

The State of the News Media 2012

An Annual Report on American Journalism

Overview

By Amy Mitchell and Tom Rosenstiel of PEJ

In 2011, the digital revolution entered a new era.

The age of mobile, in which people are connected to the web wherever they are, arrived in earnest. More than four in ten American adults now own a smartphone. One in five owns a tablet. New cars are manufactured with internet built in. With more mobility comes deeper immersion into social networking.

For news, the new era brings mixed blessings.

New research released in this report finds that mobile devices are adding to people's news consumption, strengthening the lure of traditional news brands and providing a boost to long-form journalism. Eight in ten who get news on smartphones or tablets, for instance, get news on conventional computers as well. People are taking advantage, in other words, of having easier access to news throughout the day - in their pocket, on their desks and in their laps.

At the same time, a more fundamental challenge that we identified in this report last year has intensified – the extent to which technology intermediaries now control the future of news.

Two trends in the last year overlap and reinforce the sense that the gap between the news and technology industries is widening. First, the explosion of new mobile platforms and social media channels represents another layer of technology with which news organizations must keep pace.

Second, in the last year a small number of technology giants began rapidly moving to consolidate their power by becoming makers of “everything” in our digital lives. Google, Amazon, Facebook, Apple and a few others are maneuvering to make the hardware people use, the operating systems that run those devices, the browsers on which people navigate, the e-mail services on which they communicate, the social networks on which they share and the web platforms on which they shop and play. And all of this will provide these companies with detailed personal data about each consumer.

Already in 2011, five technology companies accounted for 68% of all online ad revenue, and that list does not include Amazon and Apple, which get most of their dollars from transactions, downloads and devices. By 2015, Facebook is expected to account for one out of every five digital display ads sold.¹

A year ago, we wrote here: “The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader shaping its business.” In 2012, that phenomenon has grown.

All this raises the question of whether the technology giants will find it in their interest to acquire major legacy news brands – as part of the “everything” they offer consumers. Does there come a point, to ensure the much smaller media company’s survival, for instance, where Facebook considers buying a legacy media partner such as The Washington Post?

There are already signs of closer financial ties between technology giants and news. As a part of YouTube’s plans to become a producer of original television content, a direction it took strongly last year, it is funding Reuters to produce original news shows. Yahoo recently signed a content partnership with ABC News for the network to be its near sole provider of news video. AOL, after seeing less than stellar success with its attempts to produce its own original content, purchased The Huffington Post. With the launch of its Social Reader, Facebook has created partnerships with The Washington Post, The Wall Street Journal, The Guardian and others. In March 2012 Facebook co-founder Chris Hughes purchased the 98-year-old New Republic magazine.

In 2011, traditional news operations also took new steps to monetize the web in their own right. The Associated Press launched a partnership with more than two dozen news companies to license news content and collect royalties from aggregators. About a tenth of surviving U.S. dailies have launched some sort of digital subscription plan or pay wall. News companies are creating their own digital ad sales networks to cut out third parties and are moving into digital marketing and consulting. And a few organizations, such as The Financial Times and The Boston Globe, have opted out of the “app” worlds controlled by Apple and Google by creating mobile pages using HTML 5.

But our research over the last year finds that these efforts are still limited and that few news companies have made much progress in some key new digital areas. Among the top news websites, there is little use of the digital advertising that is expected to grow most rapidly, so-called “smart,” or targeted, advertising. So far, news organizations are mainly using the popular networking platform, Twitter, to push out their own content rather than to engage with audiences, solicit information or share information they themselves did not produce.

The problems of newspapers also became more acute in 2011. Even as online audiences grew, print circulation continued to decline. Even more critically, so did ad revenues. In 2011, losses in print advertising dollars outpaced gains in digital revenue by a factor of roughly 10 to 1, a ratio even worse than in 2010. When circulation and advertising revenue are combined, the newspaper industry has shrunk 43% since 2000.

The civic implications of the decline in newspapers are also becoming clearer. More evidence emerged that newspapers (whether accessed in print or digitally) are the primary source people turn to for news about government and civic affairs. If these operations continue to shrivel or disappear, it is unclear where, or whether, that information would be reported.

In sum, the news industry is not much closer to a new revenue model than a year earlier and has lost more ground to rivals in the technology industry. But growing evidence also suggests that news is

becoming a more important and pervasive part of people's lives. That, in the end, could prove a saving factor for the future of journalism.

Tablets allow readers to “pause, linger, read and process very important ideas,” Chris Hughes explained after buying *The New Republic*, adding, “The demand for long-form, quality journalism is strong in our country.”²

This is the ninth edition of the *State of the News Media* produced by the Pew Research Center's Project for Excellence in Journalism. Among the features of this year's report are a survey that examines how people get news on different devices and another that looks in detail at news and social networking. There is a special report on the state of community media based on conversations with six leading figures in the field and close look at Native American media. The chapters on each sector of the news industry, in a format introduced last year, contains two parts, a Summary Essay and a separate section called *By the Numbers*, where all the statistical information is more easily searchable and interactive.

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

Footnotes

1. eMarketer. “Revenue Gains Push Facebook to Top of US Display Ad Market (<http://www.emarketer.com/Article.aspx?R=1008859&ecid=a6506033675d47f881651943c21c5ed4>) .” Feb. 23, 2012.
2. Interview with NPR (<http://www.npr.org/blogs/thetwo-way/2012/03/09/148247430/facebook-co-founder-chris-hughes-is-buying-the-new-republic>) . May 9, 2012.

Major Trends

By Amy Mitchell and Tom Rosenstiel of PEJ

Each year, this report also identifies key trends in the news industry. In addition to the growing shift to mobile and the intensifying gap with the biggest technology companies, six such trends stand out entering 2012:

Mobile may be leading to a deeper experience with news than on the desktop/laptop computer. As sales of e-readers and tablet computers grow, PEJ's early research has found consumers are reading more immersively on these devices than on earlier technology. New survey data released here add to that. More than a quarter of the population, 27%, now get news on mobile devices. And these mobile news consumers are even more likely to turn to news organizations directly, through apps and home pages, rather than search or recommendations – strengthening the bond with traditional brands. The evidence also suggests mobile is adding to, rather than replacing, people's news consumption. Data tracking people's behavior, for instance, finds that mobile devices increased traffic on major newspaper websites by an average of 9%.¹ The technology may also be spreading this access to groups that were passed over by the first generation of digital. Some rural populations like Native Americans who largely missed the desktop generation, are now moving straight to mobile options that do not rely on broadband access.

Social media are important but not overwhelming drivers of news, at least not yet. Some 133 million Americans, or 54% of the online U.S. population, are now active users on Facebook (out of 850 million monthly active users globally).² They also spend an average of seven hours there a month, 14 times the amount of time people spend on average on the most popular news sites.³ And the number of Twitter users grew 32% last year to around 24 million active users in the U.S. (500 million total accounts worldwide), the company reports. But the notion that large percentages of Americans now get their news mainly from recommendations from friends does not hold up, according to survey data released here. No more than 10% of digital news consumers follow news recommendations from Facebook or Twitter “very often,” the new survey finds. And almost all of those who do are still using other ways like going directly to the news website or app as well.

News viewership on television grew in unexpected venues. At the three traditional broadcast television networks, news audiences grew 4.5%, the first uptick in a decade. At the local level, audiences grew in both morning and late evening, the first growth in five years. There were more gains from the stations adding news at 4:30 a.m. Cable news audiences also grew, by 1%, after falling the year before. But for the first time since we began these reports, the growth came at CNN (16% growth in median prime-time viewership) and to a lesser extent MSNBC (3% growth). By contrast, Fox News, though still by far the ratings leader, had a second year of decline. Much of the growth may be short-lived, a function of big, visually oriented news stories rather than change in habits. Local news stations saw audiences for their evening newscasts (those most likely to include national and international affairs) fall back quickly when the uprisings in the Middle East subsided.

More news outlets will move to digital subscriptions in 2012 – as a matter of survival. Perhaps as many as 100 more papers are expected in coming months to join the roughly 150 publications that have already moved to some kind of digital subscription model. The move, long anticipated and long delayed, is only partly influenced by the success of The New York Times “metered model,” which now has some 390,000 subscribers and resulted in almost no loss in more casual online traffic. The timing of this also reflects a starker reality. Many newspapers have lost so much of their ad revenue – more than half since 2006 industry-wide – that without an infusion of digital subscription revenue, some may not survive. Over the last five years, an average of 15 papers, or just about 1% of the industry, has vanished each year. A growing number of executives predict that in five years many newspapers will offer a print home-delivered newspaper only on Sunday, and perhaps one or two other days a week that account most print ad revenue.

