

The State of the News Media 2011

An Annual Report on American Journalism

Overview

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

By several measures, the state of the American news media improved in 2010.

After two dreadful years, most sectors of the industry saw revenue begin to recover. With some notable exceptions, cutbacks in newsrooms eased. And while still more talk than action, some experiments with new revenue models began to show signs of blossoming.

Among the major sectors, only newspapers suffered continued revenue declines last year—an unmistakable sign that the structural economic problems facing newspapers are more severe than those of other media. When the final tallies are in, we estimate 1,000 to 1,500 more newsroom jobs will have been lost—meaning newspaper newsrooms are 30% smaller than in 2000.

Beneath all this, however, a more fundamental challenge to journalism became clearer in the last year. The biggest issue ahead may not be lack of audience or even lack of new revenue experiments. It may be that in the digital realm the news industry is no longer in control of its own future.

News organizations — old and new — still produce most of the content audiences consume. But each technological advance has added a new layer of complexity—and a new set of players—in connecting that content to consumers and advertisers.

In the digital space, the organizations that produce the news increasingly rely on independent networks to sell their ads. They depend on aggregators (such as Google) and social networks (such as Facebook) to bring them a substantial portion of their audience. And now, as news consumption becomes more mobile, news companies must follow the rules of device makers (such as Apple) and software developers (Google again) to deliver their content. Each new platform often requires a new software program. And the new players take a share of the revenue and in many cases also control the audience data.

That data may be the most important commodity of all. In a media world where consumers decide what news they want to get and how they want to get it, the future will belong to those who understand the public's changing behavior and can target content and advertising to snugly fit the interests of each user. That knowledge — and the expertise in gathering it — increasingly resides with technology companies outside journalism.

In the 20th century, the news media thrived by being the intermediary others needed to reach customers. In the 21st, increasingly there is a new intermediary: Software programmers, content

aggregators and device makers control access to the public. The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader shaping its business.

Meanwhile, the pace of change continues to accelerate. Mobile has already become an important factor in news. A new survey released with this year's report, produced with Pew Internet and American Life Project in association with the Knight Foundation, finds that nearly half of all Americans (47%) now get some form of local news on a mobile device. What they turn to most there is news that serves immediate needs – weather, information about restaurants and other local businesses, and traffic. And the move to mobile is only likely to grow. By January 2011, 7% of Americans reported owning some kind of electronic tablet. That was nearly double the number just four months earlier.

The migration to the web also continued to gather speed. In 2010 every news platform saw audiences either stall or decline — except for the web. Cable news, one of the growth sectors of the last decade, is now shrinking, too. For the first time in at least a dozen years, the median audience declined at all three cable news channels.

For the first time, too, more people said they got news from the web than newspapers. The internet now trails only television among American adults as a destination for news, and the trend line shows the gap closing. Financially the tipping point also has come. When the final tally is in, online ad revenue in 2010 is projected to surpass print newspaper ad revenue for the first time. The problem for news is that by far the largest share of that online ad revenue goes to non-news sources, particularly to aggregators.

In the past, much of the experimentation in new journalism occurred locally, often financed by charitable grants, usually at small scale. Larger national online-only news organizations focused more on aggregation than original reporting. In 2010, however, some of the biggest new media institutions began to develop original newsgathering in a significant way. Yahoo added several dozen reporters across news, sports and finance. AOL had 900 journalists, 500 of them at its local Patch news operation (it then let go 200 people from the content team after the merger with Huffingtonpost). By the end of 2011, Bloomberg expects to have 150 journalists and analysts for its new Washington operation, Bloomberg Government. News Corp. has hired from 100 or 150, depending on the press reports, for its new tablet newspaper, The Daily, though not all may be journalists. Together these hires come close to matching the jobs in 2010 we estimate were lost in newspapers, the first time we have seen this kind of substitution.

A report in this year's study also finds that new community media sites are beginning to put as much energy into securing new revenue streams — and refining audiences to do so — as creating content. Many also say they are doing more to curate user content.

Traditional newsrooms, meanwhile, are different places than they were before the recession. They are smaller, their aspirations have narrowed and their journalists are stretched thinner. But their leaders also say they are more adaptive, younger and more engaged in multimedia presentation, aggregation,

blogging and user content. In some ways, new media and old, slowly and sometimes grudgingly, are coming to resemble each other.

The result is a news ecology full of experimentation and excitement, but also one that is uneven, has uncertain financial underpinning and some clear holes in coverage. Even in Seattle, one of the most vibrant places for new media, “some vitally important stories are less likely to be covered,” said Diane Douglas who runs a local civic group and considers the decentralization of media voices a healthy change. “It’s very frightening to think of those gaps and all the more insidious because you don’t know what you don’t know.” Some also worry that with lower pay, more demands for speed, less training, and more volunteer work, there is a general devaluing and even what scholar Robert Picard has called a “de-skilling” of the profession.

Among the features in this, the eighth edition of the State of the News Media produced by the Pew Research Center’s Project for Excellence in Journalism, is a report on how American newspapers fare relative to those in other countries, two reports on the status of community media, a survey on mobile and paid content in local news, and a report on African American media. The chapters this year have also been reorganized and streamlined: each is made up now of a Summary Essay and a longer, separate By the Numbers section where all the statistical information is more easily searchable and interactive.

Keep reading to see the report’s major trends and key findings.

Major Trends

Each year, this report also identifies key trends. In addition to the growing significance of third-party players in shaping the future of news, six stand out entering 2011:

The news industry is turning to executives from outside. The trend has a scattered history. The complex revenue equation of news — that it was better to serve the audience even to the irritation of advertisers that paid most of the bills — tended to trip up outsiders. It spelled the end, for instance, of Mark Willes at Times Mirror when he let advertisers dictate content. With the old revenue model broken, more companies are again looking to outsiders for leadership. One reason is new owners. Seven of the top 25 newspapers in America are now owned by hedge funds, which had virtually no role a few years ago. The age of publicly traded newspaper companies is winding down. And some of the new executives are blunt in their assessments. John Paton, the new head of Journal Register newspapers told a trade group in December: “We have had nearly 15 years to figure out the web and, as an industry, we newspaper people are no good at it.” A question is how much time these private equity owners will give struggling news operations to turn around. One of these publishers told PEJ privately that he believed he had two years.

Less progress has been made charging for news than predicted, but there are some signs of willingness to pay. The leading study on the subject finds that so far only about three dozen newspapers have moved to some kind of paid content on their websites. Of those, only 1% of users opted to pay. And some papers that moved large portions of content to subscription gave up the effort. A

new survey released for this report suggests that under certain circumstances the prospects for charging for content could improve. If their local newspaper would otherwise perish, 23% of Americans said they would pay \$5 a month for an online version. To date, however, even among early adopters only 10% of those who have downloaded local news apps paid for them (this doesn't include apps for non-local news or other content). At the moment, the only news producers successfully charging for most of their content online are those selling financial information to elite audiences — the Financial Times is one, the Wall Street Journal is another, Bloomberg is a third — which means they are not a model that will likely work for general interest news.

If anything, the metrics of online news have become more confused, not less. Many believe that the economics of the web, and particularly online news, cannot really progress until the industry settles on how to measure audience. There is no consensus on what is the most useful measure of online traffic. Different rating agencies do not even agree on how to define a “unique visitor.” Does that denote different people or does the same person visiting a site from different computers get counted more than once? The numbers from one top rating agency, comScore, are in some cases double and even triple those of another, Nielsen. More audience research data exist about each user than ever before. Yet in addition to confusion about what it means, it is almost impossible get a full sense of consumer behavior — across sites, platforms, and devices. That leaves potential advertisers at a loss about how to connect the dots. In March 2011, three advertising trade groups, supported by other media associations, announced an initiative to improve and standardize confusing digital media metrics called Making Measurement Make Sense, but the task will not be easy.

Local news remains the vast untapped territory. Most traditional American media —and much of U.S. ad revenue — are local. The dynamics of that market online are still largely undefined. The potential, though, is clear. Already 40% of all online ad spending is local, up from 30% just a year earlier. But the market at the local level is different than nationally and requires different strategies, both in content creation and economics. Unlike national, at the local level, display advertising — the kind that news organizations rely on — is bigger than search, market researchers estimate. And the greatest local growth area last year was in highly targeted display ads that many innovators see as key to the future. Even Google, the king of search, sees display as “our next big business,” as Eric Schmidt, its CEO, told the New York Times in September.

The nature of local news content is also in many ways undefined. While local has been the area of greatest ferment for nonprofit startups, no one has yet cracked the code for how to produce local news effectively at a sustainable level. The first major concept in more traditional venues, the push toward so-called “hyperlocalism,” proved ill-conceived, expensive and insufficiently supported by ads. Yahoo's four-year old local news and advertising consortium has shown some success for certain participants but less for others. There are some prominent local news aggregators such as Topix and Examiner.com, and now AOL has entered the field with local reporting through Patch. Whether national networks will overtake small local startups or local app networks will mix news with a variety of other local information, the terrain here remains in flux.

The new conventional wisdom is that the economic model for news will be made up of many smaller and more complex revenue sources than before. The old news economic model was fairly simple. Broadcast television depended on advertising. Newspapers on circulation revenue and a few basic advertising categories. Cable was split half from advertising and half from cable subscription fees. Online, most believe there will be many different kinds of revenue. This is because no one revenue source looks large enough and because money is divided among so many players. In the biggest new revenue experiment of 2010, the discount sales coupon business led by Groupon, revenue can be split three ways when newspapers are involved. On the iPad, Apple gets 30% of the subscription revenue and owns the audience data. On the Android system, Google takes 10%. News companies are trying to push back. One new effort involves online publishers starting their own ad exchanges, rather than having middlemen to do it for them. NBC, CBS and Forbes are among those launching their own, tired of sharing revenue and having third parties take their audience data.

The bailout of the auto industry helped with the media's modest recovery in 2010. One overlooked dimension in the year past: a key source of renewed revenue in news in 2010 was the recovery in the auto industry, aided by the decision to lend federal money to save U.S. carmakers. Auto advertising jumped 77% in local television, 22% in radio and 17% in magazines. The other benefactor of the news industry, say experts, was the U.S. Supreme Court: Its Citizens United decision allowing corporations and unions to buy political ads for candidates helped boost political advertising spent on local television to an estimated \$2.2 billion, a new high for a midterm campaign year.

Keep reading to see the report's key findings.

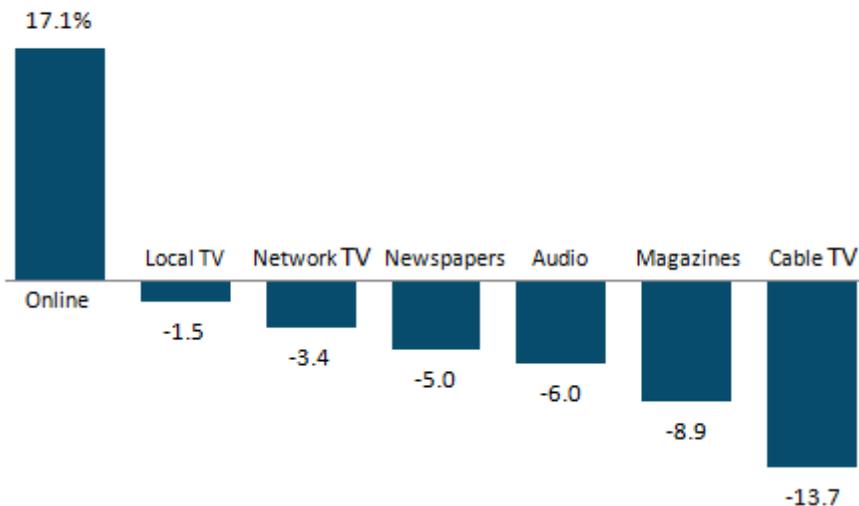
Key Findings

Audience

People are spending more time with news than ever before, according to Pew Research Center survey data, but when it comes to the platform of choice, the web is gaining ground rapidly while other sectors are losing. In 2010, digital was the only media sector seeing audience growth. And cable news joined the ranks of older media suffering audience decline.

Audiences Turn to Web

Percentage Change in Audience, 2009-2010



Source: Nielsen Media Research, Pew Research Center for the People & the Press, Audit Bureau of Circulations. ¹

Digital: In December 2010, 41% of Americans cited the internet as the place where they got “most of their news about national and international issues,” up 17% from a year earlier. When it came to any kind of news, 46% of people now say they get news online at least three times a week, surpassing newspapers (40%) for the first time. Only local TV news is a more popular platform in America now (50%). The new wild card in digital is mobile. A new survey released as part of the State of the News Media find finds that 47% of Americans now say they get some kind of local news on mobile devices such as cellphones or other wireless devices (such as iPads). As of January 2011, just 7% of Americans owned electronic tablets, according to our new survey, but that is nearly double from four months prior; and 6% of American adults have e-readers.

Cable News: That activity may explain one other change in the sociology of news consumption in 2010. The audience for cable news in the last year declined substantially. In aggregate, the median viewership fell 13.7% across the entire day in 2010. Prime-time median viewership fell even more, 16% to an average of 3.2 million, according to PEJ’s analysis of Nielsen Market Research data. Daytime fell 12%.

And for the first time in the dozen years we’ve monitored this segment, every channel was losing. CNN suffered most. Its median prime-time viewership fell 37% to 564,000 viewers, and MSNBC beat it in total viewers during prime time for the first time. But Fox fell, too, 11%, and MSNBC declined 5%.

Network News: If the losses were new to cable, they were not for network broadcast news. Audiences for almost every network news program fell again in 2010. Evening news audiences fell by 752,000 viewers, or 3.4%, from 2009 and have been on a downward trend for three decades. Network evening news is, however, still an extraordinarily powerful source of information in America. Some 21.6 million people on average watched one of the three programs each night. That is roughly four times the combined number watching each cable news channel’s highest-rated program. In the morning, an average of 12.4 million people tuned in each day over the year, 3% fewer than in 2009. That is the sixth consecutive year of losses. The PBS NewsHour averaged 1.1 million viewers nightly during the 2009-10 season, basically unchanged from the year before.

Newspapers: Print circulation also continued to decline in 2010. Weekday circulation fell 5% and Sunday fell 4.5% year-to-year for the six-month period ending September 30. There is some good news in those numbers, however. The losses in 2009 were double that. Online audience, though imprecisely measured, did grow some, and many papers can claim their overall audience is bigger than ever, but the data suggest that it did not fully compensate for print losses industrywide. One survey, by the Pew Research Center for the People & the Press, finds the total audience that reads newspapers, in print and online, at least three times a week dropped by six percentage points over the last two years. By this count, 40% of Americans report reading a newspaper in any form, down from 46% in 2008 and 52% in 2006. The number of those who reported reading “yesterday” print and online now sits at 37%, down two percentage points from 2008.

Magazines: Circulation for the six news magazines in our report fell 8.9%. By far the largest portion of that, subscriptions, fell 8.6%, but that number is controlled, based on how much magazines want to spend to “buy” readers. Newsstand sales, which is a smaller component, dropped 17.7%. Circulation for the magazine industry as a whole dropped 1.5%.

Audio: Of all the traditional media, the audience for AM/FM radio has remained among the most stable. In all, 93% of Americans listened to AM/FM radio at some point during the week in 2010, according to data from Arbitron, and this has dropped only three percentage points in the last decade. News may have suffered more. According to the Pew Research Center for the People and the Press, 16% of Americans say they get most of their national and international news from radio, down 6% from 2009. And 34% of Americans said they got some news on the radio “yesterday,” down from 43% in 2000. NPR, by contrast, has flourished as commercial all-news radio programming has become scarcer. NPR’s audience grew 3% in 2010, according to NPR internal data, to 27.2 million a week. That is up 58% since 2000.

But the biggest change in radio listening may be just ahead. A good deal of radio listening occurs in cars, and we are on the brink of internet radio being widely available there for the first time. Toyota is including Pandora in its multimedia system in all new models in mid-2011. Pandora also signed a deal with Pioneer that would put its online radio service in at least six other car manufacturers by the end of 2011. People may be ready. More than quarter of Americans (27%) said they were “very interested” in online radio in the car in 2010; this is up 17 percentage points from 2009.

Local TV News: The one traditional media platform that possibly could claim some good news on audience was local TV. At network affiliates, viewership continued to decline in all the traditional time slots (i.e. 5-7AM, 5-7PM, 11-11:30PM), across all sweeps periods, this year an average of 1.5%. Fox affiliate newscasts lost viewers in both their basic timeslots – local morning newscasts lost 1% and prime-time news lost 4.9%. But stations of all types added audience at the new early timeslot of 4:30 a.m.; stations in 69 cities had news that early, up from 28 a year earlier. And 7 p.m. audiences, where some stations are adding news, are also growing. Finally, there is some evidence that viewership gains at independent stations offering news may now compensate for the loss of audience at network

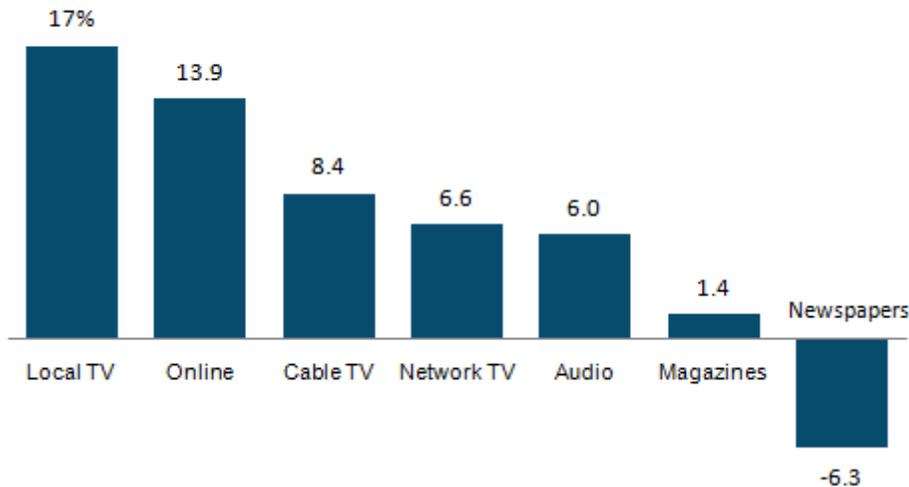
affiliates, meaning that the overall audience for local news, because of more news being available, has roughly held steady.

Economics

Every sector of the news media we study saw revenues grow above the levels of a dismal 2009 except for one: Newspaper revenues fell again, a sign that its structural problems of the print newspaper are more severe than any other media sector.

Advertising Revenues Bounce Back for Most

Percentage Change in Revenue, 2009-2010



Source: SNL Kagan, eMarketer, Kantar Media, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey.²

Newspapers We estimate that advertising revenues at newspaper organizations fell by 6.4% in 2010 from the year before. That compares to a drop of 26% in 2009. We estimate print newspaper ad revenue at \$22.8 billion, with roughly \$3 billion more for online. (After our report was published, the Newspaper Association of America released its final tally and put the drop at 6.3%.) Going back, that means newspaper ad revenue is down 48% in four years. Circulation revenue, though the final estimates are not yet calculated, is expected to be flat or down marginally, after falling 10% from 2003 to 2009. Contrary to what those who have already written print's obituary may think, newspapers generally are still operating in the black. Typical profit margins hovered around 5%, according to our analysis. That is less than a quarter of what they were in the 1990s. With revenues declining, it means that newspapers are surviving largely by managing costs. Though difficult to measure, our analysis suggests that about half the fall-off in ad revenue now is due to declines in the size of the print audience delivered to advertisers. Not only is the total number of ads decreasing, but with such smaller audiences, newspapers are not able to charge to as high a rate.

Digital: The economics of the web hit a milestone in 2010. For the first time, more money was spent on online advertising than on print newspaper advertising. Online advertising overall grew 13.9% to \$25.8 billion in 2010, according to data from eMarketer. A challenge for news organizations is that much of this online ad spending, 48%, is in search advertising, little of which finances news. Banner ads, where news organizations currently get most of their online ad revenue, make up less than half that — or 23%

of all online ad spending. There was, though, in 2010 some development in more sophisticated banner ads that might attract greater advertising.

Mobile ad spending still amounts to just 3% of total online ad spending (\$743 million), but it increased an impressive 79% in 2010. User fees have not seen this kind of growth yet. Fewer news organizations than expected moved to paid content models in 2010, and consumers paying for news apps are still rare. Just 10% of those who use an app for local news had paid for it, according to new survey data released in this report.

Cable News: Despite declining audiences, revenues for each of the cable news channels were projected to increase in 2010 a total of 10.7% across the three networks: Fox grew 17% to \$1.5 billion, CNN and HLN 5% to \$1.2 billion, and MSNBC was up 7% to \$383 million. Ad revenue was up 8.4%. Cable derives half its revenue from subscription fees, which are set in long-term contracts and thus are somewhat recession-proof. Less than 1% of households, research suggests, dropped cable subscriptions in 2010, despite a difficult economy. And in the targeted world of cable, demographics are critical. SNL Kagan estimates that the financial channel CNBC, though its audiences are small, would generate \$723 million in revenue, up 7% over 2009 and nearly double the amount brought in by MSNBC and rivaling the broadcast revenues of NBC TV news (all three are owned by NBC Universal).

Network News: PEJ estimates that the three networks news divisions each saw ad revenue growth between 5% and 7% in 2010, benefiting from a more robust ad environment than 2009, even though declining audiences put pressure on how much programs can charge. NBC, thanks to its multiplatform structure developed some years ago, continues to be in the strongest position. In early 2011, CBS looked to cable for new leadership, tapping Bloomberg TV executive David Rhodes to become president of CBS News. ABC News was projected to make a profit in 2010, thanks largely to cutbacks of 25% in staffing.

Local TV News: Among traditional media, local TV may have had the best year financially. Revenue rose 17%, exceeding projections, thanks in part to a 77% increase in auto advertising and a record \$2.2 billion in political advertising for the midterm elections. Local stations also brought in \$1.34 billion from online and mobile advertising in 2010, up 8% from the year before, according to Borrell Associates. Nonetheless, when adjusted for inflation, average station revenue has still dropped by almost half in just the past nine years.

Audio: Traditional radio also regained its financial footing in 2010. Revenue grew 6%, after a drop of 18% a year earlier. But its ventures into newer media aren't fairing as well. HD Radio, once the hope of traditional broadcasters to gain new audience and advertisers, looks to be failing. Only 31% of Americans had even heard of it, and the number of stations converting to HD has dropped sharply. Satellite radio, out of bankruptcy now, picked up with revenue growth of 12%.

Magazines: In print magazines the number of ad pages sold across the industry overall was flat in 2010 (-0.1%), after steep declines in 2008 (11.7%) and in 2009 (25.6%). News magazines fared slightly better with an increase in ad pages of 1.4%. Much of that growth came from niche publications, while general-

interest publications have had a harder time, according to Publishers Information Bureau. The year no doubt would have been tougher had ad pages not increased in the automotive category by 16.9%. But 2010 is probably earmarked as much as anything by the sale of Newsweek for a dollar and the assumption of debt by audio magnate Sidney Harman. Newsweek, according to its sales prospectus, lost \$85 million (before pension credit) in 2008 and 2009 combined and was on track to lose \$22 million in 2010.

News Investment

In general, traditional American newsrooms are substantially smaller than they were a decade ago, although in 2010 the cutbacks eased off. What is occurring now, however, is investment in new quarters. Online publications such as AOL's Patch and Yahoo are growing. So is Bloomberg Government (at bgov.com), a new spate of products covering government aimed at audiences no longer served by the mainstream press. In a sense, resources are shifting both to the net, and particularly to destinations aimed at niche and elite audiences that will pay this content. Specialized audiences can also attract elite advertising.

Cable: For the first time, Fox surpassed CNN in total dollars spent on the news. The market researcher SNL Kagan projected Fox would spend \$686 million in 2010 to CNN/HLN's \$672 million. CNN, however, still maintained a bigger news infrastructure than its competitors, with 47 bureaus, domestic and foreign, in 2010. Fox, which spends more of its money on hosts, had 17 bureaus or offices. MSNBC, which uses NBC News bureaus, had access to 21 editorial offices, according to information from the channels.

Network News: The network news divisions already much smaller and more mobile than just a few years ago, continued to adjust their news division strategies. At ABC, outgoing news president David Westin cut the staff by 25%, or close to 400 people, before stepping down at the end of 2010, trying to move the news division toward one-person mobile journalists. CBS started the year with some layoffs, too, but generally held steady, and in early 2011 named a new management team to run its news division. NBC, after several years of cutbacks, also held steady in 2010, but went through major ownership change. It remains to be seen how its new owner, Comcast, will regard the news division, which includes MSNBC TV, CNBC, CNBC International and NBC News.

Newspapers: In newspapers, the bloodletting seemed to have eased somewhat. After losing close to a third of its editorial ranks in the previous decade, and 11,000 in just three years, the nation's newspapers trimmed only marginally in 2010. We estimate losses of about 1,100 to 1,500 people, or 3% to 4%. By recent standards, that is an improvement, although it leaves the largest newsrooms in the most American cities bruised and necessarily less ambitious than they were a decade ago.

Online: After years of building largely in the realm of curation and aggregation, online news entities invested in news gathering. By one count, even before acquiring Huffington Post (which has an editorial staff of 70 to 80, of which an estimated 18 produce content and the rest aggregate and curate), AOL had hired 900 employees over the summer 2010 (it then let go 200 people from the content team after the merger with Huffington Post). Bloomberg's new Washington operation, Bloomberg Government, expects to number 150 journalists and analysts by the end of 2011, doubling Bloomberg's Washington

bureau and making it the biggest in the capital. The Bloomberg Government model melds journalists and expert analysts to produce an editorial product that combines news, data, analysis and analytic tools. The universe of local new media is becoming more robust as well. With 14 full-time journalists, Texas Tribune, the new nonprofit-funded operation in Austin, now makes up a third of the Texas Statehouse reporting corps and obviously the largest contingent. That, however, partly reflects the decline in traditional media. Tribune Editor Evan Smith says the number of reporters covering the statehouse has shrunk by two-thirds in the 20 years he has been in the state.

Ownership

Four events stand out in the changing media landscape this year.

NBC: In January 2011, Comcast, the nation's largest cable TV company, finally completed taking control of NBC Universal, cementing one of the largest media mergers in recent history. In the works for more than a year, the deal gave Comcast 51% control of NBCU for a cost of \$14 billion. That leaves General Electric with a 49% stake after its purchase of French company Vivendi's 20% share of the company. Under Comcast's management now are NBCU's broadcast, cable and online news brands, along with its entertainment divisions, theme parks and unconsolidated investments. NBC president Jeff Zucker is gone, replaced by Steve Burke, Comcast's chief operating officer. Comcast has publicly talked about maintaining the integrity of NBC News. It denied having any part in the decision to dismiss MSNBC's liberal prime-time host, Keith Olbermann. But there are signs that some of the brand issues left over from GE's stewardship may be a concern going forward. One internal memo from MSNBC.com talked about rebranding the website for fear that the site's general news orientation would be confused with the point-of-view programming on its corresponding cable channel.

Newsweek: On Nov. 12, 2010, Newsweek magazine and The Daily Beast web publication agreed to merge operations into a new company — the Newsweek Daily Beast Company. Daily Beast editor-in-chief Tina Brown became the editor of both entities. The merger was the second transition in just a few months for the beleaguered Newsweek. Four months earlier, Newsweek's longtime owner, the Washington Post Company, had sold the magazine to audio magnate Sidney Harman for \$1 and the assumption Newsweek's extensive debt. After searching for months to find a new editor for Newsweek, Harman decided to pursue a multimedia partner for the weekly news magazine. Brown, a high-profile editor with successful stints at Vanity Fair and the New Yorker, said: "I see Newsweek and the Daily Beast as a marriage between Newsweek's journalistic depth and the vibrant versatility The Daily Beast has reached on the web." The first issue of the revamped Newsweek magazine is scheduled for spring 2011.

AOL: In February 2011, one of the web's oldest companies, AOL, purchased one of the youngest, Arianna Huffington's brainchild, the Huffington Post for \$315 million. AOL is already a major player in online news, AOL News is the third- or fourth-most-visited news site on the web (depending on the measurement company) and HuffingtonPost.com is No. 8. While HuffingtonPost's revenue is relatively small, around \$31 million in 2010, relative to AOL's \$2.4 billion, AOL gets to roll a top-10 news destination into its wider content, and more importantly advertising, network. Huffingtonpost.com

benefits from becoming part of a larger network, using AOL's network to reach more consumers and attract larger and more diverse advertisers.

Philadelphia: On Oct. 8, 2010, a collection of 32 financial institutions called Philadelphia Media Network took control of the Philadelphia Inquirer, the Philadelphia Daily News and the website Philly.com, ending an acrimonious 20-month bankruptcy battle for control for the Philadelphia region's dominant news source. The new company replaced Philadelphia Media Holdings, a local investors group led by Brian P. Tierney, which bought the newspapers and the website for \$515 million from McClatchy in 2006. When the company declared bankruptcy in early 2009, it owed senior lenders about \$318 million. Eventually, there were two auctions for the company, one in April 2010 and another in September 2010. Both ended with the company's senior lenders winning with a bid of about \$139 million. Greg Osberg, a former publisher of Newsweek, became president and chief executive officer. Osberg immediately reduced the company's staff by 5% and removed a number of top managers, including Inquirer editor William K. Marimow. Over the next few months, Osberg instituted content, design and product changes that he said were "designed to make us more competitive in the new media landscape."

Footnotes

1. The **cable** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the combined median total day viewership (individuals 2 and older) of CNN, MSNBC and Fox News. The **online** figure is based on a December 2010 survey conducted by the Pew Research Center for People and the Press. The **network** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the mean evening news viewership (individuals 2 and older) of NBC, CBS and ABC. The **local TV** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the average morning news (5-7AM E.T.), early evening news (5-7PM E.T.) and late evening news (11-11:30PM E.T.) combined viewership (individuals over the age of 2) for ABC, CBS, Fox and NBC affiliates (for the three sweeps measured, May, July, November). The **magazine** figure is based PEJ's analysis of circulation data provided by the Audit Bureau of Circulations. It represents the average circulation full year of 2010, compared to 2009, for six news magazines studied by PEJ: Time, Newsweek, The Economist, The Atlantic, The Week, and the New Yorker. The **newspaper** figure is based on circulation data provided by the Audit Bureau of Circulations. It represents average circulation for 400 U.S. newspapers during a six-month period ending September 30, 2010, compared to the same period a year earlier. The **radio** figures are based on a December 2010 survey conducted the Pew Research Center for the People & The Press.
2. **Cable** figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2009 and 2010, provided by SNL Kagan, a division of SNL Financial LLC. **Online** figures are total online display ad revenues, from January to September 2010, compared with the same period in 2009, provided by eMarketer. **Network** figures are based on revenue estimates for network television ads from January to September 2010, compared with the same period in 2008, provided by Kantar Media. **Radio** figures are based on AM/FM advertising revenues from January 2009 to January 2010,

compared with the same period in 2008-2009, provided by the Radio Advertising Bureau. **Magazine** figures are based on ad pages sold – not revenue – provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. **Newspaper** estimates for print and online ad revenue combined are derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association. After our report was published, the Newspaper Association of America released its final tally and put the drop at 6.3%. **Local TV** figures are based on revenue estimates for local and national spot advertising on local TV from January to December 2010, compared with the same period in 2009, provided by BIA/Kelsey.

See end of document for executive summary.

Press Alert

Woes go Beyond Audience, Economics: Journalism Losing Control of Future

March 14, 2011—The state of the U.S. news media improved in 2010, at least in comparison with a dismal 2009. Newspapers were the only major media sector to see continued ad revenue declines, down 6.4%. (After our report was published, the Newspaper Association of America released its final tally and put the drop at 6.3%.) But as online news consumption continues to grow—it surpassed print newspapers in ad revenue and audience for the first time in 2010—a more fundamental challenge to journalism also became clearer. The news industry in the digital realm is no longer in control of its own future, according to the State of the News Media **report** from the Pew Research Center’s Project for Excellence in Journalism.

Online, news organizations increasingly depend on independent networks to sell their ads, on aggregators and social networks to deliver a substantial portion of their audience, and now, as news consumption becomes more mobile, on device makers (such as Apple) and software developers (Google) to distribute their content. And the new players take a share of the revenue and in many cases, also control the audience data.

“In a world where consumers decide what news they want and how they want to get it, the future belongs to those who understand the audience best, and who can leverage that knowledge with advertisers,” said PEJ Director Tom Rosenstiel. “Increasingly that knowledge exists outside of news companies.”

These are some of the conclusions in the eighth annual **State of the News Media report**, which takes a comprehensive look at the health and status of the American news media. This year’s study includes detailed looks at the eight major sectors of media. The special reports this year include a survey about the role of mobile technology in news consumption and the willingness of people to pay for their local newspaper online, a look at emerging economic models in community news and a study of how the U.S. newspaper business is faring compared with other nations.

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

Interactive, users can explore PEJ's comprehensive content analysis of media performance based on 52,613 stories from 2010.

Among the study's key findings:

- **Mobile has already become an important factor in news.** Nearly half of all Americans (47%) now get some form of local news on a mobile device, according to a new survey in this year's report, produced by PEJ with Pew Internet and American Life Project in partnership with the Knight Foundation. As of January 2011, 7% of Americans reported owning some kind of electronic tablet, nearly double the number four months earlier. But the movement to mobile doesn't guarantee a revenue source. To date, even among early adopters, only 10% of those who have downloaded local news apps paid for them.
- **Online outpaces newspapers.** Fully 46% of people now say they get news online at least three times a week, surpassing newspapers (40%) for the first time. Only local TV news is a more popular platform in America now (50%). In another milestone, more money was spent on online advertising than on newspaper advertising in 2010: Online advertising overall grew 13.9% to \$25.8 billion in 2010, according to data from eMarketer. While eMarketer does not offer a print ad revenue figure, we estimate the newspaper took in \$22.8 billion in print ad revenue in 2010. (We estimate online ad revenue at newspapers to be about \$3 billion.)
- **Online news hires may have matched newspaper cuts for the first time.** Large national online-only news operations began to get into the creation of original reporting in a significant way in 2010. AOL hired nearly 1,000 employees, over half of whom went to the new local news venture Patch.com. Bloomberg Government expects to number 150 journalists and analysts by the end of 2011, doubling Bloomberg's Washington bureau and Yahoo added several dozen reporters across news, sports and finance. These hiring increases appeared to have compensated for the 1,000 to 1,500 job losses the study estimates the newspaper industry suffered in 2010.
- **More grim news for newspapers.** The newspaper sector endured another year of revenue and audience declines. Advertising revenues fell by roughly 6.4% in 2010 from the year before. Weekday circulation fell 5% and Sunday fell 4.5%. Seven of the top 25 newspapers in the United States are now owned by hedge funds, which had virtually no role in the industry a few years ago. Many of these new owners are turning to other outsiders to turn the business around. One potential silver lining is the finding that 23% of Americans said they would pay \$5 a month for an online version of their local paper if the print version were to perish.
- **Every media sector is losing audience now except online.** For the first time in at least a dozen years, the median audience declined at all three cable news channels. CNN suffered most with median prime-time viewership, falling 37% in 2010; Fox lost 11%, and MSNBC 5%. In aggregate, the median viewership fell 13.7% across the entire day in 2010. Prime-time median viewership fell even more, 16% to an average of 3.2 million, according to PEJ's original analysis of Nielsen Market Research data. Daytime fell 12%.

- **Local TV wins 2010 revenue race.** Among traditional media, local TV may have had the best year financially. Revenue rose 17%, exceeding projections, thanks in part to a 77% increase in auto advertising and a record \$2.2 billion in political advertising for the midterm elections. And, to boost audience, local TV has added newscasts at 4:30 AM in 69 cities; more than double the startups in that time slot a year ago. Nonetheless, when adjusted for inflation, average station revenue has still dropped by almost half in the past nine years.
- **AM FM radio listening may be on the brink of a major change—and decline.** Radio has remained among the most stable media platforms, largely because AM and FM remained the primary listening format in automobiles. That may be about to change. Toyota is about to put online radio in all its models and Pandora has made an agreement with Pioneer that would include its online radio service in the cars of at least six additional auto manufacturers by the end of 2011. Meanwhile, Audio's foray into HD radio seems to be failing. Only 31% of Americans have even heard of it and the number of stations converting to HD dropped substantially in 2010.
- **Auto industry bailout added to media's modest recovery.** One overlooked dimension in the year past: a key source of renewed news revenue in 2010 was the recovering auto industry, thanks in part to the federal bailout for Detroit. In 2010, auto advertising jumped 77% in local television, 22% in radio and 17% in magazines. The other benefactor of the news industry, say experts, was the U.S. Supreme Court: Its Citizens United decision allowing corporations and union to buy political ads for candidates helped boost political advertising spent on local television to an estimated \$2.2 billion, a new high for a midterm campaign year.

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

Follow PEJ on Twitter: <http://twitter.com/PEJPew> and search for Pew Research Center's Project for Excellence in Journalism on Facebook

Survey: Mobile News & Paying Online

By Tom Rosenstiel and Amy Mitchell of the Pew Research Center's Project For Excellence in Journalism and Lee Rainie and Kristen Purcell of the Pew Research Center's Internet and American Life Project, in partnership with the Knight Foundation

Summary of Findings

Local news is going mobile. Nearly half of all American adults (47%) report that they get at least some local news and information on their cellphone or tablet computer.

What they seek out most on mobile platforms is information that is practical and in real time: 42% of mobile device owners report getting weather updates on their phones or tablets; 37% say they get material about restaurants or other local businesses. These consumers are less likely to use their mobile devices for news about local traffic, public transportation, general news alerts or to access retail coupons or discounts.

One of the newest forms of on-the-go local news consumption, mobile applications, are just beginning to take hold among mobile device owners.

Compared with other adults, these mobile local news consumers are younger, live in higher income households, are newer residents of their communities, live in nonrural areas, and tend to be parents of minor children. Adults who get local news and information on mobile devices are more likely than others to feel they can have an impact on their communities, more likely to use a variety of media platforms, feel more plugged into the media environment than they did a few years ago, and are more likely to use social media:

- 35% of mobile local news consumers feel they can have a big impact on their community (vs. 27% of other adults)
- 65% feel it is easier today than five years ago to keep up with information about their community (vs. 47% of nonmobile connectors)
- 51% use six or more different sources or platforms monthly to get local news and information (vs. 21%)
- 75% use social network sites (vs. 42%)
- 15% use Twitter (vs. 4%)

Tablets and smartphones have also brought with them news applications or “apps.” One-quarter (24%) of mobile local news consumers report having an app that helps them get information or news about their local community. That equates to 13% of all device owners and 11% of the total American adult population. Thus while nearly 5 in 10 get local news on mobile devices, just 1 in 10 use apps to do so. Call it the app gap.

These mobile app users skew young and Hispanic. They are also much more active news consumers than other adults, using more sources regularly and “participating” in local news by doing such things as sharing or posting links to local stories, commenting on or tagging local news content, or contributing their own local content online.

Many news organizations are looking to mobile platforms to provide new ways to generate revenue in local markets. The survey suggests there is a long way to go before that happens. Currently, only 10% of adults who use mobile apps to connect to local news and information pay for those apps. This amounts to just 1% of all adults.

When it comes to payments for news more broadly, 36% of adults say they pay for local news content in some form – be it for their local print newspaper, for an app on their mobile device or for access to special content online. The vast majority of those who pay for local news, 31% in all, are paying for local print newspaper subscriptions and only a fraction are paying for apps or for access online to local material.

One question in the news industry is whether the willingness to pay for online content would grow if people faced the prospect of their local media not surviving otherwise. Pressed on the value of online access to their local newspaper, 23% of survey respondents say they would pay \$5 a month to get full access to local newspaper content online. When asked if they would pay \$10 per month, 18% of adults say yes. Both figures are substantially higher than the percentage of adults (5%) who currently pay for online local news content. Nonetheless, roughly three-quarters say they would not pay anything.

Asked the value of their local newspaper, respondents are divided. Just under a third (28%) say the loss of the local newspaper would have a major impact on their ability to keep up with local information. Another 30% say it would have a minor impact. But the plurality — 39% — say the loss of the newspaper would have no impact.

This survey is being released as a part of the Project for Excellence in Journalism’s 2011 State of the News Media Report. These results come from a national phone survey of 2,251 American adults (age 18 or more) in English and Spanish. Some 750 of the interviews were conducted on cellphone. The margin of error for the full sample is +/- 2 percentage points.

Part 1: Mobile news takes off

The rise of mobile digital devices has already altered the environment of local news and information. Traditional news organizations and other community-based information providers are trying to respond to audience interest with pervasive, portable, real-time local information. To understand this changing

information environment, the Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project conducted a national survey in partnership with the Knight Foundation. The survey used both landline and cellphones. The survey was conducted in English and Spanish from January 12 to 25, 2011, and involved 2,251 adults ages 18 and older. Our aim was to explore the role that cellphones and tablet computers play in people's patterns of consuming and contributing to community information. A major share of the funding for the survey came from the John S. and James L. Knight Foundation; its senior leaders participated in constructing the survey and assessing the data.

Cellphone usage has already penetrated deep into American society. Fully 84% of American adults own a cellphone, a figure that has remained relatively stable since mid-2008. Now tablets are spreading quickly as well. Indeed, the survey finds that tablet computers such as the iPad, which have existed less than a year, have become one of the most quickly adopted consumer goods of the recent era; tablet penetration almost doubled in just four months' time, from 4% to 7% now. (As virtually all iPad owners are also cellphone users, the total population of mobile device owners (cellphone and/or tablet users) is 84%.

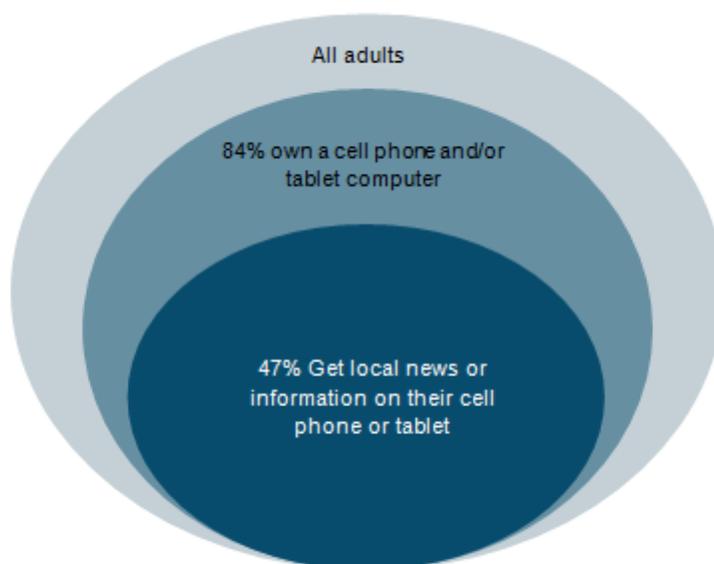
Two-thirds of cellphone users take advantage of mobile phone features such as texting, e-mailing, web browsing and "apps" (software applications that allow mobile device users to play games, access web content and access media or data). Only a third of Americans now say they use their cellphones just for phone calls, according to the survey.

Some local news goes mobile

The majority of those of who own a cellphone or tablet computer (56%) get some kind of local news and information on their mobile devices. That equates to 47% of all adults.

Half of All Adults Get Local News or Information On a Cellphone or Tablet Computer

The Percentage of Each Group



Adults tend to use mobile devices to get local news and information that serve an immediate need. We asked specifically about the kinds of local information

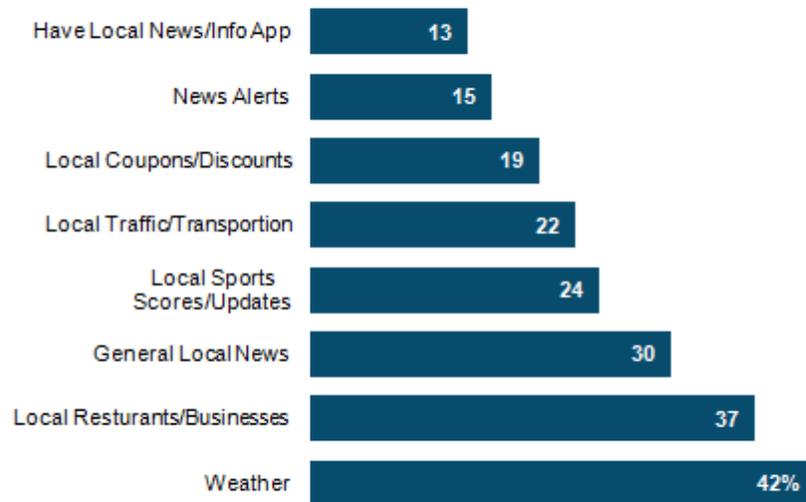
Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

obtained through mobile devices. The most sought-after material was local weather. About 4 in 10 mobile phone and tablet owners (42%) use their mobile device to access local weather information. That represents 36% of all American adults.

The next biggest category among cellphone and tablet owners was information on restaurants or other local businesses (37%). General local news came next (30%), followed by other news such as up-to-the minute information of local sports scores (24%) and the latest local traffic and transportation (22%).

What Types of Local News and Information Do Adults Get on Mobile Devices?

The Percentage of Cell or Tablet Owners [n=1,965] Who Get Each Type of Information on Their Mobile Device...



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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Mobile access to coupons and discounts from local businesses, on the other hand, has yet to be used widely. The same is true for local news alerts.

Respondents were also asked a separate series of questions about what sources they rely on most for a wide range of local news areas. This list of areas asked about included crime, community events, schools and education, politics and cultural events and social services. Just a small fraction cited a mobile device as a primary source for any of these. Thus, for now, the data indicate that mobile devices are mainly a supplemental platform for local news and information, not a primary source.

Who consumes local information on the go?

Adults who consume local news on the go reflect many of the same traits as owners of mobile devices: They are disproportionately young, affluent, highly educated and live in non-rural communities. This group also tilts towards newer residents of their communities.

Younger users are also more likely than others to use their mobile devices for specific types of local news and information. The one exception is among those receiving local news alerts sent by text or e-mail to mobile devices. Here, mobile device-owning adults age 30-49 are slightly ahead of those 18-29. Still, the results suggest that if these patterns hold as people age, mobile is likely to become a much more powerful factor in news consumption.

Demographics of Mobile Local Information Consumers

The Percentage of Adults in Each Group Who Use Their Cell or Tablet Computers to Get Local News and Information

Total	47%
Age	
18-29	70
30-49	63
50-64	33
65+	8
Race/Ethnicity	
White, non-Hispanic	45
Black, non-Hispanic (n=229)	51
Hispanic (n=189)	52
Household Income	
Less than \$30,000	39
\$30,000-\$49,999	47
\$50,000-\$74,999	52
\$75,000+	67
Education level	
Less than High School (n=46)	25
High School Diploma	40
Some College	56
College+	58
Parent of minor	
Minor child	64
No minor child	40
Community type	
Urban	48
Suburban	50
Rural	38
Amount of time in the community	
5 or fewer years	58
6-20 years	51
21+ years	29

Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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In addition, among cell/tablet owners, those with higher household incomes and higher levels of educational attainment are more likely to use their mobile devices to get these kinds of local information. Overall, 63% of college graduates who own cellphones or tablets get local news and information on their mobile devices, compared with just 37% of cell/tablet users who have not completed high school. Likewise, 7 in 10 cell/tablet owners (70%) with household incomes of at least \$75,000 get local news on their mobile devices, compared with just over half of cell/tablet users with incomes below that level (54%).

Mobile users are plugged into their communities in special ways

Those who use their cellphones or tablet computers to get local news are more enthusiastic in some respects than others about their communities and the role they play there. They are also more likely to feel that technology has made news consumption easier, and to take advantage of a wide range of

Young Adults Are More Likely to Get All Types of Mobile Information

The Percentage of Cell or Tablet Owners in Each Age Group Who Get Each Type of Information on Their Mobile Device...

	All Adults with Mobile Devices	Ages 18-29	Ages 30-49	Ages 50-64	Ages 65+
Check local weather reports	42%	64%	52%	26%	7%
Find local restaurants or other local businesses	37	55	47	22	6
Get info or news about my local community	30	47	37	19	4
Check local sports scores/updates	24	39	29	12	4
Get info about local traffic or public transportation	22	36	27	12	4
Get/use coupons or discounts from local stores	19	28	23	13	4
Get news alerts about local community sent by text or email to mobile device	15	17	21	11	3
Have an app on their mobile device that helps get info about local community	13	20	17	7	3
Yes to any of the above	56	77	69	39	13
	N=1,965	N=344	N=589	N=597	N=388

Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=1,181 for those who have mobile devices that can be used to get local information. Conducted in English and Spanish and included 750 cell phone interviews.

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media sources.

- More than a third (35%) of mobile local information consumers say they and others like them can have a *big* impact on their community. That compares with 27% of those who do not connect to their communities on their mobile devices who feel that level of personal efficacy.
- Nearly two-thirds of mobile local information connectors (65%) feel it is easier today than five years ago to keep up with information about their community. That compares with 47% of nonconnectors who feel that way.
- Half (51%) of mobile local news consumers report using six or more sources/platforms monthly to get local news and information. That is more than double the number (21%) for those who do not consume local information on their mobile devices.
- Among adults who are online, 75% of mobile local information connectors use social network websites vs. just 42% of those who do not get local information on their mobile device
- On-the-go local information connectors are almost four times more likely to be users of Twitter. Among adults who are online, 15% of on-the-go local information connectors use Twitter vs. just 4% of nonconnectors

Local news apps

The growth in tablet and smart phone use has brought with it a growing use of news applications, or apps. The adoption of apps, however, is not as rapid as tablets themselves. In the current survey, just over 1 in 10 mobile device owners (13%) report having an app that helps them get information or news about their local community. That equates to 11% of the total American adult population, and represents one-quarter (24%) of mobile local news consumers.

Some 89% of adults who have an app that helps them access local news or information got the app for free. Even among these avid local information consumers, just 10% paid for the app on their cellphone

or tablet computer. That amounts to 1% of the entire adult population. There are no notable demographic patterns in distinguishing those who pay for local apps versus those who download them for free. (See more on paying for local news in Section II of this report.)

In some ways, the quarter of mobile connectors who have apps for local news and information resemble early adopters, and in other ways they do not. For instance, while they skew younger than other cell owners and other adults in general, which is typical of early tech adoption, they also are more likely to be Hispanic than other cell owners. And while the most educated and highest earners often lead the way with new technologies, the pattern of local news app adoption across income and education categories is not as stark or consistent as is normally the case.

Demographics of Users Who Have Local News and Information Apps

The Percentage of Cell or Tablet Owners in Each Group Who...

	Get Local News/Info on Mobile Device	Have an App for Local News/Info
Total	56%	13%
Age		
18-29	77	20
30-49	69	17
50-64	39	7
65+	13	3
Race/Ethnicity		
White, non-Hispanic	53	12
Black, non-Hispanic (n=229)	58	14
Hispanic (n=189)	62	21
Household Income		
Less than \$30,000	52	12
\$30,000-\$49,999	54	17
\$50,000-\$74,999	57	11
\$75,000+	70	19
Education level		
Less than High School (n=46)	37	13
High School Diploma	51	10
Some College	62	13
College+	63	17
Parent of minor		
Minor child	71	17
No minor child	49	12
Community type		
Urban	57	14
Suburban	59	14
Rural	49	10

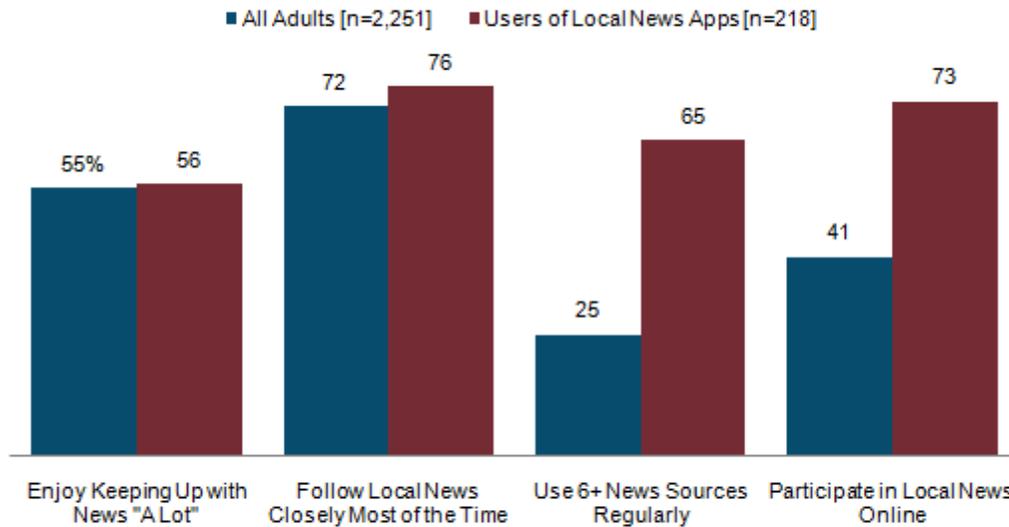
Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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One interesting feature of local app users is that they are not necessarily more interested in news in general, or in local news specifically. In fact, they are no more likely than other adults to say they enjoy keeping up with news "a lot" or say that they follow local news closely most of the time, even when nothing important is happening.

Local News App Users Are Not More Interested in News, Just More Active Consumers

The Percentage of Each Group Who...



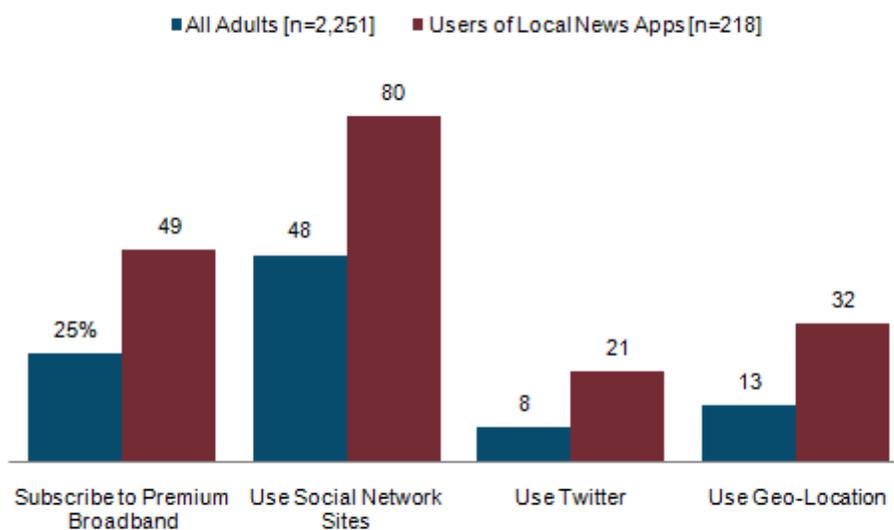
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Local News App Users are More High-Tech Than Other Adults

The Percentage of Each Group Who...



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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organizations, one of the most significant elements of mobile technology is its potential to offer new revenue opportunities. Until now, news producers have struggled to generate revenue in the digital

Part 2: Paying for local news

For news

sphere to support local news. A variety of factors have contributed to this — from the fact that small local businesses may not be as quick to adapt to online advertising to the inability of news organizations to charge users for content online. Many in the news and information business hope that mobile will change that. Mobile offers news firms the chance to offer advertisers geo-targeted ads based on a user’s immediate location. Some media executives also believe that tablets may improve the consumer’s interface with advertising by making it work more seamlessly with other content – as opposed to the way that display advertising on websites often annoys news consumers. The apps available on mobile devices also offer news companies what the browser environment has not — a chance to charge subscription fees for content.

In addition, local news is a largely untapped and undeveloped market for news companies. Many local advertisers such as restaurant owners or small-business people are not yet online. At the same time, technology companies like Google and Facebook are moving more heavily into soliciting and enabling local advertising.

The value of local news

To adjust to these changing circumstances, many news organizations are focusing new energy and resources on local news. They have reoriented staff away from national and international issues in order to expand operations in their own communities. One model of revenue generation that is garnering particular attention is the paid local app model. The local news apps used by 13% of adults who own mobile devices, or 11% of all adults, may encompass a wide range of applications, including locally focused news organizations, apps for broader sites like Craigslist that provide online classified ads organized by community, and even more specialized apps such as the Girl Scouts’ Cookie Locator App, which helps users find the nearest location to buy Girl Scout cookies.

Currently, only 10% of adults use mobile apps to connect to local news and information have paid for those apps, according to our survey. This represents only 1% of the total U.S. adult population. The vast majority access their local apps for free.

Paying for Local News

The Percentage of Adults Who...

Pay for local newspaper subscription	33%
Pay for a local news app	1
Pay for other local news content	5

Total pay for any local content	36%*
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**less than sum of categories due to multiple response*

Source: Pew Research Center’s Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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This reflects a broader trend captured in the survey. A series of questions measuring paid local news content revealed that just 36% of adults pay for any local news content. For the vast majority, that comes in the form of newspaper subscriptions. One in three adults (33%) report paying for a local

newspaper subscription; just 5% report paying for local news in some other form such as a blog or other online venue.

Could those numbers increase if circumstances change? To find out, the survey asked about the willingness of people to pay for an online subscription to their local newspaper if the paper otherwise could not survive. People were asked “If the only way to get full access to your local newspaper online on your computer, cell phone or other device was to pay a ... monthly subscription fee, would you pay it or not?” While currently 5% of adults report paying for local news content online, nearly a quarter (23%) say that they would be willing to pay at least a small amount if that were the only way to access their local newspaper.

The survey also probed to what extent price is a factor. Half of the sample was asked if they would pay \$10, and half of the sample was asked if they would pay \$5. Price did make some difference. While 23% said they would be willing to pay \$5 per month, that figure dropped to 18% among respondents who were asked if they would pay \$10 per month. In both questions, roughly three-quarters of adults say they would not be willing to pay for online access to their local newspaper, even if it was the only way to access the newspaper’s content. As one might expect, those who already pay for local news are significantly more likely to say they would pay a fee to access their local newspaper online.

Would You be Willing to Pay for Your Local Newspaper Online?

The Percentage of Each Group Who...

	All Adults	Already Pay for Local News	Do Not Currently Pay for Local News
Would be willing to pay \$5 per month	23%	32%*	18%
Would not pay this amount	74	63	79*
Would be willing to pay \$10 per month	18	24*	14
Would not pay this amount	78	67	84*

**indicates a statistically significant difference at the .95 confidence level*

Source: Pew Research Center’s Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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In what may be a positive sign to news organizations, adults who consume their news on mobile devices are more likely than other adults to say they would be willing to pay a fee. Mobile news consumers are almost twice as likely as other adults to say they would pay a \$5 monthly fee for access to their local newspaper online (30% vs. 17%). And among local app users, 38% are willing to pay that amount. There is less enthusiasm among mobile news consumers and local app users when the proposed fee is \$10 per month.

The demographics of this cohort willing to pay did not stand out as very different from the population overall. College graduates and adults with household incomes of at least \$75,000 are slightly more likely than the least educated and lowest income adults to say they would be willing to pay a monthly fee. And African-American (27%) and Hispanic (27%) adults are slightly more likely than white adults (18%) to be willing to pay a fee.

The perceived importance of local newspapers

Paying for the Local Newspaper Online

The Percentage of Each Group Who...

	All Adults	Mobile News Consumer	Not a Mobile News Consumer	Local App User	Not a Local App User
Would be willing to pay \$5 per month	23%	30%*	17%	38%*	21%
Would not pay this amount	74	67	79*	60	75*
Would be willing to pay \$10 per month	18	21*	15	24	17
Would not pay this amount	78	77	78	75	78
	N=2,251	N=945	N=1,306	N=218	N=2,033

*indicates a statistically significant difference at the .95 confidence level

Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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The flip side of the question of who would pay online and how much, perhaps, is how much people might miss their local newspaper if it were to disappear. By a small margin, more people would seriously miss the paper if it died than said they would be willing to pay for it online. In general, though, respondents were split on the whether their ability to keep up with what is happening in their communities would be affected.

When asked, "If your local newspaper no longer existed, would that have a major impact, minor impact, or no impact on your ability to keep up with information and news about their community?", the responses were as follows:

- 28% of adults said the loss of the newspaper would have a major impact on their ability to keep up with local information. Most likely to answer this way were adults over age 50, non-internet users, those who get news from multiple sources, those who had lived in the community more than 20 years and those who say they enjoy keeping up with the news.
- 30% said the loss of the newspaper would have a minor impact. This response was most common among adults from relatively high-income households and those with higher levels of educational attainment, adults who use multiple sources for news and mobile local news consumers.
- 39% said the loss of the newspaper would have no impact. Most likely to respond this way were younger adults (under age 50), those with broadband at home, those who say they do not enjoy getting news and those who usually get news from just one or two platforms.

Those who currently pay for news would miss the paper more. Close to half of those who currently pay for local news (43%) say loss of their paper would have a major impact on their ability to keep up with what is happening in their communities (not surprising as most who currently pay are paying for their local paper). Still, one in five of those who pay for local news (21%) say that losing their local newspaper would have no impact on their ability to keep up with local news and information.

How about those early mobile adapters? They would be far less bothered. Fully 42% said losing their local paper would have no impact on their ability to keep up with community news, and a third more said they the impact would be just minor.

Losing the Local Newspaper Matters Less to Mobile News Consumers

If My Local Newspaper No Longer Existed, That Would Have...

	All Adults	Mobile News Consumer	Not a Mobile News Consumer
A MAJOR impact on my ability to keep up with local news and information	28%	24	31*
A MINOR impact on my ability to keep up with local news and information	30	33*	28
NO Impact on my ability to keep up with local news and information	39	42*	36
	N=2,251	N=945	N=1,306

**indicates a statistically significant difference at the .95 confidence level*

Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

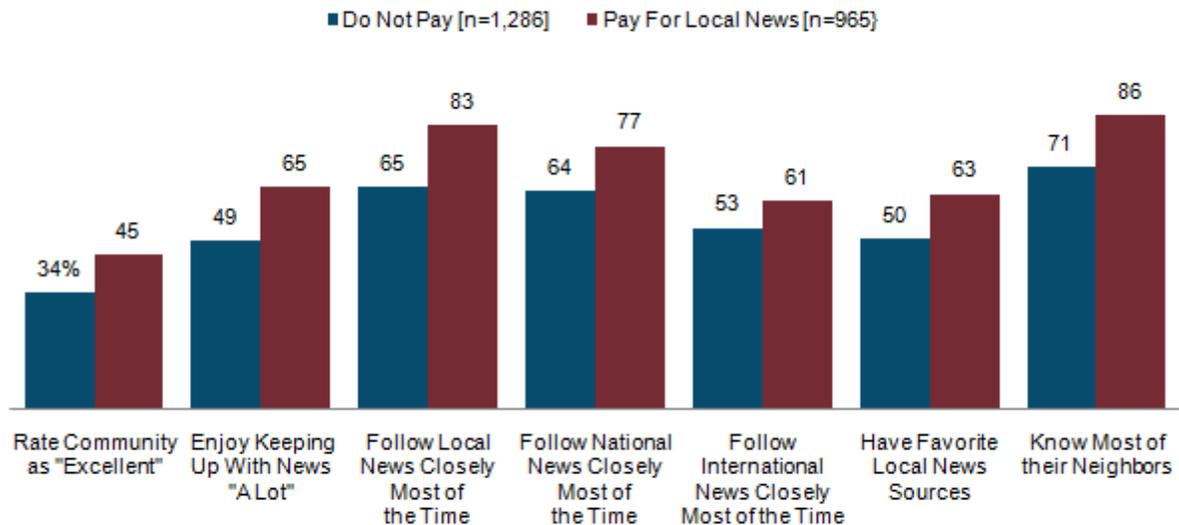
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Who pays for local news?

Who make up the people who currently pay for local news in some form or another? They are different from others in their community in some important ways. They are more likely than nonpayers to rate their community as excellent and to know their neighbors. They are also more likely to enjoy keeping up with news generally and to follow all kinds of news, including international and national news, closely most of the time. And while they are more likely to use a wider variety of news sources (40% use six or more on a regular basis, compared with 32% of other adults), they are also more likely to have a favorite local news source.

Adults Who Pay For Local News are More Likely to...

The Percentage of Each Group



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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Demographically, they are disproportionately white, female and older, and have higher household incomes and higher levels of educational attainment, and are more likely to be longtime community residents when compared with those who do not currently pay. Paying for local news is also much more common among adults who live in suburban or rural communities than among those who live in urban centers. These differences are almost entirely a reflection of the differences between who does, and does not, subscribe to their local newspaper.

Demographics of Adults Who Pay for Local News and Information

The Percentage of Adults in Each Group Who Use Their Cell or Tablet Computers to Get Local News and Information

Total	36%
Men	32
Women	39
Age	
18-29	20
30-49	28
50-64	44
65+	59
Race/Ethnicity	
White, non-Hispanic	43
Black, non-Hispanic (n=229)	18
Hispanic (n=189)	20
Household Income	
Less than \$30,000	26
\$30,000-\$49,999	35
\$50,000-\$74,999	39
\$75,000+	45
Education level	
Less than High School (n=46)	23
High School Diploma	36
Some College	34
College+	43
Parent of minor	
Minor child	64
No minor child	40
Community type	
Urban	29
Suburban	40
Rural	42
Amount of time in the community	
5 or fewer years	24
6-20 years	36
21+ years	51

Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cell phone interviews.

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Survey questions

Local News Survey 2011

Final Topline

1/28/11

Data for Jan. 12-25, 2011

Princeton Survey Research Associates International

for the Pew Research Center's Internet & American Life Project, the Project for Excellence in Journalism, and the John S. and James L. Knight Foundation

Sample: n= 2,251 national adults, age 18 and older, including 750 cell phone interviews

Interviewing dates: 01.12-25.2011

Margin of error is plus or minus 2 percentage points for results based on Total [n=2,251]

Margin of error is plus or minus 3 percentage points for results based on internet users [n=1,762]

Margin of error is plus or minus 3 percentage points for results based on cellphone users [n=1,964]

Margin of error is plus or minus 3 percentage points for results based on Form A [n=1,087]

Margin of error is plus or minus 3 percentage points for results based on Form B [n=1,164]

Q10 Thinking now just about your local newspaper... If your local newspaper no longer existed, would that have a MAJOR impact, a MINOR impact, or NO impact on your ability to keep up with information and news about your local community?

%	28	Would have MAJOR impact
	30	Would have MINOR impact
	39	Would have NO impact
	1	(DO NOT READ) No local newspaper
	1	(DO NOT READ) Don't know
	1	(DO NOT READ) Refused

Q11 If the only way to get full access to your local newspaper ONLINE on your computer, cell phone or other device was to pay a [FORM A: \$10 / FORM B: \$5] monthly subscription fee, would you pay it or not?

%	20	Yes, would pay monthly subscription fee
	76	No, would not
	*	Already pay fee for local online newspaper (VOL.)
	*	Already get print version and online access is included in cost (VOL.)
	*	Local newspaper not available online (VOL.)
	*	No local newspaper (VOL.)
	2	Don't know
	1	Refused

Q11b How much do you pay for online access to your local newspaper? [OPEN-END; RECORD DOLLAR AMOUNT AND WHETHER FEE IS PAID WEEKLY, MONTHLY, ANNUALLY]

Based on those who already pay a fee for a local online newspaper [N=5]

%	100	Gave answer
	0	Refused

Q21 Do you ever use your cellphone or tablet computer to... [INSERT; RANDOMIZE]?

Based on those who use their cell phone for more than just phone calls or have a tablet computer [N=1,181]

	YES, do this	NO, do not do this	(vol.) device can't do this	don't know	refused
Go online for information or news about your local community	45	55	*	0	*
Get information about local traffic or public transportation	33	67	*	0	0
Check local sports scores or get local sports updates	35	65	0	0	0
Check local weather reports	62	37	*	0	*
Find local restaurants or other local businesses	55	45	*	*	0
Get or use coupons or discounts from local stores or businesses	28	71	*	*	0

Q22 Do you ever get news alerts about your local community sent to your phone by text or e-mail?
Based on those who use their cellphone for more than just phone calls [N=1,147]

%	23	Yes
	77	No
	*	Don't know
	*	Refused

Q23 On your cellphone or tablet computer, do you happen to have any software applications, or "apps," that help you get information or news about your local community?

Based on those who use their cell phone for more than just phone calls or have a tablet computer
[N=1,181]

%	19	Yes
	79	No
	1	Don't know
	*	Refused

Q24 Have you PAID to download any apps that give you access to local information, or do you only have free local apps?

Based on those who have apps on their cellphone or tablet computer to get local information [N=218]

%	10	Paid for local app(s)
	89	Local app(s) free
	1	Don't know
	0	Refused

Q25 Do you currently have a PAID subscription for delivery of a local print newspaper?

%	32	Yes
	67	No
	*	Don't know
	*	Refused

Q26 Apart from a paid subscription for delivery of a local print newspaper, do you currently PAY to get local information or news from any other source, including a website, blog, or other online source?

%	5	Yes
	93	No
	1	Pay for internet access and get news online (VOL.)
	1	Pay for cable television (VOL.)
	*	Don't know
	*	Refused

Methodology

This report is based on the findings of a survey on Americans' use of the internet. The results in this report are based on data from telephone interviews conducted by Princeton Survey Research Associates International from Jan. 12 to 25, 2011, among a sample of 2,251 adults, age 18 and older. Telephone interviews were conducted in English and Spanish by landline (1,501) and cellphone (750, including 332 without a landline phone). For results based on the total sample, one can say with 95% confidence that the error attributable to sampling is plus or minus 2.4 percentage points. For results based Internet users (n=1,762), the margin of sampling error is plus or minus 2.7 percentage points. In addition to sampling error, question wording and practical difficulties in conducting telephone surveys may introduce some error or bias into the findings of opinion polls.

A combination of landline and cellphone random digit dial (RDD) samples was used to represent all adults in the continental United States who have access to either a landline or cellphone. Both samples were provided by Survey Sampling International, LLC (SSI) according to PSRAI specifications. Numbers for the landline sample were selected with probabilities in proportion to their share of listed telephone households from active blocks (area code + exchange + two-digit block number) that contained three or more residential directory listings. The cellphone sample was not list-assisted, but was drawn through a systematic sampling from dedicated wireless 100-blocks and shared service 100-blocks with no directory-listed landline numbers.

New sample was released daily and was kept in the field for at least five days. The sample was released in replicates, which are representative subsamples of the larger population. This ensures that complete call procedures were followed for the entire sample. At least seven attempts were made to complete an interview at a sampled telephone number. The calls were staggered over times of day and days of the week to maximize the chances of making contact with a potential respondent. Each number received at least one daytime call in an attempt to find someone available. For the landline sample, interviewers asked to speak with the youngest adult male or female currently at home based on a random rotation. If no male/female was available, interviewers asked to speak with the youngest adult of the other gender. For the cellphone sample, interviews were conducted with the person who answered

the phone. Interviewers verified that the person was an adult and in a safe place before administering the survey. Cellphone sample respondents were offered a post-paid cash incentive for their participation. All interviews completed on any given day were considered to be the final sample for that day.

Weighting is generally used in survey analysis to compensate for sample designs and patterns of nonresponse that might bias results. A two-stage weighting procedure was used to weight this dual-frame sample. The first-stage weight is the product of two adjustments made to the data – a Probability of Selection Adjustment (PSA) and a Phone Use Adjustment (PUA). The PSA corrects for the fact that respondents in the landline sample have different probabilities of being sampled depending on how many adults live in the household. The PUA corrects for the overlapping landline and cellular sample frames.

The second stage of weighting balances sample demographics to population parameters. The sample is balanced by form to match national population parameters for sex, age, education, race, Hispanic origin, region (U.S. Census definitions), population density and telephone usage. The white, non-Hispanic subgroup is also balanced on age, education and region. The basic weighting parameters came from a special analysis of the Census Bureau’s 2010 Annual Social and Economic Supplement (ASEC) that included all households in the continental United States. The population density parameter was derived from Census 2000 data. The cellphone usage parameter came from an analysis of the January-June 2010 National Health Interview Survey. [

1. Blumberg SJ, Luke JV. Wireless substitution: Early release of estimates from the National Health Interview Survey, January-June 2010. National Center for Health Statistics. December 2010.]

Following is the full disposition of all sampled telephone numbers:

Table 2: Sample Disposition

Landline	Cellphone	
29,846	13,498	Total Numbers Dialed
1,365	270	Nonresidential
1,425	28	Computer/Fax
2	—	Cellphone
13,829	4,988	Other not working
1,664	152	Additional projected not working
11,561	8,060	Working numbers
38.7%	59.7%	Working Rate

555	51	No Answer/Busy
2,815	1,943	Voice Mail
60	11	Other Non-Contact
8,131	6,055	Contacted numbers
70.3%	75.1%	Contact Rate
514	780	Callback
6,018	3,995	Refusal
1,599	1,280	Cooperating numbers
19.7%	21.1%	Cooperation Rate
53	36	Language Barrier
—	478	Child's cellphone
1,546	766	Eligible numbers
96.7%	59.8%	Eligibility Rate
45	16	Break-off
1,501	750	Completes
97.1%	97.9%	Completion Rate
13.4%	15.5%	Response Rate

The disposition reports all of the sampled telephone numbers ever dialed from the original telephone number samples. The response rate estimates the fraction of all eligible respondents in the sample that were ultimately interviewed. At PSRAI it is calculated by taking the product of three component rates:

Contact rate – the proportion of working numbers where a request for interview was made

Cooperation rate – the proportion of contacted numbers where a consent for interview was at least initially obtained, versus those refused

Completion rate – the proportion of initially cooperating and eligible interviews that were completed

Thus the response rate for the landline sample was 13.4 percent. The response rate for the cellphone sample was 15.5 percent.

Why U.S. Newspapers Suffer More than Others

Laura Houston Santhanam and Tom Rosenstiel of the Project for Excellence in Journalism

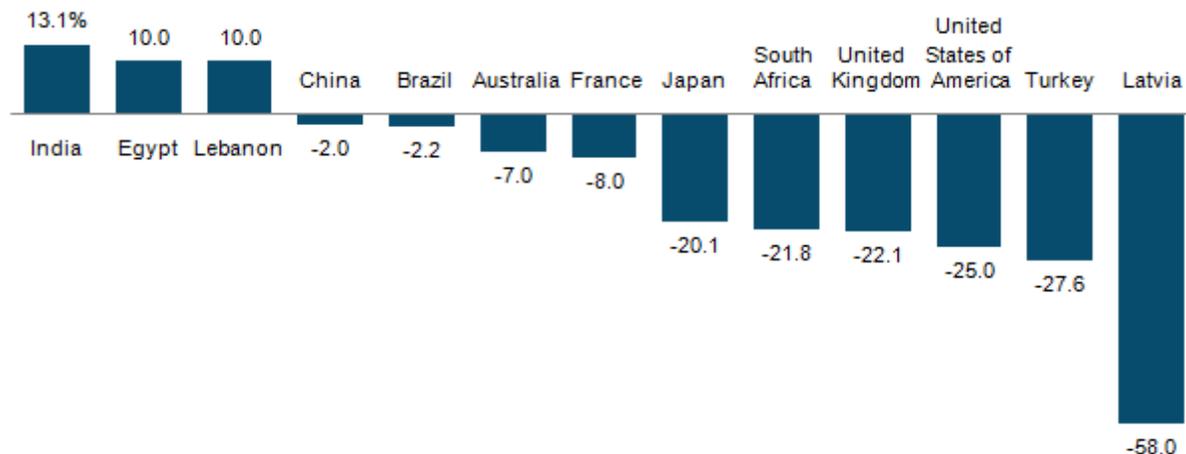
While print newspapers everywhere face difficult challenges in the future, newspapers in the United States today are suffering more acutely than those virtually anywhere else in the world. In sharp contrast with the U.S. situation, overall print newspaper circulation worldwide has dipped only slightly so far in 2010. Revenues are expected to rise, according to a new report from the Pew Research Center's Project for Excellence in Journalism.

Print newspapers are suffering declining readership and revenue in most of the developed world, such as in Europe and Australia, though in general the problems are not as severe as in the United States, particularly when it comes to revenue.

But in much of the developing world, print newspapers are thriving, in some cases dramatically.

Newspaper Advertising Revenues

Percentage Change 2008 to 2009



Source: World Association of Newspapers 2010 World Press Trends annual report

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The distinction between whether a nation's newspapers are suffering or flourishing depends in broad terms on whether the country is enjoying increases in population, education, literacy and income levels

or is an already developed country with a mature newspaper industry, though some other factors appear to be relevant as well.

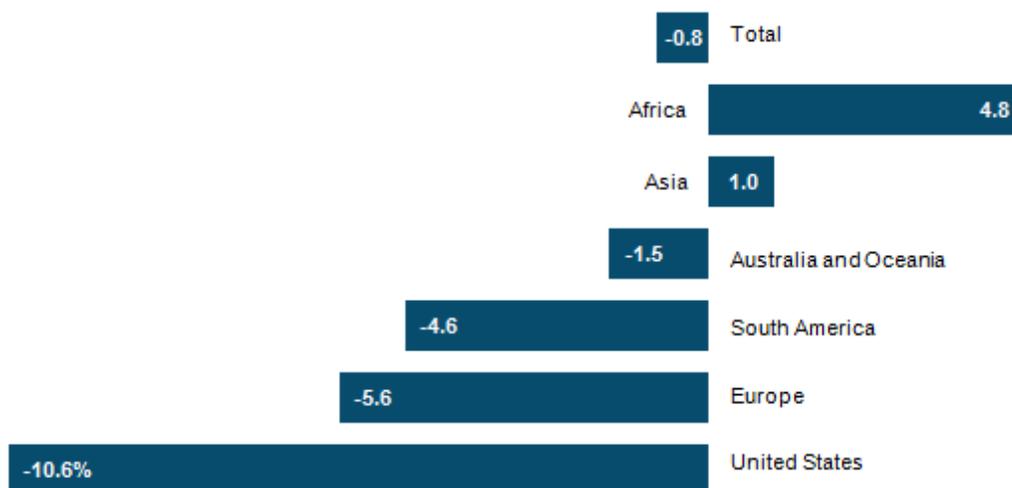
The problems are greatest, generally, in developed countries where newspapers already are consumed by large percentages of the population and where there are a lot of media providing news and information. Print newspapers are thriving, meanwhile, in countries with untapped and emerging population segments. In some parts of the world, such as India, reading a print newspaper is a prestigious activity, in much the same way that it was for immigrants a century ago in the United States.

In most developing countries print newspapers “are still growing,” said Robert Picard, media economist and director of research at the Reuters Institute for the Study of Journalism at the University of Oxford. But he warned that their gains may be temporary as those countries shift to new technologies. “Hopefully, they’ll take notice of what’s happening in our markets, and they’ll try to transform themselves.”

First, some basic numbers: In the United States, newspaper circulation fell by 10.6% daily and 7.1% on Sundays in the six months from March to September 30, 2009, compared with a year earlier, according to Audit Bureau of Circulations data. Europe saw a smaller drop, 5.6% during calendar year 2009 from the year before, according to data from the World Association of Newspapers’ 2010 World Press Trends report; Australia and Oceania fell 1.5%.

In Africa, by contrast, circulation in 2009 rose across the continent by 4.8%. Asia saw circulation gains of 1.03%, though the gains were concentrated at higher rates in places like India (nearly 5%). Worldwide in 2009, print newspaper circulation dipped 0.8% from a year earlier, (WAN, 2010). Yet overall, print newspaper circulation today remains up 5.7% worldwide from where it was five years earlier.

Paid Newspaper Circulation *Percentage Change 2008 to 2009*



Source: World Association of Newspapers 2010 World Press Trends annual report

Note: * Total represents circulation figures by continent, US included for comparison purposes. Circulation figure for the United States sourced from Audit Bureau of Circulations, previous six months ending September 30, 2009.

Determining Factors

Five factors seem to be at play in determining the health of a country's newspapers or the severity of their problems.

The most important, and most obvious, is that in many of these nations or markets, rising literacy rates dovetail with growing disposable income to create millions of potential new readers. India's literacy rate, for example, has grown from roughly one-third (35%) of the population in 1976 to 82% in 2009, according to Indian government estimates, (WAN, 2010). "There's a hunger among Indians to know," Bhaskara Rao, director of the Centre for Media Studies in New Delhi, told Agence France Presse in 2010.

Executives in India say reading a newspaper is considered something to aspire to instead of a throwback to a bygone era. "Anyone who can read or write is still looked at with a bit of awe" in parts of India, Rajesh Kalra, the editor of the Times of India's Times Internet division, told The New York Times in 2008. The paper boasted a circulation of 3.5 million in 2008, 10% higher than it did a year earlier, and the paper planned to launch in new cities. Once people learn to read, they are proud of their new skill, Kalra said, and "the first thing you want to do is be seen to be reading a newspaper."

The image echoes back to the United States in the late 19th and early 20th centuries, when papers were aimed explicitly at European immigrants, who felt similarly about newspapers and often held reading groups to have neighbors who knew English read the paper out loud. The newspaper comic strip was invented as a way for immigrants with limited language skills to find something in the paper they could follow. The term yellow journalism comes from one such comic strip, "The Yellow Kid," about the adventures of an orphaned immigrant child, a metaphor for how immigrants in general felt in America.

The number of Indian dailies (not including free papers) rose by 44% from 2005 to 2009. Circulation during that period rose 40% (more than 8% in 2008 alone and 5% in 2009). The amount spent on advertising is growing, too, by nearly 19% in 2008 and 4.5% in 2009.

There are still signs in India's newspapers face problems that afflict other modern societies. The percentage of readers who read the paper everyday is declining; the growth is in casual or occasional readers. Younger people who can read prefer the Internet. Costs are rising dramatically: Newsprint jumped in price by 50% in 2008, softening since then. But rising population, rising literacy rates and rising income levels are enough to mask those problems, or delay their reckoning.

"We do see a big potential in emerging markets," John Ridding, chief executive of the London-based Financial Times told The New York Times in 2008. One other factor in India: The expected profit margin of newspapers is much smaller than in the United States, averaging around 10%, whereas U.S. newspapers in their better days expected double that.

A second factor, intertwined with economic development, is the state of the online penetration in a country. If the nation is not connected with broadband, and smaller levels of the adult population are online, the print industry is less threatened by new technology. According to the National Book Trust-National Council of Applied Economic Research's National Youth Readership Survey, for instance, fewer

than 4% of people between ages 13 and 35 in India have access to the Internet. However, there are several European countries, particularly in Scandinavia, where high levels of Internet use continue to coexist with high levels of newspaper readership.

The third factor is political. Countries with either evolving democracies or at least evolving capitalist systems tend to drive newspaper growth, which helps explain why Hungary (6.9%) Kosovo (12.5%) and Russia (9.3%) are also on the list of countries where newspapers are launching in bigger numbers, helping advertising revenue grow. Volatile as it is, Afghanistan also saw its paid daily newspaper titles jump 12.5% in 2009.

Nations with Increased Number of Newspaper Titles

Percentage Change 2008 to 2009

Oman	14.3 %
Afghanistan	12.5
Kosovo	12.5
Bahrain	12.5
Russia	9.3
Armenia	9.1
United Arab Emirates	8.3
Hungary	6.9
India	5.9
Portugal	5.3

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Still a fourth factor affecting the health of the newspaper industry is government subsidy. In several countries, the government offers substantial subsidies to help the newspaper industry thrive as a matter of public policy. The amount and nature of the subsidy can vary widely, and it is difficult to pin down how widespread the subsidies are—they are being scaled back in some places and increased in others. Ireland, for instance, has devoted hundreds of thousands of Euros per year to subsidize Gaelic-language press. Austria has pumped millions in recently to reduce distribution costs and to train journalists. Belarus spent \$90 million on state media, but nothing on independent press. France has thrown a life raft to its newspaper industry lately, following up on advice that it work with its printers union to cut costs, and has discussed tax breaks for media innovations. To a degree, subsidies may mask the effects of changing technology. Some news industry executives also worry, however, that subsidies may inhibit innovation. In difficult times, they have argued, the instinct is to look to the government as the easiest and most risk free way of filling gaps.

A fifth factor is the economic structure of each country's newspaper industry. American newspapers are more dependent on advertising, and the collapse of particular advertising sectors have affected them more.

The elements vary, however, by country, which makes some brief country case studies useful.

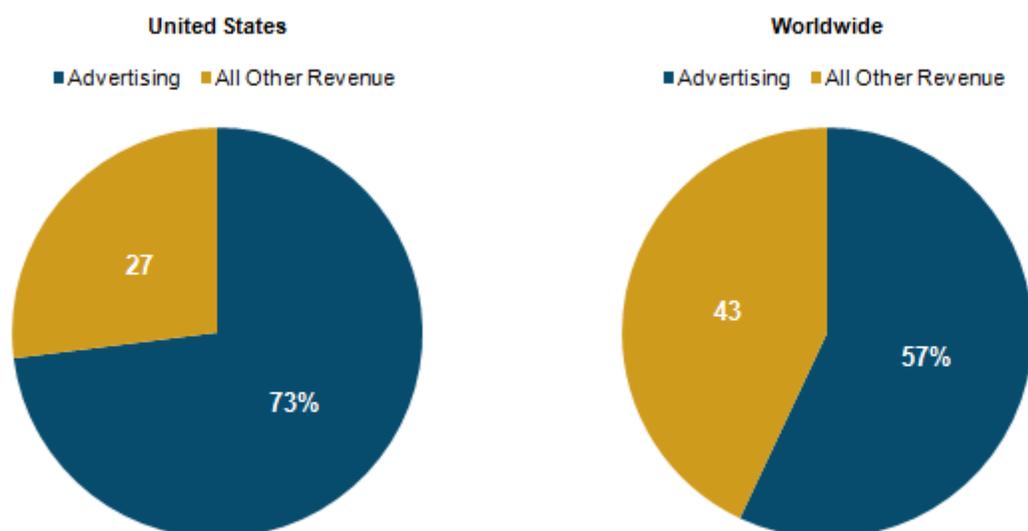
United States

The U.S. newspaper publishing market has shrunk more dramatically in recent years than in much of the world as an ongoing downturn in newspapers met the global economic recession. From 2007 to 2009, U.S. newspapers saw an estimated 30% drop in revenues from online and offline circulation and advertising, outpacing other developed nations. By comparison, the United Kingdom saw a 21% drop

during the same period, according to the Organisation for Economic Co-operation and Development. One reason U.S. papers have suffered more is they are more heavily dependent on advertising than papers in most other parts of the world. For instance, globally, advertising makes up 57% of overall newspaper revenues, while circulation makes up 43%, (OECD, 2010). By contrast, U.S. newspapers on average generate 73% of total revenue from advertising, selling the print copy for less to maximize readership they can deliver to local advertisers. To complicate matters, several U.S. newspaper companies in the last decade acquired heavy debt burdens, including McClatchy Company, Lee Enterprises and Freedom Communications. The much publicized bankruptcy proceedings into which several companies fell (including Tribune Company and Philadelphia Newspapers) generally reflect the difficulty of corporate parents to make bank payments rather than that the papers themselves are losing money. This is another difference with papers in other countries. “In the U.S., many companies were actually making money, but they couldn’t afford their debt. You haven’t seen that in Europe,” Picard said.

Advertising as Average Percent of Total Revenues

Percentages for 2009



Source: Organisation for Economic Co-operation and Development, “The Evolution of News and the Internet”, 2010; Project for Excellence in Journalism 2011 State of the News Media

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This means that the decoupling of advertising from news created by the advent of the web and afflicting U.S. papers hasn’t had quite such a devastating effect on the immediate economics of European papers. This “decoupling,” comes from several factors. First, free classified sites like Craigslist.org, or specialized classified sites like Realtor.com and Monster.com are wiping out classified advertising from U.S. print newspapers. Second, changes in American retailing, led by the rise of Big Box Stores like WalMart, affected newspapers in dramatic ways. These stores, which discount everything everyday and have low-price guarantees, do not tend to rely on print advertising, which is focused heavily on sales and promotions. WalMart thus advertises almost exclusively on television—the primary medium for image advertising. European retailing has not yet changed as dramatically as American retailing has.

Most American papers are also local. Of the 1,400 U.S. dailies, only three circulate nationally in print (the Wall Street Journal, The New York Times and USA Today). The rest serve local communities, and

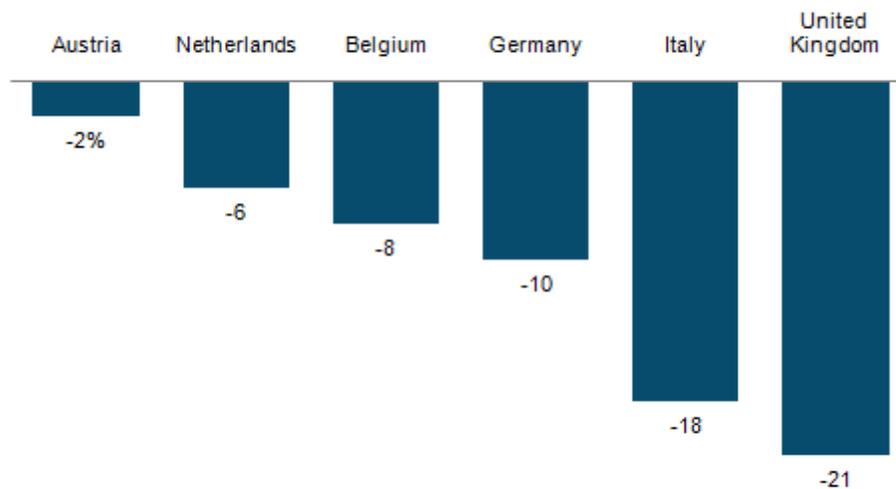
all but a handful are monopoly dailies in those communities. This is a primary explanation for the non-ideological nature of the U.S. print press and helps explain their dependence on advertising. But it also may inhibit their ability to raise their circulation rates with readers who might be more willing to support partisan press with high newsstand prices, according to some experts. “It’s hard to be radical with American newspapers because you don’t want to disturb the core of newspapers, but for newspapers that aspire to be national, there’s a huge potential,” said David Levy, director of the Reuters Institute for the Study of Journalism at the University of Oxford.

Europe

Most industry indicators suggest that, at the moment, European newspapers taken as a whole are not suffering as severely as those in the United States. But there are challenges. Between 2007 and 2009, for instance, newspaper revenue in most European countries shrank. Worst hit were the United Kingdom (-21%), Greece (-20%) and Italy (-18%), (OECD, 2010). Several factors have made things somewhat easier than in the United States, however. Again, a more limited reliance on advertising is one factor. Another is that many European newspapers are family owned and cushioned by private money during tough times. When the recession occurred, European newspaper companies felt the squeeze, but were still able to stay afloat and generally were not burdened by high debt. A third factor is that in many Northern European countries newspaper reading is significantly higher than in the United States historically, which has provided more cushion. In 2008, some nations even reported a small but notable increase in the percent of adults who claim to have recently read a newspaper, compared with previous years, including Iceland (96%), Portugal (85%), Switzerland (80%), Ireland (58%), Poland (58%) and Belgium (54%), (OECD, 2010). Even in the United Kingdom, where just 33% of adults report regularly reading a daily newspaper, that number is stable. In the United States, by contract, the reach is declining. U.S. newspapers had a daily reach of 45% for daily copies and 48% for Sunday editions, down from 55% overall daily newspaper reach in 2001 (OECD, 2010).

Decline in European Newspaper Revenue

Percentages Change 2007 to 2009



Those figures are borne out by circulation data. Circulation slipped in Europe by 5.6% in 2009 from the previous year but was not as dramatic as the 10.6% drop reported in the United States during that time. In Europe, newspaper sales, either at newsstands or by subscriptions,

account for roughly 50-60% of all revenue, with advertising sales making up the remaining revenue (between 40-50%).

One interesting feature of the European newspaper industry is the prevalence of free newspapers, in which all revenue is advertising based. According to Rasmus Nielsen, research fellow at the Reuters Institute for the Study of Journalism at the University of Oxford, free newspapers in some countries represent as much as 40% of total newspaper circulation. Prior to the global recession, circulation of free newspapers had been particularly robust. In Russia, for instance, it grew by 523% from 2005 to 2009. In Romania, it rose 1,289% during that period. The recession seemed to blunt free circulation, in some countries more than others (World Association of Newspapers, 2010)

Some experts believe that more problems are coming. Cable, satellite and Internet trends that began to happen to the U.S. newspaper industry in the 1990s are starting to unfold in newspapers markets within Europe, media economist Robert Picard said. "They're being hit by all the same trends in the United States, but they're about 7-10 years behind us." The percentage of newspaper advertising sales in Europe, compared against other media, reveals a mixed bag. For example, advertisers spent more in newspapers than in television, magazines, radio, cinema, outdoor media or the Internet in Sweden (42.9%, despite deep broadband penetration), Germany (37.4%), the Netherlands (33.5%) and the United Kingdom (28.4%). However, in the United Kingdom, this lead newspapers enjoy in advertising revenue is narrowly held over television (26.4%) and the Internet (23.2%). Meanwhile, television advertising sales dominate and more greatly resemble trends seen in the United States in Italy (49.9%), Poland (45.5%) and Spain (43.9%), according to a 2009 report from the Office of Communications in the United Kingdom. However, the Internet clearly enjoyed gains in advertiser spending in the United States and throughout most of Western Europe between 2007 and 2008, especially in the United Kingdom, where such spending grew 4.3%.

A nationally focused newspaper industry encouraged faster adoption of innovation to gain a competitive edge within the United Kingdom, Levy said. There, some willingness among newspapers to rise to the Internet challenge was tied to a need to meet the giant British Broadcasting Corporation as it went on to develop the most popular content website outside of social networking in the United Kingdom. "People have had to think about how you create a product that appeals to quite a broad market. The size of the country means you can't be complacent about limiting yourself just to core readers," Levy said.

Some European nations have also blunted some of the advertising problems through government subsidy, though many believe that is only delaying the problem rather than solving it. Direct subsidies to newspapers produced positive, short-term results in some European markets, but no research shows that subsidies offer long-term benefits for the industry. Picard pointed out that once politicians vote for newspaper subsidies that are not often designed to keep pace with inflation, the industry is forgotten for decades. The effect that newspaper subsidies create prompts the question: Is a slow death better than a quick one?

Beyond long-term effects, questions also have emerged about the legality of some government subsidy programs for newspapers. For roughly four decades, Sweden has used subsidies to preserve media

competition found in cities with at least two newspapers. The Swedish system of newspaper subsidy distribution fell under sharp criticism in 2009 from the European Commission, which monitors competition within European Union member nations. The commission charged that these subsidies skewed market forces and provided large newspapers in major metropolitan areas with too much aid. "In mid size or small cities it's fair to assume that the second one would die after a while without the subsidy," Levy said. The democratic function of the subsidy succeeded to some degree, allowing for a more competitive marketplace of ideas, Picard said.

Despite the presence of government interventions and greater, more reliable circulation gains in Europe, some European nations experienced devastating losses in the percentage of newspaper publishing jobs. Among nations that saw the deepest cuts between 1997 and 2007 were Norway (-53%), the Netherlands (-41%) and Germany (-25%), (OECD, 2010). At the same time, other nations that saw, in some cases, very dramatic gains in newspaper publishing employment included Spain (63%), Poland (30%), Ireland (17%), and the United Kingdom (1%). These figures provide one more illustration of how much variance exists among European newspaper publishing markets and how perilous generalizations can quickly become. In Central and Eastern Europe, recent research suggests a notable absence of on-the-job training for journalists who do remain in the workforce, as well as a shift toward tabloid-style content that is easier to churn out than in-depth, investigative reporting (Center for International Media Assistance, 2011). On a more fundamental level, newspaper executives' quest for more revenue streams or business models may be short-sighted given the challenges and changes that face the media industry in general. "You won't find new business models if you're not willing to change the product," Levy said. "The problem with newspapers is that, sometimes, people are looking more from producer's perspective than consumer's end."

In France, for instance, some problems echo those in the United States, and some do not. Circulation of French newspapers overall fell by 5% in 2009, but that followed an increase the year before. Advertising revenues for daily newspapers also declined nearly 19% in 2009, compared with the year before. The loss of younger readers is one concern, and President Nicolas Sarkozy tried to encourage the newspaper readership in January 2009 by announcing that every 18-year-old in the country would get a free one-year subscription to the paper of his or her choice. In 2010, France announced that it would enter a second phase of this program. More than one in every 10 French newspaper consumers were ages 15 to 24 in 2009 (WAN, 2010). He also gave French newspapers 600 million euros in emergency aid in addition to existing subsidies. Yet the more immediate problems facing the industry differ than in the United States. *Le Monde*, the center left daily considered the country's paper of record, has been plunged into the worst crisis since its creation in 1944. In 2008, it reported losing more than \$3 million a month and had plans to cut a quarter of its news staff (WAN, 2009). The problem, however, is not primarily declining circulation or even advertising revenues. The problem for French newspapers, especially the more serious ones, is cost. Only members of the print union known as *Le Livre* are allowed to work in the five print shops legally permitted to produce newspapers in the country, where costs are double those in non-union print shops in France. The other problem, as it is in the United

States, is that French papers are losing money online, and their costs there are rising as they chase the changing tastes of audiences.

In England, the problems may seem even more familiar to those we know in the United States, but there are still some differences. Overall, circulation dropped 7% among paid-for daily newspapers. Losses at 2% were less severe among free dailies. The 10 national newspapers saw copy sales drop nearly 20% from 2000 to 2009, according to the Audit Bureau of Circulations (WAN, 2010). The economic recession did not improve the situation. Every regional paper in the country with paid circulation lost readers in 2008, according to ABC figures, and in 2009, several regional newspapers closed their doors for good while free papers gained in audience. Advertising revenues for print fell 17% in 2009, continuing a five-year decline of more than 28%. The British press already had a populist tabloid press of the sort only now developing in France, and the cost structure of British papers is not as onerous. The audience migration online and the difficulty of finding a way to monetize the web, however, remain.

Asia and Developing Markets

While the newspaper industries in United States and parts of Europe struggle to attract and retain readers, newspapers in many developing markets around the world enjoy boom times, thanks in part to increased literacy rates, improved employment opportunities and more disposable income. Circulation in Africa in 2009, for instance, rose across the continent by 4.8%. Asia overall saw circulation gains of 1.03% and is home to 67 of the 100 largest newspapers in the world. The gains were found at greater rates in nations such as India (5%), Afghanistan (7%) and Qatar (4%). South America saw circulation bump up 1.8% in 2008, but then its newspapers saw a 4.6% drop in circulation in 2009, (WAN, 2010).

A closer look at Asia by country, however, reveals newspaper industry complexities and demonstrates how quickly generalizations can be weakened even when looking at neighboring nations. For example, Japan and the Republic of Korea both support relatively mature newspaper industries and saw slight decreases in their newspaper circulation (OECD, 2010).

In Japan, the problems are more similar to the United States. Young people are moving to the Internet—and to free papers. The result is declining circulation (paid dailies down 2.2% in 2009) and declining ad revenue (down 15% in 2008 compared to the year before). But surging production and newsprint costs in Japan make these problems far worse. Industry net profit has been falling rapidly, down 91% in 2008 after dipping 33% in 2007, as the papers are unable to cut staff and to keep up product quality. Unless costs can be managed, something has to give. Meanwhile, newspaper daily reach in Japan, while it has fallen slightly, still sat at an enviable 92% of the adult population in 2008. In fact, 90% of people in Japan said their preferred form of media was a newspaper, The Japan Times reported in 2010.

The Republic of Korea outlines a different set of issues for print media, especially as more newspapers develop and invest in online platforms. Print circulation has held fairly steady. Between 2005 and 2009, print circulation dropped only 2%. But changes are certainly ahead. South Koreans spent less time reading newspapers in 2008 (37 minutes per day or recently) compared to just three years earlier (45 minutes). The nation is the world leader in providing high-speed, wireless Internet connectivity to virtually every household, and since the arrival of widespread online access to news and information,

more South Koreans now prefer to get their news online (77.3%) than from newspapers (51.5%), (OECD, 2010). Meanwhile, the number of online editions of South Korean newspapers rose nearly 500% between 2005 and 2009.

Again, India stands in contrast to nations like Japan and Korea. The evidence suggests rising literacy rates were clearly one factor in this growth, not only in India, but also in other developing markets. Literacy rates among adults in Asia on average jumped from 69.8% (1985 to 1994) to 81.5% (2005 to 2008), according to data from the United Nations Educational, Scientific and Cultural Organization. During the same time periods in Africa, the literate adult population grew from 52.1% to 63.4%. By comparison, the literacy rate in North America and Europe is 95%.

And the increases in literacy and education are often accompanied by rising economic status. In places like India and China, the rise of the middle class fueled interest in picking up newspapers, said Tom Plate, an author and former Los Angeles Times columnist and UCLA Asian media professor. Another factor in developing countries, Picard said, is that print does not have to compete as much with other media, particularly broadcast. For example, newspaper editor and CEO Sanjay Gupta told The Hindustan Times that he maintains that print will continue to dominate India where 5% of the population has access to the Internet. Similarly, 5% of Kenyans ages 15 or older log onto the Internet daily, and 38% of Kenyan households have a television set, the Columbia Journalism Review reported in 2009. Therefore, it may not be surprising that a single newspaper copy generally is read by 14 people. Overall, these markets have not yet matured, but they might expect to contend with similar issues in 10 to 20 years, Picard added.

Print's relatively stable days in developing markets also may be numbered. The potential for online news delivered via net-by-text cloud-based services, which is opening the door for people to access the Internet via mobile phone, is enormous. Also, Internet usage grew 14.49% worldwide in 2009 from a year before, (WAN, 2010). This was especially true in Africa (36%) and Asia (19%). Cell phone subscriptions grew 15.8% globally in 2009, with Asia seeing the largest spike (21.6%), followed closely by Africa (20.7%).

China, as always, is a unique case. Local and regional newspaper companies in China are consolidating into publicly traded national or inter-regional cross-media companies. Circulation overall rose at more than 10% for paid newspapers between 2005 and 2009, and newspaper advertising is growing, up 6.4% in 2008 (WAN, 2009, 2010). Interestingly, the ad revenues of other media are growing even more rapidly. Magazines, an industry in turmoil in the United States, saw the highest ad revenue growth in 2008, up 17.2%. Only 23% of the population is online, a third of the rate in the United States. However, Internet use is on the rise in China with 384 million online in 2009, compared with 239.8 million users in the United States (WAN, 2010). As people gain more funds and become more acquisitive, print remains a medium of delivery.

At the same time, the country is discovering the implications and perils of commercial advertising. The government in 2008, for instance, alarmed by actors and celebrities making claims in medical and drug advertisements, issued a circular banning such endorsements or any ads making claims about cure

rates. A separate government ministry issued orders for media companies to exercise more censorship of advertising in other ways, and moves are coming to rewrite the broad laws governing advertising. Also, China continues to censor media through state filters.

The Future

If the developing world with growing populations is seeing newspapers thrive, most developed nations are suffering. The view in most places around the world is not that they are immune to the problems of American newspapers, but rather that the U.S. industry is ahead of them in navigating a dangerous curve. While they are not suffering from the immediate loss of advertising as American newspapers are—particularly the vanishing of classified—they can see their audience is moving online, as well as to television and satellite news channels. If not in the next two or three years, probably in the next five or ten, they will be faced with exactly the same problem we are. How can you monetize the audience that has gathered on the web? What are the prospects for charging for the content there? What are the trends in advertising online? What do the data tell us about the other prospects for revenue online beyond advertising or subscriptions?

The mistakes and the triumphs of American journalism will be the laboratory for these media elsewhere. And in places like India, a country that is both developed and developing at the same time, they may both learn from the American experience and probably leap ahead.

“We have to understand,” Picard said, “that when you have changes taking place in society, newspapers are going to follow them, consumption’s going to follow them, and how you fund papers will change a great deal.”

About This Report

The Project for Excellence in Journalism used three main methods to perform a qualitative, comparative analysis of the newspaper industry in the United States and nations elsewhere. Data that provided the greatest amount insight into this subject were found in the World Association of Newspapers 2010 and 2009 World Press Trends reports, as well as literacy data from the United Nations Educational, Scientific and Cultural Organization. A literature review included information from the Organisation for Economic Co-Operation and Development’s 2010 ‘The Evolution of News and the Internet’ report, the (United Kingdom) Office of Communications ICMR 2009 Statistical Release, Center for International Media Assistance’s 2011 ‘Caught in the Middle: Central and Eastern European Journalism at a Crossroads’ report, National Book Trust-National Council of Applied Economic Research’s National Youth Readership Survey, as well as popular press reports from The New York Times, Agence France Presse, The Japan Times, The Hindustan Times and the Columbia Journalism Review. Finally, interviews with David Levy, Robert Picard and Rasmus Nielsen, all of the Reuters Institute for the Study of Journalism at the University of Oxford, as well as author Tom Plate, offered valuable perspective and analysis of trends in the newspaper industries in the United States and abroad. Levy, Picard and Nielsen also reviewed the manuscript and offered feedback.

Emerging Economics of Community News

By Michele McLellan

It is easy to oversimplify what is happening in online news. Breathless headlines — from the \$315 million sale of The Huffington Post to AOL, Patch's march to 1,000 plus local sites, to the early dismantling of TBD.com in Washington, D.C. — tend to obscure other important efforts, especially on the local front.

Commitment and a sense of community far outdistance celebrity or cash in the emerging news ecosystem. But increased learning about what doesn't work and sophistication about what might work offers a promise that more local news sites will stay alive and grow.

To be sure, many local news startups have failed. That has led to fears that there is no business model for local news online.

I see growing evidence, however, that those fears may be proved false. In any field, most experiments do fail, and in the dynamic online news space, it's pretty much all experimentation right now. Failed news experiments have taught us a few things about what doesn't work: Armies of citizen contributors will not replace all journalists, for example. Journalism savvy does not translate into business savvy. Grants are not a stable or enduring funding model.

Instead, my work studying the emerging landscape and my ongoing survey of new sites suggests two other trends. First, local sites are beginning to learn the importance of focusing as much on financial sustainability and revenues as on news creation. Second, they are learning, much as traditional news organizations are, that they need multiple revenue streams, not just one or two, to sustain themselves.

Armed with that learning, we are seeing more promising and sophisticated experiments in community news. And they seem to be coming from people who embrace business entrepreneurship and digital innovation, perhaps more than from people who focus on content and dream that their next grant is just around the corner.

Not everyone is there. Ask Tom O'Malia, professor of clinical entrepreneurship at the USC Marshall School of Business, what he sees in journalists who arrive at Knight Digital Media Center's News Entrepreneur Boot Camp to learn how to start a new site. O'Malia responds: "They have not yet recognized the difference between what they do, the product, and the value — the benefit — of what they do."

The first, the product — what we have always called journalism — is what we have been spoiled into believing it is a public good so compelling that people are bound to open their wallets for it despite abundant evidence to the contrary. The latter — discovering and providing what customers value — is the challenging path to actually making money in news.

Ask Eric Newton, vice president of the journalism program at the John S. and James L. Knight Foundation, about making money in news. Newton describes two models.

The first model relies almost exclusively on grants and spends nearly all that money on editorial content.

The landscape is littered with failed examples of this model and this is a key learning from recent years.

In contrast, Newton says, a newer model has multiple sources of revenue and spends substantial amounts of money on items such as technology, sales and marketing as well as editorial content.

This is the model that holds promise for a sustainable flow of news and information in many communities.

Newton is reflecting ideas from an in-depth study of large nonprofit sites commissioned by the Knight Foundation, which has been driving much of the innovation in local news and information. (The study, by Community Wealth Ventures, will be published soon.)

A draft of the study points to the challenges that journalism-focused organizations face. Among key findings are two things that online local news sites must do to succeed:

- **Define target audiences.** Organizations have not clearly defined their target markets and do not regularly conduct research about the needs of those audiences. Similarly, they do not consistently have ways to measure their impact. Doing so, the report suggests, will be key to sustainability. “Increasing market information presents significant opportunities for enhancing sustainability as well as spurring adaptation and innovation,” it says.
- **Diversify expense and revenue models.** Most organizations focus their spending on developing content, leaving limited resources for business development, marketing and IT. “Ensuring that the business side of the organization received a balanced portion of resources will enable the organizations to achieve critical goals such as reading wider audience and establishing new sources of revenue,” the report found.

John Thornton, chairman of the Texas Tribune, also recognizes that news organizations need multiple revenue sources. Thornton, a venture capitalist, calls this “revenue promiscuity.”

For the nonprofit Tribune, which covers state government and politics, Thornton foresees three major sources of revenue:

“Our intermediate-term goal is a \$3 million annual budget, split roughly equally between membership, corporate support, and specialty pubs [publications]. We’re a long way from that, but are making progress—and note that we’re not assuming any foundation support at all,” Thornton wrote last year.

Thornton, like other publishers, sees grant funding as something to help get sites started, not an ongoing operating subsidy: “[N]ot only will philanthropy alone not save journalism, it can’t likely support even the majority of our modest efforts. We need to run our businesses like businesses, even if our goal is public service rather than profitability.”

Another of the more robust new sites, MinnPost also has aggressively pursued multiple revenue sources. The site reported a small surplus in 2010 on spending of \$1.26 million. Revenue increased 18 percent in 2010, with steady growth in advertising and sponsorships. Other sources are individual and corporate donors and an annual MinnRoast fundraiser.

Voice of San Diego projects a 2011 budget of \$1.2 million that includes hefty amounts from advertising and corporate sponsorships, major gifts from individuals and foundation grants, and smaller ones from membership donations and from selling news content for publication by other news outlets.

In addition to these larger sites, we have seen a proliferation of smaller community and neighborhood news sites in recent years. Often for-profit enterprises, these sites operate on a fraction of the funding of the big nonprofits.

Most of them report revenues of \$100,000 a year or less, according to a survey I am conducting with support from The Patterson Foundation. Of about 30 sites in this category that have reported so far, a third post revenue of under \$10,000, a third post revenue of \$80,000 or more, and the rest are scattered in between.

This is not big money. But it may prove sustainable in some communities, just as volunteer models have flourished in some places and faded away in others.

Ask Howard Owens, publisher of The Batavian in upstate New York, about the idea that there is no business model for local news. Owens scoffs. With good reason.

Owens reports revenue in the \$100,000-to-\$150,000 range for 2010 from advertising alone on the site he has operated with his wife, Billie, for two years. This year, Owens expects to add different revenue streams and is hiring part-time staff to help him do that.

Owens' own experience is in business and sales as well as in journalism. "That ingrained in me what a lot of journalists miss – if you're not focused on how to make money, you're not going to make money," he said.

Like The Batavian, many other small sites rely mostly on local advertising. including BaristaNet, MyEdmondsNews, Newcastle Now, and West Seattle Blog.

But, depending on their community and their mission, other small online publishers are finding revenue options in addition to local advertising.

Next Door Media, for example, has built a network of neighborhood sites in Seattle that achieves economies on the tech side and enables the network to sell more eyeballs to advertisers. By contrast, Owens at The Batavian eschews participation in an advertising network because it is contrary to his strategy of supporting his highly local advertisers.

While some see advertising networks as the next big thing for small sites, digital consultant Rusty Coats cautions that networks are not likely to scale across disparate independent sites with different publishing platforms and advertising formats. Building a new network like Next Door or Patch.com may work, but uniting disparate established sites is a different matter.

Other sites, like the Sacramento Press and Oakland Local, seek revenue in providing services such as training or Web development to local businesses, community organizations and even to other online news publishers.

Ben Ilfeld, publisher of the Sacramento Press, says two thirds of its site revenue comes from helping local businesses use social media and the other third comes from advertising. “We had a very successful experiment with social media consulting and it has become our No. 1 source of revenue,” he said. “We had a terrible time selling sponsorships to local events and we stopped. Just like our tech mentality the key is to try a lot and fail fast.” (In this regard, these small local sites are operating in the same way locally that some large media companies on a national level, such as Hearst, which is building on its knowledge of advertising to move into social media and online consulting .)

In short, if the new media ecosystem three years ago involved largely using nonprofit startup money to do experiments in content, today we are seeing experiments in new revenue as well. Here is a sampling of funding combinations that publishers have reported in my ongoing survey:

Corona del Mar Today: Syndicating content to local newspapers, advertising.

SF Public Press: Business services, events, donations, grants, membership, syndication.

Oswego County Today: Local and national advertising, sponsorships, web development and hosting.

Gapers Block: Local and national advertising, merchandise, grants.

Davidson News: Local advertising, business services, memberships.

New West: Local and national advertising, events, sponsorships.

These new models – large and small — raise all kinds of questions about journalism. In such a dynamic environment, it is very hard to know what will stick and be useful even a year or two out.

It is also important to note that these newcomers join traditional media that are transforming their work in local news – the Journal Register Company, for example, in the private sphere, and National Public Radio in the public sphere.

Patch.com poses one set of questions. The AOL network of 800 and growing local news sites casts a large shadow on the local news landscape. What exactly *is* its revenue model: local ad networks and business directories? Will it drive fledgling local independent sites to ground in some communities only then to fold up itself? Will community support carry the independent startups through?

The landscape also poses question about journalism education and whether it is preparing students to work in these more entrepreneurial environments. Traditionalists may sniff that their job is to teach journalism. But if the real job of journalism schools is to help journalism survive, then entrepreneurship, business literacy and community engagement must be as much a part of the curriculum as multimedia and digital literacy. New York University’s Studio 20 is one experimental effort to give students a more holistic education about local online journalism.

Another question: What role will foundations play? Surveys last year of local foundations found that half were making media and journalism grants and nearly 60 percent believed such funding would increase in the coming years.

Many foundations are funding existing media or creating new projects themselves. The Patterson Foundation is helping to continue my work in organizing Block by Block, which identifies promising community news sites and connects publishers with one another. Patterson will help to build connective tissue and resources that support innovation rather than funding a particular site or individual effort.

Still, foundations are not the entire solution – or even the majority of it. “Even if all the country’s foundations dedicated all their money to news, which they would never do, it wouldn’t produce nearly as much money as the commercial sector has traditionally generated for news,” says Vivian Vahlberg, who manages Community News Matters for The Chicago Community Trust.

I think another big question about community news outlets is whether they can create new models for community engagement and impact that will drive funding.

Are emerging models more dependent on community than traditional organizations, and thus more motivated to engage? Will sites develop relationships with their users that they can monetize without straining community bonds?

The St. Louis Beacon represents one highly ambitious test case. The three-year-old nonprofit site sees a future in developing community relationships that it can then leverage for revenue.

“We think of ourselves not as an online newspaper but as an engine of engagement,” says editor and founder Margaret Wolf Freivogel. “Our job is not just to toss information at people but to figure out how we can serve them better. That means meeting them where they are and in whatever way they find convenient.”

“The community conversation is just as important to our mission as our journalism,” says Nicole Hollway, general manager of the Beacon. “We really see it as crucial to our success not to just deliver information, but also hearing information and helping people with the information they need to make their community better.”

The mission shapes not only the content of the Beacon Web site but also extends to social media, community partnerships and organizing and facilitating regular meetings where residents can talk with one another about issues such as race, class and housing disparities – issues that people usually only talk to friends or co-workers about.

“Meeting new people in respectful, intelligent conversation about touchy subjects is valued and gives them hope for the future of St. Louis,” Hollway said.

It’s tough to put a value on those exchanges. But Hollway believes that if the Beacon can develop close, trusted relationships in the community, it can offer the benefit of those relationships to advertisers and sponsors.

“My long-term vision for the Beacon is that through content and conversation we can be expert in high-touch communication, in how to reach people and have an interaction with them,” Hollway says. “We will know them well.”

The Beacon, in other words, is creating a model that reconnects journalism with community and serves significant purpose of improving public consideration of civic issues. This effort could lead to a revenue source that does not now exist.

As we enter 2011, community media are experimenting with content and engagement as well as revenue, and the right combination of the three may be at the vanguard of the new economics of news.

Michele McLellan is a journalist and consultant who works on projects that help foster a healthy local news ecosystem. Her principal clients are the John S. and James L. Knight Foundation and Knight Digital Media Center at the University of Southern California. Her independent research into the emerging community news landscape is supported by The Patterson Foundation and the Reynolds Journalism Institute.

Seattle: A New Media Case Study

By Michael R. Fancher

Seattle, perhaps more than any other American city, epitomizes the promise and challenges of American journalism at the local level.

In the last few years, it has experienced both a sharp loss of traditional news resources and an exciting rise in new journalistic enterprises and inventive collaborations between traditional and emerging media (see Appendix for more about these sites). A New America Foundation case study of Seattle's news ecosystem describes it as "a digital community still in transition." A new, vibrant media scene is emerging. But it also may not take hold.

Consider first the contraction. The city has lost two daily newspapers in the past four years. The King County Journal, which served suburban communities to the east and south of Seattle, closed its daily newspaper in January 2007. About half of its journalists were kept on to work at sister weekly and twice-weekly suburban newspapers. Only 10 newsroom jobs went away, but 40,000 households lost their daily newspaper.

The loss was much greater when the Post-Intelligencer stopped printing in March 2009. The P-I was Seattle's oldest newspaper, tracing its roots back to 1863, and it became the first newspaper in the country to switch to online-only publication. About 140 newsroom jobs disappeared, while 25 staff members stayed on to work for seattlepi.com.

But the closures of the King County Journal and Post-Intelligencer were only half the story of lost newsroom jobs in Seattle. The Seattle Times had cut staff substantially in the years before the P-I closed. The study by the New America Foundation puts the number of Seattle Times lost jobs at 165, from 375 journalists to 210 in the five years before the P-I ceased publication.

Hit hard by declining print advertising, all three Seattle-area daily newspapers had lost money throughout the previous decade. Hearst, which had owned the P-I since 1921, put the paper's losses at \$14 million in 2008 alone.¹

PEJ's State of the News of Media reports estimate that from 2001 to the end of 2009, about 15,000 newspaper journalists across the country lost their jobs. That was about 30 percent of the industry. In Seattle, the percentage was almost twice that.

The human toll can be felt in a report from Ruth Teichrob, a former P-I staffer who has been monitoring what has been happening to her colleagues. Of the 82 who responded to her survey in November and December 2010:

- Half have new full-time jobs working for employers, compared to less than one-third who responded a year earlier. Just over 50 percent of these people are working as journalists and the rest are in corporate or nonprofit communications, business, etc.
- Almost 25 percent have started their own full-time or part-time ventures, such as commercial photography, freelance writing/editing/graphics.
- Almost 60 percent of those who are employed say they are earning less than at the P-I.
- Twenty percent are on unemployment benefits, most nearing the end of their eligibility. ²

How much hope can be found in the emergence of new journalistic enterprises in Seattle? To see how difficult it can be to settle on an answer, consider two summary paragraphs in the New America Foundation case study issued in June and updated in November 2010. They are like day and night in describing the current Seattle media landscape:

Seattle, Wash., could be considered a city singularly suited to develop a healthy democracy in the digital age. The city government, citizens and business have created a productive environment for the next generation of information-sharing and community engagement. Years of economic growth and relative prosperity have fostered new, superior practices in news and information. Yet, losing a major print newspaper, as Seattle did when *the Seattle Post-Intelligencer* closed, adversely affects a community, by leaving it with one less place to provide public service journalism, stories about people and general community updates. In parallel, Seattle has been at the center of an explosion of alternative news outlets, especially online, which has created a critical mass of information portals for geographic and social communities.

However, despite the relative vibrancy of the media scene, and even with all its demographic and other advantages, it is unclear how much of this innovation is sustainable. The local web is littered with websites that are no longer updated, and few of the startups boast anything like the journalistic firepower or profitability of the papers of the past. We applaud the efforts of these startups but are skeptical that many will sustain if their benchmark of success is profit alone. Moreover, much development is still needed for Seattle's information environment to reflect the diverse perspectives of traditionally less-covered minority and financially disadvantaged communities. In short, though the media landscape in Seattle has many green shoots, few conclusions can be drawn about its longer-term future. ³

Seattle's digital vitality

Many factors contribute to the vitality of Seattle's digital news and information scene.

It is among the most digitally connected cities in the country. Seattle, for instance, was first in 2009 and third in 2010 among America's Most Wired Cities, as measured by Forbes.com. Of the top three finishers in 2010, Seattle was first in having the most Wi-Fi hot spots per capita. ⁴

It is also among the most civically engaged. A 2010 Greater Seattle Civic Health Index, produced by the Seattle CityClub, said the city is a national leader in core indicators of civic participation. It included these statistics:⁵

	Greater Seattle	National
Volunteering	35.7%	26.8%
Group Membership	46.8	35.1
Talking with family and friends via Internet	70.5	53.6
Contributing \$25+	60.3	50.0
Engaged in one or more non-electoral political act	40.2	21.6

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2011 STATE OF THE NEWS MEDIA

People in Seattle also read heavily. Central Connecticut State University (CCSU) has regularly ranked Seattle first or second among America's cities in a combination of factors, including book sales, education level, internet resources, library support, holdings and utilization, newspaper circulation and periodical publishers. Among the specific factors, Seattle ranked first in 2010 in booksellers and education, and fourth in libraries. ⁶

Seattle's lowest factor ratings in the CCSU report for 2010 were in categories related to media. It ranked eighth in internet resources. (Internet book orders per capita, and unique visitors and webpage views per capita to a city's internet version newspaper.) It tied for 17th in combined weekday and Sunday newspaper circulation. It tied for 11th in the number of magazine and journals published per 100,000 population.

Seattle is also among the most tech-savvy places in the United States. According to the New America Foundation case study, "the information technology industry employs 90,000 people in the Seattle region, and the Puget Sound area is home to 150 interactive media companies, comprising an influential stake in that \$30 billion industry." ⁷

Among the high-tech companies based around Seattle are Microsoft, Amazon.com and RealNetworks.

Slate, introduced by Microsoft in 1996, was but one of many startups in the Seattle area that spawned a generation of digital content pioneers that have remained in the area. For example:

- Tracy Record of West Seattle Blog worked at ABCNews.com, which partnered with Starwave, an endeavor launched by Microsoft co-founder Paul Allen in 1993. It was acquired by the Walt Disney Company in 1998 and became the Walt Disney Internet Group.
- Newsvine Inc. was founded in March 2006 by veterans of Disney, ESPN and some digital media organizations based in Seattle. It became a subsidiary of msnbc.com in October 2007.

- Calvin Tang, a co-founder of Newsvine, left in June 2010 to dedicate himself to AtlasOmega.com, a website he also founded. Based in Seattle, the site provides stories and photos through the eyes of global explorers and thrill seekers.

These factors have created a sense of positive energy about the possibilities of new media landscape, not a pervading sense of loss. As I see it, some key elements to this include:

Experimentation: John Cook, co-founder and until recently executive editor of TechFlash, summed up the attitude of many in Seattle. He said in an e-mail: “A renaissance is occurring in terms of how content is produced, distributed and consumed. That’s exciting stuff for local journalists, despite the challenges this has meant for traditional business models. The media world is getting turned upside down and I believe that is creating new opportunities for entrepreneurial journalists who can harness the new distribution methods and think creatively about how people interact with online content.”

He added, “There’s just a ton of creative energy in this community right now as people experiment with new models and ideas. Traditional outlets also are starting to realize the power of new media.”

Hyperlocal news sites: This high level of experimentation, and the nature of Seattle being a city broken up into distinct neighborhoods, has also led to a remarkable level of extremely local news sites. A Washington News Council database shows about 90 place-based news and blogs sites just within the Seattle city limits.⁸

As Diane Douglas, executive director of Seattle CityClub, said: “Seattle can beat its chest that it has so many neighborhood blogs. Beyond just providing information, they are doing community-building and activating citizens.”

For example, the West Seattle Blog was one of the winners of the 2010 CityClub Community Matters Awards for building public trust. It also won the Online News Association’s 2010 award for community collaboration, which goes to a news project or website that produces outstanding journalism through strong interaction with its community. In 2009 that award went to My Ballard, another Seattle local news site that is part of Next Door Media.

In 2010, Phinneywood.com won a national Sigma Delta Chi award from the Society of Professional Journalists for its coverage of arson in the Greenwood neighborhood. The site operators said the award was “thanks in no small part to devoted readers who supplied numerous tips and kept us motivated to stay on top of the story.”

A limited content analysis in the New America Foundation case study indicated that the hyperlocal news sites examined are providing original content. “And while not comprehensive,” it said, “this preliminary study suggests that these online news startups, with less content and narrower focus than the two established citywide outlets, serve different information needs than their counterparts in the mainstream media.”

Collaboration: The third feature I see in Seattle is that these experiments are collaborating with each other. Because many of the new startups are small and cover different areas, they share knowledge and

experience, content and even networking with traditional media to have a greater collective impact.

At a recent discussion of the Seattle news landscape, Mark Briggs, director of digital media at the KING 5 television station, called it “collaboration squared.” The motivation is simple – everyone has fewer resources, so people leverage what they have through working together.

News outlets in the Greater Seattle area are partnering in many ways, including shared reporting and distribution of major stories. Twitter has become a huge back-channel tool for sharing tips and preparing for big breaking news stories. Journalists cooperate on freedom of information requests and sometimes on joint interviews. Collaborations that once would have been unlikely, if not unthinkable, are increasingly common.

The Seattle Times began a few news partnerships with the local blogs, funded through a grant from the Knight Foundation, in August 2009. Today the list is growing toward 40. Beyond neighborhood and community news sites, the partners include topical sites covering everything from hiking and sailing to open government and health.⁹

Bob Payne, the newspaper’s director of communities, wrote in an e-mail, “Collaborations and grant-funded journalism efforts are really taking off. With newspapers working with less in terms of money and bodies, looking for other ways to get important stories covered is becoming vital. More and more papers are dedicating time to research aimed at smart collaborations and grant applications.”

The Times utilized a different form of partnership to produce a special report called, “Invisible Families, the Homeless You Don’t See.”¹⁰ **The project was** produced as part of a fellowship through Seattle University, funded by the Bill & Melinda Gates Foundation. The Times received one of the fellowship grants to use as it saw fit. Other fellows included, journalists from three other media organizations and two freelance journalists.

Payne wrote, “In our case, the Invisible Families project from last August employed both of these angles to arrive at a compelling package for both print and online: grant money from Seattle University helped fund work on the project, and our partnerships with local news blogs helped bring diverse coverage to the project.”

Acceptance of emerging media: A fourth factor is that other stakeholders in civic life of Seattle have been quick to embrace the emerging media rather than being suspicious of it. Tracy Record, editor and co-publisher of the West Seattle Blog, said, “At least in Seattle, many government and business leaders recognize the media landscape has changed. I don’t find many doors closed in my face.”

As an example, government public information officers “seem to answer neighborhood news people’s inquiries the same way they answer citywide media’s inquiries. The mayor’s media brown bag includes a mix of online and offline, for-profit and nonprofit. In the business realm, sources and interviewees seem to understand where the readers are, and are usually savvy enough to answer inquiries from nontraditional sources,” Record said.

The acceptance also affects how people engage with emerging media, Record said. They are more apt to alert news outlets when they see breaking news and are receptive to guidance of how to do it better. “On the other hand, the people who ‘were the audience’ also enjoy teaching when they can. We have commenters who are firefighters, lawyers, pilots, grocery clerks, etc., and not shy about explaining something unique to their occupation if it somehow plays into a discussion. I learn a lot from them,” she said.

Social media: There has been a notable embrace of social media as a way of extending and connecting many of the new news experiments. John Cook, co-founder and executive editor of TechFlash, said, “Social media may be a buzz word. But it is real, and when utilized properly it can drive significant adoption of quality journalism.”

Certainly, the Seattle Times has embraced it. Bob Payne, the paper’s director of communities, commented in an e-mail, “The single biggest trend is obviously the importance of social media, particularly Facebook, as far as disseminating the work that The Times does. And I don’t mean just getting people to link to our articles. I mean *all* the work that we do, from videos, to poll questions, to partner links to live chats. If your site is not optimized to take full advantage of this viral marketing, you need to get that done pronto.”

For example, The Times started a Facebook page dedicated to its Community News Partnership to highlight some of the best partner content on a daily basis. It has also held live chats on projects that news partners have contributed to.

What Is Lacking

For all of this journalistic vitality, Seattle’s changing news ecosystem clearly has urgent news and information needs that are unmet, and some elements are more difficult to cope with.

Diane Douglas, executive director of Seattle CityClub, says that her civic group must communicate to everybody, using all forms of communication. It cannot depend on big regional entities to distribute information. While that may be healthier, she has to acknowledge that “it’s harder,” and there is more risk that certain communities will not be reached.

People told me it is also harder to find beat reporters who understand a subject and have authority in the community. For Douglas, that means her group has a harder time finding moderators for its discussions, especially in the areas of health and education.

“Clearly some vitally important stories are less likely to be covered. It’s very frightening to think of those gaps and all the more insidious because you don’t know what you don’t know,” Douglas said.

Hyperlocal blogs are effectively covering many neighborhoods and some “scrappy” startups are great sources of information, but Douglas says she does not know how well they are equipped to do comprehensive coverage.

Kathy George, a former P-I journalist who became a lawyer, said in an e-mail that sources of news are much more diffused than in the past. “As a result,” she said, “big stories may escape the kind of

attention necessary to bring about government reforms or social change. Unless a story appears in one of the few major media outlets remaining in Seattle, it is unlikely to have a lasting impact.”

George said that Investigate West, a nonprofit investigative startup launched after the P-I stopped printing, has produced stories that resulted in three bills being introduced in the current legislative session. “However, those stories appeared on MSNBC and in the Seattle Times,” she said. “It seems that stories appearing only in a news blog (i.e., Crosscut, Post-Globe, I-West, pi.com, or a neighborhood blog) are not having comparable impact because of their limited audiences.”

George was of two minds about the overall impact. “On the positive side, she said, “The Times, Seattle Weekly, and a few radio stations are still functioning as major outlets for competitive news reporting. But staff cuts and funding troubles seem to be taking a toll. Lately, The Times has been running large house ads in place of news, and seems to be running more wire stories or news borrowed from other sources. The Weekly seems to be distributing fewer papers.”

Some clear gaps can be seen in the news and information ecosystem:

State capital coverage: As with most states, Washington has seen a significant decline in the number of reporters covering its state capital. David Ammons, an Associated Press reporter who covered the state capital in Olympia for 37 years before leaving in 2008 to work for the secretary of state, said the press corps “has shrunk to a shadow of its former self.”

During most of his tenure, he said, “We had between a dozen and 15 fulltime reporters, plus occasional drop-in by TV and radio, and session-only reporters and interns. During the past five years or so that has shrunk to about seven or eight or so year-around staff. . . . There is barely manpower enough to cover the waterfront, never mind much time for digging, analysis, etc.”

Barry Mitzman, a former journalist who leads a new undergraduate major in strategic communication at Seattle University, said: “No one misses the dog that doesn’t bark. A one newspaper Seattle, once dreaded, is now the accepted norm. Olympia? We don’t know what we don’t know, so we don’t miss it.”

Arts and culture coverage: At a CityClub discussion about local journalism in the fall of 2010, audience members commented on the loss of news coverage and reviews about the arts scene. Diane Douglas of CityClub says, “This is especially painful in a time of economic stress because arts organizations are hurting and can’t get their stories told.”

Former P-I journalist Kathy George said: “There are not enough people working full-time in competitive journalism. As a result, there is just generally less reporting, and less news and commentary being generated. For example, the former P-I arts and entertainment critics are generally not working anywhere now, and there is less diversity and quantity of arts coverage.”

Public Insight or networked journalism: While many Seattle area news organizations are using social media to connect with their communities, none has a robust, sophisticated effort to tap into the expertise of their audiences. KUOW, the University of Washington’s NPR affiliate, has a fledgling “public insight network,” in which it asks listeners to share their experiences in regard to specific stories. (The gold

standard for “public insight network” journalism is Minnesota Public Radio, which has established a database of 75,000 listeners whose knowledge can be tapped in the reporting process.)

Many news websites have reader blogs and other interactions, and hyperlocal news sites rely heavily on reporting from their communities. But the opportunity for serious crowd sourcing to engage the public in creating content is largely untapped.

Foundation support: Foundations across the country are feeling the loss of journalistic resources in terms of coverage about the issues they support, which is creating new awareness about the importance of funding journalism. For the most part, this is translating into funding for coverage of specific topics or stories. It is far from clear, however, what will happen when the initial seed money is gone. Many foundations do not want to be seen as long-term underwriters of these media startups.

There is one other issue that matters when foundation funding is involved: transparency. In all foundation support for journalism, news organization and funders must make sure the public can see and evaluate where the money comes from, where it is spent and what strings, if any, are attached. Transparency is critical in maintaining trust, as evidenced by a Seattle Times article headlined “Does Gates (Foundation) funding of media taint objectivity.”¹¹

Mapping and metrics: Few communities have adequate methods for mapping information needs and measuring information health. Seattle is no exception.

The Washington News Council has made an excellent start with development of its Online Media Guide (yes, the acronym is OMG). It has a database of more than 800 websites and provides a strong starting place for examining the scene.¹²

Diagnostic tools are needed to identify news and information gaps as the first step in developing potential solutions. Tracy Record of the West Seattle Blog says the current situation is “all over the map. Some content areas and geographic areas are fairly well covered. Some are virtually ignored. Some are over covered. And while there is a great deal of unprocessed information available, from both official and unofficial sources, it’s overwhelming and difficult for the average person to sort through.”

Sustainability: Whether established media, emerging media, freelance, for-profit or nonprofit, finding a sustainable business model is elusive for everyone. “Online-only news sites are running on fumes, yet they persist,” says Barry Mitzman of Seattle University. “They risk exhausting the human capital that’s sustaining them. An improved economy—where starving online journalists could find other, decent jobs – might cause them to fold. But they’re surprisingly resilient.”

There is a sense that innovation in content creation is not being matched by innovation in business development. Some organizations are waiting for an economic rebound, rather than generating new revenue strategies. Kathy George, formerly of the P-I, observed somberly, “Financially, it appears nothing is working. Journalism needs a new business model,” as well as “capacity building and fundraising/development help for upstart or emerging outlets.”

KING 5 and The Seattle Times announced in October 2010 they were forming a joint partnership to build and manage a local online advertising network. “The Seattle Times and KING 5 will be working with online publishers to sell ads onto their web pages and share the corresponding revenue as part of the beLOCAL Ad Network. Community blogs and other niche publications throughout the Puget Sound region will benefit from the sales resources of the larger media companies without sacrificing their own sales efforts or relationships,” the announcement said. ¹³

While that is an encouraging development, it is too soon to tell whether the relationship will succeed and whether it will prompt other similar ventures.

Tomorrow’s Seattle

About a year ago, more than 240 people convened at the University of Washington for a Journalism That Matters Pacific Northwest conference with the theme, “Re-imagining News and Community in the Pacific Northwest.” Their hope was to better understand the changing Northwest news ecology, with the aim of developing partnerships and innovations to make it better.

They were citizens, editors, writers, broadcasters, bloggers, producers, entrepreneurs, philanthropists, educators, students, technologists, media activists, community journalists, public advocates and public-policy experts. Many felt a deep anguish about what had been happening to journalism.

“I don’t know anybody from my profession who isn’t heartbroken, devastated, terrified, scared, enraged, despondent, bereft. I just don’t know anybody,” said a former colleague of mine at the Seattle Times. She was talking about the mood around the country, but the loss of newsroom jobs was even worse in Seattle than it was nationally.

By the end of the first evening, however, a different sense was emerging when people were invited to share their reactions. Despite all of the heartache and hardship, people were moving from a sense of crisis to one of possibility.

Monica Guzman, then of seattlepi.com, pointed out that the event was being held almost a year to the day from Hearst’s announcement that the P-I would be sold or closed. As hard as that year had been, people were moving forward. Uncertainty was being replaced by collaboration, Guzman said. Journalists were working together to mitigate the effects of diminished resources. News organizations were forming alliances. Startups and traditional media were teaming up. Even at the level of reporters, people were collaborating.

Two other themes were clear that evening as well:

- While business models may not be obvious, the rich experimentation under way was creating a feeling of optimism.
- Whether we work for mass media or local media, telling stories as if we love the place (even hard-hitting stories) serves communities and nourishes journalists.

For the next two and a half days, attendees participated in wide-ranging conversations about the news and information environment in the Pacific Northwest. ¹⁴ Ten initiatives were created. They concerned issues such as global health journalism, digital literacy, civic engagement, government access and accountability, journalism ethics and standards, mapping the news ecosystem and increasing support for new forms of journalism.

A year later, nine of those initiatives are still active and moving forward today, and the message in Seattle is clear. ¹⁵

The more diffuse news and information ecosystem is more complex and more difficult to imagine. It is also still vulnerable. But its potential seems richer than the once more stable system that it was replacing.

About the Author

Michael R. Fancher is a co-convenor of Journalism That Matters Pacific Northwest, an effort to improve the news and information health of communities in the Pacific Northwest. He is an investor in and a member of the Journalism Advisory Board of Intersect, a web platform to enhance people's ability to share stories. He is also vice president of the Washington Coalition for Open Government and serves on an advisory committee to the Fordham University Graduate School of Business.

Fancher retired from the Seattle Times in 2008 after 20 years as executive editor. After retiring he served as a 2008-2009 Donald W. Reynolds Fellow in the Missouri School of Journalism. He received a B.A. in journalism from the University of Oregon, a masters degree in communication from Kansas State University and an M.B.A. from the University of Washington.

Appendix

Any list of a cities news and information sources is going to be flawed and incomplete, but here are some noteworthy outlets that illustrate what is happening in digital journalism in Seattle.

Common Language Project <http://www.clpmag.org/about.php>

The CLP is a nonprofit multimedia journalism organization housed in the University of Washington's Department of Communication. Three talented young Seattle journalists founded it in 2006: Sarah Stuteville, Alex Stonehill and Jessica Partnow. CLP works in three key areas:

- International Reporting – “CLP reporters frequently undertake topical reporting projects around the globe. We also accept submissions from emerging journalists and media makers working around the world. Our work tends to focus on the people affected by key social justice issues – the small human stories that illuminate broad social, political or economic issues. Our coverage is focused on human rights, gender equality, social and economic justice, immigration, education, labor, health and the environment.”

- Local Reporting – “Inspired by the diversity and globalism of the Puget Sound region, the CLP regularly reports from our home city of Seattle on issues that connect our region to international community such as immigration, refugees and global health.”
- Journalism in Education – “The CLP believes that a journalist’s first duty is to educate. We believe media education is the key to fostering a diverse media landscape and encouraging informed and engaged global media consumers.”

In January 2011, CLP launched the Seattle Digital Literacy Initiative in partnership with public high school teachers and the University of Washington. The purpose is to foster understanding about the functions and methods of journalism and to encourage students to be better engaged as citizens. A summer camp program to teach investigative journalism and media production is planned for summer 2011. <<http://www.seattledigitalliteracy.org/>>

Crosscut.com <http://crosscut.com/>

David Brewster, who founded the Seattle Weekly in 1976, started Crosscut, whose motto is “News of the Great Nearby,” in April 2007. It began as a for-profit entity, but closed and reopened with nonprofit status in December 2008.

Crosscut.com says it is “a daily guide to local and Northwest news, and a forum where writers and citizens with many points of view can report and discuss local news.... Crosscut is a general-interest news site, with coverage ranging over politics, business, arts and lifestyle, and the world of ideas. It does thoughtful and fresh analysis of the important issues of the day, not routine breaking news.”

