



Overview – Intro

Intro

By the Project for Excellence in Journalism

In December 2004, a mock documentary about the future of news began making its rounds of the nation's journalists and Web professionals.

The video, produced by two aspiring newsmen fresh from college, envisioned a nightmare scenario – by the year 2014, technology would effectively destroy traditional journalism.

In 2008, Google, the search engine company, would merge with Amazon.com, the giant online retailer, and in 2010 the new “Googlezon” would create a system edited entirely by computers that would strip individual facts and sentences from all content sources to create stories tailored to the tastes of each person.

A year later, The New York Times would sue Googlezon for copyright infringement and lose before the Supreme Court.

In 2014 Googlezon would take its computer formula a step further. Anyone on the Web would contribute whatever they knew or believed into a universal grid – a bouillabaisse of citizen blog, political propaganda, corporate spin and journalism. People would be paid according to the popularity of their contributions. Each consumer would get a one-of-a-kind news product each day based on his or her personal data.

“At its best, edited for the savviest readers,” the system is “a summary of the world – deeper, broader and more nuanced than anything ever available before. But at its worst, and for too many, [it] is merely a collection of trivia, much of it untrue, all of it narrow, shallow and sensational.”

That same year, the New York Times would fold its tent and become “a print-only newsletter for the elite and the elderly.”

“It didn't have to be this way,” the video concludes.

And it probably won't be.

A year ago, in our inaugural edition of this report, we concluded that journalism was in the midst of an epochal transformation, as momentous as the invention of the telegraph or television. The former created the capacity for people divided by great distance to learn things at the same time; the latter added the ability for people to see the news for themselves.

Today, technology is transforming citizens from passive consumers of news produced by professionals into active participants who can assemble their own journalism from disparate elements. As people “Google” for information, graze across an infinite array of outlets, read blogs or write them, they are becoming their own editors, researchers, and even correspondents. What was called journalism is only one part of the mix, and its role as intermediary and verifier, like the roles of other civic institutions, is weakening. We are witnessing the rise of a new and more active kind of American citizenship – with new responsibilities that are only beginning to be considered.

In this new world, we continue to believe journalism is not becoming irrelevant. The need to know what is true is all the greater, but discerning and communicating it is more difficult.

In the last year, some trends have become clearer, and some popular notions seem to us exaggerated. The year saw the blossoming of citizen blogs, the emergence of a major new news source edited entirely by computers (Google News), and both triumph (exposing the Abu Ghraib prison scandal) and failure (Memogate) for one of the TV networks. Customization, and with it fragmentation, reached new levels; Reason magazine even sent each subscriber an issue so tailored it had a satellite photo of that person's own home on the cover.

Those are some of the conclusions in the second of our annual reports on the state of American journalism. The report, which we believe is unique in depth and scope, breaks the news industry into nine sectors – newspapers, magazines,

network television, cable television, local television, the Internet, radio, ethnic and alternative media (which are distinct from each other). It builds off many of the findings from a year ago.

For each of the media sectors, we examine six different areas – content, audience trends, economics, ownership, newsroom investment and public attitudes. We aggregate as much publicly available data as is possible in one place, and for six of the sectors the report includes original content analysis. (For local television news, we rely on five years of content analysis the Project had previously conducted. For radio and alternative media, no special content analysis was conducted.) In addition to numerous new charts of data, most charts from the 2004 report are updated and still available.

People can approach the material in this report in several ways. Users can go directly to the medium about which they are most concerned – say local TV news – and drive vertically through it. Or they can focus on a particular issue – audience trends for example – and move horizontally across different media sectors to see where Americans are going for news. Or they can move across the introductory overviews of each sector. They can flip back and forth between our narrative and the interactive charts and tabular material. Or they can work through the statistics for themselves, making their own charts, answering their own questions, in effect creating their own reports.

Our desire in this study is to answer questions we imagine any reader would find important, to help clarify the strengths and weaknesses of the available data, and to identify what is not yet answerable.

The study is the work of the Project for Excellence in Journalism, an institute affiliated with the Columbia University Graduate School of Journalism. The study is funded by the Pew Charitable Trusts, whose leadership challenged us to take on this assignment. The chapters were written by the Project's staff, with the exception of the chapter on newspapers, which was written with the help of a co-author. All of the chapters also benefit from the input of a team 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 proven and what is only suggested. We hope, however, we are not seen as simply taking sides. Our intention is to inform, not to persuade.

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

We believe our approach of 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 venues. We hope this will allow us and others to make comparisons and develop insights that otherwise would be difficult to see. Across the six questions we examined we found some distinct patterns.

The State of the News Media

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Five Major Trends

Five Major Trends

By the Project for Excellence in Journalism

Last year we identified the underlying trends shaping the transformation. In 2005, our research has led us to five main conclusions about the nature of the media landscape.

There are now several models of journalism, and the trajectory increasingly is toward those that are faster, looser, and cheaper. The traditional press model – the journalism of verification – is one in which journalists are concerned first with trying to substantiate facts. It has ceded ground for years on talk shows and cable to a new journalism of assertion, where information is offered with little time and little attempt to independently verify its veracity. Consider the allegations by the “Swift Boat Veterans for Truth,” and the weeks of reporting required to find that their claims were unsubstantiated. The blogosphere, while adding the richness of citizen voices, expands this culture of assertion exponentially, and brings to it an affirmative philosophy: publish anything, especially points of view, and the reporting and verification will occur afterward in the response of fellow bloggers. The result is sometimes true and sometimes false. Blogs helped unmask errors at CBS, but also spread the unfounded conspiracy theory that the GOP stole the presidential election in Ohio. All this makes it easier for those who would manipulate public opinion – government, interest groups and corporations – to deliver unchecked messages, through independent outlets or their own faux-news Web sites, video and text news releases and paid commentators. Next, computerized editing has the potential to take this further, blending all these elements into a mix.

The rise in partisanship of news consumption and the notion that people have retreated to their ideological corners for news has been widely exaggerated. A year ago we mentioned a third, older form of news that seemed to be gaining momentum – the journalism of affirmation. Here the news is gathered with a point of view, whether acknowledged or not, and audiences come to have their preconceptions reinforced. In 2004, that notion gained new force when Pew Research Center survey data revealed that Republicans and conservatives had become more distrustful of the news media over the past four years, while the perceptions of Democrats, moderates and liberals had remained about the same. This led to the popular impression that independent journalism was giving way to a European-style partisan press, in which some Americans consume Red Media and others Blue. The evidence suggests that such perceptions are greatly overstated. The overwhelming majority of Americans say they prefer independent, non-partisan news media. So, apparently, do advertisers and investors. In addition, distrusting the media does not correlate to how or whether people use it. Not only do Republicans and Democrats consume most news media outlets in similar levels, but those in both parties who distrust the news media are often heavier consumers of news outlets than those who are more trusting. The only exceptions to this are talk radio and cable news. In the latter, Republicans have tended to congregate in one place, Fox. For most other media, the political orientation of the audience mirrors the population. The political makeup of the network news audience, for instance, matches that of the Weather Channel.

To adapt, journalism may have to move in the direction of making its work more transparent and more expert, and of widening the scope of its searchlight. Journalists aspire in the new landscape to be the one source that can best help citizens discover what to believe and what to disbelieve – a shift from the role of gatekeeper to that of authenticator or referee. To do that, however, it appears news organizations may have to make some significant changes. They may have to document their reporting process more openly so that audiences can decide for themselves whether to trust it. Doing so would help inoculate their work from the rapid citizen review that increasingly will occur online and elsewhere. In effect, the era of trust-me journalism has passed, and the era of show-me journalism has begun. As they move toward being authenticators, news organizations also may have to enrich their expertise, both on staff and in their reporting. Since citizens have a deeper range of information at their fingertips, the level of proof in the press must rise accordingly. The notion of filling newsrooms only with talented generalists may not be enough. And rather than merely monitoring the official corridors of power, news organizations may need to monitor the new alternative means of public discussion as well. How else can the press referee what people are hearing in those venues? Such changes will require experimentation, investment, vision and a reorganization of newsrooms.

Despite the new demands, there is more evidence than ever that the mainstream media are investing only cautiously in building new audiences. That is true even online, where audiences are growing. Our data suggest that news organizations have imposed more cutbacks in their Internet operations than in their old media, and where the investment has come is in technology for processing information, not people to gather it. One reason is that the new technologies are still providing relatively modest revenues. The problem is that the traditional media are leaving it to technology companies – like Google – and to individuals and entrepreneurs – like bloggers – to explore and innovate on the Internet. The risk is that traditional journalism will cede to such competitors both the new technology and the audience that is building there. For now, traditional media brands still control most of where audiences go online for news, but that is already beginning to change. In 2004, Google News emerged as a major new player in online news, and the audience for bloggers grew by 58% in six months, to 32 million people.

The three broadcast network news divisions face their most important moment of transition in decades. A generation of network journalists is retiring. Two of the three anchors are new. One network, CBS, has said it wants to rethink nightly news entirely. Nightline, one of the ornaments of American broadcast journalism, was fighting for its life. After years of programming inertia and audience decline, network news finds itself at a crossroads. If the networks rethink nightly news, will they build on the programs' strengths – carefully written, taped and edited storytelling – or cut costs and make the shows more unscripted, like cable interview programs? Will they try to find network evening news a better time slot, or begin to walk away from producing signature nightly newscasts altogether because of the programs' aging demographics? Will ABC try to save Nightline because it adds to the network's brand, or drop it because the company could make more money with a variety show? The next year will likely signal the degree to which passion, inertia or math drives the future of network news.

The State of the News Media

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Content Analysis

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Two stories dominated the year, the war in Iraq and the election, and both were caught in the maelstrom of debate over media bias.

The charge that coverage of the situation in Iraq was decidedly negative does not bear up under scrutiny.

Over all, across all media studied, stories about the war were just slightly more likely to carry a clearly negative tone than a positive one (25% negative versus 20% positive). The majority of stories, however, had no decided tone at all. The largest number, 35%, were neutral, and another 20% were about multiple subjects for which tone did not apply.

Those findings are based on 16 newspapers, four nightly newscasts, three network morning news shows, nine different cable programs, and nine Web sites examined for four weeks through the course of the year. ¹

Different outlets also varied in their coverage. Newspapers tended to mirror the totals over all. But the three nightly newscasts and PBS tended to be more negative than positive, while network morning news was the reverse. On cable, the news channels themselves varied. Fox was twice as likely to be positive as negative. CNN and MSNBC were more evenly split.

When it came to the campaign, on the other hand, the criticism that George Bush got worse coverage than John Kerry is supported by the data. ² Looking across all media, campaign coverage that focused on Bush was three times as negative as coverage of Kerry (36% versus 12%) It was also less likely to be positive (20% positive Bush stories, 30% for Kerry).

That also meant Bush coverage was less likely to be neutral (44% of Bush stories, 58% for Kerry).

We continue to see significant differences in the nature of the content of different media. On network TV news, for instance, what the viewer gets will depend on the time of day, with mornings and prime-time magazines offering significantly lighter fare than evening news programs. Viewers of PBS will see a different range of concerns from those who watch cable, where entertainment and celebrity are a notable part of the agenda. In magazines, the big new growth area is in publications that concern not public life at all, but shopping.

Beyond the question of topic agenda, there are also measurable differences in the nature of the reporting in different media, even under the same corporate roof.

Cable news, for instance, is a more thinly reported medium than its rivals. The story segments include fewer sources, tend to be more one-sided and feature more opinion from the journalists.

There are also distinct differences among the three cable channels. On Fox News, the journalists themselves offer their opinions, without attribution to any reporting, in seven out of ten stories. That happens in less than one story out of ten on CNN, and in fewer than three stories out of ten on MSNBC.

Fox's stories are more deeply sourced than those of its cable rivals, but are also more one-sided.

The traditional nightly newscasts on commercial network TV stand out for their depth of reporting and their reliance on taped, edited packages. The differences among the three newscasts on the commercial networks are slight. PBS's NewsHour, however, is noticeably even more thorough in its sourcing. Morning news, meanwhile, is not as deeply sourced.

Newspapers continue to be distinguished for the depth, range and variety of their content, even on their front pages. One reason is that newspapers have more reporters and space – both factors that are threatened if print cannot figure out a way to bring in more money online, where its audience is moving.

News Web sites still mostly resemble newspapers and make only limited use of the technology's potential by including links to video, graphics, or photos or by allowing users to search, customize and manipulate data. Alternative Web sites abound, and the most popular, Google and Yahoo! use more advanced technology but offer no additional authority over the information they dispense.

In magazines, while Time and Newsweek have continued their move toward soft news topics, other magazines like The New Yorker, The Atlantic and even Harper's have moved in, – tying their coverage more closely to current events and even breaking news themselves.

Footnotes

1. The cross-media comparisons for coverage of the war in Iraq included 2,187 stories.
2. The analysis of election coverage begins after March 1 (Super Tuesday) after John Kerry emerged as the all-but-official Democratic candidate. The cross-media comparisons of campaign coverage included stories focused at least 50% on one candidate or the other so that deriving a sense of tone about the candidate was logical. Those totaled 250 stories. The findings, moreover, reinforce what the Project found in a separate study that looked at tone in the final month of the campaign, surrounding the debates, and in a pre-convention study using a different methodology that mapped coverage of different character themes about the candidates. The findings on tone also mirror those of Robert Lichter and the Center on Media and Public Affairs, which employs a different approach to studying tone.

See end of document for content analysis methodology.

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Audience

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By the Project for Excellence in Journalism

The traditional notion that people go primarily to a handful of types of news outlets for their information appears to be less and less accurate.

Americans are now news grazers sampling, through the course of the day, a varied media buffet. Categorizing people by education, region, or income or trying to imagine them as primarily newspaper readers, or consumers mostly of local TV news, is increasingly futile.

Doing a close analysis of the latest data on news consumption, the shifts come into clearer relief. More than a third of Americans, some 36%, are regular consumers of four or more different kinds of news outlets – network news, local TV, newspapers, cable, radio, the Internet and magazines.

And the kinds of outlets are not always similar. For instance, the idea that some people regularly get their news just from television does not hold up. Only 8% of Americans fit that category, judging by a close secondary analysis of the latest Pew Research Center data on media consumption. A similarly small number, just 5%, cited print sources alone as the places they regularly go for news.

Even the notion that some people regularly rely only the Internet for news is not supported. A mere 2% reported online sites as their only regular news source.

Which media combinations are sought out most? For now, the largest group of people, 24%, seem to gravitate to some combination of TV and print as their regular source of news. That could be any combination of network, cable, local, newspapers or magazines, but the Internet and radio are not part of it.

And among those who regularly rely on just two or three types of media for news, online again is not popular. Just 9% of people who regularly use just two or three types of news outlets include the Internet in that mix.

And the vast majority of respondents (95%) consider themselves regular consumers of some news media.

In a sense, news consumption today should probably be viewed in the way diet is viewed in this age of plentiful, fast and often processed American food. The array of offerings is so vast and varied, being concerned mainly with what is offered seems futile; the proper concern may involve educating consumers about what they should imbibe.

The real crisis may be news obesity, consuming too little that can nourish citizens and too much that can bloat them.

Where do data say people are moving? A year ago we found only three of the media sectors undergoing general audience growth – the ethnic media, alternative weeklies and online. In all three, audiences can find narrowly targeted content in those sectors, and in the case of online, they can get it on demand.

Those factors continue to be important, and all three sectors appeared to continue growing in 2004. While the numbers for ethnic media are not always audited for accuracy, all of the indicators are rising. Consider that 14 new Spanish-language papers launched in 2003 alone, according to the Latino Print Network, five of them dailies, and that Clear Channel announced plans in 2004 to convert 25 stations to Spanish-language formats.

Alternative weekly newspapers saw a circulation gain of 3%, or 200,000 copies, in the latest audited year, 2003, according to the Association of Alternative Newsweeklies.

Meanwhile, the number of Americans who go online for news appeared to be still growing – slightly. In 2004, 42% of adults, or some 92 million Americans, went online for news, according to survey data, and about two thirds of those visited three times a week or more. The preferences of younger audiences suggest that the numbers will only continue to

grow. The evidence also suggests that people are spending more time getting news online, and the projected growth in broadband is likely to make that trend grow as well.

In 2004 we can add to the list of those media that grew in audience one more: cable news saw modest growth – roughly 6% – in its median audience. The boost, however, was due mainly to campaign interest from September to November. The median audience for cable was effectively flat in 2003, and most analysts expect it to flatten again, since the growth in cable news distribution has reached its limit.

In local news, the decline in audiences for evening and late news showed signs of slowing in 2004, a major shift if it continues. Morning audiences, meanwhile, appear to be a growth area for local news.

Network nightly newscast audiences, on the other hand, seem to be losing the broadcast battle. Their audiences declined by another 2% in 2004. The networks also seem to be losing ground in the morning hours. While local news saw morning audiences rising, these audiences for the networks, which had been rising, were flat. NBC's Today show lost audience, while ABC's Good Morning America gained.

Who is hurting most? It appeared in 2004 to be America's daily newspapers, which saw the decline in circulation accelerate. Daily circulation fell by .9% and Sunday by 1.5%, according to Audit Bureau of Circulations data, and that doesn't include purging the 250,000 in phantom circulation associated with a host of circulation scandals at some of the country's most prominent chains. Perhaps just as significant, the circulation declines cannot be attributed to newspapers' going out of business. The number of papers has leveled, meaning the survivors are losing readers.

Radio's audience continues to be stable, but the issue increasingly is not only how many are listening but how they are doing it – from satellite radio to the Internet to podcasting – downloading radio content on PDAs, phones and other technology.

News magazines appear to be in some flux. Time and Newsweek continued to have audience declines, but U.S. News saw a modest gain, as did some publications that have become more topical, including The New Yorker.

The State of the News Media 2005

Economics

Economics

By the Project for Excellence in Journalism

The economics of journalism continues to be robust.

The ability to reap big profits, however, can also be a crutch. If older media sectors focus on profit-taking and stock price, they may do so at the expense of building the new technologies that are vital to the future. There are signs that that may be occurring.

Newspapers in 2004, for instance, increased their profits at double the rate (8%) that their revenues grew (less than 4%), according to the Newspaper Association of America, a distinct sign of profit-taking. The industry remains highly profitable. Margins averaged 22.9% in 2004, according to the analyst Lauren Fine, and are expected to rise in 2005. The investment in online publications, though, where the size of the profits is still fairly modest, remains by most evidence cautious.

There were also signs in other media that some efforts to raise revenues might be hurting brands as they begin to face more competition. In radio, all but one of the top five owners saw revenue increases from their news stations in 2004. But several owners saw their stocks downgraded during the year because of a sense that there were too many commercials, and in mid-July, Clear Channel Radio announced it would be reducing the number of promotional and commercial time on its stations, a signal that advertisers felt the environment was being eroded.

But even though troubles are looming, journalism remains an enormous engine for generating cash. Local TV news, for instance, is generally twice as profitable as newspapers. Profit margins of 45% to 50% are common, and in 2004 station revenues rose in the first nine months by roughly 10%, also higher than for print.

On network news, the morning shows carried the ball in 2004. Despite flat audience numbers, they were on pace to exceed the 5%-to-10% revenue growth of the year before, according to partial-year data from TNS Media Intelligence. At the same time, nightly newscasts continue to shrink in importance financially, with revenues in 2004 appearing to be declining.

Magazines also appeared to enjoy a robust 2004, with ad pages up 4% and revenues up 11%, and each of the news magazines themselves saw dollar increases.

The biggest question for 2005 involves the economics of the Internet. Ad revenue there continued to explode, with growth projections for 2004 around 30%, to roughly \$10 billion.

That total, however, is still well behind other media. It is only a fourth of what went to broadcast television and a fifth of what newspapers took in. It even lags cable, a more limited universe of outlets.

The question is not whether online advertising will continue to grow, but whether it will ever be big enough to supply the resources to newsrooms we have come to think of as sufficient for quality journalism – and whether it will flow to the organizations that produce journalism, or to those that simply aggregate and pass it on. Will newsgathering organizations that produce what is on the Web benefit, or will processors like Google or Yahoo?

For online journalism to thrive ultimately, some people believe a combined subscription and advertising model for the medium will be necessary. A few outlets are beginning to explore the possibility of bundling sources, as occurs in cable, so that consumers would pay a fee to both the Internet provider for access and to those who create the content.

Consumers are still resistant to paying for Internet journalism, and experiments in 2004 were not promising. If no model is found to monetize the Web to approach the kinds of profit levels of older sectors, the impact could drastically affect the resources available for newsgathering.

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Ownership

Ownership

By the Project for Excellence in Journalism

The year 2004 was one of unusual stability for media owners. After a decade of consolidation, the level of acquisition of activity was the lowest in years.

History will probably recall Michael Powell as an ironic force in stalling consolidation. Powell's attempts as FCC chairman to take deregulation to new heights were halted by Congress in 2003 and blocked by the courts in 2004. He resigned in 2005, and there are signs that the commission will begin redrafting its approach.

In television, General Electric acquired a studio company, Vivendi Universal, to feed its broadcast operations, though such combinations have proved difficult for Disney to manage with ABC. Online, AOL fell down the list of the top 20 Web sites, while Google News rose, and wire services like Reuters and The Associated Press were moving toward delivering news directly to consumers, not just through news organizations. And in radio, two Spanish-language companies, Entravision and Univision, moved into the top 20 owners.

But the forces behind conglomeration are powerful. For one, buying other companies is the fastest and easiest way to make a company grow, something that Wall Street tends to enjoy, at least initially. For another, there continues to be a sense that as audiences fragment, owners can still sell a mass audience to advertisers by aggregating it under a corporate roof and offering package advertising deals. The fact that many deals prove more difficult in practice than in planning, as AOL and Time Warner discovered, seems less powerful than the money to be made up front by almost everyone involved.

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News Investment

News Investment

By the Project for Excellence in Journalism

A year ago, we identified the long-term trend toward investing fewer resources in original newsgathering.

In 2004, that trend intensified in some media, but not in others, and with the economy improving, some sectors even enjoyed some qualified reinvestment.

The latest figures available for newspapers show that 500 fewer people were working in newsrooms in 2003 than the year before, according to the American Society of Newspapers employment census, and the job losses are believed to have continued in 2004. The industry has not recovered from the drop of 2,000 jobs in 2000.

Local TV newsrooms have seen modest increases in staff, but the numbers are also still below the levels of 2000, according to data from Robert Papper of Ball State University. The average TV newsroom had 33.8 staff members in 2003. But many of them are now expected to produce more hours of news than before and to supply news to other sources as well. One TV newsroom in five, in fact, now provides the content for more than one station.

Network news, which experienced significant declines in staffing and bureaus and increases in workload over the last 20 years, held steady in 2004, according to data from Andrew Tyndall ADT Research. CBS stands out, however, for having noticeably fewer correspondents on the air doing more stories, as many as 30% more than its rivals. That may have contributed to the problems during the CBS "Memogate" story.

Radio saw increases in the average salaries paid to its news personnel. Those salaries, though, are roughly half what their TV counterparts make.

But again, the most surprising indications involve the Web. Some 62% of Web professionals say their newsrooms have seen cutbacks in the last three years – despite huge increases in audiences online. That number is far bigger than the 37% of national print, radio and TV journalists who cited cutbacks in their newsrooms. Anecdotally, Web journalists say what investment there is tends to be in technology for processing information, not in journalists to gather news.

It is part of a larger trend in American journalism: much of the investment and effort is in repackaging and presenting information, not in gathering it. For all that the number of outlets has grown, the number of people engaged in collecting original information has not. Americans are frankly more likely to see the same pictures across multiple TV channels or read the same wire story in different venues than they were a generation ago.



Public Attitudes

Public Attitudes

By the Project for Excellence in Journalism

Americans remain skeptical about the news media.

Yet it would be going too far to say things have gotten demonstrably worse of late, despite a wave of high-profile scandals involving plagiarism and fabrication at some of the nation's most established news institutions. Either Americans were paying scant attention to cases like Jayson Blair and Jack Kelley, or these high-profile cases only confirmed what people already thought.

The general trends in public attitudes about the press are familiar, and we reviewed them in some detail last year. People have long considered the press sensational, rude, pushy, and callous. But in the last 17 years, they have also come to see the press as less professional, less moral, more inaccurate, and less caring about the interests of the country. Consider just a few statistical changes between 1985 and 2002.

- The number of Americans who thought news organizations were highly professional declined from 72% to 49%.
- The number who thought news organizations were moral fell from 54% to 39%.
- Those who felt news organizations tried to cover up their mistakes rose from 13% to 67%.
- The number who thought the press got the facts straight fell from 55% to 35%.
- Those who thought news organizations were biased politically rose from 45% to 59%.

In other words, Americans do not resent the sense of professional ethics or the aspirations or independence of the press. Rather, they feel journalism is not living up to those goals. They increasingly think the press as a whole is motivated by money and individual journalists by personal ambition.

That, incidentally, challenges the assumptions of some more casual observers, who believe that traditional principles like objectivity, professional independence, an emphasis on trying to verify facts – concepts that some critics who long for a partisan press interpret as professional elitism and arrogance – are being rejected by the public. There is no evidence to support those suppositions.

There is also little evidence to suggest that things have clearly worsened for the press in the last year or so, though they have not improved.

There was no across-the-board decline, for instance, in the believability of news organizations in the last two years, as there had been in earlier periods. When the Pew Research Center for the People & the Press asked whether Americans believed most or all of what they were told by 20 different news outlets, the believability for half of the outlets was either unchanged or had risen.

There was even some good news in the numbers for traditional news media. The percentage of people who thought "news organizations had too much influence on the outcome of the presidential election" dropped by 10 percentage points from four years earlier. ¹ People also tended to report relying on news organizations for election news more than four years earlier. ²

What appears to be rising now is the charge of bias, largely a case of both sides of the political spectrum seeing the press as unfair to their views.

After the election, the percentage of Americans who thought the press was fair to John Kerry, for instance, dropped by six points from the number who thought the press was fair to the Democrat Al Gore in 2000. The percentage who thought the press unfair to the Democrat rose by seven points – a 13-point shift.

On the other side, the percentage who thought Bush got a fair shake dropped nine points from four years earlier, and the percentage who thought the press unfair to him rose 10 points – a 19-point shift. 3

In other words, more of the public thought the press was unfair, but also thought the press had less undue influence on the outcome than four years earlier.

The question of bias also can be fragile and shift with events. In January of 2004, on the eve of the Democratic primaries, there was a rising sentiment that the press was biased in favor of Republicans. 4

By spring, when events in Iraq were becoming more negative, surveys suggested rising distrust among Republicans. 5

Yet over all there should be little solace here for the press. The long-term trends revealing declining credibility and believability have been established in scores of surveys from several different polling operations asking the questions in a variety of different ways. (Click here to view last year's discussion on public attitudes) What's more, for the last two decades Americans' confidence in the press has lagged precipitously behind that of other institutions. 6

It may be that the expectations of the press have sunk enough that they will not sink much further. People are not dismayed by disappointments in the press. They expect them.

That is hardly a base on which to build, particularly as the traditional press, now referred to in the blogosphere by the acronym MSM (for mainstream media), begins to have to contend not only with Republicans who deride it as liberal, but with liberals who deride it as cowed by Republicans, and bloggers who deride it as out of touch.

Footnotes

1. Pew Research Center for The People and the Press, "Voters Liked Campaign 2004, But Too Much Mud Slinging," Nov. 11, 2004, q. 27.

2. *ibid.* question 26.

3. *ibid.* q. 28 and 29.

4. Pew Research Center for The People and The Press, "Cable and Internet Loom Large in Fragmented Political News Universe; Perceptions of Partisan Bias Seen as Growing, Especially by Democrats," January 11, 2004, q.38, <http://people-press.org/reports/display.php3?ReportID=200>.

5. Pew Research Center for The People and The Press, "News Audiences Increasingly Politicized," June 8 2004.

6. General Social Survey, the National Opinion Research Center (NORC) at the University of Chicago, measure of 13 institutions since 1973.

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Conclusion

Conclusion

By the Project for Excellence in Journalism

A year ago, we saw in the larger trends something of a vicious cycle partly of the press's own making.

As audiences declined, because of technological and cultural changes, news organizations felt pressure on revenues and stock performance. In response, they cut back on their newsrooms, squeezed in more advertising and cut back on the percentage of space devoted to news. They tried to respond to changing tastes, too, by lightening their content. Audiences appeared to gravitate to lighter topics, and those topics were often cheaper to cover. Those changes, in turn, deepened the sense that the news media were motivated by economics and less focused on professionalism and the public interest.

In 2005, the sense that the press's role in relation to the public is changing seems ever clearer. A generation ago, the press was effectively a lone institution communicating between the citizenry and the newsmakers, whether corporations selling goods or politicians selling agendas, who wanted to shape public opinion for their own purposes. Today, a host of new forms of communication offer a way for newsmakers to reach the public. There are talk-show hosts, cable interview shows, corporate Web sites, government Web sites, Web sites that purport to be citizen blogs but are really something else, and more. Journalism is a shrinking part of a growing world of media. And since journalists are trained to be skeptics and aspire at least, in the famous phrase, to speak truth to power, journalism is the one source those who want to manipulate the public are most prone to denounce. The atmosphere for journalism, in other words, has become, as the legendary editor John Siegenthaler recently put it, "acidic."

The challenge for traditional journalism is whether it can reassert its position as the provider of something distinctive and valuable – both for citizens and advertisers. The press continues to thrive financially because, while the audience collected in any one place may be smaller, it is still the largest venue available to advertisers. The trend lines, however, make clear that this, too, should not be taken for granted. Somehow journalism needs to prove that it is acting on behalf of the public, if it is to save itself.



Author's Note

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People can approach the material in this report several ways. Users can go directly to the media about which they are most concerned – local television news, for example – and drive vertically through it. Or they can focus on a particular issue, such as audience trends, and move horizontally across different media sectors to see where Americans are going for news. Or they can move across the overviews of each sector. They can flip back and forth between our narrative and the interactive chart and tabular material. Or they can work through the statistics for themselves, making their own charts, answering their own questions, in effect creating their own report.

The report is substantial. It runs more than 600 pages in print and includes extensive tabular appendices. There are more than 700 detailed footnoted source citations to help guide users to original sources.

In addition to this overview, each sector of media is subject to a detailed narrative and synthesis of the data that we hope answers most of the major questions about underlying trends and outlines what is unknown as well.

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.

We have attempted, to the best of our ability and the limits of time, to seek out multiple sources of information for comparison where they exist. This year we have added new sources to those in the 2004 report, refined the methodology of the content study and we think, improved our overall understanding.

This study is the work of many collaborators, including more than 25 outside readers who are expert in different media sectors, five research partners and dozens of research groups whose data we purchased or got permission to use. The chapters were written by PEJ. The chapter on newspapers was co-written by Rick Edmonds of the Poynter Institute and PEJ staff. The content analysis was executed by Princeton Survey Research Associates International, The School of Journalism at Michigan State University and The Institute for Communication Research of the College of Communication & Information Sciences at The University of Alabama under the direction of the Project. The methodology and statistical work were supervised by Esther Thorson, associate dean for graduate studies and research at the University of Missouri School of Journalism. Evan Jenkins, a longtime journalist, currently a consulting editor of the Columbia Journalism Review, was the copy editor. We owe a significant debt, as well, to our sister group, the Committee of Concerned Journalists and its chairman, Bill Kovach. More details on their contributions are available here, along with the methodology.

Our focus in this report is on journalism, not media as a whole. There are various important trends in media – such as the implications of consolidation or cable technology on nonfiction entertainment, on music or on drama – that are not covered here.

This annual report was designed with various audiences in mind: journalists, media executives, financial analysts, scholars, students and, most importantly, citizens. We hope it proves useful now and throughout the year for anyone interested in American journalism.

The State of the News Media

2005

Newspapers – Intro

Intro

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

There were high hopes in many quarters of the newspaper industry in 2004. The 2000-2003 recession was expected to give way to an economic rebound. Publishers expected advertising revenue to come roaring back as it traditionally does in the early stages of a recovery. Investors, who had bid up stock prices based on newspapers' steady profitability and cyclical nature, were expecting their ship to come in. Editors, faced with deep cuts in 2001 and flat staffing and budgets since, were looking for reinvestments in news gathering.

None of that turned out as planned. Ad revenues in 2004 did increase, about 4% over all. ¹ But the weakness in big-city markets and certain advertising categories, together with dull overall performance, raised questions about whether the industry had lost ad share to electronic media and others. Investors were disappointed, and by the end of the year newspaper stock prices were trailing the market.

Perennial bottom-line pressures then redoubled. There was an intense focus on cost controls, and the newsroom took its share of hits. At its annual meeting in April, the American Society of Newspaper Editors got the bad word that employment of full-time news professionals actually declined by 500 positions (about 1%) in 2003. ² That more than wiped out modest gains of about 300 the year before. And that came after the deep cut of 2,000 jobs in 2001. While the full numbers have not yet been tallied, cuts appeared to outnumber expansions in 2004 budgets as well. The Los Angeles Times had the indignity of being asked to trim 60 newsroom positions by its parent, Tribune Company, just months after winning five Pulitzer prizes. ³ (The Los Angeles market had an especially bumpy second quarter).

Yet perhaps the worst news came in circulation. A few companies like McClatchy and individual newspapers like USA Today and The Boston Globe showed healthy gains. But industry-wide losses continued, and it became harder to argue, as some optimists had, that at least the pace of erosion was slowing. Gannett papers lost nearly 2% year to year, which management attributed to new constraints on telemarketing. ⁴

But compounding the weak circulation story were admissions over the summer that three big-city papers – the Chicago Sun Times, Newsday, and The Dallas Morning News – had overstated their paid circulation totals by tens of thousands of copies, deceiving industry auditors in the process. Under the flamboyant press lord Conrad Black (since deposed), the Sun Times's parent, Hollinger, was considered something of a rogue operation within the industry. Newsday and The Morning News were another story – successes editorially and financially. The fraud was as bad or worse at Newsday's sister Spanish-language daily, Hoy, which bragged of passing an established competitor, El Diario/La Prensa, after just five years – but did so with massive circulation padding.

Tribune Company and Belo, parent companies of Newsday and The Morning News, were profusely apologetic, and, while still investigating how and how long the abuses happened, set aside a total of more than \$100 million to compensate advertisers. ⁵ The Audit Bureau of Circulations (ABC) censured the publications and announced it would do tougher audits, tighten some of the loosened regulations of recent years and review others. That was a nod to the open secret within the industry that "paid" covers a variety of deeply discounted sales and trial subscriptions and that gaming the system has become more common, masking the true slippage in fully paid subscriptions and rack sales.

There were two bright spots in this otherwise cheerless picture: the growth of newspapers' online sites and their continued push into youth, Spanish-language and other targeted markets. But even these carried a few cautionary footnotes.

Online advertising revenues at public newspaper companies were up 30 to 60%. ⁶ Better yet, the companies have rallied nicely in online employment advertising against their we-will-bury-you competitor, Monster.com, which encountered some bumps in its own expansion strategy as the newspaper sites fought back successfully on pricing and with links to traditional in-paper advertising. The sites are also venturing into lucrative new areas – auctions and direct sales, search and "context" advertising (premium-priced because it targets readers' interests according to the pages they view – that had been the province of dot.com startups).

Still, many believe there is still too little that's exciting about the news content and display of most online sites, often not much more than an electronic rehash of the morning's paper. Ad rates remain low, so the impressive revenue percentage increases are on a small base. If, as seems inevitable, readership shifts over time to online editions, it remains tomorrow's challenge to figure out how to "monetize" the traffic in anything approaching the profitable standards of traditional newspapers.

As had been promised in late 2003, companies are forging ahead with diversification into new kinds of publications that seek to expand total audience. Free youth papers are especially ubiquitous – it is not unusual to see announcements of two or three launches in a single week. And a few companies – notably Washington Post and E.W. Scripps – now have big investments in separate growth businesses (educational services for the Post, lifestyle cable networks for Scripps) of comparable size to the newspaper division.

By contrast, the specialty publications are tiny in scale and new enough that their revenue and profit prospects are not clear yet. Only a few of the most ambitious – Tribune's three Hoys and Red Eye, Belo's Quick and Al Dia, for example – are big enough to rise to 1 or 2% of operating costs. Coincidentally or not, these were two of the companies involved in circulation padding and are feeling the worst sting of investor disappointment with their performance.

For all the troubling trends, newspapers still deliver the single largest audience in their markets and have by far the greatest news-gathering capacity. Our content analysis confirms that newspapers, when compared with television and online offerings, continue to be the most thoroughly reported and transparent source of news available, covering the widest range of topics. Both audience and news investment can slide or stagnate, as again was the case last year, and the newspaper will remain the biggest game in town as media markets continue to fragment. But if fair performance is good enough to hold position, the edge of ambitious public-service reporting grows blunter by the year – as even top newspaper company executives now concede. 7

Footnotes

1. "NAA Expects 4.1% Increase in Ad Spending in 2005." Newspaper Association of America Web site, December 6, 2004. Available on line at: <http://www.naa.org/utilartpage.cfm?TID=NR&AID=6583>
2. "Newsroom employment drops again; diversity gains." American Society of Newspaper Editors Web site, April 20, 2004. Available on line at: <http://www.asne.org/index.cfm?id=5145>
3. Editor & Publisher Staff, "LA Times Cuts 160 Jobs, Shuts 2 Papers, in Round of Cutbacks." EditorandPublisher.com, June 21, 2004.
4. Circulation numbers do not include USA Today. For midyear 2004 data: Gannett.com press release, June 22, 2004. Available on line at: <http://www.gannett.com/go/press/mymr04/mymrgw04.htm>
For end-of-year (2004) data: Gannett.com press release, December 8, 2004. Available on line at: <http://www.gannett.com/go/press/ubsgw2004.htm>
5. Frank Ahrens, "Newspaper Company to Refund \$27 Million Over Inflated Numbers." Washington Post, October 6, 2004, page E3.
6. Data provided by co-author Rick Edmonds, who attended various company presentations at the UBS Media Week investor's conference, December 2004.
7. A more detailed account of four news executives grading the level of public service at their papers during the April 2004 ASNE/NAA annual meetings appears at the end of the News Investment section of this chapter.

Content Analysis

Content Analysis

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

What were Americans getting from their newspapers in 2004? How did papers cover the two big stories of the year, the war in Iraq and the national election? Is the quality of reporting in newspapers different in some measurable way from other media?

To answer these questions, the Project conducted an extensive examination of 16 newspapers over the course of 28 randomly selected days – a month spread out through the year.

The answer, similar to the answer a year ago, is that readers of newspapers get coverage that is more a traditional mix of hard and soft news than in other media, and that is more focused on institutions than in other media. Newspaper readers also get stories that are generally more deeply sourced and longer and broader in scope than in other media. And they get information from more anonymous sources than in other media, though less than they did a year ago.

The Project studied 16 newspapers from a range of circulation sizes over the course of a month. First, four dates for each day of the week were randomly selected – 28 days in all, randomly selected from January 13 to September 26, 2004.

Then U.S. daily newspapers were divided into four circulation categories, and four papers from each group were selected at random, looking, when possible, for geographic diversity. The Project then examined, in detail, every article that began on three section fronts: front page, metro front and sports front. In all, 6,589 articles were studied. 1

Subjects of A1 Newspaper Articles by Year
Percent of All Stories

	1977	1987	1997	2003*	2004*
Government	33%	33%	30%	27%	35%
Foreign Affairs	27	27	21	21	14
Military	1	3	*	3	2
Elections	—	—	—	—	9
Domestic	9	9	14	22	14
Entertainment/Celebrities	*	2	2	1	1
Lifestyle	4	5	6	8	7
Crime	9	6	10	4	4
Business/Commerce	8	6	5	5	4
Science	1	4	5	5	3
Accidents/Disaster	7	3	2	3	3
Sports**	—	—	—	—	3
Other	2	3	4	1	2

Totals may not equal 100 because of rounding.

*Analogous percentages are based on the largest circulation category in the 2003 and 2004 studies.

**Before 2004, sports was included in the lifestyle subject category. For 2004, due to the inclusion of the sports section front, it is listed.

Topics in Newspapers

How did the front-page agenda of newspapers change in 2004 from a year earlier?

The year saw an easing-off of intense coverage of foreign affairs, indeed the lowest total in any year we have ever studied. The war in Iraq was still a major story, but coverage of the U.S. government took the lead. Some of this shift

occurred because the Iraqi war became at times a domestic story with the 9/11 Commission, the torture policies of prisoners and the debates over U.S. intelligence.

Indeed, the government and the election combined took up so much of the space on the front page – nearly 44% of the stories over all – that coverage of every other news category fell from a year ago. Even coverage of a broad range of domestic issues, which had been rising in recent years, fell back markedly, from 22% of front-page stories to just 14%.

Lest anyone think, however, that this is a feature of just the biggest papers, the opposite was true. It was the smallest papers that devoted the greatest percentage of front-page stories to government affairs, and much more so to local than to national government. Among the smaller-circulation papers (those with under 100,000 circulation) government affairs alone accounted for 4 in 10 stories, and those were four times more likely to be local rather than national.

There were other differences, too, in the choice of topics between larger and smaller papers. The smallest papers also devoted twice the percentage of front-page coverage to crime – 6% versus 3% at the largest papers – a sign perhaps that other than the big celebrity crime stories, crime is fundamentally a local story. Smaller papers also gave more than twice the A1 space to lifestyle – 9% versus 4% at the largest.

In addition to fewer government stories over all, the biggest papers also carried more 2004 election stories (13% of the front pages of the big papers versus 5% at the smallest) and, not surprisingly, more international affairs (17% at the largest papers, 14% at mid- sized papers, and 12% in the smallest circulation group).

How does the agenda on the front page of newspapers compare to that of other media? The chart below illustrates differences among the media.

Topics in the News
Newspaper A1 versus Other Media
Percent of All Stories

	A1 All Nwsps	A1 Large Nwsps	Comm. Evening	Comm. Morning	Cable	Online
Government	35%	30%	27%	20%	14%	32%
Foreign Affairs	14	17	14	7	9	16
Military	2	2	1	0	6	1
Domestic	14	15	21	16	13	19
Election	9	13	9	7	12	8
Entertainment/Celebrities	1	1	2	6	13	3
Lifestyle	10*	7*	5	5	10	5
Crime	4	3	2	4	4	2
Business/Commerce	4	5	8	2	3	3
Science	3	3	3	3	1	1
Accidents/Disaster	3	1	4	5	3	6
Other	2	2	4	25	11	3

Totals may not equal 100 because of rounding.
*Includes 3% sports coverage for both "all newspapers" and "large papers."

Other Points About Newspapers Overall

Newspapers also stand out from other media in several ways besides the topics they cover.

For one thing, more stories in newspapers are gathered and written by the newspaper rather than secondary sources. In all, 82% of the stories are original, compared to 32% of Internet stories studied.

The comparison to television might be to stories with a correspondent involved or clearly some staff reporting, as opposed to brief anchor reads or something explicitly identified as coming from an outside source. On both the commercial evening network news and the morning programs roughly 62% of the stories involved correspondent work while 38% were briefs. 2

A year ago, incidentally, 85% of newspaper stories were staff-written.

Depth and Quality of Sourcing

One of the most basic questions about the value of a work of journalism is the nature of its sourcing. How deep is the sourcing, what are the range of views offered, and how much can the audience decide for itself what to think about the story? These are essential elements in trying to assess the quality of reporting.

To break this down, we studied sourcing several ways.

First we measured how many sources a story contained. Then we measured how transparent the sourcing was – that is, the number of sources included, with their relationship to the story made clear. We measured the number of viewpoints a story contained. Finally, we measured how many different stakeholders, or affected interest groups, were consulted in the story – something different from viewpoints, since two different interest groups might hold the same view. Let's take these components of sourcing one at a time.

How Transparent Is the Sourcing?

We will start with the transparency of the sourcing, the degree to which the audience can see who the source was, what the source's level of expertise was and any possible biases the sources might have. The assumption here is that the more audiences learn about sources, the more they can judge for themselves what to make of those sources and thereby evaluate the information in the story.

Nearly half of all newspaper stories, 48%, contained the highest level of transparency – four or more sources that were fully identified. (When opinion columns are removed, the percentage rises just slightly, to 51%.) Front-page stories had even more, 64%, compared with 43% of the metro front and 34% of sports front.

In contrast, only 7% of newspaper stories studied across all sections contained no fully identified sources.

This is a much higher degree of transparency than we found in other media.

Source Transparency, Newspapers

	All	A1	Metro	Sports
No Sources	7%	2%	10%	11%
1 Source	12	6	15	14
2-3 Sources	33	28	32	41
4+ Sources	48	64	43	34

Totals may not equal 100 because of rounding.

There were differences, again, among papers of different circulation sizes. Larger papers tended to be more transparent about their sources than smaller papers. Looking at front pages, fully 80% at the largest papers contained four or more fully identified sources. This was twice the percentage of stories reaching that threshold than at the smallest-circulation papers (40%) and about a fifth more than at mid-sized papers (67%).

Anonymous Sourcing

Newspapers caught our attention this year also because of apparent low percentages of anonymous sourcing. Just 7% of all stories, and 13% of front-page stories, contained anonymous sources.

This is down markedly from a year ago, when 29% of stories contained at least one anonymous source.

As was also the case in 2003, the reliance on unnamed sources grew as the papers got bigger. Among the largest papers, 12% of all 2004 coverage contained anonymous sources, compared to just 3% at the smallest papers and 6% at mid-range papers.

On page A1, the gap was only slightly smaller – 20% at the largest-circulation papers, 7% at the smallest and 11% at mid-range.

How did newspapers compare to other media when it came to anonymous sourcing? Commercial network television news, evening and morning, was more likely to use anonymous sourcing (53% on commercial evening, 47% on the PBS NewsHour and 50% on morning).

Number of Viewpoints in Newspaper Stories

The second component of measuring the depth of reporting was to count the points of view reflected in stories that involved some controversy. Here, again, newspapers look pretty solid. The larger news hole afforded print may explain part of that.

Over all, about one in two stories involved no dispute at all. These were stories about weather, accidents, fires, celebrities, charities and the like, in which there was no conflict over either the facts or their interpretation. That also applied to straight news accounts of events, including game reports on the sports pages.

With stories that did involve some dispute, newspapers stood out for reflecting two or more sides of the story. Nearly 8 in 10 stories that involved a dispute or controversy of some kind (76%) contained a mix of opinions such that no one opinion made up more than two thirds of the story.

Presence of Multiple Viewpoints, Newspapers
(Based on stories with multiple viewpoints)

	All	A1	Metro	Sports
Mix of Views	76%	82%	75%	55%
Mostly One View	10	9	9	14
All One View	15	9	15	31
<i>Totals may not equal 100 because of rounding.</i>				

Just 10% contained only a passing reference to another view, and 15% contained only one view. What's more, these percentages remained pretty consistent in wire and staff reporting, though there were some slight variations across circulation size.

This mix is similar to what was found on commercial network evening news where 72% offered a mix of views. Network morning news offered an even greater mix-86% of all stories. Cable news, however, was much more onesided. Just 25% of all stories studied offered a mix of views.

Number of Stakeholders

The third measure of reporting depth was how many different interested groups, or stakeholders, were mentioned or consulted in the story. Stakeholders are different from viewpoints in that different groups of stakeholders might share an opinion on a subject, though they arrived from a different starting place. Teachers and students, for instance, might largely agree on a school controversy, though they are clearly different stakeholders with different interests.

Here newspapers offered a good deal of depth, though some differences stand out between papers of different size. In 39% of all stories studied, journalists cited four or more stakeholders. Another 19% included three different stakeholders or interest groups; 32% contained two.

Just 10% of the stories over all contained only one stakeholder, and a disproportionate number of those (16%) were columns. When columns are excluded, the number of stories with four or more stakeholders rises to 40%.

Number of Stakeholders, Newspapers

	All	A1	Metro	Sports
One	10%	6%	12%	14%
Two	32	21	32	44
Three	19	19	23	14
Four or more	39	54	32	28
<i>Totals may not equal 100 because of rounding.</i>				

Looking just at front-page coverage, the depth is even greater. More than half (54%) of all front-page stories included four or more different stakeholders. At the largest papers, the share grew to nearly three-quarters of all front-page stories (73%). (Smaller papers were less likely to cite four or more stakeholders on page 1 – just 39% – but still, only 10% of their coverage contained just one.) Lead stories for the online sites studied were similar to front pages in this regard, with 56% including four or more different stakeholders.

Stories on the metro section fronts varied more, with 31% including two viewpoints, 23% offering three and 32% containing four or more. But here again, large papers stand out as offering more depth. Fully 54% of their metro section-front stories contained four or more stakeholders, compared to just 28% for the smallest papers and 26% for mid-sized.

The sports section-front, perhaps wrapped up in the “us versus them” mentality of games, was most likely to offer two stakeholders (44%).

Journalist Opinion in the News

Finally, the study this year also examined the degree to which stories included outright opinion from the journalist. A growing question in journalism concerns the level of subjectivity that now exists, the sense that the line between news and opinion has blurred. In this report, as in past studies, we have made a distinction between coverage in which a journalist’s interpretation can be attributed to reporting he or she has done, and interpretation or opinion that cannot. The latter category forces the audience to assume that the interpretation is the journalist’s alone.

What percentage of newspaper stories contained journalistic opinion that was not explicitly attributed to any sourcing or reporting?

In all, 85% of newspaper stories contained no such journalistic opinion. Among news stories, with columns removed, the number rises to 92%. (Even 17% of the columns attributed whatever opinions were expressed to cited reporting).

Are some sections more likely to contain opinion than others? The answers are what one would expect. Sports section fronts are more likely to contain journalists’ opinions. Part of this is due to personal columns, but even if columns are removed, these pages are still more speculative.

The front pages are less likely to contain opinion, but the more interesting finding is the differences here among papers of different sizes. Fully 13% of the A1 stories in the biggest papers contained journalistic opinion, compared with just 3% in papers in both the middle-sized and the smallest papers.

In the other measurements of depth, remember, large papers stood out as being on the top of the group – offering a greater range of viewpoints, a greater number of stakeholders. This finding suggest that perhaps along with deeper reporting comes the belief that the reporter’s views are worth adding to the mix.

Some might suspect another possible explanation to be the smaller papers’ greater reliance on wire copy. And in fact, stories from the wires were less likely over all than staff-written stories to contain opinion from journalists – 9% of wire stories, 16% of staff-written. But that was due to largely opinionated columns which were usually staff-written. Large papers carried almost no straight wire copy on their section fronts (less than 1%), versus nearly a third (32%) of reportage at the smallest papers and 15% at mid-sized papers.

But if we remove all wire copy and look only at staff-written pieces, the smallest papers still stand out as the least likely to contain opinions from the journalists (7% versus 21% at the largest papers and 17% at mid-sized).

Journalists’s Opinion on the Front Page, by Circulation Size

	All	Large Circ.	Medium Circ.	Small Circ.
No Opinion	94%	86%	97%	97%
Opinion Present	6	13	3	3
<i>Totals may not equal 100 because of rounding.</i>				

The Reporting Index

So how likely are newspaper stories to have it all, to reach what might be called a top level of sourcing and depth? To answer this we created a Reporting Index that combined transparency of sources, a mix of viewpoints and multiple stakeholders. To be included stories had to meet the following conditions:

1. Four or more transparent sources
2. A mix of viewpoints
3. Four or more stakeholders

In all, 18% of all applicable stories reach the highest level on the Reporting Index.

But that number changes dramatically by section and by circulation. On the front pages, fully 33% reach the highest Reporting Index level. The figure rose even higher to 52%, more than half of the stories among the largest papers. As circulation size decreases, so does the percentage of high-level stories, finally reaching just 15% among the smallest papers.

Sports stories were the least likely to meet the three-tier threshold. Just 4% of all sports stories qualified, 12% among the largest papers and 2% among the smallest.

Coverage on the metro section-fronts fell in the middle. These stories were half as likely as A1 stories to meet the reporting index – 16% of all metro stories.

Frame

Beyond topic, the project this year also looked at how journalists approached each topic, or the way they framed the story.

Did they build stories around conflict, consensus, how readers can take action, winners and losers – or is there no clear thematic or narrative frame to the story, more of a here's what happened yesterday, straight-news account?

While a wide range of frames appeared, some were more common than others.

Looking just at news stories (excluding columns), more than a third, 36%, had no narrative frame. Most were simply written in the inverted pyramid style; they described what happened yesterday, offering a grab bag of facts that did not fall into any clear narrative theme.

After that, the most common frame was a feature style, wherein the writer told a good yarn. This approach characterized 12% of news stories.

After that, three frames appeared regularly – building stories around a conflict of some kind, building stories around winners and losers, and building stories around explaining how things got to this point and where they would go from here. Each of these made up 10% of all news stories.

Interestingly, readers were more than twice as likely to find stories framed around conflict as around consensus – 10% versus 4%. Just 7% focused on identifying a problem that needed solving, or something that wasn't working. Only 3% reported how readers could do something, take action – news you can use.

The biggest difference between circulation groups – for both news stories and columns – was that smaller papers were more likely to write stories with no thematic or interpretative frame. The smaller papers used the inverted pyramid in close to half of all stories (44%), as against only 30% at mid-sized publications and just over a fourth, 26%, at the largest papers. This may go hand in hand with the finding that larger papers were more likely to include journalistic opinion.

Frame of Newspaper Stories by Section Fronts, 2004

	All	A1	Metro	Sports
Conflict	10%	15%	13%	1%
Consensus	4	6	4	1
Winners and/or Losers	10	7	3	22
Prob. Needs Solving	7	9	10	2
Good Yarn	13	10	14	17
Audience Participation	3	2	6	1
How We Got Here	10	11	9	11
Reality Check	4	7	3	2
Underlying Principles	1	1	*	*
Other/Multiple Frames	5	7	5	5
No Frame	33	27	34	39

Totals may not equal 100 because of rounding.

The study also isolated the two big stories of the year, the election and the war, for further study.

What did we find?

The U.S. Election

U.S. election stories accounted for 9% of all front-page stories, and 13% among the biggest papers.

- Election stories tended to be neutral in tone over all, that is, they were neither decidedly positive nor negative about the candidate or candidates being discussed. In all, nearly half of all election stories studied, 48%, were neutral.
- When there was clear tone to the story, however, the findings also confound the idea that the press is fairly cynical about politics. Indeed, election stories were almost twice as likely to be positive as negative – 19% positive, 11% negative. The overall number of election stories was too small to be assess whether the tone of Kerry coverage in print alone was more or less negative or positive than the tone of Bush coverage.
- Perhaps not surprisingly, election stories were heavily framed around winners and losers, with 35%, and around conflict, 13%. Just 1% mostly considered points of consensus.
- The sourcing in election stories was much more transparent than coverage generally. Fully 64% of stories contained four or more fully identified sources, compared to 48% of the coverage over all and 60% of Iraq coverage. There was little anonymous sourcing (9%) in campaign reporting.
- As with coverage overall, the vast majority of election stories, 83%, offered a mix of opinions.
- Campaign stories were more likely than coverage overall to contain multiple stakeholders. Fully 52% offered four or more stakeholder positions, compared to 38% of all newspaper stories.

Journalists' views were more likely to be included; 18% of political coverage contained at least one opinionated assertion from the journalist, versus 15% of coverage over all and 6% of front-page coverage.

Big Stories: International War on Terrorism

The second big story of the year was the war on terrorism in Iraq (and to a much lesser degree in Afghanistan), which accounted for 17% of front-page stories, 7% of all news stories and 1% of all section-front columns.

Iraq coverage was a source of contention all year. Some conservatives, including some in the Bush administration, complained that press coverage was too negative. Was there evidence to confirm that charge?

The answer is more complicated than one might expect. Stories about the Iraq war were more negative (31%) than positive (23%). Yet they were also just as likely to be neutral in tone (33%). And another 12% were multi-subject stories for which tone did not apply. To derive tone, we first identified whether the story was about a particular newsmaker or issue. If so, each quote, innuendo, and assertion was counted as positive, negative or neutral for the story's main newsmaker, or in the case of an issue story, about moving toward resolution of the central issue.

For stories to be considered positive or negative, one attitude must dominate by at least 2 to 1. In other words, if a story contains four positive statements, it must then contain at least eight negative statements to be considered negative in tone, and no more than two negative statements to be considered positive in tone. In all other cases, the story would be labeled neutral. ³

Thus the notion that coverage of the war, in print at least, was decidedly negative, accentuated the bad news and ignored the good, is not clearly borne out in the numbers. The criticism, the data finds, is unsubstantiated. What is also interesting is that in newspapers at least, stories that did carry a negative tone were three times as likely to be issue stories rather than stories about a person. In other words, the negative stories were not pointed plainly at Bush or the administration.

Beyond tone, what do the numbers tell us about coverage of the war in Iraq?

- Coverage was fairly well sourced; 60% of stories had four or more fully identified sources, compared to 48% over all.
- Coverage of the war was more likely than other coverage to contain some anonymous sourcing – 27% versus 7%.
- Two-thirds, 68%, contained a mix of opinions, compared with 40% over all. Just 11% of war coverage was straight news.
- Coverage of the war stood out in particular for including multiple stakeholders. Fully 70% of war stories included at least 4 stakeholders, compared with 39% over all.
- Opinion from journalists was largely absent – just 6% of all war coverage.
- Most of the time the war and the campaign were not explicitly linked. Only 12% of the stories mentioned the campaign in some way.

Footnotes

1. For newspapers over 750,000, we included four papers: USA Today, the Los Angeles Times, The New York Times, and The Washington Post. (The Wall Street Journal, which also falls into this circulation category, was excluded as a specialty publication.)

2. In the network chapter the analysis of story origination is as a percent of all time. Here, for the sake of comparison to newspapers, it as appears as a percent of all stories.

3. This is different from the tone coding done by some other researchers. The Center for Media and Public Affairs, for instance, codes every assertion separately and then tallies them all up at the end to create percentages of positive and negative assertions. In coverage of a certain person or event, this suggests, the assertions were thus positive to this percentage point or negative to this percentage point. We believe the critical the unit of measurement is the story. This is how news is consumed, story by story, not assertion by assertion, and impressions formed. This is closer also to how journalists think of things – whether a story is hard-hitting, down the middle or positive. This approach of ours also has a higher threshold. For a story to be positive or negative, it has to be decidedly and manifestly so – with statements in that direction outweighing all others by 2 to 1 or more.

See end of document for content analysis methodology

Audience

Audience

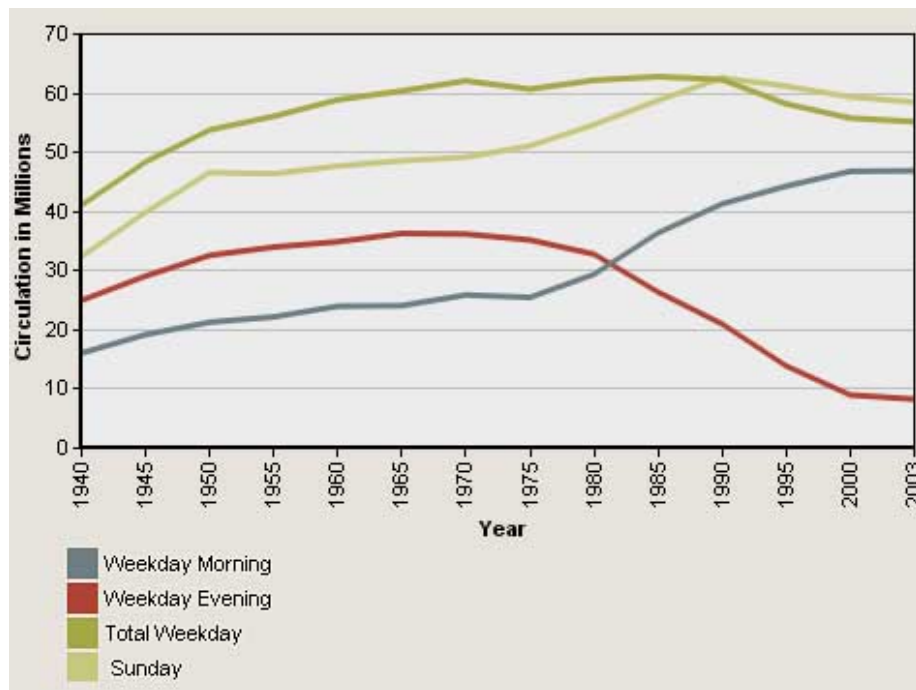
By the Project for Excellence in Journalism and Rick Edmonds of The Poynter Institute

“Newspaper circulation is in decline,” the inaugural edition of this report declared a year ago. After the events of 2004, it’s clear that things are worse than people thought.

Figures for 2001 to 2003 suggested that a 30-year decline in circulation was at least slowing and might even be leveling off. The circulation decline for dailies had slowed to a mere .0015 in 2003. ¹ What’s more, much of the long slide came at evening papers, many of which simply folded. Morning circulation was near its historic peak, and one could argue that the surviving papers were slightly bigger on average, and stronger. Count in the steady growth of newspaper online sites over the last decade, and you could even make the case that total audience was growing rather than shrinking.

U.S. Daily Newspaper Circulation

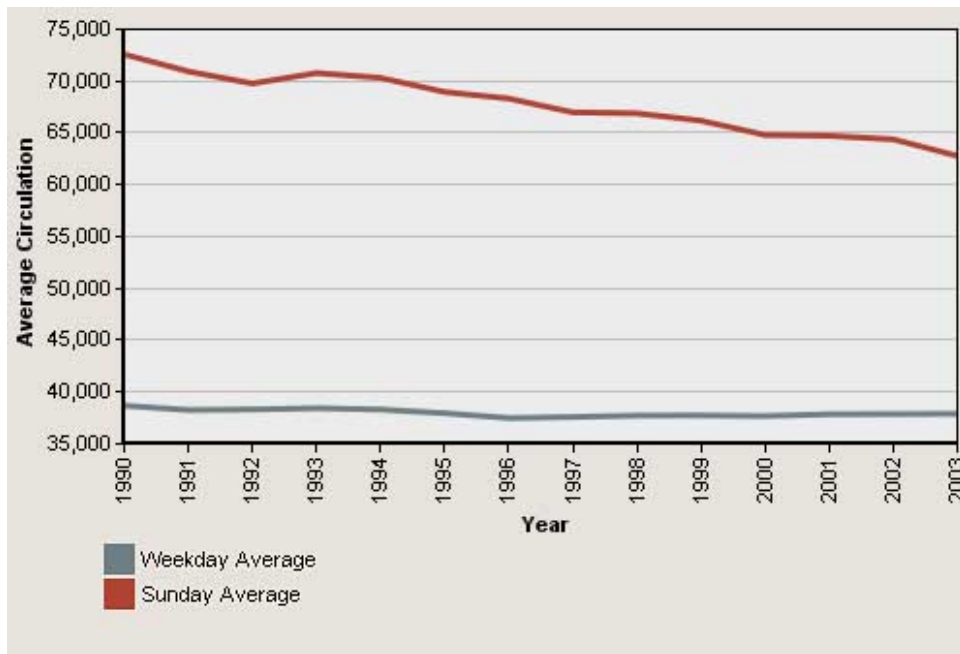
Circulation in millions, weekday and Sunday editions, 1940 to 2003



Design Your Own Chart

Source: Editor and Publisher Yearbook data

Average Circulation of U.S. Daily Newspapers
Weekday and Sunday editions, 1990 to 2003



Design Your Own Chart

Source: Editor and Publisher Yearbook data

That promise, however, was thwarted in 2004. Save for online, the story of newspaper circulation was a return to accelerated decline. For the six months ending September 30, 2004, circulation at the 841 daily papers and 662 largest papers for which audited totals were available was down 0.9% daily and 1.5% Sunday. ²

At both the June and December 2004 meetings of analysts and investors, the industry leader, Gannett, reported year-to-year daily circulation losses, at slightly less than 2% excluding USA Today. ³ Gannett's president, Gary Watson, cited two factors: a business decision to price aggressively and the added cost of selling subscription starts now that the federal do-not-call registry limits telemarketing. At USA Today, which has been growing robustly and has a comfortable circulation lead among the national papers, Gannett raised the cover price from 50 to 75 cents in September, likely to lead to at least some circulation drop. ⁴

The September results suggested that many other companies were following Gannett's lead, essentially concluding that propping up circulation with expensive new pricing and determining churn needed to be scaled back.

It would have been a tough year for circulation in any case. And the audited September 2004 totals do not include purging the books of almost 250,000 phantom readers claimed by the four metropolitan papers (the Chicago Sun-Times, Newsday, Hoy and The Dallas Morning News) implicated in a circulation scandal. Long story short, each revealed that they had been bolstering their numbers the Enron way – by faking them, particularly by claiming single-copy street sales for papers that were literally dumped.

The succession of embarrassing announcements over the summer had several common threads. The cheating was extensive – overstatements from 50,000 to more than 100,000 – and had been going on for years. ⁵ All four papers were in big cities and owned by public companies, which took large charges against earnings, almost \$100 million for the Tribune Company's Newsday and Hoy and tens of millions for the other two. ⁶ (Circulation directors in Dallas and publishers at Hoy and Newsday departed. At the Sun-Times, a new management team had discovered practices of its predecessors).

By the summer's end, aggressive New York prosecutors were looking to build a criminal case in the Newsday/Hoy situation. The Securities and Exchange Commission had launched its own investigation.

If it could happen at those four newspapers, two of them often rated among the nation's 15 best, were there more shoes to drop? So far not. A couple of the larger companies, Gannett and Knight Ridder, said they were confident their own controls would prevent such fraud. E.W. Scripps hired a director of circulation compliance to double-check the work of its papers. Other companies simply announced they had charged publishers with making sure their numbers were clean.

As unraveling fraud schemes tend to do, this one revealed a number of unpleasant truths:

- Especially in big-city, competitive markets, circulators are under intense pressure to hit a target total, with senior managers asking few questions about how. Field managers and distributors both in Dallas and on Long Island were told to make their numbers or else. Those who complained or who couldn't stomach the blatant practices (for instance, tossing big stacks of returned papers in dumpsters and counting them as sold) found work elsewhere.
- Large-scale cheating is relatively easy to bring off and hard to detect. Some of the fraud was built on top of loose procedures, fully within ABC rules, for newsstand sales and returns, reduced-price or free start-up offers, bulk and third-party sales and other deeply discounted versions of "paid." 7 Newsday's aggressive reporting after the fact on its own troubles revealed that agents were carefully coached in how to fool the auditors. 8
- Any paper is likely to have a good-sized complement of these loophole cases in its paid total. The variations, and their use, have ballooned in recent years. The analyst Paul Ginocchio of Deutsche Bank Securities examined the circulation statements of 40 large newspapers and found a "hair-raising" decline in fully paid circulation. Heavily discounted and "other" (like group sales or employee copies) had risen from 4.8% to 10.3% of the total paid circulation at the 40 papers in just two years. 9

The ABC has already tightened up some rules, for instance halving the number of days that can be excluded from the audit count because of holidays or bad weather. Other rules are under review. Papers may also feel pressure now to tighten up on loophole categories on their own. 10 Those things add to the difficulty and expense for newspapers if they seek to stabilize circulation numbers.

Shaky numbers and quality of circulation matter greatly to a business that draws about 75% of its revenues from advertisers. 11 If there is damage, it will probably play out in a resistance to rate increases in 2005, which will in turn form the base for rate increases in years to follow. With many other factors at play, the damage could be substantial, yet also impossible to quantify exactly. It is part of what analysts see as soft industry prospects.

At the affected papers, the scandal is also translating into reduced news investments. The Morning News announced plans in September to eliminate 250 positions. 12 The company didn't specify how many of those would be in the newsroom, but other sources indicated news-editorial would take a hit of more than 10%, about 70 jobs. Newsday announced cuts of the same magnitude weeks later.

Silver linings were hard to find, but there was one: advertisers may demand rebates and will exert some leverage in pricing, but they still want to be in the paper. That played out at Newsday, where a group of car dealers suing the paper were banned for several months from placing ads. They protested, and Newsday relented.

It is important to note exceptions to the downward circulation trend. McClatchy newspapers, which have long emphasized circulation growth, recorded 0.2% growth both daily and Sunday in the six months ending in March 2004. The chain has recorded 20 consecutive years of circulation growth. Lee Newspapers were up 0.5% Sunday. 13 The Boston Globe was up despite a price increase. In the longer run, national papers – The New York Times, The Wall Street Journal and USA Today – have all grown, The Times steadily substituting national for regional circulation, and at a premium price. Not coincidentally, all these papers would be classified by most newspaper industry insiders either as excellent or improving editorially. 14 It is also worth emphasizing that generally the papers with the best circulation performance tend to be those that are investing in news resources.

Readership

For the rest of the industry, one alternative may be to find a new and better way to describe their business performance. And the events of 2004 gave a fresh push to the preference of many to make readership, rather than paid circulation, the standard measure of audience reach. They consider readership, defined as the number of people who actually read a newspaper, more meaningful than the paid circulation number (especially now that a bright light has shone on the ways the system can be abused and gamed). Readership has fallen through the years, but not as fast as circulation. There is evidence that more people are reading the newspaper at work or in settings like coffee shops and waiting rooms and that the demographic groups newspapers have a harder time reaching, like women and young people, are well represented among occasional readers of this kind. 15

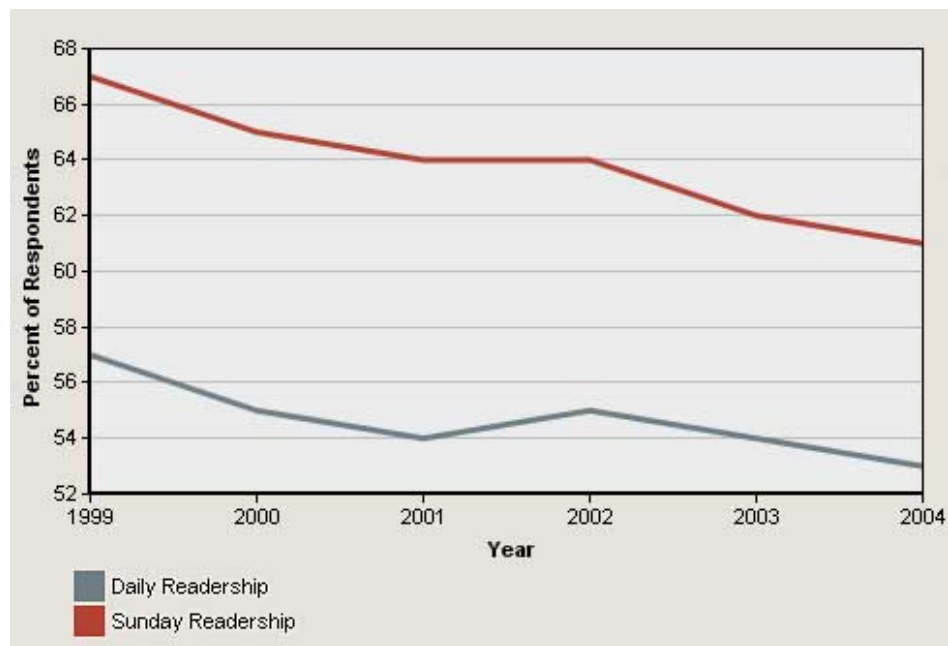
Commercial information services like Scarborough have been measuring readership in large markets for years, and it has been the standard measure in Canada for two decades. Since 1999, the ABC has begun offering "reader profile" reports, which not only estimate total readership but provide demographic information that helps advertisers design tailored multi-media campaigns for their clients. After a slow start, a majority of larger newspapers – 102 of the top 150 – have now done ABC profiles. 16

This slow shift in emphasis to readership dovetails with the work of the Readership Institute at Northwestern University, a five-year-old, \$10 million industry-sponsored research initiative aimed at helping papers halt the slide. The Institute prefers an even broader measure of readership than a number count – looking at the time a reader spends with the paper, how thoroughly the different sections are read and how many days a week. These factors are combined into a measure called Reader Behavior Score (RBS). 17

The most current estimates of industry-wide readership are 78,285,000 (53% of the adult population) on an average weekday and 90,765,000 Sunday (61%). That is a slippage of about 1% daily since 1998 and 1% Sunday. By comparison, circulation had fallen 2% daily and 2.5% Sunday through 2003 (the latest year for which industry-wide estimates are available) with more decline coming in 2004.

Daily and Sunday Newspaper Readership

Percentage reading newspapers in an average week, 1999-2004



Design Your Own Chart

Source: Scarborough Research unpublished survey data, www.scarborough.com

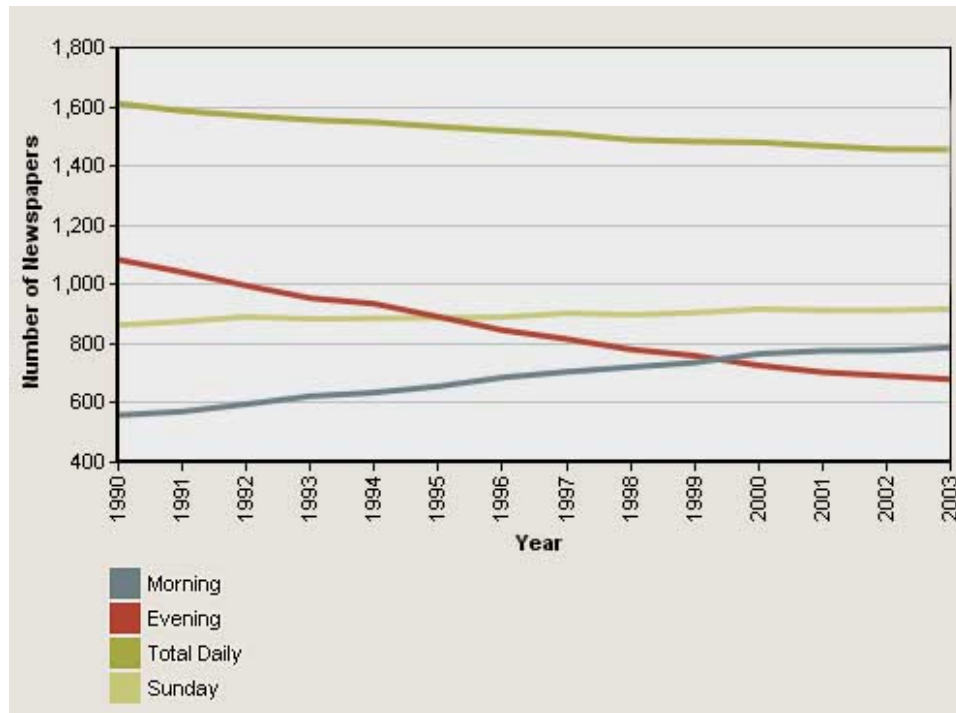
Readership provides an apples-to-apples comparison for selling advertising against competing media like television and radio. But it is not risk-free. At least some advertisers may devalue pass-along readership as well as the deeply discounted elements of paid circulation. Even though it is more comparable to broadcast, some hesitate to embrace the readership standard since the traditional metric of paid circulation often leads to a higher cost per thousand (CPM). And the readership approach may also prove only a short-term solution. Were that new standard in place, stabilizing readership numbers over time would probably still be a challenge as fewer people turn to newspapers.

Number of Papers

Despite declines in circulation, the number of daily papers seems to be leveling. In the latest full year of data, 2003, there was a loss of only one paper, leaving 1,456 total daily papers in the U.S. 18

Number of U.S. Daily Newspapers

Weekday and Sunday editions, yearly increments, 1990 to 2003



Design Your Own Chart

Source: Editor and Publisher Yearbook data

A shift from evening to morning editions has been going on for decades with the rise in evening television news and the decline in the number of cities with multiple newspapers (see 2004 State of the News Media Report). In the last year for which data are available, 2003, the number of morning papers rose by 10, to 787, while afternoon papers continued their three-decade decline by dropping 12, to 680. Circulation remains heavily tilted toward the morning, with 5.7 morning copies sold for each afternoon copy. ¹⁹

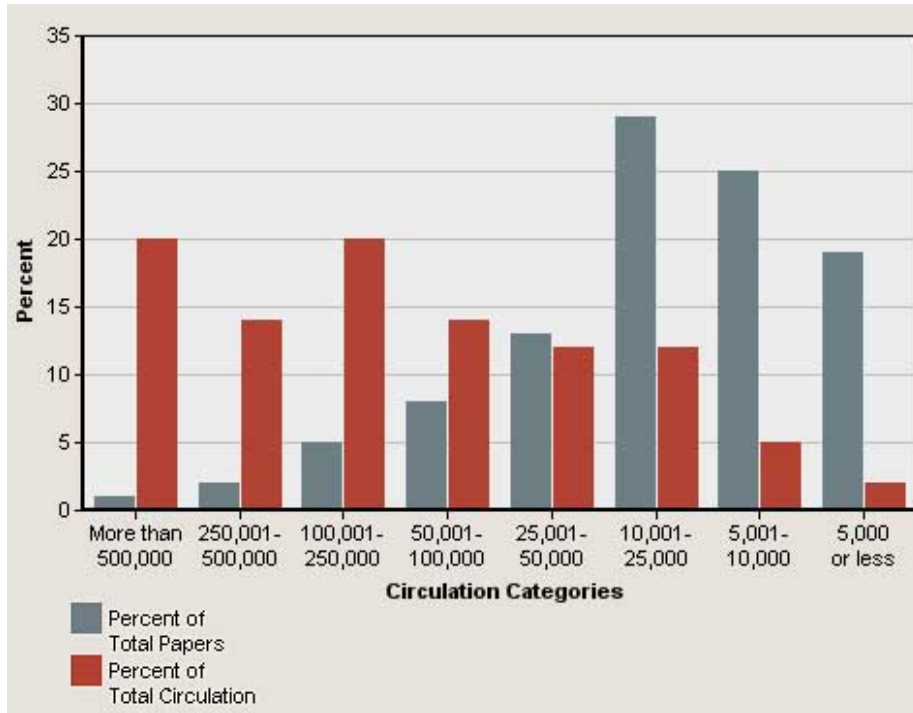
In 2003, total Sunday circulation was down 0.5% from 2002, at 58,495,000. That is right in line with the annual decline of 0.5% in Sunday circulation since 1991. ²⁰

Strangely, the latest circulation decline came in a year when the total number of papers with Sunday editions rose by 4 to 917, tying 2000 for the most-ever Sunday papers. The combination of declining circulation and a rising number of Sunday papers means that the average Sunday circulation of 63,790 is the lowest ever. ²¹

Distribution

The majority of circulation is still clustered at the top, with the 12 largest papers (those over 500,000 circulation) accounting for 20% of all circulation. The smallest category, on the other hand (50,000 or less), comprises 1,239 papers and commands just 31% of overall circulation. ²²

Daily Newspapers by Circulation Category, 2003



Design Your Own Chart

Source: Editor and Publisher Yearbook 2004

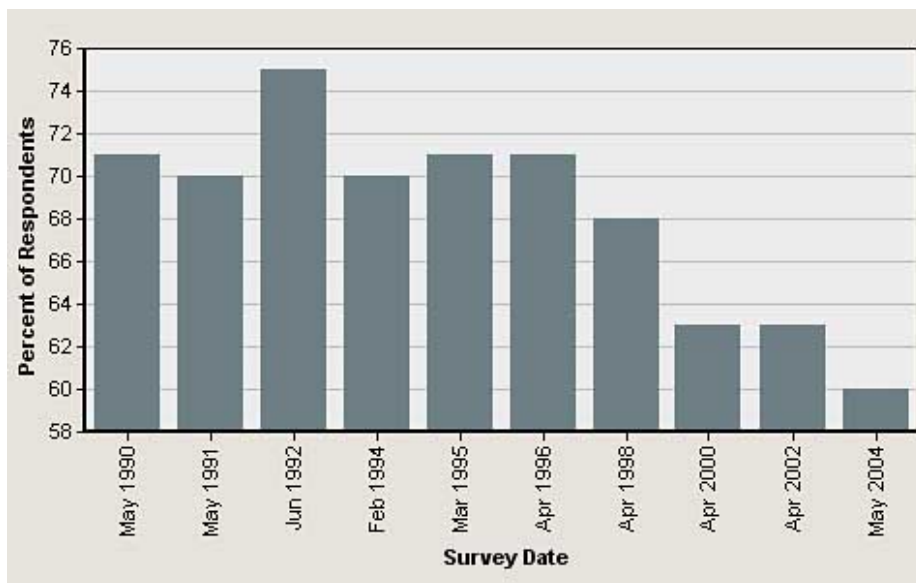
Due to rounding, percents do not add up to 100.

Readership Trends

While readership calculations suggest that the picture may not be so bad, survey data offer more reason for concern. According to polling by the Pew Research Center, in April 2004, 60% of people said they read a daily newspaper "regularly," the lowest number since Pew began asking the question in 1990. Through the 1990s, the number was stable at around 70%.²³

Percent of People Reading a Newspaper "Regularly"

1990-2004



Design Your Own Chart

Source: Pew Research Center for the People and the Press, "Pew Research Center Biennial News Consumption Survey," June 8, 2004

qu.:Do you happen to read any daily newspaper or newspapers regularly, or not

When asked whether they had read a newspaper “yesterday,” a stricter measure, the numbers appeared more stable, though lower than for “regular” reading; 42% of people said yes, compared with 41% in April 2002. Readership also increases with age – 23% for people aged 18 to 29 compared to 60% for people 65 and older. As with other media, this is another worrisome trend, and the 2004 data suggest it has not abated. 24

Given the problems of attracting the next generation of readers, it can be only temporary solace that newspapers still have a hold on what many advertisers consider attractive demographics. Readership among college graduates was high, 72%, as it was for families with incomes greater than \$75,000 (74%). 25

When it comes to how much time people spend with the paper, Pew found that among those who read a paper the day before, 62% spent half an hour or more with it. Another 12% spent less than 15 minutes, and 26% spent 15 to 29 minutes. Those who read regularly, in other words, made a significant time commitment. (By comparison, 85% of television news watchers spent more than half an hour with TV news, though that can be a more passive activity and involve doing other things at the same time. 26)

Readership by Party Affiliation

There was much discussion, too, of declining trust in the media on ideological grounds, particularly among Republicans. Did that affect readership? The broad answer is no.

In the spring of 2004, Republicans and Democrats were at nearly the same level for readership of a newspaper the day before at 45% and 46% respectively. 27

Solutions

While a realistic prognosis is that paid-circulation erosion will continue over the next decade, there is heightened focus on possible solutions. Embracing the readership standard as an alternative to the circulation standard is one. Broadly, companies seem to be choosing some mix of that and these three additional strategies:

- Increase the aggregate audience, part online, part print. Viewed from this angle – as providers of content across several platforms – newspaper organizations are watching their audience grow rather than watching it shrink. In a little-noticed program titled “Complete Community Coverage,” Gannett has been encouraging its publishers to increase the audience in either medium, figuring that in time a business model for the online portion or the two together will take shape. 30 Of course, with a very few exceptions – like the Wall Street Journal with 700,000 paid online subscribers – that hasn’t happened yet. 31 Access to the sites is typically free. Most ads are cheap; the acceptance and effectiveness of Web advertising with readers is hit-and-miss.
- Accept decline, and manage costs and revenue. Gannett and Tribune, along with national papers like The New York Times, The Wall Street Journal and USA Today and a few regionals like The Boston Globe, are going ahead with price increases. Since circulation is very price-sensitive, especially among the less affluent, this has the added effect of delivering a higher demographic audience. Advertisers may be relatively satisfied, though critics see some default on newspapers’ traditional role of reaching deeply to all segments of their communities.
- Niche publications are a related attempt to increase audience with something different from the daily newspaper. Papers large and small are venturing into Spanish-language publications and supplements targeted to other immigrants, too – Vietnamese in San Jose, for example – if there is a critical mass of potential readers. The youth market, not so long ago ceded to the shaggy-haired alternative-weekly crowd, is now being courted by giveaway quick-read dailies in big markets and weeklies in smaller. It may be too early to assess the impact of these “giveaway” publications. It is not entirely clear yet whether the strategy behind them is to make them free-standing businesses, to help advertising sales staff by having multiple products reaching more audiences, or to lead the readers of the free papers (usually younger people) to the main paper over time.
- Then there are a host of special-interest publications, Kansas City Home Design and the like, which typically can be in the black within a few issues. Gannett has started 500 of these small-scale publications. 32 The common thread among such start-ups is that they are comparatively inexpensive to produce and distribute within the infrastructure of an existing newspaper. And much of the advertising can be sold as an add-on by the newspaper’s existing sales force. Some dissenters in the newsroom say well and good, but is this news? Is it being done at the expense of more ambitious reporting and public service? 33 It is not clear whether newshole and staff are being shifted to these new publications or whether resources are being added. It may be some of both. But the simplest way to look at it, in part, is that these efforts represent an alternative to investing in the newspapers’ main product.

So consider 2004 a watershed year for newspaper circulation. It brought a whiff of scandal to an industry long considered a model of business probity. That will harm at least a little – maybe more than a little – pricing power to advertisers. And

two transitions speeded up: to valuing readership above paid circulation, and to increasingly running newspaper companies as providers of content across multiple platforms rather than newspapers first, foremost and forever.

Footnotes

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13. Data provided by Rick Edmonds's attendance at company presentations.
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15. Rick Edmonds, "Readers vs. Subscribers." Poynteronline, October 21, 2002.
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17. An extensive account of the Institute's work is available at www.readership.org. The gist of the complex series of studies is this: papers can improve how much time people spend reading only if they follow the entire set of recommendations, which includes reader-friendly content and formats, stronger in-paper promotion, attention to the content of advertising, and transforming a newsroom culture that the Institute found was usually resistant to change and experimentation. Papers that have done all of that for several years have shown RBS improvement. Those that pick only an idea or two don't show much progress.
18. 2004 Editor and Publisher Yearbook Online data, 1940-2003, www.editorandpublisher.com
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23. The Pew Research Center for the People & the Press (Washington, D.C.). "Pew Research Center Biennial News Consumption Survey." Published June 8, 2004.
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32. Gannett.com press release, June 22, 2004. Available on line at:
<http://www.gannett.com/go/press/mymr04/mymrgw04.htm>
33. GThis was discussed during a panel at the American Society of Newspaper Editors (ASNE) Annual Convention, April 20, 2004, most explicitly in a presentation by Diane McFarlin, past ASNE president and publisher of The Sarasota Herald-Tribune.

Economics

Economics

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

As businesses, newspapers are strong, highly profitable and resilient. In good times and mediocre, the industry now boasts operating margins in the low-to-mid-20% range, a bit less than Microsoft and Dell but higher even than pharmaceuticals. ¹ Over the last quarter century, the business has weathered the phenomenal rise of WalMart (only rarely a newspaper advertiser) and the decline of traditional department stores (once the reliable source for page upon page of display advertising). Newspapers went with the flow as retailer preference shifted to preprint inserts, and they developed new categories like travel and telecommunications. What happened in 2004?

From one perspective 2004 was a solid year: ad revenues were up about 4% over all, profits up a little more thanks to tight cost controls, and margins matching the previous two years, though still well off the peak of 1999 and 2000.

But beneath those numbers, there are pressures on revenues and profits that seemed more downbeat in 2004 than before.

Ad Revenue

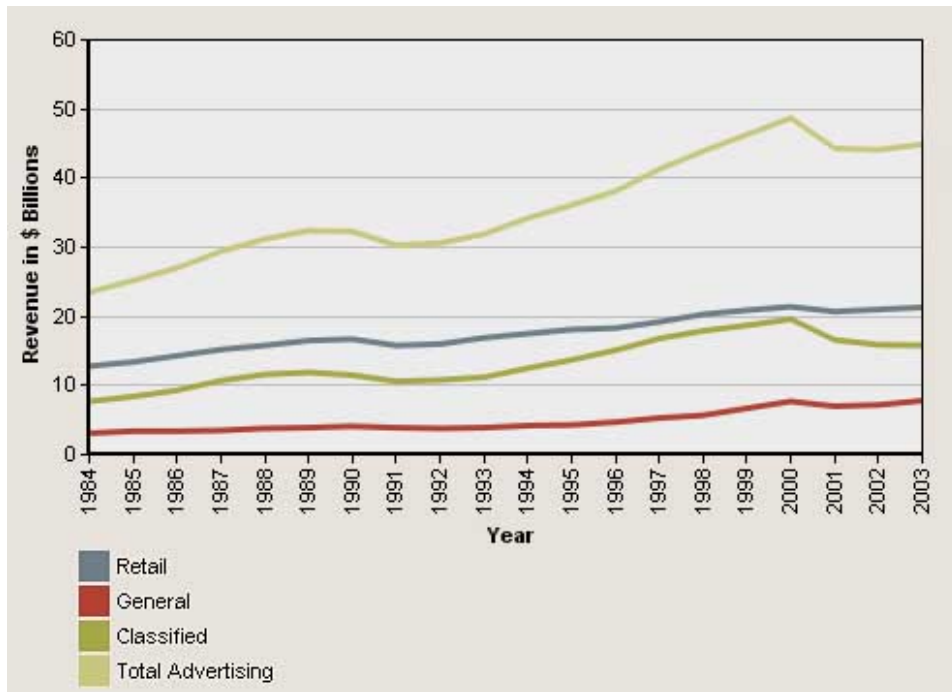
Advertising, which accounts for about 75% of revenues, may be experiencing, more subtly, some of the slow but inexorable slide evident in circulation numbers.

First off, the national economic recovery was not as robust as expected. According to the Newspaper Association of America, newspaper advertising expenditures through the first nine months of 2004 increased 3.8%, to \$33 billion. Classified was up 5.1% to \$11.5 billion, national up 3.7% to \$5.9 billion, and retail up 2.9% to \$15.6 billion. ²

Results for the industry and individual companies were erratic through the year. The third quarter was up roughly 9% at Gannett, for instance, but flat for Dow Jones and The New York Times, essentially reflecting the fact that local advertising was doing better than national. ³ Analysts used phrases like “sloppy” and “unsatisfying” to describe the 2004 ad recovery. At best they gave a neutral to mildly negative assessment of 2005 prospects.

Help-wanted classified, the worst problem of recent years, bounced back by 15 to 25%, but that didn't recoup the drastic drop. ⁴ Stop-and-start job formation could be partly to blame, but the limited bounce-back strongly suggests that the industry has lost a share of its highest-margin category to Monster.com. and other non-newspaper electronic services.

Daily Newspaper Advertising Revenue 1984 to 2003



Design Your Own Chart

Source: Newspaper Association of America data

The 2003 data is based on fourth quarter estimates.

Many markets experienced a fresh wave of retail weakness. Others found automobiles and real estate off from last year's healthy levels. At the Mid-Year Review Conference for investors, The Wall Street Journal reported especially bumpy month-to-month ad revenue performance and a further indefinite delay in getting back to the level of the mid-1990s. That prompted an analyst to raise the question of whether executives at the Journal's parent, Dow Jones, were considering the possibility that this might be "the new normal."

Paul Ginocchio of Deutsche Bank Securities pointed to the impact of Wal-Mart and other big-box stores on the soft retail recovery. Sure, the industry coped for a while. But Wal-Mart and its ilk have continued to expand relentlessly. Since the end of the last recession in 1992, superstores' share of the general merchandise market has grown from 16% to 50%, according to data collected by Deutsche Bank. Retail ad growth at newspapers is just 1.8% for the year, compared to 4% in 1991, the first year of recovery from the last economic slump. And even the traditional department stores are shifting some of their budgets away from newspapers to data-based and direct-to-customer marketing. ⁵

The Newspaper Association of America commissioned a "Horizon Watching" study of industry prospects that yielded surprisingly downbeat results. Titled, "Why the Current Business Model Needs to Change," the report spotted threatening trends in many major advertising categories. In real estate, for instance, the online virtual home tour is starting to supplant the newspaper's old role as undisputed king of the category, and entirely new business models like Lending Tree are siphoning off some of the action. The study suggested that newspapers should be exploring some radically different ways of operating, counting on fees from direct sales and higher subscription charges within 5 to 10 years to absorb 20% of the revenues now carried by advertising. The study also suggested publishing reduced, special-format editions some days of the week. Whether the traditionally conservative industry will actually reconfigure its revenue model is highly conjectural. For now the action is focused on developing on line, building both the volume and variety of advertising and broadening into niche publications. ⁶

On the other side of the spectrum, both niche and online activity continued to show rapid growth, well started in 2003, through 2004. Newspapers continued to launch youth-targeted free weekly tabloids and supplements aimed at Spanish-speaking and other ethnic audiences. Daily freebies, like the Chicago Tribune's Red Eye, Quick in Dallas and a scaled-down version of The Washington Post, expanded and consolidated distribution. Red Eye even has some paying customers. The publications were approaching the break-even point, and their publishers were claiming the best of all impacts from circulation – attracting a new audience but also finding that a surprising number of those who grabbed the quick read for a daily commute bought the mother paper on Sunday or occasionally other days.

Foreign-language papers also flourished, with Knight Ridder and others entering the field. Nor is that just a big-city phenomenon. The Herald News in Fall River, Massachusetts, launched a Spanish weekly to go with a Portuguese-

language supplement that is now 20 years old. In an unhappy coincidence, the two most aggressive players in Spanish-language launches – Tribune Company and Belo – were also the most prominent culprits in the circulation scandal. And scandal and Spanish-language ventures did overlap when Tribune's investigation determined that Hoy had overstated paid circulation by at least 50% and relied on the phony numbers in its boast to advertisers about passing El Diario/La Prensa in circulation. Late in the year, Tribune announced it was converting Hoy's sister startups in Chicago and Los Angeles to free distribution.

That was a useful reminder that while the immigrant, second-language audience is rapidly expanding, it is not necessarily ripe pickings for the big companies. There are plenty of long-established publications that know their local audiences. San Francisco, for instance, has six Chinese-language dailies; this whole genre of paper has flourished under the radar. Also, a Mexican-financed company announced it planned competitive launches in a number of Texas markets. (See more in the 2005 discussion on the ethnic press)

A third category of niche is providing nice ad revenue growth, if not much editorial excitement. These free-distribution publications are typically on topics like home and garden, upscale real estate, travel, fashion and shopping. They tend to be inexpensive to produce, easy for an existing newspaper sales force to add to its offerings, and thus frequently profitable nearly from the first issue.

Finally, online has been a bright spot for newspapers in a year without many bright spots. Quarter after quarter, the public companies announced online revenue growth of 30 to 60% over the same period a year ago. Display rates are rising, especially for so-called contextual ads, customized to interests the online visitor shows by what he is reading. And many of the companies are venturing into other online commerce like auctions or direct sales.

Still, the volumes in question are small in comparison to those of the conventional newspaper. At best, some papers are beginning to claim they account for a meaningful share of ad revenue growth. They are profitable but not as profitable as the mother paper. And the industry is taking only baby steps toward charging for some specialized content like archives or supplemental sports packages.

How profitable are these sites? It varies. McClatchy said that a fourth of ad revenue growth in the first half of 2004 came from online sources. That number may be higher than most. The editor of a major Florida newspaper whose Web site is among the most popular in the country told the Project privately that for every dollar the Web takes in, the paper still takes in \$60. E.W. Scripps said it expected online and niche to account for 20% of revenues within five years.

Also at issue is the fairly sluggish development of online content – with a few bright exceptions, it's often little more than a recycling of that morning's print edition. (See more on online content)

Profits and Stock Performance

Even in a sluggish year, newspaper profits remains strong. Public companies used a good share of cash flow to buy back their own stock, pumping up earnings per share by leaving fewer shares on the market. Add in tight cost controls, and the public companies were able to increase earnings per share by about 8%, twice what ad revenues grew.

The industry was treading water, though, on operating profit margin. The Merrill Lynch analyst Lauren Rich Fine estimated it at 22.9% in 2004, dead even with 2003 and down from 23.8% in 2002. Fine predicts margins will inch up to 23.1% in 2005, but that's still well below the pre-recession peak of 26.6% in 2000. ⁷

It was also a bad year for newspaper stocks. They far outperformed the weak market of 2001-2003, reflecting investor preference for "dull" but reliable stocks and a conventional view that newspapers come roaring out of recession. But 2004 didn't provide the expected ad-growth bounce, and both analysts and their investor clients turned more negative on advertising and circulation growth prospects. Tribune Company trailed the market average by nearly 20%. The New York Times Company, Dow Jones, Knight Ridder and Gannett were flat or slightly down for the year. The Washington Post Company, Pulitzer and Scripps were comparatively strong performers, based on the healthy growth of their non-newspaper divisions (such as educational services and lifestyle cable networks).

Fine also compiles data on circulation revenue per paid customer. Those numbers suggest a split in strategy among the companies. Gannett, which prices aggressively and has accepted big circulation losses, realized \$157 per paid customer in 2003. At McClatchy, which emphasizes circulation growth and charges low subscription rates to get it, the figure was \$113 per customer. ⁸ Even though circulation is a secondary revenue source, gaps that wide can have an earnings impact. But McClatchy's healthy profit margins and ad-revenue growth imply that it is more than making up the difference on the ad side what it may be leaving on the table in circulation revenue.

Finally, it is at least likely that disappointing financial performance and soft prospects translate into skimpy spending on the newsroom. Publishers discovering their business isn't as big as they thought or hoped (Dallas, for instance) have

decided they cannot afford the current level of news-editorial effort. Tribune, whose stock performance was under particular pressure, led this round of newsroom belt-tightening with particular focus on the Times-Mirror properties it acquired in 1999. Big cuts were announced for Newsday in November, smaller ones at other papers. And with circulation dropping sharply at both the Chicago Tribune and Los Angeles Times, it looked as if they could be in line for cuts in 2005.

In sum, the business picture is a very mixed bag: healthy for now but with troublesome trends in major indicators that ultimately spill over into the resources companies are willing to devote to their news operations.

Footnotes

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4. Rick Edmonds, "What Top Executives Are Talking About." Poynteronline, June 25, 2004. Available on line at: http://www.poynter.org/content/content_view.asp?id=67538
5. Deutsche Bank Securities (New York, New York). "Wal-Mart takes a bite out of local." Paul Ginocchio et al. Published September 20, 2004.
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Ownership

Ownership

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

For a fourth consecutive year, ownership changes in 2004 were infrequent and mostly involved smaller dailies or clusters of weeklies.

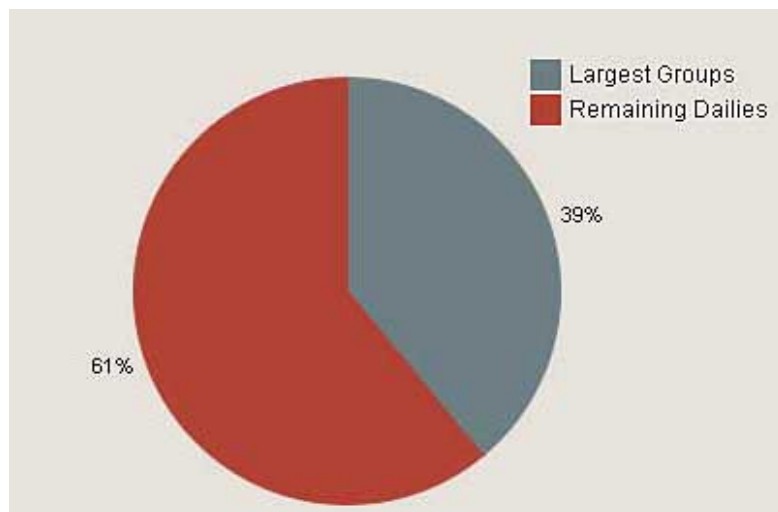
This slowdown in conglomeration marks a break with two huge trends of the final third of the last century that transformed the look of newspaper ownership. Starting with Dow Jones in 1967 and in gradual succession through the mid-1990s, more than a dozen newspaper companies went from private to public ownership. In turn, they used much of their Wall Street proceeds to finance a tidal wave of acquisitions and mergers. (They did not, it should be noted, use the bulk of that money for innovating their product, reaching out to new audiences, or trying to increase readership.)

Lately this concentration has slowed to a crawl. As for going public, Journal Communications, which owns the Milwaukee Journal-Sentinel along with television stations and weeklies, took the step in late 2003, but that's it. When it comes to acquisitions, recent takeovers include smaller properties like the papers in Merced and Stockton, California (by McClatchy and Dow Jones, respectively) in late 2003. Freedom Communications and its flagship Orange County Register drew a lot of interest and a high bid from Gannett and MediaNews, but ultimately members of the Hays family, with the backing of private bankers, were allowed to buy the shares of other, dissatisfied family members who wanted out.

In early 2005, Lee Enterprises announced it had acquired Pulitzer Inc.'s 14 daily papers, which include, most notably, The St. Louis Post-Dispatch and the Arizona Daily Star. The acquisition was priced at \$1.46 billion. Also, at the end of 2004, the E.T. Rollins family sold the Durham Herald-Sun to Paxton Media, which dismissed nearly a quarter of the staff the day it took possession. ¹

While there are hundreds of newspaper owners, about two dozen continue to dominate both in terms of the numbers of newspapers they own as well as their percentage of the total daily and Sunday circulations. ²

Percent of Daily Newspapers Owned by Largest Newspaper Groups, 2003

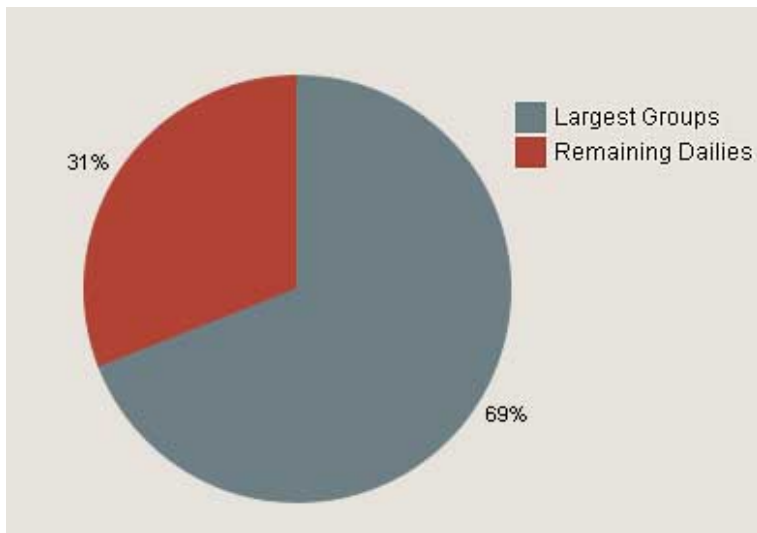


Design Your Own Chart

Source: Editor and Publisher Yearbook; PEJ Research

The largest groups include the 22 newspaper groups with a combined daily circulation of over 500,000.

Percent of Daily Circulation Belonging to Largest Newspaper Groups, 2003

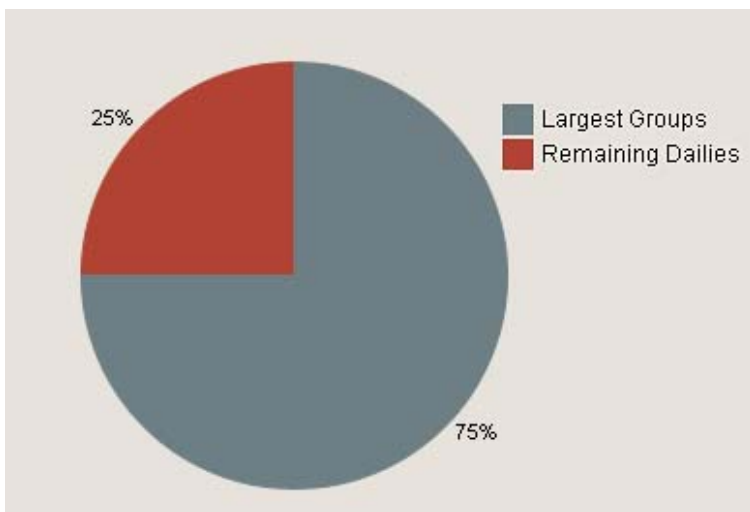


Design Your Own Chart

Source: Editor and Publisher Yearbook; PEJ Research

The largest groups include the 22 newspaper groups with a combined daily circulation of over 500,000.

Percent of Sunday Circulation Belonging to Largest Newspaper Groups, 2003



Design Your Own Chart

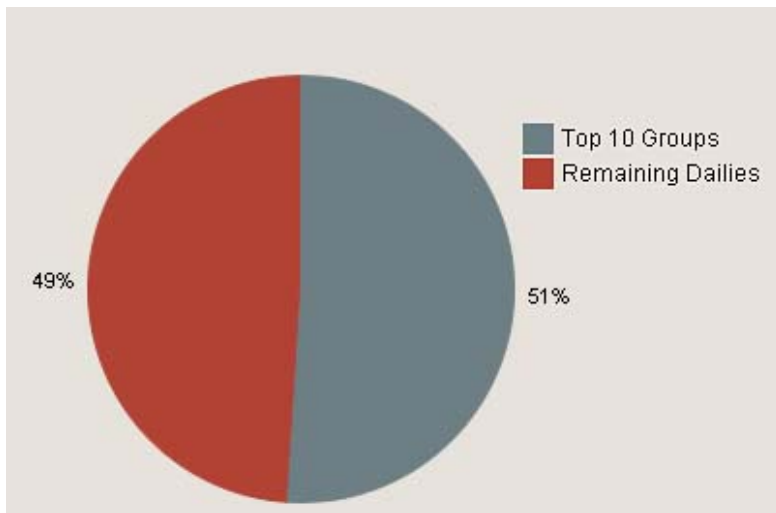
Source: Editor and Publisher Yearbook; PEJ Research

The largest groups include the 22 newspaper groups with a combined daily circulation of over 500,000.

While there has been very little change in the concentration of the number of daily newspapers and daily circulation among the largest newspaper groups, Sunday circulation among the largest newspaper groups declined two percent in 2003.

Circulation concentration is even greater for the ten companies with the highest total circulation. These chains own roughly half (51%) of all daily circulation and a slightly higher percentage (57%) of Sunday circulation. These numbers are virtually the same as a year earlier.

Top Ten Groups' Percent of Total Daily Circulation, 2003

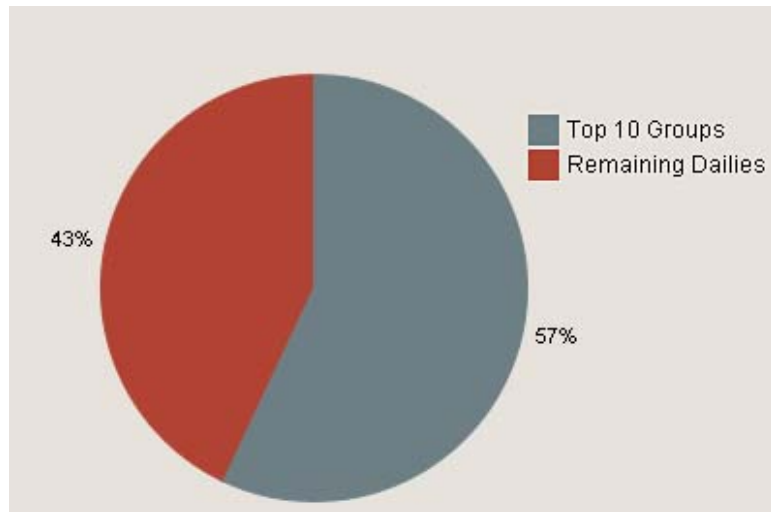


Design Your Own Chart

Source: Editor and Publisher Yearbook; PEJ Research

The top ten groups are by combined weekday circulation.

Top Ten Groups' Percent of Total Sunday Circulation, 2003



Design Your Own Chart

Source: Editor and Publisher Yearbook; PEJ Research

The top ten groups are by combined weekday circulation.

It is premature to declare the march of consolidation over, but might the current hiatus morph into a much slower pace of ownership changes through the decade? On the one hand, the lull of recent years gives plenty of companies available cash and borrowing power for acquisitions. In the Freedom auction, the Pulitzer offering, and smaller sale opportunities, consortiums of investment banks have also shown interest in becoming buyers. Also, there has been speculation that an eventual easing of FCC regulations would prompt a wave of acquisitions or swaps of both newspapers and local TV stations.

All this argues that over time, with shifting market conditions, the spigot may reopen. Big newspaper companies have lots of free cash flow. Buying other newspapers may seem as good a use for it as any. So the logic for further consolidation remains strong. The industry – compared to other categories like autos or consumer goods – is not among the most concentrated.

On the other hand, it is hard to escape the feeling that the action of the 1970s, 80s and 90s has left the field of prospects for acquisitions at least comparatively picked over. Gannett, the leading consolidator of the period, may be a bellwether. Its CEO, Doug McCorkindale, has frequently complained in conversations with analysts about the “funny money” multiples now being asked for newspapers and TV stations. Gannett hasn’t bought anything big since Central

Newspapers in 2000. Instead it has made a series of purchases to assemble Newsquest, a Gannett-like chain of regional newspapers in England, and dramatically improved their financial performance. In 2003, Gannett bought Captivate, a small company that places advertising in elevators and other public places.

On the other hand, 2005 finds Gannett back in action with an acquisition of a chain of Home Town Communications Network, a chain of 63 non-dailies in the Ohio, Michigan and Kentucky. Nor can mergers of big public companies like Tribune's 1999 purchase of Times-Mirror be ruled out. ¹⁰

At independent newspapers, smaller private chains, and even the smaller public companies protected by a special family-controlled class of stock, both financial and generational factors bear on the decision about whether to sell or continue. If younger family members lose interest in newspapering or think management is under-performing, that can prompt a sale. But by now many of the surviving independents could be characterized as rugged, determined, and even stubborn. Eased inheritance laws also make a transfer of control from one generation to the next less punishing than it used to be.

Two other ownership possibilities remain mostly theoretical. Except for the four or five largest public companies, others could go private, getting out from under Wall Street demands, should they choose to. None have to date. Also, extremely wealthy individuals could become owners of individual papers, just as many own sports franchises. Wendy McCaw used some of the proceeds of her divorce from the telecommunications billionaire Craig McCaw to buy the Santa Barbara News-Press in 2000. Forbes 400 regular Phillip Anschutz, acquired the battered San Francisco Examiner franchise in 2004, later bought several suburban weeklies outside Washington D.C., and has announced plans to publish free papers under the Examiner name in other cities.

Cross-Ownership Rule Changes to Remain on Hold Until 2005

A ruling by the Third U.S. Circuit Court of Appeals in 2004 halted changes made by the Federal Communications Commission in the laws governing media ownership. The rule changes would have made it legal for newspaper companies to buy local television stations in many markets. The companies were pushing for the changes in order to expand into local television and to bring about convergence between the paper, the television channel, and in many instances, the paper's online property. The judges, whose decision was upheld by the full court on appeal, required that the FCC produce better evidence in support of the rule changes. The battle over the rules was expected to stretch into 2005. (click here for more information on local television FCC developments)

Private Companies

Revenues, earnings and profit margins are generally not available for private newspaper companies. But they are among the biggest chain owners in the industry – by circulation, four of the top 12, 9 of the top 20. The largest (with circulation rank) are 11:

*Advance (4). The company, controlled by the Newhouse family, operates 26 dailies, including The Star-Ledger of Newark, The Plain Dealer of Cleveland and The Oregonian of Portland. Advance has a reputation for relatively generous news spending and markedly improving most of its properties over the last 20 years. Business-side operations are relatively informal, relying more on periodic visits from headquarters than rigid budgeting. A separate Newhouse company publishes The New Yorker and Vanity Fair.

*Hearst (7). Has 12 dailies, and some big-city presence – the Houston Chronicle, the San Francisco Chronicle and the San Antonio Express-News. Drove under its competitors in those three cities and is hanging on in Seattle (where its Post-Intelligencer is enmeshed in a legal fight with its joint-operating partner, The Seattle Times). Also a successful operator of magazines.

*MediaNews Group (8). A large empire built of 45 papers over a period of 30 years by William Dean Singleton. Runs many distressed franchises no one else wanted, with bare-bones staffs. Singleton has compared himself to a surgeon who takes radical steps with very sick patients. He was a surprising proponent of news investment during his recent tenure as president of the Newspaper Association of America (2002-2003), and has a stated ambition to build the flagship Denver Post into a great regional paper. Because of its volume of semi-public debt, MediaNews reports most results as a public company would.

*Cox Newspapers (11): Atlanta-based, and The Atlanta Journal-Constitution is the flagship among its 17 papers. Others include the Austin American-Statesman, The Palm Beach Post and the Dayton Daily News. Like Advance, has a reputation for above-average news investment and quality.

*Freedom Communications (13): Consists of The Orange County Register and 27 smaller papers. As discussed above, the company was up for auction in 2003, but the upshot was that members of the Hays family who wanted to continue, with the backing of investment bankers, bought out family members who were dissatisfied and had pushed for a sale.

*Community Newspaper Holdings Inc. (14): Based in Alabama and owned by the state employees' pension fund, the company owns 96 small newspapers.

*Daily News, New York (18): A one-newspaper company but a big one, it is owned by Mort Zuckerman and also owns U.S. News & World Report.

*Morris Communications (19): A chain of 27 mid-sized and small papers, mostly in the South, known for tight operations and high profit margins. Reports financial results. Its Savannah Morning News is credited with having greatly improved in recent years, and the company is a relatively active explorer of advanced online applications.

*Copley Press (20): Consists of The San Diego Union-Tribune and eight smaller papers.

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News Investment

News Investment

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

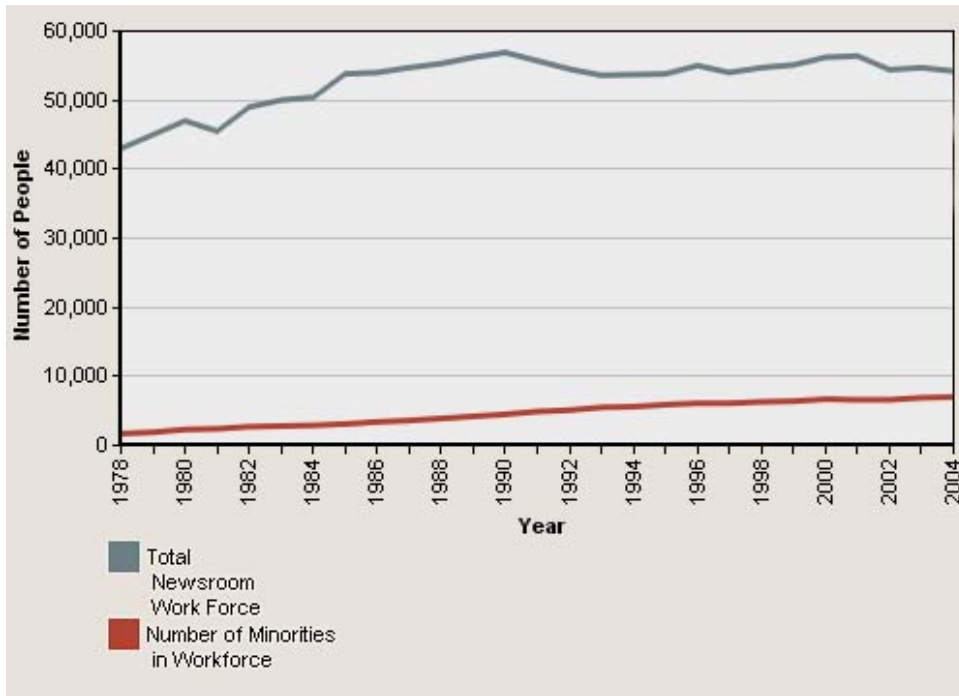
On balance, 2004 was another discouraging year for editors hoping to rebuild the capacity of their newsrooms or citizens hoping to see broad improvements in the quality of their local newspapers.

Newsroom employment actually fell by 500 full-time professionals in 2003, or about 1%, to 54,200. That cancelled out a small gain in 2002, and returned to levels below 2001, when employment fell by 2,000 – or about 4% in a single year. ¹ Firm information on 2004 staffing or newsroom budgets is not available, but anecdotally it appears to have been a year of hold-downs and scattered cuts. More of the same seems likely in 2005.

There is good news in the number of minorities working in newsroom. While the overall number of staff members was down, the number of minority newsroom employees rose to 7,000, or about 13% of the total. Both of those numbers are the highest they have been. ²

Newspaper Newsroom Work Force

1978-2004



Design Your Own Chart

Source: American Society of Newspaper Editors, Newsroom Employment Census, 2004

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

For chains, Gannett comes closest to matching the diversity of its community, followed by Knight Ridder, McClatchy and the New York Times Company. ³

At the same time, newsrooms saw a slight increase in the number of women. In 2003, women constituted 37% of the newsroom workforce. Among supervisors, 34% were female, as were 40% of reporters. ⁴

The first prominent cut was the reduction of 60 newsroom jobs at the Los Angeles Times in early summer 2004. Ironically it came just months after the Times won five Pulitzer Prizes. Tribune Company executives cited soft performance in the L.A. ad market. Earlier in the year, another Tribune Co. paper, The Baltimore Sun, dismissed its editor, William Marimow, noting conflicts but not specifying whether they were over newsroom resources. He ended up a managing editor at National Public Radio, recipient of a huge grant from the estate of Joan Kroc to expand news operations. The Washington Post completed a buyout program that resulted in the phased early retirement of many familiar bylines (though like the L.A. Times, The Post retains an enormous and highly qualified staff).

In autumn the other shoe dropped for two of the circulation-scandal papers. The Dallas Morning News announced it was downsizing the newsroom by 60 positions, and Newsday announced in mid-November that up to 110 jobs would have to be eliminated through voluntary and involuntary buyouts. ⁵ The Houston Chronicle announced cuts, and others were in prospect at other Tribune Company papers. Jack Fuller, the Pulitzer Prize winner who had run Tribune's newspaper division for a number of years, took early retirement.

Other cuts came primarily from formal or informal job freezes and attrition. (This was the case at Knight-Ridder, for instance.) These cuts were not anything like the shocking wave of deep cuts experienced in 2001, which reached roughly 10% at Knight-Ridder papers alone. ⁶ It certainly is possible that other papers were expanding staff unannounced, but the probable net reduction in industry staff will not become more apparent until April 2005, when ASNE releases its annual census, reflecting end-of-2004 staffing levels.

Differing Strategies

The story of newsroom investment in 2004 was not one of unrelieved gloom but rather of diverging strategies. The big five national papers, top regionals like The Boston Globe, several major chains and various independent operations seem to follow the theory that quality will build circulation and reader involvement, which constitute a net business plus for advertising performance and the long-term health of the franchise.

The McClatchy Company highlights a "Good Journalism = Good Business" banner in all its presentations to analysts and investors. "Keeping our newspapers compelling to readers," CEO Gary Pruitt told the Mid-Year Media Review in June, is integral to the company's 19 consecutive years of circulation gains. That – and strong markets like Minneapolis, Sacramento and Raleigh-Durham – in turn has led to a 50% better ad growth rate at McClatchy in the new century, compared to industry averages. ⁷

The New York Times, even after Jayson Blair and related embarrassments, prides itself on running the Rolls Royce of news operations, and is priced accordingly. The Times realizes annual circulation revenue per customer of \$474 a year, by far the highest in the industry. (Its ad revenue per average number sold is \$905 a year, also the highest). ⁸

Another newspaper that probably should be cited as a stalwart on news investment is The Wall Street Journal. Despite the worst ad losses and stock performance in the industry over the last five years, the company has reinvested in the product with enhanced color reproduction and the successful launch of a Weekend section and a reformatted Personal Journal daily section (all ad-friendly as well). In the same vein, The Journal has announced the September 2005 launch of a Saturday edition, a vehicle for yet more ad sales and daily reporting of breaking Friday business news that will require 150 additional editorial and business-side employees. ⁹

Some analysts and academics also offered new support for this "virtuous cycle" approach to news investments:

Paul Ginocchio of Deutsche Bank Securities applied a fresh mathematical analysis to 150 large markets. He found that papers recognized for superior news performance, like The Washington Post, the Lexington Herald Leader and the Arkansas Democrat-Gazette had superior "brand power" – defined as circulation numbers and ad rates above expectations for their markets.

Coming as "a new kid on the block" to the newspaper industry, Ginocchio broke with the Wall Street tradition of considering the news department mainly an expense to be controlled. Instead, he hypothesized that it was the heart of any paper's value. "At their core, newspapers 'own' the news," he wrote. "They are the only media with the organizational and cultural structure capable of generating the volume, depth and quality of original news (and analysis) demanded by the public on a daily basis." Those who do the news/editorial job with distinction will be rewarded with a stronger franchise in their market; those who short news quality will be more vulnerable to competing media. He concludes, again in a break from the Wall Street norm, that brand power merits consideration alongside earnings and profit margins in assessing a company's future prospects. ¹⁰

The Duke economist and political scientist James Hamilton explored the reverse side of the same idea, that short-term business thinking drives companies to maximize profits at the expense of public service and high-end reporting. His

book, "All the News That's Fit to Sell," recommended that nonprofits take up the slack by producing quality journalism themselves or subsidizing it in mainstream commercial media. 11

Phil Meyer of the University of North Carolina, a longtime scholar of the connection between news quality and business success, published his most recent work on the subject, "The Vanishing Newspaper: Saving Journalism in the Information Age," in December. He concluded that real-world managers are largely numb to the evidence of the benefits of larger news investments, and that many are managing for profits as if newspapers were on an inevitable slide to obsolescence and thus should be milked while they can. Much larger news investments would be needed to reverse course at the typical regional newspaper, Meyer concludes, and like Hamilton, he suggests that the non-profit sector may provide some of the support for serious journalism that is falling by the way. 12

Northwestern University's Readership Institute continued studies showing that broadened content targeted to tested reader preference and strong promotion can reverse the slide. But it cautioned that half-measures do not appear to be effective and that newsrooms need to change tradition-bound work cultures. 13

Stephen Lacy of Michigan State University, a longtime scholar of newspaper competition, published a new study showing that high-margin public-company operations attracted stronger competition from weeklies than did privately owned dailies. 14

Rick Edmonds (co-author of this chapter) published a study of news expenditures per subscriber, which he called news EPS, showing that in any circulation range, the top papers are typically spending twice as much for each reader as the least generous are. 15 The Project for Excellence in Journalism has also continued work with the University of Missouri on an econometric model of newsroom investment. The model, based on data from the Inland Newspaper Association, shows that papers that invest more in news derive significant long-term payoff, and those that do not will see their business atrophy. The team is now working with some newspaper groups to refine and test the model in individual markets.

There are also strategies in place to maintain or improve quality within a context of cost constraints. Many chains are using the findings of the Readership Institute (which doesn't bill its recommendations as cost-free) to produce more of the material and presentation found to be most engaging to readers, using existing staff and budget. This approach has taken root in two companies frequently faulted for putting profits ahead of maintaining a strong level of news investment. It may be more accurate to say they have become prescriptive about what they want the tightened staff to do:

Gannett is pushing an idea it calls "Real Life, Real News," mandating much heavier coverage of ordinary shared experiences like high-school graduation or holiday observances and increased efforts to draw story ideas from meetings with readers.

Knight-Ridder now partly bases editors' bonuses on whether their papers improve, as measured by reader surveys in categories like watchdog journalism and news about "people like me." 16

Critics of both companies might consider those efforts modest at best. The purpose of this chapter is not to make such evaluations company by company. But we think it fair to note that both have decided in the current context to take such actions, and to communicate them to the investment community. 17

Some also might find modestly encouraging the fact that so many newspapers are venturing into new youth publications and foreign-language papers or supplements, together with other kinds of niche publications. But many of these are small-stakes bets. Turning to the main event of developing an online report, the national publications have strong sites. Regional newspaper sites typically have the highest traffic in their markets.

Some degree of interactive discussions is typical of all sites. But there are serious questions still about whether the level of investment online represents real innovation adequate to the long term or whether the industry is being tight-fisted and perhaps shortsighted. Rob Burnett, the Newspaper Association of America's own analyst, faulted the industry for a lopsided emphasis on developing online advertising, with little exciting to show yet in content or display. A July 2004 study from the University of Texas showed that of 30 newspaper sites monitored, only 12 made any substantial changes during the course of the day. The rest were stocked with so-called "shovel-ware" from the once-a-day print edition. 18

While newspapers cling to the mantra that they own the local news franchise in their communities, this cautious, defensive posture could leave them vulnerable the day (and it's coming soon) when Google, Yahoo and others roll out more sophisticated, tailored-to-the-individual information products with a local mix. 19

An international comparison also suggests a relative complacency in American newspapers. England is a very different sort of market: predominantly national, highly competitive among a dozen titles and reliant on single-copy sales. Starting in late 2003 and continuing through 2004, all three of the high-end papers – The Times, The Independent and The

Guardian – have begun conversion to tabloid format. Especially at The Independent, first to convert, there was strong reader preference for the tabs, a surge in circulation, and little or no diminution of the paper's serious tone.

But the change involves enormous capital expense and a range of complicated issues with advertisers. The Miami Herald included a tab-shaped two-page news summary in its 2003 redesign. The Fort Worth Star-Telegram and the St. Paul Pioneer Press (Knight-Ridder papers, like the Herald) began experiments in 2004 with prominent summaries in place of a conventional front page or page two. But no U.S. paper of any size has changed over entirely; the free youth papers are the closest to a test, and senior executives have indicated little interest in the tabloid option.

A somber assessment of the state of news investment and public service reporting also came during the joint portion of the annual conventions of the ASNE and NAA in April 2004 in Washington. The ethicist Matthew Josephson kicked off a panel discussion pegged to the Jayson Blair and Jack Kelley controversies by asking whether inadequate news-side resources were partly at the root of a broader problem for newsrooms.

"That is a reality," replied Greg Moore, editor of The Denver Post. "Either through attrition or budget cuts, we don't have the resources as an industry to do the job that we used to do or that we expect to do. Quite frankly, when you talk about the potential for calamities, one of the reasons for that ...is that the supervisory level has suffered the most."

Asked how he would grade the industry on its public service, Moore said, "I'm a tough grader. I would say that we are probably about a C+."

John Carroll, editor of the Los Angeles Times, said he was fortunate to have a lot of resources (though like any editor he could do more with more), but agreed with the C+. When operations are bled for profit, he said, "they just squeeze the life out of a paper, and it really is impossible for the editor to make much headway....You are not paying salaries or the people are turning over, and it is just a struggle to get the thing out."

Jack Fuller, then running Tribune Company's newspapers and Carroll's boss, took a more politic line. He was focused, he said, on Tribune's own 12 papers and would give them a B+.

"How would you grade your papers?" Josephson next asked Tony Ridder, CEO of Knight Ridder and outgoing president of the NAA.

"Well, I think it varies," Ridder said. "I think it varies with the size of the newspaper. Some of our larger papers have the resources to do a lot more. But I would say it wouldn't be any higher than probably a C." 20

Footnotes

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Public Attitudes

Public Attitudes

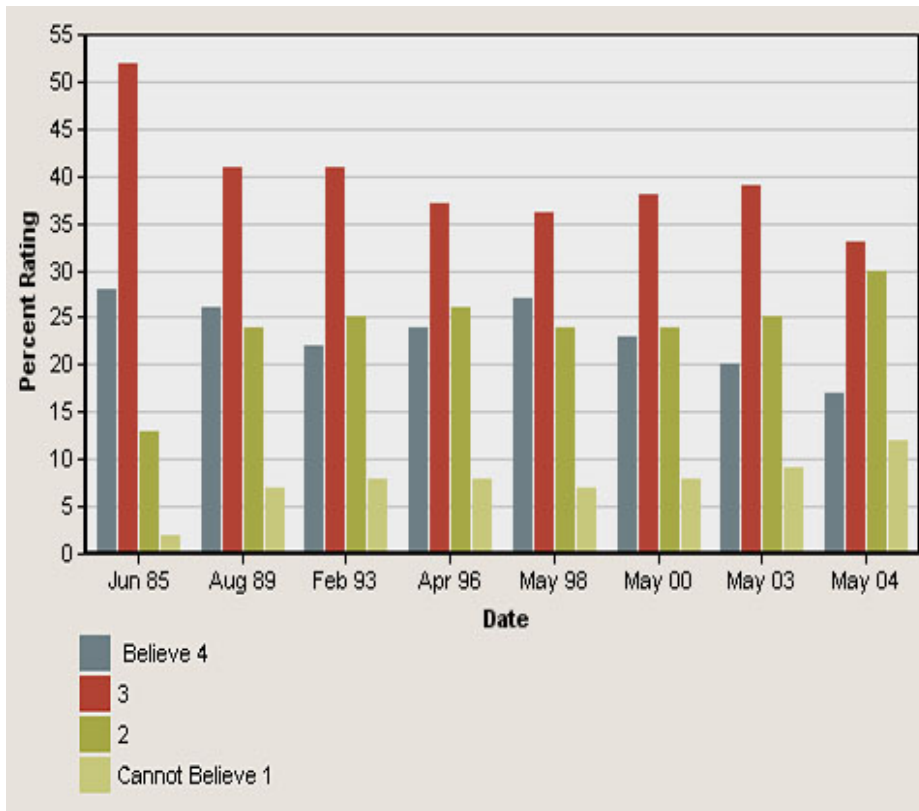
By the Project for Excellence in Journalism and Rick Edmonds of The Poynter Institute

When it comes to attitudes about the press, 2003 painted a pretty grim picture of low and declining trust in the media over all and especially in newspapers. Over the last year, those trends have only been reinforced. And one positive sign, that people tended to wander back to print as major breaking news subsides, no longer holds true.

In 2004 just half of those surveyed, according to Pew Research Center data, ranked the newspaper they are most familiar with as being believable (1 or 2 on a scale of 1 to 4). This is down nine percentage points from 2002, and 13 points from 1998. A scant 17% gave their newspaper the highest believability rating, a 1 on the scale, down from 27% in 1998. 1

Newspaper Believability Over Time

Surveys: 1985 to 2004



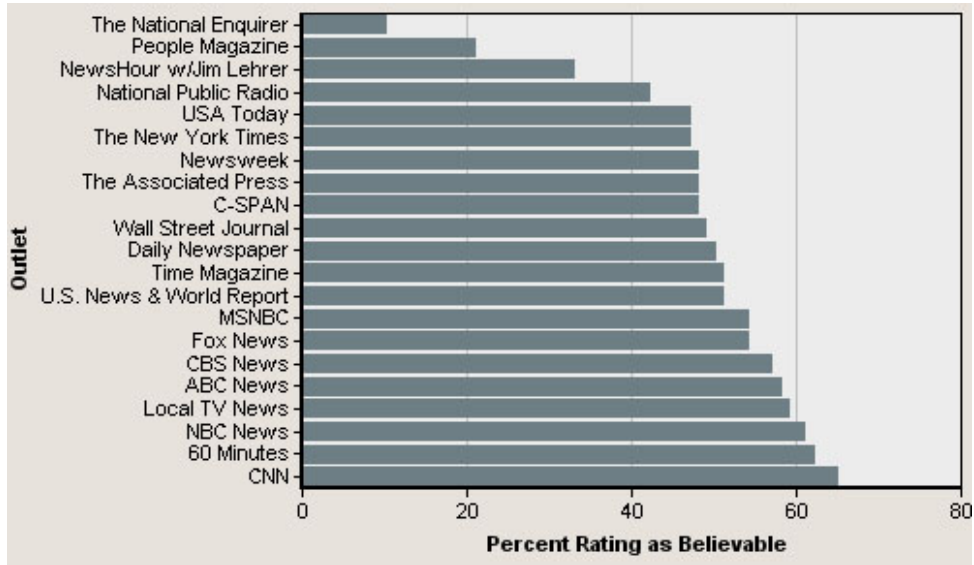
Design Your Own Chart

Source: Pew Research Center for the People and the Press, "Pew Research Center Biennial News Consumption Survey," June 8, 2004

Survey qu Please rate how much you think you can believe the daily newspaper you are most familiar with.

National newspapers, despite their size and resources, rated no better than local. Believability ratings for The New York Times, USA Today and The Wall Street Journal were all below 50%. Believability for most network and cable outlets is on the decline as well, but still falls somewhere between 54% and 65%. 2

Media Outlets Ranked by Believability, 2004



Design Your Own Chart

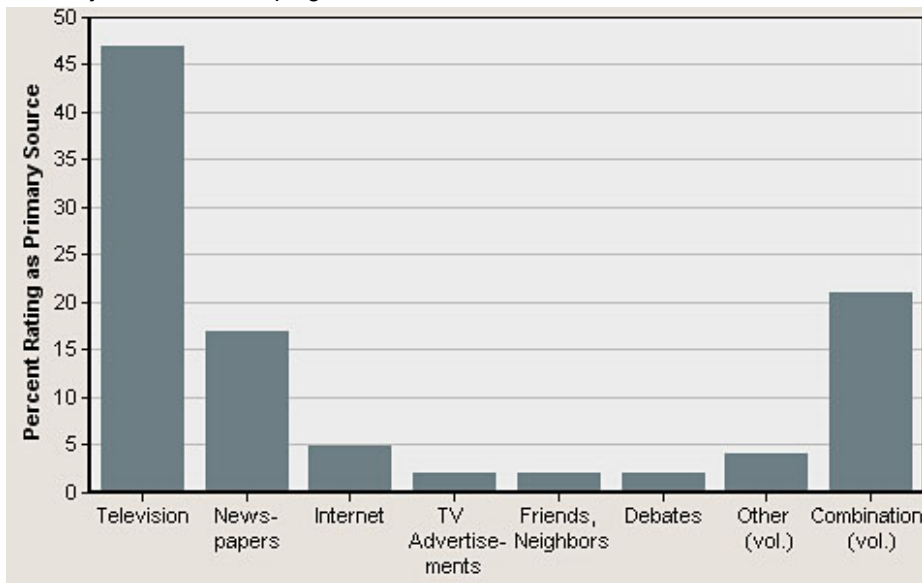
Source: Pew Research Center for the People and the Press, "Pew Research Center Biennial News Consumption Survey," June 8, 2004

Survey qu: Please rate how much you think you can believe ... Includes ratings of 3 and 4 on a scale of 1 (not believable) to 4 (believable).

The most significant shift over the last year is that newspapers are losing more readers during major news events and are not pulling them back when events subside. What we have seen in the past is a predilection for television during big news stories but then a return to newspapers once the big news event dies down. The 2004 data suggest not only an increased gravitation to television for the big story but a suggestion that the draw may remain even for everyday news.

In March 2003, newspapers were the primary source of news about the war in Iraq for 24% of respondents. In March of 2004, the big story was the presidential election. Just 17% named newspapers as their primary source for news. Television, on the other hand, was named by close to half of respondents (47%). Two in ten (21%) respondents did volunteer that they got most of their news from a "combination" of outlets, which could include some newspaper reading. 4

Primary Source of Campaign Information, 2004



Design Your Own Chart

Source: Fox News/Opinion Dynamics Poll, "Voters Still Evenly Divided," March 25, 2004

qu: Of the following, where do you get most of your information about the presidential candidates?

And the implications for the fondness for television in election coverage may be even more significant, since elections are not as naturally tied to video as are stories like the Iraq war.

In addition, Americans displayed a desire for pictures over words. Most (55%) said they prefer pictures over words while just 40% prefer reading or hearing about events. ⁵

Additional data from Arbitron/Edison Media Research adds fuel to the sense that newspapers are second fiddle to television for news. When asked which medium is "MOST essential" to their lives, only 11% of survey respondents said newspapers, compared to 39% for TV, 26% for radio and 20% for the Internet. ⁶

What's more, the picture doesn't look much better among the more highly educated. Among those with a college degree, 13% report newspapers as the most essential medium, not much higher than the 11% overall. ⁷

The only positive sign for newspapers may be that people want more than headlines. Four in ten want thoughtful analysis, something that the condensed time frame of network television and the format of cable often do not accommodate. Another 37% want headlines plus some facts. Just 18% say they want only headlines. ⁸

As on-demand news, images and audio become more a part of everyday news consumption, newspaper companies may have a difficult time convincing people to choose their publications over other media – especially during breaking news. In the end, quality, consistency and depth of coverage may be newspapers' best selling points.

While many newspapers pride themselves on the depth of their information, recent scandals at leading newspapers have challenged the industry's credibility.

The Credibility Conundrum

Credibility has been the subject of much study and hand-wringing within the industry for several decades now. It was the topic of a major research project of the American Society of Newspaper Editors (ASNE), beginning in 1997 and concluding with publication of a credibility handbook in 2001. More recently the Associated Press Managing Editors persuaded 50 of its member papers to hold "credibility roundtables" with citizens in their communities.

The somewhat abstract problem got a human face in 2003 when The New York Times found that a reporter, Jayson Blair, had frequently plagiarized or fabricated material for his stories. Another Times reporter, Rick Bragg, was asked to resign over so-called "toe-touch" datelines – passing quickly through a town but constructing a story from an uncredited stringer's file.

In 2004, The Times got company when USA Today found that its star roving foreign correspondent, Jack Kelley, had fabricated some of his most dramatic stories, notably a first-person account of a café bombing in Israel. More than a dozen reporters around the country had been fired for lesser instances of plagiarism.

As newspapers set about writing more detailed ethics codes and smoking out offenders, they could take some cold comfort from surveys, which suggested that the Blair and Kelley incidents didn't seem to move the needle. ⁹ Of course, credibility was abysmal in the first place.

Perhaps a more material consideration is that the majority in surveys who say they don't find newspapers believable represent a coalition of complaints – everything from thinking many stories are inaccurate or incomplete to claiming a paper is politically biased or too negative to business, government or a given town.

The ASNE credibility handbook adds additional criticisms: a sense that the paper is inaccessible or out of touch with its community, and not seeing one's concerns – especially those of minorities and young people – represented in print. ¹⁰ Academic studies of credibility treat it as a "multidimensional" concept including at least believability, accuracy, trustworthiness, bias and completeness. ¹¹ Some amplify the list to include sensationalism and a half-dozen additional items. ¹²

Add it up, and the surveys probably DON'T mean readers think their paper will misreport the results of the Super Bowl. But looking at the picture over all, there is a one-two-three punch of bad news for newspapers:

- Newspapers continue to lag behind television as a believable source and are not closing the gap.
- Newspapers now seem to have lost readers in what used to be their strong point – offering after-the-fact analysis in times when news events have slowed down..
- Credibility is on a steady downward track, with online enthusiasts rating the Internet a more credible news source than either newspapers or TV.

Footnotes

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Conclusion

Conclusion

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

In the end, 2004 was a disappointment. The industry's hopes for recovery were not realized. In reaction, many companies turned again to cutting back on their newsrooms, an old pattern that may undermine the future. And aside from the slow cyclical trends of advertising and revenue, the circulation scandals that rocked the industry not only hit some of its most successful companies, they also included bribery, kickbacks and fraud. Anecdotally, we heard from editors at companies with no whiff of scandal at all that advertisers were now suspicious of their numbers, too.

Perhaps most disturbing, there was frankly little hard evidence that the newsroom capacity is being built up, even to develop the emerging journalism of the Internet, where the audience – and importantly, the young audience – is clearly growing. While it may be that fewer resources should be assigned to the print edition of many newspapers, it seems worrisome that resources are moving only sparingly, and perhaps even being cut back, in new media, at the slightest sign of economic difficulty.

It may not be possible to “prove” that quality and investment will pay off in all markets. But it is still disturbing that the effort isn't being made in many places. The evidence, as best as it can be collected, suggests that the newspaper industry is taking the same cautious, pay-as-you-go approach to creating the new journalism of the Web and specialty publications as it took a generation ago to investing in trying to attract new audiences to the main print edition.

In June, a newspaper executive, now in the candor of retirement, told us that he thought the newspaper industry was now experiencing a crisis in confidence, no longer fully believing in itself and the viability of what it has to offer – on paper or elsewhere.

Our reading of the evidence suggests he may be right.

Guest Essay

Guest Essay

Three Keys to Newspaper Survival

By Bill Kovach

Since science first harnessed subatomic particles to move information more quickly through wires or the air than with ink on paper, it has been assumed the newspaper industry was not long for this world. But despite wave after wave of scientific advance, from the telegraph and the telephone to radio and television, newspapers have endured.

They no longer have the field to themselves. Their reach is smaller. Editors and star writers are no longer celebrities. But the newspaper survives, and thrives.

Newspapers have defied predictions by adapting to each new competitive environment in two ways.

The first is economic. Newspapers have adopted the new technology to become more efficient and incorporated the technology to create new economic possibilities.

In the 19th and early 20th century they put the speed of the telegraph and telephone to work to produce multiple daily editions of newspapers that allowed them to broaden their base and attract the commercial advertising that freed them from the need for political patronage.

When radio and then television threatened, they bought out the competition to concentrate ownership and invested to turn competition into profit. Those adjustments of the business of news have been closely studied and are well known.

But the survival of the newspaper industry has been assured by an equally important but lesser-known adjustment that accompanied those waves of change. This has been the steady professionalism of the journalism by which each new threat has been met, by providing increasingly more valuable and compelling information in print.

In the 19th century that meant developing news of wider appeal on which to build a new business model serving the rapidly expanding circulation possibilities of an urbanizing America. The electronic threats of the 20th century were met by a steady sharpening of professionalism with the introduction of schools of journalism, the progressive move toward a methodology of objective newsgathering and presentation, and proliferating professional organizations that encouraged standards and monitored performance.

The credibility of rising standards brought brand loyalty that has been critical to the continued survival of newspapers. That credibility has been critical because the fundamental strength of the newspaper business is its constitutional protection, which offers privileges of access and a special measure of autonomy to journalists in return for providing the public with independent, timely accounts of their life and times.

Once again it seems that newspapers remained competitive by following the tried and true formula of adopting and adapting the new technology to find a new business plan.

But some numbers in this report suggest newspapers are maintaining competitiveness at the expense of enhanced professionalism in the newsroom. What were once described as short-term reductions of the number of reporters and editors, which began in the late 1980s, have continued into the new century.

It is a trend that could undermine the historic competitive edge that newspapers have enjoyed and could defeat the two-part formula of adapting and adding value that have kept newspapers in the game these past 100 years and more.

The cutbacks threaten to weaken newspapers and feed an atmosphere in which niche ideological marketing that profits by devaluing the journalism of verification has taken root and is growing. We are seeing this taking root at a time when the cost of the failure to invest in strengthening newsrooms was starkly demonstrated by the Jason Blair scandal at The New York Times, the Jack Kelley scandal at USA Today and the "60 Minutes" scandal at CBS Television.

An important factor in each of those scandals was a reduction of the infrastructure of the newsrooms that allowed a culture to develop that weakened the process supporting a journalism of verification.

And the cost of that in the rupture of the compact between the public and journalism is also seen in this report. Even though newspaper readership is at 100 million and overall interest in national and international news is increasing, 53% of Americans say they "often don't trust what news organizations are saying."

So far, newspapers have responded to new challenges with what has worked in the past, adopting and adapting new technology to build a new economic model. But they have neglected to strengthen the value of what their newsrooms create.

One important way to do so in a time of limited resources is by taking continuing training seriously. Training that develops among a staff the kind of critical thinking that is required to extract meaning from the flood of events and add the value of proportion, context and relevance to their reports.

A second important step involves our relationship with our audience. In a world in which political and commercial institutions create alternative virtual worlds that compete with the world of reality journalism presents, it is even more important that newsrooms develop a new relationship with the public. A new relationship that brings alienated readers into the decision-making process of the newspaper and into the agenda-setting of its editors.

And finally, a third key step involves our relationship with the next generation of readers. A relationship that goes beyond the traditional Newspapers in Education program. News organizations should be encouraging curriculum that educate young people in their roles as citizens in their community and to become critical consumers of timely, verified, independently produced information. Newspapers should be leaders in an effort to introduce civic literacy in our school to help create an informed demand for their work.

Bill Kovach is the Founding Chairman of the Committee of Concerned Journalists.

The State of the News Media

2005

Online – Intro

Intro

By the Project for Excellence in Journalism

Look into cyberspace and the picture for journalism seems fractured. There is real hope in the numbers of people who seek news online, particularly the young, a group that shows scant interest in traditional media. The capability of people to get what they want when they want it, and to manipulate it, edit it and seek more depth, could bring a needed revival to journalism. The economic numbers are also growing – and dramatically – each year. Yet look at the content offered in online journalism in 2004 and there are signs of frustration, lack of innovation and the caution of the old media applied to the new.

The audience for online journalism is still growing – a little. And in the future, the likely growth in broadband and the heavy orientation among the young toward the Web suggests that growth will continue and maybe accelerate again. The Web – and a converged multimedia news environment – seem more clearly than ever to be journalism's future.

There is more evidence than before, too, that the Web is taking viewers away from television, and that people who read newspapers are doing that increasingly on-screen rather than in print.