As privacy becomes an even larger issue, the impact on news is uncertain. There has always existed a tension between the services that technology companies provide and the data about consumers they gather and then leverage for financial gain. Those tensions have swelled as app technology, new methods for targeting advertising, the rise of Facebook and Google’s new privacy settings intensified the debate how those data are used. For their part, consumers are becoming more conscious of their digital profiles. As of early 2012, roughly two-thirds of the Internet population is uneasy with targeted advertising and search engines tracking their behavior.⁴ And many of the Facebook stories that resonated in social media

over the last few years have been tied to issues of privacy.⁵ But consumers are also more dependent on the free and efficient services available from the web platforms that gather the data. This places conflicting pressures on the news industry. To survive, news must find a way to make its digital advertising more effective – and more lucrative – and the gathering of consumer data is probably the key. Yet news organizations also must worry about violating the trust of their audiences. The longer they hesitate, the more market share they lose.

[Click here to see the key findings](#)

Footnotes

1. comScore. “Digital Omnivores: How Tablets, Smartphones and Connected Devices Are Changing U.S. Digital Media Consumption Habits.” Subscriber-access only at www.comscore.com (<http://www.comscore.com/>) . October 2011.
2. eMarketer. “Facebook’s US User Growth Slows but Twitter Sees Double-Digit Gains (<http://www.emarketer.com/Article.aspx?R=1008879&ecid=a6506033675d47f881651943c21c5ed4>) .” March 5, 2012.
3. Olmstead, Kenny; Mitchell, Amy, and Rosenstiel, Tom. “Navigating News Online: Where People Go, How They Get There and What Lures Them Away (http://www.journalism.org/analysis_report/navigating_news_online) .” Pew Research Center’s Project for Excellence in Journalism. May 9, 2011.
4. “Search Engine Use 2012 (<http://www.pewinternet.org/Reports/2012/Search-Engine-Use-2012.aspx>) .” Pew Research Center’s Internet and American Life Project. March 9, 2012.
5. “The Facebook Fascination on Social Media (http://www.journalism.org/index_report/facebook_fascination_social_media) .” Pew Research Center’s Project for Excellence in Journalism. Feb. 2, 2012.

Key Findings

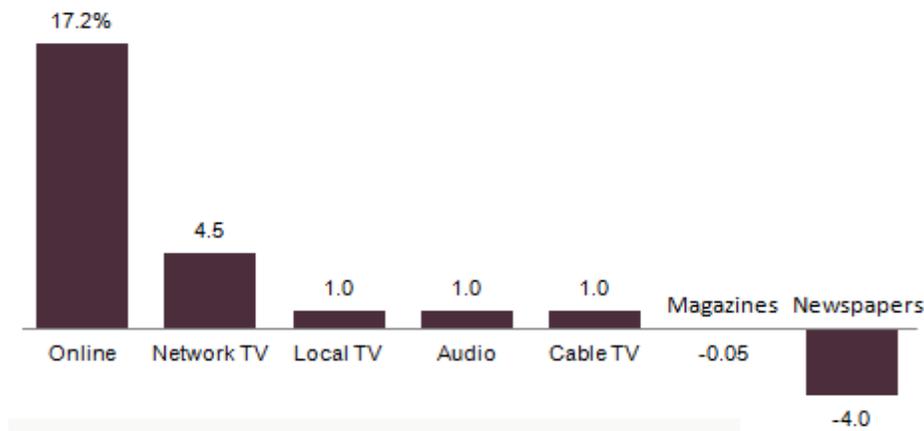
By Amy Mitchell and Tom Rosenstiel of PEJ

Audience

In 2011, most sectors of the news media managed to stop the audience losses they suffered a year earlier, though for some the gain was minimal. News websites saw the greatest growth, while print audiences stood out for their continued decline, which nearly matched the previous year’s 5% drop.

Web Continues to Dominate in Audience Growth

Percentage Change in Audience, 2010-2011



Source: Nielsen Media Research, the Audit Bureau of Circulation and Arbitron¹

Digital: No matter the device, digital news consumption continued upward in 2011. Monthly unique audience to the top news sites was up 17%, a similar increase from 2009 to 2010, according to Nielsen Online. Seventeen of those 25 continue to be legacy news outlets.

Americans are now fully into the digital era. More than three-quarters of U.S. adults own a laptop or desktop computer. On top of that, 44% now own a smartphone, and tablet ownership is now at 18%, up from just 11% in the summer of 2011. News is a significant part of how people use these devices. Some 51% of smartphone owners use that device to get news, as do 56% of tablet owners. And nearly a quarter of the population, 23%, now gets news on multiple digital devices, according to PEJ research

Network TV News: All television news viewership increased in 2011, but it was most evident on the networks, whose audiences grew for the first time in a decade. Average evening news viewership across the three networks increased 4.5%, or 972,700 viewers over 2011, according to PEJ analysis of Nielsen Media Research data. An average of 22.5 million people watched ABC, CBS or NBC News each night in 2011. In the morning, an average of 13.1 million people tuned in each day over the year, 5.4% more than in 2010. The PBS NewsHour's average viewership was nearly unchanged, remaining at 1.1 million viewers nightly during the 2010-11 season.

Local TV News: After years of decline, local television news showed new signs of life in 2011. Viewership increased in both the morning (1.4%) and late evening (3%)—the first gains in five years. The audience for very early morning news more than quadrupled, but most of that came in time periods that have the smallest total viewership, including 4:30 a.m. And while local stations remain the No. 1 news source for most Americans, the same does not apply to their websites. A PEJ survey found that 10 times as many people turned to TV newscasts for breaking news and weather as relied on local stations' websites.

Cable News: A year of major news events, including international disaster and unrest as well as domestic politics, helped break the cable news ratings slide. Total viewership rose 1% in 2011, according to Nielsen Media Research. That was the same growth rate encountered during the daytime hours and in prime time, when a median of 3.3 million people watched cable news at any given time on a typical night.

The boost behind that overall growth came at CNN, which was up 16% in prime time to a median of 654,000 viewers. And MSNBC was up 20% during the daytime. Fox News Channel was the only one of the three main news channels to experience a second straight year of declines. It ended 2011 down 3% in prime time and 2% in daytime. Fox remained the clear leader over all, though, with a median prime time audience of 1.9 million, making 2011 its 10th straight year of ratings dominance.

Audio: More than nine out of 10 Americans (93%) say they use or own an AM/FM radio, and the device is second only to television as the medium most prevalent in people's lives, according to Arbitron's data. But digital options are beginning to have an impact, especially in the mobile realms. Nearly 40% of people are estimated to listen to online-only audio services like Pandora or Spotify on their smartphones, mobile devices and computers, according to eMarketer—a number expected to double by 2015. Even more worrisome for AM/FM radio, in-car listening via smartphones nearly doubled in the last year to 11% of people who own cellphones. And carmakers are installing new models with internet-ready listening.

News/talk radio's popularity increased and probably will continue to do so over the next year, thanks in part to the 2012 presidential campaign. At the same time, NPR saw its total listenership drop for the first time in years, but the organization is making headway in developing digital platforms to reach new audiences.

Magazines: Circulation for six leading news magazines studied here was basically flat (down 0.05%), after an 8.9% decline in 2010. The largest portion of circulation, subscriptions, was also flat, with a growth rate of 0.01%, but that number is controlled, based on how much magazines want to spend to "buy" readers. Newsstand sales, a smaller component but not controlled by the industry, dropped 2%. That decline is also much smaller than the 2010 losses of 17.7%. Newsweek saw the greatest declines (3.4%) while The Economist and The Week both grew about 2%. Circulation for the magazine industry as a whole dropped 1%, compared to a 1.5% loss in 2010.