In addition to aggregating links to local news sites, Crosscut publishes its own stories and has 40 contract writers and freelancers. It has posted openings for a CEO to work with Brewster and an editor.

In June 2010, the Seattle Foundation was awarded an \$185,500 Knight Foundation Challenge Grant “to expand in-depth and explanatory coverage” on Crosscut.com.

Brewster said in an e-mail, “I think our model, with six revenue streams (ads, sponsorships, members, major donors and foundations, events and syndication) is working, though it is tougher by being general interest and nonpartisan. My sense is that investigative sites and initiatives will capture foundation and individual donations, since that is fading away so completely (except for the dailies).”

Data.Seattle.Gov <http://data.seattle.gov/>

Launched in February 2010, Data.Seattle.Gov is intended to increase public access to “high value, machine-readable datasets” generated by various departments of Seattle city government. It provides abundant material for citizens and news outlets.

DataSphere Technologies <http://datasphere.com/>

Based in Bellevue, Wash., DataSphere Technologies is a provider of hyperlocal web technology and sales solutions for media companies. It announced recently that it had launched its 1,000th community

website nationally. It announced in September 2010 that it had raised \$10 million in venture capital funding, following \$10.8 million in funding earlier in the year. Seattle's KOMO-TV and Radio use its advertising system called LocalNet for their hyperlocal news network.

Grist <http://www.grist.org/>

Grist describes itself as “a beacon in the smog.” A nonprofit funded by foundations, donations and advertising, it says of itself:

“You know how some people make lemonade out of lemons? At Grist, we're making lemonade out of looming climate apocalypse. “It's more fun than it sounds, trust us!

“Grist has been dishing out environmental news and commentary with a wry twist since 1999 — which, to be frank, was way before most people cared about such things. Now that green is in every headline and on every store shelf (bamboo hair gel, anyone?), Grist is the one site you can count on to help you make sense of it all....

“At Grist, we take our work seriously, but we don't take ourselves too seriously. Because of the many things this planet is running out of, sanctimonious tree-huggers ain't one of them.”

Despite that lightheartedness, Grist and its founder and CEO, Chip Giller, have received national recognition for their work. The CJR News Frontier Database says Grist “reaches about 800,000 individuals per month through its website, e-mails, and avid use of social media. The site was on pace to spend \$3 million in 2010, about \$500,000 of which comes from corporate ads and sponsorships, \$300,000 from reader donations, and the balance from philanthropic foundations.”

http://www.cjr.org/the_news_frontier_database/2011/01/grist.php

HistoryLink.org <http://www.historylink.org/>

Founded in 1998, HistoryLink calls itself the “free online encyclopedia of Washington State History” and says it is “the first and largest encyclopedia of community history created expressly for the Internet.” With more than 5,550 original, sourced essays as of March 2010, it is an incredible public resource. The nonprofit site says it serves an average of 5,000 unique visitors a day, one third of whom are K-12 teachers and students.

Intersect <http://www.intersect.com/>

Seattle-based Intersect says it is “a site where storytellers of all kinds can explore what happens when stories are mapped by time and place and shared with the world.” It launched in beta in 2010 and is now fully operational. Its CEO, Peter Rinearson, a Pulitzer Prize-winning journalist and entrepreneur, founded it.

In October 2010, Intersect and the Washington Post collaborated on an experiment in which Post reporters and the public could use Intersect.com to post reports from the Jon Stewart-Steven Colbert rally in Washington, D.C. <http://specials.washingtonpost.com/intersect/>

InvestigateWest <http://invw.org/>

InvestigateWest says it “rose from the ashes of the Seattle Post-Intelligencer” but prides itself on not being “limited by those roots.” Founded in July 2009, it is a nonprofit organization dedicated to investigative and narrative journalism whose mission statement says, in part:

The old model for supporting and conducting public service journalism has collapsed. Thousands of traditional journalism jobs have simply vanished in this region, and along with them the opportunity for the kind of in-depth, investigative reporting and memorable storytelling that keeps citizens engaged and informed about changes shaping their lives.

InvestigateWest continues the reporting essential to democracy. Our passion for investigative journalism is paired with the ambition to find and connect with new audiences using the new tools of the digital revolution now available to journalists. Investigative reporting and storytelling takes time, resources and talent that many traditional news outlets can no longer afford.

InvestigateWest was started by a group of accomplished journalists with a track record of producing investigative stories and, with them, change in public policy and corporate practice. Our mission is to cut across the old media borders to reach and engage audiences by new and powerful means. We harness the synergies of the printed word with the evocative power of photography, video and audio to produce reports used and distributed by a wide variety of news organizations, whether online, print, television or radio.

InvestigateWest is led by executive director and editor Rita Hibbard, formerly an assistant managing editor and investigative editor at the P-I. It got a \$100,000 grant from Ethics and Excellence in Journalism Foundation <<http://www.journalismfoundation.org/default.asp>> in February 2010 and another in February 2011. Other funders include the Brainerd Foundation, the Bullitt Foundation, the Russell Family Foundation and the Fund for Investigative Journalism. It also solicits funds from the public.

More than 20 national and regional media partners, including MSNBC.com, AOLNews.com, the Seattle Times, seattlepi.com and The Oregonian, have distributed its work.

The Columbia Journalism Review published a first anniversary review of InvestigateWest, which it called “new pioneers of the west.” http://www.cjr.org/the_observatory/blazing_trails_changing_paths.php?page=all

Instivate <<http://www.instivate.com/about>>

Instivate is a technology innovator headquartered in Seattle’s Central District. It offers technology for online content and advertising, audience measurement and local blogging.

Instivate is the parent company of Neighborlogs, a Seattle-based community news blogging platform and ad-sharing network that was launched in June 2007.

“Neighborlogs is a free, hosted placeblogging platform with an integrated local advertising service,” it says. “It is designed for local content entrepreneurs and organizations to document the news and

information that matters most in their communities and gives local businesses a relevant, engaged audience for their advertising messages.”

More recently **Instivate announced it would focus exclusively on its local ad network in Seattle, <http://seattleindieads.com>, our advertising tools and data services. “We’ll be continuing with our local and regional ad sales efforts,” it said, “and helping all of the existing members of that network to better monetize their great local content.”**

<http://www.neighborlogs.com/2010/10/29/goodbye-neighborlogs-hello-seattleindieadscom>

Journalism That Matters Pacific Northwest <http://journalismthatmatters.org/>

Ten initiatives were either spawned or invigorated at the Journalism That Matters Pacific Northwest gathering in January 2009. Slightly more than a year later, nine of those are moving forward. The initiatives, with links to their current status, are:

- JTMPNW Collaboratory is an ongoing initiative to encourage experimentation and collaboration to improve the news and information health of communities in the Pacific Northwest.
<<http://journalismthatmatters.org/jtmpnw-collaboratory/>>
- Puget Sound Civic Communications Commons is an effort to enhance civic engagement in neighborhoods, communities, the non-profit sector, government and business. It is undertaking three pilot projects in 2011. <<http://journalismthatmatters.org/blog/2010/10/01/civic-communications-commons-development-retreat/>>
- Public Eye Northwest is an independent nonprofit entity that says it is designed “to boost digital civic literacy, build community news creation capacity, and best practices in voluntary government transparency.” <http://publiceyenorthwest.org/>
- Online Media Guide is under development by the Washington News Council as a means of mapping the state’s news and information ecosystem.
<<http://journalismthatmatters.org/blog/2011/02/08/omg%E2%80%94the-wnc-online-media-guide-makes-its-first-public-debut/>>
- JTMPNW Journalism Commons is developing as a clearinghouse of information and engagement on journalistic needs and opportunities in the Northwest.
<<http://journalismthatmatters.org/blog/2011/02/18/seattles-bold-plan-for-a-journalism-commons/>>
- Seattle Digital Literacy Initiative says it aims “to help empower youth in our region as educated consumers and critics of – and producers and participants in – today’s complex media landscape.”
<<http://www.seattledigitalliteracy.org/>>
- Journalism That Matters, explores ways to improve global health journalism in the Northwest.
<http://journalismthatmatters.org/blog/2011/02/11/improving-global-health-journalism-in-the-northwest/>

- JTM Online assists Journalism That Matters members by providing social networking technologies including member profiles, a searchable / sort-able members directory, friend connections, and public and private messaging between members. <<http://journalismthatmatters.org/jtm-online/>>
- The “TAO of Journalism Seal” was developed by the Washington News Council to encourage news sites to emphasize Transparency, Accountability and Openness. <<http://wanewscouncil.org/?s=tao>>

KING 5 <<http://www.king5.com/>>

KING 5’s website reflects its newscasts and is an audience leader, but it has not yet broken new ground online. That could change because the station hired Mark Briggs as director of digital media in July 2010. <<http://www.king5.com/community/news-releases/KING-5-Hires-Director-of-Digital-Media-97515184.html>>

Briggs is a journalist-turned-entrepreneur. He is the author of two books, “Journalism 2.0” and “Journalism Next,” with a third book on entrepreneurship in journalism in the works.

KOMO-TV and Radio <<http://www.komonews.com/>>

In August 2009 Fisher Communications Inc., parent of KOMO-TV and KOMO Radio, launched “KOMO Communities,” a network of 43 hyperlocal neighborhood websites in the Greater Seattle area. Today the network includes 21 sites in the city of Seattle and 34 in communities through much of Western Washington.

Promotion for the sites says, “Go beyond the region’s headlines and find the latest news in your community. This is the place for conversations to start and communities to connect on important topics and issues. Your community news—be a part of it.” <<http://www.komonews.com/communities>>

KUOW 94.9 FM < <http://www.kuow.org/>>

The NPR Seattle affiliate is highly regarded for its radio programming, but its website is mostly a guide to that programming. The station says it employs 63 full–time employees; plus freelance reporters, part–time staff, interns and work–study students. It also says it produces 20 hours of news and information a week. It has started a “Public Insight Network,” which is still in relative infancy.

KUOW has done some powerful investigative work recently, including a project with the Seattle Times about injuries to combat soldiers from carrying gear that is too heavy http://seattletimes.nwsourc.com/html/nationworld/2014209155_weightofwar06.html and a report on hospital executive pay <http://www.kuow.org/program.php?id=22556>

Living Voters Guide < <http://www.livingvotersguide.org/>>

The Living Voters Guide is noteworthy for how it was funded and how it was developed. It is one activity of a National Science Foundation-funded research project to design, build and test new software systems to better support civic engagement and participation. It has been developed by a team of researchers and civic engagement practitioners, including CityClub of Seattle, the Design, Use, Build

group at the University of Washington, the Center for Communication and Civic Engagement, also at UW, and Reinspire Me LLC.

The developers are interested in other ways of using the software, including in the area of news and information.

msnbc.com local <<http://www.msnbc.msn.com/id/22454530>>

Msnbc.com Local aggregates top story links from a variety of local sites, notably KING5.com.

MyNorthwest.Com <<http://www.mynorthwest.com/>>

The news on MyNorthwest.com is mostly from the Associated Press. The blogs are from three Bonneville broadcast outlets – News Talk 77.3 KIRO FM, 770 KTTH The Truth talk radio, and 710 ESPN Seattle.

Newsvine.com <<http://www.newsvine.com/>>

Seattle-based Newsvine was launched in July 2005 and went public in spring 2006. It was acquired by msnbc.com in October 2007.

It says: “At Newsvine, you can read stories from established media organizations like the Associated Press and ESPN as well as individual contributors from all around the world. Placement of stories is determined by a multitude of factors including freshness, popularity, and reputation. Contribution is open to all, and editorial judgement is in the hands of the community.”

Next Door Media <http://www.nextdoormedia.com/>>

Next Door Media says it presents “news powered by your neighborhood,” a network of 10 news sites and a regional portal serving the North Seattle area. Two journalists, Kate and Cory Bergman, both of whom had worked at KING 5 TV and Northwest Cable News, founded it in 2008.

“Unlike many blogs,” it says, “Next Door Media’s sites are authored by experienced journalists who produce original, objective news coverage. Next Door Media’s MyBallard.com won a 2009 Online Journalism Award for community collaboration, beating the LA Times and Miami Herald for the award. And PhinneyWood.com won the national Sigma Delta Chi Award from the Society of Professional Journalists for deadline reporting.”

The operators say their network grew 37 percent in 2010, serving up 13.3 million page views for the year. “Every site grew in the double digits, and Queen Anne View jumped 57% last year alone!” it said. “Next Door Media sites now reach 200,000 unduplicated unique users every month.”

Kate Bergman also created Seattle Chic, an urban shopping site. <http://www.seattlechic.com/>

Patch.com < <http://www.patch.com/>>

AOL’s Patch network of local news sites was operating in 14 Washington State communities roughly along the I-5 corridor from Tacoma to Everett, as of February 2011. Its first site was launched October

10, 2010, in University Park. Its Seattle regional editor is Mike Lewis, formerly with the Seattle Post-Intelligencer.

Public Eye Northwest <http://publiceyenorthwest.org/>

Under development for more than a year, PEN launched this year as an independent nonprofit dedicated to boosting digital civic literacy, building community news creation capacity, and best practices in voluntary government transparency. It works to surface and distribute important public sector data and to assist citizens in engaging with government data.

PEN's founder and executive director is Matt Rosenberg, "a former Seattle Times op-ed columnist and think tank senior fellow, with 27 years experience in journalism, strategic communications, issue advocacy and public policy." A board of 12 directors from business, technology, new media, legacy media, law, government, education, civic engagement and development oversees it.

A key PEN program is an ongoing government transparency project called the Public Data Ferret, which was launched in March 2010. PEN uses the Ferret project as a "tool for teaching digital civic literacy and building community capacity for content co-creation centered around government." The Ferret project also highlights the importance of government information that's already available online, and produces material that enriches news ecosystems. <http://socialcapitalreview.org/public-data-ferret/>

Publicola < <http://publicola.com/> >

Publicola, which calls itself "Seattle's News Elixir," was launched in January 2009, it says, "to fill the void created by the collapse of print media. The site originally focused on state government in Olympia, where the press corps has been decimated." Its founder and editor is Josh Feit, a longtime editor and reporter for The Stranger, an alternative weekly in Seattle. It is funded by advertising and by investors.

The site says of itself:

"While we wear our urban green politics on our sleeves and aren't afraid to state our opinions, we're also a nonpartisan site that prioritizes a more balanced and nuanced approach to reporting than the screechy blogsphere.

People were afraid that blogging would change journalism. Instead, journalism is changing blogging. PubliCola is a blog about Seattle, by journalists.

"Publius Valerius PubliCola was the alias for the authors of the Federalist Papers — the original bloggers."

Its staff list shows an editor in addition to Feit and five staff writers.

Puget Sound Business Journal < <http://www.bizjournals.com/seattle/> >

Puget Sound Business Journal is part of the American City Business Journals, which is in more than 40 markets nationally. PSBJ offers print and online coverage of 16 industries, a host of networking events

and expos, a “book of lists” of industry data in several formats, a regional business directory and various other business-related services and publication. Its staff list includes 15 people.

In 2010, its investigative series about the failure of Washington Mutual won several national awards and was a finalist for the Pulitzer Prize.

PugetSoundOff.org <<http://www.pugetsoundoff.org/>>

Puget SoundOff is an online space “created by and for youth” to encourage young people to be involved in their communities. It was developed in 2007 by an inaugural PSO Youth Council with the City of Seattle Department of Information Technology, University of Washington Center for Communication and Civic Engagement and Metrocenter YMCA.

Real Change <<http://www.realchangenews.org/>>

Real Change is a self-described activist weekly newspaper that “exists to create opportunity and a voice for low-income people while taking action to end homelessness and poverty.” Founded in 1994, it is sold on the street by homeless people, and claims to have a current circulation of 18,000 per issue.

Reel Grrls <<http://www.reelgrrls.org/>>

Reel Grrls is about “empowering young women from diverse communities to realize their power, talent, and influence through media production.” It offers workshops for teenage girls in animation, cinematography, script writing and more.

Sea Beez <<http://seabeez.com/>>

Sea Beez is a “hive for hyperlocal ethnic news.” Dr. Julie Pham, founder and director, says it focuses on building capacity in ethnic media. Sponsors are New America Media and the City of Seattle’s Department of Neighborhoods. Seattle is blessed with many ethnic media outlets, and more than 30 have committed to participating in the program, which includes forums, workshops, citizen journalism and developing a common website so that participating media outlets can share news content and gain wider readership. <http://seabeez.com/participants/ethnic-media-outlets/>

Seattle Channel < <http://www.seattlechannel.org>>

The Seattle Channel is a government-access channel granted to the City of Seattle under Federal law for the purpose of cablecasting government television programs. Programming decisions are based solely on content, and are made independent of the mayor and the City Council. The Seattle Channel website offers streaming video and an archive featuring video on demand of all programs. The cable station and website offer coverage of many community events.

SeattleCrime.com <<http://seattlecrime.com/>>

SeattleCrime.com is exactly what the name implies, an aggregation of news reports from police blotters and various news sources. Its “about” page says:

“Welcome to Seattlecrime.com, your new go-to site for news about cops, crooks, neighborhood crime, and all (or at least most) other aspects of law enforcement in Seattle.

“Currently, all of our potentially libelous content is being produced by unemployed (some would say unemployable) crime reporter Jonah Spangenthal-Lee. If you’re interested in becoming part of the Seattlecrime.com team, or want to advertise with us, send us an e-mail.”

The site offers a list and map of 911 events, membership signup and an iPhone app so citizens can provide reports.

Seattle Gay Blog <<http://seattlegayblog.blogspot.com/>>

The blog describes itself as the blog of the Seattle Gay News staff. Seattle Gay News also has a website that is essentially a link to content from the print publication, which is a weekly arts and entertainment publication founded in 1977. <http://www.sgn.org/>

Seattlepi.com <http://www.seattlepi.com/>

Michelle Nicolosi, executive producer of Seattlepi.com, says, “Nearly two years after seattlepi.com became the first major metro daily newspaper to go online-only, I’m happy to report that our readership is stronger than ever. We serve around 4 million readers per month, and our local readership is seeing strong growth.

“We haven’t made significant changes to our editorial mission since we launched in March 2009. Our goal is to be Seattle’s home page — to reach as many local readers as we can with an engaging mix of staff content, partner content, content from our community and ‘curated’ content that tells the reader about the interesting stories they can find on other local, national and international sites.”

The site’s staff of about 20 people includes editorial cartoonist David Horsey, winner of two Pulitzer Prizes. Its “about” section calls out politics, crime blog, Microsoft, Boeing and sports as areas of coverage. In addition to many contributed blogs, the site has content partnerships with Sound Publishing, KOMO-TV, Q13Fox and others.

Seattle PostGlobe <<http://seattlepostglobe.org/>>

Seattle PostGlobe was launched by former journalists at the Seattle Post-Intelligencer after it stopped printing in March 2009. It says it is “a nonprofit news organization devoted to independent reporting for changing times. We focus on social- justice journalism that links Seattle to the world, including issues and countries often ignored by mainstream media.” It lists a core staff of five, with other contributors, many of whom worked for the Seattle Post-Intelligencer when it stopped printing.

The PostGlobe site says, “In the beginning we worked as volunteers. Today, we’re still mostly volunteers. But, thanks to your donations, we’ve been able to begin paying a little — but far less than what it will take to get off unemployment. We’ll keep the Seattle PostGlobe running as long as we can, but we’re going to need your support, as contributors to our news site and as financial contributors.”

The Seattle Times < <http://seattletimes.nwsourc.com/html/home/index.html>>

The Seattle Times website is a full menu. In addition to news, features and commentary, the site includes a host of staff-produced blogs, photo galleries, videos, interactive databases and regular live chats.

The Times began a string of news partnerships with the local blogs — funded through a grant from the Knight Foundation – in August 2009. Its announcement said the partnerships had four goals:

1. Enhancing communication between the respective web sites and the Seattle Times, and discovering ways to share news tips and collaborate on future newsgathering.
2. Linking to and promoting stories on partner sites when it may help fill coverage holes.
3. Exploring tools that could enhance advertising opportunities across the partner sites.
4. Learning about how such partnerships can benefit the respective sites.

<http://seattletimes.nwsourc.com/flatpages/local/neighborhoodnewspartners.html>

Today the list of partnerships is growing toward 40. Beyond neighborhood and community news sites, the partners include topical sites covering everything from hiking and sailing to open government and health. <http://seattletimes.nwsourc.com/flatpages/local/neighborhoodnewsfeeds.html>

Bob Payne, The Times’ director of communities, says, “We have an endless list of ideas on how to improve the partnerships, so we’re pretty bullish on its future prospects. For example, we recently held an in-house training session for site editors, and also announced a program with Poynter to offer a subsidized journalism training module to site editors.”

The Times won a Pulitzer Prize in 2010 for breaking news in covering the shooting deaths of four police officers. It also won the Innovator of the Year Award from the Associated Press Managing Editors for its use of digital and social media in the shooting story and for partnering with neighborhood blogs in its Networked Journalism Project. In addition to an iPhone news app, The Times developed apps for special content about University of Washington football and basketball.

Seattle Transit Blog < <http://seattletransitblog.com/>>

How much can a nonprofit blog created by a handful of contributors tell you about transit in Greater Seattle? Would you believe *everything*?

“The blog also focuses on density and the urban form, and other forms of alternative transportation like bicycling and walking,” it says.

Seattle Weekly <http://www.seattleweekly.com/>

The Seattle Weekly is a free-distribution alternative weekly that prides itself on having traced “Seattle’s cultural arc” since the days before Microsoft, grunge, double-tall lattes, Amazon.com, soaring downtown condos and fusion cuisine. It was founded in 1976, back when, it says, “Seattle was a dreary little blip on America’s radar, best known for airplanes, clinical depression, acres of clams and rain — lots and lots of rain.”

Founded by David Brewster, The Weekly initially focused on arts, culture, politics and an ongoing re-examination of what Seattle might be if it grew up. The Seattle Weekly moved from paid to free circulation in 1995 and was sold in 1997 to Village Voice Media, which was acquired by New Times Media in 2005.

Today it offers a steady print diet of “best of” guides (including Best of the Web), extensive entertainment news and the occasional meaty cover story. Online it offers “The Daily Weekly,” a general interest news blog, “Reverb,” a music blog, and “Voracious,” a dining blog. It introduced a Flipbook format online in July 2009. <http://www.seattleweekly.com/flipbook/>

Seattlest <<http://seattlest.com/>>

Seattlest was launched in January 2005 as a local blog of local happenings. It is part of network of similar sites in major cities, including New York and London.

The Stranger <http://www.thestranger.com/>

The Stranger is a free alternative weekly tabloid that considers itself “Seattle’s only newspaper.” Founded in 1991, it changed the alternative competitive landscape with a combination of free distribution, edgy writing and extensive entertainment coverage, as well as personal and classified ads. It includes a range of content, from serious government reporting to snarky social commentary. Its signature writer and one-time editor is Dan Savage, the nationally recognized commentator and author. In addition to “Savage Love,” a weekly column, he produces podcasts and a blog.

Anyone contemplating a move to Seattle should probably read The Stranger’s main blog, called The Slog, for a week or so. After that you’ll know whether this is your kind of town or not.

<http://slog.thestranger.com/blogs/slog/>

Sportspress Northwest <http://sportspressnw.com/>

Art Thiel and Steve Rudman were franchise players as sports columnists for the Seattle Post-Intelligencer. Now they have teamed up again to co-found one of the area’s newest websites, Sportspress Northwest, “where insight is our focus and content is king.” Their “about” page says:

We co-founded Sportspress Northwest Inc., and assembled a staff of savvy, credentialed journalists, in the belief that there are decent livings to be made on the web providing quality commentary, reporting and research for a large, local market of sports passionates. Yes, it's a niche appeal, but with more than 50 years of combined journalism experience between us, we know this place has the capital, advertisers, sponsors and consumers to help experienced local journalists sustain a new effort at entrepreneurial journalism for a popular subject.

The SunBreak <http://thesunbreak.com>

The SunBreak is an online magazine that bills itself as a “conversation with Seattle.” It was launched in September 2009 and says of itself:

“We’re here to talk with everyone from politicians, chefs, and athletes, to artists, filmmakers, musicians, scientists, and neighborhood activists. Think of us as a little ray of sun shining through that infamous Seattle chill — a group of friendly people who won’t keep quiet and mind our own business. We encourage like-minded Curious Georges to post to the site, but if you’d rather just sit back and read, we won’t judge. Thanks for stopping in!”

TechFlash < <http://www.techflash.com/>>

Tech Flash is an online news site dedicated to covering the technology industry in the Pacific Northwest. It is a product of the Puget Sound Business Journal, but it was the brainchild of two Post-Intelligencer business reporters. Founders John Cook, executive editor, and Todd Bishop, managing editor, made the leap to online-only in October 2008, even before the P-I did in March 2009.

Cook, whose Twitter handle is @johnhcook, said in an e-mail, “High quality content built around an engaged community seems to be working pretty well for us. We are in a unique situation where our audience is desired by advertisers and they are early adopters of new media. Our community of readers is strong, and we work hard to engage with them and provide them high quality content on a daily basis.”

TechFlash holds The Flashies, an annual Newsmakers Awards program that recognizes achievements in 15 categories, including newcomer of the year, “do-gooder” of the year and tech move/hire of the year. <<http://www.techflash.com/seattle/2010/12/and-the-flashie-goes-to.html>>

(Update: Cook and Bishop left TechFlash in March 2011 to form their own site, Geekwire.

<<http://www.geekwire.com/>>

Washington News Council < <http://wanewscouncil.org/> >

WNC describes itself as “an independent, nonprofit, statewide organization whose members share a common belief that fair, accurate and balanced news media are vital to our democracy.” It was founded in 1998. John Hamer, its president and executive director, has been at the helm since its inception. He is

a former associate editorial-page editor at the Seattle Times and previously associate editor with Congressional Quarterly/Editorial Research reports in Washington, D.C.

The WNC's early emphasis was on vetting complaints against media organizations concerning inaccurate or unfair stories, along the model of the now-defunct Minnesota News Council. In recent years it has developed a broad range of projects to emphasize quality, integrity and public engagement with journalism through an interactive website with online community discussion, an active blog, a live Twitter feed and Facebook/LinkedIn pages.

The WNC funds journalism scholarships through donations and some proceeds from an annual Gridiron West Dinner.

In January 2011, it announced successfully matching a Gates Foundation challenge grant of \$100,000. < <http://wanewscouncil.org/2011/01/19/woo-hoo-we-met-the-gates-foundation-challenge/> > The WNC was named organization of the year by the Municipal League of King County. <http://wanewscouncil.org/2011/01/27/wnc-named-organization-of-the-year-by-municipal-league/>

Among the News Council's projects in the Online Media Guide, which has a database of more than 800 websites. <<http://wanewscouncil.org/?s=online+media+guide>>

Another WNC project is the TAO of Journalism pledge and seal, a means to encourage news outlets, bloggers, hyperlocal news sites, freelancers, newsletters and civic groups. to emphasize Transparency, Accountability and Openness. <<http://taoofjournalism.org/pledge.cfm>>

West Seattle Blog < <http://westseattleblog.com/>>

Founded in 2005 by the wife and husband team of Tracy Record and Patrick Sand, the West Seattle Blog is easily one of the most watched, talked about and celebrated hyperlocal news sites in the country. It epitomizes the idea of "regular people" working amazingly hard to cover everything that moves in their community.

Record, who handles content, was a pioneer in digital news at the Walt Disney Internet Group and KOMO-TV. She quit her job as news director at KCPQ-TV to work more than full time for WSB. Patrick, who handles sales, has been in ad sales for more than 25 years and was also a pioneer in Internet advertising. They list their content collaborators as EVERYONE in West Seattle.

Xconomy <<http://www.xconomy.com/seattle/>>

Seattle is one of five cities with Xconomy websites. The site was launched in 2008 and its "about" page says:

"Xconomy is dedicated to providing business and technology leaders with timely, insightful, close-to-the-scene information about the local personalities, companies, and technological trends that best exemplify today's high-tech economy.

“Our goal is to become the authoritative voice on the exponential economy, the realm of business and innovation characterized by exponential technological growth and responsible for an increasing share of productivity and overall economic growth.

“We plan to deliver this valuable content through a unique global network of localized blogs, events, conferences and other initiatives designed to better connect people and ideas.”

Part of its business model is hosting Xconomist Forums.

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(<http://www.jtmpnw.org/knightReport.cfm>) ↪ (#fnref-8164-14)
15. The initiatives, with links to their current status, are listed in the appendix to this paper.

A Year in the News 2010

Disaster, Economic Anxiety, but Little Interest in War

Mark Jurkowitz, Tom Rosenstiel and Amy Mitchell of the Project for Excellence in Journalism

Two weeks into the year, a devastating earthquake struck Haiti and dominated the news in the United States for a month. As coverage began to subside, the climactic legislative battle over remaking the American health care system took on a feverish quality—and began its own month-long control of the news. In April, an oil rig explosion in the Gulf of Mexico commandeered the media's attention all the way into August. And from Labor Day to Nov. 2, the midterm elections held the media's fascination far beyond anything else.

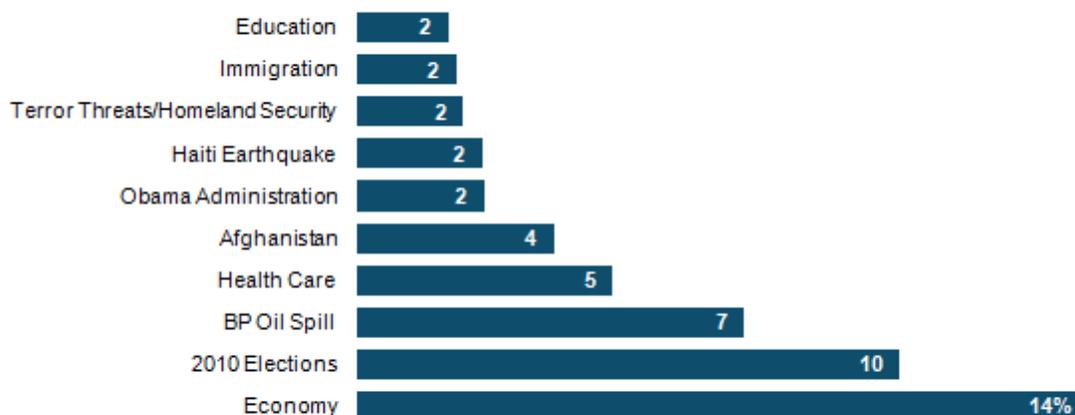
But throughout the year, one story remained a constant—the narrative morphing and evolving to be sure, but usually conveying the same underlying message of apprehension: The No. 1 story of the year was the weakened state of the U.S. economy.

By year's end, the economy registered among the top four stories every week studied by the Pew Research Center's Project for Excellence in Journalism in its weekly News Coverage Index. And the attention given the story was remarkably consistent. Economic news accounted for between 13% and 17% of the overall coverage studied in every quarter of 2010.

Yet, it was often overshadowed by bigger breaking news events. Although it was the first or second story 41 weeks out of 52, the economy filled more than 30% of the news studied only once. Health care, the election and the oil spill together passed that threshold nine times.

Top Stories of 2010

Percent of Newshole



Source: PEJ's News Coverage Index from January 1, 2010 through December 19, 2010

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

2011 STATE OF THE NEWS MEDIA

For its part, the public paid keen attention to the nervous economic news. The news media's No. 1 story of the year consistently generated high levels of attention among news consumers, even as the major breaking stories of 2010 garnered more public interest for many weeks this year.

But surveys by the Pew Research Center for the People & the Press also found divergence between the media's and public's news priorities. (A fuller report on the findings of the News Interest Index is [here](#).)

In the case of several major events—the Haiti earthquake, health care reform legislation, the Gulf of Mexico oil spill—news consumers maintained high levels of interest even after press attention had diminished. And at the other end of the spectrum, the public displayed considerably less interest than the media in several “inside the Beltway” stories, especially the comments that led to the dismissal of the U.S. commander in Afghanistan.

New media, meanwhile, had a varied news agenda. The blogosphere generally mirrored the mainstream media, according to PEJ's research, while Twitter users were far more interested in technology and international affairs.

These are among the findings of a review of three different research efforts by the Pew Research Center. The weekly News Coverage Index by the Project for Excellence in Journalism measures the news the public was exposed to from the mainstream media. PEJ's New Media Index tracks the conversation in blogs, the top news videos on YouTube and the discussion of news on Twitter. And the Pew Research Center for the People & the Press' weekly News Interest Index survey measures the public reaction to that news coverage.

These complementary measures offer a unique look at the public conversation in the United States by tracking, in effect, the media stimulus and the public response to the news.

PEJ's News Coverage Index monitors news in 52 different mainstream media outlets from print, online, cable, network broadcast and radio. The New Media Index monitors commentary on millions of news-focused blogs as identified by the web tracking site Icerocket, and the leading news topics on Twitter as identified by the web tracking site Tweetmeme.

Among the findings:

- Although the economy was the leading subject of the year, no one dimension of the story dominated the media narrative. In the first few months of 2010, it was the fate of the battered financial sector that generated attention. In the third quarter, the big news was about the employment picture. And in the final three months of the year, negotiations over the Bush-era tax cuts took center stage.
- While the media and public were in sync on the economy, the press showed considerably more interest than the public in a number of Washington-centric stories, such as the forced resignations of Gen. Stanley McChrystal and Agriculture Department staffer Shirley Sherrod, as well as the 2010 elections.
- When it came to the nation's two wars, Iraq and Afghanistan, the press and the public mutually displayed only modest interest. Coverage of the Afghanistan war dropped to just 4% of all the news studied in 2010, (down from 5% in 2009) as the nine-year-old conflict often struggled for attention in the mainstream media. The big change in last year's narrative was the diminished attention to U.S. policy debates over the war. Coverage of the Iraq war, meanwhile, dropped to 1% of the newshole studied from 2% in 2009.
- An examination of the top stories in social and online media in 2010 found dramatic differences between what bloggers and Twitter users talked about last year. The top story in the blogosphere was the economy (10%), same as in the mainstream media (14%). But the leading news topic on Twitter was computer giant Apple (13%).
- The tea party phenomenon was a key narrative of the 2010 midterms. During the last two months of the campaign, the tea party accounted for twice the campaign coverage (13%) as the impact of the economy and health care on the election combined. Much of the fascination was with the most controversial candidates. For instance, tea party candidate Christine O'Donnell, who was soundly defeated, generated more election coverage between Labor Day and Election Day than anyone other than President Obama.
- Due largely to the Gulf oil spill and the Haiti earthquake—as well as mine explosions in West Virginia and Chile—coverage of disasters in 2010 spiked dramatically, up to 8% of the overall newshole from only 2% the year before. The long-running oil spill story in particular defied the traditional “one-week wonder” pattern for disasters, in which the media initially flood the zone with coverage, but quickly lose interest.

- In the heated cable news wars, CNN is often viewed as the odd man out in the ideological battles waged by MSNBC and the Fox News Channel. But 2010 also proved that CNN was the cable outlier when it came to news agenda. For instance, it devoted considerably more coverage to the oil spill (12%) and Haiti (5%) and less to the election (11%) than either of its two rivals.

Top 10 Stories of 2010

No one story dominated the news in 2010. The biggest story, the economy, commanded just 14% of the news studied, the lowest number for a top story of the year since PEJ began its comprehensive real-time study of the news agenda in 2007.

While rarely an overwhelming focus of coverage, the economy demonstrated remarkable staying power in 2010. And in so doing, the economic narrative that began in the fall of 2008 with the collapse of Lehman Brothers was the No. 1 story for the second year in a row.

The No. 2 story of 2010 was the midterm election season (10%), followed by the massive Gulf of Mexico oil spill (7%). The debate over health care reform (5%) and the war in Afghanistan (4%) rounded out the top-five stories.

Top Stories: 2010 Compared to 2009

Percent of Newshole

2010 Big Stories		2009 Big Stories	
Economy	14 %	Economy	20 %
2010 elections	10	Health Care	9
BP Oil Spill	7	Obama Administration	5
Health Care	5	Afghanistan	5
Afghanistan	4	Terror Threats/Homeland Security	4
Obama Administration	2	Iran	2
Haiti Earthquake	2	Swine Flu	2
Terror Threats/Homeland Security	2	Iraq War	2
Immigration	2	Michael Jackson	1
Education	2	Sonia Sotomayor	1

Source: PEJ's News Coverage Index

Note: 2010 economy number includes one storyline, taxes, that was not part of 2009 economy number.

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

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The economy was a staple of the news agenda in 2010. It registered as the No. 1 or No. 2 story in 41 of 52 weeks studied. The high water mark, 41%, came late in the year, the week of December 6-12, when President Obama and the Republicans struck a deal on extending tax cuts.

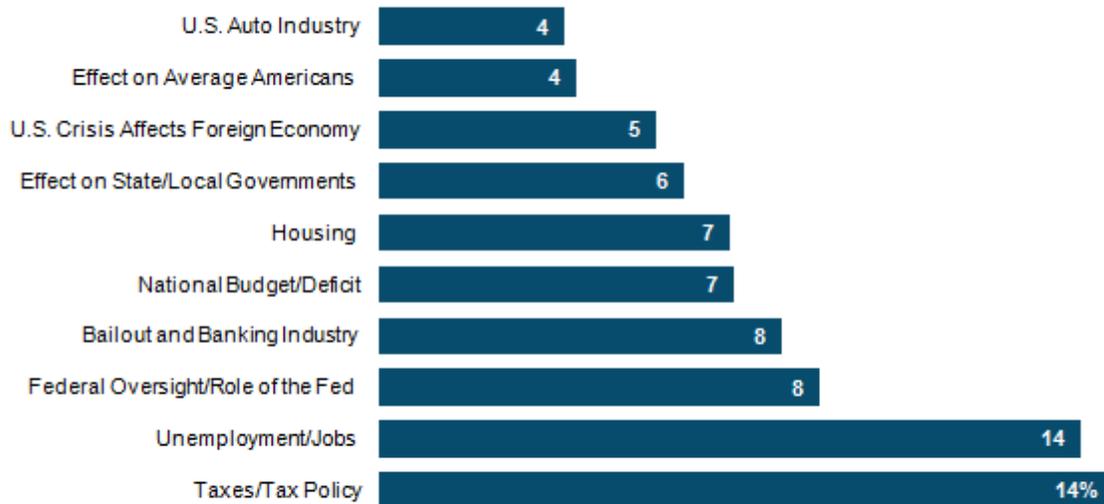
One major reason for the steady drumbeat of attention was the large number of economic indicators and storylines—from the health of the job market to the housing market to the financial sector.

Coverage of the second-biggest economic storyline, the employment picture, (the leading storyline was tax policy) remained fairly high throughout most of the year.

But other key themes spiked at different points in 2010. Attention to the financial sector, for example, peaked in the first quarter (at 17% of the economic newshole). The concern then focused on the financial health of banks and the implementation of new credit card rules. The subject of federal oversight peaked during the second quarter (22% of the economic newshole) when Congress tackled

Top Economy Storylines in 2010

Percent of Economy Newshole



the
Wall
Street
reform

Source: PEJ's News Coverage Index

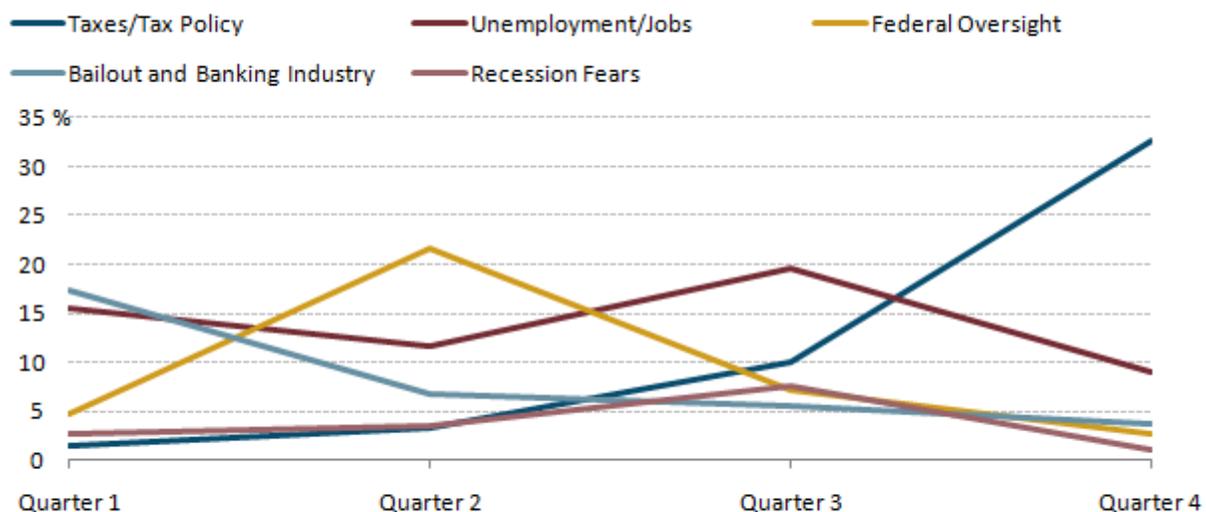
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legislation.

Recession fears took up the slack in the third quarter (8% of the economic coverage). Growth numbers were revised downward, and analysts started talking about a “double dip” recession. Attention to the job market also jumped to a high water mark (20%) in those three months. In the last quarter of 2010, the subject of taxes took off (33%) as Obama and the Republicans hammered out the compromise on the Bush-era tax cuts.

Economy Storylines in 2010 Over Time

Percent of Economy Newshole



Source: PEJ's News Coverage Index

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The economy generated somewhat less interest on television news than in other sectors. It generated the most attention in newspapers (16% of the front-page coverage), followed by radio (15%) and online

(14%). The subject accounted for 11% of the airtime studied on cable and 10% on network news.

Since the economic crisis exploded into public view more than two years ago, newspapers have consistently devoted the most coverage to the subject. But several factors may help explain the lower levels of TV attention. For one thing, subjects such as national debt and employment and budget issues don't readily provide television-friendly graphics and visuals.

On cable, which thrives on ideological combat, the lack of pitched political battles over the economy—in contrast, say, to the major stimulus fight in early 2009—may have contributed to the relative lack of coverage in 2010.

The Press and the Public: Divergent and Dovetailing News Agendas

On some big stories—most notably the economy—the media and American news consumers were on the same page in 2010. But the media's interest in a number of major events subsided long before the public's, and citizens did not share the press fascination with Beltway-centric stories.

When Public Interest Exceeded Press Coverage

	% of Newshole	% Followed Most Closely
BP Oil Spill (August 12-15)	3 %	44 %
Health Care Debate (April 9-12)	3	33
Haiti Earthquake (February 5-8)	8	38
Iceland Volcano (April 16-19)	7	21
Cold Winter Weather (January 8-11)	4	18
Immigration Debate (May 7-10)	2	16
Egg Recall (August 26-29)	4	16

Source: PEJ's News Coverage Index and the People & the Press News Interest Index
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When Press Coverage Exceeded Public Interest

	% of Newshole	% Followed Most Closely
2010 Elections (September 16-19)	30%	11%
WikiLeaks (December 2-December 5)	17	7
McChrystal Resignation (June 24-27)	21	7
Times Square Bomber (May 7-10)	25	13
State of the Union (January 29-February 1)	19	8
Israel/Gaza Boats (June 3-June 6)	13	4
Kagan Nomination (May 13-16)	13	5
Massachusetts Election (January 22-25)	21	14
Sherrod Firing (July 22-25)	14	8

Source: PEJ's News Coverage Index and People & the Press News Interest Index
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According to the Pew Research Center for the People & the Press—which conducts national surveys to measure which news subjects are receiving the most public attention—U.S. news consumers and news outlets both maintained a consistently close watch on economic news.

Indeed, economic news received the most or second most public attention in 32 of the 45 weeks in which public attention to the topic was tracked.

Public attention was also riveted on such big events as the Haiti earthquake, the health care reform battle, the Gulf of Mexico oil spill and the midterm elections. Press coverage matched interest initially, but the public stayed focused on three of these stories—Haiti, health care reform and the oil spill—long after media attention had shifted to other emerging stories.

Just three weeks after the most intense focus on the Haiti earthquake, for example, coverage of the aftermath constituted just 8% of the newshole, exceeded by media attention to the economy and possible problems with Toyota vehicles. Yet 38% of the public still said they were following news of Haiti more closely than anything else.

And less than a month after the July 15 capping of the Deepwater Horizon, 44% of Americans continued to say they were following news about the spill and its aftermath more closely than any other topic. Yet just 3% of news coverage focused on the spill's aftermath, as the press focus turned toward the upcoming midterm elections.

The year also proved again that Americans typically show less interest in political or Washington stories than do the media. That was the case with the resignation of top Afghanistan commander, General Stanley McChrystal, and the saga of Shirley Sherrod, the Department of Agriculture official who was forced to resign after a conservative website ran an edited version of a speech she delivered to an NAACP audience.

Similarly, the 2010 midterm elections often drew far more press than public attention. Though the public eventually took a strong interest in late October, there were instances earlier in which coverage significantly outweighed interest.

During the week starting Sept. 13, for example, the media devoted 30% of the newshole to election news—including Christine O'Donnell's upset win in the Delaware GOP Senate primary. But that week, only 11% of the public said they followed election news most closely, while 26% rated news about the economy as most important to them.

Blogs and Twitter: Two Very Different News Agendas

The agenda in new media varied in some respects from the mainstream press and echoed it in others in 2010.

Bloggers and the mainstream media agreed on four of the top five stories—the economy, the midterm elections, the health care debate and the war in Afghanistan, according to PEJ's New Media Index.

Yet the index—which studies which news-related subjects bloggers and Twitter users are linking to—found that the discussion about the news on Twitter was fundamentally different. None of the top five mainstream or blogger subjects made the Twitter list of five top stories.

The agenda on blogs was remarkably close to that of the mainstream media, according to PEJ's research. Blogs shared nine of the top 10 stories in 2010 with the mainstream media. That list included the economy (10%), the 2010 elections (5%) and evaluations of the Obama Administration (4%). The only differences were that the bloggers included the tea party (at 2%) and the mainstream media

Top Stories: Mainstream Press vs. Blogs vs. Twitter

Mainstream Press		Blogs		Twitter	
Economy	14%	Economy	10%	Apple	13%
2010 elections	10	2010 Elections	5	Google	9
BP Oil Spill	7	Obama Administration	4	Twitter	7
Health Care	5	Health Care	3	Facebook	7
Afghanistan	4	Afghanistan	3	European Economy	2
Obama Administration	2	Terror Threats/Homeland Security	3	Haiti Earthquake	2
Haiti Earthquake	2	BP Oil Spill	2	Afghanistan	2
Terror Threats/Homeland Security	2	Education	2	WikiLeaks	2
Immigration	2	Immigration	2	Economy	1
Education	2	Tea Party	2	Education	1
				UK Elections	1

Source: PEJ's News Coverage Index and New Media Index

Note: For the New Media Index, the priorities of bloggers and users of Twitter are measured in terms of percentage of links. Blogs and twitter data are from January 1, 2010 through December 10, 2010. The mainstream coverage is measured as a percentage of newshole from January 1, 2010 through December 19, 2010.

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included the Haiti earthquake (at 2%).

Not so on Twitter. The top four stories in Twitter feeds in 2010 were all about marquee brands in the digital era: Apple (13%), Google (9%), Twitter itself (7%) and Facebook (also 7%).

There was also more international flavor to the Twitter communication. Four of the top 10 subjects for the year involved overseas issues, including the war in Afghanistan (2%), the Haiti earthquake (2%), the European economy (2%) and elections in the UK (1%). One other top 10 story on Twitter, the WikiLeaks document disseminations (2%), also had a significant international angle.

The dominance of technology topics on Twitter also suggests that the platform has a different function than the mainstream press or even blogs. At least for now, users employ Twitter in part as a consumer affairs forum, to publicize, share and critique new gadgets and advances.

By contrast, the bloggers focused on the news studied by PEJ were much more closely tied to events that mirrored the mainstream media agenda. Much of the bloggers' conversation tended to be a debate, and often an ideological one, and hot-button issues such as global warming and President Obama's performance are often prominent.

In that way, the findings suggest, the blogosphere partly resembles an online version of cable or radio talk shows. That is rarely seen on Twitter, according to the research.

Yet all this may evolve in the years ahead as users find new platforms and technologies and as social media, such as Facebook, becomes an even more prominent means of exchange.

The 2010 Midterms: A Tea Party Tale

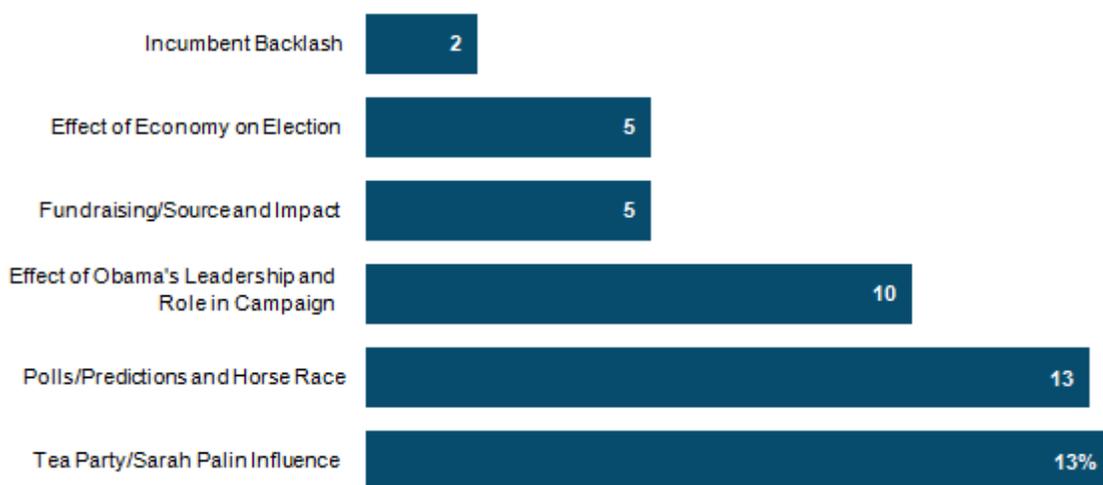
In the mainstream press, the election became a major story, registering second overall, filling 10% of the coverage studied for the year. But much of that was compressed from Labor Day to Election Day. During that period, indeed, the election made up nearly a third (30%) of the newshole studied by PEJ in the mainstream media.

The key element of that coverage was the emerging political movement that coalesced around opposition to President Obama and an expansion of government and that helped propel the GOP electoral wave.

Indeed the biggest election storyline from September 13-November 2, at 13% of overall election coverage, was the impact of the tea party and one of its leading figures, former Alaska Governor Sarah Palin. They accounted for more coverage than the role and impact of President Obama himself, even though many observers saw the election as a referendum on the president. And they garnered twice the attention devoted to the impact on the campaign of the two top domestic issues—the economy and health care.

Top 2010 Election Storylines

Percent of Election Newshole from September 13 – November 2, 2010



Source: PEJ's News Coverage Index

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Much of that coverage was driven by tea party candidates who found themselves in the media's sometimes unwelcome glare. Exhibit A was Christine O'Donnell, the Delaware Senate candidate. O'Donnell, who took some controversial policy positions, quickly began generating attention for decade-old comments about masturbation and "dabbl[ing] into witchcraft." Even though she was soundly beaten in the general election, O'Donnell was a lead newsmaker in 8% of all the election stories from September 6 to November 2. The only campaign figure to get more attention, Barack Obama, wasn't on the ballot.

Top 2010 Election Newsmakers

Number of Stories from September 6 - November 2, 2010

Barack Obama*	231
Christine O'Donnell	166
Meg Whitman	68
Sharron Angle	59
Harry Reid	58
Carl Paladino	53
Jerry Brown	39
Rand Paul	35
Lisa Murkowski	30
Joe Miller	29

*Includes Barack Obama and Obama Administration as a lead newsmaker

Source: PEJ's News Coverage Index

Note: To qualify as a prominent newsmaker, a figure must be featured in at least 50% of a story

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Other than Obama, Senate Majority Leader Harry Reid and California Governor Jerry Brown, the rest of the 10 top election newsmakers were Republicans. They included a number of tea party favorites, such as Senate candidates Sharron Angle in Nevada, Rand Paul in Kentucky and Joe Miller in Alaska as well as New York gubernatorial candidate Carl Paladino. A long shot candidate who was routed on November 2, Paladino generated headlines for derogatory remarks about homosexuals and a heated confrontation with a New York Post reporter. Indeed, with the exception of Rand Paul and Lisa Murkowski, who won a write-in campaign, all those GOP candidates lost on Nov. 2.

Indeed, a significant portion of the coverage of candidates like O'Donnell and Paladino had a gawking, quasi-voyeuristic component, with the media drawn to controversy and color. That didn't necessarily add much depth to the public understanding of the tea party phenomenon. And a qualitative evaluation of election coverage finds that in much of the media, there was more of a fierce partisan argument about what the tea party was than a journalistic exploration of that subject.

The Year of the Disaster

On April 20, the Deepwater Horizon oil rig exploded several dozen miles off the Louisiana Coast, killing 11 people. By the time the gushing leak was finally stanchied, the BP oil spill had emerged as the No. 3 story of the year (7% of the newshole).

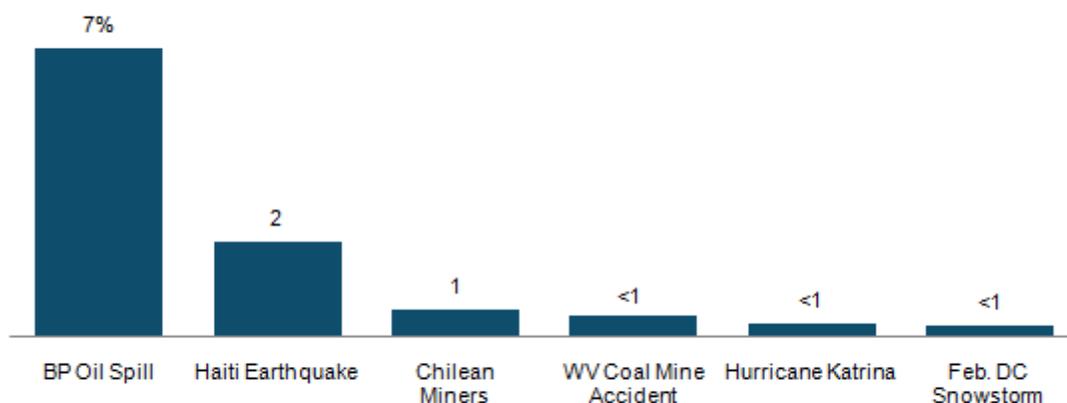
The Gulf oil spill was a slow-motion catastrophe that ran counter to the typical pattern of "one-week wonder" coverage, when the media descend on a disaster en masse and depart soon after. For the first 100 days after the rig explosion, the spill was easily the nation's top story, at 22% of the newshole, as the media pursued three major storylines—events in the Gulf, the role of BP and the role of the Obama Administration.

Indeed the oil spill—when combined with other major events such as the devastating Haiti earthquake, the West Virginia mine accident that killed 29 and the Chilean mine drama that led to the rescue of 33—made 2010 a year of disasters.

The broad category of accidents and disasters accounted for 8% of the overall coverage in 2010, quadrupling the 2009 coverage (2%). By way of comparison, disasters—both man-made and natural—generated almost as much attention in 2010 as foreign news directly involving the U.S.

Biggest 2010 Disaster Stories

Percent of Overall Newshole



Source: PEJ's News Coverage Index

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The earthquake in Haiti, which struck on January 12 and began as the dominant story of the new year, filled 21% of the newshole studied over the next four weeks. And although Haiti did not remain atop the news agenda for nearly as long as the oil spill, it too defied the “one-week wonder” pattern. For the year, the earthquake, whose effects remain a story, filled 2% of the newshole.

Two other significant 2010 disaster stories fit that traditional coverage mold more closely. The April 5 explosion that killed 29 at the Upper Big Branch mine in West Virginia was the No. 1 story (17%) the week of April 5-11. By the following week, it had plunged to 3%. And the joyous rescue of the 33 Chilean miners was the No. 2 story from October 11-17, at 21% of the newshole. One week later, however, it was largely forgotten by the media (1%), perhaps further proof of the adage that good news is no news.

The War that Struggles for Headlines

One year ago, after coverage had grown markedly in the second half of 2009, Afghanistan finally seemed to have emerged as a major ongoing story. In 2010, however, the year when the nine-year-old war produced the highest U.S. death toll, Afghanistan receded from the headlines as the debate over U.S. policy quieted.

Coverage of Afghanistan accounted for 4% of the newshole this past year, down from 5% the previous year, a drop of 20%. Perhaps more tellingly, there was no sustained spike in coverage in 2010; in each of the four quarters it ranged only between 3% and 4% of the newshole.

What the numbers reveal is that despite the intensifying conflict on the ground, the war is not a big newsmaker without a major Washington component to the story.

It is difficult to argue that the public was clamoring for more press coverage of the conflict. The Pew Research Center for the People & the Press surveyed public interest in the subject on 18 different

weeks in 2010. And in virtually none of those weeks did more than 10% of the public identify Afghanistan as the story they were following most closely. Consistent with this, midterm election exit polls found only 8% of respondents saying that Afghanistan was a voting consideration for them.

Top Afghanistan Storylines: 2010 vs. 2009

Percent of Afghanistan Newshole

	2010		2009
Debate over U.S. Strategy Policy	25 %	Debate over U.S. Strategy Policy	46 %
Combat/violence/casualties	20	Combat/violence/casualties	14
Petraeus Takes Over	16	Afghan Internal Affairs	9
Afghan Internal Affairs	8	Al Qaeda and Taliban re-emergence in Afghanistan	4
Al Qaeda and Taliban re-emergence in Afghanistan	3	Obama to send 17,000 troops	3

Source: PEJ's News Coverage Index

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In 2009, almost half (46%) the Afghanistan coverage focused on the U.S. policy debate, a storyline driven by the Obama Administration's months-long strategy review that culminated with a 30,000-person troop surge. In 2010, however, the policy debate accounted for only one-quarter of the coverage, a major reason for the drop in overall attention to Afghanistan.

Among the other 2010 Afghan storylines, the second-biggest (20%) involved the violence on the ground. But that was followed closely (16%) by what was essentially a one-time event, Obama's June replacement of General Stanley McChrystal with General David Petraeus as top Afghanistan commander after Rolling Stone magazine published negative comments by McChrystal and his staff about the White House.

The attention devoted to the McChrystal episode, about one-sixth of the year's Afghanistan coverage, again reflects the media's interest in storylines involving political intrigue.

Going forward, coverage could well spike in 2011 as the administration approaches an initial summer deadline for beginning troop withdrawals. But the lesson of 2010 seems to be that without a Beltway angle, the war in Afghanistan struggles to generate headlines.

Meanwhile, coverage of the almost-forgotten conflict in Iraq, still home to about 50,000 U.S. military personnel, dropped to a negligible 1% of the newshole in 2010—down from an already modest 2% in 2009.

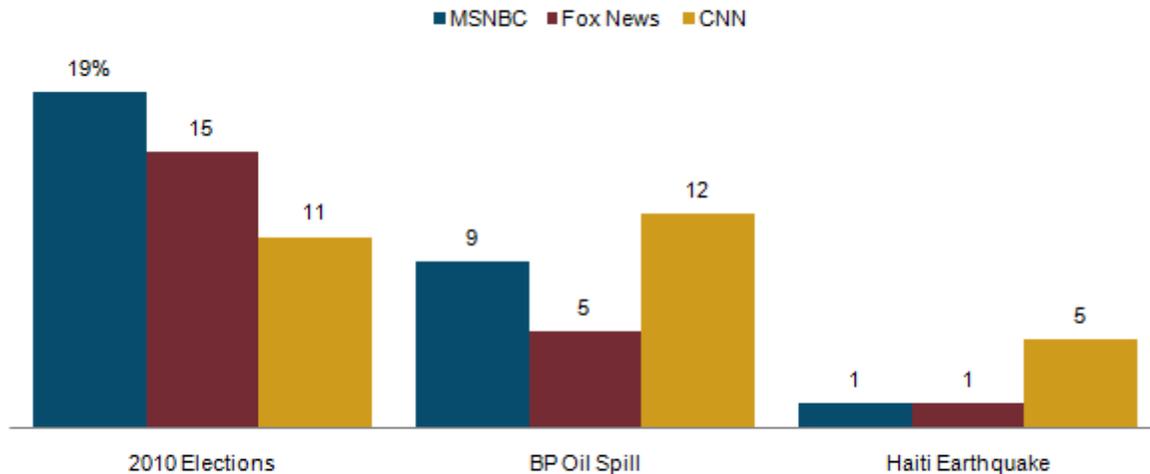
CNN as the Cable Outlier

CNN is often described as the odd man out in the cable news wars. Unlike Fox and MSNBC—whose prime-time programming is dominated by ideological hosts who tilt right and left respectively—its prime-time programming does not feature a dominant ideology. Its evening lineup in 2010 was built around the valedictory season of celebrity interviewer Larry King and the on-scene reporting style of Anderson Cooper.

But a study of 2010 cable coverage reveals another major area in which CNN differentiates itself from its rivals. It has a dramatically different news agenda in terms of what it covers.

Cable Networks' Story Comparisons

Percent of Newshole



Source: PEJ's News Coverage Index

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Take the two major domestic political stories. CNN devoted notably less of its time to these than its rivals. It spent 11% of the airtime studied on the midterm elections, substantially less than Fox (15%) and MSNBC (19%). The same pattern was true with the heated debate over health care, which accounted for only 4% of the CNN newshole, compared with 7% on Fox and 8% on MSNBC.

Yet CNN leaned far more heavily toward disaster stories that demanded on-scene field reporting. CNN devoted considerably more airtime to the devastating Haiti earthquake (5% for the year overall and 45% during the month after the quake) than did MSNBC and Fox (1% each for the year and 17% each for the first month). CNN's coverage of the BP oil spill saga (12% for the year) also outstripped MSNBC's (9%) and more than doubled Fox's (5%).

A deeper look at the oil spill story reveals another distinction. More than half of CNN's spill coverage (57%) focused on the breaking news aspects of the story—efforts at containment and cleanup and the impact of the disaster. And only about one-third (35%) was devoted to roles and culpability of both the federal government and BP.

Conversely both Fox (36%) and MSNBC (39%) filled only about one-third of their newshole with cleanup and containment coverage. But they devoted about one half (Fox 54% and MSNBC 53%) to the corporate and government roles and culpability storylines, which featured more of a Beltway component.

Broadly speaking, the coverage patterns seem to affirm CNN's niche as more oriented toward big breaking news events with Fox and MSNBC more attuned to the political battlegrounds.

A Big Jump in Politics, a Big Drop in Health

Aside from major events or running stories, PEJ also examines coverage from the perspective of general topic categories. How much coverage is given to such subjects as education, lifestyle or

religion, taking all the events of the year into account? Among other things, this way of measuring stories also looks at how each story about an event might have been oriented. A story about the faltering economy in the end could be a pure economic story, it could be a political story, or it might be built around human interest or more.

Top General Topic Categories: 2010 vs. 2009

Percent of Newshole

2010 Topics		2009 Topics	
Campaigns/Elections	12 %	U.S. Foreign Affairs	11 %
Foreign (Non-U.S.)	11	Health/Medicine	11
Government Agencies	10	Government Agencies	10
U.S. Foreign Affairs	9	Economy	10
Economy	8	Foreign (Non-U.S.)	10
Disasters/Accidents	8	Business	7
Health/Medicine	6	Crime	6
Business	4	Campaigns/Elections	5
Crime	4	Domestic Terrorism	3
Lifestyle	3	U.S. Miscellaneous	3
Domestic Terrorism	3	Lifestyle	3
U.S. Miscellaneous	2	Additional Domestic Affairs	2
Sports	2	Sports	2
Additional Domestic Affairs	2	Defense/Military (Domestic)	2
Environment	2	Celebrity/Entertainment	2
Defense/Military (Domestic)	2	Environment	2
Science/Technology	2	Media	2
Immigration	2	Disasters/Accidents	2
Race/Gender/Gay Issues	2	Race/Gender/Gay Issues	2
Education	2	Science/Technology	2
Media	2	Court/Legal System	1
Religion	1	Education	1
Court/Legal System	1	Transportation	1
Transportation	1	Immigration	<1
Celebrity/Entertainment	<1	Religion	<1
Development/Sprawl	<1	Development/Sprawl	<1

Source: PEJ's News Coverage Index

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When looked at from that perspective, several significant patterns emerged in 2010. The year's biggest topic, at 12% of the overall newshole, was politics. Thanks to the much-covered 2010 midterms, attention to that subject more than doubled from the 5% it registered in 2009. Coverage of disasters also increased dramatically in 2010, to 8% from only 2% in 2009.

Conversely, coverage of medicine and health fell in 2010 to 6%. One year earlier, when the debate over health care reform was in full swing and the world was worrying about an emerging H1N1 flu pandemic, it had been the No. 2 topic (at 11%). Topics such as business (4%) and crime (4%) fell from their 2009 levels of 7% and 6% respectively.

Coverage of celebrities and entertainment also dropped to less than 1% after having accounted for 2% in 2009, the year that the death of pop icon Michael Jackson was a major story.

Several other topics that have a significant impact on American life generated modest coverage in 2010. The environment, education, immigration and issues surrounding race, gender and gay rights each

accounted for 2% of the newshole in 2010. In each case, that coverage was very similar to the 2009 levels, with the exception of immigration, which was less than 1% in 2009.

In 2010, only two topics—politics and foreign events that did not directly involve the U.S.—filled more than 10% of the newshole. That's a less balanced media diet than in 2009, when five subjects ended up with double-digit coverage levels.

The State of the News Media 2011

An Annual Report on American Journalism

Newspapers: Missed the 2010 Media Rally

By Rick Edmonds of the Poynter Institute, Emily Guskin and Tom Rosenstiel of Project for Excellence in Journalism.

For newspapers, 2010 was comparatively calm after the hair-raising revenue dips of 2008 and 2009. That was cold comfort, however, to an industry still laboring to find a sustainable business model for the future.

In a year when most other media businesses rallied, advertising revenues at newspaper organizations continued to fall – roughly 6.3% for the year. That compares to a drop of 26% in 2009.¹

Print circulation also continued to decline, 5% daily and 4.5% Sunday year-to-year for the six-month period ending September 30. Losses in 2009 had been double that.²

Still, contrary to what those who have already written print's obituary may think, newspapers generally were still operating in the black. Typical profit margins hovered around 5%.³ That, however, is less than a quarter of what they were in the industry's glory years of the 1990s.

Online audience, though imprecisely measured, did grow some, and many papers can claim their overall audience is growing.

Most companies also saw improvements in digital revenues, especially if they diversified into non-newspaper digital ventures. Many major papers made their work available in mobile phone apps, new apps for the iPad and other tablets, and various other electronic editions – all of which consumers seem willing to pay for, though none is a short-term revenue bonanza.

But a consensus has emerged that website advertising, its rates driven down by massive available inventory, will probably never sustain a comprehensive daily news report. The clock continues to tick on finding strong supplementary revenue streams as print seems certain to stagnate or decline further.

Newspaper organizations continue to insist, as they have for several years now, that they are transforming themselves to take advantage of the digital future. But the path is hardly a well-marked four-lane highway, and the effort often seems comparable to chopping through the jungle with a machete.

As the industry heads into 2011, six trends of the last year reflect the beginnings of progress, but also some retreats and setbacks:

- **Paid Online Content:** After two years of a lot of talk and hardly any action, many newspapers are now poised for real-time experiments in charging for some web content.

They have waited, by and large, due to technical and strategic challenges and a reluctance to take the plunge and lose readers and advertisers amid a weak economy. But a survey of experiments at three dozen papers by Belden Interactive found that less than 1% of consumers on average are willing to subscribe, and some papers, such as those in Harlingen, Texas, and Sonoma, Calif., quickly restored free access.⁴

The most anticipated version – embodied in the New York Times “metered model,” under development for more than a year, will allow free access to the home page and to articles from links and search engines. The “meter” will track usage and ask individuals to buy a full access pass once they hit a threshold number of articles in a month.

The model is designed to let papers retain traffic from light users, thus keeping unique visitor metrics and value to advertisers up. But it will draw circulation revenue from the heaviest users and reward print subscribers. Part of the Times plan, being picked up by the Dallas Morning News as well, is to offer an all-platform access pass including mobile and tablet versions of the content.

When they do come, the paid online experiments may be important in establishing the principle that full access to expensive-to-produce content costs something. But the short-term revenue gains (even counting improved retention of print subscriptions) will not be a game-changer financially. And the risk remains that pay walls will drive down traffic and online ad revenue.

- **Mobile and Tablets:** One of the major events in newspapers, as in other news sectors, was the move to mobile. The serial success of e-readers, Apple’s iPhone (and Google’s Android variation and others from other makers) and now, the iPad and competing devices to follow, has grabbed industry attention. Offerings on all three platforms will proliferate and be upgraded during 2011. Some excited commentators seem convinced that these platforms will become the dominant form of reading news within three years. For now, though, the added revenues are not huge and must be split with the device makers. Apple, particularly, insists as well on controlling customer contacts and data, and rules on a case-by-case basis what is an acceptable app for sale on the iPad and iPhone platforms.

Also, it is not clear what ad formats will work best in mobile or tablets, how those will tie to news content and whether pricing will settle out at premium levels or the modest rates for generic online ads. While news is a use of these devices, it is still unclear whether it will be an important use for a majority of buyers, as compared, say, to games like Angry Birds and Farmland. So hopes remain high but there is also a chance that three hot new formats will turn out to be opportunity-lite rather than industry savior.

- **Hyperlocal News:** Five years ago, an industry mantra held that local news was the core competency of most newspapers and that the web would allow coverage to be subdivided by neighborhood, drawing both audience and advertising. In part, the thinking was that this might

rationalize cost cutting and leave news operations with content that was unique and perhaps therefore could be charged for. Three things happened to derail the theory. As noted in previous editions of this report, merchants have been slow to embrace digital advertising, the majority sticking to more familiar formats like print and yellow pages. Many metro papers could not in fact be all that local. What's more, in the cost-cutting frenzy of 2008 and 2009, reporting and editing positions for hyperlocal initiatives were consistently among the casualties.

During 2010 a number of the most ambitious metro papers – among them the Boston Globe, The Oregonian, the Seattle Times and the Milwaukee Journal Sentinel — began rebuilding hyperlocal coverage. There is a new formula typically relying on some professional news staff, editing and coordinating, but with most of the content coming from volunteer or semi-professional writers based in the communities they cover. The Seattle Times and some others also have established relationships with independent neighborhood blogs and websites.

AOL's Patch has hired 500 journalists to start a nationwide network of cookie-cutter sites focusing on granular news about events and shopping in affluent neighborhoods.⁵ Neither Patch nor its newspaper competitors are reaping big advertising dollars yet, but the theory seems to be that hyperlocal sites will build audience and be in position for digital advertising and other revenue opportunities as they develop.

- **Groupon and the Deal-of-the-Day Craze:** The internet business phenomenon of the year in 2010 was Groupon, a young and once-obscure company that now has more than 50 million subscribers worldwide receiving a daily deal offer.⁶ Like Craigslist, Google, Monster and Facebook, Groupon is the invention of a young entrepreneur (in this case, just turned 30), with no newspaper background. But it nibbles at the industry's advertising/marketing franchise by giving merchants and service providers a near foolproof way to attract many new customers.⁷ (Revenues from the discounted offers are paid electronically when a user accepts, and the money is then split evenly between Groupon and the participating business.)

There is a modest upside for newspapers this time, however. They can partner with one of the company's rivals like Living Social or with Groupon itself, now seeking expansion beyond a single deal a day in bigger markets with a separate newspaper offer. Or since the basic structure is replicable, newspapers can simply start their own programs as the San Diego Union Tribune and the Virginian-Pilot in Norfolk have successfully done. Groupon retains the advantages of being first mover and having a certain cachet with customers. In early 2011, it turned down a \$6 billion acquisition bid from Google, raised nearly \$1 billion in expansion capital on its own and has been valued by some analysts at \$15 billion.⁸

Both 2011 and 2012 promise to be years of vigorous exploration of new digital lines of business for newspapers. But a decade of experience suggests the probability that they will encounter new disruptive competitors with powerful offerings no one can predict or prepare for. History also

suggests a culture of conservatism and fear of failure are still factors that the industry must shed if it hopes to survive the transition to the digital age, especially with innovations on the business side.

- **Expenses Are Back Up, Quality Pinched:** The past year saw a surge in expenses, which limits funding available both for experiments (especially those with substantial startup costs) and for maintaining editorial quality in print and digital format. Falling newsprint prices had been a windfall saving during the tough years of 2008 and 2009. By the end of 2010 and early 2011, paper costs were back up, by 20 to 30 percent.⁹ That works against restoring some of the print edition space devoted to the news report, slashed during the advertising freefall.

Similarly, 2010 brought a slight thaw to the hard hiring freezes of the previous two years. Still, many papers – including those at the largest chains, like Gannett, McClatchy and MediaNews — experienced additional newsroom cuts. Gannett reinstated a week’s furlough for every employee in the first quarter of 2011. Chains and the Associated Press continue to move copy editing and page design to regional centers; other papers have simply chosen to get additional cost savings in news by cutting the corps of copy editors deeply. The result, predictably, is a notable increase in typos and fact errors in many papers.

- **The New CEOs – No Newspaper Experience Required:** An unusual trend developed in appointments of publishers and corporate CEOs. Many of the new executives in charge came from media backgrounds outside the industry – and that was by design. Especially among the private hedge fund groups, taking control of individual newspapers and groups as a result of bankruptcy proceedings, the theory seemed to be that years of immersion in newspaper culture worked against leading a quick and imaginative transformation into the digital realm.

Together, these trends mark a distinct change in the newspaper business model (or more accurately models, since organizations must consider scale of operation and competition in charting a new course).

When *State of the Media* was first published in 2004, the newspaper business model was simple – print advertising plus print circulation plus a little bit of “other” – often contract printing and a nascent web site.

Mid-decade, online advertising was growing by a third or more per year. Optimists hoped that growth would continue indefinitely and cover for any softness in print advertising and circulation. We cautioned at the time that, given the small starting base for online advertising, it would take more than a decade, even if that growth trend continued for online, to equal print as a revenue source. In fact, as the online base grew, the law of large numbers kicked in, and what would have been a growth of a third one year fell to a quarter the next year. More significantly, online ad formats continued to be intrusive and only occasionally effective. In addition, proliferating inventory drove rates down by more than 50%.¹⁰ At the same time, the print advertising model began to collapse more quickly than most in the industry foresaw.

Now the model has shifted again. Industry hopes are pinned to developing many revenue streams, mostly in digital but some in print as well — some big, some modest. Perhaps, collectively, they can

sustain newspaper organizations and their core news operations.

While print advertising and circulation revenue are unlikely to surge, keeping them strong for as long as possible is a priority. (Given that newspapers generate half their ad revenue on Sundays, that edition will be the most durable.)

At the same time, the digital picture has become far more complex than most newspaper executives and even online news advocates predicted. Most, some belatedly, now finally recognize that digital revenues must evolve beyond display advertising that newspapers have so long depended on. Digital revenue now typically accounts for 11.7% of the total industry ad revenue and is certain to be the base of future growth.¹¹ Versions of paid online content may generate an additional small revenue source. Most mid-sized and metro papers now have a stable of niche publications (and some specialty niche websites) also contributing to revenue and profit. But even if publications can begin to charge for content through a range of options — from meters to specialized publications to verticals or niche content aimed at elite audiences — there needs to be more.

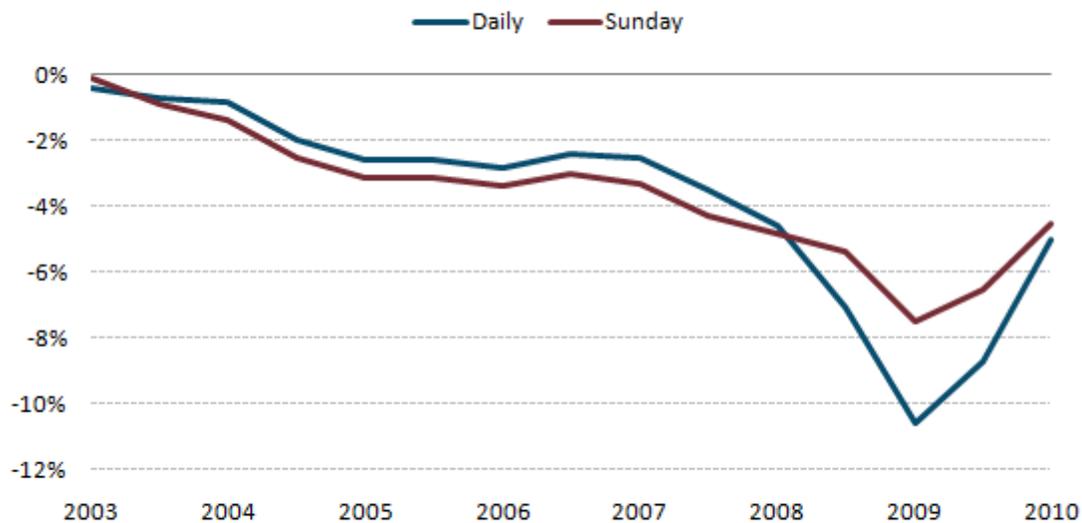
The roster of other prospective and developing revenue streams is extensive: ads and content charges on mobile smart phones, ads and content charges on tablet devices, e-readers, e-replica editions, bonus distribution of Sunday inserts to nonsubscribers, electronic shopping guides, direct sales sites, monetizing the interface with social media sites like Facebook and Twitter. Many papers are now in the business of printing and/or distributing competing publications and national newspapers like the New York Times and Wall Street Journal. We will discuss these potential revenue streams — and trends in cost containment — as we turn next to a discussion of the state of the newspaper business topic by topic.

Troubling audience numbers

Newspaper print circulation got better during 2010 only in the same sense that ad revenues did. Totals are still falling but not as fast as in 2008 and 2009. For the six-month period ending September 30, daily circulation was down 5%, Sunday 4.5% compared to the same period a year earlier.¹² In 2009 losses had been double that.

Newspaper Circulation Declines for 15 Consecutive Periods

Percent Declines in Circulation by Six-Month Period



Source: Deutsche Bank Securities and Audit Bureau of Circulations

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Digital audience is not measured comparably or as reliably as print. But by the standard of unique visitors per month individual sites and the industry as a whole continued to grow in 2010. The Newspaper Association of America reported an average 105.3 million unique visitors per month in the fourth quarter of 2010, according to comScore.¹³ That appears to be a substantial increase from what the newspaper organization had reported for the fourth quarter of 2009, but it has changed ratings vendors (from Nielsen to comScore) so the results are not comparable.

Another way of measuring total audience is through survey data. The news consumption survey of the Pew Research Center for the People & the Press finds the total audience of newspaper readers, print and online, down slightly over the last two years — two percentage points. By this count, 37% of Americans report reading a newspaper in any form “yesterday,” down from 39% in 2008 and 43% in 2006.¹⁴

There also continues to be growth in the much smaller audiences on e-readers, e-replica editions, smartphones and tablets.

This audience shift – from print to digital – is viewed as logical, even inevitable. In the long run, it provides hope for the multiple-revenue-stream model executives now envision.

In the near term, though, as became more evident in 2010, transferring readership from print to digital is problematic, because of the much lower ad rates that prevail in digital. Also, years of circulation declines seem to be taking a toll on the pricing for print ads.

One persistent stock analyst keeps asking executives at publicly traded newspaper companies on conference calls what share of ad revenue losses come from shrinking ad volume and what share from

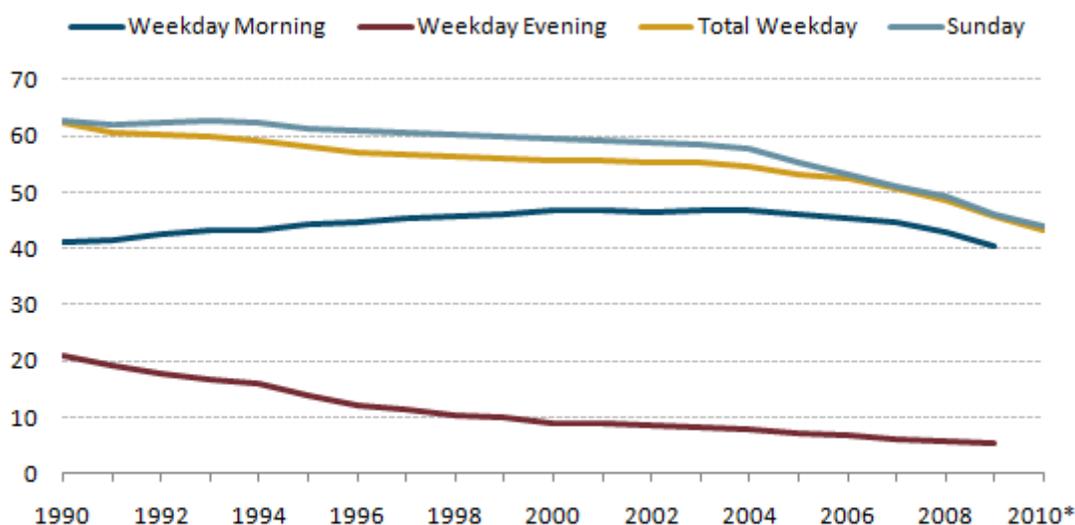
falling print ad rates. Some duck the question, citing the complexity of determining average advertising rates with a changing mix of premiums and discounts. But several said in 2010 calls that the losses are about half volume, half rates.

That closes the door on an era where advertisers continued to accept rising rates for print ads despite plateauing circulation. They did so because newspapers still represented the best way to reach large percentages of the households in a community and no other single ad buy could compete with that. Now newspaper advertisers are looking for and getting rate relief. Some are also beginning to question the viability of print inserts to reach a large share of a given market.

In other words, about half of the continuing ad losses in print are caused by falling circulation, a dynamic that will almost certainly continue into 2011 and 2012.

A 20-Year Slide in Paid Circulation

In Millions



Source: Editor and Publisher Yearbook

Note: 2010 figures are estimates by Rick Edmonds based on the period ending Sept. 30, 2010.

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Individual Papers and Print Pricing

One trend continued: Metro papers again showed the worst circulation losses. The biggest losers among the biggest 25 in daily circulation, year-to-year in the period ending September 30, were Newsday (-11.84%), the San Francisco Chronicle (-11.21%), and the Houston Chronicle (-10.53%).¹⁵

A few big papers bucked the negative pattern. The Wall Street Journal increased its daily circulation (largest in the nation) by 1.8%. The Dallas Morning News and St. Petersburg Times essentially broke even.

Again smaller dailies and community weeklies fared better in holding circulation.

We reported last year that, with the deep advertising slump, many papers had raised cover prices aggressively in 2009 — to 75 cents or a dollar daily – with comparable increases Sunday to \$1.50 or \$2. Subscription rates are up too. By mid-2010 the price increases had all but stopped. Executives did not think their readers were ready to pay yet more so soon and feared that raising rates would lead to even deeper circulation losses. A Newspaper Association of America survey published in February 2011 confirmed that the increases, as economic theory would suggest, drove substantial circulation losses.¹⁶

Digital Audience Growing, But Metrics Are a Mess

While newspaper websites have been around for about 15 years now, there is still no uniform “gold standard” in how audience is measured. A count of “unique monthly visitors,” the closest thing to a standard measure, comes out very differently depending on which research firm and methodology are employed. Newer options like e-readers, replica editions and apps to mobile devices further complicate matters.

One study by the newspaper group and the Audit Bureau of Circulations showed a number of papers recording healthy growth in total print and online audience even as circulation fell. The Chicago Tribune, for instance, was up 5.2% for the six months ending September 30, even though its paid circulation fell by the same percentage compared to the same period in 2009.¹⁷ The ABC has also begun breaking out paid e-circulation in all formats in its six-month reports. The Wall Street Journal, which has long been selling paid online subscriptions, leads the way with 449,000 in the period ending September 30. The Detroit Free Press is second with just under 100,000 and the Detroit News is fifth with about 50,000. Both papers now home deliver just three days a week and offer e-editions as part of a subscription option. The New York Times is third with 72,000 (all from various e-editions since the online metered pay wall is not up yet).¹⁸

Many newspapers rushed to the iPad market with primitive first-generation apps offered for free, intending to charge for a fuller report in 2011. Surveys by the Reynolds Institute and Scarborough Research have indicated that iPad buyers are prolific newspaper readers and suggest that many will cancel a print subscription and read the paper primarily in tablet form in the future.

It is early for any reliable figures on newspaper tablet readers and smartphone users.

The Wall Street Journal reported in late 2010 suggested that 97% of online newspaper reading is still on traditional computers, compared to 2% on smartphones and less than 1% on iPads. Those numbers will grow in 2011 and beyond, perhaps very quickly, but it will take years for the newest devices to pull equal to online readership on traditional devices.¹⁹

ABC Switches the Rules for Counting Circulation

As this report is published, the industry is finishing up its first six-month period under a sweeping set of rule changes by the Audit Bureau of Circulations that seek to take into fuller account digital audience. The period will close at the end of March, and totals will be available about a month later. Most newspapers will have a paid print audience number higher than it would have been under the old rules –

but not easily compared. Nor will there be any intelligible way to say whether industrywide circulation is up or down.

On the surface, this may seem a ploy to stem the tide of bad circulation losses – 15 consecutive six-month reporting periods of decline dating back to September 2003.

But industry officials insist that the real point is to modernize, reflecting the varieties of audiences, described above. Under the new rules, “paid” and “verified” will be counted separately, then totaled. Paid can include copies or subscriptions sold for as little as a penny. Hotel distribution will be counted as a separate category of paid. Free trial subscriptions will move from paid to the verified category.

Over time, the various categories of paid digital circulation will rise and will be broken out by category. But new challenges in accurate counting will certainly emerge. Most observers expect that part of paid online experiments will be the offer of an “all access” pass including tablets and smartphones. The Dallas Morning News announced such a component in January 2011. It is unclear whether in the new ABC system individual readers who buy the all-access package will be double- or triple-counted as subscribers.

By this time next year, the industry’s audience story may be better or worse but it will certainly be different. It also may be difficult, at least initially, to chart progress, given that the measurements will be all new. But it may offer a more robust measure of the industry’s reach and relevance with audiences.

Circulation Revenues – A Best Guesstimate

The Newspaper Association of America estimates 2009 circulation revenues at \$10.1 billion, a 10% decline from a peak of \$11.2 billion in 2003.²⁰ Advertising revenues, by contrast have fallen by 40%.

A 2010 estimate is not yet available but will probably be flat or down slightly, since there were few price increases to offset declining volume.

Those changes ease what many observers have felt was an over-reliance on ad revenue. In 2003, advertising accounted for more than 80% of total revenue at U.S. papers; by 2009 advertising’s share was down to 73%.²¹ Still, in European and Asian countries cover prices have been two or three times as high and the revenue split close to 50-50 or even 60% from circulation.²²

Advertising Revenues Slow to Recover

The advertising revenue freefall of 2008 and 2009 did not continue into 2010. But ad revenues still fell – about 6.3% on the year, compared to 26% in 2009.²³

That was very disappointing news for an industry that had entered the year hoping for a much more robust recovery.

- Indeed, newspapers were the only sector in this report that did not see a gain in ad revenue. Most other media sectors saw increases in the 5%-plus range. Local broadcast, for example, benefited from a political advertising bonanza, but its base business, especially reliant on autos, was better

as well. Newspapers' own online advertising rose a respectable 10% and is back near the peak levels of 2007.²⁴ Thanks in part to the decline in print-based revenue, this was the first year that total online advertising, which is dominated by search, surpassed print newspaper advertising, according to data from the market research firm eMarketer.²⁵ But newspapers still lost share of the online ad market as an assortment of digital marketing efforts continued to climb.

- With the losses of the three previous years, newspaper advertising is down roughly 48% total since 2006 – in other words, barely half what it was five years ago.²⁶ Expenses are headed back up, especially for newsprint, whose prices are running 20% to 30% higher, compared to a year earlier.²⁷ Earlier rounds of staff cuts and savings from outsourcing or consolidation have cycled through. So newspapers were looking for new pinches on staff or other expenses in late 2010 and early 2011. Skinnier news reports were getting skinnier still. Thus the concern we cited last year in this report – about whether papers are becoming so thin that they will lose additional audience and accelerate their downward spiral – continues to loom.
- Debt continues to pinch some companies as well. A few – the Washington Post Company, E.W. Scripps and A.H. Belo – are all but debt-free. A number of companies have gone into bankruptcy and come out the other side with a lightened debt load. But other publicly held companies – notably McClatchy, Lee and Media General – continue to spend a large share of cash earnings on interest and paying down debt. Poor credit ratings mean that even as debt is reduced, interest payments may go up because some of the debt is refinanced at higher rates (10%-plus).²⁸

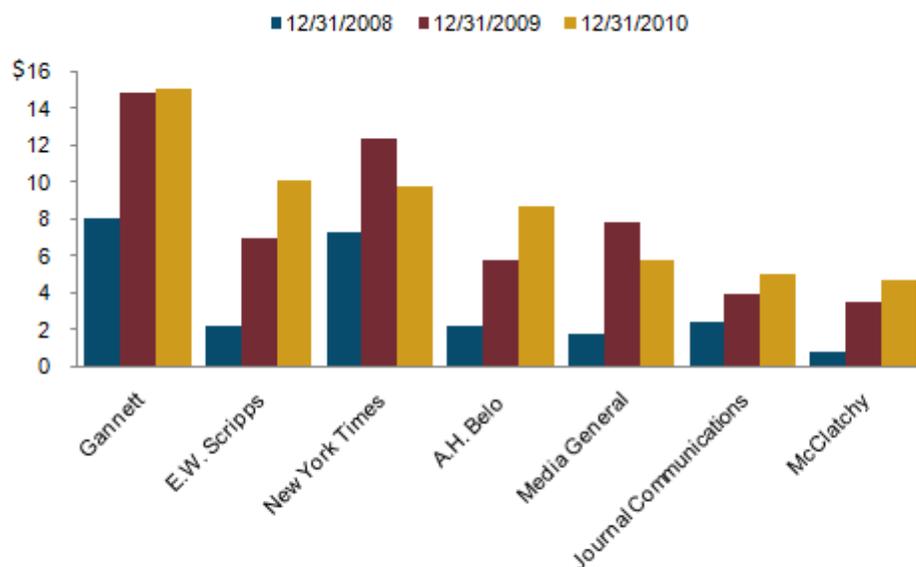
Newspapers are not without prospects. The new revenue streams are developing slowly, however, and no single one seems likely to put the industry back on a positive growth path.

Wall Street added up all these factors and rendered a verdict on the industry's financial health similar to ours. Some stocks (Gannett, for instance) were up a little for the year. Some (the New York Times) were down a little. Overall, it was close to a wash. All are up from the swoon of spring 2009, but most

trade at between a half and a tenth of their value at mid-decade.²⁹

Stock Prices Are a Mix of Ups and Downs

Price per Share



Source: Yahoo Finance

Note: The Washington Post is not included in this chart. Its 12/31/08 price/share was \$390.00, its 12/31/09 price/share was \$439.60 and its 12/31/10 price was \$439.50.

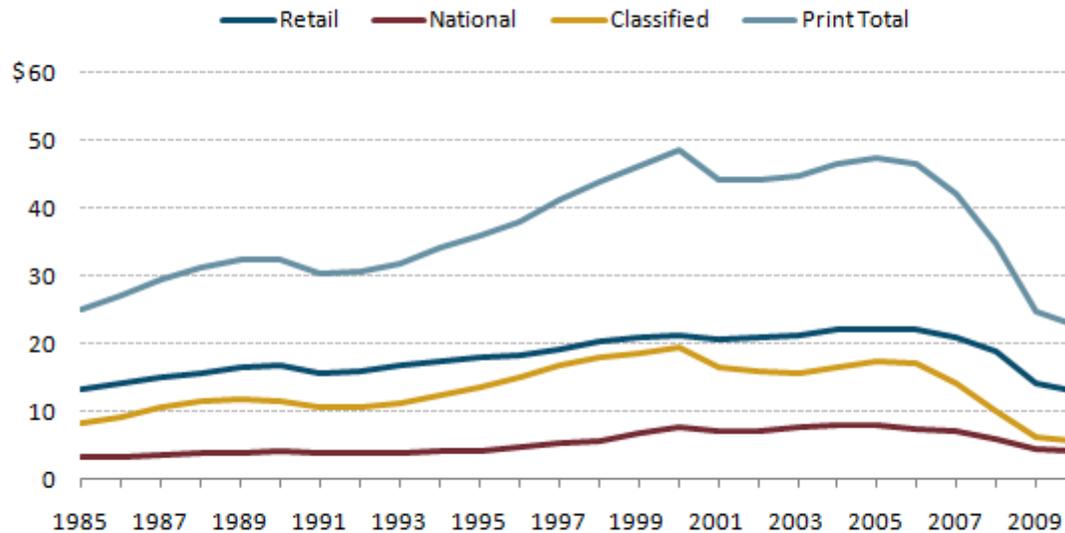
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The print advertising crash of 2007-09 was led by huge losses in the traditional bulwarks of classified – auto, real estate and employment – shrinking the category to 30% of what it once was.³⁰ Classified was down again in 2010 but by 9.7%, slightly more than the 6.3% that the ad base as a whole declined.³¹ Auto advertising rallied and was positive the last two quarters of the year. An optimist might contend that real estate and employment will bounce back some as well as the slow and uneven economic recovery continues this year and next.

Daily Advertising Revenues Continue to Drop

Revenue in Billions of Dollars



Source: Newspaper Association of America

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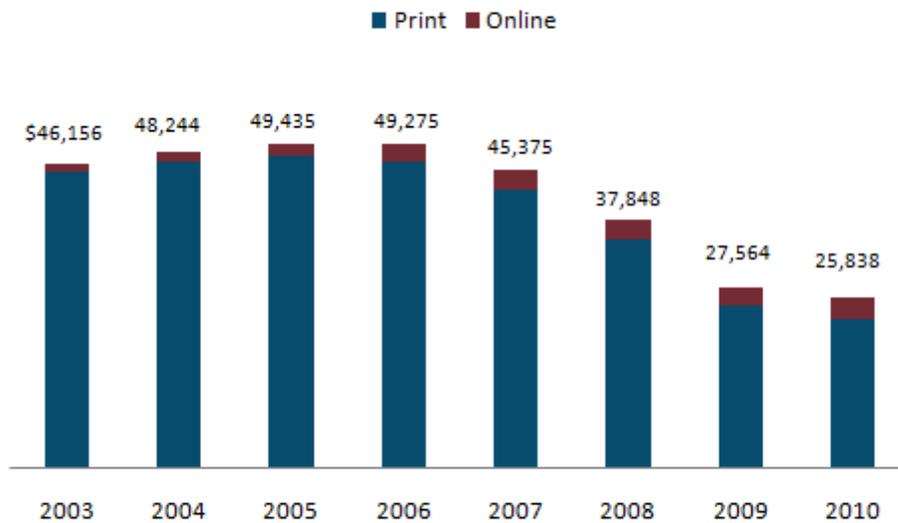
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The 2009 ad declines were so bad that even the online portion of the industry's ad portfolio was down, by about 12%. In 2010, it regained that lost ground.³² One reason was growth in premium advertising, targeted to specific reader interests, much of it sold in a consortium with Yahoo. This more sophisticated version of display advertising has improved rates and built volume for some companies, and many consider it key to the future of display online. Yahoo, with financial issues of its own and changes in top leadership, has not backed off the partnership as feared. But some dissatisfaction surfaced in 2010 as companies experiencing less success with Yahoo complained that their ad sales staff still had not received the training needed to sell the targeted ads effectively. There is continuing debate within the industry about whether a separate digital sales force is needed or whether the traditional print sales people with the right training and incentives can do the job.

And newspapers face more and stronger competitors for local ad dollars, including from Facebook and Google Places, an expanded business directory introduced in April 2010.

Print and Online Advertising Revenues Fall in 2010

In Millions of Dollars



Source: Newspaper Association of America
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The outsourcing trend of recent years continued through 2010 and early 2011. Newspapers continue to sort themselves, some keeping their presses and trying to pick up extra business, others selling their presses and contracting for printing. The squeeze on staff and news space, though not as intense as in 2008 and 2009, also continues. A number of papers, among them the Atlanta Journal-Constitution and the Boulder (Colo.) Daily Camera have abandoned spacious downtown buildings and moved to rented space less centrally located.

Newspapers Not Dying But No Longer Wildly Profitable

The Honolulu Star-Bulletin bought the Honolulu Advertiser in February and merged the two papers as the Star-Advertiser in May.³³ Otherwise there were no major newspaper closings in 2010, and the one in Honolulu, like closings of papers in Seattle, Denver and Tucson in 2009, was of a second newspaper in a two-newspaper town. Similarly, reducing frequency of publication or of home delivery as had happened in Detroit, Ann Arbor, Mich., and the East Valley suburbs of Phoenix was not a trend that picked up any steam in 2010.

By “doing what we need to do,” on the expense side, as McClatchy CEO Gary Pruitt has put it, most newspaper companies again stayed profitable in 2010. But the days of 25% margins, which critics back then often called obscene and a sign of an industry harvesting profit rather than investing for the future, are gone forever. There is no standard source for an overall industry profit figure, but analyst Ken Doctor of Outsell estimated in May 2010 that 5% to 10% is typical.³⁴ Operating or cash flow margins are higher, but the companies then pay out some of those earnings in taxes and interest. Publicly held companies generally reported single-digit profit margins on net income for the year, among them: New York Times Company, 4.5%; Gannett, 6.4%, and McClatchy, 2.4%.³⁵

We were among many analysts predicting a year ago that 2010 would be the year of experiments with paid online content. Instead it largely turned into the year of getting ready for these experiments. Some papers, though, stepped ahead.

- The Pittsburgh Post-Gazette and Gannett papers in Tallahassee, Fla.; Columbia, S.C.; and St. George, Utah; tried offering premium content or memberships, often centered on sports.
- A number of small and mid-sized papers with light local competition followed the lead of the Arkansas Democrat-Gazette, putting most online content behind a pay wall, mainly as a defensive tactic to protect print circulation numbers. So far the results have been mixed, with no outstanding successes.
- Many papers began to supplement their ad income with more prosaic, low-tech ventures like additional distribution of Sunday inserts to select nonsubscribers or niche publications on topics like luxury living.
- Other experiments like shopping guides and direct-sale sites, pre-roll video advertising or low-priced ads, purchased electronically without sales people, have been modest successes in some places but have not swept the industry.
- Apps for smartphones and the iPad are, at this stage, developmental products without a firm price point to consumers or an established advertising base.

Altogether, this sends the industry into 2011 with unsettled business prospects – a continuing cost-to-revenue crunch, together with many prospective lines of new business but no sure things.

Private Equity Ownership Grows

The big ownership trend of 2009 rolled right into 2010 and early 2011. As a result of bankruptcies, private equity funds now own and operate a substantial portion of the industry. The era of newspapers being dominated by expanding publicly traded corporations is now winding down.

When the Tribune Company emerges from bankruptcy by mid-2011, seven of the 25 largest papers will be under private equity control. That includes Tribune's Los Angeles Times, the fourth-largest, and Chicago Tribune, the ninth-largest. Others are the San Jose Mercury News (including all Media News bay area dailies), eighth; the Philadelphia Inquirer (including the Daily News), 11th; the Denver Post, 13th; the Minneapolis Star Tribune, 15th; and the San Diego Union Tribune, 23rd.

Also controlled by private equity now are the Orange County (Calif.) Register and the Journal Register chain.

Early on, the Wall Street firm Angelo Gordon was the leader of a number of groups. Angelo Gordon remains active but has yielded top chair to Alden Global Capital. Neither firm speaks at all to reporters nor analysts, so figuring out how they will run their newspaper properties is largely a conjectural exercise.

Dean Singleton's MediaNews Group was taken over by a private equity group in January 2011. Singleton became executive chairman, COO Jody Lodovic left the company and the new owners said they would hire a new CEO.

These moves raise the possibility that MediaNews' 61 dailies, the Tribune properties and others under private equity control might someday be merged into a single company, which would be larger than industry leader Gannett. It is not so clear what the point of such a consolidation would be or whether some economies of scale could be achieved by cooperative arrangements short of merger. Gannett itself has reduced from nearly 100 community newspapers to 81 over the last decade.³⁶

The track record so far indicates a few patterns in private equity ownership:

- The firms have not made radical changes in the content or format of papers once they take over. Some cuts have followed, but not necessarily deeper ones than those by established companies like Gannett and McClatchy.
- While the private equity owners are undoubtedly in the newspaper business motivated by a chance to make money rather than for public service, they appear to be betting that these distressed properties will bounce back after several years. There is no market right now to strip the organizations down and sell the pieces.
- The financial owners assert their control by installing themselves and associates on the board of directors. They hire community-based publishers for individual markets to operate the properties.
- They have no involvement with the industry's top trade group, the Newspaper Association of America, and little with the industry-owned Associated Press. Tribune papers, while keeping AP service for now, have been the lead client for a new domestic news service Reuters is launching.
- As noted earlier, they have favored executives with heavy backgrounds in other media for the top operating positions. They seem to be looking for a quick transition to a more digitally oriented mix of products, though it is not clear yet just what that means.

Exhibits A and B were John Paton, who assumed the helm of Journal Register, based in suburban Philadelphia, in February 2010, and Clark Gilbert, who took charge of digital operations of Deseret Media in Salt Lake City in mid-2009 and added the Deseret News to his portfolio nine months later. Paton had previously assembled ImpreMedia, a large Hispanic multi-platform media company, though Paton is not Hispanic and doesn't speak Spanish. (Earlier in his career, he was a newspaper executive in Canada and ran a newspaper investment advisory firm).

Gilbert is a former Harvard Business School professor and a co-author of the influential Newspaper Next futures report in 2007. From the sidelines, he had been goading the industry to innovate more quickly for a decade; now he is putting theory to practice, de-emphasizing print and ramping up all things digital for Deseret Media's owner, the Church of Jesus Christ of Latter Day Saints.

Both are popular speakers on the industry conference circuit, and they will be co-keynoters at the annual conference of the Newspaper Association of America in late March. Among other change initiatives, Paton asked the staff at all 18 Journal Register papers to put out a week's print and web editions using only free software. In explaining his "Digital First, Print Last" strategy, Paton said in a December 2010 speech, "Stop focusing on print. It is in any newspaper's DNA. It is not like you are going to forget to put out the newspaper." Traditionalists — who see many shades of good, mediocre and terrible in current print editions — might disagree. But Paton went on, "Stop listening to newspaper people. We have had nearly 15 years to figure out the web and, as an industry, we newspaper people are no good at it. No good at it at all."³⁷

Mike Klingensmith, publisher of the Star Tribune of Minneapolis, and Greg Osberg, publisher of the Philadelphia Inquirer, both come from magazine backgrounds and work at hedge fund-controlled papers. A private equity group is also poised to take control of Tribune Company as its two-year-old bankruptcy winds to a conclusion. A trend to watch is whether the new-breed CEOs produce the big changes promised and strong financial results — and then whether the large publicly owned chains go for leaders with unconventional backgrounds as they change CEOs in years to come.

All this leaves the funds an important player in the industry's future, but still a wild card in where they will take the newspaper organizations they own.

Except for the continued incursion of the funds it was an uneventful year in ownership. Some small papers and chains changed hands but there was no major merger and acquisition activity. As analyst Martin Langeveld put it succinctly, "Nobody can afford to buy anyone else."³⁸

Earlier editions of this report have speculated on the possibility of wealthy local businessmen buying metro papers and running them as nonprofits or break-even investments in public service. The trend has not materialized. Those inclined to invest in journalism for the good of a community have gravitated instead to online services like Bay Citizen in San Francisco or the Texas Tribune, which, like ProPublica, offer some of their work to traditional newspapers.

In Newsrooms, Some Hiring But Little Staff Growth

Our reports on news investment in recent years have necessarily focused on staff cuts and their impact. Full-time newsroom employment fell by 11,000 from 2007 to 2009, to 41,500. That is down 26% from its peak at the turn of the century.³⁹

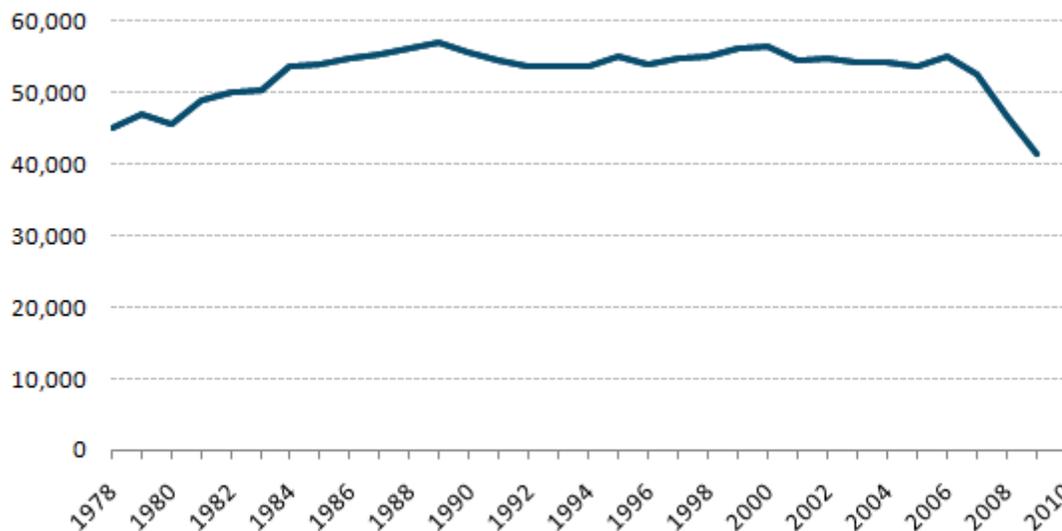
Our best guess for 2010 is that the American Society of News Editors annual census, when released in April, will reveal more losses but smaller ones, perhaps in the range of 1,000 to 1,500.

However, 2010 also marked a thaw in the news hiring climate. Newspaper organizations were again hiring replacements for reporters and editors who left or trying to lure away talent from other papers.

The pool of new ventures seeking capable journalists has widened. Nonprofit investigative units and a variety of commercial websites are in the mix. Bloomberg hired more than 100 for its Bloomberg

Government site in Washington.⁴⁰ The National Journal, Politico and Reuters all hired news staff for major expansion. AOL's Patch hyperlocal sites hired 500 reporter-editors, many of them off the staff of small-town and suburban papers with which Patch hopes to compete.⁴¹ Journalistic job boards are booming. The Gorkana site, specializing in business reporting, typically has 75 to 100 employers, some seeking multiple hires in its weekly listing. A small survey of editors by the Associated Press Managing Editors midyear found that 70% said that their top performers are tempted by jobs elsewhere.⁴² News staffers are not just leaving for upstream positions, but after years of pay freezes and repeated rounds of cuts, some are exiting the business entirely if opportunities arise.

Newsroom Workforce Continues its Decline
Number of Workers



Source: American Society of News Editors, Newsroom Employment Census, 2009. ASNE dates its data according to the release date. PEJ presents the data according to the year the data were compiled.
Note: Minorities include Native Americans, African Americans, Latinos, and Asian Americans.
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As for continuing cuts, they seemed to come in several categories. Large companies under financial pressure – McClatchy, MediaNews, Gannett – continued to make rounds of staff reductions in 2010 (not just in the newsroom) and there have been additional cuts early in 2011.

An editor observed to us this spring that McClatchy “is becoming the company [CEO] Gary Pruitt said he never wanted it to be” with the debt tail wagging the news-gathering dog. Among the McClatchy papers enduring round after round of cuts are such respected ones as the Kansas City Star, the News and Observer of Raleigh, the Charlotte Observer, the Miami Herald and the flagship Sacramento Bee. Much of the journalism at these papers, and the chain’s Washington bureau, remains ambitious and well-executed. There is just a whole lot less of it.

The second area is continued cuts at copy desks. We noted briefly in last year's report that copy desks were coming under particular fire, as the Star-Tribune in Minneapolis chose to decimate theirs rather than take more reporters off the street. The trend continued with a vengeance through 2010 with chains including E.W. Scripps, Tribune, Media General and Gannett (as well as the Associated Press) consolidating much copy editing and page design in regional centers, a money-saving strategy pioneered by MediaNews.

For example, more than half the pages in Tribune's Newport News (Va.) Daily Press, are now edited and laid out in Chicago, with most feature-page and business-page copy national and generic. In theory, this frees up the staff in the city's home base to concentrate exclusively on gathering and displaying local news.

Among the national papers, the Wall Street Journal continues to expand news staff and space, and launched a New York metro report. The Journal also has beefed up the arts and lifestyle content its Saturday weekend edition as well as launching a slick monthly fashion magazine. In February 2011, the Journal's parent, News Corp., launched The Daily, a new publication for the iPad, with a news staff of about 100.

The New York Times, despite slumping print circulation in 2010, rocks along well staffed (no rounds of layoffs in 2010) and aggressively launching products in each new digital format. The Times has the highest traffic of any news website and scored an editorial coup in late 2010, leading American reporting on classified documents brought to light by WikiLeaks.

USA Today is another story. Circulation for the print edition fell 20% in two years and is 500,000 below its peak of 2.3 million.⁴³ Marriott and other hotel chains have tightened up sponsored distribution, and the traditional target business traveler is probably now packing a laptop and can access a hometown report. Advertising has been equally weak with some issues running as few as three to four pages total in ads, a number of those remaindered space bought cheap by ad networks or occupied by house ads.

Substantial news staff cuts were instituted in September, but USA Today also undertook what publisher Dave Hunke called "a pretty radical restructuring." The heart of it was to begin disassembling a universal desk that handles all print and digital copy and otherwise dismantling newsroom integration put together the last five years. In its place, Hunke said, will be "15 distinct content areas," each with its own editor and general manager, together with "editing hubs by platform."

With other large newspaper organizations still struggling to fully meld a digital and print newsroom, it seems odd that one of the pioneers is blowing up the structure. USA Today and its issues may be one-of-a-kind. But the change could spread. It seems to make sense to ask most newsgatherers to file first for the web, then develop a print story and, maybe, shoot a little video on the side. However, how many will also be able to juggle the distinct demands of writing and editing for smartphones, for tablets and the next hot format to come along?

If the emerging business model is to add multiple, smaller revenue streams together, newsrooms will need soon to develop an assortment of sub-specialists while keeping up their general reporting and

editing capacity.

That is part of what is disappointing on the news side in 2010. Rising costs, especially of newsprint, will work against restoration of space and staffing on the print side. Nor is there abundant startup cash and spare-time capacity for the legacy newsroom to learn new tricks.

Other issues loom as well. Newspapers are moving on to mobile and tablet versions without fully perfecting their websites. Many remain cluttered, and the industry is uneven in using digital option ranging from databases to video to discussion chains to reinvent the news report.

As the continuing newsroom cuts thin the ranks of professional journalists, some of the work is being done at reduced levels of pay at Patch and other digital startups. So-called content farms like Associated Content and Demand Media exploit wannabe writers with piece-work rates.

As media economist Robert Picard observed in a prescient 2009 article, “Why journalists deserve low-pay,” the healthy wages that long prevailed at larger newspapers and others aspiring to high quality are a relic of the days when newspapers had exclusive control of the content.⁴⁴

In the aggregation age, Picard observes, we are seeing the “de-skilling” of journalism and progressively fewer of the kinds of jobs that could support a family.

Competition and Confusion

In early February 2011, three high-profile media events happened within five days.

Rupert Murdoch’s News Corp. launched The Daily, a new publication, exclusively for Apple’s iPad. The Daily has a freshly assembled news staff of 100 and a startup budget of at least \$30 million.⁴⁵

The next day, the Associated Press announced that it was forging ahead with plans to create an independent News Licensing Group — a high-tech venture it says will make good on the industry’s grand ambition to be compensated for the content that news organizations originate as others pick it up and repurpose it.

Then, Super Bowl night, The Huffington Post was sold to AOL for \$315 million — more than twice what the Philadelphia Inquirer fetched in a bankruptcy auction in April 2010. That is probably more than the market valuation of all but a few metro papers, even though it makes a small profit on revenues of \$30 million in 2010, expected to rise above \$50 million this year.⁴⁶

“Dizzying pace of change” may be one of the media clichés of the new century, but what else to call it? Any of these ventures could have a big impact on the economics of the industry going forward. Any, or all three, might turn out to be flops a year from now.

Aside from that uncertainty, new competitors and opportunities play out very differently for papers of different scale and circumstance. The New York Times can afford to spend millions of dollars and more than a year developing and testing its version of a metered pay wall. Most metros and smaller papers will need to select both a strategy and a group of vendors if they wish to enter the paid online game.

Any of the multitude of potential new revenue streams comes with a puzzle box of questions. What to do in-house, what to contract for? Which vendors can be counted on to deliver what they promise, and are the vendors hyping the opportunity? How much will it cost, for how long, to begin seeing a return?

And several publishers with only one or two small-circulation papers told us in early 2011 that they basically need to fund digital explorations on the cheap — out of cash flow from print. Bankers are reluctant to lend, especially for ventures with multiple uncertainties.

Even after the Huffington Post acquisition, the revenue model for AOL's network of Patch hyperlocal sites remains unclear. But publishers in Patch communities know there is a new reporter/editor mining the beat and a new sales team trying to lure away advertisers — and feel they need to respond competitively.

As we observed early in this essay, the destination that newspaper organizations are trying to reach is pretty clear now — more robust digital enterprises to pick up the slack as print advertising and circulation fall. The path from here to there, unfortunately, once again is not clear at all.

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Newspapers: By the Numbers

By Rick Edmonds of the Poynter Institute, Emily Guskin and Tom Rosenstiel of Project for Excellence in Journalism.

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

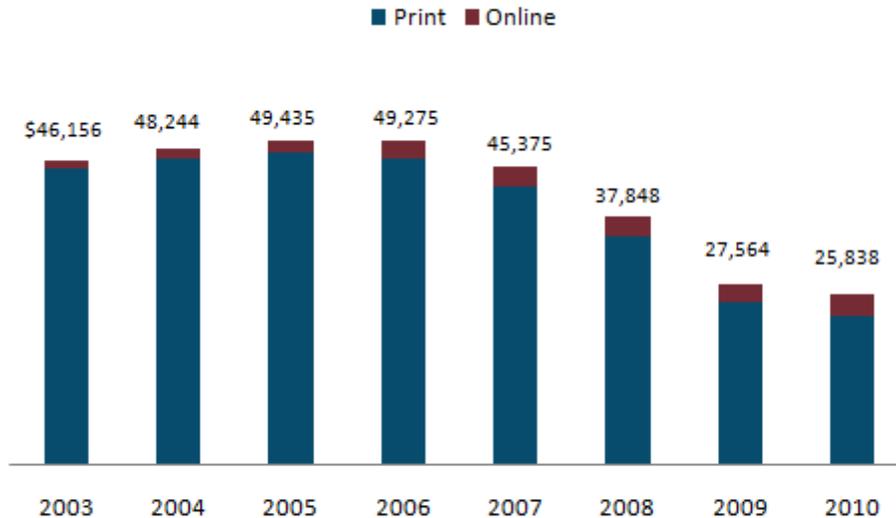
Economics

The core of newspapers' financial problems has been rapidly declining advertising revenues. They fell nearly 48% since 2006.

While the rate of loss was much less severe in 2010, trends were still negative, amounting to a loss of

Print and Online Advertising Revenues Fall in 2010

In Millions of Dollars



Source: Newspaper Association of America
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

6.3%.¹ 2011 STATE OF THE NEWS MEDIA

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Online revenues grew quickly in the middle years of the decade, but then crested and dropped in 2008 and 2009. Online did resume its growth in 2010 but has not yet recovered to its 2006 peak. Print ad revenues, despite their battering, still dwarf digital.

Print vs. Online Ad Revenue

In Millions of Dollars

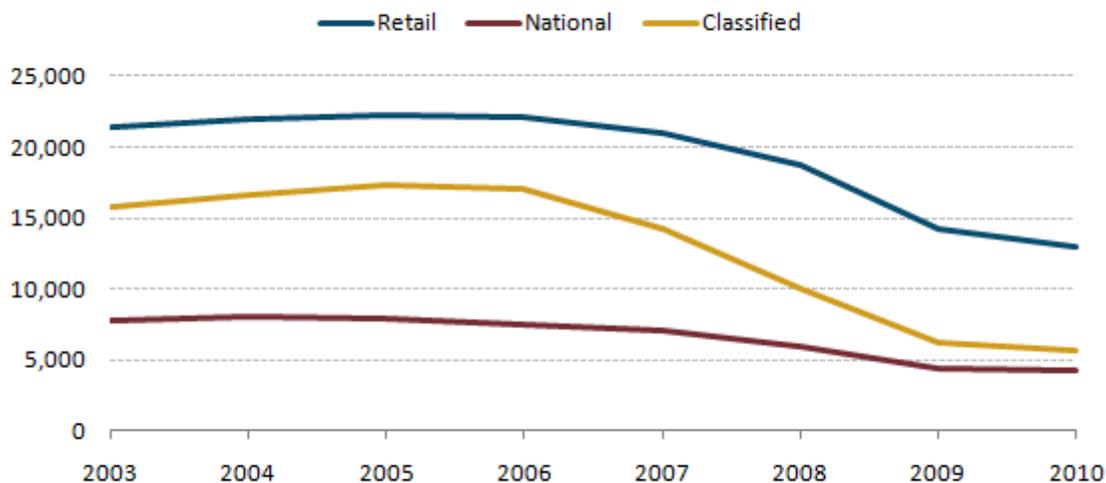
	Print	Online	Total
2003	44,939	1,216	46,155
2004	46,703	1,541	48,244
2005	47,408	2,027	49,435
2006	46,611	2,664	49,275
2007	42,209	3,166	45,375
2008	34,740	3,109	37,848
2009	24,821	2,743	27,564
2010	22,795	3,042	25,838

Source: Newspaper Association of America
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Looking just at print ad revenue, all three major categories have declined sharply. Retail is down 42% since 2005; national is down 45% since 2003, and classified is down 67% since 2005.

Print Ad Revenue Declines Sharply

In Millions of Dollars



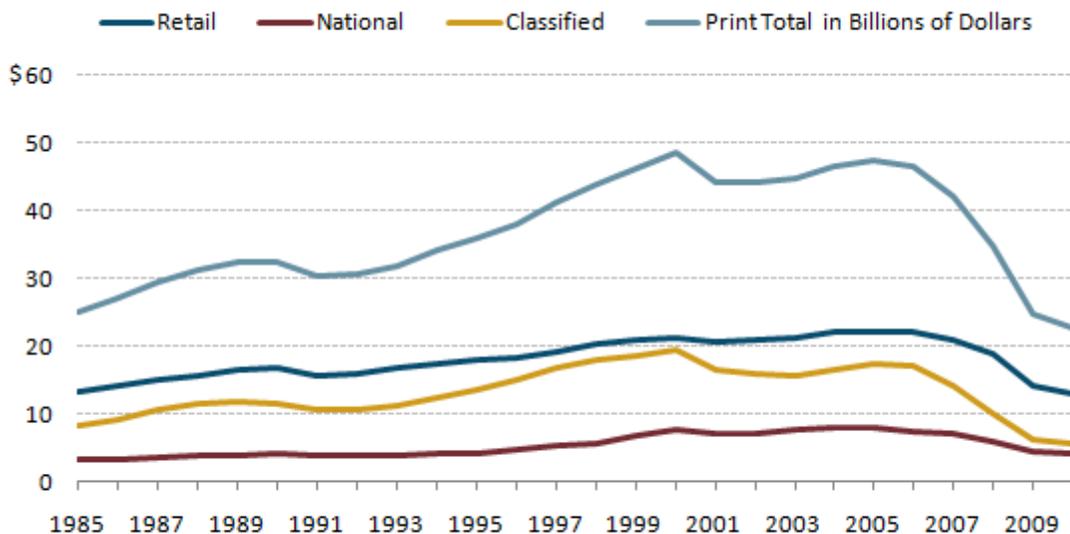
Source: Newspaper Association of America
 PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
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A longer view of print ad revenues shows them peaking at \$48.7 billion in 2000. Back then classifieds nearly equaled retail as the largest category. By 2010, total revenues had fallen to \$22.8 billion, a decline of about 53% in a decade.

Daily Advertising Revenues Continue to Drop

Revenue in Billions of Dollars



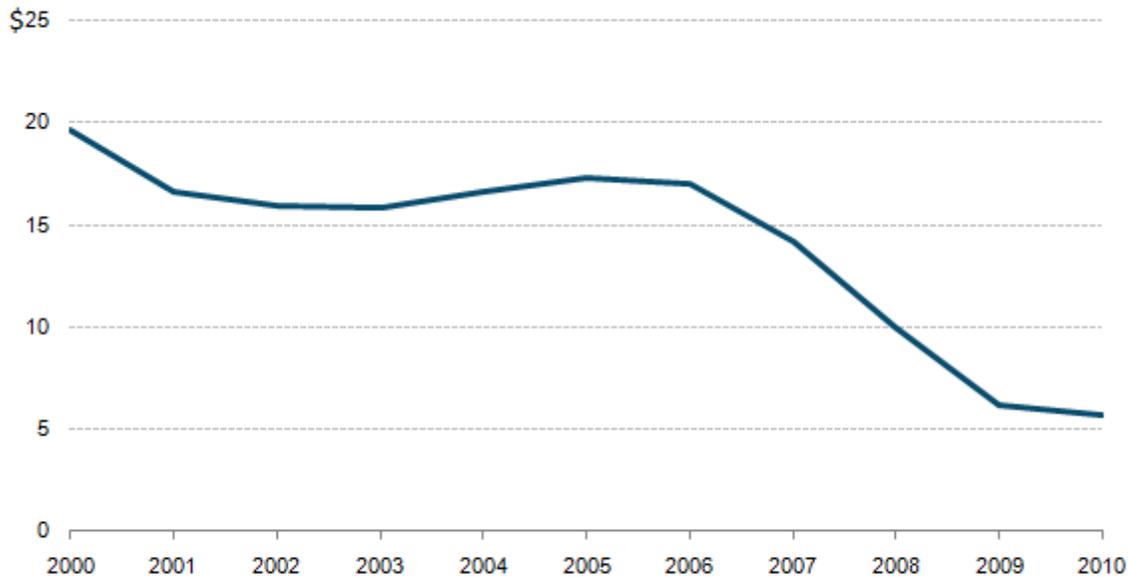
Source: Newspaper Association of America
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 2011 STATE OF THE NEWS MEDIA

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Classified print advertising has fallen drastically since 2000 – roughly 70%. Also the mix of these ads has changed radically.

Classified Advertising Falls Drastically

Total Classified Advertising Revenues
In Billions of Dollars



Source: Newspaper Association of America

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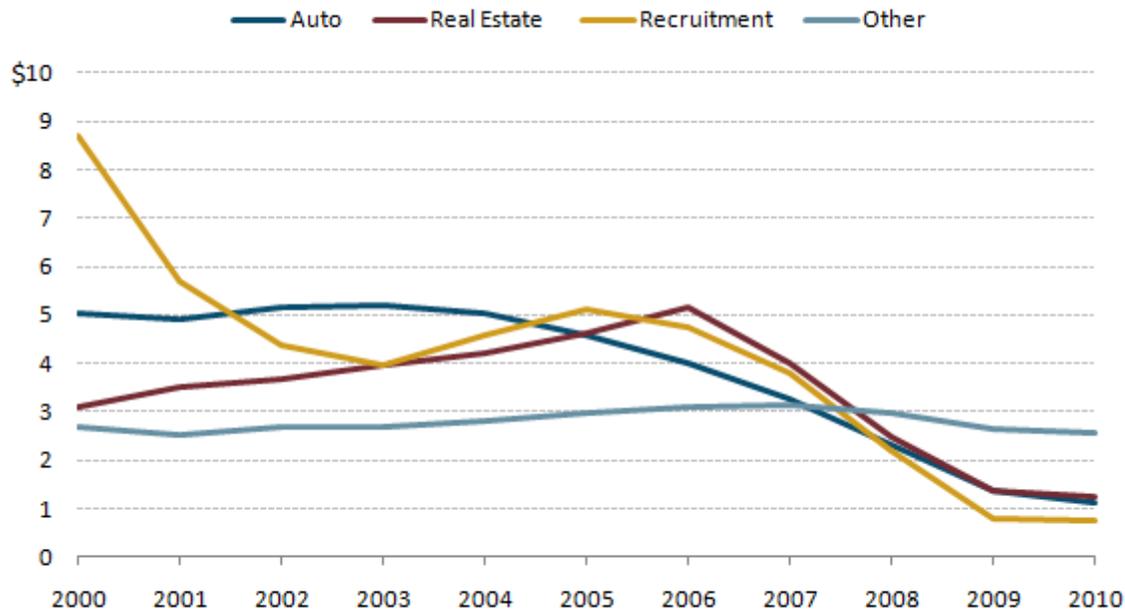
2011 STATE OF THE NEWS MEDIA

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Recruitment has fallen the most sharply, reflecting both a migration to electronic sites like Monster and a persistent employment slump through 2010. The auto sector recovered some by the end of the year; real estate may rally later. Meanwhile "other," including such things as paid obituaries and legal notices, has held its own since 2000 and now is by far the largest sub category.

'Other' Classified Ads More Stable Than Auto, Real Estate and Recruitment

Classified Advertising Revenues by Category
In Billions of Dollars

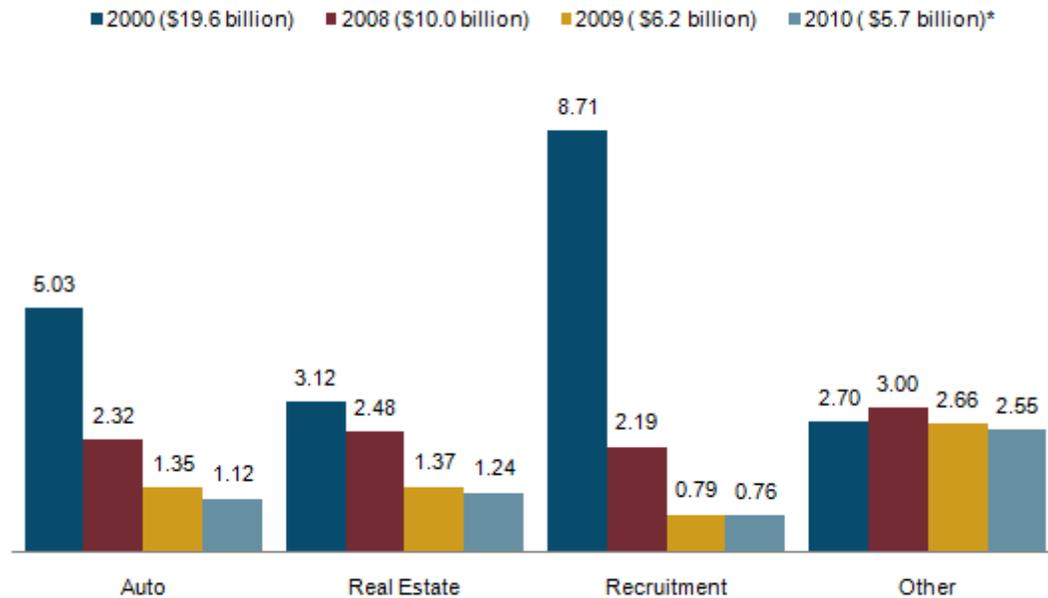


Source: Newspaper Association of America
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
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Recruitment Fell Most Drastically

Classified Advertising Revenues by Category
In Billions of Dollars

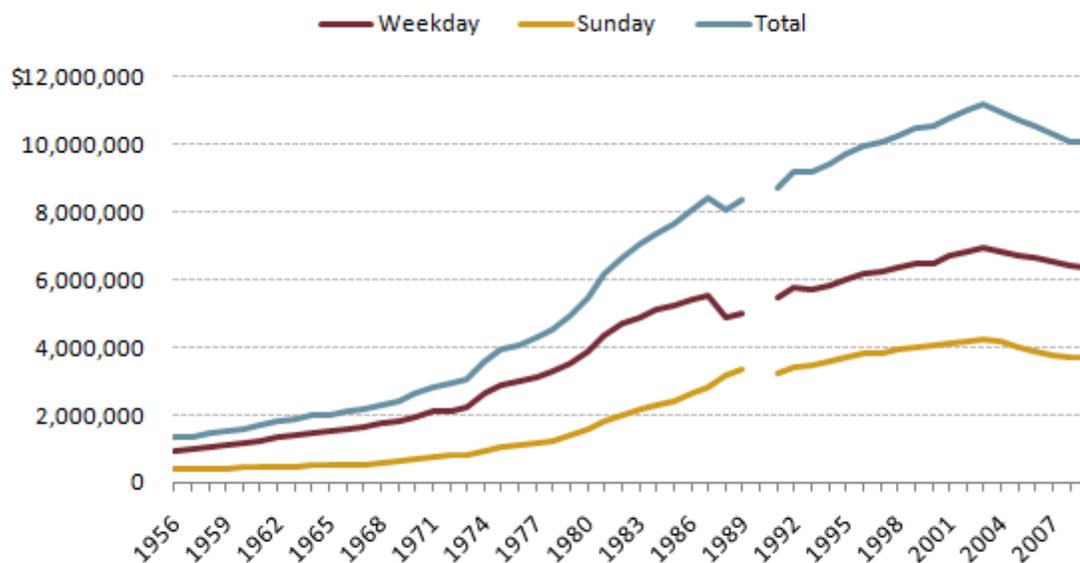


Source: Newspaper Association of America
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2011 STATE OF THE NEWS MEDIA

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Circulation revenues have declined much more slowly than those in advertising, only about 10% since 2003. As a result, circulation's share of total revenues now has risen from less than 20% early in the decade to roughly 27%.

Circulation Revenues Decline Much More Slowly Than Advertising Revenues
In Thousands of Dollars



Source: Newspaper Association of America

Note: There are no data for 1990

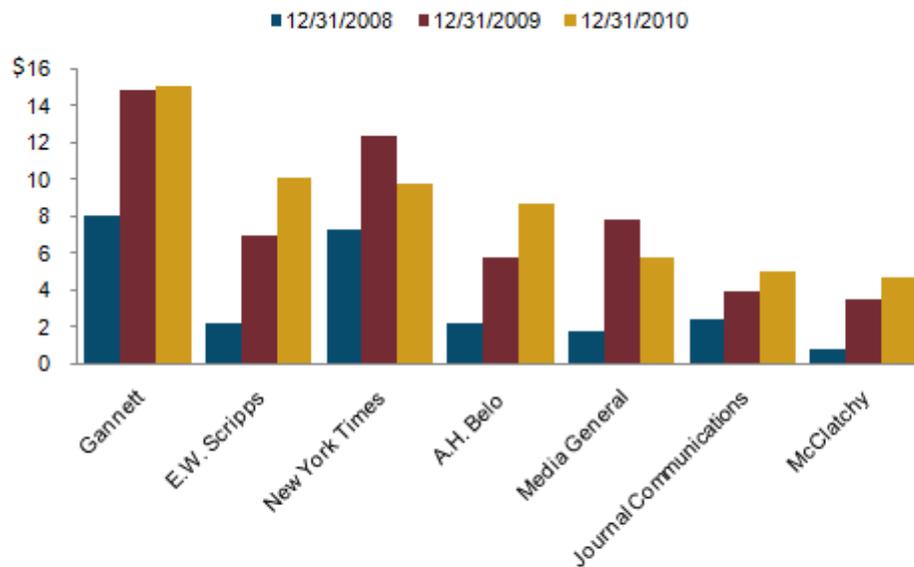
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Newspaper stock prices rallied in 2009, suggesting that investors thought newspapers would survive and be profitable, at least in the near term. Prices were more mixed in 2010. Companies, however, are now trading at one-half to less than one-tenth of their mid-decade peak price.

Stock Prices Are a Mix of Ups and Downs

Price per Share



Source: Yahoo Finance

Note: The Washington Post is not included in this chart. Its 12/31/08 price/share was \$390.00, its 12/31/09 price/share was \$439.60 and its 12/31/10 price was \$439.50.

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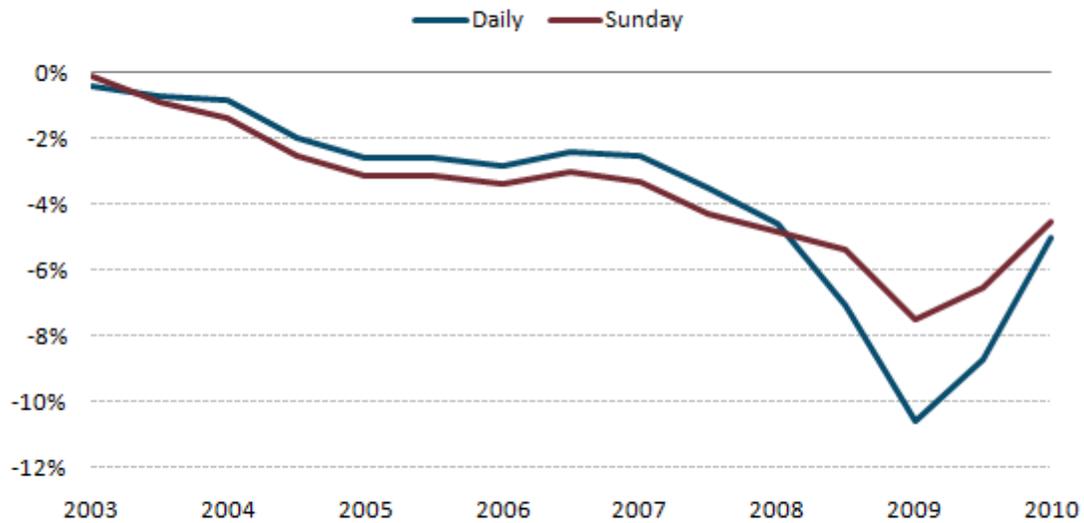
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Audience

Newspapers have been dogged by declining circulation for 15 consecutive six-month periods as measured by the Audit Bureau of Circulations. But there was improvement of a sort in 2010: The rate of decline for the period ending September 30, 2010, was about half it had been for daily editions.

Daily and Sunday circulations have mostly fallen in tandem. The exception was in the depth of the 2008-2009 recession when some paying readers abandoned the daily print edition but kept subscribing or buying single copies on Sundays.

Newspaper Circulation Declines for 15 Consecutive Periods
Percent Declines in Circulation by Six-Month Period



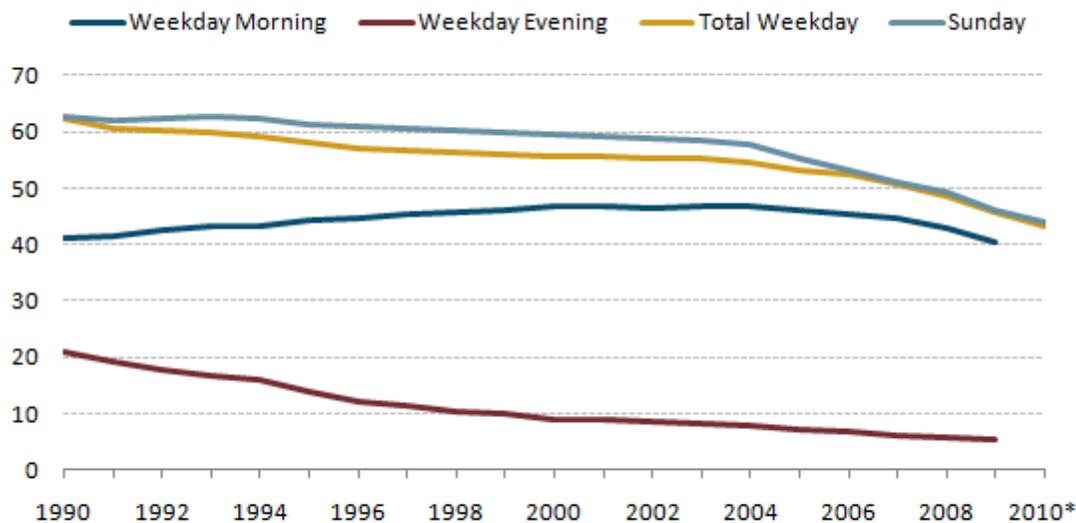
Source: Deutsche Bank Securities and Audit Bureau of Circulations
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 2011 STATE OF THE NEWS MEDIA

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This 20-year view shows a steady slide in paid circulation. Daily circulation, which stood at 62.3 million in 1990, fell to 43.4 million in 2010, a decline of 30%. Sunday circulation held up slightly better, falling from 62.6 million in 1990 to 46.2 million last year, off 26%.

In 1990, evening papers, which began to decline in the 1970s, made up about a third of daily circulation. In 2009, it was just over a tenth.

A 20-Year Slide in Paid Circulation
In Millions



Source: Editor and Publisher Yearbook
Note: 2010 figures are estimates by Rick Edmonds based on the period ending Sept. 30, 2010.

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
 2011 STATE OF THE NEWS MEDIA

The Wall Street Journal had the biggest year-to-year gain in 2010 and continued to widen its daily circulation lead over other papers, selling 2,061,142 copies on a typical day. Journal circulation has held about even over the past two years while its chief rival in circulation, USA Today, fell by about 460,000 copies. USA Today has suffered as business travel decreased in the last two years, deals with hotels to distribute the paper lapsed, and travelers accessed news online more easily. The Journal benefits from having more than 400,000 digital subscribers counted in its paid total, far more than any other American paper.

Other papers posting gains or staying close to even were the Dallas Morning News, the St. Petersburg Times and the New York Post.

A number of metro papers in big cities have seen their paid circulations fall into the low 200,000s. The Newark Star-Ledger and the San Francisco Chronicle both lost about a third of their 2008 daily circulations in 2009-10.

Top 25 Circulating Newspapers

Newspapers by Circulation

	2010	2009	Percent Change
Wall Street Journal	2,061,142	2,024,269	1.82%
USA Today	1,830,594	1,900,116	-3.66
New York Times	876,638	927,851	-5.52
Los Angeles Times	600,449	657,467	-8.67
Washington Post	545,345	582,844	-6.43
New York Daily News	512,520	544,167	-5.82
New York Post	501,501	508,042	-1.29
San Jose Mercury News*	477,595	224,937	112.32
Chicago Tribune	441,506	465,892	-5.23
Houston Chronicle	343,952	384,437	-10.53
Philadelphia Inquirer	342,360	361,480	-5.29
Newsday (NY)	314,848	357,124	-11.84
Denver Post	309,863	340,949	-9.12
Arizona Republic	308,973	316,874	-2.49
Minneapolis Star Tribune	297,479	304,543	-2.32
Dallas Morning News	264,459	263,810	0.25
Cleveland Plain Dealer	252,608	271,180	-6.85
Seattle Times	251,697	263,588	-4.51
Chicago Sun-Times	250,747	275,641	-9.03
Detroit Free Press	245,323	269,729	-9.05
St. Petersburg Times	239,684	240,147	-0.19
Portland Oregonian	239,071	249,163	-4.05
San Diego Union-Tribune	224,761	242,705	-7.39
San Francisco Chronicle	223,549	251,782	-11.21
Newark Star-Ledger	223,037	246,006	-9.34

Source: Audit Bureau of Circulations publishers' statements for the 26 weeks ending September. M-F combined averages

Note: The jump is attributable to the inclusion, for the first time, of the Contra Cost Times and other MediaNews titles in the San Francisco Bay area. It is not an increase in the circulation of the San Jose Mercury News alone.