Online news is also beginning to make money, though no clear economic model as profitable as the old media's used to be has yet emerged. There were new signs heading into 2005 that competition for revenues would get even tougher as sites like Craigslist, which offers free classifieds and draws four million visitors a month, gain popularity and drain some of the highest-margin revenues from newspapers.

If the innovative edge for online media is to come from great media institutions with their resources and experience, the signs so far are disappointing. The content they offer on the Web, while improving in volume, timeliness and technological sophistication, remains still significantly a morgue for wire copy, second-hand material and recycled stories from the morning paper.

That jibes with evidence that despite growing profits and audience, most news organizations were limiting resources in 2004. They seem to be taking a pay-as-you-go approach to the Web, and since online ad rates and margins lag those of the old media, there seems little prospect for robust growth of the journalism at their sites.

Maybe the innovation will be left to citizens, entrepreneurs and bloggers who see themselves – perhaps mistakenly – as working in opposition to mainstream journalism. If so, the online trajectory is doubly problematic: The energy is coming from sources with a dearth of journalism essentials like verification and editing. Meanwhile, the economic base supporting the most difficult and expensive journalistic undertakings is eroding.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

How far has online journalism come?

To what degree, in other words, are news sites delivering on the promise of the Internet – providing news with interactivity and multimedia capability, updating with new information, and delivering a different kind of journalism? Or is Internet journalism, at least at the mainstream news sites that get most of the traffic, a dumping ground for yesterday's copy and a place dominated by third-party wire copy?

To find answers, the Project conducted a content analysis of nine news Web sites, including the three most popular as measured by ratings.

Among the highlights:

The extent to which sites are taking advantage of the Web varies dramatically, even among the most popular sites.

Even at the best sites, the notion of a new form of journalism that takes advantage of the vast technology is not really accurate.

Nonetheless, sites are exploiting the ability to continuously update more than they did a year earlier.

Lead stories on the sites studied are better sourced and of broader scope than any other media studied, except for newspaper front-pages.

The Project looked at a range of Web sites throughout each day of our study, rather than just once a day. We looked at nine news sites – two from cable television (CNN and Fox), two associated with broadcast television networks (ABCNews.com and MSNBC.com, which is affiliated with both MSNBC cable news and NBC), two Internet-only sites (Yahoo and AOL) and two newspaper sites (Washingtonpost.com for a large- circulation market and www.pantagraph.com of the Bloomington, Illinois, Pantagraph for a small-market newspaper). Finally, we analyzed www.cbs11tv.com, the Website of Dallas CBS 11, a local television Web site.

Altogether, 1,903 news articles were sampled for twenty weekdays scattered between January and October. We rotated four different download times: 9 a.m., 1 p.m., 5 p.m. and 9 p.m., sampling one for each day. For five of the twenty days, we downloaded articles on each site for all four time periods. The study examined all articles on the front page tied to a graphic image, plus the next top three articles. It also noted the multimedia links within each article, specifically photo galleries, video, and graphics.

Originality of Reporting

How much original reporting occurs online?

The data continue to suggest that Internet journalism, at least on the major news sites studied, is still largely second-hand material, usually from the old media.

The fact that little has changed in the last year may be a sign that less progress is being made on the content side of the Internet than on the economic side.

While the sample last year was slightly different, 1 and some of the sites have changed (ABCNews.com replaced CBS.com), we can still observe some patterns.

The amount of effort put into updating or modifying wire copy with some original work has declined. The percentage of stories that were a combination of staff and wire dropped to just 9% from 23% a year earlier.

And the percentage of wire-service stories posted without any sign of editing rose, to 58% this year from 42% a year earlier.

Meanwhile, the percentage of original work remained the same as a year earlier (32% of all stories were bylined staff-written). And that original work was even more limited than before to just a few sites.

In other words, despite the migration of audience to the Web, there is no overall sign, at least at the sites studied, of any surge in originality of content. That seems to be reinforced by evidence of staff cutbacks and even more limited resources we found in examining Newsroom Investment.

Story Origination, 2004 Percent of All Stories

Origin	Total	AOL	ABC	CNN	Dall-as	Fox	Bloom.	MSNBC	WPost	Yahoo
Staff	32%	1%	25%	54%	12%	14%	96%	13%	83%	1%
Wire & Staff	9	0	1	15	14	24	1	24	2	0
Wire	58	98	74	30	73	62	4	63	15	99
Other Org.	1	2	0	1	0	0	0	0	0	0

Totals may not equal 100 because of rounding.

Could the rise in wire copy be just a sign of our sample's changing? The evidence suggests it is more than that. Much of the change occurred on the five sites that we studied both this year and last.

That was particularly true at the three cable sites studied. At CNN, for instance, the percentage of wire copy doubled, from 15% to 30%, while original work dropped from 75% a year earlier to 54% this year. CNN, however, is still clearly head and shoulders above the other cable sites in the percentage of original reporting.

We saw similar changes at MSNBC. The amount of straight wire copy rose from 23% to 63%, while the percentage of stories in which MSNBC's staff made some attempt to customize or add to the wires fell by half, from 48% to 24%. Original stories fell from 17% to 13%.

Fox News changed the least. Its slight rise in wire copy was not statistically significant.

Sites still vary greatly, but one change from a year earlier is that the nature of the parent company's original medium seems to be more tied, not less, to the kind of site it produces. Most notably, the two newspaper sites far outweigh the others in original reporting. Fully 96% of the Bloomington site, www.pantagraph.com, is original, suggesting a decision to stay local rather than carry wire or other more national stories. And 83% of the lead stories at Washingtonpost.com were original.

Broadcast-based sites, on the other hand, range from 54% original content on CNN to just 13% on MSNBC. And the local television site's approach is quite different from that of the local newspaper. Just 12% of the content on cbs11tv.com is original reporting, with 73% wire.

A year earlier, we found that news sites fell into one of these three categories in producing lead stories on their front pages:

Sites that were primarily staff-written or performed their own verification and reporting.

Sites that customized wires and produced some original content.

Sites that relied almost entirely on wire stories without rewrite or much editing. Such sites are really more portals than news organizations.

What appeared to be happening in 2004 was that the middle category was shrinking. The nine sites studied ran either their own stories or straight wire copy, with little editing of outside content. The lone exception was CNN, in which half the copy was original and most of the rest wire.

As was the case in 2003, the two aggregators, AOL and Yahoo, made no attempt to produce their own work on their lead breaking stories.

Does it matter where a site's news comes from? The risk of relying predominantly on wire copy is that it means entrusting the accuracy of the copy to someone else. You have made no attempt to verify independently. The growing tendency this

year to run wire without any kind of staff input or editing suggests even greater risk.

On the other hand, if we analyze the depth of reporting, particularly the sourcing, of the wire copy and the original copy, the data suggest little difference between them. Wire and staff copy had nearly equal levels of transparency of sources, range of viewpoints and number of stakeholders – all of which were quite high.

The issue, then, may be more a matter of repetitiveness. Many outlets end up carrying the same stories. The amount of original reporting is not growing. Attempts to do some editing and checking of wire copy are declining. If a story does prove erroneous, then, the spread of the error will be all the greater.

A Place for Continuous Updating and Follow-Up

Like cable television news, the Internet offers the ability to continuously update users with the latest turn of events.

One goal of the study was to determine how much new information news Web sites actually posted through the day. To do so, for five of the days studied, we checked every four hours to see what percentage of the lead stories were altogether new, what percentage were unchanged and what percentage were in some way updated.

Moreover, there are degrees of updating: Was there something substantively new to the stories, were just some minor details added, or was it a rewrite around a new angle?

Story Freshness
Percent of All Stories

Freshness	All Stories	
	2003	2004
Exact Repeat	21%	26%
Repeat: No New Substance	14	2
Repeat: New Angle	2	*
Repeat: New Substance	14	11
New Story	49	60
<i>Totals may not equal 100 because of rounding.</i>		

What we found, generally, was a tendency toward posting more new stories and updating fewer running stories than a year earlier. This, too, may be a sign of sites adding new technology to process more copy, but then having less staff on hand to update major stories as new information becomes available. Machines, rather than journalists, may be defining the changing nature in online news at the moment.

The most striking change was that compared with a year earlier, the sites studied posted more new stories on completely different topics as the day wore on. This year, indeed, the majority of stories turned over (60%, up from 49% last year). 2

Another quarter of the stories (26%) were left unchanged through the day, up slightly from 21% a year earlier.

Thus only 13% were stories that had some level of updating, half as many as a year earlier. There was one positive sign, however. The vast majority of those were adapted with substantive new information. That was markedly different from a year earlier, when it was just as likely that a story would be tweaked with only minor new details. So fewer stories were being updated, but of those few, more are being substantively or meaningfully updated than a year earlier.

Do the changes from year to year, particularly the rise in new stories, suggest that there is now a new news cycle on the Internet? And is the news updated continuously in an even flow? Or does it change sharply toward the end of the day, after the close of business but a good 10 or 12 hours before the morning newspaper arrives?

Based on the sites examined, which included the three most popular news sites on the Web, the Internet seems to have adopted more of a continuous news cycle than a year earlier.

Last year we found that the morning generally opens with new headlines and content. (For both years, all downloads and references to time are Eastern) As the day wears on, new stories are less and less likely to appear as leads. What sites did was update the original morning stories. The level of substantive updating increased as the day wore on.

That pattern no longer holds. Stories are still mostly new at 9 a.m. (and for the purposes of this study all are considered new). But now the sites studied are posting more new lead stories throughout the day. More than half of the 1 p.m. stories were new (55%) as were 48% of 5 P.M. stories and 42% of 9 p.m.

Story Freshness Throughout the Day

	1 PM	5 PM	9 PM
Exact Replay	30%	33%	37%
Repeat: No New Substance	2	3	4
Repeat: New Angle	*	0	*
Repeat: New Substance	12	16	16
New Story	55	48	42

*All 9 AM stories considered "New."
Totals may not equal 100 due to rounding.

The Web and Multimedia

To what extent do news sites take advantage of the Web's capacity for depth and incorporating multiple media?

A year earlier we found that sites varied widely in this regard. Most of those studied contained links to background information but only some added multimedia.

This year, with input from online journalists, we wanted to look deeper. We decided to see the different types of links – video, audio, graphics and photos – and try to distinguish between those that were current, involving information less than a week old, and those that were more archival.

We also wanted to check for different levels of "interactivity." Could users communicate with those operating the site (via e-mail, votes, or chat boards)? And did users have the ability to manipulate or tailor the content in some way?

Looking first at background and current multimedia links:

Video links do not seem to have grown much as a practice and still cannot be considered common. When sites did link to video, it was more likely to be current than historical. Fully 29% of all stories contained at least one link to current video while at least one link to more dated video pieces was found in just 5%.

Photo essays and galleries were the next most popular link. Current shots were found as links in 19% of all stories. Links to older photos were found in 6%.

Even though graphics and maps are especially applicable during an election year, those kinds of current links were connected to just 13% of all stories. Looking just at election stories, its use rose to about 20%.

The bulk of the links dealt with current rather than archival information.

Multimedia Components, 2004
Percent of All Stories

Origin	Total	AOL	ABC	CNN	Dall- as	Fox	Bloom	MSNBC	WPost	Yahoo
VIDEO LINKS										
Current	29%	24%	2%	65%	38%	27%	1%	46%	25%	37%
Past	5	1	1	4	1	12	0	3	20	2
Undetermined	2	6	1	4	3	4	0	1	3	3
PHOTO LINKS										
Current	19%	12%	*	29%	11%	22%	1%	17%	27%	60%
Past	7	1	0	11	5	14	0	8	21	4
Undetermined	6	2	*	17	2	15	0	3	9	15
GRAPHIC LINKS										
Current	13%	5%	1%	20%	12%	28%	2%	31%	17%	1%
Past	6	0	1	8	5	15	1	19	4	0
Undetermined	2	0	0	7	2	5	0	4	3	0

Next we tried to assess the level of interactivity connected to stories. Could users communicate with the site? Could they manipulate the material?

In general, online news still has a long way to go in incorporating either capacity into its content. Just a quarter of stories offered some kind of communication with the site (for example, emailing your comments to the reporter). Almost the same percentage, 24%, allowed users to manipulate or tailor the data to their own needs in some fashion, such as checking crime data for their own neighborhoods.

The sites that stand out for the ability of users to communicate with staff members about the story at hand are Yahoo! and AOL. Every single Yahoo story studied offered users the opportunity to “Rate and/or recommend” the story. On AOL’s news site, the vast majority of top news stories offer a similar exchange: “Chart or post a message.”

CNN, however, went a step further, offering customization of 90% of the content studied, often by allowing people to set up email alerts about a particular story. MSNBC connected some kind of customization to 42% of stories; Fox trailed at 32%.

Interactivity of Online News

Origin	Total	AOL	ABC	CNN	Dall-as	Fox	Bloom.	MSNBC	WPost	Yahoo
Communication	25%	85%	1%	14%	10%	3%	0	23%	12%	100%
Manipulation	24%	6%	1%	90%	21%	32%	0	42%	9%	13%

If the Internet culture is really moving toward the “pro-sumers,” pro-active audiences who read and comment at the same time, or both consume and produce news, most news sites still have a long way to go.

Sourcing

How well sourced is Internet journalism? That discussion might begin with the question of how much audiences can tell about the sources. First, as in print, we saw marked declines in the amount of anonymous sourcing on the Internet this year. Overall, 19% of the stories cited anonymous sources, down from 39% a year earlier.

The next question is how transparent the sourcing online is, or the degree to which sites offer information about sources that enables audiences to decide what they think of the information for themselves. Just slightly less than half of all stories (46%) reached the highest level of source transparency, at least four sources with a clear attempt to explain enough about the sources’ knowledge, expertise and potential biases. There was little difference here among the sites.

This is less than what we saw on newspaper front-pages but substantially greater transparency than in network evening or morning news or cable.

Source Transparency, Online News vs. Other Outlets

	Online	NP	Net. Eve.	PBS	Morning
No Sources	7%	7%	37%	36%	39%
1 Source	16	12	14	21	23
2-3 Sources	32	33	32	20	28
4+ Sources	46	48	17	23	11

Story Depth

The next question about sourcing is how many sides of the story are included. At least in the lead stories studied, the Internet stood out among the media studied for getting multiple viewpoints. Fully 85% of stories contained a mix of views. In addition, we counted how many different types of interest groups or stakeholders were cited, a slightly different way of looking at breadth of sourcing. Online, the majority of stories (56%) had at least four different stakeholder groups, and another 21% had three or more stakeholders.

That depth of sourcing exceeds even that found in newspapers, where 76% of stories offered a mix of opinions (82% of front-page stories) and 39% contained four or more stakeholders. No other medium studied even came close to reaching these levels.

Not only was this level of sourcing high among media studied, it was also fairly consistent across the sites examined.

Journalist Opinion

To critics, the Internet is sometimes dismissed as a medium dominated by subjective opinion. How true is that of the major news sites?

The online content studied was largely free of unattributed journalistic opinion. Fewer than one in ten of the lead stories (7%) contained opinion from journalists. That mirrors the finding for newspaper front pages (6%), though if we include metro and sports sections, the figure more than doubles to 15%.

Looking at the sites individually, MSNBC was the most likely to include journalist opinion, though still to no great degree – 19% of stories studied. The Bloomington Illinois Pantagraph was the least likely, with just 1%.

In the end, online stories were more likely than most other media to score well on what we call the “Reporting Index.”

To be included stories had to meet the following conditions:

1. Four or more transparent sources
2. A mix of viewpoints
3. Four or more stakeholders

More than a quarter (26%) of the online stories studied reached the highest levels of depth and transparency. That is four or more fully identified sources, four or more stakeholders, and a mix of views.

The percentage is slightly less than for newspaper front pages, where 33% of all stories met the criteria. But it is eight percentage points above newspapers over all. On network evening news, 10% of the stories followed this model.

Lead Story Topics

When it came to the topic agenda on Web sites – what stories they led with on their front pages – the Web looks a good deal like the front pages of major newspapers, and much more traditional than either cable or broadcast television news.

Government made up a third of the stories (33%), followed by other domestic issues (24%), foreign affairs (16%), the campaign (8%) and disasters/accidents and weather catastrophes. The numbers mirror almost exactly the figures for the front pages of major national newspapers, except for the focus on disasters and accidents.

Inside those numbers are some interesting wrinkles, given the youthful nature of the Internet audience and the potential for addressing more issues on the Web. While domestic affairs was the second most popular topic, for instance, that broad category heading is somewhat deceptive. A big majority of the lead domestic-affairs stories (79%) concerned terrorism. No other single area of domestic news – public health, education, the environment, transportation, sprawl and health care – reached even a single percentage point.

Story Length

With an online environment, one can make conflicting arguments about how long stories should be. The Internet has the potential for infinite depth. Yet some people believe the computer screen is better suited to shorter stories than long scrolls of text or multiple clicks to page through a story.

Is there an optimal length? Do sites vary much?

Over all, the lead stories on the Web were similar in length to newspaper front-page articles. Roughly half of the Internet lead stories were between 500 and 1,000 words (48%) as were 44% of front-page newspaper stories. Another 32% were over 1,000 words. This was true of 40% of newspaper front-page articles.

Footnotes

1. The 2003 analysis was based on four downloads a day for five days, while 2004 was one download a day for twenty days plus four downloads five of those twenty days.
2. The number of completely new stories drops if you discount the 9 a.m. stories, when most sites start fresh, to 48%, but that is still up markedly from 34% a year earlier.

See end of document for content analysis methodology.

Audience

Audience
By the Project for Excellence in Journalism

How many people now get news online?

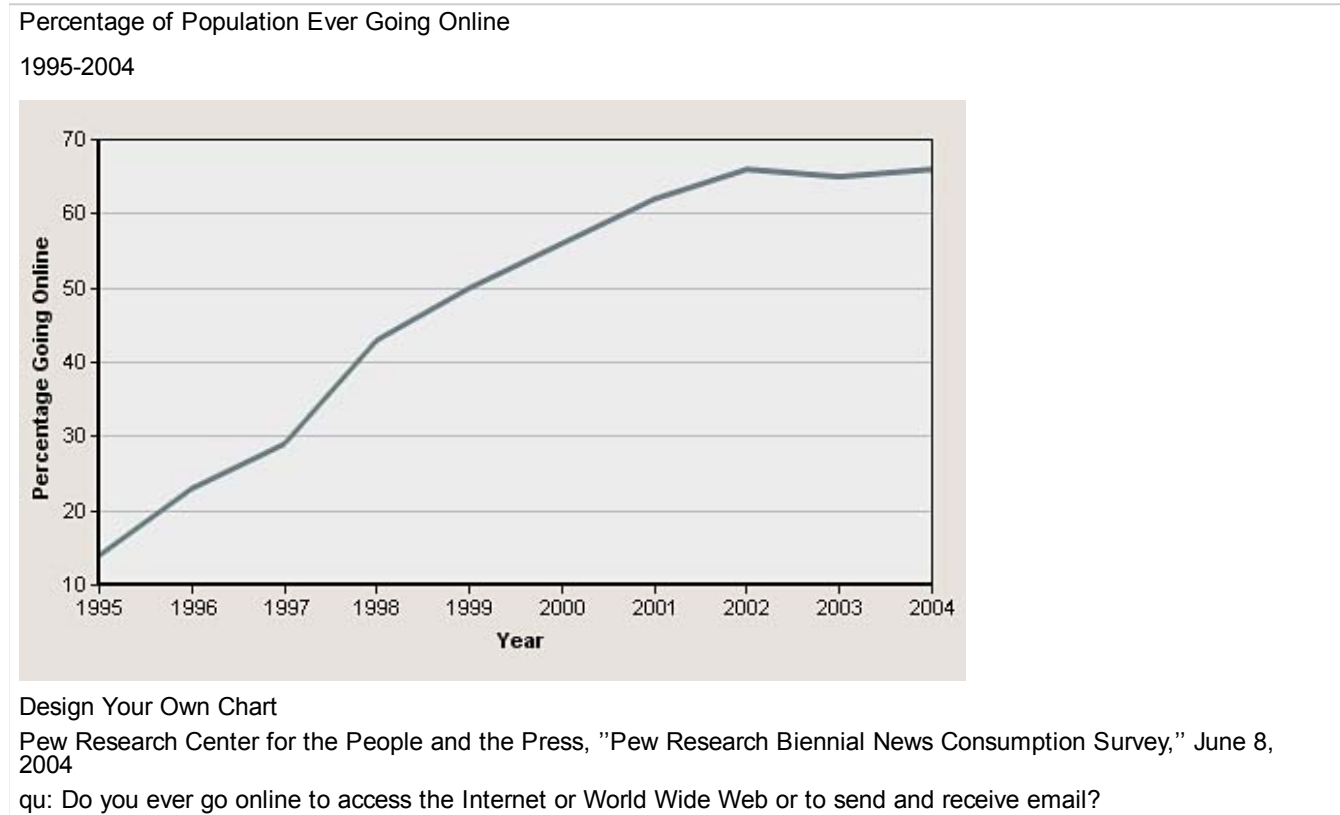
The best estimate at the end of 2004 was that somewhere between 42% and 59% of Americans over 18 – 92 million to 128 million people – had gone online for news at some point. ¹ Those numbers are virtually unchanged from a year earlier.

To understand what these figures mean – and why they can vary so much – it is useful to look at how they are derived.

The Number of Americans Online

Online news consumption estimates are based on survey research. To arrive at them, most polling firms first determine the number of people going online for any activity. Then they ask that online population about its consumption of news in particular.

How many Americans were online for any reason in 2004? The answer varies depending on the source, but between 63% and 76% of Americans reported “ever” going online. ² That range generally appears to have stabilized since 2003. ³



The more meaningful number may be how many people go online regularly – many surveys ask about going online yesterday. Here the number appears to be closer to half of all Americans – 47%, according to the Pew Research Center for the People and the Press and 53% according to the Pew Internet & American Life Project. ⁴

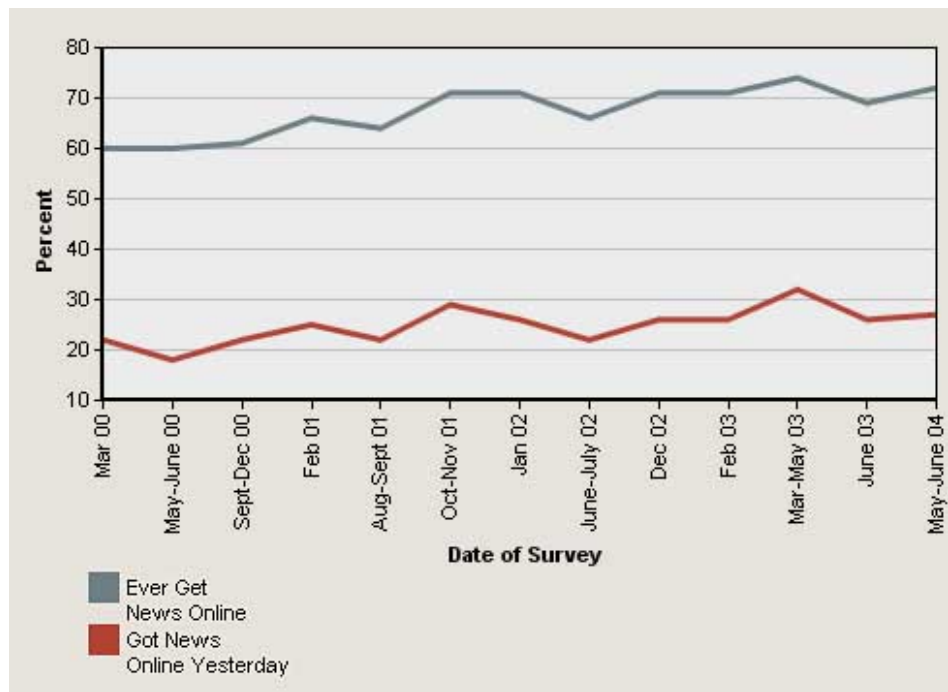
Online News Use

How many of those people online go there for news? The answer, too, varies depending on how the question is asked, but the data suggest an online news environment that is showing only the slightest signs of growth.

As of June 2004, fully 72% of online users reported “ever” going online for news, up slightly from 70% in 2003, according to the Pew Internet & American Life Project. ⁵

When respondents are probed further, about whether they went online for news yesterday or every day, the percentages drop to anywhere from 24% to 27%. ⁶ Those numbers are also not increasing much.

Percent of Internet Users Who Access News Online
 Percent accessing news online ever or yesterday, 2000 to 2004



Design Your Own Chart

Source: Pew Internet and American Life Project tracking surveys

But when people are asked about frequent but less than daily consumption, things seem to be growing. The percentage of Americans who say they go online for news three or more times a week stood at 29%, according to the Pew Research Center for the People and the Press, up from 25% in 2002 and 23% in 2000. 7

Some observers say such numbers may undercount online news consumption somewhat. People get news online from a variety of places they might not think of as news sites – from checking e-mail on Yahoo! to electronic newsletters to the various browser home pages used when logging on. Consider, for instance, the millions of people who every day look at MSN.com, AOL.com, Yahoo.com – those three portal homepages alone – and see news headlines. The users may not be going online to read news, but they get it. Using news as a feature to draw and keep users has long been a key element of portal strategy since it was developed by AOL and Yahoo with Reuters news in the early 1990s. Now other sites, even company and industry sites, are using customized news in this way. 8

Observational research also suggests that surveys undercount consumption because people often cannot remember getting news or do it unawares.

When it comes to the Internet, another limitation of most survey research comes into play. Most surveys poll people 18 and over, missing younger teenagers. To assess the impact of the Internet and news it would be interesting to get statistics on this younger cohort as well.

Looking Ahead

What do the numbers suggest about whether online news consumption will continue to grow? Has the universe of online news consumers – and online population overall – reached something of a ceiling? If so, will the growth now be in the time people spend getting news online rather than in the number of people doing it?

Answering those questions is difficult, but three factors – Internet household penetration, demographics, and broadband growth – point to growth both in the online population and the time it spends online.

First, the online population overall is expected to keep growing. In 2004, the percentage of households with Internet access had reached nearly 67%, up from 64% in 2003, according to Forrester Research, a technology research company. 9 As long as this household penetration keeps increasing, meaning more people online, the number of online news consumers will likely grow. Forrester Research projects that overall Internet penetration – for those with either broadband or dial-up connections- will continue to grow over the next few years.

Second, demographics are likely to fuel growth in the online population as younger, Internet-adopting generations replace older, more resistant populations.

The third issue is expansion of broadband technology, which provides high-speed connection to the Internet. Web professionals have usually predicted that people will use the Internet more when they have higher-speed connections because of the significantly greater ease of use. Broadband use is growing steadily both in the number of subscriptions to broadband services and the number of people accessing the Web via broadband (see more on broadband technology section in Economics). Further, at least two studies suggest that the expectation that broadband technology encourages online news consumption is correct. ¹⁰

Those three factors – overall Internet penetration trends, the age factor, and growth in broadband use – seem to offer evidence that online news consumption will grow.

Is the Net Cannibalizing Traditional Media?

The next major question involving the growth of online news is whether consumers are substituting it for old media. The economic implications of the question are enormous.

A year earlier, the evidence pointed to the conclusion that rather than substituting online news for other forms, the majority of people – though not all – were mostly adding the Internet to the news they already consumed.

Has anything changed?

There is no simple answer. When asked directly, most people say they do not substitute online news for other news media. The Pew Research Center's Biennial News Consumption Survey from the spring of 2004 found that seven out of ten people (71%) who got news online at least once a week reported using other news media, such as TV, radio or print, as often as before. Just 15% reported using other media less, and 9% said they used traditional media more. ¹¹

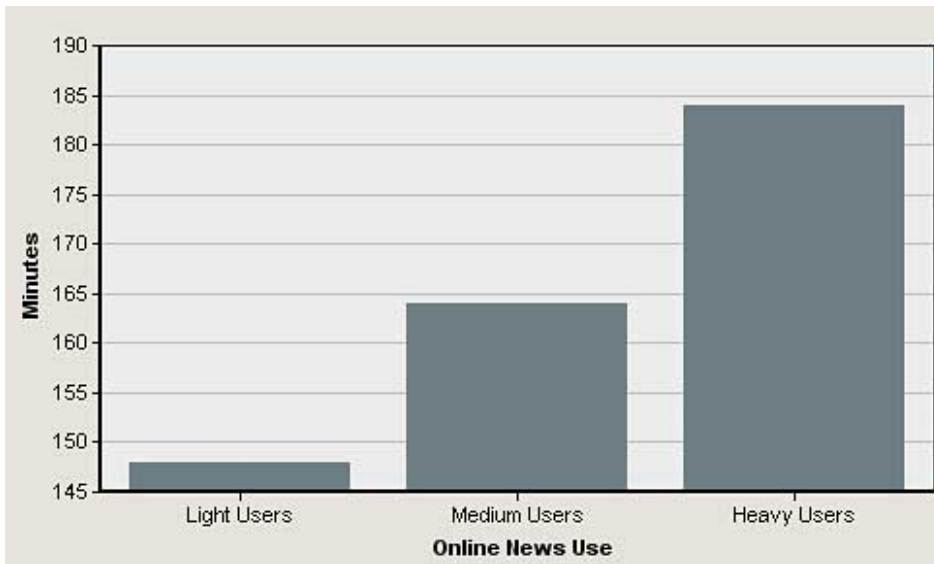
Other survey data suggest those responses may not be the whole story. Looking specifically at television use, three surveys in 2004 found that online news users consume fewer minutes of television news than the population over all. ¹² Those findings add to evidence in earlier years that online use comes at the expense of TV viewing.

The situation for newspapers appears more complicated. Here most surveys find newspaper reading time to be roughly equal for online and non-online users. But one survey in 2004 found that readers of online newspaper Web sites were less likely than in the past to also read newspapers in print form. While those users were at least staying in the same genre – newspapers – the shift represented a sign that newspaper Web sites were cannibalizing print editions. ¹³ That is confirmed by a host of other evidence, from continuing declines in readership, survey data and anecdotal reports from publishers that their online editions appear to be growing at the expense of their print editions.

Another intriguing piece of the puzzle may have more to do with citizen interest in news over all rather than a choice of one medium over another. Two years' data from the USC Annenberg School Center for the Digital Future (formerly the UCLA Center for Communication Policy) suggest that the Web does not change the basic nature of a person's news consumption. Both the 2002 and 2003 surveys found that levels of online news consumption tend to mirror consumption levels of other news media. Heavy online news consumers, in other words, are also the heaviest readers of newspapers and magazines and the heaviest watchers of television.

Similarly, medium-level users of online news report medium use of newspapers, television and magazines. And light online news users are light users of the other three media.

Amount of Time Online News Users Spent Reading Newspapers Offline, 2003
Weekly minutes



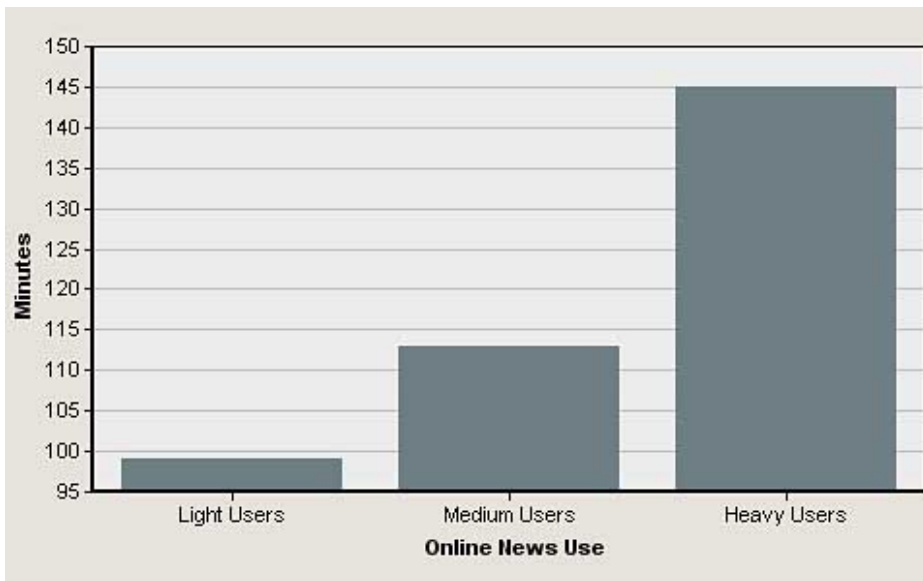
Design Your Own Chart

Source: The Digital Future Report, USC Annenberg School Center for the Digital Future, September 2004

Light use is under 60 minutes a week, medium is 60 to 119 minutes, heavy is 120 minutes or more.

Amount of Time Online News Users Spent Reading Magazines Offline, 2003

Weekly minutes



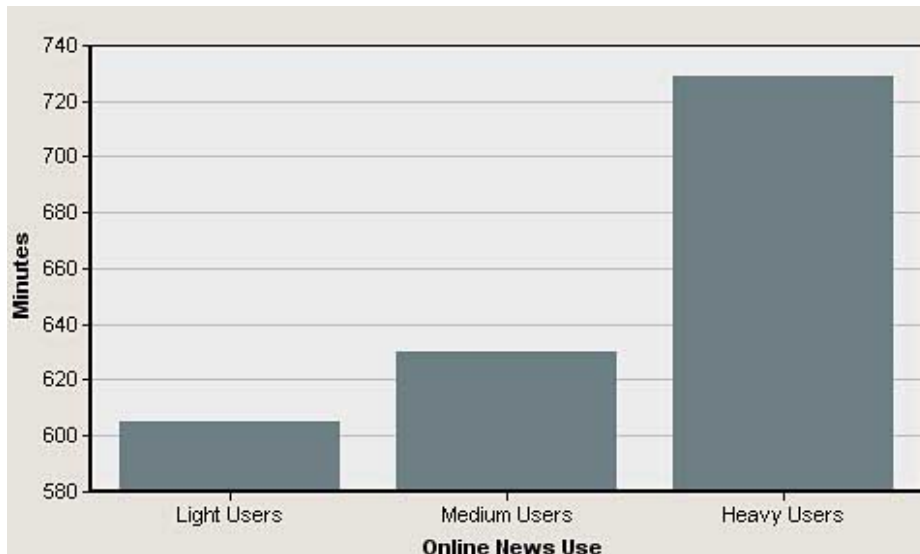
Design Your Own Chart

Source: The Digital Future Report, USC Annenberg School Center for the Digital Future, September 2004

Light use is under 60 minutes a week, medium is 60 to 119 minutes, heavy is 120 minutes or more.

Amount of Time Online News Users Spent Watching Television, 2003

Weekly minutes



Design Your Own Chart

Source: The Digital Future Report, USC Annenberg School Center for the Digital Future

Light use is under 60 minutes a week, medium is 60 to 199, and heavy is 120 minutes or more

If the Web is just beginning to show signs of cannibalizing the old media, another factor may soon accelerate the move – the next generation of consumers.

Demographics: The Young Rule the Web

Perhaps the most important aspect of online news is that it is attracting the most elusive news audience of all, the young.

The 2004 news consumption data reveal that what we have been watching for a generation is continuing: news consumption skews old, and the young consume newspapers and TV news less than their predecessors did at similar ages. In 2004, this was even the subject of a new book by an academic, David Mindich, called “Tuned Out: Why Americans Under 40 Don’t Follow the News.”

The Internet, however, challenges the notion that the young are uninterested. It is the exception to the idea of news consumption’s being an older person’s behavior, and this makes it the hope for growth of the overall news audience.

In fact, the young “regularly” go online for news as often as all other age groups, or more often. What’s more, as of 2004 regular online news consumption among younger consumers appears to be growing (it increased among every other age group as well). Fully 36% of young adults, people aged 18 to 29, reported going online regularly for news in spring 2004, up from 31% in 2002 and 30% in 2000, according to the Pew Research Center for the People and the Press. A different survey, from the Pew Internet & American Life Project, showed that in June of 2004, roughly seven in ten (71%) of Internet users 18 to 29 reported having “ever” gotten news online, up seven percentage points from just four months earlier. ¹⁵

Thus the Internet explodes the notion that the young are uninterested in news. The interest of younger Americans in the presidential election may suggest the same thing. Younger Americans may be less interested in the way news is traditionally presented than they used to be. They may want the news they want, when they want it. That presents its own challenges, culturally and to industry. But it is different from apathy or disengagement.

The young also differ from their elders in the kinds of sites they visit. People 18 to 29 are more likely than the overall population to have gone to news sites in general. They are also more likely in particular to visit such sites as Yahoo! and AOL News (43% of 18-to-29-year-olds, 30% of the population over all). After these sites, young users seem most drawn to TV Web sites such as CNN.com and ABCNews.com (36% regularly or sometimes among those 18 to 29 versus 29% of the population over all), or major national newspaper Web sites (22% versus 20% over all). They are also more likely than the general population to go to national newspaper sites as well as both local newspaper and television Web sites. ¹⁶

Diversity Online

Another big story from 2004 is evidence of increasing diversity on the Internet in terms of race and ethnicity, and, to a lesser extent, gender.

The race gap appears to be narrowing. In 2002, the difference in regular online news use between whites and African Americans was 11 percentage points; in 2004, the difference narrowed to just 4 points.

Interestingly, Hispanics reported the highest percentage of regular online news use in 2004, increasing to 32% from 22% in 2002. 17 And they seemed to be going to sites in English rather than Spanish. 18

Although men are still more likely than women to be regular consumers of online news, that gap, too, has narrowed, though less dramatically. In 2004, 33% of men described themselves as regular online news consumers, compared to 25% of women, a gap of eight percentage points. Two years earlier, the gap was ten points. The ratio of men to women going online less often is slightly narrower, just four percentage points (68% of men, 64% of women). 19

Education, however, remains the biggest indicator of online news use. Half of all college graduates are regular news consumers, which dwarfs those with less education.

And it appears that the gap appears may persist. The number of college graduates and those with some college getting news online continues to show impressive growth. The number of people with only high school diplomas or less getting news online shows very little growth. 20

Demographics of "Regular" Online News Consumers, 2004

	2000	2002	2004
<i>Total</i>	23%	25%	29%
Men	28%	30%	33%
Women	18%	20%	25%
White	23%	26%	29%
Black	16%	15%	25%
Hispanic	21%	22%	32%
18-29 Years Old	30%	31%	36%
30-49 Years Old	26%	29%	36%
50-64 Years Old	19%	24%	28%
65+ Years Old	8%	7%	8%
College Graduate	40%	44%	50%
Some College	29%	29%	35%
High School Graduate	13%	16%	18%
Less Than High School	8%	7%	8%

"Regular" online news consumers are defined as those who go online for news three or more days a week.
Source: Pew Research Center for the People & the Press, "Pew Research Biennial News Consumption Survey," June 8, 2004.

When Are People Going Online to Read News?

Another change the Internet has created is turning news consumption into an all-day activity for a large number of Americans. We mentioned that pattern in last year's report, and there was evidence in 2004 that it continued to grow.

Before the Internet, news consumption tended to be confined to three distinct time periods, the morning, around the dinner hour, and late at night. The Web made it possible – and socially acceptable – for people to get updated news throughout the day, particularly at work. In May and June of 2004, the Pew Research Center found that nearly three quarters (73%) of the public typically gets news during the day, up twelve percentage points since 2002 (61%). 21

What Are People Reading Online?

When people say they get news online, do we know what they mean? Is it news about Iraq, or teenage pop singers like Ashlee Simpson?

While the Web sites people are turning to may have changed a bit over the year, the kinds of information users are searching for has remained roughly the same. It also appears to be quite similar to the kinds of news people get from traditional news media.

While most surveys just ask if people go online for news – and leave the definition of news to the imagination of the person being surveyed – there was at least one major attempt in 2004 to get more specific. It came in the biennial news consumption survey of the Pew Research Center for the People & the Press.

Weather, always among the top reasons people consume more traditional news, is at the top in online news consumption as well. Fully three-quarters (76%) of online news users go online for weather. The next most-sought news is science and health, at 58%, followed by political and international news, 54% each. 22

Types of News Topics

	1996	1998	2000	2002	2004
Weather	47%	48%	66%	70%	76%
Science and Health	58%	64%	63%	60%	58%
Political News	46%	40%	39%	50%	54%
International News	45%	41%	45%	55%	54%
Technology	64%	60%	59%	54%	53%
Business News	53%	58%	53%	48%	46%
Entertainment News	50%	45%	44%	44%	46%
Sports News	46%	39%	42%	47%	45%
Local News	27%	28%	37%	42%	45%

Data based on those who “ever” go online for news
Source: Pew Research Center for the People & the Press, “Pew Research Biennial News Consumption Survey,” June 8, 2004.

What role do photo images have? In the period immediately following the murder of American contract workers in Fallujah, the Abu Ghraib prison-torture photos, and the beheading of Nicholas Berg, a quarter of the public (24%) went online to view graphic war images from Iraq that mainstream newspapers and television generally considered too harsh to display, according to The Pew Internet & American Life Project. 23

Another wrinkle is video images. When Reuters put up a section of raw video called Reuters Raw in March 2003, tens of thousand of people watched unedited streaming video of big events like developments in Iraq. Those viewers, Reuters reported, said they preferred seeing what’s “really” happening unfiltered by editors. That raises various tough questions, including whether it’s appropriate to help terrorists who want to produce horrifying images. And the issue will only intensify with the growth of broadband, which can make it possible for people to search for video in the same way that today they can search for keywords of text. 24

Blogs

The year 2004 is likely to be recalled as a turning point in the evolution of Weblogs, blogs for short, or whatever name eventually sticks for citizen-based, personal-journal postings. Given space at the political conventions, credited with helping unmask errors at CBS News, placed on the cover of the New York Times magazine, blogs last year were anointed as the next new step in the evolution of the non-establishment media that have found a home on the Web. By January 2005, bloggers and journalism leaders were meeting at Harvard for a conference on ethics and credibility.

Has the role of bloggers changed? How are they different from the traditional press? What concerns should the public have about their vulnerability – as with all media forms – to rushing a story to press without verification?

The birth date of blogs depends on who’s telling the tale. Some say the first Web log 25 was Mosaic’s What’s New Page in 1993. According to Rebecca Blood’s September 2000 essay “Weblogs: A History and Perspective,” John Barger introduced the term “Weblog” in December 1997. Then when Blogger, a Weblog application, was made available to the public in 1999, the number of blogs exploded as the user-friendly technology facilitated the medium’s growth. 26

In 2004, the signs of arrival were everywhere. Blogs began to receive heightened media exposure early in the year with Howard Dean’s spirited campaign for the presidency. Dean’s blog, the Blog for America, still lives on among so-called Deaniacs despite the candidate’s exit from the presidential race in the spring. As of late summer 2004, it was still receiving 33,000 visits 27 a day. In July, Michael Powell, then the FCC chairman, began one, and Michael Moore started a blog to promote “Fahrenheit 9/11.”

Several news organs, including The Wall Street Journal, The New Republic and National Review developed blogs that started to attract readers (UPI, June 2004). Bloggers received press credentials at the presidential conventions of 2004, and some delegates at the Democratic convention used blogs to share their experiences with fellow Democrats back home. The American Society of Newspaper Editors scheduled a session on blogs at its annual convention. In late September, the New York Times magazine featured the prominent blogger Ana Maria Cox – aka the Wonkette – on its

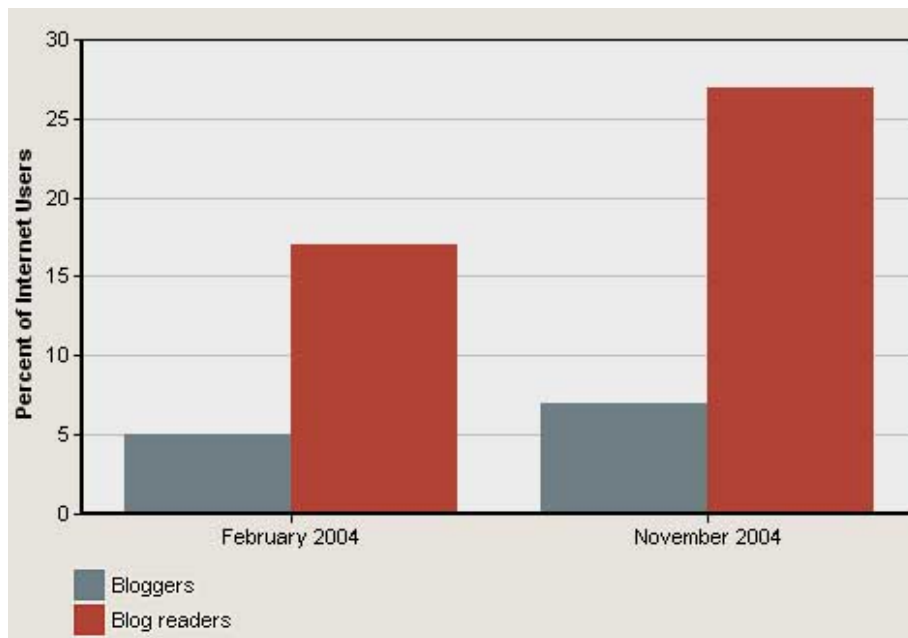
cover and explored how bloggers were making an impact on the world of political journalism. Time magazine named its first Blog of the Year, honoring the Power Line for its role in questioning the authenticity of the memos used by "60 Minutes" in its feature on President Bush's National Guard service.

As the number of blogs grows, so do blog readership numbers. A study conducted by the Pew Internet & American Life Project showed that blog readership among Internet users increased 58% in 2004. Blog readership now stands at 27% of Internet users (or 32 million Americans), up from 17% in February 2004. 28 Blog readers are more likely to be young, male, well educated, and long-time Internet users (online for six or more years). But the Pew Internet Project also shows there has been considerable growth in blog readership among women, minorities, and those between 30 and 49 years old. 29

Blogads, a Web ad network, conducted a survey of 17,159 blog readers in May 2004. The results reflect the youthful and highly educated nature of blog readers, but also challenge the assumption that those who read blogs are exclusively twenty-somethings who campaigned for Howard Dean. A majority (61%) of blog readers who participated in the survey were over 30. Many make online purchases and get their news from online sources, especially in comparison to television, which they find much less useful as a source of news and opinion. Many are also heavy media consumers who often subscribe to such highbrow magazines as The New Yorker, the Economist and Atlantic Monthly. 30

When it comes to setting up blogs, just 7% of Internet users, or approximately eight million Americans, said they have done so, up from 5% in February 2004. Bloggers tend to be young and Internet-savvy, and to connect to the Web via broadband. Finally, it should be noted that the vast majority of blogs are created and then quickly abandoned; only a small percentage ever develop a substantial audience. 31

Growth of Bloggers and Blog Readers in 2004



Design Your Own Chart

Source: Pew Internet & American Life Project, "The State of Blogging," January 2, 2005.

Internet users

In addition to being "imbued with the temper of their writer," in the words of blogger, writer and editor Andrew Sullivan, blogs are generally valued because of their reputation for presenting stories that are perceived to be outside the realm of mainstream reportage. 32 Bloggers speculated on the authenticity of documents that CBS presented questioning the President's National Guard record in the 1970s. And Trent Lott's controversial comments on Strom Thurmond gained wide attention after several prominent blogs highlighted his speech when the traditional media did not.

But just how different are political news blogs from the mainstream press? At the Democratic national convention in July 2004 there was much fanfare about the bloggers who were given press passes and were themselves the subjects of many media reports. But with expectations sky high and many waiting for the bloggers to break a big story, some wondered how different the bloggers' reporting was from the traditional press at the convention. According to Paul Andrews of The

Seattle Times, the majority of blogs “regurgitated quotes and reported themes that were meaningful only if you failed to watch the speech or see TV and newspaper coverage.”³³

During the presidential debates this fall, the Project for Excellence in Journalism looked at the content of five prominent political blogs to see how they mirrored or diverged from the mainstream press. The study found that the bloggers studied were generally writing and framing stories in the same manner as the mainstream press, but in a more “personal and frankly blunt” tone.³⁴

Questions have also arisen about the reliability and accuracy of blogs. Doug Clifton, editor of the Cleveland Plain Dealer, told Editor & Publisher in September that “The bloggers cover an incredible spectrum of credibility and authenticity, just like newspapers. We have the National Enquirer and The New York Times and a lot in between.”³⁵ According to research done by the USC Annenberg School Center for the Digital Future, only 10% of Internet users say all or most of the information on Web sites posted by individuals is reliable and accurate.³⁶ Meanwhile, 61% of blog readers – again, a small percentage of the public – say they read blogs because they are more honest.³⁷

As Jay Rosen, a professor at NYU and blogger, put it at the conference at Harvard on blogging and credibility, the traditional press tries to verify the news before publication. Bloggers tend to verify after publication, through the debate and responses of other citizen bloggers.³⁸

Despite the growing popularity of blogs, there is only limited evidence about how they might become commercially viable. Lee Rainie, founding director of the Pew Internet & American Life Project, told Media Post, “We’re not concluding that there’s a market here.” Ryan McConnell, a consumer strategist at Aegis Group’s Carat Insight, is also uncertain about the economic future of blogs. “It’s yet to be seen whether blogs keep up the momentum now that the political season is beyond us,” he said.³⁹

The two most common reasons people read blogs, according to the survey of blog users, is to provide a better perspective, and get news faster.⁴⁰ Those preferences generally reflect public opinion in general on why people go the Web for news: for diversity and variety of content as well as the speed with which the Internet posts news developments. And while few would doubt the potential of blogs, they are still experiencing growing pains that will force them to live up to the highest standards of ethics and credibility – not to mention potentially dealing with lawsuits for posting unwanted publicity – if they are to become a central part of the online media experience.

For now, blogs are largely an echo chamber and commentary channel, rather than a “news” source. Every so often a critical mass of blog chatter or a really newsworthy fact will emerge from the blogosphere, but their impact on the traditional media dialogue is still occasional. Instead, the overall impact of blogs flows in other directions.

First, the ease of creating a blog (“push-button publishing”) allows millions of new people to throw their voices into the online “commons.” It is even easier to grab a virtual soapbox using a blogger site than it is to create a Web site. Most blogs are probably not focused on politics at all, or even news in the broader sense, but rather are public journals. Not all of them gain an audience. Still, the most prominent of them have audiences rivaling some of the most influential columnists.

Second, even if bloggers aren’t all newshounds, they represent a parallel culture that makes life more interesting and complicated for credentialed, mainstream journalists. In pre-blog days, the only real feedback journalists got was the occasional angry phone call or letter to the editor. Now every word Dan Rather utters and every sentence in The New York Times is dissected in the blogosphere. That must make journalists think twice about what they decide to publish – and what they decide not to publish. Journalists now live in the same panopticon environment – always being watched – as celebrities and public officials.

Third, bloggers have a substantial capacity to keep a story alive. The real-time nature of blogging shortens the news cycle to a nano-second, but the drumbeat of bloggers can keep a story alive for much longer than one news cycle. Look at how the Swift Boat Veterans worked for weeks before there was much attention to their campaign against Kerry. Look at how the constant humming in blogs and other online places about the return of the military draft kept the story alive even without much comment from the campaigns.

Fourth, it is so easy to measure things in the blogosphere using technology that provides an almost daily tracking “poll” on our culture. We know from a variety of measuring tools online (the Google Zeitgeist for keyword searches, DayPop for blog content, etc.) what the “buzz” is.

The larger cultural impact is that blogging has shattered the traditional boundary between “consumers” and “producers” of news. The audience is also a kind of newsroom, where ideas are absorbed, remixed, and republished.

The 2004 Election and the Online World

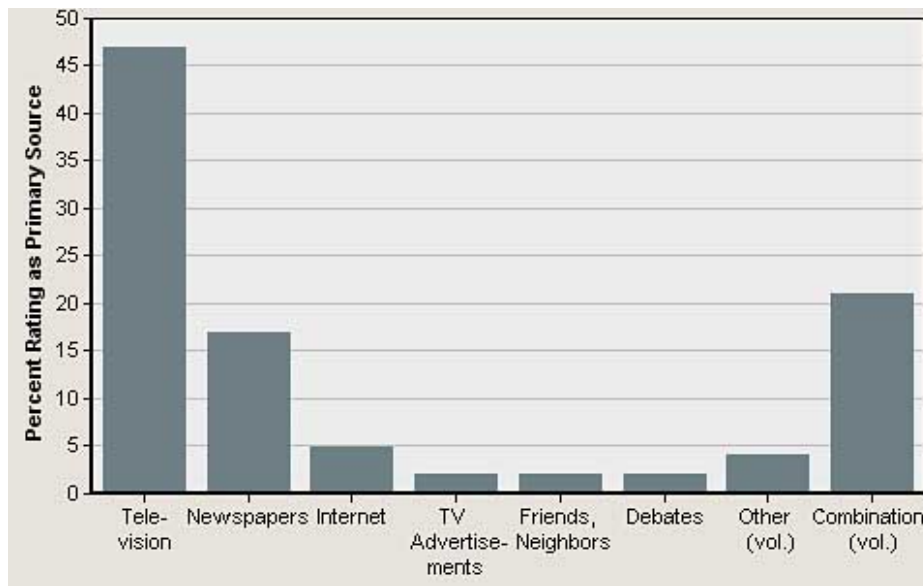
During the 2004 election season, the Internet continued its evolution.

- Howard Dean, a strong contender heading into the Democratic primaries, raised \$41 million from more than 95,000 people, about half of it through online donations. 41
- Liberal Websites like Moveon.org and Meetup.com connected thousands of citizens all over the country during the election season; 180,000 Dean supporters used Meetup.com to organize and find meetings to support their candidate, according to the campaign. 42
- Conservative groups like Move America Forward used both the Web and talk radio to urge citizens to boycott Michael Moore's controversial anti-war documentary, "Fahrenheit 9/11."
- Because of a campaign-finance loophole that relaxed the ban on using soft money for online political advertising, both Republicans and Democrats were able to run campaign ads on the Internet, often humorous ones and longer than the traditional 30-second television ad. 43

The Web still trails television and newspapers as the public's primary source of news, and that appeared to hold true in 2004 for election news. Nearly eight in ten (78%) indicated television as one of their main sources of campaign news, followed by newspapers (38%), radio (16%), Internet (15%), and magazines (4%), according to a poll conducted by the Pew Internet & American Life Project. 44

A Fox News poll conducted by Opinion Dynamics that asked people where they got their information about the presidential candidates during the middle of the Democratic primaries found similar media preferences. The Internet was the primary source for only 5%, a distant third to television (47%) and newspapers (17%). Two in ten (21%) said they received their election information from two or more different media forms. 45

Primary Source of Campaign Information, 2004



Design Your Own Chart

Source: Fox News/Opinion Dynamics Poll, "Voters Still Evenly Divided," March 25, 2004

qu: Of the following, where do you get most of your information about the presidential candidates?

Nevertheless, use of the Web for the election year clearly grew in 2004. More than 40% of online users used the Internet to find political material during this campaign, according to the Pew Internet & American Life Project. That was more than 50% higher than during the 2000 campaign season. 46

The phenomenon of the blog – and the personalities behind the blogs – in the media in the 2004 election season perhaps elevated them to a position higher than their actual audience numbers might suggest. Few would doubt, however, that they had a significant impact on the online community. First, there was the astonishing organizational and fund-raising contribution blogs made to Howard Dean's campaign. Next, bloggers were credentialed for the presidential conventions like old-line print and broadcast outlets, their presence capturing a great deal of media coverage. And finally, blogs posted less than accurate poll numbers on Election Day, which gave Kerry supporters a momentary surge of confidence

and even got the attention of Wall Street. In 2004, blogs proved that they are determined to be taken seriously even as the new medium experiences some rather difficult growing pains (see blog sidebar for a more in-depth discussion of blogs).

Several newspapers, including The New York Times, the Los Angeles Times, and the Sun-Sentinel in Fort Lauderdale, Florida, added interactive features to their Web sites, in addition to extensive campaign coverage. For example, LATimes.com had an electoral map that displayed the latest state polling results and the most recent electoral breakdown, showing which states were for Kerry or Bush or were too close to call. The Times site and others also offered electoral maps that people could color in themselves to test different scenarios – what if Ohio goes for Kerry, what if Pennsylvania goes for Bush?

Other sites made an effort for their election coverage to be more reader-friendly rather than to “wow colleagues.”⁴⁷ For example, CNN.com’s “Presidential Primary Preview” was praised for its simplicity and conciseness.

In addition to online election coverage from the news organizations, there were non-news sites created specifically to help citizens wade through it all. Factcheck.org, for example, is a program of the Annenberg Public Policy Center at the University of Pennsylvania run by Brooks Jackson, who formerly pioneered CNN’s ad-watch reports.⁴⁸ Factcheck.org considers itself a “nonpartisan, nonprofit consumer advocate for voters that aims to reduce the level of deception and confusion in U.S. politics.”⁴⁹

Despite such advances, though, there is still a good deal of room for improvement. A Project for Excellence in Journalism election study in 2004 of the most popular news Web sites—including those of The New York Times, CNN, ABC, and USA Today – found that users were getting less original reporting than in 2000 and found interactivity still far from common.

Footnotes

1. The Pew Internet & American Life Project reports that 128 million go online and 72% of those, or approximately 92 million, have at some time gotten news online, as of May and June 2004. A related research firm, the Pew Research Center for the People & the Press, found, in April and May of 2004, 66% of the adult population to be online users, with 89% of them indicating some online news use. The total adult population in the United States is 217,766,271, according to the most recent U.S. Census data available; 66% of that is approximately 144 million, and 89% of that is approximately 128 million. (Only 11% of that 66% saying that they had “never” gone online for news.)

2. The Pew Research Center for the People & the Press in April and May of 2004 put the number at 66%, 1 point higher than July 2003. These numbers come from the 2004 “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, p. 88. The full report is available online at: <http://people-press.org/reports/pdf/215.pdf>

The Pew Internet & American Life Project in both February and May/June of 2004 reported similar numbers (63% ever having gone online), essentially the same as November 2003 (64%) and June 2003 (62%). These numbers come from the “Usage Over Time” spreadsheet, available online at: <http://www.pewinternet.org/trends/UsageOverTime.xls>

The Digital Future Report, a survey by the USC Annenberg School Center for the Digital Future in its study of the effects of the Internet and computer technology on society, found in 2003 that three quarters of Americans aged 12 and older were online (76%), up from 71% in 2002. “Digital Future Report,” September 2004, page 28.

3. It was 68% in March 2004 and 67% in August 2003, compared to 66% in April and May 2004. “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, p.88.

4. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 12.

Pew Internet & American Life Project’s “Usage Over Time” spreadsheet, available online at: <http://www.pewinternet.org/trends/UsageOverTime.xls>.

5. Pew Internet & American Life Project’s “Usage Over Time” spreadsheet, available online at: <http://www.pewinternet.org/trends/UsageOverTime.xls>.

6. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, pages 12 and 89.

7. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, pages 7. In addition to the number of people who say they go online for news three or more times a week, 27% told the Pew Internet & American Life survey in May and June of 2004 they got news “yesterday.” This figure is available online at: <http://www.pewinternet.org/trends/UsageOverTime.xls>. The Pew Research Center for the People &

the Press reported slightly less, 24%, going online for news for news the day before,” while 11% said they never get news online, The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, pages 12 and 89.

8. Often this incidental news is broadly defined, but it usually involves reliable information content that updates frequently. Sometimes it will mean partnerships with traditional news providers or subscriptions to traditional news providers. AOL.com’s home page, for instance, has a deliberate and hand-crafted (as opposed to Yahoo’s and MSN’s automated) news headline section. Even corporate home pages now often include news, usually positive about the company. The point is that news and links to news, are everywhere (even if carefully tailored to make someone look good) whether users are navigating directly to news sites or not, and usually from reliable traditional news brands.

9. Forrester Research, Inc. has forecast a steady increase of Internet household penetration, from 67% in 2004 to 74% in 2008. Data obtained by the Project for Excellence in Journalism research staff.

10. One study was conducted by MORI Research for the Newspaper Association of America (“Reaching Influentials & Influencing Purchases Via Newspaper Websites,” January 2004, page 4. The report is available online at:

http://www.moriresearch.com/news/download/NAA_report.pdf)

The other, by the Pew Internet & American Life Project, found that broadband users were more likely than all Internet users to have gotten news from a major news organization (three quarters versus 59% of all Internet users) and to have gone to an international news Web site such as the BBC or Al-Jazeera (one quarter versus 18%). See “The internet and democratic debate,” October 27, 2004, page vii. Available online at:

http://www.pewinternet.org/pdfs/PIP_Political_Info_Report.pdf.

11. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 96.

12. The USC Annenberg School Center for the Digital Future found that online users watch about 5 hours less of television a week than non-users. See “The Digital Future Report,” September 2004, page 46. Available online at <http://www.digitalcenter.org>

13. MORI Research, “Power User 2004: Reaching Influentials & Influencing Purchases Via Newspaper Websites,” January 2004, page 15. Website: <http://www.moriresearch.com>

14. The Pew Research Center for the People & the Press shows that in 2004 36% of 18-29 year olds go online regularly for news, compared to 36% of 30-49 year olds, 28% of 50-64, and 8% of 65+ years of age. “Regularly” is defined going online for news three or more days per week. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 17.

15. Pew Internet & American Life Project’s “Usage Over Time” spreadsheet, available online at:

<http://www.pewinternet.org/trends/UsageOverTime.xls>

16. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004. Cross-tabular data obtained by the Project for Excellence in Journalism research staff.

17. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 17.

18. A study by the Pew Hispanic Center, a project of the University of California Annenberg School for Communication, finds that 74% of Latinos who say they go online for news report using English-language sites, compared to just 9% who choose Spanish. “Hispanic Media Survey (Topline-National),” February-March 2004, page 6. Available online at:

<http://www.pewhispanic.org/site/docs/pdf/PHChispanicmediaNationaltopline2.pdf>

19. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 17.

20. Ibid.

21. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 10.

22. The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004, page 21. It is important to note, though, that many news sites know exactly where their users are going, so individual data may vary from these overall Pew findings.

23. Pew Internet & American Life Project, "The Internet as a Unique News Source," July 8, 2004, page 1. Available online at: http://www.pewinternet.org/pdfs/PIP_News_Images_July04.pdf
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28. Pew Internet & American Life Project, "The State of blogging," January 2005, page 1.
29. Pew Internet & American Life Project, "The State of blogging," January 2005, page 2.
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35. <http://www.journalism.org/resources/research/reports/debateeffect/default.asp>
Joe Strupp, "Blessing or Curse? Editors Examine Blogs' Role in '60 Minutes' Uproar." Editor&Publisher.com, September 15, 2004.
36. "The Digital Future Report," September 2004, page 52. Available online at <http://www.digitalcenter.org>
37. Blogads, "Reader Survey for blog advertising." Henry Copeland. Published May 21, 2004.
38. The Project for Excellence in Journalism's director, Tom Rosenstiel, attended the conference, entitled "Blogging, Journalism & Credibility: Battleground and Common Ground." Conference was held January 21-22 at Harvard University.
39. Gavin O'Malley, "Blog Readership Up in '04; Advertisers not Sold." [Mediapost.com](http://mediapost.com), January 4, 2005.
40. Blogads, "Reader Survey for blog advertising." Henry Copeland. Published May 21, 2004.
41. David Postman, "As campaign struggles, backers say Dean's value lies online." The Seattle Times, A1, February 14, 2004.
42. Emily Kumler, "Activism Goes Digital." PCWorld.about.com, April 23, 2004.
43. Julia Malone, "Unrestricted Internet Opens Way for Political Humor." Cox News Service, May 18, 2004.
44. The figures don't add up to 100% because respondents were allowed to give up to two answers. In addition, the same study found that majorities of the general public – sometimes overwhelming ones – used the television for their news on Iraq, gay marriage and free trade rather than the Internet. Pew Internet & American Life Project, "The Internet and Democratic Debate," October 27, 2004, page vi. Available online at: http://www.pewinternet.org/PPF/r/141/report_display.asp
45. Dana Blanton, "Voters Still Evenly Divided." [Foxnews.com](http://foxnews.com), March 25, 2004.
46. Pew Internet & American Life Project, "The Internet and Democratic Debate," October 27, 2004, page 1. Available online at: http://www.pewinternet.org/PPF/r/141/report_display.asp
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Columbus Dispatch, November 18, 2004, page 10A.

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Economics

By the Project for Excellence in Journalism

It is here, on the question of money, that the future of Internet journalism may really depend.

Increasingly, the evidence suggests the Web is journalism's future. It is where the audiences are moving, especially and most importantly the young. What is not clear is whether the Internet will ever be as profitable as the old media.

If it isn't, most newsrooms may end up much smaller, and spread thinner than they once were. The ability to cover the waterfront of American life may be diminished. The quality of American journalism, and thus of public knowledge, may

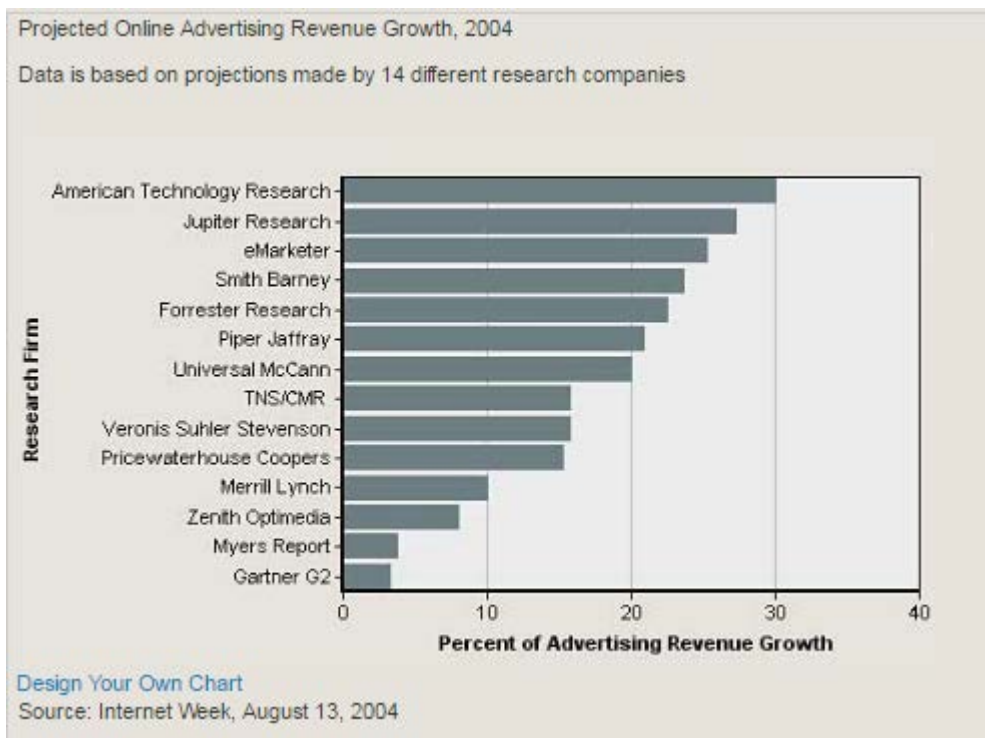
In 2004, Internet journalism moved further toward establishing its basic economic viability.

Online Advertising Revenue

After stunning growth in online advertising during the dot-com boom, the bubble burst in late 2000 and early 2001, then a strong and apparently stable recovery. Total Web advertising ended 2003 at just under \$7.3 billion, according to Interactive Advertising Bureau. ¹ And in 2004 that growth appeared to continue.

How much Web advertising would ultimately increase in 2004 – the totals were not complete when this report was – varied depending on the source, but nearly all forecasters predicted growth, and most of them healthy growth.

Internet Week, a Web site that focuses on the business and technology of the Internet, gathered growth projections for online advertising for 2004 from 14 different market research firms and found that they ranged from as small as 3.2% to 30%. It is difficult to determine why the range would be so great, but the notable finding is that they all predict

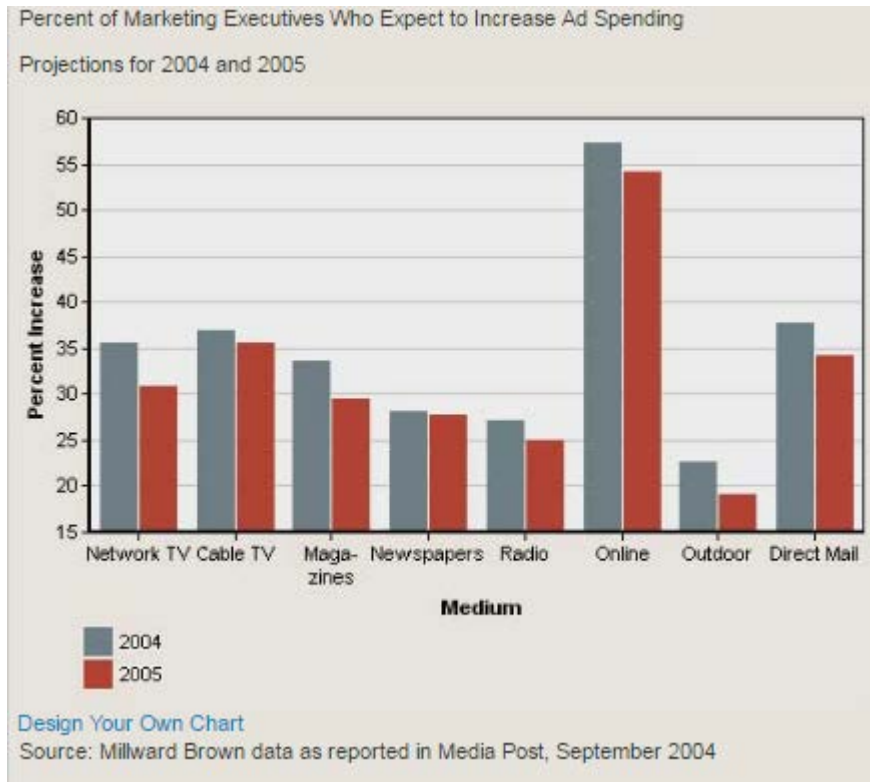


Early totals for 2004 suggest that the high-end projections may closer to the mark. One measuring source, Interactive Advertising Bureau and Pricewaterhouse, found that in the third quarter of 2004, Internet advertising revenue increased 35% over the same quarter in 2003. ³

Even with the growth, online advertising still has a long way to go. A full year at that second-quarter rate would put annual online revenue at around \$10 billion. Broadcast television collected \$42 billion in 2003, newspapers \$52 billion, cable \$16 billion. ⁴ In all, online ad spending amounted to just 4% of overall ad expenditures for all media in 2003. ⁵

That projected \$10 billion, however, has grown from nowhere in barely over a decade, and the projected growth rate most other media. Jupiter Research’s estimate, for instance, that online advertising would grow 27% in 2004 to far exceeds projected growth in other media. ⁶

As a further sign of economic health, a study sponsored by Advertising.com shows that “online media continues to have the greatest ad budget expansion plans among marketers, with more than half planning to boost spending in the medium in both 2004 and 2005.” ⁷ The boost for 2005 is expected to be smaller than for 2004, perhaps partly due to 2004’s being a so-called quadrennial year with extra market activity from the Olympics and presidential elections. Still, the online media constitute the only industry for which a majority of marketing executives say they plan to increase spending.



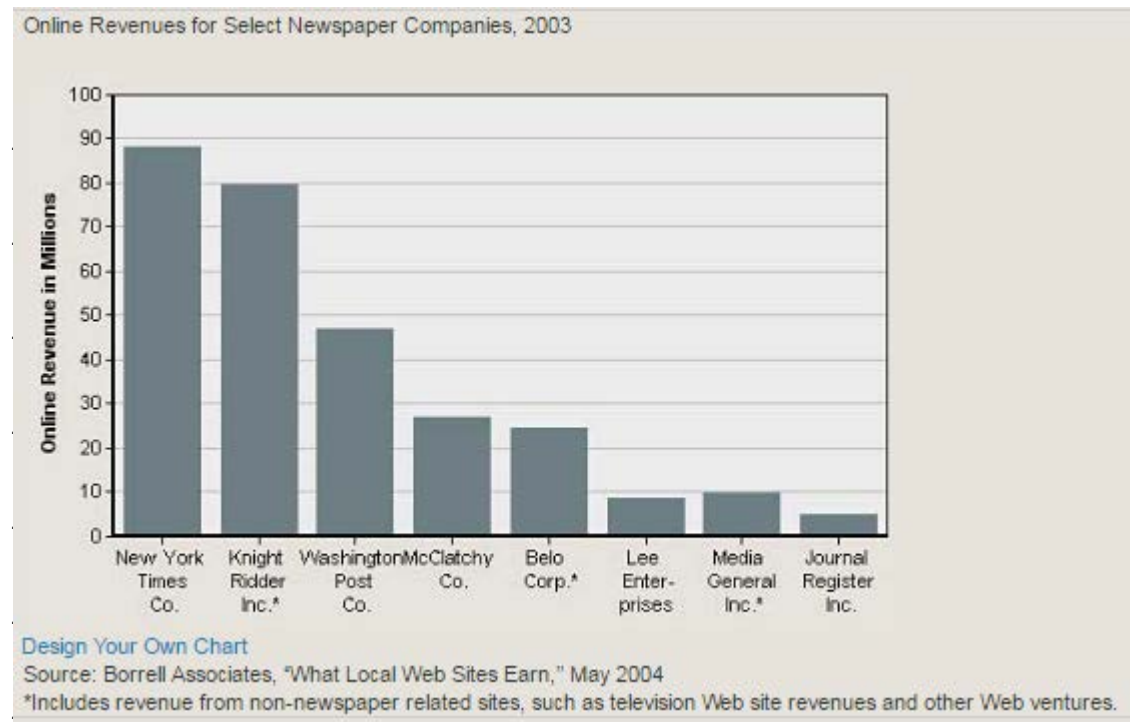
There are no data to suggest that an online site’s parent company is the force behind ad spending growth, but media companies have begun making use of their cross-media offerings nonetheless. General Electric’s NBC, for example, now an ad package that will include exposure of a company’s product not only on NBC’s network programming but also on MSNBC.com. According to Mary Paris, director of business development and cross-media sales for MSNBC.com, the number of cross-media packages increased 10% during the 2004 upfront compared to the previous year. ⁸

And all sites are not created equal when it comes to ad spending. Newspapers sites, for example, averaged \$17.70 of per print unit of circulation in 2003, a 22% increase. Among Web sites of papers with over 200,000 circulation, the average revenue was much higher, \$27.10 per unit, a 33% increase. ⁹

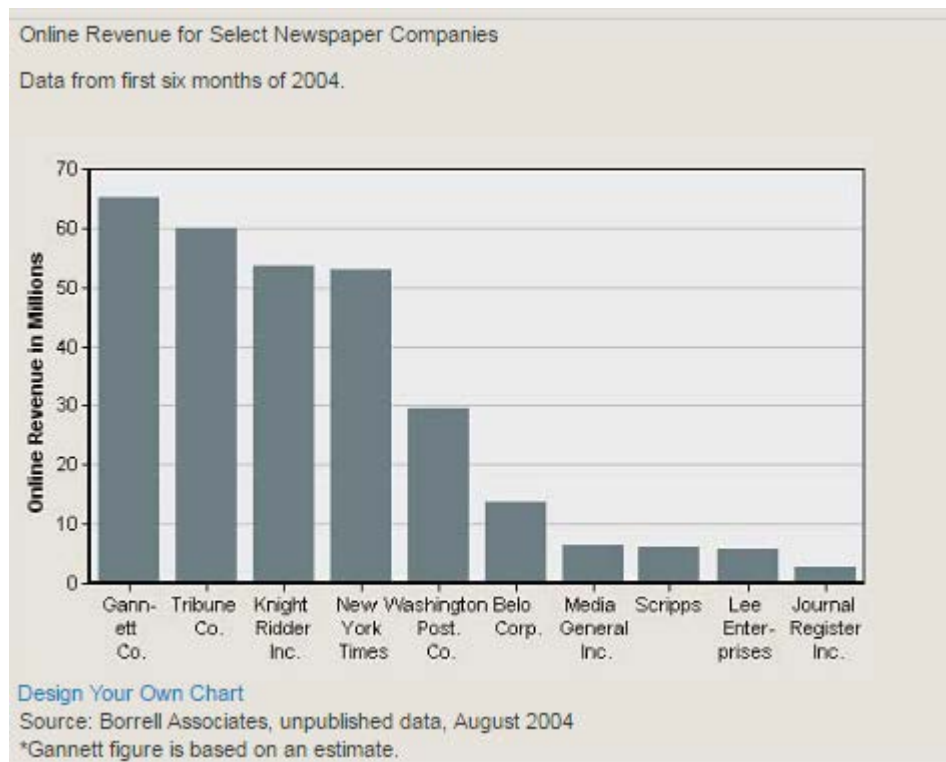
Newspaper Company Online Revenues

Looking deeper into the economics of newspaper Web sites can provide a useful yardstick for the economic health of the Web. Newspapers, both national and local, were quick to embrace the Web, partly because of the ease of turning the printed word into the electronic word.

Public newspaper companies, whose financial information is more available than that of private companies, report major growth in their online properties. Over all, for the nine newspaper companies analyzed by Borrell Associates, 2003 online revenue was up 34% from 2002. 10



.In the first half of 2004, that growth continued, with public-company revenues up anywhere from 21% to 57% over the first two quarters of 2003. 11



The Success of Other News Sites

Several specific Web sites offer good examples of steady growth. CBS Market Watch, for example, used rich media to create impressive revenue growth in the third quarter of 2004, increasing 71% to \$19.8 million. ¹² In mid-November, Dow Jones & Company bought MarketWatch for approximately \$519 million. ¹³ And in December 2004, the Washington Post Company announced it was buying the Web magazine Slate. ¹⁴

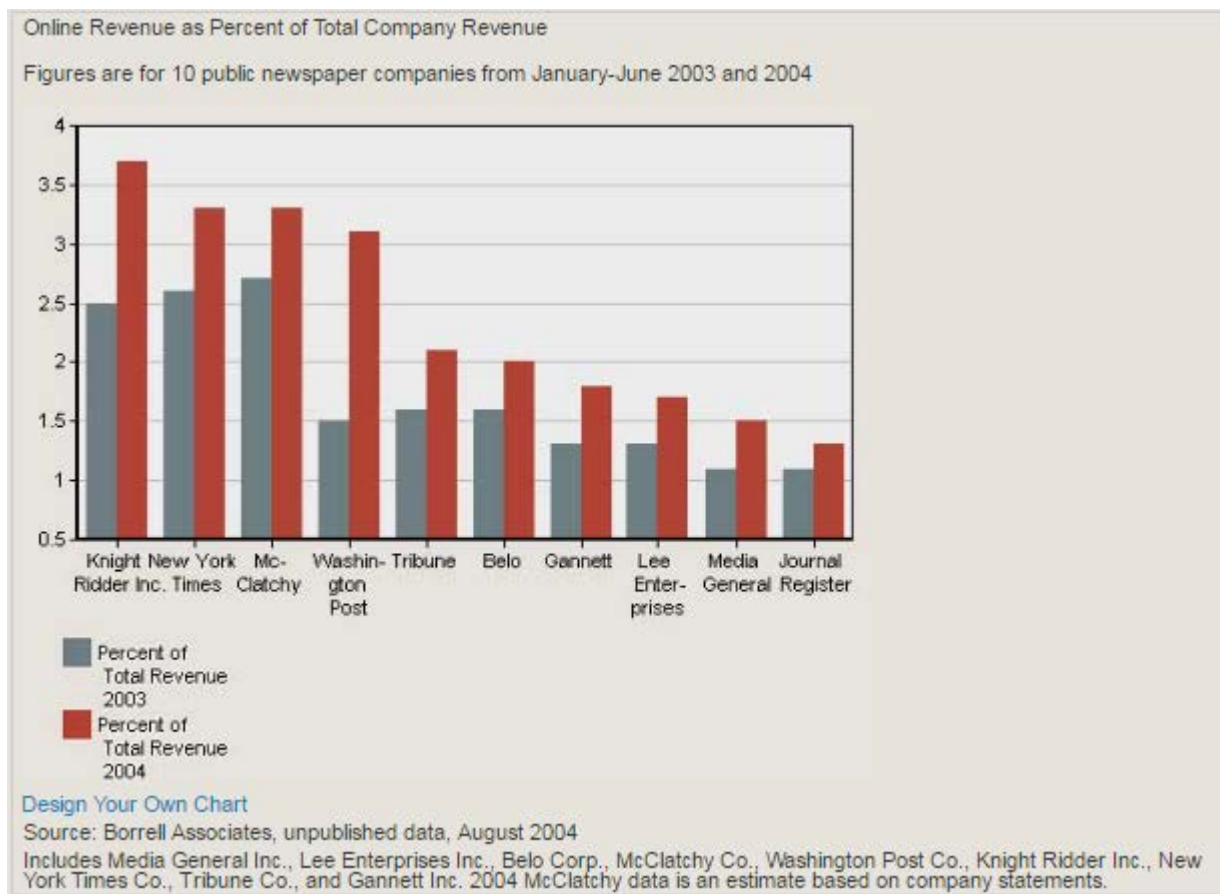
Other old-line online media players have also matured financially. Salon, for example, has now exceeded 90,000 paid according to David Talbot, founder and CEO, and has adopted a "Day Pass" ad program where non-paying can gain access to the site after watching an ad. Salon, partly because it is a public company that has to efforts, is also rumored as a potential media acquisition. ¹⁵

That potential flurry of acquisitions has a few people concerned that the unique, independent feel of news sites like Salon may wane in the wake of a buyout. As Talbot told the Online Journalism Review, "My goal and the goal of the hundreds of other publishers who jumped on Internet publishing in its pioneering days was that we were doing something different and building a new medium that was going to be more freewheeling and more democratic and more spirited than the media business. Unfortunately, most of those visionaries crashed and burned. And Salon is one of the only national independent news sites left...I'm a little bit dismayed that independent news companies have such a hard time

Growth Aside, Scale Is Still the Issue

Despite growth, however, Internet revenues continue to make up a very small percentage of total media company

So far, most companies have been willing to invest in and promote their Web sites to be sure they are on top latest communication trend. Eventually, though, the sites will probably need to demonstrate their profitability as a



Online advertising takes three main forms: search ads, display ads, and classified ads.

are more targeted than display or classified ads because they appear only when a reader has searched for a Data from the Interactive Advertising Bureau and Pricewaterhouse Coopers show that use of search ads

more than doubled between 2002 and 2003, to 35% of all online ads from 15%.¹⁸ And the growth appears to be continuing; as of the second quarter in 2004, they accounted for 40%.¹⁹ The growth, and the status of search ads as the type of online revenue, mirror a trend in the online world toward a more targeted, individualized Web

, also known as ad banners, are less targeted than search ads because their position is not determined by the online viewer's behavior or search criteria. Display ads make up the second-largest percentage of total online revenue, but they appear to be on the decline. They accounted for 21% of total 2003 revenue and were at 20% quarter of 2004 -a significant decrease from their 29% share in 2002.²⁰

are third as a percentage of total online revenue. In 2003, they made up 17%, and stayed at 17% in the second quarter of 2004. That was a slight increase from 15% in 2002.²¹

In addition to the three main advertising categories, there are some other sources of revenue online. According to the Interactive Advertising Bureau and Pricewaterhouse Coopers data for the second quarter of 2004, sponsorships for 9% of revenue, rich media 8%, and e-mail, referrals and slotting fees 2% each.²²

The figures can differ by type of Web site. No one compiles data on the overall specific percentage of ad revenue that comes from online sites devoted to news, but some figures have been compiled about newspaper sites, and their ad offer clues to the rest of the industry.

Classified advertising, for instance, is far more important to newspapers online than to the Web overall. Newspaper Web sites receive 60% of their revenues from classifieds, according to a survey by Borrell Associates. Of that total, 62% from employment ads, along with 19% from both automotive and real estate.²³

As revenues increase, online classified advertising is becoming more distinct from its print counterpart. In the past sold print and online ads in combination. Unlike the trend to bundle broadcast and online ads, though, online ads are increasingly being sold separately from their parent publication. In early 2004, 69% of the top 232 offered Web-only help-wanted ads, up from 45% the previous year.²⁴

Those online ads on newspaper sites still bring in far less revenue than their print counterparts. An ad that costs \$200 for a month online costs \$700 a week in print.²⁵ Nevertheless, given how large a share of newspaper online revenue classified ads make up, the success of newspapers (both print and online) depends on the percentage of advertisers migrating to non-news online sites such as Monster.com, Craigslist or ebay.

It is difficult to pin down exactly how much of an impact non-news online sites have had on newspapers' classified Monster.com, once the primary threat to newspapers, has seen its classified revenues drop by 21% since 2001 according to Borrell Associates.²⁶ Yet since then, other competitors have emerged as major threats. For example, eBay enjoyed a two-year increase of 72% to over \$1 billion in 2003. Some of that shift is due to the popularity of the site itself, and some is probably tied to competition. And Craigslist, offering free classified sites, is a citizen-to-site. It is not a revenue producer but a revenue destroyer.

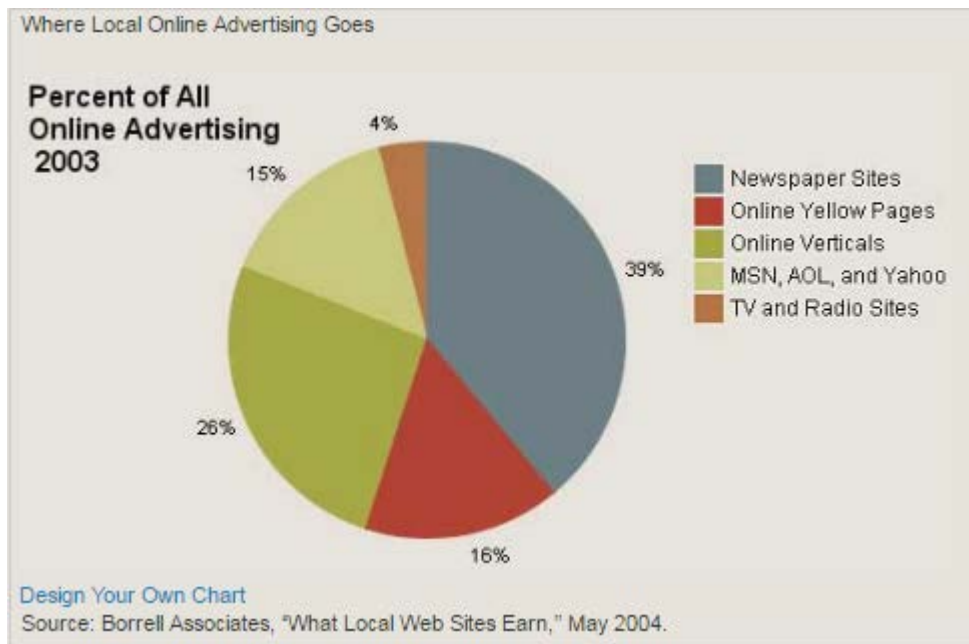
Some industry insiders argue that a number of newspaper sites have become savvier about how to compete. Sites that shopping, classified ads, jobs, cars and other services in addition to news – such as the Lawrence, Kansas, World online, SeattleTimes.com, Roanoke Times online – have done well against competitors like Monster.com. The over yet. Google and Yahoo are duking it out over the local search market, and that again is threatening newspapers. Some online advocates believe the ultimate threat is free services like Craigslist, which would demolish Monster.com as well as newspapers and turn classifieds into a free service.

Local Online Advertising

Looking specifically at local ads -primarily employment, real estate and automotive – the signs are clearly positive. In the past, local advertisers have been the last to buy into a new medium, waiting to be sure it was solid before investing. That was true of online as well. As of 2002, local ads totaled just \$1.7 billion, according to Borrell Associates.²⁷ But the figure rose to \$2.1 billion in 2003 and was projected to reach \$2.7 billion in 2004.²⁸

The growth of local ad sales appears to have developed fairly evenly across different types of Web sites. In 2003, online newspapers received 39% of all local ad spending, almost identical to 2002. That amounted to \$811 million in 2003.²⁹

Meanwhile, AOL, MSN, Google and Yahoo! are estimated to have received 15% of all online spending, or \$320 million. sites are able to advertise locally, mainly though search-engine listings based on key words, city names or zip by the user.³⁰



Even more difficult than untangling revenues is trying to pin down whether a news Web site is profitable. 35

One complication involves accounting procedures. Most online news sites are small divisions of larger operations. But they differ in how much, if any, of their existing newsgathering and overhead expenses they allocate to their online divisions. Some allocate to their online divisions only the additional marginal costs of producing their Web sites. Others allocate some of their overall newsgathering costs with their online operations, but how much they allocate differs from company to company.

A second complication is that organizations often sell ad packages across different media. Thus profitability depends on how much of that ad package is attributed to the online portion of the deal. By changing the proportion, a parent company can alter the revenue and ultimately the profits.

A third complication is that some newspapers include their non-news-site revenues in their online profits.

In time, indeed, it may make less sense to even try to separate online economics as its own category. Instead, newspaper companies will be multi-platform news providers, as will TV networks and others. (Gannett, for one, already treats the revenues and expenses as part of its newspapers.) News, the nature of the product, may be the category to examine, rather than the delivery system. Yet there is no guarantee that that is how the companies will define it.

With those caveats in mind, 2004 saw a number of sites either reporting profits for the first time or continuing to turn a profit. In the Borrell Associates survey of 463 newspaper sites in 2003, some 83% were reporting profits, with an average

36

Local television news Web sites are not as successful. Revenues were low in 2003 and less than 15% of the sites made a profit, according to surveys of news directors. 37

Perhaps the biggest single profitability announcement came from MSNBC.com, which turned a profit in the second quarter of 2004 for the first time since the site launched in 1996. It has remained one of the top three news Web sites for the past few years, with around 20 million unique visitors a month. Much of its success with traffic is owed to its ties with the MSNBC cable network, NBC News, and the MSN network. The profit came from annual revenue of \$45 million – a sizable amount for an online company. Ad revenue from a variety of sources, with 80% of from 60 different advertisers. 38

Online Economic Models

One important question, over time, is whether consumer attitudes toward paid content and toward advertising online will change. AOL's announcement in December 2004 that much of its content would become free has only intensified the

then in January 2005, Business Week published an article speculating on whether The New York Times online would follow the lead of The Wall Street Journal and begin charging subscription fees. 39

There was a time, two generations earlier, when Americans were aghast at the idea of what was then called pay TV. The airwaves were public, and no one should have to pay for television, the argument went. In the 1960s, a ballot measure to pay TV failed in California.

In time, with the emergence of cable, an economic model developed that has proven in many ways more durable than cable. Cable is bundled by companies that charge consumers a subscription fee, which is passed along to the companies that produce the content. Thus companies like CNN, Fox or Discovery get revenue both from advertising, like broadcasters, and from subscriptions, passed on by the cable companies as fees for their content. At the same time, satellite radio offers another variation – monthly payment, with few ads – though it has yet to turn a profit.

Is some model involving more subscription possible online? Would consumers in time be willing to pay in some form for access to content? People currently pay for online service, much as they do for cable. Most consumers are probably that in one case they are paying just for access and in the other they are also paying also for content.

If the pay-for-content model evolves sufficiently, it could revolutionize the economics of the Web.

Online visitors spent \$853 million on paid content during the first two quarters of 2004, an increase of 14% from the same period in 2003 (\$748 million), according to the Online Publishers Association. The increase is largely attributed to an increase in music downloads. 40

Some financial news sites have been successful in attracting paying subscribers, particularly The Wall Street Journal which reported in October 2004 an increase of over 2% in online subscriptions in that third quarter. 41

Major League Baseball has also had success in getting people to pay for subscriptions to receive streaming broadcasts of

But even with the surge in dollars spent on paid content, many in the industry are ambivalent about moving from a largely free model. The skeptics feel they can forgo the revenue from subscriptions and reach a larger audience with free content that can create revenue through advertising. Charlie Tillinghast, general manager/publisher of MSNBC.com, a free news site, told CBS Market Watch.com in November 2004, “There’s been less pressure to develop a paid model. [But] even if there were, we’re not sure that as a general news site, what subscribers would pay for.” 42

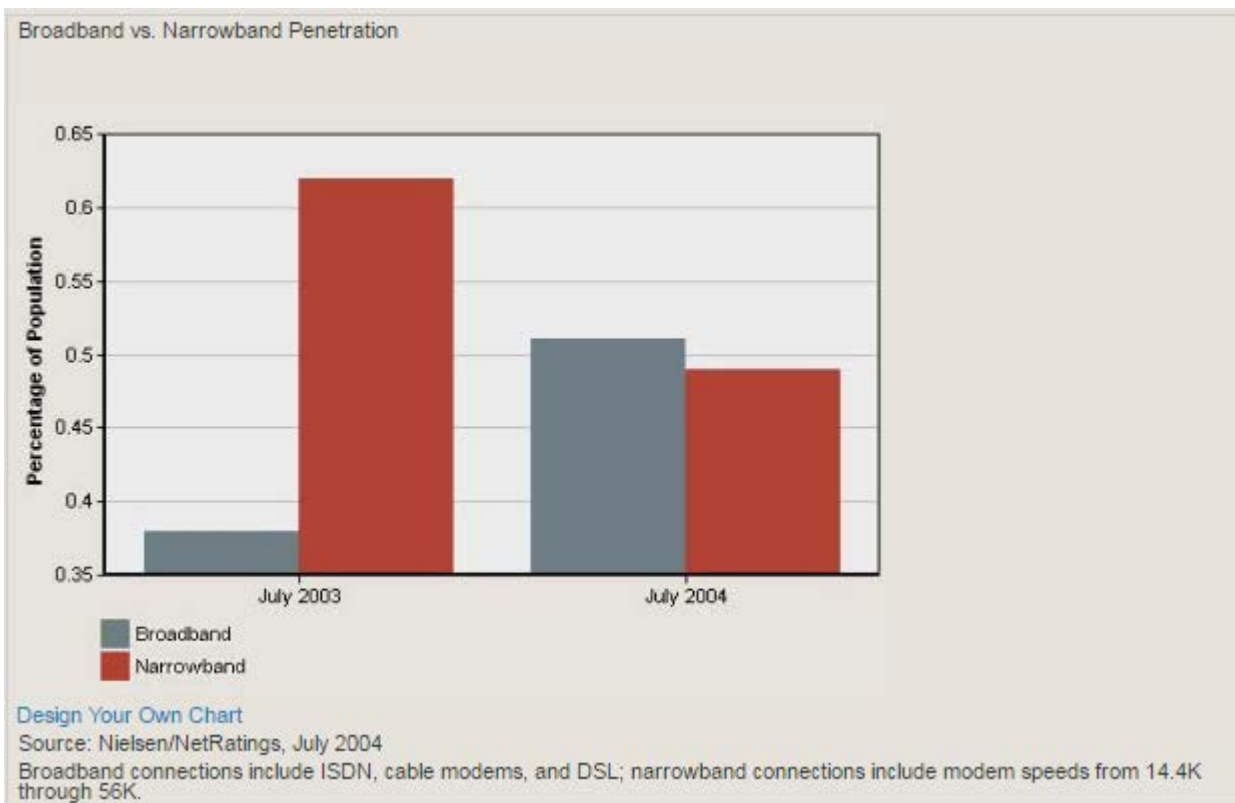
Indeed, many industry experts think there is a future for broad paid content only if it is deemed “must have” information – The New York Times for the country’s intelligentsia and political leaders, for example, or The Wall Street Journal for the business world. So-called-niche media providing information specific to an industry or interest, such as Broadcasting and Cable.com, are also considered viable.

Broadband Technology

One variable that could change the economic potential of the Web is technological. Ever-faster broadband technology may change the way consumers respond to Web advertising, and more video on the Web may change the way ads are delivered, in part, by making the Web more like television. When we looked to see if there was growth in high-speed connections as of the first quarter of 2004, there were 17.3 million high-speed Internet customers, up from 12.8 million in the same quarter of 2003. 43 Furthermore, July 2004 Nielsen/Net Ratings showed that U.S. broadband penetration was now over half (51%) the American online population. That is up from 38% in July 2003. 44

In addition, Yahoo, Google and AOL are reported to be racing to introduce video searching that would facilitate access of video on demand and probably further boost broadband penetration as well as rich-media advertising. 45

Broadband not only provides online users with faster service, it also allows advertisers to use more sophisticated rich media and streaming video to promote their products. Data from Double Click, a New York-based organization that tracks online ads, shows that the number of rich ads – a combination of animation, video and sound with interactive elements – by the company grew 54% in the first quarter of 2004 from the same period a year earlier. 46 Yet for the first three quarters of 2004, DoubleClick said, rich ads remained stagnant as a percentage of all ads distributed. 47



Some are skeptical about the future of broadband growth in the U.S. While the growth in broadband penetration is and the country has made great strides in ensuring broadband access among rural and low-income populations, the U.S. is ranked only eleventh in the world in broadband penetration.⁴⁸ Furthermore, the addition of 1.7 million broadband subscribers in the second quarter of 2004 was less than the number added in any quarter in the previous year, according to Leichtman Research Group, Inc.⁴⁹ Could this suggest that the explosive broadband growth in the U.S. has peaked? The bigger problem for broadband adoption in the medium term is that the number of dial-up has been fairly stagnant for the last three years and the overall Internet population isn't growing much any

In the end, going into 2005, online economics is improving. Increased portions of the advertising pie, growth in revenues and profits and plans for further investments suggest that companies and advertisers remain intrigued by the possibilities of the new medium. Nonetheless, revenues are still small comparatively, and the online industry will need to prove its value on Wall Street.

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Ownership

Ownership

(Note: the data on the ownership section was updated March 17, 2005 with adjusted figures from Nielsen NetRatings and with additional data from comScore MediaMetrix.)

By the Project for Excellence in Journalism

Who owns the Web?

Has the people's medium been taken over by big media? Or does attention to the big companies and their popular sites, the most obvious part of the Web, miss the energy and verve of the Internet?

In our inaugural report last year, we suggested that there were, in effect, two Internets: one that aggregated large numbers of users around a limited number of sites, and another that was rapidly changing, full of energy and innovation.

The success of blogs in 2004 suggests that this other, less visible Internet is even more robust now than a year earlier. But data on where people go on the Internet also suggest that at the same time the biggest sites are getting even bigger.

In examining the top sites with the most traffic, there were three main story lines worth noting in 2004.

- First, the big are getting bigger, something we also saw a year earlier.
- Second, there are signs that local news may be gaining force.
- Third, two new players are emerging in the top 20 Web sites.

Big, Bigger, Biggest

While the Internet allows for a nearly infinite choice of news outlets, in practice a few sites dominate, and in 2004 they appeared to be separating themselves even more from the rest of the Web.

Two organizations are the central sources for online traffic figures, Nielsen//Net Ratings and Comscore MediaMetrix. Both show surges in 2004 traffic among the top sites, though their numbers for specific sites vary somewhat.

The top 20 news sites, as measured by Nielsen//Net Ratings, averaged 69.6 million visitors per month from January through October 2004. ¹

Unique Audience for Top 20 News and Information Sites

These numbers have changed from our original calculations which at times double counted visitors. These revised numbers come directly from Nielsen//Net Ratings and include no duplicated audience figures.



Design Your Own Chart

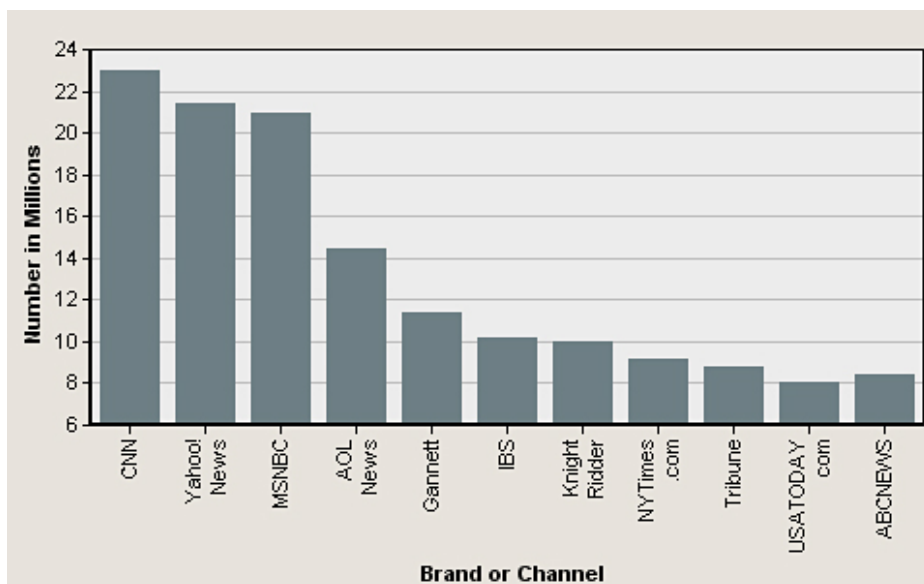
Source: Nielsen//Net Ratings

When it comes to who is at the top of the top, both Nielsen//Net Ratings and comScore show three sites dominating between January and October 2004. CNN, Yahoo News and MSNBC, each averaged around 20 million unique visitors a month in the first ten months of 2004. A fourth site, AOL, is either in line with these other three or slightly below them depending on whose traffic numbers are used.

According to Nielsen//NetRatings data, CNN led the way with 23 million, followed by Yahoo News with 21.4 million and MSNBC with 21 million. AOL News, according to these figures, trails behind with 14.4 million unique visitors, a figure quite different than that reported by comScore. ComScore reports Yahoo! in the lead with an average of 23.2 million, followed by AOL News at 22.6 million. CNN and MSNBC then follow with 21.3 million and 19.3 million, respectively. 2

Top Online News Sites (Nielsen)

An average of January to October 2004 monthly unique visitors



Design Your Own Chart

Source: Nielsen//NetRatings

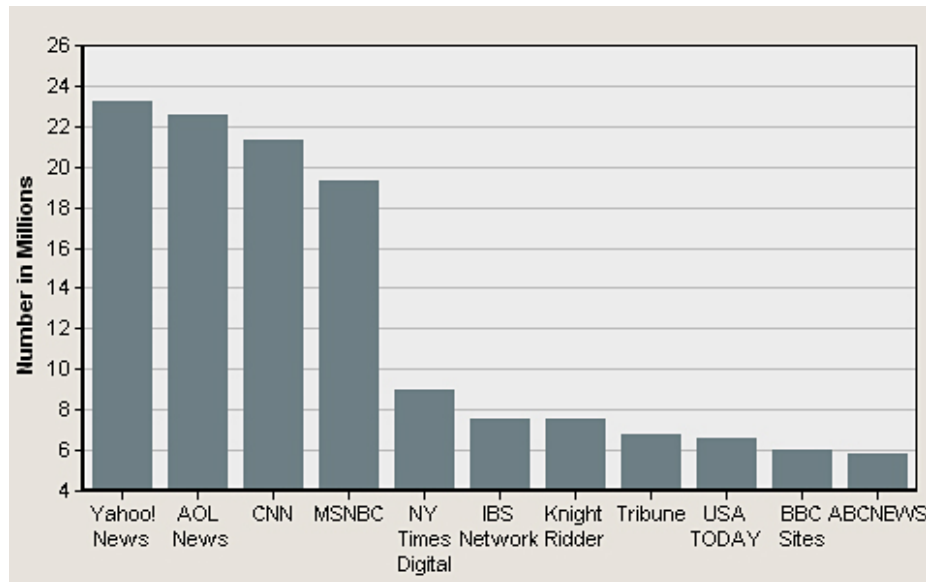
Beginning with Sept. 2004 data, Nielsen//NetRatings—to increase accuracy—has improved its NetView home panel sample weighting methodology by updating projections for key segments of the Internet universe. Caution should be used with trending data.

After that there was a huge dropoff in traffic – an average of around 7.1 million visitors a month. Through October of 2004, Yahoo News showed the most growth among the top three sites since 2003, up 27%. CNN was up 15% and MSNBC 3%.

“Traditional” journalism brands still seem to hold the most appeal. Of the top 25 Nielsen//NetRatings sites from January to October 2004, 17 were associated with traditional news companies – those that produce their own offline content for newspapers, television, or magazines.

Top Online News Sites (comScore)

An average of January 2004-October 2004 monthly data. All Persons at U.S. Home/Work/College-University Locations.



Design Your Own Chart

Source: comScore Media Metrix

comScore policy deletes historical data when a site's make-up changes to a degree that they feel makes current figures incomparable to earlier figures. Thus, AOL News data and Tribune data are from April – October.

Five sites are unique and cannot be linked to traditional offline news providers. The three sites that aggregate data from other news services and do not do any original reporting are AOL News, Yahoo! News, and Google News. AOL News and Yahoo! News use editors who post stories from other news services and do not do any original reporting. And while Google News also offers a considerable number of wire stories from other news sources, it does not use human editors but rather an algorithm to find articles, and a specific search often turns up material from outside the mainstream news pool.

A second category among news sites not linked to traditional offline news providers comprises those that produce Internet-only content, such as Drudge Report and Slate.

And the last category is those sites that produce local online news content: Advance Internet, World Now and Internet Broadcasting Systems.

In short, despite the attention paid to blogs and the openness of the Internet, when it comes to sheer numbers, online news appears dominated by a handful of traditional big media sites, and for now that domination appears to be increasing.

Local News May Be Getting More Important

Looking further down the list, another distinction is worth noting. Several of the names are not actually single Web sites, but aggregations of various sites owned by the same company, such as Gannett's local newspapers, or those of Knight Ridder.

Of the top sites for the first ten months of 2004, 12 were actually single sites. In addition to CNN, Yahoo! and MSNBC, they include, in order, AOL, The New York Times, USA Today, ABC News, Google News, WashingtonPost.com, Fox News, CBS, and the BBC.

Some of the strongest growth online was occurring at those sites operating at the local level. For the first ten months of 2004, Gannett and Knight Ridder, which report the traffic of all their newspapers' Web sites in aggregate, saw increases of 37% and 22%, respectively, over the previous year. ³ And Internet Broadcasting Systems, a company that operates local-TV news Web sites, experienced an increase of 36%.

New Players in the Top 20

Still a third story line in online news growth in 2004 involves two other sites, the Associated Press's CustomNews service and Google News, which gained footholds in the top 20 news sites for the first time.

AP CustomNews is designed primarily for smaller sites. The AP sends stories to a site in the newspaper's own design and structure, thereby requiring minimal investment in hardware, bandwidth or staff. ⁴ Over the first ten months of 2004, AP CustomNews received 6.2 million unique visitors a month.

Google News is unique among the news sites in the top-20 list in 2004. In addition to its famous search engine, which allows visitors to search for a seemingly endless supply of news stories on topics they are interested in, the site uses a computer algorithm that selects headlines based on how and where the stories appear in other places on the Web. ⁵ While the headlines are often from major players like Reuters.com, they are frequently news stories from obscure and unorthodox news and political sites. The site grew from 4.1 million unique visitors in January 2004, the first time it was reported, to 7.5 million two months later. Over all, from January through October, it averaged six million unique visitors a month.

Where People Are Going for Online News

Survey data about what kinds of sites people go to for online news help explain the increases seen among sites like Yahoo! Such sites don't create original content but rather pull together and pass along information from other sources. More people report regularly going to news pages such as Yahoo! or AOL than to any other form of Web site (13%), according to the Pew Research Center for the People & the Press, followed by network TV news sites (10%). Just 3%, on the other hand, report regularly going to opinion or online magazine sites. ⁶

Destination of Online News Consumers

	Regularly	Sometimes	Hardly Ever	Never	Don't Know
ISP News Pages (e.g. Yahoo, AOL)	13%	17	8	62	0
Network TV Pages	10%	19	10	61	0
Major Newspaper Sites	6%	13	9	71	1
Local TV/Newspaper Sites	9%	19	11	61	0
Online News/Opinion Magazine Sites	3%	7	6	84	0

qu: Now I'd like to know how often you read certain types of publications. As I read each, tell me if you read them regularly, sometimes, hardly ever or never.
 Source: Pew Research Center for The People & The Press, "Pew Research Biennial News Consumption Survey," June 8, 2004.

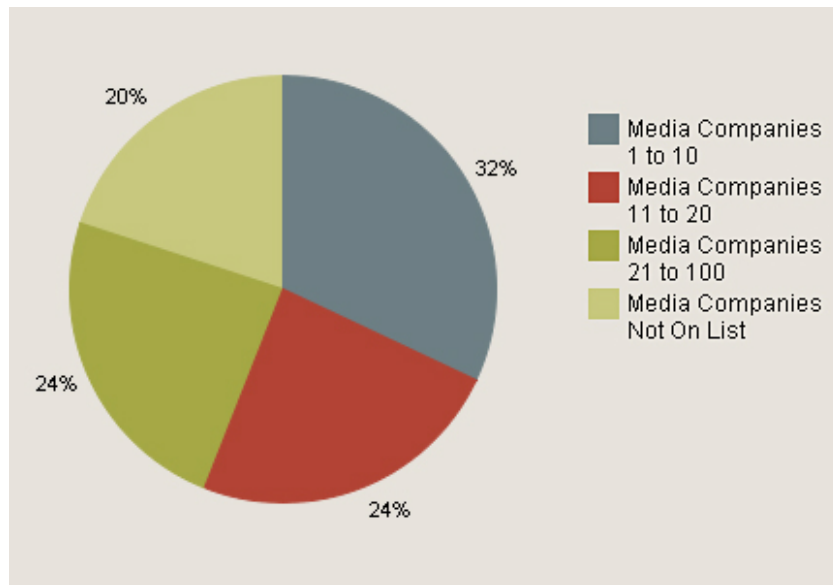
Another polling company, MORI Research, looked at where people go specifically for local news and found that internet service providers' pages were making headway there as well. For now, local newspapers are still the most popular places, but the data suggest their popularity is declining and facing stiff competition from Google. According to the MORI data, 40% of people who go online for local news use newspaper Web sites, down from 62% in 2002. Google, on the other hand, went from less than 3% in 2002 to 39% in 2004. Yahoo!, meanwhile, seems also to have lost ground as a local news source online, declining as a destination from 55% in 2002 to 37% in 2004. ⁷

Online Media Ownership Trends

Of the 25 online news sites (see footnote #1 for complete list of the 25 sites), eight in ten are owned by media companies in the 100 largest in revenue as reported by Advertising Age. ⁸ For example, CNN was the most visited news site and AOL News was fourth. Both sites are owned by Time Warner, the leading media company in total U.S. media revenue in 2003.

Ownership of Most Popular News Sites

By company size, January through October, 2004



Design Your Own Chart

Advertising Age, "100 Leading Media Companies list"

The top 100 list is determined by domestic media revenues. The top 25 sites are based on Nielsen//NetRatings data for January-October 2004.

Nearly a third (32%) of the top 25 news sites in 2004 were owned by the top ten U.S. media companies; more than half (56%) were owned by the 20 biggest companies. So the data point to heavy concentration of ownership of the news the public is getting online.

With the reelection of President Bush in November, one can only speculate how Bush's second term will affect trends in media ownership and concentration. The FCC was partly successful in his first term in increasing the size of the national television audience that any one company was allowed to reach, but many of the modifications it sought were thrown out by the courts.

[Click here to view footnotes for this section.](#)

News Investment

News Investment

By the Project for Excellence in Journalism

If online news increasingly appears central to journalism's future, the question of newsroom investment becomes critical in looking ahead. Indicators in 2004 suggested that if organizations are investing at all, they are doing so cautiously.

First, in the spring of 2004, the Pew Center for the People and the Press and the Project for Excellence in Journalism conducted a survey of American journalists, including members of the Internet press. Among online journalists, 62% said the size of their newsroom staff had decreased compared with three years earlier. That dwarfs the 37% of national print, TV and radio journalists who reported the same thing. ¹

Second, anecdotal evidence suggests that companies that invest are doing so by downsizing in some areas and expanding in others. At Reuters, for example, executives are putting their money into the processing of online news as opposed to the gathering of it. Those are very different elements, the first an investment in equipment and the second an investment in staff.

Tom Regan, executive director of the Online News Association, says his work with people in the industry has convinced him that the number of bodies in online news organizations is fewer than it was during the boom of the late 90s. That despite the fact that online news is now becoming profitable and serves a much larger audience. The software has developed to a point, he explains, where fewer and fewer people are needed to write code and get the stories up on the Web.

Howard Finberg of the Poynter Institute agrees there are fewer bodies, but sees greater cause for concern in the substitution of automated technology for people.

Finberg also thinks that online news media need to invest more in the way people use the Web rather than just becoming a replica of newspapers. He and Regan agree that one of the obstacles to growth is that online producers in general still don't think "intelligently" about the Web and its potential as an information tool.

Web Video and Other Technology Investment

One area where there has been some development is Web video.

Over the past few years, it has become more sophisticated and user-friendly, particularly in the amount of time required to connect, buffer time and rebuffer time. ² And considerable percentages of young people feel the quality of Web video has caught up with or even surpassed television. In September 2004, the Online Publishers Association conducted research that showed that two thirds of people 18 to 34 years old (67%) said watching a short video clip online was the same as watching highlights on television, or better. ³

Much of that video, moreover, is journalism. A study by AccuStream iMedia Research, which conducts studies on interactive broadcasting and streaming media, shows that news captures 18% of all streaming video, second only to music videos at 34%. ⁴

One of the biggest developments heading into 2005 is the emergence of search tools for video, a move that could have a wide impact on online advertising and copyright law in particular. Media companies will surely lobby Congress to adopt a more muscular position on protecting copyrights for movies and television. Google, Yahoo! and Microsoft were all developing new search tools for digital video. How the story develops in 2005 could be critical in the online media universe.

A leading online newspaper in using Web video is The News Journal in Wilmington, Delaware. Because Wilmington has no local broadcast stations of its own, The News Journal has begun providing local breaking-news footage to Wilmington residents online. The site runs a three-minute newscast, produced by the paper and featuring an anchor from the paper's

staff, twice each day. The paper is considering doubling the number of newscasts, adding sports coverage and even offering a live stream. According to the paper's vice president of new media, traffic to the site has been growing 20% each week. 5

The New York Times began using its Web site in 2004 to run video created by the columnist Nicholas Kristof. The Times even broadcast the political conventions live on its site, which made it a competitor of the television networks. As a BusinessWeek Online editor put it, "Publishers now have to think of themselves programming in day parts, which is much more like TV than magazine publishing." 6

In late November 2004, The Wall Street Journal Online launched "The Wall Street Journal Video Center," which houses video clips of both breaking news and financial information from Journal analysts and from partners like CNBC. 7

Some papers are using the Web to create more transparency in their operations. When the San Francisco Chronicle's editorial board sat down with the mayoral candidates in the last election – a proceeding that is normally closed to the public – the paper took advantage of its site, sfgate.com, to post unedited video of the meetings. In the three days after the videos were posted, 35,000 page views were recorded. The site also included information on how the editorial board made its endorsement decision. 8

Smaller papers, too, are finding ways to invest in technology to provide additional content. When a fire threatened Carson City, the 17,000-circulation Nevada Appeal created a blog to keep track of the fire's movement, updating it every 10 minutes. As a result, Web traffic jumped to 15 times the norm. The blog ended up costing the paper only about \$2,000 in overtime pay for staff members. 9

During the hurricane season of 2004, blogs became a critical source of information for delivering the news when the hurricanes shut down the normal capacity of newsrooms. The Sun Herald in Biloxi, Mississippi, used a blogger to post frequent storm updates from staff people out in the field, who filed using laptops and cell phones.

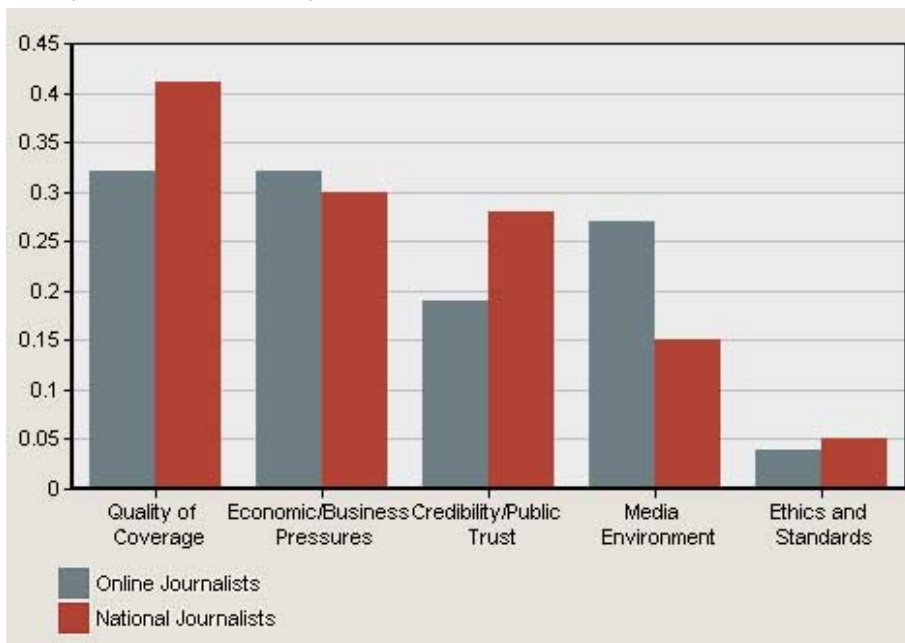
For now, those are examples of the potential of the medium, and they probably represent exceptions, not the norm. A University of Texas study found that more than half the papers they studied updated their Web sites occasionally from their print editions (aptly called shovel-ware). 10

Economic Pressures

The Pew survey also suggests that online journalists detect increasing influence of advertisers on the kinds of content they produce, perhaps more so than in other media. Online journalists were more than twice as likely as the mainstream press to say they have been pressured to do a story because it related to an owner, advertiser, or sponsor – 35%, versus 15% of national mainstream journalists. 11

When asked to name the most important problem facing journalism today, online journalists most frequently say the quality of the coverage (32%) and economic and business pressures (32%). Among national mainstream journalists, 41% cite the quality of coverage and 30% the economics. 12

Most Important Problem Facing Journalism Today, 2004
Survey of national and local journalists



Design Your Own Chart

Source: The Project for Excellence in Journalism/Pew Research Center for the People & the Press, survey of online, print and broadcast journalists, March-April 2004.

Qu: What do you feel is the most important problem facing journalism today?

When we break down the 32% of online journalists who say the most important problem is economic or business pressures, 10% say declining audience or attracting an audience, 7% say lack of resources and financial cutbacks, 9% say too much of a bottom-line emphasis. Another 6% identify corporate ownership and consolidation, and 6% indicate staffing problems or putting ratings ahead of quality.

More generally, online journalists feel many of the same bottom-line pressures as those in the mainstream press. In the Pew survey, 63% of online journalists said bottom-line pressure is hurting journalism while 34% said it is just changing it. Those numbers compare quite closely to national mainstream journalists: 66% hurting and 29% just changing. ¹³

One other finding is worth mentioning as well. There may be growing acceptance of the value of online journalism in traditional newsrooms, instead of fear that the new medium is a bastion of rumor and lesser standards. Fully 60% of national mainstream journalists say “the emergence of the Internet has made journalism better.” That is nearly identical to the 63% of online journalists who feel that way. ¹⁴

Convergence Doesn't Mean Fewer People

One other point in trying to assess trends in news investment involves convergence, the merging of operations of different media, such as print, Web and TV, into a more integrated newsroom. Will convergence lead to further cutbacks, as news operations try to avoid duplication but fail to recognize the impact on quality of asking people to do more? There was some evidence in 2004 that convergence does not necessarily mean fewer people in the newsroom doing more work. The Tampa News Center, housing the Tampa Tribune, WFLA-TV and TBO.com, had more journalists in 2004 than in 2000. This is also true for salespeople, since space still needs to be sold on different media. ²⁰ Whether the workload has still increased, giving people less time to produce and edit stories, deserves further attention.

Local-TV Web Sites

Because of the difficulty of producing a profitable local-television online site, many stations are outsourcing the building of their sites to companies such as Internet Broadcasting Systems or WorldNow. While those companies have helped stations get off the ground, Mark Glaser of the Online Journalism Review noted in 2004 that they may ultimately hinder stations' ability to do the most with their sites. IBS uses a few standard designs, so many sites may look the same. IBS also has some control over the stories that appear on the site outside of those produced locally. ²¹

Footnotes

1. Pew Research Center for the People & the Press in collaboration with the Project for Excellence in Journalism and the Committee of Concerned Journalists. “Bottom-Line Pressures Now Hurting Coverage, Say Journalists.” Published May

23, 2004, page 56. Available online at: <http://www.stateofthenewsmedia.org/prc.pdf>

2. For research on the quality of video on different news sites, see "KeyNote Research: News Video Quality Survey," May 2004. Available online at: www.keynote.com A buffer is defined as a "small amount of data that is stored for a short amount of time, typically in the computer's memory (RAM). The purpose of a buffer is to hold data right before it is used. For example, when you download an audio or video file from the Internet, it may load the first 20% of it into a buffer and then begin to play. While the clip plays back, the computer continually downloads the rest of the clip and stores it in the buffer. Because the clip is being played from the buffer, not directly from the Internet, there is less of a chance that the audio or video will stall or skip when there is network congestion. Buffering is used to improve many other areas of computer performance as well. Most hard disks use a buffer to enable more efficient access to the data on the disk. Video cards send images to a buffer before they are displayed on the screen (known as a screen buffer). Computer programs use buffers to store data while they are running. If it were not for buffers, computers would run a lot less efficiently and we would be waiting around a lot more. It's just another aspect of computer design that we take for granted. Sharpend.net online glossary. Available online at: <http://www.sharpened.net/glossary/definition.php?buffer>

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12. Pew Research Center for the People & the Press in collaboration with the Project for Excellence in Journalism and the Committee of Concerned Journalists. "Bottom-Line Pressures Now Hurting Coverage, Say Journalists." Published May 23, 2004, page 40.

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14. Pew Research Center for the People & the Press in collaboration with the Project for Excellence in Journalism and the Committee of Concerned Journalists. "Bottom-Line Pressures Now Hurting Coverage, Say Journalists." Published May 23, 2004, page 54.

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16. James Coates, "Speedy reader delivers news from many sites." Chicago Tribune, August 28, 2004.

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Public Attitudes

Public Attitudes

By the Project for Excellence in Journalism

What does the public think of the Web as a news source? Do people use it for some things more than others? Are they growing more trusting of the Web than they used to be? The answers, in some cases, may surprise.

An examination of the latest data on public attitudes suggests three themes:

- Trust in the Internet as an information source may be dropping rather than rising, yet people make big distinctions between different kinds of sites.
- Convenience, timeliness and the diversity of sources seem to be the key to the Internet's appeal, rather than the potential to delve deeply into subject matter.
- When it comes to homeland security and terrorism, older media may have much more appeal.

Reliability and Accuracy

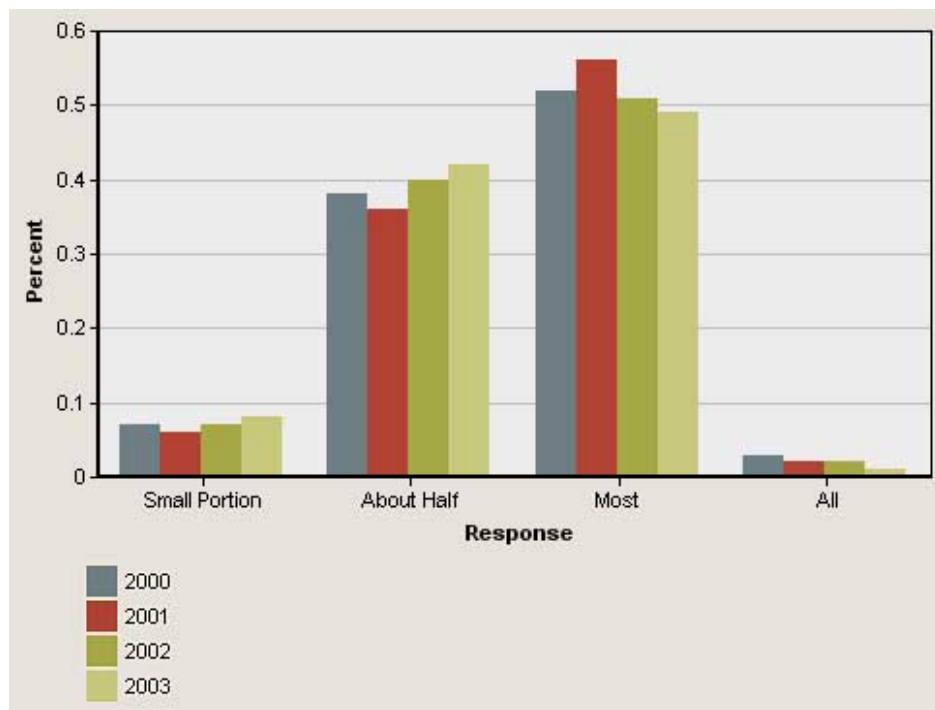
One might have thought that with time and familiarity, trust in the accuracy of the Web would grow. Evidence suggests that may not be the case.

According to research from the USC Annenberg School Center for the Digital Future, the number of users who think most of the information on the Internet is reliable and accurate has been declining since 2001. In the summer of 2003, 49% said they thought that most such information was reliable and accurate, down from 51% in 2002 and 56% in 2001. The number was 52% in 2000. ¹

At the opposite end, the number of those who believe that only half the information on the Internet is reliable and accurate is rising, and in 2003 passed 40% for the first time in the four years of the study. ²

Perceptions of Internet's Reliability, Overall

Survey qu.: "How much of the information on the Internet do you think is reliable and accurate?"



Design Your Own Chart

Source: The Digital Future Report, USC Annenberg School Center for the Digital Future, September 2004

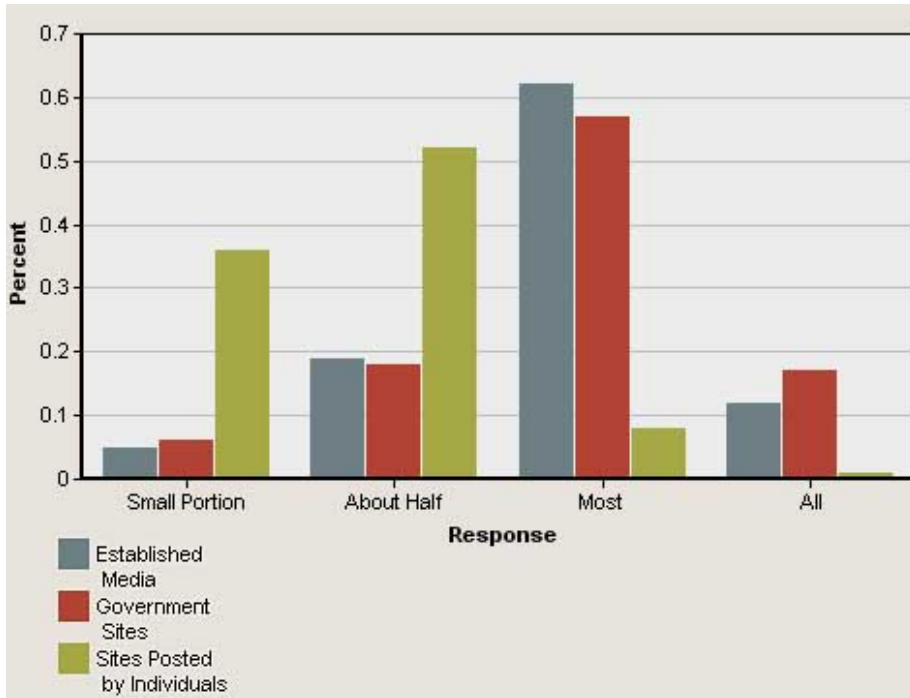
Responses are from people who use the Internet for news at least once in a typical week.

Additional research in 2004 suggests that trust varies dramatically depending on the site. According to the USC Annenberg School's Center for the Digital Future, large majorities (74%) think that most or all of the information on established news sites and government Web sites is reliable and accurate. The number drops to just 10% for pages posted by individuals. ³

Established sites used to be thought of as the online offshoots of news outlets in other genres, such as The New York Times and CNN. Now, though, Web-only search engines such as Google and Yahoo! are used by 70% of online news users and considered by many to be "established." ⁴

How Much of the Internet is Reliable and Accurate?

User perception by type of website.



Design Your Own Chart

Source: The Digital Future Report, USC Annenberg School Center for the Digital Future, September 2004

qu: How much of the information on specific types of Internet sites do you think is reliable and accurate?

As reported in the section on audience established sites like CNN and Yahoo! are the ones people regularly visit, while blogs are still not a central part of the online news experience. Not surprisingly, then, users rate the sites they visit regularly higher as well. The USC Annenberg School reports 68% of Internet users saying most (61%) or all (7%) of this information is reliable and accurate. In 2002, though, more than eight in ten said most (69%) or all (13%) was reliable. ⁵

It appears, then, that as people gain more familiarity with the Web, they are becoming more educated and more selective about online information. Brand quality transfers to the Web; people sense that the Internet is more than one medium. And the key to the popularity of the major sites may be that they combine the reliability of the old media with the convenience and control of the new.

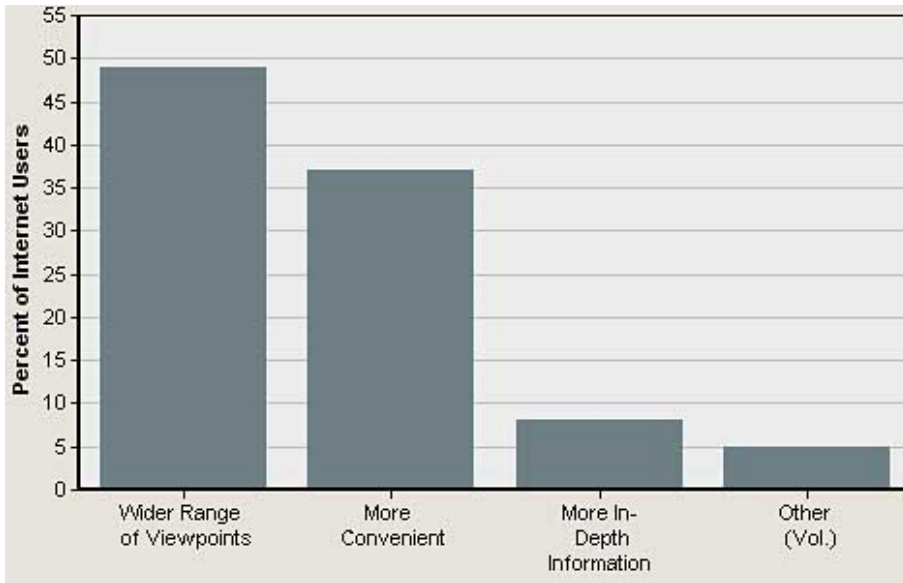
On the other hand, the declining trust, even in sites people use most, is worrisome. People may be sensing over time that the nature of the Internet, the speed and culture of the medium, may erode the reliability even of organizations they otherwise trust.

The Appeal of the Internet

What attracts people to the Internet?

As we found a year earlier, variety of viewpoints and convenience appear to be at the heart of what makes the Internet a useful news source. A March 2004 survey conducted by Pew Research found nearly half of respondents saying they used the Web for 2004 election news "because you can get information from a wider range of viewpoints on the Web"; 37% said "getting information online is more convenient." ⁶ In 2003, online users displayed similar reasons for getting news online about the war in Iraq. Then, two-thirds cited the ability to get news from a variety of sources. ⁷

Why People Go Online for Election News



Design Your Own Chart

Source: Pew Research Center for The People & The Press, News Interest Index, March 25, 2004

qu: Which of the following comes closest to describing WHY you go online to get news and information about the 2004 election?

When it came to election news, Internet users seemed to have followed through on this desire for a wide-range of sources. A Pew Internet & American Life Project study in the middle of the 2004 election season concluded that even when such variables as political interest, age, and education are controlled, "Internet users have greater overall exposure to political arguments and they also hear more challenging positions." ⁸

If what users are looking for is a range of viewpoints, it seems only logical that the search engine has found its place as an extension of the overall online news experience. Search engines like Yahoo! and Google and the widely anticipated MSN Search from Microsoft, allow a user to find a seemingly endless stream of voices on any given topic.

What does not at first seem to track with these findings is users' predilection toward established sites. If they trust sites like CNN and The New York Times more – and indeed, those top sites command the vast majority of traffic – how do we explain a mix of views as their top priority? One possibility is that this gets at the distinction between what they like about the Internet overall – the possibility for endless voices, versus what they look for in specific sites themselves: reliability. Or it may represent the perennial discrepancy between what people say they want and what they actually do.

Do the reasons differ according to age? Perhaps. A qualitative study released by the Online Publishers Association on the media habits of the 18-to-34-year-old audience found that convenience and accessibility are the two factors most determining which medium this age group uses. According to the report, people in that group "often have unpredictable schedules and may only have small slivers of time available to use media. As a result, the Internet, which is pervasive and accessible on their own time, has become a dominant medium in the lives of these consumers." ⁹

There was also evidence in 2004 that the Internet was encouraging a certain kind of news consumption that some experts did not anticipate.

When television emerged as the dominant news source in America in the 1960s, social scientists began to identify something that might be called accidental or incidental news consumption. Because television forced viewers to watch the whole program to see the news they were interested in – rather than being able to pick and choose stories the way they did with newspapers – people were becoming knowledgeable about things they didn't know they were interested in. They were gaining accidental knowledge.

The Internet, it was expected, would erode that, since it allowed infinite levels of control by consumers over what they were interested in.

Some of the news-consumption data developed in 2004 suggests it hasn't been that simple. Indeed, data from the Pew Research Center in May found an increase in the number of Internet users who say they come across a news story when going online for another purpose. Seventy-three percent of online users told Pew they bumped into news after going online for an another purpose, up from 65% in 2002 and 55% in 1999. ¹⁰

It may be that the ease of navigation encourages people to wander more.

Terrorism and the Internet

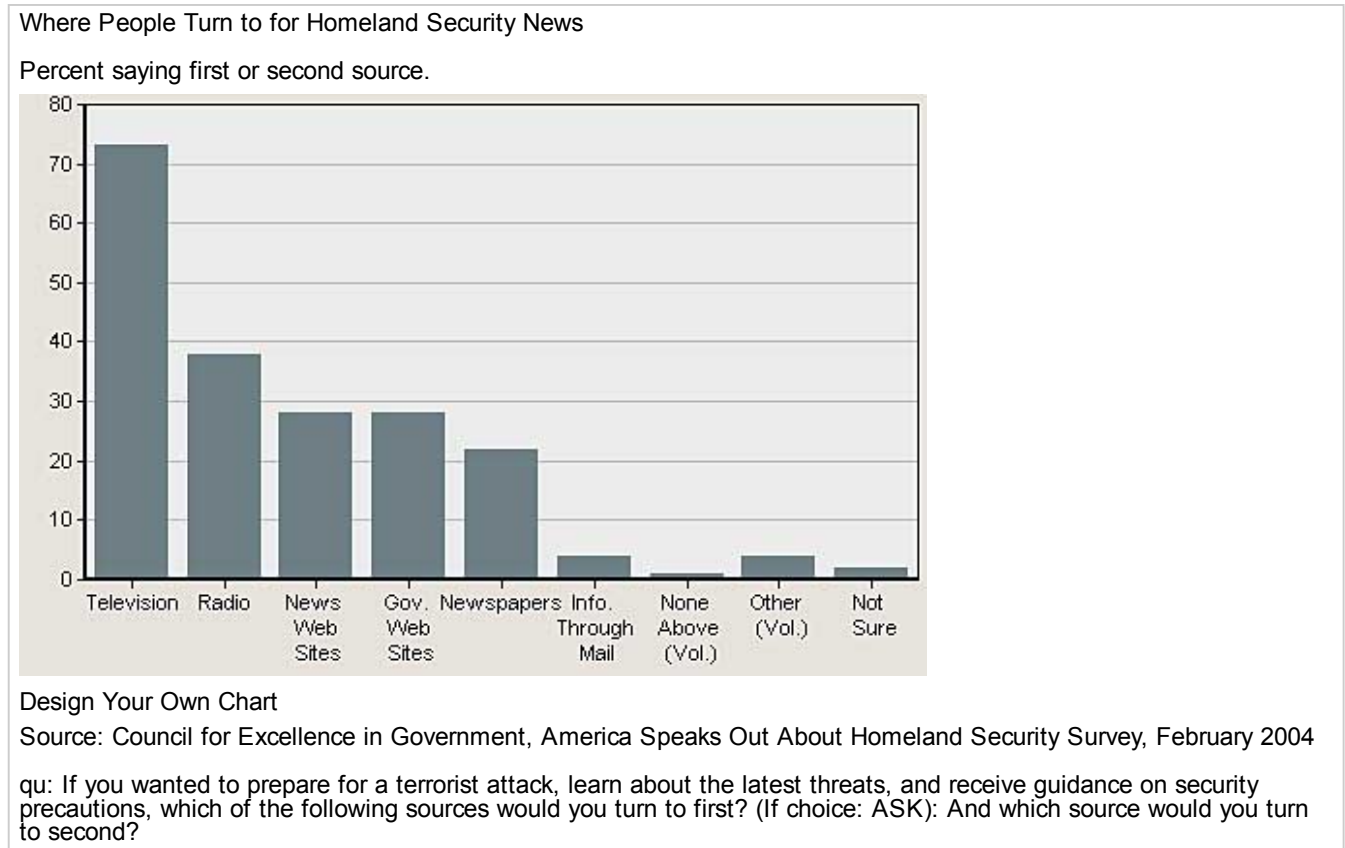
With homeland security and the war on terrorism overriding public concerns, how does the Internet fit in?

The Council for Excellence in Government conducted surveys on this subject in February 2004. 11 The answers suggest that the things that make the Internet so attractive for people generally matter less when it comes to civil defense.

And when it comes to preparation, the Internet holds particular appeal, especially for access to the government.

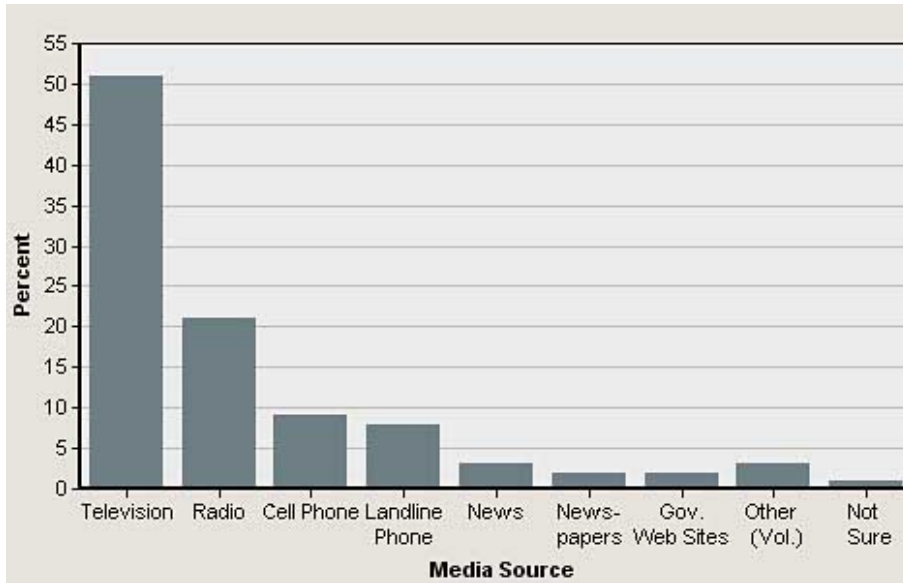
In a crisis, an emergency, the old and more establishment media – perhaps with stronger connections to officialdom – still hold stronger appeal. That might be surprising considering the Web is often prized for its breaking news capacity.

The study found that three in ten people say they would go to government Web sites (28%) or news Web sites (28%) if they wanted to learn how to prepare for a terrorist attack, learn about the latest threats, and receive guidance on security precautions; a majority (73%) say they would use television. 12



However, the Internet wanes in popularity when people are asked where they would get information about a terrorist attack on their own community.

Primary Source for Local Homeland Security News
Percent saying primary source



Design Your Own Chart

Source: Council for Excellence in Government, America Speaks Out About Homeland Security Survey, February 2004

qu: "If there were a terrorist attack on the community where you live, which of the following sources would you turn to first for information?"

[Click here to view footnotes for this section.](#)

Conclusion

Conclusion

By the Project for Excellence in Journalism

What does all this mean for online news? As individuals use the Web more and more, they are becoming more skilled at it, and more willing to be critical of the information offered. Right now, anyway, the multiplicity of views seems to be what people treasure most.

As chronicled in Dan Gillmor's *We the Media*, the phenomenon is not just blogs but an assortment of citizen/volunteer/participant content, checked and enriched by the fast-feedback loop the Web makes possible.

How much of this is journalism is a subject of lively intellectual debate in early 2005. What is less debatable is that the broadcast and newspaper industries have been on the sidelines for much of the action and, by and large, offer only modest extensions of the news produced for their primary medium. Revenue growth, especially for newspaper sites, has been brighter – 30% to 40% for several years now. But there is a threat here, too, from shopping-exchange sites like Craigslist and E-bay. They offer no news content whatsoever; they are growing by unbundling what is combined in the newspaper, with free ads chipping away at the durably profitable business model.

Looking forward, even Gillmor, enough of an enthusiast for the new forms that he quit his “dream job” as technology writer for the San Jose Mercury News in favor of a dot.com startup, sees a troubling problem. For all their exciting features, he writes in the preface to his book, it is hard to envision the sprawling and loosely connected new media forms coming up with the concentrated resources to do the toughest investigative and public service journalism. Things like Watergate, the pedophile priests scandal, Abu Ghraib or systematic coverage of the entire Iraq war story. So an “unraveling of the business model” for institutional media becomes both an imaginable and alarming scenario.

“Who will serve, for better or worse, as a principal voice of a community or region?” Gillmor asks. Flawed as the profit-hoarding, slow-to-innovate current business model seems to be, he says, “anarchy in news is not my idea of a solution.” 1

Footnotes

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Guest Essay

Guest Essay

A Year to Remember in Internet News

By Merrill Brown

The year 2004 demonstrated both the opportunity for the Internet news business to bring millions of news consumers extraordinary coverage of both politics and world affairs and the threat the Web itself poses for those who make that coverage possible. For while Internet news sites continued to play a growing role in how people get their news and information, their viability has been called into question by the emergence of literally thousands of bloggers, community journalists and news tools starting what amounts to a revolution in newsgathering.

It was a year to remember in Internet news, but the shape of the medium and the future of the news industry grew murkier by the month. And while the role of the Internet as a dominant medium never seemed more certain and Internet advertising set new records, most Internet news managers acknowledge that there is in fact little evidence of growth, hiring, creativity or other advances in Internet journalism.

It was an election year in which 63 million Americans accessed political news online and 31% of Internet broadband customers described the Web as their primary source of political news, according to the Pew Internet & American Life Project. That's double the total for the national election just four years ago. To be sure, Internet news sites had strong years in viewership and sales. Internet advertising continued its dramatic growth; the Interactive Advertising Bureau reported that for the first three quarters of 2004 the medium pulled in over \$7 billion compared to \$7.3 billion for all of 2003. The annual figure was expected to exceed \$8.4 billion.

But ultimately those successes and accomplishments were not the story. On the institutional end, the parent companies of most successful news sites and journalism in general were the story. Evidence of the erosion of credibility and readership intensified amid fundamental questions about the viability of big-city newspapers. The wave of scandals about the accuracy and character of news coverage and journalists continued. And the news business, even at institutions of extraordinary impact, quality and financial capabilities, continued to erode as new forms of both content and advertising gained more and more audience and commerce.

Over the past two years, for instance, The Washington Post's daily circulation has dropped 10% even as its market thrived and an intense election year grabbed the attention of the paper's community, while advertising alternatives like Craigslist began to significantly erode historic newspaper revenue streams. At the same time, RSS (Really simple syndication) feeds and sites that aggregate the work of news organizations like Google News are drawing meaningful numbers of news viewers without directly providing the funding for Internet news sites to actually prosper.

So while news institutions struggled to map their futures, what became clearer than ever in 2004 was the emergence of a decentralized media universe. New forms of journalism evolved in ways that weren't widely anticipated. Much of the attention on the Internet as a news source moved away from large institutional news sites to the world of the blog. In 2004 reporting in blogs prompted the CBS News scandal involving Dan Rather and the network's use of documents it could not verify in reporting about the military record of President George W. Bush. CNN's chief news executive, Eason Jordan, resigned after bloggers jumped on him for seeming to suggest, at the Davos economic conference in January of 2005, that members of the U.S. military fired on reporters in Iraq.

