquiring the Dow Jones & Company, a move that offers possibilities to both the new Fox Business channel as well as for Fox News, its online presence and more.

MSNBC

At MSNBC, 2007 was marked by consolidating operations with NBC in New York as part of parent company General Electric's cost-cutting program that it marketed as NBC 2.0, 1 the branding of programming around politics, and the positioning of its programming, not so explicitly marketed, as a liberal alternative to Fox News. In October 2007, nearly 600 MSNBC employees left what had been the channel's home base for 10 years in Secaucus, N.J., and moved across the Hudson River into the Rockefeller Center offices of NBC News in Manhattan. The new collective, operating under the NBC News banner, includes NBC News, MSNBC, New York local station WNBC-TV, Spanish-language network Telemundo and the online news site MSNBC.com.

GE's other 24-hour cable channel, CNBC, which focuses on business news, continued to be housed in Englewood Cliffs, N.J. (see more about the channel in our discussion on *Business News*).

The new offices include state-of-the-art studios and other infrastructure investments. The on-air layout includes varied sets for anchors to use as news unfolds. In all, the two studios — NBC News and MSNBC — produce 12.5 hours of live television per day. 2

One of the costs of NBC2.0 materialized in December 2007, when NBC Universal made good on plans to reduce staff. NBC's president, Jeff Zucker, reported plans to cut 1% of the workforce at NBC News, which translated into 15 to 20 jobs spread across MSNBC and NBC News (which together have about 2,000 employees). 3

In terms of programming strategy, MSNBC stuck to the same path it started down during the mid-term elections in 2006, focusing itself around politics (see more in our analysis of *Politics and Cable News*.)

There were few changes in management as dust settled from the refocusing of 2006 (see 2007 report.) Dan Abrams, formerly general manager, went back to the anchor chair of a legal affairs/true crime program. NBC's senior vice president, Phil Griffin, took over general manager duties and daily operations of the channel, while a new hire, Shannon High-Bassalik, became managing editor of MSNBC in October 2007.

CNN

Time Warner, the world's largest media company and owner of CNN, readied itself in 2007 for what may be the transition to its next era. The year ended with the departure of its CEO, Richard Parsons, who had overseen the stabilization of the company following the tumult and disappointment of the difficult merger with AOL. While analysts have criticized the company for caution, Parsons was also credited with leaving the company more sure-footed than it was when he arrived. According to the New York Times, Parsons "immediately steadied the ship in the wake of the AOL-Time Warner merger." 4

On January 1, 2008, Parsons was succeeded as CEO by Jeffrey Bewkes.

Time Warner owns CNN through the Turner Broadcasting System. Of the Turner media holdings, CNN is the most recognized news and information brand. The others include entertainment networks such as TBS, TNT, Cartoon

Network, Turner Classic Movies, Adult Swim and Court TV (which changed its name to truTV in January 2008 to reflect its switch to non-courtroom-related reality shows). 5

At CNN, Jonathan Klein renewed his contract in December 2007 as president of CNN U.S. for four more years.

The CNN brand extends to a whole host of entities. Among these, the important entities are CNN International, CNN Airport Network, CNN Radio, CNN en Español, CNN Newsource, CNNMoney.com and its Web site, CNN.com (see more about the last in Online Trends).

CNN Radio, the radio channel that airs CNN TV content and original programming, had more than 2,100 affiliated radio stations worldwide as it marked its 25th birthday in 2007. Launched in April 1982, the radio network has staff based in Atlanta, Washington D.C., Los Angeles and New York.

CNN International started in September 1985, four years after CNN, and expanded substantially in the early 1990's as an alternative to the BBC World News Service programming outside the United States. According to CNN, the network is split into four sub-regions that have 26 bureaus combined. Along with 24-hour broadcasting, CNN International has a Web site and mobile services.

CNN NewsSource is the network's syndicated news service, which U.S. and foreign television stations can access through a subscription. Through this service, CNN acts somewhat like a broadcast network, providing content to local television stations, as well as its cable channels. Launched in October 1987, it provides content to 800 stations in the U.S. and to 200 international affiliates.

CNNMoney.com is CNN's business-only Web site. Originally launched as CNNfn.com in 1995, along with the business television channel, the site became CNNMoney in 2001 in partnership with Money magazine. It is currently the online home of Fortune, Money and Fortune Small Business – all three print business magazines that are part of Time Inc., a component of Time Warner. 7

CNN Airport Network, launched in January 1992, is the only satellite-delivered, 24-hour television service designed for air travelers. It is available in 42 U.S. airports and is seen at more than 1,800 gates and other public areas. 8

CNN en Español, CNN's Spanish-language television channel, celebrated its 10th anniversary in 2007. Launched in March 1997, it reaches 13 million homes in Latin America (and 2.5 million in the U.S.). According to the channel's Web site (www.cnn.com/espanol), which represents both CNN's Spanish radio and television programming, CNN en Español features 26 news programs, with 27 affiliated journalists.

Fox News Channel

In July 2007, News Corp., the parent company of the Fox News channel, focused the attention of the financial world by succeeding in its unsolicited takeover bid of Dow Jones & Company, publisher of the Wall Street Journal (see more in our Newspaper chapter.)

The sale of the Wall Street Journal, the nation's most respected financial information newspaper, had important

implications for the entire company, and for cable news. Dow Jones was anticipated to become a strategic resource for content and talent for both Fox News and the newly launched Fox Business Network (see more in *Business News*).

As far as Murdoch's future, he announced at the annual shareholder's meeting in October 2007 that he has no plans to resign for at least three years (2010) ⁹. At the same meeting, shareholders voted to continue with the two-tiered stock system, giving the Murdoch family's shares greater voting or "super voting" shares – they get 39% of the company's votes despite owning 15% of the equity. ¹⁰

News Corp. lists itself as a diversified entertainment company in its 2007 annual report, ¹¹ with eight distinct businesses, all of which appear in the U.S. These are:

- Filmed entertainment (it operates through Twentieth Century Fox in the U.S.)
- Television (the Fox Television station group in the U.S.)
- Cable network programming (the Fox News channel and Fox Sports)
- Satellite television (it used to have a share in DirecTV until 2007)
- Magazines (the *Weekly Standard* in the U.S.)
- Newspapers (it owns the *New York Post* as well as the *Wall Street Journal*)
- Book publishing (Harper-Collins)
- Other (including digital properties such as Myspace.com.)

The Fox brand extends to all its broadcast and film properties, while the Fox News brand, in particular, extends to the radio network and the new business channel.

Fox News Radio was begun in June 2005 and, like CNN Radio, is a syndicated service that distributes the television channel's news programming to radio stations across the country. The network is distributed through the two largest satellite radio services, XM and Sirius, as well (see the *Radio* chapter.) In addition, subscribers can get a dedicated channel of talk programming, *Fox News Talk*, that features Sean Hannity, Bill O'Reilly and Alan Colmes among others. All three are among the top talk show hosts on radio, with Hannity the second-most popular among all radio talk show hosts in 2007, behind only Rush Limbaugh. According to *Talkers Magazine*, he had 12 million listeners every week on average in Spring 2007. ¹²

Footnotes

1. General Electric Company, Letter to Shareholders, 2006 Annual Report. Online at : http://www.ge.com/ar2006/ltr_strategic.htm

2. Michael Learmonth, "NBC integrates with MSNBC," *Variety*, October 21, 2007

3. Paul J Gough, "NBC News to eliminate 15-20 Jobs," Hollywood Reporter, December 6, 2007
4. Brian Stelter, "Parsons to Step Down as Time Warner Chief," New York Times, November 5, 2007
5. Jon Lafayette, "Court TV Changes Name to truTV," TV Week, July 11, 2007
6. CNN Fact Sheet provided by CNN PR with data as of July 2007.
7. It attracts more than 7.4 million unique visitors per month, according to a CNN press release in December 2007. In its earnings release for the second quarter of 2007, Time Warner singled out CNNMoney.com as a leader in digital advertising revenues.
8. Source: CNN Fact Sheet provided by CNN PR with data as of July 2007.
9. David Goetzl, "Murdoch to remain in News Corp. Saddle," Media Post, October 22, 2007
10. David Lieberman, "News Corp. hangs onto its dual-class stock system," USA Today, October 22, 2007
11. News Corp., 2007 Annual Report, June 30, 2007; Online at: <http://www.newscorp.com/Report2007/AR2007.pdf>
12. Talkers Magazine, "Top Talk Radio Announcers," October 2007, page 8.

News Investment

News Investment

By the Project for Excellence in Journalism

When it came to news investment, the evidence suggests four major trends in 2007.

- All three major cable news channels appeared to increase their investment in newsgathering during the year.
- CNN, along with Headline News, continued to spend the most money on newsgathering. CNN also tinkered most with its programming. And it announced plans to build up its international newsgathering resources, after breaking ties with Reuters.
- MSNBC continued to trail in dollars, although 2007 was the first time in two years that analysts projected it would increase spending. Projections hinge, however, on NBC's broader initiative to streamline news operations (see Ownership).
- Fox News continued to add to its spending in news, though it made fewer programming changes.

The cable news channels are three very distinct entities when it comes to their newsgathering operations, and even the way their budgets break down. Let's take them one at a time.

CNN

The first American all-news cable channel, CNN is the most global, has the largest infrastructure and still spends the most on newsgathering, even inside its U.S. operations.

CNN and CNN Headline News in 2007 had 4,000 employees worldwide, with 10 bureaus in the United States and 26 abroad (Headline News has no independent bureaus). It had a 2006 budget of more than \$600 million for its U.S. channels. While the budget grew modestly, CNN's roster of bureaus was unchanged from a year earlier.

According to SNL Kagan, the media research firm, CNN and CNN Headline News were projected to spend \$687 million on newsgathering in 2007, an increase of 5% from the year before. More than half of that money is spent on salaries, administrative costs and technology and machinery (capital expenditures). When those are removed, the two CNN channels were expected to spend \$287 million in programming expenses, also up 5% from a year before. This includes the cost of going out and gathering stories, including the purchase of syndicated material from other sources and producing programs.

CNN and CNN Headline News Expenses (Estimated)
2005-2007, in Millions

	2005	2006	2007
Total Expenses	643	654.1	686.8
Programming Expenses	268.3	273.7	287.4

Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

Getting a fix on overall staffing is a little more difficult. While indicating in 2007 that it had 4,000 employees worldwide, CNN does not break this out any further.

One rough proxy for news staff is to examine the numbers that CNN does provide through the News Media Yellow Book, a quarterly publication that lists staff contacts for leading news media organizations in the United States. These figures are derived from what organizations, or their specific bureaus, choose to report and for the cable channels are typically just a fraction of the actual number of employees. According to the spring 2007 edition, CNN lists 295 news employees. This includes top management, various desks (national, international, medical, etc.), nine national bureaus and the staff assigned to specific national programs, such as Lou Dobbs Tonight or Anderson Cooper. What this does not reflect, however, are all additional people essential to getting the network on the air (from technical to promotional and sales staff). CNN Headline News reports just 30 executives, including just four specifically tied to their top two programs, Nancy Grace and Showbiz Tonight.

CNN's domestic operations are intertwined with the worldwide organization, and in 2007, there were some big changes that could have implications throughout the company. When CNN severed ties with Reuters in September 2007, it terminated a contract worth \$3.5 million a year, according to the New York Times.

According to a CNN spokesperson, the canceled contract was one of the steps of a larger multi-million-dollar investment

to expand international news coverage at CNN and “to reduce its reliance on other media outlets for the content that it distributed through the Web, cell phones and other digital devices.” 1

Following up on this announcement, CNN Worldwide announced a substantial increase in its international newsgathering resources in November 2007. In what it said was the biggest expansion since the channel launched two decades ago, it announced that it was increasing the number of international correspondents, opening a new newsgathering hub in the United Arab Emirates, a new digital production unit in London and investing more in its existing properties, such as its national and international wire service, CNN Newsource (see more about the CNN properties in Ownership).

According to Associated Press, these investments amounted to just under \$10 million and included the addition of about 16 correspondents to CNN Worldwide’s existing staff. 2

In the U.S., the channel made some notable on-air changes during prime time: Campbell Brown was hired to take over from Paula Zahn, who left the channel after her show was canceled and Lou Dobbs was moved to the 7 p.m. slot.

Zahn’s news program, which began in 2003 and was aired at 8 p.m., was canceled in July 2007. At the time, Zahn had an average of 700,000 viewers, compared with the 2 million viewers for Fox News’ O’Reilly Factor. 3 In March 2008, the time slot was occupied by Campbell Brown, who went to CNN after 11 years at NBC News. Brown made her CNN debut during a series of political specials in November 2007. Brown may have an uphill task ahead in trying to make a mark in a timeslot dominated by the most popular cable news personalities — Fox News’ Bill O’Reilly, MSNBC’s Keith Olbermann and Nancy Grace, at sister channel, CNN Headline News.

In the time before Brown took over, CNN also tested a different voice and format in its continuing struggle to counter-program Fox News’ O’Reilly. The time slot was filled by Out in the Open, hosted by Rick Sanchez, a program featuring a mix of news and opinion. 4

CNN and CNN Headline News Programming Schedule, February 2008

Time	CNN	CNN Headline News
6 a.m.	American Morning	Morning Express w/ Robin Meade
7 a.m.	American Morning	Morning Express w/ Robin Meade
8 a.m.	American Morning	Morning Express w/ Robin Meade
9 a.m.	CNN Newsroom	Morning Express w/ Robin Meade
10 a.m.	CNN Newsroom	Morning Express w/ Robin Meade
11a.m.	CNN Newsroom	Showbiz Tonight
Noon	Your World Today	Headline News
1 p.m.	CNN Newsroom	Headline News
2 p.m.	CNN Newsroom	Headline News
3 p.m.	CNN Newsroom	Headline News

4 p.m.	The Situation Room	Headline News
5 p.m.	The Situation Room	Prime News
6 p.m.	The Situation Room	Prime News
7 p.m.	Lou Dobbs Tonight	Glenn Beck
8 p.m.	Out in the Open	Nancy Grace
9 p.m.	Larry King Live	Glenn Beck replay
10 p.m.	Anderson Cooper 360	Nancy Grace replay
11 p.m.	Anderson Cooper 360	Showbiz Tonight
Midnight	Larry King Live replay	Glenn Beck replay
1 a.m.	Anderson Cooper 360 replay	Nancy Grace replay
2 a.m.	Anderson Cooper 360 replay	Showbiz Tonight replay
3 a.m.	Larry King Live replay	Headline News
4 a.m.	Lou Dobbs Tonight replay	Headline News
5 a.m.	Anderson Cooper 360 replay	Headline News

Source: Respective Web Sites

Note: All times EST

Where CNN did not have a struggle was with Lou Dobbs Tonight. As the second-most-popular show on CNN, behind only Larry King Live (see more in [Audience](#)), CNN shifted his show to the 7 p.m. hour in November 2007. The show was averaging 800,000 viewers. At the same time, CNN expanded its political coverage by extending The Situation Room to three straight hours in the late afternoon.

These programming changes may have a number of effects . For one, they may give a hoped-for boost to the lower-rated 8 p.m. slot, now book-ended between the two top-rated shows (Dobbs before and Larry King Live at 9 p.m.).

CNN Headline News saw no changes to its line-up in 2007.

MSNBC

MSNBC began as a joint venture between NBC News and Microsoft in 1996, and was taken over exclusively by NBC News in 2006. From the start, it has always relied on its bigger corporate sibling for resources. The news channel offered a way to amortize the cost of NBC newsgathering across more platforms and programs.

SNL Kagan projected that MSNBC would spend \$191 million on newsgathering in 2007, up 3% from the \$187 million the year before. Three quarters of that — about \$145 million — would be spent on programming, up 5% from the year before. That number shows the degree to which MSNBC can operate at a lower cost than its rivals (CNN was projected to spend \$287 million and Fox News \$319 million). Its salaries, administrative and technical costs are much lower, thanks to its ability to rely on NBC for resources. 5

MSNBC Expenses (Estimated)
2005-2007, in Millions

	2005	2006	2007
Total Expenses	238.8	186.5	191.1
Programming Expenses	138.8	138.4	145.3

Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

In terms of size, MSNBC has no domestic bureaus of its own, – relying on NBC, which had seven in 2007. And according to the channel, it had 600 employees dedicated to the cable operation in 2007.

MSNBC also altered its programming in 2007, triggered by the national controversy generated by talk show host Don Imus, whose radio program was videotaped and aired as the news channel's morning show.

MSNBC
Programming Schedule, February 2008

Time	MSNBC
6 a.m.	Morning Joe
7 a.m.	Morning Joe
8 a.m.	Morning Joe
9 a.m.	MSNBC Live
10 a.m.	MSNBC Live
11a.m.	MSNBC Live
Noon	MSNBC Live
1 p.m.	MSNBC Live
2 p.m.	MSNBC Live
3 p.m.	MSNBC Live
4 p.m.	MSNBC Live
5 p.m.	Hardball with Chris Matthews
6 p.m.	Tucker *
7 p.m.	Hardball with Chris Matthews
8 p.m.	Countdown with Keith Olbermann
9 p.m.	Verdict with Dan Abrams
10 p.m.	MSNBC Documentaries
11 p.m.	MSNBC Documentaries
Midnight	Countdown with Keith Olbermann

1 a.m.	MSNBC Documentaries
2 a.m.	MSNBC Documentaries
3 a.m.	Hardball with Chris Matthews
4 a.m.	Verdict with Dan Abrams
5 a.m.	First Look

Source: MSNBC Web Site

Note: All times EST; *Tucker was replaced by Race for the White House in March, 2008

On the April 4, 2007, program, Imus referred to the Rutgers women's basketball team, which was made up mostly of young African American women, in racist and misogynistic terms. (For more details, see the Talk Radio section of [Radio Chapter](#).) Eight days later, MSNBC pulled Imus from its lineup. ⁶

In September, Imus' three-hour morning slot was formally filled by a new show, Morning Joe, anchored by former Republican Rep. Joe Scarborough, who was host of the prime-time news talk show Scarborough County. Scarborough had been Imus' temporary replacement since May.

The evening slot left vacant by Scarborough was taken over by Dan Abrams, MSNBC's chief legal correspondent, who, a year earlier, had taken on the role of general manager. Abrams returned to his former job as anchor of the talk show Verdict with Dan Abrams at 9 p.m. By year's end, both Abrams and Scarborough were faring well on the channel (see [Audience](#).)

Morning Joe marks a big shift in MSNBC programming because it is the first original morning programming offered (Imus was a syndicated radio show simulcast on television, a largely static shot of a radio studio). Some analysts such as Andrew Tyndall believe the lack of a distinct morning show has hurt MSNBC's daytime ratings. If so, 2008 would be a test to see whether the new Scarborough program will make a material difference.

Although it was not explicitly marketed as such, MSNBC also appeared to be positioning itself as the liberal alternative news channel to Fox. Survey data show that MSNBC's audience was measurably more liberal than that of the other two networks (see [Audience](#)). ⁷

In November, rumors surfaced that channel executives were discussing giving Rosie O'Donnell a prime-time show. The talks eventually fell through. Reporters also noted how Scarborough, a Republican, praised the campaigning Clintons on air. And yet others focused on how the show hosted by conservative Tucker Carlson was on its way out – which did turn out to be the case in March 2008. Carlson's show was canceled and replaced by The Race for the White House hosted by NBC Political Correspondent David Gregory. Carlson remained with NBC as a Special Election Correspondent at the time of the announcement. ⁸

These changes, taken over all, and the growing popularity of Olbermann in particular, have led to MSNBC being seen as the liberal alternative to Fox News, which markets itself as fair and balanced but whose audience skews conservative (see [Audience](#)).

Fox News

Fox News entered the U.S. cable news scene at the same time as MSNBC, in 1996, but without the larger corporate support. In the past 11 years, however, the channel has built itself as the ratings leader— and for the past several years has continued to increase its spending on newsgathering.

But in overall size, staffing, bureaus and budget, it still is No. 2.

According to projections by SNL Kagan, Fox News was expected to spend \$487 million in 2007, a 15% increase over the \$422 million the year before. The lion's share of that, \$319 million, was expected to be spent on programming, 20% more than the \$266 million it spent in 2006.

Like MSNBC, it also has a high share of its expenses going into programming — 66%, according to the projections for 2007. A smaller channel in terms of staffing and infrastructure, it spends much more on its programming than other administrative expenses.

Fox News Expenses (Estimated)
2005-2007, in Millions

	2005	2006	2007
Total Expenses	366.6	421.8	486.6
Programming Expenses	221.3	265.5	318.6

Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

In terms of its on-the-ground operations, it had 11 domestic bureaus in the U.S. in 2007, one more than CNN's domestic tally. And it reports three international bureaus — in London, Jerusalem and Baghdad. 9

In 2007, there were approximately 1,200 employees at the channel's U.S. operations. PEJ's analysis of the spring 2007 News Media Yellow Book found that Fox News lists 186 employees across all its divisions, including its national bureaus, more than 100 employees fewer than CNN.

In 2007, the on-air lineup at Fox News had the fewest changes — and continued to be the most watched — across the cable channels.

Fox News Programming Schedule, February 2008

Time	Fox News
6 a.m.	Fox & Friends First
7 a.m.	Fox & Friends
8 a.m.	Fox & Friends
9 a.m.	America's Newsroom
10 a.m.	America's Newsroom
11a.m.	Fox News Live
Noon	Fox News Live
1 p.m.	Live Desk with Martha MacCullam
2 p.m.	Fox News Live
3 p.m.	Studio B with Shepard Smith
4 p.m.	Your World with Neil Cavuto
5 p.m.	The Big Story with Gibson & Nauert
6 p.m.	Special Report with Brit Hume
7 p.m.	Fox Report with Shepard Smith
8 p.m.	O' Reilly Factor
9 p.m.	Hannity & Colmes
10 p.m.	On the Record with Greta Van Susteren
11 p.m.	O' Reilly Factor replay
Midnight	O' Reilly Factor replay
1 a.m.	On the Record with Greta Van Susteren replay
2 a.m.	Special Report with Brit Hume replay
3 a.m.	Red Eye with Greg Gutfeld
4 a.m.	O' Reilly Factor replay
5 a.m.	Special Report with Brit Hume replay

Source: Fox News Web Site

Note: All times EST

Politics and Cable News

The early start to the 2008 presidential election campaign was a boon for the three cable news channels. Not only did the cable news channels host a number of televised debates between candidates, but each channel, and especially MSNBC, also promoted its political coverage over the others.

CNN, through its programming changes, increased its daytime show, Situation Room, to a three-hour block on politics, with Wolf Blitzer as lead political anchor. The network re-branded itself as "The Best Political Team on Television" and held three candidate debates in 2007, including two in partnership with YouTube. The channel invested in high-end technology to cover the primaries and also opened temporary bureaus in the early caucus and primary states (Iowa, New Hampshire and South Carolina).

Even more aggressive in its promotion was MSNBC. The 2008 presidential election campaign offered prime content for that niche in 2007. Its first foray, Super Tuesdays, began in September 2007 and offered weekly all-day political coverage until the primaries in January 2008.

It adopted the slogan “The Place for Politics” and, at least in terms of the amount of time devoted to the subject, it offered something to back that up. In PEJ’s continuing study of content on the cable channels, MSNBC’s devotion to politics comes through. In 2007, it spent a more than a quarter (28%) of its newshole on politics, as measured in PEJ’s *News Coverage Index*, which examines 4.5 hours of cable programming daily. This was more than double CNN’s coverage (12%) and more than Fox News’ (15.4%). The bulk of this coverage was focused on the presidential election campaign, 24% of its newshole on MSNBC, while Fox News devoted 14% and CNN 11%.¹⁰

Debates Equal Viewers

Another political foray by cable news was candidate debates.

Each cable news channel landed its own presidential debate in 2007 and seemed to have no problem keeping more politically minded viewers tuned in as the year progressed.

MSNBC was the first cable channel to kick off the presidential debates. In April 2007, 2.16 million viewers tuned in to see the Democratic candidates debate in South Carolina. The network hosted six presidential primary debates between April and December 2007. This was one more than CNN’s five and double Fox News’ three.

CNN even offered a new kind of debate all together.

On July 23, 2007, CNN and YouTube, the leading video-sharing Web site in the U.S., hosted a new kind of debate among the Democratic candidates. Aired live and moderated by CNN’s key anchors, the presentation was unique in both format and content. Candidates submitted their own videos to open the show and then members of the general public got their turn, putting questions in the form of videos vetted beforehand by CNN.

The co-hosts, promoting the debate as a reflection of “changing technology and voter culture,”¹¹ hoped to pull in viewers both online and on air. The first debate was watched by 2.6 million people.

CNN’s second attempt with the format, the debate with the Republicans on November 28, 2007, broke previous cable audience records for debates. According to Nielsen Media, 4.3 million viewers tuned in.¹²

CNN’s second venture with YouTube also did much better with audiences than the two highest-rated debates on Fox News. Fox News’ September GOP debate in New Hampshire had more than 3 million viewers tune in, while the Republican debate on May 15, 2007, had 2.4 million viewers. Its third debate, in October 2007, also saw 2.4 million viewers turn in.

All three presidential debates hosted by Fox News in 2007 were with GOP candidates. The channel did attempt to host Democratic debates, one co-hosted by the Nevada Democratic Party in August and the other by the Congressional Black Caucus Political Education and Leadership Institute in September 2007.¹³ But when the leading Democratic presidential candidates refused to participate, the debates were canceled.

Footnotes

1. The change will have the most impact on its Web site, which heavily featured Reuters' material. Pradnya Joshi, "CNN Cuts a Wire to Invest in Itself," New York Times, August 30, 2007
2. Associated Press, "CNN to Bolster Overseas Coverage," Wall Street Journal, November 14, 2007
3. Nielsen Media Research data from Media Bistro.com, Program Ranker, Third Quarter of 2007
4. Historically, the 8 p.m. hour has been an underperformer for CNN. Analysts say CNN has always had to make the decision whether to counter-program with a hard newscast, at a time when no one else is doing one, or do opinion programming like the others.
5. The fact that it spends such a high proportion on programming is impressive, but might also reflect that it does not have too many other expenses. Total expenses are broken into two categories by SNL Kagan – programming expenses and SG&A (selling, administrative and general) expenses. According to estimates by SNL Kagan, these other expenses dropped substantially at MSNBC in 2006, at the same time that the parent company decided to merge the operations of its news divisions with NBC News (see more in Ownership and later). One reason for this may be that MSNBC restructured its agreement with Microsoft. When Microsoft was an owner, MSNBC had a contractual agreement to pay royalties to Microsoft but when it gave up co-ownership of the channel, these royalties stopped, leading to the drop.
6. PEJ News Coverage Index, "Imus Second Biggest Story of 2007 So Far," April 8-13, 2007; Paul Farhi, "MSNBC Drops Imus's Show," Washington Post, April 12, 2007
7. The Pew Research Center for the People & Press, "Online Papers Modestly Boost Newspaper Readership," July 30, 2006
8. Alex Weprin, "Tucker Out, David Gregory In at MSNBC," Broadcasting & Cable, March 10, 2008; Also Gail Shister, "Olbermann 'mad as hell,' and MSNBC the winner," Chicago Tribune, March 28, 2007
9. Fox News' domestic bureaus are in New York, Washington, D.C., Los Angeles, Chicago, San Francisco, Seattle, Miami, Denver, Atlanta, Dallas and Boston. Personal communication with the Fox News media relations department in December 2007
10. The News Coverage Index codes the following shows: Rotation of daytime shows on all three channels (2 to 2:30 p.m.); rotation of prime time shows on all three channels, including Lou Dobbs Tonight, Situation Room (6 p.m.), Out in the Open, Anderson Cooper 360, Special Report With Brit Hume, Fox Report With Shepard Smith, O'Reilly Factor, Hannity & Colmes, Tucker (6 p.m.), Hardball (7 p.m.), Countdown With Keith Olbermann, and Live with Dan Abrams.
11. Richard Lui, "Did the CNN/ YouTube Debate Deliver," CNNPolitics.com, November 29, 2007
12. All Debate Figures from Media Bistro.com's Debate Ranker. Online at: http://www.mediabistro.com/tvnewser/politics/debate_ranker_72777.asp
13. Raymond Hernandez and Jacques Steinberg, "Fox News debates drive wedge between Democrats," International Herald Tribune, May 27, 2007; Also "Democratic Hopefuls Target Fox News," Associated Press, April 15, 2007

Online Trends

Online Trends

By the Project for Excellence in Journalism

All three cable news channels now feature well-developed Web sites, but their performance over the air does not translate online.

Of the three, MSNBC and CNN tend to compete for the most-visited online news destination, while Fox News is a few spots behind.

MSNBC (www.msnbc.msn.com)

MSNBC.com, which defines itself as an exclusive online channel with original journalism, is one of the most popular news destinations online, consistently among the top five, according to Nielsen Net Ratings, the leading online measurement agency (see [Online Chapter](#)). In 2007, the site was the second-most visited over all for current affairs and global news, just behind Yahoo News, with 29.2 million unique visitors per month. ¹

The Web site says that it employs more than 200 people, including editors, reporters and producers, housed with the NBC News and MSNBC TV staff in the Rockefeller Plaza in Manhattan (for more about the move, see [Ownership](#)). Its management includes its president and publisher, Charles Tillinghast, who rose in the ranks after joining the company in 1999. Jennifer Sizemore, editor-in-chief of the Web site, leads the editorial team. ²

In November 2007, the site layout and look were overhauled, suggesting continuing interest by management. Like most redesigns, the emphasis was on promoting video and photo content, and making the site easier to navigate.

CNN (www.cnn.com)

While the TV channel continues to struggle against Fox News, CNN.com is one of the most popular news destinations online. In 2007, it was in third place, just behind MSNBC (see [Online Chapter](#)), according to data from Nielsen Net Ratings. It saw 29.1 million unique visitors that month. ³

The site is seen as a separate entity from the on-air channel and has a dedicated staff in CNN's headquarters in Atlanta. Along with CNNMoney.com, it is one of CNN's two U.S. Web sites. CNN International has its own Web site (<http://edition.cnn.com>) as well as three second-language editions of the site – in Arabic, Japanese and Spanish.

CNN Pipeline, the only fee-based portion of CNN.com, dropped its charges in July 2007. Introduced in December 2005, Pipeline offered four live video streams – international, weather, feeds from the CNN NewsSource wire and CNN video archives.

CNN news content also appears on cell phones and Personal Data Assistants (PDAs). CNN Mobile, re-launched in March 2007 independent of the Web site, gives users text alerts, color photos and streaming video on breaking news stories.

In May 2007, CNN signed with Internet Broadcasting Systems (IBS) to share content from its Web site with local TV sites. IBS is an online content designer with more than 70 local television Web sites as clients. Under the agreement, IBS will supply local news and event information to CNN.com (linking to the respective local TV station sites) and, in turn, CNN.com's national and political content will be available on IBS station Web sites. The deal was seen as one more way that traditional media outlets could snag online advertising dollars. 4

Fox News (www.foxnews.com)

While it has all the features and technology of its rivals, Fox News channel's Web site doesn't seem to attract the same level of audience. In 2007, for example, it recorded about 8 million visitors a month, a little less than a fourth of CNN's and MSNBC's audience. 5

This is still better than it has done in previous years. The channel launched without the backing of any strong online portal (such as Microsoft provided MSNBC) or a strong brand (like CNN). While no data are available that measures the spillover effect, the site's growing traffic might be a reflection of the large audience that watches the television channel.

In keeping with a strategic re-evaluation by Murdoch, News Corp. began focusing more on digital properties in the past two years, including starting up a rival to YouTube called Hulu, and the Fox News digital group – the technical name for the online news entities – pushed to invest in a better product. In September 2007, the group signed a deal with Maven Networks to improve broadband video capabilities.

The idea was to make the Web sites much more video-centric, almost like interactive TV, according to Maven's CEO, Hilmi Ozguc. 6 It also aimed to improve navigation and organization, link more videos on the site and provide archived Fox News' television footage for users to browse through at their leisure.

User-Submitted Videos

The news channels online appear to be most enthusiastic about one particular feature of the Internet — user-shot video. Videos created and submitted by viewers are now a common sight on television news sites. They are frequently used and promoted during breaking news and help provide compelling visuals without much investment on the news organization's part, although they do go through an editor before being published online or aired on TV.

All three news channels have branded the videos they get from the public, and each showcases them in different ways on their Web sites (where they are archived). CNN's I Reports are the most conspicuous example of this trend. The network lets anyone upload videos – increasingly of breaking new events – on the site. These are then chosen by editors to air on a dedicated section on the Web site, highlighted just below the fold on the home page. The most compelling are also picked for the TV channel.

CNN.com I-Report Home Page

The screenshot shows the CNN.com I-Report home page. At the top, there is a search bar and a navigation menu with links for HOME, WORLD, U.S., POLITICS, CRIME, ENTERTAINMENT, HEALTH, TECH, TRAVEL, LIVING, BUSINESS, SPORTS, and THE CON. Below the navigation menu, there is a section titled 'Report' with a 'Feedback' link. The main content area is divided into several sections:

- CHECKS AND BALANCES:** A story about the federal government's plan to send rebate checks worth \$650 to some taxpayers, with an i-Reporter's perspective on what to do with the check.
- Want to be an i-Reporter?:** A section encouraging users to send their own stories or look for ideas on a list of i-Report topics. It includes instructions: 'Send your own story, or look for an idea on our list of i-Report topics in the news.', 'See breaking news? Send your photos, video and stories.', 'Include your State of the Union address.', and 'How are you getting up for Super Bowl Sunday?'
- LAS VEGAS HOTEL FIRE:** A story about the Monte Carlo hotel catching fire in the middle of the Las Vegas, Nevada, strip, with i-Reporters capturing the smoky scene.
- HEATH LEDGER: YOUR MEMORIES:** A section where CNN.com readers share their experiences meeting the actor, and tell of his compassion and clear talent. It includes a photo of Heath Ledger and the text: 'You share tales of taking with Ledger.'
- Chicago sinkhole:** A story about a water main burst in downtown Chicago, a giant hole and the effort to repair it.
- ALIENS PURPLE:** A story about Signs of life, with Stephanie hoping to become UFO landing spot. It includes the text: 'Texas Residents oust aliens.'
- 'Cute little backscratcher':** A story about Walter dog, Mr. Pinky, in a massage, with the text: 'Quite a helpful trick.'
- Deers square off in S.C.:** A story about Readers tackle the World Beach debate, with the text: 'Your opinions of the back-and-forth.'
- Garbage-lined streets:** A story about Nevada caucus.

Fox News posts uReports, a link to which can be found at the top and bottom of the home page.

Fox News.com uReport Home Page

The screenshot shows the Fox News.com uReport home page. At the top, there is a search bar and a navigation menu with links for HOME, U.S., WORLD, POLITICS, BUSINESS, HEALTH, SCITECH, ENTERTAINMENT, VIDEO, OPINION, MYNEWS, SPORTS, and WEATHER. Below the navigation menu, there is a section titled 'uReport' with a 'Send us your video, photos and news' link. The main content area is divided into several sections:

- uReport:** A section where users can send their own video, photos, and news. It includes a 'Send us your video, photos and news' link and a 'Schedule' link.
- FOX NEWS VIDEO:** A section with a 'TOP VIDEO' section. The top video is 'Don't Drop the Soap!' about a prison board game invented by Kansas governor's son. Below it, there is a 'US' section with links to 'Empire State Building paralyzes cars?', 'Murder doc film ad posted on line', 'Disability program caught on tape', and 'Man required to lie for 27 minutes'.
- YOUR INFORMATION:** A form for users to provide their contact information. It includes fields for FIRST NAME, LAST NAME, CITY, EMAIL, State, ZIP CODE, PHONE NUMBER, and COUNTRY (United States).
- ABOUT YOUR MEDIA CLIP:** A section for users to provide information about their media clip.
- ADVERTISING:** A section for advertising, featuring a Lexus ES advertisement with the text: 'Behind every detail, a detail. Learn more about the meticulously designed ES. Find a dealer.' and 'Lexus ES. Behind every detail, a detail. Learn more about the meticulously designed ES. Find a dealer.'

MSNBC labels its user-submitted material First Person, though looking for the section in the Web site is difficult – it is nestled within the “Community” section.

MSNBC.com First Person Home Page

User-generated videos gained further use in the U.S. when CNN obtained one from a student during the Virginia Tech shootings in April 2007, which gave the channelsome of the first up-to-date images of the event and became a milestone in the discussion on citizen-journalism. According to CNN.com, it tripled its daily unique visitors to 18.6 million on April 16 (the day of the shooting) while MSNBC reported 15.3 million. Two days later, CNN.com reported 11.4 million visitors had viewed video on its site, and 2.5 million of them saw the I Report videos submitted by viewers. 7

Adding significantly to the Web site traffic was the fact that news outlets had gotten a video clip from the killer himself. NBC News, MSNBC's network sibling, announced that it had received a videotape from the gunman, Cho Seung Hui, who taped himself preparing for the shootings. NBC News broadcast an edited version of the tape on its evening news program and then showed it at greater length on MSNBC, as well as on MSNBC.com. The video was available online long after the television channels stopped airing it, eventually making its way to video-sharing sites. 8

Blogs

In addition to user-generated video, all three channels' Web sites also now make use of blogs. Fox News, as of December 2007, had the fewest and MSNBC the most.

Cable News – Weblogs
December 2007

MSNBC (24 weblogs)	CNN (17 weblogs)	Fox News (6 weblogs)
<ul style="list-style-type: none"> ▪ Ads of the Weird ▪ allDay ▪ Alpha Channel ▪ At Bat ▪ Beyond the Arc ▪ Clicked ▪ Daily Nightly ▪ Cosmic Log ▪ Daryl Cagle's Cartoon weblog ▪ Does it Work? ▪ Extra Points ▪ Field Notes ▪ First Read ▪ The Fit List ▪ Hardblogger ▪ Inside Dateline ▪ The News Hole ▪ Open Mike ▪ Photoblog ▪ Red Tape Chronicles ▪ Test Pattern ▪ World Blog ▪ Your Biz ▪ Zeitgeist 	<ul style="list-style-type: none"> ▪ Anderson Cooper 360 ▪ Art of Life ▪ Business Traveller ▪ CNN.com Behind the Scenes ▪ Exchange Notebook ▪ In the Field ▪ The Marquee ▪ Paging Dr. Gupta ▪ Political Ticker ▪ Project Life ▪ QuickVote/QuickThoughts ▪ Salute to Troops ▪ The Screening Room ▪ Situation Room ▪ Warp CNN ▪ World's Untold Stories ▪ Young People Who Rock 	<ul style="list-style-type: none"> ▪ Cameron's Corner ▪ In the Greenroom ▪ Housely in the House ▪ Weather Machine ▪ GretaWire ▪ The Colby Files

Source: Respective Web Sites; weblogs listed on December 5, 2007.

Footnotes

1. According to Nielsen Online data, MSNBC had an average of 29,230,000 unique visitors per month in 2007.
2. MSNBC.com ' About Us' section. Online at: <http://www.msnbc.msn.com/id/21697053/welcome/>
3. According to Nielsen Online data, CNN had an average of 29,144,000 unique visitors per month in 2007.
4. Leslie Brooks Suzukamo, "Internet Broadcasting forms alliance with CNN," Pioneer Press, May 22, 2007
5. According to Nielsen Online data, the Fox News digital network had an average of 8,326,000 unique visitors per month in 2007.
6. Alex Weprin, "Fox News Expanding Online Video with Maven Networks Deal," Broadcasting & Cable, September 6, 2007
7. Anne Becker, "Citizen Journalism Comes of Age," Broadcasting & Cable, April 23, 2007
8. See PEJ News Coverage Index, "Campus Rampage is 2007's biggest story by far," April 15-20, 2007

Alternative

Alternative

By the Project for Excellence in Journalism

There has been a lot of activity in the cable news landscape beyond the three main players in recent years. 2006 saw the launch of the long-anticipated new Fox business news channel, posing a challenge to CNBC, which dominates the cable business news genre.

Current TV, offering a user-generated perspective on current affairs, saw some quiet success. And despite limited success in the American market, international news channels continue to soldier on a year after their debut.

Investing in Business News

Rather than altering the programming on its main news channel, Fox News executives focused their energies instead on creating the new Fox business news channel. The launch, hinted at for more than two years, finally came on October 15, 2007, shortly after News Corp. succeeded in winning its takeover bid for Dow Jones & Company, publisher of the Wall Street Journal (see [Ownership](#)).

Until the launch, CNBC, owned by NBC Universal, had dominated the 24-hour cable business news genre. CNN tried to get in the game in 1995 with CNNfn, but shut the channel down in 2004 after years of struggling. Bloomberg TV, around since 1994, also has never gained the traction to truly compete. In the midst of audience and revenue declines across other news media, CNBC has managed to increase both, a sign of a significant niche market.

Both CNBC and Bloomberg TV (on a smaller scale) have demonstrated that advertisers pay top dollar to business news channels, even if their numbers are small. According to projections by SNL Kagan, in the past three years CNBC has seen its subscriber base grow by 9% and net advertising revenues increase by 40%. Bloomberg TV has had a 62% increase its net ad revenues. ¹

A second plus for business news is that more people than ever are investing in the stock market. According to one USA Today article, more than 50% of U.S. households own stock in the market today, compared to 10% in 1970. ²

That suggests that more people may pay attention to and be affected by business news, irrespective of market conditions (unlike in 2000, when business TV ratings and ad sales took a big hit after the economic recession).

Cable TV Business News
Key Players at a Glance, 2007

	CNBC	Bloomberg TV	Fox Business Network
Owner	GE (NBC Universal)	Bloomberg Media	News Corporation
Launch Date	April 1989	February 1994	October 2007
Web site	www.cnbc.com	www.bloomberg.com	www.foxbusiness.com
Headquarters	Englewood Cliffs, NJ	New York, NY	New York, NY
Other Bureaus	7	98	5
Year-End Subscribers 2007	95 million	45 million	31 million
Subscriber Fee per Month 2007	27 cents	12 cents	12 cents
Net Revenue 2007	\$577.6 million	\$118.7 million	\$6.8 million
Total Expenses 2007	\$248.1 million	\$101.8 million	\$57 million
Profits 2007	\$329.5 million	\$16.9 million	-\$50.2 million (expected to break even in 4 years)
Median Age of Viewers	50.5 years	51.2 years	N/A
Median Household Income of Viewers	\$125,000	\$136,000	N/A
Strategic Partners	Wall Street Journal*	Bloomberg news and data services	Fox News Channel, Dow Jones
Key Management	President – Mark Hoffman Managing Editor – Tyler Mathisen	Chairman – Peter Grauer CEO – Lex Fenwick	Chairman & CEO – Roger Ailes Managing Editor – Neil Cavuto
Key On-Air Talent	Jim Cramer Erin Burnett Maria Bartiromo	Carol Massar Brian Sullivan	Neil Cavuto Alexis Glick David Asman
Key Shows	Squawk Box (6 a.m.) Street Signs (2 p.m.) Mad Money (6 p.m.)	Morning Call (6 a.m.) In Focus (Noon)	Money for Breakfast (6 a.m.) Happy Hour (5 p.m.) Cavuto Tonight (6 p.m.)

Sources: SNL Kagan, a division of SNL Financial LLC; 2007 Mendelsohn Affluent Survey (available online at <http://www.mmr-surveys.com>); Bloomberg Bureaus aggregated on October 9, 2007, from <http://about.bloomberg.com/contactus/newsbureau.html>; Other data from respective channel websites.

Note: All 2007 figures are projections. Median Age refers to age of the head of the household viewing the channel.

CNBC

One of the oldest business news channels in the U.S., CNBC began in 1989, eight years after the launch of the first cable news channel, CNN. After initial struggles, the channel merged with then-rival and dominant business news channel, Financial News Network, in 1991. 3 In the 18 years that followed, it carved a distinct niche that has translated into both cash and strong brand. According to SNL Kagan, it was projected to earn more than \$300 million in profit in 2007.

Viewership numbers for CNBC are not remarkable, and CNBC argues that its measured audience does not include the majority of its viewers because Nielsen Media neither measures out-of-home viewing, nor does it include affluent homes. In November 2007, its average audience was 286,000 (up 42% from the November 2006 but down about 13% from 2001, when viewership was at an all-time high due to the Internet boom).⁴

The core of CNBC's financials lies in the kind of viewers it attracts – not the number. The network says that 99% of its viewers own stocks and that eight out of 10 trade more than three times a month. In 2007, Nielsen puts CNBC viewers' median family annual income at \$63,000, vs. \$48,000 for the average cable home.⁵ A 2007 survey by Mendelsohn Media Research, which only included heads of households that earn \$85,000 or more and out-of-home viewers, puts the CNBC viewer's median income at \$125,000 a year.⁶

According to CNBC's president, Mark Hoffman, "Wealthy people watch CNBC, and those who want to be wealthy." He added, "We live in a different place," namely, the "C-suite," or the rarefied region that plays well among the CEOs, COOs and CFOs of companies.⁷

While it has dominated business news on TV, CNBC's Web site is more recent. After sharing content with Microsoft's MSN for years, it introduced its own site in December 2006. With 662,000 unique users in April 2007, it ranked a distant 22nd among financial news Web sites, according to comScore Media Metrix. With new competition, one issue CNBC will have to contend with is whether it can continue its successful run just as a weekday daytime operation.

Fox Business Network

Rupert Murdoch announced the October 2007 launch of his new business channel last February, after almost two years of speculation and rumors. A part of the Fox Television Group, the channel is the responsibility of Roger Ailes, the architect of the Fox News Channel and former president of CNBC.

The new network starts with certain disadvantages. It has a much smaller subscriber base than its rivals (one-third that of CNBC and a little less than Bloomberg TV). And according to media reports, News Corp. has spent just \$100 million on the channel's start-up — much less than the Fox News launch.

Given its backing and News Corp.'s track record with Fox News, however, the new channel has already acquired a reputation on Wall Street. In August 2007, a Bear Stearns analyst, Spencer Wang, estimated the new channel's worth at \$540 million.⁸

Media commentators suggested that News Corp.'s plan for the new venture would resemble its news channel strategy: a soft launch, aggressive recruiting and public relations, stories that have popular appeal and hi-tech graphics.⁹

The launch followed News Corp.'s acquisition of Dow Jones & Company in August 2007 (see Ownership) but the potential synergy with the Wall Street Journal may not be fully realized for some years. The Wall Street Journal has a content-sharing agreement with CNBC that runs until 2012, giving CNBC exclusive use of Journal reporters as on-air personalities. News Corp. officials are playing down those limitations, with top executives noting that the agreement does not extend to other Dow Jones brands and content.

Like its rivals, Fox Business also geared up online. The channel's Web site, or "microsite," went live in the first week of October as a preview to the channel. If successful, News Corp. would own three premium business news sites in the U.S., the other two being Dow Jones' WSJ.com and Marketwatch.com.

What remains to be seen is how Fox Business Network will position itself vis-à-vis CNBC and, related to that, how much it will follow in the footsteps of Fox News.

One strategy was reaching out to a broader base. "We're going to be very different to CNBC," Murdoch said at a Goldman Sachs conference in September 2007. "CNBC is a financial channel for Wall Street. We're for Main Street. We're looking for different things, different initiatives, and a different look. You will see a very exciting channel." 10 Ailes, the CEO, said in an October 2007 interview with the Wall Street Journal, however, that the new network is not going to "reach for a lower financial demographic" than any other business channel. 11

Bloomberg TV

The other, less publicized, business channel is Bloomberg TV. Launched by financial information company Bloomberg L.P. in 1994, the channel is available not just on TV, but through the company's core product, the Bloomberg Terminal, which has proprietary software that is extremely popular with finance professionals. (This service costs \$1,500 a month for a mountain of news and data via dedicated computers and other media.)

Bloomberg TV does not subscribe to Nielsen, and as such, its viewership cannot be compared to CNBC, but the channel does attract an elite audience. The 2007 Mendelsohn Affluent Survey found that Bloomberg TV viewers have an average annual household income of \$136,000, the highest of any cable network it measures. 12

Publicly, Bloomberg executives say they are staying out of the fight between CNBC and Fox, but analysts believe they are hoping the two leaders will compete for the same viewers, leaving the lucrative audience of financial professionals up for grabs.

Nonetheless, the channel has been making changes for the first time in years. In early October, a new, cleaner graphic design was introduced, eliminating the jumble of data that originally surrounded the anchors, and highlighting information relevant to the story at hand. Deals with Comcast have increased the reach of the channel to important financial locations, including New Jersey, South Florida and Washington. 13 Whether this is an intentional strategy, and what impact it will have as the business news channels begin competing for viewers, remains to be seen.

An International Perspective

How are the newcomers to the U.S. 24-hour news scene faring a year after their debut? While they have not made any big strides, none have left the market.

BBC World

After getting its foot in the door of the U.S. cable news market the year before, the BBC made some headway in reaching out to American viewers in 2007.

The channel is still only available on one cable system in one market (Cablevision in New York), but BBC executives have begun a campaign in key markets like Los Angeles, hoping consumers will demand the channel from their cable operators. (They even launched a site called demandbbc.com.) How effective such public campaigns are remains to be seen. As of July 2007, they were still in negotiations with Time Warner, Comcast and Charter Communications.

But the BBC remains keen on the U.S. market, despite the difficulties. Richard Sambrooke, the CEO of BBC World News, told the Los Angeles Times that it was “a very difficult market to break into ... but an important one, both editorially and commercially.” According to him, two-thirds of the visitors to the BBC News Web site are from the U.S. 14

To cater to this audience, the channel expanded the half-hour prime-time newscast that aired on BBC America and BBC World News in October 2007. From 7 to 8 p.m., it draws on the content produced by the BBC staff in London. Rome Hartman, a former CBS Evening News and 60 Minutes producer, helped develop the newscast and took on the role of executive producer for BBC World News. There are two senior broadcast producers, one based in Washington and one in London. Matt Frei, a BBC veteran, anchors the newscast.

Al-Jazeera English

Al-Jazeera also continued to face distribution issues in 2007 and tried its hand at negotiating for more carriage.

The channel also made a hire specifically for distribution: Philip Lawrie, former vice president for commercial distribution and digital media sales for CNN in London, joined Al-Jazeera English as director of global distribution in September 2007.

The channel contends that the systems that do carry it – minor players in Ohio and Virginia – have not faced any subscriber losses, and that two-thirds of the visitors to its English- language Web site are from the U.S. 15 Reluctance to carry the news channel is attributed to the reputation of the Arabic Al-Jazeera. Branded by the Bush Administration as anti-American and even accused of having ties to Al-Qaeda, it has also, at one point or another, been banned in many Middle Eastern states (see PEJ’s Al-Jazeera Timeline and Interview in August 2006).

The channel is available now to U.S. viewers only via the Web site or its dedicated YouTube channel.

France 24

France 24 was launched in the U.S. and worldwide in 2006, and focused its attention on the international audience in 2007. The channel has a worldwide staff of 430, including 200 multimedia journalists.

In an interview with a British paper, its CEO, Alain de Pouzilhac, said France 24’s budget would not allow expanding its U.S. distribution beyond Washington and the United Nations. With success elsewhere, notably in Europe and Africa, the channel appeared to concentrate on becoming a dominant player in those markets. Its Web site attracts most of its visitors from outside France. 16

Current TV

Two years old in August 2007, Current TV continued to have quiet success (see background information on the channel in last year's report). While its audience remained too small to be measured by Nielsen Media, media reports say it reached 40 million to 50 million homes in 2007 – up from 30 million in 2006, and the 20 million it had at launch. 17 A SNL Kagan senior analyst, Derek Baine, estimated that Current gets \$59 million a year in license fee revenue (at the rate of 11 cents per subscriber) from its cable carriers. 18

It now employs its own team of 15 journalists to create programs outside of those submitted by general users and says it creates in-house two-thirds of the content it airs. 19 When contributions are accepted for a “pod” (jargon used to identify the short segments that make up the channel's programming), outside creators are paid a negotiated rate. Current also pays \$1,000 for “V-cams,” or ads, for products. 20 The new revenue and staffing figures suggests that the channel's user-generated content idea seems to have found an audience.

The channel is popular not just with the viewers and contributors. According to a profile in the Boston Globe, Sony, Toyota and L'Oréal are some of the sponsors now paying to advertise on Current TV.

Some of this success can be attributed to former Vice President and 2007 Nobel Peace Prize-winner Al Gore, one of the founders of the channel, who continued to promote it in 2007.

In October 2007, the channel revamped its Web site to draw more users, adding social networking and feedback features. Before the changes, the site attracted 152,000 unique visitors per month, 21 far behind most established online news sites.

Footnotes

1. According to projections, CNBC's year-end subscribers (people subscribing to a cable package that includes the channel) in 2004 were 87.1 million and its net ad revenue that year was \$139.3 million. In 2007, subscribers are expected to be 95.2 million and net ad revenue \$195.8 million. Bloomberg TV's net ad revenue is projected to be \$56.2 million in 2007, up from \$34.5 million in 2004. All figures from SNL Kagan, a division of SNL Financial; estimates for 2007.
2. David Lieberman, “Media Companies Notice the Sexiness of Business News,” USA Today, August 1, 2007.
3. The Financial News Network began in Santa Monica, Calif., in 1981 as an offshoot of KWHY-TV in Los Angeles.
4. CNBC Press Release, “CNBC Has Best November in Four Years in the Key Adults 25-54 Demo,” November 30, 2007; CNBC had 328,000 average viewers in 2001 according to Variety. See Michael Learmonth, “CNBC on a road bound for revamps,” Variety, February 7, 2005.
5. David Lieberman, “Media Companies Notice the Sexiness of Business News,” USA Today, August 1, 2007.
6. The 2007 Mendelsohn Affluent Survey, Mendelsohn Media Research Inc., www.mmrsurveys.com
7. Meg James, “CNBC Confronted With Formidable Challenger,” Los Angeles Times, August 2, 2007.

8. The value could go much higher, though, if an affiliation with the Wall Street Journal brand and reporting capabilities attract additional viewers, cuts operating costs or gives the channel cachet it can use to raise ad prices or negotiate higher fees from cable operators.
9. Kevin Downey, "Soft Launch for Fox Business Network," Media Life Magazine, October 10, 2007.
10. Michael Malone, "Murdoch Hints at Fox Business Network Plans," Broadcasting & Cable, September 18, 2007.
11. Rebecca Dana, "Can Ailes Outfox CNBC?" Wall Street Journal, October 8, 2007.
12. The 2007 Mendelsohn Affluent Survey, Mendelsohn Media Research Inc., www.mmrsurveys.com
13. Bloomberg TV recently lured Al Hunt and Judy Woodruff to its Washington bureau. Ms. Woodruff, a longtime CNN anchor and contributor at PBS News Hour, interviews guests for a monthly program. Hunt, a former reporter and Washington bureau chief of the Wall Street Journal, oversees Bloomberg news coverage in Washington.
14. Matea Gold, "BBC Pursues U.S. Exposure," Los Angeles Times, July 9, 2007
15. Kent Gibbons, "Al Jazeera English Steps Up U.S. Carriage Efforts," MultiChannel News, September 27, 2007
16. "Television France 24: A Gallic view of the world," The Independent, October 15, 2007
17. Figures for 2007 from Brian Stelter, "An Advocate for TV that Viewers Create," New York Times, October 29, 2007, and Brad Stone, "Making Current TV more Current," New York Times, October 15, 2007 (Bits Blog); See last year's Annual Report for 2005 & 2006 figures.
18. Alex Beam, "Al Gore's Low Voltage Network," Boston Globe, November 12, 2007; Brian Stelter, "An Advocate for TV that Viewers Create," New York Times, October 29, 2007
19. Ibid.
20. Brian Stelter, "An Advocate for TV that Viewers Create," New York Times, October 29, 2007
21. ComScore Ratings in Brian Stelter, "An Advocate for TV that Viewers Create," New York Times, October 29, 2007.

Charts & Tables

Charts & Tables

AUDIENCE

Cable News Audience During Big Events

Cable News Daytime Audience: Mean and Median

Cable News Daytime Mean Audience

Cable News Prime Time Audience Growth

Cable News Prime Time Audience: Mean and Median

Cable News Prime Time Median Audience
Cable News Prime Time Median Audience in 2007
Cable News Subscribers by Channel
MSNBC Prime Time Audience
MSNBC Daytime Audience

ECONOMICS

CNN Costs and Revenues
Cable News Profitability
Cable News Monthly Revenue per Subscriber
Cable News Revenue Streams 2007
Fox News Costs and Revenues
MSNBC Costs and Revenues

NEWS INVESTMENT

Cable News Programming Expenses



Local TV – Intro

Intro

By the Project for Excellence in Journalism

One of the few sources of news that continues to be popular, local television news is nevertheless facing the challenges of new technology and new consumer lifestyles.

In 2007, for the second year in a row, local news ratings for evening news and late night news were down, and morning news just held steady. Stations responded, as they have before, by experimenting with their schedules. According to new PEJ analyses, stations in two-thirds of the top 25 markets added or shifted newscasts in 2007.

Financially, though, the business remains robust. The traditional non-election year slowdown had ad revenues dropping only marginally in 2007, but they were still better compared to the previous “odd year” numbers. Local advertising spots continued to earn more than national, and with a closely contested race for the president likely, political advertising is expected to make 2008 a very strong year.

Newsrooms are a big factor in the economic success of local television. They contributed 42% to a station’s total revenue, according to local news directors. And the majority of these news directors say their newsrooms are profitable.

Also helping the industry is the reputation it enjoys on Wall Street. Continuing a trend notable a year earlier, stations were vigorously bought and sold in 2007. Many more stations changed hands than in the previous years, with many private equity funds viewing them as good investments.

Further, the success of Federal Communications Commission Chairman Kevin Martin’s efforts to end the ban on cross-ownership in the country’s largest markets could lead to more transactions.

Within the newsroom, more than half of news directors reported increasing their budgets, with the money going to technology while staffing and salaries were flat. At the same time the amount of local news on-air increased, as did the amount shared with other stations and other platforms – most notably, the station’s Web sites. While business is good, inside the newsroom the trend of stretching people and resources thinner continues. The one place where we find staffing growth is online.

Television stations also geared up for the mandated transition to digital television, which, despite all the hiccups, seems

on track to be in place by the February 2009 deadline.

In what could be a trend for the future, dollars and viewers seem to be going to newer distribution platforms, and the promise of additional digital streams is something stations are looking forward to. The future for local television seems to depend on how well it can capitalize on its existing strengths – content and reach – as it adapts to newer technologies.

Audience

Audience

By the Project for Excellence in Journalism

Local television news audiences continued to decline in 2007, and evening newscasts were hardest hit.

In response, many stations shifted their news programming to new timeslots, trying to fit changing lifestyles. It is too soon to know whether the strategy will work.

Ratings and Share

By our analysis, local news ratings, at least for the four major network affiliates that command the largest share of the audience, dropped throughout the day and throughout the year. Their share of viewers, a different metric, at best held their own.

For the second year, we examined ratings and share data from the four sweeps months — February, May, July and November – that stations use to set their rates for advertising. In each of those months, we looked at the ratings and share of all stations affiliated with the Big Four networks (ABC, CBS, NBC and Fox) across the country. ¹

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 of just those households that have their sets on. They are the key metrics for audience in television. Ratings give you a number for a program's average audience. Share tells you the percentage of television viewers at that moment who are watching that program, their market share.

Local News: Change in Ratings
Sweeps, 2007 vs. 2006

Sweep Month	Evening News	Late News	Morning News
February	0%	3.2%	6.7%
May	-3.3%	-6.3%	0%
July	-6.5%	-7.4%	0%
November	-5.7%	-6.7%	0%

Source: Nielsen Media Research, used under license

Note: Numbers include ABC, CBS, Fox and NBC Affiliates

Local News: Change in Share
Sweeps, 2007 vs. 2006

Sweep Month	Evening News	Late News	Morning News
February	-7.1%	0%	-5.6%
May	-7.7%	-14.3%	-5.9%
July	0%	0%	0%
November	-7.7%	-8.3%	-6.3%

Source: Nielsen Media Research, used under license

Note: Numbers include ABC, CBS, Fox and NBC Affiliates

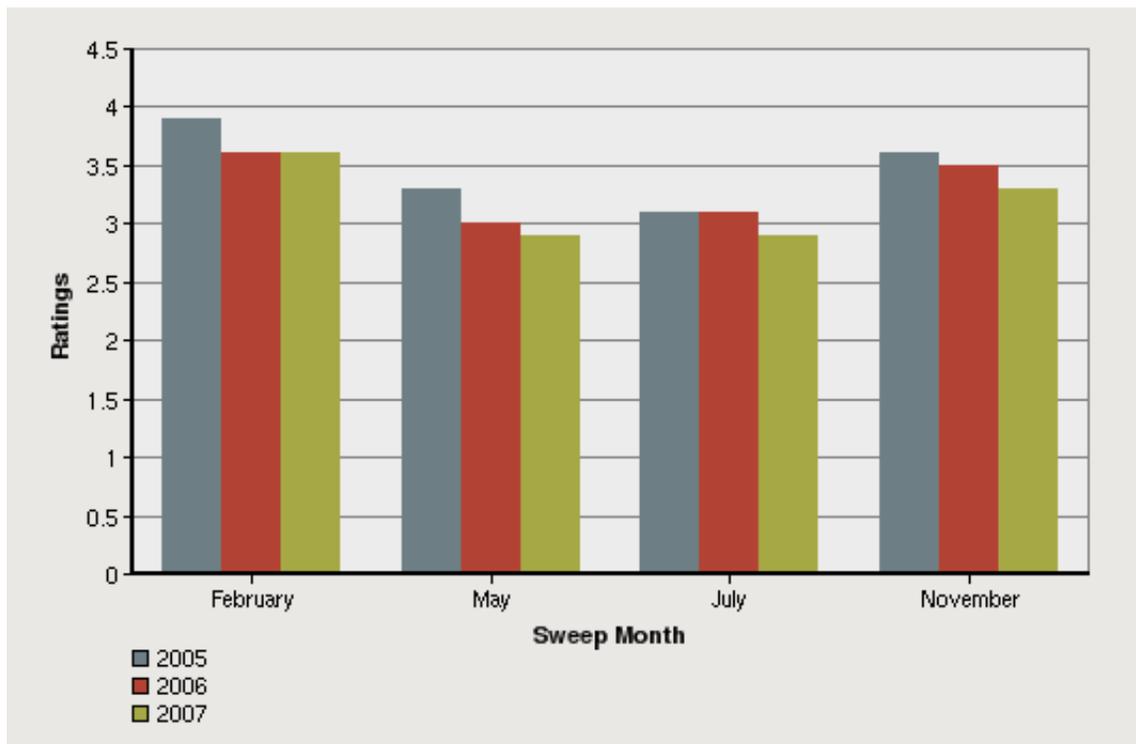
Early Evening News

Increasingly people are not at home or not opting to watch news (or any other programming) in the early evening around the dinner hour.

Local newscasts between 5 p.m. and 7 p.m. saw a drop in ratings and share in three of the four sweep months in 2007, according to our analysis. ⁴ The only exception was in February when numbers saw no change from the year before.

Year to year, ratings were down 3% in May, 7% in July, and 6% in November. In February, ratings were flat from 2006. ⁵

Average Early Evening News Ratings
Comparing Performance Year-to-Year in Sweep Months



Design Your Own Chart

Source: Nielsen Media Research used under license
Note: Numbers Include ABC, CBS, FOX and NBC affiliates

Share followed a similar trajectory. It was flat in July, and down in February (7%), May (8%) and November (8%). This suggests that increasingly people are not watching television at that hour, let alone news.

If we examine an hour earlier, 4 p.m., which is becoming popular with local stations that often advertise it as the first evening news hour, ratings look no better. The same is true if one examines the 7 p.m. to 7:30 timeslot, a time when some local stations are adding newscasts to follow the national network news broadcasts. 6

Evening News Ratings
Sweeps Months, 2007

Time	February	May	July	November
4 p.m. – 5 p.m.	1.8	1.6	1.7	1.6
5 p.m. – 7 p.m.	3.6	2.9	2.9	3.3
7 p.m. – 7:30 p.m.	2.6	2	1.9	1.8

Source: PEJ Analysis of Nielsen Media Research, used under license
Note: Numbers reflect the average rating of local newscasts on ABC, CBS, FOX and NBC affiliates that air during thesesetimeslots in their time-zone.

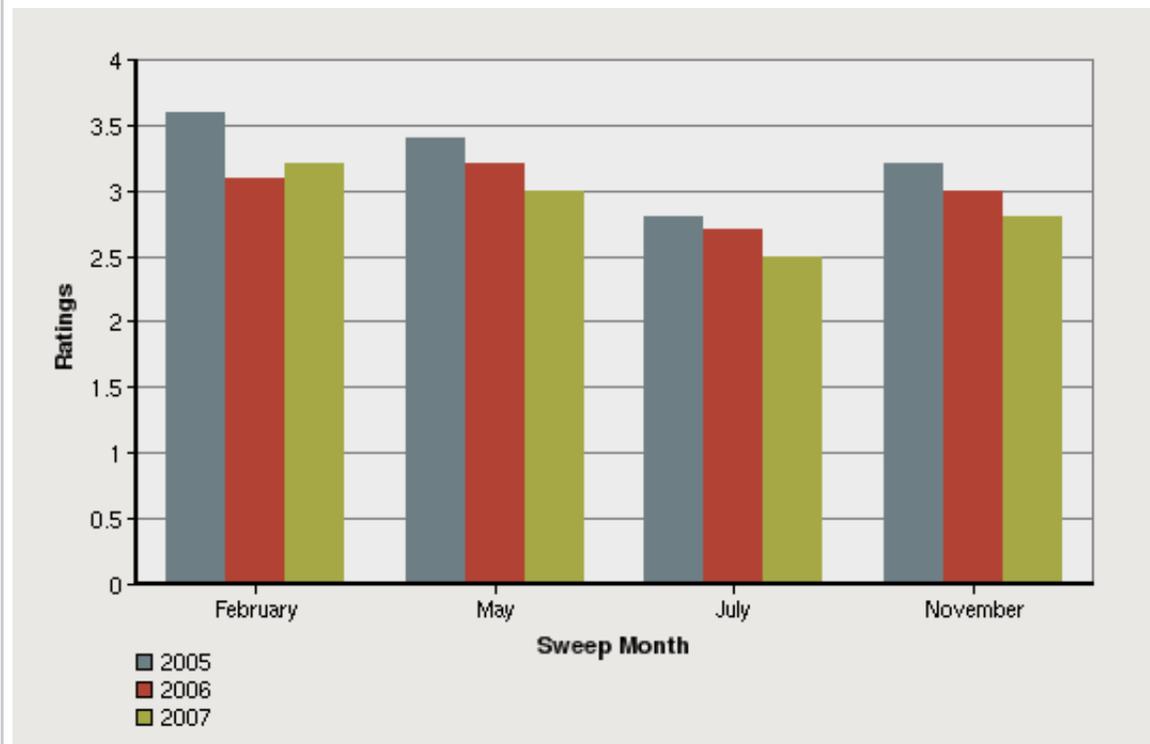
Late News

Late-night news, the shows that follow prime-time entertainment programming, fared similar to early evening.

The only month in which ratings were up over the year before was February – when they rose 3% (an increase of 0.1 points). For the remaining three sweeps months, ratings were down more than 5% (6% in May, 7% in July and 7% in November).

Average Late News Ratings

Comparing Performance Year-to-Year in Sweep Months



Design Your Own Chart

Source: Nielsen Media Research used under license

Note: Numbers include ABC, CBS, FOX and NBC affiliates

Share in late night was flat in February and July, according to our analysis, and fell 14% in May and 8% in November.

(The Project has begun to collect data for the news that comes earlier, during prime time, typically on Fox stations at 10p.m. in Eastern and Pacific Time zones and 9 p.m. Central and Mountain. A year from now we will have comparisons to track their audience trends. (See Methodology Sidebar.)

Local News in the Morning

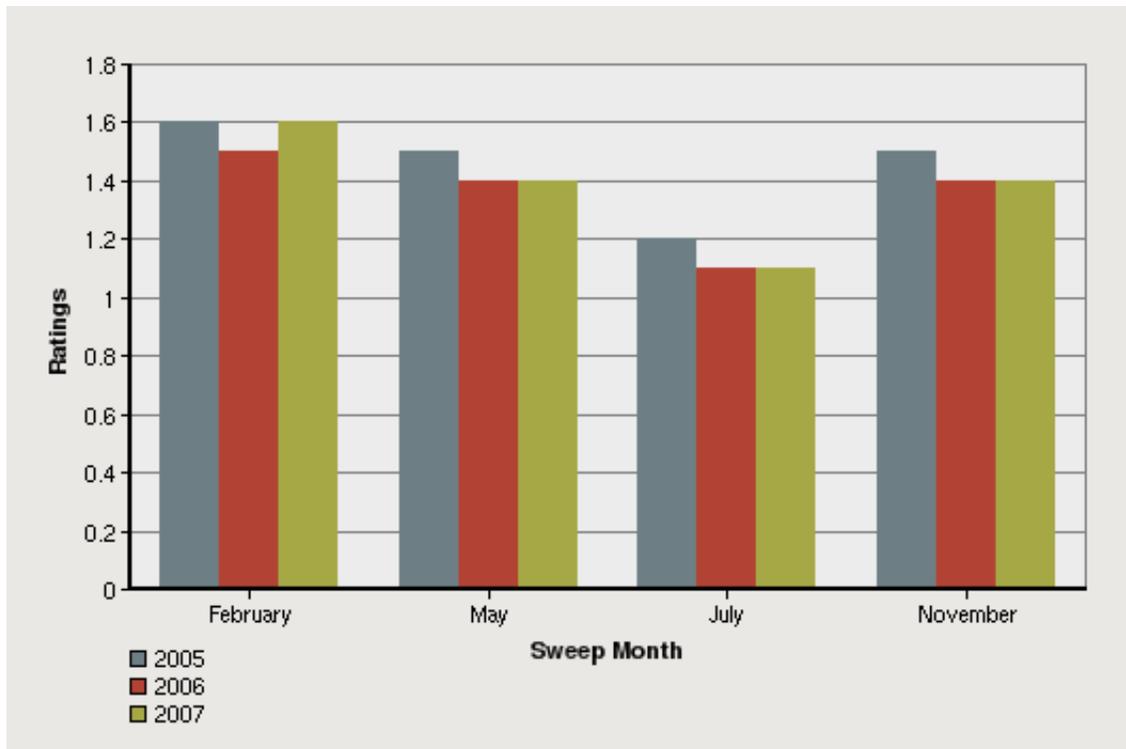
Early morning news, the local programs that come on before the network morning shows at 7 a.m., had been a lone growth area for many local stations around the country in recent years. In 2006, however, we found even this time slot had begun to suffer audience declines, with both ratings and share falling in every sweep month.

In 2007, the news was not quite so bleak. While the size of the audience remains less than half that of evening or late night, the newscasts between 5 a.m. and 7 a.m. held on to their viewers.

Ratings were unchanged in the sweep months of May, July and November. And in February 2007, the most positive month in this accounting for all timeslots, they were up 7% (0.1 rating point).

Morning News Ratings

Comparing Performance Year-to-Year in Sweep Months



Design Your Own Chart

Source: Nielsen Media Research used under license

Note: Numbers Include ABC, CBS, FOX and NBC affiliates

Share was flat in July and down the same amount (6%) in February, May and November.

A number of stations, particularly Fox affiliates, also extend their local morning news beyond 7 a.m., to 8 a.m. and even in some places to 9 a.m. (Fox airs a nationally broadcast morning show of its own, the Morning Show with Mike and Juliet, in 15 major markets that begins at 9 a.m.) A few CBS affiliates that decline to use the Early Show feed from the network also air local news during these hours.

These later morning programs saw ratings in 2007 similar to and in some ways more favorable than the early morning block. (The Project in future years will track the growth patterns of these audiences.)

Morning News Ratings Sweeps Months, 2007

Time	February	May	July	November
5 a.m.-7 a.m.	1.6	1.4	1.1	1.4
7 a.m.-8 a.m.	1.6	1.5	1.2	1.4
8 a.m.-9 a.m.	1.4	1.2	1.2	1.2

Source: PEJ Analysis of Nielsen Media Research, used under license

Note: Numbers reflect the average rating of local newscasts on ABC, CBS, FOX and NBC affiliates that air during these timeslots in their time zone.

Non-Affiliates

If we examine independent stations, those not affiliated with the big four networks that air local news, the universe shrinks considerably. Only about 40 of these stations in the country that run news have large enough audiences for Nielsen Media to track, according to data from the ratings company. Their performance in 2007 mirrors that of the affiliate stations.

In the early evening block, according to the last 2007 sweeps period (November), the independent stations monitored saw ratings unchanged, but a drop in share. Comparing November sweeps of 2007 to those in 2006, ratings stayed the same (0.5) but share dropped a point (from 2 to 1). 7

In the late news block, both ratings and share were down. Again, comparing November to November, ratings fell to 0.2 points in 2007, from 0.7 in 2006 to 0.5 in 2007. Share fell a point from 2 to 1.

The morning news hours numbers were flat. Of the stations for which Nielsen has data, ratings rose 0.3% and share held steady at 3 in November 2007 compared with the same period the year before.

Shifting Schedules

As stations contended with falling ratings, there was good deal of talk in 2007 about stations shifting their newscasts to new timeslots to adjust to changing lifestyles.

To find out how widespread the phenomenon of time shifting might be, PEJ this year examined data for stations affiliated to the Big 4 networks in the top 25 designated market areas (DMA) in the country. From data licensed from Tribune Media Services, we took one weekday in November 2007 and compared it with the corresponding weekday in 2006.

Stations in two-thirds (15) of the top 25 markets added or shifted newscasts in 2007, according to the analysis. In all, 24 stations (of 106) in these markets did some time shifting, or just under 25%. The majority of these changes occurred during the early morning hours. 8

New newscasts were added starting as early as 4:30 a.m. There were also instances of stations repeating their late night newscasts in the overnight hours, with additions virtually every hour – from midnight (Phoenix, Dallas), 1 a.m. (Tampa), 2 a.m. (Los Angeles) to 3 a.m. (Atlanta and Portland).

Shifting Schedules

Top 25 Markets, November 2007 vs. November 2006

Rank	Market	Added Newscasts at	Shifted Newscasts
1	New York	7 a.m. (Fox); Noon (ABC)	5 p.m. to 7 p.m. (NBC)
2	Los Angeles	2 a.m. (CBS); 7 a.m. (Fox); 9 a.m. (Fox)	
3	Chicago	4 30 a.m. (NBC); 10 p.m. (Fox)	
4	Philadelphia	5 p.m. (Fox)	
5	Dallas-Ft. Worth	Midnight (CBS); 5 a.m. (Fox); 6 a.m. (CBS)	
6	San Francisco-Oakland-San Jose		
7	Boston (Manchester)		
8	Atlanta	3 a.m. (NBC)	
9	Washington, DC (Hagerstown, Md.)	6 p.m. (Fox)	10 a.m. to 11 a.m. (NBC) Noon to 11a.m. (Fox)
10	Houston		
11	Detroit		

12	Phoenix (Prescott)	Midnight (ABC)	11 a.m. to 1 p.m. (NBC)
13	Tampa/St. Petersburg (Sarasota)	1 a.m. (ABC)	
14	Seattle-Tacoma		
15	Minneapolis-St. Paul		
16	Miami-Ft. Lauderdale	4 30 p.m. (Fox); 7 p.m. (NBC); 10 p.m. (Fox)	10 a.m. to 11 a.m. (NBC)
17	Cleveland-Akron (Canton)		11 a.m. to Noon (NBC)
18	Denver		
19	Orlando-Daytona Beach-Melbourne	6 p.m. (Fox)	
20	Sacramento-Stockton-Modesto		
21	St. Louis	10 p.m. (Fox)	
22	Pittsburgh		
23	Portland, OR	3 a.m. (Fox); 4 30 a.m. (Fox); 4 30 a.m. (NBC)	
24	Baltimore		
25	Charlotte		

Source: PEJ Analysis of Tribune Media Services data, used under license

Evening was not as popular a time for adding new newscasts among the network affiliates in the top 25 markets. But even among the top markets, we did find additions, in three markets – Orlando (6 p.m.), Washington, D.C. (6 p.m.) and Philadelphia (5 p.m.).

Another trend among the big markets appears to be to eliminate earlier newscasts in favor of later ones. In both Miami and New York, for example, the NBC affiliate (WTVJ and WNBC, respectively) got rid of the 5 p.m. newscast in favor of one at 7 p.m. 9

Robert Papper, a television analyst at Hofstra University, also notes that stations can time shift in another way, by producing news for other stations in the market that run at times when their own newscasts do not. This can allow them generate revenue for news without altering their own schedules. It amounts to time shifting of a sort, across channels. Papper estimates that this is particularly popular during the evening. Many of these newscasts run in the last hour of prime time, competing often against Fox.

Our analysis also does not reflect the trends outside the top 25 markets. And there are a growing number of independent and local cable stations that air competing newscasts in the evening, which are often effective in luring viewers away from the Big Three (ABC, CBS and NBC) newscasts. The traditional early evening block also barely has

any Fox affiliates, which tend to air news later, at 10 p.m.

Thus, if you look at the larger picture, local television news is now populated by not just the big network affiliates, but also by local cable and non-affiliated stations, and not just by news at the traditional early evening and post prime-time news slots.

Changes in Audience Measurement

As television audiences decline, the industry adopted a new system or “currency” in the industry language, to measure viewership in 2007 (see Advertising Chapter).

Rather than measuring viewers during program minutes, the industry began measuring viewers of commercials aired during the program. The new metric looks at average rating for all commercials aired in a particular show – starting with when it aired live and continuing over the next three days (giving it its industry nickname “C3”).¹⁰

Until now, advertisers decided what time to air and what price to pay for their ads based on ratings for a specific program – the higher-rated a program, the more advertisers wanted to place their ads during it and, consequently, the more they were willing to pay. Now, they will purchase advertising time based on average viewership of the commercial breaks during that program.

This marks a huge departure, and the new measuring system was preceded by wide debate about technical validity (see last year’s Report). After years of back and forth, in March 2007, all the key stakeholders in the ratings metrics battle – broadcasters, advertising agencies (which were agreeable) and cable companies (which weren’t) – finally agreed to adopt the new ratings as the currency for buying and selling ads.

Despite all the concerns and speculation, preliminary results of the new ratings did not really alter the results.

Nielsen Media – the predominant television audience measurement agency in the United States – released commercial ratings for the week of September 24 in October, 2007 and found that total viewership for commercial breaks on the broadcast networks was, on average, just 3% lower than it was for viewership of the respective programs. Comparing the top programs using the C3 ratings to the older ratings saw the same top 10 programs, with a slight difference in their ordering.¹¹

These results were similar to those found during the trial run of the new ratings, released in July 2007. Those had found a 5% to 10% drop in the number of viewers who watched ads, compared to the show itself. The drop was somewhat higher for cable than broadcast networks.

The move was also seen as an acknowledgment to consumption realities. Fewer people in the U.S. now watch a show when it airs live and are increasingly adopting other means – including digital video recorders, video-on-demand options and/or Web video – to view them at their convenience.¹²

The new C3 ratings were one of the many changes that were part of Nielsen Media’s “A2/M2” endeavor to revise television ratings to keep pace with actual consumption practices (see last year’s Report).

The other big change was Nielsen’s aim to measure more markets electronically. Nielsen reduced the number of markets with handwritten diaries and rolled out more Local People Meters to take their place – these electronic devices provide a more accurate representation of viewing habits (although Nielsen still does not measure out-of-home TV viewing.)

In 2007, the Local People Meters were working in the top 13 markets, up from the 10 the year before. The plan is to reach 56 markets by 2011. ¹³ According to the company, 56 markets would mean that 70% of U.S. households will be measured by the People Meters.