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

2011 STATE OF THE NEWS MEDIA

When print and online audiences are combined, a number of papers are actually expanding their total audience reach, even as the paid circulation totals fall. Metros are losing paid circulation faster than the three national papers or smaller-circulation papers. The 25 top gainers, by percentage, in combined print-online audience include midsize papers like the Greenwich Time and Stamford Advocate in Connecticut and the Deseret News in Salt Lake City. Some big metros like the Chicago Tribune, however, also excel.

Top 25 Newspapers in Growth of Total Audience (Print and Online) in 2010

Past Seven Days of Print and 30 Days of Online Net Combined Audiences as of September 30

	2010	2009	Change (%)
Greenwich (Conn.) Time	115,085	96,112	19.74%
Deseret Morning News (Salt Lake City)	557,423	486,123	14.67
Stamford (Conn.) Advocate	178,432	157,990	12.94
(Suburban Chicago) Herald	902,958	822,180	9.82
Naples (Fla.) Daily News	284,317	260,237	9.25
Virginian-Pilot (Norfolk)	798,768	744,695	7.26
Austin American-Statesman	907,049	847,194	7.07
Asbury Park Press (N.J.)	911,602	853,809	6.77
Bradenton (Fla.) Herald	214,797	201,532	6.58
Raleigh News & Observer	853,777	808,380	5.62
New Orleans Times-Picayune	883,155	837,190	5.49
El Nuevo Herald (Miami, Fla.)	492,894	467,242	5.49
Winston-Salem Journal	378,679	359,453	5.35
Chicago Tribune	3,565,923	3,389,879	5.19
Nashville Tennessean	949,041	910,854	4.19
Fort-Worth Star-Telegram	1,198,734	1,153,808	3.89
Connecticut Post	286,308	275,581	3.89
St. Petersburg Times	1,336,510	1,298,763	2.91
Grand Rapids Press	740,613	722,143	2.56
Patriot-News (Harrisburg, Pa.)	495,278	483,667	2.40
Asheville (N.C.) Citizen-Times	278,579	272,636	2.18
Star Tribune (Minneapolis)	1,835,935	1,799,271	2.04
Albany (N.Y.) Times Union	506,025	496,057	2.01
Orlando Sentinel	1,298,257	1,274,257	1.88
Newark Star-Ledger	2,348,211	2,310,920	1.61

Source: Newspaper Association of America, based on data from Audit Bureau of Circulations and Scarborough Research

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Another, some would say more modern way to look at newspaper audience is to measure a paper's total reach in print and online. Scarborough Research has done that here, counting the number of people who read a print edition at least one day a week, plus the number accessing the website at least one time in a week (with an adjustment to avoid double counting those who do both).

The measure is for local market area only. So the Wall Street Journal and USA Today are not measured at all and the national/international audience for the websites of The New York Times and Washington Post are not included. By the local total audience measure several publications – among them the New York Daily News and Boston Globe – rank higher than they would counting paid circulation alone.

Top Newspapers Local Audience: Print and Online Combined

Newspapers by Overall Audience

	2010 Reach	2009 Reach	Change
New York Daily News	4,562,458	4,627,227	-1.4%
Los Angeles Times	4,492,958	4,386,255	2.4
New York Times	4,109,785	4,395,378	-6.5
New York Post	3,444,001	3,418,297	0.7
Chicago Tribune	3,019,411	3,423,390	-11.8
Chicago Sun-Times Group*	2,950,744	3,071,506	-3.9
Washington Post	2,836,127	2,916,873	-2.8
Los Angeles Newspaper Group*	2,773,882	2,884,062	-3.8
San Francisco Bay Area Buy Group*	2,426,203	2,506,859	-3.2
Newsday	2,332,287	2,307,626	1.1
Houston Chronicle	2,218,220	2,305,362	-3.8
Philadelphia Inquirer/Daily News	2,194,692	2,275,835	-3.6
Atlanta Journal-Constitution	2,169,205	2,231,488	-2.8
Boston Globe	2,002,029	2,076,851	-3.6
Arizona Republic	1,948,439	1,980,026	-1.6
Dallas Morning News	1,943,150	1,962,859	-1.0
San Francisco Chronicle	1,757,903	1,786,613	-1.6
Detroit Free Press	1,708,639	1,886,093	-9.4
Star Tribune	1,704,719	1,804,760	-5.5

Source: Scarborough Research

Note: Chicago Sun-Times Group includes Aurora Beacon-News, Chicago Sun-Times, Southtown Star, Elgin Courier-News, Joliet Herald-News, Naperville Sun, Post-Tribune, Lake County News-Sun and their websites. Los Angeles Newspaper Group includes Daily Breeze, Inland Valley Daily Bulletin, Los Angeles Daily News, Pasadena Star-News, Long Beach Press-Telegram, Redland Daily Facts, San Gabriel Valley Tribune, The Sun, Whittier Daily News and their websites. San Francisco Bay Area Buy Group includes Alameda Times-Star, The Argus, Contra Costa Times, Daily News, The Daily Review, East County Times, Marin Independent Journal, Oakland Tribune, San Jose Mercury News, San Mateo County Times, San Ramon Valley Times, Tri-Valley Herald, Vacaville Reporter, Vallejo Times-Herald, Valley Times, West County Times and their websites. The total for the Chicago Sun-Times was updated March 24, 2011

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The print and online totals are measured by the Audit Bureau of Circulations and Scarborough, but the methodology is completely different from that used in its traditional measure of paid circulation. Hence the much higher totals. A reader is counted if he or she reads the print edition at least one day in a week or visits online at least once in a month. The calculation is adjusted to avoid counting twice those who read both print and online.

Top 20 Newspapers by Market Penetration (Print and Online)

Percentage of Adults in the Metro Region of the Newspaper

	2010	2009
Rochester Democrat and Chronicle	72%	77%
Gannett Wisconsin Papers*	69	68
New Orleans Times-Picayune	68	66
Syracuse Post-Standard	65	67
Buffalo News	64	67
Des Moines Register	63	71
Washington Post	60	62
Milwaukee Journal Sentinel	59	62
Louisville Courier-Journal	58	64
Richmond Times-Dispatch	58	62
Cincinnati/Kentucky Enquirer	57	58
Honolulu Star-Advertiser	57	60
Arizona Daily Star	56	59
Columbus Dispatch	56	58
Austin American-Statesman	56	61
Kansas City Star	55	58
Tulsa World	53	51
Oklahoman	53	55
San Diego Union-Tribune	53	54
Las Vegas Review-Journal	53	53

Note: Gannett Wisconsin Papers include Appleton Post-Crescent, Fond du Lac Reporter, Green Bay Press-Gazette, Manitowoc Herald Times Reporter, Oshkosh Northwestern and their websites.

This newspaper ranking includes newspapers that met the following criteria: 1) Paid newspapers that have both a daily and Sunday edition; 2) 100+ intab for both the daily and Sunday edition; 3) 5+% penetration within the given geography for both the daily and Sunday edition.

Source: Scarborough Research

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Of the top 20 U.S. newspapers in terms of market penetration — the percentage of adults in a metro region reading the paper in print or online or both — 16 newspapers actually saw a decline in audience penetration from 2009 to 2010. Only three saw their overall reach increase in 2010.

A new indicator of audience strength is measuring paid circulation on various e-editions. E-editions include paid online subscriptions (which only The Wall Street Journal has), subscriptions on e-readers (Kindles, iPads, Nooks or others) and e-replica editions (full online reproductions of newspapers, typically viewed on a computer).

The Wall Street Journal, which has been charging for its online site for more than a decade, leads with 449,000 paid digital readers. That is more than four times the second-place Detroit Free Press and more than six times the New York Times.

For metro papers on the list, most of whose web sites remain free, the totals come mostly from e-replica editions, those that display the full print paper in its original layout, but electronically. Without a lot of attention, the format has gained a foothold with readers (in part because it costs far less than home delivery of print).

The presence of the two Detroit papers high on the list reflects their decision in late 2008 to offer home delivery only on three days a week. Some subscription packages include access to the e-edition other days of the week.

These numbers will continue to grow in coming years with sales to iPads and other tablets and experiments with paid online like the “metered model” that the New York Times plans to launch in the first quarter of 2011.

Top 15 Newspaper E-Editions			
<i>By Circulation (September 2010)</i>			
	2010	2009	Percent Change
Wall Street Journal	449,139	407,002	10%
Detroit Free Press	99,613	84,851	17
New York Times	71,697	53,353	34
San Jose Mercury News*	69,499	16,445	323
Detroit News	50,573	41,841	21
Houston Chronicle	50,078	35,263	42
Investor's Business Daily	45,290	45,596	-1
Los Angeles Times	41,601	36,194	15
Minneapolis Star Tribune	37,612	25,261	49
St. Paul Pioneer Press	37,044	34,156	8
Denver Post*	31,965	26,498	21
San Francisco Chronicle	30,860	16,087	92
Washington Post	28,242	20,151	40
Dallas Morning News	27,315	11,063	147
Salt Lake City Tribune	26,719	19,511	37

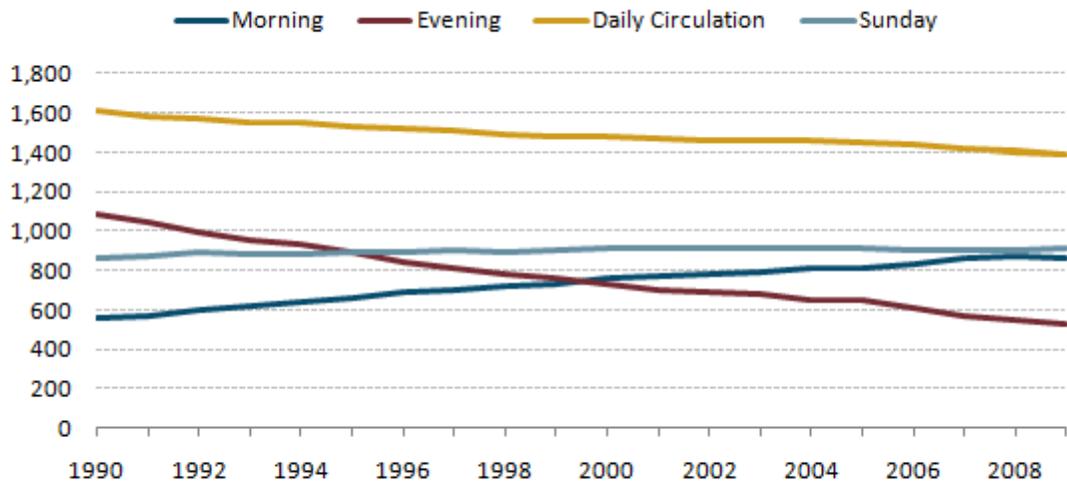
Source: paidContent.org, with data from Audit Bureau of Circulations

Note: The San Jose Mercury News total includes e-edition subscribers of the Oakland Tribune and Contra Costa Times. These papers became editions of the Mercury News in January 2010. The Denver Post figure includes some subscribers of the Rocky Mountain News, which ceased publication in February 2009. The Detroit Free Press and the Detroit now home deliver just three days a week and offer e-editions as part of a subscription option.

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Over the last 20 years, the number of daily American newspapers has decreased slowly but steadily. From 1,611 in 1990, the number fell to 1,387 in 2009, the most recent year for which figures are available. That is a decline of 14%.

Number of Daily U.S. Newspapers Continue Decline
Weekday and Sunday Editions in Yearly Increments



Source: Editor and Publisher Yearbook data
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This breakdown of morning and evening titles suggest growth in morning papers. In fact the higher numbers mostly represent evening-to-morning conversions or consolidations. Launches of new dailies are extremely rare.

News Investment

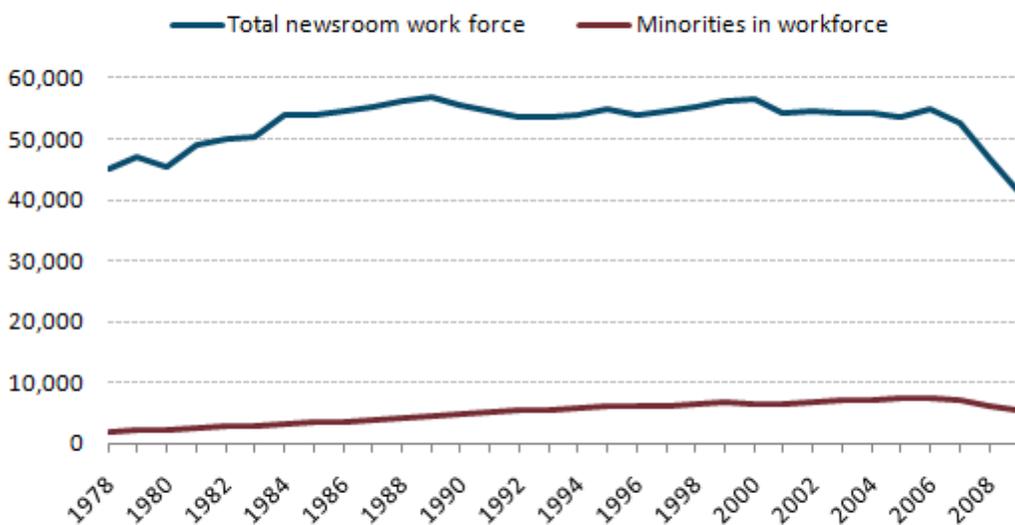
Employment of full-time professional editorial staff peaked at 56,400 in 2000. It then fell 26.4% through 2009.

The newsroom census totals for 2010 will be released in mid-April. Our estimate is that between 1,000 and 1,500 additional jobs will have been lost, taking the total loss to just under 30%.

The census, by the American Society of News Editors, also includes a breakout of minority employment. It grew immensely from 1,900 in 1978 to 7,400 in 2006, but has since fallen during the layoff years to 5,500 at the end of 2009.

Newsroom Workforce Continues its Decline

Number of Workers



Source: American Society of News Editors, Newsroom Employment Census, 2009. ASNE dates its data according to the release date. PEJ presents the data according to the year the data were compiled.

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

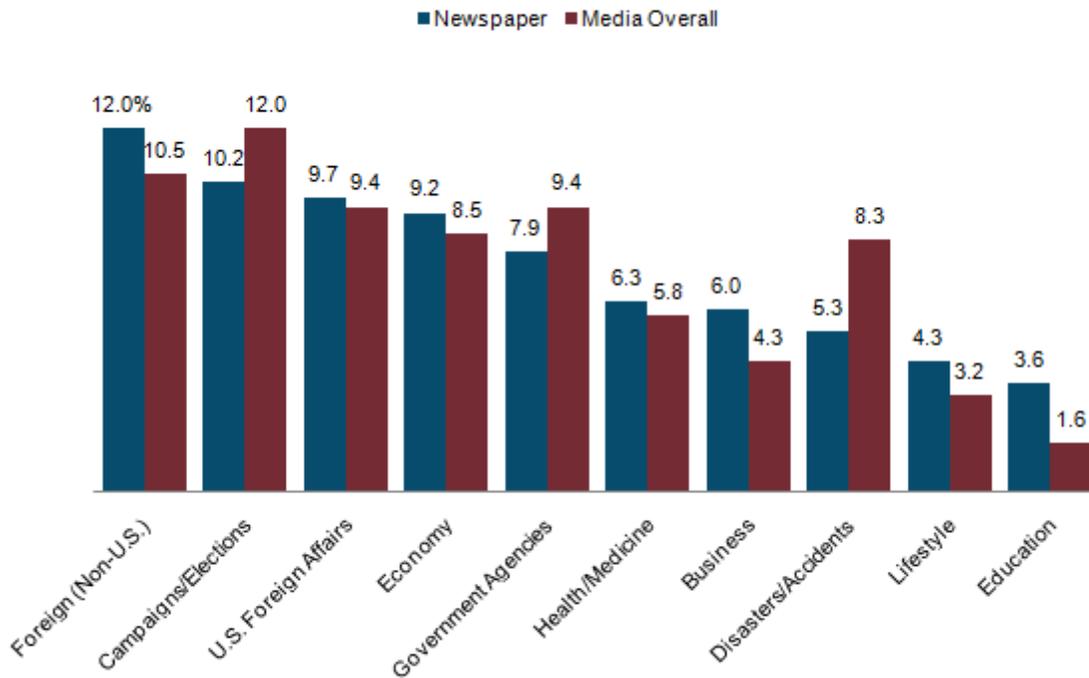
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An ongoing PEJ analysis of the national news coverage indicates some differences between newspapers and the media overall. Business, education and state and local government all receive a higher level of coverage in newspapers than from other news organizations. Elections and politics, national affairs and disasters receive somewhat less.

Newspaper Topics Differ From Media Overall

Percentages



Source: PEJ, A Year in the News 2010

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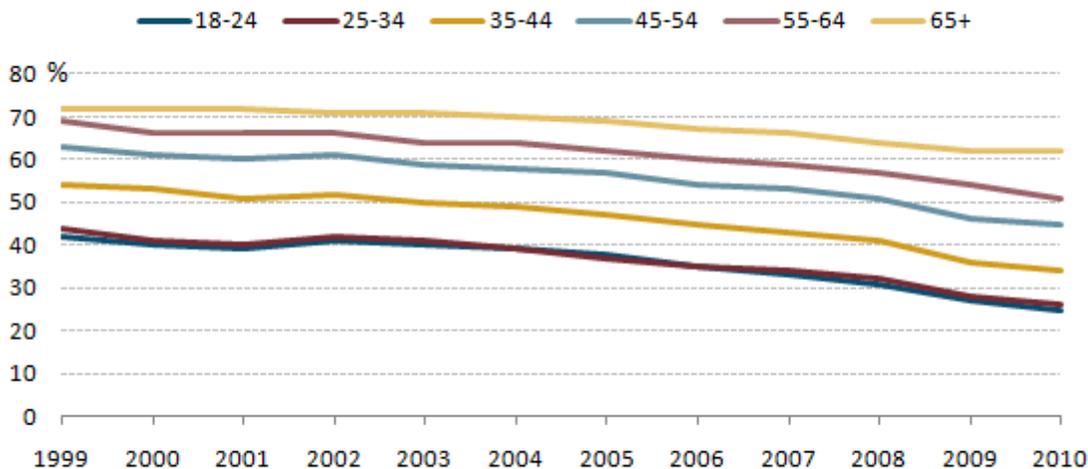
[SEE FULL DATA SET](#)

Demographics

The percentage of adults in all age groups who report that they read a newspaper yesterday has fallen steadily since 1999. Adults over the age of 65 are the most likely to be newspaper readers, and saw the smallest decline in readership: only 10 percentage points over the 11-year period.

Readership Falls for All Ages

Percentage Nationally Who Read Any Daily Newspaper Yesterday



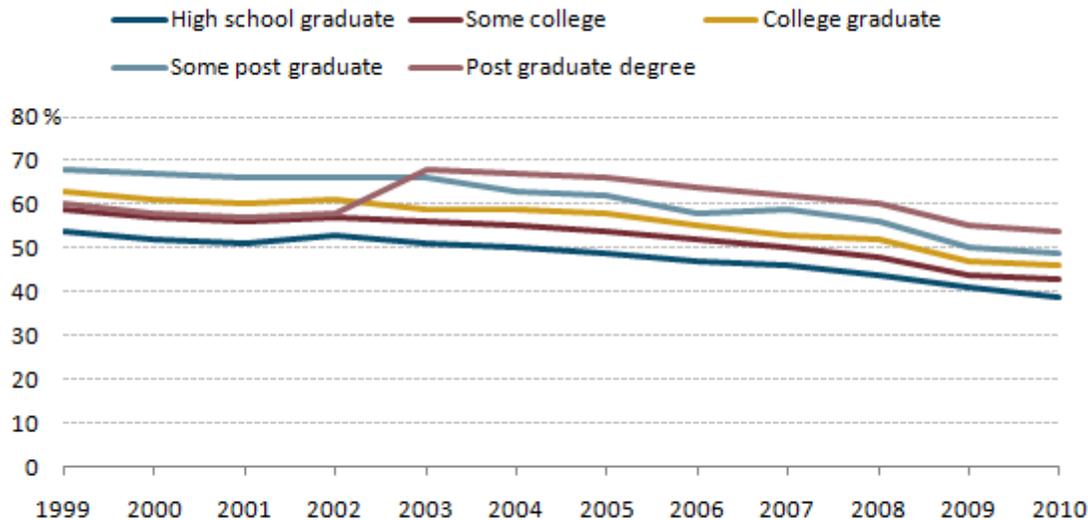
Source: Scarborough Research survey data

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Frequency of daily newspaper readership rises steadily with level of education, although all categories are down from 1999. The gap between the high and low has widened from six percentage points in 1999 to 15 in 2010, suggesting that the less educated are quicker to drop the newspaper habit.

How Education Affects Newspaper Readership

Percentage Nationally Who Read Any Daily Newspaper Yesterday



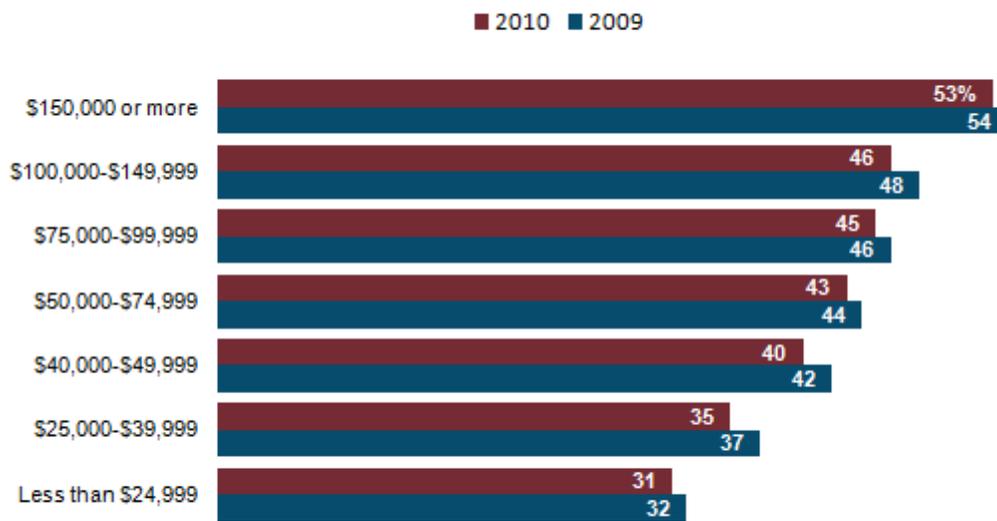
Source: Scarborough Research survey data

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Higher levels of newspaper readership also correlate closely to higher income levels.

Higher Levels of Newspaper Readership Correlate Closely to Higher Income Levels

Percentage Nationally Who Read Any Daily Newspaper Yesterday



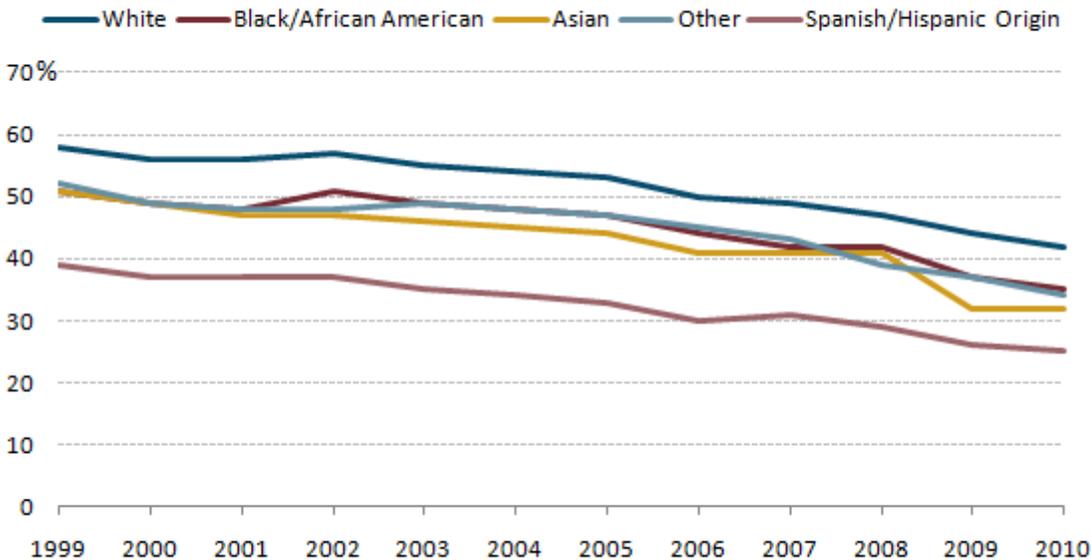
Source: Scarborough Research survey data

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Whites have the highest levels of daily newspaper readership, followed by African Americans. Hispanics are least likely to read a newspaper, suggesting that English language fluency is likely a factor.

Whites Are More Likely to Read Newspapers

Percentage Nationally Who Read Any Daily Newspaper Yesterday



Source: Scarborough Research survey data

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1. After our report was published, the Newspaper Association of America released its final tally and put the drop at 6.3%. We had previously estimated 6.4%.

Newspapers Glossary

Circulation

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

Pay wall

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

E-editions

E-editions include paid online subscriptions (which only The Wall Street Journal has), subscriptions on e-readers (Kindles, iPads, Nooks or others) and e-replica editions (full online reproductions of newspapers, typically viewed on a computer).

Online: Key Questions Facing Digital News

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

Four sets of questions seem most pressing now about news in the digital realm.

The first, and perhaps most critical, is how much progress has been made trying to monetize the Web, particularly when it comes to producing news and information about current events? The data continue to show that the absence of revenue online filling in for losses on traditional platforms, not audience loss to alternative news sources, is the greater threat to news organizations.

The second question relates to the shift in digital behavior to mobile devices — to smartphones and now tablets. If the mobile revolution has begun, how big is it, and how large will it become? And what do the early data suggest about whether tablets will create new revenue potential for news?

The third question involves the pace at which people are turning to digital for their news over other platforms. Is the shift to digital accelerating? If so, it shortens further the time that legacy media firms have to secure new revenue sources there.

Finally, what is occurring in online newsrooms? In the past, much of investment of resources in online-only news focused on aggregation and discussion of the news rather than the shoe-leather newsgathering. There are signs that may be changing. How much progress has been made, and in what ways? And to what extent can we generalize about this diverse and rapidly changing space?

There are certainly other issues involving news online as well. But the landscape is vast and it requires some effort to organize the discussion. In any scenario, one issue seems paramount: Money will to a large degree determine where things are going.

Digital Economics

Financially, the web hit a major milestone in 2010.

Online advertising revenue for all kinds of content surpassed spending on print newspapers advertising for the first time. The emergence of the tablet – the iPad – during the year promises still more potential for revenue.

But look more closely inside the data and the road to economic sustainability for news online remains difficult.

Much of that online ad spending continues to go to places other than news sites, and that is unlikely to change. Indeed, most in the news industry have come to accept a daunting reality: Advertising in online

spaces will probably never generate the sums – or at least the profits – that advertising generated in traditional platforms like printed newspapers. To survive financially, the consensus on the business side of news operations is that news sites not only need to make their advertising smarter, but they also need to find some way to charge for content and to invent new revenue streams other than display advertising and subscriptions. And for now these alternative revenue streams remain small in scale. And even shifting to a culture that requires experimentation is for some news companies a challenge.

Digital Ad Spending

Overall, spending on online advertising – on news and non-news sites – grew 14% in 2010, according to data from the research firm eMarketer. That pushed total online ad dollars, which includes all types of web and digital advertising, ahead of those spent on newspaper advertising for the first time. Total dollars, according to eMarketer estimates, will reach \$25.8 billion for the year.¹

That is over \$2 billion more than newspaper print advertising in 2010, according to projections based on Newspaper Association of America figures for the first three quarters of 2010.²

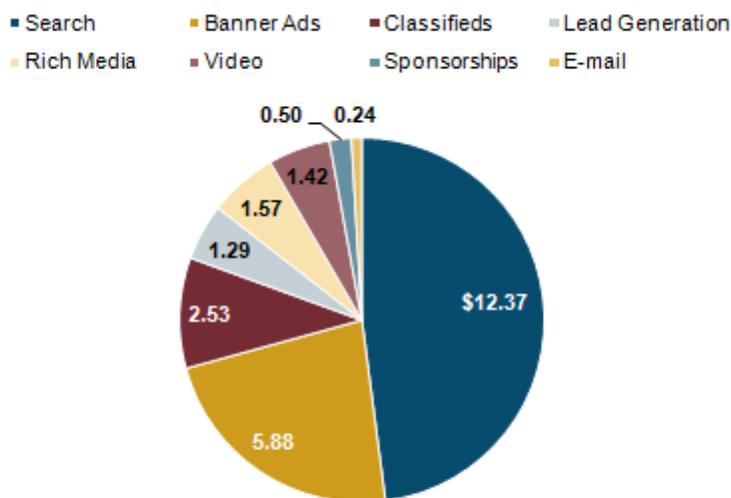
The growth in online ad spending is expected to continue, with eMarketer projecting rates of increase of 10% per year or higher through 2014.^{3, 4}

The problem for journalism is that the growth that has occurred online has not occurred as much in advertising associated with news.

Search, which grew 16% in 2010, continues to draw by far the largest portion of total online ad spending, nearly half (48%).⁵ And even with developments in other types of ads, search is expected to maintain a strong grip on the online ad dollar for at least the next four years.

Search Continues to Dominate Online Advertising

In Millions of Dollars



SEE FULL DATA SET

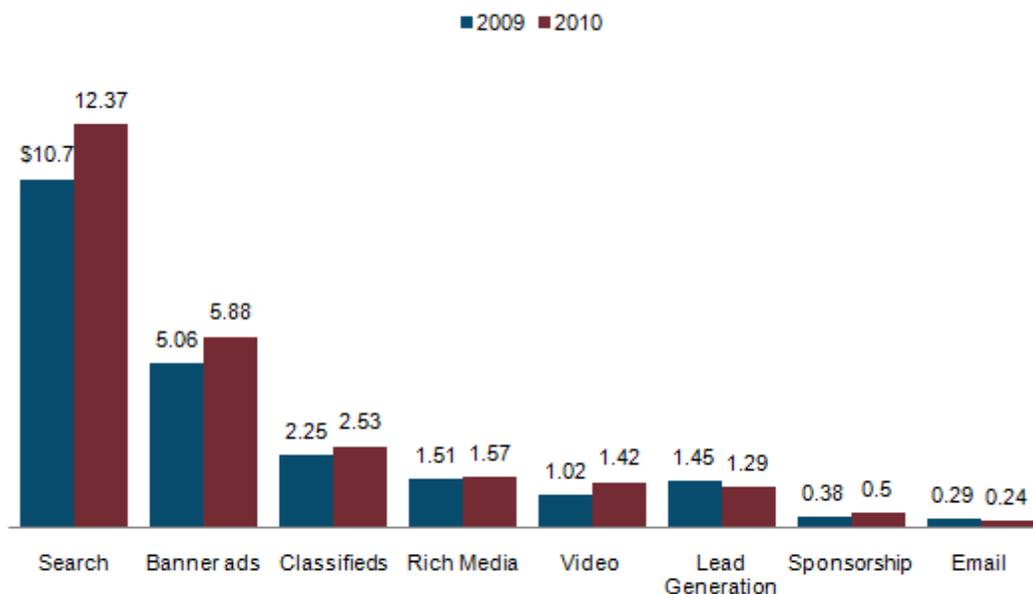
News organizations get very little money from search.

Banner, video and other forms of display ads, where news is more of a player, also grew in 2010, but none account for even half the dollars spent on search.

Source: eMarketer. "US Ad Spending: Online Outshines Other Media." eMarketer. December 2010.
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All But Two Types of Online Ads Increase
In Billions of Dollars



Source: eMarketer. "US Ad Spending: Online Outshines Other Media." December 2010.
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Video advertising saw the largest growth rate in 2010, 39% (after growing 38% in 2009) and eMarketer projects similar rates through 2014. But just as online ad growth overall saw massive

increases in its infancy, much of video's growth comes from the fact it is still just emerging. Its total dollars in 2010 are estimated at \$1.4 billion, about a tenth of search, and just 5% of overall online ad revenue.⁶

Video ads carry potential as news organizations create more video-based content. But a lot of uncertainty remains. Some of the strongest growth has been in the area of pay-per-view video programs, where part of what users are paying for is the absence of ads.

Online Ad Growth Rates Projected

Percent Change

Ad type	2009	2010	2011	2012	2013	2014
Video	38.6%	39.5%	38.6%	54.2%	34.2%	40.4%
Sponsorships	-1	30.7	18.4	15.5	10.4	10.4
Banner Ads	3.8	16.2	11.4	12.9	7	8.9
Search	1.4	15.6	9.9	13.6	10.2	10.8
Classifieds	-29	12.2	8.2	7.2	5.5	6.7
Rich media	-8.3	4.6	1.4	2.1	-0.6	-2.5
Lead Generation	-13.8	-11.1	-5	1.1	3.5	4.3
E-mail	-27.9	-17.8	-0.2	3.5	3.2	4.6
Total	-3.4	13.9	10.5	14.4	10.4	12.5

Source: Hallerman, David. "US Ad Spending: Online Outshines Other Media." eMarketer. December 2010.
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Banner ads, where most news organizations still get the majority of their online ad revenue, grew at about the same rate as search (16%).⁷ The problem here is that advertisers have many alternatives for these ads besides news.

Potentially more promising for news is a type of banner ads called “targeted” display. Essentially these are the higher-tech version of banner ads. Targeted display involves matching the ads to the interests of individual consumers by combining information about their search habits, their demographics, their geographic location and potentially even their past behavior online and then delivering ad content that seems most relevant to their interests. In theory, news organizations can benefit here. They have the potential to know a lot about these consumers – for instance what news topics most interest them, what sports teams they follow, what business subjects they usually click on and what columnists they most avidly read. That knowledge can then be marketed to advertisers. News organizations’ most loyal audiences also may trust them enough to share a fair amount of information about themselves.

Spending on targeted display ads is growing, but not yet as rapidly as other forms of online ads, and targeted display still represents a small portion of the market. Together with more traditional banner ads, targeted and non-targeted display make up 23% of online ad spending, or about \$5.9 billion.⁸

Part of the problem is that up to now, display ads have been less tied to particular kinds of content than search ads. Search ads are programmed to pop up when certain search terms are used. Display ads, on the other hand, work more like traditional newspaper ads where advertisers pay for a certain space on the page. The ad is not then connected to the content that appears. Past PEJ research indicates that consumers have gotten very good at ignoring these ads. In early 2010, fully 77% reported never or rarely ever clicking on one when on a news site.⁹

Still, some in the industry see untapped potential in targeted display. Google CEO Eric Schmidt told the New York Times in September 2010 that, while his company was originally built around search advertising, “display is our next big business.”¹⁰

This growth in targeted display is already happening in the local ad market. Local targeted display ads, which are sold by companies like Google and Facebook on behalf of local businesses and sometimes on news sites, grew by 22% in 2010. Still, these targeted display ads make up just 8.3% of all local online ad spending. Much more local advertising, 36%, comes from traditional or untargeted display ads, and spending on that sector declined 13%.¹¹

Local is potentially a very important market for news. Roughly 40% of all online ad spending is now local, and that is up from 34% only a year earlier. Moreover, in the local ad market, display ads (the kind that news relies on), is a bigger piece of the pie. Indeed, local display makes up a greater portion of online ad spending than search (44.2% versus 38% for search), according to Borrell Associates.¹²

And targeted ads are going to become even more important locally. By 2015, Borrell projects targeted

Local Online Ad Spending Differs From National

In Millions

Ad Type	Dollars	% of Total Local Online Advertising	% Change vs. 2009
Static Display	\$4,890	35.5%	-12.7%
Targeted Display	1,130	8.1	22.2
Static+Targeted Display	6,020	44.14	-7.8
Paid Search	5,190	37.8	1
Online Video	1,550	11.1	36.3
E-mail	562	4.4	2
Online Audio	316	2.2	16

Source: Borrell Associates 2010 Compass Report, based on the first three quarters of 2010

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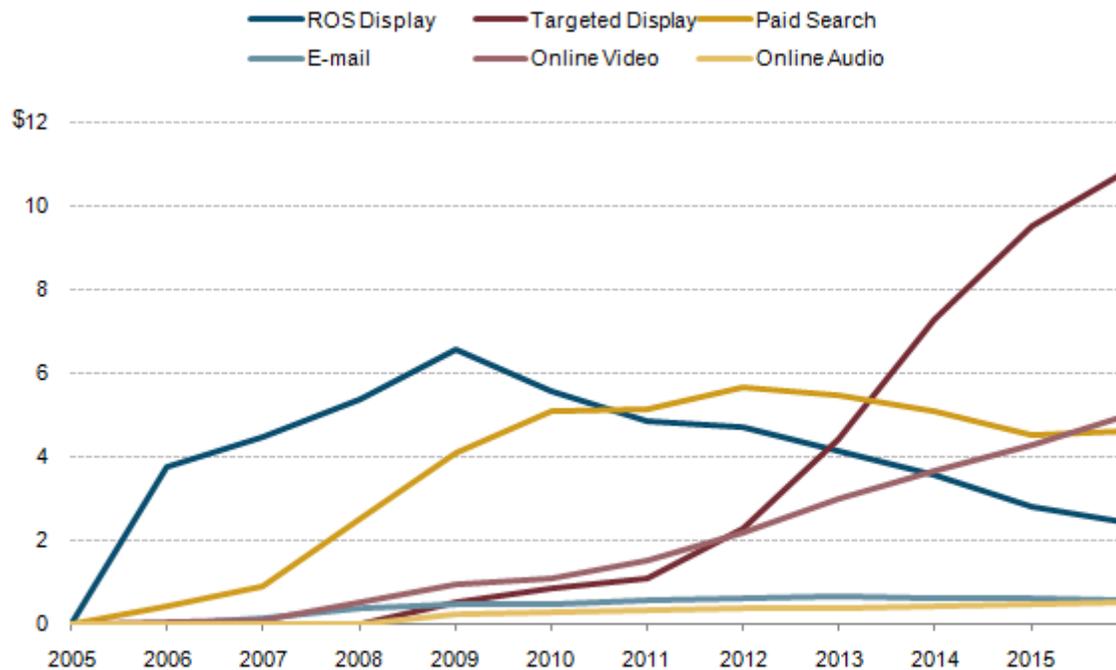
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display ads will grow to over \$11 billion, while untargeted ads will fall to \$2.5 billion.¹³

Targeted Display Expected to Dominate Local Online Advertising

In Billions of Dollars

SEE
FULL



Source: Borrell Associates 2010 Compass Report, based on the first three quarters of 2010

Note: ROS Display refers to non-targeted display ads

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DATA SET

Even if newer display advertising proves successful, however, the news industry has another challenge: It will need to secure a greater portion of display ad buys to thrive. The industry made some headway in 2010. According to market research firm Kantar Media (formerly TNS Media Intelligence), TV Stations, Newspapers and News & Current events sites grew as a percentage of all online ad spending (though these three categories include more than news). Together, display ad dollars in these categories grew 9% in 2010 to \$1.4 billion and now make up 16% of all display spending.¹⁴

But those numbers still lag behind what Kantar media refers to as “multiservice” sites, which include portals (like AOL), search engines (like Google) and ISPs (like Comcast). In other words, part of the problem news organizations have online is that there are so many non-news competitors for ads, and often these are portals or aggregators with far larger audiences.¹⁵

Where Online Display Ad Revenue Goes

January-October 2010

Site Category	Dollars (000)	% Change vs. 2009	Share % 2010
Portals, Search engines & ISPs: Multi-Service	\$2,201,391	-19.5%	24.4%
Business, Finance, Investing	\$1,151,110	-20.1	12.8
TV Stations	\$631,745	0.2	7.0
Sports	\$581,353	38.5	6.5
Newspapers	\$555,917	24.8	6.2
General Interest/General Entertainment	\$378,569	9.5	4.2
Movies, Videos, TV & Cable	\$308,085	90.9	3.4
News & Current Events	\$250,093	2.7	2.8
Travel	\$197,847	-9.1	2.2
Internet Service Providers	\$185,177	-26.6	2.1
Social Networking	\$183,824	-6.2	2.0
Careers & Employment	\$181,476	-6.5	2.0
Health & Fitness	\$168,723	-6.5	1.9
Auctions	\$165,385	-23.1	1.8
Games	\$158,255	4.3	1.8
Real Estate	\$149,294	83.7	1.7
Portals & Search Engines	\$145,532	39.7	1.6
Kids Places	\$141,673	19.5	1.6
Automotive	\$123,910	-2.6	1.4
Computer & Technology, Consumer	\$109,253	28.7	1.2
Special Interests/Hobbies	\$96,715	25.3	1.1
Meeting Places	\$80,571	28.4	0.9
Common Cultures/Communities	\$79,624	15.4	0.9
Education & Reference	\$78,298	7.3	0.9
Hispanic	\$68,239	15	0.8

Source: Kantar Media Display Ad revenue 2010

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Subscription Model and User Fees

News organizations clearly hope that part of the future of news online is in subscription fees for content; whether that subscription fee is for mobile content, browser-based content, all content bundled together, or some hybrid. Many in the industry believe that mobile devices are better suited to people going to a single destination through an app than browsing the web for the cheapest content. And that difference between apps and the web convinces some news executives that particular trusted news “brands” will see a resurgence in the apps environment that will make subscriptions more possible.

In January 2011, PEJ and the Pew Internet & American Life Project conducted a nationwide survey of the local news consumption habits. This included a series of questions about what kind of local information consumers currently pay for and what they may be willing to pay in the future. (Click here for the full report)

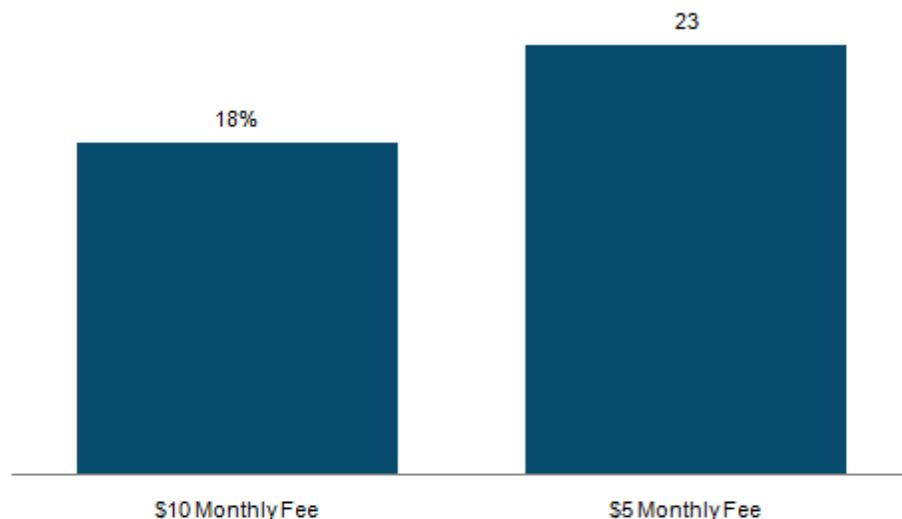
Overall, just 36% of adults said they now pay something for local news. The bulk of those (33% overall) pay for a print newspaper subscription, while 6% reported paying for other local sources besides newspapers, such as local news apps (1%) or other local news content online (5%) (Some pay for more than one item).¹⁶

We also asked consumers how they would react if the only way to access content from the local paper was by paying for it. Half of those in the sample were asked if they would pay a \$5 monthly subscription fee and the other half were asked if they would pay a \$10 fee.

In all, 23% of respondents said they would be willing to pay a \$5 fee. But when the stakes are raised to \$10, just 18% said they would pay. Even among those who see an inherent monetary value in the news product, then, the limit of that value seems to come pretty quickly. Overall, in both versions of the question, roughly three-quarters of adults said they would not pay anything.¹⁷

Would Consumers Pay for Local Newspaper Content Online?

% of Respondents Who Said They Would Pay a Monthly Fee



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

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Who are these potential paying online customers? What stood out most is that these individuals are more likely than others to be avid news consumers: They are more likely than others to say they “enjoy keeping up with the news” and use several sources or platforms to stay on top of local news. They also tended to be more highly educated, with at least a college degree.

The Mobile Landscape Evolves – From Cell, to Smart, to Tablet

If the economics of the web look difficult, many publishers hope mobile offers a second chance for news producers — both to charge for content and to find a more pleasing format for advertising. It is difficult, however, to judge whether those hopes are justified. News consumption in the mobile arena is just getting started. The new survey by PEJ-Pew Internet finds that as of January 2011, some 7% of American adults reported owning a tablet device. This figure nearly doubled in four months (4%).¹⁸ Some 84% own a mobile phone of some sort and about four in ten of them access the internet on their phone.¹⁹ For news organizations the encouraging news is that revenue in the mobile space is growing quickly.

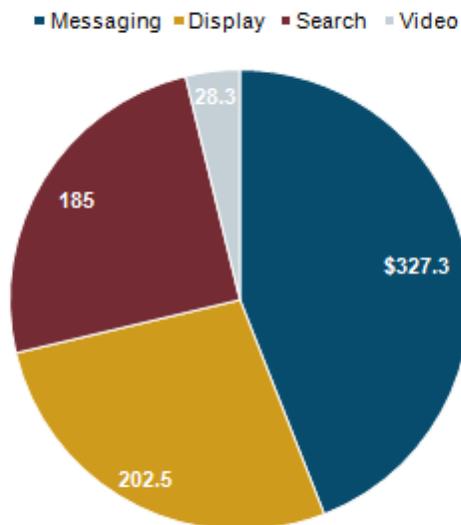
Total mobile advertising spending (which includes ads on cellphones, smart phones like the BlackBerry and tablet devices like the iPad) in 2010, according to projections from eMarketer, will reach \$743 million, a 79% increase over 2009.²⁰ The dollars here are still small relative to other online advertising – browser-based search alone is around \$12 billion. Mobile search (as a component of all mobile spending) is only \$185 million. Still, the growth here is dramatic and eMarketer projects that by 2014 total mobile ad spending will reach \$2.6 billion.²¹

Mobile ads can take several different forms — from display, to video, to text messaging. But the mix of ad revenues in the mobile arena is different from the mix in the web domain. The oldest form of mobile advertising, text message ads, dominates, totaling \$327 million in 2010, a 43% increase over 2009.²² And with good reason, a Pew Internet & American Life Project survey in May 2010 found that 72% of Americans use their cellphones to send text messages, up from 65% in April 2009.²³

But most analysts expect that by 2012 display will overtake text messaging as the primary form of mobile advertising. It is already the second biggest category in mobile, ahead of search. There was \$202 million spent on mobile display ads in 2010, up 122% from a year before. (Search followed closely behind at \$185 million, also up more than 120%).²⁴

Text Messages Dominate Mobile Ad Spending

In Millions of Dollars



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Video ad spending comes in last in mobile, at \$28.3 million, and market researchers expect it will continue to be a relatively small percentage of total mobile spending through 2014. One reason is that while wireless networks and devices are getting faster, streaming video still taxes both the device and the mobile network.²⁵

Source: eMarketer. "Mobile Advertising and Marketer. Past the Tipping Point." October 2010.
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As mobile expands, all of these ad types represent potential areas of revenue growth for news.

The first area is in advertising revenue. In these early stages at least, the evidence suggests that users are more open to mobile ads than PC-based, especially on tablet devices. In a Luth Research survey for the Mobile Marketing Associates in August 2010, some 43% of users "noticed" one mobile ad in the last month, and 39% said they interacted with the ad.²⁶ A separate survey in August 2010 by comScore

and InMobi found 25% of respondents said they were getting accustomed to viewing mobile ads. That was twice the number, 12%, who said the ads were intrusive.²⁷

Many of these mobile ads are coming through application-based content which offer a richer visual experience. In a Nielsen survey specifically of iPad users, 39% said ads on the iPad were “new and interesting,” compared with 19% of all device owners (such as those who own other devices like Android phones or another brand of tablet). And 35% of those surveyed said they “enjoyed” viewing the ads, double that of all device owners.²⁸

Some of the more positive response to mobile ads, Noah Elkin of eMarketer told PEJ, may be because of less clutter on the page than on the desktop, more of a novelty factor and more targeted nature of these ads. Advertisers may be more drawn to this platform for similar reasons. The ads can be more targeted (and therefore more likely to lead to user response of some kind) and can be more visually appealing.

Applications also offer the content producers a second revenue stream – charging for access to the application itself.

Many news organizations in 2010 eagerly welcomed this new prospect, launching their own branded news apps. On mobile phones, most of these apps either remained free or carried a minimal one-time download price of \$1 to \$3. On tablets though, more and more news organizations are developing applications that come with a monthly subscription fee. The Washington Post, for example, offered its iPad app free with a complimentary subscription through February 2011. Now those who subscribe to the print product will be charged 99 cents per month and those who do not subscribe to the print edition will pay \$3.99 per month. And early 2011 saw the launch of the first-ever iPad-only daily news publication. Produced by News Corp. in conjunction with Apple, the publication, called The Daily, is an iPad-only interactive news product, with a subscription fee of \$40 per year or 99 cents per week.

Though it is early in the evolution of tablets, surveys suggest offering both free and paid options may produce the most advantages. A 2010 comScore survey found 54% said they would accept advertisements in exchange for a free app.²⁹ A separate Nielsen survey of iPhone users in September 2010, however, suggests other consumers feel differently. It found that 43% of iPhone users had already upgraded from a free version of an app of any kind to a paid one.³⁰

To probe into these questions further, PEJ and the Pew Internet Project in partnership with the Knight Foundation conducted a survey in January 2011 of the use of mobile devices for local news consumption.

The survey found substantial reliance on mobile devices for local news. As of January 2011, nearly half of all Americans, 47%, get some kind of local news and information through their mobile devices. This compares to only 26% of adults, one year earlier, who got news of any kind (local or national) on their cellphones, according to a separate Pew Internet national survey. Weather and information about local

businesses such as restaurants are the most popular kinds of mobile local information, followed by general local news, local sports and traffic.³¹

What is less clear is how much potential growth there could be. Of all cellphone and/or tablet owners, just 13% have used an app for local news or information, which equates to 1% of the American public. However, among 18-to-29-year-olds, 20% of mobile device owners have used an app for local news or information, so there is some promise for the future of this platform. Only a small fraction of adults (10%) who currently use mobile apps to connect to local news and information pay for those apps.³²

As tablet devices become more commonplace and smartphones become more powerful, the potential for mobile revenue — at least as an added stream if not one that makes up for losses in the old — could grow rapidly. If the worry in the last decade was that free content on the web would kill news, news organizations are now pinning hopes on mobile and tablets to bring user fees, along with new advertising, back into the equation.

Still, more questions than answers remain, including how the news organizations tackle the audience fragmentation and added complexities in the tablet and smart phone real.

The New Landscape of Partners

One often-overlooked factor in the landscape of mobile applications is that it introduces a new set of partners and formats that make assessing the financial future much more complicated than many first imagined.

There are the content producers (like the local newspaper, CNN or the Daily Beast); there are the device and software companies (like Apple, Google, Samsung, Windows); there are advertisers (Volvo, Nike, Amazon); there are ad networks (AdMob, Google, ValueClick); and there is the consumer with limited time and tolerance.

Device Makers/Software Providers: Apple, Google and any other companies selling their own tablet- or app-based devices have much of the control over two main components of the space here: the content and the ads. They do not control the ad environment absolutely, but they do set the rules for third-party ad providers. The tablets are designed in a way that the content that appears there needs to be built specifically for each mobile platform, Android for Google, iOS for Apple or one of the other less prevalent platforms like Windows 7 mobile. Companies that want to advertise in this realm also face rules that encourage multiple, separate buys. It is possible to buy ads through a third-party network such as Millennial Media, which can place ads across platforms (on an iPhone, Android device, or other mobile platform). Apple and Google limit the number of ads that can be bought through third party providers, however, effectively pushing advertisers to go through the Google or the iAd network instead. Each company offers its own deal to advertisers and content producers. Google's is friendlier to partner with than Apple's, but Google still makes the rules.

The Advertiser: As with distributing content, placing ads inside apps is much more complicated than in the browser-based web space. If Google was the company to simplify browser-based advertising, no

equivalent has yet emerged in the mobile space. The most straightforward option (and the one encouraged by device makers) is for advertisers like Volvo or Travelocity to purchase separate ads to exist in each device: one buy for an ad they want to have appear in the New York Times Apple app, a separate buy for an ad to appear in the Times' Google Android app, and yet another for the Times' web-based or print ads. But this approach is also often the most costly – and it requires much interoffice coordination. Another option is to buy through a mobile ad network that sells for the New York Times, but this adds yet another layer of complexity to the process and is discouraged in the rules set out by the device makers. Each mobile ad network serves a different mix of platforms and outlets. Millennial Media, for example, offers a different set of content provider apps across a different set of platforms than JumpTap (another third-party ad network). Advertisers see potential here as these audiences are expected to be more targeted than even main website audiences and thereby more potentially lucrative. But it remains to be seen if the additional dollars emerge in a way that offsets the added complexity.

The Information Producer: Those creating content, such as the local newspaper or CNN, must create separate versions for each mobile device, in addition to their main website display. The Chicago Tribune for example creates one app through Apple's software that appears only on Apple products, then a second through Google's software for the Android system, and so on for each new phone or tablet maker using a different platform. The hope for new fees and more reliable audiences to market to advertisers has lured organizations down this road. But it is a road that requires added up-front investment with every step. Many small to midsize news organizations say they may not be able to afford these multiple creations. In some cases, they say they cannot even borrow the money to make such innovations.

The Consumer: In addition to deciding on a brand of computer, a type of smartphone or tablet and a phone company, consumers now have to navigate among a growing number of tablet device brands. They then start the process of creating their own universe of apps — separately selecting, downloading, and in some cases paying for — each application with its own agreement rules, passwords and payment levels to navigate. As of February 2011 there were over 350,000 apps in the Apple app store, with over 3 billion total downloads, and around 90,000 in the Android app store and well over 1 billion downloads.³³

Applications offer the promise of access to better quality content and the ability to slide through articles, pop up visuals, enlarge graphics and sort material. But at least some business experts believe that the universe of apps and devices will quickly become too complex for the mass market to tolerate. In the early history of file-sharing technology for music and video, for instance, the first generation of users was willing to navigate an array of complicated pirate sites that even involved some legal risk. Later, the mass market gravitated to simpler approaches, such as iTunes or instant viewing on Netflix, even if consumers had to pay for it.

In that case, then, the most avid and high-tech consumers are likely to want content across all devices, to download multiple versions and to navigate complex app stores and menus. But only 7% of

Americans have tablets now. How much complexity will the average consumer be willing to accept down the road?

In addition, consumers may quickly reach the number of apps — especially news apps — that they choose to keep on their tablet. News apps compete to lie alongside the mix of shopping, gaming, personal tool and other apps all on the 7-by-10-inch screen.

The appeals of tablet devices are real and we may well soon see businesses develop new products to alleviate certain inefficiencies. But assessing the long-term future remains complicated.

Audience

While the economics remain uncertain, the audience for news in the digital sphere is already well established and in 2010 continued to grow. For legacy news producers this poses a problem. More web audience generally means smaller audience for the legacy platforms that deliver more of their revenue. And that, in turn, shortens the time left while their brand still resonates, to secure sufficient revenue in the digital realm.

Meanwhile, for the online-only ventures with which legacy firms compete, the audience migration from print to online is a benefit with no downside.

In broad terms, the rise of the internet continues. The online news audience is getting bigger and the amount of time it spends there is growing.

Indeed, the internet is now ahead of newspapers and closing the gap with television, and among younger consumers, the internet has already taken the lead. However, much of the traffic to the top news destinations on the web goes to sites that are owned by traditional media companies.

According to the Pew Research Center's People & the Press's Biannual News Consumption Survey, 34% of Americans said they got news online "yesterday," up from 29% in 2008.³⁴

This means that more Americans now get news online each day than read newspapers. Print usage "yesterday" fell to 31%, down from 34% in 2008.

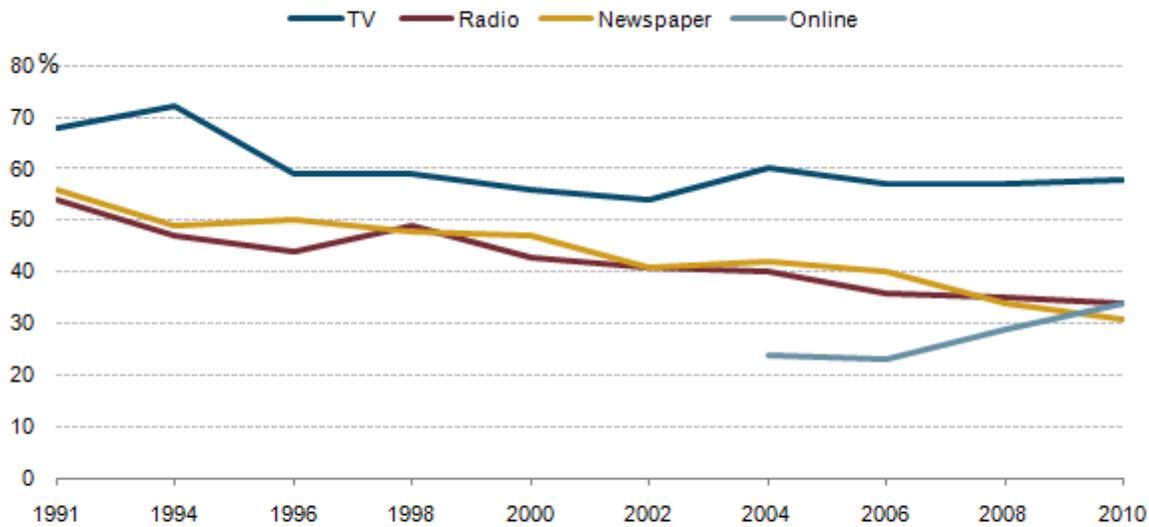
The web now trails only television (which includes both broadcast and cable) in popularity as a news source. The number of people who watched television news in some form "yesterday" was actually up slightly in 2010 to 58%.³⁵

SEE FULL DATA SET

Surveys of time spent with various media reveal a similar rising trend, the internet outpacing newspapers and behind television. Americans reported spending 13 minutes with online news "yesterday," according to the Pew Research data. That is three minutes more than time spent with newspapers (10 minutes), but 19 minutes shy of television and two minutes behind radio.

When the question is asked about a certain kind of news—"Where do you get most of your news about national and international issues?") the appeal of the internet to bring distant information home becomes

The Web Surpasses Newspapers in News Audience
Percent of Respondents Who Got News "Yesterday" From Each Platform

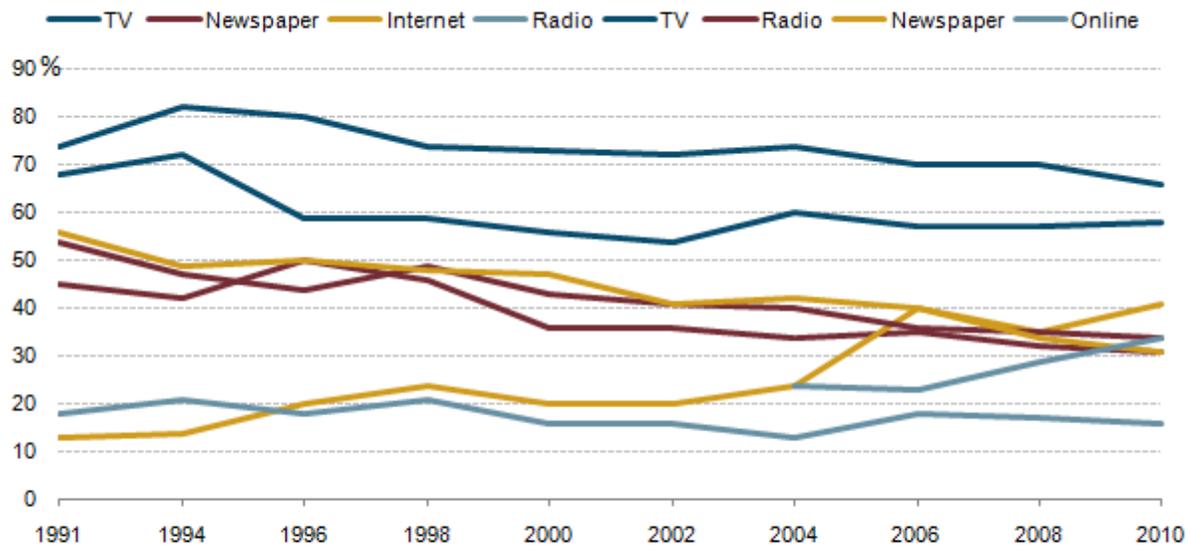


Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

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even clearer.³⁶

Where Americans Get "Most" of Their National & International News
Percent of Respondents



Source: "Internet Gains on Television as Public's Main News Source." The Pew Research Center for the People & the Press. January 4, 2011.

Question: Where do you get most of your national and international news?

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The generational differences are striking and point to the extent to which the web is likely to grow as a news source. Among 18-to-29-year-olds, the internet became the No. 1 platform of choice for news for the first time in 2010. Nearly two-thirds of that age group, 65%, said they got most of their news from the internet, 52% turned to television and 21% to newspapers. (Respondents are allowed to name two sources).³⁷

Among those aged 30 –to 49, the web is a clear No. 2, as 48% named it as a main source for news, twice the percentage that rely on newspapers (22%). Among this age cohort, television is still first (63%).³⁸

The growth in digital news consumption has not changed the list of most popular news sites much. The top sources online for news are dominated by the traditional ones, mostly newspapers.

To get the fullest picture possible, PEJ analyzes data from the three online measurement companies, Nielsen, comScore and Hitwise. While their traffic numbers vary substantially due to different methods of counting, the ranking of biggest sites shifts little.³⁹

The rest of the list is made up of up of mostly traditional sources for news— newspapers, cable news channels and network news. Of the top 25 news sites for 2010 measured by Nielsen, only seven sites are online-only operations (meaning they do not have any traditional media as part of their organizations). The remaining 18 are all tied to traditional media properties. Of those seven online-only sites, five generate the majority of their traffic by aggregating traditional media.⁴⁰ ComScore data are only for December 2010 and thus do not constitute a yearly average. But even here, 20 of the top 25 sites are tied to legacy platforms.

News Investment

Getting a sense of investment in digital news information is a more than a challenge.

An abundance of outlets with different levels of financial backing come together online — from large companies like AOL to established single entities like local newspapers to local startups to nonprofit funded networks. We talked in last year's report about how these different news operations serve a variety of roles, from content creator to aggregator to organizer to curator of user content, each a different but integral element of the news process online. For the most part, organizations tended to be rooted in one of these roles — Yahoo News, for example, rooted in aggregation, newspapers in text story creation, television in video story telling — and focused their resources there.

In 2010, as the economy improved, we saw further shifting toward the middle. News creators are moving more fully into also serving as curators for other outside information; aggregators are creating more of their own original content or purchasing entities to do that for them; blogs and social media are becoming a part of everyone's tool kit. The mainstream media and the new media are at least in some ways moving closer together.

At the same time, we also are seeing one form of specialization that had yet to reach the web in a significant way begin to materialize in 2010: Broadcast-based news outlets began building more of their top stories as video, in part because they see an incentive in video advertising in doing so.

Several legacy outlets also formalized a trend we noted before — partnerships with small hyperlocal blogs or news startups, or what some have dubbed the “pro-am” approach. And there are early signs of strategic financial planning at least among some of the local news startups.

Part of this movement toward the middle may have to do with continued losses in core business. Yahoo, originally created as a search outlet, long ago lost its dominance there to Google. In the last few years the financial implications of that loss became more acute. AOL began as dial-up internet service provider and a disseminator or curator of news, but has been losing subscribers and revenue rapidly.

Both companies over the last five years have moved toward content production, and in 2010 made major investments there.

AOL's movement took several forms: added journalistic staff to its main website, aolnews.com, development of Patch and the purchase of the Huffington Post. By one count, even before acquiring HuffPo (with has an editorial staff of 70 to 80, of which an estimated 18 produce content and the rest aggregate and curate), AOL hired 900 employees over the summer 2010, according to AOL CEO Tim Armstrong in a speech during a companywide meeting. About half of the new hires went to Patch.⁴¹

On AOLNews, which focuses mainly on national and international news, the growth in original content was striking. PEJ, as a part of its weekly News Coverage Index, analyzes the top news stories on AOLNews throughout the year. For all of 2010, more than one in four top stories, 42%, was written by AOL staff. That is six times the amount of original content it offered in 2009 (7%).

Separately, AOL produced more local news content by ramping up its investment in Patch.com, a loosely connected network of local news producers around the country.

AOL acquired the company in 2009, shortly after Armstrong, one of the creators of Patch, was appointed CEO.

As of early 2011, Patch was up and running in 800 towns across the U.S. and is expected to be in over 1,000 by the end of the year.⁴²

According to the New York Times, AOL's move into local news has not come cheap. The company spent \$50 million on Patch in 2009 alone. While it is not clear how much revenue AOL makes from Patch, the audience at least so far appears to be growing. According to comScore, Patch had three million unique visitors in December 2010, about 80 times its audience a year earlier.⁴³ Three million unique visitors is still fairly small for a news site. The most-trafficked news site, Yahoo News, had, according to comScore, over 94 million visitors in December 2010, 30 times that of Patch. Topix, a site that aggregates local news content produced by others, had 7 million unique visitors in December, according to the same ratings agency.

AOL is betting that it brings a unique mix to local news — economies of scale, money to invest, programming skills, an online ad sales network and a national brand — all qualities that local newspapers or other local players might lack. Declines in newspaper resources are also opening a void Patch can fill. But others have tried and failed here. Backfence, a site similar to Patch that aimed to create local content through the use of citizen journalist, was launched in 2004 but it closed its doors just three years later in 2007. And local news has one unavoidable reality: It is expensive to produce and the audience for any one piece of content is limited.

AOL's more recent purchase also pushes the company more toward its own news brand. In February 2011, AOL announced that it would buy the HuffingtonPost for \$315 million.⁴⁴

Unlike Patch, however, the pieces Huffington brings are not new. AOL already has national journalists — many more than Huffington. It also has an established destination. AOL is the No. 3 or 4 most-visited site online, depending on the ratings company. Huffington Post is No. 8. The reporting muscle at Huffington Post, indeed, is minimal. According to a Harvard Business School study, the site's staff of 60 in 2009 included just four reporters.⁴⁵ According to insiders, that number may have grown to closer to 18 in 2010. Still, most of Huffington's staff are curators and editors, not content creators. Huffington Post's revenue is also relatively small, around \$31 million.⁴⁶ (entirely from advertising) in 2010 versus AOL's \$2.4 billion in 2010.⁴⁷ Huffington Post also brings with it an ideological orientation that AOL did not.

What Huffington Post does have is an upward growth trajectory for its website. With reports that a good deal of AOL's traffic comes from people who keep AOL because they don't realize they no longer need it, or to maintain an e-mail address, AOL may have felt its news website was unusually vulnerable. It also means that for consumers, it means two of the top ten sources of online news will be part of the same company.

A March 10 memo from AOL CEO Tim Armstrong announced hundreds of new job cuts at the company, including about 200 layoffs in the AOL Media and tech groups in the U.S.

Yahoo Moves Into Content Creation

As the most-visited news site in the country, Yahoo's long-term interest in news is clear. Its stock and trade has generally been in aggregating and categorizing news rather than producing its own. It has variously tried and pulled back from producing its own original journalism. But In 2010 Yahoo took larger steps toward making content creation a key part of its brand.

The company hired close to a dozen journalists in early 2010 and opened a Washington bureau. Among those hired were Michael Calderone, a former writer at Politico; Jane Sasseen a former BusinessWeek bureau chief, and Anna Robertson, a former producer at ABC's "Good Morning America."⁴⁸

The evidence of these efforts has already begun to appear. For all of 2010, according to PEJ's analysis of top news stories on Yahoo News, 96% of the top stories came through aggregation either from a wire

service or another news outlet and 4% came from Yahoo staff. While 4% is a small number, it is an increase of more than 300% from 2009 when just 1% came from Yahoo staff (and 99% was aggregated material).

Traditional Sites Learn Their Strengths

Part of the conundrum of moving online for traditional media companies was that in some sense they lost what made them unique. A cable channel, a newspaper, a network TV broadcast all look the same online. But at least two of these, in 2010, began pushing more resources into producing digital content in their legacy form – video.

In 2009, CNN rolled out a major redesign of its homepage, emphasizing video. In the front page, as a choice next to main tab options, video is now the second option, adjacent to the home tab. In 2010, CNN also began to include more video content in its top stories. Over 16% of the top stories in 2010 were primarily video stories, up from just 2% in 2009.

MSNBC.com⁴⁹ took a similar path, redesigning its website in 2010 to emphasize video. MSNBC.com also included more video in its stories as well: 10% of the top stories contained video, up from 4% in 2009.

Fox News bucked this trend with almost no video on its site and no change from 2009.⁵⁰

In new media, two special reports on local innovation for this year's State of the News Media provide a sense of progress mixed with uncertainty. Michelle McLellan, a journalist and consultant who works on projects that help foster a healthy local news ecosystem, looks at the economic structure of small community based startups where much of the innovation begins. With great enthusiasm for informing fellow citizens but often little money to fund them, these creations tended to come and go quickly or produce minimal levels of original reporting. Now though there seem to be some signs of economic stability that may help secure their place in the news ecosystem.

McLellan writes that local sites are beginning to focus as much of their energy on financial sustainability and revenues as on news creation. They are also learning, much as traditional news organizations are, that they will probably need multiple revenue streams, not one or two, in order to survive. It might be considered a second phase in their evolution. Nonprofit foundations are still critical in getting many of these off the ground, but once established, new media are now making progress supplementing and even replacing those funds with a mix of alternative revenue streams.

For these sites, not dependent on legacy revenue, the shifting audience is less of a sign of time running out than opportunity moving their way. Still, they have a long way to go. Some of the smaller sites generate less than \$100,000 a year in revenue.

Even in Seattle, one of the most vibrant places for new media, its long-term future is uncertain. Michael R. Fancher, former executive editor of the Seattle Times and co-convenor of Journalism That Matters Pacific Northwest, takes a focused look elsewhere in this report at Seattle's news ecosystem. In it he quotes a report by the New America Foundation that concludes about Seattle, "Despite the relative

vibrancy of the media scene, and even with all its demographic and other advantages, it is unclear how much of this innovation is sustainable.” Others he talked with cited concern about what is still getting lost, even with all the creative innovation. “Some vitally important stories are less likely to be covered,” said Diane Douglas, who runs a local civic group and considers the decentralization of media voices a healthy change. “It’s very frightening to think of those gaps and all the more insidious because you don’t know what you don’t know.”

Nevertheless, Fancher sees reason for hope. “The more diffuse news and information ecosystem is more complex and more difficult to imagine,” he said. “It is also still vulnerable. But its potential seems richer than the once more stable system that it was replacing.”

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49. MSNBC.com and MSNBC are different entities. The two companies have a separate board and editorial staff. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington.
50. Based on PEJ's News Coverage Index

Online: By the Numbers

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Successful revenue models on the web and digital devices remain elusive, especially for news organizations. More experimentation — or at least talk of experimentation — occurred in 2010, but news organizations still seem far from finding a self-sustaining model.

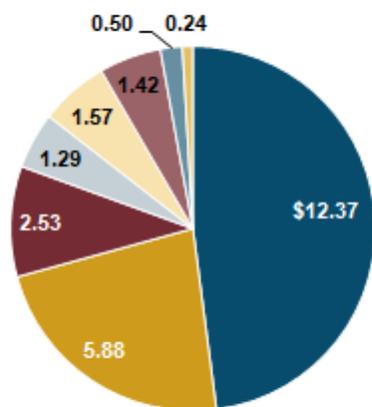
In online economics more broadly, though, 2010 saw significant — even landmark — growth. For the first time, total online ad spending in 2010 outpaced newspaper print advertising.

Search continues to dominate, accounting for nearly half of all online ad spending.

Search Continues to Dominate Online Advertising

In Millions of Dollars

- Search
- Banner Ads
- Classifieds
- Lead Generation
- Rich Media
- Video
- Sponsorships
- E-mail



SEE FULL DATA SET

But nearly all types of ad buys saw growth, including display—a good sign for news.

SEE FULL DATA SET

Classifieds, which saw an enormous 29% drop in 2009, picked up in 2010 with an increase of 12%.

Email and lead generation were the

Source: eMarketer. "US Ad Spending: Online Outshines Other Media." eMarketer. December 2010.

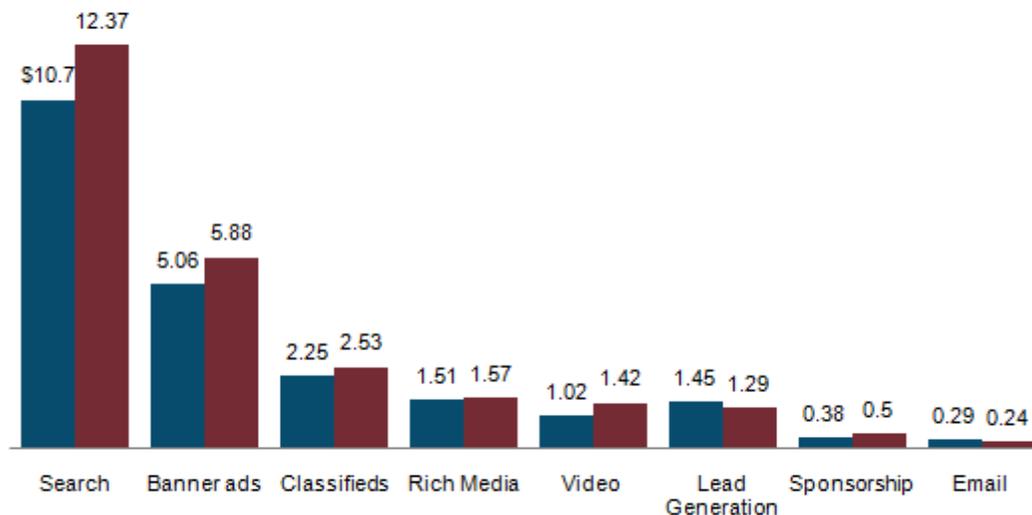
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All But Two Types of Online Ads Increase

In Billions of Dollars

- 2009
- 2010



two areas to see declines in 2010, however the rates were less steep than in 2009.¹

While news sites benefit from the growth in display ad buys, most of that

Source: eMarketer. "US Ad Spending: Online Outshines Other Media." December, 2010.

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Online Ad Growth Rates Projected

Percent Change

Ad type	2009	2010	2011	2012	2013	2014
Video	38.6%	39.5%	38.6%	54.2%	34.2%	40.4%
Sponsorships	-1	30.7	18.4	15.5	10.4	10.4
Banner Ads	3.8	16.2	11.4	12.9	7	8.9
Search	1.4	15.6	9.9	13.6	10.2	10.8
Classifieds	-29	12.2	8.2	7.2	5.5	6.7
Rich media	-8.3	4.6	1.4	2.1	-0.6	-2.5
Lead Generation	-13.8	-11.1	-5	1.1	3.5	4.3
E-mail	-27.9	-17.8	-0.2	3.5	3.2	4.6
Total	-3.4	13.9	10.5	14.4	10.4	12.5

Source: Hallerman, David. "US Ad Spending: Online Outshines Other Media." eMarketer. December 2010.

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revenue goes to sources other than news.

- Newspapers got \$556 million from display ad revenue, the fifth-most of any single category. This was a 25% increase over the first three quarters of 2009.²
- The News & Current Events category, a group that includes many different kinds of sites from the Huffington Post to popular blogs, got \$251 million from display advertising, a modest 3% increase over 2009.³
- Another category that could include some traditional news is Business, Finance, and Investing, which includes sites like banks but also some that have financial news like Bloomberg. This category got \$1.5 billion from display ad revenue, a 20% decline from 2009. Despite this decline, this category was the second-largest, after Multi-Service sites like Google.⁴

The local online ad market operates quite differently than the overall market. Here search does not dominate; instead, display ad revenue is king. Local online advertising shows signs of embracing the advancements in display ads. Targeted display ads grew substantially while the older form, static ads declined. Whether this kind of growth finds its way to the larger national ad network remains to be seen.

SEE FULL DATA SET

Mobile Ad Spending

Mobile ad spending amounts to just a small fraction, 3%, of total online ad spending. But it is still in its infancy, growing rapidly— an 79% in 2010 — and opens up new potential revenue streams for news.⁵

SEE FULL DATA SET

Like the web overall, there are several varieties of mobile ads. The oldest form—ads sent as text messages—still dominates the market, at least for now.

Where Online Display Ad Revenue Goes

January-October 2010

Site Category	Dollars (000)	% Change vs. 2009	Share % 2010
Portals, Search engines & ISPs: Multi-Service	\$2,201,391	-19.5%	24.4%
Business, Finance, Investing	\$1,151,110	-20.1	12.8
TV Stations	\$631,745	0.2	7.0
Sports	\$581,353	38.5	6.5
Newspapers	\$555,917	24.8	6.2
General Interest/General Entertainment	\$378,569	9.5	4.2
Movies, Videos, TV & Cable	\$308,085	90.9	3.4
News & Current Events	\$250,093	2.7	2.8
Travel	\$197,847	-9.1	2.2
Internet Service Providers	\$185,177	-26.6	2.1
Social Networking	\$183,824	-6.2	2.0
Careers & Employment	\$181,476	-6.5	2.0
Health & Fitness	\$168,723	-6.5	1.9
Auctions	\$165,385	-23.1	1.8
Games	\$158,255	4.3	1.8
Real Estate	\$149,294	83.7	1.7
Portals & Search Engines	\$145,532	39.7	1.6
Kids Places	\$141,673	19.5	1.6
Automotive	\$123,910	-2.6	1.4
Computer & Technology, Consumer	\$109,253	28.7	1.2
Special Interests/Hobbies	\$96,715	25.3	1.1
Meeting Places	\$80,571	28.4	0.9
Common Cultures/Communities	\$79,624	15.4	0.9
Education & Reference	\$78,298	7.3	0.9
Hispanic	\$68,239	15	0.8

Source: Kantar Media Display Ad revenue 2010

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Local Online Ad Spending Differs From National

In Millions

Ad Type	Dollars	% of Total Local Online Advertising	% Change vs. 2009
Static Display	\$4,890	35.5%	-12.7%
Targeted Display	1,130	8.1	22.2
Static+Targeted Display	6,020	44.14	-7.8
Paid Search	5,190	37.8	1
Online Video	1,550	11.1	36.3
E-mail	562	4.4	2
Online Audio	316	2.2	16

Source: Borrell Associates 2010 Compass Report, based on the first three quarters of 2010

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[SEE FULL DATA SET](#)

Forrester Research projects mobile search and display ads to overtake text messaging ads by 2012.

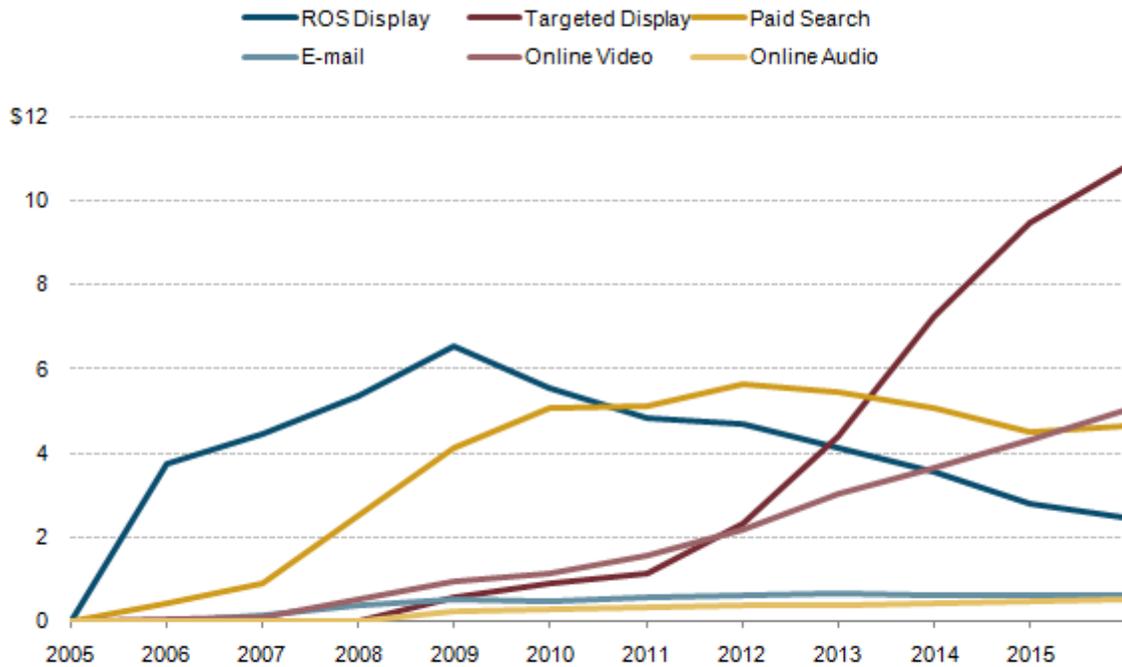
[SEE FULL DATA SET](#)

The Audience for News Online

As we saw in online ad spending, 2010 marked a milestone in web-based news consumption. For the first time, more Americans said they went online to get their news than said they read a newspaper “yesterday.” Television, though, still reigns as 58% of Americans reported getting some news from television “yesterday,” almost double online.⁶

Targeted Display Expected to Dominate Local Online Advertising
In Billions of Dollars

SEE

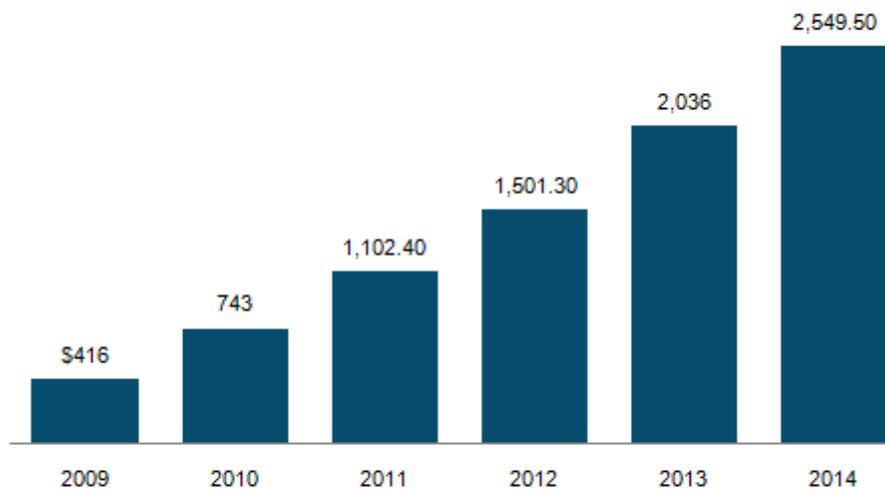


Source: Borrell Associates 2010 Compass Report, based on the first three quarters of 2010
Note: ROS Display refers to non-targeted display ads.

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Mobile Ad Revenue Growing Rapidly, But Still Small
In Millions of Dollars

FULL DATA SET



Americans also spent more time with online news in 2010, fully 13 minutes a day. This puts online ahead of newspapers in time spent as well, but behind radio and television (15 minutes and 32 minutes, respectively).

SEE FULL DATA SET

Source: eMarketer. "US Ad Spending: Online Outshines Other Media." December, 2010.

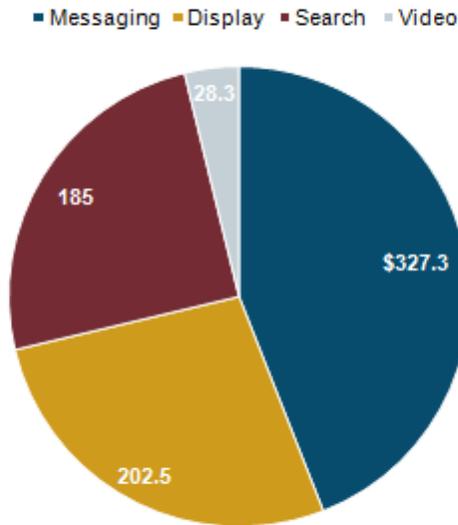
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When asked another way, "Where do you get

most of your news about national and international issues?" television still holds the leads but again the gap is closing and the internet beats out newspapers.

SEE FULL DATA SET

Text Messages Dominate Mobile Ad Spending
In Millions of Dollars



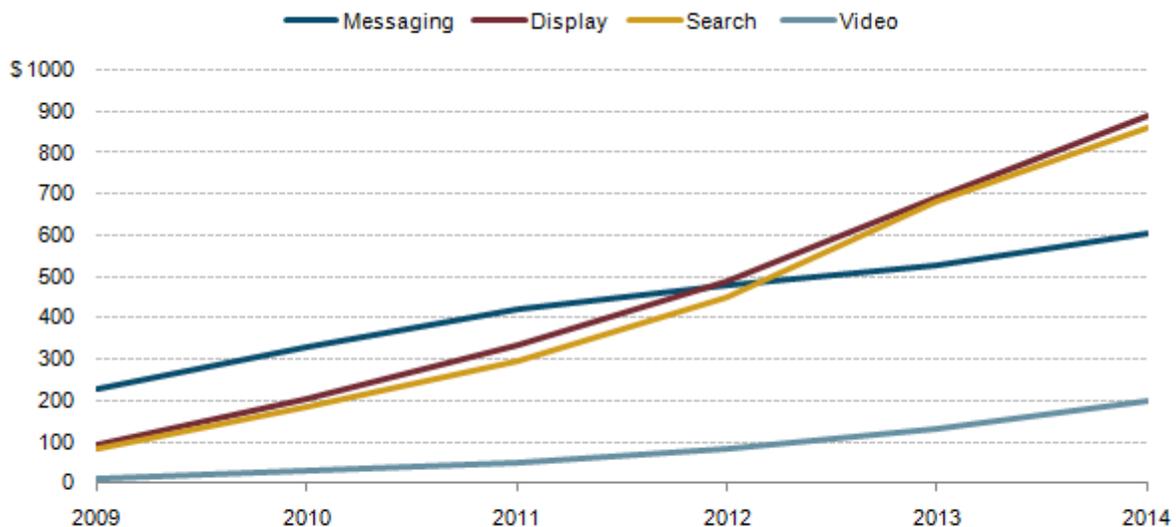
When this trend is broken down by age the differences are stark. Among 18-to-29-year-olds, the internet already outpaces television as their source for most national and international news.

Despite the growth in web usage, the top news sites remain stable and are mostly sites tied to legacy media outlets.

Source: eMarketer. "US Ad Spending: Online Outshines Other Media." December, 2010.
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Below are the top news web

But Other Formats Are Catching Up
In Millions of Dollars



Source: eMarketer. "US Ad Spending: Online Outshines Other Media." December, 2010.
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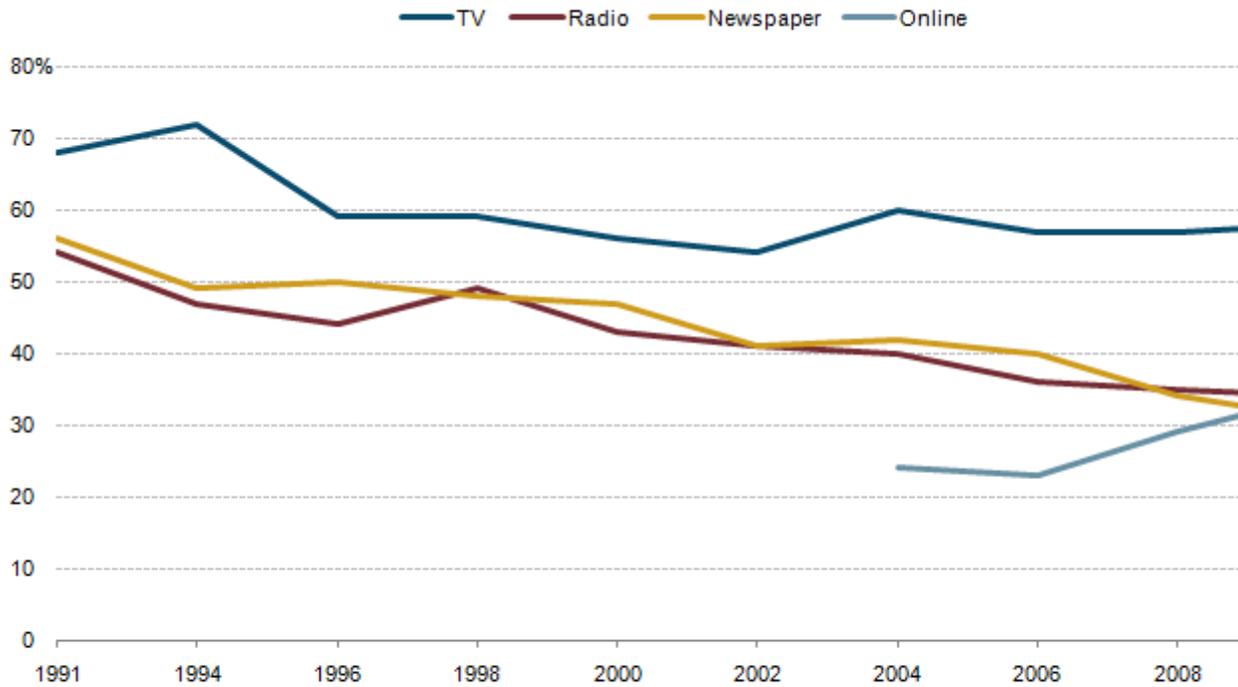
properties for the year, according to Nielsen Media Research and Hitwise.

For comScore, only December 2010 numbers are available for comparison (comScore spent part of 2009 and part of 2010 changing its methodology and as a result the full year numbers are not yet comparable.)

Mobile Audience

The Web Surpasses Newspapers in News Audience

Percent of Respondents Who Got News "Yesterday" From Each Platform

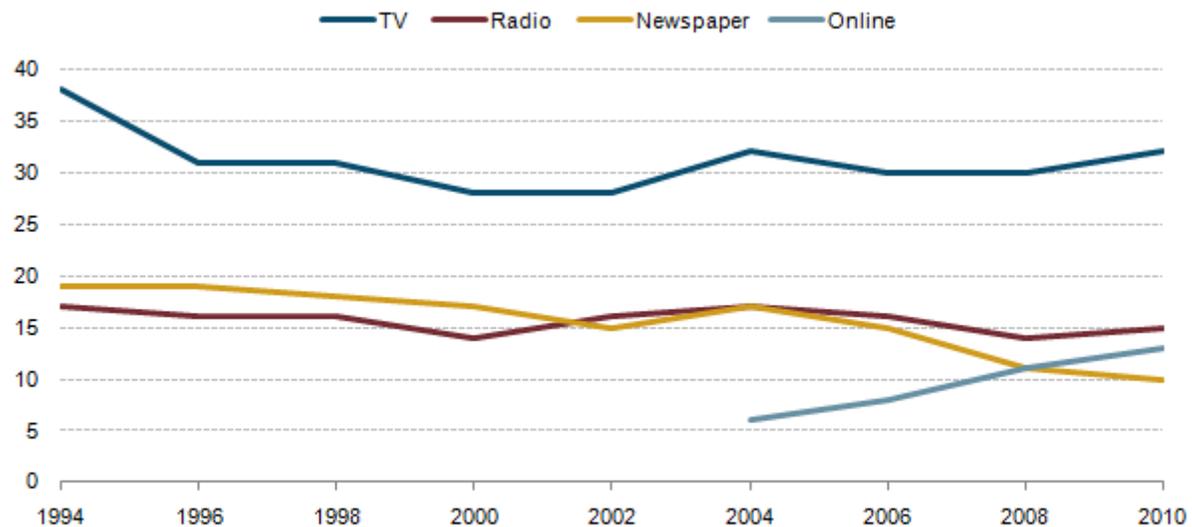


Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

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And They Spend More Time Online Than With Newspapers

Minutes Spent "yesterday" with each medium



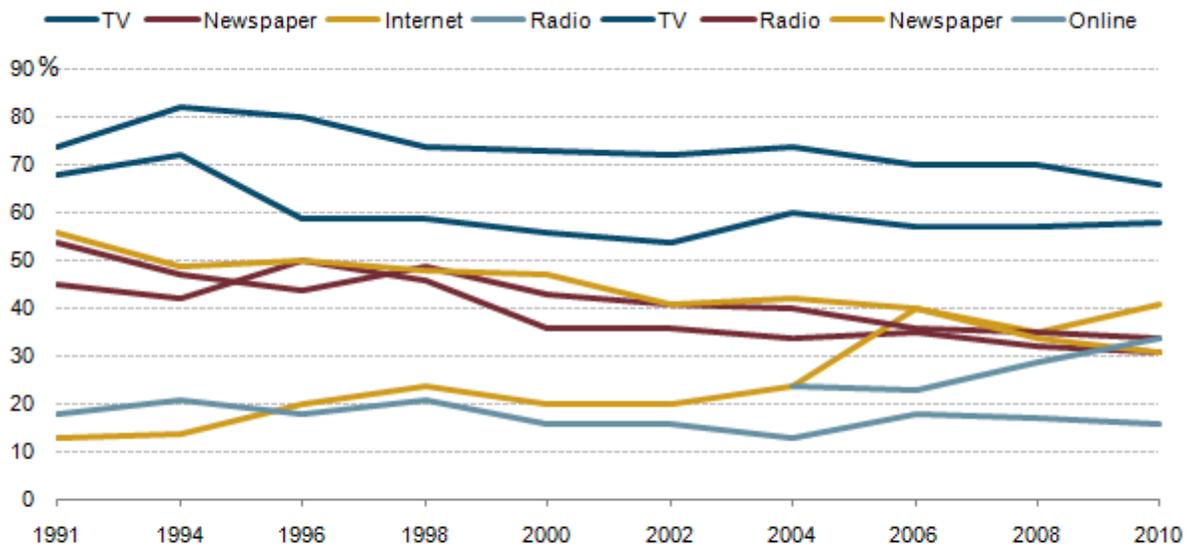
Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

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The potential for mobile news content is clear, most Americans own a cell phone of some kind and that number has been growing over the last five years.

While cellphones are an important part of online news consumption, there is a new player in the world of mobile news, the tablet. It is clear that while tablet ownership is still low, it will continue to grow quickly

Where Americans Get “Most” of Their National & International News
% of Respondents



Source: “Americans Spending More Time Following the News.” Pew Research Center For The People & The Press. September 12, 2010.

Question: “Where do you get most of your news about national and international issues?”

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as the devices become more available.

Endnotes

1. eMarketer, “US Ad Spending: Online Outshines Other Media,” December 2010
2. Kantar Media Display Ad Revenue
3. Kantar Media Display Ad Revenue
4. Kantar Media Display Ad Revenue
5. eMarketer. “US Ad Spending: Online Outshines Other Media.” December 2010.
6. “Americans Spending More Time Following the News.” Pew Research Center for the People & the Press. Sept. 12, 2010 (<http://people-press.org/report/652/>) .

Online Glossary

Classified Ads

These are traditional classified ads for anything from jobs to used cars that once were common in newspapers but have now largely migrated to the Internet. Craigslist is the most popular place for free classified ads, but these ads appear on lots of websites.

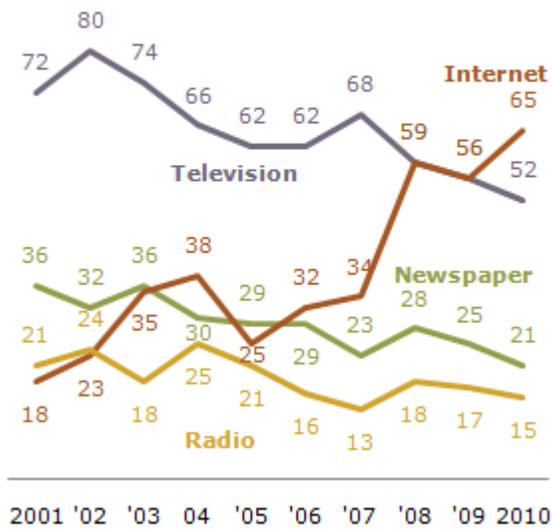
Cookies

Cookies are small text files that are placed on users’ browsers when they visit a website.

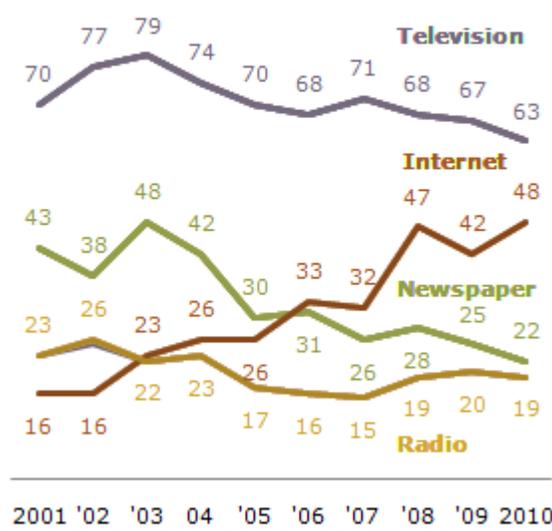
Display Advertising (Banner)

Main News Source, By Age

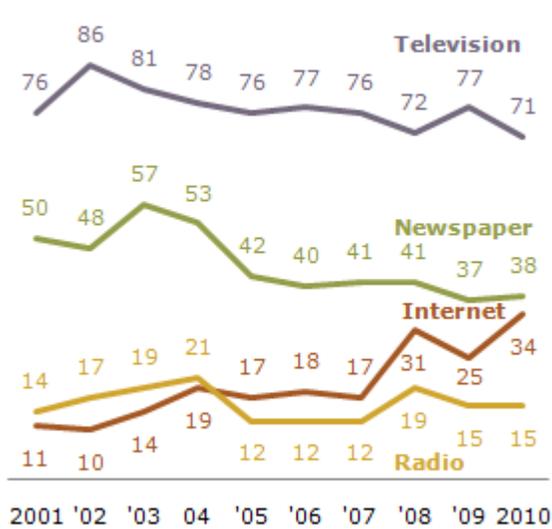
18-29 Year-Olds



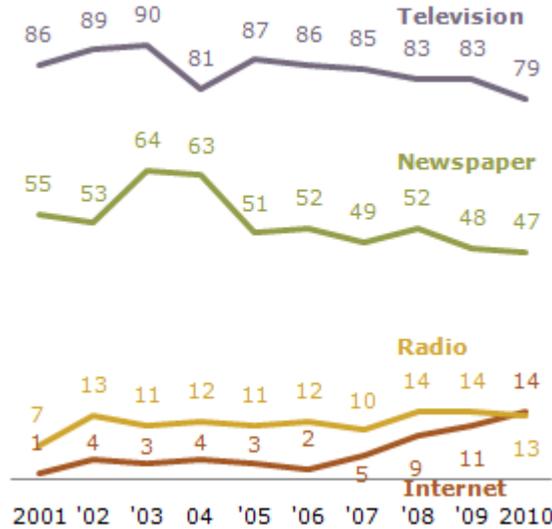
30-49 Year-Olds



50-64 Year-Olds



65 Years Old and Over



PEW RESEARCH CENTER Dec 1-5, 2010. Figures add to more than 100% because respondents could volunteer up to two main sources.

This is the second-most common form of advertising on the Internet. These ads include text and some kind of image such as a company logo or a photograph. These ads can include some kind of flash animation or moving image, but the user's interaction is limited to clicking on the ad. There, in the broadest sense, two types of display ads: targeted and non-targeted. Non-targeted display ads, referred to as ROS Display by Borrell Associates, refer to "dumb" banner ads that are placed on sites without any relation to the content of the site or user. Targeted display ads, on the other hand, are display ads that are targeted using various information such as key words, information about users previous web habits, or user demographics.

E-mail Ads

These are ads the users receive through their email.

Lead Generation

Top Visited News Sites in 2010, Nielsen

Rank	Domain	Unique Visitors
1	Yahoo! News Websites	40459
2	CNN Digital Network	35658
3	MSNBC Digital Network	31951
4	AOL News	20821
5	NYTimes.com	15948
6	Fox News Digital Network	15502
7	ABCNEWS Digital Network	13251
8	TheHuffingtonPost.com	11510
9	Google News	11382
10	washingtonpost.com	10095
11	CBS News Network	9947
12	USATODAY.com	9147
13	LA Times	8314
14	Daily News Online Edition	7247
15	BBC	6519
16	Examiner.com	6242
17	Bing News	4855
18	The Slate Group Websites	4526
19	Topix	4409
20	Boston.com	4336
21	New York Post Holdings	4314
22	Telegraph	4044
23	Guardian.co.uk	3885
24	NPR	3835
25	Chicago Tribune	3785

Source: Nielsen

Note: MSNBC.com and MSNBC are different entities. The two companies have a separate board and editorial staff. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

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advertising in which users are required to fill out some kind of personal information to receive a free or trial offer from the company hosting the ad. The level of information can be as little as an e-mail address, but can also include more information such as gender, age, home town, etc. This kind of ad is lucrative for advertisers because it requires users to have a higher level of interactivity with the brand because they have to fill out personal information first. It also allows the company to archive the data that the user fills out and can be used later to get a better picture of what kind of people are interested in a particular product and therefore can help the company target ads better in the future.

Local vs. National online ads

In this discussion of “local” and “national” online ads Borrell associates divides the country up into different markets. By this measure a “local” online ad is any online ad purchased by a local business within the market where the ad appears. An ad is considered “national” if it is purchased in a specific market but by a business that does not operate in that market, such as a national chain.

Pay Wall

Blocks access to a website (or a part of a website) without payment.

Rich Media Ads

This refers to ads that include animation or video, but also include a more complex user interaction. These are ads that a user can interact with in various ways, including stopping or starting a video that

This
term
refers
to a
kind of

Top Visited News Sites in December 2010, comScore

Rank	Domain	Unique Visitors
1	Yahoo! News Network	94,509
2	CNN Network	67,845
3	MSNBC Digital Network	48,721
4	AOL News	35,017
5	The New York Times Brand	32,386
6	Tribune Newspapers	24,666
7	Huffington Post	24,542
8	ABC News Digital	19,343
9	USATODAY Sites	17,336
10	Washingtonpost.com	16,353
11	Advance Internet	16,000
12	CBS News	15,332
13	Wall Street Journal Online	13,673
14	Mail Online	13,596
15	McClatchy Corporation	13,447
16	Hearst Newspapers	13,241
17	Examiner.com Sites	12,693
18	MediaNews Group	12,086
19	NY Daily News.com	11,719
20	BBC News	10,267
21	Fox News.com	10,186
22	Gaurdian.co.uk	8,526
23	Topix.com	7,219
24	Belo	6,996
25	Boston.com	6,868

Source: comScore

Note: MSNBC.com and MSNBC are different entities. The two companies have a separate board and editorial staff. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

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advertisement.

Search Ads (Text-Based Ads)

These are the most common kind of ad, and the kind of ad that a search engine like Google makes most of its money on. This is an ad that contains only text and a hyperlink to the product the ad is selling. Text ads of this kind are ubiquitous and show up in various places on the Internet. Google has integrated these ads into its search engine, e-mail service (Gmail) and YouTube, as well as all its other Web-based services.

SMS/MMS Ads

These are ads that users receive as text messages. SMS refers to "Short Message Service" and are ads that include text only. MMS refers to "Multimedia Message Service" and ads of this type can include photo, video or audio content.

Unique Audience (Visitors)

The number of unique individuals, not including web crawlers, that view a website in a given time frame (normally in a month). This is calculated several different ways by different measurement services, see analysis below. The most effective way to measure this is by making users log in to a site every time they use it; however, since most sites do not require a log-in, the most prevalent way to measure this is through the use of tracking cookies.

Top visited News, Hitwise

Rank	Domain	Share
1	news.yahoo.com	8.53%
2	www.msnbc.msn.com	3.50%
3	www.cnn.com	2.64%
4	news.google.com	2.04%
5	www.foxnews.com	1.72%
6	www.nytimes.com	1.41%
7	news.aol.com	1.29%
8	www.drudgereport.com	1.19%
9	www.huffingtonpost.com	0.99%
10	www.usatoday.com	0.95%
11	local.yahoo.com	0.90%
12	www.topix.com	0.74%
13	today.msnbc.msn.com	0.60%
14	www.washingtonpost.com	0.59%
15	www.associatedcontent.com	0.53%
16	abcnews.go.com	0.53%
17	www.dailyfinance.com	0.47%
18	www.bing.com/news	0.44%
19	www.bbc.co.uk/news	0.44%
20	www.wsj.com	0.41%
21	www.nydailynews.com	0.39%
22	www.cbsnews.com	0.39%
23	www.foxnews.com/politics	0.36%
24	www.buzzle.com	0.34%
25	www.examiner.com	0.34%

Video

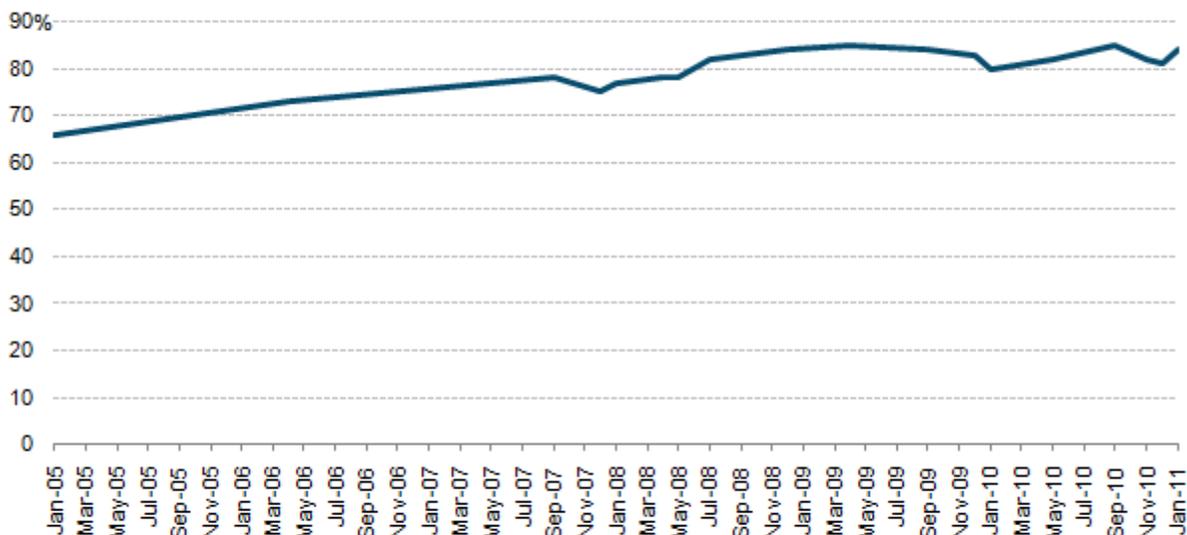
Source: Hitwise

Note: MSNBC.com and MSNBC are different entities. The two companies have a separate board and editorial staff. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC.msn.com is the home page for MSNBC.com.

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Cellphone Ownership Growing Steadily

% of Respondents



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

Question: "Do you own a cell phone or a Blackberry or iPhone or other device that is also a cell phone?"

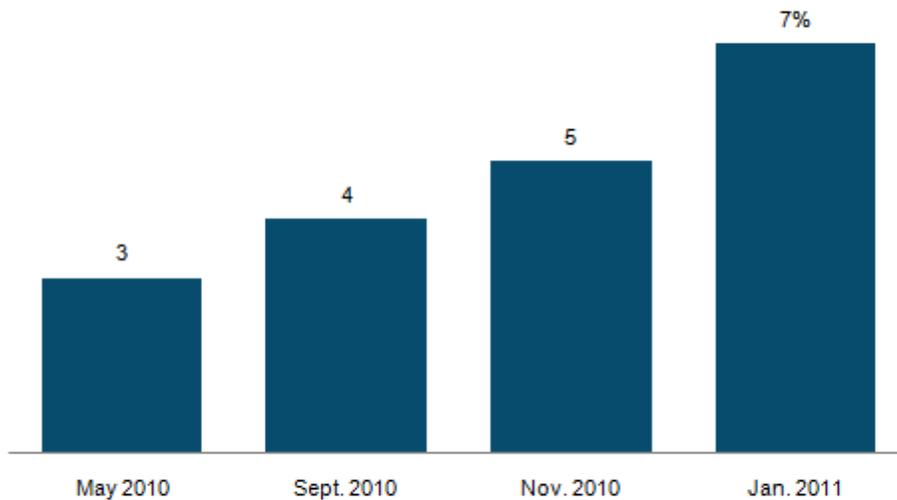
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Advertising

Video ads appear before, after or during a video clip that a user has chosen to watch and are video's

Tablet Ownership Is Still Small, But Growing

% of Respondents



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

Question: "Do you own a tablet computer like an iPad?"
2011 STATE OF THE NEWS MEDIA

themselves in the vein most users are used to seeing on television.

Backgrounder

Analysis of Nielsen, Hitwise and comScore Rating Services

Measuring traffic on the Internet has become increasingly complicated. A number of methods have emerged, but no single methodology has been accepted as a standard.

Nielsen and comScore use a panel of Internet users to estimate total U.S. Internet traffic. Just as a telephone poll contacts a sample of Americans, Nielsen and comScore contact a sample of Internet users who agree to share how they spend their time on the Web (comScore recently updated their methodology, discussed below). Internet users who participate then download software on their computers that tracks their online visits without attaching any personally identifiable information to the traffic data to ensure anonymity.

Nielsen uses a random sample of Internet users by collecting its panel with telephone calls, the method used by most pollsters today. Achieving a random sample of participants for the panel is a key advantage. With a random sample, Nielsen can take the traffic data and more effectively generalize to U.S. population of Internet users as a whole. Nielsen runs two panels – one consisting of people at work and the other of people at home – for a combined total of 30,000 people.

Nielsen in 2008 began testing a product that tracks how television viewing and Web browsing interrelate. It combines existing Nielsen methods for measuring television viewership with Nielsen Online's sample-based system for estimating Internet usage. During the year, NBC tested a system called Total Audience Measurement Index that was designed to measure and analyze traffic and viewership for the network's Olympics broadcasts and webcasts.

ComScore recruits what it calls a convenience sample instead of a simple random sample by offering incentives to participants. ComScore then applies statistical methods to adjust, or weight the results to reflect the demographics of the actual online population.

In addition to its traditional panel-based methods comScore has updated its methodology to include some server side measurements, similar to Hitwise, to better reflect internet usage habits.

For example, after it obtains traffic data from a panel, comScore analysts may discover they have a smaller percentage of males than the online population at large. They then add more results from males so that they are correctly represented. ComScore says this gives it an advantage because it uses more people (about 150,000) and maintains three panels – at work, at home and at universities — to ensure that the data capture how students are using the Internet differently from adults at home or at work.

Hitwise takes a wholly different approach. It does not gather data directly from individual computers as comScore and Nielsen do. Instead, it gets the data from Internet service providers (ISPs) who aggregate traffic data across all the individuals to whom they deliver Internet access. Hitwise provides ISPs with proprietary software that allows ISPs to analyze website usage logs created on their networks. To ensure the data is representative, Hitwise says it collects “from a geographically diverse range of ISP networks in metropolitan and regional areas, representing all types of Internet usage including home, work, educational and public access.” The sample of ISPs, however, is not a purely random one.

Hitwise feels its data offer some advantages. First, it reports data using specific website addresses (like www.CNN.com). ComScore and Nielsen report data that includes all related websites (like money.CNN.com), a definition that can change over time. Hitwise data also put a premium on anonymity. Because it collects aggregate data, it never has access to the personal information of Internet users.

Network News: Durability & Decline

By Emily Guskin, Tom Rosenstiel and Paul Moore of the Project for Excellence in Journalism.

As the economy improved in 2010, network broadcast news quietly went through an arduous period of change. The news division of one network, ABC, instituted sharp personnel cuts designed to accomplish a “fundamental transformation” in the way network news is produced.¹ Another, CBS News, worked its way from financial losses back to break-even, while management continued to strengthen a depleted bench of correspondents and news producers. NBC prepared for new owners, the third such transition since NBC was founded in 1926, and if history is a guide, the change will alter the network more than most pre-sale analyses predicted.

When the year was over, the audience for most network news programs had fallen again — generally by single digits, a slide so long and gradual that few imagine it can now be abated, except perhaps by moving to new platforms. At the same time, revenues at all three news divisions grew, probably by about 6%, thanks to an improving market for television advertising. While the audience for network news continues to shrink, and those revenue gains are smaller than in some other media, the power of TV ads remains formidable.

For all that network TV news may be considered a dinosaur, two of the three news divisions made a profit in 2010; and all three hope to in 2011, despite the expectation that ratings will likely continue to fall.

Only one of the three networks, NBC, managed the previous transition in television news — to the cable era — with much success. The lion's share of its news division's revenue now comes from its cable properties, not broadcast, and the profit margins on those properties are substantial. NBC also has succeeded in the first wave of the digital age, with the most popular news website of the three networks, MSNBC.com, which has more traffic than the other two networks combined.

But it is ABC and CBS that appear for the moment to be moving more aggressively into the next wave of wireless platforms and social media. It is still too early to tell whether those efforts will translate into meaningful traffic or financial return.

Evening News Audiences

By the most tangible and financially significant measure — total viewership — the story of 2010 was familiar: the audience for network news programs overall continued its quarter-century decline.

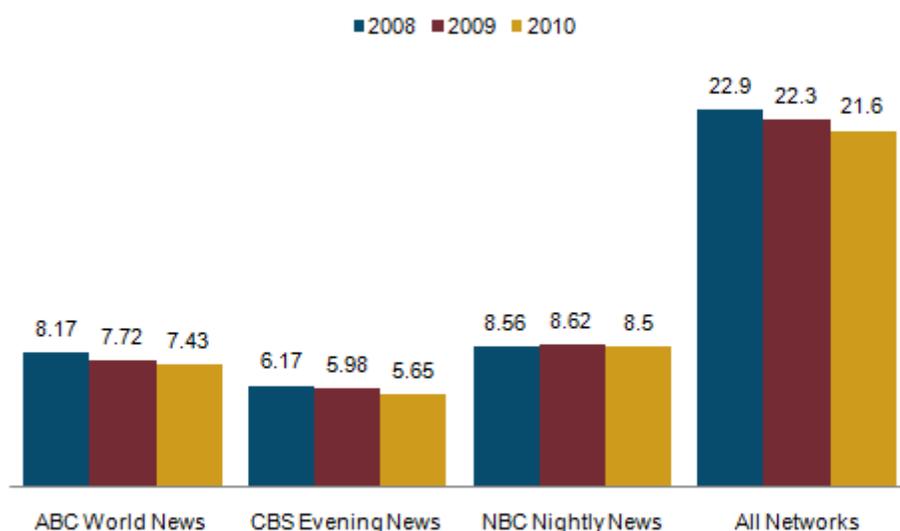
In the evening, an average of 21.6 million people watched one of the three signature network news programs each night during the year.

That is a loss of 752,000 viewers, or 3.4%, from the average viewership the year before, according to PEJ analysis of data from Nielsen Media Research.²

It also marks an acceleration in the decline of nightly news viewership compared with the previous two years. After losing roughly a million viewers a year for 20 years, the nightly newscasts lost 565,000 viewers in 2009 and 273,000 in 2008, raising the possibility that the loss of viewers was slowing. Those hopes were dampened in 2010.³

Evening News Audiences Drop at All Networks

*Year-to-Year Average Viewers per Night
In Millions*



Source: Nielsen Media Research, used under license

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Still, network evening news remains an important source of news for a large number of Americans. To put nightly news numbers in context, four times as many people watch the three network evening newscasts on ABC, CBS and NBC during the dinner hour than watch the three cable news channels (CNN, Fox News and MSNBC) in prime time, when vastly more people watch TV overall.⁴

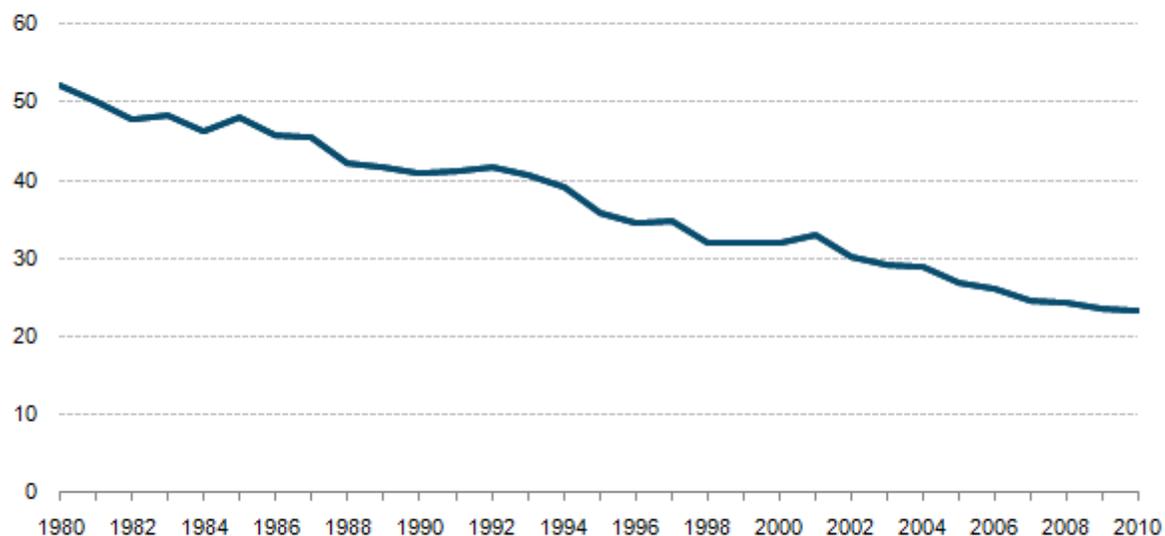
Overall in 2010, according to Nielsen, an average of 8.5 million viewers watched the NBC Nightly News each night while 7.43 million watched ABC and 5.65 million watched CBS.

Even with the declines, that means almost twice as many people watch the lowest-rated broadcast evening news program than watch the highest-rated cable news program.

Nonetheless, the three commercial evening newscasts have lost about 28.9 million viewers since 1980, or 55.5% of the audience they once enjoyed.⁵

Evening News Audience Continues a 30-Year Decline

*November-to-November Average Viewers per Night
In Millions*



Source: Nielsen Media Research, used under license

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(See network data section for more on network evening news audiences in 2010, including information on the other two audience metrics, ratings and share)

As in years past, the declines were not spread evenly across the networks. The audience leader, NBC Nightly News with Brian Williams had the smallest loss. Average viewership fell by 121,300 viewers or 1.4% in 2010 to 8.5 million for the year.

ABC's World News with Diane Sawyer remained at the No. 2 spot in 2010, but in Sawyer's first full year on the air as anchor, the audience declined by 3.9%, or 298,100 viewers, compared with that of her predecessor, Charles Gibson, to 7.43 million.

The audience for third-place CBS Evening News with Katie Couric fell even more, by 5.5%, or 330,000, to 5.65 million.

The year 2010 also marked the first full one in which that two of the evening news programs were anchored by women. Sawyer became the anchor of ABC World News in late 2009 and Couric gained the position at CBS Evening News in 2006.

Their failure to attract a young audience continues to be an issue for the evening newscast advertisers. According to data from a Pew Research Center for the People & the Press survey conducted in June

2010, the average age of a regular evening news viewer was 53 — seven years older than the average age of those surveyed.⁶ (See network data section for more on demographics)

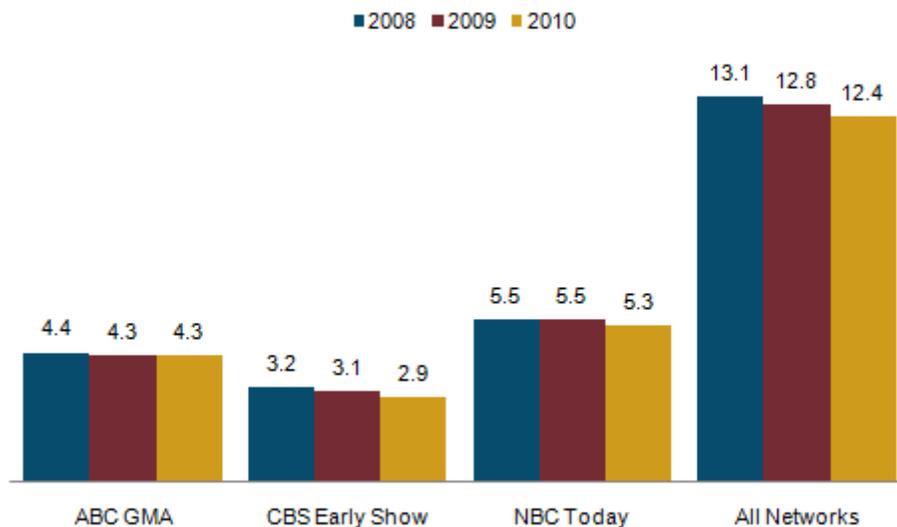
Morning News Audiences

Morning news also continued to lose viewers in 2010. This marks the sixth year in a row that the combined audience for network morning news has declined, a trend that is more recent than the evening news decline, but as a result, also more noteworthy. Morning news had recently been a source of strength for the networks.

Overall, 12.4 million people on average in 2010 watched one of the three network morning news shows each day, 3% fewer than 12.8 million in 2009, according to data from Nielsen. That is a decline of 382,000 viewers for the year on average.

Viewership Declines for CBS Early Show and NBC's Today Show

*Average Viewership per Morning
In Millions for the Year*



Source: Nielsen Media Research, used under license

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In the mornings, the most stable program was ABC's, not NBC's. This may be significant given that ABC had an anchor change in 2010, with George Stephanopoulos replacing Diane Sawyer.

ABC's Good Morning America's average annual viewership held steady at 4.3 million viewers at any given time. GMA's share actually grew in 2010 to 12.4, up half a point from 11.9 in 2009. That means that more people watching TV during that time period were tuned to ABC.

CBS' Early Show suffered the largest loss in viewership, falling to 2.9 million viewers, or 6.8%, from 3.1 million the year before.

NBC's Today Show viewership fell to 5.3 million, down from 5.5 million, a drop of 200,000 on average for the year, or 3.7%. Share actually rose, to 15.2 up from 15. This means that while Today's viewership fell, the program commanded a higher percentage of those watching TV from 7 a.m. to 9 a.m. Today continues to be a commanding leader in the mornings not just because its audience is larger than its competitors for the first two hours, but also because it extends its programming, without competition from the other broadcast news divisions, for a further two hours after 9 a.m.

The growth of share at two of the three networks suggests that the problem facing morning news then is not people watching other programming; it's that people are not watching television, possibly because fewer people are at home after 7 a.m., or possibly because they are using other media. In 2008, the combined share of the three morning programs was 35.5; in 2010 it was 36.1.

In other words, these three programs have grown more popular among those who are watching television, even though there are fewer people watching overall.

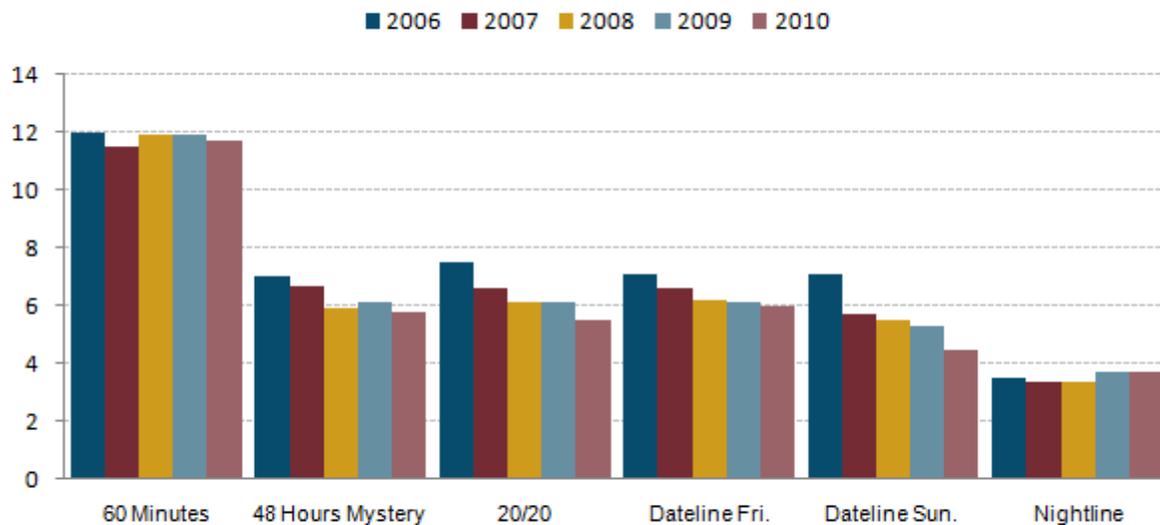
Morning news audiences skewed slightly younger than evening news audiences and were more likely to be female. The average age of a regular morning news show viewer in 2010 was 51 – five years older than the average respondent of a Pew Research Center for the People & the Press survey taken — and two years younger than evening news viewers. Over two-thirds, 68%, of morning news audiences were female.⁷

News Magazine Audiences

News magazines, which now fill about seven hours a week of the broadcast lineup, also had audience declines in 2010, in some cases at higher rates than either evening or morning news. The most notable exception to that was Nightline, which by year's end was consistently beating its entertainment rivals in the 11:30 p.m. (Eastern) timeslot.

News Magazine Viewership Drops for all but Nightline

Year-to-Year Average Nightly Viewership
In Millions



Source: Nielsen Media Research, used under license

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For the year, Nightline's average annual audience remained stable at an average of 3.7 million viewers per night. In the fourth quarter, its audience increased, making it No. 1 in total viewership during its time period, with 3.93 million viewers. That beat NBC's Tonight Show with Jay Leno, at 3.88 million, and CBS' Late Show with David Letterman, at 3.6 million).⁸

Nonetheless, at the beginning of 2011 ABC cut the show to 25 minutes, ending the program at midnight instead of 12:05 a.m., to make more time for Jimmy Kimmel Live.⁹ In the move, ABC shifted national ad time from Nightline to Kimmel's show in order to increase revenue.¹⁰

The oldest news magazine on the air, and still by far the most popular, 60 Minutes, also fared relatively well compared with other magazines in 2010. It saw a 1.9% drop in viewers, or decline of 220,000 people. But it still averaged 11.7 million viewers per week, making it the most popular news program in the United States on any channel, and still the revenue engine of CBS News.

The magazine program hit by the second-biggest drop in audience in 2010 was ABC's 20/20, down 9% (550,000), to 5.5 million viewers.

The third-biggest news magazine loser in audience for the year was CBS' 48 Hours Mystery. It decreased by 300,000 viewers (4.9%) to 5.8 million compared with 6.1 million a year earlier.

Dateline NBC enjoyed mixed fortunes depending on its scheduling. The Friday edition decreased by 100,000 viewers (1.7%) to 6 million. And the Sunday edition had the biggest drop among news

magazines, dropping by 800,000 viewers (15%) to 4.5 million viewers.

Economics

Determining the economic health of network news is a challenge, given that the news divisions are units of broadcasting operations that are themselves corporate subsidiaries.

Market research firms Kantar Media and Veronis Suhler Stevenson forecast that network ad revenue would grow between 5% and 7% in 2010 from the year before.

Extrapolating from industry estimates and conversations with network insiders, PEJ estimates similar growth rates for the news divisions, despite falling ratings. News, like the rest of network programming, benefited from a more robust ad environment in 2010.

How did that breakdown by network?

At ABC News, PEJ estimates revenues grew by single digits from the year before, probably in the range of 6%. That would put news division revenues at about \$635 million for 2010, including digital.

To generate more profit, ABC News implemented staff cuts so sharp that they amounted to what David Westin, the news division president who stepped down at the end of the year, called a “fundamental transformation that will ultimately affect every corner of the enterprise.”¹¹ (See network data section for more)

PEJ estimates that with those cuts, operating income at ABC News might have doubled, from roughly 4% in 2009 to closer to 8% operating margins in 2010. In 2011, when the full effects of cost cutting are in place, the margins may well increase into double digits.

Digital is becoming a more important part of those ABC News finances. Revenue from ABC News’ digital division may have exceeded \$40 million during the year. That means that these nonbroadcast platforms accounted for perhaps as much as a fifth of the news division’s operating profit. Not all of the newsgathering costs used in digital, however, may be assigned under that column on the balance sheet.

At CBS News, assuming growth in the 6% range, PEJ estimates its news division revenue was in the neighborhood of \$425 million in 2010, up from \$400 million in 2009. This includes revenue from all news programming, including 60 Minutes, Sunday Morning, Face the Nation and 48 Hour Mystery.

In terms of operating profit, PEJ estimates that CBS News operated at a break-even level in 2010, mainly due to spending cuts and a late-year revenue increase. CBS News projects that it will make a small profit in 2011 without further cuts.

NBC News has a broader and more complex revenue model. It benefits from three cable news channels – MSNBC, CNBC and CNBC World. It also can amortize the costs of its news division across more platforms, including MSNBC.com.

This cross-platform model helps NBC News escape the limitations of the broadcast revenue structure, which is entirely dependent on advertising. Cable channels have two revenue sources — subscription

fees and advertising — roughly evenly divided. As a result, cable channels can generate far more revenue per viewer than broadcast channels. (See cable essay for more)

By our estimates, CNBC now contributes more revenue to NBC News than any other unit, even though its audiences are small compared with NBC's network programming. By most reports it is the second-most profitable of all of NBC Universal's cable networks, behind only USA.¹²

PEJ estimates that NBC News, from its various parts, brought in revenue of about \$2 billion in 2010.

CNBC contributed \$722.9 million of that, MSNBC \$382.5 million and CNBC World (an international business channel) \$16.9 million, according to SNL Kagan estimates. Kagan does not break out figures for the broadcast portion of NBC News, but PEJ estimates broadcast revenue to be in the range of about \$850 million, up in single digits from 2009.

The NBC News division also makes a substantial profit from its various parts, and SNL Kagan offers specific figures for the cable entities. It projects an operating profit at CNBC of \$447.9 million in 2010, up 8%. MSNBC's operating profit in 2010 was projected at \$172 million, up 7.7%. CNBC World's operating profit was estimated to increase 42.5% in 2010 to \$10.4 million.¹³ PEJ projects pretax profit for NBC News broadcast operations to be in the 10% range.

News Investment

Over the long term, network newsrooms are less than half the size they were in the 1980s. In 2010, the evidence suggests, fortunes varied.

The year began with the announcement of sharp cutbacks at ABC and ended with the resignation of its news division president. CBS started the year with layoffs and in 2011 named a team to run CBS News. There was little sign of changes in staffing at NBC News, although that stability comes after substantial cuts in recent years. It remains to be seen what will happen now that the sale of NBC Universal, its parent company, to Comcast has been completed. There were press reports at the time the merger was completed that despite cuts planned at NBC Universal overall, the news division might be spared.

Of all of the networks ABC News had the biggest overall staff reductions. In the buyouts announced in February, more than 300 ABC News employees departed. In April, the news division fired additional employees, to bring the total staff reductions, according to press reports, to be between 375 and 400, amounting to roughly 25% of the news staff.¹⁴

How did that affect the way ABC produced news? Among other things, it meant that ABC News increased the number of segments reported by digital journalists — individuals who report, film and edit their own stories. These “backpack” or “one-man band” journalists can operate at a much lower cost than traditional crews of three or four people. We are now, as a work force, becoming much more flexible,” Jon Banner, the executive producer of World News told the New York Times in April.¹⁵

Other cost-cutting changes included conducting more interviews via Skype, relying more heavily on freelancers and assigning more stories out of ABC's New York headquarters rather than from bureaus,

which have also been significantly downsized.¹⁶ The goal was to see if ABC News could produce content for its news programs in a different way at a lower cost.

ABC News also plans to shut down all of its physical domestic bureau offices except for Washington. The plan calls for the network to replace its staff of several dozen bureau correspondents with digital journalists who are expected to shoot and edit their own stories, according to press reports. Minimal staffs will remain in Atlanta, Chicago, Dallas, Los Angeles, Miami and Boston, but they will work from ABC affiliate stations instead of separate bureaus.¹⁷

In Los Angeles, ABC's largest bureau other than Washington, the 40-plus staffers were told that only a few producers would stay on staff and that two correspondents would be assigned to cover the West, down from six who worked out of Dallas, Seattle, San Francisco and Los Angeles. Many of the functions once handled from the Los Angeles bureau are now done from a desk at headquarters in New York.¹⁸

It is not clear yet what is lost from having one person do the work that was once done by three or four, or whether audiences will begin to notice. More time is typically required before major changes in content are reflected in changes in audience habits.

The staff cuts were accompanied by significant changes in ABC News' management. In September, ABC News president David Westin announced he would resign after almost 14 years at the helm.¹⁹ After the announcement more executives also left.²⁰

In December 2010, ABC appointed Ben Sherwood, a former executive producer of Good Morning America, as Westin's successor.²¹ Sherwood's appointment was a surprise to many at ABC News, according to the New York Times, because Sherwood had left the news division several years earlier to pursue a career as a writer.²²

There were also some producing changes in early 2011. In February, ABC announced that Nightline's producer, James Goldston, would become the senior executive producer of Good Morning America after its producer, Jim Murphy, left the show to executive produce Anderson Cooper's new talk show.²³

There were on-air changes of note as well. George Stephanopoulos took over as co-anchor of Good Morning America. In August 2010, Christiane Amanpour assumed the anchor chair from Stephanopoulos for This Week, the Sunday morning interview program. Diane Sawyer completed her first year as anchor of World News, the evening newscast she began to anchor in December 2009. In February 2011, David Muir was named sole anchor of the weekend edition of World News. Previously, he was anchoring just on Saturday, but took the Sunday broadcasts, too.²⁴

CBS News also reduced staff in 2010, but not as sharply. In February 2010 it announced cutting 75 positions from its staff of between 1,400 and 1,500.²⁵

A year later, CBS had significant changes at the top of its news division. In February 2011, the president of both the news and sports divisions for CBS for five years, Sean McManus, exited news, remaining with the sports division. Jeff Fager, the executive producer of 60 Minutes, was named to the post of chairman of CBS News, and under him, David Rhodes, previously the head of television operations for Bloomberg News, became CBS News president.²⁶ Fager will continue to run 60 Minutes.

CBS also made cuts to its London bureau in September, laying off four veteran camera/sound crews.²⁷ In the summer, there was buzz that the news division was about to order another set of layoffs, but the network announced the rumors were unfounded.²⁸

CBS also shook up the on-air lineup of The Early Show, its third-place morning news program. In January 2011, Chris Wragge and Erica Hill, its Saturday anchors, replaced Harry Smith and Maggie Rodriguez on the anchor desk during the week. Marysol Castro, previously of ABC's Good Morning America, replaced Dave Price as weekday weather forecaster.²⁹

"When you're the third-place morning show, it makes sense to do something more dramatic than if you're in second place or first place," Sean McManus, the president of CBS News told the New York Times.³⁰

This spring, management will have to decide whether to renew the contract of CBS' main anchor, Couric.

After years of scaling back, NBC made few changes in staff in 2010.

News president Steve Capus suggested that NBC would not necessarily emulate ABC's move to one-person digital journalists. "You have to pick your spots," he told the Wall Street Journal.³¹

(See network data section for more)

Another way to track network news investment is by looking at the number of correspondents who appear at least five times on air during the year on each network's weekday newscast. This accounting is only a rough measurement of newsgathering power, but it is one researchers have used for years as a proxy for network resources.

Correspondent counts decreased in 2010, after roughly six years of slight growth. A total of 148 reporters filed at least five packages for evening newscasts in 2010, down from 158 in 2009, according to a newscast-by-newscast analysis conducted by ADT Research.

All three newscasts used fewer correspondents in 2010 than in 2009. NBC had the most people on air, 55 correspondents, down from 59 in 2009. ABC was second with 48, down from 53. And CBS had 45, a decrease from 46 the year before.

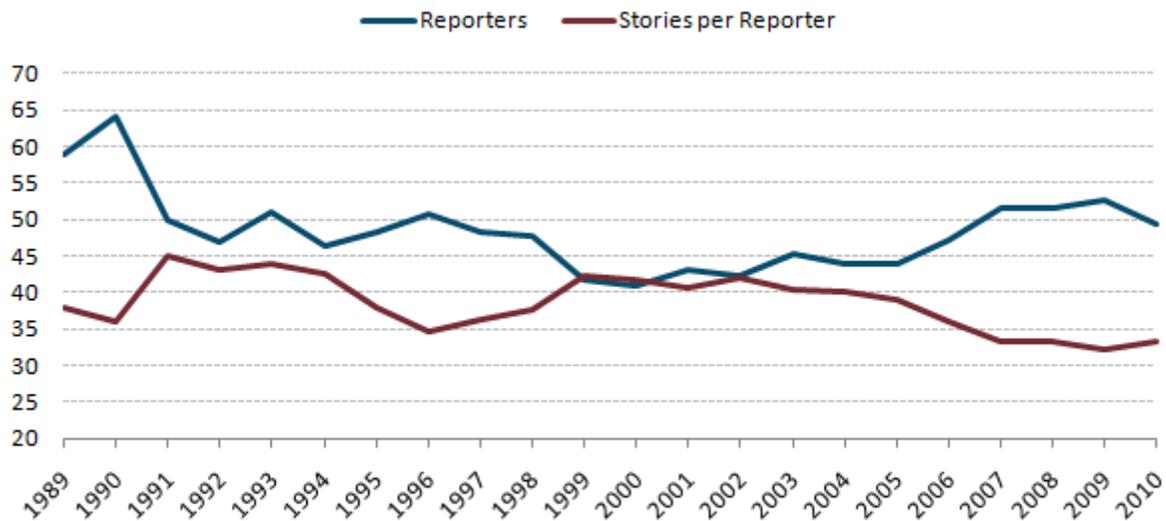
These figures also offer some insight into the workload network news staffers are carrying, although the counts do not break down whether employees also file stories for other TV programs, such as morning shows, evening magazines or online – and in the case of NBC, on cable.

This means that as newsrooms are shrinking, reporters are covering more stories than before, even for the evening news. The numbers are almost certainly much higher when other programs are taken into account.

NBC reporters had the smallest story loads in 2010 – 29.4 reports on average for the year, but these reporters also report for MSNBC and other outlets that can increase workload. ABC and CBS correspondents both had heavier loads, an average of 35.8 stories per reporter at ABC and 35.9 for CBS.

Number of Reporters Declines While Workload Increases

Year-to-Year Averages



Source: ADT Research

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The number of domestic news bureaus in 2010 remained stable, though staffing in those bureaus in several cases declined. ABC News announced that it would eventually close the majority of its domestic news bureaus, moving pared-down staffs to work out of affiliate stations. In 2010, it shuttered only the

San Francisco location. NBC News reopened its bureau in Miami, which had been closed in 1991.³²

Domestic News Bureaus by Network		
ABC	CBS	NBC
Atlanta	Atlanta	Atlanta
Chicago	Chicago	Chicago
Dallas	Dallas	Dallas
Los Angeles	Los Angeles	Burbank (Los Angeles)
Miami	Miami	Miami (new)
New York	New York	New York
Seattle	San Francisco	Washington
Washington	Washington	

Closed: San Francisco

Source: Networks
 Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its domestic news bureaus.