The journalism of bloggers had enormous impact in 2004 and on into 2005, and some writers from blogs gained national profiles, such as Ana Marie Cox, the blogger known as Wonkette, who became a television pundit. Cox, obscure as recently as 2003, found herself appearing as an NBC news analyst during political convention coverage.

At the same time, a serious-minded grassroots, community journalism movement gained momentum as Mark Potts, one of the founders of Washingtonpost.com, launched Backfence.com, a venture designed to create ad-supported neighborhood news sites throughout the country. And the San Jose Mercury News columnist Dan Gillmor published a

widely discussed book, "We the Media: Grassroots Journalism By the People, For the People," and left the paper at year's end to encourage more citizen-based media. Newspapers like the News & Record in Greensboro, N.C. and The Bakersfield Californian began important experiments in creating new forms of journalism with community participation.

In the larger Internet universe there was a stream of intriguing business developments. The Washington Post Company bought Slate.com for an undisclosed price. Dow Jones Inc. acquired CBS Marketwatch for a stunning \$519 million. Yahoo demonstrated its commitment to building consequential news and original-content products by hiring the founding editor and publisher of Wall Street Journal Online, Neil Budde.

So, while business might appear prosperous, beneath the success lies a perplexing reality. Many of the news organizations that make most Web site journalism possible, either through their dollars or the work of the journalists reporting for their traditional products, are in some combination of strategic, journalistic and financial peril. It is those organizations that make large-scale Internet news sites viable. In a world of dwindling resources, a world of falling daily newspaper readership and fragmented television news audiences, who will produce the journalism of scale and importance that informs citizens about national political campaigns and international conflict? Bloggers? Citizen journalists? The software developers who produce RSS readers?

The answers that emerge over this decade to those questions are certain to impact the future not just of Internet news but of journalism itself.

Media industry consultant Merrill Brown was from 1996 to 2002 founding Editor in Chief of MSNBC.com, and previously was a founder and Senior Vice President of Court TV, a magazine editor and a reporter and Wall Street Correspondent for The Washington Post.



Network TV – Intro

Intro

By the Project for Excellence in Journalism

The networks face the classic dilemma of a legacy industry.

They have enormous fixed costs, declining revenues, and nimble new competition, all of which suggest a gloomy future.

At the same time, they have an invaluable brand, a reputation for quality and a huge customer base. If handled right, those assets give them a big head start in becoming new businesses that lack the legacy costs. If handled wrong, they will destroy an institution that could never be rebuilt or duplicated.

The question is one of transition. To what degree do the networks squeeze the last profits out of the old legacy business model even at the risk of eroding the brand name? To what degree do they accept smaller profits to invest for the future in new businesses?

In 2004, the transition had begun. CBS News suffered the humiliation of “Memogate,” an example to some critics of the kind of brand erosion that comes from too much cost-cutting. The three networks also scaled back on their coverage of the political conventions to such an extent that they were outdrawn by a cable channel on the last night of the Republican gathering, another sign of brand erosion.

As the year ended, ABC’s legendary Nightline program appeared to be fighting for its survival. Its Prime Time Live, which was dabbling in musical numbers and lighter fare, was also in turmoil amid a ratings collapse. CBS’s 60 Minutes Wednesday, which like its Sunday forebear did long-form pieces, often on serious topics, including the stunning expose of the Abu Ghraib prison abuses, appeared to be in trouble because of low ratings. Meanwhile, ABC News launched ABC News Now, a digital version, and posted its convention coverage online as a webcast, a clear investment in the future.

Some transitions could break either way. The retirement of Tom Brokaw at the end of 2004 and Dan Rather in March 2005 could speed the decline in the audiences of the nightly newscasts or be a spur, as CBS hinted, to revitalizing them.

Nightly news audiences continued to decline. Morning news audiences remained stable. There was no sign of much new investment in the newsroom, even online.

The news divisions continued to be profitable, which could be a sign of health or a result of lack of investment. A close look at the content, moreover, shows the continued strength of network evening newscasts – and how much they stand out in the general TV landscape. The signals from inside newsrooms in 2004 were that no dramatic new cutbacks were in place. Yet the year was marked, too, by the retirement of some of the networks’ most esteemed correspondents. Some of them, such as CBS’s Tom Fenton, departed with chilling stories to tell of how far network news, or at least his network, had strayed from the courage of following the story wherever it would go. For all that, in January of 2005 all three networks sent their nightly anchors to Baghdad for the Iraqi elections (as CBS and NBC did to Thailand and Indonesia after the Tsunami) and offered, if only for a few days, the kind of extended reporting too rarely seen anywhere on television anymore.

The sector was on the brink in 2005 of probably the highest level of change in a generation.

Content Analysis

Content Analysis

Despite continuously declining audiences, (see Audience) more people still gather around the three evening newscasts – more than 25 million each weekday – than for any other three news sources in America. What do they get there? How does it differ from morning news? What, if anything, distinguishes the content of PBS's evening newscast? In a year that saw the CBS anchor under fire and the NBC anchor replaced, did network news change much?

To get answers, the project conducted a content analysis of all three network evening and morning newscasts as well as the NewsHour on PBS. The study built on the 2003 report and added several new areas of analysis. It encompassed a month of weekday newscasts (20), 110 hours of news programming, and examination of 1,756 separate stories (see Methodology).

Among the findings:

- Network broadcast news – commercial and public – offers more thorough reporting than cable news.
- The big three nightly newscasts on commercial television are distinguished by their reliance on written, edited, and vetted correspondent packages that match pictures and words.
- Thanks in large part to these correspondent packages, stories in the evening contain more viewpoints and more transparent sourcing than most TV news.
- The NewsHour on PBS, by some measures, exceeded even the three commercial nightly newscasts in its reporting, despite its heavy reliance on the interview format. It also stands out for its orientation to hard news.
- Morning shows are particularly adept at stirring up controversy over what many would consider fundamentally minor news – think Laci Peterson, or Martha Stewart. Indeed, even with more time, morning news covers major stories less heavily than the evening newscasts, and fills the rest of its time with lifestyle, celebrity, true crime and other softer topics.
- All of network TV news programs studied covered a limited range of headline topics.

Storytelling Versus the Culture of Live

What news the networks do choose to offer has a thoroughness that is hard to find on cable. Much of that stems from the continuing reliance in evening newscasts on the taped, edited, correspondent package as the heart of the program.

The vast majority of the commercial evening news hole (86% of all time) is devoted to such pieces. 1 Live reports, interviews and stand-ups, on the other hand, account for just 2%. About 12% of the time is made up of anchors reading short summary “tell stories” or narrating video.

The reliance on correspondents telling stories distinguishes the three network evening newscasts in the national TV news landscape. Much of what viewers get from TV news today (outside of their local newscasts) is characterized by a dependence on live, unscripted communication. Just as “reality” TV is replacing scripted drama and comedy on the entertainment side, news on TV is also becoming a more extemporaneous medium.

In network morning news, for instance, only a third of the time (32%) is made up of edited storytelling – and here we measured only the first hour, which is more hard-news oriented. The majority of time is made up instead of interviews (42% with outsiders and another 13% with in-house correspondents.) Live reporter stand-ups are rare (less than 1%).

Yet even morning news depends on more edited storytelling than cable. In the same 20-day sample of cable programming, just 24% of the time was correspondent packages, while 52% was live. (see Cable TV for a more detailed account).

The format of PBS’s NewsHour lies somewhere between commercial evening news, morning news and cable. At first glance, it most closely resembles morning news – about a third packages (31%) and slightly more than half (53%) interviewing of outside analysts. ² Yet the NewsHour sets up more of its interviews with introductory packages that offer viewers background. Another difference is that the interviews are often discussions with two or more analysts, rather than one guest or two opposing advocates in a debate format.

Incidentally, as video becomes more a part of the online universe, the taped package may become the basic unit of reporting in the interactive, video-streamed news of the future.

Depth of Reporting

To assess the thoroughness of the reporting, the study this year developed a series of new measures to break down the nature of the information viewers were getting. We measured:

- How much information audiences got about sources so they could judge the information for themselves (whether the sources were identified, the level of their knowledge, any potential biases they might have.) ³
- How many sides of the story the segment told. Even if a segment cited three sources, did they share essentially similar views?
- How much opinion and speculation from journalists a segment contained.

Transparency of Sourcing

Overall, network nightly newscasts stand apart from the rest of TV news for how much they share with viewers about the sources they rely on. Half the stories on the three network evening newscasts (50%) had at least two fully transparent sources. And that number shot up to 81% for the stories that make up most of the broadcast time, correspondent packages. (The difference is the brief anchor-read items, which take up a small amount of time but account for a large number of stories.)

Source Transparency, Network Evening News

	Commerical	PBS	Morning
No Sources	37%	36%	39%
1 Source	14	21	23
2-3 Sources	32	20	28
4+ Sources	18	23	11
Totals may not equal 100 due to rounding.			

The NewsHour on PBS also distinguished itself for the transparency of its stories. It has three distinct formats – interviews, packages, and anchor-only items – and the level of sourcing is heavily influenced by the format. Even so, the NewsHour stands out. Its taped packages were the best sourced of all (79%), though they were a smaller part of the program than on the commercial networks. Furthermore, almost a quarter of the NewsHour’s stories (23%) had the highest level of transparency, four or more fully identified sources.

The morning shows on network news relied on fewer sources in their stories and shared less information about them with viewers. Just 39% of morning stories contained two or more fully identified sources and only 11% carried four or more. That is a function both of format, with fewer taped packages, and the kind of interviews the morning shows carry. The interviews are often one-on-one and focus on the interviewee’s personal life or experiences. Interviews on evening news programs tend to discuss issues that draw on outside information.

Still, all the broadcast news programs were well ahead of cable when it came to sharing information about sources. Television in general shared less source information than newspapers and online news, which have larger news holes. ⁴

Television news also carries with it a natural added element of transparency – the visual image. An on-camera source offers the viewer additional audiovisual cues such as facial expressions, tone of voice, and even some sociological context. Such things may provide additional value, but they don’t always help make clear the sources’ connection to the story or the quality of their expertise.

Reporting: Breadth of Viewpoints

How many different aspects of the story did network newscasts tell? Here all three types of network newscasts fared well, and far better than cable. (Some stories, of course, simply present undisputed facts, such as describing an accident, and there isn't necessarily a second side to the story. Those were excluded from the search for multiple viewpoints.)

Fully 87% of controversial stories reported on the NewsHour contained more than one side of the story. Morning news scored similarly; 86% of its stories told at least two sides of controversial stories. The nightly newscasts lagged behind. Only 72% of stories contained more than one side, meaning that 28% of stories that were in dispute carried, at best, only a passing reference to another side of the story. ⁵

The morning-to-evening difference was even wider among packaged pieces. Nearly all, 98%, of morning packages with some inherent controversy had multiple viewpoints, compared to only 75% in the evenings. And the contrast was not due to the difference in overall available time (morning shows are two or three hours long, depending on the network). Evening news packages on average were five seconds longer than morning packages (146 seconds versus 141). ⁶

One factor is story topic. About 25% of the morning packages with multiple viewpoints were about crime, accidents, celebrity, lifestyle and miscellaneous topics, compared to only 12% in the evening packages. As we've mentioned, the morning shows are fond of water-cooler controversy involving less than major news – Laci Peterson, or Michael Jackson.

In any case, all the viewpoints numbers stand out from cable news, where close to three-quarters (73%) of controversial stories told just one side or had only a passing reference to another point of view.

Reporting vs. Journalist Opinion

The third step in looking at reporting was to measure the extent to which stories contained opinion from the journalists themselves in ways that they do not attribute to any source or other reporting.

For the most part, journalists on the network evening news kept themselves out of their reporting. The vast majority stories (83%) did not contain any direct opinion from journalists.

Morning news, despite its heavy emphasis on interviewing, contained even less journalistic opinion (just 11% of stories).

Yet here PBS's NewsHour again stood out from the rest. Only 3% of segments contained explicit journalistic opinion. That was half that even of front-page newspaper coverage over all (6%), and only about a fourth the coverage on front pages of the largest papers (13%).

In cable, we looked at three different hour-long programs on each network (a mid-day hour, the news roundup show and the highest rated prime-time talk show.) Both over all and looking just at their news digest programs, opinion from correspondents and anchors was more prevalent – 28% of all stories 26% of those on news digest shows.

Some topics on television either lend themselves to reporters' offering their own assessments or are considered fairer game for journalists to weigh in – particularly politics. On the nightly commercial newscasts, for instance, 44% of all election stories carried some opinions from journalists themselves. That is markedly higher than for foreign affairs, domestic affairs and government stories (which ranged from 10% to 12%). In sharp contrast, PBS carried only two election stories with journalists' opinions.

The spread of opinion was quite similar on the network morning news shows. Election stories were most likely to carry journalist opinion (20%); the figure was between 9% and 13% for stories about foreign affairs, domestic affairs and government.

Much of the journalistic opining appeared to be of the horse-race variety, particularly during the Democratic primary season. (see the Election section below). Still, with questions about partisanship on the rise (see Public Attitudes), the apparently looser standards about separating news and opinion in political coverage may carry even greater importance.

Journalist Speculation in News Topics Network Evening News (Commerical and PBS)			
	No Opinion	Opinion	N/A
Government	87%	12	1
Elections	63%	34	3
Domestic Affairs	89%	10	1
Business	93%	5	2
Crime	98%	2	0
Foreign Relations	89%	11	0
Science Technology	88%	10	2
Celebrity	77%	23	0
Lifestyle	84%	14	2
Accidents/Disaster	97%	3	0
Miscellaneous	94%	5	1
Total	85%	14	1

Reporting: Anonymous Sources

Journalists' reliance on anonymous sources has been debated for years. Various surveys have shown that the public tends to dislike anonymous sources. Journalists, on the other hand, consider them critical to gaining certain kinds of information – especially secret government and corporate activities, or indeed anything that gets beyond the “spin” of official talking points. Television personnel have also told us they sometimes drop identification of a source simply to save time in a report.

The level of anonymous sourcing also reflects a struggle for control between journalists and their sources. The more a journalist needs a source to “talk,” the more power a source has to demand anonymity.

A handful of erroneous reports over the last three years have led some news organizations to clarify their policies on anonymous sourcing. The Washington Post, for instance, now promises it will explain in every case why it agreed to allow a source this protection. And indeed in print we found the use of anonymous sourcing this year to have fallen (to just 13% of all front-page stories and 7% of all stories studied).

Was there evidence of a similar tightening of use of anonymous sourcing in network news? In a word, no.

In commercial nightly newscasts in 2003, we found that 43% of stories contained sourcing that to the audience was anonymous. In 2004, anonymity was up to 53%, more than half. The practice was slightly less prevalent at the NewsHour, but 47% of the stories contained at least one anonymous source, up substantially from 15% a year earlier. Part of the jump may be explained by the dominance in 2004 of internal, closely guarded government stories like Abu Ghraib and accusations surrounding the 9/11 hearings and report.

Package stories were more likely to have anonymous sources than anchor-read briefs, 68% to 31%, as were major running stories, which tend to be more controversial: about 60% of all the stories about Iraq, Afghanistan, Iran, Haiti, Israel/Palestine, the Madrid bombing, and the high-profile court cases had anonymous sources.

On the morning programs as well, 50% of all coverage included at least one anonymous source. The figure rose to 79% of the morning packages, roughly 10 percentage points higher than for the evening newscasts.

The Topic Agenda on Network News

As we noted last year, the time people choose for tuning in to network news changes markedly what world they will learn about. The topic agenda on the evening newscasts is very different from even the first hour of morning network news, and the PBS NewsHour is different still.

The Three Commercial Nightly Newscasts

The nightly news is the closest thing television has to a front page.

In 2004, nightly newscasts eased away from the intense coverage of foreign affairs that had built up over the previous three years. That was largely because the Iraqi war became something of a domestic story, as coverage of the war intertwined with the presidential election, especially in coverage of the torture of prisoners and the debates over U.S. intelligence. Some viewers might well consider those “government” stories as much about foreign affairs as about the Bush administration, and indeed the researcher Andrew Tyndall’s accounting of network topics categorized many such pieces that way. His data show that it is normal for foreign policy to be scaled back and campaign coverage to increase every four years in synch with the presidential election cycle. 7

Commercial Nightly News Topics, Over Time
Percent of All Stories

	1977	1987	1997	June '01	Oct. '01	2002	2003	2004
Government	37%	32%	18%	5%	7%	5%	16%	27%
Foreign Affairs	21	19	15	17	10	21	25	14
Defense/Military	1	1	3	6	29	16	3	1
Elections								9
Domestic	8	7	5	18	34	12	16	21
Crime	8	7	13	12	4	12	6	2
Business	6	11	7	14	5	11	12	8
Celebrity/Enter.	2	3	8	5	0	2	2	2
Lifestyle	4	11	14	13	1	17	6	5*
Science	4	5	6	4	11	2	2	3
Accidents/Disaster	9	5	10	4	0	3	10	4
Other	N.A.	N.A.	N.A.	3	0	N.A.	2	4

*Includes 2% sports

Totals may not equal 100 because of rounding.

Election coverage itself accounted for just 9% of stories on the nightly newscasts. Still, that was enough to drive down coverage of some other topic areas, namely accidents, disasters, crime, and business and the economy. ⁸

Among the three newscasts, CBS was about 50% more likely than NBC and twice as likely as ABC to air stories about unexpected events like disasters and twice as likely to air feature stories not tied to breaking news (the ethics of using high-tech duck decoys, the passage of Venus between Earth and the sun, and the American struggle to pay credit card debt). Researcher Tyndall's data for the entire year found a similar trend at CBS toward local or regional coverage, especially in a feature format, focused on topics like weather, animals, family and health.

The message, not a new one, is that the 30-minute "appointment news" format (news that is broadcast at a certain time every day.) is tightly tied to the headline stories. Indeed, the evidence suggests that the focus was even narrower in 2004 than before. The cutbacks in network resources, bureaus and reporters probably accentuated the narrowly focused nature of the nightly newscast. Or it might turn out that 2004 had an exceptionally narrow agenda because of a pair of massive preoccupations – Iraq and the presidential campaign – that sucked the oxygen out of all other coverage until the last week of the year, when the tsunami hit.

Topics on the NewsHour

The agenda of topics on the NewsHour with Jim Lehrer also changed in 2004. Government coverage, as a percentage of the number of stories, remained unchanged at 24%, but foreign affairs declined by nearly half to 20%, from 39% in 2003. Even so, foreign affairs was still a much bigger part of the PBS newscast than of the commercial networks or even newspapers' front pages. In addition to an emphasis on Iraq in the feature-interview segments, the network usually also had one or two short anchor reads about Iraq in each program.

With foreign coverage declining, what replaced it? Largely, it was heavier coverage of the U.S. election and government affairs. Much of the government coverage involved stories about courts and law, and government agencies in addition to the executive branch. And as we saw last year, business and economics continued to make up a larger percentage of NewsHour coverage than we found in either network news or newspaper front pages. Fully 11% of NewsHour stories were about business and economics, 50% more than on network news and three times as much as on the front pages of newspapers, which, of course, have separate business sections for much of that news.

Topics on Morning News

Those who get their news in the morning, even during the first hour with its harder-news orientation, get a very different agenda. Morning news may be holding on to its audience while evening news is losing, but it is remarkably lighter fare, more focused on a handful of major crime stories and one or two big breaking-news events each day. What's more, much of the coverage of Iraq, the year's biggest story, consisted of so-called "Yellow Ribbon Journalism," according to Andrew Tyndall – human-interest coverage of men and women in service or on the homefront, rather than military policy or diplomacy.

The most striking change in 2004, as was true in the evenings, was the large spike in government stories.

The picture may be somewhat misleading, though. While technically accurate, much of the uptick in government coverage came from two groups of stories – involving the war in Iraq and a series of high-profile crime cases – that might strike many as more fundamentally about Iraq, about crime and about celebrity.

The Iraq-related stories included the dispute over weapons of mass destruction and the Abu-Ghraib prison scandal, which made up fully a third of all the government stories.

The second big cluster involved three court cases – Martha Stewart, Scott Peterson, Kobe Bryant – which were shifted from being counted as celebrity scandals in 2003 to being legal stories in 2004 as they wended their way through the justice system. They accounted for another third of all the morning government stories.

If those two groups of stories are subtracted, the level of governmental stories in the morning would have been 7%, not statistically different from the 8% a year earlier. And if the war in Iraq had remained in the category of foreign stories, that category would have been 3% compared to 5% from the previous year.

Thus the shifts reflect changes in the news – and in particular changes in the nature of a handful of stories – but not, apparently, any major changes in the nature or focus of the morning programs themselves.

How Morning Shows Change Over the Hour

The study this year also reveals some nuances about how the nature of morning news changes as the programs progress each day. First, we can clearly see that the traditional notion about morning news – that the first hour is more hard-news oriented – is better understood as just the first half-hour. Hard-news topics on the morning shows in 2004 were usually concentrated into the first 20 minutes of the program (not including local news breaks or commercials).

In this first block of the programs, government topics led, accounting for 22% of all stories (and again celebrity crime stories made up a quarter of those). Domestic affairs, such as health care or domestic terrorism, accounted for another 16%, with foreign affairs at 9% and election news at 8%. In all, roughly seven out of ten stories in the first half-hour are so-called traditional hard-news topics.

Lifestyle features such as the Early Show’s story about what to do if someone sees a child getting into a car with an intoxicated adult and Today’s story about how “The Vagina Monologues” promotes awareness of violence against women rarely air in these first minutes – just 16 such stories in all for the 20 days studied.

In the second half-hour, the array of coverage offered is already quite different. Government stories drop by nearly half (to 12% of all stories), and foreign affairs and election news are largely absent. Lifestyle features increase (to 15%), and celebrity stories to 12%. The biggest category, though, is the miscellaneous event, accounting for a full 29% of all stories in this half hour. These stories often have little connection to other current events. They are “interesting features” such as a story about an attack by an escaped gorilla at a Dallas zoo or a story on ABC’s Good Morning America about the luxury liner Queen Mary 2.

Placement of Morning News Stories

	1st 30 Minutes	2nd 30 Minutes
Government	22%	12%
Military/Defense	0	0
Foreign Affairs	9	3
Election	8	1
Domestic Affairs	16	15
Business	2	1
Crime	4	4
Celebrity	4	12
Lifestyle	3	15
Accidents/Disaster	6	2
Science	2	6
Other	24	29

Those findings match those of Tyndall Research, which uses a different methodology and somewhat different topic definitions. Excluding the news summary at the top of the hour, Tyndall found that 75% of the interview/segments are devoted to hard-news topics in the first half-hour, dropping to 39% in the second 30 minutes.

Television versus Newspaper Front Pages

TV journalists have long compared the nightly newscasts to a newspaper front page, and that analogy still holds. In 2004, the two media devoted a similar percentage of their story count (9% for both) and their news hole to the elections (at least up to October when this sample was completed) and the same proportion of their stories to foreign affairs (14% for both).

Topics in the News

Newspapers Versus Network Nightly News, 2004

Percent of All Stories

	Commerical Nightly News	Newspaper Page A1 Only	PBS "NewsHour"	Commerical Morning
Government	27%	35%	24%	20
Foreign Affairs	14	14	20	7
Defense/Military	1	2	2	0
Elections	9	9	11	7
Domestic	21	14	19	16
Crime	2	4	2	4
Business	8	4	11	2
Celebrity/Enter.	2	1	2	6
Lifestyle	5	10	2	5
Science	3	3	2	3
Accidents/Disaster	4	3	2	5
Other	4	3	4	25
Totals may not equal 100 due to rounding.				

The Election and the War in Iraq

The study in 2004 also looked more closely at coverage of the two major stories, the election and the war in Iraq. To do so, we grouped all the stories that related to those subject areas, even if they looked at a particular topic within them, say the environment and the election, so that we could get a clearer sense of election coverage overall. What did we find?

Election on the Nightly News

First, the tendency toward journalist opinion is even more apparent in campaign coverage than elsewhere.

In the three commercial evening newscasts, 44 % of election-related stories studied contained opinion, nearly triple the average for the evening news overall. The primary season was much more likely to feature journalists' opinions (63% of stories) than the general election (32%). That raises interesting possibilities. One is that journalists are more comfortable offering horse-race opinions than other types – as in "candidate X needs a win here Tuesday or he is in big trouble." Another is that journalists believe they have a greater responsibility to act as a referee and interject their own judgment because of the perceived level of spin or rhetorical license in modern campaigning. In fact-checking advertising or debate rhetoric, for example, journalists might consider it a strength to offer opinions. ABC News's political director, Mark Halperin, even warned staffers not to fall victim to "he said he said" journalism that created false equivalencies. Halperin instructed his reporters to use their judgment to point out when one side was engaging in distortions more often than another.

PBS was much more deliberate about keeping itself out of the stories – just two election stories carried judgment from the correspondent. Among the three network evening newscasts, NBC Nightly News looked much more like PBS than the other two. Just 19% (four stories in all) contained overt journalistic opinion. ABC's World News Tonight, on the other hand, included opinion in 68% of its election coverage, with CBS Evening News at 44%.

The morning news programs were more able than their evening counterparts to keep opinion out of their reporting, but less able than PBS. Roughly three-quarters, 76%, of their election stories were free of any journalist opinion, compared with 56% over all on commercial evening news and 84% on PBS.

Just as with the evening stories, the morning stories about the primaries had far more opinion. About 32% of 28 programs carried reporter speculation during the morning programs, compared to only 6% for the general election.

Tone of election coverage

Was the tone of the coverage more positive, more negative or reasonably balanced and neutral?

To try to get some answers, we created a way of quantifying the tone for stories about the war and the election. To derive tone, we first identified whether the story was about a particular newsmaker or issue. If so, each quote, innuendo, and assertion was counted as positive, negative or neutral for the story's main newsmaker, or in the case of an issue story, about moving toward resolution of the central issue. ⁹

For stories to be considered positive or negative, one position must dominate by at least a 2:1 ratio. For example, if a story contained four positive sentiments, it must then contain at least eight negative statements to be considered negative in tone and no more than two negative statements to be considered positive in tone. In all other cases, the story would be labeled as neutral. ¹⁰

What did we find?

Over all, campaign stories on the nightly newscasts tended to be either neutral or positive, rarely negative, according to the data. They were nearly three times as likely to be positive as to be negative for the principal newsmaker or issue. ABC was clearly the most positive of the bunch. NBC was the most neutral, and CBS fell in between.

Tone of 2004 Election Coverage

	Commerical	PBS	Morning
Positive	40%	46%	41%
Neutral	42	50	27
Negative	18	4	31

Totals may not equal 100 due to rounding

On PBS, positive coverage dominated even more – 46% positive versus just 4% negative (1 story) and 50% neutral.

Morning News

And what of morning news? Our earlier observation about those programs' hope of provoking water-cooler debate was reinforced in the tone of their election coverage. Evenhanded neutrality was out of favor in the mornings. The segments were basically just as likely as their evening counterpart programs to carry a positive tone, 41% versus 40% for evening. But they were also nearly twice as likely to carry a negative tone, 32% to 18% for evening news. Basically, morning-news election stories were most likely not to be neutral. Many ascribe an upbeat tone to morning news programming. That is a misapprehension: lively controversy is closer to the mark.

Through the year, the Project did conduct two election-specific studies that allow some evaluation – one before the conventions and one during the debates – and both show President George W. Bush clearly getting the more negative coverage (see the PEJ studies on Character in the 2004 Campaign and the Presidential Debates).

Coverage of the War in Iraq

The other major story of the year was the war in Iraq. What stood out in the coverage here? First, Iraq coverage had the largest percentage of stories given any topic. The percentages for PBS and the commercial networks stories were almost equal, with 25% of commercial networks stories about Iraq and 27% of the NewsHour stories. The figure for morning news was 12%. (Tyndall Research, coding every weekday newscast for the entire year, similarly found 21% of the time on the nightly newscasts was devoted to stories about Iraq.)

On the war, network nightly news coverage carried much less journalistic opinion than did election coverage. Fully 84% of it was free of overt journalist opinion. On PBS, not a single Iraq-related story included journalist opinion.

What about the tone of coverage of the war? Administration officials and various conservatives argued in 2004 that the coverage was heavily critical of President Bush, focusing on U.S. casualties and other setbacks rather than on positive developments. ¹¹

Tone of Iraq Coverage

	Commerical Evening	PBS	Morning
Positive	16%	16%	31%
Neutral	44	18	36
Negative	28	26	19
Multi-Faceted/NA	13	40	13

Totals may not equal 100 due to rounding

In the weeks studied here, the bulk of network coverage about the ongoing war was neutral, but, indeed, commercial evening and PBS coverage was nearly twice as likely to be negative as positive. Roughly 27% of coverage on both carried a decidedly negative tone while just 16% carried a decidedly positive one. Still, most commercial evening news coverage was neutral (44%) and another 13% were multi-subject stories for which tone did not apply. The PBS NewsHour tended to do more multi-faceted stories (40%) while 18% were neutral.

Source Transparency of Iraq Coverage Commerical and Public Network News

	Evening	Morning	PBS
No Sources	29%	33%	36%
1 Source	20	28	21
2-3 Sources	36	26	20
4+ Sources	14	12	23
Total	100	100	100

Totals may not equal 100 due to rounding

This is quite different from the tone of newspapers which were pretty evenly divided between carrying a decidedly positive and negative tone. Whether that is a sign of bias or an accurate reflection of events on the ground is beyond the scope of this research.

Morning news programs adopted a more upbeat tone toward the war – 31% positive, 19% negative – in keeping with the penchant for the “Yellow Ribbon Journalism” cited by Andrew Tyndall.

When it came to journalistic opinion and the war, the networks were much more circumscribed than they were about the campaign. In the evenings, journalistic opinion was found in 16% of the 167 of the commercial-network stories about Iraq, which roughly equaled the overall average for all commercial network news stories. None of the 68 PBS Iraq stories had journalist opinion. In the mornings, stories about Iraq were even freer of journalist opinion than in the evening – 10% had it (another 2% were clear opinion pieces or commentary where opinion was expected).

We also looked at the level of sourcing in the war coverage. Looking at Commercial and PBS war reports in the evenings were less likely than the coverage overall to carry the highest level of sourcing, four or more transparent sources. Morning news looked similar. A third offered no fully identified sources, as against 29% for evening news, and less than half that (15%) contained four or more.

Footnotes

1. Andrew Tyndall’s research, which is based on every weekday broadcast of evening news, is remarkably similar. Tyndall counted 84% of time on evening newscasts made up of taped packages.

2. Unlike cable and the morning newscasts, PBS has few in-house experts as interview subjects.

3. Beyond identifying the source by name and title, did the story reveal the source’s level of knowledge about the events such as being an eyewitness, having a professional qualification that is identified beyond just title, or a personal experience? Did it make clear any likely biases or allegiances a source might have, such as noting the party or ideological affiliation of the source if relevant? In other words, could the average viewer judge for themselves the source’s authority?

4. Some in television argue that the compressed time of network news does not allow for prolonged explanation of sources. It is fine for newspapers to take up one more line of print, they argue, but for a network show to take up an additional 10 seconds in a 50-second story is much harder to justify. This argument, though, may not be as valid in 2004 and it was in, say, 1998. Technology now allows for other visual means of identification beyond the two-word chyron used in the past. MSNBC, for example, has used a technique in which, when a source appears on air, the screen splits in two for about 10 seconds and the second screen gives biographical information about the speaker.

5. For a detailed explanation of whether a story involved controversy and the breakdown of viewpoints, please see the section on Methodology.

6. Incidentally, the evening network newscasts tended to focus more on controversial matters than did most other TV news. Fully 59% of their stories were those involving clear disputes, compared with 46% on the NewsHour, 52% on morning news, and 54% on cable.

7. Tyndall's research for the entire year found 20% to be devoted to foreign policy.

8. Our coding period ended in late September, before the debates and the home stretch of the campaign. Tyndall's data for the whole year found 17% of the time on nightly newscasts devoted to the election.

9. The variable does not attempt to gauge the positive or negative nature of the event itself since that is often in the eye of the beholder. For example, candidate X's winning a primary would be a positive event for some, a negative one for others and neutral for still others.

10. This is different from the tone coding done by some other researchers. The Center for Media and Public Affairs, for instance, codes every assertion separately and then tallies them up at the end to create percentages of positive and negative assertions. In coverage of a certain person or event, this suggests, the assertions were thus positive to this percentage point or negative to this percentage point. We believe the critical the unit of measurement is the story. This is how news is consumed, and impressions formed, story by story, not assertion by assertion. That is also closer to how journalists think of things – as whether a story is hard-hitting, down the middle or positive. This approach of ours also has a higher threshold. For a story to be positive or negative, it has to be decidedly and manifestly so – with statements in that direction outweighing all others by double.

11. James Kuhnenn, "Press feels partisan pressure to perform," *Contra Costa Times*, July 5, 2004. This story focused on the push by many Republicans and conservatives to discredit what they saw as a liberal media bias. The article quoted Senator Jon Kyl, an Arizona Republican; Deputy Defense Secretary Paul Wolfowitz, and Brent Bozell of the conservative Media Research Center.

See end of report for content analysis methodology.

Audience

Audience

In the 1990s, cable news networks replaced network television for many Americans as the primary source for breaking news, just as in the 1960s television supplanted newspapers. In the new millennium, a broadband-enabled, always-on Internet threatens to usurp those cable news networks. The recent tsunami disaster, The New York Times noted, marked the first time significant numbers of Americans turned to blogs for breaking news.

Where does that leave network news? In 2004, the decline in evening news audience continued, as did declines in prime-time magazines. Morning news, in contrast, continued to see its audiences grow. And despite the decision to abdicate coverage of much of the prime-time proceedings at the nominating conventions, on election night November 2004, twice as many people still turned to the old commercial networks as did cable for the results.

Nightly Newscasts

The discussion of network news audience trends usually begins with the signature nightly newscasts.

They are the most famous news programs, and the audience declines here are the most dramatic in TV news. Between their peak in November 1969 and 2003, as we noted last year, ratings for those programs fell by 59%. Was there any sign in 2004 that the trend was abating? ¹

The answer appears to be no, though 2005 offers new possibilities.

Television audiences are counted in numerous ways. The most familiar is ratings, which count the number of all television sets in the U.S. tuned to a given program. Share is the percentage of just those sets in use at a given time tuned in to a program. Viewership is ratings converted into the number of people actually estimated to be watching, since two or more people are often watching a given set.

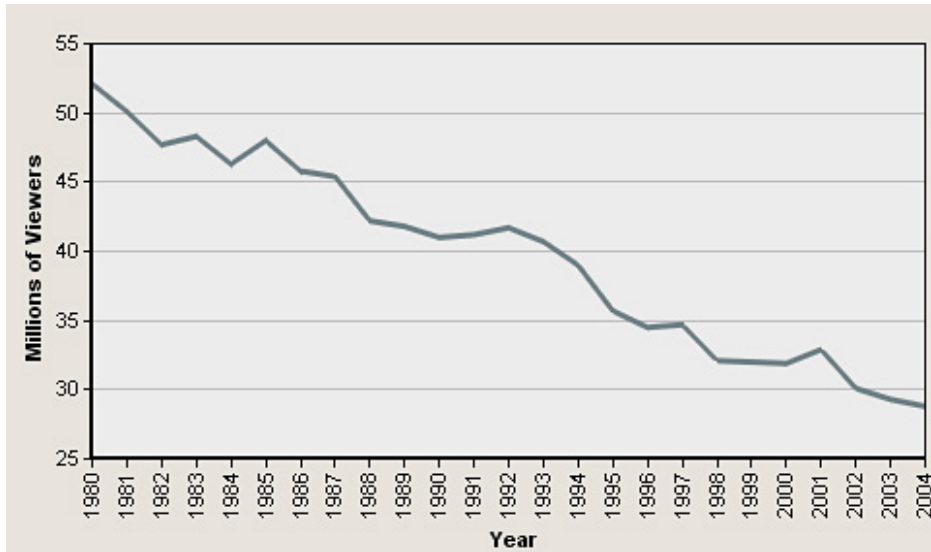
Between November 2003 and November 2004, ratings for nightly news fell 2% and share fell 5%. ²

In absolute numbers, that means that in November 2004, 28.8 million viewers watched the three network evening newscasts, half a million less than in November the year before. That is a 45% decline from the 52.1 million people who watched the nightly newscasts in 1980, the year CNN began. ³

The numbers translate into 2004 ratings of 20.2, down from 20.6 the year before. They represent a 38 share, down from 40 in 2003. ⁴

It's worth noting that a rating point (1% of American homes with a TV set) implies many more people in 2004 than it did in 1969. With population increases and demographic trends like more single heads of households, there are many more homes than 35 years before. Thus the decline in viewership is not nearly as steep as the decline in ratings.

Evening News Viewership, All Networks
November 1980 to November 2004



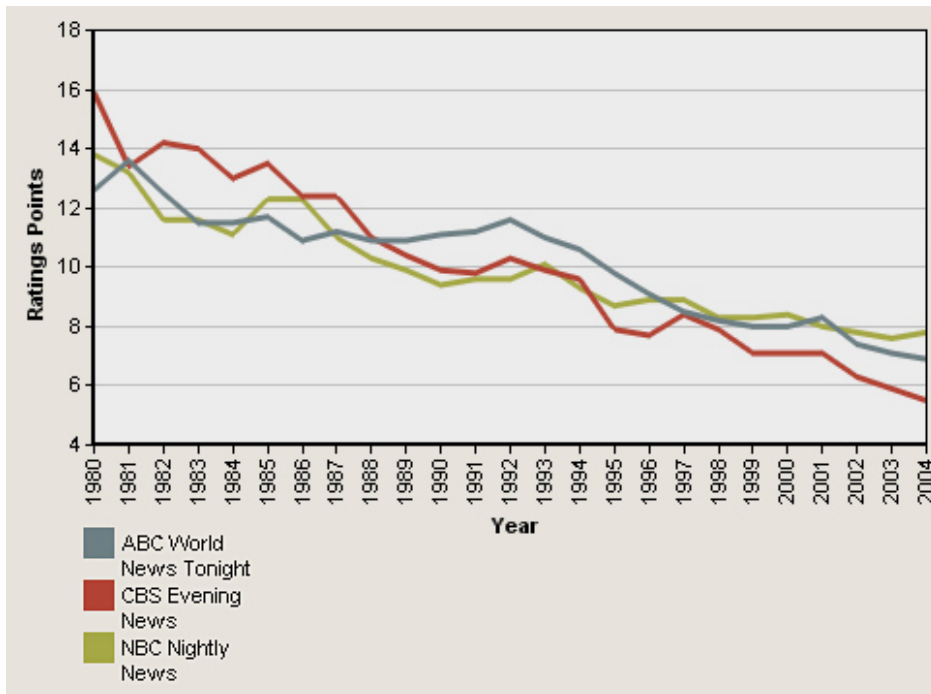
Design Your Own Chart

Source: Nielsen Media unpublished data, November – November

In 1980, the three commercial network nightly news broadcasts had a combined 37% rating, and a 75% share. And at their historic peak, in 1969, they had a 50% rating and an 85% share. The November 2004 figures mean that ratings have fallen almost 59.6 % since 1969, and 45.4% since 1980. Share has fallen 55.3% since 1969 and 49.3% since 1980. 5

Evening News Ratings

November 1980 to November 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data, www.nielsenmedia.com

Ratings taken for month of November.

Does this suggest that people no longer want the kind of carefully produced and edited, hard-news-oriented product they find in nightly news?

The answer is more complicated than a simple yes or no. Last year in this report, we went through a detailed analysis of the myriad factors driving the decline. We found that a factor often underrated is that the programs are on at a time –

usually between 5:30 and 7:00 – when a decreasing number of Americans are at home.

There is also evidence, in survey data, that audiences are not so much giving up entirely on nightly news as catching it less often. The Pew Research Center for the People & the Press has been asking Americans whether they watch evening news since 1993.

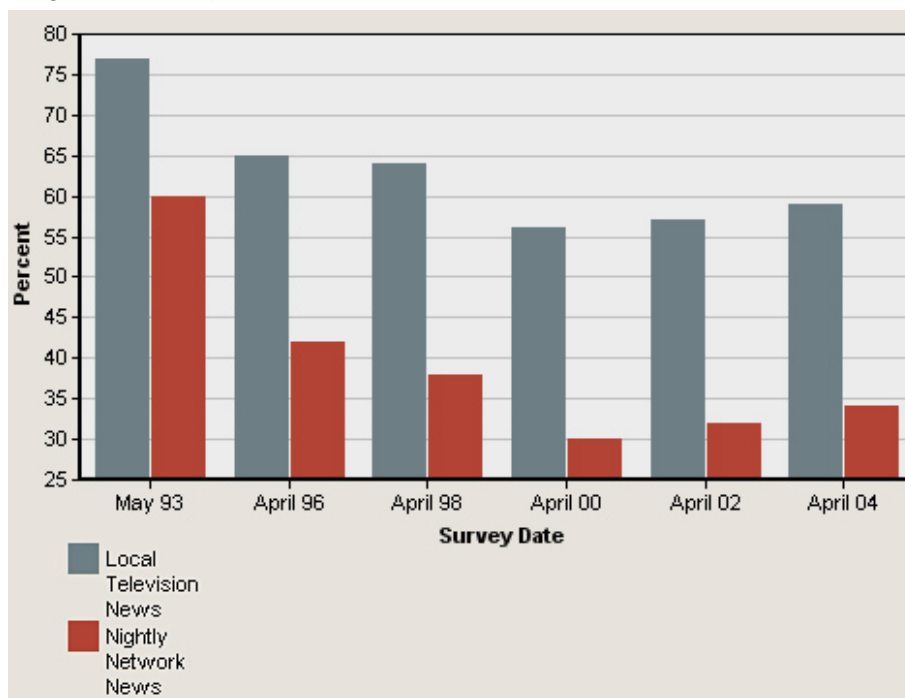
The data show a precipitous drop between 1993 and 2000 in the number who said they regularly watched nightly network newscasts. Since then, however, the data show a gradual increase in regular viewing. (The Pew Center's survey data suggest that network and local viewership track with one another. Both show a decline between 1993 and 2000. Both show increases since, between surveys taken in 2000 and in April 2004.)

How could ratings drop while more people tell pollsters they are regular viewers? Are the polls wrong? Not necessarily. The likely answer is that what people consider "regular" viewing has changed. And that is significant in trying to assess the role network evening news plays in American culture.

People haven't simply abandoned network evening news. Many still find it has value, more than the ratings might suggest. But they watch it less often, for a variety of reasons (see the 2004 Annual Report), including altered commuting times and an increasing number of alternative news sources. That is potentially an important insight for the networks, and may signify a recognition of a fact seen in our content studies both this year and last: that network nightly newscasts offer a kind of content – quality of sourcing, seriousness of topic and more – that viewers cannot find anywhere else on television.

Network vs. Local News Consumption, Over Time

"Regular viewership," 1993-2004



Design Your Own Chart

Source: The Pew Research Center for the People & the Press

* qu: How often do you watch the national nightly network news on CBS, ABC or NBC? How often do you watch the local news about your viewing area which usually comes on before the national news in the evening and again later at night?

It is also worth noting that the number of network evening news viewers has not fallen in a straight line, but in cycles. The mid-1990s saw rapid drops – 8.5% between 1994 and 1995, then 3.4% in 1996, and, after a flat year in 1997, another 7.5% in 1998. Audiences actually grew by 3% in 2001, but then fell 8.5% in 2002, and lost another 2.7% in 2003. At the margins, audiences are attracted by major news events (impeachment proceedings in 1997, the 9/11 attacks in 2001, the invasion of Iraq in 2003). While the declines in 2004 continued apace, they also fell on the low end of annual declines.

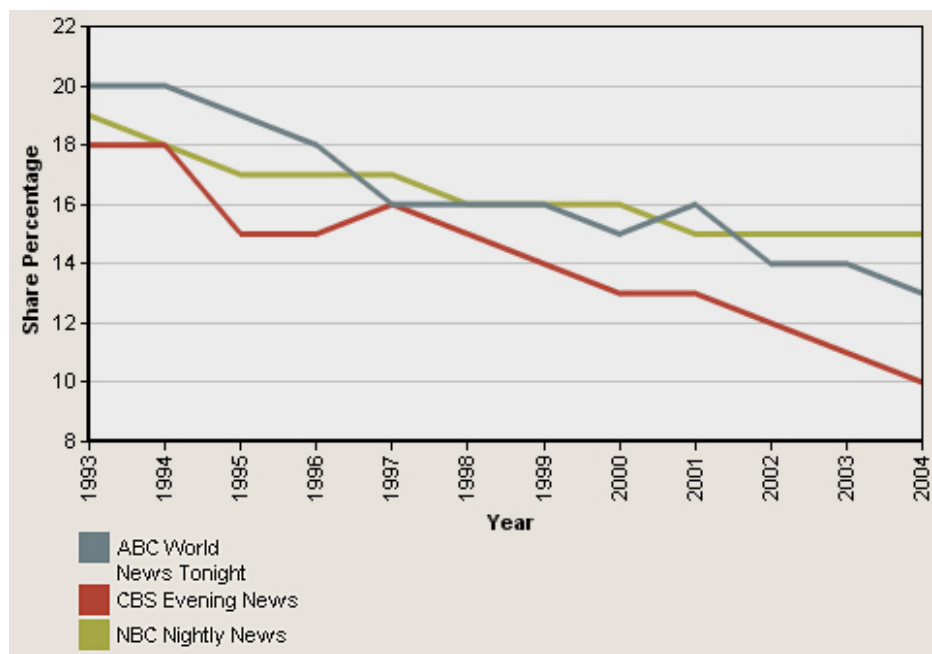
Importantly, these declines have occurred amid declines in viewership of network television generally – soap operas, primetime, sports and so on. News viewership has tended to suffer less erosion than other dayparts.

Some analysts also believe that the decline in nightly network news viewership may soon begin to level off. They argue that most of the cultural shifts that have left fewer people at home at 6:30 (even earlier on the West Coast) have already taken place. The expansion of cable has slowed and in a few years may be complete. ⁶ In effect, the structural factors involved in the decline have already occurred.

Another possible element in viewership decline is that there is now less news to watch than there used to be in a 30-minute newscast because of increased commercials and promotions. Viewers tune in to watch news, not advertising. But most of the shrinkage in the newscast's news hole has already occurred.

Evening News Share

November 1993 to November 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data, www.nielsenmedia.com

*Ratings taken for month of November.

Others wonder whether, with the retirement of Tom Brokaw and Dan Rather, network news might be on the cusp of a further decline. We think a closer look suggests that the retirements, far from accelerating an inevitable demise-may present something more interesting-a risk and an opportunity.

The programs risk losing some loyal audiences who sense a loss of heft with the departure of familiar faces. Audience loss for a specific newscast, however, may result in loyal viewers' sampling competitors rather than defecting from network news altogether.

If such a defection happens, even if the programs continue to make some profit, the network owners may decide that they could generate more revenue with other programming during that time, and that the financial gain would outweigh any public outcry over their abandoning the programs.

There is still a third possibility: The retirements of the two anchors are an opportunity for change in the newscasts in an attempt to attract new audiences. ABC, with Perter Jennings still in the chair, may think it has an opportunity to regain the No. 1 spot. NBC, the current leader, has a major stake in ensuring that the new anchor, Brian Williams, keeps that position. And CBS, after the embarrassment of "Memogate," has no reason not to take risks, innovate, and try to rebuild a battered news division whose dismantling culminated, rather than began, with the fiasco of that story.

To assess which of these scenarios is more likely, it is worthwhile to go deeper into the audience numbers.

Nightly News Audience Demographics

To get a sense of the challenges and opportunities, it makes sense to look at a breakdown of who is watching – the demographics of nightly news.

The most worrisome demographic, of course, is age.

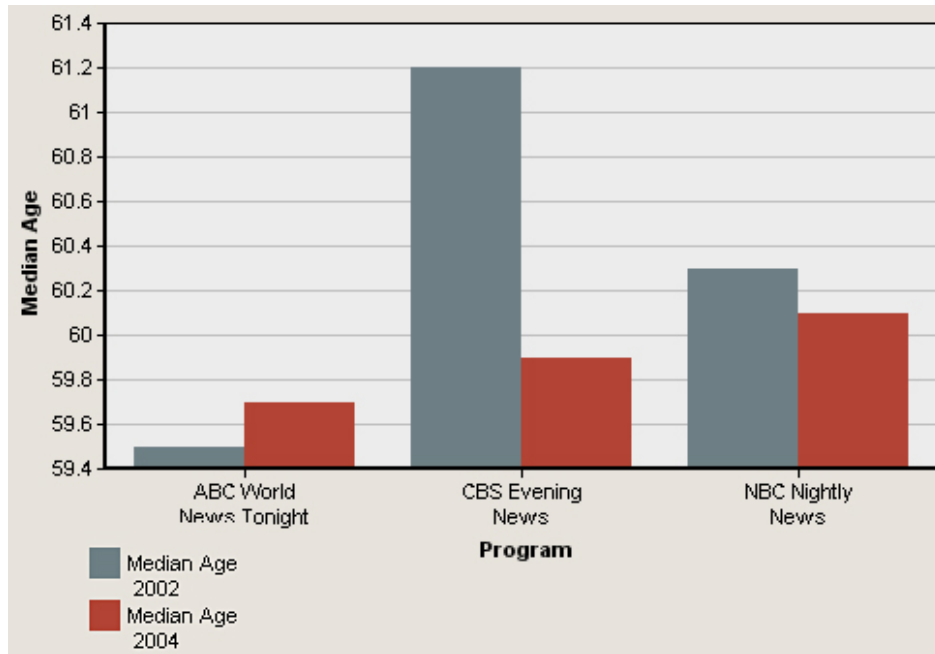
Most news consumption skews older, but as we observed last year, nightly news, thanks in part to its early-evening timeslot, skews the oldest.

What is notable heading into 2005 is that the audiences have become ever so slightly younger.

The median age of the viewer of the Big Three still sits at about 60 years. In the latest data available, however, as of December 2004, two of the three networks, CBS and NBC, saw their audiences get younger. ABC did not.

Median Age of Nightly News Viewers

2002, 2004

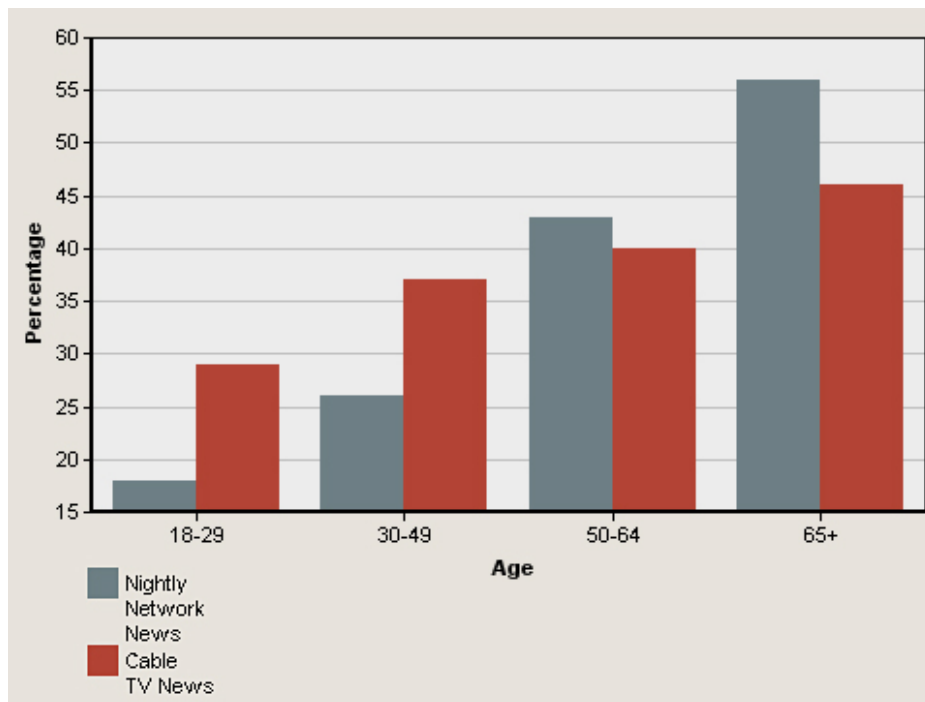


Design Your Own Chart

Source: MagnaGlobal USA, "Daypart Briefings," December 15, 2004

The numbers reflect another phenomenon as well. As older people, who make up the most loyal part of the network audience and who are at home when the newscasts come on, live longer, the average age moves further upward.

The nightly network news audience is older than that of cable. According to survey data on media consumption from the Pew Research Center for the People and the Press, cable audiences actually exceed those of network among people under 50. Network audiences overtake cable audiences in the older age group.



Design Your Own Chart

Source: The Pew Research Center for the People & the Press, "Pew Research Center Biennial Media Consumption Survey," June 8, 2004.

Yet beyond age, demographics might be considered one of the surprising strengths of the nightly newscasts.

Let's look first at one demographic people usually ignore, political ideology. Some critics, particularly on the right, have long argued that network news tilted to the political left. Dan Rather in particular has been the focus of that charge. In the 1980s, Senator Jesse Helms urged conservatives to buy up CBS stock to position themselves as Dan Rather's new bosses. Fifteen years later, the former CBS correspondent Bernie Goldberg's book about his experience at CBS, called "Bias," hit bestseller lists. Last year, many of the Web sites that tore apart 60 Minutes' (Wednesday) flawed segment on President Bush's National Guard service focused on a presumed anti-Republican political bias at CBS. 7

Rather was not the only network personality to be accused of having an unspoken political axe to grind. Peter Jennings has also been accused of having a liberal slant at times over the years, as did ABC News's political director, Mark Halperin, in 2004 for an internal memo suggesting that Bush's political distortions in the campaign were more egregious than Kerry's.

Given all that, there are some striking surprises in the numbers. Polling data from the Pew Research Center in 2004 broke down the audiences of almost all major media outlets in the country by party affiliation and political ideology.

The numbers show that network news audiences may come closer to reflecting the general population than those of any other news source in the country.

Over all, according to Pew data, network nightly news audiences are 27% Republican, 39% Democratic, and 27% Independent. 8 Those breakdowns barely deviate from the population at large. The number of Republican-leaning viewers is an exact match to the population. The number of Democratic-leaning viewers is three percentage points higher. 9

The only other media source that comes even close to matching the population over all is the Weather Channel. Network news enjoys a politically diverse audience, a fact that runs contrary to the notion that Americans are seeking out news outlets that simply reinforce their political ideology. It may also reflect the fact, as content analysis shows, that the network newscasts are also uniquely adept among TV news shows at representing diverse viewpoints.

The Race Among the Networks

Which network is winning and losing in the evening?

One thing that has not changed is the relative strength of NBC Nightly News. While hardly immune to audience erosion, it has succeeded in recent years by managing to lose fewer viewers than its rivals lost.

Between 1993 and 2003 the CBS Evening News with Dan Rather saw its viewership fall 37%. ABC's World News Tonight's viewership fell 29%. But the NBC Nightly News with Tom Brokaw fell the least, just 18%.

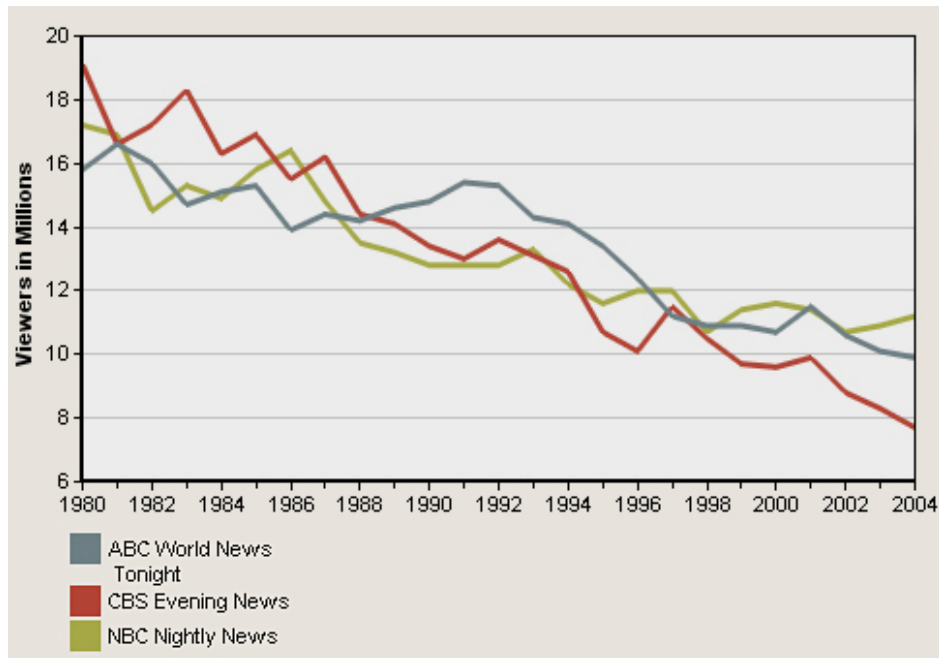
What occurred in 2004? NBC was still on top with 11.2 million viewers. Perhaps even more significant, that represented audience growth of nearly 3% from 10.9 million in November 2003. And this was the second consecutive year that NBC Nightly News showed November-to-November audience gains. ¹⁰

The other two networks have not been so successful. As of November 2004, ABC was in second at 9.9 million, down 2 % (from 10.1 million the year before). CBS followed with 7.7 million viewers, down 7.2 % from 8.3 million. ¹¹

In some ways, NBC's slight climb is all the more interesting because of serious challenges it faces.

Evening News Viewership, by Network

1980 – 2004



Design Your Own Chart

Source: Nielsen Media unpublished data, November – November

First, the network has lost its advantage in primetime programming over the last several years as many of its prime-time mainstays have ended. (In spring of 2004, the network ended the shows *Friends* and *Frasier*). In the sweeps month of November 2004, NBC had only one program in the top ten shows, and that was *ER*, a holdover from the earlier era. CBS had six, and ABC three. ¹²

On the other side of the coin, the CBS Evening News has failed to gain competitively despite its prime-time success.

What impact does entertainment programming have on the success of network news? TV professionals believe news and entertainment audiences reinforce each other. More people watching prime-time programs means more people being exposed to promotions for news shows. Millions of viewers who turn off a certain network at the end of prime time are inclined to stay with that network when they next turn on the set, a so-called carryover effect. For NBC, superiority in prime time in the mid-1990s and beyond helped create a sense of brand about the network as a place for smart, hip shows. CBS, in the days of "Murder She Wrote" or "Diagnosis Murder," was the senior citizen's crime-fighting network.

The second change at NBC is the retirement of anchor of Tom Brokaw in December 2004. Dan Rather was set to leave the CBS anchor chair in March 2005. Jennings, at ABC, is 66 years old. At least some TV observers were expecting Brokaw's departure and his replacement with Brian Williams to hurt ratings. " 'Nightly News' is likely to suffer some audience erosion once Brokaw steps down, at least in the short term, perhaps allowing ABC's World News Tonight, now No. 2, to climb past NBC," The Washington Post quoted the network analyst Andrew Tyndall ¹³ as speculating in April 2004. ¹⁴

So far, that doesn't seem to be the case, but history suggests that audience habits move like glaciers rather than earthquakes. There was similarly little major change when Walter Cronkite handed over the anchor chair to Rather or John Chancellor gave way to Brokaw. In the current climate, Peter Jennings is a known quantity already "sampled" by most Americans. Those who like him, he already has, so while Williams might lure new people from Jennings, the opposite would occur only if Williams drove them away. Meanwhile, CBS awaits a new anchor, who might change the dynamic even further, though that may be unlikely to happen in the short term when the veteran Bob Schieffer takes over as interim anchor. Even then, Jennings's familiarity might still limit his potential.

It is rarely questioned in television that an anchor's popularity has a major influence on the ratings of the program he or she is attached to. Even here, however, it should be noted that during their time competing with each other, Rather, Jennings and Brokaw have each held every spot in the ratings competition, first, second and third. Given the diminished viewership of nightly news, anchors clearly do not have the same importance in the culture they once did. It seems difficult to believe that 30 years ago an anchorman, Walter Cronkite, was the most trusted man in America, whose reporting, the author David Halberstam argued in "The Powers That Be," helped tip public opinion against the war in Vietnam in 1968. Nonetheless, American TV networks still promote their anchors as the face of their news divisions. And anchors are the face of the networks during major news events, to the extent that the nets still try to cover those events.

PBS

The audience trends for the The NewsHour with Jim Lehrer, which started in 1973 as The Robert MacNeil Report and later became the half-hour MacNeil/Lehrer Report, stand in striking contrast to those of commercial network television. Data published in the PBS National Audience Handbook show that NewsHour ratings were remarkably stable over the five years from 1998 to 2003, averaging a 1.2 household rating. According to PBS, that translates to roughly 2.7 million viewers each weeknight and more than 8 million different or "unduplicated" viewers who watch at least one night a week.¹⁵ That is still significantly smaller than even third-place CBS. But the NewsHour's ability to hold its audience distinguishes it in network nightly news.

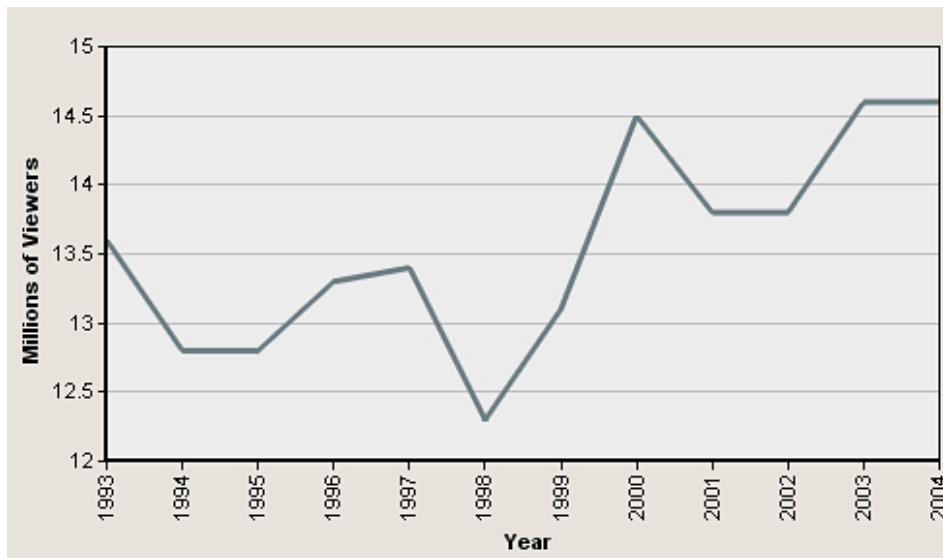
There are several explanations of the NewsHour's stability. One is the distinctive nature of the content – longer stories, longer segments, less opinion. The other is the ability of local PBS stations to air the program later or even rebroadcast it in the late-night period. The addition of a BBC World News half-hour lead-in in many markets may also strengthen the NewsHour's appeal. Also, both host Jim Lehrer and senior correspondent Gwen Ifill both moderated presidential debates in November, while NBC, CNN and Fox News Channel had no representative. At a time when Nightline and other magazine programs are having difficulty, and commercial nightly newscasts are hemorrhaging audience, the NewsHour's numbers suggests a health that is unusual.

Morning News

In the mornings, the audience picture is one of stability, but below the surface there appears to be some shifting.

Over the longer term, thanks to audience growth and lower overhead, morning news has become increasingly important in network news. Though the trend line is bumpy, at the end of 2003, 14.6 million people watched morning news programs, a million more than a decade earlier.¹⁶

In 2004, that number remained unchanged.



Design Your Own Chart

Source: Nielsen Media Research unpublished data, www.nielsenmedia.com

* Ratings taken in month of November.

Why is morning news holding its own while evening is not? The study outlined last year the factors that have made morning TV more stable than evening (see the 2004 Annual Report) – more people at home in the mornings, a 20-minute commercial-free block at the top of the broadcasts, a flexibility of content and format, and a greater level of experimentation over the years. Even with that, the audience for the three nightly newscasts together is still almost double that for the morning newscasts at any given moment. But because they are on for at least two hours each day, they make more than twice as much money as the evening shows.

Beneath that stability, however, 2004 saw some changes at play. The perennial leader, NBC, is losing ground, and ABC is gaining. NBC's Today Show saw viewership drop 3% from November 2003 to November 2004, from 6.5 to 6.3 million. ¹⁷

Some observers have wondered if Today might be losing momentum in its content. An article in the issue of Broadcasting & Cable magazine for February 23, 2004, noted that the program had stopped dominating the "get" – getting sought after individuals on-air ahead of the competition – as it once did. Mel Gibson went to Good Morning America when he launched his controversial blockbuster "The Passion of the Christ," as did Howard Dean after his "I Have A Scream" speech upon losing the Iowa Democratic primary. Andrew Tyndall believes that the decision to stretch the two-hour Today Show into a three-hour morning may have diluted the first two hours of the program, perhaps by stretching the staff's time and imagination thinner. That doesn't mean it might not pay off financially. It may be worth it to NBC to generate more revenue from a third hour, even if it pays a price in a slight erosion of its rating lead in the first two. ¹⁸

ABC's number-two-rated Good Morning America, meanwhile, saw its audience increase by 4%, moving closer to the top-rated Today Show. In November 2004, 5.4 million people watched the program on average each weekday, compared with 5.2 million the year before. ¹⁹

And CBS's Early Show, whose time slot has a long history of changing faces and program titles and running a distant third, had stable audience numbers with 2.9 million viewers in November 2004, the same as in November 2003. That is the highest viewership the Early Show has had since 1998, when the figure was also 2.9 million. That still leaves CBS even further behind in the morning than it is in the evening news race.

A New York Times article in May 2004 suggested that CBS, after many years of experimenting with its morning format – everything from running all hard news back in the 1970s to a show, in the late 1980s, that included the comedian Bob Saget – may have hit on a successful formula.

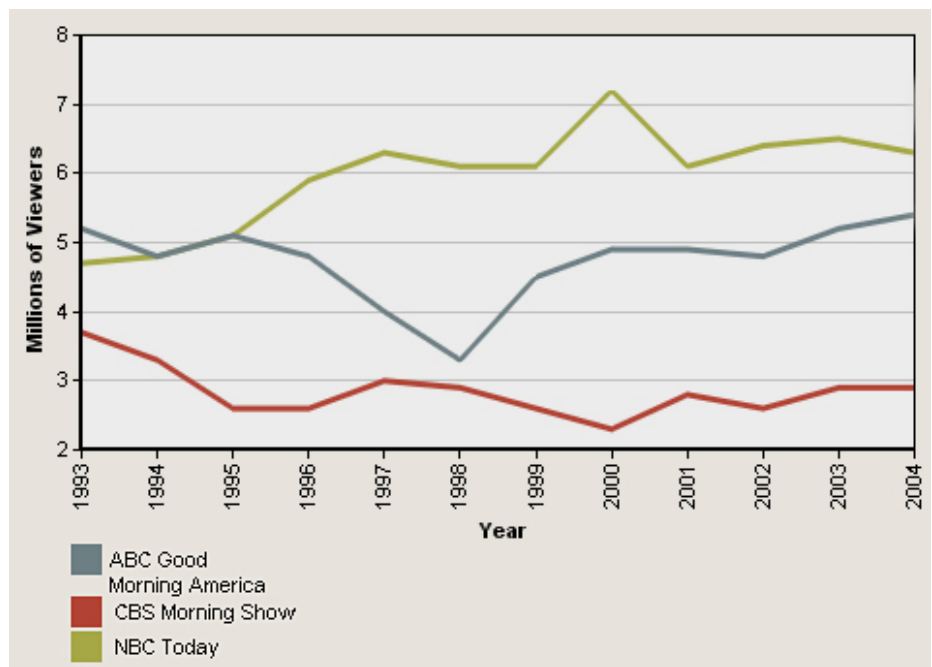
In part, that involves a larger cast than its rivals. And Tyndall's research notes other differences, including longer news blocks, fewer hard-news segments (specifically reduced coverage of Iraq and the campaign in 2004), more health, more lifestyle, more consumer news, more cooking, and more self-promotion of CBS's own prime-time programming.

Another ingredient involves tweaking the usual mold of two anchors, a newsreader and a jolly weatherman. The CBS program features four anchors, in addition to the weather reporter, which gives the show a slightly different feel and rhythm, more of a true ensemble resembling in some ways Barbara Walters's program The View. But some roles remain firmly defined. Harry Smith's role as the serious male anchor is still similar to Charlie Gibson's at Good Morning America (At NBC, Today adopts a more unisex, less gender-stereotypical share of the workload). The big difference is that the role of the female anchor has been split up among three women.

(Having several anchors also allows cast members to be absent without upsetting the look and rhythm of the broadcast. On the downside, it means CBS can't promote the program by showcasing a dominant celebrity anchor like Katie Couric or Diane Sawyer).

Morning News Viewership, by Network

1993 – 2004

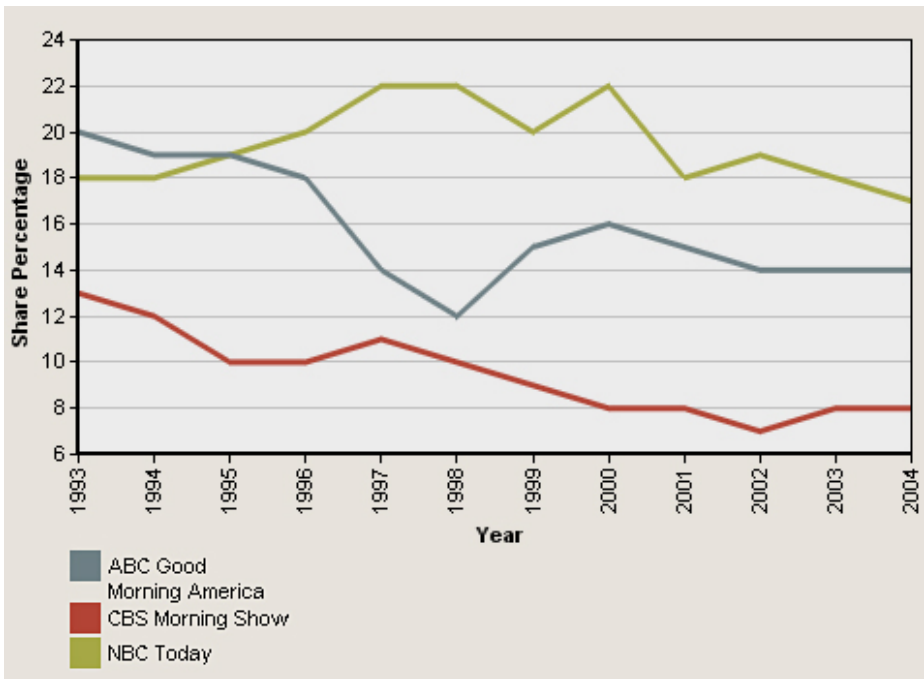


Design Your Own Chart

Source: Nielsen Media Research unpublished data, www.nielsenmedia.com

* Ratings taken in month of November.

Morning News Share
November 1993 to November 2004



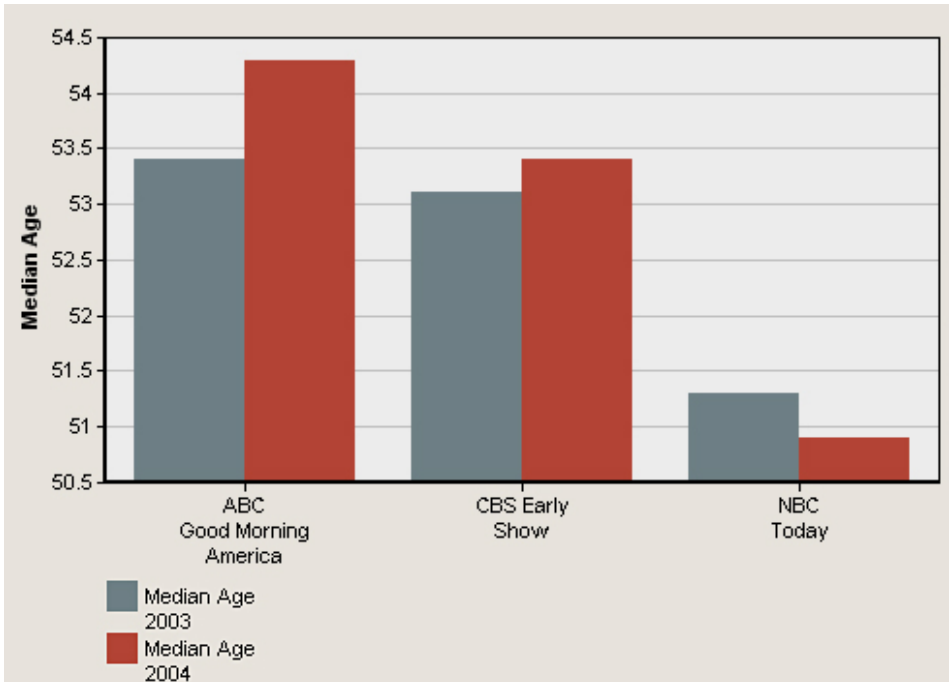
Design Your Own Chart

Source: Nielsen Media Research unpublished data, www.nielsenmedia.com

*Ratings taken for month of November.

Median Age of Morning News Viewers

2003 vs. 2004



Design Your Own Chart

Source: MagnaGlobal USA

The Sunday Shows

The Sunday-morning talk show world has been dominated in recent years by NBC's Meet the Press, hosted by its Washington bureau chief, Tim Russert. That continued in 2004. According to the January 9, 2005 issue of USA Today, Meet the Press averaged 4.3 million viewers for the season. 20 That would be a slight decline from the program's

reported average viewership for the 2002-2003 season, 21 4.7 million, but still reflects a comfortable lead over both CBS's Face the Nation and ABC's This Week. 22

Face the Nation, hosted by Bob Schieffer, continues to be second with an average of about 3.8 million viewers in 2004. 23 It is also the only half-hour program of the Sunday interview shows.

ABC, which revolutionized the Sunday format in the 1980s by converting the program to an hour, adding a reporter roundtable, multiple interviews and setup pieces built around host David Brinkley, struggled after Brinkley's retirement in 1996 (he contributed commentary pieces until 1997). This Week continues in third place in the Sunday morning news race with an average of 2.5 million viewers in 2004. 24

ABC News's president, David Westin, has bet on the former Clinton aide George Stephanopoulos as the new host. He persuaded Nightline's renowned executive producer, Tom Bettag, to take over the show. Bettag (who has since returned to Nightline as executive producer) is as highly regarded a program producer as there is in network TV. Many critics credit him for taking Nightline, one of the most acclaimed news programs in history, and making it markedly better, and reviving anchor Ted Koppel's passion for the show. Before that Bettag produced the CBS Evening News with Dan Rather when it was No. 1.

The Sunday morning time slot is the only one in which the cable-based Fox News Channel has a regular presence on the broadcast Fox network, with "Fox News Sunday with Chris Wallace." It ranks fourth with around 1.5 million viewers a week. 25

A discussion of the Sunday morning landscape would be incomplete without mention of Charles Osgood and CBS's Sunday Morning. The eclectic mix of arts, culture and politics celebrated its 25th anniversary in 2004, and (despite worries following Charles Kuralt's 1994 departure from the show) continues to draw a loyal and growing audience that reportedly exceeds some 4 million viewers a week. 26

Prime-Time Magazines

A genre that once seemed to embody the future of network television news may fade further from the airwaves in 2005.

The best-known problems concern what is now known as 60 Minutes Wednesday, the weeknight primetime clone of the venerable Sunday program, began 2005 in disarray and in jeopardy. 27 The program's executive producer, his second in command, and the broadcast's star producer had been removed, along with a news division vice president, in the wake of an independent report (read the CBS REPORT) criticizing a September 8, 2004 segment about President Bush's National Guard service.

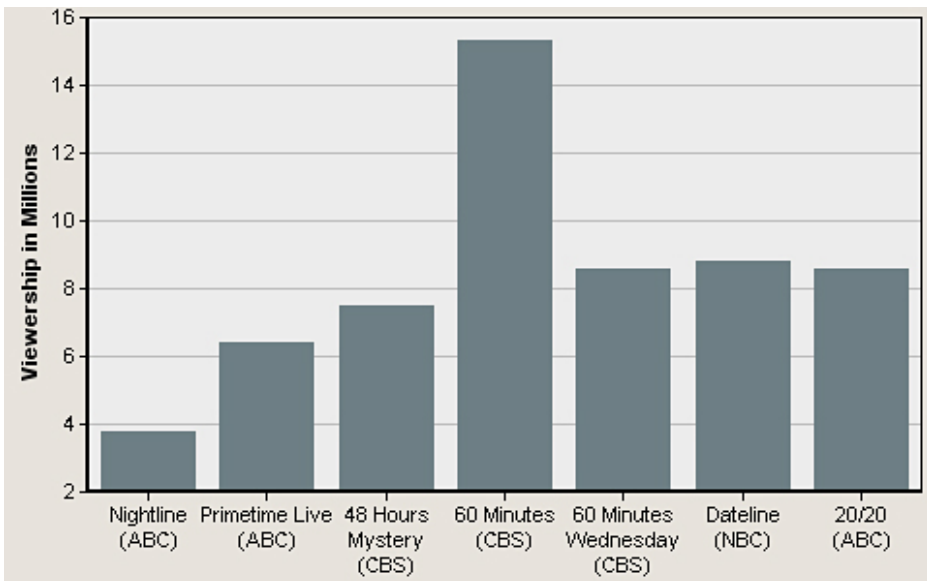
Worse still, the program's ratings began to pale in comparison to the network's highly successful prime-time entertainment schedule. It wasn't that 60 Minutes Wednesday was failing, but rather that the bar had been raised. Leslie Moonves, president and CEO of CBS Television, told television writers in early 2005 that "60 Minutes Wednesday has to earn its right to be on the schedule," adding, "Its [ratings] were not particularly wonderful even before the [Bush] story got on the air." 28

And by February 2005, ABC's Primetime Live was also reported to be threatened because of declining ratings.

There was a period when news magazines dominated the prime-time landscape. The format was less expensive to produce than the entertainment shows they replaced, and thus not only added to the news divisions' contribution to revenues but could make money with smaller audiences than entertainment programs. Some programs became mini-franchises. Dateline NBC duplicated itself across the week. Now news magazines have been eclipsed in prime time by reality television, a form even cheaper to produce.

One show that people imagined might be facing change, given the retirement of its founding executive producer, Don Hewitt, seemed a picture of relative stability: 60 Minutes, which started its thirty-seventh season in September 2004, has placed in Nielsen's Top 10 television programs twenty-three times and places consistently in Nielsen's weekly Top 20 list. 29

Unpublished Nielsen data provided to the Project suggests the original Sunday 60 Minutes remains the leader of prime-time magazines. In a season-to-date report generated on January 26, 2005, the program averaged 15.2 million viewers. Its sister show, 60 Minutes Wednesday, had 8.6 million. An average of the audiences for NBC's Dateline for Friday and Sunday (Dateline, unlike 60 Minutes, does not present itself as two distinct shows) was 8.8 million, followed by ABC's 20/20 (8.6 million), CBS's 48 Hours (7.5 million), and ABC's Primetime Live (6.4 million).



Design Your Own Chart

Source: Unpublished Nielsen data

*Primetime Live data includes an average of Friday and Sunday numbers. Data in the chart do not include numbers for special editions.

Nightline

Nightline, which began in 1979 as “America Held Hostage” during the Iran hostage crisis, ended 2004 facing what some feared would prove a mortal crisis. Two years ago, the network made an ill-fated play for the CBS “Late Night” star David Letterman, promising him the Nightline time slot. Anchor Ted Koppel’s current contract ends in 2005, and many insiders suspect that may provide the network with the moment to kill the program, if it wants to.

During 2004 Nightline notched its lowest number of average viewers ever, 3.7 million, a drop from 6.2 million in 1993. 30 A Nielsen report in January 2005 put the number for the current season slightly higher, at an average of 3.8 million.

The latest concern about the broadcast became public when the executive producer, Leroy Sievers, announced in September 2004 that he was leaving. In a written announcement, Sievers said “the company has made it clear that it is considering fundamental changes to the format and the direction that the broadcast takes in the future.” 31

A network spokesman, Jeffrey Schneider, in an interview with the Hartford Courant, dismissed the notion that Sievers’s departure foreshadowed the end of Nightline or of Koppel as its star. “Ted Koppel is part of our DNA,” Schneider said. “He has given 40 years to ABC News, 25 of those leading Nightline, and is as passionate and committed today as when he started.” 32

But the Courant also spoke to TV observers who raised a good deal more doubt. “This is a network that is getting its clock cleaned at that time of night,” said Deborah Potter of NewsLab, a nonprofit center that focuses on training and research for television and radio newsrooms. “The truth is, Ted’s contract is just about up, he makes a lot of money and doesn’t work on the show all that much. ABC is looking at this as a way to make more money.” 33

After Sievers’s announcement, the network announced that Tom Battag, who had left the day-to-day running of Nightline to Sievers after taking over the reins of the Sunday morning program, “This Week,” would return to Nightline.

Battag told USA Today in January 2005 that Nightline’s declining numbers reflected a widespread falling off and “splintering” of network news viewership in the face of cable and the Internet. An additional factor, he said, was ABC’s tepid prime-time weekday ratings at 10 p.m. (eastern). Yet Battag contended that the sheer abundance of information from cable and the Web is precisely why Nightline should, in principle, endure: “Particularly when so much of what’s on the tube is filled with people just telling you their opinion” and “at a time when people are saying, ‘Hey, what’s happening beyond our shores is really affecting my life in a lot of ways,’ this is the broadcast that they know they can turn to.” Nevertheless, he added, “You’re not going to say, ‘I guarantee we’re not going to be here or I guarantee we’re not going to be here.’” 34

Frontline

Established in the early 1980s, PBS's Frontline hit the airwaves as network news divisions increasingly were feeling the pressure to turn a profit, and "magazine shows" began to replace long-form documentaries in prime time. In many ways, it has that genre to itself, though it is now being challenged somewhat not by journalism but by documentary-style advocacy films sometimes aired in theaters, such as *Fahrenheit 9/11*.³⁵

In 2004, as part of a five-program election series, Frontline broadcast a two-hour dual biography of Senator John Kerry and President George W. Bush. There was a two-hour examination of the first year of the war in Iraq³⁶, a one-hour program looking at "The Jesus Factor"³⁷ and an hour devoted to the question, "Is Wal-Mart Good for America?"³⁸ That work stands out in the current TV landscape. It continues to strike some as remarkable that PBS, alone in TV news, offers long-form biographies of the candidates.

The Networks and the 2004 Elections

One of the most important questions about 2004 is whether the presidential election will be viewed in retrospect as a watershed (or merely another step) in the gradual decline in public perceptions of the authority of network news as a source about politics and major events.

Four facts from the campaign year are important in this regard.

- The networks carried only three hours of each convention, skipping one night entirely – including the keynote address at the Democratic event – the lowest number since they began broadcasting.
- Not coincidentally perhaps, for the first time a cable channel (Fox) outdrew each of networks (individually) in viewers during the GOP convention.
- The networks also had record lows in viewership on election night.
- After exposing the prisoner torture scandal in Iraq and Afghanistan, CBS News's reliance on apparently phony documents in the story that became known as "Memogate" proved to be one of the most embarrassing moments in the network's history. It prompted an outside investigation that led to the ouster of four people and the early retirement of anchor Dan Rather. The investigation did not examine the news division as a whole. Its focus was narrow – on the reporting of one story and the public-relations aftermath. The news division, however, could end up being transformed anyway.

Before the convention season, there was no clear rise or drop in the volume of campaign coverage on the evening newscasts compared with previous years. The primary season was shorter than usual, and unlike those of 2000, 1992 and 1988, involved contests in only one party. As a consequence, the total number of minutes of primary-season coverage on the nightly newscasts was lower than in some previous years and higher than in others, according to tracking from Tyndall Research. That appears to be more a function of scheduling decisions made by the Democratic National Committee, state parties, and voters, not journalistic decisions made by the networks. At the peak of the primary season, in Iowa and New Hampshire, the coverage showed no diminution from previous cycles.

That coverage, however, was soon overshadowed by the decision of all three networks to walk away from covering the conventions every night.

In late July, the Shorenstein Center on the Press, Politics and Public Policy, part of the John F. Kennedy School of Government at Harvard University, hosted a panel discussion at which Peter Jennings of ABC "...[likened] conventions to 'infomercials'... There's not a great deal of reason to show up."

The NewsHour's Jim Lehrer responded: "We're about to elect a president of the United States at a time when we have young people dying in our name overseas, we just had a report from the 9/11 commission which says we are not safe as a nation, and one of these two groups of people is going to run our country. The fact that you three networks decided it was not important enough to run in prime time, the message that gives the American people is huge."

The exchange offers a snapshot of the argument over the network decision to substantially leave the conventions.

That argument, played out mostly in brief quotes and sound bites in news stories, deserves detailed examination to determine whether, as Lehrer implied, the message the networks were sending was either significant or new.

The network argument is really twofold. First, the conventions are no longer newsworthy because they are scripted "infomercials." Second, the networks are relieved of their public service obligation to air them because the conventions can be watched on cable – in particular on the three news channels, as well as C-Span – along with PBS on the broadcast airwaves.

The critics counter that those are excuses. The networks, they say, are backing away from the conventions purely to make more money – they can do better airing reality shows than the conventions – and in the process the networks now have given up not just on public service but on journalistic credibility, too.

Let's take the points one at a time.

The notion that the conventions are not news defines a news event as one at which something unexpected might happen. Certainly, the conventions are now scripted. Everything – the platform debates, the speeches, the “spontaneous” demonstrations – is controlled in advance. ³⁹ (In 1972 The New York Times discovered the GOP had a script for every moment of its meeting in Miami.)

The unexpected is not the only kind of news, however. It can also be defined as an event, however planned, that has a major impact on public opinion. The networks do cover this second kind of news when it suits them, from inaugurations and funerals to State of the Union addresses and other ritual civic events. And by this standard conventions clearly qualify as news. Not only do they represent the only time most Americans will hear either candidate explain his vision for the country at any length, but they are also the lone opportunity for the two political parties to do so, and for other party leaders to introduce themselves to the country beyond eight-second sound bites.

Once again, 2004 demonstrated that conventions make a measurable difference in who wins, and how Americans perceive the parties, as have most conventions in the modern era. In 2004, John Kerry failed to impress undecided voters, missed the opportunity to define his vision of the country or explain his record, and set himself up for subsequent attacks on his military record. The Republican Party, in turn, succeeded in defining Kerry in GOP terms, laying out a broad plan for the future, depicting itself as populist and strong. And the President enjoyed an 11-percentage-point bounce in the polls. ⁴⁰

So the first part of the network argument – that conventions are not news – is problematic and insufficient as an explanation.

What of the second part of the argument – that audiences can see the conventions elsewhere, so the networks need not air so much of them? Obviously people, especially cable and satellite viewers, can now go elsewhere.

The critics believe, however, that that argument is insufficient because the networks are different from other channels. As broadcasters, they are still the closest thing we have left to a mass medium, and as such, they still have an agenda-setting power. The most popular program on cable news -Bill O'Reilly – has a viewership of about 3 million, which would get him cancelled on any of the networks. If the broadcast networks choose to air something, that makes it more important, and more people watch. The networks, in other words, lead public behavior; they do not merely follow it. That endows them with social responsibility. ⁴¹

Who is more right here?

Up to 2000, the research suggests that the critics had a point. The Harvard scholar Tom Patterson studied the decline in audience for the conventions from 1960 through 2000 and found that the networks were indeed driving rather than following the convention viewing behavior. ⁴² When the networks first cut back on coverage, in 1976, (they ultimately went from 60 hours in 1972 to 25 in 1984) a gradual drop in viewership ensued. But there had been no drop before that to precipitate the network cutbacks. Then, when the networks began their second big cutback in convention hours in 1992, there was a lag before audiences began to drop again. When the networks did not cut back in hours, the audiences also did not drop.

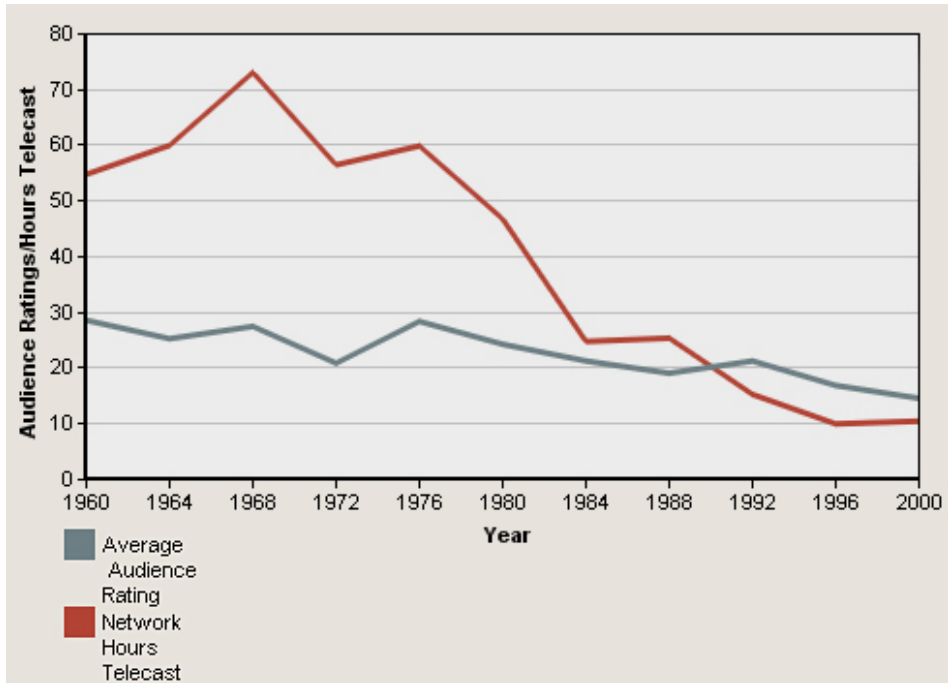
The most logical interpretation is that the networks helped create the audience decline. They signaled that the conventions were less important, made them less available to watch, and the public began to respond to that attitude. The audience, however, declined much more gradually than the airtime for coverage, which fell by more than half.

What happened in 2004? The election generated higher interest than the campaign four years earlier, as measured both in voter turnout and most pre-election surveys. If the networks have no agenda-setting power, then logically the audience would have migrated to cable, but not necessarily shrunk overall.

That is what happened. The Big Three commercial broadcast networks lost 3.4 million viewers for the Democratic convention and another 2.2 million for the Republican. But Fox News Channel, MSNBC and CNN gained some 2.9 million for the Democrats and another 4.4 million for the Republicans. And PBS by itself nearly doubled its audience, from a combined 3.8 million viewers in 2000 to some 6 million viewers in 2004. Added together, the combined convention audience increased by some 4 million viewers between 2000 (41.9 million) and 2004 (45.8 million).

Convention Ratings vs. Hours Telecast

1960 to 2000



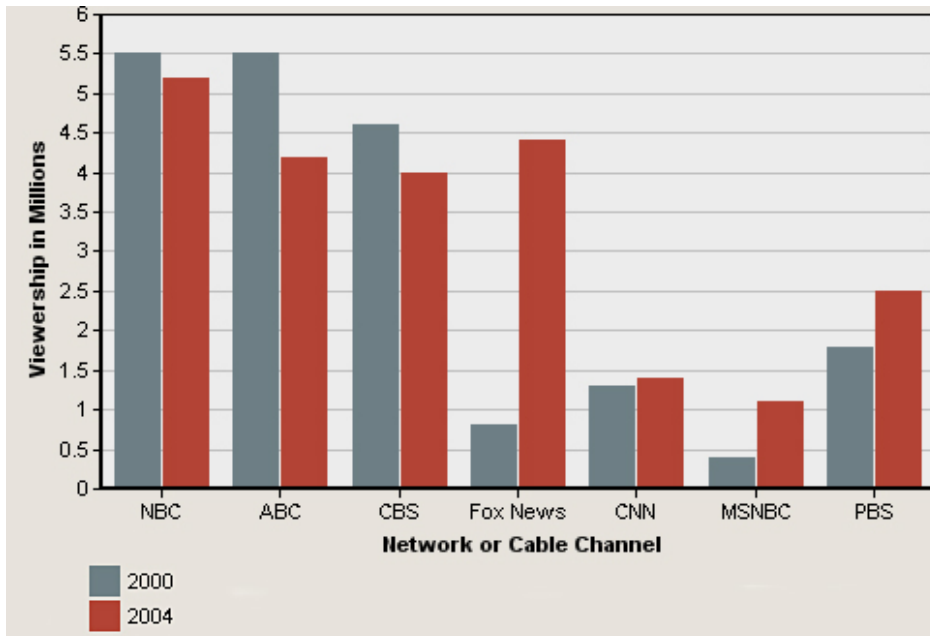
Design Your Own Chart

Source: Data taken from 'Vital Statistics on American Politics,' Congressional Quarterly Press.

*Average Audience Rating is an average of ratings from the Democratic and Republican Conventions. Hours telecast is total hours for both Democratic and Republican Conventions.

Viewership of Democratic Convention

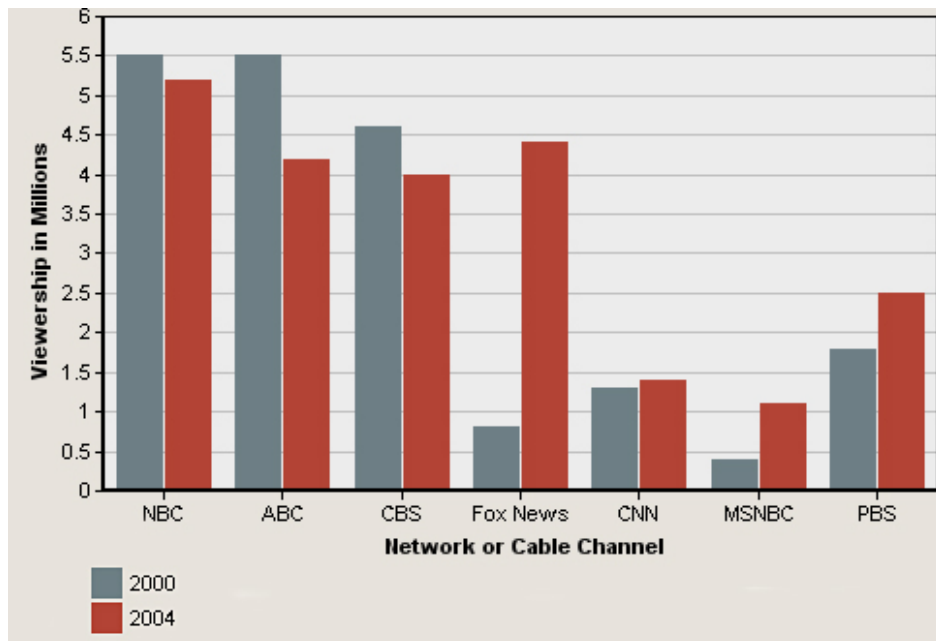
2000 vs. 2004



Design Your Own Chart

Source: Data for commercial and cable networks is Nielsen Media data reported by Networks and published in USA Today, August 2, 2004. Data for PBS was provided to the Project by PBS.

Viewership of Republican Convention
2000 vs. 2004



Design Your Own Chart

Source: Data for commercial and cable networks is Nielsen Median data as published by the Dallas Morning News on September 7, 2004. Data for PBS was provided to the Project by PBS.

By 2004, the networks' agenda-setting power seems to have dissipated. But they had a hand in shedding that power. With it came a certain responsibility. That responsibility is now gone, though with it, too, may go the power to direct people to watch entertainment programming the networks would like them to see. 43

What did viewers who migrated to cable see? As it turns out, they didn't quite get to see the convention proceedings, or the kind of deep background reporting that the networks might have provided. A host of TV critics, as well as our own monitoring, reveal that for large portions of the conventions – even most of the time – Fox, MSNBC and to a lesser degree CNN used the conventions as a backdrop for their regular programming rather than covering the proceedings themselves. So Chris Matthews hosted panel discussions for much of each evening on Hardball. Bill O'Reilly debated guests during his prime-time slot. Larry King did his talk show. Those news channels turned to the podium only sometimes.

The closest viewers got to seeing the conventions, even in prime time, was on C-Span, followed by PBS. The cable channels have not in any serious way tried to cover or duplicate what the networks once did in airing the conventions.

To some this shows that cable channels, like the networks, have decided the conventions are now less newsworthy. To others, it reveals that the cable channels are structured in prime time more as a series of shows than newsgathering operations. PBS came closer to covering the conventions and had significant audience success. There is, as we noted before, truth on both sides.

Tuning In To Fox

Viewers 10 – 11pm, in millions

	Democratic Conv. (Mon.)	Republican Conv. (Tues.)
Fox News	1.4	5.2
CNN	2.6	1.5
MSNBC	1.0	1.6
NBC	4.5	5.1
CBS	4.6	4.4
ABC	4.4	4.3
PBS	3	2.2

First night of broadcast networks' coverage.

Source: Data for commercial broadcast and cable networks from Nielsen Media Research as published in the New York Times on September 2, 2004. Data for PBS provided to the Project by the network.

So in the end, the network arguments are partly right and partly wrong. The argument that conventions aren't news falters in the face of evidence that they are important to the outcome of the elections. The argument that, regardless, people can watch them elsewhere appears to be borne out in 2004, maybe for the first time, though what viewers got on cable wasn't quite what they would get on network.

Perhaps the bitterness over this issue comes from what the networks don't admit to. The networks aren't really cutting back on conventions because they are scripted rituals. Inaugurations are scripted rituals, and the networks don't shy away from covering them. The difference is that inaugurations occur during the daytime rather than in prime time and the opportunity cost of pre-empting entertainment programs isn't as high as it is for eight full nights of prime time.

That is the "message" Lehrer had in mind. By refusing to devote eight nights of prime time every four years to a major civic event purely out of public obligation reveals that the networks and their news divisions no longer feel as much obligation or see as much financial advantage in fulfilling that civic function. They now operate more as financial corporations than they once did and less as public institutions. The public interest is a smaller part of their decision-making, though it is bad public relations for their executives to put it in those terms. When asked to justify their networks' decisions journalists publicly denounced the party conventions and discouraged people from watching them.

Economics was always part of the network calculation on conventions. But once, those events were a great way to establish the network brand, and helped turn network personnel into stars. People bought TV sets to watch the conventions, and the ratings were good. Now the economics has turned. The networks can make more money airing Fear Factor and Extreme Makeover – and even skip whole nights of the conventions altogether – because they can argue that audiences can find the conventions elsewhere on the dial. 44

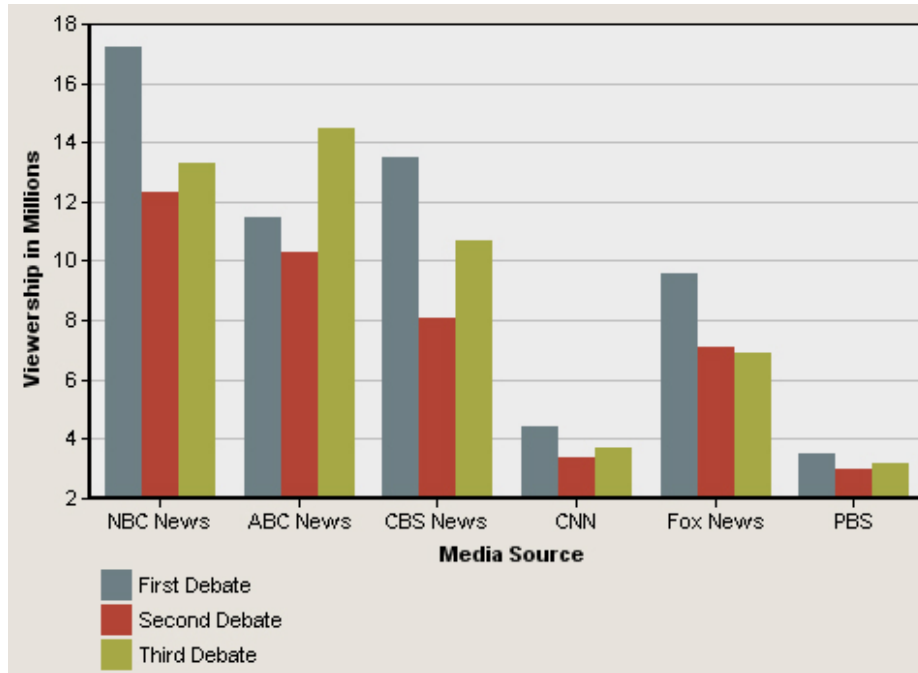
This year saw a new calculation: that what the networks gain in dollars by skipping so much of the conventions is worth more than the cost of the erosion of value in the network news brand. The networks may be wrong in that calculation – the damage to their brand may be higher than they think. Or they may be right – people no longer look to networks as public-service institutions and thus are neither surprised nor disappointed. But the calculation keeps moving in one direction, and logically, Americans will increasingly see the network news divisions more as a part of their economic institutions and decreasingly as public services. That change, 20 years of survey research has made clear, is at the heart of the declining credibility of the press more as a whole.

Aside from the conventions, the networks had hardly abandoned the campaign. The Tyndall Report, which analyzes every weekday network newscast, reported the number of minutes for the whole year devoted to the campaign up slightly, 7%, and the highest since 1992. 45

Then came the debates. The decision to air the three presidential debates and the one vice presidential encounter was not as complicated as the decisions about the conventions. These were two-hour events, on just four nights – a much smaller expense with much more limited impact on the networks' programming schedules. The debates also include the potential for the unexpected.

Perhaps even more important, the audience numbers were also pretty good. Taking all networks and cable outlets together, the audience for the political debates is enormous. Airing them was genuinely a public service, since they carried no commercials. As a consequence, Nielsen does not list them among its most-watched programs, so many TV writers and scholars overlook their large audience. NBC News's coverage of the first presidential debate received the highest viewership numbers of any network for any of the debates, 17.2 million.

Viewership of Each Presidential Debate, 2004

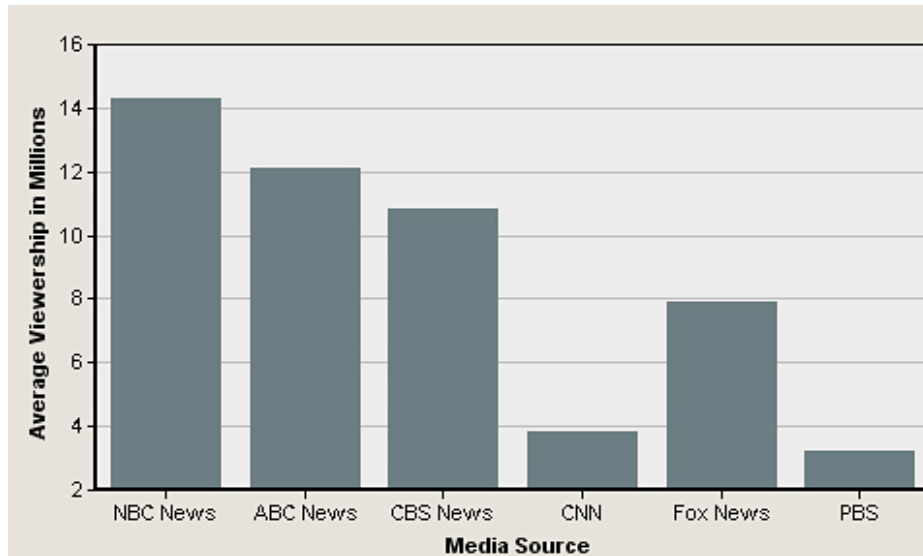


Design Your Own Chart

Source: Data for commercial broadcast and cable networks is Nielsen Research data as published in The Los Angeles Times on October 2, 2004, October 12, 2004, and October 15, 2004. PBS estimated audience numbers based on Nielsen Research data provided to PEJ.

Average Viewership of the Presidential Debates, 2004

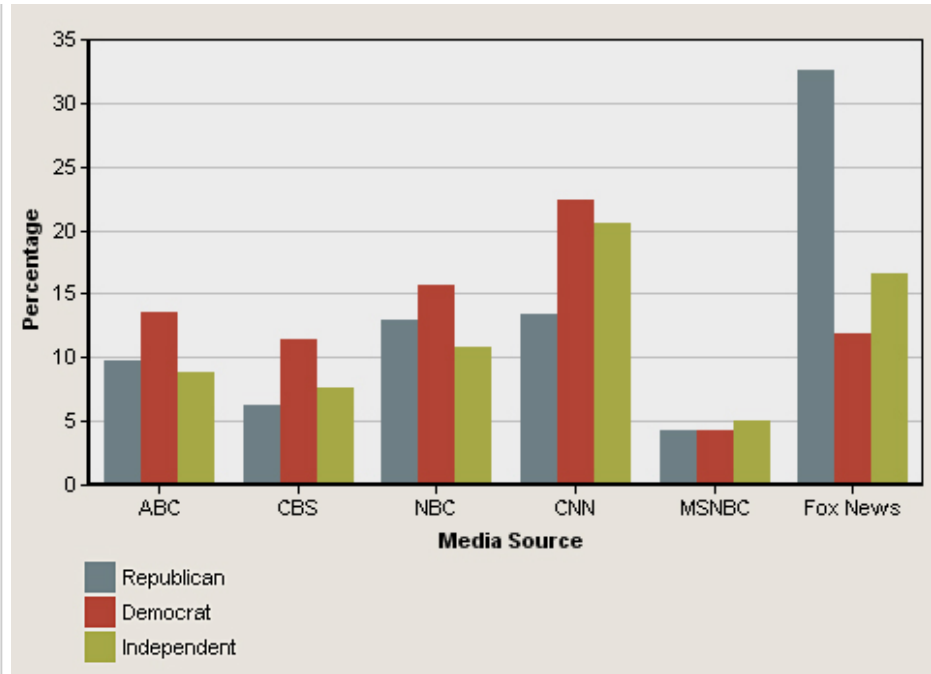
Average viewership of three debates



Design Your Own Chart

Source: Data for commercial broadcast and cable networks is Nielsen Research data as published in The Los Angeles Times on October 2, 2004, October 12, 2004, and October 18, 2004. PBS estimated audience numbers based on Nielsen Research data provided to PEJ.

Presidential Campaign News for Television Viewers
By political party



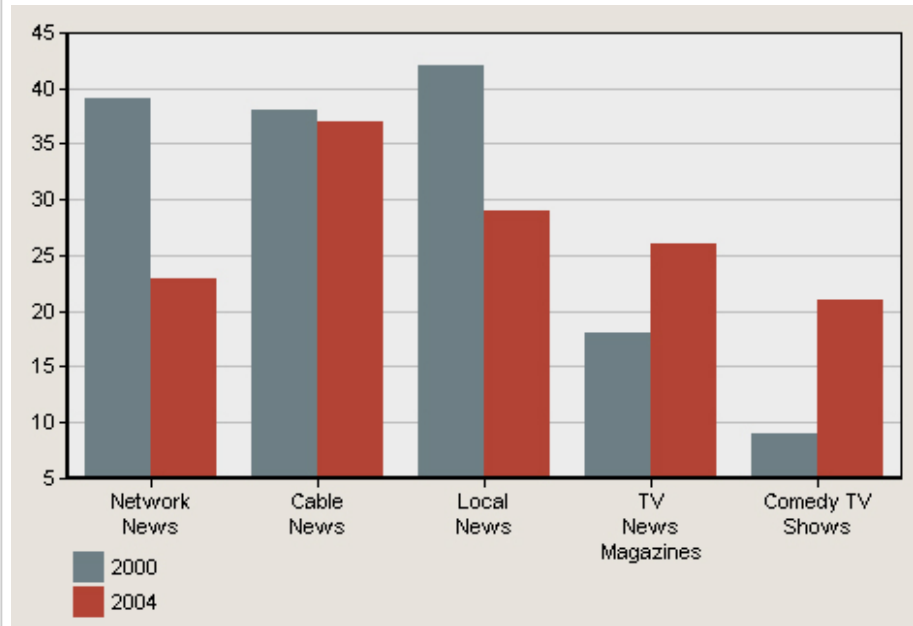
Design Your Own Chart

Source: The Pew Research Center for the People & the Press, "Kerry Support Rebounds, Race Even Again," September 16, 2004

*Among those who reported getting Presidential election campaign news on television. qu: "Do you get most of your news about the presidential election campaign from ..."

Where Young People Get Campaign News

Age 18 to 29, 2000 and 2004



Design Your Own Chart

Source: The Pew Research Center for the People & the Press, "Cable and Internet Loom Large in Fragmented Political Network," January 11, 2004

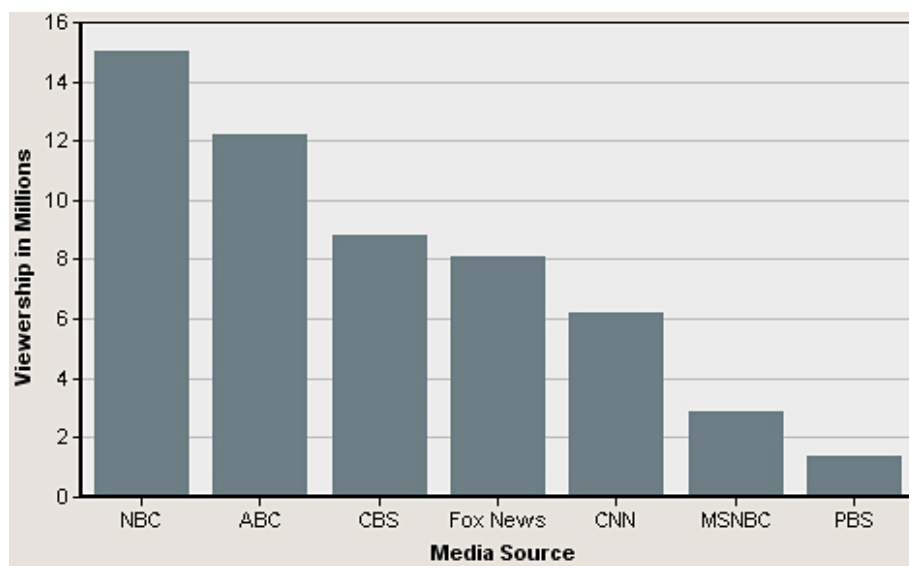
* Percent saying they "regularly" learn something from ...

After enduring the critical and popular backlash of Election Night 2000, the networks demonstrated more caution in their projections of the race in 2004. They also had gone to a new polling operation to conduct their exit poll. The poll, however, was in its own way as flawed as four years earlier, overstating John Kerry's ultimate official vote in some 26 states, and overstating George Bush's in 4 others. 46

Nonetheless, it is worth noting that on election night, all three networks outdrew any of the cable channels (though CBS and Fox News were not that far apart), a sign that when they actually do go head to head in coverage, the network brands still mean something more than cable news.

According to data from Nielsen Media Research and various press accounts, the commercial broadcast networks lost some 10 million viewers from Election Night 2000, down to 36 million in 2004 from 46 million.⁴⁷ Meanwhile, the major cable networks, Fox News Channel, CNN and MSNBC, picked up 6 million prime time viewers (17.2 million, up from 11.2), with Fox gaining the most.⁴⁸ PBS gained another 600,000 over Election Night 2000, rising to 1.4 million viewers from 810,000.⁴⁹ By this count, some three million viewers chose to do something else in 2004. Whether that was to watch entertainment shows, read to their kids, get even more detailed election news online or watch the live feeds on C-Span is unclear.

Election Night Viewership, 2004



Design Your Own Chart

Source: Unpublished Nielsen Research data. PBS estimated audience numbers based on Nielsen Research data provided to PEJ.

So was the campaign of 2004 a watershed for network news? More time must pass to answer that question. The networks are not quite honest about their reasoning in cutting back on the conventions, including abandoning entirely one night of each event. The exit poll problems also continue, and represent a continuing black eye. Yet the networks still make a commitment by pre-empting their programming for debates, inaugurations, election nights and more. They covered the 2004 election on their nightly news programs as much as or more than others in the recent past. But the networks have insisted for 20 years that they do not set the public agenda, they only follow it. In the past, the evidence suggested they were wrong. Now they may have succeeded, at least when it comes to the conventions, to making that a self-fulfilling prophecy.

[Click here to view footnotes for this section.](#)

Economics

Economics

In spite of the continuing questions about viewership, and the pressure on resources, and the effect of that on quality, news continues to contribute significantly to each network's bottom line.

This year, we found three trends in network news economics:

- Evening newscasts in 2003 realized the first rise in advertising revenues in years, though partial information for 2004 suggests that was a temporary blip rather than the start of an upward trend.
- Morning news shows continue to be major revenue generators for the news divisions. Projections based on partial information for 2004 indicate that the pattern continued.
- Even some of the network news magazines, which had been showing a decline in ad sales in 2002 have begun to level off and in some cases, increase revenues.

Evening News Economics

As noted in last year's report, there are little or no public data on the operating profitability of network news divisions. In the past, journalists covering the Big Three networks got estimates from network officials on background. Even then, the numbers were difficult to verify. Now fewer reporters cover the business aspects of network news divisions, which are small operations inside huge conglomerates.

To adjust, we have tried to develop a continuing picture of the fortune of network news by looking at advertising revenue. While the numbers are not without their own problems (networks now bundle ads between programs, making it difficult to allocate) they do give us some independent information to reflect on.

Interestingly, there appeared to be no bounce to network news revenues at all from the presidential campaign. TNSMI/CMAG, a company that tracks political spending, reports that not one dollar of political advertising in 2004 went to buy network time. The election was indeed narrowly fought, truly contested in only a dozen swing states, not nationally. The political parties have stepped back from their national civic duties even more radically than the network news divisions have.

Nightly News Revenues

The numbers, from TNS Media Intelligence, have been calculated based on a calendar year, from January to December.

In 2003, the advertising revenue for all of the Big Three evening news programs began to show an up-tick. Partial data through August of 2004, however, suggest that growth may not have continued.

From 1999 to 2002, NBC suffered a 13% drop in its ad revenue, according to TNS data. ABC suffered a 9% drop. CBS, the No. 3 network, enjoyed an 8% gain.

In 2003, the last year for which we have complete data, that changed. According to the TNS data, NBC's evening newscast remained No. 1, taking in \$161.9 million (in calendar year 2003) an increase of 3.6% over the year before. That is still less than in 2000.

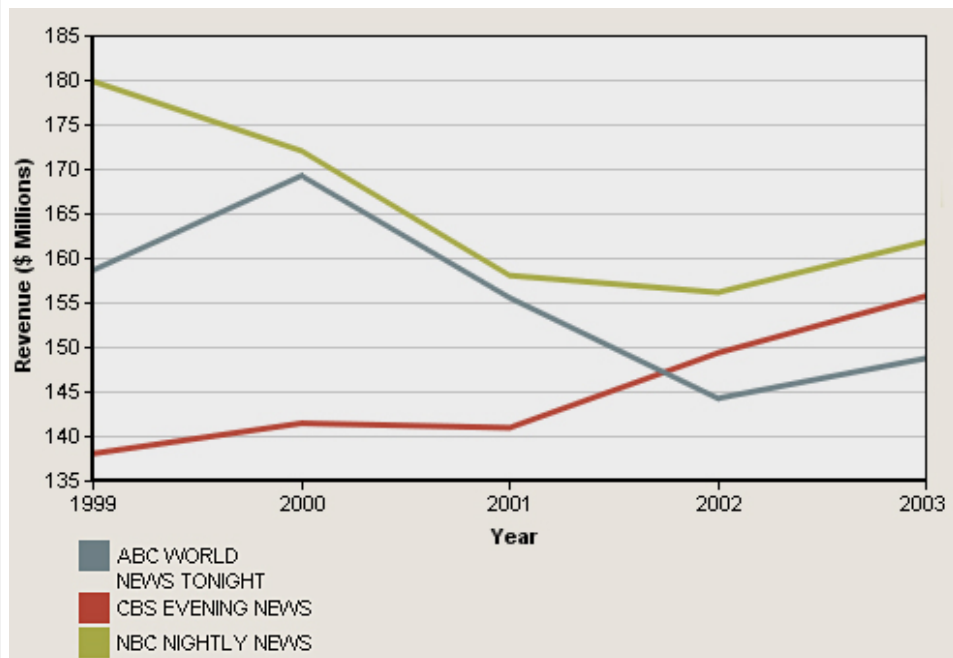
ABC evening-news ad revenue was \$148.8 million, up from \$144.3 million in 2002, its first increase since 2000, but again still lower than the 2000 total.

CBS Evening News in 2003 showed its third straight annual advertising revenue increase, according to the TNS data. It took in \$155.8 million, up from \$149.4 million the year before. CBS's ad revenue was higher than it had been in all the TNS data we have, going back to 1999.

Through August 2004, however, the numbers appeared to be overall. According to TNS, NBC led with \$103 million (which would project to \$154 million at the end of the year). ABC was second at \$101.9 million (on track for \$153 million). CBS was third with \$97.2 million (on track for \$145 million).

Evening News Revenue, by Network

1999 to 2003



Design Your Own Chart

Source: TNS Media Intelligence/CMR unpublished data, www.tnsmi-cmr.com

The revenue numbers, however, need to be viewed carefully, industry insiders say.

First, they could drop even lower by the end of 2004, as they did in 2003.

In addition, the fact that the networks, particularly NBC and ABC, are selling ads in packages makes calculating revenue figures problematic. An NBC ad buy could include, for instance, the network nightly news, CNBC and MSNBC, plus online deals with MSNBC.com. That gives networks leeway in terms of how they assign the revenues to different programs. It is possible that the revenue data are comparing apples and oranges.

Indeed, some network news professionals say the bundling of ad sales has become an important factor in the race for No. 1 in evening news. If you are on top, you have more leverage to bundle ad sales, to tell advertisers that if they want preferred spots on the evening news, they may be forced to buy time in other programs.

What's more, internal network sales data provided by network sources on a confidential basis to the Project last year suggested the numbers are close but not entirely accurate.

In any case, the TNS numbers, alone, suggest 2004 proved a somewhat difficult year, after the optimism of the year before.

Morning News Economics

As audience grows on morning shows, so does their role in the finances of network news.

The latest TNS data suggest ad revenue at all three morning shows is on the rise. NBC's Today Show and ABC's Good Morning America dominate and with a much smaller gap than they have in ratings.

CBS's Early Show is a distant third here, but growing.

In 2003, the latest full-year data available, the Today Show took in \$470 million for its three-hour program (versus two-hour programs at the other networks), up some 11% over the year before. ABC's Good Morning America took in \$465.6

million, up 11%. CBS's Early Show took in \$218.3 million, up 5%.

Partial data through August 2004 show those numbers continuing to build, unlike the ones for evening news. The Today Show had taken in \$367.7 million, on pace for \$551.6 million. Good Morning America had taken in \$349.8 million, on pace for \$524.7 million. And the Early Show had taken in \$161.7 million, on pace for \$242.6 million. Those would all be healthy increases from the year before.

The networks have been ever more creative about packing the shows with revenue opportunities, using sponsored segments, more ads in each half hour, and more.

To get a sense of perspective on how the morning shows have been turned into economic engines, between 1999 and 2003, the Today Show has improved advertising revenue, according to TNS, by 45%.

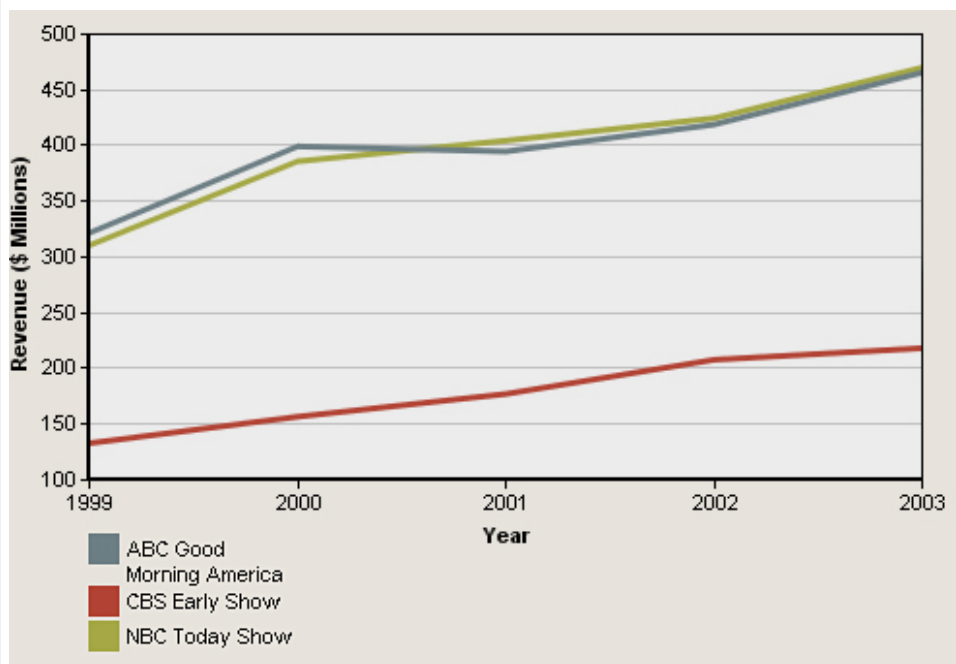
ABC's Good Morning America, despite a slight downturn in 2001, has seen ad revenues between 1999 and 2003 grow by more than 50%. For the same period, CBS, on a smaller base, has seen its ad revenue grow since 1999 by some 64%.

The length of the morning shows is the most obvious factor in their ability to generate higher revenue than their evening news counterparts, with roughly half the viewership. Data from Andrew Tyndall reveal that in 2004, the morning shows averaged about four times as much time for commercials and network promos on weekdays. Since they are four times the length (not counting the third hour of Today) that means the ratio of editorial to advertising is similar. ¹

The tone of the morning programs is also important. Morning shows have a greater flexibility in where and when advertising spots can take place. Because they are a blend of news and entertainment, a sponsor can, in essence, purchase a portion of the actual program – think of Smucker's sponsorship of The Today Show's long-running birthday greetings or, more recently, The CBS Early Show's partnership with Williams-Sonoma on a series of Thanksgiving spots, and the program's being featured in the houseware company's catalog and on its Web site. Those are obviously not the kinds of maneuvers we're likely to see on the evening newscast anytime soon. We provided a fuller explanation of this revenue flexibility in last year's report (see the Morning Show Economics section of the 2004 Annual Report).

Morning News Revenue, by Network

1999 to 2003



Design Your Own Chart

Source: TNS Media Intelligence/CMR unpublished data, www.tnsmi-cmr.com

Sunday Show Economics

The Sunday news programs are their own, unique genre in network news. At their root, the programs are intercom shows for official Washington. They do not position themselves as the viewer's friendly neighbor, as the weekday morning

shows. Nor as a source of information about a full range of events, in the evening news manner. A holdover from an age when broadcasters put on public-affairs programs to please regulators, Face the Nation (CBS), Meet the Press (NBC) and This Week (ABC) are network news's "insider" time.

As they have evolved, they have solidified their appeal to the political or news junkie, to make a base of viewers feel that they are plugged into the inside on a weekly basis. They have become a source of marketing for the networks to get their names in the Monday morning paper, by breaking some incremental news that officials want to deliver.

And the programs, particularly Meet the Press, have become profitable, thanks in part to the perceived elite status of their audience. Advertisers include accounting and investment firms, business-oriented products and higher-end automobiles – a departure from the home-care, grocery and hygiene products that make up much advertising on weekday morning and evening news shows. 2

News Magazine Economics

Despite ad bundling, economics for network news magazines look unpromising heading into 2005. Once all the rage and dominating prime time, the news magazines have been surpassed today by reality shows.

NBC's ubiquitous Dateline franchise has continued to experience declines in ad revenue, according to the TNS data. For the latest year available, 2003, its ad revenue dropped 3.5%, from \$245.6 million in 2002 to \$237 million. CBS's 60 Minutes dropped from \$97.6 million in 2002 to \$89.3 million in 2003. Meanwhile, 60 Minutes II 3 increased its revenue from \$63.5 million in 2002, according to TNS, to \$70 million in 2003. Taking into account that Dateline was often on three times a week in 2003 (and judging from transcripts published on Lexis Nexis, occasionally four times) that means 60 Minutes remained the most profitable of the news magazine on a per-hour basis. Still, according to insiders, the 60 Minutes figures are a result of CBS's decision to change the ad rates for the two broadcasts, boosting one at the expense of the other – another subtlety.

ABC's 20/20, another of the landmark news magazine shows, showed an ad revenue drop of about 5%, from \$93.6 million to \$88.7 million. The program's spin-off, 20/20 Downtown, has been cancelled since last year's State of the News Media report. 4

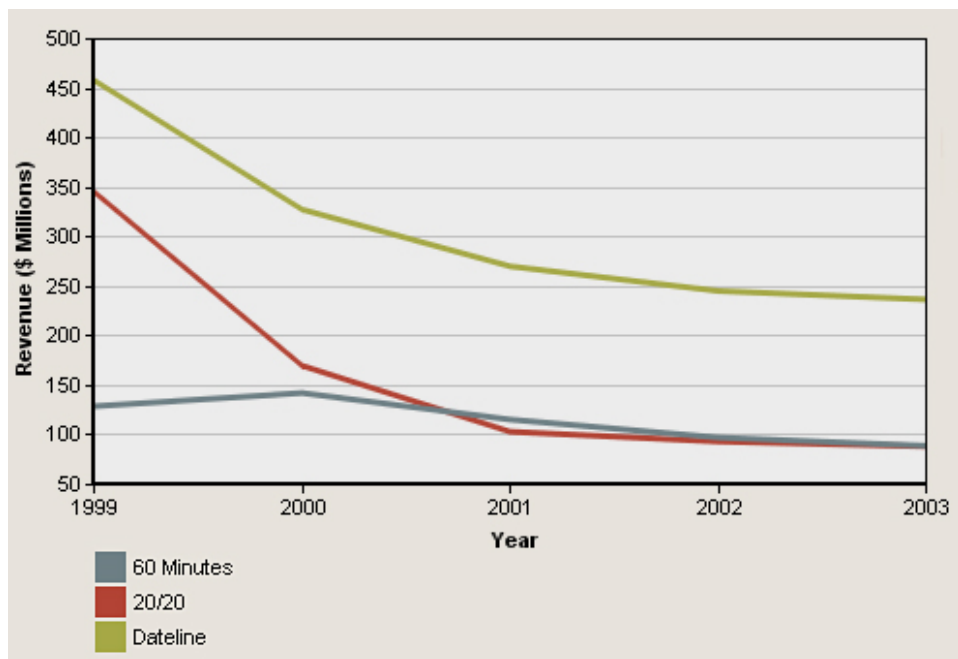
One magazine show to keep track of, the TNS advertising data suggest, is CBS's 48 Hours Mystery, which premiered as 48 Hours, became 48 Hours Investigates and finally, in 2004, got its present name. While low on the totem pole, it continues to grow. The program's ad revenue quadrupled from \$13.7 million in 2002 to \$55.7 million in 2003. That may be a reflection of the program's being given more hours over the calendar year on the CBS schedule. A review of transcripts available on Lexis Nexis showed it airing twice weekly for much of 2003.

Nightline, which had previously been holding steady, has begun to slip, albeit slightly. According to TNS, the program's revenue dropped from \$78 million in 2002 to \$69.5 million, or 11%, in 2003.

Network news executives the Project consulted confidentially to review these figures said one reason the NBC and ABC magazine shows are flagging is that both networks' prime-time schedules are suffering (see The Race Among the Networks in Audience). Revenues for the 10 to 11 p.m. time slot are down about 20% at ABC, according to rough estimates. Nightline's revenues have fallen too, not as badly, but clearly down. That may say more about the state of network entertainment programming than the state of network news.

One point to consider is that as a network's entertainment lineup becomes more successful, it raises the bar for how many viewers a news magazine must draw to maintain its place in the program lineup.

News Magazine Revenue, Select Programs
1999 to 2003



Design Your Own Chart

Source: TNS Media Intelligence/CMR unpublished data, www.tnsmi-cmr.com

60 Minutes, 60 Minutes II, 48 Hours, Dateline and 20/20 regularly air once a week. Nightline appears five nights a week, which would contribute to its higher advertising revenue totals.

Footnotes

1. The average minutes of commercials (including network promotions) for calendar year 2004: ABC World News Tonight-9.5, CBS Evening News-8.9, NBC Nightly News-8.8, ABC's Good Morning America-35.4, CBS's Early Show-35.3, NBC's Today-34.3.

2. In the context of the recent problems with Vioxx, pharmaceutical advertising is a coming major issue in network news. Four separate points that should be made. First, if shoddy approval procedures for prescription drugs release a torrent of liability lawsuits, this entire revenue stream could be seriously damaged. Second, one reason why the evening newscasts have provided a friendly editorial environment for these advertisers is that the networks have altered their news agenda over the years to include more health-medicine-lifestyle coverage. Third, that mix of editorial and advertising combine to send a message to younger viewers that the evening news is not for them. If the networks wanted to attract a younger audience, a wise move would be to refuse advertising that is targeted at geriatrics. Fourth, if Vioxx et al. do become embroiled in a tobacco-style controversy over false advertising about drug safety, network journalists will have to do all they can to make sure the erosion of their advertisers' credibility doesn't rub off on the credibility of their editorial content.

3. Before the Bush/National Guard memo brouhaha, there was no differentiation in name between the Sunday edition and weekday editions. That one was subsequently renamed 60 Minutes Wednesday.

4. The available numbers for Prime Time Live raised more questions in our minds than they answered. The totals appeared to be low, in part due to changes in the way the program was broken out. In the absence of a firm figure, we chose this year to leave the program out of the totals.

5. 60 Minutes, 60 Minutes II, 48 Hours, Dateline and 20/20 regularly air once a week. Nightline appears five nights a week, which would contribute to its higher advertising revenue totals.

Ownership

Ownership

The most salient trend in network news ownership is that journalism is an increasingly small part of what the corporations that own the networks do.

Some observers have used corporate annual reports as a proxy, albeit an uncertain one, to gauge the importance of a division to a corporation's overall identity. By that measure, news is indeed a relatively small part of these entities. The Walt Disney Company's 95-page annual report contains 22 sentences about news, 14 of them about the network, two about local news, three about broadband, one about wireless and two about radio. General Electric's annual report says the least. In its 117 pages, the narrative does not mention NBC News even once by name, though there is a reference to "advertising reductions because of coverage of the Iraq war (\$0.1 billion)." (Networks can lose advertising revenue during major news events by pre-empting regular programming.)

A more quantitative assessment of value is to break out how much of the revenue of the owners of the Big Three networks comes from broadcasting – that is, all of the revenue they receive from whatever TV stations and TV networks they may own aside from cable. Only part of that revenue, of course, is from news.

Looking at data from Advertising Age's annual "100 Leading Media Companies," broadcast revenue as a percentage of the overall revenue of parent companies has either dropped very slightly or held steady since 2002.

Viacom's broadcast revenue, \$7.8 billion for 2003, is 29% of the company's total revenue of \$26.6 billion. Broadcast provides \$4.8 billion, or 18%, of Disney's total revenue of \$27.1 billion. Broadcast provides only a small portion, 5%, of GE's overall revenue: Only 4.6%, or \$6.2 billion, of GE's total \$134.2 billion in revenue comes from broadcasting, and just a fraction of that comes from news. ¹

When cable is added to the mix, the contributions to overall revenue change. While the networks complain about cable competition, some of that competition comes from their own corporate siblings.

Viacom's television revenue (broadcast and cable combined) of \$13.4 billion constitutes a full 50% of the company's overall revenue, a 1% decrease from 2002. But the additional revenue is derived almost entirely from entertainment. Viacom, which does not own a cable news channel, does own, among others, such popular cable stations as MTV and Nickelodeon, both of which run very modest news operations. ²

In 2003, 38% of Disney's revenue came from television. That was a 3% gain from 2002 and totaled \$10.3 billion. But it, too, owns no cable news channel, so nothing is added from cable by news. It's digital start-up ABC News Now is in its infancy. Disney's cable portfolio, among other channels, includes ESPN, which does a significant amount of sports journalism, as well as A&E and, of course, the Disney Channel. ³

GE's cable revenues, as with broadcast, are substantially lower than those of either Disney or Viacom. The company, whose cable holdings include two channels offering news (CNBC and MSNBC) earns just 6% of its overall revenue from television. The numbers take into account the acquisition by GE of Vivendi Universal. The \$8.2 billion earned in 2003, while an increase from 2002, did not change the percentage of television's overall contribution to GE's revenue. ⁴

More recent numbers are available that isolate the revenues of the three broadcast TV networks alone. In 2004, according to Broadcast and Cable, NBC TV by itself had revenues of \$5 billion, CBS \$4.5 billion and ABC \$3.2 billion. ⁵

Television Revenue as Percent of Total Corporate Revenue
Dollars in Billions

	2003 Broadcast Revenue	2003 Cable Revenue	2003 TV Revenue (Broadcast + Cable)	2003 Total Revenue	2003 Broadcast Revenue as % of Total	2003 Cable Revenue as % of Total	2003 TV Revenue as % of Total
Viacom	\$7.8	\$5.6	\$13.4	\$26.6	29%	21%	50%
Disney	\$4.8	\$5.5	\$10.3	\$27	17%	21%	38%
NBC Universal (GE)	\$6.2	\$2	\$8.2	\$134.2	5%	1.0%	6%

Source: Advertising Age, "100 Leading Media Companies"

Broadcast Revenue as Percent of Total Corporate Revenue, 2002 vs. 2003
Dollars in billions

	2002 Broadcast Revenue	2003 Broadcast Revenue	2002 Total Revenue	2003 Total Revenue	2002 Broadcast Revenue as% of Total	2003 Broadcast Revenue as% of Total
Viacom	\$7.5	\$7.8	\$24.6	\$26.6	30%	29%
Disney	\$4.5	\$4.8	\$25.3	\$27	18%	17%
NBC Universal (GE)	\$6.8	\$6.2	\$131.7	\$134.2	5%	5%

Source: Advertising Age, "100 Leading Media Companies"

Television Revenue as Percent of Total Corporate Revenue, 2002 vs. 2003
Dollars in billions

	2002 TV Revenue (Broadcast + Cable)	2003 TV Revenue (Broadcast + Cable)	2002 Total Revenue	2003 Total Revenue	2002 TV Revenue as% of Total	2003 TV Revenue as% of Total
Viacom	\$12.5	\$13.4	\$24.6	\$26.6	51%	50%
Disney	\$8.9	\$10.3	\$25.3	\$27	35%	38%
NBC Universal (GE)	\$7.3	\$8.2	\$131.7	\$134.2	6%	6%

Source: Advertising Age, "100 Leading Media Companies"

NBC

NBC got much bigger in 2004 with its \$14 billion acquisition of the movie studio and entertainment assets of Vivendi Universal Entertainment, the ailing French entertainment giant. The result is a company consisting of TV networks, studios, cable networks, theme parks, owned-and-operated local stations and a network news division. The corporation's goal was to fashion an operating division better protected from the volatility of the TV distribution business (which relies on advertising and audience ratings) by acquiring control of TV production, too (a large studio and its entertainment library of 5,000 films and 40,000 hours of TV programming).

As chief executive Bob Wright explained, "A lot of the savings comes from marketing and promotion, and cross-promoting various platforms..."⁶ such as showcasing NBC television programs in company theme parks.

NBC Entertainment's chief, Jeff Zucker, was reported by The New York Times to have acknowledged that NBC had been criticized for using time on the network's news programs to promote entertainment programming like the finale of "Friends."⁷ But he went on, the paper said, to explain, "Clearly we're not going to have Tom Brokaw do the Nightly News from Universal Riverwalk, but we might have "Access Hollywood" do a show from there."⁸ But, in fact, it was as part of the Today show's coverage of the 2005 Golden Globe awards that the weathercaster Al Roker showed up on the Riverwalk demonstrating Fear Factor stunts.

With the Brokaw-Williams handoff now completed, NBC executives appear to have adopted a wait-and-see attitude about changes to the Nightly News. Williams, in public appearances and interviews, appears anxious to position himself as a protector of traditional news values and presentation, at the same time acknowledging the changing media landscape: he seems as likely to make these appearances in an Internet chat room or on Comedy Central's "The Daily Show" as before a conference of journalists or academics.

ABC

The Walt Disney company had a rocky year. There was continued pressure from dissident shareholders. There was the spectacle of chief executive Michael Eisner on the stand during a lengthy trial concerning the costly dismissal of Michael Ovitz. There was the prospect of a major new exposé about the company by the journalist James B Stewart.

As The Financial Times put it in April, "The network's weakness was highlighted at Disney's annual meeting in 2004, when 43 per cent of shareholders withheld their support from Michael Eisner, chief executive. Eisner will retire in 2006." 9

During that annual meeting, network officials highlighted the strong performance of ABC's news division, as well as sports and daytime programming. They called the continuing problems in prime time "our biggest challenge and priority." 10

By fall, ABC appeared to be beginning to meet some of that challenge with the success of such shows as "Desperate Housewives" and "Lost."

CBS

As with Disney and NBC Universal, CBS's parent company, Viacom, is now a media company rather than principally a broadcaster. It owns the Paramount movie studios and TV syndication business; the CBS and UPN networks; 20 CBS-affiliates, 18 UPN local TV stations and an independent; MTV, Nickelodeon, Black Entertainment Television, VH1, Comedy Central, and the Movie Channel; more than 185 Infinity Broadcasting radio stations; Viacom Outdoor Advertising; Paramount theme parks; movie theaters, and Simon & Schuster, the publishing house. It also owns CBS News.

In 2004, the network's entertainment division prospered. Not only did it re-capture the ratings crown from NBC but, in doing so, it attracted more of the younger viewers most prized by advertisers. CBS News was also profitable despite the fact that only two of its programs – the Sunday edition of 60 Minutes and Charles Osgood's Sunday Morning – were ratings leaders. The last-place standing of the Evening News worsened. Morning news numbers increased steadily for the first time in years, but were still in third place. The cloning of 60 Minutes to a second night appeared to be working until the disaster of its Texas Air National Guard segment. The division's other prime-time magazine show, 48 Hours, held its own. Face the Nation was second among the Sunday morning talk shows while Sunday Morning remained a favorite of critics and audiences alike.

In a November 25, 2004 article examining the network's improving health, the New York Times media writers Bill Carter and Jacques Steinberg wrote that "CBS is doing so well right now with its entertainment programming that the developments in its news division – led by Dan Rather's sudden announcement that he will step down sooner than expected from the anchor position after a 24-year run – are being taken entirely in stride." 11 The writers quoted CBS's chairman, Leslie Moonves, as saying, "Our news division is not hurting us." 12

"That may not represent a ringing endorsement," the Times writers observed, "but it also does not signal the kind of management displeasure that in the past led to major layoffs, big budget cuts or other batterings of CBS News." 13

"The network," Moonves was quoted as saying, "has never been healthier." 14

While Moonves has been consistent in expressing his support for the news division, he also signaled that change was in the air. "There's no question that CBS News is at a transition point," Moonves said, according to the Times. 15 "There has to be a re-examination of what network news will be in the future." 16

In 2005, for CBS News the path to that future will become clearer.

To the degree that history is a guide, the Evening News could change dramatically, or continue to erode. Moonves has shown that he's not afraid to make bold moves and to spend money. He pumped money for talent and equipment into the owned-and-operated TV stations and Infinity radio. Viacom has also spent heavily on the Paramount Pictures division. As Broadcasting and Cable magazine observed, when Moonves "took the reins of the then-moribund CBS entertainment division several years ago, he opened the checkbook and signed such megastars as Bill Cosby, Steven Bochco and Bette Midler. The resulting shows didn't produce any hits, but Moonves had sent a message to the industry." 17 Moonves's history of spending on entertainment, though, has to be balanced with the history of cost-cutting at CBS News under the division's president, Andrew Heyward.

Whatever they decide to do, a convergence of events has served to clear many obstacles. With the Evening News now in third place (to the point of nearly being overtaken by cable news programs) and its anchor leaving under a cloud, there's a perception that any change will probably be an improvement. With questions raised about the credibility of news division management, Moonves's involvement in news programming is likely to be perceived as having been thrust on him rather

than meddling. And with the entertainment division riding high, the network has a stronger position from which to negotiate with affiliates.

Footnotes

1. Advertising Age, 100 Leading Media Companies chart
2. Ibid.
3. Ibid.
4. Ibid.
5. John M. Higgins, "Still Strutting After All These Years," *Broadcasting and Cable*, December 13, 2004.
6. Tim Burt, "A New Media Model?," *The Financial Times*, November 30, 2004.
7. Bill Carter, "Deal Complete, NBC Is Planning to Cross-Market," *The New York Times*, May 13, 2004.
8. Ibid.
9. Tim Burt and Holly Yeager, "Disney ponders changes at ABC network," *The Financial Times*, April 7, 2004
10. Ibid.
11. Bill Carter and Jacques Steinberg, "Improved Numbers Shelter CBS From the Fallout," *The New York Times*, November 25, 2004
12. Ibid.
13. Ibid.
14. Ibid.
15. Bill Carter, "Courage, CBS News," *The New York Times*, November 24, 2004
16. Ibid.
17. *Broadcasting and Cable*, Dec. 20, 2004

News Investment

News Investment

Little appears to be new, or improved, when it comes to newsroom investment at the networks.

- The number of correspondents on the air and the amount of their workload appears largely unchanged in 2004, but CBS has a smaller team that has significantly more to do.
- Each of the networks reports opening Baghdad bureaus.
- The news hole of the programs has not changed appreciably.
- The resources of at least one network, ABC, could drop appreciably in 2005 if the network abandons its late-night magazine franchise, *Nightline*.

Staffing and Workload

The news about staffing and workload in network newsrooms is again not good. By anecdote and by statistic, all evidence points to people being stretched thinner.

For 20 years, some of the most carefully drawn data on network newsroom investment came from Joe Foote at Arizona State University. In 2003 Foote decided to end his project. ¹

For 2004, we have turned to similar data collected by Andrew Tyndall of the Tyndall Report, who is also a contributor to this study.

There are echoes in the two sets of data over the years that allow us to make comparisons. The specific numbers sometimes vary, (Foote's are based on seven days a week, Tyndall's on weekdays) but both trend lines move in the same direction through 2002 – fewer reporters and more work. ²

Tyndall's data, using an approach similar to Foote's, go back to 1994 and fairly closely track Foote's. ³ His data through 2002 show workload increases similar to Foote's. The number of stories filed per year per correspondent was at 42 in 2002, up from 35 in 1996.

For 2003, Tyndall found a slight uptick in the number of correspondents appearing, and a slight decrease in workload. The average number of correspondents who appeared on the newscasts rose to 45. The average number of stories filed dropped by 2 to 40.

In 2004, Tyndall found the number of correspondents basically unchanged (dropping from 45 to 44), and the workload also unchanged (the average number of stories filed per correspondent remained 40).

But there are differences by network – or at least at one network.

The CBS Evening News had notably fewer correspondents than NBC or ABC (about 15% fewer) doing substantially more work in 2004. NBC had 46 correspondents averaging 39 stories each (to be counted, a correspondent had to produce at least five stories during the year), and ABC had 47 correspondents producing on average even fewer pieces, 35 a year. CBS's correspondents had a heavier load; only 39 correspondents, with an average of 46 stories. That is 30% more stories than for ABC correspondents and 18% more than for NBC.

There were several retirements: At NBC, Robert Hager, known as "the rabbit" internally, was by many counts the most productive network correspondent for many years. CBS lost the top London-based correspondent Tom Fenton as well as Bruce Dunning, the network's veteran correspondent in Tokyo. There were no announced replacements for those departures.