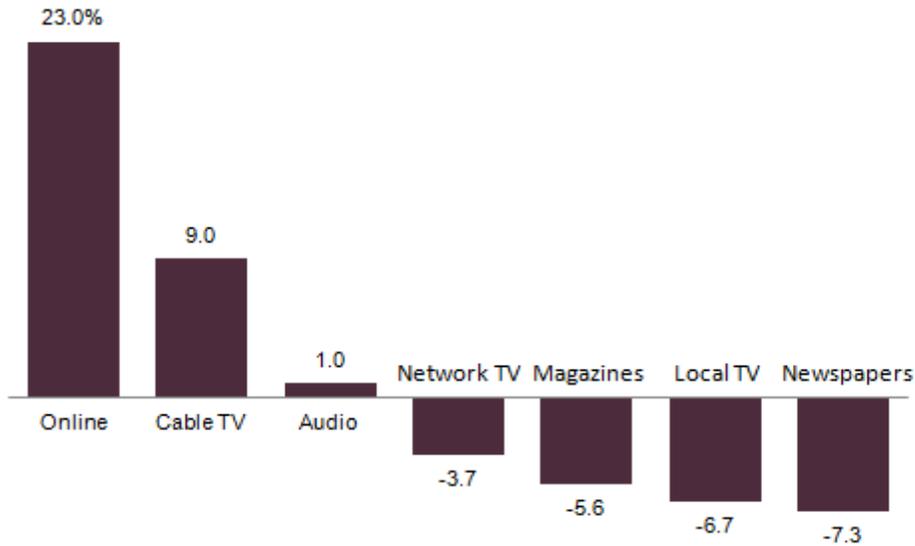
Newspapers: Of all media sectors, newspapers suffered the most in 2011. While new measurements made exact yearly comparisons difficult, chapter co-author Rick Edmonds estimates that weekday circulation fell about 4% and Sundays fell 1% for the six-month period ending September 30. Those declines were about on par with 2010, but only about half what they were in 2009. Newspapers' digital audiences are growing. Newspaper websites are popular and total audience reach is staying steady.

Economics

The year 2011 was a mixed one economically for the news media. Ad dollars followed the audiences to the web, and a stable business model helped cable television. But much of the legacy media suffered revenue declines.

Most Sectors See Revenue Fall

Percentage Change in Revenue, 2010-2011



Source: SNL Kagan, eMarketer, Veronis Suhler Stevenson, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

Source: SNL Kagan, eMarketer, Veronis Suhler Stevenson, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey²

Local TV News: Local TV stations make the vast majority of their revenue from on-air advertising. This revenue declined in 2011, largely due to a predictable decrease in political ads in a non-election year. The estimated on-air ad revenue total of \$18.1 billion, however, was 10% less than what local stations got in 2007, the last non-election year before the recession hit. Other sources of revenue continue to grow including fees paid by cable and satellite systems and online and mobile advertising, but those sources together only make up an estimated 15% of local stations' total revenue.

Newspapers: Apart from local TV, whose ad sale trends are tied to the ebb and flow of political cycles, newspapers fared worse than other media sectors economically in 2011. In 2011, print advertising revenues were down approximately \$2.1 billion, or 9.2%. Although online advertising was up approximately \$207 million (6.8%) compared with 2010, those gains do not come close to making up for the losses in print. Losses in print outweighed the gains online by a ratio of roughly 10 to 1 combined, online and print ad revenues were down 7.3% in 2011 to \$23.9 billion. Most newspapers are still profitable on an operating basis, the net margins—after interest, taxes and special charges—are razor-thin. And most papers achieved profitability largely through cutting. The year also brought with it more papers embracing the idea of a pay wall. The New York Times and roughly 150 other newspapers have instituted variations on the so-called metered model that The New York Times uses.

Digital: Online advertising over all shot up 23% in 2011 compared to 2010. While search continues to grow and will remain the largest kind of online advertising for the foreseeable future, display ad revenue is growing as well. Display ads generated \$12.4 billion in 2011, up 24% from the year before, according to eMarketer. Much of the growth in display advertising came from banner ads, the largest segment of ads within display, which grew 22% in 2011. But this isn't all good for news. Five of the big tech companies now account for about half of all display ad revenue, with Facebook one of the big news players. These same companies account for 68% of all online advertising.

In the mobile realm, the ad landscape shifted in 2011. Text message advertising had been the largest type of mobile ad, but in 2011, eMarketer research finds that search now dominates the mobile ad space. News companies are essentially cut off from this growing revenue stream, which amounted to \$653 million, or 45% of the mobile ad market. But a silver lining for the industry may exist in research showing that mobile banner and rich media advertising, the most important types for news, accounts for 31% of the mobile ad market, now also ahead of text ads, according to eMarketer.

Magazines: For print magazines, the number of ad pages sold across the industry over all was down in 2011 (3.1%), after a flat 2010 (down 0.1%) and a steep decline in 2009 (25.6%), according to data by the Publishers Information Bureau. Of the 213 magazines the PIB tracked, 136 reported a decline in the number of ad pages sold. This drop in ad pages resulted from losses in major ad categories. Car ads, one of the largest single categories, fell 5.7%, after having risen 16.9% in 2010. Ad pages by food and food products makers plummeted in 2011 (17%, on top of a 3.5% loss the previous year), showing the steepest decline among all advertising categories. News magazines fared worse with a decrease in ad pages of 5.6%. That drop offset the slight gain of 1.4% news magazines had in 2010.

Even though ad pages, which have been the industry's key economic indicator, were down in 2011, some digital initiatives taken by magazines started paying off. In October 2011, The Atlantic's digital ad revenues exceeded print ad revenues, 51% to 49%, for the first time ever. Jay Lauf, The Atlantic's publisher, estimates that the publication will bring in a total of \$18.6 million from advertising for the 2011.

Audio: Radio revenue saw gains in 2011, but lost much of the momentum seen in the previous year. Over all, revenue was up 1% over 2010 levels, at \$17.4 billion, according to data from the Radio Advertising Bureau. Much of the revenue came from traditional radio, but that sector declined in the last year and is expected to see negligible growth in coming years. National and local spot revenue shrank 1% in 2011. The real growth in radio revenue happened on digital platforms, with 15% growth in online and mobile. But these areas hold much smaller pieces of radio's total revenue picture and are expected to continue to trail AM/FM at least through 2014.

Network TV News: Networks over all saw a decrease in total revenue in 2011. The market research firm Veronis Suhler Stevenson, which looks at networks over all, not just news divisions, estimated that network ad revenue decreased 3.7% in 2011. But network news programs had their best ratings in a decade in 2011, and both ABC and CBS News benefited from broadcast ad revenue increases, while NBC News derived income from its cable news channels. As a result, PEJ estimates that the three network

news divisions each saw revenue growth between 1% and 2.5%. While NBC's prime-time non-news ratings slumped, its Nightly News and Today Show still beat out the network competition in viewership.

Cable News: The revenue declines of 2009 may, in the end, look more and more like a bump in the road for cable news, which benefits from the stability of a business model that draws revenue from subscribers and advertisers. In 2011, revenues for the three main news channels were projected to increase 8% to \$3.3 billion, according to SNL Kagan. CNN and its sibling channel, HLN, were projected to grow 7% to \$1.3 billion; for Fox it was 9% growth to \$1.6 billion, and for MSNBC, projections were for an 8% gain to \$409 million.

While the growth rates for cable ad revenue (9%) and subscriber revenue (8%) were similar, in total dollars, subscriber revenue made up a larger share of the pie at \$1.8 billion (compared with ad revenue of \$1.4 billion). Not long ago these shares were equal, and subscription fee revenues are expected to continue to grow.

News Investment

Digital: In 2011, media companies devoted new resources to online video content. One partnership has ABC News providing video content for Yahoo News sites. Reuters became one of the leading news organizations to develop original content for YouTube and will eventually host 10 original news shows on the video-sharing site. And The Huffington Post announced the creation of its own 24-hour online news channel, following a model more akin to CNN.

Other efforts in online newsgathering met some hurdles to success. In early 2011, AOL chief executive Tim Armstrong set the tone for the hyperlocal news site Patch by announcing that there would be 1,000 "patches" across the country and that by year-end individual patches would become profitable. By the end of 2011 those goals were in question and Armstrong dialed back expectations of profitability, saying, "We don't have a massive number of patches on a run-rate profitability, and some of them have bounced in and bounced out."

Cable News: Cable channels were projected to spend more on the news in 2011, increasing their budgets by 5% to \$1.7 billion, according to SNL Kagan. All of the channels were projected to spend more than they had the year before. For the second year in a row, Fox was projected to lead in total spending at \$732 million. CNN and HLN were projected to spend \$698 million and MSNBC which draws on NBC News for resources and newsgathering, was projected to spend \$223 million. Though it was no longer the spending leader, CNN made use of 46 domestic and foreign bureaus in 2011, more than Fox (17) and MSNBC (20) combined, according to information provided by the channels.