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Foreign reporting has changed significantly as well since the 1990s. There are fewer fully staffed bureaus and more one-person operations. But even with the smaller staffs, the networks expanded the number of foreign bureaus in 2010. ABC News opened bureaus in Islamabad, Kabul and Nairobi, bringing its total overseas bureaus to 13. NBC News also opened three bureaus – in Frankfurt, Beirut and Tehran – bringing its total to 15.

Overseas News Bureaus by Network		
ABC (13)	CBS (14)	NBC (15)
Latin American	Latin American	Latin America
Havana	Havana	Havana
Mexico City		
Europe	Europe	Europe
London	London	London
Moscow	Moscow	Moscow
Rome	Bonn	Frankfurt (new)
	Paris	
Middle East	Middle East	Middle East
Baghdad	Baghdad	Baghdad
Jerusalem	Amman	Cairo
Islamabad (new)	Islamabad	Islamabad
Kabul (new)	Kabul	Kabul
	Tel Aviv	Tel Aviv
		Beirut (new)
		Tehran (new)
Asia	Asia	Asia
Beijing	Beijing	Beijing
Hong Kong	Hong Kong	Hong Kong
Tokyo	Tokyo	Tokyo
		Bangkok
Africa	Africa	
Nairobi (new)	Johannesburg	

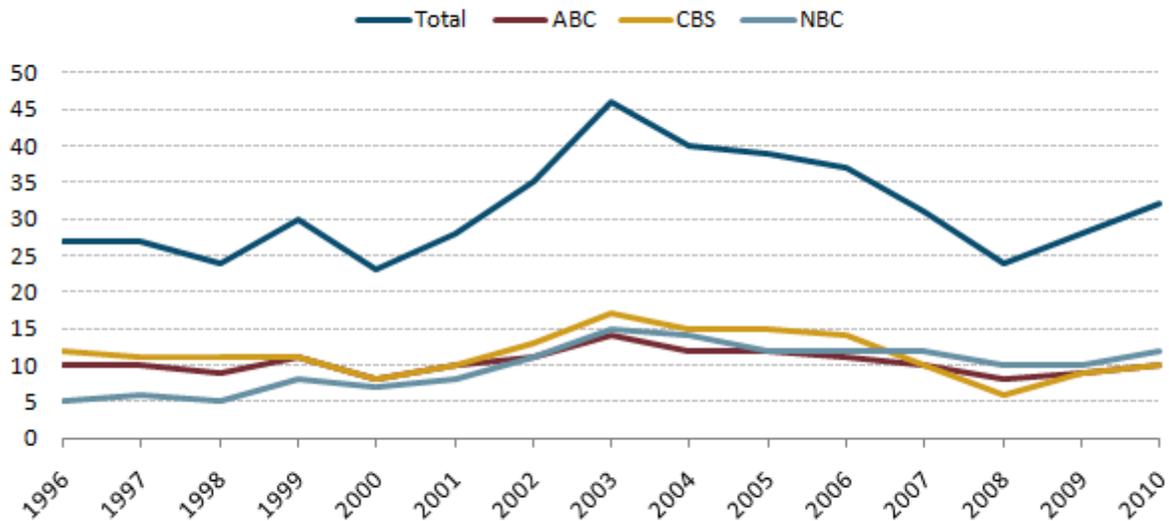
Source: Networks
 Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its international news bureaus.

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There was also an increase in stories with foreign datelines in 2010, according to data from ADT Research. Each network had at least an hour increase in news coverage of stories filed abroad.

Foreign Dateline Coverage Increases at All Networks

Year-to-Year Hours of Programming With a Foreign Dateline



Source: ADT Research

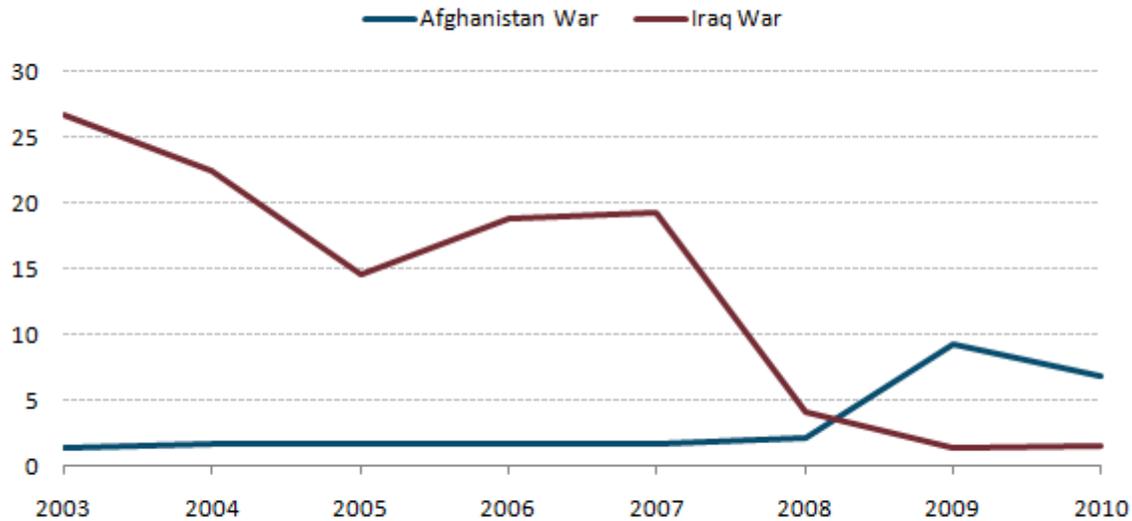
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Those increases were not due to more coverage of the United States' two wars. From Iraq, where last U.S. combat brigades pulled out in August, but where a significant force still remains, the three nightly newscasts offered a combined 1.6 hours of coverage for the year, up from 1.33 in 2009. But coverage of the continuing U.S. war in Afghanistan fell off by 25%, down to 6.9 hours of coverage for year, from 9.26 the year before.

War Coverage Declines in 2010

Year-to-Year Hours of Programming



Source: ADT Research

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(See network data section for more information on network news investment and details of the data discussed)

Digital

In 2010, network news continued to look toward digital platforms as a way to seek audience and revenue – especially toward mobile apps and other new wireless platforms.

ABC News led the way with Apple's new iPad, releasing the first network news iPad app in July. Its evening news program, World News, launched a Tumblr microblog in October, on which staff members share headlines, videos and other material from various sources.³³

CBS News, which traditionally had a more modest online presence than either ABC or NBC, credited its Twitter and Facebook sites with helping increase the network's website visits in 2010. The network also created a new web-only show in October called 60 Minutes Overtime that expands on stories covered on the televised news magazine, and 60 Minutes also created a paid iPad app on which users can watch the news magazine and the web-only show.

NBC News, along with its cable sibling MSNBC, turned to viewers for content in 2010, asking audiences to upload videos or photos at an online portal, First Person. In November, MSNBC embedded the social collaboration tool Watchitoo on its homepage to power an online discussion on election night. People were able to participate via webcam, chat and Twitter. (See network data section for more)

Digital Audiences

There is no easy way to comprehensively measure the total audience that accesses network news digitally. The relative positioning of the three networks in web traffic has not changed. NBC, whose web presence is intermingled with its cable news identity and a separate web identity called MSNBC.com, continues to lead and is among the four most-visited websites in the United States. However, it is not the website of NBC's broadcast news operation alone; it also includes content from NBC's cable news channels, original online content and content from print partners.

But in social media, at least as measured by followers on Twitter and Facebook, the other networks have moved ahead of NBC.

comScore General News Site Visitors	
<i>Total Unique Visitors in Thousands</i>	Unique Visitors in December 2010
Yahoo! News Networks	94,509
CNN Network	67,845
MSNBC	48,721
AOL News	35,017
The New York Times	32,386
Tribune Newspapers	24,666
HuffingtonPost	24,542
ABC News Digital	19,343
USA Today Sites	17,336
WashingtonPost.com	16,353
Advance Internet	16,000
CBS News	15,332
Wall Street Journal Online	13,673
Mail Online (U.K.)	13,596
McClatchy Corporation	13,447

Source: [comScore Media Matrix](#)
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In terms of web traffic, MSNBC.com, cross-promoted with NBC and CNBC, has more visitors than ABC and CBS News combined. According to statistics from comScore Media Matrix, MSNBC had 48.7 million unique visitors in December 2010, compared with 19.3 million for ABCNews.com and 15.3 for CBSNews.com. MSNBC.com's numbers benefit because it also draws traffic by default from Microsoft's MSN portal, the home page for millions of internet users.³⁴

According to Nielsen, rankings for the three network websites are similar, but the figures are notably smaller. MSNBC's sites measure at 32 million monthly unique visitors on average for 2010, followed by ABC's news sites with 13.3 million and CBS' with 9.9 million.³⁵

But matters differ when it comes to Twitter. In 2010, all of the major news networks had Twitter feeds. And in many cases, individual news programs, anchors and reporters had their own as well. Twitter provides both a way for networks to disseminate news and for news consumers to communicate with news networks.³⁶

On Twitter, as of January 2011, CBS News (1.62 million) and ABC News (1.18 million) both had well over a million followers. NBC News' main news Twitter feed, by contrast, lagged far behind, (less than 100,000). Its online sibling, MSNBC, has around 66,000 followers. CNBC had more (225,000) but together they do not match the other broadcast networks.

Certain programs with their own Twitter feeds often gained more followers than the networks themselves. ABC's Nightline, for example, had 1.48 million followers on the day measured.

All three network news divisions are also on Facebook. As on Twitter, NBC News' lags – it had fewer than 1,000 “fans” the day PEJ measured in January. ABC News and CBS News each had over 100,000. Some individual shows though, had more than the entire network news division — 60 Minutes, for example, had more Facebook fans (more than 200,000) than any of the three networks when these measurements were taken.

(See network data section for more about Facebook and Twitter, including measurements taken in January)

PBS

The PBS NewsHour, the flagship news program on PBS stations, had several digital and technological advancements in 2010.

Its website retained more visitors in 2010, and it pushed news content through several other locations – on YouTube, UStream, Facebook, Twitter and Reddit.

The audience for the NewsHour broadcast, which was redesigned in 2009, also held steady for the year compared with the season before, in contrast with the other broadcast networks.³⁷

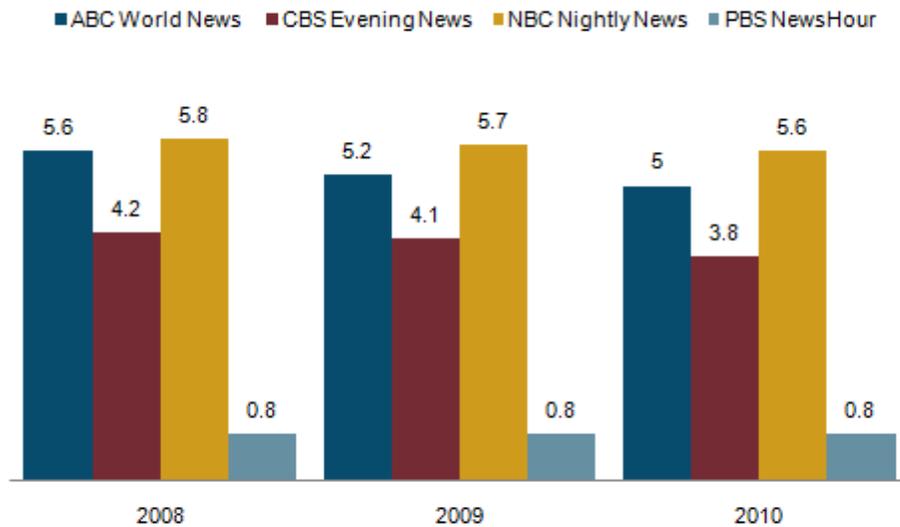
Audience

NewsHour attracted 1.1 million viewers nightly during the 2009-10 season, according to the most recent data available from the program's research department. That was “essentially flat,” according to Robert Flynn, the vice president of marketing and communications for NewsHour. According to earlier figures, the show averaged 1.2 million the previous season, but PBS replaced its measurement methodologies and the researchers believe the new numbers are equal to those the prior year.³⁸

NewsHour's ratings remained stable at 0.8. In general, the NewsHour draws about a sixth of the ratings of the average commercial network news program.

PBS NewsHour Holds Ratings in 2010

Year-to-Year Ratings Averages



Source: Nielsen Media Research, used under license. For PBS NewsHour, data from PBS Audience Research and for July the year prior-June of that year.

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Audience Demographics

NewsHour's audience is slightly older and more likely to be male than the average evening network news audience. NewsHour's mean viewer is 55, two years older than the average for the three big networks.³⁹

Approximately 55% of NewsHour's audience is male, compared to 44% of the other network news audiences.⁴⁰

NewsHour viewers, on average, are wealthier than the average American. The mean household income for a NewsHour viewer was \$77,222 or \$27,000 higher than the most recent census measurement of household income, of \$50,221 in 2009.⁴¹

Economics

While funding has always been a challenge for PBS, 2010 (and the beginning of 2011) brought increased concern for the network and for individual stations as well.

The NewsHour budget itself for June 2010-July 2011 is expected to decrease to about \$27.5 million, from \$27.7 million in 2009-10, because of lower corporate underwriting, according to David Sit, vice president for operations and technology for NewsHour.

Most of NewsHour's funding, about \$12 million for the 2010-11 season, comes from the federal government, Sit said. Corporate underwriting accounts for roughly \$9 million of the 2010-2011 budget

and foundations make up most of the remainder, about \$6.5 million according to Sit.⁴²

From 2008 to 2009, nonfederal support of public television stations declined an estimated \$260 million, according to the New York Times. And based on surveys conducted among public radio and television stations they were expecting to lose 14% more of their overall revenue in 2010.⁴³

“We’re projecting for 2010 through 2013 that the economy will recover and stations will lag,” Mark Erstling, a senior vice president at the Corporation for Public Broadcasting, which dispenses the federal money, told the New York Times. “Every source of income they have other than, so far, federal, has declined.”

On top of current struggles, PBS faced another challenge in early 2011. House Republicans’ version of the 2011 budget would rescind any funding for the Corporation of Public Broadcasting for the year and provide no future funding.

“It would diminish stations’ ability to bring high-quality local, national and international news to their communities,” said Vivian Schiller, the chief executive of NPR, which also receives federal funds through the Corporation for Public Broadcasting.⁴⁴

Conservative lawmakers have attempted to cut federal funding for public broadcasting for years, arguing that it has a liberal bias.

News Investment

Despite decreases in funding, staffing levels remained stable at NewsHour in 2010.

PBS’ research department said that there were approximately 80 members of NewsHour’s editorial staff.

While staffing levels remained stable, a new science correspondent, who is a contract employee and not counted in the total staffing figure, joined the program.⁴⁵

There was no change in bureau counts in 2010. NewsHour has offices in San Francisco, Denver and Washington, and a science unit in New York.⁴⁶

Digital

PBS is also making an impression digitally. In October, it announced an iPad app for its programs along with a redesign of its PBS.org website. The iPad app provides full episodes of its programs, including NewsHour and Frontline, along with several others.⁴⁷ PBS NewsHour also has its own iPhone app, released in September that was downloaded over 110,000 times by January 2011.⁴⁸

NewsHour’s website had 1.4 million unique monthly viewers in 2010, over twice as many as the average in 2009 of 669,000.⁴⁹ In addition, NewsHour creates about 140 monthly podcasts that 1.1 million people download.⁵⁰

NewsHour also has a Facebook page, provides its show on YouTube and Hulu and has a popular Twitter feed. With 90,000 followers in January 2011, it had more followers than the other evening news programs, despite a smaller broadcast audience on television.

Frontline, a PBS program, also has a Twitter feed, with 6,000 followers, and a Facebook page with about 67,000 fans – that is far more than ABC's Nightline (about 40,000). Frontline's website has video access to more than 100 of its documentaries in its archive.

(See network data section for more information about PBS' digital efforts.)

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Network: By the Numbers

By Emily Guskin, Tom Rosenstiel and Paul Moore of the Project for Excellence in Journalism.

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

In 2010, broadcast network news divisions saw an improving advertising landscape and continuing declines in viewership. All three commercial networks and PBS also moved more aggressively onto new digital platforms.

Audience

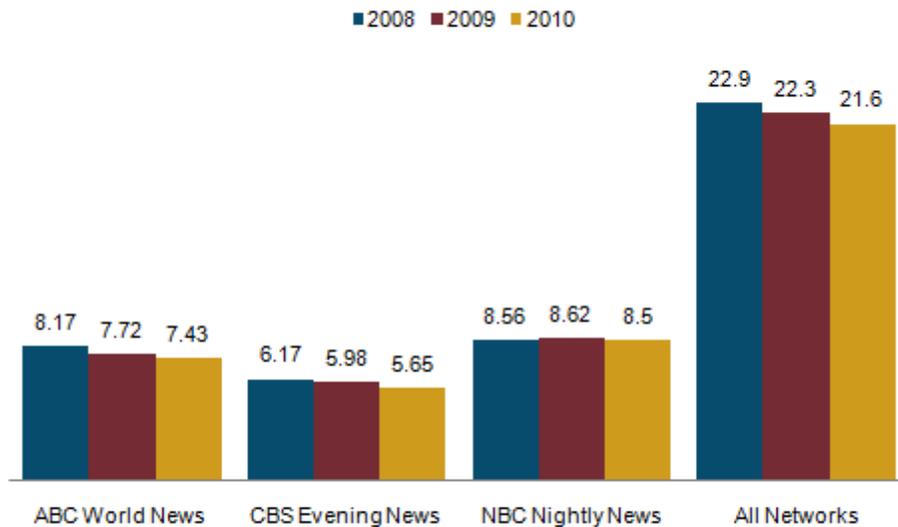
In 2010, the audience for network news programs continued its quarter-century decline.

In the evening, an average of 21.6 million people watched one of the three commercial broadcast evening news programs each night on ABC, CBS or NBC. That represents a drop of 752,000 viewers,

or 3.4%, from the average the year before, according to PEJ analysis of data from Nielsen Media

Evening News Audiences Drop at All Networks

Year-to-Year Average Viewers per Night
In Millions



Source: Nielsen Media Research, used under license

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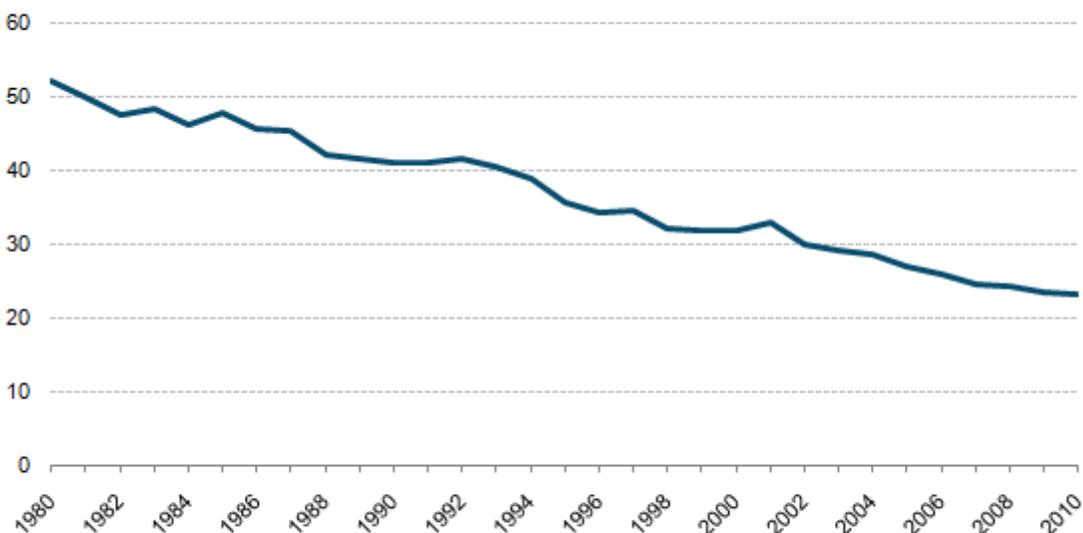
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Since 1980, the three commercial evening newscasts have lost 28.9 million viewers, or 55.5% of the audience they once had.²

Evening News Audience Continues a 30-Year Decline

November-to-November Average Viewers per Night
In Millions



Source: Nielsen Media Research, used under license

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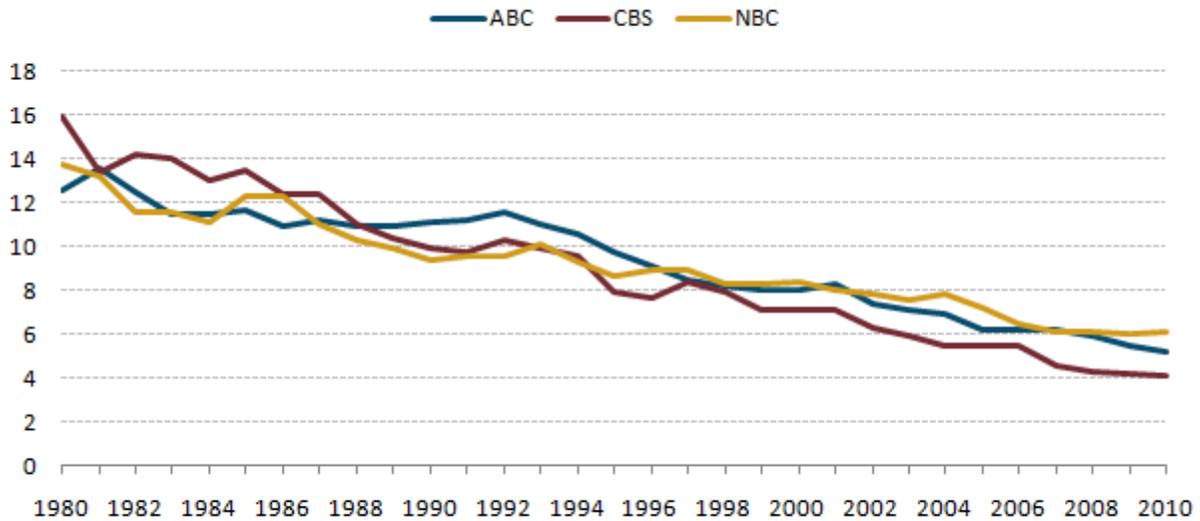
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Network evening news audiences in 2010 also declined by the two other metrics, ratings and share.

Ratings, the percentage of households with TVs tuned to a given program, fell to 15.4 for the three network evening news programs combined in November 2010, down from 15.7 a year earlier.

As Ratings Fall Over Time, NBC Fairs Best
November-to-November Average Ratings per Night



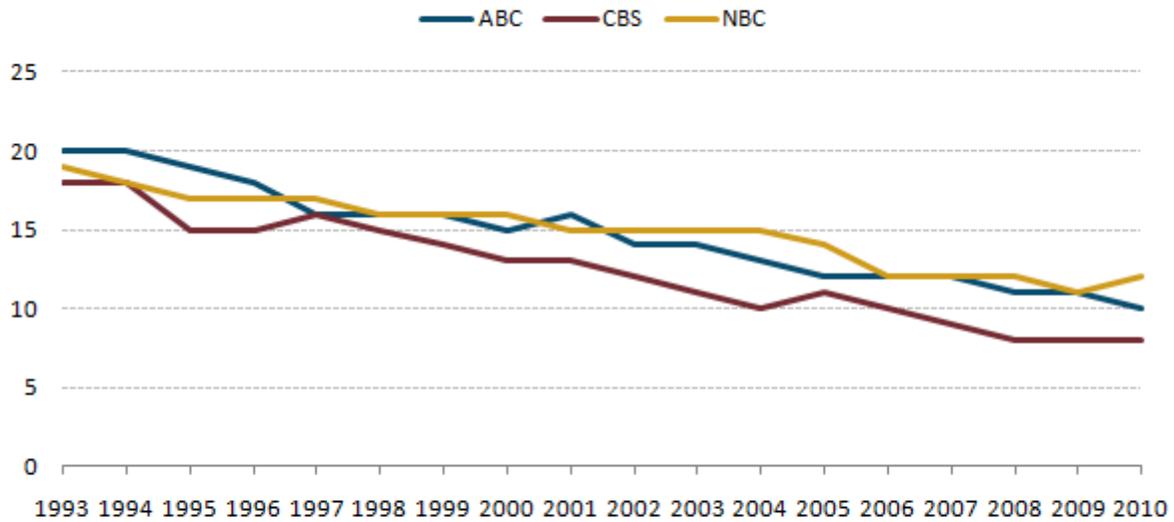
Source: Nielsen Media Research, used under license
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A third measure, share, expresses the newscast audience as a percentage of all households watching television during that timeslot. The three-network share fell 8 points for the year to 29.5.³

NBC Also Holds the Highest Evening News Share

November-to-November Average Share per Night



Source: Nielsen Media Research, used under license

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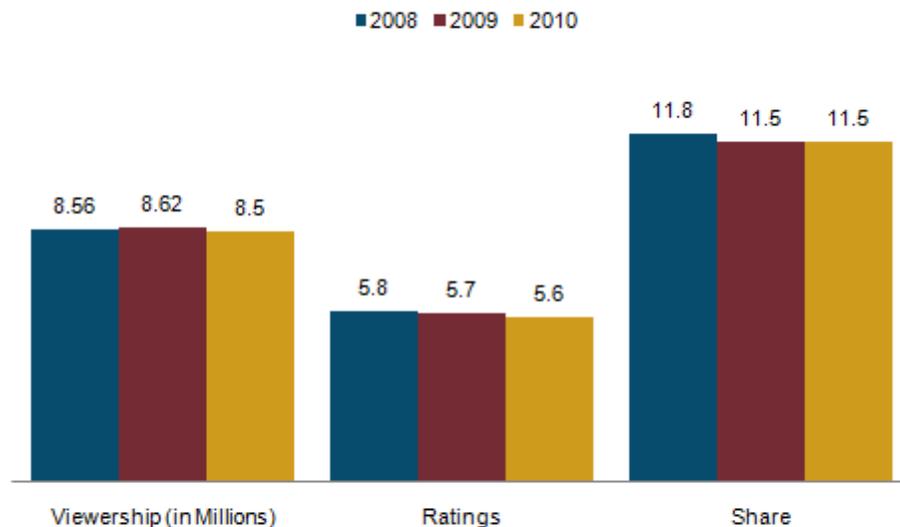
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Individual Networks – Evening News

The declines were not spread evenly across the networks. The NBC Nightly News with Brian Williams was fairly stable. Average viewership fell by 121,300 viewers or 1.4%. Ratings fell by 1.8% to 5.6. Share remained unchanged at 11.5.

NBC Nightly News Audience Is Stable in 2010

Year-to-Year Averages



Source: Nielsen Media Research, used under license

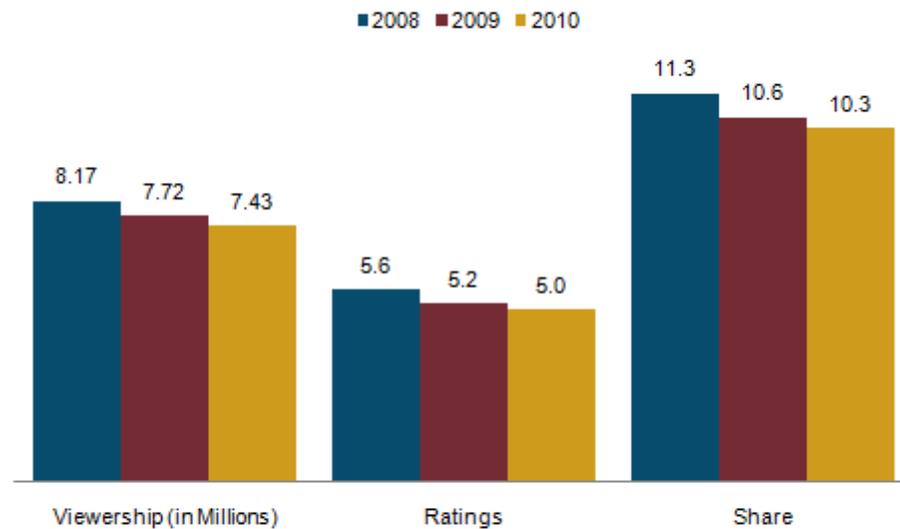
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ABC World News with Diane Sawyer's average viewership declined 3.9% or by 298,100 viewers in 2010 to 7.43 million. Ratings fell 3.8% to 5. Share fell 2.8% to 10.3.

ABC World News Audience Declines by All Measures

Year-to-Year Averages



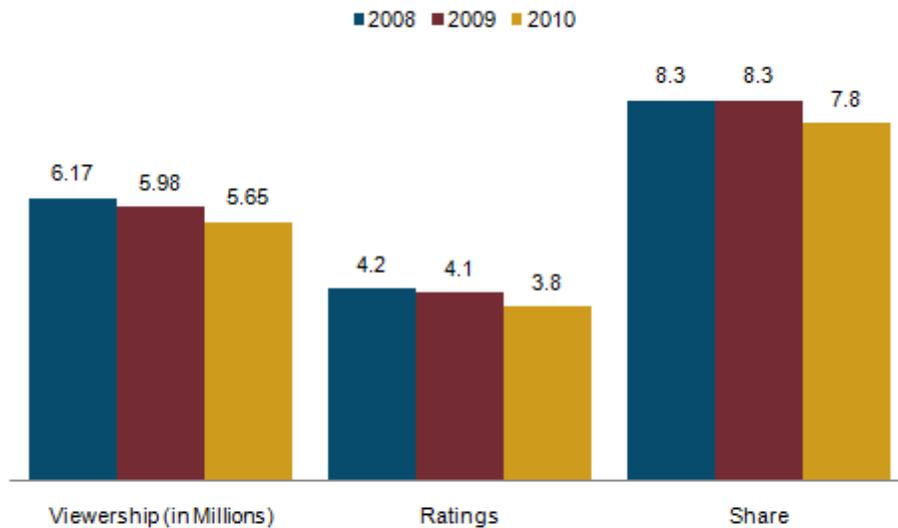
Source: Nielsen Media Research, used under license

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Viewership of the CBS Evening News with Katie Couric fell 5.6% to 5.65 million. Average household ratings declined 7.3% to 3.8. Share fell 6% to 7.8.

CBS Evening News Also Loses Audience

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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Evening News Demographics

Evening news viewers tended to be older and not as highly educated than the average American. The average age of a regular evening news consumer in 2010 was 53 — seven years older than the average age of those surveyed in a June 2010 Pew Research Center for the People & the Press study.⁴

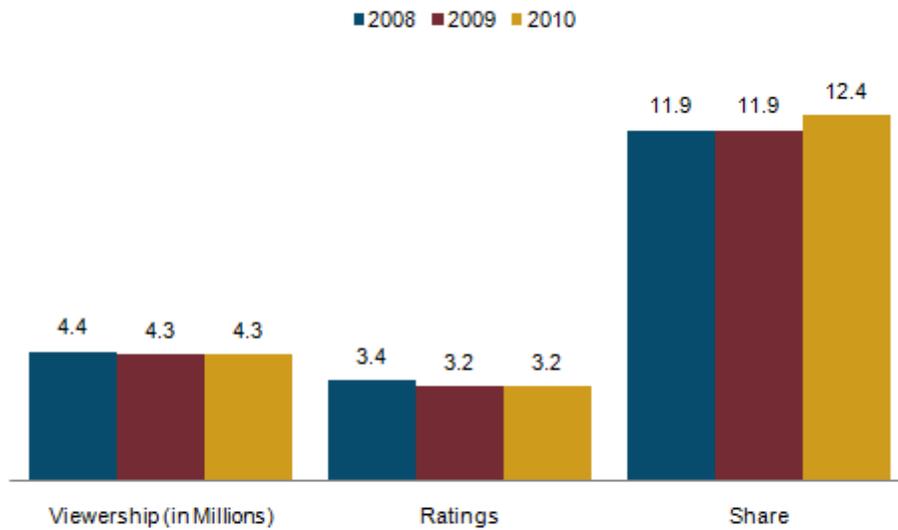
Evening news audiences were slightly more likely to be female, making up 56% of the audience, versus 52% of the survey population.⁵

Morning News

Morning news also continued to see audience loss in 2010, for the sixth year in a row. An average of 12.4 million people watched network morning news in 2010, down 3% from 12.8 million in 2009, according to data from Nielsen. That is a decline of 382,000 viewers for the year on average.

ABC's Good Morning America Viewership Stays Stable and Share Grows

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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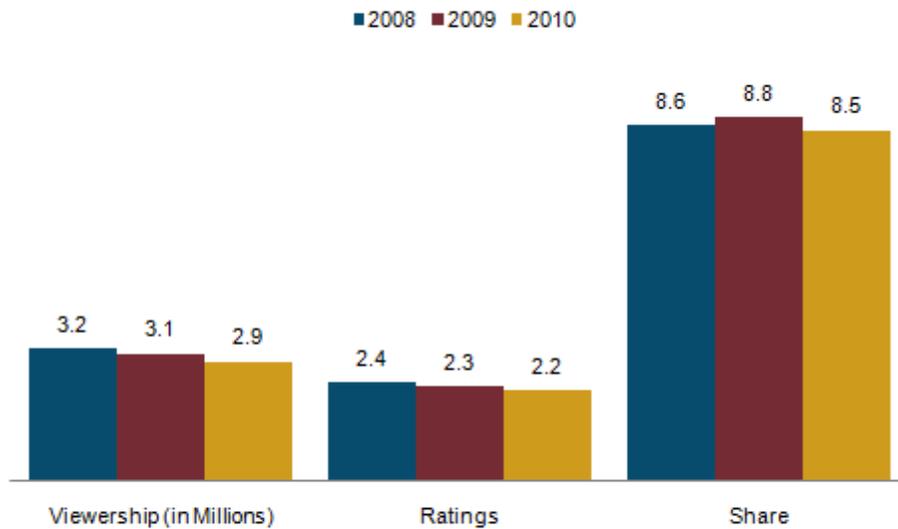
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Viewership of ABC's Good Morning America held steady at an average 4.3 million; ratings were also stable at 3.2; share grew in 2010 to 12.4, up .5 points from 11.9, which means that a higher percentage of people who happened to be watching TV during that time period were tuned to ABC than the year before.

The CBS Early Show suffered the largest loss in viewership falling to 2.9 million viewers, from 3.1 million. Ratings fell to 2.2 from 2.3 in 2009. CBS share fell by .3 points to 8.5.

CBS Early Show Loses Across the Board

Year-to-Year Averages



Source: Nielsen Media Research, used under license

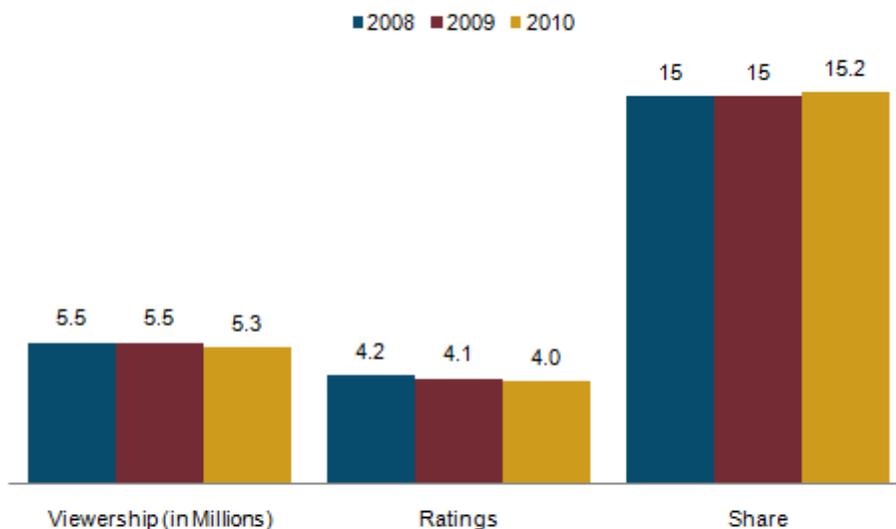
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Viewership of the Today Show on NBC dropped to 5.3 million, from 5.5 million, a decline of 200,000. Ratings fell as well, to 4 from 4.1. Share rose, to 15.2 up from 15. Thus, while Today's viewership fell, it actually commanded a higher percentage of those watching TV from 7 a.m. to 9 a.m. than in 2009.

NBC Today Show Loses Viewership But Gains in Share

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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Morning News Demographics

Morning news audiences skewed slightly younger than evening news audiences and were even more likely to be female. The average age of a regular morning news show consumer in 2010 was 51 – five years older than the average survey respondent and two years younger than the average evening news consumer, according to the Pew Research Center for the People & the Press. Over two-thirds, or 68%, of morning news audiences were female, compared to 52% of the survey population.⁶

TV News Magazines

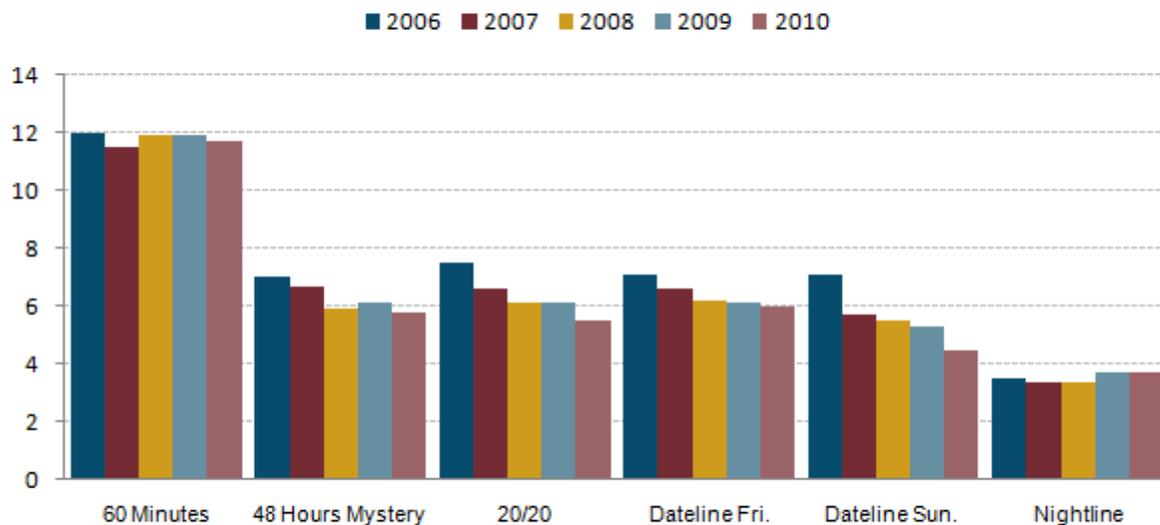
News magazines audiences also declined in 2010.

Nightline was the exception. Its audience remained stable at 3.7 million viewers. Ratings and share were also stable.

In the fourth quarter, moreover, Nightline was No. 1 in total viewership during its time period, with 3.93 million viewers, beating NBC's Tonight Show with Jay Leno (3.88 million) and CBS' Late Show With David Letterman (3.60 million).⁷

News Magazine Viewership Drops for all but Nightline

*Year-to-Year Average Nightly Viewership
In Millions*



Source: Nielsen Media Research, used under license

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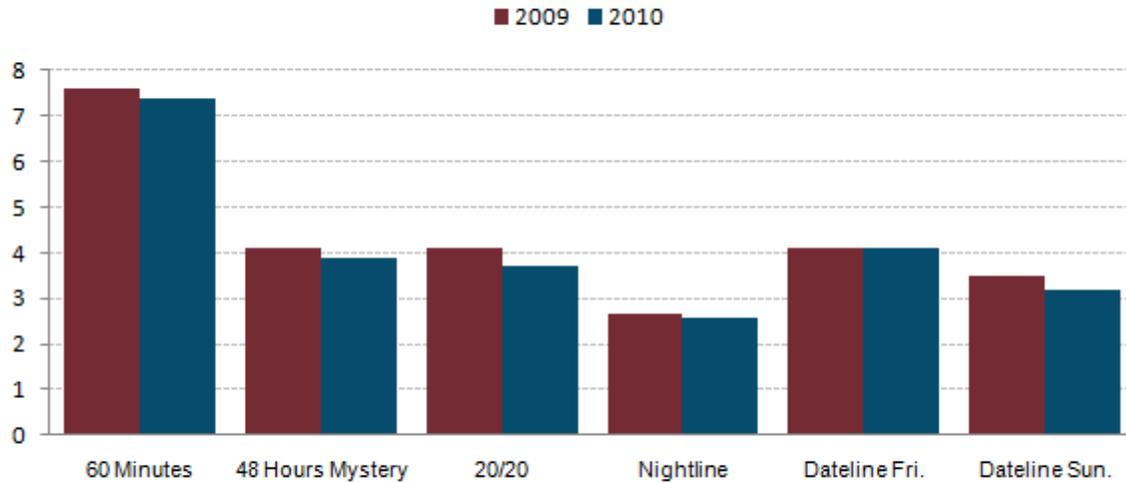
And 60 Minutes also fared relatively well. It had a 1.9% drop in viewers, or 220,000 people, but still averaged 11.7 million viewers, making it the most popular news program on U.S. television. Ratings fell 2.6%. Share decreased by 3.7% to 12.9. The higher percentage drop in share means that some of the

decline of 60 Minutes did come from people choosing to watch something else during that time rather than not watching television.

The second-biggest loser among news magazines was ABC's 20/20, which had a 9% drop in viewership, or 550,000, to 5.5 million viewers. Ratings decreased 10%; share fell 11.7%.

Most News Magazines Dip in Ratings in 2010

Year-to-Year Average Nightly Ratings



Source: Nielsen Media Research, used under license

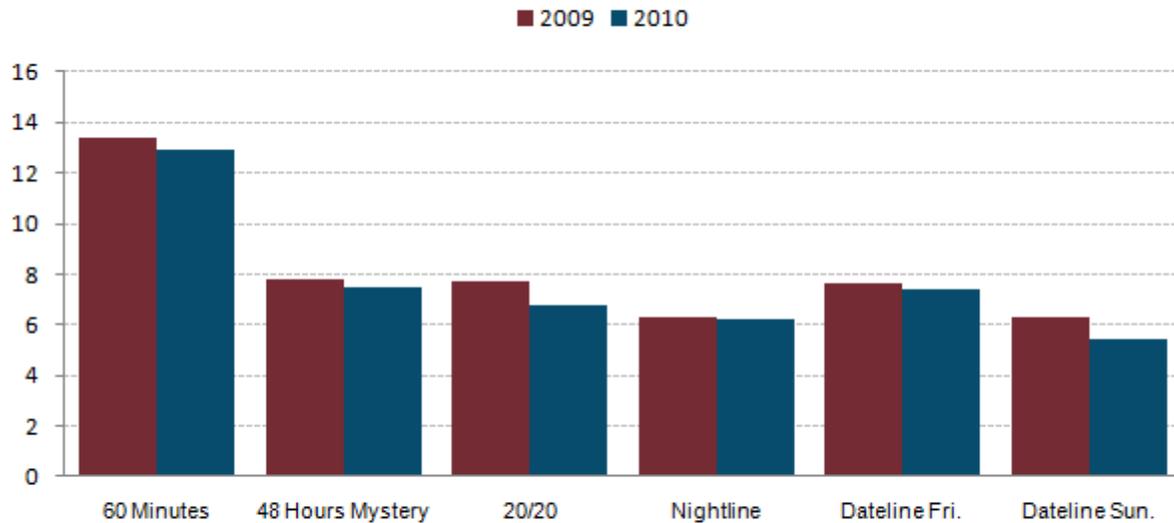
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CBS' 48 Hours Mystery was the third-biggest loser. Viewership fell 300,000, or 4.9%, to 5.8 million compared with a year earlier. Ratings fell 4.9%. Share dropped 3.8%.

News Magazine Share Also Tips Downward in 2010

Year-to-Year Average Nightly Share



Source: Nielsen Media Research, used under license

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NBC's Dateline also fell: the Friday edition by 100,000 viewers (1.7%) to 6 million, the Sunday edition was the biggest loser, falling by 800,000 viewers (15%) to 4.5 million viewers.

Ratings followed a similar trend. Friday ratings were essentially unchanged; Sunday decreased by 8.6%. Share for the Friday show decreased by 2.6% and by 14.3% for the Sunday edition.

Economics

Determining the economic health of network news divisions is a challenge. Networks do not break out financial data for their news divisions publicly.

Market research firms estimate that 2010 was an up year for network television overall. Kantar Media, for instance, estimated that from January through September 2010, network TV advertising revenue rose by 6.6% to \$18.15 billion, up from \$17.03 billion the same period in 2009. This figure includes ABC, CBS, NBC, Fox, the CW, Telemundo and Univision.

Another firm, Veronis Suhler Stevenson, forecast a similar growth rate of 5.5% for all of 2010, to \$17.4 billion, from \$16.5 billion in 2009.⁸

Insiders also tell PEJ that while ratings were down for almost all news programs, the advertising market was up, which allowed revenues to grow nonetheless.

How do the numbers seem to break down by network news divisions?

ABC

Last year, PEJ estimated that ABC News revenue overall at about \$600 million for the year. That number was down from 2008's estimate of closer to \$700 million. We reported that the news division said it had generated a small operating profit in 2009, as it had in years past, though doing so required cost cutting in 2009 and drastic cuts in 2010.

According to SEC files, for the nine months ending July 3, 2010, Disney, ABC's parent company, had revenues of \$28.3 billion, up 7.6% from \$26.3 billion for the same period in 2009.⁹

If ABC News revenues were up, but slightly less than that, in the 6% range, that would put revenues at roughly \$635 million for the year.

With the drastic budget cuts that ABC imposed on its news division in 2010, PEJ estimates that operating income at ABC News might have doubled, with margins widening from roughly 4% to closer to 8%. The projections for 2011, when the full cost cutting effects are in place, may well increase margins into double digits.

CBS

At CBS Corp., which involves all of CBS television and subsidiary operations, revenue climbed for the first two quarters of the year (11.7% and 10.8% compared with the same periods in 2009) before falling in the third quarter by 1.6%.¹⁰ Fourth-quarter results were not yet available when PEJ's annual report was compiled, but industry professionals suggest the fourth quarter was good for CBS News.

Last year, PEJ estimated that CBS News brought in revenue of about \$400 million in 2009, including 60 Minutes, Sunday Morning and Face the Nation. That number was down substantially from our estimates from the year before, which were closer to \$500 million. If CBS News grew at a similar rate to the rest of the network and the industry overall by say 6%, that would put 2010 revenue at about \$424 million.

We estimate that late-year revenue increases combined with early-year spending cuts left CBS News overall at about breakeven, similar to our 2009 estimates.

NBC

NBC News' revenue model is different from its broadcast rivals. It can look toward its cable news channels, notably MSNBC and CNBC, for revenue and to amortize the costs of its news division across these platforms and MSNBC.com. Unlike broadcasting, which relies solely on advertising, cable channels generate about half their revenue from subscription fees paid by cable providers. This means that cable can generate far more revenue per viewer than broadcast television and that it is less vulnerable during advertising recessions.

By our estimates, NBC News, from its various parts, brought in revenue of \$2 billion in 2010.

Of that CNBC contributed the largest share, \$722.9 million in revenue, according to SNL Kagan. MSNBC revenue came in at \$382.5 million and CNBC World (an international business channel) had \$16.9 million in revenue. PEJ estimates NBC News broadcast revenue to be in the range of about \$850 million, up in single digits from 2009.

NBC News makes operating profit in double digits, in large part thanks to its cable units. SNL Kagan projected operating profit at CNBC of \$447.9 million in 2010, up 8% from \$414.8 million in 2009. MSNBC's operating profit in 2010 was projected at \$172 million, up 7.7% from \$159.7 million in 2009. CNBC World's operating profit was estimated to increase 42.5% in 2010 to \$10.4 million from \$7.3 million in 2009.¹¹ NBC News broadcast profit is projected to be in the 10% range, or about \$90 million.

News Investment

Assessing the state of network newsrooms is difficult also, but available information suggests these newsrooms are less than half the size they were in the 1980s.

Staffing

In addition to announcements from the networks themselves about staff levels, newsroom investment can also be measured by monitoring staff lists that the networks provide to the Leadership Directories. These self-reported lists are not comprehensive, but in past years, the percentage change in staffing in the Leadership Directories has closely matched those subsequently reported by the networks.

That may not be the case in 2010. According to the Leadership Directories, domestic network news staffing overall decreased less than one percentage point from 2009. That does not comport with the announced cuts, especially at ABC.

ABC

- Of all of the networks ABC News had the biggest overall staff reductions.
- Cuts at ABC, mainly from buyouts but also through some layoffs, amounted to between 375 and 400 people, close to 25% of the roughly 1,500 employed at the beginning of 2010.¹²

CBS

- CBS News also appeared to reduce its staff in 2010, but not as sharply.
- It announced cutting 75 positions from its 1,400 to 1,500 staffers in February 2010.¹³
- Cuts included layoffs, unfilled openings and full-time staff moving to part time.¹⁴

NBC

- The most financially stable of the three news divisions, NBC showed little change in staff in 2010, although that comes after at least five years of scaling back.

Correspondent Counts

Another way to track network news investment is to examine the number of correspondents who appear on air at least five times during the year on each network's evening weekday newscast. This offers only a rough measurement of newsgathering power, but the data go back many years.

A total of 148 reporters filed at least five packages for evening newscasts in 2010, a reduction of 10 from 158 in 2009, according to a newscast-by-newscast analysis conducted by ADT Research. These figures do not reveal whether employees also filed stories for other TV programs besides evening news.

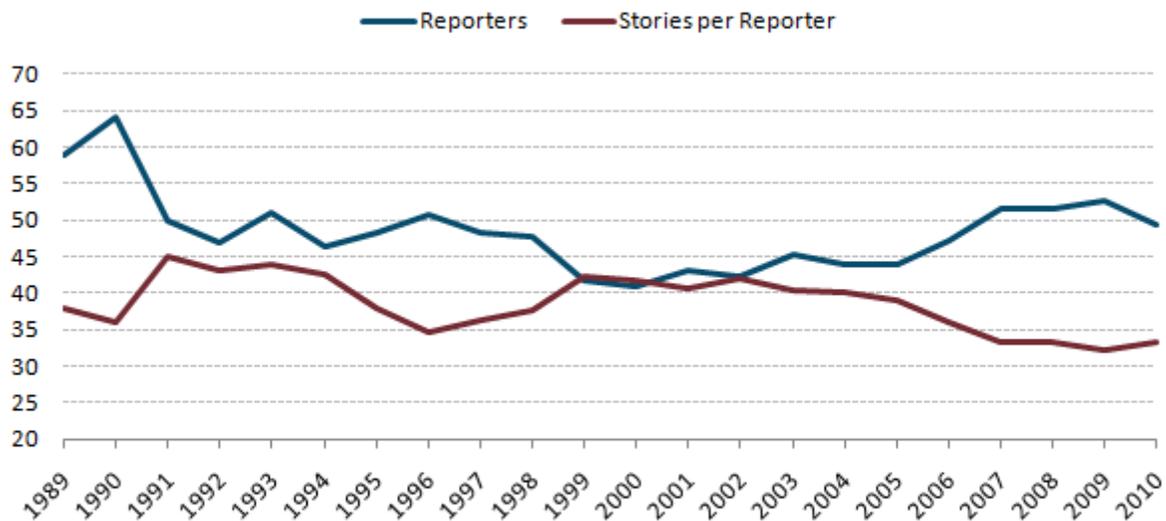
All three newscasts used fewer correspondents in 2010 than the year before. NBC had the most people on air, 55 correspondents, down from 59 in 2009. ABC was second with 48, down from 53. And CBS had 45, a decrease from 46 the year before.

The average network correspondent pool decreased by about three to 49.3, while the workload increased by about one story to 33 per correspondents per year, according to ADT Research.

NBC reporters had the smallest story loads in 2010 – 29.4 reports on average for the year, but these reporters can also file stories for MSNBC and other outlets that can increase their workload. ABC correspondents averaged 35.8 stories per year, CBS 35.9.

Number of Reporters Declines While Workload Increases

Year-to-Year Averages



Source: ADT Research

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Domestic Bureaus

The number of domestic news bureaus generally remained stable in 2010, though staffing inside them in some cases did not. ABC News, which announced that it would eventually close the majority of its domestic news bureaus, shuttered only the San Francisco office in 2010. NBC News reopened its

bureau in Miami in 2010 after closing it in 1991.¹⁵

Domestic News Bureaus by Network		
ABC	CBS	NBC
Atlanta	Atlanta	Atlanta
Chicago	Chicago	Chicago
Dallas	Dallas	Dallas
Los Angeles	Los Angeles	Burbank (Los Angeles)
Miami	Miami	Miami (new)
New York	New York	New York
Seattle	San Francisco	Washington
Washington	Washington	

Closed: San Francisco

Source: Networks
 Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its domestic news bureaus.

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International Bureaus

Abroad, all three networks now have at least ten foreign bureaus, primarily because they shifted earlier in the decade to more one-person foreign offices. The number of foreign bureaus grew in 2010. ABC News opened offices in Islamabad, Kabul and Nairobi, bringing its total overseas to 13. NBC News opened offices in Frankfurt, Beirut and Tehran, bringing its total to 15.

Overseas News Bureaus by Network		
ABC (13)	CBS (14)	NBC (15)
Latin American	Latin American	Latin America
Havana	Havana	Havana
Mexico City		
Europe	Europe	Europe
London	London	London
Moscow	Moscow	Moscow
Rome	Bonn	Frankfurt (new)
	Paris	
Middle East	Middle East	Middle East
Baghdad	Baghdad	Baghdad
Jerusalem	Amman	Cairo
Islamabad (new)	Islamabad	Islamabad
Kabul (new)	Kabul	Kabul
	Tel Aviv	Tel Aviv
		Beirut (new)
		Tehran (new)
Asia	Asia	Asia
Beijing	Beijing	Beijing
Hong Kong	Hong Kong	Hong Kong
Tokyo	Tokyo	Tokyo
		Bangkok
Africa	Africa	
Nairobi (new)	Johannesburg	

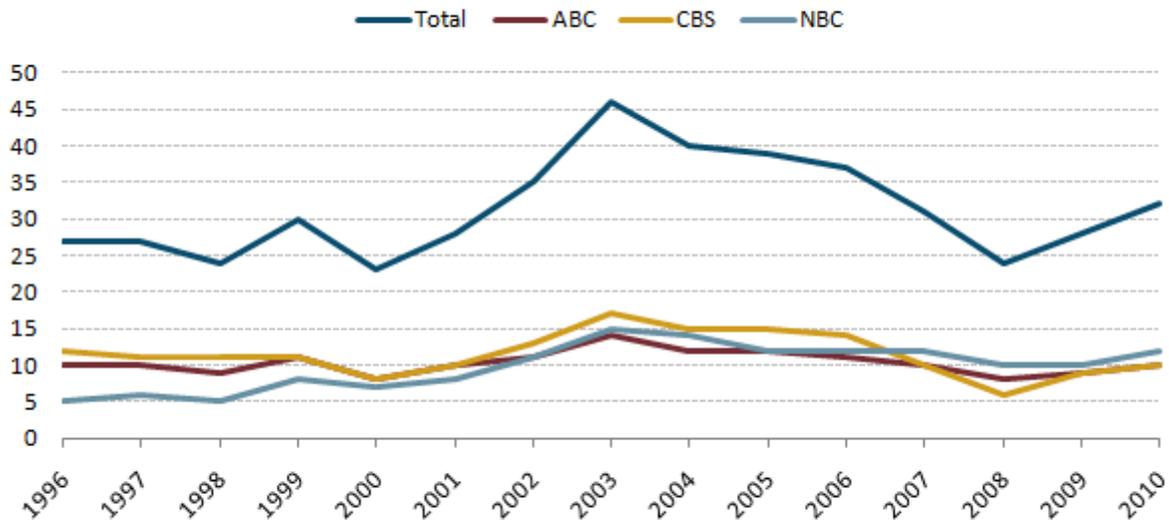
Source: Networks
 Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its international news bureaus.

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The amount of coverage with foreign datelines increased 2010, according to data from ADT Research. Each network had at least an hour increase in time devoted to stories filed abroad.

Foreign Dateline Coverage Increases at All Networks

Year-to-Year Hours of Programming With a Foreign Dateline



Source: ADT Research

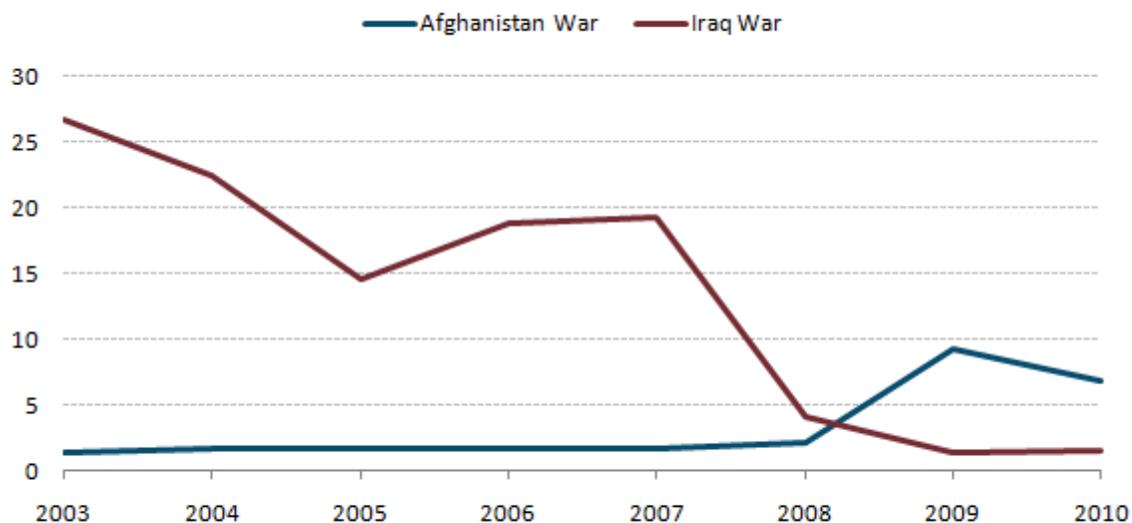
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There was minimal coverage, however, of the wars in Afghanistan and Iraq in 2010. Coverage of the Afghan war fell to 6.9 hours for the year, versus 9.26 the year before. Coverage of Iraq rose slightly, to 1.6 hours for the year, from 1.33 in 2009.

War Coverage Declines in 2010

Year-to-Year Hours of Programming



Source: ADT Research

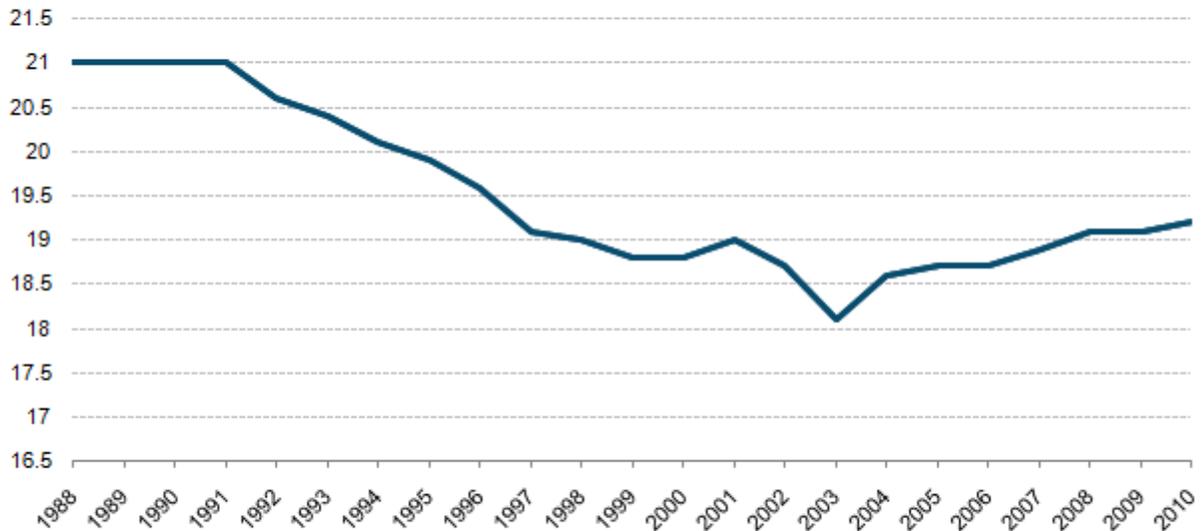
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News Hole

The amount of time devoted to news within the 30-minute nightly newscasts – the time not taken up by advertisement, promos and teasers — increased incrementally in 2010 to 19.2 minutes from 19.1 the year before. The time devoted to news has been on an upward trend since 2004.

Total News Time Grows Slightly

*Year-to-Year Size of Newshole
In Minutes*



Source: ADT Research

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Digital

In 2010, network news continued to turn to digital as a way to seek audience and revenue, especially toward mobile apps and other new wireless platforms for disseminating news.

Audience

There is no easy way to comprehensively measure the total audience for digital network news, especially across newer mobile devices.

The total unique visitors each month offers some sense of rank and longitudinal growth for their main websites.

comScore General News Site Visitors

Total Unique Visitors in Thousands

Unique Visitors
in December 2010

Yahoo! News Networks	94,509
CNN Network	67,845
MSNBC	48,721
AOL News	35,017
The New York Times	32,386
Tribune Newspapers	24,666
Huffington Post	24,542
ABC News Digital	19,343
USA Today Sites	17,336
WashingtonPost.com	16,353
Advance Internet	16,000
CBS News	15,332
Wall Street Journal Online	13,673
Mail Online (U.K.)	13,596
McClatchy Corporation	13,447

Source: [comScore Media Matrix](#)

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The comScore figures, for the month of December 2010, are notably larger than Nielsen's average monthly measurements for 2010. Although each company uses a different method to measure, the significant discrepancy between the two is difficult to explain. PEJ is including both measurements to give the reader a more complete picture of online viewership trends.

Nielsen General News Site Visitors

Total Unique Visitors in Thousands

2010 Average

Yahoo! News Websites	40,459
CNN Digital Network	36,658
MSNBC Digital Network	31,951
AOL News	20,821
NYTimes.com	15,948
Fox News Digital Network	15,502
ABC News Digital Network	13,251
TheHuffingtonPost.com	11,510
Google News	11,382
Washingtonpost.com	10,095
CBS News Network	9,947
USATODAY.com	9,147
LA Times	8,314
Daily News Online Edition	7,247
BBC	6,519

Source: [Nielsen Netview](#)

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MSNBC.com dominates in web traffic with more visitors than the other two networks combined. However, it is not just the website of NBC's network news operation – it also includes content from MSNBC and other cable news channels, original online content and content from print partners.

According to statistics from comScore Media Matrix, MSNBC had 48.7 million unique visitors in December 2010, compared with 19.3 million for ABCNews.com and 15.3 million for CBSNews.com.

MSNBC.com is operated jointly by NBC News and cable channels MSNBC and CNBC – so it is cross-promoted on several different platforms. It also draws traffic from Microsoft’s MSN portal, the home page for millions of internet users.¹⁶ Microsoft is the co-owner of MSNBC with NBC.

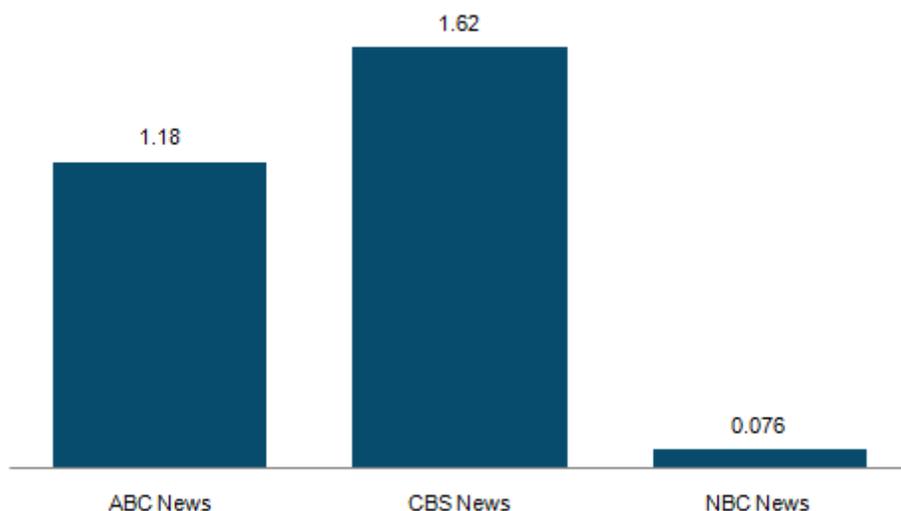
But the ranking of the three network news divisions switches in 2010 when we look at one measure associated with social media.

Twitter

When measured in late January 2011, NBC News’ main news Twitter feed had far fewer followers (76,000) than either ABC News (1.18 million) or CBS News (1.62 million). MSNBC, its online umbrella identity, had 66,000 followers. CNBC had more (225,000) but together they do not match the other broadcast networks.

CBS News Has the Most Twitter Followers

Twitter Followers, in Millions on January 29, 2011



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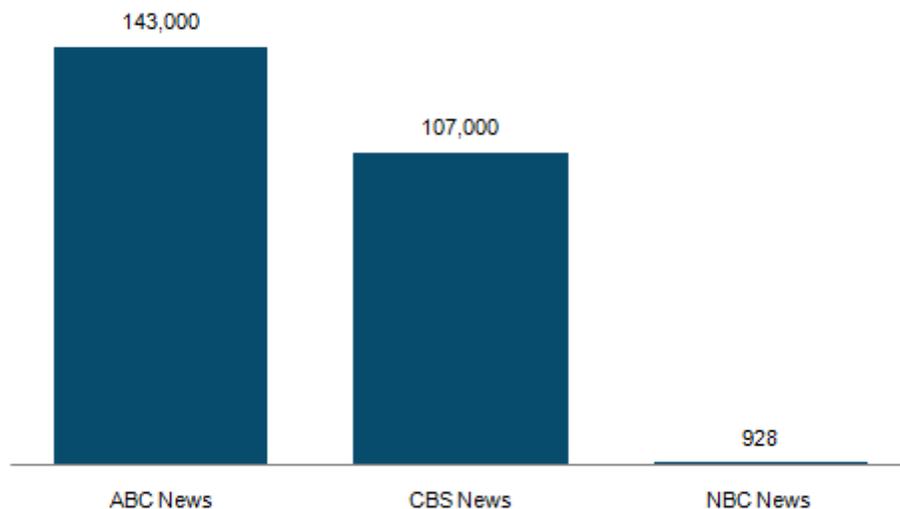
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Facebook

On Facebook, the largest social network with more than 500 million users throughout the world, NBC News’ numbers are also smaller than the other two networks; it had fewer than 1,000 fans the day PEJ measured in January. MSNBC had more than 105,000; ABC News about 143,000, and CBS News 107,000. Some individual shows, though, have more than the entire network news division.

ABC News Leads in Facebook Fans

Number of Facebook Fans on January 30, 2011



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ABC

ABC had several digital innovations in 2010, using other means to share its news: Tablet and phone apps, Facebook, Twitter and Tumblr.

ABC News' digital arm, the Digital Media Group, oversees its ABCNews.com website and its mobile site as well as ABC News Now, ABC's digital cable arm that is available on cable, broadband and mobile.

At least one analyst says this digital arm needs to step up to take advantage of new media. "ABC News will have to expand beyond the narrow base of the broadcast television industry quickly in order to manage a decade-or-so-long transition to a world where its content is distributed on TV, online, on tablet screens, on cellphones... and on media we have never dreamed of," TV news analyst Andrew Tyndall, who is a consultant to this report, told Reuters.¹⁷

ABC News is trying to take advantage of new media. Among its digital innovations:

- The network released the first network news iPad app in July.¹⁸
- World News Tonight started its own Tumblr in October 2010 to share headlines and videos.¹⁹
- David Muir anchored a seven-hour Election Day town-hall-style presentation, and streamed it live on Facebook and ABC News' website.²⁰
- ABC News' Twitter feed had over 1.18 million followers in January 2011.
- World News Tonight's Twitter feed had less than 25,000 followers, but host Diane Sawyer does not have her own feed.

- Nightline launched NightlineNow.com in October, a Twitter feed focusing on the midterm elections.²¹
- Nightline has its own Twitter feed with 1.48 million followers by January 2011—more than ABC News itself had.
- 20/20 had 1,400 followers on Twitter in January 2011.
- ABC News' Facebook page had over 143,000 fans, more than either CBS News or NBC News.
- Nightline had about 40,000 Facebook fans and 20/20 had more than 72,000.
- ABC News shares its content online via its YouTube channel (with over 21,000 subscribers) and on Hulu. Disney, ABC News' parent company, is a part owner of Hulu.
- In January 2011, ABC News president Ben Sherwood said he was open to a partnership with Bloomberg News or another organization that links with social and other media.²²

CBS

CBS News traditionally had a more modest online presence than ABC or NBC, but in November, CBSNews.com increased its unique visitors by 29% from March, according to data from comScore, and had more visitors than ABC News. By December though, ABC News was back above CBS.²³

Twitter and Facebook were important tools in this jump in visitors, according to the editor-in-chief of CBSNews.com, Dan Farber.²⁴

Among digital innovations at CBS News:

- CBS News' Twitter feed had 1.62 million followers in January 2011 – more than ABC News' and NBC News' Twitter feeds combined.
- CBS Evening News host Katie Couric herself had more than 134,000 followers on Twitter.
- CBS News' Facebook page had more than 107,000 fans
- The CBS Evening News Facebook page had more than 9,000 fans, far less than NBC's Nightly News (about 34,000).
- 48 Hours Mystery had more than 117,000 fans on Facebook.
- CBS News has several video-sharing tools: A YouTube channel, Ustream, Livestream and its own proprietary player.
- In September, CBS News launched free iPad, iPhone and iPod Touch apps.
- In November, CBS released an iPad app specifically for its popular news magazine, 60 Minutes, available for download for \$4.99.²⁵

- An online-only series, 60 Minutes Overtime, provides background on stories covered on its TV program debuted in September and is viewable on the 60 Minutes app.²⁶
- 60 Minutes has its own Twitter feed and more fans on Facebook (about 213,000) than any of the three individual networks did in January 2011.
- In December, CBS News launched a free app for its Sunday Morning program for the iPhone and iPod Touch.²⁷
- Sunday Morning has its own Twitter feed with 3,000 followers.

NBC

NBC News, along with its online and cable sibling, MSNBC.com, also made digital advances in 2010. One of those was a strategic decision to put more emphasis in its digital journalism on video.

“At the end of the day, what I keep coming back to, this is about telling stories with pictures. That is what we do for a living,” Mark Lukasiewicz, NBC News vice president for specials and digital, told Beet.tv, “We have more platforms than ever to do it with; there are more people consuming stories with pictures – video storytelling – than ever before. That is all good for us and we should continue to push the boundaries of that to experiment, to find new ways to do it that are fascinating.”²⁸

NBC News lags far behind the other broadcast networks in its efforts to attract followers and fans social networking sites.

- NBC News’ Twitter feed had far fewer followers than the other two networks when checked in January 2011 – fewer than 76,000 – and with NBC Nightly News (around 47,000), MSNBC (around 66,000) and CNBC (over 225,000) combined, NBC News still does not come close to CBS News’ 1.62 million or ABC News’ 1.18 million.
- Several of NBC News’ reporters also have Twitter feeds, including NBC Nightly News host Brian Williams, who had over 14,000 followers despite having never tweeted.
- On Facebook, NBC News had only 928 fans in late January 2011 and Nightly News had about 34,000 – far fewer than ABC News or CBS News. Dateline NBC had less than 75,000 Facebook fans, more than ABC’s 20/20, but fewer than CBS’ 60 Minutes.

NBC News had other digital platforms from which to disseminate news:

- NBC Nightly News’ iPad, iPod Touch and iPhone app, released in October.²⁹
- NBC Nightly News released a Tumblr also in October 2010.
- MSNBC’s First Person, a tool for people to upload video or photo content to the web so that MSNBC or NBC News can use it on the air. “On any major news event that is breaking...we call out quickly through all our social media channels, on the web, on air, for contributions from people who happen to be there,” said Lukasiewicz.³⁰

- MSNBC embedded a social collaboration tool, Watchitoo, on its website to power an online discussion of election night issues. People participated via webcam, chat and Twitter.³¹
- NBC News does not have a YouTube channel – instead it streams videos over Hulu, which is partially owned by General Electric, now a minority owner of NBC Universal.

PBS

While PBS has a relatively small news audience compared to the big three networks, it makes an impression online.

- In October, PBS announced an iPad, iPod Touch and iPhone app for its programs along with a redesign of its PBS.org website.³²
- The PBS NewsHour has its own iPhone app, released in September. By January 2011, it was downloaded over 110,000 times.³³
- NewsHour's Facebook page has 28,000 fans.
- NewsHour airs its show on YouTube and Hulu.
- NewsHour's Twitter feed had almost 90,000 followers in January 2011, far more than any of the evening news programs on ABC, CBS or NBC despite its much smaller audience. (See network essay for more)
- NewsHour airs a weekly series on business and economics called Making Sen\$e with Paul Solman.³⁴
- NewsHour crowd-sourced for solutions from people for the Gulf oil spill, in which more than 15,000 people submitted suggestions.³⁵
- The site's oil widget measured the amount of oil spilled into the Gulf after the Deepwater Horizon explosion.
- NewsHour also provided an online Annotated State of the Union with experts providing analysis and background notes on the speech.
- Frontline has a Twitter feed with about 6,000 followers and a Facebook page with about 67,000 fans –far more than ABC's Nightline (about 40,000).
- Frontline's website has video access to more than 100 of its documentaries in its archive.

Endnotes

1. This is an annual average of all three networks with evening network news programs.
2. The historical Nielsen data obtained by PEJ are just for the month of November, year-to-year.

3. By using the numbers Nielsen prefers — one month rather than annual averages — share for network evening news was more stable. For four months of the year, share was unchanged, and for seven it fell just slightly, by one point. The biggest decline came during one month, April 2010, when it fell three points.
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Network Glossary

Bureau

An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo. Foreign bureau is a generic term for a news office set up in a country other than the primary operations center. A Washington bureau is an office in the capital that covers news related to national politics and government in the United States.

Prime time

The hours on weekdays between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen. On Sundays, the prime-time hours are 7 p.m. to 11 p.m.

Rating

A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Share

The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Viewership

Collectively, the viewers of a television program.

The State of the News Media 2011

An Annual Report on American Journalism

Cable: Audience vs. Economics

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

Two paths diverging would be one way of putting it.

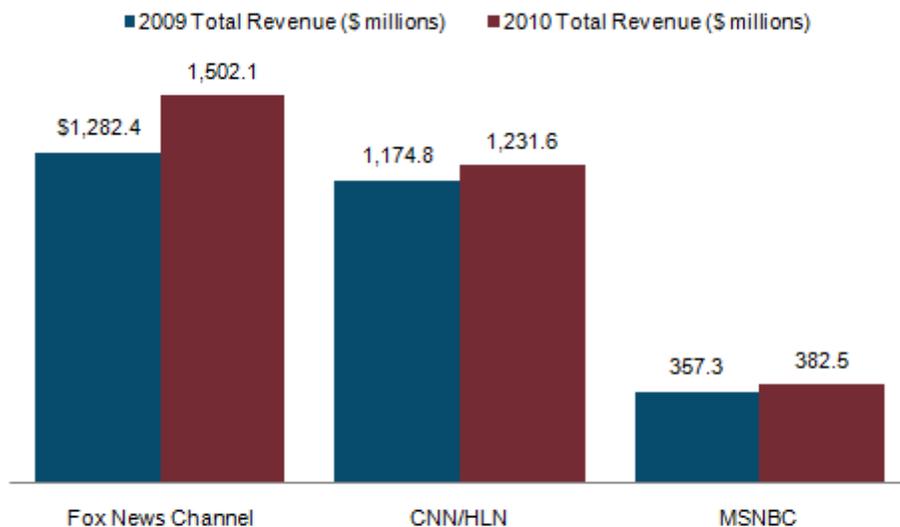
A glance at the finances of cable news in 2010 would leave one feeling outright bullish. All three major news channels were projected to have increases in operating profits — Fox News by 27%, CNN (and HLN) by 7% and MSNBC by 8%, according to the market research firm SNL Kagan.¹

And the higher profits were not due simply to cost cutting. Revenue was also projected to grow for each of the channels (17% at Fox, 5% at CNN/HLN and 7% at MSNBC). (See cable data section for more on economics.)

Even news investment budgets, where CNN/HLN and MSNBC scaled back in 2009, appeared to expand in 2010. Fox and MSNBC were projected to increase their investment in newsgathering by 7%, and CNN/HLN was projected to do so by 3% (see cable data section for more on news investment).

Revenues Rise for All Three Channels

Total Revenues for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

The picture for audiences in cable news, however, reveals something altogether different. The medium, which has become the fourth most popular platform for news out of about a dozen in the United States, according to Pew Research Center surveys, showed signs in 2010 of having peaked.²

In prime time, the evening hours when the audiences are largest and therefore the most appealing to advertisers, median viewership at the three channels together dropped 16% to an average of 3.2 million viewers, according to data from Nielsen Media Research (see cable data section for more on audience numbers).³

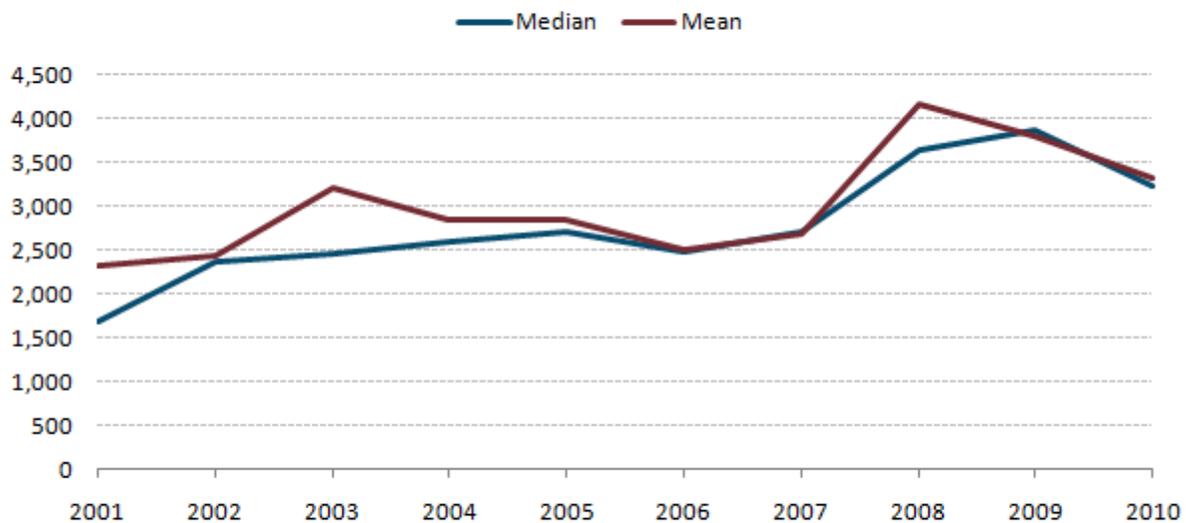
And unlike last year, the declines in prime-time viewership were not limited to CNN, the channel that has attracted the most attention for audience troubles. Certainly CNN saw the most severe fall-off. Median prime-time viewership plunged 37% in 2010 to 564,000 viewers.⁴ Those problems helped usher in a steady parade of bad press, along with some turnover of high-profile personnel.

In 2010, however, all of the major news channels had audience declines. At the largest of the news channels, Fox, the prime-time audience fell 11% to a median viewership of 1.9 million. MSNBC experienced the mildest drop in audience, falling 5%, to 747,000 in prime time. HLN, CNN's sibling channel, lost 17% of its prime-time viewers, falling to an average of 434,000.

In the daytime hours, the same pattern was felt across the board. Combined, the median daytime audience for cable news fell 12%, ending 2010 with a median 1.9 million people watching on any typical day.

Prime-Time Audiences Leave Cable News in 2011

Sum of CNN's, Fox's and MSNBC's Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

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There was one audience metric that showed CNN in the lead, though here, all channels were down compared to 2009 levels. Cumulative audience, or “cume,” measures how many different viewers tune in over the course of a month. The metric reveals the breadth of a channel’s audience and thus how many different people might be exposed to a given advertisement over time. In 2010, about 42 million different people watched CNN for at least an hour a month. That was more than Fox’s 41 million and MSNBC’s 37 million, according to Nielsen Media Research.

In short, the data suggest that after 30 years, cable news has come to play a broad but somewhat more limited role in the information ecosystem. Many people tune in to it occasionally, but its role has become more refined and prescribed. And there may be a ceiling on how much prime-time talk and opinion people will watch. Not only are there fewer “appointment” viewers for cable news programs, but there are fewer casual viewers as well, as newer technologies provide other ways of receiving breaking news.

In 2010, no channel suffered more problems or instituted more changes than CNN. It replaced the president of the news network with the executive who had run its sibling network HLN, instituted major programming changes in prime time, and worked to persuade advertisers that its global video represents far more than its prime-time lineup.

Fox locked in its on-air talent into long-term contracts. At the same time, its executives sought to maximize their advantage from the channel’s current dominance, pitching the indispensability of its content to cable operators and the value of its audience to potential advertisers.

MSNBC braced for new owners arriving in early 2011 and, after firing its most popular host, believed that it now had a liberal prime-time lineup that could survive without him (see cable data section for more on ownership).

And all three channels moved ever more aggressively into new digital platforms, a frontier that might be more urgent for cable news, given that, at least according to one measuring firm, traffic to the websites of all three cable channels fell during the last year (see cable data section for more on digital trends).

One potential threat in 2010 seemed not to materialize. Some analysts had predicted that the pay television industry would be hurt by budget-conscious Americans canceling their cable subscriptions and finding their news content elsewhere. In the end, the cancellations proved small. It appeared there was something else to worry about instead: Americans weren’t dropping cable; they were simply watching other things on TV besides news.

CNN: Overhauling personnel and programming

One lesson of 2010 was further confirmation that cable news, particularly in prime time, has become a medium for ideological and opinion-driven talk. The two channels that fill their evening hours this way fared far better than CNN, the one channel that tried to offer reporting and a mix of viewpoints in its commentary. “When you’re clear about who you are, you actually make money,” MSNBC’s chief marketing officer, Sharon Otterman, told *The New York Times* in October.⁵

In reality, Otterman's network does not make more money than CNN. But for the first time it solidly beat the oldest cable news channel in prime-time ratings.

Fox's Bill O'Reilly, who hosts the No. 1 rated program on cable news, put it this way: "People in the United States now, they know the news already, because they have the internet, they have talk radio, a lot of vehicles, so they want analysis and perspective from a cable network, particularly in prime time. They don't want to hear [the news] again."⁶

CNN stuck to a strategy of trying to cast itself as the sole neutral source of unbiased journalism in the medium, especially in prime time. More of its money goes into reporters and bureaus, and its prime time lineup is not made up of shows hosted by commentators from a single point of view. "We're the only credible, nonpartisan voice left, and that matters," said CNN Worldwide president Jim Walton to a group of advertisers in the spring.⁷

If it matters, it does not show up in the ratings. What is less clear is whether the problem is in the vision or in the execution. By year's end, however, CNN had begun to make major changes in personnel. Between Walton's April affirmation of CNN's voice and early 2011 the network had replaced the president of CNN U.S. and recalibrated two-thirds of its prime-time lineup. One website that tracks the industry reckoned that CNN lost some 20 high-level reporters, producers or executives in the course of 2010. Among those were foreign correspondent Christiane Amanpour, morning anchor John Roberts, international reporter Octavia Nasr, and daytime host Rick Sanchez, who was fired after accusing his employer of bigotry.

One anchor to depart was self-effacing about the reason. "The simple fact is that not enough people want to watch my program," wrote Campbell Brown in May in a candid assessment of the problems her 8 p.m. straight news program faced in that competitive time slot.⁸

It was canceled in July. By the fall, CNN introduced what it hoped would be its answer to Fox and MSNBC. Parker Spitzer, a program that would offer analysis of the day's news but from two ideological points of view rather than one. Elliot Spitzer is the Democratic disgraced former governor of New York. Kathleen Parker is a moderate conservative newspaper columnist. At least in its first months, the program failed to generate either ratings or positive reviews, and by February 2011, it was reconfigured as a roundtable concept, called In the Arena, minus Parker.

In December, Larry King, who for years ran the most watched program on CNN, retired after 25 years with CNN, "perhaps tak[ing] with him the hourlong conversational form of interview on cable news television," the New York Times said.⁹ King, whose ratings had sunk by nearly 40% in his final year, was replaced by Piers Morgan, a Briton best known in America as a judge on NBC's America's Got Talent.

By year's end, the only prime-time program on CNN to remain in place was Anderson Cooper 360 at 10 p.m., but even his program's ratings had fallen behind those of the newly arrived Lawrence O'Donnell on MSNBC.

CNN also shook up its leadership behind the camera. The most important change was replacing CNN president Jonathan Klein with another insider, Ken Jautz.¹⁰ “We’re not satisfied with the ratings,” Walton said on a conference call to journalists. During his six years in charge at CNN, Klein had publicly championed analysis and reporting over commentary, but in the eyes of at least one former CNN correspondent, Jamie McIntyre, he had also “overseen the slow, and sometimes not-so-subtle tabloidization of CNN.”¹¹ Klein had mostly witnessed a slow, and then accelerating, erosion in ratings, and had failed to launch any major prime-time shows that were successful.

Jautz, a CNN veteran, can claim the opposite. He had been responsible for the remaking of CNN Headline News into today’s talk-show oriented HLN, a shift that until 2010 had proved successful in ratings but sometimes controversial.

On taking over CNN, Jautz suggested that the channel’s programming was dull. “Overall, we have to be more viewer-focused. We have to make our programming more interesting,” he told the Wall Street Journal in December.¹² He began making changes immediately, including overhauling American Morning and replacing daytime anchor Tony Harris with Suzanne Malveaux.

It is unclear whether HLN offers a hint of the CNN of the future. At HLN, Jautz shifted from news headlines to host-oriented talk and interview programming. He hired Glenn Beck as a host, who later moved to Fox; Nancy Grace, in a true crime show; and Joyce Behar, of ABC’s The View, for a talk show.¹³

HLN during Jautz’ tenure had strong audience growth, but in 2010 it, too struggled. Its prime-time viewership suffered more than at any cable news channel but CNN, dropping 17% from 2009 levels. In the wake of the declines, HLN moved the Joy Behar Show from 9 p.m. to 10 p.m., making room for the debut of a new program, Dr. Drew, hosted by Drew Pinsky, a medical doctor and host of a nationally syndicated radio talk program, Loveline.¹⁴ One mainstay at 8 p.m. was Nancy Grace, who, despite a dip in ratings, signed a new multiyear deal at the end of 2010.¹⁵

MSNBC: Building a brand, losing a standard-bearer

MSNBC also was making changes in its programming lineup as 2011 began, but at least some of these arose from personnel issues rather than ratings problems.

In January 2011, the channel abruptly parted ways with its 8 p.m. star, Keith Olbermann, whose move toward strident liberal commentary helped give the network a prime time programming direction starting in 2003 after years of struggling with an identity crisis and flat ratings.

Olbermann’s ratings dropped 11% in 2010, but that was in line with the rest of cable news, and was much less seismic than CNN’s losses. The problem was more about personality. The anchor had been suspended in November, after NBC News learned he had made campaign contributions to three Democratic candidates without informing his news management, as he was required to do.¹⁶ Olbermann openly disapproved of his punishment, which turned out to be only the latest in a history of

tensions with his bosses. Olbermann had a record of difficulties with previous employers, including ESPN and Fox. While contractual strictures prevented details of the parting to come out, one NBC News executive put it this way: "Give us a bit of credit for getting eight years out of him. That's the longest he's been anywhere."¹⁷ Olbermann announced weeks later that he would be joining Current TV to host a prime-time show and serve as chief news officer.

After Olbermann's abrupt departure, MSNBC reconfigured its prime-time lineup. It moved liberal commentator Ed Schultz from 6 p.m. to 10 p.m., and moved former Democratic aide Lawrence O'Donnell from 10 p.m. to 8 p.m. (O'Donnell, whose program began airing in September, was pitched as a "blending of politics and pop culture" by Phil Griffin, MSNBC president.¹⁸ (It remains to be seen whether the loss of Olbermann and shifting of their prime-time programs will put a dent in the channel's ratings.)

There were changes on the dayside as well. During the year MSNBC hired a number of recognized TV names, including former HLN anchors Thomas Roberts and Richard Lui, as well as former ABC newsman Martin Bashir.¹⁹ Bashir was the anchor of ABC News's "Nightline," but he is best known for drawing 27 million viewers for a 2003 interview with Michael Jackson.

In April, MSNBC also suspended daytime anchor David Shuster after it discovered he had violated his contract by making a pilot for a new program for CNN.²⁰ Veteran MSNBC journalist Chris Jansing returned to anchor duties at 10 a.m. and 3 p.m. in June to replace Shuster.

MSNBC also introduced a new marketing slogan during the year in a way that reinforces its more partisan approach. In October, the channel began a new campaign called "Lean Forward." The new campaign, said the New York Times, "embraces its progressive political identity."²¹

Fox: Renewing the contracts that have made its formula work

Fox News Channel, which airs every one of the top 12 rated cable news programs, did not make any changes to its prime-time lineup in 2010. To the contrary, it locked in much of its on-air talent for years ahead.

In June, Fox announced that it had agreed on a new multiyear contract with Greta Van Susteren, the lawyer turned anchor whose CNN program often used to focus on true crime but has branched out since moving.²² In October, the channel signed its hard-news anchor Shepard Smith to a new multiyear deal (his last contract had him earning between \$7 million and \$8 million a year).²³ Smith hosts a rapid-fire newscast at 3 p.m. and 7 p.m. In 2010, he made public statements teasing his colleague Glenn Beck, whose program airs at 5 p.m.

And in December, Fox signed its Special Report anchor Brett Baier to a new multiyear contract.²⁴ Baier, who replaced retiring Washington bureau chief Brit Hume on the program, is more openly conservative than Smith on the air, and now also exceeds him in ratings.

Bill O'Reilly, who is paid over \$10 million a year by Fox, and Sean Hannity, who is paid an undisclosed but very likely high amount (Newsweek estimated his total 2009 earnings from various streams to be \$22 million), have contracts that keep them on board through the 2012 elections.²⁵ Glenn Beck, who earns \$2.5 million per year, is contracted through 2011.²⁶

Fox News also added to its ranks. In January 2011, it hired former CNN American Morning anchor John Roberts as a senior national correspondent based in Atlanta.²⁷ Roberts had previously spent 14 years at CBS News before moving to CNN in 2006. The network made one other prominent hire. After Juan Williams was fired by NPR in the wake of his comments about Muslims made on a Fox News program, Fox signed Williams, an occasional analyst, to a larger role worth \$2 million over the course of three years.²⁸

The network, though, did lose one prominent name: Chief White House correspondent Major Garrett announced in August he was leaving to take a job with National Journal.²⁹

While MSNBC solidified its identity as the place for liberal views, Fox continued to be — programmatically and institutionally — conservative. In August, FEC documents revealed that News Corp., Fox's parent, had donated \$1 million to the Republican Governors Association, an amount that made it the sixth-largest contributor to Republican governors that year.³⁰

And in December, the liberal advocacy group Media Matters obtained a staff memo written by Bill Sammon, Fox vice president and Washington managing editor, that issued pointed instructions for framing the debate around health care in terms favored by Republicans. "Please use the term 'government-run health insurance,' or, when brevity is a concern, 'government option,' whenever possible," the memo said. The instructions, according to published reports, were based on the debate-framing advice of Republican consultant Frank Luntz.³¹

Making the case to advertisers and cable companies

If the audience picture of cable is becoming cloudier, that doesn't have as immediate an effect on revenue as some might imagine. Part of the reason that cable revenues increased, even as ratings dropped, is that cable channels are able to lock in advertising and subscriber rates for extended periods of time. Being able to do that involves a certain amount of finesse on the part of the channels themselves. As they try to build their brand, they also must convince advertisers and cable operators that their programming is a key reason that subscribers sign up for cable in the first place.

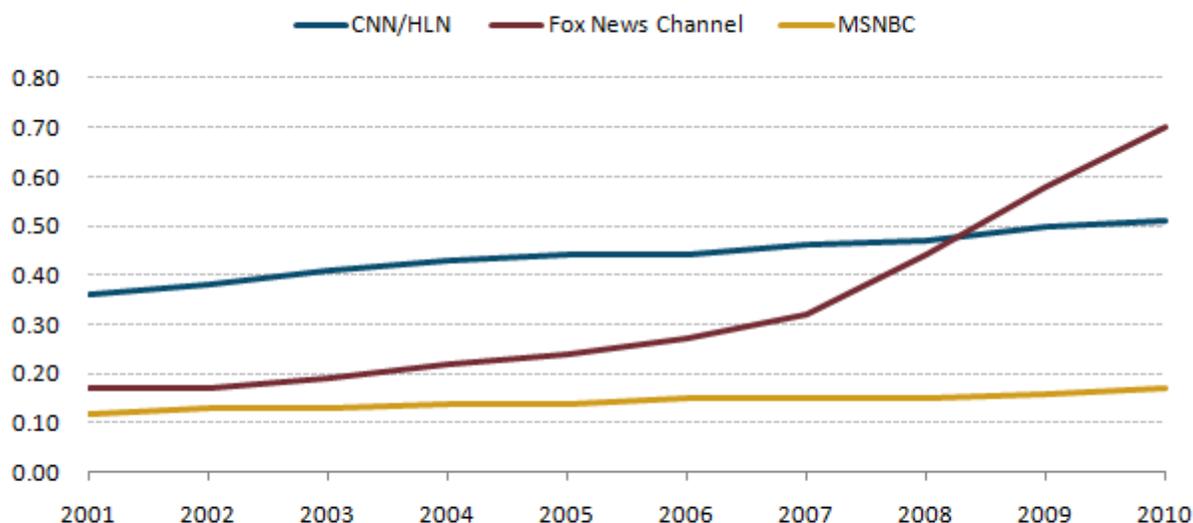
A question for Fox in 2011 is whether its declines in audience and its overtly political talk show hosts will dampen its recent successes in ad rates and license fees.

Historically, CNN has held the edge in subscription fee and ad rates, or CPM (cost per thousand in Latin). In recent years, as it has flown past CNN in ratings, Fox has aggressively pushed for higher fees. In 2010, market research analysts estimated that the channel received an average rate of 70 cents per subscriber per month, up from 58 cents just a year before. And it is in the midst of a new round of

negotiations, in which it reportedly seeks \$1.25 per subscriber per month.³² Fox's president, Chase Carey, even publicly argued in December 2010 that Fox News was as much of a "must carry" as ESPN, the most expensive cable channel in the U.S. at a subscriber rate of over \$4 per month.³³

Fox's Rates Have Risen Sharply Since 2007

Cable News Monthly Revenue Per Subscriber, in Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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All this is part of a campaign by Fox leadership to show that Fox News viewers are worth more to advertisers than they are given credit for and are not limited to older and conservative demographics.³⁴

Some of Fox's programs, however, perhaps especially Glenn Beck's, are not without their controversy. Some advertisers have told Fox they do not want to advertise on his program after he accused President Barack Obama of being a racist.³⁵

At CNN, the pitch, both to advertisers and to the growing chorus of critics of its ratings, is quite different: that the CNN brand is not defined just by its ratings-challenged prime time in the United States.

Part of CNN's argument is that its prime-time ratings, which measure the audience for a given show at a given moment, do not capture the channel's reach, as measured through cume audience.

The other part of CNN's pitch is that it is more than one channel: CNN is a brand that includes HLN, CNN International and its popular website, all of which fall under CNN Worldwide and offer advertisers a much larger potential audience.

In 2010, CNN used the same reasoning to play down the importance of its struggles with prime-time ratings by arguing that the time slot impacts only a small slice of the multiplatform organization's

revenue pie. In May, Time Warner, CNN's parent corporation, hosted an "investor day" where several executives, including the company's chairman and CEO, Jeff Bewkes, called attention to the statistic that prime-time CNN advertising generated just 10% of CNN Worldwide's overall revenue (CNN U.S., CNN International, HLN and CNN Digital are combined in this calculation).³⁶

MSNBC in 2010 did not jockey for leverage with advertisers or cable companies, at least not publicly. It appears that there was no need to: with its relative audience stability and more viewers in the younger and more desirable demographic, advertising revenue at MSNBC enjoyed the strongest growth, 11%, among the three channels.

The next generation of digital

One obvious answer to cable news' viewership problems is to encourage audience growth on the web. Each of the three cable brands took steps to do so in 2010, though not all three were equally aggressive.

Fox occupies the contradictory position of being the cable news channel with the highest viewership and with the lowest online audience. In 2010, according to Nielsen, the channel's online brand drew a monthly average of 15.5 million unique viewers per month. ComScore's calculation of Fox's unique audience in December of 2010 was lower, but not far off from this number, at 10.2 million. Still, overall, Fox has increased its web audience in recent years to the point of being ranked No. 6 by Nielsen in 2010 among news websites. (In 2008, Fox ranked 10th.) In comScore's list, Foxnews.com ranked No. 9 in December.

There is little to indicate that this concerns Fox News management. Foxnews.com has managed to cultivate a greater loyalty among its smaller crowd of web visitors, as Fox News Channel does on television. Its users tend to come back more often and stay longer per visit than the corresponding users of CNN's and MSNBC's digital homes.

In 2010, there are signs that again Fox is moving somewhat more slowly to new platforms than its rivals. Fox was last to develop specialized apps for wireless devices, for instance. It released its free iPhone app in April 2010. As of early 2011, it still did not have an iPad app, though its sibling network Fox Business Network does. On Facebook, its fans numbered 1.7 million as of February 3. Glenn Beck, one of the channel's most popular personalities had just about the same number of fans. On Twitter, Fox is followed by nearly half a million users, less than MSNBC or CNN. Beck is followed by nearly 350,000.

At CNN, digital has become a significant economic factor. In April, CNN's parent company, Time Warner, released internal documents showing that CNN's digital sales were bringing in as much money as CNN prime-time advertising did.³⁷ This would put digital sales at roughly 10% of all the CNN Worldwide revenue, enough to make it a valuable stream to cultivate. (The other parts included advertising on the company's various television platforms, along with subscription revenues.)

CNN operates one of the more successful online news brands. By most rating agencies, it is among the top four sites for news, and while the web is not yet enough of an economic engine to lift the company's

fortunes, CNN made efforts to invest in its digital properties even as its television platform stumbled.

According to data from Nielsen, CNN.com and its affiliated sites attracted an average of 35.7 million unique visitors per month in 2010, putting it at No. 2 overall among news and information websites. ComScore puts the numbers far higher. According to that measurement company, CNN's network of websites drew 67.8 million unique visitors on average in a sample month of December 2010. Ancillary websites draw strong audience numbers as well. CNNMoney.com, for instance, has flourished under Chris Peacock. Since he came along in 2004, the site's traffic has more than doubled from 180 million page views per month to 450 million. Its video programming represents 42% of total streams within the business/finance category.³⁸

In 2010, CNN, like most media players, was putting more emphasis on video and new platforms. "We have been making a big push to have much more emphasis on video on our site," said CNN's senior director of product development, Dermot Waters, at an April conference.³⁹ "Mobile broadcast is certainly an option and probably another avenue for a revenue stream."

Social media is also becoming more important in cable. During its annual presentation to advertisers, in April, K.C. Estenson, CNN.com's senior vice president and general manager, made the case that CNN dominates its competition when it comes to Twitter. Said Estenson, "CNN is one of the most followed if not the most followed brand on Twitter."⁴⁰ A February 2011 snapshot reveals that CNN is followed by about 1.6 million users. Anderson Cooper, one of CNN's popular and heavily promoted figures, is followed by nearly 900,000. On Facebook, CNN has 1.7 million fans; Cooper has about half a million.

In December 2010, CNN launched its iPad app, allowing users to get CNN content in broadsheet format, list view, and slide show. Its iPhone and iPod Touch app (\$1.99) entered the market in September 2009. It is the No. 1 paid news app in number of downloads.

The creation of MSNBC.com with Microsoft was an important part of the strategy for launching NBC's move into cable news. In 2010, MSNBC digital seemed to be moving in several directions. In the MSNBC.com redesign, there was more emphasis on video and photography, less on text and banner advertising. In new platforms, it was as aggressive as any of its rivals about developing new apps, though some of those are more program-based. In social media, MSNBC was also less active as a brand, letting outreach evolve host by host and show by show.

As far as the main news website is concerned, MSNBC.com, which is jointly owned by NBC Universal and Microsoft, is generally ranked among the top two or three news websites. Depending on the rating agency, the website attracted anywhere from 32 million unique visitors (Nielsen) to 48.7 million (comScore) in 2010. According to Nielsen, though, the MSNBC digital network slipped from No. 2 to No. 3 in 2010, bumped from that spot by CNN's digital network.

One change is that the site rolled out a new design in June that de-emphasizes text, promoting videos and photos for the first time as equally important. In an effort to innovate, the site also did away with banner ads, instead transitioning to an advertising format that relies less on page views and more

on deep user engagement with content on one page.⁴¹ MSNBC.com also hired Vaughn Ververs as its political editor.⁴² Ververs, who worked for CBSNews.com and The Hotline, a political site published by the National Journal, was most recently senior editor at Politico.

MSNBC also took steps to share its content and interact with its audience on a variety of digital platforms. In January 2011, the news organization launched its first iPad app, for its prime-time host Rachel Maddow. MSNBC already offers a free app for the iPhone and iPod touch, introduced in 2009. The iPad app provides live access to Maddow's tweets, as well as access to her blog and recent installments of her program.⁴³ MSNBC's Twitter presence is modest compared with its cable news counterparts, with about 68,000 followers as of February 3, 2011. Maddow, one of the channel's more popular personalities, is followed by more than 1.7 million. The MSNBC.com Facebook page had 109,000 fans as of the same date; Maddow had nearly 300,000 fans.

Branding issues may surface under new ownership. As the MSNBC cable channel packaged itself more openly as a news network with a point of view in 2010, the identity of MSNBC.com came into question. A March memo by MSNBC.com president Charlie Tillinghast indicated that NBC Universal and Microsoft, the site's parents, were holding talks about changing the site's name. "Both strategies are fine," wrote Tillinghast, referring to the straight-news nature of the website and the point-of-view programming on TV. "But naming them both the same thing is brand insanity." MSNBC and MSNBC.com are separate companies.⁴⁴

The worry about names only reinforces some of the brand marketing issues that have bedeviled NBC and MSNBC since the cable channel moved overtly left. During the daytime, MSNBC relies heavily on NBC personnel for its news content, and during the 2008 election there were tensions over who would anchor during news events — opinionated program hosts or more neutral journalists. Now those concerns have spread to the website.

One factor going forward is how NBC Universal's new owner, Comcast, is going to react.

The Comcast factor

Brand identity and the web are only one of many questions raised by the long-awaited merger of NBC Universal and Comcast in January 2011. Comcast, a Philadelphia-based cable company, bought 51% and control of NBC Universal for \$14 billion from General Electric and the French firm Vivendi, which jointly owned NBCU. The deal gave the cable company management control over the NBC-TV broadcast network and its owned-and-operated local stations, NBC News, which includes MSNBC and CNBC, as well as NBCU's entertainment cable channels, movie studio, and theme park divisions (see cable data section for more on CNBC and other cable news specialty channels).

Some changes had already come. In January 2011, Comcast's former chief operating officer, Stephen Burke, replaced Jeff Zucker, a former NBC News executive producer, as chief executive of NBC Universal.⁴⁵ Burke is perhaps known more for his consensus-building leadership style than Zucker. Steve Capus remained in charge of NBC News, a position he assumed in 2005.

It is unclear what impact the new ownership may have on CNBC, the financial news channel owned by NBC Universal. CNBC, which brings in much smaller ratings than MSNBC, generates nearly twice the amount of revenue. In 2010, SNL Kagan projected that CNBC would generate \$722.9 million in revenue, compared to \$382.5 at MSNBC, and generate \$448 million in operating profit, compared with \$172 million at MSNBC. Part of the reason is the elite and valuable nature of CNBC's audience. The channel's CPM in 2009, the last year for which figures are available, was \$7.67, higher than that of any other cable news channel, and more than double that of MSNBC's \$3.50.

One of CNBC's competitors, Bloomberg TV, complained that the Comcast transition could put CNBC in an unfair competitive position. Bloomberg's concerns stemmed from potential implications of vertical integration, with Comcast, a major cable provider, controlling both the pipeline and the content. The company could, Bloomberg argued, place Bloomberg TV on a more expensive tier, and leave CNBC as a non-premium channel.⁴⁶

There were no similar indications that Fox Business Network, the other financial news channel trying to chip at CNBC's lead in that niche, was going to cry foul over the Comcast takeover. The young Fox Business channel has yet to turn a profit, although its revenue continues to grow. In 2010, it was projected to generate \$104.9 million in total revenue, a mere 7% of what Fox News Channel was expected to bring in.

Should cable be worried?

Are there signs of trouble in the 2010 for cable news despite the rising revenues?

One possibility, known to the industry as cord cutting, is the fear that consumers are cancelling their pay TV subscriptions in favor of a patchwork of free online video and broadcast television.

Several studies released in 2010 offer data that counter the notion that cord cutting is an imminent threat to cable providers, and by extension, cable news channels.

In one such study, ESPN, using Nielsen ratings data, found that less than 1 percent (0.28%) of American households had canceled their cable subscriptions in a three-month period in late 2010. And even that number was partly mitigated by a small percentage of homes (0.17% of households) that during the same period switched from broadcast-only to pay TV.

SNL Kagan reported similar figures, showing that 119,000 out of 100 million dropped their subscriptions in the same time period.⁴⁷ And another study confirmed that cord cutting was more of a worry than a reality: Frank N. Magid & Associates, in its annual survey of consumer video consumption, found that only 1% of those surveyed reported canceling their pay TV.⁴⁸

The findings of these studies do not mean that cord cutting will never be a serious threat to the cable model; the advent of tablets, improved smart phones, seamless Internet-to-television converters, faster broadband, and improved buffering in streaming video technology may upset that model in the future. The evidence to date simply suggests it will not happen overnight.

Perhaps a more relevant concern to cable news channels is the fact that consumers are watching just as much, if not more, television as before, but they are turning to non-news channels. In 2010, according to the Nielsen Company, Americans watched more TV than ever before. Viewership rose about 1% across all broadcast and cable networks.⁴⁹ But not many of them were tuning to cable news. The big cable winners were USA and TNT. The History Channel and Ion Television increased viewership by over 25%. Investigation Discovery, owned by Discovery Networks, grew 64% on the back of its nonfiction crime stories.⁵⁰ In fact, it was cable news that stood out for its audience losses, even in a year that brought with it an earthquake in Haiti, an oil spill in the Gulf of Mexico and a contentious midterm election.

These audience shifts to non-news programming may have real revenue implications if the trend continues. In a Beta Research survey of 225 ad agency and client executives released in January 2011, most said they are increasing their spending on non-news networks, foremost among them ESPN.⁵¹ None of the top 10 channels, in terms of projected increase in ad spending, were news-based.

Ultimately, the “why” of cable news audience attrition is one that can’t be answered in one year. Revenue growth in the near term may buy CNN, Fox, MSNBC and the others some time to figure out the answer.

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Cable: By the Numbers

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

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Audience

Though many will remember 2010 as a hard year for CNN, in reality, most cable news channels suffered audience losses.

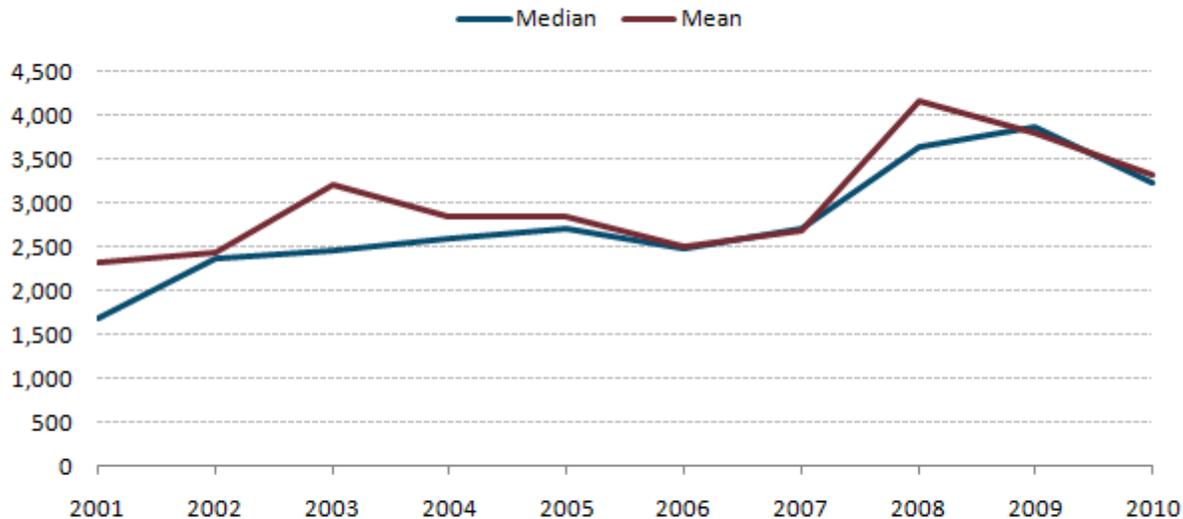
Television viewership can be measured using one of two calculations — the mean (or simple average) or the median, a measurement that captures the midpoint between a channel's highest and lowest viewership. This report offers the numbers in both forms, but the Project for Excellence in Journalism, in consultation with several academic advisors, considers median the better reflection of core audience because it is less influenced by momentary spikes. The mean is superior for reflecting the disproportionate impact of major breaking news events, such as the earthquake in Haiti in January 2010.

By both measures, the three major cable channels — CNN, Fox News Channel and MSNBC — lost viewers in 2010. Combined median viewership in prime time was down 16% to 3.2 million. Mean viewership was down 13% to 3.3 million.¹

It was the single biggest year-to-year decline in the history of this data series, which was started in 1997. It marks the first year since 2006 that the median audience of cable news has declined, and only the third year since 1997. The mean audience for the three main cable news channels has dropped for two years in a row. That may suggest that cable news is also becoming less of a destination for audiences to turn to during major breaking news events.

Prime-Time Audiences Leave Cable News in 2011

Sum of CNN's, Fox's and MSNBC's Prime-Time Viewership, in Thousands



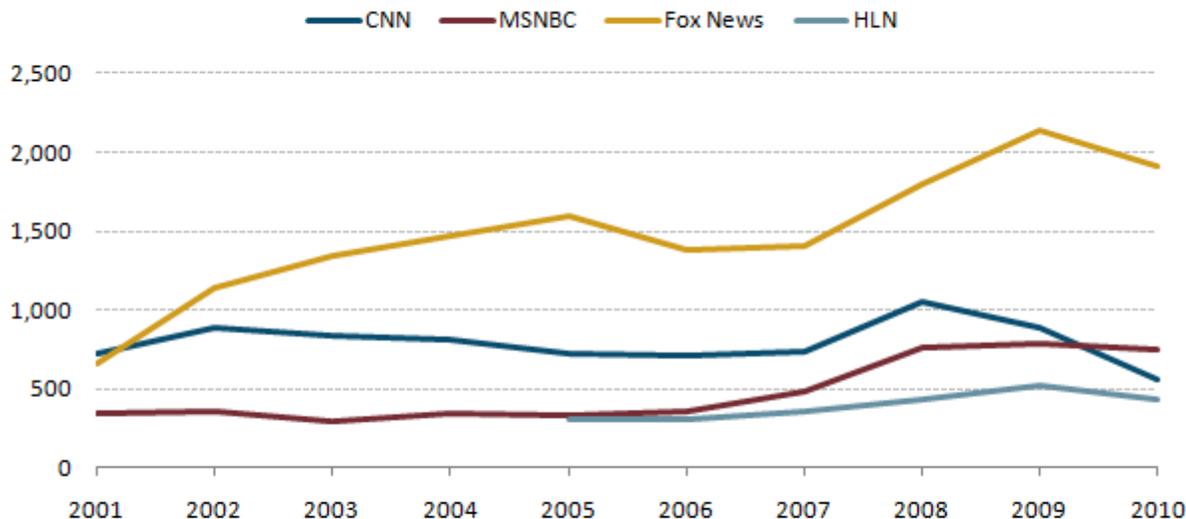
Source: Nielsen Media Research, used under license

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CNN absorbed the heaviest losses during 2010 by far, especially in prime time. Median viewership dropped 37% to 564,000 viewers. HLN, CNN's sibling channel, dipped 17% to 434,000. Fox viewership fell 11%, to 1.9 million. MSNBC, which fared least badly, had a viewership decline of 5%, to 747,000.

CNN's Primetime Viewership Falls Below MSNBC's

Cable News Median Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

Note: HLN viewership is shown starting in 2005, the year its programming was reconfigured to reflect the formula of other cable news channels.

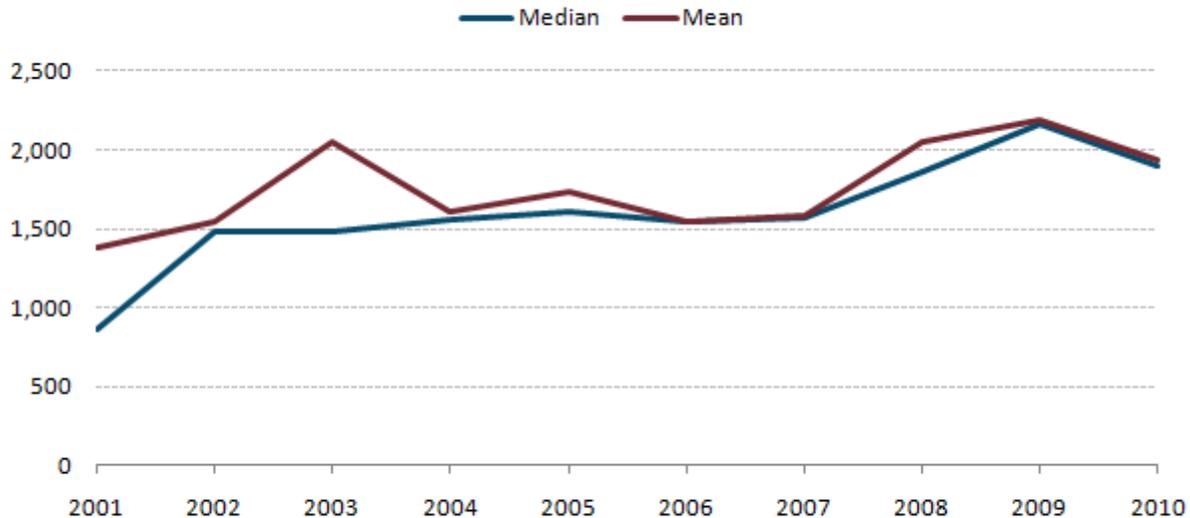
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The audience losses occurred in daytime as well, though not as precipitously (daytime here is defined by Nielsen as the hours between 6 a.m. and 6 p.m.). Median viewership of the three main channels combined fell 12%, to 1.9 million in 2010. Mean viewership fell 12% as well, to 1.9 million.

Daytime Audiences Drop Along with Prime Time

Sum of CNN's, Fox's and MSNBC's Daytime Viewership, in Thousands



Source: Nielsen Media Research, used under license

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The daytime pecking order of Fox-CNN-MSNBC-HLN remained intact in 2010, although, as in prime time, CNN lost the greatest percentage of viewers, 28%, with a median of 450,000 viewers. Fox's daytime viewership dropped 9% to a median of 1.1 million viewers. MSNBC managed to maintain its audience levels, dropping just 1% to a median viewership of 322,000. HLN lost 4% during daytime, to 250,000 viewers.

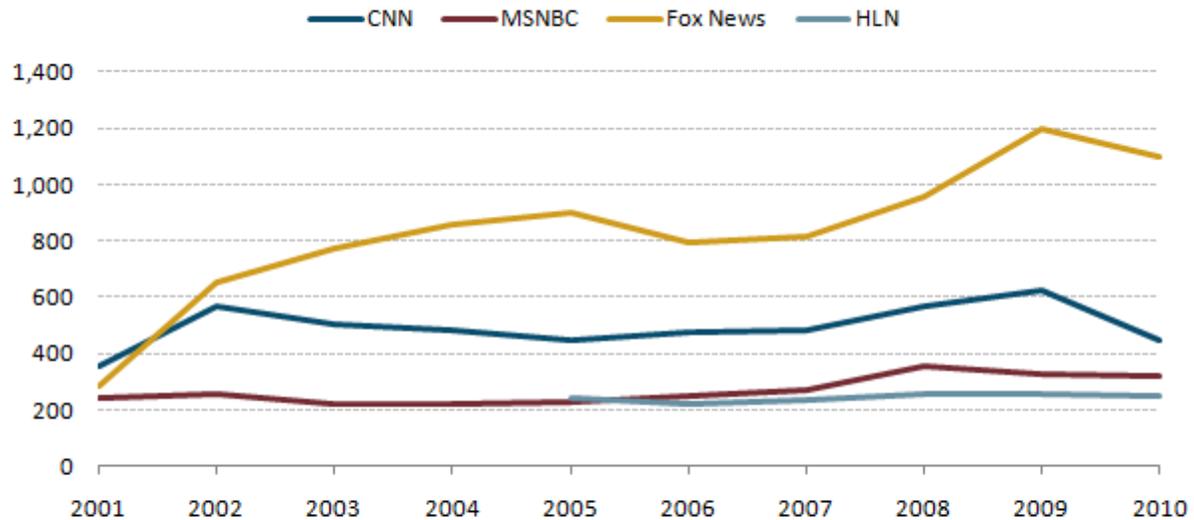
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There was still one measure by which CNN led in cable news audience, and that was cumulative, or cume, audience. Cume counts the number of individual (or unique) viewers who watch a channel for at least a minute over the course of an extended period, such as a week or a month. Ratings, by contrast, measure how many people are watching a program at any given time.

CNN attracted 41.7 million viewers who watched at least 60 minutes in an average month in 2010, just barely ahead of Fox, which drew 41.1 million. MSNBC drew 36.9 million.

CNN and Fox Are Biggest Losers in Daytime

Cable News Median Daytime Viewership, in Thousands



Source: Nielsen Media Research, used under license

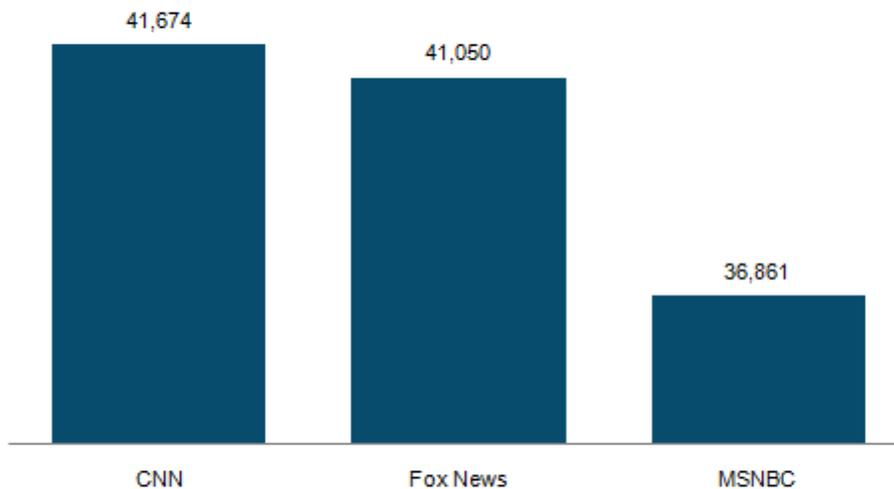
Note: HLN viewership is shown starting in 2005, the year its programming was reconfigured to reflect the formula of other cable news channels.

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CNN Leads in Cumulative Audience (60-Minute Threshold)

Monthly Cume Audience, in Thousands (Average Number of Viewers Who Tuned In for 60 Minutes or More)



Source: Nielsen Media Research

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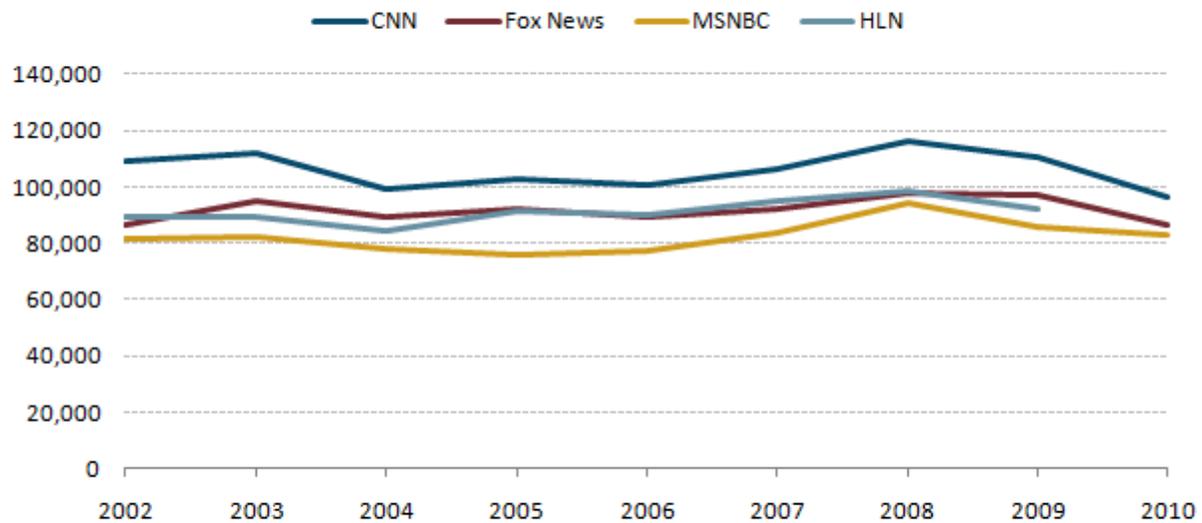
[SEE FULL DATA SET](#)

Cumulative audiences were down from 2009 levels, however, just as ratings were. Using the measure for which historical data are available, the one-minute-per-month threshold, CNN averaged 96.4 million viewers per month, down 13% from 110.7 million in 2009. Fox averaged 85.7 million viewers, down 11%

from 97.3 million, and MSNBC averaged 83.3 million, down 3% from 85.5 million (HLN data were unavailable).

CNN Has Led for Several Years (One-Minute Threshold)

Monthly Cume Audience, in Thousands (Average Number of Viewers Who Tuned In for One Minute or More)



Source: Nielsen Media Research, provided by CNN

Note: All data is January-October only, except for 2010, which is Jan-November. HLN data unavailable for 2010.

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The one-minute monthly cume figure, while favorable to CNN, is of less value to advertisers, some in the industry argue, because it includes viewers who watch so little of a channel that they might never see a commercial. That is why there is some significance to the 60-minute threshold, by which CNN leads Fox and MSNBC, though by a smaller margin.

Though CNN has a larger pool of viewers from which to draw, Fox can boast a more dedicated audience. As has been the case for eight years now, Fox's prime-time programs dominated in their time slots in 2010. And, for the first time, MSNBC's programs were now consistently the closest competitors, yet still in a distant second place. At 8 p.m., the new CNN program Parker Spitzer generated a lot of media attention but it failed in its first months to even approach the audience numbers of Nancy Grace, the program on CNN's sibling channel, HLN.

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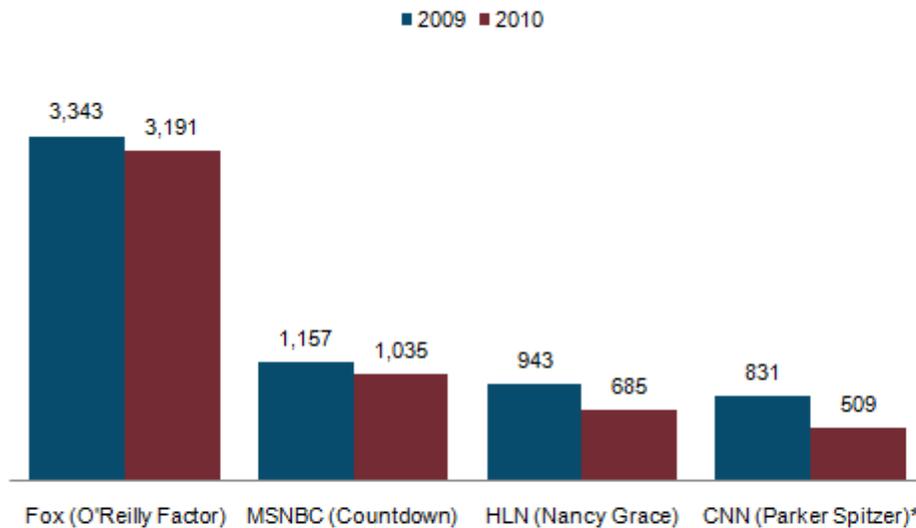
At 9 p.m., Fox's Sean Hannity led the time slot, followed by MSNBC's Rachel Maddow Show. CNN's soon-to-be-ended Larry King Live fell to third place for the first time. CNN began 2011 hoping to jumpstart the nine o'clock hour with King's replacement, Piers Morgan.

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At 10 P.M., CNN still trailed. MSNBC's new program, The Last Word with Lawrence O'Donnell, a political

CNN Loses More Ground in 8 P.M. Hour

Average Number of Viewers During 8 p.m. Time Slot, in Thousands



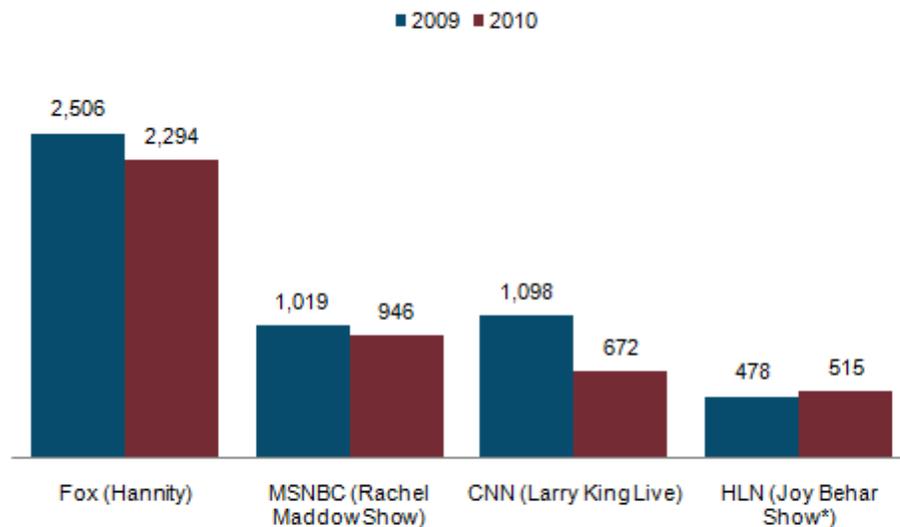
Source: Nielsen Media Research

Note: Parker Spitzer premiered on CNN on October 4, 2010. It replaced Campbell Brown, which was hosted by Roland Martin for the first five months of 2009, until Brown returned on May 1. Viewership numbers for both programs are averaged together.

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At 9 PM, Hannity Draws the Most Cable News Viewers

Average Number of Viewers during 9 p.m. Time Slot in 2009 and 2010, in Thousands



Source: Nielsen Media Research

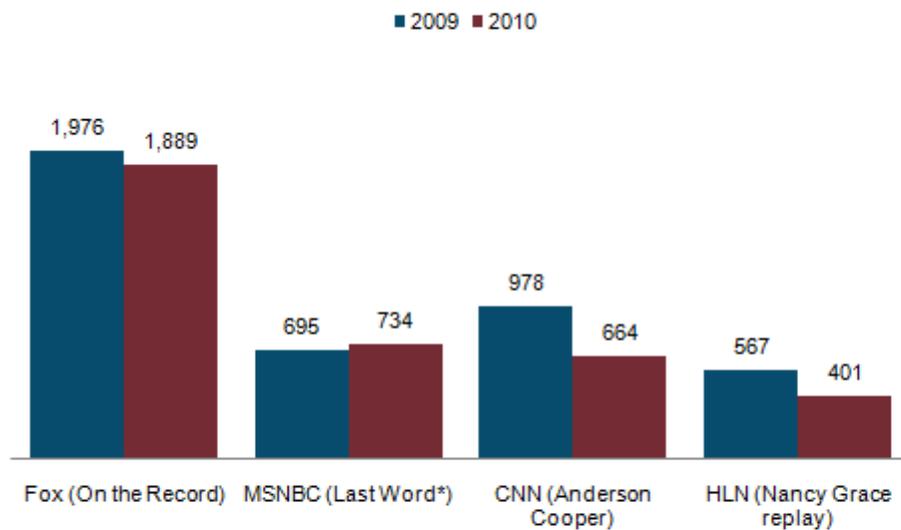
Note: The Joy Behar Show premiered on HLN on September 29, 2009. It replaced replays of Lou Dobbs Tonight. Viewership numbers for both programs are averaged together.

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and pop culture talk show, beat CNN's Anderson Cooper, the first time that Cooper had fallen to third place for a year overall. (After Keith Olbermann and MSNBC parted ways in early 2011, O'Donnell replaced Olbermann at 8 p.m. and Ed Schultz moved from the 6 p.m. slot to 10 p.m., replacing replays of Olbermann's program.)

MSNBC Is the Only Channel to Increase Its 10 p.m. Audience

Average Number of Viewers during 10 p.m. Time Slot in 2009 and 2010, in Thousands



Source: Nielsen Media Research

Note: The Last Word with Lawrence O'Donnell premiered on MSNBC on September 27, 2010. It replaced replays of Countdown. Viewership numbers for both programs are averaged together.

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Economics

Despite a drop in ratings, cable news channels had a strong year financially in 2010. The ability to amortize costs across multiple platforms helped, particularly for CNN. So did a slowly recovering advertising environment. But a key advantage for the channels was the sustained ability to draw more and more revenue from cable providers through long-term license fees that are passed along to subscribers in their monthly bills. This is an aspect of the cable business model that insulates the industry from recessionary fluctuations and, in the short term at least, even declining viewership.

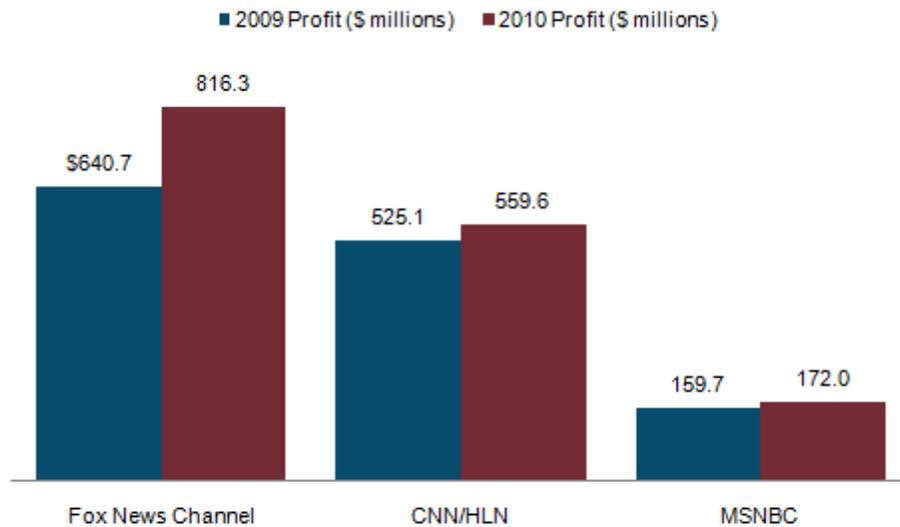
Fox News profits were projected to increase by 27% in 2010, according to the leading financial research firm SNL Kagan. CNN, which reports its financial information with its sibling HLN, was projected to increase its profits by 7%. At MSNBC, it was 8%.

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Fox maintained its lead in revenues in 2010, as well, a status it reached for the first time in 2009 over CNN/HLN. It also experienced the strongest growth of the three, at 17% compared to 2009 estimates. MSNBC revenues were projected to increase by 7%, and CNN/HLN, by 5%.

Cable Profits Up Across the Board

Total Profits for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC

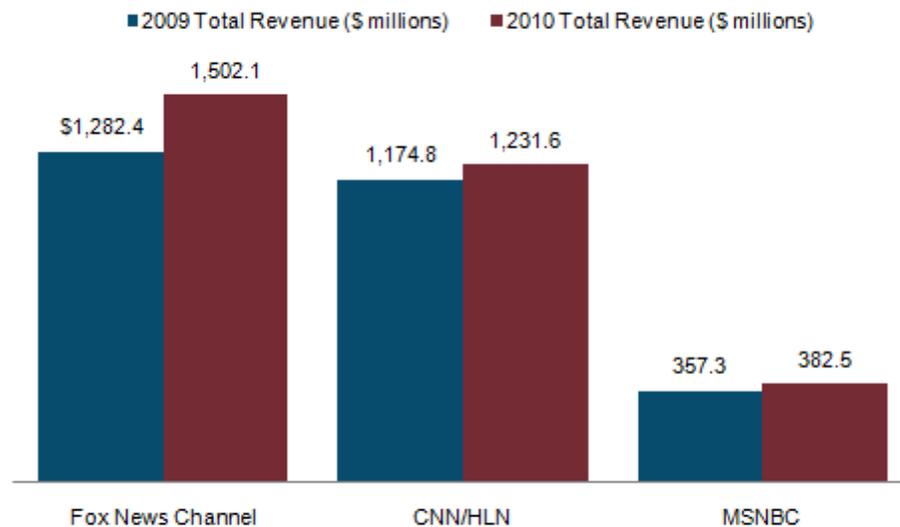
Note: All figures are estimates

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Revenues Rise for All Three Channels, Too

Total Revenues for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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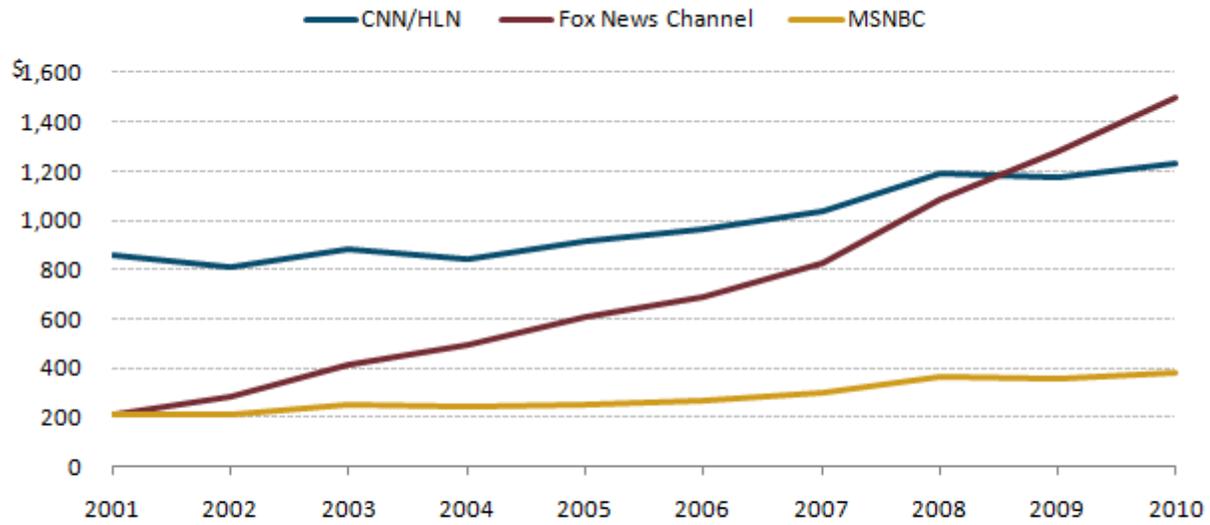
In recent years, CNN/HLN and MSNBC have experienced flatter revenues than at Fox, the clear leader.

The reason for that is that some of Fox's older licensing fee agreements are reaching the end of their terms and the network has begun to sign new contracts with cable providers at much higher rates,

cashing in on Fox's ratings success.

Fox Widens Its Lead in Revenue

Total Revenue for Cable News Channels, 2001-2010, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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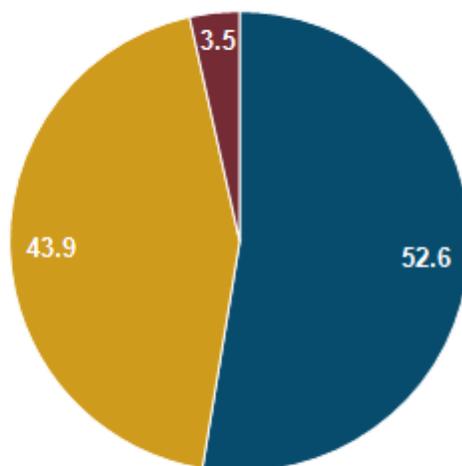
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To understand this, it is useful to review the cable revenue model. Cable TV channels benefit from two distinct revenue streams. The first is simply advertising, or the amount a channel can charge for a 30-second or 60-second spot. The second is license fees, or subscriber revenue, which are collected from customers by the cable provider and passed along to the channel in exchange for the right to carry that channel's programming. Each stream accounts for about half of the revenue for each channel. The benefit of having two robust revenue sources continued to insulate cable from some of the economic hardships facing the media in general in 2010.

Cable News Relies Almost Equally on Two Revenue Streams

Portion of 2010 Cable News Revenue Coming from Key Sources

■ License fee revenue ■ Advertising revenue ■ Other revenue



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates. "Other revenue" according to SNL Kagan, is "all other revenue related to operating the basic cable network. Sales of T-shirts, hats and memorabilia are good examples of other revenue. Syndicated TV sales and leased access for infomercials are also examples of other revenue."

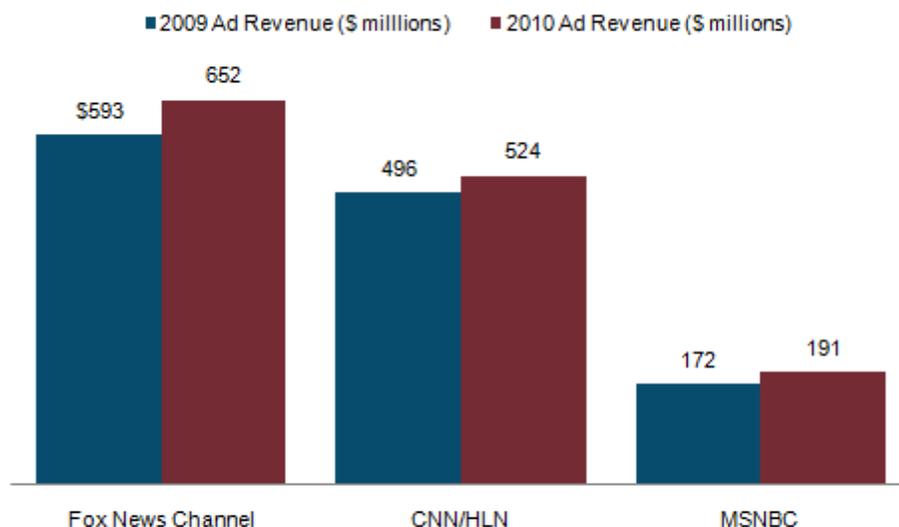
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In advertising revenue, all the major cable news channels were projected to experience at least modest growth in 2010: 11% at MSNBC, 10% at Fox and 6% at CNN and HLN. Fox remained the leader overall.