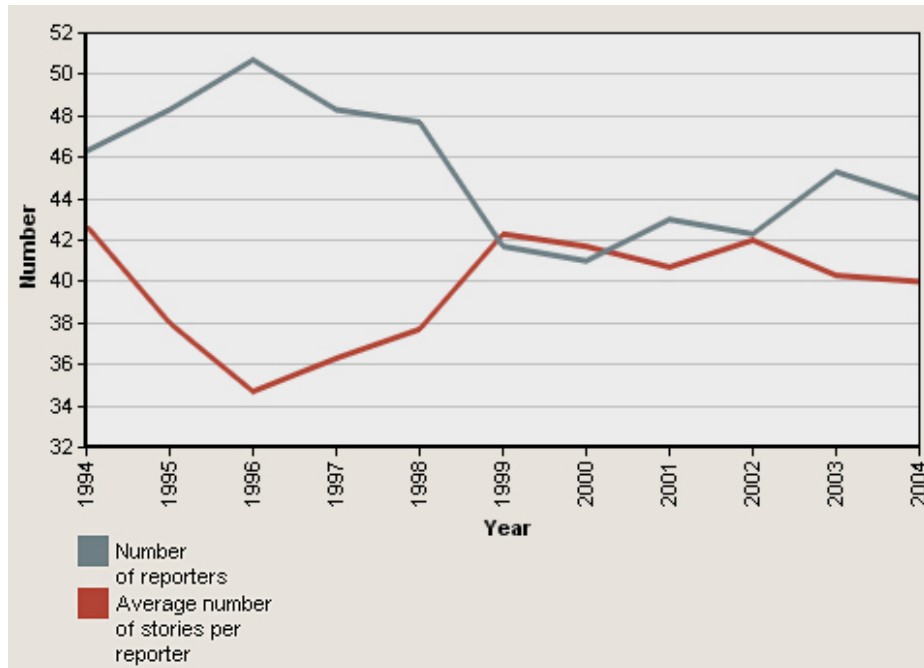
It should be pointed out that while the trend lines over time in both the Foote and Tyndall data are clear – more work for fewer reporters – there are up and down movements year to year. Thus it would be premature to say whether the 2003

changes indicate anything more than one of these temporary blips.

While there are no comparable data for off-air personnel, most people in network TV whom the authors of this report have talked to over the years acknowledge that the cutbacks in these unseen staff members are probably comparable or even greater.

Average Network Newsroom Size and Reporter Workload

1994 to 2004



Design Your Own Chart

Source: Unpublished data from ADT Research

Bureaus

Last year's report also detailed cutbacks over time in network bureaus. Since their peak in the 1980s – about the time that network news divisions began to feel the impact of cable and began to be viewed by owners as profit centers – the number of international bureaus have been cut roughly in half. ⁴ In the last year, CBS and ABC report that they have added one bureau each, in Baghdad. NBC told the Project it had added four bureaus over the past year: Cairo, Germany, Beijing and Tokyo, while not closing any.

The Cutbacks in Context

We had a full discussion of the implications of these cutbacks in last year's report, and we refer anyone who wants to examine this issue in depth to that. In brief, however, some network news professionals we have consulted with argue that counting people does not tell the whole story. The networks in the 1980s, they suggest, were bloated. New technologies have also allowed more productivity. And if one were to compare a network story today to one 20 years ago, the number of elements and video sources that can be assembled into a piece is notably higher today, even with fewer correspondents.

Network veterans who tend to see the cutbacks differently argue that the scale of the cuts exceeds what might be justified by efficiency, that what has been lost is often the institutional memory and skills of veteran correspondents, and that forcing fewer people to do more stories has an unavoidable impact on the time put into stories. It limits the ability to go to where the news is being made and to research, verify, edit and write pieces-in addition to the ability to do enterprise stories off the beaten path, to break news or blaze new trails. On the stump, the networks' political teams used to consist of five or six correspondents; nowadays the number is two or three.

There is merit, we think to both arguments. One can be dazzled by the quality of a nightly newscast on a heavy news day, in particular. It is on the days when the obvious news is not so heavy, and in the ability of the newscasts to sustain

coverage over an extended period of time on a major story without fatigue, that network insiders say and our own viewing affirms that the differences become clear.

Andrew Tyndall, a collaborator on this report, says he finds that the cutbacks do not effect the major stories but the middle-tier ones. Iraq and campaign 2004 were both covered as heavily as they would have been 20 years ago. What gets cut is the middle rank story which requires assignment expense to dispatch a correspondent. That is more likely to become a read-only or voiceover video nowadays.

News Hole

In addition to staff and bureau cutbacks, the networks have also cut back on the amount of news in each newscast – that is the block of the newscast that excludes advertising and network promotions and teases. The notion that the 30 minute newscast was really a 22-minute newscast is no longer true. It is closer to 18 minutes.

Data from Tyndall show that the amount of time devoted to news – as opposed to ads, promos and teasers – on the half-hour network nightly news shrunk 11% in 12 years, from 21 minutes in 1991, after the first Gulf War, to 18.7 minutes in 2002, on the eve of the second Gulf War. Extra time devoted to coverage of the September 11 attacks in 2001 accounts for the only anomaly in the downward trend.

In 2004 the newscasts shrank just slightly, to 18.6 minutes on average, down from 18.8 minutes a year earlier. NBC had the largest news hole, 19.3 minutes and ABC the smallest, 18.3, with CBS at 18.4.

Average Time Devoted to News on Evening Newscasts 1988 – 2002

Year	Time (in Minutes)
1988	21
1989	21
1990	21
1991	21
1992	20.6
1993	20.4
1994	20.1
1995	19.9
1996	19.6
1997	19.1
1998	19.0
1999	18.8
2000	18.8
2001	19.0
2002	18.7
2003	18.8
2004	18.6

Source: ADT Research, unpublished data

Some in television believe that the shrinkage of the newshole is an underrated factor in audience erosion. If TV news viewing involves some trade-off between the annoyance of watching commercials and the gain of watching the news, then the annoyance factor is up by over two minutes from an earlier era. Conversely, Tyndall believes that the fact that two of the morning news programs (Today and Good Morning America) now offer 20 minutes of program uninterrupted by commercials is a factor in their audience growth.

Information on the news hole of the morning shows is more limited, but it shows a similar trend. Over ten years, every hour of morning news contains two fewer minutes of programming – 44 minutes 10 seconds in 1992, down to 41 minutes 57 seconds in 2001 – according to a study from the American Association of Advertising Agencies and the Association of National Advertisers. The Association has discontinued this reporting, but Andrew Tyndall did a census that shows for 2004, the morning shows averaged 42.5 minutes of news each hour, perhaps a slight up-tick.

Average Division of Time on Morning News 1992 – 2001

	Programming	Commercials	Promos/Credits	PSAs
1992	44:10	13:49	1:49	:12
1993	43:34	13:48	2:26	:11
1994	43:25	13:27	2:47	:21
1995	43:40	13:29	2:22	:29
1996	44:27	12:56	2:06	:31
1997	44:01	13:20	2:13	:26
1998	43:20	13:29	2:42	:29
1999	42:28	14:49	2:18	:25
2000	42:15	14:34	2:47	:24
2001	41:57	14:57	2:42	:24

Source: American Association of Advertising Agencies (AAAA) and the Association of National Advertisers, Inc., "Television Commercial Monitoring Report," 2001, p. 18.

Last year's report explores the implications of this diminution of news hole at more length, but there are several facets to consider. Shrinking the news hole reduces the size of the product, and packs more ads, teasers and promos into the show, which may make it more irritating to viewers. On the other hand, all that also translates into more revenue for the news division that could be used, if executives were so inclined, for correspondents, equipment, salaries and other resources to gather the news. History suggests, however, that that is not happening. Shrinking the news hole also means that less news has to be gathered each day to fill a newscast.

The Cost of War

A great deal of the money being spent on covering the Iraq war is to protect the journalists who have been sent there to cover it. In a May 2004 article in *Broadcasting & Cable* magazine, one network executive was reported to have said that his company "is paying \$2 million a year for life insurance for employees who are, quite literally, in harm's way. That expense and security – highly trained, ex-Special Forces military types that all the networks have hired from shadowy British firms like Centurion, Pilgrims and AKE – are the largest line items for the networks." ⁵ The article suggested that, conservatively, a network like CNN might be spending some \$360,000 a month on the just over two dozen bodyguards traveling with its four dozen staff members.

Armored vehicles, like the car that may well have saved the lives of a CBS production crew targeted by a bomber in February 2004 on the road near Baghdad, run approximately \$150,000 to \$200,000. ⁶

Network insiders also told *Broadcasting and Cable* that ABC, CBS, NBC, Fox and CNN, combined, had spent somewhere in the neighborhood of \$35 million, or an average of \$7 million apiece over the first year of the Iraq conflict. That figure was most likely higher for NBC, with additional responsibilities to CNBC, MSNBC and Telemundo; it may have spent \$8 to \$9 million. ⁷

In a speech delivered as part of the Triangle Institute for Security Studies' Media Conference: The American Media and Wartime Challenges prior to the start of the Iraq War (March 22, 2003), Lawrence K. Grossman, former head of PBS and NBC News, said NBC had spent \$250,000 a day "in pre-war coverage, positioning...people and equipment." At that time, Grossman stated that Network news divisions were anticipating spending as much as \$1million a day on coverage-roughly what was spent at the start of the 1991 Gulf War.

The conflict has continued longer than anyone anticipated, and networks have continued their coverage, although not with the intensity seen during the so-called initial combat phase; there are fewer embedded correspondents, reporters in Baghdad are now confined largely to the Green Zone, and there is more pool coverage. The networks' planning may have fallen into the trap of "fighting the last war": much of their budgeting and planning may have been based on the expectation that this war would be as brief as the one in 1991. There is little doubt that the original budgets are being stretched.

Will the networks scale back their coverage? As Grossman said in his speech, those news operations are now financially cushioned by much larger corporate entities. ⁸ That will greatly strengthen their ability to continue covering the war even as it continues to be an unexpected and unwelcome line item.

According to the May 2004 *Broadcasting & Cable* article, a news organization insider said those in charge know covering a war is "expensive [but] they know we've been fiscally disciplined, and they've been exceedingly generous in making sure

we have the money we need to cover war.” 9

On the other hand, other insiders say that historically, parent companies, big or small, have always been generous when it came to covering extraordinary events, such as wars or disasters. The real issue is whether the owner then offsets those costs by insisting on cutbacks elsewhere in the news division later.

There is less doubt that news organizations have also benefited, at least financially, from the fact that improvements in technology have made covering the war easier and more cost-efficient than before. The two-man crew that was the rule in years past, for instance, has been reduced to one as the weight and bulk of TV news field cameras have shrunk.

Footnotes

1. The Project contacted Professor Foote to confirm that he had concluded his study. He said he did so because the twenty-year time span made this a logical time to close things. He also said it seemed the network newscasts “were not as important in the total scheme of broadcast journalism as they were in 1983 when I started.”
2. Foote’s data, as described last year, found that the number of reporters who appeared on network news had declined by more than a third from its peak in 1985, from 76.7 to 50 in 2002. That is a drop of 35 percent. That reduction in staff has meant an increase in reporter workload. In 1985, reporters appearing in evening newscasts did an average of 31.4 stories a year. By 2002, that number had climbed to 40.9, according to Foote. Figures for other network staff (producers, cameramen, etc.), were not available, but reductions among them may be even greater because of technological changes.
3. Tyndall, tracking weekday newscasts, puts the average number of correspondents who appeared on network evening news in 2002 at 42. Foote, tracking seven days a week, puts the number at 57.
4. According to accounting by American Journalism Review, since the peak in the 1980s, ABC had closed seven foreign bureaus and as of the summer of 2003 had six remaining. NBC had closed seven as well, also leaving six. CBS had closed four, but had fewer to begin with, thus also leaving six. Lucinda Fleeson, “Bureau of Missing Bureaus.,” American Journalism Review, October/November 2003. www.ajr.org/Article.asp?id=3409.
5. Steve McClellan, “The War of Addition,” *Broadcasting & Cable*, May 17, 2004
6. Ibid.
7. The U.S.-led coalition’s bombing campaign started at 9:30pm ET on Thursday, March 20, 2003. Figures quoted were published in a *Broadcasting & Cable* article, “The War of Addition,” published May 17, 2004.
8. “Last year, NBC’s parent company, GE, took in \$132 billion in revenues. All of NBC News probably accounted for less than one-half of one percent of that number.”-Lawrence K. Grossman, Triangle Institute for Security Studies, *The American Media and Wartime Challenges*, March 22, 2002
9. “The War of Addition,” *Broadcasting & Cable*, May 17, 2004

Public Attitudes

Public Attitudes

Have public attitudes toward the network news divisions changed in the last year?

By one measure, 2004 suggested the public may be questioning the authority it once found in network news. On Election Night 2004, the three commercial broadcast networks each lost millions of viewers compared to the number that tuned in four years earlier. The Fox broadcasting network and CNN each posted modest gains, while Fox News on cable tripled its viewership to top 8 million.

Did Election Night 2004 signal a further shift in public respect for the networks?

The first place to start looking might be in one of the most basic measures of attitudes, whether people believe most of what a news organization tells them.

The Pew Research Center for the People & the Press has been asking the public about the “believability” of different news organizations for the past 19 years. And in that time, there has been a marked decline in the believability of network news. The number of people giving ABC, CBS or NBC news the highest mark for believability fell from roughly 32% in 1985 to 25% in 2002.

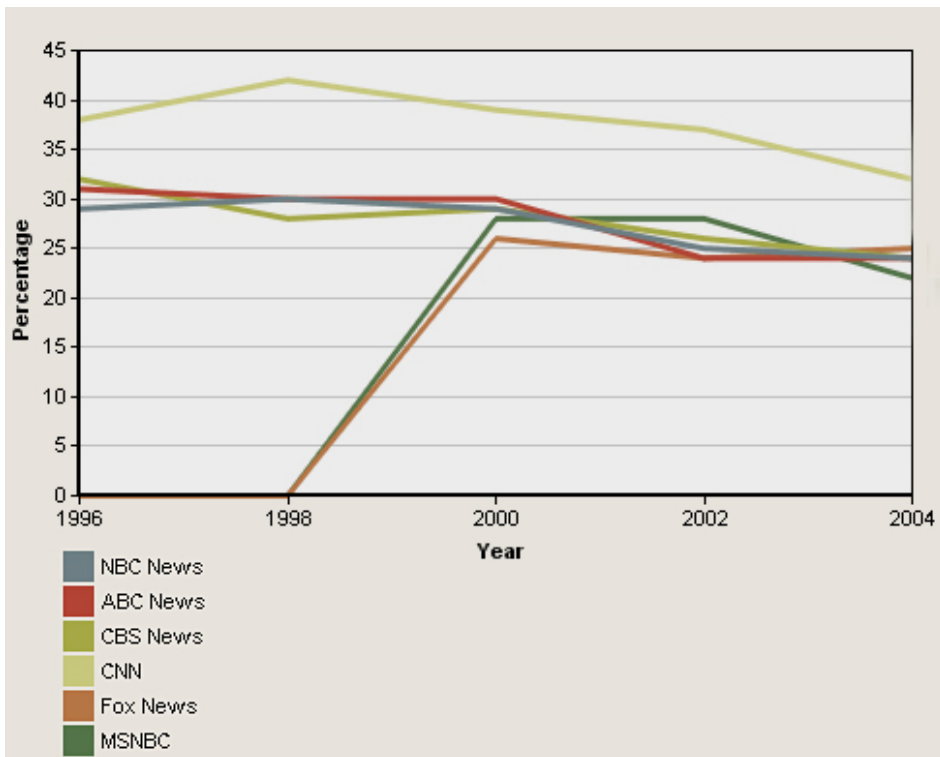
In 2004, the number fell again, to 22%. ¹

Television News Believability

	Believe all or most 4	3	2	Believe almost nothing 1	Can't Rate/Never Heard of Outlet	Total
NBC News	22%	39	24	9	6	100
ABC News	22%	36	24	9	9	100
CBS News	22%	35	24	9	10	100
CNN	29%	36	17	8	10	100
Fox News	21%	33	23	9	14	100
MSNBC	18%	36	22	8	16	100
C-Span	20%	28	18	7	27	100

The Pew Research Center for the People & the Press, “Pew Research Center Biennial News Consumption Survey,” June 8, 2004.

Believability of Network News Outlets
 Believe all or most of what organization says



Design Your Own Chart

Source: The Pew Research Center for The People & The Press, "Pew Research Biennial News Consumption Survey," June 8, 2004

Data does not exist for Fox News or MSNBC before 2000. Percentages based on those who could rate each.

That sense of declining trust now seems to apply to cable news as well. Two of the three cable networks saw their believability scores fall slightly. Only Fox News Channel saw an increase. One broadcast network, CBS, also saw a slight drop, from 26% to 24%.²

Interestingly, there are no meaningful differences between the believability of any of the networks, including the cable channels. The lone exception is CNN, which is perceived as somewhat more believable than most (about 8 percentage points higher), though it is now falling.

According to survey data gathered by the Pew Research Center, as "a consequence of...increasing partisanship, the most trusted news sources for Democrats, Republicans and Independents vary widely."³ Indeed, people from each of those political affiliations ranked only three news organs – CNN, 60 Minutes and C-Span – as most believable.

But when the Project delved further into the Pew Research Center's data on news consumption, we found that while partisan divisions exist between what outlets people find credible, similar divides do not exist with regard to news consumption. Republicans who respond that they distrust a news organization will actually watch it in the same proportions as those who trust it. The same is true for Democrats and Independents.

In other words, the idea that there are "Red" and "Blue" news media has been overstated. There is an exception to this, and that is the cable networks. Perhaps unsurprisingly, viewership of the Fox News Channel tends to be more heavily Republican.

Believability of Select News Sources*

Republicans	Democrats	Independents
Fox News 29%	CNN 45%	60 Minutes 29%
CNN 26	60 Minutes 42	CNN 28
60 Minutes 25	C-Span 36	C-Span 26
Wall Street Journal 23	ABC News 34	U.S. News 26
C-Span 22	CBS News 34	NBC News 24
Local TV News 21	NPR 33	NewsHour 24

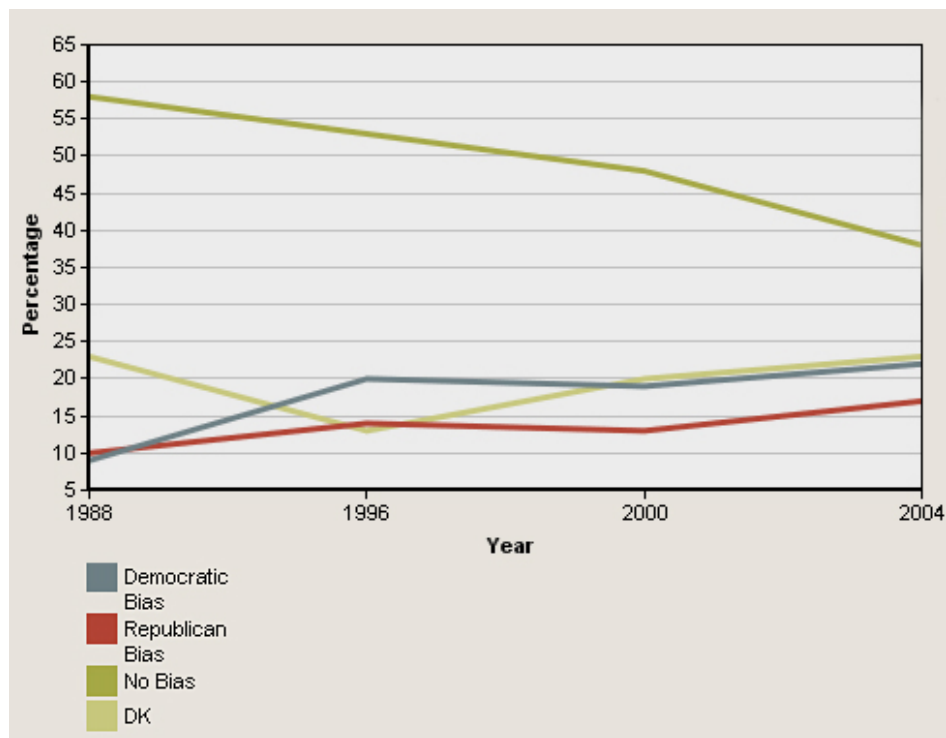
* Percent are those from each group who believe all or most of what the organization reports, based on those able to rate the organization
 Source: The Pew Research Center for The People & The Press, "Pew Research Biennial News Consumption Survey," June 8, 2004

In addition to asking people to rate the “believability” of various news outlets, the Pew survey separately asks people whether they “trust what news organizations are saying.” Here, too, trust and use do not correlate. Republicans who distrust the news media are as likely – and often more likely – to be viewers of network news as those who are more trusting, a phenomenon that is also true of Democrats, Independents, conservatives, liberals and moderates.

There is another wrinkle to the partisanship question. People of all ideological stripes, according to Pew data, tend to see more bias in the press than they used to – a point worth noting given the long history of questions about the networks. Conservatives see a liberal bias. Liberals see the news media as establishment or conservative.

Bias in Campaign Coverage

1988, 1996, 2000, and 2004



Design Your Own Chart

Source: The Pew Research Center for the People & the Press,

*qu: In the way they have been covering the presidential race so far, do you think that news

It would seem that the believability of a media organization connects to larger feelings about media in general, rather than specific things that a news organization does or doesn't do. That may be because it is difficult for people answering a survey to recall specific incidents or facts that might influence their responses.

The big media imbroglio of 2004, the so-called “Memogate” incident at CBS News, deserves a closer look, then, in the context of examining public feelings toward network news.

Memogate

On September 8, 2004, 60 Minutes Wednesday reported that CBS had obtained six Texas Air National Guard memorandums from the files of Lieutenant Colonel Jerry Killian that indicated that George W. Bush, as a lieutenant, had failed to fulfill his Guard obligations.

According to the memoranda, Bush ignored orders to get a physical, and his National Guard superiors had been pressured to give him favorable evaluations. In the same edition of the news magazine, a former Texas House speaker, Ben Barnes, discussed his role in securing a place in the Guard for Bush, a position that many assert was meant to ensure that Bush would not be sent to Vietnam.

The authenticity of the memos would soon be in doubt, and that embarrassment would lead to an independent investigation at CBS News that is reverberating in 2005. But how the doubts about the memos came to light may be just as important a lesson about the new media culture as what happened inside CBS.

Examining a Time magazine reconstruction of events (in a September 27 article), and backlogs on the Web, it appears that the memos were already being discussed on the Web the day before the 60 Minutes Wednesday story aired.

At 3:30pm ET, the blogger Joshua Micah Marshall posted on his Talkingpointsmemo.com: "Contrary to what I had originally understood, the Ben Barnes interview is running Wednesday evening. But, I'm told by several sources that the Barnes' interview is only a relatively small part of the package 60 Minutes is running. There's other stuff that CBS has – newly discovered, or at least newly-revealed, documents that shed light on Bush's guard service or lack thereof." 4

The buzz about the documents set conservative bloggers on point. According to the Time account, by the next afternoon, "bloggers at freerepublic.com, a conservative website, began anticipating the coverage with comments such as, 'CBS should have to register as a Democrat [campaign organization].'" 5

Before the piece on Bush and the Guard had finished (a preview of the segment had already been broadcast by Rather as the lead item on the CBS Evening News at 6:30 p.m. EDT) one of Freerepublic's "freepers" questioned the documents' authenticity. By 9:16 p.m. PDT, an online thread had been constructed on the site to specifically discuss the purported National Guard memos.

The posting that would draw the most attention (and eventually lead to the discrediting of the documents), was posted by a freeper who went by the name "Buckhead." He wrote:

"...every single one of these memos to file is in a proportionally spaced font, probably Palatino or Times New Roman.

"In 1972 people used typewriters for this sort of thing, and typewriters used monospaced fonts.

"The use of proportionally spaced fonts did not come into common use for office memos until the introduction of laser printers, word processing software, and personal computers. They were not widespread until the mid to late 90's. Before then, you needed typesetting equipment, and that wasn't used for personal memos to file. Even the Wang systems that were dominant in the mid 80's used monospaced fonts.

I am saying these documents are forgeries, run through a copier for 15 generations to make them look old." 6

Bloggers went on to dissect the type of font used in the memo, the type of paper and notations that, according to the bloggers, did not jibe with military procedures at the time.

And it was not just in the blogosphere that the memos were seen as forgeries. The traditional press, particularly ABC News and The Washington Post, would eventually track down sources to confirm much of the skepticism of the bloggers. In time, Marian Carr Knox, who had been the typist for Lieutenant Colonel Killian (he died in 1984) would tell several news organizations that she had not typed the documents and that there were things in the memos that did not square with Air National Guard style.

On September 15, Rather interviewed Knox on 60 Minutes Wednesday. She again said that she had not typed the memos but that the information contained in the reports did reflect the thinking of her boss at the time. In a statement issued by CBS News the day the interview was to air, CBS News vowed to "redouble its efforts to continue reporting aggressively on all aspects of the story..." 7 The release continued, "The CBS News Report was based on a preponderance of evidence: many interviews, both on- and off-camera, with individuals with direct and indirect knowledge of the situation, atmosphere and events of the period in question, as well as the procedures, character and thinking of Lt. Col. Killian, Lt. Bush's squadron commander in the Guard, at the time." 8

In a section titled "Other Issues," Major General Bobby Hodges was quoted as saying that "...the CBS News report '...reflected issues he and Col. Killian had discussed – namely Mr. Bush's failure to appear for a physical, which military records released previously by the White House show, led to a suspension from flying.'" 9

The statement also outlined the process CBS News undertook to verify the memorandum before the story was broadcast. Four independent experts were used to examine the documents, though only two still stood by their certifications by the time of the September 15 release.

Both Rather and CBS News continued to stand by the authenticity of the documents for about another week. On September 20, both the anchor and the network publicly acknowledged that the memos raised too many questions. Rather said, "...I no longer have the confidence in these documents that would allow us to continue vouching for them journalistically. I find we have been misled on the key question of how our source for the documents came into

possession of these papers... We made a mistake in judgment, and for that I am sorry. It was an error that was made, however, in good faith and in the spirit of trying to carry on a CBS News tradition of investigative reporting without fear or favoritism.

“Please know that nothing is more important to us than people’s trust in our ability and our commitment to report fairly and truthfully.”¹⁰

In the wake of Rather’s apology from the anchor desk, CBS appointed Dick Thornburgh, former U.S. attorney general and former governor of Pennsylvania, commonly described as a moderate Republican, and Louis Boccardi, a former president of The Associated Press, to investigate the incident.

What is striking is the almost non-reaction of the general public to the incident. In a USA Today poll of its readers, more than half of those surveyed said that they felt the incident was an “honest mistake.” Even more (64%) did not believe that CBS should fire Rather over the forged documents.

On January 10, 2005, CBS News released a 224-report that outlined the findings of the Thornburgh-Boccardi investigation. The panel “concluded that producers failed to follow basic journalistic principles in the preparation and reporting of the...piece. [The] panel...concluded that there was no sign of political or anti-Bush bias in the production of the story...”¹¹

The panel stated that the cause of the fundamental reason behind “At the root of the reporting fiasco, the panel said, was a “myopic zeal” to be the first news organization to break new ground about Bush’s Guard service. That, the panel said, was critical in explaining why CBS News had produced a story that was not fair or accurate and did not meet the organization’s standards.”¹²

“The combination of a new 60 Minutes Wednesday management team, great deference given to a highly respected producer and the network’s news anchor, competitive pressures and a zealous belief in the truth of the segment seem to have led many to disregard some of the fundamental journalistic principles.”¹³

Following public release of the report, CBS asked for the resignation of Betsy West, a senior vice president who supervised prime-time news programming; Josh Howard, executive producer of 60 Minutes Wednesday, and a senior producer, Mary Murphy, who was Howard’s deputy. Mary Mapes, producer for the National Guard segment, was fired. Dan Rather had previously announced he would be stepping down as network anchor and would remain as a correspondent for 60 Minutes.

Footnotes

1. “News Audiences Increasingly Politicized,” Pew Research Center Biennial News Consumption Survey, June 8, 2004, Topline results, pp. 101-104
2. Percentages based only on those people who were able to rate the news organization.
3. “News Audiences Increasingly Politicized,” Pew Research Center Biennial News Consumption Survey, June 8, 2004, pg. 44.
4. Talkingpointsmemo.com, “Feel the Buzz,” Joshua Micah Marshall, September 7, 2004
5. Time magazine, “How to Knock Down a Story,” Joshua Macht, September 27, 2004
6. Reprinted from Freerepublic.com, “The ‘New’ CBS Bush Documents, Let’s do some investigating.”
7. Release, “Marion Carr Knox, Secretary of Lt. Col. Jerry Killian to Appear on ‘60 Minutes’ Tonight in First Television Interview,” September 15, 2004
8. Ibid.
9. Ibid.
10. “Dan Rather Statement on Memos,” from the CBSNews.com website
11. Peter Johnson, “CBS Fires 4 over Bush Guard Story,” USA Today, January 26, 2005.
12. Ibid.
13. Text quoted from the Report of the Independent Review Panel on the September 8, 2004 60 Minutes Wednesday Segment “For the Record,” Pg. 29

Conclusion

Conclusion

At the end of 2004, CBS's respected and reserved London correspondent, Tom Fenton, retired. A month later, segments of his memoir began to leak to the press. After having countless stories rejected over the years, and beaten down by what he called "corporate greed," Fenton said that the London bureau "doesn't do much reporting anymore. What it does is called packaging," assembling video and facts gathered by other organizations. The philosophy, according to Fenton is, since it is cheaper, "take it on trust. Don't shoot it, don't report it – just wrap it up and slap the CBS eye on it." ¹

Fenton's perch, a quarter-century in London, is hardly at the center of the storm. His memoir has to be taken as one man's view, a limited one. CBS executives have also been harsh, and in some ways quite persuasive, in their own defense. One executive went back and was able to disprove many of Fenton's specific recollections. Stories he thought were ignored had actually been broadcast. Other correspondents had covered the stories he said had been rejected.

But Fenton's larger argument about changes in network TV, while stated as a polemic, reflect sentiments that are widely felt among network news professionals and also sensed by audiences. Network news has changed. For those who arrived when the news divisions had the idealism, and the arrogance, of oligarchies, things are very different. There is a good deal less idealism, and a good deal more of the sensibility of the counting house. That change is general, and may even have been unavoidable. It has been most severe at CBS. Both the cost-cutting and the breakdown of standards it can lead to were evident in the embarrassment of "Memogate." ²

Network news remains a unique asset in television. While it has become a difficult and declining business, it has not fully relinquished the goodwill of the American public. Even after all the turmoil of 2004, on Election Night twice as many people watched the three networks as tuned to cable news. That ratio is shrinking, but it remains enormous. The brands have diminished, but they are still there.

Footnotes

1. Howard Kurtz, "Osama Who? When No News Is 'Bad News,'" The Washington Post, January 24, 2005.
2. Howard Kurtz, "Rick Kaplan, Putting more NBC in MSNBC," The Washington Post, January 31, 2005.

Guest Essay

Guest Essay *Television News in Transition*

By Andrew Tyndall

When we look back at the transition of television news from a mass-medium, appointment-viewing model (the network nightly newscasts) to an on-demand, constantly-updated, interactive model (the future), the cable news networks-CNN, Fox News Channel, MSNBC-will seem a transitional phase between broadcasting and online news.

The initial switch of TV news from broadcast to cable began more than 20 years ago. Back then, what the cable channels could uniquely offer was the constant availability of news. The networks, as general-purpose broadcasters with a variety of non-news programming, could only offer appointment news.

It turns out that the selling point of constant availability consists of two separate appeals: in normal times, news to be watched at whatever hour the viewer chooses; and occasionally, in exceptional times, saturation, continuously-updated coverage of major breaking developments. CNN made its reputation in the 1990s from its coverage of two such breaking events-one serious (the first Gulf War to liberate Kuwait), one trivial (gavel-to-gavel coverage of the OJ Simpson murder trial).

Some of the apparent cutbacks in resources at the networks' news divisions should be properly seen, instead, as diversions. In response to the competition from cable, the networks ceased concentrating on a single in-depth newscast once every 24 hours and diversified their news presence to include the softer morning programs and magazine features during primetime. By 2001, when the September 11th attacks occurred, the networks pre-empted their general programming and competed with the cable news channels directly, offering round-the-clock coverage.

Nevertheless, that exceptional event did not undercut the unique proposition that the cable news channels offered their customers-the cable system operators paying a per-subscriber fee-that they had the exclusive ability to deliver television news 24-hours-a-day.

The most significant news event of 2004, therefore, was the creation of ABC News Now, in which a broadcaster leapfrogged over cable and went directly online. This digital channel is only a harbinger of the future and may or may not turn out to be viable. Even if it fails, however, the model will not. When news consumers get 24-hour TV news from video streaming online, the pricing power of CNN, FNC et al with the cable operators is undercut. They no longer offer a unique product. Their business model is jeopardized.

Furthermore, the journalistic techniques invented to satisfy the demands of 24-hour cable news will not translate to an online television medium. In regular cable programming, absent major breaking developments, those techniques had to satisfy two different audience demands. Casual tuners-in have to be informed of the major stories, requiring regular repetition of the headlines; continuous viewers have to be informed of incremental developments, to reassure them that they are always getting the newest news.

The upshot of these two demands is the cable channels' extemporaneous format-live reporter stand-ups, voiceover videotapes and interview segments-and their focus on a handful of major stories each day. On any given day, the cable channels have a newshole that is 48 times larger than that of a nightly newscast yet the narrow repetitious, range of their story selection is nowhere near 48 times as broad.

By contrast, one of the main advantages of the nightly newscasts is that they still rely on reported-written-edited correspondent packages, which are more densely written, more well-rounded and more tightly sourced than the standard fare of 24-hour cable news.

In a fairly short time, the cable TV news networks will be superseded by interactive on-line news. When that occurs, viewers will have the benefits of the quality of correspondent packages, which they can download as individual stories,

plus the benefits of currency and availability of a 24-hour feed. It may be that the sizeable audiences for cable's coverage of the invasion of Iraq in 2003 will turn out to have been the peak of its penetration into the news audience. From now on, cable news will lose viewers to online digital TV (via cell phones, via browsers, via satellite...) faster than they gain them from broadcasters.

As for the networks, so much attention in 2004 was devoted to their nightly news anchors, Tom Brokaw's departure at NBC, Dan Rather's resignation at CBS. The looming arrival of online TV news means that the big story here is not the succession question—"Who leads the next generation of anchors?"—but the role of the anchorman itself.

Let's make an analogy with popular music, where digital technology has changed the unit of content from the CD (a collection of tracks) to the track itself. Similarly, a newscast is a collection of taped packages and the role of the anchor is to string them together. When we get our television news online, assignment desks and producers and correspondents and editors will still do the work of choosing stories and covering them.

Stringing them together — we can do that for ourselves.

Andrew Tyndall is president of ADT Research and editor of the Tyndall Report, a daily analysis of network news programming.

The State of the News Media

2005

Cable TV – Intro

Intro

By the Project for Excellence in Journalism

The challenge for cable news is that it has now reached adulthood.

Most cable systems in the country now carry all three of its news channels, CNN, Fox News and MSNBC, so the field cannot grow merely from new distribution. The majority of Americans now cite cable over broadcast as the source they turn to for breaking news. More Americans also say they trust cable than they do commercial television news. The medium comes at us in airports, on our phones and PDAs, in the air. Its Web sites are among the Internet's most popular, though not the most sophisticated. The cable news channel CNN outweighs any other television news organization in bureaus and resources. And cable news is enormously profitable, since, unlike broadcaster news, it gets substantial revenue from both subscriptions and advertising.

Yet building brand may look like the easy part from now on. In the last three years audience growth measured properly has slowed almost to a stop. And much of the recent growth, analysts say, has come from adding new cable systems that carry the channels, not from winning new viewers away from broadcast. That growth has gone almost as far as it can. CNN, which reached saturation distribution a few years ago, has been losing viewers since. From now on, experts say, cable channels will steal viewers mainly from each other, unless they can change their content to broaden their appeal.

For now, the content of cable news is measurably thinner, more opinionated, and less densely sourced than other forms of national news. Much of the appeal of cable lies in its convenience, and that may soon be challenged by the Web as it moves in the next year or two toward searchable video. The advantage of owning one of the three cable channels may diminish.

The question for cable news from now on may be how it defines news. The menu of topics that get substantive coverage on cable is fairly narrow. The channels, when examined closely, really focus on three or four major topics a day, and the level of repetition is enormous.

Much of the time, cable news is engaged in a different kind of news from much of the rest of the media – a journalism of assertion, where information is disseminated with only minimal attempts to check it out. None of the cable channels, for instance, offers what might be described as a signature evening newscast where people can go to authoritatively understand the events of the day. Each cable news network has something that most closely mirrors an evening newscast, but even these do not compare, our content analysis shows, to what is available on broadcast television.

The new leadership at MSNBC is already trying to contend with the problem of repetition in its quiet remaking of its own programming. The new leadership at CNN has gone on record as saying that it wants to get out of the shout-show business in favor of storytelling. At the close of 2004, it cancelled the iconic program that helped define the shout genre, *Crossfire*, and the new president of CNN even said he sided with the comedian Jon Stewart, who had gone on the show as a guest and criticized it harshly.

In a sense, the cable channels need to decide what comes first, programming or journalism. Are they going to be focused around something different from news – something that might be called nonfiction TV – airing the product that generates the highest audience at the lowest cost? Or do they believe, now that growing is going to get harder, that they need to take their journalism to a level they have not reached before to survive the leap to the next technology?

Content Analysis

Content Analysis

Look closely at the content of cable news and it becomes clear that its appeal is its ubiquity and convenience; the medium does not come close to delivery on the potential of its depth or breadth.

- The reporting is measurably thinner than the other forms of national television news studied. Its stories are more one-sided and have fewer sources, and audiences are told less about those sources than in network evening or morning news or PBS.
- The thinness of the reporting on cable can be attributed partly, but only partly, to its abandoning written, edited stories in favor of live anchor interviews and reporter standups.
- These tendencies are even more acute in certain kinds of programming, particularly during prime-time talk shows and dayside news programming.
- Content analysis reveals clear differences overall between the three channels. Fox is more deeply sourced than its rivals, but it is also more opinionated and more one-sided, though one of the programs studied defies that generalization.
- CNN is the least transparent about its sources of the three cable channels, but more likely to present multiple points of view and more disciplined about keeping journalistic opinion out of its reporting. ¹

Those are some of the key findings of the Project's new two-pronged approach to examining cable news. As we did last year, we first studied five sample days of each of the three cable news networks for sixteen hours each day, or 240 hours of programming. That provided us with a sense of the types of stories and the level of repetitiveness that appeared over the course of a cable news day.

In addition, this year we selected three different types of programs from each of the three channels to study for twenty days to see how their choice and treatment of topics compared with other media studied the same days. The programs studied included one prime-time talk show, one daytime news show and the closest each news channel comes to producing a traditional evening newscast. That added up to 180 more hours of programming involving another 4,551 stories.

Repetition vs. Updating

Although cable news purports to provide continuously updated coverage of breaking news, the idea that it is "following" stories and adding new information through the course of the day is in the main an illusion.

In the course of sixteen hours of viewing starting at 7 a.m. for five separate days, most of the stories on cable news (67%) are the same matter turned to repeatedly, and only 10% add meaningful updates with substantive new information.

In other words, 60% of all stories aired on cable through the day are simple repetition of the same information. Just one in three stories in the course of a cable day is new, or something not aired earlier.

Those figures are nearly identical to what we found last year, when 68% of the stories were repetitious, just 5% contained any substantive updates, and 27% were completely new.

What does that mean? With hours of air time and numerous correspondents, resources are devoted much less to gathering new information, or going deeper with background reporting, than to being live and appearing to be on top of three or four big stories of the day.

Repetition on Cable News

Percent of all stories from 7A.M-11P.M.

Exact Repeat	12%
Repeat: No New Substance	35
Repeat: New Angle	11
Repeat: New Substance	10
New Story	33

Totals may not equal 100 due to rounding.

Breadth of Topic

The consequence is a notably limited breadth of reporting. In all, the three cable programs we followed over twenty days tended to cover a narrower range of topics even than network evening newscasts — and far less than online or print. Cable news spends a smaller percentage of its time than does network evening news covering government and, perhaps even more notably, roughly half as much time covering the broad range of domestic issues, from the environment, to transportation, health care, social security, welfare, education, economics, technology, science and more.

In contrast, lifestyle, entertainment and celebrity — topics virtually nonexistent on nightly newscasts or the front pages of newspapers — are the largest topic group on cable news. And that holds true even though the amounts vary across the range of program types. For instance, collectively, science, technology, and business made up just 2% of the time studied over twenty days, and the range of domestic issues, from education to the environment to health care, made up 11%. Celebrity, lifestyle and entertainment made up nearly a quarter of the time (23%).

Topics on Cable and Network News

Percent of all time

	Cable	Network Evening	Network Morning
Government	17%	29%	25%
Defense/Military	7	1	0
Foreign Affairs	9	14	8
Elections	14	11	8
Domestic Affairs	11	20	15
Business	1	4	1
Crime	3	1	5
Science/Technology	1	4	3
Celebrity	14	2	4
Lifestyle	9	4	7
Accidents/Disasters	2	4	3
Other	12	6	21

Totals may not equal 100 due to rounding.

Live Reporting Lives On

The second major feature of cable news is that it is dominated by the culture of live, extemporaneous journalism.

Over the three programs studied for twenty days, 52% of time was spent in live interviews (usually by anchors) or reporters in live standups.

The medium, as noted last year, “has all but abandoned what was once the primary element of television news, the written and edited story.”

Less than half as much time, 24%, on the cable programs studied is made up of correspondent packages. Compare that to network nightly newscasts, in which 86% of time is such packages, or even morning news or PBS, where a third of time is correspondents telling stories.

Another 17% of time is devoted to anchors reading the teleprompter, so-called tell stories, either with video or without. And, in a feature that is not usually found on other TV programming, 6% of the time covered live events such as press conferences. (1% was spent on banter between stories.)

Story Origination on Cable News

Percent of all time

	Packages
Staff Package	24%
Staff Live	52
Anchor Voice Over/Tell Story	17
Live Events	6
Banter	1
External Outlets	1
<i>Totals may not equal 100 due to rounding.</i>	

The figures for those three programs studied in depth, moreover, closely mirror what viewers would see on the cable networks generally. In the course of a sixteen-hour day, 46% of the time on cable is spent in what its producers can describe as live — either live interviews, usually by anchors, or reporters talking live to the camera. Another 5% is live events such as press conferences aired as they happen (usually without a reporter on camera in any form).

Only 26% of the entire cable day comprises correspondent packages. Anchors reading the teleprompter, so-called tell stories or headline news, with or without video, account for another 20%.

Promotions and small talk between staff members take up the remaining 5% of the day, or 48 minutes of air time.

The approach has all the virtues of capturing events as they are happening. It is also cheaper, and helps create the impression that things are up to date.

But the amount of updating, as we noted, is minimal, and the emphasis on live cable news has resulted in walking away from the capacity to review, verify, edit, choose words carefully and match those words to pictures.

Audiences are even less likely to find verified, edited journalism at certain times of the day. Those watching talk shows such as Larry King or Bill O'Reilly will see barely any taped packages. Those watching the closest thing that cable has to a signature evening newscast (Brit Hume on Fox, Aaron Brown on CNN or Keith Olberman on MSNBC) are more likely to see taped packages (42% of all time). Still, that is only half as likely as on the broadcast evening news on ABC, CBS or NBC, where 86% of all time is edited packages.

Thinner Reporting on Cable

In part because of the dependence on being live — and the illusion that creates of being new — cable news is also more thinly reported than most other kinds of national TV news.

Over all, cable news stories have fewer sources than those on broadcast, reveal less about those sources, and, if the story involves a dispute, contain fewer conflicting points of view than in broadcast TV.

To pin this down, the study went deeper this year than last in examining the depth or thoroughness of reporting. This analysis was done in the three key parts of the day studied for 20 days — daytime, prime-time talk and the key evening newscast — to get a range of different styles of programming, and to match the same days studied in other media. Specifically, we studied:

- How many sources stories contained and how much the stories shared with the audience about those sources.
- The degree to which stories that involved controversy reflected more than one side of the story.
- Whether stories contained the journalists' own opinions, unattributed to any sourcing or reporting.

Depth of Sourcing

In general, cable news was less likely than other media to contain multiple sources with enough description attached — their identity, their level of knowledge about the events being described and any potential biases — to enable audiences to judge what they were saying.

Only a quarter of cable stories studied (26%) contained even two or more such sources. That compares with 50% of network evening news stories, 81% of stories on newspaper front pages and 78% of online news stories. Even network morning shows, with their penchant for long one-person interviews, tended to have significantly more stories, 39%, with at least two fully transparent sources. 2

Most cable stories (74%) had no source that audiences could fully identify, or only one.

The dependence on live programming is one reason cable reporting is thinner and at the same time less transparent. The live reporting on cable is even more thinly sourced than cable news as a whole. Most of the live reports, 60%, were based on only a single source that audiences could fully identify. The taped edited packages on cable were four times as likely to contain four or more fully identified sources as the live reports, and nearly twice as likely to contain two or three (see chart). But even the taped, edited packages on cable contained fewer fully transparent sources than packages on commercial broadcast newscasts or on PBS, despite cable's advantage of having more time for the news.

Source Transparency on Cable, by Story Type
Percent of all stories

	Packages	Live Reports/ Interviews	Anchor Voice Over	Anchor Reads	Live Events
None	12%	11%	78%	74%	20%
1	23	60	18	16	63
2-3	45	25	3	9	11
4	20	5	1	1	6

Totals may not equal 100 due to rounding.

Breadth of Viewpoints

The reporting on cable news is also more one-sided than that in other media studied.

Over all, only a quarter of cable stories that involved controversy contained anything more than a passing reference to a second point of view. That was much less balanced than all the over-the-air broadcast news programs studied. Indeed, stories on morning news, PBS evening news and those on newspaper front pages were more than three times as likely to contain a mix of views, and commercial evening newscasts just under that.

Range of Viewpoints on Cable and Network News
Percent of all stories

	Cable	Network Evening	Network Morning
Mix	27%	72%	86%
Mostly One View	21	8	2
Only One View	52	20	11

Totals may not equal 100 due to rounding.

Certain kinds of storytelling on cable tended to be more balanced than others, and again live reporting was at the bottom of that scale. More than three-quarters of interviews and reporter standups (78%) told only one side, or mostly one side, of controversial stories. That meant only 22% of live reported stories offered a balance of at least two viewpoints.

Taped packages on cable fared better, but not dramatically. Just over a third of the taped packages studied (38%) offered at least two points of view, which still meant that 62% were mostly one-sided. Indeed, the taped edited packages on cable do not stack up against those on network news in this regard. On the Big Three commercial nightly newscasts, 75% of the taped packages contained multiple viewpoints. So the style of storytelling does not entirely explain the one-sidedness of cable.

Range of Viewpoints on Cable News, by Story Type

Percent of all stories

	Packages	Staff Live	Anchor Voice Over	Anchor Reads	Live Events
Mix	38%	22%	30%	32%	9%
Mostly One View	29	21	10	7	4
Only One View	34	58	60	61	88

Totals may not equal 100 due to rounding.

Live reports also differ from taped packages in ways some people might argue are advantages. For instance, while reporter standups and live interviews tended not to cite multiple sources, they also tended to avoid citing anonymous sources, perhaps because they often had just one source in all — the interviewee. Just 5% of live reports on cable contained anonymous sourcing, compared with 20% of packaged pieces. ³

Interestingly, correspondents and anchors on live and unscripted stories also seem less likely to inject their own opinions in their reports. Just over a third of live cable reports, 34%, contained journalist opinion, versus 43% of packaged pieces.

One possible explanation is that reporters and anchors who are live may adopt a stenographic frame of mind, trying to simply recall and recite what they have been told. That would help explain both their tendency toward one-sidedness and their avoidance of giving opinions.

Journalist Opinion on Cable News, Select Story Types

Percent of all stories

	Packages	Staff Live	Total
No Opinion	57%	66%	71%
Opinion	43	34	28

Totals may not equal 100 due to rounding.

One area where there is little difference between live and packaged is how correspondents frame their reporting. Packages tend to be a little more conflict-oriented while live reports do a little more reality check pieces (i.e. is this really true? What does this really mean?) and telling of a good tale. Generally, though, correspondents gravitate to the same kinds of frames.

Story Frames on Cable, Select Story Types

Percent of all stories

	Packages	Staff Live	Total
Conflict	42%	31%	23%
Consensus	4	5	3
Winners/Losers	12	7	5
Problems to Solve	8	5	4
Good Yarn	10	13	10
Reality Check	2	5	2
Underlying Principles	2	4	2
Other	5	5	4
No Frame	15	25	45

Totals may not equal 100 due to rounding.

Are interview-based programs necessarily less able to offer a broad range of views and deep sourcing? Perhaps not. One interview-based program that seems to do a good job of this in the PBS NewsHour, which often combines packages and live discussion. (See **Network/Content Analysis**)

Differences Among Cable Channels

Our content analysis also shows measurable differences in what each of the cable networks puts on the air. This study made no attempt to identify bias, or whether one network tilted to the Democrats or Republicans. Some more basic distinctions, however, were evident.

Fox was measurably more one-sided than the other networks, and Fox journalists were more opinionated on the air. The news channel was also decidedly more positive in its coverage of the war in Iraq, while the others were largely neutral. At the same time, the story segments on the Fox programs studied did have more sources and shared more about them with audiences.

CNN tended to air more points of view in its stories than others, and its reporters rarely offered their own opinions, but the news channel's stories were noticeably thinner in the number of sources and the information shared about them.

MSNBC consistently fell between its two rivals on most indices.

In the degree to which journalists are allowed to offer their own opinions, Fox stands out. Across the programs studied, nearly seven out of ten stories (68%) included personal opinions from Fox's reporters — the highest of any outlet studied by far.

Just 4% of CNN segments included journalistic opinion, and 27% on MSNBC.

Fox journalists were even more prone to offer their own opinions in the channel's coverage of the war in Iraq. There 73% of the stories included such personal judgments. On CNN the figure was 2%, and on MSNBC, 29%.

The same was true in coverage of the Presidential election, where 82% of Fox stories included journalist opinions, compared to 7% on CNN and 27% on MSNBC.

Those findings seem to challenge Fox's promotional marketing, particularly its slogan, "We Report. You Decide."

Some observers might argue that opinions clearly offered as such are more honest than a slant subtly embedded in the sound bites selected or questions asked. But that was not the case here. Given the live formats on cable, the opinions of reporters and anchors are often embedded in questions or thrown in as asides. Only occasionally were they labeled as commentary.

Journalist Opinion in Iraq War Coverage, Cable News
Percent of Iraq War stories

	CNN	Fox	MSNBC	Total
No Opinion	98%	27%	71%	70%
Opinion	2	73	29	30
<i>Totals may not equal 100 due to rounding.</i>				

Tone of Coverage

The study this year also tried to assess the tone of coverage. 4 When it came to the war, Fox again looked different from the others by being distinctly more positive than negative. Fully 38% of Fox segments were overwhelmingly positive in tone, more than double the 14% of segments that were negative. Still, stories were as likely to be neutral as positive (39%) and another 9% were multi-subject stories for which tone did not apply.

On CNN, in contrast, 41% of stories were neutral in tone on the 20 days studied, and positive and negative stories were almost equally likely — 20% positive, 23% negative. Some 15% were multi-faceted and not coded for tone.

MSNBC's stories about the war were most likely to include several issues or subjects, so that no one area could be coded for tone. Fully four in ten stories were of this nature. Otherwise, the network's coverage, like CNN's, was more neutral (28%) with positive and negative stories almost equally prevalent, (16% positive and 17% negative).

Tone of Iraq War Coverage on Cable News
Percent of Iraq War stories

	CNN	Fox	MSNBC	Total
Positive	10%	16%	17%	15%
Neutral	62	56	32	47
Negative	17	17	8	13
Multi-Subject	11	12	42	25
<i>Totals may not equal 100 due to rounding.</i>				

When it came to election coverage, the majority of stories on every network had no overwhelming tone. Here MSNBC stood out as being twice as likely to air candidate and issue stories with a positive tone as with a negative tone. CNN's coverage, on the other hand, was more likely to be negative. Fox was divided equally among positive and negative stories.

Tone of Election Coverage on Cable News
Percent of election stories

	CNN	Fox	MSNBC	Total
Positive	10%	16%	17%	15%
Neutral	62	56	32	47
Negative	17	17	8	13
Multi-Subject	11	12	42	25
<i>Totals may not equal 100 due to rounding.</i>				

Only weeks after being installed as CNN's president, Jonathan Klein proclaimed an end to the shout fests that have come to characterize cable news, canceling the network's archetypical Crossfire program and declining to renew the contract of the conservative talker Tucker Carlson. "We always want to be provocative," Klein said. "But there is a numbness that has set in among those head-butting festivals. I'm convinced that the political brainiacs we have at CNN can come up with a better way to engage the audience."

In place of shouting, Klein said, he wanted to return to "roll-up-your-sleeves storytelling."

"CNN is a different animal," Klein told the New York Times. "We report the news. Fox talks about the news. They're very good at what they do and we're very good at what we do." 5

Is there evidence that CNN is more fact-oriented, more neutral and more tied to storytelling than rivals Fox or MSNBC in 2004? Where does each station fall heading as the new year unfolds?

CNN, according to the data, does indeed seem to offer more neutral reporting. Its adherence to storytelling, though, seems to be more of a mixed bag. Its NewsNight with Aaron Brown is heavy on such pieces, but its noontime programming spends less time on packaged pieces than Fox or MSNBC.

MSNBC fits somewhere in the middle on most of these measures, perhaps waiting to see which approach bears most fruit.

Three Distinct Types of Programs

Last year, the study found that the cable day broke down into four distinct parts of the day: the traditional morning show, daytime, early evening and prime time. Each had its own personality, with the three networks remarkably similar within each time frame. This year, to look more closely at those dayparts, we examined an hour of daytime, a prime-time talk show and the closest thing that each of the network offers to a prime-time signature newscast, all in a 20-day period. 6

Prime-Time Talk Shows

The highest-rated program on every network is a prime-time talk show, and we examined each of them: Larry King on CNN, Bill O'Reilly on Fox and Chris Matthews on MSNBC.

The three shows are built around interviews, which take up 81% of their time, but they are not identical. King leans almost entirely on interviews — 95% of all his time. The O'Reilly Factor relies on them heavily as well (79%), but 20% of the program's time is made up of the host reading news items and commentaries of his own.

MSNBC's Hardball with Chris Matthews has evolved into something different. A quarter of its airtime (26%) is packaged pieces. Interviews with guests and MSNBC reporters make up 67% of the time. The remaining 8% is briefs and voice-overs. The channel appears to be trying to morph Hardball into something that is partially a news program.

The talk shows build their appeal partly around their hosts, of course, and partly around the celebrity of their guests rather than issues or events. As a group, these shows dedicated most of their time to three main topic areas in 2004: the elections (17%), government (16%), and celebrity/entertainment (16%). Lifestyle stories accounted for another 11% of the airtime and domestic affairs 14%.

Yet in choice of topics, the three programs also had different characters. Larry King devoted close to half (45%) of his time to entertainment and lifestyle topics, more than twice the figure for O'Reilly (21%) and three times as much as for Matthews (13%). Matthews, a former congressional press aide, spent more than half of his time on government and election topics, (the next most popular topics on CNN and Fox). O'Reilly's program was more of a mix.

Beyond topic, the most striking difference among the three shows is in the presence of the host's opinion. Nearly every story on Fox's O'Reilly Factor (97%) contained O'Reilly's opinions, even his quick news briefs. CNN's Larry King was nearly the reverse, with only 2% of segments including his opinions. And despite to his reputation for dominating the guests, Chris Matthews on Hardball offered his opinion just 24% of the time.

Topics on Cable News Programs

Percent of all time

	Total	Daytime	Newscast	Interview
Government	17%	18%	18%	16%
Defense/Military	7	6	6	9
Foreign Affairs	9	10	13	4
Elections	14	8	18	17
Domestic Affairs	11	12	10	11
Business	1	2	1	1
Crime	3	5	2	2
Science/Technology	1	1	1	7
Celebrity	14	15	10	16
Lifestyle	9	11	6	11
Accidents/Disasters	2	3	2	*
Other	12	9	13	6
<i>Totals may not equal 100 due to rounding.</i>				

Cable's Version of the Evening News

None of the cable channels airs a traditional evening newscast, but each has programs that come closer than others: Special Report with Brit Hume on Fox, NewsNight with Aaron Brown on CNN, and Countdown with Keith Olbermann on MSNBC.

The shows do more traditional storytelling than other cable programs, but produced tape packages are still only half as prevalent as on commercial network news — 42% of all time versus 86%. In format, these news programs are closer to network morning news, or PBS, where packages make up a third of time.

In the topics they cover, the cable shows also differ from their broadcast counterparts. They cover government less (18% vs. 29% of time on network), and the broad range of domestic issues half as much (10% versus 20%). Meanwhile celebrity and lifestyle, virtually non-existent on broadcast nightly newscasts, account for 16% of the time on their cable counterparts. The only topic that gets similar amounts of time on both cable and broadcast network evening newscasts is foreign affairs.

In depth of sourcing, the news round-up programs do better than their cable siblings, but again fall short of levels found on network evening news or in print. That pattern also holds true for the mix of viewpoints offered.

Source Transparency on Cable versus Network News Percent of all stories

	Cable Daytime	Cable Newscast	Cable Talk Shows	Network Evening
None	56%	38%	11%	37%
1	28	26	60	14
2-3	14	23	26	32
4	3	13	3	18
<i>Totals may not equal 100 due to rounding.</i>				

Range of Viewpoints, Cable versus Network News

Percent of applicable stories

	Cable Daytime	Cable Newscast	Cable Talk Shows	Network Evening
Mix of Opinions	18%	39%	26%	72%
Mostly One Opinion	24	28	13	8
All One Opinion	59	33	61	20
<i>Totals may not equal 100 due to rounding.</i>				

Are there differences between the networks here? Aaron Brown’s program on CNN leans the most on taped edited packages — double Keith Olberman on MSNBC and more than Brit Hume on Fox. Olbermann favors summaries of the news (more than triple that of CNN or FOX). Hume is a mix of taped packages followed by interviews. The Hume program is also Washington-centric — 60% of it concerns government, the military and politics).

Daytime

The bulk of the cable news networks’ time, between 5 and 7 hours a day, is made up of programs that might be called dayside. These shows, between 9 a.m. and roughly 3 p.m. depending on the channel, track the news of the day as it is happening.

The dayside programs offer a broader mix of storytelling formats than anything else we studied on cable. Edited packages take up 20% of the time, live interviews and standups 36%, and anchors’ reads, sometimes with pictures, another 22%. Shown during the workday, these programs are more likely than others to carry events live (18% of time).

Yet like their evening counterparts, these programs are conspicuously limited in their range of topics. Entertainment and lifestyle stories were given the most attention — a quarter of all airtime, (26%) nearly exactly the same as on prime-time cable talk shows. Interestingly, the daytime programs studied devoted less time to the elections (8%) than the other cable programs.

Sourcing on these daytime news programs was measurably thin. More than half, 56%, of all stories had not even a single fully identified source. Another 28% had just one. A mere 3% of all stories contained four or more fully transparent sources.

Journalist Opinion on Cable News Programs

Percent of applicable stories

	Daytime	Newscast	Talk Show
No Opinion	68%	74%	73%
Opinion	31	26	27
<i>Totals may not equal 100 due to rounding.</i>			

Despite what Klein of CNN suggested, the daytime programs we studied were even less focused on the storytelling he was referring to than the rival networks.

At noon, CNN Live Today was the least devoted to packaged pieces (roughly half as much time as Fox News Live and a third as much as MSNBC Live). It spent more time instead on quick anchor reads. And lifestyle stories made up more than 20% of all airtime.

Fox News, on the other hand, tended to spend more time covering live events, and as a result offered more coverage about the government than either of the other stations.

Summary

For the second straight year, content analysis raises substantial questions about the nature of reporting on cable news. The time required to continuously be on the air seems to take a heavy toll on the nature of the journalism presented. While there are differences between channels identified this year in coding of the thoroughness of the reporting, the sector generally falls behind those of other media studied.

It appears that the appeal of cable is its convenience. It is there when you need it, and in a nation of multi-taskers, it can be on as a kind of background, something we can turn to in moments of curiosity.

The problems exposed in the content analysis may begin to seem more troubling to viewers when the Internet in the next year or two begins to meaningfully add searchable video. At that point, the Web will begin to present television on demand, when you want it, and in a searchable form.

Then the second disadvantage of cable as an on-demand medium will become more important: the fact that one has to sit through “the wheel” of whatever is on before a subject of choice might appear.

The Internet will offer the advantages of carefully produced packages, with the convenience of having it there when you want it.

The question will be how much hold the ease of television has on viewers — it comes at you without your having to so much as click a mouse — combined with the impression of its being up to the minute because it is “live.”

Footnotes

1. For a more detailed explanation of depth of sourcing, please see the Methodology.
2. Only 6% of cable stories contained four such sources, also far less than other media.
3. We also saw in broadcast network news that the more transparent sources a story contains, the more likely it is to also include an anonymous source. This may also be the case here, as packaged pieces contain more transparent sourcing, they also contain more anonymous sources as well.
4. Some observers are skeptical about the concept of assessing tone in content analysis. Taking those doubts into consideration, the Project assesses tone differently from many other analysts. Rather than simply tallying up statements as positive, negative or neutral, the Project analyzes the assertions in the story and then measures whether they tilt the entire story to be clearly positive or negative. For a story to have a distinct tone one way or the other, the negative or positive assertions must outweigh all others by at least two to one. What’s more, we studied tone only in stories in which a single issue or newsmaker was the clear focus of at least half the story.
5. Bill Carter, “CNN Will Cancel ‘Crossfire’ and Cut Ties to Commentator,” The New York Times, January 6, 2005.
6. We did not include a morning program for the cable networks for two reasons. First, the morning shows air so early on the West Coast that their ratings are miniscule – unlike network TV, in which the morning shows are delayed and run from 7 a.m. to 9 a.m. everywhere. Second, one of the three networks, MSNBC, airs only a static camera of Don Imus’s syndicated radio program.

Daytime programming is pretty much the same format from 11 a.m. to 3 or 4 p.m. depending on the network. We choose to examine the hour from 11 a.m. to 12 p.m.

After that, the cable channels begin counter-programming each other – airing similar programs at different times, to try to capture the greatest audience. For instance, the news program that is considered by most to be the closest thing to a network newscast airs at 6 p.m. on Fox, 8 p.m. on MSNBC, and 10 p.m. on CNN. Prime-time talk shows are similarly countered. For this reason, we chose the next two groupings not according to the time they aired but according to the type of program — newscasts and prime-time talk shows.

See end of report for content analysis methodology.

Audience

Audience

The Big Picture

From a distance, people may think 2004 must have been a year of ascendancy for cable news. In September, Fox News earned enormous publicity for attracting more viewers during the last two nights of the Republican convention than any other source, including the broadcast networks. With the exception of the first nights of the Gulf War in 1991, no one could recall another moment when a cable news channel had bettered a broadcast network news program in live head-to-head coverage of a breaking news event. Was it a watershed? Perhaps.

Yet the impression that cable's audience is ever-growing, or that 2004 was cable's greatest year, is mistaken. Indeed, in assessing what is going on in cable audiences, four much more complicated trends stand out.

Over all, a close look at the numbers suggests that the audience for cable news, after being basically flat for nearly two years, drifted upward in the last two months of the election campaign to help create a slight uptick in cable's audience year to year.

Fox News, which had been rising steadily since 1996, is still growing, while CNN, its biggest rival, is still declining. But Fox is now growing at a slower rate than before, and CNN's losses appear to be flattening.

In 2004, there was also growing evidence that the cable news audience was splintering along partisan lines — particularly for Republicans who have left CNN and migrated to Fox.

At the same time, new data suggest that the growth potential of cable audiences may have reached its limit, as most of the people who could have access to cable news now have it and have made their consumer choices.

Overall Viewership

Between 1996 and 2002, cable viewership climbed fairly steadily. The usual pattern involved crises engendering growth. During major events, more people than before would gravitate to cable, and afterwards, some portion of them would continue as regular viewers. The peak and valley effect was particularly the case after the 2000 election and then after the terrorist attacks of September 11, 2001. Both events boosted what might be called cable's core audience, the group that tended to watch day in and day out.

That growth pattern, as we reported last year, seemed to cease in 2003, even with the war in Iraq. Cable saw a huge audience spike — one of its biggest ever — but over time it lost all of it.

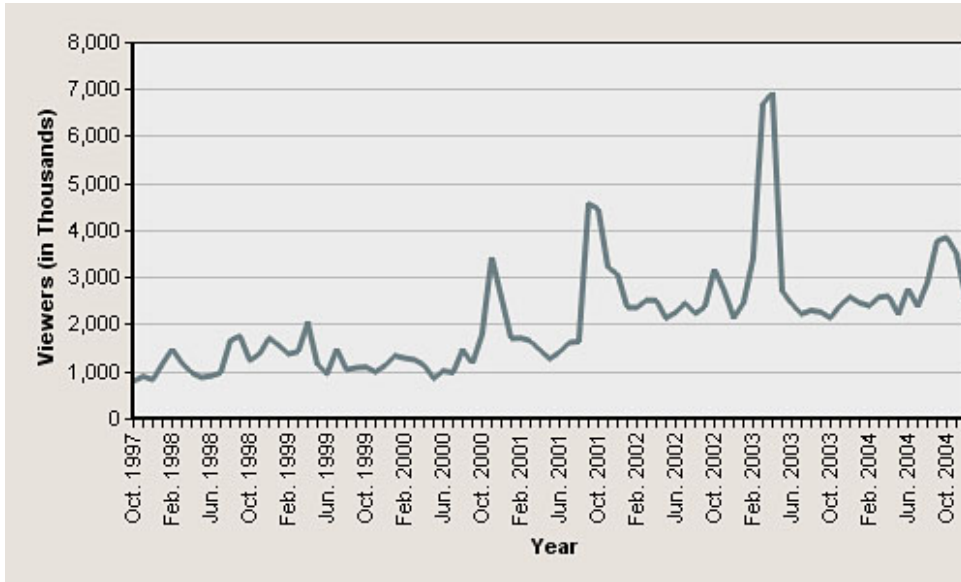
What happened in 2004?

For most of the year, cable news viewership fluctuated between roughly two and three million viewers. CNN, Fox News, and MSNBC were unable to hold onto the viewers they gained during the Iraq war in 2003 and subsequent major news events such as the capture of Saddam Hussein in December 2003 and the death of Ronald Reagan in June 2004.

That ceiling on the cable audience held until the party conventions and the election, which bumped viewership to roughly 4 million. The cable channels managed to keep about half of that expanded audience in November, but by December the audience was back at 2.55 million — slightly higher than the 2.47 million viewers in January 2004, but less than the 2.59 million viewers watching in December 2003, when the capture of Saddam Hussein helped spike viewership.

Prime Time Cable News Viewership

1997 to 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data

Year-To-Year Growth

There are a number of ways to calculate year-to-year ratings. Typically, the cable networks take each month of ratings and calculate an arithmetic average. That number tends to take maximum advantage of momentary audience spikes.

Given the volatility of cable news audiences, however, that may not be the best way to measure cable's core audience, that is, the audience it gets most of the time. It also tends to punish cable in the years that there are no major news events, and reward it unduly when there are.

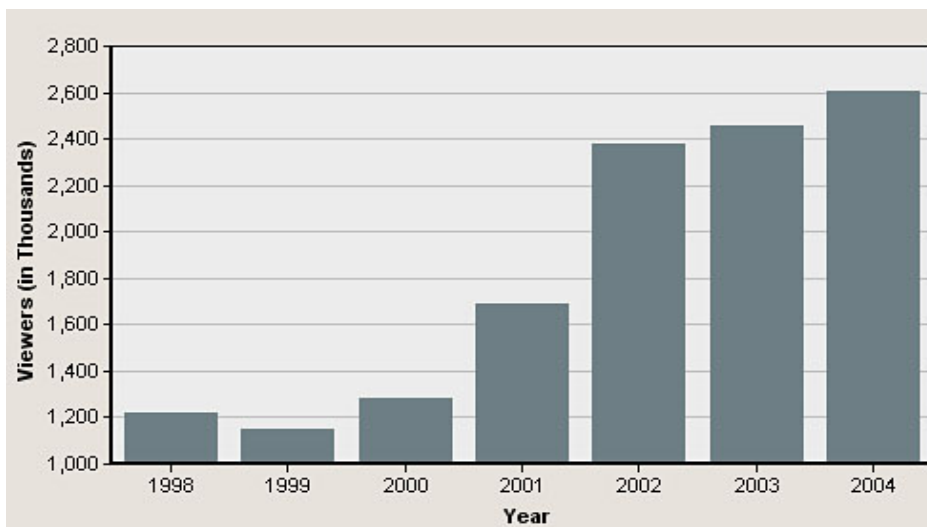
A more accurate way to assess cable's core audience is to use the median — a measurement that captures the midpoint between a channel's highest and lowest viewership.

Comparing 2004 and 2003, overall median primetime cable news viewership rose by 6%, from 2.45 million to 2.60 million. The daytime median audience rose 5%, from 1.48 million to 1.56 million.

Thus the cable news audience grew in 2004, but it is now growing at a much slower rate than just two years ago. The 6% growth for primetime audience in 2004 follows a very modest 3% median audience growth rate in 2003 over the year before. Compare that with 2002, when the median audience grew by 41%, or 2001, when it grew by 32%.

Prime Time Cable News Median Audience

All networks, 1998 to 2004



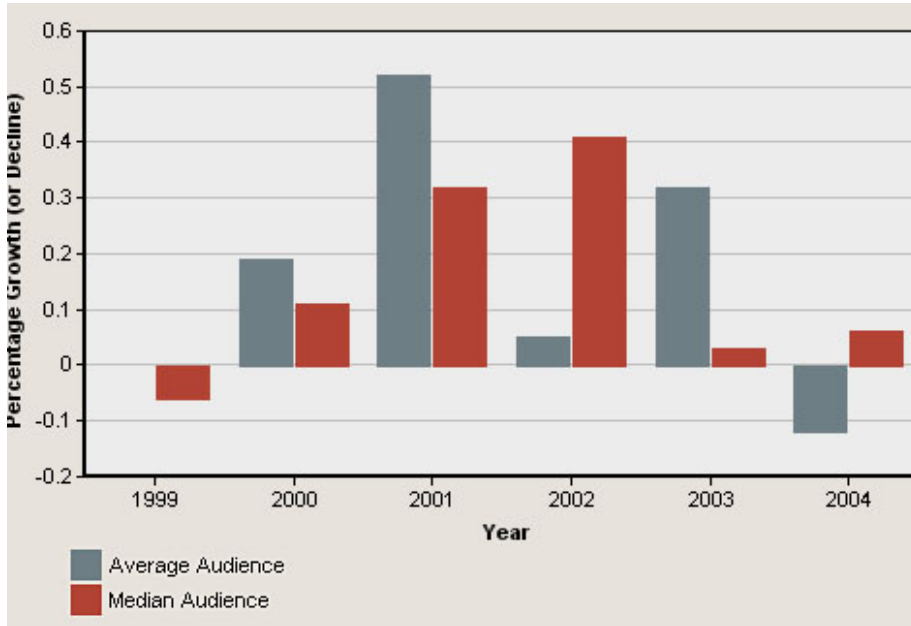
Design Your Own Chart

Source: Nielsen Media Research unpublished data

What's more, had it not been for three months covering the conventions and the election, overall cable viewership would have been even flatter. To get a sense of the ratings boost provided by the final months of the election campaign, consider what the median audience looked like for the 12 months ending in August 2004. During that time, the total number of viewers of cable news fell by 4% from the same twelve-month period the year before.

Prime Time Cable News Audience Growth

Annual growth rate, all networks, 1999 to 2004



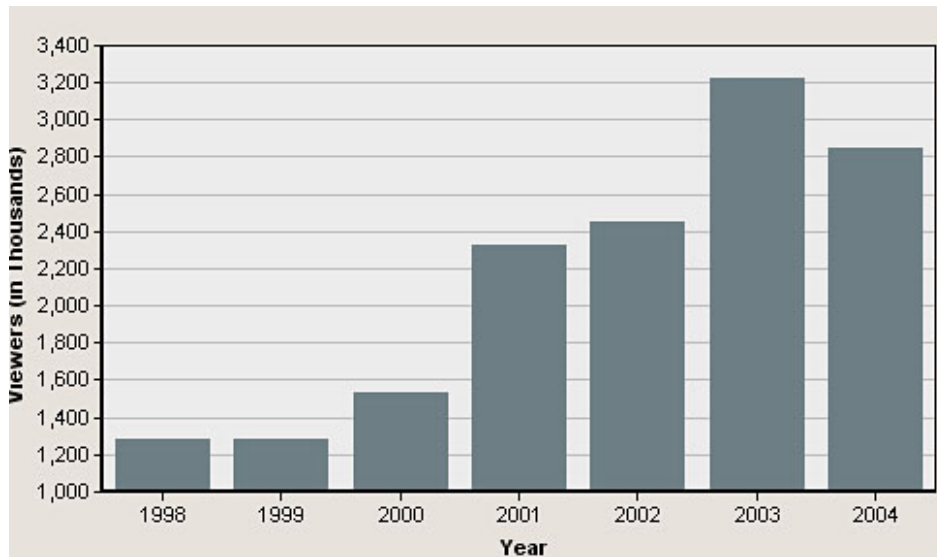
Design Your Own Chart

Source: Nielsen Media Research unpublished data

How would things look if audience data were calculated the way the cable channels do it, using the arithmetic mean average? Calculating the data this way, the cable news audience fell by 12% in 2004, from 3.22 million viewers in 2003 to 2.84 million. The daytime audience dropped even more, by 21%, to 1.61 million. Yet as we said before, we believe this drop overstates things because it tends to exaggerate the impact of the audience spike during the war in Iraq in the spring of 2003.

Prime Time Cable News Average Audience

All networks, 1998 to 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data

Fox's Leadership

How are the three major cable news networks faring individually?

In 2004 Fox remained cable news's undisputed leader in ratings, or the number of people watching at any given time.

By one way of measuring, looking at total viewership throughout the day, Rupert Murdoch's news network generally commanded around 55% of cable news audience during the year, according to Nielsen Media Research's measurement of "total day" viewing. This figure measures the average number of viewers over the course of an entire day — 24 hours. CNN is second in total-day viewership, with roughly 30%; MSNBC captures the remaining 15 percent.

More commonly, networks and advertisers look at ratings for different dayparts. ¹

Measuring ratings this way, Fox News is still the leader, and is still growing. Its median audience in prime time rose by 10% in 2004 over the year before, to 1.47 million viewers from 1.34 million. In daytime, its median also increased, by 11%, to 856,000 in 2004, up from 770,000 in 2003.

CNN remained in second place, with 815,000 median prime-time viewers, a drop of 2% from 832,000 in 2003. Its median daytime viewership, meanwhile, was 482,000, a drop of 4% from 2003.

MSNBC, still in third place, had median viewership of 341,000 in prime time, though that represented a healthy increase of 19% over the 287,000 viewers it had in 2003. Its median daytime viewership, meanwhile, barely changed, from 222,000 in 2003 to 224,000 in 2004.

Will Fox be able to sustain its growth past the election season?

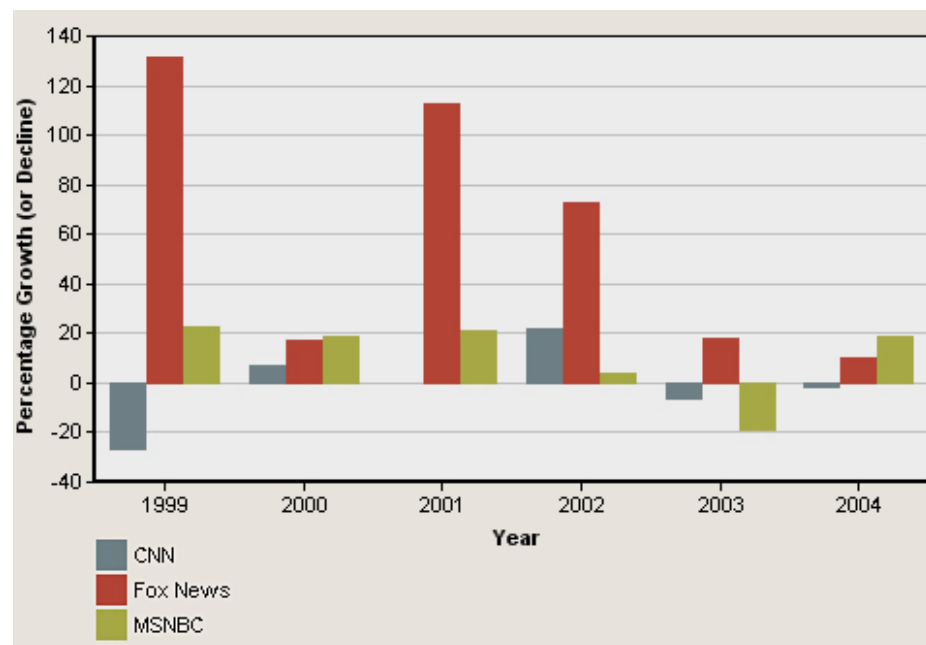
From now on, to grow, Fox News must focus more on winning over viewers who already had access to it but heretofore chose not to watch, or not to watch as much. In that context, it is striking that the rate of growth in median audience has been declining since 2001. In that year, Fox's median audience grew 113% compared with 2000. In 2002, the year it overtook CNN, the median Fox News audience grew 73%.

Since then, median audience growth has been much smaller: in 2003, the year of the war in Iraq, the median audience grew 18%. In 2004, as noted, the increase was just 10%.

Nonetheless, Fox's audience trends are better than those of its rivals.

Prime Time Cable News Median Audience Growth

By individual network, 1998 to 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data

Audience Take Two: How Many People Watch Cable

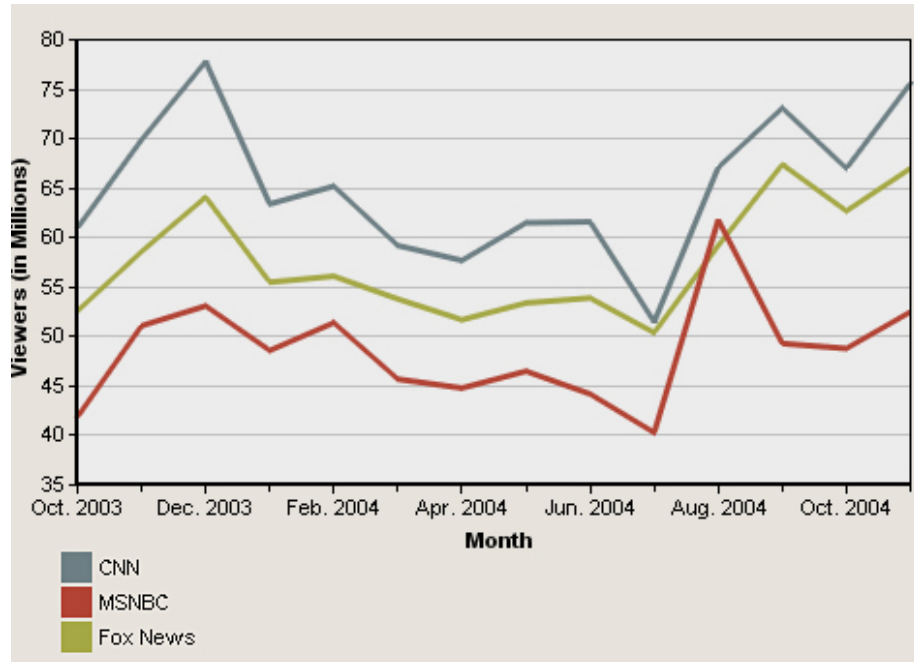
The other issue when it comes to understanding the cable audience is the question of total audience, or how many different people watch cable through the course of the day. Ratings measure how many people are watching at any given moment, which is a fine measurement for advertisers who want to know how many eyeballs may watch a particular spot. And it makes sense for broadcast television, where each program is a unique offering.

For cable, however, in which the network provides a similar product for many hours of the day, ratings are incomplete. In trying to assess where people get their news, it is useful also to know how many different people are going there. In the TV business, this measurement is known as “cume” (as in cumulative); it’s analogous to the online industry’s measurement of “unique visitors.”

CNN has long argued that despite its lag in ratings- the number of sets tuned to it nationwide at a given time — more people over all watch it. The Project obtained monthly “cume” ratings from CNN for the fall of 2003 and all of 2004. (Viewers are counted as part of a channel’s “cume” measurement if they watch for six minutes or longer.) The data show that indeed, CNN consistently gets more “unique viewers” — the total number of viewers who tune to the channel at some point during a given month -than Fox. The pattern is as consistent as the ratings pattern: CNN holds a sizable lead in this measurement, which is called cumulative audience. Fox News is in second place, and MSNBC last. In the typical month some 64 million different people tune to CNN at some point. Fox generally attracts 56 million individual viewers. MSNBC lags behind with 48 million.

The pattern of cumulative viewership showed CNN leading Fox News by a margin of 5 million viewers or more for most of 2004. The gap narrowed slightly in September and October but widened again in November. CNN reached its highest cume in recent months in December 2003, the month of Saddam Hussein’s capture; in all, 77.8 million different people watched CNN that month, according to Nielsen.

Cumulative Cable News Audience
October 2003 to December 2004



Design Your Own Chart

Source: Nielsen Media Research unpublished data

The numbers suggest that CNN is still the first choice for people trying to get a fix on the latest breaking news. For example, on Election Day, CNN beat out Fox in unique viewers by 6 million — 38 million for CNN, 32 million for Fox. MSNBC was far behind with 19 million. Given that CNN is the default option for so many people looking for cable news, the size of Fox News's ratings margin over CNN is particularly striking.

CNN argues that its higher cume makes it a better choice for advertisers because its ads will reach more people over the course of a given day. Fox News argues that CNN's "cume" figures don't matter because they're simply a measurement of "channel surfers." Indeed, in advertisements in trade magazines that reach the media planners who make decisions about where to place ad budgets, Fox has taken that argument a step further by arguing, "If CNN's advertising is misleading, why would you trust their journalism?" 2

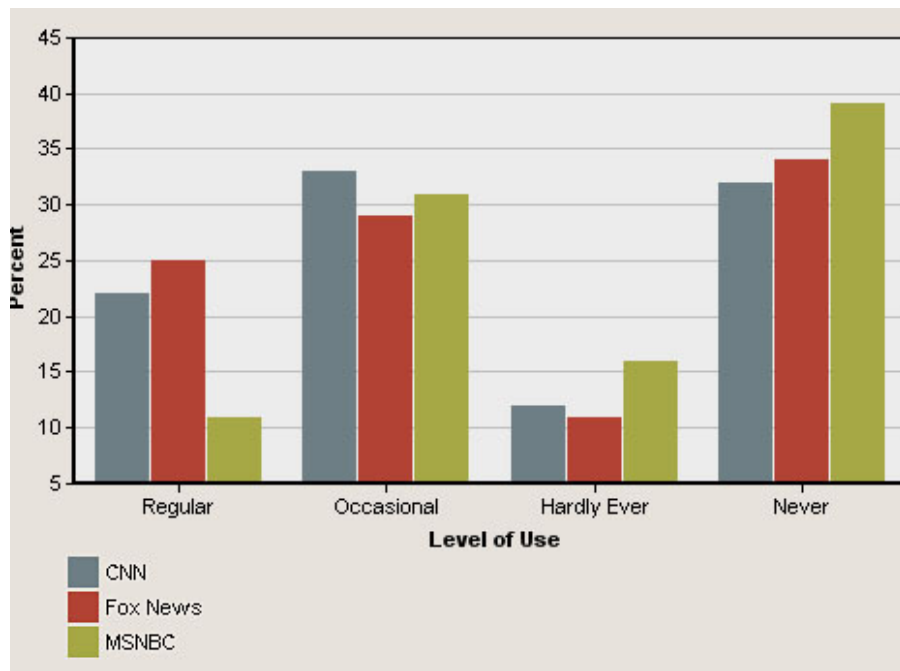
Last year, while we didn't have CNN's "cume" figures, we found evidence to support its argument in survey data. More people told pollsters that they watched CNN than Fox, which seemed to support the cumulative audience idea.

This year, however, the survey data support Fox's hold on viewers.

The Pew Research Center's 2004 poll on media consumption showed for the first time that Fox News had surpassed CNN as the preferred outlet for cable news. Fox News was cited as a "regular" source of news by 25% of people in Pew's latest survey, up from 22% in 2002; CNN dropped three points, to 22%, from 25% in 2002.

Types of Cable News Viewers

By network, June 2004



Design Your Own Chart

Source: Pew Research Center for the People and the Press, “News Audiences Increasingly Politicized,” June 6, 2004

So which measure is most meaningful? Ratings, CNN’s “cume” data or survey research? Each yardstick has its own strengths and weaknesses. Research conducted by an academic team at Ball State University in 2004- involving surveys, consumers filling out “diaries,” and researchers observing media use first hand — also found that survey data appear to consistently undercount media use. People simply use media more than they tell or can recall when surveyed, by magnitudes of three and four times. ³

Ratings are the closest thing advertisers have to determining how many eyeballs may see an ad at a given moment.

Taken together, however, the data suggest that the picture is more complicated than ratings alone suggest. If you want to know which network more people watch, Fox and CNN apparently are much closer than if you ask which network has higher ratings at any given moment.

This gap between CNN’s ability to attract an audience and its inability to keep viewers around for the long haul is the main challenge facing the network. But it is also a sign that the cable audience is not monolithic. The data suggest that it is worth looking at cable news in terms of two separate audiences: the day-to-day core audience and the occasional, “news on demand” audience. While Fox News has a larger core audience, CNN may be the winner when it comes to the “news on demand” people.

Cable Partisanship

In 2004, there was also growing evidence that the cable news audience was splintering along partisan lines. In particular, viewership of Fox News leans toward Republicans. To a lesser degree, CNN’s viewership tilts towards Democrats. Democrats and Republicans are equally likely to say they watch MSNBC.

The 2004 media consumption survey by the Pew Research Center for the People & the Press finds that 35% of Republicans say they are regular Fox News viewers, compared with just 21% of Democrats. Meanwhile, 28% of Democrats are regular CNN viewers, while only 19% of Republicans say they watch it regularly.

Percentage of Party Members Watching Specific Cable News Channels

	Democrats	Republicans	Independents
CNN	28%	19%	22%
Fox News	21%	35%	22%
MSNBC	12%	10%	12%

Source: Pew Research Center for the People and the Press, “News Audiences Increasingly Politicized,” June 6, 2004

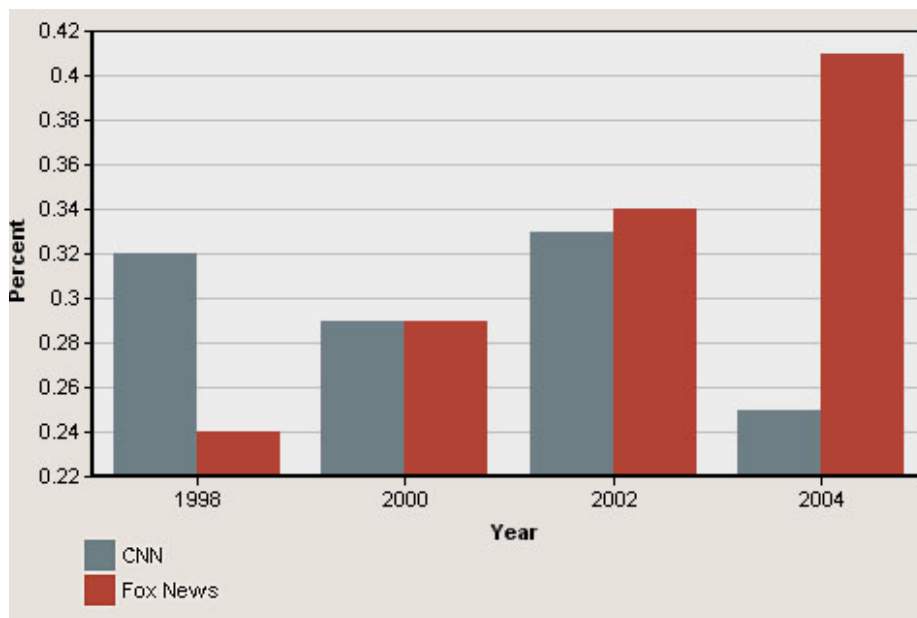
Much was made of those statistics in 2004, along with data showing more Republicans losing trust in the media generally. It was suggested that Americans were moving to their own ideological corners in their media consumption, that we were moving toward “Red and Blue truth,” in the words of Time Magazine, or a more European style of ideological media. Perhaps the American model of a nonideological independent press was dying.

But the data suggest to us something more nuanced and less spectacular. The polarization phenomenon tends to occur primarily within the cable news audience, and not necessarily across the entire television news spectrum. A broad look (see **Overview**) shows that this ideological splintering exists in cable as nowhere else, and exists more at Fox News than anywhere else. Indeed, MSNBC’s audience is evenly divided, and CNN, while it has lost Republicans to Fox, has almost as many independents as it does Democrats. In addition, Democrats are almost as likely to watch Fox as CNN.

Democrats simply don’t watch cable as often as Republicans. According to the Pew Research Center’s 2004 survey, while nearly half (46%) of Republicans are “regular” cable news viewers, only 36% of Democrats are “regulars.” Democrats are more likely to be “occasional” cable news viewers than Republicans (36% vs. 27%).

Republicans as Percent of Cable Channel Audience

1998 to 2004



Design Your Own Chart

Source: Pew Research Center for the People and the Press, “News Audiences Increasingly Politicized,” June 6, 2004

Within the specific cable channels, what appears to be happening over time is a migration of Republicans to Fox. In a breakdown of Fox’s audience by party affiliation, the percentage that is Republican has increased considerably over the past six years, from 24% in 1998 to 41% in 2004. But there has not been a similar migration of Democrats to CNN or anywhere else. 4

The data tell us something fascinating about cable and how it has come to resemble talk radio not only in content but in appeal. But they suggest far less about some growing trends in the media over all.

The On-Demand Viewer

The Pew Research Center’s studies suggest that cable news has consolidated a core audience of viewers but that it is occasionally able to draw additional viewers who seek out news when significant events are happening. Those people could be described as “news on demand” viewers. Rather than routinely watching a TV news program at a given time of day, they tune in when events pique their interest.

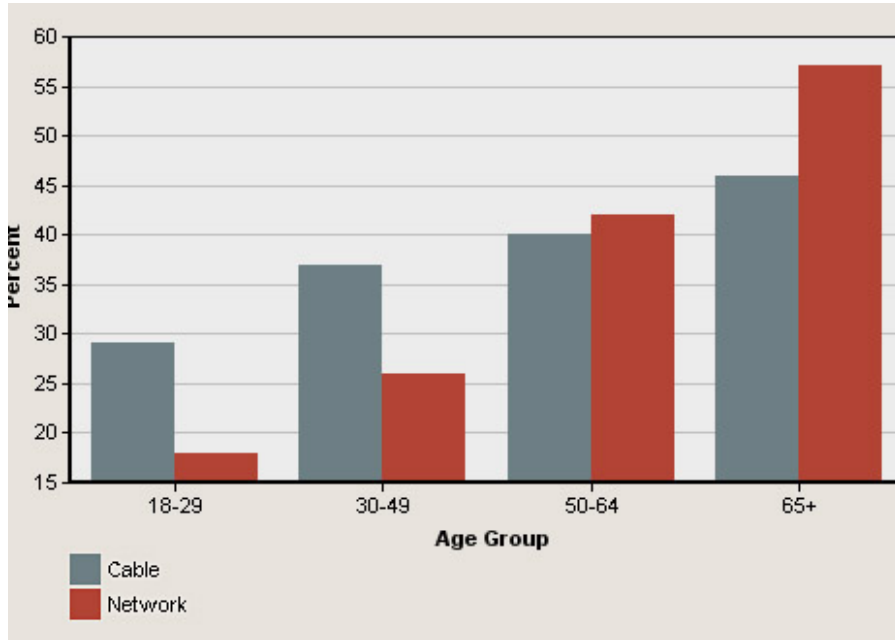
The surveys suggest that this “news on demand” pattern is particularly true for younger viewers. Adults under age 30 who “regularly” watch television news are more likely to watch cable than the broadcast networks by 29% to 18%. This preference for cable among younger viewers is important. Rather than setting aside time to watch the network news at a

specific hour — what’s known as “appointment television” — younger adults are more likely to go to cable, which is available any time they choose to tune in. And looking more closely at those cable viewing habits, there is evidence of the same news on demand behavior. Younger cable viewers are more likely than other groups to only watch on occasion, presumably when something is happening, rather than as a regular habit. The plurality of young cable viewers, 37%, describe themselves as “occasional” viewers, the highest of any age group in that category. Moreover, it’s been that way for quite some time.

The bulk of the cable news audience, however, is made up of older Americans, who in general consume more news than younger ones (with the exception of online news). Their responses are the mirror image of the younger group’s — they call themselves regular consumers of cable rather than occasional but ultimately prefer network. Among people over 65 years old, 46% are “regular” cable news viewers, but 57% are “regular” network news viewers. 5

Regular TV News Viewers, Cable vs. Network

By age group, June 2004.



Design Your Own Chart

Source: Pew Research Center for the People and the Press, “News Audiences Increasingly Politicized,” June 6, 2004

Does Cable News Have Room To Grow?

The question for the future is whether cable’s big growth years are over.

Media analyst Tom Wolzien of Sanford C. Bernstein, analyzing Nielsen data on 50 of the most-watched cable networks, noted that from 2000 to 2004 their cumulative share of the cable TV audience remained static. The growth in viewership has come in the acquisition of cable service by more and more households. Viewership remained flat among consumers who already had cable service throughout the period. Fox News in particular seems to have benefited from increased distribution.

In an interview with USA Today, Wolzien suggested that the cable networks are now “cannibalizing” from each other rather than winning viewers from broadcast. He predicted that for cable in general, barring better programming and more investment, the size of the audience would peak in 2009. 6

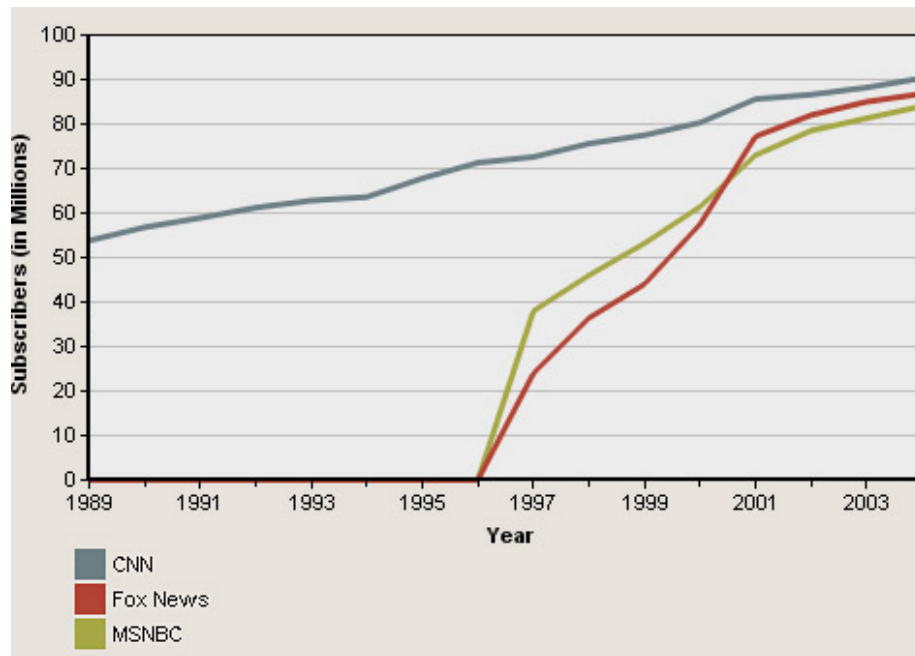
Fox News’s growth to date seems to represent both phenomena — adding more cable systems and stealing viewers from its rivals. Consider that in 2002, the median prime-time cable audience was 2.37 million viewers, and 48% of it was tuned to Fox News. Two years later, the median primetime cable audience was only slightly more, 2.61 million viewers, but now 57% of it was watching Fox.

The overall audience did grow over those two years, slightly, but Fox’s share grew even more, a sign of cannibalizing its cable rivals. 7

In the same period, Fox gained more audience than CNN lost, a sign that some of that audience also came from growing distribution. Indeed, between 2000 and 2004 MSNBC extended its potential reach of new cable systems by almost 30 million cable subscribers, while Fox News added closer to 40 million. CNN, meanwhile, which was already carried on most cable systems, gained only 10 million more potential subscribers over those four years..

Availability of Cable News Channels

1989 to 2004, at year end



Design Your Own Chart

Source: Kagan Research unpublished data, www.kagan.com

The Election Effect

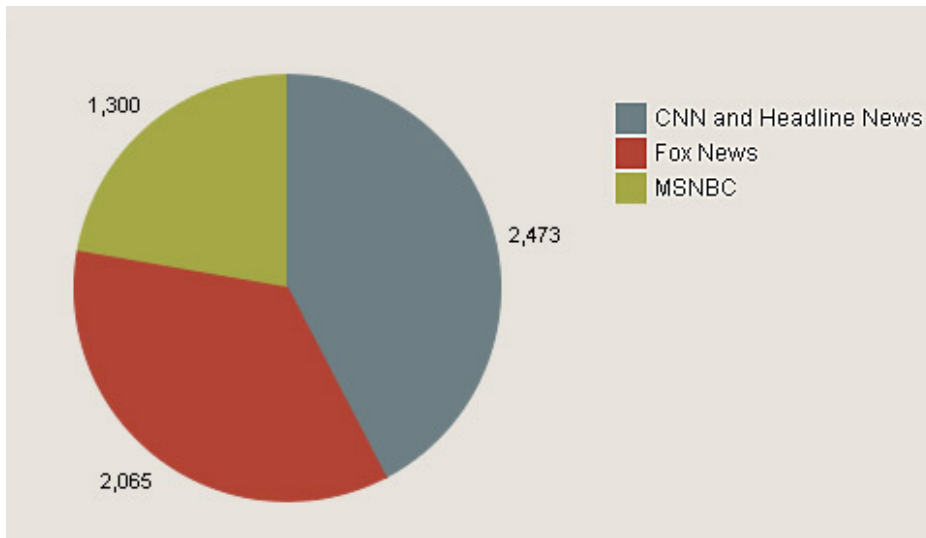
Cable news was one of the most-cited sources for election news throughout the presidential campaign. A January 2004 study by Pew Research Center asked people, "How often, if ever, do you learn something about the presidential campaign or the candidates" and offered a list of specific news sources. The survey found that cable news was one of the few news sources people were likely to rely on more than they did four years earlier — 38%, up from 34% in 2000. 8

The late summer and early fall of 2004 showed growth in cable news viewership, but by October the audience had peaked. Indeed, Pew Research Center surveys show that by the final months of the presidential campaign the number of people turning to cable news as a source for election news was flat or had fallen. 9 Fox News was the only network to hold steady, cited as a source by 20% of Americans in January and 21% in November. CNN, which had been the most popular cable source in January (22%), was the choice of only 15% of Americans surveyed in November; MSNBC, the choice of 7% in January, was named as a source by 6% in November.

The sharp, partisan divides between audiences for the three cable channels that became clear in 2004 -Fox News clearly the channel preferred by Republicans, CNN viewers more likely to be Democratic -showed up starkly in ratings for the political conventions, when the parties most plainly presented their case to the American public. Those ratings suggest that the division may be more one-sided than it first appears. Republicans clearly migrated to Fox, but audience figures suggest that Democrats were not as clearly aligned with CNN. A more thorough discussion of this phenomenon follows in Public Attitudes.

During the Democratic convention, viewership was distributed fairly evenly (in fact, more evenly than usual) among the three cable channels: CNN (plus Headline News) was the most-watched channel, with 43% of the cable audience over the course of the convention; Fox News was watched by roughly a third (35%) of the audience; and MSNBC, which is typically watched by 15% of the cable news audience, was watched by at least a fifth (22%). 10 Cable viewership increased from 4.8 million on the convention's first night to 6.8 million on the Thursday night of John Kerry's acceptance speech.

Democratic Convention Viewership on Cable News



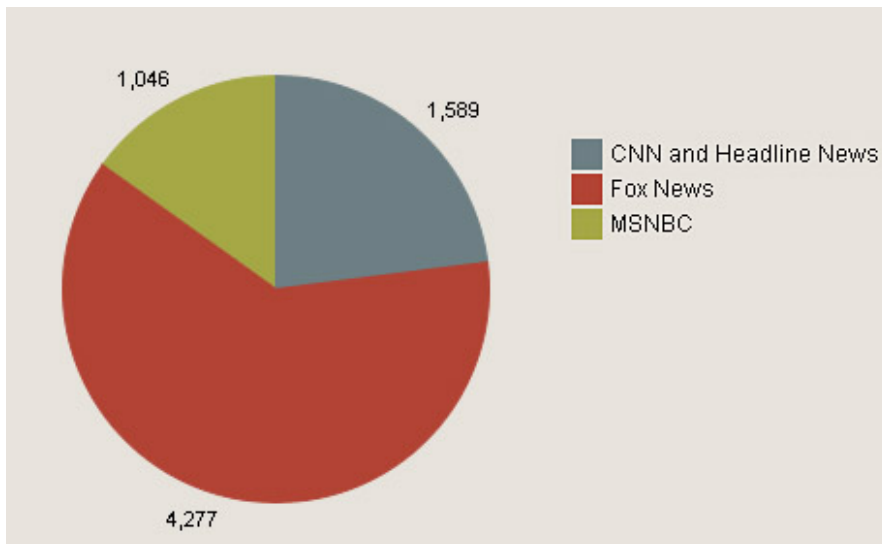
Design Your Own Chart

Source: Nielsen Media Research unpublished data

*Average prime time viewers, July 26 to July 29, 2004.

The pattern was remarkably different during the Republican convention a month later. From the first night, Fox News dominated the fight for viewers, attracting 65% of the cable audience that night and maintaining its lead over the next three. In addition, Fox News steadily picked up viewers, going from 3.9 million on the first night (out of 5.98 million cable viewers) to 5.3 million (out of 8.55 million cable viewers) on Thursday. On the final nights of the convention, indeed, it was the single most-watched network, beating the broadcast networks as well as its cable rivals.

Republican Convention Viewership on Cable News



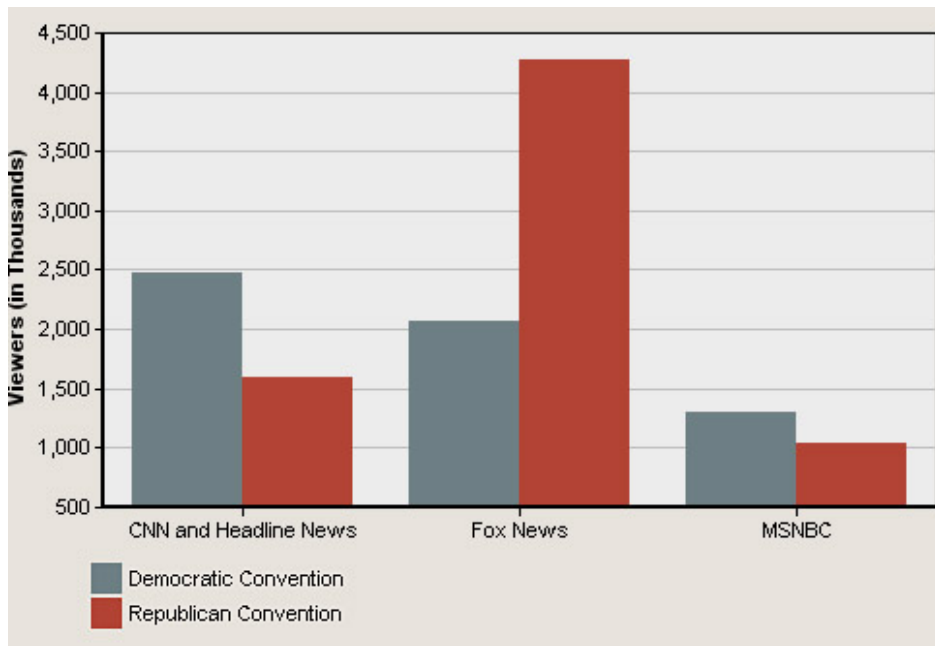
Design Your Own Chart

Source: Nielsen Media Research unpublished data

* Average prime time viewers, August 30 to September 2, 2004.

While total viewership on both network and cable television was roughly the same between the Democratic and Republican conventions, Fox News's surge in viewership during the Republican convention seemed due in part to partisan Republicans' flocking to that network.

Convention Viewership on Cable News



Design Your Own Chart

Source: Nielsen Media Research unpublished data

* Average prime time viewers, July 26 to July 29, 2004 and August 30 to September 2, 2004.

(For a discussion of the substance of cable news convention coverage, see **News Investment**.)

Another factor was probably the general abdication from convention coverage by the broadcast networks. NBC, CBS and ABC each devoted only three prime-time hours to each convention, one hour on each of three nights, and skipped one night of both conventions altogether). That absence of broadcast network coverage contributed to the cable numbers.

Audience: A Conclusion

So what is the future for cable audiences? Most likely it will not be based on drawing dramatically new numbers of people freshly wired to cable boxes. Rather, it will have to be built around establishing viewer loyalty — by building its own dedicated audience, cannibalizing from the news competition, and winning more of the ‘information’ audience that drifts to channels like Discovery, History, or TLC.

That outlook has a number of implications.

One is that to grow further, cable will have to do more than the things Fox has done so far — attract an audience with talk radio-style programming and steal conservatives away from CNN. It will have to attract new viewers with new kinds of programming.

Another is that cable executives will increasingly focus not just on numbers of viewers but on something called “time viewed” — the length of time those viewers hang around — as well as demographics.

When it comes to time viewed, the implications for the future may not be good for news, or at least what traditionalists would consider news. The “traditional newscast” at best would attract viewers to a single program, not over time. Yet to date, the signature newscast (MSNBC originally had high hopes for “The News with Brian Williams”) has been a ratings loser in cable compared with the talk formats (like Larry King, O’Reilly, or Matthews). If that continues to be true, there will be even more emphasis on personality. That’s what’s working, that’s what’s winning and that’s what viewer loyalty seems to be built on. Here, Fox seems to have had the upper hand so far. It has more programs built around personalities, and it apparently has viewers sticking around longer. If personality is the path, then the Fox approach would seem to be the model others will copy.

Another question is how you define success. Any discussion of the future “growth” of the cable audience will likely break audience growth down into demographics. All ratings points are not created equal; viewers with higher incomes are more desirable to advertisers. That, industry insiders explain, is how Lou Dobbs’s Moneyline program was sold for so many years. It had relatively low ratings, but charged high ad rates because of the presumed desirability of the audience. If cable cannot increase the sheer numbers, can it increase its appeal to specific demographics? It would like to do so, but

it has shown little boldness to date in going upscale, for fear of losing the overall ratings wars. Here, potentially, CNN and MSNBC may have an opening to do something Fox has not.

Indeed, the small percentage increases and declines in audience growth CNN and MSNBC have experienced illustrate the problem facing both channels as they compete against Fox News. Neither appears to have leadership willing to take a risk on an approach to the news that might prove either a breakout success or a ratings disaster. Instead, by attempting variations of what Fox has shown is successful, both channels in their own distinct ways have failed to create their own distinct formulas.

CNN has moved in the direction of talk shows, à la Fox, but has never gone for the ideological edge. MSNBC has also moved in that direction, but the political stances have varied — sometimes to the left (“Donahue”), sometimes to the right (“Scarborough Country”), and sometimes both. During the daytime, MSNBC has shifted toward a BBC or radio style “newswheel,” with regular previews of what is coming in the next 15 minutes, and regular news summaries.

If CNN and MSNBC do not change their content substantially, there would seem to be little reason to believe their ratings will change in any dramatic way. Yet if Fox News’s growth continues to slow, or even stop, it is possible that its formula of talk programs may no longer be the model the others try to emulate.

Footnotes

1. We focus on two dayparts: daytime, lasting from 6 a.m. to 6 p.m., and prime time, which for cable usually starts at 7 p.m. and goes until 11 p.m.
2. Advertisement, *Mediaweek*, November 22, 2004.
3. A comprehensive report on this project, known as “Middletown Media Studies,” can be found in the *International Digital Media & Arts Association Journal*, vol. 1, no. 1 (Spring 2004). For a summary of the project’s research on news media consumption, see Deborah Potter, “TV: The 800-pound gorilla,” *NewsLab.org*, September 22, 2004.
4. Pew Research Center unpublished data.
5. Pew Research Center, “News audiences increasingly polarized,” June 8, 2004, *Media Tables*, p. 7.
6. David Lieberman, “Study: Cable losing steam,” *USA Today*, August 24, 2004.
7. Kagan Research provides data on each network’s clearances—the number of homes in which the channels are available.
8. Pew Research Center, “Cable and Internet loom large in fragmented political news universe” questionnaire, January 11, 2004, question 18.
9. During the presidential campaign, the question asked “Do you get most of your news about the presidential election campaign from [news outlet]?” The November version asked “Did you get most of your news about the presidential election campaign from [news outlet]?”
10. Nielsen Media Research unpublished data.

Economics

Economics

In trying to assess the main economic trends in cable heading into 2005, three themes emerge.

Looking back, 2004 marked the first year all three cable channels earned sizable profits.

Despite being No. 2 in ratings, CNN continues to lead cable news in economics, and there is some evidence that its brand is more highly regarded in advertising circles than Fox's. Nevertheless, its financial lead over Fox appears to be shrinking rapidly.

Even if its audience growth is shrinking, Fox's profits should continue to grow as agreements limiting its licensing fees begin to expire.

To maintain its leadership in profits, CNN clearly must do something, either by changing its content to attract more viewers or by creating new revenue sources. It also faces the challenge of deflecting the allegation that it is merely a liberal network, lest it lose its prestigious reputation among advertisers. The most basic message about cable news economics, however, is that for short term, this is an increasingly profitable business across the board.

Profits

The most obvious landmark over all in 2004 was that all three news networks earned significant profits for the first time.

MSNBC, which lost money from its inception in 1996 until 2002 and basically broke even in 2003, finally broke through in 2004 and generated profits of some \$32 million, according to Kagan Research.

What happened? Part of MSNBC's success is linked to the fact that it carried ads for the Olympics. NBC was able to assign ad spending across its cable network group, and the high ratings garnered by the Games ended up benefiting MSNBC. ¹

The success should be kept in perspective. The profits are still less than 10% of what CNN makes and 12% of Fox. Yet finally, MSNBC can claim to be moving in the right direction financially.

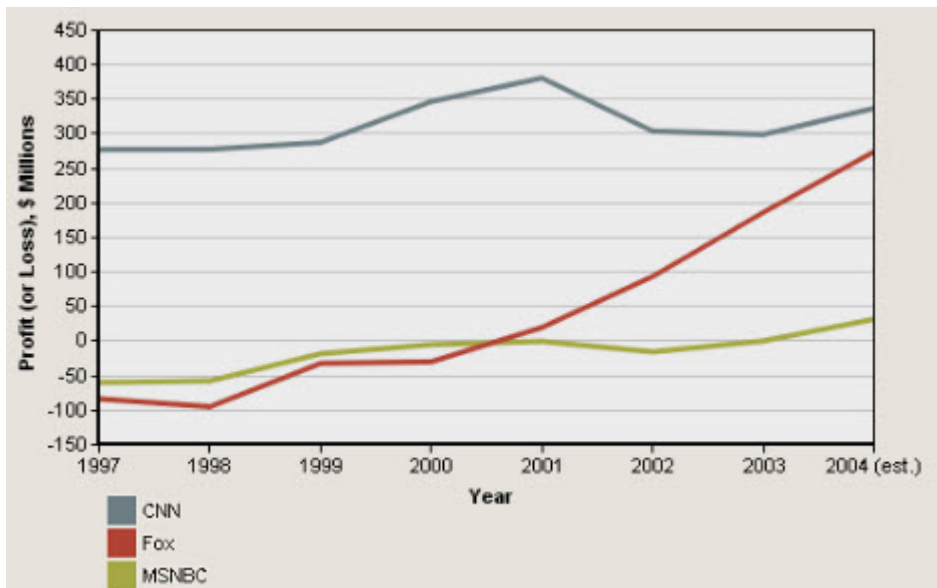
The second theme that stands out heading into 2005 is that CNN remains dominant economically, but Fox is making further strides in closing that gap.

Consider this: In 2003 Fox's profits were 40% less than CNN's. In 2004 it is estimated that the gap narrowed to just 20%, according to Kagan Research.

Put into dollars, CNN was projected to earn \$337 million in operating or pre-tax profits in 2004. Fox News was projected at \$274 million. MSNBC was put at \$32 million.

The shrinking gap in profitability between CNN and Fox News — about \$60 million — obscures, however, some other facts about the finances of the two networks that are important to understand.

Cable News Profitability 1997 to 2004



Design Your Own Chart

Source: Kagan Research, www.kagan.com

When it comes to revenue, CNN brings in much more than Fox News. In 2004, Kagan Research estimated, CNN would end up bringing in \$887 million in overall revenue vs. \$539 million for Fox. ²

The difference is that CNN supports a much larger infrastructure. Kagan puts its total expenses at \$550 million in 2004 and Fox News's at less than half that, \$265 million. CNN is supporting a much larger newsgathering operation, with at least 26 foreign bureaus to Fox's five, and more reporters as well. CNN is also providing content to more outlets, including Headline News and CNN's international networks. ³ (See **News Investment**.) As a consequence, a larger share of CNN's revenue, 62%, goes to cover expenses, compared with 49% of revenue for Fox News. That allows Fox to make a profit with lower revenues than CNN.

The disparity between revenues and profits is worth considering for a moment. One might argue that the revenue figures are more significant than the profits because they also indicate something about the depth of what CNN is offering. Does the greater expenditure on newsgathering suggest a qualitative benefit to advertisers? Or is there no value in demographics, loyalty, cume, or other measures from having more bureaus, more reporters, and more newsgathering reach? Does Fox simply succeed by having a more popular lineup of talk-show hosts?

In only six years on the air, Fox News has gone from the bottom of the cable news ratings to the top. It has also gone from losing \$30 million in 2000 to making almost \$190 million in profits for News Corp. in 2003. But it's not making the highest profits of the cable news channels; nor is it bringing in the most revenue.

MSNBC, meanwhile, had estimated expenses of \$254 million in 2004 — about the same as Fox's — but its revenue is much smaller, \$286 million, meaning that expenses ate up 89% of revenue. (That is true even though its newsgathering expenses can be amortized across the NBC networks.)

The expense numbers also help explain something about the marketing of Fox and MSNBC.

MSNBC tried to market itself by building its schedule around content drawn from the NBC News library and other sources. NBC reporters have been commonly featured on MSNBC since its debut, but the network's most well-known personalities have not really been used to establish the channel's identity. The network's strategy seemed to be based on transferring the "aura" of NBC News to MSNBC, but that was never pursued aggressively. Anchors like Matt Lauer and Jane Pauley showed up on MSNBC, but usually in peripheral roles, such as providing voice-overs for programs built around old NBC News footage. In fact, it could be argued that the most notable migration has been in the opposite direction: in 2002, NBC decided to start a Sunday morning talk show built around the "Hardball" host Chris Matthews.

When Fox News began in 1996, there was no way owner Rupert Murdoch and the channel's president, Roger Ailes, could compete with CNN in pure numbers of reporters, bureaus and sheer resources. It could not piggyback on a major network

news organization, as MSNBC could, nor did it have a significant library to build on. Fox had to compete for viewers another way.

So Murdoch and Ailes built a different product. To begin with, they understood, or soon came to understand, that they might have great appeal in prime time to the same audience that gravitated during the day to talk radio. To do that, they would have to play, as talk radio does, as a conservative alternative to a mainstream press that was perceived as part of a liberal establishment.

They also had some news personalities who were already well known, such as their Washington bureau chief, Brit Hume, and the former Current Affair host, Bill O'Reilly, and contracts with commentators like Fred Barnes.

Fox News hit on a formula of building shows around anchor personalities rather than a universal news desk, livelier graphics and pacing, heavy focus on a few hot-button topics, particularly Washington and politics, and an appeal to its audience in part through ideological affinity. The marketing slogans "Fair and Balanced" and "We Report, You Decide," seemed to many to be code for another message: The competition isn't fair. It's biased.

In short, Murdoch and Ailes turned necessity – limited resources and a possible conservative reputation – into a virtue. They couldn't compete against either CNN or MSNBC (backed by NBC) on sheer muscle when it came to gathering, verifying and synthesizing information. They played instead to their own potential strengths, and toward what they perceived as CNN's potential vulnerabilities – being the establishment network that lived and died by events but had rarely been able to create distinct shows. The strategy may well have been the best one available from a business point of view. Fox developed a cable news network whose appeal was not built mainly on the size of its newsgathering resources.

Now, as Fox has grown, it appears gradually to be building up those resources, but as the expense numbers show, they are still not comparable to CNN's.

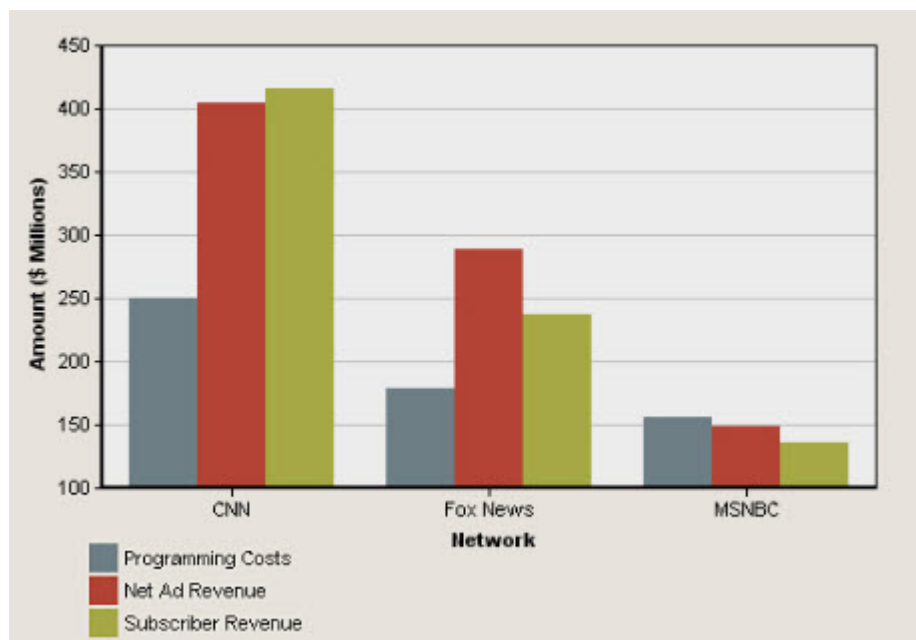
Revenues

To further understand the profit picture, it is useful to take a closer look at revenues.

The economic model of cable news is basically the same as it is for all cable channels. To fund operations, cable channels depend on two revenue streams: advertising revenue and revenue from license fees – money paid by the cable systems that carry the channel. Most channels are marketed toward specific niches, whether a demographic (like young men, who are targeted by Spike) or people with a particular avocation (such as amateur cooks, for whom the Food Network was designed).

Cable news is no different: its guiding justification is that news appeals to a specific population demographic – namely, well-educated and affluent people. Because of their narrow targeting, cable channels are generally unable to charge the high ad prices that the mass-marketed broadcasting networks enjoy. But because news consumers are seen as a hard audience to reach through television, cable news is able to charge prices for its ads that match those for general-interest cable channels with larger audiences.

Cable News Revenue and Expenses, 2004



Design Your Own Chart

Source: Kagan Research, www.kagan.com

* Based on 2004 estimates.

Let's break down ad revenues first.

Despite having only a little more than half the audience of Fox, CNN continues to lead in ad revenues. In 2004, Kagan Media Research estimated, CNN would take in \$404 million in ad revenues, Fox \$288 million and MSNBC \$148 million.

How can that be when CNN has lower viewership? A strict comparison of ad rates does not tell the full story, because there are any number of techniques cable channels use to win advertisers, such as offering volume discounts and multi-channel or cross-media deals. The basic story is that Fox News was initially obliged to sell ads at a much lower rate than CNN as it was establishing itself. Even when it matched CNN in viewers, it could not immediately hike its rates to CNN's level because that might have alienated its existing advertisers. ⁴

Instead, rate increases have been a slow but promising process. Most of Fox News's gains have come during successive "upfronts" — the period in spring when advertisers commit to purchasing ads for the coming TV season, and the time of year when channels tend to roll out rate increases. ⁵ According to market analysts of cable, as recently as spring 2004 Fox had generally been able to charge only about 75% to 80% of CNN's ad rates. ⁶ But the gap is reported to have narrowed by the end of 2004 — thanks in part to Fox's viewership gains toward the end of the campaign season — and Fox News was matching CNN's ad rates. ⁷

In 2004, Kagan estimated, CNN's ad revenues would grow by only about \$4 million, while Fox's would grow by \$80 million and MSNBC's by \$35 million.

Net Ad Revenue of Cable News Channels 2000 to 2004

	2000	2001	2002	2003	2004 (est.)
CNN	\$412.8	\$445.9	\$359.8	\$399.2	\$403.8
Fox News	51.2	59.9	109.8	208.6	288.0
MSNBC	138.8	115.7	98.4	113.1	148.3

Source: Kagan Research unpublished data, www.kagan.com

If Fox continued to gain revenues at the same rate, while CNN held steady, Fox might surpass CNN in the next three to five years. If CNN began to lose revenues — for example, if advertisers started switching from CNN to Fox — the gap would close even sooner.

How has CNN managed to maintain revenues on declining viewership? Three possible explanations emerge.

The first, offered by CNN itself, is that all three news channels may be benefiting from advertisers who are cutting their spending on broadcast news programs and boosting their cable advertising budgets. In media reports, Greg D'Alba, head of sales for CNN, has taken the stance that CNN's primary goal is to win more and more revenue over time from advertisers leaving behind network news, rather than focusing on beating out Fox News and MSNBC. ⁸

A second factor that has kept CNN advertisers from switching to Fox News is that Fox may not yet enjoy the same "brand" reputation. One Wall Street Journal article on the economics of cable news advertising quoted an anonymous ad agency executive defining CNN as "prestigious" and another saying Fox News "is not perceived as pure news, because it really is no different than talk radio." ⁹ A fall 2004 poll of advertising executives found that they were much more likely to see CNN as a "balanced" news organization than Fox News, by a 43% to 14%. A substantial portion (35%) saw CNN as "liberal." But an even larger portion of the executives saw Fox News as conservative — 70%. ¹⁰

A third CNN advantage has been its ability to package ad sales with its compatible corporate siblings — including not only Headline News in the U.S., but CNN International as well. Fox News's cable siblings, by contrast, include entertainment networks like F/X and the National Geographic Channel, making cross-network deals difficult. ¹¹

The biggest advantage of all, though, is the higher ad rates CNN has been able to charge. The battle over the rates is intense. As discussed in the audience section (see **Audience**), CNN makes the case that its audience really is bigger than what is measured by simple cable ratings. Nielsen's ratings system measures at-home viewers, but cannot capture businesses or commercial settings. Earlier this year CNN released a study by Nielsen suggesting that thanks to televisions tuned to CNN in bars, airports, waiting rooms, and elsewhere, it has more "light viewers" than *all* other networks (including not only Fox News and MSNBC but ESPN and the broadcast networks, too). ¹²

Fox News, on the other hand, argues that its higher ratings mean it has replaced CNN as the "default" news channel, and that advertisers should accordingly replace CNN with Fox if they're trying to reach the well-educated, upper-income demographics that tend to be most interested in news. Nielsen research shows that Fox News viewers tend to watch for longer stretches than CNN viewers; Fox News argues that this means its audience is more attentive and, thus, more receptive to ad messages. ¹³

MSNBC, meanwhile, still lags in the competition for advertising revenues, but has its own argument. Much of its appeal advertisers is based on the ability to buy time on both MSNBC and NBC News programs under package deals.

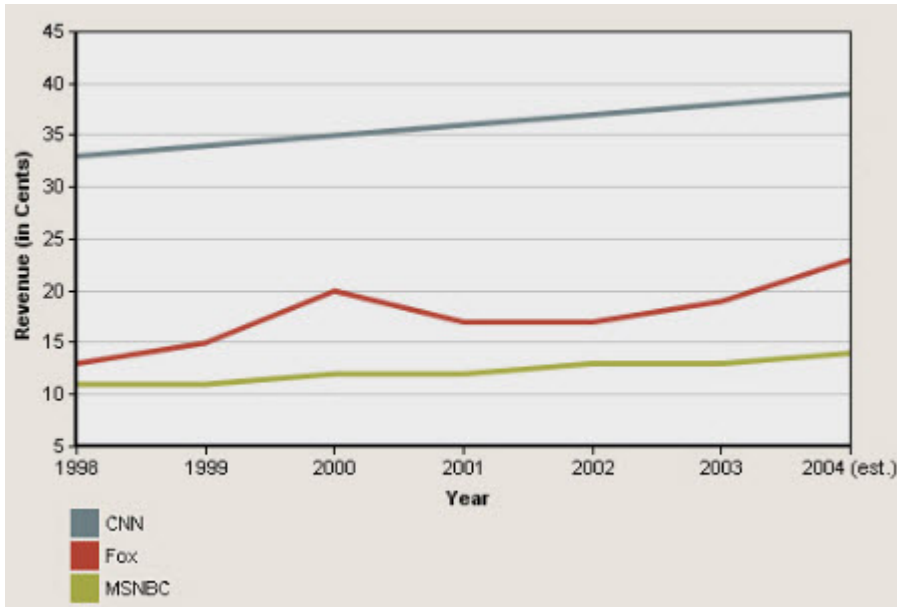
License Fees

Besides ad revenue, cable channels receive income from license fees. Here, so far, CNN also has had the edge. The system works through contracts signed by cable systems and channels, in which the cable systems agree to turn over a monthly fee to the channels according to the number of subscribers the systems serve. Because the contracts are habitually long term (as long as ten years, in many cases), Fox News is still locked in to subscriber contracts signed when it first went on the air, and it receives much less revenue per subscriber than CNN — 23 cents, according to recent estimates, compared with 39 cents per subscriber for CNN.

As some of those contracts expire, Fox might have more leverage in raising fees, but there are still some complications.

While it has passed CNN in ratings, Fox has also been limited in its ability to do anything about the license fee imbalance because CNN is a corporate sibling of Time Warner's gigantic cable system, which Fox depends on for distribution of its cable channels (such as F/X and other entertainment networks) in markets like New York and Charlotte, North Carolina. ¹⁴

Monthly Revenue per Subscriber 1998 to 2004



Design Your Own Chart

Source: Kagan Research, www.kagan.com

Going forward, however, Fox News is in a better position to assert leverage against cable operators than it has ever been before. With the purchase of the satellite company DirecTV in 2004, News Corp., Fox News's parent, now has a media distribution system of its own. That gives it power to dictate the terms on which its satellites will carry Time Warner programming — and vice versa. ¹⁵ (See **Ownership**.)

In a conference call with investors this year, according to a transcript from the financial news wire Fair Disclosure, News Corp. executives promised to negotiate with cable systems for better terms as its license-fee contracts start to expire in 2006. As CEO Rupert Murdoch put it, referring to CNN, "They're still getting double the affiliates' fee for half the audience. So clearly, that will be put right." ¹⁶

CNN's Challenge

It is hard to see how CNN's strategy — counting on its reputation as a better but smaller brand and using its corporate muscle to ensure higher subscriber fees — can last indefinitely.

Fox's ad revenue growth may be limited as well, if it turns out that its audience is hitting a ceiling. But that may not be much solace for CNN.

The most obvious need for CNN — and much of this applies to MSNBC as well — is to somehow increase audience. The most important way to do that is to change its programming — to improve it, make it more memorable and more compelling, and broaden its appeal. CNN appears to be thinking along those lines. It is already experimenting with longer-form programming for CNN Headline News in prime time. Insiders say that CNN executives hope to use Headline News as something of an experimental laboratory. ¹⁷ They also acknowledge privately that CNN programming is bland.

The question is whether CNN has the ideas, vision and spirit of risk-taking to make changes that will really distinguish the product. The network's attempts over the past 24 years, frankly, raise questions about that. CNN's limitation, and what made it vulnerable to Fox in the first place, was that its technological vision — of linking the world by satellite to 24-hour news — was never matched by an innovative execution of what that news might be.

Originally, CNN followed the maxim that "the news is the star." After the arrival of Fox, and the merger with AOL, it shifted to thinking, at least in prime time, that the "star," or anchor, is the news (as represented in the hiring of Connie Chung and Paula Zahn by the new AOL-led management). That strategy did not fully succeed. Chung was soon dropped and Zahn has had ratings difficulties. The news channel has not been able to figure out how to compete in the 8 p.m. prime-time slot with a news program. Its most successful evening program has always been Larry King, a late-night talk show it shifted from radio before radio talk went conservative.

It remains to be seen at the beginning of 2005 what difference might come with the arrival of Jonathan Klein, founder and chief executive officer of The FeedRoom Inc., a high-speed Internet news network and video streamer, as head of CNN's U.S. news operations. "Six years steeped in the digital information industry have helped me understand today's news consumers in ways never before available to media executives," Klein said in a statement on November 22. 18

CNN's biggest immediate problem, however, may be contending with the knotty question implied by Fox's marketing. CNN's brand strength, at least according to the reported perceptions of the advertising community, is that it delivers news a straight way. The more headway Fox makes in marketing the idea that it and CNN have a kind of parity – that CNN is a liberal network on the one side and Fox a conservative one on the other – the more Fox may erode that brand.

In that sense, CNN might actually welcome competition from INdTV, the cable news channel being backed by former Vice President Al Gore that is slated to go on the air in spring 2005. If that channel were to explicitly position itself as a liberal alternative to Fox News – though that is not certain to be the case – CNN might benefit from being able to position itself as a moderate voice on the ideological spectrum of cable news. 19

The ideological argument has implications for journalism that may be far-reaching. It also has economic implications for CNN that could be devastating. Somehow, CNN has to take the challenge head-on and prove that it is what it contends, an independent and neutral news source, and that Fox is not.

Footnotes

1. Paige Albinak and Anne Becker, "Games score big: As Olympics ratings rise, so do NBC's profits." *Broadcasting & Cable*, August 23, 2004.
2. Kagan Research, *Economics of Basic Cable Networks*, 2004.
3. Josh Rottenberg, "Conventional power," *Entertainment Weekly*, September 24, 2004.
4. In January 2002, when Fox News first matched CNN in viewership, its ad rates were roughly half CNN's. See Jane L. Levere, "The Fox News Channel tops CNN's audience, and casts its eyes toward its advertising rates," *The New York Times*, January 30, 2002.
5. See Richard Linnett, "Fox claims win over CNN in cable upfront," *Advertising Age*, July 14, 2003. Although cable news channels don't have "seasons" as the entertainment networks do, for the sake of convenience they participate in the "upfront" alongside them.
6. Julia Angwin, "The right price: for Fox News, ad-sales market isn't fair, balanced," *The Wall Street Journal*, May 20, 2004.
7. Jacques Steinberg, "Fox News, media elite," *The New York Times*, November 8, 2004.
8. Mavis Scanlon, "A day in the life: CNN ad sales' Greg D'Alba," *CableWorld*, September 20, 2004.
9. Julia Angwin, "The right price: for Fox News, ad-sales market isn't fair, balanced," *The Wall Street Journal*, May 20, 2004.
10. Joe Mandese, "Papers, local TV seen as more credible than network news; consumers, trade split on bias," *MediaPost.com*, November 1, 2004.
11. Julia Angwin, "The right price: for Fox News, ad-sales market isn't fair, balanced," *The Wall Street Journal*, May 20, 2004.
12. Jon Lafayette, "CNN touting greater out-of-home viewers," *Television Week*, March 22, 2004.
13. Andrew Grossman, "Fox, Univision sights on ad mart," *Hollywood Reporter*, March 4, 2004.
14. For more on the initial struggle between Time Warner and News Corp. over adding Fox News to Time Warner's cable lineup, see "Goliath vs. Goliath," *FAIR Extra! Update*, December 1996. Online: <http://www.fair.org/extra/9612/goliaths.html>.
15. Ronald Grover and Tom Lowry, "Rupert's world," *Business Week*, January 19, 2004.
16. *FD Wire*, "Q2 2004: The News Corporation Limited Earnings Conference Call," February 11, 2004.
17. CNN staff member in interview with Project for Excellence in Journalism staff.
18. Megan Larson, "Klein named president, CNN/U.S.," *Mediaweek*, November 22, 2004.
19. For more on INdTV, see Ron Russell, "Looking inside INdTV," *SF Weekly*, July 28, 2004.

Ownership

Ownership

There were no changes in the ownership picture of cable news in 2004. No new companies entered the field, and none of the three major cable news operations changed hands.

Cable news management came under attack on a variety of fronts, including allegations (notably in Robert Greenwald's movie "Outfoxed") that Rupert Murdoch had turned Fox News into a covert political operation, and Ted Turner's castigating Time Warner for managing CNN with too much attention to short-term results and the bottom line. ¹ There are further signs of new competitors entering the field, including BBC, perhaps as soon as 2005.

The three cable news channels are all owned by media conglomerates, and all have corporate siblings heavily involved in other media sectors, from magazines (Time Warner), newspapers (News Corp.), local TV stations (News Corp. and NBC), and movie studios (all three).

Despite those similarities, the news channels play different roles within their respective companies that are useful to note in trying to imagine how they might evolve in the future. Fox News is one of the stars of News Corp.'s TV portfolio. CNN is a solid performer for Time Warner, but not an enormous factor. MSNBC, by contrast, contributes little financially to either of its parents, General Electric (the NBC of MSNBC) or Microsoft (the MS). On the one hand, that might suggest MSNBC is in a precarious position, which has led to speculation about its owners' commitment to the channel in the long term. On the other, having multiple platforms to deliver news and other content may be central to both companies' strategies.

In 2004, each company started a number of activities that attempt to create a "seamless" experience tying cable news to its online counterparts. Arguably, the cable channels are doing a much better job of online convergence than either network or local TV news. It could be that cable news is especially suited for online convergence because its 24-hour day matches well with the Internet's "always on" nature.

In most cases, the cable channels' attempts to boost their ties to their online counterparts have revolved around reporters and staff people discussing what their lives are like behind the scenes – posting about the techniques that got them a particular story, the day-to-day business of putting on a television show, or their personal lives. News is not the star – the "cast" is the star.

It is noteworthy, however, that the standing of the three cable networks in the TV ratings does not correspond to their online popularity. Among all news sites, in December 2004 CNN.com was the most popular, with 21.3 million unique visitors; MSNBC was in second place, with 19.5 million visitors, and FoxNews.com trailed in 15th place, with 5.0 million visitors. ² (See also **Online/Audience**.)

Let's look at the economics of the three news channels one at a time.

CNN

Despite the trends — declining viewership and flat revenues in 2004 — CNN is still a tremendously profitable organization. In 2004 its roughly \$858 million in revenue represented just under 3% of Time Warner's total revenue for the year. ³ Publicly, Time Warner management expressed satisfaction with CNN's performance, and even lashed out at its rivals — in particular Fox News, which Time Warner's CEO, Richard Parsons, called a network for "crazy people exchanging views." ⁴

On the other hand, there are apparent signs of strain. In late October, CNN announced that it would be shutting down its business news channel, CNNfn. Even with the backing of Time Warner cable, the channel was never widely distributed. CNN executives said they would be consolidating operations and focusing their efforts on CNN and Headline News.

In addition to synergy across networks, CNN is closely integrated with CNN.com, which has been one of the most popular Web sites since it was first established (even before Time Warner's merger with AOL). Its high popularity has made it

easy for CNN television's sales staff to arrange cross-platform deals with CNN.com. 5

Another important component of CNN's business model is NewsSource. NewsSource works on a subscription model: local TV stations around the country pay a fee to have access to the system, and they can both contribute their own video to the NewsSource system and download clips and packages from other stations in order to put together stories on news events from around the country. NewsSource handles the technical aspects of gathering, labeling, and distributing the video over satellite feed systems; it has some 700 clients, the vast majority of them television stations. Indeed, in most markets multiple stations subscribe to the service. 6 (For more on feeds, see **Local TV/Content Analysis**.)

Thanks to the NewsSource system, CNN itself has access to video from throughout the country. Indeed, in some cases when a particularly vivid news story is breaking (such as a fire or car chase) CNN has been able to broadcast video from Fox-owned-and-operated stations that is unavailable to Fox News, because station contracts with NewsSource say CNN takes precedence.

CNN might branch out by producing news for other cable channels, such as through news updates or syndicated programming, the way networks such as CBS and Mutual do on radio. Or it could try to create new channels of its own. The latter approach seems unlikely. CNN tried it with CNN/SI, a sports channel to challenge ESPN, and CNNfn, a business channel to challenge CNBC. CNN/SI never proved successful and was shut down in 2002; CNNfn lasted nine years before it was dissolved in the fall of 2004.

Fox News

In 2004, News Corp., the parent company of Fox News, moved its incorporation from Australia to the U.S. In some ways this could be seen as the final step in a process that began in the 1980s when Rupert Murdoch, News Corp.'s main shareholder, became an American citizen to comply with FCC regulations forbidding foreigners from owning TV stations. One reported motivation behind the decision to leave Australia was to take advantage of looser corporate regulation in the United States. 7 Another was to make it easier for News Corp. to raise money on Wall Street. 8

Within News Corp, Fox News appears to be a more crucial element of the corporate organization than either CNN or MSNBC are of theirs. Besides becoming the most-watched cable news channel, it is also the most successful of News Corp.'s American cable channels. 9 A Smith Barney report in June 2004 estimated that Fox News accounted for a third of Fox's cable income. 10 (News Corp.'s other networks are all based on entertainment, including F/X, the National Geographic channel, various regional Fox Sports channels, and others).

Online, however, Fox News's presence, however, is lacking compared with both of its competitors. Despite the lead in the TV ratings, FoxNews.com has never broken into the top-ten most-visited news sites, while CNN and MSNBC are habitually in the top three with more than 20 million unique visitors a month. FoxNews.com usually hovers between 10th and 15th place. 11 In the hope, it seems, of parlaying its TV popularity into online success, Fox News anchors and reporters are being featured more prominently on the Web than they were in earlier years. The anchors of the morning show "Fox and Friends," for instance, have a group blog where they discuss everything from their kids' elementary school graduation to how an interview went. 12

That, however, may strike some more as marketing rather than real brand extension. And it is not yet clear that the strategy will prove successful. As the network was gaining more viewers toward the end of the year, FoxNews.com made impressive strides, going from 4.9 million visitors in July 2004 to a peak of 7.9 million visitors in November. But in December 2004 it had dropped back to 5.0 million viewers, less than one-fourth of CNN.com's visitors.

Meanwhile, Fox News has also developed a unique new model of synergy via radio. It has long had connections to radio, both in personality and in personnel. The TV hosts Sean Hannity, Bill O'Reilly, and Tony Snow all have their own talk-radio shows. This year, the linkage was made explicit when Clear Channel announced a deal for Fox News to provide its stations with news programming, including both hourly news updates and a nightly news program. 13 In a separate deal in Seattle, one radio station owned by Fisher Communications announced that it would start branding itself as "Fox News" radio and featuring talk shows from Hannity, Snow, and Alan Colmes. 14

News Corp. executives have suggested that they might launch their own business news channel as soon as the summer of 2005. 15 But with CNBC limping along in the ratings (at 150,000 viewers, on average, in 2004, down from 317,000 in 1999 16), Bloomberg TV struggling for distribution (the channel currently reaches roughly 25 million homes, or less than a third of all homes with cable 17) and CNNfn mothballed, the prospects for a new channel's success are uncertain. Moreover, business news programming tends to be watched in offices during the day, where Nielsen does not have a ratings measurement system in place. This means advertisers don't have a firm measuring stick for comparing the

performance of business channels against each other, or against other cable channels, and may balk at moving money into a new network so long as the U.S. economy is growing slowly and the outlook for investment is sluggish.

This year News Corp. completed its purchase of the satellite-TV provider DirecTV. News Corp. has been established in the satellite business overseas for years, through its subsidiaries BskyB in Great Britain and Star in China. Now, for the first time, it has its own distribution system in the United States and is competing with cable systems for subscribers. (See **Economics**)

With its American incorporation making it easier for News Corp. to borrow money, the company may be looking forward to a period of further expansion, including that new Fox business channel.

MSNBC

MSNBC is in an unusual position, thanks to its co-ownership by Microsoft and NBC. Its inability to break out of third place among the cable channels has led to questions about whether it is a worthwhile investment. Media commentaries about MSNBC often point to the widely held belief that G.E., NBC's corporate parent, prefers to be in the #1 or #2 position in its various business sectors, suggesting that MSNBC's third-place position puts its survival in question.¹⁸ Perhaps in response to the market speculation, in August, members of the Microsoft and NBC corporate managements issued statements pledging that they would continue supporting MSNBC. A report on the joint statements noted that "Unwinding the complex partnership between Microsoft and NBC would be very difficult, as the deal between them runs for many years," and estimated that Microsoft was contributing \$30 million a year toward MSNBC operations.¹⁹ Other advantages seem to balance out MSNBC's prognosis.

For example, MSNBC is a useful outlet for spreading out NBC expenses. That has been particularly true for news operations. During the national political conventions, NBC was able to set up a facility to churn out material not only for NBC network news and MSNBC, but owned-and-operated NBC and Telemundo stations as well. That has also happened in other instances: MSNBC served as an extra channel for coverage of the Athens Olympics, airing some 130 hours of events, or 7.5 hours a day.²⁰

MSNBC has also been a way for Microsoft to publicize Internet services such as MSN (Microsoft Network). In other words, beyond what it contributes to the bottom line on its own, which may have proven disappointing, MSNBC has become useful, perhaps even primarily useful, as an effective platform for promoting NBC and Microsoft products and services, and as a way of amortizing NBC's news costs.

In terms of content, TV/online synergy hasn't worked yet as smoothly as was optimistically expected when the channel was first created.²¹ But it may be too soon to discount that potential.

MSNBC.com has been one of the most popular spots on the Web since its inception, thanks in part to its ties to MSN. While the site has always featured stories from the NBC News staff and Newsweek magazine, in 2004 it became a showcase for MSNBC cable's talk shows and personalities to a greater degree than it had been before. As the Democratic convention began, the Web site introduced "Hardblogger," a blog featuring commentary from "Hardball"'s Chris Matthews, Joe Scarborough of Scarborough Country, Joe Trippi and other MSNBC commentators, and stories from the MSNBC staff about what happens behind the scenes. (The new prominence of "Hardball" on the Web might explain, in part, why the TV show surpassed "Anderson Cooper 360," its competitor on CNN, in the Nielsen ratings in summer 2004.)

Indeed, examine the list of major Web news sites and it becomes clear that some connection to television is enormously important. Eight of the top 20 sites have a TV channel to promote them. Nine more are connected to brands with significant print reputations that would be hard to match – The New York Times, The Washington Post, USA Today and Tribune Company. The other three are connected with portals – Yahoo, Google, and AOL.

With both MSNBC-TV and MSNBC.com achieving profitability in 2004, the company leadership may be willing to tolerate the TV channel's low ratings in order to keep the brand alive, at least until they can figure out a way to translate MSNBC.com's popularity into TV viewers.

Some people in cable believe MSNBC is the channel to keep an eye on at the moment. With all the potential for synergy with the rest of the news division, it has always had potential. Now with the former ABC and CNN executive Rick Kaplan in charge, it is poised for a major overhaul. Kaplan has already installed a policy of regularly alerting viewers how many minutes ahead certain stories are coming and trying to avoid repeating stories without substantive updating. Plus, with FOX and CNN aiming at each other, accusing each other of bias and sniping about how they count audiences, MSNBC has an opportunity to experiment and go further than ever before in defining itself. On the other hand, much of that has been true since it began in 1996.

The BBC Factor

It is widely understood inside the other English-speaking news operation that already produces a cable network, BBC, that it, too, wants in on the American cable news market.