How Nielsen Media Measures Viewers In the 210 U.S. Television Markets

Type of Market	Method Used	Number of Markets Covered	Percent of TV Households Covered
Local People Meter Markets	Local People Meters measure total viewership and viewer demographics daily	13	30%
Combined Meter/Diary Markets	Electronic meters measure total viewership daily; handwritten diaries track viewer demographics four times a year	43	40%
Diary Markets	Handwritten diaries track total viewership and viewer demographics four times a year	154	30%

Source: Nielsen Media Research Web site; Broadcasting & Cable

Alongside this transition, Nielsen Media also aims to triple its core national television ratings panel to 100,000 people (from its current figure of 35,000). ¹⁴ This sample is what is used to determine television ratings and share.

Footnotes

1. The four sweep months are when Nielsen Media Research measures television audiences to help the industry determine advertising rates for TV stations. We took Nielsen data for all the stations affiliated with the four biggest local television networks in all designated market areas (DMA). That gave us the ratings and share for an average local newscast in each time slot in each sweep month. According to Nielsen Media Research, the DMA “identifies an exclusive geographic area of counties in which the home-market television stations hold a dominance of total hours viewed.” There are 210 DMA’s in the United States. See Nielsen Media Research Web site, <http://www.nielsenmedia.com>.

2. Share tells a station how it is performing compared with the other stations in the local area. Ratings give a sense of the total audience and are used by advertisers to determine what price they are willing to pay for an ad on the particular program. Webster, J., Phalen, P., & Lichty, L., (2000) Ratings Analysis: The Theory and Practice of Audience Research,

Lawrence Erlbaum Associates.

3. Data in previous reports were limited to stations affiliated with ABC, CBS or NBC. We remained consistent with this approach year to year for the purposes of a trend over time. Other stations were not included either because they did not carry news or, as in the case of Fox network affiliates, they aired news in non-traditional time slots, particularly during prime time. The time slots we measure represent the traditional timing of local newscasts.

4. For early evening news, we took newscasts between 5 p.m. and 7 p.m. in the Central and Mountain Time zones and 6 p.m. to 8 p.m. in the Eastern and Pacific Time zones. For late news, we took 10:00 p.m. to 10:30 p.m. in the Central and Mountain Time zones and 11:00 p.m. to 11:30 p.m. in Eastern/Pacific.

5. The evening news broadcast in February 2007 had an average rating of 3.6 points. Each rating point represented 1,114,000 viewers in 2007, according to Nielsen Media Research. One rating point refers to 1 percent of the television viewing universe (or 111,400,000 as of spring 2007, according to Nielsen).

6. There are instances where the network news itself airs at 7 p.m., such as the NBC news broadcast in markets like Washington, D.C.

7. According to Nielsen Media, the non-affiliated stations air news in the early evening in only about 20 markets (of 210), in the late night in about 30 markets, and in the morning in only 18 markets.

8. While it does not constitute time shifting per se, stations can also generate revenue by producing news for other stations in the market at different times than their own newscasts. Some 206 stations in the United States now purchase newscasts from other places.

9. Marisa Guthrie, "Stations Kill 'Live at Five,'" *Broadcasting & Cable*, September 10, 2007.

10. Viewers who watch the commercials on the day the program is aired ("live" ratings) and those watch it over the next three days using digital video recorders. *MediaPost*, May 14, 2007.

11. *Advertising Age*, October 16, 2007

12. Nielsen Media has the technology to measure either the average rating of all commercials in a program or the ratings of each individual commercial. *MediaPost*, March 21, 2007.

13. Alex Weprin, "Nielsen National TV Ratings Panel Expanding More than Threefold," *Broadcasting & Cable*, September 26, 2007.

14. There are plans to make the people meters active in five more markets in 2008, 12 in 2009 and 2010 each and 14 in 2011. In 2007, there were 12,000 homes in the national panel and Nielsen aims to increase it to 37,000 homes in 2011 (reaching 100,000 people). Nielsen pointed out, however, that the effective sample size will only be 17,000 homes after the geographic distribution of the 56 people meter areas is considered. The "effective" size in 2007 was 10,000 homes. Alex Weprin, "Nielsen National TV Ratings Panel Expanding More Than Threefold," *Broadcasting & Cable*, September 26, 2007.

Economics

Economics

By the Project for Excellence in Journalism

Despite increasing competition, local television continues for now to be a very good business.

In contrast with other traditional media, for instance, ad revenues continue to rise in both even and odd year-to-year comparisons and local advertising spots do much better than national. And more news directors continue to say their newsrooms are profitable.

But there are still danger signs.

Ad dollars seem less secure than in the past, with national advertising showing the greatest signs of weakness.

When the final figures for 2006 came in, they did not quite meet expectations, another possible hint of leveling.

In 2007, there was the traditional non-election year slowdown in revenues, but early political advertising heading into the 2008 elections would make up for some of the loss.

For now, relative to other industries, the economics look good.

Revenues

The local television business follows a now well-established rule of thumb. Odd years, or non-election years, do not do as well as even years – and 2007 was no exception. Projections for advertising revenues showed a modest drop in 2007, whereas figures for both 2006 and 2008 show growth. ¹

Advertising Revenues

As expected, advertising revenues – which make up the bulk of a station's total revenue – were projected to fall modestly in 2007. Odd years tend to be down, and that was even more likely in 2007, given the strength of the previous year. The industry expects 2008 to be an even stronger even year.

According to projections by the media research firm Veronis Suhler Stevenson, ad revenues for television stations over all were expected to drop about 3% in 2007, coming in at \$25.8 billion, compared with \$26.7 billion in 2006.

TV Station Advertising Revenues
2003-2007 (in billions)

Year	National Spot	Local Spot	Total
2007	\$11.2	\$14.6	\$25.8
2006	11.7	15	26.7
2005	10.5	14.1	24.6
2004	11.4	14.5	25.9
2003	10	13.5	23.5

Source: Veronis Suhler Stevenson, 2007-2011 Industry Forecast, pg. 176-177

Note: Numbers are estimates

Local spots – or ads targeted at the station’s local viewers – are usually the bigger share of a station’s ad base and that is expected to continue. 2 In 2007, local spot advertising was projected at nearly \$15 billion to national spot’s \$11 billion.

These projections are in line with those of other financial research firms. In December 2007, a Television Bureau of Advertising study using TNS Media Intelligence estimates found that the television ad market declined for the first nine months of 2007. Spending on local television was down 6.2%. 3

Actual Ad Revenues in 2006

How accurate are projections? It varies year to year, but comparing revised numbers for 2006 to projections, actual advertising growth did not quite hit the mark. Analysts had projected a 10% growth, but final numbers indicate an actual growth of 8.5%. Though lower than estimated, it was still greater growth than seen in previous election years.

National spot advertising increased more slowly in 2006, growing 11% instead of the projected 16%. Local spot, on the other hand, did somewhat better than expected, growing nearly 7% vs. the 6% projected.

Local Advertising: Continuing Political Windfall

An early start to the 2008 presidential election already has proved a bright spot and spending for the year is expected to break records.

The Campaign Media Analysis Group projected \$700 million in political ad revenue for 2007. 4 While it is nowhere near the \$2 billion in 2006, it was a substantial amount for an odd-numbered year. 5

According to a JP Morgan analysis in October 2007, key local broadcasters, including those affiliated with the Big Four Networks (ABC, CBS, Fox and NBC), Sinclair, Hearst-Argyle and LIN TV, would see a boost of around \$150 million from political ads alone by February 2008. 6

Political Advertising Revenues
2000 -2007

Year	Local TV Political Ad Revenue	Total Local Ad Revenue	Political as a Percentage of Total Ad Revenue
2007 (est.)	\$700 million	\$25.8 billion	2.7%
2006	\$2 billion	\$26.7 billion	7.5%
2005	\$1.6 billion	\$24.6 billion	6.5%
2004	\$69.8 million	\$25.9 billion	2.7%
2003	\$60.5 million	\$23.5 billion	2.6%

Source: TNS Media Intelligence, 2007; Broadcasting & Cable, 2006; TV Bureau of Advertising, 200 & 2002; Morgan Stanley Estimate, 2004; Veronis Suhler Stevenson, 2007-2011 Industry Forecast for total figures.

As the year progressed, figures for political advertising only went up, with January 2008, the launch primary and caucus season, breaking records.

Iowa, which began the election calendar with a caucus on January 3, 2008, offered a good case study of spending. It was inundated by political advertising as early as the previous June. By December 28, 2007, the Campaign Media Analysis Group noted that Democrats had spent \$23.7 million in television advertising in Iowa through the year, and the Republicans \$9.5 million. Democrat Barack Obama led the way, spending \$8.3 million. His rival Hillary Clinton and Republican Mitt Romney followed with \$6.5 million each. ⁷

There was a deluge of broadcast political advertising. According to a November 2007 Nielsen Media Research press release, Iowa voters were treated to more than 7,000 ads each from Romney and Obama, the two leading advertisers in their parties. ⁸

Station Revenues

Average station revenues, which includes ad revenues and other revenue as well, were up 8% in 2006, according to PEJ's analysis of 714 local television stations. ⁹

Driven by the 2006 Winter Olympics and political spending, television stations took in \$26 million on average, up from \$24 million in 2005. This figure was not much higher than average station revenues in 2004, the previous election year, meaning that even a traditionally good year did not give local television the expected boost. Much of this was likely due to national ad revenues that came in under projections. This leveling could be an indicator that, for local stations, keeping revenues steady might become an accomplishment in itself.

Average Station Revenue

1995-2006, Average Across All Stations That Produce News



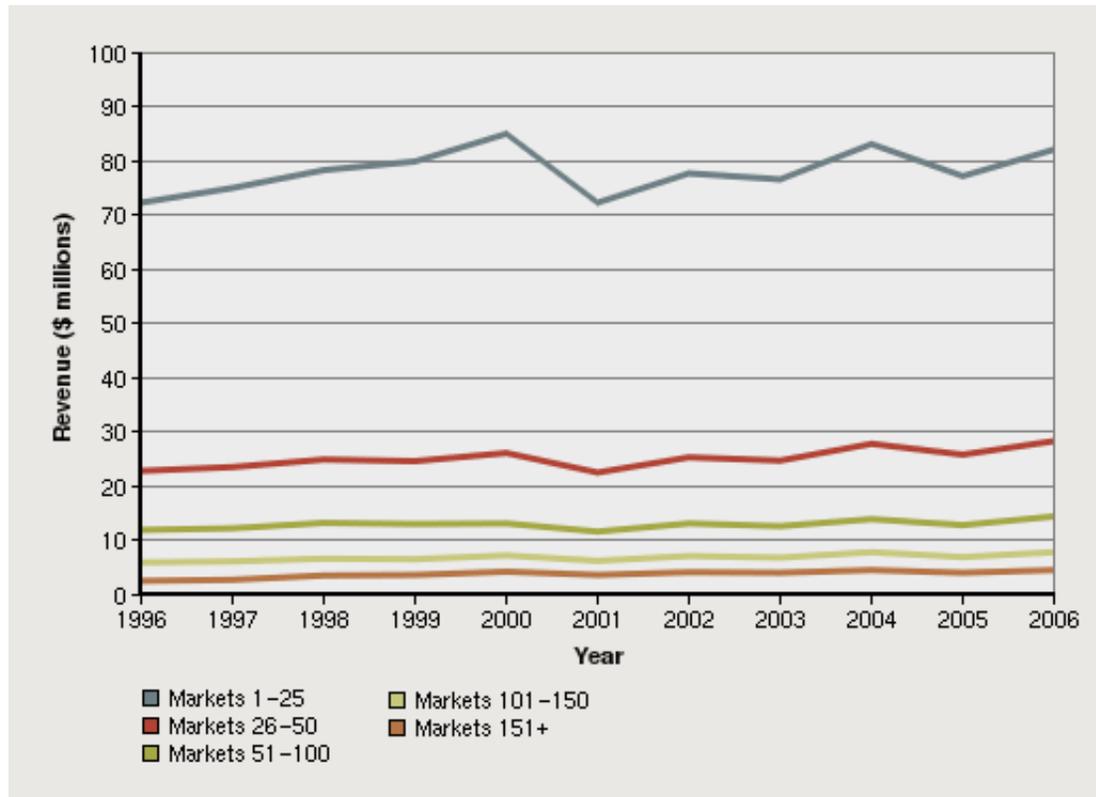
Design Your Own Chart

Source: BIAfn MediaAccess Pro

And even this average is deceiving. Local stations do not perform similarly across the country. The bigger (more populated) markets make disproportionately more money. The top 25 markets dominate the local television scene, with average station revenues of \$80 million. This is much higher than the next bracket of markets (size 26-50), which make less than \$30 million. 10

Average Station Revenue by Market Size

1996-2006, Average Across All Stations That Produce News



Design Your Own Chart

Source: BIAfn MediaAccess Pro

Newsroom Economics

And how much of the economics of a local television station depends on news?

Though local stations do not break out these figures publicly, news generally makes the lion's share of a station's total dollars. The latest survey of news directors by the Radio-Television News Directors Association, released October 2007, confirms this. The proportion coming from news, despite a growth in hours broadcast, has stayed largely unchanged over the years. ¹¹ And fewer news directors than ever report losses for the year.

In 2006, news directors reported an average 42% of TV revenue coming from news. This is lower than the year before (45%), but within the same range as responses in recent years. ¹²

News as a Percent of All Station Revenues, 2002-2006, All Stations

Year	Percentage
2006	42%
2005	44.9%
2004	42.8%
2003	46.1%
2002	39.7%

Source: RTNDA/Ball State University Surveys

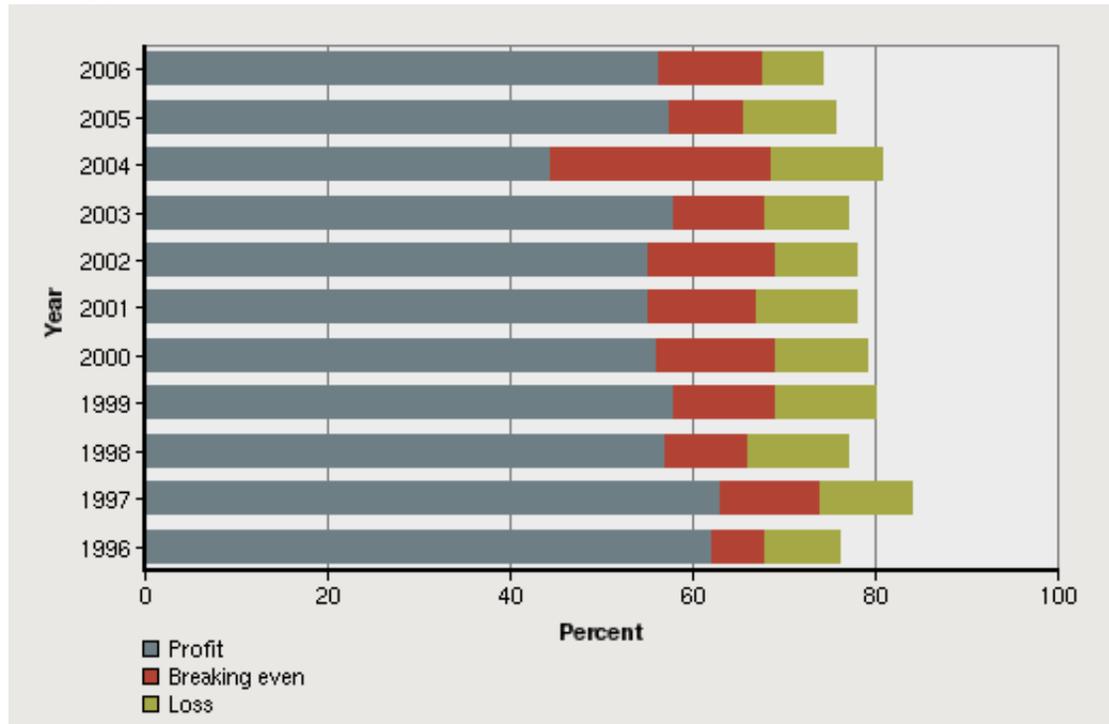
Note: Based on survey responses of news directors

More than half the news directors (56.2%) said the newsrooms were making profits, down about one percentage point from the previous year. In what may be a better indicator of newsroom strength, however, only 6.4% reported a loss. This was the lowest number since the question was first asked in 1996.

About one in 10 (11.5%) said their newsrooms were breaking even, and a quarter of news directors (26%) did not know or could not comment on profitability.

Local TV News Profitability

1996-2006



Design Your Own Chart

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors

Looking at profitability by network affiliation, however, reveals that the profits are not evenly spread. Most news directors (61%) at stations affiliated with the Big Four networks (ABC, CBS, Fox and NBC) reported profits, but the majority at other commercial stations reported a loss (67%).

Within the Big Four networks, news directors at Fox stations had the best year – none reported losses, a modest 11% said their newsrooms broke even and the large majority (70%) reported profits. ¹³ This mirrored their performance in 2005.

A clear majority of news directors at ABC (58%) and CBS (67%) also reported profits, but NBC stations seemed to have had a tougher year. Just more than half (51%) of NBC affiliated news directors reported profits in 2006, much lower than the 64% in 2005. According to the survey's author, this might be a reflection of the tough year NBC had generally with its programming.

Footnotes

1. Arriving at definitive economic figures for local television stations is somewhat complicated. There is no centralized data source for the sheer number of stations in the country, with different market research and industry analysts providing different sets of data. This makes comparisons more difficult. For our report, advertising revenues figures are available from Veronis Suhler Stevenson and TNS Media Intelligence as well as trade publications. These were revised for 2006 once year-end data were in and estimated for 2007. We calculated station revenues using BIA Financial Network's media database – again, year-end data were available for 2006. The database did not make projections for 2007.

2. Local spot typically makes up about 55% of station advertising, national the rest. Local spot is advertising by companies that are in the same market as the station. National spot advertising helps advertisers reach more than one market, but is a cheaper option than putting ads on the broadcast networks that are in seen in every U.S. market.

3. Television Bureau of Advertising, "2007 TV Ad Revenue Figures," (Ad Revenue Track, Third Quarter Data), December 18, 2007: http://www.tvb.org/nav/build_frameset.asp?url=/rcentral/index.asp.

4. Figure from the Campaign Media Analysis Group through personal correspondence on February 5, 2008. The group is a branch of TNS Media Intelligence that tracks political and issue based advertising spending. Online at <http://www.tnsmi-cmag.com/index.asp>.

5. Paul R. La Monica, "Politics: Off Year, On the Money," CNNMoney.com, June 25, 2007.

6. Diane Mermigas, "Election Ad Spend: TV Profits, But Times Are A'Changing," MediaPost, October 24, 2007.

7. Patrick Healy, "Iowa Saturated by Political Ads," New York Times, December 28, 2007

8. Romney had 7,469 spots while Obama had 8,494 spots on Iowa local television as of November 18, 2007. Wayne Friedman, "Nielsen: Obama, Romney Aired Most TV Spots in '07," MediaPost, December 12, 2007.

9. The Project uses BIA Financial Network's database to calculate station revenue; the last full year for which data are available is 2006. 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 they may be added or removed.

10. According to Nielsen Media Research, there are 210 designated market areas in the United States. Each of these markets "identifies an exclusive geographic area of counties in which the home-market television stations hold a dominance of total hours viewed." See Nielsen Media Research Web site, <http://www.nielsenmedia.com>.

11. The RTNDA Survey is annual survey of news directors. The latest survey was released in October 2007. It was conducted by Robert Papper of Hofstra University (formerly at Ball State) in the last quarter of 2005. In all, 974 news directors took part. A copy may be found in the RTNDA Communicator, October 2007 issue.

12. Robert Papper, "News, Staffing and Profitability Survey," RTNDA Communicator, October 2007, p. 34.

13. The remaining 19% of news directors did not know or could not comment on newsroom profitability.

Ownership

Ownership

By the Project for Excellence in Journalism

As 2007 drew to a close, Wall Street continued to see local television stations as a good business bet.

The top ownership groups remained stable, but some companies, including Belo, split themselves in two, separating their print and broadcast operations to highlight the higher value of their television holdings.

And, continuing a trend notable the previous year, stations were often bought and sold in 2007.

Also during 2007, media ownership rules again made headlines. Federal Communications Commission Chairman Kevin Martin pushed the panel for a contentious, late-year vote as he tried to advance an overhaul of media ownership regulations.

A Season of Sales

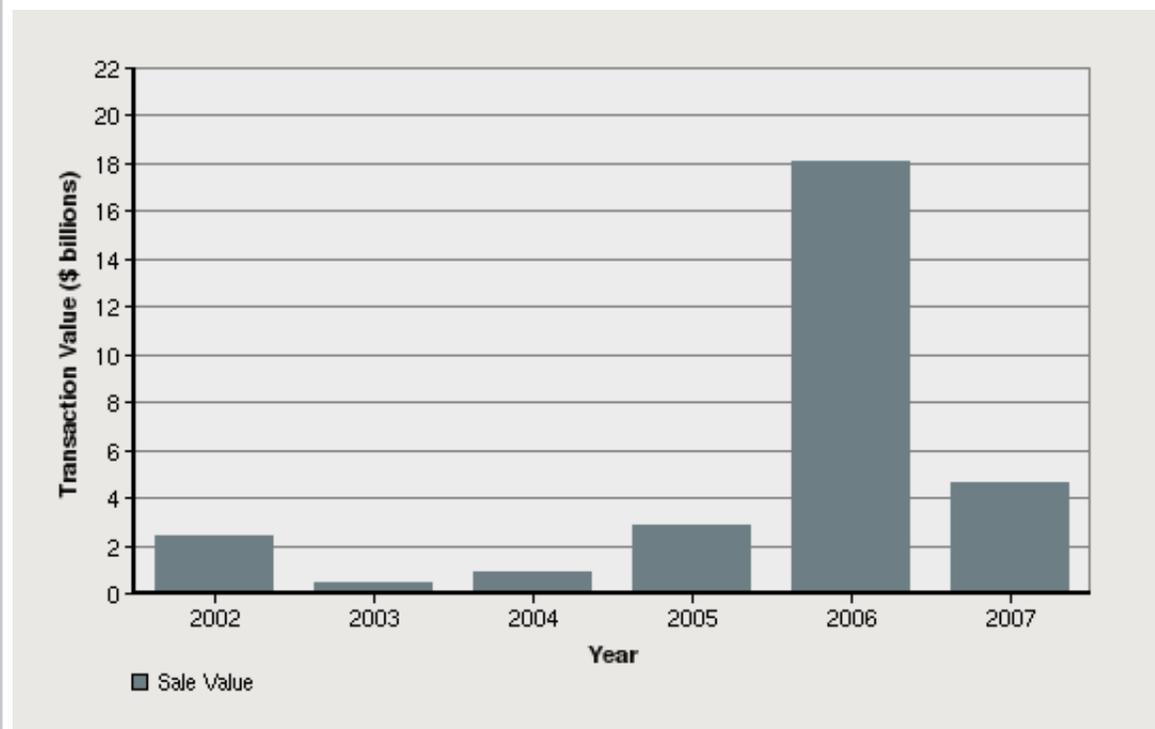
One indicator of the strength of local television news — particularly in contrast with print — was that sales of local television stations once again were plentiful in 2007, fueled by their attractiveness to investors and advertisers, although they did not match total dollars from 2006 sales.

In 2007, 294 stations changed hands, according to market research firm BIA Financial Network, compared to the 202

sold in 2006. There were no big-name station sales, and all of this activity amounted to just \$4.6 billion in sales; in 2006, the stations sold had a price of \$18.1 billion. 1

Transaction Value of TV Station Sales

2002-2007



Design Your Own Chart

Source: Broadcasting & Cable, April 24, 2006; BIA Press Release, January 10, 2008

According to thinking on Wall Street, television stations continue to make good business sense for a number of reasons.

In the summer of 2007, BIA Financial reported stock prices of publicly traded television groups had shown double or triple the growth of the overall market. 2

And not only do stations continue to bring in money on their traditional strength – regional advertising (see Economics) – but buyers also were betting on their revenue potential in three other areas: the digital spectrum, station Web sites (see Online Trends) and retransmission fees from local cable operators that pay for content.

The first two both offer local stations more ways to attract advertisers – the digital spectrum will give a station the ability to air multiple streams of content, each of which could be a source of advertising revenue, while the Web sites are being

developed to attract both viewers and advertisers who prefer the Internet.

Retransmission fees, which refer to the fees local stations charge cable, satellite and telephone companies for transmitting their content, are a new and growing source of revenue for local television stations. According to Veronis Suhler Stevenson, stations earned 30 cents to 50 cents per subscriber in 2006, resulting in millions of dollars of revenue. Local station groups cite retransmission consent as a big boost to their bottom line, and see it as a potential to offset weak ad sales.

In November 2007, LIN TV announced that retransmission fees contributed substantially to the 134% increase in its third-quarter revenues in 2007. The Sinclair Broadcast group and Hearst-Argyle also saw third quarter revenues rise 6% and 18% respectively, and attributed growth to the retransmission fees. ³

Several of the specific sales and acquisitions — including those by Nexstar Broadcasting, LIN TV, Raycom Media and Fox Television — appeared to continue a trend that began when Emmis and Clear Channel found they could sell their television stations for a profit (see last year's Report).

In May 2007, LIN TV and Nexstar Broadcasting Group hired consultants to advise on a potential sale of their television properties — each company owns, operates or provides content to 29 stations across the country. LIN TV is one of the top 20 broadcast owners in terms of revenue and operates in the top markets as well. Eventually, both companies took themselves off the market after a strategic review. In August 2007, Nexstar announced that market conditions were not conducive to a sale. In December 2007, LIN TV also took itself off the market, deciding to build its business before considering a sale. ⁴ However, this decision was more an indicator of the market than the station groups and analysts remained optimistic about its chances. According to Mark Fratrick, vice president of BIA Financial Network, “the business is good and, while companies see a good opportunity in private-equity bids, for most, the event is not make or break.” ⁵

In November, Raycom Media, one of the top 20 local station groups in the country, added three more stations to its roster. The deal, for which Raycom paid \$583 million, will close in December 2008. ⁶ This was the second-largest television station sale of the year.

The largest was when News Corp., the owner of Fox Television, put nine of its small-market stations up for sale in June 2007. These were bought by the private equity firm Oak Hill Partners for \$1.1 billion in December. (Oak Hill had bought the nine stations put up for sale by the New York Times in 2006.) Once the deal is complete, it will leave News Corp. with 26 owned-and-operated stations, down from 35. That decision freed up some money for News Corp., which acquired Dow Jones, publisher of the Wall Street Journal (see Newspaper Chapter). ⁷

The sales were seen as an indication that television stations continue to be seen as valuable acquisitions, a trend expected to continue into 2008.

Other aspect of these sales are the amount of debt that station groups are taking on from the acquisitions and what impact this will have on them in the future.

Stations with more debt have less cash to put into their product to pay for syndicated programming, to build into their newscasts or to pay talent. It becomes a matter of simple math. In a competitive marketplace where one is fighting for

market share of audience, even if the audience over all is declining, less money to put into the product can easily translate into lower ratings.

Case in point is Young Broadcasting, which put its San Francisco station KRON-TV up for sale in January 2008, and was aiming for a sale by March to make money in the first quarter of its fiscal year. It had bought the former NBC affiliate at a then-record \$823 million in 2000, and some analysts thought it had overbid for the station, given that it was a small broadcasting group. The criticism bore fruit when KRON lost its NBC affiliation, became an independent station and soon dropped in ratings (which did not improve even after it became a MyNetwork affiliate in 2006). It was seen to be financial millstone for the parent company, and analysts did not expect it to make any profit at sale. ⁸

The broadcaster, which owns just 10 stations in the country, is now financially strained. It made only about \$230 million in revenues 2006, and said that it lost about \$70 million during the first nine months of 2007. ⁹ It cut staff and programming at its other stations, and trade magazines reported that it was trying to slash costs at the television stations by \$20 million. ¹⁰

The FCC Regulations

In 2008, new rules regarding ownership could fuel even more activity.

The reason is that late in 2007, Kevin Martin, the chairman of the Federal Communications Commission, made a sudden push to relax the rules forbidding companies from owning properties across mediums in the same market, the so-called cross-ownership ban.

Presenting what he called a compromise, Martin called for relaxing the ban on cross-ownership only in the top 20 markets. His plan gave companies, under certain conditions, the right to own both a newspaper and a television or radio station in those larger markets. ¹¹

In doing so, Martin, despite protests and a divided vote, in the end succeeded in navigating some of the more controversial terrain in communications regulation.

The current rules, put into effect in 1975, prohibit the “common ownership of a full-service broadcast station and a daily newspaper when the station’s “contour” or service area encompasses the newspaper’s city of publication.” ¹²

The last attempt to revise them, under former FCC Chairman Michael Powell in 2003, proved highly charged. Powell, whose deregulatory efforts went much farther than Martin’s, became a political lightning rod, and his plan ultimately was beaten both by political opposition and court order (also see [last year’s Report](#).)

Martin, Powell’s successor, took up the ownership issue again in June 2006, but at a leisurely pace. Six public hearings were scheduled, but a year later, only four had been held. In October 2007, however, Martin suddenly announced a fifth and last hearing, and scheduled it for December. He also called for just a one-month public comment period, compared to the traditional three-month period.

The reaction to his proposal was swift and deeply divided.

Those who backed Martin's push for deregulation argued that the ban was created for an era when newspapers and television stations dominated news and information but was moot in an age of online news access.

The Newspaper Association of America, a trade organization representing newspaper companies, supported overhauling the rules and criticized Martin for not doing enough. It called for the rule to be relaxed in all markets, not just the top ones.

That is because, although local television will be affected by the rule change, the industry at the heart of this argument is newspapers. Faced with declining ad revenues and readership, the medium is seen as unable to compete with other media (see *Newspaper Chapter*.) In a *New York Times* op-ed, Martin contended that "newspapers [will] wither and die" if action is not taken and that his proposed "relatively minor loosening" of the rules will help "forestall the erosion in local news coverage by enabling companies that own both newspapers and broadcast stations to share some costs." 13

There also was equally strong opposition to relaxing the rules. According to the *New York Times*, the FCC received three million comments in opposition to changing the ownership rules in November 2007 alone. 14 Activists and civil rights and labor groups, afraid their issues would get lost in the shuffle, wanted them included in cross-ownership deliberations.

Organizations as diverse as the Parents Television Council, the National Organization for Women and the National Rifle Association weighed in, arguing that the FCC was rushing in to help the media conglomerates at the expense of other important considerations, such as the chance of increasing minority ownership and assuring coverage of local events.

Opposition also came from within the FCC. Standing in Martin's way were two Democratic FCC commissioners. While the three Republicans on the panel were in favor, Democrats Michael Copps and Jonathan Adelstein immediately voiced opposition. They argued that not only did the new proposal cover most of the country (more than 40% of television households), but that it also would encourage more waivers for markets outside the top 20.

Allowing dual ownership in certain markets could set a precedent in all markets, with companies asking for the relaxation of the rule everywhere. Or they could keep applying for waivers in specific markets, a practice the FCC frequently follows, making the restrictions ineffective.

In November, a group of Democrats, led by North Dakota Sen. Byron Dorgan, introduced a bill calling for a 90-day public comment on any FCC changes, which would have effectively prevented a vote on the media ownership bill until an unspecified date in 2008. Dorgan's bill also called for a separate proceeding on the issue of localism. The bill was supported by leading Democrats, including presidential hopeful Barack Obama. 15

On December 18, 2007, the commission voted 3-2 to lift the ban on owning both newspapers and TV stations in the top 20 markets. It also approved 42 waivers to companies that own both types of holdings in the other markets, the majority of which (36) had been exempt from the ban because their ownership predated the 1975 regulations. 16

According to media reports, the vote was better positioned to withstand a court challenge or a congressional debate this time around, due to evolving media landscape in which fewer media companies are interested in keeping their newspaper holdings.

The lifting of the cross-ownership rule held special significance for the Tribune Company. It owns both newspapers and television stations in five markets, four of which are in the top 20, and has so far operated through FCC waivers. 17

In early 2007, the Tribune Company was sold to Samuel Zell, a Chicago investor best known for his real estate activities, who hoped to have his purchase approved and completed so he could take the company private by December 31 to avoid financial penalties.

In late November, the FCC gave the company a permanent waiver for its properties in Chicago and two-year waivers to cover its other four markets, effective January 1, 2008. The waivers saved the newly formed company more than \$100 million in compensation for the higher payments that would have been owed to shareholders to cover the rise in share price in 2008 (estimated to be 8 percent). 18

Even with the ruling, the Tribune Company, hoping for permanent waivers for all markets, filed a notice of appeal challenging the FCC's decision. According to the trade press, if Tribune loses its appeal, it still has the waivers. But if it wins, it could mean the cross-ownership rules as a whole get overthrown. The changes also affect other media companies, but to a lesser degree. Both News Corp. and Gannett benefit from the rule relaxation since they owned properties in the top markets, while Media General, which had four waivers for its properties in smaller markets, was given permanent waivers, much like Tribune. 19

The Top Local TV Companies by Revenue

For now, and for the foreseeable future, the local TV industry continues to be dominated by familiar names, as least as of 2006, the last full year revenues are available.

If we look at the top parent companies that year, three media conglomerates led the local television industry. News Corp., which operates nationally through the Fox Television group, continues to earn the highest revenues in the television sector. General Electric follows with its NBC stations and the CBS Corp. (formed after it split from Viacom in 2006).

Top Local TV Parent Companies by Revenue February 2008

Rank	Name of Company	Number of Local Stations it Owns
1	News Corp.	35
2	NBC/ GE	32*
3	CBS Corp.	31
4	ABC/ Disney	10
5	Tribune Company	27
6	Gannett	23
7	Hearst Corp.	26
8	Belo Corp.	23

9	Broadcasting Media Partners	69
10	Raycom Media Inc.	42
11	Sinclair Broadcast Group	58
12	Cox Enterprises Inc.	15
13	LIN TV	45
14	E.W. Scripps Co.	10
15	Washington Post Co.	6
16	Media General	22
17	Meredith Corp.	26
18	Gray Television	34
19	FoxCo Acquisition LLC	9
20	Sunbeam Television	3

Source: BIA Media Access Pro, February 21, 2008

Note: Companies ranked according to their 2006 revenues; *NBC/GE owns 10 NBC Television stations, one independent station and 16 Spanish-language stations through Telemundo.

Big Four Networks Dominate

When it comes to content, most U.S. television stations get programming from one of the Big Four networks — ABC, CBS, Fox and NBC.

These four companies make revenues not just from the local stations they own and operate (called “O&O”s), but also from the affiliates to whom they supply programming.

They do not, however, necessarily own a large number of stations. Among the Big Four, Fox (News Corp.) owns the most stations, 35. (Fox entered into a deal to sell 9 of these stations, and when the deal is complete, will have 26 stations.) The CBS group had 29 stations. NBC and ABC are next with 10 each. 20 The big station owners are groups like Broadcasting Media (with 69 stations), Sinclair (58) and LIN TV (45).

According to the BIA financial network database, there were more than 800 local television station owners in 2007, and as stations get bought and sold, and private equity firms enter the market, the number of players who want to be part of the local TV business seems to see no signs of slowing down.

Footnotes

1. BIA Financial Network, “BIA Financial Network Reports \$22.2 billion in 2007 TV Revenues; Predicts 11% growth in 2008 due to strong political year that will affect specific DMA markets,” BIA Press Release, January 10, 2008.

2. Mark Fratrik, “Five Reasons Why TV Stations Are a Good Buy,” BIA Perspectives (Newsletter), August 3, 2007.

3. Michael Malone, "Retransmission stalemate: no end in sight," *Broadcasting & Cable*, December 10, 2007; Jon Hemingway, "Sinclair Retransmission-Consent Deals Boost Q3 Revenue," *Broadcasting & Cable*, October 31, 2007
4. David Goetzl, "LIN TV: Builds Biz, Doesn't Sell," *MediaPost*, December 10, 2007.
5. Jon Hemingway, "Credit Crunch Slows Media Deals," *Broadcasting & Cable*, August 8, 2007.
6. Andrew Edwards, "Lincoln Sells TV, Radio Stations for \$683 million," *Wall Street Journal*, November 12, 2007
7. Associated Press, "News Corp. says it plans to sell 9 Fox-affiliated TV stations," *International Herald Tribune*, June 13, 2007; Michael Schneider, "Fox drops TV stations for Dow bid," *Variety*, June 13, 2007
8. George Avalos, "KRON-TV puts itself up for sale," *San Jose Mercury News*, January 10, 2008.
9. Chris Churchill, "Is TV Station on the Block?" *Times Union* (Albany, N.Y.), February 5, 2008
10. Michael Malone, "Heavy Layoffs at Young Broadcasting," *Broadcasting & Cable*, January 13, 2008.
11. Martin's proposal would allow a newspaper to own either a television station or radio station, but not both, in the same market. It would permit a newspaper to buy a television station only if the deal would leave at least eight other independently owned newspapers or television stations in the city. And it prohibits a newspaper from buying one of the top-four rated television stations in a city. It also states that there must be at least eight other "media voices" in the market as well. Frank Ahrens, "FCC Chief Offers New Plan on Cross-Ownership," *Washington Post*, November 14, 2007. Also, Corey Boles, "FCC Plan on Media Ownership May Ease Tribune Deal," *Wall Street Journal*, November 13, 2007.
12. "The Newspaper/Broadcast Cross-Ownership Prohibition (1975)," Federal Communications Commission Consumer Facts: <http://www.fcc.gov/cgb/consumerfacts/reviewrules.html>.
13. Kevin J. Martin, "The Daily Show," *New York Times*, November 13, 2007.
14. Stephen Labaton, "Few Friends for the Proposal on Media," *New York Times*, November 13, 2007.
15. John Eggerton, "Dorgan, Obama, Other Sens. Move to Block FCC Media-Ownership Vote," *Broadcasting & Cable*, November 8, 2007.
16. Amy Schatz and Corey Boles, "FCC Votes to End Media Ownership Rules," *Wall Street Journal*, December 19, 2007; Frank Ahrens, "Divided FCC Enacts Rule of Media Ownership," *Washington Post*, December 19, 2007.
17. If the rules are relaxed, the company could keep both newspaper and television holdings in its four top markets – Los Angeles, Chicago, New York and Miami – but would have to sell either its newspaper or television station in Hartford, Conn. See Jim Puzanghera, "Bad reviews pile up for FCC chief's plan," *Los Angeles Times*, November 19, 2007.
18. Stephen Labaton, "Few Friends for the Proposal on Media," *New York Times*, November 13, 2007.

19. Corey Boles, "FCC Grants 42 Waivers from Cross-Ownership Rule," Free Press, December 17, 2007.

20. Station tally as of February 2008; See ABC, CBS, NBC and News Corp. Web sites for updated figures. Please note that stations numbers reflect the company's holdings on the day we cull data, and may have changed by the date of publication of this report.

News Investment

News Investment

By the Project for Excellence in Journalism

As digital transmission, the most talked-about form of which is HD TV, moves closer to reality, the bulk of investment in local television stations appears to be on technology rather than in people to gather the news.

Even as news directors reported no significant change in salaries for 2006, more than half reported increasing their budgets. Many of those dollars were put toward newer distribution platforms and getting ready for the mandated transition to digital.

News directors also reported airing more local news, as well as sharing their content with other platforms, most notably, their station Web sites.

TV News Budgets

The increase in budgets to accommodate the digital investment comes, according to most evidence, after years of holding steady or cutting back on newsroom budgets.

More than half of news directors across all market sizes report increasing their budgets, according to the latest survey conducted by Robert Papper for the Radio Television News Directors Association. ¹

In 2006 (the latest year of data), 54% reported heftier newsroom budgets, a third (32%) saw no change and only 8% reported any decreases. This is a slightly more optimistic picture than the year before, when less than half of news directors (46%) reported increases and 12% saw budgets fall.

Responses also signal that unlike revenues, financial investment is spread out across stations and markets, not concentrated on the major players. The bigger variation comes in independent vs. affiliated stations. While most news directors across both groups reported budget increases (67% at independent and 57% at affiliated), more news directors of the independent or unaffiliated stations (33%) reported a decrease, while affiliated ones (30%) said budget levels had remained the same.

Where is the new money going? For the most part, newscasts and employees are being spread ever thinner, while the growing demands of the Web eat up any excess dollars in the budgets.

The Shift to Digital (HD) TV

One of the biggest areas of investment in the past few years has been in preparing for the mandatory switch to digital

transmission, in the short-hand referred to as HD 2. On February 17, 2009, full-power television stations in the U.S. are scheduled to stop broadcasting on their current analog systems and switch to digital television as part of a federal policy introduced in 1996. 3

Digital transmission means information is sent in encoded streams of data, rather than over radio waves, allowing for better quality, faster distribution and multiple digital channels in the same bandwidth that could previously hold just one analog channel. For television stations, this means multiple streams of data, and in many forms (audio, video or data). For example, a local television station could dedicate one stream to 24-hour local news, another to weather or sports and so on.

Newsrooms also are investing in new technology to do more with the same amount of people, and to meet the demands of a rapidly changing marketplace. New tools are needed to keep up with new distribution platforms and the transition to digital transmission.(See [Online Trends](#).)

Editing and graphics tools are helping journalists automatically repurpose content for diverse platforms – television, Web sites, podcasts and hand-held devices – with minimal technical training.

Local stations are buying software programs that can edit, add graphics and configure content for many platforms in one go, promising digital-quality data without affecting the station’s workflow.

A live production technology company, Ross Video, has developed a software system called “OverDrive” that includes robotic cameras, tape decks and graphics devices that help a station quickly institute newscasts. The company had installed this system in 60 stations, including the NBC-owned stations, by October 2007, and another 15 to 20 are in the works. 11 Other software examples include Apple’s Final Cut Studio, Avid’s Active Content Manager and the Multi-Platform Suite developed by Virzt, a graphics supplier. 12

According to trade publications, a station in a mid-size market will spend about \$5 million for the gear needed to switch to high-definition programming – an amount that might deter smaller stations but which is seen as an inevitable business cost to the stations that can afford it.

Large numbers have already switched or are in the process of switching to HD local programming. According to *Broadcasting & Cable*, more than 60 stations — most owned by the Big Four networks or by the larger television groups — produced local news in high definition programming in November 2007. By the end of 2008, all 39 CBS-owned- and-operated stations plan to be all-HD and Fox Television aims to move seven of its 26 stations to the new platform. 13

Amount of News on Local TV

One recent trend in local television has been to add the number of hours that stations air news.

If the audience for newscasts is declining, adding more daytime programming hours is a way to recapture those who might not be home during traditional news hours at night. That also is a way to add new revenue opportunities: If you cannot charge more for advertising when the ratings are down, or add more commercials into the programs you have, create new programs instead.

This year, we find that ratings for local news show no growth (see Audience) and that stations are adding newscasts at different times in the hopes of attracting viewers, something that might account for increasing hours.

The amount of local news aired in 2006 rose and indications are that it continued to rise in 2007. News directors of all local television stations who responded to the latest survey of the Radio Television News Directors Association reported airing an average of 4.1 hours of news on weekdays in 2006, up from 3.8 hours the year before.

Average Hours of News per Weekday

Year	Number of Hours
2006	4.1
2005	3.8
2004	3.6
2003	3.7

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors

There is reason to believe the growth will continue. The majority of news directors (75%) at independent stations said they intended to add more news in 2007. And more than a third (37%) of their counterparts at the network affiliates planned to do the same.

Combined with the staffing figures, the implication of more hours of news seems a familiar one. According to the Papper data, the local television news industry is once again looking at a scenario in which the amount of news being produced is growing much faster than the number of people producing it. This stretching of resources suggests problems. It tends, according to PEJ's earlier content work in local television, to translate into local newscasters relying more on syndicated material, non-local material, electronic press kits and anchor reads. 14

Sharing Newscasts

One major change in local television is that of stations producing news for rival stations. According to estimates by Papper, about 200 stations around the country now get newscasts from other stations. The number was close to zero only a few years ago, Papper believes.

That trend continues to grow. In 2006, a third of all news directors (37%) said they share content with another local television station – up from 21% the year before.

The growth seems to be coming from the increase in content-sharing beyond the usual sources – that is, Big Four affiliates or stations that operate in the biggest markets.

At non-affiliated commercial stations, half of news directors (50%) said they had shared content in 2006, compared to none the year the before.

Also, more news directors in the smaller markets (beyond the top 25) reported sharing content than the previous year. In the smallest market block, more than double the number of news directors reported this increase – 18% in 2006, up from the 7% the year before.

Staff Size

Over all, the staffing in local newsrooms is fairly stable. The average staff per station fell slightly, to 35.8, about one person fewer than last year's average (36.4.). But that number by itself may be slightly misleading. A big drop in mid-sized markets accounts for most of it. If one were to take the most typical staff size, or median, the number rose by two staffers in 2006.

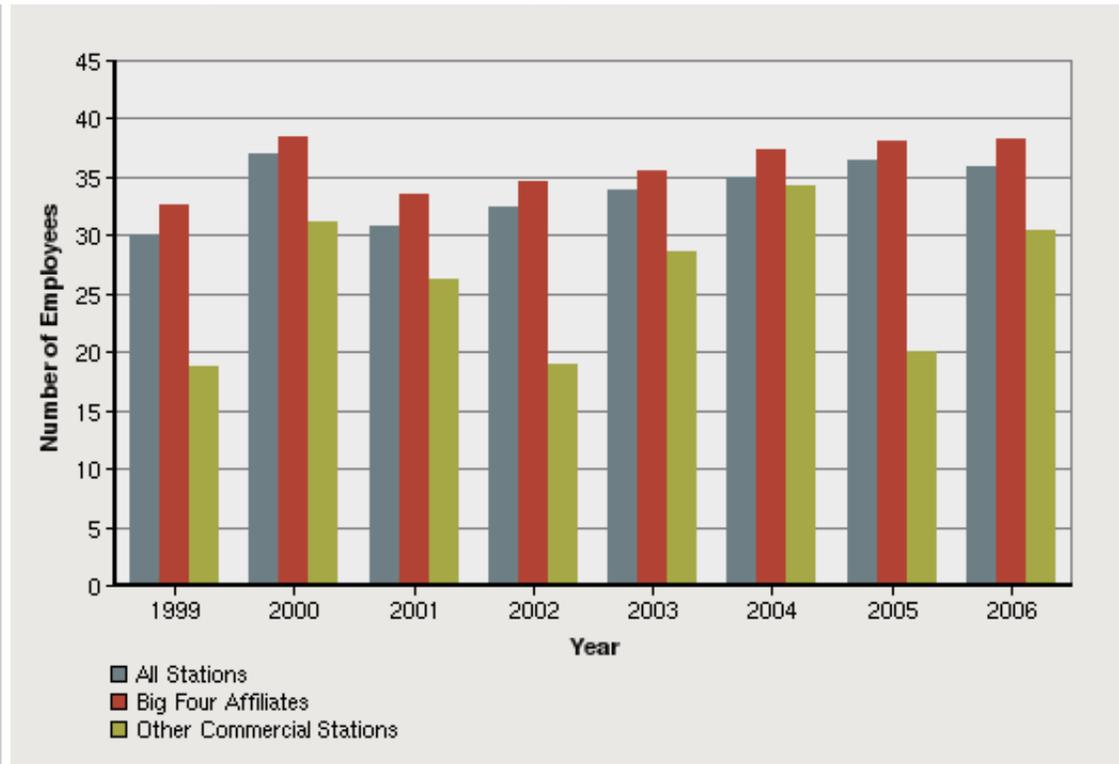
Stations affiliated with the Big Four Networks mostly held steady, averaging 38.3 full-time staffers vs. 38.1 in 2005.

Staffing at independent stations, according to the data, jumped in 2006, but very few independent stations took part in the survey, making the figures more volatile than those for other station groups. The average increased more than 50% to 30.5 full-time staffers, up from 20 in 2005. It brings the average staff back in line with 2003 and 2004 and goes a long way to close the gap with affiliates. It is quite likely that the 2005 number was an anomaly.

Part-time staff in local newsrooms had a slight increase. News directors reported an average of 5.2 part-time employees in 2006 compared with 4.7 the year before.

Local TV Newsroom Staff Levels

1999-2006, Average Number of Full-Time Employees



Design Your Own Chart

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors

The growth seems to have been more widespread among these stations than expected. Half (50%) of news directors at independent or unaffiliated stations increased staff in 2006, more than four times the number who had expected to the year before (12.5%). This seems to have overshadowed as well the fact that more news directors cut staff (25%) than had expected to (12.5%).

Changes in Staff Size

2006

	Increased		Same		Decreased	
	Planned for 2006	<i>Reported in 2006</i>	Planned for 2006	<i>Reported in 2006</i>	Planned for 2006	<i>Reported in 2006</i>
Big 4 Affiliates	34.5%	42.6%	56%	44.9%	3.2%	12.5%
Others	12.5%	50%	75%	25%	12.5%	25%

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors

For 2007, available predictions are that staffing will mostly hold steady. The majority (61%) of news directors plan no changes and only about 28% see an increase coming. Possibly more heartening for local news employees, only 5% plan cutbacks.

Salaries

If people are being asked to do more work, did it affect their pay? The answer, as it was the year before, is that local newsroom salaries in 2006 barely budged, rising less than a percent (0.6%), according to the television news directors survey. And a higher rate of inflation wiped out that minuscule gain. 15

Within the newsroom, the news director was best compensated, with a median salary of \$74,000, 16 slightly lower than the previous year's \$75,000. They were followed by anchors (\$60,000) and executive producers (\$52,000). Both positions saw a slight increase in median salary from the year before, when it was \$58,500 and \$49,500, respectively.

Following up on the 2005 trend, the average salary of a new hire (with no full-time experience) was \$22,000 in 2006, a slight improvement over the \$21,400 the year before.

Salaries over Time

Median Salaries, TV News, 2006 vs. 2005



Design Your Own Chart

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors

In the past decade, news directors have consistently had the greatest increases in salary. The salaries have grown by almost half – 47% — between 1996 and 2006 (in 1996, news directors reported a median salary of \$50,500).

Next in the salary hierarchy are on-air positions (news anchors, sports anchors and weathercasters), which, taken together, have had a 45% increase. For other management positions – assistant news directors, managing editors, executive producers and news producers – salaries have risen 32%.

Even though long-term trends indicate growth in salaries, the pace is not what it used to be, according to the survey's author, Robert Papper. When seen against the cost of living and inflation, television newsroom salaries have not amounted to an increase in real wages.

News for Other Platforms

Local television stations routinely provide content to other platforms, as well – notably their own or other Web sites, local radio stations and local cable news channels. And news directors report that this cross-distribution shows no signs of

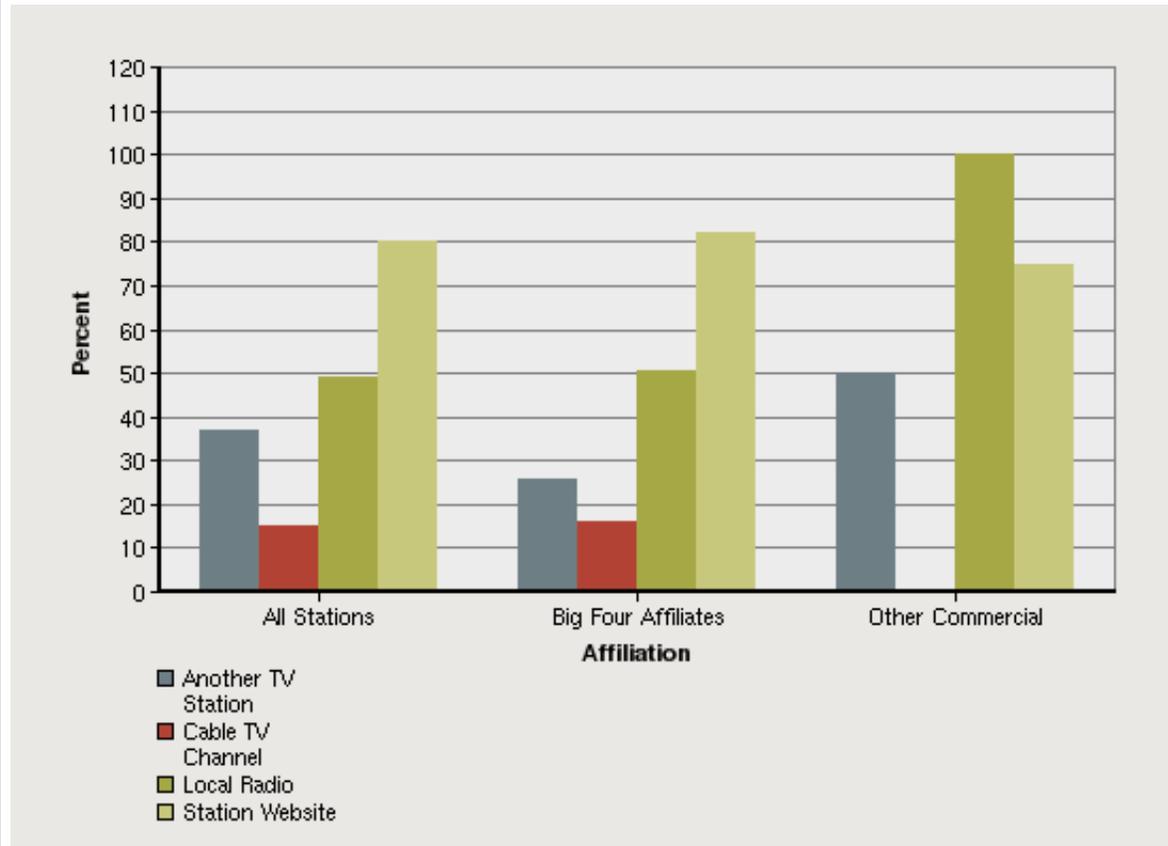
slowing down.

Fully 80% of stations in 2006 reported posting their television content online, the same number as the year before. And half of all stations (49%) reported sharing content with local radio stations, a 5 percentage point increase over the 44% that did so in 2005.

At the bottom of the totem pole are cable channels, which had less than 15% of news directors reporting any shared content in 2006, about the same as the 14% of the year before. None of the non-affiliated stations reported sharing their content with cable channels.

Other Outlets Local TV News Stations Serve

2006, by Affiliation



Design Your Own Chart

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors; Multiple responses accepted

Footnotes

1. The survey polled 974 television stations in the last quarter of 2006. Robert Papper, "News, Staffing & Profitability," RTNDA Communicator, October 2007, P.29. The universe of news directors is smaller, as is the number of stations that originate news.
2. HD technically stands for "high definition" as opposed to "standard definition" or SD. Both refer to digital transmission, but HD offers better quality picture, and is the more popular selling point for consumers.
3. The analog spectrum will revert back to the government in 2009, which hopes to use it for public safety applications or auction it to wireless services companies. For more information, see www.dtv.gov, the FCC's official Web site on the shift to digital TV.
4. Michele Greppi, "FCC Ruling Keeps Local Broadcast Stations on Analog Cable after Digital Transition," September 12, 2007
5. Jim Puzanghera, "Millions may miss the digital TV deadline," Los Angeles Times, March 28, 2007.
6. Ibid.
7. Brooks Boliek, "Digital TV divide in the air," Hollywood Reporter, January 31, 2008.
8. John Eggerton, "DTV-Education Campaign Values at \$697M: NAB," Broadcasting & Cable, October 15, 2007.
9. John Eggerton, "Stations, Cable 'Dual' Over Carriage," Broadcasting & Cable, September 10, 2007.
10. It does allow cable operators that have fewer subscribers or less bandwidth to get a waiver from this rule. Michele Greppi, "FCC Ruling Keeps Local Broadcast Stations on Analog Cable after Digital Transition," September 12, 2007.
11. Glen Dickson and Robin Berger, "In News, Money Talks," Broadcasting & Cable, August 13, 2007.
12. See Glen Dickson, "Newsrooms Go Multiplatform," Broadcasting & Cable, March 26, 2007.
13. See list in Michael Malone, "Stations Battle for Best Picture," Broadcasting & Cable, November 26, 2007.
14. See PEJ's Local TV News Projects, 1998 – 2002 (http://www.journalism.org/ra_by_media/55/61/%2A?page=1) and other Local TV studies on Journalism.org
15. Robert Papper, "Seize the Pay," RTNDA Communicator, June 2007, P. 18.
16. Because the big stations in the top markets can raise the average salaries out of proportion, the median salary is a better measure of typical newsroom salaries.

Online Trends

Online Trends

By the Project for Excellence in Journalism

All indications are that local television, challenged now by cable, satellite and mobile devices, is beginning to take the Internet more seriously.

What does it have to compete effectively in the new platforms? The answer being offered by the industry is local content.

Viewers and advertisers may be lured away from traditional broadcast by compelling gadgets, the thinking goes, but local stations have the crowd-pleasers — weather, news, sports and traffic — and are increasingly reformatting them for newer platforms.

The Internet

The evidence that the industry is moving more seriously to the Web is more than anecdotal now. For the second year in a row, the survey by Robert Papper of news directors found that nearly all stations have Web sites. In the last quarter of 2006, the survey found that 97% of local television stations have their own Web sites and virtually all of these (98%) include local news. ¹

And they continue to add more staff. According to the latest survey of local station Web sites, news directors had in 2006, on average, about four newsroom staffers dedicated to their station Web sites, with two working full time. ² This is about half a person more than they had reported in 2005 (which in turn was more than the year before). It still, though, represents a small fraction of the average newsroom size over all (see *News Investment*), which was 35.8 people in 2006.

Salaries for these digital-savvy positions were not far behind those of key traditional news staff (also see *News Investment*). In 2006, Internet specialists (whose primary responsibility is the Web site and who report to a news director) had a median annual salary of \$33,800, and graphics specialists earned \$29,500. These are slightly lower than salaries reported for 2005 (\$35,000 for Internet and \$30,800 for graphics specialists), possibly because more stations are adding the position, effectively bringing down the average. But over a five-year span, there was 13% growth for Internet specialists and 18% for graphics specialists.

Many local newsroom staffers are dividing their time between the Web and their more traditional roles. Four in ten (41%) of the news directors surveyed said newsroom staff also help on the Web, as compared to the 34% who had reported the same last year.

News directors themselves are also getting more involved. More than a quarter (26%) said they are now in charge of their Web sites entirely, not just the news content, up from 20% a year earlier, and only 7% have no role at all, down from 15%.

Much of the content on these Web sites is generated by the television newsroom: 80% of news directors reported sharing content with their stations' Web sites.

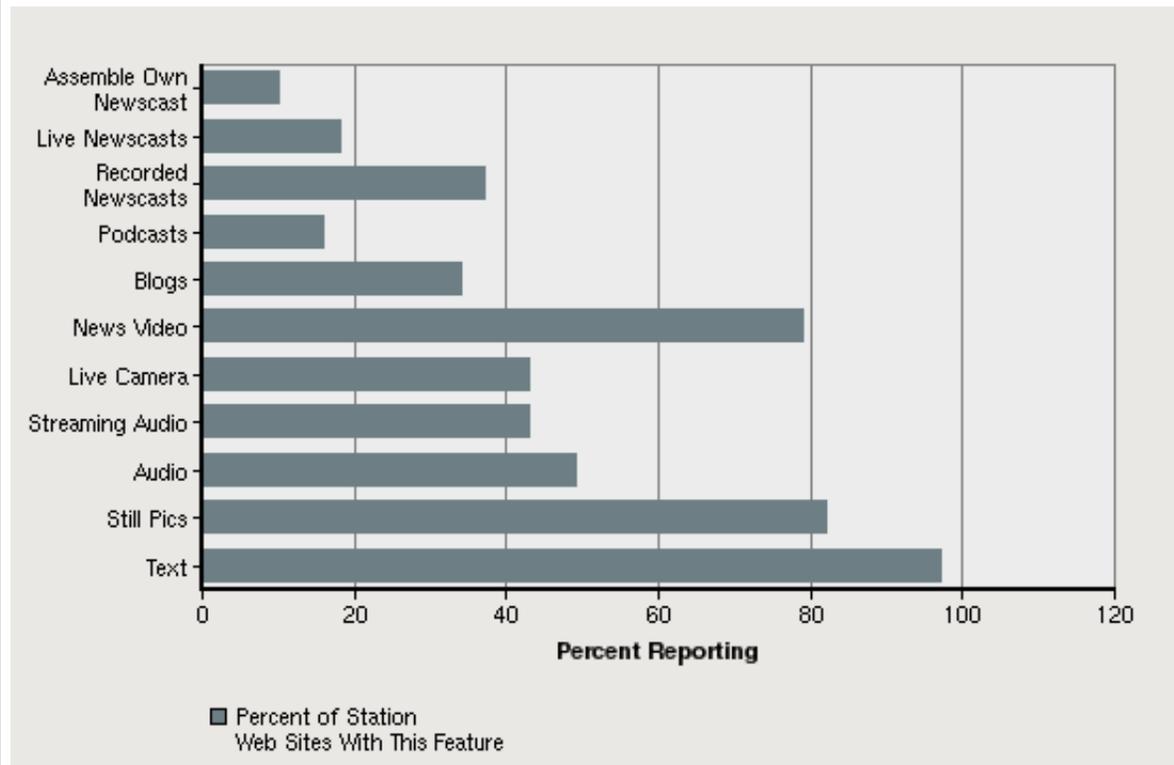
Like most other news media, the most popular feature is still text, which appeared on nearly all (97%) local station sites, according to the survey. Still photos came in second – 82% of all news directors reported posting them online – followed by news video (79%).

Those numbers reflect a fair amount of movement toward multi-media from even a year earlier. The number of stations reporting video grew 20% from 2005 followed by audio (14%), still pictures (10%) and live camera footage (5%). Over all, nearly half of the 974 local stations sites surveyed featured all of these multi-media elements.

In what could be a trend to watch, one in 10 news directors said their station Web site was assembling its own newscasts to offer the latest news developments online .

Local TV Web Site Elements

2006



Design Your Own Chart

Source: 2007 RTNDA/Ball State University Survey

Note: Based on survey responses of news directors

In 2006, more news directors also said their Web sites are making money, and this is true across all markets. But television stations lag behind other media outlets when it comes to online advertising revenues.

Local Television Web Sites

2006

	Making Profit	Breaking Even	Showing a Loss
All TV	23%	11%	17%
Market 1-25	27	7	17
Market 26-50	33	5	20
Market 51-100	17	15	19
Market 101-150	18	8	18
Market 151+	26	23	11

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors; remaining news directors did not know or could not comment on Web site profitability

The Online media research firm Borrell Associates reported in the Wall Street Journal in April 2007 that television's share of the online ad market is far behind newspapers or online-only media outlets. ³ Two months later, another Borrell report found television sites generating 1.5% to 3.5% of their revenues from Web operations (compared with newspapers at 3% to 8%). ⁴

While the money may still be small, local television companies are getting more aggressive about their online ventures – to whatever degree they can.

Hearst-Argyle, one of the top 10 largest broadcast companies in terms of revenue (*see Ownership*), was one of the few to take the lead in Web development. With 26 stations across the nation, all of which offer online-only local content, the company reported a 29% growth in Web traffic in 2006. ⁵

The 2006 profits were only the beginning. In June 2007, Hearst-Argyle entered into a revenue-sharing agreement with YouTube, the online video-sharing phenomenon owned by Google (*see Online Ownership*). For Hearst-Argyle, the deal provides a ready-made, far-reaching distribution platform for its content; YouTube gets content that will pull in more paid advertising.

By November 2007, all 26 Hearst-Argyle local stations could stream content to a dedicated channel on YouTube, which offers current news, weather, sports and archived stories. For example, on its YouTube page, Baltimore station WBAL-TV, a Hearst-Argyle station that is an NBC affiliate, streams online videos of its on-air broadcasts and provides a link to the station's own Web site. ⁶

The deal marked the first time a television station would be paid by YouTube for content. The two sides would not

disclose the amount of the payment, but it was understood that both sides would divide the money made from advertisements. According to the Hearst-Argyle's former executive vice president, Terry Mackin, the deal was a way for the company to "expand distribution for our content and to broaden our reach beyond the boundaries of our media markets." 7

Other partnerships

The relationship between the video-sharing sites and traditional big media has been complicated, characterized by broken deals and odd bedfellows. Since 2006, CBS has been in a partnership with YouTube to sell ads and split the revenue. 8 Meanwhile, CBS' former sibling, Viacom, sued Google in March 2007 for copyright infringement over its programming showing up on YouTube and is seeking more than \$1 billion in damages. 9 NBC Universal also took a shot at a video-sharing deal with YouTube in 2006, but pulled out in October 2007 and teamed up with News Corp. to create its own rival site. 10

Other local broadcasters also are taking their content and local television brand online, although not on the same scale (see *last year's report* for deals in 2006). WCAU-TV, an NBC station in Philadelphia, started a dedicated Web site (DigPhilly.com) in April 2006, offering local information, classifieds and video sharing. In Nashville, WKRN-TV, owned by Young Broadcasting, set up specific topic blogs such as health, education, music and politics.

Going Mobile

To what extent are local stations climbing onto the newest video platform — cell phones? Heading into 2008, there is evidence this has begun in earnest.

In April 2007, local stations joined forces to take advantage of two growing trends — the rise in cell phone use and the impending shift to digital television (*see News Investment*). The Open Mobile Video Coalition 11 was formed with a mandate to bring over-the-air broadcast programming to mobile phones and other hand-held devices by February 2009, the month that stations switch over to digital transmission.

The coalition includes almost 800 local stations and nearly every major station group in the U.S. and has the support of the broadcasting trade body, the National Association of Broadcasters. It plans to use the digital television spectrum to transmit live video and data, without being limited to cellular networks.

The ambitious plan involves technical challenges and heavy investment. But distributing content over hand-held devices also provides local television with a new avenue for advertising and subscription revenues, although exactly how much that might translate into is still unknown.

Take the mobile news market alone. Though it remains niche, cell phones are becoming an increasingly popular way for Americans to access online news, making it a potentially lucrative business for advertisers and content providers (for top mobile news sites, *see Online Chapter*). According to a study by Internet research firm eMarketer, "mobile information content" was a \$1 billion business in 2007 (distinct from spending on mobile entertainment) and is expected to grow to a substantial \$7.5 billion in just three years. 12

While the small screen represents a new frontier for local television, there's a sea change ahead for the bigger one.

Footnotes

1. The annual Radio and Television News Director's Association survey was conducted in 974 local stations in the last quarter of 2006. Only one station in the survey did not have news content on the Web. Robert Papper, "Net Worth," RTNDA Communicator, May 2007.
2. Ibid, p.12.
3. Television had a 7% share in 2006, compared to the 36% share of newspapers and 38% share of "pure play" outlets (those that have no traditional media affiliation), Brooks Barnes and Emily Steel, "Lagging online, TV stations get moving," Wall Street Journal, April 11, 2007.
4. Gavin O'Malley, "Borell: Local Online Ads Climb 31.6% This Year," June 5, 2007.
5. Brooks Barnes and Emily Steel, ibid.
6. J. Max. Robins, "New, Old Media Team Up," Broadcasting & Cable, June 4, 2007.
7. Michael Malone, "Hearst-Argyle Launches More YouTube Channels," Broadcasting & Cable, November 1, 2007.
8. YouTube Press Release, "CBS and YouTube Strike Strategic Content and Advertising Partnership," YouTube.com, October 6, 2006; Anne Becker, "CBS Launches YouTube Channel," Broadcasting & Cable, October 18, 2006
9. Jeremy W. Peters, "Viacom Sues Google Over YouTube Video Clips," New York Times, March 14, 2007.
10. Kenneth Li, "NBC Universal Removes YouTube Channel," Reuters, October 22, 2007.
11. The coalition was incorporated formally in October 2007.
12. Glen Dickson, " Mobile TV Takes Flight," Broadcasting & Cable, November 12, 2007.

Charts & Tables

Charts & Tables

AUDIENCE

Average Early Evening News Ratings

Average Early Evening News Share

Average Late News Ratings

Average Late News Share

Average Morning News Ratings

Average Morning News Share

ECONOMICS

- Average Station Revenue
- Average Station Revenue by Market Size
- Average Station Revenue Growth
- Average Station Revenue Growth by Market Size
- News as a Percent of All Station Revenues
- Local TV News Profitability
- Local TV News Profitability by Market Size
- Local TV News Profitability by Network Affiliation
- TV Revenue from Political Ads

OWNERSHIP

- Number of Stations Held by Top Companies
- Top 10 Local TV Stations
- Total Parent Revenue of Top Companies
- Total Value of TV Station Acquisitions
- Transaction Value of TV Station Sales

NEWS INVESTMENT

- Average Hours of News per Day
- Average Hours of News per per Day by Market Size
- Local TV News Budgets by Market Size
- Local TV News Budgets by Network Affiliation
- Local TV Newsroom Staff Levels
- Local TV Newsroom Staff Levels by Market Size
- Other Outlets Local TV News Stations Serve
- Salaries Over Time

Online Trends

- Local TV Web Site Elements



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Magazines – Intro

Intro

By the Project for Excellence in Journalism

The change signaled by the biggest news magazines as they headed into 2007 has begun, but it will require more time to judge whether it represents genuine change or just a pause along the way of decline.

The two leaders, Time and Newsweek, both took what they called bold steps in 2007. Time made good on its announcement to change its publication date and cut its circulation numbers to draw in more advertisers and move more of its news online. Newsweek quietly did the same. Time overhauled its Web site and print product. Again, Newsweek forged ahead, breaking away from MSNBC.com, and calling its print changes “refinement more than a revolution.”

But an examination of the content in those magazines shows relatively little change so far. And 2007 numbers only show more of the declines in ad pages and drops in circulation that have marked the industry for the past decade.

The strategies may take some time to yield results. But, meanwhile, competition continues to grow in the form of an expanding online media and even print magazines, such as The Week, that are grabbing readers.

How low will the circulation numbers fall? How many times can a magazine and Web site be redesigned? The two dominant players may have to reassess their experimental efforts to keep both advertisers and readers.

For U.S. News & World Report, nothing ventured turned out to be nothing lost. The No. 3 news magazine continues to stand apart from its rivals in holding steady on its circulation strategy and bypassing a softening and broadening of coverage in favor of national and international affairs. Its revenue numbers are moving slowly, but in the right direction.

Two alternative newsweekly rivals, The Week and The Economist, attracted more advertisers and readers in 2007 and look to grow that already healthy readership. The Week does it by replaying material from others, The Economist with an elite analysis of the week’s news and larger trends, reminiscent of an old Time magazine.

We may be witnessing in news magazines what we have seen in other industries such as automobiles: A world with more competitors, with different approaches and styles, creating a pie with more even-sized slices.

News Investment

News Investment

By the Project for Excellence in Journalism

The trend lines at the two biggest news magazines in recent years have traced different paths. The newsgathering resources at Time have been shrinking. Newsweek, the smaller of the two, has bounced up and down.

In 2007, those trends continued.

Time made further cuts, reducing its staffing to new lows and replacing those people with high-profile opinion columnists, and shifting resources to the Web.

Newsweek, although it is harder to gauge, appears to be holding steady and making fewer changes in personnel.

U.S. News and World Report, stable for the past two years, saw a marked drop in 2007.

All this stands in contrast to a fourth entrant in the newsweekly competition.

The Week, a digest of accounts from other news sources, has editors but no reporters. It is built on the implicit notion that the news is now a commodity in such large supply that distilling it, rather than gathering it, is the key task.

Using the same measures we use for Time and Newsweek (counting staff box personnel that are involved in the week-to-week editorial production), The Week's staff count would be 20. And that's a deliberate move on the part of its publisher, Felix Dennis. "The American magazine industry has been massively overstaffed for years," Dennis told the New York Times. "It is one of the most inefficient industries in the history of the world. And you know what? The chickens are coming home to roost." 1

The biggest question heading into 2008 for news magazines is what is the relative value of reporting, distillation and analysis and commentary? And what role in those three tasks does a fee-based print magazine play vs. its free companion online?

Staffing at Time and Newsweek

As a part of a steady decline since 1983, the first year for which PEJ has data, total staff at Time in 2007 dropped below 200 for the first time.

Over all, its staff box included 181 people who put out the magazine week to week. That is down 20% from the 2006 figure of 226. That is a particularly steep decline compared with previous years, which mostly saw drops of around 10%.

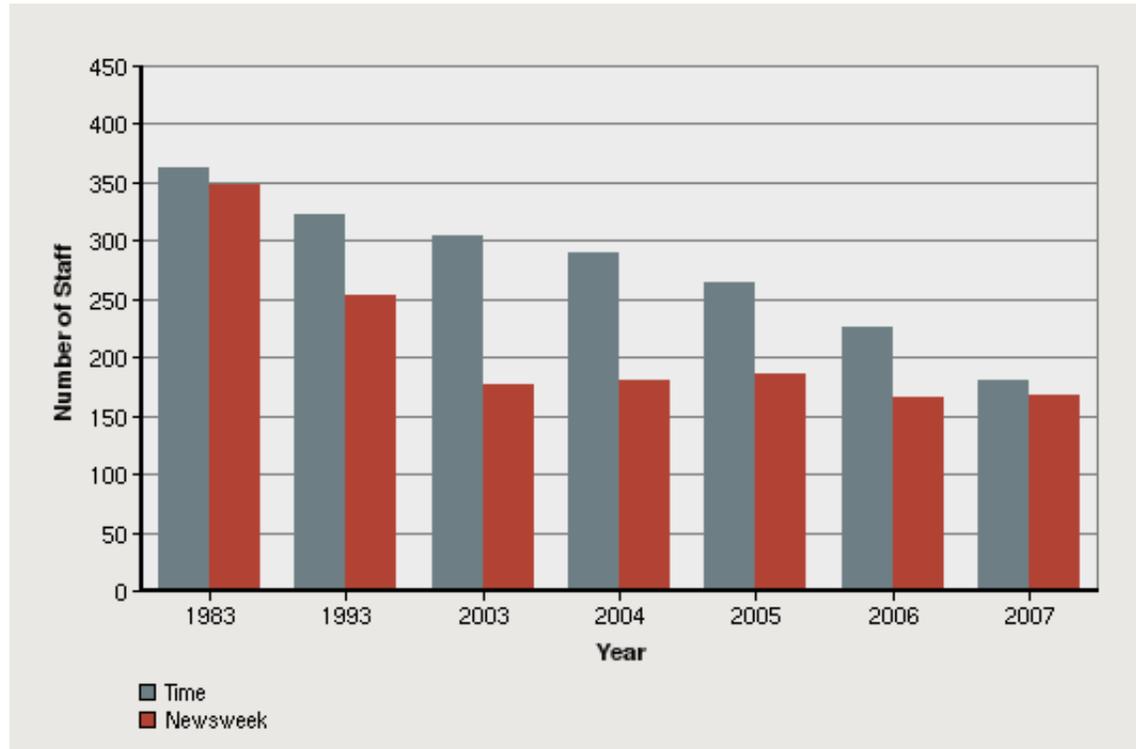
The biggest hits came in correspondents, which dropped to 31 from 48. The number of staff writers and senior writers each fell by four.

The figures did not come as shock to anyone who follows the industry. The magazine had announced it would

eliminate 50 jobs across the business and editorial departments and close some bureaus, as it took a new approach to its content: analysis in the printed magazine and coverage of events on the Web site. The numbers by this count come in under that.

News Magazine Staff Size Over Time

Time and Newsweek Select Years, 1983-2007



Design Your Own Chart

Source: Project for Excellence in Journalism, from magazine staff boxes

And, according to the staff counts, the magazine indeed augmented its commitment to its Web site. The number of people listed as working for Time.com doubled, from seven to 14.

At Newsweek, tracking staff is even more complicated. The last staff box to appear in the magazine was in the June 4 edition, and, since that is the only reliable way to track news staff changes at the magazine, it is difficult to get a clear picture of where the publication was headed as of the end of 2007.

The June figures suggest a small increase of three people. That followed a steep decline in 2006 after two years of modest increases. Wherever the magazine may be heading into 2008, the up-and-down numbers suggest that it is

relatively close to the staffing level it wants to maintain. The longer-term trend shows a bumping along between a staff of 176 and 168 over the past five years.

It is also noteworthy that unlike Time, Newsweek does not separate out its Web site staff. Other than a managing editor, Newsweek does not yet list any employees of Newsweek.com, which, although based in New York, is part of Washington Post Newsweek Interactive (www.wpni.com), with offices in Arlington, Va. It is worth watching, once Newsweek again publishes a staff box, whether it decides to reflect the 2007 redesign of its Web site.

U.S. News, according to figures supplied by the magazine, saw its editorial staff fall to 168, down by 20 from 2006.

Correspondents and Bureaus

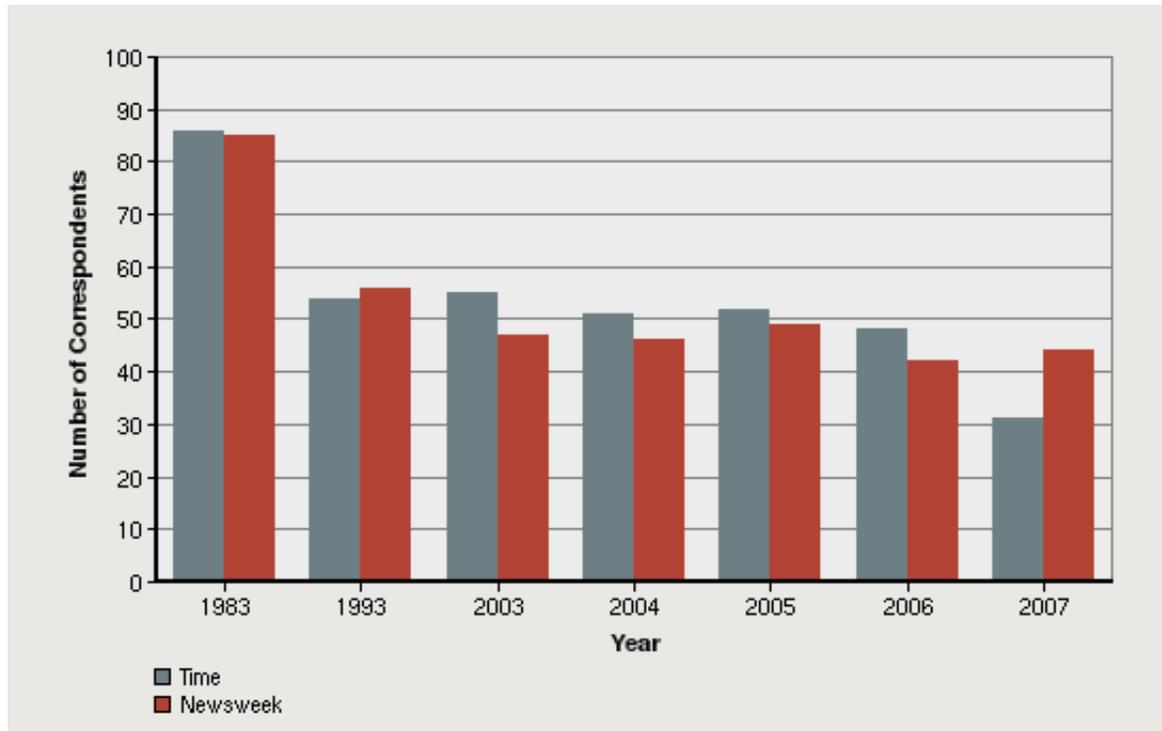
One major change over the past year lies in the number of correspondents Time and Newsweek place in bureaus.