Advertising Revenue Increases Across the Board

Advertising Revenues for Cable News Channels



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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CNN has historically been able to charge higher rates for its advertising than Fox. Advertising is based on something called cost per mille (CPM), which translates from the Latin into cost per thousand viewers. CNN's dual advantage here consists of the wide multiplatform reach it promotes and the enduring image of its 30-year-old brand name. Advertisers have valued CNN viewers more than those of the channel's rivals. This helps explain part of why Fox did not become the revenue leader long ago even when its audience eclipsed CNN's. By contrast, HLN, CNN's sibling channel, charges a much lower CPM, which explains why the combined CNN/HLN rate is actually lower than its rivals.'

Put another way, the value of CNN's audience to advertisers is quite high, but because its accounting is merged with HLN's, the combined value is weighted quite low.

CNN/HLN's Ad Rate Trails Competitors

Cost per Thousand Viewers for 30-Second Ad (2009)

Channel	CPM (\$)
ESPN	14.07
Golf Channel	10.70
MTV	10.62
Bravo	9.84
Comedy Central	7.29
TLC	5.35
Weather	4.71
Lifetime	4.17
E!	4.13
Fox News	3.77
MSNBC	3.50
CNN/HLN	1.97

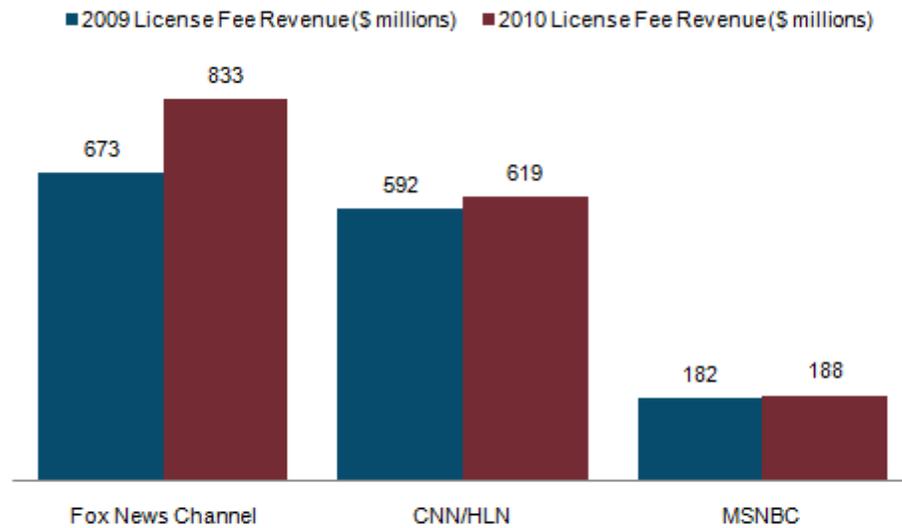
Source: SNL Kagan, a division of SNL Financial, LLC

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Fox has made the case that as its audience has grown, its viewers hold more potential value to Madison Avenue, and therefore its ad rates should rise. But it was an increase in license fees that truly caused Fox's overall revenue projections to skyrocket in 2010. The channel was expected to generate 24% more in subscriber revenue than it did in 2009. By contrast, CNN and HLN were only projected to grow by 5%, and MSNBC, by 3%.

Fox Cashes In on Higher Subscriber Rates in 2010

License Fee Revenues for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

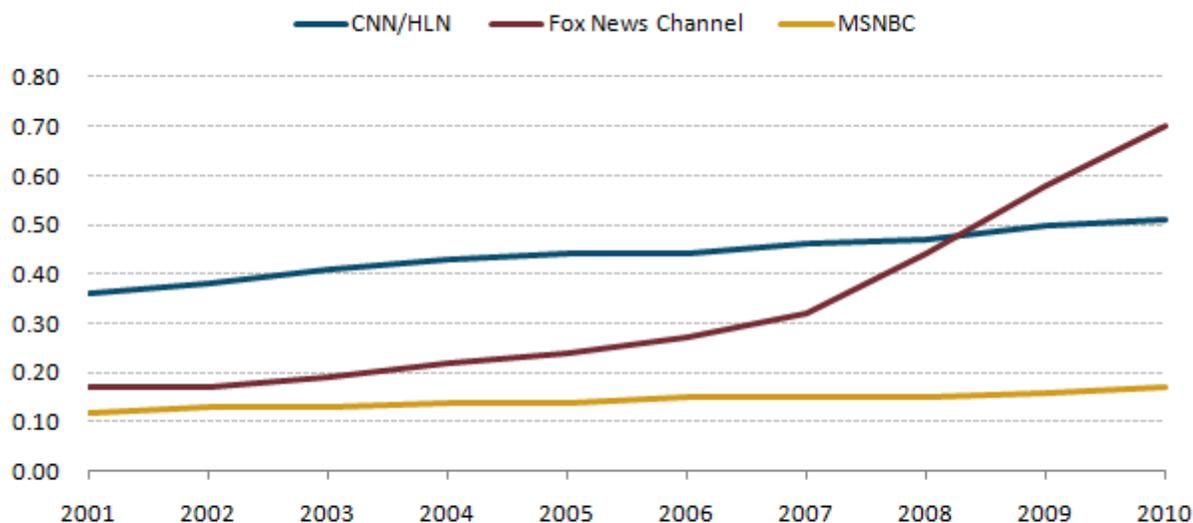
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In recent years, Fox has been aggressive in its negotiations with cable providers to increase its license fees. Those negotiations have paid off handsomely for the news channel, and in December, News Corp. president Chase Carey confirmed that Fox had entered into new rounds of talks with some cable operators to increase those fees yet again.²

Fox's Rates Have Risen Sharply Since 2007

Cable News Monthly Revenue Per Subscriber, in Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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SNL Kagan's estimates for a given year are issued in advance, and are then revised once firmer data are made available by the cable channels.³ As a result, projections often differ, sometimes widely, from the actual figures. In 2009, for instance, CNN and Fox earned substantially greater profits in 2009 than projections from the fall of that year had indicated.

Financial Projections for 2009 Were Mostly Accurate

Cable Profits and Revenues -- Actual Versus Projected -- in Thousands

	2009 Projected Profit	2009 Actual Profit	Difference
CNN/HLN	\$475.5	\$525.1	\$49.6
FNC	534.8	640.7	105.9
MSNBC	149.6	159.7	10.1
	2009 Projected Revenue	2009 Actual Revenue	Difference
CNN/HLN	\$1178.9	\$1174.8	\$-4.1
FNC	1208.8	1282.4	73.6
MSNBC	367.5	357.3	-10.2

Source: SNL Kagan, a division of SNL Financial, LLC

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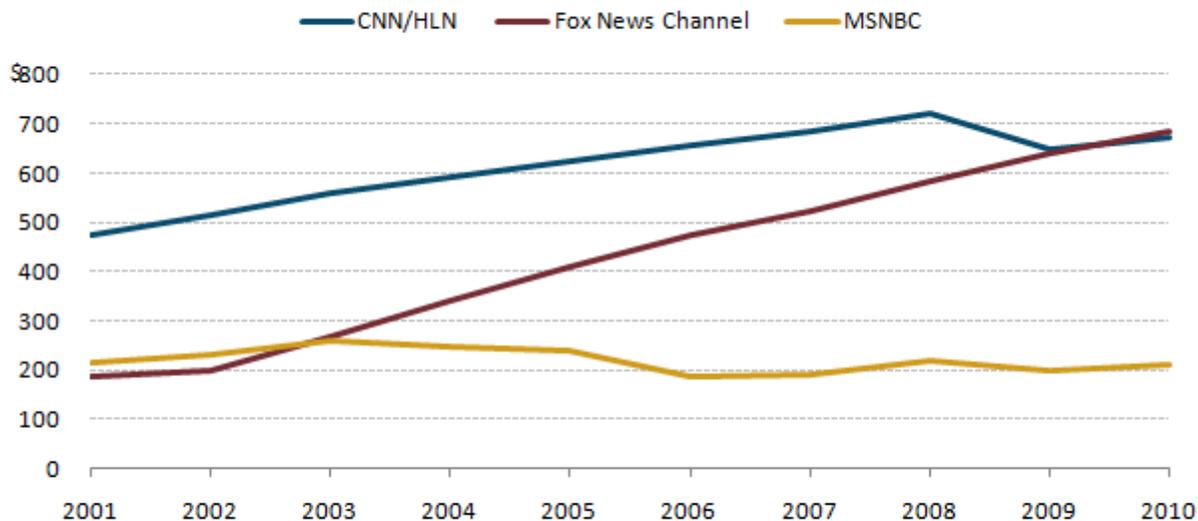
News Investment

None of the major cable news channels cut back on investment in the news in 2010, but some spent more than others, and that spending hinted at the channels' priorities.

For the first time ever, CNN/HLN in 2010 was not expected to be the cable news leader in overall spending. Instead, according to projections from SNL Kagan, Fox News Channel would surpass CNN with a 7% increase. MSNBC, much of whose newsgathering costs are covered by other parts of NBC News, was projected to increase spending 7% as well. CNN, with HLN, was expected to increase spending just 3%. That comes after cutting costs in 2009.

A First: Fox's Budget Was Greater Than CNN's

Total News Investment, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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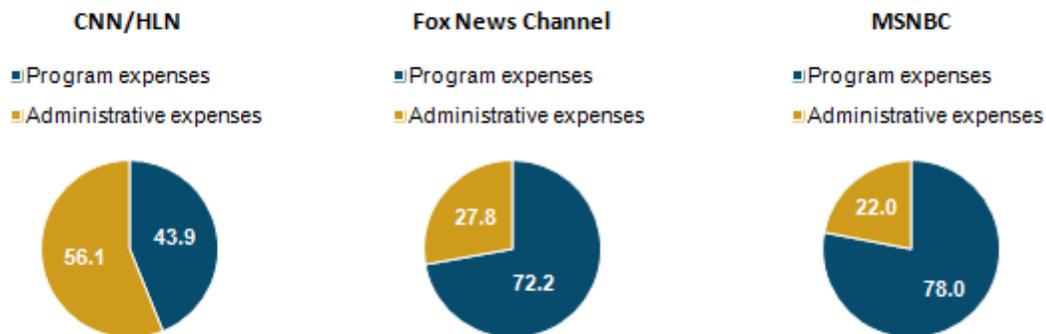
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SNL Kagan separates the various expenditures made by the channels into two general categories: Program expenses, which are generally tied to specific programs including host salaries, and SG&A (selling, general and administrative expenses), or the overhead costs related to a channel.

Using these categories, each channel allocates its resources somewhat differently. In 2010 CNN spent a greater share of its budget on overhead than on its programming. Fox and MSNBC spent the vast majority of their budgets on specific programs. In the case of Fox, this reflects its emphasis on its high-profile hosts; in the case of MSNBC it also reflects the amortization of fixed newsgathering costs over the whole of NBC News.

Cable Channels Allocate Their Resources Differently

Percent of Each Channel's 2010 Budget Devoted to Program Expenses and Administrative Expenses



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates. Pies represent total news investment of CNN/HLN, Fox News Channel and MSNBC

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There is no simple way to estimate the changes in newsgathering staff at the various cable channels. But the signs of greater expansion, as with news investment dollars, were found at Fox and MSNBC.

Two of the channels report overall staffing numbers — large sums that include not just newsgathering but executive, administrative and all other staff. CNN reported no change, with approximately 4,000 total staff. Fox, however, reported an increase from 1,200 in 2009 to 1,272 in early 2011. MSNBC does not report its staffing, saying that there is no way to separate MSNBC staff from NBC News. The last time it reported such a figure was in 2007, when the network had 600 staff.

Another way to estimate changes in staffing is by counting the number of core news staff listed in the online database Leadership Directories, an incomplete and rough proxy that nevertheless has accurately reflected growth trends over the years. A PEJ analysis indicates no significant changes in core news staff at CNN or Fox from year to year. The examination of MSNBC, however, indicated that it increased its news staff from 50 in 2009 to 80 in 2010. The MSNBC figures are more difficult to assess given that measuring its staff to some extent is a matter of how NBC News wants to account for people who work across different platforms at NBC, MSNBC, CNBC and MSNBC.com. By any accounting, however, CNN retains by far the largest staff.

CNN Remains the Leader in Staffing

Channel	Total Staff	Change in Total Staff Number	Total Bureaus	Change in Number of Bureaus (2010)
CNN	4,000	No reported change	47	0
Fox News Channel	1,272	+72	17	-1
MSNBC	600*	No reported change	21	+4

Source: CNN, Fox News Channel, and NBC News (MSNBC does not have any bureaus of its own)

*Note: MSNBC's staff was last reported in 2007

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CNN also continued to lead in overall number of bureaus: It maintained well more than the number of editorial operations, both domestic and overseas, than Fox and MSNBC combined.

The Same Is True for Bureaus

Domestic and Foreign Bureaus Utilized by Each Channel

Domestic Bureaus 2010			Foreign Bureaus 2010		
CNN	Fox	MSNBC	CNN	Fox	MSNBC
Atlanta (HQ)	Atlanta	Atlanta	Abu Dhabi	Baghdad	Baghdad
Boston	Boston	Burbank	Amman	Islamabad	Bangkok
Chicago	Chicago	Chicago	Baghdad	Jerusalem	Beijing
Dallas	Dallas	Dallas	Bangkok	Kabul	Beirut (new)
Denver	Denver	New York (HQ)	Beijing	London	Cairo
Los Angeles	Los Angeles	Miami (new)	Beirut	Moscow (closed)	Frankfurt (new)
Miami	Miami	Washington	Berlin	Rome	Havana
Minneapolis	New York (HQ)		Bogotá		London
New Orleans	San Francisco		Buenos Aires		Islamabad
New York	Seattle		Cairo		Kabul
Orlando	Washington		Chennai		Moscow
San Francisco*			Dubai		Tehran
Seattle			Havana		Tel Aviv
Washington			Hong Kong		Tokyo
			Islamabad		
			Istanbul		
			Jakarta		
			Jerusalem		
			Johannesburg		
			Kabul		
			Lagos		
			London		
			Madrid		
			Mexico City		
			Moscow		
			Mumbai		
			Nairobi		
			New Delhi		
			Paris		
			Rome		
			Santiago		
			Seoul		
			Tokyo		

Source: CNN, Fox News Channel, and NBC News (MSNBC does not have any bureaus of its own)

Note: CNN refers to its operations around the U.S. and abroad as "editorial operations/bureaus." NBC News states that in addition to its foreign bureaus, it maintains a "presence" in Jordan, South Korea, Saudi Arabia and Syria.

*CNN transitioned its San Francisco bureau into a new Silicon Valley bureau in January 2011

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Ownership

For data and baseline information about cable news ownership, see PEJ's interactive tool, *Who Owns the News Media, on the top media companies in the United States*. Readers can use it to compare financials, audience and general information of the companies that own the major U.S. cable news channels. In the section below, key trends and developments in the ownership of cable news in 2010 are examined.

January 2011 ushered in big changes for NBC Universal, the parent of MSNBC and CNBC, when Comcast took a majority stake in the company. It is unclear whether the new ownership will have a major impact on the news, which delivers a sizable portion of NBCU's overall cable network revenue. Of the \$6.4 billion generated by these networks (which now include those brought to the company by Comcast), nearly 20%, or \$1.1 billion, came from MSNBC, CNBC and CNBC World.

News Channels Account for Significant Portion of NBCU Revenues

NBCU Universal Cable Properties Projected Profits and Revenues in 2010 (Millions of Dollars)

Channel	2010 Revenue	2010 Profit
USA Network	\$1,679.9	\$803.6
CNBC	722.9	447.9
Syfy	638.6	294.0
Bravo	539.2	273.7
E!	496.3	204.6
Golf Channel	391.1	142.3
MSNBC	382.5	172.0
VERSUS	330.8	(9.7)
The Weather Channel	313.8	136.8
Oxygen	241.3	98.6
Style Network	209.4	78.0
G4	156.4	53.4
UniversalHD	81.0	31.6
Sleuth	67.6	28.7
Sprout	60.5	28.9
Chiller	47.0	20.8
Mun2	38.6	12.1
CNBC World	16.9	10.4

Source: SNL Kagan, a division of SNL Financial, LLC

Note: All numbers are estimates

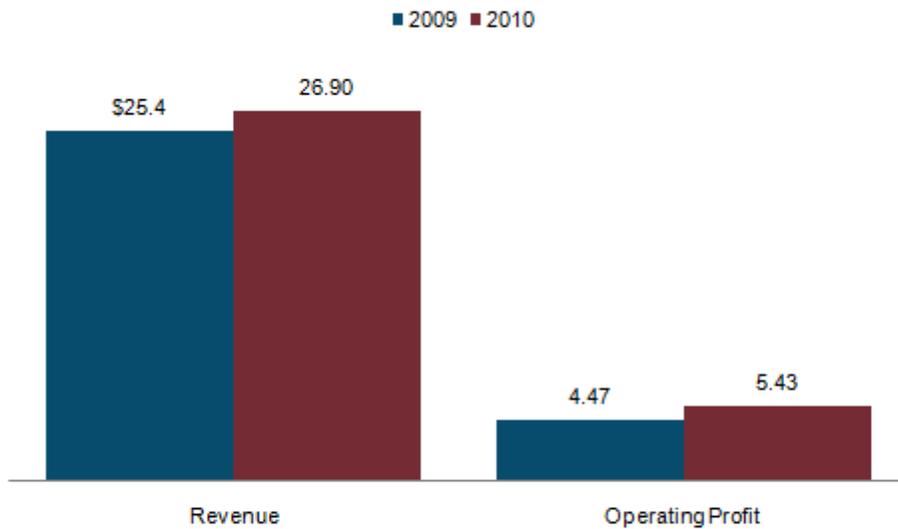
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Two of the three parent companies that own cable news operations — Time Warner and News Corp. — increased both their revenues and profits in 2010. GE, which as of the end of 2010 still had a majority ownership stake in NBC Universal, MSNBC's parent, experienced a small drop in revenue.

Time Warner Experiences Modest Growth

Time Warner's Reported Profits and Revenues for Calendar Year 2010, in Billions



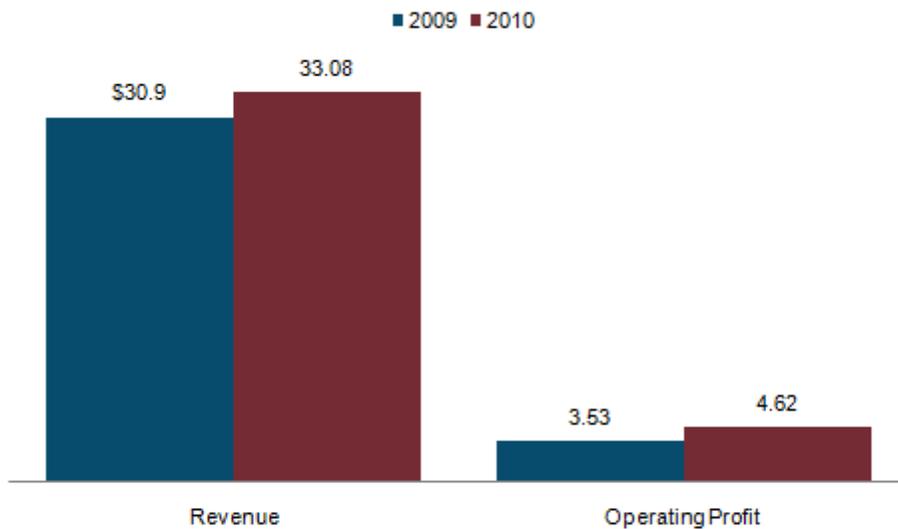
Source: Source: Time Warner, Inc.

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News Corp. Does the Same

News Corp.'s Reported Profits and Revenues for Calendar Year 2010, in Billions



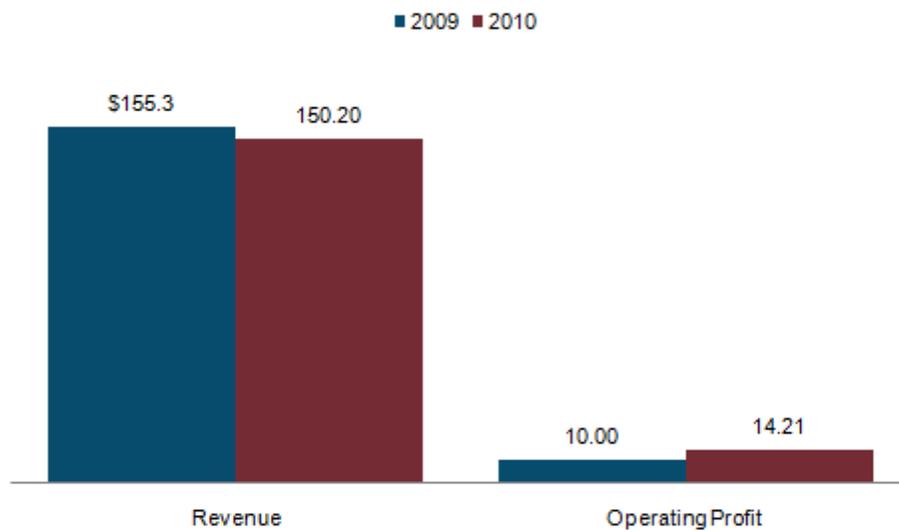
Source: News Corp.

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GE Experiences a Drop in Revenue

GE's Reported Profits and Revenues for First Calendar Year 2010, in Billions



Source: General Electric

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Digital Trends

Along with cable news audience declines came some signs that not as many people were engaging with those same cable news brands online in 2010. Still, each of the channels' sites remained some of the most popular news and information sources on the web in 2010.

Internet audience measurement is still developing, and because of that, there is no single — or agreed upon — way of counting traffic to individual sites.

Two measurement companies, Nielsen Online and comScore, count unique visitors to websites. Another company, Experian Hitwise, ranks the sites by popularity and measures their share of the online market. The disparity in measurement limits the conclusions that can be drawn from the data. The data indicate, however, that CNN's network of websites draws a greater audience than MSNBC's or Fox's.

According to Nielsen Online, CNN's digital network—which, besides CNN.com, includes sites like CNN Money, Time.com and People.com—dropped 5.6 % from 37.8 million average unique visitors per month in 2009 to 35.7 million in 2010. Fox's digital network, which includes sites like foxbusiness.com, was down 6.1% from 16.5 million in 2009 to 15.5 million in 2010. The MSNBC digital network—which includes sites like todayshow.com and NBCSports.com—was down 12.1% from 36.4 million in 2009 to 32 million in 2010.

There are no available year-to-year comparisons for comScore or Hitwise data. ComScore also suggests CNN is the leader in unique visitors, though Hitwise suggests MSNBC.com edges out the

others in terms of market share.

Cable News Websites Are Among the Most Popular on the Web in 2010

	CNN Digital	Fox News Digital	MSNBC Digital
Nielsen Online average monthly unique audience, 2010	35.7 million	15.5 million	32 million
ComScore unique audience, 2010	67.8 million	10.2 million	48.7 million
Hitwise rank and market share, 2010	No. 4 (2.64%)	No. 6 (1.72%)	No. 3 (3.5%)

Source: Nielsen Online, comScore and Experian Hitwise : ComScore data are taken from a sample month, December 2010; Nielsen and Hitwise data are taken for the entire year.

Note: MSNBC.com and MSNBC are different entities. The two companies have a separate board and editorial staff. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

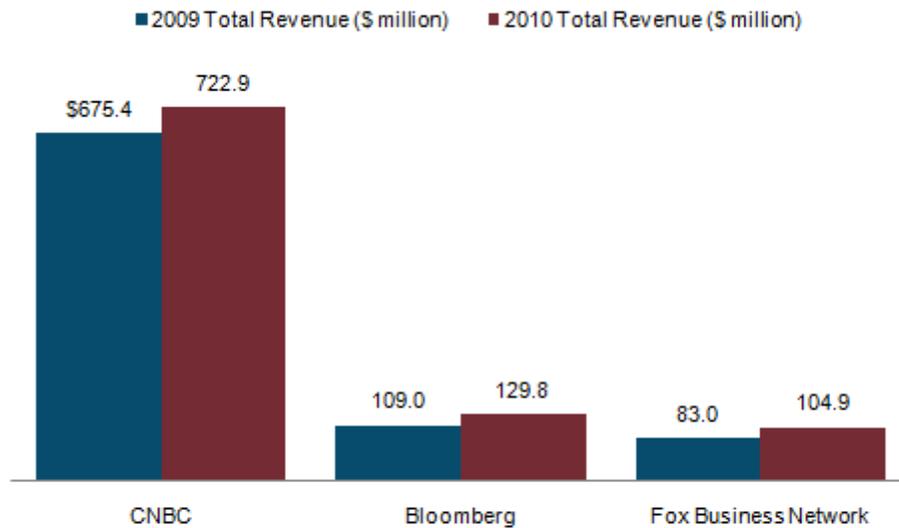
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Specialty Channels

Among the trio of domestic financial news channels—CNBC, Fox Business News and Bloomberg — CNBC remained the distant leader in overall revenues and profits in 2010. Starting from a much smaller base, both of its rivals posted larger improvements when expressed as a percentage gain. Fox Business Network grew its revenues by 26% and cuts its losses by \$16.7 million. Bloomberg TV increased revenues by 19.1% and its profits by a brisk 49.2%. CNBC increased revenues by 7%, to \$722.9 million, nearly double that of MSNBC. CNBC also operates a global financial news affiliate, CNBC World, whose revenues are accounted for separately.

CNBC Is By Far the Revenue Leader Among Business Channels

Total Revenues for Financial News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

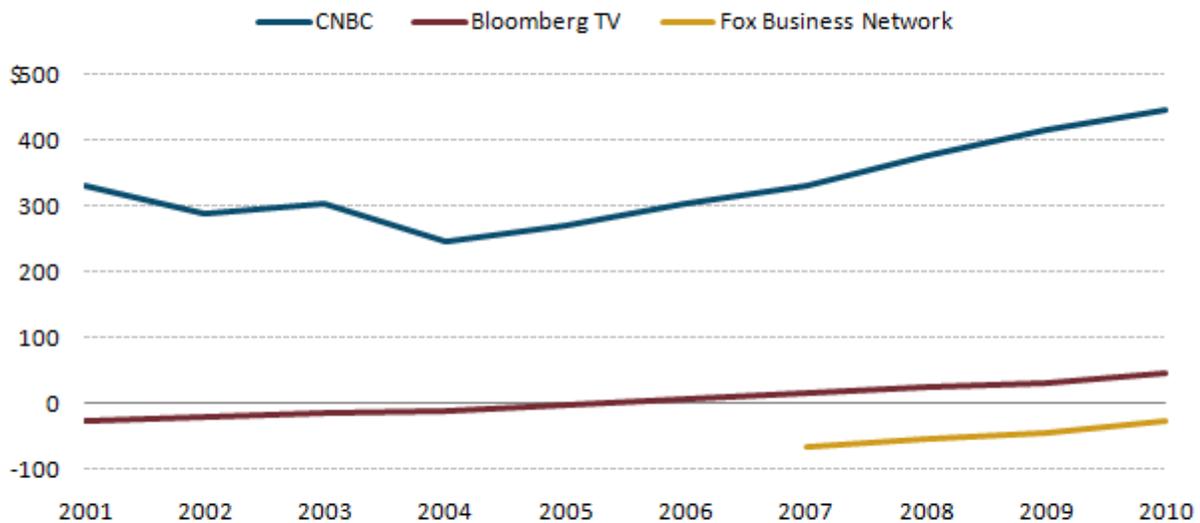
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Rupert Murdoch, the head of Fox, has long maintained that FBN will achieve profitability in 2012. The channel has grown slowly but steadily toward this objective since it was launched.

Fox Business Network Expects to Break Even in 2012

Estimated Profits, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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Outside the world of financial news, a host of other dedicated news channels, many of them international, attempted to build their presence in U.S. markets. CNN's international channel is available on the upper tier of most cable systems. C-SPAN's family of not-for-profit channels provides ubiquitous coverage of the federal government. There are many channels that air documentary journalism but not breaking news, including Current, which added former MSNBC host Keith Olbermann to its payroll in early 2011. Many immigrant and expatriate communities subscribe to news channels in their native language. The English-language version of Al Jazeera, one of the largest Arabic news channels, hopes to convert from mostly video-streaming online to a commonly available cable following the attention the network drew for its coverage of the demonstrations in Egypt in early 2011.

Other Channels Have Made Cable News a Crowded Field

Key figures on other cable news channels available in U.S. systems

	Al Jazeera English	BBC World News	Current	France 24
Founded	2006	2006	2005	2006
Affiliation	Al Jazeera	BBC	Current Media	Group TF1 and France Televisions
Headquarters	Doha, Qatar	London	San Francisco	Paris
2010 Revenue	NA	\$2.8 million	\$105.3 million	NA
Households Reached	220 million*	5.7 million	62.8 million	NA
Bureaus	65	44	NA	15

Source: SNL Kagan, a division of SNL Financial, LLC; and the networks themselves

*AJE households are worldwide, not limited to U.S.

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Endnotes

1. PEJ measures prime time as the hours of 8 p.m. to 11 p.m. Monday through Saturday, and 7 p.m. to 11 p.m. on Sunday.
2. Weprin, Alex. "As Fox News Channel enters new round of carriage negotiations, it sets its sights on . . . ESPN?" (http://www.mediabistro.com/tvnewser/as-fox-news-channel-enters-new-round-of-carriage-negotiations-it-sets-its-sights-on-espn_b42972)" TV Newser. Dec. 8, 2010.
3. SNL Kagan's 2010 edition of Economics of Basic Cable Networks was published in January 2011.

Cable Glossary

Bureau

An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo, Japan; foreign bureau is a generic term for a news office set up in a country other than the primary operations center; a Washington bureau is an office, typically located in Washington, D.C., that covers news related to national politics in the United States.

Cable system

A video distribution system that uses coaxial cable and optical fiber to deliver multichannel service to households within a geographically defined franchise area (Webster, J. et al., from Ratings Analysis: The Theory and Practice of Audience Research).

CPM

The cost an advertiser pays for every thousand viewers who watch a 30-second television ad (cost per thousand, in industry terms). For example, if Nielsen estimates that 1 million people watch Fox News on a given day, a 30-second ad would cost \$3.97 times a thousand (or \$3,970 per ad). These costs vary depending on the show and day part.

Cumulative audience measurement

A way of measuring audience. "Cume" is short for cumulative audience. This calculation refers to the number of individual (or "unique") viewers who watch a channel for at least a minute over the course of a span of time, such as a week or a month. Cume is sometimes referred to as "reach" in the industry.

Daytime

Daytime refers to the hours between 6 a.m. and 6 p.m., in which the average cable audience for that time period is measured by Nielsen Media.

Prime time

Prime time refers to the hours between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen (on Sundays, the prime-time hours are 7 p.m. to 11 p.m.).

Programming costs

The expenses incurred by a cable programmer in the production of original programming and the purchase of rights to non-original programming.

SG&A

Selling, general & administrative expenses. These include any overhead costs not directly associated with programming at a cable channel.

Subscriber fees

Also known as license fees, subscriber fees come to cable channels indirectly from viewers. The channels are paid the fees by cable systems (in exchange for their programs), which in turn recoup that money in cable bills to consumers. The amounts of those fees are negotiated with the cable systems based on an estimate of how many subscribers the system will have during the life of the agreement.

Viewership

Measurement of how many people are in an audience.

Backgrounders

Leadership Directories staffing estimates

One rough proxy for cable news staff is to examine the numbers that the channels provide to Leadership Directories, an electronic database containing lists of key personnel in United States government, business, professional and nonprofit fields, including the news media.

These lists are self-reported by the channels. The people listed are all news people, including top management, staff assigned to various desks such as national, international, and medical, as well as national bureaus, and staff assigned to specific national programs, such as The Situation Room or Anderson Cooper 360. (It does not include technical, sales and promotional staff.)

In past years, PEJ has made use of the News Media Yellow Book, a quarterly released print version of Leadership Directories. The Web database is the electronic version of the Yellow Book.

Median vs. mean in audience measurement

Audience trends in television can be measured using one of two calculations: median and mean.

This report offers the numbers in both forms.

The cable news channels prefer to calculate their year-to-year ratings by converting the Nielsen ratings data into annual “averages” using the mean. Academic advisers to the Project have persuaded us, however, that the median is a better indicator of core audience.

Here is why.

Mean, or simple average, is calculated by taking each month’s ratings, adding them together and dividing by the number of months. By that accounting, wild fluctuations in the audience due to occasional events can heavily influence the numbers.

Median examines all the monthly numbers in a year and identifies which one is most typical, or falls in the middle (the middle value).

Esther Thorson, associate dean for graduate studies for the University of Missouri’s School of Journalism, explains the choice of median rather than mean this way: The median is a better indicator of central tendency when there are extremely high or extremely low observations in the distribution. Those greatly influence the mean, but have little effect on the median. In other words, the median is the closest on the average to all of the scores in the distribution. Very high levels of cable viewing during a big event pull the mean too far away from realistic viewing scores. For that reason, the median is the better indicator of typical viewing levels.

For instance, in 2003, when the war in Iraq began, mean viewership numbers showed the cable news business booming — up 34% for daytime and 32% for prime time from the year before. But using the median, the middle value of the 12 months of that year, the picture that emerged was that cable viewership was basically stable. It showed no growth during the day and a gain of just 3% in prime time. How can that be? The reason is that cable news did not retain the audience that it gained during those first weeks of the war. Median was a better reflection of a year in which viewership spiked only for two months and then fell back down again.

In 2006, the median numbers actually meant better news for cable channels. Taking the average viewership for 2006 and comparing it to 2005 shows a significant decline in the cable news audience — down 11% for daytime and 12% for prime time. But using the median, there was a decline of just 4% during the day and 8% in prime time. Thus in times of major breaking news, mean can help the numbers. But in years when there are fewer major events, the mean will suffer. The spikes, when using mean, can cut both ways.

In short, our research team and the staff at the Pew Research Center believe the median is the fairest way to try to understand the core audience for cable, given the volatility of ratings spikes. The mean, or simple average, tends to be disproportionately inflated by the spikes and, consequently, also exaggerates any declines in cable audiences when those spikes do not occur. In contrast, median offers a truer sense of the core or base audience, those people who are watching day in and day out, without ignoring the cumulative effect of the size of the audience that gathers momentarily if extraordinary things happen.

The two revenue streams of cable

Cable TV channels generate revenue through two streams: advertising and subscriber fees.

Advertising makes up roughly half of the revenue the channels generate each year.

Cable news channels do not earn as much from advertisers as the broadcast networks or some sports or niche entertainment networks. In large part, this is because the ratings for cable news for any one program are fairly low. The ratings of the highest-rated cable show, Bill O'Reilly, are still only about a quarter of that of the lowest-rated evening network newscast, the CBS Evening News With Katie Couric, for instance, and most cable programs are only a fraction of that.

In general, analysts view advertising as having greater potential than subscriptions for long-term growth. That is because it is harder to sign new cable subscribers, or get existing ones to pay substantially more each month for the cable bill, than to generate more ad revenue.

Ad revenues are the total number of ads sold, multiplied by the average number of viewers (in thousands), which is then multiplied by the CPM.

The other source of revenue is subscriber fees, also referred to as license fees.

The viability of subscriber fees as a strong area of future growth, though, may be threatened by the emergence of broadcast networks commanding costly retransmission fees. If cable operators must pay broadcast networks to carry their programming, the operators may then decide to keep the subscriber fees of smaller, niche cable channels — which draw smaller audiences than the networks — flat, or even reduce them.

The highest fees are typically paid for sports and general entertainment channels. The highest is the \$3.77 per subscriber per month, commanded by ESPN.

If Fox's audience is so much larger than CNN's is, then why are the average license fees almost identical for these two channels? Part of the answer is that not all of Fox's contract negotiations have fully kicked in. SNL Kagan projects that 2010 will be another year of much higher license fees for Fox as more contracts come into play. Second, CNN brings a "two channels for the price of one" advantage to the table. The fee for HLN is rolled into one single fee for the two channels.

The State of the News Media 2011

An Annual Report on American Journalism

Local TV: Good News After the Fall

By Deborah Potter of NewsLab, Katerina-Eva Matsa and Amy Mitchell of the Project for Excellence in Journalism.

After a couple of difficult years, finally there was some good news for local television. Thanks to the economic recovery and a busy election year, revenues rose sharply in 2010. As more stations continued to add newscasts in new time slots, the overall audience for local TV news actually held steady and new delivery platforms, including mobile, raised hope for the future.

The makeup of the typical TV newsroom also continued to change. Local stations were able to hire again in 2010 after the average number of news staffers hit a seven-year low the year before. But stations are shedding high-priced anchor talent and moving to make more use of multitasking solo journalists.

A year ago, the state of local television appeared grim. Revenue was in free fall and audiences were down sharply. Today, the medium has recovered on both fronts. But the long-term prognosis may depend on how aggressively and successfully local stations pursue digital options for both programming and sales.

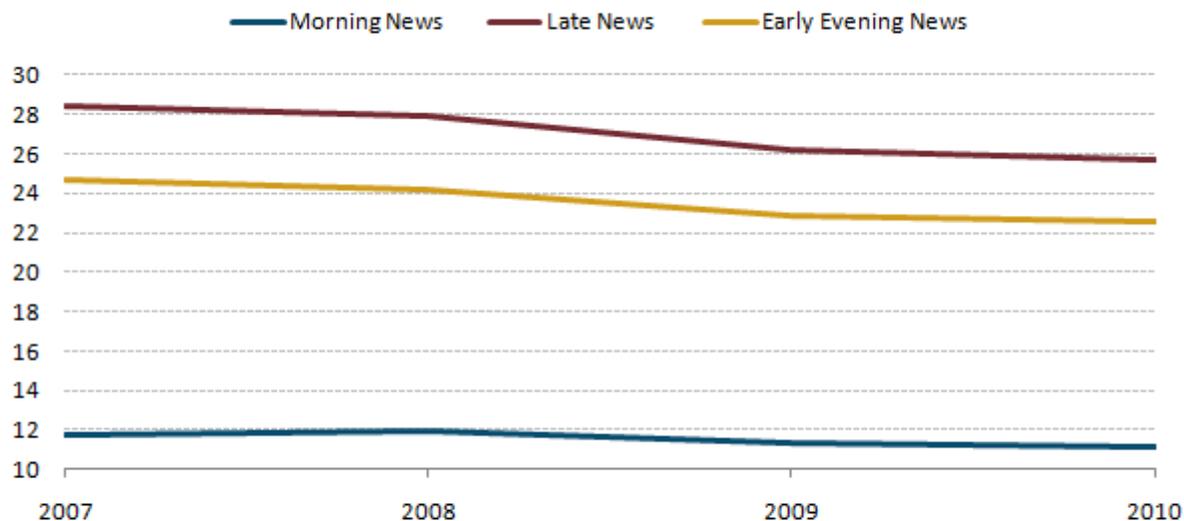
Audience

Perhaps the most important reality in local TV is that overall audience losses slowed to a trickle in 2010.

Among network affiliates, viewership was still down—for the fourth year in a row—in all of the major time slots: morning (5 to 7 a.m.), early evening (5 to 7 p.m.) and late (11 p.m.) across all sweeps periods we studied.¹ But ABC, CBS, Fox and NBC stations gained viewers in other time slots and independent stations added viewers as well, improving the overall picture.

Viewership Declines in Key Time Slots

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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For the network affiliates, the one positive sign for the three key time slots is that they lost audience at less than half the rate than they did the year before. In 2009 the morning and average late news audiences for affiliates were down between 5.5 and 6.5% across the sweeps periods analyzed. In 2010, none of the three averaged more than a 2% loss across the same periods. It is not clear whether that slowdown in audience loss is attributable to a busy news year—including the Haiti earthquake and the midterm elections—or whether it is the start of some longer trend.

The biggest problem traditional local TV newscasts face may be a decline in television viewing during those day parts. In most sweeps periods we analyzed, ratings dropped for all key time slots while share basically held steady. Share measures the percentage of TV sets in use that are tuned to a specific program. If those programs are maintaining their share of viewers, it means local newsrooms can blame at least some of their audience losses on turn off rather than tune out—in other words, more viewers are turning off their televisions altogether at traditional news times, rather than switching to watch other television programming.

Network-affiliated stations faced even more trouble holding viewers at midday and in prime time. Midday newscasts on ABC, CBS, Fox and NBC stations shed 2.9% of their audience on average, more than they lost the year before. (See data section for more)

Prime time newscasts on Fox affiliates, in particular, lost more audience than news in any other time slot. Because Fox does not provide an evening newscast to affiliates, many of them air an hour-long

program at 10 p.m. Eastern Time or equivalent. Those newscasts lost 4.9% of their audiences on average in 2010.

Fox stations had somewhat better luck with the hour-long morning news that many of them air at 7 a.m. Eastern Time or equivalent. Those newscasts lost audience as well, but just 1% compared to a 4.9% decline in 2009. Still, a two-year decline in viewership does not bode well for local news in that time slot on Fox stations, considering that the losses came even as Fox stations in more markets added morning newscasts. (See data section for more)

The picture was brighter in some other nontraditional time slots. One big story in 2010 was the growth of early morning news on local television. The number of markets with newscasts starting at 4:30 a.m. more than doubled from the year before, and the audience for these early newscasts has grown exponentially. (See data section for more)

“For some viewers, it’s the new 11 p.m.,” said Dan Bradley of Media General, whose station in Columbus, Ohio, was the first in that market to add an early morning newscast.²

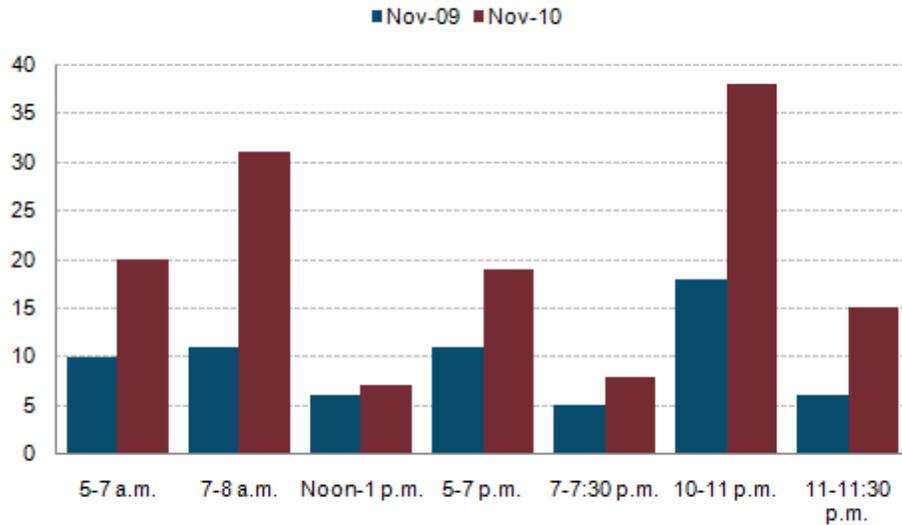
Stations have been going where the viewers are. In the past five years, the number of households that have a TV set on at 4:30 a.m. has doubled, from 8% to 16%, according to TVB, broadcast television’s trade group.³ In markets like New Orleans, the potential audience is even bigger; about a third of all households have a television on at that hour, said news director Jonathan Shelley of WDSU. It launched its “First Edition” newscast in August, 2010. “We believe there is a real and consistent audience at 4:30 a.m.,” he said.⁴

Viewership also increased for newscasts in the so-called nontraditional time slot of 7 p.m., primarily on ABC, CBS and NBC stations following the network news.⁵ Stations clearly are having some success with a strategy of pushing local news later to capture an audience that just isn’t home in time for the traditional early evening newscast. These newscasts have held on to a larger share of their audience than newscasts in other time slots. (See data section for more)

Another headline in 2010 was that local news on stations not affiliated with one of the big four networks (ABC, CBS, Fox and NBC) fared far better than the affiliates’ newscasts. Independents offered news in twice as many markets, on average, as the year before, drawing more viewers in almost every time slot. (See data section for more) But those statistics may not tell the full story. The expansion most likely resulted from an increase in the number of network-affiliated stations producing news for another local station. This allows independent stations to get into the local news business without the expense of staffing newsrooms themselves, and gives producing stations a way to amortize their costs. (See news content section for more)

More Non-Network Stations Air News

Number of Markets



Source: Nielsen Media Research, used under license

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The independent stations account for less than 3% of the total local TV news audience, but as more of them added newscasts they also picked up enough viewers to make up for almost all of the losses suffered by network affiliates year-to-year. In November, independent stations gained 571,000 news viewers across all time slots, an increase of more than 35%.

Total News Viewership for Independent Stations

Timeslot	Nov. 2009	Nov. 2010	% Change
4:30-5 a.m.	0	0	0.0%
5-7 a.m.	141,000	164,000	16.3
7-8 a.m.	206,000	328,000	59.2
Noon-1 p.m.	201,000	161,000	-19.9
5-7 p.m.	290,000	343,000	18.3
7-7:30 p.m.	155,000	87,000	-43.9
10-11 p.m.	497,000	895,000	80.1
11-11:30 p.m.	128,000	211,000	64.8
Total	1,618,000	2,189,000	35.3

Source: Nielsen Media Research, used under license

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That increase in viewers by independent stations contrasted with audience losses by network-affiliates, including Fox stations. The independent stations alone added more viewers across all time slots year-to-year in November than the 496,000 lost by ABC, CBS and NBC affiliates combined.

Total News Viewership for ABC, CBS and NBC affiliates

Timeslot	Nov. 2009	Nov. 2010	% Change
4:30-5 a.m.	210,000	358,000	70.4%
5-7 a.m.	10,434,000	10,495,000	0.6
7-8 a.m.	189,000	159,000	-15.9
Noon-1 p.m.	7,601,000	7,473,000	-1.7
5-7 p.m.	22,737,000	22,223,000	-2.3
7-7:30 p.m.	11,191,000	11,171,000	-0.2
10-11 p.m.	225,000	183,000	-18.7
11-11:30 p.m.	24,917,000	24,946,000	0.1
Total	77,504,000	77,008,000	-0.8

Source: Nielsen Media Research, used under license

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Fox affiliates lost a total of just 92,000 viewers in November across all time slots, bringing the total news loss for all network affiliates to 588,000, or less than 1% overall.

Total News Viewership for Fox Affiliates

Timeslot	Nov. 2009	Nov. 2010	% Change
4:30-5 a.m.	81,000	81,000	0.0%
5-7 a.m.	1,758,000	1,621,000	-7.8
7-8 a.m.	2,248,000	2,200,000	-2.1
Noon-1 p.m.	423,000	386,000	-8.7
5-7 p.m.	2,275,000	2,132,000	-6.3
7-7:30 p.m.	464,000	578,000	24.6
10-11 p.m.	5,187,000	5,197,000	0.2
11-11:30 p.m.	1,034,000	1,183,000	14.4
Total	13,470,000	13,378,000	-0.7

Source: Nielsen Media Research, used under license

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Local stations remain Americans' No.1 television news choice. Half of all Americans say they watch regularly and they have more choices than ever of when and where to watch it. Stations have been able to make up for most of the loss in audience for traditional newscasts by adding more hours of news and by producing news for other stations. But while airtime for news is up 20% on average over the past four years, news investment has not kept pace. Stations may soon find they are unable to expand their on-air offerings enough to continue to retain total audience, much less increase it. The future outlook, then, remains troublesome and highlights the increasing importance of digital platforms

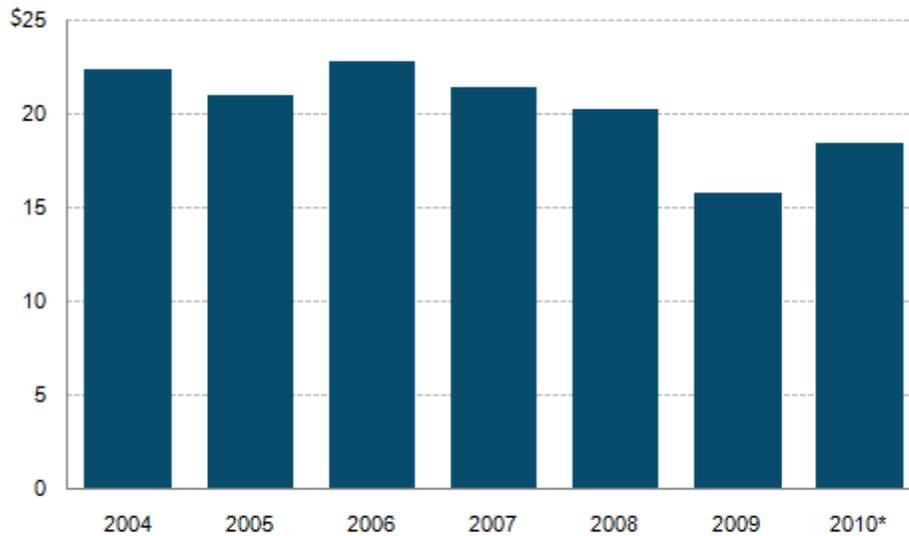
Economics

The business side of local TV bounced back in a big way in 2010 after suffering huge losses during the recession a year earlier. Broadcast ad revenues for local TV stations were projected to end the year at \$18.5 billion, or 17% higher than the year before, far better than the 7.5% growth forecast by BIA/Kelsey in the spring.⁶ This was also the greatest revenue growth of any media sector studied for this report. (See 2011 Key Findings for more)

That said, local television had one of the greatest percentage declines of any media sector in 2009 and the forecast for 2011 calls for ad revenue to decline again, as it typically does in a non-election year. (See 2010 Key Findings for more)

Local Broadcast TV Advertising Revenue

Local Spot and National Spot Revenue in Billions of Dollars



Source: BIA/Kelsey

*Note: 2010 number is an estimate.

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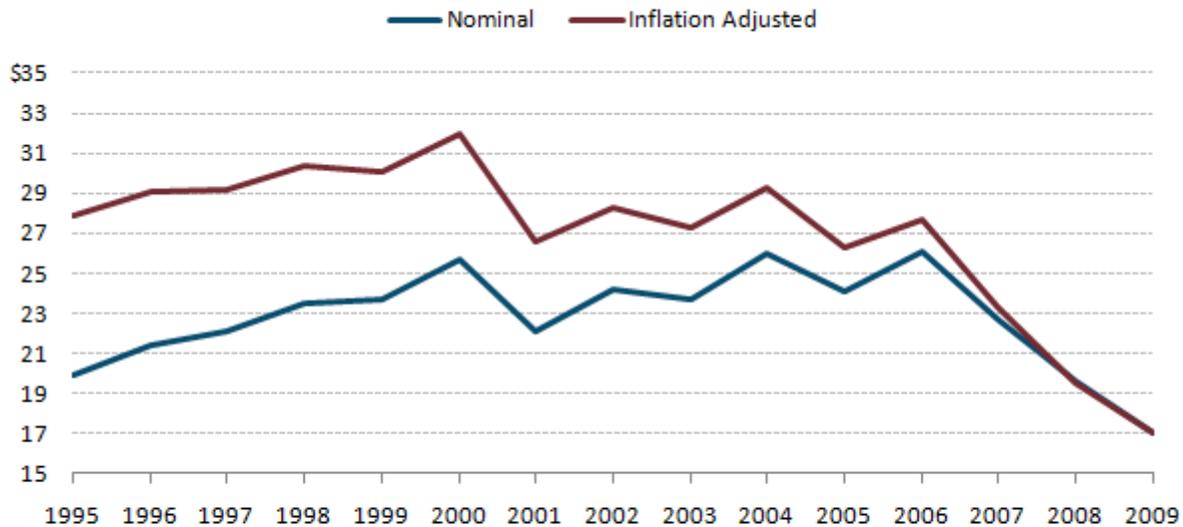
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And other data paint a bleak long-term picture.

When adjusted for inflation, average station revenue has dropped by almost half in just the past nine years. And even with the gains made in 2010, station revenue still fell well short of prerecession levels for a comparable year. Put another way, stations made almost 20% less in 2010 than in 2006, the last midterm election year, and almost 9% less than in the presidential election year of 2008. Projections call for revenue to fall again in 2011 before rebounding in the next election cycle.

Average Revenue Down for News-Producing Stations

Millions of Dollars



Source: BIAfN MediaAccess Pro

Note: Inflation adjustment is based on 2009 dollars. Only commercial English-language stations broadcasting news programs are included.

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Hofstra University's Robert Papper, who surveys local TV news directors for the Radio Television Digital News Association, noted that revenue figures told only part of the story. "The drop in station revenue was accompanied by a drop in station expense – all those people who lost jobs and the survivors who were paid less," Papper said.⁷

Still, the 2010 economic figures offer at least some positive news and a sense that local television may be a key beneficiary as businesses continue to emerge from the economic doldrums. And news programs remain the single most important source of station revenue, accounting for almost 45% in 2009, up slightly from the year before. That means just 5 hours a day of programming—the average amount of local news per weekday—brings in almost as much advertising revenue as the other 19 hours combined. (See data section for more)

Local stations make the lion's share of their revenue from on-air advertising, by selling time for both local and national spots. Other sources of revenue include retransmission fees from cable and satellite companies, and advertising on digital platforms such as the Web and mobile devices.

Spot Advertising

Much of the loss in 2009 and 2008 stemmed from sharp declines in auto ads, which typically make up more than a quarter of all local TV advertising. The economic recovery and the government bailout of General Motors and Chrysler boosted the auto industry, which kicked its ad campaigns back into high gear. auto advertising on local TV was up 77% for the first three quarters of 2010, to \$1.85 billion according to a TVB analysis of Kantar Media data. Advertising also was up in almost every one of the

top 25 broadcast TV categories, from financial institutions to department stores. Overall spot TV revenue was up 27% in the same period.⁸ (See data section for more)

A potential long-term threat to local stations' main source of revenue, local spot advertising, comes from the cable companies that distribute their signals. As part of their agreement to carry nonbroadcast channels like MTV or BET, individual cable systems are allowed to pre-empt some of the national spots on those channels and sell the time to local advertisers. The broadcast stations still currently make twice as much from local spots as cable companies do, but cable sales have grown faster than broadcast sales for several years. Projections call for that trend to continue. In addition, a new threat is on the horizon. The largest U.S. satellite company, DirecTV, announced that it would start selling local spots for the first time in 2011 under an agreement with an advertising firm owned by three major cable companies.⁹

As the year came to an end, ownership groups of all sizes reported sharply higher revenue for the third quarter at their local stations compared to the same period in 2009. Among them:

- E. W. Scripps, up 31%¹⁰
- Post-Newsweek, up 29%¹¹
- LIN Media, up 27%¹²
- CBS, up 25%¹³
- News Corp., up 22%¹⁴

(See data section for more)

Political Advertising

In addition to reaping more revenue from auto ads, local stations benefited from a flood of political advertising unleashed by a landmark Supreme Court decision in January. The ruling allowed corporations, unions and other organizations to make unlimited donations to outside groups supporting or opposing specific candidates.¹⁵ The result: Record high spending of \$2.2 billion on local broadcast TV according to Kantar Media/Campaign Media Analysis Group. (See data section for more)

Local TV has long been the No. 1 medium for political advertising. The reason is simple: All viewers in a specific geographic area can watch their local stations either over the air or on cable or satellite. That means candidates and issue advocates can target messages to the voters they want to reach. While local cable ads can also be targeted, many markets have several cable systems, each of them offering 200 plus channels, so no one channel has nearly as broad a reach as a local station. Local TV newscasts also tend to deliver the largest audience of likely voters, because they appeal to people interested in local issues and to older viewers who vote in larger numbers than younger ones. "You can reach the same number of people with a dozen broadcast commercials as you would with a thousand

local cable ads,” said Evan Tracey, president of the Campaign Media Analysis Group at Kantar Media. “Even with the deterioration of audiences, [local TV] still is the most efficient media option.”¹⁶

Because demand for TV ad time was so high in states with close races in 2010, stations in some markets were able to charge top dollar for low-rated time slots. E. W. Scripps chief financial officer Timothy Stautberg referred to Election Day as “Christmas in November.”¹⁷

That said, stations are bracing for a leaner 2011. “We and all broadcasters have the problem about replacing political revenue in an odd-numbered year,” said Perry Sook, chief executive officer of Nexstar Broadcasting. “That’s not news to anybody. I think the key for us is keeping our expenses as low as possible.”¹⁸ That most likely means more belt-tightening in 2011, with stations looking to limit overtime and to use wireless and other technology to save costs.

While on-air advertising is expected to decline next year, stations are hoping for continued growth in other revenue, including online and mobile ads and fees paid by cable and satellite providers to retransmit broadcast signals.

Retransmission Fees

Local station groups also became more aggressive in 2010 about another source of revenue: demanding larger retransmission fees from cable and satellite companies that pay on a per subscriber basis for the broadcast channels they carry. Fox won higher fees from Cablevision for its owned-and-operated stations after playing hardball in October by blacking out the first two games of the World Series for three million households in three states.¹⁹ CBS made a 10-year deal with Comcast that will start out paying 50 cents a month per subscriber, according to one analyst.²⁰ That is double the average fee reportedly paid to stations in 2009.²¹ Other station groups are renegotiating fees as their contracts expire.

Retransmission fee totals are typically not disclosed by individual stations, but the fees make a measurable difference in their bottom lines—in some cases amounting to 7% or more of total revenue.²² At midyear, SNL Kagan forecast that retransmission revenue would top \$1 billion in 2010, a 43% increase over 2009, with a further increase expected in 2011.²³ No wonder stations are bullish on retrans as a revenue stream. Still, estimates suggest they will not continue to go up as sharply. Contracts are renewed every three years, and some analysts believe cable companies will try to hold the line on fees next time around, especially if more viewers switch to watching video online instead of on TV. “This sounds like a gold mine now,” said media analyst Diane Mermigas, “but I don’t think it’s a permanent [one].”²⁴

Retransmission Fees for Local Television Signals

Year	Spending (\$ millions)	Growth (%)
2012 (est.)	1,533	26.3%
2011 (est.)	1,214	30.0
2010 (est.)	934	34.4
2009	695	47.6
2008	471	45.4
2009	695	47.6
2008	471	45.4
2007	324	42.7
2006	227	77.3

Source: Veronis Suhler Stevenson, 2010-2014 Communications Industry Forecast

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Another concern is that the broadcast networks, which have their own financial problems, are determined to take a share of the retransmission revenue from their affiliates. CBS president Leslie Moonves told an investors conference in early 2010 that he would not hesitate to cut stations off from the network if they balked at handing over a substantial portion of the fees.²⁵

While disputes over retransmission fees suggest the financial relationship between affiliates and networks may be rocky going forward, there was at least one indication of a new cooperative spirit. In the fall, ABC and its affiliates worked out an agreement to exchange some ad inventory. Stations were allowed to sell advertising in available network time during the busy campaign season when demand for local ad time is high; the network in turn could sell available affiliate time in January 2011, when the local advertising market is usually slow. Discussions were reportedly under way about keeping the exchange going for the long term.²⁶

Digital Revenue

A third revenue stream for local stations comes from the Internet and mobile outlets, two platforms where stations are disseminating more and more of their news content. Online revenue has grown for several years and the trend continues, but, the numbers remain relatively small. Borrell Associates, a firm that studies local online ad buys, estimated that local stations brought in \$1.34 billion from online and mobile advertising in 2010, up 8% from the year before. The category represents only about 5% of station revenue on average, about half that of newspapers. But there are reasons to think it might grow more rapidly. "The fastest growing category for online advertising is streaming video," said Larry Shaw,

Borrell's director of client research."²⁷

Local TV Online Revenue and Market Share

Year	Billions (\$)	Market Share (%)
2010	1.34	9.8%
2009	1.24	9.3
2008	1.08	8.6

Source: Borrell Associates

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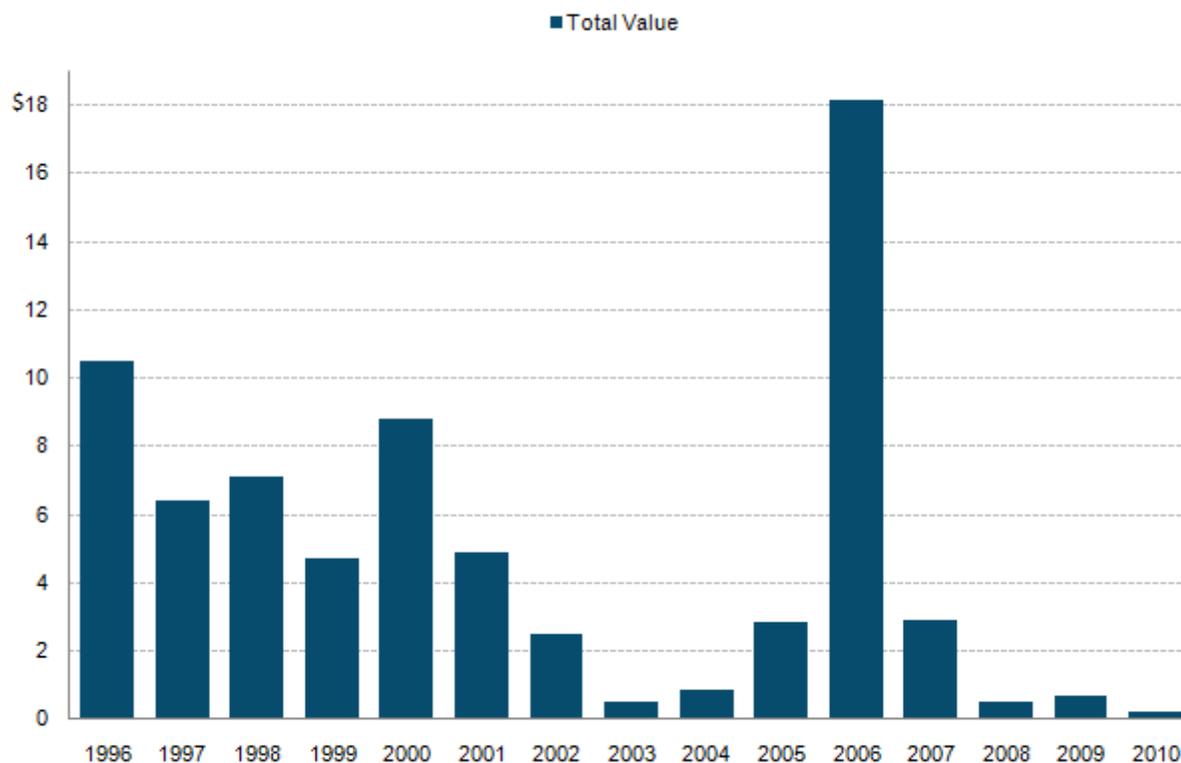
Local mobile ad revenue also is growing rapidly, although it is starting from a much lower level still. In 2009, stations made \$29 million from mobile, about 12% of the total spent on local mobile advertising, according to Borrell data. "I expect that figure to skyrocket into the billions within two years as the transition from desktops and laptops to hand-held devices takes off," Gordon Borrell said.²⁸ Other analysts including Robert Papper are not quite as bullish.

Ownership

Despite the positive revenue reports, local television stations remain less than attractive take-over targets. One major reason is the enormous debt many station owners took on when they purchased properties in boom times. Now, the payments on those debts are a drag on the stations' value.²⁹

The bottom line: Only about half a dozen full-power stations were sold in 2010. "That was a week in the old days," said Harry Jessell, editor and co-publisher of TVNewsCheck.³⁰

Total Value of TV Station Mergers and Acquisitions In Billions of Dollars



Source: BIA/Kelsey, Media Trends: Last Update January 2011

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The amount paid for stations also has dropped precipitously. To take just one example, ABC agreed in November to sell two of its small-market stations in Flint, Mich., and Toledo, Ohio, to the privately-owned SJL Broadcast Group for just \$30 million. That is only a quarter of what ABC paid for them in 1995.³¹

Still, bankruptcies drove some media companies to put stations on the market in 2010.

- Global Broadcasting's Providence station, R.I., WLNE, went on the block after the company filed for bankruptcy protection in July. A sale was expected in early 2011, said attorney Matt McGowan, WLNE's receiver.³²
- Freedom Communications, which owns eight television stations in six states among other properties, emerged from bankruptcy in 2010 and was put up for sale. It seemed unlikely that any one buyer would want all of Freedom's stations so they could be sold off piecemeal.³³
- Acme Communications, a California-based group, sold two stations—in Green Bay, Wis., and Dayton, Ohio—to LIN Media in 2010. Four other stations remained on the block.³⁴
- Another small station group, Community Newspaper Holdings, announced the sale of four network affiliates in January, 2011, to a North Carolina lawyer, Thomas B. Henson.³⁵

The fate of the 23 television stations owned by Tribune remained unsettled as the company struggled to fully emerge from bankruptcy. (See Newspaper Essay for more) And Comcast's takeover of NBC Universal, including its owned-and-operated stations, was completed in January 2011. Under the deal, Comcast acquired 51% of NBCUniversal from General Electric. While NBC agreed to sell one of three stations it owned in Los Angeles,³⁶ the FCC approved the deal without requiring Comcast to unload any additional stations, as had been speculated. Comcast and NBCUniversal have promised to increase the amount of local news and public affairs programming on the NBC-owned stations.³⁷

The economy was not the only factor holding down the prices of TV station sales. Media ownership rules that have been under review by the FCC since May 2010 were not completed at year's end.³⁸ Among other things, FCC rules determine the number of stations a single company can own in a market and whether newspapers and broadcast stations can be owned by the same company. Existing rules, adopted in 2007, have been challenged in court; a hearing on one pending case was scheduled for late February. "There were very few deals done in the last four or five years because of uncertainty," said Dennis Wharton, the spokesman of the National Association of Broadcasters.³⁹

Instead of outright sales, more stations entered into joint sales and/or shared services agreements with former competitors. News-Press & Gazette, for example, signed a deal with Fisher Communications in December 2010 giving NP&G's station in Idaho Falls control of the Fisher station in that market and allowing the buyer to combine the station's newsrooms.⁴⁰ A similar agreement was reached between station owners in Corpus Christi, Texas.⁴¹ And LIN Media announced a shared services agreement with two ACME properties in Albuquerque, N.M. where LIN already owned two other stations.⁴² Effectively, LIN now operates four stations in that market without running afoul of FCC ownership rules.

Schurz Broadcasting senior vice president Marci Burdick said she expected to see more "frenemies" in business relationships in the future. "Those stations that are number three or four [in news ratings] in their markets will be looking at models like this," she said.⁴³

A few local TV stations announced partnerships with newspapers in 2010, but there is no sign that the practice is spreading more widely. "Newspaper and TV joint ventures peaked in about 2005 and have dropped steadily ever since," said Hofstra's Robert Papper. In the most illustrative recent example, the Deseret News in Salt Lake City cut its staff by more than 40% and moved it into the KSL television newsroom. Both are owned by the Mormon Church.⁴⁴ In Palm Beach, Fla., Scripps-owned station WPTV agreed to feature content from the Cox-owned newspaper, which will use video and weather forecasts from the station.⁴⁵ And in January 2011, Meredith-owned KCTV announced a partnership with the Kansas City Star, a McClatchy newspaper.⁴⁶ Aside from the obvious cost-savings in Salt Lake, it is too soon to say what impact these new arrangements will have on news content or the bottom line.

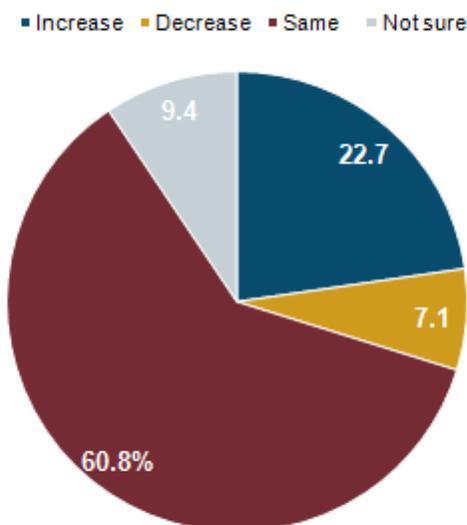
One pioneering joint news venture dissolved in 2010. The Virginian-Pilot and WVEC in Norfolk had collaborated on a local cable news channel since 1997. It went dark on New Year's Eve 2010.⁴⁷

News Staff

As revenues improved, local TV newsrooms started hiring again. Robert Papper, who conducts an annual survey of news directors, said he expected that the 2010 results would show that stations made up for all the cuts from the year before, when the median newsroom staff size sank to just 29, a seven-year low. At the end of 2009, almost a quarter of news directors said they expected to increase staff in 2010, more than twice as many as the year before.

TV News Staffing Plans for 2010

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

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WLEX in Lexington, Ky., for example, hired nine staffers when it launched a 7 p.m. newscast in August.⁴⁸ The RTDNA survey indicates that local stations added staff on the web side in 2009, with the average station reporting almost three full-time and more than four part-time web staffers, a record high.⁴⁹

But while hiring more people, stations continued to let veteran anchors go as their contracts expired and replaced them with younger, presumably less expensive talent. Some examples:

- Dallas-Fort Worth anchor Mike Snyder left KXAS in July after 30 years at the station, and told the local newspaper that his retirement was not voluntary.⁵⁰
- Houston anchor Jerome Gray was let go after 21 years in the market.⁵¹
- Atlanta anchor John Pruitt stepped down in December after 46 years in the TV news business.⁵²
- Minneapolis anchor John Shelby signed off in November after 32 years at the same station.⁵³

- Sacramento anchor Jennifer Smith retired after 30 years at KXTV.⁵⁴
- Detroit anchor Robbie Timmons retired in October after 34 years in the market.⁵⁵

Despite the recession, salaries were up overall in local TV news in 2009. (See data section for more) But the era of the highly-paid anchor who only reads the news is ending. “The value of news anchors peaked in 2007 and will never be the same,” said Jerry Gumbert, CEO of AR&D, one of the major local TV consulting firms.⁵⁶ Marci Burdick of Schurz Broadcasting predicts some “salary realignment” is yet to come for the so-called big four – the two main news anchors, sports anchor and weather forecaster – who have historically been the faces of the franchise. For years, stations believed that familiar, popular talent was the key to holding viewers. As ratings continue to fall, that idea has become unsustainable in many markets. “People are choosing stations now, not talent,” Burdick said. “The newscast is the brand.”

A few stations cut staff in 2010. There were layoffs at the Granite-owned station in Buffalo, for instance.⁵⁷ And 27 news staffers lost their jobs as part of the shared services agreement between two stations in Idaho Falls.⁵⁸ The commercial station owned by the university of Georgia in Athens, Ga., pulled the plug on its nightly newscast in January 2011 and laid off 17 people as it prepared to become a nonprofit PBS affiliate.⁵⁹

But for the most part, 2010 was a year of rebuilding and redeployment rather than contraction. In particular, stations hired or transformed more of their staff into multimedia journalists. The use of solo journalists who report, shoot and edit continued to climb. More than 30% of news directors said they now mostly used “one-man-bands” to cover the news in 2009 (the most recent year for which data are available), up more than 9 percentage points in three years. Perhaps more telling, less than one in five said they do not use solo journalists, a drop of 35% from three years before. The numbers don’t suggest that stations are eliminating reporter-photographer teams altogether, but that the vast majority of stations now have the option of using solo journalists to cover some of the news of the day.

Will the bump in revenue in 2010 lead to yet more hiring in 2011? Not likely. “I think they’ll sit on it,” said Jessell. Because stations expect revenue to decline, as it typically does in a year with no major political campaigns, they are nervous about spending their 2010 windfall.

News Content

After years of doing more with less, stations were able to do more with a little more. And many of them decided to do it earlier than ever, starting their local morning newscasts at 4:30 a.m. instead of 5. While the trend started in large markets, it has quickly spread to smaller ones, and it is continuing.

Schenectady, N.Y.⁶⁰ and Cedar Rapids, Iowa, for instance, added an early newscast in January 2011.⁶¹ When one station in a market makes the move, others typically follow. Four local stations in Washington,⁶² and three in Boston⁶³ got into this very early morning game in 2010. In a few markets, including New York City and Indianapolis, stations pushed their start time even earlier, to 4 a.m.

Is anyone watching this early? The answer appears to be yes. Viewership for early morning newscasts increased sharply. (See audience section for more) From the stations' perspective, adding more news is one of the cheapest possible programming choices. WPTV in West Palm Beach, Fla., for example, did not add a single staffer to produce an extra half-hour of morning news. So while ad rates are low at that hour, more of the revenue from an early morning newscast is straight profit to the station.⁶⁴

Not all the news expansion in 2010 came before dawn. Some stations added newscasts in other time slots as well, including mid-day in Minneapolis, early afternoon in Evansville, Ind., and early evening in Hagerstown, Md., and Lexington, Ky. Several stations brought back weekend morning newscasts that had been canceled the year before; others launched new weekend news programs.

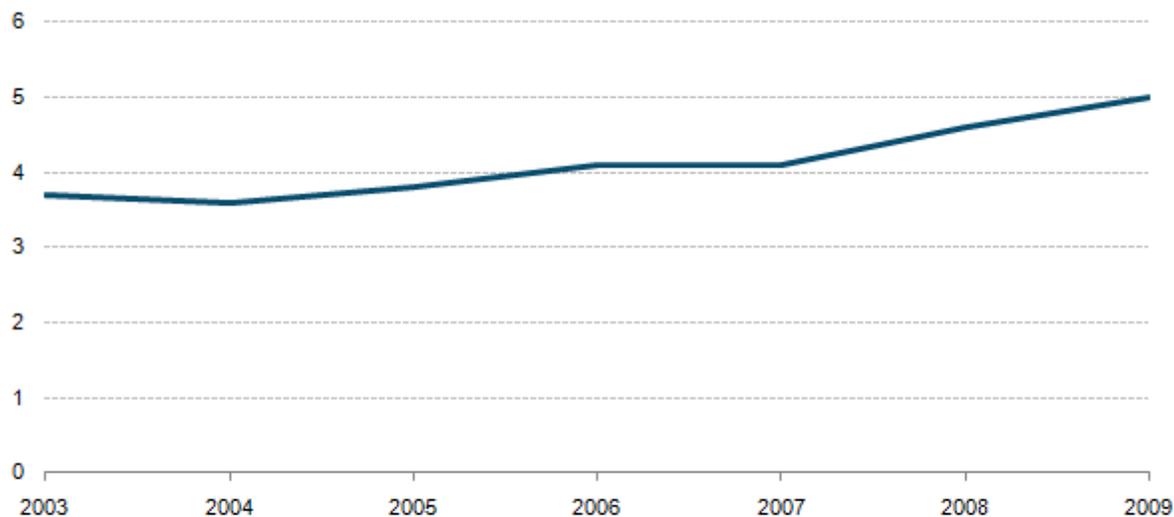
In 2011, some stations face both peril and promise in the late afternoon. When Oprah Winfrey's long-running talk show moves to her own cable channel, OWN, stations across the country will need to fill her time slot. (See African American Essay for more) While some already have signed on to a new daytime talk show hosted by CNN's Anderson Cooper, others are looking to local programming instead, in large part because it is cheaper than buying syndicated programs and means more revenue for the stations.

WSB in Atlanta announced plans to hire 20 new staffers to produce a new hour of news at 4 p.m.⁶⁵ And ABC station group president Rebecca Campbell said most of the network-owned stations would "add another hour of news and go [local] from 4 to 6:30 p.m. It's really what we do best."⁶⁶

More stations also are producing news for another station in the same market, as Scripps-owned WPTV in West Palm Beach, Fla., agreed to do for Raycom's WFLX beginning in January 2011. The RTDNA survey found 224 stations running news produced by another station in 2009.⁶⁷ E.W. Scripps CEO Rich Boehne said his company hoped to make similar arrangements in other markets. "So if you know folks in those markets who you think should not be in the news business and you'd like us to take over their stations for them, just give us a call," Boehne told an investors conference in December.⁶⁸

All of this suggests that the average number of hours of news on local television increased again in 2010, after hitting a record high of five hours each weekday in 2009.

Number of Hours of Local TV News Each Weekday



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors.

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Some stations produce considerably more than the average. Fox affiliate WXIN-TV in Indianapolis, for example, airs 8.5 hours of news per weekday.⁶⁹ Media General's WJBF in Augusta, Ga., airs 5 hours of news a day, but also produces daily newscasts for the Fox affiliate and the NBC affiliate in the same market. What does that add up to? "I've kind of lost count," said news director Dan Schillinger, before coming up with the number: 9 hours per day.⁷⁰

Jerry Gumbert, CEO of the consulting firm AR&D, predicted that more stations would eventually replace syndicated shows with news, locally-produced reality shows, lifestyle programs or hybrids. "We've got to come up with local programming concepts interesting enough that people will watch them," Gumbert said.

Some station groups already are ramping up local productions using repurposed content. NBC expanded its local lifestyle program, "Daily Connection," to four additional markets in 2010 – New York, Los Angeles, Miami and Denver. The program is an amalgam of content from NBC-owned stations and cable channels that is anchored locally and airs either at midday or as a lead-in to the early evening news. NBC's Washington station, which launched the program in 2009, moved it to an all-news digital channel last fall.

The Raycom station group is considering offering programming with "America Now," a weekly show made up mostly of repurposed content from its stations that produce news. Jeff Rosser, vice president for television, said Raycom hopes to offer the program five nights a week, but Rosser said it would have to achieve national distribution first.⁷¹ Fox stations CEO Jack Abernethy applauded the effort but was

skeptical that it would succeed. "I haven't seen anybody really come up with a formula that works," he said.⁷²

One newscast-in-the-making drew attention not for its time slot but its approach. Tribune-owned KIAH in Houston promised "a groundbreaking PM news format unlike anything ever attempted on local TV."⁷³ The program, entitled NewsFix, was to debut in January 2011, presenting local news without a traditional anchor. But its launch was delayed.⁷⁴

The challenge for stations that add more hours of news is whether to expand staff and resources to meet the added demands or risk damaging the quality of the overall product by stretching existing people ever thinner.

Dan Bradley, president and market leader in Ohio and Rhode Island for Media General, said his station in Columbus added a 4 p.m. newscast in 2008 that lasted only a year. "It hurt our 5 p.m. because we never added resources," he said. "At what point does the amount of local news start diluting the value of newscasts?"

Some stations have already found that more was too much and have cut back on news programming. Among them:

- WPIX in New York eliminated its 6:30 p.m. newscast.⁷⁵
- WNOL in New Orleans scrapped a 9 p.m. newscast produced by a sister station.⁷⁶
- KPVI in Idaho Falls canceled its weekend newscasts.⁷⁷
- WSFL in Miami dropped its morning program.⁷⁸
- KJZZ in Salt Lake City dumped local news altogether. It had carried morning and late newscasts produced by another station in the market.⁷⁹

But at least one prominent observer, Hofstra University's Robert Papper, sees the overall increase in news time on local stations as a positive sign for the industry. "If the amount of news being produced is up then you are not looking at a business that is on its way out," Papper said.⁸⁰

Digital

While TV may have been slower than other media to move to digital platforms, stations pursued a three-screen strategy in earnest in 2010, providing more news on the air, on the web and on mobile devices.

"The big picture is that the TV news department is not just on TV," said Hofstra's Robert Papper.⁸¹ Virtually every television station now has a website offering news via text, still photos and video, according to the RTDNA survey. Stations ramped up their use of audio, blogs, live camera feeds and recorded newscasts in 2009, but cut back on streaming audio and podcasts. Another feature that never

really took off, “assemble your own” newscasts, almost disappeared from local TV sites. (See data section for more)

As stations have added to their web offerings, many have seen their online audience grow. Although newspaper sites reach a larger audience in most of the top 50 markets, local television stations produced the top local media sites in 14 markets in November 2010, including Minneapolis, Pittsburgh, Raleigh-Durham and Salt Lake City.⁸²

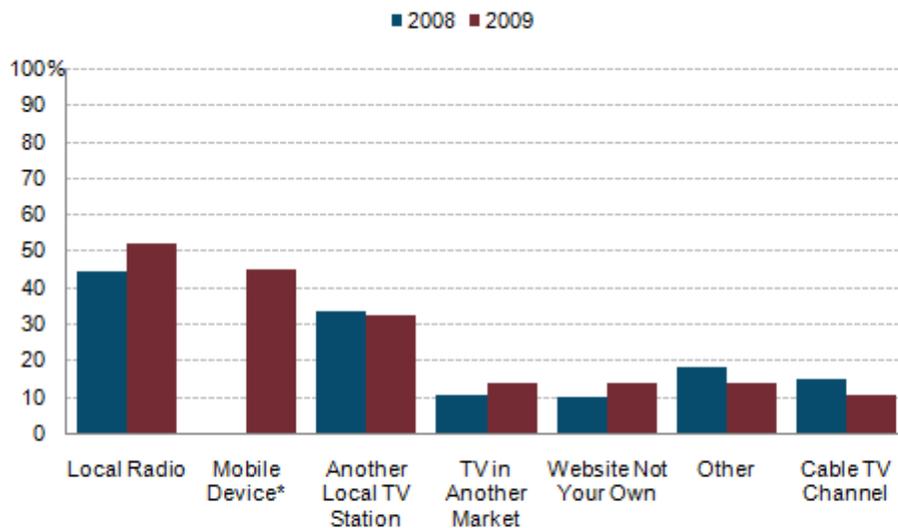
The use of social media by local TV stations has increased sharply. In 2008, just more than a third of news directors RTDNA surveyed said they were doing nothing with social media. A year later, more than 90% said they were using it at least in some way.⁸³ Stations set up multiple Twitter feeds and Facebook pages to interact with viewers. WLEX in Lexington, Ky., for example, has almost 48,000 Facebook followers — an impressive number in a market with just over 500,000 TV households. WIBW in Topeka, Kan., expects everyone on staff to post to the web and social media daily. “It’s a way of building rabid fans for the operation,” said general manager Jim Ogle.⁸⁴

More stations also offered smartphone apps in 2010. An informal PEJ count of iPhone apps available on iTunes found more than 230 offered by local TV stations. Usage of mobile news provided by local television stations is up sharply on all platforms, including iPhone, Android and BlackBerry, according to LIN Media CEO Vincent Sadusky.⁸⁵ Almost half of all local stations produced news for mobile devices in 2009, up sharply from the year before according to the RTDNA/Hofstra survey of news directors, and the growth trend was expected to continue.

“Our 6 p.m. and 11 p.m. ratings may not be the same,” said Dan Bradley of Media General, citing research his company conducted with AR&D in 2010, “but the number of people getting to our content at different hours, online, or through partners like radio stations is bigger.”

Local TV News on Multiple Platforms

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors.

* There are no data available for mobile in 2008 because mobile device measurements were included in "Other" category prior to 2009.

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If 2010 was the year of the smartphone, 2011 may be the year of the pad, said AR&D's Ken Elmore. Fox stations CEO Jack Abernethy said the success of tablets so far had been "incredible," adding, "I think you can assume a younger generation that's going to expect to see television on portable devices soon. If it can be scaled properly, it could be very, very big business."⁸⁶ If stations distribute only local content that they already own, they could avoid the kinds of legal disputes that cable and satellite companies have faced when proposing to stream live video from the channels they carry to additional platforms.⁸⁷

This could also be the year when mobile digital television finally gets going. A coalition of 12 major broadcast groups said it planned to make free digital channels available to specially equipped portable devices in 20 markets from Atlanta to Los Angeles beginning in the fall. There is every reason to be skeptical about their chances for quick success, however. Receivers are not yet widely available and mobile TV offered by other providers, albeit for a fee, has failed to catch on in the United States so far. Qualcomm announced in 2010 that it was shutting its FLO TV service for mobile phones, citing a lack of subscribers.⁸⁸

Still, Nexstar Broadcasting CEO Perry Sook sees mobile as the promised land for local television stations. "I think that we have an opportunity with mobile to develop a business that may dwarf everything that we're doing now," Sook told investors in a conference call in November. "I think that your PDA is rapidly becoming your wallet. And if it also becomes your mobile television screen, I think that television broadcasting then is at the pre-eminent place in the food chain."⁸⁹

Endnotes

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Local TV: By the Numbers

By Deborah Potter of NewsLab, Katerina-Eva Matsa and Amy Mitchell of the Project for Excellence in Journalism.

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Local television stations got a split decision in 2010. Revenues rose substantially from a five-year low in 2009 but the audience for local news in key time slots on network affiliates continued to fall. Overall, however, the audience for local TV news held steady, thanks to a larger audience for news in nontraditional time slots and on independent stations, which added newscasts in more markets.

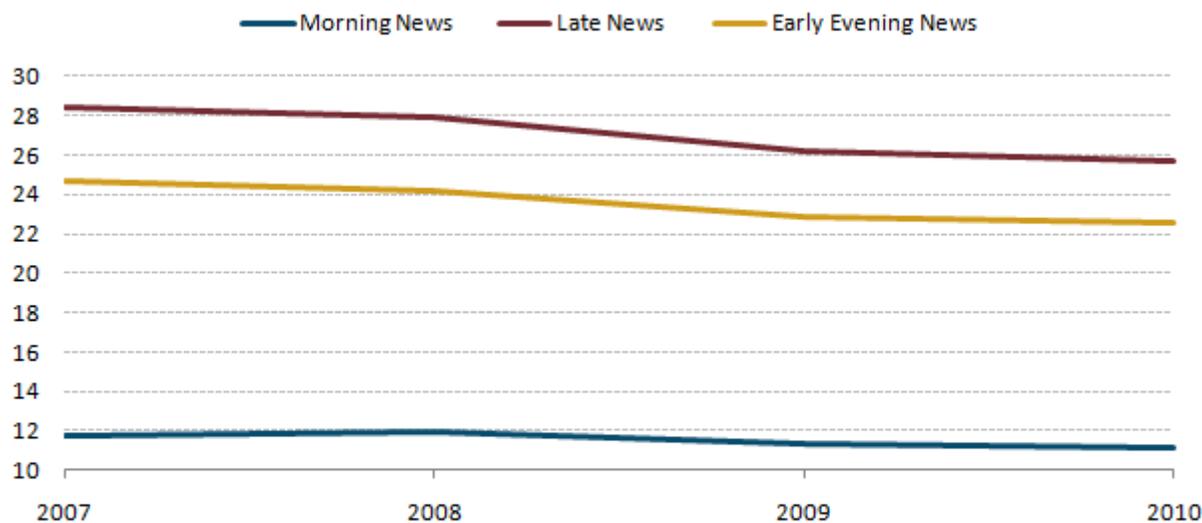
Audience

The most basic problem facing local television news is that its traditional audience is shrinking. In 2010, audiences continued to decline in all three key time slots: morning, early evening and late night.¹

PEJ analyzes data from Nielsen Media Research about individual stations and computes national averages for each time slot. We then compare those averages year-to-year. This year's charts show only three of the four major sweeps periods – May, July and November. February is not included because there were no comparable data from 2009, when ratings were collected in March due to the planned switch from analog to digital broadcasting. Similarly, when calculating annual averages for the past four years, we left out all February/March data. (See backgrounders for more)

Local News Viewership Declines in Key Time Slots

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Early evening local news programs (5 to 7 p.m. Eastern Time or equivalent) on network affiliates had a roller-coaster year: Down in May, up in July and down again in November for an overall average decline of 1.1%. This is better than the year before, when they lost 5.3% of their viewers, on average.

Early Evening Local Newscasts Lose Audience

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	22.54	21.99	-2.4%
July	20.98	21.42	2.1
November	25.01	24.36	-2.6
Average	22.85	22.59	-1.1

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

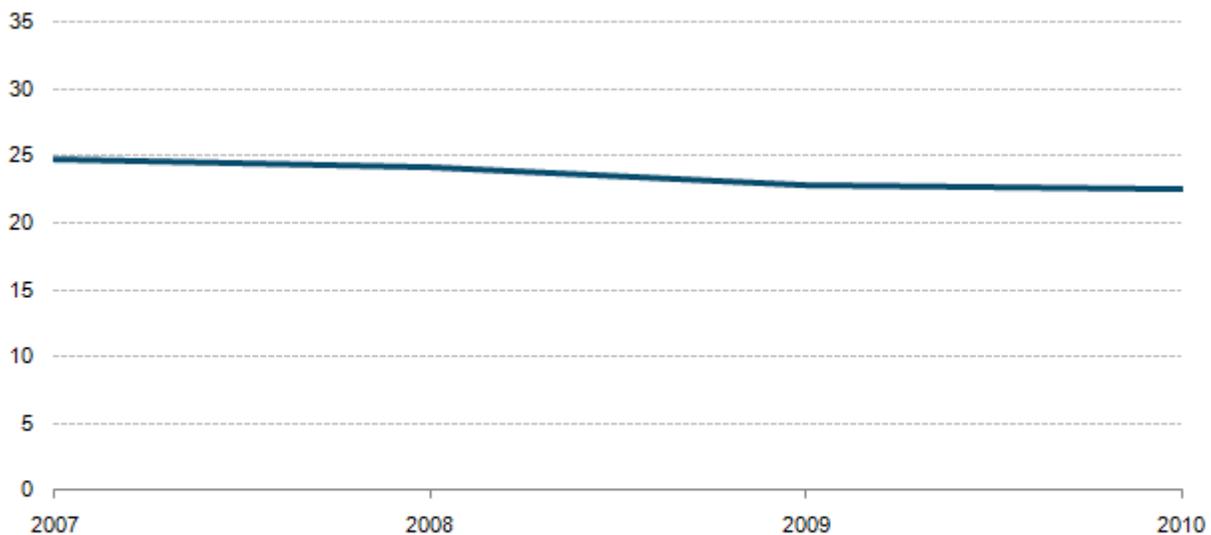
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The big picture for early evening newscasts remains challenging. Over the past four years, what used to be known as the “newscasts of record” on local network affiliates have lost more than 2.1 million viewers, or 8.5% of their audience.

Early Evening Local News Viewership Continues Slide

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Late local newscasts (11 to 11:30 p.m. Eastern Time or equivalent) on network-affiliated stations also continued to lose audience in 2010. The year-to-year decline of 6.8% in May was twice as severe as the decline in the same month from 2008 to 2009 (3.4%). Slight gains in July and November kept the average loss for the year to just under 2%. These data do not include the hour-long 10 p.m. newscasts on many Fox affiliates, which are analyzed separately. (See Fox section for more)

Late Local Newscasts Lose Viewers

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	28.64	26.71	-6.8%
July	23.90	24.14	1.0
November	25.95	26.13	0.7
Average	26.17	25.66	-1.9

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

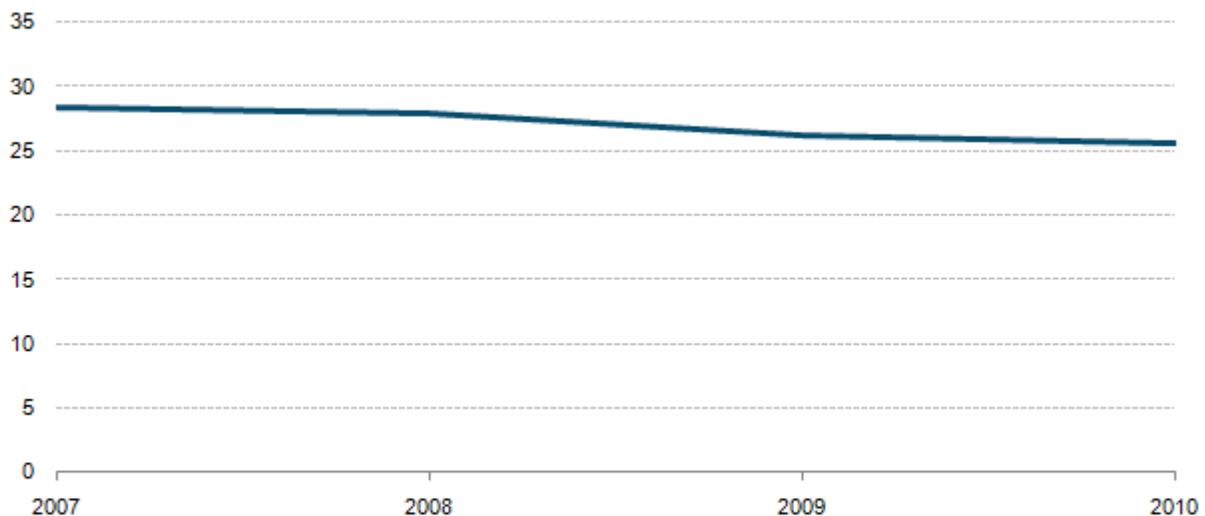
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Late newscasts following prime time have been losing audience somewhat faster than early evening newscasts on network affiliates over the past four years. Their total average audience has dropped by 9.7%.

Late Local Viewership Also Trends Down

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Morning news (5 to 7 a.m. Eastern Time or equivalent), once looked to as a potential growth area for local television, fared only slightly better. Overall, these programs lost 4.6% in May, bounced back a bit in July with a 2.3% gain but declined again in November, for an average loss of 1.3%.

Morning Local Newscasts Ride a Roller Coaster

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	12.48	11.91	-4.6%
July	9.24	9.45	2.3
November	12.19	12.12	-0.6
Average	11.30	11.16	-1.3

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

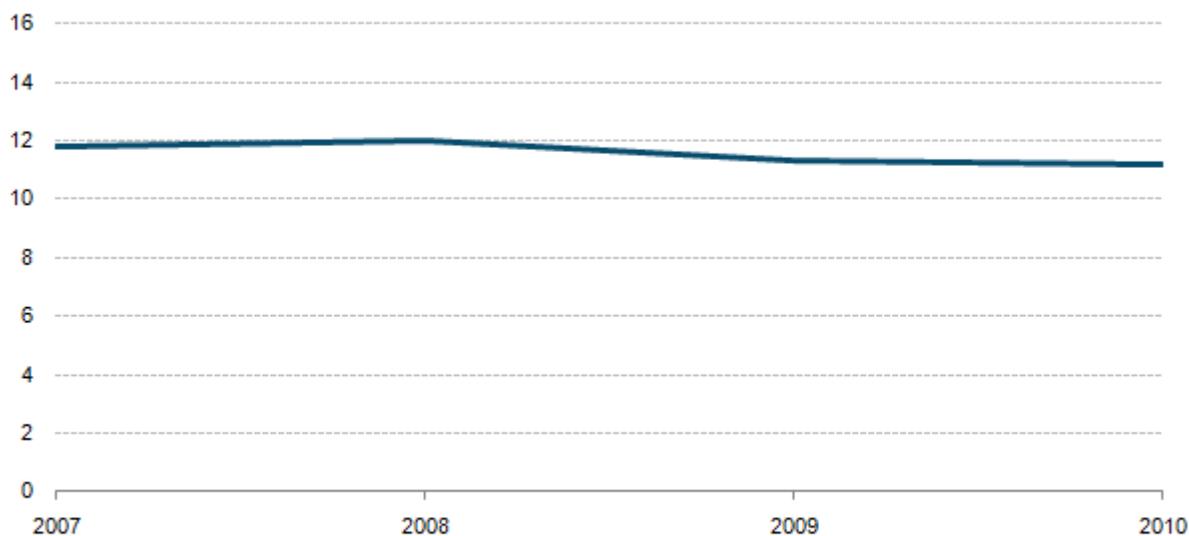
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Over the past four years, the audience for morning news programs has declined less than news in other day parts, but the overall audience is still down by 5.2% since 2007.

Morning Local News Viewership Losses Moderate

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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A pattern noticed a year ago continued in 2010. Our analysis found that ratings dropped more sharply than share for all key time slots in most sweeps periods. Ratings measure the percentage of households with TVs that are tuned to a particular program. Share measures the percentage of people who actually have their TVs on at a particular time and who are tuned to a specific program. A ratings decline, while share holds steady, means a program has fewer total viewers but the same percentage of the available audience. To put it another way, one reason local TV news in the traditional time slots is losing viewers is because people are turning off their sets when the news is on.

Local News: Change in Ratings

Sweeps Months, 2009 to 2010*

	Evening News	Late News	Morning News
May	-5.62%	-6.1%	-8.3%
July	0.0	1.0	0.0
November	-3.1	-1.0	-4.3

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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Local News: Change in Share

Sweeps Months, 2009 to 2010*

	Evening News	Late News	Morning News
May	-10.53%	-9.8%	-7.7%
July	0.0	0.0	2.3
November	0.0	0.0	0.0

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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As network-affiliated stations continue to add newscasts in different dayparts, one might expect to see audience declines in one time slot offset by growth in another. (See news staff section for more) That did not occur in 2010. The audience for midday newscasts, for example, was down even more than other time slots. The rate of loss was almost twice as great as the year before (2.1%).

Midday Local Newscasts Fail to Gain Ground

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	8.18	7.70	-5.9%
July	8.02	7.96	-0.8
November	8.02	7.86	-2.1
Average	8.08	7.84	-2.9

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

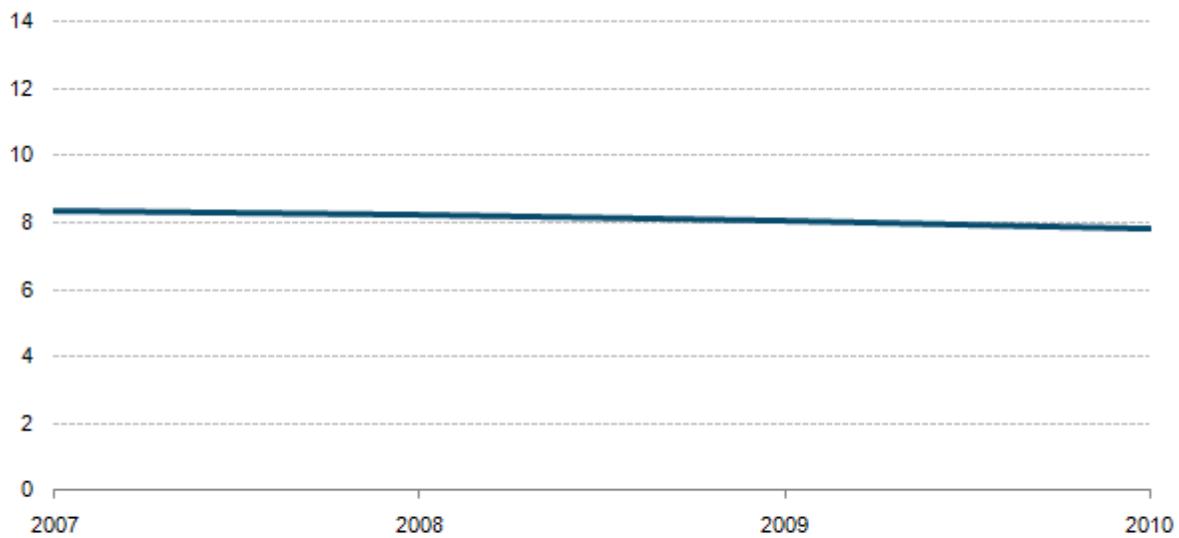
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True, the midday audience loss since 2007 has not been nearly as steep as other dayparts, but there is no evidence of growth.

Midday Local News Viewership Stems Losses

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

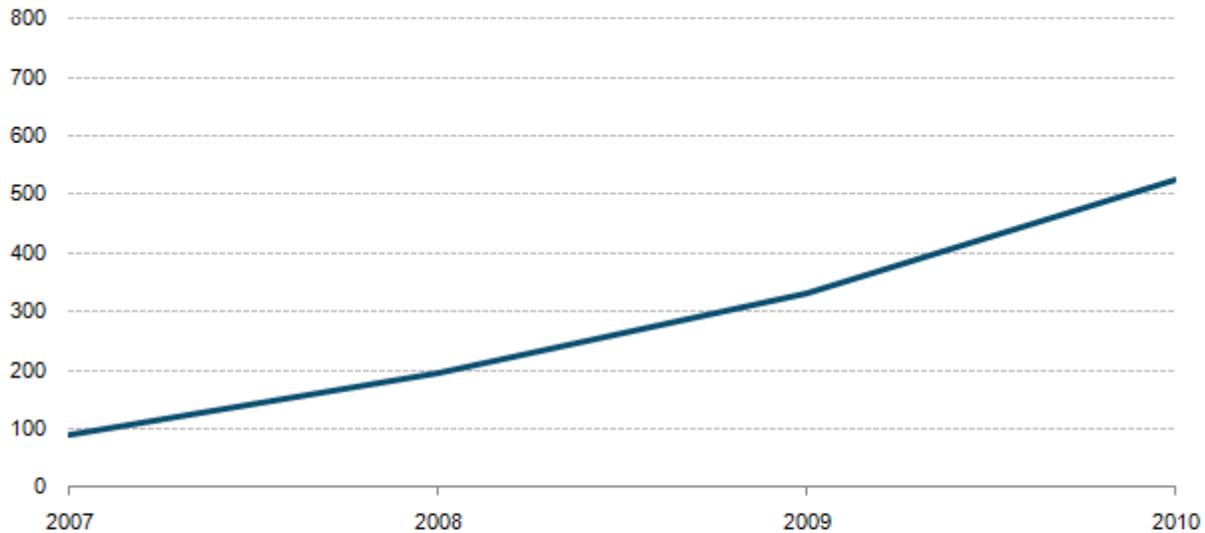
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One time slot during which viewership did grow is in the very early hour, 4:30 a.m. As a consequence, more stations are beginning to air news there. Stations in 69 markets had news on the air in that time slot in 2010, according to a PEJ analysis of Nielsen data and news reports. That compares to 28 markets the year before. Not surprisingly, viewership has shot up as well, up more than 50% in just one year.

Very Early Morning Viewership Soars

Thousands of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates. In 2007, no ABC affiliate aired news at 4:30 a.m.

*Average viewership for sweeps periods. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here. Also, the number of markets varies from year to year.

The data for the 4:30 a.m. timeslot are partly incomplete. Because of a software problem, Nielsen reports that some stations that air news during this timeslot are not included. Nevertheless, Nielsen data confirm the upward trajectory of 4:30 a.m. newscasts viewership overall.

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Another bright spot: Viewership was higher in all sweeps periods for local news that airs in the 7 p.m. Eastern Time slot or equivalent, after the early evening local news or network news. Traditionally stations aired syndicated entertainment or game shows during this time, but 291 stations aired news at that hour in November 2010, according to a PEJ analysis of Nielsen data.

Viewership Up for Local 7 p.m. Newscasts

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	10.47	10.60	1.23%
July	9.90	10.34	4.49
November	11.66	11.75	0.81
Average	10.67	10.90	2.08

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

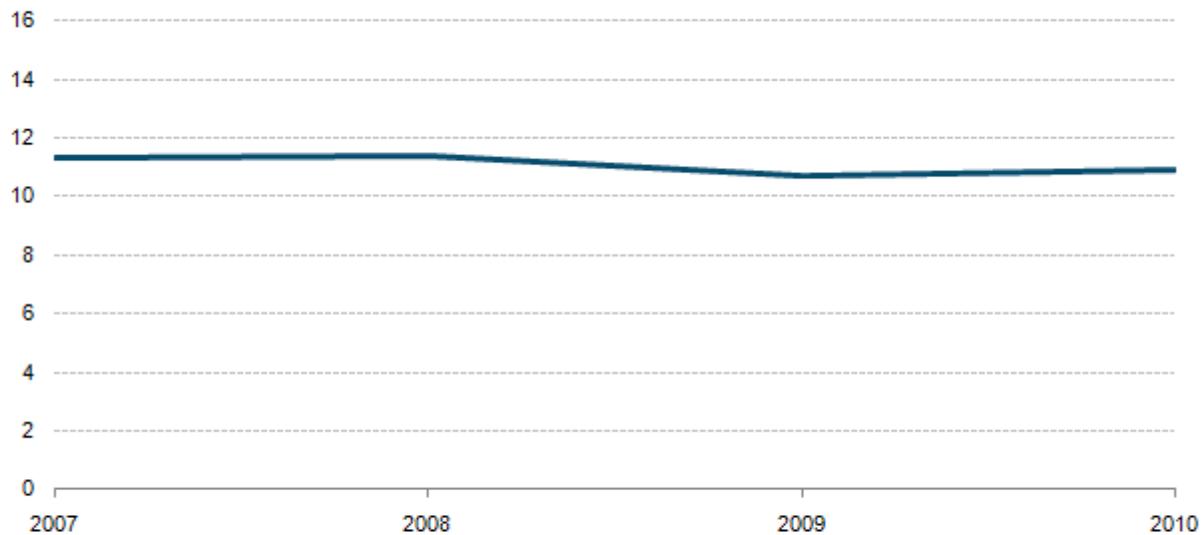
*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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Over the past three years, newscasts in this time period have held on to a larger share of their audience than local newscasts in other slots.

Local 7 p.m. Newscasts Gain Viewers

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

*Average viewership for sweeps periods. In 2009, winter sweeps were in March instead of February.

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Local News on Fox Stations

Many Fox affiliates air an hour-long newscast at 7 a.m. Eastern Time or equivalent because Fox does not provide a network morning newscast for them in the same way the other three commercial networks do. These local newscasts continued to lose viewers, although the decline was much less severe than the year before. After losing about 4.9% of their audience in 2009, morning newscasts on Fox affiliates lost just 1% in 2010.

Local Fox Morning Newscasts Lose Viewers

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	2.35	2.32	-1.2%
July	1.89	1.90	0.6
November	2.25	2.20	-2.1
Average	2.16	2.14	-1.0

Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates only.

*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

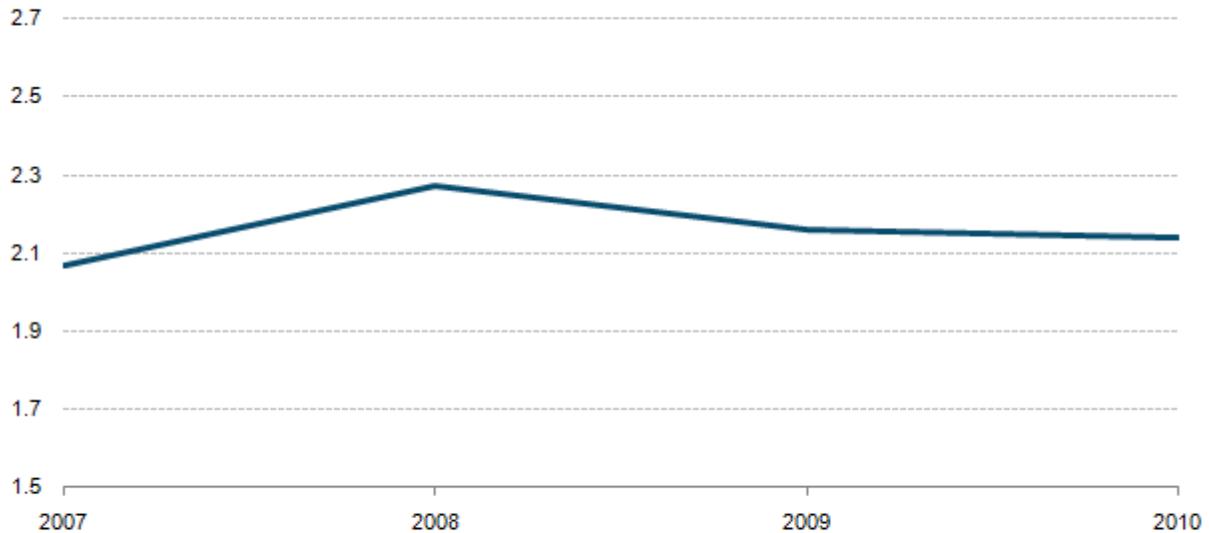
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The audience for local Fox morning newscasts had grown in 2008, however, so the decline over the past two years is a new and worrisome trend for those stations, especially since the audience shrank even as more stations aired news in that time slot. The average number (for all the sweeps each year) of markets in which Fox stations air morning news grew from 61 in 2007 to 75 in 2010.

Local Fox Morning Continues to Lose Audience

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates, only

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The numbers were even worse for prime time newscasts on Fox stations (10 p.m. Eastern Time or equivalent). While the audience losses in this time slot were not as steep as in 2009, when viewership was down more than 16.4% in November alone, these hour-long newscasts continued to lose audience at a greater rate than the half-hour newscasts on ABC, CBS and NBC stations that air an hour later. (See late newscasts section for more)

Prime Time Local News Viewership Down Sharply

Millions of Viewers

Sweep Month*	2009	2010	Percentage Change
May	7.98	7.32	-8.3%
July	6.05	5.75	-4.9
November	5.19	5.10	0.2
Average	6.40	6.09	-4.9

Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates only.

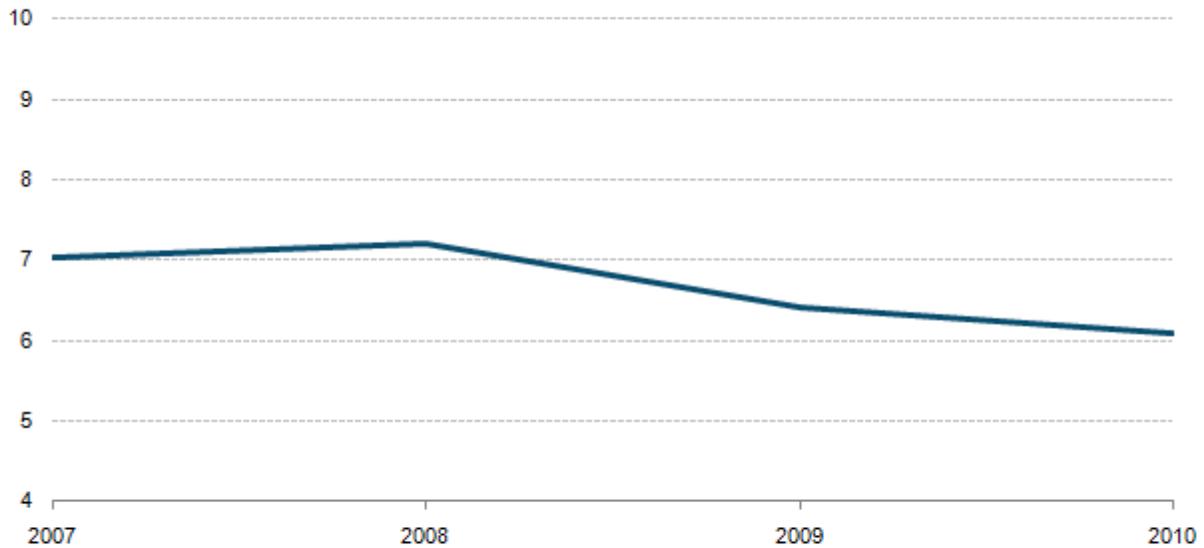
*March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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After a slight uptick in ratings in 2008, prime time newscasts on Fox stations lost 15% of their average audience in just two years.

Prime Time Local News on Fox Also Falls

Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates, only

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Local News on Independent Stations

Independent stations have bucked the overall trend. As they have added more news, their audiences have grown. While these stations drew less than 3% of the total viewership of local TV news in 2010, their audience grew more than 35%. Especially telling is the year-to-year uptick in viewership for news at 10 p.m., where independent stations gained viewers even as Fox stations lost them.²

Total News Viewership for Independent Stations

Timeslot	Nov. 2009	Nov. 2010	% Change
4:30-5 a.m.	0	0	0.0%
5-7 a.m.	141,000	164,000	16.3
7-8 a.m.	206,000	328,000	59.2
Noon-1 p.m.	201,000	161,000	-19.9
5-7 p.m.	290,000	343,000	18.3
7-7:30 p.m.	155,000	87,000	-43.9
10-11 p.m.	497,000	895,000	80.1
11-11:30 p.m.	128,000	211,000	64.8
Total	77,504,000	77,008,000	-0.8

Source: Nielsen Media Research, used under license

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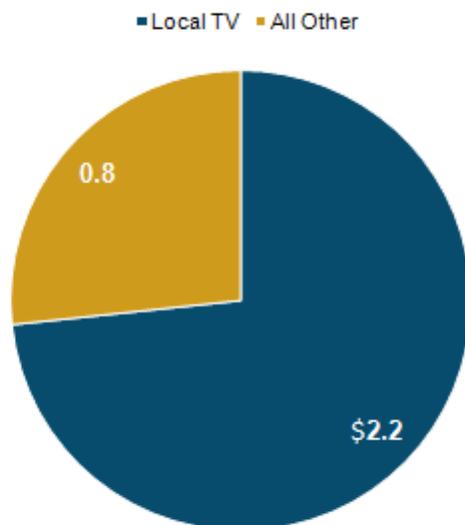
Local TV News Economics

The general economic recovery combined with a free-spending climate for political advertising made 2010 a much better year for the local television business. For the first three quarters, actual spending on local TV was up 27% from same period a year earlier, according to a TVB analysis of Kantar Media data. A December report from BIA/Kelsey estimated total 2010 ad revenue for local stations at \$18.5 billion, up 17% from 2009.

Political ad spending on local TV set a new record in 2010. Of the estimated \$3 billion spent, \$2.2 billion (73%) went to local television stations, according to Evan Tracey, chief operating officer of Kantar Media's Campaign Media Analysis Group.

TV Captures Most Political Ad Spending, 2010

In Billions of Dollars



Source: Kantar Media/CMAG

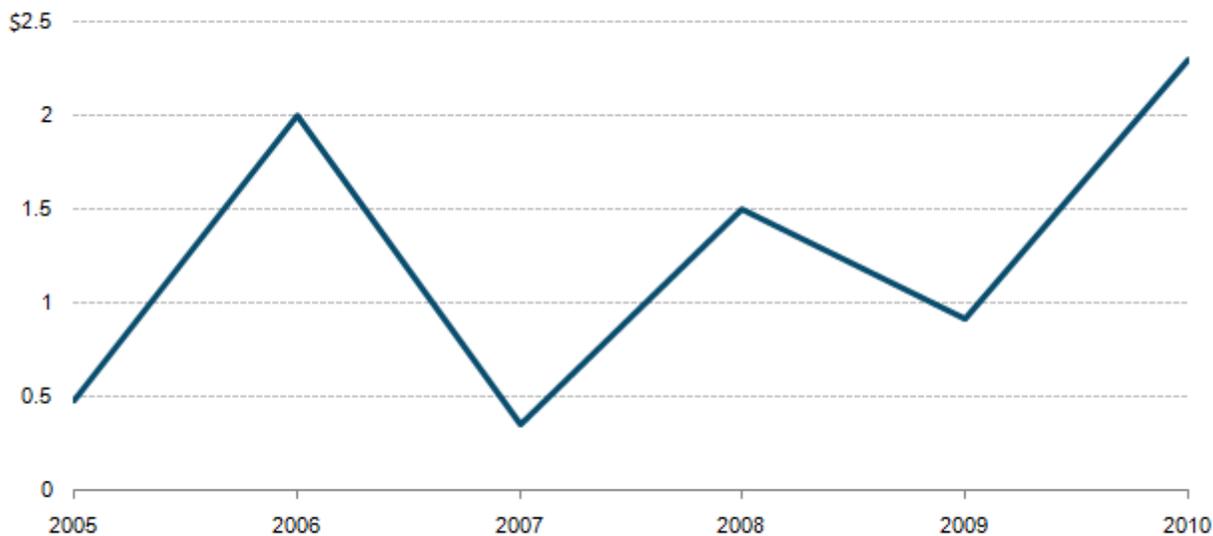
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Stations made even more from political advertising in 2010 than in 2006, the previous nonpresidential election year, primarily because a Supreme Court ruling lifted some restrictions on spending by interest groups. Another factor driving political spending was an increase in the number of competitive races for both House and Senate seats, said Mark Fratrick, vice president of the media analysis and consulting firm BIA/Kelsey.

Political Ad Spending on Local TV is a Record High

In Billions of Dollars



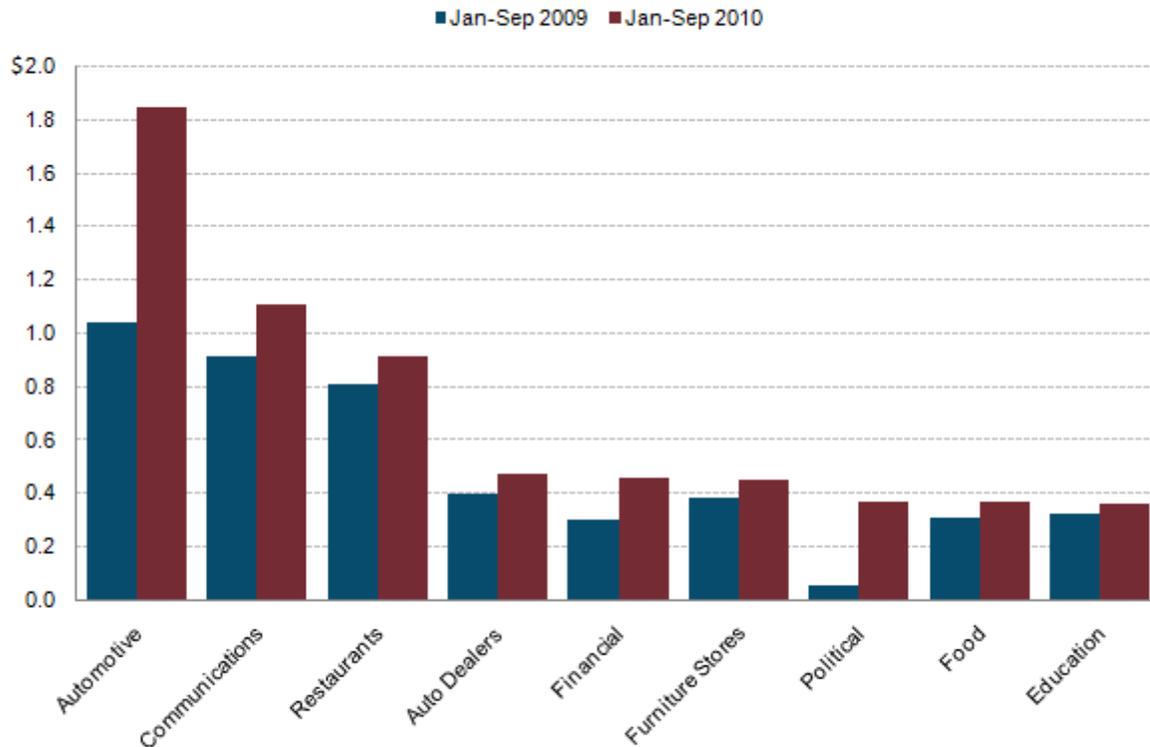
Source: TVB, Kantar Media/Campaign Media Analysis Group

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In addition, auto ads that had virtually vanished in 2009 returned to the air in a big way, up 77.2% from the year before through the first three quarters of 2010. Other sectors showing healthy increases year-to-date included financial (up 51.2%), home and hardware (up 37.9%), media and advertising (up 36.4%) and department stores (up 34.6%).

Advertising Up in Top Local Broadcast Categories

In Billions of Dollars



Source: Television Bureau of Advertising; Kantar Media

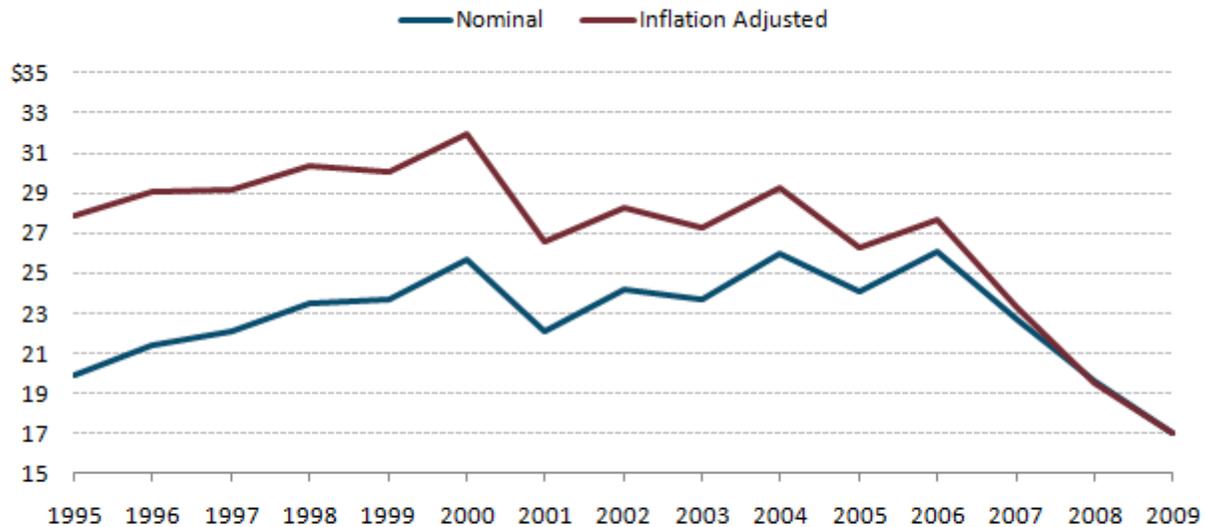
Note: Includes both local and national spot activity in the 101 markets measured by Kantar Media.

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While the revenue picture improved in 2010, other data show that the long-term revenue picture for local stations that produce news is grim. When adjusted for inflation, average station revenues have dropped more than 46% since 2000.

Average Revenue Trends Down for News-Producing Stations

In Millions of Dollars



Source: BIA/Kelsey MediaAccess Pro

Note: Inflation adjustment is based on 2009 dollars. Only commercial English-language stations broadcasting news programs are included.

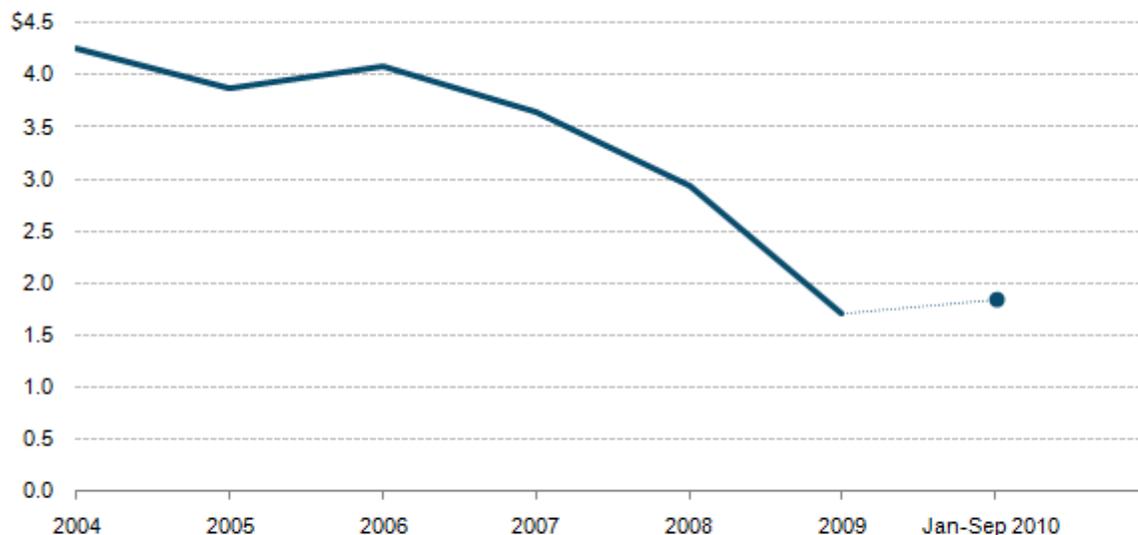
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A glance at local station revenue in the top 101 markets from auto ads over the past four years may help explain the sharp decline in average revenue.

Automotive Advertising on Local TV Nose-Dives

In Billions of Dollars



Source: Television Bureau of Advertising

Note: Includes both local and national spot activity in the 101 markets measured by Kantar Media. For 2010, data are available only for the first three quarters.

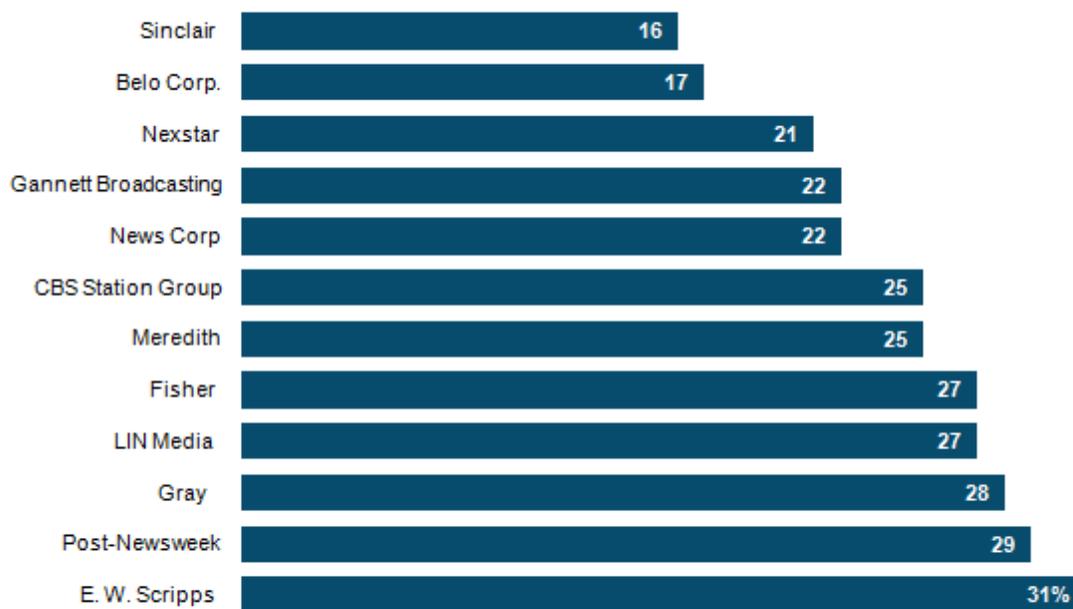
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As advertising recovered, station groups reported substantially higher revenue in 2010. Third-quarter numbers were strong compared to the year before, and the final quarter was expected to be at least as good because it included a large chunk of the year's political ad revenue.

Local TV Station Groups' Revenue Up Sharply in Q3 2010

Percent Increase



Source: News Reports

Note: Q3 2010 revenue vs. Q3 2009.

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Broadcast stations also made up some ground in 2010 in the battle with cable channels for local spot advertising. (See Essay for more) In 2007 and 2008, local spot ad revenue on broadcast stations declined while spending on local cable ads increased. Local spot ad spending on both cable and broadcast declined in 2009 and grew in 2010, but estimates indicate that cable spending was down less than broadcast in 2009 and grew more in 2010. Broadcast still reaps about twice as much as cable from local spots, but estimates suggest cable growth will continue to outpace broadcast in coming years.

Broadcast Stations Battle with Cable for Local Spot Ads

Billions of Dollars

	Broadcast Local Spot		Cable Local Spot	
	Spending (\$)	Growth (%)	Spending (\$)	Growth (%)
2012 (est.)	10.9	6.8%	5.7	9.9%
2011 (est.)	10.2	-3.0	5.2	7.8
2010 (est.)	10.5	4.8	4.8	5.8
2009	10.0	-24.7	4.6	-20.5
2008	13.3	-6.7	5.7	5.5
2007	14.3	-4.8	5.5	11.1
2006	15.0	6.6	4.9	7.5

Source: Veronis Suhler Stevenson, 2010-2014 Communications Industry Forecast

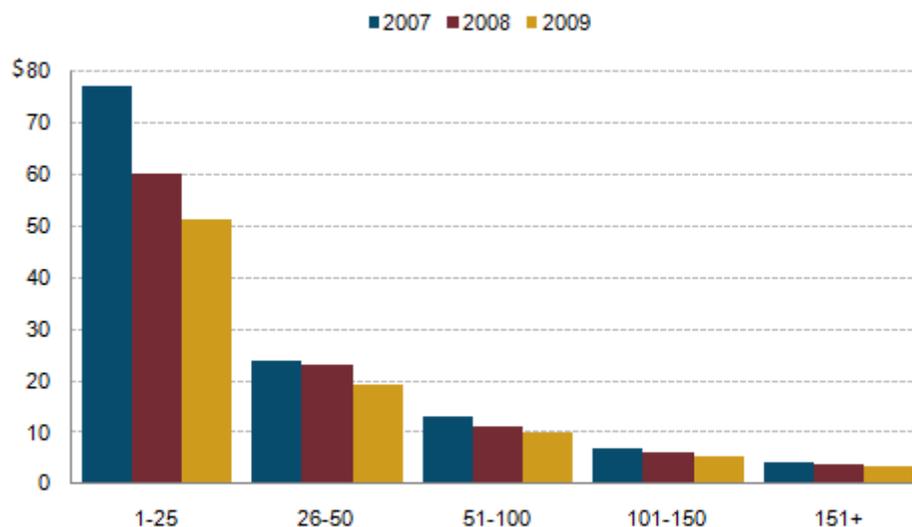
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Stations in the top 25 markets lost the most revenue on average in 2009, the last year for which data are available.³ This is largely due to the fact that they take in far more money than stations in smaller markets, so their total dollar loss is greater.

Large Markets Lose More Revenue in 2009

Average in Millions of Dollars



Source: BIA Media Access Pro

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But measured by percentage losses instead of dollars, the picture changes. The pain in 2009 was spread almost evenly across market sizes, unlike the year before (2008) when revenues were down by 22% in the top 25 markets but only 3% in the smallest markets (151+). A PEJ analysis of BIA/Kelsey data found that proportional revenue losses in 2009 were within a few percentage points in all market sizes, with markets 26 to 50 taking the biggest hit (17%) and markets 51 to 100 losing the least (13%).

Revenue Declines Proportionally Across Market Sizes in 2009

Percentage



Source: BIA Media Access Pro

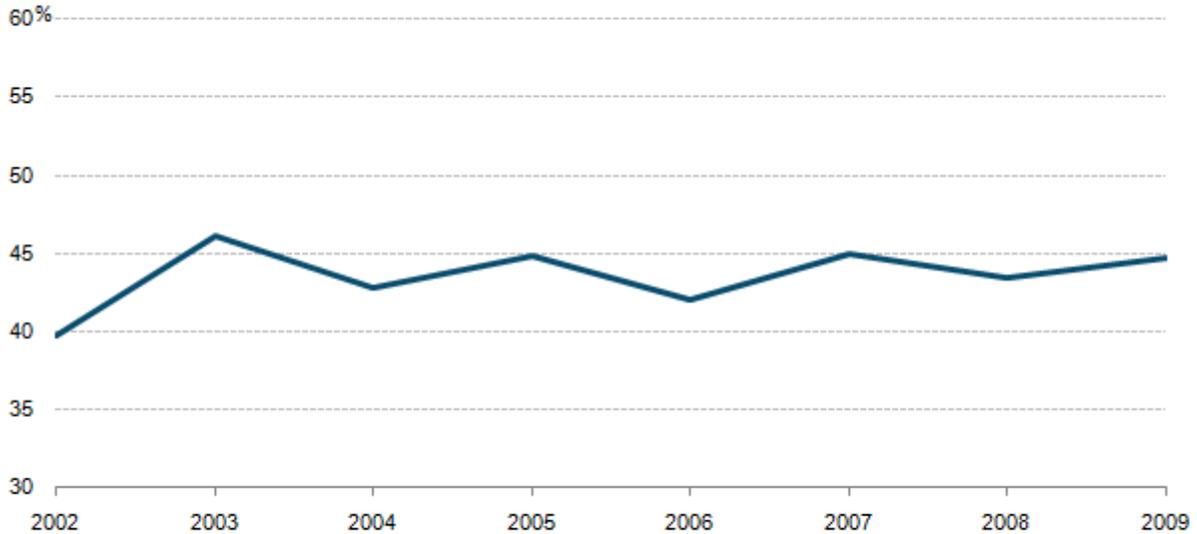
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News is the most important contributor to local station revenue. Over time, local news has contributed on average close to 45% of station revenue, a trend that was expected to continue in 2010.

News Drives Local Station Revenue

Percentage of Total Local Station Revenue



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors

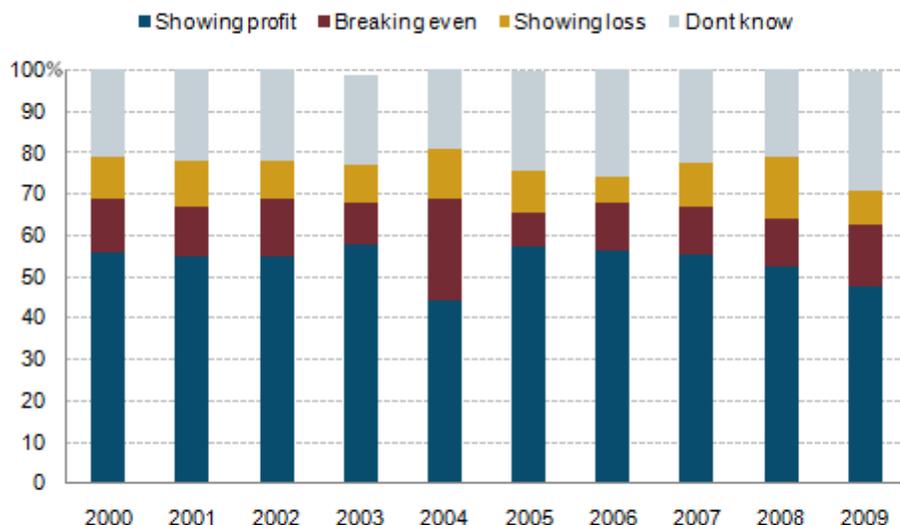
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For the first time since 2004, less than half of all news directors in 2009 said their stations made a profit on news. That was a 5% decrease from 2008. And more than a quarter of news directors said they didn't know if their stations were making a profit, a record high.

Local TV News Profitability Trending Down Before 2010

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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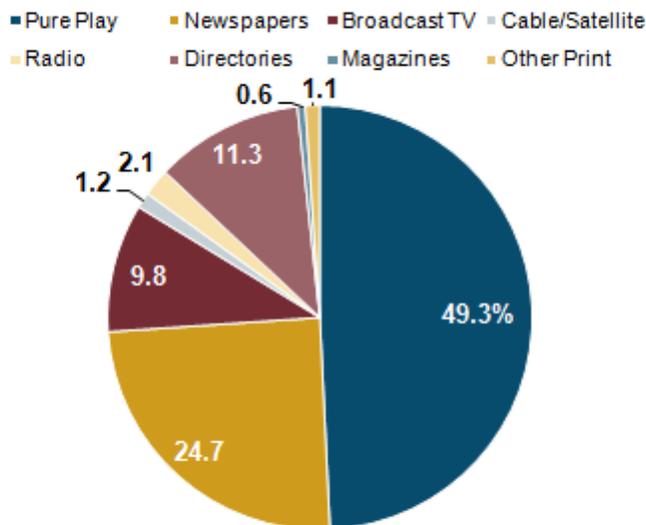
The strong revenue picture for local television stations in 2010 suggests that local TV news profitability most likely rebounded as well.

Online Revenue

While still relatively small, online revenue is a growth area for local TV news stations and that continued in 2010. According to Borrell Associates, local stations brought in \$1.34 billion from online advertising in 2010, an 8% increase from the year before. That's far less than the 21% increase that Borrell had forecast for the year, but still a healthy uptick. Stations also captured a larger share of local online advertising – just under 10%, according to the Borrell data. Overall, however, online still makes up just 5% of local TV advertising revenue.

Local TV Increases Share of Local Online Advertising in 2010

Percentage



Source: 2010, Borrell Associates Inc. All rights reserved.

Note: Pure play refers to companies that are online only.

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Local stations are also making a relatively small amount of revenue from mobile advertising (on phones and tablets). Stations brought in \$29 million in local mobile advertising in 2009, Borrell reported. That is 12% of the total local mobile advertising market.

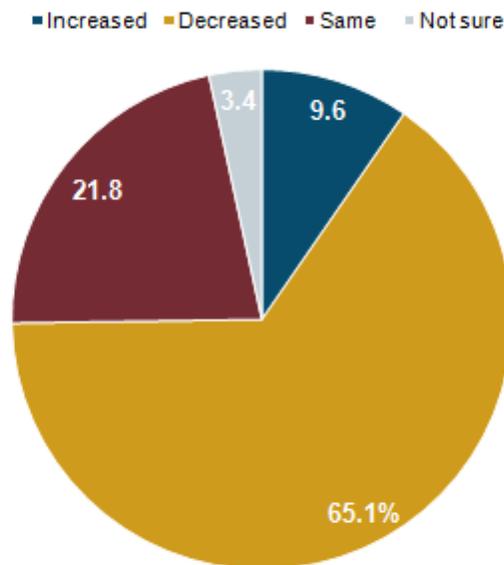
Revenue from ad sales on both online and mobile platforms is expected to increase in future years.

News Budgets

Newsrooms entered 2010 with budgets drawn up during one of the worst years ever for local station revenue. Two-thirds of news directors surveyed said their budgets were cut in 2009, up substantially from 40% in 2008.

Local TV Newsrooms Slashed Budgets in 2009

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

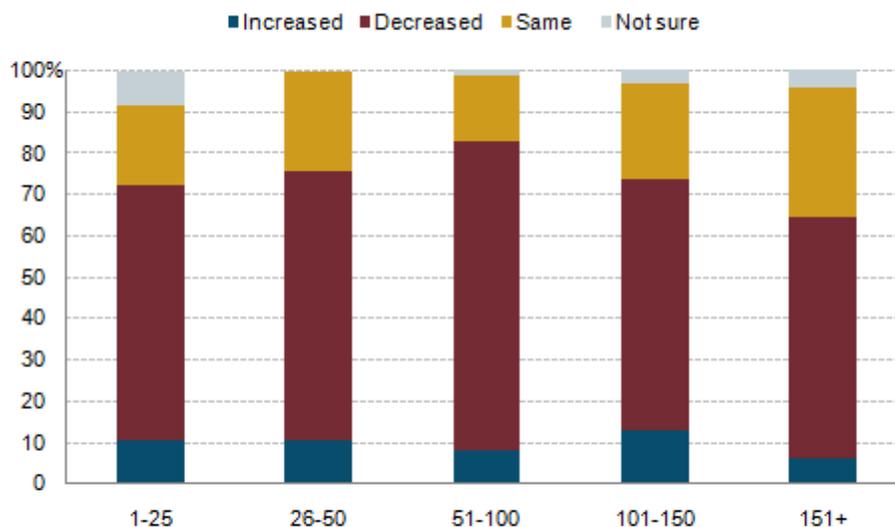
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Unlike the year before, when stations in the largest and smallest markets took the biggest hits, the pain in 2009 was spread across all market sizes, with well over half of all news directors reporting budget cuts. In midsize markets (51 to 100), almost two-thirds of news directors said their budgets decreased. Presumably, those numbers would have eased in 2010, but those data are not yet available.