BBC staff people in the U.S. say the UK-government-financed news operation would like to enter the American market as early as 2005. BBC has already gained attention with a half-hour American broadcast on more than 200 PBS affiliates both in the morning and evening. On average, roughly 930,000 U.S. households were watching the version of BBC World produced for American audiences in the summer of 2004 — twice the 466,000 households of November 2001. ²²

The prospect of a BBC channel oriented for the U.S. has interesting possibilities. None of the American channels could compete with it in sheer newsgathering muscle. A generation ago, Ted Turner initially built CNN on a philosophy closer to BBC than to CNN's current orientation. Turner created a large number of bureaus worldwide with the vision that they would provide disinterested information that could be seen globally as trustworthy and ideologically neutral. The issue was whether, on the air, CNN knew how to execute the vision. How good, how distinctive, was the product?

In recent years, in the face of competition, CNN's new owners, Time Warner and then for a time executives from AOL, began to lean toward Fox's personality-based approach. More of CNN's schedule is now built around hosts and shows rather than the news. The people in charge have tried to trim expenses, shed themselves of older correspondents and, for a while, reduce bureaus and correspondents.

BBC, by contrast, has 41 bureaus outside the British Isles (including 6 in the U.S.), while CNN has 28 non-U.S. bureaus; Fox and MSNBC have less than ten foreign bureaus apiece. ²³ The British news style is not focused around show hosts and anchors, who are called news readers. ²⁴ A BBC channel might well be designed to enter the cable market in much the same way The Economist has made huge progress in the American magazine market (which now makes up half its overall circulation) by peeling off some of the most sought-after magazine demographics. BBC, in other words, could become a high-end-demographic cable alternative.

That could prove particularly difficult for CNN, which has heretofore tried to convince advertisers that it was the elite cable news brand.

The main obstacle in BBC's way would be getting clearances. Even in a so-called "500 channel" universe, there is fierce competition for spots on cable system lineups. BBC may face particular resistance from Time Warner Cable and DirecTV in its efforts. But BBC has the benefit of its existing partnership with Discovery Networks, which arranges distribution of BBC America in the U.S. Discovery, in turn, is partially owned by Cox, the fourth-largest American cable provider. ²⁵ With Cox's backing, it might be easier for a BBC news channel to get distribution because Time Warner and News Corp. both have an interest in making sure their channels get distribution to Cox cable households.

There is also an unspoken question here: Will Americans embrace a news organization operated by the government of a foreign county? If so, it would defy expectations, in light of Americans' historic lack of interest in international news. But between 2002 and 2004 the number of Americans saying they followed international news "most of the time" increased from 37% to 52%, suggesting that some Americans might welcome news programs with an international perspective.

As the cable news channels grow into maturity, they are likely to grow ever more dependent on their corporate owners. Given the wide reach of those companies, it seems probable that new cable news competitors will find it difficult to enter the market without the backing of another substantial corporate owner with its own distribution system.

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News Investment

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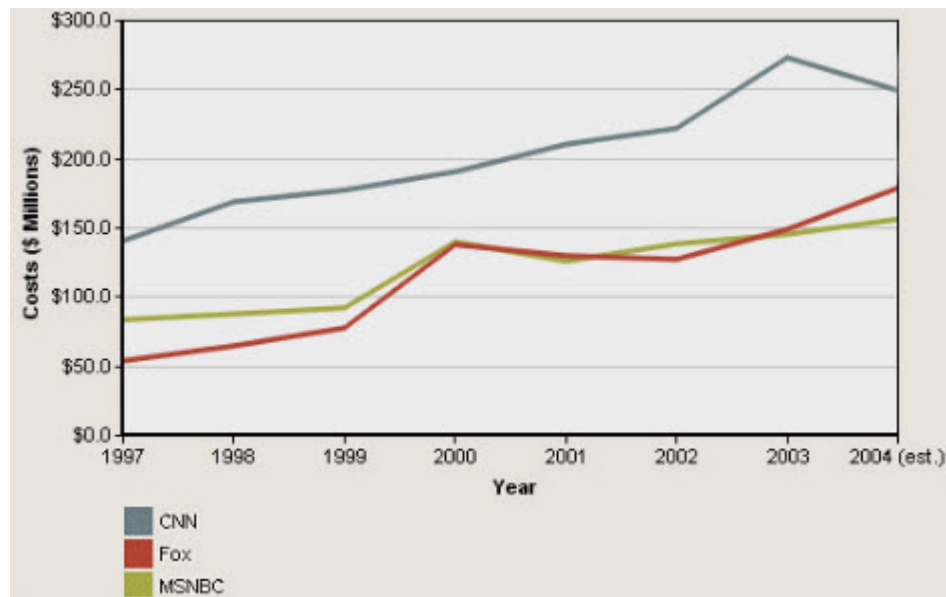
In 2004, the cable channels' news investment reached the highest level yet seen, mainly because Fox News and MSNBC increased their spending; CNN's spending declined. Most of this extra expenditure was apparently devoted to upgrading facilities and providing day-in, day-out coverage of the two major stories of 2004 — the election and the Iraq war — rather than a sign of increased commitment to covering a broader news agenda.

In 2004, Kagan Research estimates, Fox and MSNBC increased their programming expenses by 20% and 7.5%, respectively, while CNN spent 9% less.

In terms of spending on people, the order between the three cable news channels remains unchanged. CNN leads the way with the largest newsgathering operation, including eleven domestic bureaus and twenty-eight international bureaus, and roughly 4,000 employees. Fox News has eleven domestic bureaus and six overseas. ¹ A 2003 *New Yorker* article by Ken Auletta put its staff at 1,250, though this may have grown in 2004 with election coverage. ² MSNBC alone has upwards of 500 employees; the entire NBC News division includes sixteen bureaus (six domestic and ten overseas).

Cable News Programming Costs

1997 to 2004



Design Your Own Chart

Source: Kagan Research unpublished data, www.kagan.com

* CNN figures include Headline News

The data do not distinguish between spending on personnel and spending on infrastructure — studios, equipment, and so on — but news reports suggest that the channels have concentrated on infrastructure and technology. CNN opened a new set of studios in the new Time Warner headquarters building in New York, bringing together its entire New York staff of 600 in one place. ³ Fox News, meanwhile, totally rebuilt its New York studios. ⁴

An unanticipated amount of money has gone to covering events in Iraq. A May 2004 report estimated, based on interviews with network personnel, that each news outlet had spent about \$6 million covering Iraq in the year following the fall of Baghdad, including costs like extra satellite time and security personnel.⁵

Another major outlay in 2004 was for election coverage. The campaign required the cable channels to trek after the Democratic primary candidates in Iowa and New Hampshire early in the winter, and later on to provide on-scene coverage of the political conventions in Boston and New York and, finally, Election Day coverage from the country's "swing states."

There are signs, at CNN at least, that attention is turning to staffing. When it decided to shut down CNNfn it did not simply dismiss that network's 110 staff members. Two shows were moved to the main CNN network, accounting for half

CNNfn's employees, and at the same time, CNN announced plans to hire 100 employees at Headline News, the possible launch pad for new CNN shows. ⁶

Convention Coverage

Network news organizations' decision to devote no more than three hours of coverage to each of the party conventions the groundwork for cable to move into the role. But while the cable channels broadcast from the convention floors, focused hours of their primetime coverage around events there, they didn't cover the conventions in any traditional sense. To a large degree, they used the conventions as backdrops for their regular prime time talk programming, covering events on the floor only sporadically. (For information on cable news ratings during the convention, see **Audience**.)

To some extent, the political conventions simply served as a backdrop for each channel's news personalities. ⁷ All three nominally devoted the entire three hours of "prime time" to convention coverage each of the eight nights of the party conventions. But figures collected by Media Matters for America, a liberal press watchdog group, show that each channel aired, on average, just 1 hour, 10 minutes of live speech coverage each night of the Democratic convention, and 1 hour and 12 minutes of such coverage each night of the Republican convention. ⁸

People tuning into Fox, for instance, saw the O'Reilly Factor at the conventions, with Bill O'Reilly debating Michael Moore, and Sean Hannity interviewing the Democratic primary contender Howard Dean. MSNBC's Chris Matthews became the lead anchor of that cable channel's coverage. A former Democratic communications strategist for Tip O'Neill, Matthews is a talk-show host with limited credentials for covering news. For a time, he was a columnist for the San Francisco Examiner and carried the title of bureau chief, but his reporting duties were minimal. His program during the conventions consisted much of the time of a rotating panel that included his fellow MSNBC talk show host Joe Scarborough (a former Congressman), former Mayor Willie Brown of San Francisco, the NBC News correspondent Andrea Mitchell and the Newsweek political correspondent Howard Fineman, arguing about the convention.

CNN seemed more oriented to traditional network coverage, though its key program in prime time — at 9 p.m. Eastern — continued to be Larry King, who focused on celebrity interviews with Bob Dole and the Washington investigative reporter and author Bob Woodward, who has never been a political campaign reporter.

Indeed, CNN's Washington bureau chief, David Bohrman, suggested that "It's not out of the realm of possibility that we may pull way back and rely on a pool to cover an event, maybe as early as 2008 or 2012." ⁹

Conventions certainly are no longer the news events they once were. Since the 1960s, conventions have been transformed from decision-making events where parties picked their nominees to communications events where they projected what they and their candidates stood for. That clearly changed the events. They became less newsworthy in the sense of being places where the unexpected happened. But they didn't become less newsworthy in the sense of their impact on the public or their significance in the campaigns. They remain, along with the debates, perhaps the most critical events in how presidents are selected.

What that suggests is that rather than not covering them, television networks might consider covering them differently. The old model of convention coverage was based on stationing reporters at strategic points around the floor, linked by an anchor in a skybox above them who could see everything, plus having a correspondent with each candidate's camp. That worked fairly well to capture news when things broke out, such as protests, or vote swings, or ideological fights.

But nothing like that has happened since 1968. Conventions now are critical in communicating what candidates and parties stand for. The fights and struggles occur in advance or in private. The questions news organizations could be answering include, Are the messages the campaigns are projecting accurate reflections of what the party has done, or who these candidates are? What is being left out? How did they get to this point? What were the ideological and tactical fights that went into these speeches? What does the Republican party stand for? What is the Democrat record? What has John Kerry done in 20 years in the Senate? What is the state of the economy, really?

Such stories lend themselves to a good deal of reporting in advance, to deep sources in the parties, to heavy background on party records in Congress, and to a good deal of prepared packages. Yet this is not what the cable networks have evolved into being good at. They are live talk networks for the most part.

Even the traditional broadcast networks, with their heavier emphasis and skill at the prepared package, have not switched to this kind of background reporting on conventions. They are still using the old model.

The cable networks, however, seem even less suited, in many ways, to make the switch. And in 2004, they showed even less of what was happening than the old networks used to show. To watch what was happening on the convention floor, viewers were really limited to PBS or C-SPAN.

Footnotes

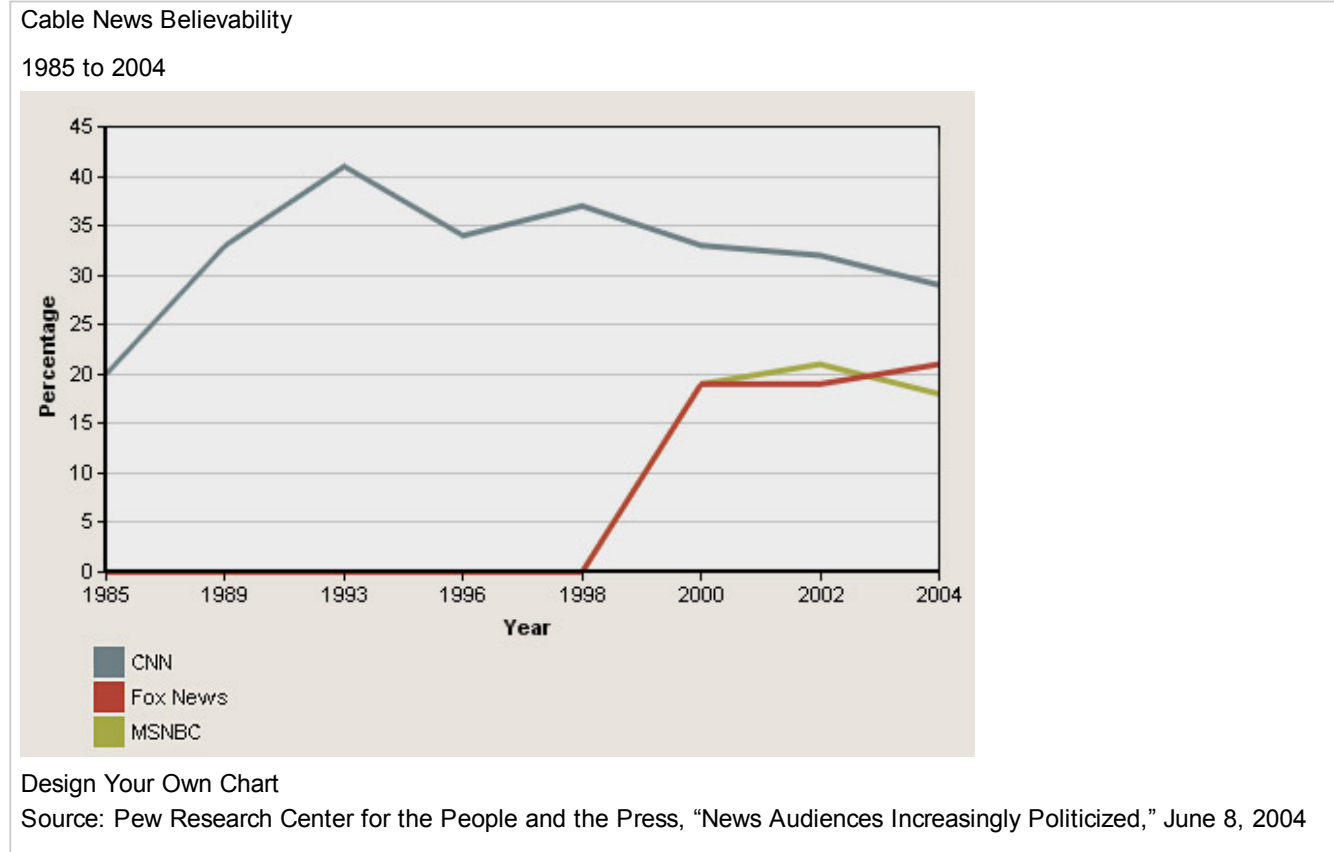
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Public Attitudes

Public Attitudes

According to survey data, the public now considers cable news about as credible as the broadcast network news divisions.

That, however, may be an illusory compliment. For the closing of the gap was almost entirely due to viewers' losing faith in network news rather than gaining more confidence in the offerings of cable.



Of the three channels, CNN still stands out as the most believable, in public perception. It has enjoyed that position even as Fox News has passed it in ratings. But for the last two years, CNN has lost believability, as has MSNBC, while Fox has improved slightly. This has implications both for CNN's reputation and for its economic future.

According to data from the Pew Research Center for the People & the Press, CNN's believability fell three percentage points from 2002 to 2004 – 29% of Americans gave it the highest rating, versus 32% in 2002.

The downward trend began after 1993, when 41% of Americans gave the channel the highest believability rating – the highest percentage ever achieved by any outlet in Pew Research Center's data going back to 1985.

Since then, CNN's believability rating has dropped 12 percentage points. The decline is even more distressing to the network because before 1993 its credibility was climbing quickly.

While this is a sign that the opinion of the general public is changing, the trend also has economic implications. When CNN was established in 1980, some derided it as "Chicken Noodle News." According to survey work conducted in 1985, CNN was considered less credible than any of the broadcast networks, with only 20% of all Americans giving it the

highest believability rating (the networks, by contrast, were given the highest ratings by 30% to 32% of the population). At the time, half of Americans said they didn't even know enough about CNN to rate its believability.

By 1989, it was already considered the most credible news outlet, with 33% of all Americans rating it highest. (The percentage saying they didn't know enough about CNN to rate it had dropped to 24%.) The Gulf War only cemented its reputation. CNN became the network that provided the most vivid pictures from inside Baghdad during the Persian Gulf War, and the only network covering the conflict around the clock. Viewership peaked at 5.4 million viewers on January 17, 1991. ¹

CNN's high believability rating is one of the clearest metrics of the high-quality "branding" that has kept Fox from matching it in revenue. CNN is still considered the most credible cable network, and is also considered more credible than any other news source with the exception of 60 Minutes, which is seen as equally credible. Figuring out what can be done to shore up its reputation for credibility, then, is probably critical to CNN's ability to hold off the Fox challenge. If CNN cannot diagnose and address this problem and keep its credibility from falling further, it could mean it will suffer in the future as advertisers decide it can no longer be considered the "gold standard" of cable news.

Between 2002 and 2004 MSNBC's believability also dropped, from 21% to 18%. Fox News's believability rose slightly, with 21% of Americans giving it the highest score for believability compared with 19% in 2002. What is notable is that the three cable news channels are considered about as trustworthy as the three broadcast news divisions. (A discussion of the relationship between credibility and partisanship is below.)

Cable News and News Knowledge

How much might people learn from their news outlet of choice? Here cable viewers seem to fall somewhere in the middle of the pack. Survey research suggests that people using different news sources can have very different impressions of reality.

In Pew Research Center's January 2004 poll, half the people who said they were getting "most" of their campaign news from cable failed to correctly answer either of two basic questions about the Democratic presidential candidates. ² Just 24% were able to answer both questions correctly; another 25% could answer one correctly.

The level of knowledge was no better among viewers of cable news shows that focus specifically on politics. People who said they were getting "most" of their news from cable's political talk shows were equally uninformed. Here, 25% answered both questions correctly, and another 25% could answer one question correctly.

Percent of Cable News Users Answering Campaign Questions Correctly*

	Two Correct Answers	One Correct Answer	No Correct Answers
Cable News	24%	25	51
Cable Political Talk Shows	25%	25	50

Source: Pew Research Center on the People and the Press, "Cable and Internet loom large in fragmented political news universe," January 11, 2004.

*The questions were: "Do you happen to know which of the presidential candidates served as an Army general?" (Wesley Clark) and "Do you happen to know which of the presidential candidates served as the Majority Leader in the House of Representatives?" (Dick Gephardt)

Cable viewers were less knowledgeable on these questions than Internet news users, 37% of whom answered both questions correctly, or NPR listeners (36%), but more knowledgeable than local TV viewers (14%) or morning news viewers (13%). ³

One troubling implication of the ratings data is that if "news on demand" viewers – the least attentive, "occasional" cable news watchers – are depending on cable for information, they may be reacting to current events on the basis of mistaken impressions.

Partisanship and Credibility

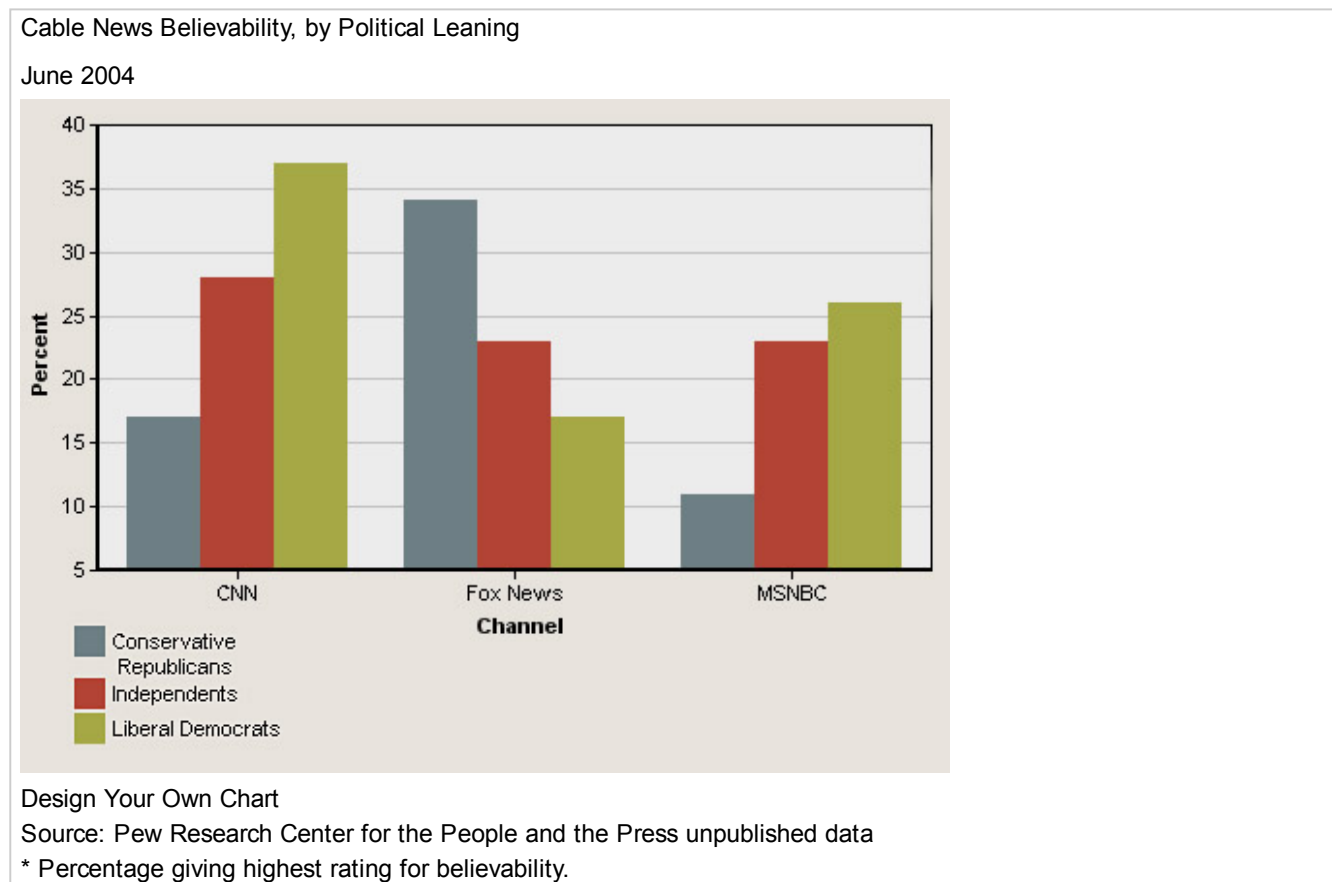
The partisan motivations that may be affecting audience numbers, particularly at Fox (see **Audience**) also seem to be affecting assessments of cable channel credibility.

Among Democrats and Republicans, the believability of all three cable channels dropped from 2000 to 2004, with the sole exception of Republican opinion of Fox News' believability, which increased only slightly: 26% of Republicans gave

Fox News the highest possible score for believability in 2000, and 29% gave it the highest score in 2004.

A more detailed breakdown shows the gap between how Americans view the trustworthiness of the cable channels.

Among Americans expressing an opinion of Fox News, Pew Research Center's 2004 study of believability found that 34% of conservative Republicans gave that network the highest rating for believability, compared with half as many (17%) liberal Democrats. Independents leaned slightly toward liberal Democrats, with 23% giving Fox News the highest mark.



Ratings for CNN and MSNBC were basically similar: in both cases liberal Democrats were much more likely than conservative Republicans to give the channels high marks for believability (for CNN: 37% to 17%; for MSNBC: 26% to 11%). Independents fell somewhere in the middle.

An argument could be made that CNN's falling believability over all is related, in part, to the opinions of Republicans who are becoming less friendly toward CNN and more attuned to Fox News. Survey data show that between 2000 and 2004, Fox News was the only news outlet whose reputation for believability improved among Republicans – and by just a three-percentage point margin. (Believability ratings are not falling among people with other political viewpoints.) Most other news outlets were considered trustworthy by a notably lower percentage of Republicans. CNN's believability rating fell 7 points, from 33% to 26%, and other outlets' ratings dropped by the same or larger margins. 4

Footnotes

1. Timothy Noah, "Beating swords into TV shares," U.S. News & World Report, December 1, 1997.
2. The questions were: "Do you happen to know which of the presidential candidates served as an Army general?" (Wesley Clark) and "Do you happen to know which of the presidential candidates served as the Majority Leader in the House of Representatives?" (Dick Gephardt)
3. Pew Research Center for the People and the Press, "Cable and Internet loom large in fragmented political news universe," January 11, 2004. Online: <http://people-press.org/reports/display.php3?ReportID=200>.
4. Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004, p. 2.

Conclusion

Conclusion

The challenge before cable news today appears two fold. The first is how to grow in the future, now that potential new homes for the news channels are reaching a saturation point. The second is whether, a few years from now, we will look back at cable news as a transitional technology, which peaked between the age of broadcast and the age of Internet.

Each of the three cable news channels has established an important identity. MSNBC is a critical part of NBC News' multi-platform strategy, and has positioned itself, along with MSNBC.com, CNBC and other channels, to deliver news in multiple forms in multiple media. CNN continues to have the largest economic engine in cable news and the largest cumulative audience, though not the highest ratings. Fox has become the No. 1 destination for breaking news by aggregating in particular Republican viewers and by becoming a place for lively talk on television.

The issue is what happens to these brands now against competition from newer technology.

Cable replaced broadcast television as the destination of first resort largely because it was more convenient. It was on when you wanted it and when things were breaking. In the new media world, a news web site could become a better destination for breaking news. People could see streaming video, read stories, watch packages, ask questions, and more- without having the inconvenience of having to wait for the story they are looking for to come up again, or to channel surf until they find the conversation that interests them.

The cable channels may be well positioned to create those web destinations, but at the moment they are far from leading the way. The journalism on their television channels often lacks the depth and complexity necessary for the Internet.

The answer, it appears from here, lies in content- and in the courage of the cable channels to invest money and reputation in experimenting. The record, to date, leaves some question over whether that will happen.

Guess Essay

Guest Essay

Television News in Transition

By Andrew Tyndall

When we look back at the transition of television news from a mass-medium, appointment-viewing model (the network nightly newscasts) to an on-demand, constantly-updated, interactive model (the future), the cable news networks-CNN, Fox News Channel, MSNBC-will seem a transitional phase between broadcasting and online news.

The initial switch of TV news from broadcast to cable began more than 20 years ago. Back then, what the cable channels could uniquely offer was the constant availability of news. The networks, as general-purpose broadcasters with a variety of non-news programming, could only offer appointment news.

It turns out that the selling point of constant availability consists of two separate appeals: in normal times, news to be watched at whatever hour the viewer chooses; and occasionally, in exceptional times, saturation, continuously-updated coverage of major breaking developments. CNN made its reputation in the 1990s from its coverage of two such breaking events-one serious (the first Gulf War to liberate Kuwait), one trivial (gavel-to-gavel coverage of the OJ Simpson murder trial).

Some of the apparent cutbacks in resources at the networks' news divisions should be properly seen, instead, as diversions. In response to the competition from cable, the networks ceased concentrating on a single in-depth newscast once every 24 hours and diversified their news presence to include the softer morning programs and magazine features during primetime. By 2001, when the September 11th attacks occurred, the networks pre-empted their general programming and competed with the cable news channels directly, offering round-the-clock coverage.

Nevertheless, that exceptional event did not undercut the unique proposition that the cable news channels offered their customers-the cable system operators paying a per-subscriber fee-that they had the exclusive ability to deliver television news 24-hours-a-day.

The most significant news event of 2004, therefore, was the creation of ABC News Now, in which a broadcaster leapfrogged over cable and went directly online. This digital channel is only a harbinger of the future and may or may not turn out to be viable. Even if it fails, however, the model will not. When news consumers get 24-hour TV news from video streaming online, the pricing power of CNN, FNC et al with the cable operators is undercut. They no longer offer a unique product. Their business model is jeopardized.

Furthermore, the journalistic techniques invented to satisfy the demands of 24-hour cable news will not translate to an online television medium. In regular cable programming, absent major breaking developments, those techniques had to satisfy two different audience demands. Casual tuners-in have to be informed of the major stories, requiring regular repetition of the headlines; continuous viewers have to be informed of incremental developments, to reassure them that they are always getting the newest news.

The upshot of these two demands is the cable channels' extemporaneous format-live reporter stand-ups, voiceover videotapes and interview segments-and their focus on a handful of major stories each day. On any given day, the cable channels have a newshole that is 48 times larger than that of a nightly newscast yet the narrow repetitious, range of their story selection is nowhere near 48 times as broad.

By contrast, one of the main advantages of the nightly newscasts is that they still rely on reported-written-edited correspondent packages, which are more densely written, more well-rounded and more tightly sourced than the standard fare of 24-hour cable news.

In a fairly short time, the cable TV news networks will be superseded by interactive on-line news. When that occurs, viewers will have the benefits of the quality of correspondent packages, which they can download as individual stories,

plus the benefits of currency and availability of a 24-hour feed. It may be that the sizeable audiences for cable's coverage of the invasion of Iraq in 2003 will turn out to have been the peak of its penetration into the news audience. From now on, cable news will lose viewers to online digital TV (via cell phones, via browsers, via satellite...) faster than they gain them from broadcasters.

As for the networks, so much attention in 2004 was devoted to their nightly news anchors, Tom Brokaw's departure at NBC, Dan Rather's resignation at CBS. The looming arrival of online TV news means that the big story here is not the succession question—"Who leads the next generation of anchors?"—but the role of the anchorman itself.

Let's make an analogy with popular music, where digital technology has changed the unit of content from the CD (a collection of tracks) to the track itself. Similarly, a newscast is a collection of taped packages and the role of the anchor is to string them together. When we get our television news online, assignment desks and producers and correspondents and editors will still do the work of choosing stories and covering them.

Stringing them together — we can do that for ourselves.

Andrew Tyndall is president of ADT Research and editor of the Tyndall Report, a daily analysis of network news programming.

The State of the News Media

2005

Local TV – Intro

Intro

By the Project for Excellence in Journalism

After several difficult years, there are some positive signs heading into 2005 for local television news, the most pervasive source of news for Americans, if not always the most respected.

The economy appears to have stabilized and begun a recovery. Advertising revenues, boosted by political advertising, grew in 2004, though slowly. Ratings, dropping for years, appeared finally to be leveling off. And while newsroom investments are still below where they were a few years ago and the pressure to deliver high profit margins is unabated, data show newsrooms overall added resources this past year.

One new area of concern for local TV news, however, is evidence that the public is worried about the medium's believability, with fewer people giving it high ratings for being trustworthy and more people rating it poorly.

In recent years, three trends converged to create an almost perfect storm that battered local broadcasting.

- Concentration of ownership and the costs concentration entails led to increasing debt service, much of it taken out of station budgets.
- Audience declines accelerated.
- Finally, in 2000, the economy peaked, the stock market bubble burst, and a recession followed.

As these events consumed the attention of industry managers, local TV news in many ways languished. Efficiency not only dictated how newsrooms worked; it became the driving force in determining what was news and how it should be covered.

Now, the regulatory environment appears to be changing in response to public concerns about the concentration of media ownership. The shift follows several high-profile incidents of supposed obscenity or "indecent" on radio and TV, sloppy journalism, and accusations of overt political bias. There appears to be a growing perception among regulators and the general public that an imbalance has developed between the commercial and public-service responsibilities of local broadcasters.

The decade-long decline in viewership of evening and late news appears to be stabilizing, at least for the time being. In addition, the loss of local TV news viewers during traditional time periods has been accompanied by increasing news audiences in other time slots, particularly mornings. As one researcher describes the local TV news audience, "It's just not when it used to be, and it's not when TV stations want it."¹

Local managers may be coming to grips with the evolution of local TV news from a mass-market product to a niche product. The addition of more news programming with more targeted content seen in new late-afternoon and early-morning newscasts is an example of how stations have reacted to the trend.

As corporations and managers better understand the changes that have taken place in the media marketplace and are better able to project viewership and advertising trends, investment in the news product may increase. More stations are providing local news than ever before, according to industry surveys, and 2003 saw a majority of stations increasing news budgets for the first time in years. (See **News Investment**.) Nexstar, a company that owns 46 TV stations, has recently set out to increase its investment in news programming for pragmatic reasons. "If we are asking the community to invest their ad dollars with us...then we must invest in public affairs," company president Perry Sook explained in an interview with a trade magazine.²

The nature of this investment will be important. In recent years, newsroom staffs did not grow in proportion to the increased amount of news programming local stations added. Moreover, the additional hiring that did occur was often in

the infrastructure of production (producers, anchors, directors) rather than in newsgathering (reporters, photographers, editors).

The result was more local news on the air than ever before, but with thinner content. This is illustrated in the decline of on-air reporting, the increased coverage of events that are easy to find and report, and an increase in the use of material from outside sources.

News directors are also complaining about the cost of switching to digital and the impact that's having on station budgets. A number of stations changed hands, according to some observers, because some small companies couldn't afford the costly switch to digital.

The expansion of people meters to measure audiences will also provide newsrooms with even more research about audience preferences. This may lead to further attempts to target specific kinds of news to certain time periods or audience demographics. Or it may convince managers that the best technique to retain or build audience is to increase enterprise.

Some in the industry now believe that the success of local stations may rest less on their ability to be all things to all people (the mass-market model) and more on establishing an intensely local identity based on distinctive characteristics of a market. If this perception is accurate, it suggests that the large corporations that own local stations should de-emphasize central control, encourage stations to establish unique brands and personalities, and encourage risk and innovation. News managers may now be positioned to put proportionally fewer investment dollars into the technology used to deliver news and more dollars into newsgathering for its broadcasts.

Even the consultants seem to recognize that to survive, local TV news must move beyond just presenting the news well. The news itself must become more relevant and more substantive.

Footnotes

1. Robert Papper, Ball State University, communication, November 28, 2004.
2. Sharon Donovan, "Brand builders," *Broadcasting & Cable*, June 21, 2004.

Content Analysis

Content Analysis

Two questions stand out in considering the content of local news heading into 2005:

If, as some hope, local newsrooms are poised to get at least some additional resources, what does the content of local news tell us about how those resources might be put to use?

And how did local TV news do in covering the elections?

The Project did not conduct new content analysis of its own for local television this year, but there are three sources we can draw on for insight.

One is our sister group, the Committee of Concerned Journalists, which has had a training program inside local newsrooms since 2002. It includes surveys and small-group sessions with hundreds of local news professionals that offer clues into the thinking and concerns inside newsrooms. Second, Ken Goldstein at the University of Wisconsin, in consort with the Annenberg School for Communication at the University of Southern California, conducted a major study of local TV coverage of political campaigns in 2004. And we can compare the findings of both those efforts with the five-year database on local TV news content compiled by the Project between 1998 and 2002. ¹

The Culture of Local TV News Content

Over the last decade, local TV newsrooms have had to contend with growing ownership consolidation and an expanding workload, often without expanding resources. ² The role of the local TV news reporter declined. ³ The percentage of stories without reporters increased, as did the use of so-called feed material. There was even greater reliance on “daybook” stories (that is, stories about pre-scheduled events such as hearings, trials, and press conferences, usually kept in a file known as the daybook). ⁴ Against this background, many newsrooms gradually converged on a style that might be called the “hook and hold” approach.

The approach, which is reinforced by the tendency of local TV news personnel to shuffle from market to market for career reasons, has led to a style of news that is predictable from one market to the next and even from one station to the next, and may defy even the desire of station managers and news executives to change. It has also caused some viewers to give up on local TV news altogether. ⁵

One interesting sign is that newsroom consultants, who have frequently been blamed for homogenizing local TV news, are among those advancing the idea that the industry now needs to be willing to change its approach. “There has to be a total rethinking of what news departments are doing,” Dick Haynes, vice president of research at the consulting firm Frank N. Magid Associates, suggested in a 2004 interview. ⁶

The “Hook and Hold” Approach

The “hook and hold” approach is a mindset about what viewers want that imparts a surprisingly static, formulaic structure to most local newscasts.

The approach begins with a natural desire to hook viewers at the start. That is done by putting stories that are supposedly “live,” eye-catching and alarming at the top of the newscast. The thinking relies on traditional TV journalism priorities like immediacy, localism, danger, and the conventional belief that only highly visual images will retain viewers’ attention. The result is that the stories that lead newscasts turn out to be in a notably narrow range of topics, mostly incident-based, public-safety news – what used to be called “spot news,” made up of crime, accidents, fires and disasters.

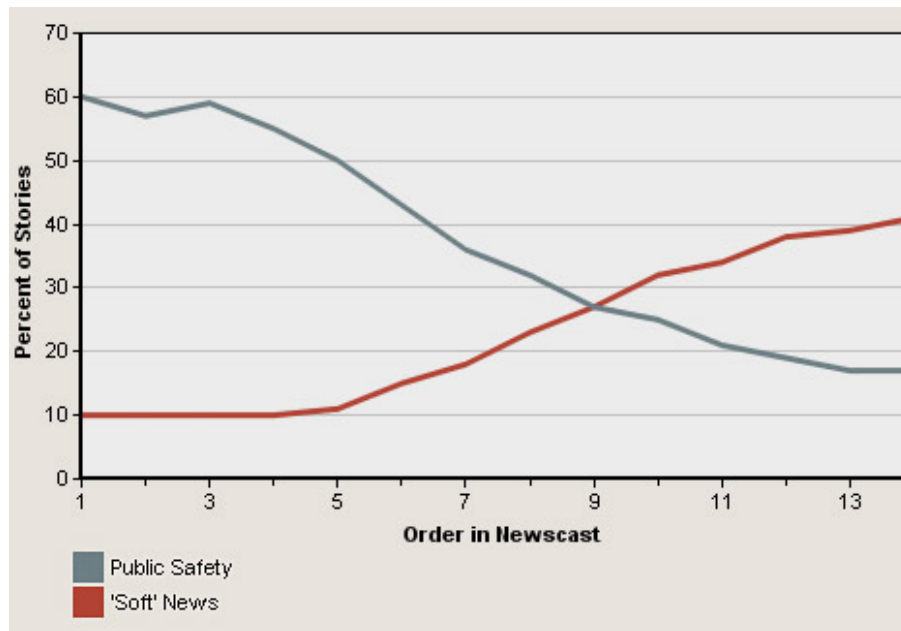
The middle of such newscasts is filled largely with stories that journalists don’t want to leave out, but that are considered not good television. That’s a surprisingly large band of topics, everything from business to education to science and technology to news about government, social welfare, budgets and politics.

The third part of the “hook and hold” approach is based on “holding” viewers until the end of the newscast. That involves “teasing” some of the funniest or most unusual video, and promising further detail later in the show. “Soft news” is nearly always the material here – topics such as pop culture, human-interest features, and sometimes medical news. These “softer” stories are often promoted throughout the newscast to remind people not to leave.

This approach shows up quite clearly in an examination of the data collected by the Project for Excellence in Journalism during its local TV news study from 1998 to 2002. While “public safety” news accounted for 36% of stories over all, it constituted nearly two-thirds of the stories that led newscasts (61%), the stories given the most time and resources. And public safety news continued to make up the majority of stories until the fifth story in the newscast. (Indeed, 13% of all newscasts began with three crime stories in a row, back to back to back.)

“Public Safety” and “Soft” News During Local TV Newscasts

By placement within newscast



Design Your Own Chart

Source: PEJ Local TV News Project, 1998-2002

Trainers working for the Committee of Concerned Journalists have also seen ample evidence of “hook and hold”-style news in conducting more than 200 exercises at local news stations around the country, in markets large and small, with more than 1,000 local news professionals. These exercises ask newsroom staff members to “stack” a newscast using a selection of nine typical stories, including reports on events involving public safety, civic issues, and soft news. With exceptions so rare they can be counted on one hand, every group trained so far has followed the same approach and created nearly identical newscasts. Stories that have the potential for alarm – even when the journalists suspect the alarm will turn out to be unfounded – lead the newscast. Stories they know are important but not visual are given short shrift and buried in the middle. Amusing stories they think will get talked about the next day around the water cooler are held to the end.

These findings in the newscast data and the newsroom exercises explain some of the apparent homogeneity of broadcasts. They also offer clues to why critics believe some kinds of stories are ignored in local news, even though journalists feel they cover them adequately.

Interestingly, when this commonality of approach is discussed with news people during the trainings, they are not entirely aware of their actions. The tendency to lead with what is highly visual has become reflexive, but the effect of these priorities on newscast content tends to go unrecognized.

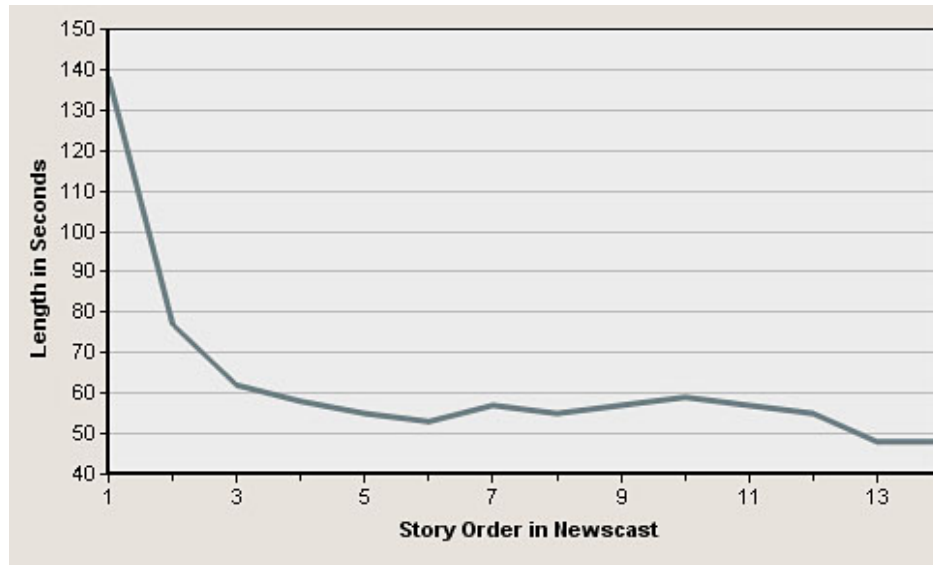
One effect of this emphasis on newscast leads is that stories at the top of the newscast get more time, effort and newsroom resources. They often merit “team coverage” and deployment of the station’s helicopter and microwave trucks to grab live footage.

They are also more complete. The average lead story runs 2 minutes, 18 seconds. And with more time, the lead stories are statistically more likely to provide a fuller range of sources and viewpoints and more authoritative sourcing. A story about a highway pileup, for example, might include comments from a policeman, a hospital spokesman, and a bystander.

Together, the first three stories in a typical 14-story newscast consume a total of five minutes, or 32% of the average newshole of 14 minutes and 20 seconds (that is, the amount of time devoted to news excluding commercials, anchor banter, lead-ins, and promotions, sports and weather).

How Story Length Changes During Newscasts

Average story length, in seconds



Design Your Own Chart

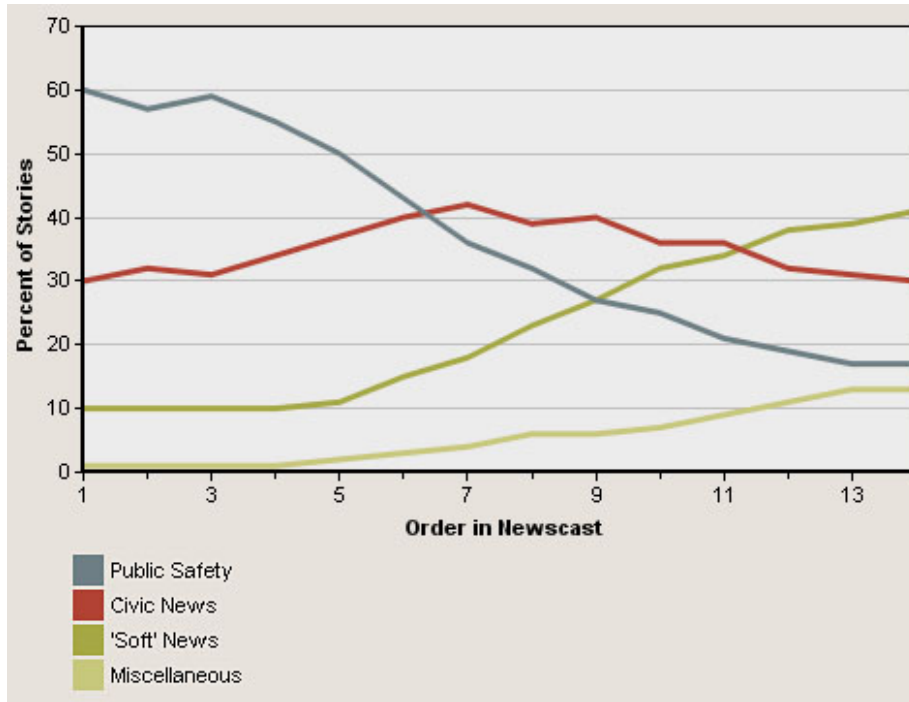
Source: PEJ Local TV News Project, 1998-2002

The second effect is that the broader range of public affairs news, which lacks dramatic visual elements such as flashing ambulance lights and yellow crime-scene tape, has little chance of breaking into the lineup before the fourth story, which is often the beginning of the second block of the newscast.

In the five years of the Project's local TV news data, only after the sixth story in an average broadcast does "public affairs" news (politics, government affairs, social issues, business, etc.) surpass "public safety" news in quantity.

Public affairs topics are not absent from local TV news. In fact, they account for 30% of all stories. But the "hook and hold" approach means they are given short shrift in the coverage they receive, not only when they appear but for how long and in what kind of treatment.

Story Topics on Local TV News
By placement within newscast



Design Your Own Chart

Source: PEJ Local TV News Project, 1998-2002

Going back to the construction of the average newscasts, if the first three stories take up five minutes, the next 11 stories must compete for the remaining nine minutes.

In practice, that means that stories about more complex issues, like politics and business, are dealt with in a more perfunctory matter. The obvious consequence of having less time for a story is that it must be told in shorthand. The local TV news data reveal that sourcing (the number of sources, their expertise, and the number of viewpoints) deteriorates dramatically as the newscast progresses and stories become shorter. After the first story, the frequency of stories with multiple sources drops steadily while the number of items based on a single source or passing references increases. Non-controversial sourcing (that is, sourcing that provides undisputed facts or information), a characteristic of soft news, skyrockets as the broadcast goes on.

Both CCJ training and PEJ data reveal that soft news is almost always pushed to the end of the newscast. And local news people are candid in training in acknowledging that that is largely because of the “teasability.” The PEJ local TV news database shows that soft news was a lead story in only one out of ten newscasts. By the tenth story, however, “soft news” accounted for about a third (32%) of all stories, and the amount increased from there.

Such stories include classic “water cooler” fodder about the latest miracle diet, celebrity divorce, or heartwarming reunion. The very end of the newscast, the “kicker,” is often a story about a weird or amusing incident designed to leave viewers smiling or laughing. ⁷

Why has the “hook and hold” approach become so predominant? There are a variety of reasons, from the nomadic life of local news people to an overwhelming desire to keep what TV people call their “lead-in” audience, those viewers inherited from earlier programs, often higher-rated entertainment programs, particularly in prime time.

Another factor, local-news professionals say, is the development of more refined ratings technology that allows TV newsrooms to track their viewership minute by minute. In earlier decades, the main hump to get over was convincing people to tune in to a newscast in the first place. The expectation was that once viewers decided to sample a broadcast they’d watch it the whole way through.

The task now is no longer that simple. Instead, with the ability to track audience minute by minute, many newsrooms see their biggest competition as the remote control; their priority is to keep material flowing at a pace rapid enough that viewers won’t feel any temptation to change the channel. One reason why credits at the end of primetime shows have shrunk in recent years is to create a “seamless” experience that will discourage viewers from changing the channel, whether between two sitcoms or between the end of “ER” and the local news. ⁸

Graphed on a chart, the “hook and hold” reveals itself as an X. One leg represents the hook–“hard” public-safety or other “live, local and late-breaking” stories of the kind that usually lead broadcasts but disappear as a news program progresses. The other leg represents the hold– soft, “teasible” water-cooler stories that viewers will sit through the broadcast to see.

It’s a vicious circle: if a story isn’t live, local and late-breaking, it won’t make the first block. And since first-block stories are awarded the most time and resources, less breathless topics like government or transportation or business news get short shrift.

The desire to hook and hold an audience, however, isn’t the only reason the X-factor has become so popular.

Less Expensive News

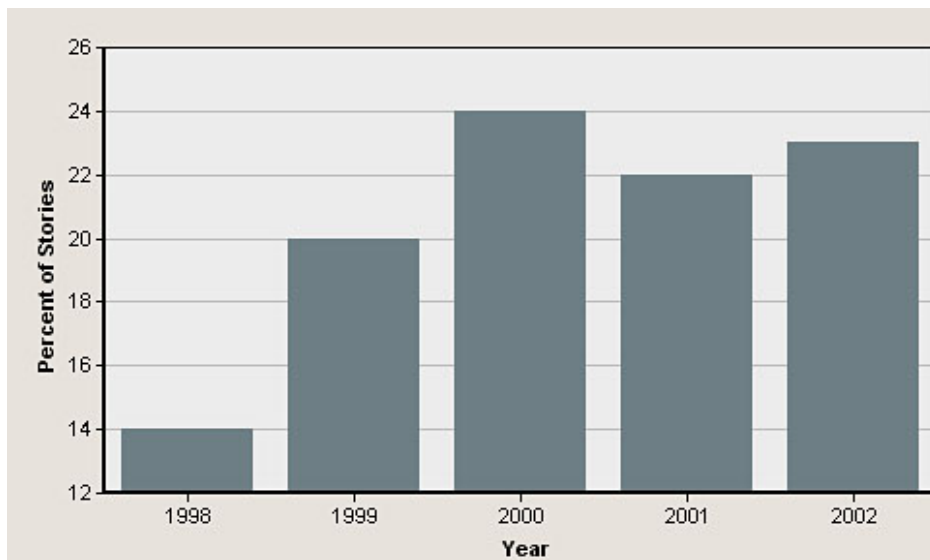
The kind of stories the “hook and hold” approach emphasizes are easy to find and easy to promote. For newsrooms, that has created an economic incentive that trumps more traditional journalistic values like significance and relevance. The result is a predisposition to cover events that can be reported with less effort.

For example, two-thirds of all local stories in our five-year study of local TV are initially broadcast to newsrooms on police and fire scanners, triggered by information from press releases, meeting agendas or daybook events that are literally dropped in the laps of assignment editors, or picked up from other local news outlets.

And as local stations cover more stories that are easy to find and report, they are also airing significantly more content that requires no local newsgathering whatsoever. This so-called feed material, from outside sources such as a network, affiliate cooperative, or independent syndicator, accounts for almost a quarter of all stories on local news programs.

Third-Party Footage on Local TV News

1998 to 2002



Design Your Own Chart

Source: PEJ Local TV News Project, 1998-2002

Not only is feed material relatively cheap and plentiful, it complements the “hook and hold” approach. Newscast producers monitor the daily satellite feeds, cherry-picking eye-catching video that is highly “teasible” or can be used to fill in the blanks in the “hook and hold” template. If a producer wants to end the newscast on a light note and has no local “happy news,” he or she simply pulls some feed footage of a newborn Panda cub at a faraway zoo.

Except for a relatively small core of stories that exhibit the highest levels of reportorial effort, stations have opted for efficiency over quality. Coverage of stories that were more labor-intensive for newsrooms declined between 1998 and 2002. The use of material requiring less manpower increased.

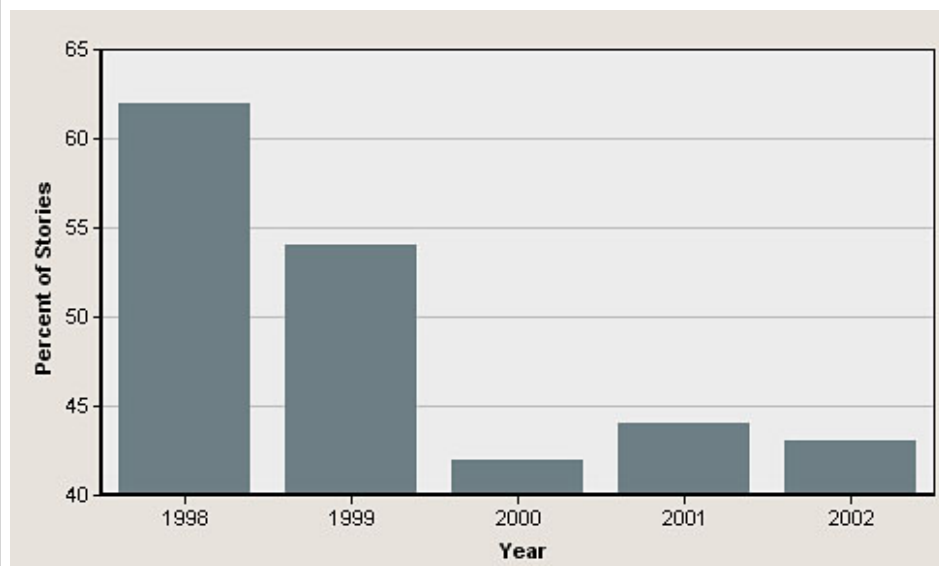
The Disappearing Reporter

Newsroom dependence on the “hook and hold” template to structure newscasts coincides with another trend – the disappearing local TV reporter.

Over the five years of the Project’s study, the percentage of stories typically presented by reporters dropped by about a third, from 62% of the total in 1998 to 43% in 2002. At the same time, all other content, including feed stories, daybook news covered without a reporter, and anchor “tell” stories with no tape footage, increased from 38% to 57%.

Stories with On-Air Reporters

1998 to 2002



Design Your Own Chart

Source: PEJ Local TV News Project, 1998-2002

For many topics, the PEJ five-year study found that a reporter’s appearance in a story is a predictor of quality. For example, a story about a pre-arranged event in which a reporter appears, whether it is to ask a question in a short interview clip or narrate a longer reporter package, is significantly more likely than a story about a pre-arranged event that doesn’t feature a reporter to contain a mix of opinions about a subject rather than just one point of view, PEJ data show. ⁹ That is true whether the story is about crime, politics or social issues. The content analysis this year of network and cable TV reporting finds a similar connection between packages and the depth of reporting. (See **Cable/Content Analysis** and **Network/Content Analysis**.)

The decline in reporter appearances could indicate newsrooms are depending more on photographers assigned to an event to ask questions and take notes in addition to making pictures. It could also mean reporters are doing more assignments every day, writing anchor voiceovers for some stories and appearing on camera in others. In fact, both things may be happening simultaneously. One clue may be found in the annual news director surveys conducted as part of the study. Over five years, the number of stories covered by the average local TV reporter increased from 1.4 in 1998 to 1.8 in 2002, an increase of 28%.

The Outlook for Content

Ownership consolidation, declining audiences, and a troubled economic model all created incentives for newsrooms to thin out their newscasts and structure them with a ratings-focused approach. But regulatory pressure may exert an influence that will push newsrooms in an entirely different direction.

Television stations are given an exclusive license to broadcast over a defined portion of the publicly owned spectrum, and in turn are expected to operate in “the public interest.” But the term has never been codified precisely. Stations have argued that they meet their public-interest obligations by forgoing a significant amount of advertising revenue in order to broadcast things like public service announcements, disaster alerts, telethons, and more. A survey of TV and radio stations by the National Association of Broadcasters (NAB) valued local TV stations’ community service contribution at roughly \$2.9 billion. ¹⁰

In early 2004, however, Chairman Michael Powell of the Federal Communications Commission hinted that he took a skeptical view of those activities: "I don't think there's anything special about a broadcaster sponsoring a walk for breast cancer.... I don't think you should go out and have complete garbage on TV and then buy your way out by sponsoring events in the community."¹¹ In the fall, the FCC issued a decision requiring stations broadcasting multiple digital signals to devote at least three hours a week to children's programming for each channel they transmit, one of the first content-based mandates in several years. Its actions led many to suspect the FCC might move toward more regulation of content, though the outlook on this front is unclear in light of Powell's resignation in early 2005.

The debate over the extent to which the FCC can regulate television content was highlighted in 2004 by both the Janet Jackson Super Bowl incident and the agency's ultimately failed attempt to rewrite media ownership rules. (See **Ownership**.) In hopes of avoiding on-air profanity, the networks instituted tape-delay policies during live events such as NASCAR races and awards shows. On the local level, the FCC has proposed that TV stations keep 90-day archives of their programming to facilitate indecency investigations.¹² Such requirements, some critics worry, could have a chilling effect on television content.

Footnotes

1. The local TV news study included a content analysis of more than 2,400 newscasts in 50 markets. The entire database, the largest that we know of, included close to 34,000 stories.
2. In each year from 1996 to 2000, on average 107 TV stations changed hands. See *Broadcasting & Cable Yearbook*.
3. A 2001 survey conducted by the Project for Excellence in Journalism found that "Fifty-seven percent [of local TV newsrooms] had to produce the same or more news despite layoffs, budget freezes or budget cuts." See Marion Just, Rosalind Levine, and Todd Belt, "Thinner, cheaper, longer," *Columbia Journalism Review*, November/December 2001.
4. See Tom Rosenstiel and Marion Just, "Five ways to build viewership," *Columbia Journalism Review*, November/December 2002.
5. In a NewsLab survey, 25% of people who did not watch local TV news gave as one of their reasons "Local news is always the same stuff." Deborah Potter and Walter Gantz, "Bringing viewers back to local TV: What could reverse the ratings slide?" NewsLab.org. Online: <http://www.newslab.org/research/bringback.htm>.
6. "The shape of things to come," *Broadcasting & Cable*, January 5, 2004.
7. See "Kickers," *On the Media*, September 3, 2004. On line: http://www.onthemedialab.org/transcripts/transcripts_090304_kickers.html.
8. Bill Carter, "NBC cancels the pause between shows," *The New York Times*, October 3, 1994.
9. In daybook stories with a reporter, 26% provided a mix of opinions; in daybook stories without a reporter present, only 10% provided a mix of opinions.
10. National Association of Broadcasters, *A National Report on Local Broadcasters' Community Service*, June 14, 2004, p. 7. This figure includes a projected \$1.7 billion in advertising revenue lost in favor of broadcasting public service announcements; \$1.1 billion raised through charitable drives sponsored by TV stations, and \$158 million raised by television and radio stations in response to natural disasters.
11. "Powell's agenda for '04," *Broadcasting & Cable*, January 26, 2004.
12. Jon Hart and Ken Salomon, "Proposed FCC rule on indecency could hinge on election outcome," *The Wall Street Journal*, November 1, 2004.
13. See Martin Kaplan, Ken Goldstein, and Matthew Hale, "Local News Coverage of the 2004 campaigns: An Analysis of Nightly Broadcasts in 11 Markets," *Lear Center Local News Archive*, February 15, 2005. Online: <http://www.localnewsarchive.org/pdf/LCLNAFinal2004.pdf>.

Audience

Audience

The news about local news audiences may be looking up.

After declines for most of the last decade, there were tentative signs in 2004 and heading into 2005 that the audience slide for newscasts in the two major time slots, evening and late news, may be slowing. At the same time, audiences for early morning news are growing.

Why the changes are occurring, and whether they are a temporary shift driven by news events like the presidential election or the war in Iraq, is harder to determine.

Understanding audience levels for local news is a little complicated. Data are collected and analyzed within each market, rather than nationally. There is no overall figure on local news ratings that is commonly published, as there is, say, for the ratings of the CBS Evening News With Dan Rather. This makes it difficult for station managers or analysts to get an overall sense of audience and pinpoint national trends.

To get some sense of overall local news audience, the Project took yearly audience data for 529 different stations collected by the investment services company BIA Financial Network (BIAfn).¹ We then calculated national audience averages for both early-evening and late-night local news programs, going back to 1997.

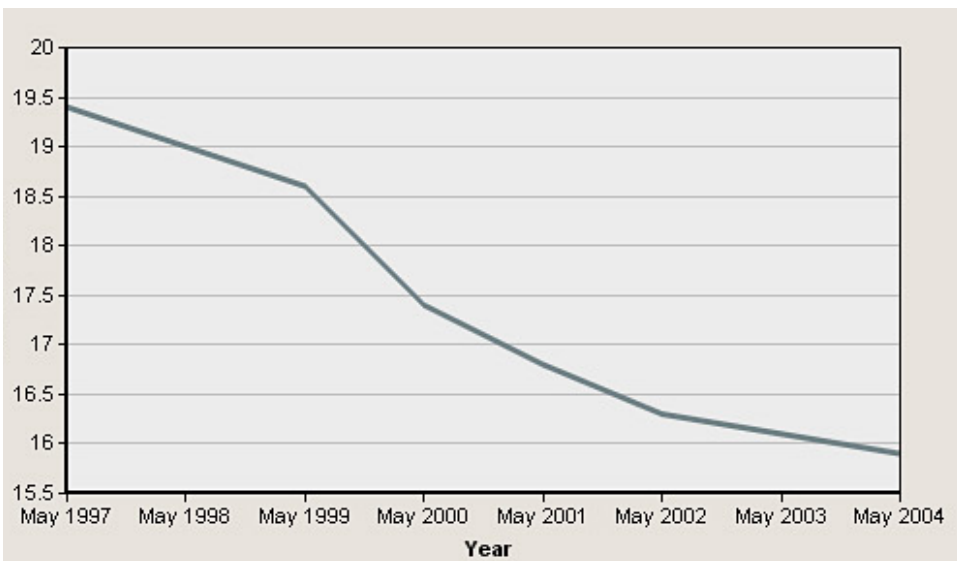
After significant declines through 2003, the data for those key newscasts in 2004 show signs of stabilization.

For those unfamiliar with the TV industry, there are two basic measures of audience – share and ratings. Ratings show the percentage of all television sets in the market tuned to a given program (including those in use and those that are turned off). Share tells us the percentage of television sets in use at a given time that are tuned to each program – or something akin to market share. Stations use ratings to set prices for advertisers; share allows stations to see how they're performing relative to the available competition.

Looking first at share, between May 1997 and May 2003, early-evening news programs lost 16% of their available audience share – or more than 3% a year. Late news programs lost even more, 18%, again more than 3% each year.

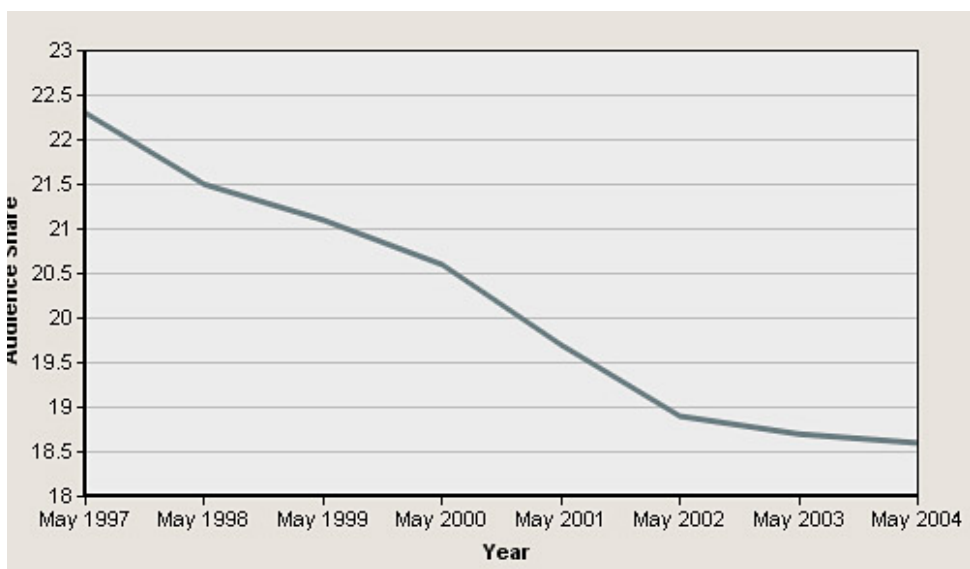
In 2004 the declines in share slowed considerably. The average early-evening newscast share declined just 1.2%, from an average 16.1 share in May 2003 to a 15.9 share in May 2004. The average late-news share fell even less, from an 18.7 share to 18.6, a difference of 0.5%.

Average Early Evening News Share
May 1997 to May 2004



Design Your Own Chart
Source: BIAfn Media Access Pro

Average Late News Share
May 1997 to May 2004



Design Your Own Chart
Source: BIAfn Media Access Pro

Looking next at ratings, the declines in the last year also support the overall sense of stabilization. ² Ratings for early-evening news declined 1.2% (8.3 in 2004, compared with 8.4 in 2003). ³ Ratings for late news saw twice the decline, 3.9%, to 7.4 in 2004 from 7.7 in 2003. Still, these declines were relatively modest compared with previous years.

The audience picture becomes even more nuanced, and potentially more positive, if one also takes into consideration another part of the day that is sometimes overlooked: early mornings. This has been the one growth area in local news viewership generally in recent years. How much has morning news audience grown? Are those audiences large enough to compensate for the loss of audience in evening and late news?

A research project led by Robert Papper of Ball State University in Indiana, the Middletown Media Studies, found that when media use was observed in person the results showed people were watching more TV news than was captured by methods like phone surveys or diaries (diaries are the method used by Nielsen to measure TV viewership in smaller markets).

Papper intends to release a new study in 2005 that will argue that the amount of news viewership has actually increased rather than declined over the past twenty years.

Papper's data also suggest that TV news viewership is as high during the morning as it is in the evening and during prime time, with each time slot garnering between 37% and 44% of the people being observed. His data further indicate that people who watch TV news in the morning tend to watch a greater amount of news – 86 minutes – during that time period than news viewers in other time slots. People who watch TV news during the evening tend to watch about an hour of news (61 minutes); those who watch during primetime and afterwards watch roughly 46 minutes. 4

These potential findings about levels of news consumption are tantalizing. The availability of news in more formats and in more time periods means that the news is more convenient and that some of it, such as traffic and weather, may be more up to date.

Without knowing more, however, some questions need to be considered in evaluating the growth in morning viewers.

First, it is unclear whether the gain in morning audience really has made up for what has been lost in the evening and late at night. The BIAfn data from May 2004 (based on Nielsen diaries) indicate that the average morning news program nationwide gets an audience of 4.6 ratings points, about 55% of the evening news average (8.3 ratings points) and 62% of the late news audience (7.4 ratings points). So the BIAfn data suggest that the morning audience does not yet match the audiences available during the traditional news time slots.

Second, news directors and station managers the Project consulted on this subject would be thrilled to say their audience actually larger than before, but based on the ratings data that they use for advertisers, and their own sense of their markets, they see what we find in the BIAfn ratings. One general manager at a station in the Midwest explained that morning news has become such an important time slot because it appeals to advertisers trying to reach a defined audience: "Mornings are a place where there is a group of people who have means and needs. They have jobs and kids and there are things they must buy." 5

But the manager went on to note that in the "key demo" of women between the ages of 25 to 54, his station's late news audience is two to three times the size of the morning news audience. Put bluntly, the manager declared, "I could win the 6 and 11 o'clock news, lose the mornings, and keep my job. Win mornings but lose the 6 and 11 and I'll get fired."

The Ball State study, in addition, was conducted in one market, Indianapolis. 6 According to BIAfn, morning news viewership in Indianapolis is higher than in most other cities, achieving a total of 5.2 ratings points in May 2004 compared to the national average of 4.6.

The Ball State data also look at time people spend watching both local and network morning shows – indeed, any news between 6 a.m. and 10 a.m.

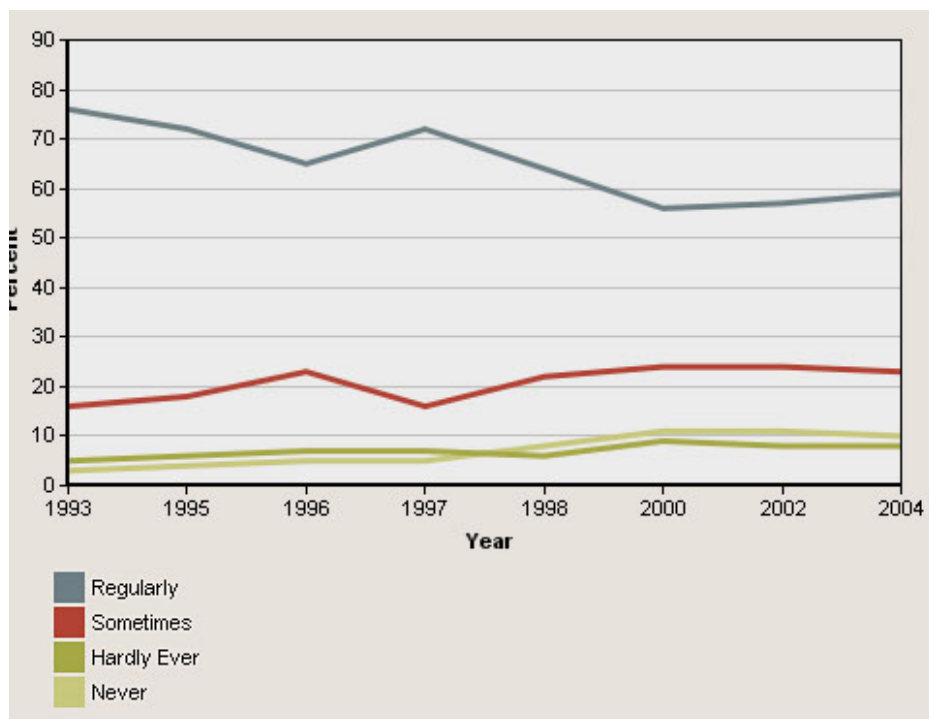
Even if the morning audience equals or exceeds what has been lost at night, there is another point to be made about it. Early-morning news is a different product from evening news, one designed to repeat itself every 15 minutes and heavily focused on delivering traffic, weather and headlines. It is not the same kind of newscast as one might see in an hour at 6 p.m.

Despite all these caveats, there is evidence in survey data to support the idea that the local TV news audience may be stabilizing. In its 2004 biannual news consumption survey, the Pew Research Center for the People and the Press, fully 59% of Americans surveyed said they watched local TV news "regularly," compared with 57% in 2002. That is also higher than the percentage of Americans who say they "regularly" go to any other news outlet. This leveling off, moreover, comes after a period of steep decline. In 1993, 76% of Americans said they were "regular" local news viewers. That fell to 65% in 1996 and 56% in 2000.

At the same time, the percentage of Americans tuning out local TV news has apparently stopped rising. While the Middletown Media Studies indicate people tend to underestimate the amount of media they use when answering surveys, pollsters argue that looking at data over several years can still show valid trends. Pew Research Center trend data shows that after increasing sharply in the 1990s (from 8% in 1993 to 12% in 1997 to 20% in 2000), the percentage of people who say they "hardly ever" or "never" watch local TV news has remained steady since 2000 (at 19% in 2002, and 18% in 2004).

How Often People Watch Local TV News

1993 to 2004



Design Your Own Chart

Source: Pew Research Center for the People and the Press surveys

What accounts for the slowing-down in the decline in local news audiences? First, research suggests that much of the past decline was due to an expanding number of households' getting cable or satellite TV and, with more cable networks to watch, choosing entertainment or other programming over news. By 2004, that expansion was coming to an end, according to a report in 2004 by the Wall Street analyst Tom Wolzien of Sanford Bernstein, which predicted that the rapid growth in cable viewership would slow to a crawl by the end of the decade. ⁷

Cable expansion is not the only reason for declining local news viewership. Research shows that other factors included complaints about local news content (too much crime, fluff and repetition), and changes in commuting and sleep patterns. ⁸

All of these are factors, some TV industry experts believe, that may have reached their limit. Jon Currie, president of Currie Communications, which specializes in interpreting Nielsen data for local TV stations, says there is reason to believe the steadying in audience decline could last. "At some point there is going to be a slackening off in the decline . . . Local [TV] news is going from a mass product to a niche product, but there will be some people who keep watching no matter what." ⁹

Some temporary short-term factors also could be boosting the audience for local TV news, among them current events. In May 2003, viewers were following the aftermath of the fall of Saddam Hussein's dictatorship (as our data on cable viewership indicate); in May 2004 there was interest in a presidential campaign that had already seen both candidates criss-crossing the country and visiting swing states. In August, most of NBC's owned-and-operated stations saw a jump in news ratings during the Olympics, another example of events driving viewership. ¹⁰

Pew Research survey data add weight to this explanation, at least when it comes to the election. According to an August 2004 poll, 32% of Americans were following the election "very closely," compared with 22% of Americans at the same point in 2000. ¹¹

What's more, local TV seems to be one of the most popular sources for political news. An October 2004 Pew Research poll found Americans more likely to say they were getting campaign news from local TV than from any other single network or cable news outlet, with 16% naming it as their main source for election news. ¹² When people were asked how they "learn something" about the presidential campaign, a Pew Research poll in January 2004 found that 42% named local TV news. This was a higher percentage than for any other news source. It was lower, though, than the figure in 2000, 48%. ¹³

Another potentially positive sign is that unlike many other news media, particularly newspapers, local TV news enjoys viewership that is consistent across income and educational levels. According to Pew Research Center's 2004 survey, 57% to 62% of Americans in every income category say they watch local news "regularly." The percentage is similar across all levels of education (54 to 62% say they watch regularly). 14

The greatest disparities in the local TV news audience are by age group. Older people in general tend to be heavier news users (with the exception of online news), and local TV news use fits the pattern. Seven out of ten people 65 and older (70%) say they are "regular" local news viewers. By comparison just under half (46%) of 18-to-29-year-olds are "regular" local news viewers.

Still, at a time when many news outlets are worried about appealing to younger generations, local TV news seems to be in an enviable position. Only one in four young adults (23%) reported reading a newspaper on the previous day when polled by the Pew Research Center, half the amount of "regular" local news viewers. An even smaller percentage, 18%, said they were regular viewers of the networks' evening news programs.

The question for the industry is whether younger generations will become more likely to watch local TV news as they "age into" older demographics. But local TV news is fortunate to be starting from a much higher baseline.

Blaming the Measurer: Nielsen Comes Under Attack

For those trying to understand audience trends in television, 2004 was another year of controversy over the measuring stick – Nielsen Media Research.

Nielsen has long used electronic meters to allow broadcast and cable networks to gather detailed data on the demographics of their nationwide audience throughout the year. On the local level, 56 of the largest markets are equipped with "meters" that measure the total number of homes watching specific programs from night to night. Nielsen also sends out paper diaries four times a year – the "sweeps" periods – to gather detailed demographic information on who is watching which programs. These diaries have been the only opportunity for individual stations to get demographic information.

How Nielsen Measures Viewers in the 210 U.S. Television Markets
As of year-end 2004

Type of Market	Method Used	Number of Markets Covered	Percent of TV Households Covered
Local People Meter Markets	Local People Meters measure total viewership and viewer demographics on a day by day basis.	5 (to be 10 by end of 2006)	19.4%
Metered Markets	Electronic meters measure total viewership on day-to-day basis; handwritten diaries track viewer demographics four times a year.	51 (46 by end of 2006)	50.2%
Diary Markets	Handwritten diaries track total viewership and viewer demographics four times a year	154	30.4%

In 2002, Nielsen introduced a new technology, local people meters (LPMs), which are able to track demographic data on the local level year-round. The technology tracks what is actually being watched on a given household's televisions and which members of the household are watching: all members of the household have assigned buttons on the meter that they push to indicate they're watching television. 15

Local advertisers are excited by LPMs because having real-time data on what parents are watching compared to what their children are watching will help advertisers – toy stores, say – to determine how to reach a particular audience. Nielsen still measures only home TV viewing. That practice doesn't change under the new LPMs, even though people are exposed to television nowadays at work, while running errands, and in other non-traditional sites.

The introduction of local people meters is an important development for newsrooms. The devices will essentially make "sweeps" meaningless in markets where they are used. "Sweeps" has often been a time when newsrooms roll out the results of months-long investigations in hopes of luring viewers, and when stations try to use elaborate stunts and contests to make themselves stand out to viewers filling out their Nielsen diaries. 16

Instead, with local people meters, stations might potentially have information on the exact makeup of their audience on something close to minute-by-minute. For example, a news director would know if women between the ages of 18 and 49 tuned out when a particular story about identity theft aired. In fact, the amount of new data available is so large news directors might be too overwhelmed to absorb the possibilities.

Nonetheless, as one Los Angeles station manager put it, “Obviously, the people meters will help with programming decisions, and will allow us to look at demographics more quickly than waiting for a ratings period to be over... With the new system, the idea of sweeps products will go by the wayside... We need to be enterprising to find news stories that are relevant.”¹⁷

The rollout of the new technology in New York in May 2004 stirred up controversy over whether LPMs were providing accurate measurements of African-American and Latino viewership. A public-relations campaign called “Don’t Count Us Out” urged Nielsen either to fix the perceived flaws in its system or to scrap the rollout all together. Fox protested against the new system most vocally, since its UPN-affiliated station in New York, WWOR, saw the largest drop in viewers; a comparison with data collected under the diary system showed that according to the local people meters, fewer African-Americans were watching UPN and more were watching BET.¹⁸

Viacom, which owns the UPN network, was barely heard from in the controversy – perhaps because it also owns BET.

Congressional hearings were held, and meanwhile activists Jesse Jackson and Al Sharpton weighed in for (Jackson) and against (Sharpton) the new technology. In the end Nielsen’s audit, released in July, suggested that in fact the only minority that was not adequately represented in its sampling was Asian TV viewers.

Nielsen’s first use of local people meter technology in Boston in 2002 met with initial resistance, in part because there, too, the technology showed broadcast networks losing viewers to cable programs. As the general manager of the Viacom-owned WBZ acknowledged at the time, “Honestly, my personal issue with it [local people meters] is that it devalues our product... If the numbers were going up instead of down, I wouldn’t have as much of a problem with it.”¹⁹ Commercially owned stations stopped subscribing to Nielsen’s service, but local advertisers and ad agencies in the Boston area saw local people meters as a more accurate way of ensuring they were reaching the right audience, and this support allowed Nielsen to persevere.²⁰

In January 2003, Hearst’s WCVB became Boston’s first major-network affiliate to break down and subscribe to people meter service, and in July 2003 Viacom signed a deal with Nielsen covering its stations across the country, including WBZ, and pledged its support for expansion of local people meters.²¹

By the fall of 2004, Nielsen had basically won the LPM battle in New York. The advertising community appeared ready to support expansion there, much as it did in Boston, with one executive declaring, “Everybody knows that it’s fundamentally more accurate audience measurement service.”²²

Nielsen’s foes among the TV station groups, too, seemed likely to acquiesce to the new measurement system, again as in Boston. One TV executive, quoted anonymously, explained the industry’s attitude this way: “They’d rather complain about the way Nielsen does business than pay for two companies to do what Nielsen does.”²³

The implications of LPMs for local TV news are profound. While stations in “traditional” metered markets know each day who’s getting the most viewers, if a station is trying to shape a newscast for a particular audience, such as women between the ages of 18 and 49, it would have had no way of knowing whether it succeeded until it obtained demographic data from a “sweeps” period. Often, a bad “sweeps” leads to a station’s clearing out the personnel who failed to hit the station’s demographic targets.

With local people meters providing constant demographic data, newsrooms in larger markets will have a clearer idea of the audience they’re reaching. In turn, this will probably increase the pressure on news directors to structure newscasts that will appeal to the desired audience.

The preliminary rollout of local people meters is confined to the ten largest markets, but the constant churn of personnel from big markets to small markets, and vice versa, means that ideas and trends tend to circulate quickly in the local TV news industry. If data from local people meters seem to suggest new ways of keeping desired demographics tuned in to newscasts, at least in big markets, these practices are likely to spread to midsize and small markets – even if stations there lack the technology to measure the success of their efforts.

Footnotes

1. BIAfn collates data originally gathered by Nielsen Media Research.

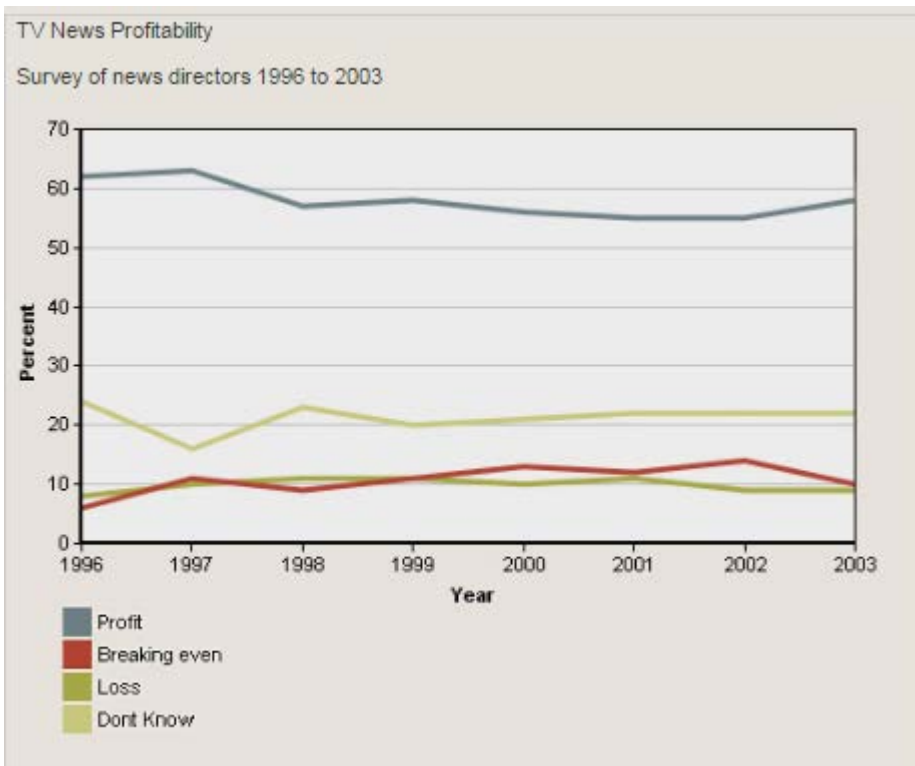
2. BIAfn does not report ratings figures directly. The data do provide information on both audience share for a specific time slot and the total percentage of households using television during the same time slot (HUTs). Since ratings are the percentage of all households with television tuned to a specific program, if we know the percentage of households using television tuned to a specific program (share), and what percentage of households in the market are using their televisions at that time (HUTs), it is possible to calculate ratings.

3. On the local level, this 8.3 rating would translate to an audience of some 450,000 households in Los Angeles, the #2 market in the country with 5.4 million households. In El Paso, ranked #100 with 288,000 households, this would equal an audience of 24,000 households.
4. Robert Papper, "Middletown Media Studies," presentation, July 22, 2004.
5. PEJ interview with TV station general manager, December 3, 2004.
6. The city of Muncie, where the study was conducted, is a part of the Indianapolis TV market.
7. Bernstein Research, "Media: TV Equilibrium Ahead as Distribution Burst Ends, 25-Year Broadcast Net Slide Nearly Over." August 20, 2004.
8. See Deborah Potter and Walter Gantz, "Bringing viewers back to local TV: What could reverse the ratings slide?" NewsLab.org. Online: <http://www.newslab.org/research/bringback.htm>. See also Bernstein Research, "Media: TV Equilibrium Ahead as Distribution Burst Ends, 25-Year Broadcast Net Slide Nearly Over." August 20, 2004.
9. Jon Currie, interview, August 25, 2004.
10. Daisy Whitney, "NBC-owned stations attract Olympics effect in late news," TV Week, September 6, 2004.
11. Pew Research Center for the People and the Press, "Public faults Bush on economy," August 12, 2004. Online: <http://people-press.org/reports/display.php3?ReportID=221>.
12. Pew Research Center for the People and the Press, "Voters impressed with campaign but news coverage gets lukewarm ratings," questionnaire, question 1a. Released October 24, 2004. Online: <http://people-press.org/reports/print.php3?PageID=902>.
13. Pew Research Center for the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004. But in 2000 there were contested primaries in both parties, so these numbers might reflect the fact that in 2004 fewer Republicans and independents were paying attention to the race.
14. Newspaper readership, by comparison, declines from 55% of people with income over \$75,000 to 27% of people with income under \$20,000, and from 56% of college graduates to 30% of people without a high school diploma.
15. Amit Asaravala, "Nielsen 'people meters' draw fire," Wired, April 16, 2004. Online: <http://www.wired.com/news/business/0,1367,63080,00.html>
16. For examples, see Deborah Potter, "The end of sweeps?" American Journalism Review, April/May 2004.
17. Vince Malcolm, general manager, KTLA-Los Angeles, in Pat Maio, "New ratings meter could alter TV news: without sweeps, the need for over-the-top newscasts might go away for good." Los Angeles Business Journal, July 19, 2004.
18. Steve McClellan, "Attack mode," Broadcasting & Cable, April 5, 2004.
19. Ed Goldman, general manager, WBZ-Boston, in "Beat the Press/Local People Meters," Greater Boston with Emily Rooney [TV program, WGBH, Boston], May 3, 2002. On line: http://greaterboston.tv/features/btp_050302_ratings.html.
20. See for example Kevin Downey, "Boston stink bomb over people meter," Media Life Magazine, February 7, 2002. On line: http://www.medialifemagazine.com/news2002/feb02/feb04/4_thurs/news2thursday.html
21. On Hearst, see Toni Fitzgerald, "Nielsen breaks Boston revolt," Media Life Magazine, January 10, 2003. On line: <http://www.medialifemagazine.com/news2003/jan03/jan06/5fri/news1friday.html> On Viacom, see Nielsen Media Research. "VNU's Nielsen Media Research and Viacom's television operations sign multi-year agreements for expanded TV measurement." Press release, July 29, 2003. On line: http://www.vnunet.de/testticker/ueber_vnu/Pressemitteilung_29juli2003.asp
22. Maribeth Papuga, director of local broadcast for MediaVest, quoted in Steve McClellan, "Meters take big bite out of Big Apple," Broadcasting & Cable, June 13, 2004. See also comments by ad execs in Paul J. Gough, "Nielsen succumbs to political pressure, delays New York meters," MediaPost's Media Daily News, April 7, 2004. On line: <http://www.mediapost.com/PrintFriend.cfm?articleId=245611>
23. Betsy Streisand, "The tracker behind the tube," U.S. News & World Report, November 8, 2004.

Economics

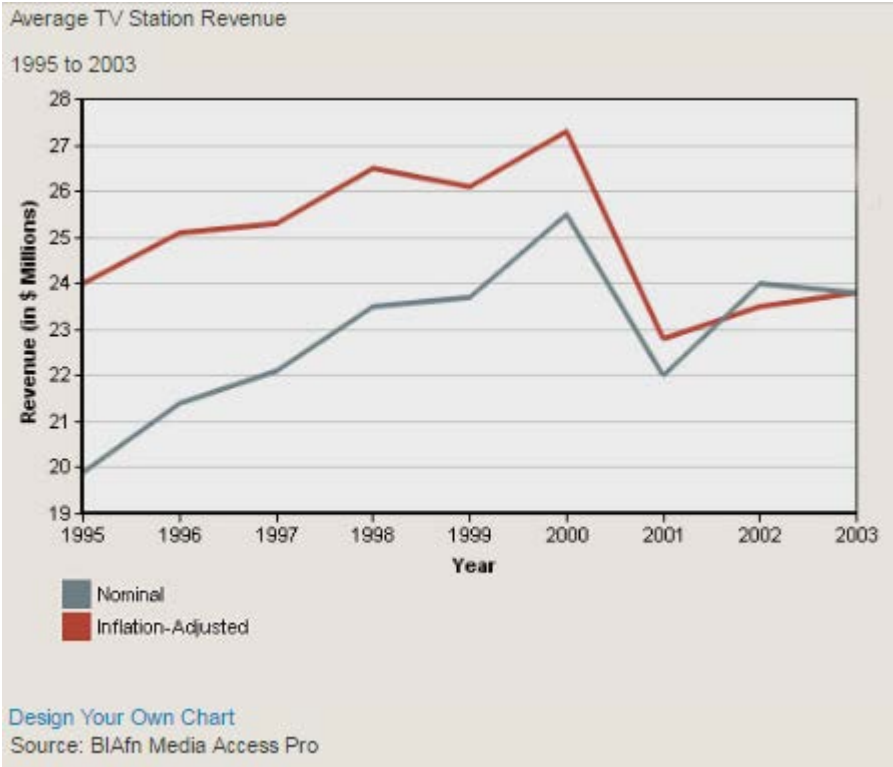
After a flat 2003, revenues in 2004 appeared to have grown slightly, based on partial-year results and projections for the rest of the year.

At the risk of restating the obvious, local news has been enormously profitable, even at a time when most stations are losing viewers. Local news accounted for some 46% of station revenues in 2003, according to survey data, and a majority of news directors consistently report that their stations made a profit. Indeed, less than 10 percent of them reported that their stations lost money in 2003.



Anecdotal reports indicate that station profit margins as a whole are high, often in excess of 40%. ABC was the lowest-network in 2003, yet its owned-and-operated stations — all of which broadcast ABC programming — had profit the mid- to high-40% range. ¹ Changes in regulations that have allowed stations to own more than one station in a market (known as duopolies) have also increased profit margins. For example, Fox's duopolies reportedly have margins in the mid- to high-50% range. ²

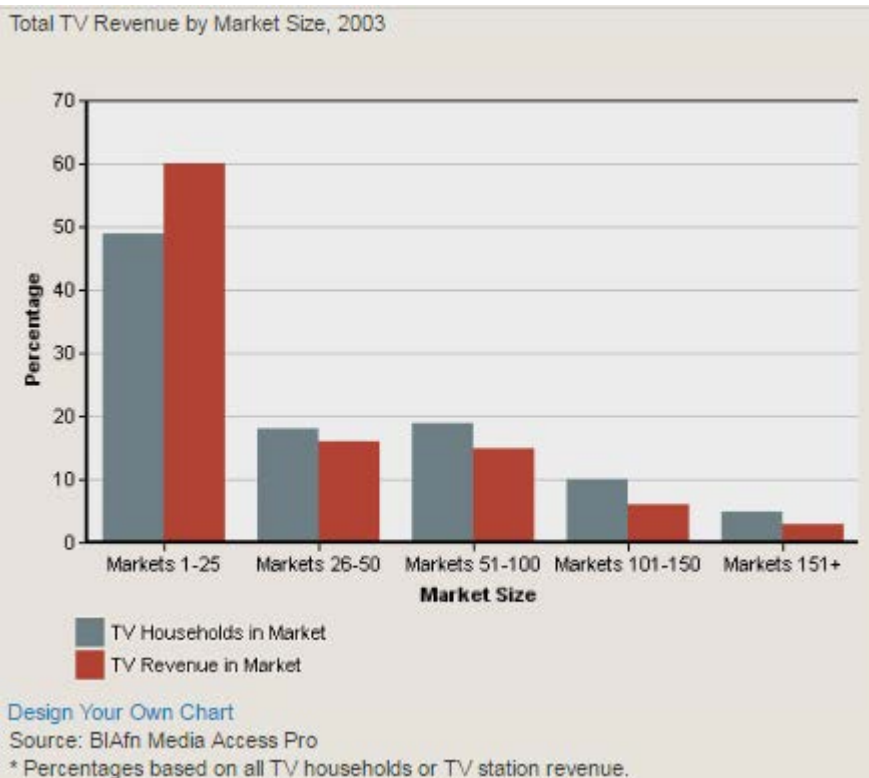
From 1995 through 2000, revenue grew slowly but steadily. The 2001 recession caused a drop, but in 2002 revenue slightly. It was flat in 2003; the average station had revenue of \$23.8 million, compared with \$24 million in



Part of the stagnation, according to Broadcasting and Cable, may have occurred because concern about the Iraq war led advertisers, who commit to ad spending weeks or months in advance, to hold back on spending in the first half of

Revenue for all of 2004 was expected to prove better. The TV Bureau of Advertising, an industry group, released preliminary results showing local TV stations in the 100 largest markets had taken in \$13.1 billion in revenue in the first nine months of 2004. This was a 9.8% increase over the same period the year before. 4

The 100 largest markets typically account for 90% of all station revenue, so total revenue nationwide for the first nine months of 2004 may have been close to \$14.4 billion.



Veronis Suhler, an investment banking company, projected station revenue at \$26.1 billion in all of 2004, 7.5% more than the year before (\$24.2 billion).

Incidentally, even-numbered years tend to be better for local television stations. That's because of spending tied to the Olympics and political campaigns, and presidential election years are the best of all. Election ad spending in 2004, at \$1.6 billion, would account for 80% of the revenue increase, with the remainder coming from growth in regular ad spending. (See **Election Year Advertising.**)

Advertising revenue in local TV comes from two sources. One, called national spot advertising, accounts for approximately 45% of station revenue. National spot advertising comes from companies that wish to advertise in wide portions of the country but for various reasons don't want to advertise through the networks. For example, snow tire manufacturers don't want to advertise on the networks, since they'd be paying to reach viewers in Miami and San Diego who'll never need their services, yet they want to reach viewers in places as far apart as Boise and Boston. By using national spot advertising, such advertisers can buy ads in multiple markets until they've blanketed the areas they want to

TV Station Ad Revenue 2003 vs. 2004

	National Spot	Local Spot	Total
	\$10.6	\$13.6	\$24.2
Expected Growth 2003-04	8.5%	6.8%	7.5%
2004 (est.)	\$11.6	\$14.5	\$26.1

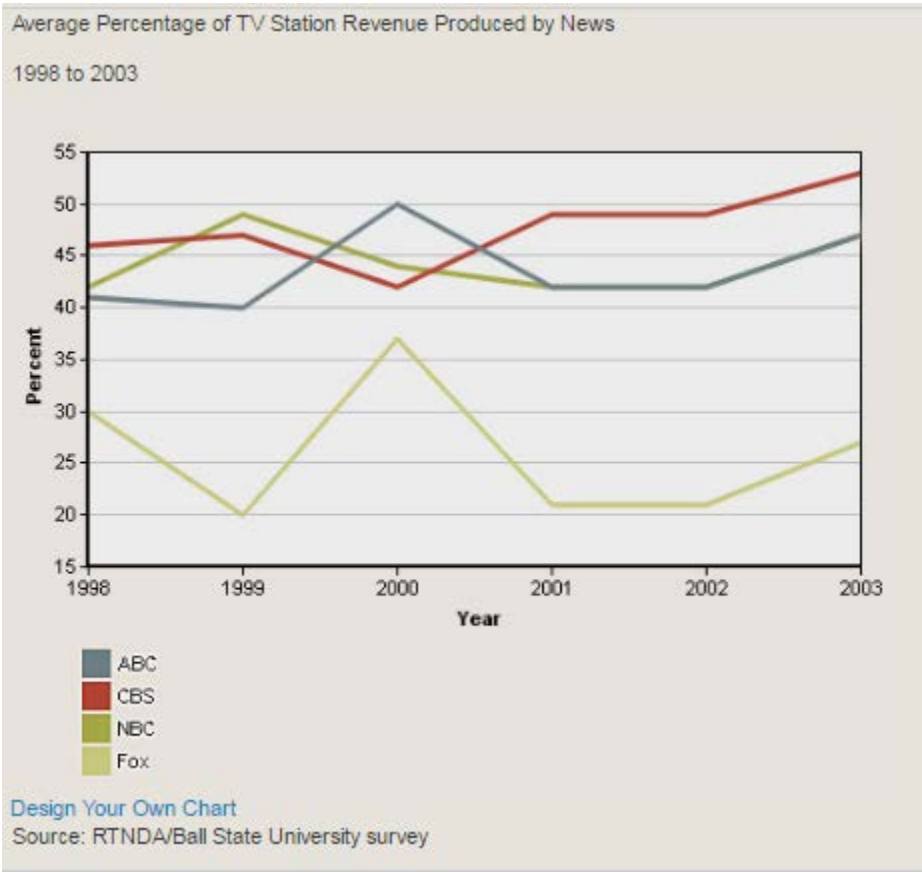
All figures in billions of dollars. Source: Veronis Suhler Stevenson

National spot advertising came to \$10.6 billion in 2003. The investment banking company Veronis Suhler Stevenson it at \$11.6 billion for 2004.

The other revenue source is local spot advertising, which is paid for solely by companies in a station's own market. For example, when Ford or Toyota wants to advertise its latest model, it would be considered national spot advertising; when a local Ford or Toyota dealer buys ad time, it's local spot advertising. Local spot ads make up roughly 55% of station revenue. It amounted to \$13.6 billion in 2003 and was expected to increase to \$14.5 billion in 2004, again according to Suhler Stevenson.

A major question, given the pressure on audiences, is whether the industry might be wiser if it moved in the direction of accepting slightly lower profit margin—still usually in excess of 40%—in order to reinvest in stronger newsgathering and experiment in some new programming as a way of attracting new, particularly younger audiences.

One factor that mitigates against any such step is that local news plays such a crucial role in the financial health of TV stations that station managers may be unwilling to experiment for fear of damaging their product. As noted earlier, news directors in 2003 reported that news programs provided almost half (46%) of station revenue, the highest percentage yet. In addition, 58% of news directors reported that their news operations were showing a profit, the highest percentage since 1999. In a time when stations are fearful of doing anything that might lead to audience loss, caution and conservatism are seen as safe bets.



Broadcast networks have been competing with cable networks for advertising on the national level for more than twenty years. Local stations had been safe from competition for local ad revenue because advertising on cable systems had been impractical until recently. Cable systems were initially franchised on a municipal level, and each system operated independently from its neighbors. Now, due to consolidation, cable companies dominate entire metropolitan areas, and new technology makes it possible to run the same ad on a group of systems at once, challenging broadcast stations' competitive advantage.

The new options are making cable an appealing choice for local advertisers. In 1998, cable systems received only 17% of local TV ad spending (\$2.5 billion out of \$14.7 billion total). Veronis Suhler estimates that in 2004, cable systems received 24% of local spending, and that the figure will rise in 2008 to 30%. That would represent a growth rate of at 10% each year over the next four years. Local broadcast revenues are expected to grow barely 5% a year.

Local Ad Revenue on Television
1998 to 2008

Year	Local Spot	Local Cable
1998	\$12.1	\$2.5
2004	\$14.5	\$4.7
2008	\$17.4	\$7.3

All figures in billions of dollars. Source: Veronis Suhler Stevenson

Local broadcast news was created, in part, as a way of establishing an identity for stations, as well as meeting FCC public-service requirements. ⁹ At one time, 24-hour local cable news operations seemed to be a similar way for cable systems to win attention and prestige. But 24-hour local cable news operations in North Carolina and Texas closed in 2004, suggesting that cable, regardless of its growing importance to local advertisers, does not see the same need to appeal explicitly to local audiences. ¹⁰

Election-Year Advertising

The presidential campaign of 2004 will be remembered, for better or worse, as the one that blew away all previous for advertising spending. For some local TV stations, this meant a financial windfall, though the distribution of

money was far from even. Certain markets were bombarded with advertisements from the primary season straight through Election Day, while others saw virtually no presidential campaign ads and few in local contests.

In 2004, an estimated \$1.6 billion was spent on political advertising on local television – an unprecedented avalanche of money from candidates and outside groups.

The amount should be kept in perspective. Altogether, political revenue (including congressional, gubernatorial, and local races) is still a small – though increasing – portion of total local TV station revenue. The segment grew from 2.3% in 2002 to 2.9% in 2004.¹¹ In 2004, political ads were expected to account for 6.1% of all station revenue, based on estimates of political ad spending and total revenue.¹² By comparison, automobile companies and auto dealers typically account for more than a fourth of station revenue.¹³

Though small in overall terms, in a time of shrinking audiences and economic uncertainty, the reliability of a biennial of political dollars is something local TV stations cling to as firmly as possible. Stations are required by law to offer candidates their lowest rates for commercials, but those rates come with the stipulation that ads might be preempted to a different time slot if another advertiser is willing to pay more money for the airtime. Because campaigns to reach a specific audience watching a specific show, they generally end up paying higher rates to guarantee their will be seen when they want.¹⁴ TV companies have fiercely resisted calls for mandatory low advertising rates for non-preemptible political ads, as well as other requirements that might be imposed by the FCC as regulator of the public

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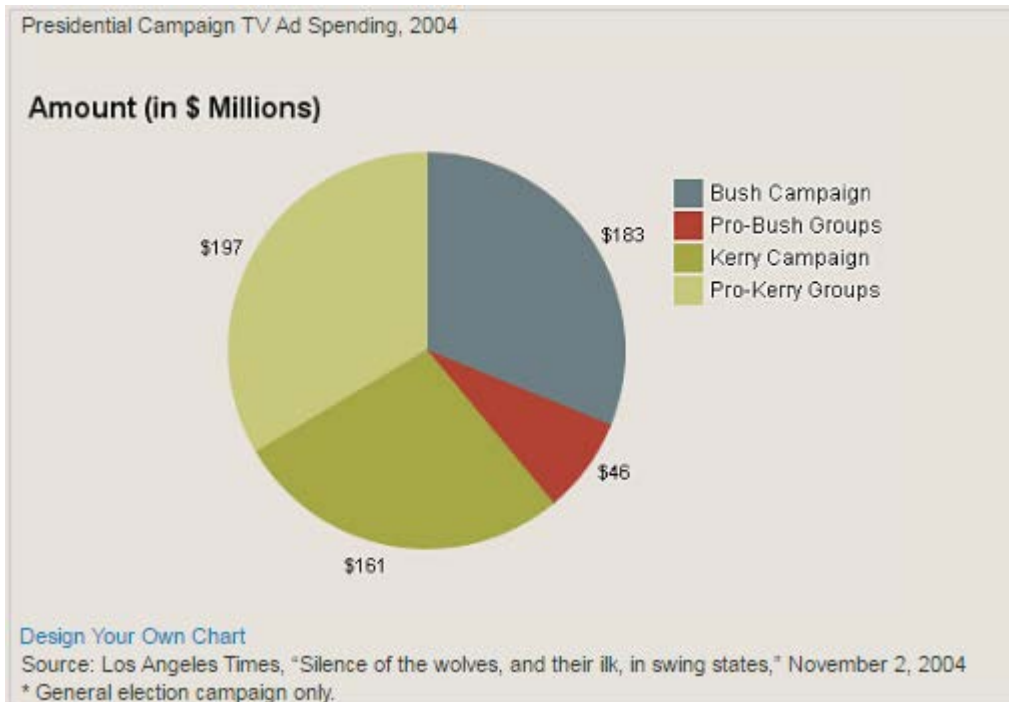
Political Ad Revenue

Local TV Political Ad Revenue	Total Local TV Revenue	Percentage of Station Revenue
\$605	\$25,800	2.3%
\$698	\$24,000	2.9%
\$1,600	\$26,100	6.1%

Source: TV Bureau of Advertising (political ad revenue, 2000 and 2002); Morgan Stanley estimate (political ad revenue, Veronis Suhler Stevenson (total local TV revenue, 2000-2004)

Another important element is that political advertising has gradually migrated in the last quarter-century to become the nearly exclusive domain of local stations, not something that benefits the national TV networks. As the ability of campaigns to target where undecided and swing voters lived, down to their congressional districts and voter precincts, campaigns learned to match their targets to TV markets and to buy their ads just in those key areas. One Morgan Stanley analyst estimates that network advertising declined from 25% of TV political ad spending between 1972 and 1992 to less than 1% in 2000.¹⁶

Presidential campaign advertising has become just another kind of national spot advertising. The emphasis on local has been particularly apparent in recent years, as ad-buying strategies have become more refined and the race for president has narrowed to a few key battleground states the campaigns start targeting early. For example, in the first half of 2004, according to Nielsen Monitor-Plus, Bush and Kerry spent \$63.7 million on ads, over three times as much as Bush and Gore at the same point in 2000 (\$18.6 million).¹⁷ By the end of 2004, presidential campaign advertising in the 100 largest markets amounted to \$587 million dollars, with the Bush campaign accounting for 31%, the Kerry campaign and outside groups 41%.¹⁸

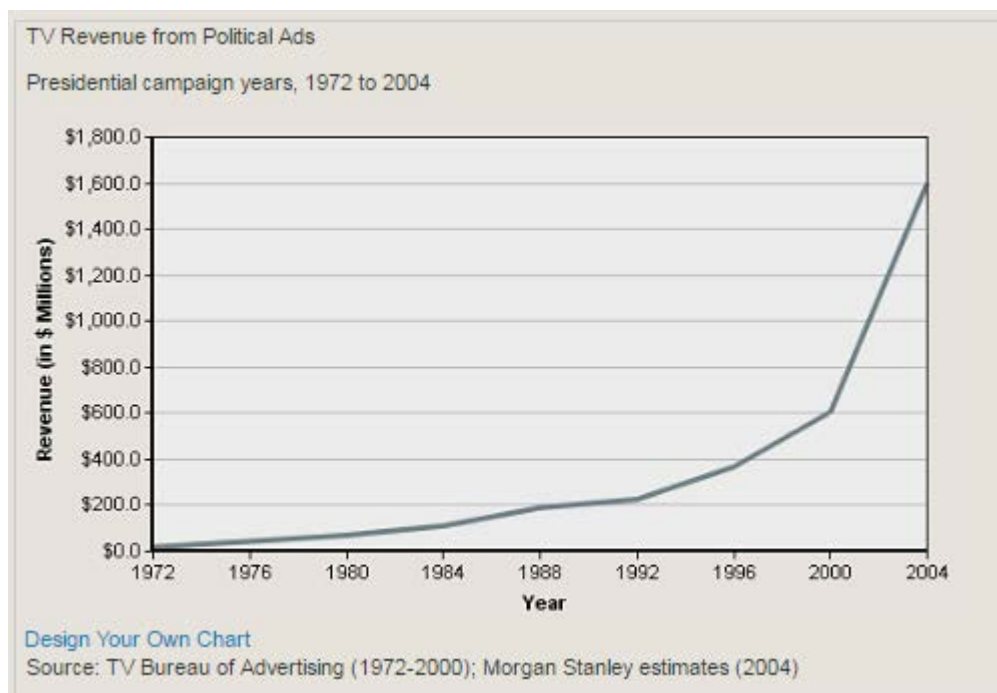


Meanwhile, the small number of contested House seats led to a concentration of campaign spending in districts with the potential to tilt from one party to the other. Media buyers for the campaigns identify which TV markets match up with the battleground districts and then bombard those markets with campaign ads.

Many of those ads, moreover, are bought during local news time.

For years in politics, the conventional thinking was that political ads were best placed around local news, for two reasons. First, social science research found that if people saw ads in or around local news, they might think the ads were more credible – indeed they often thought the ads were actually news stories. In earlier years, ad makers even tried to make their ads look like TV news to add to the confusion. The second reason ad buyers liked buying during news slots is that local news hits the right kind of viewers. If people were watching the news, that meant they were interested in public affairs and had a high probability of being voters.

It turns out that local news still holds particular appeal to campaigners as a venue for their advertising. The Wisconsin TV Ad Project, a research initiative to track campaign ad spending on local television, found that approximately 40% of political ad spending in the spring of 2004 went to ads aired during local news programs. 19



While some TV markets were cashing in on political spending throughout the year, others were left out entirely. An analysis of presidential campaign ads in the top 100 markets through mid-October found that 87% of ads were aired in markets reaching just 27% of the electorate. ²⁰

But the uneven pattern lessened as political candidates in non-battleground states began airing ads in the summer and fall. For example, in South Carolina, a reliably Republican state in the race for president, Democratic candidate Inez Tenenbaum spent some \$3 million on television ads in her unsuccessful race for the U.S. Senate. ²¹ On the other hand, in California, which went for John Kerry by a strong margin, the Republican candidate for the U.S. Senate, Bill Jones, never ran a single television ad. ²²

Footnotes

1. Louis Chunovic, "ABC banks on its local strengths," *Broadcasting & Cable*, July 12, 2004. Chunovic reported that the ABC station group's profit margin was close to 60% in the 1990s. Lower profit margins now are a sign of the effect of cable competition on station revenue.
2. Louis Chunovic, "The son also rises," *Broadcasting & Cable*, October 25, 2004.
3. John M. Higgins, "A mixed bag," *Broadcasting & Cable*, August 16, 2004. Ad time for TV stations is committed weeks or months in advance of air date, so even though the main action of the war lasted only a few weeks, stations did not get as much money as they might have because advertisers held back spending on commercials in anticipation of a longer
4. TV Bureau of Advertising, "Local Broadcast Television Ad Revenues Up 12.2% In 3rd Quarter, Says TVB," December 1, 2004. On line: http://www.tvb.org/rcentral/adrevenue/rad/revenue/2004/ad_figures_1.asp
5. Veronis Suhler Stevenson, 2004 Communications Industry Forecast & Report, p. 230.
6. Veronis Suhler Stevenson, 2004 Communications Industry Forecast & Report, p. 230.
7. The Fox station group's duopolies reportedly have margins in the mid- to high-50% range. See Louis Chunovic, "The son also rises," *Broadcasting & Cable*, October 25, 2004.
8. John M. Higgins, "Ad spending on the rise," *Broadcasting & Cable*, August 2, 2004.
9. As the Encyclopedia of Television put it, local news "provided instant evidence of community involvement and an identity amid otherwise indistinguishable fare." Encyclopedia of Television, "News, Local and Regional." On line: <http://www.museum.tv/archives/etv/N/htmlN/newslocala/newslocala.htm>
10. "Time Warner Cable and Belo discontinue joint venture to operate news channels in three markets," press release, July 23, 2004. On line: <http://carolinanewswire.com/news/News.cgi?database=topstories.db&command=viewone&id=1799&op=t>
11. While spending tied to the presidential race accounted for the bulk of political advertising in 2004, in alternate even-numbered years 36 of the states hold gubernatorial elections; those races accounted for 57% of political advertising spending in 2002, according to the Wisconsin TV Advertising Project. See Ken Goldstein and Joel Rivlin, *Political advertising in the 2002 elections*, pp. 12-13. On line: <http://polisci.wisc.edu/tvadvertising/Political%20Advertising%20in%20the%202002%20Elections.htm>
12. Estimates of total station revenue: Veronis Suhler Stevenson; estimates of political revenue: Mark Memmott and Jim Drinkard, "Election ad battle smashes record in 2004," *USA Today*, November 26, 2004.
13. In 2003, out of \$16.2 billion in TV station revenue in the top 100 markets, automobile manufacturers and dealers accounted for \$4.6 billion. See TV Ad Bureau, "Top 25 Local Broadcast TV Categories" and "Broadcast TV Revenues Were Up 0.5% Last Year, CMR Data Shows."
14. See "Testimony of Paul Taylor, Executive Director, Alliance for Better Campaigns before the House Committee on Energy and Commerce, Subcommittee on Telecommunications and the Internet on Campaign Finance Reform: Proposals Impacting Broadcasters, Cable Operators and Satellite Providers." June 20, 2001. On line: <http://www.bettercampaigns.org/reports/display.php?PageID=4>

15. See National Association of Broadcasters, "Legislative issue paper: Free airtime," September 2004. Online: <http://www.nab.org/newsroom/issues/issuepapers/issuesfreeair.asp>.
16. Krysten Crawford, "A vote for local TV," CNN/Money, July 13, 2004. On line: <http://money.cnn.com/2004/07/13/news/midcaps/politicalads/index.htm>
17. Nielsen Monitor Plus, "John Kerry Local Political Ad Spending On The Rise – George Bush Scaling Back," press release, June 17, 2004.
18. Nick Anderson, "Silence of the wolves, and their ilk, in swing states," Los Angeles Times, November 2, 2004.
19. Nielsen Monitor-Plus and the University of Wisconsin Advertising Project, "High Volume of Presidential Campaign TV Advertising in Battleground States, Yet 60 % of Americans Live in Areas Where No Ads Have Aired," July 18, 2004, p. 6.
20. Daisy Whitney, "Study identifies hot political markets," TV Week, October 18, 2004.
21. Schuyler Kropf, "Tenenbaum, DeMint raised \$12M for race," Charleston Post and Courier, October 16, 2004.
22. John Wildermuth, "Cash shortfall may undo Jones' plan for TV ads," San Francisco Chronicle, October 16, 2004.

Ownership

Ownership

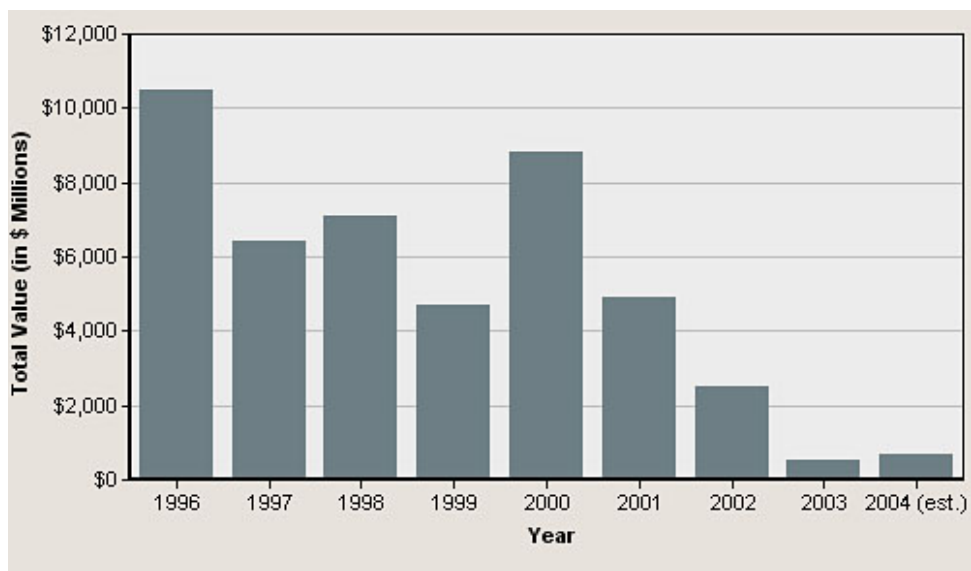
The trend toward consolidation of TV station ownership effectively stalled in 2004 due to regulatory confusion and the effect of campaign politics.

The Federal Communications Commission, which regulates the publicly owned airwaves, did little to proceed with its attempt to rewrite ownership rules. In addition to its being a campaign year, the FCC was stopped by court battles, Congressional politics and the possibility that a change in administration would lead to a new approach to media policy.

With the uncertainty, most TV companies proved unwilling to purchase new stations. In all, less money was spent on buying TV stations in 2003 and 2004 than in any other year since 1992.

Total Value of TV Station Acquisitions

1996 to 2004



Design Your Own Chart

Source: *Broadcasting & Cable Yearbook*

The pattern of television station ownership in recent years originated in the Telecommunications Act of 1996, a Clinton-era law that removed a number of limits on station ownership, allowing companies to buy more stations in more parts of the country than ever before. For example, it raised the cap on the reach of a company from stations covering 25% of U.S. households to stations covering 35% of the country. It also relaxed rules on common ownership of radio and television stations. 1 Between 1995 and 2003, ten of the largest TV-station owners went from owning 104 stations with \$5.9 billion in revenue to owning 299 stations with \$11.8 billion in revenue.

The Telecommunications Act required the FCC to review the ownership limits every two years and determine whether any rules needed to be modified. 2 In June 2003, FCC Chairman Michael Powell released a new set of rules that would have dramatically loosened limits on station ownership and allowed even more consolidation.

The proposed rules focused on three areas. The first was the ownership cap, which Powell proposed raising from 35% of the country's households to 45%. (Two companies— Viacom and Fox— already had waivers allowing them to exceed the cap.) The second area was ownership of multiple TV stations in a single market, known as "duopoly" ownership. While

this was permitted in the largest markets, the Powell proposals would have allowed duopolies in all but the smallest markets. The third area of regulation, cross-ownership, would have relaxed rules forbidding companies from owning a TV station and a newspaper in the same market.

Many members of Congress balked at the FCC's proposals, and a vocal minority suggested they would exercise their authority to prevent the FCC from putting the regulations into effect. The Bush administration, however, won passage of a law in early 2004 fixing the TV ownership cap at 39% as a matter of law rather than a regulation, taking that issue out of the FCC's hands. The new cap put Viacom and Fox back under the limit.

Meanwhile, the Prometheus Radio Project, an organization of low-power radio activists, had challenged the proposed rule changes involving duopolies and cross ownership. In November 2003 a federal appeals court blocked the rules while it considered the case, and in June 2004 the court tossed out the new rules on cross-ownership and duopolies entirely, declaring that the FCC had not justified the reasoning behind them. ³

During those proceedings there were relatively few station sales. In 2003, the total value of TV stations that changed hands amounted to \$500 million, according to data from the trade magazine Broadcasting & Cable. The figure for 2004 was roughly \$700 million.

By comparison, in the six years immediately after the Telecommunications Act of 1996, the total value of TV stations sold each year was never less than \$2 billion. ⁴

Through 2004, the FCC gave few hints about how it would deal with its rebuke from the federal court, and the climate of uncertainty continued. That may have been partly because it was a campaign year, when control of the FCC hung in the balance. (By law, the FCC's five commissioners include three from the president's party and two from the opposite party.)

The issue of media ownership might have been ignored during the presidential campaign except for a late controversy involving Sinclair Broadcast Group. In October, it became known that Sinclair's corporate management intended to air "Stolen Honor," a documentary about former Vietnam prisoners of war that was sharply critical of the Democratic candidate, John Kerry. The program was to be on all Sinclair stations, including outlets in critical swing-state media markets such as St. Louis, Pittsburgh, Milwaukee, and Columbus, Ohio. ⁵ The film was produced by Carlton Sherwood, a former print journalist turned documentarian who once worked for Bush cabinet member Tom Ridge.

One of the largest groups in the country by number of stations owned, and reaching more than a quarter of U.S. homes, the Sinclair group had also been one of the most aggressive companies when it came to exploiting the post-1996 media ownership regulations. Indeed, Sinclair, headquartered outside Baltimore, even used the courts to try to dismantle the remaining rules. In April 2002 it won a ruling from a federal appeals court ordering the FCC to either rationalize its ban on duopolies in certain markets or eliminate its regulations. ⁶ In the face of the controversy surrounding the FCC's proposed ownership rules, Powell would argue that he had no choice but to deregulate in the face of the Sinclair ruling and similar court decisions. ⁷

Many suspected partisanship in Sinclair's plans to run "Stolen Honor." The company had previously blocked the showing on its ABC affiliates of a "Nightline" tribute to soldiers killed in Iraq, and political donations by company executives significantly favored Republicans over Democrats. The company also required its stations to air commentaries by Mark Hyman, a Sinclair executive who was a blunt, talk-radio-style critic of the Democratic party and an advocate of conservative positions and the GOP. Finally, Sinclair was also highly likely to benefit from the ownership rules revision approved by the FCC's three Bush-appointed commissioners.

Kerry supporters responded with fury to the plan to show "Stolen Honor," and perhaps for the first time, a TV station group faced a boycott aimed at its local stations. Reports came from Madison, Wisconsin; Portland, Maine, and other cities that citizens were calling local merchants, restaurants, and auto dealers and threatening to withhold their patronage unless the businesses stopped advertising on Sinclair stations. ⁸ Most ominously, perhaps, Burger King – one of the 50 largest advertisers in the country – announced that it would be pulling its ads from all Sinclair stations on the night scheduled for the "Stolen Honor" broadcast. Sinclair's stock slid downward (having already lost more than half its value over the course of the previous year) and institutional investors expressed displeasure. As the financial group Legg Mason put it, "Is this good for investors in terms of increasing the odds for favorable deregulation? We think not." ⁹

Sinclair retreated, modifying its plans for airing "Stolen Honor" and broadcasting a program about the documentary's allegations instead.

Activists have vowed to challenge Sinclair's station licenses as they come up for renewal before the FCC. That seems more likely to generate publicity than regulatory sanction. Still, the controversy may indicate that any FCC move to further relax ownership rules would encounter passions that could have political fallout. And the reaction of investment

companies to Sinclair's plans shows that the financial community also sees risks in a company whose strategy appears overtly partisan.

The company may have overplayed its hand. Chairman Powell's attempt to change the media ownership rules ran into trouble partly because the FCC held only a single public hearing, in Richmond, Virginia, and the plans foundered in 2003 as they became more public. Polls showed that as citizens learned more, they were less supportive.¹⁰ The Janet Jackson Super Bowl incident generated roughly half a million complaints to the FCC; the agency's attempts to change media ownership rules generated even more public comments-700,000 all told, almost all of them opposing the FCC's proposals.¹¹ Against this background, Sinclair's attempt to air a partisan documentary may have backfired by calling attention to the company and its anti-regulatory activities.

The issue may also fade from view. And a sympathetic, perhaps even grateful Bush administration, with a stronger party majority in Congress, may find ways to deregulate in a second term that it could not before.

In 2004, though, there was also concern about ownership and deregulation in the advertising community. An October survey by the industry publication MediaPost of media planners – the professionals who are in charge of actually purchasing commercials on local TV stations – showed that some members were keeping an eye on the presidential election for its potential impact on FCC regulation and their business interests. One respondent's support for John Kerry was based in part on the prospect that a Democratic administration might stop further consolidation, and on the belief that "TV broadcasting moguls... end up raising advertising prices and generally stifling the advertising industry." Another wrote: "As media companies are allowed continually to get large, negotiation is becoming more and more difficult."¹²

In the end, abandoning Powell's regulatory fight the week after he announced his resignation, the Bush administration decided in January 2005 not to go to the Supreme Court to fight for the FCC's proposed rule changes.¹³

In anticipation of further deregulation, companies including Tribune, Gannett, and Media General had acquired newspapers in markets where they also owned TV stations. Now the long-term fate of those acquisitions is in limbo. The FCC has the power to block the transfer of a TV station license, but has no authority over newspaper ownership. This has led to ambiguity about what it can do when a newspaper purchase leads to a violation of cross-ownership rules.

The FCC does have the power to order these companies to divest themselves or lose their broadcasting licenses when they come up for renewal.¹⁴ This could cause the stations to lose a good deal of money – Tribune has made approximately \$1.2 billion from its cross-owned stations; Gannett \$250 million; and Media General \$108 million.

In South Carolina, the license of Media General's cross-owned station, WBTW, expired in December 2004, but the station is allowed to continue operating pending FCC action on an appeal challenging the renewal of the license. FCC watchers predict the FCC may not resolve the situation until fall 2005 at the earliest, and similar delays are likely as other cross-owned stations come up for license renewal in 2005 and later.

If the FCC actually threatened to rescind a station's waiver, it appears the owner would be allowed to decide whether to sell the newspaper or the station. In 2000, the FCC initially offered that choice to Tribune when it acquired the Hartford Courant (while already owning the Hartford station WTIC). But the agency has not followed through on its order that Tribune divest itself.¹⁵

As for the final framework of ownership rules, Powell himself predicted in late 2004 that it would take a long time before rules acceptable to all parties could be developed.¹⁶ His replacement as FCC chair could be one of the other current Republican commissioners, Kevin Martin or Kathryn Abernathy.¹⁷ Both supported his attempts to amend the rules in 2003. Since the FCC must now redo its ownership rules process in order to comply with the Philadelphia court ruling, the next round of proposed changes may be more limited than Powell's first proposals. But under another Republican chair, the general trend toward deregulation is likely to continue.

The largest transaction of 2004, announced a month after the election, seemed to reflect some such expectation, since it involved Viacom's purchasing the Sacramento station KQED from Sinclair for \$285 million, thereby creating yet another duopoly.¹⁸

Footnotes

1. "U.S. Policy: Telecommunications Act of 1996," Encyclopedia of Television. On line: <http://www.museum.tv/archives/etv/U/htmlU/uspolicyt/uspolicyt.htm>

2. See Alicia Mundy, "Put the blame on Peggy, boys," Cable World, June 30, 2003. Online: http://www.broadband-pbimedia.com/cgi/cw/show_mag.cgi?pub=cw&mon=063003&file=put_blame_peggy.inc.

3. For example, the court noted that by the FCC's logic a community college station in the New York suburbs would have been considered equal in media impact to the local ABC affiliate, and more significant than The New York Times. See Stephen Labaton, "Court orders F.C.C. to rethink new rules on growth of media," The New York Times, June 25, 2004.
4. Data gathered from *Broadcasting & Cable Yearbook* and back issues of *Broadcasting & Cable*.
5. Elizabeth Jensen, "Conservative TV group to air anti-Kerry film," Los Angeles Times, October 9, 2004.
6. Pamela McClintock, "Court: FCC duopoly reg is too strict," Variety, April 2, 2002.
7. Brett Pulley, "Commander of the airwaves," Forbes, April 29, 2002.
8. See "Local Fox advertisers under fire over anti-Kerry program," Wisconsin State Journal, October 20, 2004, and Bill Carter, "Anti-Kerry film reaps storm for broadcaster," The New York Times, October 19, 2004.
9. Bruce V. Bigelow, "Backlash hits Sinclair on disputed 'news event.'" San Diego Union-Tribune, October 20, 2004.
10. Pew Research Center for the People and the Press, "Strong opposition to media cross-ownership emerges," July 13, 2003. Online: <http://people-press.org/reports/display.php3?ReportID=188>
11. Number of Super Bowl-related complaints: see "CBS protests Janet Jackson fine," Associated Press, November 8, 2004. Number of ownership regulation complaints: see Robert Morlino, "Sinclair flap proves exception," Center for Public Integrity, October 28, 2004.
12. Joe Mandese, "Kerry beats Bush... among planners, buyers." MediaPost, October 29, 2004. On line: http://www.mediapost.com/dtIs_dsp_News.cfm?newsID=276049&Search=kerry%20beats%20bush&FuseAction=Article&Pn=1
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14. Bill McConnell, "Playing for keeps," *Broadcasting & Cable*, August 9, 2004.
15. See Jeremy Mellman, "Tribune frets over Bush media move," Chicago Business, January 27, 2005; and Harlan Levy, "Courant parent could face antitrust lawsuit," The Journal-Inquirer (Manchester, Conn.), May 7, 2003.
16. Jeremy Pelofsky, "FCC's Powell sees long road ahead for media rules," Reuters, December 2, 2004.
17. Al Senia, "The Powell play," America's Network, September 1, 2004. On line: <http://www.americasnetwork.com/americasnetwork/article/articleDetail.jsp?id=117973>
18. J. Freedom du Lac, "Viacom move puts local TV folks on edge," Sacramento Bee, December 7, 2004.

News Investment

News Investment

Local TV in 2004 appeared to enjoy some increase in news investment. Staffing was growing and salaries were increasing (modestly). And though neither has returned to levels seen only four years earlier, news directors, for the first time in years, were optimistic about future growth. There are signs, though, that news managers are seeking greater output to accompany the investments.

In surveys conducted in 2003 for the Radio-Television News Directors Association (RTNDA), Robert Papper of Ball State found that “for the first time in three years, a majority of stations said the news budget went up.”¹

Roughly a third (34%) of “Big 4” stations (affiliates of ABC, CBS, Fox, and NBC) reported in 2003 that they had increased staff in the previous year, and an equally large portion predicted staff size would increase in the year to come (32%). What’s more, a majority (51%) of “Big 4” stations reported in 2003 that their staff size had stayed the same as the year before, and a similar percentage (58%) expected staff size to stay the same again. Only 15% of newsrooms reported smaller staff compared with the previous year, and just a tiny percentage (4%) expected staff size to decrease in 2004. After years of staff cuts this represents a significant turnaround.

Staff Size Changes at “Big 4”-Affiliate Newsrooms Survey of news directors, 2003

	Increase	Same	Decrease
Staff Size Change Compared with Previous Year (2002)	34%	51%	15%
Expected Staff Size Change in Year to Come (2004)	32%	58%	4%

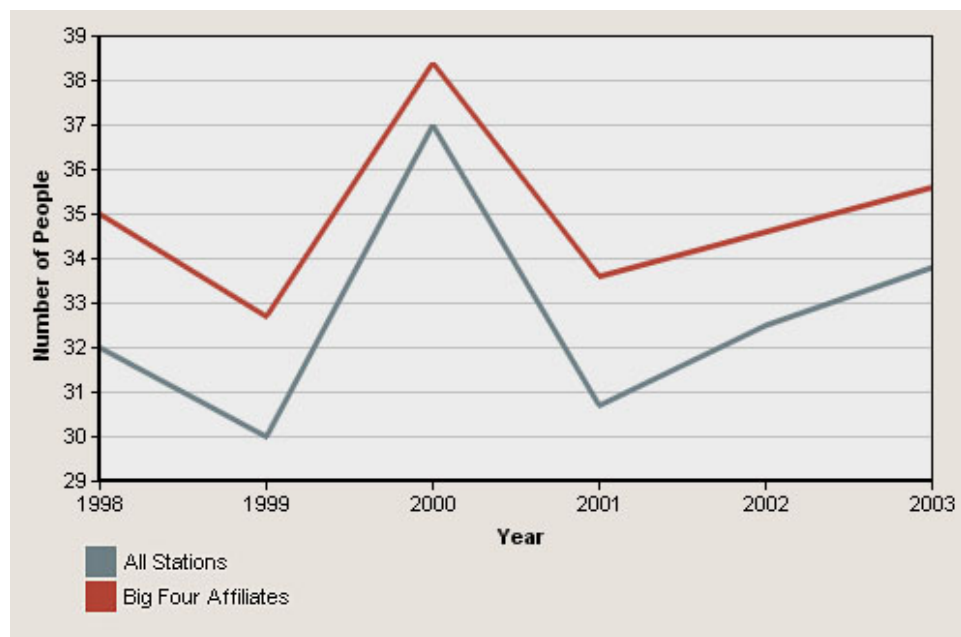
Source: RTNDA/Ball State University survey

The number of stations reporting staff increases explains the boost in the reported size of the average local newsroom. In 2003, the figure was 33.8 full-time staff members; staffing at stations affiliated with the “big four” networks averaged 35.6 full-timers. Those numbers were up from 2002, when the average newsroom had 32.5 employees and “Big 4” newsrooms had 34.6 employees.

Newsrooms still aren’t as large as they were in 2000, however, when the average staff included 37 full-time employees. In addition, stations in smaller markets have not benefited to the same degree as those in bigger markets: smaller markets tended to be adding more part-timers, bigger markets more full-timers.²

Average Newsroom Staff Levels

Survey of news directors, 1998-2003, full-time employees



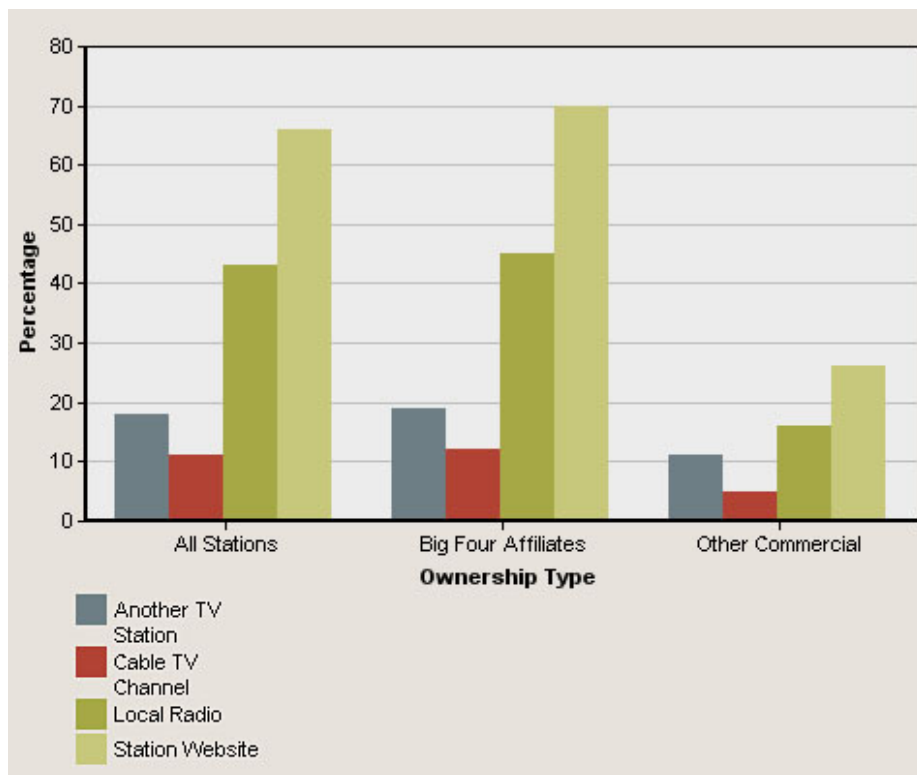
Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

In keeping with the economic recovery, television news salaries in nominal dollars in the fall of 2003 were 10 percent higher than in 2002, according to the RTNDA/Ball State survey of news directors. That was the first annual survey to report a rise in salaries since 2000. However, Papper notes that when inflation is factored in, real wages are lower than they were in 2000. Over the past ten years, according to the RTNDA/Ball State data, TV news managers (news directors, assistant news directors, and managing editors) are the only broadcast newsroom personnel who have seen growth in real wages.³

While local TV journalists saw some help from new hires and more money, much of that was offset by increased demands on their output. In 2003, the average newsroom was producing 3.7 hours of news a day, compared to 3.25 hours in 2001, a 14 percent increase and the highest level recorded in RTNDA surveys.⁴ Stations affiliated with the “Big 4” networks, which do more news than other commercial stations, reported an equally large jump in news programming, from 3.39 hours in 2001 to 3.9 in 2003.

As reported last year, stations were also spreading their content across a wide variety of outlets. The most popular option is providing content to station Web sites, followed by local radio outlets. A small portion of newsrooms are sending content to another broadcast station or to a local cable station.



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

Those demands seem to have an effect on newsroom attitudes. When asked in a 2004 survey by the Pew Research Center and the Project about the biggest problem facing journalism today, 37% of local broadcast news personnel (both TV and radio journalists) expressed concern about the quality of coverage. A third, 33%, were concerned about economic pressure. Specifically, they were most concerned about reporting accurately, followed by sensationalism, budget cutbacks, and too much emphasis on the bottom line. ⁵

Those concerns tracked closely with those of other local journalists. Three in ten print journalists (30%) expressed concern about the quality of coverage, compared to 37% of local broadcast journalists. Local print and broadcast journalists were almost equally likely to consider economic pressure the biggest problem facing journalism – 36% for print, 33% for broadcast.

There is a bigger contrast in concerns between local and national broadcast journalists. Those who work for national organizations were much more likely to be concerned about quality of coverage, with half (51%) naming it as the greatest problem facing journalism. Among local broadcast journalists, only 37% called it the greatest problem. But national and local broadcast journalists were almost equally likely to see economic pressure as the biggest problem they faced – national 28%, local 33%.

Over the past five years, concern about quality has lessened, but local broadcast reporters are still concerned about economic pressure. In a previous survey by the Pew Research Center and the Project, in 1999, local broadcast reporters were significantly more likely (54%) to say they were concerned about quality and standards. Those concerns have slackened, but reporters are no less concerned about economic pressure than they were in 1999: the figure then was 34%, only 1 percentage point higher than in 2004.

Nonetheless, in 2004 local broadcast journalists were split on whether journalism was going in the right direction: 48% believed it was, 49% believed it was not. It is noteworthy that local broadcast journalists were more optimistic than those with national organizations, of whom only 33% said journalism was going in the right direction while a significant majority, 61%, were more pessimistic. ⁶

Footnotes

1. Bob Papper, "Additional Data: Newsroom Staffing and Amount of News," RTNDA Communicator, September 2004.
2. Bob Papper, "Survey shows solid growth in TV news and staffing," RTNDA Communicator, September 2004, p. 6.

3. Bob Papper, "Salaries soar," RTNDA Communicator, June 2004, p. 31.
4. Bob Papper, "Survey shows solid growth in TV news and staffing," RTNDA Communicator, September 2004, p. 6.
5. See Pew Research Center for the People and the Press and Project for Excellence in Journalism, "Survey of Journalists, Final Topline," question 1, page 1.
6. See Pew Research Center for the People and the Press and Project for Excellence in Journalism, "Survey of Journalists, Final Topline," question 3.

Public Attitudes

Public Attitudes

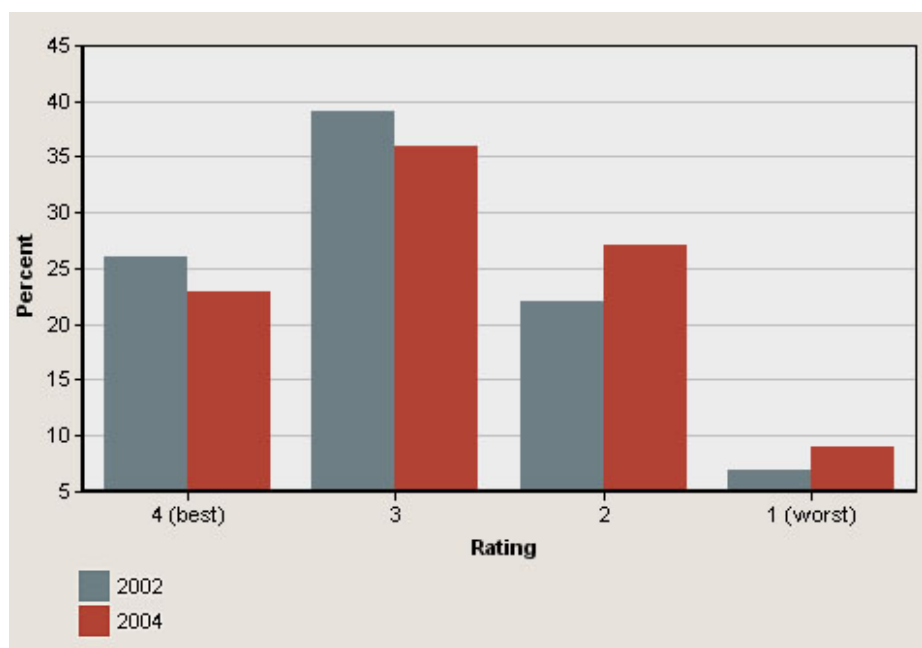
For the first time in years, there are some signs of concern in public perceptions of local TV news relative to other media, a chink in a historic strength.

In the past, local TV news has been considered more credible than network news. In 2004 the two were even. On the positive side, viewers of local TV news see less bias in the news media over all than do other news consumers.

The percentage of Americans giving local TV news the highest grade for believability declined in 2004 to 23%, down from 26% in 2002, according to polling by the Pew Research Center. The percentage giving local TV news the second-best ranking also slipped, from 39% to 36%, while the percentages giving it one of the two lowest rankings grew. ¹

Believability of Local TV News

2002 vs. 2004

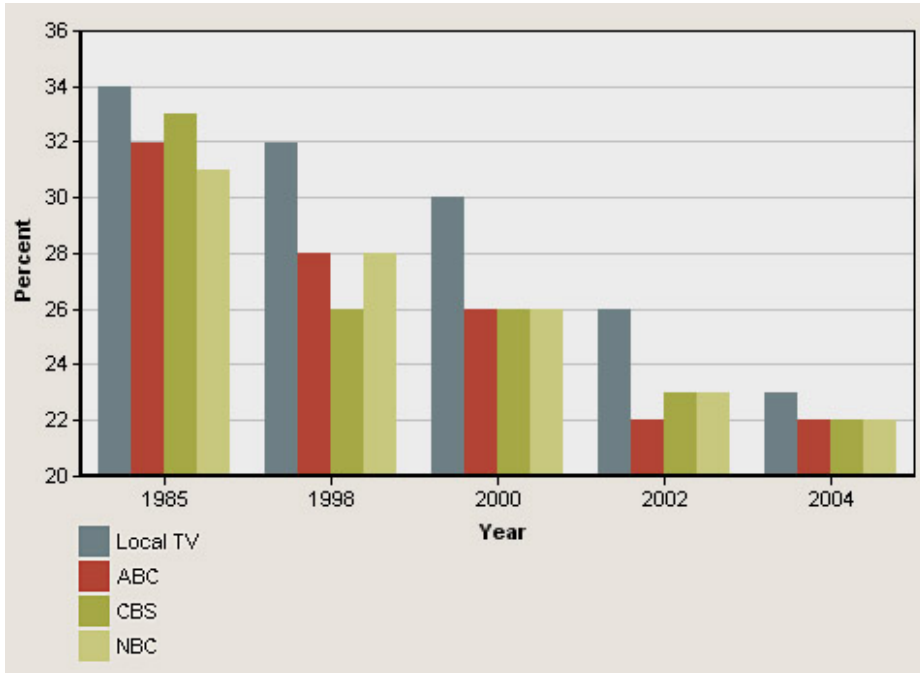


Design Your Own Chart

Source: Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004

In 1985, local TV and network news were seen as equally credible. In 1998, when the question was asked again, local TV news had a slim edge of 4 to 6 points, which lasted through 2002. Now, as of 2004, the gap has been erased, with local news believability declining to the level of network news, and network news holding steady at 22% on average.

Believability of Local TV and Network TV News
1985 to 2004



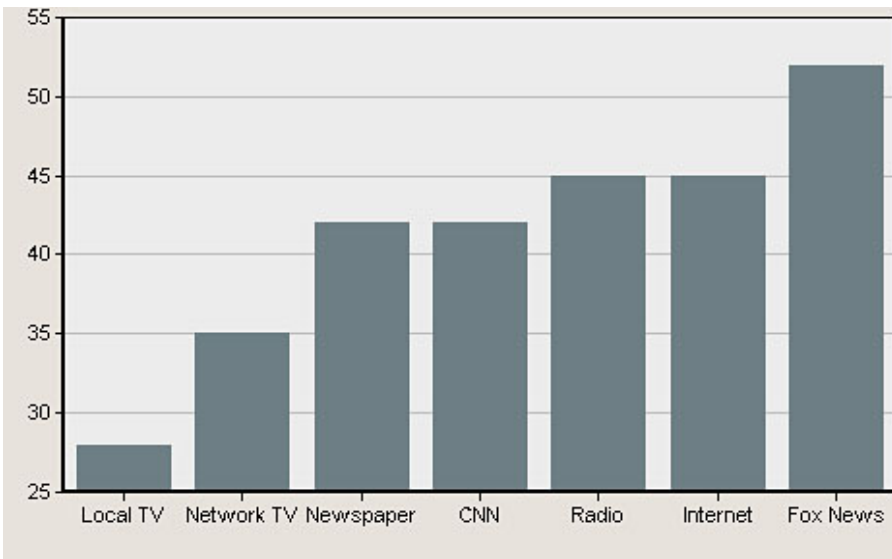
Design Your Own Chart

Source: Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004

In January 2004, when asked if media coverage was biased in favor of Democrats or Republicans, people learning about the election from local TV news were least likely to say it was biased. Only 29% of those viewers saw bias, compared to 35% of network TV news viewers, 42% of newspaper readers, and 52% of Fox News viewers. And 43% of local TV news viewers said there was no bias at all in election coverage. Network news viewers were the most likely to see no bias (45%), while only 34% of newspaper readers and 29% of people following the election on Fox News saw no bias in coverage. 2

Media Users Seeing Political Bias

January 2004



Design Your Own Chart

Source: Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004.

Local TV viewers may see less bias, but the polling data also raise some questions about the information they are getting on local news. When asked two basic questions about the candidates for the Democratic presidential nomination in

January 2004, local TV news viewers were less likely than average to answer correctly. Indeed, they were tied with morning news viewers in getting the answers wrong. 3

Knowledge of Presidential Candidates

Percentage of media users able to answer two questions about Democratic presidential candidates

Source of Election News	2 Correct Answers	1 Correct Answer	No Correct Answers
Daily Newspaper	30%	23%	47%
Cable News Channels	24%	25%	51%
Network Evening News	20%	22%	58%
Local TV News	14%	19%	67%

Source: Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004.

Such data may reflect on the audiences as well as on the news. Yet the success of a news medium at conveying certain basic information seems essential to the mission. Further study on how well different news media do in getting information across would be useful.

Yet for the first time in awhile, the public polling data suggest more reason for local news broadcasters to worry, and less reason for them to be sanguine.

Footnotes

1. Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004. Online: <http://people-press.org/reports/display.php3?ReportID=215>.

2. Pew Research Center for the People & the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, questionnaire, Question 17.

3. Pew Research Center for the People & the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, questionnaire, Question 17. Percentage of news users correctly answering two questions about the Democratic candidates, namely "Who is a former Army general?" (Wesley Clark) and "Who is the former House minority leader?" (Dick Gephardt). Only news sources with more than 300 respondents saying they get campaign news from that particular source included in table.

Conclusion

Conclusion

Almost all the questions for local news in 2005 begin with viewership. Is the apparent stabilizing of the audience that we saw in 2004 more than a one-year blip?

If the loss in audience is really leveling off, it could, at least potentially, ease a host of pressures – beginning with those on revenues. Newsrooms have felt a decade of intensifying demands to find more “revenue opportunities.” With audiences shrinking, they have turned to selling corporate logos on weather maps and sports scoreboards, adding sponsored segments, and packing more ads into a half-hour of news. Even the impetus to create new hours of news programming, in part, is a function of looking for more revenue.

A stable audience base would help newsrooms get more resources to gather and report the news. It might also keep local TV newsrooms from falling into the cycle that has beset newspapers – cutting newsroom resources in bad times, and not building all the way back up during the good.