For the first time since this report has tracked staffing at the two magazines, Newsweek's staff accounting lists more people in its bureaus than Time – and by a fairly sizable margin, 44 vs. 31 – at least as of June 2007. For all other years that PEJ has data, except 1993, Time's bureau staff outnumbered Newsweek's. In 2006, the two were fairly close, with Time having 48 staffers in its bureaus to Newsweek's 42.

Time's cuts came through both a reduction in bureaus (see below) and a reduction in the number of staff in those bureaus. For instance, the magazine cut by one its staff in its Hong Kong and Beijing offices.

Number of Correspondents in Bureaus Over Time

Time and Newsweek Select Years, 1983-2007



Design Your Own Chart

Source: Project for Excellence in Journalism, from magazine staff boxes

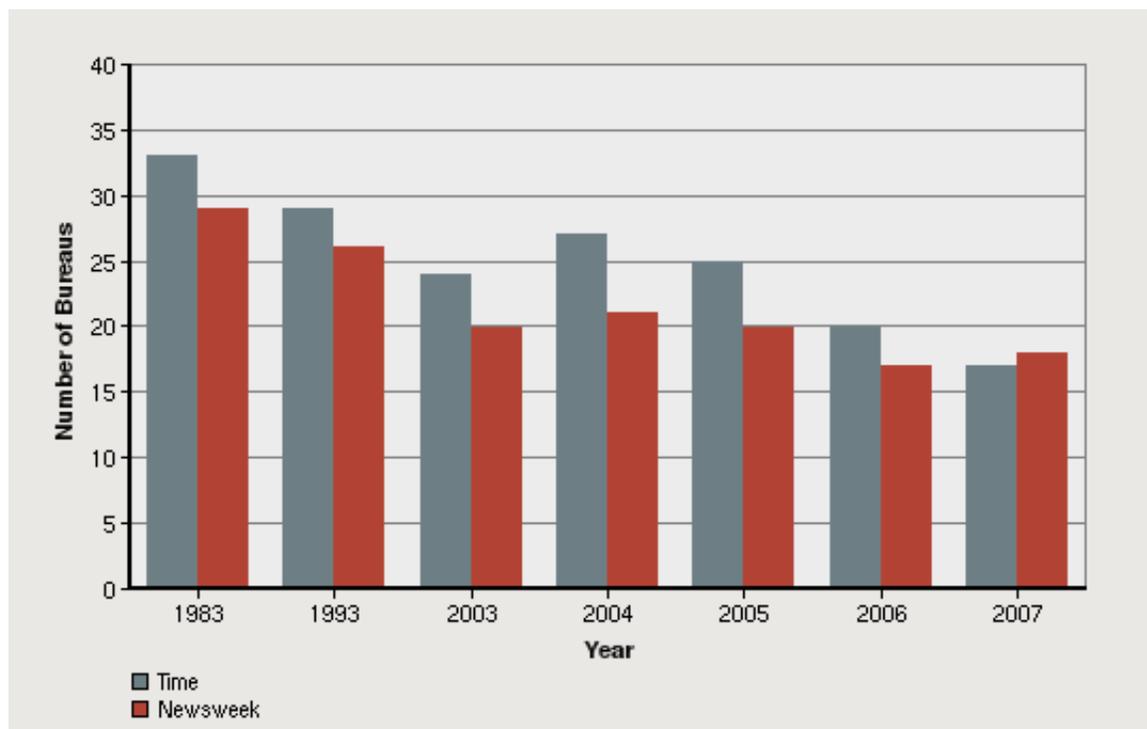
Time also shuttered offices in Chicago, Dallas, Los Angeles and San Francisco. The closing of domestic bureaus resulted in 13 fewer staffers in 2007, a reduction of almost 30%.

At Newsweek, bureau staff climbed to 44 from 42, and with one noticeable addition – the creation of a bureau in Cape Town, South Africa.

The location of the bureaus, however, suggests something more nuanced than simply cutbacks. Time, at least at the moment, is more international.

News Magazine Bureaus Over Time

Time and Newsweek Select Years, 1983-2007



Design Your Own Chart

Source: Project for Excellence in Journalism, from magazine staff boxes

Newsweek has one more bureau over all, with 18 compared to Time's 17. But as of December 2007, Time had 14 bureaus internationally to Newsweek's 11. Time also has fewer domestic bureaus (three to Newsweek's seven). In particular, Time was alone in having bureaus in three countries: India, Germany and Egypt.

It is unclear as yet whether this bigger global footprint is part of Time's new strategy or the vestiges of a once-extensive bureau network. As the magazine goes forward with its online focus, this question may be answered.

Contributors

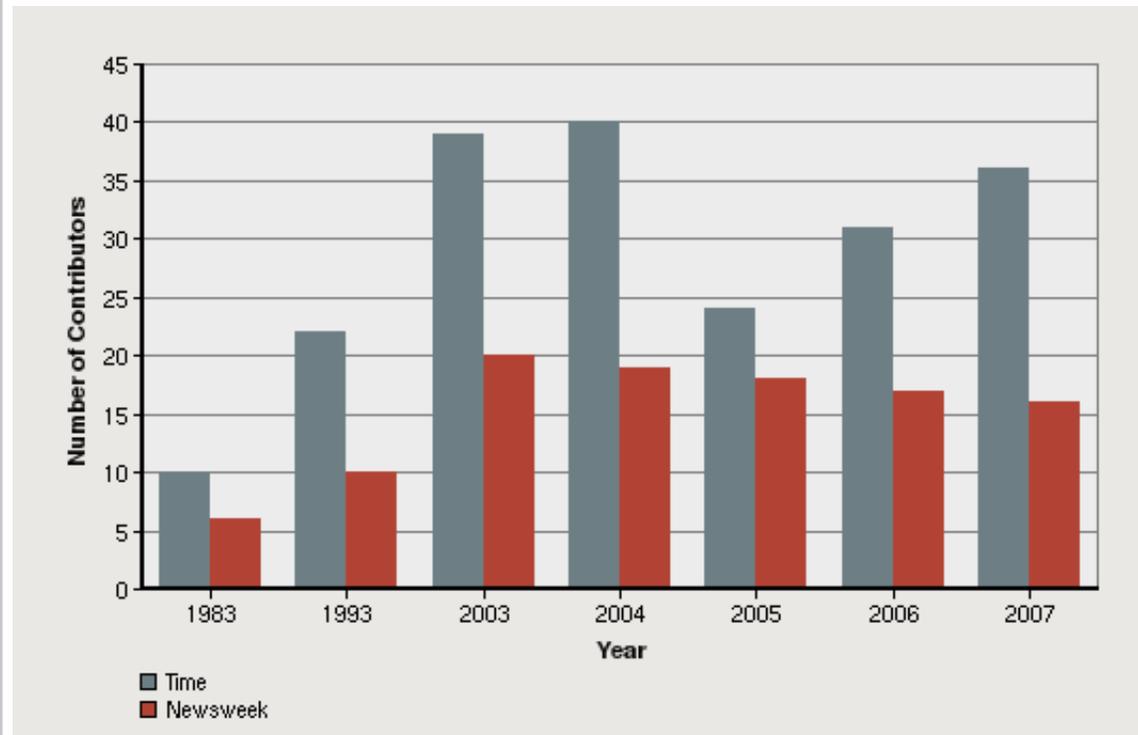
News magazines can use the Contributors or Contributing Editors listed in their staff boxes in different ways. Sometimes magazines use the category as a way to bring in celebrity names (well-known journalists, professors, doctors, etc.), who add cachet to the magazine's reputation and write occasionally. Contributors also might be former staffers who, whatever the reasons for their departures, may still contribute pieces from time to time.

Time and Newsweek had tended toward different approaches.

Time primarily had tapped well-known outsiders. Newsweek leaned toward former staffers. Following Time's staff cuts in 2007, that began to change.

Newsmagazine Contributors Over Time

Time and Newsweek Select Years, 1983-2007



Design Your Own Chart

Source: Project for Excellence in Journalism, from magazine staff boxes

The number of contributors for Time grew by five to 36, but several of those new faces moved from elsewhere in the staff box, former full-time employees moved to this new part-time status. Contributor Cathy Booth Thomas, for instance, used to be in the magazine's Dallas bureau, while new contributor Douglas Waller had been a senior correspondent.

Thus this could be a signal of cost cutting. Or moving these names to the Contributors area may signal the magazine's desire to let them write (contributors usually write essays or special pieces in a particular area where they have knowledge) and keep their voices as a part of Time. Bringing more writers' voices to the magazine – with a less uniform style for the magazine over all – was described as a goal in Time's redesign and Web re-launch. The test will be how many of their bylines show up in the magazine's pages and Web site.

Time did lose two neoconservative voices in December 2007 with the exodus of columnist William Kristol, editor of the Weekly Standard, and the Pulitzer Prize-winning writer Charles Krauthammer, an occasional but long-time Essay

contributor. Kristol, who was introduced into the commentary pages just 11 months earlier as a star columnist, and Krauthammer both were staunch supporters of the Iraq War.

Newsweek's Contributing Editor area remained essentially unchanged, with only one name dropping out, bringing the total to 16.

What seems clear is that the days of news magazines with extended bureau networks, at least for the time being, is over. And the other constant, the notion that Time, whatever else its differences with Newsweek, had more boots on the ground, appears to be a thing of the past.

Footnotes

1. "A Magazine Challenges the Big Boys," David Carr, the New York Times, November 26, 2007.

Online Trends

Online Trends

By the Project for Excellence in Journalism

The online magazine revolution, evidenced in 2006 with Web site redesigns for both Time and The Economist, played out slowly in 2007.

In October, Newsweek formally ended its seven-year distribution agreement with MSNBC to become a stand-alone Web site. The Week launched its new site, which applies its weekly aggregation model to the daily news cycle. Even the New Yorker, the venerable book dedicated to long-form journalism, re-launched its site in February, adding animated cartoons and blogs. The redesigned sites took different approaches to pay-for-content, with Newsweek and the New Yorker making everything free and The Week putting its current issues behind a pay wall.

In short, magazine owners still struggle with how to incorporate the Web into their business and content plans. To what extent does the print product refer people to the Web site for additional information? And does the Web site in turn recruit subscribers to the print version? Heading into 2008, the only thing they seem to agree on is the need to somehow incorporate the Internet, and blogs in particular, into their magazines.

How the move to the Web ultimately shakes out for news magazines is foggy. How different do their online personas have to be from their print personalities? What is the proper mix of new Web-only content and print content? And how will magazines handle the free-vs.-fee content debate?

While most of these questions still linger, a few things seem clear.

It's taken a while, but news magazines have decided that blogs and a more casual approach have a place on their sites. This is particularly noteworthy for a medium that prides itself on strong identity.

And while the picture of how magazines fit onto the Web is still fuzzy, as of 2007 the audience numbers seem to indicate there will be a place for their content in the digital world.

What's New for Newsmagazines

HOME THE MAGAZINE INTERNATIONAL EDITION LOGIN / REGISTER

Newsweek

NEWS POLITICS TECH / BUSINESS CULTURE / IDEAS HEALTH VOICES SITE GUIDE

Decision Tuesday

Interactive: Primary Map Blogs: Stumper | The Ruckus | Fineman

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Newsweek.com: In September, the Washington Post Company, which owns Newsweek, announced that the magazine's Web site would be breaking away from MSNBC.com. Newsweek.com would continue to share content with MSNBC.com, the Post announced, but the magazine would take more control over advertising and content. The move appeared to be in line with the Post's larger corporate goal of investing in its Web sites to attract advertising revenue lost at its flagship newspaper and at Newsweek. ¹

The net result was a new Web address, www.newsweek.com, and a revamped look that greatly resembled ... the redesign of Time magazine's site in late 2006. As of late November, the dominant graphic feature is a photo box on the upper right of the page that rotates through five images and stories – like Time's. The red banner across the top of the page mirrors Time's as well. And, of course, there are blogs by Newsweek writers.

There is video on the upper right along with two other tabs for photos and audio, some of it from Newsweek, but most (at least early on) appears to be Associated Press video of big breaking stories. Conventional Wisdom, the Newsweek franchise featuring up and down arrows charting the week's winners and losers, followed by pithy comments, has a prominent place on the home page – and its own page inside the site with a long list of topics.

Perhaps most significant, the content on the home page is refreshed every day, not just recycled from the magazine.

This was true with Newsweek's old site as well, but there is more of it now.

One noteworthy feature is a Recent Magazine link that takes users to a page where they can scroll through previous issues of the magazine (iPhone-style, with big cover images) and read cover stories going back many months.

Newsweek did not use its redesign as a chance to pursue a pay-for-content approach. As seems to be the trend with many news outlets, all the items on this site are free – including the week's magazine contents.

TheWeekDaily.com: As it has done since its inception in 2001, The Week has gone in a different direction with its site redesign, judging by our inventory of it in February 2008. The overall look is sparse. The visual elements are subtle – no giant photos here. If one thing dominates the page, it is text. The lead items from the day, aggregated briefs citing other publications, are teased with a few lines of text and a small photo.

There are also two text-only business shorts teased on the front. Farther down the pages, small square photos and headlines link to Arts & Leisure items. The banner across the top of the page is also fairly minimalist — just “The Week Daily” in black and gray on a white background and a red line underneath.

There is one bigger difference here, though. Daily content is free to all who come to the site, but if you want to read the magazine online you will have to pay. Next to those lead items is a blue box with the headline “For Our Print

Subscribers” that offers headlines from the week’s print magazine. “Subscribers,” the site says, “have access to all the content from the current issue, plus a full searchable archive.”

Why the difference? Unlike Time and Newsweek, The Week is having no problems getting people to purchase its hard-copy version. In fact, its subscriber base is growing and it is not eager to tamper with those numbers. The Economist, which is also seeing subscriber growth, uses the same mix of free and pay on its site.

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COMMENT

Smoke on the Water: David Remnick on France's next President.

BLOGS

Going On: A goddess returns, mourning a monster, and more.

Sasha Freire-Jones on Jia Motta and Duff Punk.

Dana Goodyear rejoices in a literary critic's revival.

Heidekl Hertzberg leaves from Roger Aspell.

Barbara Smaller takes over the cartoon blog.

MORE BLOGS

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View the table of contents.

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THE STYLE ISSUE

REFLECTIONS

SECRET SKIN

BY MICHAEL CHABON

The one time I felt my soul to be in danger was the Sunday Mr. Specter raised the ethical problem of escapism, particularly as it was experienced in the form of comic books...

AUDIO: CHABON
ART SPIEGELMAN ON PLASTIC MAN (1999)

COMMENT

SMOKE ON THE WATER

by David Remnick

Who lost France?

REMNICK ON GABRY KASPAROV (2007)

THE FINANCIAL PAGE

HOME ECONOMICS

by Jesse Starvicki

The perils of homeownership.

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THE OTHER OBAMA

BY LAUREN COLLINS

Reexamining the role of the political

MAGAZINE: Covers for March 10th, March 3rd

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THIS WEEK: Homeowners, superheroes, "Oursip Ouf"

RECENT: Carter; Warehouse, national thinking

WRITERS: Oldwell, Hersh, Mead, Singer, more

TOPICS: Iraq, campaign '08, film, life, books, food

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NewYorker.com: As the world of Web 2.0 took off, it looked like the New Yorker was left in the dust. Yes, there were online archives and the editors would occasionally make old pieces available free (and even feature them) if those pieces were thought to have significance to current events. But the Web pages, with their left side for navigation and right side for ads, left little room for text. And the columns for text very much evoked an online version of the print product, not a new Web identity.

The new NewYorker.com, going by our February inventory, is much more a creature of the Web – even the butterfly that Eustace Tilley studies through his monocle is animated. Navigation has moved to the top of the home page, leaving more room to display content. And the dominant color is white, giving the pages an airy, open feel.

The site offers audio podcasts and a slate of blogs, some by staffers and some by contributors (and some simply links to contributors' off-site blogs). The magazine also took the opportunity to animate some of its famous cartoons, with

mixed results – the humor of one-panel New Yorker cartoons may not translate well to 30 seconds of animation.

While the blogs on the site (which cover everything from politics and foreign affairs to pop music and life on the West Coast) are intended to give it a fresher feel, this is still the New Yorker – where thoughtfulness counts more than speed. In other words, blog authors here are not under orders to write something fresh daily. Days can go by without an entry.

More important, the New Yorker has largely gone with the free-content option on its redesigned site. Some articles are held back, but much of the magazine is available to online users free of charge. Still, that fact that the New Yorker does not post some content is interesting in that it also is still gaining subscribers.

It seems that the Web model for magazines is if your print publication is doing well, don't offer all of your content free online.

The screenshot shows the homepage of TheAtlantic.com. At the top is a blue navigation bar with the site logo and links for 'THE MAGAZINE', 'ARCHIVE', 'VOICES', 'THE CURRENT', 'ELECTION '08', 'MULTIMEDIA', and 'SUBSCRIBE'. Below the navigation bar is a search bar and a 'GO' button. The main content area features a featured article titled 'Crying Wolves' with a large illustration of two anthropomorphic characters. Below the illustration is a 'COMMENT' section with a short article snippet. To the right of the main content is an 'ATLANTIC VOICES' section listing several authors and their recent articles, including Andrew Sullivan, Matthew Yglesias, Ross Douthat, Megan McArdle, and Marc Ambinder. At the bottom left, there is a 'SPOTLIGHT' section with a link to 'Where Hillary's...'. At the bottom center, there is a section titled 'IN THE MAGAZINE' with a link to 'Click Here for the March 2008 Table of Contents.'

TheAtlantic.com: It did not get near the volume of press of its competitors, but the Atlantic did redesign its site.

Like the New Yorker, it moved a navigation bar to the top of the screen, under the header. The site also added a new set of (yes) blogs, with the goal of “pursuing the truth through collegial combat among bloggers who have different points of view.” And the home page features a sequence of five photos that rotate and link to stories.

With its changes, the home page of the new TheAtlantic.com (formally renamed from The Atlantic Online) looks pretty

much the same as Time.com or Newsweek.com – minus much of the clutter. There is even a video link featuring original content, generally a longer-form piece of at least five minutes.

Going its own way, TheAtlantic.com has abolished its tiered-content system and offered all of its content free online (the New Yorker does not require subscription for online content, either, but not all of its print articles are available online). The Atlantic, taking advantage of the literary bounty it has amassed as the nation's oldest news magazine, has made some of its archives free as well, offering articles from writers like Mark Twain.

The Atlantic's goal, one that many publications are moving toward, is to establish an online identity separate from the print magazine. James Bennet, the Atlantic's editor, told the New York Times that the magazine's Web site "functioned for too long as just a marketing arm for the print magazine, rather than a publication in its own right." This revamp is an attempt to redefine that identity. 2

Web Economics

What the Web will mean for the news magazines' bottom lines is not clear, but the early numbers are not promising.

Advertising Age magazine ranked the top 25 magazines in percentages of "overall digital revenue" for 2006 (the last year for which Ad Age has figures) and found only one news magazine – Newsweek – which tied for last.

On the surface that number still sounds somewhat promising — at least one magazine is in the top 25. But only 5% of Newsweek's total revenues came from digital in 2006. Newsweek's parent company, the Washington Post, is seeing better digital revenue numbers – about 11% — from its newspaper division's Web site, washingpost.com.

What kinds of magazines are successfully mining the Web? First, those that target niche audiences. The leader is Entrepreneur, a magazine aimed at helping people start and grow small businesses, with 33.3% of its revenues coming from digital. Magazines that feature pay-for-content areas also do well – Consumer Reports has the second highest portion of online revenues at 33%.

Business publications also score online revenue. Fortune, Fortune Small Business and Money all were in the top 25, each pulling in 12.5% from digital.

While it is too soon to see an impact on Newsweek's digital bottom line — its restructuring and redesign took place only in the third quarter of 2007 — Time's changes have been in place since early 2006. And the early results have not been good.

As part of its new focus in 2006, Time Inc., and Time magazine in particular, announced its intent to become a "multi-platform content company." The magazine cut back its rate base (the number of print subscribers it promises advertisers) to improve audience measurement and increase visitors and advertisers. Through the first two quarters of 2006, though, online ad revenues at Time grew only 1%.

Some analysts defend the company, arguing that it is still recovering from its decision to give AOL control over its Web sites following the Time Warner-AOL merger in 2001

Time Warner's new chief executive, Jeffrey Bewkes, comes to the company's top spot from AOL, where he tried to revive that company's revenue stream after it did away with online subscriptions. His Web background suggests Time is focused on continuing its multi-platform content plan.

Some predict the company will continue to struggle. Alan Schanzer, managing partner of the digital media planning firm MEC Interaction, told Crain's New York Business in August 2007 that "Time Inc. has yet to find a central digital strategy for itself." 3

Online Audience

It is too early to judge how news magazines' online focus will affect audience numbers, but the strategies bring their own challenges.

For instance, Newsweek.com will be free of MSNBC control and will be able to sell and place its own ads. But much of Newsweek's site traffic has, in the past, come courtesy of MSNBC, which teased major Newsweek stories on its front page.

In August 2007, Newsweek.com had 7.2 million total unique monthly visitors and half of those came from MSNBC.com. Eliminate linkers from MSNBC.com, and Newsweek traffic drops to 3.6 million in August. During that same month, the Web site of Time magazine had 4.4 million unique visitors. 4

At U.S. News & World Report, which has not retooled its site, the audience numbers were flat through the same period.

Critics have argued that the Web is an odd fit for magazines. Unlike television or newspapers, which both seem suited for the Web with their focus on breaking news, the magazine franchise usually involves analysis – not easy to do on the fly.

The numbers, however, offer some interesting challenges to this idea. What is less clear at this point is what that implies.

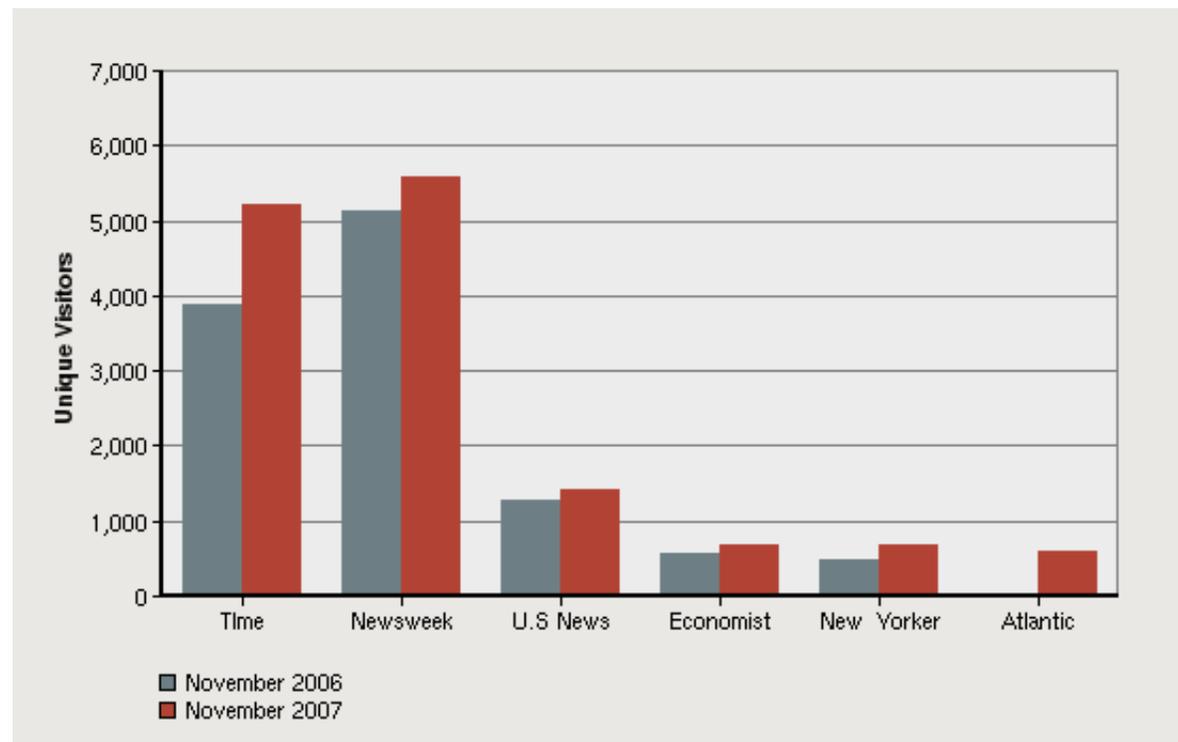
Is it that the Web represents something more than immediacy? Or does being online offer magazines a way to compete in a more fast-paced culture, and also draw in people who might not otherwise come to their more considered work? Or, alternatively, is the Web undermining that old form and making magazines faster, but also less thoughtful and more transitory?

The numbers suggest something is occurring. Time, for instance, saw a 34% bump in its unique monthly audience, comparing Nielsen Online measurements of unique audiences of November 2006 to November 2007. The number of unique visitors to its Web site climbed to 5.22 million from 3.89 million.

Newsweek also saw a smaller increase in numbers of 9% – from 5.12 million in October to 5.58 million in November, the first full month after the magazine split with MSNBC.com. Next year's figures may tell the tale for Newsweek's online experiment.

Unique Visitors for Select Magazine Web sites

November to November 2006 v. 2007



Design Your Own Chart

Source: Nielsen

In November 2006, Atlantic did not meet the minimum requirement for measurement

Footnotes

1. Washington Post "Investing" column, September 25, 2007.
2. Richard Pérez-Peña, "A Venerable Magazine Energizes Its Web Site," the New York Times, January 21, 2008.
3. Matthew Flamm. "Digitally Challenged Time Inc. Past Prime?" Crain's New York Business.com, August 18, 2007.
4. Keith Kelly. "Newsweek Gets a New Look in Print, on Web," New York Post, October 13, 2007.

Opinion Titles

Opinion Titles

By the Project for Excellence in Journalism

Going into 2007, one question was whether opinion magazines were ripe for a shakeup. The popularity and the energy of these magazines often tend to move with changes in the political landscape. Would the midterm elections in November 2006, and the change of party control in Congress constitute such a switch? Apparently not.

Opinion magazines are a different breed of news magazine. They often are more oriented to analyzing the news, putting it into perspective, than reporting it. And their aim is to influence policy as much as cover it. What's more, their audience numbers generally rise and fall with the political tides — liberal magazines seem to thrive when Republicans are in power and conservative ones do better when Democrats have control.

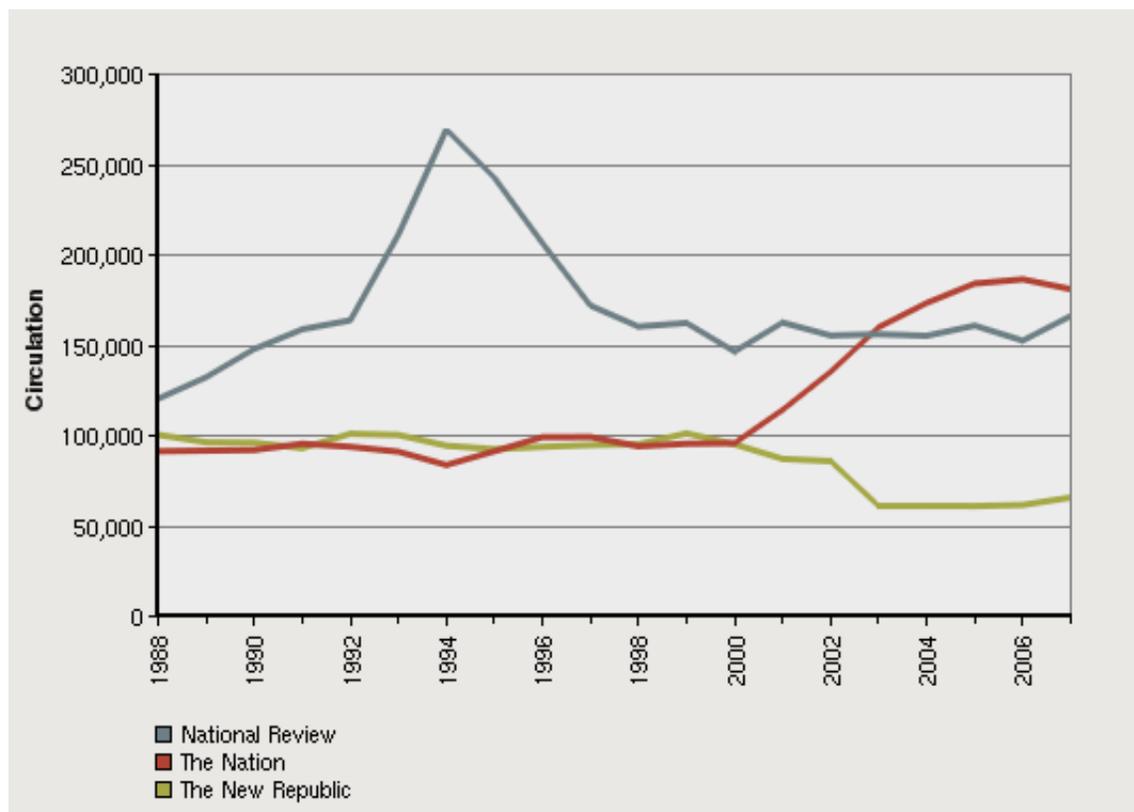
Circulation of the right-leaning National Review, for instance, peaked in 1994 at almost 270,000, two years into Bill Clinton's presidency, and began to fall to 150,000 after Republicans took power on the House and Senate. Similarly, the liberal Nation saw its circulation climb steadily after the 2000 campaign and the election of President George W. Bush, topping out in 2006 at more than 186,000.

With that in mind, the Democratic takeover in the House and Senate in 2006 presented the right conditions for a change in the dynamic among the magazines. And, so far, it appears that circulation for both magazines is staying true to course, with The Nation down and National Review up. The Nation closed out 2007 with a circulation of 181,070, down 5,000 from the year before. National Review ended with 166,285, up a healthy 14,000 from 152,603 in 2006.

In 2007, unexpected action by the Postal Regulatory Commission united the two rival journals. The Nation and National Review collaborated for the first time in mounting a small culture war by lobbying Congress and the postal authorities against steep rate increases, effective July 15, which they saw as discriminating against small-circulation magazines in general and journals of opinion in particular. The postal rate plan, written by media giant Time Warner, translated into a 20% to 30% jump for most publications. For The Nation, that adds up to an additional \$500,000 in annual mailing costs. After a grass-roots letter-writing campaign, and a joint op-ed in the Los Angeles Times, a Congressional hearing was held in October, but so far the rates are still in effect.

Meanwhile, as 2008 arrived, the more centrist New Republic was wading through another tough scandal and a hotly contested presidential race seemed to offer the possibility of a fresh influx of readers looking for inside political wisdom.

Circulation of Leading Opinion Magazines 1998-2007



Design Your Own Chart

Source: Audit Bureau of Circulation, annual audit reports and publishers' statements
The New Republic Circulation numbers as of June 2007; all others as of year-end 2007

The New Republic

One name missing from the audience chart in 2007 is the New Republic. The past 12 months have been eventful at the 92-year-old magazine.

In late 2007, the magazine got new owners, and shifted its publication schedule from weekly to every two weeks. It found itself in another ethics debate over a writer's work. And it decided on a new way to count its readership, filing to remove itself from the Audit Bureau of Circulations system to go with an alternative auditor, BPA.

The New Republic's publisher, Elizabeth Sheldon, said the new auditor, BPA, also handles similar magazines and thus the switch would give it "more of an apples-to-apples comparison." While the Weekly Standard, which might be considered a conservative alternative to the New Republic, is audited by BPA, other opinion magazines, such as The

Nation and National Review, use ABC audits.

The new auditing firm comes with some advantages. BPA lets magazines count the free copies sent to readers as “qualified circulation,” provided those readers are in the market served by the publication. For the New Republic, this means 6,000 free copies sent to Capitol Hill now are counted.

While the ABC does allow magazines to count free copies as “verified,” restrictions come with that tag – readers must get an opportunity to opt out after three months, and documentation of subscription orders must be less than three years old.

As the BPA audit ending in June 2007 shows, counting the Hill-delivered copies allows the New Republic to keep its subscriber numbers up above the 65,000 mark (although just barely, at 65,779) . That is a critical point because it means the magazine, which has been losing circulation since 2000, can say that it has stemmed the losses. Keeping subscriptions up at the magazine is a priority for its new owner, CanWest.

When CanWest bought out the former owner and editor-in-chief, Martin Peretz, in March 2007, assuming full control of the magazine, the talk then was about making it profitable and more like a consumer magazine. That would mean, of course, selling more ads, which might be easier with higher circulation figures.

Can West made its biggest move in March, when the magazine switched to a publication schedule of once every two weeks. The magazine was redesigned, as well, with a new title font and thicker paper stock. CanWest also updated the look and content of the magazine’s Web site, with a more modular design and staff blogs.

But soon the magazine found itself enmeshed in a dispute about its reporting after dispatches from its “Baghdad Diarist” were called into question. Scott Thomas Beauchamp, a 23-year-old soldier serving in Iraq, wrote three accounts that were described as first hand about U.S. troops’ behavior, which included running over dogs with Bradley fighting vehicles and playing with the skulls of Iraqi children. The stories appeared in January, June and July. Beauchamp, it later was discovered, began working for the magazine in large part because he was the husband of a New Republic staffer.

An army investigation found the reports to be false. The New Republic initially stood by Beauchamp and his accounts, something he himself later refused to do. Still the magazine defended its stories, saying independent sources had come forward to verify them.

But in December of 2007, the editor, Franklin Foer, wrote a 7,000-word piece acknowledging that the magazine “cannot stand by these stories.” “In retrospect, we never should have put Beauchamp in this situation,” Foer wrote. “He was a young soldier in a war zone, an untried writer without journalistic training. We published his accounts of sensitive events while granting him the shield of anonymity – which, in the wrong hands, can become license to exaggerate, if not fabricate.”¹ Also in December, the New York Times reported that the soldier has continued to insist that his articles were true.²

The situation uncomfortably echoed other controversial events at the magazine. In recent years its reporters have been accused of such journalistic malfeasance as misquoting and plagiarizing, and, in the case of a former staffer, Steven

Glass, making up stories out of whole cloth, which Glass has admitted. 3

Much of the magazine's drop in circulation has been attributed to its pro-Iraq War stance early in the conflict. Since Foer took over as editor in 2006, the magazine has taken a more critical view of the war. Beauchamp's stories clearly took the magazine in that direction.

With the Beauchamp controversy quieting down, and the presidential election on the way, the magazine might be able to rebuild its subscriber base with political coverage.

Footnotes

1. Franklin Foer. "Fog of War," The New Republic, December 2007
2. Patricia Cohen. "Magazine Voices Doubt Over 'Diary' From Iraq," the New York Times, December 4, 2007.
3. 60 Minutes, August 17, 2003, <http://www.cbsnews.com/stories/2003/05/07/60minutes/main552819.shtml> .

Charts & Tables

Charts & Tables

CONTENT ANALYSIS

Cover Topics in Time and Newsweek, 2007

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News Magazine Pages by Topic, 1980 – 2007

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OPINION TITLES

Circulation of Leading Opinion Magazines

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

As readers have drifted away, the content of newsweekly magazines over the years has changed as well.

The most basic shift, measured in data kept for advertisers, has been a gradual move away from traditional “front of the book” hard news toward a broader topic base. 1 Editors also argue the magazines have moved more toward analysis and interpretation and away from a digest of the week past. In varying degrees, they have also turned to writers from opinion publications like the New Republic and the Washington Monthly to fill their rosters.

Until now, that process has been largely incremental, something done with an eye to not alienating existing audiences and usually without grand or far-reaching proclamations about redefining the news magazine genre. But 2007 has seen more concrete changes. U.S. News is now more akin to Consumer Reports, focusing more on “news you can use,” and Time is becoming more like The Atlantic, moving toward analysis and interpretation.

The evidence at the end of 2007 suggests we are only at the start of wherever that journey will lead.

In 2006, Time announced what sounded like a radical change. It promised to overhaul its magazine and Web site and change its delivery date from Monday to Friday.

As Time described it, the moves included contracting with more columnists and using the Web site to stay more on top of the news in the time of the 24-hour news cycle. Time’s new Web site was to be “a different Time.com,” its managing editor, Richard Stengel, wrote, “a sharp, dynamic, constantly updated news site.” 2 The redesigned magazine would have more voices and generally shorter pieces, an approach that moved away from Time’s omniscient writing approach of the past. “Henry Luce may be rolling over in his grave over this,” Stengel told the New York Times. “But it had outlasted its usefulness.” 3

After offering little in the way of response, in October 2007 Newsweek also declared it was redesigning its Web site and print magazine. The changes in the print magazine were billed as more subtle – “refinement more than a revolution,” Newsweek’s editor, Jon Meacham, wrote in an editor’s note – but the goal, in theory, according to the magazine, was longer stories. Like Time’s redesign, Newsweek’s also created more space in the print edition for reader e-mails and letters. (For more details, see Online Trends.)

U.S. News, the regular third-place finisher in the three-magazine race, watched and waited.

What have the changes brought?

It is too early to say for certain. Time's redesigned book hit the newsstands on March 26. Newsweek's did not make its debut until October 15.

It will take some time to see if the promises of change are realized and have any long-term impact on content. But here is what a qualitative and quantitative accounting shows.

Inside the Magazines

The most basic data on news magazine content is derived from Hall's Media Research, which goes through magazines page by page for each issue to determine what topics are receiving coverage.

In previous years, the Hall's data had shown two clear trends. First, Time and Newsweek over the years have broadened and lightened the range of topics they covered. There was less coverage of national government news as well as fewer high-culture book reviews or media analyses. In their place were interviews with Bill Gates and the comedian Dave Chapelle and a story on, say, Microsoft's latest game box. In effect, they had shifted from being traditional newsweeklies to general interest magazines that cover news. U.S. News & World Report, in contrast, has retained a heavier orientation to traditional topics of national and international affairs and less focus on lifestyle or "back of the book" coverage. 4

The second general finding was the extent to which Time and Newsweek covered the same topics week to week. As national affairs coverage dropped in 2005, for instance, culture news went from 11% to 15%, health and medical science and international news were up 2 percentage points, to 10% and 17% of all pages, respectively. And business pages and entertainment and celebrity both grew to 9% each.

What do the data show for 2007? Only Time made its changes early enough in the year to expect any real difference. According to the basic accounting of topics, however, the subject matter of the magazine had not changed. Through August, Time devoted virtually the identical amount of space to subjects as it did in 2006, before the redesign.

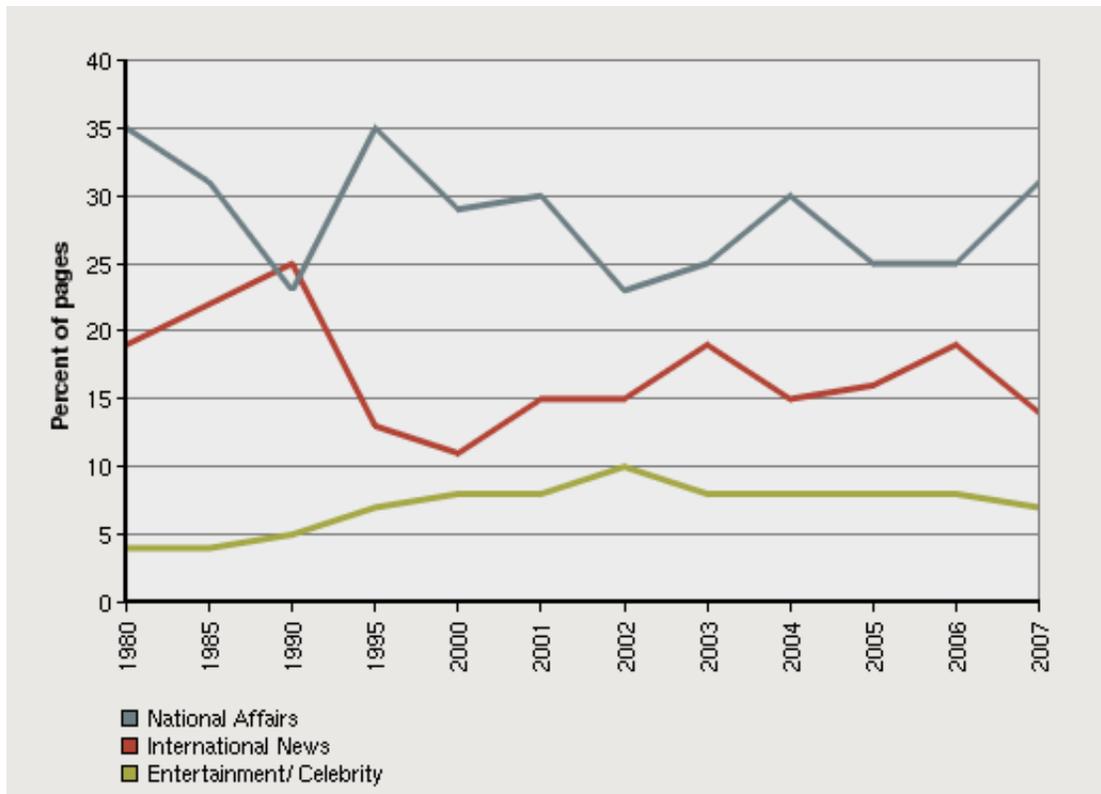
That means the slight differences in topic in Newsweek, and more substantial ones from U.S. News, also continued to hold true. Time continued to have slightly more coverage of foreign affairs than Newsweek (or U.S. News) and slightly less of national affairs. But otherwise the two publications cover roughly similar subject matter in similar degree.

Newshole by Topic at Time, Newsweek, U.S. News

Topic	Time	Newsweek	U.S News
Front of Book Topics			
National Affairs	26.9%	30.4%	35.9%
International News	16.2%	12.9%	12.7%
Business	8.1%	5.6%	8.7%
News You Can Use			
Health	6%	9.5%	12.1%
Personal Finance	1.2%	1.7%	6.8%
Back of Book Topics			

Electronics	1.3%	1.5%	.4%
Culture	13.2%	15.3%	11.3%
Celebrity/Entertainment	11.4%	9.6%	.4%
Travel/Leisure/Sports	3.6%	2.5%	2.2%
Home & Garden	.3%	.2%	0%
Fashion/Food/Beauty	2%	.8%	.2%
Other			
Children	.4%	.7%	.1%
General Miscellaneous	4.5%	4.7%	3.4%
Announcements	4.4%	4%	5.1%

News Magazine Topics, 1980-2007



Design Your Own Chart

Source: Hall's Media Research, unpublished data
 2007 data from January-August for magazines studied by PEJ (see sidebar in Audience for details)

U.S. News & World Report continued to stand in contrast to its rivals. Just 2.8% of its newshole was devoted to celebrity/entertainment, travel and leisure, home and gardening, lifestyle. 5 That compares with 17.3% at Time and 13.1% at Newsweek.

On the other hand, 57.3% of U.S. News' coverage was devoted to national, international and business coverage, compared with 51.2% for Time and 48.9% for Newsweek.

And 18.9% of its space was devoted to consumer-oriented pieces — that is, health and personal finance — compared with 7.2% at Time and 11.2% at Newsweek.

Another indicator of the content and personality of the newsweeklies is how they sell themselves to the public: What is on their covers?

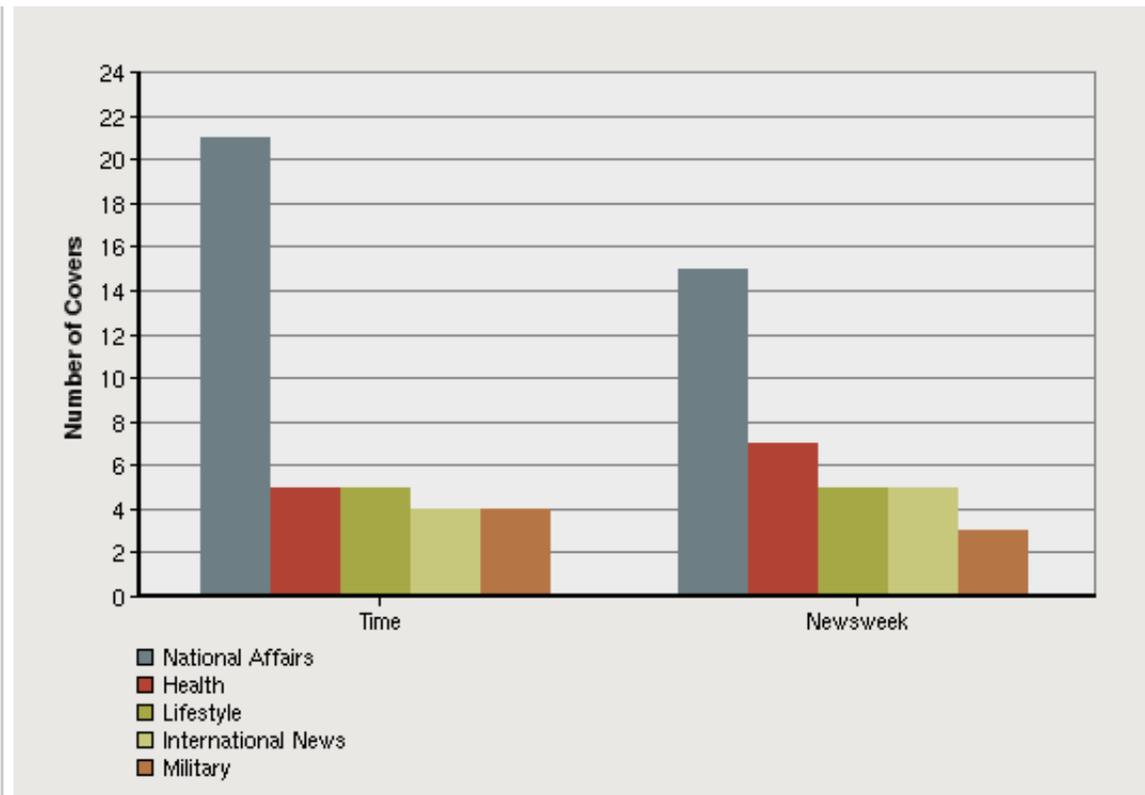
The cover pictures and text not only tell readers what is inside, but they also set a tone and evoke a personality. What is the image and message they want their audience to take away from a quick look – including on a newsstand surrounded by many other possible purchases?

Looking at content through this approach – 46 magazine covers between January and the end of November – Time and Newsweek were selling slightly different content. Time leaned somewhat more heavily toward national, military and foreign affairs than Newsweek, and somewhat less toward health and lifestyle than U.S. News.

At Time, 20 of those 46 covers (or 43%) were about national affairs, compared with 15 at Newsweek (33%) and 10 at U.S. News (22%). Four covers (9%) were about military or international affairs (compared to three at Newsweek and two at U.S. News).

U.S. News, with 34%, was most likely to feature topics specific to lifestyle or health on its cover; Newsweek and Time followed at 15% and 11%, respectively.

Cover Story Topics in Time and Newsweek, 2007



Design Your Own Chart

Source: PEJ Research

But reading the magazines, rather than just looking at the covers, we sense a more subtle difference. By our reckoning, following its redesign, the new Time magazine tended to be more conceptual in its approach, using issues in the news to get at concepts, while Newsweek seemed more simply topical.

Consider, for instance, the way both magazines approached global warming coverage in 2007. Each devoted two covers to the issue.

The two feature articles in Newsweek looked at two facets of the global warming debate. “The Green Giant” was a celebrity political piece about Arnold Schwarzenegger’s effect on the climate change debate both substantively in what he has done as California governor as well as to change the image of environmentalism.⁶ The second article, “Global Warming Is Hoax,”⁷ is a straightforward description of how the various groups that say that global warming is not scientifically proven fact have organized and managed to influence the debate around the issue.

Time ran two covers that featured global warming as an issue, as well. One was a “news you can use” cover, “The Global Warming Survival Guide.” Featured with this cover were two other articles on global warming that looked at the

various ways to try and fix the problem. 8 The other cover featured a story entitled “Fight for the Top of the World.” This article tried to connect global warming to a larger subject rather than focusing on a single aspect. It put global warming in the complex context of international affairs and a looming battle for resources, using the Arctic as a case study.

“But now that global warming has rendered the Arctic more accessible than ever – and yet at the same time more fragile – a new frenzy has broken out for control of the trade routes at the top of the world and the riches that nations hope and believe may lie beneath the ice. Just as 150 years ago, when Russia and Britain fought for control of central Asia, it is tempting to think that – not on the steppe or dusty mountains but in the icy wastes of the frozen north – a new Great Game is afoot.” 9

This conceptual approach could be seen in other pieces during the year as well. Time took several stories that were not really in the nation’s headlines – things like national service for youth and the Democratic Party’s handling of religion – and turned them into national affairs cover stories. The national service cover, moreover, was championing an issue, not just talking about it.

By year’s end, it was less certain whether Newsweek’s changes were a new approach or amounted more to a redesign and response to Time. “It was stealth redesign,” editor Meacham told the New York Post. 10

What is clear is that Time is making a point of announcing that it is trying something dramatic. That involves raising expectations, but it also implies that the editors have a bold vision. Newsweek has downplayed its moves, which may give it more room to maneuver but also risks suggesting that there is less of a plan.

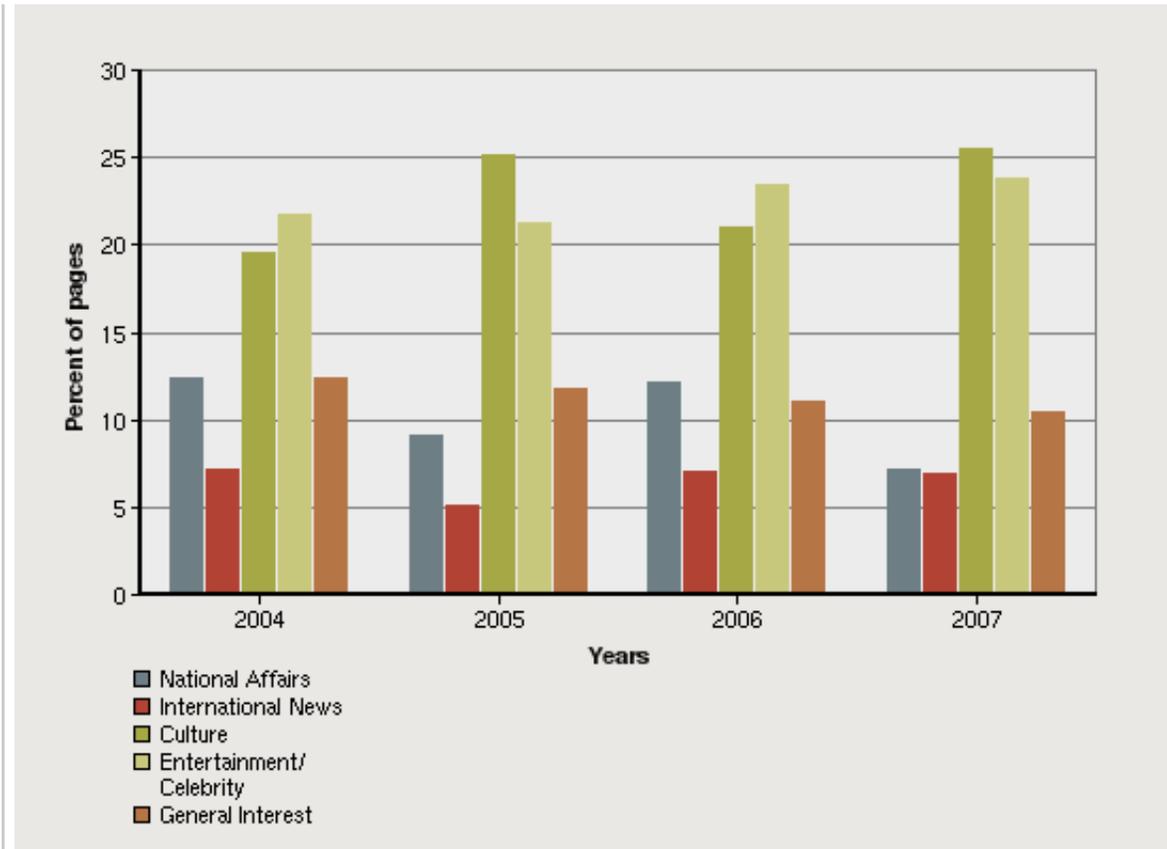
The New Yorker

Hall’s data also track one of what might be considered an alternative to the newsweeklies, the New Yorker. As we have seen in past years, the New Yorker’s topic range varies in different years. During election years, coverage of national affairs grows

In the non-election year of 2007, despite substantial coverage of the campaign in the media generally, the pattern held. National affairs made up 7.2% of the space in the magazine, down slightly from 12.2% of the magazine’s pages in 2006.

New Yorker Magazine Topics

2004-2007



Design Your Own Chart

Source: Hall's Media Research, unpublished data
Topic areas defined by Halls Media Research

This might be somewhat surprising. A new Congress should have given the magazine a lot of opportunities to deal in its stock and trade – the personality profile. Through the election and all of 2007, however, a piece on new Speaker Nancy Pelosi had not been done. The magazine had already profiled new Senate Majority Leader Harry Reid in 2005. Much of the coverage of the new Congress was up front in the magazine's shorter "News and Comment" column. The prominently placed column by Rick Hertzberg, offering analysis of current events, is a seen by many as a signature product of the New Yorker.

Where did the space go? Some of it went to business coverage, which rose from 2.3% to 3.9%. The magazine's culture coverage, a staple of the New Yorker, also grew from 22.6% to 25.5%

Footnotes

1. PEJ annual State of the News Media reports, 2004-2007.

2. Richard Stengel, "A Changing TIME," Time, January 6, 2007.
3. Katharine Q. Seelye. "With Redesign of Time, Sentences Run Forward," the New York Times, March 12, 2007: <http://www.nytimes.com/2007/03/12/business/media/12time.html>.
4. Hall's Report, January 2007-December 2007
5. This figure includes fashion/food/beauty
6. Karen Breslau. "The Green Giant," Newsweek, April 16, 2007.
7. Sharon Begley. "The Truth About Denial," Newsweek, April 16, 2007.
8. Mark Hertsgaard. "The Global Warming Survival Guide" and "On the Front Lines of Climate Change," Time Magazine, April 9, 2007.
9. Jeff Graff. "Fight for the Top of the World," Time Magazine, October 1, 2007.
10. Keith J. Kelly. "Newsweek Gets a New Look in Print, on Web," the New York Post, October 13, 2007.

Audience

Audience

By the Project for Excellence in Journalism

In November of 2006, Time magazine promised to trim its advertising rate base – the amount of paid circulation its promises advertisers. While it seems like a promise that would work against a news outlet, the strategy is becoming more common at newsweeklies.

Ad rates — the set fee advertisers agree to pay — are based on a promised circulation number for each issue. If a magazine promises too much, it has to spend money in discounted subscription pricing and heavy promotion to get to the promised number. When the give-away numbers get high enough, the magazine loses money over all.

Time's plan was to cut its circulation number from 4 million to 3.25 million in 2007, making its subscriber list more exclusive, more devoted to the magazine and, it hoped, more attractive to advertisers.

How did Time fare in reducing its reader base in 2007?

It did not take long for the dominant news magazine to keep its promise and for the cuts to manifest themselves in an actual circulation drop. The last issue in December 2006 had a paid and verified circulation of 4 million. The first issue in January 2007 had a paid and verified print circulation of 3.4 million.

The suddenness of the change suggests how easy it was for Time to lop 600,000 in circulation off its guarantee to advertisers. That only hints at how much work, and money, Time might be spending in circulation promotions and discounts to live up to those guarantees.

The ease with which the magazine dropped almost a seventh of its audience raises the question of where the loyal base circulation number is for Time – as well as for its closest competitors, Newsweek and U.S. News and World Report.

Newsweek did little at first. Its only official announcement was it would not be making any changes. But in November 2007, without much fanfare, it quietly slashed its rate base as well, down to 2.6 million from 3.1 million – a cut of 500,000 readers. That represented a 16% drop.

U.S. News and World Report, for the time being, has decided to hold steady.

Newsweek's move was so quiet that at first the magazine did not acknowledge that it was making the cut, but advertisers confirmed in the trade press that Newsweek had informed them about it. The magazine still has not discussed the move publicly. Certainly, however, Time's cuts gave it room to remove costly circulation while remaining a clear No. 2.

By the end of 2007, it appeared that Time and Newsweek circulation numbers had played out as planned.

According to the Audit Bureau of Circulations report for 2007, Time's circulation held steady at 3.4 million after its initial cut. Similarly, Newsweek's November rate base cut kept circulation at 3.1 million at year's end.

U.S. News and World Report's circulation remained essentially flat, as it has over the past three years, hovering around its rate base mark of 2 million (2.038 million, from 2.036 million in 2006).

The robust growth seen by the other weeklies in 2006 more or less continued. The Week added 36,000 readers, finishing with 480,084 in circulation, but its growth has slowed somewhat – in 2006, the weekly gained more than 75,000 readers.

The Economist grew circulation by 81,000 to 720,882. In 2006, it added 70,000 to end with a circulation of 639,205.

Jet's circulation of 943,702 was up 42,000 from the 2006 total of 901,594.

The New Yorker, which hit an all-time circulation high in 2006 with 1.067 million, held on with only a fractional drop in 2007, to 1.062 million.

The Atlantic, which in 2007 cut back publication from monthly to 10 times a year, increased circulation to 431,625 from 404,688 in 2006, up almost 27,000.

What we have seen since the beginning of this report is a struggle by the big news magazines – particularly Times and Newsweek — to hold onto readers. In 2007, readers deserted again. The question is how much lower do the magazines let those numbers fall? 1

The answer isn't clear, but one thing is – the magazine landscape is still shifting.

Who are the Readers

In 2007 the audience of news magazines held its age but got richer.

The median age for readers of the seven news magazines we examine (see Sidebar) was 46.3 years old, according to reader surveys by Mediemark Research. That ties the all-time high set in 2005.

In 1995, the median age of readers was 41.1. The climb to 46.3 is a steep increase in just 13 years. And news magazine readers would actually trend older if it were not for Jet, targeted at African American readers, and The Economist, with their younger readership, holding the number down.

The population over all, however, has aged at even faster rates than magazines. Thus, the gap between the ages of magazine readers and the general adult population was not as wide as it was in 2005.

Average Age of News Magazine Readers

Compared to U.S. Population, 1995-2007



Design Your Own Chart

Source: MediaMark Research, "Magazine Audience Estimates"

The flip side is the relative affluence of news magazine readers, which also has been rising steadily. The median income of readers of the magazines we study is \$71,612, a step above last year's \$70,409. That is also substantially more than the average income of all magazine readers in a Mediamark Research sample, which was \$53,593.

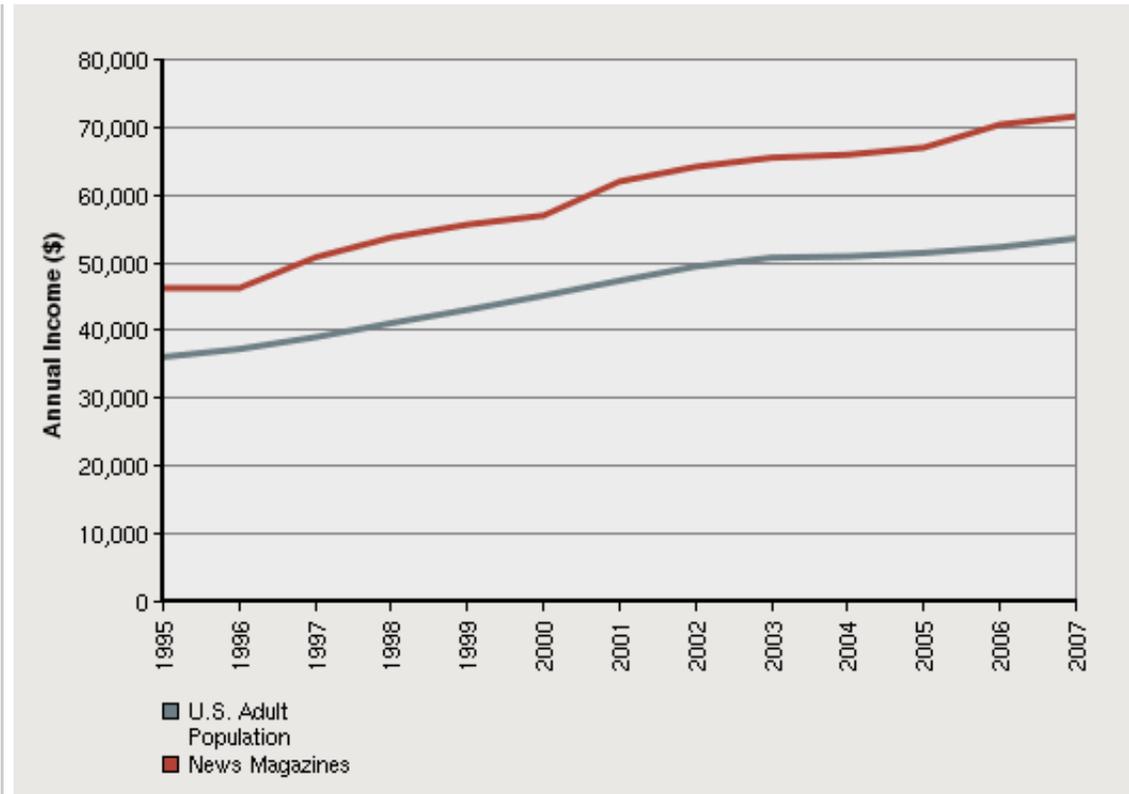
Even better for magazines, the audience is getting richer faster than Americans over all. Since 1995, the median income of magazine readers has climbed more than 55%. That is slightly higher rate of increase than the 48% growth in the median income for the U.S. population in general.

Over all, more men than women read the seven news magazines we study, with The Economist and Jet at the two ends of the spectrum.

Of Economist readers, men (1.14 million) outnumber women (586,000) nearly 2 to 1, according to Mediamark Research numbers, with the median age for men at 38.7 and for women at 43.6. The Economist also is the only magazine we look at with female readers (\$100,025) earning nearly as much as men (\$101,771).

Jet, on the other hand, is the only magazine we study with more female readers than men – 4.9 million vs. 3.2 million. The median age of men and women, at 40, is virtually identical and, as with most other magazines, male readers have higher incomes – \$43,901 to women's \$37,895.

Average Income of News Magazine Readers Compared to U.S. Population, 1995-2007



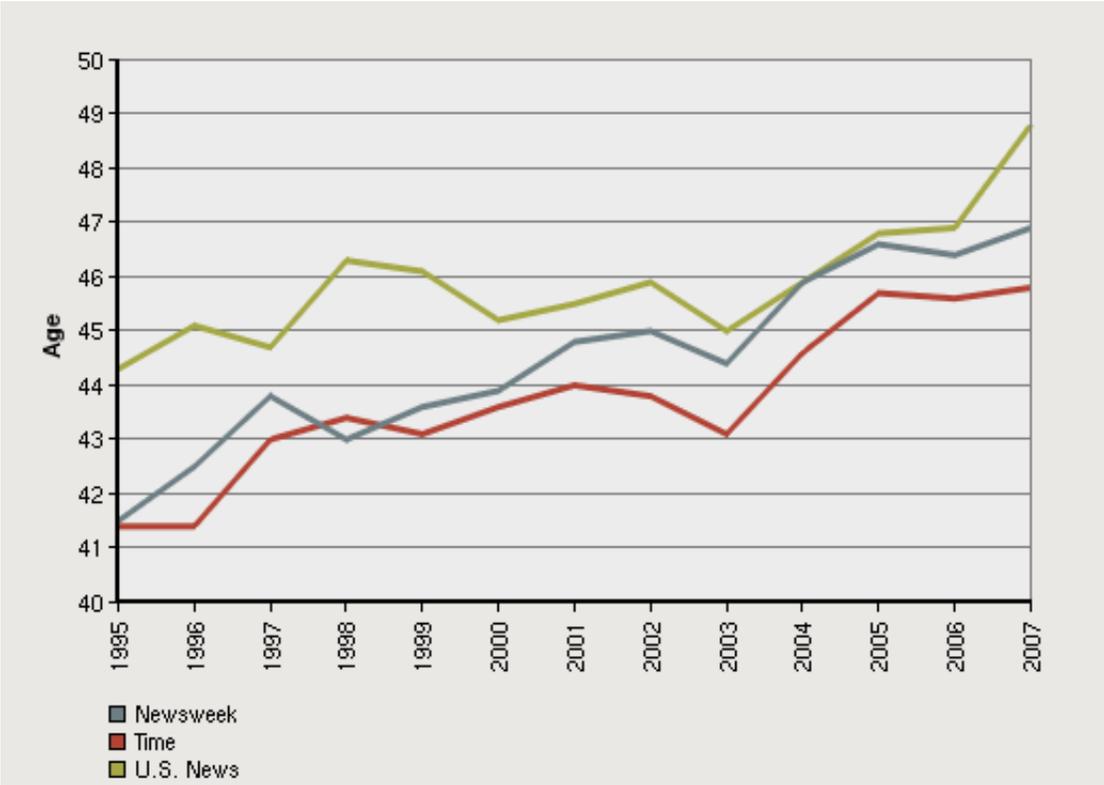
Design Your Own Chart

Source: MediaMark Research, "Magazine Audience Estimates"

Across the board, income figures are again boosted by a few key magazines with readers in much higher income brackets – The Atlantic and, particularly, the Economist, which has a median income that rises into six figures.

The big three newsweeklies are all bunched relatively close together in Mediamark's age and income data. Time's average readership age of 45.8 is slightly younger than that of Newsweek (46.9) and U.S. News (48.8). Newsweek's readers, meanwhile, are a tad wealthier, with a median income of \$69,100 – Time's is \$67,284 and U.S. News' is \$64,288.

Median Age of Readers by Magazine
1995-2007

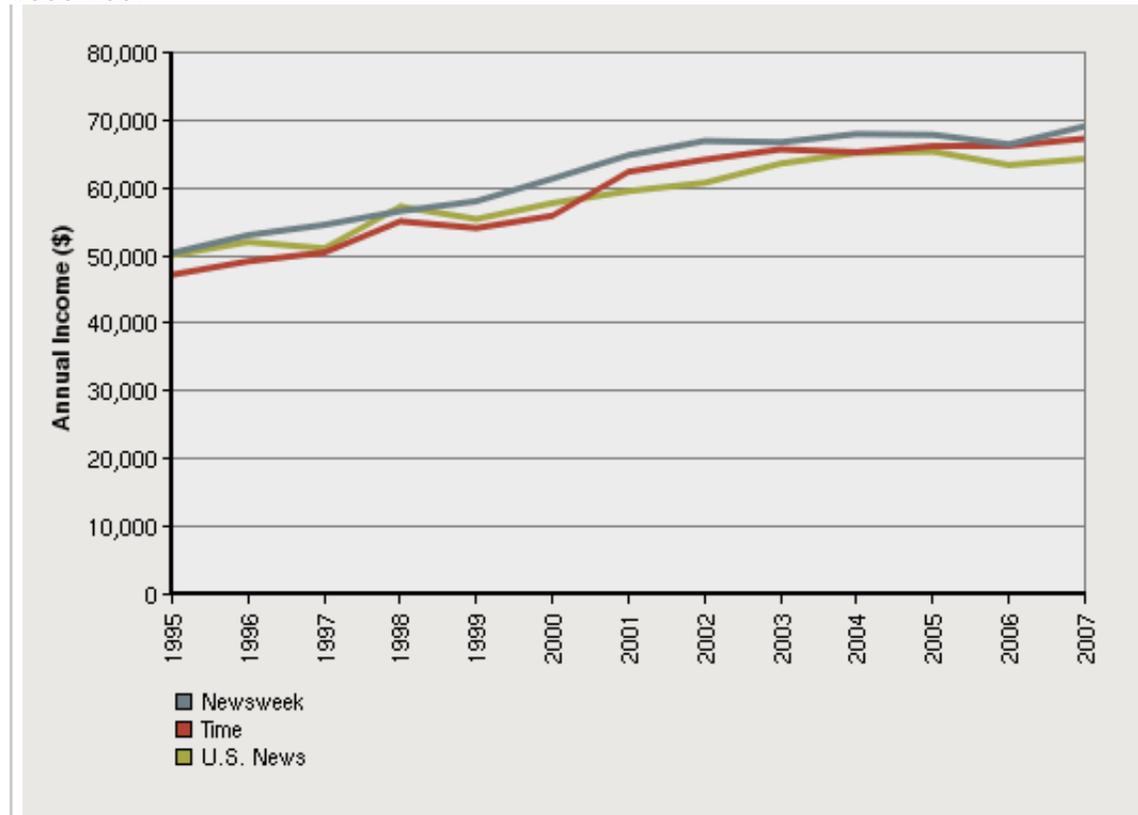


Design Your Own Chart

Source: MediaMark Research, "Magazine Audience Estimates"

Median Income of Readers by Magazine

1995-2007



Design Your Own Chart

Source: MediaMark Research, "Magazine Audience Estimates"

The New Yorker and The Atlantic sit above the big three newsweeklies in both median age and income. The median income of the New Yorker's readership is \$78,815 and the Atlantic's is \$80,012. The Atlantic has the oldest readership of all the news magazines we look at, with a median age of 51.4 years. The New Yorker's median age is 50.4 years.

The Atlantic saw some worrisome numbers in 2007 – its median reader income fell from \$83,984 and its median age rose slightly from 50.3 years. The magazine did make some changes in late 2007. It quietly cut the number of issues it publishes from 12 to 10 a year, and, accordingly, dropped the Monthly from its name in December. It also is searching for a new publisher to replace Elizabeth Baker Keffer.

The Economist, again, is the exception in the reader survey data. Other than Jet, it is the magazine with the youngest readership that we examine, with a median age of 41, but it also has the highest median income at \$101,221.

Those numbers, combined with The Economist's growing circulation figures, make the magazine a growing and seemingly formidable challenger to the dominant news magazines. 2

Footnotes

1. All circulation numbers from the Audit Bureau of Circulations
2. Mediamark Research, "Magazine Audience Estimates" 2007.

Economics

Economics

By the Project for Excellence in Journalism

Magazines publishers looking for good news on the advertising front did not find it. For the most part, advertisers and readers continued to fall away in 2007.

Over all, in the 250 magazines analyzed by the Publishers Information Bureau, ad pages were down slightly — .6% — in 2007, compared to a tenth of a percent drop in 2006.

Three news magazines — The Economist, The Week and the New Yorker — managed to buck the downward trend, adding pages and revenue, while blending focus on both their print and online products.

The most closely watched news magazine experiment in 2007 has so far failed to produce hoped-for results. In an attempt to stem ad revenue and circulation losses, leaders Time and Newsweek slashed their rate cards and made over their looks. Yet early signs show the decline in ad dollars continues for both.

With worsening economic indicators and the slow exodus of readers and advertisers, turning around the dispiriting pattern that started in 2005 for magazines as a whole seems more and more unlikely.

News Magazine Ad Pages

Over all, of the nine news magazine we examine, ad pages were down 1%, as were ad dollars, by nearly 5 percent. A closer analysis reveals some individual successes among more niche publications. 1

All three of the big newsweeklies lost ad pages in 2007.

At Time, ad pages fell 6.9% and ad dollars 18.3% and Newsweek saw a 6.7% drop in ad pages with a 1.8% decline in ad dollars, numbers that put both magazines precariously close to previous lows in 1990 and 2001, respectively.

U.S. News and World Report was not far behind, with a 4.6% drop in ad pages and a small — 1% — increase in ad dollars.

Time and Newsweek, which have experienced especially hard times with double-digit percentage declines in 2005 and a relatively flat 2006, took steps in late 2007 to try to change direction.

First, both magazines initiated major redesigns, with Time putting its efforts into an online and print overhaul.

Both magazines slashed their ad rates, which are based on promised circulation. With some fanfare, Time cut its

circulation by 600,000. Late in December, Newsweek quietly followed with a cut of 500,000. It is too early to tell if the lower rate bases will draw advertising back.

Will Time and Newsweek give up on their circulation strategy? It is unclear how the leaders will adapt if ad pages continue to fall away and dollars move into Web-based media.

Three of the six other news magazines we analyze fared better.

The Economist and The Week – both benefiting from sizable circulation increases — continued to add advertisers. At The Economist, which has made no secret of its intentions to hit 1 million in U.S. circulation, ad pages grew by 8.5%, with a 24% increase in ad dollars.

The Week continued its success with a 5.3% increase in ad pages and a 15.8% jump in ad dollars.

A change in publisher at the New Yorker three years ago appears to have helped the magazine get back on its feet after a rocky 2006. Heading into 2008, it is on a path toward aligning its growing readership with ad revenue.

Louis Cona, the former publisher at Vanity Fair, took over at the New Yorker after the departure of a highly successful leader, David Carey, in 2005. The following year was an especially rough one, with an ad page drop-off of 13%. But Cona may just have needed some time to settle in. In 2007, the New Yorker increased its ad pages 4% and ad dollars 10.6%.

The National Journal saw minuscule improvements, with ad pages growing by 0.1 percent and ad dollars by 5.8 percent. So far, at least, there is no discernible effect from its 2007 partnership with NBC News to field “mobile campaign bureaus” to cover the Presidential candidates, a move aimed at broadening its online and broadcast exposure.

Following flat numbers in 2006, Jet posted a bigger loss in 2007, with ad pages falling 4.8% and ad dollars dropping 4.6%.

At The Atlantic, where much effort has gone into building a livelier Web site, the number of ad pages barely budged from 2006, with a 1% drop. The magazine saw more ad dollars come in, though the rate slowed; in 2006, ad dollars went up 16.6%, but in 2007, the increase was only at 7.9%.

As part of its online focus, the Atlantic is hiring more ad sellers and announced in 2008 it will drop Web subscriptions and open up its site for free. The goal: More traffic and more advertisers.

Over all, these wide-ranging strategies — individual magazines tinkering with online identities and rethinking their established print brands — suggest the industry is still piecing together the ad revenue puzzle. 2

Footnotes

1. While the ad dollar and ad pages figures will be discussed in this chapter, the ad pages are the more concrete figures that indicate financial health of a magazine. The total dollar figure is calculated by multiplying the rate given on the rate

card by each publication by the number of ad pages. This is an inaccurate representation of actual ad revenue because advertisers rarely, if ever, pay the rate given on the rate-card. Therefore, it must be noted that experts in the industry say that actual revenue is often half what the ad dollars are reported to be.

2. All ad revenue and ad page data from Publishers Information Bureau report January 2007-December 2007 vs. 2006.

Ownership

Ownership

By the Project for Excellence in Journalism

After five years of buying and selling by the industry's biggest players, the landscape of magazine ownership is no longer dominated by giant Time Warner.

The field is now more evenly split among three big companies – Time Warner, Advance and Hearst – each with more than \$2 billion in annual magazine revenue. No other company has even \$1 billion.

As recently as 2002, Time Warner towered over the industry, with annual magazine revenues of roughly \$4.8 billion. It was more than double the size of Hearst, with about \$2.2 billion. Advance was third at less than \$2 billion.

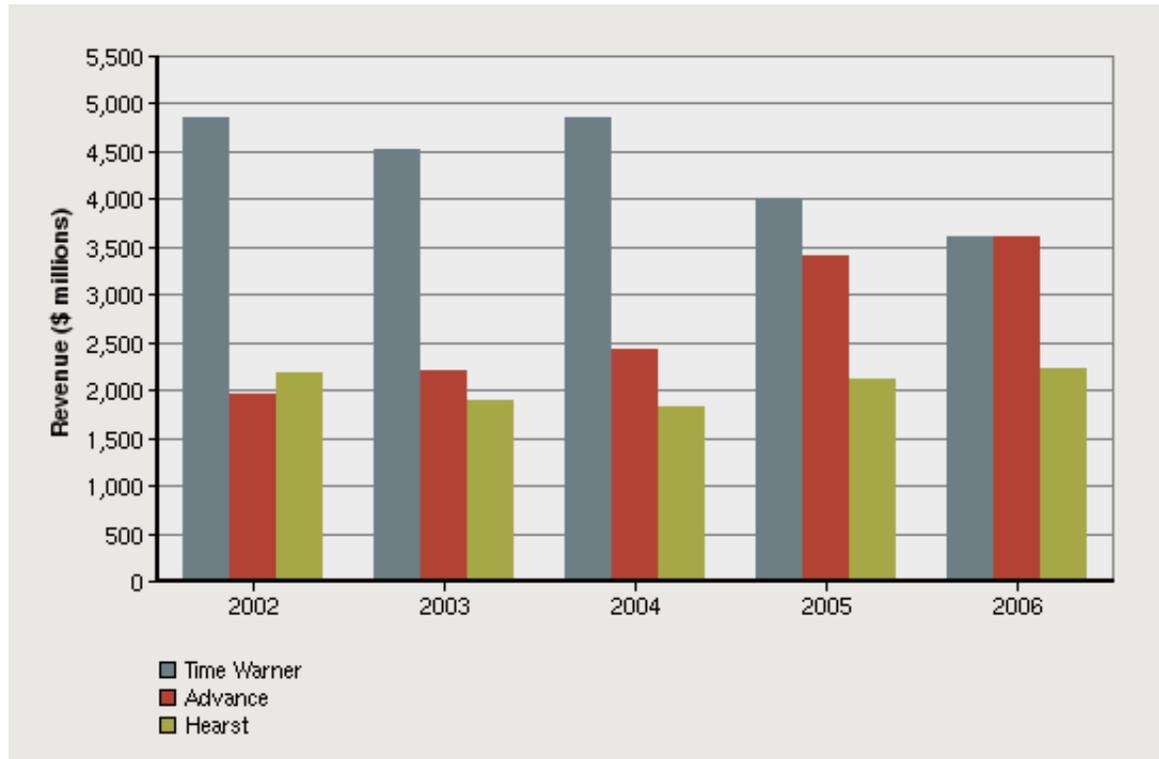
Now, Time Warner finds itself in a virtual tie with Advance – both had roughly \$3.6 billion in magazine revenues in 2006. Hearst has climbed slightly above \$2 billion.

The moves are due to both a decline at Time Warner, at least in part the result of conscious choices, and growth at Advance and Hearst.

Time Warner

The percentage of revenues Time Warner draws from magazines may fall even more in the coming years. Over the past two years, the company pruned from its portfolio several of its weaker performing magazines aimed at smaller audiences. It focused its future instead on bigger magazines and new Web site audiences.

Total Revenues of the Three Biggest Magazine Publishers, 2002-2006



Design Your Own Chart

Source: Ad Age, Top Ten Magazine Companies

In 2006, it closed Teen People and Family Circle in the United Kingdom and folded its magazine for teenaged boys, YM, into Teen Vogue. It also announced plans to sell 18 magazines, including Parenting, Popular Science and Field & Stream. In 2007, Time Warner completed that sale – the group of publications went to the Scandinavian company Bonnier for \$300 million – and closed two more magazines — Life, which it had reincarnated as a newspaper insert in 2004, and Business 2.0.

The company held onto its largest earners, mass-market magazine brands such as People, Sports Illustrated and Time. Not only do they bring in more print ad dollars, but as CEO Ann Moore sees it, the bigger magazines are also more likely to find financial success online. As ad dollars continue to disappear for print products, the company has hopes that mass-audience Web sites can make up for some of that loss. 1

Advance

A different strategy seems to have paid off for Advance, the company that owns a wide range of magazines, including the New Yorker and Vanity Fair, as well as Parade, the lucrative and largest Sunday newspaper supplement. As Time Warner began divesting, Advance added magazines in strategic younger markets and saw its revenues grow. Among the major niche publications added were Modern Bride in 2002 and YM in 2004. The industry-wide slowdown in ads over the past three years has not affected the company, which is seeing some of its better-known publications – such as Vogue and Vanity Fair – thrive.

And even as the business magazine field was suffering, Advance went forward in April 2007 with the high-profile (and, at \$100 million, expensive) launch of the business monthly Conde Nast Portfolio.