Local TV News: Stations continued to hire in 2011 and analysts believe total employment in local TV news has returned to the record level set before the recession. The median staff size of stations in the largest markets grew 21% between 2005 and 2010, while small-market newsrooms have not grown. The makeup of the staffs has changed: Large-market newsrooms ramped up their use of solo journalists, with more than 15% of the largest saying they mostly rely on "one-man bands."

Stations in general produced more news in 2011 and shared it more widely. The number of stations offering very early morning news, beginning at 4:30 a.m., doubled from 2010 to 2011. The average amount of weekday local TV news programming hit five hours and 18 minutes in 2010, the last year for which data exist, and is expected to set another record in 2011

Magazines: New magazine launches were also on the rise. In all, 239 new magazines were launched in 2011, according to MediaFinder.com, up from 193 magazines in 2010. Only 152 magazines folded during the year, a sharp improvement over the 176 that shut down in 2011 and the 596 that died the year before. After four years of shedding significant numbers of jobs, employment at U.S. magazines fell only 1.7% in 2011 (compared to a decrease of 5.8% in 2010 and 12.3% in 2009), according to Ad Age's analysis of recent Bureau of Labor Statistics data.

Network News: There were numerous staffing changes at the networks in 2011. All three evening news programs had new executive producers by the end of the year. And there were new anchors for several news programs. At NBC, Meredith Vieira left the Today Show and Ann Curry replaced her. NBC also introduced a new news magazine, Rock Center With Brian Williams. CBS News, which got a new chairman and president in 2011, completely revamped its morning show, renaming it CBS This Morning. The show is hosted by Charlie Rose, Gayle King and Erica Hill. ABC News also got a new president in 2011, and the network announced that George Stephanopoulos would once again host This Week, after Christiane Amanpour's tenure was not as successful as the network hoped.

Newspapers: Newsrooms continued to shrink as companies, to remain in the black, felt the need for more rounds of cost reductions. The contemporary newsroom has fewer articles to produce after trims in the physical size of paper and reduction of the space devoted to news. But the remaining editors and reporters are also being stretched further by the need to generate content suitable for smartphones and tablets as well as establishing a social media presence. This is all in addition to putting out the print paper daily and feeding breaking news to websites. In company management, the shift to outsiders with backgrounds in digital, especially at major companies, was striking. The CEOs of Gannett (Craig Dubow) and the industry's largest private company, Media News (William Dean Singleton), stepped aside for health reasons. New York Times chief executive Janet Robinson retired under pressure late in the year. Associated Press president and chief executive Tom Curley announced early in 2012 that he would be retiring, too. During the course of the year, the top editor's job turned over at The New York Times, USA Today, The Los Angeles Times and a host of metros.

Ownership

Cable: One of the biggest global news companies, News Corp., spent much of 2011 embroiled in charges of phone hacking by employees at The News of the World, one of owner Rupert Murdoch's British tabloids. Though Fox News is owned by News Corp., the scandal may have caused more distraction for competitor CNN's new host Piers Morgan, who was brought before a government inquiry in December to answer questions about practices at the non-Murdoch tabloid he edited years earlier.

Local TV: More stations were sold in 2011 than the year before and for considerably higher prices. While the total number of station mergers and acquisitions was relatively small, transactions topped a billion

dollars for the first time since 2007.

Magazines: In the consumer magazine sector, 32 acquisitions were announced, compared to 26 in 2010, according to the Jordan, Edmiston Group. The total value of these acquisitions accounted to \$3.2 billion, compared to 2010, when the value was limited to \$214 million. One of the most noteworthy acquisitions was made by Hearst, one of largest magazine publisher in the U.S. with publications like Harper's Bazaar and Cosmopolitan. The company paid French publisher Lagardère a reported \$866 million for a portfolio of nearly 100 magazines in 14 countries, including Elle and Car and Driver. Hearst now puts out more than 300 editions around the world, including 19 U.S. magazines.

Newspapers: Newspapers began changing hands again in late 2011. The trend of private equity owners gaining control through bankruptcy proceedings continues to grow and they tend to take an aggressive approach to digital transition. The most high-profile example is John Paton, the chief executive backed by Alden Global Capital, who is pursuing a "digital-first" strategy at the Journal Register and MediaNews Group papers. The biggest of the private equity takeovers will come when Tribune Company bankruptcy proceedings, now in their fourth year, conclude. Probably the biggest transaction in 2011 was the \$143 million sale of The New York Times' 16-paper region group to Halifax Media, a company formed two years ago to buy The Daytona Beach News-Journal. The Times had assembled the papers and run them at high profit margins in the 1970s and 1980s to balance out business ups and downs at its flagship paper. Lately, the regional group was shedding revenue faster than The New York Times itself, so the company chose to sell the papers and invest the proceeds in digital development.

Keep reading to see the major trends

Footnotes

1. The **cable** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the combined median total day viewership (individuals 2 and older) of CNN, MSNBC and Fox News. The **online** figure is based on PEJ's analysis of the top 25 news sites from Nielsen Online. It represents the total unique visitors to the top 25 news websites based on U.S. traffic from 2010 compared to 2011. The **network** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the mean evening news viewership (individuals 2 and older) of NBC, CBS and ABC. The **local TV** figure is based on PEJ's analysis of Nielsen Media Research data. It represents the average morning news (5-7 a.m. E.T.), early evening news (5-7 p.m. E.T.) and late evening news (11-11:30 p.m. E.T.) combined viewership (individuals over the age of 2) for ABC, CBS, Fox and NBC affiliates (for the four sweeps measured, February, May, July, November). The **magazine** figure is based PEJ's analysis of circulation data provided by the Audit Bureau of Circulations. It represents the average circulation full year of 2011, compared to 2010, for six news magazines studied by PEJ: Time, Newsweek, The Economist, The Atlantic, The Week, and the New Yorker. The **newspaper** figure is based on estimates from the Poynter Institute's Rick Edmonds, based on data from the Audit Bureau of Circulations. This year's figure represents average circulation for U.S. newspapers during a six-month period ending September 30, 2011 compared to the year before. The **audio** figure is based on survey data from Arbitron. It represents the percent of Americans age 12 or older who said they use or own an AM/FM radio in January 2011.

2. **Cable** figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2010 and 2011, provided by SNL Kagan, a division of SNL Financial LLC. **Online** figures are total online ad revenues, from January to September 2011, compared with the same period in 2010, provided by eMarketer. **Network** figures are based on revenue estimates for network television ads for 2011, compared with the same period in 2010, provided by Veronis Suhler Stevenson. **Radio** figures are based on revenues from AM/FM, satellite and online and mobile platforms as estimated for January 2011 to December 2011, compared to the previous year, from Veronis Suhler Stevenson. **Magazine** figures are based on ad pages sold - not revenue - provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. **Newspaper** data are from the National Newspaper Association. **The number includes both print and online newspaper advertising revenue.** **Local TV** figures are based on revenue estimates for local and national spot advertising on local TV for the full year of 2011, compared with the same period in 2010, provided by BIA/Kelsey.

See end of document for executive summary.

Press Alert

New Devices, Platforms Spur More News Consumption, But News Industry Loses Ground to Technology Rivals

1-in-4 Americans Get News on Mobile Devices - Adding to Existing News Consumption; Social Media's Role as a Driver of News is Small, But Growing

March 19, 2012— A mounting body of evidence finds that the spread of mobile technology is adding to news consumption, strengthening the appeal of traditional news brands and even boosting reading of long-form journalism. But the evidence also shows that technology companies are strengthening their grip on who profits, according to the 2012 State of the News Media report by Pew Research Center's Project for Excellence in Journalism.

More than a quarter of Americans (27%) now get news on mobile devices, and for the vast majority, this is increasing news consumption, the report finds. More than 80% of smartphone and tablet news consumers still get news on laptop or desktop computers. On mobile devices, news consumers also are more likely to go directly to a news site or use an app, rather than to rely on search — strengthening the bond with traditional news brands.

While technology may be adding to the appeal of traditional news, technology intermediaries are capturing even more of the digital revenue pie. In 2011, five technology giants generated 68% of all digital ad revenue, according to the market research firm eMarketer — and that does not include Amazon and Apple, which make their money from devices and downloads. By 2015, roughly one out of every five display ad dollars is expected to go to Facebook, according to the same source.