But there are also some more subtle cautions to keep in mind if the decline in audiences abates. The problems with viewers had spawned serious soul-searching among some broadcasters about the content they were putting on the air. For some stations that soul-searching meant turning away from an automatic dependence on consultant research that was sometimes more cookie-cutter than thoughtful.

Add to this two other questions, the potential new threat in local news advertising from cable and the general sense that most local TV stations are behind the competition in developing a presence in what clearly is the next battle ground, online news.

Given the extraordinary profitability of local news, there is a significant risk, if audiences level out, that its executives will fall back into thinking that all is well with the industry and that their future is assured.

Guest Essay

Guest Essay

The New TV News Consumer

By Robert A. Papper

If you've been around this business long enough, you can remember when pundits said ABC, CBS and NBC were each going to go out of business. And when Fox couldn't possibly succeed with a fourth network. And when cable couldn't support one all-news channel. Or two. Or more. Just two or three years ago, they said local TV news would trim back to one or maybe two stations per market. Now, as Dan Rather leaves the CBS Evening News, we hear about the possible end of network news as we know it. Oh, yes, and the Internet is replacing television as the premier source of news.

As the keeper of the numbers in local television news, let me try to explain why none of those earlier predictions came true and why the latest ones probably won't, either.

Start with money. Local news first. While I haven't yet tallied the latest figures for the RTNDA/Ball State University Annual Survey, there are some immutable patterns in the numbers. Every year that I've done the research – 11 years now – more local stations have broadcast local news than the year before. Every year. That's just counting individual local newsrooms. I'm not counting the many stations that now get news from others-most of which never used to run local news at all.

And with the possible exception of the retrenchment in the fourth quarter of 2000 in conjunction with the start of the last recession, local stations run more news each year than the year before. Frankly, that's harder to track because many of the stations that start news from scratch do so on a smaller scale, which means they actually lower the average amount of news per station even as they increase the overall total.

But what about all those stations that dropped local news? Yes, a few did, and they got lots of attention. A lot more attention than the larger number of stations that started local news.

But, some argue, if you're the third or fourth (or lower) news station in a market, why wouldn't you just drop local news? Because it's not about audience; it's about money. News is a business, and ultimately, the point isn't whether people watch one newscast more than another, it's about whether any given newscast makes money, how much money it makes and whether – all things considered – the station could make more money running something else instead.

For stations that run news, including stations that barely run news, over 40 percent of revenue comes from local news. That figure has held remarkably steady for more than a decade, and it's a huge number for any station to replace. And what's at stake for stations isn't just that money; there are some commercial buys that only go to stations that run news. No news, no buy.

On the network level, there are years when networks lose money and, recently, even more years when the networks' owned stations have produced more profit than the networks themselves. But what do you think would happen to the profitability of those owned stations (and the value of the properties themselves) if the network disappeared?

The money in network news isn't in the net revenues of the evening newscasts. On a strict cost-accounting basis, they might all lose money. For the last decade or so, it's the news magazines and secondary news programs that have supported the network news operations. Again, what would happen to the local stations – especially the network-owned ones – if the network news operations disappeared?

I'm not arguing that we couldn't possibly see a change in the business model that would alter the landscape for news and the relationship between networks and stations. But until that happens, there's no reason to expect widespread changes on either a local or network basis. It's not about news or even programming in general. It's about money.

On the other hand, new challenges facing both local and network news could force some of those changes. The challenge isn't the disappearing TV news audience, because it's not disappearing. That's another one of those commonly held myths. It is changing, and, so far, local stations and networks haven't responded well to what is clearly a new relationship between news providers and news consumers.

The problem is that those pesky consumers have discovered that they can take control of their own media destiny, and the networks and local stations haven't quite figured out how to cope. It's not that viewers are watching less TV or less TV news. The problem is that they're watching it when they want – and not when networks and local stations want them to. How inconvenient. Instead of gathering in easy-to-sell large numbers three times a day (the network evening news and the early and late evening local newscasts), viewers have the audacity to watch TV news whenever they feel like, whenever it's convenient for them. And they don't just watch the traditional network news, they also tune in to upstarts like CNN and Fox and MSNBC. And they get information from other less traditional broadcast and cable sources that not everyone even agrees is real news. Outrageous. And if more than six people ever figure out what TiVo is, the industry could really be in trouble.

In fact, TV stations and networks face problems similar to the newspaper industry's. Everyone knows that newspaper circulation, as a percentage of the population, has dropped fairly steadily for nearly 20 years. Young people hardly ever read the paper at all. Among other strategies, newspapers have responded with campaigns for literacy. Noble but irrelevant. The problem isn't that young people aren't reading. The problem – for publishers – is that they're not reading newspapers.

Television news faces comparable challenges. The audience simply isn't going to aggregate in the same way that it has in the past, and that situation is likely to amplify as program choices and outlets continue to grow. The industry has yet to figure out how to respond to that. Still, television has a window of opportunity. It remains the 800-pound media gorilla, even for young people. And a surprisingly high percentage of them do watch TV news; they just don't watch much of it.

So the real questions aren't about when the networks or local stations will shrivel up and die from consumer desertion. Here are some better, more relevant questions: When will local stations and networks recognize that there has been a fundamental shift in the producer-consumer dynamic – and that the battle is over and the consumer has won? When do stations and networks stop insisting that business should operate the way it always used to simply because it always used to? When do programmers – including news programmers – recognize that innovation isn't more of what didn't fail too miserably last time around? Or that innovation isn't what everyone else is doing, only with different anchors? When will most of the networks and local stations realize that Web sites can accomplish more than self-promotion? When will stations and networks stop complaining about new technology and do something meaningful with the digital windfall they've been given?

Fortunately for broadcasters, the public has retained its voracious appetite for television. So far. But the industry would be far better off if it did a little less shouting – and a little more listening.

Robert A. Papper is a professor of Telecommunications at Ball State University and oversees the annual RTNDA/Ball State University Survey on the state of radio and television news in the United States. He is also co-author of the Middletown Media Studies, a major examination of media use.

The State of the News Media 2005

Magazines – Intro

Intro

By the Project for Excellence in Journalism

For decades now, the world of news magazines has been dominated by three brands. Time, Newsweek and U.S. News and World Report have been around for so long without serious challengers that the news genre has seemed the exception to the rule of the constantly shifting world of magazine publishing.

But quietly and subtly, the last few decades have seen internal remaking at the three traditional publications. They have transformed themselves, altered their content to be lighter and broader in topic and tone, and, coincidentally or not, lost circulation.

At the same time another group of what we call non-traditional news magazines – publications that don't follow the usual model of what a news magazine is – have slowly been moving onto the turf of the Big Three. Magazines like The New Yorker and The Economist have historically sat at the periphery of news, or at least American news. Lately they have been staking bigger claims in the U.S. news genre and have watched their circulation grow. 1

All the while, the least discussed members of the news group, the opinion journals, have also seen their numbers slowly creep up.

In 2005, it appears that the magazine news genre may soon be in for a more dramatic shift.

After years of being untouchable, the three traditional titles may face more direct competition. At least one publisher is seriously considering launching a new news weekly that would walk squarely onto the same playing field as the traditional weeklies. And as the circulations of the nontraditional news titles grow, gradually eating into the large audiences the news weeklies have always held as their key advantage, their ad rates also get closer to parity. The stable news magazine field genre could look very different in coming years.

Outside of news, there is also evidence in 2005 that the great rush to the entertainment/pop culture niche may be slowing, while a new genre of publication has emerged as a hot industry segment. Shopping magazines, once thought of as a relatively minor niche, have grown, adding titles and readers and causing problems for traditional women's magazines. These "catalogues with content" seem ascendant as the line between lifestyle and consumer magazines blurs.

Some trends:

- A look in this report at the content of two of the nontraditional U.S. news publications, The New Yorker and The Economist, shows a movement toward more topical coverage and more journalism focused on the U.S.
- The traditional news weeklies continued their trend toward lighter and broader coverage in 2004, and circulation at Time and Newsweek continued small, steady declines.
- Among opinion magazines, The New Republic reported a large drop in subscribers while The Nation continued to gain.
- The traditional news weeklies saw a good year in ad dollar increases, helped along by the Olympics, the election and an improving economy. U.S. News saw a large bump in ad pages.
- The news magazine genre arena also saw the 2001 startup "The Week" begin to make its advertising data more public, posting significant ad page and dollar increases.
- Across the board, the readership of all the news magazines we looked at, traditional and nontraditional, grew grayer.

Over all, the magazine industry appears healthy, but declining newsstand sales across all genres and an aging audience have raised concerns for some publishers. For news in particular, there is cause to worry about where the next generation of readers will come from.

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

The story of news magazine content in 2004 is a story of shifting and positioning, and of new players filling what many consider a void left by the big two, Time and Newsweek.

The trend toward a softer, broader content mix at Time and Newsweek (noted in last year's report), continued in 2004, even with a war and a hard-fought presidential election campaign. U.S. News and World Report, meanwhile, continued to position itself as the more conventional "hard-news" alternative inside the traditional news weekly format. As we will see in the section on economics, though, the success of that approach is uncertain.

What stood out in 2004 was that other players in the news magazine sector, not normally viewed as news weeklies, took a more significant role in breaking news, in identifying trends, in doing major investigative work and in fulfilling the role that Time and Newsweek have historically played in American political culture. It is a role that those two may, to a degree, have given up.

Magazines that until recently were not looked to for hard news – the New Yorker, the Atlantic and even GQ – have done two things to alter the news magazine market and readers' expectations. They have suggested that news doesn't belong to the news weeklies alone, and they have shown that news doesn't have to be covered in the way the traditional news weeklies do it.

On its face, the shifts within the news genre can be seen in things like Seymour Hersh's topical investigative pieces on Iraq in the New Yorker, in the rapid growth in the U.S. of The Economist and in the political columns of Christopher Hitchens in Vanity Fair. Vanity Fair's editor, Graydon Carter, also personally waded into politics in 2004 with his book "What We've Lost," a sharp critique of the Bush administration.

To get a more complete sense of how the content of some of these magazines has changed, we decided to examine more closely two of the most successful non-traditional magazines, judging from circulation numbers: The New Yorker and The Economist.

There are large differences between the two, of course. The New Yorker, with a literary bent – short stories and poetry appear in its pages – and heavy cultural content, serves as a kind of supplement to traditional news coverage. The Economist, based in London, is closer to a traditional survey of the week's news, though with an emphasis on business and financial news. But over the last 15 years, both have reworked their content in different ways to recast themselves more along the lines of American news magazines. The New Yorker has become more topical. The Economist has become more American in focus.

At the same time, the two magazines share some characteristics. Pictures appear, but are not central to coverage. A premium is placed on writing, though the Economist has a uniform authorial voice and no bylines, while The New Yorker allows each writer his or her own style and has bylines even on its Talk of the Town shorts. And while the main issue or story of the week is discussed in both (for The New Yorker often in the Talk of the Town section) both also reach beyond the hot topic of the day to give a broader look at the news. The Economist does this by running many stories on many different issues around the world. The New Yorker delves deeply into one or two subjects in lengthy stories that are often off the dominant news topic of the week.

The two magazines also fly in the face of the current media trend of coalescing around one or two issues or stories. While both are topical, they do not let others set their news agenda for them. They are more concerned with setting their own priorities for coverage – working off their own ideas of what's important – than they are with joining someone else's conversation. As we will show in the audience section, the combination of new approaches with a traditional feel also seems to be yielding readers, or at least subscriptions.

There is no question within the magazine industry that the content of The New Yorker has changed in the last 15 years.

The conventional wisdom about the magazine is that Editor Tina Brown upon her arrival in 1992 revitalized it by broadening the topics it covered into areas it once shunned. It was early in Brown's reign that the magazine published its treatise on Hillary Rodham Clinton and Malcolm Gladwell did his well-regarded soft-social-science-trend reportage, his "Tipping Point" piece being a prime example. But over time some felt that Brown trivialized the content of a once great magazine by focusing too much on celebrity. Often cited by critics are the "women's issue," which Roseanne Barr was brought in to "guest edit," and an increase in celebrity profiles (Sharon Stone, John Travolta). Brown's tenure also featured the magazine's heavy coverage of the O.J. Simpson murder trial, including "An Incendiary Defense," the Jeffrey Toobin article that disclosed the Simpson defense's strategy of arguing that the L.A. Police Department had framed the former football star. The article made news, but critics thought it did so at the expense of the magazine's being used by the defense team.

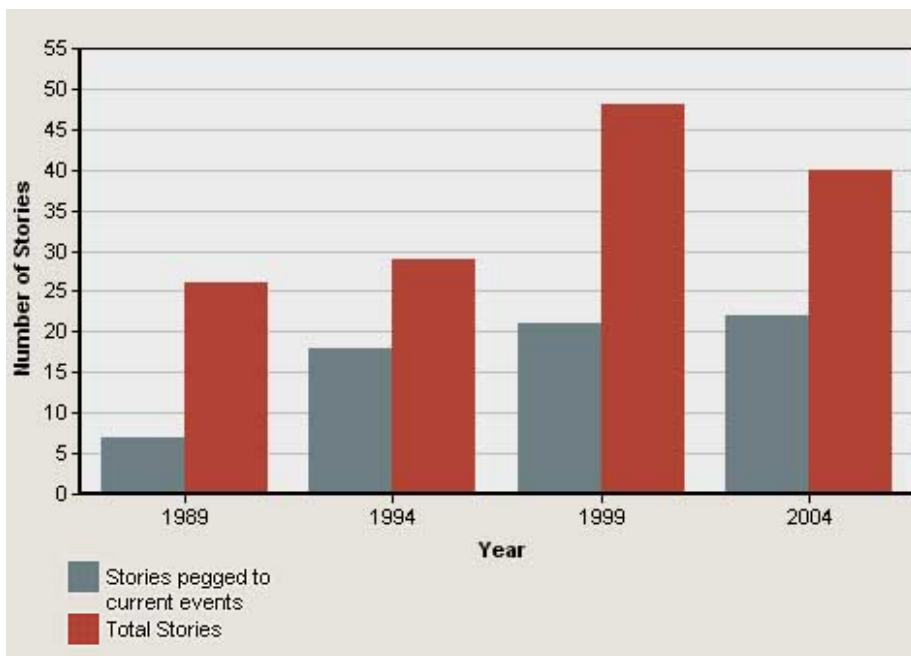
The current editor, David Remnick, took the reins in 1998. He has since married the hipper coverage with the more traditional tone of the magazine, and has put his own stamp on the periodical. Along with its traditional focus on culture and the arts, The New Yorker has become more political under Remnick. It has adopted some of the outlook of the left-leaning opinion journals, but with the heavy reportage and analytical seriousness the "old" New Yorker was known for. Particularly during the presidency of George W. Bush the magazine has adopted a more liberal tone (including a regular quiz on embarrassing and contradictory statements by Bush Administration officials). It has also broken news. In the past year, pieces on the continuing saga in Iraq by the author and former New York Times correspondent Seymour Hersh have become must reads for political and foreign affairs writers in Washington. Hersh's pursuit of the Abu Ghraib prison abuse story pushed CBS to run a story that the network had been sitting on, and his story about the presence of Israeli intelligence in Northern Iraq was groundbreaking.

During the 2004 election the magazine got particularly involved. It did an entire issue on the election and the apparatus sounding it – from polling to advertising. It did a piece on how ABC's daily Internet political roundup The Note had changed American political coverage. And, perhaps most telling, for the first time in the magazine's history it endorsed a candidate for president (Senator John Kerry) in a lengthy, five-page Talk of the Town piece signed by "The Editors."

Since the days of editor Wallace Shawn, there have also been more obvious changes such as the inclusion of photos and contributors notes about the writers in each issue.

Beyond our anecdotal look at those changes, we wanted to examine systematically how much the magazine has shifted over the years. We chose four issues (the last issues of January, April, July and October) from four years (1989, 1994, 1999 and 2004). We examined the topics covered, the timeliness, and whether subjects were linked to current events and news or simply features with no real "news peg." We defined current-events topics as those featuring topics in the mainstream news or profiles of people in the mainstream news. We counted all Talk of the Town pieces in the front of the magazine and all non-fiction features. Listings were not counted in the tally, nor were reviews.

We found a decline in fiction stories but an increase in the number of pieces over all. Stories are generally less esoteric than they once were. One still finds pieces with no particular news peg, just "good reads." Yet by and large we found a magazine that is more focused on the topical.



Design Your Own Chart

Source: PEJ Research

*Data from 16 issues, four from each year selected (last issues in January, April, July and October).

In 1989, only seven of the 26 stories (not counting fiction, poetry or reviews) in the issues we examined were pegged to current events. Two of these pieces were Letters from Washington by Elizabeth Drew about the goings-on within the first Bush administration. One was a profile of Mayor Tom Bradley of Los Angeles, who was running for a fifth term. Other “current” pieces ran in the Talk of the Town section and were either national affairs or something we labeled “New Yorkia” – stories about the primary character of the New Yorker, the city itself. ¹

Just as interesting was the limited number of topics represented. The pieces fell roughly into one of four categories: national affairs, international, New Yorkia and United States (stories about events or issues in cities or regions outside New York).

By 1994, two years into Brown’s editorship, the number of articles pegged to current events in the issues we examined climbed to 18 out of a total of 29. And the topics those stories addressed were much broader. Four concerned national affairs, but three were focused on international issues, two were United States stories, three were New Yorkia, two were law stories, two were arts stories, one was a media piece and one was about business. ²

Incidentally, one of those law stories, Toobin’s “Incendiary Defense,” was also significant in another way. It put The New Yorker squarely in the same corner – on that topic anyway – as the news weeklies. It was not the usual thoughtful, somewhat detached New Yorker approach. It was dealing directly with the primary issue in the media spotlight and national dialogue and talking to the principals in the story as it was unfolding.

The issues in 1999, a year into Remnick’s reign, show a magazine that has absorbed some of the priorities of Brown’s New Yorker in terms of being topical, but in other ways a shift back toward some of the magazine’s older priorities.

The number of topical stories grew to 21, out of 48, or close to half. National affairs stories led the pack with eight of the 21 topical stories. ³ The rest of the “current” list varied: international, New Yorkia, media, entertainment, business. And the total list of story topics in the issues we examined grew to 12. Media in general made up a larger component of the magazine’s coverage (four stories), and stories about literature and the book industry began to appear. ⁴

Entertainment coverage was actually more prevalent in the issues of the 1999 New Yorker than in 1994, but the frame of those stories was less about individual celebrity than about a larger point concerning the entertainment world. The pieces were used not as celebrity vehicles but as windows into the entertainment business. A piece in the July issue on the recording artist Macy Gray was less about Gray than about the efforts of the music industry to turn her into a star, and the differences between being a star and a mere talent.

Maybe it was just that it was an election year, but the 2004 New Yorker coverage was heavily focused on the topical – a total of 22 stories out of 40 total, the highest total of any of the years we examined. ⁵

And in the issues we examined, the topics covered in the “current” stories showed a definite interest in the election – nine of the stories were concerned with national affairs, by far the most, four were focused on New Yorkia, two were U.S. stories, three were on the media, two on entertainment and the arts, one on international affairs and one on science. And even among stories not technically national affairs there were tenuous connections to the election, as in David Grann’s piece on ABC’s *The Note* on October 26 and even Susan Orlean’s piece on South Boston on July 26, which was set to coincide with the Democratic convention going on that week in Boston.

Again the most obvious signs of *The New Yorker*’s topical-ness in 2004 were Seymour Hersh’s coverage of the Abu Ghraib prison abuse scandal and the magazine’s political/election coverage, including the special election issue it published and the endorsement it issued. It is unlikely that either of these two topics would have surfaced in *The New Yorker* 15 years ago, at least not in such prominent ways.

Some skeptics will note that the percentage of topical stories bobbed up and down after 1989 – 62 % in 1994, then 44% in 1999, then 55% in 2004. But it should be noted that in each of those years the percentage of topical stories was greater than in 1989, when they made up only 27% of the total.

To some observers *The New Yorker* will probably never be a true “news” magazine. It doesn’t fit the traditional model. There are no glossy color photos, and the content is not as directly focused on the news of the previous week or the week ahead. But there is little doubt that over the past 15 years the magazine has shifted into space the news magazines once occupied alone. Even the cartoon covers of the magazine have shifted toward news, whether the 2004 presidential debates or the end of Bill Clinton’s eight years in the White House. *The New Yorker* may not be a “news weekly” per se, but it is a weekly magazine that deals directly with news and current events.

The Economist

The Economist’s approach to becoming a more serious player in the American magazine market is both more and less subtle than *The New Yorker*’s. The magazine has become more directly involved in American politics and culture, for example with its recently initiated series of public debates with *The Nation* on topics such as “America’s Role in the World.” But in its pages the changes are less about style or format and more about what it covers, namely more coverage of American topics. The changes are also more difficult to quantify, so there are no charts here to show the differences. But change can be detected in tone and even in such things as subject headings.

In some sense, the magazine is a throwback to what news magazines once were. Rather than becoming more thematic or moving toward a more general-interest approach, *The Economist* focuses on writing concise stories and covering a wide breadth of “hard news” topics in each issue – in a sense more a capsule of the week than either *Time* or *Newsweek* now attempts to be. The magazine is broken into specific geographic and topical sections – Asia, Europe, Britain, International along with Business, Finance, Science and Technology – with each section usually containing four or more brief stories. And while major events are covered, *The Economist* shares with *The New Yorker* a willingness to set its own news agenda and reach out for stories that most national news organizations might not cover. The “United States” section of the July 31, 1999 issue, for instance, had a lead piece on candidates looking for campaign money; a story on urban sprawl in a small town in Washington State; a piece on the popularity of video poker; and a look at how legendary Woodstock, New York was changing.

The “United States” section is a sign of *The Economist*’s effort to reach into the U.S. market. In 1989 there was no section specifically set aside for the United States, just a broad section called “American Survey.” While “Survey” was primarily devoted to news from the U.S., it also carried news from the entire Western Hemisphere. The creation of the “United States” section showed the magazine’s desire to cover the country in more in depth. The rest of the hemisphere was categorized as “The Americas.” In fact, the United States is the only nation that has a separate heading in the table of contents other than the magazine’s home, Great Britain. Since 1989, the magazine has also created a one-page column, called Lexington, devoted to American politics and policy.

The topics of Economist articles have also changed over time. A fair number still explore the curiosities of the United States, but there is also an increased focus on the plays and players in electoral politics. In the October 2, 2004 issue, for instance, featured a lead piece in the United States section led with a piece that was more than a simple overview of where the race stood; it was heavy on analysis of the shifting demographics in various states and the possible effect on the electoral vote in November. In the final issue before the 2004 vote, the magazine not only placed the presidential race on the cover, it ran 10 stories on it in the United States section. And many of the pieces were on specific topics – the South Dakota and North Carolina Senate races, initiatives in California and an initiative in Arizona. In 1992, the last election to garner such large-scale interest among the public and in the press, *The Economist* ran just seven pieces in its pre-election issue directly concerning the election, some quite short. And many of those were broader thematic pieces on

swing states and how the young would vote. Now the U.S. has been elevated in *The Economist* to more than just another big player on the world stage. It has been pushed front and center.

One obvious reason for that push is that nearly half the *Economist's* circulation is now American. But that oversimplifies what has occurred. The shift in content also reflects the end of the Cold War and the establishment of the U.S. as the world's lone true superpower. When one adds in the growing cultural power and financial heft of the country, a greater focus on the U.S. also informs the magazine's European audience in a meaningful way. Even if a magazine is devoted to being a summary of world news, as *The Economist* is, doing that coverage increasingly means covering the U.S. intensively.

Just as noticeable as the changes in *The Economist* are the things that have stayed the same. It has held firm to the more traditional content of the news magazine (but mostly without the pictures). The sheer number of stories listed in the table of contents is a flashback to what *Time* and *Newsweek* once were – a summary of news from around the country and the globe with a particular worldview. Editors at the magazine emphasize its focus on analysis; there is a definite voice. The magazine leans center-right with an inflection that is educated, skeptical and often sharp.

Consider this passage about the Democratic candidate John Kerry, born-again Christians and the religious divide in America:

“By contrast, John Kerry seems about as unappealing a candidate as you could get: a practicing Catholic who disagrees with his church on many of its most fundamental teachings, and a Massachusetts liberal who doesn't have a clue about the born-again world (just 6% of Massachusetts voters are born-again compared with 34% of Texan voters). And don't even get them started on Teresa.”

The *Economist's* short, concise articles are full of facts and figures outlining a point of view – the magazine's Web site says it has a “reverence for facts.” The figures and charts accompanying the October 2 piece on the shifting electorate was full of so many figures it looked more like a business story. Clever “takes” are not the point of what *The Economist* does, information and suasion are. Nice turns of phrase and interesting ideas are part and parcel of the magazine's content week to week, but those things are backed by facts, and especially figures. Conventional wisdom isn't enough to carry a piece, or normally, even an idea in a piece; citations and number-crunching are the hallmark.

The magazine has largely avoided the biggest trend of the past few decades, a push toward lighter coverage. The worlds of entertainment and celebrity simply don't have much of a place in these pages. And the editors of *The Economist* are not looking for ways to link pop-culture icons to “trends” they can then write about as news. The “Books and Arts” section allows for some dabbling in light fare, but even here, *The Economist* does not stray too far from its news-weekly mission. Topics include things like “Artists Painting the Face of God,” “The 1999 Booker Prize Winner” and “Lebanon's Civil War on Film.” A search of the magazine's Web site finds Britney Spears has not appeared once as the topic of a story in the magazine.

Others

The *New Yorker* and *The Economist* aren't the only nontraditional news magazines wading deeper into news genre. The now-defunct *Talk* magazine made news during the 2000 campaign when Governor George W. Bush of Texas offered some candid and embarrassing words about a death-row inmate.

The *Atlantic*, owned by publisher and former business consultant David Bradley, has become more relevant in its approach to news. For example, Mark Bowden's article on “The Dark Art of Interrogation” in 2003 was a discussion of the interrogation techniques the U.S. said it used and didn't use and was pegged to the continuing efforts to extract information from captives in the “war on terror.” But in the early spring of 2004, as Abu Ghraib broke, Bowden's article seemed decidedly ahead of the news curve. A piece by Jim Fallows examining in detail the debate histories of both Kerry and Bush not only looked forward but established Fallows as a leading debate expert whom CBS News and others turned to for debate analysis. When the former *New York Times* editor Howell Raines decided to write his revenge essay, explaining his version of his departure from the *Times*, *The Atlantic* was the place it ran, again making the magazine a must read in political and journalism circles. All this even though *The Atlantic's* monthly printing schedule means lead times that stretch far into the future. Indeed, one *Atlantic* reporter covering the political conventions in 2004 joked that when Howard Dean's presidential campaign collapsed he had to reconsider the entire set of stories he had planned for the rest of 2004 and into 2005.

Vanity Fair, owned by Condé Nast, still lives predominantly off upscale celebrity coverage, but it too has increased the political and media coverage in its pages in the last decade. The addition of the political columnist Christopher Hitchens, who got his start at *The Nation*, and the media writer James Wolcott, who has written for *The New York Review of Books* and others, has led the magazine into heavier topics. And while there are still stories about the particular tastes of Hollywood's film elite, there are also exposés in *Vanity Fair*, such as Gail Sheehy's negative looks at the Bush presidency.

Even men's magazines have wandered more into news coverage and become more eclectic. In October of 2004 GQ ran stories looking at the potential first ladies, a Q & A with Jon Stewart of The Daily Show about the election, a satirical letter to Vice President Dick Cheney, a consideration of the impact (or lack thereof) of celebrity endorsements and ideas from comics on last-ditch efforts to swing the electorate. GQ also did a Q&A with John Kerry in the previous month's issue.

It's interesting to note that many of these moves into news are somewhat similar in style and outlook. They tend to lean left and follow more of The New Yorker model – the pieces are by individuals with definite and distinct voices. None of them lean toward the Economist's approach of presenting unbylined, short, fact-and-figure-based pieces. But the new news entrants also vary somewhat in approach. Some magazines are trying to reach readers with quick pieces full of attitude and humor (many of GQ's entries fall into this category), while others are looking for longer, more heavily reported stories (The Atlantic and The New Yorker), and others still are looking for the well-written, well-reasoned opinion pieces a la Vanity Fair.

Regardless of tone or type, all these changes are moves toward news. These publications have found room to delve more deeply into the topical in the current magazine environment. And their moves may be considered a corollary to what has been happening in the pages of the dominant news magazines.

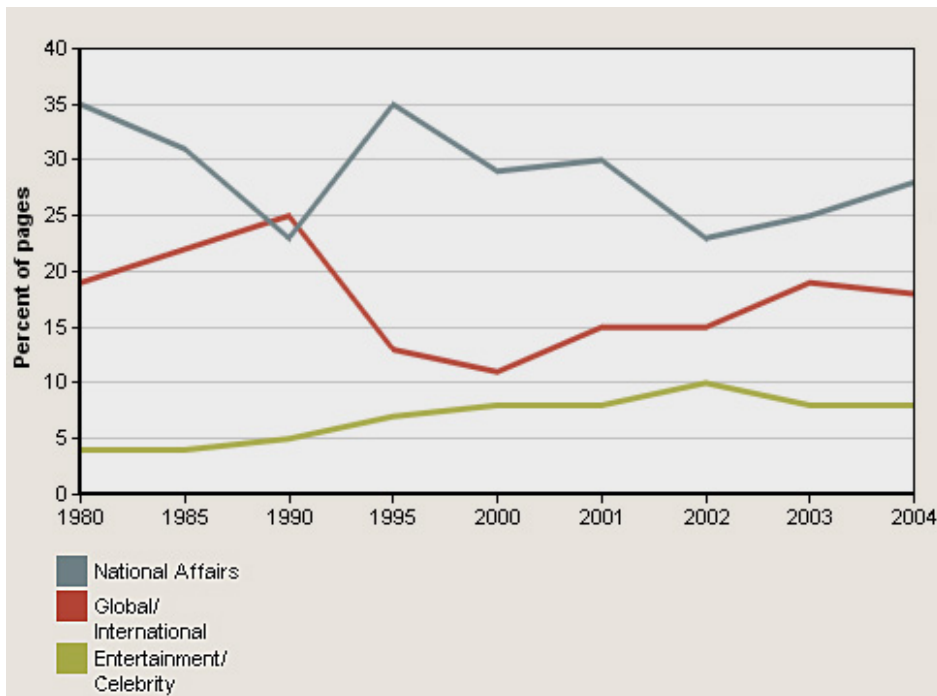
Time, Newsweek and U.S. News

For 20 years, at least two of the Big Three news weeklies have been moving toward broader, lighter, less hard-news oriented content (see 2004 Magazine Content Analysis), and both seemed content in 2004 to stay on that path.

The shift continues to be seen in the amount of space devoted to different topics, as catalogued by Hall's Magazine Reports. Hall's, a magazine research firm in Stamford, Connecticut, tracks how many pages in Time, Newsweek and U.S. News are devoted to different topics, and can track those trends back decades. The pages devoted to various news topics changed little between 2003 and 2004. The only noticeable drop, and it was a small one, was in foreign affairs coverage where, despite the "war on terror" and continuing troubles in Iraq, there was a 2% drop through the first half of 2004. National affairs coverage was up through the first half of 2004, but not even back to where it was in 2000 or 2001, and considering it was a presidential election year some small increase was to be expected. Other big topics – business, health, entertainment – stayed relatively flat. It seems that for the moment anyway, the Big Three have settled into a fairly stable content mix.

News Magazine Pages by Topic, 1980 – 2004

Select years



Design Your Own Chart

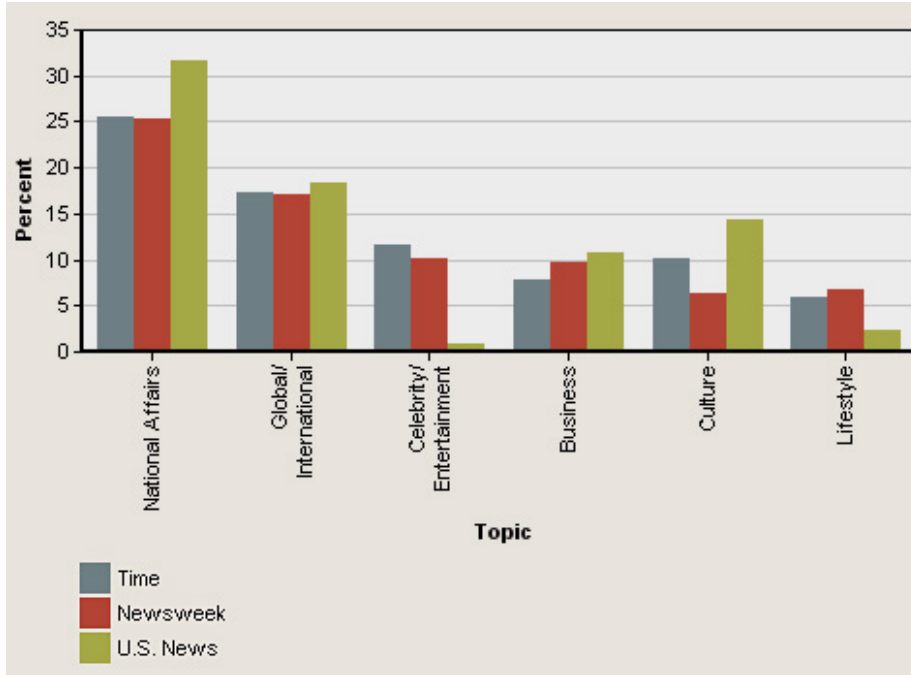
Source: Halls Media Research unpublished data

*2004 data from January – June

As noted last year, there is a separation within the three traditional news weeklies. While the contents of Time and Newsweek look largely similar, within fractions of a percentage point in some topic categories, U.S. News & World Report looks quite different. It features heavier coverage of national affairs issues by a sizable percentage. ⁶ Its celebrity and lifestyle coverage is a fraction of that of Time and Newsweek, but it outstrips them in cultural coverage. Without U.S. News's national affairs coverage to bring up the average, the amount of that coverage in the news weeklies would be closer to 25 percent rather than 30.

Newsweekly Topics, 2004

By percentage of pages



Design Your Own Chart

Source: Hall's Media Research unpublished data

*January – June

U.S. News is also a much thinner magazine than its competitors. Between January and June of 2004, it contained roughly 300 fewer pages than Time and about 200 fewer pages than Newsweek. So even though national affairs may make up a much larger portion of the total pages, in effect it had only 20 more pages of such coverage than Time and actually 10 pages less than Newsweek. ⁷

U.S. News might be seen as playing an interesting game. With fewer pages to work with, it has decided that a different, more sober, content mix is the right option to differentiate itself from the competition. Not that long ago, the magazine featured more brief summaries and more news-you-can-use about Washington and national affairs, and was written in a less stylized manner. Now its distinctiveness stems as much from the amount of national affairs it covers as from the way it covers it. So far anyway, the strategy has not yielded significant economic results. According to available data, U.S. News still finds itself struggling in terms of ad pages and dollars.

One reason may be that it is playing a niche strategy while still competing, for all intents and purposes, as a mass circulation publication. It has never fully moved over to pursuing a niche economic strategy, with a higher subscription price and bigger advertising charges because of more desirable demographics – the approach of The Economist. Nor has it adopted the practice of giving writers their own voices in the manner of The New Yorker or The Atlantic.

In short, by changing less than Time and Newsweek, by looking still more like a news weekly than a niche publication, U.S. News is straddling two approaches, more narrow and targeted in content, but more standard in terms of economic model.

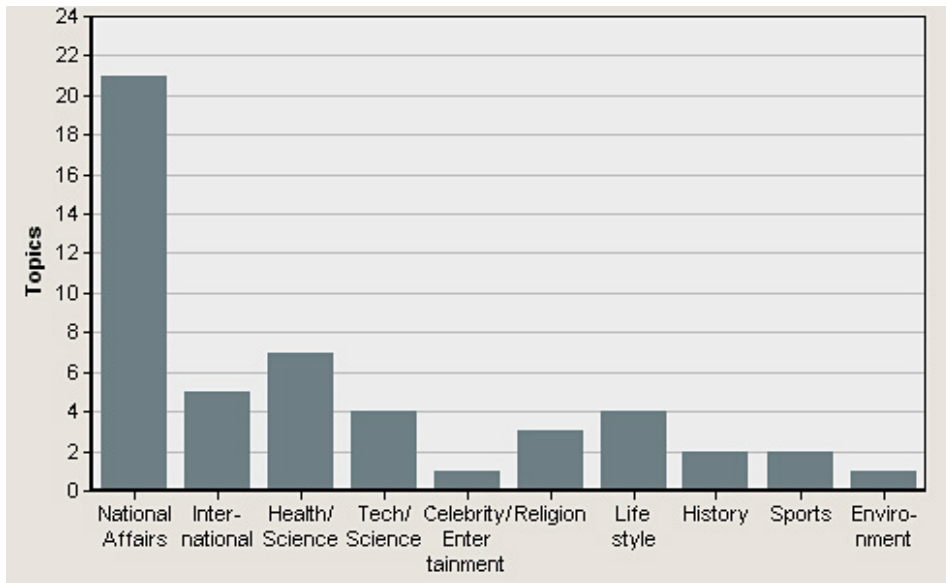
Time and Newsweek Covers

In their selection of cover stories, Time and Newsweek tend to mirror each other when big news breaks – sometimes down to the choice of art, as in June 2004 when they chose an identical picture of Ronald Reagan for their covers after

the former president's death. They ran relatively equal numbers of national affairs cover stories (18 for Time and 21 for Newsweek.)

But there are also some differences. Newsweek is more drawn to celebrity/entertainment covers, with six cover stories on such topics in 2004 to Time's one. (Both also did religion covers ostensibly about the death of Jesus Christ pegged to the release of Mel Gibson's "Passion of the Christ.")

Time Cover Topics, 2004

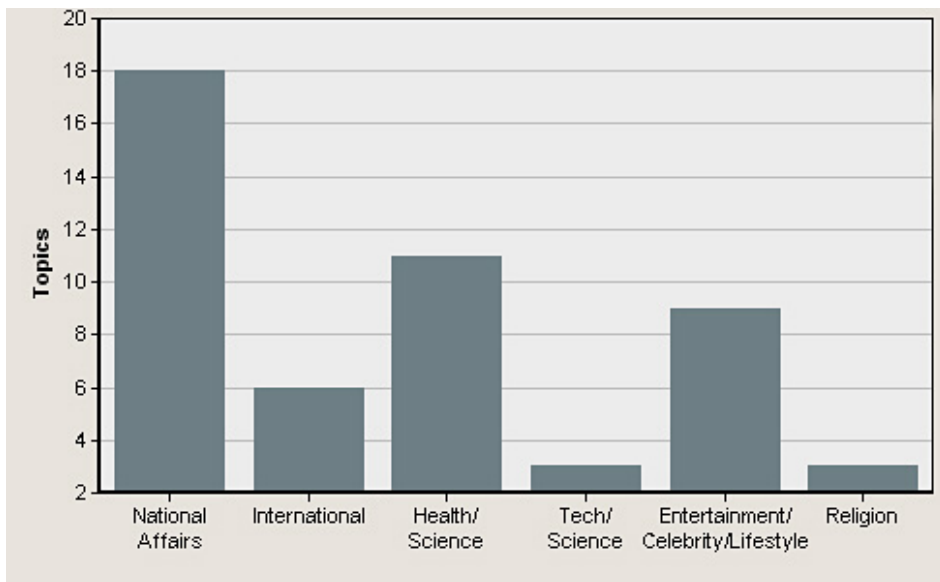


Design Your Own Chart

Source: PEJ Research

*First 50 issues of year

Newsweek Cover Topics, 2004



Design Your Own Chart

Source: PEJ Research

*First 50 issues of year

Time did more covers on National Affairs (21 versus 18 at Newsweek), and was more likely to venture beyond entertainment and the nation. It did two covers on sports, two on history and one on the environment. Newsweek steered clear of those topics entirely on its cover. 8

Trend and Off-News Covers

Another way of examining news weeklies' content is by looking at the "trend" cover stories they run. Such pieces, normally not connected to any particular news event, are occasional attempts by the magazines to set their own news agenda. The covers are generally focused on hot topics that they hope will bring large audiences – particularly newsstand buyers who might not subscribe to the magazine.

Off-news covers are particularly interesting because they go to the heart of the news weeklies' content changes. When events do not force them to put news on the cover, Time and particularly Newsweek, which had more off-news covers last year, often opt for something else. It is one of the most telling signs of how these magazines are increasingly becoming general-interest titles with less and less of a tether to the news.

It isn't simply the issues these pieces examine that are different, it is the way the pieces are reported and written. As the paradigm of the mainstream, they apparently fear straying too close to the edge. In identifying trends, they seem less interested in charting new ground than in stalking the reliable and familiar – diets, sex, celebrity, or kids. The pieces are sometimes less social science (even soft social science) than crowd-pleasing page-turners. And occasionally the new wrinkles they explore prove fairly illusory.

A case in point might be Time's July 26 cover story "It's Vegas, Baby!" which was described in the table of contents thus: "In a return to its Rat Pack roots, Vegas booms with a profitable mix of sin and sensation. An inside look at how the party got so hot." Far from new, the Vegas phenomenon had been celebrated in films, books and even that ultimate resting place of unedgy topics, network TV ("Las Vegas," "Dr. Vegas" and "CSI"). Even the city's tourism slogan, "What happens here stays here," predated the Time piece by more than a year.

Other cover stories that might strike some as old or perhaps faux trends would be "Living to 100," "Low Carb Nation" and "The Case for Staying Home." Fully 11 of the off-news cover pieces fell into the category of science and health ("Secrets of the Teen Brain," "Living to 100," "Low Carb Nation") and lifestyle ("It's Vegas, Baby!" "The Case for Staying Home").

Not all of Time's non-news covers were faux trends. Others included "The Struggle Within Islam" in September, the "Radical Mind of Thomas Jefferson" (July 5) and "Saving the Big Cats" (the tiger and lion variety) in August.

Not to be outdone in the trend-that-really-isn't-a-trend cover department, Newsweek, also in July, put "The Secret Lives of Wives" on its cover with this subhead inside: "Why they stray: With the work place and the Internet, overscheduled lives and inattentive husbands – it's no wonder more American women are looking for comfort in the arms of another man." The article considered women who had cheated throughout history, from Bathsheba to Carmela Soprano, who, while not real, provided a convenient pop-culture peg for the piece. The story, while notoriously short on hard data, cited as evidence polls showing a small increase in the number of women who had thought about committing adultery. But it also reported that "80 percent of Americans say infidelity is 'always wrong,' ... up from 70 percent in 1970." The story went on, "Popular opinion is on to something: infidelity can be devastating." All of which, of course, raises the question, where's the trend?

Many Newsweek off-news cover stories dealt with similarly light topics like "The Secrets of Spider-Man 2" and Donald Trump, but by and large the titles fell into categories like health, lifestyle and technology ("The Mystery of Dreams," "When Fat Attacks," "The New Science of Strokes," "Way Cool Phones"). The stories were aimed more at the news-you-can-use market than were Time's.

A New News Weekly in the Fray?

For the last two years there has been persistent chatter that the publisher David Bradley is considering launching a new news weekly that would compete more directly with Time, Newsweek and U.S. News. Bradley, who lives in Washington and owns the policy-driven National Journal and The Atlantic Monthly, got into publishing as a second career. He bought National Journal in 1997 and The Atlantic in 1999, after many years as a business strategy consultant.

Little concrete is known about any plans Bradley may have for a new weekly, and he did not return calls from us about what he may have in mind. But some on his staff have indicated privately to others in the magazine business that he is looking closely at The Economist for inspiration -specifically at that magazine's revenue model and how it might be applied to a U.S.-based magazine.

The biggest differences between the news weekly he is said to be considering and his past efforts are twofold. First, he apparently would be starting this title from scratch, not purchasing an old one and trying to pump life into it. Second, and perhaps more significant, after dealing in the policy/boutique magazine market, he would be moving more into mainstream. Of course, he may be planning to simply peel off some of that group, as The Economist has done, instead of competing head on for millions of subscribers.

Regardless, Bradley's careful survey of the news magazine landscape may yield a new title in the next year or so. And that move, if successful, combined with the circulation increases of *The Economist* and the *New Yorker*, could wind up presenting the traditional news weeklies with a choice. Do they stay on their current track, or as the news magazine winds shift do they change their tack?

Summary

Already the non-traditional news magazines have pushed the genre in different directions and opened the door to more competitors. Magazines that have moved into news from larger cultural coverage have broadened the definition of what is a news magazine is, bringing in opinion and looking at the larger issues behind the particular news of the week. At the same time, *The Economist* has found a way to grow while sticking closer to the old-line news magazine model – short, concise stories – and simply increasing its American flavor.

Any of these models could yield another new news magazine, and some publishers may be looking to apply those models to a new title. But considering the changes in recent years it may be just as likely that someone uses the opening left by the traditional weeklies to add a completely new style and approach to the mix of current titles. As we will see in the Audience section, youth has yet to be served in this genre. And as the concept of Red and Blue America takes hold one also has to wonder if a news weekly of a more crimson hue is overdue.

Deep, lasting change will probably not come overnight. The long steady changes that have been occurring here probably aren't going to give way to a cataclysmic event – a mass extinction. The mass audiences of the traditional news magazines are being chipped away, not falling off by large chunks. And the traditional titles, particularly *Time* and *Newsweek*, are doing everything they can in terms of changing content to hold those audiences together. But over the long term changes seem almost inevitable among the news magazines. As mass audiences everywhere, across all media, seem to be disappearing, the traditional news weekly content designed to played to a mass audience – lighter and less news-focused – may find it has a smaller and smaller constituency.

Footnotes

1. Project for Excellence in Journalism research

2. Ibid

3. Ibid

4. It should be noted that among the four issues we examined for 1999, two were double issues, which explains why the number of stories was so great.

5. Project for Excellence in Journalism research.

6. Hall's Reports research. Unpublished data. www.hallsreports.com

7. Ibid

8. Ibid

9. Project for Excellence in Journalism research

10. Pew Research Center for the People and the Press, *Polls Face Growing Resistance, But Still Representative*, End of survey ask all ideological question. Respondents called themselves "liberal" 14 percent of the time and "very liberal" 7 percent of the time.

Audience

By the Project for Excellence in Journalism

Winners and Losers in Circulation

The numbers for the Big Three news weeklies over all dipped slightly again in 2003 (the latest numbers available), the downward path the magazines have been on for decades. In contrast, the circulation figures of some of news magazines continue to rise. Those increases raise further questions about whether the news remaking.

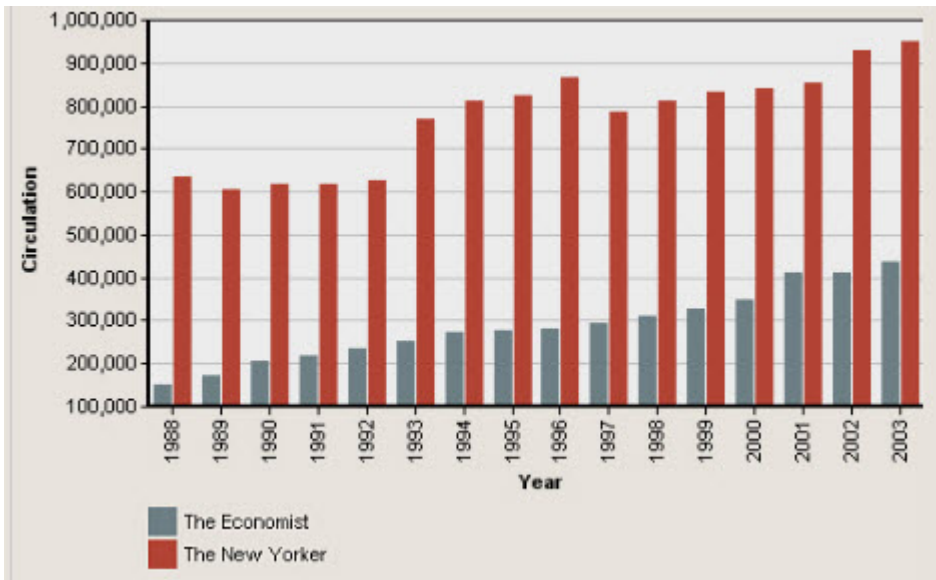
The success of the non-traditional format of the boutique news magazines can be measured in several ways, but the telling may be the most rudimentary – growing circulation. While many print media outlets decry declining reading and find themselves facing shrinking subscriptions, two of the four nontraditional news weeklies whose data is available, *The New Yorker* and *The Economist*, continued to see increases in the 2003 data. ¹

Along with the three main news weeklies, we look at four nontraditional news magazines that report with the Audit of Circulations – *The New Yorker*, *The Economist*, *The Atlantic* and *Jet*. In this group, *The New Yorker* witnessed up in 2003, while *The Economist* saw a more substantial rise of 6%. ² Also noteworthy in the *New Yorker* that the magazine that has historically treated New York City as one of its primary characters is broaden geographically. Publisher's Statements show that for the first time there were higher than in New York – 167,000 to 166,000. ³ While that might not be completely surprising, the size of the population of California, it is significant considering the magazine's roots, its focus and the fact New York is the home of the magazine publishing industry.

Not all the numbers are positive among the nontraditional books. Both *The Atlantic* and *Jet* saw fairly substantial declines ⁴ For *Jet*, targeted at African Americans, the 3% decline in 2003 continues a trend that began in 2000. In fact since 1999, the magazine's circulation is down by about 90,000, or about 10%. The loss of circulation could be due to reader discontent, or it might be tied to the decline in African American incomes in the U.S. The Economic Policy Institute reports that the real median income of African American households is off by about 6%

When household budgets get tight, magazine subscriptions are often among the first things to be cut. The circulation at the *Atlantic*, though, comes after an increase in 2002. In fact, after years of stability, the years have seen the circulation at the monthly go up and down yo-yo style, though hovering around the 500,000. Rising by roughly 60,000 between 1999 and 2000, then dropping by 34,000 in 2001, then up again by 37,000 in this latest drop. The first rise coincides with David Bradley's purchase of the magazine in 1999 and might be part by buzz it received from a change in ownership. But the drop and the subsequent increase are harder to considering the moves by Bradley to double subscription rates and drop circulation, the bobbing up. We will watch this number closely in years to come to see if this circulation drop is limited.

Circulation of Non-Traditional News Magazines

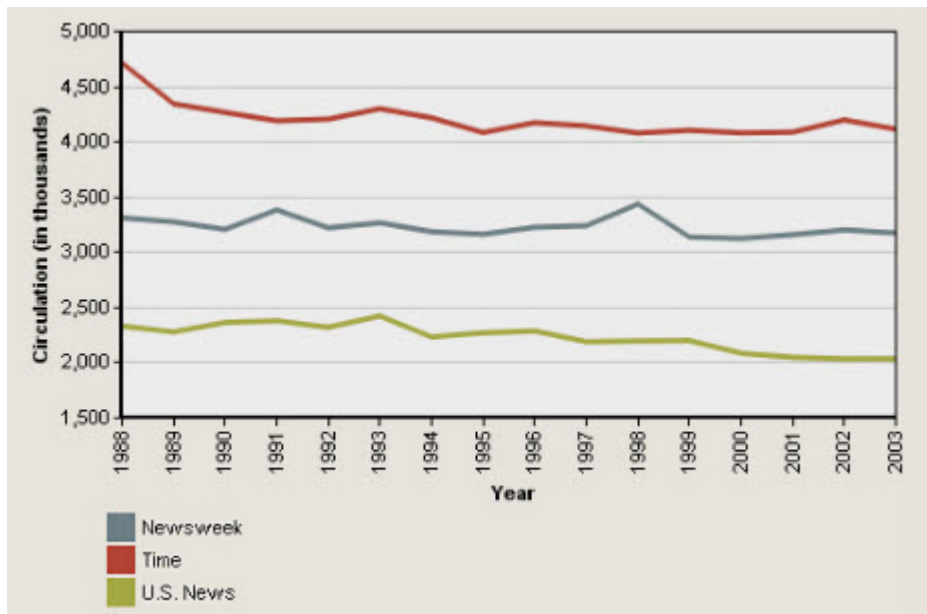


Source: Audit Bureau of Circulations, annual audit reports

*The Atlantic is a monthly magazine

At the traditional news weeklies, changes in content have coincided with dropping subscriber numbers – a combined 1 million in circulation lost for the three magazines over the last 16 years. The latest figures, for 2003, show those declines continuing for Time and Newsweek while U.S. News and World Report actually had a very small increase, of 2,000. ⁷ Only time will tell whether that increase is a one-year blip or something more substantial. As was true a year ago, the magazines essentially now sit about a million apart from one another in circulation. As of the end of 2003, Time had 4.1 million, Newsweek 3.1 million and U.S. News 2 million.

Circulation Among the Big Three News Magazines



Source: Audit Bureau of Circulations, annual audit reports

*Newsweek audit figures unavailable, figures from Publisher's Statement

Along with those general circulation trends, newsstand sales continued to fall into 2004. Time was off by about 4% in the first half of 2004 compared to 2003, Newsweek slipped by about 7% over the same period and U.S. News saw a 4%

Those numbers mirrored industry-wide declines. The weeklies experienced a large bump in newsstand circulation in the weeks and months after September 11, 2001, when it seemed Americans were again interested in news, but the effect was short-lived. When year-end 2004 numbers become available it will be interesting to see whether the presidential election and the events in Iraq drove the newsstand numbers up again. These declines, combined with the growth of the boutique magazines, may be pushing new players into the news magazine market.

still really getting off the ground, The Week, a magazine launched by Maxim's Dennis Publishing in 2001 that itself on summarizing the entire week's news in a succinct 40 pages, is surviving and claims a readership of though the Audit Bureau put the figure at 178,000 for 2003. ⁹

A Grayer, Greener Audience Across the Board

Reports of younger Americans turning away from print news are, it seems, borne out by the figures for news magazines. Of the three types we examine to get a feel for the industry as a whole – news, business, and entertainment/pop – news has the oldest readership, even older than the business group. The average age of news readers to audience surveys by Mediarnk Research. Business readers were the next oldest with an entertainment were much younger, an average of 34.9. News magazine readers are also on population on the whole, which has an average age of 43.8. ¹⁰

Average Age of News Magazine Readers

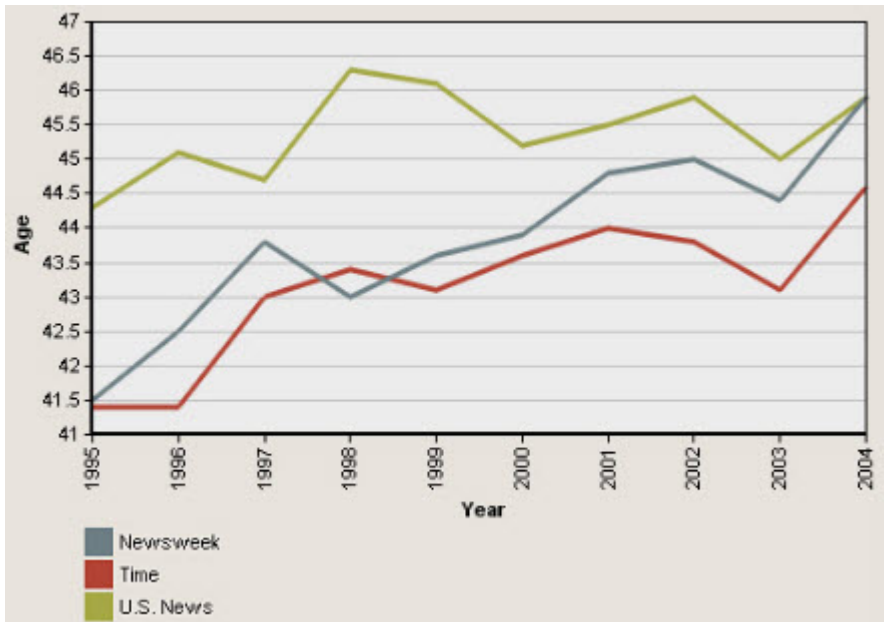
Compared to U.S. population, 1995 – 2004



Source: MediaMark Research, "Magazine Audience Estimates"

After a one-year drop in the 2003 data (possibly a statistical aberration) in 2004 the average reader of every news we examined got older. The Atlantic reader is still the oldest at 50.9 years, the Jet reader still the youngest at 34.9. The other magazines are close together in between, with average ages between 44.6 and 46.8. ¹¹

Average Age of Readership by Magazine



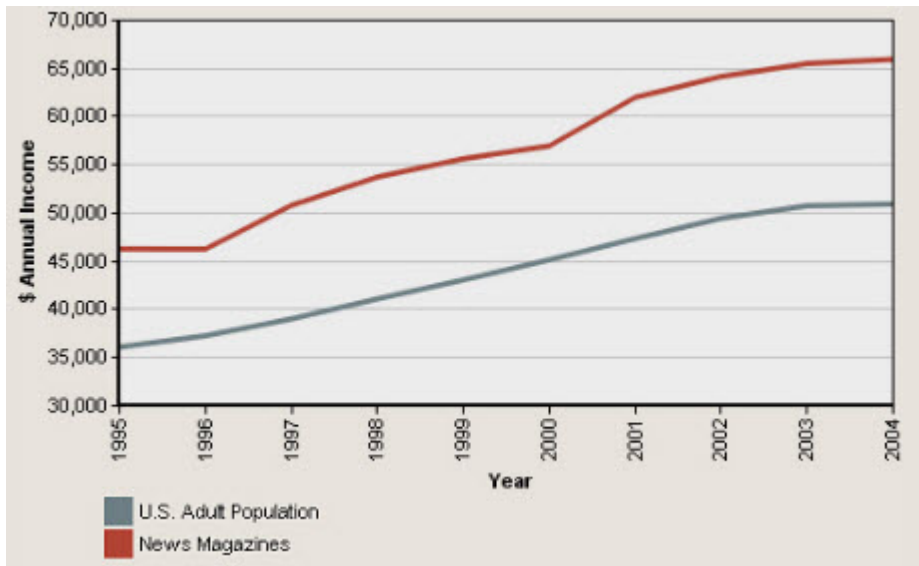
Source: MediaMark Research, "Magazine Audience Estimates"

It's worth noting that the magazine with the second-oldest readership after The Atlantic is also the only one with a growing paid circulation – The New Yorker. The good news here for the magazines is there is room for growth even heavily on this demographic. But the age data could also signal a problem. It's hard to see how the trend bodes coming decades as the less print-bound generations come of age.

The magazines might argue that the Mediamark's data are not the last word in this discussion, because it gauges rather than circulation. Mediamark's figures are based on general public surveys that rely on reader memories, not as solid as numbers emerging from subscriptions. Nevertheless, Mediamark's reports provide the best data

If there is good news for the news magazines it is that their readers continue to get wealthier. According to the data, the average income of readers rose by about \$400 in 2004 to \$65,958. That puts the news brand ahead whose readers earn an average of \$60,535. The business magazines still have the wealthiest an average income of \$82,892. All three types of magazines, incidentally, far outstrip the whole, which has an average income of \$50,947. 12

Average Income of News Magazine Readers
 Compared to U.S. population, 1995 – 2004

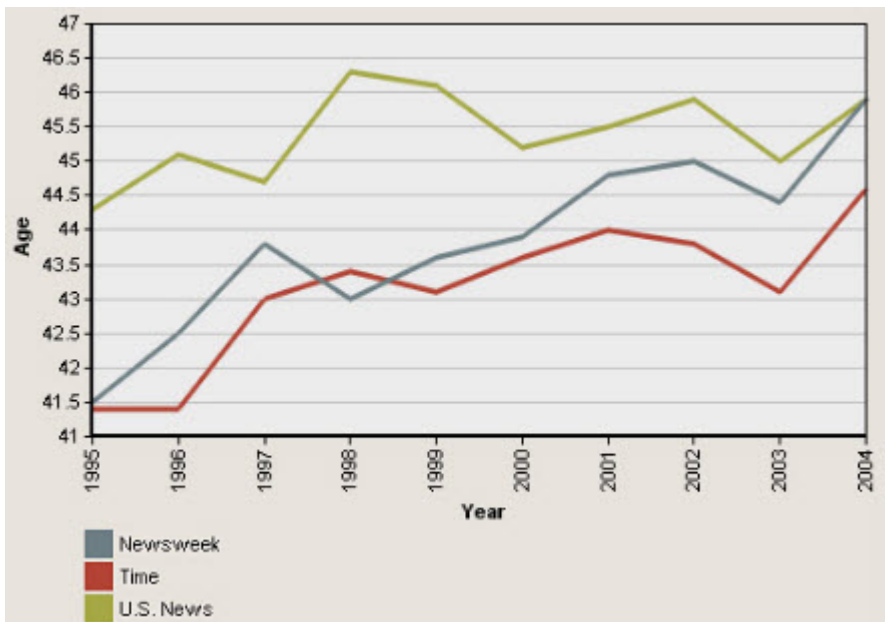


Source: MediaMark Research, "Magazine Audience Estimates"

Among the news magazines, Time saw a small drop in its readers' income to \$65,269 in 2004 from \$65,697 in 2003, with all the numbers here) the amount is so small it mostly just suggests something to watch over time. incomes increase by about \$1,200 to \$67,964 from \$66,739 in 2003. U.S. News also saw an increase about \$1,500, to \$65,181 from \$63,603 in 2003. 13

The Atlantic's readers are still the best off, with an average income of \$81,571, though that's down from \$82,983 in 2003. The New Yorker is second with an average reader income of \$79,005, up slightly from last year. And Jet's readers far behind the rest with an average income of \$36,755, though that too is up a little from 2003. The higher income for The New Yorker and The Atlantic show again how the magazines are playing to a smaller, niched market. magazines some special advantages, as we'll discuss in the Economics section.

Average Income of Readership by Magazine

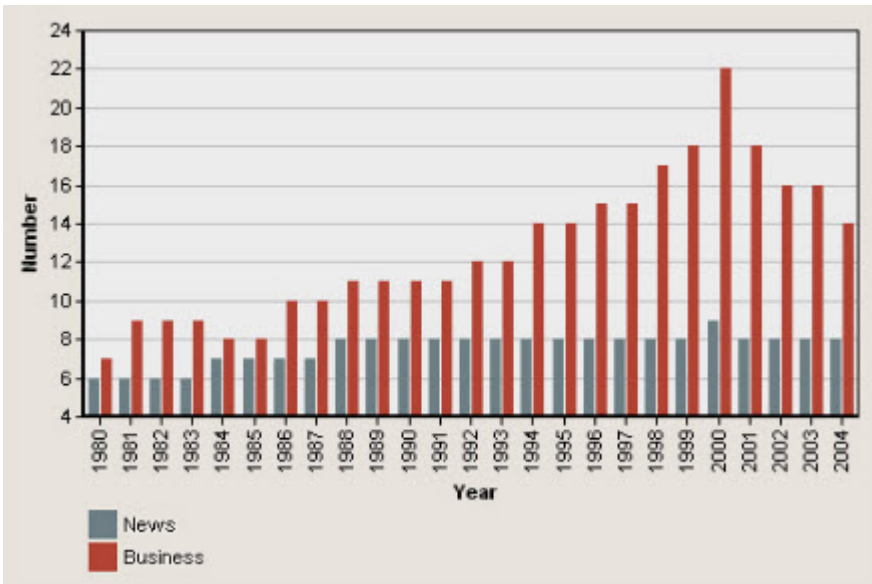


Source: MediaMark Research, "Magazine Audience Estimates"..

The Number of Players in News Grows

One advantage enjoyed by news magazines is that there is not a lot of shaking up when good or bad economic times hit. The year 2004 was something of an exception in the news genre. The 2004 list of news magazines reporting to the Publisher's Bureau grew in 2004 by one, from eight to nine, with the addition of "The Week," which listed for the first time in December. Business magazines, meanwhile, which saw their ranks thin with the end of the bull market in 2001, titles drop off the list – 16 listed with the PIB in 2003 but only 14 in 2004. Even the entertainment magazines, which had seemed to be on an ever-climbing trajectory, finally saw some of its weaker members disappear; the number of titles reported to the PIB fell from 21 in 2003 to 18 in 2004. 14

Number of Magazines by Select Genres

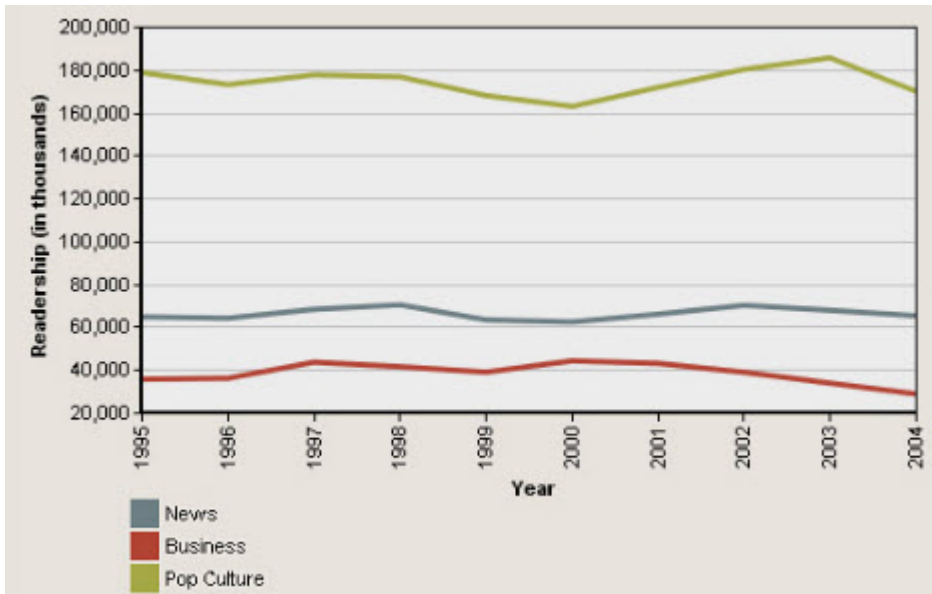


Source: Publisher's Information Bureau annual reports

But among the established titles on which Mediamark gathers data we see the year was more mixed. Readership in all types – news, entertainment, business, sports, etc. – across the board, according to Mediamark (mirroring for all print media), but the decline among the news magazines has a special significance. The lower readership in news and business areas obviously had something to do with titles disappearing, a pattern both the PIB and Mediamark showed. As magazines disappear, readership necessarily drops. 15

But decline for news magazines occurred even as the number of news titles Mediamark inquired about held steady at 6. All the news titles on which Mediamark gathered data experienced declines.

Magazine Readership by Select Genre



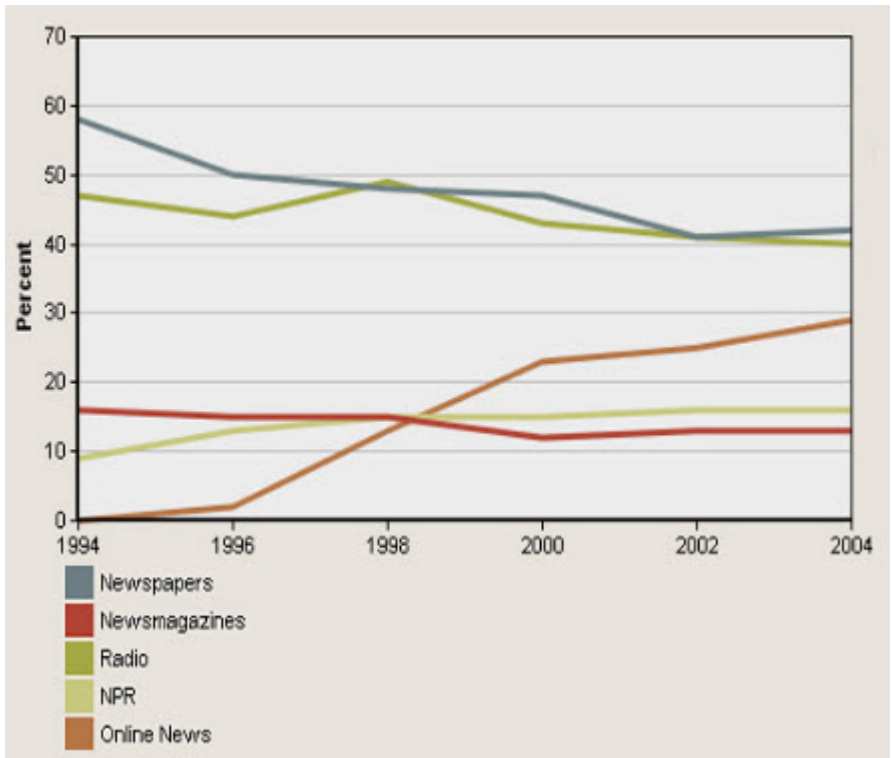
Source: MediaMark Research, "Magazine Audience Estimates"

*Number of people who have read magazines of each genre in that year

Along with circulation figures and readerships surveys, another way of tracking media audience is through more standard – surveys of the general public on their media likes and dislikes. The Pew Center for the People and the Press going back some 10 years on media usage – the news reading, watching and listening preferences of show that the public prefers news magazines over some media outlets, but not others.

The number of people who say they regularly read news magazines remained unchanged in 2004 from 2003 at 13%, surveys from the Pew Center for the People and the Press. ¹⁶ That stability misses the longer trend, over Readership is down 3% from 1994. That drop is not as dramatic as some others, notably those for considering the lower number news magazines started with, there wasn't as far to fall. As a drop for radio was slightly less steep and the drop for newspapers steeper.

Regular Audiences of Select Media



Source: Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized," Trend in charts, June 8, 2004

When compared to outlets and media with smaller audiences, the news magazine data look worse. Of particular note is rapid growth of the Online News numbers.

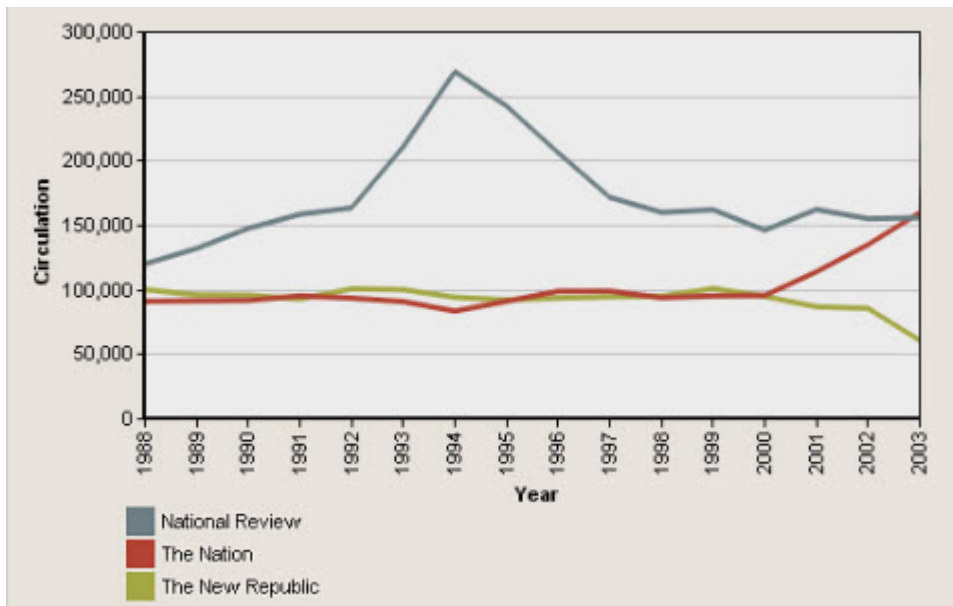
It is tempting to argue that news magazines may be losing audience because they do not offer what many news want today, immediacy. But surveys show that media offering more immediacy than the news weeklies are audiences. Commercial radio has seen a drop from 47% of respondents saying they turned to it regularly for news, in 1994, to only 40% today. And the number of people who say they tune in daily to CNN, which offers news as it happens around the clock, has fallen from 35% in 1994 to 22% in 2004. 17

Those numbers suggest it is more than magazines' inability to deliver news at the moment that is leading to shrinking

The Opinion Titles: TNR Sheds Circ

The world of opinion journals is as volatile as the world of news magazines is stable. As we stated in the 2004 report, the numbers seem to slide up and down depending on who is in power in the U.S. politically – with the out-of-power party seeming to attract the most readers. This was particularly true for the liberal Nation. But we noted that The New which had grown less partisan in recent years and more difficult to characterize politically, seemed relatively this phenomenon. The latest set of figures shows a much different picture. 18

Circulation of Leading Opinion Magazines



Source: Audit Bureau of Circulation, annual audit reports

According to its own estimates the New Republic has taken a large hit in circulation, dropping by almost 25,000 from 85,904 in 2002 to 61,124 in 2003 (the latest numbers available). That would be a drop of 29% in one year. 19

Such a precipitous decline warrants closer examination. The magazine says shrinking its circulation was a business decision. But there are a number of possible explanations for the drop. The New Republic's stance on the war in Iraq – President Bush – may have angered some of its readers. The war was a polarizing issue in a nation that polls already increasingly divided. The New Republic may have chased some of its more liberal readers away by that contentious issue alongside a conservative Republican president. If so, the magazine's stance on the war last summer may have helped mend fences. But its tepid mea culpa – note the question mark on the headline of that June 18 piece, "Were We Wrong?" – may not have won back those who most deeply desired possible that a magazine that has positioned itself as iconoclastic, a stance that might work during a Democratic or even moderate Republican administration, may have made itself seem less significant to the political dialogue after the Bush Administration moved in a more clearly conservative direction.

There is an audience for a liberal voice on the magazine rack. The reliably liberal Nation, which had a circulation of 135,349 in 2002, saw the number climb again in 2003 to 160,029. That figure makes it currently the largest of the three opinion journals we examined. (The Weekly Standard does not list its numbers with the Audit Bureau.) This is quite a rise for The Nation, which for years bumped along with circulation numbers in the 90,000-95,000 range. 20

At the other end of the political spectrum, National Review continued to hold relatively steady in 2003 with 156,157 in circulation, compared to 155,430 in 2002. It will be interesting to note, however, whether the 2004 audit numbers show a change in the presidential election year. 21

All of these numbers are likely to change, of course, as the politics do. And in theory, the re-election of President Bush may ironically lead to better times ahead for the liberal opinion magazines. But there may be a larger issue looming for opinion journals as opinion seeps more and more into mainstream journalism and point-of-view journalism becomes more

One might argue that in the long term a niche may develop that none of the existing opinion magazines serve. All feature reasoned, thoughtful analysis and opinion, but they are by and large policy magazines. They are not easily accessible to outsiders and to those not familiar with the intricacies of the Washington power game. especially true of The Weekly Standard and The New Republic, which proudly consider themselves inside-the-arena. The success of Fox News, wildly partisan books such as "How to Talk to a Liberal, If You Must" and of George W. Bush – even Michael Moore's Fahrenheit 9/11 – may suggest a market for a more colorful, mainstream approach in this field. While it may not be a welcome idea for many traditional journalists, of Fox News or Michael Moore, something quite different from National Review or The New

Republic – magazines for Rush listeners and Bush haters. Perhaps even more tantalizing, a political magazine for younger readers. (Maybe that already exists, in the form of blogging.)

It is not impossible to envision a future in the news magazine world in coming decades where the circulation of the Big sinks to a point where they find themselves essentially falling into the category of niche magazines. Such a fall be out of line with the general direction of the magazine industry – or the news media in general, for that but it would fly directly against the broader, lighter content strategy that Time and Newsweek have made a point It could put them in something of a no man's land – straddling between broad, mass-appeal content and This is the problem U.S. News is currently facing..

1. Audit Bureau of Circulations audit reports for The New Yorker and The Economist
2. Audit Bureau of Circulations audit reports for The New Yorker and The Economist
3. Cotts, Cynthia, "California, Ho!," The Village Voice, March 24 – 30, 2004
4. Audit Bureau of Circulations audit reports for The Atlantic and Jet
5. Economic Policy Institute, "Income Picture," August 26, 2004, http://www.epinet.org/content.cfm/webfeatures_econindicators_income20040826
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8. Audit Bureau of Circulations audit reports for Time. Newsweek figures from Publisher's Statement.
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10. Mediamark Research, "Magazine Audience Estimates" 1995 – 2004. www.mediamark.com
11. Ibid
12. Ibid
13. Ibid
14. Publisher's Information Bureau data. www.magazine.org/Advertising_and_PIB/PIB_Revenue_and_Pages/Revenue___Pages_by_Magazine_Titles__YTD_/10296.cfm
15. Mediamark Research, "Magazine Audience Estimates" 1995 – 2004. www.mediamark.com
16. Pew Research Center for the People and the Press, News Audiences Increasingly Polarized, question 22.
17. Pew Research Center for the People and the Press, News Audiences Increasingly Polarized, question 22.
18. National Review figures based on Audit Bureau of Circulations audit reports. Figures for The New Republic and The Nation come from publisher's statements, audit reports not available.
19. Ibid.
20. Ibid
21. Ibid.
22. Audit Bureau of Circulations audit reports for Time. Newsweek figures from Publisher's Statement.

Economics

By the Project for Excellence in Journalism

At first glance, the economic news in the magazine industry is very good. The recession appears to be over. For all of 2004 ad pages were up 3.8% and ad revenues up 11.1% for all non-Sunday-newspaper magazines reporting with the Information Bureau, an organization that tracks ad pages and dollars throughout the year. ¹ Those increases were the highest since 2000 and were helped by a strong close to the year in pages and revenues. Looking at just the month of December, ad pages were up 10% and ad revenues up 17% over 2003. ²

Newsstand sales continue to be a bit of bad news in a sunny picture. Such sales, which began falling 1999, appeared to continue their drop last year. In first half of 2004 the top 100 magazines sold 36.8 million copies from the newsstand, down from 37.4 million in first six months of 2003. ³

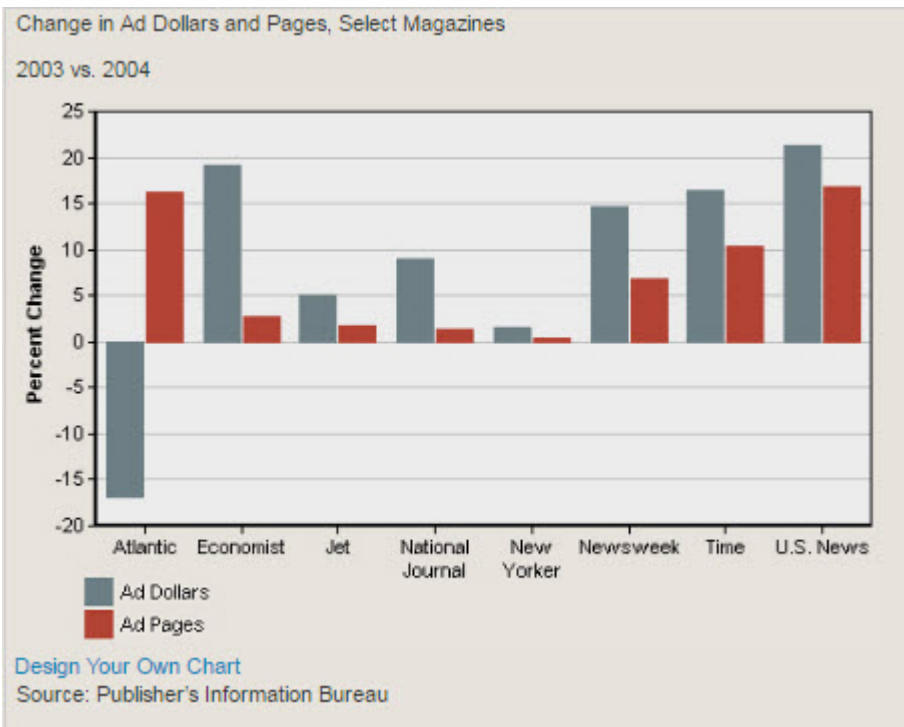
Over all, news magazines did pretty well in the 2004 economic market, according to the Publisher's Information Bureau. number of business and entertainment titles listing with the Bureau shrunk slightly in 2004, with business losing two and entertainment losing three, but the news genre actually added a title. "The Week," from Dennis Publishing, began listing its ad-page and number data with the PIB, bringing the number of news titles to nine. And judging from its it is experiencing significant growth with its content model, summaries of the week's news in short, tight stories. Time, Newsweek, U.S. News and World Report, The Atlantic, The Economist, Jet, National Journal and The New our news magazine collection.

Among news magazines, the story is indeed complicated. There are vast differences in circulation and ad dollars among members of this group, creating two different tiers (the Big Three and the rest). Different economic models are at in each. The Big Three, with their mass audiences, have special advantages in terms of advertising – their pages eyes, so they can charge higher rates. The nontraditional titles charge less for ads, but also charge higher rates subscriptions – more than twice as much in the case of The Economist. For this reason they are somewhat less to soft ad markets, though they are obviously still affected by them. There are more complicated differences this chapter will outline.

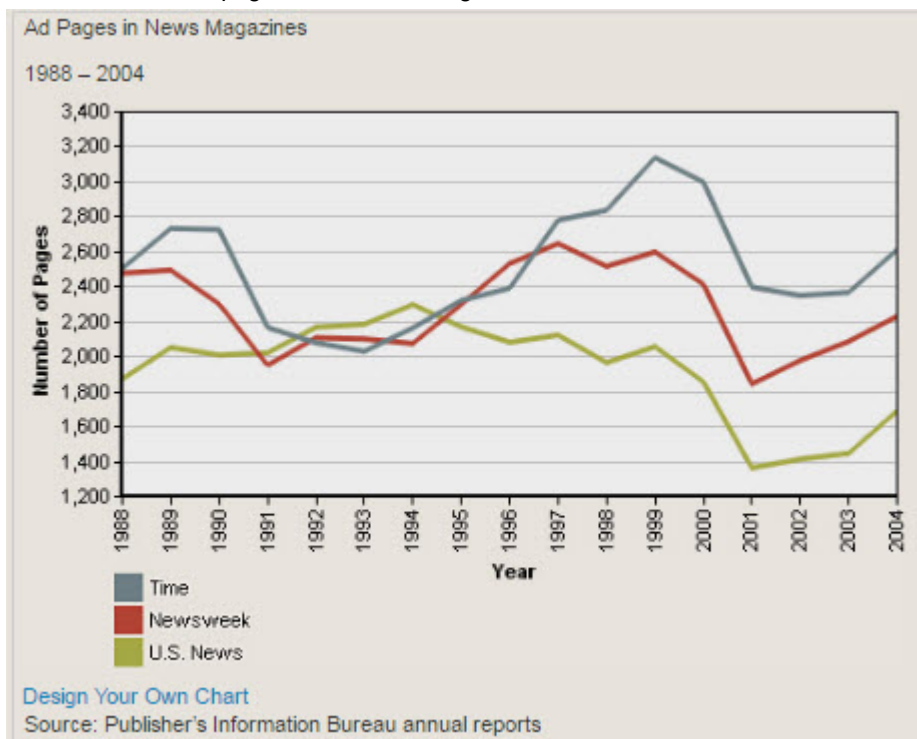
Among the nine news magazines that list with the Publisher's Information Bureau, all had increases in ad pages and all but The Atlantic, saw increases in ad dollars, in 2004. There were big differences, however, in the size of those increases. A break seems to exist in how the two tiers perform in an advertising market that is bouncing back, but not recovered. Ad pages for the bigger, mass-audience magazines seem to come back first. All of the Big Three sizable increases in ad pages – over 5% – for 2004. Most of the non-traditional magazines saw smaller

As for ad dollars, as we noted last year, the figures are notoriously inaccurate. Figured off rate cards, they usually don't take into account discounts magazines offer to entice advertisers. The figures may be particularly deceptive for magazines from the Time/Warner empire, which offers package deals to advertisers who choose to buy pages in several Still, using this measure can be helpful in understanding the difference between the Big Three magazines news-oriented journals.

All of the Big Three saw double digit increases in advertising dollars in 2004, with long-struggling U.S. News leading the way with an increase of 21%, from \$202 million in 2003 to \$245 million in 2004. U.S. News also experienced the largest jump in ad pages, a 16.7% increase. The numbers were a significant break from the past, in which U.S. News has seen and ad dollars declining, and could signal a change in the magazine's fortunes if it continues. ⁵



But those numbers may be a bit deceptive. U.S. News is starting from lower numbers, which makes its increase look growth is figured by percentage. It is true, for instance, that U.S. News added 355 pages of ads in 2004, more and Newsweek, which added 244 pages and 143 pages, respectively. But because the magazine had hundreds Time or Newsweek, its percentage increase looks more dramatic than it actually is as, one can see pages for the three together. 6



If one were to add The Week to the ad-dollar and page figures, that magazine would have been the winner far and away. to the PIB, the magazine, which targets younger readers, saw a very significant 25% increase in ad pages in 2004 over 2003

– to 523 pages from 417. It also saw an incredible 66% increase in ad revenues, from \$6.5 million in 2003 to \$10.6 million in 2004. Those figures would still place the magazine at the bottom in terms of ad pages among news titles, but its dollar number would move it ahead of National Journal. Next year, if the magazine is still listing with its figures in the charts in this section. If the numbers are correct, they suggest that the magazine may be a leader in the news field, and perhaps with the demographic that news outlets across all media are eager to reach.

Among the nontraditional news titles with a time line, The Economist had the most solid 2004 with increases in ad dollars and pages. But that trend followed a few very lackluster years. In fact since 2000, when the economic slowdown first hit the U.S., the magazine's ad pages have declined. Its 2003 performance (2,142 pages) was the lowest it had been since 1988, the first year for which the Project gathered data. Again, this trend may have something to do with how ad dollars have returned to the magazine industry after a recession or during bumpy economic times – going back to the trusted big-magazines first. (The same trend is seen in the news and entertainment titles.) But the magazine appears to have returned. Its 2004 ad pages rose to 2,198, a 2.6% increase over 2003. And The Economist's ad dollars shot up from \$65,117,463 in 2003 to \$65,117,463 in 2004. 8

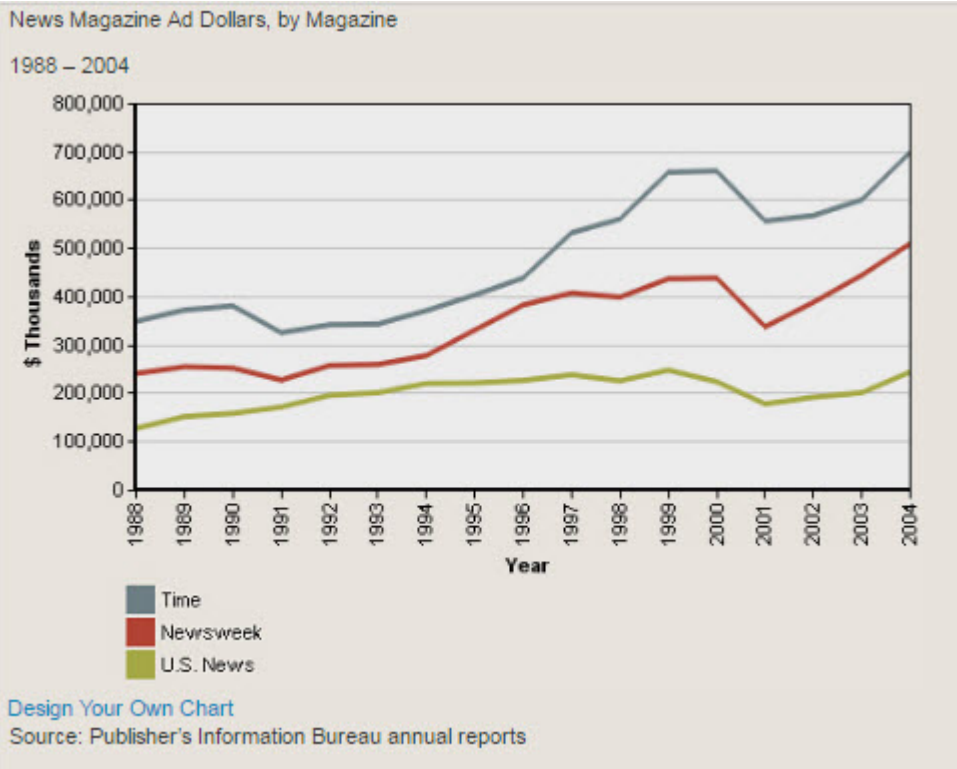
The Economist is helped by the fact that its subscribers pay more for their magazine than Time and Newsweek pay. If you were to rip a subscription card from the Economist it would show \$98 for a year's worth of issues; the figure is \$42. That extra \$56 per subscriber isn't enough to make up the difference in ad rates that it has with its 2.7 million more readers, but it isn't insignificant either.

A magazine that truly lives by subscription dollars, National Journal, had a decent 2004 with both ad dollars and pages rising by small amounts – 8.9% and 1.4%, respectively. But the inside-the-beltway publication probably cares the least about those numbers; its annual subscription rate is \$1,700. The Atlantic Monthly, which like the National Journal is published by publisher David Bradley, saw a mixed 2004, with ad pages rising while ad dollars fell, interestingly by almost the same amount – pages up by 16.2%, dollars down by 16.9%. This obviously is about changes in the magazine's rate – cheaper rates equal more ads, but less money. And Jet, aimed largely at African Americans, saw both

The New Yorker, whose subscriptions are also growing, may be seeing the effect of that growth. Its ad pages rose a scant 0.3%, but its ad dollars rose by more than 10%. 10 In August of 2002 The New Yorker officially increased its guaranteed circulation with the Audit Bureau to 875,000 from 850,000. 11 But it should also be noted that The New Yorker is owned

by Advance, a very large magazine publisher, which means the unreliability of the ad-dollar figures could be magnified. Advance, which owns the Condé Nast empire, can work deals with advertisers to buy pages in many titles at once,

Finally, the ad-dollar figures, while only rough estimates based on rate cards, paint an interesting picture of the state of the news magazine landscape. The one large advantage the Big Three have is their mass audience, which allows them to charge much more for ads. But what is the long-term effect of that mass audience's being slowly chipped away? The trends on a single chart indicate one possibility.



The New Yorker, whose circulation is not even half that of U.S. News, is rapidly gaining on the bottom player of the Big And ultimately the magazine's ad success may suggest a map for other nontraditional titles.

It may be possible for the nontraditional magazines with smaller but more elite and affluent audiences to at least get near the playing field of the mass-audience titles. And the desirability of the nontraditional audiences could at some point trump the mass audience. The key here is how mass the mass audience actually is. For the time being, the difference in circulation is still so great that Time and Newsweek find themselves playing on a different field, but it may be that by chasing an increasingly shrinking "mass" audience in a segmenting culture they are putting themselves in a box.

In addition to these changes within standard types, an entire line of magazines has appeared on the newsstand that offer a fundamentally different approach to content and advertising, blurring the distinction between what were once seen as completely different parts of a magazine. Magazines like Lucky, the self-described "magazine about shopping," have spawned imitators. Hearst has launched the rather obviously titled Shop Etc. and Fairchild Publications in 2005 launched Vitals, a shopping spinoff of the men's magazine Details. Fairchild plans a women's version of Vitals for 2005.

has gone even further and created a women's magazine, All You, aimed at shoppers at the nation's largest Wal-Mart. The new magazine, along with articles, has ads with products aimed specifically at those with incomes – and one assumes ads for products sold at Wal-Mart.

These titles join the list of lifestyle and consumer magazines that walk the fine line between content and catalogue.

like Real Simple, "the magazine about simplifying your life," and O, the Oprah Magazine, are not simply a lifestyle, they are selling in their editorial columns the products readers need to achieve that lifestyle. The regular "The Best" section in Real Simple is a walk through products the magazine and its lifestyle recommend. "O" gives its readers regular updates on Oprah's favorite things, products Oprah loves – the section is a takeoff on the "favorite things" segment she does regularly on her TV show.

On the other side of the equation, companies and brands themselves have gotten into the content business. Some have magazines with goals less focused on award-winning content than self-promotion; Sony and Ikea are two prime

These books suggest a fundamental shift in what magazines do, or the creation of a niche that is the ultimate in news. Magazines have long used models, celebrities and photo shoots to get across the idea of what is "cool" and what is a "must-have." Some magazines have ventured into including personal-shopper sections for items such as electronics. But these books go further. In a world full of products, they are devoted to being personal shopping advisers.

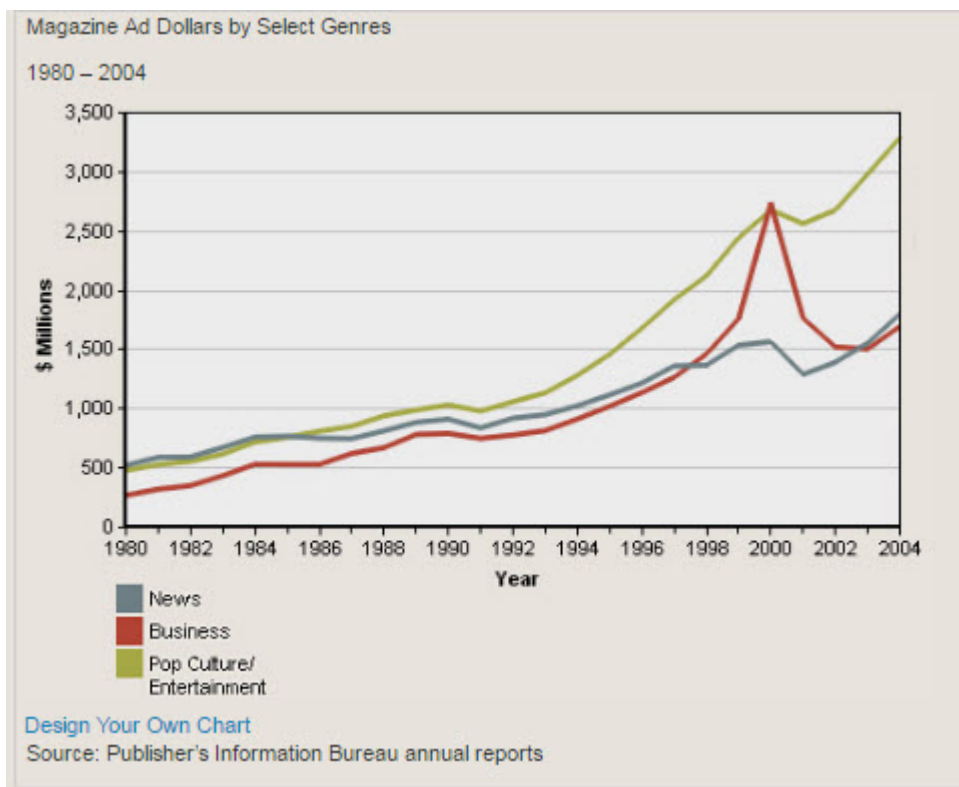
And they have attracted readers. Their success suggests that “news you can use,” once a trend for many types of magazines, has matured to the point where it may have its own fast-growing breed.

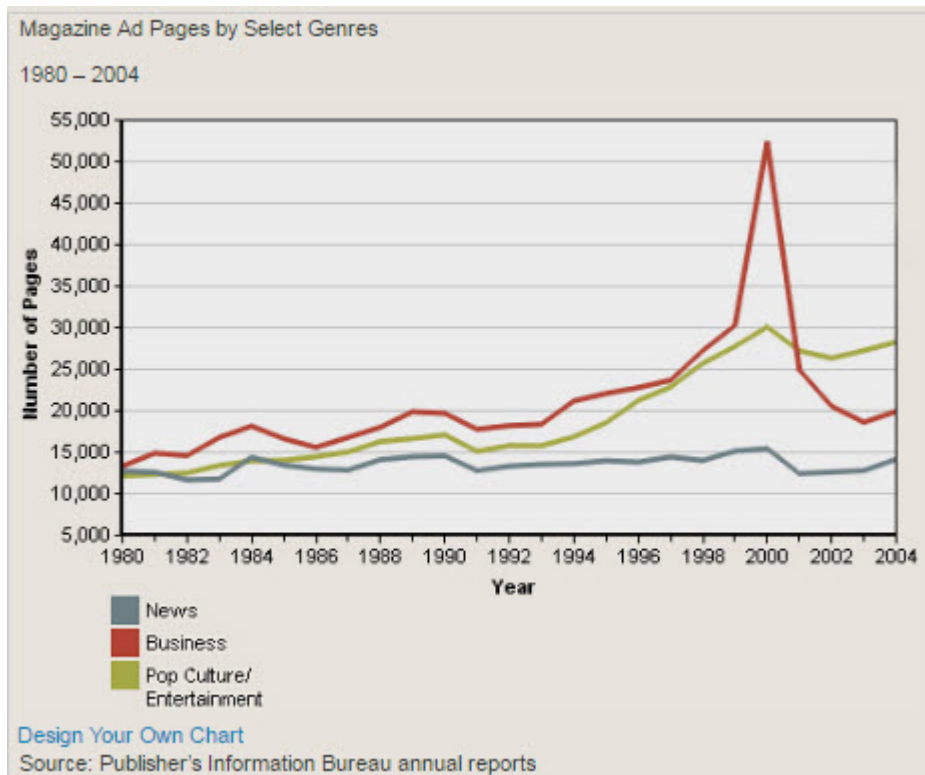
This trend presents a quandary for the rest of the industry, particularly news magazines, which have increasingly toyed with this format. Should they absorb the changes and make this kind of thing more a part of what they do, or differentiate themselves and let individual magazines focus more on their specific missions?

Over all, every area we examine – news, business, entertainment/pop culture/lifestyle – saw increases in both ad pages dollars. The business magazines, which had seen falling pages and dollars since the recession, finally saw their begin to tick back up again. The revenues of the news and business titles are essentially very close – \$1.8 billion for news and \$1.7 billion for the business titles listing with the PIB. Entertainment/pop culture/lifestyle still leads the way by far, with \$3.2 billion in revenues. 13

Magazine Ad Dollars by Select Genres

Magazine Ad Pages by Select Genres





On the whole, however, the news titles had a very good year, with increases of 10% in ad pages and 16% in ad revenues. Why was the sector so strong in this environment? In part, it reflects the group's stability and the addition of *The Week* to the titles the PIB lists. There were also no deaths among the news magazines listing with the PIB in 2004. Drops in pages among magazines may show up on charts, but they do not create the pronounced drop one sees when titles fold. Note above the monstrous drop the business field has suffered since 2000, when the tech bubble burst. The market's led to a drop in interest in daily market-watching and the collapse of the business magazine industry as well. The news sector has avoided closings and has added to the fold.

Why did news experience such a large increase in dollars (16%) while pages climbed at a slower rate (10%)? News wasn't alone in this phenomenon. Business titles had a 5% increase in ad pages, but a 13% climb in ad dollars, in large part because of where the dollars went. In weak economic times stability is a virtue, and the big titles in these sectors (*Time*, *Newsweek* and *U.S. News in news*; *Forbes*, *Fortune* and *Money* in business) all saw big increases. Such titles seem to be the first to benefit as ad dollars return after a slow economy. 14

The more interesting findings, however, concern the entertainment magazines. Here the ad-page increase, 7%, more the ad-dollar rise, 10%. Specifically, *Rolling Stone* saw a double-digit increase in ad revenues, and *Simple* saw enormous growth – 23% in ad pages and 61% in ad dollars. But the biggest name in the lackluster 2004. It actually suffered a decline in ad pages of 2% and an increase in ad dollars of only

After years of growth in titles, the numbers seem to indicate there is less room for new players to enter. In 2004, three entertainment titles dropped from the PIB listing (taking it from 21 to 18). And *People* wasn't alone in having something of an off year. *Teen People* and the music magazines *Vibe* and *Spin* all saw declines in both ad pages and ad dollars.

coming years will tell whether this is something specific to the entertainment genre, such as other niches stealing readers away, or more related to the general sluggishness of the economy. 16

After a few tough economic years, ad pages look to be solidly up across the board in 2004. And apparently the news-you-approach is headed for big growth in the form of shopping magazines. But there may be some reasons for convergence accelerates, particularly among mass-audience publications. The growth in the magazine be continuing among the niched titles, which offer advertisers more specific demographic targets.

Outside the magazine world, targeting or niche strategy is also becoming more prevalent. Cable television can tailor ads for specific channel audiences, and the Internet offers new possibilities in the targeted demographic world that until recently magazines have largely dominated. As people get more and more comfortable with reading on the Web and

sales continue to decline among magazines – as they did again in 2003 – the concern is that ad dollars will from print pages to computer screens.

Still, 2004 was a good year in the end. Ad revenues were up 11% and ad pages up 3.8%.

Where news magazines are concerned, the traditional and nontraditional titles are necessarily pursuing different

On one hand, the move toward increased targeting seems to favor the nontraditionals, which can claim smaller, more audiences. The more expensive boutique titles, such as The Economist, The New Yorker and The Atlantic, seem special advantage. Not only can they deliver to advertisers wealthier audiences, but those same better-off can supply a stronger revenue stream with higher subscription prices. Some ad numbers suggest they may be their mass-circulation competitors. Already The New Yorker and The Economist, which have much smaller the Big Three, are ahead of U.S. News and Newsweek in ad pages. And the New Yorker, which is mark in circulation, is also almost even with U.S. News in ad dollars.

For the time being, however, the biggest players in news, Time and Newsweek, with their large circulations, hold advantages over the nontraditional titles in ad dollars. And they can promise advertisers something special. In media world they can still promise a big audience of relatively well-off consumers. All audiences may be but all products are not. There are still manufacturers, retailers and pharmaceutical companies that are looking and the news weeklies offer it. In fact one might argue that the mass audience they deliver is more it was 20 years ago because there are so few ways to reach that audience today, even if it is a audience. The question for the traditional news weeklies is how long their audiences will continue to be or, more to the point, considered to be “mass.”

1. Publisher's Information Bureau data. January – December 2004 vs 2003. Excluding data from newspaper magazines. www.magazine.org/Advertising_and_PIB/PIB_Revenue_and_Pages/Revenue___Pages_by_Magazine_Titles__YTD_/10296.cfm

2. Ibid.

3. Veronis Suhler Stevenson Communications Industry Forecast & Report / Consumer Magazine Publishing, p.445

4. We did not included The Week in our numbers this year because it did not list with the Publisher's Information Bureau

5. Publisher's Information Bureau data. January – December 2004 vs 2003. Excluding data from newspaper magazines. www.magazine.org/Advertising_and_PIB/PIB_Revenue_and_Pages/Revenue___Pages_by_Magazine_Titles__YTD_/10296.cfm

6. Ibid.

7. Ibid.

8. Publisher's Information Bureau data, 1988 – 2004.

9. Publisher's Information Bureau data. January – December 2004 vs 2003. Excluding data from newspaper magazines. www.magazine.org/Advertising_and_PIB/PIB_Revenue_and_Pages/Revenue___Pages_by_Magazine_Titles__YTD_/10296.cfm

10. Ibid

11. Ibid

12. Audit Bureau of Circulations, audit report for The New Yorker.

13. Publisher's Information Bureau data. January – December 2004 vs 2003. Excluding data from newspaper magazines. www.magazine.org/Advertising_and_PIB/PIB_Revenue_and_Pages/Revenue___Pages_by_Magazine_Titles__YTD_/10296.cfm

14. Ibid

15. Ibid.

16. Ibid.

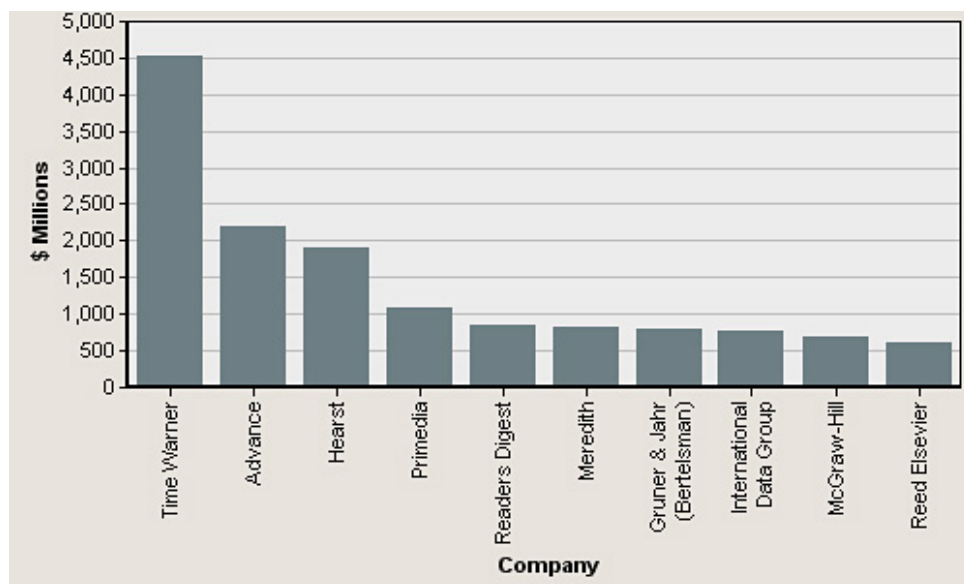
Ownership

Ownership

By the Project for Excellence in Journalism

The top 10 magazine companies in 2003 were the same as in 2002, though there was some shuffling among the ranks. Hearst, which publishes *Cosmopolitan*, *Esquire* and *O*, and Advance, the owners of Condé Nast, which publishes *Allure*, *GQ*, *Vanity Fair* and *The New Yorker*, switched spots in the pecking order, with Advance climbing to second. But in the end every company in the magazine game is playing on a completely different field from the number one company. Time/Warner is the largest media company in the country by far, owner of 32% of the magazine revenue among the top 10 magazine companies. In fact, Time/Warner alone made much more in magazine revenue in 2003 than the next two companies, Advance and Hearst, combined.

Magazine Revenue of Top-Ten Companies, 2003



Design Your Own Chart

Source: Advertising Age, Chart: 100 Leading Companies

The peculiarity of magazine industry ownership noted last year still holds true, and will for the foreseeable future absent some large merger. The biggest of the big media companies are largely forgoing magazines as potential outlets. Of the top 10 media companies overall, only Time Warner has invested seriously in the business, and that is largely an accident of history. The company is rooted in magazines; Time Inc. was started in 1923 as a magazine company, and then expanded into cable with HBO. That said, after mergers with Warner and later AOL, today only 15% of Time Warner's media revenue comes from magazines. The multimedia giant Disney is a player in the magazine game, though in revenues it places only at number 20 among magazine companies. And while the media heavyweights Viacom and News Corp. do publish magazines, they don't even come close to making the top 25 magazine companies by revenue. 2

As noted last year, the biggest media companies generally steer clear of magazines and the biggest magazine companies generally steer clear of the news genre, with of course the exception of the biggest, Time Warner. Newsweek, the number two news magazine by circulation and ad pages, is owned by the 15th largest magazine company, The Washington Post Company. U.S. News and World Report, the number three news magazine, is owned by the 25th largest magazine company, Zuckerman Media Properties. Neither of those two companies is a magazine company per se.

The Washington Post Company has its hands in many media, but is most heavily invested in newspapers, though it made an interesting play for online readers with its purchase of Slate at the end of 2004. And Zuckerman owns one newspaper and one magazine – the company was reportedly in hot pursuit of New York Magazine, which Primedia sold in 2003, but it didn't get it. 3

The Future

What does this state of ownership mean for the news sector? One impact, historically, is that it has worked against innovation. Neither the Washington Post Company nor Zuckerman has been interested in creating new titles in news. They already have players in the game, and considering their small footprint in the industry they haven't appeared interested in committing the serious money it would take to put forward a new magazine.

Time Warner is the medium's 800-pound gorilla. In theory it is well positioned to try to innovate and remake the news magazine. It certainly has advantages: a special knowledge of how the industry works, a vast stable of writers and editors and a fat checkbook. The company is also showing an interest in launching new titles. After a few years of weathering the economic storm, and the absorption of AOL, the company for two years now has been entertaining new ideas focused on news niches. In the past year it has revived and re-launched Life as a magazine inserted into 12 million Friday newspapers around the country, including some big dailies like the LA Times, the Daily News in New York and the Baltimore Sun. 4 It isn't yet clear if the plan is to spin Life off as a newsstand title if it gains traction. But for whatever reason – perhaps unease about cannibalizing Time's readership or simply more interest in other, more profitable areas – the company seems uninterested in trying something new in news aimed at new demographics.

News magazine owners have yet to take decided action in the medium that seems to be the future of the news media, the Internet. But as the shape of news media convergence gets clearer a definite pattern is developing. The big names of the old news media, newspapers and television, are also the big names in the new environment. All good-sized metropolitan daily newspapers are on the Web. The big names, like The New York Times and The Washington Post, have become large-scale national Web sites, nytimes.com and washingtonpost.com. The broadcast networks are all represented in the top 20 most visited Web sites. But the news magazines have yet to take off on the Web. And magazine owners have not yet expressed great interest in it beyond the efforts of some of the bigger owners to establish a presence for their titles there. In fact, the Washington Post Company, in a push for a bigger presence on the Web, did not expand Newsweek online, rather in late 2004 it bought Slate – a title that was born on and exists on the Web.

It may be that news magazines will be the exception to the rule on the issue of Web convergence and that the fast-moving world of the Internet doesn't jibe well with the traditional, more thoughtful magazine sensibility. It's also possible that for the news weeklies in particular, the Web is an odd fit. The medium's specialization of content stands in direct contrast to the news weeklies' move toward broader subject matter. The Web has proven helpful to some outlets, though. The Nation reports that its free Web site has proved "an invaluable source of paid subscriptions to the hardcopy magazine."

Interestingly, a few of the more successful commercial startups on the web – those launched without old-media roots – call themselves "magazines," outlets like Slate and Salon. But they do not fit with the traditional magazine model of new content every week or month. They are updated more regularly, or as news happens. If these kinds of Web sites end up being the model for magazines on the Web, it is possible that the true innovation in the magazine sector will jump right over the old print form of the news magazine and take place on line. Smaller owners could compete more easily in a world without the costs of paper and mailing and might be more able to try new ideas. It is not clear, however, how these small owners could pay for the newsgathering they would need to compete with older established titles. Slate, underwritten by Microsoft, was just sold to the Washington Post Company, and Salon is struggling to stay afloat.

Other Owners

Outside of the Big Three, ownership in the magazine world looks a bit more diverse, and there are opportunities for others to get into the field. The New Yorker, which has increasingly waded into the more "newsy" side of content, is owned by the magazine industry's second-largest player, Advance. That ownership has given the magazine some of the same advantages Time has: the ability to sell ads to an entire raft of books rather than simply one title and even the ability to consolidate things like office space – not a small concern in New York City. These advantages may be yielding dividends to the magazine, which, as we noted in the audience and economics sections, is thriving. Still, it is hard to see the New Yorker ultimately as a model for innovation in the news sector. It seems unlikely that other publications would turn to the magazine's approach of lengthy pieces that rely on a few extremely well-paid writers and skilled editors. It's also difficult to imagine there being an audience for another magazine following this formula. There is nothing, however, to prevent Advance from launching another news magazine – other than the sheer cost, of course.

David Bradley's efforts (see Content), if they follow the track of the successful Economist, could yield a more substantive change to the field. If the numbers Bradley is crunching yield a successful revenue model, particularly one that relies on

chasing a smaller, more boutique audience, it wouldn't be surprising to finally see ownership in the news genre start to look different in the years to come. The magazine industry lives by riding the current wave of success. The players in the industry watch to see what happens and move when they see someone has caught a wave – like the rise of entertainment/pop culture and “new economy” titles in the 1980s and 1990s. But someone has to be first to take the risk and find the wave.

For the moment, however, ownership among the news titles looks as stable as ever. There does not seem to be even the faintest chance that Time Warner will unload its namesake magazine anytime soon. The Washington Post considers Newsweek a critical part of its brand exposure, particularly overseas, where the newspaper carries less weight. And Mort Zuckerman, who has held U.S. News through a long down period, has shown no interest in selling it now that ad dollars seem to be creeping up and circulation has ceased dropping, at least for the moment.

Thus, any serious change in ownership in the news sector is probably going to have to come from outside the current owners.

Footnotes

1. “100 Leading Media Companies,” AdAge.com, August 2004. Companies are ranked by their total media revenues collected in the United States in 2002. The list is available at <http://www.adage.com/page.cms?pageId=1084>.
2. Ibid.
3. Ibid.
4. Figures from Life magazine. <http://www.life.com/Life/lifeabout.html>

News Investment

News Investment

By the Project for Excellence in Journalism

Increasingly, the traditional news weeklies are more synthesizing and disseminating organizations than news gatherers. And these changes can be measured in a variety of ways, from smaller staffs to fewer bureaus.

They have changed their missions from being weekly summaries of news from the world to being frames on the week's events. And increasingly, particularly when it comes to things like national affairs, they focus more on offering "takes" on the week's events rather than news. This approach, their editors argue, was necessitated in part by the rise of 24-hour news and a more competitive news environment. There simply isn't much "new" to tell people at the end of the week.

This wasn't the only road available to the news weeklies. It is not the one news weeklies have taken in other countries.

While it is correct that saturation coverage is a big part of the news environment today, that saturation is generally not very deep or wide. Some events get wall-to-wall repetitive coverage on 24-hour news networks and other stories fall through the cracks. This year's presidential election coverage is a good example. In August, as the swift-boat-veterans story dominated news cycle after news cycle, coverage of the rest of the presidential campaign was relatively light. The policy and issues that reporters claim was lost in a flood of negative campaigning wasn't really lost by the candidates as much as it was pushed out by the media outlets themselves. Every day, as any campaign reporter or campaign aide will tell you, the candidates were on the trail giving the same "what I want to do for this country" speech and finding their words lost in a blitz of topic-of-the-day reportage. In late summer and fall it was stories about the hurricanes hitting Florida. Other times it was the Scott Peterson trial or the death and funeral of former President Ronald Reagan on cable news television. Saturation coverage has given people more news at their disposal, but in some ways the traditional mission of the news weekly – a more comprehensive look at the world at large – is as relevant as ever.

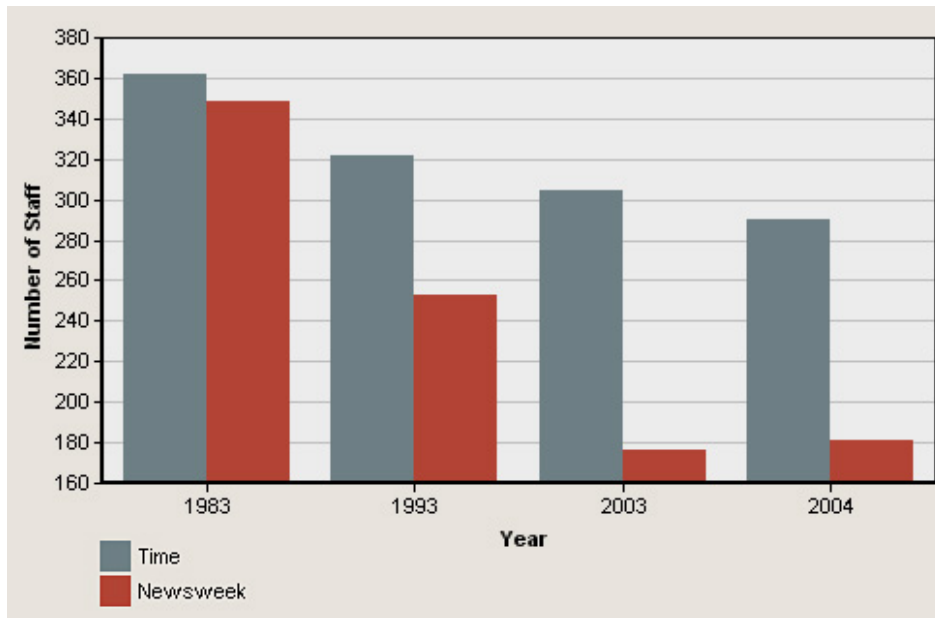
The nontraditional news magazines offer a starkly different approach to the changed news environment. The New Yorker prints in-depth looks at specific issues or ignores the primary news agenda to pursue its own, while The Economist looks at the big issue or two of the week, but also offers a broad survey of the news landscape. Both magazines, it should be noted, rely on very different staff models than the Big Three. The New Yorker grants its writers enormous amounts of autonomy to find, report and write the stories they are assigned – then pays them handsomely. The Economist, with a significant staff in bureaus all around the world, also turns to stringers to fill out its pages with stories that other news organizations ignore.

The Big Three, however, have largely stuck with the reduced version of their staffing approach, even as their mission has changed. Faced with a new news environment, the Big Three have decided largely to chase the same big stories the rest of the news media pursue. The weekly titles add to those stories by layering on top of them a broader vision and tone – "the voice from the mountain" as it is sometimes called. This approach means a few things. It means that covers of the Big Three largely mesh with the national zeitgeist and the mass news media coverage of various "hot topics." News coverage and reportage still matter, of course. But this style of coverage means having a staff made to a large extent up of generalists who can be thrown into, say, a government story one week and a crime story the next. Because everyone is chasing the same few big stories, new big facts and reportage are more difficult to come by and pieces often wind up being a collection of small "exclusive" details folded into a "smart take."

Staffing

News Magazine Staff Size Over Time

Time and Newsweek select years 1983 – 2004



Design Your Own Chart

Source: Project for Excellence in Journalism from magazine staff boxes

The trend toward sizable cuts in newsgathering most continued at news magazines in 2004.

To assess this, one of the few measures available is the information that the magazines themselves offer the public in their mastheads. We went through this exercise systematically in our inaugural report last year and found significant shifts and reductions in resources at the news magazines over time. This year, we again analyzed the magazines' own counts of their staffing and found further notable reductions.

Time shed 14 staff members in 2004, with small cuts from several areas. The Washington bureau lost two people, as did the bureau in New York City. The magazine also shuttered its Atlanta Bureau. And three letters correspondents, those charged with receiving and responding to reader comments, disappeared from the masthead. In all, Time now lists 290 staff members devoted to putting out the weekly magazine. ¹

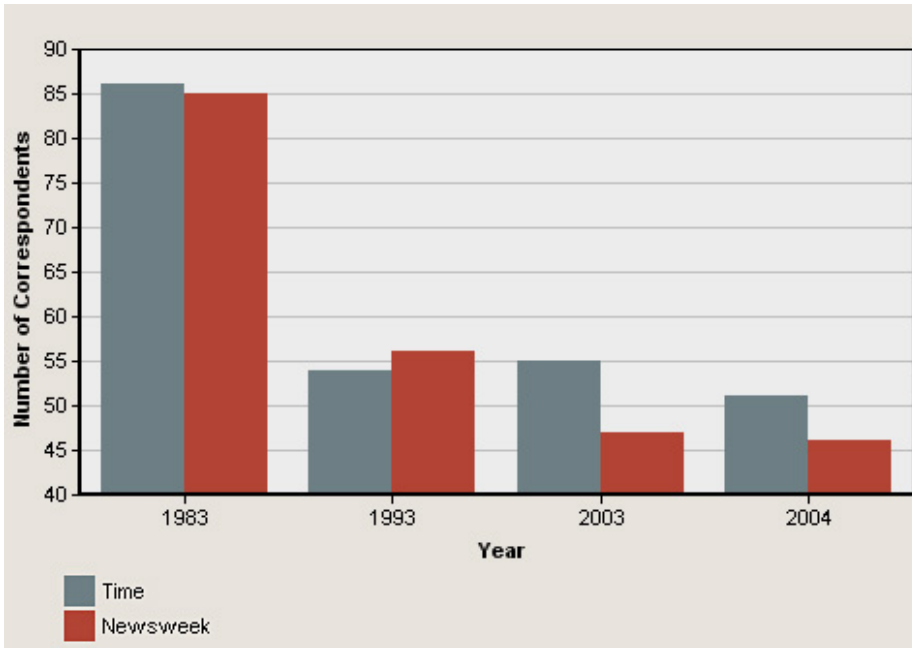
Newsweek actually had a small increase in overall staffing in 2004, adding four people, according to its own accounting in the magazine. The question is whether the number will continue to rise next year or if it is just a blip. If the number continues to climb, and comes in the right areas, it may signal that the magazine is willing to invest more in reporting again and that its managers and editors are ready to be more aggressive in seeking out stories. In all, Newsweek now lists 181 staffers devoted to putting out the weekly magazine. ²

In terms of bureau staffing, however, both magazines saw small declines. Time shed four spots and Newsweek one.

Bureau costs obviously extend beyond staffing, however. And the number of offices each publication maintains worldwide is an equally critical measure of news-gathering potential: living in a community full-time offers brings understanding, context and the ability to witness the twists and turns of slow, evolving stories and not just fast-breaking ones.

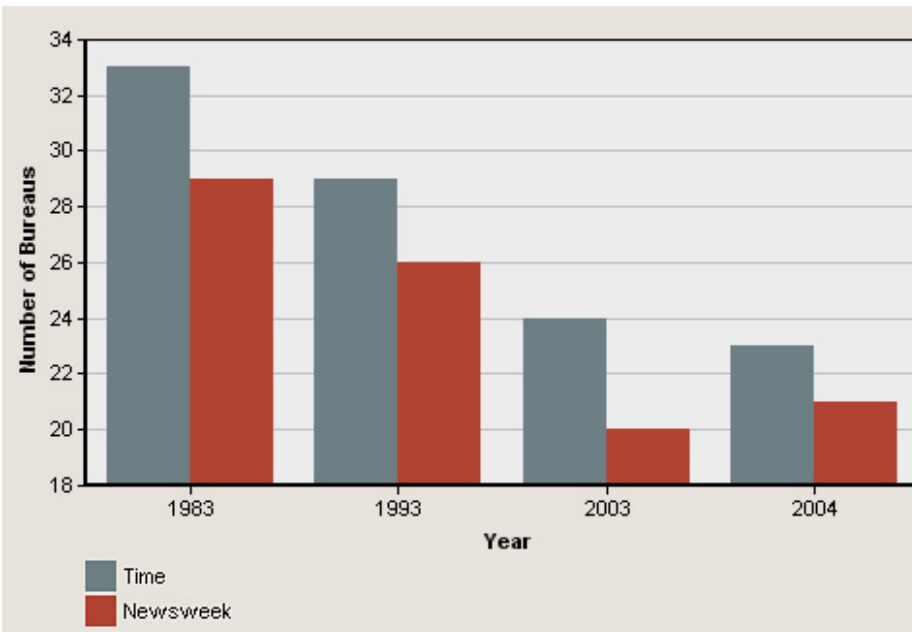
Time also scaled back on the number of bureaus it operates, going from 24 to 23, closing offices in Atlanta and Nairobi, but adding one in Johannesburg. ³ Newsweek bucked that trend and added a bureau in Baghdad to cover the reconstruction of Iraq, bringing its total to 21. ⁴ But it didn't add a correspondent for the new bureau, instead reassigning its "correspondent at large" to occupy its office in the Iraqi capital.

Number of Correspondents in Bureaus Over Time
Time and Newsweek select years 1983 – 2004



Design Your Own Chart
Source: Project for Excellence in Journalism from magazine staff boxes

News Magazine Bureaus Over Time
Time and Newsweek select years 1983 – 2004



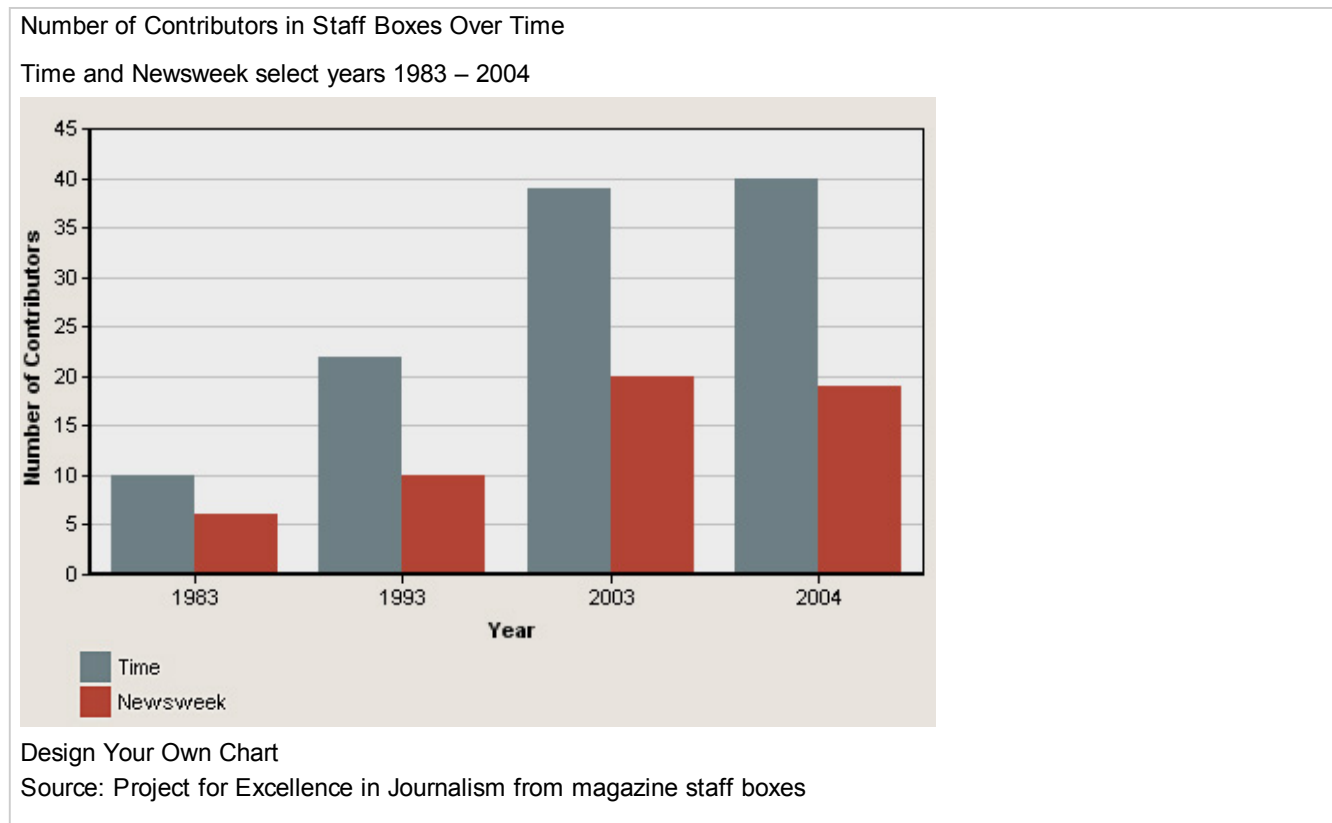
Design Your Own Chart
Source: Project for Excellence in Journalism from magazine staff boxes

The numbers suggest that the magazines are at a relatively stable time in staff and reporting investment. They are also at relative parity. As international events have become more important to the nation and more a part of the news cycle, both Time and Newsweek have been cautious about opening new news-gathering offices abroad.

Contributors

As the news magazines have reduced staff rolls in recent years, they have tended to add to the list of people they call contributors, a more nebulous category of staff. The contributors list can offer a way to save costs, scaling back full-time staff members in favor of part-timers for special writing needs. It's also a way to hold onto staff people who are interested in pursuing other options.

The number of contributors stayed mostly unchanged in 2004, with names going on the list and coming off – Time added one and Newsweek subtracting one – though one of the names on Time's list is notable. Margaret Carlson, a former senior writer, moved onto the contributor list. 5



As we mentioned last year, the contributor list is interesting not only because of the way it has grown in the past 20 years, but also because of who is on it. Time's list, which is full of well-known writers and personalities, stands in contrast to Newsweek's, which is home to many former magazine staff members. 6

Conclusion

In the end, without either a complete restructuring in how they staff themselves (turning more to stringers) or a change in what they see as their central mission, it's hard to see how the Big Three magazines will reclaim their role as original newsgathering entities rather than interpretive ones. With their smaller staffs it is increasingly difficult for their correspondents to go out and get different non-prominent stories while running down the hot stories of the week on an expanded playing field – not just news, but entertainment, business, lifestyle, science and technology. In short, because of economic choices they have made, the news magazines are now built to follow the big stories of the week, rather than focus on enterprise, to be reactive rather than proactive.

The nontraditionals, which view their mission as essentially different from that of the traditional news weeklies, rely on markedly different staffing approaches, both from the traditionals and from each other. The New Yorker's staff is a small group of writers and primarily editors on the 20th floor at 4 Times Square who edit copy that comes mostly from a set group of contracted writers around the globe. The Economist hews more closely to the traditional form of news magazine staffing, with offices in cities around the world that focus on their geographic home bases. But the two magazines share one trait, the welcoming of contributions from stringers and freelancers. That allows them to avoid some of the overhead associated with big worldwide staffs, and leaves writers more in charge, in a way that pushes them to find stories that other media outlets might miss.

Footnotes

1. Time staff box, May 24, 2004
2. Newsweek staff box, July 26, 2004
3. Time staff box, May 24, 2004
4. Newsweek staff box, July 26, 2004
5. Time staff box, May 24, 2004
6. Newsweek staff box, July 26, 2004

Public Attitudes

Public Attitudes

By the Project for Excellence in Journalism

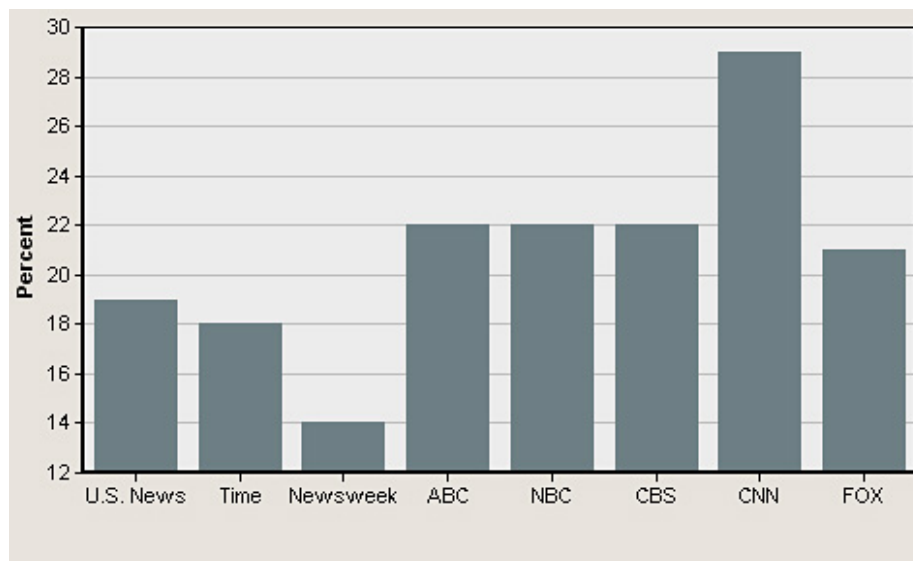
In a world that is increasingly flooded with information, news magazines, particularly the weeklies, would seem well positioned for success. Their unique position in the media culture as synthesizers and summarizers is arguably needed more now than ever. Increasingly, however, survey data show that the declining interest much of the news media are facing is being felt in the magazine industry as well.

Credibility

The public “believability” numbers for the weeklies have been declining even faster than the rates at which they have lost readers. They now score better than many newspapers, but the Big Three news magazines rank below all the network news organizations and beneath CNN and Fox News cable outlets, according to surveys from the Pew Center for the People and the Press. ¹ To be fair, these numbers may somewhat overstate the problem. News magazines have fewer people reading them, and non-readers tend to say they “don’t know” if they trust the reporting, rather than trusting or not trusting.

Who the Public Believes

Percent of people who say they can believe most or all of what each outlet reports.



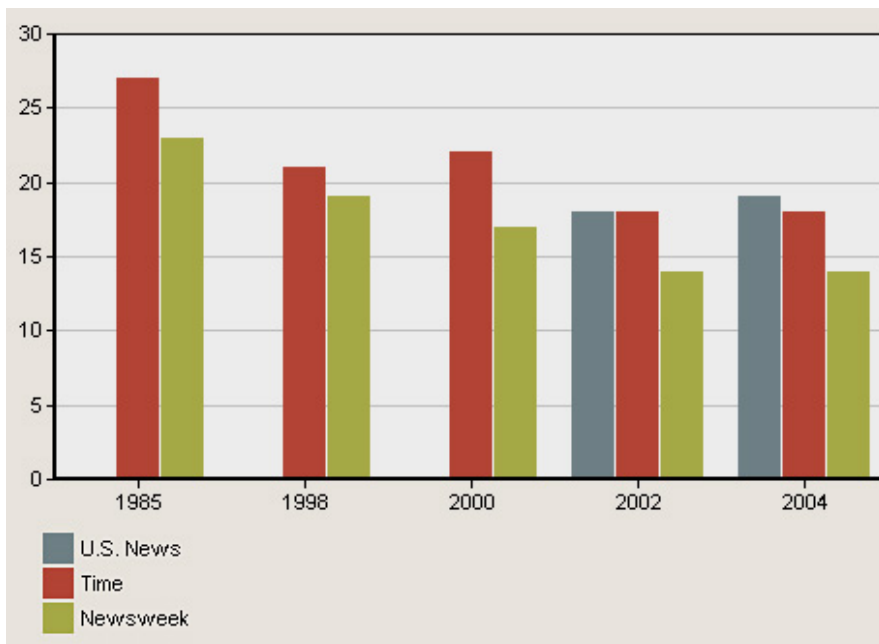
Design Your Own Chart

Source: Pew Research Center for the People and the Press, News Audiences Increasingly Polarized, June 8, 2004

These numbers are in some ways particularly damning for the weeklies. Freed from the constraints of daily or even hourly deadlines, their copy should in theory be much cleaner than that of their brethren in the electronic media. Instead the weeklies, while scoring higher than daily newspapers, seem to receive little credit for being more accurate. This may be due to their turning away from reporting events and toward “framing” and analyzing the news, as well as turning toward increased coverage of entertainment and lifestyle topics. The surveys found that magazines featuring lighter fare consistently scored lower than hard-news outlets on credibility.\

News Magazine Believability Over Time

1985 – 2004, Select Years



Design Your Own Chart

Source: Pew Research Center for the People and the Press, "News Audiences Increasingly Polarized," June 8, 2004

*Question: How would you rate the believability of ____ on a scale of 4 to 1?

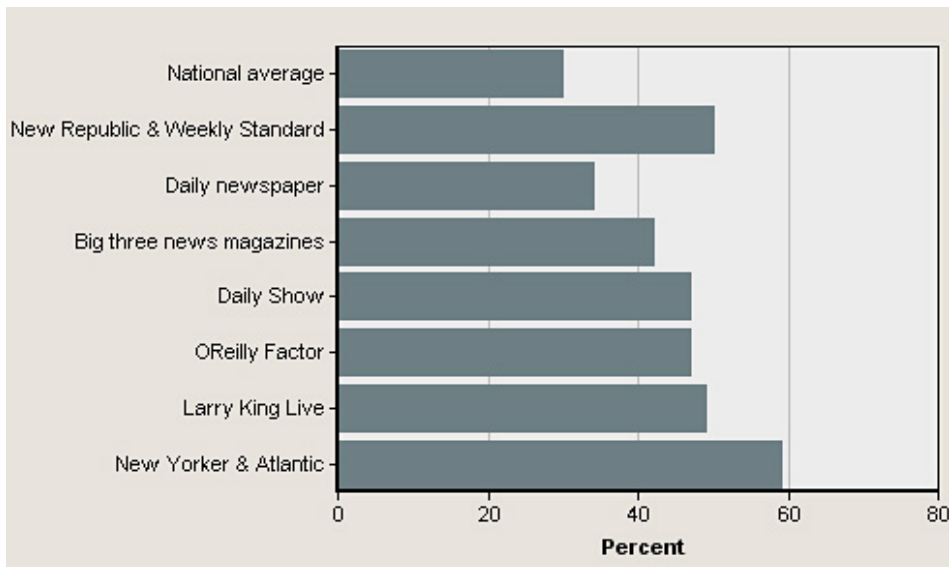
Interestingly, U.S. News, the magazine that content analysis shows contains the most hard news, is ranked highest of the three news weeklies in believability. ² It is also the only outlet that has had an increase in its credibility scores. The difference is slight, though, and the magazine also has the shortest trend line.

What Readers Know

One last interesting measure of the news weeklies' audience – their knowledge on current events – is revealing. As part of its survey, the Pew Research Center for the People and the Press asked people four basic questions about current events in 2004 – questions ranging from the Martha Stewart verdict to the number of U.S. casualties in Iraq. Only 42% of readers of the Big Three got all four questions right. That number places their audience behind viewers of Larry King Live, the O'Reilly Factor, and even the satirical Daily Show. It also places them far behind the audience that scored best on the quiz, readers of two nontraditional news magazines we studied, The New Yorker and The Atlantic, 59% of whom knew the answers to all four questions. ³

What Audiences Know

Percent of 'regular' audiences answering four current events questions correctly



Design Your Own Chart

Source: Pew Research Center for the People and the Press, "News Audiences Increasingly Polarized," June 8, 2004

* Questions: Do you happen to know which political party has a majority in the U.S. House?, Do you know the name of the terrorist organization that is responsible for the September 11th attacks on the United States?, In the recent trial involving Martha Stewart, can you recall whether (read possible outcomes)?, Since the start of military action in Iraq last March, about how many U.S. soldiers have been killed? To the best of your knowledge, has it been under 500, 500 to 1000, 1000 to 2000, or more than 2000?

Without knowing what overlap, if any, exists between the audiences listed, it is hard to come to hard conclusions about what these numbers mean. But one reading of the data suggests that there are still audiences out there for the news magazines to mine – audiences interested in news. For instance, the news knowledge of the relatively young viewers of Comedy Central's Daily Show indicates that younger readers aren't avoiding all contact with current events. Indeed the younger viewers of the show, which Comedy Central says are 78% more likely than the average adult to have four or more years of college, are up on current events. ⁴ They simply choose not to read the traditional news magazines because they lack time, they don't like the structure or tone or perhaps they don't like to read to get their news. The wide gap in knowledge between the audiences of the traditional weeklies and those of The New Yorker and The Atlantic suggests that these nontraditional formats may have an edge with knowledgeable news consumers.

Footnotes

1. Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized." Question 22.
2. Ibid.
3. Pew Research Center for the People and the Press, "News Audiences Increasingly Politicized." Questions 41 -44. "Attitudes Toward News" section.
4. Comedy Central press release, September 28, 2004.
http://www.comedycentral.com/press/pressreleases/release.jhtml?f=09_28_04_daily_show_bill_o_reilly.xml

Conclusion

Conclusion
By the Project for Excellence in Journalism

After years of stability, the news magazine genre may be on the cusp of significant change. Recent years have witnessed two trends. Nontraditional news magazines, titles other than the Big Three news weeklies (Time, Newsweek and U.S. News and World Report), have been experiencing circulation growth. At the same time the traditional titles have witnessed stagnant and declining audience numbers. And together those trends may finally be beginning to lure new, more direct competitors to the Big Three magazines into the market. The publisher David Bradley is eyeing a move into the news weekly market with an entry reportedly built somewhat on the model of The Economist, one of the nontraditional news magazines enjoying circulation growth.

That doesn't mean the news sector is going to be turned upside down overnight, if ever. Any new competitor starts from zero in circulation and has to build a reputation with readers. The traditional news magazines start any contest with millions in circulation, long histories and, one would imagine, a certain amount of loyalty from subscribers. They are able to charge higher ad rates because of their subscriber bases. They have staffs they've built over time and brand names that sources know and identify with. Those things will be critical to the traditional titles in staving off the challenge of any newcomer.

Beyond the issue of fighting off challengers, however, the news weeklies seem to be stuck on something of a troubling course. As they try to hold onto their mass audiences by broadening and lightening content they face two logistical problems. First, in their efforts to chase the mass audience, they may be pushing away more serious hard-news devotees. Second, as they broaden their content, they are ultimately pushing against a much larger trend in the media overall, namely targeting and specialization. The approach the traditional titles are pursuing seems to follow the model of the television network, a medium that provides a wide range of content but doesn't really stand out in any one area. In other words, if one is looking for celebrity news or health news or science news, what is the expertise that the news weeklies provide? These topics have traditionally been made cover stories because of their ability to bring new or different audiences to the pages of the news weeklies. But newsstand sales are declining across all magazine types. And as niching and specialization grow, it seems less likely that readers will turn to Time or Newsweek for stories on things like sleep deprivation or even the summer's biggest movies.

And as we wrote in the 2004 Annual Report, there does appear to be a growing national market for more serious news coverage and for elite media that cross platforms – cable, newspapers, magazines, etc. These outlets, which include magazines like The Economist and The New Yorker, seem to recognize this trend as well. They advertise for themselves on other elite media outlets. It is not uncommon to see ads for The New York Times on BBC America television or offers for The Economist in the Times, or ads for the Times on The Economist's Web site. The big question for these new elite media is whether their audience is large enough to support more titles and voices.

For news magazines in particular the question is whether the elite audience is interested in a revitalization of the traditional news weekly format, or more comfortable with turning to the nontraditional titles already in existence.

For all the news magazines, however, the biggest long-term problem may be one of demographics. Their audiences are graying across the board. How do they bring in younger readers who are interested in the news, but who do not normally turn to magazines for current events coverage and context?

The answer is probably complicated. Studies show this younger audience is the most comfortable with using the Internet to get news. It is also the audience that was raised with 24-hour news networks. Some of the problem with attracting these readers may indeed be the fact that the print medium is not one they're comfortable with. But it could be that the content is pushing them away, or at least not inviting them in. Reaching this audience will take effort, and probably a new approach to the news magazine model. It doesn't seem that bigger photos or lighter coverage is drawing them into the traditional books, and text-heavy reported pieces don't seem to be bringing them to the nontraditionals either. And this

audience has come of age in a time when the lines between opinion and straight news have become blurred – the age of talk radio and debate-show television – so a formula for reaching them might involve more opinion-tinged writing.

That seems to be the way much of the news media is going in the beginning for 2005. One thing the year 2004 seemed to show, in everything from documentary film to book publishing, is that there is a mainstream market in the American public for argumentative current-events coverage. In an election year, the Blue America (liberal) versus Red America (conservative) discussion may have been beaten into the ground and it be indeed may be overly simplistic, but box office receipts and book sales seem to show there is at least a nugget of truth to the idea. The challenge for magazine publishers may be how to capitalize on this trend and gather more readers while still creating true, honest journalism.

Guest Essay

Guest Essay

Times are Changing.

By Samir A. Husni, Ph.D.

Times are changing, and so are Time, Newsweek, and U.S. News & World Report. A recent ad for Time featured 12 of its recent covers in an effort to entice readers to subscribe to the magazine. Not a single cover dealt with a hard-news story. From sleep to diet, from doctors to patients, and from religion to yoga, the newsweeklies in 2004 were catering to every need, want and desire of their audience. In doing so, they were in tune with the rest of the magazines of 2004. And what a year for magazines 2004 was! Not since 1998 has the magazine industry witnessed the birth of more than 1,000 magazines in a single year.

And unlike 2003, when there was a lack of quality of new magazines on the newsstand, 2004 saw many quality launches. Major publishing companies got back into launching new titles. Time, Inc. launched six: Cottage Living, Find, Life, a rebirth, Your Diet, Suede, and All You, created especially for Wal-Mart stores. F & W Publications, which bought Krause Publications in 2002, is now expanding into anything dealing with do-it-yourself projects from writing to woodworking. Conde Nast is cornering the shopping-magazine market with Lucky, Cargo and Vitals, and Cookie is on the way. PRIMEDIA is establishing itself as the premier hobbyist publishing company. Ziff Davis is trying to reach the younger audiences with Sync. That's not a bad move, since the average reading age is now 14 years.

There was little movement in the top categories launched; still topping the list with more than 130 titles were publications devoted to crafts, games, hobbies and models. The epicurean category was a close second. But for the first time sex was out of the top 10. Moving into its place was the ethnic category, which has been augmented with the influx of Hispanic titles. Meredith is set to join the in 2005 with a new women's magazine aimed at this market.

One of the most intriguing details in the 2004 data is pricing: The average cover prices of the new magazines introduced rose above \$6. That was true even though magazines such as All You had a cover price of a mere \$1.47. Offsetting the low ones were 49 magazines with a cover price exceeding \$10. And most of the startups actually give a lot more bang for the buck to readers. Their folios may be small, but their ad/edit ratios are a reader-friendly 15/85, instead of the ad-crammed 50/50 (or more) of established magazines.