Advance did have one death in the family. In November 2007 the company announced the closing of venerable House & Garden – for the second time in 106 years – saying the magazine was “no longer a viable business investment for the company.” But there immediately was talk of taking House & Garden’s high-end, high-style approach to interior design to its new Vogue Living, scheduled to make its debut in 2008 after two test issues in 2007.

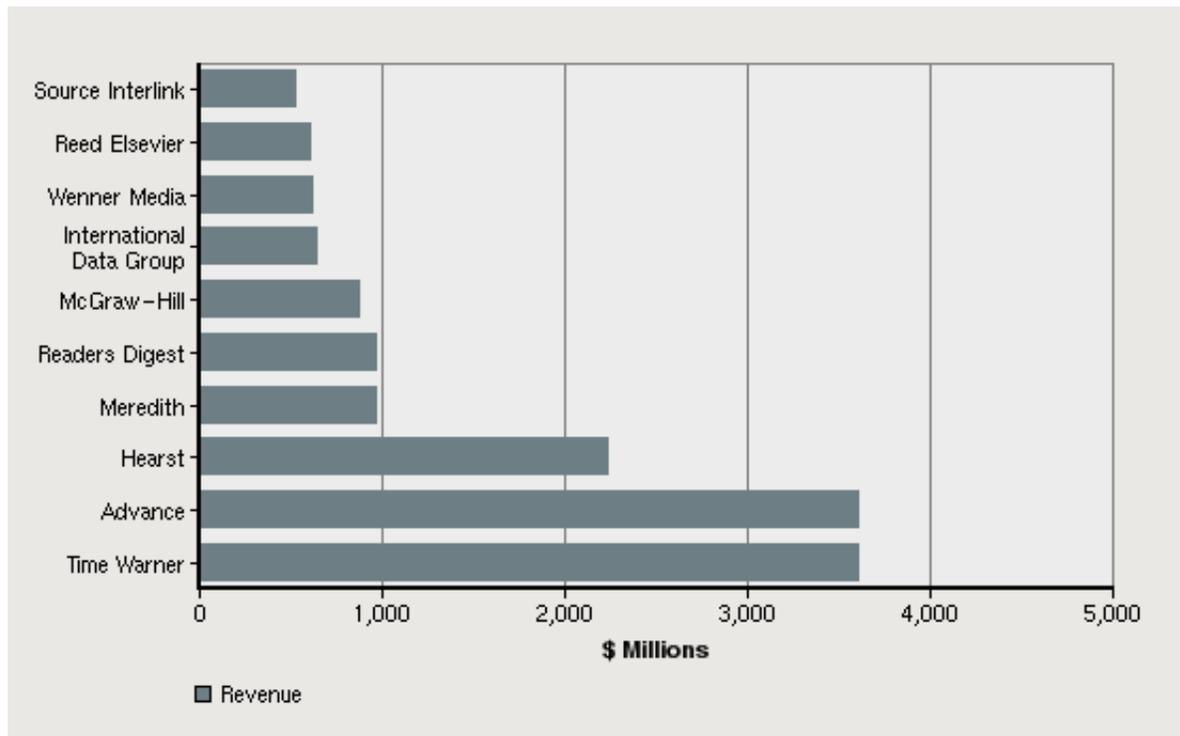
Hearst, in third place among the magazine companies by revenue, maintained its low profile of recent years. It last launched a new magazine in 2004, Shop Etc. , which folded in 2006. In 2003, it bought Seventeen and launched Town & Country Travel and the now-defunct Lifetime magazine as a joint venture with Disney. Since then, much of the company’s energy has been focused on purchasing online properties, such as handbag.com, ecrush (a youth networking site) and caboodle (a shopping community).

Others Owners

Beyond the big three owners, the magazine field is strikingly different than other media sectors.

Rather than media conglomerates, many of the bigger players are companies that specialize in magazines. Other than Time Warner, the top 10 companies in the sector all derive the largest share of their revenue from magazines. And most of these magazines are aimed at niche audiences with specialized advertisers. After the top three companies, none of the top 25 media conglomerates in the country have substantial magazine holdings.

Magazine Revenue of Top 10 Companies, 2006



Design Your Own Chart

Source: Ad Age, Chart: Top 25 Magazine Companies

Newsweekly Owners

The year was quieter among the owners of the newsweeklies (other than Time). Two transactions stood out: The Washington Post, owner of Newsweek, ended its content relationship with MSNBC. And, Dennis Publishing, owner of The Week, sold off all its holdings except its growing weekly news digest.

Over all, the trend toward smaller owners in magazines is doubly true for news magazines. Other than Time, none of the big three news magazines is owned by a media conglomerate. The other two big players in the market, Newsweek and U.S. News & World Report, are owned by the 28th- and 62nd-largest media companies respectively – the Washington Post Company and Zuckerman Properties. And even in the smaller universe of magazine owners, the Post and Zuckerman are not among the biggest.

The Washington Post Company generates roughly 38% of its revenues from newspapers, 16% from television and 15% from magazines. Much of the magazine revenue comes from Newsweek, but it also owns newsweeklies in Russia and Greece.

After a rough 2006, when revenues fell 4%, the company had a relatively quiet 2007, neither making major purchases

nor sales. Instead, the company focused its attention and resources on a redesign of its centerpiece, Newsweek, and plunged more deeply into the Web. Newsweek's separation from MSNBC also gives it more control over its own Web site content and ads (See Online Chapter).

The Washington Post Company did see an 11% increase in online revenue in 2007 – up to \$27.2 million from \$24.5 in the third quarter of 2006. But those numbers lag behind those of its major competitors, namely the New York Times Company, which saw third- quarter numbers near \$80 million.

Donald Graham, CEO and chairman of the Post Company, sees the Web as critical to the newspaper's survival. “ If Internet advertising revenues don't continue to grow fast,” he told Fortune,. “I think the future of the newspaper business will be very challenging. The Web site simply has to come through.” Judging by the moves made with Newsweek, he seems to believe improving the magazine's Web traffic and ad revenues also are key.

Zuckerman Properties also had a quiet year with its lone magazine, U.S. News & World Report. After major cutbacks a year earlier, its owner, Mortimer Zuckerman, avoided headlines in 2007. U.S. News revenues grew in 2006 to \$254 million, up from \$246 million in 2005 – an increase of a little over 3%. The company is not among the top 20 in magazine revenues.

The Week Goes Solo:

The year 2007 was not so quiet at the fourth, and newest, name in the U.S. newsweekly business. Briton Felix Dennis made news in 2007 by divesting three of the magazines that made his **Dennis Publishing** famous. Dennis, who breathed new life into the male magazine market with “lad” magazines, featuring scantily clad starlets, decided it was time to bid farewell to Maxim, Stuff and Blender and their decreasing circulations. He sold the magazines to Quadrangle Partners, a private investment group, for \$250 million.

With the sales, a company poised to become a major force in the magazine world has disappeared from the top-20 list.

The one magazine Dennis held onto: The weekly news aggregator and summarizer, The Week.

The divestiture apparently allows Dennis to focus more intently on the multi-platform magazine he calls “my baby.” The Week has proved to be a cash cow with very low productions costs (a small staff and no outside bureaus). The magazine's Web site was updated (**See Online Section**) to focus more on daily headlines with new stories every day – a move that makes creating content more labor intensive.

“The Week is going to be a huge global brand,” Dennis said in an article that appeared in the New York Times. “Cross my heart and hope to die, I have already been offered hundreds of millions of dollars for it. I will throw The Week onto no pile until it becomes a half a billion or billion-dollar franchise.” 2

The sale of the “lad” magazines has two meanings within the world of magazine ownership.

First, a company that was growing to become a major force in that world has disappeared from the list of biggest magazine owners. The Week may be doing well, but the company lost a lot of revenue streams when it dumped its **other magazines**.

Second, it shows that at least one owner sees the long-moribund news magazine field as a potential big money-maker, if only from the ultimate sale of the property.

Footnotes

1. Wall Street Journal, September 13, 2006.
2. "A Magazine Challenges the Big Boys," David Carr, the New York Times, November 26, 2007.



PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Radio – Intro

Intro

By the Project for Excellence in Journalism

News remains an important part of what was once simply called radio. In many ways, indeed, the tradition of listening to the news — aural transmission is the original way people got news — is among the most enduring.

But the radio business is undergoing no less of a revolution than any other part of media. The audience is fragmenting across new listening platforms. The revenue models are unclear, and which technology will emerge is uncertain.

What we once knew as radio is now something more complex and in many ways more interesting. In addition to the AM and FM dials, now there is satellite, HD, Internet, MP3s, podcasting, and increasingly, cell phones.

In 2007, the audience for traditional radio continued to slip some. But AM/FM listening still reached 93% of the population over 12 years old, down less than two percentage points overall since 2000.

At the same time, the audiences for new audio continue to grow. The numbers are still small. And it may be that a technology that has not yet become a major factor — cell phones — could in the end be a dominant one. Much more change, in other words, is to come.

Financially, the industry faces large challenges, leading to experimentation and change. Radio is finally putting more resources into the Web, into social networking, on-demand news features and portable Internet radio equipment. Online revenue is growing, but not dramatically.

Some companies, partly in reaction, continued to move toward privatization. Clear Channel, the largest radio concern, started the trend in 2006, and had nearly completed the move by selling off some of its stations by the end of 2007. Cumulus Media signaled its intent to move toward private ownership in 2007 as well.

With fragmentation, moreover, comes variety. Even the content of traditional broadcast radio is now remarkably varied, depending on the source. Public radio thrives. News headlines, our content analysis suggests, provide an important and diverse source of information — and are far more than anchors reading wire copy. Talk radio, meanwhile, is something quite distinct from traditional news, and narrows, not broadens, the agenda.

What seems safest is the idea that listening to news and information is likely to endure, even thrive. But the shape of that is both changing rapidly and in other ways changing very little.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

One of the big events in the pre-primary phase of the presidential campaign was an October 30, 2007, debate in Philadelphia where then-frontrunner Hillary Clinton experienced the first concentrated attacks from her Democratic rivals.

In the media generally, according to the Project's News Coverage Index, the campaign that week accounted for about one-sixth of all the news coverage, and much of that acknowledged the rough-and-tumble nature of that debate. The New York Times reported that Clinton came under "withering attack" on everything from "candor" to "electability." "After getting punched around in Tuesday's Democratic debate, Hillary Clinton is still acting tough," NBC's Andrea Mitchell reported.

But in the world of talk radio, the Philadelphia debate was the starter's gun for something much bigger. The talkers devoted more than 40% of their airtime to the campaign that week. And for them, Clinton wasn't just a combatant in that debate. She was the big loser.

"She's blowing this big time... playing the gender card," declared conservative host Rush Limbaugh, who was responding to complaints from the Clinton camp that her rivals had ganged up on her. Added conservative radio talker and Fox News Channel host Sean Hannity: "Last night's debate in Philadelphia may soon become known as the great Hillary debacle." Clinton even got whacked by syndicated liberal host Ed Schultz, who accused her of "whining."

In many ways, the Philadelphia encounter was a classic example of how talk radio operated, at least in 2007, according to an examination of the top talk radio shows throughout the year.

One clear finding of this examination is that the major personalities in the medium tend to seize on a few major news events each week and amplify them for their own purposes. Many weeks, the top stories in the media generally are roughly twice as big in the talk radio universe.

Generally, those events are then run through an ideological filter and used to create a narrative about good guys and bad guys, winners and losers. That process is fairly similar among both liberal and conservative hosts. It is, at its core, a medium of three P's—personality, persuasion and polarization.

These are just some of the findings of this study, which included almost 220 hours of talk radio content from 2007, some 4,100 different segments, from five of the leading hosts on both sides of the ideological spectrum.

Among other findings:

- Talk radio was consumed with elections and politics in 2007 (more than a quarter of the airtime studied). The second-biggest talk topic was the media themselves, which accounted for about one out of every six minutes of conversation . In almost half the weeks in 2007, the lead story in talk radio got about twice as much play as the No. 1 story in the media over all.
- Conservative hosts were also fixated on Hillary Clinton, and they weren't flattering. A study early in the year found she had generated almost three times as many segments on conservative talk as any other candidate, and almost 90% were negative. From July through the end of the year, she was the lead newsmaker in talk radio .

- Among the subjects that generated minimal coverage on talk radio in 2007 were foreign events that did not involve the U.S and a host of domestic issues. Combined coverage of the legal system, business, transportation, education and science and technology filled only 2% of the talk radio newshole.
- Talk radio is not tabloid. Crime and celebrity news filled only about 5% of time studied.
- Radio news headlines (from CBS and ABC) were in many ways a solid supplement to the narrow and selective talk news agenda. The brief hourly headline reports lacked depth but offered a broad and evenly balanced menu of topics. And the story noticeably absent was the 2008 presidential contest. It accounted for just 2% of the time here, a fraction of the attention it got from the talk radio realm. The headlines were also much more than just anchors reading wire copy. Nearly half (46%) were packaged pieces often with reporters from the field and with sound “actualities” or quotes from sources.

In its modern incarnation in the past two decades, talk radio has been a business dominated by conservative voices. While that is still true, liberals have begun to make their mark in the industry in recent years, and the 2004 launch of the Air America network, despite its problems, appears to have helped. As part of its weekly News Coverage Index in 2007, the Project examined the first 30 minutes of the programs from the three conservative talk hosts with the biggest audiences according to Talkers Magazine — Rush Limbaugh (estimated 13.5 million listeners a week), Sean Hannity (12.5 million) and Michael Savage (8 million.) On the Democratic side, the Project looked at two leading liberal hosts, Ed Schultz (3.25 million) and Randi Rhodes (1.5 million).

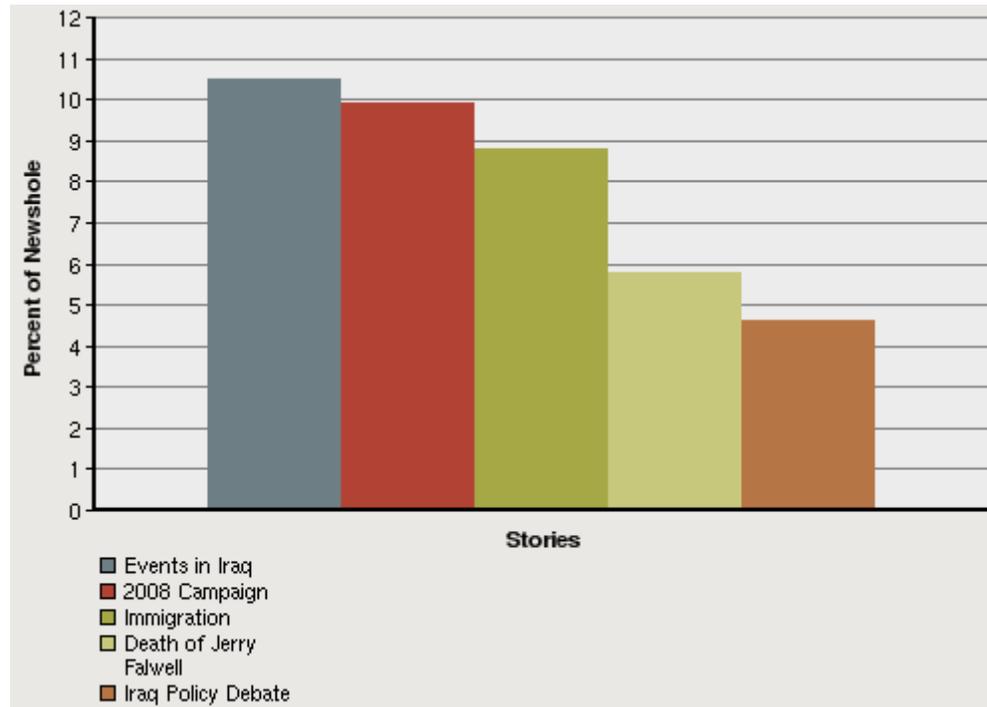
Talk Radio’s Amplification

The most striking characteristic of talk radio is its tendency for hosts to seize on the news and amplify those events. The hosts might suggest they are analyzing them, or offering a deeper level of clarity and truthfulness. Critics might suggest the hosts are not so much reporting the news as exploiting it.

Whatever one’s view, talk radio tends to amplify the handful of stories best suited to debate and division. Typical was the week of May 13-18, 2007, when several important events — Congressional votes on Iraq war funding, the death of Moral Majority leader Jerry Falwell, the immigration bill, the second Republican presidential debate, and a deadly ambush in Iraq — were all part of the five leading stories in the mainstream media. Each one consumed between 5% and 10% of the newshole and together, they constituted 40% of the week’s overall coverage.

Top 5 Stories for the Week of May 13-18, 2007

Percent of Newshole



Source: PEJ, A Year in the News, 2007

On the radio talk shows, however, just three of those stories — the Iraq policy debate, the campaign and immigration — consumed 50% of the airtime. Many of the other stories of the week got short shrift.

That same trend is evident over time. The top-two broad topic areas in talk radio in 2007 — elections/politics and the media — by themselves filled 44% of the airtime studied over the year. They made up 16% of the overall press coverage.

Four topics accounted for nearly two-thirds of all the time on talk radio — politics/elections, media, U.S. foreign policy and government — about 60% more than they did in the media generally.

Top Broad Story Topics: Talk Radio vs. Media Overall
Percent of Newshole

Talk Radio		Media Overall	
Election/ Politics	28%	U.S. Foreign Affairs	17%
Media	16	Elections/Politics	13
U.S. Foreign Affairs	12	Foreign (Non U.S.)	11
Government	8	Crime	7
Crime	4	Government	6
Immigration	4	Disasters/Accidents	5
Lifestyle	3	Health/Medicine	4
Additional Domestic Affairs	3	Economics	4
Environment	3	Lifestyle	3
Miscellaneous	2	Business	3

The agenda also differed in its nature.

A major focus of talk radio is the media itself, including the talk radio hosts talking about themselves as victims of attack. Media, the No. 2 talk subject of the year, filled 16% of airtime studied, about six times as much as in the media over all (3%). Elections/politics at 28% was the No. 1 talk topic of the year compared to 13% and No. 2 over all in the media.

Foreign events that did not involve the U.S. directly were largely absent in the discussion on talk radio (2% of time studied compared to 11% in the media over all). Crime, the No. 4 story at 7% in the media over all, was No. 5 on talk radio, but only about half as big at 4%.

Talk radio, however, is also notable for the degree to which, at least in the hours studied, it was not much concerned with two classic elements of the tabloid media formula — crime and celebrity. Those two topics made up about 5% of time studied in talk radio, half of the 10% of the media over all.

This tendency toward amplification also means that the talk radio is particularly narrow. The combined coverage of the legal system, business, transportation, education, and science and technology, accounted for a mere 2% of the talk radio airtime in 2007. The media over all, which still did not cover them extensively, devoted 7% to those issues last year.

In a year in which we have concluded that the media agenda in general was narrow, talk radio focused on an even smaller slice of that pie.

Top Stories : Talk Radio vs. Media Overall
Percent of Newshole

Talk Radio		Media Overall	
2008 Campaign	17%	2008 Campaign	11%
Iraq Policy Debate	12	Iraq Policy Debate	8
Immigration	4	Events in Iraq	6
Global Warming	3	Immigration	3
Iran	3	Iran	2
U.S. Domestic Terrorism	2	U.S. Domestic Terrorism	2
New Democratic Congress	2	U.S. Economy	2
Valerie Plame Investigation	2	Iraq Homefront	2
Fired U.S. Attorneys	2	Pakistan	2
Events in Iraq	1	Fired U.S. Attorneys	1

News Through the Prism of Ideology:

On March 29, 2007, former Justice Department official Kyle Sampson offered damning testimony about Attorney General Alberto Gonzales, telling Congress that Gonzales was more involved in the firings of U.S. attorneys than he had acknowledged.

On the talk radio airwaves, liberal talk hosts Ed Schultz and Randi Rhodes eagerly jumped on the Gonzales story. In the airtime examined by PEJ, conservative talkers Rush Limbaugh, Sean Hannity and Michael Savage uttered barely a peep on the matter.

Almost two months later, the announcement of a compromise on immigration legislation galvanized conservative radio hosts who labeled it an “amnesty” bill. Sean Hannity declared that “you cannot begin your career or life as an American by first breaking the law.” Michael Savage said: “We’re not giving away the sovereignty of America. This is the Alamo right now.”

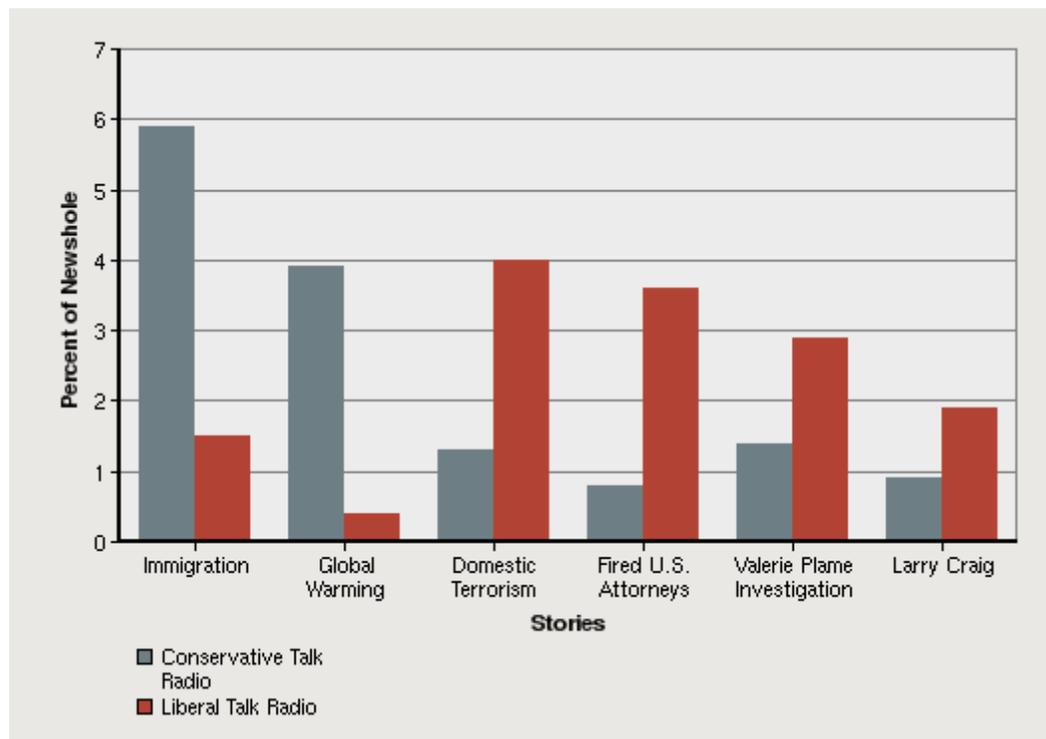
On that subject, their liberal counterparts were virtually silent.

It comes as no surprise that liberal and conservative hosts would have sharply differing views on the war in Iraq or the presidential race or a host of other subjects. But another way in which the ideological wars on talk radio play out is through the selection of stories themselves. In an industry in which hosts much prefer to attack the enemy rather than defend the ally, ideology determines what subjects are even up for discussion. ¹

Immigration, a hot-button issue for many conservatives, was the third-biggest topic (at 6%) in conservative talk radio in 2007, right behind the campaign and the Iraq policy debate. Liberal talkers were much less interested, devoting only 1% of their airtime to what was their 10th-most popular story. The third-hottest story among liberal talkers (4%) was domestic terrorism, as they criticized the Bush administration on issues such as torture and electronic surveillance. Conservatives, who tended to back White House policy on terrorism, devoted only 1% of their airtime to that subject.

Not surprisingly, liberal hosts were far chattier about the U.S. attorney firings and the Valerie Plame/CIA leak case that led to the conviction of Vice President Cheney’s aide, I. Lewis (Scooter) Libby Jr., since both were embarrassing to the administration. The arrest of Larry Craig, the conservative Republican Senator accused of sexual overtures to an undercover police officer, was also a much hotter topic on liberal talk.

Story Selection in 2007 Conservative vs. Liberal Talk Radio



Design Your Own Chart

Source: PEJ, A Year in the News, 2007

Conversely, conservative talkers spent a lot more time on the subject of global warming — criticizing its chief advocates, particularly Al Gore. They also invested much more energy on the new Democratic-led Congress, whose leaders, such as House Speaker Nancy Pelosi, were a frequent target for criticism.

And then there is the Hillary Clinton factor. Her history with the conservative talk hosts goes back to the 1990's when she was First Lady and presided over an unsuccessful attempt to remake the nation's health care system. (Conservative talk radio's ascendancy coincided to a significant extent with Bill Clinton's 1992 election and the hosts decided to make his administration a primary target.) Ever since Hillary Clinton's January 2007 announcement that she intended to follow in her husband's footsteps, she has been a prime subject on talk radio, more specifically a prime target of conservative talkers.

For the first five months of 2007, Clinton generated almost three times as many segments on conservative talk radio than any other candidate, a PEJ report on early election coverage found. And 86% of those segments on the conservative air waves about her were negative in tone. In that period, she did not fare particularly well on the liberal talk radio either, but was a far less frequent topic of discussion. A study of the summer months of 2007 found that Clinton was a lead newsmaker in more than four times as many talk radio segments on the campaign as the next closest candidate, Barack Obama. And again, it was largely conservative talk radio's fixation with her driving that coverage.

Discussing some purported problems with the Clinton campaign on a December edition of his show, Rush Limbaugh opted for a Wizard of Oz wicked witch analogy. People have been e-mailing all morning “asking me ‘Do you believe it’s the end for Hillary?’ ” Limbaugh remarked on Dec. 14. “Until I see the house fall on her... and the legs curl up [and] the body in the casket, she is not dead, she is not finished.”

That ethos was also summed up by Hannity, who during the campaign nicknamed his program The Stop Hillary Express.

Conservative Talk and the Immigration Jihad

The ability of talk hosts to influence voters may be an open question, but on one important legislative matter in 2007, the conservative hosts seemed to have had an impact. In the six weeks between the May 17 introduction of immigration legislation and the bill’s June 28 demise, the talk hosts were in the forefront of a relentless assault on the measure. Day in and day out, Limbaugh, Hannity and Savage — with considerable help from CNN’s Lou Dobbs — railed against the immigration bill and its supporters. So intense was the barrage that among conservative radio hosts, the immigration debate was the No. 1 topic in the second quarter, filling 16% of the airtime. (The second-biggest topic was the presidential campaign at 13%).

What made the conservative talkers’ war on the immigration bill more noteworthy was their willingness to butt heads with some key Republicans who had often been allies, including President George Bush. So exasperated was Republican Senator Trent Lott that he complained openly during the immigration debate that “talk radio is running America.”

That only made Lott a bigger target. “What are we going to do about Mississippi Senator Trent Lott... one of the engineers of the Senate immigration bill, the amnesty bill?” Limbaugh asked his listeners. “Senator Lott’s out there saying the problem with this is talk. Now what does that mean?”

On his radio program, Hannity defended his stance by drawing firm distinctions between conservatives and Republicans. “We stand up for our principles regardless of any party affiliation,” he said. “We find ourselves now at odds with Republicans for one reason and one reason only.... They keep compromising their values.”

That was same argument that conservative talk hosts would make later in explaining their campaign against John McCain, who became the Republican party’s presidential nominee but was deemed too liberal for their tastes.

Differences among Hosts of the Same Ideology:

The conservatives:

Naturally, the most obvious arguments and differences are between the liberal and conservative talk hosts. But a close examination also reveals that there are some significant differences among talkers of the same ideologies.

In terms of news agendas, there were some noticeable differences among the three big conservative hosts. Hannity is most clearly a Washington creature, spending 45% of the first half hour of his program on the topic of politics/campaigns. That is about 150% as much attention as Limbaugh gave the subject in his top 30 minutes and nearly three times as much coverage as Savage offered. Savage, in contrast, whose program has more in-your-face vitriol, seems more culture-oriented and less political. Topics such as lifestyle, immigration, religion, race and gender all get more time on his 30 minutes of air-time (23%) than from Limbaugh (8%) or Hannity (9%). Limbaugh is harder to pin down, but in some ways encompasses, with more wit and less overt anger, combinations of both. But the differences that often stand out

the most are stylistic. Limbaugh is a godfather of modern conservative talk and a very influential figure in conservative circles. (Many credited him with a role in the conservative revolution that swept the Republicans into power in the 1994 Congressional elections and he is often characterized as the leading representative of the talk-show wing of the Republican Party.)

Limbaugh's on-air style is relaxed, conversational and flecked with humor, or at least sarcasm. He has a considerable skill for self-promotion and injecting himself into the middle of major political controversies, a classic example being the "phony soldiers" furor that erupted in September 2007. At the time, Democrats were smarting over congressional resolutions condemning an ad from the liberal group, MoveOn.org, characterizing the top U.S. commander in Iraq, General David Petraeus, as "General Betray Us." In a September 26 on-air phone conversation about anti-war sentiment, a caller said that media "never talk to real soldiers. They like to pull these soldiers that come up out of the blue and spout to the media." Limbaugh interrupted, saying, "the phony soldiers." Limbaugh's use of the term "phony soldiers" was quickly attacked as an effort to discredit troops who might express doubts about the war and Democrats in Congress introduced a measure condemning the talk host.

Limbaugh countered that his "phony soldiers" remark referred only to one veteran who had fabricated stories about Iraq atrocities. And in a creative response to this dispute, Limbaugh took the letter of complaint about him signed by 41 Democratic senators and auctioned it on eBay, with Limbaugh matching the top bid and the money going to charity. The final bid: \$2.1 million. On his show, Limbaugh played a clip of Senate Majority Leader Harry Reid, a major critic in the "phony soldiers" battle, actually lauding the Limbaugh auction as "worthwhile cause." It was typical of Limbaugh's knack for making himself part of the story.

Younger and newer on the scene than Limbaugh, Hannity, not only has the bully pulpit of a syndicated talk radio show, but is also co-host of the Fox News Channel's nightly Hannity & Colmes show where he faces off against liberal Alan Colmes. Hannity and Limbaugh seem quite close on many issues and they spent much of the year battering Hillary Clinton. Almost in sync, they both shifted targets as the Republican primary fight went on, becoming sharply critical of John McCain and Mike Huckabee for being too liberal and thus, becoming the favorite Republican candidates of the liberal mainstream media. Their preferred Republican candidates clearly were Fred Thompson and Mitt Romney, two politicians who dropped out after failing to meet expectations.

The differences between Hannity and Limbaugh appear to be more about style than substance. Hannity tends to be more overtly pugnacious and direct, purveying more of a street-fighting sensibility than Limbaugh, who tends to favor more linguistically intricate soliloquies and ornate reasoning.

The real wildcard among conservative talkers is the San Francisco-based Savage, who is more of a contrarian and loose cannon than either Limbaugh or Hannity. On occasion, he has even taken what can only be characterized as a liberal view of an issue.

When Haliburton, the big military contractor once led by Dick Cheney, decided to open a headquarters in Dubai, Limbaugh defended the decision, charging that the company "is one of the footballs kicked around by the mad, insane left." But Savage, who attacked the move as an example of the unfettered power of big business, played a clip of President Eisenhower's famous speech warning of the rise of a "military-industrial complex." When a student was subdued with a Taser while being disruptive during a John Kerry appearance at the University of Florida, Savage called the campus police "fascist," and declared that "I don't want to live in a country where even a left-wing student gets

tasered for asking a question.” Savage also remarked that making Barry Bonds the villain in baseball’s steroid scandal “looks like racism to me,” in effect making a classic liberal argument by using a charge of racism in Bonds’ defense .

At the same time, the volcanic Savage is more likely than any host to explode and use scorched-earth rhetoric to make his points. He once likened the wave of immigration in the U.S. to the battle at the Alamo and on another occasion, predicted that many liberals would “die in their own vomit.” He expressed disappointment that Speaker of the House Nancy Pelosi “was not gutsy enough” to make an obscene gesture to Syrian President Bashar Assad on a trip to Damascus. And he denounced those who questioned General David Petraeus during a Congressional hearing as “those slimy, backstabbing, anti-American scum called Democrats.”

Other aspects of Savage’s behavior are unorthodox as well. To protest the media’s extensive coverage of the tabloid Anna Nicole Smith saga, he began reading on the air from “Once Upon a Time in the Catskills” a memoir about the summer of 1958 designed to hark back to a simpler, more innocent time in America. To honor the passing of tenor Luciano Pavarotti, he played classical music, something you don’t usually hear on talk radio.

Top Stories : Conservative Talk Hosts

Percent of Newshole

Host	Story Rank 1		Story Rank 2	
Rush Limbaugh	2008 Campaign	19%	Iraq Policy Debate	12%
Sean Hannity	2008 Campaign	33%	Iraq Policy Debate	10%
Michael Savage	Immigration	9%	Iraq Policy Debate	8%

The liberals:

On the liberal/Democratic side, the North Dakota-based Schultz and New Yorker Rhodes are distinct from each other as well.

First, there were some differences in news agendas. At 18% of the first 30 minutes of his airtime in 2007, Schultz devoted more than twice the attention to the 2008 campaign than Rhodes did (8%). Rhodes was more concerned with the two leading threads of the Iraq war — the policy debate and events inside Iraq — than Schultz, devoting 19% of her newshole to those subjects compared with 13% for Schultz.

But the biggest contrast between the two is stylistic, with Schultz’ moderate Midwestern mores clashing with Rhodes’s Brooklyn brashness and ideological bomb-throwing.

One example of their divergent approaches was the reaction to news that Larry Craig, a conservative Republican Senator from Idaho, had been arrested for making a sexual overture to an undercover police officer in a Minneapolis airport. Rhodes went on the offensive, accusing Craig of being an “anti-homosexual homosexual” and attacking his Republican colleagues who quickly distanced themselves from him as hypocrites. For Schultz, the issue was far different. “The thing that bothers me the most about the Craig thing is that something happened with law enforcement and it went unreported to the Ethics Committee or Republican leadership,” he said. Craig “shouldn’t have the liberty... to be able to hide an arrest.”

Top Stories : Liberal Talk Hosts

Percent of Newshole

Host	Story Rank 1	Story Rank 2
Ed Schultz	2008 Campaign 18%	Iraq Policy Debate 12%
Rhandi Rhodes	Iraq Policy Debate 15%	2008 Campaign 8%

On another show, Schultz announced that he liked all the Democratic candidates, the kind of positivity one usually does not here on talk radio. “There isn’t one up there I wouldn’t vote for,” he said. “I’m just a big cheerleader today, aren’t I?”

Rhodes’ elbows and rhetoric are often sharper. She dubbed the First Lady “Crazy Eyes Laura Bush” and voiced her opinion that Bush “had a face lift.” She mocked John McCain’s assertion that the security situation inside Iraq had improved by declaring that during his stay in Iraq “John McCain had more bodyguards with him than P. Diddy getting to the MTV Awards.” At one point, she voiced her displeasure at General Petraeus and U.S. Ambassador to Iraq Ryan Crocker by characterizing them as a “tag team of liars.”

Rhodes was involved in a strange drama back in October, when she suffered significant facial injuries in a fall in New York City. The next day, another liberal host told listeners that Rhodes had been assaulted and raised the specter of a deliberate attack by “the right-wing hate machine.” Rhodes then returned to the airwaves and said that “I don’t know if someone hit me from behind or if I just fainted.” She was not able to clear up the mystery, but the episode offered further proof that in talk radio, everything is about politics.

Radio News Headlines: Brief but Broad

When the 5 o’clock CBS News aired on April 16, 2007, the depth of that day’s tragedy had become clear. In the worst shooting incident in American history, a murderous rampage had left 33 people dead on the campus of Virginia Tech. The newscast led with an update from the scene, followed by a White House reaction from President Bush and devoted a full two minutes to the story, a very long time for the briskly paced radio headlines format.

But even with Virginia Tech dominating, the five-minute newscast featured seven stories that quickly traversed the news landscape—including a jury verdict for a Hurricane Katrina victim; questions about an arthritis drug; Boston Marathon race results; closing stock prices; a terrorism-related trial in Miami; and fears of a cell phone-transmitted virus in Afghanistan.

That newscast offered a smorgasbord of news topics typical of the platform: crime, domestic events, medicine, sports, economics and foreign affairs.

In 2007, the Project for Excellence in Journalism examined these top-of-the-hour radio newscasts from CBS and ABC and found that in their own way, they were models of diversity, brevity and efficiency. These headline services — usually marking the top of the hour on radio talk, news and information stations — are an important force in radio in America, a primary source of news for stations of all kinds of spectrums. And in the hundreds of stations around the country that categorize themselves as “news and talk,” such as the ones that carry major talk show hosts, these headlines represent the news.

In general, the study finds, they offer an impressively broad if quick look at the day's events, Cliff Notes to the news. What is absent is depth, any kind of nuanced analysis or comparison of multiple angles on any given issues. But the sense of scale, or ordering of news by importance, is more often found here in the headlines than on the talk programs that often follow.

The news headlines are designed for their well-defined niche, serving time-pressed commuters in their cars, multi-tasking homemakers in the kitchen or those that want to listen mostly to music while still being plugged into the news of the day. They are straightforward and delivered without attitude or agenda.

For all the terrain they cover in a short period, these newscasts are more than rip-and-read exercises in which smooth-sounding anchors regurgitate news or wire stories. The Project's examination of these reports found that the largest component, 46% of the airtime, consisted of prepared news packages in 2007, often with reporters from the field and with sound "actualities" or quotes from sources. About 32% was made up of live comments or reporting from staff journalists. And only 21% of the time was spent with the anchor functioning as storyteller or reader.

Format of News Radio Headlines

Percent of Newshole

Format	
Package	46%
Staff Live	32
Anchor Read (Voice-over/Tell Story)	21
Interview	1
Live (Event or Ext. Live)	<1

When it comes to news agendas, one striking element of the radio headlines is the subject that did not get very much coverage, the 2008 presidential contest. In a year in which the media were consumed by the campaign, elections/politics was only the 10th-biggest topic area in the headlines, accounting for just 3% of all the airtime. By means of comparison, it was the No. 2 topic (at 13%) in the media over all for 2007 and in the world of talk radio elections/politics represented the top subject area, consuming 28% of the airtime.

Top Broad Story Topics: News Radio Headlines vs. Talk Radio vs. Media Overall
Percent of Newshole

Rank	News Radio Headlines Only		All Talk		Media Overall	
1	U.S. Foreign Affairs	13%	Election/Politics	28%	U.S. Foreign Affairs	17%
2	Crime	10	Media	16	Elections/Politics	13
3	Disasters/Accidents	10	U.S. Foreign Affairs	12	Foreign (Non U.S.)	11
4	Economics	10	Government	8	Crime	7
5	Foreign (Non U.S.)	7	Crime	4	Government	6
6	Health/Medicine	7	Immigration	4	Disasters/Accidents	5
7	Government	6	Lifestyle	3	Health/Medicine	4
8	Lifestyle	5	Additional Domestic Affairs	3	Economics	4
9	Miscellaneous	4	Environment	3	Lifestyle	3
10	Elections/Politics	3	Miscellaneous	2	Business	3

The trend toward limited coverage of the campaign was confirmed when the news headlines were analyzed more narrowly, by individual story rather than the more general topic category. The 2008 campaign was only fourth-biggest radio headlines story (filling 2% of the airtime), compared with No. 1 for the media over all (at 11% of the newshole) and No. 1 on talk radio (17%).

What the radio headlines do deliver is a broad and balanced news menu. U.S. international news, driven primarily by the war in Iraq, topped the topic list (filling 13% of the newshole). That was followed closely by crime (10%), disasters and accidents (10%), economics (10%), foreign events not related to the U.S. (7%) and health/medicine (7%).

That kind of balance in topic selection distinguishes the headlines from the media over all, with its heavier emphasis on three major categories — U.S. international news (17%), elections/politics (13%) and foreign non-U.S. (11%). And it represents a sea change from the world of talk radio, where the pre-occupation with elections/politics (28%) and media (16%) accounted for nearly half the newshole.

Looking at the radio headlines by their coverage of big stories, the editorial balance is even more obvious. The top story of the year, the policy debate over Iraq, was separated from the No. 10 story, rising gasoline prices, by a mere 6 percentage points.

Top Stories: News Radio Headlines vs. Talk Radio vs. Media Overall
Percent of Newshole

Rank	News Radio Headlines Only		All Talk		Media Overall	
1	Iraq Policy Debate	7%	2008 Campaign	17%	2008 Campaign	11%
2	Events in Iraq	5	Iraq Policy Debate	12	Iraq Policy Debate	8
3	U.S. Economy	3	Immigration	4	Events in Iraq	6
4	2008 Campaign	2	Global Warming	3	Immigration	3
5	U.S. Domestic Terrorism	2	Iran	3	Iran	2
6	Iran	2	Domestic Terrorism	2	U.S. Domestic Terrorism	2
7	Fired U.S. Attorneys	2	New Democratic Congress	2	U.S. Economy	2
8	Iraq Homefront	1	Valerie Plame Investigation	2	Iraq Homefront	2
9	VA Tech Shooting	1	Fired U.S. Attorneys	2	Pakistan	2
10	Gas/Oil Prices	1	Events in Iraq	1	Fired U.S. Attorneys	1

The attention given to rising gas prices, a story the public followed very closely this year, highlights another factor that distinguished the radio headlines. The headlines devoted a large portion of the newshole, 10%, to the subject of economics. (For the media over all in 2007, economics was the eighth-biggest subject, at 4%.) Some of that is the result of the dutiful daily reporting of the numbers on Wall Street. But given the fact that the sub-prime mortgage crisis and the slowing economy had by early 2008 emerged as a primary campaign topic, perhaps even eclipsing the Iraq war, the emphasis on economics suggests some solid news judgment at play.

Despite its ability to deliver a brisk news digest, there are natural limits to relying on radio headlines for the bulk of one's news diet. The average length for a radio headlines story in 2007 studied by the Project for Excellence in Journalism was just under 25 seconds. And given that the lead story often gets more in-depth treatment, many of the others are reduced to quick synopses. On the evening of April 16, 2007, for example, the CBS broadcast devoted slightly more than two minutes to an update on the Virginia Tech tragedy. But five of the remaining six stories in that newscast each took less than 25 seconds. The three stories immediately following the Virginia Tech update on the ABC headlines service that day were each under 10 seconds in length.

While sometimes enhanced with live or taped reporting from the scene, the headline stories are still too brief to offer listeners much nuance or to evaluate complicated issues. A more detailed 2006 study of news in three markets in the U.S. found that most of these stories made almost no attempt to offer listeners much context, explore different elements or try to make any sense of how stories might affect them. ²

Footnotes

1. Each day, on the conservative side, the PEJ studied the first 30 minutes of Rush Limbaugh's show and rotated between the first half-hour of Sean Hannity's and Michael Savage's shows. On the liberal side, PEJ rotated between the first half-hour of Randi Rhodes' program and Ed Schultz's program each day. In total, the Project examined approximately 7.5 hours of talk radio per week.

2. See state of the News Media 2006, http://www.stateofthenewsmedia.com/2006/narrative_daymedia_radio.asp?cat=9&media=2.

Audience

Audience

By the Project for Excellence in Journalism

The audience for what was once called radio is rising — and fragmenting.

Heading into 2008, the big question is which, if any, of the new audio platforms —satellite radio, Internet radio, HD radio, podcasts, MP3/iPod listening or mobile phone radio — will come out on top. So far, no clear winners have emerged.

What we do know about the new technologies is that audience demographics and listening location are closely tied to certain audio devices.

- Wealthy and more educated groups tend to gravitate toward satellite radio. Nearly one in four subscribers has an annual household income over \$100,000. ¹
- Gadget-savvy younger audiences show the most interest in podcasting. More than half (52%) of those who have ever listened to an audio podcast are under the age of 35. ²
- Car radio audiences still favor the AM/FM dial (93%), but growing numbers are also using MP3 players (19%) and satellite radio (4%) while they drive. ³
- Online radio is common in the workplace. More than half (52%) of Internet radio listening occurs there. ⁴
- MP3 players and iPods, the clear winners for on-the-go listening, appear to span all demographics.
- Cell phones could become a growing factor in portable listening. Already 44% of cell phone owners, more than for any other audio device, said cell phones had a big impact on their lives. ⁵

The implication of all this is that the many audio devices are still in fierce competition for listeners, and for the advertising and subscription revenue that comes with them.

Research into ways to measure new audio's growing audience has been slow to come together, despite benefits that both the industry and advertisers would likely receive from measuring Internet and HD listeners. No reliable method to capture total audience numbers has emerged. Hopes were high for the **Portable People Meter**, the long-awaited electronic measurement introduced by Arbitron, the radio ratings company, in March 2007 and rolling out across the country in 2008. Although its potential is considered strong, the technology is off to a troubled and uncertain start.

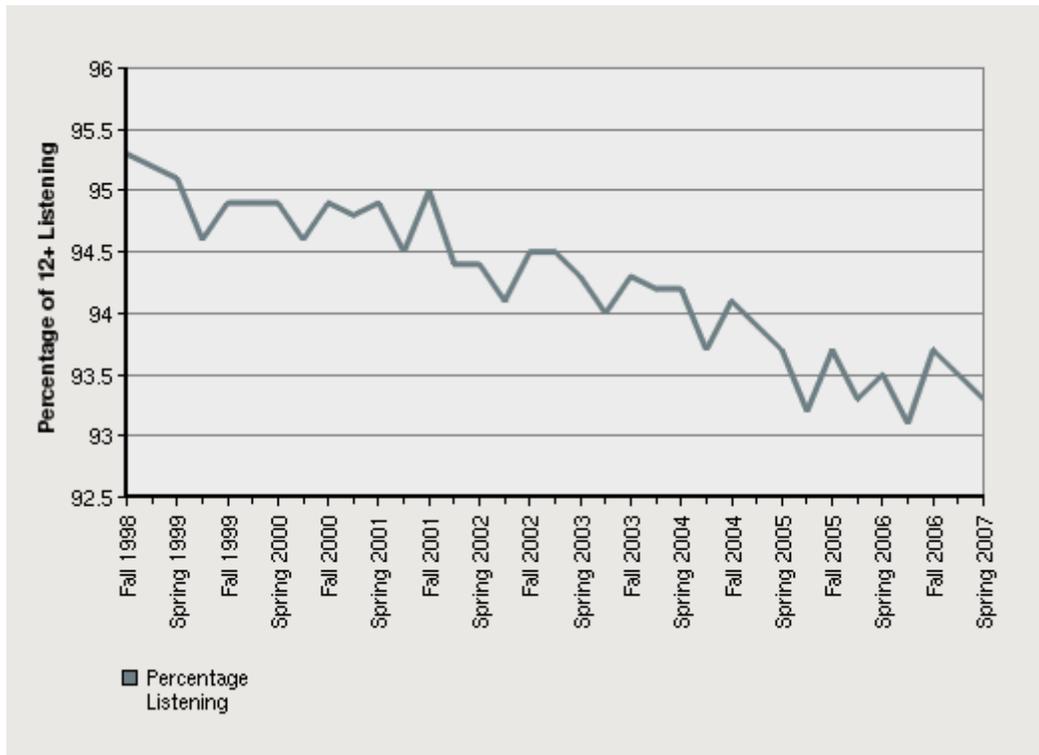
Broadcast Radio — Impressive Following

Traditional broadcast radio has maintained an impressive following, even among fans of new audio, though the numbers are falling slightly. According to Arbitron, traditional radio commanded a weekly audience of 93.3% of the population 12 and older as of the spring of 2007. ⁶ This translates into nearly 233 million people over the age of 12 who tuned into the AM/FM dial at least once during an average week. ⁷

That number represents a modest drop of 1.6 percentage points since the spring of 2000. The decline is relatively small compared with newspapers, network television and magazines that, like traditional radio, also face competition from new technologies.

Weekly Radio Reach

Percentage of the Population 12 and Older, 1998-2007



Design Your Own Chart

Source: Arbitron, "The Infinite Dial 2007: Radio's Digital Platform," April 19, 2007

And the listening patterns look fairly stable for the AM/FM dial in the foreseeable future. New audio listeners remain loyal to traditional radio. Nearly 8 of 10 podcast listeners (79%) and online radio listeners (77%), according to Arbitron survey data, say they would continue to listen to AM/FM radio as much as they do now. ⁸ The number drops slightly for satellite radio listeners: seven out of ten subscribers anticipate maintaining their current levels of traditional radio listening.

These numbers, moreover, appear to be supported by others. A study by the media research group Bridge Ratings also found that AM/FM radio listening in the car has remained high, at 93% (down from 96% in 2004), despite competition from satellite radio and MP3 players. ⁹ Furthermore, 75% of survey respondents said that traditional radio was the device they preferred to use most in the car.

HD Radio – Too Late for a Breakthrough?

Over the past three years, the radio industry has spent a lot of time and money promoting HD radio. ¹⁰ But so far, it looks as if that effort has not translated into a radio audience big enough to compete with other new audio platforms. The audience for HD radio in 2007 was estimated to be 320,000 (compared with 13 million satellite radio listeners), up from 100,000 in 2005. ¹¹ Though this is a large increase, over 200%, the audience is very small .

The digital HD radio platform also offers features that other popular digital formats offer, such as the ability to record particular programs for later listening (the audio equivalent of TiVo) and providing scrolling textual data on the radio “dial” (like program information, artist/song names, weather/traffic updates).

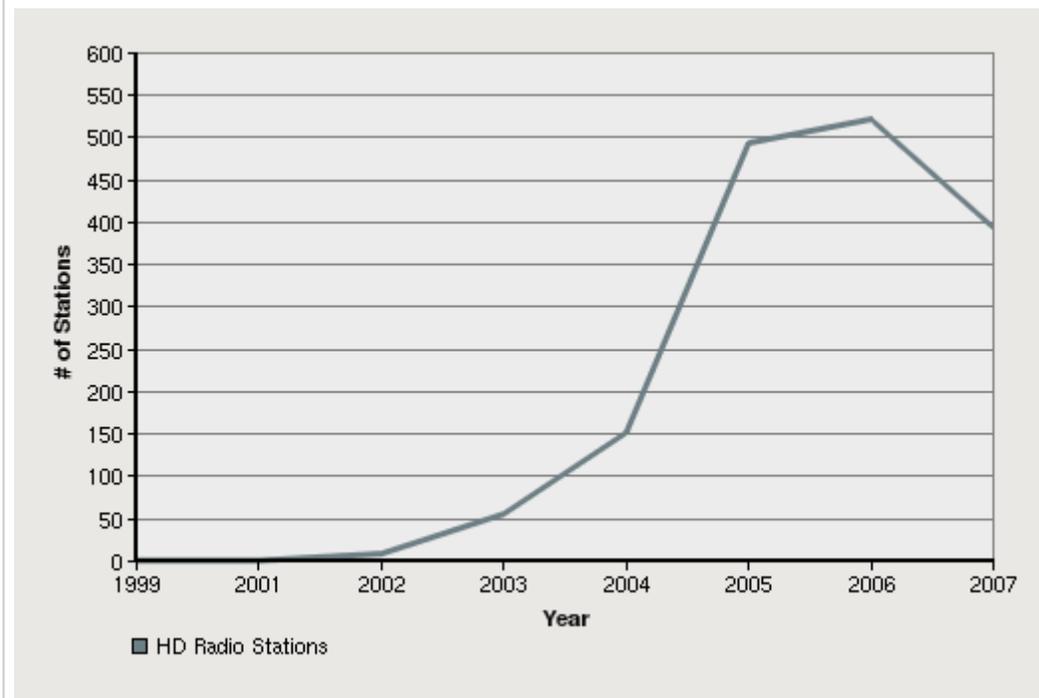
The biggest stumbling block for rolling out HD radio seems to be access. In order to listen to the high-quality sound and multicast channels of HD radio, consumers have to invest in a radio that receives the special signals. In 2007, a modest HD radio cost about \$150. Although that price has dropped significantly over the past two years, consumers still do not seem interested in paying that much for a single radio. Listening to HD radio in two locations – at home and in the car, for instance – would mean buying two units.

The trade-off for the initial high cost of access is that the resulting expanded digital dial is then absolutely free, unlike satellite radio, which comes with a monthly subscription fee (currently \$12.95) in addition to the initial cost of the satellite receiver(s).

By the end of 2007, 1,629 HD radio stations were on the air and 466 more were licensed but not yet broadcasting. 12 The number of HD stations skyrocketed in 2005, more than tripling from 152 in 2004 to 494. Since then, growth leveled off and has begun to decline. In 2006, 522 new stations were added. And only 394 stations went digital in 2007.

Number of HD Radio Stations

1999-2007



Design Your Own Chart

Source: BIA Financial Network database, PEJ Research

The growth of HD seems to be getting the public's attention, though perhaps not yet their buy-in. Arbitron reports that more people had heard about HD radio at the beginning of 2007, compared with 2006 (26% vs. 14% in 2006).¹³ But increased awareness does not necessarily translate into more listeners. Just 29% of the public expressed interest in getting HD radio, down from the previous year's total of 35%. Though interest is waning, HD radio has more reason to be optimistic about growth than satellite radio: Only 18% of people surveyed were interested in subscribing to satellite radio.

Satellite Radio – Subscriptions Still Up

As the two providers of satellite radio service, Sirius Satellite Radio and XM Radio, await the verdict on their proposed merger, they continued to grow in 2007. But growth may not be enough to sustain either company.

According to company press releases, Sirius ended 2007 with 8.3 million subscribers, up 38% from 6 million in 2006. XM added 1.4 million subscribers, bringing its total to more than 9 million, an 18% increase from 2006.¹⁴

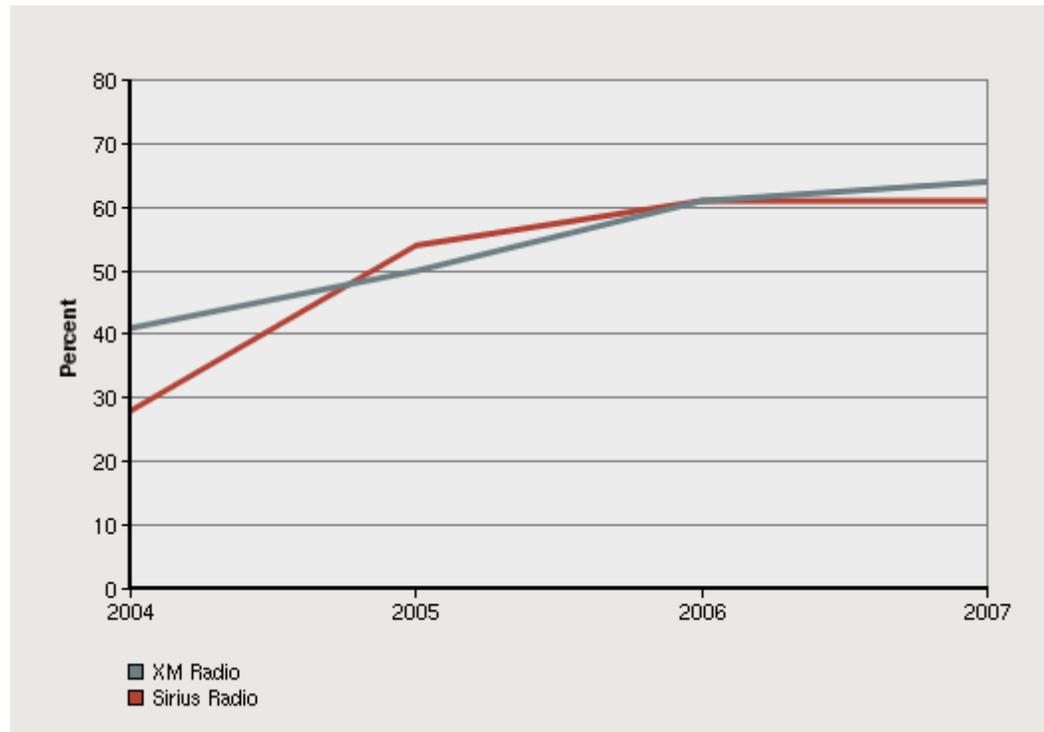
Though double-digit growth in audience may seem impressive for satellite radio, especially after only six years on the market, it still has not created a viable business model for either company.

At the outset of 2007, the companies announced their intent to merge, with Sirius Satellite Radio's CEO, Mel Karmazin, leading the effort. It quickly became a regulatory battle, one still fiercely being waged in Congress at the end of the year. If the two companies are allowed to go forward with the plan, it may be a factor in how radio will be defined in the future – as individual types of competing audio platforms (terrestrial, satellite, HD, online), or as one medium that comprises all forms of listening. (See *Ownership*.)

Another sign of the uncertain future: Audience growth may be approaching a plateau. According to Arbitron, awareness of both XM and Sirius was almost flat compared with the previous year, 2006.¹⁵ In January 2007, 64% of the population 12 years and older said they had "heard of a satellite radio service called" XM radio, while 60% said the same of Sirius. This compares with 61% for both companies in January 2006.

Satellite Radio Awareness

1999-2007



Design Your Own Chart

Source: Arbitron, "The Infinite Dial 2007: Radio's Digital Platform," April 19, 2007

According to the Arbitron survey, interest in satellite radio did not rise in 2007, another threat to sustaining audience growth. In a 2007 survey, only 3% said they would be "very likely" to subscribe to satellite radio services in the next 12 months. 16 And 15% said they would be "somewhat likely." This is nearly identical to attitudes in 2006, when 4% said they would be "very likely" to subscribe as of January 2006 and 14% said they would be "somewhat likely."

Internet Radio – Stable Audience

The audience for Internet radio, 17 which received a big bump in 2006, held steady in 2007.

In Arbitron's April 2007 survey, 11% of Americans age 12 and older, or 29 million people, reported listening to online radio "last week," about the same as the regular 2006 audience, 12%. 18 And 40% of the population said they had ever listened to radio online. This suggests broad exposure to Internet radio, but perhaps not yet a steady and regular audience.

Though its audience size is far from overwhelming, it still helps offset the steady downward trickle of traditional radio listeners. Of those who had recently listened to Internet radio, 34% said they had heard a simulcast of a traditional AM/FM online station. 19 More important, according to the Bridge Ratings Group, this number has gone up 41% from

January 2007 to April 2007. Growth may be hindered however by a recent regulatory change that increased royalty fees for online radio providers. (See Economics section for more details.)

This growth has been noted by some in the industry who believe radio's digital push should focus on Internet radio rather than HD. John Hinnen, vice president for radio news programming at station CFTR 680 in Toronto, believes we will all be listening to the radio via the Internet in our cars in the not-so-distant future. Speaking to the National Association of Broadcasters in Las Vegas in 2007, he suggested that news programmers offer listeners ways to personalize the news by creating music or news content from a vast menu of options.

That anytime-anywhere philosophy could have growth potential. As of 2007, the majority of Internet radio listening (52%) occurred at work, whereas most traditional AM/FM listeners tuned in from the car. ²⁰ But if wireless Internet was more universal, Internet radio could be freed from the computer.

To get some sense of wireless Internet availability, the CEO of American Media Services-Internet, Reed Bunzel and Laramie Guest, the company's vice president for engineering, drove 100 miles – from San Jose, Calif., to San Francisco and back — in November 2007 while streaming radio from a laptop. They experienced a nearly flawless signal for the whole trip. Bunzel said, "The underlying incontrovertible truth is that Internet radio no longer is tied to a cable and a surge protector. It is just as portable as terrestrial radio, it doesn't have to appeal to a mass audience, it can be personal and interactive in nature, and almost anyone can join the club." ²¹ Whether this extent of steady streaming would be available in other parts of the county is questionable. Still, it does suggest the potential of wireless Internet radio.

The majority of online radio fans tend to listen about 10 to 14 hours a week. ²² More than a quarter of Internet listeners (26%) tune in more than 15 hours a week and 12% of that group listens more than 20 hours a week. By comparison, listeners to traditional AM/FM radio spend an average of 19 hours tuned in. ²³

Podcasting/MP3 Players – Catching On?

The audience for MP3 players continues to grow at a brisk pace. As of early 2007, nearly a third of the American public (30%) over the age of 12 owned an iPod or other MP3 player, up from 22% the previous year. ²⁴

Small, sleek and portable, MP3 players were most popular with kids. More than half (54%) of 12- to 17-year-olds owned an iPod or other type of MP3 player at the beginning of 2007, up from 42% the previous year.

But, despite the prevalence of MP3 players, only 13% of people over the age of 12 —some 32 million — say they have ever listened to podcasts, that is, downloaded audio or video other than songs from the Internet for later consumption.

That may have more to do with the process than the content. The two-step process required to hear podcasts — accessing and downloading — may be the reason the digital platform has not caught on. According to Bridge Ratings, the main reasons people skip podcasts are because they just are not interested (46%) or they think it is "too complicated" (39%). ²⁵

Not surprisingly, younger audiences showed more interest in the technology. More than half (52%) of those who have ever listened to an audio podcast are under the age of 35. ²⁶

Cell Phone Radio – The New Frontier

Some predict that it won't be Internet radio, HD radio, satellite radio, podcasting or MP3s that take over as the dominant new audio format, but cell phones and PDAs. The potential for cell phone radio to become the next "must-have" audio device is great, but so far, it is slow to take off.

Only a tiny slice of the population – 1% – already has purchased a device that would tune in local radio stations. 27 Interest, however, is higher. Nearly one in three people are "very" or "somewhat" interested in having a cell phone with a radio function. But that leaves 65% who have no interest.

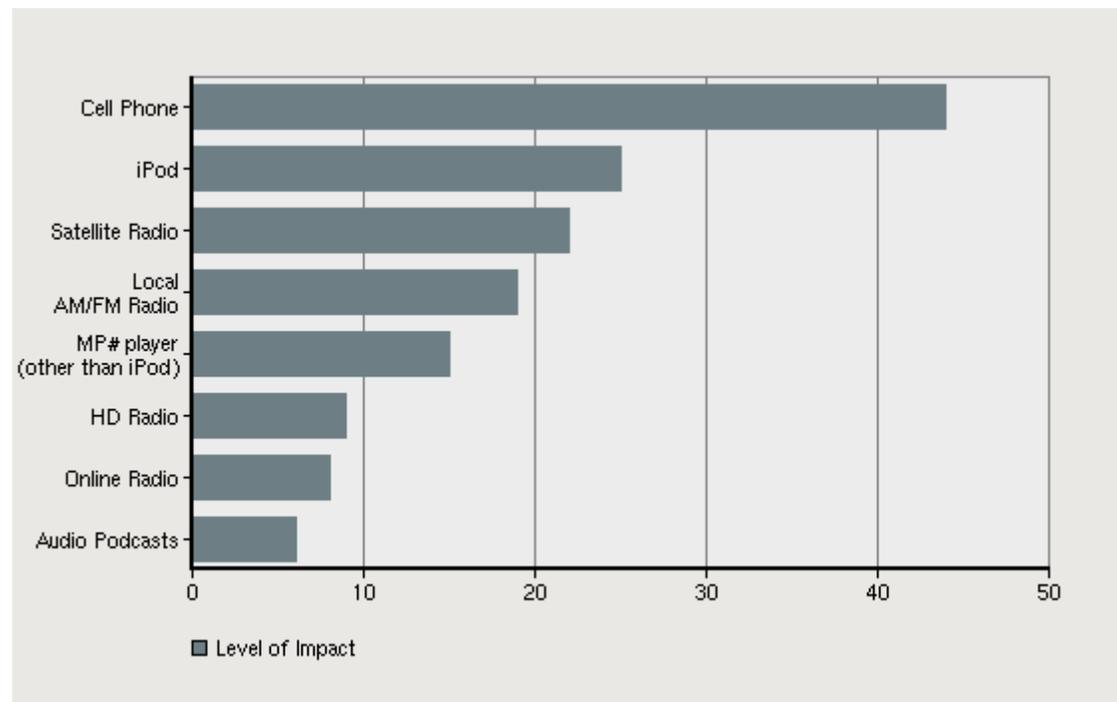
Still, the emergence of the cell phone nation is hard to ignore. Over 250 million people, or 82% of Americans, subscribed to some type of wireless service as of November 2007. 28 This represents an increase of 352% since 1997. Not only is cell phone penetration high, but most calling plans offer customers substantial incentives to upgrade their cell phones every two years, ensuring a steady turnover of new gadgetry.

And according to the media research group Bridge Ratings, "Cell phone technology is the only audio-capable technology that could approach traditional radio's market penetration." 29

Underscoring this potential is how people feel about their cell phones: 44% said the devices have had a "big impact" on their lives. 30 (In comparison, iPods come in at 25%).

Audio Devices That Have Had a "Big Impact" on Users' Lives

2007



Design Your Own Chart

Source: Arbitron, Edison Media Research

Survey Question: "How much of an impact on your life has (name of platform/device) had? Where 5 = big impact and 1= no impact

What could this mean for radio? Wish lists from cell phone owners pointed to a demand for information solidly within the realm of radio. The services survey respondents preferred getting most on cell phones (other than phone calls and text messaging) were traffic reports (39%), music downloads (37%) and news/sports (28%).³¹ Fifteen percent said they were interested in having an AM/FM receiver on their phone, while 12% were interested in browsing the Internet and 13% in watching TV.

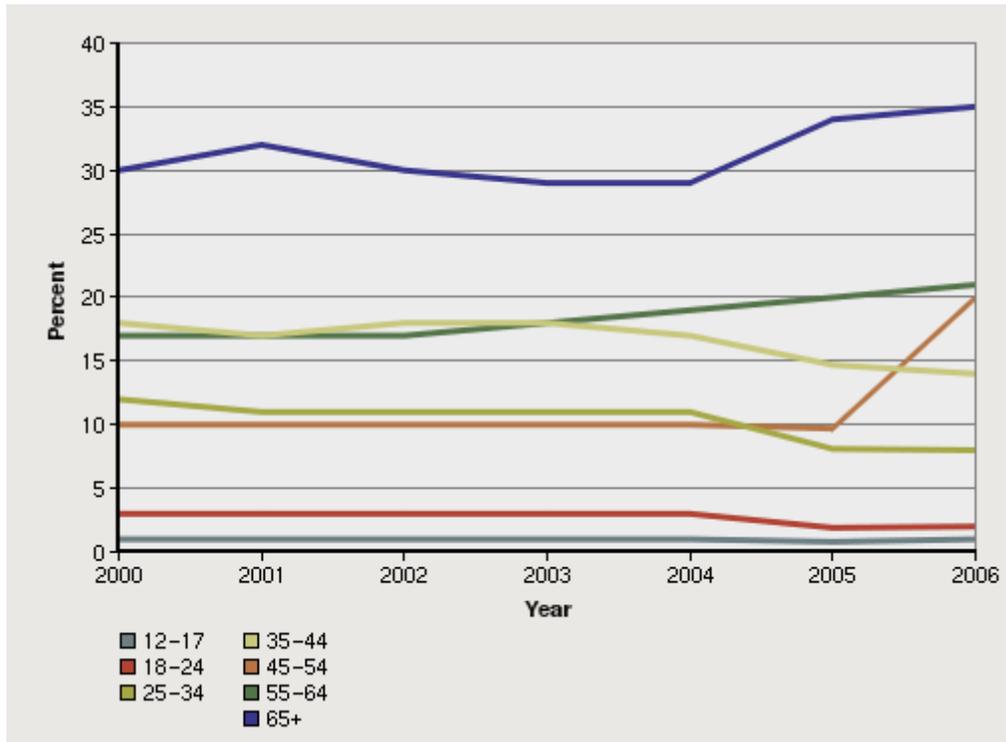
News on the AM/FM Dial

Like the audience for radio overall, the audience for news, talk and information is holding steady on the traditional AM/FM dial.

The percentage of people who listened to some kind of news, talk or information on their traditional radios during an average week was 16.1% in 2006.³² Of this overall figure, 1.4% listened to straight news on the “all news” format, 2.1% to “talk/personality” radio stations, 2.2% to an “all sports” format, and the largest group – 10.4% – tuned into a mixed format of “news/talk/information.”

Listening to the news continues to be an activity that older Americans prefer. In fact, every cohort except those between the ages 55 and 64 and those over 65 listened to the news less in 2006.

Listeners to News/Talk/Information Stations, by Age
2000 – 2006



Design Your Own Chart

Source: Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007

"News/talk/information" tended to be most popular in states in New England and the western regions of the Rocky Mountains and the Pacific Coast, as well as the West North Central and East North Central regions. In each region, the share of listeners to news/talk/information is greater than the national average of 10.4%. There was considerably less interest in the format in the southeastern part of the country, especially Mississippi, Louisiana, Tennessee and Kentucky.

On average, people spent a little over nine hours a week listening to news/talk/information. ³³ This compared with a national average of 19 hours a week for all radio listening, regardless of format.

Most listening occurred at home (51.7%), followed by the car (34.2%) and work (12.8%). ³⁴ This diverged from the overall listening patterns (regardless of format), which were more evenly distributed – 39% at home, 34.8% in the car and 23.8% at work.

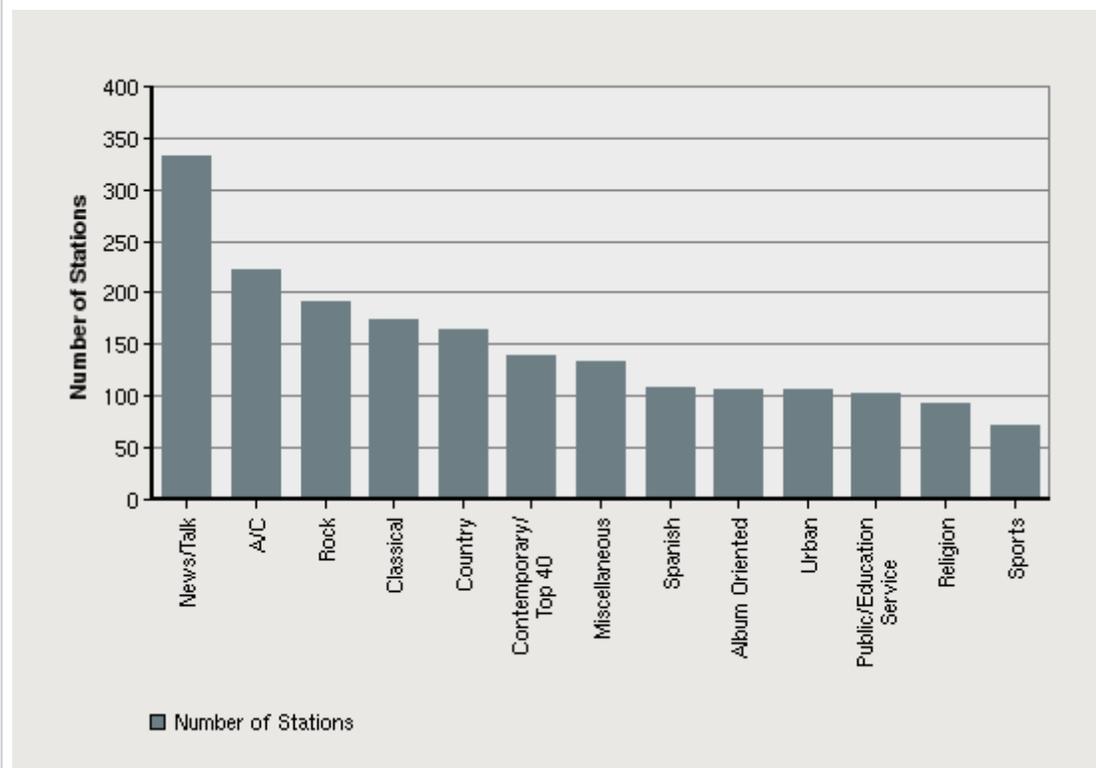
The News on 'New Audio'

Are people using other new audio devices to tune into news and information? Yes, but to what extent is more difficult to answer.

With respect to HD Radio, news and talk dominated the digital dial in 2007, with 330 channels. 35 On the AM/FM dial, news is the second-most-programmed format: In 2006, there were 1,503 news/talk/information stations, which were second to country stations at 1,704. 36

The predominance of news on HD could be a result of a big push by the Corporation of Public Broadcasting to fund the transition of public radio stations from analog to digital. From 2002 to 2006, the Corporation of Public Broadcasting gave grants to 540 public radio stations for the digital conversion, and in 2006, it announced funding for 85 more stations. 37 Because news is such a prevalent format for public radio, the grant program gave a boost to the number of news channels populating the HD radio dial.

Top Format Categories of HD Radio Stations



Design Your Own Chart

Source: BIA Financial Network database, PEJ Research

Of the 330 news/talk/information stations broadcast on HD radio in 2007, 48 were multicast stations, which is to say they provide an additional news/talk channel new to the AM/FM dial. In a surveyed sample of managers and executives of these multicasting news/talk/information stations, the Project for Excellence in Journalism found the content largely comes from radio networks such as National Public Radio, the BBC, Public Radio International, American Public Media, talk host syndicates or already produced local content.

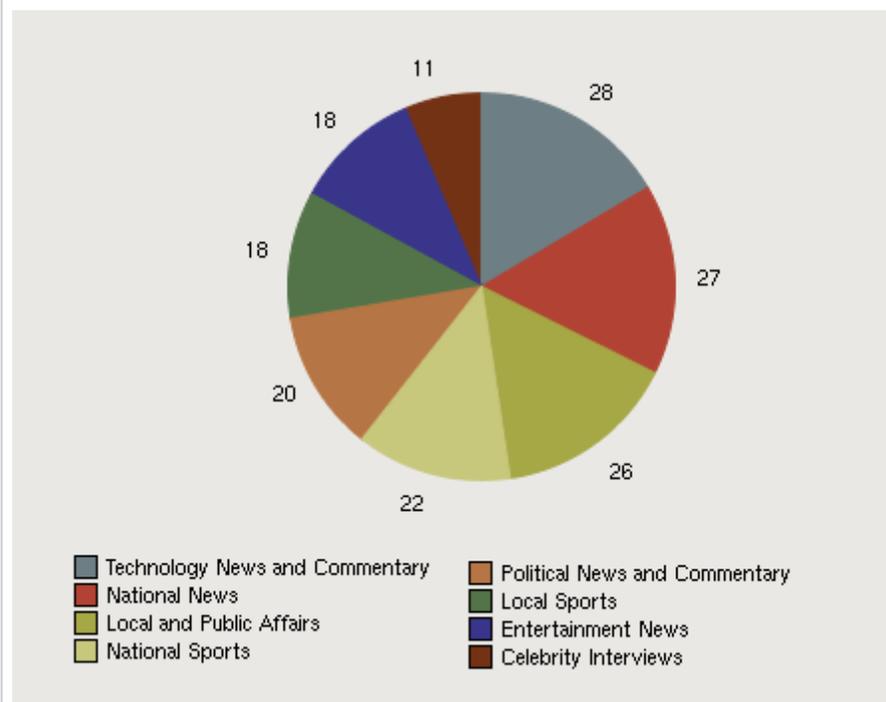
Many of those surveyed hoped to introduce unique local content, but lack of revenue is a shared obstacle. (See Economics section for more details.) But immediate profits aside, the consensus was that HD radio is an investment worth making to build audiences.

For listeners who like to take their programming on the go via podcasts, the content most desired for downloading was news and commentary about technology. Coming in second and third were national news and local news/public affairs. Tech-savvy folk use their MP3 players to keep up on current affairs.

Interest in newsy podcasts also was reflected in the amount of programming available. According to Podcast Alley, which tracks podcast content and trends, of the 37,388 podcasts as of January 2008, some 993 were about news and politics. 38 And of the top10 podcasts tracked in January, half focused on news and politics.

Popular Podcast Topics

Percent Listening to Each Category



Design Your Own Chart

Source: Arbitron, "Public Radio Today, How America Listens to Public Radio," July 12, 2007

Note: Percent of podcast users "very" interested in downloading podcasts

Public Radio

When listeners tune in to public radio, news, generally, is what they want to hear.

These 32 million listeners tune in to stations providing content from public radio networks all over the country – such as National Public Radio, American Public Media and Public Radio International – and in eight formats. ³⁹ The format leader, by audience, is news/talk, followed by news-classical, classical music, jazz, news-music, adult album alternative /eclectic, news-jazz and variety music.

Nearly half of the audience share of public radio (43.6%) tuned in to the news and information format in 2006, the most recent year for which there are data. ⁴⁰ This is down slightly from the previous year (44.8%). Mixed news formats also command a major segment, adding to the overall influence of news. News-classical music, for instance, picked up 21.1% of the audience. ⁴¹

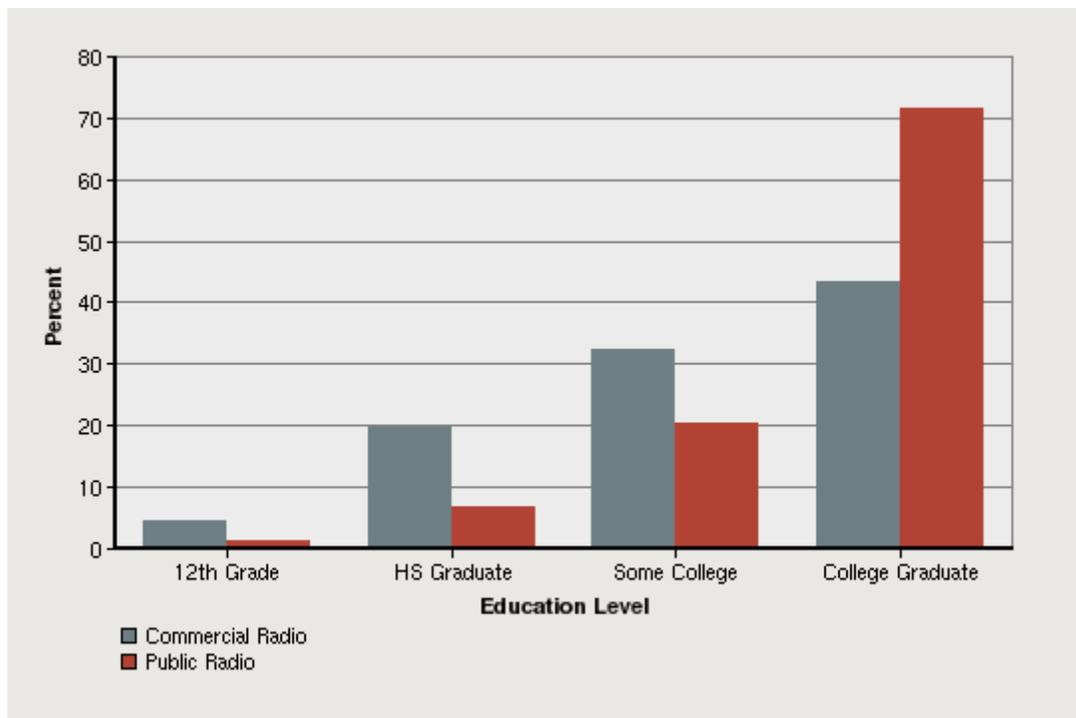
News/talk audiences tend to be older, educated and affluent. Two-thirds (67.7%) are at least 45 years old, nearly three-quarters (71.6%) are college graduates and 52.6% have a household income over \$75,000. ⁴² The audience is nearly evenly split between male and female, although males show a slight preference for news/talk – 52% are male and 48% female. In contrast, commercial news/talk/information listeners are more male (56%), less educated (43.5% have college degrees (still a good deal higher than the 27% of the public over all) and less affluent (39.4% have incomes over \$75,000) than public radio news listeners. ⁴³ Both public and commercial news radio audiences, however, tend to be older, with 70% of commercial news audiences at least 45 years old.

According to Adam Clayton Powell III ⁴⁴, a former news radio executive now at the University of Southern California, “Demographics of all-news radio are largely a function of its largely being a format on the AM band. When KSL and WTOP switched all-news from AM to FM, with identical programming, the average age dropped ten years.” The first station is in Salt Lake City and the second is in Washington, D.C.