“Our analysis suggests that news is becoming a more important and pervasive part of people’s lives,” PEJ Director Tom Rosenstiel said. “But it remains unclear who will benefit economically from this growing appetite for news.”

Social media platforms, meanwhile, grew substantially over the last year, but still play a limited role in daily news consumption. Only about a third as many news consumers follow stories via Facebook as do so by going directly to news websites or apps or by using search, according to new PEJ survey data released here. For Twitter, the proportion drops to less than a sixth as many.

“News organizations have a big opportunity in the social and mobile realms,” PEJ Deputy Director Amy Mitchell said. “But they will need to do a better job than they did in the desktop realm of understanding audience behavior and developing effective technology and revenue models.”

These are some of the conclusions in the ninth edition of PEJ’s annual State of the News Media report. The report is a comprehensive analysis of the major trends in news over the last year and includes detailed chapters on eight major media sectors – digital, newspapers, cable news, network TV, local TV news, audio, magazines and ethnic media. This year’s study also includes two new national surveys examining how news is consumed on different devices and the impact of social media on news, a special report on the state of community media and an examination of Native American media.

Among the study’s findings:

- **Americans are far more likely to get digital news by going directly to a news organization’s website or app than by following social media links.** Just 9% of digital news consumers say they follow news recommendations from Facebook or Twitter “very often” on any digital device – compared with 36% who say the same about directly going to a news organization’s site or app; 32% who access news through search; and 29% who use news organizing sites like Topix or Flipboard.
- **Even so, social media are an increasingly important driver of news, according to traffic data.** According to PEJ’s analysis of traffic data from Hitwise, 9% of traffic to news sites now comes from Facebook, Twitter and smaller social media sites. That is up by more than half since 2009. The percentage coming from search engines, meanwhile, has dropped to 21% of news site traffic, from 23% in 2009.
- **Facebook users follow news links shared by family and friends; Twitter users follow links from a range of sources.** Fully 70% of Facebook news consumers get most of their story links from friends and family. Just 13% say most links that they follow come from news organizations. On Twitter, however, the mix is more even: 36% say most of the links they follow come from friends and family, 27% say most come from news organizations, and 18% mostly follow links from non-news entities such as think tanks. And most feel that the news they get on either network is news they would have seen elsewhere without that platform.
- **Most media sectors saw audience growth in 2011 – with the exception of print publications.** News websites saw the greatest audience growth (17%) for the year. In addition, thanks in part to the drama of events overseas, every sector of television news gained in 2011. Network news audiences grew 5%, the first uptick in a decade. Local news audiences grew in both morning and late evening, the first growth in five years. Cable news audiences also grew, by 1%, after falling the year before; in particular, MSNBC and CNN audiences grew in 2011, while Fox declined. Print newspapers,

meanwhile, stood out for their continued decline, which nearly matched the previous year's 5% drop. Magazines were flat.

- **Despite audience gains, only the web and cable news enjoyed ad revenue growth in 2011.** Online advertising increased 23%, and cable ads grew 9%. Most media sectors, however, saw ad revenues decline – network TV was down 3.7%; magazines ad pages, 5.6%; local news, 6.7%; and newspapers, 7.6%.
- **As many as 100 newspapers are expected in coming months to join the roughly 150 dailies that have already moved to some kind of digital subscription model.** In part, newspapers are making this move after witnessing the success of The New York Times, which now has roughly 390,000 online subscribers. The move is also driven by steep drops in ad revenue. Newspaper industry revenue – circulation and advertising combined – has shrunk 43% since 2000. In 2011, newspapers overall lost roughly \$10 in print ad revenue for every new \$1 gained online. (That suggests no improvement from what a separate PEJ study of 38 papers found regarding 2010, when the print losses to digital gains in the sample were a \$7-to-\$1 ratio.)
- **The emerging landscape of community news sites is reaching a new level of maturity – and facing new challenges.** As some seed grants begin to sunset, a shakeout in community news sites is beginning, along with a clearer model for success. NewWest.net and Chicago News Cooperative are among the prominent community news sites that ceased publishing in 2011 or early 2012. The model for success, epitomized by Texas Tribune and MinnPost, is to diversify funding sources and spend more resources on business—not just journalism.
- **Privacy is becoming a bigger issue for consumers, creating conflicting pressures on news organizations.** Roughly two-thirds of internet users are uneasy with targeted advertising and search engines tracking their behavior, according to a recent Pew Research Center survey. At the same time, though, consumers rely more heavily on the services provided by the companies that gather such data. News organizations are caught in between. To survive, they must find ways to make their digital advertising more effective – and more lucrative. Yet they also must worry about violating the trust of audiences to protect their strongest assets – their brands.

The State of the News Media 2012

An Annual Report on American Journalism

Mobile Devices and News Consumption: Some Good Signs for Journalism

By Amy Mitchell & Tom Rosenstiel of PEJ, and Leah Christian of the Pew Research Center

The migration of audiences toward digital news advanced to a new level in 2011 and early 2012, the era of mobile and multidigital devices. More than three-quarters of U.S. adults own laptop or desktop computers, a number that has been stable for some years.¹ Now, in addition, 44% of adults own a smartphone, and the number of tablet owners grew by about 50% since the summer of 2011, to 18% of Americans over age 18.

Each of these technologies offers a separate set of features, conveniences and potential uses. But less is known to date about how people use these devices – whether they behave differently on different platforms and what the move to mobile might mean for news and



journalism and the notion of a common experience or public square. Past research found much of the desktop news experience was built around search – people looking for what they need or want to know right now, which tilted influence (and revenue) toward aggregators such as Google. To what degree is that true in mobile? Have apps (or applications) and social media networks altered that? And do consumers favor one way of accessing news on their tablet, another their desktop and yet another on a smartphone?

A new survey of more than 3,000 U.S. adults by the Pew Research Center's Project for Excellence in Journalism finds that rather than gravitating toward one device, a growing number of Americans are becoming multiplatform digital news consumers. These "digital mavens" get news on all their devices – and even more so if they own all three types of devices. In other words, digital devices appear to be an additive experience.

The data also find that the reputation or brand of a news organization, a very traditional idea, is the most important factor in determining where consumers go for news, and that is even truer on mobile devices than on laptops or desktops. Indeed, despite the explosion in social media use through the likes of Facebook and Twitter, recommendations from friends are not a major factor yet in steering news consumption.

There are some signs that the way people interact with news on mobile devices is quite different than news behavior on the desktop/laptop computers. Data from Localytics, a client-based mobile analytics firm, analyzed by PEJ reveals that people spend far more time with news apps on the smartphone and tablet, visit more pages at a sitting, and return more frequently than they do on conventional computers. That data reinforce findings from previous PEJ research in 2011 that people read more long-form news articles and go to new news sources on tablets.

Taken all together, the growing body of data suggests that the move toward mobile holds some promising options for news producers, including increasing the amount of overall news being consumed.

To capitalize on that potential, however, the industry will need to do a better job than it did in the desktop realm of quickly coming to understand audience behavior and developing technology and revenue models to adapt to it.

Among the major findings of this research:

- The majority of Americans now get news through at least one digital, web-based device. While the desktop or laptop computer remains the primary digital platform for news (54% of Americans get news there), the number of consumers who get news on multiple digital devices is growing. Nearly a quarter of U.S. adults, 23%, now get news on at least two devices—a desktop/laptop computer *and* smartphone, a computer *and* a tablet, a tablet *and* a smartphone, or on all three.
- The most common way that people get news is by going directly to a news organization’s website or app. About a third of desktop/laptop news consumers and smartphone news consumers get news this way “very often.” Even more tablet news users, 38%, follow this path. On desktop/laptop computers, going to a news site directly is statistically tied with search (30%). Yet even these numbers may understate those seeking out news home pages. Previous PEJ studies have shown that many people who access news through search engines are typing in some variation of the home page name, not searching by topic across different news sources.
- Social media, while clearly a part of the digital news experience, is not nearly the driver of news that many have suggested. Just 9% of digital news consumers follow news recommendations from either Facebook or Twitter “very often” on at least one of the devices asked about here. Of the two networks, Facebook garners about twice as many news followers than Twitter. Still, though, the rapid growth is striking. As written about in the Digital chapter of this report the percent of traffic that comes to news sites from social media platforms increased 57% since 2009.
- For those who get news on both the smartphone and tablet, social networking is a much more popular way to get news. Among that group (13% of all digital news consumers), fully two-thirds (67%) have ever gotten news recommendations from Facebook. That compares to 59% who get news on just one of those devices and 41% who only get digital news via the desktop/laptop. Similarly, 39% follow news recommendations on Twitter, compared with 24% who just use a smartphone or a tablet and 9% who use only the desktop/laptop.
- Consumers who still only get digital news on the desktop/laptop computer have a very different set of behaviors. This group is less likely to get news in any of the ways asked about in the survey than those who get some digital news on a smartphone, a tablet or both. Only about half (48%) get news using key word search “very or somewhat often” compared with at least 70% of those who use a smartphone, tablet or both for news. Similarly, 54% go directly to news websites or apps somewhat or very often, while 80% or more of those who get news on other devices do so.
- Commercial data tracking online usage reinforce the findings of this survey. Localytics shared its proprietary data with researchers involved in this study, and that information shows that people using

mobile devices tend to spend more time with news on mobile devices than they do on computers. They go to news sites more often, spend more time per session and read more articles per session.