Local TV Newsroom Budgets Were Cut in All Market Sizes in 2009

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

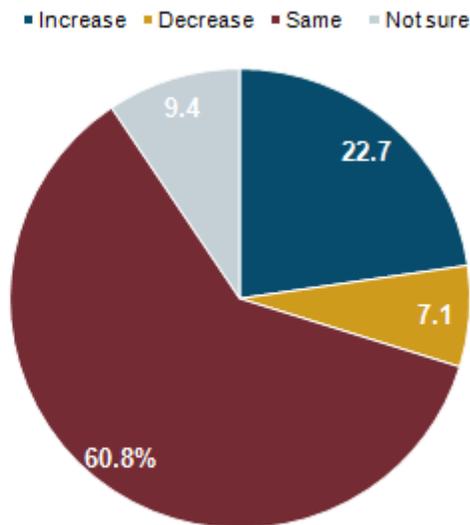
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News Staff

Indications are that newsrooms were hiring again in 2010. From interviews and other evidence, we estimate that likely additions to staff made up for all of the 2009 losses and possibly more. At the end of 2009, almost a quarter of news directors said they expected to increase staff in 2010, more than twice as many as the year before. And less than 10% expected to cut. At the end of 2008, by contrast, almost a third of news directors expected to cut staff in 2009).

More News Directors Expected to Add Staff in 2010

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

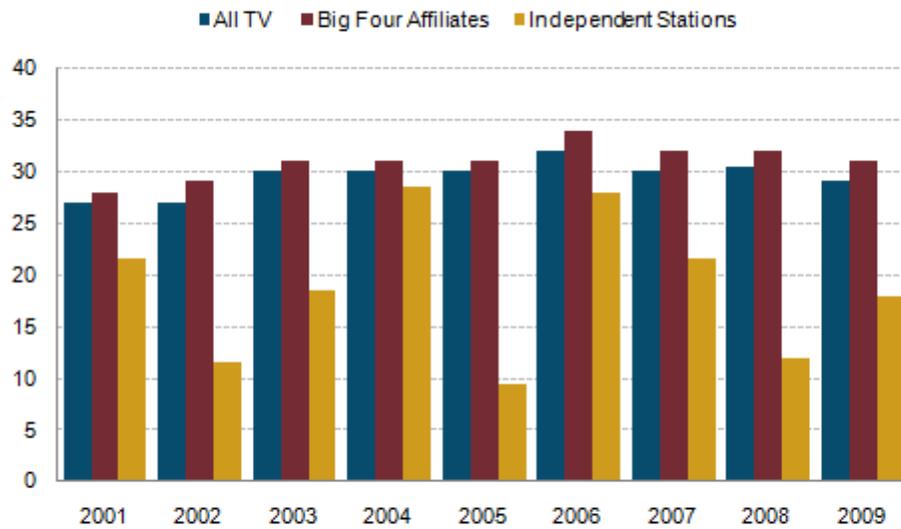
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Survey data indicate that local newsrooms cut staff by 1.5% in 2009, considerably less than the 4.3% reduction reported in 2008. Even so, the median staff size at all local TV newsrooms fell to the lowest level since 2003, around 29 people. Only independent stations, which make up just 8% of the sample, reported increasing staff in the depths of the recession.

Fewer Full-Time Employees in 2009

Median Staff Size (Total)



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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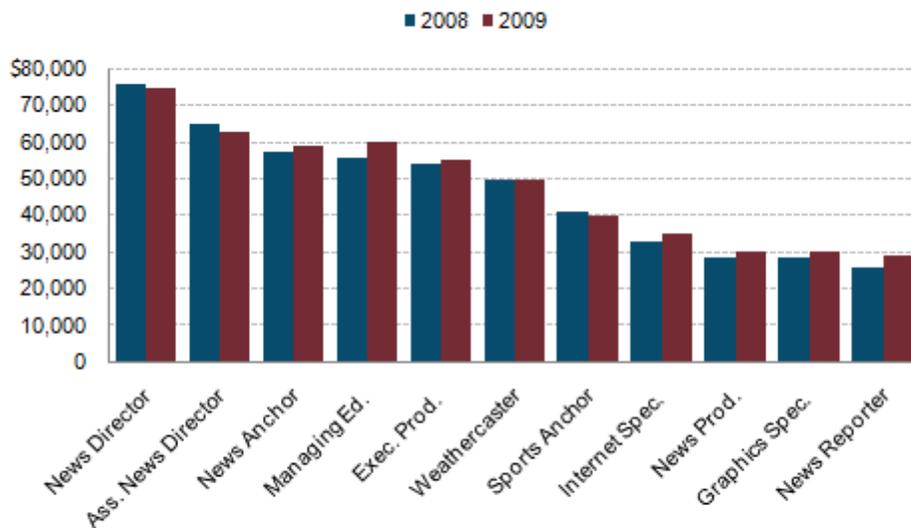
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As staffs shrank in 2009, salaries in local TV news actually grew overall by 2.5% compared to a 4.4% decrease the year before. Reporters, managing editors and graphics specialists had the largest gains, about 10%. Top news managers and sports anchors lost ground.

In 2010, more local TV stations let some of their higher-priced on-camera talent go, a trend noted in last year's report. The impact of those staff changes may be reflected over time in average salaries.

News Staff Salaries Increased in 2009

Median Salaries



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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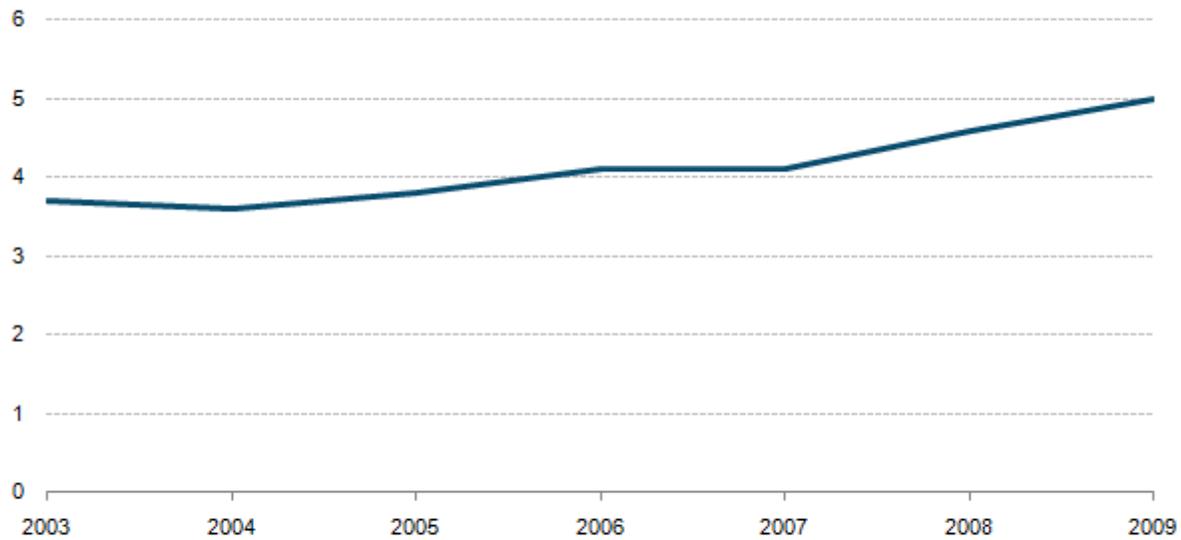
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Local TV News Content

There is every indication that the amount of news produced by local television stations on weekdays hit a new high in 2010, building on the record set the year before. More than nine-in-ten news directors surveyed said the amount of news they produced would stay the same (57.4%) or increase (32.6%) in 2010; less than 2% expected a reduction. The reason is simple: If audiences for traditional newscasts are shrinking, one way to build audience, and revenue, is to air more news. Generally speaking, stations can add local news more cheaply than they can buy syndicated programming.

Stations Produce Record Amount of Weekday News in 2009

Number of Hours



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors

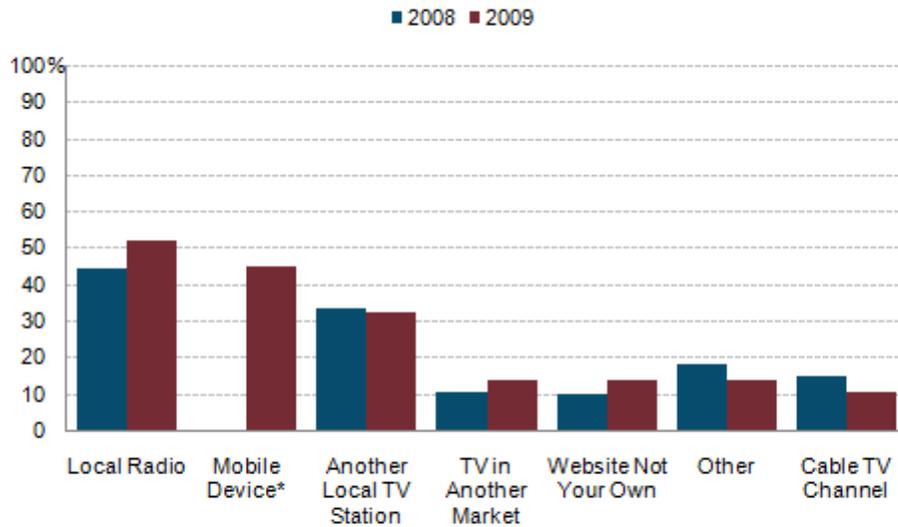
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Stations are also distributing news content in more ways than ever. More than two-thirds (68.8%) of news directors said their station took a “three-screen” approach to news, providing content on air, online and on mobile devices. The number of news directors who said their stations produce news for mobile devices shot up to 45%. That’s double the percentage that reported producing news for other platforms in 2008, including mobile. Those who said they ran local news on another station in the market remained steady, but more stations reported producing news for a station not in their market and for local radio outlets.

Local TV News on Mobile Devices Shot Up in 2009

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

*Mobile Device category was not included prior to 2009.

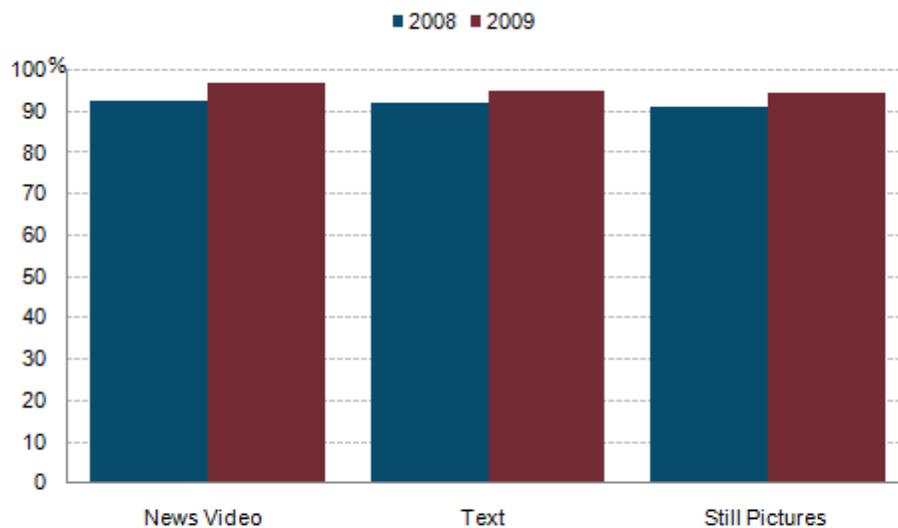
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Local TV websites continued to add some features online but pared back on others. Text, still pictures and news video have become the norm on local station online sites, available on more than 90% of them.

Universal Features on Local TV Websites: Text, Stills and Video

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

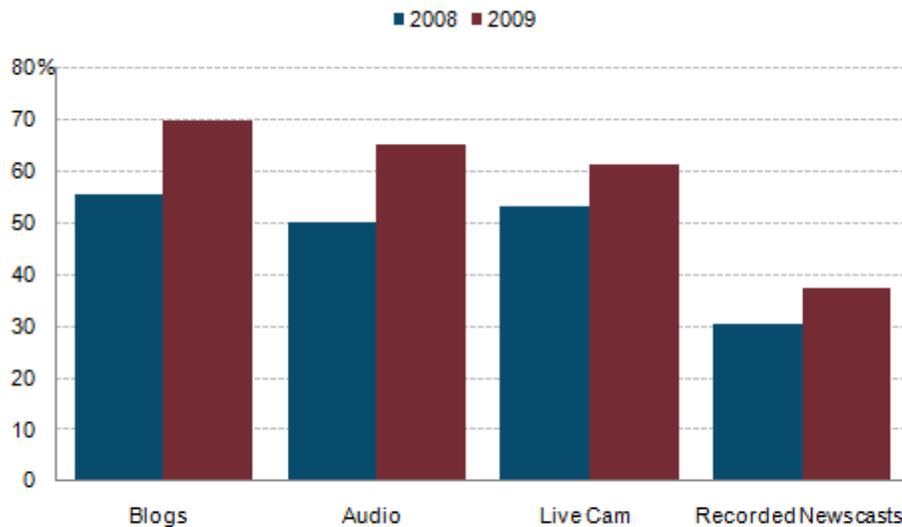
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Other online features have become more common, as well, on local TV station sites. The latest available data (2009) shows a noticeable increase in the use of audio, live cameras, recorded newscasts and blogs.

Local TV Websites Added More Audio, Live Cameras, Newscasts and Blogs

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

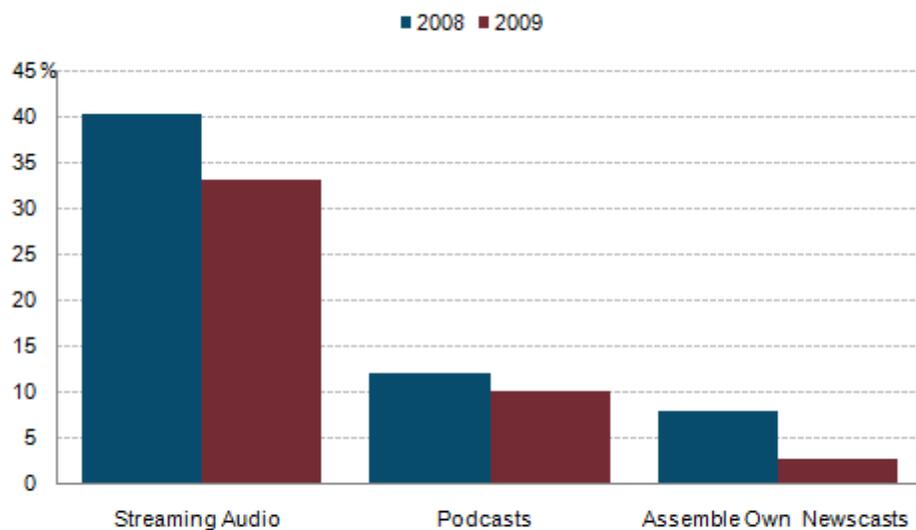
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Local stations cut back on the use of other types of content on their websites in 2009, however, including streaming audio, podcasts and assemble your own newscasts.

Local TV Websites Cut Back on Some Features in 2009

Percentage



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations.

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Endnotes

1. Over the past four years, the number of markets where local news airs in the three key time slots has been virtually unchanged according to PEJ's analysis of data from Nielsen Media Research.
2. Nielsen Media Research revised the way it counts independent stations in August 2009, so reliable comparisons can only be made from November 2009 to November 2010. [1. Nielsen Media Research revised the way it counts independent stations in August 2009, so reliable comparisons can only be made from November 2009 to November 2010.
3. PEJ analyzes BIA data for stations that list a news director and that are commercial, English-language, viable (significant share of audience), with measurable revenue.

Local TV Glossary

Broadcast coverage area

The geographic area that receives a signal from an originating television station.

Corporate/financial buyer

Buyer that is looking for a financial investment in a company, is more concerned with a return on equity and investment.

Coverage

The percentage of homes or persons receiving a particular broadcast signal within a specific geographic area.

Cross-ownership rule

A rule that restricts companies from owning properties across media in the same market. It disallows the ownership of a television station and daily newspaper in all but the 20 largest media markets.

Daypart

A section of a day, used for measuring audience ratings on TV. The cost of buying advertising varies according to the daypart selected.

Designated Market Area (DMA)

Represents an exclusive geographic area of counties in which the home market stations are estimated to have the largest quarter-hour audience share (as defined by Nielsen).

Digital Television (DTV)

Generic term that refers to all digital television formats, including high-definition television (HDTV) and standard-definition television (SDTV).

Digital Video Recorder (DVR)

Refers to digital video recorder, also known as personal video recorder. According to the Television Advertising Bureau, a DVR or PVR records broadcasts on a hard disk drive that can then be played back at a later time (this is known as time shifting). A DVR often enables smart programming, in which the device records an entire series or programming defined by keywords, genre, or personnel; and offers pause control over "live" broadcasts.

Early evening newscasts

Local affiliate newscasts between 5 and 7 p.m. in the Eastern and Pacific zones and 6 to 8 p.m. in the Mountain and Central zones.

Fox Stations

Not associated with a network news division, Fox stations generally counter-program their network affiliated (ABC, CBS, NBC) stations within their market. This means they air news during network newscasts in the morning (while Good Morning America, CBS Early and Today are on) and evening (World News, Nightly News and Evening News) and for late news during the last hour of primetime (10 p.m. in the Eastern and Pacific time zones and 9 p.m. in the Central and Mountain time zones).

High Definition Television (HDTV)

Various technical systems providing a finer and wider TV picture and usually twice as many scanning lines as standard TV. According to the Television Advertising Bureau, it provides the highest quality picture and sound simultaneously with a substantial data delivery service.

Independent Station

Stations not affiliated with any network; usually refers to commercial stations only.

Late news

Local affiliate newscasts from 11 to 11:30 p.m. in the Eastern and Pacific zones and 10 to 10:30 p.m. in the Central and Mountain zones. These newscasts generally follow prime-time entertainment programming and precede late-night talk shows including The Tonight Show (NBC) and The Late Show with David Letterman (CBS); ABC late newscasts are followed by Nightline. Fox stations generally air news at 10 p.m. in the Eastern and Pacific zones and 9 p.m. in the Central and Mountain zones.

Lead-in

A program that immediately precedes another program on the same station or network. (Lead-out is the program that immediately follows another program.)

Local spot

The advertising purchased in a market and aimed only at the audience in that market.

Midday

Local newscasts that normally air between noon and 1 p.m. Part of the daytime programming daypart. (See Daypart.)

Mobile DTV

Technology that allows the transmission of over-the-air broadcast programming to cellphones and other hand-held devices.

Morning news

Local newscasts before or following national morning news programming on ABC, CBS and NBC and newscasts on Fox and unaffiliated stations that air any time between 5 and 8 a.m. (See Daypart.)

Early morning news

Local newscasts before national morning news programming on ABC, CBS and NBC and newscasts on Fox and unaffiliated stations that air on 4:30 to 5 a.m.

Multimedia journalist

A backpack journalist, one-man band, mobile journalist ("mo-jo"). A local news reporter who performs a range of tasks related to the reporting, shooting and editing of news stories for broadcast, Web or mobile content delivery. The availability and ease of use of inexpensive video cameras, laptop editing applications, and cost cutting has spurred an increase in the use multimedia journalists.

National Spot

A form of broadcast advertising in which national advertisers, through their agency or buying service, select their target markets and stations to fit their marketing needs. The station usually has a contract with a rep firm to represent it to ad agencies.

Network Affiliated Station

Local television stations affiliated with one of the four major national broadcast networks, ABC, CBS, Fox and NBC.

Nielsen Media Research

A firm involved in local and national measurement of the TV audience; also involved in other research activities.

Persons Using Television (PUT)

According to the Television Advertising Bureau, a PUT is a measurement of the total number of people in the target audience who are watching television for five minutes or longer during an average quarter-hour. PUT is generally expressed as a percent.

Rating

A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Rating Point

A value equal to one percent of a population or universe, such as the population of a Designated Market Area.

Retransmission consent

An option granted to television stations as part of the law that granted such stations the option to elect must-carry rights. Under retransmission consent, a full-power U.S. television station may elect to negotiate with a cable system operator for carriage of its broadcast programming. A station may propose that the cable operator pay cash to carry the station or ask for any other form of consideration. The cable operator may refuse the broadcaster's proposal and not carry the station or offer a counter-proposal. Broadcast stations have similar rights with respect to satellite television providers like DirecTV and Dish Network.

Reverse compensation

The practice of a commercial television station paying a television network in exchange for being permitted to affiliate with that network. The word "reverse" refers to the historical practice of networks paying stations to compensate them for the airtime networks use to run network advertisements during their programming.

Share

The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Strategic buyer

Usually from a similar industry and typically has a specific reason for wanting to buy a particular company. The strategic buyer will frequently be willing to pay a premium price in order to obtain a company possessing that quality.

Spot TV

The advertising time purchased from individual stations. There are two major types local and national. Local spots are purchased in one market and aimed only at the audience in that particular market. National spots are bought by national advertisers in several markets.

Sweeps

Ratings surveys in which local markets are simultaneously measured by a rating service. Nielsen Media Research measures television audiences to help the industry determine advertising rates for television stations. Sweeps months are generally February, May, July and November. In anticipation of the federally mandated switch to digital television in 2009, Nielsen elected to change the winter sweep month from February to March.

Television Household

An estimate of the number of households that have one or more television sets.

Timeslot

A designated time on a television schedule for a particular program or type of programming.

Viewership

Collectively, the viewers of a television program.

Backgrounders

Local TV Audience Measurements

To gauge audience, the television industry relies on two metrics — share and ratings.

Share indicates the percentage of the television sets in use that are tuned to a program at a given time. If, for example, 500 television sets are turned on in Orlando, Fla., and 250 are tuned to the 7 p.m. news hour on WKCF-TV, then that station gets a 50 share for that time slot.

Ratings, on the other hand, step back a level and indicate the percentage of households tuned to a program out of all households with television sets — not just those in use but also those that are turned off. In the same example, if Orlando had 1,000 television sets in total, with 250 tuned to WKCF-TV for the 7 p.m. news, then it would get a rating of 25.

In previous reports, PEJ gathered the May sweeps audience data for network-affiliated stations using the Nielsen audience estimates that were included in the database from BIA Financial Network, a media research and investment firm. We then calculated averages for the early evening and late night newscasts, combining them into a national average. The data, going back to 1997, allowed us make comparisons year to year. With the 2007 report, we expanded our data sample to get a different perspective. We now look at local news market audience by examining ratings and share during the four sweeps months — February, May, July, and November — which are the months advertisers use to determine what to buy.

Audience Measurements: Ratings and Share

The key metrics for audience in television are ratings and share:

- *Ratings* are the percent of households watching a program at a given time among *all households* in the market.
- *Share* is the percent of households watching a particular program among *only* those households that have their televisions on.

PEJ examines three types of variables for local TV: ratings, share and viewership. Unlike in other sectors, PEJ only analyzes P2+ data for local TV. The P2+ variables describe total individual viewers 2 years of age or older, as opposed to household (HH or HHL) data, which describes U.S. television households, which is a measure constructed by Nielsen that estimates the number of households that have one or more television sets, either tuned to a particular program.

Sweeps in 2009

Typically, Nielsen measures audience in all media markets in the United States in February, May, July and November.

In 2009, the transition to digital television was scheduled for February 17 (although ultimately it did not take place until June 12). Nielsen decided to carry out March measurements, which has never conducted before and there are no plans to conduct in the future. This means there is no way to compare that March measurement to any other year. Since there is no equivalent basis of comparison from February 2009 to February 2010, PEJ decided not to analyze those data across time. See 2010 report for more

The State of the News Media 2011

An Annual Report on American Journalism

Mag

By Katerina-Eva Matsa, Tom Rosenstiel and Paul Moore of the Project for Excellence in Journalism

After two difficult years, the magazine industry in 2010 managed to significantly slow its decline.

Overall, circulation was still down slightly. Advertising revenue was flat – and that was good news when compared with the disastrous years of 2008 and 2009. Publicly traded magazine publishing companies managed to report growth overall.

When it comes to news magazines in particular, 2010 handed out the sentencing on a verdict that had become clear a year or two before: there is now one clear winner among the mass market general interest news magazines – Time.

U.S. News & World Report finally abandoned its last efforts at publishing a print magazine. And Newsweek was sold for a dollar and the assumption of debt to a stereo equipment magnate who, after looking unsuccessfully for an editor to turn it around, agreed to a joint operating agreement with the Daily Beast website so that its editor, Tina Brown, could take the helm of both enterprises. (See Newsweek section for more)

Meanwhile, niche news magazines (such as The Economist, The Week, the New Yorker and The Atlantic) aimed at elite audiences, continued to thrive as the advertising market improved.

Yet the end of the recession clarifies some stark realities. Most magazine professionals believe that the industry must finally get serious about changing a flawed economic model. It must find a way to charge readers more and rely less on advertisers for revenue. Advertisers simply have too many choices now for that old model to work. And readers, shifting to digital platforms, will be even less responsive to agreeing to subscribe to print magazines they only vaguely want. To do that, however, magazines must crack the code of making their publications work on new platforms, particularly tablets. Perhaps even more challenging, they are going to have to make sure their content is strong enough that readers will actually pay for it – not just allow it into their house because it has been practically given away.

Industry overall

For the magazine industry generally the good news in 2010 was that things were not as bad as 2009.

The two key indicators – circulation and advertising sales – were flat for the second half of the year. And, both areas bore signs of improving even more in 2011.

Total circulation, audited for the final six months of 2010, was relatively flat, down 1.5%. That is an improvement over the 2.2% decline the same period the year before. Of that, subscriptions fared best, though they can be controlled by discounting. Subscriber copies sold fell 1.1% during the second half of 2010 compared with the same period the year before.

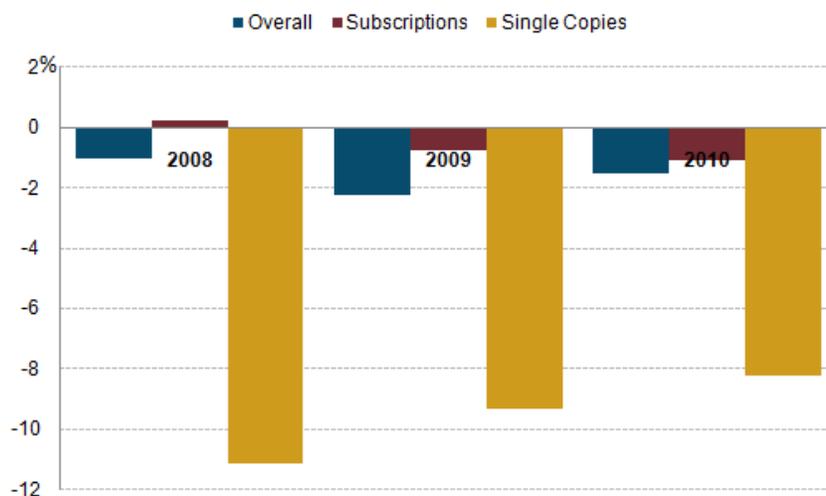
Newsstand sales – seen by many as a more reliable barometer of industry health than subscriptions – are still dropping.

Even here optimists see some sign of good news, however faint. The rates of decline in newsstand sales slowed for the third year in a row. Single-copy sales were down 8.2% in the second half of 2010,

compared with 9.3% in the second half of 2009, and 11.2% in the second half of 2008.

Magazines Single Copy Sales Fall Fastest

Percent of Change



Source: Audit Bureau of Circulations, FAS-FAX reports for consumer magazines.

Note: Data represent circulation numbers for the last six months audited for each year, ending December 31.

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The number of employees at U.S. magazines declined 5.8% in 2010, according to Ad Age's analysis of recent Bureau of Labor Statistics data. However, this was an improvement too, compared to a 12.3% drop in 2009.¹

Advertising saw a more clear-cut improvement in 2010. The number of ad pages sold in magazines during the year stabilized, dropping just 0.1% from 2009.² A year earlier ad pages had plummeted 25.6%.

Many individual magazines, however, fared much better than that. Some 128 magazines out of 235 monitored by the Publishers Information Bureau had an increase in ad pages, compared with 19 in 2009.

Perhaps more promising, in 2010, the number of ad pages rose in 7 of the 12 categories that Publishers Information Bureau tracks, including some that had been big losers the previous year. Automotive, for example, was up 16.9% over the year before.

Many saw the rise in auto as a sign that the economy was improving, that consumers had more money and more confidence and were ready to make big purchases. As Andrew Jung, the Magazine Publication Association's chief marketing officer, said: "The significant increase in automotive advertising mirrors the general uptick in the economy that is benefiting magazine media. Automotive manufacturers are continuing to invest in magazines because magazines and the internet are considered the most influential source of information for brands especially in the final stages of purchase decisions."³

Another positive signal was that more magazines launched than folded in 2010. MediaFinder calculates that 193 magazines were started in 2010, while 176 folded. The number of magazines that died during the year was down from 596 the year before. Food magazines topped the list of new launches with 28 new titles, such as Northeast Flavor, and ChopChop. Also, 28 print magazines converted to an online-only format in 2010, compared with 81 in 2009.⁴

The market research firm Veronis, Suhler and Stevenson projected a 4% decline in overall revenue (from both ads and circulation) for consumer magazines in 2010. That would be an improvement over the nearly 13% drop in 2009. But it would still leave industry wide revenues (including internet) well below their levels of the previous decade. And it would also leave consumer magazines squarely among the losers in consumer advertising media:

Consumer Advertising Media Projections Not Bright for Magazines			
<i>Percent Change</i>			
Sector	2009	2010*	2011*
Broadcast TV	-12.1%	8.4	0.5
Broadcast & Satellite Radio	-16.2	3.3	4.7
Consumer Magazines	-12.7	-4.0	-0.8
Yellow Pages	-12.1	-9.4	-4.2
Newspapers	-22.7	-9.5	-6.4

Source: Veronis Suhler Stevenson, Communications Industry Forecast, Executive Summary
 *2010 and 2011 numbers are projections

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Veronis, Suhler and Stevenson also projected print advertising – still the industry’s biggest source of revenue – to decline slightly more (-4.7%).

For several years now, given the growing competition for advertising from new media, many in the industry have advocated that magazines must raise their subscription and cover prices to generate more revenue from audiences directly. That did not appear to happen in 2010; circulation revenue was expected to decline, by 3.3%.⁵

Veronis, Suhler and Stevenson does not project a return to overall revenue growth for the magazine industry until 2012, and even then it projects it to be modest, at 1.3%.

Given those grim realities, publishers are trying to move beyond magazine publishing, to exploit both their brands and their marketing skills into other revenue areas. Not only are they moving to develop digital editions to increase revenue, but they are also trying to move into advertising and marketing consultants.

One example is Rodale Publishing, which publishes Prevention and Men’s Health. It announced in June that it was repositioning itself as Rodale Custom Content & Marketing.⁶ And in June, Hearst purchased the search marketing specialist iCrossing as part of a strategy to expand into marketing services for “further diversification of our lines of business,” Hearst CEO Frank Bennack Jr. said.⁷ In November 2010, Hearst Magazines announced a partnership with JC Penney, launching a pair of online retail sites next summer.⁸

As for magazines themselves, overall analysts now think that capitalizing on the improving economy will depend on making headway in the digital space, particularly in tablets.

Veronis Suhler and Stevenson, for instance, expects digital to account for all the growth in magazine revenues through 2014.⁹

Against that tough revenue background, magazine publishers have had to cope by managing costs, which only makes investing in new technology and improving editorial quality (key to charging readers more) more challenging.

But many did so, and were able to report improved operating profits for the year.

Meredith, publisher of Better Homes and Gardens and Family Circle, reported net earnings for its 12-month fiscal ending in June 2010 as \$103.96 million, up from a loss of \$107.08 million during its fiscal

2009 year. Revenues dipped slightly to \$1.38 billion from \$1.4 billion. Meredith's National Media Group, which publishes its magazines, reported a full-year operating profit of \$167 million, an increase of 11 percent over 2009. Revenues dipped slightly to \$1.11 billion, including \$526 million in advertising revenue.¹⁰

Time Inc., the magazine division of Time Warner and the largest magazine publisher (People, InStyle, Time, etc.) in the United States, reported in February 2011 a 1.6% decline in overall revenue for the full year of 2010, even though its advertising revenues grew by 3%. Its revenue decrease was due to a 2.5% drop in subscription revenue and a 16% loss in other revenues. But through managing costs it was able to increase operating profit from those revenues by 109% (from \$246 million in 2009 to \$515 million in 2010).¹¹

The four largest American magazine companies –Time Inc., Meredith, Condé Nast and Hearst – had big changes in the executive division.

Condé Nast announced during the summer that its consumer marketing chief, Robert A. Sauerberg, would become president, assuming a newly created second-in-command role to the chief executive, Charles H. Townsend (who had held the dual role since 2004).¹²

David Carey joined Hearst Magazines as president, leaving his post as Condé Nast group president. Carey succeeded Cathie Black, a publishing industry fixture for three decades.¹³

Time Inc.,tapped Meredith's Jack Griffin to succeed Ann Moore as chief executive officer. Moore held that job for eight years. Meredith then promoted one of Griffin's deputies, Tom Harty as president of the Meredith's publishing division, National Media Group.¹⁴ As it would turn out, Griffin would run Time Inc. for only five months before he was forced to leave in February 2011. He was replaced on an interim basis by three executives managing as a committee, chief financial officer Howard Averill, general counsel Maurice Edelson and Time's Inc.'s editor in chief John Huey.¹⁵ Time Warner's chief executive officer, Jeff Bewkes, said "Although Jack is an extremely accomplished executive, I concluded that his leadership style and approach did not mesh with Time Inc and Time Warner."¹⁶

News Magazines

For news magazines in particular, 2010 may well be remembered as the year when the impact of the 2008 recession finally sorted out the landscape.

First, Time emerged as the victor in the 77-year rivalry of mass market general interest news weeklies. As NPR puts it "Time Magazine is the last of the big newsweeklies."¹⁷

On the other end of the scale, U.S. News & World Report, after years of continuing circulation decline, stopped printing (in December 2010) as a newsweekly altogether and went entirely digital. Now, in print form, it will limit itself to its controversial industry ranking guides for colleges, hospitals, etc.

The most spectacular and rapid changes, occurred at Newsweek. (See Newsweek section for more)

After years of tough losses (Newsweek's total revenue fell by more than a third between 2007 and 2009 to \$165.5 million) the Washington Post Company sold the struggling magazine to audio magnate Sidney Harman, who also assumed Newsweek's extensive debt.¹⁸

The most successful news magazines in 2010 were niche publications aimed at elite audiences: The Economist, The Week, The Atlantic and the New Yorker. All four gained circulation in 2010 as they did in the last half of 2009.

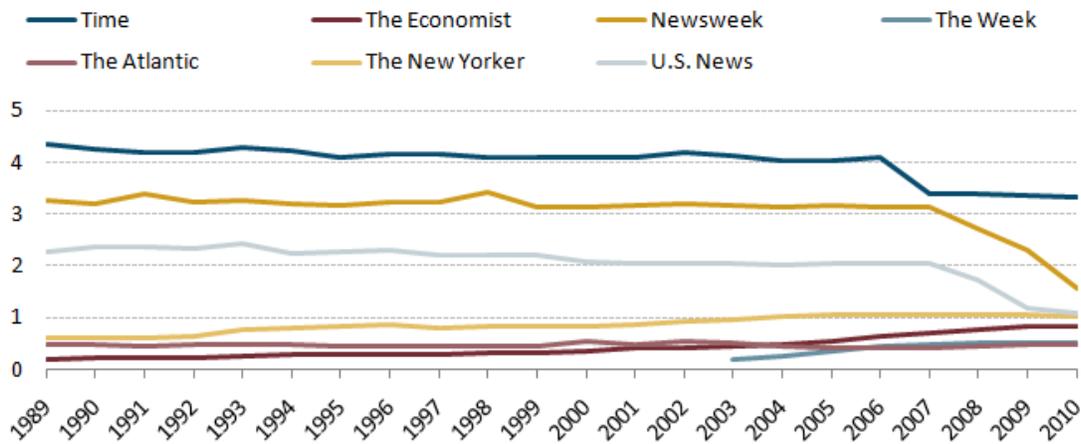
Overall circulation for the six news magazines this report analyzes (now minus U.S. News) fell 8.9% in 2010. That is nearly six times the rate of decline of consumer magazines in general.

But that average is deceiving. Most of the decline comes from Newsweek, which saw circulation fall 31.6% during the year. Three of the six magazines lost readers (Time, Newsweek and the New Yorker), while modest gains were managed by the others (The Economist, The Week and The Atlantic).

At the newsstand, the decline was even more serious for the news magazines: a drop in sales of nearly 18%. All the magazines in our sample sold fewer issues at the newsstand than in 2009.

News Magazines Circulation

In Millions



Source: Audit Bureau of Circulations, FAS-FAX reports for consumer magazines.

Note: Data represent circulation numbers for full years.

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As a group, the news magazines analyzed here had slight gains in ad pages sold in 2010: 1.4% compared with a decline of 18.8% for all of them in the previous year, according to the Publishers Information Bureau.¹⁹

News Magazines Ad Pages Enjoy Slight Gains

	2009	2010	% Change
Newsweek	1,116.73	895.70	-19.8%
Time	1,447.05	1,405.52	-2.9
The Economist	1,970.55	2,044.93	3.8
The New Yorker	1,125.11	1,187.42	5.5
The Atlantic	445.67	552.74	24.0
The Week	659.91	771.07	16.8
Total	6,765.02	6,857.38	1.4

Source: Publishers Information Bureau, of the Association of Magazine Media

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With the market sorted by the recession, at least one industry analyst believes news magazines and the industry generally now need to build a new revenue structure – one closer to the Economist's – that leans more heavily on charging loyal customers and less on trying to attract a large pool of casual readers that can be delivered to advertisers in huge numbers.

"The entire category and the same is true for the majority of magazines in this country, has to shift from a business model that 'counts customers' to one that focuses on 'customers who count,'" said Samir Husni,

director of the Magazine Innovation Center at the University of Mississippi's School of Journalism. "While numbers will still be of essence to achieve that mass impact in a very fragmented society, the mass numbers of yesteryears are no longer valid in today's magazine media market."²⁰

Newsweek

Newsweek, the news magazine owned by the Washington Post Company for the last 49 years, was already struggling before the economy soured. With the recession, it simply foundered. Between 2007 and 2009, revenues plummeted 38%, according to internal Newsweek documents obtained by the Daily Beast. Losses mounted. The magazine lost \$6 million in 2007 (before pension credits). That grew to \$28.7 million in 2008 and \$56 million in 2009. One problem was high overhead — \$55 million for general and administrative costs in 2009, including \$21 million in salaries and \$13 million per year in rent for New York offices.²¹ (There are no comparable overhead figures for Time or other publications).

The other problem, according to many analysts, was the product. Newsweek was caught on one side between Time — a larger publication that was still more focused on reporting and on some summary of the news of the week — and on the other by elite or more targeted publications like The Economist —which have lower cost structures and serve higher demographic audiences with more content tightly related to one subject, economics. In 2007, for example, The Economist had one quarter the circulation of Newsweek but sold 22% more ad pages and generated three times as much circulation revenue per copy sold. Whether true or not, it also marketed itself as a higher quality editorial product even though with 70 writers it had half the staff.²²

To compete, Newsweek began a series of efforts to cut costs and revamp the magazine. Between 2007 and the end of 2009, it reduced its total staffing from 520 to 348, a cut of 33%. The newsroom, which PEJ counted at 168 people in 2007 (down from as many as 348 in the 1980s), was cut to 133. The most publicized effort at change — and the last — came in May 2009 under then editor John Meacham. Meacham talked about reinventing the magazine to be more of an elite, niche periodical and he specifically mentioned The Economist.

To many, however, the result looked more like a redesign than a reinvention.²³ Rather than moving to serious trend coverage written like those in The Economist by young staff without bylines in a unified voice of the magazine, Meacham continued to lean toward big name personality writers, aided by far flung correspondents looking for inside reporting nuggets. One problem, perhaps, was that he maintained many of the core staff locked into the old Newsweek way.

The reviews tended to be disappointing. "It was Economist-lite," magazine consultant Martin Walker told the Daily Beast in August. "It didn't have the news element of Time or the in-depth reporting and opinion of The Economist. It didn't stand out as a uniquely compelling proposition. They made a lot of noise about editorial format but it wasn't unique."²⁴

The editorial changes were accompanied by efforts on the business side to remake the magazine's financial model toward a smaller, more elite audience and charging subscribers more for the magazine. It shrank its subscriber rate base, from 3 million to 2.7 million in early 2008, to 1.9 million in late 2009 and then to 1.5 million in December 2010. This represented a decline of 50% in two years (with newsstand sales declining to just over 40,000 copies per week). Reducing the rate base was designed to save money. U.S. magazines spend a good deal to persuade people to take the magazine so that they can deliver that audience to advertisers. Newsweek estimated, even after its cuts, it was spending roughly \$17 on average to acquire a subscriber. The rate base cuts from 2.7 million to 1.5 million, internal documents estimate, saved Newsweek \$29 million in subscription acquisition, printing and added delivery costs. It also doubled its basic subscription price from \$20 to \$40 a year.²⁵

The dilemma Newsweek faced, as would any magazine trying to raise subscription prices while cutting costs, is how to you persuade people you are improving the magazine when you are also cutting back on staffing – and to try do so during an economic downturn?

Even with the cutbacks, losses continued, predicted to be \$22 million in 2010.

The Washington Post Company, which bought Newsweek in 1961, gave Meacham's reinvention eight months before announcing it was selling. There were three suitors. Harman won out, in part, reportedly, because he intended to maintain more of Newsweek's staff and cut a more appealing figure to the Graham family.²⁶

As Harman began looking for a new editor, Newsweek veterans began to leave, including political writer and TV face Howard Fineman, editor at large Evan Thomas, investigative reporter Michael Isikoff who helped break the Lewinsky scandal, and Fareed Zakaria, whom Harman had tried to woo as editor.

One appeal of merging with the Daily Beast, in addition to getting Tina Brown as editor, was that it connected Newsweek to a diversified media company. Even the Washington Post's sales prospectus suggested that the next owner should be someone with a larger media enterprise and an online presence: "The right strategic partner can potentially provide scale and synergies on the digital platform," the prospectus said.²⁷ Not owning any other media properties, Harman did not bring scale or synergy to the table.

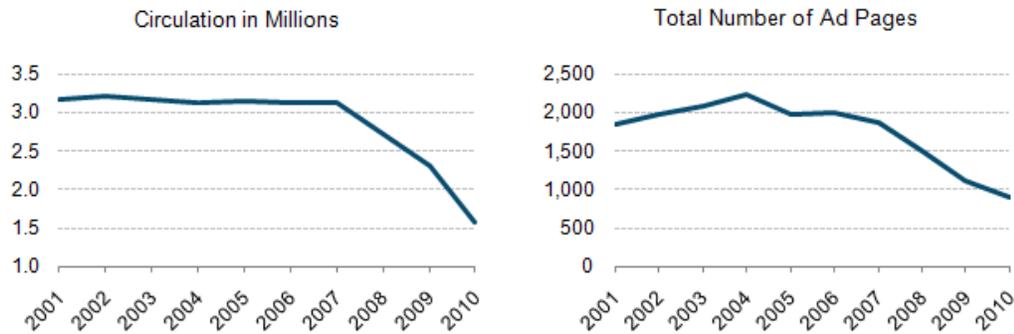
Brown, the creator of the money-losing Daily Beast online brought a digital brand, a famous magazine résumé (Vanity Fair, the New Yorker), a major marketing presence (she is a media celebrity), and the financial backing of the Daily Beast's owner, billionaire Barry Diller. There were some bumps in the road in the negotiations – reportedly largely over who was in control, Diller or Harman – but they were sufficiently resolved that in November 2010 they struck a deal for a partnership that would put Brown in charge of both the Daily Beast and the print magazine. The new entity, the Newsweek Daily Beast Company, will be 50 percent owned by Diller's company, IAC/InterActiveCorp. and 50 percent by Harman.²⁸

In February, the new company announced 30 voluntary buyouts a cut of more than 8%.²⁹

The magazine retains 13 bureaus: in Los Angeles, Miami, Washington, Boston, London, Paris, Berlin, Moscow, Jerusalem, Beijing, Islamabad, Beirut and Rio de Janeiro (See data section for more).

By the time 2010 was over, Newsweek's circulation had fallen 31.6% more, to an average of 1,578,691 copies sold per week (from 2,309,000 copies in 2009) and ad pages had fallen by 19.8% (from 1,116.73 ad pages in 2009 to 895.70 in 2010).³⁰

The Decline in Newsweek Circulation and Ad Pages



Source: Circulation numbers are provided by the Audit Bureau of Circulations, FAS-FAX reports for consumer magazines. Ad pages numbers are provided by the Publishers Information Bureau, of the Association of Magazine Media.

Note: Data represent circulation numbers for the full year of 2010, ending December 31.

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Time

In August 2010, media writer Howard Kurtz wrote that Rick Stengel, the managing editor of Time magazine, who recently had shoulder surgery after aggravating an old high school injury playing basketball, "may have his shoulder in a sling, but when it comes to the newsmagazine wars, he's the last man standing."³¹

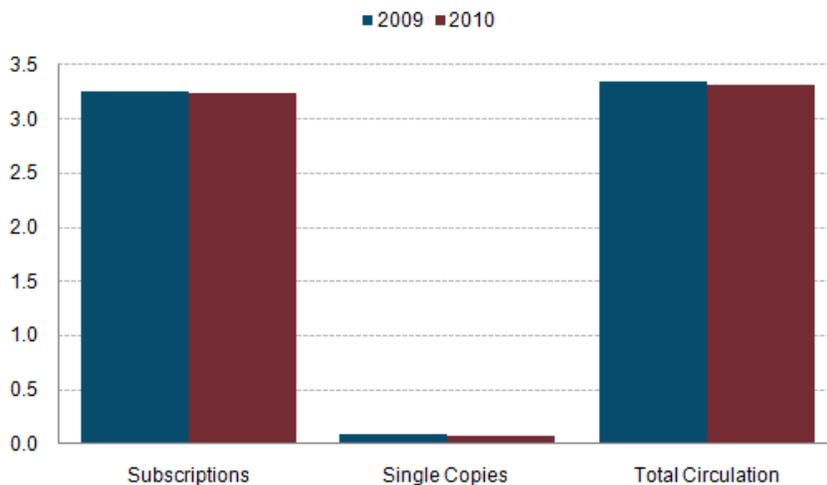
"We've become a category of one," Stengel said. Time is a smaller magazine than when Stengel took over in 2006, but its survival is no small achievement.

The drumbeat about the imminent death of news magazines has been building "since we were in short pants," Stengel said. Time managed to be the apparent winner in the category mainly by trusting the appetite for serious journalism, moving away from the celebrity covers that were once a staple of the genre.³²

By some numbers, Time's performance in 2010 resembled that of the magazine industry generally. Ad pages declined 2.9%. Circulation declined 1.1% with a 0.5% drop in subscriptions and 20.3% fall in single copy sales. (Time editors attribute the drop in single copy sales partly to comparisons with a spike in those sales in 2009 around the Obama inauguration and the early days of his presidency, and they note that newsstand sales make up only 2.3% of Time copies sold).

Time's Subscription Holds Steady but Newsstands Drop

In Millions



Source: Audit Bureau of Circulations, FAS-FAX reports for consumer magazines

Note: Data represent circulation numbers for the full years of 2009 and 2010

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But as the lone surviving mass market news weekly – at least for now – Time is well positioned. PEJ estimates that the Time magazine enjoyed an operating profit of \$55 million in 2010. And that in an economy still struggling. According to data provided by Time, the magazine had 68 new advertisers in 2010 that had not appeared a year earlier. With its new mobile app, Time can lay claim to 22 million print readers worldwide, 11.7 million unique monthly visitors on time.com. 2.6 million social media followers, 3.1 million mobile app users, 4 million readers of TIME for kids. That, Time executives say, puts the magazine's reach at an all-time high.

To generate that profit, Time has also cut costs. It uses more freelancers and contributors than it once did and cut back on its full time editorial ranks. According to PEJ analysis of the magazine's staff boxes, Time's full time editorial staff has declined from 304 in 2003 to 126 in 2010 (not including contributors). On the digital side, Time.com staff has expanded, from 14 people in 2007 to 29 in 2010. (See data section for more)

Time's content continues to focus on national affairs without diverging from what it has been doing the previous years. It also spends a good amount of content on global and foreign affairs, while its cover stories, apart from national affairs, take on issues about the economy, health and technology. (See data section for more)

Bill Mickey executive editor of Audience Development and EXPO Magazines at Red 7 Media thinks that with the shakeout in the category, mass can still work. "The mass market model works fine," he said. "News magazines can look for opportunities and research their own audience. They can find segments of that audience that they can relate to and create targeted content through newsletters and online editorial pieces, rather expanding their overall readership."³³

The Economist

The Economist continued to thrive in 2010.

The Economist Group (which owns The Economist and several supplemental publications)³⁴ had an operating profit of \$93 million (58 million British pounds,) in 2010, up 3.6% from 2009.³⁵

The Economist magazine increased its circulation by 2% during the year. For the first time, because of Newsweek's dramatic drop in circulation, The Economist came in second in newsstands circulation with 53,098 copies (even though it had a drop of 11.3%) following Time, which sells 75,719 copies. The Economist's ad pages also grew by 3.8% compared to 2009.

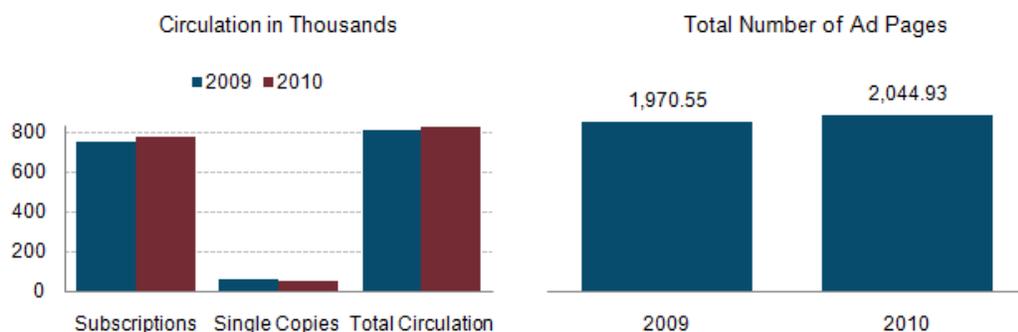
In the last decade, North American circulation of The Economist has grown by more than 130% to roughly 830,000. (See data section for more)

Part of The Economist's success is how it has marketed itself as something you "must" read if you want to understand the global economy. Some have dismissed this as a kind of snob appeal to Americans, "the Burberry-raincoat factor," one former editor called it.³⁶

Part of it is that the magazine has a consistent point of view. The magazine's goal, says editor in chief John Micklethwait "is to take part in a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."³⁷

Part of the success of The Economist is an economic model that is distinctly different than most American magazines. It charges a cover price of \$6.99 per issue (Time costs \$4.99) an annual subscription rate of \$127 (Time's annual subscription cost is \$30).

The Economist Subscriptions Grow While Single Copy Sales Fall



Source: Circulation numbers are provided by the Audit Bureau of Circulations, FAS-FAX reports for consumer magazines. Ad pages numbers are provided by the Publishers Information Bureau, of the Association of Magazine Media.

Note: Data represent circulation numbers for the full years of 2009 and 2010.

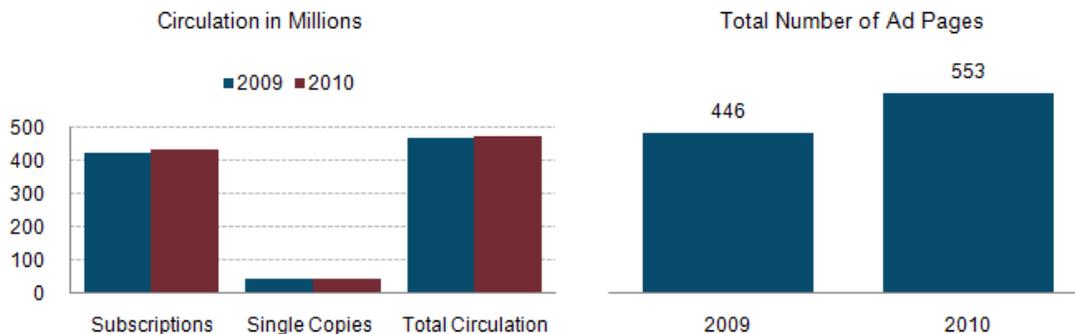
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The Atlantic

The Atlantic, a monthly print magazine, had the strongest growth in ad pages (24%) among the news magazines. It increased its total circulation by 1.3%.

The Atlantic Circulation and Ad Pages Increase



Source: Circulation numbers are provided by the Audit Bureau of Circulations, FAS-FAX reports for consumer magazines. Ad pages numbers are provided by the Publishers Information Bureau, of the Association of Magazine Media.

Note: Data represent circulation numbers for the full years of 2009 and 2010.

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It is estimated that The Atlantic will have made a profit of \$1.8 million in 2010. That would be the first time in at least a decade that the magazine had not lost money. According to figures reported by the company, its revenues reached \$32.2 million in 2010 from which about half of that is advertising revenue. Digital advertising is projected at \$6.1 million (a 70% jump), which represents almost 40% of the company's overall advertising income.³⁸ The Atlantic also enjoyed a 37% increase in events revenue and a remarkable 27% rise in print revenues.³⁹

According to Atlantic Media's President, Justin Smith, The Atlantic's "comeback was structured around creating a solid brand identity; a digital-first strategy; building a marketing services operation; expanding live events; and maintaining a relentless focus on hiring top talent."⁴⁰

The November 2010 issue of The Atlantic was the single highest-revenue issue in its 153-year history, with a 60% jump in ad pages and a 95% gain in ad revenue, compared to the November 2009 issue.⁴¹

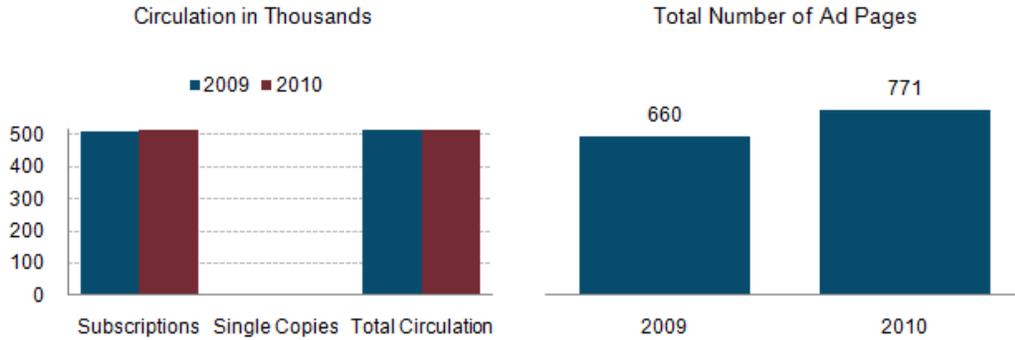
The Atlantic listed 60 news staff (51 in 2009) on its digital masthead as of January 2011, along with 8 members of staff dedicated to atlantic.com.⁴²

The Week

The Week provides a digest of the week's news and editorials taken and attributed to media sources worldwide. In addition to news and opinion, the magazine also provides articles about science, business, and the arts. Its format of news aggregation keeps overall staffing costs low.

The Week's circulation was flat for 2010 (up 0.7%). Single copy sales fell by 44.7%, but newsstand sales only account a 0.4% of the magazine's 517,000 total sales. Its ad pages grew even more substantially, by 16.8%.

The Week Circulation Stays Flat



Source: Circulation numbers are provided by the Audit Bureau of Circulations, FAS-FAX reports for consumer magazines. Ad pages numbers are provided by the Publishers Information Bureau, of the Association of Magazine Media.

Note: Data represent circulation numbers for the full years of 2009 and 2010.

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The Week has become a trend and is now described as “the Air Force One in-flight magazine (The New Republic used to have that honor) or the Presidential Briefing for all who counts has become a must reading for the busy news hounds,” says Samir Husni.⁴³

The New Yorker

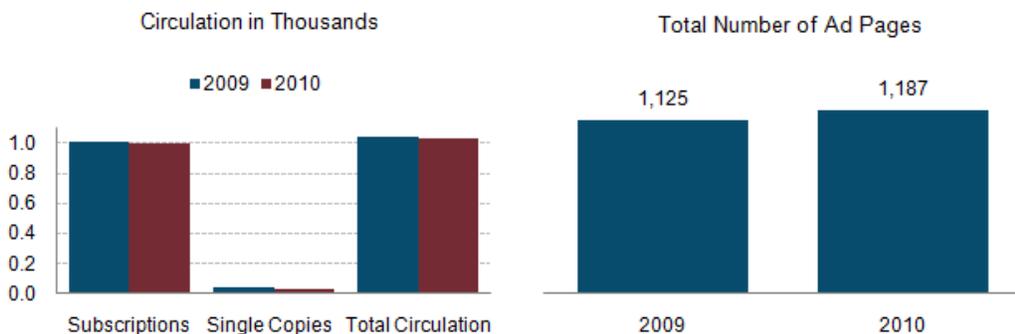
At the New Yorker in 2010, advertising recovered ahead of the industry overall. Ad pages grew 5.5%.

Its total circulation decreased by 1.4%. Newsstands sales fell even more a significant 13.9%.

Still all of those numbers are improvements. In 2009, the New Yorker's ad pages fell 24%, a little less than the industry average. But editor David Remnick's magazine managed to eke out a small operating profit (excluding corporate overhead charges) by cutting costs. Those internal cuts meant that the New Yorker was the only Condé Nast magazine to avoid budget cuts last year.⁴⁴

That positioned the magazine to benefit from the modest come back in 2010.

The New Yorker Circulation Falls Slightly Across the Board



Source: Circulation numbers are provided by the Audit Bureau of Circulations, FAS-FAX reports for consumer magazines. Ad pages numbers are provided by the Publishers Information Bureau, of the Association of Magazine Media.

Note: Data represent circulation numbers for the full years of 2009 and 2010.

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Opinion Journals

Opinion journals are highly responsive to political developments. By and large, magazines that reflect the viewpoints of the party out of power thrive, and those whose allies hold the White House suffer. The year just past was no exception.

The midterm election of 2010 came in a year of strong anti-Obama sentiments. And the conservative National Review's circulation grew by 6.7%.

The liberal magazine The Nation, meanwhile, had a 10.5% circulation decline, according to the Audit Bureau of Circulations.

One strategy that the opinion magazine publishers now follow is that staff members are often ubiquitous in the talk culture of cable television. Victor Navasky, publisher emeritus of The Nation, said that "The Nation's editors appear regularly on cable news, helps them gain popularity which can often be translated into an increase in subscriptions rates and profits."⁴⁵

With only partial circulation data available from the other two opinion magazines (the New Republic and the Weekly Standard), it is hard to draw conclusions about opinion journals (See data section for more).⁴⁶

One significant development, though, in 2010 was that Marty Peretz, the editor-in-chief of The New Republic for the past 37 years, stepped down in January 2011 and took the title of "editor-in-chief emeritus." Editor Richard Just took over as editor-in-chief.⁴⁷

Digital Trends

A year ago, we raised the question in this essay about the extent to which a magazine's identity was tied to platform. Could there be such a thing as a magazine online? Industry professionals were split on the answer. Some leaned toward the idea that the kind of long-form analytical journalism that magazines represent might not work as well on the web, given the importance of frequent postings to maintain traffic, and data about the brevity of online visits raising questions about whether people will read long stories digitally. The website Salon.com, for instance, even stopped calling itself a magazine. Will Newsweek be the print identity of the website of the Daily Beast? Or are they distinct brands that could exist in either platform?

Others were more persuaded that content, rather than platform, dictated whether something was a magazine. The editors of Slate, for instance, argued that they had cracked the code of writing long online.

We concluded that the nature of the journalism held the answer. Magazines, by their nature, are more contemplative than other kinds of journalism. They do not so much report events as help people think about the news after it has happened, to analyze and explain it.

In 2010, the thinking about this question was only enriched by the development of new technology. The evolution of the e-tablet, something closer to digital paper, may alter the interaction consumers have with digital journalism and may make the concept of an electronic magazine easier to imagine.

As a consequence, magazines were quick to gravitate to the iPad technology and even to smartphones in 2010. Time-Warner CEO Jeff Bewkes pinpointed the significance of tablet products: "For digital magazines to take off we need to offer consumers the flexibility of purchasing single-copy digital issues, having digital-only subscriptions and having a content everywhere approach that allows us to offer dual print and digital subscriptions."⁴⁸

It is too early to evaluate the advantages of these technological innovations, especially because there are continuing problems. First, there are few subscription options for the iPad users. In 2010, most magazines on the iPad were only sold per copy, forcing readers to pay more than they would with a

subscription if they wanted to receive the magazine regularly. As David Carey, president of Hearst Magazines says: "If you look at the Apple store, the most common reason that people give an app a low rating is that it lacks a subscription option. They want to subscribe, and they don't like the idea of paying \$4.99 a month."⁴⁹

This issue was partly addressed in early 2011 when Apple introduced a digital subscription option. Magazine publishers, however, would be required to provide Apple with 30% of all sales when subscriptions are bought through the Apple Store. It is likely that many publishers will be uncomfortable giving up this much revenue, but Apple CEO Steve Jobs argued that the deal was good for both parties: "Our philosophy is simple — when Apple brings a new subscriber to the app, Apple earns a 30 percent share; when the publisher brings an existing or new subscriber to the app, the publisher keeps 100 percent and Apple earns nothing."⁵⁰

A second issue is Apple's insistence that that it will not provide publishing companies with data about consumers who buy magazine apps at Apple stores, denying publishers valuable information about consumers of the booming tablet market.

Time, for example, has confronted Apple's policy by releasing iPad versions a day or two before print editions as an incentive for iPad subscribers.⁵¹ Time Inc. also began in February 2011 to sell subscription bundles that include apps that run on the Android tablet software from Google. The magazines are delivered to a reader's mailbox, tablet, smartphone and computer.⁵² Google has announced that it will keep only 10% of the fees charged by publishers, according to CEO Eric Schmidt, compared to Apple, which is planning to keep 30%.⁵³

Magazines also are embracing social media in an effort to boost circulation and revenues, although they have not determined how to monetize microblogging. People magazine is the most-followed magazine on Twitter with about 2.3 million followers; Time comes second and Newsweek is sixth.⁵⁴

Mobile and e-media revenue for magazines overall (including from iPads) was projected to be down in 2010 by 2.9%, according to Veronis Suhler and Stevenson. But it is expected to rise in 2011 and begin to grow by double-digits the following year, as consumers continue to migrate to digital platforms and adopt e-readers, tablet computers and 4G phones.⁵⁵

News Weeklies Online

News magazine websites continue to rank relatively low among all magazine and news websites, according to data available by Nielsen Netview.⁵⁶ Other than Slate.com, which is an online-only magazine, Newsweek.com and time.com are the only news magazines ranked near the top. Slate.com and Time.com, for instance, attract one-tenth of the number of unique monthly visitors as Yahoo News, which is ranked at the top of news sites.

Online Traffic

Monthly Average Online Traffic 2010 (in thousands)

news.yahoo.com/	39,770
slate.com	3,810
newsweek.com	3,679
time.com*	4,909
salon.com	1,730
theatlantic.com	1,199
economist.com	555
theweek.com	506
newyorker.com	543

Source: Nielsen Media Research, Netview Database

*Time's website did not meet minimum sample size standards. Projected and average measures for this site may exhibit large changes month to month as a result.

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Slate.com also was not profitable in 2010. It reported a 30% growth in ad revenue the first quarter of 2010, and the Washington Post Company announced in November 2010 that Slate and washingtonpost.com together brought in \$27.2 million for the third quarter. However, David Plotz, the editor of Slate, said, "The Slate Group is not profitable. We need to make sure that we are."⁵⁷

Things look troubling for another online magazine, Salon.com. In 2009, Salon.com laid off six staffers (a 20% cut of its editorial staff). It then reported a 40% increase in revenues for the second quarter of 2010.⁵⁸ In the meantime, the site searched for a buyer to take over its business model as a stand-alone news site.⁵⁹ Even though its operating loss shrank to \$454,000 in 2010 from \$1 million in 2009, the Salon Media Group has racked up net losses of more than \$15 million in the past five years, with nearly a third of that coming in the fiscal year ended March 31, 2010.⁶⁰ It also changed its editor-in-chief in November, when Joan Walsh, has been in that post since 2005, left and Kerry Lauerman, an editor and writer at the site for the last decade, replaced her.⁶¹

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Magazines: By the Numbers

By Katerina-Eva Matsa, Tom Rosenstiel and Paul Moore of the Project for Excellence in Journalism

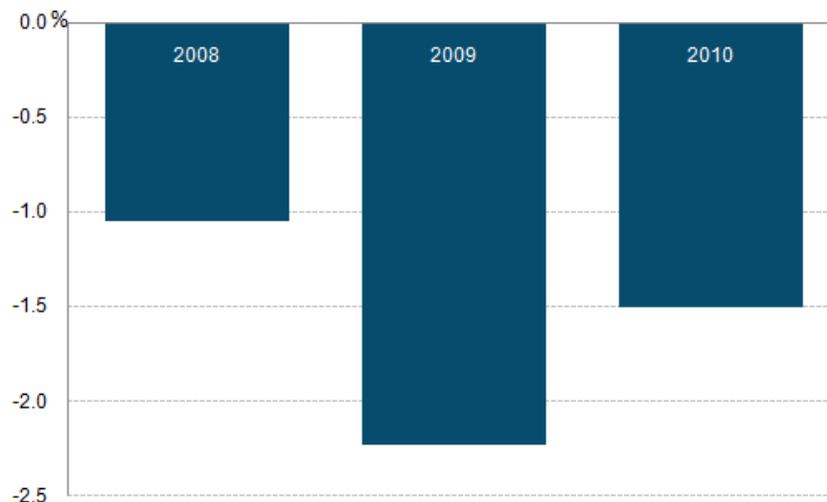
New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

The Magazine Industry in 2010

In 2010, consumers purchased fewer magazines. Overall magazine circulation was down 1.5% in the latest audited period, according to PEJ's analysis of data from the Audit Bureau of Circulations.¹

Circulation Declines Across the Magazine Industry

Percent of Change



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for the last six months audited for each year, ending December 31.

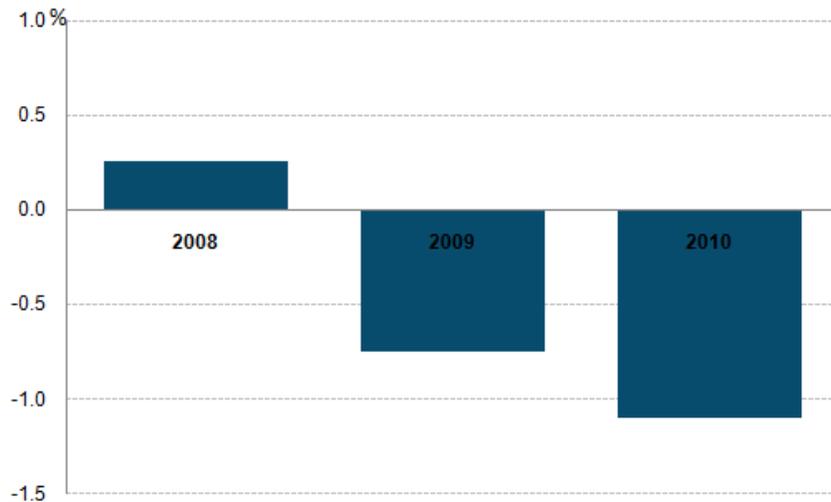
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2011 STATE OF THE NEWS MEDIA

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Paid subscriptions, which account for approximately 90% of magazine sales, declined for a second consecutive year after slight gains in 2008. They were down 1.1% in the second half of 2010 compared with the same time period in 2009.

Paid Subscriptions Circulation Declined for a Second Consecutive Year

Percent of Change



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for the last six months audited for each year, ending December 31.

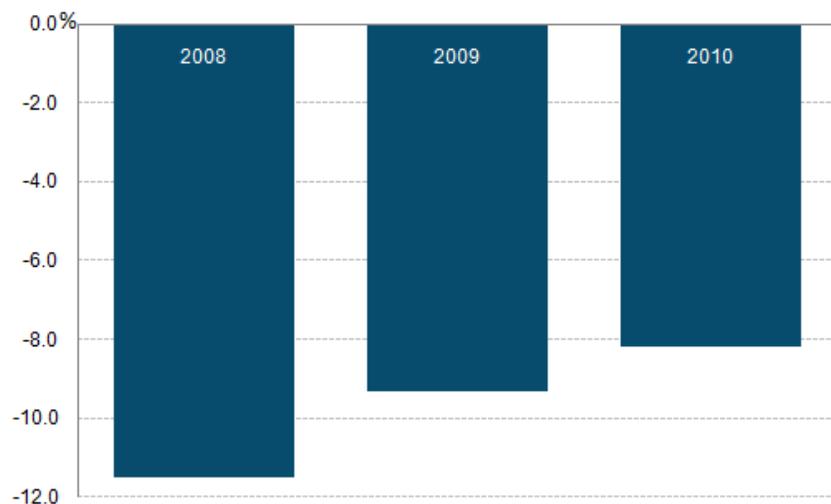
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Single copy sales, which have been in decline since 2008 (the first year for which data are available) reduced their rate of decrease. In the second half of 2010 alone, single-copy sales dropped 8.2% compared to same period the previous year.

Single Copy Sales Continue to Fall

Percent of Change



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for the last six months audited for each year, ending December 31.

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Being a top 25 magazine offered little insurance against circulation declines in 2010. Two-thirds of the top 25 magazines had circulation declines through the second half of 2010. Readers Digest, which ranks No.

4, dropped the most, 22.2%, down to 5.5 million copies.

On the flip side, the Game Informer, which focuses on video games news, stood out with a gain of 33.3%, selling more than 5 million copies in the second half of 2010. The only other top 25 magazine to gain more than 2% was Parenting.

Most Top 25 Magazines Lose Circulation

In Millions of Copies

	Circulation 2010	Change from 2009	% Change
AARP THE MAGAZINE	23,748,475	-623,162	-2.6%
AARP BULLETIN	23,574,132	-468,471	-1.9
BETTER HOMES AND GARDENS	7,677,497	55,711	0.7
READER'S DIGEST	5,533,037	-1,581,918	-22.2
GAME INFORMER MAGAZINE	5,073,003	1,267,965	33.3
NATIONAL GEOGRAPHIC	4,493,024	-2,907	-0.1
GOOD HOUSEKEEPING	4,418,398	-234,506	-5.0
WOMAN'S DAY	3,895,814	-70,600	-1.8
FAMILY CIRCLE	3,841,651	18,398	0.5
LADIES' HOME JOURNAL	3,837,286	-21,487	-0.6
PEOPLE	3,602,006	-11,896	-0.3
TIME	3,314,946	-14,483	-0.4
TASTE OF HOME	3,253,392	38,164	1.2
SPORTS ILLUSTRATED	3,174,355	-27,169	-0.8
COSMOPOLITAN	2,905,659	-96,235	-3.2
PREVENTION	2,900,365	172	0.0
SOUTHERN LIVING	2,846,757	-9,216	-0.3
AAA VIA	2,740,435	-26,629	-1.0
MAXIM	2,528,569	14,835	0.6
O, THE OPRAH MAGAZINE	2,506,037	26,315	1.1
AAA LIVING	2,469,830	7,041	0.3
GLAMOUR	2,307,714	-140,405	-5.7
AMERICAN LEGION MAGAZINE	2,306,231	-4,855	-0.2
PARENTING	2,237,158	49,935	2.3
REDBOOK	2,232,476	6,775	0.3

Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

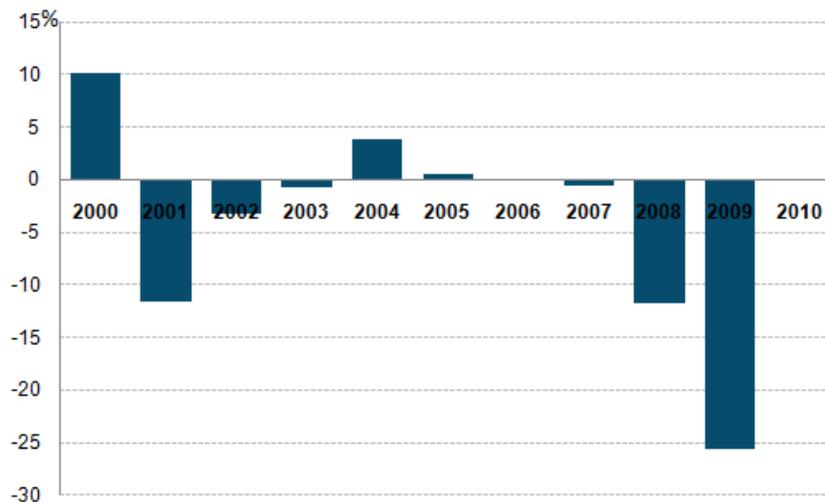
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Economics

The economic picture for the magazine industry is not exactly bright, but in 2010 it at least stopped the bleeding. After declines of 11.7% in 2008 and 25.6% 2009, the number of ad pages sold remained flat in 2010 (-0.1%), according to data from the Publishers Information Bureau.² (The number of ad pages sold is the industry's most accepted revenue measure.)

Magazine Revenue Remains Flat in 2010

Percent Change in Ad Pages Sold



Source: Publishers Information Bureau, of the Association of Magazine Media

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The overall stability in ad pages resulted from growth in some types of ads and continued loss in others. Automotive ad pages, which had the steepest declines the previous two years, jumped 16.9% in 2010, following a 40.5% drop in 2009. Increases also occurred in the financial, insurance & real estate ads (9.3%) and toiletries & cosmetics (11.6%). Travel-related ads from hotels, resorts and public transportation had the steepest loss (-9.5%).

Automotive Advertising Up Sharply

Advertising Categories 2009 - 2010

Advertising Category	Ad Pages % Change
AUTOMOTIVE	16.9%
TOILETRIES & COSMETICS	11.6
FOOD & FOOD PRODUCTS	-3.5
DRUGS & REMEDIES	-2.5
APPAREL & ACCESSORIES	0
RETAIL	1.5
MEDIA & ADVERTISING	-3
HOME FURNISHINGS & SUPPLIES	0.7
DIRECT RESPONSE COMPANIES	-9.3
FINANCIAL, INSURANCE & REAL ESTATE	9.3
TECHNOLOGY	2.4
PUBLIC TRANSPORTATION, HOTELS & RESORTS	-9.5

Source: Publishers Information Bureau, of the Association of Magazine Media

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The categories of magazines that grew ad pages most were bridal (16.8%) and food (14.3%), according to Mediaweek's magazine data center.³

Some Magazines Grow Ad Pages While Others Continue to Lose

Magazine Categories

	Ad Pages % Change from 2009
Bridal	16.8%
Business/Personal Finance	7.6
Entertainment/Celebrity	6.7
Enthusiast/Sports	-0.1
Fashion/Beauty	10.6
Food/Epicurean	14.3
General Interest	4.5
Men's Lifestyle/Fitness/Outdoor	-0.8
News Weeklies	-0.6
Parenting/Kids	11.6
Regional	2.2
Science/Technology	10.8
Shelter	-0.8
Teen	0.6
Travel	-1.7
Wealth	1.4
Weekend Magazines	6.8
Women's Health/Fitness	3.1
Women's Lifestyle/Service	3.0

Source: Mediaweek, Magazine Monitor

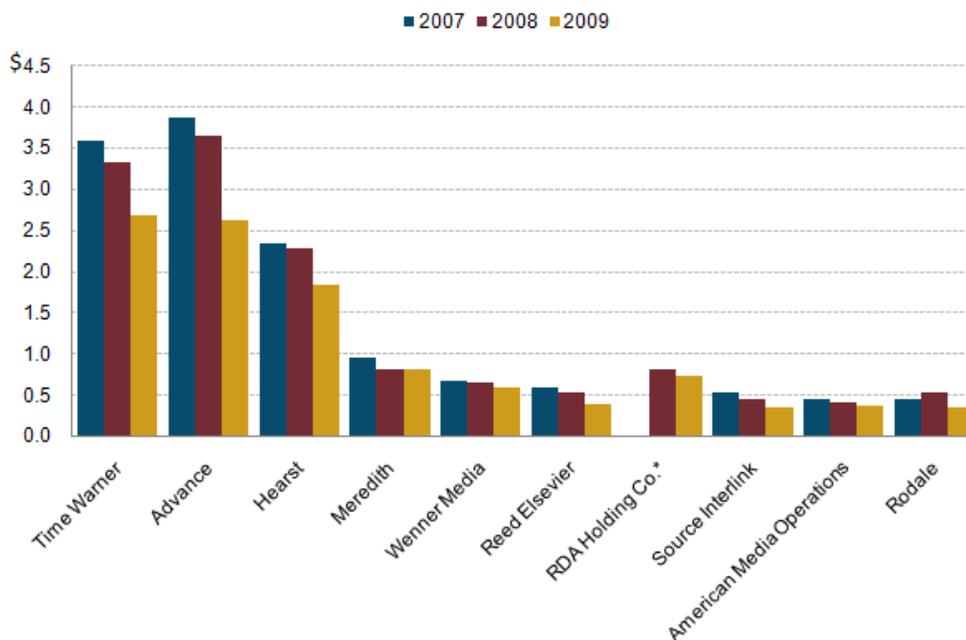
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2011 STATE OF THE NEWS MEDIA

Magazine company revenue data are a year behind. The most recent data available, 2009, reveal a difficult year.

Top Magazine Companies Lose Revenue in 2009

In Billions of Dollars



Source: Estimates provided by Advertising Age, Data Center, December 2010

Note: There are no available data regarding revenues for 2010. Data represent only that company's magazine sector.

*There are no 2007 data available for RDA Holding Co.

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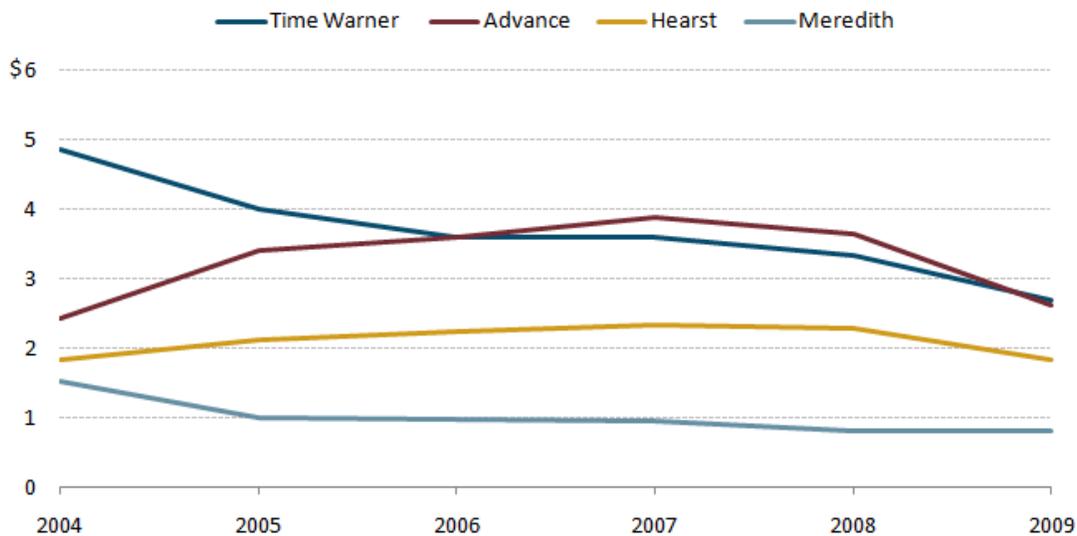
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The four biggest publishing companies in particular suffered a long-term revenue decline that started in 2007 and was further extended in 2009. Meredith, owner of Family Circle, has been the only one able to keep stable with a minor loss of 0.2%.

Revenues for the Four Biggest Publishers Overtime

In Billions of Dollars



Source: Estimates provided by Advertising Age, Data Center, December 2010

Note: There are no available data regarding revenues for 2010.

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Reported data for one company at least, though, suggests 2010 brought some relief. According to Advertising Age, Time Warner's total ad revenues grew 5% in the first half of 2010, which stems from a \$26 million gain in U.S. print advertising and a \$21 million (or about 20%) jump in digital advertising.

Digital advertising accounted for 14% of Time Inc.'s first-half ad revenue.⁴

News Magazines

Among news magazines, there was a parting of ways, if you will, with just one of the traditional three still standing upright. (See essay for more) Specialty magazines, on the other hand, continued to show strength.⁵

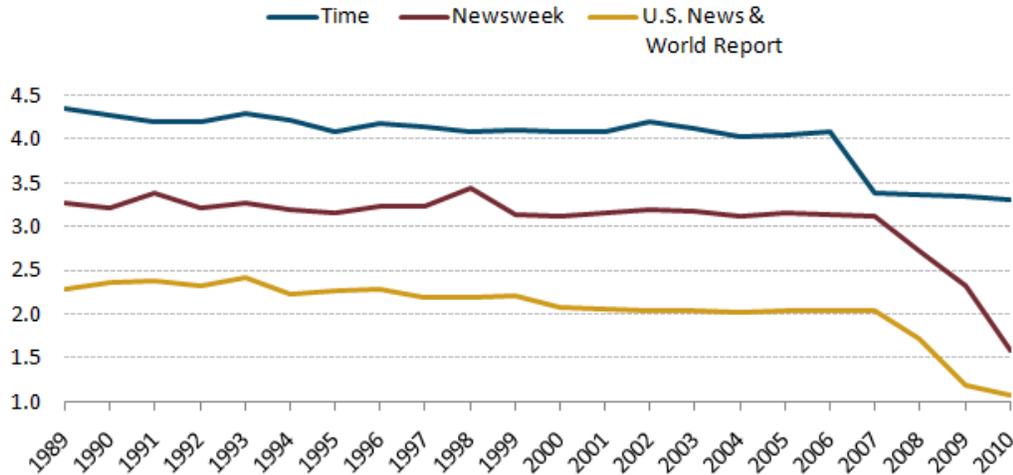
Audience

Time Magazine, in the last two years, has come a long way in stabilizing its circulation, and now appears to be the sole survivor of the traditional three. Time lost just 1.1% in 2010 (and 0.7% in 2009).

Circulation for Newsweek plunged 31.6% for the year, down to just 1.6 million copies. And U.S. News and World Report had all but left the news business.

Time Circulation Holds Steady in 2010

In Millions

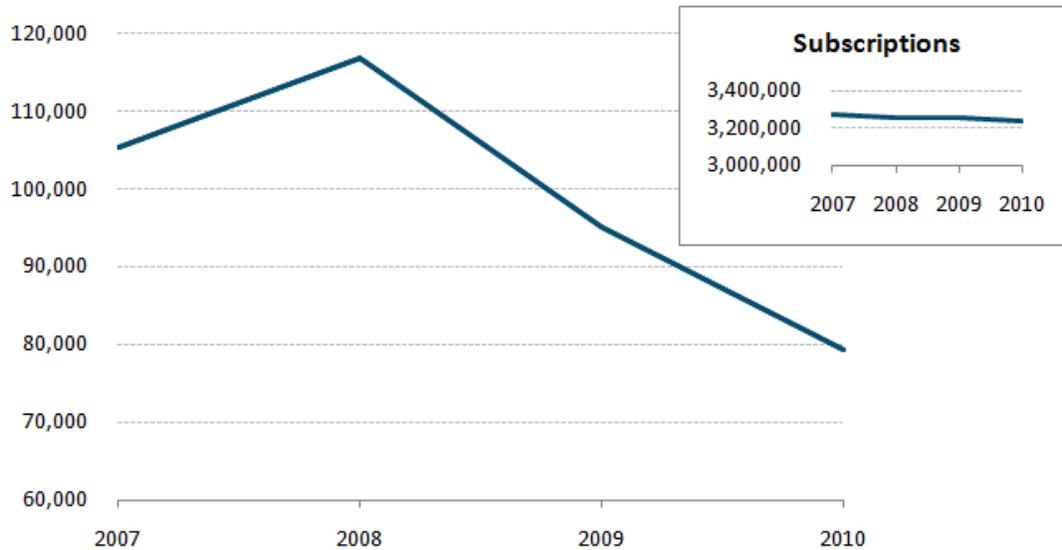


Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines
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Time's minor loss was mainly driven by a 20.3% decline in single copy sales, when subscriptions have been stable the last three years. (See essay for more) ⁶

Time Single Copy Sales in Decline but Subscriptions Stay Flat



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines.
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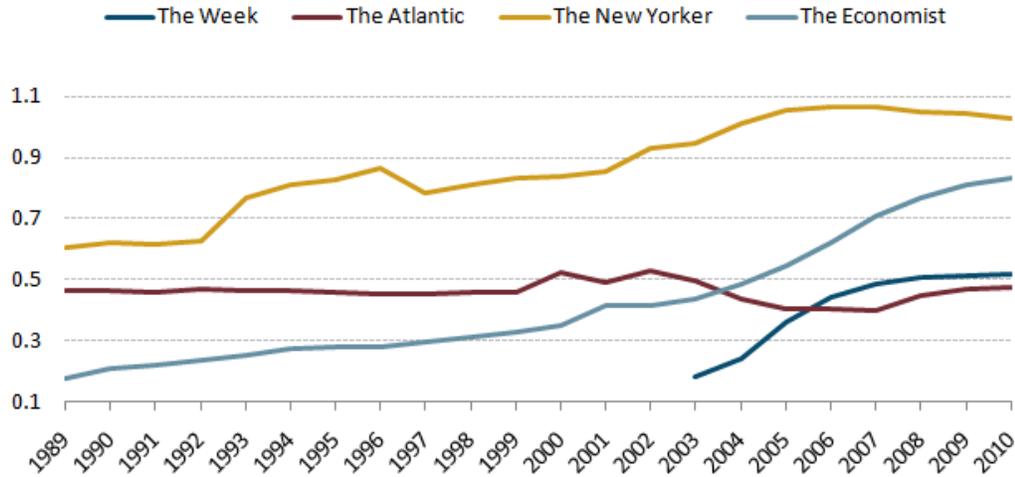
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For the last several years, nontraditional niche news magazines have been the area of growth, enjoying circulation gains – or at least stability—even during the recession years of 2008 and 2009. Through

2010, circulation among them remained mostly flat, with slight uptick of 2% at The Economist.

Niche Magazines Gain Circulation

In Millions



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines
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Beyond the steep declines at Newsweek, then, the circulation standings among the news magazines studied here remained mostly level through 2010.

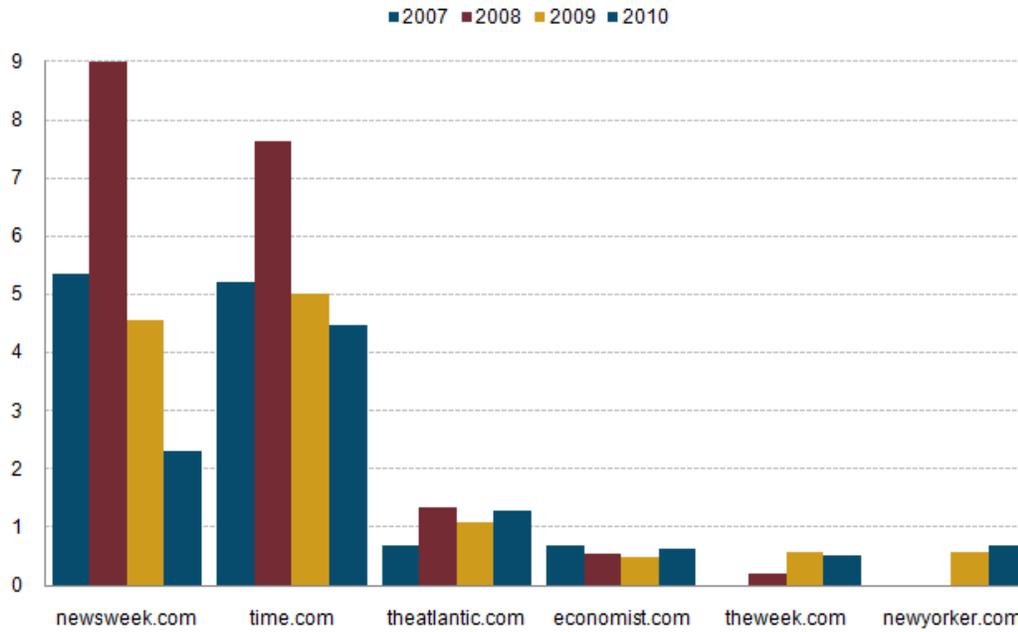
News Magazine Circulation Figures			
	2010	2009	% Change
NEWSWEEK	1,578,691	2,309,416	-31.6%
TIME	3,313,715	3,350,835	-1.1
THE ECONOMIST	828,181	812,031	2.0
THE NEW YORKER	1,029,742	1,044,443	-1.4
THE ATLANTIC	476,517	470,345	1.3
THE WEEK	517,187	513,512	0.7
TOTAL	1,290,672	1,416,763	-8.9

Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines
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Magazines have been seeking to find alternative ways to distribute their stories to more consumers, particularly in the era of technology and innovation. In 2010, though, only The Atlantic and The Economist had online audience growth – The Atlantic’s a jump of 18.5% and the Economist’s 31.2%.

News Magazines Websites Traffic Growth Mixed

In Millions for the Month of November



Source: Nielsen NetView

Note: Some of the numbers represent projections. There are no available data from Nielsen for the New Yorker in 2007, 2008 and The Week for 2007.

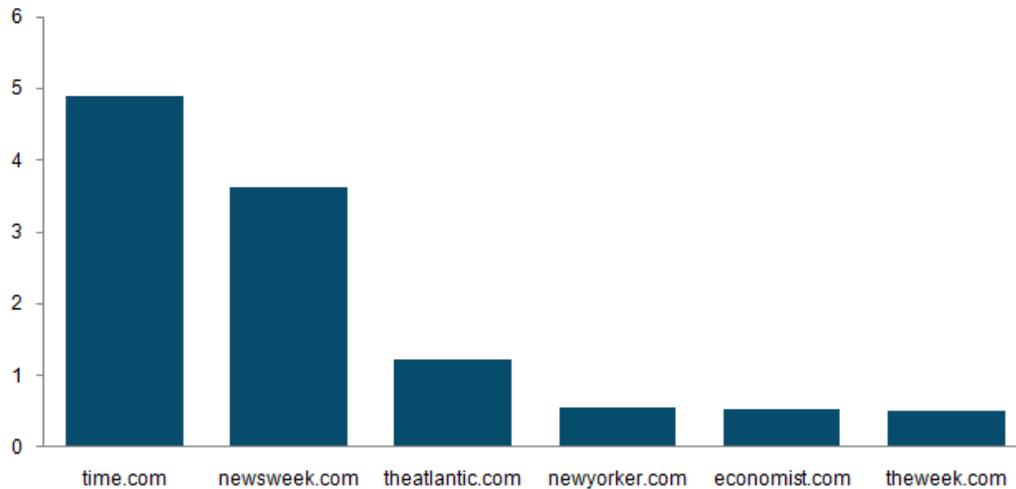
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2011 STATE OF THE NEWS MEDIA

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But Time, though it had some decline in 2010, still has the most unique visitors overall, according to Nielsen data. (See Nielsen analysis for more)

Time First in Online Traffic

Average Traffic in Millions for the Full Year of 2010



Source: Nielsen Netview.

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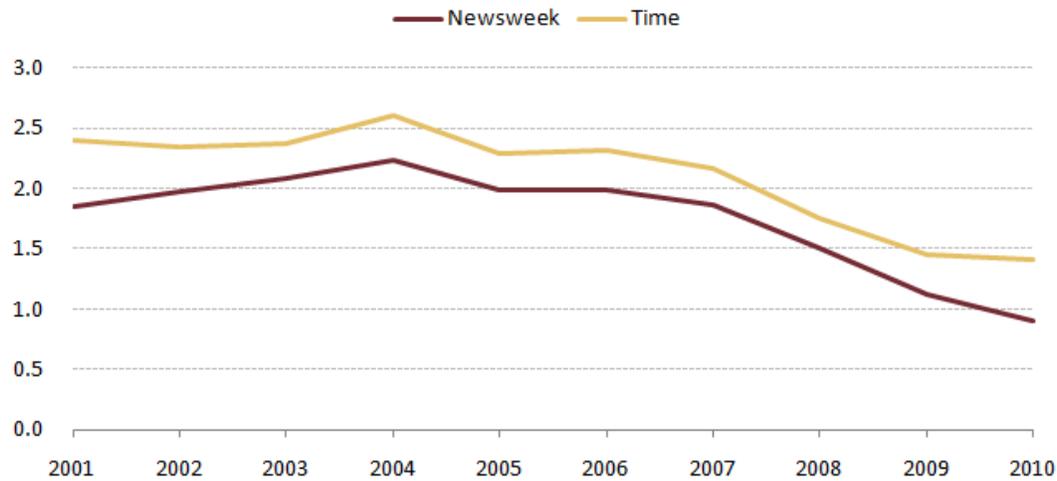
Economics

The two traditional news magazines did not enjoy the economic stabilization of the industry overall.

Though Time held its circulation steady, its number of ad pages slid 2.9% more in 2010. Newsweek's ad pages – on par with its tumbling circulation – dropped 19.8% year to year.

Ad Pages in Continued Decline for Newsweek and Time

In Thousands



Source: Publishers Information Bureau, of the Association of Magazine Media

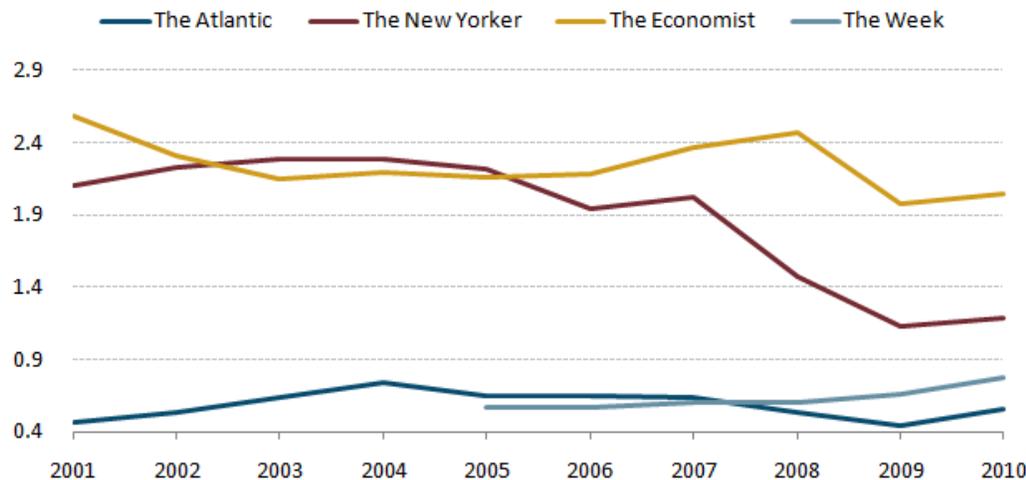
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The four niche magazines in this group enjoyed strong growth in ad page sales in 2010 compared to 2009. Most noteworthy are The Atlantic at 24% and The Week at 16.8%.

But Growing Strong Among Niche Publications

In Thousand



Source: Publishers Information Bureau, of the Association of Magazine Media

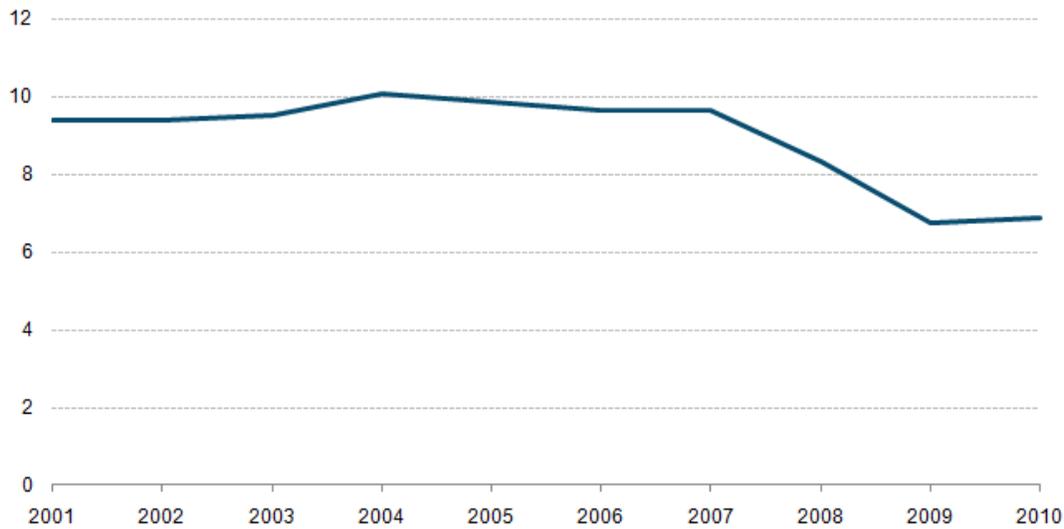
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The specialty publications contributed to a slight overall gain for news magazines of 1.4%.

Ad Pages for All News Magazines Recover Slightly

Total Ad Pages in Thousands



Source: Publishers Information Bureau, of the Association of Magazine Media

Note: Numbers include all six news magazines (Time, Newsweek, The Economist, The Week, the New Yorker and The Atlantic).

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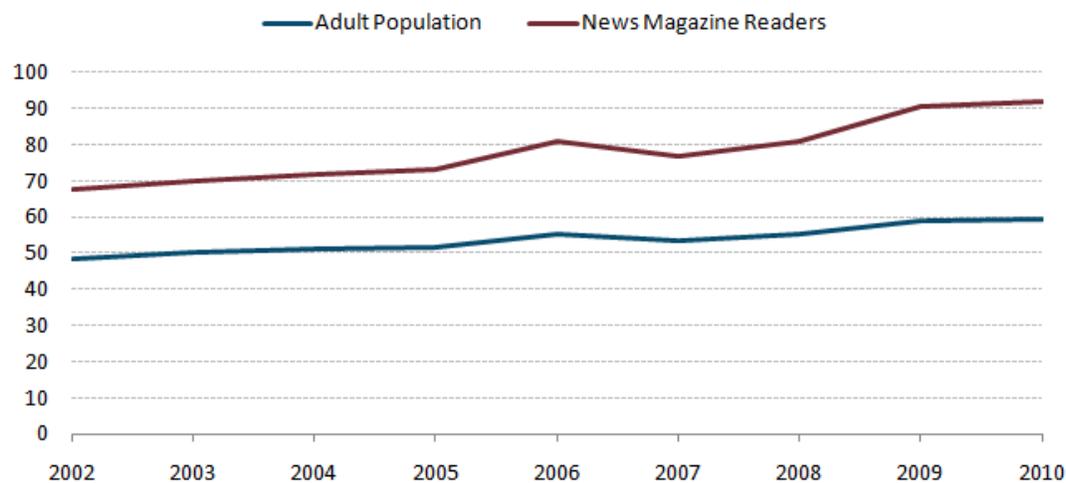
Demographics

News magazine readers continue to be older and wealthier than the overall U.S. population.

According to Mediamark's survey, the average annual income of a news magazine reader is \$92,117, compared to the average of \$59,530 for the nation's adult population. Both figures increased from 2009.

News Magazine Readers Earn More Money Than Adults Overall...

In Thousands



Source: Mediamark Research, survey data

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The readers of the news magazines continue to be older (48) than the rest of the population (45.4), but they are younger compared to 2009 (48.03).

Demographics of the News Weeklies

	Average Household Income	Average Age
Newsweek	\$79,032	48
The Atlantic	94,233	51.6
The Economist	119,362	43.7
The New Yorker	92,318	49.4
Time	75,644	47.3
U.S. Average	59,530	45.4

Source: Mediamark research, Magazine Pocketpiece

Note: Data for The Week are not available.

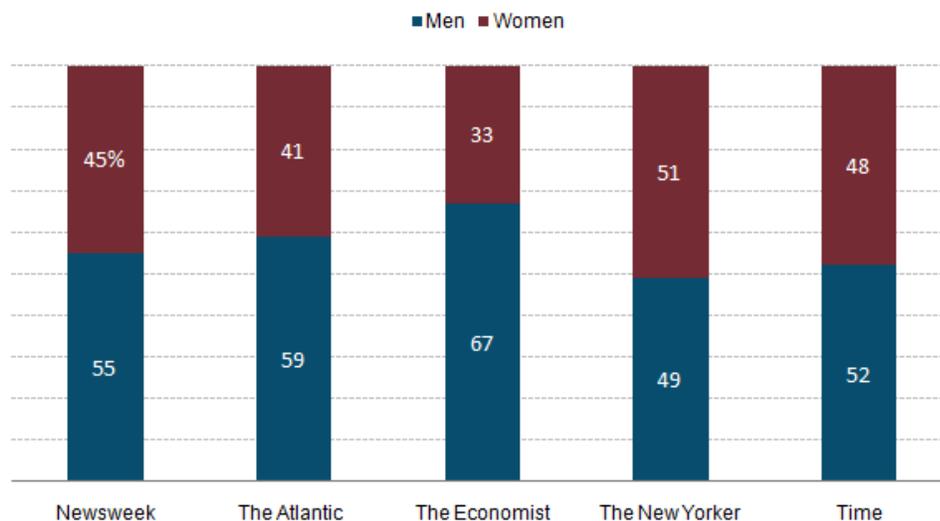
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More men than women read weekly news magazines, with one exception. The New Yorker attracts slightly more women than men (51% versus 49%).

Most News Magazines Have More Male Readers

Percent of Men and Women



Source: Mediamark research, Magazine Pocketpiece.

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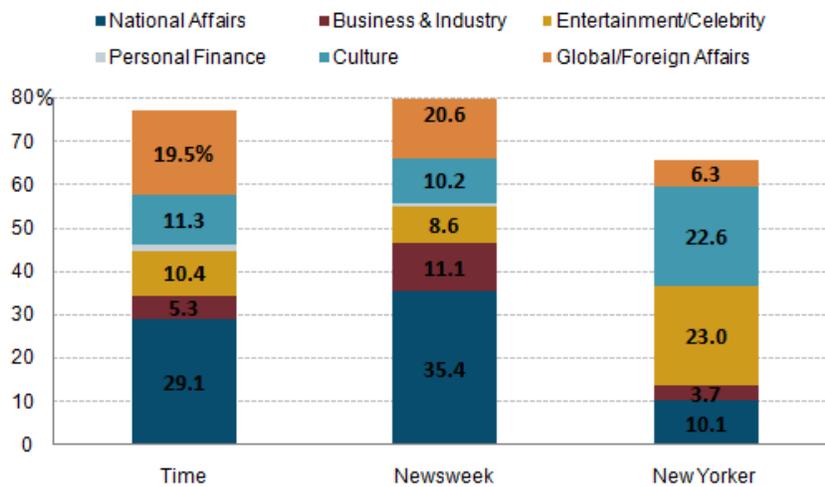
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Content 2010

The content of the news weeklies did not change substantially from 2009. At Time and Newsweek, the greatest emphasis continued to be on national affairs, though Newsweek for the first time surpassed Time in international coverage. The New Yorker continued its emphasis on entertainment and culture.

Topics Vary Among the News Weeklies

Percent of Each Topic



Source: Hall's Media Research, unpublished data.

Note: Columns do not add up to 100 because not all topics are included.

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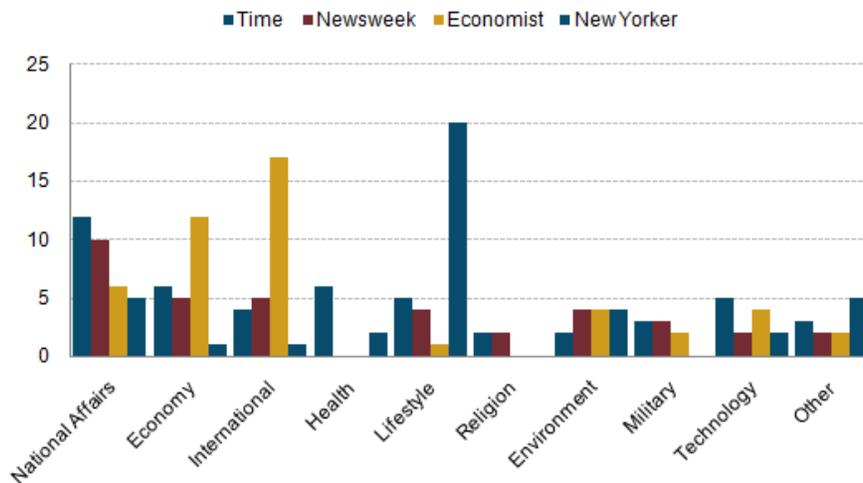
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An analysis by PEJ of cover stories for the year clarifies the differing emphasis of the Economist and the New Yorker versus Time and Newsweek.

The Economist, based in Britain, mainly focuses on international news, while the majority of Time's cover stories were about national affairs. Newsweek had 10 covers devoted to national affairs, the highest among the categories examined. The New Yorker's covers, as many would expect, are dominated by lifestyle issues.

Cover Stories Reveal News Weeklies' Orientation

Number of Covers



Source: PEJ's Quantitative Analysis of Cover Stories

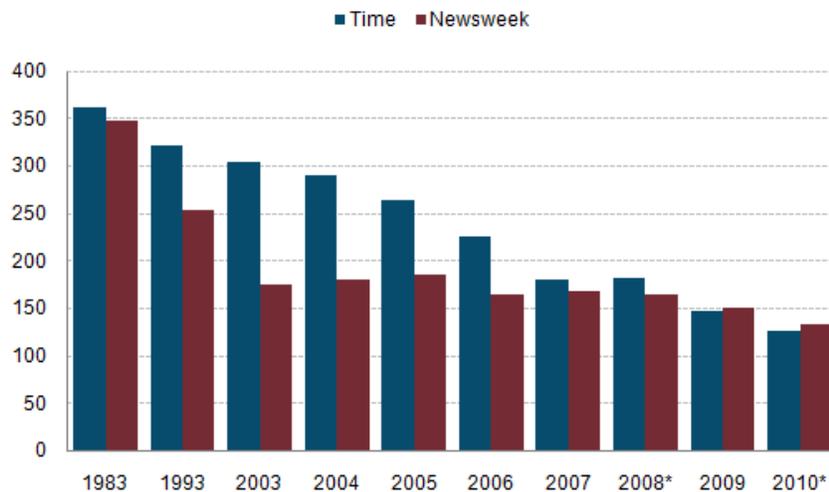
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News Investment

Both Time and Newsweek reduced the number of their employees in 2010. Time's staff fell below longtime rival Newsweek in size for a second consecutive year.

Time and Newsweek Staff Keeps Falling

Number of Employees



Source: PEJ's quantitative analysis of Newsweek and Time Staff Boxes

Notes: 2008 Newsweek total reflects figures from a staff box published in February 2009. 2010 Newsweek staff number reflects a staff box published in June 2010, because there have been no staff boxes published after that issue.

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An analysis of Time's staff listings showed the shutdown of several international bureaus. In the case of Newsweek, there were little changes during the year, Cape Town being the only bureau eliminated.

More International Offices Are Eliminated by Time and Newsweek

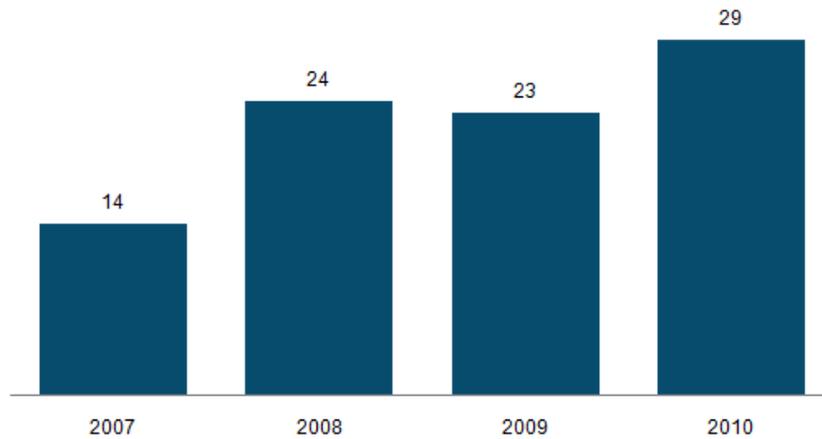
Time		Newsweek	
2009	2010	2009	2010
Washington	Washington	Washington	Washington
Miami	Miami	Paris	Paris
London	London	Beijing	Beijing
Paris	Paris	Islamabad	Islamabad
Jerusalem	Jerusalem	Jerusalem	Jerusalem
Baghdad		Beirut	Beirut
Johannesburg	Johannesburg	Cape Town	
New Delhi	New Delhi	London	London
Islamabad		Rio De Janeiro	Rio De Janeiro
Beijing	Beijing	Moscow	Moscow
Hong Kong	Hong Kong	Berlin	Berlin
Bangkok			
Tokyo			

Source: Time Magazine staff boxes published December 2009, 2010. Newsweek staff Boxes published December 2009 and June 2010.

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Even though traditional staffing has been cut, online staff is growing. The Time.com staff has been gradually increasing the last years, reaching 29 members in 2010.

Time.com Staff Expands



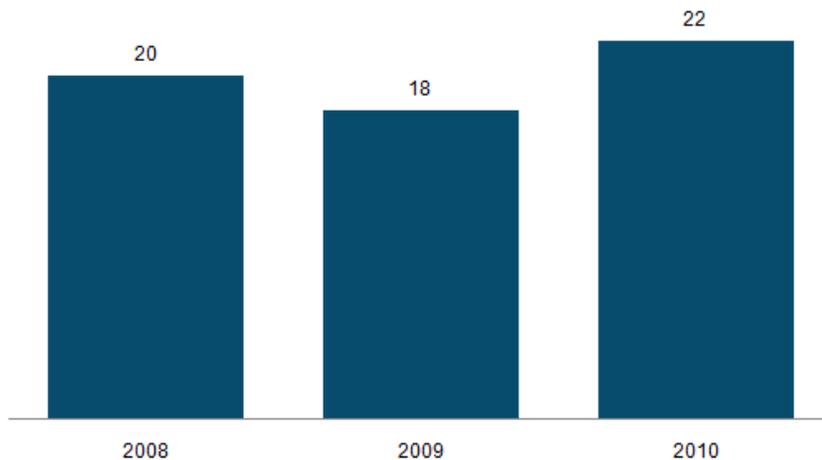
Source: PEJ's Quantitative Analysis of Time's Staff Boxes.

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Newsweek also seemed to invest in the digital aspects of the magazine, since it also increased its online staff members to 22 in 2010 from 18 in 2009.

Newsweek.com Staff Grows



Source: PEJ's Quantitative Analysis of Time's Staff Boxes.

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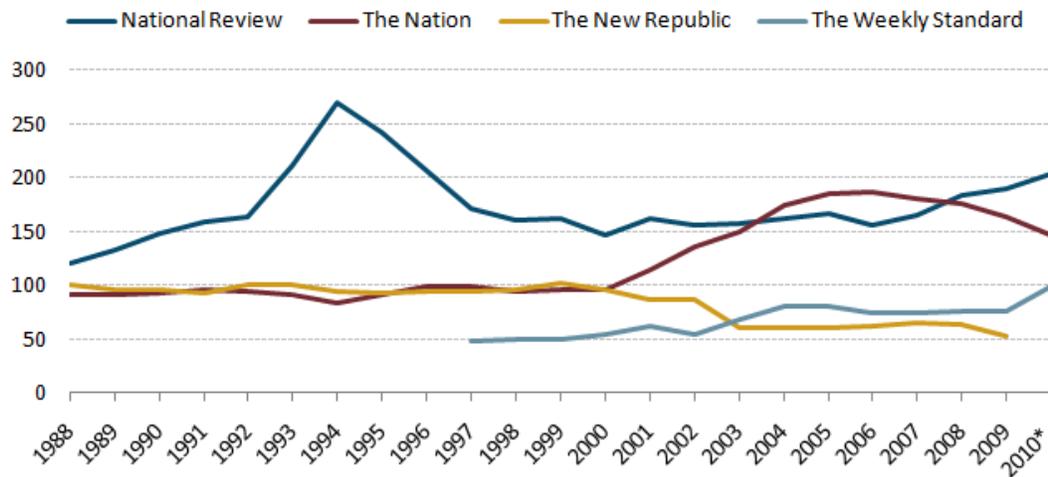
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Opinion Magazines

Readership of opinion magazines in 2010 followed the long-time trend of conservative publications doing well when Democrats are in power and vice versa. Conservative oriented opinion magazines grew in circulation in 2010 while liberal magazines lost it. As a result, National Review, the conservative stalwart, had a 6.7% increase in circulation, while The Nation, the liberal magazine, fell by 10.5%. The Weekly Standard, also a conservative publication, grew the most with a 31.2% circulation increase.

Opinion Magazine Circulation

In Thousands



Source: Audit Bureau of Circulations; BPA Worldwide

Note: Numbers are for 12 months, ending December 31. The Weekly Standard was launched in the fall of 1995 and circulation prior to 1997 is not available. The New Republic has not provided BPA with updated data since the first half of 2009. 2010 figures are for six months ending June 30, 2010.

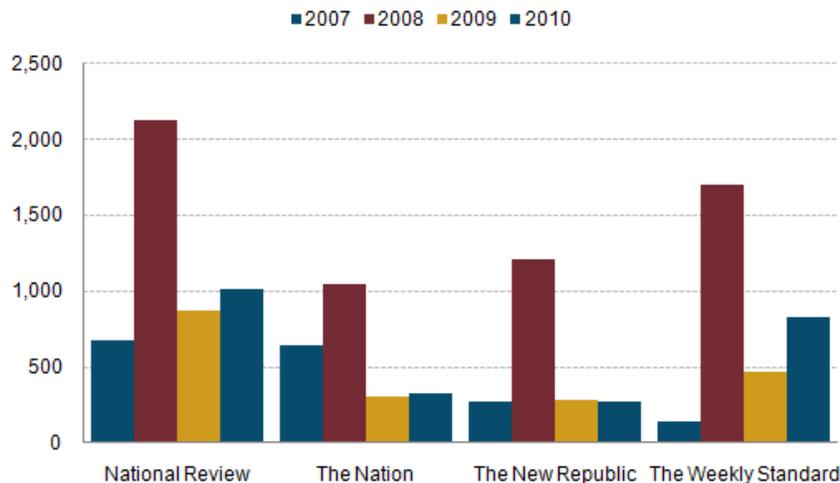
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The opinion magazines websites do not look better in 2010 than a year before. The National Review and The Weekly Standard websites grew compared to 2009 but not enough to reach the unique monthly visitors reported in October 2008.

Opinion Magazine Websites Have Minimal Traffic

In Thousands for the Month of October



Source: Nielsen Netview

Note: Some numbers are projections.

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Endnotes

1. The last audited period is the last six months of 2010 (ending the 31st December 2010), compared to the same period a year earlier. Data provided by the Audit Bureau of Circulations, FAS-FAX report for consumer magazines (<http://www.stateofthedia.org/2011/magazines-essay/glossary/#consumer-magazines>) , which do not include religious and farm magazines.
2. Publishers Information Bureau is affiliated to the Magazines publishers Association, which represents approximately 225 domestic magazine media companies. It measures magazine advertising spending and advertising pages by category and title. Those magazines which are members of PIB represent roughly 85% of consumer magazines.
3. Levith, Will. "Magazine Monitor Masterlist. (<http://www.mediaweek.com/mw/data-center/magazine-monitor/index.jsp>) " MediaWeek Datacenter. Jan. 20, 2010.
4. Johnson, Bradley. "Revenue Is Seeing Single-Digit Growth This Year Following 2009's 3.8% Decline. So Just Where's the Money? (http://adage.com/mediaworks/article?article_id=146004) " Advertising Age. Feb. 16, 2011.
5. In last year's annual report we highlighted the dramatic decline of U.S. News & World Report. The magazine went to a monthly format in 2009 and in December 2010 it announced that the publication would cease the circulation of the U.S. News monthly print magazine and move to a primarily digital format in January 2011. Therefore, we will not consider U.S. News & World Report in this annual report. Our study will focus on five weekly magazines: Time, Newsweek, the New Yorker, The Week and The Economist and one monthly: The Atlantic.
6. Audit Bureau of Circulations, FAS-FAX report for consumer magazines.

Magazines – Glossary

Ad pages

The total number pages of advertising published, based on an actual count of ads in a publication.

Ad dollars

Publishers Information Bureau estimates of advertising revenues, derived by combining official ad rates and published pages. It multiplies the rate magazines charge on their rate card by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest. For this reason we are not using these estimates.

Bureau

An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo, Japan; foreign bureau is a generic term for a news office set up in a country other than the primary operations center; a Washington bureau is an office, typically located in Washington, D.C., that covers news related to national politics in the United States.

Circulation

A magazine's total net paid subscriptions and single copies (newsstands). Subscriptions may include digital subscriptions i.e. websites' subscriptions circulation.

Consumer Magazines

Not including farm and religious magazines, as well as publications which are not filed.

Digital magazine (replica)

Where the advertising and editorial content exactly match the printed publication. (Audit Bureau of Circulations)

Digital magazine (nonreplica)

Where the basic identity and content are similar to the printed edition but the articles and advertising may differ. Free, unrestricted public access to a Web site does not qualify as a paid digital edition. (Audit Bureau of Circulations)

Single Copy Sales

Also called newsstand sales. Single copies of magazines sold at retail. Most single-copy sales are made in supermarkets and other mass retail outlets. Many publishers also distribute through specialty stores.

Social media

Online technologies and practices that people use to share opinions, insights, experiences, and perspectives with each other.

Social Networking

Web sites that allow people to link to others to share opinions, insights experiences and perspectives, whether it's music fans on MySpace, business contacts on LinkedIn, or classmates on Facebook. Many media sites have adopted social networking features such as blogs, message boards, podcasts and wikis to help build online communities around their content.

Unique Visitors

The number of inferred individual people (filtered for spiders and robots), within a designated reporting timeframe, with activity consisting of one or more visits to a site. Each individual is counted only once in the unique visitor measure for the reporting period.

Backgrounders

Rate Base

Some declines in circulation are by design. All three of the traditional news weeklies in the United States, for example, have been actively trying to reduce the minimum circulation the publications guarantee to advertisers in recent years.

Why would a magazine seek to reduce the number of copies it distributes?

The biggest share of revenue a magazine takes in comes from advertising, with a much smaller share from subscriptions and sales of individual copies. Advertising rates are based on a promised circulation number for each issue. This number is often lower than actual circulation.

If a magazine fails to deliver the promised circulation, a publisher has to refund advertisers a portion of the rate, based on how short circulation falls.

Publishers make certain that they meet the guaranteed circulation, or advertising rate base, mostly by attracting readers through incentives. And some offer steep discounts to subscribers to meet this goal, discounts that can cut into any profits.

With a slow erosion of ad sales at magazines since the mid-1990s—and significantly fewer ads bought in 2008—publishers have reconsidered the cost-effectiveness of trying to maintain high circulation bases.

Ad Pages vs. Ad Dollars

Divining the financial health of a magazine is challenging.

Two of the biggest owners of magazines — Hearst and Advance (the owner of Condé Nast)— are privately held companies, and as such are not required to issue public financial reports. Even the publicly traded media companies that do issue reports generally do not break out revenue figures for specific magazines.

The Publishers Information Bureau offers estimates by combining ad rates and published pages. It multiplies the ad prices magazines list on their rate cards by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest.

The figures for how many pages of advertising were published, on the other hand, are based on an actual count of ads in a publication.

The State of the News Media 2011

An Annual Report on American Journalism

Audio: Medium on the Brink of Major Change

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

Traditional AM and FM radio still dominates the audio landscape, and for the last decade it has been among the most stable traditional media. But heading into 2011 there are growing signals that raise questions about its future.

Large majorities of Americans continue to listen to AM/FM radio each week, more than nine out of ten adults. Yet they take the medium for granted. In surveys, most Americans point to newer technologies, which they actually spend less time with, as having more “impact” on their lives. And when they use those new technologies, they are heading to new places. On the web, for instance, Americans for the first time report listening more to online-only outlets like Pandora or Slacker Radio than they do to streams from AM/FM stations. Perhaps even more ominously for traditional radio, online listening has even seeped into what the industry has seen as perhaps its safest (and most captive) audience – those listening in their cars.

Meanwhile, the industry's main technological initiative, HD Radio, has failed to take off. It hasn't generated the public support the broadcast industry expected it would when it was introduced in 2002. Only small percentages of people listen to HD Radio or are even aware it exists, and in 2010 those numbers remained flat. Perhaps more tellingly, fewer stations are investing in making the transition.

On the other hand, there was good financial news for AM/FM last year. Revenues grew 6% in 2010 over 2009. ¹ How much of this increase reflects the general upturn for the U.S. economy, rather than structural growth for radio, is difficult to assess. Either way, most the AM/FM's revenue remains tied to traditional streams, mainly on-air advertising, which would be threatened if audiences continue to move online and to other audio sources.

As for another closely watched technology, satellite radio, it also enjoyed some good news in 2010. After several bumpy years, including the merger of the two satellite providers Sirius and XM, the platform had an increase in both audience and revenue. Sirius XM devoted much of that revenue to programming, including the renewal of Howard Stern's contract at \$400 million over five years, \$100 million less than his previous. ²

National Public Radio continues to be a growing source of news for many Americans, its audience expanding each year as news disappears from commercial radio outside of the country's largest markets. Overall NPR's audience grew 3% in 2010, to 27.2 million weekly listeners.

But NPR faced a political backlash from the poorly handled firing of commentator Juan Williams in October 2010. Early in 2011, news chief Ellen Weiss was forced to resign and pressure was building in the Republican-controlled House of Representatives to cut or eliminate federal funding for the service.

AM/FM Audience Shows Signs of Change

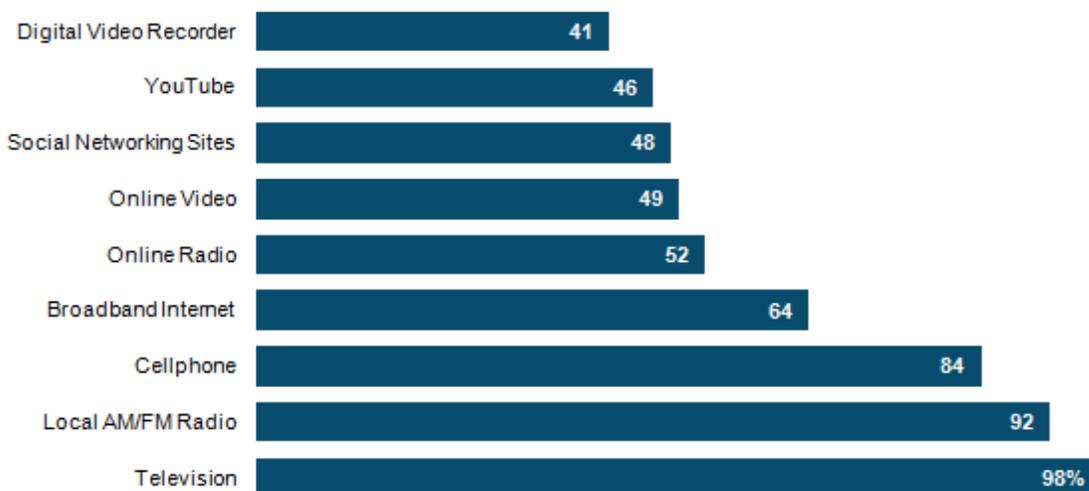
Though under growing competitive pressure, traditional AM/FM broadcasting remains the primary form in which people listen to audio content.³

More than nine out of ten Americans (93%) report using or owning an AM/FM radio, according to Arbitron.⁴ Perhaps just as important, unlike many other traditional media, that figure has remained stable over time, slipping only 3 percentage points in the last decade. That stability places radio ahead of newspapers, which 31% of Americans reported reading “yesterday” in 2010, a drop of 16 percentage points since 2000, according to the Pew Research Center For the People & The Press biennial media consumption survey.⁵ (See audio data section for more)

There are new signs, however, that the medium may be on the brink of more rapid change as the use of new technologies has grown. Heading into 2011, for instance, cellphone usage is now only slightly behind the use of AM/FM. Fully 84% of American over age 12 report using or owning a cellphone.⁶

Cellphones and traditional radio are not exactly apples to apples, but each of their places in Americans lives does cross a similar path. If in the past radio was the one device audiences were exposed to most, the cellphone is now almost as ubiquitous. And in some ways exposure to the cellphone is even greater, as it travels with people wherever they go. If the modern, more powerful cellphone begins to be seen as an audio device as well as a phone—something on which people listen to content in addition to making calls—there is a potential for it reducing AM/FM listening.

AM/FM Radio Continues to Enjoy Widespread Use
Percent of Respondents Who Said They Use or Own Each Platform or Device

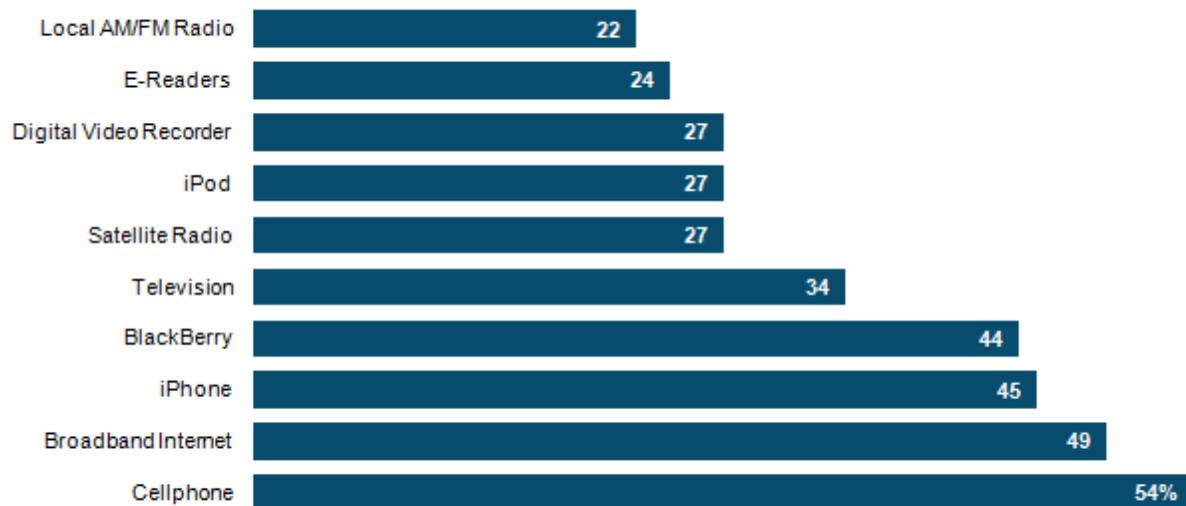


That potential is reinforced by survey data that suggest that Americans perceive the AM/FM radio differently than newer media options. When asked which devices had a “big impact” on their lives, just 22% said AM/FM radio, despite the fact that almost everyone listens to it for at least a few minutes each week. On the other hand, more than twice that many said cellphones had an impact. Fully 54% cited cellphones, 44% cited iPhones, and 45% BlackBerries, as having a major effect on their lives. And 49% cited broadband internet.⁷

The notion of impact here seems to be equated in people’s minds with change rather than usage. And broadcast radio has been around for so long (90 years in the case of AM; 70 for FM) that people are no longer *changing* their daily behavior to use it. They are exposed to it passively. If people see newer technologies like the smartphone (like the iPhone or BlackBerry) as having an impact on their lives that they appreciate, that may imply a warning to broadcast radio. If those newer technologies can provide audio content beyond AM and FM, people may embrace them.

AM/FM Radio Ranks Last in Terms of Impact

Percent of Respondents Who Said Each Platform or Device Had a “Big Impact” on Their Lives



Source: Arbitron. “The Infinite Dial 2010.” April 8, 2010.

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SEE FULL DATA

One example of this substitution is already evident in the data. High-speed or broadband internet use continues to expand and is perceived as having more impact than radio on daily life. And on this platform, traditional AM/FM outlets are losing ground.

In the last four years, from 2006 to 2010, the number of Americans who listen to AM/FM radio on their computers, by streaming a station’s regular programming, fell by 8 percentage points. Fully 48% of online listeners were streaming traditional radio in 2006. That dropped to 40% in 2010, according to

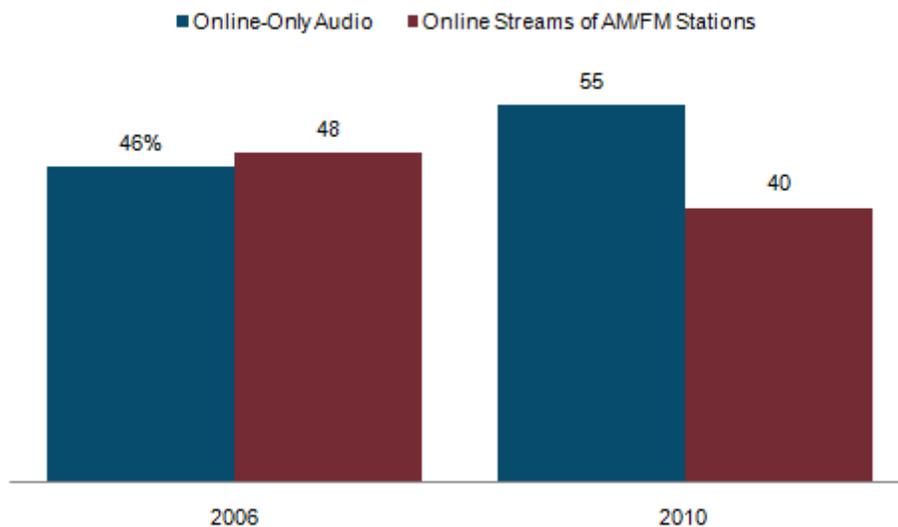
Arbitron. For the first time since the question was asked, more online listeners, 55%, report listening to online-only audio (like Pandora or Slacker Radio) than to the streams of radio stations.⁸ (See audio data section for more.)

The number of Americans listening to online audio is still relatively small, around 17% of adults reported listening the week before, but if it continues to grow, AM/FM's ability to capture that audience seems to be weakening.⁹ (See audio data section for more.)

Other media are gaining ground over radio on the internet as well. The same Arbitron survey found that 16% of respondents said they had used a local radio station website in the last month, versus 27% who had accessed web sites of local newspapers or television stations.¹⁰ (See audio data section for more.)

Online-Only Beats Out AM/FM in Online Streaming

Percent of Respondents Who Said They Listened to Online-Only Audio vs. Streams of AM/FM Stations in the Past Month



Source: Arbitron. "The Infinite Dial 2009." April 8, 2010.

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But perhaps the biggest warning signal for AM and FM is associated with changes on the horizon for a particular kind of listening – in the car.

In the last two years, those interested in listening to online radio in the car (as opposed to the broadcast stations) has more than doubled. More than a quarter of Americans (27%) said they were "very interested" in listening to internet radio in the car in 2010, up from 10% in 2009, and 6% said they were already using their cellphones to listen to internet radio in their cars.¹¹ (See audio data section for more.)

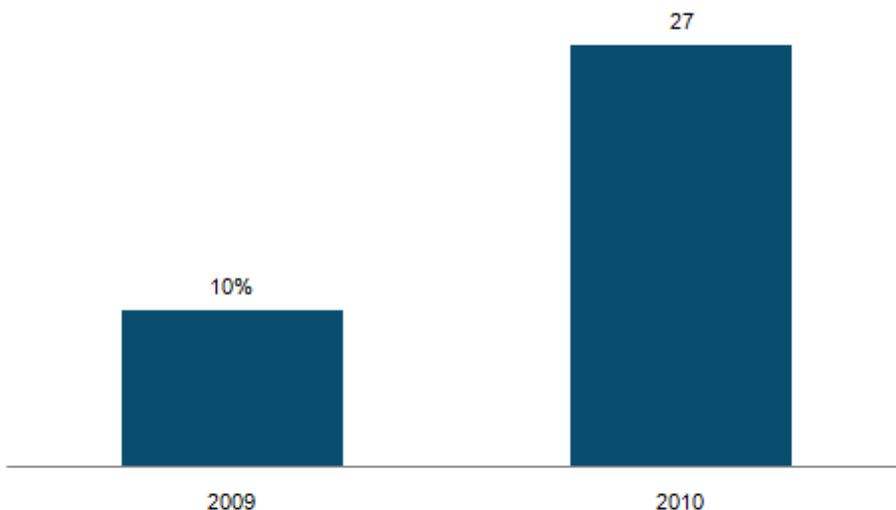
If this expressed interest translates to usage, this could mark an enormous shift. Throughout all the technological changes over the last decade, the car had continued to serve as a bulwark for traditional radio. While some alternative forms of listening like CDs and cassettes have existed for years, they never supplanted AM/FM stations. People could listen to CDs, but newer technologies were more limited. As the Internet becomes more available in cars – and indeed becomes an integral part of vehicle operations – the competition for where to tune in expands enormously. More and more manufacturers are building large hard drives into vehicles that will turn the car’s audio console into a library for downloaded music. The Ford SYNC system, introduced in 2007, offers drivers the ability to sync their phones and music collections so they can be accessed through the car stereo. In an effort to move internet radio into the car, Pandora announced a deal with Pioneer, the company that manufactures car stereos, to bring internet-enabled stereos into cars. And Toyota announced at the 2010 Consumer Electronics Show that it would be including Pandora in its multimedia system called Entune that will become part of new Toyota models in mid-2011.

Such developments will open the potential for drivers to access an array of options from their own music libraries to Pandora, and more. The Pandora announcements represent “a direct challenge to broadcasters of satellite and traditional radio, who have long dreaded the arrival of internet radio in cars,” reporter Sarah McBride observed in the Wall Street Journal. ¹²

Former WABC program director Phil Boyce told Talkers Magazine that the battle in the next few years “is going to be over the dashboard.”¹³

Americans Increasingly Interested in Internet Radio in the Car
Percent of Respondents Who Said They Would Be “Very Interested” in Internet Radio in the Car

[SEE FULL DATA SET](#)



**HD Radio
Falters as**

Source: Arbitron. “The Infinite Dial 2010.” April 8, 2010.

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Broadcasters Look for New Technologies

Another vulnerability facing traditional radio is that the industry’s attempt at creating a viable digital version of analog broadcasts has stagnated.

HD radio was the initial attempt to offer listeners a new, enhanced way to consume traditional AM/FM radio with newer features. But HD radio has largely failed to break into the mainstream and awareness of HD radio has remained flat for years. Only 31% of listeners said in 2010 that they had heard something about HD radio recently, up slightly from 29% in 2009. And only 7% said they were “very interested” in HD radio, a figure that has remained largely unchanged since 2006.¹⁴ (See audio data section for more.)

As a result, stations themselves seem to be losing interest in HD radio as well. As of October 2010, only 2,086 out of the 14,608 commercial radio stations in the country (14%) were broadcasting in HD radio. And, more telling, in 2010 only 21 stations converted to the new technology. That is a significant decrease from a peak of 521 that converted in 2006. The once-promising new platform, which offered stations the chance to target audiences by offering them clearer sound and multiple program signals, seems to be stalling.¹⁵ (See audio data section for more.)

This is similar to the problem that radio faced with the advent of FM. “It seems clear that broadcasters are repeating the mistake made with FM radio a half-century ago by pushing sound quality rather than providing new and different programming,” Christopher Sterling, a professor of media and public affairs at George Washington University, said in an interview with PEJ. “Providing the same programs as are now on AM and FM outlets gives people no incentive to invest in the more-expensive digital receivers as most of us seek new content, not audio quality.”

Backers of HD radio are trying to adjust. The company that invented and sells HD radio technology, iBiquity, announced a partnership with Citadel Media in September 2010 that would help Citadel stations upgrade to HD radio without having to invest up front. The deal is an attempt to encourage more stations to make the transition to HD radio without making the capital expenditure that is one factor limiting HD radio’s expansion.¹⁶ (See audio data section for more.)

In the face of the faltering of HD radio, broadcasters are trying something else to graft traditional radio onto new technology. The most recent attempt is an effort by the National Association of Broadcasters and other radio industry representatives to have the federal government require cellphone makers to put FM radio antennas in cellphones. As of 2009, about 10% of the cellphones sold in the U.S. contained FM chipsets, but there is no evidence of how many users know their phones have this capability, or if they use it.¹⁷ In effect, people would be carrying around a 21st-century version of a portable radio with them most of the time. There is little evidence that this move has public support, and cellphone makers (as well as providers like Verizon) vehemently oppose it, arguing it is a step backward in cellphone innovation that will have harmful effects, such as shortened battery life.

Broadcasters argue that the move not only has backing from users, but that it has public service benefits as well. For example, putting FM radios in cellphones would give most Americans access to a radio in the event of an emergency. The debate was unresolved when the midterm elections converted control of the House of Representatives to the Republican Party. It is expected to resume in the summer of 2011, but the outcome is unclear.

The Economics of Radio Improve

Even as the audience for AM/FM radio showed signs of vulnerability in 2010, the economic picture improved.

Overall, total revenue for traditional radio grew 6% in 2010 to \$17.3 billion, up from \$16 billion in 2009.¹⁸ (See audio data section for more.)

Radio Revenue Sources 2010			
Revenue Source	Dollars (in millions)	% Change over 2009	% of Total Radio Revenue
Spot	14,181	6%	82%
Network	1,102	3	6.4
Digital	615	24	3.6
Off-Air	1,389	3	8
Total	17,287	6	100

Source: Radio Advertising Bureau Quarterly Revenue Reports
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At least some of the ad revenue growth can be attributed to the upturn in the economy. Pinpointing exactly how much is complicated, but two national indicators shed some light: ad revenue growth across media and U.S. retail sales.

Total advertising revenue for all U.S. media was up 3% in 2010 according to eMarketer.¹⁹ Radio fared better than that. That reflects some of radio's traditional stability, and suggests that the medium has strengths that go beyond other platforms. Retail sales, a more general economic indicator, were up 6.6% in 2010 compared to 2009, according to the Department of Commerce.²⁰

By that comparison, radio is faring as well as the economy overall, but better than some other media. (See audio essay for more.)

The firm Veronis Suhler Stevenson predicts that all parts of radio revenue will continue to grow through 2014. Online and mobile revenue are predicted to have the largest growth, but compared with traditional radio they will still be a relatively small part of the revenue picture.²¹ (See audio data section for more.)

News on the Radio

What does all this mean for news? The question remains complicated. In 2010, the portrait for news on radio looked mixed at best.