Also, public radio, cognizant of aging audiences, has been working on ways to attract younger listeners. NPR began a new news program called “Bryant Park Project,” which appealed to younger audiences. (See News Investment section.)

Education Level:

Public Radio vs. Commercial News/Talk/Information, 2006



Design Your Own Chart

Source: Arbitron, "Public Radio Today, How America Listens to Public Radio," July 12, 2007, and Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007

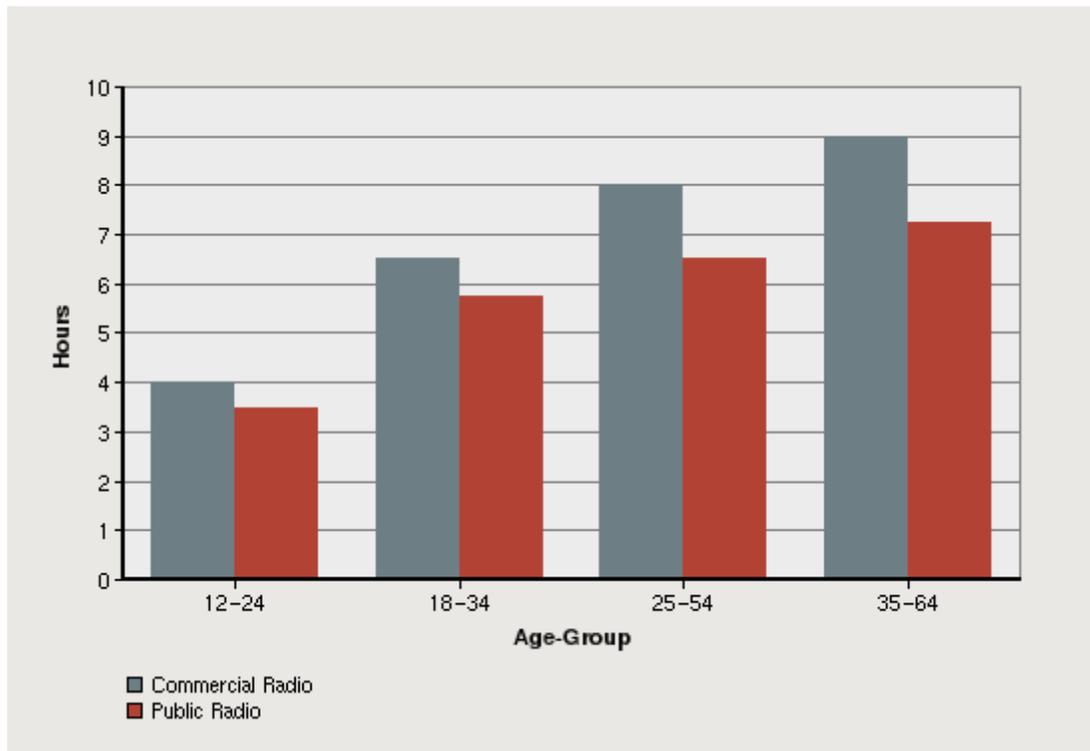
Public radio news/talk listeners stretch across the country. Of the eight regions that Arbitron identified, the Pacific region of California, Oregon and Washington commanded a quarter of total public radio news/talk listening and tallied the highest average listening share of all the regions, 11.3%.⁴⁵ Second was the Middle Atlantic region (8% share), followed by the South Atlantic (6.9% share). The South Central region, from Texas to Mississippi and up to Kentucky, had the least interest in public radio news/talk (2.1% share).

Age was the determining factor in how much news/talk radio was consumed in 2006, consistent with the previous year. Listeners aged 12 to 24 years old tuned in only 3.5 hours a week, while that number nearly doubled for those aged 25 to 54 (6.5 hours a week).⁴⁶

As in years past, listeners spent less time per week with public news/talk than commercial news/talk in 2006. Commercial radio's news/talk stations are heavy on the more popular talk format, as opposed to public radio fare that leans toward a longer and more analytical news reporting style. Also, public radio often repeats news programming – for instance, one NPR news program, "Morning Edition," airs for two hours before repeating content, while the conservative pundit Rush Limbaugh, on the commercial dial, offers a three-hour program of original, personality-driven commentary every day.

Time Spent Listening

:Public Radio vs. Commercial News/Talk/Information, 2006



Design Your Own Chart

Source: Arbitron, "Public Radio Today, How America Listens to Public Radio," July 12, 2007 and Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007

New Audience Measurement: The Portable People Meter

After years of research and field testing, the Portable People Meter — a new passive electronic device for measuring radio audiences — finally has been put in place in select markets. The new audience measure was rolled out in 2007, starting in Philadelphia in March, followed by Houston in June.

Issued by Arbitron, the radio ratings research group, the new audience measure replaces the manual method of diaries, in which panelists were asked to keep a written log of their radio use for each day. Instead of asking participants to record their listening habits, the electronic version captures them passively via a small electronic device that users carry with them throughout the day. The device detects inaudible codes that are hidden in broadcast streams and reports them to Arbitron at the end of the day. The broadcast codes identify the station and have the potential to distinguish between regular AM/FM stations, HD radio channels and even Internet streams.

Satellite radio is not yet encoded and cannot be measured by the Portable People Meter.

There are clear benefits, which is why nine out of ten top radio owner groups have opted to use it. The device can draw from a larger sample size, which leads to more stable measurements. And it measures children aged 6 to 11, while diaries measured only age 12 and older. Also, because the measurements are electronic, the data can be released much more quickly.

Arbitron expects all top-50 radio markets will turn audience measurement over to the Portable People Meter by the end of 2010.

So far, the electronic ratings measurement device is off to a rough start.

Early results from Philadelphia, Houston and New York have shown sharp rating declines for younger listening audiences and minority groups, especially African-Americans and Hispanics, compared with results from the paper diaries. Since these ratings measurements affect advertising rates, such declines could reduce revenue for radio stations that appeal to such audiences. James Winston, executive director of and general counsel of National Association of Black Owned Broadcasters, said, "Defective ratings information being spread by Arbitron is more than a business crisis for African American and Hispanic station owners. It is a civil rights crisis for all of America." 47

In mid-November, leading broadcasters such as Clear Channel, Cox Radio, Cumulus Media and Radio One sent a letter to Arbitron to assert their dissatisfaction with the people meter results, asserting that the "PPM has not provided accurate or reliable data for all demographic groups" and saying that "the number of people participating in the PPM survey must be increased." 48 The root of the problem was that Arbitron failed to attract sufficient representation from young (18- to 34-year-olds) and ethnic demographics, which skewed audience ratings downward for stations that appeal to such groups.

In response to these complaints, Arbitron announced at the end of November 2007 that it would delay introducing the Portable People Meter in the nine markets it was expecting to launch in late 2007 and 2008: New York City, Nassau-Suffolk Counties in New York, Middlesex-Somerset-Union Counties in New Jersey, Los Angeles, Riverside, Calif., Chicago, San Francisco, San Jose, Calif., and Dallas. In announcing the decision, Arbitron's CEO, Steve Morris, said, "We remain confident in the audience estimates that the Portable People Meter service is producing. However, over the past three weeks, feedback from our customers, the Media Rating Council and other constituencies has led us to conclude that the radio industry would be better served if we were to delay further commercialization of the PPM in order to address their issues." 49

Morris also said that Arbitron would use the time granted by the delays to focus on how to improve sample sizes and meter compliance among the 18- to 34-year-old group, especially young ethnic adults.

Footnotes

1. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
2. Ibid.
3. Bridge Ratings, "Digital Media Growth Projections – Updated 4/25/07."
4. Bridge Ratings, "Bridge Ratings Industry Update – Internet Radio Perceptions," April 18, 2007.
5. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.

6. Arbitron, "Persons Using Radio Report," Cume Rating Monday-Sunday 6 a.m.-midnight: <http://wargod.arbitron.com/scripts/ndb/ndbradio2.asp> . This figure is based on what Arbitron calls "Cume," which is the number of people who tuned into radio at least once and at least for five minutes in an average week
7. Arbitron RADAR 93, June 2007, via Radio Advertising Bureau, "Radio Marketing Guide and Fact Book 2007-2008."
8. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
9. Bridge Ratings Group, "Digital Media Growth Projections – Updated 4/25/07."
10. HD radio is a digitally broadcast radio station that has the potential for much greater clarity of sound than that of traditional analog radio. But even more powerful than improved sound quality is the capacity for HD radio stations to multicast, in other words, allowing a regular analog station to simultaneously broadcast up to three separate radio channels, each with different content, without sacrificing the quality of any of the stations' signals. (Technically, stations could broadcast more than three at once, but the sound quality then begins to diminish.) In effect, this greatly expands the radio dial. These channels can either be a duplicate of the analog station or brand new HD-only channels.
11. Bridge Ratings Group, "Digital Media Growth Projections – Updated 4/25/07."
12. BIA Financial Network database, station updates through August 31, 2007.
13. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007. Only 6% of people are very interested in getting an HD radio, and 23% expressed that they were "somewhat interested."
14. Sirius Radio and XM Radio press releases.
15. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
16. Ibid.
17. Internet radio is any music or information that can be streamed online from a traditional radio station or from online audio content providers, such as Pandora or iTunes, from international broadcasters or even from someone's basement.
18. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
19. Bridge Ratings Group, "Bridge Ratings Industry Update – Internet Radio Perceptions," April 18, 2007.
20. Ibid.
21. Radio Business Report, "Internet Streaming Close to Becoming a Fully Mobile Media," November 16, 2007.
22. Ibid.
23. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007.
24. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
25. Bridge Ratings Group, "Digital Media Growth Projections – Updated 4/25/07."

26. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
27. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
28. "U.S. Wireless Subscribership Passes 250 Million Mark," CTIA press release, November 13, 2007, <http://www.ctia.org/media/press/body.cfm/prid/1724>.
29. Bridge Ratings, "The Mobile Phone Consumer: Implications for Terrestrial Radio," May 9, 2007.
30. Arbitron, "The Infinite Dial 2007: Radio's Digital Platforms," April 19, 2007.
31. Bridge Ratings, "The Mobile Phone Consumer: Implications for Terrestrial Radio," May 9, 2007.
32. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007.
33. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007.
34. Ibid. Based on average quarterly hour share of listening.
35. BIA Financial Network database, August 31, 2007.
36. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007. Because formats can be defined differently, Inside Radio found different format totals, but the same conclusion: the total number of commercial country stations was 2,019 and the total number of commercial news/talk stations was 1,324 in 2005-2006.
37. Corporation for Public Broadcasting, August 23, 2006, <http://www.cpb.org/pressroom/release.php?prn=566>.
38. Podcast Alley, podcastalley.com, January 15, 2008.
39. Arbitron, "Public Radio Today, How America Listens to Public Radio," July 12, 2007.
40. Ibid.
41. Ibid.
42. Ibid.
43. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007.
44. Adam Clayton Powell III is currently the provost for globalization at USC. Formerly, he was vice president for news at NPR, head of network radio news operations at CBS and news director of all-news WINS in New York City.
45. Arbitron, "Public Radio Today, How America Listens to Public Radio," July 12, 2007. Based on Average Quarterly Hour Share.
46. Ibid.
47. W. Scott Bailey, "Clear Channel, Others Raise Ratings Concerns Over Arbitron System," MSNBC, December 16, 2007.

48. Erik Sass, "Dear Arbitron: Radio Industry Letter Delivers Broadside," MediaPost, November 15, 2007.

49. Radio Business Report, "Arbitron to Delay PPM Rollout in NYC, LA, Chicago, San Francisco and Dallas," November 27, 2007.

Economics

Economics

By the Project for Excellence in Journalism

Has new audio changed the economic picture for radio?

While traditional AM/FM advertising revenue still dominates, satellite and digital ad dollars are responsible for a growing percentage of overall radio revenue.

In 2006, total radio revenue (including broadcast, satellite and digital) increased 3.7% to \$21.77 billion, up 2.8% over the previous year. ¹ The lion's share (92.5%) of 2006 revenue – \$20.14 billion – came from traditional AM/FM radio.

Traditional radio revenue has remained relatively flat in the past two years, but advertisers slowly are putting more faith in satellite radio, broadcast and non-broadcast Internet stations, podcasting and even cell phone radio.

The most promising players are broadcast Internet stations, which added to radio's overall bottom line with small but sharp increases in ad revenue for 2007. And though satellite radio relies primarily on subscription fees for revenue, its relatively small slice of the advertising pie (\$66 million in 2006) still makes it a competitor, with growth in triple digits (155% in 2006). ²

Advertisers have made it clear they are willing to spend money to capture the new audio audiences, who tend to be more affluent. But they are still waiting for an accurate tool to measure an audience that now crisscrosses technology platforms. (See Audience section on the Portable People Meter.)

Advertising Revenue on the AM/FM Dial

Year-end figures for 2007 show that overall advertising revenue was down 2% from 2006 to \$21.3 billion for traditional radio. But the economic diagnosis is much more complex.

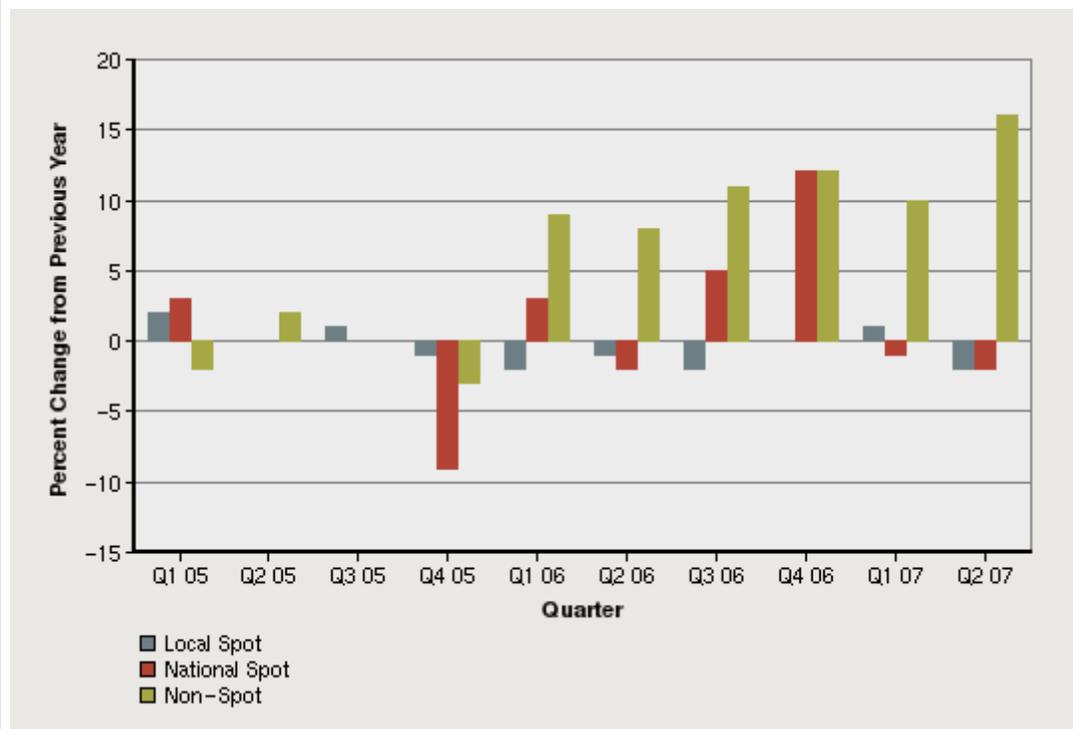
Most stations still build the majority of their revenue on local advertising on the AM/FM dial: Local ads accounted for 77% of total advertising revenue in 2006. And this metric was down 2% in 2007 to \$15.1 billion. But this is not as alarming as the revenue losses observed in other media sectors, like, for example, the ailing newspaper industry.

The good news: Revenue from what the radio industry calls "non-spot" advertising, made up primarily of Internet advertising revenue and station-sponsored events such as concerts, is way up. This figure has been growing steadily over the past four years that the Radio Advertising Bureau has released the data, but year-end numbers for 2007 show steep increases, with non-spot advertising growing 10% to \$1.7 billion. That figure accounted for 8% of all advertising revenue for the year.

On the other hand, the national advertising category, which amounted to only 17.6% of total advertising in 2006, further declined. It was down 6% to \$3.3 billion for the year. National revenue generally goes through one of the two giant national advertising reps – Katz Media Group or Interep. Though big-name national brands like McDonalds, Coca-Cola

and automotive manufacturers do purchase corporate advertising campaigns through Katz or Interep, most of the advertising actually gets carried at the local level, so it is difficult to say whether these national companies are advertising less on radio.

Radio Revenues Growth by Quarter



Design Your Own Chart

Source: Radio Advertising Bureau

New Audio Revenue

Radio's economic picture is far from neat and tidy.

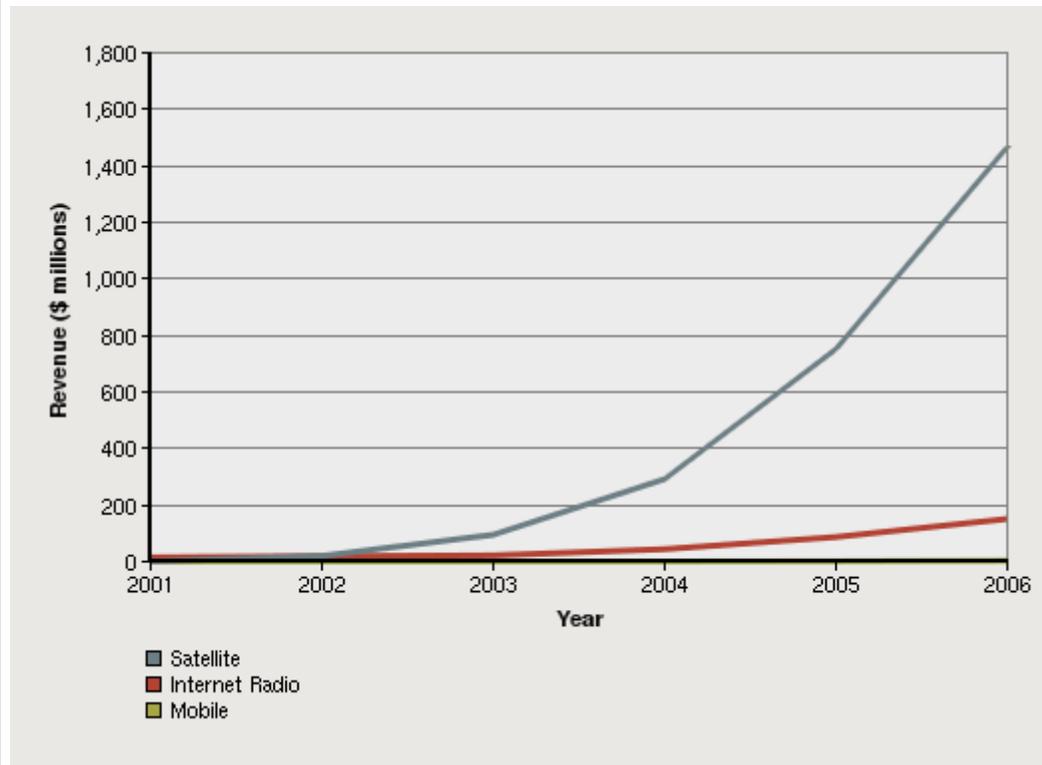
So far, media research companies have not found an efficient way to separate revenue or audience figures for new audio choices, making it impossible to gauge what is working in these new and competing industries, much less offer a definitive side-by-side comparison.

What we do know is that the economic impact of the new audio platforms – satellite radio, HD Radio, Internet radio, cell phone radio and podcasting – is still a small slice of the total revenue pie. To put it in perspective:

- Broadcast radio's annual revenue (\$20.1 billion) was nearly 14 times bigger than satellite radio's annual revenue (\$1.47 billion) in 2006. 3
- Satellite radio's revenue was nearly 10 times bigger than the next best financial performer, Internet radio (\$151 million).
- Internet radio's revenue was 50 times bigger than cell phone radio's meager 2006 revenue (\$3 million).

Audio Revenue Growth

2001 – 2006



Design Your Own Chart

Source: Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011"

Further complicating the picture is the fact that several radio platforms are interdependent.

For instance, Internet radio consists of both traditional AM/FM broadcast content streamed online as well as on online-only audio channels like Pandora. Some Internet listening can only be streamed and some downloaded as podcasts,

while others can be downloaded and then burned onto CDs. Podcasts can then be heard not only on any MP3 player and computer, but also on a number of enabled cell phones.

And certain radio content can be shared across all of these platforms.

Take National Public Radio, whose content is aired on local affiliate stations as well as HD stations and satellite radio. An NPR listener can also access news stories online, either at npr.org or through a local station's Web site. From there, a user can stream live radio content, read a story, listen to a program or download it as a podcast for later listening on an MP3 player. NPR listeners also can access news and features from their cell phones.

With all of this innovation, the audience gets a wide range of listening options, but there is no accurate method to measure who is listening to what. And it is very difficult to parse out how much ad revenue each platform is bringing in.

Internet Radio, Small but Significant

Internet radio has been the humble success story of new audio.

Though its other new audio competitors have attracted more attention, Internet radio is in some ways better equipped to sustain high levels of revenue growth. Its compound growth rate of advertising from 2001 to 2006 was 50%, and, according to the media research group Veronis Suhler Stevenson, is predicted to continue at a respectable 40% over the following five years. 4

Total advertising revenue for online radio was \$106 million in 2006, up 77% from \$60 million in 2005. But another component – paid content in the form of subscriptions and podcasts – accounted for an additional \$45 million in 2006. That growth, up 66% from the previous year, is expected to slow down in the coming years – compound growth for 2006 to 2011 is predicted to be 25% over that period. Earnings from content amounted to slightly less than 30% of total revenue in 2006.

It is unclear how much the news sector has contributed to that growth. But there is a chance that news, talk and information content may gain more traction, thanks to a major cost factor that online music stations faced starting in 2007.

In June 2007, the Copyright Royalty Board approved a new structure that imposed stricter copyright fees on Internet radio stations. The royalty fee structure would charge online music stations (including both AM/FM Webcasters and online-only stations) on a per-song, per-listener basis, instead of as a percentage of revenue.

For all but the largest online radio groups, this could prove devastating. Many small and medium-sized Internet-based radio stations have already shut down because the fees exceeded their total revenue. Bill Goldsmith, owner of Radio Paradise, an eclectic online rock radio station, said, "This royalty structure would wipe out an entire class of business, small independent Webcasters such as myself and my wife, who operate Radio Paradise. Our obligation under this rate structure would be equal to over 125% of our total income. There is no practical way for us to increase our income so dramatically as to render that affordable." 5

Congress could override the decision by passing a bipartisan measure, the Internet Radio Equality Act, which would instead charge a flat fee equal to 7.5% of an online radio station's total revenue.

Satellite Radio's Unprofitable Success

Satellite radio has generated the most revenue among the new audio devices, despite its troubled growth and the continuing quest by its two players – XM Radio and Sirius Satellite Radio – to reduce costs by merging into a single satellite provider.

Total revenue for XM in the first half of 2007 was up 24%, to \$541.4 million over the first half of 2006. Sirius, which spearheaded the merger, performed even better. Its revenue for the first half of 2007 was \$430.5 million, up 55% from the same time in 2006. ⁶

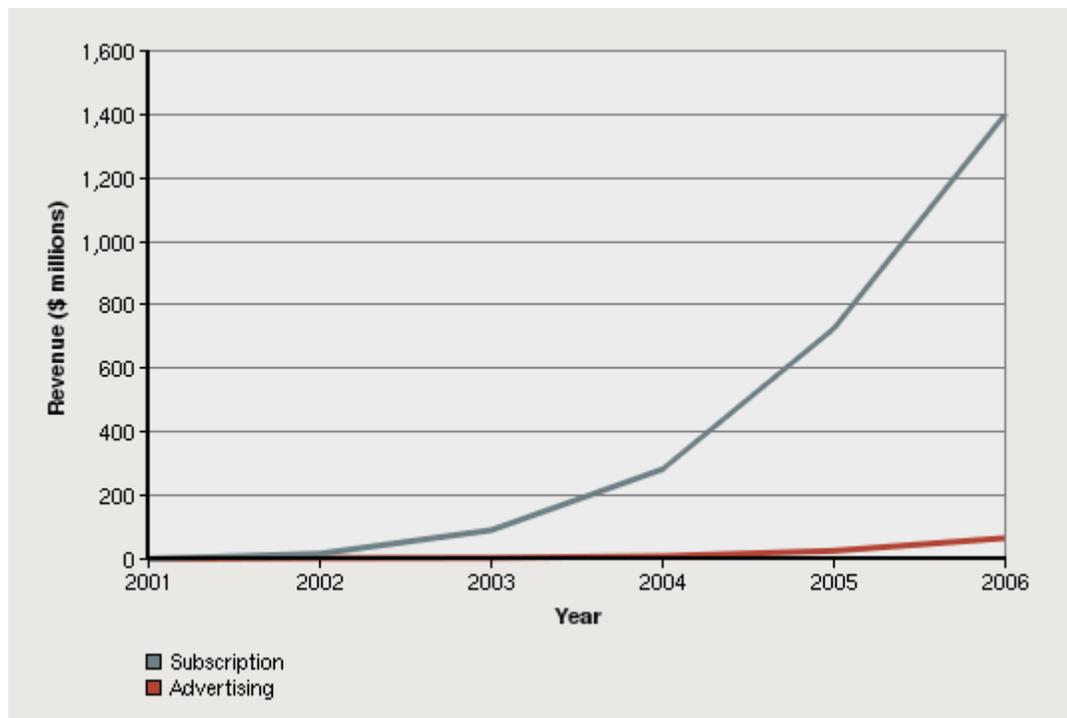
The better financial indicator for the satellite radio companies, however, might be their net losses. Both companies pay such a high cost for recruiting on-air talent – Howard Stern's five-year contract cost Sirius \$500 million and XM paid Oprah Winfrey \$55 million over three years – that the companies operate with a hefty debt. In other words, new subscribers are not making up for all that high-profile talent.

Both companies did reduce their net losses for the second quarter of 2007, XM by 23% over the second quarter of 2006 and Sirius by 44% over the same quarter. ⁷

The revenue model for satellite radio, however, is different than that of broadcast radio. According to Veronis Suhler Stevenson, subscriptions accounted for 95.5% of satellite radio's revenue in 2006.

Satellite Radio Revenues

2001 – 2006



Design Your Own Chart

Source: Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011"

The Predicament of HD Radio

Despite all the HD radio hype, the economic returns have not yet materialized. But that has not stopped stations from investing in the new technology.

Over all, HD Radio's ambitions are based largely on unmet expectations. In July 2007, the Project for Excellence in Journalism (PEJ) interviewed station managers or executives at 14 HD radio news stations across the country. Among those, all of which were public radio stations, none had seen revenue gains from the crystal-clear broadcasts, even though most had been operating on the digital platform for more than two years. ⁸ As noted above (see HD section of **Audience**), news/talk programming dominates the HD radio dial largely because of an influx of grant money from the Corporation for Public Broadcasting, which enabled many public radio news stations to go digital.

Tim Eby, station manager at WOSU in Columbus, Ohio, and the central part of the state, said he expects "it will be several years before our HD channels begin producing significant amounts of revenue." John Hingsbergen of WMUB in Oxford, Ohio, told the PEJ that "we don't expect direct funding support for these channels until HD radios are more commonly available." In the meantime, he said that he could only hope that "the addition of HD multicasting channels [can] help assure loyalty of station listeners and members."

But Rich Dean of KUT at the University of Texas seems less optimistic about the financial future of digital radio. Dean said his station is "not even close to bringing in a profit." Furthermore, he said the technology has performed poorly. "We are reluctant to push listeners to buy these expensive radios," he said. "Already we bear the brunt of complaints about coverage and reception, as well as the poor build quality of the radios themselves."

Have these pioneering news/talk/information stations borne a hefty financial burden in making the switch?

The cost of making the conversion to the HD radio signal varies with the size of the terrestrial analog signal. Of the stations interviewed, the bill ranged from \$100,000 to \$290,000. On average, the CPB grants cover about half of the conversion costs, although some covered more. Some stations received more financial assistance from other state and local grants. For example, the three stations operated by the University of Kansas did not pay any money for the conversion, but their general manager, Janet Campbell, said it did cost a lot of staff time.

For public radio stations providing news, talk and information, the digital broadcasting platform appears to be a win-win. It comes at a reasonable price and has strong potential to bring diversity to the airwaves and new avenues of revenue. Until that revenue comes in, HD radio stations will have to operate like any other local radio station that has few listeners – by broadcasting network programs and other syndicated shows.

The Potential of Cell Phone Radio

Cell phone forecasts, as was the case last year, are much healthier than actual performance.

Mobile phone radio is making a lot of noise among gadget-savvy consumers who are eager to consume a variety of radio-equipped phones from Nokia, Samsung and Motorola. But, so far, the financial splash is quieter. By year-end 2006, mobile phone radio revenue amounted to a meager \$3 million, of which \$2 million came from subscriptions to cell-phone-specific radio content and \$1 million from advertising. ⁹

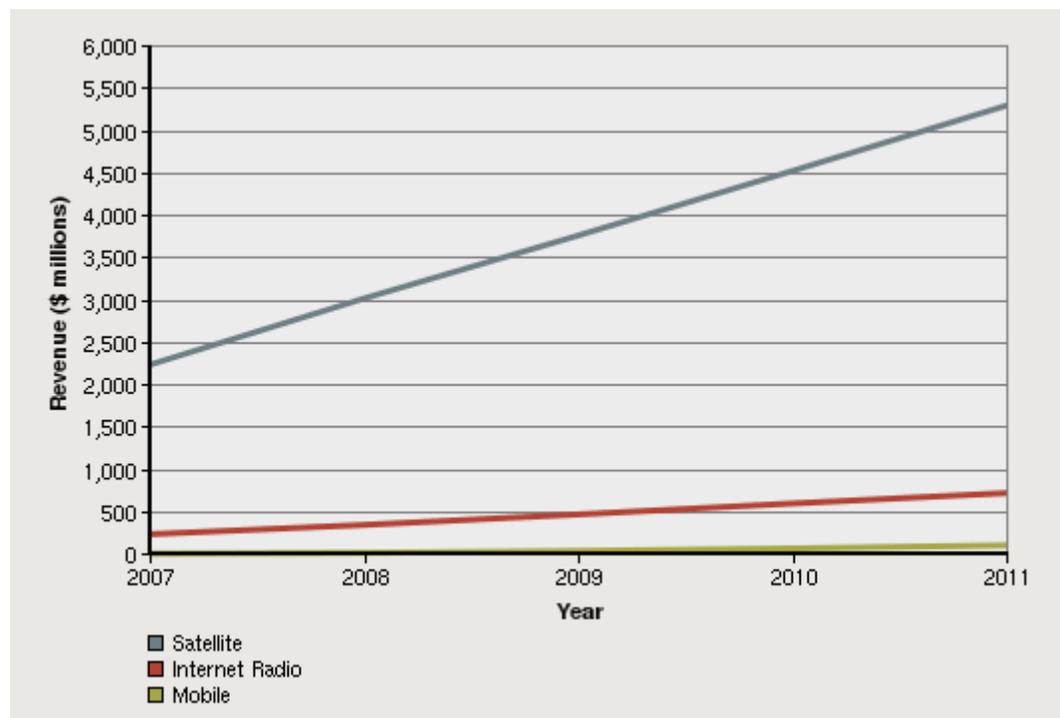
As with satellite radio, cell phone radio is making more from subscription-based earnings than advertising. At the end of 2006, subscriptions were taking in double that of advertising dollars, although advertising's share of the growth is rising much faster. Still, many analysts see a strong economic future for the platform. Veronis Suhler Stevenson, a highly regarded industry forecaster, predicts that both advertising and content-based revenue will increase at triple digits through 2008. By 2010, total advertising dollars are expected to surpass revenue earned from subscription-based content.

Looking forward, the media research group predicts a total compound growth rate of 104.5% for mobile phone radio revenue through 2011. ¹⁰ Of that, advertising is expected to grow 126.7% over the five-year forecast and subscription-based revenue at a rate of 88.4%.

These, of course, are just predictions, subject to an array of other emerging trends and economic conditions over the next several years.

Audio Revenue Growth Predictions

2007 – 2011



Design Your Own Chart

Source: Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011"

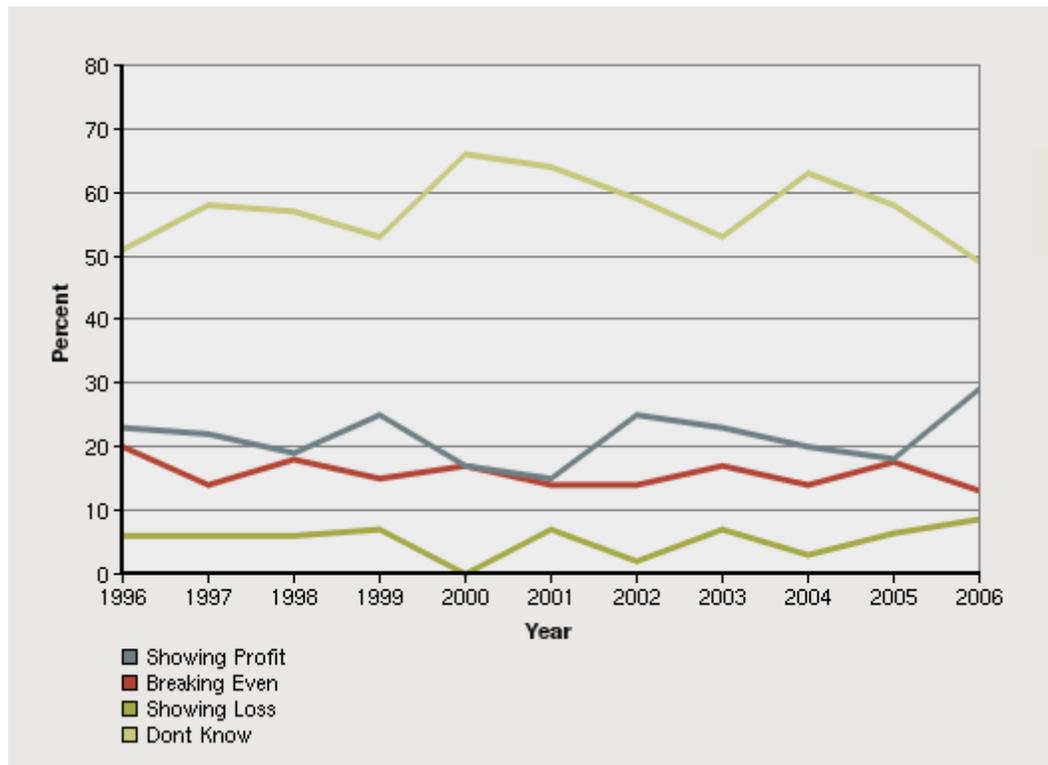
News and Talk Revenue

How does news and information fit into the overall picture of radio's economic health?

Radio newsrooms have an up-and-down profit history, but 2006 was the most profitable in a decade, according to an annual survey of news directors conducted for the Radio and Television News Directors Association and Ball State University by Robert Papper, formerly with Ball State. Nearly twice as many news directors (29.1%) in 2006 reported profitable newsrooms, compared with the previous year (18.1%). In turn, fewer reported losses or breaking even. And consistent with years past, most news directors (49.1%) did not know how their newsrooms were performing financially.

Radio News Profitability

Survey of News Directors, 1996-2005



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

Note: Based on survey responses of news directors

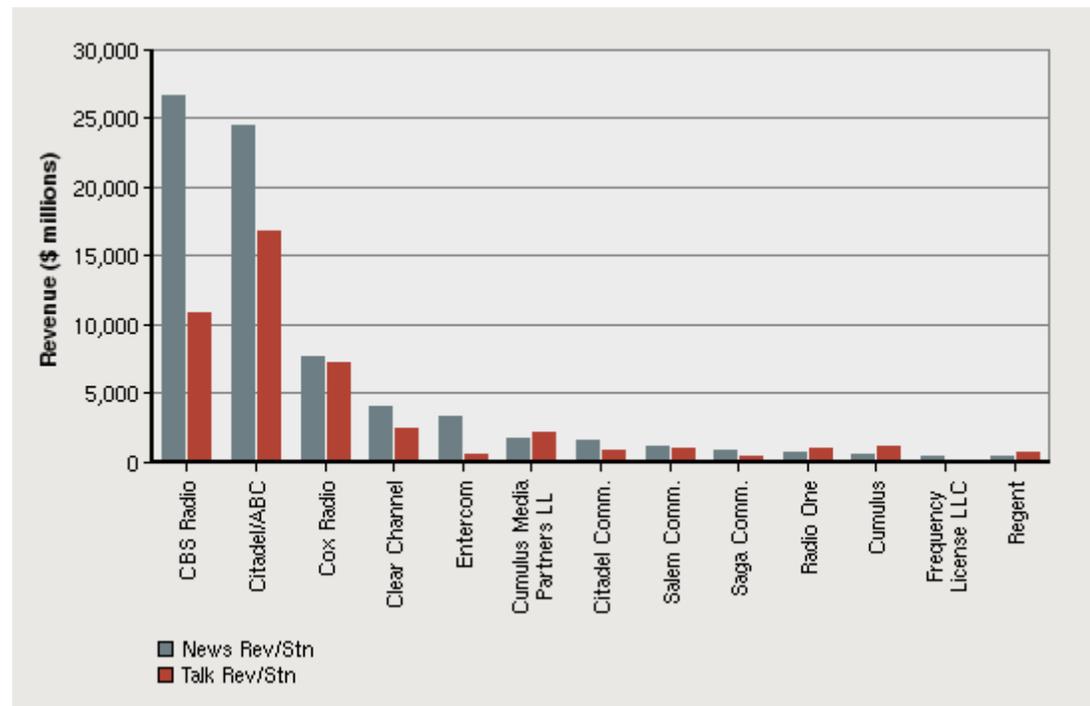
When broken down by ownership groups, some significant differences emerge. CBS has the most profitable news operation in terms of average revenue per news station (\$26.6 million), followed by Citadel/ABC (\$24.5 million). 12 Clear Channel, which leads in news outlets, lags in profit, earning \$4.1 million per station. One explanation for the revenue differences probably has to do with the markets where each group has news stations. CBS Radio operates stations in the top markets in the country. Seven of its 17 stations broadcast from the top five markets – New York, Los Angeles, Chicago, San Francisco and Philadelphia. By contrast, Clear Channel operates many news stations in midsize markets, particularly in the Southeast, where all-news stations fare the worst.

Is news or talk more profitable? Despite the proliferation of talk radio, mixed news/talk/information stations generally are more lucrative than straight talk stations.

CBS Radio's news operation, for example, pulls in almost two and a half times the revenue of its talk programming. The gap for Citadel/ABC is a bit smaller, but still notable: News stations generate one and a half times the revenue of the talk stations. Exceptions to this rule, however, are Cumulus Media Partners and Radio One, whose talk formats outperform their news formats. While these comparisons indicate which formats are more lucrative for particular companies, such comparisons would benefit from factoring in market rank and coverage area to help explain why one format outperforms another.

Revenue Per Station: News vs. Talk

2006



Design Your Own Chart

Source: BIA Financial Network, PEJ Research

Which company makes the most from news and talk programming as a percentage of its total radio revenue?

Citadel/ABC was the leader among the top ownership groups in 2006, with a news operation that amounted to 39% of its total revenue. CBS Radio followed with 30% of its total revenue coming from news, then Salem Communications with 23%. 13

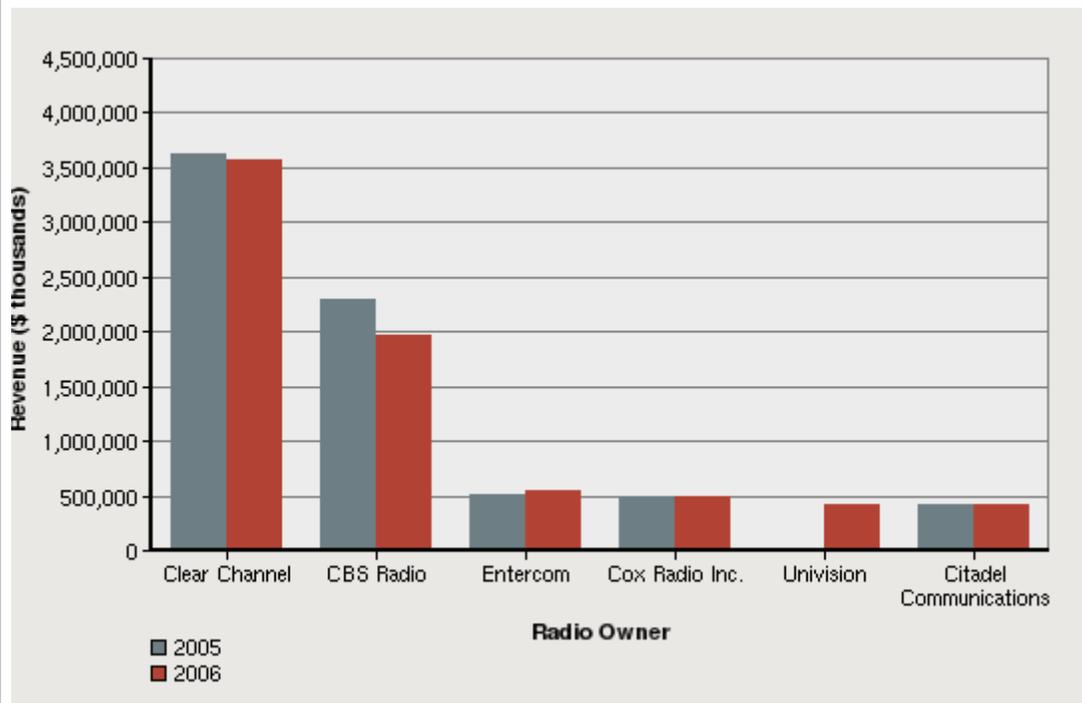
Revenue by Ownership Groups

Clear Channel continues to dominate the economic playing field of the radio industry.

Year-end figures for 2006, the last year for which full data are available, show that the top two radio ownership groups both experienced a drop in revenue compared with the previous year. Clear Channel's revenue declined 1.6% from 2005 to 2006 (to \$3.57 billion), and CBS dropped a substantial 14.2% (to \$1.96 billion). The third-highest revenue-earning radio group, Entercom had an increase in 2006 over 2005, rising 9.5% to \$553 million. 14

Radio Revenues

2005 vs. 2006



Design Your Own Chart

Source: BIA Financial Network, PEJ Research

While CBS Radio's news stations remained strong in 2006, the company's large revenue drop can be largely attributed to the failure of its new music formats in New York and other major cities. The loss of Howard Stern, the No. 1 attraction of its talk stations, to Sirius, also affected the year's revenues.

At least some of Clear Channel's drop can be explained by its pending move to go private and the house-cleaning that followed the decision. The company put 448 of its stations up for sale in late 2006 and received conditional FCC and Justice Department approval in early 2008. By year-end 2006, it owned 1,134 stations, 50 fewer than in 2005.

Another factor: The economic growth spurred by the company's "Less is More" advertising program, started in 2004, may have reached a plateau. Clear Channel aimed to reduce on-air ad clutter in an effort to increase ratings and gain more advertising. It began selling 30-second advertising spots instead of the traditional 60-second spots. As of early 2006, the company reported selling more than 35% of its advertising inventory in 30-second and 15-second spots.¹⁵ The company met its goals, but it could be debated whether the ratings benefits that come from reducing commercial airtime are being exhausted.

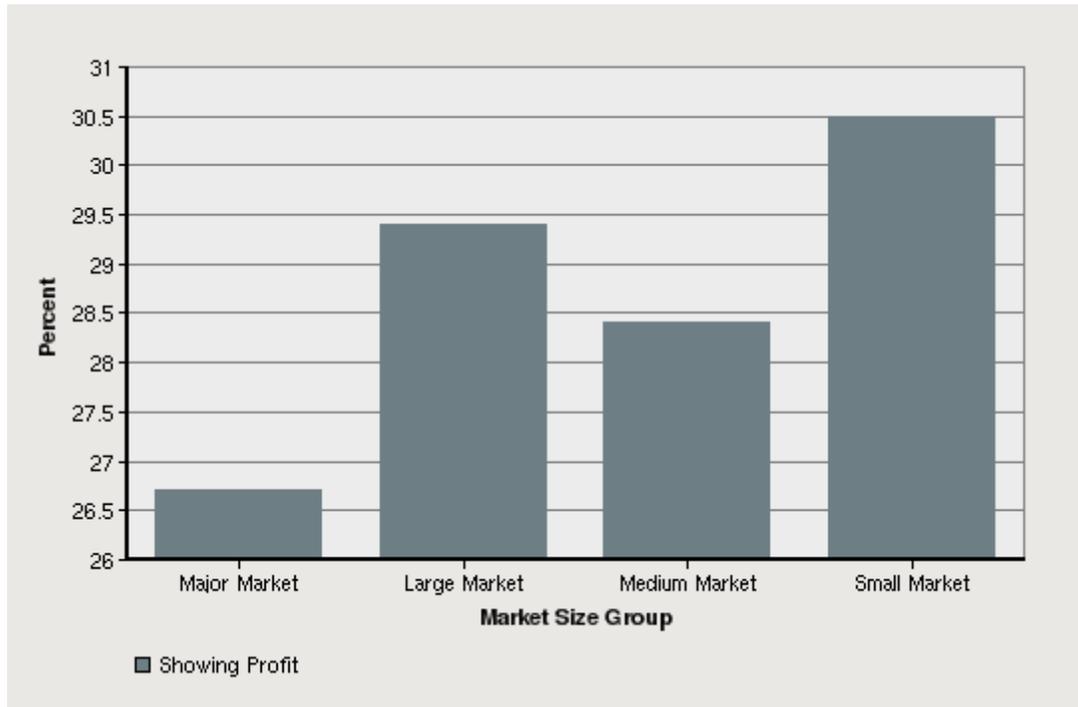
Without a definitive answer, some radio stations – including a few Clear Channel properties – are experimenting with exclusive sponsorship for an entire hour of programming. Network television also is testing the single-sponsor ad model, which was in use in early television.

Profits by Market Size

Are news stations in bigger markets more profitable? Not necessarily.

The Radio-Television News Directors Association (RTNDA) annual survey of news directors revealed that stations in small markets (those with less than 50,000 listeners) performed slightly better than major-market stations (those stations with more than 1 million potential listeners). More than 30% of news directors in small markets reported profits, compared to 26.7% at major markets. More small-station directors also reported breaking even (18.6%) than major-market colleagues (6.7%).

Radio News Profitability by Market Size
Survey of News Directors, 2006



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

Note: Based on survey responses of news directors. Major markets are those with 1 million or more potential listeners. Large markets are 250,000 to 1 million; medium markets are 50,000 to 250,000; and small markets are fewer than 50,000 listeners.

Looking at it another way, the two radio owners with the best average market rank also had the highest revenue-generating newsrooms. CBS Radio, whose 140 stations had an average market rank of 12.1, leads radio owners with an average of \$26.6 million in revenue for its newsrooms. And Citadel/ABC, whose 24 stations ranked 3.9, had the second-highest value of news revenue per station (\$24.5 million).

On the other hand, Citadel (excluding the newly acquired ABC stations), ranked 107 and its newsrooms earn an average of \$1.6 million per station. Yet Radio One, with a respectable rank of 21.4, only generates about \$735,000 per news station.

Footnotes

1. Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011."
2. Ibid
3. Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011."

4. Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011."
 5. Radio and Internet Newsletter, "Hanson Addresses FAQ's about Royalty Rate Decision," March 2, 2007.
 6. XM and Sirius press releases.
 7. Ibid.
 8. In July 2007, the Project for Excellence in Journalism solicited interviews from 49 HD news radio stations. The 49 stations were selected from the entire database of iBiquity Digital, the developer and licensor of HD radio technology (which then listed 2,000 commercial/non-commercial HD-1, HD-2 and HD-3 channels). Of the 49 stations that PEJ contacted, 14 returned a complete survey.
 9. Ibid.
 10. Ibid.
 11. Robert Papper, RTNDA/Ball State University annual news director survey, "News, Staffing and Profitability," The Communicator, October 2007. Note: Since 1997 when the question of profitability was first asked in this survey, approximately 50% of respondents have not known how to answer the question. This survey, however, remains the best indicator of the economic reality inside of radio newsrooms.
- About the study: This survey was conducted in the fourth quarter of 2006. Valid responses came from 225 radio news directors and general managers representing 740 radio stations.
12. BIA Financial Network
 13. BIA Financial Network .
 14. Ibid.
 15. Veronis Suhler Stevenson, "Communications Industry Forecast 2007-2011."

Ownership

Ownership
By the Project for Excellence in Journalism

Changes in the ownership structure of radio's major players appear to be redefining the industry.

The industry behemoth Clear Channel kick-started the trend in 2006 with its makeover into a private company. Its closest competitor, Cumulus Media, moved toward privatization in 2007, and rumors circulated that Emmis Communications and Westwood One would follow.

It could be that 2008 will see other large publicly held radio companies trade the unprofitable model of concentrated ownership for the longer-term growth promised outside Wall Street.

Clear Channel has led the way since the deregulation of radio in the 1990s, when the industry experienced a flurry of station consolidation. In 2006, beset by declining revenues, Clear Channel decided to forgo the pressures of Wall Street's

demands for increasing profit margins. It also agreed to sell off 448 of its smaller-market radio stations, a reduction of nearly 40% of its inventory.

The second big story in ownership in 2007 – and into 2008 – is the continuing legal debate over the merger of the two satellite radio service providers, Sirius and XM. In many ways, the outcome of this debate may define the shape and scope of radio for the future, by answering the question: Is radio just the AM/FM dial or is it all of the incarnations of new listening options?

The Privatization of Radio?

Clear Channel was not the only company to move toward private ownership in 2007.

On July 23, 2007, Cumulus Media, the second largest radio station owner with 342 stations, announced its intent to go private, expected in early 2008. The buyer, an investment group that includes its current chairman, president and CEO, Lewis W. Dickey Jr., some family members and an affiliate of Merrill Lynch Global Private Equity, is spending \$1.3 billion for the media company. Shareholders were bought out for \$11.75 per share of Cumulus stock, a premium of 40% over its closing price before Dickey announced the buyout.

The deal comes amid industry-wide declines in revenue. Despite that, Dickey, who will retain his titles after the deal is completed, said, “We strongly believe in this industry and in the long-term opportunities to grow the business.”¹ So strongly, that he has said in interviews that a privately held Cumulus will pursue more stations. “We feel ... that [we] can continue to be aggressive in consolidation, provided the deals make sense,” he said.²

Rumors swirled in 2007 about two other possible buyouts: Emmis Communications and Westwood One.

In October, an Emmis shareholder, Arnhold & S. Bleichroeder Advisers, urged Jeff Smulyan, the CEO, to reconsider his plan to take the Indianapolis-based radio company private, announced in May 2006. Smulyan’s attempt to buy out the company for \$15.25 per share was refused by a special committee of shareholders. The stock price plummeted. Shares of Emmis have fallen almost 65% since August 2006, closing at \$5.13 at the end of October 2007.³

Shareholders immediately weighed in. “Aggressive action must be taken by the Emmis board of directors for the benefit of all minority shareholders to realize the value inherent in the company’s portfolio of underperforming radio assets,” read a statement issued by Arnhold & Bleichroeder Advisers.⁴ Two other shareholder groups also have urged Smulyan to sell the company. Despite the pressure, Smulyan refused. This led many industry observers to conclude that it was just a matter of time before Smulyan offered another bid.

Talk of a buyout at the radio network, Westwood One, was quieter, but still loud enough to give its stock prices a mild boost in late September 2007. That occurred when Deutsche Bank declared the company a likely takeover target by private equity groups. So far, though, a buyer has yet to emerge.

Clear Channel’s transition from public to private was not quick or easy. It was not until September 23, 2007, nearly a full year after the broadcast giant announced its intentions to evaluate “strategic alternatives,” that its sale was finally approved by shareholders. And in January 2008, the FCC gave its approval to the merger, almost assuring the transition.

Things moved slowly after November 2006, when Clear Channel announced its complicated agreement with Thomas H. Lee Partners and Bain Capital Partners to be bought out for \$18.7 billion, or \$37.60 a share. Shareholders delayed

several meetings, demanding higher stock prices. Clear Channel finally mustered the two-thirds majority vote required to seal the buyout in late September 2007. The new owners agreed to \$39.20 a share, raising the total cost of the transaction to \$19.5 billion (not including Clear Channel's \$8.1 billion in debt).

To sweeten the deal for reluctant shareholders, the private equity groups also offered them up to a 30% stake in the company, an unusual move in a world where total control is the norm.

The last regulatory hurdle was overcome in February 2008, when the Justice Department ordered the company to sell stations in four cities – Cincinnati, Houston, Las Vegas and San Francisco – within 90 days of the deal closing.

Clear Channel now waits to see if its two private equity buyers – and the consortium of banks bearing the debt financing – will remain committed to the expensive deal.

ABC Radio and Citadel

The \$2.5 billion acquisition of Disney-owned ABC Radio by Citadel Broadcasting announced in February 2006 finally became official on June 12, 2007. In the deal, the Walt Disney Company agreed to sell ABC Radio and its 22 radio stations, making Citadel the third-largest radio station owner by revenue, with 245 stations at the time of the merger. ABC, however, continues to hold onto its news network and ESPN sports radio stations.

De-consolidation, a Surprising Result of Deregulation?

In late 2006, not only did Clear Channel find a private buyer, but it also declared its intent to sharply trim the size of its radio holdings. The leader of consolidation in the post-Telecommunications Act of 1996 may now be leading yet another trend, this time de-consolidation.

In 2007, Clear Channel had begun to shed 448 of the stations it proposed to sell, all of them outside the top 100 U.S. media markets. According to Clear Channel's CEO, Mark Mays, "Our decision to divest these broadcast properties was reached as a result of the ongoing optimization of our diverse portfolio of media assets." He added that the sale of the stations would allow Clear Channel to better position itself to serve its listeners.

It may be that Clear Channel's radio empire was just too big to manage effectively.

Mel Karmazin, now CEO of Sirius Satellite Radio, and former president of both Infinity Broadcasting and CBS, both competitors of Clear Channel, points a finger at the Telecommunications Act of 1996 for creating problems for radio. The deregulation policies were good for business, he told the Chicago Tribune, "but no one asked me if it was good for consumers." 5

Looking ahead to 2008, we'll see if Clear Channel's divestitures will have an impact on radio's business model.

Sirius-XM Merger

After the two satellite radio providers – Sirius and XM – announced plans to merge in February 2006, Karmazin, the proposed CEO of the merged company, spent the better part of 2007 trying to convince the Federal Communications Commission and the Justice Department that the merger was, as he put it, a "no-brainer." (See 2007 State of the News Media report.)

Karmazin told the Chicago Tribune editorial board on November 7 that the merger's resulting \$3 billion to \$9 billion in cost savings would allow the companies to lower subscription prices and attract more subscribers. Currently, the monthly subscription rates for both companies start at \$12.95 and decrease with a longer commitment. Karmazin has not indicated a post-merger monthly rate, but he has proposed grouping channels into packages that would bring down the price.

"By giving them [consumers] lower prices and more choice, including à la carte offerings, we think that serves the public interest," Karmazin said. "From our point of view, the merger should be a no-brainer." 6

At the heart of the FCC's decision is how to define satellite radio. Proponents of the merger argue that it is only one of several competing platforms – including traditional radio, HD radio, iPods and MP3s, Internet radio and even cell phone radio – in the audio entertainment landscape. Critics see the merger simply as a monopoly waiting to happen.

The merger's chances seemed to improve in August 2007, when the Federal Trade Commission dismissed a separate, but somewhat similar, antitrust case. In the case, the FTC ruled in favor of defining the two merging companies, Whole Foods Markets and Wild Oats Markets, in the larger context of the supermarket and grocery business rather than the limited scope of a premium and natural organic food market. Proponents of the XM-Sirius merger say they believe that the FCC will take a similarly broad view of the audio market.

There have been other encouraging signs for XM and Sirius. In November 2007, the FCC asked for more information from the two companies about their business operations. According to a Bear Stearns analyst, Robert Peck, that request indicates the likelihood that the Department of Justice is close to allowing the deal, "which would necessitate the FCC to expeditiously complete the documentation process." 7

Also in November, both Sirius and XM shareholders voted overwhelmingly for the merger. Of shareholder votes, 96% at Sirius were in favor, as were more than 99% at XM.

Further encouragement came from a consummate insider. When the FCC issued licenses to the two satellite companies in 1997, it also issued a warning: No merger. But the FCC chairman at the time, Reed E. Hundt, appears to have had a change of heart. In a November 13, 2007, interview, Hundt said, "I think that if XM and Sirius combined, it will be pro-competitive in all likelihood.... It seems to me that what has happened over time is that these two firms have proved when kept apart to be incapable of mounting the really serious competition against ... terrestrial radio that I had always hoped for." 8

The Top Companies

Where does all this leave the lineup of companies in radio?

Clear Channel, the dominant radio group owner of the decade, continues to be the leader. Even after it completes the proposed sale of 448 stations in addition to about a hundred more that had to be divested according to FCC regulations and Justice Department rulings, Clear Channel will still be more than double the size of its nearest competitor, Cumulus. Cumulus, in turn, owns about 100 stations more than Citadel.

When Clear Channel made its announcement to go private in November 2006, it also announced the sale of a little less than half of its radio stations, as well as all of its local television holdings (51 stations). There already were several

additional sales pending at the close of 2006. By the end of 2007, the company completed sales of 498 stations, with 52 more still in process.

The planned sales will continue into 2008. But for now, Clear Channel remains the largest radio station owner. 9

Number of Stations Owned by Top Broadcasting Companies
2006 vs. 2007

Owner	Number of Stations Owned, Year End 2006	Number of Stations Owned, December 2007
Clear Channel	1134	636
Cumulus*	305	286
Citadel Communications	212	204
CBS Radio	140	140
Entercom	120	114
Salem Communications Corporation	98	97
Saga Communications Inc.	89	91
Cox Radio Inc.	79	79
Univision	74	74
Radio One Inc.	69	53
Regent Communications Inc.	68	68
ABC/ Disney	47	47
Entravision	47	47
Cumulus Media Partners LLC	37	37
Journal Broadcast Group Inc.	36	35
Citadel / ABC	24	24
Emmis Communications	23	23

Source: BIAfn Media Access Pro, PEJ Research, December 2007

Note: Clear Channel numbers include pending sales. Year-end numbers not offered for Cumulus for 2006; year-end 2005 numbers offered instead.

The top companies, in terms of the number of stations owned, differ from the top stations by revenue. The top three revenue-generating companies are Clear Channel, CBS Radio and Entercom. (See Economics section.)

The top station owners also reached the greatest number of markets in 2007. Clear Channel led in the number of markets reached (120), more than double that of its next competitors, Cumulus (57) and Citadel Communications (48). Except for Clear Channel, these numbers remained about the same as the previous year. ABC/Disney, which owned only 47 radio stations, had them distributed in 42 markets.

And which radio group owners led the way in the number of news and talk stations? Again, Clear Channel takes the lead. As of year-end 2007, it owned 103 stations – 71 news and 32 talk. Cumulus came in a distant second with 29 news stations, followed by Salem with 23. Wisconsin Public Radio and CBS Radio followed Clear Channel in the number of talk stations, with 13 and 10, respectively.

Number of News & Talk Stations Owned by Top Companies
2007

Owner	News Stations	Talk Stations
Clear Channel	71	32
Cumulus	29	9
Salem Communications Corporation	23	8
CBS Radio	17	10
Minnesota Public Radio	17	0
Citadel Communications	16	5
Entercom	15	6
Saga Communications	12	2
Cox Radio	9	1
Wisconsin Public Radio	7	13
Regent Communications	5	2
Citadel / ABC	5	2
Radio One	5	3
Cumulus Media Partners LLC	1	5

Source: BIAfn Media Access Pro, PEJ Research, December 2007

Despite the fact that Clear Channel programs the most news and talk, Salem Communications programs the greatest proportion of news and talk on its stations. Of its total inventory of 98 stations, it programs 31% with news and talk programming. Citadel/ABC is next with 29%, followed by CBS Radio with 19% and Entercom with 17%. Clear Channel falls to 11th on of the list of top station owners, with only 9% of its radio holdings programmed with news or talk content.

Footnotes

1. Erik Sass, "Radio Buys: Cumulus Acquired by Private Equity," Media Post, July 24, 2007.
2. Michele Gershberg, "Cumulus Media Agrees to \$1.3 Billion Buyout," Reuters, July 23, 2007.
3. John Ketzenberger, "Drumbeat Sounds Anew for Emmis Buyout Deal," the Indianapolis Star, October 30, 2007.
4. Erika D. Smith, "Emmis Again Urged to Go Private," The Indianapolis Star, October 25, 2007.
5. Phil Rosenthal, "Homogenized Radio Stations Bottle Up Growth," Chicago Tribune, November 11, 2007.
6. Ibid.
7. Evelyn M. Rusli, "Sirius About A Merger," Forbes.com. November 13, 2007,
8. "Former FCC Chairman Hundt Comments on Sirius-XM Merger in Interview," Sirius and XM press releases, November 13, 2007.
9. The number of stations owned, sold or pending sale can differ in press reports and databases, for two reasons: First, BIA databases only include on-air stations owned by Clear Channel, whereas Clear Channel press releases often report stations it is licensed to operate for other broadcasters. Second, BIA numbers always include pending sales, while Clear Channel's may not.

News Investment

News Investment
By the Project for Excellence in Journalism

The vital signs in radio newsrooms have remained relatively stable recently, despite some dips and rises.

The amount of news being broadcast on local stations rose slightly in 2006, a recovery from a small dip in 2005. Stations in the largest markets were the reason for this increase, while smaller-market stations programmed about the same amount of news as they had in the previous year. 1

The trend toward centralized newsrooms continues. That is, more news directors (76%) are in charge of providing news content to several stations.

Radio newsroom salaries, as in years past, are far from lucrative. Radio news employees – whether news directors, producers, reporters or anchors – are consistently paid less than their television counterparts.

As radio news employees have taken on more responsibility over the years (due to centralization of newsrooms and Web duties), their salaries have not even risen with the rate of inflation. Though 2006 saw some increases in median salaries, these rises came after some substantial drops in 2005.

Radio newsrooms are disproportionately male and Caucasian. However, there was a slight increase in 2006 in the number of minorities who had risen to the top as news directors.

Radio looks to be getting savvier and more ambitious with its presence on the Web by taking strides into social networking, on-demand news features and with portable Internet radio equipment.

Amount of News

The amount of news broadcast on radio stations increased slightly in 2006, the most recent year for which there are data.

According to the 2007 Radio and Television News Directors Association annual survey of news directors, the average radio station broadcast 40.1 minutes a day of local news during the week, three minutes more than in 2005. ² More than half was broadcast during the morning commute.

Most of the increase in local news was attributed to major market stations, those with more than 1 million potential listeners, which aired just under an hour of news on a typical weekday, compared with 42 minutes in the previous year.

According to the survey of news directors, 73.9% said their stations had aired the same amount of news in 2006 as they had the previous year. ³ More stations (15.3%) increased the amount of news than decreased it (10.2%). But in the same survey conducted a year earlier, 28% planned to air more news than they actually did in 2006.

When news directors were asked how much news they planned to program in 2007, 79.7% said there would be no change. ⁴ Only 13% planned to increase their news broadcasts, while 7% were not sure. According to Adam Clayton Powell III, a former news radio executive now at the University of Southern California, “The real news here is that with radio ad revenues flat and a recession widely predicted, no one is forecasting a reduction of radio news.”

Newsroom Size

Newsrooms grew in 2006, due largely to staff increases at stations in larger markets.

But the trend toward centralizing radio newsrooms continued. More independent local news operations are being replaced by a single centralized source of news for the region.

More than three-quarters (76.2%) of radio news directors in 2006 said they were providing news content to more than one station. This is up 6 percent from the previous year, continuing a trend in the centralization of newsrooms. In contrast, the

percentage of news directors who oversaw just one newsroom in 2006 remained low, 18.2%, an increase over the previous year (17%).⁵

Over all, radio newsroom staff size increased marginally from 2005 to 2006. The average staff in 2006 was 3.8 employees, with 2.5 full-time and 1.3 part-time workers. That was up from 3.2 employees in 2005 — 2 full time and 1.2 part time.

While newsrooms in smaller markets shrank slightly, those in larger markets pulled up the overall numbers.

Major markets – stations with more than 1 million potential listeners – employed on average 8.6 full-time staff members in 2006. This is a big jump compared with the previous year, when news directors at major market stations reported an average of 3.1 full-time staff. The statistics here may be misleading, since the steep rise can be explained by the fact that more major market news directors responded to the 2006 survey and at least one of these news directors reported a staff size of 60 full-time workers, compared with the largest newsroom in 2005 of only 19 employees.⁶

The next largest market, with 250,000 to 1 million listeners, also grew, up to 3.3 full-time staff members in 2006 from 2.2 in 2005.

The newsroom size of medium-market news stations (50,000 to 250,000 listeners) fell, from 2.4 full-time staffers in 2006 to 1.8 in 2005. Staff in small markets (less than 50,000 listeners) dropped slightly, to 1.3 full-time staff members from 1.5 in 2005.

The average number of stations that a single news director served in 2006 was 3.4 within the local market and 0.4 outside the local market, according to the RTNDA news director survey.⁷ That changed little from the previous year's data, which reported the average newsroom supplied news to 3.3 stations within the local market and 0.6 stations elsewhere.

Looking ahead, the majority of news directors (67%) expect to keep their staff sizes about the same for the upcoming year; 26.6% plan to do more hiring.⁸

Radio Salaries

Are staff salaries keeping pace with added responsibilities and workload?

Despite ups and downs in salaries over the last several years, it does not appear so.

Over all, radio news staffs continue to be low paid. From 2001 to 2006, salaries have grown only 5%, according to the RTNDA/Ball State University annual news director survey. This figure does not account for inflation, which, at 13.8% in the same period, has grown at a much faster clip.⁹

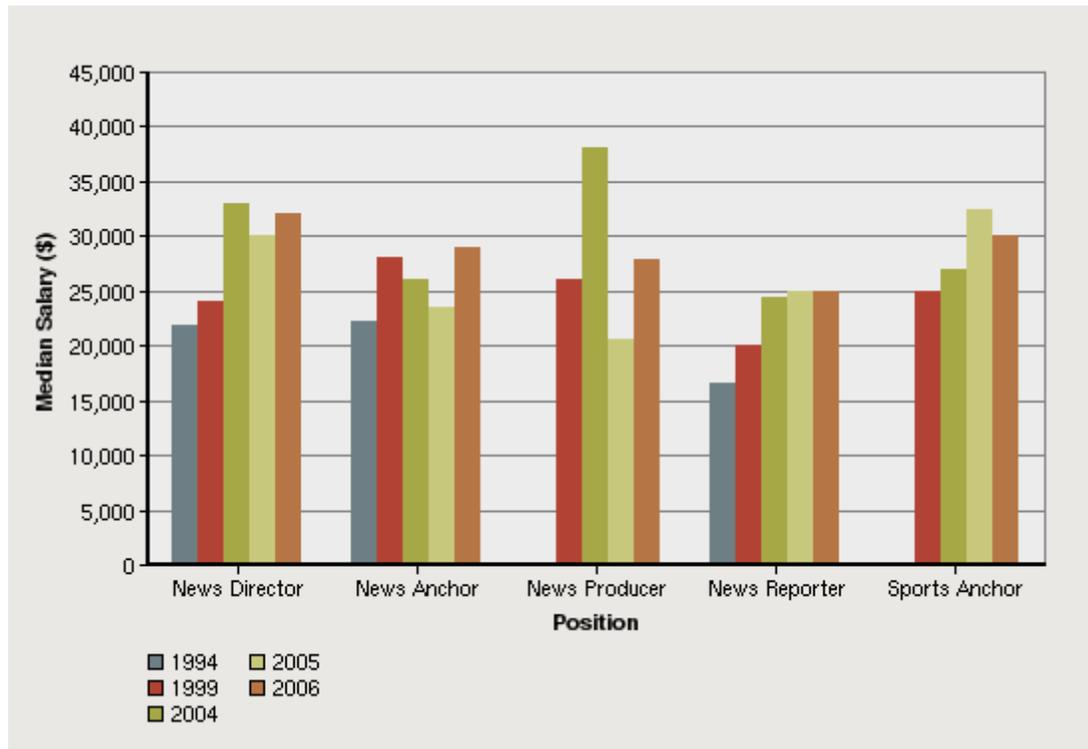
News reporters fared best. Over the past five years (2001 to 2006), their salaries have kept pace with inflation at 13.6%. The median annual salary of a radio news reporter in 2006 was \$25,000, the same as 2005.¹⁰

News producers, news anchors and news directors all had increases in their median salaries in 2006. After two years of significant pay losses, news producers received the biggest boost, from \$20,500 a year in 2005 to \$27,800 in 2006.¹¹ The jump still does not bring producers up to their 2004 reported salary of \$38,000.

But these sharp fluctuations are a bit deceiving. There are relatively few news producers at commercial radio stations anymore, with the exception of larger stations, making any change look more dramatic than it really is. The sample size for radio reporters and news directors is larger, making those more stable indicators of salary patterns.

Median Radio News Salary Comparisons Over Time

1994 – 2006



Design Your Own Chart

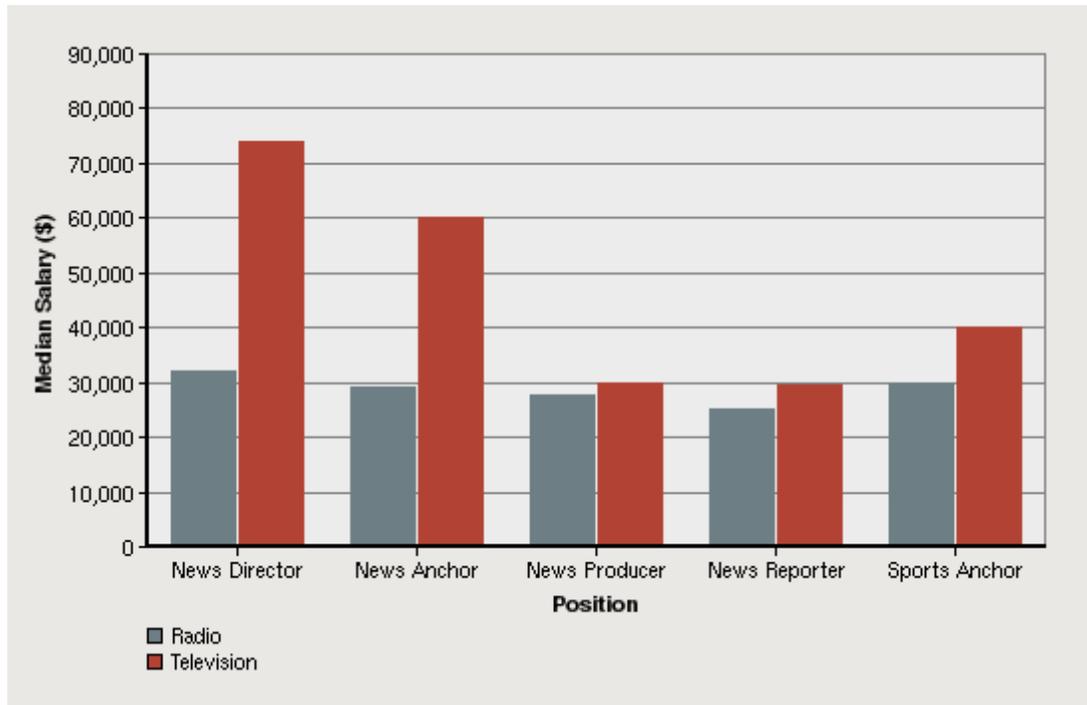
Source: Robert Papper, RTNDA/Ball State University Annual News Director Survey “Where the Jobs Are,” RTNDA Communicator, June 2007.

Note: Based on survey responses of news directors

Radio news salaries still lagged behind those in television. Radio news directors make less than half of their television counterparts — \$32,000 vs. \$74,000. This is consistent with years past, as is the discrepancy in salaries for radio news anchors, \$29,000 compared with \$60,000 for television. The difference in salaries between news reporters in the two mediums, however, is not as great — \$25,000 for radio and \$29,500 for television. News producers in the two mediums also had similar salaries in 2006. Television news producers out-earned their radio counterparts, \$30,000 to \$27,800.

Median Salaries: Radio vs. Television

1994-2006



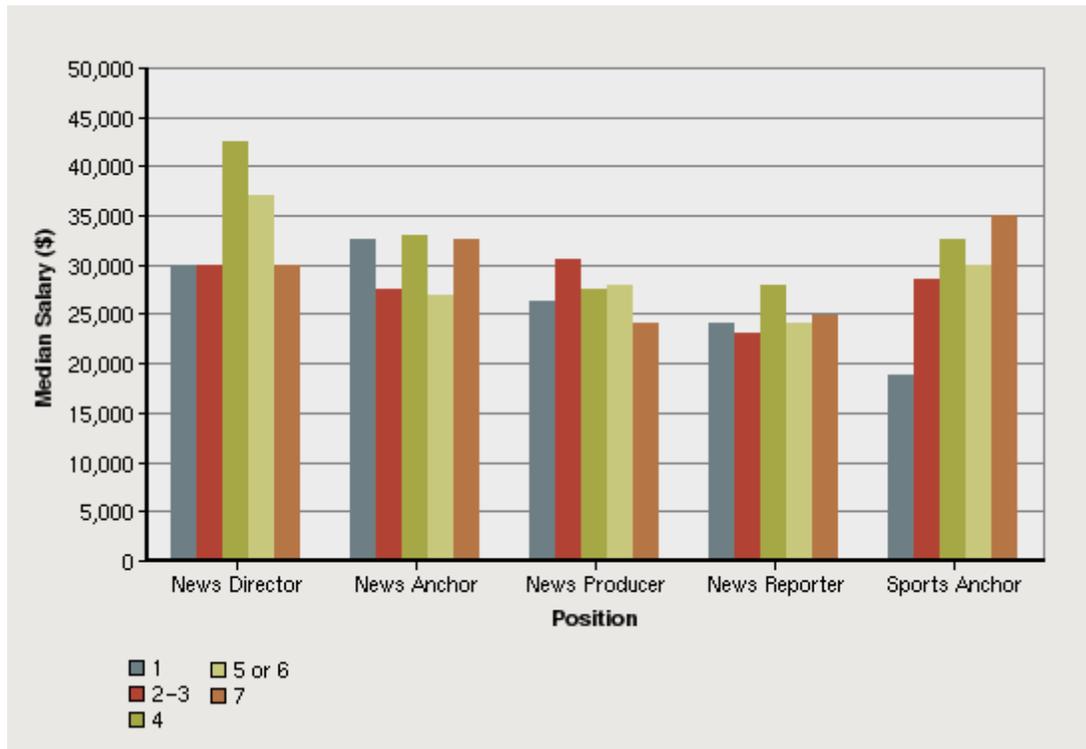
Design Your Own Chart

Source: Robert Papper, RTNDA/Ball State University Annual News Director Survey "Seize the Pay," RTNDA Communicator, June 2007.

Note: Based on survey responses of news directors

As newsrooms move to a business model that serves not one but several stations, are they able to offer their staffs better salaries? Survey responses in the RTNDA study are inconclusive. While there are certainly fewer newsrooms serving only one station, it does not appear that salaries have increased much despite the added responsibility. The lack of a pattern here suggests that radio stations and groups are using varied combinations of full-time employees, part-time labor, interns and volunteers. That may mask the actual salaries in a radio group.

Radio Salaries, by Number of Stations Served
Survey of News Directors, 2006



Design Your Own Chart

Source: Robert Papper, RTNDA/Ball State University Annual News Director Survey “Seize the Pay,” RTNDA Communicator, June 2007.

Note: Based on survey responses of news directors.

As far as the size of the newsroom goes, again there is no clear salary pattern based on the number of full-time staff. News directors do seem to be paid more as staff size increases, going from a median salary of \$30,000 for a sole full-time staffer to \$45,000 when there are at least five other full-timers. 13 News reporters’ salaries also rise, to \$28,000, when there are five or more people employed by the station.

Radio Newsroom Diversity

In 2006, radio newsrooms became even more disproportionately male and Caucasian, although more minorities occupied leadership positions than in years past.

The annual survey of news directors found the percentage of minorities fell only marginally in 2006, to 6.2%, but that marks its lowest level since the survey began. 14 A year earlier, the number was 6.4%, down from 8% in 2004 and 11.8% in 2003.

Looked at another way, in 2006 only 11.7% of all radio newsrooms even had minorities on staff – a slight decrease over 2005 (12.4%) and much smaller than 2004 (17.1%). 15 This is a vastly disproportionate relationship to the 34.5% total

minority population in the United States.

More diversity could be found among radio news directors in 2006 – more African Americans, Hispanics, Asian Americans and Native Americans occupied these top positions. The percentage of Caucasian news directors fell 7 percentage points, to 88%, compared with 2005, when 95.6% were white. ¹⁶ General management of stations, however, remained mostly Caucasians in 2006 – 94.5%. General managers of minority ethnicity are twice as likely to be found at non-commercial stations as commercial stations.

The situation for women is slightly better, but a far cry from equilibrium. Women made up just shy of 25% of the workforce in radio newsrooms in 2006, which is fairly consistent with years past. ¹⁷ However, nearly two out of three (63.8%) radio newsrooms across the country have no women on staff, a rise over the previous year (52.7%). As for leadership positions, only about one in five women work as either news directors (23.5%) or general managers (20.3%).

Public Radio

Public radio has expanded its citizen media experiment, as well as ways to appeal to younger audiences.

Public Insight Journalism, a Web-based network of citizens who offer knowledge to reporters researching stories, was the brainchild of Minnesota Public Radio (MPR), which began integrating it into its newsrooms in 2003. In 2007, Public Insight Journalism launched similar pilot programs in Colorado, New Hampshire, Oregon and North Carolina.

The Public Insight network gives MPR reporters access to thousands of citizens with expert knowledge in a variety of issues to improve news coverage. “It’s bringing whatever content we can to bear on news stories and intermingling it with our news coverage,” Andrew Haeg, senior producer for the Center for Innovation in Journalism (with MPR’s sibling, American Public Radio), told *Current* magazine. ¹⁸

With the pilot programs, MPR hopes to learn how to effectively integrate the Public Insight system into more newsrooms to equip other public radio stations with a system for tapping into the public’s knowledge.

In an effort to draw in a younger audience, National Public Radio launched the Bryant Park Project in October 2007 after months of experimenting with it as an online-only pilot program.

Luke Burbank, one of the two hosts of the live conversational news show (along with Alison Stewart), told the *New York Times* that the Bryant Park Project is “a show for people who take the news seriously but not themselves,” providing context by noting that many of his friends read both the *New Yorker* and *Us Weekly*. ¹⁹

At its broadcast debut, six terrestrial radio stations carried the program, which is broadcast Monday through Friday mornings. But several HD stations, as well as Sirius Satellite Radio, are broadcasting the program, and the content can be accessed at npr.org and downloaded as a podcast.

The program, which highlights topics that appeal to younger audiences, is intended to offer an alternative to NPR’s popular “Morning Edition.” The median age of people listening to NPR’s newsmagazine programs is 53. Jay Kernis, until recently NPR’s senior vice president for programming and now managing editor of CNN, said, “When you talk with younger audiences or potential younger audiences, there is an enormous interest in health care, but they don’t really want to know about prostate cancer. They’re much more interested in child rearing and those issues. One size can’t fit all.” ²⁰

Satellite Radio News

Satellite radio isn't just about commercial-free music.