Another major area of interest is the increase in the number of magazines in the consumer market. That number has tripled in the last 25 years, from only 2,000 titles to over 6,000. Needless to say, the 4,000 new ones are not covering new areas, but rather largely duplicating existing information.

For example, back in 1980 anyone interested in tattooing could find three magazines on the subject. Today there are more than 22. A few years ago, one weekly magazine dealt with celebrities and gossip. Now we have four, with at least two more coming to the marketplace soon. Rather than reinventions of the wheel, there has been a lot of duplication. Almost every category on the consumer side of the magazine business has witnessed this kind of increase.

And the new titles keep coming. You won't hear a cry anywhere in our industry that there's a shortage of information. On any subject you can think about, dream about or even have nightmares about, there is a magazine. We have what I call "information clutter." There's no end in sight, and technology is only adding to the clutter.

Research shows that people spend 45 minutes with their favorite magazine. The question is how they spend those 45 minutes. As the bombardment with information grows, the content of magazines is moving toward softer news and shorter stories with more pictures, graphs and blurbs. And we are not just talking about magazines like Maxim, The Week, and InTouch, although those have ignited the flames of change.

News magazine readership among people under 35 has dropped from 44% to 28% percent. To combat declines in readership, magazines such as Time and Newsweek are using more graphs and charts to convey information that is easier to digest. It seems as if the designers at the newsweeklies are constantly looking at new magazines like Blender

and Life & Style Weekly to get inspiration to engage their readers – popcorn, as they call it because it's quick and easy to digest. Entertainment and celebrity news accounts for 22.8 percent of content in all magazines; large news magazines lead with softer stories and have dropped their national affairs pages by 25 percent in recent years.

That doesn't mean that people won't read long articles. Just look at the Harry Potter books, at 700-plus pages without any pictures. What it does mean is that people won't read stale or boring articles. The reader of the future will no longer scan the magazine but will fly through at supersonic speeds, meaning magazines will have to package that information in a way to allow supersonic reading. In short, our emphasis is going to be on the business of selling content, and the creation of that content through intelligent reporting, new gathering, editing, packaging and design, regardless of the magazine's delivery method.

In the end, the ultimate goal is to create timely, yet timeless, addictive information that answers the simple basic question: What is in it for me?

Samir A. Husni, Ph.D., heads the Journalism Department at the University of Mississippi and is known in the industry as Mr. Magazine™.

Journalism.org

The State of the News Media 2005

Radio – Intro

Intro
By the Project for Excellence in Journalism

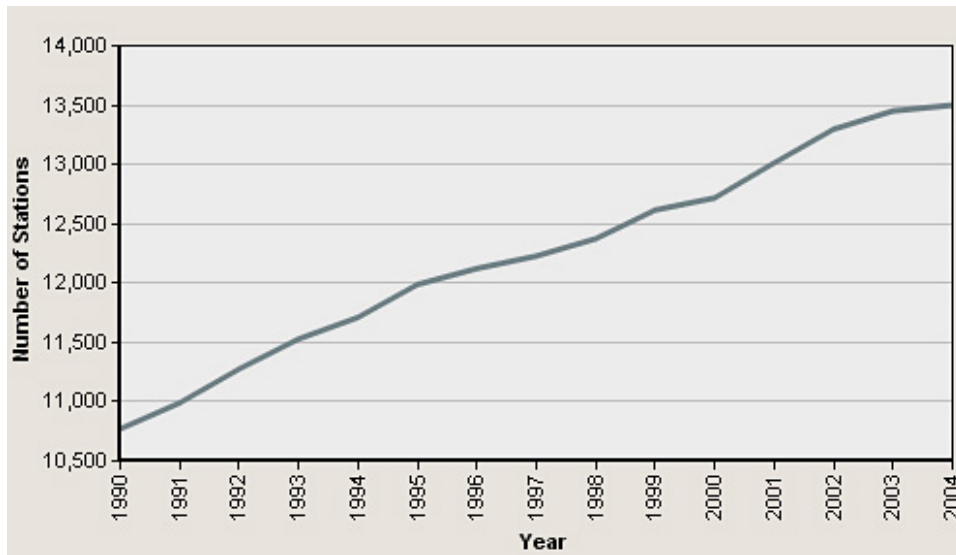
Most media analysis tends to focus on seismic shifts. Plummeting viewership. Skyrocketing profit margins. Grand scandals. Declining public trust.

Radio is interesting in part because it tends to defy such characterizations. Its struggles and transformations usually occur just below the surface. Change is based on gradual progression, and, if we were to watch only the numbers, 2004 would be viewed as a year of seeming, even dull, stability.

Take the most straightforward of statistics, the number of radio stations.

Number of Licensed Broadcast Radio Stations

1990 to 2004



Design Your Own Chart

Source: FCC quarterly reports

FCC figures indicate an increase of only 26 licensed broadcast radio stations in the past year. Contrast this to 154 stations that gained licenses the year before, 284 between 2001 and 2002 and nearly 300 between 2000 and 2001. Even the media giant Clear Channel, the industry behemoth, made virtually no gains on the radio dial this year.

The numbers for audience and even revenue and profit in 2004 reveal similarly incremental though not inconsequential moves. Historically, that has been why radio has tended to fall to the background of most discussions about the media. One of radio's most dramatic shifts of recent times, the massive acquisition of stations by Clear Channel in early 2000, went relatively unnoticed by the general public as it was happening. The average citizen's daily interactions with the medium experienced no real change except, perhaps, a format change on a once favorite alternative or oldies station.

So much for what is seen on the surface. In reality, 2004 may well turn out to be one of modern radio's most transformational years. And this time the evidence suggests the public can't help but have noticed.

Until this year, most of the attention in radio has focused on consolidation. In 2004 the list of worries and points of interest suddenly expanded. There was the revival of the government's concern with indecency. There was a change of voices, with the movement of one of news radio's best-known anchors and three of radio's most popular shock jocks into satellite radio, the launch of a liberal talk network and the well-publicized movement of one of radio's biggest players into Spanish-language programming. What's more, 2005 began with two of the top companies writing-down the value of their stations.

It was also a year in which satellite radio began demanding some attention of its own. Since the first rumors of the new medium in the early 1990s, "terrestrial" broadcasters, as the traditional field has come to be known, have been casting a dismissive gaze toward radio's newest evolution. Now, with its popularity growing, that look would seem to be giving way to a certain degree of worry, if not panic.

So while radio might continue to project the image of media's most stable player in most statistical senses, great changes are taking place up and down the dial.

At the same time, when it comes to radio as a medium for news, some who know the most have begun to have their doubts. ¹ As we noted last year, the medium that was once fundamentally local in nature has become fundamentally national. While research shows that people don't change the channel when the news comes on their music station (see **2004 Report, Radio: Audience**) getting snippets of incidental news is different from seeking out the world. How many people really rely on radio for news? That is harder to pin down. But it is hard not to think that the decline of radio news is not a self-fulfilling prophecy. Since there is so little radio news today— especially local news— and what is there is so abbreviated, how could Americans rely on it? National Public Radio and Minnesota Public Radio may be the exception, but how much meaningful local news are their affiliates able to produce?

Footnotes

1. This point was raised explicitly by Robert Papper, Professor of Telecommunications for Ball State University during his review of this chapter of The State of the News Media 2005 report.

Content Analysis

Content Analysis

One of radio's strengths is its universality. It enjoys widespread use that cuts across demographics of race, age, gender and, perhaps most beneficial to its continuing vitality, economics. Because of that wide-reaching following and because of the impact of media consolidation on programming and broadcast content, any changes in the medium potentially affect millions of Americans.

While the Project did not conduct a content analysis of radio in the same fashion as it did with the other media sectors analyzed in this report, stories about the state of radio content were not difficult to find. More often than not, they were splashed across front pages. It was a change of pace for the medium used to sitting in the background.

We will focus this year on four of the most prominent changes in the content of radio: the FCC's renewed enforcement of broadcast decency regulations, the potential (though not yet certain) impact of satellite radio, the launch and first months of Air America, and the changing voice of NPR.

Indecency Regulations

While few realized it at the time, perhaps the biggest impact on radio content for 2004 began not on radio, but on television. The incident that brought the phrase "wardrobe malfunction" into the national lexicon, the baring of Janet Jackson's right breast during the Super Bowl XXXVIII halftime show in January, brought instant public attention to the simmering issue of broadcast decency standards.

Sitting at home watching, the Federal Communications Commission's chairman, Michael Powell, had the same shocked reaction that was taking place in living rooms across the country. The year before, Powell had earned a reputation for wanting to rid corporations of regulations, which he considered costly burdens on their market freedom and First Amendment rights. In Jackson's wardrobe malfunction, however, he discovered something the FCC for more than nearly two decades had shunned – a desire to regulate the content of the public airwaves.

The politically embattled FCC head, some skeptics charged, had also found in the incident an issue that had public support. Powell and the FCC took the public outcry as a signal that broadcasters had gone too far and it was time to rein them back in. (On September 22, 2004, the FCC reported having received 540,000 indecency complaints, a record, about the incident.) Whatever the motivation, Powell's embrace of regulations here was new.

Within days of the Super Bowl incident, the FCC responded with new "zero tolerance" indecency standards. While some of the public was rushing to the Internet for a closer look, or replaying the incident on their TiVos, broadcasters began strategizing. For the most part, though, they focused on how to avoid the risk of being fined, not on clarification of what some complain are ambiguous FCC guidelines about what constitutes "indecent" content. ¹

A March 2004 article in *Billboard* reported that "The FCC's current guidelines consider three criteria when determining whether something is indecent: the explicitness or graphic nature of the description of sexual or excretory organs and activities, whether the material dwells on or repeats at length those descriptions and whether the material appears to pander to (sic) or is used to titillate or is presented for shock value." ²

Some critics have said the new focus has failed to address the real issues of on-the-air decency – the fixation with sex in media. The media critic Wayne Friedman, in *MediaPost's TV Watch*, noted that "a study released...by the Kaiser Family Foundation...found 67% of American parents thought the [Jackson] incident was of 'no consequence.'" ³ Rather than a flash of bared breast, "the same study said 60% of parents were concerned about the amount of sex their children are exposed to on TV..." ⁴ In other words, Friedman wrote, "parents seem more concerned with other suggestive content in primetime shows than one fleeting breast of a pop singer." ⁵

In late September 2004, the FCC's five commissioners unanimously agreed to fine CBS a total of \$550,000, the largest fine ever for a television broadcaster. It was based on a fine of \$27,500 for each of 20 CBS-owned television stations and

did not, in spite of rumors to the contrary, bring fines against some 200 CBS affiliates who also aired the show but are not owned by Viacom⁶ (CBS's parent, which also owns the radio broadcaster Infinity).

On October 13, the FCC seemed to be staking out broader territory when it announced that it was imposing a \$1.2 million fine on the FOX Network for content included in the reality program "Married by America." The show, broadcast during the so-called pre-10:00 p.m. "family hours," showed images of nude female dancers interacting with the male guests at a bachelor party. The network obscured any nudity with digital blocking and prefaced the episode with a standard warning that the content of the show would not be suitable for younger viewers. But the FCC, which reportedly received 159 complaints about the episode (quite a few less than the Janet Jackson incident, and even the FCC's method of counting complaints is being questioned), has said that the digitizing of the images was insufficient and the sexual actions taking place between the dancers and the men were sufficiently explicit to warrant the fine.⁷

Radio has also had its share of problems with decency. Long before Jackson and Timberlake appeared on the fifty-yard line, radio had shock jocks like "Bubba the Love Sponge," whose program reportedly once included the on-air castration of a pig. The argument could rightly be made that Jackson's half-time show appearance was simply the straw that broke the camel's back. But Jackson touched off a far more widespread public discussion of the decency question than ever before. And that very public discussion, along with very heavy fines, has had a very real effect.

Less than a month after the MTV halftime show, The Associated Press reported that Clear Channel Communications was initiating its own "zero tolerance" policy for its radio stations and subsidiaries. It said the policy would "include company-wide training and automatic suspensions for anyone the FCC alleges has violated indecency rules on the air. 'If the FCC accuses us of wrongdoing by issuing a proposed fine, we will take immediate action,' [Clear Channel President and CEO Mark] Mays said. 'We will suspend the DJ in question, and perform a swift investigation. If we or the government ultimately determine the offending broadcast is indecent, the DJ will be terminated without delay.'"⁸

The guidelines have caused some stations to re-evaluate and, at times, re-edit song lyrics. Some observers see a chilling effect that, at least occasionally, has gone too far. In one instance, an attorney told Danny Miller, co-executive producer of Fresh Air (a radio program produced at Philadelphia public radio station WHYI) that the program should not play a song by the singer Nellie McKay because it contained the word "sucks" in its lyrics. While the word was not used in a sexual fashion in the song, the attorney said, the word itself could be construed as having a sexual meaning. Fresh Air played the song but edited it so that the offending word was sung backwards—"skcus."⁹

At another NPR station, KCRW-FM, Santa Monica, the commentator Sandra Tsing Loh was fired for an incident that stemmed from an editing error. During the course of a piece about her husband's performance at a rock concert, Tsing Loh used a four-letter expletive that was to be removed or "bleeped" before broadcast. The editing never took place and Tsing Loh was fired shortly after the piece aired. She was later offered her job back but declined.

The largest radio decency uproar in 2004 came in February, when Clear Channel dropped the popular and controversial shock jock Howard Stern from six of its stations. The media organization was facing a \$495,000 fine from the FCC (in July the A.P. reported that Clear Channel had reached a \$1.75 million agreement with the FCC to resolve indecency complaints that included, but were not limited to, Stern).

The result hardly hurt Stern. Infinity Broadcasting added nine markets to the thirty-odd where Stern was still broadcasting (including four where Clear Channel had dropped Stern), and his ratings went up.

But Stern, who after all is called a "shock jock" because he likes to push against the establishment, didn't stop there. The radio personality came out against what he called the FCC's "witch hunt" and the ties between Clear Channel and the Bush administration. In an article on the CNN.com website, Stern was quoted as saying, "Clear Channel is very tied to the Bush administration...Clear Channel for years has been defending me...I criticize Bush and then I'm fired... They acted out of politics."¹⁰ In a Los Angeles Times article, Judy Rosen noted that after the Clear Channel incident, Stern's revamped Web site looked "more like Mother Jones than Maxim."¹¹

A scan of the Web site on August 12, 2004, included, alongside a link to photos from a party in Pam Anderson's hotel room, articles about Iraq, multiple articles on George W. Bush, Ohio's value as a swing state and a link to register complaints with the FCC with a list of shows that have had indecency claims brought against them.

Stern, who has 8.5 million listeners, also has a record of political advocacy, including support of Governor George Pataki of New York and of Christine Todd Whitman, former head of the Environmental Protection Agency and before that governor of New Jersey. It has been suggested that the "frat boys" who supposedly make up Stern's listening audience are in fact very coveted swing voters.¹² (It should be noted that by December 23, 2004, Stern's homepage was back to its old mix – with galleries of "Porn All-Stars" and Ms. Amputee 2004 and promotion of Stern's forthcoming projects eclipsing links to two FCC stories.)

Clear Channel's action against Stern's show also led to wide speculation that he and other controversial radio personalities would soon abandon the over-the-air radio system in favor of the more flexible, cable-like format of satellite radio. On August 5, 2004, XM Satellite Radio announced that the shock jocks "Opie and Anthony" would be taking their show to one of the satellite network's premium pay stations starting October 4. Opie and Anthony, some may remember, are the former WNEW-FM morning-show personalities who were pulled from the air and fired by Infinity for broadcasting graphic audio of a couple having sex in St. Patrick's Cathedral.

By early October Stern announced that he too would move to satellite radio.

Regardless of what one thinks of Stern, his defection from the public airwaves and his publicly stated contempt for the FCC constitute something of a "shot heard round the world" for radio. The idea that one of the medium's biggest celebrities would declare the medium dead (and name the FCC its murderer) and then head to satellite affects the entire industry.

Is this what the new vigilance on the part of the FCC will mean? What is the future of traditional "terrestrial" radio in a climate that seems increasingly confusing and fiscally dangerous for broadcasters?

At this point, it's hard to know for sure.

What seems more certain entering 2005 is that the new impetus of the FCC to regulate decency will inevitably become entangled with advances in technology that are creating new radio. That is the real challenge for policy makers, particularly for whoever succeeds FCC Chairman Michael K. Powell, who in January announced his resignation to pursue other paths. His embrace of morality through regulation – and by extension the FCC's – collides head on with the passion for technology that led him to be a champion of deregulation.

The question is how (and whether) government can balance moral values and concern for the public interest with a philosophy of free market and free speech.

Satellite Radio

The second major development of 2004 was satellite radio's move from a curious technology most people had never heard of to the Next New Thing. Big names were joining its ranks. Major business publications were doing cover stories about it. And, while some in old media turned out to fight it in Congress, the biggest terrestrial radio company made sure it wouldn't miss the satellite boat.

From the perspective of the listener, satellite radio may not seem very different from terrestrial radio. It's an audio broadcast received through a receiver. Unlike traditional radio, however, content is broadcast not from ground-based antennae but from satellites, allowing radio stations to be broadcast — virtually uninterrupted — nationally (see **Sidebar**).

Currently, two satellite radio networks are competing in the U.S., XM and Sirius. Their appeal, like that of the Internet or cable TV, is that they are the ultimate niche form of radio. XM, the industry leader, offers subscribers 122 different narrowly targeted channels for about \$10 a month. Want to hear music from the 1940s? They've got that channel. Want the Nascar network? It's here. Boston weather and traffic? All yours. Sirius, launched about a year after XM and the smaller of the two, offers its own collection of 120 stations.

Many involved in radio are quick to point out that by sheer numbers, satellite radio hasn't arrived yet. An October 1, 2004 press release from XM announced that the company had exceeded 2,500,000 subscribers as it closed its third quarter. Sirius announced its subscriber numbers as more than 800,000 by late November 2004. Given that audience numbers in Arbitron's Radio Today indicate that "over-the-air" radio reaches some 94% of Americans (the U.S. Census Web site counts a population of 295 million) these subscriber numbers represent a small percentage of radio users.

And the economics of satellite radio aren't even close to being there yet. A Barron's article of August 30, 2004 noted that XM and Sirius combined are losing somewhere in the neighborhood of \$700 million a year. ¹³

In spite of all this, other trends in radio indicate that satellite might be in the right place at the right time.

Because it runs on a subscription basis, it is able to avoid such economic concerns as declining ad sales and the devaluation of advertising and promotion spots that are affecting its commercial over-the-air owner groups.

In a way, XM and Sirius are capitalizing on a version of the highly successful formula of National Public Radio. Satellite listeners essentially become "members" of either XM or Sirius. In doing so, they are making a financial statement that this is a product that matters to them. Moreover, because receivers are built to translate only the XM or Sirius signal, they are locking themselves into one network. The networks are therefore building a solid and loyal audience that is perhaps dissatisfied with what they can receive on traditional commercial radio.

Some observers have also noted that zero-tolerance and the expanding applications of the FCC's decency standards may result in a situation where investors no longer see satellite radio as an experiment but as an opportunity – to be involved in a medium that has greater flexibility and content freedom than terrestrial radio. When he defected to Sirius, Howard Stern declared that traditional radio was dying, and that satellite was radio's future. "It's time to go," Stern said on his show... 'I believe more in satellite than I do in radio.' " 14

And there are respected radio insiders who not only believe in the future of satellite but are willing to lay money and reputations on their bets. In November 2004, Sirius Radio signaled a further coming of age when it announced the hiring of Mel Karmazin as CEO. A former president of Viacom, Karmazin was the man at the helm of Infinity during its meteoric rise from, reportedly, a \$10 million company to an \$18 billion company. It also seems significant that Clear Channel Communications, the terrestrial radio giant, owns about 2.5% of XM Radio. 15 Given that, it might be wise for others to hedge their bets before dismissing the impact satellite might have on the medium.

Even the special receivers required for listening are becoming increasingly available. Hertz and Avis offer satellite radio in some of their rental cars and Honda and Porsche offer it as an option in their new vehicles. General Motors now offers XM in its new cars. Both Sirius and XM have developed equipment that can be brought out of the car and into the home, and XM has developed the personal, portable Delphi MyFi.

This is not the first time questions and challenges have been raised over the introduction of new media technology. Why, skeptics wonder, would listeners pay for something they're already getting free? Similar arguments surrounded the starts of cable television and satellite television and even the addition of the FM radio band.

Both XM and Sirius operate under 8-year licenses awarded to them by the FCC in 1997. And as with cable television before them (and FM radio before that), those in the broadcast industry have not welcomed the new technology with open arms.

The battle over satellite radio goes back about 15 years. In 1990 Satellite CD Radio (now Sirius Radio) approached the FCC with a plan to begin a 30-channel digital radio network. The National Association of Broadcasters, a Washington, D.C.-based "trade association which represents the interests of free, over-the-air radio and television broadcasters," 16 initially made little noise about the proposal. That dismissal of satellite's possibilities lasted until 1992, when the FCC set aside "a 50-megahertz swath of radio spectrum for new satellite services – two and a half times the size of the FM and AM bands combined," as Forbes magazine recalled in its September 6, 2004 issue. 17

That article noted that in the early 1990s the NAB was already working to protect the interests of its membership from the new technology of satellite television. The article quoted a "former NAB lobbyist" saying, "The NAB viewed satellite TV like it was the Death Star. Clearly they didn't want satellite radio to repeat the same pattern [as cable]... They got broadcasters across the country to hammer like hell on the Congress and the FCC." The article went on to say that the NAB literature's central talking point was straightforward: "... 'There is no need for 'more' radio service, no need for national radio service and no need for more competition in radio service.'" 18

But the satellite radio networks' founders continued working and maneuvering through the FCC's bureaucracy.

In November 2001 XM Satellite Radio (which, as American Mobile Satellite, had been one of the original four companies applying in 1992 when the satellite bandwidth was approved) began broadcasting.

And there is now another wrinkle that could prove important. Perhaps most troubling for terrestrial radio, XM radio has patented technology that will allow the satellite network to insert local content – such as weather and traffic – into its broadcasts. While the satellite radio networks are required, according to their FCC licenses, to broadcast content nationally, XM's patent seems to step carefully around that rule.

To navigate signals in metropolitan or densely built areas where buildings and other obstacles would hinder broadcast from the satellites, XM Radio designed a system that included Earth-based transmitters that broadcast the same content as the satellite signal. But those terrestrial transmitters also have 20 additional "blank" radio stations each. As the system currently operates, the XM satellite receiver switches between the extra-terrestrial and the terrestrial signal depending on which is stronger. Listeners never know which signal they are listening to or when the signal switched.

The transmitters, all monitored from XM's control room in Washington, D.C., could easily be used to insert local news, weather and sports. Since the transmitters are spotted throughout certain urban areas, and can be individually controlled, one could also envision a situation where news reporting could become as hyper-local as all radio once was.

Hypothetically speaking, this system would not seem to violate XM's satellite agreement (though setting it up would be costly and would require a shift in XM Radio's operating system). Because these signals would be sent via XM Radio's

satellites, the content would still be nationally broadcast. The station could still be accessed by anyone using an XM receiver. Not only could the person driving through Boston hear whether traffic was snarled around Fenway Park, so could a person stuck in L.A. gridlock.

The National Association of Broadcasters has claimed that any such local system would be a violation of government regulations and the FCC's intentions when it created the licenses for XM and Sirius. And their position had at least some support on Capitol Hill in 2004.

Congressmen Charles Pickering (R-Miss.) and Gene Green (D-Tex.) introduced H.R. 4026 — the “Local Emergency Radio Service Preservation Act of 2004”¹⁹ — which would bar satellite companies from broadcasting programming that varies from location to location.²⁰

The irony is difficult to ignore. In a landscape where a single corporate entity, Clear Channel, owns 1,211 stations in almost 189 markets²¹ (and, interestingly, a significant amount of XM Radio stock) it's puzzling that any government entity is suddenly concerned with the state of local radio content. Is letting a satellite radio network insert local weather or traffic reports into a broadcast any different from, say, letting a company like Cumulus use voice-tracking technology to perform the same function on “over-the-air” radio? Or are the NAB and its membership looking to make the move that many radio observers are saying over-the-air radio must make to survive? Will there be a return to local?

The start of the new Congressional session leaves the Local Emergency Radio Service Preservation Act in limbo; ²² whether H.R. 4026 will be re-introduced and passed is yet to be seen. Also questionable is whether passage of the bill would actually move radio back to Main Street.

Air America

One of the most anticipated launches of the past year was the first commercial liberal talk-radio network, Air America. The climate seemed right for such a venture, with Jon Stewart's *The Daily Show* and the talk show host Bill Maher demonstrating the popularity of political content that makes no apologies for leaning to the left.

The question continues to be whether it will work: Are so-called liberal sensibilities suited to the take-no-prisoners, pump-up-the-volume, complaint-oriented style that characterizes conservative talk radio? If not, can a different style be forged that would appeal to large numbers of liberals?

Matthew Felling, media director of the Center for Media Affairs, put it this way in an interview with *The Boston Globe* almost four months after the launch: “Air America is still figuring out how to be bombastic and entertaining and approachable all at once, which is the key to right-wing radio... To a certain degree, they're still locked into the language of the classroom.”²³

On the other hand, perhaps the runaway success of Michael Moore's “*Fahrenheit 9/11*” and the attention drawn by books like “*Bushwacked*,” “*Bush World*” and Al Franken's “*Lies and the Lying Liars Who Tell Them*” indicate a growing desire among liberal audiences for their own brand of unapologetically biased and even angry voices.

Air America made its debut on March 31, 2004 with various technical difficulties slowing down the fledgling network's broadcasts in New York, Los Angeles, Chicago, Portland, Ore., and portions of southern California as well as on XM Satellite Radio.

And problems did not stop with the technical. The launch of Air America would also make news for a series of administrative and financial difficulties. Less than two weeks after the launch, it was pulled from the air at KLBA (Los Angeles) and WNTD (Chicago). Both stations were owned by Multicultural Radio Broadcasting and, according to an article in the April 14, 2004 *Boston Herald*, Arthur Liu, head of Multicultural Radio Broadcasting, yanked the network off of his stations in Los Angeles and Chicago yesterday, claiming 2-week-old Air America bounced a check and owes him more than \$1 million.”²⁴ (A *New York Times* article the following day, April 15, said Air America insisted it had stopped payment on the check to Multicultural Radio on the ground that Multicultural had violated their agreement by leasing airtime on KBLA to another programmer for the months of February and March. How this lease agreement interfered with the operations of Air America, which was not scheduled to start broadcasting until March 31st, is not quite clear.)

The *Herald* article also pointed to cash-flow problems reporting that a “general manager for a radio station in central New England who asked not to be named contacted Air America three weeks [before the MLBI incident] and proposed putting the entire network on a talk station that would reach the Boston market. The response: ... ‘We've spent all our affiliation money.’”²⁵

Most accounts of the network's start-up focused on its difficulties. A *Washington Post* article in September portrayed the network's New York studios as a scene of struggle — “threadbare, with lousy air-conditioning and irascible equipment. “[It

was] like a halfway decent college radio station,' ” one frustrated tech was quoted as saying about the first day. Randi Rhodes, on seeing her studio for the first time, was said to have complained that “it was inadequate in half a dozen ways – no high-speed Internet hookup for research, no TV, no phone. No phone for a talk show host...”²⁶ Rhodes's producer had to rig up a computer keyboard to allow the host to take calls.

Roughly five weeks after the first broadcast, the staff learned that Air America was unable to meet its payroll. Its chairman and co-founder, Evan Cohen, and vice-chairman, Rex Sorenson, were asked by the board to leave an organization that had already lost co-founder and CEO Mark Walsh. Air America's bank account stood somewhere around \$6 million, far less than the publicized \$20 million or \$30 million the board had been led to believe existed.

By June, however, the company had reorganized its structure under the corporate banner Piquant LLC. It found a new funding stream, about which little has been made public. The Boston Globe reported on July 21 that Air America had altered its original programming plan – converting stations to all-Air America stations — and was allowing stations to pick and choose shows from its roster for individual broadcast.²⁷

It seemed that in spite of a difficult start, Air America might have found some footing. As of late September 2004, the network had expanded to 19 AM stations and onto the Sirius Radio satellite network. By early October, the number had risen to 36 affiliate stations, and Air America was being broadcast on both XM and Sirius Satellite Radio and streaming over its own Web homepage. In early December, the network announced that both Al Franken and Randi Rhodes had signed new contracts, after much speculation that Franken would leave following the Presidential elections.

December was also when the network announced that Rob Glaser, the chairman and CEO of the Internet media company RealNetworks, would become the chairman of the Air America board. The group had also secured \$13 million in financing and signed on Geico and American Express as advertisers. It was on the air in 40 markets and that count was still growing.

Publicity about the network focused almost entirely on Franken and his fellow host Janeane Garafalo, even though neither had a history of hosting live radio. But talk radio is a medium that revolves around personalities. Early Arbitron ratings of Air America's signature show, The O'Franken Factor (now The Al Franken Show), showed the popular political commentator outpacing the ratings of Bill O'Reilly in markets where the two went head to head.²⁸ The Al Franken Show has even made the jump to cable television, following the lead of radio hosts like Howard Stern and Don Imus, with a show on the Sundance Channel.

Soon after the network's launch, Air America demonstrated that it was capable of assuming the classic talk-radio pose. On Friday, April 2, 2004, Randi Rhodes engaged in an aggressive verbal confrontation with the longshot presidential candidate Ralph Nader. While Nader continuously disparaged Rhodes's interviewing techniques, Rhodes likened the candidate to a great pair of shoes. She told him that she liked him but couldn't afford him. The loud exchange ended when Nader hung up on the host.

It may not have been the cool irony of Jon Stewart, but it may have approached the kind of heated exchange that makes some talk radio so popular. And if liberals are angry, they now have people willing to do some yelling.

NPR's Bob Edwards

While some voices were being added to radio's traditional over-the-airwaves, one of the medium's best-known voices was removed; 2004 will be remembered in part as the year Bob Edwards left NPR.

The decision by National Public Radio to replace Edwards as Morning Edition anchor was one of the year's more peculiar media stories. Edwards's distinctive voice had been the trademark of Morning Edition since its start in 1979. The host was not, NPR kept insisting in the furor surrounding its decision, fired from Morning Edition. NPR executives announced that as of April 30, 2004, they would be reassigning Edwards to a position of senior correspondent, a vague title that NPR had previously given to such former host personalities as Linda Wertheimer, Juan Williams and Susan Stamberg.

The decision to remove Edwards – in the middle of many affiliates' spring pledge drive periods – inspired, according to published reports, some 35,000 complaints to NPR, a statement on the floor of the Senate, several newspaper editorials and the launch of SaveBobEdwards.com. Edward Chapman, founder of the Web site, also spoke of organizing boycotts of NPR underwriters and pushing for the removal of government funding of NPR.

An article on Minnesota Public Radio's Web site quoted Mike Jungmann of the Minnesota network's listener services describing viewer reaction as “very strong” and adding, “Most of the calls we've received have been ‘How could you? How dare you?’ and we encourage them to contact National Public Radio.”²⁹ Ellen Goodman of the Boston Globe wrote that one woman who wrote to NPR “actually compared the bad news of Edwards' departure to her simultaneous diagnosis of a possible cancer and asked herself: ‘Which is worse?’ “³⁰

Talk of withholding member contributions and boycotting fundraising activities reached a significant enough stage that Edwards himself placed a letter on the NPR Web site asking listeners to continue supporting NPR and its member stations. On the Minnesota Public Radio Web site on April 1, Bob Collins quoted Edwards as saying that NPR "is one of the best news organizations in all of journalism and it has to continue to grow and thrive and prosper. I've been part of building this up for over 30 years and to have it come tumbling down over me is distressing." 31

But as vocal as Edwards was in his effort to help, the network was mostly quiet. The reasons behind NPR's decision have been publicly vague. Privately, insiders at the network say the silence stems in part from a desire to avoid criticizing Edwards for fear that it would make the situation worse. There was apparently a feeling that he had become intransigent about attempts at innovation on the program. USA Today's Peter Johnson noted that the change came "amid a reassessment of programming at NPR, where executives are discussing how to use a \$200 million bequest...from Joan Kroc, wife of McDonald's founder Ray Kroc." 32

The question then becomes why NPR would feel the need to reassess programming, in spite of the money from the Kroc estate, when it is one of the few major media institutions in the country that has seen steady audience growth. Morning Edition at the time of Edwards's removal was the nation's number one morning show, with almost 13 million listeners. Edwards suggested on WNYC's On the Media, "Maybe they feel that even though we've doubled the audience in the last 10 years, it could have been tripled, quadrupled?" 33

NPR leadership spoke a great deal about plans to refresh all of the network's programming. Statements in various news articles and by various people indicated that the shift at Morning Edition to two hosts, one doing the show from NPR's Washington, D.C. headquarters and the other anchoring from NPR West in Los Angeles, reflected the network's push to be a news outlet better able to react to breaking news and do more reports from the field.

The terrorist attacks of September 11, 2001 were often mentioned as evidence that NPR was unable and unprepared to deal with a news event of national proportions in a climate where broadcast outlets like CNN and others are able to go immediately to live feeds. According to the New York Times, NPR was replaying a taped broadcast at the time of the attacks and did not break in with special programming until 10:00 a.m., more than an hour after the attacks began. 34

NPR, however, disputes this timeline. According to NPR's internal account, the station covered the first plane attack in the newscast at 9:01. Then at 9:22, it broke into its regular programming with a live two-way discussion with a reporter from their New York City member station. That live reporting lasted until 9:49. Regular programming then resumed until 10:00 when the station began its "special" coverage. NPR producer Melissa Gray, who was directing Morning Edition that day, suggested in correspondence with the Project that some of the misunderstanding came from the designation "special coverage." "We did not officially call our earlier coverage from 9:22 to 9:49 'special,'" says Gray, "but it was there." (Later, NPR would win a Silver Baton and a Peabody for the quality of that programming and another Silver Baton for its reporting on the war in Afghanistan.)

Whatever the case, in March 2004 the network created a new position, managing editor of national news (for which it hired a former editor and senior vice president of The Baltimore Sun, William K. Marimow) and increased the visibility of NPR West by increasing the number of programs being hosted or co-hosted from the Los Angeles studio. In addition to housing one of the co-host chairs for Morning Edition, NPR West was home to the midday news show Day to Day and to the magazine-style Tavis Smiley Show.

But in November of 2004 Smiley, whose program launched in January 2002, announced his resignation from NPR. In his resignation letter, Smiley noted that his show, which ran on 87 stations, "attracted more than 900,000 listeners, 29% of whom are black. That's almost triple the network's overall black demographic." 35

Smiley said publicly that his decision to leave NPR was not financially motivated, but a conflict of expectations. In the November letter, Smiley wrote that "NPR's own research has confirmed that NPR has simply failed to meaningfully reach out to a broad spectrum of Americans who would benefit from public radio, but simply don't know it exists or what it offers." 36 Smiley was dissatisfied with the amount of money being spent to promote his show, according to some published accounts.

NPR was reportedly caught off-guard by Smiley's decision to leave. An AP article by Lynn Elber on January 10, 2005, quoted David Umansky, an NPR spokesman, as saying the network was "eager to renew his show and remains intent on expanding its minority audience." 37

Roughly a week after Smiley's departure, NPR announced its hiring of Ed Gordon for News and Notes With Ed Gordon, a daily public-affairs program aimed at the African-American community and set to start in late January. Continuing what might be turning into a trend in NPR programming, Gordon, a contributing correspondent to CBS News's 60 Minutes, will be based in New York and joined by a still-unnamed West Coast co-host.

Even with the increased West Coast visibility and new programming, NPR listeners might still find it difficult to detect any audible changes in NPR – either in the kind of stories and reporting the network is doing or in the smooth, even tone (occasionally parodied) of its anchors, hosts and announcers.

It may be too early in NPR's proposed evolution for changes to be noticed. Torey Malatia, general manager of WBEX-FM, Chicago's public radio station, was quoted in an October 19, 2004 article by Steve Johnson of the Chicago Tribune as saying that "It's way too early to talk about either ratings or fundraising impact," but adding that "there's no longer the rush of outrage the station felt during the spring pledge drive" after the Edwards departure was announced. 38

And it may be that NPR continues to benefit from its commitment to long-form journalism and its particular brand of entertainment programming. NPR offers listeners the kind of lengthy news stories truly not widely available in any other broadcast format. Even the upstart satellite radio has recognized that fact. XM's public station, XM Public Radio, is built from programming from terrestrial public radio stations: Minnesota Public Radio, Boston's WBUR and Public Radio International. The station's schedule includes popular public radio shows like *This American Life*, *Whad'Ya Know?* and *The Leonard Lopate Show*.

Listeners learned in late July of 2004 that they would be able to continue spending part of their mornings with Edwards. The former Morning Edition host announced that he would be leaving his senior correspondent position to start a new morning radio program on XM Satellite Radio. (The Bob Edwards Show, to the disappointment of some of his fans, is not a Morning Edition-styled news show but an all-interview program.)

Starting on October 4, 2004, his new one-hour program was broadcast opposite Morning Edition. Has this created a bitter rivalry?

Well, maybe in the same low-key tone of a public radio announcer: Edwards spent part of his debut broadcast encouraging listeners to listen to Morning Edition first and join his show afterward.

Minnesota Public Radio

Minnesota Public Radio (MPR) started in 1967 as a college radio station out of Saint John's University in Collegeville, Minn. Today, MPR has won, according to its Web site, "800 journalism awards – including the Peabody Award and the Alfred I. duPont Columbia University Gold Baton Award, in 2001." 39

The reach of Minnesota Public Radio has gone far beyond its primary region of Minnesota and parts of Michigan, Iowa, Idaho, North and South Dakota and Wisconsin (with some Canadian listenership). MPR created a national production and distribution umbrella – American Public Media. – that carries some 20 national programs and specials and whose programming reaches some 13 million listeners weekly. That would be an audience increase of more than 8 million listeners since Spring 1998. 40

By its own figures, MPR "serves a regional population of five million people, and with more than 83,000 members, it has the highest percentage of listener membership of any community-based public radio network in the United States. With 690,000 listeners each week (an increase of some 44% since 1998), it has the largest audience of any regional public radio network." 41

MPR is perhaps best known for the very popular *A Prairie Home Companion*, now distributed by its American Public Media entity.

Marketplace, MPR's daily business show, has "the largest weekly audience of any business program on radio or television," according to its 2003 Annual Report. 42 The show, along with the nine-minute Marketplace Morning Report (aired during NPR's Morning Edition) attracts some 7.9 million weekly listeners and is carried on more than 340 stations nationwide. By July 1, 2005, Marketplace will start being distributed by American Public Media rather than MPR.

In addition, American Public Media's news and information offerings include the radio magazine show *Weekend America* and the innovative *Speaking of Faith*. Billed as "a weekly national conversation about belief, meaning ethics and ideas," 43 *Speaking of Faith* takes topics that are considered to be narrow in their appeal and turns them into interesting, often engaging radio.

It was with that concept in mind, creating the kind of "driveway moment" radio that public radio has always reached for, that Minnesota Public Radio began experimenting with what it has called "public insight journalism." Using its online site, it asked the public questions regarding current events, examined the feedback and used the results to create stories the staff felt would be more topical and relevant to their audiences. The network was also one of the organizers of the first national public radio collaboration, "Understanding America after 9/11," which brought together 270 stations and networks "to create a nationwide conversation through documentaries, special reports and global call-in programs." 44

Footnotes

1. FCC guidelines can be found at: <http://www.fcc.gov/eb/broadcast/opi.html>.
2. Bram Teitelman, "Radio Reacts To Indecency Flak," Billboard, March 13, 2004.
3. Wayne Friedman, "Let's Talk About Sex, FCC," MediaPost TV Watch, September 24, 2004.
4. Wayne Friedman, "Let's Talk About Sex, FCC," MediaPost TV Watch, September 24, 2004.
5. Wayne Friedman, "Let's Talk About Sex, FCC," MediaPost TV Watch, September 24, 2004.
6. Marilyn Geewax, The Atlanta Journal-Constitution, "CBS tab for Super blunder: \$550,000," September 23, 2004.
7. By December 2004, Fox, CBS and NBC had all submitted appeals regarding the FCC's rulings.
8. "Clear Channel Sets 'Zero Tolerance' Policy on Indecency," Associated Press, Feb. 25, 2004.
9. Jeremy Egner, "What the #%@? is off-limits now?" Current, April 26, 2004.
10. George Lerner, "Stern lambastes Bush, FCC," CNN.com, June 30, 2004. Online: <http://www.cnn.com/2004/ALLPOLITICS/06/30/stern.bush/>
11. Jody Rosen, "Peril in the Air for Bush: Howard Stern," Los Angeles Times, April 28, 2004
12. Jonathan E. Kaplan, "Howard Stern says he can deliver swing voters to Kerry," The Hill, June 15, 2004.
13. Sandra Ward, "Losing the Signal," Barron's, August 30, 2004.
14. Krysten Crawford, "Howard Stern Jumps to Satellite," CNN/Money, Oct. 6, 2004.
15. Kevin Diaz, "Satellite Radio: Ad-free for a fee; 'What it's about is control,' subscribers say," The Star Tribune (Minneapolis, MN), October 8, 2004.
16. From the NAB website.
17. Scott Woolley, "Broadcast Bullies," Forbes, Sept. 6, 2004.
18. Scott Woolley, "Broadcast Bullies," Forbes, Sept. 6, 2004.
19. H.R. 4026, Local Emergency Radio Service Preservation Act, introduced March 24, 2004, 108th Congress, 2nd Session.
20. Bill summary from THOMAS, the Library of Congress Online Information Center: "HR 4026, Local Emergency Radio Service Preservation Act of 2004 – Directs the Federal Communications Commission (FCC) to revise its regulations to provide that digital audio radio satellite service (DARSS): (1) licensees shall not provide services that are locally differentiated or that result in programming being delivered to consumers in one geographic market that is different from programming delivered in any other geographic market; and (2) repeaters shall be restricted to simultaneously retransmitting the programming transmitted by satellite directly to DARSS subscribers' receivers.

"Requires the FCC to complete a rulemaking proceeding to determine whether DARSS licensees should be permitted to provide locally oriented services on nationally distributed channels, taking into account, among other things, the ability of such licensees to afford listeners the same emergency and other information as is afforded listeners of local broadcast stations."
21. Arbitron ranked 293 markets in fall 2004.
22. Bills die automatically when a new Congress begins.
23. Joanna Weiss, "Left-Leaning Northampton, Stern, On the Same Wavelength," Boston Globe, July 21, 2004.
24. Dean Johnson, "Left for debt: liberal yakker seeing red," Boston Herald, April 14, 2004.
25. Some of Air America's affiliate stations have irony attached. In seeking to become the radio voice of liberal America, the network took over several ethnic radio stations. In New York, it pre-empted the African American and Caribbean station WLIB. That sparked demonstrations and protests. The initial stations in Chicago and Los Angeles (which later dropped Air America) had previously been formatted to be Spanish-language stations.

26. Paula Span, "Radio Waves," Washington Post, September 12, 2004
27. Joanna Weiss, "Left-Leaning Northampton, Stern, On the Same Wavelength," Boston Globe, July 21, 2004.
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29. Bob Collins, "Public radio listeners asking, 'What about Bob?'," Minnesota Public Radio News, April 1, 2004. Online: http://news.minnesota.publicradio.org/features/2004/04/01_collinsb_edwards/
30. Ellen Goodman, "Morning Edition's wake-up call," The Boston Globe, April 2, 2004.
31. Bob Collins, "Public radio listeners asking, 'What about Bob?'," Minnesota Public Radio News, April 1, 2004. Online: http://news.minnesota.publicradio.org/features/2004/04/01_collinsb_edwards/
32. Peter Johnson, "Edwards ousted as 'Morning Edition' host," USA Today, March 23, 2004.
33. Bob Collins, "Public radio listeners asking, 'What about Bob?'," Minnesota Public Radio News, April 1, 2004. Online: http://news.minnesota.publicradio.org/features/2004/04/01_collinsb_edwards/.

34. Lynette Clemetson, "NPR Stations Had Pushed For Change," New York Times, March 30, 2004
35. Mike Thomas, "NPR host Smiley: Network lacked commitment; Why he's quitting public radio's most successful African-American show," Chicago Sun-Times, December 12, 2004.
36. Ibid.
37. Lynn Elber, "Smiley's brave new face," Associated Press, January 10, 2005.
38. Steve Johnson, "Post-breakup, NPR and Edwards are doing fine," Chicago Tribune, October 19, 2004.
39. Minnesota Public Radio website. <http://minnesota.publicradio.org/>
40. Audience numbers provided by Minnesota Public Radio based on data from Arbitron.
41. Membership numbers provided by Minnesota Public Radio's Membership Department.
42. Minnesota Public Radio, Annual Report 2003.
43. Mike Thomas, "NPR host Smiley: Network lacked commitment; Why he's quitting public radio's most successful African-American show," Chicago Sun-Times, December 12, 2004.
44. Minnesota Public Radio, Annual Report 2003.
45. Based on information from the Web site "How Stuff Works."

Audience

Audience

People outside the worlds of media or marketing would probably be amazed at the level of detail researchers are asked to (and are able to) provide regarding media audiences.

Data exist from the very public kind – “What kind of car does the urban-format radio listener drive?” – to the very personal, even odd: “How many members of our classical music audience suffer from nail fungus?”

A Mediamark research study conducted for one national radio broadcast group not only offered information about listeners’ marital status and income, but also about whether they clipped coupons, whether they felt advertising on cable channels was “too loud,” the percentage that used Kleenex or Heinz products and the size of their television screens. Someone reading the report would be able to determine what percentage of the station group’s listeners had rented a U-Haul truck, used mayonnaise, ate olives, bought coffee at a convenience store, owned metal cookware, owned binoculars, or suffered from heartburn or backaches or sinus congestion.

While it might seem a slightly ridiculous level of scrutiny into the habits of audience members, the truth of the matter is that the highly segmented radio business is increasingly dependent not simply on knowing its audience demographic in broad terms – age, income, marital status – but on knowing who these individual listeners are exactly. What products do they want to hear about? Are they primarily commuters who will be looking for a station with a good traffic report, or are they hikers who want to know the weekend weather? Do they follow politics? Do they look for local news content on the radio, or do they bypass news in favor of classical music in the evening? The answers to these questions might make the difference between whether they listen to your station or make a move up the dial or abandon terrestrial radio and head straight to satellite or to Internet streaming.

To this point, those looking for substantial information about audience members have turned to companies like the research organization Arbitron. And, because radio is a portable medium, information about listenership has largely been tracked through the use of personal diaries.

Questions have been raised about the reliability of those diaries and of various other kinds of research.

In the spring of 2004, a team of researchers at Ball State University in Indiana released *The Middletown Media Studies*.¹ Conducted by Robert A. Papper, Michael E. Holmes, and Mark N. Popovich, the research compared the various methods used to track media use by consumers. According to their data, people asked to record or remember the amount of time they spend with various media tend to underestimate. The researchers say this does not appear to be an intentional act; people are not simply trying to hide the amount of time they spend watching programs like “The Swan.” They also underestimate the amount of time they spend on such “acceptable” media activities as reading the newspaper or watching the evening news.

For example, when the researchers used observational methods to track how many people were listening to the radio, their results very much matched the widespread belief that radio is part of virtually everyone’s everyday life. They found that 83% of their sample group listened to the radio. What is striking, however, is that only 72% recorded radio listening in their diaries. The number dropped even more significantly in the telephone survey; only 58% of the sample responded that they had listened to the radio.

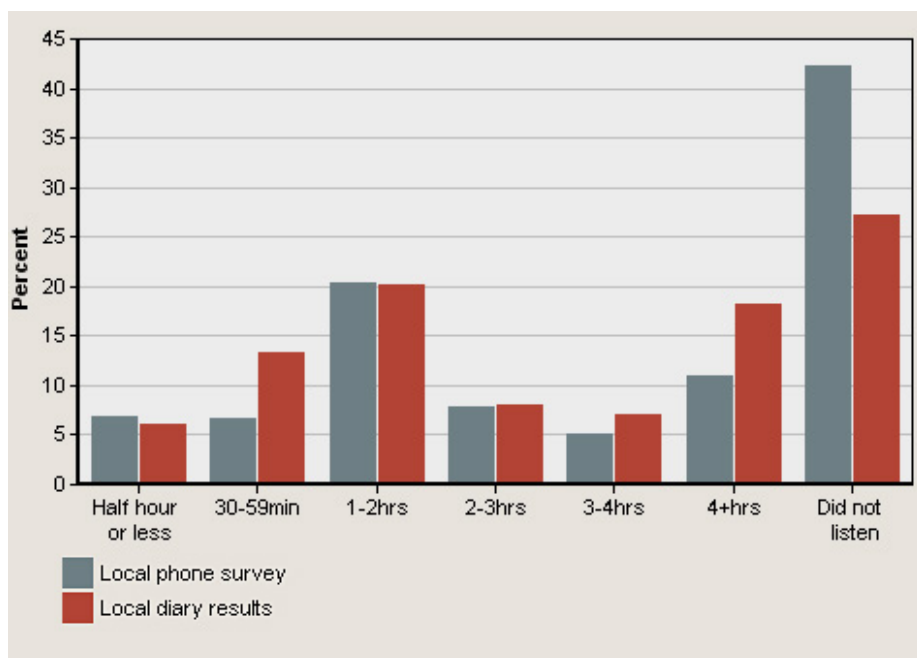
Time Spent with Medium, by Research Method
Time is measured in minutes

	Local Phone Survey	Local Diary Study	Local Observation Study
Newspapers	15	26	17
Magazines	8	10	14
Books	18	17	36
Total Reading (newspapers, magazines, books)	41	53	67
All Radio Listening	74	132	129
All TV Viewing	121	278	319
Computer*	21	52	64
Online	29	57	78
Total	286	572	657

Source: Middletown Media Studies, Spring 2004
*Home use only; in all cases, the numbers include simultaneous media usage

Time Spent Listening to the Radio “Yesterday”

Various methods of measurement



Design Your Own Chart

Source: Middletown Media Studies, Spring 2004

There is a longstanding belief that radio news listening is even more undercounted in the radio diary system than listening to, say, music stations. According to Adam Powell, director of the U.S. National Science Foundation Engineering Research Center for Multimedia at the University of Southern California, this has led stations like the news station WTOP in Washington, D.C., to go with such promotions as “Your favorite radio station doesn’t play music.” The hope is that these kinds of prompts remind diary keepers to record the time they spend with non-music stations.

It is impossible, of course, to talk about radio listenership without discussing in-car listening.

Navigauge is a relatively young company that has developed what they consider to be an innovative technology for recording in-car listener habits. Navigauge’s on-board monitoring system electronically time and date stamps what station an individual is listening to, when they were and for how long the individual has listened to a particular type of content. Much like Middletown’s observational studies, Navigauge data are collected in real time, eliminating the risk that listeners might forget or omit part of their personal listening diaries.

But the method of collection has been disputed. Arbitron has said that to measure only in-car listening is to miss too much data, and results from the Middletown Media Study seem to bear this out. Contrary to the commonly held idea that the bulk of radio listening takes place in the car, Middletown’s examination revealed that in-car exceeded home listening by a margin of only two percentage points (32% versus 30%). And this pays no attention to those listeners who might be streaming their favorite music, talk or NPR stations through their computers or listening to the XM or Sirius radio networks on satellite receivers or through home entertainment centers.

So while radio observers will be paying attention to what happens to the Navigauge system, the car-bound measurement device may be too limited for a radio landscape that is rapidly stretching its own boundaries.

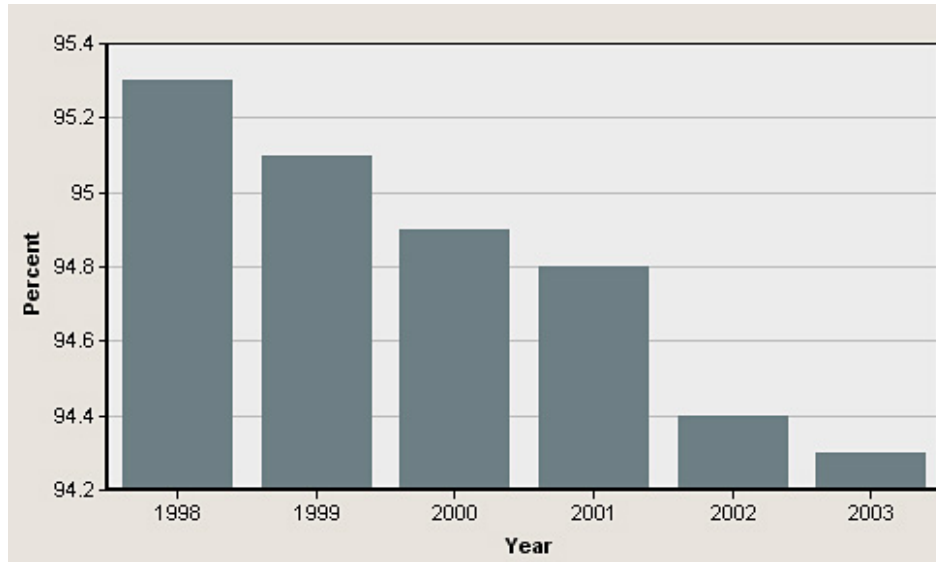
With this expanding universe in mind, Arbitron developed its Personal People Meter technology, which is a portable cell-phone-sized unit that tracks individual use of Internet, terrestrial or digital radio and the whole range of television viewing-from cable to satellite.

For the vast majority of listeners, whether the radio signal is captured by the car radio, satellite radio, portable radio or PC, an audio receiver is simply an audio receiver. It is simply there, nearly everywhere. According to Middletown's observational studies, radio ranks second only to television in number of minutes used.

And from the time of our report last year, there has been little change in the number of people reached by radio. In fact, according to Arbitron's Radio Today Reports, since 1998 radio's reach to people 12 years old and older continues to hold at about 94%.

Radio Reach

Percent of the population 12 and older, 1998 to 2003



Design Your Own Chart

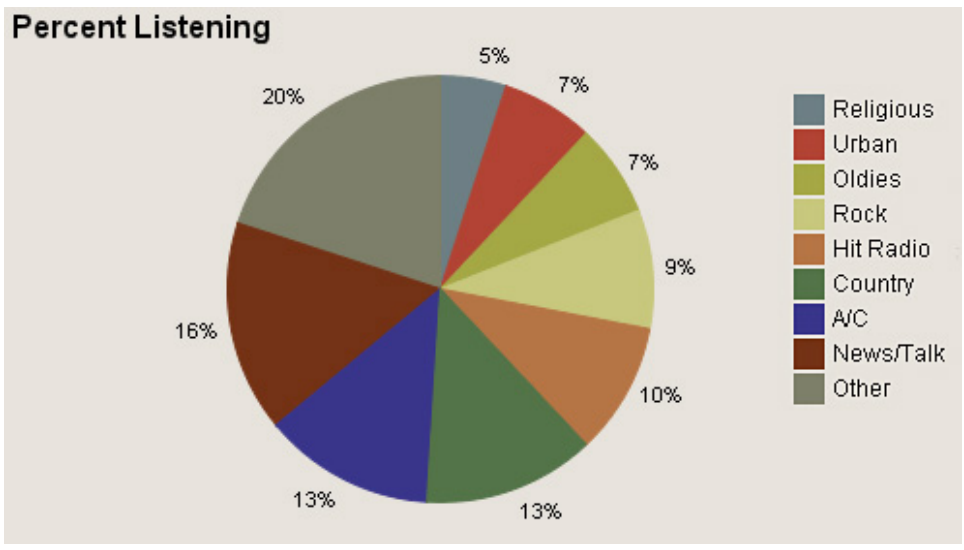
Source: Arbitron "Radio Today" annual reports

But how much of radio listening is listening to news?

Average quarter hour (AQH) listenership figures for news/talk/information-formatted stations continue to lead in Arbitron's annual Radio Today summary report, holding at 16%.²

According to Arbitron's breakdown of audience numbers for the individual formats which make up the broad news/talk/information category (news/talk, all news, sports, and talk/personality) shows that news/talk stations make up 10.8% of the news/talk/information AQH share. This is a higher AQH than the total percentage of listenership for the popular formats of contemporary hit or urban radio.³

What Radio Formats People Listen To, 2003
 Percent of the population 12 and older, 1998 to 2003



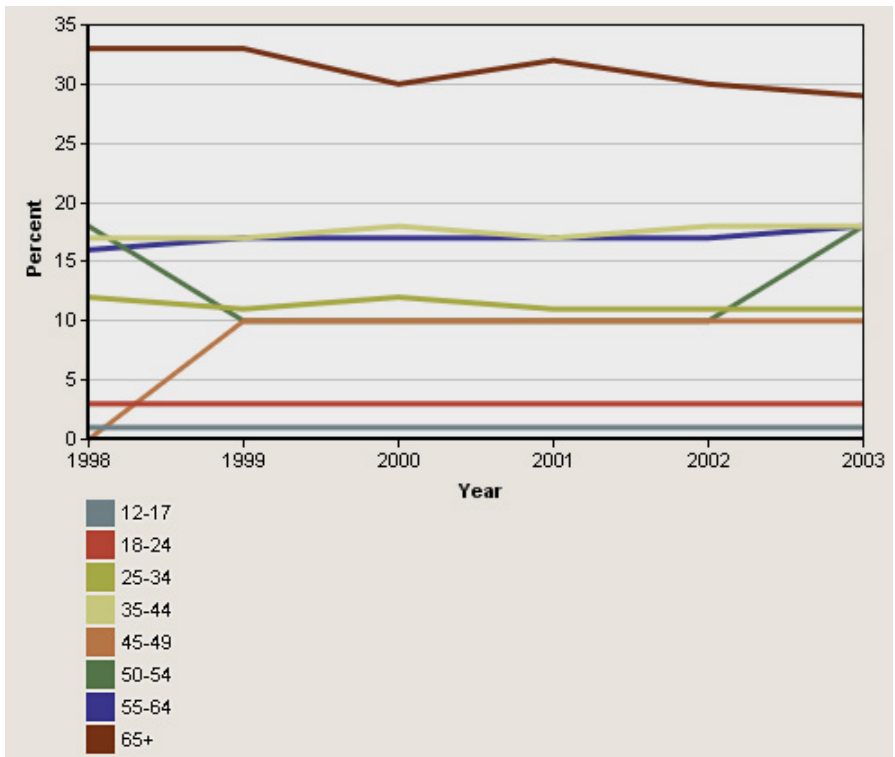
Design Your Own Chart
 Source: Arbitron "Radio Today" annual report

The Pew Research Center for the People and the Press's biennial news consumption survey found that "The percentage of Americans who listen to radio news has remained relatively stable in recent years. Four in ten say they listened to news on the radio yesterday. This is virtually unchanged from 2002 (41%) and down only marginally from 2000 (43%)."

"Talk radio is holding onto its corner of the media market – 17% of the public regularly listens to radio shows that invite listeners to call in to discuss current events, public issues and politics...[and] National Public Radio's audience is holding steady as well: 16% of Americans regularly listen to NPR." 4

Again, if we look only at data and statistics, the picture of radio's audience is steady and fairly unremarkable. Even the age profile of those listening to news-talk-information programming remains static from previous years, with negligible teenage listenership and the bulk of its audience in the 65 and older age range.

Listeners to News-Talk-Information Stations, by Age
 1998 to 2003



Design Your Own Chart
 Source: Arbitron "Radio Today" annual report

But if we go just below the surface of the all of these audience numbers, we find something else that's interesting. While only a percentage point separates the Pew Center's listenership numbers for talk radio and National Public Radio – (though the definition used for talk radio might readily be applied to many programs on NPR member stations), the shape of the audiences is quite different.

According to the Pew Center's survey when compared with the average talk-radio listener, the NPR listener is younger and more likely to say he or she is a Democrat. Fully 41% of talk-radio listeners say they are Republican, only 28% Democrats. The numbers virtually invert themselves when we look at the listenership of NPR, a radio network largely thought of as "liberal" in its viewpoint. Fully 41% of NPR listeners identify themselves as Democrats, 24% as Republicans. ⁵

And here we have a trend that appears to be moving its way through the news media. American media audiences appear increasingly to be seeking out those media outlets that speak to their viewpoints and ideas. The niche formatting of radio, where a listener can select an all-news station, and the surgical-precision of formatting on satellite radio, where a listener can select a conservative, pro-gun, talk-radio station, makes this media particularly well suited to this kind of self-segregation.

But content might be only part of the radio audience discussion; the method of delivery also seems to play a significant role.

Data suggest that one reason NPR skews younger is that many of its affiliates are on the FM dial. Research has shown that an AM talk or news station, simulcasting the same content over an FM station, most likely has two different audiences – an older AM audience and an FM audience 10 years younger. Moreover – and this has surprised many radio insiders – a station simulcasting the same content on line will find that that audience is 10 years younger than its FM audience. In other words, it's not that there are no young people tuning in to news/talk radio. It just might be that they are streaming content, not scanning the AM dial.

So with radio listenership largely maintaining its steady picture, the question about radio audience may soon be moving beyond who is listening and how many of them are listening to how they're listening.

Footnotes

1. Robert A. Papper, Michael E. Holmes, and Mark N. Polovich, "Middletown Media Studies," *The International Digital Media & Arts Association Journal*, Spring 2004.

2. AQH: The average number of persons 12 years of age or older listening to a particular station over a fifteen-minute period.

3. We must always be careful, whenever we are looking at news and talk radio, to maintain the line between these two separate formats. The line between News and Talk is, admittedly, a bit fuzzy (the idea that "I know it when I see it" or rather "hear it" comes to mind) and is compounded by the fact that they are often grouped into a single category (news/talk or news/talk/information) when statistics are generated. And the point should be made that many who think of themselves as being news radio listeners are, in all actuality, listening to talk radio. This is further muddied by the fact that format is largely self-defined by radio stations.

If we were to try and paint very broad strokes, talk radio tends toward being more personality-driven. Programming involves the almost constant presence of listener call-ins with a very clear agenda or point of view directing the conversation. News radio tends toward a focus on the dissemination of information to the public and, while it may include interviews with experts, academics and various officials and authorities, it is an information format, not ideological.

4. Pew Research Center on the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004, p. 8.

5. Pew Research Center on the People and the Press, "News Audiences Increasingly Politicized," June 8, 2004, p. 8.

Economics

Economics

The economics of radio appear to be undergoing some change, and it can be traced to change among radio consumers.

In early 2005, both Viacom Inc. and Clear Channel Communications announced dramatic write-downs in their radio holdings. ¹ On February 24, Viacom posted an \$18.4 billion loss, the bulk of which — \$10.4 billion was attributed to its radio holdings. A week later, Clear Channel announced a \$4.9 billion write-off. This followed a \$17 billion write-off by Clear Channel in 2002 and suggests that these radio stations are perhaps no longer worth what the owners paid for them. ²

These write-downs come as several radio ownership groups, Clear Channel, Citadel and Westwood One, found their value being downgraded by investment banks because of slow advertising sales and weak price structures. Clear Channel announced in mid-July 2004 that it would be reducing the number of promotional and commercial time on its stations along with the number of ads played during single commercial breaks. The network planned to reduce promotional time first, cutting back as early as October, with commercial time dropping in January 2005.

As Michele Gershberg reported for Reuters in July, “U.S. radio broadcasters have been grappling with excess advertising time at lower prices after cranking up the level of ad minutes per hour in the late 1990s. The sector has lagged an advertising rebound this year for other media, particularly cable television and the Internet.” ³

Add to this picture the growing presence of satellite radio, which is relatively commercial- and promotion-free and we see a situation where changes like those being made at Clear Channel might become a new standard for the industry.

Radio advertising would become more about reducing available airtime and thereby increasing the value of those fewer advertising spots. Such a strategy might also make listeners less prone to turning the dial or simply tuning out.

Economically, over-the-air is finding itself in a fight against technology. An August 30, 2004 article in Barron's cited Forrester Research Group as saying that music downloading services “will generate more than \$200 million in revenue this year, \$40 million higher than forecast and up from just \$36 million in 2003.” ⁴ In the same article, the Pew Internet & American Life Project indicated that while the practice appears to be on the decline, “some 35 million U.S. adults have downloaded music.” ⁵ And, while some in the industry still brush off any thoughts of satellite radio's being a real economic threat, it is having a definite impact on the behavior of consumers.

This might be where the trend toward massive media consolidation might actually be negatively impacting the biggest buyers.

Total Revenues, Top Twenty Companies, 2003

Rank	Parent Company	Total Company Revenue (\$ Millions)
1	Clear Channel Communications	3,580
2	Viacom Internatioanal Broadcasting	2,254
3	Cox Enterprises Inc.	474
4	Entercom	466
5	ABC/Disney	447
6	Citdel Broadcasting Corp.	410
7	Radio One Inc.	374
8	Univision Communications Inc.	320
9	Cumulus Broadcasting Inc.	316
10	Emmis Communications	304
11	Susquehna Radio Corporation	257
12	Bonneville International Corp.	241
13	Salem Communications Corp.	184
14	Greater Media Inc.	174
15	Spanish Broadcasting System	154
16	Jefferson-Pilot Communications Company	142
17	Saga Communications Inc.	127
18	Beasley Broadcast Group	121
19	Entravision Holdings LLC	89
20	Regent Communications, Inc.	89

Source: BIAfn Media Access Pro, unpublished data

Consumers frustrated by a lack of variety in programming and a glut of commercials have customizable options at their fingertips, options with the same mobility and flexibility that radio once owned exclusively. While the Walkman of the 1980s limited joggers to a single cassette tape, today's iPods and Mp3 players let commuters carry thousands of songs in a unit small enough to fit discreetly in a front pocket.

It's a situation likely to worsen (from the perspective of advertisers) with the advent of a new technology called "podcasting." Podcasting allows someone to arrange for audio content to be automatically downloaded to an iPod or other devices designed to carry audio MP3 files. Content ranges from the professional (NPR, Air America and the BBC are making content available for pod download) to the work of blogger-style DJs. Podcasting can be thought of as the audio cousin of TiVo, in that it allows listeners to select only the content they want to listen to, and lets them listen to it whenever and wherever they choose. And as research about post-TiVo viewing habits has been demonstrating, when given the option, such content rarely includes the commercials.

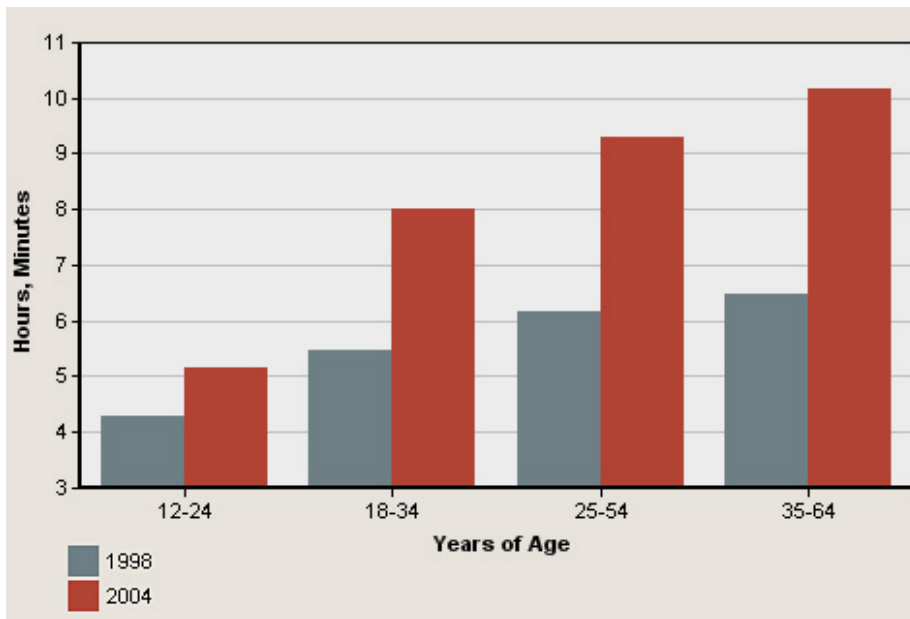
Clear Channel did add that the reduction of advertising and promotional minutes would have its greatest impact on music-formatted stations. According to Reuters, "News, talk and information formats will have a slightly higher threshold than music stations of several more minutes for ad time." 6

Why is it that Britney will be getting more time, while news still contends with the ad glut?

It might have to do with the steady audiences for stations formatted as news or talk. Compared with other traditional radio formats, like rock and classical, that are experiencing decline, the size of the audiences for news and talk has remained relatively unchanged. Moreover, comparing data from Arbitron's Radio Today reports from 1998 and 2004, the time spent listening for the broader news/talk/information category has significantly increased.

Time Spent Listening to News/Talk/Information

1998 vs. 2004



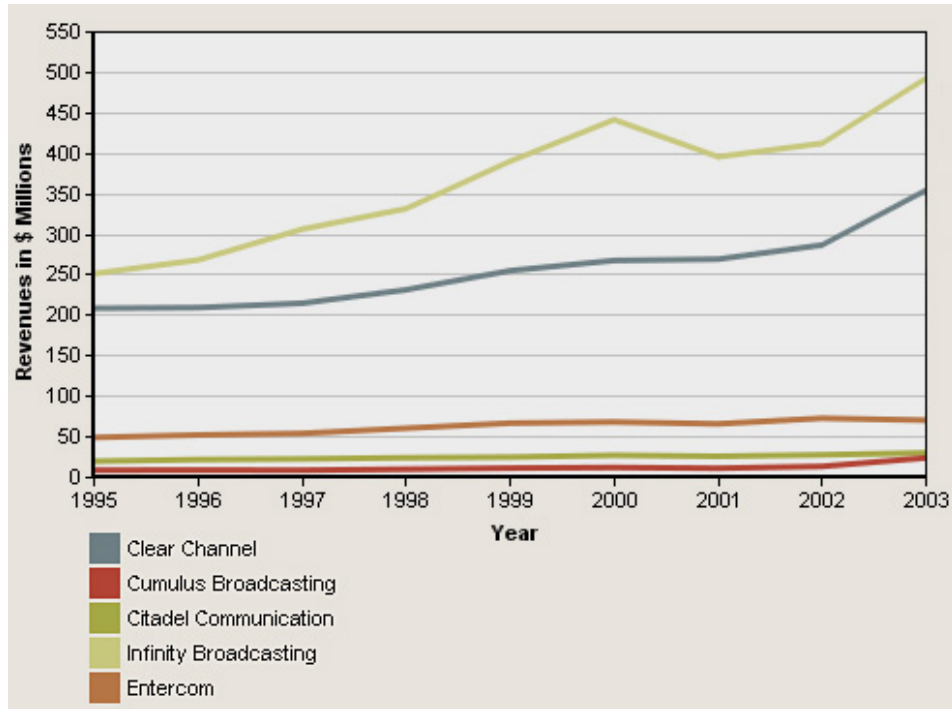
Design Your Own Chart

Source: Arbitron "Radio Today" reports, 1998 and 2004

Comparing data taken for last year's State of the News Media report to new data from BIA Financial Network, all but one of the top five owners (based on number of stations owned) saw an increase in revenues generated by stations who selected news as their primary format.

Revenues from News Stations for Top Companies

1995 to 2003



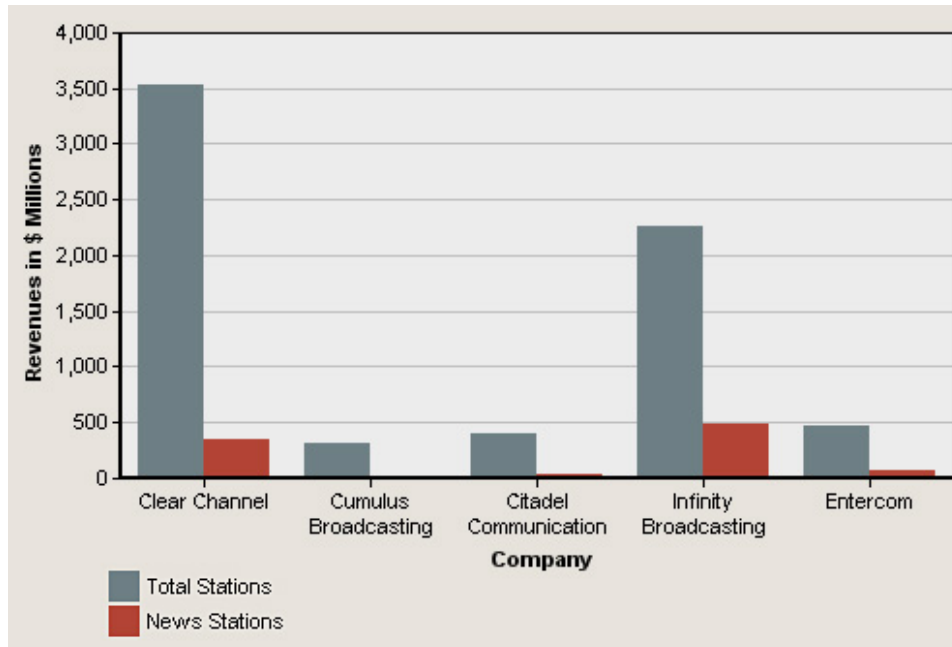
Design Your Own Chart

Source: BIAfn Media Access Pro, unpublished data

* Top-five companies by number of stations whose holdings include news format stations.

Revenues of Top Companies, 2003

News stations vs. other stations



Design Your Own Chart

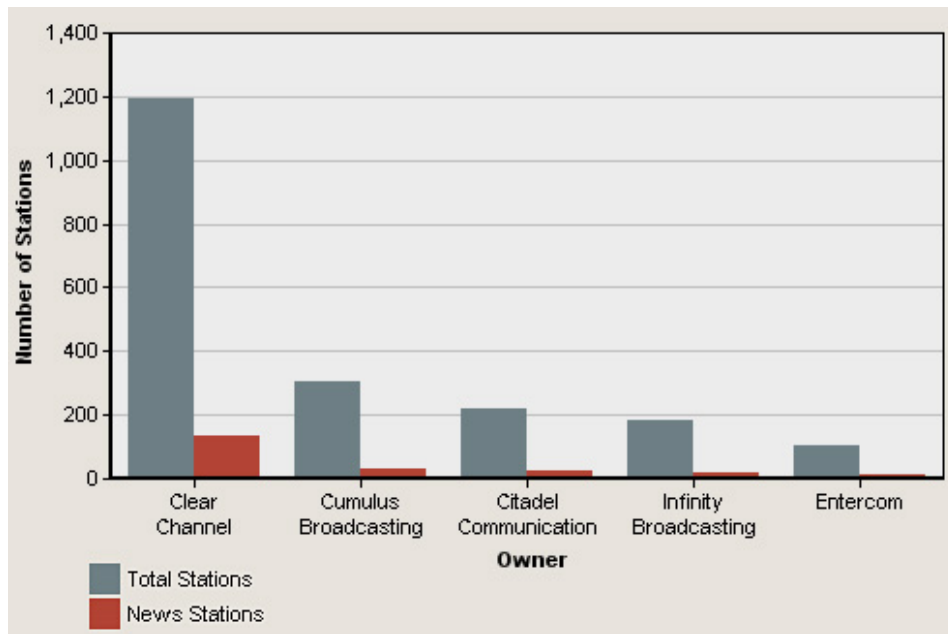
Source: BIAfn Media Access Pro, unpublished data

* Top five companies by number of stations whose holdings include news format stations.

This was not the result of a big increase in stations with news as a primary format. In fact, with the exception of Cumulus, the number of news station holdings by members of the top five ownership groups has remained fairly static.

Number of Stations Owned by Top Companies, 2004

News vs. all



Design Your Own Chart

Source: BIAfn Media Access Pro, unpublished data

To five companies by number of stations whose holdings include news format stations

Cumulus added nine stations to its news holdings and increased news station revenue by some \$10 million. Clear Channel's news stations increased revenue by about \$67 million even as the number of stations decreased from 135 to 133. Infinity saw an increase of \$80 million while adding only one to its collection of news stations.

It will be interesting to see whether this is the start of a significant trend for new radio profitability or just a blip brought about by a public increasingly interested in national and world news and political events (the Iraq War, the war on terrorism, the U.S. Presidential elections). Clear Channel's revenue from news stations has increased steadily for the nine years the Project has collected data. With the exception of 2001, Infinity's news-formatted stations have grown in a succession of solid leaps.

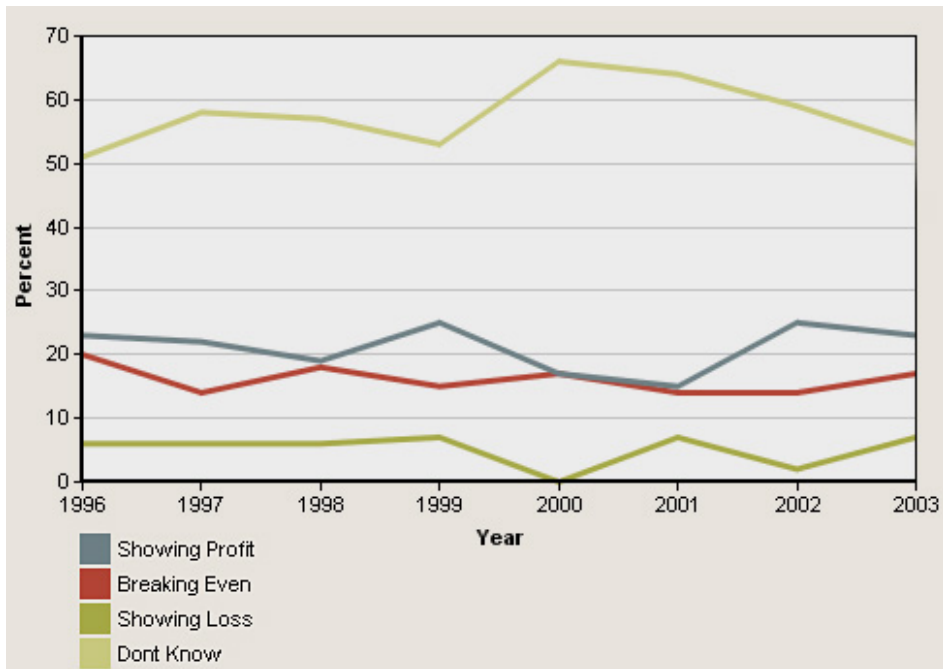
Clear Channel and Infinity also share some very clear market strength. Of Clear Channel's 133 news stations, more than 20 are in the top 50 markets. Nearly 50 have a market rank in the top 100 markets. Twenty of Infinity's 21 news-formatted stations have a market rank of 49 or better.

But focusing only on stations whose primary format is news is not telling the full story of the economics of news radio. Unfortunately, there may be no way of telling the complete story. The piece of the economic pie made up by news stations is only a sliver; the revenue generated by news reports on music and other non-news stations is not only smaller but virtually impossible to determine.

Looking at the eight years of data gathered by the Project, the majority of news directors surveyed as part of the RTNDA/Ball State University News Director surveys have been unable to say whether news on their stations is making a profit, though the number has dropped steadily since its height in 2001.

Radio News Profitability

Survey of news directors, 1996 to 2003



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

And the number of those who say radio news is making a profit seems to be falling just as those who indicate that it is showing a loss is climbing.

Footnotes

1. Sallie Hofmeister, "Radio drives huge loss at Viacom," Los Angeles Times, February 25, 2005.
2. L.A. Lorek, "Clear Channel Communications downplays write-off," San Antonio Express-News, March 1, 2005.
3. Michele Gershberg, "Clear Channel cuts commercials to gain ad dollars," Reuters, July 19, 2004
4. Sandra Ward, "Losing the Signal," Barron's, August 30, 2004
5. Sandra Ward, "Losing the Signal," Barron's, August 30, 2004
6. "Clear Channel Radio cuts commercials to gain ad dollars," Reuters, July 18, 2004.

Ownership

Ownership

In terms of ownership, 2004 was a year of stability on the surface. But there was some movement in the second and third tier of companies, as the ethnic media and specialized companies continued to thrive.

With 1,194 stations, Clear Channel owns nearly 900 more than the next ownership group, Cumulus Broadcasting. In fact Clear Channel, which reaches 188 markets ¹ (three times the number reached by Cumulus), dominates the industry, as does no other single company in any other medium we study. It has been at the top of the heap since early 2000.

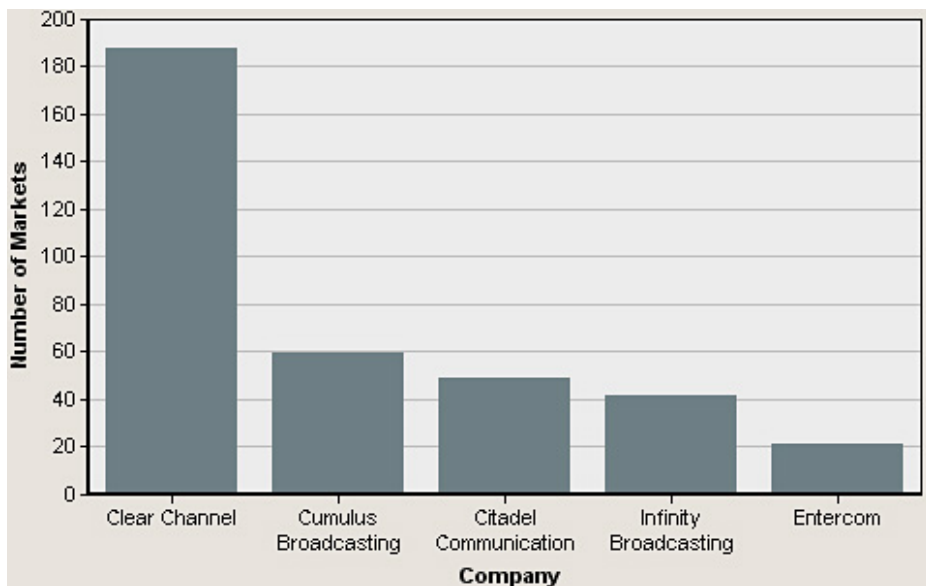
Number of Stations Owned by Top Broadcasting Companies

Rank	Owner	# of Stations	# of News Stations
1	Clear Channel Communications	1,194	133
2	Cumulus Broadcasting Inc.	305	32
3	Citadel Broadcasting Corp	220	24
4	Infinity Broadcasting	183	21
5	Educational Media Foundation	118	0
6	American Family Association Inc.	109	0
7	Entercom	103	15
8	Salem Communications Corporation	103	14
9	Saga Communications Inc.	86	13
10	Cox Broadcasting	78	7
11	Regent Communications, Inc.	75	7
12	ABC/Disney	73	5
13	Univision Communications Inc.	70	0
14	Waitt Broadcasting Inc.	70	3
15	Radio One Inc.	68	7
16	NextMedia Group	65	0
17	Entravision Holdings LLC	54	0
18	Multicultural Radio Broadcasting Inc.	47	6
19	Nassau Broadcasting Partners LP	47	2
20	Triad Broadcasting Company	46	4

Source: BIAfn Media Access Pro

of News Stations based on number of stations including News as their primary format.

Number of Markets Reached by Top Companies



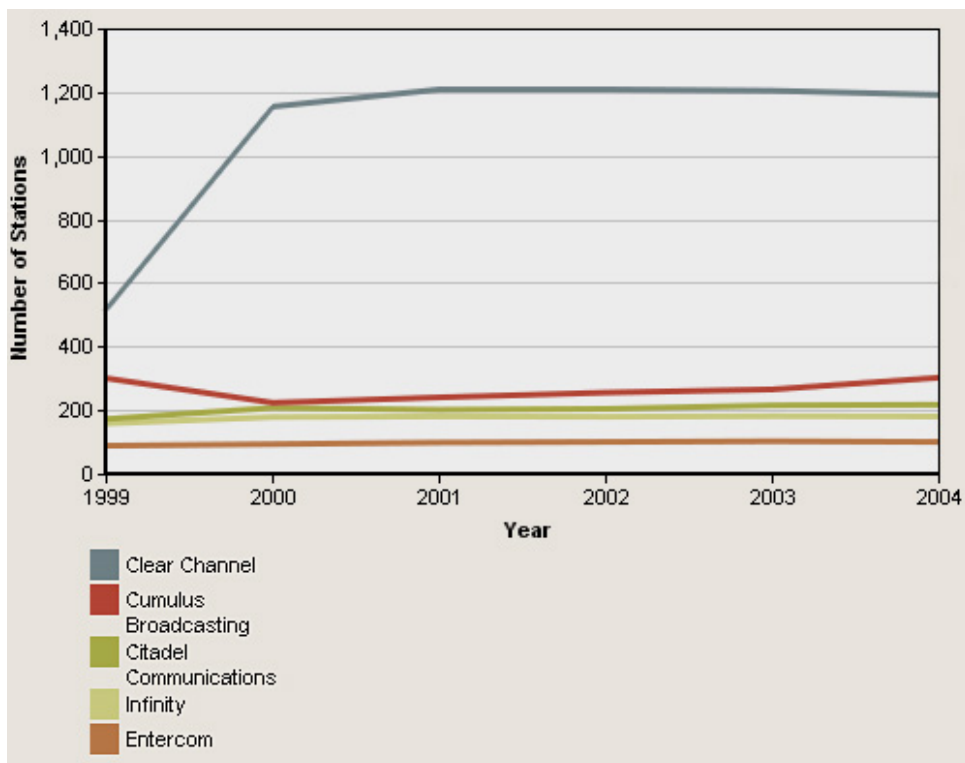
Design Your Own Chart

Source: BIAfn Media Access Pro, unpublished data

* Top five companies by number of stations whose holdings include news format stations

Change in Stations Owned by the Top Companies

1999 to 2004



Design Your Own Chart

Source: BIAfn Media Access Pro, unpublished data

* Top five companies by number of stations whose holdings include news format stations

But bigger isn't always better. For example, Emmis Communications, while it does not make the top 20 in number of stations owned, sits at number 10 in revenue (see **chart**). And some of the largest companies in number of stations owned (including three of the top five — Clear Channel, Viacom, which owns Infinity, and Citadel) have seen the greatest decline of overall station ratings while some smaller groups have seen the greatest increase.

In numbers of radio stations, Clear Channel dwarfs both Entravision (53 stations) and Univision Communications (72 stations). But Barron's (August 30, 2004) noted that those two companies, along with Spanish Broadcasting, had made some of the industry's greatest ratings gains. And the station numbers for Entravision and Univision, while not the whole story, should not be ignored. Since last year's State of the News Media report both have moved into the list of top 20 radio owners based on station counts.

Multicultural Radio Broadcasting Inc. (see **Air America**) has also entered the top-20 list at number 17, with 47 stations in 22 markets. Based on information on its Web site, MRBI's holdings center on Spanish-language and ethnic programming. For example, in the Los Angeles area, it runs KALI (900 AM) and KALI-FM (106.3 FM). According to the Web site, the stations include programming in Spanish, Pakistani, Indian, English, Thai, Ethiopian, Vietnamese, Japanese and Cambodian.

And so, even though the combined 172 stations of Entravision, Univision and MRBI reach only 67 markets (not much more than the 60 reached by Cumulus Broadcasting) their growth makes them three of radio's up-and-coming station groups. Entravision and Univision Communications, along with MRBI (and the Spanish Broadcasting System), reinforce the reality that, while huge station numbers might be impressive, success comes down to finding a format and finding an audience.

Spanish-language programming, along with religious and urban formats, is where much of radio's audience growth has been taking place over the last five years. Cultural and lifestyle trends in the greater population make these types of programming profitable and attractive. For example, it has been estimated that Hispanic buying power will total some \$992 billion by 2009.² The 2004 presidential campaign made it very clear that urban minorities and people of faith are key audiences that wield increasing power in the country. In the midst of that campaign year, in September, Clear Channel announced plans to convert as many as 25 of its stations to Spanish-language programming.

In October 2004, Infinity entered what was referred to as a "joint strategic alliance" with Spanish Broadcasting System to assist with and consult on Infinity's movement into Spanish-language programming.

Unfortunately, the growth of Spanish-language programming might not do much to help stations that operate with news or talk formats.

The stability of audiences for news, talk and information stations might be good for companies that want a loyal, solid audience (think NPR), but the nature of radio allows a station that's not pleasing the head office to be re-formatted practically overnight.

The first station Clear Channel decided to change over to Spanish-language programming? WMAX in Atlanta — a talk radio station that now broadcasts Spanish rock.

Footnotes

1. Arbitron ranked 293 markets for fall 2004.

2. Jeffrey M. Humphreys, "The multicultural economy 2004," Georgia Business and Economic Conditions, vol. 64, no. 3 (Third Quarter 2004), p. 6.

News Investment

News Investment

The trend away from locally produced news appears to be continuing.

We have moved from a time when every station in a town was separately owned – and maintained its own news department – to a point where each station in a particular area may be owned by one of the large corporate entities. Even if each of those companies has a central newsroom in the area, all the news in a single market might be coming from a small handful of newsrooms. Assume, for instance, there were 16 stations in a city and they were owned by three companies with three centralized news departments. If each newsroom had two news people, six people would be generating all the news decisions for 16 stations. It's a situation that contributes to making radio increasingly less reliable as a source for local news.

In addition, when radio newsrooms are centralized operations, the numbers involving investment per newsroom might be misleading.

People working in radio news appear to be making more money, which would suggest an increasing investment in news by station ownership groups. But fewer people are actually working in the newsroom. The “news hub” system, combined with voice-tracking technology, allows radio groups to operate with smaller newsroom staffs. And while this means salary increases for those who remain, it also means greater workloads and increasing responsibility.

It's a situation in which more money might actually mean less investment.

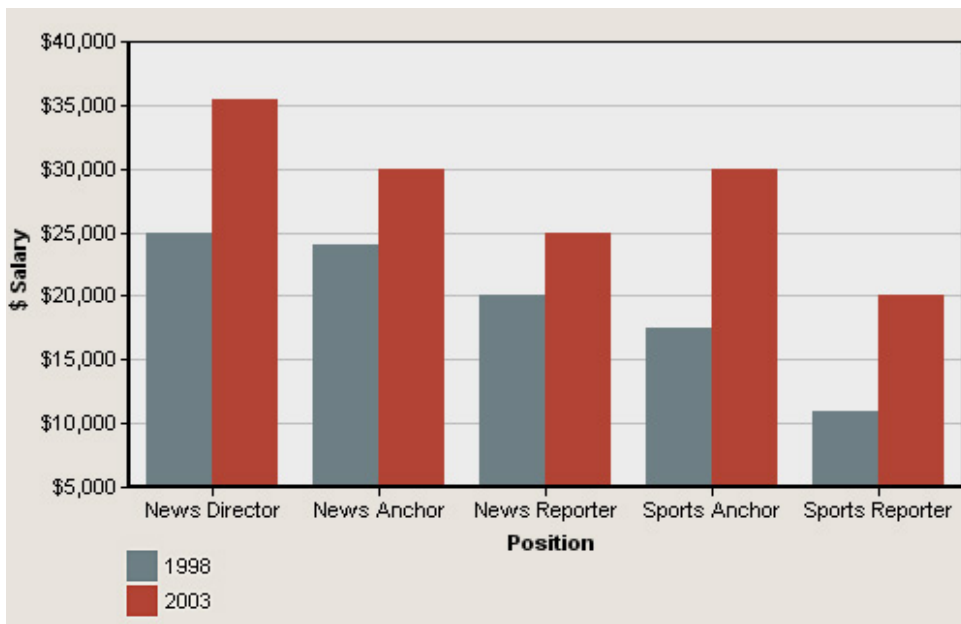
Salaries

Looking at the newest numbers from the RTNDA/Ball State University continuing news director surveys, there is good news and bad news when it comes to newsroom salaries.

The good news, according to the findings, is that “radio news salaries rose even more than television news salaries. News director and sports anchor saw the biggest jumps; news anchor was the only group to grow below inflation's modest 1.9%.”¹

Radio Salaries, Over Time

Survey of news directors, 1998 & 2003



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

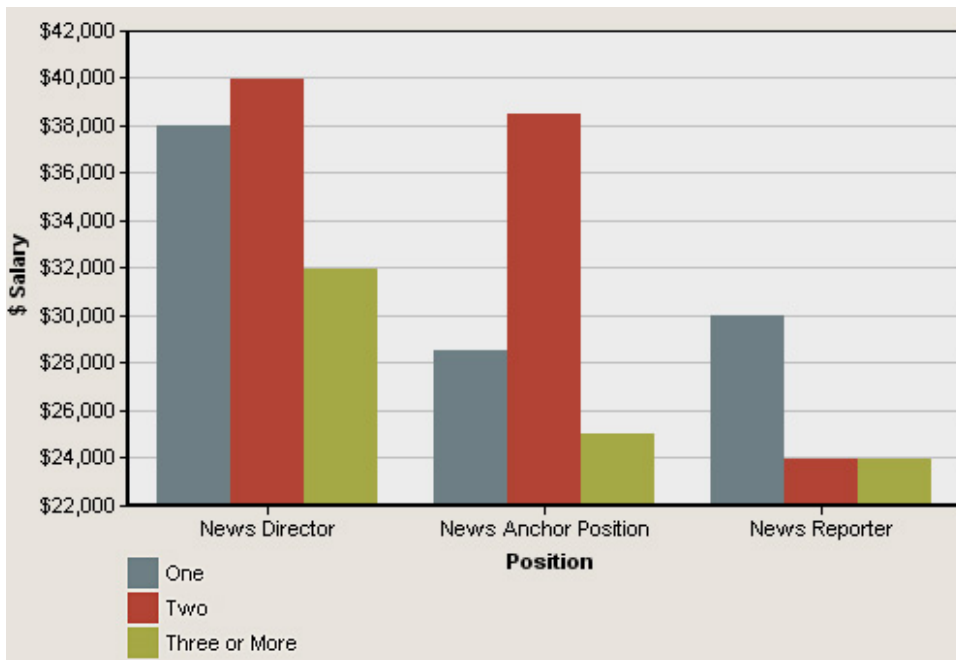
The bad news, if we compare those salaries with the parallel salaries in television, is the significant disparity between the two news media. Median salary for a television news director: \$68,000. Median salary for a radio news director: \$35,500. Television news anchor: \$59,500. Radio news anchor: \$30,000. Television news reporter: \$28,000. Radio news reporter: \$25,000.

More perplexingly — harking back to the disconnection between salary increases and actual newsroom investment — it appears that radio salaries actually have a tendency to drop based on the number of stations news people serve. The numbers suggest that people are paid less money for what one could assume is a greater workload, or if not more work, at the very least providing greater benefit to the broadcast organization. A news director, anchor or reporter serving two stations actually makes more money than the individual doing the same job and serving three or more stations. Moreover, with the exception of sports anchors, people working for independent stations (who are presumably working for only a single station) tend to make higher salaries.

The numbers are hard to interpret from the data available. The salary gap could be some anomaly based on the way people interpreted the survey. Or it may suggest that companies of a certain size are beginning to merge operations and may be relying on younger, less experienced staffs, using the consolidation to shed more veteran professionals.

Median Radio Salaries, by Stations Served

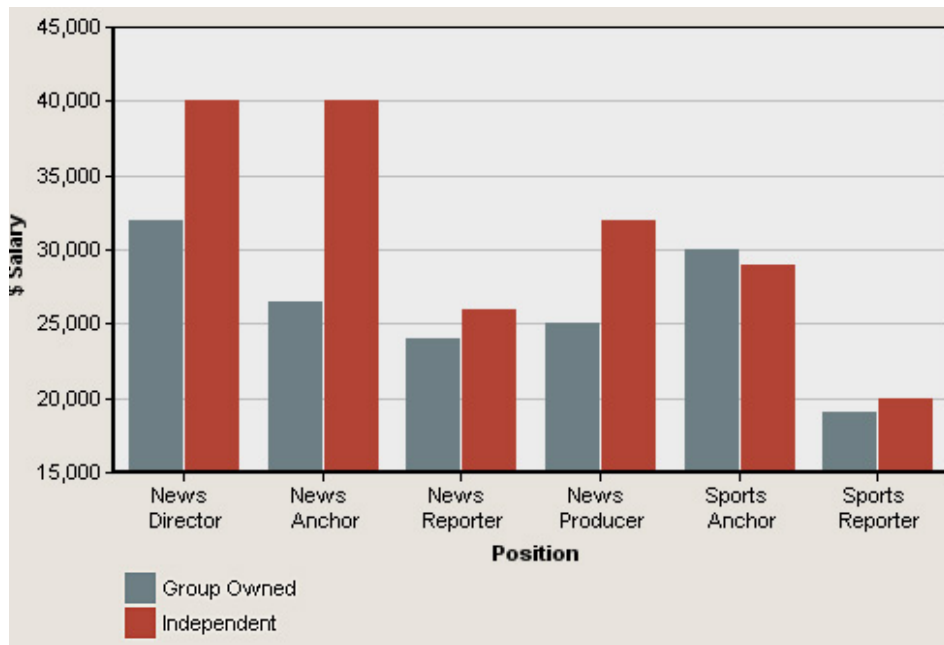
Survey of news directors, 2003



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

Median Radio Salaries, by Ownership
2003 survey of news directors



Design Your Own Chart

Source: RTNDA/Ball State University Newsroom Surveys

Still others have noticed the data and heard an important alarm bell, evidence of the effect consolidation is having on hiring, turning news staffs into simply low-paid readers. These radio journalists are not just being stretched thin, in this view, they are also in a fundamentally different business. They are no longer news gatherers, but simply news presenters of second-hand material. They are, as the Project has noted in other work, no longer significantly involved in journalism of verification – gathering news first-hand and verifying it. They are involved in the journalism of assertion, passing along things without fundamental knowledge about accuracy or validity.

How are listeners being served by news people not in their town, ask observers like Dale Wilman, Executive Editor of Field Notes Productions and a former NPR editor and producer. Beyond the obvious problems of presentation, such as pronunciation and local knowledge, how can people provide a real news service to an area without even being there to cover it? Phone calls can do only so much. If a good portion of success in life is being there, showing up, that may be an even bigger part of the key to journalism.

Perhaps even more significantly, it appears that radio newsrooms will continue to shrink. Only 15% of the news directors surveyed by RTNDA/Ball State were planning staffing increases over the course of 2004. More than three-quarters (77%) were planning decreases.

The use of centralized newsrooms has so far masked much of the impact of these decreasing staff levels. Of those news directors surveyed by RTNDA/Ball State, 44% indicated an increase in the amount of news their stations were carrying. While this number might seem heartening, fully 53% said news had decreased on their stations over the past year.

Those patterns may be the predictable consequence of media consolidation, but we may also be entering a critical juncture. How much thinner can the staff of centralized newsrooms be spread before radio journalists begin to seek alternatives? And how much farther can news dollars be stretched before the public begins to notice and seek alternatives of their own?

Footnotes

1. Bob Papper, "Salaries soar," RTNDA Communicator, June 2004, p. 28.

Public Attitudes

Public Attitudes

It is impossible to evaluate the state of the news media without noting that 2004 was not an average year, what with an election and a host of scandals, from CBS's Memogate to the continuing introspection at The New York Times and USA Today.

How does radio fare in all of this?

We know from most available data that radio news audiences have been and continue to be, for the most part, stable. Radio is not seeing its audience shift away like those of network television and even cable.

But what is it that audiences are listening to, and why? When asked how much media bias they saw, 46% of those for whom radio was the main source of election news coverage felt there was a great deal of bias in the media. That was more than the percentages for those who said Fox News was their main source of campaign coverage (43%) or the Internet (40%) or CNN (27%).¹

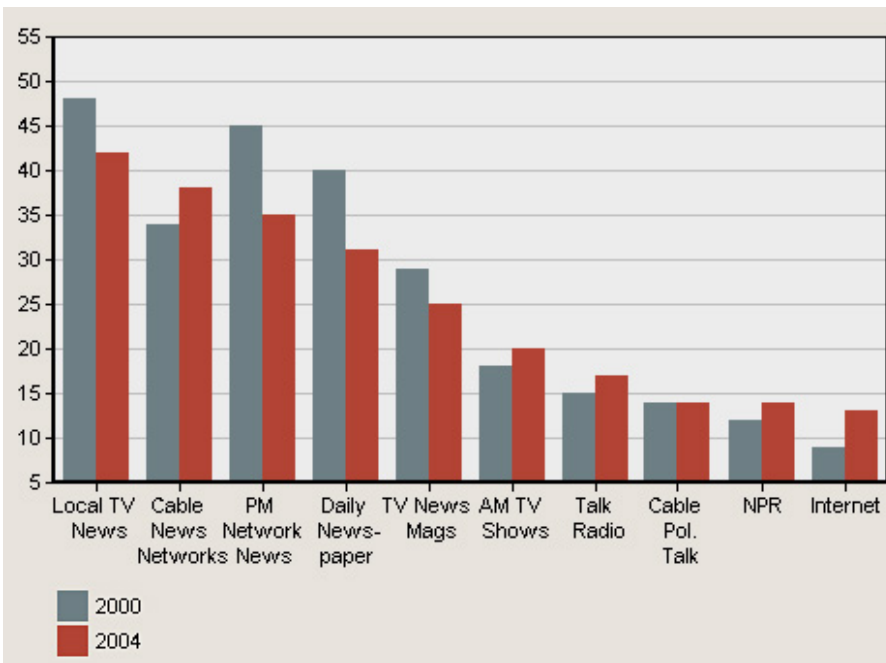
As the study looked specifically at the coverage of the presidential campaign, 33% of those who said their main source of election news was radio saw a Democratic bias in election coverage. Only 12% of radio listeners saw a Republican bias; 32% saw no bias at all.²

Interestingly, when asked the same question, only 14% of people whose primary election news source was Fox News saw a Republican bias in media coverage of the election; 38% of those viewers saw a Democratic bias.³

The number of people using radio to learn about the candidates and their campaigns is growing. While declines in viewing for campaign news have hit nightly network news (-10%), newspapers (-9%) and even local TV news (-6%) between 2000 and 2004, radio is one of a group of media sources that have seen incremental growth: talk radio (+2%), National Public Radio (+2%), morning TV shows (+2%), comedy TV shows (+2%) and particularly cable news networks (+4%).⁴

Where Americans Learn About the Candidates and Campaign

2000 vs. 2004



Design Your Own Chart

Source: Pew Research Center for the People and the Press, "Cable and Internet Loom Large in a Fragmented Political News Universe," January 11, 2004

* Survey qu.: "For each item that I read, please tell me how often, if ever, you learn something about the presidential campaign or the candidates from this source."

Chart shows percent of Americans who "regularly" learn something from given outlet.

What do these media have in common?

Each of the media showing growth in campaign-news viewers or listeners gives news consumers not only a certain degree of control over the type of content they are hearing, as with cable news, but also a certain level of engagement with the outlet. In fact, another set of figures from The Pew Research Center's survey suggest that the engagement factor is perhaps the greater draw for these media types.

The Internet is the most obvious "engagement outlet," but engagement occurs even with morning TV news programs. Looking beyond the most obvious – the now ubiquitous crowds standing outside the studio windows with signs and banners – we also have the numerous breaks where the network hosts send the action back to local anchors and television personalities for news and weather. Network morning shows, in essence, give a chunk of the show to local communities.

The level of potential engagement and discussion is also undoubtedly part of the attraction for radio, given the level of interaction afforded by talk radio and some of the shows on National Public Radio's member-station programming. This growth in the use of radio to acquire campaign news, even in the often unapologetically biased talk radio, is not surprising when we remember that 46% of such listeners themselves believe the media have a "great deal" of bias.

Views on Media Bias, by Main Source of Election News
January 2004

	Great deal	Fair amount	Not much/Not at all	Don't Know	Total
Radio	46%	26	25	3	100
Fox News	43%	33	22	2	100
Internet	40%	33	26	1	100
Newspaper	33%	36	29	2	100
CNN	27%	42	28	3	100
Local TV	25%	32	39	4	100
Network TV	23%	39	36	2	100

Source: Pew Research Center for the People and the Press, "Cable and Internet Loom Large in a Fragmented Political News Universe," January 11, 2004

Survey qu: "To what extent do you see political bias in news coverage? A great deal, a fair amount, not too much, or not at all?"

Media Preferred for Election News
January 2004

	No point of view	My point of view	Don't know	Total
Network TV	65%	29	6	100
Local TV	66%	25	9	100
Newspaper	68%	25	7	100
CNN	71%	24	5	100
Fox News	70%	24	6	100
Radio	70%	24	6	100
Internet	78%	14	8	100

Source: Pew Research Center for the People and the Press, "Cable and Internet Loom Large in a Fragmented Political News Universe," January 11, 2004

Survey qu: "Thinking about the different kinds of political news available to you, what do you prefer..."

Footnotes

1. Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, pg. 16.
2. Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, pg. 15.
3. Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, pg. 15.
4. Pew Research Center on the People and the Press, "Cable and Internet Loom Large in Fragmented Political News Universe," January 11, 2004, pg. 1.

Conclusion

Conclusion

As people grow increasingly apprehensive about the news they're getting, more concerned about the impartiality of that news and more eager for bias-free sources of information, it would appear that they are seeking outlets with which they can engage. Sometimes this might be to reframe the conversation. Sometimes it might be to attempt to persuade others to their point of view.

And sometimes, since those who use the media sources most often identified as fostering some form of bias – the Internet, traditional talk radio, National Public Radio, Fox News – are also those voicing the greatest desire for news with a point of view, it may be that news consumers are suffering from media fatigue.

In other words, maybe the public has decided that if you can't trust them, join them.

Guest Essay

Guest Essay

Satellite Radio: HBO for Your Ears

By Al Stavitsky, Ph.D.

Satellite radio in the United States has become the aural equivalent of HBO. While HBO audiences are still a fraction of those for broadcast TV networks, the pay channel has become the gold standard for television quality. Similarly, not quite three million Americans subscribed to satellite radio in the fall of 2004, compared to about 200 million weekly listeners to traditional (terrestrial) radio. But XM and Sirius, the two U.S. satellite radio providers, each doubled their subscriber bases from the year before while receiving favorable buzz from critics and consumers.

Both XM, based in Washington, and Sirius, based in New York, offer more than 120 channels of music and talk programming, most of them commercial-free, for about \$12 a month. (Subscribers also need to purchase special receivers for their cars or homes or both. Many auto manufacturers, which have invested in satellite radio, offer it as an option for purchase with new cars.) XM and Sirius transmit programs from their studios to satellites in orbit about 22,000 miles above the earth. The satellites broadcast the signals to subscribers' car and home receivers, which have palm-sized antennas and special computer "chipsets" to unscramble the transmissions. The satellite providers also built transmitters on the ground in major urban areas where tall buildings may block the signals from space. The idea is to provide seamless national coverage; you can listen to, say, Sirius's Left of Center independent-music channel all the way from Boston to Seattle.

The rise of satellite radio reflects popular dissatisfaction with traditional (terrestrial) radio. That kind remains ubiquitous, but ratings data show that listeners are spending less time with it. There are several reasons: annoyance with blaring commercials that consume up to 20 minutes each hour; homogeneous programming with the same songs playing over and over ("tight playlists," in radio parlance); and alternative sources for music, such as the Internet and personal digital-music players. The local KISS-FM or Z100 holds little appeal for a college student with an entire music collection on an iPod.

In addition, traditional radio – the most local of all electronic media, considering that television stations generally produce little programming in-house beyond the occasional newscast, and cable is overwhelmingly a national service – has lost its moorings. The local DJ celebrated in film and song often isn't local any more; he is "talent" working for a syndicator, coming in via broadband from either of the coasts. Or she prerecorded her airshift hours before the show, a phenomenon known as "voicetracking." As radio ownership has become concentrated in the hands of large corporations such as Clear Channel, management control has often shifted from the community of license to company headquarters across the country. A New York Times critic referred to contemporary programming as "radio from nowhere, produced by nobody."

While satellite radio is the antithesis of the local station, XM and Sirius have sought to position themselves as the redeemers of radio by building communities of a different sort, communities built on shared values and tastes.

Like rock music? Instead of the Top 40 and Classic Rock approaches that dominate traditional radio, satellite radio listeners can choose from a gaggle of rock-oriented channels on either service. Sirius, for instance, offers 17 channels including garage rock, hip-hop, jam-band rock, even an outlet for '80s "hair bands." XM's 14 rock channels include a "café" for singer/songwriters, an "Unsigned" channel that features "unknown artists," and a home for punk.

Ditto talk radio. Instead of Limbaugh-flavored commercial talk radio, satellite talk is left-wing, right-wing and wing-less. Al Franken's "Air America" liberal channel is on the bird, as is the National Rifle Association. There are channels for women, gays and lesbians, and Christians, and shows for cigar aficionados and people searching for intelligent life elsewhere in the universe.

And XM offers not just one but two NASCAR channels.

Satellite radio has provided a haven for disaffected broadcasters. In a high-profile move last summer, XM signed the longtime National Public Radio journalist Bob Edwards to host a new morning show after NPR unceremoniously dropped him from his anchor slot on Morning Edition.

With the FCC cracking down on broadcast indecency, radio's so-called "shock jocks" are looking skyward, too. Satellite radio, like cable TV, is not subject to FCC content regulation because it is less accessible to children than traditional broadcasting. XM recently signed the controversial talk team of Opie and Anthony for a morning show. The duo had been out of radio for two years after they were fired by New York's WNEW for an infamous program that featured a couple describing a live sex act in St. Patrick's Cathedral.

Similarly, the dean of shock radio, Howard Stern, whose program was dumped by Clear Channel in the post-Janet Jackson furor over indecency, has set up shop on satellite. (Congress is considering legislation that would extend indecency regulation to cable, and it's conceivable that such a move could lead to regulation of satellite radio in the future.)

The satellite services are seeking to exploit their digital advantage as well. XM now offers a receiver capable of storing up to 30 minutes of any broadcast for later replay. Think of it as the first step toward an audio version of digital video recorders such as TiVo. Both firms offer receiver models that allow listeners to store the names of favorite artists and titles. No problem if you're listening to another channel; your radio will beep to tell you your favorite song is playing, or switch you directly to the channel. Same thing if your favorite sports team is playing and the game is broadcast on Sirius's NFL Radio channels. Other receivers can display continuously updated stock quotes.

By comparison, terrestrial radio has been slow to embrace digital transmission. Relatively few stations are broadcasting in digital mode and digital radio has received little of the attention paid to digital TV. Accordingly, don't expect sales of receivers for digital terrestrial radio to take off in the near term.

Obviously, old radio is not taking the threat of new radio lightly. Clear Channel, the nation's largest radio chain, announced that its stations would cut way back on the number of commercials they air. The move is intended to appease both listeners tired of frequent interruptions and advertisers worried that their messages are getting lost in the clutter. In addition, the National Association of Broadcasters is lobbying furiously to try to block the satellite services from offering localized traffic and weather channels in major cities.

Public radio stations find themselves in an awkward situation. While their listeners are often fiercely loyal to their local stations, many are also the kind of people who would – and could – pay for diverse radio programming. (XM was acutely aware of that when it signed Bob Edwards.) National Public Radio and Public Radio International, the leading U.S. producers of noncommercial audio programming, have agreements to provide content to the satellite services. But NPR's member stations would not permit the network to make available its flagship programs, Morning Edition and All Things Considered. Some station managers fear that listeners may decide to shift their annual public-radio contributions to satellite-radio subscriptions, just as PBS affiliate managers worry about losing paying supporters to HBO.

All this is not to imply that satellite radio will kill off terrestrial radio. Old radio has been counted out before, and has proven remarkably resilient and adaptive. And for all the buzz, XM and Sirius are in precarious financial condition, with enormous capital and operating costs, formidable, well-established competitors, and the challenge of reaching consumers who have other alternatives for music.

But this is a story that bears watching on many levels. The rise of satellite radio – engineered through digital savvy and keen awareness of consumer behavior – reflects how the game has changed. Guardians of traditional media, take note.

Al Stavitsky, Ph.D., is a Professor of Communications and Associate Dean at the School of Journalism and Communication at the University of Oregon. In the past, he has worked as a radio talk show host and sportscaster.

The State of the News Media

2005

Ethnic/Alternative – Intro

Introduction

By the Project for Excellence in Journalism

As the immigrant population of the U.S. continues to grow, so too, apparently, do the ethnic media.

Assimilation was the rule for much of the 20th century as immigrants who arrived in the late 1800s and early 1900s grew to know their new home. But in the early 21st century the new arrivals may be more inclined – and for various reasons are more able – to rely on their original languages. From a media standpoint, the patchwork quilt seems a more appropriate metaphor new immigrants than the melting pot. At the very least the models now seem to sit side by side.

Trying to quantify the ethnic media is a challenge, and making blanket statements about the vast assortment of ethnic groups is extremely difficult. The “ethnic media” actually comprise hundreds of language-defined media outlets. The Spanish-language press of New York is very different from that of Los Angeles. And what commonality is there between the Mandarin and Cantonese radio stations of greater Los Angeles and the Pakistani press of New York City, beyond the fact that they target non-English speakers?

What’s more, solid numbers on ethnic news media are much harder to come by than for the mainstream. Much of the information is not verified and lacks supporting data. Even as some questions are answered, new ones arise. We will discuss those questions in the sections below about audience and economics.

Still, even if the numbers are soft, growth seems clear. And common sense suggests it will likely continue in coming decades. The increase in ethnic outlets is not so much a function of the economy or the changing media landscape as it is a reflection of the nation’s demographic changes.

There are also fascinating questions about the content of these outlets. What are the differences between what these audiences see and hear every day and what the audiences of English-language media see and hear?

To get a very basic feel for the answers to those questions, we added something new to our look at the ethnic media this year. With the help of the Independent Press Association in New York City, we looked at the content of some of the leading ethnic newspapers in the largest, most diverse city in the country. ¹ We found a press that was very different from the mainstream English-language media, but also difficult to classify or to put under a single heading.

Because of the different nature of the ethnic news media as well as a lack of data in some areas, this chapter will feature a slightly different layout than others. It will consider these topics:

- The population picture concerning various ethnicities
- The content of various Spanish-language, Chinese, Pakistani and African-American newspapers in New York
- The overall audience picture of the ethnic news media in the U.S.
- The ownership and economic situations of the ethnic media

Footnotes

1. Some would argue Los Angeles is more diverse in the non-white share of its population, but by sheer number of ethnicities, New York is generally considered more diverse.

The Population Picture

Population Picture

By the Project for Excellence in Journalism

Three basic questions govern the development of the foreign-language ethnic news media.

First, how many new people are entering the country? While some foreign-born people who have been in the country for years choose to continue reading, watching or listening to the news in their own language, new arrivals usually turn to the native-language ethnic press because they have no other choice. Some growth in immigration will drive continuing growth in the ethnic media.

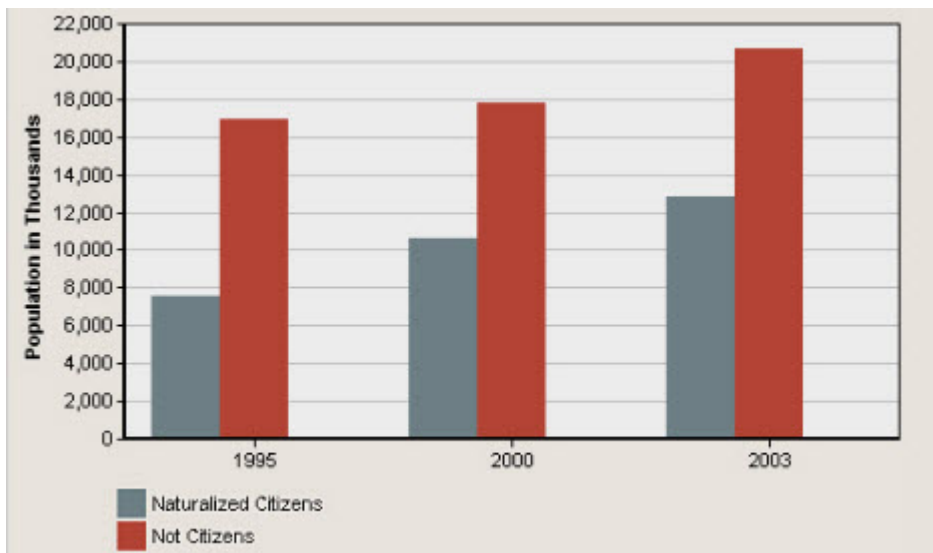
Second, how quickly do new immigrants seek their news primarily in English?

And third, will English news supplant or merely augment the news they get in their native tongues?

The foreign-born population to some extent fluctuates depending on the policies of the U.S. Government. Crackdowns imposed since the terrorist attacks of 9/11 may limit future immigration, but Census data going back to the mid-1970s show a steady increase in the foreign-born population. And as the chart below shows, the larger impact may be on how immigrants enter to the country and what they do about their status once they're in the country, rather than just whether they come. Between 1995 and 2000, the naturalized-citizen population was growing faster than the non-citizen population. But since 2000, the non-citizen population has grown faster. ¹

U.S. Foreign Born Population

Select Years



Design Your Own Chart

Source: U.S. Census Bureau – Population by Sex Age and U.S. Citizenship. 2003, 2000 and 1995

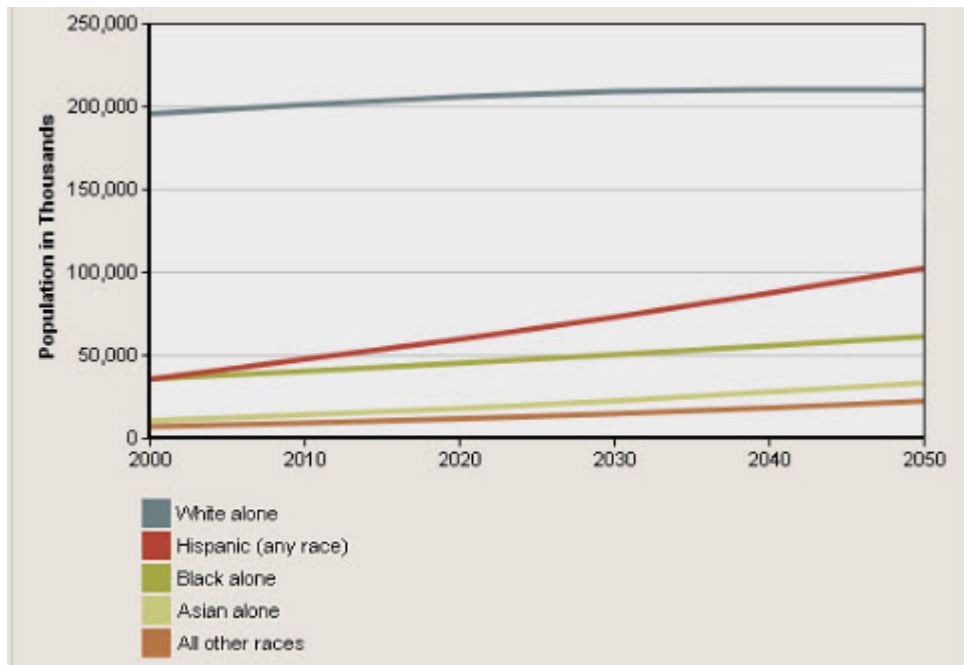
The Census divides the foreign-born into those who have gained citizenship and those who have not. In assessing media consumption, it makes the most sense to combine them. When the number of naturalized and non-citizens is added together, the number of new U.S. residents has increased from roughly 25 million in 1995 to 33 million in 2003, an

increase of 32%.² Some 78% of the foreign-born in 2003 hailed from Latin America or Asia, where English is not the primary language.³ Those numbers would seem to bode well for the continued growth of ethnic media, particularly the foreign-language variety.

A broader look at the overall ethnic makeup of the U.S. – that is, not only the first generation, but the second, the third and so on – suggests that the power and significance of the U.S. ethnic population is even greater than those recent immigration figures show. The non-Hispanic white share of U.S. population is forecast to shrink as a percentage of overall population from 69% in 2000 to just over 50% in 2050. In the same period the Hispanic population is expected to grow from 12.5% to 23.8%, the Asian population from 3.8% to 8%, the black population from 12.7% to 14.6% and other from 2.5% to 5.3%.⁴ In real numbers, too, the forecast growth of the non-white ethnic population looks dramatic.

U.S. Population by Race and Ethnicity, Actual and Forecasted

2000 – 2050



Design Your Own Chart

Source: U.S. Census Bureau, U.S. Population Projections by Race and Hispanic Origin: 2000 to 2050

How much of this growing ethnic population primarily speaks a language other than English, and how much of it will choose to continue reading, watching and listening to news in a foreign language? There is no sure answer, but data suggest it may vary by ethnicity. Different ethnic groups seem to have different attitudes about where and how often they seek native-language outlets. Some choose to read in their native language. Others are more likely to seek out native-language radio and still others television outlets. We will discuss the patterns in more detail in the Audience section.

There are also more direct questions about how the media themselves will change as ethnic populations grow and adjust. Some differences in these outlets arise from specific ethnic traditions. Vietnamese newspapers, for example, have a tradition of publishing poetry, and that has carried over in the U.S. In many nations, newspapers are deliberately more partisan vehicles than they are objective news outlets.

As ethnic populations and their media grow and they become more a part of mainstream U.S. life, how much will their exposure to U.S. journalistic norms and culture shape the news they provide? This year, in the Content section, we take an introductory look at what some ethnic print outlets look like.

Footnotes

1. U.S. Bureau of Census, "Population Surveys, Population by Sex, Age, Citizenship Status," March 1995, 2000, and 2003.
2. Ibid.
3. U.S. Department of Commerce news release, "Foreign-Born Population Surpasses 32 Million, Census Bureau Estimates," March 10, 2003.
4. U.S. Bureau of Census, "U.S. Population Projections by Race and Hispanic Origin: 2000-2050."

Content Analysis

Content Analysis

By the Project for Excellence in Journalism

The many languages and outlets of the ethnic press make it difficult to examine content, perhaps the most critical factor in understanding media impact on its users and on the culture at large. What is the picture presented in the many outlets of the ethnic press? How does it differ from the mainstream press?

The Project decided to try to address ethnic press content by peeling away a small sample of newspapers to translate (where necessary) and study. We looked at five newspapers available in New York City aimed at different ethnicities and races. We chose two papers targeted at immigrants from the other side of the globe – the Pakistan Post (in Urdu) and Sing Tao (in Chinese). We also looked at two large Spanish-language dailies – Hoy and El Diario/La Prensa. And we examined the coverage of the African American community's "newspaper of record," the Amsterdam News. The Independent Press Association of New York, which monitors and analyzes the New York ethnic press, helped the Project select the papers and (when needed) translate them.

For each paper we captured the front-page stories on the same dates we examined the coverage of the mainstream press. For non-dailies we took the front pages of the nearest weeks and for the Pakistan Post, which is a weekly but sometimes ran as many as 20 stories on the front page, we took the stories that ran above the fold.

We coded the headlines and the first few paragraphs of front-page stories by looking at two main variables: the geographic focus of each piece and the topic. "Geographic focus" dealt with the trigger of the story – local, national (i.e., U.S.), international or homeland issues. "Topic" dealt with what the story was about, along the lines of the topic category we used to analyze the mainstream press but with one difference. Pieces strictly about homeland topics (homeland politics and policy) were given a special topic category.

What did we find? For one, there were vast differences between the papers both in geographic focus and in topic. In addition the papers, some broadsheets and some tabloids, had very different front pages that contained vastly different numbers of stories. But there was one general rule in the five papers we looked at: the closer geographically a paper's readers were to their countries of origin, the more the paper was likely to resemble mainstream U.S. papers in content. Those papers aimed at immigrants from distant locations – the Pakistan Post and Sing Tao – tended to focus more on those homelands and less on local New York City news or U.S. national news. The two Spanish-language papers tended to serve their readerships as a kind of alternative to the English-language daily papers. Their front pages covered a wider range of topics and focused largely on U.S. national and local news, while doing stories on the many different homelands of their readers less of the time, or on the inside pages. The Amsterdam News, the only English-language paper we looked at, was heavily local in its content.

Beyond this general finding, the character of each paper is worth exploring individually.

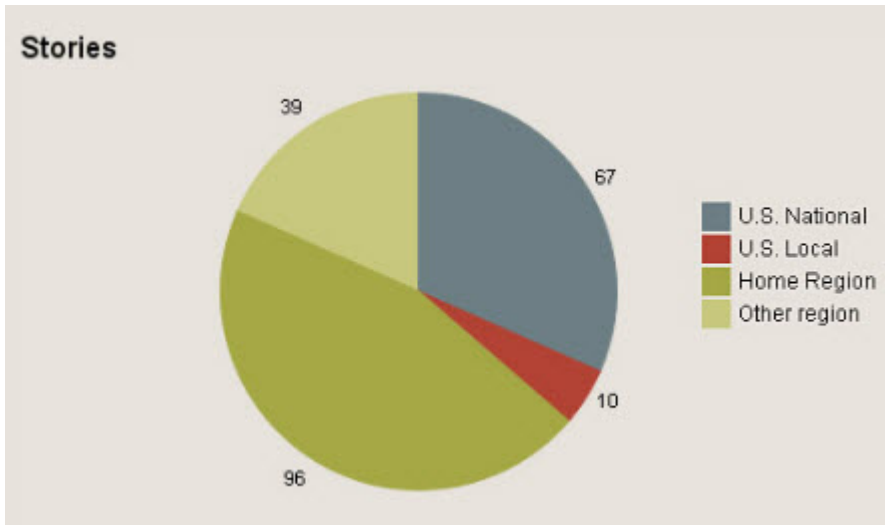
Pakistan Post

The Post is a free weekly newspaper based in Jamaica, in New York City's Borough of Queens, with a self-reported circulation of 40,000. ¹ Though its audience is primarily the Pakistani population of the city, it reaches people in other large U.S. cities as well. It differs from standard English-language dailies in many ways. Point of view and voice were readily apparent in the stories we looked at. Many stories were less straight news accounts than analysis articles. The Post also stood out for sheer volume. It had the most stories of any of the papers we looked at, 212 over the time we studied it. The Post's front page isn't just full of stories, it is crammed with them – well over twenty on every front page studied, compared with six or seven in most U.S. papers. For this reason we captured only the top half of the front page for the weeks we examined, we were still looking at roughly 13 stories for each issue. ²

The Post may be based in the U.S., but its coverage reaches far beyond U.S. borders. On the days we examined the top stories, a full 45% had what we classified as a home region geographic focus, stories triggered by news in Pakistan,

Afghanistan and India. This is a paper for those who want to keep up with what's going with politics and government policy back home. Not that the readers' new home was forgotten; almost a third of the stories (32%) in the Post had a U.S. national focus. Other regions of the world accounted for 18% of the stories we looked at, while the focus in only 5% was local. ³

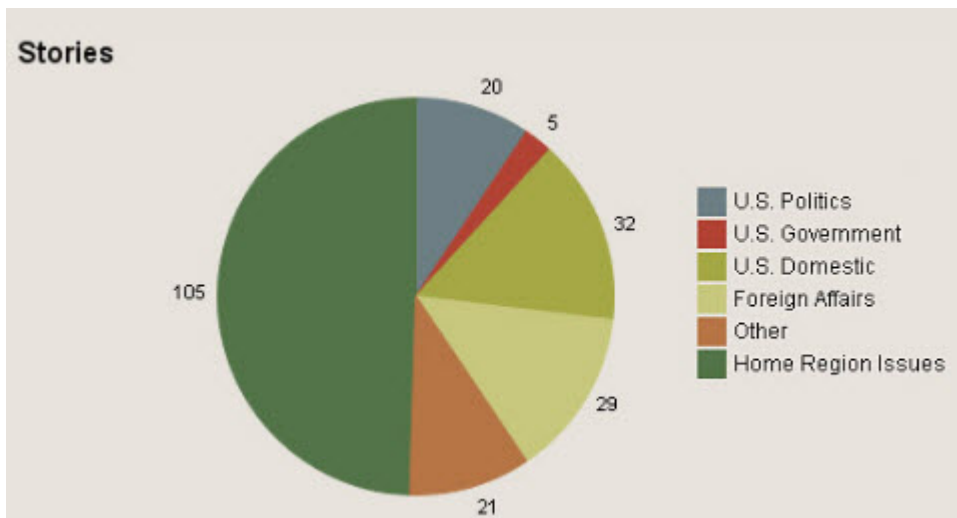
Geographic Focus of Pakistan Post



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 212 stories

Topics Covered in Pakistan Post



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 212 stories

The national-news-organization flavor of the Post becomes clearer when one looks at the topics on which it reported. The paper has a broad news agenda, but it is dominated by one thing, news from home. Fully 50% of the top stories in the Post on the days we examined the paper dealt with home-region issues. ⁴

Beyond news from the old country, there was a wide range. Some 9% of the above-the-fold pieces in the Post dealt with U.S. politics, with most of those focused on the presidential campaign. Another 15% looked at domestic affairs (stories about the U.S., but not political in nature), with about a fifth of those about terrorism. Foreign affairs (stories about areas outside the U.S. but not specifically focused on the home region) made up 14% of the paper's top-of-the-front-page coverage. ⁵

The Post is also a very serious paper, particularly when talking about events back home. Such stories were not light-hearted reminders of the goings-on in and around Pakistan, but weighty pieces about the future of the nation and of its president, Pervez Musharraf. Stories dealt with such issues as whether Musharraf would shed his general's uniform as Pakistan tried to move toward more traditional democracy, whether Pakistan would rejoin the British Commonwealth, and the state of politics in India.

The weekly also did a series of stories about Dr. Abdul Qadeer Khan, the father of Pakistan's nuclear bomb, and allegations that he leaked nuclear secrets to other countries. Mainstream outlets covered that story, of course, but not with the interest or tenacity of the Post. The paper's coverage went on for weeks and dealt with everything from the breaking of the story to the punishment of Khan to court action against other nuclear scientists and the fate of some of Khan's documents, which were missing. In total the paper did 18 stories above the fold, during the 19 days examined, about Khan and the nuclear secrets, or about 8% of all coverage studied. ⁶

The Post's coverage of U.S. politics included some of the flavor found in the mainstream American press. Take this headline from the March 11-17 paper: "U.S. presidential elections: John Kerry enjoys 52% approval rating compared to Bush's 44%." The piece was largely a campaign roundup, reporting that "both sides were gaining momentum" shortly after Kerry won the nomination.

But the paper also offered a more blunt look at politics. Stories were less concerned with being even-handed or even polite. A May 6-12 headline reported, "Bush, Kerry start boring Americans." The story, which was datelined Kabul/Quetta, spoke of the rise of a silent majority in the U.S., which it said "believes that this could be the most boring election in U.S. history."

There was a small amount of lifestyle and celebrity coverage (8%), though celebrity here is defined rather loosely and included stories like this special report from late July: "Daughter of Pakistan Banking Council chairman ties the knot with American youth." The paper also devoted seven stories (3%) above the fold on the front page to sports, in particular the World Cup of Cricket. ⁷

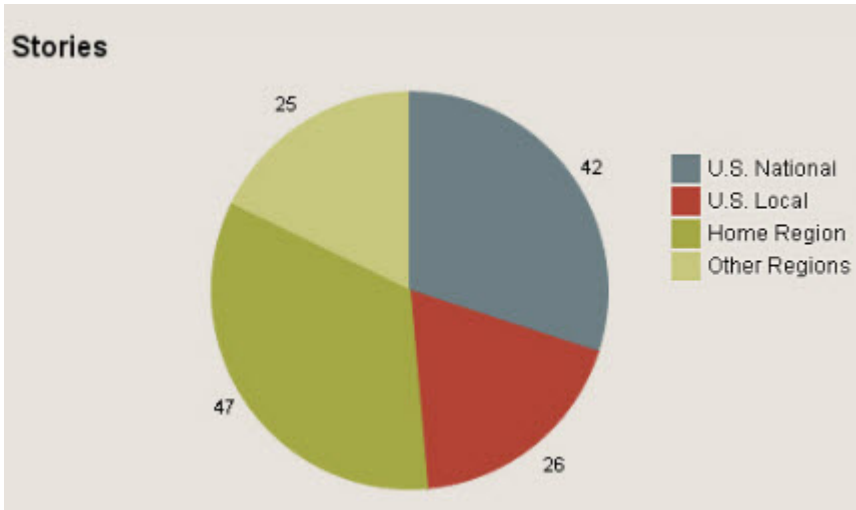
The biggest question, of course, is how do the Pakistan Post's readers use the paper? As an immigrant link to the homeland, its coverage is without peer. It discusses the intricacies of the Pakistani political world. But if the Post is the source of news for its readers, they will have a very limited view of the U.S., judging at least by the front page. National stories beyond the presidential race are largely nonexistent. Pieces about news around the country or about pending legislation, the stuff immigrants may need for an understanding of their new home, are rare.

Sing Tao

Sing Tao is a daily with a self-reported circulation of 50,000. It is not independent, but rather a subsidiary of the Sing Tao Daily in Hong Kong. The paper is thick with sections, colorful and full of pictures. With sister publications on the West Coast and in Chicago, it has 40 bureaus worldwide and is sold on the newsstand as well as by subscription for about \$200 a year. ⁸ In total, we examined 141 front-page stories – behind only the Pakistan Post. ⁹

Sing Tao isn't simply a newspaper for those looking to keep up with news of China. Its reportage is more evenly spread across the board: 34% of stories were triggered by events on the Chinese mainland or Taiwan, 30% by events or news the U.S. national region, 19% by local events and 18% by events in other regions. But the choice of stories suggests Sing Tao sees its mission as reporting the news about Chinese people around the world, from Asia to Europe to South America, to its Chinese readers in the U.S.. ¹⁰

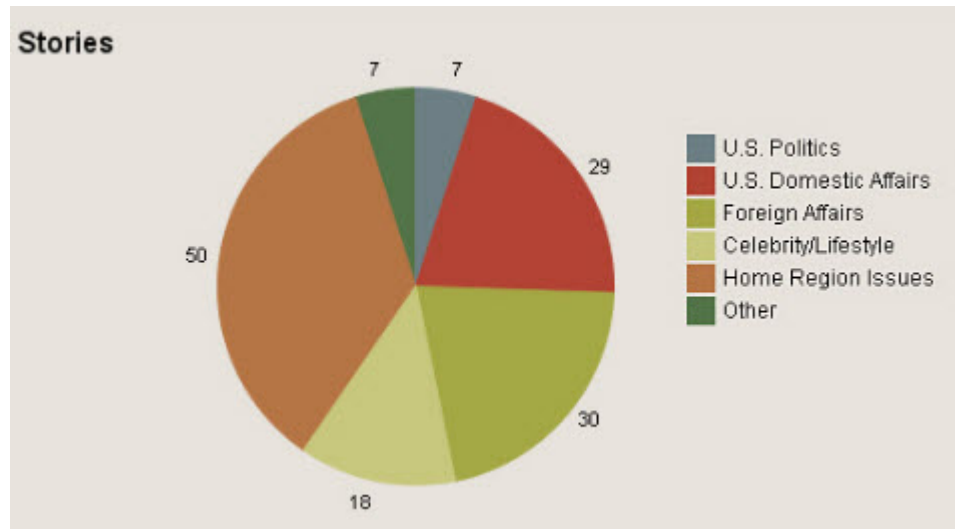
Geographic Focus of Sing Tao



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 141 stories

Topics Covered by Sing Tao



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 141 stories

Among topics covered by Sing Tao, homeland issues – 35% of the coverage – are more diverse than in the Pakistan

This may be due to the stable nature of Chinese governance. There were few pieces about the doings of the Chinese government. Instead pieces looked at such issues as, in the January 16 edition, who is building the new subway line in Hong Kong, or on February 2 the breakout of “Chicken Fever” throughout China. 11

More interesting, though, is how the newspaper covered world events outside of the home region. Sing Tao featured datelines from the city, the country and the world, but the theme throughout was the effect events had on Chinese people. The February 2 issue, for example, had a piece about four Chinese Muslims who died on their pilgrimage to Mecca. The May 1 issue contained the story “Fujianese Gangsters rampant in Flushing” pegged to a fight the night before. The June 8 front page had a piece on how three Chinese workers were killed when a construction site collapsed in Queens. And on February 23, the front page of the paper featured a story on two Chinese students in Norway being found dead.

And when two Chinese students were beaten up at “the infamously violent Lafayette High School,” the story not only made the front page the day after the attacks, March 12, (“Chinese students at Lafayette High School Beaten”) it also made the front page the next day (“Blood Clip Gang of Lafayette High School targets Chinese students) and a week later (Chinese Students say that Lafayette High School is like a battle field).

Straightforward news accounts were sprinkled in – about the U.S presidential election (2% of the stories we looked at) or U.S. government (3%) or terrorism (7%). Nevertheless there was a definite Sino-centric view of the news on the whole. Even much of the foreign affairs news (21% of all topics) generally had some link to the China or Chinese citizens. 12

Interestingly, one of the areas where this didn’t apply was science and technology reporting, especially pieces about space. Sing Tao was the only ethnic paper we looked at that fronted a story about NASA’s 360-degree pictures from

But it was also the only paper that saved front-page space for a story on how Yao Ming, the Houston Rockets’ Chinese Center, scored 41 points in a game.

Judging from the front page, the readers of Sing Tao get a unique view of the world from their newspaper – a view focused on the Chinese people and their successes and problems in their home and the world at large. Beyond that, however, any look at the broader U.S. landscape, political or otherwise, is meager.

Hoy and El Diario/La Prensa

These two Spanish-language papers are the largest in New York City, and they share some common traits. Both are very concerned with local New York politics – and not just City Hall, but also community news. Both work to keep readers up on what the area’s Latino advocacy groups are doing as well as labor news. But the two newspapers have very different histories and ownerships.

El Diario/La Prensa is a daily tabloid formed by the merging of El Diario, founded in 1913, and La Prensa, founded in 1858. The combined paper was purchased by the Canadian company CPK Media in 2003 and is sold on newsstands throughout New York and as far away as Philadelphia and Boston. In 2004 CPK and the Lozano Family, owner of Los Angeles’s La Opinion, joined forces to create ImpreMedia. (The company bought La Raza in Chicago later in the year.) 13

El Diario’s circulation is about 50,000. 14 In the 26 days we examined the paper, we found 104 page-one stories, counting headlines and teases because El Diario does not run copy on the front page. 15

Hoy, another tabloid, was founded in 1998 by Times-Mirror (before that company was purchased by Tribune) as a way to tap into the growing Spanish-language market. It publishes daily, except Saturdays, and has since spawned sister papers, also named Hoy, in Chicago and Los Angeles, which have different local content. It is available on the newsstand in the

New York metropolitan area and by subscription in a broader area. After the scandal in 2004 involving inflated numbers, a new audit showed Hoy’s circulation to be 49,681. 16 In the days we looked at the paper, there were 81 in all on the front page. 17

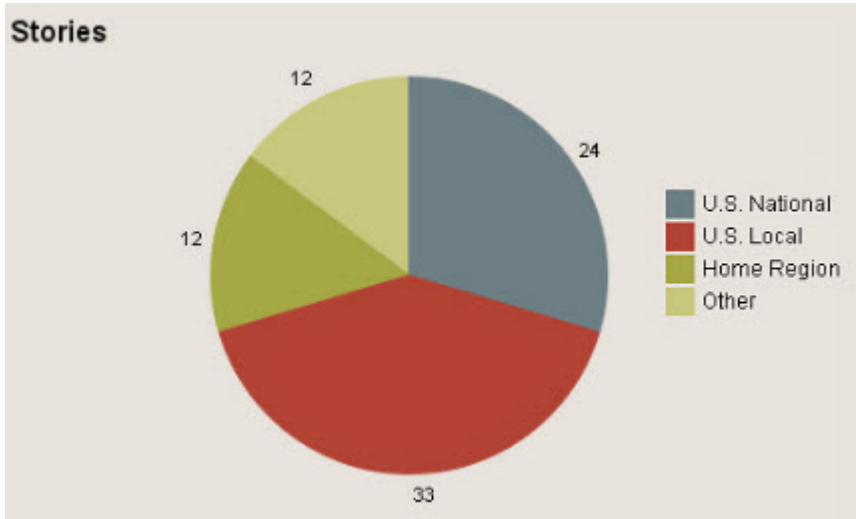
Over all, the two papers looked similar in content. They were more like traditional U.S. daily newspapers than other ethnic papers. Both ran stories that were primarily concerned with local issues – 39% of El Diario’s 41% of Hoy’s. Both papers also paid significant attention to stories with a U.S. National geographic focus – 31% for El Diario, 30% for

Beyond local and U.S.-based articles, there was a small difference in the way the two papers split the geographic focus remainder of the stories we examined.

El Diario’s coverage had more of a Latin flavor, with 19% of the front-page stories relating to the many home regions of its readership. The paper did pieces that looked at politics, sports and celebrities in and relating to countries in the Caribbean and Central and South America. Only 11% of the stories we looked at concerned other foreign geographic regions. 19

At least on the days we captured, Hoy was a bit more international. The geographic focus for the remaining stories was split between the home regions of its readers and other regions of the world. The paper had more front-page stories than its competitor on the bombing of commuter trains in Spain, for instance – some might argue that immigrants from Spain would be a target of the Spanish-language newspaper – and was more likely to pick up global terrorism and accident stories

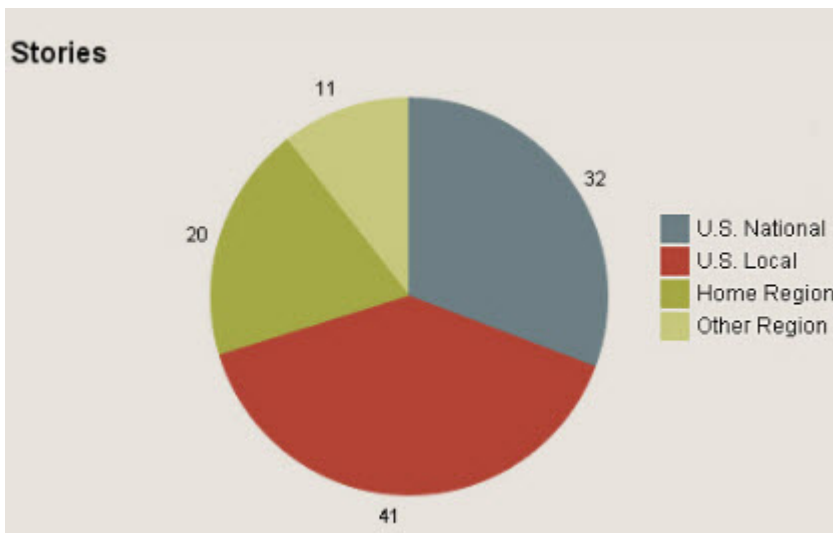
Geographic Focus of Hoy



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 81 stories

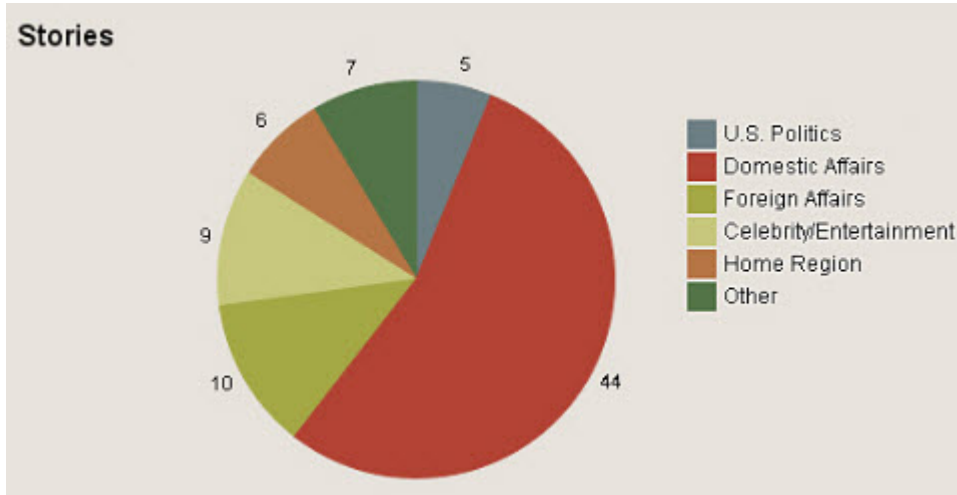
Geographic Focus of El Diario



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 104 stories

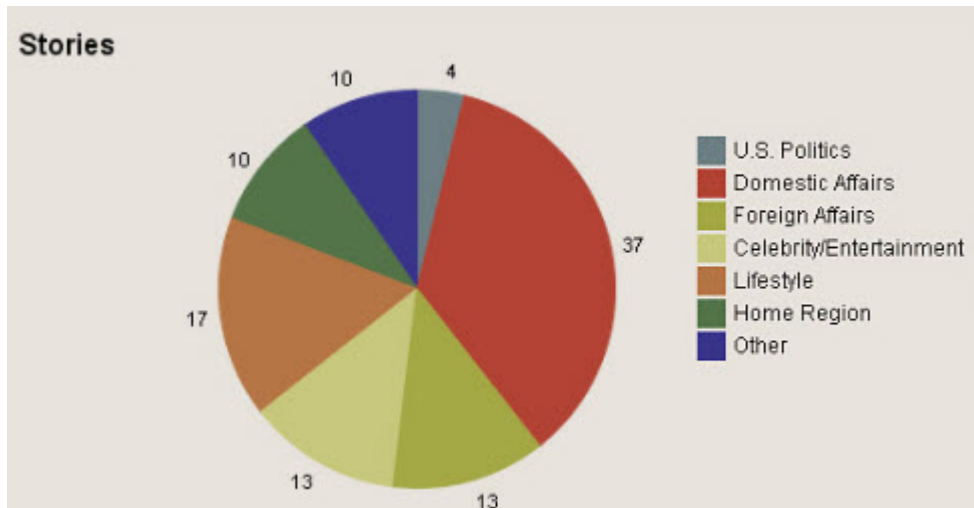
Topics Covered in Hoy



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 81 stories

Topics Covered in El Diario



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 104 stories

When it came to the topics covered, neither paper was very dedicated to U.S. politics or government – 4% of stories for El Diario and 6% for Hoy. In fact, large-scale national issues were not given a lot of front-page play in either paper. Domestic affairs topics lead the way for both papers (34% for El Diario and 42% for Hoy), but those stories usually concerned local topics – often crime. El Diario did more stories on crime and crime trends, 12 in all, than on any other topic except terrorism. The same was true for Hoy, where the 11 stories on crime and crime trends headed the list of topics. Articles related to terrorism made up 12% of the topics for each paper. ²⁰

There were some interesting differences between the two papers, however.