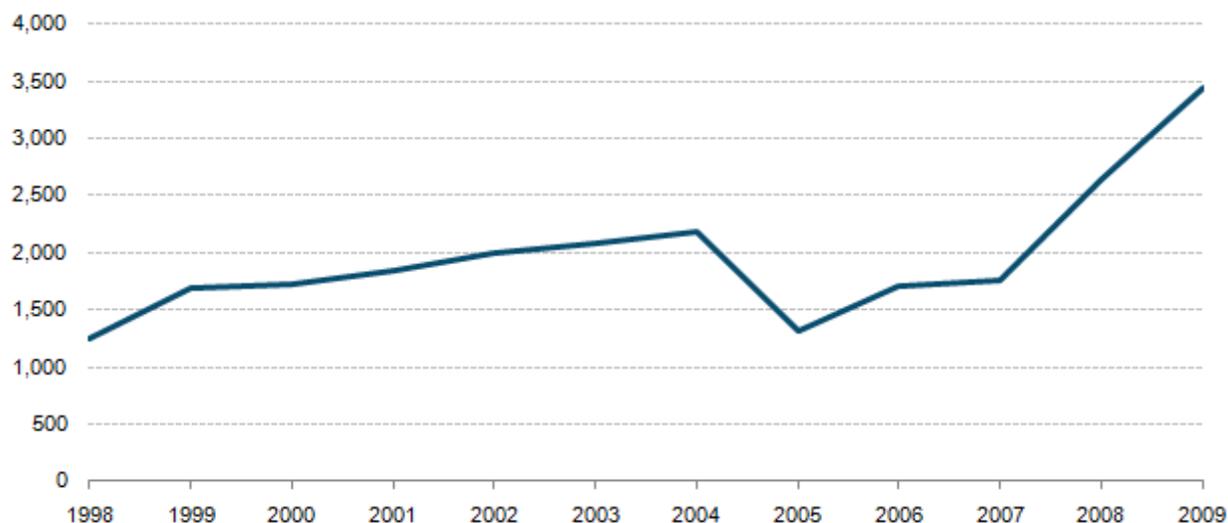
The total number of "news/talk" stations rose in 2010, as did the number of "all-news" stations. But these increases need to be put into perspective. First, few stations in the U.S. outside of public radio are all news. In fall 2009, the latest available data from Arbitron, there were a total of 30 all-news commercial stations in the United States. That is up from 27 in 2008.²²

Far more stations, 3,446 in 2010, call themselves "news/talk/information," and the evidence suggests that means heavily talk. That number is up from 2,634 in 2009.^{23 24}

This compares to 14,608 total commercial stations nationwide. Thus news and news talk make up about 24% of all commercial stations, making it the second-largest format, behind country music. Moreover, these stations often rank among the top in audience in their markets.²⁵ In the New York City market, for example, WCBS, the CBS all-news station, is No. 2, behind WLTW, which carries a mix of talk and music.

Number of News/Talk Radio Stations Continues to Rise

Number of News/Talk Stations



Note: After 2006 Arbitron began to break up news/talk/information into discrete formats: news/talk, talk/personality, all news, all sports. Prior to 2007 they were all rolled into the news/talk/information category. To get an accurate picture of the growth of the news/talk format, PEJ added these formats together for 2007-2009 to better reflect how that measurement was made previously.

Source: Arbitron. "Radio Today: How Americans Listen to Radio, 2010 Edition." March 12, 2010.

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Another way to assess the influence of news on traditional radio is through public surveys. These surveys have asked about both the total number who regularly turn to radio for news and the amount of time they spend listening.

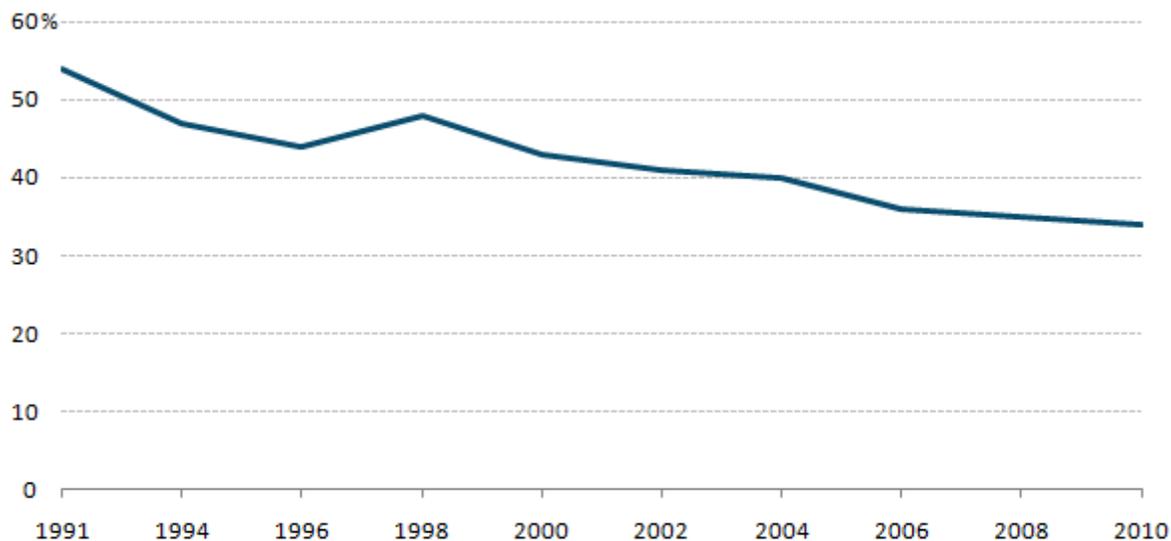
In 2010, a third of Americans (34%) said they received some news through the radio "yesterday," according to the Pew Research Center For The People & the Press' biennial media consumption survey.²⁶ This is down just slightly from 35% in 2008, but it continues a gradual decline over the last ten years. In 2000, the number was 43%. Other alternatives are rising. Internet news users have now caught up (34%), and television use remains well ahead (58% watched television news "yesterday"). Radio now outpaces newspapers, however, which have seen a much sharper decline. Just 31% of Americans reported reading a newspaper "yesterday" in 2010, down from 34% in 2008, though there is some substitution here with people accessing newspaper websites.²⁷

More ominous perhaps, the youngest age demographic of 18-to-24-year-olds is listening to news on the radio less than they once did. Their portion as a percentage of all radio listeners declined three percentage points in the last two years, from 25% in 2008 to 22% in 2010. This has been countered by

an increase in online news consumption among the same demographics, with 32% of those in that age group getting their news online in 2010, up from 30% in 2008.²⁸

Americans Turning to Radio Less as a Source for News

Percent of Respondents Who Said They Listened to News on the Radio "Yesterday"



Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

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The amount of time people listen to radio news (as opposed to the number of listeners) has remained more stable over the last decade. People spend more time listening to news on the radio each day than they do reading newspapers or getting news online, according to The Pew Research Center For The People & the Press. In 2010, people spent an average of 15 minutes listening to radio news "yesterday," up one minute from 14 in 2008. The figure for radio again remains below television (32 minutes) but now more than newspapers (10 minutes) and more than, but close, to the internet (13 minutes).²⁹

Anecdotally, there is evidence that some news operations suffered cutbacks in 2009. These operations were already small. The average size of a newsroom in 2008 was just shy of 3 people (2.8) according to a survey by Robert Papper.³⁰ While the sample size from this data in 2010 is too small to draw firm conclusions from, some radio professionals have voiced worry that some of these operations may have cut back too far and will suffer in the marketplace as a result. "One byproduct of the down economy is that many radio station operators took to shredding news departments by eliminating news personnel," Talkers Magazine concluded in a cover story in December 2010. For instance in Las Vegas, radio programmer Bob Agnew arrived in the market and said that he found that "there are 1.8 million people in this immediate area and not a single station did news." ³¹

These cutbacks have also tended to benefit commercial radio's noncommercial rival in news, National Public Radio. NPR's audience has more than doubled in the last 10 years to 27.2 million listeners a week. (see NPR section for more) It is worth watching, as audiences continue to shrink and pressures on revenue grow, to see whether commercial news operations will slim down even further, or if, to give audiences something worth tuning in to, they build up resources instead.

Satellite Radio Gains in 2010

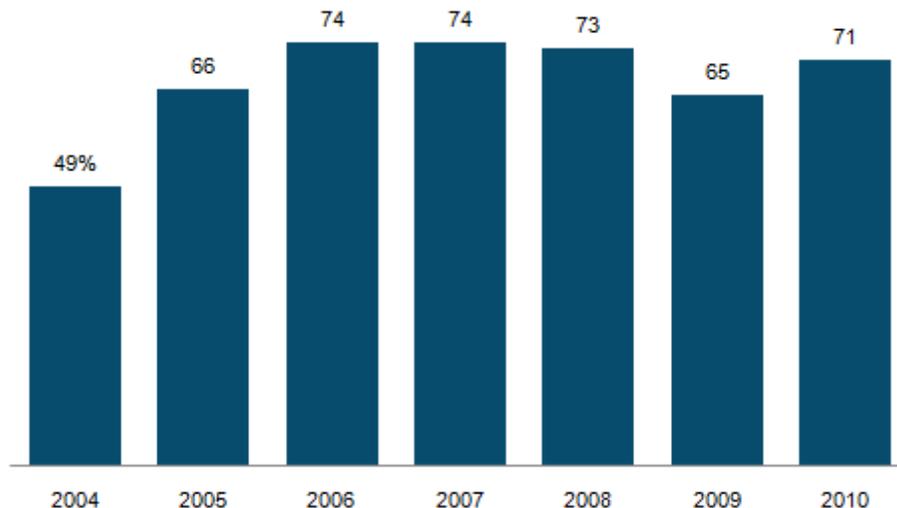
One newer audio technology that had some gains in the economic upturn of 2010 was satellite.

Satellite radio has presented itself as an alternative to traditional radio listening since its creation in the early 1990s. Two competing companies, Sirius and XM, offered the service. In 2008, the companies merged to form Sirius XM, which became the sole provider of satellite radio. But in 2009, because of rumors of bankruptcy, the first drop ever in the number of subscribers, and declining revenue, the future of satellite radio was in doubt.

In 2010, however, those trends began to change. Both the number of subscribers and revenues for satellite radio increased compared to 2009. Sirius XM subscriptions grew 7.5% to 20 million and revenues rose 12% to \$2.8 billion.³² (See audio data section for more.)

Awareness of satellite increased as well. The number of those who said they had heard of Sirius XM in 2010 was back up to the same level it was when the companies were separate (there was a decline in awareness of the company in 2009).³³

Public Awareness of Satellite Radio Bounces Back Up
Percent of Respondents Who Said They Had Ever Heard of Sirius XM



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

Note: 2004-2008 figures are combined figures of Sirius and XM Radio, which until 2009 were separate companies. 2009 and 2010 figures are the new company Sirius XM

Survey Question: Have you ever heard of a satellite radio service called Sirius XM?

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After a tumultuous 2008 and 2009, Sirius XM spent 2010 building its programming base to include new content. Sirius XM re-signed a contract with Howard Stern, who hosts one of the most popular shows on Sirius XM. In addition, Sirius XM expanded its coverage of college football, successfully put a fifth satellite in orbit to expand programming, and signed deals with Kia Motors and BMW motorcycles to include Sirius XM in new vehicles.³⁴

While satellite radio continues to gain subscribers and expand its programming base, the increased use of internet radio (especially in cars) poses the same threat to satellite that it does to AM/FM radio. New audio technologies do not only affect listening to the oldest technology, AM/FM radio, but they also are competing against one another for the attention of Americans.

Podcasting

Another alternative audio platform, podcasting, had more limited gains in 2010.

Podcasts, which are recorded audio segments available through the Web, were an early creation in online formats, originally developed as audio files you could download to your iPod and then take with you to listen to later.

In 2010, the number of podcasts released grew almost 30% from 70,000 in 2009 to 90,000. More product did not translate into substantially more listeners. The percentage of those who said they had “ever” listened to a podcast rose just one point to 23% of adult Americans, according to Arbitron.

The rate is even lower for news podcasts. Only 4% of respondents said they had listened to a news podcast “yesterday” and only 3% said they did so regularly.³⁵

As mobile broadband becomes more ubiquitous the distinction between a podcast and streaming audio may well disappear. (See audio data section for more.)

National Public Radio Continues To Gain Audience, But 2010 Brings Controversy

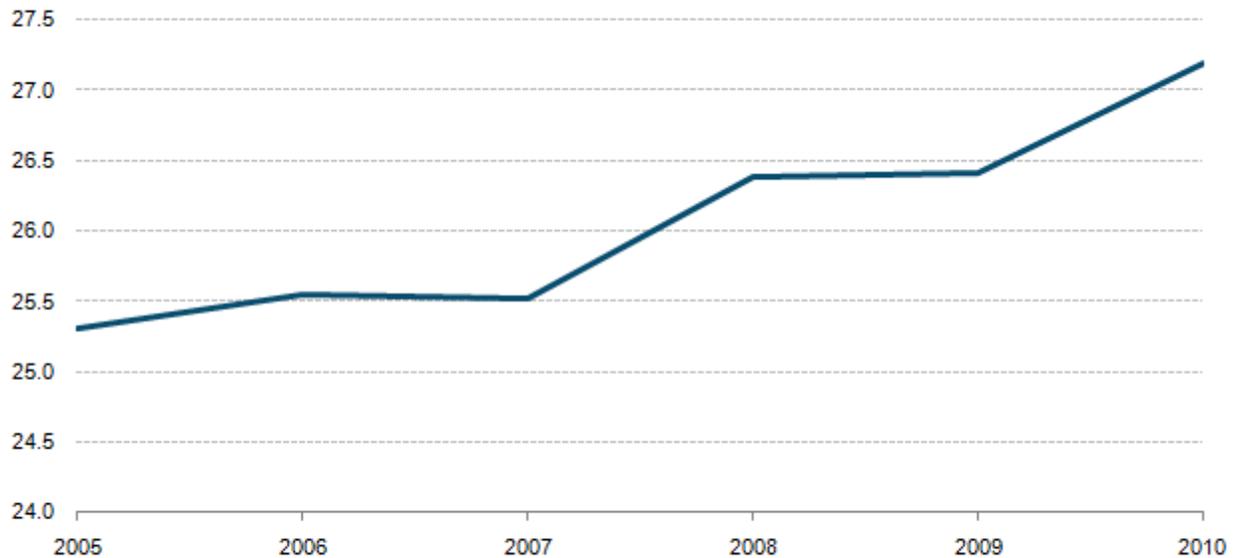
NPR had a good year by the numbers in 2010. Audience, member stations, revenue and news investment all showed growth for the year, according to internal accounting.³⁶ There was more to the year than just the numbers, though.

The firing by NPR executives of long-time commentator Juan Williams in October sparked controversy both internally and externally and led to the resignation of NPR’s chief news executive. As of early 2011, the embers were still simmering.

Total listenership to NPR grew 3% in 2010 to 27.2 million weekly listeners, up from 26.4 million in 2009. And this growth is “real” growth in the sense that it reflects an increase in listeners to stations already carrying NPR programming rather than stations newly carrying NPR programming. The number of member stations remained constant in 2010 — at 268 — as did the total number of stations carrying at least some NPR programming each day, 764 stations.

NPR Audience Continues to Grow in 2010

NPR Weekly Listeners, in Millions



Source: NPR Internal Figures provided to PEJ

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As the economy picked up, in general NPR's financial picture improved as well. Its total budget for fiscal year 2011 grew 5% from the year earlier, to \$161.8 million (NPR operates on an October to October fiscal year). Its news operations, which account for a little less than half the total budget, benefited directly from this growth, also increasing 5% for the year to \$65.1 million up from \$61.9 million in 2010. The remaining spending goes toward NPR'S website, running the radio broadcast facilities, and general company operations.

At least part of the increased news budget went toward ramping up their reporting capacity. The total news staff, which includes digital media editors and traditional on-air staff but not engineers, grew 8% in 2010 to 335 people (21 part time and 314 full time).

As NPR continues its primary presence on the radio, it is increasingly emphasizing its digital identity as well. By mid-2010 NPR offered iPhone, iPad and Android apps, something many other newsrooms are still in the early stages of. According to its own internal measures, NPR.org across all digital platforms (including mobile and apps) averaged 15.7 million monthly unique visitors (NPR uses the online metrics firm Omniture). That is up more than 5 million over 2009 (10.4 million) and puts it about on par with CBS News, according to Nielsen figures.

NPR also seems to have bucked the trend on podcasts, which showed just the smallest audience growth overall for the year. It has created more ways for users to consume its audio content online from streaming audio to podcasts. In December 2010 NPR reported 23.3 million downloads of its podcasts each month. That figure is up 58% from 2009.

Juan Williams Firing

In October, Williams appeared on the O'Reilly Factor on Fox News and commented on the anxiety some people feel seeing Muslims aboard airplanes in the wake of the 9/11 terrorist attacks. Williams, who was a regular contributor on Fox and a news analyst on NPR, had this exchange with O'Reilly:

Williams: Well, actually, I hate to say this to you because I don't want to get your ego going. But I think you're right. I think, look, political correctness can lead to some kind of paralysis where you don't address reality. I mean, look, Bill, I'm not a bigot. You know the kind of books I've written about the civil rights movement in this country. But when I get on the plane, I got to tell you, if I see people who are in Muslim garb and I think, you know, they are identifying themselves first and foremost as Muslims, I get worried. I get nervous. Now, I remember also that when the Times Square bomber was at court, I think this was just last week. He said the war with Muslims, America's war is just beginning, first drop of blood. I don't think there's any way to get away from these facts. But I think there are people who want to somehow remind us all as President Bush did after 9/11, it's not a war against Islam. President Bush went to a mosque.

O'REILLY: Well, there isn't any theology involved in this at all from my perspective, Juan. But you live in the liberal precincts. You actually work for NPR, O.K.?

WILLIAMS: Yes.

O'REILLY: And it's not about – it's about politics, as I said. But – my analysis is that this Israel thing and that liberals feel that United states is somehow guilty in the world, of exploitation and backing the wrong side, and it makes it easier for them to come up with this kind of crazy stuff that, well, you can't really say the Muslims attacked us on 9/11.

WILLIAMS: No, but what Barbara Walters said to you – .

O'REILLY: Were they Norwegians? I mean, come on.

WILLIAMS: Wait a second, though, wait, hold on, because if you said Timothy McVeigh, the Atlanta bomber, these people who are protesting against homosexuality at military funerals, very obnoxious, you don't say first and foremost, we got a problem with Christians. That's crazy.

O'REILLY: But it's not at that level. It doesn't rise near to that level.

WILLIAMS: Correct. That's – and when you said in the talking points memo a moment ago that there are good Muslims, I think that's a point, you know?

O'REILLY: But everybody knows that, Juan. I mean, what are, in third grade here or what?

WILLIAMS: No, you don't – but you got to be – this is what Barbara Walters was saying – .

O'REILLY: I got to be careful, you just said it. I got to be careful. I have got to qualify everything 50 times. You know what, Juan? I'm not doing it anymore. I'm not doing that anymore.

WILLIAMS: O.K. So, be yourself. Take responsibility

Three days later, NPR executives fired Williams in a phone call. The initial statement from NPR said: "Juan has been a valuable contributor to NPR and public radio for many years and we did not make this decision lightly or without regret. However, his remarks on the O'Reilly Factor this past Monday were

inconsistent with our editorial standards and practices, and undermined his credibility as a news analyst with NPR.”³⁷

Less than three hours later, in response to queries from member stations, NPR president Vivian Schiller tried to clarify NPR’s position by explaining that Williams’ termination was not due solely to his comments on O’Reilly but also on a pattern of comments over the years that violated NPR’s ethical guidelines, “[T]his isn’t the first time we have had serious concerns about some of Juan’s public comments. Despite many conversations and warnings over the years, Juan has continued to violate” this principle.³⁸

And later, in a speech in Atlanta that day, Schiller addressed the issue again in a way that seemed personal, saying: “This is not a reflection on his comments, this is not a debate. Juan feels the way he feels, that is not for me to pass judgment on, his feelings that he expressed on Fox News are really between him and his psychiatrist, or his publicist, or take your pick. It is not compatible with the role of a news analyst on NPR.” She later acknowledged that the comment was a mistake.

Roger Ailes, the combative Fox News president and former Republican political consultant, then used the incident to make explosive comments about NPR. In an interview with Howard Kurtz in the Daily Beast, Ailes said of NPR executives: “They are, of course, Nazis. They have a kind of Nazi attitude. They are the left wing of Nazism. These guys don’t want any other point of view. They don’t even feel guilty using tax dollars to spout their propaganda. They are basically Air America with government funding to keep them alive.”³⁹ Ailes later apologized his reference to Nazis in his comments.

Ailes also gave Williams a new multiyear contract that expanded his role on Fox News.⁴⁰

Ultimately, the decision to fire Williams, and the way it was handled, provided new ammunition for those conservative critics of NPR, and public broadcasting in general, who see them as liberal media supported by tax dollars. Former Speaker of the House Newt Gingrich said on Fox News, for example, “I think the U.S. Congress should investigate NPR and consider cutting off their money,”⁴¹

The fallout from Williams’ dismissal from NPR continued into 2011. The NPR board commissioned an independent review of the firing and among that panel’s recommendations was that NPR update its ethics code (which Williams was accused of violating) and that it review policies about staff members appearing in other media outlets. At the same time the report was released it was announced that NPR’s senior vice president for news, Ellen Weiss, had resigned.

In February, the House voted to defund public broadcasting, including NPR, though the Senate had not yet voted. Then in March NPR was embroiled in another controversial incident. In a sting video set up by conservative activists, NPR fundraiser Ron Schiller criticized the Tea Party movement and the Republic party and praised the firing of Williams. A day later, NPR’s board accepted the resignation of President and CEO Vivian Schiller. NPR board chairman Dave Edwards publically clarified Vivian Schiller’s departure, “The events that took place [particularly Ron Schiller’s statements and Juan

Williams' dismissal] became such a distraction to the organization that in the board's mind it hindered Vivian Schiller's ability to lead the organization going forward."

The Right Stuff

Conservative talk hosts, who tend to flourish playing offense against a Democratic president, continued to dominate the talk radio universe in 2010.

Of the top 10 talk hosts by audience size, as identified by Talkers Magazine, eight are conservative, led by Rush Limbaugh's estimated 15 million listeners a week and Sean Hannity's audience of 14 million. One of the top 10, Dave Ramsey (8 million listeners), is a financial advice host. And another, Neal Boortz (6 million), is a libertarian, although he supports a number of conservative principles.

The top liberal radio talkers—Alan Colmes, Thom Hartmann, Stephanie Miller and Ed Schultz—are well down the list, with estimated weekly audiences of about 2.75 million each.

In a notable blow to liberal talk radio, Air America—the network the once featured such high-profile liberal personalities as Al Franken and Janeane Garafalo—shut down in January 2010 after about six years of existence. In a number of markets, the Air America hosts were handicapped by the fact that they were broadcast on smaller, lower-signal stations.

Meanwhile, there were some ideological fireworks last year when controversial civil rights activist Al Sharpton, who hosts his own talk radio show, called for the Federal Communications Commission to take a closer look at Limbaugh. Sharpton argued that the FCC had the right to keep programs off the airwaves that use "racial or gender bias as their format."

That effort triggered plenty of reaction in the blogosphere, with Limbaugh fans declaring it a liberal assault on free speech. But in reality, it posed no threat to the man with the biggest talk radio audience.

The Narrow News Agenda

Two things distinguished the news agenda on talk radio in 2010: its almost singular focus on domestic politics to the virtual exclusion of events overseas and even within domestic politics, the way a handful of stories dominated the airtime.

Indeed, the three biggest talk radio subjects—the 2010 elections, the U.S. economy and the battle over health care—accounted for nearly half (48%) of the airtime studied by PEJ. By contrast, the top three stories in the media overall—the economy, the midterm elections and the BP oil spill—accounted for less than one-third (31%) of the newshole.

Given the basic talk show formula of ideological hosts selecting polarizing topics that are likely to engender strong opinions, it's not a surprise that hot domestic issues such as the elections, the economy and health care dominate on talk radio. But the talk radio news agenda is even more constricted than that the prime-time programming on cable news, which is also driven by political talk shows. Indeed, the top three stories in prime-time cable news in 2010—the elections, the economy and the oil spill—accounted for 38% % of the airtime studied.

Moreover, events overseas—even those directly involving U.S. troops or occurring on America’s doorstep—received minimal attention on talk radio. The war in Afghanistan and the devastating Haiti earthquake combined accounted for 2% of talk radio airtime in 2010 compared to 6% in the media overall.

The combined attention to all foreign events—those directly involving the U.S. and those that did not—accounted for 20% of the newshole last year in the media overall. On talk radio, however, that number was a mere 4%.

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Audio: By the Numbers

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

New to this year's report is a streamlined data section that houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

New Technology's Effect on Radio Audience Is Slow but Evident

In the winter of 2010, radio reached 240 million people over the age of 12, an increase of 3 million over 2009.¹ While audiences for terrestrial radio have remained mostly stable for the past 10 years, it is clear that new technologies, over time, do have an effect on traditional radio listening. The effect is most pronounced among younger people, which could mean accelerated change and a new landscape of audio habits. (See audio essay for more)

SEE FULL DATA SET

While nearly all Americans still report listening to traditional AM/FM radio (92%), they are much less likely to feel that AM/FM radio has an "impact" on their lives. Cellphones (separate from smartphones like the iPhone and BlackBerry) ranked the highest, but traditional television and DVRs also outpaced the radio dial.² To the extent that "impact" implies how much people value a platform, that may be a warning signal. (See audio essay for more)

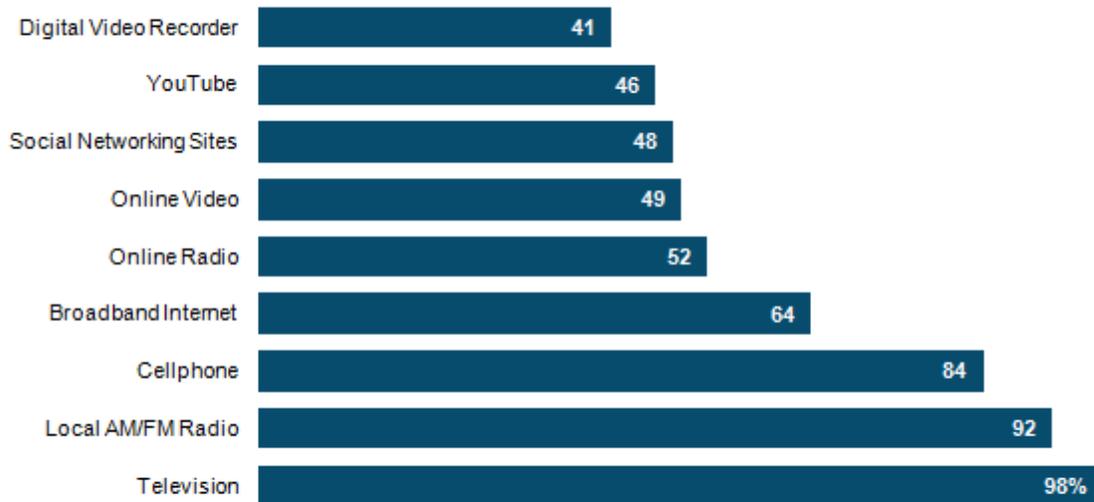
SEE FULL DATA SET

Another warning signal may be demographics. For the past decade, older listeners have consistently made up the largest percentage of radio news listeners. And if one looks across different data sets, from

AM/FM Radio Continues to Enjoy Widespread Use

Percent of Respondents Who Said They Use or Own Each Platform or Device

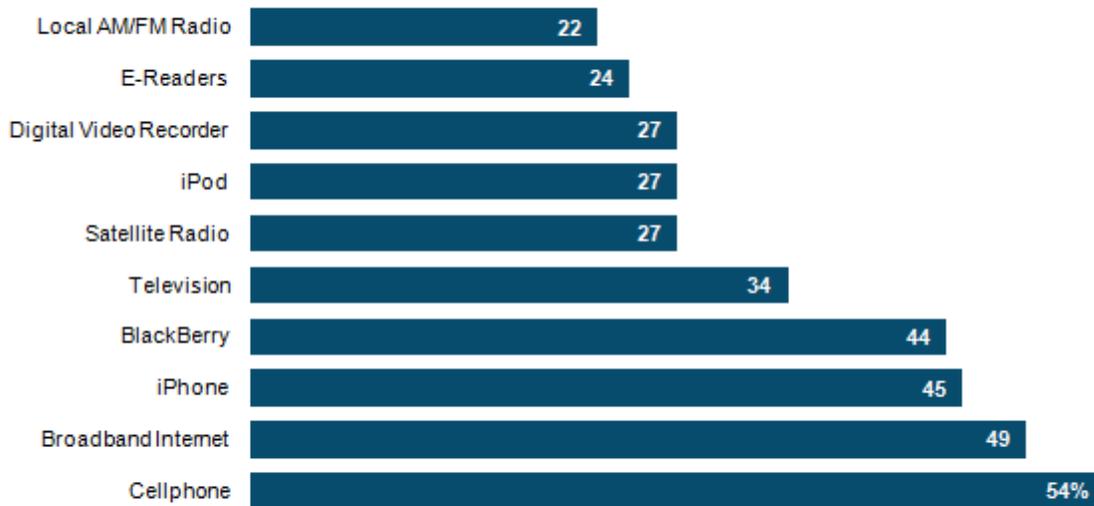
such



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.
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But AM/FM Radio Lags Far Behind Newer Technologies in Terms of Impact

Percent of Respondents Who Said Each Platform or Device Had a "Big Impact" on Their Lives



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.
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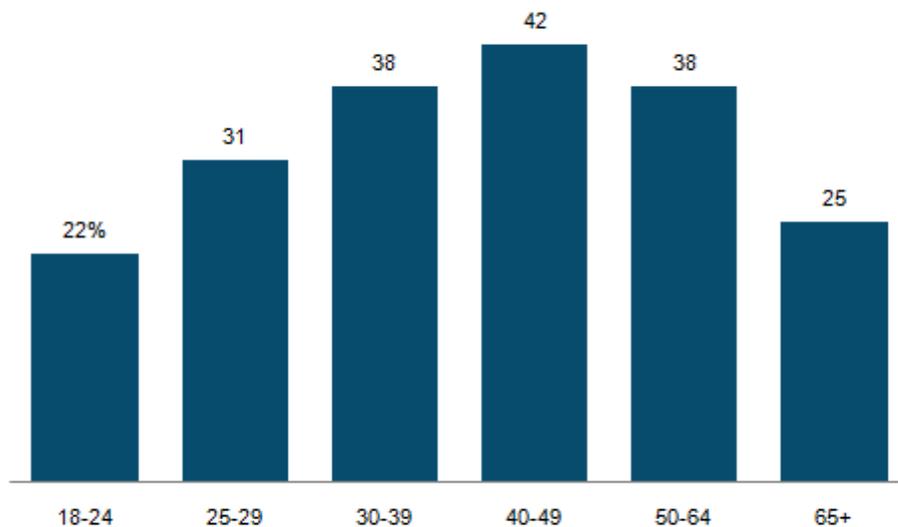
sources as Arbitron and the Pew Research Center For the People & The Press, there is evidence that younger people are even less inclined to listen to traditional radio than they used to be.³ (See audio essay for more)

SEE FULL DATA SET

Another potential trouble sign for traditional radio is what people are listening to online. Overall, online

Radio News Attracts an Older Audience

Percent of Respondents in Each Age Group



Source: "Americans Spending More Time Following the News", Pew Research Center For The People & The Press, September 12, 2010

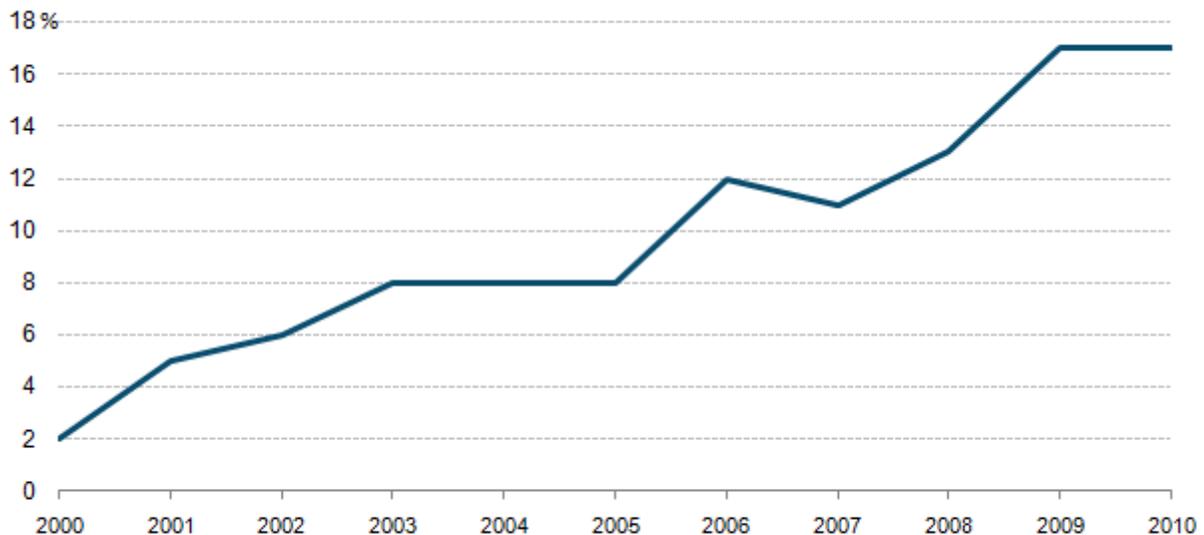
Survey Question: Where did you get your news "yesterday"?

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listening has leveled off, but the mix of what people are listening to has changed. More people now report listening to online-only audio outlets like Pandora than to streams of AM/FM stations.⁴ (See audio essay for more)

Online Radio Listening Levels Off in 2010

Percent of Respondents Who Said They Listened To Online Radio In the Last Week



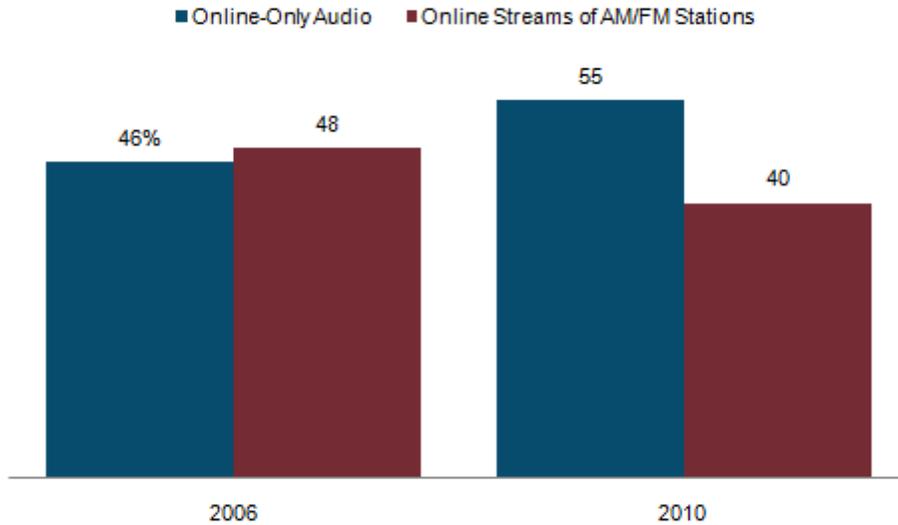
Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

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Online-Only Beats Out AM/FM in Online Streaming

Percent of Respondents Who Said They Listened to Online-Only Audio vs. Streams of AM/FM Stations in the Past Month



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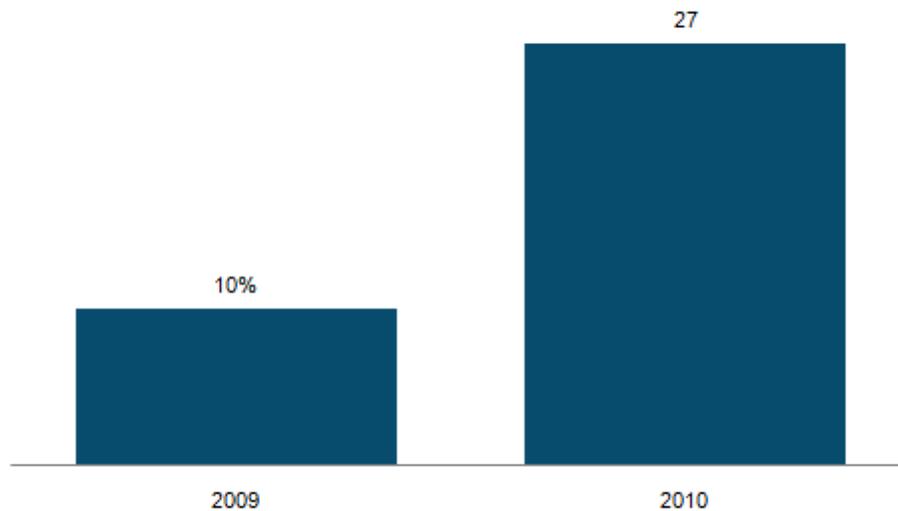
Another potentially even more troubling sign for traditional radio is that the number of Americans who say they are interested in online radio in the car, a place normally

Source: Arbitron. "The Infinite Dial 2009." April 8, 2010.
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dominated by the AM/FM dial, has more than doubled in the last year.⁵ If this interest translates into people abandoning traditional radio programming in the car, once they have the technology to access the internet there, that could hasten enormous changes in the audio landscape. (See audio essay for more)

Americans Increasingly Interested in Internet Radio in the Car

Percent of Respondents Who Said They Would Be "Very Interested" in Internet Radio in the Car



SEE FULL DATA SET

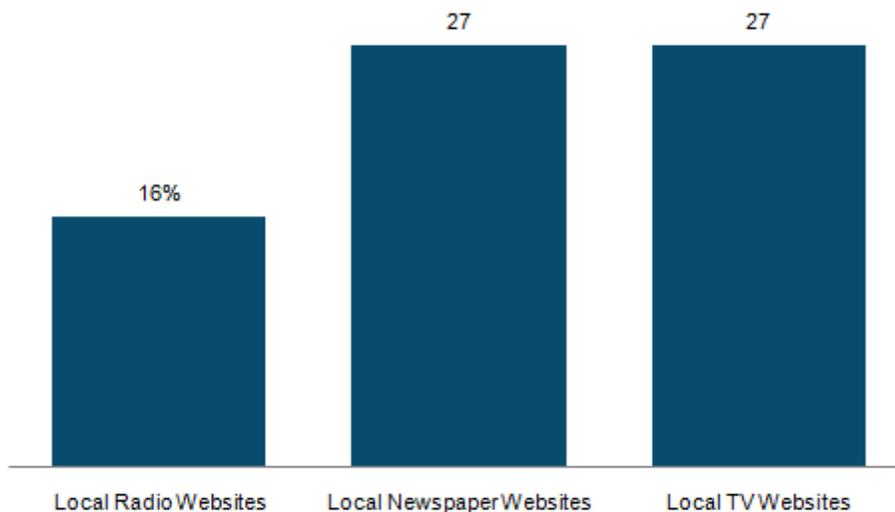
Users say radio station websites are improving overall, but the use of radio online still trails other media.⁶ NPR may be the notable exception to this. Its website has had continued

Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.
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growth over the last two years and continues to command a large audience in the top 30 most popular news sites.⁷ That may in part reflect the organization's commitment to digital. NPR, notably, no longer calls itself National Public Radio. It uses only the NPR abbreviation to signify that it is not limited to any platform. (See audio essay for more)

Users Prefer Other Media Websites Over Radio

Percent of Respondents Who Said They Used Each Media Website in the Past Month



[SEE FULL DATA SET](#)

[SEE FULL DATA SET](#)

HD Radio Suffers From Lack of Awareness and Interest

Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

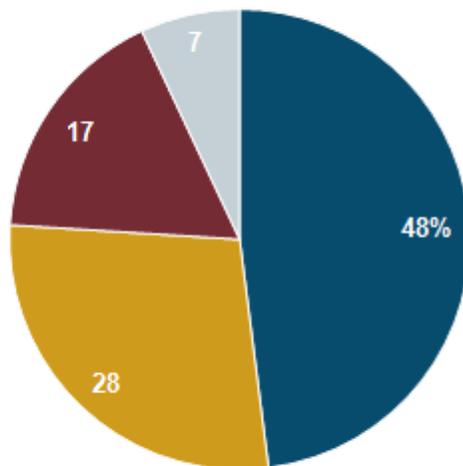
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One way traditional

But See Improvement in Radio Station Websites

Percent of Respondents Who Had the Following Opinions About Radio Station Websites

■ More Interesting ■ About the Same ■ Less Interesting ■ Don't know



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

Question: Compared to a few years ago, in general, would you say that the local radio station Web sites you visit are getting....?

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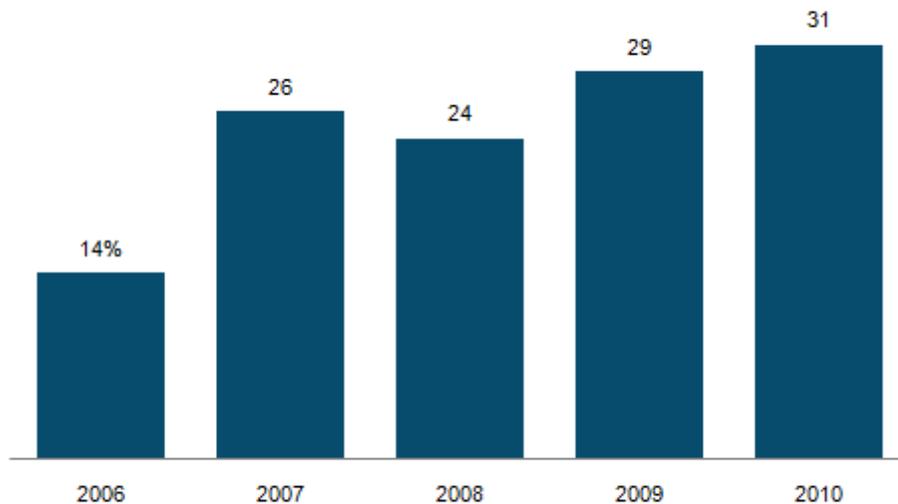
radio has tried to adapt is by developing HD radio, which allows stations to "narrowcast" to audiences by offering them multiple channels. Despite the purported benefits of HD radio, the technology continues to suffer from lack of awareness and interest. Awareness grew in the last year, but still less than a third of Americans have even heard of HD radio.⁸ (See audio essay for more)

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And only 7% say they are particularly interested in it.⁹

Awareness of HD Radio Up Slightly

Percent of Respondents Who Have Heard/Read Anything Recently About HD Radio

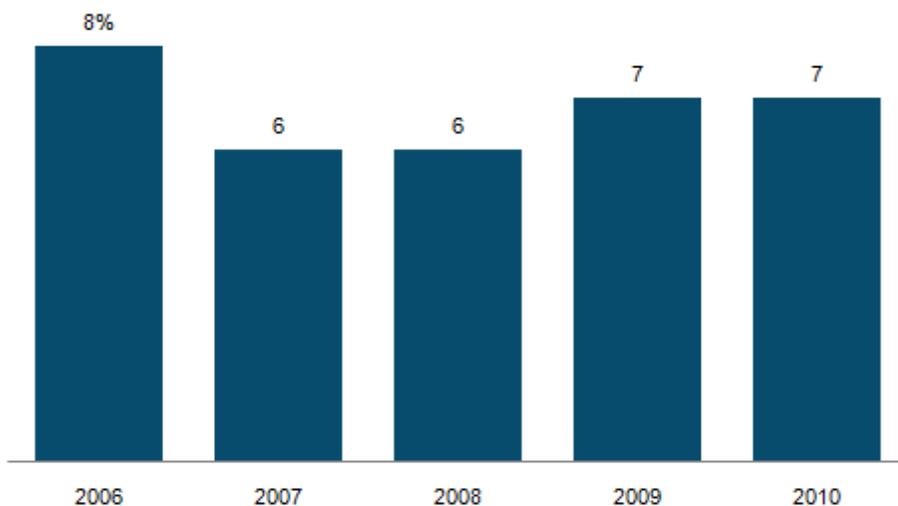


Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

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But Interest In HD Radio Remains Flat – and Minimal

Percent of Respondents "Very Interested" in HD Radio Based on Description



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

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The company that invented and markets HD radio, iBiquity, has made some inroads in getting HD radios to come as standard in some car models, but based on BIA Financial Network data and PEJ Research, this has had little effect. So far, only a fraction (14%) of stations has added HD radio capability.¹⁰ (See audio essay for more)

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And, more tellingly, the number converting each year to HD radio, which has been falling since 2006, continued to drop in the last year.

¹¹

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News/Talk

Continues to Be an Important Force in Radio

If format counts are measure of value, news remains a vital part of the radio landscape. The number of news/talk stations rose again in 2009, the latest year for which data are available. So did the number of "all-news" stations. According to Arbitron there were 30 "all-news" stations, up from 27 in 2008.¹²

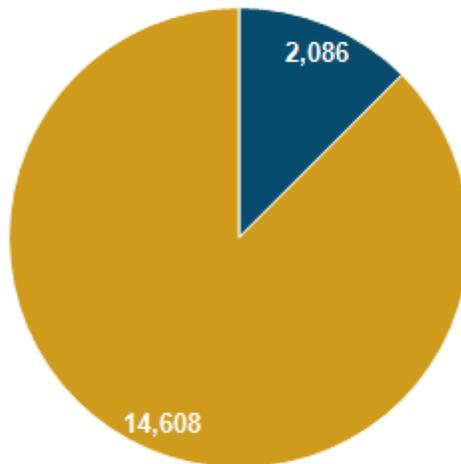
It is important to note that the type of stations under the news/talk label vary widely with many closer to all talk than all news.

News and news/talk stations, which represent about 23% of all stations, tend to do well in market rankings. Despite that, anecdotally at least, many stations have small staffs and many also suffered

Majority of Stations Are Not Transmitting in HD

Number of Stations as of December 2010

■ AM/FM Stations in HD ■ Total Stations AM/FM



Source: BIA Financial Network database and PEJ Research

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substantial cutbacks during the recession, and many news professionals have warned that news stations may see the effects of those cutbacks. (See audio essay for more)

[SEE FULL DATA SET](#)

Americans are increasingly turning to other sources for their news. In 2010, a third of Americans (34%) said they received some news through the radio “yesterday,” according to the Pew Research

Center For The People & the Press’

Number of Stations Converting to HD Falls Again in 2010

Number of Stations as of December 2010



Source: BIA Financial Network and PEJ Research

Note: PEJ has updated figures from 2003 forward to reflect changes in the BIA system regarding what year stations went digital in the past.

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biennial media consumption survey.¹³ This is down just slightly from 35% in 2008, but it continues a gradual decline over the last ten years. In 2000, the number was 43%.¹⁴

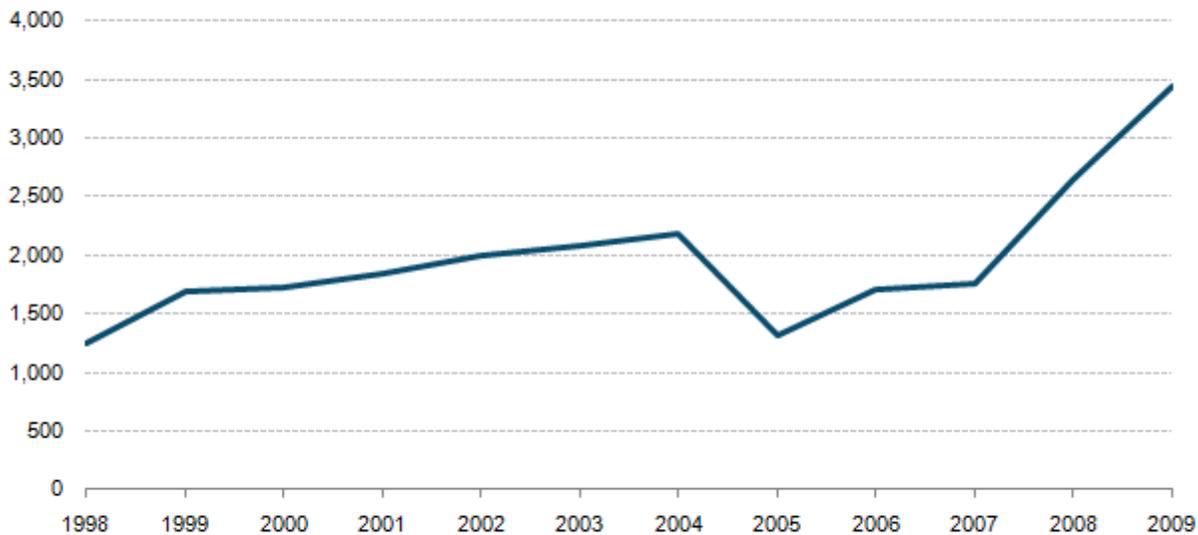
[SEE FULL DATA SET](#)

Radio Gains in Revenue in 2010

The economics of radio brightened in the last year. AM/FM radio revenue was up 6% in 2010 compared

Number of News/Talk Radio Stations Continues to Rise

Number of News/Talk Stations

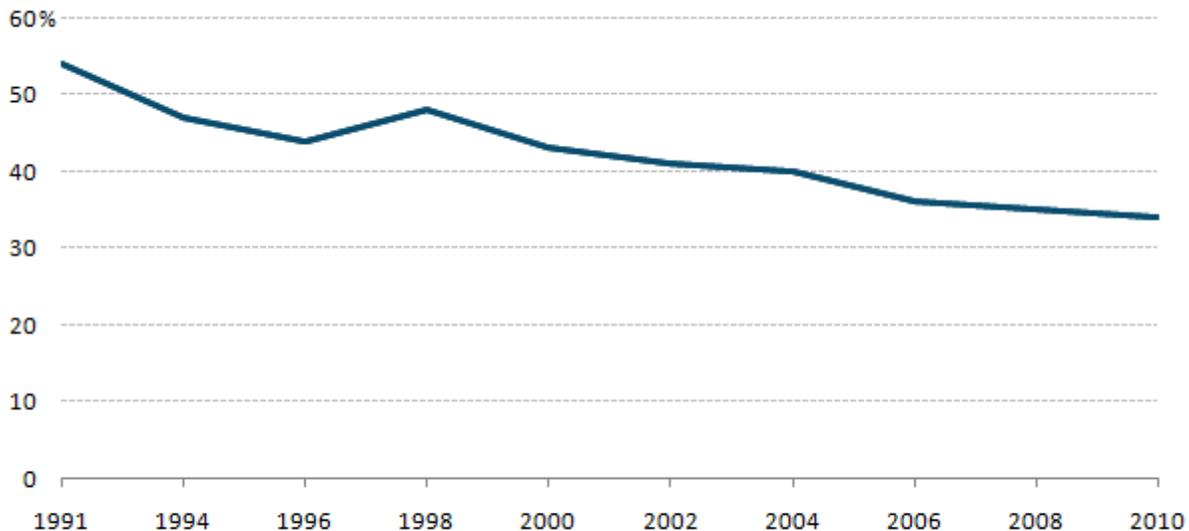


Source: Arbitron. "Radio Today: How Americans Listen to Radio, 2010 Edition." March 12, 2010.

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Americans Turning to Radio Less as a Source for News

Percent of Respondents Who Said They Listened to News on the Radio "Yesterday"



Source: Pew Research Center For The People & The Press. "Americans Spending More Time Following the News." September 12, 2010.

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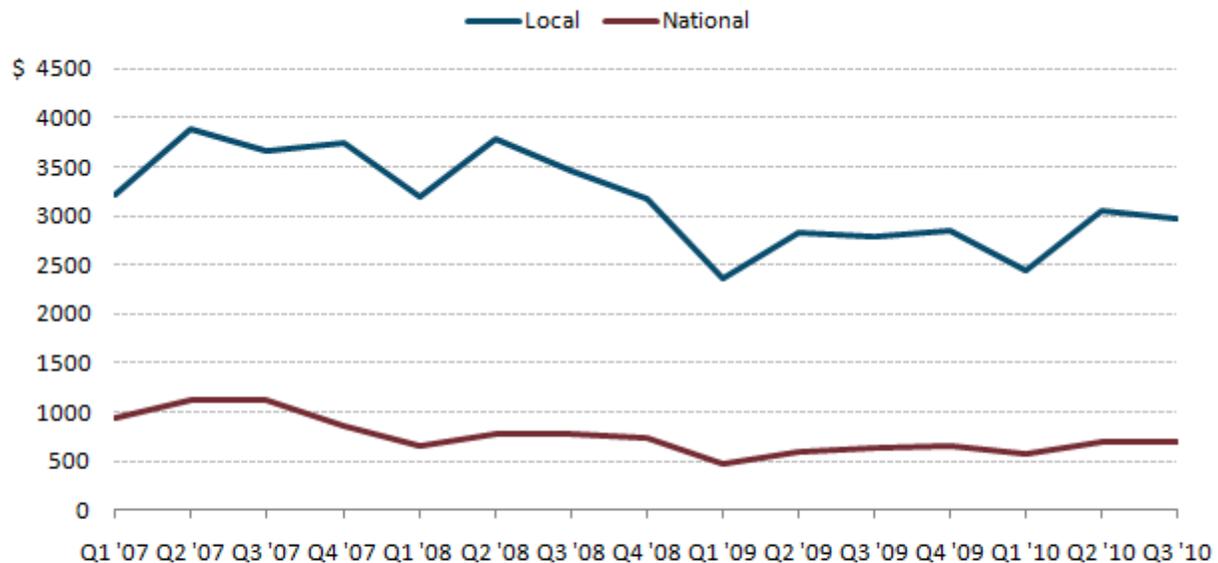
to 2009. This is the largest year over year increase since at least 2004. ¹⁵(See audio essay for more)

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In addition to national and local ad revenue, AM/FM stations are seeing growth in other areas as well.

Radio Revenue Up in 2010

In Millions



Source: Radio Advertising Bureau

Note: Starting with Q4 and full-year revenues for 2010 the Radio Advertising bureau will no longer be releasing radio revenues breaking down national vs. local, but rather combining those figures into one measure called "spot." This chart only reflects through Q3 2010 as a result.

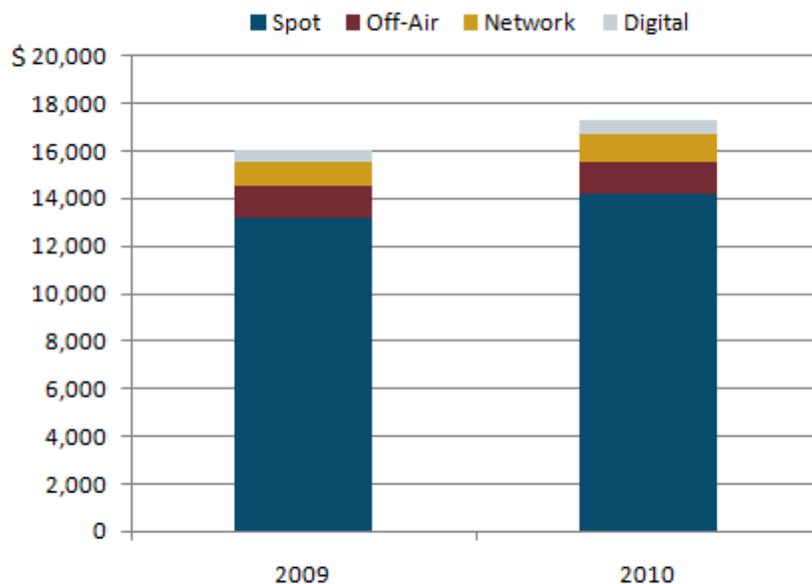
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Digital advertising saw the largest total growth, but it, and these other categories, remain a relatively small part of the total revenue from radio advertising. (See audio essay for more)

National & Local Advertising Increases, Digital Remains Small but Gains Ground

In Thousands

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Source: Radio Advertising Bureau

Note: See glossary for definitions of Digital, Network, Off-Air, and Spot advertising.

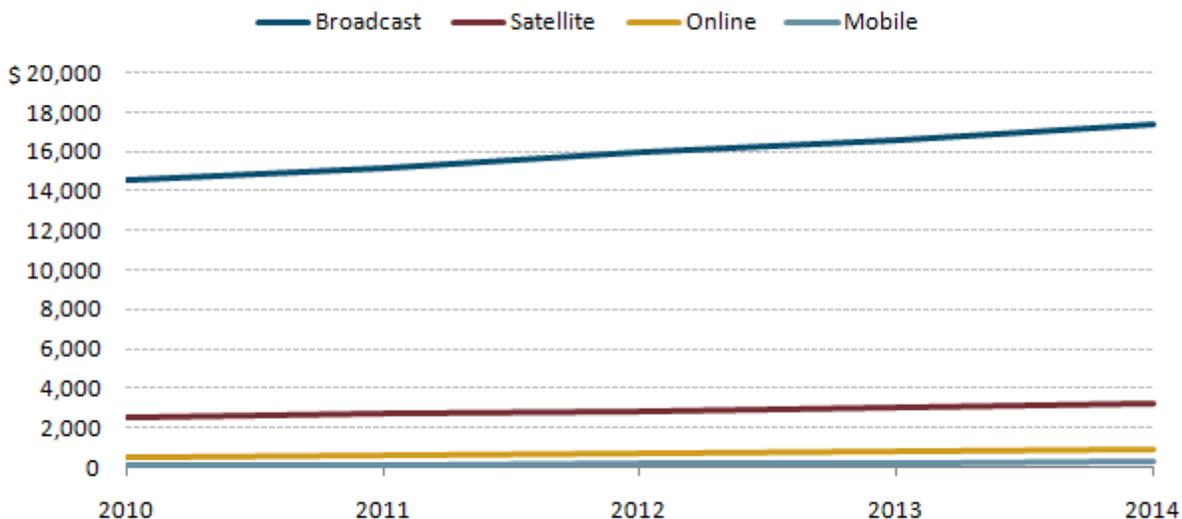
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It is not clear how much of this upturn for radio is tied to the improvement of the U.S. economy overall. According to eMarketer, total advertising revenue for all media was up 3% in 2010.

[14. "US Online Ad Spending: Online Outshines Other Media," eMarketer, December 2010] With a 6% increase in revenue, that puts radio on better footing than the media overall.

For the immediate future, radio's economics are expected to continue to improve. Veronis Suhler Stevenson predicts that radio revenue will grow across the board through 2014. Online and mobile spending will have the largest growth in revenue, but will remain a small part of the overall revenue picture.¹⁶

Radio Revenue Forecasted to Grow in All Areas In Millions of Dollars



Source: Veronis Suhler Stevenson, "Community Industry Forecast 2010-2014." August, 2010.

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Yet the signs of change are worth watching, particularly the arrival of internet capacity in cars and the listening habits of the young. The audio landscape in America is changing. One of the oldest media technologies, AM/FM radio, has only recently gained competitors. But those competitors are rapidly showing signs that they could be threats to the dominance of AM/FM radio in the coming years.

Satellite Radio Gains Subscribers and Revenue in 2010

With a loss of subscribers and rumors of bankruptcy for the newly formed Sirius XM Radio (the only provider of satellite radio), the outlook for satellite radio entering 2010 seemed uncertain. As it turned out, the year saw the fortunes of satellite seem to change for the better.

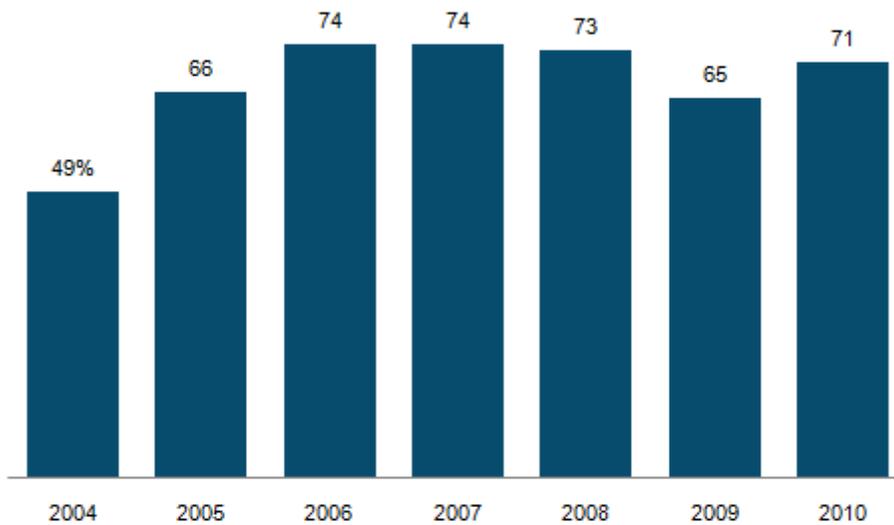
One sign was that more Americans said they were aware of satellite radio, something that had been falling in recent years. (See audio essay for more)

[SEE FULL DATA SET](#)

Another positive sign of change came in revenue. In 2010, Sirius XM posted an 8% increase in subscribers, and it had revenues of 2.8 billion, a 12% increase over 2009. That was enough for the satellite radio company to report that it had earned a small profit, the first time in three years.¹⁷

Public Awareness of Satellite Radio Bounces Back
Percent of Respondents Who Said They Had Ever Heard of Sirius XM

[SEE FULL DATA](#)



[SEE FULL DATA SET](#)

While 2010 was a good year for satellite radio, Sirius XM still faces long-term challenges. As internet radio is threatening to challenge the dominance of AM/FM radio, it also poses the same threat to satellite.

Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

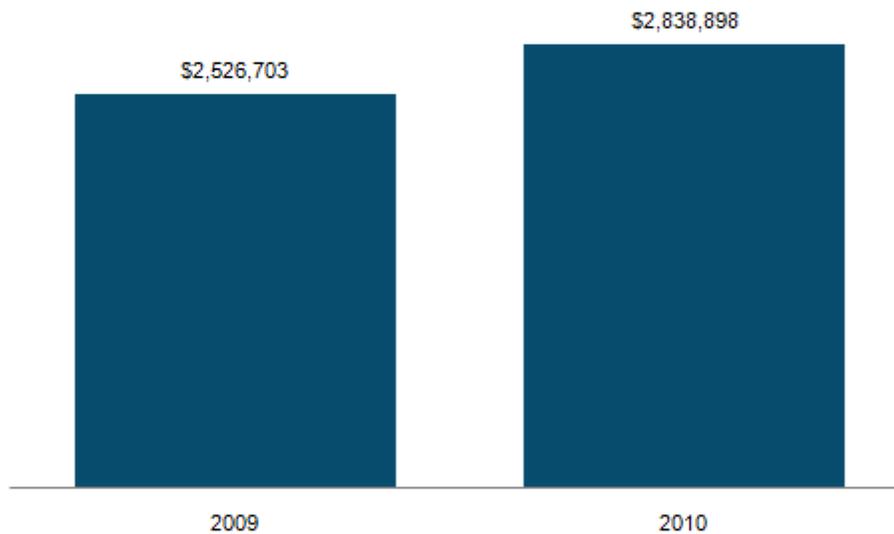
Note: 2004-2008 figures are combined figures of Sirius and XM Radio, which until 2009 were separate companies. 2009 and 2010 figures are the new company Sirius XM

Survey Question: Have you ever heard of a satellite radio service called Sirius XM?

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A key battleground for satellite is in the car, a place still dominated by the AM/FM dial. As online radio makes its way into the car for the first time, however, it poses a major threat to both satellite and AM/FM radio.

Sirius XM Also Gains Revenue
2010 Revenues



Small Gains in Podcast Listening in 2010

The total number of podcasts available rose sharply in the last year. In 2009 there

Source: Sirius XM press release

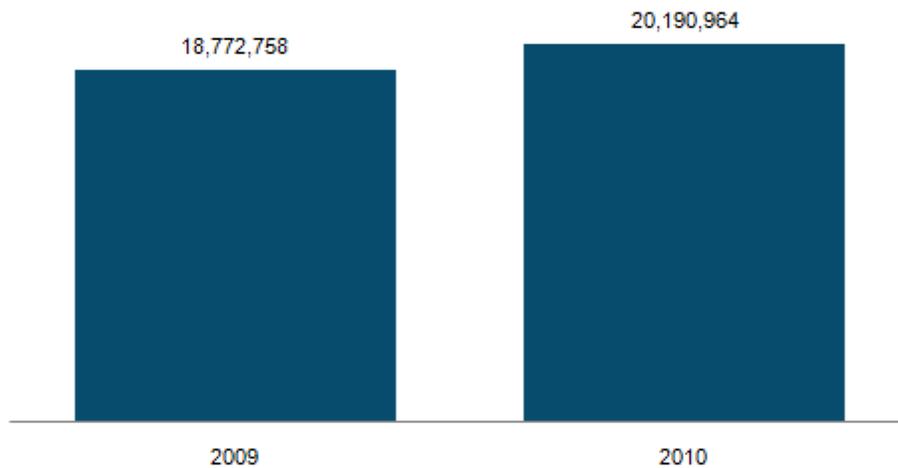
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were 69,860 podcasts, in 2010 that number grew to 89,455, a 28% increase. But this growth in the number of podcasts has not been matched by a growth in listeners.

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Sirius XM Gains Subscribers in 2010

Number of Subscribers

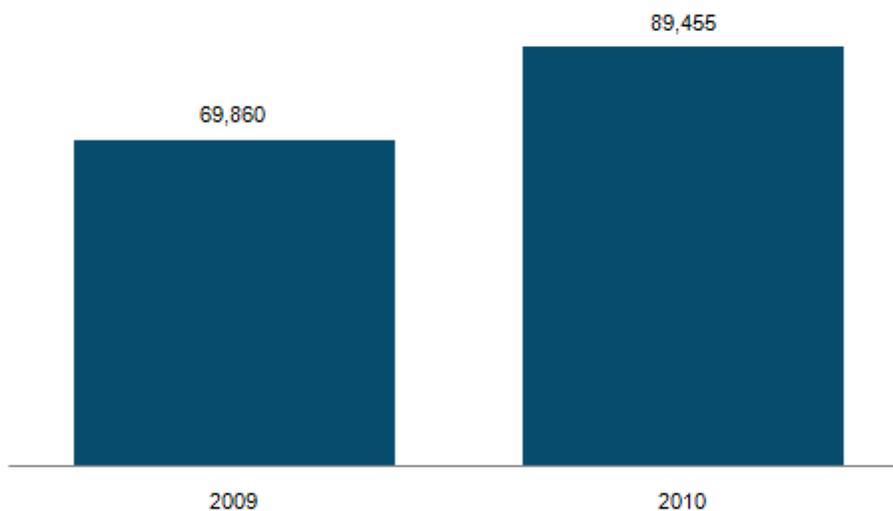


Source: Sirius XM Press Release

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The Total Number of Podcasts Produced has Increased 30%

Number of Podcasts



Source: Podcast Alley

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Trying to understand what kind of podcasts people listen to is difficult. The most popular category, as defined in the research by Podcast Alley.com, is simply labeled “general” and makes up the vast majority. Music is next, followed by technology, but they are both small.

But more product was not matched by some a similar growth in listening. The number of people who say they have listened to podcasts grew, but only by slightly from 22% to 23% of Americans.¹⁸

The rate is even lower for news podcasts. Only 4% of respondents said they had listened to a news podcast “yesterday” and only 3% said they did so regularly.¹⁹

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Fewer than half of Americans even know what a podcast is (45%), and that number is up only slightly from 43% in 2009.

NPR's audience was up both over the air and online.

Top Podcast Topics

November 2010

Topic	Number of Podcasts
General	48984
Music	10524
Technology	4909
Comedy	4632
Business	2991
Religion	2728
Arts	2275
Education	2231
Society & Culture	1910
Health	1600
Sports	1413
TV & Film	1307
Video Podcasts	1180
News & Politics	1110
Travel	565
Games	429
Food	292
Environment	171
Kids & Family	98
Science & Medicine	70
Government	18

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Talk Radio

Of the top 10 talk hosts by audience size, as identified by Talkers Magazine, eight are conservative, led by Rush Limbaugh's estimated 15 million listeners a week and Sean Hannity's audience of 14 million. One of the top 10, Dave Ramsey (8 million listeners), is a financial advice host. And another, Neal Boortz (6 million), is a libertarian, although he supports a number of conservative principles.

Endnotes

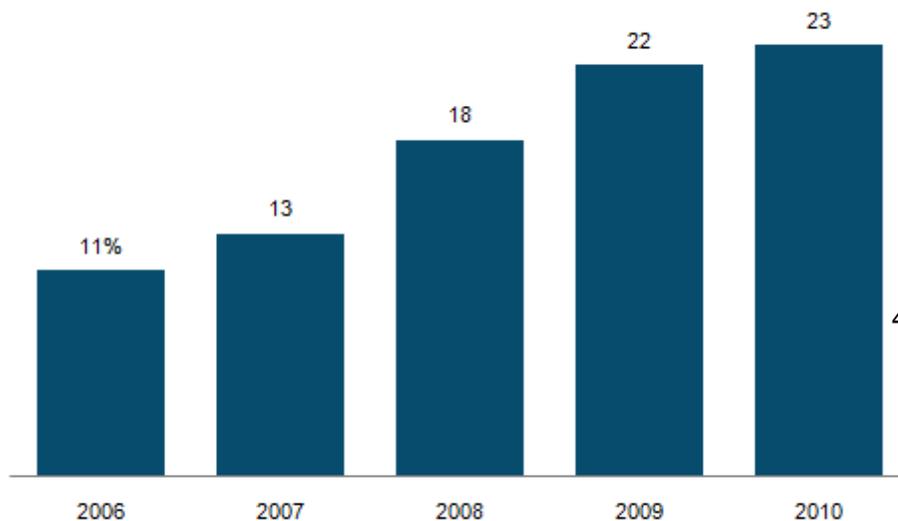
1. Arbitron. "Radar 107 national Radio Listening Report." Dec. 7, 2010

2. Arbitron. "The Infinite Dial 2010." April 8, 2010.

3.

Podcast Listening Has Also Increases Slightly

Percent of Respondents Who Have Ever Listened To an Audio Podcast



"Americans Spending More Time Following the News" (<http://people-press.org/report/652/>), Pew Research Center For The People & The Press, September 12, 2010

4. "Americans Spending More Time Following the News" (<http://people-press.org/report/652/>), Pew Research Center For The People & The Press, September 12, 2010

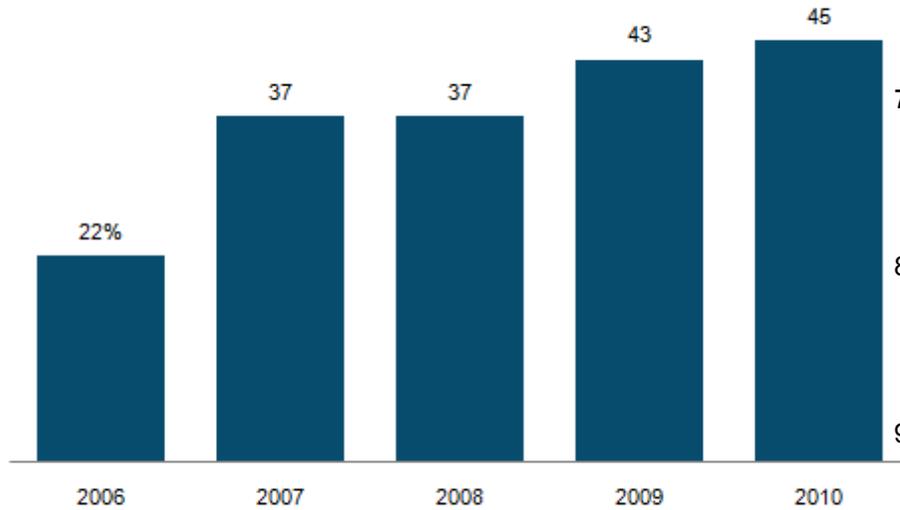
Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

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5. Arbitron, "The Infinite Dial 2010," April 8, 2010

Awareness Is Also Up Slightly

Percent of Respondents Who Said They Were Aware of What a Podcast Is



Source: Arbitron. "The Infinite Dial 2010." April 8, 2010.

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6. Arbitron, "The Infinite Dial 2010," April 8, 2010

7. Nielsen Online Data and PEJ Research, as of September, 2010

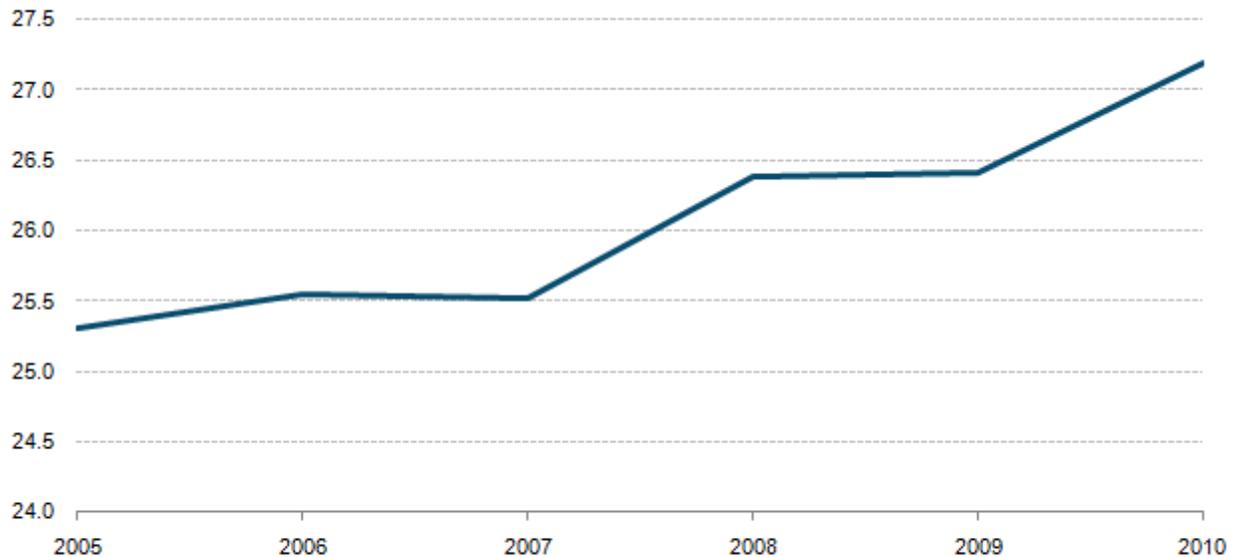
8. Arbitron, "The Infinite Dial 2010," April 8, 2010

9. Arbitron, "The Infinite Dial 2010," April 8, 2010

10. BIA Financial Network

NPR Audience Continues to Grow in 2010

NPR Weekly Listeners, in Millions



Source: NPR Internal Figures provided to PEJ

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and PEJ Research

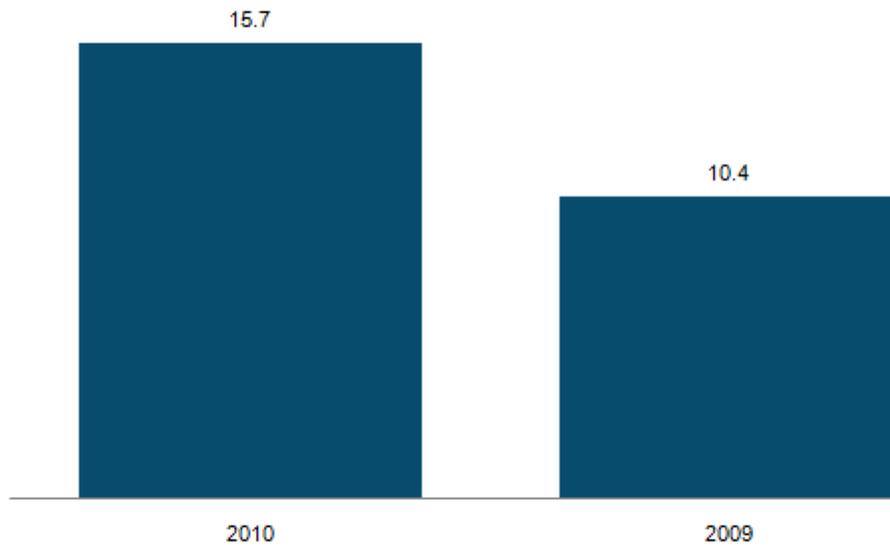
11. BIA Financial Network and PEJ Research

12. Arbitron, "Radio Today: How Americans Listen to Radio, 2010 Edition," March 12, 2010

13. Pew Research Center For The People & The Press. "Americans Spending More Time Following the News." (<http://people-press.org/report/652/>) September 12, 2010.

14. Pew Research Center For The People & The Press. "Americans Spending More Time Following the News." (<http://people-press.org/report/652/>) September 12, 2010.

NPR's Audience Also Continues to Grow Online
In Millions of Unique Visitors, December 2010



- 15. Radio Advertising Bureau
- 16. Veronis Suhler Stevenson, "Community Industry Forecast 2010-2014"
- 17. Sirius XM Press Release
- 18. Arbitron. "The Infinite Dial 2010." April 8, 2010.
- 19. Pew Research Center For The People & The Press.

Source: NPR Internal Figures provided to PEJ
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Top Talk Radio Hosts 2010

Millions of Listeners

Host	Political Leaning/General Topic	2010	2009	2008	2007
Rush Limbaugh	Conservative	15	15	14.25	13.5
Sean Hannity	Conservative	14	14	13.25	12.5
Glenn Beck	Conservative	10	9	6.75	5
Michael Savage	Conservative	8.5	9	8.25	8
Mark Levin	Conservative	8.5	6.25	5.5	4
Dave Ramsey	Financial Advice	8	6.25	4.5	4
Laura Schlessinger	Conservative/General Advice	8	9	8.25	8
Laura Ingraham	Conservative	6	6.25	5.5	5
Neal Boortz	Libertarian	6	4.75	4.25	4
Mike Gallagher	Conservative	3.75	4.75	4	3.75
Michael Medved	Conservative	3.75	4.75	4	3.75
Jim Bohannon	Ind./Moderate	3.75	3.75	3.5	3.25
Dough Stephan	Ind./Moderate	3.75	3.75	3.5	3.25
Jerry Doyle	Conservative	3.75	3.5	3	*

Source: Talkers Magazine

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"Americans Spending More Time Following the News." (<http://people-press.org/report/652/>) September 12, 2010.

Audio Glossary

HD Radio

HD radio stations transmit a digital signal, rather than an analog AM or FM signal as traditional radio has used for decades. Digital has some benefits over analog. Stations can transmit their signals farther (that is not often true) and the signal will be clearer (“CD-quality sound”) to those equipped with an HD receiver. Stations can “multicast” their programs. This means that they can transmit more than one channel at a time and thus tailor content more specifically for each channel.

HD Radio is a proprietary technology developed by iBiquity. The “HD” does not stand for “high definition” as it is merely a brand name.

Podcasts

A podcast is an audio program that listeners can download to portable devices or their computers. Internet makes tracking podcasts very difficult. Several companies try, and we rely on podcastalley.com, the largest of them, for our data. The figures cited may not be comprehensive but still offer a glimpse of trends.

Satellite Radio

This system transmits audio with orbiting communication satellites rather than ground-based transmission, which provides some benefits. While broadcast radio has a limited range, satellite signals can be received anywhere in the country and the signals are less prone to static. A downside is that satellite radio reception is affected by weather or physical obstacles more than terrestrial broadcast radio. Listeners of satellite radio must, like cable TV viewers, pay a monthly fee.

Internet Radio

This is a term used to describe two types of audio accessed over the Internet. One is broadcast (or satellite) radio stations streaming their broadcasts online. The other is “pure play” Internet, such as Pandora. These services are available only over the Internet. Internet radio has also become a part of mobile radio. However, PEJ makes a distinction between “cellphone radio” and internet radio picked up by mobile devices. Because so many mobile phones now have ready access to the Internet, internet audio services have become a major problem for proponents of cellphone radio (below).

Cellphone Radio

These are cellphones that pick up AM/FM and HD radio stations. As of 2009, most cellphones did not yet have this capability.

Portable People Meter

This is a portable, audience research device launched in 2008 by Arbitron. It is worn by survey participants and it tracks all radio signals that they have contact with. If they are near a radio, the device will pick up the station’s identity, the time and date. The people meter does not distinguish between active listening and background signals they may come close to the wearer, such as at a supermarket.

Controversy over Arbitron's people meter methodology generated a number of lawsuits, most of them claiming the system under represented ethnic minority audiences. All of the suits were settled or dismissed in early 2009. (for more on the controversy, see the 2009 report).

Arbitron

Arbitron is a radio ratings company founded in 1949, which in recent decades has been the dominant radio ratings provider. Until 2008, Arbitron's ratings were compiled using a written diary system in which participants wrote down what station they listened to and for how long. In 2008, Arbitron began the transition to a digital collection system, the portable people meter above.

Nielsen

Nielsen is a media ratings company that has long been the major provider of television network and station ratings. Nielsen stopped measuring radio in 1964, but in 2009 began measuring small- and medium-sized radio markets.

African American Media: Evolving in the New Era

By Emily Guskin, Paul Moore and Amy Mitchell of the Project for Excellence in Journalism.

The ethnic media play an important role by providing news in both foreign languages and in English about places and issues that are often absent from the mainstream media. This year, to provide greater depth, we are issuing reports on different groups at different times.

First, releasing the chapters on different ethnicities separately gives each individual ethnic medium a singular focus. Also, the timing fits more naturally with the release of data sets. This way, we can provide the reader with the most up-to-date information instead of the previous year's.

The first report, here, focuses on African American media.

The African American media in 2010 mirrored the kinds of challenges and changes that mainstream news organizations also faced. Most African American media outlets either began or planned to upgrade their digital enterprises in an effort to reach new audiences. But beyond that, it was a mixed year for the sector.

- African American newspapers, now mostly weeklies, moved in different directions, but those innovating with new sections and coverage did increase their circulation.
- Most of the major magazines had flat or reduced circulations, but the advertising picture was more promising. Some major publications had double-digit gains in ad pages after a difficult 2009, but one major publisher seemed at a crossroads.
- Online, the digital gap separating African Americans from other ethnic groups is closing and various publishers are looking to electronic tablets as the next frontier.
- In television, two of the largest cable channels geared to black audiences now air weekly news talk shows, a shift in the last year.
- In radio, the biggest African American-focused broadcaster saw its stock delisted on the Nasdaq exchange but managed to restructure and restore its stock price to a level that met the exchange's standards.

“Overall, it was a year in which people were trying to catch their breath... [trying to] move forward... try[ing] to survive and wait[ing] for the economy to rebound,” said media columnist Richard Prince.¹

But some also think that with the experience of years of struggle, the African American press is remarkably resilient.² “The African American press will continue to have to reinvent itself to provide quality, relevant coverage during an era when readers want more information more quickly, and advertisers want a return on their investment more clearly defined,” said Neil Foote, a senior lecturer at

the University of North Texas Mayborn School of Journalism. "Since general market media has been severely hit by declining ad dollars, black media has been hit even harder." ³

Newspapers

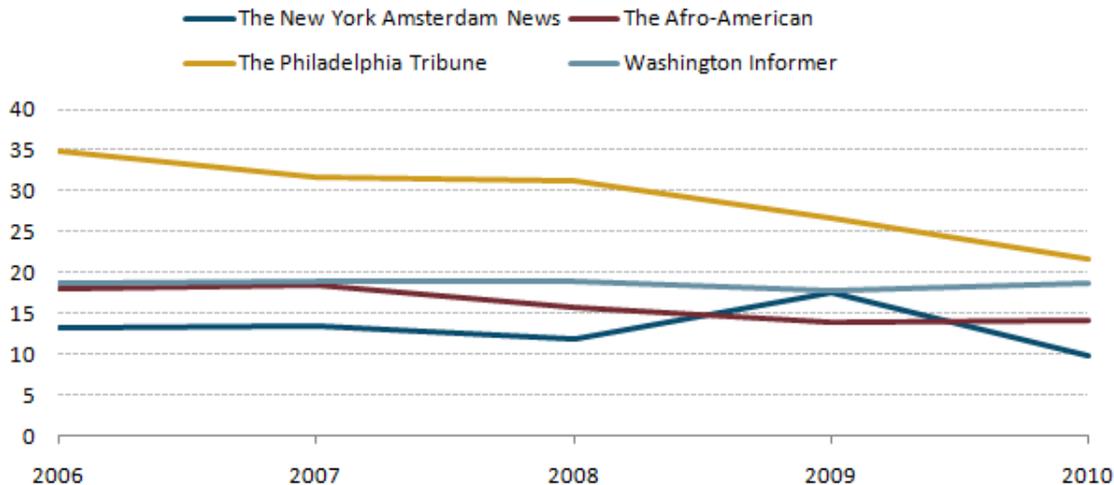
Slightly less than a third (30%) of African Americans report getting most of their national and international news from newspapers, according to a December 2010 Pew Research Center for the People & the Press survey, a number similar to Americans overall (31%). In addition, 86% of blacks receive most of their news from television and 35% who use the internet for news. (Two responses were allowed.)⁴

Within that 30%, African American papers compete with other print outlets, both mainstream and niche. There is no firm count of how many African American newspapers survive. Allied Media Corp., an ethnic marketing firm, lists 250 newspapers, though some may be defunct. The largest industry group is the National Newspaper Publishers Association, also known as the Black Press of America, which counts 200 black-owned newspapers as its membership. None of the African American newspapers print daily editions any more. Most are weeklies, and at least one publishes three times a week. A few are using the web actively, particularly to reach younger readers.

In 2010, the fortunes of these papers varied. Some produced growth in circulation by launching targeted zoned editions designed to fill in what they perceived as diminished coverage from mainstream press whose newsrooms were shrinking. Other papers suffered circulation declines, at least in part in comparison to circulation spikes a year earlier associated with President Obama's inauguration and the death of Michael Jackson. And in one city, the owner of one paper bought his former rival publication and now operates both.

Circulation Trends Vary at Four Large African American Newspapers

Average Circulation in Thousands



Source: For Amsterdam News, Philadelphia Tribune and Afro-American, Audit Bureau of Circulations. For Washington Informer, Circulation Verification Council.

Note: For ABC papers, average for six months ending September 30. For Washington Informer, data are average for Q3. Washington Informer is a free newspaper, the other three are paid. The Philadelphia Tribune circulates on Sundays, Tuesdays and Fridays. The Afro-American has editions in Baltimore, Washington and Prince George's County, MD. This chart combines the three days of the Philadelphia Tribune and both editions of the Afro-American.

But some argue the numbers alone do not tell the full story.

Many who operate these newspapers see themselves as a voice for their communities. "Our circulation may not be the strongest, but people are reading us, and people care what we say," said Elinor Tatum, the publisher and editor-in-chief of the New York Amsterdam News.⁵

And like many of those in the ethnic press, they see a vital role, too, in covering news missing in the mainstream media. "It's news you can't really get anyplace else," said Jake Oliver, the editor of the Afro American.⁶

But a continuing challenge, African American publishers argue, is persuading major advertisers that African American newspapers are a place to reach black Americans. Danny Bakewell Sr., who publishes two papers in Los Angeles and is the chairman of the National Newspaper Publishers Association, was frustrated that the NBC television network, for instance, did not use African American papers to advertise two shows on the network that featured black stars, *Undercovers* and *The Event*. "The real issue is advertising.... It really is a function of getting black newspapers in front of major advertisers and trying to create a meaningful partnership with them," he said.⁷

Certainly some African American newspapers saw gains in 2010.

The *Washington Informer*, a free weekly newspaper that serves the Washington, D.C., metro region, enjoyed third-quarter circulation growth of 5.4%, to 18,695, up from 17,739 in 2009.

One reason may be that the *Informer* has put an emphasis on creating partnerships with other ethnic news media. It now shares coverage with a local Spanish-language newspaper, *Washington Hispanic*, on such issues as health care and financial literacy.

"African Americans and Hispanics need to find a way to bridge whatever communication gaps there are. Whenever we can work with *Washington Hispanic*, we do," said the *Informer's* advertising and marketing manager, Ron Burke.⁸

The *Informer* also has a twice-a-week show on DCTV cable access, which examines many of the issues covered in its newspaper.⁹

Another paper that had circulation gains in 2010 is the *Afro American*, which also serves the Washington market and is the oldest black newspaper in the city.

The key for the *Afro* is that it launched a new targeted edition in nearby Prince George's County, Md., in May 2010. The Prince George's County edition carries some of the same content as the D.C. edition of the paper, but its Page One coverage is tailored to the suburban community.

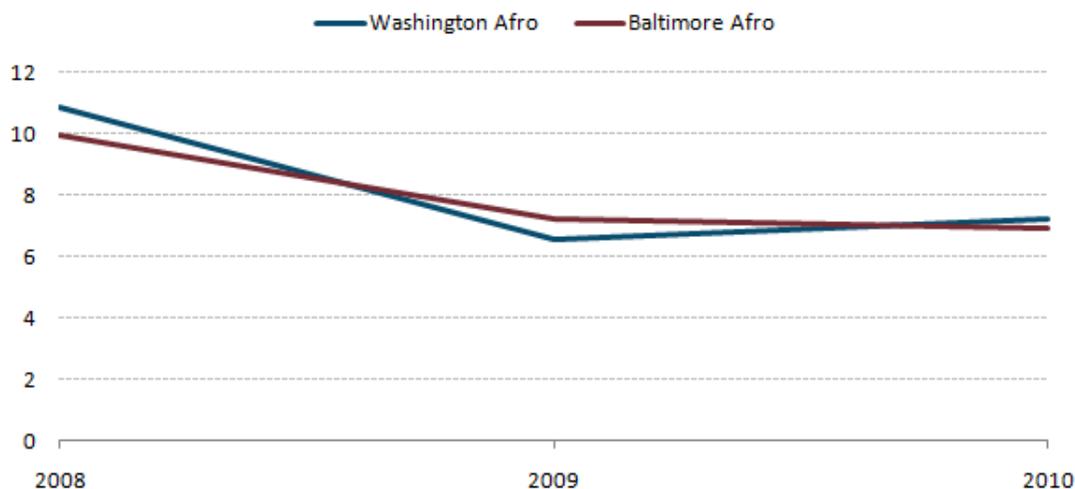
Largely as a result of local expansion, the *Afro American's* Washington edition showed a circulation increase in 2010, up 9.4% compared with the same period in 2009.

The circulation of the Baltimore edition of the *Afro American*, by contrast, declined 4.4%, to an average of 6,923 for the six months ending September 30, 2010, down from 7,244 for the same period in 2009. The

paper is planning to launch a suburban edition in surrounding Baltimore County in 2011 to try to duplicate the results in Washington.

Baltimore Afro American Decreases Circulation While Washington Afro American Increases

Total Average Paid Circulation in Thousands for the Six Month Period Ending Sept. 30



Source: Audit Bureau of Circulations

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Baltimore County has grown in the last decade, which could help the Afro American's effort. According to the U.S. Census Bureau, African Americans made up about a quarter (25.3%) of Baltimore County's population in 2009, which was 5.2 percentage points higher than in 2000, a growth of almost 50,000 people. At the same time, the median household income also grew in Baltimore County to \$63,348, up 25% from \$50,667 in 2000.¹⁰ "The massive migrations out of the inner city over the last 10 years have created pockets...of black communities [where they weren't before]," Oliver said.¹¹

But even with the expansion, the Afro had a challenging year, particularly in advertising revenue. "The first quarter was devastating for us," Oliver said. "Come March everything stopped cold. We always do O.K. during Black History Month [February], but there was nothing. No advertising on any level." He attributed the decrease to the overall economic conditions.¹²

Advertising picked up in midsummer. Much of the spending came from national advertisers and local political campaigns. "I'm optimistic, but...disappointed that it's not happening at a faster pace," Oliver said.¹³

One area of intense focus for the Afro is its web-based offerings. It sends out a series of e-mail blasts each day, a weekly wrap-up and toward the end of 2010, a special sports e-mail feed that covers local NBA and NFL teams, games played by historically black colleges, and high school sports. The Afro also tweets live sports coverage at @AfroNewsLive. And it is working on an iPhone app to work in conjunction with its e-mail blasts.

The newspaper's biggest online project in 2010, Oliver said, was putting the paper's archives online, which were posted released in January 2011.¹⁴

The paper worked in partnership with Google to scan a large percentage of the newspaper's past editions, dating as far back as the early 1900s. Oliver hopes that people can use the online archive, not only for research but also to just explore.

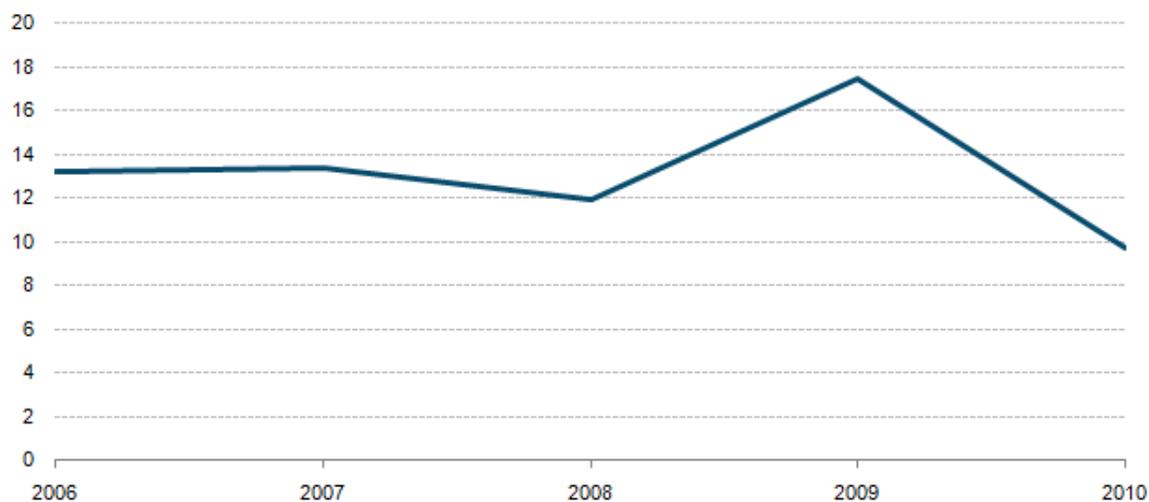
"The gift of a Google search capability makes it easy," Oliver said.¹⁵

The newspaper continues to monitor online readers to better understand its audience. The most popular stories on the site, according to audience data, tend to be those focused on black celebrities and sports figures. But Oliver says the newspaper's biggest obligation is still "to give them news, real news."¹⁶

One paper suffered a sharp drop in circulation in 2010. The Amsterdam News, one of the largest businesses owned and operated by blacks in New York, suffered a drop in circulation of nearly one half from 2009 to 2010. For the six months ending September 30, 2010, the New York Amsterdam News had an average circulation of 9,750, a 44% decline from 17,477 for the same period in 2009.¹⁷

New York Amsterdam News Drops 44% in Circulation

Total Average Paid Circulation in Thousands for the Six Month Period Ending Sept. 30



Source: Audit Bureau of Circulations

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That number maybe somewhat misleading. Publisher and editor-in-chief Tatum attributed the decrease to two "extremely significant events in the African American community" in 2009, the inauguration of Barack Obama and the death of Michael Jackson, that gave circulation figures an artificial rise.¹⁸

Souvenir copies of editions, according to Tatum, helped boost sales of the paper from an average of 11,958 in 2008 to more than 17,000 in 2009. With no similar events in 2010, Tatum said that she had expected the numbers to decline. But not all of the drop may be a onetime event. The 2010 figures are still lower than in 2008.

On the other side of the country, two competing papers came under the same ownership. The Los Angeles Sentinel, Los Angeles' oldest subscription-based African-American newspaper, bought the free L.A. Watts Times in June 2010.

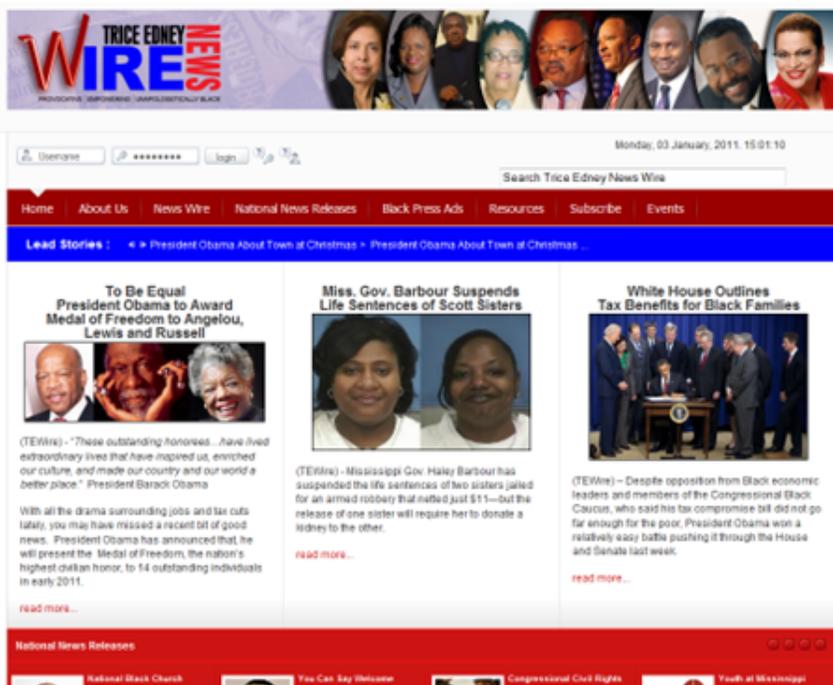
The Watts Times, a tabloid-sized paper, was started after the August 1965 riots, originally focusing on just that community. In 1976, it became the L.A. Watts Times when it expanded its coverage to all of Los Angeles County.¹⁹

Publisher Danny Bakewell Sr. said he planned to keep the Sentinel and Watts Times as separate weekly publications.²⁰

Bakewell said owning two newspapers gave him the ability to expand his audience, but he worries that the subscription model might become obsolete. "The fact that [The L.A. Watts Times is] a free paper gives us a broader capacity to deal with distribution," Bakewell said, "The question is, what is the remaining life of a *paid* newspaper?"²¹

Circulation figures for the paid paper are no longer obtainable because the newspaper stopped subscribing to the audit service. Bakewell said the papers would be under a new auditing system soon.

To boost sales for the Los Angeles Sentinel, the Sentinel runs ads in the Watts Times, and the company distributes the free paper in more affluent areas. Bakewell also plans to increase the newspapers' social media aspects. "We want to make sure we're communicating on all of the different platforms," Bakewell said, and he added, "We want to make sure we're blogging, at least daily, even though our paper is



weekly."²²

African American Wire Services and Press Organizations

One other event relating to African American media is worth noting: The black press had a new place to turn to for content by the end of 2010. Hazel Trice Edney, the former editor-in-chief of the National Newspaper Publishers Association, established the Trice Edney News Wire in November. The wire provides news stories, reports and opinion articles to black-owned or black-oriented newspapers, radio stations and websites. The wire service provides several syndicated columnists, including the Rev. Jesse

Jackson, Julianne Malveaux, president of Bennett College for Women, and Marc Morial, the president of the National Urban League.

In its first month and a half, 60 mostly media outlets had signed on for subscriptions, which cost \$100 monthly, \$500 for six months or \$1,000 for a year. This was twice the number the agency had projected in its business plan. The news wire also sends breaking news articles to more than 1,000 news agencies via e-mail. "Newspapers are hungry for this content," she said, "Not just because it's black, but because it's from Washington and because we have access to this administration, to this Congress and others."²³

She plans to market the wire service to other news outlets besides those owned by African Americans. While the service has potential, it is too early to determine how successful it has been so far.

Trice Edney's former employer, the National Newspaper Publishers Association, also known as the Black Press of America, bulked up its website in 2010. Danny Bakewell Sr., the chairman of the association and publisher of the Los Angeles Sentinel and L.A. Watts Times, said the organization planned to start blogging to provide more opinion writing and would reorganize its leadership in 2011. "We see this as a very promising time for us," Bakewell said.²⁴

Another black media group, the National Association of Black Journalists, already reorganized its leadership in 2010. That association named the former deputy director of the National Bar Association, Maurice Foster, as its executive director. Foster succeeded Karen Wynn Freeman, who resigned in 2009 after a no-confidence vote by the board of directors.²⁵ The black journalists association, according to published reports, ended 2010 with a surplus of more than \$191,000, a reverse from a deficit of \$338,901 at the same time in 2009.²⁶

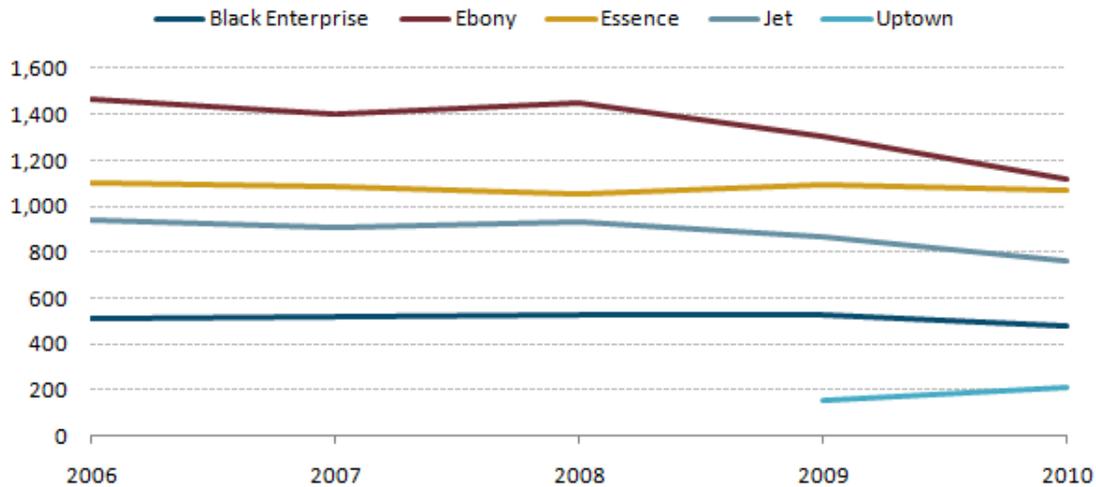
Magazines

Another important sector of African American media is magazines. The universe of black magazines is increasingly diverse, but among those that contain some news coverage, five publications dominate — Ebony, Jet, Essence, Black Enterprise and Uptown.²⁷

Only one of these five, a new lifestyle magazine called Uptown, geared at affluent readers, showed growth in readers and ad pages in 2010. The other four — including the largest black-owned magazine publisher — dropped in circulation. The advertising picture was more varied.⁴

Uptown Sees an Uptick in Circulation

Average Circulation in Thousands for the Six Month Period Ending June 30



Source: Audit Bureau of Circulations

Note: National average circulation was not available for Uptown prior to 2009.

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Much of the attention during the year was focused on Johnson Publishing, the owner of Ebony and Jet. Both publications had drops in circulation and ad pages and both made major management changes during the year.

Both Ebony and Jet struggled in 2009 with declines in circulation and number of ad pages. Despite significant overhauls, the picture only got worse in 2010.²⁸

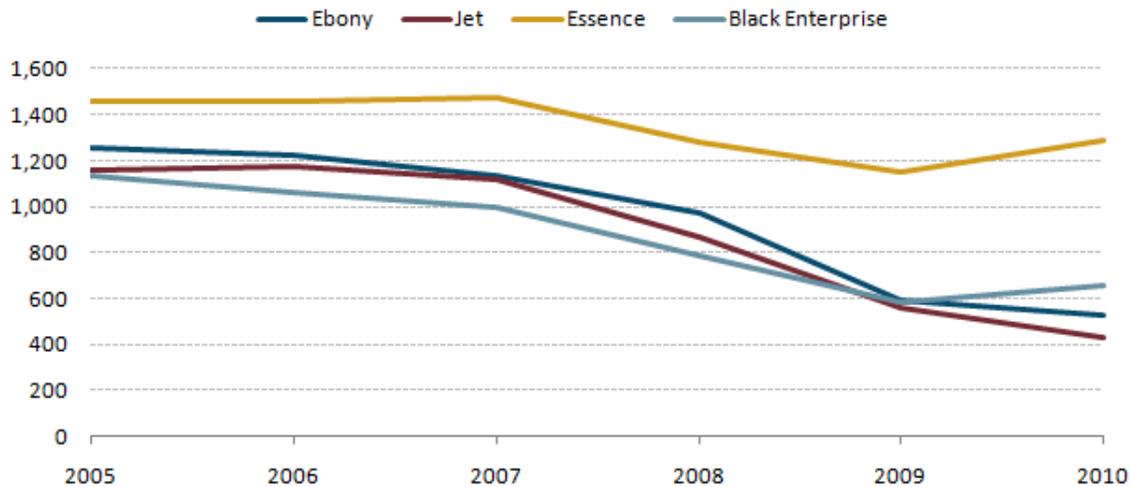
At Ebony, a general interest monthly magazine, ad pages dropped by 11.2% in 2010.²⁹ Circulation declined by 14%, for the six months ending June 30, 2010, to 1,114,849, down from 1,301,760 during the same period the previous year.³⁰

Jet, a small-format weekly news and entertainment magazine, had even more drastic decreases. The number ad pages dropped 22.6% in 2010.³¹

Circulation fell 12% to 762,250 for the first six months of 2010, compared to 868,983 the same period the year before.³²

Essence and Black Enterprise Grow Ad Pages in 2010

Ad Page Numbers



Source: The Association of Magazine Media

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To curtail these continuing losses at its signature magazines, Johnson Publishing instituted a series of significant changes in management during the year. The biggest involved the hiring of former White House social secretary Desirée Rogers as CEO and the resignation of president Anne Sempowski Ward. The company also sold its historic building in Chicago in November 2010.

There were editorial changes at both magazines, as well. At Ebony, Harriette Cole, the creative director and acting editor-in-chief, left. The former deputy editor-in-chief of Harper's Bazaar, Amy DuBois Barnett, was then hired as editor-in-chief.³³ Darhil Crooks, the art director at Esquire, was hired as creative director at Ebony.³⁴

And at Jet, editor-in-chief Mira Lowe resigned in January 2011.³⁵

[Click here for a more detailed list of some key changes.](#)

One problem is that the magazines' readers skew older (Jet's average reader is 37 and Ebony's 41). As a result, the company is looking to expand its base through more social media and interactive tools, and introduced an iPad app in October.³⁶

Rogers also wants to market the company's Fashion Fair cosmetics line to other women of color and to revive the Fair itself, which was canceled last year.³⁷

At least one observer thinks the moves might work. "[Johnson Publishing] seems to have a new spirit about them. They're not just sitting there idly," said media columnist Richard Prince.³⁸

Other critics, though, feel Johnson Publishing still does not have a clear direction. "It has to stake a claim to transition from solely a 'publishing company' to a multimedia company, positioned to reach audience in

print, on air, online and via mobile/smart phone/tablet,” said Neil Foote, a senior lecturer at the University of North Texas Mayborn School of Journalism.³⁹

Another magazine that made changes in top management in 2010 was Essence – and with much greater success.

Ad pages in Essence increased 12%.⁴⁰ Circulation in 2010 was down slightly, 2.4%, to 1.07 million, relatively steady from 1.09 million the same period the year before.⁴¹

As the year came to a close, Angela Burt-Murray, the magazine’s editor-in-chief for the past five years, left. In her time at Essence, she created the magazine’s first news section, hired both its first Washington correspondent and its first Africa bureau chief.⁴² Sheryl Tucker, who took a buyout as an editor-at-large at Time Inc. in 2008, was brought back as interim editor.⁴³

That was not the only personnel change at Essence that made news. Earlier in the year, the magazine hired Ellianna Placas, a white woman formerly with The Oprah Magazine and US Weekly, as its new fashion director. Michaela Angela Davis, the onetime editor-in-chief of Honey, a black fashion magazine, criticized the decision on Twitter, which resonated among a number of readers.

“I understand that this issue has struck an emotional chord with our audience,” Burt-Murray told the New York Post, “However, I selected [Placas], who has been contributing to the magazine on a freelance basis for the last six months, because of her creativity, vision, the positive reader response to her work and her enthusiasm and respect for the audience and our brand.”⁴⁴

By year’s end, Placas remained in place and the controversy was making less news.

Another magazine in the sector that enjoyed a better 2010 was Black Enterprise, a magazine geared toward African Americans in the business world. The number of ad pages sold increased 12.1%.⁴⁵

Circulation was more difficult. It declined 10% in 2010 to 476,968 subscriptions for the six months ending June 2010, compared to 527,655 in 2009.⁴⁶ The magazine released an iPad app in August 2010.

There are also two newer magazines that have recently become major players nationally in the African American market, and both enjoyed some gains in 2010.

JONES Magazine, which began in 2005, increased its circulation in 2010 because it expanded from a regional publication based in Houston to a nationally published magazine. JONES focuses on fashion, food, travel and home design. As of January 2011, audited circulation data was not available.

Vibe Holdings LLC, which owns both Vibe and Uptown magazines, gained both a new investor and chairman in early 2011. In February, Magic Johnson Enterprises and Ron Burkle’s Yucaipa Cos. agreed to invest in Vibe Holdings, installing former basketball star Earvin “Magic” Johnson as company chairman.⁴⁷ In the deal, Robert Miller, who cofounded Vibe, became chairman of the Vibe and Uptown magazine group.⁴⁸

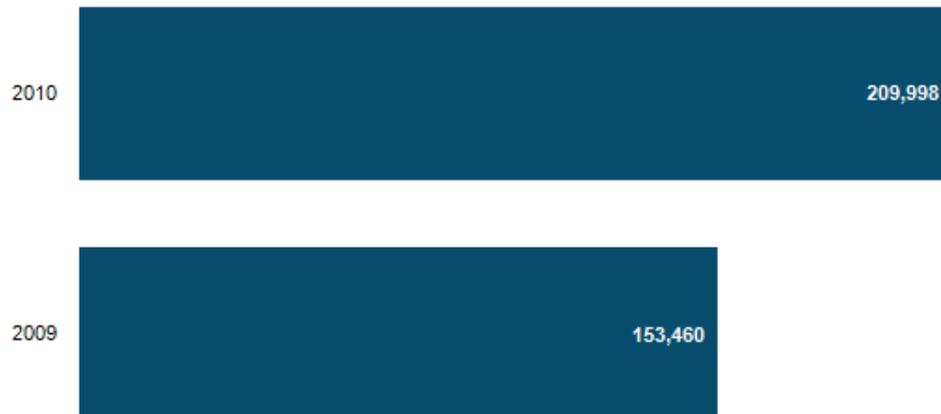
This comes after Magic Johnson was unable to reach an agreement to purchase Johnson Publishing last year.⁴⁹

Uptown magazine grew in circulation significantly in 2010, even before Johnson's investment. The magazine, a niche publication geared to affluent black readers in Washington, Chicago, Atlanta, New York City, Charlotte, Detroit and Philadelphia, enjoyed a 37% increase in circulation in 2010. Its total circulation remains far smaller than the other four African American oriented magazines examined here (209,998 versus 1,066,482 for Essence and 1,114,849 for Ebony). Still, its success in 2010 spurred the magazine to increase its publication schedule from six to eight issues per year starting in March 2011.

The magazine also decided to devote additional pages to local content.⁵⁰

Uptown Magazine Grows 37% in Circulation

Average Circulation for the Six Month Period Ending June 30



Source: Audit Bureau of Circulations

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In December 2010, the company announced that TV personality Star Jones was joining the magazine as editor-at-large.

Vibe Holdings' other magazine and namesake, Vibe, briefly ceased publication in June 2009. InterMedia Partners purchased the hip-hop magazine's assets in August and brought the magazine back in December.⁵¹

The new version now has a focus beyond music, but it published only four times in 2010 and had a smaller paid circulation guarantee at 300,000, compared to 600,000 when it closed.

"We have a smaller cost basis and a lot of emphasis on digital," Leonard Burnett Jr., co-CEO and publisher of the magazine, told AdAge.⁵²

Ad page numbers could not be obtained for Vibe for 2010.

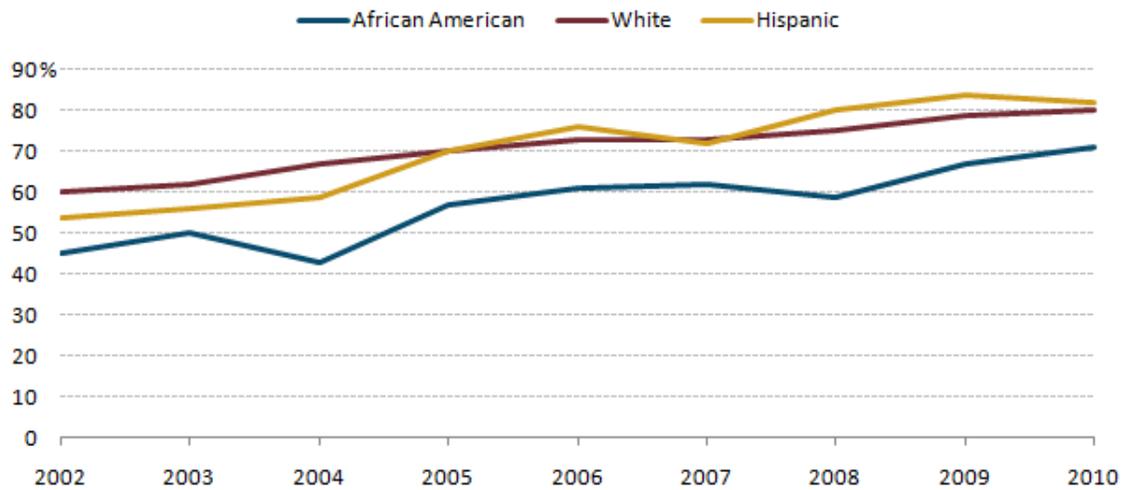
Digital

The digital divide between whites and other ethnic groups is narrowing. A number of different indicators show African Americans and Hispanics turning to the internet in higher percentages than in years past.

An estimated 71% of African Americans use the internet, according to a Pew Internet & American Life survey conducted in May 2010. This still trails whites (80%) and Hispanics (82%), but closes the gap more.⁵³ Emarketer data show young African Americans' time spent on the internet has almost caught up to time watching television.

Internet Use Growing Among African Americans

Percentage of Respondents Who Use the Internet



Source: Usage Over Time, Pew Internet & American Life Project

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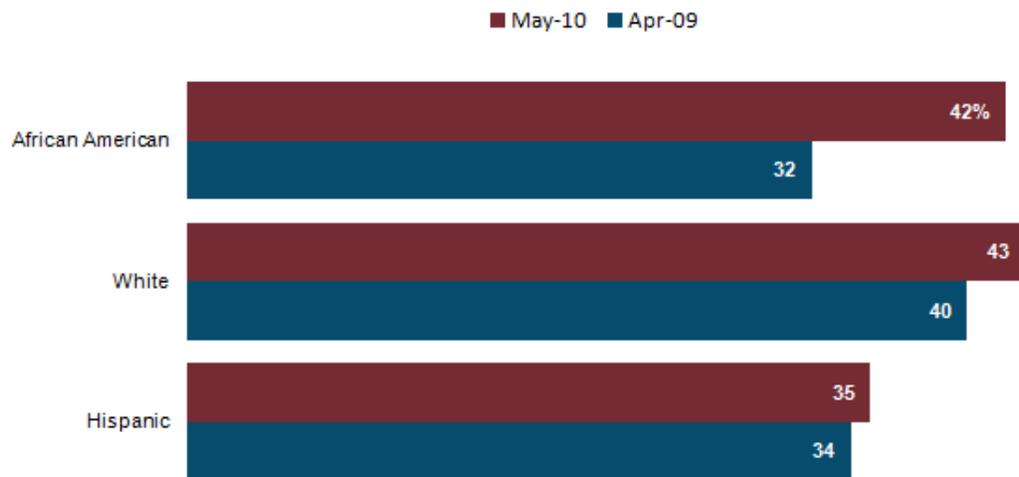
More than a third of African Americans (35%) said they get most of their news on the internet, according to December 2010 data from the Pew Research Center, making it the second-most-turned-to source, after television, for news and just 6 percentage points behind whites.⁵⁴

Moreover, 42% of African Americans who were on the internet the day before said they had gathered news online, nearly on par with white respondents (43%). This number took a leap from April 2009 when

only 32% responded affirmatively.⁵⁵

African Americans Increasingly Turn to the Internet for News

Percent Who Got News Online Yesterday (Of Those Who Were Online Yesterday)



Source: Usage Over Time, Pew Internet & American Life Project

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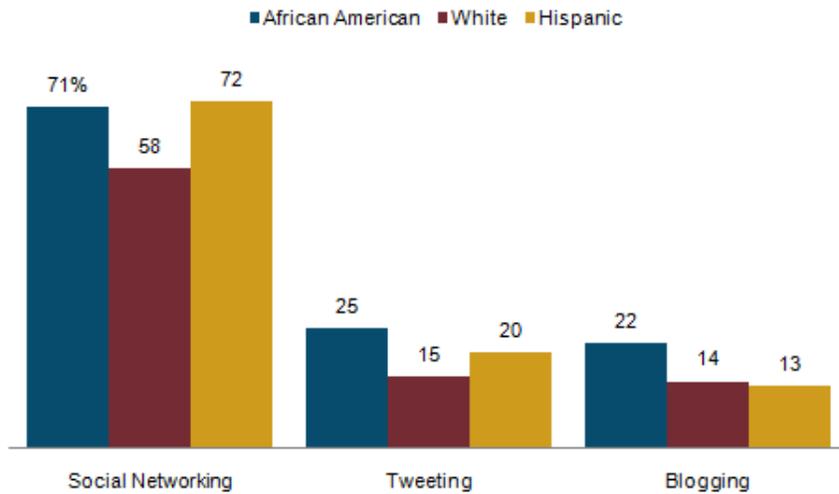
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African Americans are more socially active online than other ethnic groups. While these data do not predict online news consumption directly, they show that African Americans are active online:

- African Americans are more likely to have created their own web content – by blogging, microblogging and social networking – than whites or Hispanics. Almost a quarter (22%) of blacks created or worked on their own online journal or blog, compared to 14% for whites and 13% for Hispanics.⁵⁶ African Americans also use social or professional online networking sites in greater proportions than whites. In May 2010, some 71% of African Americans said they used online networking sites like LinkedIn or Facebook, compared with 58% of white.⁵⁷

African Americans Socially Active Online

Percentage of Respondents



Source: Usage Over Time and 8% of Online Americans Use Twitter, Pew Internet & American Life Project

Note: Blogging data from Jan. 2010, social networking and Twitter data from May 2010.

Question: Q1: Do you create or work on your own online journal or blog? Q2: Have you ever used online social or professional networks? Q3: Do you ever use Twitter or another service to share updates about yourself or to see updates about others?

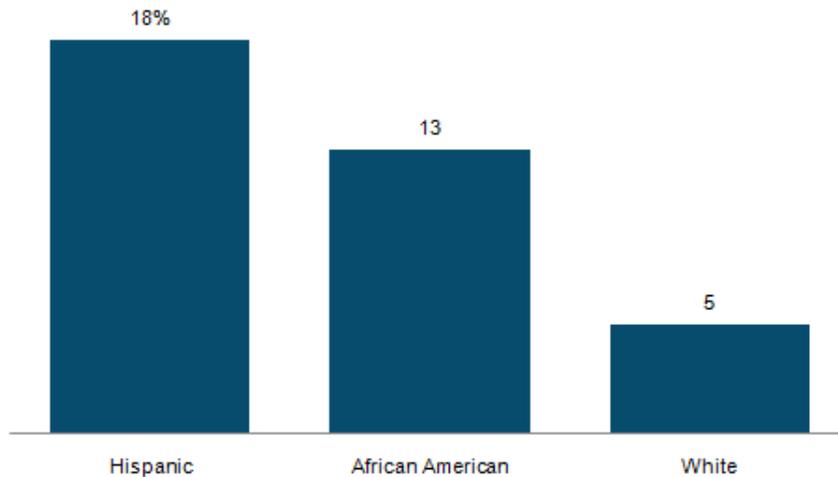
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- Microblogging was also more popular among African Americans than other ethnic groups. A quarter of blacks said they used Twitter or another service to share updates about themselves, compared with 20% of Hispanics and 15% of whites.⁵⁸
- In a Pew Internet & American Life study focusing on Twitter usage that was released in December 2010, 13% of non-Hispanic blacks reported that they use Twitter – making them more than twice as likely to use Twitter than white internet users.⁵⁹

Twitter Use Higher Among African Americans and Hispanics

Percent of Internet Users Who Use Twitter



Source: 8% of Online Americans Use Twitter, Pew Internet & American Life Project
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Among the most prominent news websites geared toward African Americans, many are owned by large media corporations:

- The Grio, an NBC-owned website that was launched in 2009 as a video-focused news site, hired Tom Joyner Morning Show commentator Jeff Johnson as a contributor in late 2010.⁶⁰ The site received 671,000 unique visitors in November 2010.⁶¹
- The Washington Post-owned TheRoot.com was founded by Harvard professor Henry Louis Gates Jr. as a site for commentary on the day's news "from a variety of black perspectives." In November 2010 it had 545,000 unique visitors.⁶²
- Radio One's NewsOne, another news site geared toward African Americans, had 359,000 unique visitors in November.
- In January 2011, Huffington Post and BET co-founder Sheila Johnson announced the launch of a section of Huffington Post devoted to African Americans called HuffPost GlobalBlack, which is expected to debut in March.⁶³

Television

An overwhelming 86% of African Americans turn to TV for most of their news, compared to 64% of white respondents and 66% of Hispanics, according to a December 2010 Pew Research Center for the People & the Press survey. But black-oriented TV news programs have been rare and few have long staying power. In 2010, though, the largest cable channel geared toward an African American audience jumped back into news.

A Higher Percentage of African Americans Rely on TV News

Percentage of Respondents



Source: Usage Over Time, Pew Internet & American Life Project

Question: How do you get most of your news about national and international issues?

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In October, BET, the most popular network geared toward African Americans with an average of 506,000 viewers, launched *Weekly With Ed Gordon*.⁶⁴ It is in the style of a Sunday morning political talk show and is shown at 11 p.m. on Sundays. BET's last attempt at a weekly news series, the *Truth With Jeff Johnson*, was created to cover the 2008 presidential election and premiered in August 2008. The show was pulled off the channel after the election in November of that year. According to senior vice president for news, Keith Brown, BET executives felt that it was important to have a weekly news presence on BET, and *Weekly With Ed Gordon* was created.⁶⁵

"African Americans are disproportionately affected by [what our country is facing today]," Brown said. "And it is important to have a forum to discuss these issues... from an African American perspective."⁶⁶

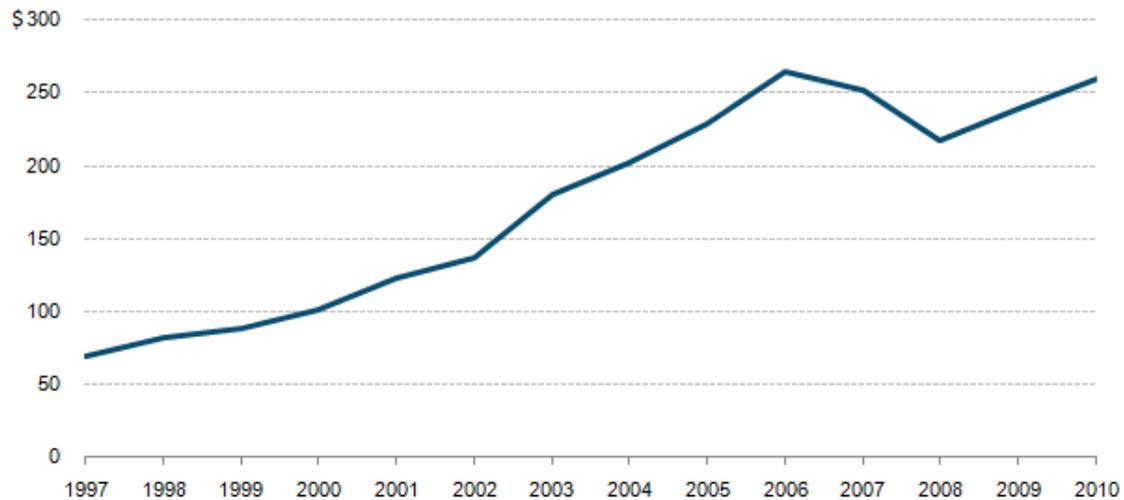
When the show began in September, it aired at noon, but BET soon moved it to Sundays at 11 p.m. The show was already airing in repeat at 11 p.m., and, according to Brown, garnering higher ratings.⁶⁷

Guests on the program have included African American political analysts, members of the U.S. House of Representatives and former Secretary of State Condoleezza Rice.

Profit for BET overall climbed in 2010 to \$259.4 million, an 8.8% increase from \$238.5 million the year before.⁶⁸

BET Profit Rebounds in 2010

Millions of Dollars



Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

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Another black-gearred cable station, TV One, also has a political talk show. Washington Week with Roland Martin airs at 11 a.m. on Sundays, filling a more traditional time slot than the BET program. The program also attracts guests from Washington's political scene, including the chairman of the Council of Economic Advisers, Austan Goolsbee, Agriculture Secretary Tom Vilsack, and columnists, reporters and political analysts.

TV One had its second consecutive profitable year in 2010: Making a profit estimated at \$22.6 million, a 135% increase from \$9.6 million in 2009.⁶⁹

TV One Profit Rises Sharply in 2010

Millions of Dollars



Source: SNL Kagan, a division of SNL Financial LLC

Note: Numbers are estimates

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And a new network, half owned by an African American, started in 2011 when the Oprah Winfrey Network (OWN) debuted with great fanfare. The new cable channel, which took over what had been the Discovery Health channel, is geared to women ages 25 to 54.⁷⁰ Discovery will retain 50% ownership of the station, while Winfrey's production company, Harpo, will control the other half. Unlike BET or TV One, OWN is aiming for a general audience. Still, it is one of the few television channels that is at least partly owned by an African American.⁷¹

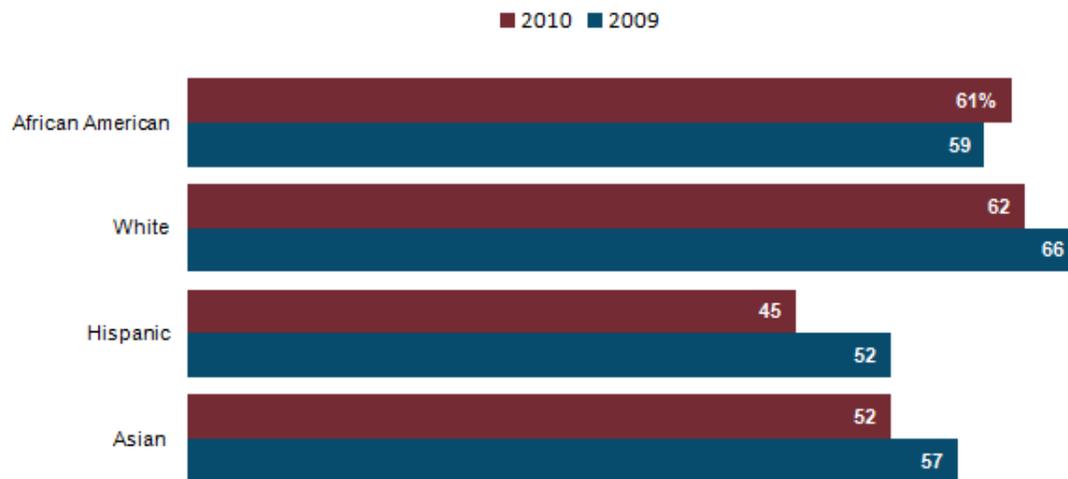
Under the details of the split ownership, Discovery gave Winfrey the channel and \$100 million in startup cash while Winfrey provided her brand name, her library and Oprah.com. Christiana Norman, formerly of MTV and VH1, was hired to run the network.⁷²

For its first year, the station plans 600 hours of original programming and another 600 hours of acquired programming. The station is focused on shows that aim to embody Winfrey's philosophy of "live your best life," including Master Class, a show that profiles famous people and features Winfrey in every episode, a behind-the-scenes show about her existing talk show, and a documentary series about Sarah Ferguson, the Duchess of York. Syndicated repeats include Dr. Phil's show and reruns of the Oprah Winfrey Show.⁷³

Discovery Communications announced in early January that it expected the channel to be profitable in its first year. OWN had a particularly strong showing of viewers its first weekend, about 770,000 viewers during its first half hour and 1.2 million watching prime-time episodes of Oprah's behind-the-scenes show. Programming that did not feature Oprah herself did not fare as well, though.⁷⁴

These new programs may be coming at the right time. In 2010, African American cable subscriptions rose slightly to 61% from 59% in 2009. Subscription rates for cable fell for all other ethnic groups measured in the same time period.⁷⁵

Black Cable Subscriptions Increase *Percentage of Cable Subscribers*



Source: Horowitz Associates State of Cable and Broadband Services via Multichannel News
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Radio

In African American radio in 2010, at least two programs went off the air and the largest black broadcaster emerged from financial problems.

Despite black radio's relative popularity, most African Americans do not use it to receive news. Only 9% of African Americans used radio to get most of their news, according to a December 2010 Pew Research Center for the People & the Press survey. Twice as many whites (18%) got most of their news from the radio and 12% of Hispanics did the same.⁷⁶

The dominant radio company in black radio, Radio One, reached a refinancing agreement with its lenders in November 2010 after falling out of Nasdaq listing compliance in September. Radio One owns or operates 53 radio stations in 16 urban markets in the United States and has interests in TV One and Reach Media, which is the parent company for the Tom Joyner Morning Show, which reaches nearly eight million listeners every week on more than 100 affiliates. Reach also owns Black America Web.

Radio One was notified by Nasdaq in September that its stock had fallen below the exchange's minimum of \$1 per share for 30 consecutive business days and was given 180 business days to bring it back up.

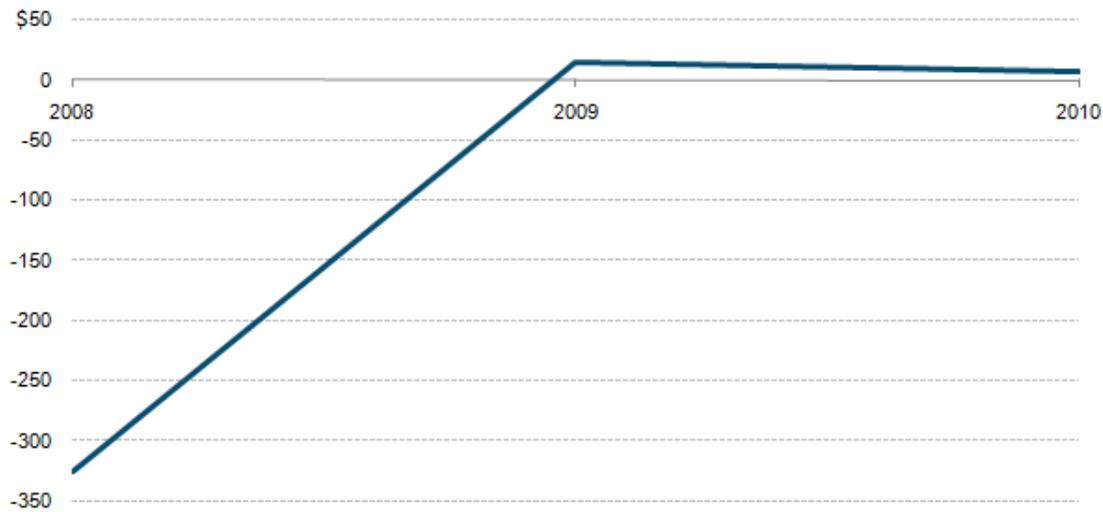
By the second week of November, Radio One had succeeded in doing so.⁷⁷

For the nine months ending September 30, 2010, Radio One had a \$4.8 million profit, compared to a loss of \$26.2 million during the same period in 2009. But the third quarter of 2010 was not nearly as profitable as the third quarter in 2009. For the three months ending September 30, 2010, Radio One had a profit of

\$6.9 million, compared to \$14.5 million for the same period in 2009.⁷⁸ Still, the company was doing much better compared to the losses it suffered in 2008.

Radio One's Q3 Profit Stays in the Black

Millions of Dollars



Source: SEC Filings

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A handful of smaller African American news radio shows failed in 2010. One program was UpFront With Tony Cox, a daily news and talk show produced by the African-American Public Radio Consortium. The show, which aired in 17 markets across the country, ended on May 14, 2010, because of lack of funding.⁷⁹

One of the few black voices on Boston radio, Jimmy Myers, also lost his Sunday show in 2010 when the station that aired the program changed its format for weekend programming.

Despite his status as one of the few black radio personalities in Boston, Myers saw himself differently.

"I've never considered myself a black broadcaster. I've always been a broadcaster who happens to be black," he told the Boston Herald.⁸⁰

African Americans: Making Sure We're Not Silent

From early 2009 to early 2010, PEJ did a study on the coverage of African Americans in the mainstream press. As a group, African Americans attracted relatively little attention in the U.S. mainstream news cycle that year. The coverage focused more on specific incidents rather than broader issues and trends affecting blacks in America.

This relatively low level of mainstream media coverage suggests to many an opportunity for growth in the market served by the black media.

"There will always be an appetite and a market for [the black press]," said media columnist Richard Prince. "People tend to see things that they don't see anywhere else. And just as important, they're written with the point of view that people can relate to."⁸¹

“For too long, others have spoken for us,” said Hazel Trice Edney, who runs the Trice Edney News Wire. “I don’t see that changing anytime soon. Even with a black administration, the president can’t speak for all of us. We need ‘presidents’ on each block. Black media will continue to thrive as that voice and to fill those historical voids that still exist.”⁸²

People turn to his papers, said Danny Bakewell Sr., who publishes two papers in Los Angeles, because they give those readers perspectives on the news that no one else will give. He said, “People buy black newspapers for a very simple reason: We want to see ourselves.... In terms of getting a perspective of what’s happening in the world and how we’re playing into that, that becomes the epic value of the black press.... We’re making sure we’re not silent.”⁸³

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Alternative Weeklies: Seeking to Stay Relevant

By Emily Guskin, Paul Moore and Amy Mitchell of the Project for Excellence in Journalism.

Alternative weeklies went through a year of signs of business improvement, some cases of personnel turmoil and modest but noticeable efforts to move toward a digital future.

The combined circulation of the top-25 U.S. weekly papers that belong to the Association of Alternative Newsweeklies, all free publications, declined only 0.59% in 2010 compared with a 9.92% decrease the

year before. This compares to a 2.5% decrease for the top-circulating mainstream daily newspapers.¹

Top 25 American Alternative Weekly Newspapers

	2010 Circulation	% Change from 2009
Village Voice (New York)	190,053	-3.57%
LA Weekly	170,751	-1.87
San Diego Reader	107,057	1.03
Boston Phoenix	100,384	0.02
Creative Loafing (Atlanta)	100,000	3.86
Chicago Reader	91,000	0.00
Phoenix New Times	90,000	-0.03
Austin Chronicle	89,600	-1.15
City Pages (Twin Cities)	87,230	-2.61
Philadelphia Weekly	85,046	-2.04
SF Weekly (San Francisco)	83,693	0.00
Houston Press	83,300	1.16
Dallas Observer	82,840	0.43
Long Island Press	80,316	2.62
Philadelphia City Paper	79,811	2.15
Baltimore City Paper	79,568	-0.24
Westword (Denver)	78,028	-2.81
The Stranger (Seattle)	77,042	-3.66
Seattle Weekly	76,932	-12.45
Riverfront Times (St. Louis)	75,607	0.44
Sacramento News & Review	73,888	-0.52
Metro Times (Detroit)	72,840	-1.27
Las Vegas CityLife	71,496	0.88
Washington City Paper	69,827	0.66
OC Weekly (Costa Mesa)	69,501	0.21
Miami New Times	69,501	0

Source: Audit Bureau of Circulations and Verified Audit Circulation
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One of the largest declines, 12.45% occurred at the Seattle Weekly, a paper that has been losing circulation since 2007.

The biggest winner among the largest alt weeklies was Creative Loafing (Atlanta), whose circulation sales rose 3.9% to 100,384 in 2010 from 96,654 the year before.

The largest alternative weekly in circulation, New York's Village Voice, saw circulation fall 3.6%, to 190,053 for the 12 months ending June 2010.

The Voice also went through turmoil inside the newsroom early in 2011. Publisher Michael Cohen announced he would leave in April, to be replaced by the current publisher of SF Weekly, Josh Fromson (SF Weekly's advertising director, Gil Padia, will replace Fromson at SF Weekly.)² And two long-time icons of muckraking exposés at the Village Voice also left amid controversy. Wayne Barrett, who had been at the Voice since 1973, was laid off, and reporter Tom Robbins quit in protest over Barrett's firing.³

Another alternative weekly witnessed newsroom controversy as well. In June 2010, Chicago Reader publisher Alison Draper and parent company CEO Marty Petty fired long-term editor Alison True.⁴ Draper said she and Petty fired True because of "nothing short of a leadership issue," explaining to the paper's

senior editor Michael Miner that True was “highly successful leading the paper,” but that she was not the best person to lead the Reader in the future.⁵ Miner described True’s firing as a “tragic misjudgment” in a blog post the day she was fired.⁶ True had been at the paper for 26 years and was its editor for 16 years.⁷ Then in November, after four months in the editor’s position, True’s replacement, Kiki Yablon, unexpectedly announced her resignation. Associate publisher Geoff Dougherty took over as interim editor, but in January, also departed, citing personal reasons.⁸ Subsequently, in February, Mara Shalhoup, the editor of Creative Loafing (Atlanta) was hired as editor, with a start date in early March.⁹

Another paper lost a long-term employee in 2010 when Paul Curci, the publisher of Philadelphia City Paper, stepped down after 27 years, 14 of those as publisher. Associate publisher Nancy Stuski replaced Curci on Dec. 31, 2010.¹⁰

In Minneapolis-St. Paul, Minn., another publisher left. In February 2011, City Pages publisher Mark Bartel stepped down from the paper after 13 years.¹¹

There was also a change in ownership for at least one alt weekly in 2010. In April, Syracuse New Times owner Art Zimmer sold the alt weekly to William Brod, a local entrepreneur. The 71-year-old Zimmer said the need for new and younger leadership prompted the sale.¹²

Digital and design

For a medium that has survived over the last several decades as a source of information about culture and personnel connection, alternative weeklies have a slightly different potential with digital media than some other forms of journalism. Information about where to eat, and where to see concerts and movies are central to the publications’ revenue and readership. Accordingly, several alt weeklies launched free smartphone apps in 2010, with many focusing on helping users better navigate the social scene. “Some media outlets are doomed if they don’t read the cultural trends,” author and media specialist Patricia Martin said, “But independents have a secret weapon, they just need to optimize it.”¹³

- In June, SF Weekly released an iPhone app designed to guide users to things to do in San Francisco.¹⁴ A month later, Village Voice Media’s papers (City Pages, the Houston Press, the Phoenix New Times, the Village Voice and Westword) released similar iPhone apps of their own.¹⁵
- In January, the Charleston City Paper and the Philadelphia Weekly released apps that guide users to happy hours and in July the Pittsburgh City Paper followed suit.¹⁶
- The Jackson Free Press in Mississippi released an iPhone news app in May and the Palo Alto Weekly in California released both iPhone and Android versions in July.¹⁷

Other alt weeklies got face-lifts. During the spring, Village Voice Media announced its plans to replace the traditional covers of all 14 of its publications with glossy ones by 2012.¹⁸

Some conversions have already taken place, including at the Houston Press and SF Weekly, which switched over in 2010.¹⁹

Other papers that undertook design changes in 2010 included Creative Loafing (Atlanta), Texas Observer and the San Francisco Bay Guardian.²⁰

Legal issues

One other front worth mentioning involving alternative weeklies during the year was in the courtroom. The long-running alt weekly legal debacle between SF Weekly and Bay Guardian continued in 2010. In 2008, a jury found the Weekly guilty of selling ads below cost in an effort to drive Bay Guardian out of business. The court ordered the newspaper to pay its competitor \$21 million in damages. In an effort to help Bay Guardian collect its award, a Superior Court commissioner ruled in April 2010 that the plaintiff was entitled to half of SF Weekly's ad revenue. SF Weekly immediately appealed the decision, but the ruling was upheld in August in California's First District Court of Appeals.²¹ The following month, SF Weekly and Village Voice Media petitioned the state Supreme Court to review the decision.²²

Other alternative weeklies also found themselves under legal attack. A Virginia state delegate, Joseph D. Morrissey, sued Richmond's Style Weekly for libel because a 2008 article in the paper stated that the state delegate committed illegal acts and unethical behavior. The case was settled out of court for "a significant cash settlement," Morrissey's lawyer told the Richmond Times-Dispatch.²³

Elsewhere, a federal appeals court upheld the dismissal of a defamation suit against the Cleveland Scene brought on by an Ohio doctor.²⁴ And in Baltimore, a jury sided in favor of the plaintiff in a defamation suit against the Baltimore City Paper, ordering it to pay \$350,000 in damages after the paper reported that a Florida man was a federal fugitive when he was not.²⁵ In Washington, D.C., the owner of the Redskins football team, Dan Snyder filed a lawsuit against the City Paper in February 2011, claiming the paper libeled and defamed him in a series of articles, seeking \$2 million plus unspecified punitive damages.²⁶

Gay Newspapers

There was news involving another set of newspapers not traditionally defined as alternative weeklies — papers targeted at gay audiences. One of these papers, The Washington Blade, experienced a revival in 2010.