Both XM and Sirius offer a deep and well-rounded selection of news and talk channels on their listening menus. Of XM's 160-plus channels, it programs 18 news and political talk channels. 21 Sirius, which has just over 130 channels, also programs 18 news and political talk channels. 22

From there, however, the two services follow divergent programming paths.

Sirius programs NPR on three channels, while XM has a single public radio station that broadcasts a mix of hosts and shows. Through its contract with C-SPAN, XM hosts XM Emergency Alert, a 24-hour information channel focusing on natural disasters. Sirius offers popular partisan hosts with its conservative Sirius Patriot channel and liberal Sirius Left, while XM syndicates the liberal talk network "Air America" and, on the other end of the spectrum, "America Right."

News and Political Talk on Satellite Radio

Sirius	XM
Fox News Channel	Fox News
CNN	CNN
CNN Headline News	CNN Headline News
Fox News Talk Channel	ABC News & Talk
NPR Now	CNN En Espanol
NPR Talk	CNBC
NPR	Bloomberg Radio
CNBC	POTUS 08 (Presidential campaign news)
Bloomberg Radio	America Right (Conservative talk)
SIRIUS Patriot (Conservative)	Air America Radio (Progressive talk)
SIRIUS Left (Liberal)	Fox News Talk
CBC Radio One (Canadian news)	BBC World Service
Premiere Plus (Canadian current affairs)	WLW – News Talk
World Radio Network	C-SPAN Radio
BBC World Service News	XM Public Radio
CNN EN Espanol	Canada 360 (news and information)
The Korean Channel	Quoi de Neuf (French news and information)
RCI Plus (International talk)	XM Emergency Alert 24/7

Source: XM and Sirius channel line-up (see <http://xmradio.com/onxm/full-channel-listing.xmc>, and <http://www.sirius.com/channelguide>)

Stepping up its political coverage, XM Radio launched a channel devoted entirely to the presidential campaign, a first for a national radio channel. On September 24, 2007, XM launched POTUS '08 (a government acronym for the President of

the United States), a 24/7, commercial-free channel devoted to news and opinion from both sides of the partisan spectrum. Content comes from both mainstream and alternative sources: C-SPAN, the National Journal, Slate, the Washington Monthly, Fox News, CNN, ABC, bloggers, podcasters, think tanks, polling groups, universities and the candidates themselves. Presidential candidates have access to free air time each day to address listeners.

As XM Radio's CEO Hugh Panero put it, "This channel is a unique public service opportunity to provide our listeners with a commercial-free and politically neutral destination that is focused solely on this important presidential election." 23

POTUS '08 can even be accessed free by non-subscribers, although a listener still needs an XM receiver. The channel is expected to air through November 2008.

Radio Gets Web-Savvy

Radio took some ambitious strides into the digital arena in 2007.

Social networking was the buzzword for 2007 and radio tried to capitalize on its ability to offer local connections.

By the summer of 2007, Clear Channel introduced a dozen station-branded social networks, including "The Wild Space" in San Francisco, the "Z-Zone" in New York and "The Mob" in Chicago. Borrowing from the MySpace and Facebook model, the new sites allow users to create their own home pages, set up blogs and share music, pictures and video with old and new friends. With more than 100 million people on MySpace and 50 million people using Facebook, what would attract "friends" to these micro sites? 24 According to Evan Harrison, executive vice president/online of Clear Channel, "the indicators are that people want to connect locally." 25

Each of the 12 stations trying out this online networking tool manages its own Web site, but the framework of the sites comes from OneSite.com, a provider of social networking technology to businesses and organizations. While none of these stations carry news, Clear Channel's venture into social networking exhibits just one way that radio stations can take advantage of the Web to increase their audience.

More radio news staff is being devoted to Web operations. Staffing for radio news Web sites increased by half a person each in 2006, compared with 2005. This brings the total full-time and part-time Web staff to two persons per newsroom. 26 But in terms of what these newsrooms are displaying on their Web sites, only the major-market radio stations are making technological strides. Smaller stations are still dominated by text, only slowly adding new technologies to their Web sites.

Elements of Radio News Web Sites

	Audio	Streaming Audio	News Video	Live Newscasts	Recorded Newscasts	Blogs	Podcasts
Major Market	80%	80%	30%	30%	50%	50%	70%
Large Market	28.6	28.6	4.8	9.5	9.5	14.3	33.3
Medium Market	25	15	2.5	10	17.5	17.5	12.5
Small Market	28.1	18.8	3.1	6.3	18.8	0	6.3
All Radio	32	25.5	5.8	10.7	19.4	14.6	20.4

Source: Robert Papper, RTNDA/Ball State University Annual News Director Survey "Net Worth," RTNDA Communicator, May 2007.

Another signal that the radio industry is waking up to its online potential is Fox News Radio's decision to offer an on-demand news service. In September 2007, Fox News Radio broke new ground by offering an online, on-demand news service to the 400 affiliates that receive its five-minute radio headlines. "Fox News Radio On-Demand" is updated 24 hours a day to provide affiliates with newscasts for their Web sites, enabling online users to access up-to-date news when they choose.

On the equipment front, a few companies have released Internet radios that behave like traditional radio receivers. Companies like Roku, Com One, Revo, Terratec and Tivoli have made standard-looking tabletop radios that free the online listener from their computers. Instead of an antenna, these radios are equipped with internal WiFi receivers. As with standard radios, some come equipped with batteries so they can be taken anywhere a wireless signal can be picked up. Most also play podcasts. Like HD radios, though, they're not cheap – most models ran upwards of \$300 as of 2007.

Footnotes

1. All bulleted data from Robert Papper, RTNDA/Ball State University Annual News Director Survey, "News, Staffing and Profitability," The Communicator, October 2007.
2. Robert Papper, RTNDA/Ball State University Annual News Director Survey, "News, Staffing and Profitability," The Communicator, October 2007. Survey responses came from 225 radio news directors and general managers representing 740 radio stations.
3. Ibid
4. Ibid.
5. Ibid.
6. The presence of such an outlier in the data has a large impact on the results, especially given that the survey's sample only represents 225 news directors (and 749 news stations).
7. Ibid.
8. According to the Papper survey, 1.1% of news directors said they expected to decrease staff and 5.3% said they were not sure.
9. Robert Papper, RTNDA/Ball State University Annual News Director Survey "Seize the Pay," RTNDA Communicator, June 2007.
10. Ibid

11. Robert Papper, RTNDA/Ball State University Annual News Director Survey "Where the Jobs Are," RTNDA Communicator, June 2006.
12. Robert Papper, RTNDA/Ball State University Annual News Director Survey "Seize the Pay," RTNDA Communicator, June 2007.
13. Ibid.
14. Ibid.
15. Ibid.
16. Ibid.
17. Ibid.
18. Karen Everhart, "Newsrooms Try 'Public Insight' Tool," Current Magazine, August 13, 2007.
19. Elizabeth Jensen, "An NPR Program Aims to Awaken a Younger Crowd," New York Times, September 27, 2007.
20. Ibid.
21. As of the end of November 2007, XM listed 166 stations on its Web site's "Channel Line-up," <http://xmradio.com/onxm/full-channel-listing.xmc>, including six Christmas music channels. XM also programs 20 other "Talk and Variety" channels that are not of an explicitly political talk/news format (including "Oprah and Friends"), as well as 25 sports channels and 20 traffic and weather stations. This brings the total news/talk/information channels to 83.
22. As of the end of November 2007, Sirius listed 131 stations on its Web site's "Channel Guide," <http://www.sirius.com/channelguide>. Sirius also programs 11 other talk/entertainment channels (including two Howard Stern channels), 12 sports channels and 10 traffic and weather channels. This brings the total news/talk/information channels to 51.
23. Drudge Report, "XM/C-SPAN to Launch First National Radio Channel Dedicated to the Presidential Election," May 21, 2007.
24. comScore, <http://www.comscore.com/press/release.asp?press=1555>.
25. Brian Garrity, "Clear Channel Launches Social Networking Sites," Billboard.Biz, April 30, 2007.
26. Bob Papper, RTNDA/Ball State University Annual News Director Survey "Net Worth," RTNDA Communicator, May 2007.

Talk Radio

Talk Radio

By the Project for Excellence in Journalism

More than 20 years into its run, what Americans have come to call talk radio continues to grow, and in 2007 again demonstrated its political muscle.

According to the latest data available, 1,370 radio stations carry talk radio programming. 1 And over 47 million Americans listen to it each week. 2

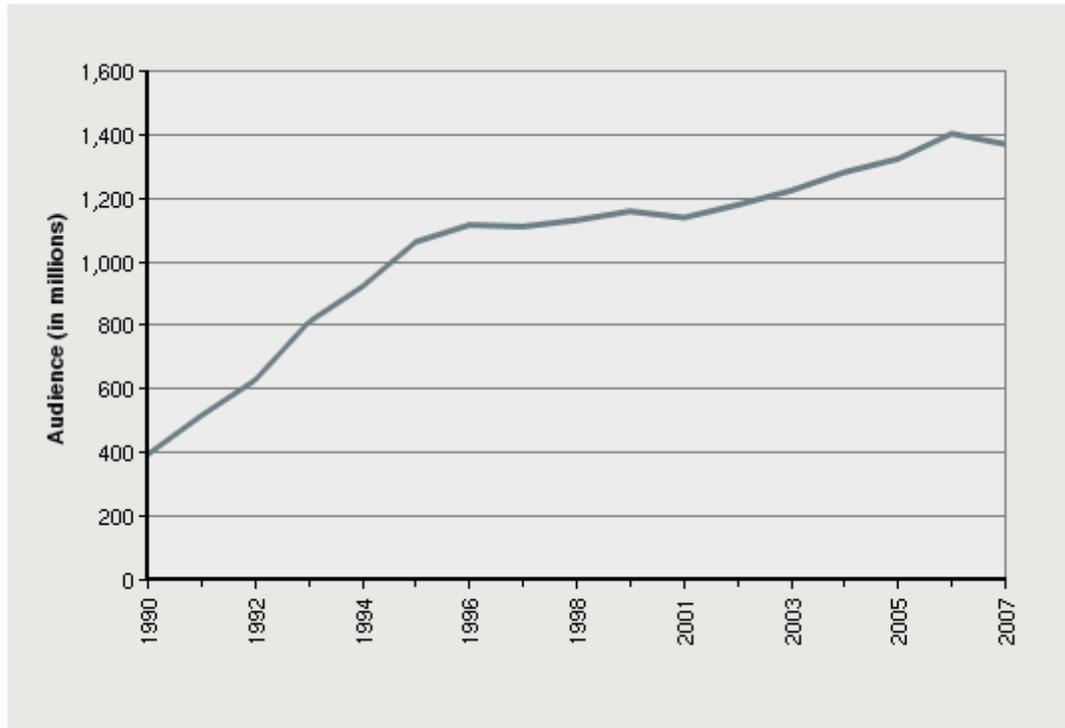
The medium remains distinctly conservative. But a notable, if small, group of liberal talkers has established itself as well.

In many ways, talk radio is as old as radio itself. In 1933, President Franklin Delano Roosevelt launched his fireside chats from the White House over the radio. And Father Charles W. Coughlin and the humorist Will Rogers each hosted popular political talk shows in the early 1930s, with opinionated banter as the foundation.

Yet after a period of relative balance brought on by strict regulation in 1960s, the modern era of talk is generally considered to have begun in the 1980s with Reagan-era deregulation, particularly the repeal of the Fairness Doctrine in 1987. The repeal, taken as cable and other new technologies changed the media landscape, freed stations from an obligation to offer equal representation to all sides of a controversial question. Also, with the elimination of the Fairness Doctrine, the mandate for radio stations to cover issues of local importance disappeared and nationally appealing satire-driven commentary flourished. Though there is talk among some Democrats in Congress about bringing the Fairness Doctrine back, it seems unlikely.

The number of stations carrying talk programming swelled from about 400 nationwide in 1990 to 1,400 in 2006, a growth of almost 250%, according to Inside Radio. 3 Though the growth of stations has slowed since the mid-1990s, it is still getting larger.

News/Talk Radio Growth
1990-2007, Select Years



Design Your Own Chart

Source: Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," February 14, 2007

Note: No figures available for 2000

Talk Radio Still Wears a Conservative Crown

In 2007, Rush Limbaugh continued his reign as the king of radio talk. According to data from Talkers Magazine, he commanded an estimated 13.5 million weekly listeners in spring 2007. ⁴ But talk radio's No. 1 voice also has apparently peaked. These 2007 audience numbers are down one million from 2003, when 14.5 million tuned in weekly.

Though definitive explanations of his ebbing audience are impossible, the most obvious factor is that the man who helped define the medium now has more competition. Chief among those is conservative rival and long-time runner-up Sean Hannity. In the spring of 2007, according to the Talkers data, Hannity trailed Limbaugh by one million weekly listeners by a close margin, the number of people who tuned into radio at least once and at least for five minutes in an average week.

Other conservatives have also been increasing their radio audiences over time: These include Michael Savage and on-air counselor Dr. Laura Schlessinger (both with 8 million weekly listeners), and Laura Ingraham and Glenn Beck (both with 5 million listeners). ⁵

Liberal listeners have to look much further down the list of leading talkers to find a personality reflecting their views — Ed Schultz, with 3.25 million listeners weekly. Other liberal talkers barely attract audiences over 1 million: Lionel, Thom Hartmann, Randi Rhodes, Stephanie Miller and Alan Colmes (each with 1.5 million weekly listeners). ⁶

Talk Radio Audience
Weekly Cume (in millions)

		2007	2006	2003
Rush Limbaugh	Conservative	13.5	13.5	14.5
Sean Hannity	Conservative	12.5	12.5	11.75
Michael Savage	Conservative	8	8.25	7
Dr. Laura Schlessinger	General Advice	8	8	8.5
Laura Ingraham	Conservative	5	5	1.25
Glenn Beck	Conservative	5	3	*
Neal Boortz	Conservative	4	3.75	2.5
Mark Levin	Conservative	4	1	N/A
Dave Ramsey	Financial Advice	4	2.75	*
Mike Gallagher	Conservative	3.75	3.75	2.5
Michael Medved	Conservative	3.75	2.25	*
Jim Bohannon	Ind. / Moderate	3.25	3.25	4
Clark Howard	Consumer Advocacy	3.25	3.25	2.5
Bill O'Reilly	Conservative	3.25	3.25	1.75
Doug Stephen	Ind. / Moderate	3.25	3.25	2
Ed Schultz	Liberal / Progressive	3.25	2.25	N/A

Source: Talkers magazine, "Top Talk Personalities," Spring 2007
 Note: * = Information unavailable; NA = Talk host not nationally broadcast

Audience Demographics

The talk radio audience is largely male, relatively young and ideologically conservative, although not necessarily Republican. Talkers magazine put the party breakdown in 2007 at 23% Republican, 14% Democratic, and a majority, 58%, independent. Data from the Pew Research Center for the People and the Press found a more equal spread among regular listeners in 2006: 32% Republican, 35% Democratic and 30% independent. 7

Nearly two-thirds (63%) of the "talk/personality" audience was male, according to the 2007 "Radio Today" Arbitron report. And more than 36% of the talk audience is between 25 and 44 years old, compared with 22% in the news/talk/information grouping.

Talkers magazine's Talk Radio Research Project, released in the fall of 2007, found that talk listeners tend to identify themselves as conservative (38%), of which 12% identify as "ultra conservative," or middle-of-the-road (23% said they were moderate and 18% fiscal conservative/social liberal). 8 Only 14% of the talk audience identified themselves as liberal, of which only 2% said they were "ultra liberal."

Air America 2.0

Major changes were set in motion when Air America, the “progressive” talk radio network, declared bankruptcy in October 2006.

In late January 2007, Stephen Green, a New York real estate entrepreneur, agreed to acquire the fledgling network for \$4.25 million and Green Family Media formally completed the acquisition on March 6, 2007.

Stephen Green became board chairman and majority shareholder and his brother Mark Green, the author, politician, former Ralph Nader associate and professor at New York University, was named president. Scott Elberg, Air America’s chief operating officer since spring 2005, retained his title.

“We intend to stabilize its structure, programming and balance sheet – and then to turn it around by next year,” said Stephen Green. “I’m a businessman used to making money and Air America will be no exception.” 9

Mark Green outlined a two-pronged strategy. “First, we’ll make sure our programming stays informative, sharp and entertaining – so that it’s appealing to a growing audience and advertisers alike. Second, we’ll be thinking outside the radio box by creatively distributing great content across many platforms in the next years, including the Web, video, mobile and broadband. We intend to become a must-hear content site for all people interested in truth, justice and the Air American way.”

The company has some rebuilding to do. As of December 2007, Air America content was being carried on 62 traditional radio stations, or affiliates, as well as XM satellite radio. 10 Before declaring bankruptcy in October 2006, it had 90-plus affiliates.

On May 21, 2007, the new ownership introduced Air America 2.0 by launching a new and more interactive Web site talk lineup, adding three new shows to its weekday offerings and five new shows on the weekends (see <http://www.airamerica.com/schedule> for full lineup). The kickoff featured two days of interviews with 30 political leaders and celebrities, including Senator Hillary Clinton, Senator John Edwards, Senator Barack Obama, Robert Redford, Paul Newman, Governor Eliot Spitzer of New York, Mayor Michael Bloomberg of New York City, Gloria Steinem and Theodore Sorensen.

On April 25, Westwood One took over from Jones Radio Networks to manage the network and affiliate advertising sales. Westwood One, managed by CBS Radio, serves more than 5,000 radio stations and distributes more than 150 news, sports, music, talk, entertainment programs, features and live events.

“Because Westwood One is such a renowned network ad and affiliate sales firm,” said Elberg, “it’s obviously exciting that Westwood One will be a vital part of AAR 2.0.” 11

As expected, there also were talent changes, initiated in mid-February when the humorist and host Al Franken left the network to pursue a U.S. Senate seat.

Lionel, one of the top-rated progressive talkers with an average weekly audience of 1.5 million listeners, joined the lineup. Another program, “Seder on Sunday,” targeted the interactive audience with its recap and review of the Sunday morning political talk shows, largely from the view of bloggers.

The Return of Don Imus

On December 3, 2007, Don Imus' radio show, *Imus in the Morning*, returned to the airwaves.

Citadel's New York station, WABC, became the new home for the controversial host nearly eight months after his show was canceled by CBS Radio and the MSNBC cable television station.

An apologetic Imus was welcomed back with a four-hour show and several standing ovations from the large audience that filled a New York theater. Imus repaid his new network with a significant ratings boost. According to Portable People Meter ratings for New York, the show reached 87% more people than the average audience listening during the show he replaced at the same time slot (6 a.m. to 10 a.m.) on the previous 10 Mondays.¹² But listeners looking for more of Imus' caustic shock-jock spiel may have been disappointed. Washington Post reporter Paul Farhi wrote that the show was "a cautious, even stilted affair, especially compared with the freewheeling satire and commentary that characterized his program before the controversy."¹³ According to Farhi, the most irreverent note Imus hit was when he declared, "Dick Cheney is still a war criminal, Hillary Clinton is still Satan and I'm back on the radio!"

The ABC Radio Network syndicates the show, which also is simulcast on RFD-TV, a cable and satellite network that reaches about 30 million homes, through a five-year deal with Rural Media Group.

Imus' difficulties started on April 4, 2007, when the radio host described players on the largely African American women's basketball team at Rutgers University as "nappy-headed hos." The National Association of Black Journalists shortly called for Imus to be taken off the air.

Outrage against Imus grew when several public figures, including the Rev. Al Sharpton insisted that he should be fired. Imus responded by issuing a formal apology, but the disc jockey made the situation worse when he tried to do damage control. Imus appeared on Sharpton's radio program, apparently looking for the black political leader's blessing. When Sharpton and a phone caller continued to argue that he should be fired, a frustrated Imus blurted, "I can't get anywhere with you people." Syndicator CBS and MSNBC soon reacted with a suspension. But public outrage grew and, in the week that followed, big-name (and big-money) advertisers like General Motors, Staples, American Express and Procter & Gamble pulled their ads. After a frank meeting with NBC staff, at which prominent African American NBC personalities reportedly expressed anger, MSNBC fired Imus on April 11 and CBS did the same a day later. According to estimates from several analysts, Imus accounted for about \$20 million in ad sales for CBS in 2006.¹⁴ And he attracted a weekly audience of 2.5 million listeners.¹⁵

Legal battles followed the firing. Imus filed a lawsuit against CBS in May for breaching his contract, which amounted to \$40 million over five years. CBS countered, demanding compensation for lost advertising revenue and fees from radio stations and MSNBC, which paid to carry the show. Imus and CBS settled their claims in August, and Imus walked away with \$20 million.

In August, Kia Vaughn, a Rutgers basketball player, sued Imus, citing slander, libel and defamation of character. Nearly a month later, she dropped the case, citing her need to focus on her studies and basketball training.

Who Syndicates the Hottest Air (Talent)?

What radio companies are benefiting from presenting and syndicating the most popular radio talk talent?

Premiere Radio Networks, a property of Clear Channel Communications, syndicates four of the top six talkers: Limbaugh, Schlessinger, Ingraham and Beck. Combined, these four reach 31.5 million listeners a week, according to their individual audience totals, though much of this total is likely a common audience.

Companies That Syndicate the Top Talkers

Host	Syndicator	Year the host began broadcasting nationally
Rush Limbaugh	Premiere Radio Networks	1988
Sean Hannity	Citadel	2001
Michael Savage	Talk Radio Network	1999
Dr. Laura Schlessinger	Premiere Radio Networks	1994
Laura Ingraham	Premiere Radio Networks	2001
Glenn Beck	Premiere Radio Networks	2001
Neal Boortz	Cox Radio Network	1999
Mark Levin	ABC	2006
Dave Ramsey	Self-Syndicated	1996
Mike Gallagher	Salem Radio Network	1998
Michael Medved	Salem Radio Network	1996
Jim Bohannon	Westwood One	1993
Clark Howard	Cox Radio Network & Jones Radio Network	*
Bill O'Reilly	Westwood One	2002
Doug Stephen	Self – Syndicated	1988
Ed Schultz	Jones Radio Network	2005

Source: PEJ Research

Note: Premiere Radio Networks is a property of Clear Channel. * Information not available.

On average, these leading talk hosts have been broadcasting nationally just since 1998. Limbaugh, with the largest audience, has been attracting national listeners the longest, for nearly 20 years. But Sean Hannity, his conservative rival, only has six years of national exposure. The Hannity show bears close watching over the next years to see if it gains enough of a following to eclipse the talk domination that Limbaugh has maintained for so long.

Footnotes

1. Inside Radio

2. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April, 13 2007.

3. M Street Directory 1989-1999 and Inside Radio, Radio Book, 2006-2007. Inside Radio, formerly M Street Corporation, redefined the news/talk category to remove the category of sports talk. It began recording stations with the all-sports format in 1994. Before that, the news/talk figures reflect a removal of only estimated sports talk stations. According to Scott Fybush of Inside Radio, the number of sports stations was insignificant before 1993.

4. Talkers magazine, "Top Talk Personalities," October 2007: http://www.talkers.com/main/index.php?option=com_content&task=view&id=17&Itemid=34. Talkers bases its analysis on Arbitron's Spring 2006 Monday-Sunday weekly cume ratings, supported by other reliable indicators in rated and non-rated markets. Estimates are rounded off to the nearest .25 million listeners.
5. Ibid.
6. Ibid.
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Charts & Tables

Charts & Tables
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PROJECT FOR EXCELLENCE IN JOURNALISM

THE STATE OF THE NEWS MEDIA 2008

AN ANNUAL REPORT ON AMERICAN JOURNALISM

Ethnic – Intro

Intro

By the Project for Excellence in Journalism

The one constant in trying to understand the ethnic media in the United States is that its audience is in perpetual transition. New immigrants are arriving, sometimes moving to new communities. Existing audiences may or may not remain loyal, depending on the medium, the competition and the ethnicity.

At the end of 2007, a number of sweeping but seemingly contradictory trends were reshaping this sector of American media, some pointing to a future of growth – at least among smaller outlets – and others indicating a flattening or even contraction.

As more ethnic groups spread across America, there seems to be growth potential for small startup ethnic outlets, particularly in print. This already may be starting to show itself in the increasing number and circulation of ethnic weeklies. But other trends among the immigrant population may be working against the ethnic media.

On one hand, those new communities tend to be full of recent immigrants – those most likely to use and rely on ethnic and foreign language outlets. The more established immigrant populations, though, are found to be *less* likely to rely on native-language media. The longer people are in this country, research shows, the more English they speak, and the more English they speak, the more likely they are to use English-language media. Of the Latino immigrants who have lived in the United States for at least 26 years, 43% report speaking English very well, compared with just 14% of those who have lived in the United States for less than three years. ¹

The audited circulations of three of the biggest Spanish-language dailies in established communities — La Opinión, based in Los Angeles, El Diario-La Prensa in New York and El Nuevo Herald in Miami — have been flat for several years. (More of these papers are auditing their circulations now and this may help them with advertisers.)

And there is increasing competition from the mainstream media as they tailor their content to Hispanic audiences, deliberately choosing topics and personalities that will appeal to Latinos.

In the end, the current demographic trends may be pointing to a more multi-faceted ethnic media landscape with no across-the-board positive or negative prognosis. The niche world of the ethnic media is growing further niches of its own.

All this complicates the economics of ethnic media, as well as its news-gathering muscle and its reach. For now, while the story is getting more complex as the sector matures, the economics are in many ways also becoming more stable.

Footnotes

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Content Analysis

Content Analysis

By the Project for Excellence in Journalism

How do the ethnic media differ from the mainstream in the United States?

What would a reader or viewer of the major ethnic media, Spanish-language, learn or not learn about a particular event compared with what is offered in English? What angles does the ethnic press address versus the mainstream media? What sources did they turn to, and what was the overall tone of the coverage?

To find out, we turned to one of the big issues of 2007 with natural interest to the Hispanic population, the debate over immigration, and examined the coverage in the leading Spanish-language television networks and three major papers and compared that with similar English language press from one key period, the week the immigration bill died in the U.S. Senate.

The answer is that Hispanic audiences turning to native-language news, especially the broadcast programs, heard a much different side of the bill's defeat.

Two years ago, in the 2005 State of the Media Report, the Project studied front-page coverage of five ethnic newspapers in New York City. We found, among other things, that the ethnic press was filled with three distinct types of news that appealed to their ethnic audiences: They covered events back in their native countries, they offered U.S. national news events with a more ethnic angle and they covered local events directly related to that outlet's ethnic community.

This year, we wanted to probe further into ethnic coverage of U.S. national news by closely examining a single event. To focus on these questions, we conducted a snap shot study of one crucial week during the debate over immigration: the week the Senate closed debate on an overhaul of the immigration law, June 25 to 29, 2007. The Senate's inability to reach a compromise on an immigration bill was viewed by many as the end of discussion until at least 2009. In a clip from June 27, as the Senate leadership struggled to muster the 60 votes necessary to continue the debate, Senator Ken Salazar, a Democrat from Colorado, told Univision, "If we don't have the 60 votes, goodbye to immigration reform, possibly for 10 years."

For this snapshot, the Project for Excellence in Journalism compared coverage between English and Spanish media

looking at four English-language nightly news programs (the three network evening newscasts and the PBS NewsHour), two Spanish-language evening newscasts (Telemundo's Noticiero and Univision's Noticiero) and the New York Times, Los Angeles Times and Washington Post and three Spanish language newspapers, El Diario-La Prensa, La Opinión and El Nuevo Herald. We analyzed the extent of coverage, the prominence given to the story, the tone of the coverage, sources and length.

The greatest differences occurred on the broadcast side, where the Spanish coverage was more emotional, much less about the politics and more about effects on every-day people, and turned to immigrants for comment. Spanish-language print was closer to English-language press in its more detached approach to the coverage, often using a mix of sources similar to their English-language counterparts. The biggest differences in print were among the three Spanish-language papers themselves, displaying the vast range of Spanish language roots in the U.S.

Broadcast

What were Hispanics who watched Univision and Telemundo, the equivalent of the network evening newscasts, getting that viewers watching the ABC World News Tonight, the NBC Nightly News, the CBS Evening News and PBS' NewsHour weren't? How were their media experiences different?

During the week the immigration bill died in the Senate, the most striking differences between English and Spanish media occurred in broadcast.

PEJ examined Spanish network national evening news on the two major stations, Telemundo and Univision and compared it to evening network news on the major networks, ABC, CBS and NBC. PEJ also examined the NewsHour with Jim Lehrer on PBS.

The first noticeable difference was in the amount of coverage the issue received. Spanish language broadcasts gave the issue much more attention and greater prominence than network news. PBS was more in line with the ethnic media.

Telemundo and Univision aired a total of 18 stories focusing on the immigration bill during the period. Of these stories, 14 aired in one of the first three segments. (The vast majority, 12 in all, were edited packages. Three were interviews and three were brief tell stories).

By comparison, ABC, NBC and CBS covered the issue substantially less. In total there were just eight stories during this period. What they did produce was given high prominence with most — six out of the eight — in the first three stories. Of these stories, four were packaged pieces, two were interviews and two were tell stories.

The PBS NewsHour, however, covered the story much more heavily than the main networks. It aired 10 stories on the immigration bill in the first 30 minutes of the program (the time period we study). As is often the program's style, more of these were roundtable interviews than packaged pieces (Two were packages, five were interviews and the remainder were simple tell stories or anchor voiceovers.

The most striking differences came in the focus and tenor of the coverage. In the more qualitative assessment of the coverage, three characteristics of the Spanish-language coverage stood out:

- The Spanish broadcasters openly displayed their own emotions about the issue.
- The Spanish coverage took a clear stance in the debate, which was more tied to human impact than political.
- Criticisms by reporters and sources were focused more on the Senate or U.S. government as a whole rather than on one party or another.

More than anything else, what Hispanics watching Spanish broadcast coverage got that was different from English network coverage, was in a word, sympathy. On June 28, the day the bill was defeated and Univision anchor Jorge Ramos began the broadcast by saying (translated into English):

“The news could not be worse for undocumented immigrants in the United States. In a vote, the Senate killed plans to legalize millions of immigrants. With this decision, the hopes of many that immigration law will change with respect to those without documentation in this country have disappeared. Thirty-six Republicans and 15 Democrats voted against continuing the debate — this is to say that *they* killed the reform. We have extensive coverage of this decision and its enormous consequences.”

Comparatively, English network news coverage was more detached and focused on the bill as a political defeat for President Bush. For example, on that same day, NBC’s Brian Williams led into the coverage by saying, “The other big story in Washington tonight is the defeat of the immigration reform bill in the U.S. Senate. A vote to go forward with it fell a whopping 14 votes short. It’s a big loss for President Bush, who pushed hard to revive this bill only to see it lose big today.”

Along with emotion and sympathy, the Hispanic anchors and reporters offered a clear stance on the vote. The coverage treated the defeat of the bill as a significant setback for the Hispanic community. Spanish broadcast media openly offered their strong bias toward finding a solution for the estimated 12 million illegal immigrants currently residing in the United States.

A package on Telemundo the day the measure was defeated began with a Hispanic woman calling in to the popular Hispanic radio talk host Eduardo Sotelo in tears, saying how upset she was by the Senate’s action. The package then went on to show Sotelo himself in tears. The word “disappointed” came up many times in interviews and sound bites with activists and other Hispanics hoping for a solution to immigration policy in the United States.

If the wish was for protection of illegal immigrants, the Spanish broadcasters were not shy to lay blame at the feet of both Democrats and Republicans for their failure to find a solution. While some Spanish coverage mentioned the bill as a significant defeat for President Bush and its political implications for him as most English coverage did, it mainly spoke of the Senate’s decision in the context of the implications for the 12 million illegal immigrants currently in this country. Many interviews and pieces focused on every-day Hispanics hoping and depending on the Senate to find a solution for either themselves, their families or members of their community. Telemundo showed a group of immigrants holding hands and praying in front of the Capitol before and during the Senate’s vote.

In portraying the impact on Hispanics, the most popular sources were interviews with every-day Hispanics and Hispanic activists representing organizations such as the Consejo Nacional La Raza (National Council of La Raza) and the

Coalición por Reforma Migratoria (Coalition for Immigration Reform) to illustrate the effects the bill would have upon the Hispanic community. In covering the political aspects of the bill, reporters relied heavily upon Spanish-speaking senators like Mel Martinez, Robert Menendez and Ken Salazar and Commerce Secretary Carlos Gutierrez.

Some may think that these findings place the Spanish-language broadcasts closer in style to the English-language cable talk programming. It is important to note, though, that the newscasts on Telemundo and Univision are the only national news programs offered. The networks operate more like ABC, CBS and NBC in that they carry all types of programming, with news just one small segment in the mix. There is no real comparison, then to the televised news talk shows. The genre that offers this kind of programming in Spanish is radio.

Print

In print, there is more continuity between the English-language and Spanish-language press, though differences do emerge in a few key areas. Some of the bigger disparities lie within the three big Spanish-language papers, speaking to the great diversity of the Hispanic population across the U.S. For the print analysis from June 25 to 29, PEJ included all the newspaper stories on immigration that appeared anywhere in the front sections.

Over all, the English-language papers had more stories but gave them less prominence than the Spanish-language papers. The three English-language papers ran a total of 37 stories during the five days (pretty evenly distributed among the three) while the Spanish papers ran 22. The majority of the English-language stories fell in the inside pages — 23 out of 37. Just 14 made page 1. The Spanish-language papers, on the other hand, ran 15 of the 22 on page 1.

Despite more prominence, the Spanish-language articles tended to be shorter. A majority (15 out of 22) were between 200 and 800 words. English-language reporters wrote longer, with 22 out of the 37 articles running well beyond 800 words.

Some of that length was devoted to covering different angles of the bill's defeat and as well as details on the socio-political implications (mainly for American citizens), often with more quotes and statements from parties involved in the bill's development and defeat. The Washington Post, for example, ran a 1,434-word article on an American labor recruiter who has created a database that helps match skills of Mexican laborers with job opportunities in the U.S.

The Spanish articles tended to narrow in on the Senate's proceedings and the implications of the bill on Hispanic immigrants.

When it came to tone, the Spanish-language print media were more like English-language media than like Spanish-language broadcasters. The reports remained mostly neutral, although a few articles did reflect a bias. For example, the day after the bill was defeated when coverage peaked in both Spanish broadcast and print, El Diario-La Prensa offered this straightforward account: "The immigration bill suffered a checkmate in the Senate, where for the second time in a month, legislators voted to limit debate and proceed to a definitive vote. With a final result of 46 votes in favor and 53 against limiting the debate to thirty hours, the measure was very far — 14 votes shy — of the 60 needed to overcome this obstacle."

In assessing the implications of the defeat, Spanish papers still mostly focused on it as a loss for immigrants nationwide,

but they also at times, more often than Spanish-language broadcasts, addressed it as a loss for President Bush. After the bill's defeat, La Opinión wrote: "It was a political defeat for President Bush, who personally lobbied for the bill and hoped to make the reform his legacy in domestic policy. Bush regretted the result and said: 'The failure of the Congress to act is disappointing.' He added: 'We worked hard to see if we could find a point in common, but it didn't work.'"

Similarly, El Diario reported: "President George Bush is personally involved in lobbying undecided Republican senators to obtain the required votes so the Senate approves the measure and sends it to the House. Bush wants immigration reform to be his legacy in domestic policy."

A closer look at the Spanish outlets reveals a bigger difference and points to an important reality of the Hispanic community throughout the United States: Hispanics differ greatly in their individual cultures, nationalities and ethnicities. The way each of these papers chose to cover the immigration story reflected these differences clearly.

The three Spanish newspapers differed greatly in the number of stories they ran. La Opinión ran 12 articles on the immigration bill, El Diario ran seven and El Nuevo Herald ran only three. The prominence and tone of the coverage differed as well.

La Opinión, based in Los Angeles, gave the story the greatest amount of coverage and highest prominence of the three. It ran all of its 12 articles on page 1. The readership of the paper helps explain differences in the scope and tenor of the coverage. According to its own information, 79% of the newspaper's readers are Mexican and 13% are of Central American origins. ¹ The issue of immigration reform had a great deal of bearing on these communities, as they are geographically the closest to the border with the United States. ² La Opinión relied on a mix of sources from the Senate and House (both English- and Spanish-speaking lawmakers) as well as activists of various organizations representing the Hispanic community.

La Opinión also stood out as the paper that brought the most emotion from reporters into its coverage. Its June 29 article read:

"In the end, what mattered was not the opinion of the majority of Americans, who in survey after survey for months, demonstrated favorability toward a pragmatic solution to the question of immigration.... To the contrary, what the majority thought was of little importance. Other things were of more importance: the anti-immigrant ideology of a handful of Republicans, politics, the rhetoric and mistreatment that the immigrants have received day after day on the radio talk shows in English and in the afternoons from Lou Dobbs of CNN." ³

The readership of El Diario/La Prensa, based in New York City, covers a mixed market of Dominicans, Puerto Ricans and Central Americans. It has few articles on the front page, heavy coverage of entertainment and sports, and coverage of pressing local and national news.

Over the period we looked at, the immigration bill made the front page twice, or two out of five days, and made the front section of the paper every day, with one article each day except for Friday, when the bill made the front page and was the subject of two more articles in the front section.

El Diario's sources included English-speaking senators such as Dianne Feinstein of California and Edward M. Kennedy of Massachusetts, in addition to Spanish-speaking activists representing the Hispanic immigrant community. The tone of

the articles over all was neutral with only two out of seven that really stood out as having a bias. When there was bias, it came in the form of telling stories of local immigrants and activists affected by the bill. One such piece focused on a local Ecuadorian lawyer counting on the bill's success to reunite him with his family, and the other explored activist groups and their reaction to the Senate's decision.

The coverage of El Diario was by far the most localized of the three Spanish-language papers.

Perhaps the most unusual paper of the three Spanish publications is El Nuevo Herald, which covered the immigration issue significantly less than the others. Its readership is primarily the Cuban population of Miami-Dade County, which makes up 47% of the total Hispanic population of the county. 4

It can be reasoned then that the paper would cover immigration significantly less, because Cubans entering the United States are subject to different immigration laws than other Hispanic immigrants. According to a Congressional Research Service report prepared in 2005, "Cubans who do not reach the shore (i.e. dry land), are interdicted and returned to Cuba unless they cite fears of persecution. Those Cubans who successfully reach the shore are inspected for entry . . . and generally permitted to stay and adjust under the Cuban Adjustment Act." 5

Cubans as a group are surely interested in the issue of immigration as it pertains to the Hispanic community, but unless a provision was being considered that would specifically affect the Cuban population entering the U.S., they as a group had less invested in the issue of immigration than, for example, Mexicans or Central Americans.

El Nuevo Herald's coverage of the immigration bill reflects this accurately. During the period PEJ covered, the issue of immigration only made the front page once (with a wire story) and the inside pages twice throughout the week, compared to La Opinión's 12, and El Diario's seven.

Over all, during the week the immigration bill died in the Senate, consumers turning to Spanish-language media for their news probably came away with a different perception of the meaning and impact of the defeat. They learned about angles not focused on in much of the English-language media, heard from different people and, especially in broadcast, often heard what the reporters themselves felt about the situation.

As Ethnic media in this country continue to grow in number, expand their reach, and even differentiate among themselves, the importance of the content will grow as well.

Spanish-Language Coverage of the Immigration Bill: Methodology

Sample

PEJ studied the period June 25-29, 2007. In print we studied the front-sections of three Hispanic papers — La Opinión, El Nuevo Herald and El Diario-La Prensa – and three English-language papers — the Washington Post, the New York Times and the Los Angeles Times. In broadcast we studied the three English-language commercial television network evening newscasts and the PBS NewsHour and two Spanish-language evening newscasts, on Telemundo and Univision.

During this period all stories that were at least 50% about the issue of immigration were captured for analysis.

Story Capture

Five of the six papers — La Opinión, El Nuevo Herald, the Washington Post, the New York Times and the Los Angeles Times — were collected by conducting a simple LexisNexis search, which allowed us to determine the word counts and placement of each story. Since El Diario-La Prensa was unavailable on LexisNexis, hard copies of the papers were obtained from the New York Public Library archives and all relevant articles were obtained. PEJ collected and studied all stories on the immigration bill appearing in the front section of each paper. The papers were selected based on circulation and geographic relevance to show the differences between different Hispanic markets, since Hispanic newspapers do not circulate nationally.

The broadcast stories were obtained from National Aircheck, a broadcast media monitoring firm. English broadcast stories were collected from PEJ's news index archives, which contains daily network broadcast news programs. PEJ's normal practice is to code only the first 30 minutes of a news broadcast if the program airs for over one hour, but in the case of all broadcast sources in English and Spanish, save for PBS NewsHour, all programs air for thirty minutes. In the case of PBS, PEJ coded only the first half hour.

Coding Design

Once the stories were collected, PEJ used the content analysis method employing original software designed to organize the stories according to specific variables. We selected several different variables that would allow us to measure each article quantitatively and qualitatively. For this project, the English-language stories had already been coded and identified in the **News Index** as being on the discussion of the immigration legislation, and PEJ went back in the database and isolated those stories and combined them with the Spanish-language stories in the database. The stories were categorized by:

- program or publication
- date
- word count
- format
- story describer
- three main sources

The story describer serves the purpose of allowing us to quickly identify a story based on content and gives a brief description of the material covered in the article. The three main sources variable specifies where the reporters obtained their information from when they relied on an outside source. Quotes from politicians or activists, statistics from organizations and interviews with citizens all are considered sources.

The qualitative aspect of the project focused on examining the articles for tone, language use and any other similarities or differences found in both print and broadcast. The stories were compared to one another in their respective languages and mediums and were then compared in English and Spanish to draw comparisons.

All stories were coded in their original language.

Spanish-Language Coverage of the Immigration Bill: Topline

Total Number of Stories

Source	Stories
English Broadcast	18
Spanish Broadcast	18
English Print	37
Spanish Print	22

Number of Stories by Source – Broadcast

Source	Stories
ABC World News Tonight	2
NBC Nightly News	3
CBS Evening News	3
PBS Newshour	10
Telemundo	8
Univision	10
Total	36

Number of Stories by Source – Print

Source	Stories
New York Times	11
Washington Post	16
Los Angeles Times	10
El Diario	7
El Nuevo Herald	3
La Opinion	12
Total	59

Broadcast Format

Format	English Broadcast	Spanish Broadcast
Package	6	12
Interview	7	3
Voice-over/Tell Story	5	3
Total	18	18

Print Format

Format	English Print	Spanish Print
Internal Staff Report – Straight News	30	17
Wire	0	4
Opinion	7	0
Other	0	1
Total	37	22

Placement/ Prominence – Print

Placement	English Print	Spanish Print
Front Page	14	15
Front Section	23	7
Total	37	22

Placement/ Prominence – Broadcast

Placement	English Broadcast	Spanish Broadcast
1st	3	6
2nd	2	4
3rd	3	4
4th	1	2
5th or later	9	12
Total	18	18

Footnotes

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Audience

Audience
By the Project for Excellence in Journalism

The Spreading Population

American immigration, as noted in this report a year ago, increasingly is spreading out across the country into new territory.

Nearly every state had some increase in its population that relies on a language other than English, according to the 2006 U.S. Census Bureau’s American Community Survey. And while states with historically large immigrant contingents continue to experience growth, some of the more notable jumps in recent years have occurred in places like Maryland, Colorado, Utah and Nebraska – not the traditional destinations for high concentration of immigration. Those four states have seen more than a 1% increase in these populations since 2002.

What is driving the growth? In part, economics. Growth in these states leads to jobs that Spanish-speakers tend to fill – positions such as construction laborer that do not have education or language requirements. (In all of the states new immigrants are calling home, the top 10 percentage of gross domestic product goes to construction. 1

Percent of People Aged Five and Over Who Speak
 a Language Other Than English at Home
 2002, 2004, 2006

	2002	2004	2006
United States	18.3	18.7	19.7
Alabama	3.7	3.4	4.2
Alaska	12.7	12.7	15.4
Arizona	25.8	25.4	28
Arkansas	4.2	5.6	6.1
California	40.6	41.3	42.5
Colorado	15.6	16.1	17.2
Connecticut	18	18.9	20.1

Delaware	9.7	11.1	12.1
District of Columbia	16.7	16.2	15.3
Florida	24.1	24.3	25.7
Georgia	9.9	11	11.9
Hawaii	26.3	24.4	23.5
Idaho	9.6	10.6	10.1
Illinois	19.9	20.4	21.8
Indiana	8.4	8.9	7.6
Iowa	5.8	5.4	6.4
Kansas	7.6	8	10.3
Kentucky	3.8	4.2	4.1
Louisiana	7.6	7.7	8.4
Maine	7.2	7.4	7.7
Maryland	13.2	13.8	14.9
Massachusetts	18.7	19.5	20.2
Michigan	8.2	8.9	9
Minnesota	10	10.2	9.6
Mississippi	2.9	2.5	3.1
Missouri	5.6	5.2	5.6
Montana	4.1	3.6	4.7
Nebraska	7.7	8.2	9.1
Nevada	23.5	25.5	26.9
New Hampshire	7.4	7.7	8.2
New Jersey	26.4	26.6	27.6
New Mexico	34.4	36.4	36.5
New York	27.4	27.3	28.8
North Carolina	8.2	8.7	9.6
North Dakota	5.6	5.5	5.2
Ohio	6	5.9	6.2
Oklahoma	7.4	7.5	8.3
Oregon	12	12.9	14.2
Pennsylvania	8.2	8.5	9.2
Rhode Island	19	19.8	20.4
South Carolina	5.4	5.3	6
South Dakota	5.6	4.2	6.5
Tennessee	4.7	5.5	5.5

Texas	31.5	32	33.8
Utah	12.3	12.1	14.3
Vermont	4.9	5.2	5.3
Virginia	11.5	12.8	13.1
Washington	14.3	15.2	16.6
West Virginia	2.3	2.1	2.3
Wisconsin	7.7	7.5	8.1
Wyoming	5.9	5.9	6.6

Source: Pew Hispanic Center: Statistical Portrait of Hispanics in the United States, 2006

An Expanding Media Landscape

In the coming years, the real growth for ethnic media may not be in the large big-city daily newspapers, many of which serve both the slowing first-generation immigrants and the growing second or third generations of English-speaking U.S. citizens.

Instead, the targets for growth may be the smaller communities where the immigrant population is just getting started. The long-established areas of settlement — California, New York, Florida and Texas — still account for at least half of the population growth of foreign-born residents. But, to a growing degree, immigrants are settling in new areas where there will be a demand for native-language media. ²

According to Edward Schumacher Matos, founder and former CEO of Rumbo, the Spanish-language newspaper chain in Texas, “Spanish-language print is aimed mostly at that first generation, the immigrant generation, that continues to grow in buying power, and in number. Readership is going to grow [because] they are going to read Spanish-language newspapers until the day they die.” ³ In the big cities, those publications already exist. But in the newer destinations for immigrants, there is an opportunity for establishing new Hispanic print products.

The latest circulation and revenue figures suggest that, among Hispanic publications, print weeklies, often serving smaller pockets of population, showed the biggest growth. (See Circulation and Audience Numbers, below.) Typically, these are publications with lean staffs and leaner advertising revenues.

Ethnic media usually develop from the ground up: A small weekly paper starts up to serve a growing ethnic community. If it is successful, it graduates to a daily, then is purchased and expanded by a larger company.

These emerging immigrant communities also have represented an opportunity for broadcast outlets, which are not as dependent on geographic concentration as print to succeed. And as these new ethnic, primarily Hispanic, regions grow, they may become home to a second wave of Spanish-language dailies.

In recent years this report has found the circulation of some of the best-known Spanish-language dailies — in Los Angeles, New York and Miami — is flat or declining, and this year is no exception. (Dailes Ciruclation Chart below). As discussed above, many factors influence these declines.

Asian-American Media – A Growing Market

While Spanish-language media dominate the ethnic media scene, there are emerging and well-established pockets of Asian-American print and broadcast outlets, spurred by that population's steady growth.

A 2004 Pew Hispanic Center survey put the number of Asian-Americans living in the U.S. at 13.5 million. ⁴ They represent 4% of the U.S. population, and that number is expected to increase to 9% by 2050, according to a 2008 report from the Pew Research Center. ⁵

The fresh influx of Asians into the U.S. began with the loosening of restrictions made possible by the Immigration Act of 1965. By 1971, roughly 7.3 million of the 18 million or so immigrants entering the country from around the world were born in Asia, the majority coming from the Philippines, China (including Taiwan from 1971 to 1990), Vietnam and India. ⁶ As a result, vibrant Asian enclaves have sprung up in several major metropolitan areas.

There is a dearth of overall data on the number of Asian-language media in the U.S. to meet their needs. The IW Group, a leading Asian-American marketing and advertising firm, tracks the growing numbers. According to the IW chairman and CEO, Bill Imada, there was a 300 percent surge in the number of Asian-American media outlets from 1990 to 2007. IW reports a total of 600, and that number does not include new media.

There is also unmistakable anecdotal evidence of growth when looking at specific news outlets. This is especially true in California, where Asian-Americans make up 12% of the population, the highest in the country.

The Chinese Daily News in Monterey Park, on the outskirts of Los Angeles, is the nation's largest Chinese-language newspaper, with an unaudited circulation of 100,000. Orange County, south of Los Angeles, is home to The Nguoi Viet Daily News, the country's largest Vietnamese daily newspaper, which was started in 1978 as a four-page weekly produced out of the garage of its founder Yen Ngoc Do, who died in 2006. Although its 2007 self-reported circulation, at 18,000, is small, its readers are intensely interested in the issues it covers.

The San Francisco-based AsianWeek is the oldest and largest English-language weekly newspaper for Asian-Americans with an audited 2007 circulation of more than 58,000. It is using new-media tactics to target younger readers. Its sophisticated Web site features feedback posts and voting guides, and an article in January 2008 asked "Why is Obama Snubbing Asian Americans?"

Despite the growth, Asian publications, as with many ethnic media, generally "come and go, especially the new ones," said Anthony Advincula, former coordinator with the Independent Press Association- New York. "Some of them started as weeklies, but now they are monthlies because of advertising and readership issues." Advincula also said tighter immigration laws and the blogs and videos of new media cut into readership.

AsianWeek's editor at large is Ted Fang, whose family bought the San Francisco Examiner from Hearst in 2000. He and his colleagues formed the National Asian Media Association, which held its first meeting in February 2008, to bring media and advertisers together. "Advertisers are either not knowledgeable or confused about the Asian-American

market,” said Fang, who sees the new group tapping into that potential buying power, estimated at \$427 billion in 2006 and projected to be \$622 billion in 2011 . 7

On the broadcasting side, development is occurring at several different levels, mostly geared toward first-generation listeners and viewers.

In New York, the nonprofit New Tang Dynasty Television was started in 2001 with the goal of becoming “the Chinese CNN.” It has grown into a satellite network that broadcasts Western-style news and entertainment 24 hours a day in Mandarin and Cantonese to Chinese communities in the United States, Western Europe, Australia and parts of Asia. 8 Other cable and satellite networks in the United States are the Vietnamese-language SBTN, the Chinese-language TVB and the Korean-language tvK24.

There has also been success at the more local, public-access level. KSCI-TV, Channel 18, in Los Angeles is a multi-Asian television station, featuring programs in Vietnamese, Asian Indian, Filipino, Chinese and Korean.

On the other hand, English-language programming designed to reach second- and third-generation Asian-Americans often comes up against the distinctive nature of individual Asian cultures. A case in point is the announcement by Comcast, the largest U.S. cable operator, in January 2008 that it would close the three-year-old AZN Television, a Pan-Asian channel initially heralded by the company as a “network for Asian America.” 9

Radio offers another avenue for reaching first-generation immigrants; it is particularly strong in the Chinese, Korean and Vietnamese communities, with large networks like Little Saigon Radio Broadcasting in Orange County, Calif., Radio Korea International in Los Angeles and Sino Radio Broadcasting’s station WZRC, heard in New York, New Jersey and Connecticut. Unlike television, most of these stations air local programming.

Where the biggest potential may lie for Asian media is on the Web. According to several studies, Asian-Americans make up the largest online audience of any ethnic group in the country. A 2001 Pew Internet & American Life Project study, the latest for reliable data, reported that they were the heaviest and most experienced users, with 75% having gone online at one time or another, mostly for news, entertainment and services. Marketing researcher eMarketer puts the number of Asians online at 11 million in 2007, and projects that will grow to 14 million in four years. 10

Given the ability of the Web to aggregate information internationally, and the typical focus in ethnic media on home-country concerns, the potential for Asian media online seems even richer.

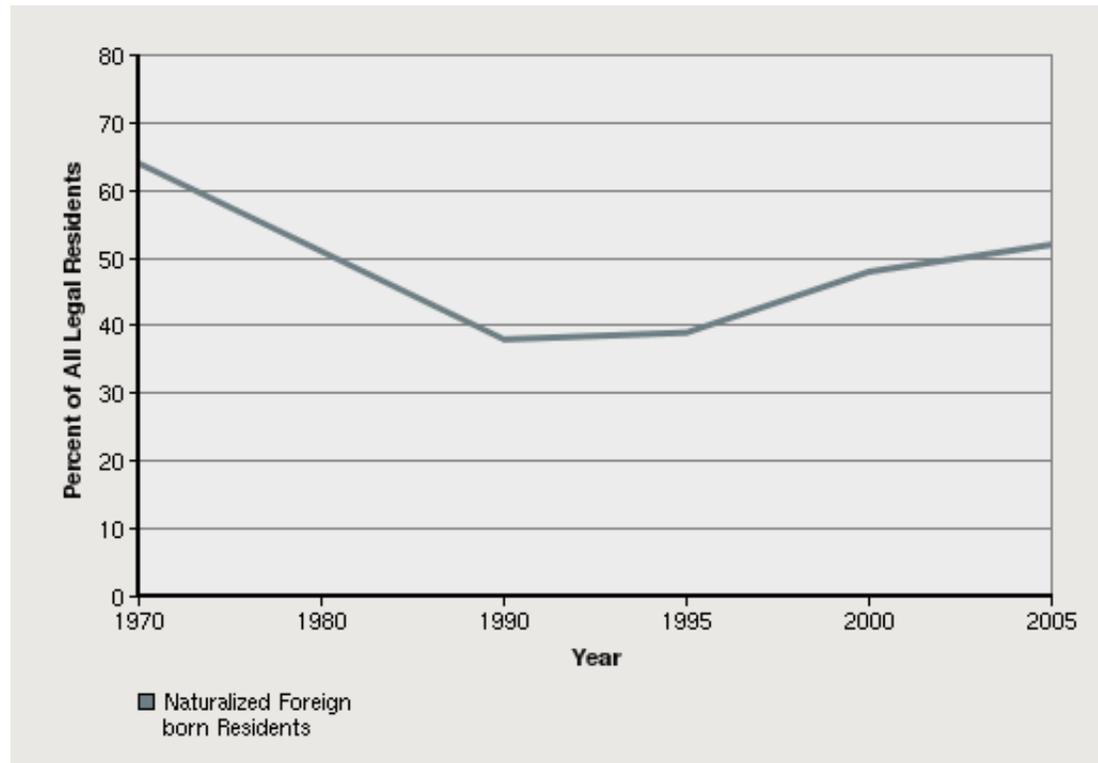
Naturalization and Mainstreaming

Nearly counterbalancing the trend of new and expanding immigrant communities are two hefty pieces of data: Naturalization is on the rise and mainstream outlets are lining up ethnic groups – particularly Hispanics – in their marketing and coverage sights.

The number of legal foreign-born residents seeking to become U.S. citizens has been climbing for more than 10 years, according to data from the Pew Hispanic Center. In 1995, only 39% of all legal immigrants living in the United States were American citizens. That number reached 52% in 2005 – the highest since the 1970s.

Naturalization of Legal Permanent Residents

1970-2005



Design Your Own Chart

Source: Pew Hispanic Center, "Growing Share of Immigrants Choosing Naturalization," March 28, 2007

There is real significance to those numbers for the ethnic media. Naturalized immigrants (and those on the path to naturalization) have made a decision to become a part of the U.S. and are more likely to speak English. To become naturalized, immigrants must demonstrate the ability to read and write English, meaning they are more likely to watch, read and listen to mainstream English-language outlets.

While the rate of naturalized Hispanic immigrants is on the rise, however, so is the population of illegal immigrants. Naturalized legal immigrants represented 35% of all foreign-born residents in 2005, up from 30% in the previous decade. ¹¹ But the growth of illegal immigrants was steeper. In 2005, illegal immigrants made up 31% of the total United States immigrant population, up from 20% in 1995. The impact for news media seems to be continued demand for Spanish-language content.

There was a long period during which immigrants turned away from the naturalization option – the number of naturalized immigrants was at 64% in 1970 before trending steadily downward for 25 years.

Figures show those years were important in terms of the development of the Spanish-language media. In 1970 there were eight Hispanic daily newspapers in the United States with a combined circulation of about 135,000, according to data from the Latino Print Network. By 2000 there were 34 dailies with a circulation of more than 1.4 million.

The growth of circulation in Hispanic print outlets (the ethnic group for which there is the best data) has slowed since 2000. While total Hispanic newspaper circulation grew by more than 10 million in the 1990s, it had grown by less than 3 million through 2005. ¹²

There could be political and social reasons for that slowdown, from tighter immigration laws to demographic changes. As we noted in last year's report, 2006 was the first year in decades that growth in the Latino population occurred more from birth than immigration. And Latinos born in the U.S. tend to be more likely to speak English and rely on mainstream outlets. Still, the naturalization changes are worth noting.

The ethnic media, particularly Hispanic outlets, also face a challenge from mainstream outlets and their efforts to reach Hispanic viewers and readers.

In his 2005 book, "The New Mainstream," former Time writer Guy Garcia argued that the impact of the surge in Latino immigration and their increased purchasing power would be in ethnic products marketed far beyond ethnic community niches and toward the larger mass marketplace.

That New Mainstream is already on display on popular television and in print.

On cable television, for instance, the Food Network airs "Simply Delicioso," hosted by Colombian-born Ingrid Hoffmann. Hoffmann made her name on the Spanish-language television show "Delicioso" on Univision, which she still hosts. It could be that in time that this model is replicated on other English-language stations as they look for bilingual personalities to become crossover stars.

In its early 2008 election coverage, CNN welcomed reporters and anchors from Univision on air to talk about Hispanic issues and join in a candidate debate.

Even the upscale food magazine *Gourmet* went all out on Latino cuisine in September 2006, looking at street foods, taco trucks and roadside restaurants. "Given the demographics of the United States, one would be crazy to think that Latin cuisine isn't going to be dominant in our culture," *Gourmet's* editor, Ruth Reichel, told *Adweek* magazine.

A significant sign of Hispanic mainstreaming came in August, when Nielsen decided to drop its 15-year-old Hispanic rating system and count Hispanic homes as part of its general sample. The move, the company said, was designed to "allow the television industry to evaluate both English- and Spanish-language television audiences side by side." (See **Broadcast Section**)

The message from these new strategies is simple: Mainstream media outlets see the future and understand that they need to reach into ethnic areas they once ignored.

Circulation and Audience Numbers

Even with those counter-trends, however, it appears that migrating populations are continuing to support smaller U.S. weeklies, at least judging by the numbers for Hispanic papers.

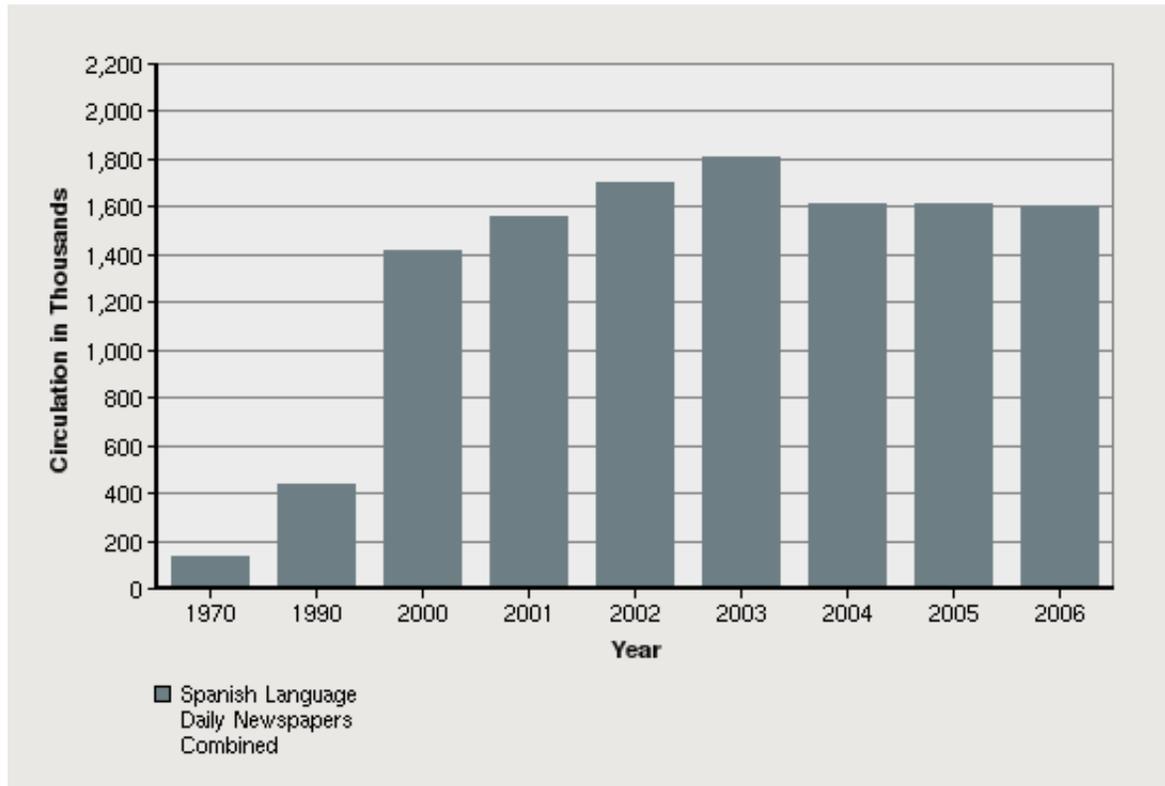
According to figures from the Latino Print Network, a research firm based in Carlsbad, Calif., Spanish-language newspapers saw a slight bump in overall circulation in 2006, the latest year for which data is available, up to 17.8 million from 17.6 million in 2005. ¹³

Much of that growth was due to circulation increases at weekly papers, which climbed to 11.4 million from 11.1 million in 2005. That was enough to more than offset the losses among the other circulation categories. The number of audited weeklies also grew, to 112 in 2006 from 104 in 2005, according to the network.

As noted earlier, these weekly publications are often the first type of newspaper to develop in an emerging community, as publishers test the waters to determine the market for Latino readers. Cutting back to weekly also can be a fallback position for dailies that don't make it. Two of those new eight weeklies were actually former dailies that scaled back.

The story for daily Spanish-language newspapers is not so simple. After reporting massive growth in circulation for a decade, the Latino Print Network's data showed a slight drop in Hispanic daily newspaper circulation for 2006 – to 1.606 million from 1.614 million in 2005, a dip of about 8,000.

Hispanic U.S. Daily Newspaper Circulation Over Time



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA <http://www.latinoprintnetwork.com/>

The 2006 data continue the slight circulation-bobbing for Hispanic dailies since their numbers peaked in 2003 at about 1.8 million. It should be noted, however, that the current decrease is relatively small considering the number of Hispanic dailies dropped by four last year – to 38 in 2006 from 42 in 2005. Along with the two dailies that became weeklies, two others folded. Taking those changes together, the average circulation of Hispanics dailies actually climbed in 2006 to 42,276 from 38,438.

Again, many of those figures come from unaudited circulation numbers, but not as many as before. The Latino Print Network added another Hispanic daily to its audit in 2006 and that increase, plus the disappearance of four dailies, meant that for the first time, more than half of the dailies measured by the Latino Print Network now audit their circulations – 22 out of 38 daily papers total. That is a sign of the maturation of the market. Major advertisers often demand audited circulation data, and more of the Spanish-language print industry has developed to the point where it can provide it.

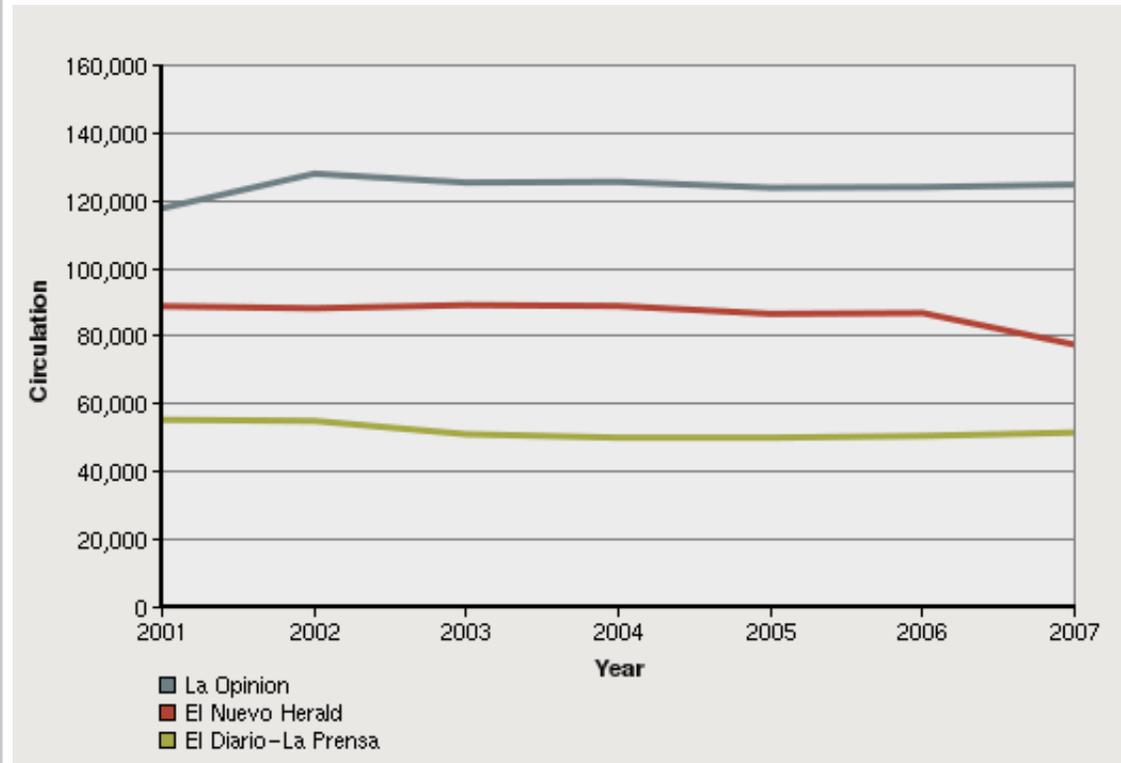
Less-than-weekly Hispanic papers still remain largely un-audited. Of 346 papers in the Latino Print Network sample, only 13 were audited, down from 17 in 2005. Circulation over all fell, to 4.8 million in 2006, a drop of about 40,000 from 2005.

Audited Dailies

Many of the audited Hispanic dailies are based in large cities with more established communities, not the growing pockets seeing an infusion of new immigrants. Among three of the biggest, we found for the most part another relatively flat year for circulation. Each saw a small downturn through early 2007, and only one came back strong by the end of the year.

Audited Circulation of Three Major Spanish-Language Dailies

2001-2007, September to September



Design Your Own Chart

Source: Audit Bureau of Circulation, annual audit reports and publisher's statements

La Opinión, based in Los Angeles and the long-time national leader, was the fastest-growing U.S. daily newspaper over all in net-paid daily circulation growth for the six-month period ending September 2007. It grew at 3.6 percent, the largest increase of any newspaper in the country with circulation over 50,000.

In weekday circulation, the paper saw a bump up to 124,784 in September 2007, from 120,485 during the same period in 2006, a growth of 3.4%. The daily's numbers, however, have been trending down for the past few years from a high of about 128,000 in 2002.

Weekday circulation for El Diario-La Prensa in New York was largely flat at 51,620 in September 2007 from 51,251 in September 2006. That increase of only 0.7% by itself is not significant, but it is a small change in direction. Circulation had steadily declined since 2001, from 55,397, dropping 9.6% by 2006.

The bleak picture continues at El Nuevo Herald in Miami, where circulation fell to 77,566 in September 2007, from 82,923 for the same period in 2006. That 5,000-plus drop only emphasizes that these three papers, all in cities with entrenched Hispanic populations, may be facing a stagnant future.

Broadcast Media

The year 2007 was historic for Spanish-language television.

In August, Nielsen changed its 15-year-old system for monitoring Hispanic television audiences. Instead of isolating Hispanic homes with a separate measurement, it began counting them as part of its general television sample. According to analysts, Latinos are now so important to the overall television ratings picture that it would be misleading to continue to count them as a unique audience.

The move was welcomed by media companies and advertisers eager to reach Latino consumers in the U.S.: that audience's collective buying power was estimated at more than \$850 billion in 2007. ¹⁴ And advertisers have barely tapped that market. In 2006, total ad spending on Spanish-language television – including not only Spanish-language broadcasters (such as Univision and Aztec America), but also NBC (through Telemundo) — topped \$3 billion, according to Nielsen Monitor-Plus.

During August 27 to September 2, the first week in which Spanish-language broadcasting was measured as part of all programming, Univision beat every broadcast network among viewers aged 18 to 34, a desirable demographic. ¹⁵ But when Nielsen looked at the entire month of August, Univision dropped behind CBS, NBC and ABC in the ratings. By December, Univision was still solidly behind the three U.S. networks in ratings among 18- to 34-year-olds.

The year brought another milestone – the first presidential debate ever broadcast in Spanish, aired by Univision. Univision's intention was to broadcast the Democratic debate on September 9, followed by the Republicans on September 16. The Democratic forum went off as scheduled, with seven of the eight early candidates (all but Sen. Joseph Biden) participating. On the Republican side, Sen. John McCain was the only candidate who initially agreed to appear, which caused a delay. Eventually, the other GOP candidates signed on and the debate was aired December 9.

Even though Republican candidates were slower to engage, in the end they drew a larger audience. According to the Nielsen Hispanic Station Index, 235,000 Hispanic viewers (18 and over) tuned into the Republican candidate debate on December 9, compared with 214,000 Hispanics for the Democrats on September 9. ¹⁶

In the media, both debates were deemed qualified successes because of what the Miami Herald called “spotty” translation. Questions were asked and answered through translators, with closed captioning for English-language viewers. 17

In early 2008, Univision teamed up with CNN to host a debate between the two Democratic candidates, which saw 7.6 million viewers tune in – one of the biggest audiences for a primary debate on any cable network. 18

In November 2007, Univision marked another first when Nielsen numbers showed its local station, KDTV, scored the San Francisco Bay Area’s highest ratings among all viewers aged 25 to 54 for a 6 p.m. local news broadcast. This was the first time a Spanish-language news program in the area bested its English-language counterparts.

Footnotes

1. StateMaster.com: http://www.statemaster.com/graph/eco_gsp_rea_gsp_con_pergdp-gsp-real-construction-per-gd.
2. “A Statistical Portrait of the Foreign-Born Population at Mid-Decade,” Pew Hispanic Center, Table 11: <http://pewhispanic.org/reports/foreignborn/>.
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9. Jeff Yang, “The AZend.” SFGate.com, January 29, 2008: <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2008/01/29/apop.DTL>.
10. eMarketer, using historical data from the International Telecommunication Union as a baseline: http://www.emarketer.com/Reports/All/Emarketer_2000413.aspx?src=report_head_info_sitesearch.
11. Jeffrey S. Passel, “Growing Share of Immigrants Choosing Naturalization,” Pew Hispanic Center, March 28, 2007.
12. While the percentage of Mexicans choosing to become citizens is growing, it still lags behind other groups.

13. LPN gathers data on Hispanic daily, weekly and less-than-weekly newspapers (some audited and some not) and is the best one-source clearinghouse for the information we can find.

14. "Hispanics to pass blacks in buying power," Associated Press via MSNBC.com, Sept. 1, 2006: <http://www.msnbc.msn.com/id/14623151/>.

15. Univision press release: "Univision ranked as the #1 network with an +11% advantage over its nearest competitor, Fox, and beating ABC by +43%, CBS by +42%, NBC by +57% and fully +125% ahead of CW for all adults 18-34, not just Hispanics."

16. John Eggerton, "Univision Republican Debate Outdraws Hispanic Network's Democratic Forum," Broadcasting & Cable, December 10, 2007: <http://www.broad castingcable.com/article/CA6511229.html>.

17. Though two candidates – Gov. Bill Richardson and Sen. Chris Dodd – speak fluent Spanish, they were required to respond in English and be translated like the other five participating candidates.

18. Tim Arango, "Presidential Primaries Lift CNN," New York Times, March 5, 2008

Hispanic Media

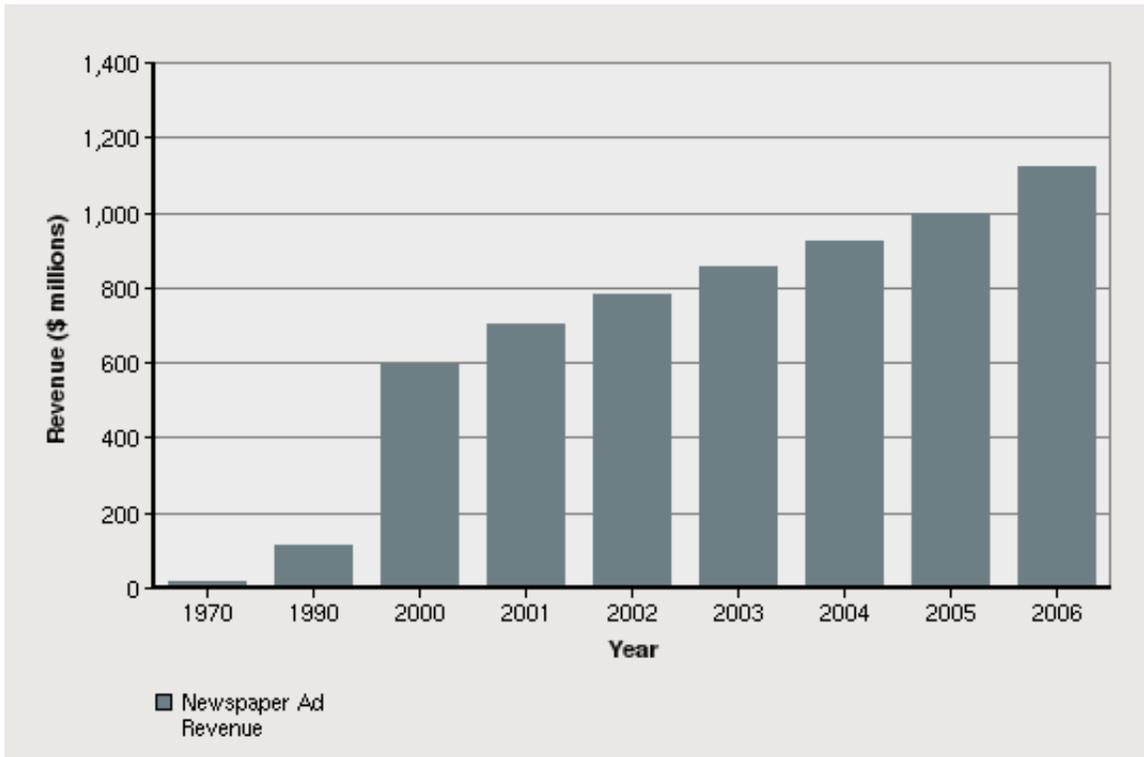
Economics

By the Project for Excellence in Journalism

Whatever the long-term demographic picture may bring, Spanish-language media had a good 2006, the last year for which data are available. Hispanic newspaper publishers took in record-breaking ad revenues, and, thanks to World Cup fans, leading Spanish-language broadcaster Univision also had a good year.

For Hispanic newspapers, ad revenues broke the \$1 billion mark for the first time, according to data from the Latino Print Network. Ad revenues hit \$1.12 billion in 2006, up from \$996 million in 2005 – an increase of 13%. That kind of double-digit jump is almost unheard of in a sector used to revenue declines. (See Newspaper Chapter)

Hispanic U.S. Newspaper Ad Revenue

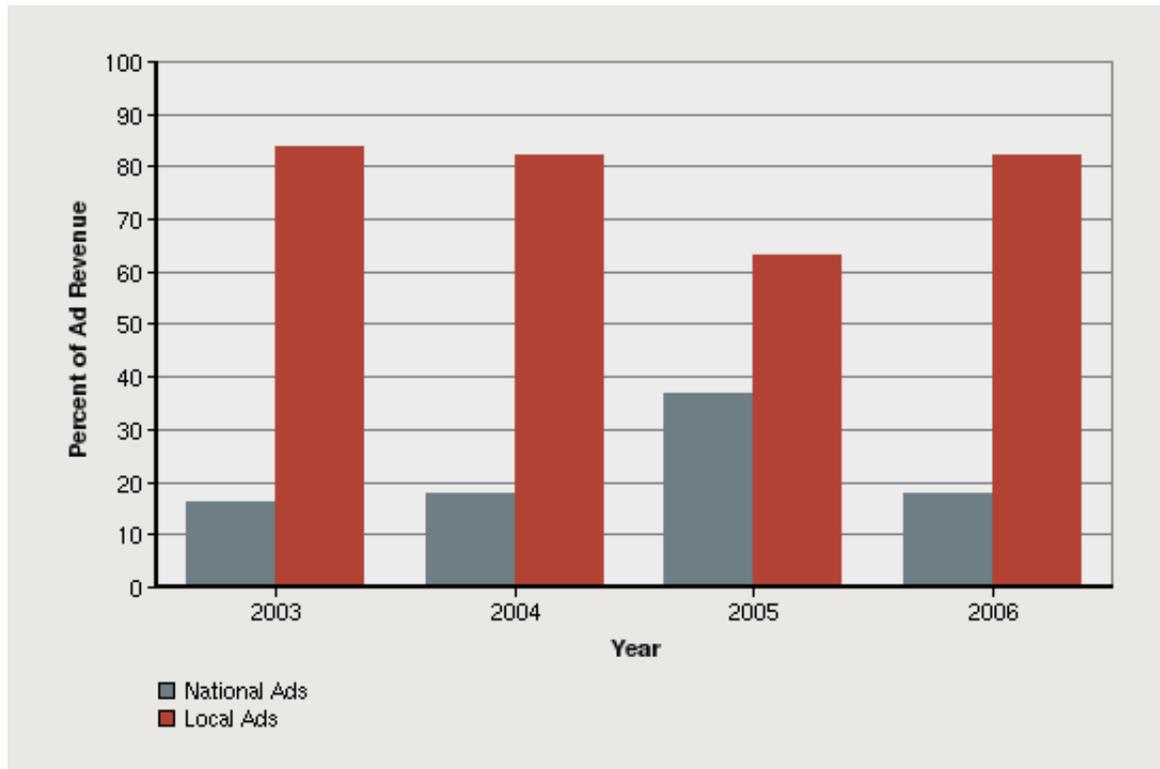


Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

What's more, the revenue increases seem to come amid a steep decline in national advertising dollars. Only 18% of the ad dollars in Hispanic newspapers came from national advertisers, down substantially from 37% in 2005. But those numbers come from a misreporting in the 2005 figures, according to Kirk Whisler of the Latino Print Network. The real situation, however, is the number has been essentially flat for the past few years.