About the Study

The report is based on the findings from telephone interviews conducted by Princeton Survey Research Associates International from January 12 through January 29, 2012, with a nationally representative sample of 3,016 adults living in the continental United States. Telephone interviews were conducted by landline (1,809) and cellphone (1,207 users, including 605 without a landline phone). Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is ± 2.2 percentage points.

Ownership

More than three-quarters of U.S. adults (77%) own a laptop or desktop computer. That number has remained stable since 2007.

What is growing now instead is mobile. Fully 44% of adults own a smartphone, and a little less than half of that number own tablet computers (18%). That tablet ownership grew 50% from the summer of 2011 when it was at 11% to January of 2012 when this survey was taken.

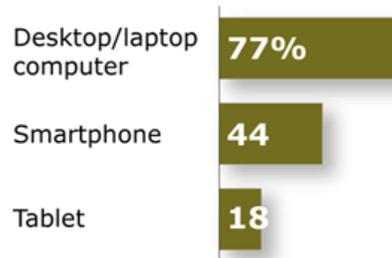
Much of this mobile ownership is occurring among computer owners who are adding mobile devices to their digital collection. And in many cases they have added both smartphones and tablets.

Over half, 52%, of desktop/laptop owners now also own a smartphone and roughly a quarter, 23%, own a tablet computer (while 43% own just the desktop/laptop computer).

Smartphone owners are even more likely than others to be digital omnivores. Almost a third (31%) of those who own smartphones also own a tablet computer. And more than one in ten Americans, 13%, now own all three.

Digital device ownership

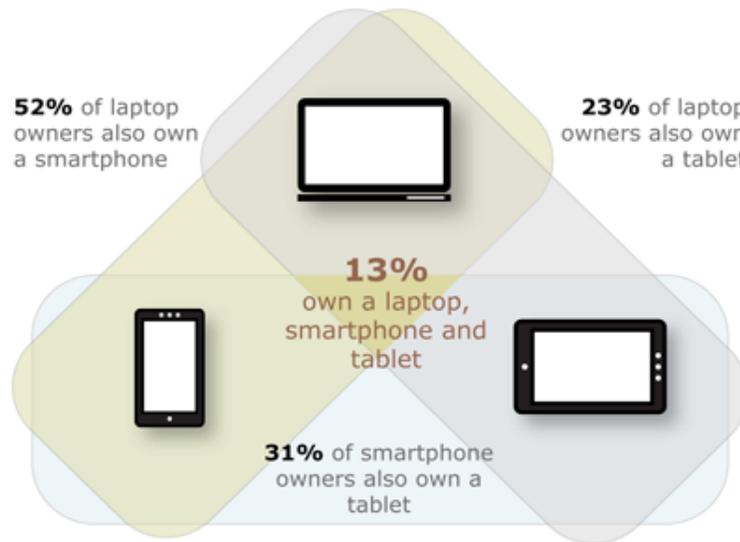
Percent of U.S. adults who own a...



N=3,016

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Many Americans own more than one device



N's: Desktop/laptop=2,342; smartphone=1,180; tablet=511

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

News Use on Digital Devices

The data also reveal that news is a substantial part of what people do on each of these devices. Fully 70% of desktop/laptop owners report getting news on their computers. Half of smartphone owners (51%) use their phones for news. A majority of tablet owners (56%) use the devices for news. (A third of all U.S. adults, 32%, gets news digitally only on a laptop or desktop.)

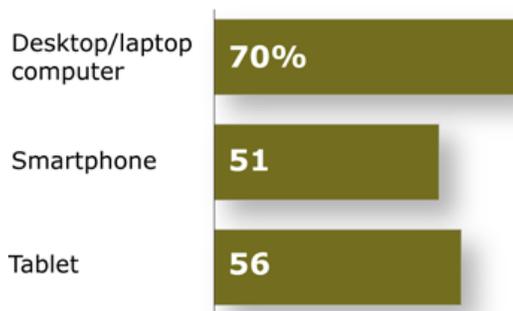
The evidence also increasingly hints that the level of news consumption on mobile devices is especially heavy. For instance, the 56% of tablet owners who say they get news on those devices is on par with the percentage who in our 2011 survey said they get news on their tablet every day (53%). And the data from the mobile analytics firm Localytics, which are discussed more below, offer

further evidence that people use mobile devices for news more often and for longer sessions.

Many analysts have wondered whether the release of lower-cost versions like the Kindle Fire at the end of 2011 would alter the population and decrease the portion of news users. The survey data suggest that a solid portion of the tablet population still uses the new device for news.

News consumption on digital devices

Percent of device owners who get news from...



N's: Desktop/laptop=2,342; smartphone=1,180; tablet=511

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2012 STATE OF THE NEWS MEDIA

For most with multiple devices, there is not a single place for news. People who acquire mobile devices appear to be using them to get news on all their devices. This also suggests they may be getting more news more often. About a third, 34%, of desktop/laptop news consumers now also get news on a smartphone. About a quarter, 27%, of smartphone news consumers also get news on a tablet. While this smartphone/tablet news consumer group is small, just 6% of the population over all, it is a large percentage of those who own smartphones and tablets; fully 44% of people who own both kinds of devices use both for news. What's more, most of those individuals (78%) still get news on the desktop or laptop as well.

Digital news consumers are adding to their news consumption



N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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2012 STATE OF THE NEWS MEDIA

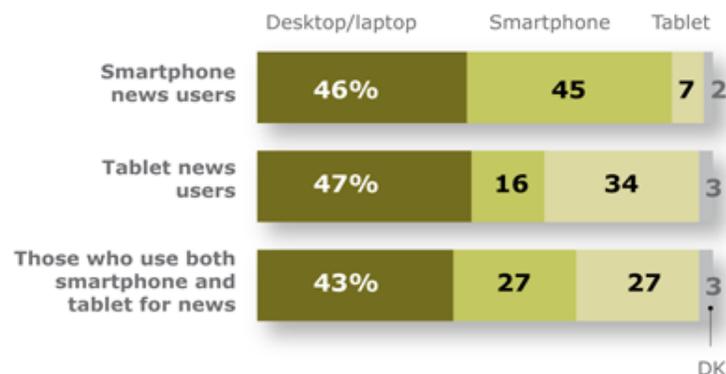
While there is no single digital news device, there is a primary one. For now, the desktop/laptop still reigns as the place people get most of their digital news. Fully 82% of people who get news on a computer say that is where they get most of their digital news. But much of that may mainly come from the computer being their only digital option. Again, about half of that group (43% of all desktop/laptop owners) does not own another device.

When people add mobile devices to their digital inventory, the research suggests these newer devices begin to be their primary digital news source.

Smartphone news users are now nearly split between their laptop and smartphone as their primary news platform; 46% still get most of their news on the desktop/laptop; 45% get most on their smartphone. Another 7% of these smartphone owners say they get most of their news on a tablet. Early tablet news users are moving in the same direction, but remain somewhat more reliant on the laptop or desktop computer. Of tablet owners, 47% still get most of their digital news via desktops or laptops, while a third, 34%, have already transitioned to consuming most of their news on the tablet.

Desktops remain the digital device people turn to most

Where news consumers get most of their digital news



N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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And how about the cross-mobile omnivores? Of that small but growing population, the 6% of adults who get news on a smartphone and tablet, their behavior was similar. Over all, 43% of this most connected group said they still get most of their digital news on the desktop/laptop while the smartphone and tablet draw equal crowds, 27% each.