Even after its parent company, Windows and Unite Media, closed in November 2009 the Blade successfully rematerialized in 2010.

Staff members of the Blade continued publishing the paper under the name DC Agenda until April 2010, when they acquired the assets of the Washington Blade in bankruptcy court and brought the Blade name back.²⁷

Other papers formally owned by Windows and Unite Media closed, including the Houston Voice, the South Florida Blade, and 411 Magazine.

At least one gay newspaper grew. Since the New England Blade closed in 2008, the free Bay Windows in Boston increased its circulation ten-fold to 20,000 in 2010, from 2,000 in 2008.²⁸ It also absorbed a monthly newspaper aimed at gay and lesbian seniors in February 2011.²⁹

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Ethnic & Alternative Media Glossary

Ethnic media

Ethnic media is a term that is still sometimes debated. Some will argue that for ethnic media to truly be considered "ethnic media," it must be both produced/owned by and targeted at a particular ethnic community. Others say that if an outlet is simply targeted at a particular ethnic population that is enough for it to be considered ethnic media.

Cume

Is short for "cumulative audience" and is a measure of the total number of unique listeners over a period of time.

Backgrounders

Key Changes at Johnson Publishing:

- March 2010: The Ebony Fashion Fair, which had already suspended its fall production, canceled its spring show, citing the death on January 3 of Eunice W. Johnson, the show's creator.¹
- April 2010: Harriette Cole, the creative director and Ebony's acting editor-in-chief since April 2009 announced she was leaving.²
- May 2010: Jet releases a new website, MyJet247, which features the news-focused Jet Buzz.³
- June 3, 2010: Announcement that the company is no longer for sale.⁴
- June 3, 2010: Amy DuBois Barnett hired as editor-in-chief of Ebony; she was formerly the deputy editor-in-chief of Harper's Bazaar.⁵
- June 5, 2010: Former White House social secretary Desirée Rogers hired as a consultant to Johnson Publishing to assist with corporate strategy.⁶ Despite having no publishing experience, "Rogers potentially opens the door for the company to reach a new base of advertisers and to re-energize the company's distinction as a forward thinker and trendsetter in fashion," said Neil Foote, a senior lecturer at the University of North Texas Mayborn School of Journalism.⁷
- July 13, 2010: President and chief operating officer Anne Sempowski Ward resigns.⁸
- August 2010: Rodrigo A. Sierra hired as senior vice president and chief marketing officer.⁹
- August 10, 2010: Rogers named CEO.¹⁰

- September 2010: Eric Easter, the vice president of digital and entertainment, and Wendy E. Parks, the assistant director to corporate communications and PR, leave.¹¹
- November 2010: Johnson Publishing sells its historic building on Chicago's Michigan Avenue to Columbia College Chicago.¹²
- December 14, 2010: Jet editor-in-chief Mira Lowe announces her resignation.¹³
- January 3, 2011: Darhil Crooks, art director at Esquire Magazine since 2005, becomes creative director of Ebony magazine.¹⁴
- February 2011: Stephen Gregory Barr hired as senior vice president of both Ebony and Jet magazines. Prior to that he was publisher of OK! Magazine.¹⁵

Televisa and Univision

Under the terms of the agreement, Televisa invested \$1.2 billion in Univision and contributed its 50% interest in the cable TuTV channels for a 5% equity stake and debt convertible into an additional 30% equity stake of Univision in the future, with the option to acquire an additional 5% equity stake in Univision. Univision now has control of TuTV.

Univision also agreed to expand its Program License Agreement (PLA) with Televisa. In addition to an expanded list of exclusive U.S. Spanish-language broadcast rights, Univision got exclusive U.S. Spanish-language digital rights to Televisa's programming. In other words, Univision has the U.S. rights to deliver Televisa programming on the internet and use Televisa online, network and pay-television programming on its three networks (Univision, TeleFutura and Galavisión). The PLA agreement was also extended from its current expiration date of 2017 to 2020 and could be extended to 2025 if certain conditions are met.

Televisa also will receive more royalties from Univision because of these revised terms – from 9.36% of television revenue (excluding major soccer events) to 11.91% of Univision's revenues through December 2017. In 2017, royalty payments to Televisa will increase to 16.22%. Televisa will also receive an incremental 2% in royalty payments on any Univision audiovisual revenues above its 2009 revenue base of \$1.6 billion.¹⁶

This could bode well for the private equity group that bought Univision in 2006 – having Televisa and its content on board should help the company break even, and might even result in a profit.¹⁷

Univision Personnel Changes

- Sylvia Rosabal, VP and director of news coverage left the company after 26 years.
- Daniel Coronell was named as VP of network news. Coronell was most recently in charge of Noticias Uno, a national broadcast on Colombia's Cana Uno.
- Patsy Loris was promoted to senior director of news; she had previously been senior executive producer of Al Punto.
- Marilyn Strauss, a 24-year veteran of Univision, was promoted to news assignment director.

- Angel Matos became director of news operations, moving up from his position as manager of news operations.
- Solangelee Molina-Torres became director of special projects.¹⁸

In addition to the management changes at Univision, there were shifts in the on-air talent in early 2011. While these changes mostly came from within the company, they show that the company is willing to shake things up.

- Premier Impacto moved Iliá Calderón from its anchor desk to Noticiero Univision: Edición Nocturna in March 2011. In July 2011, Pamela Silva Conde is set to take Calderón's place. Conde is the wife of Univision Networks president César Conde.¹⁹
- Despierta América also made some significant changes in talent, dismissing an anchor who had been with the program since its inception. In June 2011, Neida Sandoval, the last original member of the show and an anchor since 1997, was taken off the morning news desk.
- Martín Berlanga took over the weekend anchor seat in March 2011. He had previously been a correspondent at Univision and replaces Enrique Teuteló, who had been weekend anchor and part-time anchor for the 11:30 p.m. newscast for the past two years. According to Media Moves, Teuteló was let go by Univision.
- María Antonieta Collins returned as a Univision reporter in February 2011. After 18 years as a reporter and anchor for the network, she left to join Telemundo in September 2005 as the host of Cada Día, a daily morning show that was cancelled in 2008.²⁰

Comcast

In response to concerns that Comcast did not do enough to advance diversity, in July 2010, the company pledged to add eight independent television channels, four each controlled by African American and Hispanic interests in addition to "external advisory councils" for "diverse communities."

Comcast also pledged to increase spending by \$7 million on advertising in minority-owned media and to launch 10 independent channels, including eight Hispanic owned and operated channels. The first, a channel described as "American Latino operated and programmed in English," will launch by July 2012.²¹

Telemundo Anchor Changes

Alan Tacher and Idaly Ferrá were dropped from the program, while Rashel Díaz remained. Díaz was joined by Daniel Sarcos, Omar Germenos, Azucena Cierco and Ramón Zayas as an in-studio news anchor and producer. Previously Cierco was at *Al Rojo Vivo con María Celeste*; Sarcos was the host of Venezuela's *Super Sábado Sensacional* and *Trato Hecho* (the Spanish Deal or No Deal); and Zayas was a weekend anchor for Telemundo in New York.²²

Telemundo Correspondents

- Enrique Acevedo in Miami came from Televisa in Mexico City where he was an anchor and reporter.
- Julio Vaqueiro started as the Mexico correspondent. He had been a writer, reporter and news anchor for an independent pay TV channel in Mexico, Efecto TV.

- Nayeli Chávez-Geller began as the New York correspondent. She had been a New York-based freelance reporter for CNN en Español and Univision.
- Rogelio Mora-Tagle returned to Telemundo's Miami headquarters from his position as correspondent in Mexico City.²³

Other Stations

Azteca América

- Owned by Mexico's TV Azteca, and is the largest network geared specifically toward Mexican immigrants in the U.S.
- Founded in 2001 as a West Coast regional network and by March 2010 expanded to 67 affiliates that reach 89% of the U.S. Hispanic audience.²⁴
- In January 2011, Azteca América launched an L.A. newscast produced by the Hispanic News Network and broadcast from Davenport, Iowa – but it was only produced for one month.²⁵ That same month, Azteca began to produce a national news broadcast for the U.S., *Noticiero Nacional Azteca América*, from its Mexico City studios.

América TeVé

- Aimed specifically at Cuban Americans, operates only three TV stations.
- In April 2011 company executives announced plans to launch a 24-hour news channel by late summer or early fall.
- Also in April 2011 the network launched a news, opinion and interview program called *Sevcec a Fondo* with host Pedro Sevcec.

LATV

- A bilingual channel that had been focused on entertainment, decided to expand its programming to include news in May 2011. *Noticias LATV* debuted on May 16, airing weekdays at 8 p.m. ET, and *Al Empezar el Día*, a three-hour magazine-style morning show, airs at 11 a.m. ET.
- In June 2011, Eduardo Blancas took over as lead anchor of *Noticias LATV*. He had previously been an anchor for the Hispanic News Network-produced *Azteca América* newscast.

Latino Public Broadcasting

- A nonprofit organization funded by the Corporation for Public Broadcasting that creates programming geared toward the Latino population, founded in 1998.
- Programming is distributed to various PBS stations and other public television entities.
- Its executive director, Patricia Boero, resigned March 8, 2011 and, on July 6, will be replaced by the former director of station relations for PBS, Sandie Viquez Pedlow.

V-me

- A Spanish-language public television network in the U.S., launched in 2007.

- It is a partnership of Educational Broadcasting Corp., the investment firm the Baeza Group, Spanish media conglomerate PRISA and the venture capital firm Syncom Funds.
- It has 40 affiliates, all digital channels piggybacking on PBS stations.²⁶
- The station airs a variety of programming, including lifestyle content, news and current affairs programs Oppenheimer Presenta (with Andrés Oppenheimer) and Jorge Gestoso Investiga, and sports and music events. It also airs educational preschool programming like Plaza Sésamo.

Liberman Broadcasting

Most of Liberman Broadcasting's radio stations are music-based, but the company, which also has television stations, is the largest privately held Spanish-language broadcaster in the U.S. based on its revenues. Liberman Broadcasting had net revenue growth of 13% in 2010 compared with 2009.²⁷

Spanish Broadcasting System (SBS)

Spanish Broadcasting System is the largest publicly traded Hispanic-controlled media company in the U.S., and in 2010 it went to court with Arbitron. SBS also owns Mega TV.

In March 2010, SBS headed to arbitration with Arbitron over its refusal to pay for Portable People Meter (PPM) data, which SBS claims are flawed. SBS stopped allowing Arbitron to track its stations for PPM because it was no longer under a court order to do so.²⁸

The company also changed the format of a Spanish news/talk station into a music station in 2010 in order to gain higher ratings.

LA Public Media and LA>Forward

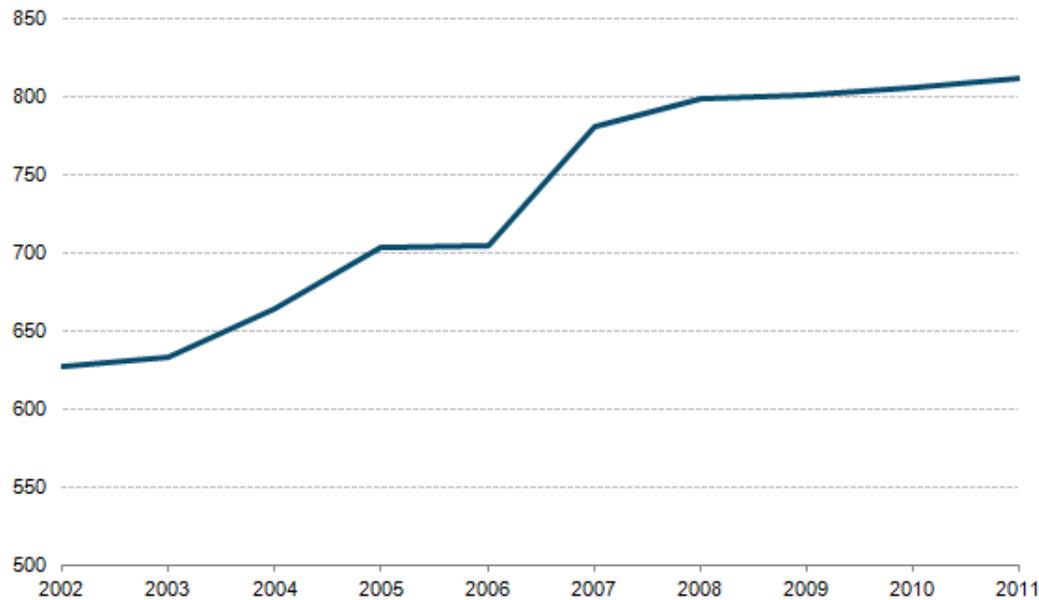
L.A. Public Media and LA>Forward, launched by Radio Bilingüe and the Corporation for Public Broadcasting in 2009, were both suspended in June 2011. The programs were initiated to create a public media platform in Southern California for Latinos, African Americans and Asian Americans, but Radio Bilingüe could not secure a radio broadcast outlet. Federal funding cuts to the Corporation for Public Broadcasting's digital appropriation also limited the agency from guaranteeing support to the programs.²⁹

Hispanic Radio Update

While the number of Spanish-language radio stations grew in the past year, it was at a mere 0.7%, or six more stations in all for a total of 812, as measured by M Street Corp. Compared with the expansive growth that occurred between 2002 and 2008, few in the industry see this slight uptick as very positive.

Frank Saxe, the editor of Inside Radio, a sister company of M Street Corp., sees two main reasons for the slowdown. First, Saxe says, Spanish-language radio took a harder hit during the recession years of 2009 and 2010 than general market stations. And now, these Spanish-language stations are having more trouble recovering.

Number of Spanish-Language Radio Stations Grows, But Only Slightly Number of Stations



Source: M Street Corp. /Inside Radio

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The big Spanish-language radio companies have not been spared. Univision Radio lost revenue in 2010, as did Spanish Broadcasting System, which reported its fifth consecutive negative quarter for its radio division. The third-largest Spanish-language radio owner, Entravision, did see some gains in 2010, but those are largely attributed to the World Cup.

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The State of the News Media 2011

An Annual Report on American Journalism

Methodologies

The data for this study were collected in two parts. The first part consists of data originally conducted by other people or organizations that PEJ then collected and aggregated. The second part, particularly the content analysis, is original work conducted specifically for this report.

For the data aggregated from other researchers, the Project took several steps. First, we tried to determine what data had been collected and by whom for the eight media sectors studied. In many cases this included securing rights to data through license fees or other means. We organized the data into the seven primary areas of interest we wanted to examine: content, audience, economics, ownership, newsroom investment, alternative news outlets and digital trends.

Next, the Project studied the data closely to determine where elements reinforced each other and where there were apparent contradictions or gaps. In doing so, the Project endeavored to determine the value and validity of each data set. That in many cases involved going back to the sources that collected the research in the first place. Where data conflicted, we have included all relevant sources and tried to explain their differences, either in footnotes or in the narratives.

In analyzing the data for each media sector, we sought insight from experts by having at least three outside readers for each sector chapter. Those readers raised questions, offered arguments and questioned data where they saw fit.

All sources are cited in footnotes or within the narrative, and listed alphabetically in a source bibliography. The data used in the report are also available in more complete tabular form online, where users can view the raw material, sort it on their own and make their own charts and graphs. Our goal was not only to organize the available material into a clear narrative, but to also collect all the public data on journalism in one usable place. In many cases, the Project paid for the use of the data.

In addition, PEJ conducted original research in a number of special reports and features. The methodologies for each can be found below. You can scroll through them all or click to go directly to the report of interest.

[Mobile News Survey](#)

[Who Owns the News Media](#)

[A Year in the News Content Analysis](#)

[Mobile News Survey](#)

This report is based on the findings of a survey on Americans' use of the Internet. The results in this report are based on data from telephone interviews conducted by Princeton Survey Research Associates International from January 12 to 25, 2011, among a sample of 2,251 adults, age 18 and older. Telephone interviews were conducted in English and Spanish by landline (1,501) and cell phone (750, including 332 without a landline phone). For results based on the total sample, one can say with 95% confidence that the error attributable to sampling is plus or minus 2.4 percentage points. For results based Internet users (n=1,762), the margin of sampling error is plus or minus 2.7 percentage points. In addition to sampling error, question wording and practical difficulties in conducting telephone surveys may introduce some error or bias into the findings of opinion polls.

A combination of landline and cellular random digit dial (RDD) samples was used to represent all adults in the continental United States who have access to either a landline or cellular telephone. Both samples were provided by Survey Sampling International, LLC (SSI) according to PSRAI specifications. Numbers for the landline sample were selected with probabilities in proportion to their share of listed telephone households from active blocks (area code + exchange + two-digit block number) that contained three or more residential directory listings. The cellular sample was not list-assisted, but was drawn through a systematic sampling from dedicated wireless 100-blocks and shared service 100-blocks with no directory-listed landline numbers.

New sample was released daily and was kept in the field for at least five days. The sample was released in replicates, which are representative subsamples of the larger population. This ensures that complete call procedures were followed for the entire sample. At least 7 attempts were made to complete an interview at a sampled telephone number. The calls were staggered over times of day and days of the week to maximize the chances of making contact with a potential respondent. Each number received at least one daytime call in an attempt to find someone available. For the landline sample, interviewers asked to speak with the youngest adult male or female currently at home based on a random rotation. If no male/female was available, interviewers asked to speak with the youngest adult of the other gender. For the cellular sample, interviews were conducted with the person who answered the phone. Interviewers verified that the person was an adult and in a safe place before administering the survey. Cellular sample respondents were offered a post-paid cash incentive for their participation. All interviews completed on any given day were considered to be the final sample for that day.

Weighting is generally used in survey analysis to compensate for sample designs and patterns of non-response that might bias results. A two-stage weighting procedure was used to weight this dual-frame sample. The first-stage weight is the product of two adjustments made to the data – a Probability of Selection Adjustment (PSA) and a Phone Use Adjustment (PUA). The PSA corrects for the fact that respondents in the landline sample have different probabilities of being sampled depending on how many adults live in the household. The PUA corrects for the overlapping landline and cellular sample frames.

The second stage of weighting balances sample demographics to population parameters. The sample is balanced by form to match national population parameters for sex, age, education, race, Hispanic origin,

region (U.S. Census definitions), population density, and telephone usage. The White, non-Hispanic subgroup is also balanced on age, education and region. The basic weighting parameters came from a special analysis of the Census Bureau's 2010 Annual Social and Economic Supplement (ASEC) that included all households in the continental United States. The population density parameter was derived from Census 2000 data. The cell phone usage parameter came from an analysis of the January-June 2010 National Health Interview Survey. ¹

Following is the full disposition of all sampled telephone numbers:

Table 2: Sample Disposition

Landline	Cell	
29,846	13,498	Total Numbers Dialed
1,365	270	Non-residential
1,425	28	Computer/Fax
2	----	Cell phone
13,829	4,988	Other not working
1,664	152	Additional projected not working
11,561	8,060	Working numbers
38.7%	59.7%	Working Rate
555	51	No Answer / Busy
2,815	1,943	Voice Mail
60	11	Other Non-Contact
8,131	6,055	Contacted numbers
70.3%	75.1%	Contact Rate
514	780	Callback
6,018	3,995	Refusal
1,599	1,280	Cooperating numbers
19.7%	21.1%	Cooperation Rate
53	36	Language Barrier
----	478	Child's cell phone
1,546	766	Eligible numbers
96.7%	59.8%	Eligibility Rate
45	16	Break-off
1,501	750	Completes
97.1%	97.9%	Completion Rate
13.4%	15.5%	Response Rate

The disposition reports all of the sampled telephone numbers ever dialed from the original telephone number samples. The response rate estimates the fraction of all eligible respondents in the sample that were ultimately interviewed. At PSRAI it is calculated by taking the product of three component rates:

Contact rate – the proportion of working numbers where a request for interview was made

Cooperation rate – the proportion of contacted numbers where a consent for interview was at least initially obtained, versus those refused

Completion rate – the proportion of initially cooperating and eligible interviews that were completed

Thus the response rate for the landline sample was 13.4 percent. The response rate for the cellular sample was 15.5 percent.

Who Owns the News Media

Who Owns the News Media was developed to enhance the information available in the State of the News Media report. The tool uses a tab format to house specific data related to all companies, and to companies within the main sectors of media: newspapers, online, network, cable and local TV, magazines, audio and ethnic media.

The goal of Who Owns the News Media was to create a tool that aggregated comparative information on the companies that own news media properties. We wanted to do this within each media sector as well as more broadly across news media over all. To do this, we took several steps. First, we identified the various U.S.-based companies within each media sector. In some cases, the list is so long that we determined a cutoff point for which companies to include. The newspapers sector, for example, includes all companies with a total weekday circulation of 100,000 or more.

Next, we looked for relevant statistical data that were available for most companies and could be compared from one company to the next. Some data are compared within the media sector and other data, like total revenues, can be compared across all companies.

The full methodology, which explains the process and rules for identifying the companies and statistical data, can be found [here](#).

A Year in the News

The content analysis research in the State of the News Media report is the summation of a year's worth of coding conducted by PEJ. The coding is done throughout the year with weekly findings reported in the News Coverage Index, or NCI reports.

All coding was conducted by PEJ's trained staff of in-house researchers.

The 2010 analysis totals 52,613 stories examined from January 1 through December 31, 2010. This consists of 5,625 newspaper articles, 7,818 online stories, 13,016 stories from network television, 17,087 stories on cable news and 9,067 stories from radio programs.

The **2010 Year in News Interactive** uses the data from PEJ's **News Coverage Index**. It was designed to allow users to explore and answer questions about media coverage in 2010.

This Year in News Report also includes a year's worth of analysis of social media from the **New Media Index**, an analysis of millions of blog and twitter posts on the web tracking sites Icerocket and Tweetmeme. It covers the period from January 1 through December 10, 2010.

In addition, the measures of public interest in the news are from the **News Interest Index**, which is derived from weekly national public opinion surveys conducted in 2010 by the Pew Research Center for the People & the Press.

NEWS COVERAGE INDEX

The central focus of the study is to analyze a wide swath of American news media to identify what is being covered and not covered—the media’s broad agenda.

The Universe: What we are Studying

Because the landscape is becoming more diverse-in platform, content, style and emphasis-and because media consumption habits are also changing, even varying day to day, the Index is designed to be broad. Therefore, our sample, based on the advice of our academic team, is designed to include a broad range of outlets-illustrative but not strictly representative of the media universe.

The sample is also a purposive one, selected to meet this criteria rather than to be strictly random. It is a multistage sampling process that cannot be entirely formulaic or numeric because of differences in measuring systems across media. It involves the balancing of several factors including the number of media sectors that offer news, the number of news outlets in any given sector, the amount of news programming in each outlet and the audience reach. In addition to front-end selections, we have also weighted the various sectors on the back end to account for differences in audience. The weighting process is discussed further down in this document.

The mainstream or establishment daily news media in the United States can be broken down into five main sectors. These are:

Network TV News

Newspapers

Online News Sites

Cable News

Radio News

Within each media sector, the number of outlets and individual programs vary considerably, as do the number of stories and size of the audience. We began by first identifying the various media sectors, then identifying the news media outlets within each, then the specific news programs and finally the stories within those.

The primary aim of the Index is to look at the main news stories of the week across the industry. With that in mind, for outlets and publications where time does not permit coding the entire news content offered each day (three hours of network morning programming, for instance), we code the lead portion. In other words, we code the first 30 minutes of the cable news programs, the first 30 minutes of the network morning news programs, the front page of newspapers, etc. This may skew the overall universe toward more “serious” stories, but this is also the most likely time period to include coverage of the “main” news events of the day, those that would make up the top stories each week or each month.

Below we describe the selection process and resulting sample for each main sector.

Note: The statistics cited here are the statistics that were accurate at the time of the launch of the Index (January 2007). When available, updated data are included in the footnotes section.

Network News

Sector Reach

Each evening, the three broadcast news shows on ABC, NBC, and CBS, reach approximately 27 million viewers. The morning news shows on those networks are seen by 14.1 million viewers.² In addition, the nightly newscast on PBS reaches roughly 2.4 million viewers daily, according to their internal figures. Because the universe of national broadcast channels is limited to these four channels, it is practical to include all of the networks as part of our sample universe.

Sector Sample

Each of the three major broadcast networks produces two daily national general interest news shows, one in the morning (such as Good Morning America) and one in the evening. Therefore it is practical to include at least part of all these news programs on ABC, CBS, and NBC in our sample. (The magazine genre of programs are not included in the universe both because in most cases they are not daily-except for Nightline-and because they are not devoted predictably to covering the news of the day). At the same time, because the Newshour with Jim Lehrer is considered by many as an alternative nightly news broadcast to the three major networks, and it reaches a substantial audience, we also include that program.

Units of Study

For the commercial evening newscasts, the study codes the entire program. For the morning programs, it codes the news segments that appear during the first 30 minutes of the broadcast, including the national news inserts but not local inserts. By selecting this sample of the morning shows, it is possible that we will be missing some news stories that appear later in the programs. However, through prior PEJ research, we have learned that the morning shows generally move away from the news of the day after the first 30 minutes-save for the top-of-the-hour news insert-and present more human interest and lifestyle stories after that point. The stories that the networks feel are most important will appear during the first 30 minutes and be included in our study.

For PBS NewHour, where the second half of the program differs from the first half, beginning March 31, 2008, we began rotating between the first and second half hour of the show in order to get a closer representation of the program's overall content.

The resulting network sample is:

Commercial Evening News: Entire 30 minutes of 2 out of 3 programs each day (60 minutes)

Commercial Morning News: 1st 30 minutes of 2 out of 3 programs each day (60 minutes)

PBS NewsHour: Rotate to code the 1st 30 minutes one day, the 2nd 30 minutes the next day and then skip

This results in either 2 or 2.5 hours of programming each day.

Cable Television

Sector Reach

According to ratings data, the individual programs of the three main cable television news channels- CNN, MSNBC and Fox News-do not reach as many viewers as those of the broadcast network news shows. During prime time hours, 2.7 million viewers watch cable news, while 1.6 million watch during daytime hours.³ But ratings data arguably undercount the reach of cable news. Survey data now find that somewhat more people cite cable news as their primary or first source for national and international news as do broadcast network news.

Sector Sample

The most likely option was to study CNN, MSNBC and Fox News. These represent the dominant channel of programming from each news-producing cable company. (This means selecting MSNBC as opposed to CNBC, and CNN as opposed to HLN, and MSNBC over HLN).

Units of Study

Since these channels provide programming around the clock, with individual programs sometimes reaching fairly small audiences, it is not practical for us to code all of the available shows. On the one hand, there is a great challenge in selecting several times out of the day to serve as a sample of cable news overall.

On the other hand, earlier studies have shown that for much of the day, most people find one cable news program on a channel to be indistinguishable from another. If one were to ask a daytime viewer of cable news which program he or she preferred, the 10 a.m. or the noon, you might get a confused look in response. For blocks of hours at a time, the channels will have programs with generic titles such as CNN Newsroom, Your World Today or Fox News Live. Our studies have shown that there are four distinct programming sectors to cable: early morning, daytime, early evening and prime time.

Working with academic advisors we weighed various options. A selection based on the most-watched programs would result in the O'Reilly Factor (1.8 million viewers a night) for Fox and Larry King Live (500,000 viewers a night) for CNN.⁴ However, some of these shows are not news programs per se, but rather their content derives from the host's opinions and guests on any given day. Separating news and talk also proved problematic because it is often difficult to distinguish between the two categories, and several programs offer both news and talk in the same hour.

The best option, we concluded, was to draw from two time periods:

1) The daytime period, to demonstrate what on-going or live events are being covered. The study includes two 30 minute segments of daytime programming each day, rotating among the three networks.

2) Early Evening and Prime time (6 PM – 11PM) together as a unit, rather than separating out talk and news or early prime and late prime. Within this five hour period, we included all programming that focuses on general news events of the day. Basically, this removes three programs: Fox's Greta Van Susteren, which is more narrowly focused on crime, CNN's Larry King which as often as not is focused on entertainment or personal stories rather than news events and MSNBC's documentaries program.

Currently, all 3 stations have 2 of their 4 evening cable shows coded on a nightly basis.

To include the most cable offerings possible each week, the study codes the first 30 minutes of selected programs and rotates them daily. Morning shows were not included because those shows are run at the same time for every part of the country – meaning that a broadcast that starts at 7 a.m. on the east coast will begin at 4 a.m. on the west coast. Those programs appear far too early for much of the country to actually view. This is in contrast to the broadcast morning programs, which are shown on tape delay in different parts of the country, in the manner of other broadcast programs.

This process resulted in the following cable sample:

Daytime

Rotate, coding two out of three 30-minute daytime slots each day (60 minutes a day)

Prime Time

Two 30-minute segments for Fox News (60 minutes)

Two 30-minute segments for CNN (60 minutes)

Two 30-minute segments for MSNBC (60 minutes)

The Index rotates among all programming from 6 to 11 p.m. that was focused on general news events of the day excluding CNN's Larry King Live and Fox's Greta Van Susteren.

Below is the current list of evening cable programs included in our sample as of January 2010.

Evening Cable Programs in 2010 Sample

	CNN	Fox News	MSNBC
6 p.m.	Situation Room	Special Report w/Bret Baier	The Ed Show
7 p.m.	CNN Tonight/John King, USA	Fox Report w/Shephard Smith	Hardball
8 p.m.	CNN Prime Time/Parker Spitzer	The O'Reilly Factor	Countdown w/Keith Olbermann
9 p.m.	-----	Hannity	The Rachel Maddow Show
10 p.m.	Anderson Cooper 360	-----	-----

Note: CNN made certain programming changes during 2010. Our sample included replacement shows for any given time slot when appropriate.

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This results in 4 hours of cable programming each day (including daytime).
Newspapers

Sector Reach

Roughly 54 million people buy a newspaper each weekday.⁵ This number does not include the “pass along” rate of newspapers, which some estimate, depending on the paper, to be approximately three times the circulation rate. In addition, specific newspapers, such as the New York Times and Washington Post, have an even greater influence on the national and international news agenda because they serve as sources of news that many other outlets look to in making their own programming and editorial decisions. So while the overall audience for newspapers has declined over recent years, newspapers still play a large and consequential role in setting the overall news agenda that cannot be strictly quantified or justified by circulation data alone. There is a growing body of data to suggest that the total audience of newspapers, combining their reach in print and online, may actually be growing slightly.

Sector Sample

To create a representation of what national stories are being covered by the 1,450 newspapers around the country, we divided the country's daily papers into three tiers based on circulation: over 650,000; 100,000 to 650,000; and under 100,000. Within each tier, we selected papers along the following criteria:

First, papers need to be available electronically on the day of publication. Three websites, www.nexis.com, www.newsstand.com, and www.pressdisplay.com, offer same day full-text delivery service. Based on their general same-day availability (excluding non-daily papers, non-U.S. papers, non-English language papers, college papers, and special niche papers) a list of U.S. general interest daily newspapers was constructed. The original list included seven papers in Tier 1, 44 papers in Tier 2, and 22 papers in Tier 3.

Tier 1: In Tier 1, we wanted to include a representation from the large nationally reputed or distributed papers, so each day we code two out of four of the largest papers, the New York Times, Los Angeles Times, USA Today, and Wall Street Journal.

Tiers 2 and 3: Four newspapers were selected from Tier 2 and Tier 3 respectively. To ensure geographical diversity, each of the four newspapers within Tier 2 and Tier 3 was randomly selected from a different geographic region according to the parameters established by the U.S. Census Bureau, i.e., Northeast Region, Midwest Region, South Region and West Region. An effort was also made to ensure diversity by ownership.

We rotate two of the four newspapers in Tier 2 and one or two of the three newspapers in Tier 3 each day.

The following is the current list of newspapers included in the Index.

1st Tier

The New York Times

LA Times

USA Today

Wall Street Journal

2nd Tier

Washington Post

Tampa Tribune

Seattle Times

Columbus Dispatch

3rd Tier

The Day

Rome News Tribune

Ventura News

Units of Study

For each of the papers selected, we code only articles that begin on page A1 (including jumps). The argument for this is that the papers have made the decision to feature those stories on that day's edition. That means we do not code the articles on the inside of the A section, or on any other section. The first argument for ignoring these stories is that they would be unnecessary for our Index, which measures only the biggest stories each week. If a story appears on the inside of the paper, but does not make A1 at any point, it would almost certainly not be a big enough story to make the top list of stories we track each week. The weakness of this approach, arguably, is that it undercounts the full agenda of national and international news in that it neglects those stories that were not on Page 1 on certain days

but were on others. While this is perhaps less pertinent in the weekly Index, at the end of the year, when trying to assess the full range of what the media covered, those stories that appeared on the inside of the paper but didn't vanish may be undercounted.

Part of the reasoning for excluding those national and international stories that begin inside the front section of the paper is practical. Coding the interior of the papers to round out the sample for year-end purposes would be an enormous amount of work for relatively minimal gain.

The other argument for foregoing national and international stories that fail to make Page 1 is more conceptual. We are measuring what newspapers emphasize, their top agenda. Given the cost versus the benefit, capturing the front page of more newspapers seemed the better alternative. In the same regard, we do not code every story that might appear on a Web site, an even more daunting task, but instead code just the top stories.

The other challenge with newspapers that we did not face with some other media is that we only include stories that are national or international. National is defined as a story being covered by newspapers from different locations, as opposed to a local story that is only covered in one paper. The only local stories included in the study are those that are pertinent to a larger national issue – how the war in Iraq is affecting the hometown, for instance, or new job cuts at the local industries because of the sliding economy.

This results in a newspaper sample of approximately 20 stories a day.

Online News Sites

Sector Reach

About 30 million internet users go online for news each day.⁶ About 6.8 million people read a blog each day, some of the most popular of which are news oriented.⁷ Both online news sites and web blogs are becoming more important in the overall news agenda. Any sample of the modern news culture must include a representation of some of the more popular online news sources.

Sector Sample

The online news universe is even more expansive than radio and has seemingly countless sites that could serve as news sources. To get an understanding of online news sources we chose to include several of the most popular news sites in our universe as a sample of the overall online news agenda. We also wanted balance in the type of online news sites, between those that produced their own content and those who aggregated news from throughout the web.

When the Index was originally launched in 2007, the sample included 5 prominent Web sites that were tracked each weekday. These sites were Yahoo News, MSNBC.com, CNN.com, AOL News, and Google News. However, considering the increased usage of internet for news shown recent surveys conducted by the Pew Research Center for the People & the Press, PEJ decided to expand our Internet content.

The increase in the number of sites included in the NCI took effect on January 1, 2009.

To choose the sites to be included in our expanded online sample, we referred to the lists of the top news sites based on the averages of six months of data (May 2008-October 2008) from two rating services: Nielsen and Hitwise. (Data providing the most-visited news sites ranked by specific Web addresses were not available from Comscore at the time of our sampling.)

First, we found the top general interest news sites ranked by their average unique audience data for six months based on Nielsen Netview monthly data on a subdomain level. Second, we found the top general interest news sites ranked by their average market share for six months based on monthly rankings for top news and media Web sites provided by Hitwise. We then averaged the ranks of the top sites on these two lists to determine the top 12 general interest news websites.

In 2009, we updated our sample by averaging 7 months of data (May – November 2009) provided by Nielsen Media Research.

The sites included in our current sample are as follows:

Yahoo News
MSNBC.com
CNN.com
NYTimes.com
Google News
AOL News
Foxnews.com
USAToday.com
Washingtonpost.com
ABCNews.com
HuffingtonPost.com
Wall Street Journal Online

Units of Study

For the online news sites, the study captures each site once a day. We rotate the time of day that we capture the Web sites between 9-10 am Eastern time and 4-5 pm Eastern time. For each site capture, we code the top five stories, since those have been determined to be the most prominent at that point in time by the particular news service. As is true with our decision about page A1 in newspapers, if a story is not big enough for the online sites to highlight it in their top five stories, it is likely not a story that will register on our tally of the top stories each week.

This results in a sample of 30 stories a day.

Radio

Sector Reach

Radio

Sector Reach

Radio is a diverse medium that reaches the majority of Americans – 94 percent of Americans 12 years and older listen to traditional radio each week.⁸ Approximately 16% of radio listeners tune into news, talk and information radio in an average week, which ranks it as the most popular of all measured radio formats.⁹ Many more Americans get news from headlines while listening to other formats as well.

The challenge with coding national radio programs is that much of radio news content is localized, and the number of shows that reach a national audience is only a fraction of the overall programming. On the other hand, our content analysis of radio confirms that news on commercial radio in most cities has been reduced to headlines from local wires and syndicated network feeds (plus talk, much of which is nationally syndicated itself). The exception is in a few major cities where a few all-news commercial radio stations still survive, such as Washington, D.C., where WTOP is a significant all-news operation.

Sector Sample

The Index includes three different areas of radio news programming.

1. Public radio: The Index includes 30 minutes of a public radio's broadcast of National Public Radio's (NPR) morning program, Morning Edition or its broadcast of NPR's 4 – 6 pm program, All Things Considered.

NPR produces two hours of Morning Edition, and two hours of All Things Considered each day, which also include multiple news roundups produced by a different unit of NPR. Member stations may pick any segments within those two hours and mix and match as fits their programming interests. Thus, what airs on a member station is considered a "co-production" of NPR and that member station rather than programming coming directly from NPR.

In order to account for this unique relationship, in addition to rotating coding for each show, PEJ also rotates between coding the first 30 minutes of the first hour and the first 30 minutes of the second hour of the member station that we record the show from, WFYI. This gives us a closer representation of the overall content of Morning Edition and All Things Considered for a week.

NPR coding for a sample week may look like this:

Sample NPR Coding Week

Radio Show	Monday	Tuesday	Wednesday	Thursday	Friday
Morning Edition (5-5:30 a.m.)	X				X
Morning Edition (6-6:30)		X			
All Things Considered (4-4:30 p.m.)			X		
All Things Considered (5-5:30 p.m.)				X	

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In this case, we would begin the next week by coding the 6 – 6:30 broadcast of Morning Edition.

2. Talk Radio: The Index includes some of the most popular national talk shows that are public affairs or news oriented. Since the larger portion of the talk radio audience, and talk radio hosts, are of a conservative political persuasion, we included more conservative hosts than liberal hosts. We code the first 30 minutes of each selected show.

The two most popular conservative radio talk shows are Rush Limbaugh and Sean Hannity. We code each of these shows every other day. Since the politically liberal audience for talk radio is much smaller, we only code one liberal talk show every other day: Ed Schultz, who is the top liberal radio host based on national audience numbers. The Arbitron ratings, according to Talker's Magazine online, for spring 2006 are as follows:

Minimum Weekly Cume (in millions, rounded to the nearest .25, based on Spring '06 Arbitron reports).

10

Rush Limbaugh (13.5)

Sean Hannity (12.5)

Michael Savage (8.25)

Ed Schultz (2.25)

Randi Rhodes (1.25)

Alan Colmes (1.25)

3. Headline Feeds: Hourly news feeds from national radio organizations like CBS and CNN appear on local stations across the country. These feeds usually last approximately 5 minutes at the top of each hour, and are national in the sense that people all over the country get the same information. They frequently supplement local talk and news shows.

To get a representation of these feeds, we code two national feeds, one from ABC radio, and the other from CBS radio. Each network airs two feeds a day (9 am and 5 pm Eastern time). We code one the 9 am broadcast from one network and the 5 pm feed from the other network every weekday.

The stations used to capture each program are selected based on the availability of a solid feed through the station's web site. We have also compared their shows to that of other stations to ensure that the same edition is aired on that station as on other stations carrying the same program.

This results in the following sample:

News: 30 minutes of NPR each day, rotating between Morning Edition and All Things Considered, as broadcast on a selected member station.

Talk: The first 30 minutes of either one or two talk programs each day. Every weekday, we code one conservative talker: either Rush Limbaugh or Sean Hannity. We code one liberal talk show every other day (Ed Schultz).

Headlines: Two headline segments each day (one from ABC Radio and one from CBS Radio), about 10 minutes total.

This results in a sample of roughly 1 or 2 hours of programming a day.

Universe of Outlets

Each day, then, the NCI includes approximately 8 hrs of broadcast (television and radio), 5 or 6 newspapers (approximately 20 stories), and 6 news web sites (30 stories).

The current universe is as follows:

Newspapers (Eleven in all, Sun-Fri)

Code 2 out of these 4 every day

The New York Times

Los Angeles Times

USA Today

Wall Street Journal

Code 2 out of these 4 every day

The Washington Post

The Columbus Dispatch

Tampa Tribune

Seattle Times

Code 1 or 2 out of these 3 every day

The Day (CT)

Rome News Tribune (GA)

Ventura News (CA)

Web sites (Code 6 of 12 each day, Mon-Fri)

Yahoo News

MSNBC.com

CNN.com

NYTimes.com

Google News

AOL News

FoxNews.com

USAToday.com

WashingtonPost.com

ABCNews.com

HuffingtonPost.com

Wall Street Journal Online

Network TV (Seven in all, Mon-Fri)

Morning shows – code 2 out of 3 every day

ABC – Good Morning America

CBS – Early Show

NBC – Today

Evening news

Code 2 out of 3

ABC – World News Tonight

CBS – CBS Evening News

NBC – NBC Nightly News

Code two consecutive days, then skip one

PBS – Newshour

Cable TV (Fifteen in all, Mon-Fri)

Daytime (2-2:30 pm) – code 2 out of 3 every day

CNN

Fox News

MSNBC

Nighttime CNN – code 2 out of the 4 every day

Situation Room (6 pm)

CNN Tonight/ John King, USA
CNN Prime Time/ Parker Spitzer
Anderson Cooper 360

Nighttime Fox News – code 2 out of the 4 every day

Special Report w/ Bret Baier
Fox Report w/ Shepard Smith
O'Reilly Factor
Hannity

Nighttime MSNBC – code 2 out of the 4 every day

The Ed Show
Hardball (7 pm)
Countdown w/ Keith Olbermann
The Rachael Maddow Show

Radio (seven in all, Mon-Fri)

News and Headlines – every day

ABC Radio headlines at 9am or 5pm
CBS Radio headlines at 9am or 5pm

NPR – code 1 of the two every day

Morning Edition
All Things Considered

Talk Radio

Rotate between:

Rush Limbaugh
Sean Hannity

Code every other day
Ed Schultz

That brings us to 28 – 29 outlets each weekday. (Between 5 and 6 newspapers only for Sunday)

Universe Procurement and Story Inclusion

Newspapers

For each of the seven newspapers included in our sample, we code all stories where the beginning of the text of the story appears on the front page of that day's hard copy edition. If a story only has a picture, caption, or teaser to text inside the edition, 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. Because we are looking at the coverage of national and international news, if a story is about an event that is solely local to the

paper's point of origin, we exclude such a story from our sample. The only exception to this rule is when a story with a local focus is tied to a story that we have determined to be a "Big Story" – defined as one that has been covered in multiple national-news outlets for more than one news cycle. For example, a story about a local soldier who has come back from the Iraq War has a local angle but is related to a national issue and is important in the context of our study.

We code the entirety of the text of all the articles we include. If an article includes a jump to an inside page in the hard copy edition, we code all the text including that which makes up the jump.

When possible, we have subscribed to the hard copies of the selected newspapers and have them delivered to our Washington, D.C. office. This is possible for national papers that have same-day delivery methods (the New York Times, the Washington Post, the Wall Street Journal and USA Today). For these papers, we use the hard copy edition to determine the placement on the front page of the edition, and to get all the text we will code. We use the LexisNexis computer database to determine the word count for each of the stories.

For all of the other papers that we are not able to get hard copies of within the same day of publication, we take advantage of internet resources that have digital copies of the hard copy editions.

Pressdisplay.com and Newsstand.com have subscription services offering same-day access digital versions of the hard copy. From these digital versions, we obtain the text of the relevant articles and also determine the word counts. To get the word counts, we copy the text of the articles (not including captions, titles, bylines, or pull-out quotes) into the Microsoft Word software program and run the "word count" function to get the final number. When necessary, we go to the paper's web site in order to find the text of articles that are not available on either of the two web services. Through examination of each individual article, we are able to determine when the text of the article on the web site is the same as it would be in the hard copy of the paper.

Network and Cable Television

For all television programs, we code the first 30 minutes of the broadcast (with the exception of PBS Newshour), regardless of how long the program lasts. As with newspapers, we code all stories that are news reports that relate to a national or international issue. Therefore, we do not code stories that are part of a local insert into a national show. For example, each half-hour, NBC's Today Show cuts to a local affiliate which will report local stories and local weather. We do not include those local insert stories.

We also exclude from our sample commercials, promos, and teasers of upcoming stories. We are only interested in the actual reporting that takes place during the broadcasts.

Any story that fits the above criteria and begins within the first 30 minutes is included in the study, even if the story finishes outside of the 30 minute time period. A three-minute story that begins 28 minutes into a program would be coded in its entirety, even though the final minute ran after our 30-minute cutoff mark. The exception to this rule is when a television station is showing a speech or press conference

that runs longer than the 30-minute period (often much longer). In those cases, we cut off the coding at the 30-minute mark in order to prevent that event from unduly impacting our overall data.

The method of collection of all television programs is the same. PEJ subscribes to DirectTV satellite television service. We use a recording device called Snapstream to capture the shows we code. The Snapstream service digitally records each broadcast on an in-house server and then we archive the programs onto DVDs. There is redundancy in our recording method so that each show is also recorded on TiVo recording boxes that are directly linked to DirectTV. We do this in order to avoid problems in our capture that might result from technical error.

Occasionally outlets deviate from the regularly scheduled news programs. When a show is pre-empted for a special *live* event, such as a presidential campaign debate or the State of the Union address, we do not include that period as part of our sample.

Radio

The rules for capturing and selecting stories to code for radio are very similar to television. We code the first 30 minutes of each show regardless of how long the show lasts. We also exclude local inserts from local affiliates, and continue coding any story that runs past the 30-minute mark.

For each of the radio shows selected, we have found national feeds of the show that are available on the web. As with television, we have two computers capturing each show so as to avoid errors if one feed is not working. The actual recording is done using a software program called Replay A/V which captures the digital feeds and creates digital copies of the programs onto our computers. We then archive those programs onto DVDs.

Online

For each of the web sites we are including in our sample, we capture and code the top 5 stories that appear on the site at the time of capture. Our capture times rotate on a regular basis. They occur either between 9 and 10 am Eastern time or between 4 and 5 pm Eastern time each weekday. The captures physically occur with a coder going to each site using an internet browser and saving the home page and appropriate article pages to our computers, exactly as they appear in our browsers at the time of the capture. We rely on people rather than a software package to capture sites because some software packages have proved invasive to Web sites.

With the current rotation of Web sites along with the rotation of the times of day that we capture the sites, we wanted to make sure that we did not always capture the same sites at the same time (CNN.com always at 9 am, for example). We also wanted to assure that for the Web sites where we coded another outlet from the same news organization, such as USA Today's newspaper and the usatoday.com Web site, we did not code both of those outlets on the same days. In order to avoid these two concerns, we created a method of rotation where the capturing times for the Web site rotate every two days.

This means that the pattern the capture times follow is 9 am, 9 am, 4 pm, 4 pm, 9 am etc.

Here is an example of how the online rotation works:

	<u>Week 1</u>					<u>Week 2</u>					<u>Week 3</u>					<u>Week 4</u>				
	4 pm	9 am	9	4	4	9	9	4	4	9	9	4	4	9	9	4	4	9	9	4
CNN.com		x		x		x		x		x		x		x		x		x		x
Yahoo News		x		x		x		x		x		x		x		x		x		x
MSNBC.com		x		x		x		x		x		x		x		x		x		x
Wall Street Journal Online		x		x		x		x		x		x		x		x		x		x
Foxnews.com		x		x		x		x		x		x		x		x		x		x
USAToday.com		x		x		x		x		x		x		x		x		x		x
NYTimes.com	x		x		x		x		x		x		x		x		x		x	
AOL News	x		x		x		x		x		x		x		x		x		x	
WashingtonPost.com	x		x		x		x		x		x		x		x		x		x	
ABCNews.com	x		x		x		x		x		x		x		x		x		x	
HuffingtonPost.com	x		x		x		x		x		x		x		x		x		x	
Google News	x		x		x		x		x		x		x		x		x		x	

As with newspapers, some stories are longer than one web page. In those cases, we include the entire text of the article for as many web pages as the article lasts. Because each web site is formatted differently, we came up with a standard set of rules to determine which stories are the most prominent on a given home page. We spent a significant amount of time examining various popular news sites and discovered patterns which led us to the best possible rules. First, we ignore all advertisements and extra features on the sites that are not reported news stories. We are only interested in the main channels of the web sites where the lead stories of the day are displayed. Second, we determine the top “lead” story. That is the story with the largest font size for its title on the home page. The second most prominent story is the story that has a picture associated with it, if that story is different than the story with the next largest title. By considering many sites, we realized that a number of sites associate pictures with stories that they find particularly interesting, but are clearly not intended to be the most important story of the day. However, we do want those stories to be in our sample because the reader’s eye will be drawn to them.

Having figured out the first and second most prominent stories, we then rely on two factors to determine the next three most prominent stories. We first consider the size of the headline text and then the height on the home page. Therefore, for determining the third most prominent story, we look for the story with the largest title font after the top two most prominent stories. If there are several stories with identical font sizes, we determine that the story that is higher up on the page is more prominent. In cases where two articles have the same font size and the same height on the screen, we choose the article to the left to be the more prominent.

For the first two years of the NCI, we did not include online news stories that were audio or video features. Starting in 2009, PEJ changed its method of measuring online stories to allow for the inclusion of audio and video stories. See the section below entitled “Inclusion of Online Audio and Video in Index Calculations” for details on how the changes to the Index statistics have been incorporated.

Coding Procedures and Intercoder Reliability

A coding protocol was designed for this project based on PEJ’s previous related studies. Seventeen variables are coded, including coder ID, date coded, story ID number (these three are generated from the coding software automatically), story date, source, broadcast start time, broadcast story start timecode, story word count, placement/prominence, story format, story describer, big story, sub-storyline, geographic focus, broad story topic, lead newsmaker, and broadcast story ending timecode.

The source variable includes all the media outlets we code. The variable for broadcast start time applies to radio and TV broadcast news and gives the starting time of the program in which the story appears. Broadcast story start timecode is the time at which a story begins after the start of the show, while broadcast story ending timecode is the time at which a story ends. The variable for story word count designates the word count of each individual print/online news story. The placement/prominence variable designates where stories are located within a publication, on a website, or within a broadcast. The location reflects the prominence given the stories by the journalists creating and editing the content. Story format measures the type and origin of the text-based and broadcast stories, which designates, at a basic level, whether the news story is a product of original reporting, or drawn from another news source. Story describer is a short description of the content of each story. Big stories are particular topics that occurred often in news media during the time period under study. Sub-storyline applies to stories that fit into some of the long-running big stories, reflecting specific aspects, features or narrower elements of some big stories. The variable for geographic focus refers to the geographic area to which the topic is relevant in relation to the location of the news source. The variable for the broad story topic identifies which of the type of broad topic categories is addressed by a story. The variable for lead newsmaker names the person or group who is the central focus of the story.

The daily coding operation is directed by a coding manager, a training coordinator, a methodologist, and a senior researcher.

In 2010, the coding team responsible for performing the content analysis was made up of twenty individuals. Several of the coders have been trained extensively since the summer of 2006 and most of the coders have more than a year’s worth of coding experience.

Numerous tests of intercoder reliability have been conducted since the inception of the NCI in order to ensure accuracy among all coders.

2010 Intercoder Tests

PEJ conducted one major intercoder test over the course of 2010. This test focused on the complex variables that require extensive training, expertise and effective communication among the coders.

These are the Main Variables.

Main Variables

Over the course of Spring and Summer of 2010, we tested intercoder agreement for Main Variables. One hundred and five stories (representing 10% of a week's sample) were randomly selected from across all 5 media sectors. Coders were asked to recode 12 stories from the newspaper sector; 15 from online; 20 from network; 34 from cable and 24 from the radio sector.

In this round of testing multiple coders were asked to recode the same stories. A total of 17 coders participated in this test. The number of stories recoded by a coder depended on the amount of coding executed by the coder in the previous six weeks.

The percent of agreement was as follows:

Format: 83%

Big Story: 85%

Substory: 82%

Geographic Focus: 91%

Broad Topic: 78%

Lead Newsmaker: 84%

Lead Newsmaker 2: 95%

Select Housekeeping Variables

In addition to these Main Variables, we also tested certain Housekeeping variables in the same round of testing. Housekeeping variables are those that are necessary for each story, but require little or no inference from each other.

Placement: 97%

Broadcast Only Variable

Broadcast Start Time: 97%

2009 – Early 2010 Intercoder Tests

In 2009, PEJ conducted two phases of major intercoder testing to ensure continuing accuracy among all coders.

The first phase tested for variables that require little to no subjectivity from the coder. We refer to these codes as Housekeeping Variables. The second phase of testing was conducted in the fall of 2009. In this phase we tested for variables that are more complex and require more training and expertise. We call these the Main Variables.

Housekeeping Variables

In summer 2009, we tested intercoder agreement for Housekeeping variables. These are variables that are necessary for each story but involve little inference from each coder.

We used a random sample of 131 stories, representing all five media sectors that we code. This sample represented 10% of the number of the stories we code in an average week.

A total of 15 coders participated in the study. Each coder was asked to recode each of the 131 stories.

A total of 27 print (12 newspaper, 15 online) and 104 broadcast (44 network, 36 cable and 24 radio) stories were sampled.

The percent of agreement was as follows:

Story Date: 99%

Source: 97%

Placement: 94%

Print Only Variable:

Story Word Count (+/- 20 words): 84%

Broadcast Only Variables:

Broadcast Start Time: 98%

Story Start Time (+/- 6 seconds): 97%

Story End Time (+/- 6 seconds): 91%

Main Variables

The second group of variables we tested was referred to as the main variables, and they involve more training and interpretation. Having already demonstrated that we had a high level of agreement for all of our housekeeping variables, we then had the coders participate in separate tests for these main variables.

In the fall of 2009, we conducted intercoder testing for main variables. One hundred and thirty stories coded were randomly selected from all five media sectors (20 newspaper articles, 10 online stories, 36 network stories, 41 cable stories and 23 radio stories). These stories were coded over the course of 10 weeks.

A total of 16 coders participated in this test.

For main variables, we achieved the following level of agreement:

Format: 86%

Big Story: 85%

Substoryline: 83%

Geographic Focus: 89%

Lead Newsmaker: 86%

Lead Newsmaker 2: 90%

For our most complicated variable, Broad Story Topic, we conducted multiple tests in mid to late 2009 and early 2010. The average agreement for Broad Story Topic was 81%.

Testing Details

All the percentages of agreement for the above variables were calculated using a software program available online called PRAM.¹¹

Since the inception of the News Coverage Index, as new coders were hired and included in the coding team, they were given extensive training from both the training coordinator, content supervisor, and other experienced coders. New coders were not allowed to participate in the weekly coding for the project until they had demonstrated a level of agreement with experienced coders for all variables at an 80% level or higher.

Each coder works between 20 and 37.5 hours a week in our Washington D.C. office and was trained to work on all the print and broadcast mediums included in the sample. The schedule for each coder varies, but since all of the material included in the Index is archived, the actual coding can be performed at any point during the week.

To achieve diversity in the coding and ensure statistical reliability, generally no one coder codes more than 50% of a particular media sector within one week. Each coder codes at least three mediums each week. In the case of difficult coding decisions about a particular story, the final decision is made by either the coding administrator or a senior member of the PEJ staff.

The physical coding data is entered into a proprietary software program that has been written for this project by Phase II Technology. The software allows coders to enter the data for each variable, and also allows coders to review their work and correct mistakes when needed. The same software package compiles all of the coding data each week and allows us to perform the necessary statistical tests.

Total Media Combined: Creation and Weighting

The basis of measurement used to determine top stories in broadcast and cable is time, and in text-based media, it is words. Thus for cable news, for example, we refer to the percent of total seconds that a certain story received. In other words, of all the seconds analyzed in cable news this week, ground events in Iraq accounted for xx% (or xx seconds out of a total of xxx). The industry term for this is “newshole”-the space given to news content.

The main Index considers broadcast and print together, identifying the top stories across all media. To do this, words and seconds are merged together to become total newshole. After considering the various options for merging the two, the most straightforward and sensible method was to first generate the percent of newshole for each specific medium. This way all media are represented in the same measurement-percent.

Next, we needed to create a method for merging the various percentages. There were several options. Should we run a simple average of all five? Should we average all print and all broadcast and then average those two? Or, should we apply some kind of weight based on apparent audience?

Because each medium measures its audience differently (ratings per month in television, weekly circulation in newspapers, unique visitors in online), any system based on audience figures raises serious issues of discontinuity. Nonetheless, several of our advisors thought some kind of weight should be applied. Various options were considered, including a combination of different metrics, such as audience data alongside supplemental survey data. One consistent measure is that of public opinion surveys. The same question is posed about multiple media. Two such questions are asked regularly by the Pew Research Center for the People & the Press. One asks about “regular usage” and the other asks where people go for “national and international news.”

Before arriving at a method for the launch of the Index in January 2007, we tested multiple models:

Model 1: compile percentages for big stories for each of the five media sectors (newspapers, online sites, network TV, cable TV and radio), and then average those five lists into one final list.

Model 2: Divide the media sectors into two groups, text-based media (newspapers, online sites) and broadcast (network TV, cable TV, and radio). Average the lists of percentages between the two groups to get one final list.

Model 3: compile percentages for big stories for each of the five media sectors, and then add the weighted five lists together into one final list. The weights given to each media sector were calculated by averaging the three most recent survey data in terms of where people get news about national and international issues, collected by the Pew Research Center for the People & the Press (June 2005, November 2005, and August 2006). First, we take the average response for each media sector across the three time periods. Next, we rebalance the average percents to match the five media sectors in the Index—newspapers, online, network TV, cable TV, and radio—to equal 100%. Thus, the weight for newspapers would be 0.28, online would be 0.16, network TV would be 0.18, cable TV would be 0.26, and radio would be 0.12.

Model 4: compile percentages for big stories for each of the five media sectors, and then add the weighted five lists together into one final list. The weights assigned to each media sector were generated based on the regular media usage survey data, collected by the Pew Research Center for the People & the Press in their Biennial Media Consumption Survey 2006. Thus, the weight for newspapers would be 0.307, online would be 0.218, network TV would be 0.165, cable TV would be 0.201 and radio would be 0.109.

By testing two trial weeks’ data, we found that the lists of top five stories were exactly the same (top stories’ names and their ranks) using all four of these models, although some percentages varied. In the end, the academic and survey analysts on our team felt the best option was model 3. It has the virtue of tracking the media use for national and international news which is what the Index studies. Also, the Pew Research Center for the People & the Press asks this question about once every six months so we can reflect changes in media use. We adopted this model and plan to update the weights when appropriate.

Note: The weights used for data in Model 3 have been updated three times since the inception of the News Coverage Index.

2010 weights were calculated by averaging survey data from July and December 2009. These data were collected by the Pew Research Center for the People & the Press. The weights currently in use for the Index in 2010 are:

2010 Weights

Newspapers: 0.22

Online: 0.26

Network: 0.15

Cable: 0.24

Radio: 0.13

Inclusion of Online Audio and Video in Index Calculations

The decision to include audio and video stories for Online beginning in 2009 has meant that PEJ needed to create a method to incorporate different ways of measuring length (time in seconds versus amount of words) within the same media sector.

Prior to this change, the calculations for the percent of newshole for the online sector have been the percent of words (in text). By now including multi-media elements in our Web sample, this created a challenge for coming up with a percent of newshole calculation for that can incorporate both text and the length of multi-media stories in seconds. PEJ undertook several tests to come up with a simple, yet accurate method of creating an equivalent measure.

The process PEJ uses for valuing multi-media stories is to take the length of the multi-media story (in seconds) and multiply by 4 to get an approximate equivalent value to a text story of that number of words. For example, an online video that is 30 seconds in length would be given an equivalent value of 120 in words ($30 * 4$). An online video that is 60 seconds in length would be given an equivalent value of 240 words ($60 * 4$).

PEJ arrived at this method by first timing how long it takes for people to read news stories out loud. After having five people timed reading different types of news stories, we discovered that people read approximately 3 words per second. However, simply multiplying the length of a story by 3 would not accurately reflect the value of a multi-media story.

We then compared the distribution of length of online text stories to the distribution of length of online multi-media stories. To make this comparison, we took the distribution of 3500 online text stories over the last 6 months in the NCI and compared that to the distribution of length for 280 video stories compiled from 7 separate Web news sites. The median length of a text story was approximately 600 words while the median length of a video story was approximately 150 seconds.

Drawing from these comparisons, we determined that multiplying the length by 4 gave a reasonable approximate value to use in comparison to the length of a text story in words. No single multiplier would match exactly since the distribution of the length of Web videos is not linear, and because there is no simple way to quantify the value of visuals within multi-media stories along with the text. However, this simple method of multiplication gives us a straight-forward way to make approximate equivalents between two measures (seconds and words) that are not otherwise easily compared.

New Media IndEX

The New Media Index is a weekly report that captures the leading commentary of blogs and social media sites focused on news and compares those subjects to coverage in the mainstream press.

The New Media Index is a companion to PEJ's weekly **News Coverage Index**. Blogs and other new media are an important part of creating today's news information narrative and in shaping the way Americans interact with the news. The expansion of online blogs and other social media sites has allowed news-consumers and others outside the mainstream press to have more of a role in agenda setting, dissemination and interpretation. PEJ aims to find out what subjects in the national news the online sites focus on, and how that compares with the narrative in the traditional press.

Universe

Two prominent Web tracking sites, **Icerocket** and **Tweetmeme**, monitor millions of blogs, Tweets, and other pieces of social media, using the links to articles embedded on these sites as a proxy for determining what these subjects are.

Each of these two sites offers lists of the most linked-to news stories, based on the number of blogs, tweets, or other sites that link to them. These stories are almost always from mainstream news sources such as the New York Times Web site or CNN.com.

Each weekday between 9 and 10 am ET, a PEJ staff member manually captures these lists.

From those lists, the top five linked-to articles are captured for further analysis by PEJ staff. That results in ten articles a day and 50 articles a week.

Coding Procedures

Once the lists of articles are compiled, PEJ staff conducts a content analysis of the subject matter of these mainstream news articles in a similar manner to the **News Coverage Index**.

Almost all of the codes and rules are the same as with the NCI. For details about the variables and PEJ's intercoder testing procedures for these codes, refer to the detailed methodology about the **News Coverage Index**.

Among the variables is what we call Big Story, a variable also used in the NCI, which is a continuously evolving list of the major news storylines of the day. The Big Story variable is the primary one used to

see which topics are getting the most attention. A story must be 50% about a particular topic in order to be given a specific Big Story code.

The only additional variables used in the NMI are identifying the original outlet of the news story and tracking the number of links aimed at each story included in the sample. Technorati and Icerocket provide the number of links within their lists.

Calculations

The priorities of the bloggers are measured in terms of percentage of links. Each time a news blog or social media Web page adds a link to its site directing its readers to a news story, it suggests that the author places at least some importance on the content of that article. The user may or may not agree with the contents of the article, but they feel it is important enough to draw the reader's attention to it.

The calculations for the NCI have a different base. That Index uses the percent of time (in seconds) or space (in words) to arrive at the percent of newshole devoted to each topic.

The reason that the New Media Index uses a different measure, links rather than newshole, is because the nature of online media is different from other traditional forms of media. First, there is no limit to the amount of space that can be devoted to a specific story. In a newspaper, there is a limited amount of space on a front page, for example, and a television newscast is limited by its allotted amount of time. Web sites have no such limits.

Second, PEJ determined that in this procedure, the number of blogs that link to a news article are a far greater measure of the significance of that article online than the length of the story. A particular article might be quite long in terms of number of words, but if only a few blogs link to it, that article would have only a small influence in the new media environment. A short story that gets linked to many times has a far greater influence.

The percent of links for each Big Story is determined by taking the total number of links in the sample (from all 50 stories in the week) and then dividing that number by the number of links devoted to each specific Big Story. The percentages are then ranked in order to discover the five storylines that were most present in online commentary.

Differences from the NCI

In addition to the base calculation, there are three differences between the NMI and the NCI to note:

While the capture times for the Web sites included in the News Coverage Index rotate each day, a decision was made to keep the times the same for the New Media Index. The reasoning is that since these lists compile the number of links to stories over a 48-hour window, rotating the time of capture would result in different increments of times between each capture. Through testing, PEJ has discovered that the stories on the lists change significantly more over a 24-hour period than they do over a 12 or 16-hour period.

While the News Coverage Index is comprised of primarily U.S.-based media outlets, the aggregators of blogs and other social media include both U.S. and non-U.S. blogs. In addition, stories that are linked to can be from non-U.S. sources. However, according to PEJ's research over the last two months, the only non-U.S. news stories included in the top lists for Technorati and Icerocket have been the BBC (whose Web site is part of the News Coverage Index) and the Guardian.

PEJ's weekly **News Coverage Index** includes Sunday newspapers while the New Media Index is Monday through Friday.

YouTube Videos

The New Media Index also includes a section of the most popular news video on YouTube each week.

Each Friday at noon ET, a PEJ staff member captures the **list of most viewed news** and politics videos on YouTube over the previous week. These videos are categorized as such on the YouTube site and are often a mix of mainstream news reports, raw footage relating to breaking events, or other types of public affairs clips. PEJ determines the top five most viewed videos as they are listed on YouTube's page at the time of capture.

Note: After consulting various reference guides and outside consultants on usage, the Project has chosen to refer to its several weekly content analysis reports as "indexes"—the version largely accepted in journalism—instead of "indices"—a term used more frequently in scientific or academic writing.

News Interest Index

The *News Interest Index* is a weekly survey conducted by the Pew Research Center for the People & the Press aimed at gauging the public's interest in and reaction to major news events. This project has been undertaken in conjunction with the Project for Excellence in Journalism's *News Coverage Index*, an ongoing content analysis of the news. The News Coverage Index catalogues the news from top news organizations across five major sectors of the media: newspapers, network television, cable television, radio and the internet. Each week (from Monday through Sunday) PEJ compiles this data to identify the top stories for the week. (For more information about the Project for Excellence in Journalism's News Coverage Index, go to www.journalism.org.) The News Interest Index survey collects data from Thursday

through Sunday to gauge public interest in the most covered stories of the week.

Results for the weekly surveys are based on telephone interviews conducted under the direction of Princeton Survey Research Associates International among a national sample of approximately 1,000 adults living in the continental United States, 18 years of age or older. For results based on the total sample, one can say with 95% confidence that the error attributable to sampling is plus or minus 4 percentage points.

The combined landline and cell phone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin, region, and population density to parameters from the March 2009 Census Bureau's Current Population Survey. The sample is also weighted to match current patterns of telephone status based on extrapolations from the 2009 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cell phones have a greater probability of being included in the combined sample and adjusts for household size within the landline sample. Sampling errors and statistical tests of significance take into account the effect of weighting.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

1. Blumberg SJ, Luke JV. Wireless substitution: Early release of estimates from the National Health Interview Survey, January-June, 2010. National Center for Health Statistics. December 2010.
2. Data from 2010 indicate that the three evening networks reach about 21.6 million viewers and the three morning newscasts average about 12.4 million people daily. Nielsen Media Research, used under license.
3. Data from 2010 indicate that 3.2 million viewers watch cable news during prime time hours and 1.9 million watch during daytime hours. PEJ Analysis of Nielsen Media Research, used under license.
4. For 2010, the O'Reilly Factor averaged 3.2 million viewers a night while Larry King Live averaged 672,000 viewers. Nielsen Media Research on Media Bistro.com.
5. For 2009, circulation numbers indicate that 46 million people buy a newspaper each weekday. 2010 Editor and Publisher Yearbook Data.
6. According to the December 2007 survey, 27% of adults go online for news each day. Pew Internet, December 2007 survey. A more recent survey shows that 37% of Americans regularly go online for news. Pew Research Center for the People and the Press, July 2008 survey.
7. Pew Internet, 2005 survey.
8. By the spring of 2007, 93% of the population 12 and older listened to radio on a weekly basis. Arbitron ratings, Spring 2007 (<http://wargod.arbitron.com/scripts/ndb/ndbradio2.asp>) . Radio reaches 235 million Americans over the course of a week. Arbitron ratings, March 2008.
9. Arbitron, "Radio Today: How Americans Listen to Radio, 2007 Edition," April 13, 2007. March 2008 data shows that News/ Talk is the top or second top category of listening in every region of the country except one, ranking it as the most popular of all measured radio formats. Arbitron ratings, March 2008.
10. Current ratings data available at Talkers Magazine online.
11. See "The Content Analysis Guidebook," by Kimberly A. Neuendorf, Sage Publications, 2002.

Author's Note

This, the eighth edition of PEJ's State of the News Media, is an attempt to take stock of the revolution occurring in how Americans get news and information.

Each year, we analyze the major sectors of the news industry in depth and look across those different elements of the news media to see broader trends that cannot be identified by the traditional method of looking one sector at a time.

To produce the report, we combine data others have generated with our own reporting, and with our own data and original analysis. Our goal each year is to provide for citizens, journalists, researchers and scholars a singular resource about American journalism — the record of our civic and cultural life.

For each of the eight sectors studied, we examine developments in five distinct areas—audience, economics, newsroom investment, ownership and digital trends — and, often, alternative outlets as well. In addition to much new data, most charts and tables from earlier reports are updated and still available.

This year's report is redesigned to be simpler to navigate. Mindful of the potential of the web to present and process information in new ways, particularly visually, the media sector chapters now contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables and answer their own questions.

Our desire in this study is to answer questions we imagine any reader would find important, to help clarify the strengths and weaknesses of the available data, and to identify what is not yet answerable.

The study is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapters on newspapers and local TV, which were co-authored with industry experts. All of the chapters also benefit from the input of teams of readers who are experts in each media sector.

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

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

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

Authors & Collaborators

Many partners contributed to this report.

Along with PEJ staff, Rick Edmonds of the Poynter Institute co-authored the chapter on newspapers and Deborah Potter of Newslab co-authored the local TV chapter. The Pew Internet and American Life Project co-authored the survey on the use of mobile technology in local news consumption.

From the Project, researchers conducted the data aggregation and did initial drafting in the following areas: Katerina-Eva Matsa for the local television and magazine chapters, Kenny Olmstead for the online and audio chapters, Emily Guskin for the network, ethnic and alternative media chapters and parts of the newspaper chapter, and Jesse Holcomb for the cable television chapter.

Dana Page supervised web graphics, interactive and visual displays as well as press relations. Kenny Olmstead supervised the technical web developments.

For the Year in the News, Mark Jurkowitz wrote the narrative. The content analysis was supervised by Paul Hitlin, Hong Ji, Mahvish Shahid Khan and Tricia Sartor, who also managed the creation and execution of graphics. The content analysis execution was performed by the staff of PEJ with special help from Kevin Caldwell, Laura Houston Santhanam, Sovini Tan and Nancy Vogt. Steve Adams helped with updating the Who Owns the News Media Database. Cheryl Elzey managed the budget.

Amy Mitchell and Tom Rosenstiel supervised the project, edited the chapters and wrote the analytical components.

Paul Moore helped edit the report and Irv Molotsky was the copy editor.

Outside the Project, Michael Piccorossi, the Pew Research Center's director of digital strategy and IT, and Michael Keegan, graphics director, were instrumental in the design and creation of the interactive tools: Who Owns the News Media and A Year in the News. Russell Heimlich, PRC's Web Developer, built the report website and was the programmer for the Year in the News tool. Wendy Kelly of WLK Design redesigned the web site and will produce the executive summary. The Project's staff put the design into effect. Mark Hugo Lopez, the associate director of the Pew Hispanic Center was involved in the Hispanic Media chapter of the report and also served as a reader.

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PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

The State of the News Media

An Annual Report on American Journalism

2011



Online



Local TV



Cable



Newspapers



Ethnic



Radio



Magazines

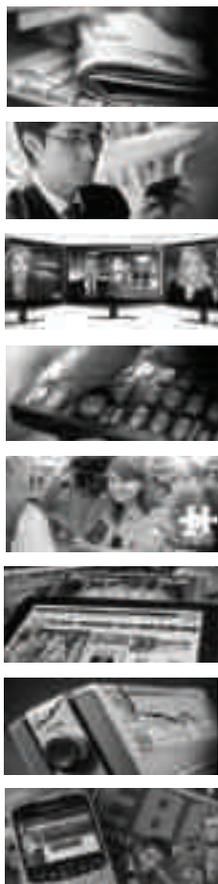


Network TV

Executive Summary

For the full report, log on to www.stateofthenewsmedia.org

The State of the News Media 2011



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About the Report

This, the eighth edition of PEJ's State of the News Media, is an attempt to take stock of the revolution occurring in how Americans get news and information.

Each year, we analyze the major sectors of the news industry in depth and look across those different elements of the news media to see broader trends that cannot be identified by the traditional method of looking at one sector at a time.

To produce the report, we combine data others have generated with our own reporting, and with our own data and original analysis. Our goal each year is to provide for citizens, journalists, researchers and scholars a singular resource about American journalism — the record of our civic and cultural life.

For each of the eight sectors studied, we examine developments in five distinct areas — audience, economics, newsroom investment, ownership and digital trends — and, often, alternative outlets as well. In addition to much new data, most charts and tables from earlier reports are updated and still available.

This year's report is redesigned to be simpler to navigate. Mindful of the potential of the web to present and process information in new ways, particularly visually, the media sector chapters now contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables and answer their own questions.

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.

Our aim is a research report, not an argument. Where the facts are clear, we hope we have not shied from explaining what they reveal, making clear what is proved and what is only suggested. We hope that we are not seen as taking sides. Our intention is to

inform, not to persuade, and where we interpret data to draw conclusions, our goal is to do so in a way that is fully supported by the data, and only when those data are clear.

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

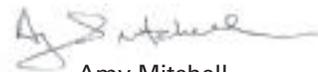
Our approach — looking at a set of questions across various media — differs from the conventional way in which American journalism is analyzed, one medium at a time. We have tried to identify cross-media trends and to gather in one place data that are usually scattered across different sites. We hope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

The study is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapters on newspapers and local TV, which were co-authored with industry experts. All of the chapters also benefit from the input of teams of readers who are experts in each media sector.

Finally, the project could not have been completed without the extraordinary support, both financially and personally, of the Pew Charitable Trusts, particularly Don Kimelman, a trusted editor, and Rebecca Rimel, whose idea this report was in the first place.



Tom Rosenstiel
Director



Amy Mitchell
Deputy Director

By several measures, the state of the American news media improved in 2010.

After two dreadful years, most sectors of the industry saw revenue begin to recover. With some notable exceptions, cutbacks in newsrooms eased. And while still more talk than action, some experiments with new revenue models began to show signs of blossoming.

Among the major sectors, only newspapers suffered continued revenue declines last year — an unmistakable sign that the structural economic problems facing newspapers are more severe than those of other media. When the final tallies are in, we estimate 1,000 to 1,500 more newsroom jobs will have been lost — meaning newspaper newsrooms are 30% smaller than in 2000.

Beneath all this, however, a more fundamental challenge to journalism became clearer in the last year. The biggest issue ahead may not be lack of audience or even lack of new revenue experiments. It may be that in the digital realm the news industry is no longer in control of its own future.

News organizations — old and new — still produce most of the content audiences consume. But each technological advance has added a new layer of complexity — and a new set of players — in connecting that content to consumers and advertisers.

In the digital space, the organizations that produce the news increasingly rely on independent networks to sell their ads. They depend on aggregators (such as Google) and social networks (such as Facebook) to bring them a substantial portion of their audience. And now, as news consumption becomes more mobile, news companies must follow the rules of device makers (such as Apple) and software developers (Google again) to deliver their content. Each new platform often requires a new software program. And the new players take a share of the revenue and in many cases also control the audience data.

That data may be the most important commodity of all. In a media world where consumers decide what news they want to get and how they want to get it, the future will belong to those who understand the public's changing behavior and can target content and advertising to snugly fit the interests of each user. That knowledge — and the expertise in gathering it — increasingly resides with technology companies outside journalism.

In the 20th century, the news media thrived by being the intermediary others needed to reach customers. In the 21st, increasingly there is a new intermediary: Software programmers, content aggregators and device makers control access to the public. The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader shaping its business.

Meanwhile, the pace of change continues to accelerate. Mobile has already become an important factor in news. A new survey released with this year's report, produced with Pew Internet & American Life Project in association with the Knight Foundation, finds that nearly half of all Americans (47%) now get some form of local news on a mobile device. What they turn to most there is news that serves immediate needs — weather, information about restaurants and other local businesses, and traffic. And the move to mobile is only likely to grow. By January 2011, 7% of Americans reported owning some kind of electronic tablet. That was nearly double the number just four months earlier.

The migration to the web also continued to gather speed. In 2010 every news platform saw audiences either stall or decline — except for the web. Cable news, one of the growth sectors of the last decade, is now shrinking, too. For the first time in at least a dozen years, the median audience declined at all three cable news channels.

In 2010 . . . some of the biggest new media institutions began to develop original newsgathering in a significant way.

For the first time, too, more people said they got news from the web than newspapers. The internet now trails only television among American adults as a destination for news, and the trend line shows the gap closing. Financially the tipping point also has come. When the final tally is in, online ad revenue in 2010 is projected to surpass print newspaper ad revenue for the first time. The problem for news is that by far the largest share of that online ad revenue goes to non-news sources, particularly to aggregators.

In the past, much of the experimentation in new journalism occurred locally, often financed by charitable grants, usually at small scale. Larger national online-only news organizations focused more on aggregation than original reporting. In 2010, however, some of the biggest new media institutions began to develop original newsgathering in a significant way. Yahoo added several dozen reporters across news, sports and finance. AOL had 900 journalists, 500 of them at its local Patch news operation (it then let 200 people go from the content team after the merger with Huffington Post). By the end of 2011, Bloomberg expects to have 150 journalists and analysts for its new Washington operation, Bloomberg Government. News Corp. has hired from 100 or 150, depending on the press reports, for its new tablet newspaper, The Daily, though not all may be journalists. Together these hires come close to matching the jobs in 2010 we estimate were lost in newspapers, the first time we have seen this kind of substitution.

A report in this year's study also finds that new community media sites are beginning to put as much energy into securing new revenue streams — and refining audiences to do so — as creating content. Many also say they are doing more to curate user content.

Traditional newsrooms, meanwhile, are different places than they were before the recession. They are smaller, their aspirations have narrowed and their journalists are stretched thinner. But their leaders also say they are more adaptive, younger and more engaged in multimedia presentation, aggregation, blogging and user content. In some ways, new media and old, slowly and sometimes grudgingly, are coming to resemble each other.

The result is a news ecology full of experimentation and excitement, but also one that is uneven, has uncertain financial underpinning and some clear holes in coverage. Even in Seattle, one of the most vibrant places for new media, “some vitally important stories are less likely to be covered,” said Diane Douglas who runs a local civic group and considers the decentralization of media voices a healthy change. “It’s very frightening to think of those gaps and all the more insidious because you don’t know what you don’t know.” Some also worry that with lower pay, more demands for speed, less training, and more volunteer work, there is a general devaluing and even what scholar Robert Picard has called a “de-skilling” of the profession.

Among the features in this year's The State of the News Media, produced by the Pew Research Center's Project for Excellence in Journalism, are reports on how American newspapers fare relative to those in other countries, two reports on the status of community media, a survey on mobile and paid content in local news, and a report on African American media.

Each year, this report also identifies key trends. In addition to the growing significance of third-party players in shaping the future of news, six stand out entering 2011:

■ **The news industry is turning to executives from outside.** The trend has a scattered history. The complex revenue equation of news — that it was better to serve the audience even to the irritation of advertisers that paid most of the bills — tended to trip up outsiders. It spelled the end, for instance, of Mark Willes at Times Mirror when he let advertisers dictate content. With the old revenue model broken, more companies are again looking to outsiders for leadership. One reason is new owners. Seven of the top 25 newspapers in America are now owned by hedge funds, which had virtually no role a few years ago. The age of publicly traded newspaper companies is winding down. And some of the new executives are blunt in their assessments. John Paton, the new head of Journal Register newspapers told a trade group in December: “We have had nearly 15 years to figure out the web and, as an industry, we newspaper people are no good at it.” A question is how much time these private equity owners will give struggling news operations to turn around. One of these publishers told PEJ privately that he believed he had two years.

■ **Less progress has been made charging for news than predicted, but there are some signs of willingness to pay.** The leading study on the subject finds that so far only about three dozen newspapers have moved to some kind of paid content on their websites. Of those, only 1% of users opted to pay. And some papers that moved large portions of content to subscription gave up the effort. A new survey released for this report suggests that under certain circumstances the prospects for charging for content could improve. If their local newspaper would otherwise perish, 23% of Americans said they would pay \$5 a month for an online version. To date, however, even among early adopters only 10% of those who have downloaded local news apps paid for them (this doesn't include apps for nonlocal news or other content). At the moment, the only news producers successfully charging for most of their content online are

those selling financial information to elite audiences — the Financial Times is one, the Wall Street Journal is another, Bloomberg is a third — which means they are not a model that will likely work for general interest news.

■ **If anything, the metrics of online news have become more confused, not less.** Many believe that the economics of the web, and particularly online news, cannot really progress until the industry settles on how to measure audience. There is no consensus on what is the most useful measure of online traffic. Different rating agencies do not even agree on how to define a “unique visitor.” Does that denote different people or does the same person visiting a site from different computers get counted more than once? The numbers from one top rating agency, comScore, are in some cases double and even triple those of another, Nielsen. More audience research data exist about each user than ever before. Yet in addition to confusion about what it means, it is almost impossible to get a full sense of consumer behavior — across sites, platforms, and devices. That leaves potential advertisers at a loss about how to connect the dots. In March 2011, three advertising trade groups, supported by other media associations, announced an initiative to improve and standardize confusing digital media metrics called Making Measurement Make Sense, but the task will not be easy.

■ **Local news remains the vast untapped territory.** Most traditional American media — and much of U.S. ad revenue — are local. The dynamics of that market online are still largely undefined. The potential, though, is clear. Already 40% of all online ad spending is local, up from 30% just a year earlier. But the market at the local level is different than nationally and requires different strategies, both in content creation and economics. Unlike national, at the local level, display advertising — the kind that news organizations rely on — is bigger than search, market researchers estimate. And the greatest local growth area last year was in highly

While local has been the area of greatest ferment for nonprofit startups, no one has yet cracked the code for how to produce local news effectively at a sustainable level.

targeted display ads that many innovators see as key to the future. Even Google, the king of search, sees display as “our next big business,” as Eric Schmidt, its CEO, told the New York Times in September.

■ **The nature of local news content is also in many ways undefined.** While local has been the area of greatest ferment for nonprofit startups, no one has yet cracked the code for how to produce local news effectively at a sustainable level. The first major concept in more traditional venues, the push toward so-called “hyperlocalism,” proved ill-conceived, expensive and insufficiently supported by ads. Yahoo’s four-year-old local news and advertising consortium has shown some success for certain participants but less for others. There are some prominent local news aggregators such as Topix and Examiner.com, and now AOL has entered the field with local reporting through Patch. Whether national networks will overtake small local startups or local app networks will mix news with a variety of other local information, the terrain here remains in flux.

■ **The new conventional wisdom is that the economic model for news will be made up of many smaller and more complex revenue sources than before.** The old news economic model was fairly simple. Broadcast television depended on advertising. Newspapers on circulation revenue and a few basic advertising categories. Cable was split half

from advertising and half from cable subscription fees. Online, most believe there will be many different kinds of revenue. This is because no one revenue source looks large enough and because money is divided among so many players. In the biggest new revenue experiment of 2010, the discount sales coupon business led by Groupon, revenue can be split three ways when newspapers are involved. On the iPad, Apple gets 30% of the subscription revenue and owns the audience data. On the Android system, Google takes 10%. News companies are trying to push back. One new effort involves online publishers starting their own ad exchanges, rather than having middlemen to do it for them. NBC, CBS and Forbes are among those launching their own, tired of sharing revenue and having third parties take their audience data.

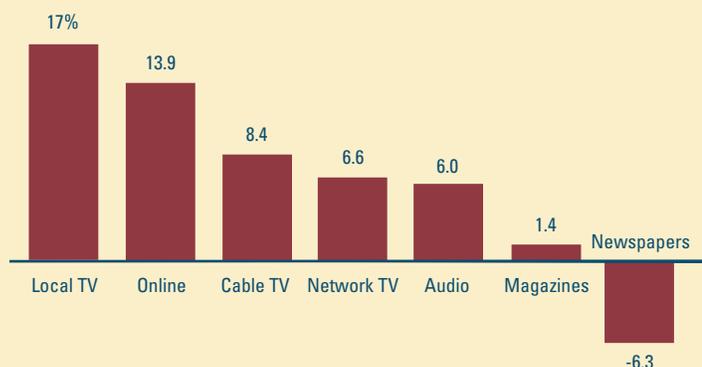
■ **The bailout of the auto industry helped with the media’s modest recovery in 2010.** One overlooked dimension in the year past: a key source of renewed revenue in news in 2010 was the recovery in the auto industry, aided by the decision to lend federal money to save U.S. carmakers. Auto advertising jumped 77% in local television, 22% in radio and 17% in magazines. The other benefactor of the news industry, say experts, was the U.S. Supreme Court: Its Citizens United decision allowing corporations and unions to buy political ads for candidates helped boost political advertising spent on local television to an estimated \$2.2 billion, a new high for a midterm campaign year.

Who Fared Best (and Worst) in 2010?

People are spending more time with news than ever before, but when it comes to the platform of choice, the web is gaining ground rapidly while other sectors are losing. In 2010, online was the only media sector seeing audience growth, and cable news joined the ranks of older media suffering audience decline. In terms of economics, every sector of the news media saw revenues grow above the levels of a dismal 2009 except for one: Newspaper revenues fell again, a sign that structural problems of the print newspaper are more severe than any other media sector.

Advertising Revenues Bounce Back For Most

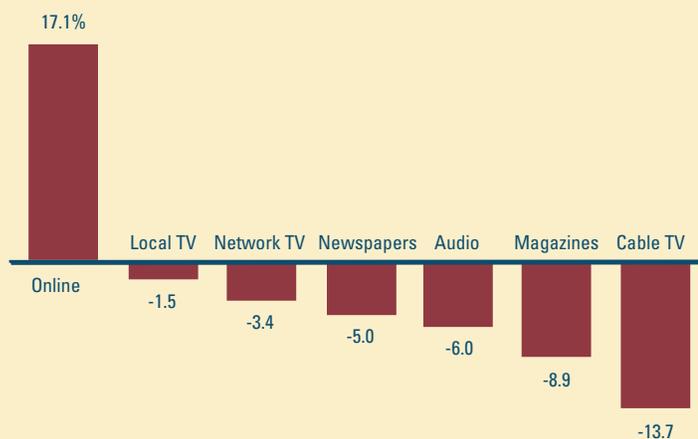
Percentage Change in Revenue, 2009-2010



Note: The various media sectors use slightly different metrics to measure economic and audience growth. In order to create the most accurate comparison here, we used the percentage change for each industry rather than total figures. For detailed footnotes on the sources of the data, please visit the Key Findings section of the report online at: <http://stateofthemediamedia.org/2011/overview-2/key-findings/>.

Audiences Turn to Web

Percentage Change in Audience, 2009-2010



Survey: Mobile News & Paying Online

The rise of mobile digital devices has already altered the environment of local news and information. Traditional news organizations and other community-based information providers are trying to respond to audience interest with pervasive, portable, real-time local information. To understand this changing information environment, the Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project conducted a national survey in partnership with the Knight Foundation. The full report can be found at <http://stateofthemedias.org/2011/mobile-survey/>.

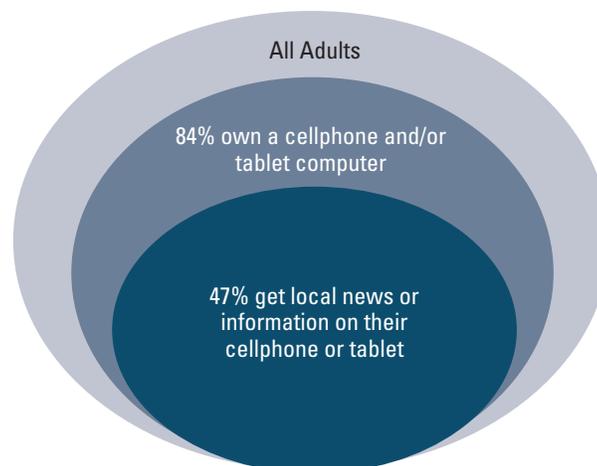
Mobile news takes off

■ Nearly half of all American adults (47%) report that they get at least some local news and information on their cellphone or tablet computer. That compares to only 26% of adults who, one year earlier, got news of any kind (local or national) on their cellphones, according to a separate Pew Internet national survey.

■ Tablets and smartphones have also brought with them news applications or "apps." One-quarter (24%) of mobile local news consumers report having an app that helps them get information or news about their local community. That equates to 13% of all device owners and 11% of the total American adult population.

Half of All Adults Get Local News or Information On a Cellphone or Tablet Computer

The Percentage of Each Group



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

- Currently, only 10% of adults who use mobile apps to connect to local news and information pay for those apps. This amounts to just 1% of all adults.

Some local news goes mobile

- We asked specifically about the kinds of local information obtained through mobile devices. The most sought-after material was local weather; about 4 in 10 mobile phone and tablet owners (42%) use their mobile device to access local weather information. That represents 36% of all American adults.
- The next biggest category among cellphone and tablet owners was information on restaurants or other local businesses (37%). General local news came next (30%), followed by other news such as up-to-the minute information of local sports scores (24%) and the latest local traffic and transportation (22%).

Paying for local news

- One question in the news industry is whether the willingness to pay for online content would grow if people faced the prospect of their local media not surviving otherwise. In this survey, 23% of survey respondents said they would pay \$5 a month to get full access to local newspaper content online if that were the only way the information was available.
- A series of questions measuring paid local news content revealed that just 36% of adults pay for any local news content. For the vast majority of those adults, that comes in the form of newspaper subscriptions. One in three adults (33%) report paying for a local newspaper subscription; just 5% report paying for local news in some other form such as a blog or other online venue.
- College graduates and adults with household incomes of at least \$75,000 are slightly more likely than the least educated and lowest income adults to say they would be willing to pay a monthly fee. And African American (27%) and Hispanic (27%) adults are more likely than white adults (18%) to be willing to pay a fee.

Would You Be Willing to Pay for Your Local Newspaper Online?

The Percentage of Each Group Who...

	All Adults	Already Pay for Local News	Do Not Currently Pay for Local News
Would be willing to pay \$5 per month	23%	32%	18%
Would not pay this amount	74	63	79*
Would be willing to pay \$10 per month	18	24*	14
Would not pay this amount	78	67	84*

Note: *indicates a statistically significant difference at the .95 confidence level.
 Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

Newspapers



For newspapers, 2010 was comparatively calm after the hair-raising revenue dips of 2008 and 2009. That was cold comfort, however, to an industry still laboring to find a sustainable business model for the future. Still, contrary to what those who have already written print's obituary may think, newspapers generally were still operating in the black. Typical profit margins hovered around 5%. That, however, is less than a quarter of what they were in the industry's glory years of the 1990s.

Economics

- In a year when most other media businesses rallied, advertising revenues at newspaper organizations continued to fall — 6.3% for the year. That compares to a drop of 26% in 2009.
- Online revenues grew quickly in the middle years of the decade, but then crested and dropped in 2008 and 2009. Online did resume its growth in 2010 but has not yet recovered to its 2006 peak. Print ad revenues, despite their battering, still dwarf digital.
- With the losses of the three previous years, newspaper advertising is down roughly 48% total since 2006 — in other words, barely half what it was five years ago. Expenses are headed back up,

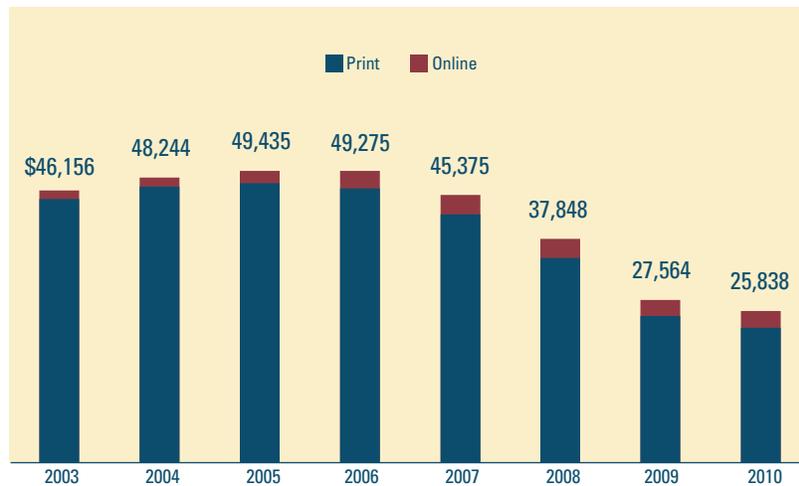
especially for newsprint, whose prices are running 20% to 30% higher, compared to a year earlier. Earlier rounds of staff cuts and savings from outsourcing or consolidation have cycled through.

Audience

- For the six-month period ending September 30, daily circulation was down 5%, Sunday down 4.5%, compared to the same period a year earlier. That is less than half that of 2009 but, newspapers have been dogged by declining circulation for 15 consecutive six-month periods.
- The Wall Street Journal had the biggest year-to-year gain in 2010 and continued to widen its daily circulation lead over other papers, selling 2,061,142

Print and Online Advertising Revenues Fall in 2010

In Millions of Dollars



Source: Newspaper Association of America.

Newspapers

copies on a typical day.¹ Journal circulation has held about even over the past two years while its chief rival in circulation, USA Today, fell by about 460,000 copies.

- Over the last 20 years, the number of daily American newspapers has decreased slowly but steadily. From 1,611 in 1990, the number fell to 1,387 in 2009, the most recent year for which figures are available. That is a decline of 14%.

News Investment

- Employment of full-time professional newspaper editorial staff peaked at 56,400 in 2000. It then fell 26.4% through 2009.

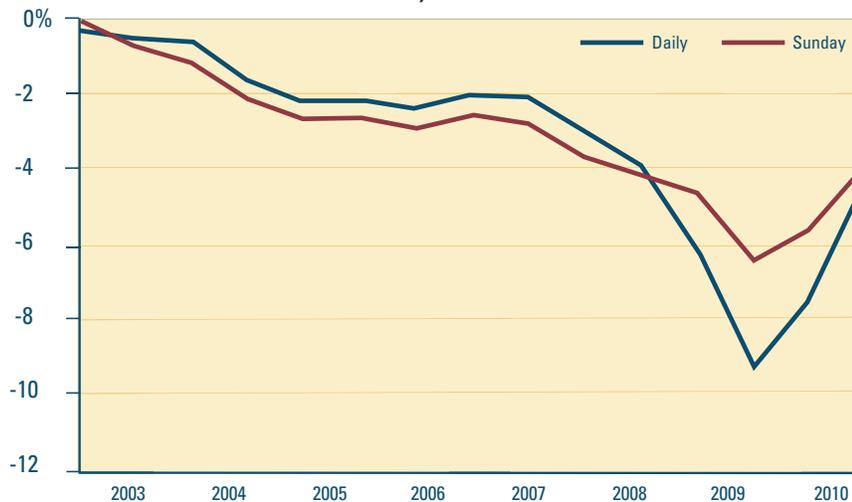
¹ This includes 449,000 paid online subscriptions.

Digital

- Digital audience is not measured comparably or as reliably as print. But by the standard of unique visitors per month, individual sites and the industry as a whole continued to grow in 2010. The Newspaper Association of America reported an average of 105.3 million unique visitors per month in the fourth quarter of 2010.
- Most newspaper companies saw improvements in digital revenues, especially if they diversified into non-newspaper digital ventures. Many major papers made their work available in mobile phone apps, new apps for the iPad and other tablets, and various other electronic editions — all of which consumers seem willing to pay for, though none is a short-term revenue bonanza.

Newspaper Circulation Declines for 15 Consecutive Periods

Percent Declines in Circulation by Six-Month Period



Source: Deutsche Bank Securities and Audit Bureau of Circulations.

Online



Last year was a milestone year for online news. For the first time, total online advertising surpassed newspaper print advertising. And, in another first, more people now report regularly turning to the internet for news than to a newspaper. But the future for news making money online is far from clear and news organizations are just beginning to experiment with ways of developing other revenue streams online. If there is a path to monetizing news online, as of 2011 the trail was unclear.

Audience

- In December 2010, 41% of Americans cited the internet as the place where they got “most of their news about national and international issues,” up 17% from a year earlier. Fully 46% of people now say they get news online at least three times a week, surpassing newspapers (40%) for the first time. Only local TV news is a more popular platform in America now (50%).
- The generational differences are striking. Among 18-to-29-year-olds, the internet even beat out television in 2010 to become the No. 1 platform of choice for news. Nearly two-thirds of that age group, 65%, said they got most of their news from the internet, 52% turned to television and 21% to newspapers. (Respondents are allowed to name two sources.)
- The new wild card in digital is mobile. A survey released as part of The State of the News Media

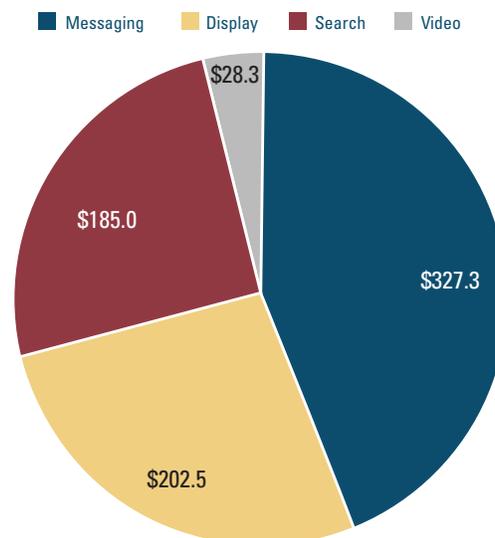
finds that 47% of Americans now say they get some kind of local news on mobile devices such as cellphones or other wireless devices (such as iPads). As of January 2011, just 7% of Americans owned electronic tablets, according to our new survey, but that is nearly double from four months prior; and 6% of American adults have e-readers.

Economics

- Overall, online advertising (on both news and non-news sites) grew 14% in 2010 to \$25.8 billion, according to estimates from the research firm eMarketer. That pushed total online ad dollars, which includes all types of web and digital advertising, ahead of those spent on newspaper advertising for the first time. That is over \$2 billion more than newspaper print advertising in 2010, according to projections based on Newspaper Association of America figures for the first three quarters of 2010.

Text Messages Dominate Mobile Ad Spending

In Millions of Dollars



Source: eMarketer. "Mobile Advertising and Marketer: Past the Tipping Point." October 2010.

- The problem for journalism is that the growth that has occurred online has not occurred as much in advertising associated with news. Search, which grew 16% in 2010, continues to draw by far the largest portion of total online ad spending, nearly half (48%). Banner ads, where most news organizations still get the majority of their online ad revenue, grew at about the same rate as search (16%) but make up around 22% of total online advertising.
- Local is potentially a very important market for news. Roughly 40% of all online ad spending is now local, and that is up from 34% only a year earlier. Moreover, in the local ad market, display ads (the kind that news relies on) are a bigger piece of the pie, even outpacing search (44% versus 38% for search), according to Borrell Associates.
- Total mobile advertising spending (which includes ads on cellphones, smartphones like the BlackBerry and tablet devices like the iPad) in 2010, according to projections from eMarketer, will reach \$743 million, a 79% increase over 2009.²

The dollars here are still small relative to other on-line advertising — browser-based search alone is around \$12 billion where mobile search (a component of all mobile spending) is \$185 million. Still, the growth here is dramatic.

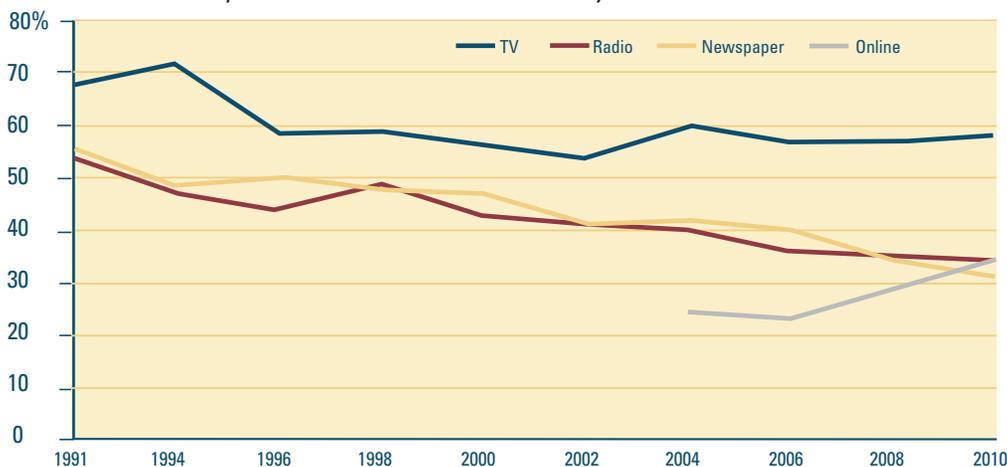
News Investment

- In February 2011, AOL announced that it would buy the Huffington Post for \$315 million. AOL already has national journalists — many more than Huffington Post. It also has an established destination. AOL is the No. 3 or 4 most-visited site online, depending on the ratings company. Huffington Post ranks No. 8. AOL could solidify its role as a major destination for news with this purchase, leveraging the Huffington Post for more advertising dollars, something AOL will need as it continues to lose dial-up customers, the original core of its business.

² Elkin, Noah. "Mobile Advertising and Marketing: Past the Tipping Point." eMarketer. October 2010.

The Web Surpasses Newspapers in News Audience

Percent of Respondents Who Got News "Yesterday" from Each Platform



Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

Network



As the economy improved in 2010, network broadcast news quietly went through an arduous period of change. The news division of one network, ABC, instituted sharp personnel cuts designed to accomplish a “fundamental transformation” in the way network news is produced. Another, CBS News, worked its way from financial losses back to break-even, while management continued to strengthen a depleted bench of correspondents and news producers. NBC prepared for new owners, the third such transition since NBC was founded in 1926, and if history is a guide, the change will alter the network more than most pre-sale analyses predicted.

Audience

- In the evening, an average of 21.6 million people watched one of the three signature network news programs each night during the year. That is a loss of 752,000 viewers, or 3.4%, from the average viewership the year before, according to PEJ analysis of data from Nielsen Media Research.
- Still, four times as many people watch the three network evening newscasts on ABC, CBS and NBC during the dinner hour than watch each cable news channel's (CNN, Fox News and MSNBC) highest-rated program in prime time, when vastly more people watch TV overall.³
- Morning news saw a 3% decline in 2010, to 12.4 million people on average tuning in to one of the network programs each day versus 12.8 million in 2009, according to data from Nielsen. That is a decline of 382,000 viewers for the year on average.

³ These shows were The O'Reilly Factor on Fox News, Countdown With Keith Olbermann on MSNBC and Larry King Live on CNN. The three most popular prime time news programs overall are all on Fox News.

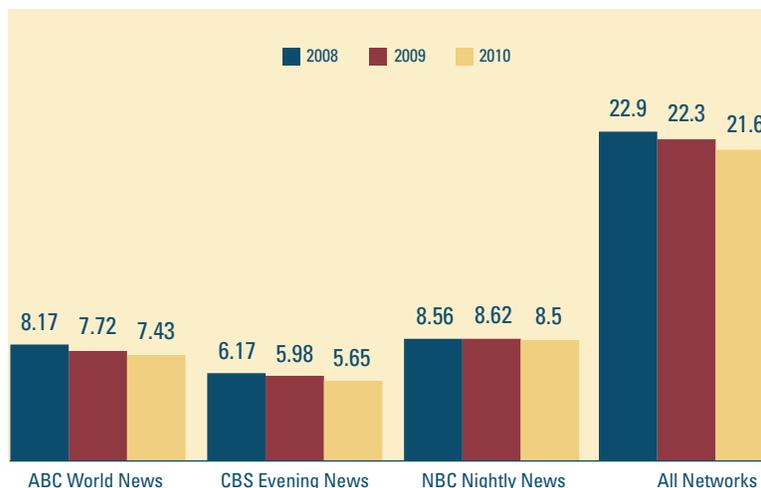
- News magazines, which fill about seven hours a week of the broadcast lineup, also had audience declines in 2010, in some cases at higher rates than either evening or morning news. The most notable exception to that was Nightline, which by year's end was consistently beating its entertainment rivals in the 11:30 p.m. (Eastern) timeslot.

Economics

- At ABC News, PEJ estimates revenues grew by single digits from the year before, probably in the range of 6%. That would put news division revenues at about \$635 million for 2010, including digital.
- At CBS News, assuming growth in the 6% range, PEJ estimates its news division revenue was in the neighborhood of \$425 million in 2010, up from \$400 million in 2009. This includes revenue from all news programming, including 60 Minutes, Sunday Morning, Face the Nation and 48 Hours Mystery.

Evening News Audiences Drop at All Networks

Year-to-Year Average Viewers per Night In Millions



Source: Nielsen Media Research, used under license.

■ PEJ estimates that NBC News, from its various parts, brought in revenue of approximately \$2 billion last year.

News Investment

■ Of all of the networks, ABC News had the biggest overall staff reductions in 2010. In February, more than 300 ABC News employees departed. In April, more employees were fired, bringing the total staff reductions, according to press reports, to be between 375 and 400 (roughly 25% of the news staff).

■ CBS News also reduced staff in 2010, but not as sharply. In February 2010 it announced cutting 75 positions from its staff of between 1,400 and 1,500. It went through leadership change as Sean McManus, the president of both the news and sports division of CBS left news to focus on sports.

■ The number of domestic news bureaus in 2010 remained stable, though staffing in those bureaus in several cases declined. ABC News announced that it would eventually close the majority of its domestic news bureaus, moving pared-down staffs to work out of affiliate stations. In 2010, it shuttered only the San Francisco location. NBC News reopened its bureau in Miami, which had been closed in 1991.

PBS

■ The audience for the PBS NewsHour held steady with about 1.1 million viewers for the 2009-10 season compared with the season before, in contrast with the other broadcast networks which saw declines. NewsHours' ratings also remained stable at 0.8, compared to NBC's 5.6, ABC's 5 and CBS' 3.8.

Domestic News Bureaus by Network

ABC	CBS	NBC
Atlanta	Atlanta	Atlanta
Chicago	Chicago	Chicago
Dallas	Dallas	Dallas
Los Angeles	Los Angeles	Burbank (Los Angeles)
Miami	Miami	Miami (new)
New York	New York	New York
Seattle	San Francisco	Washington
Washington	Washington	

Closed: San Francisco

Source: Networks

Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its domestic news bureaus.

Cable TV



Viewers left cable news en masse in 2010 — and not just CNN. Fox News Channel and MSNBC lost viewers too, though not by margins as wide as at the oldest 24-hour-news network. As news consumers turned increasingly to the web, cable may no longer be the go-to destination for breaking news, and even opinionated talk programs may have reached their capacity. Still, every channel experienced growth in revenue and profit projections last year, in part thanks to advertising and subscriber rates that are locked in over extended periods of time. It remains to be seen whether cable can sustain that kind of growth with diminished audiences.

Audience

- In prime time, the median number of viewers watching the three major cable news channels dropped 16% to 3.2 million. CNN suffered the biggest losses, dropping 37%. Fox News Channel dropped 11%, and MSNBC, 5%.
- The audience losses occurred in daytime as well, though not as precipitously. Median viewership of the three main channels combined fell 12%, to 1.9 million in 2010.

Economics

- Despite declining audiences, revenues for each of the cable news channels were projected to increase in 2010 a total of 10.7% across the three networks: Fox grew 17% to \$1.5 billion, CNN and HLN 5% to \$1.2 billion, and MSNBC was up 7% to \$383 million.

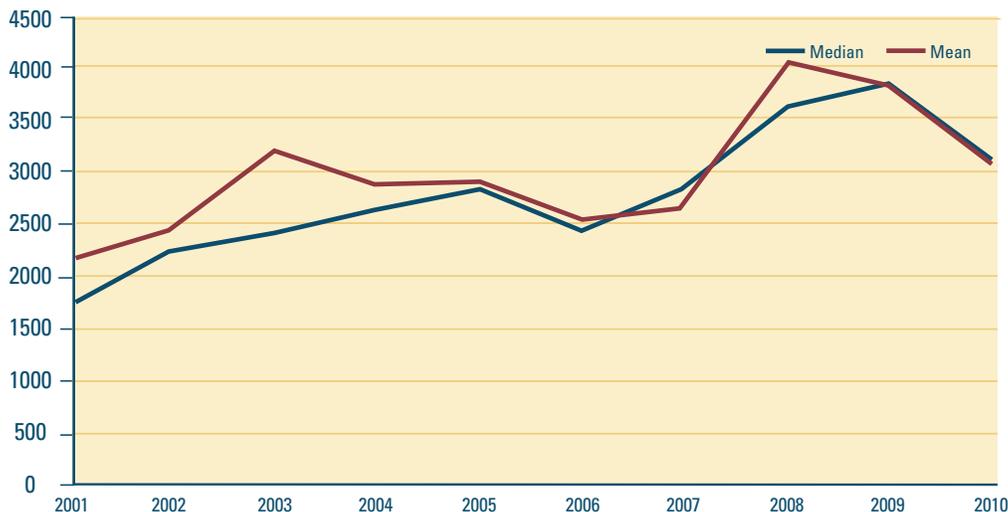
- Profits were projected to grow too: Fox was expected to earn \$816.3 million in 2010, up 27% from 2009 levels. CNN and HLN were expected to earn \$559.6 million, up 7% from 2009. And MSNBC was expected to earn \$172 million, up 8%.

News Investment

- For the first time, Fox surpassed CNN in total dollars spent on the news. Fox was projected to spend \$686 million in 2010 to CNN/HLN's \$672 million.
- CNN, however, still maintained a bigger news infrastructure than its competitors, with 47 bureaus, domestic and foreign, in 2010. Fox, which spends more of its money on hosts, had 17 bureaus or offices. MSNBC, which uses NBC News bureaus, had access to 21 editorial offices, according to information from the channels.

Prime-Time Audiences Leave Cable News in 2010

Sum of CNN's, Fox's and MSNBC's Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license.

Ownership

■ In January 2011, Comcast, the nation’s largest cable TV company, finally completed taking control of NBC Universal, the parent of MSNBC and CNBC. In the works for more than a year, the deal gave Comcast 51% control of NBCU for a cost of \$14 billion. General Electric purchased French company Vivendi’s 20% share. That leaves GE with a 49% stake. Under Comcast’s management now are NBCU’s broadcast, cable and online news brands, along with its entertainment divisions, theme parks and unconsolidated investments.

smaller base, both of its rivals posted larger improvements when expressed as a percentage gain. Fox Business Network grew its revenues by 26% and cut its losses by \$16.7 million. Bloomberg TV increased revenues by 19.1% and its profits by 49.2%. CNBC increased revenues by 7%, to \$722.9 million, nearly double that of MSNBC.

Specialty News Channels

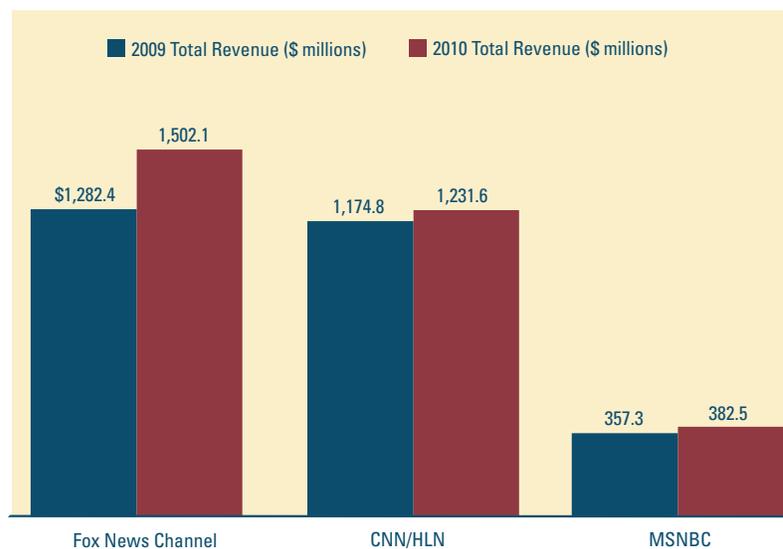
■ Among the trio of domestic financial news channels — CNBC, Fox Business News and Bloomberg — CNBC remained the distant leader in overall revenues and profits in 2010. Starting from a much

Digital

■ According to Nielsen Online, each cable channel’s home on the web experienced an audience drop in 2010. CNN’s digital network — which, besides CNN.com, includes sites like CNN Money, Time.com and People.com — dropped 5.6% to 35.7 million in 2010. Fox’s digital network, which includes sites like foxbusiness.com, was down 6.1% to 15.5 million. And the MSNBC digital network — which includes sites like todayshow.com and NBCSports.com — was down 12.1% to 32 million.

Revenues Rise for All Three Channels

Total Revenues for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC.
Note: All figures are estimates.

Local TV



Local television stations had a better year in 2010 but are far from secure. Revenues rose substantially from a five-year low in 2009 but the audience for local news in key time slots on network affiliates continued to fall. And the makeup of the typical TV newsroom continued to change. Local stations were able to hire again in 2010 after staffing hit a seven-year low the year before. But stations are shedding high-priced anchor talent and moving to make more use of multitasking solo journalists.

Audience

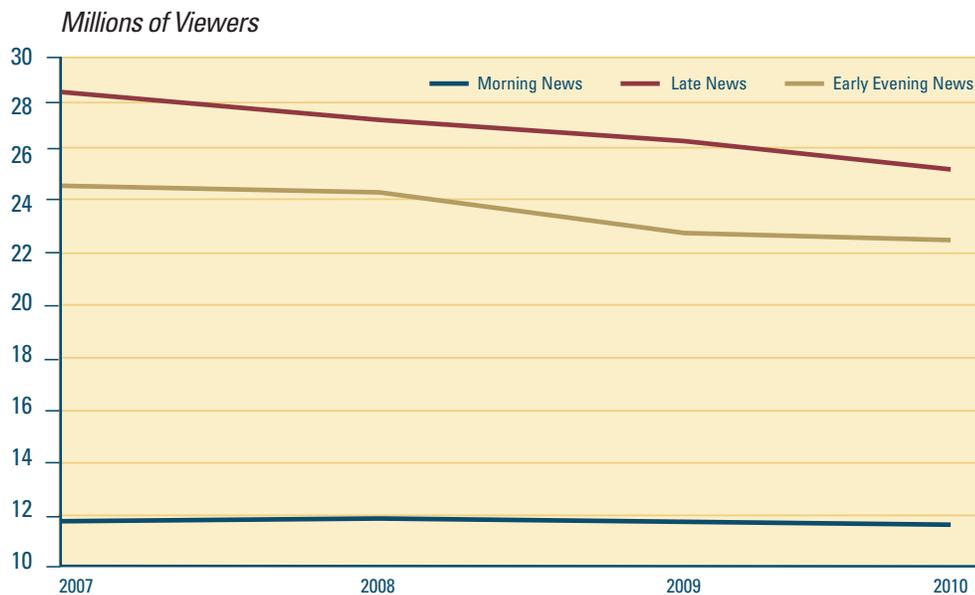
- At network affiliates, viewership continued to decline in all the traditional time slots (5-7 a.m., 5-7 p.m., 11-11:30 p.m.), across all sweeps periods. The average decline in 2010 was 1.5%, with early evening down an average of 1.1%, late local newscasts down just under 2% and morning news, once looked to as a potential growth area for local television, down an average of 1.3%.
- Fox affiliate newscasts also lost viewers in both their basic timeslots. Local morning newscasts lost 1% and prime-time news lost 4.9%.
- Two nontraditional timeslots did see growth. Viewership in the new early timeslot of 4:30 a.m. was up more than 50% in just one year as stations in 69 markets aired news at this hour in 2010, compared to 28 in 2009. And viewership at the 7 p.m. hour rose 2.08% in 2010.

- Independent stations have added more news and grown their audiences. Viewership across all time slots increased more than 35% November to November to 571,000 viewers.

Economics

- After suffering huge losses during the recession in 2009, broadcast ad revenues for local TV stations were projected to end 2010 at \$18.5 billion, 17% higher than the year before. Auto ads that had virtually vanished in 2009 fueled much of this rebound, up 77% from the year before through the first three quarters of 2010. And political ad spending set a new record in 2010. Of the estimated \$3 billion spent, \$2.2 billion (73%) went to local television stations.

Local News Viewership Declines in Key Time Slots



Source: Nielsen Media Research, used under license.
 Note: Numbers represent ABC, CBS, Fox and NBC affiliates.

Ownership

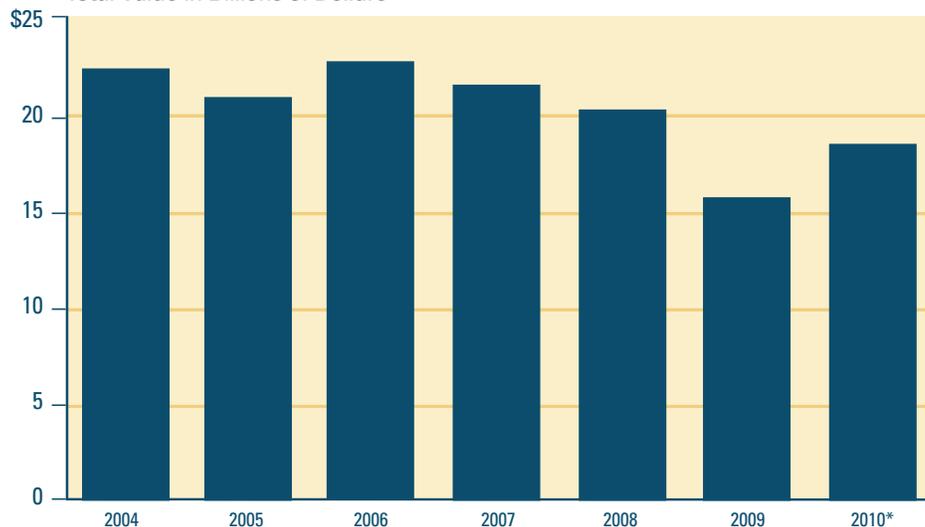
- Only about half a dozen full-power stations were sold in 2010, a total value of \$13 million dollars, according to BIA/Kelsey.
- The fate of the 23 television stations owned by Tribune remained unsettled as the company struggled to fully emerge from bankruptcy.
- The amount paid for stations has dropped. Indeed, ABC sold its stations in Flint, Michigan, and Toledo, Ohio, to the privately owned SJL Broadcast Group for just \$30 million — a quarter of what ABC paid for them in 1995.

Digital

- Online revenue was a growth area for local TV news stations. According to Borrell Associates, local stations brought in \$1.34 billion from online advertising in 2010, an 8% increase from the year before. Stations also captured a larger share of local online advertising — just under 10%, according to the Borrell data. Overall, however, online still makes up just 5% of local TV advertising revenue.
- Stations brought in \$29 million in local mobile advertising in 2009, Borrell reported. That is 12% of the total local mobile advertising market.
- More stations also offered smartphone apps in 2010. An informal PEJ count of iPhone apps available on iTunes found more than 230 offered by local TV stations.

Total Local Broadcast Revenue Recovers Some

Total Value in Billions of Dollars



Source: BIA/Kelsey.

Note: *2010 number is an estimate.

Magazines



After two difficult years, the magazine industry in 2010 managed to significantly slow its decline. Overall, circulation was still down slightly and advertising revenue was flat. U.S. News & World Report stopped printing and Newsweek was sold for a dollar, while Time emerged as the victor among the three. Niche news magazines — The Economist, The Week, The Atlantic and the New Yorker — continued to thrive in 2010.

Audience

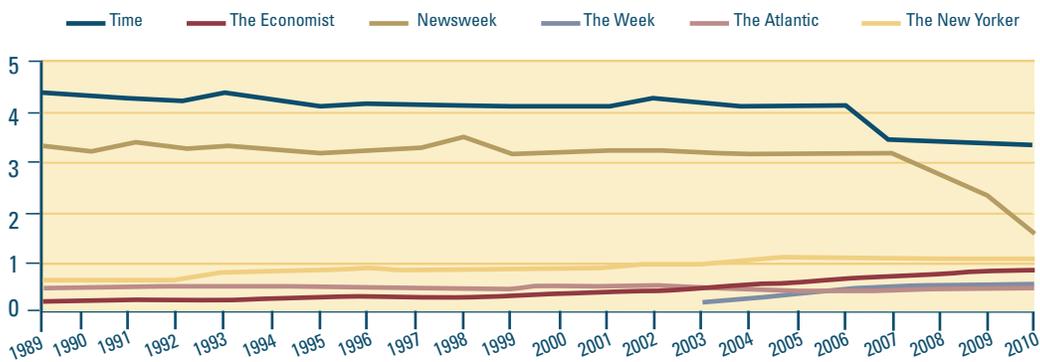
- Overall circulation for the 458 consumer magazines was down 1.5% in the latest audited period, according to PEJ's analysis of data from the Audit Bureau of Circulations. Paid subscriptions were down 1.1% in the second half of 2010 compared with the same time period in 2009. Single copy sales, in decline since 2008, fell another 8.2% in the second half of 2010.
- For the six news magazines this report analyzes (now minus U.S. News) circulation fell 8.9% in 2010. Newsweek saw the highest decline in circulation of 31.6%. However, Time magazine has come a long way in stabilizing its circulation in the last two years. Time lost just 1.1% in 2010 (and 0.7% in 2009).

Economics

- The economic picture for the magazine industry is not exactly bright, but in 2010 it at least stopped the bleeding. After declines of 11.7% in 2008 and 25.6% 2009, the number of ad pages sold remained flat in 2010 (-0.1%), according to data from the Publishers Information Bureau. Automotive advertising jumped 16.9% in 2010, following a 40.5% drop in 2009.
- Among news magazines, the niche titles again had a much stronger year. Time's number of ad pages slid 2.9% in 2010. Newsweek's ad pages — on par with its tumbling circulation — dropped 19.8% year to year. To the contrary, all four niche magazines in this group enjoyed strong growth in ad page sales in 2010 compared to 2009. Most noteworthy are The Atlantic at 24% and The Week at 16.8%.

News Magazine Circulation

In Millions



Source: Audit Bureau of Circulations, FAS-FAX reports for consumer magazines.
Note: Data represent circulation numbers for full years.

News Investment

- Both Time and Newsweek reduced the number of their employees in 2010. Time's full-time editorial staff has declined from 304 in 2003 to 126 in 2010 (not including contributors) and Newsweek's from 176 to 133 for the same years.
- Online staff is growing though it does not entirely make up for losses elsewhere. Time.com staff has expanded, from 14 people in 2007 to 29 in 2010. Newsweek's growth was smaller to 22 online staff members in 2010 from 18 in 2009.

Washington Post Company, had sold the magazine to audio magnate Sidney Harman for \$1 and the assumption of Newsweek's extensive debt. The magazine lost \$6 million in 2007 (before pension credits). That grew to a loss of \$28.7 million in 2008 and \$56 million in 2009.

- In the consumer magazines sector, 26 acquisitions were announced, compared to 41 in 2009, according to Jordan, Edmiston Group.

Ownership

- A major development of the year came in November when Newsweek magazine and The Daily Beast web publication agreed to merge operations into a new company — the Newsweek/DailyBeast Company. Four months earlier, the

Digital

- News magazine websites continue to rank relatively low among all magazine and news websites, according to data available by Nielsen Netview. Slate.com and Time.com, for instance, attract one-tenth of the number of unique monthly visitors as Yahoo News, which is ranked at the top of news sites. The evolution of the e-tablet, more suited to long-form reading, brings with it new potential for digital magazines.

News Magazines Ad Pages Enjoy Slight Gains

	2009	2010	% Change
Newsweek	1,116.73	895.70	-19.8%
Time	1,447.05	1,405.52	-2.9
The Economist	1,970.55	2,044.93	3.8
The New Yorker	1,125.11	1,187.42	5.5
The Atlantic	445.67	552.74	24.0
The Week	659.91	771.07	16.8
Total	6,765.02	6,857.38	1.4

Source: Publishers Information Bureau, of the Association of Magazine Media.

Audio



Traditional AM and FM radio still dominates the audio landscape, and for the last decade it has been among the most stable traditional media. In all, 93% of Americans listened to AM/FM radio at some point during the week in 2010, according to data from Arbitron, a drop of only three percentage points over the last decade. But heading into 2011 there are growing signals that raise questions about its future.

- According to the Pew Research Center for the People & the Press, 16% of Americans say they get most of their national and international news from radio, down 6% from 2009. And 34% of Americans said they got some news on the radio “yesterday,” down from 43% in 2000.
- HD Radio, an effort by traditional broadcasters to modernize AM/FM radio listening, has been unsuccessful so far. Only 31% of Americans said in 2010 that they had heard something about HD radio recently, barely up from 29% in 2009. And only 7% said they were “very interested.” Only 21 stations converted to the new technology in 2010. That is a significant decrease from a peak of 521 that converted in 2006.
- Total listenership of NPR grew 3% in 2010 to 27.2 million weekly listeners, up from 26.4 million in

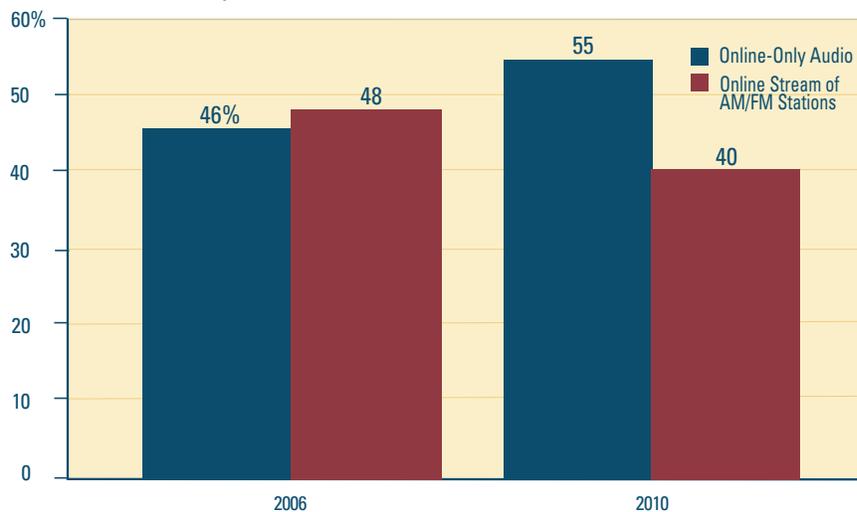
2009. And this growth is “real” in the sense that it reflects an increase in listeners to stations already carrying NPR programming rather than stations newly carrying NPR programming.

Digital Listening

- AM/FM listening through the web is already in decline. The number of Americans streaming a station’s regular programming fell by 8 percentage points from 2006 to 2010 to 40%, according to Arbitron. Meanwhile, 55% report listening to online-only audio (like Pandora or Slacker Radio).
- In-car listening may be moving in new directions as well. More than a quarter of Americans (27%) said they were “very interested” in listening to internet radio in the car in 2010, close to triple the

Online-Only Beats Out AM/FM in Online Streaming

Percent of Respondents Who Listened to Each



Source: Arbitron. “The Infinite Dial 2009.” April 8, 2010.

10% who said this in 2009. And 6% said they were already using their cellphones to listen to internet radio in their cars.

Economics

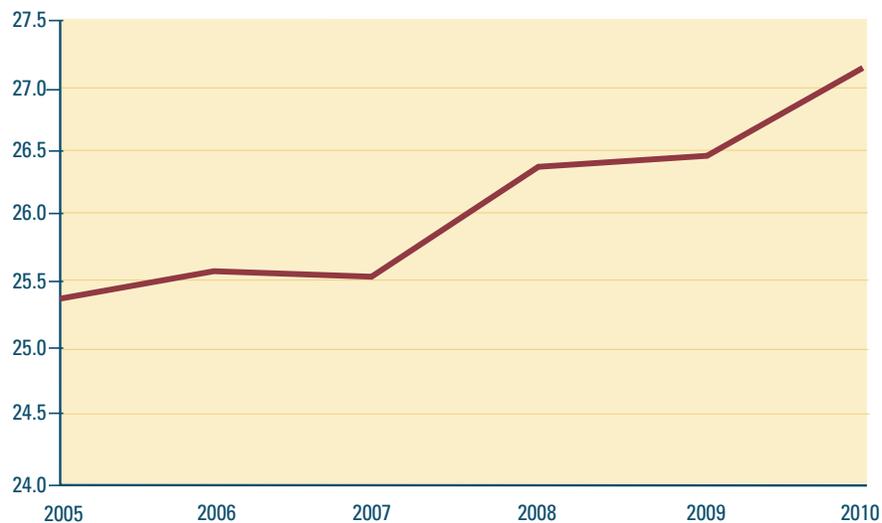
- Even as the audience for AM/FM radio showed signs of vulnerability in 2010, the economic picture improved. Overall, total revenue for traditional radio grew 6% in 2010 to \$17.3 billion, up from \$16 billion in 2009.
- After a down year in 2009, Sirius XM, satellite radio had a more successful 2010. Subscriptions for Sirius XM grew 7.5% to 20 million and revenues rose 12% to \$2.8 billion.

News Investment

- Few stations in the U.S. outside of public radio are all news. In 2010, using the Arbitron designations, there were a total of 30 all-news commercial stations in the United States, up from 27 in 2009. And these are stations increasingly carrying far more talk programming than traditional news programming.
- NPR's total budget for fiscal year 2011 grew 5% from the year earlier, to \$161.8 million (NPR operates on an October to October fiscal year). Its news budget, which accounts for a little less than half the total budget, increased 5% for the year to \$65.1 million up from \$61.9 million in 2010.

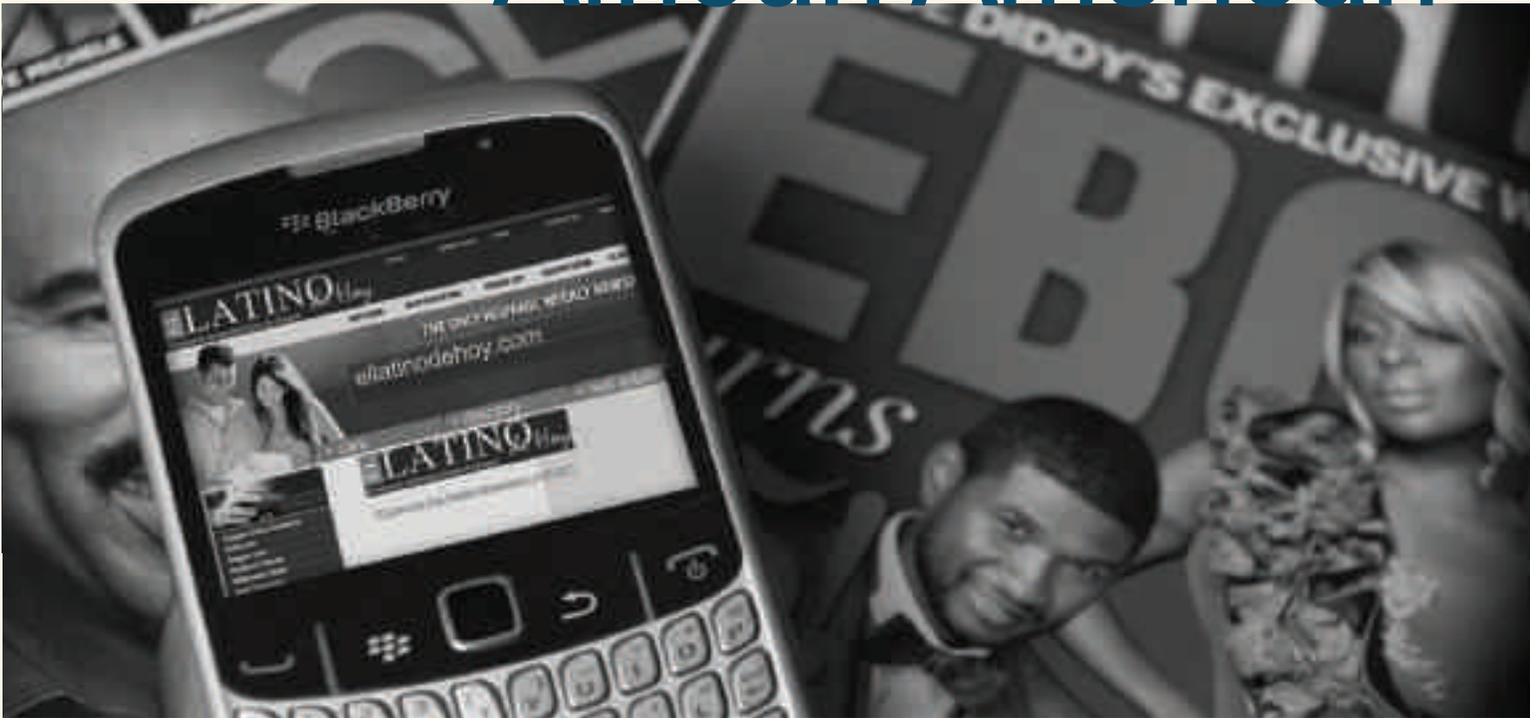
NPR Audience Continues to Grow in 2010

NPR Weekly Listeners, in Millions



Source: NPR internal figures provided to PEJ.

African American



The African American media in 2010 mirrored the kinds of challenges and changes that mainstream news organizations also faced. Most African American media outlets either began or planned to upgrade their digital enterprises in an effort to reach new audiences. But beyond that, it was a mixed year for the sector. Some newspapers expanded circulation, a major magazine company had a challenging year and there was a new political television show geared toward a black audience.

Newspapers

■ The D.C. and Baltimore-based Afro American launched a new edition in nearby Prince George's County, Md., in May 2010 with page-one coverage tailored to the suburban community. Another paper, the Amsterdam News, one of the largest businesses owned and operated by blacks in New York, suffered a drop in circulation of nearly 50% from 2009 to 2010.

Magazines

■ Johnson Publishing's Ebony and Jet dropped in both ad pages and circulation: In the first six months of 2010, Ebony's circulation declined by 14% and Jet's by 12%. The company instituted a series of significant changes in management during the year to address these losses. The biggest involved the hiring of former White House social secretary Desirée Rogers as CEO and the resignation of President Anne Sempowski Ward.

Digital

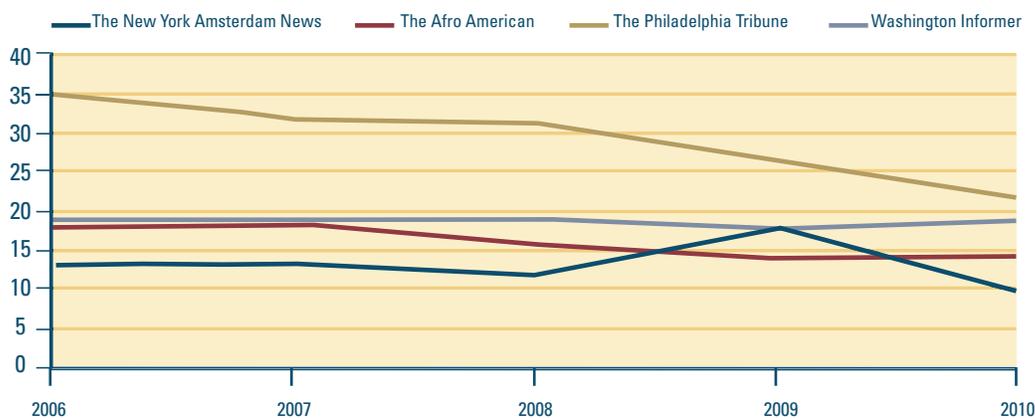
■ Online, the digital gap separating African Americans from other ethnic groups is closing with some publishers looking to electronic tablets as the next frontier. An estimated 71% of African Americans use the internet, according to a Pew Internet & American Life survey conducted in May 2010, versus 80% for whites and 82% for Hispanics.

Television

■ Television remains by far the primary news platform among African Americans. An overwhelming 86% of African Americans turn to TV for most of their news, compared with 64% of white respondents and 66% of Hispanics.

■ In October 2010, BET launched Weekly with Ed Gordon, a show in the style of a Sunday morning political talk show.

Circulation Trends Vary at Four Large African American Newspapers
Average Circulation in Thousands



Source: For Amsterdam News, Philadelphia Tribune and Afro American, Audit Bureau of Circulations. For Washington Informer, Circulation Verification Council.

Note: For ABC papers, average for six months ending September 30. For Washington Informer, data are average for Q3. Washington Informer is a free newspaper; the other three are paid. The Philadelphia Tribune circulates on Sundays, Tuesdays and Fridays. The Afro American has editions in Baltimore, Washington and Prince George's County, MD. This chart combines the three days of the Philadelphia Tribune and both editions of the Afro American.

How to Use the State of the News Media

Stateofthenewsmedia.org offers a variety of ways to learn about the journalism industry:

- Chart and compare percentages of media coverage by outlet, topic of interest or by prominent newsmakers in the Year in the News Interactive.
- See which companies own what media properties through the Who Owns the News Media database.
- Interested in statistics? Find the data you need and make your own charts about any of the eight major media sectors in the By the Numbers section attached to each chapter.
- Learn how mobile technology has spread to local news and how people feel about paying for local news online in our survey about mobile apps.
- Gain insight from a case study look at the local media ecosystem of one of our nation's new media hubs, Seattle, WA.
- Find out more about emerging revenue models of community news.
- Learn our sense of where the industry stands by reading the main overview, major trends and the essay sections of each chapter.

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