National v. Local Revenue in Hispanic Newspapers



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA <http://www.latinoprintnetwork.com/>

Tapping into the national ad market and the “big box” stores – like Best Buy, Target and Wal-Mart – has been a major goal for Hispanic publishers, but one that, as yet, has not been met.

National ads hold great growth promise for Hispanic publishers. Hispanics make up 14% of the U.S. population and roughly 8% of national buying power, but still capture only 3% of the ad buy, according to Edward Schumacher Matos, former chairman and CEO of the Rumbo newspaper chain in Texas. ¹ Increasing that percentage may involve selling national advertisers on their need to reach the Hispanic market.

Still, the fact that so much ad revenue (82%) comes from local advertisers has its advantages for Hispanic publishers. ² Small businesses may be more immune to macroeconomic trends than big stores, where ad buys are decided in multi-million-dollar budgets. Community businesses that depend on local foot traffic might be more likely to keep ads going in lean times and they also may be more likely to worry about holding on to customers who could just as easily take their business to a competitor down the street.

As growth continues in newer ethnic communities, where weeklies flower, it is likely that the ads from small businesses will follow.

And even without big national ad dollars, Hispanic newspaper ad revenues have had considerable growth over the past 15 years – an increase of more than \$1 billion since 1990 and an average growth of about \$68 million a year. 3 Such growth is impressive by most calculations, particularly in a time when many print outlets are hurting.

The numbers for Hispanic newspapers in 2006 were positive across the board – for dailies, weeklies and less-than-weeklies.

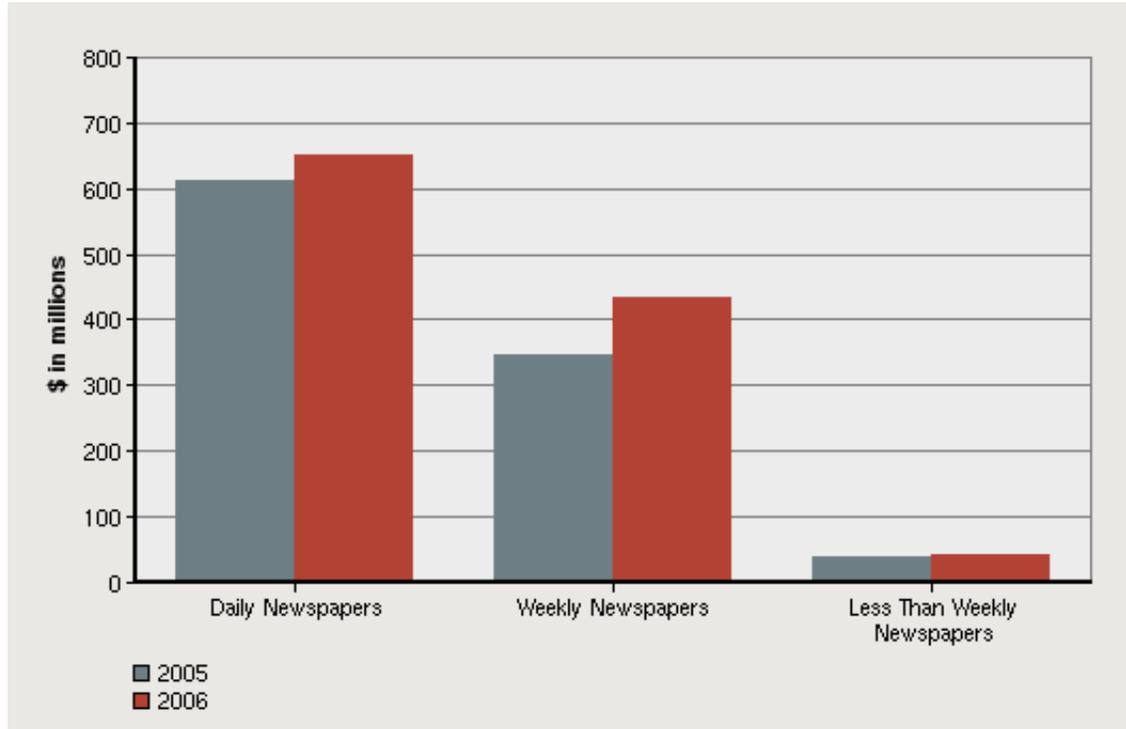
Revenues by Type of Newspaper

Looking more closely at the numbers, it was the weeklies that saw the biggest jump in ad revenue in 2006, to \$434 million from \$346 million in 2005, an increase of 25%. 4 That increase of \$88 million may have to do with the surge in the number of weekly publications in 2006. Thirty-four weekly Hispanic newspapers were begun in 2006, including two that converted from dailies to weeklies.

For dailies, ad revenues increased 6% to \$650 million in 2006 from \$611 million in 2005. That increase came even as the number of dailies tallied by the Latino Print Network declined to 38 from 42.

Less-than-weeklies saw a less substantial jump – to \$41 million in 2006 from \$39 million in 2005 – an increase of 5%.

Hispanic Newspaper Revenues by Publication Category 2005 vs. 2006



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA <http://www.latinoprintnetwork.com>

As time goes by and new immigrants settle into these expanding pockets of the country, it seems likely local advertising in smaller weekly and less-than-weekly papers will keep pace. And, as communities and ad revenue grow, less-than-weeklies may give way to weeklies, which may eventually give way to dailies.

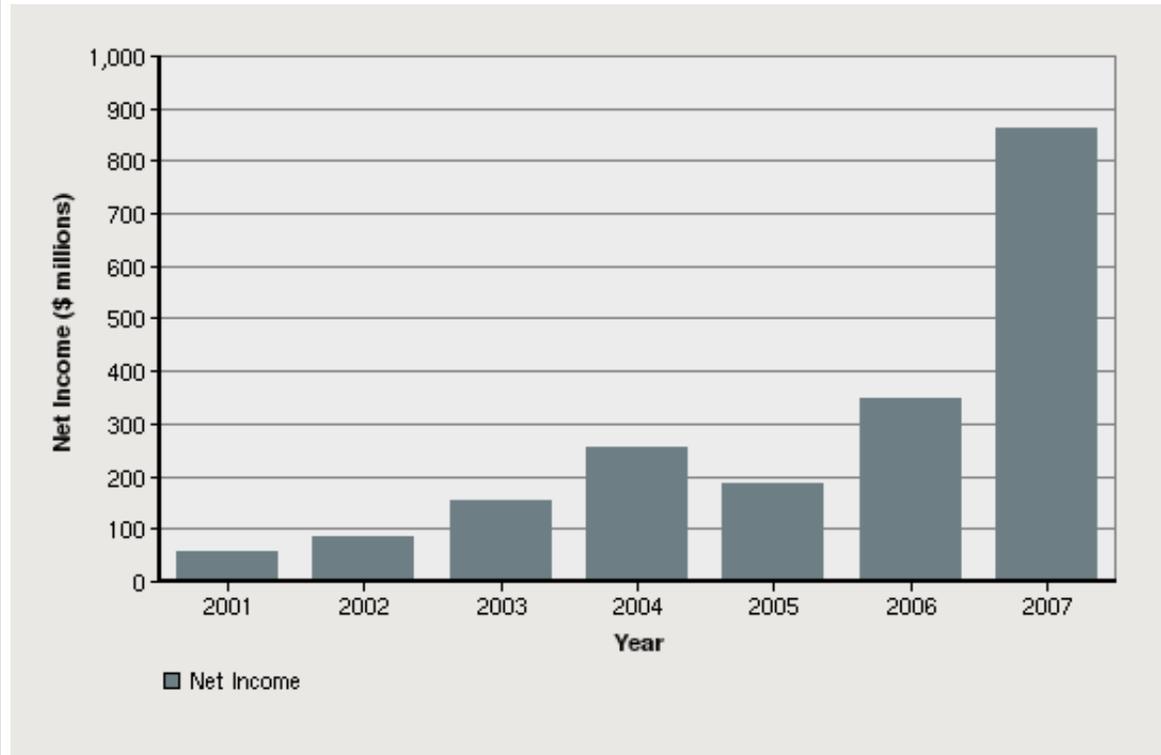
Broadcast Outlets

The Spanish-language broadcast giant Univision had a particularly good 2006 (the latest year for which data are available), setting a new record for company net income. It was a bounce-back year for Univision after disappointing sales in 2005. 2007 continued the increase, albeit at a much slower rate.

For 2007, Univision reported net revenue increases over 2006 of 8.4%, to \$2.073 billion. The Spanish-language media company also posted increases in adjusted operating income before depreciation and amortization: 10.9% to \$248 million for the quarter and 7.8% to \$863.2 million for the year.

The year-end data for 2006, however, were even much brighter for the popular Spanish-language company. Univision's 2006 income was up, to \$349 million from \$187 million in 2005 – a leap of \$162 million or 86% in just 12 months. 5 What was behind that big bump?

Univision Net Income, 2001-2007



Design Your Own Chart

Source: Hoover's Online, http://www.hoovers.com/univision/-ID__51512-/free-co-fin-factsheet.xhtml

For one, it appears the 2005 drop might have been a one-year blip. That year, the company was forced by the Justice Department to sell off all but 15% of its stake in its Entravision subsidiary. That \$349 million translates into a 36% increase in 2005 over 2004, which falls in line with the increases Univision had seen since 2001.

There was, however, another factor in 2006 – soccer's World Cup in Germany. Hispanics bring their fondness for soccer when they come to the U.S., one of the few countries where it is not a major sport. Univision scored the rights to air one of the world's largest sporting events in Spanish in the U.S., and with those rights came big money. By the third quarter of 2005, Univision reported it had secured a record \$180 million in advertising commitments for the Cup.

And the impact of those ads extended beyond the tournament or even 2006. Companies that aired ads during the soccer games had to agree to buy again at other points in the year and in 2007. 6

The purchase of Univision in 2006 by a private company removed it from the stock market, but investors have two other

big options – Entravision, the multi-media company Univision was forced to mostly divest, and Spanish Broadcasting, an owner of 15 radio stations in five cities and Puerto Rico. (The other large Hispanic broadcaster, Telemundo, is owned by NBC Universal, which is part of General Electric.)

Neither of those companies has done particularly well in the stock market in recent years, but Entravision had a small edge. In the summer of 2007, three analysts moved Entravision from “neutral” to “buy.” One analyst cited a possible sale of the company’s outdoor advertising unit and growing political advertising spending going into the 2008 election season, but also longer-term structural trends among the Hispanic media – particularly demographic trends among Hispanics that may favor English-language media.

Another analyst held the Entravision rating at “neutral,” noting a “soft industry backdrop.”

Spanish Broadcasting, meanwhile, sits in “neutral” with most analysts, though it was upgraded from “sell” by some. 7

While these two companies remain the biggest investment options for those looking to get into the Hispanic media market, analysts do not seem especially keen on the longer-term outlooks. Analysts did say they saw possible short-term gains in both stocks thanks to the possible election-year advertising and the selling off of some parts of each, but those are not the kind of recommendations that come with a forecast of big industry growth.

Because the biggest companies have gone private (in Univision’s case) or disappeared inside a massive conglomerate (Telemundo’s current state within GE), Hispanic broadcasters may be entering a new era where investors may not play as much of a role.

Ethnic Media Online

Like mainstream media outlets, the longer-term prognosis for the ethnic media likely will hinge on the development of online outlets. The ethnic media over all have been slower than other media to move online, despite definite advantages, including the elimination of press costs and the ability to target niches audiences across geographic boundaries.

Heading into 2008, that digital foot-dragging may be changing as companies look to invest in the Web. Over all, however, Hispanics still lag behind the rest of America in online use. A joint study from the Pew Hispanic Center and the Pew Internet & American Life in March 2007 found that 56% of adult Latinos go online. That is lower than 71% of non-Hispanic whites and 60% of non-Hispanic blacks, but it is a big increase over past studies that have shown the percentage much lower.

The numbers are not uniform across all groups of Latinos, the study found. Rather, 78% who were English-dominant were online, as were 76% of bilingual Hispanics. But when the population’s language was Spanish-dominant, the number dropped to 32%.

It isn’t yet clear what this means for media organizations looking to invest in Spanish-language online content. And as this diverse ethnic group grows and changes, perhaps leading toward a more English-dominant or bilingual Hispanic population, the future becomes even cloudier.

There were still some signs in 2007 that Hispanic outlets were beginning to shift their attention to the Web.

In July, Univision launched a social networking platform, Mi Página, for its users. Univision's site is by far the biggest Spanish-language destination on the Web and the company's new CEO, Joe Uva, said this was just the first of several new online moves for the company. In the fall, the site also launched a new video-sharing functionality that allows users to post videos, as well as an exclusive online mini-novella.

Internet revenues are growing for Univision, accounting for \$11.6 million through the first nine months of 2007, up from \$9.2 million in the same period in 2006 – an increase of 26%. But that \$11.2 million is a small fraction of the company's overall revenue.

“We believe that based on the success of the original content we do on the Web that we will perhaps be able to take that content to television, as opposed to doing what today is in vogue – taking just television content to broadband,” Uva told the Hollywood Reporter.

In print, ImpreMedia, the Spanish-language chain with publications in 23 U.S. cities, including some of the leading newspapers (La Opinión in Los Angeles and El Diario-La Prensa in New York), announced the creation of a digital division in 2007. The new division's mandate “not only include updates to our existing industry-leading newspaper online sites,” the company said, but “the development of new digital content sites as well.”

ImpreMedia Digital plans to develop sites inside the company and also look to acquire new digital media properties.

Footnotes

1. Mark Fitzgerald, “Reflections on ‘Rumbo’,” Marketing y Medios, February 5, 2007:
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<http://money.cnn.com/2006/02/01/commentary/mediabiz/index.htm>
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Ownership

Ownership

By the Project for Excellence in Journalism

For the most part, ethnic media grow from the ground up, when a new immigrant population reaches critical mass in a community, resulting in the launch of a publication or a broadcast outlet.

That phenomenon has happened in states welcoming waves of new immigrants, such as North Carolina, which has had its share of Hispanic papers introduced. In October 2006, Greenville got its first Hispanic newspaper, Viva Greenville, a free monthly distributed in Pitt County. Two years before, Charlotte got its second Hispanic newspaper, a free weekly, Que Pasa. Thus, in sheer numbers, the bulk of ethnic media owners remain local. But, in audience and influence, three big owners have emerged.

Univision

After a busy 2006 in Hispanic media ownership, punctuated by the sale of Spanish-language broadcaster Univision, 2007 was quieter. This newfound stability came during a relatively uncertain economic environment and as the industry finally saw the need to build Web holdings.

There was also the fallout from Univision's sale. With its stock at just over \$36 a share, Univision fetched less than what experts predicted, and its new owners inherited a significant amount of debt – \$1.4 billion. What was the group's strategy for its \$13 billion investment?

The new owners, a group of private equity firms led by the billionaire investor Haim Saban, spent the beginning of 2007 waiting and planning as the deal was completed.

While most assumed the purchase would safely get past the Federal Communications Commission, questions were raised by some FCC members about Univision's need to improve its children's programming (a \$24 million fine had to be paid) before they approved the deal in March.

Shortly before that, the new ownership announced it had found the company's leader in Joseph Uva, an advertising executive. Uva came to Univision from OMD Worldwide, an ad-buy planning agency, where he was CEO. The move made clear that Univision's new owners saw increasing and maximizing ad sales as critical needs. Investors had pegged this as big concern for Univision, a company that in 2006 captured a 5% share of the national television audience, but only 2.5% of the television ad market. Increasing that percentage would help the company handle its debt load.

Another way the new ownership addressed that debt was through asking cable companies for a retransmission fee of \$1 per subscriber. That would put Univision on par with better known mainstream cable companies like Fox News and would generate about \$1 billion annually in revenue. ¹ But negotiations for that increase are likely to be tough. Univision, which first announced this decision in May 2007, had not entered into any contracts as of March 2008. ²

The other big challenge for the company is repairing its relationship with Televisa, the Mexican company that produces the overwhelming majority of Univision's prime-time programming. There are still hard feelings at Televisa, which was outbid for Univision by the Saban group. Televisa is secured by contract to deliver programming to Univision through 2017, but is currently in court in an effort to distribute its programming in the U.S. via the Web.

Telemundo

The ownership of the other big player in Hispanic television, Telemundo, has been stable since NBC purchased the Spanish-language broadcaster in 2001.

At the time it was thought Telemundo stood to gain greatly from NBC's overall news operation, which included cable news and business news channels. In addition, the money that a behemoth like NBC had at its disposal was thought to have been a big help for the Hispanic broadcaster.

Seven years into the merger, that does not appear to be the case. In 2006, NBC cut the staff of Telemundo significantly, eliminating newscasts in six major cities – Houston, Dallas, Denver, San Antonio, San Jose and Phoenix. Since then, NBC has done little to capitalize on its relationship.

During the immigration debate that raged nationwide in 2007, for example, neither NBC nor MSNBC turned to its Spanish-language partner for reports or perspectives. And as the 2008 presidential race got into full swing early with a flurry of debates, the calls for a forum on Hispanic issues came from Univision, not Telemundo.

Considering how little NBC has done with Telemundo, what might be the company's long-term goal? Access to Mexico.

For the past few years, NBC has been trying to penetrate the potentially lucrative Mexican television market, using Telemundo as its way in. The move could help Telemundo leverage its programming, much like Univision repackages Televisa programming. At present two television companies – Televisa, a Univision partner, and TV Azteca – control nearly 90% of the broadcast industry in Mexico. 3

One big obstacle stands in NBC's way: In 2007, the Mexican government, after a lengthy deliberation, announced it would not allow any new broadcaster into the country in 2007 or 2008. In June, however, Mexico's Supreme Court took preliminary votes to open up the auctioning of broadcasting licenses, which eventually could play into NBC's hands. The question is what are the network's long-range plans for Telemundo if Mexico is not an option?

Print

The biggest news in the world of Hispanic print media came in May with the ImpreMedia's purchase of Hoy New York from the Tribune Company for an undisclosed amount. In December, the company bought the Rumbo newspaper chain in Texas in an effort to extend its reach to advertisers in the top 10 U.S. Hispanic markets.

Since its creation in 2004, when La Opinión joined with New York El Diario-La Prensa in New York, ImpreMedia has been busy buying up publications. In 2006, the company bought La Prensa in Central Florida and Vista Magazine in Miami. In 2005, ImpreMedia added El Mensajero in San Francisco and launched the Domingo Network, a free Sunday paper that went to Hispanic households in New York, Los Angeles and Chicago. In 2004, soon after the company was formed, it purchased La Raza in Chicago.

But there were signs in 2007 that the company was beginning to shift some of its focus to the Web. In August, ImpreMedia announced the creation of ImpreMedia Digital, designed to expand its online operations through new

material and acquisitions. The company brought in a new CEO, Arturo Duran, formerly president of interactive and business integration at Canwest, the Canadian media company.

ImpreMedia is privately held and there are no hard data on its revenues. The company is still the only U.S.-based Hispanic newspaper chain, and there seems little threat, so far, of competition. It owns two of the biggest papers on the two coasts. Most other Spanish-language papers are smaller in circulation and represent smaller communities.

As the ethnic media continue to grow, different ownership models are emerging – or there are at least a few patterns in how ownership develops. The patterns are best seen and understood by looking at the Hispanic print media, the most developed of the foreign-language ethnic print outlets.

Whether one is better than another is not yet clear and it may be that the “best” model will depend on each outlet’s home, target population and the other outlets in its market. Still, here are three categories of ownership.

Startups

When an immigrant population reaches a critical mass and a new newspaper crops up, it generally takes the form of a weekly or less-than-weekly. Who launches the paper? Historically, someone in the ethnic community who saw a need. Take Philadelphia, where two weeklies – *Al Dia*, started in 1992 by Hernán Calderon, and *El Hispano*, founded by Aaron Lopez in 1976 – hit the newsstands with no affiliations to mainstream publications; or Atlanta, where the weekly *Mundo Hispanico* was founded by Lino Dominguez in 1979.

This type of ownership still is behind launches today, particularly in very small markets.

But over the past decades, as data clearly charted the nation’s exploding Hispanic population, mainstream newspapers began to create their own Hispanic publications.

The more notable cases are well known, such as Tribune Company’s 1998 launch of *Hoy* in Chicago and later rollouts in New York and Los Angeles. But mainstream newspaper owners have launched Hispanic print counterparts in even smaller communities. In 2005, *The Register* in New Haven, Conn., unveiled *Registro*, its Spanish-language, print-only weekly, to such success that it expanded its coverage and delivery zone, with new editions in New York.

The results of these launches, however, have been mixed, particularly when they jump into a market with a competing and well-established Spanish-language newspaper on the same publishing schedule.

Established Papers

Established papers are finding they are a desired commodity.

In the past few years, successful Hispanic newspapers, even those that began as independents, have often ended up affiliated with other outlets in one of two ways: local mainstream newspapers buy them to capture at least some of the Hispanic market in their coverage area or ImpreMedia, a young and growing national Hispanic media company, acquires them.

The first outcome is more common. Atlanta's Mundo Hispanico existed for 25 years before it was acquired by the Journal-Constitution in Atlanta in 2004. That same year, the Washington Post purchased a 13-year-old local Hispanic weekly, El Tiempo Latino.

In both cases, the editorial teams of the Spanish-language papers were left in place. The goal for both the Post and the Journal-Constitution was not to leave a big footprint, but to quietly secure their respective markets.

"El Tiempo Latino is going to remain El Tiempo Latino," the Post's executive editor, Len Downie, said when the paper was purchased. "We think [El Tiempo] is good at the journalism they publish." 4

More recently, the rise of ImpreMedia, formed in 2004 when Los Angeles's La Opinion and New York's El Diario effectively merged, opened up a new option. The company, active in acquiring Spanish-language papers on both coasts and in Illinois, announced its intention in 2007 to put more money into Web properties.

Quickly Building a Chain from Scratch

While there does not seem to be any one model for success, one tactic does spell trouble – trying to build a large chain of papers all at once.

In recent years, two well-known companies have gone down that road, and their efforts read like cautionary tales.

Rumbo, a chain of four papers, was founded in Texas in 2004. The papers, which were sold in Austin, Houston, San Antonio and the Brownsville area, began with a five-day-a-week publishing schedule. But by 2005, the effort's main financial backers had pulled out. Another group of investors was found, but in 2006 there were new problems.

The chain suspended its Austin edition and cut back others to three days a week. The chain portrayed the moves as a new strategy "tailored to meet the needs of readers and advertisers," but the scale-back clearly indicated Rumbo was in trouble.

The Rumbo editions in Houston and San Antonio went to three days a week as well and the company's founder, Edward Schumacher Matos, announced he was stepping down as chairman and CEO. In January 2007, all of the editions went to weekly publication.

Schumacher Matos said he started the papers from scratch to avoid the bad habits that linger in some Hispanic newsrooms, but that ultimately, "The competition was just dividing up the pie too thinly." 5

Rumbo, it should be noted, is not a failure. It survived and saw big bumps in revenues – 2006 was up 40% over 2005 – but it was not able to realize its grand vision of the simultaneous launch. Still, the chain had enough advertising potential to attract ImpreMedia, which brought Rumbo into its national network of online and print media in December 2007 for an undisclosed sum. So far, the company plans no publication changes.

Hoy, the Tribune Company's foray into the Spanish-language marketplace, has fared better in many ways, but its future is extremely cloudy.

Tribune created the paper in New York in 1998 to compete with El Diario and in 2003 expanded coverage to Chicago. In 2004, it introduced an edition of Hoy in Los Angeles, selling its stake in Los Angeles' established Spanish-language paper La Opinión to compete against it.

But a circulation scandal that hit Hoy in 2004 was a major setback for the Spanish-language publication. The Chicago-based Tribune Company admitted in 2004 that it had been inflating circulation levels for Hoy by as much as 50% since 2001. ⁶ In 2006, nine former circulation executives and contractors at Hoy (and fellow Tribune paper Newsday) pleaded guilty to criminal fraud. By the end of 2007, Newsday and Hoy had paid advertisers \$83 million in restitution and settled with the U.S. government for \$15 million.

The New York edition of Hoy was sold to ImpreMedia in February 2007 for an undisclosed sum and a cloud hangs over the Los Angeles edition as well, as the Tribune Company prepares for the consequences of new leadership under the Chicago billionaire Sam Zell, who purchased the company for \$8.2 billion. With the change in ownership, some of Tribune's assets may be put in play.

While the troubles at Hoy may have much to do with the general funk within the newspaper industry, its turbulent existence shows that walking into a new environment as a big startup is doubly hard with Spanish-language populations.

Why do these bigger startups have a hard time?

It may simply be that their ambitions overshoot reality – the audiences are not yet big enough, rich enough or on advertisers' wider radar screens. It also might be that the real growth areas for the ethnic press — smaller communities — are not fertile ground for big chains.

There also is the larger, more intangible question of community. As discussed in Content (Content Analysis Section), these audiences expect their newspapers and stations to serve as community connections. This is a difficult task for a new enterprise – and an especially difficult one for a large-scale, multi-location startup.

Footnotes

1. "Univision's Uva Eye's \$1 Retransmissions-Consent Fees." Multichannel News, March 16, 2007.
2. Retransmission fees refer to the fees that Univision can charge cable, satellite and telephone companies for transmitting their content. They represent a new and growing source of revenue for TV broadcasters. According to research firm Veronis Suhler Stevenson, broadcasters earned anywhere between 30 cents to 50 cents per subscriber in 2006.
3. Elisabeth Malkin. "Mexico's Newest TV Drama is a Bid to Block a Third Broadcaster," the New York Times, December 6, 2006: <http://www.nytimes.com/2006/12/06/business/worldbusiness/06tele.html>.
4. Annys Shin, the Washington Post, March 18, 2004.
5. Mark Fitzgerald. "Reflections on Rumbo," AdWeek, February 5, 2007:

http://www.marketingmedios.com/marketingmedios/noticias/article_display.jsp?vnu_content_id=1003541787.

6. David Folkenflik. "Circulation Fraud at Tribune Papers Triggers Arrests," npr.org, June 15, 2005:
<http://www.npr.org/templates/story/story.php?storyId=4704566>.

News Investment

News Investment

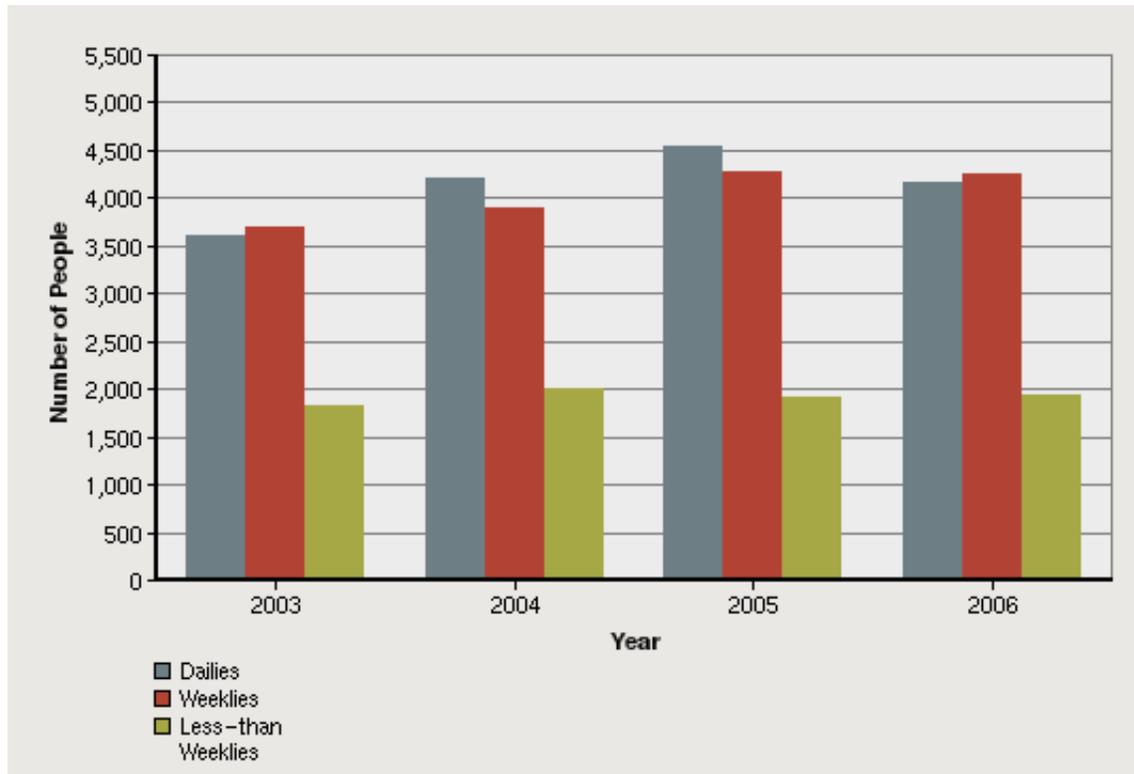
By the Project for Excellence in Journalism

Gathering large-scale information on investments in ethnic newsrooms is difficult. There is no measurement of staffing and investment in "ethnic media newsrooms." Drilling down farther, there are no real figures on Korean-American or Indian-American media. Most of these outlets have small staffs.

The Hispanic media, however, do collect data through the Latino Print Network. And while stories on significant staff moves among the big Hispanic broadcasters may not detail investment and staffing figures, they at least lay out the contours and general directions of news investment.

According to figures from the Latino Print Network, overall staffing (full- and part-time) at Hispanic daily newspapers was down in 2006 for the first time since 2003 – 4,174 total staff in 2006 vs. 4,536 in 2005. For weeklies, the figure also was down in 2006, to 4,249 from 4,269 in 2005. At less-than-weeklies, the figure climbed slightly, to 1,939 in 2006 from 1,918 in 2005.

Staffing at Hispanic Newspapers

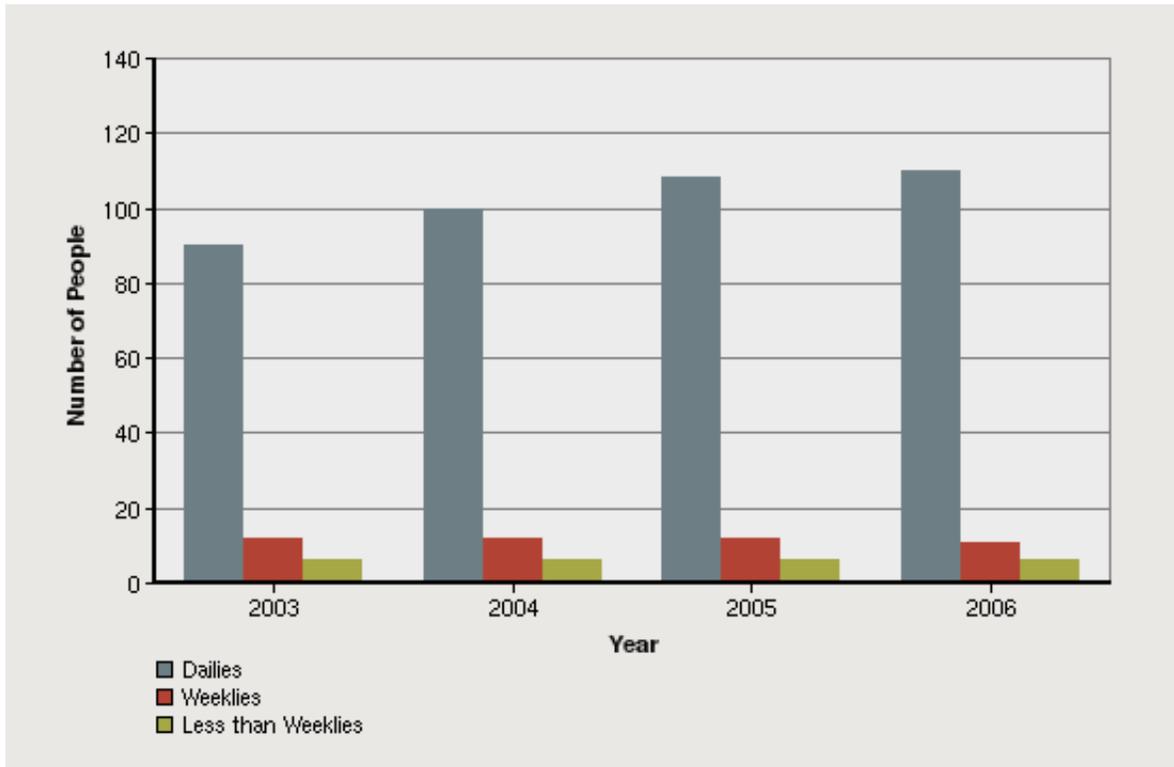


Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

The decline looks especially noticeable among dailies – the drop of 362 staffers equals about 8% of the 2005 total. But the Latino Print Network collected data from four fewer dailies in 2006. The result is that the actual per-daily decline is not so dramatic. On average there were two more staffers at the Hispanic dailies for which the network gathers data – 110 in 2006 vs. 108 in 2005. Weeklies had a slight decline in average staff size – from 12 in 2005 to 11 in 2006. Less-than-weeklies held steady at six staff members.

Average Staffing at Hispanic Newspapers



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

And the staffers at daily and weekly newspaper are slightly less busy, according to the network's data, thanks, in part, to thinner publications. The data show the "average pages per staff per issue" down at dailies, to 0.9 pages per staffer in 2006 from 1.2 pages in 2005. Weeklies also saw a slight drop, with the average pages per staffer at 5.0 in 2006, down from 5.3 in 2005. In theory, this means staffers have more time to devote to individual stories, with the hope of improving on quality.

For less-than-weeklies, where staffs are usually smallest, the publications got thicker and the workload increased substantially, to 6.9 pages per issue in 2006 from 3.8 pages in 2005. Those numbers may be a sign that these publications, usually found in emerging ethnic communities, are growing rapidly. In time, they may stabilize their publication schedules and increase staff.

Staff and Publication Size

The papers that saw the biggest increase in size were the less-than-weeklies, which climbed to an average of 39 pages per issues in 2006 from 21 in 2005. This 86% increase may signal that some less-than-weeklies – again highly visible in new immigrant communities – may be getting ready to take the next step into the weekly category.

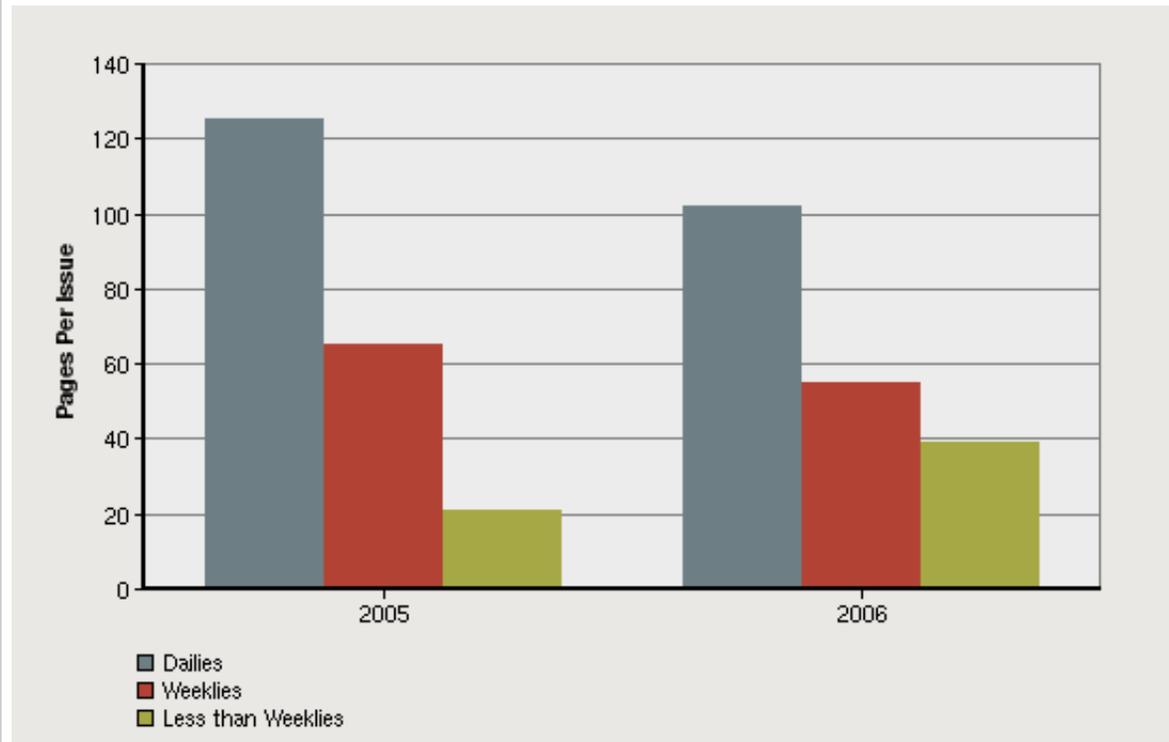
But, once they have moved to the next stage, there may have a different issue to deal with.

Even though the number of weeklies grew significantly in 2006 (See Audience Section), their overall staff sizes are smaller and they are producing fewer pages per issue. As weeklies blossom in new immigrant communities, the numbers show that it is likely, as newcomers, they would have fewer pages than more established publications.

The average number of pages in the Latino Print Network's measures of weeklies fell by 10 per issue in 2006, to 55 pages from 65 in 2005. That is a drop of 15% compared to 2005. But 34 more weeklies were measured during 2006, possibly bringing down the average.

Size of Hispanic Newspapers- Pages per Issue

2005 v. 2006



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA <http://www.latinoprintnetwork.com>

The size of the dailies' print network measures shrank as well, going to 102 pages per issue in 2006 compared to 125 in 2005, for a drop of 18%. Unlike the weeklies, however, the dailies did not see an influx of new (and presumably thinner) publications. In fact, the number of dailies shrank by four. ¹

Broadcast

Although the sale of Univision caused tumult in 2007, there were no big changes in news investment in Hispanic broadcast. Univision's new CEO, Joe Uva, talked about turning more to the Web as a source of audience – and content for the television company – but there were no real signs of shifting resources.

And following a year of sharp cuts at Telemundo, including the phasing out of local newscasts in six major markets – San Jose, Phoenix, Houston, San Antonio, Denver and Dallas – in favor of one central newscast, there was no major announcement of cuts.

Footnotes

1. All staffing figures from the Latino Print Network: State of Hispanic Print, 2006

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Black Press

Black Press

By the Project for Excellence in Journalism

The Black Press plays a unique role in the ethnic media landscape. While many ethnic outlets thrive as primary news sources for immigrants who speak foreign languages, the Black Press exists alongside mainstream outlets serving an audience that reads and speaks English.

The majority of the Black Press audience probably reads a mainstream English- language news source at least occasionally, if not more often. For instance, a 2005 study from New California Media found that African-Americans relied most on mainstream outlets for news on politics and government (66%), and that they were also the group that relied on the ethnic media least for that kind of news (21%). ¹

The Black Press gained particular force in the U.S. during the 1960's civil rights struggles. As coverage matured to include African-American perspectives – and major media outlets hired more minority staff – Black readership grew. Meanwhile, the audience of black newspapers declined.

But, as many Black Press editors point out, discrimination did not end after the 1960s. Racial issues still simmer beneath the surface, and African-American communities have been vocal in their belief that the mainstream press does not always get the full story when covering them. In 2007, that disconnect was spelled out in the Jena 6 story.

Jena

The small town of Jena, La., drew attention in mainstream media throughout 2007, following the December 2006 arrest of 16-year-old Mychal Bell, one of six black students initially charged as an adult with attempted murder in the beating of a white student.

The fight came after an autumn filled with racial tension at Jena High School. A group of white students hung nooses from a shade tree on school grounds – an attempt to intimidate black students who sat under the tree, a common resting area for white students. The tensions erupted in a fight and the violent beating of a white student by the group of black students, which included Bell.

As word spread, the African-American community became increasingly troubled about the charges. In June, Bell went before an all-white jury that delivered a guilty verdict after less than three hours of deliberations. Leaders were incensed that Bell faced up to 22 years in prison despite the fact that the white student he had beaten was treated and released from the hospital the same day of the fight .

For the Black Press, the story's range and impact, particularly on younger, desirable readers, was something of a shock. Jake Oliver, editor and publisher of the Baltimore Afro-American, said in an interview with PEJ, "We started to pick up some buzz about Jena from the students at Howard [University in Washington] and Morgan State [University in Baltimore] in mid-September, and then there were these massive rallies and vigils at each."

Word of the Louisiana incident spread over the Internet, Oliver said, and it presented young people with a new reality. "It was about them for the first time," Oliver said. "For the first time in their lives they were realizing that something could be taken away from them." The Afro-American sent reporter Valencia Mohammed to Jena to cover the September 20 March for Justice protest and her reports "just blew the top off the Web site" in terms of visits, Oliver said.

In part because of the Black Press coverage, the Jena story eventually caught the attention of the mainstream press. CNN covered the protect marches, and the New Yorker magazine published a Comment piece about Jena in its October 8 issue. The activity in the blogosphere surrounding Jena was a favorite topic on National Public Radio's Black Bloggers' Roundtable, a popular weekly dissection of minority issues led by News and Notes host Farai Chideya.

On September 26, a state appeals court threw out the original verdict and announced that Bell would be tried as a juvenile for second-degree battery. In December, Bell pleaded guilty in exchange for an 18-month sentence a juvenile facility, with 10 months already served. Felony charges against the other students are pending.

That outcome – and the concerted campaign that drew in readers – suggests the Black Press, with the help of the Web, can use its audience and voice to spotlight under-reported stories. The case, Oliver said, also created an opening for his paper – and, he believes, other Black Press – to reach out to younger readers. As the Jena story broke, the Afro-American created an e-mail report called "degree" that it now sends to students at Morgan State, Howard and other historically Black schools .

Challenges Remain

While stories like Jena underscore the opportunities for the Black Press, particularly online, challenges remain. Circulation for some is essentially flat, according to Audit Bureau of Circulations figures.

For this report, we compare three well-known papers in cities with large African-American populations, as audited by the Audit Bureau of Circulations – the New York Amsterdam News, the Philadelphia Tribune and the Baltimore Afro-American. All three saw a mixed 2007.

In Baltimore, the weekly Afro-American increased its circulation to 11,853 from 11,224 – a jump of about 6%. The weekly Amsterdam News saw the slightest bump in its circulation, which climbed to 13,380 from 13,180 in 2006. And in Philadelphia, the Tribune, which publishes three times a week, saw a drop in its Sunday circulation, to 10,122 from 11,559 in 2006, a 12% decline.

It should be noted that at a time when most newspapers are losing circulation, simply holding the line is often viewed as something of a victory. And many of these papers, which are not audited by the ABC, still saw good circulation numbers according to other auditing companies, particularly the Circulation Verification Council.

But retaining readers at a smaller circulation paper can present more complicated challenges than at larger outlets.

As with other ethnic and alternative newspapers, African-American newspapers generally rely more on local ads from small businesses and classifieds – areas that are becoming harder to mine because of the rise of “big box” stores and the Web. An aging audience also cuts into the numbers. Black Press readers are older than the desired 18-to-34-year-old demographic – and getting older. ² That is one reason the publishers were pleased at the interest in Jena and the power of the Internet for the younger audience.

As is the case with other ethnic papers, the publications hold an advantage: devoted readers who trust them above other outlets.

“African-American media is still one of the most integral components in the African-American social structure, and it’s one of the most influential entities in the African-American segment,” Latraviette Smith, national vice president in the multicultural practice at Edelman, told PR Week. “It’s really capable of lending that credibility and validity to brands across industries.

“There’s a trust African-American media has with the community,” she said. “It goes back to that credibility. They’re still very much a voice within the community. They [provide] a forum for issues of concern that other media still aren’t [covering].”

What’s Next?

The question for the Black Press is how to capitalize on that credibility in a time when print media across the board are struggling.

One venture to watch is a free online-only magazine, the Root (www.theroot.com), introduced by the Washington Post in January 2008. Led by the author and Harvard University professor Henry Louis Gates Jr., the magazine bypasses entertainment and lifestyle content in favor of news and commentary on black politics and culture, with a focus on helping users research family histories, according to the New York Times. It joins what is becoming the Post’s small stable of e-magazines; the first, Slate, was purchased in 2005. Advising The Root is Slate editor Jacob Weisberg.

According to the Times, The Root aims to be a “more high-brow, political alternative to established magazines like Ebony and sites like BlackAmericaWeb.com and BlackVoices.com.” “We didn’t feel there is a place right now where right-wing and left-wing and centrist black commentators can get together in one space,” Gates told the Times, adding

he sees the site filling the role of disappearing black newspapers in major cities.

While the online-only approach cuts printing and delivery costs, it also pulls in less advertising and circulation revenue. Washington Post Chief Executive Donald E. Graham was making no predictions about the project's financial prospects, "but, obviously," he said, "we intend to make money eventually."

An offshoot of the largest organization of African-American publishers in the U.S. is trying to help bring its papers into the digital age.

The organization, the National Newspaper Publishers Association, also known as the Black Press of America, represents more than 200 Black community newspapers of all sizes around the country. The association provides a digital home for, among others, the Precinct Reporter Group, a set of small papers in San Bernadino, Calif., without Web sites. Its membership also includes papers such as the New York's Amsterdam News, which uses an NNPA template to get itself online.

Because the Black Press is such a diverse universe, some of the best-known publications joined to found a smaller group within NNPA, the African American News and Information Consortium. This group includes the Indianapolis Recorder, the Amsterdam News, the Afro-American, the Dallas Weekly, the Atlanta Voice, the St. Louis American and the Chicago Citizen. Aside from progress on the digital front, its goal is to see that all print circulations are audited, according to members.

The Afro-American is one of several Black Press Web sites that feature an e-edition that mimics the look of the print version – a user clicks on pages to "turn" them and sees an image of the print product, articles and ads. Its editor, Jake Oliver, says his paper is re-imagining its content, in part with the Web in mind, going with shorter, digest-sized articles from around the country and the world.

As of 2007, the Web site drew 29,000 visits a week and more than 250,000 page views. "The electronic edition is just a bridge. We know that," Oliver said. "We are going to change the design of our site. We have to. We know everything is moving online."

The papers know they are behind in the online game and catching up is a major goal.

Footnotes

1. The Ethnic Media in America: The Giant Hidden in Plain Sight, question "Which media do African Americans Rely on More Heavily for News on Politics and Government?" New California Media, June 6, 2005.
2. Erica Iacono. "African-American Press Retains Influence," PRWeek, March 14, 2007: <http://www.prweekus.com/African-American-press-retains-influence/article/56625/>.

Charts & Tables

Charts & Tables

AUDIENCE

Audited Circulations of Three Major Spanish-Language Dailies
Hispanic U.S. Daily Newspaper Circulation
Percent Naturalized among Legal Permanent Residents

ECONOMICS

Hispanic U.S. Newspaper Ad Revenue
Hispanic Newspaper Ad Revenues by Publication Category
National v. Local Ads in Hispanic Newspapers
Univision Net Income, 2001-2006

NEWS INVESTMENT

Average Staffing at Hispanic Newspapers
Size of Hispanic Newspapers – Page per Issue
Staffing at Hispanic Newspapers



PROJECT FOR EXCELLENCE IN JOURNALISM

The State of the News Media 2008 Executive Summary

By the Project for Excellence in Journalism

The state of the American news media in 2008 is more troubled than a year ago.

And the problems, increasingly, appear to be different than many experts have predicted.

Critics have tended to see technology democratizing the media and traditional journalism in decline. Audiences, they say, are fragmenting across new information sources, breaking the grip of media elites. Some people even advocate the notion of “The Long Tail,” the idea that, with the Web’s infinite potential for depth, millions of niche markets could be bigger than the old mass market dominated by large companies and producers.¹

The reality, increasingly, appears more complex. Looking closely, a clear case for democratization is harder to make. Even with so many new sources, more people now consume what old-media newsrooms produce, particularly from print, than before. Online, for instance, the top 10 news Web sites, drawing mostly from old brands, are more of an oligarchy, commanding a larger share of audience than they did in the legacy media. The verdict on citizen media for now suggests limitations. And research shows blogs and public affairs Web sites attract a smaller audience than expected and are produced by people with even more elite backgrounds than journalists.²

Certainly consumers have different expectations of the press and want a changed product.

But more and more it appears that the biggest problem facing traditional media has less to do with where people get information than how to pay for it — the emerging reality that advertising isn’t migrating online with the consumer. The crisis in journalism, in other words, may not strictly be loss of audience. It may, more fundamentally, be the decoupling of news and advertising.

This more nuanced recognition is also putting into clearer relief what news people see as their basic challenge: somehow they must reinvent their profession and their business model at the same time they are cutting back on their reporting and resources. “It’s like changing the oil in

¹ Chris Anderson, 2006. “The Long Tail,” Hyperion, and 2004, “The Long Tail.” Wired.

<http://www.wired.com/wired/archive/12.10/tail.html>

² Matthew Hindman, “Political Accountability and the Web’s Missing Middle,” paper prepared for presentation at the Princeton Conference on Changing Media and Political Accountability, 2007, adapted from his forthcoming book, “The Myth of Digital Democracy,” Princeton University Press. Hindman’s research casts a variety of doubts about democratization. Among them, he finds that the top 10 news Web sites account for 29% of all Web traffic. The top 10 papers in newspapers, in contrast, account for 19% of newspaper circulation. “Across every measure, newspaper content is more concentrated online than in print,” he writes. Hindman’s research also establishes a more elite pedigree in terms of educational institutions and advanced post-graduate degrees for the top bloggers than for the country’s leading op-ed columnists. And the top news Web sites have 30 times the traffic of the top political and public affairs Web sites.

your car while you're driving down the freeway," said Howard Weaver, the chief news executive of the McClatchy Company.

In broad terms, the fundamental trends transforming how people acquire news continued in the last year. More effort keeps shifting toward processing information and away from original reporting. Fewer people are being asked to do more, and the era of reporters operating in multimedia has finally arrived. In newspapers, and to lesser extent in network television, an expanding list of buyouts and layoffs in 2007 was expected to grow further in 2008 — in some cases even at online organizations.

The pressure points vary by news sector. In print, the problem is vanishing advertising, particularly classified. Were it not for that one sector, newspapers' problems would be comparatively modest. In television, where problems with audience are more acute, the industry is being sustained by the fact that still nothing compares to the persuasiveness of television advertising. Online, the problem is that the revenue model is in search, not conventional advertising — and journalism sites are now already lagging behind other Internet sectors financially.

Despite all this, those who remain in the newsroom, particularly in print, evince a stubborn optimism, a sense of mission to prove what they consider a calling still has resonance and in time will find financial footing. Certainly there is skepticism on Wall Street, from the public, in some cases from owners. Yet experimentation is proving liberating, even if some experiments make news people queasy. News organizations, or at least some, have become places of risk and innovation, and they feel a growing connection with audiences, something we could not have said a few years ago.

In this, the fifth edition of our annual report tracing the revolution of news, several trends bear particular notice heading into 2008.

- **News is shifting from being a product — today's newspaper, Web site or newscast — to becoming a service: how can you help me, even empower me?** There is no single or *finished* news product anymore. As news consumption becomes continual, more new effort is put into producing incremental updates, as brief as 40-character e-mails sent from reporters directly to consumers without editing. (The afternoon newspaper is also being reborn online.) Service also broadens the definition of what journalists must supply. Story telling and agenda setting — still important — are now insufficient. Journalism also must help citizens find what they are looking for, react to it, sort it, shape news coverage, and — probably most important and least developed — give them tools to make sense of and use the information for themselves. News people are uncertain how the core values of accuracy and verification will hold up. Some of the experiments, even the experimenters think, are questionable. And people are being stretched thinner, posing hard questions about how to manage time and where to concentrate. But the hope is that service, more than storytelling, could prove a key to unlocking new economics.
- **A news organization and a news Web site are no longer final destinations.** Now they must move toward also being stops along the way, gateways to other places, and a means to drill deeper, all ideas that connect to service rather than product. "The walled garden is over," the editor of one of the most popular news sites in the country told us.

A site restricted to its own content takes on the character of a cul de sac street with yellow “No Outlet” sign, reducing its value to the user. “Search has become the predominant ... paradigm,” an influential market research report circulating throughout the industry reads. That means every page of a Web site — even one containing a single story — is its own front page. And each piece of content competes on its own with all other information on that topic linked to by blogs, “digged” by user news sites, sent in e-mails, or appearing in searches. As much as half of every Web page, designers advise, should be devoted to helping people find what they want on the rest of the site or the Web. That change is already occurring. A year ago, our study of news Web sites found that only three of 24 major Web sites from traditional news organizations offered links to outside content. Eleven of those sites now offer them. Some of this may simply be automated, which may be a service of limited value.

- **The prospects for user-created content, once thought possibly central to the next era of journalism, for now appear more limited, even among “citizen” sites and blogs.** News people report the most promising parts of citizen input currently are new ideas, sources, comments and to some extent pictures and video. But citizens posting news content has proved less valuable, with too little that is new or verifiable. (It may thrive at smaller outlets with fewer resources.) And the skepticism is not restricted to the traditional mainstream media or “MSM.” The array of citizen-produced news and blog sites is reaching a meaningful level. But a study of citizen media contained in this report finds most of these sites do not let outsiders do more than comment on the site’s own material, the same as most traditional news sites. Few allow the posting of news, information, community events or even letters to the editors. And blog sites are even more restricted. In short, rather than rejecting the “gatekeeper” role of traditional journalism, for now citizen journalists and bloggers appear for now to be recreating it in other places.
- **Increasingly, the newsroom is perceived as the more innovative and experimental part of the news industry.** This appears truer in newspapers and Web sites than elsewhere. But still it represents a significant shift in the conversation. A decade ago, the newsroom was often regarded as the root of journalism’s disconnection from the public and its sagging reputation. “I think we may need to just blow up the culture of the newsroom,” one of the country’s more respected editors told a private gathering of industry leaders in 1997. Now the business side has begun to be identified as the problem area, the place where people are having the most difficulty changing. “My middle management in advertising and distribution is where I see the deer-in-the-headlights look,” one publisher recently told us. “Advertising doesn’t know how to start to cope,” said a major industry trade association leader. A survey of journalists from different media (being released with this year’s report) reinforces this sense. Majorities think such things as journalists writing blogs, the ranking of stories on their Web sites, citizens posting comments or ranking stories, even citizen news sites, are making journalism better — a perspective hard to imagine even a few years ago. These new technologies are seen as less a threat to values or a demand on time than a way to reconnect with audiences. News people also are less anxious about credibility, the focus of concern a few years ago. Their worries now are about money.

- **The agenda of the American news media continues to narrow, not broaden.** A firm grip on this is difficult but the trends seem inescapable. A comprehensive audit of coverage shows that in 2007, two overriding stories — the war in Iraq and the 2008 campaign — filled more than a quarter of the newshole and seemed to consume much of the media’s energy and resources. And what wasn’t covered was in many ways as notable as what was. Other than Iraq — and to a lesser degree Pakistan and Iran — there was minimal coverage of events overseas, some of which directly involved U.S. interests, blood and treasure. At the same time, consider the list of the domestic issues that each filled less than a single percent of the newshole: education, race, religion, transportation, the legal system, housing, drug trafficking, gun control, welfare, Social Security, aging, labor, abortion and more. A related trait is a tendency to move on from stories quickly. On breaking news events — the Virginia Tech massacre or the Minneapolis bridge collapse were among the biggest — the media flooded the zone but then quickly dropped underlying story lines about school safety and aging infrastructure. And newer media seem to have an even narrower peripheral vision than older media. Cable news, talk radio (and also blogs) tend to seize on top stories (often polarizing ones) and amplify them. The Internet offers the promise of aggregating ever more sources, but its value still depends on what those originating sources are providing. Even as the media world has fragmented into more outlets and options, reporting resources have shrunk.
- **Madison Avenue, rather than pushing change, appears to be having trouble keeping up with it.** Like legacy media, advertising agencies have their own history, mores and cultures that keep them from adapting to new technology and new consumer behavior. The people who run these agencies know the old-media methods and have old-media contacts. New media offer the promise of more detailed knowledge of consumer behavior, but the metrics are still evolving and empirical data have not yet delivered a clear path. Advertising executives, in other words, do not have answers any more than the news professionals. In the short run, this may be helping traditional media hold onto share of advertising revenue. For now, the future seems to point to more confusion and fragmentation before new models emerge. But the losses could begin to accelerate when answers come. The question of whether, and how, advertising and news will remain partners is unresolved.

These trends add to those we have discussed in earlier years of this report. In the inaugural State of the News Media report in 2004, we outlined the broad contours of the revolution in news: journalism is not disappearing, we concluded, but it is changing. Consumers trust and rely on journalists less, and expect more of them, because they have alternative sources of information. In subsequent years we have tracked the splintering of journalism into new norms, including rise of a new commercially driven Journalism of Affirmation, the shift at many traditional news outlets toward becoming niche products, the emergence of what we call the new Answer Culture in news, and growing doubts about the ultimate potential of advertising online.

The study, which we believe is unique in depth and scope, breaks the news industry into nine sectors (newspapers, magazines, network television, cable television, local television, the Internet, radio, ethnic media) and builds off many of the findings from a year ago.

This year, we have a special report on the future of advertising, a survey of journalists, and a new comprehensive study of the content of the press. These are added to our detailed examinations of each of the media's major sectors — print, online, network, local and cable television, radio, ethnic and magazine.

A YEAR IN THE NEWS

An analysis of more than 70,000 stories from 48 separate news outlets in five media sectors in 2007 offers an empirical look at the content of the American media that we believe is unprecedented in its depth and comprehensiveness. Among the findings overall:

- The agenda of the American news media is quite narrow, despite the revolution in news. Two overriding stories — the war in Iraq and the 2008 campaign — filled more than a quarter of the newshole, according to our audit of news coverage.
- Rather than cover the world, the American media tended to report on U.S. interests abroad. Beyond Iraq, indeed, only two countries in 2007 received notable coverage, both closely related to the war — Iran and Pakistan. Eliminate those three and geopolitical events in the rest of the world made up less than 6% of coverage studied, and that includes Afghanistan, Korea, China, Russia, Israel and everywhere else combined.
- The media and the public often disagreed about which stories were important in 2007. Citizens wanted more coverage of bread and butter issues, such as rising gas prices, toy recalls, and the legislative battle over children's health insurance, and less coverage of the crisis in Pakistan, certain aspects of the Iraq debate and, to the limited extent they got it, of other distant places in the world.
- The media also showed a marked short attention span in 2007. Within a week, the issues raised by the Virginia Tech massacre were mostly abandoned. The same was true with issues about infrastructure raised by the Minnesota bridge collapse, or those by a range of wild fires. The lone exception seems to be New Orleans, where certain news outlets have made a special commitment.

Newspapers

- Newspaper front pages stood out in 2007 for covering important trends that were less obvious and less tied to breaking news. They were the only sector studied, for instance, where problems in the health care system was a Top 10 story. They — and especially smaller papers — were also quicker to see the coming problems in the economy. The economy was a major story on front pages by March. It did not reach that point in the rest of the media till August.
- Newspaper front pages also covered the rest of the world more than most other media. The front pages studied devoted 13% of their coverage to non-U.S. foreign news, nearly

three times that of cable news, more than double that of radio, and 60% more than network news. Only online news sites, which are especially international, did more.

Online

- Online news is emerging as a distinct news sector. Among other qualities, as noted above, it is more international. For the year, fully a quarter of all of the top stories studied on major Web sites were about foreign affairs that did not involve the U.S. -- six times more than cable news, four times network evening news, and twice that of newspaper front pages.
- There are distinct differences among online sites, even of similar styles. For instance, the topic selection of the human editors at Yahoo is strikingly different than the computer algorithms at Google. Fully 16% of the coverage studied on Yahoo (its top stories) dealt with events inside Iraq while the biggest story on Google News (10%) was the 2008 election. Google, in a sense, reflects the collective judgment of the media pack while Yahoo will deviate from it.

Network News

- CBS anchor Katie Couric's role on the evening news is now, in many ways, more circumscribed than that of any other network anchor — quite a contrast from how her program began. Most notably, in 2007 she did roughly half as much of the signature interviewing for which she was once known than did her evening rivals. And much of that was edited.
- The nightly newscasts are the last place in television news built around written, edited and produced story packages in which words and pictures are carefully matched. More than 80% of the nightly newscasts are made up of these taped edited packages, versus 30% on the cable programs studied and half the time on the hard news half hour of the network morning shows. Cable and morning news lean instead on more extemporaneous, unedited news delivery.
- In the mornings, when Americans get a narrower slice of the news, politics, the war, crime and disasters dominated the agenda in 2007 (52% of time vs. 37% on nightly news).

Cable News

- There are distinct differences among the channels, only some of which reflect the demographic differences of their audiences. MSNBC in 2007 devoted about twice as much time than its competitors on politics (28% vs. 12% CNN and 15% Fox News). Fox spent about half the time on the war in Iraq as the others (10% vs. 18% MSNBC and 16% CNN). And Fox was more oriented to crime, celebrity and the media (28% vs. 19% on MSNBC and 16% on CNN).
- In a medium that relies heavily on being “live” and does without taped, edited packages, MSNBC is the most ephemeral and live-oriented of all. Only 10% of time studied was made up of taped edited packages, versus 45% on CNN and 28% on Fox. This may be due to having to borrow reporters from NBC.

Magazines

- Despite highly publicized shifts to the Web for breaking news, the topic agenda of the newsweekly magazines in print did not change in 2007. National, international and business affairs made up 51% of the space in Time in 2007, 49% in Newsweek and 57% in U.S. News & World Report, according to data from Hall's Media Research. U.S. News was the most oriented to health and personal finance (19% of space). Time and Newsweek were heavier in back of the book, culture and leisure (32% and 30%, respectively, vs. 15% at U.S. News).

Ethnic Media

- A study of the Spanish language press the week the immigration bill died in the Senate shows striking differences between how this sector of the media covered the event vs. the English language press.
- The people who were the focus of the bill were called “illegals” in English-language papers, generally, but “undocumented immigrants” in the Spanish ones.
- The English-language media tended to focus on the politics of the bill, and the winners and losers among the Senate players. The Spanish-language press focused much of its reporting on immigrants themselves and the effect of the bill on them.
- On television, the Spanish language newscasts were more emotional, showing angry and tearful reactions of immigrants, and even anchors offering personal comments.

Radio

- Talk Radio is more about amplifying events than covering them. Nearly half the weeks last year, the medium took the top story of the week and doubled it in volume. For all of 2007, politics and the campaign accounted for more than a quarter of all the airtime studied among the five top radio hosts. The second-biggest talk topic was the media figures themselves, which accounted for about one out of every six minutes of conversation.
- Conservative hosts were also fixated on Hillary Clinton — and they weren't flattering. Early in the year, she generated almost three times as many segments on conservative talk as any other candidate, nearly 90% negative. From July through the end of the year, she was medium's lead newsmaker over all.
- Radio news headlines (from CBS and ABC) are in many ways, a solid supplement to the narrow and selective talk news agenda. The brief hourly headline reports in 2007 may have lacked depth, but they offered a broad and balanced menu of news coverage — and they were much more than just anchors reading wire copy. Nearly half (46%) were packaged pieces often with reporters from the field and with sound “actualities” or quotes from sources.

INDUSTRY BY INDUSTRY REVIEWS

Newspapers

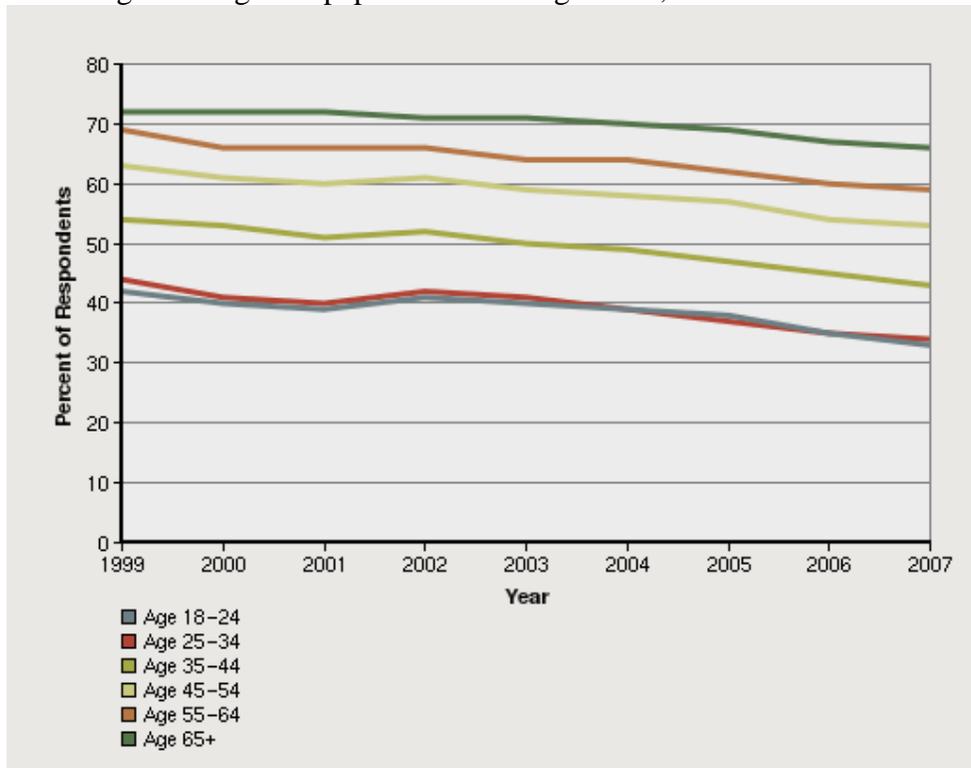
The problems of the newspaper industry intensified in 2007, and 2008 promises to be worse yet. Revenues, once flat, declined. Circulation losses, while not accelerating, continued. Stock prices plummeted. Buyers are hard to find. Yet there are strengths here too. There are more signs of innovation than before. While staffs are down, they remain larger than elsewhere and a competitive advantage for the industry. Total audience, including online, is up. The problem is finding new revenue, and new products that will create it.

Audience

- For the six months ending September 30, 2007, the Audit Bureau of Circulations reported that industry circulation was down 2.5 % daily and 3.3 % Sunday compared with the previous year.
- Readership is believed to be higher than circulation by about 2.1 times daily and 2.5 Sunday, but is still in decline in nearly every demographic group. The largest drop in the last seven years (10 percentage points) is among 35-to-44-year-olds, to 43% from 53% in 2000, according to Scarborough Research Center.

Daily Newspaper Readership by Age Group

Percentage reading newspapers in an average week, 1999-2007



Source: Scarborough Research survey data

- By the Newspaper Association of America's count, based on unique visitors per month, 59 million people visited a newspaper Web site in the third quarter of 2007, up 3.7% over the same period in 2006. By that count, the total audience for what newspapers produce is rising, not falling.
- The number of daily newspapers declined by 15 in 2006, to 1,437, according to Editor & Publisher.

Economics

- Advertising revenues, flat in 2006, fell 7% industry-wide in 2007, with all categories – national, retail and classifieds -- down. Online advertising growth weakened, increasing a little less than 20%, compared to more than 30% for previous years.
- Profits in the first three quarters fell by 10%, compared with the same period a year earlier, according to internal estimates by Goldman Sachs.
- Despite cost-cutting initiatives, earnings per share at public newspaper companies fell more than 10% for 2007, after dropping 14% in 2006.
- Newspaper company stocks were down 42% from the start of 2005 to the end of 2007
- For 2008, the hope is that a collaboration of more than 400 daily papers with Yahoo will generate a kick of as much as 10% to 20% in online advertising.

News Investment

- The American Society of Newspaper Editors began including online staff in newsroom employee count, turning up 2,000 “new” jobs, and showing newsroom employment at 57,000 at the end of 2006. We estimate the new numbers for 2007 could show print newsroom staffing losing in the neighborhood of 1,000 to 1,500 jobs, with some increase, perhaps half that number, added to the online workforce.
- Counting jobs that have migrated to newspaper's online ventures lessens the total staff declines. Overall newsroom employment remains 90% to 95% of what it ever was.
- Cost-cutting measures in 2007 moved to higher-hanging fruit: a thinning of the ranks of specialty reporters (higher education, religion and some sciences), layoffs or reassignments of arts critics, and, at metro papers, cutbacks in local news staff and space. The ambition of newspapers to cover their regions or even basic government functions in exurban towns is on a sharp decline.

Alternative Weekly Papers

- Total audience for hard-copy editions of its 130 members remained at roughly 7.5 million, the same as the previous year, according to the Association of Alternative Weeklies.
- Nearly two-thirds of members of the association are planning to offer news on mobile devices in 2008, including the 17 Village Voice Media properties and the four papers in the Times-Shamrock chain.

Online

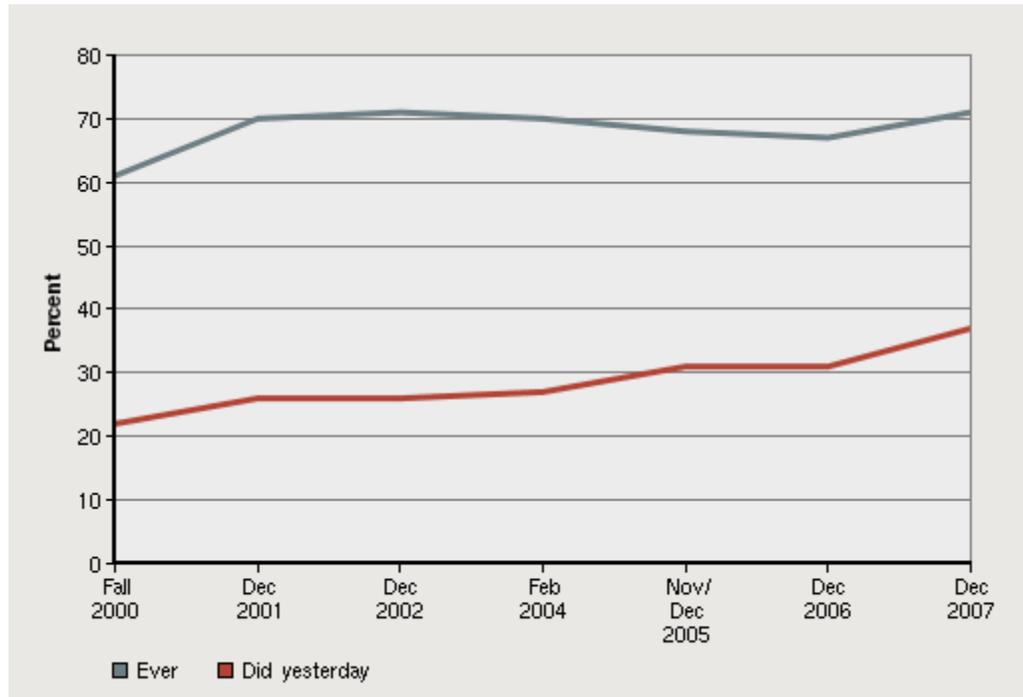
There is reason for both hope and worry from trends in the online news industry. The number of people who get news online is growing, and many of these people are going to established trusted brands. The major news Web sites generally enjoyed double-digit growth. But there are also concerns. News as a category is falling behind in growth, and has yet to make much of a mark in the most important area, search.

Audience

- The number of people going online, how often they went and how much time they spent there all grew in 2007. Fully 72% of Internet users said they had been online the day before, up from 65% in 2006, according to data from the Pew Internet & American Life Project. Americans spent 11 hours per week online, up from nine the previous year, and eight hours in 2005, according to a Harris poll.
- News consumption is also growing. The number of people who went online for news “yesterday” grew to 37% of Internet users, up from the 30% in 2005, and the 26% in 2002.

Online News Consumption

Internet users



Source: *Pew Internet & American Life Project*

- High speed connectivity reached a majority of Americans in 2007. By December, 54% of adults who went online had a high-speed connection at home, up from 45% the same month in 2006, according to Pew Internet.

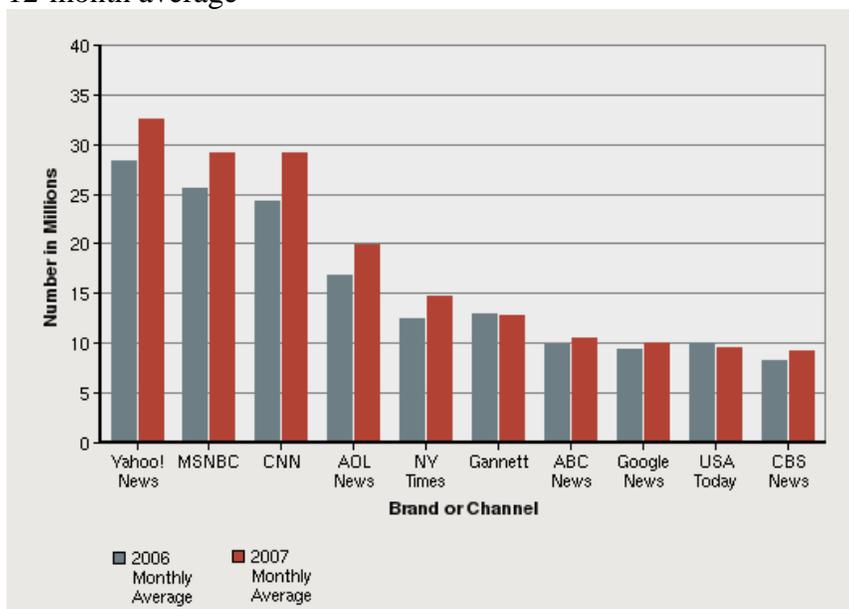
Economics

- Ad revenue online is still growing, but not as quickly. Through the first nine months of 2007, online ad revenue grew by 26% to \$15.2 billion, according to Interactive Advertising Bureau. But that number was down from growth of 36% through the same period a year earlier.
- News sites, however, are already falling behind. In 2006, display ad revenue on news and current events sites, according to TNS Media Intelligence, grew by just 9% from the year before, to \$767 million, down from growth of 12% in 2005.
- Online video is growing fast but is still small. eMarketer projects that advertising revenue from online videos will grow 89% in 2007, to reach \$775 million. But even with that growth, it will account for just 4% of total online ad spending. By 2011, the market is expected to multiply by more than five, to \$4.3 billion, but still be less than 10% of all Internet expenditures.

Ownership

The ranking of the most popular news Web sites was unchanged in 2007: Yahoo News (32.6 million unique visitors a month), MSNBC.com (29.2 million), CNN.com (29.1 million) and AOL News (20 million), and all enjoyed double-digit growth, according to data from Nielsen Online.

Top Online News Sites (Nielsen), 2006 vs. 2007 12-month average



Source: Nielsen Online

- By revenues, three players dominate: Google, Yahoo and Time Warner (which owns both AOL and CNN). But they are growing at drastically different rates. Google's rate of growth (56%) for the year's end was far greater than what it was at either Yahoo (8%) or Time Warner (6%).
- 2007 was an active year for media deals in the online world. The first three quarters of 2007 saw more than 637 transactions, matching the number for all of 2006. What's more, these deals totaled more than \$95 billion in value, surpassing last year's total of \$61 billion by 56%.

News Investment

- Media companies are partnering with online-only giants, trying to exploit the Web's advertising potential. As of early January 2008, Monster.com said it had formed partnerships with over 160 newspapers. As of late November 2007, some 415 daily newspapers had partnered with Yahoo and 600 had partnered with Google.
- Veteran journalists as well as new hires are being trained more and more on new skills needed for journalism of the future. For instance, 42% of 2006 graduates indicated that their undergraduate curriculum included writing and editing for the Web, up from 30% in 2005, and 23% from 2004.

Citizen Media

- Citizen news sites are growing, some staffed by those who once worked for local news operations. A research study of 15 markets produced by a team of academics at the University of Missouri, Ohio State University and Michigan State found more than 60 citizen news sites in those communities. These sites, however, were often as, if not more, closed to user-created content than Web sites of more traditional news organizations.
- The number of blogs in spring 2007 was doubling every 320 days, according to data from Technorati, a blogging search engine. The research found 70 million blogs worldwide at that time.
- Despite the blogs' proliferation, survey data suggest most Americans have yet to accept them as significant news sources. According to a winter 2007 Zogby Poll, blogs were the lowest on the list of "important" sources of news, coming in at 30%, well after Web sites (81%), television (78%), radio (73%), newspapers (69%) and magazines (38%). More Americans, 39%, chose friends and neighbors over blogs as an important informational source.

Network News

After two tumultuous years, 2007 marked a return to more stability for network news. The programs are now more alike again, after a period of experimentation, and CBS has reined in anchor Katie Couric. The networks have also found that their efforts to expand their audience,

especially at night, have for the moment failed. Instead, the three programs are fighting for slices of a shrinking audience pie, mostly with reduced staffs of journalists.

Audience

- The three nightly network newscasts averaged 23.1 million viewers a night in 2007, a drop of 5%, or 1.2 million viewers, from 2006, according to data from Nielsen Media Research.
- ABC's World News Tonight with Charles Gibson averaged 8.38 million viewers a night in 2007, a gain of 300,000 viewers over the year before, or 3.8%, the highest of the three newscasts. That bettered NBC Nightly News with Brian Williams by an average of 88,000 viewers a night for the year. By November, however, NBC was back on top.
- Total morning viewership in 2007 averaged 12.7 million, down 4% from 2006, according to data from Nielsen Media Research. The Today show on NBC remained the leader.

News Investment

- Evidence suggests the three network news divisions trimmed news personnel in 2007. An examination of the staffing numbers volunteered by the networks found that total staff, which includes on-air correspondents, anchors, executives, producers, editors and researchers, fell 7% compared to the year before. The number of producers was down 24% compared to the number listed the previous year.
- As of January 2008, CBS News said it had 14 overseas bureaus, ABC 16 and NBC 16. These numbers are up substantially from a few years before. Roughly half of these are one-person bureaus, in which a staffer, using digital technology, produces, shoots and reports.

Digital

- For the three network news Web sites — MSNBC.com, ABCNews.com, and CBSNews.com – “partnership” was the key word in 2007. All three formed alliances with other media companies in apparent attempts to drive revenue and attract an elusive younger audience.
- Far behind MSNBC's average of 29 million unique visitors each month in the United States, ABCNews.com averaged 10.6 million, making it the eighth-most-popular news site in 2007, according to data compiled by Nielsen Online. One knowledgeable network Web executive estimated ABC News's online staff to be at 100, as of early January 2008.
- CBSNews.com followed closely behind ABC, averaging 9.2 million unique visitors in 2007, making it the 11th-most-visited news site that year. In mid-December 2007, there were online reports that CBS News had plans to lay off as much as 30% of online personnel.