In short, as we have seen with other technology shifts, consumers are drawn to newer forms and may even make them their primary mode, but they are not abandoning older forms altogether. Instead their news experience widens and deepens.

The Path of the News

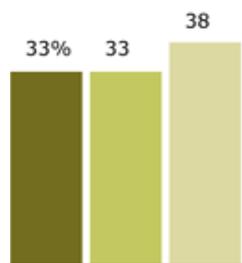
One pressing question for the news industry is how news behavior differs on different devices. And that starts with how people find and access the news stories they get. Is search as much a starting place on smartphones as it is on the desktop? To what extent are news organization apps where people begin, an option that offers some potential for subscriptions and suggests a high degree of brand loyalty? And what about the social networks on each? Is Facebook becoming the central news portal on mobile devices?

The survey reveals that **brand matters on every device, and seems to matter the most on the tablet.** For all three digital platforms, the most common method for accessing digital news now is by going directly to a news website or app. And that has been helped by the advent of mobile. A third of those who get news via the laptop or desktop say they go directly to a news organization's website "very often" as do a third of smartphone news consumers and 38% of tablet news consumers.

Getting to the news on digital devices

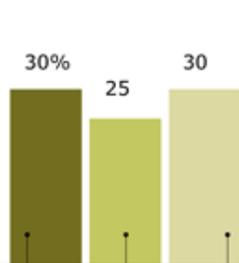
The news outlet itself is the most popular path to news

Percent going to the news website or app very often for news



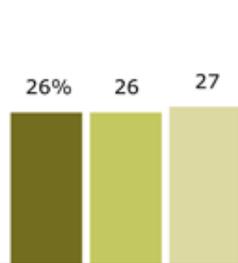
Search is not far behind brand attraction

Percent using key word search very often for news



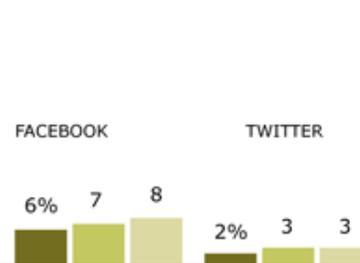
News organizing websites and apps are somewhat popular

Percent using a news organizer very often for news



Social media is not an overwhelming driver of news

Percent following Facebook and Twitter recommendations very often for news



Desktop/laptop Smartphone Tablet

N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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Search is not far behind as a path to news. One-in-three desktop/laptop news users get news on those devices via search very often. That is the same percentage who say they rely heavily on search to get news on their tablet computer. Search was less prevalent on smartphones, with a quarter turning to it very often (tied with apps that organize news from multiple sources).

Yet there is some evidence that these numbers may undercount the power of home pages and brand, and overstate the implication that people might be searching news by topic or event. A detailed analysis by PEJ in 2011 of behavior online through Nielsen data finds that the home page is overwhelmingly the place where most visitors arrive online, even those who come via search engines. That suggests that many people who come to news sites via search are typing in the name of a news organization rather than a particular story or even a topic.

The new survey data also found that a new cohort of news organizers or apps that curate and present news to users, such as Topix or Flipboard, was gaining a sizable place in news consumption. For each device, about a quarter of those news consumers report using news organizing sites or apps like Topix or Flipboard to get news stories.

At the same time, **social media recommendations are not nearly as significant a driver of news as brand and search.** Contrary to what some have suggested, consumers are not yet heavily reliant on Facebook or Twitter for their news.² In total, just 9% follow news recommendations very often from either Facebook or Twitter on any of the three devices. This breaks down to 10% on the tablet computer, 8% on smartphones and 7% on desktop/laptop.

Facebook has the larger role of the two with 6% of people saying they use it "very often" to get news on desktop/laptops, 7% on smartphones and 8% on tablets. Only about half as many reported following recommendations very often via Twitter.

This peer-to-peer sharing or recommending of news does appear to be an emerging trend, however, and may become a part – if not soon a primary part – of news consumption. If one adds to the tally those who say they follow these recommendations “sometimes” to the one in ten who say they do it “very often” the number increases about three-fold. For both smartphones and tablets, more than a quarter, 27%, follow recommendations from Facebook at least somewhat often. Nine percent for each device follow Twitter news recommendations at least somewhat often. On the desktop/laptop the percentages come to 22% for Facebook and 5% for Twitter.

Thus for now, social recommendations are also becoming an added rather than an alternative way that people get news and may, in effect, be another form of expanding civic behavior rather than merely changing it.

Is News Behavior Habit Rather Than Device-Driven?

Some of the similarities in how people use different devices raised another question in our minds: whether what is determining behavior on the digital platform is the device or the ingrained habits of the user. In other words, do people carry with them from one device to the next the habits in the way they get news stories? Do those who rely on search a great deal on the desktop/laptop also use it a good deal on the smartphone?

It is hard to draw firm conclusions from this survey of early habits. Still, when we dug deep into the two most common methods for getting news – direct news websites and search – the suggestion that emerges is that behavior, rather than device, may play a large role in how people get their news. And that may offer some hope for established news organizations.

Among desktop/laptop news users who go directly to news organization websites for news very or somewhat often, 73% also go directly to news organization websites on smartphone very or somewhat often and 81% go directly to the news websites on tablet very or somewhat often.

For desktop/laptop owners who get news through a key word search for news very or somewhat often, the correlation is slightly less strong: 67% search for news on smartphone very or somewhat often and 76% search for news on tablet very or somewhat often. This group was more likely to go directly to news organizations on the smartphone and on the tablet.

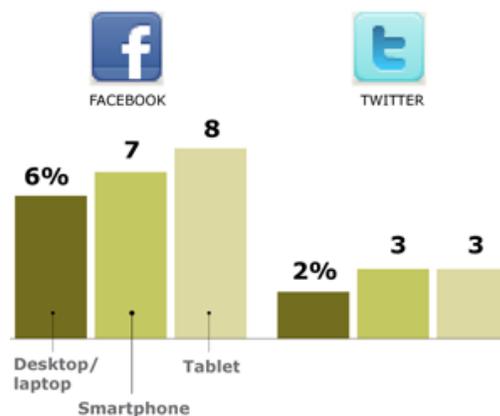
The Mobile News Omnivores & the Desktop/Laptop Holdouts

Although only 6% of those surveyed get news on both their smartphone and tablet devices, this group offers a unique perspective of those that are adopting multiple forms of mobile technology to enhance their news experience.

One area where this group stands out even from those that get news on either the tablet or the smartphone is in their use of social networks for news. Fully two-thirds (67%) of those who consume news