Perhaps because we counted the front-page teasers for El Diario and it generally teased at least one soft-news feature there were many more entertainment/celebrity and lifestyle stories in its tally – 13% and 16% of the total respectively. Jennifer Lopez made more than a few appearances in these front-page teaser stories – including the “bitter ending to the Bennifer saga” in January as well as the way the “Public sets out against J. Lo and Marc” in June. In February the paper fronted a story speculating about whether two well-known Spanish-language news anchors had married. ²¹

Hoy's front page wasn't as interested in celebrity or lifestyle (though J. Lo cracked its front page as well), but one thing that stood out in its topic selection was the high number of stories concerning immigration – 12% – which fell under the domestic affairs rubric. The stories ranged the country, from a local report about a Mexican man who accepted a voluntary return home on April 15 to a piece about the postponed deportation of a Salvadoran girl in North Carolina on

22

Pieces with home-region topics didn't appear in either of these papers as much as they did in other papers we examined. Home-region topics were the focus of only 10% of all the stories on the front page of El Diario and only 7% of those in Hoy. 23

Over all, both papers reflect a mix of approaches to the news. Judging by their front pages, they aren't exactly national or local newspapers, but they do not spend an inordinate amount of space on stories from various home regions, either. readers ultimately get something similar in tone and approach to what they might find in New York's Daily News – obviously with more space devoted to issues that matter particularly to their Spanish-language readers. On inside pages, both papers have extensive sections devoted to Latin America, and their food, sports, entertainment and opinion sections are more targeted toward Latin American topics. They will be interesting to watch in years to come; both represent the changes in ownership that are hitting the ethnic media, about which more later.

Amsterdam News

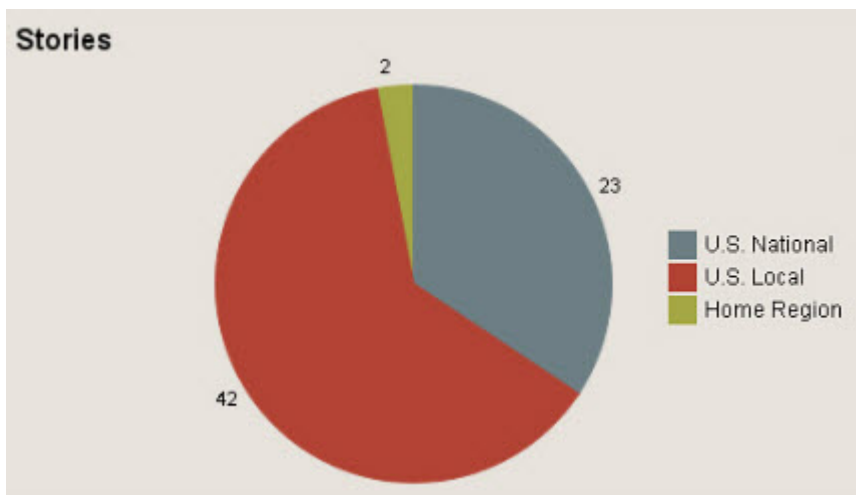
Started in 1909, this Harlem-based weekly tabloid is widely considered the leader among African-American newspapers the country. It's aimed at African-American New Yorkers and is available on the newsstand, or by subscription for roughly \$35 a year. It reports a circulation of 30,000. 24 The News ran the fewest front-page stories on the days we measured, 67 in all. 25

If the Pakistan Post is global in perspective, the Amsterdam News sits at the other end of the continuum. Its coverage is overwhelmingly based on happenings in and around New York, with 63% of its stories having a local geographic focus. Another 34% had a national focus. A scant 3% (two stories) of the pieces we looked were about countries black immigrants come from, a very broad category. The two stories with a "home region" geographic focus both concerned the problems in Haiti in 2004. Otherwise the paper had no stories with a geographic focus outside the U.S. But the paper considers coverage of the Caribbean to be so important for readers that it devotes a weekly page to news from the

26

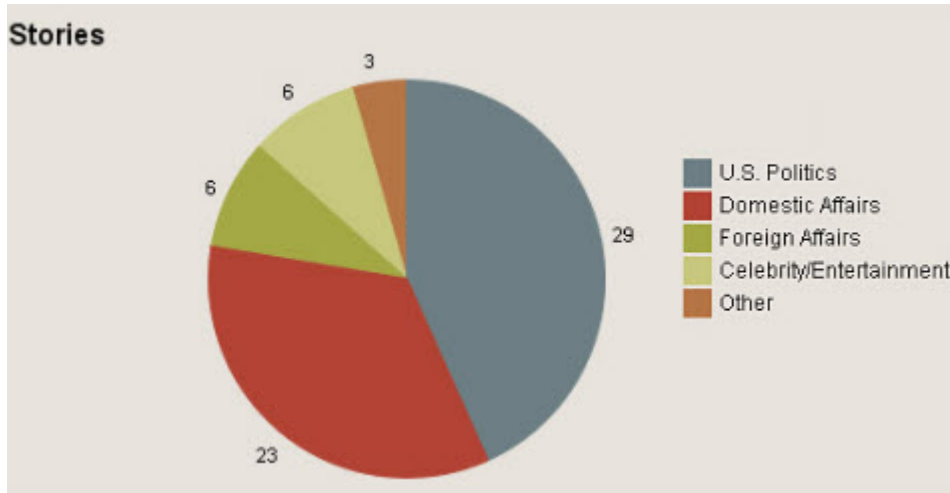
The paper's primary focus on local issues makes for a significant distinction between the African American press and any immigrant press. Unlike the other publications we looked at, the Amsterdam News was published in English for a population that is largely U.S.-born. It is a local paper, and also naturally more of a supplement to other news outlets than a primary source. It's more of a local magazine than a local newspaper, as is clear from the topics covered.

Geographic Focus of Amsterdam News



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 67 stories



Design Your Own Chart

Source: PEJ Research, numbers reflect total of 67 stories

Politics and government received more coverage than anything else (43% of stories), but that coverage wasn't about speeches by President Bush or Senator Kerry. The paper paid close attention to the Democratic primaries, with ten stories about the fate of the contenders during the primary season and with special attention going to the Rev. Al Sharpton. Sharpton's name appeared in the headlines of six of the ten stories. The paper also focused on more local politics, like the candidacy of Adam Clayton Powell for Congress, and the standing in the African-American community of Governor Jim McGreevey of New Jersey. 27

Outside of politics, the paper focused on domestic issues (34% of stories) with more local touch. Education and local economic conditions figured heavily into the story count, with education stories being focused on the New York City Schools – everything from the opening of a new school in Harlem to the question of social promotion of students. The movement, barely covered in much of the mainstream press, is alive and well in terms of coverage in the News. Land development issues received coverage and, of course, local crime stories appeared on the front page, but many of those dealt with problems the community had with police actions. The paper also looked at the issue of race on many different planes, from the divide between black and white America, in January, to Bill Cosby's controversial comments in May, to former President Ronald Reagan's legacy among blacks in June. All those topics appear in the mainstream press, but the coverage would have been drastically different. Other papers, particularly the mainstream press, did not have covered so closely tied to the communities and concerns of African American New Yorkers. 28

Interestingly, the New York-based paper ran only one front-page story on the issue of terrorism in the days we examined

Summary

Even considering the small scope of this study, the vastly different approaches and kinds of content we found shows that ethnic audiences are getting a complicated mix of news in their press. What exactly they are getting varies from ethnicity to ethnicity and outlet to outlet.

Different ethnicities, in effect, demand different things from ethnic media, even within the print medium in the same city.

Some papers, like the Pakistan Post and Sing Tao, both aimed at audiences from far-off regions, are publishing for caught between two worlds, their new home and the country of their birth or ancestors.

Others, such as El Diario/La Prensa and Hoy, are more focused on linking the members of a specific local ethnic community together to share information about what's happening in their neighborhoods. And the Amsterdam News is not as much about topics or regions that aren't covered as it about the putting a different perspective on the news that readers are getting.

There is a common denominator, however. They are all, in a way, about covering what has fallen through fairly considerable – and even growing – cracks left by the mainstream press.

Each of these models serves a vital purpose for its audience. The larger question may be the role they play in shaping world view – and the U.S. view – of those they reach. We'll discuss that more in the next section.

Footnotes

1. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 71.□
2. Project for Excellence in Journalism Research
- .
3. Ibid
4. Ibid
5. Ibid
6. Ibid
7. Ibid
- .
8. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 30.
9. Project for Excellence in Journalism Research.
10. Ibid.
11. Ibid.
12. Ibid.
13. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 60.
14. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 60.
15. Project for Excellence in Journalism Research.
16. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 62.
17. Project for Excellence in Journalism Research.
18. Ibid.
19. Ibid.
20. Ibid.
21. Ibid.
22. Ibid.
23. Ibid.
24. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 14.
25. Project for Excellence in Journalism Research.
26. Ibid.
27. Ibid.
28. Ibid.

Audience

Audience

By the Project for Excellence in Journalism

As mentioned at the beginning of this chapter, getting hard numbers concerning the audiences of ethnic news outlets is difficult. Many are run by small, locally owned companies, and the populations they serve are often language-specific and small. The 2000 Census, for instance, found there were 11.8 million Asian Americans living in the United States, seemingly enough to spawn a language-based advertising or publication group that might gather data. But when you break that population into its constituent language groups, the numbers don't sound quite so dramatic. The single largest group of Asian Americans in that number was Chinese-Americans with 2.7 million people. Spread across the U.S. and divided into the many dialects of Chinese, the number seems a lot smaller. And an Asian American as counted by the Census may have been here for a year or thirty years, and may have limited English or speak the language as well as or better than the average American. For such reasons, much of the data concerning ethnic-news audiences tend to be anecdotal and scattered. ¹

As we noted last year, the one exception to this general rule is the Spanish-language media, which have become a more organized entity as the Spanish-speaking population of the U.S. has risen dramatically in the past twenty years. The fact that so many different nations speak Spanish means immigrants from many different countries look to these media for information – not to mention the fact that one of the nations that borders the U.S. speaks Spanish.

In this section will we look at the audience numbers available – national figures and more anecdotal numbers – but also look at why various ethnicities use ethnic media outlets. We will examine which media ethnic populations say they turn to for different kinds of news and when and how often they say they turn to English-language outlets.

As other media see audience declines, the ethnic media appear to be bucking the trend. Even though hard figures are elusive, it seems clear from available data and trends that the numbers here are growing.

Spanish-Language Audience Numbers

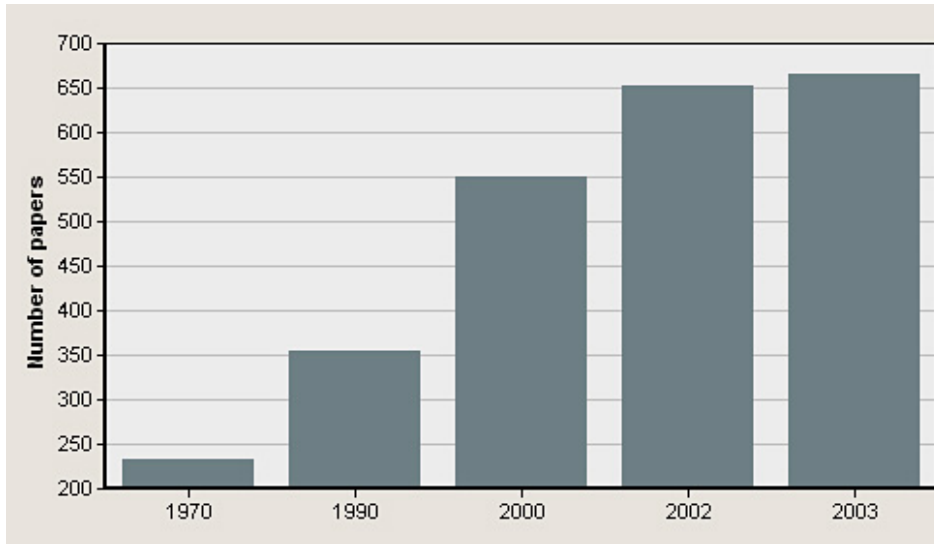
The one group of ethnic outlets for which there is large-scale national information is the Spanish-language media. In the past few decades the Hispanic population has grown so much that its media have reached something of a critical mass. And with the growth have come the kinds of things mainstream media organizations have working for them: bigger ownership and ways to buy and sell advertisements on a larger scale than much of the other ethnic media. Those things have, in turn, led to data collection on the Spanish-language audience.

The numbers, as we discussed in last year's report, are almost uniformly up and that trend appeared to be continuing, especially in the print media. ²

According to the Latino Print Network, the number of Spanish-language newspapers grew again in 2003, up to 666 overall, 40 of which were dailies. That's up from 652 total and 35 dailies in 2002. And all of that comes at a time when English-language print outlets are struggling. ³

Number of Spanish-Language Newspapers in the U.S.

1970 – 2003, select years



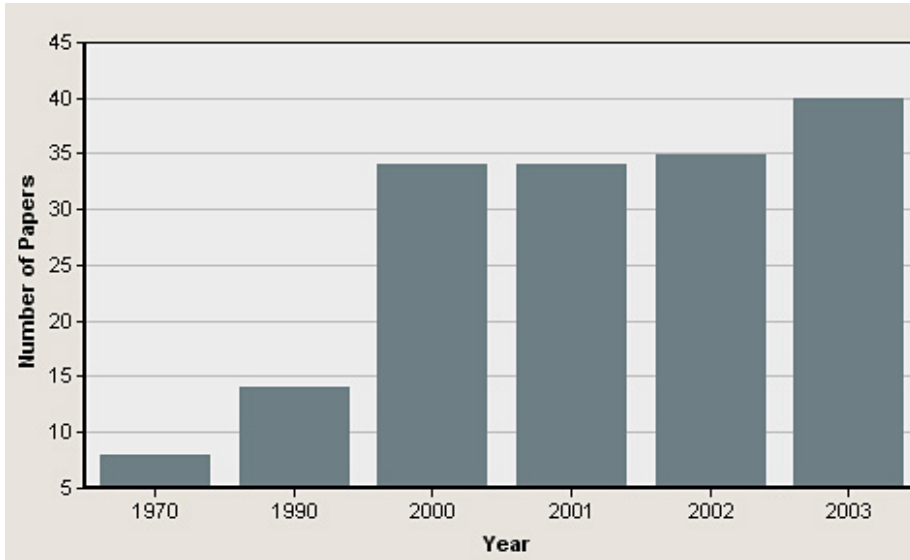
Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, Calif.

*Includes daily, weekly and less-than-weekly newspapers

Number of Spanish-Language Daily Newspapers in the U.S.

1970 – 2003, select years

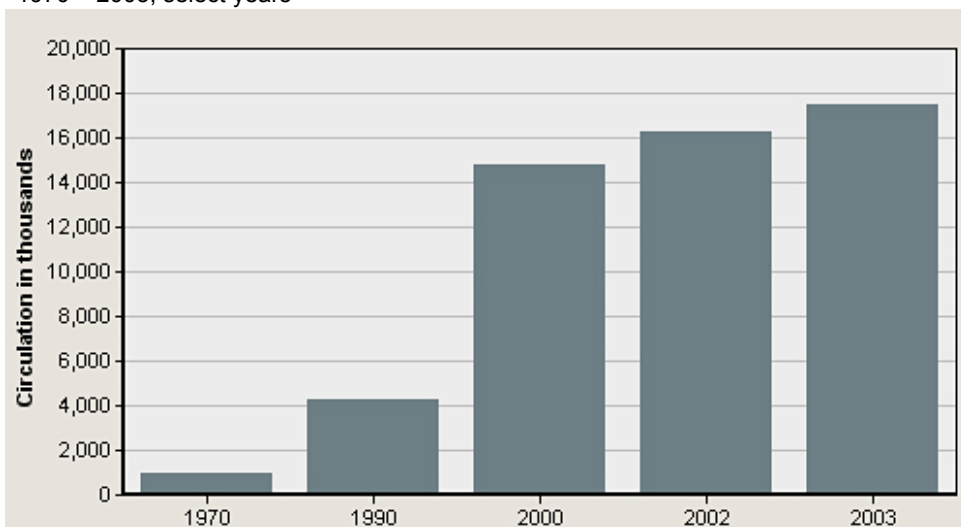


Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

Not surprisingly circulation also grew in 2003, according to the Latino Print Network, with overall and daily-paper figures showing solid increases. Overall circulation grew to 17.5 million, up 7.7% from 16.2 million in 2002. Among dailies, circulation climbed 6.4% to 1.8 million from 1.7 million in 2002. 4□

Spanish Language U.S. Newspaper Circulation
1970 – 2003, select years



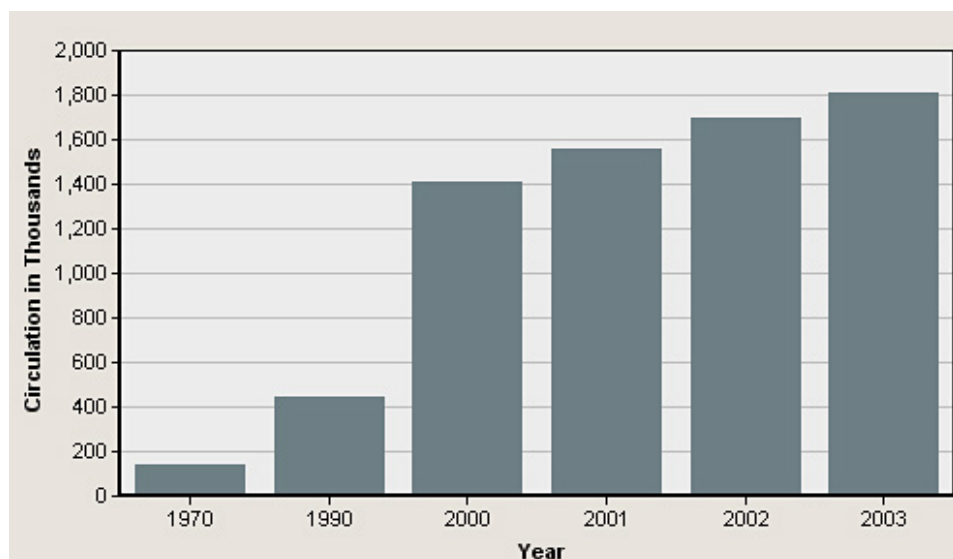
Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

* Includes daily, weekly and less-than-weekly newspapers

Spanish Language U.S. Daily Newspaper Circulation

Select years 1970 – 2003



Design Your Own Chart

Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

Those figures sound almost too good to be true, and to some degree they may be. Some experts note that even adding together the circulations of the three largest Spanish-language dailies – La Opinion, El Diario/La Prensa and New York’s Hoy – the combined circulation is only about 225,000. ⁵ Of the 40 dailies for which the Latino Print Network collects data, only 14 have their number audited. The same is true for only 76 of the 304 weeklies represented in these numbers, and for only 8 of the 322 papers that publish less than once a week. ⁶

And it’s impossible to discuss these papers without at least mentioning how the circulation scandals that hit the newspaper industry struck a major player in the Spanish-language press. Hoy, published by the Tribune Company, was found to be vastly exaggerating its circulation. Between September 1999 and September 2003, the paper claimed circulation increases that took it from under 40,000 to over 90,000. ⁷ But an investigation by its competitor El Diario and the Audit Bureau of Circulations found that the paper was not properly reporting copies that were not sold. Unread papers were in some cases found in bulk in city garbage bins.

Still, looking at the sheer number of Spanish-language newspapers, it is hard to argue that they're not doing well. The fact that new papers, and new dailies, are being launched so often suggests that people believe there is plenty of audience to be tapped. And the way ownership in this market is changing – involving the entry of bigger companies with deeper pockets – it's clear that major players see not just increasing growth but also growth potential in this audience.

In Spanish-language television, the figures for audience are less dramatic and more anecdotal, but no less indicative of growth. In particular Univision, the biggest network, reported some important milestones in 2004.

Univision is now the fifth-largest network in the U.S. 8, and its news programs often attract more viewers than Fox News or CNN. The July sweeps in 2004 showed a flurry of good news for the network. Univision's stations in Los Angeles, Houston, Dallas, Phoenix, Fresno and Bakersfield all overtook even their English-language competitors in prime time among adults 18-49 to finish first over all. The network's early evening local news in Los Angeles, Chicago, Miami, Houston, Dallas (tie), San Francisco (tie), Fresno, Phoenix and Bakersfield all finished atop the ratings heap among adults 18-34. And in Los Angeles, Miami, Phoenix and Fresno, Univision's early evening local news broadcasts averaged more 18-49 year-olds than the local ABC, CBS and NBC broadcasts combined. 9

There are, of course, some reasons for those numbers beyond population growth. There simply aren't as many program choices for Spanish speakers as there are for those who speak English, so Spanish-speaking viewers are pushed toward Hispanic television. But the growth is nonetheless impressive and suggests that those audiences have not peaked yet.

And 2004-2005 estimated numbers from Nielsen reveal just how large the potential audiences are. The "Spanish Dominant" number is a subset of the "Hispanic" number.

Market Name	Total TV Households	Hispanic HH	Spanish Dominant HH*
New York	7,355,710	1,206,336	621,263
Los Angeles	5,431,140	1,716,240	830,660
Chicago	3,417,330	434,000	200,074
San Francisco	2,359,870	332,741	137,755
Dallas	2,292,760	389,769	198,392
Houston	1,902,810	454,771	220,018
Phoenix	1,596,950	293,838	133,402
Miami	1,496,810	603,214	378,818
Denver	1,401,760	194,844	78,522
Sacramento	1,315,030	220,925	83,509
San Diego	1,025,730	216,429	90,034
San Antonio	748,950	348,261	89,851
Albuquerque	649,680	222,840	47,091
Austin	567,870	120,388	44,062
Fresno	527,770	203,719	80,265
Tucson	417,070	109,272	37,371
Harlingen	312,300	256,710	119,113
El Paso	288,440	207,388	88,969
Corpus Christi	193,290	100,897	17,757

Estimates as of January 1, 2005, and used throughout the 2004-2005 television season, which started on October 2, 2005.

** Homes where only Spanish or mostly Spanish is spoken, using all Persons 2 years or older in the home.*

With those numbers in mind one can only wonder how long it will be before others enter the Spanish-language television market. Right now Univision, an independent company, and Telemundo, owned by NBC, dominate it. We'll discuss that more in the Economics/Ownership section.

Other Ethnic Audience Numbers

Beyond the Spanish-language media, reliable figures are harder to gather. Television and radio stations are so small they are not normally the subjects of audits or data collection. The print outlets are almost never audited. In New York, the Independent Press Association does publish self-reported numbers from publications in the city, and even time trends, but those numbers cover only one city and there is no real way to vouch for the figures that the IPA is given. Even Hoy,

the Tribune-owned Spanish-language daily that actually had Audit Bureau-certified circulation numbers, turned out to be inflating its figures by tens of thousands.

Still, the IPA's director, Abby Scher, writes in her study of the New York ethnic press, "One City, Many Voices," that the growth is hard to miss:

"The press in almost all of these [fastest-growing ethnic] communities has grown. The number of Polish and Russian language newspapers is easily a third greater than a decade ago, and the circulation of the Chinese language dailies has steadily grown to a combined circulation of half a million from about 170,000 in 1990. The Indian community, which had one newspaper 25 years ago, now has at least eight with a combined circulation 212,300. On the right newsstand, you will find a Jamaican (Weekly Gleaner or Weekly Star), Guyanese (Guyana Monitor), Dominican (El Nacional), four Filipino, and an Ecuadoran (Ecuador News) newspaper written and published in the metropolitan area. Unnoticed by outsiders, the African press of New York has grown astronomically to five magazines and three newspapers." 10

Along with those figures there are the numbers from the Editor and Publisher Yearbook, which lists 134 ethnic weeklies. 11 But getting national numbers on, say, the Pakistani press or the Vietnamese press is still not likely to be easy for the foreseeable future.

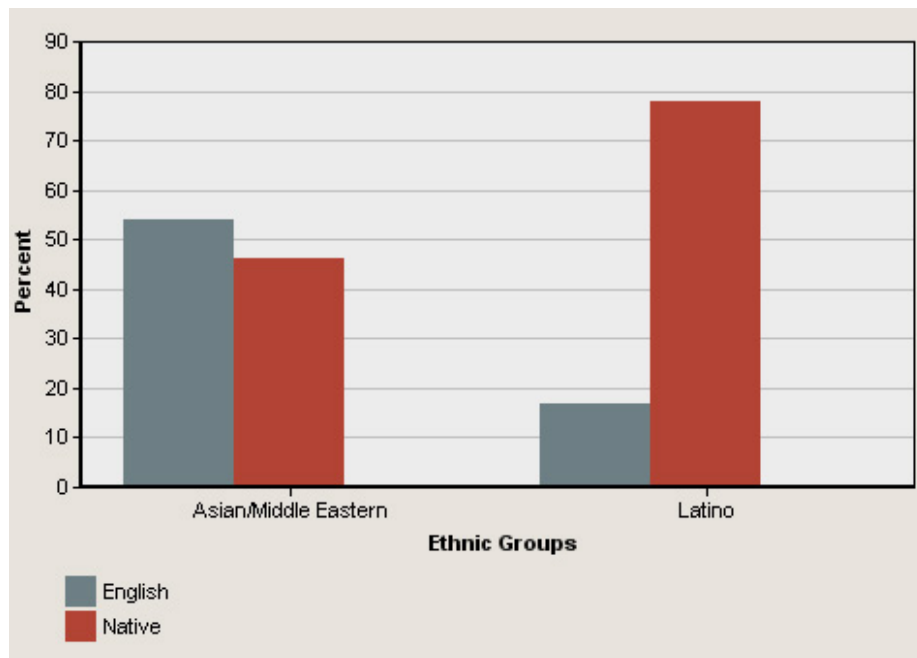
There are some signs that the ethnic presses are getting more interested in gathering reliable data on themselves. Along with the Spanish-language media, the black press, one of the longest-surviving ethnic media in the U.S., is undergoing a large-scale audit by an organization in Chicago called the Ethnic Print Media Group (EPMG). It will include 90 papers in 65 markets across 27 states, according to the company. The audit will include readership studies of individual markets and data from interviews with more than 13,000 African Americans. Final results of the study are to be released in the spring of 2005 and will be included in our report next year. 12

Ethnic Audiences' Media Preferences

Perhaps more interesting than the growth of the ethnic audience is how the many and various ethnic groups use the media outlets at their disposal. Here again there are no hard-and-fast data showing which groups choose which outlets and for what reasons. Looking at the available information on ethnic groups in California from 2004, though, it appears that some Spanish-speakers there prefer their broadcast media in their native language more than people of other ethnicities do. This supports findings from 2003, based on a slightly different question. 13

Language Preferred for Local TV News, Various Ethnicities

Survey of 1,845 Californians

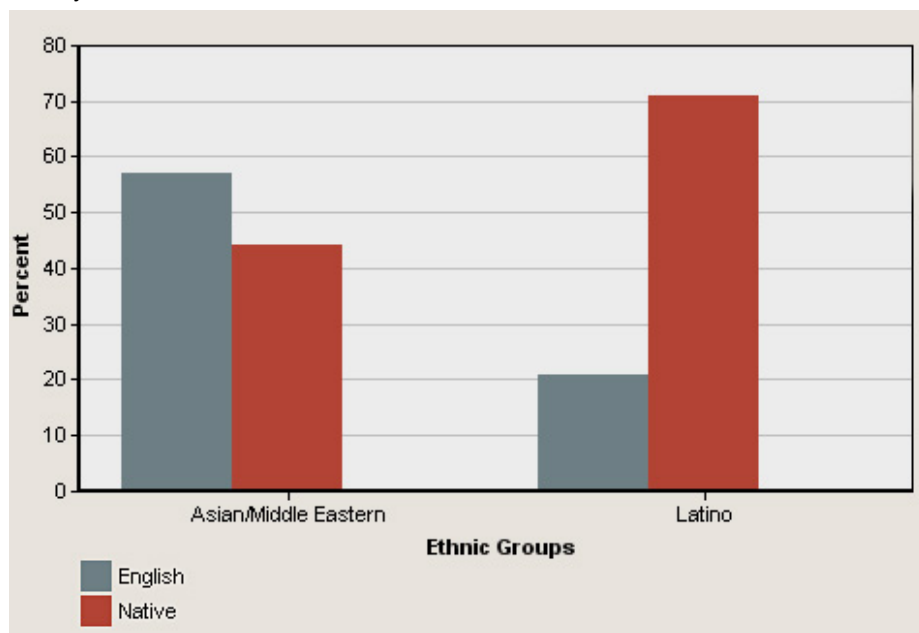


Design Your Own Chart

Source: New California Media/Bendixen & Associates, Public Opinion Survey of California Ethnic Groups About Criminal Justice Issues" January 2004

*Question: Do you prefer television news in ___ or in English?

Language Preferred for Talk Radio, Various Ethnicities
Survey of 1,845 Californians



Design Your Own Chart

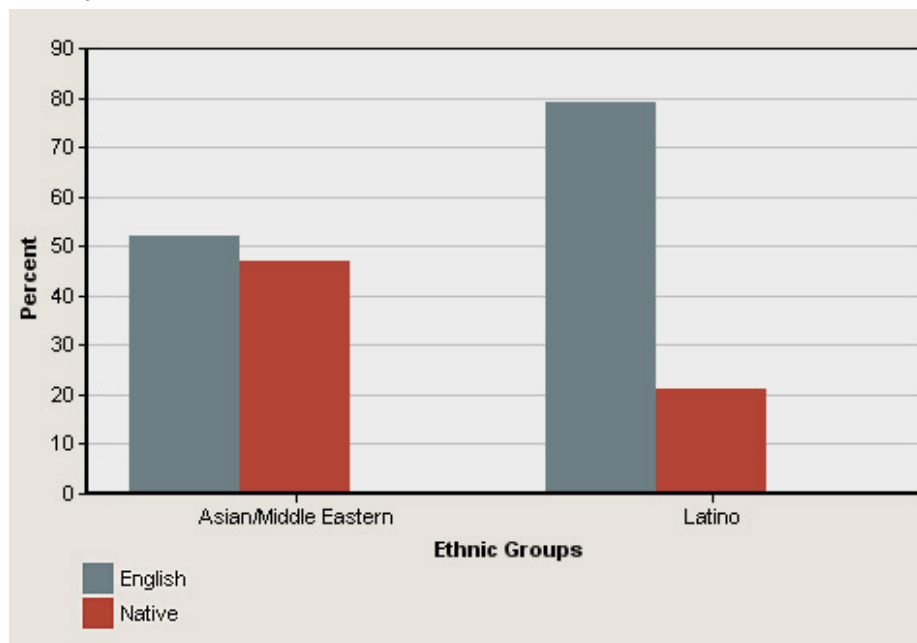
Source: New California Media/Bendixen & Associates, Public Opinion Survey of California Ethnic Groups About Criminal Justice Issues” January 2004

*Question: Do you mostly prefer talk radio in ___ or in English?

In 2004, 78% of California Latinos said they preferred to get their television news in their native language, compared to 46% for Asians and Middle Easterners. The numbers for talk radio were similar – 71% “native language” for Latinos, 44% for Asians and Middle Easterners. But the numbers are not too surprising. California has large numbers of Spanish-speakers and, not coincidentally, many Hispanic media outlets, particularly television and radio. It stands to reason the “foreign language” responses to the question would be higher for Latinos; it’s a matter of availability. The number of options for Hindi or Farsi speakers, for example, is much more limited; it’s logical that Asian and Middle Eastern groups would necessarily have to rely more heavily on English-language outlets. But something interesting happens when one changes the question to ask about newspapers. 14

Language Preferred for Newspapers, Various Ethnicities

Survey of 1,845 Californians



Design Your Own Chart

Source: New California Media/Bendixen & Associates, Public Opinion Survey of California Ethnic Groups About Criminal Justice Issues” January 2004

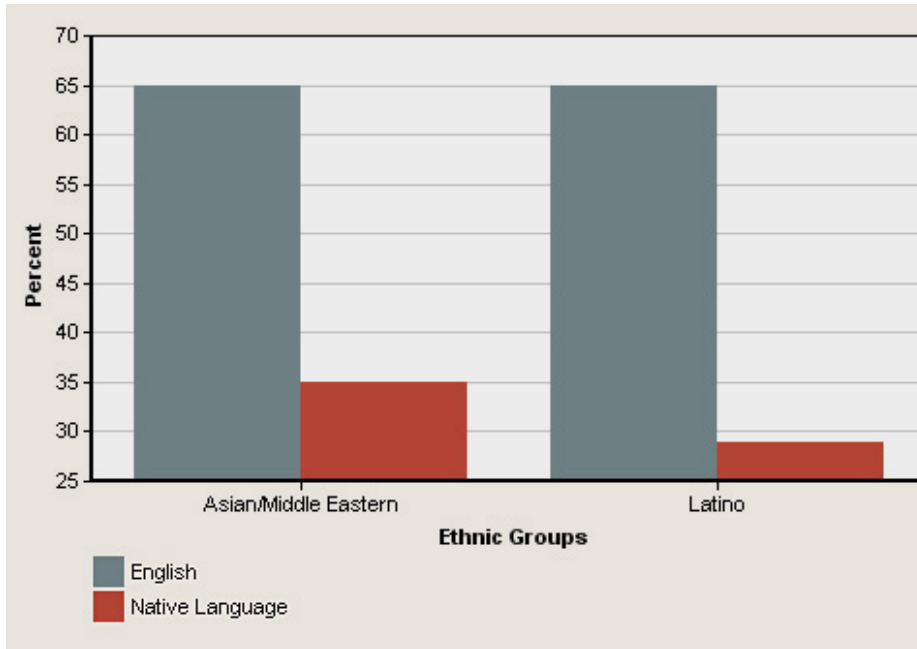
*Question: Do you prefer newspapers in ___ or in English?

For newspapers, the “English” preference goes much higher for the Latinos questioned – the numbers are almost reversed from the TV and radio questions. The numbers for Asians and Middle Easterners on newspapers look almost unchanged from their percentages on the TV and radio questions.

The question is why Latinos so heavily prefer Spanish for television but choose English for print news? It may be that many Latinos are proficient in both languages and simply find that the spoken word is more comforting to hear in Spanish. It may be that newspapers, which can be read at one’s own speed, are easier for new English-speakers to follow than TV or radio, where language can fly by. It may be that Spanish-speakers prefer English-language newspapers as a way to learn the language. And finally there is the fact that Spanish-language newspapers are not readily available even for most California Latinos. Whatever the reason, the numbers, interestingly, even out between ethnic groups when the question is asked about the Internet, a medium that combines the delivery systems of print and broadcast.

Language Preferred for the Internet, Various Ethnicities

A Survey of 1,845 Californians



Design Your Own Chart

Source: New California Media/Bendixen & Associates, Public Opinion Survey of California Ethnic Groups About Criminal Justice Issues” January 2004

* Question: Do you prefer the internet in ___ or in English?

The findings on Internet use are particularly interesting because the medium allows users to essentially tap into news outlets from around the world in native tongues and dialects. Immigrants from distant homelands can read news from other continents without the filter of western editors. Yet it doesn’t seem that this pattern for the Internet is being mined to its full potential.

There may be several explanations for why the Internet is predominantly used as an English-language medium. One possible factor is economic. Many immigrants are still new to the country and may not yet be able to afford Internet connections, particularly the high-speed connections needed to download graphic-heavy pages. Another is cultural. Some immigrants may not have extensive experience on the Web and may not yet be comfortable navigating their way around it. It is also possible that immigrants who have always read a newspaper or listened to the radio simply aren’t interested in reading words on a computer screen.

A Note on Latino Media Use

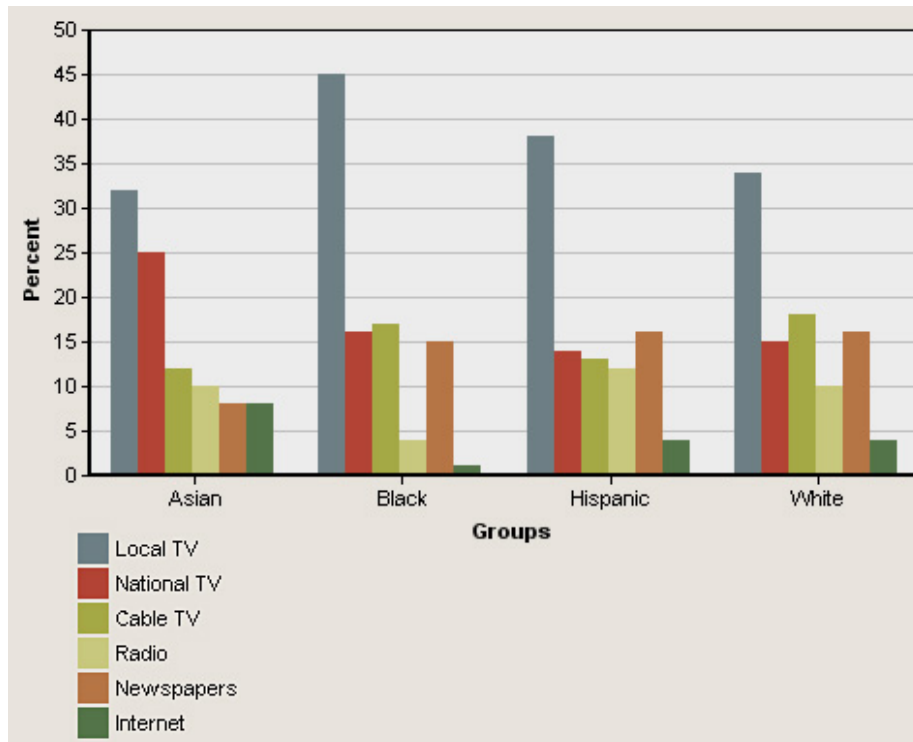
Data show that the media preferences of the fast-growing Latino segment of the population shift dramatically over time. A survey of 1,316 Latinos by the Pew Hispanic Center found that the percentage who prefer Spanish-language media drops from 38% among first-generation (foreign-born) Americans to only 3% by the second generation. By the third generation, the number is down to 2%. The number of Latinos who prefer getting their media in both languages drops less sharply, though, from 50% among the first-generation to 43% among second-generation. And even in the third generation 25% of American Latinos prefer their media in both languages. Over all, the appeal of the Spanish-language media appears to be somewhat limited, or at least a short-term phenomenon. But those second- and third-generation Latinos who were surveyed came of age in time when there were more limited Spanish-language media offerings. 15

Following Political News

As the California recall campaign rolled along in 2003, USC's Annenberg Institute, The Pew Hispanic Center and New California Media, a nationwide association of over 700 ethnic media organizations, surveyed registered voters in different ethnic groups to see where they were going for their campaign news.

Media Preferred for Elections and Voting Information, Various Ethnicities

Survey of 1,608 Californians



Design Your Own Chart

Source: New California Media/Bendixen & Associates,

* Question: What media do you depend upon the most for news that shapes your voting decisions?

Black respondents chose local TV far more than any other group for election news – 45% of respondents. The next-highest local TV group was Hispanics at 38%. Over all, local TV was the number one answer across ethnic groups. 16

Asian respondents turned to national broadcast TV much more than any other group, with 25% saying they relied on those networks' news teams – that number was nine percentage points higher than any other group. Asians also were less likely to turn to newspapers than other groups – only 8% of Asians polled said they relied on newspapers, and the other groups all wound up at 15 or 16%. How applicable those findings are to a national election is not known. 17

Summary

Despite the lack of solid numbers, some amount of growth among the ethnic media audience in the U.S. seems clear. The self-reported numbers for Spanish-language newspapers show steady increases, as do some of the audited figures for Spanish-language papers like La Opinion in Los Angeles, which saw a 1.1% increase in circulation in the beginning of 2004. And on television, Spanish-language broadcasts, particularly on Univision, had a banner year in 2004. 18

But there may be some troubling signs ahead, particularly in the Hispanic press. Some figures show that while Spanish-speakers prefer TV and radio in their native language, their choice in print is English-language sources. What's more, as competition is growing among Spanish-language print outlets, some newspapers are actually seeing a flattening of circulation or even declines. Miami's *El Nuevo Herald* saw flat circulation numbers in the beginning of 2004 compared to the year before, and *El Diario/LaPrensa* in New York actually witnessed a 4.9% decline to 50,019 in circulation.¹⁹ Across town, *El Diario's* competition, *Hoy*, is nowhere near as healthy as its stratospheric circulation numbers initially suggested. In the circulation scandal, which also hit *Newsday* – both papers are owned by the Tribune Company – *Hoy* reportedly threw extra copies of the paper into dumpsters to reduce return-copy numbers. The final adjusted audits show *Hoy* with a daily New York circulation of 49,681,²⁰ numbers that put it in the same league as *El Diario*, but far below what *Hoy* had suggested its numbers were. What's more, Tribune, which once saw *Hoy* as a brand it could sell in the three largest U.S. cities – New York, Chicago and Los Angeles – has backed off its large-scale plans somewhat. *Hoy* is still available in all three cities, but is sold only in New York. Elsewhere it is given away.

Other ethnic media in the country, meanwhile, continue to be difficult to measure. The evidence of growth among them is anecdotal – hampered by dispersed audiences and small owners that have trouble attracting larger-scale advertising.

Footnotes

1. U.S. Bureau of Census, "The Asian Population: 2000," www.census.gov/prod/2002pubs/c2kbr01-16.pdf
2. These figures are largely self-reported and are not audited. Some even within the Spanish-language media community question how reliable they are. Despite the problems they remain the best figures available.
3. "Hispanic Publications in 2003," Kirk Whisler & Latino Print Network, Carlsbad. CA.
4. *Ibid.*
5. Audit Bureau of Circulations audit reports for *La Opinion*, *Hoy* and *El Diario*.
6. "Hispanic Publications in 2003," Kirk Whisler & Latino Print Network, Carlsbad. CA.
7. "Audit Bureau of Circulation," report from *El Diario*, p. 6
8. Univision press materials. www.univision.net/corp/en/univision.jsp
9. "Univision Primetime Novela Audience Soars 23% over Course of Third Quarter," Univision press release, October 7, 2004.
10. "Many Voices, One City, the IPA Guide to the Ethnic Press of New York City." Independent Press Association – New York, p. 6.
11. Editor and Publisher Yearbook.
12. Shields, Michael, "Ethnic Print Media Group to Audit Community Newspapers," *Media Daily News*, www.mediapost.com/dtIs_dsp_news.cfm?newsID=275347
13. In 2002, the question asked of various ethnic groups was "Do you mostly watch television in ___?" with the ethnic group's particular language used to fill in the blank.
14. "Public Opinion Survey of California Ethnic Groups About Criminal Justice Issues," *News California Media*, p. 39.
15. Suro, Roberto, "Changing Channels and Crisscrossing Cultures: A Survey of Latinos on the News Media," April 2004, p.4.
16. USC Annenberg Institute for Justice and Journalism, Pew Hispanic Center, *News California Media*, "The 2003 Multilingual Survey of California Voters," September 25, 2003, p.9.
17. *Ibid.*
18. Fitzgerald, Mark, Editor and Publisher, "A Circulation Chill on the Hot Latino Press," May 9, 2004.
19. *Ibid.*
20. Audit Bureau of Circulations audit report for *Hoy*.

Ownership and Economics

Newsroom Investment, Ownership and Economics
By the Project for Excellence in Journalism

Again, information for these areas is scarce, though growing.

In 2004 Professor Federico Subervi, a media consultant who lives in Austin, Texas, released a survey of news professionals at Spanish-language outlets. The data contain some interesting nuggets of information, but cannot be compared longitudinally over time.

For most of the ethnic press, ownership is not a complicated matter. Shares are not traded on the Nasdaq or the New York Stock Exchange. A person or a group of people or a family decides their community needs to be served by a news outlet and a “media organization” is born. Operations are often hand-to-mouth, and advertising revenues are usually generated by a handful of local businesses, many of which are owned by members of the local ethnic community.

But now some of the larger ethnic groups – again, particularly Spanish-speakers but also some Asians – are finding that larger-scale advertisers are interested in reaching their communities. At the same time, some large owners have waded pretty deeply into the pool of the ethnic media. NBC’s purchase of the Hispanic network Telemundo and Tribune’s launch of its “Hoy” dailies are prime examples.

As we reported last year, two primary models of ownership exist: one in which English-language companies buy into or create ethnic outlets and another in which ethnic outlets try to join together to compete with English-language giants. There is not yet a winner between those two approaches, nor do we expect one anytime soon. They could simply survive as alternative practices. But the last year has presented some new wrinkles in the game.

Newsroom Investment

The survey data from Professor Subervi also revealed that those surveyed, 400 newsroom professionals working at Spanish-language and other Latino-oriented news media, came mostly from the print (56%) and broadcast media (39%) with the rest coming from a variety of other kinds of outlets. ¹

Some additional findings:

- Most of the journalists came from small news operations, 67% from newsrooms with less than ten journalists and 85% from newsrooms with five or fewer managers. ²
- Almost 75% of the journalists and 50% of the managers who responded work for media that are not owned by U.S. Latinos. ³
- More than 70% of the journalists who responded said their company does not offer any training programs. ⁴

The survey also indicated that those who work in the Spanish-language media are relative newcomers to the U.S. More than 90% of the journalists who responded were born in another country, as were 90% of the managers. Still, the respondents were well rooted in the U.S.; 56% were U.S. citizens and 24% were permanent residents. ⁵

The survey also found that all the respondents had received “some type of education or training in journalism,” with half receiving journalism education in the U.S. And most respondents had attended at least two years of college.

When it came to pay and working situations, however, the study found that many of the respondents were working in less than an ideal situation. Even among those who were employed full-time, nearly a third were working without a contract. And 5% of journalists and 3% of managers were working under an “informal agreement.” Incomes were spread over wide range, but with many clumped in the middle, \$25,000 to \$49,999. That income range accounted for the majority of respondents – male and female, journalist and manager – for all groups except male newsroom managers.

The survey also found, perhaps not surprisingly, that TV still had the best-paying jobs in the Spanish-language media. Higher incomes were reported most frequently among those journalists who were born in the U.S., were citizens, had contracts and worked in TV newsrooms where news was produced daily.

Economics

In the big picture of the ethnic media, the outlook is clearly positive. The sheer number of outlets today, compared to a decade or two ago, reflects unmistakable growth. Beyond the Spanish-language media, however, there are three large barriers preventing large-scale national growth.

- Most of the ethnic groups that are growing in the U.S. don't share a common language that media outlets can peddle to several groups at once.
- Even though some ethnic groups are entering the country in fairly large numbers, their populations are not geographically concentrated enough to yield large-scale growth.
- Until other ethnic groups reach that kind of large-scale critical mass, many advertisers don't feel the need to target them. This effect is compounded in the age of “category killer” stores like Wal-Mart that stock everything from milk to auto parts and that advertise on a national stage, paying little attention to local groups and media.

Again, in economic numbers the Spanish-language media have the most to offer. The Latino Print Network has captured the growth of ad revenues for the Spanish-language newspapers. The data show remarkable increases, but like the circulation numbers there is a proviso here – these numbers are largely self-reported.

Even from 2000 to 2003, when the U.S. economy was going through a slow period, ad dollars for Spanish-language newspapers actually increased by more than \$250 million according to the Latino Print Network figures, growth that is stunning if accurate. Accuracy is a big question here, particularly considering the tough times the largest Spanish-language dailies have had with circulation. And according to LPN, most of the ad revenues came from the forty Spanish-language dailies. ⁶

Assuming those numbers are right, or at least partially right, they would seem to suggest that the Spanish-language papers with the brightest future are less likely to be supplements to other reading and more likely to be the papers that audiences turn to for news every day. Such papers, after all, provide the most direct competition for the bigger advertising dollars that normally go to the English-language dailies. Most English-language dailies – and other English-language news media, for that matter – have declining audiences. Advertisers looking for another avenue probably see a lot to like in the Spanish-language press. It offers a chance to reach a growing demographic and a chance to target ads with a more directed appeal.

At the same time there may be questions about the long-term viability of those papers. If, as use numbers show, Spanish-speakers rely more on English-language papers than Hispanic ones, and if the circulation slowdown at some Spanish-language papers continues, it's not clear that the ad dollar numbers are accurate and, if they are, that they will continue to rise in this way.

But there are other signs of growth among Hispanic media outlets. In October 2004 Univision signed a \$100 million television and radio advertising contract with Miller Brewing. ⁷ Even before the deal, in the first six months of 2004, the company's net income was more than double what it was in the first half of 2003 – \$115 million versus \$54 million. ⁸ That follows steady increases over the past few years in net income, from \$54.7 million in 2001 to \$155.4 million in 2003. ⁹

Univision seems to be the big winner so far in its race with NBC-owned Telemundo. When NBC purchased the then second-place Spanish broadcaster in 2002, the assumption was that Telemundo was primed for a run to compete with Univision. But revenue numbers on Telemundo are not readily available, and Univision seems to be scoring the biggest gains in viewers.

Outside of the Spanish-language media, there simply isn't much hard information on the economic situation of the ethnic press. Some reports indicate that the black press was hit particularly hard by the economic downturn that began in 2001, with some papers seeing ad declines of 40% to 50%.¹⁰

Ownership

The last 12 months have brought some interesting changes in ownership in the ethnic news media. As the growth of audiences continued through the last decade, a question emerged about what the ethnic press of the future might look like. Would the various ethnic communities across the country grow to the point where large, English-language companies would begin trying to buy into the audiences that they missed with their mainstream outlets? That happened relatively early on with Knight-Ridder's creation *El Nuevo Herald* to capture readers who might not read *The Miami Herald*. Or, as the ethnic populations grew, would competitors from outside the traditional big media companies emerge and develop their own foreign-language equivalents of the English-language chains? That has happened in television with Univision, which has evolved into the fifth-largest television network in America.

In the past year, Spanish-language papers in the three largest U.S. cities – New York, Los Angeles and Chicago – were joined under one company, *ImpreMedia*. *La Opinion* in Los Angeles, *El Diario/La Prensa* in New York and *La Raza*, a Chicago weekly, will now find out if a national corporate identity and presumably a more nationalized approach to some ad sales is a ticket to better times. Together *La Opinion* and *El Diario/La Prensa* have a daily circulation of more than 175,000,¹¹ and *La Raza* reports a weekly readership of nearly 170,000.¹² In theory the three could create a force in the Spanish-language print market in terms of ad sales and the ability to share bureau resources. But while the readers of all three papers speak Spanish, the similarities between their readerships end there. The papers serve very different populations – *La Opinion* largely a Mexican immigrant group, *El Diario* and *La Raza* a more diverse readership from a variety of Latin American countries. It seems thus far that there is no rush to create one national paper out of the three. In part that may be due to respect for each paper's individual identity, but it may also stem from the belief that a true merging of the papers into a national daily wouldn't work.

At the same time, Tribune Company, which once co-owned *La Opinion*, has pushed forward with a version of *Hoy* on newsstands in New York, Chicago and Los Angeles. But Tribune has run into problems. After news of circulation skulduggery broke, the paper's re-audit showed that its supposed 92,000 daily circulation was overstated by some 46% and that the actual number was under 50,000.¹³ The bigger question for Tribune, however, is whether the company, which may want to apply a one-size-fits-all approach to all its *Hoys*, will understand the differences in the populations it is dealing with.

On a more local scale, Meximerica Media launched four daily newspapers in Texas in 2004. The papers, all called *Rumbo* (Spanish for "heading north") are based in Austin, Houston, San Antonio and an area comprising Starr, Cameron and Hidalgo counties. The four colorful, sharply designed tabloids are just the first step for Meximerica, which was funded by the Spanish company *Recoletos Grupo de Comunicacion S.A.* to the tune of \$16.5 million in 2004. The company says it is considering "outside of Texas in 2005."¹⁴

Traditionally English-language companies continue to step into the foreign-language marketplace, though as a rule gingerly. In the Dallas-Fort Worth market, Knight-Ridder and Belo have Spanish-language papers competing with each other, *La Estrella* and *Al Dia* respectively. In Denver the Media News Group's *Post* and Scripps's *Rocky Mountain News*, which are run under a joint operating agreement, are working together on a Hispanic weekly that would take on the long-time weekly *La Voz*. In Detroit, another JOA city, the *News* (Gannett) and *Free Press* (Knight-Ridder) are reportedly looking into starting a weekly to compete with the local bilingual weekly *El Central*. Over all, mainstream news organizations own 46 (mostly weekly) Hispanic publications that have a combined circulation of 2.9 million, according to the Latino Print Network.¹⁵

And it is not just Hispanic publications. In San Jose, Knight-Ridder's *Mercury News* has been running the weekly *Viet Mercury*, a newspaper aimed at the area's large Vietnamese population, since 1999. San Jose is a special situation, with 110,000 Vietnamese Americans living in a relatively small area that is easy to target. The population has its own shops and businesses, and the *Viet Mercury* allows the *Mercury News* to tap into it. Interestingly, the *Viet Mercury* looks like a local Vietnamese-American newspaper rather than a copy of the San Jose *Mercury* in Vietnamese.¹⁶

In radio, Clear Channel, the medium's giant, announced in September 2004 that it was launching a bigger push into the Spanish-language market. The company had only 18 Spanish-language stations when it announced the move. It says it plans to convert 25 more stations to the format in 2005 and early 2006. The step suggests that Clear Channel, which controls more than 1,200 stations, has decided it needs a larger share of the growing Spanish-language market. But even adding those 25 stations would mean less than 4% of the company's total would be broadcasting in Spanish. 17

In television, where there are fewer outlets, there is a more clear-cut winner so far in the competition between the two ownership approaches: Hispanic-run Univision is ahead of NBC-run Telemundo. How successful has Univision been? It doesn't just run the most popular Spanish-language network in the U.S., it also runs the second most popular, Telefutera, aimed at a younger audience.

The question for NBC is relatively straightforward: Are Telemundo's struggles a function of bad management or poor programming or could it be that the network simply hasn't put the resources into Telemundo that it needs to compete? NBC and Telemundo haven't sat completely still. Like Univision, Telemundo has added a second network, Mun2, or Mundos, aimed at younger viewers, aged 18 to 34. But over all, Telemundo is something of a side-project for NBC, one of many networks the broadcast giant is using to reassemble the mass audience it had when it was one of only three options available to viewers. It is competing with a company, Univision, for which Spanish-language broadcasting isn't one of many missions, but the only mission. So far, the competitor with the singular focus is riding high.

Conclusion

As the nation's immigrant population grows, it seems almost certain that the universe of the ethnic media will continue to expand. The growth, however, is likely to be anything but uniform. The many different ethnic media that already exist in the U.S. are likely to grow in their own different directions and at their own different paces.

And even within those ethnic communities there is diversity in what different outlets provide. The content of the ethnic newspapers we examined varied greatly. Some were focused largely on news from readers' home countries; others were more like mainstream newspapers simply printed in a different language. The papers face unique challenges. They are charged with two missions at once, providing readers with news about their old homes and about their new one. How the papers handle those missions will ultimately have a large impact on how the nation's new immigrants come to understand U.S. culture and government and their place in their new country.

Economically speaking, the ethnic media are operating on at least two tracks: The small-scale, local business model of most ethnic media and the large-scale national model of some of the Spanish-language press. Unlike the media of other ethnic groups, the Hispanic media have audiences large enough to lead to the formation of fledgling newspaper chains and national broadcast networks. It's not clear when or whether other ethnicities, with smaller populations, will be able to follow that growth path.

One great unknown in the discussion of the ethnic media is how U.S. government policy will affect immigration, and ultimately the next generation of ethnic media readers, listeners and viewers. Extremely strict limitations could affect the growth in ethnic outlets.

But even with government restrictions, it seems likely the ethnic media will continue to grow to some extent because they represent larger trends in the media and the broader culture: segmentation and personalization. These outlets provide a product to ethnic groups that they can't get elsewhere.

Footnotes

1. Subervi, Federico, NAHJ Survey of News Professionals Working at Spanish-Language Media Companies in the U.S., August 2004.

2. Ibid.

3. Ibid.

4. Ibid.

5. Ibid.

6. "Hispanic Publication Advertising Sales in 2003," Latino Print Network, Carlsbad, CA.

7. "Univision, Miller Toast \$100 Million ad Deal," Los Angeles Business, October 8, 2004. losangeles.bizjournals.com/losangeles/stories/2004/10/04/daily50.html

8. Ibid.
9. Hoover's Book's Online, November 2004 data.
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11. Audit Bureau of Circulations, El Diario, La Opinion
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Alternative

Alternative

By the Project for Excellence in Journalism

After years of essentially owning the weekly news and arts market and seeing rising readership and revenue, the nation's alternative-weekly publishers are finding a different world in the beginning of the 21st century. Competition has come to the field from a variety of sources. Daily newspapers in major cities have launched free commuter tabloids that are available at mass-transit stops. Big chains like Gannett have launched free weeklies that compete directly with the smaller alternatives. Online services like Craigslist, serve as everything from classified-ad pages to community news centers, are drawing away classified advertising dollars.

Those changes have all hit the alternative weeklies where they are most vulnerable: in advertising revenue, where the weeklies get all their money for operation. Yet the new competition, while potentially threatening, has not yet dented in any real way the bottom line of the alternative weeklies. After two or three soft years, industry revenues have begun to climb again, albeit not at the torrid pace of the 90's. The question is whether the weeklies are simply more resilient than other media that have suffered against new competition – like newspapers that have suffered with the Internet's growth – or whether these alternative weeklies challengers are still relatively immature.

The weeklies' new competitors for revenue bring some distinct advantages to the table. The commuter dailies and chain-owned free weeklies have more extensive distribution networks in place. They can sell ads at special rates for both the daily paper and the free paper. Their local marketing muscle can overwhelm smaller competitors. And the fact that they are affiliated with or owned by the local daily newspapers means they often have the advantage of lower printing costs. Where classifieds are concerned, Internet services can offer search engines that make the task easier for those seeking goods and services, along with the ability to update with new listings regularly. Most alternative weeklies have their own Web classifieds, and many of them have been quite successful in generating revenues. But services like Craigslist are free, and that is hard for any pay-for-ads Web site to compete with.

Despite the new competition in advertising, the content of alternative weeklies is still distinct. Their mission, to provide a pugnacious counterpoint in news and arts coverage, is not matched by their competitors, which are chasing the revenue model more than the content model. The question is whether their specialized content will override the advantages of newer outlets and convince enough advertisers to stick where they are.

Alternative weeklies are still relatively strong, especially considering the troubles many print outlets have had in recent years, but the competition has grown.

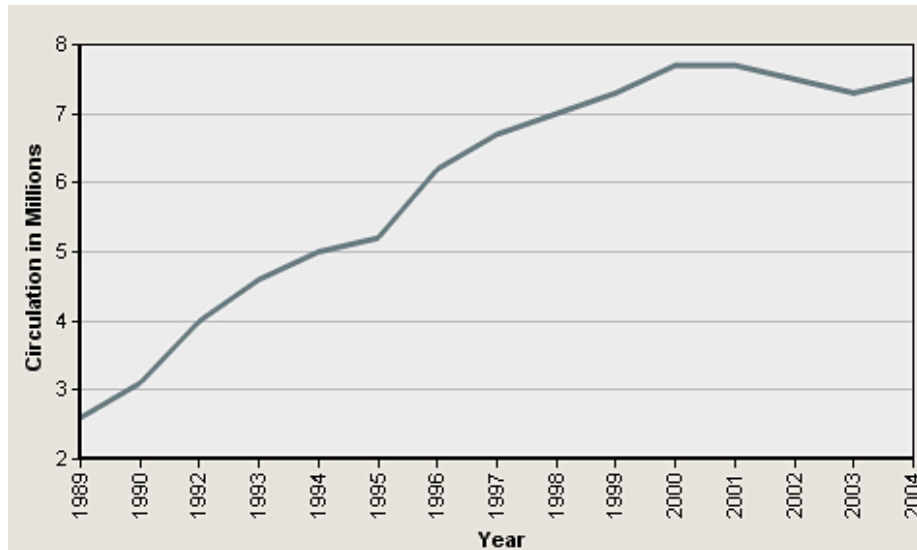
Audience

In 2004, after two years of decline, circulation of alternative weeklies gained momentum. According to the Association of Alternative Newsweeklies (AAN), a trade organization, circulation rose to 7.5 million, up from 7.3 million in 2003, an increase of about 3%. The audience is still down from the all-time high of nearly 8 million in 2001, but on the current track, it may get back there soon. ¹ Most in the industry attributed the drop to the recession, which dried up advertising money and, in turn, led to the closing of some weeklies in competitive markets. ²

Besides the recession and the closing of a few papers, some reasons for the declines in circulation were a slide in both sales and traffic in record stores, where most weeklies are distributed; the replacement of locally owned stores with chains that are less likely to allow free publications to distribute; a proliferation in the number of free-circulation publications in general (e.g., shoppers, real estate guides, auto traders), which has led to restrictive news-rack ordinances in many cities and markedly increased the competition for retail distribution space; and the growth of alt-weekly Web sites, which allow a portion of the papers' audience (especially those who read solely for the listings or classifieds) to get the content without picking up the papers.

Growth in Alternative News Weeklies

Association of Alternative Newsweeklies Member Publications, 1989 – 2004



Design Your Own Chart

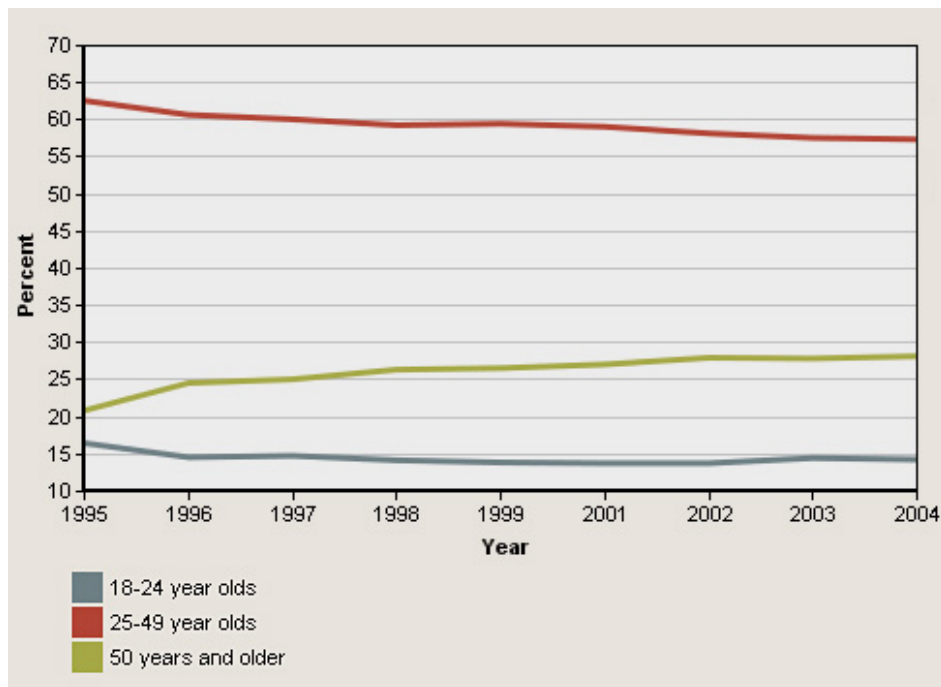
Source: Association of Alternative Newsweeklies unpublished data

Over time the readership of these publications has changed, growing slightly grayer and wealthier along with the overall American population.

- The median age of alternative-weekly readers increased from 38.4 in 1997 to 40.0 in 2003. 3
- The average household income of readers increased from \$50,583 in 1995 to \$64,120 in 2003. 4

Alternative Weekly Readership by Age Group

1995 – 2004



Design Your Own Chart

Source: Association of Alternative Newsweeklies, unpublished data

*The Association of Alternative Newsweeklies did not gather data in 2000

Readership among all groups grew over the period examined in the chart above, but older audiences grew as a percentage of the readership. ⁵ Consider, for example, how the oldest age group has increased as a percentage of the papers' total readership – an 8% rise in readers 50 and older since 1995 – while the percentage of readers in other age groups is slowly declining. ⁶

The readership has also become more family-oriented. A higher percentage was married in 2003 than in 1992-1994 (a period for which the organization aggregated data) – 46.9% in 2003 compared to 36.4% in 1992-94. The number of readers with children at home grew even more sharply, from 28.4% in 1992-94 to 40% in 2003. ⁷

What's more, those trends are the opposite of what the nation at large is experiencing. For that same period, 1992 to 2003, nationwide Census figures show the percentage of married households falling from 55% to 51%. ⁸ The percentage of families with children under 18 at home declined from 49% to 48%. ⁹

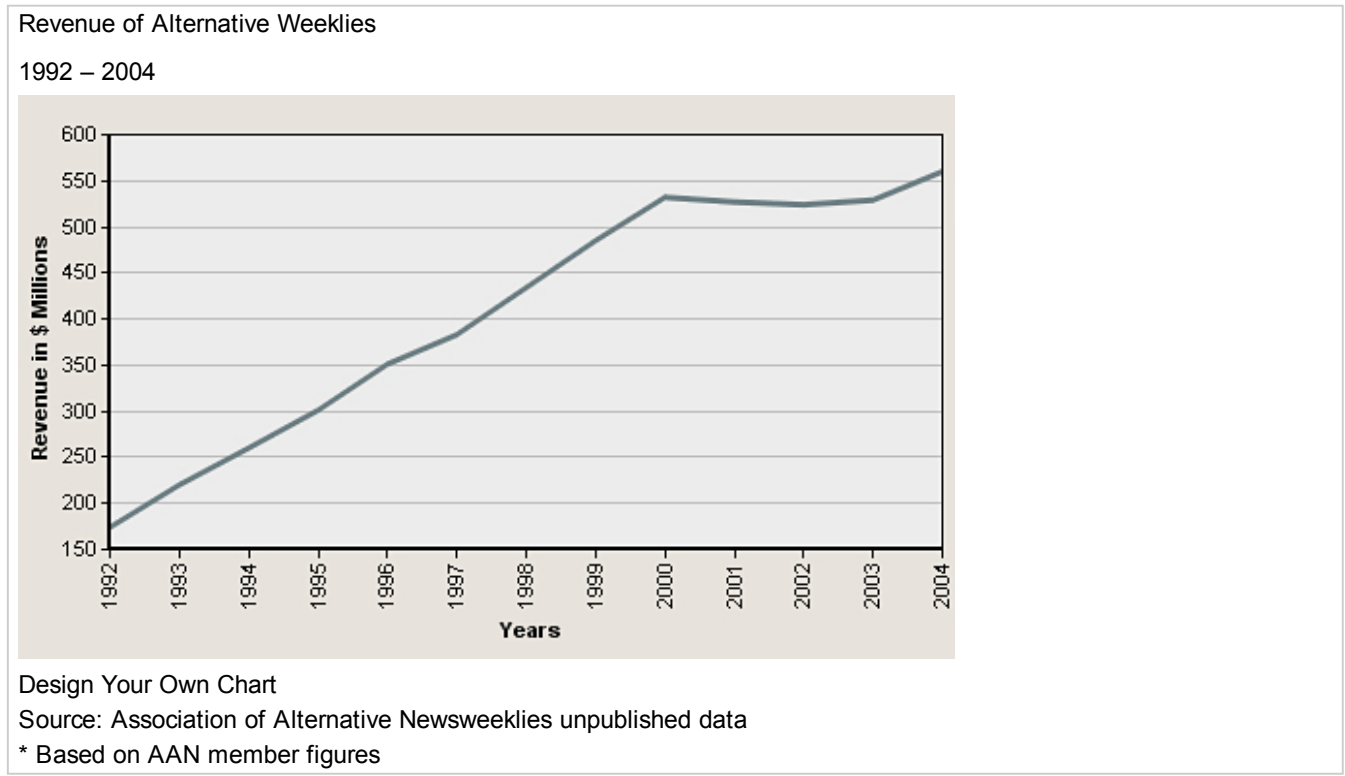
What accounts for the differences between the demographics for alternative weekly readers and those for the general population? One possibility is that the same issues that appeared to skew polling in the last presidential election are at play. The demographic data are gathered by interviews that require respondents to spend more than half an hour on the phone, which may tend to capture more married-with-children respondents; young people are less likely to be home or to take the time for the survey. Such polls also don't include people who rely on cell phones for communication and may not even have land-line phones in their homes. Again, such people tend to be younger. Still, there seems to be little question that alternative weekly readers are more likely to be married with children as they age.

The demographic shifts suggest that alternative weeklies are growing into a more serious, or at least a more mature, news source. That's not to say the best-known and most respected among the weeklies (The Village Voice in New York, Chicago Reader) only recently started taking their commitment to news seriously. They have considered themselves serious news organizations for years. But the alternative weeklies are increasingly perceived as serious news organizations by the mainstream media as their readership grows. ¹⁰

The shifts in demographics and in perceptions may also have to do with new publications' joining the field and joining AAN. In 1995, the organization included 52 publications in 46 markets. By 2003 it had 108 weeklies in 72 markets. ¹¹

Economics

While final numbers weren't available when this report was finished, estimates for 2004 revenues among the weeklies put the total at \$550 million. That would be a record for the weeklies and a substantial increase – \$21 million or almost 4% – over 2003 figures. ¹²



AAN internal surveys and anecdotal evidence suggest that the growth came primarily in three areas: Local retail, real estate classifieds and national advertising.

National advertising is still a relatively small part of alternative weekly business, about 6% to 7% industry-wide. Small-market papers get no national advertising, and the largest papers top out at approximately 15% of total revenue. Still, the early national ad numbers for 2004 look good. The Alternative Weekly Network, which coordinates national ad sales for 100 papers, had not posted final 2004 data at the time of this report, but a preliminary accounting showed an increase of 20%, to \$14 million, for national ads. ¹³ That's dramatic, particularly since the 2003 ad dollar figures were up roughly 7% from the previous year. ¹⁴ As the economy recovers it is often those big advertisers who are looking to spend money first. National ad sales for the weeklies historically involved tobacco or alcohol products, according to Alternative Weekly Network. National sales on the whole have been growing in recent years, though tobacco ad dollars have been declining and replaced primarily by financial, automotive, high-tech, and telecommunications ads. Some of the changes undoubtedly reflect the graying and greening – growing wealth – of alternative-weekly audiences. National dollars may have presaged the larger overall ad-dollar increase the weeklies apparently experienced in 2004, as smaller local advertisers also began to advertise more.

The alternative weeklies are arguably the most sensitive to economic problems. The vast majority rely solely on advertising, and don't get any boost from subscription dollars. The revenue boost in 2004, following an increase of less than 1% in 2003 and small declines in 2002 and 2001, may be a sign that the economy has turned a corner. It also suggests that so far anyway, the weeklies have not lost advertisers to the new competition in any large measure. ¹⁵

But there may be problems lying in wait for these publications. First, the struggles of small local retailers, which are increasingly being challenged by superstore "category killers," hurt weeklies as well, since many local ad dollars come from those small stores. Second, the continued rise of Internet and Web-based classified advertising [see Online Economics] will probably divert more money from the revenue stream. We'll discuss those changes more fully in the next section. Suffice it to say the revenue numbers for the alternative weeklies, while good, don't necessarily point to a bonanza ahead.

Ownership

Ownership among the biggest players remained stable in 2004, with no major openings or closings. New Times, the largest owner, held on to its eleven weeklies, while Village Voice media kept its six. ¹⁶

There was activity in specific markets around the country, often involving battles between large companies and independent owners.

In San Francisco in October, the family-owned Bay Guardian filed suit against two New Times weeklies in the area, charging that New Times and the weeklies had sold ads below cost to put the Guardian out of business. The Guardian said New Times was "breaking the law and using its considerable national resources in an effort to destroy a locally owned competitor so it will have the San Francisco alternative market to itself." ¹⁷

In Boston there was a new owner when Metrocorp, the publisher of Boston Magazine and Philadelphia Magazine, purchased a majority ownership of Boston's Weekly Dig. The Dig, with a light approach to the news and a lad-magazine sensibility (think Maxim) is the self-proclaimed fastest-growing alternative weekly in the area with an unaudited circulation of 50,000. ¹⁸ That number still places it far behind the long-time leader, the Boston Phoenix, which has an unaudited readership of 109,000. ¹⁹ But the influx of dollars and resources Metrocorp could put into the Dig may make it more of a competitor.

The changes in San Francisco and Boston show how quickly the world of alternative weeklies is evolving. The increasing revenue numbers and desirable demographics these publications offer has not gone unnoticed. And as independents are being challenged by the "big" companies, the "big" companies are facing competition from even bigger challengers.

New Challenges

In addition to battling among themselves, alternative weeklies are trying to ward off competition from two different fronts. First is the arrival of free dailies, small ad-driven tabloids given out by daily newspapers primarily to mass-transit commuters. At the same time they are seeing the rise of what they call "faux alternatives," weekly ad-driven tabs started by the towns' dominant daily newspapers, aimed at competing with the alternative weeklies directly.

Whether the new rivals prove to be long-term competition remains to be seen. Both can work off content from their mainstream publications. The free dailies also have the money to station people at mass-transit nodes where riders are looking for something to read on their way to work or around town. These papers can guarantee a lot of eyes.

Content

The real concern with the new competitors, however, is their central mission.

The free daily newspapers are not expected to thrive in and of themselves. Rather, they try to siphon off some of the available advertising dollars and steer readers to the parent publications, the metropolitan dailies that created them. The dailies will do anything they can to reach younger readers, who seem to be shunning daily newspapers. 20

The metropolitan papers' free dailies usually limit their content to wire service copy. They are loath to offer free the same content they would like readers to pay for. Most of the free dailies don't even have a reporting staff as such.

The weeklies launched by large companies have a different approach. They want to take on the alternative weeklies more directly in terms of editorial packaging and are looking to attract younger audiences with heavy emphasis on entertainment coverage. There have been some significant startups in recent years. Tribune has attempted to climb into the free-weeklies market in Florida. Gannett has launched free weeklies in small and medium-sized cities around the country – Boise, Cincinnati, Indianapolis, Louisville, Lansing, Mich., Rochester, N.Y., Greenville, S.C. – in hopes of grabbing some audience that would normally gravitate to the alternative weeklies. Times Publishing Company, which publishes the St. Petersburg Times, started *tbt** in the Tampa Bay area. Cox has entered the game with *AccessAtlanta*. And for several years now Knight Ridder has been publishing *Street Miami*. 21

Among all of these companies, Tribune has experimented the most with the new youth-oriented formats. In Chicago, of course, it has *RedEye*, a paid-circulation daily (although many copies are given away) with content that is more like what one might see in a big-company weekly than a commuter daily. Tribune also owns a majority interest in *amNewYork*, a commuter daily. In Broward County, Fla., its *Sun-Sentinel* has been publishing a weekly called *City Link* (previously called *XS*) for years. And several years ago, Tribune acquired the *Advocate/Weekly* chain of four alternative papers in New England.

But the traditional alternative weeklies maintain that such efforts fall short of what they offer, notably local political and arts coverage. "They don't concern our members in terms of coverage," says Richard Karpel of AAN. "But they concern our members as businesses."

When it comes to content, Karpel says, the new corporate weeklies tend to avoid delving into local politics or contentious arts issues that the alternative papers cover. "These papers are limited by the corporate culture of the companies that own them," he says. "They try not to offend."

Indeed, some believe that the edginess that is so characteristic of the alternative weeklies, the willingness to challenge community assumptions and norms, is what is threatened in the longer run. (And some weekly-watchers say the boldness has already waned since ownership has grown more "corporate.")

With the help of AAN, the Project for Excellence in Journalism solicited reactions to the new competition from a group of alternative-weekly editors around the country. Their words, quoted below at some length, are revealing.

There is some concern over the possibility of losing ad dollars to their new competitors, but there is also a disdain for what the editors consider "faux weeklies" and the kind of journalism the older alternative press believes these new challengers represent. What we hear in the editors' words is a clash of cultures, between a publishing world grounded in longer pieces, idiosyncratic writers, and literary voice in journalism, and what the editors consider an anti-literary, focus-group driven big-business competition.

Vince O'Hearn, publisher of the Isthmus in Madison, Wisconsin:

"Our market has been host to a faux-alt startup titled *Core Weekly* (published by Capital Newspapers Inc.) for the last two months. It has not gained traction in the marketplace so far. They are putting out 48 pages a week with about 5 pages of display, which we have determined was either given free or for a very low price, and six or seven pages of classified, all of which are lifted from the daily product. They are causing us not a whiff of problem to date, though their sniffing around our advertisers is unsettling. Very few, or maybe none, are interested in their blandishments. ... Incidentally, the *Milwaukee Journal-Sentinel* is rolling out their faux-alt (they call it an alternative) this week or next."

Chuck Strouse, editor of New Times Broward-Palm Beach in Fort Lauderdale:

"Our Tribune Company-owned competition, *CityLink*, has gone through a rather radical transformation – replacing news with shorter, youth, youth, youth-driven stories. Pretty much all attempts at writing about politics or afflicting the comfortable or serious journalism or substance – which was something they once attempted – is

gone. As are people over 25, serious art criticism, folk music, classical music, and anything of more sophisticated culture. The paper was here long before we were – but now looks more like a commuter daily for dummies ...”

Alison True, editor of Chicago Reader:

“Here’s one effect [of the arrival of the new competition]: an irritating tendency on the part of other media to erroneously compare the Reader to local youth dailies.

After our recent long-overdue redesign, a poster to an online discussion accused us of “getting all Tribune on our ass. Bigger font, more color, big pretty pictures? C’mon!” And a recent report on arts coverage in dailies, put out by the NAJP [National Arts Journalism Program] at Columbia, said youth-oriented dailies put out by Gannett and Tribune Co. “mimic” local weeklies. I don’t know about other cities, but they don’t do that here. We run magazine-style long and short features, essayistic arts reviews, and exhaustively complete entertainment listings. We compete with the dailies for ads and for readers’ time, but there’s little overlap in content.”

There is undoubtedly some truth to those critiques of the new competition, but there are larger long-term content questions ahead for the alternative weeklies as well. The weeklies grew out of the New Journalism movement, which meant many were formed around long stories and distinctive writing voices. The Village Voice came of late-1950s and early-1960s New York and the thinking of people like Norman Mailer, one of its co-founders. That period of evolution continued for years. The Chicago Reader, for instance, didn’t appear until 1971. The template of those papers was and remains stories like those that appeared in the early days of Rolling Stone, boundary-pushing stories about things that didn’t get coverage elsewhere.

Now the question is whether that format, which helped the papers increase circulation and ad revenues, will be as popular with the next generation of readers. As we show in the audience section of this chapter, the readers of the weeklies are growing richer and becoming more family-oriented, but they are also growing older.

The model the new (and what critics call “faux”) alternative weeklies are using does not follow the long-form literary style of “new journalism.” The model is more along the lines of the quintessential magazine of the 1990s, “Entertainment Weekly” – short story-lets designed for quick reading. And indeed some of the old-line alternative weeklies are experimenting with this model of journalism. “We live in a TV- and Web-dominated world, where pictures increasingly trump words, and attention spans grow shorter and more fractured,” writes Richard Karpel of AAN. “And there is a widespread recognition in our industry that we need to find new ways to communicate with readers if we expect them to continue to pick us up. The challenge for us is how to do that while maintaining our core mission.”

It’s not yet clear how much of an impact the new challenges will have on alternative weeklies over the long haul. Yet more is at stake culturally and journalistically in this dispute than which free-circulation tabloid paper prevails. The two kinds of papers offer different things to their communities. If the older alternative weeklies pass away, what replaces them as advertising vehicles will not, by any means, be duplicating what they are trying to do in terms of the politics, culture and values of the cities in which they appear. The sense of “alternative” that means offering a different perspective in the community will, to a significant extent, be gone.

For the moment, such a drastic shift is not measurable in the numbers, and apparently is not occurring. Whether that situation changes will be an important barometer measuring urban culture.

Footnotes

1. Association of Alternative Newsweeklies, unpublished circulation figures.
2. Almost all of the papers that closed after 2000 faced alternative-weekly competition in their market: New Times Los Angeles, Local Planet Weekly (Spokane), Worcester Phoenix. Blue Dog Press (Buffalo), Casco Bay Weekly (Portland, Me.), In Pittsburgh Newsweekly.
3. Association of Alternative Newsweeklies Reader Comparison data, unpublished.
4. Ibid.
5. AAN demographic data for 1992-94 comes from a different source than the data for 1995-2003. The earlier data derived in part from a Simmons Marketing study, whereas the 1995-2003 derived from national Media Audit studies. Changes in methodology between the two studies make differences in the numbers less reliable.
6. Association of Alternative Newsweeklies Reader Comparison data, unpublished.

7. Ibid.

8. "Households, By Type: 1940 to Present," U.S. Census Bureau table.

9. "Families, by Presence of Own Children Under 18: 1950 to Present," U.S. Census Bureau table.

10. Despite the way they are increasingly taken seriously, some industry watchers note that perhaps the most influential AAN paper in the last 10 years has been *The Stranger* (a Seattle paper published by the people who were the original founders of *The Onion*), which introduced a heavy sense of irony and creative playfulness to the alt weekly template.

11. Association of Alternative Newsweeklies Reader Comparison data, unpublished.

12. Association of Alternative Newsweeklies revenue figures, unpublished.

13. AAN staff interviews.

14. "Alternative Newspapers Turn in Strong '03", Editor and Publisher, January 14, 2004.

15. Association of Alternative Newsweeklies revenue figures, unpublished.

16. AAN Member website pages, *Village Voice*, *Miami New Times*.

17. Redmond, Tim, "Bay Guardian sues New Times chain for predatory pricing," *San Francisco Bay Guardian*, Oct. 20 – Oct. 26 2004.

18. AAN Member website pages, *Boston's Weekly Dig*.

19. AAN Member website pages, *Boston Phoenix*.

20. Free commuter dailies in some cities are owned by companies that don't have paid dailies to convert readers to. There are, for instance, the five North American commuter dailies – published in Philadelphia, Boston, New York, Montreal and Toronto – that are owned by the European company Metro International.

21. There are many more examples to cite. Freedom Communications with *Get Out* in Phoenix; *Journal Register* with *Play* in New Haven; *Capital Newspapers* with *Core Weekly* in Madison, Wisc.



About The Study – Intro

About the Study

The State of the News Media report was written by the Project for Excellence in Journalism, with the aid of many collaborators. Funding was provided by the Pew Charitable Trusts.

[Click here](#) for information about printing pages from the report.

Methodology

Details on how we put together study together, including background on the content analysis sections.

Authors and Collaborators

A list of people who worked on the report.

Source Bibliography

An alphabetical listing of all the sources referenced in the report, including Web addresses.

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Methodology

PEJ MEDIA REPORT CARD

CONTENT ANALYSIS

GENERAL METHODOLOGY

SAMPLING AND INCLUSION

Two distinct categories of media were studied as part of the 2005 PEJ Media Report Card project.

The first, text-based media, included newspapers and Internet news sites. Princeton Survey Research Associates International conducted coding for those media.

The second, electronic media, included both broadcast network and cable network news. The School of Journalism at Michigan State University conducted coding for Broadcast Network News. The Institute for Communication Research of the College of Communication & Information Sciences at the University of Alabama conducted coding for Cable Network News.

Print, broadcast network and cable were each subject to a specific methodological approach regarding sampling and selection and coding. In all, the study examined some 16,800 stories. This included 6,589 newspaper stories, 1,903 online stories, 1,768 stories from network television and about 6,550 stories on cable news (the cable news study included two parts, a 20 day sample and a five day sample, in which some stories overlapped).

I. TEXT-BASED MEDIA

NEWSPAPERS

Newspaper Selection

Individual newspapers were selected to present a meaningful assessment of the content that is widely available to the public. Selections were made on both a geographic and a demographic basis, as well as diversity of ownership.

First, newspapers were divided into four groups based on daily circulation: Over 750,000; 300,001 to 750,000; 100,001 to 300,000, and 100,000 and under.

We included four newspapers over 750,000: USA Today, the Los Angeles Times, The New York Times, and The Washington Post. (The Wall Street Journal, which also falls in this category, was excluded as a specialty publication.)

Four newspapers were chosen in each of the remaining three categories. To ensure geographical diversity, each of the four newspapers within a circulation category was selected from a different geographic region of the U.S. Regions were defined according to the parameters established by the U.S. Census Bureau. ¹

The newspapers in circulation groups two through four were selected through the following process:

First, using the Editor and Publisher Yearbook, we created a list of every daily newspaper in the U.S. Within each category, newspapers were selected at random until all categories were filled. To be eligible for selection, a newspaper was required to a) have a Sunday section, b) have a daily sports section, c) have its stories indexed in a news database, to be available to coders, and d) not be a tabloid. Newspapers not meeting those criteria were skipped over. In addition, an effort was made to ensure diversity in ownership.

Circulation Group 1

Los Angeles Times

New York Times

USA Today

Washington Post

Circulation Group 2

Cleveland Plain Dealer

Dallas Morning News

Philadelphia Inquirer

Sacramento Bee

Circulation Group 3

Albuquerque Journal

Asbury Park Press

Kansas City Star

San Antonio Express-News

Circulation Group 4

Bloomington (Illinois) Pantagraph

Hanover (Pennsylvania) Evening Sun

McAllen (Texas) Monitor

Vacaville (California) Reporter

Newspaper Study Operative Dates, 2004

Random sampling was used to select a sample of individual days for the study. By choosing individual days rather than weeks, we hoped to provide a broader look at news coverage that more accurately represented the entire year. To account for variations related to the different days of the week, the 28 days that were sampled included 4 of each day of the week. Dates were chosen from January 1 to October 13, a span of 286 days. October 13 was made the cutoff date to allow time for coding. Omitted dates included those of the Olympics and the Republican and Democratic National Conventions.

The following dates were generated and make up the 2004 sample.

January- 13, 16, 23

February- 2, 13, 23rd, 29th

March- 8, 12, 13, 14, 19, 24

April- 8, 15

May- 1, 4, 20

June- 8, 9, 16

July- 19, 25

August- 10, 12

September- 4, 22, 26

Story Procurement, Selection, and Inclusion

Stories were procured via hard copies of daily publications, supplemented by a combination of electronic databases (DIALOG, FACTIVA, and NEXIS).

All stories with distinct bylines that appeared on a particular newspaper's front page (Page A1), on the first page of the Local/Metro section, or on the first page of the sports section were selected for analysis.

INTERNET NEWS SITES

To select the Internet news sites to be coded, the Nielsen/NetRatings top 20 news sites list was consulted to determine the most prominent sites. The list contained four basic types of sites: news aggregators, 2 newspaper sites, network news sites, and cable news sites. Two sites were chosen for each of those categories. For aggregators, AOL and Yahoo were selected; they were the only two aggregators in top 20 list. For network news outlets, two sites were randomly chosen from among ABC, CBS, and MSNBC. (MSNBC appeared on both the network and cable lists because it is the news site for both NBC News and the MSNBC cable channel.) For cable sites, CNN and Fox News were chosen, since MSNBC had already been chosen from among the broadcast networks. For newspapers, the first site was chosen randomly from the four newspapers in Circulation Group 1, and the second was chosen randomly from the 12 newspapers in Groups 2 through 4. To be selected the newspaper had to have an active daily Web site. In addition, a local-TV news site was chosen. The market for local TV was chosen by randomly selecting one of the 15 markets from the newspaper sample and then randomly choosing among ABC, CBS, NBC, and Fox.

The following sites were included in the 2004 study:

ABC News (www.ABCNEWS.com)

AOL (news section front page)

Bloomington Pantagraph (www.pantagraph.com)

CBS 11 TV – Dallas (www.cbs11tv.com)

CNN (www.cnn.com)

Fox News (www.foxnews.com)

MSNBC (www.msnbc.com)

Washington Post (www.washingtonpost.com)

Yahoo! (news.yahoo.com)

Internet News Sites – Operative Dates 2004

The 2004 Internet study had two components. The first was a twenty-day sample that matched the dates of the newspaper sample, Mondays through Fridays. Weekends were not included for Internet, broadcast or cable sites. Again, the eligible dates ranged from January 1 to October 13, a period of 286 days.

The following dates were generated and constitute the 2003 Internet News Site sample.

January- 13, 16, 23

February- 2, 13, 23, 29

March- 8,* 12, 13, 14, 19,* 24

April- 8, 15

May- 1, 4, 20

June- 8, 9, 16*

July- 19, 25

August- 10,* 12*

September- 4, 22, 26

*Multiple Download Dates

In addition to the main sample, we conducted an additional study of five of those days in order to replicate the freshness variable studied in 2003. Among the 20-day sample, one day for each weekday was randomly selected.

Story Procurement, Selection, and Inclusion

For the main 20-day sample, each site was visited once a day. The download time rotated each day among four different hours: 9:00 A.M., 1:00 P.M., 5:00 P.M. and 9:00 P.M, ET. The order in which the sites were visited was also rotated for each capture time. Each download took approximately twenty minutes.

For the five-day sample, each site was visited four times on each day – 9:00 a.m. ET, 1:00 p.m. ET, 5:00 p.m. ET, and 9:00 p.m. ET – to download stories. The order in which the sites were visited was rotated for each capture time. Each download took approximately twenty minutes.

Each time, the following method was used to determine which stories to capture:

On the news home page of each of the sites, we identified featured stories. A story at the top of a page tied in to a graphic element – commonly a picture of an event or person – was counted as a featured story and captured for study. Multiple stories on the page relating to the same graphic element were also captured as featured stories. Pages with more than one graphic element were considered to have more than one featured story, and all such stories were studied.

After the featured stories, we included the next three most prominent stories without graphics starting from the top and moving down. Those stories were recorded as non-featured.

The following rules were put into place in selecting stories:

- For the sample, the following were omitted from study: video, audio, charts, maps, background/archival information, news tickers, chat and polls.
- Any headline that linked to an outside Web site was also omitted. (But stories attributed to other outlets but present on the site being studied were counted.)
- Links to secondary stories about the same topic were counted as unique stories for the non-featured-stories category.
- A graphic attached to a non-story item (i.e., video, audio, charts, maps, background/archival information, "complete coverage," chat and polls) was not counted as a story.
- If there were no stories associated with a graphic, then only the top three stories were coded and none were considered featured.
- If there was no graphic present, then no story was considered as featured, and the top three stories were counted as non-featured.
- When news headlines with the same font and type size appeared in side-by-side columns, stories were prioritized in a left-to-right, line-by-line zigzag pattern.

Text-Based Media Coding Procedures

General practice called for a coder to work through no more than seven days/issues from any newspaper outlet during a coding session. After completing up to seven days/issues from one publication, coders switched to another text-based-media outlet, and continued to code up to seven days/issues.

All coding personnel rotated through all circulation groups, publications/sites, with the exception of the designated control publications. A control publication was chosen in each category of text media. The designated control publication/date was initially handled by only one coder. That work was then over-sampled during intercoder reliability testing.

Working with a standardized codebook and coding rules, coders generally worked through each story in its entirety, beginning with the Inventory Variables – publication date, story length, placement, and origination. Next, they recorded the codes for each story's "content variables" – topics, recurring leads/big stories, newsmakers, tone, sourcing levels, and frame. Additional variables for Internet outlets measured links to graphics, audio, video, and photo galleries; and for the five multiple-download days, an additional variable measured story freshness.

Intercoder Reliability Testing for Text Media

Inter-coder reliability measures the extent to which two coders, operating individually, reach the same coding decisions. The principal coding team for text media comprised four people who were trained as a group. One coder was designated as a general control coder, and worked off-site for the duration of the project. In addition, one newspaper was designated as a control source.

At the completion of the general coding process, each coder, working alone and without access to the initial coding decisions, re-coded publications originally completed by another coder. Inter-coding tests were performed on 5% of all cases in connection with inventory variables, and agreement rates exceeded 98% for those variables. For the more difficult content variables, 20% of all publications/sites were re-coded, and inter-coder agreement rates were as follows:

Trigger: 93%
Politics Trigger: 97%
Big Story: 96%
Campaign Trigger: 98%
Topic: 92%
Newsmaker: 90%
Tone: 96%
Source Transparency: 95%
Anonymous Sources: 98%
Data: 97%
Female Sources: 98%
Male Sources: 97%
Mix of Viewpoints: 92%
Stakeholders: 90%
Inst. Opinion/Speculation: 90%
Dominant Frame: 88%
Additional Frame: 87%

No significant differences were found to exist on a recurring basis.

II. BROADCAST NETWORK NEWS

The ability to make direct comparisons between newspaper and broadcast network findings was a project design goal, so the weekday sample dates for those two news categories are identical. Because of preemptions and schedule changes, weekend network news broadcasts do not always appear in all markets, so Saturday and Sunday broadcast network news programs were excluded from the study.

On a handful of the sample dates, special events pre-empted the evening newscasts. In such instances an alternate date for the same day of the week was selected at random. The final dates were as follows:

January- 13, 16, 23
February- 2, 23
March- 8, 12, 19, 24
April- 8, 15
May- 4, 20
June- 8, 9, 16
July- 19
August- 10, 12
September- 15, 22

June 9 commercial network newscasts were not used because the programming was preempted by the ceremonies remembering President Ronald Reagan. NewsHour was studied on this date. September 15 was used as a substitute for June 9 for the network newscasts.

BROADCAST NETWORK MORNING NEWS PROGRAMS

(7:00 a.m. – 7:59 a.m. Eastern Time Airings)

ABC Good Morning America

CBS The Early Show

NBC The Today Show

BROADCAST NETWORK EVENING NEWS PROGRAMS

(Full program as broadcast in New York market)

ABC World News Tonight

CBS Evening News

NBC Nightly News

PBS NewsHour

Program Procurement and Story Selection and Inclusion

The morning and evening broadcasts were procured through both transcripts and video tape. Transcripts were obtained through the Nexis electronic database. Videotaped programs were captured live in the New York City market by ADT Research. For the evening newscasts, that represents each day's 6:30 P.M. East Coast feed. PBS supplied the Project with tapes of the NewsHour.

In the mornings, the following content was analyzed: stories read by the newscaster in the half-hourly news blocks; feature and interview segments outside of the news blocks; banter between members of the anchor team whose import was other than to tease coming segments in that day's program or to promote the network's programming at some later time. One-fifth, 20%, of the sample was coded for teasers and promos and analyzed separately. Excluded from the analysis were the content of the weather blocks, local news inserts, commercials, and other content-free editorial matter such as logos, studio shots, openings and closings.

In the evenings the same rules applied, but because the content of the newscasts is less variegated, concerns about news blocks, banter, weather blocks and local news inserts were not applicable.

Broadcast Network Coding Procedures

Faculty and graduate students in the School of Journalism at Michigan State University conducted this part of the project. The two faculty members who supervised the project have more than 40 years of combined social-science experience in conducting such studies, and are two of the most published academic researchers in the field. Two students in the mass-media Ph.D. program at MSU, one a third-year student and the other a second-year student, coded most of the stories, assisted by a master's-degree graduate of the MSU Department of Communication. In addition, two current master's-degree students in the School of Journalism coded parts of the newscasts. Coding was done independently, working from the protocol, without consultation among the coders.

The coding protocol was provided by the Project for Excellence in Journalism. It called for coding 23 variables for each story in each designated newscast. Nineteen variables required substantive categorical judgments by coders.

In the course of the training, a decision was made to use only the two doctoral students to code the last four study variables: presence of multiple viewpoints, journalist's opinion, dominant story frame and presence of multiple frames. Those variables required more familiarity with journalistic ethics and standards, and the two doctoral students could bring extensive professional as well as academic training to the task. Each network was coded in turn.

Inter-Coder Reliability Testing for Broadcast Network News

A coder reliability assessment for each completed network was then conducted with a random sample of dates taken from those supplied by the State of the Media project. This usually consisted of one or two days used in the assessment from the total of days sampled, resulting in a sample of 5% to 10% of the total stories coded.

Percentages of agreement calculations were made to assess the coding for each of the variables requiring categorical choices among variable values.

Fifty-three stories from the evening newscasts and 69 from the morning newscasts (a total of 122 stories, or 7% of all stories) were used to test reliability. All of the variables used in the State of the Media analysis presented here achieved at least 90% inter-coder agreement, except story topic. The original story-topic coding scheme involved more than 300 subcategories, and reliability was below 80%. But when the coding was collapsed into the 12 categories used in this analysis, the inter-coder agreement reached 83% for all stories.

The content categories used in this analysis and their inter-coder agreement were: story prominence, 98%; story origin, 95%; big story, 95%; story topic, 83%; story tone, 91%; source transparency, 91%; anonymous sources, 94%; female sources, male sources 98%; multiple viewpoints, 93%, and presence of journalist opinion, 91%.

Table 1: Coder Reliability for Evening News Shows

	ABC (N=17)	CBS (N=10)	NBC (N=12)	PBS (N=14)
Dateline	96%	100%	100%	100%
Story Prominence	92%	100%	95%	100%
Story Origin	92%	93%	100%	95%
Story Trigger	61%	60%	78%	86%
Party Trigger	92%	93%	100%	100%
Big Story	80%	93%	100%	100%
Campaign Topic	100%	87%	100%	100%
Story Topic*	76%	80%	67%	100%
Lead Newsmaker	72%	63%	63%	66%
Story Tone	92%	100%	74%	81%
Transparency	80%	73%	93%	100%
Anonymous Sources	88%	100%	89%	100%
Data Transparency	96%	100%	93%	100%
Female Source Number	96%	100%	100%	100%
Male Source Number	90%	90%	100%	95%
Multiple Viewpoints	94%	80%	100%	86%
Reporter Speculation	82%	80%	89%	93%
Dominant Frame	94%	70%	100%	93%
Multiple Frames	88%	100%	89%	86%

*Achieved reliability after collapsing topic categories.

Table 2: Coder Reliability for Morning News Shows

	ABC (N=22)	CBS (N=17)	NBC (N=30)
Dateline	97%	94%	100%
Story Prominence	93%	65%	100%
Story Origin	86%	100%	100%

Story Trigger	80%	90%	96%
Party Trigger	94%	100%	100%
Big Story	92%	100%	100%
Campaign Topic	100%	100%	100%
Story Topic*	73%	91%	95%
Lead Newsmaker	85%	84%	93%
Story Tone	88%	100%	95%
Transparency	88%	96%	100%
Anonymous Sources	83%	96%	100%
Data Transparency	97%	100%	100%
Female Source Number	95%	96%	100%
Male Source Number	85%	100%	100%
Multiple Viewpoints	100%	88%	100%
Reporter Speculation	100%	88%	100%
Dominant Frame	100%	88%	94%
Multiple Frames	91%	94%	94%

*Achieved reliability after collapsing topic categories.

Table 3: Coder Reliability Summary for Evening News, Morning News and All News Programs

	Evening News (N=53)	Morning News (N=69)	All (N=122)
Dateline	99%	97%	98%
Story Prominence	97%	86%	91.5%
Story Origin	95%	95%	95%
Story Trigger	71%	89%	80%
Party Trigger	96%	98%	97%
Big Story	93%	97%	95%
Campaign Topic	97%	100%	98.5%
Story Topic*	81%	86%	83.4%
Lead Newsmaker	66%	87%	76.5%
Story Tone	87%	94%	90.5%
Transparency	87%	95%	91%
Anonymous Sources	94%	93%	93.5%
Data Transparency	97%	99%	98%
Female Source Number	99%	97%	98%
Male Source Number	94%	95%	94.5%
Multiple Viewpoints	90%	96%	93%
Reporter Speculation	86%	96%	91%
Dominant Frame	89%	94%	91.5%
Multiple Frames	91%	93%	92%

*Achieved reliability after collapsing topic categories.

III. CABLE NEWS

Cable News Programming – Outlet Selection and Operative Dates 2004

As with the online sample, the 2004 Cable study had two components. The first was a twenty-day sample that matched the dates of the newspaper sample on Mondays through Fridays. Weekends were not included for the Internet, broadcast or cable. Again, the eligible dates ranged from January 1 to October 13, a period of 286 days. On a handful of the sample dates, special events pre-empted the evening newscasts. In such instances an alternate date for the same day of the week was selected at random.

The following dates were generated and make up the 2004 cable news sample:

January- 13, 16, 23
February- 2,* 23
March- 8, 12, 19,* 24h
April- 15
May- 4,* 20*
June- 8, 9, 16*
July- 19
August- 5, 10, 12
September- 22

* Indicates cable station programming was taped continuously from 7 a.m. to 11 p.m.

In addition to the main sample, we also conducted an additional study of five of these days to replicate the freshness variable studied in 2003. From the 20-day sample, one day for each weekday was randomly selected. These days were:

February 2
March 19
May 4
May 20
June 16

Story Procurement and Inclusion

To assess the nature of the 24-hour news cycle as presented on cable news programming, CNN, Fox News, and MSNBC were selected because they were the three most-viewed cable news channels in 2003.

For the twenty-day sample, we selected three program types to study at each network: Daytime programming, the closest thing to a traditional newscast, and the highest-rated prime time talk show. The following programs were captured and analyzed:

DAYTIME PROGRAMMING

The 11-to-12 o'clock hour for each network

NEWSCAST/NEWS DIGEST PROGRAMS

CNN's NewsNight with Aaron Brown

FOX's Special Report with Brit Hume

MSNBC's Countdown with Keith Olbermann

PRIME-TIME TALK PROGRAMS

CNN's Larry King Live

FOX's O'Reilly Factor

MSNBC's Hardball with Chris Matthews

For the five-day sample, all programming was captured and coded from 7 a.m. (the beginning of the morning shows) until 11 p.m. (the end of prime time), a 16-hour stretch of programming. This resulted in some 240 hours of programming.

All cable programming was procured through both videotape and transcripts, although transcripts were not available for the Fox News programming at the 11:00 a.m. hour. Transcripts were obtained through the Nexis electronic database. Videotaped programs were captured live in the Washington, D.C. market. In some instances tapes were provided to us by VMS, a commercial third-party monitoring service.

Cable News Coding Procedures

The cable news coding was conducted by faculty members, graduate students, and research staff people affiliated with the Institute for Communication and Information Research at the University of Alabama. Six coders were involved throughout the coding process. All coders worked independently, without consulting one another regarding specific coding decisions.

Cable News Inter-coder Reliability Testing

As noted, three program types were studied for each of the three cable news networks. To assess reliability within and across program types, we randomly selected six of the 60 hours of daytime programming, six of the 60 hours of news-digest programming, and six of the 60 hours of prime-time talk programming. In other words, the reliability sample was stratified by program type.

The reliability sample was also stratified by network. Within the six hours for each program type we included two hours from each of the three networks.

This 18-hour sample represents 10% of the 180 hours of programming included in the study; the 6-hour sample for each program type represents 10% of the 60 hours dedicated to each of the three program types.

Percentages of agreement calculations were made to assess the coding for each of the variables requiring categorical choices among variable values.

All of the variables used in the State of the Media analysis presented here achieved at least 88% inter-coder agreement, ranging from a low of 88% for presence of journalist opinion to a high of 98% for story prominence.

IV. STATISTICAL ANALYSES IN THE CONTENT ANALYSIS

For each media subcategory – newspapers, Internet news sites, broadcast network news and cable network news – separate datasets were created, and separate tabulations were constructed. Whenever comparisons were made across content categories within a single medium, the chi square statistic was employed to determine whether the comparisons were based on statistically different observations. Data from all the channels were aggregated into a single file so that cross-media comparisons could be made. Again, whenever a cross-media comparison is referred to as showing different patterns, that statistical difference in those patterns was determined with the chi square statistic.

For much of this report, the individual news story is the unit of analysis. There are, however, selected variables where it was more informative to present analysis through a measurement of the time or words devoted to particular topics or recurring leads.

Within each universe (cable, newspapers, etc.), each case in the applicable SPSS dataset represents one story. Length is one of the measurements recorded for each case. (Note: for network and cable, this number represents seconds; for newspapers and news magazines, this number represents word count; for Internet, no volumetric analysis was applied.)

To create the volumetric tables, each case was selected, and the number recorded in the Length variable was designated as a weight. Then, that individual weight was applied to each individual case. The resulting weighted dataset was used in the production of volumetric tables for selected variables.

Statistical Analyses

For most comparisons of how content and structure of the news vary as a function of which medium is being examined, chi square analyses were used. Chi square is a non-parametric statistic that examines the relationship between nominal variables, that is, variables that are identified by "name" and are not on a numeric scale (e.g., CNN, MSNBC, and Fox News are nominal variables.) As noted by Riffe, Lacy, & Fico 3 (1998), pp. 167-168:

"The chi-square test of statistical significance is based on the assumption that the randomly sampled data appropriately described, within sampling error, the population's proportions of cases falling into the categorical values of the variables being tested.

Chi-square starts with the assumption that there is in the population only random association between the two variables, and that any sample finding to the contrary is merely a sampling artifact.

For each cell in a table linking the two variables, chi-square calculates the theoretical expected proportions based in a posited null relationship. The empirically obtained data are then compared cell by cell with the expected null-relationship proportions. Specifically the absolute value of the differences between the observed and expected values in each cell goes into the computation of the chi-square statistic. Therefore, the chi-square statistic is large when the differences between the empirical and theoretical cell frequencies are large, and small when the empirically obtained data more closely resemble the pattern of the null relationship.

This chi-square static has known values that permit a researcher to reject the null hypothesis (no relationship between the variables) at the standard 95% and 99% levels of probability."

Authors and Collaborators

Authors and Collaborators

Many partners contributed to this report.

The content analysis was designed by the Project in collaboration with six of those partners, Lee Ann Brady of Princeton Survey Research Associates International, Steve Lacy and Fred Fico of The School of Journalism at Michigan State University, William Evans and Jennings Bryant of The Institute for Communication Research of the College of Communication & Information Sciences at The University of Alabama, and Esther Thorson, associate dean of graduate studies and research at the University of Missouri School of Journalism. The coding of print media (online and newspapers) was executed by a team at PSRAI under the supervision of Brady. The coding of network TV) was executed by a team at Michigan under the supervision of Lacy and Fico. The coding of cable was executed by Alabama under the supervision of Evans and Jenkins. All conclusions and analysis were then sent to Thorson's team at Missouri for statistical testing. Video tapes for content analysis were provided courtesy of Video Monitoring Services. We would especially like to thank Juan Hidalgo and Pro Sherman for their support.

Daniel Riffe, professor of journalism at Ohio University consulted on the design of the sample

The chapter on newspapers was co-authored by Rick Edmonds of the Poynter Institute. The rest of the chapters were written by the staff of the Project.

Andrew Tyndall of ADT Research provided tapes, data and gave particularly close reads and copious suggestions on the chapters on network and cable TV.

David Vaina of the Project and Matt Carlson formerly of the Project conducted the data aggregation for the newspaper and online chapters. Atiba Pertilla conducted the data aggregation for the cable and local television chapters. Tom Avila conducted the data aggregation for the radio and network chapters. Dante Chinni conducted the data aggregation for the ethnic, alternative and magazine chapters.

Carter Cosgrove designed the website. Chris McMahon took the photos that appear on the site. David Vaina implemented the design and construction of the site with the assistance of Dante Chinni, Atiba Pertilla and Matt Carlson. Tom Avila aided in the visual design of the website as well as of the Executive Summary. Wendy Kelly of WLK Design published the executive summary.

Amy Mitchell, PEJ's associate director and research director, supervised the project. Tom Rosenstiel is the Project's director.

Evan Jenkins, a longtime journalist, currently a consulting editor of the Columbia Journalism Review, was the copy editor.

More than twenty-five people served as readers of the chapters. Among them are: Charles Bierbauer, Steve Brill, Merrill Brown, John Currie, Wally Dean, Dale Willman, Osborne Elliott, Howard Finberg, Paul Friedman, Bob Giles, Jeff Gralnick, Lawrence Grossman, Alex Jones, Richard Karpel, Katie King, Bill Kovach, Scott Libin, Larry McGill, Victor Navasky, George Niesen, Bob Papper, Deborah Potter, Adam Powell, Henrik Reh binder, Lee Rainie, Alan Seraita, Abbey Scher, Frank Sesno, Al Stavitsky, Roberto Suro and Andrew Tyndall.

A new feature this year, guest essays, accompany 6 of the chapters. Bill Kovach wrote the essay on newspapers. Merrill Brown wrote the essay on online. Andrew Tyndall wrote the essay on network and cable news. Al Stavitsky wrote the essay on radio news. Samir A. Husni wrote the essay on news magazines. Bob Papper wrote the essay on local television news.

Their thoughtful insights and suggestions greatly improved the chapters, but the readers are in no way responsible for the analysis or narrative accounts in this report. Moreover, the readers were not sources for information, unless explicitly cited in footnotes. In no case did a reader serve as an anonymous source for anything in the report.

Finally, the project could not have been completed without the extraordinary support, both financially and personally, of the Pew Charitable Trusts, particularly Don Kimelman, our friend and colleague, and Rebecca Rimel, whose idea this report was in the first place.

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Source Bibliography

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2005 Content Analysis Topline

PEJ 2005 State of the News Media Content Analysis Topline

	Outlet			Date	
	TOTAL	Network	Cable	21&22 Mar	24-Mar
	N=108	N=57	N=51	N=72	N=36
DATE					
March 21st	41.7%	42.1%	41.2%	62.5%	—
March 22nd	25.0	24.6	25.5	37.5	—

March 24th	33.3	33.3	33.3	–	100%
Total	100%	100%	100%	100%	100%
LIVE V TAPE					
Live report	49.1%	43.9%	54.9%	57.0%	33.3%
Live phone	12.0	10.5	13.7	8.3	13.9
Combo	11.1	10.5	11.8	23.6	16.7
All tape	27.8	35.1	19.6	11.1	36.1
Total	100%	100%	100%	100%	100%
ORIGIN					
Iraq	71.3%	77.2%	64.7%	59.7%	94.4%
Kuwait	21.3	19.3	23.5	30.6	2.8
Other ME	1.8	–	3.9	2.8	–
At Sea	5.6	3.5	7.9	6.9	2.8
Total	100%	100%	100%	100%	100%
TOPIC					
Mil. Action	27.8%	22.8%	33.3%	15.3%	52.8%
Same-day results	13.0	12.2	13.7	15.3	8.3
Pre-combat	31.5	38.6	23.5	43.0	8.3
Personnel/equip	15.7	15.8	15.7	16.7	13.9
Aftermath	6.5	5.3	7.9	6.9	5.6
Other	5.5	5.3	5.9	2.8	11.1
Total	100%	100%	100%	100%	100%
TOP SOURCE					
Mil. Commissioned	14.8%	14.0%	15.7%	15.3%	13.9%
Other Military	8.3	3.5	13.7	8.3	8.3
Reporter Only	76.9	82.5	70.6	76.4	77.8
Total	100%	100%	100%	100%	100%
CLOSEST VIDEO					
Weapons Fired	21.3%	19.3%	23.5%	13.9%	36.1%
human impact	–	–	–	–	–
non-human impact	10.2	10.5	9.8	8.3	13.9
no results	11.1	8.8	13.7	5.6	22.2
Front-line ready	11.1	12.3	9.8	9.7	13.9
Moving/Maneuvers	32.4	38.6	25.5	38.9	19.4
Non front line	10.2	10.5	9.8	12.5	5.6
Other	1.8	3.5	–	2.8	–
No Video aspect	23.2	15.8	31.4	22.2	25.0
Total	100%	100%	100%	100%	100%
REPORTING					
Fact	93.5%	91.2%	96.1%	93.1%	94.4%
Analysis	1.9	3.5	–	1.4	2.8
Opinion					

	0.9	1.8	–	–	2.8
Commentary	3.7	3.5	3.9	5.5	–
Total	100%	100%	100%	100%	100%
LENGTH					
Under 1 minute	8.3%	12.3%	3.9%	6.9%	11.1%
1 minute	35.2	42.1	27.5	30.6	44.5
2 minutes	29.7	33.3	25.5	27.8	33.3
3 minutes	11.1	7.0	15.7	15.3	2.8
4 minutes	8.3	3.5	13.7	8.3	8.3
5+ minutes	7.4	1.8	13.7	11.1	–
Total	100%	100%	100%	100%	100%

Newspapers

Sample Dates:

January 13th, 16th, 23rd

February 2nd, 13th, 23rd, 29th

March 8th, 12th, 13th, 14th, 19th, 24th

April 8th, 15th

May 1st, 4th, 20th

June 8th, 9th, 16th

July 19th, 25th

August 10th, 12th

September 4th, 22nd, 26th

Total N = 6,589 stories

	All	All	All	All
	Newspapers	Sections	Sections	Sections
	Total	Front Page	Circ 1	Circ 2 & 3
	N=6589	N=2334	N=1595	N=3323
			Circ 4	N=1671
TIMEFRAME	%	%	%	%
Primary Season	25	25	24	25
Early Campaign	51	51	53	51
Convention Time	17	17	16	18
Post Convention	7	7	7	7
PLACEMENT	%	%	%	%
Front Page	35	100	40	33
Sports Front	32	0	31	30
Metro Front	33	0	28	37
STORY LENGTH	%	%	%	%
100 Words or Fewer	2	16	*	2
101-500 Words	23	44	6	20
501-1000 Words	52	35	41	61
Above 1000 Words	22	5	53	17

STORY ORIGATION	%	%	%	%	%
Staff Reported	73	72	89	72	61
Wire	15	25	*	15	32
Combo Staff/Wire	1	2	2	1	1
Staff Column	9	1	9	12	3
Column – Affil. Organization	0	0	0	0	0
Column – No Affiliation	*	*	0	*	1
No Source/Can't Tell	1	*	*	*	3
STORY TRIGGER					
Spontaneous News/Action	10	16	9	11	11
Coverage of Planned Events/Actions	72	64	66	71	80
Newsroom-Initiated/Other	17	21	25	18	9
BIG STORY/RECURRING LEAD					
All Big Stories	30	47	42	29	21
U.S. War on Terror – Iraq/Afghanistan	7	17	9	6	5
U.S. War on Terror – Domestic	*	1	1	*	*
Presidential Campaign	4	9	7	4	1
International	2	7	3	2	2
U.S.-based Stories	5	11	6	5	5
Sports	12	2	16	11	8
Not a Big Story	70	53	58	71	79
NEWSMAKER	%	%	%	%	%
All Single Newsmaker	48	44	47	49	46
All Institutional Newsmaker	42	43	42	41	45
No Primary Newsmaker	10	13	11	10	9
STORY TOPIC					
ALL GOVERNMENT	28	37	27	28	28
Exec. Branch/Admin	4	8	6	4	3
Nat'l/State/Local (Legislation or Institution)	10	10	7	10	13
Government Agencies	5	7	5	5	5
Defense/Military	1	2	1	1	*
Law/Courts	8	10	8	9	8
CAMPAIGNS/ELECTIONS	5	9	7	5	3
ALL DOMESTIC AFFAIRS	16	22	17	16	14
Disease/Public Health	1	1	1	1	1
Economics/Bus. – non-legislative	2	4	3	2	2
Education	2	2	1	3	2
Environment	1	1	1	1	*
Health Care System	1	1	1	1	1
Crime Incidents	3	3	3	3	4

Crime Trends	1	1	1	*	*
Sprawl/Development	1	*	*	1	*
Transportation	1		1	1	*
Terrorist Acts	2	5	2	2	1
Terrorism – Prevention Efforts	1	2	2	*	*
Domestic Affairs Other	2	2	2	2	1
ALL FOREIGN AFFAIRS	5	14	7	5	4
Foreign Affairs-Diplomacy	2	5	3	2	1
Foreign Affairs-Military Activities	4	9	5	3	3
ALL SPONTANEOUS EVENTS	2	3	1	2	3
Accidents (no intent)	1	2	1	1	2
Unusual Weather	1	1	*	1	1
Catastrophes/Disasters (no intent)	*	1	*	*	*
SCIENCE/TECHNOLOGY	1	3	1	1	1
Science	*	1	1	*	*
Medical Research	*	1	*	1	*
Technology	*	1	*	*	*
CELEBRITY/ENTERTAINMENT	1	1	1	1	1
Entertainment/Celeb	1	1	1	1	1
Celeb. Crime/Scandal	*	*	*	*	*
LIFESTYLE	7	7	5	8	7
Human Interest/Popular Behavior	*	1	*	1	*
Pop Culture	*	*	*	*	0
Health Trends	*	*	*	*	*
Religion	1	1	1	1	*
Travel	*	*	*	*	*
Cooking/Food	*	*	*	*	*
Family/Parenting	1	1	*	1	1
Civilization/Culture/High Arts	1	1	1	1	1
Other	3	3	2	4	4
SPORTS	32	3	32	31	34
Olympics	1	*	2	1	1
Other	31	3	30	30	33
OTHER	3	2	2	3	4
Consumer News	*	*	*	*	*
News Media	1	1	1	*	*
Oddball News	*	*	*	*	*
Weather (non-disaster)	*	*	0	*	*
Other	2	1	1	2	3
STORY TOPIC BY REGION	%	%	%	%	%

All Local/Metro	65	45	43	72	73
All Regional	4	5	6	3	5
All National	20	24	33	16	14
All U.S.-Related International	9	19	14	8	7
All Non-U.S. Related International	3	7	5	2	1
SOURCES NAMED W/ RELATIONSHIP IDENTIFIED	%	%	%	%	%
None	7	2	2	7	13
One	12	6	5	12	18
Two or Three	33	28	25	33	42
Four or More	48	64	68	48	27
ANONYMOUS SOURCING	%	%	%	%	%
No "anonymous" or "unnamed" sources	93	87	88	94	97
"Anonymous" or "unnamed" sources present	7	13	12	6	3
DATA SOURCES NAMED WITH RELATIONSHIP EXPLAINED	%	%	%	%	%
None	91	84	87	91	94
One	8	12	10	8	5
Two or Three	1	3	3	1	*
Four or More	*	1	*	*	*
PRESENCE OF MULTIPLE VIEWPOINTS					
For this variable only, n =3437	%	%	%	%	%
Mix of Opinions	76	82	82	74	70
Mostly One Opinion	10	9	10	9	9
All of One Opinion	15	9	9	16	20
STAKEHOLDER PRESENCE	%	%	%	%	%
One	10	6	4	12	13
Two	32	21	19	35	38
Three	19	19	19	20	18
Four or More	39	54	58	33	31
JOURNALIST OPINION/SPECULATION					
No opinion present	85	94	79	85	91
One statement of opinion	7	4	10	6	6
Two or more statements of opinion	8	2	10	8	3
Not applicable (opinion piece)	*	*	1	*	*
DOMINANT STORY FRAME					
Conflict	10	15	11	11	7
Consensus	4	6	3	4	4
Winners and/or Losers	10	7	10	10	11
Problem-Solving	7	9	10	7	4
Good Yarn	13	10	14	14	11

How-to	3	2	1	2	5
How We Got Here/Where We Go From Here	10	11	12	10	8
Reality Check	4	7	6	4	2
Underlying Principles	1	1	2	*	*
Other/Multiple Frames	5	7	6	7	3
No Frame Present	33	27	26	30	44
STORY FRAME					
No Story Frame Present	33	27	26	30	44
Single Dominant Frame	57	59	60	58	52
Dominant Frame/Additional Frame Incorporated	4	7	7	5	1
Multiple Frames	5	7	6	7	3
BY VOLUME					
TOTAL N = 5,170,291					
			All	All	All
		Total	Sections	Sections	Sections
	Total	Front Page	Circ 1	Circ 2 & 3	Circ 4
STORY ORIGATION	%	%	%	%	%
Staff Reported	77	81	91	74	60
Wire	12	17	*	14	33
Combo Staff/Wire	1	1	1	1	1
Staff Column	9	0	8	11	4
Column – Affil. Organization	0	0	0	0	0
Column – No Affiliation	*	*	0	*	1
No Source/Can't Tell	*	*	*	*	2
STORY TOPIC	%	%	%	%	%
ALL GOVERNMENT	29	36	28	29	30
Exec. Branch/Admin	5	8	7	4	3
Nat'l/State/Local (Legislation or Institution)	10	9	7	10	14
Government Agencies	5	7	5	5	5
Defense/Military	1	2	1	1	1
Law/Courts	8	10	8	9	7
CAMPAIGNS/ELECTIONS	6	11	8	5	3
ALL DOMESTIC AFFAIRS	17	23	19	17	14
Disease/Public Health	1	1	1	1	1
Economics/Bus. – non-legislative	3	4	3	3	2
Education	2	2	2	3	2
Environment	1	1	1	1	*
Health Care System	1	1	1	1	1
Crime Incidents	3	3	2	3	3
Crime Trends	1	1	1	1	*

Sprawl/Development	1	1	1	1	*
Transportation	1	1	1	1	*
Terrorist Acts	2	4	2	2	2
Terrorism – Prevention Efforts	1	2	2	*	*
Domestic Affairs Other	2	2	2	2	1
ALL FOREIGN AFFAIRS	6	14	8	5	5
Foreign Affairs-Diplomacy	2	4	3	2	1
Foreign Affairs-Military Activities	4	9	5	4	4
ALL SPONTANEOUS EVENTS	2	2	1	2	3
Accidents (no intent)	1	1	1	1	2
Unusual Weather	*	1	*	1	1
Catastrophes/Disasters (no intent)	*	1	*	*	*
SCIENCE/TECHNOLOGY	1	3	1	2	1
Science	*	1	*	*	*
Medical Research	*	1	*	1	*
Technology	*	1	*	1	*
CELEBRITY/ENTERTAINMENT	1	1	1	1	1
Entertainment/Celeb	1	1	1	1	1
Celeb. Crime/Scandal	*	*	*	*	*
LIFESTYLE	7	7	5	7	6
Human Interest/Popular Behavior	*	*	*	1	*
Pop Culture	*	*	*	*	0
Health Trends	*	*	*	*	*
Religion	1	1	1	1	*
Travel	*	*	*	*	*
Cooking/Food	*	*	*	*	*
Family/Parenting	1	1	*	1	1
Civilization/Culture/High Arts	1	1	1	1	1
Other	3	3	2	3	4
SPORTS	29	3	26	29	33
Olympics	2	*	2	1	1
Other	27	3	24	28	32
	%	%	%	%	%
OTHER	2	2	2	2	4
Consumer News	*	*	*	*	*
News Media	1	1	1	*	*
Oddball News	*	*	*	*	*
Weather (non-disaster)	*	*	0	*	*
Other	2	1	1	1	3

*NOTE: Due to rounding, totals may not equal 100%

Online

Sample Dates:

January 13th, 16th, 23rd
 February 2nd, 13th, 23rd, 29th
 March 8th*, 12th, 13th, 14th, 19th*, 24th
 April 8th, 15th
 May 1st, 4th, 20th,
 June 8th, 9th, 16th*
 July 19th, 25th
 August 10th*, 12th*
 September 4th, 22nd, 26th

*Multiple Download Dates

Total N = 1,903 Stories	Total N=1903 %
TIMEFRAME	
Primary Season	17
Early Campaign	53
Convention Time	25
Post Convention	5
STORY LENGTH	
100 Words or Fewer	1
101-500 Words	20
501-1000 Words	48
Above 1000 Words	32
STORY ORIGINATION	
Staff Reported	30
Wire Service	58
Combo Staff/Wire	9
Staff Column	2
Column – Affil. Organization	*
Column – No Affiliation	*
No Source/Can't Tell	*
STORY TRIGGER	
Spontaneous News/Action	25
Coverage of Planned Events/Actions	62
Newsroom-Initiated/Other	13
BIG STORY/RECURRING LEAD	
All Big Stories	73
U.S. War on Terror – Iraq/Afghanistan	31
U.S. War on Terror – Domestic	4
Presidential Campaign	8
International	9
U.S.-based Stories	20

Sports	2
Not a Big Story	27
NEWSMAKER	
All Single Newsmaker	54
All Institutional Newsmaker	39
No Primary Newsmaker	7
STORY TOPIC	
ALL GOVERNMENT	33
Exec. Branch/Admin	10
Nat'l/State/Local (Legislation or Institution)	5
Government Agencies	5
Defense/Military	1
Law/Courts	12
CAMPAIGNS/ELECTIONS	8
ALL DOMESTIC AFFAIRS	24
Disease/Public Health	*
Economics/Bus. – non-legislative	3
Education	*
Environment	*
Health Care System	*
Crime Incidents	2
Crime Trends	0
Sprawl/Development	*
Transportation	*
Terrorist Acts	11
Terrorism – Prevention Efforts	4
Domestic Affairs Other	2
ALL FOREIGN AFFAIRS	16
Foreign Affairs-Diplomacy	4
Foreign Affairs-Military Activities	12
ALL SPONTANEOUS EVENTS	6
Accidents (no intent)	2
Unusual Weather	2
Catastrophes/Disasters (no intent)	2
SCIENCE/TECHNOLOGY	1
Science	1
Medical Research	*
Technology	*
CELEBRITY/ENTERTAINMENT	3
Entertainment/Celeb	2
Celeb. Crime/Scandal	

	1
LIFESTYLE	3
Human Interest/Popular Behavior	*
Pop Culture	*
Health Trends	*
Religion	*
Travel	*
Cooking/Food	*
Family/Parenting	*
Civilization/Culture/High Arts	*
Other	1
SPORTS	2
Olympics	*
Other	2
OTHER	3
Consumer News	*
News Media	1
Oddball News	1
Weather (non-disaster)	0
Other	1
STORY TOPIC BY REGION	
All Local/Metro	12
All Regional	10
All National	33
All U.S.-Related International	32
All Non-U.S. Related International	13
SOURCES NAMED W/ RELATIONSHIP IDENTIFIED	
None	7
One	16
Two or Three	32
Four or More	46
ANONYMOUS SOURCING	
No "anonymous" or "unnamed" sources	81
"Anonymous" or "unnamed" sources present	19
DATA SOURCES NAMED WITH RELATIONSHIP EXPLAINED	
None	89
One	9
Two or Three	2
Four or More	*
PRESENCE OF MULTIPLE VIEWPOINTS	

For this variable only, n = 1,396	
Mix of Opinions	85
Mostly One Opinion	7
All of One Opinion	8
STAKEHOLDER PRESENCE	
One	4
Two	18
Three	21
Four or More	56
JOURNALIST OPINION/SPECULATION	
No opinion present	93
One statement of opinion	4
Two or more statements of opinion	3
Not applicable (opinion piece)	0
DOMINANT STORY FRAME	
Conflict	11
Consensus	3
Winners and/or Losers	8
Problem-Solving	6
Good Yarn	8
How-to	1
How We Got Here/Where We Go From Here	8
Reality Check	4
Underlying Principles	1
Other/Multiple Frames	3
No Frame Present	48
STORY FRAME	
No Story Frame Present	48
Single Dominant Frame	47
Dominant Frame/Additional Frame Incorporated	2
Multiple Frames	3
STORY FRESHNESS (N=884 stories)	
Package/Story/Interview – Exact Replay	26
Repeat Story – No Substantive, New Information	2
Repeat Story – New Angle Added, w/o New Information	*
Repeat storyline – w/ Substantive, New Information	11
New Story, First Appearance	60
CURRENT VIDEO LINK	
0 links	71
1-3 links	27
4+ links	2
HISTORICAL/BACKGROUND VIDEO LINK	

0 links	95
1-3 links	4
4+ links	1
UNDETERMINED VIDEO LINK	
0 links	97
1-3 links	2
4+ links	*
CURRENT AUDIO LINK	
0 links	99
1-3 links	1
4+ links	*
HISTORICAL/BACKGD. AUDIO LINK	
0 links	99
1-3 links	1
4+ links	*
UNDETERMINED AUDIO LINK	
0 links	99
1-3 links	1
4+ links	0
CURRENT PHOTO ESSAY/GALLERY LINK	
0 links	81
1-3 links	19
4+ links	*
HISTORIC/BACKGD. PHOTO ESSAY/GALLERY	
0 links	93
1-3 links	6
4+ links	1
UNDETERMINED PHOTO ESSAY/GALLERY LINK	
0 links	94
1-3 links	6
4+ links	*
CURRENT GRAPHIC/MAP LINK	
0 links	87
1-3 links	13
4+ links	*
HISTORICAL/BACKGD. GRAPHIC/MAP LINK	
0 links	94
1-3 links	6
4+ links	*
UNDETERMINED GRAPHIC/MAP LINK	
0 links	98
1-3 links	2
4+ links	*

Stories from Multiple Download Dates

Sample Dates:

March 8th, 19th

June 16th

August 10th, 12th

Total N = 884 Stories	Total	9:00 AM	1:00 PM	5:00 PM	9:00 PM
	N=884	N=214	N=211	N=223	N=236
	%	%	%	%	%
STORY FRESHNESS					
Package/Story/Interview – Exact Replay	26	0	30	33	37
Repeat Story – No Substantive, New Information	2	0	2	3	4
Repeat Story – New Angle Added, w/o New Information	*	0	*	0	*
Repeat storyline – w/ Substantive, New Information	11	0	12	16	16
New Story, First Appearance	60	100	55	48	42
CURRENT VIDEO LINK					
0 links	71	75	73	68	69
1-3 links	27	24	25	29	29
4+ links	2	2	2	3	2
HISTORICAL/BACKGROUND VIDEO LINK					
0 links	95	94	95	96	97
1-3 links	4	5	4	4	3
4+ links	1	1	1	*	0
UNDETERMINED VIDEO LINK					
0 links	97	95	99	99	98
1-3 links	2	5	1	1	2
4+ links	*	*	0	0	0
CURRENT AUDIO LINK					
0 links	99	99	99	98	99
1-3 links	1	1	1	2	1
4+ links	*	0	0	0	*
HISTORICAL/BACKGD. AUDIO LINK					
0 links	99	99	99	100	98
1-3 links	1	*	1	0	2
4+ links	*	*	0	0	0
UNDETERMINED AUDIO LINK					
0 links	99	99	99	99	100
1-3 links	1	1	1	1	*
4+ links	0	0	0	0	0
CURRENT PHOTO ESSAY/GALLERY LINK					
0 links	81	81	81	80	85
1-3 links	19	19	19	20	15
4+ links	*	0	0	*	0

HISTORIC/BACKGD. PHOTO ESSAY/GALLERY					
0 links	93	91	93	94	94
1-3 links	6	8	6	5	6
4+ links	1	1	1	*	*
UNDETERMINED PHOTO ESSAY/GALLERY LINK					
0 links	94	92	93	94	96
1-3 links	6	8	7	6	4
4+ links	*	*	0	*	*
CURRENT GRAPHIC/MAP LINK					
0 links	87	88	86	85	90
1-3 links	13	12	13	15	10
4+ links	*	0	1	*	*
HISTORICAL/BACKGD. GRAPHIC/MAP LINK					
0 links	94	93	94	95	93
1-3 links	6	7	6	5	7
4+ links	*	*	0	1	0
UNDETERMINED GRAPHIC/MAP LINK					
0 links	98	97	98	97	99
1-3 links	2	3	2	2	1
4+ links	*	*	*	1	0

Network

	All	All	All
	Commercial	PBS	Commercial
	Evening News	NewsHour	Morning News
	N=1,768	N=674	N=819
N = 1,992 including banter and promos/teasers N for stories = 1,768			
PLACEMENT	%	%	%
1st Segment	63.7	51.8	62.7
2-3rd Segment	27.7	38.7	26.6
4-9th Segment	8.6	9.5	10.7
STORY LENGTH	%	%	%
Brief, 0-30 seconds	27	34.1	37.1
Short report, 31-60 seconds	8	5	16.4
Report, 61-180 seconds	45	55.2	13.4
Long report, 181-290 seconds	11.6	5.2	3.7
In-depth report, 291 seconds & greater	8.4	0.4	29.4
STORY ORIGINATION	%	%	%
Package with editing	40.5	59.3	18.9
Staff External Interview	13.3	0.4	18.5
Staff In-house Interview	4.7	1	0.7
Staff Live Stand-ups	0.4	0.4	
Anchor Reads	21	18	46.9
Anchor Voice Over	20.1	20.8	14.9
STORY TRIGGER			
Spontaneous News/Action	23.5	29.1	21.1
Coverage of Planned Events/Actions	64.9	56.1	69.5
Newsroom-Initiated/Other	11.6	14.8	9.5
BIG STORY/RECURRING LEAD			
All Big Stories			
U.S. War on Terror – Iraq/Afghanistan	21.4	26.3	28.4
U.S. War on Terror – Domestic	5.9	5.9	5.5
Presidential Campaign	9	10.4	11.3
International	4.2	5.5	8
U.S.-based Stories	14.4	10.7	8.7
Sports	1.8	1.5	1.5
Not a Big Story	43.2	39.8	36.7

NEWSMAKER	%	%	%	%
All Single Newsmaker	38.4	36.5	21.8	45.5
All Institutional Newsmaker	26.5	32.8	22.9	22.6
No Primary Newsmaker	35.1	30.7	55.3	31.9
STORY TOPIC				
ALL GOVERNMENT		28.4		
Exec. Branch/Admin	7.2	10.1	10.5	3.8
Nat'l/State/Local (Legislation or Institution)	1.6	3.1	1.5	0.4
Government Agencies	7.4	9.3	7.6	5.6
Defense/Military	0.7	1	1.8	
Law/Courts	7.2	4.9	4	10.3
CAMPAIGNS/ELECTIONS	8.1	8.8	10.9	6.7
ALL DOMESTIC AFFAIRS		30.8		
Disease/Public Health	2.2	1.6	2.2	2.7
Economics/Bus. – non-legislative	5.6	8.2	11.3	1.6
Education	0.1		0.4	0.1
Environment	0.8	0.9	0.4	1
Health Care System	0.3	0.3	1.1	0.1
Crime Incidents	2.9	1.6	2.2	4.3
Crime Trends	0.1	0.1		0.1
Sprawl/Development				
Transportation	0.2	0.6		
Terrorist Acts	7	8.2	9.1	5.4
Terrorism – Prevention Efforts	2	2.5	1.8	1.6
Domestic Affairs Other	5.5	6.8	4.4	4.8
ALL FOREIGN AFFAIRS		13.5		
Foreign Affairs-Diplomacy	0.6	0.1	2.9	0.1
Foreign Affairs-Military Activities	11	13.4	16.7	7.2
ALL SPONTANEOUS EVENTS		4.3		
Accidents (no intent)	1.2	0.6	0.4	2.1
Unusual Weather	0.6	0.1	0.7	1
Catastrophes/Disasters (no intent)	2.4	3.6	0.7	2
SCIENCE/TECHNOLOGY		3.4		
Science	0.6	0.6	0.4	0.7
Medical Research	1.1	1.8	0.4	0.9
Technology	1.2	1	1.1	1.3
CELEBRITY/ENTERTAINMENT		1.8		
Entertainment/Celeb	1.4	0.6	0.7	2.3
Celeb. Crime/Scandal	2.2	1.2	0.7	3.5
LIFESTYLE		2.8		
Human Interest/Popular Behavior	0.8	0.3		1.5
Pop Culture	0.1	0.3		
Health Trends	0.1			0.1
Religion	0.2	0.6		
Travel	0.1			0.1
Cooking/Food				
Family/Parenting	0.2	0.3		0.1
Civilization/Culture/High Arts	0.2			0.4
Other	2.2	1.3	2.2	2.9
SPORTS		2.5		
Olympics	1	0.9	0.4	1.2
Other	2.2	1.6	1.1	3.1
OTHER		4.1		
Consumer News	0.8	1.2	0.7	0.6
News Media	0.5	0.6	0.4	0.4
Oddball News	0.2			0.4
Weather (non-disaster)	6.6	0.3		14
Other	3.5	1.5	1.5	5.7
STORY TOPIC BY REGION	%	%	%	%
All Local/Metro	0.3	0.1	0.4	0.5
All Regional	12	11.6	2.9	15.5
All National	53.1	44.4	47.3	62.3
All U.S.-Related International	27.3	33.4	37.1	18.9
All Non-U.S. Related International	7.2	10.5	12.4	2.8
SOURCES NAMED W/ RELATIONSHIP IDENTIFIED	%	%	%	%
None	37.4	36.5	36	38.6
One	18.9	13.8	20.7	22.5
Two or Three	28.3	32	20.4	27.8
Four or More	15.4	17.7	22.9	11
ANONYMOUS SOURCING	%	%	%	%
No "anonymous" or "unnamed" sources	49.2	47	53.1	49.8
"Anonymous" or "unnamed" sources present	50.8	53	46.9	50.2
DATA SOURCES NAMED WITH RELATIONSHIP EXPLAINED	%	%	%	%
None	97.5	96.3	99.6	97.7

One	2.5	3.7	0.4	2.3
PRESENCE OF MULTIPLE VIEWPOINTS				
For this variable only, n = 955	%	%	%	%
Mix of Opinions	80.4	71.9	86.7	86.4
Mostly One Opinion	4.5	8	0.8	2.3
All of One Opinion	15.1	20.1	12.5	11.2
JOURNALIST OPINION/SPECULATION				
No opinion present	88	83.2	96.7	89
One statement of opinion	10.8	16.8	1.1	9.1
Not applicable (opinion piece)	1.2		2.2	2
DOMINANT STORY FRAME				
Conflict	36.4	36.6	28	39
Consensus	1.9	2.2	3.3	1.1
Winners and/or Losers	2.2	3.1	0.7	1.8
Problem-Solving	6.9	9.1	8.7	4.4
Good Yarn	8.9	7	2.9	12.5
Audience action	3.4	2.5	1.5	4.8
Reality Check	0.7	0.9	2.5	
Underlying Principles	0.1		0.1	
Other/Multiple Frames	0.1	0.1		
No Frame Present	39.6	38.4	52	36.4
STORY FRAME				
No Story Frame Present	39.8	38.7	52	36.6
Single Dominant Frame	40.5	41.8	18.5	46.7
Dominant Frame/Additional Frame Incorporated	19.7	19.4	29.5	16.7
BY VOLUME				
TOTAL N = words				
		Commercial Evening	Commercial Morning	
TOPIC		%	%	
Government		29	25	
Defense/Military		1	0	
Foreign Affairs		14	8	
Elections		11	8	
Domestic Affairs		20	15	
Business		4	1	
Crime		1	5	
Science/Technology		4	3	
Celebrity		2	4	
Lifestyle		4	7	
Accidents/Disasters		4	3	
Other		6	21	
<i>Note: Other includes sports.</i>				

Cable TV

20-Day Sample

N = 4,551 stories	Total	All Daytime	All Newscast	All Talk Show
	N=4,551	N=1724	N=1492	N=1335
	%	%	%	%
TIMEFRAME				
Primary Season (Jan – Feb 29)	27	26	28	28
Early Camp (Mar 1- July 18)	51	48	52	53
Convention (July 19 – Sept 5)	16	20	14	15
Post Conv. (Sept 6 – Sept 26)	6	6	6	5
PLACEMENT				
1st Segment, 1st story	5	5	6	5
segment 2-9, 1st story	27	22	28	33
News block	2	*	0	7
Middle Story	45	53	45	33

Wrap up	1	*	1	2
Banter	*	1	0	0
Last Story	20	18	20	22
STORY LENGTH	%	%	%	%
Brief, 0-20 seconds	26	25	25	26
Short report, 21-60 seconds	31	36	33	21
Report, 61-120 seconds	12	12	6	19
Long report, 121-180 seconds	12	13	13	11
In-depth report, 180 seconds & greater	19	13	23	23
STORY ORIGINATION	%	%	%	%
Package with editing	14	13	24	4
Staff Live	28	21	16	52
External Outlet	1	*	*	1
Anchor Voice Overs	38	48	40	22
Anchor Tell Stories	17	13	19	18
Banter	1	3	0	*
Live Event Coverage	2	3	0	4
BIG STORY/RECURRING LEAD	%			
U.S. War on Terror – Iraq/Afghanistan	13			
Presidential Campaign	8			
Not a Big Story	79			
STORY TOPIC	%	%	%	%
Government	14	11	16	17
Defense Military	6	6	5	8
Campaigns/Elections	12	9	14	16
Domestic Affairs	13	14	10	14
Economics/Business	3	5	3	1
Crime	4	6	3	2
Foreign Affairs	9	9	12	6
Spontaneous Events	3	7	2	*
Science/Technology	1	2	1	*
Celebrity/Entertainment	13	13	10	19
Lifestyle	10	11	5	12
Other	11	8	19	6
SOURCES NAMED W/ RELATIONSHIP IDENTIFIED	%	%	%	%
n = 3293				
None	38	56	38	11
One	36	28	26	60
Two or Three	20	14	23	26

Four or More	6	3	13	3
ANONYMOUS SOURCING	%	%	%	%
n = 3294				
No "anonymous" or "unnamed" sources	91	90	88	96
"Anonymous" or "unnamed" sources present	9	10	13	5
DATA SOURCES NAMED WITH RELATIONSHIP EXPLAINED (n = 3270)	%	%	%	%
None	92	98	94	83
One or more	8	2	6	17
PRESENCE OF MULTIPLE VIEWPOINTS n = 1460	%	%	%	%
Mix of Opinions	27	18	39	26
Mostly One Opinion	21	24	28	13
All of One Opinion	52	59	33	61
JOURNALIST OPINION/SPECULATION	%	%	%	%
No opinion present	71	68	74	73
One statement of opinion	28	31	25	27
Not applicable (opinion piece)	1	1	1	*
DOMINANT STORY FRAME (n = 3294)	%	%	%	%
Conflict	23	20	25	27
Consensus	3	2	2	6
Winners and/or Losers	5	5	6	5
Problem-Solving	4	4	4	5
Good Yarn	10	6	13	13
Audience action	*	0	0	1
Reality Check	2	*	*	6
Underlying Principles	2	1	3	1
Other/Multiple Frames	4	4	3	6
No Frame Present	45	59	42	30
STORY FRAME				
No Story Frame Present	46	59	43	31
Single Dominant Frame	42	31	44	56
Dominant Frame/Additional Frame Incorporated	12	10	13	13
BY VOLUME				
TOTAL N = 459,165 seconds				
	Total	All Daytime	All Newscast	All Talk Show
STORY ORIGINATION	%	%	%	%
Package with editing	24	20	42	9
Staff Live	52	36	40	79
External Outlet	*	*	*	1
Anchor Voice Overs	11	16	12	4
Anchor Tell Stories				

	6	6	6	6
Banter	1	3	0	0
Live Event Coverage	6	17	0	1
STORY TOPIC	%	%	%	%
Government	17	18	18	16
Defense/Military	7	6	6	9
Campaigns/Elections	14	8	18	17
Domestic Affairs	11	12	10	11
Economics/Bus. – non-legislative	1	2	1	1
Crime	3	5	2	2
Foreign Affairs	9	10	13	4
Accidents/Disasters	2	3	2	*
Science/Technology	1	1	1	7
Celebrity/Entertainment	14	15	10	16
Lifestyle	9	11	6	11
Other	12	9	13	6
*NOTE: Due to rounding, totals may not equal 100%				