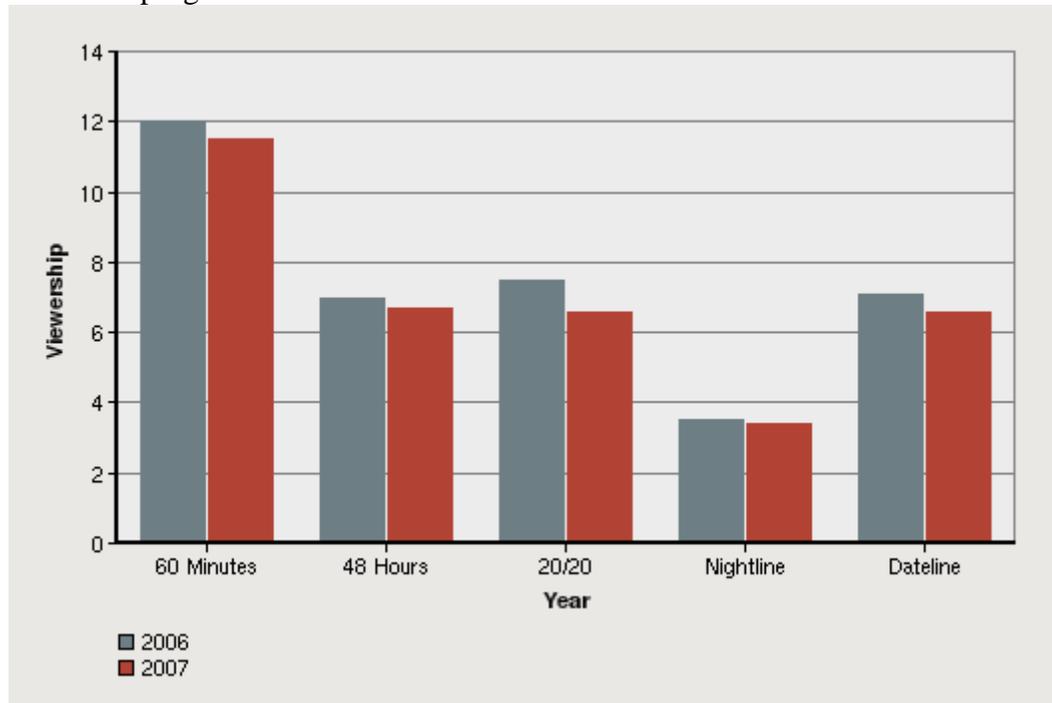
News Magazines

- News magazines' diminished role became even more evident in 2007, a year in which television writers walked off the job and did not return until February 2008, four months later, leaving a gaping hole in programming. Instead of turning to news magazines to fill the gap, the networks appeared to increase their reliance on reality shows, which generally draw larger audiences and are considerably less expensive to produce.

CBS' 60 Minutes, now in its 40th season, remained the most popular news magazine on television. Its audience dropped by 4% in 2007, however, according to data from Nielsen Media Research, to an average of 11.5 million viewers.

News Magazines Audiences

Viewership figures in millions



Source: Nielsen Media Research used under license

- The other news magazines attract considerably smaller audiences each week. According to data from Nielsen, CBS News' 48 Hours Mystery averaged 6.7 million weekly viewers in 2007, down 4% year-to-year. ABC News' 20/20 averaged 6.6 million, a decline of 11%, and Nightline averaged 3.4 million, down 3% year-to-year. NBC's Dateline fell 8%, averaging 6.6 million viewers each episode.

Cable News

Cable news, financially, remains a very good business. Profits and revenues are growing, and the audiences losses of 2006 have disappeared. But there are questions about whether the

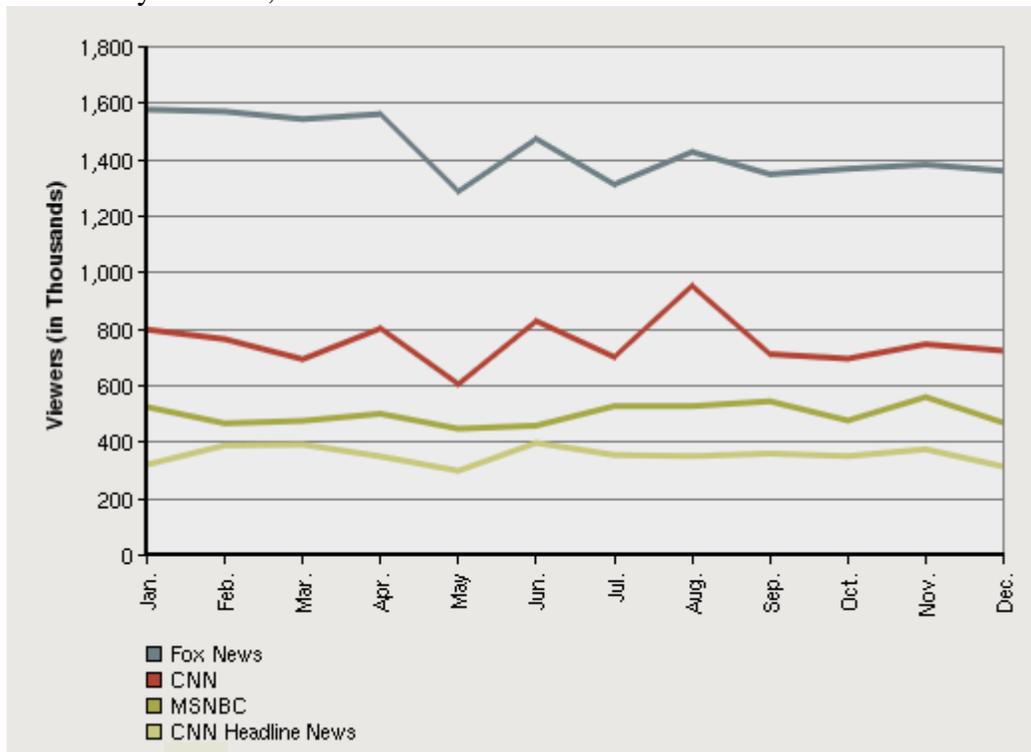
industry is maturing and how much the Internet now appears as a rival for breaking news. The good news is that cable Web sites are among the most popular.

Audience

- The audience at the three cable news channels grew, after losses a year earlier. Median primetime audience was up 9% and 1% during the day for all three channels.
- Fox News remained the audience leader, and CNN appears to have stopped its losses (primetime median audience grew 2% for Fox and 4% for CNN). MSNBC is still in third place, but saw the most year-to-year growth – 36% in primetime. CNN Headline News grew 18% in prime time.

Cable News Prime Time Audience in 2007

Channel by Channel, Median Audience



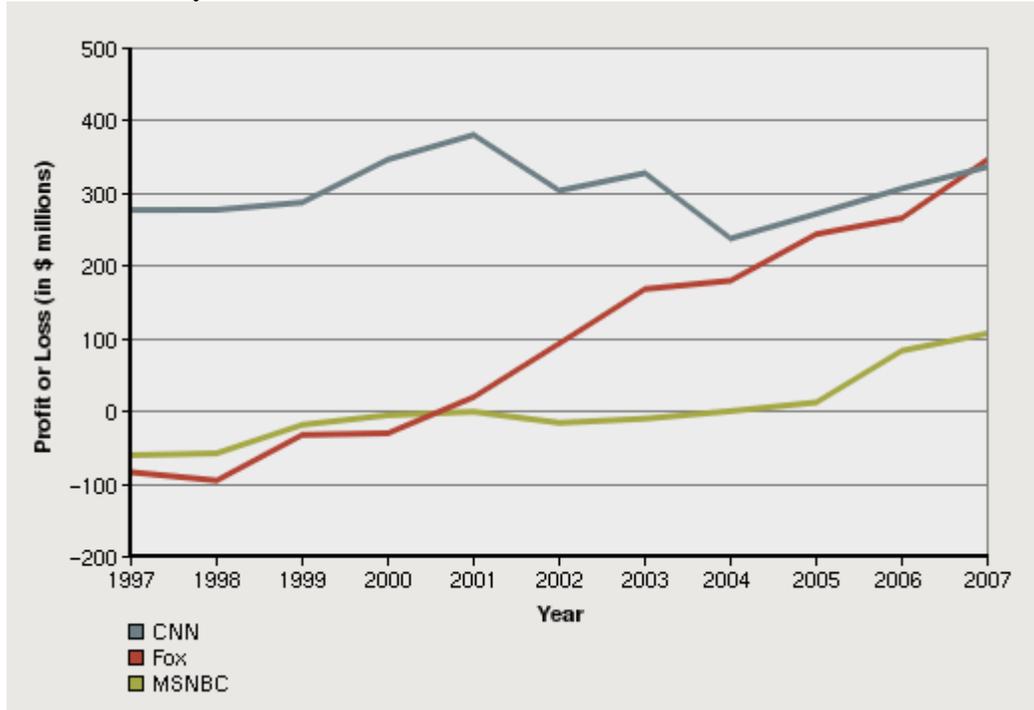
Source: PEJ Analysis of Nielsen Media Research, used under license

- For the second year running, none of the cable channels saw the kind of audience spikes from major news events to which they had become accustomed, which could be a sign of a slow news year in 2007 or more competition from online.

Economics

- Cable news industry profits were projected to grow 20% pre-tax in 2007. Fox News led the way (30%). MSNBC was expected to grow 28%, after years of struggling to get into the black, while CNN & CNN Headline News were projected together to grow 10%.

Cable News Profitability Projected 1997 - 2007, by Channel



Source: SNL Kagan, a division of SNL Financial LLC.

Note: CNN figures include CNN Headline News

- Revenues are also growing. CNN (including CNN Headline News) was projected to bring in \$1.024 billion in 2007 (up 7%), Fox News \$834 million (up 21%) and MSNBC \$299 million (up 10 %.)

News Investment

- CNN & CNN Headline News continued to spend the most on news gathering (\$273 million in 2006 with a 5% increase projected for 2007). They also tinkered more with programming and, after breaking ties with Reuters, announced plans to build up international newsgathering resources.
- MSNBC still trails in dollars (\$145 million in 2006) though 2007 marked the first time in two years that analysts projected it would increase spending (by 5%). Projections hinge, however, on NBC's broader initiative to streamline news operations.
- After spending \$266 million in 2006, Fox News was projected to increase the most, 20% in 2007, although it made fewer programming changes.

Other Cable News

- Among the international news channels that entered the U.S. market in 2006, only the BBC made headway, expanding its evening newscast to an hour. Al Jazeera International and France 24 saw no changes in their carriage in the U.S. market.

- Current TV, now two years old, saw some quiet success – building both audience and revamping its Web site. All economic analysis paints a positive picture for the channel.

Local TV News

Although it continues to be a robust business, local television news is nevertheless facing the challenges of new technology and new consumer lifestyles. In 2007, for the second year in a row, local news ratings for evening news and late night news were down, and morning news just held steady. But thanks to the power of television advertising, even with lower ratings, the business remains strong financially, and companies continue to want to buy local stations, which changed hands in large numbers.

Audience

- Local news ratings for evening, late night and, to a lesser extent, morning news dropped in all sweep months in 2007, the highest drops being in the 7% range year-to-year. The programs’ share of viewers, a different metric, at best held their own.

Local News: Change in Ratings

Sweeps, 2007 vs. 2006

Sweep Month	Evening News	Late News	Morning News
February	0%	3.2%	6.7%
May	-3.3%	-6.3%	0%
July	-6.5%	-7.4%	0%
November	-5.7%	-6.7%	0%

Source: Nielsen Media Research, used under license

Note: Numbers include ABC, CBS, Fox and NBC Affiliates

- In reaction, stations in two-thirds (15) of the top 25 markets added or shifted newscasts in 2007 to new timeslots, according to a PEJ analysis.

Economics

- In 2007, there was the traditional non-election year slowdown in revenues – down 3%, to \$25.8 billion. But that was up from the previous non-election year.
- News contributes 42% to a station’s total revenue, according to local news directors surveyed in 2006. And the majority of them (56%) say their newsrooms are profitable.

Ownership

- While the top ownership groups remained, there was a brisk business in selling stations in 2007, a sign of Wall Street’s optimism in the industry. For the year, 294 stations

changed hands, according to market research firm BIA Financial Network, up from what was considered a large number, 202, in 2006.

- Media ownership rules also made headlines. Federal Communications Commission Chairman Kevin Martin pushed the panel for a contentious, late-year vote as he tried to advance changes.

News Investment

- More than half of television news directors (53%) reported increasing their budgets in the latest year for which there are data, 2006. But that money is going to technology, not to people. News directors reported no significant change in salaries. Many of those dollars were put instead toward newer distribution platforms and getting ready for the mandated transition to digital in 2009.
- Staffing was down slightly over all, to an average of 35.8 people per newsroom.
- Those people were also stretched somewhat thinner, as news directors reported airing more local news (4.1 hours on an average weekday in 2006, a new high) as well as sharing their content with other platforms -- most notably, their station Web sites, where 80% of stations now report supplying material.

Online Trends

- Nearly all local television stations (97%) now have Web sites and most of them (98%) include local news there, according to the latest survey data, 2006. They also continue to add more staff there, up to four online staffers per newsroom (two of them full time), an increase of a half person, according to the RTNDA survey. Nearly a quarter of news directors (23%) said their Web sites made money in 2006, according to the news directors, but the market research firm Borrell Associates reports that local stations generate only 1.5% to 3.5% of their revenues from Web operations.

Local Television Web Sites - Profits

2006

	Making Profit	Breaking Even	Showing a Loss
All TV	23%	11%	17%
Market 1-25	27	7	17
Market 26-50	33	5	20
Market 51-100	17	15	19
Market 101-150	18	8	18
Market 151+	26	23	11

Source: RTNDA/Ball State University Surveys

Note: Based on survey responses of news directors; Remaining news directors did not know or could not comment of Web site profitability

Magazines

The magazine industry is now so divided into specialized niches that generalizations are dangerous. Even among newsweeklies, a generally troubled category, there are differences. Time, Newsweek and U.S. News & World Report face particular challenges. The Economist, The Week and the New Yorker are faring better.

Audience

- The two biggest newsweeklies – Time and Newsweek – cut their circulation in 2007, Time by 600,000 to 3.4 million, Newsweek by 500,000 to 2.6 million.
- The Economist, in contrast, increased circulation by 81,000 to 720,882.
- The Atlantic, which cut back publication from monthly to 10 times a year, increased circulation to 431,625, up almost 27,000.

Economics

- All three of the big news magazines again lost advertising pages, from 4% (U.S. News & World Report) to 18% (Time).
- The Economist, in contrast, saw ad pages grow 8.5% and ad dollars jump 24%.
- The Week saw a 5.3% increase in ad pages and a 15.8% jump in ad dollars.
- Over all, the magazine industry was down only slightly in 2007, with ad pages declining 0.6%.

Ownership

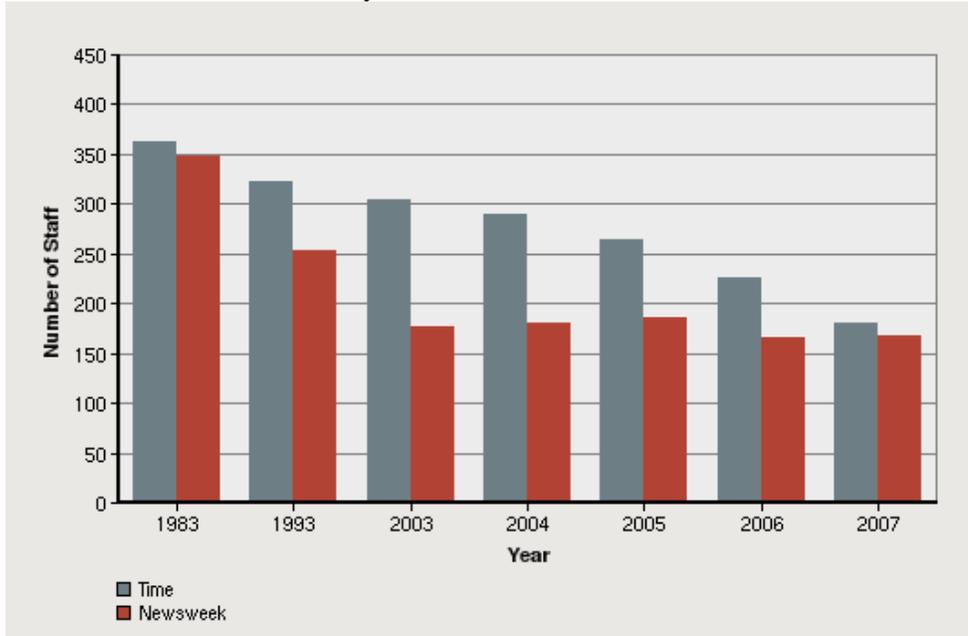
- Time-Warner lost its perch as the top-earning magazine owner, finding itself in a virtual tie with Advance, owner of Condé Nast magazines. Both companies ended 2007 with \$3.6 billion in revenue, followed by Hearst with \$2 billion.
- After a selling spree, maverick publisher Felix Dennis held on to The Week, a cash cow with very low production costs.
- The trend toward smaller owners in magazines is doubly true for news magazines. Time is owned by one of the largest U.S. media companies, but the others are not.

News Investment

- Time reduced its staffing 20% in 2007 to fewer than 190, a new low, shuttered four domestic bureaus and shifted resources to the Web.

News Magazine Staff Size Over Time

Time and Newsweek select years, 1983-2007



Source: *Project for Excellence in Journalism from magazine staff boxes*

- For the first time a tally of staff boxes shows Newsweek with more people in its bureaus, by a margin of 46 vs. 31.
- The Week once again bucks the trend, growing to a staff of 20 and focusing on distilling the news, rather than gathering it.

Digital

- Business and consumer publications filled Ad Age's 2006 list of top 25 digital earners, only one news magazine, Newsweek, made the list – tying for last with 5%.
- Newsweek formally ended its seven-year distribution agreement with MSNBC and became a stand-alone Web site, and The Week launched a new site, applying its weekly aggregation model to the daily news cycle.
- Publications are still experimenting with pay-for-content. Newsweek, the New Yorker and Atlantic went to free access. The Week put its latest issues behind a pay wall.

Opinion Publications

- The New Republic battled another controversy and a circulation drop while its new owner, CanWest, made changes -- shifting from weekly to every two weeks and changing circulation auditors.

Radio

News continues to remain an important part of what was once simply known of as radio. In many ways, the tradition of listening to the news — the original way in which people got news — is among the most enduring. But that business is undergoing no less of a revolution in the way it occurs than any other part of media.

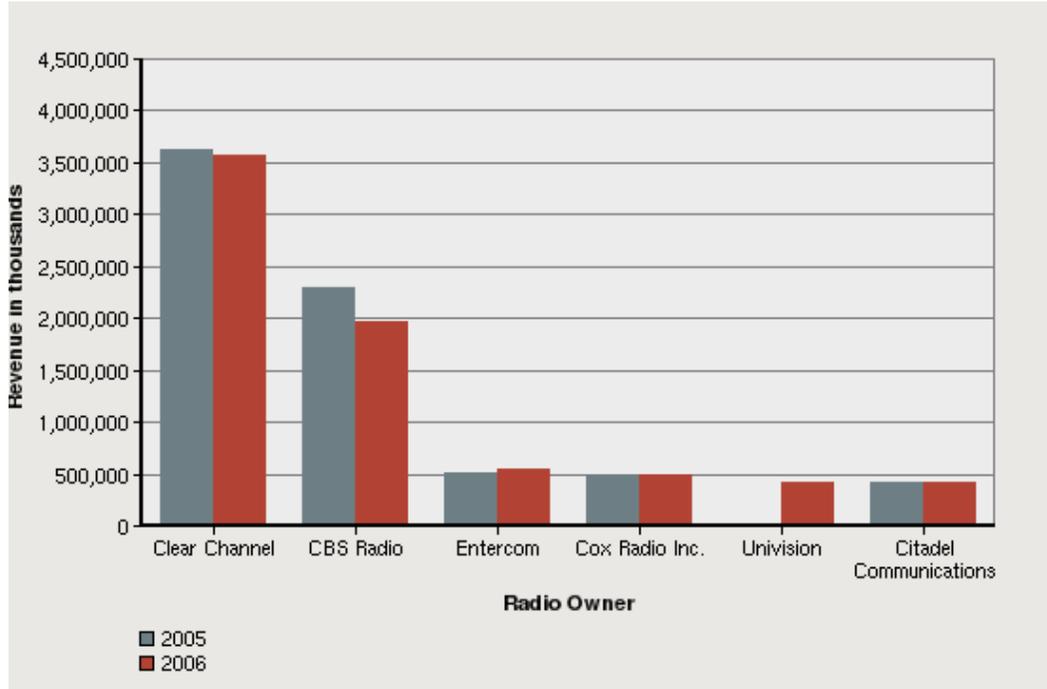
Audience

- More than 93% of people 12 and older listened to traditional radio at least once a week in spring 2007, or 233 million people, according to Arbitron. That represents only a modest drop of 1.6 percentage points since the spring of 2000.
- News, talk and information on traditional radio remain among the most popular categories. During an average week 16.1% of Americans in 2006, the latest year measured, tuned in to this format. And, on average, people spent a little over nine hours a week listening.
- MP3 players (and iPods) are so far the clear winners for mobile listening. As of early 2007, nearly a third of Americans (30%) over the age of 12 owned an iPod or other MP3 player, up from 22% the previous year.
- The Internet radio audience was stable. According to an April 2007 survey by Bridge Ratings Group, 29 million people over the age of 12 report having gone online “last week” to listen to Internet radio. More than half (52%) of that listening occurs in the workplace.

Economics

- Overall advertising revenue was down 2% to \$21.3 billion for radio in 2007, according to the Radio Advertising Bureau. (But revenue from online concerts and events grew 10%, to \$1.7 billion)
- CBS, which operates stations in the top U.S. markets, has the highest average revenue per news station (\$26.6 million), followed by Citadel/ABC (\$24.5 million). One explanation for the revenue differences probably has to do with the markets where each group has news stations.
- In 2006, the last year for which full data are available, the top two radio ownership groups both experienced a drop in revenue. Clear Channel’s revenue declined 1.6% from 2005 to 2006 (\$3.57 billion), and CBS dropped a substantial 14.2% (\$2.29 billion).

Radio Revenue 2005 vs. 2006



Source: BIA Financial Network, PEJ Research

Ownership

- Cumulus Media Inc., the second-largest radio station owner, followed Clear Channel by moving toward privatization in 2007.
- The two satellite radio service providers, Sirius and XM radio, announced their intention to merge in early 2007. Shareholders at both companies approved the merger, but in early 2008 it was still awaiting an antitrust decision from the Department of Justice.
- Clear Channel completed sales on 498 stations in 2007 with 52 more still pending. This drops their total number from 1,134 stations in 2006 to 636 in 2007 (including pending sales), according to unpublished data from the BIA Financial Network. Even with this decline, though, they remain the largest owner.
- Salem Communications programs has the greatest proportion of news and talk on its stations. Of its 98 stations, 31% offers news and talk programming. Citadel/ABC is next with 29%, followed by CBS Radio with 21% and Entercom with 17%.

News Investment

- The amount of news being broadcast on local stations rose slightly in 2006, according to the annual Radio-Television News Directors Association/Ball State news director survey, a recovery of the small dip seen in 2005.
- The trend toward centralized newsrooms continues, with more news directors (76%) in charge of providing news content to several stations.

- From 2001 to 2006, radio newsroom salaries have grown only 5%, much less than the rate of inflation over those five years, 13.8%.
- Total staffing for radio news Web sites increased by an average of half a person in 2006, compared with 2005. This brings the total full-time and part-time Web staff to two persons per newsroom.

Talk Radio

- According to Inside Radio, 1,370 radio stations carried talk radio programming in 2007, and Arbitron counted more than 47 million weekly listeners.
- In January 2007, real estate entrepreneur Stephen Green agreed to acquire bankrupt Air America for \$4.25 million, and completed the acquisition on March 6, 2007.
- On December 3, 2007, Don Imus’ radio show, Imus in the Morning, returned to the airwaves on its new home, Citadel’s New York station WABC, nearly eight months after the show was canceled by the CBS and MSNBC-TV networks.
- Rush Limbaugh still leads talkers with the greatest audience (13.5 million listeners a week), followed by a conservative rival, Sean Hannity, with a weekly audience of 12.5 million listeners, according to Inside Radio. Liberal talkers are far less popular: Ed Schultz has 3.25 million listeners weekly. Other liberal talkers barely attract audiences over 1 million: Lionel, Thom Hartmann, Randi Rhodes, Stephanie Miller and Alan Colmes (each with 1.5 million weekly listeners).

Talk Radio Audience 2007 (Weekly Cume in millions)

Rush Limbaugh	Conservative	13.5
Sean Hannity	Conservative	12.5
Michael Savage	Conservative	8
Dr. Laura Schlessinger	General Advice	8
Laura Ingraham	Conservative	5
Glenn Beck	Conservative	5
Neal Boortz	Conservative	4
Mark Levin	Conservative	4
Dave Ramsey	Financial Advice	4
Mike Gallagher	Conservative	3.75
Michael Medved	Conservative	3.75
Jim Bohannon	Ind. / Moderate	3.25
Clark Howard	Consumer Advocacy	3.25
Bill O'Reilly	Conservative	3.25
Doug Stephen	Ind. / Moderate	3.25
Ed Schultz	Liberal / Progressive	3.25

Source: Talkers magazine, "Top Talk Personalities," Spring 2007

*Note: * = Information unavailable; NA = Talk host not nationally broadcast*

Ethnic Media

At the end of 2007, a number of sweeping but seemingly contradictory trends were reshaping the ethnic media in America, some pointing to a future of growth – at least among smaller outlets – and others indicating a flattening or even contraction.

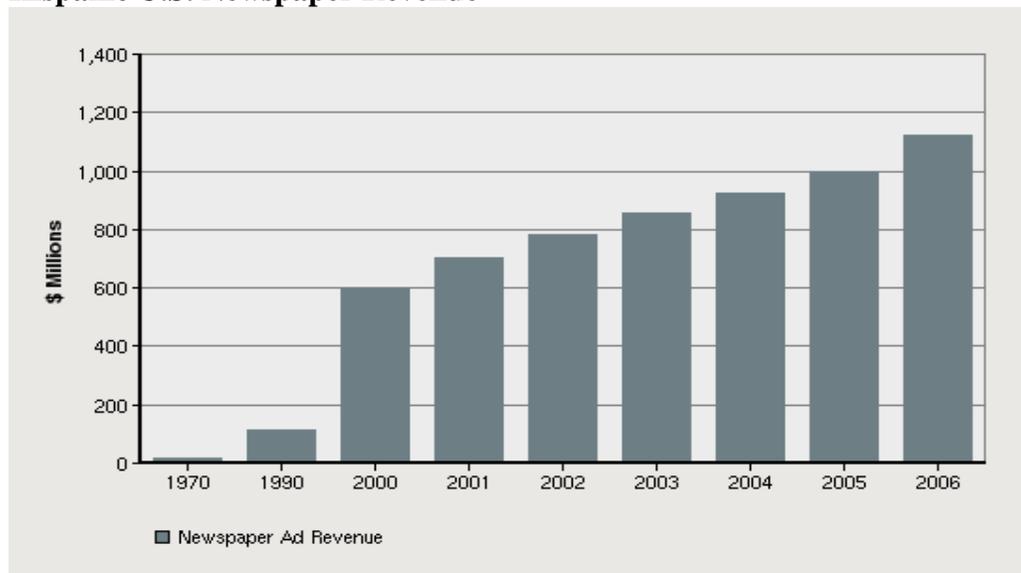
Audience

- Spanish-language newspapers saw a slight bump in overall circulation in 2006, up to 17.8 million from 17.6 million, according to the Latino Print Network. Print weeklies once again showed the biggest growth, to 11.4 million from 11.1 million.
- In August 2007, Nielsen launched its new system measuring Spanish-language broadcasting as part of all programming. It showed Univision beating every broadcast network among viewers ages 18 to 34. But by the end of the month – and the year – Univision was trailing all three U.S. networks in this demographic.

Economics

- Ad revenues for Hispanic papers broke the \$1 billion mark for the first time, hitting \$1.1 billion in 2006, up from \$996 million in 2005, an increase of 13%, according to the Latino Print Network.
- In 2006, Hispanic weeklies saw the biggest jump in ad revenue (25%) to \$434 million, according to the Latino Print Network. That coincided with a surge in the number of weekly publications: 34 were launched in 2006.
- Following a record-breaking 2006, Univision's revenues continued to increase in 2007, though at a much smaller rate. The Spanish-language media company reported an 8.4% increase in 2007 to \$2.073 billion.

Hispanic U.S. Newspaper Revenue



Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

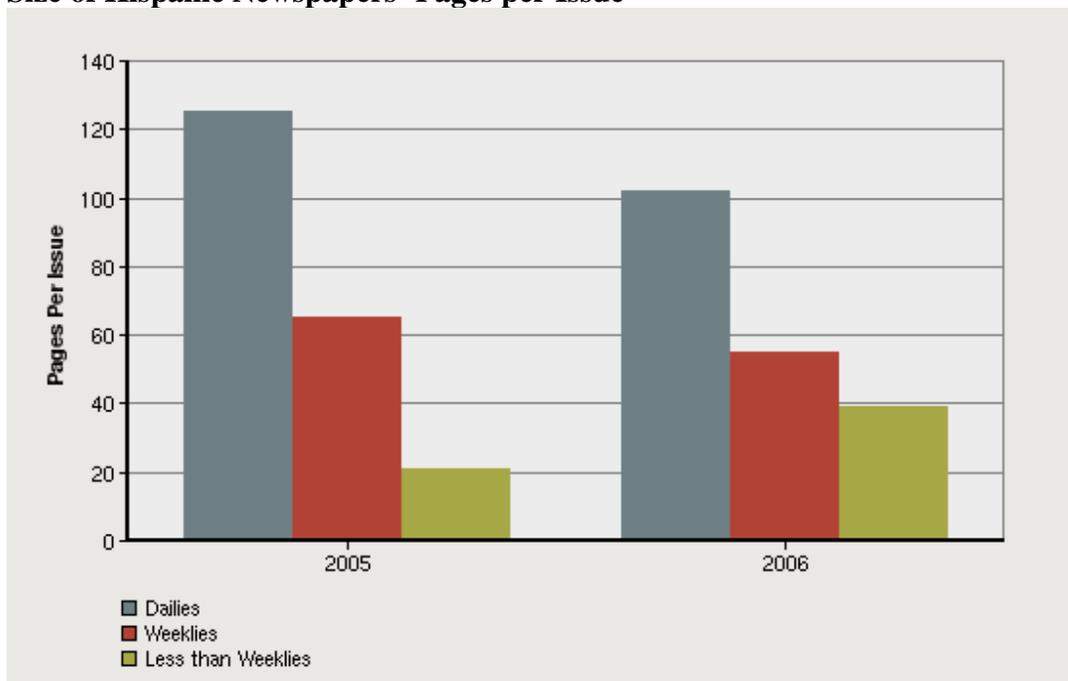
Ownership

- Univision’s new owners, a group of private firms, are trying to beef up advertising sales. In 2006, the company captured a 5% share of the national television audience but only 2.5% of the television advertising market.
- ImpreMedia, owner of Hoy New York and El Diario-La Prensa, added the Texas-based Rumbo newspaper chain to its media stable. This extends its reach to advertisers in the top 10 U.S. Hispanic markets.
- NBC’s strategy to use Telemundo as a way to leverage programming in Mexico got new life when the country’s Supreme Court took preliminary votes to open up the auctioning of broadcasting licenses. The vote came after the government announced it would not issue any new licenses in 2007 or 2008.

News Investment

- Staffing at Hispanic daily newspapers fell in 2006 for the first time since 2003, by 362, to 4,174 total staff, according to the Latino Print Network, possibly attributable to the loss of four dailies. Staffing at weeklies fell by 20 people to 4,249.
- Less-than-weekly papers, highly visible in new immigrant communities, climbed to 39 pages per issues in 2006 from 21 in 2005, an 86% increase.

Size of Hispanic Newspapers- Pages per Issue



Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

- The average number of pages for weeklies fell 10 per issue in 2006, to 55 pages from 65 in 2005, a drop of 15%. But 34 more weeklies were measured during 2006, possibly bringing down the average.

Digital

- Internet revenues are growing for Univision, accounting for \$11.6 million through the first nine months of 2007, an increase of 26% from 2006. But that is a small fraction of the company's overall revenue.
- ImpreMedia announced the creation of ImpreMedia Digital, led by new CEO Arturo Duran, who oversaw interactive and business integration at CanWest. The division plans to develop Web sites at the company's 23 publications and acquire new digital media properties.

PEW RESEARCH CENTER FOR THE PEOPLE AND THE PRESS
2007 SURVEY OF JOURNALISTS
FINAL TOPLINE
September 17 - December 3, 2007

- Results are reported separately for national, local, and internet journalists. Further breakdowns by medium (*Print* includes newspapers, magazines, wire services and news services. *Broadcast* includes national TV and radio news, and local TV news) and by employment level (*Executives* include presidents, CEOs, general managers and publishers; *Senior editors and producers*; and *working journalists and editors*). See *Survey Methodology* section for complete sample descriptions.
- Due to rounding, percentages may not total 100%. The topline “total” columns always show 100%, however, because they are based on unrounded numbers.
- When the number of respondents in a category is less than one half of one percent (<0.5), the figure is rounded to zero (0%).

	National	Local	Internet	National		Local		National			Local		
				Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
2007 N	222	245	118	125	97	120	125	19	79	124	60	77	108

Q.1 AND Q.2 OPEN-ENDED RESULTS SHOWN AT THE END OF THE TOPLINE

Q.3 Thinking about journalism overall in the U.S. today, do you think it is generally going in the right direction or the wrong direction?

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Right direction	32	43	47	51	42	37	25	48	45	16	44	26	65	42	40
Wrong direction	62	51	49	46	50	56	69	47	51	79	48	68	32	49	58
DK/Refused	7	6	4	3	8	7	6	5	4	5	8	6	3	9	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.4 Thinking more generally about the news media, what grade A, B, C, D, or F would you give [INSERT ITEM, DO NOT RANDOMIZE] for its overall news coverage these days? What grade A, B, C, D, or F would you give [NEXT ITEM] for (its/their) overall coverage these days? a. network television news

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	2	4	2	7	8	4	3	1	4	2	11	0	4	2	7	5	7
"B"	39	39	46	48	44	45	36	33	46	41	55	21	41	40	47	45	51
"C"	40	44	38	32	36	41	44	44	34	36	28	42	46	35	37	39	24
"D"	13	11	8	9	10	6	14	17	8	13	5	26	8	15	7	6	11
"F"	3	1	0	1	2	1	3	2	4	2	0	11	1	3	2	0	1
DK/Refused	3	1	6	4	0	3	2	3	3	8	1	0	1	5	2	4	6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

b. local television news

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	1	1	1	7	4	4	3	1	2	0	14	0	1	2	7	8	6
"B"	16	20	13	33	28	34	22	11	23	20	45	21	16	15	47	32	25
"C"	39	39	37	34	39	34	33	43	34	38	30	37	52	31	30	29	40
"D"	27	31	30	19	23	19	31	31	23	30	9	26	23	31	12	26	19
"F"	11	7	13	5	6	6	10	9	14	8	2	16	5	15	3	3	8
DK/Refused	5	2	6	2	0	1	2	5	4	3	1	0	3	6	2	3	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

c. the major national newspapers

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	34	26	23	27	24	18	31	36	31	29	26	26	32	36	23	26	31
"B"	58	67	71	55	57	68	51	58	58	58	53	63	61	55	60	56	52
"C"	7	6	4	13	15	12	16	6	8	13	14	5	6	8	10	18	11
"D"	0	1	0	3	4	1	2	0	1	1	5	0	0	1	5	0	4
"F"	1	0	0	0	0	0	0	0	2	0	1	5	1	0	2	0	0
DK/Refused	0	0	2	1	1	2	1	0	0	0	2	0	0	0	0	0	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

d. the typical daily newspaper

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	3	2	1	9	6	2	7	2	3	8	10	5	4	2	7	5	12
"B"	40	46	35	53	52	44	47	45	34	63	45	47	42	38	55	58	49
"C"	48	43	47	32	35	45	36	47	48	28	36	42	47	49	30	32	32
"D"	5	4	6	5	5	7	10	2	7	3	8	5	3	6	8	4	5
"F"	1	0	0	0	1	0	0	0	2	0	0	0	3	0	0	0	0
DK/Refused	4	3	10	1	1	2	1	3	5	0	2	0	3	6	0	0	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

e. cable TV news channels

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	4	5	6	7	6	2	6	3	9	0	6	3	3	8	6
"B"	38	38	27	41	32	42	34	28	27	37	42	36	28	26	28
"C"	35	38	42	32	36	38	32	43	42	42	39	31	48	42	40
"D"	15	17	14	15	16	14	18	13	16	11	10	19	13	17	13
"F"	5	2	7	3	8	4	7	8	5	11	3	6	7	4	8
DK/Refused	2	1	4	2	3	1	3	6	2	0	0	3	0	4	6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

f. national news organizations for their websites

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	21	18	15	13	25	21	21	11	19	26	22	19	10	13	19
"B"	61	51	59	44	53	59	63	64	54	68	61	60	57	64	57
"C"	14	18	18	20	19	15	11	16	20	5	15	14	23	17	16
"D"	1	2	2	3	3	2	1	3	2	0	0	2	2	4	2
"F"	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
DK/Refused	4	11	5	19	1	3	4	6	5	0	3	5	8	3	6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

g. local news organizations for their websites

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	5	12	8	6	4	6	18	5	5	6	12	5	18
"B"	46	53	41	46	46	60	46	42	56	40	60	57	46
"C"	30	27	29	31	28	26	29	37	24	32	23	30	28
"D"	6	7	12	6	6	8	6	11	6	5	5	8	6
"F"	0	0	3	0	1	1	0	5	0	0	0	0	1
DK/Refused	13	0	8	11	14	0	1	0	9	17	0	0	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

h. online-only news websites such as Salon and Slate

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	13	7	24	13	12	4	9	16	13	12	3	5	9
"B"	55	40	52	58	52	45	34	47	49	60	42	43	36
"C"	17	26	15	17	18	28	25	21	24	12	30	26	24
"D"	4	5	3	4	4	5	5	5	4	4	7	5	4
"F"	1	1	0	0	3	1	1	11	0	1	0	3	0
DK/Refused	10	22	7	9	11	18	26	0	10	11	18	18	27
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

i. news aggregator websites such as Google News and Yahoo News

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	17	21	25	18	15	13	29	11	16	18	17	21	23
"B"	48	32	47	41	57	26	38	53	48	47	35	34	30
"C"	24	29	19	29	18	41	18	16	29	22	33	27	29
"D"	5	7	5	5	4	11	4	21	0	5	8	8	6
"F"	2	2	2	3	0	3	1	0	4	1	3	3	0
DK/Refused	5	9	3	5	6	8	10	0	3	8	3	8	12
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

j. bloggers who write about current events

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	2	4	9	1	4	3	6	0	1	3	0	4	7
"B"	31	17	41	30	33	15	19	37	33	29	17	17	18
"C"	36	43	31	40	31	48	39	42	34	36	48	44	40
"D"	18	20	10	18	19	21	20	11	23	17	23	21	19
"F"	5	7	4	6	5	7	7	11	5	5	10	6	6
DK/Refused	7	8	5	6	8	8	8	0	4	10	2	8	11
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

k. (Name of respondent's news organization)

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
"A"	34	22	20	17	14	13	21	30	39	14	20	68	27	34	15	13	21
"B"	51	61	67	60	59	69	44	54	46	63	57	32	62	47	67	70	48
"C"	9	14	9	20	21	16	14	8	9	21	18	0	6	11	17	13	26
"D"	1	2	0	2	3	1	5	2	1	1	2	0	1	2	2	1	2
"F"	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0
DK/Refused	5	0	4	2	3	1	16	6	3	2	2	0	4	6	0	3	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.5 Would you say the press has been too critical, not critical enough, or fair in the way it has covered the Bush administration?

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Too critical	6	9	11	19	7	7	4	7	16	21	4	5	13	8	13
Not critical enough	54	55	41	37	57	54	54	48	34	32	56	56	35	40	44
Fair	37	35	45	42	33	35	39	41	49	47	32	39	48	49	40
DK/Refused	3	2	3	2	3	3	3	5	1	0	9	0	3	3	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.6 In your opinion, is increased bottom line pressure seriously hurting the quality of news coverage these days or is it mostly just changing the way news organizations do things?

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Hurting	68	66	49	41	68	57	46	33	69	70	65	74	62	63	66	70	53	68	76
Just changing	25	29	41	38	29	34	46	50	24	22	29	23	34	37	23	24	45	29	19
Neither/No effect (VOL.)	1	1	1	4	0	3	2	6	0	1	1	0	1	0	1	0	0	1	
Both (VOL.)	4	3	9	11	2	4	6	7	3	3	4	2	3	0	5	3	2	3	3
Other/DK	3	1	1	6	1	1	1	4	3	4	1	2	0	0	5	2	0	1	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.7 Here are some criticisms made of the press. For each one of these criticisms, do you think this is a valid criticism of the news media overall, or not? a. The distinction between reporting and commentary has seriously eroded.

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	64	64	68	53	54	59	68	44	60	54	77	48	61	74	54	69	50	49	60
Not a valid criticism	34	35	30	44	46	40	32	53	38	44	22	53	39	26	44	29	50	51	40
DK/Refused	1	1	1	2	0	1	0	3	2	2	1	0	0	0	1	2	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

b. News reports are increasingly full of factual errors and sloppy reporting.

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	31	45	40	29	43	47	55	40	38	34	27	32	54	26	25	35	35	43	47
Not a valid criticism	68	53	58	65	56	52	42	59	62	65	71	68	46	74	73	63	65	57	51
DK/Refused	1	1	2	5	1	0	3	1	0	1	2	1	1	0	1	2	0	0	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

c. Too little attention is paid to complex issues.

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	78	79	71	80	83	77	72	75	81	75	82	81	86	68	80	79	73	88	85
Not a valid criticism	21	21	27	17	17	22	28	22	19	23	18	19	14	32	20	19	27	12	15
DK/Refused	1	1	2	2	0	0	0	3	0	2	0	0	0	0	0	2	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

d. The press is too cynical.

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	27	37	53	54	31	40	51	53	27	28	26	31	32	47	28	23	47	30	24
Not a valid criticism	73	63	45	44	67	59	48	45	73	71	74	68	66	53	72	76	53	70	73
DK/Refused	0	0	2	2	1	1	1	2	0	1	0	1	2	0	0	1	0	0	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

e. Journalists are out-of-touch with their audiences.

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	41	47	57	49	44	51	47	45	35	57	42	53	43	37	62	57	37
Not a valid criticism	58	50	41	49	55	48	51	53	64	43	56	47	54	61	38	42	61
DK/Refused	2	3	2	1	1	0	2	2	1	1	2	0	3	2	0	1	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

f. Journalists are letting their ideological views show in their reporting too frequently.

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	38	45	33	44	36	34	43	27	40	47	34	39	32	34	34
Not a valid criticism	60	53	66	56	64	64	56	72	60	53	65	59	68	65	65
DK/Refused	2	2	1	1	0	2	1	2	0	0	1	2	0	1	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

g. The 24-hour news cycle is weakening journalism.

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	47	42	45	40	40	43	52	37	54	32	35	56	28	47	54
Not a valid criticism	52	57	54	59	58	54	48	63	46	68	63	42	72	53	45
DK/Refused	1	1	0	1	2	2	0	1	0	0	1	2	0	0	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

h. News organizations have cut back too much on the scope of what they're covering.

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	82	73	85	86	77	73	74	74	77	86	60	71	82
Not a valid criticism	17	26	14	13	23	27	25	26	22	13	40	29	16
DK/Refused	1	1	1	2	0	1	1	0	1	1	0	0	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

i. Reporters are too close to their sources.

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Valid criticism	23	18	30	23	24	16	21	21	24	23	17	17	20
Not a valid criticism	75	79	68	74	76	82	77	79	75	75	83	79	77
DK/Refused	1	2	3	2	0	3	2	0	1	2	0	4	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.8 How good a job does journalism do striking a balance between what audiences want to know and what's important for them to know? (READ CHOICES)

	National				Local				Internet	National		Local		National			Local		
	2007	2004	2000	1999	2007	2004	2000	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Excellent	1	4	2	4	0	4	2	6	0	2	0	0	1	5	1	0	0	0	1
Good	39	46	35	45	50	44	33	49	40	38	40	50	50	37	39	40	53	49	49
Only fair	54	43	55	45	45	45	58	42	48	57	51	45	46	47	56	54	45	45	45
Poor	6	6	5	5	4	5	5	4	11	3	9	5	3	11	4	6	2	5	5
DK/Refused	0	2	3	2	0	2	3	0	1	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.9 All things considered, how would you rate the press for its coverage of Iraq: [READ]?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Excellent	6	3	1	6	6	1	5	11	5	6	2	4	3
Good	52	46	37	50	55	53	38	47	56	51	43	42	50
Only fair	35	40	49	36	34	38	43	42	33	35	48	44	33
Poor	7	11	13	8	5	8	14	0	6	8	7	10	14
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.10 In your opinion, to what extent do corporate owners influence news organizations' decisions about which stories to cover or emphasize?

	National		Local		Internet	National		Local		National			Local		
	2007	2000	2007	2000	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
A great deal	8	5	7	13	6	6	10	6	9	0	4	11	2	4	13
A fair amount	18	28	18	31	42	14	23	15	22	11	16	20	7	16	27
Not very much	64	60	53	48	48	71	55	55	52	63	67	62	60	53	50
Not at all	8	4	19	4	2	6	10	22	17	21	11	4	30	27	7
DK/Refused	2	2	2	3	2	2	2	3	1	5	1	2	2	0	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.11 In your opinion, to what extent do advertising concerns influence news organizations' decisions about which stories to cover or emphasize?

	National		Local		Internet	National		Local		National			Local		
	2007	2000	2007	2000	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
A great deal	7	3	7	7	7	4	11	3	10	5	4	10	2	1	13
A fair amount	18	19	16	27	39	20	15	12	19	5	14	23	8	10	23
Not very much	61	66	51	54	44	62	60	57	46	63	63	59	52	58	46
Not at all	13	10	26	11	9	13	12	28	25	26	18	7	38	30	17
DK/Refused	1	1	0	1	1	2	1	1	0	0	1	2	0	0	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.12 Do you think that it is a good thing or a bad thing if some daily news organizations have a decidedly ideological point of view in their coverage of the news?

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	19	22	16	21	25	23	13	14	18	32	13	21	20	16	15
Bad thing	75	72	79	75	71	70	81	81	78	63	78	75	72	82	81
DK/Refused	6	6	4	5	4	6	5	5	4	5	9	4	8	3	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.13 Please tell me if you think each of the following is a good thing or a bad thing for journalism, or if it is not having an effect. First [INSERT ITEM; RANDOMIZE] a. Video-streaming websites such as YouTube

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	68	64	81	66	70	65	64	79	71	64	53	69	68
Bad thing	10	11	5	7	13	10	13	0	6	14	15	6	13
No effect	19	22	14	22	14	24	21	16	18	20	30	22	19
DK/Refused	4	2	0	5	2	1	2	5	5	2	2	3	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

b. News aggregating websites such as Google News and Yahoo News

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	67	62	73	64	70	53	71	79	70	63	57	66	63
Bad thing	14	16	12	18	7	23	10	21	6	17	27	14	12
No effect	16	17	14	13	20	19	14	0	20	15	17	16	18
DK/Refused	4	4	2	5	3	4	5	0	4	5	0	4	7
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

c. News ranking websites such as reddit.com and digg.com

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	34	24	65	36	32	25	22	53	43	26	22	29	21
Bad thing	12	14	5	14	10	13	15	21	9	13	13	14	14
No effect	37	44	24	37	38	45	43	26	32	43	52	40	43
DK/Refused	16	18	6	14	20	18	19	0	16	19	13	17	22
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

d. Users posting comments on news organizations' websites

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	76	70	83	80	70	73	66	89	78	72	80	74	61
Bad thing	8	14	10	6	11	14	14	0	8	10	8	13	18
No effect	14	14	6	11	16	10	18	11	13	15	12	12	18
DK/Refused	3	2	1	3	2	3	2	0	1	4	0	1	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

e. Users posting news content on news organizations' websites

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	35	36	54	35	35	36	37	47	43	28	53	39	25
Bad thing	45	49	36	42	47	49	49	32	41	49	35	43	61
No effect	17	12	8	18	14	12	12	21	15	17	12	13	11
DK/Refused	4	3	2	4	3	3	2	0	1	6	0	5	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

f. Citizens starting their own news websites

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	52	51	76	54	48	58	43	63	56	48	53	58	44
Bad thing	18	25	8	15	22	20	30	16	14	21	22	22	30
No effect	28	23	14	28	28	20	26	21	28	29	25	19	25
DK/Refused	2	1	2	2	2	2	0	0	3	2	0	0	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

g. Journalists hosting their own blogs

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	50	56	69	51	48	58	54	53	56	46	60	60	51
Bad thing	26	24	15	26	26	21	28	26	23	28	22	23	27
No effect	20	18	15	18	24	18	18	16	20	21	17	16	21
DK/Refused	4	1	1	5	2	3	0	5	1	5	2	1	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

h. Rankings of the most-read or most-emailed stories on news organizations' web sites

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Good thing	54	56	66	56	52	58	54	63	53	53	62	55	53
Bad thing	16	11	11	11	22	10	11	21	11	18	7	8	15
No effect	29	32	23	30	27	32	33	16	33	28	32	38	29
DK/Refused	1	2	0	2	0	1	2	0	3	1	0	0	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Now, thinking about your own news organization...Q.14 Overall, how would you rate the quality of leadership in your news organization? Would you say it is excellent, good, only fair, or poor?

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Excellent	21	30	35	22	22	24	15	18	26	18	26	53	28	12	48	25	6
Good	51	41	44	47	47	51	43	53	48	44	50	37	51	53	45	51	46
Only fair	21	22	15	21	21	21	25	23	19	28	15	11	19	24	7	16	33
Poor	6	5	5	7	6	4	13	6	7	8	6	0	3	10	0	3	14
DK/Refused	0	2	0	2	4	0	4	1	0	3	2	0	0	1	0	6	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.15 How well is your news organization's leadership managing the transition to the internet? Would you say they are doing an excellent job, a good job, only a fair job, or a poor job?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Excellent	20	22	19	18	23	18	26	21	25	16	25	29	15
Good	45	41	35	41	49	38	45	68	43	42	53	29	44
Only fair	28	29	26	34	22	37	21	11	29	31	18	35	30
Poor	6	9	11	6	6	8	9	0	3	10	3	8	12
Does not apply, Web-only organization (VOL.)	0	0	8	1	0	0	0	0	0	1	0	0	0
DK/Refused	0	0	1	1	0	0	0	0	0	1	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.16 Compared to three years ago, has the reporting and editorial staff at your news organization increased, decreased, or stayed the same?

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Increased	24	18	13	23	25	8	45	2	23	47	20	23	13	19	7
Decreased	48	37	54	43	52	69	22	82	28	21	48	52	43	49	64
Stayed the same	25	40	32	31	20	21	30	16	47	32	30	20	43	31	26
DK/Refused	3	4	1	4	3	2	3	1	2	0	1	4	0	0	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.17 Thinking about your own job, how likely do you think it is that your position will be eliminated in the next three years?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Very likely	5	3	3	7	3	4	2	0	6	6	0	1	6
Somewhat likely	25	20	22	27	22	24	15	5	27	27	12	22	22
Not too likely	40	39	47	38	42	45	33	37	43	38	33	40	41
Not at all likely	28	38	27	25	32	26	49	53	23	27	53	36	30
DK/Refused	2	1	2	3	1	1	2	5	1	2	2	0	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.18 What percentage of your time is spent producing content unique to your news organization's website?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
0	23	27	6	25	20	31	24	37	30	15	45	22	21
1-9	13	15	3	9	18	12	18	0	13	15	12	17	16
10-24	23	32	14	20	28	32	33	16	15	30	22	32	38
25-49	12	11	14	10	15	10	11	21	10	12	3	17	10
50-74	9	3	18	11	6	3	2	11	11	7	3	0	5
75-99	4	2	25	5	2	3	2	0	4	4	0	1	5
100	6	1	17	10	1	1	1	5	1	9	0	1	1
DK/Refused	11	9	3	11	10	8	9	11	15	8	15	9	5
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

IF BETWEEN 10% AND 90% ASK:Q.19 Would you say dividing your time across different media is making the work you produce better or worse, or making no difference?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Better	48	46	60	45	52	43	49	78	59	38	71	54	34
Worse	16	21	5	18	14	24	19	0	9	22	24	18	23
No difference	35	30	33	38	32	29	31	22	28	40	6	26	39
DK/Refused	1	3	1	0	2	3	2	0	3	0	0	3	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Q.19 N	106	117	73	56	50	58	59	9	32	65	17	39	61

FOR PRINT COMPANIES (NOT INCLUDING WIRES AND NEWS SERVICES): Q.20 What is the higher priority in your news organization, the website or the print edition?

	PRINT COMPANIES (NOT INCLUDING WIRES AND NEWS SERVICES)								
	National	Local	Internet	National			Local		
	2007	2007	2007	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007
Website	27	18	12	22	26	28	11	24	19
Print edition	53	63	74	56	40	60	46	66	69
Both/Equal priority (VOL.)	14	14	4	22	23	8	39	8	6
Does not apply (VOL.)	0	0	2	0	0	0	0	0	0
Other/DK	6	5	8	0	11	4	4	3	7
Total	100	100	100	100	100	100	100	100	100

	National	Local	Internet	National			Local		
	2007	2007	2007	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007
Q.20 N	97	120	50	9	35	53	28	38	54

FOR BROADCAST/CABLE COMPANIES:Q.21 What is the higher priority in your news organization, the website or the on air presentation?

	BROADCAST/CABLE COMPANIES										
	National		Local		Internet	National			Local		
	2007	2007	2007	2007	2007	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Website	9	10	27	11	9	9	9	0	5	19	
On air presentation	81	80	70	78	78	84	97	74	74	74	
Both/Equal priority (VOL.)	6	8	0	11	9	4	3	18	4	4	
Does not apply (VOL.)	0	1	0	0	0	0	0	0	0	2	
Other/DK	3	2	3	0	3	4	0	3	2	2	
Total	100	100	100	100	100	100	100	100	100	100	

	National		Local		Internet	National			Local		
	2007	2007	2007	2007	2007	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Q.21 N	97	125	33	9	32	56	32	39	54		

ASK JOURNALISTS ONLY:Q.22 How much do you think owners and top editors in your news organization share your professional values? A great deal, a fair amount, not much or not at all?

	JOURNALISTS									
	National		Local		Internet	National			Local	
	2007	1999	2007	1999	2007	Print	Broadcast	Print	Broadcast	
	2007	2007	2007	2007	2007	2007	2007	2007	2007	
A great deal	30	38	23	26	34	30	30	20	26	
A fair amount	45	46	63	55	49	48	41	65	61	
Not much	21	12	10	17	15	20	21	13	7	
Not at all	4	3	3	1	0	2	7	2	4	
DK/Refused	0	2	1	1	2	0	0	0	2	
Total	100	100	100	100	100	100	100	100	100	

	National		Local		Internet	National			Local	
	2007	1999	2007	1999	2007	Print	Broadcast	Print	Broadcast	
	2007	2007	2007	2007	2007	2007	2007	2007	2007	
Q.22 N	116	118	108	110	47	60	56	54	54	

ASK SENIOR EDITORS AND EXECUTIVES ONLY: Q.23 How much do you think reporters in your news organization share your professional values? A great deal, a fair amount, not much or not at all?

	SENIOR EDITORS AND EXECUTIVES												
	National		Local		Internet	National		Local		National		Local	
	2007	1999	2007	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Exec	Sr.
	2007	1999	2007	1999	2007	2007	2007	2007	2007	2007	2007	2007	2007
A great deal	55	53	38	31	38	61	46	39	37	74	51	47	31
A fair amount	36	41	56	58	48	28	46	56	56	21	39	48	62
Not much	5	3	4	8	12	7	2	5	4	0	6	3	5
Not at all	0	1	1	1	0	0	0	0	1	0	0	2	0
DK/Refused	4	2	1	3	2	4	5	0	1	5	4	0	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

	National		Local		Internet	National		Local		National		Local	
	2007	1999	2007	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Exec	Sr.
	2007	1999	2007	1999	2007	2007	2007	2007	2007	2007	2007	2007	2007
Q.23 N	98	119	137	144	52	57	41	66	71	19	79	60	77

ASK ALL:Q.24 All things considered, what is the higher priority of your news organization's top management? [READ AND ROTATE]

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Serving the public interest	49	47	45	51	45	46	49	74	47	46	65	52	34
Financial performance	46	45	51	46	46	48	42	21	49	48	28	42	56
DK/Refused	5	8	4	3	8	7	9	5	4	6	7	6	9
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.25 Over the past three years, has financial pressure at your news organization increased, decreased or stayed the same?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Increased	76	80	79	87	61	88	73	68	75	77	75	73	88
Decreased	3	2	3	2	4	2	2	11	1	3	2	4	1
Stayed the same	19	16	17	9	33	9	22	21	20	19	22	19	9
DK/Refused	2	2	2	2	2	2	3	0	4	1	2	4	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.26 On balance, do you think the rise of the internet will strengthen or weaken the traditional values of journalism, or have no effect?

	National			Local			National			Local			
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Strengthen	41	34	49	34	49	28	40	53	52	32	35	35	33
Weaken	42	45	30	44	39	55	35	32	33	49	42	48	44
No effect	14	16	18	19	8	13	20	16	14	15	20	12	18
DK/Refused	3	4	3	2	3	4	5	0	1	4	3	5	5
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.27A AND Q.27B OPEN-ENDED RESULTS SHOWN AT THE END OF THE TOPLINE

ASK ALL: Q.28 For each of the following, please indicate whether you think it is a major reason, a minor reason, or not a reason some types of news media have lost audience or readership. [READ IN ORDER] a. The press does not pay enough attention to stories that are meaningful to average Americans

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	33	39	41	41	49	42	36	34	32	43	38	47	37	28	42	44	38
Minor reason	42	38	40	38	35	40	40	42	42	40	37	21	43	44	43	35	38
Not a reason	22	21	18	18	14	18	23	22	23	16	21	32	16	24	13	16	23
DK/Refused	3	1	2	2	2	0	1	3	3	1	4	0	4	3	2	5	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

b. The public is not interested in serious news

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	35	30	22	24	24	26	31	35	35	27	22	26	24	44	20	19	31
Minor reason	36	36	42	36	43	43	40	38	34	44	29	58	34	34	43	32	35
Not a reason	26	33	35	37	32	31	28	25	28	28	46	16	37	21	35	44	33
DK/Refused	3	1	1	2	1	0	1	2	3	1	3	0	5	2	2	4	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

c. Specialized news outlets allow people to get only the news they want

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007		
Major reason	57	45	40	55	42	40	53	55	59	52	58	53	49	62	42	58	59
Minor reason	34	43	43	33	40	50	31	35	32	35	30	37	37	31	48	30	26
Not a reason	6	10	17	10	17	9	14	6	6	12	9	11	9	4	8	8	13
DK/Refused	3	2	1	2	1	0	2	3	3	2	3	0	5	2	2	4	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

d. News organizations focus too much on sensational stories and scandals

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	42	37	34	43	39	28	60	20	48	47	30	48	28	27	43
Minor reason	37	38	44	39	42	47	25	51	37	32	47	32	50	49	36
Not a reason	17	23	19	17	19	22	10	28	11	21	16	17	20	19	19
DK/Refused	4	1	3	1	1	2	5	2	4	0	6	2	2	4	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

e. News coverage is too boring and static for a fast-paced society

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	18	15	25	22	19	18	18	33	18	11	25	15	23	27	25
Minor reason	50	45	44	41	47	54	44	47	42	53	39	56	50	38	45
Not a reason	29	39	27	35	32	26	34	17	37	37	32	27	23	31	26
DK/Refused	3	1	4	2	2	2	4	3	4	0	4	3	3	4	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

f. Americans are too busy these days

	National		Local		Internet	National		Local		National			Local		
	2007	2004	2007	2004	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
						2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	47	47	51	50	44	47	47	55	48	37	38	55	45	55	53
Minor reason	36	34	33	32	42	38	34	33	34	63	37	31	40	34	30
Not a reason	14	18	12	16	13	14	15	11	14	0	22	12	13	8	15
DK/Refused	2	1	3	1	1	2	3	2	4	0	4	2	2	4	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

g. People have a wider range of choices for their news

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Major reason	81	84	82	82	79	85	84	84	82	80	78	87	86
Minor reason	15	11	14	14	18	13	10	16	11	18	18	8	9
Not a reason	2	2	3	2	1	3	2	0	3	2	0	3	3
DK/Refused	2	2	1	2	2	0	5	0	4	1	3	3	2
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.29 Given the rise of the internet, some say traditional journalists have lost their role as the gatekeepers of news and information. Others say that even with the rise of the internet, journalists still serve as the gatekeepers. Which of these comes closer to your view?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Journalists have lost their role as news gatekeepers	32	34	39	30	35	33	34	21	33	34	42	22	38
Journalists still serve as news gatekeepers	64	63	58	66	63	67	60	79	63	63	57	71	61
DK/Refused	3	3	3	4	2	0	6	0	4	3	2	6	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

IF 1 IN Q.29, ASK:Q.30a On balance, do you think journalists losing their role as gatekeepers is generally good or generally bad for society?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Generally good for society	25	30	50	29	21	43	19	25	38	17	28	35	29
Generally bad for society	68	65	46	66	71	48	81	75	54	76	68	65	63
Don't know/refused (VOL.)	7	5	4	5	9	10	0	0	8	7	4	0	7
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.30a N	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
	72	83	46	38	34	40	43	4	26	42	25	17	41

IF 2 IN Q.29, ASK:Q.30b On balance, do you think journalists continuing to serve as gatekeepers is generally good or generally bad for society?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Generally good for society	95	95	93	98	92	98	93	87	94	97	91	98	95
Generally bad for society	3	3	7	1	5	1	4	7	4	1	6	2	2
Don't know/refused (VOL.)	2	2	0	1	3	1	3	7	2	1	3	0	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.30b N	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
	143	155	68	82	61	80	75	15	50	78	34	55	66

ASK ALL:Q.31 If you had a son or daughter, would you like to see him or her go into journalism as a career, or not?

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Yes	63	53	57	62	64	49	58	79	62	61	68	56	44
No	32	40	39	32	32	44	36	16	30	35	27	38	49
DK/Refused	5	7	4	6	4	7	6	5	8	3	5	6	7
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.32 AND Q.33 OPEN-ENDED RESULTS SHOWN AT THE END OF THE TOPLINE

ASK ALL:ROTATE Q.34 AND Q.35 Q.34 Thinking about the future of newspapers, how long do you think most newspapers will continue printing on paper? [READ IN ORDER]

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Less than 10 years	17	20	17	11	25	9	30	26	20	14	15	18	24
10 to 20 years	48	42	44	50	45	41	43	32	43	53	42	45	40
More than 20 years	32	34	37	35	28	48	22	42	34	29	42	31	32
DK/Refused	3	4	2	4	2	3	5	0	3	4	2	5	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.35 Thinking about the future of television news, how long do you think all three major networks - ABC, CBS and NBC - will continue to broadcast a nightly national newscast? [READ IN ORDER]

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Less than 10 years	42	29	39	44	39	33	26	53	43	40	35	36	20
10 to 20 years	30	38	36	25	37	38	38	37	30	29	32	31	45
More than 20 years	23	30	21	26	19	28	33	11	23	25	32	27	31
DK/Refused	5	3	3	5	5	3	4	0	4	6	2	5	3
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Q.36 How often do you, yourself, hear from your readers, listeners or viewers? Would you say...[READ IN ORDER]

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
				2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Every day	37	69	64	37	38	65	74	47	46	31	77	81	57
Several times a week	31	20	20	34	26	24	17	32	30	31	17	9	31
A few times a month	24	8	12	22	28	11	5	21	16	30	5	6	10
A few times a year	3	0	3	2	3	0	0	0	1	4	0	0	0
Less often	2	0	0	2	3	0	1	0	3	2	0	0	1
DK/Refused	3	2	1	3	2	0	4	0	4	2	2	4	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

ATTEND Do you go to church, synagogue or some other place to worship... (READ CHOICES)

	National				Local				Internet	National		Local		National			Local		
	2007	2004	1999	1995	2007	2004	1999	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
										2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Every week	8	13	14	10	14	22	22	18	10	9	7	13	16	11	13	5	15	12	16
Almost every week	9	9	5	9	12	14	10	17	8	12	6	9	15	11	9	10	15	13	10
Once or twice a month	12	12	15	13	11	7	15	12	5	7	18	10	12	11	15	10	10	13	10
A few times a year	39	42	41	44	31	32	30	34	31	36	42	32	31	58	32	40	28	25	38
Never	29	23	23	23	27	24	23	18	45	34	23	34	21	11	29	31	25	32	25
DK/Refused	3	1	1	1	4	1	0	0	2	2	4	3	5	0	3	4	7	5	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

IDEOL How would you describe your political thinking. Would you say you are:

	National			Local			Internet	National		Local		National			Local		
	2007	2004	1995	2007	2004	1995	2007	Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
								2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Very liberal	8	4	2	2	2	2	5	9	6	3	2	5	1	12	0	4	3
Liberal	24	29	20	21	21	12	34	26	21	25	17	11	20	28	5	25	27
Moderate	53	54	64	58	61	64	46	50	56	53	62	63	59	47	73	52	53
Conservative	6	7	4	13	11	17	8	2	10	14	13	5	10	3	18	10	13
Very conservative	2	0	1	1	1	1	1	4	0	0	2	5	0	3	0	1	1
DK/Refused	8	5	8	5	4	4	6	8	7	4	6	11	9	6	3	8	4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

OPEN-ENDED QUESTION RESPONSES TO Q.1, Q.2, Q.27a, Q.27b, Q.32 and Q.33.

Q.1 What do you feel is the most important problem facing journalism today? (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO JOURNALISM “IN GENERAL.”)

	National			Local			Internet	National		Local	
	2007	2004	1999	2007	2004	1999	2007	Print	Broadcast	Print	Broadcast
								2007	2007	2007	2007
ECONOMIC/BUSINESS PRESSURES (NET)	55	30	25	52	35	25	48	68	38	66	38
Business model issues/Economic survival/Getting Web to pay for journalism	16	--	--	8	--	--	13	26	4	14	2
Other economic/business (misc.)	11	1	--	9	2	--	10	17	4	17	2
Lack of resources/Financial cutbacks	10	8	3	11	9	4	12	10	11	13	9
Too much bottom line emphasis/Profit	8	5	8	5	9	7	7	8	8	7	4
Declining audience/Attracting audience	8	9	14	10	8	11	7	10	5	17	4
Staffing problems/Not enough trained journalists	7	5	*	11	3	6	4	10	4	11	12
Commercialization/Ratings focus	3	3	6	4	4	6	3	0	7	0	7
Corporate ownership and consolidation	3	5	2	3	4	2	4	2	4	3	4
Not enough time to do good work	1	1	--	2	2	--	0	1	0	2	3
QUALITY OF COVERAGE (NET)	22	41	44	21	33	39	25	19	26	10	31
Sensationalism/Tabloid/Infotainment	6	8	8	5	5	12	3	3	10	1	8
Lack investigative journalism/assertiveness	6	3	--	2	4	--	4	8	4	1	3
Other quality of coverage (misc.)	5	7	2	6	3	*	6	5	6	3	9
Reporting accurately/factually	2	8	10	2	10	10	2	2	3	1	3
News not relevant/Out of touch	2	7	12	2	7	6	5	2	2	2	2
Dumbing down of news	2	--	--	1	--	--	1	2	2	2	1
Lack of depth/context	1	6	--	4	4	--	5	0	3	1	7
Lack of objectivity/balanced stories	1	5	12	1	4	6	1	1	0	1	1
Quality of writing	1	1	3	1	1	3	0	0	1	0	2
Lack of restraint	0	2	8	0	*	5	1	0	0	0	0
Follow fads/Pack journalism	0	1	4	0	0	3	0	0	0	0	0
MEDIA ENVIRONMENT (NET)	20	15	24	18	7	19	18	15	26	20	17
Competition with websites/No longer gatekeepers	9	--	--	5	--	--	3	4	14	5	6
24/7 News cycle	4	2	4	2	0	3	1	3	5	2	2
Need to adapt to changes in tech society	3	3	--	7	2	--	13	5	1	10	3
Too much competition/fragmentation	3	5	17	1	2	15	1	3	2	2	0
Negative impact of pressure to be first/rush to break news	3	5	--	4	2	--	2	2	4	2	6
Other media environment (misc.)	2	1	--	1	*	--	1	2	3	1	1
Too much news/Overload	1	2	6	*	1	3	0	1	1	0	1

Q.1 CONTINUED...	National			Local			Internet	National		Local	
								Print	Broadcast	Print	Broadcast
	2007	2004	1999	2007	2004	1999	2007	2007	2007	2007	2007
CREDIBILITY (NET)	9	28	30	9	23	34	9	6	11	11	6
ETHICS AND STANDARDS	3	5	11	4	6	10	3	2	3	3	4
CONFUSION BETWEEN OPINION AND REPORTING	2	3	4	2	1	3	2	0	5	0	4
PUBLIC LACKS INTEREST/APATHY	1	4	3	2	3	3	2	1	1	3	0
PUBLIC MISTAKES TABLOID TV FOR REGULAR NEWSCASTS	1	0	4	1	0	4	3	0	3	0	2
BLURRING DEFINITION OF JOURNALISM	1	--	--	2	--	--	0	1	0	1	2
LIMITS ON PRESS FREEDOM/GOVERNMENT INACCESSIBLE	1	3	--	4	3	--	1	1	2	2	6
UNDUE CRITICISM OF THE PRESS	1	2	--	*	*	--	0	0	1	1	0
ARROGANCE	0	*	1	0	0	0	1	0	0	0	0
OTHER	6	5	8	6	10	14	7	7	5	4	8
NONE	0	--	--	0	--	--	0	0	0	0	0
NO ANSWER	1	1	3	2	3	2	2	0	1	2	2

Q.2 What do you think journalism is doing especially WELL these days? (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO JOURNALISM "IN GENERAL.")

	National		Local		Internet	National		Local	
						Print	Broadcast	Print	Broadcast
	2007	2004	2007	2004	2007	2007	2007	2007	2007
MISCELLANEOUS (NET)	25	--	28	--	43	29	20	29	26
Adapting to the Web/Technology/Multimedia	17	5	22	2	27	22	11	24	20
Interacting with/Responding to/Being accessible to the public	4	--	3	--	15	5	3	2	4
Coverage of itself/Self-policing	2	2	*	3	3	2	2	1	0
Wide variety of media and sources	1	6	2	2	1	1	2	2	2
Fairness/Balance/Lack of bias	1	2	1	3	0	1	2	1	1
Diversity of viewpoints/Wide range of perspectives	1	2	1	5	2	0	2	2	1
Informing the public	1	2	0	3	0	1	0	0	0
Efficient/Does a lot with limited resources	1	1	1	1	0	1	0	0	2
Innovation in response to declining audience	0	1	*	1	0	0	0	1	0
COVERAGE OF SPECIFIC TOPICS (NET)	20	20	19	18	13	20	21	18	20
Local news and issues	7	1	12	9	2	12	1	12	13
Foreign reporting/International news	4	6	4	1	1	0	8	2	6
War/Terrorism/Foreign policy	3	9	1	4	0	1	6	0	2
Election/Politics	3	2	2	1	3	5	1	3	2
Entertainment/Cultural news	2	--	1	--	3	2	2	2	0

Q.2 CONTINUED...	National		Local		Internet	National		Local	
	2007	2004	2007	2004	2007	Print 2007	Broadcast 2007	Print 2007	Broadcast 2007
	Other topics (misc.)	2	3	1	3	5	2	1	2
Sports	1	0	*	1	2	1	2	1	0
Economic issues/Business news	1	1	0	1	1	1	1	0	0
National news	1	--	1	--	2	0	1	0	2
QUALITY OF COVERAGE (NET)	19	25	18	31	14	18	22	18	18
Other quality (misc.)	7	4	9	7	7	6	8	8	10
Insightful analysis/Explaining what is behind the news	6	3	2	3	3	6	5	3	1
Depth of coverage	2	4	2	2	1	2	2	1	3
Relevant to people's lives	2	3	2	5	1	2	2	1	2
Graphics/Color/Design/Presentation	2	1	2	3	3	2	2	3	0
Accuracy	1	2	0	1	0	1	2	0	0
Volume/Scope of coverage	1	5	0	6	0	0	1	0	0
Covering trends/changes	0	2	0	1	0	0	0	0	0
Good writing	0	1	1	2	0	0	0	2	1
Relevant to important issues of the day	0	1	1	1	0	0	0	1	2
TIMELINESS AND SPEED (NET)	19	23	16	24	10	18	21	12	20
Breaking news/Speed	17	19	15	17	9	17	17	12	18
On site live coverage	2	3	1	6	0	1	4	1	2
24-Hour news cycle	1	1	*	4	2	2	1	0	1
Adapting to the Web/Using multimedia	0	--	0	--	0	0	0	0	0
Other timeliness and speed (misc.)	0	*	0	0	0	0	0	0	0
WATCHDOG ROLE (NET)	15	11	16	7	9	18	11	23	9
Investigative reporting	9	7	9	3	8	9	8	15	3
Watchdog	6	4	6	5	3	8	4	8	5
Other watchdog (misc.)	1	--	2	--	0	2	0	3	2
OTHER (NET)	10	11	9	9	12	9	11	5	12
Other	6	--	4	--	7	6	7	2	6
Sarcastic comments (e.g. "making money")	4	--	5	--	5	3	4	3	6
NOT ANSWER (NET)	8	10	9	6	10	7	8	9	8
None/Not much/Nothing	5	--	4	--	6	3	6	5	3
No answer	3	--	5	--	4	4	2	4	5

IF “STRENGTHEN” (1 IN Q.26) ASK:

Q.27a Why do you feel that way? [**WEB VERSION:** Why do you think the internet will strengthen the traditional values of journalism?] (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO “HOW THE RISE OF THE INTERNET AFFECTS THE TRADITIONAL VALUES OF JOURNALISM”)

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print 2007	Broadcast 2007	Print 2007	Broadcast 2007	Exec 2007	Sr. 2007	Jour 2007	Exec 2007	Sr. 2007	Jour 2007
<i>Number of respondents:</i>	91	84	58	43	48	34	50	10	41	40	21	27	36
Provides transparency and accountability/Greater two-way relationship with audience/Relevant to audience	30	30	43	35	25	24	34	20	37	25	19	37	31
Allows journalists to provide more details/More in-depth/Variety	17	16	12	21	13	6	22	20	22	10	33	4	14
Quality news will stand out/news has to be high quality to stand out	11	8	16	12	10	15	4	10	12	10	10	7	8
Provides competition	10	20	5	5	15	29	14	20	7	10	19	15	25
Just another platform to with journalistic values should be applied	9	4	3	9	8	0	6	20	7	8	0	7	3
Makes journalism more accessible	9	2	5	9	8	0	4	10	5	13	0	4	3
Attracts young people/It's where the audience is	7	6	2	5	8	9	4	0	10	5	5	7	6
Encourages timeliness/immediacy	3	7	9	5	2	9	6	0	5	3	0	11	8
Great reporting tool	3	1	2	2	4	0	2	0	2	5	0	0	3
Other	14	10	17	16	13	12	8	20	12	15	19	11	3
No answer	2	4	7	2	2	3	4	0	0	5	5	4	3

IF “WEAKEN” (2 IN Q.26) ASK:

Q.27b Why do you feel that way? [**WEB VERSION:** Why do you think the internet will weaken the traditional values of journalism?] (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO “HOW THE RISE OF THE INTERNET AFFECTS THE TRADITIONAL VALUES OF JOURNALISM”)

	National	Local	Internet	National		Local		National			Local		
	2007	2007	2007	Print 2007	Broadcast 2007	Print 2007	Broadcast 2007	Exec 2007	Sr. 2007	Jour 2007	Exec 2007	Sr. 2007	Jour 2007
<i>Number of respondents:</i>	93	110	35	55	38	66	44	6	26	61	25	37	48
Pressure to post too quickly/No time for fact checking or in-depth reporting	31	30	14	40	18	30	30	17	27	34	12	32	38
Lacks sourcing information/Difficult to discern fact from rumor/No quality control/Lowers audience standards	22	25	23	18	26	20	32	33	27	18	28	24	23
Focuses on readers want, not what they need/Erodes public service journalism	11	1	11	11	11	0	2	0	12	12	0	0	2
Hurts financial model/Cannot support extensive news staffs	9	11	11	9	8	14	7	17	12	7	16	16	4
Online competitors don’t always live up to standards of fairness, accuracy/aren’t always qualified	9	6	6	11	5	9	2	0	4	12	8	5	6
Everyone has a voice/Takes control from journalists/Lack of editing or filters	7	8	9	4	11	8	9	17	4	7	8	8	8
Opinion often treated as fact	4	7	3	2	8	8	7	17	0	5	12	5	6
Favors the salacious and celebrity-driven story/Shallow and superficial	4	5	11	4	5	8	0	0	8	3	4	3	6
Audiences look only for what they are interested in/agree with	3	2	6	4	3	3	0	0	0	5	4	0	2
Other	16	11	17	11	24	11	11	17	15	16	12	11	10
No answer	2	4	3	2	3	3	5	0	4	2	4	3	4

IF “YES (1 IN Q.31) ASK:

Q.32 Why? [**WEB VERSION:** Why would you like to see a son or daughter go into journalism as a career?] (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO THE PROFESSION, NOT YOUR SPECIFIC PLACE OF EMPLOYMENT)

	National	Local	Internet	National		Local		National			Local		
				Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
<i>Number of respondents:</i>	140	131	67	78	62	59	72	15	49	76	41	43	47
Journalists can make a difference in/serve society and the public good/Journalism is key to democracy	36	41	31	40	31	46	36	53	41	29	42	44	36
It's challenging/intellectual/Offers a chance to witness history/Provides opportunity to learn many new things	20	15	19	15	26	12	18	13	22	20	10	16	19
Journalism is noble/honorable/an important calling	19	22	33	19	19	19	25	13	14	24	15	26	26
Journalism is exciting/interesting/fun	16	11	8	19	13	14	8	7	29	11	10	9	13
Journalism is satisfying/fulfilling/rewarding/meaningful work	14	15	13	18	10	17	13	13	16	13	7	21	15
Journalism needs bright, passionate young people	6	6	8	4	10	3	8	7	4	8	5	9	4
There will always be a place/jobs for people who provide good information and analysis or who can tell stories/be innovative or creative	4	7	0	6	2	10	4	0	10	1	12	7	2
It's a good or great job/industry/career/field/It's been great for me/I love my job	4	6	3	4	5	5	7	7	2	5	5	7	6
Other	20	14	18	19	21	15	13	7	10	29	20	7	15
No answer	4	5	5	4	5	3	6	7	0	7	10	2	2

IF “NO” (2 IN Q.31), ASK:

Q.33 Why not? [**WEB VERSION:** Why would you not like to see a son or daughter go into journalism as a career?] (OPEN-ENDED; RECORD VERBATIM RESPONSE; PROBE FOR CLARITY: INTERVIEWER NOTE: IF NECESSARY, Q REFERS TO THE PROFESSION, NOT YOUR SPECIFIC PLACE OF EMPLOYMENT)

	National	Local	Internet	National		Local		National			Local		
				Print	Broadcast	Print	Broadcast	Exec	Sr.	Jour	Exec	Sr.	Jour
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
<i>Number of respondents:</i>	71	98	46	40	31	53	45	3	24	44	16	29	53
Uncertainty/Decline facing the industry/Difficult transitions	52	45	33	70	29	51	38	33	54	52	50	45	43
Low pay/Can earn more in another field/Job insecurity	28	32	28	30	26	36	27	33	25	30	38	21	36
Long hours/Many demands/Stress/Hard on personal and family life	13	18	11	10	16	6	33	0	17	11	6	28	17
Profession not about journalism anymore because of rise of infotainment and/or bottom-line pressures	9	9	4	8	10	8	11	0	8	9	0	14	9
Journalism is no longer noble/effective/It's not a good way to serve the public/It's not fulfilling/doesn't demand respect	7	8	20	5	10	8	9	0	8	7	6	7	9
Other	18	16	28	10	29	17	16	33	13	21	44	10	11
No answer	4	2	2	3	7	4	0	0	8	2	0	7	0