Use of social media for news is similar across devices

Percent following Facebook and Twitter recommendations very often for news

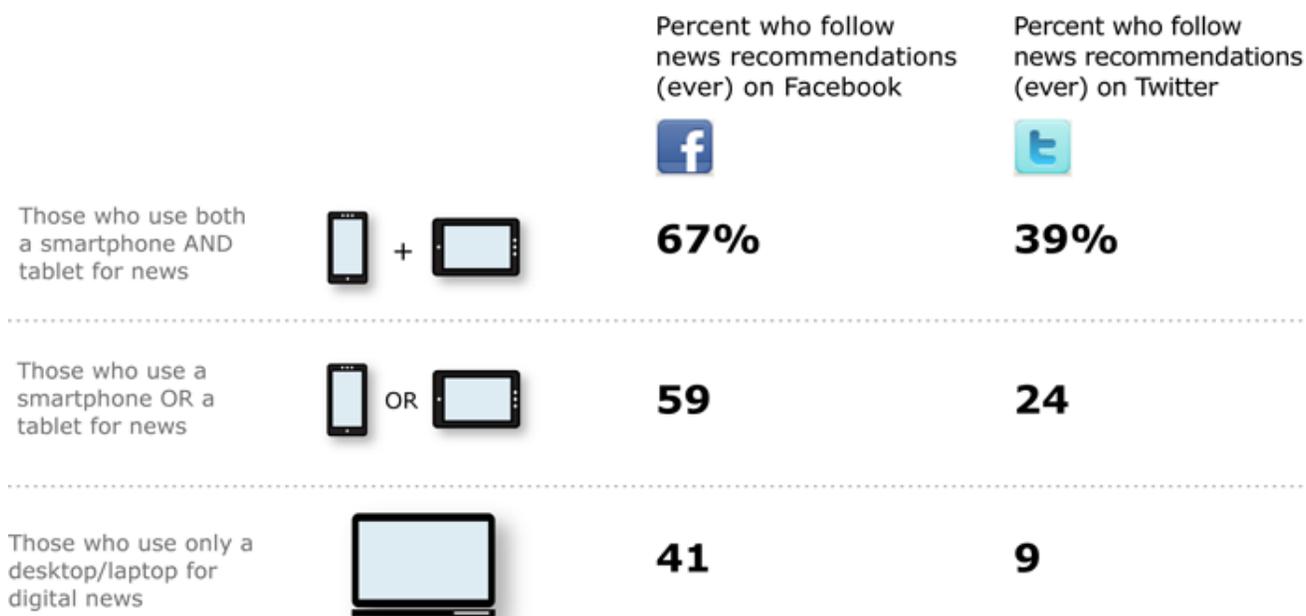


N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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on both their smartphone and tablet follow news recommendations on Facebook. That compares to 59% who get news on just one of those devices and 41% who get digital news only via the desktop/laptop. Similarly, 39% ever follow news recommendations on Twitter, compared with 24% who just use a smartphone *or* a tablet and 9% who use only the desktop/laptop. When on Twitter, this multimobile group is more likely to follow news stories from news organizations or individual journalists, 37% do so compared with 30% of those who use one of the other device and 18% of those who use only a desktop/laptop for digital news.

Multi-mobile news consumers are more reliant on social networks for news



N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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In terms of demographics, these multidevice users are more male, 59%. They are also more educated - 61% have completed college, compared with 44% of those who use one device and 35% who use just a desktop/laptop). And they tend to reside in suburban communities as opposed to rural or urban settings.

In contrast, those who only use a desktop/laptop digital news stand out for being less active news consumers over all. This group is less likely than those who get some digital news on the smartphone, their tablet or both to use each of the pathways to news asked about in the survey. Only about half (48%) get news using key word search very or somewhat often compared with at least 70% of those who use a smartphone, tablet computer or both for news. Similarly, 54% go directly to news websites or apps somewhat or very often, while 80% or more of those who get news on other devices do so. Facebook, by far, has the larger imprint for the desktop/laptop holdouts than Twitter (41% get news via Facebook versus 9% who do so via Twitter).

Demographically, the desktop/laptop holdouts tend to be older and live in rural settings.

Demographics of Digital News Users

In a survey PEJ conducted in 2011 in collaboration with The Economist Group, we found early tablet news users to be more middle-aged, earn higher incomes and be more highly educated than the population overall. The proliferation of lower-priced tablet options has not changed the demographics much. The young - 18-to-29-year-olds - now make up a greater portion of tablet news consumers, but they remain largely in the high-income, high-education brackets. One other demographic that emerged is a greater Northeast and Midwest contingent.

Profile of Mobile News Users Compared with General Public

	<i>Get news on...</i>			General public
	Laptop or desktop	Smart-phone	Tablet	
	%	%	%	%
Men	49	55	56	48
Women	51	45	44	52
White	70	59	71	68
Nonwhite	30	41	28	32
18-29	27	39	30	22
30-49	39	46	43	35
50-64	25	13	21	26
65+	9	3	6	17
College graduate+	40	44	55	29
Some college	29	30	25	25
H.S. or less	32	27	20	44
<i>Family income</i>				
\$75,000 or more	37	43	60	28
\$30,000-74,999	41	35	31	35
Less than \$30,000	22	22	10	38
Employed full-time	53	60	64	44
Employed part-time	13	14	11	12
Not employed	34	26	25	44
Don't know	*	*	0	1

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM. Figures may not add to 100% because of rounding. Gender, race, age, education and income for the general public are from the September 2011 Current Population Survey; results to these questions for news users are recalculated to exclude don't know responses.

Data from Other Sources

All of these findings, which hint that mobile is adding to and expanding rather than replacing news behavior, are reinforced by other data we have seen that track online behavior. One client-based firm that tracks behavior on smartphones and tablets, Localytics, has shared its data with us.

While its data cover just a select mix of mobile news apps, the findings reveal that people spend more time per session with news on mobile devices than they do on computers, and read more articles per session and more articles per month. Comparing this data to data collected on news website behavior suggests on average that users return to news apps more than five times as often over the course of the month and spend a minute longer per session.

Part of the heightened news activity may be tied to the enhanced experience of apps. Certainly another factor that makes mobile an addition to news consumption could be the convenience of the devices. They are in your pocket or at your side on the sofa in the evening, making it possible to look at news when you otherwise might have been doing something else, or perhaps are still doing something else.

News companies, particularly those in magazines, have told us they are seeing something similar in their own usage data.

About the Survey

This report, *Mobile Devices and News Consumption*, is based on aggregated data from three telephone surveys conducted in January 2012 (Jan. 12-15, Jan. 19-22 and Jan. 26-29) with national samples of adults 18 years of age or older living in the continental United States. Interviews were conducted with a total of 3,016 adults (1,809 respondents were interviewed on a landline telephone, and 1,207 were interviewed on a cellphone, including 605 who had no landline telephone). The survey was conducted by interviewers at Princeton Data Source under the direction of Princeton Survey Research Associates International. A combination of landline and cellphone random digital dial samples was used; both samples were provided by Survey Sampling International. Interviews were conducted in English. Respondents in the landline sample were selected by randomly asking for the youngest adult who was at home. Interviews in the cellphone sample were conducted with the person who answered the phone, if that person was an adult 18 years of age or older.

The combined landline and cellphone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin and region to parameters from the March 2011 Census Bureau's Current Population Survey and population density to parameters from the Decennial Census. The sample also is weighted to match current patterns of telephone status, based on extrapolations from the 2011 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cellphones have a greater probability of being included in the combined sample and adjusts for household size within the landline sample. Sampling errors and statistical tests of significance take into account the effect of weighting. The following table shows the sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in the survey:

Group	Sample Size	Plus or minus ...
Total sample	3,016	2.5 percentage points
Own a laptop or desktop computer	2,342	2.5 percentage points
Get news on a laptop or desktop	1,602	3.0 percentage points
Own a smartphone	1,180	3.5 percentage points
Get news on a smartphone	571	5.0 percentage points
Own a tablet computer	511	5.5 percentage points
Get news on a tablet computer	291	7.0 percentage points
<i>On any device...</i>		
Get news from Facebook	745	4.5 percentage points
Get news from Twitter	239	7.5 percentage points

Sample sizes and sampling errors for other subgroups are available upon request.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

For a full Topline of the report please click here

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Endnotes

1. Data from the Pew Research Center's Internet and American Life Project find that 75% of Americans own a desktop or laptop computer, the same number as in December 2007.
2. Fisher, Marc. "All the news that confirms your views." The Washington Post. Jan. 21, 2012

What Facebook and Twitter Mean for News

By Amy Mitchell & Tom Rosenstiel of PEJ, and Leah Christian of the Pew Research Center

Perhaps no topic in technology attracted more attention in 2011 than the rise of social media and its potential impact on news. "If searching for news was the most important development of the last decade, sharing news may be among the most important of the next," we wrote in a May 2011 report analyzing online news behavior called Navigating News Online.

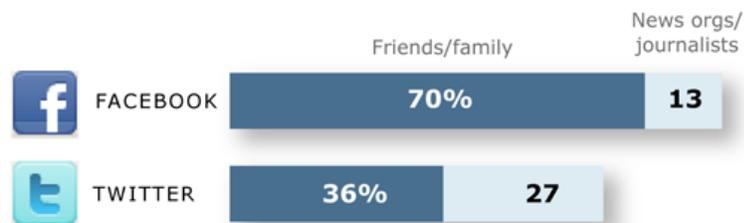
At the moment, Facebook and, to a lesser extent, Twitter, dominate this intersection of social media and news. As written about in detail in the Digital chapter of this report, eMarketer reports that Facebook had 133 million active users in the U.S. at the end of 2011. Facebook defines "active users" as those who interact with Facebook content at

least once a month. Despite debates about defining "active users," there is little question about the site's popularity or its "stickiness," the degree to which some users are there a lot: Facebook users spent an average of 423 minutes each on the site in December. By contrast, a PEJ analysis of Nielsen Net View data puts the average time on a top 25 news site at just under 12 minutes per month. Even in 2010, all but one

of those top news sites, with the exception being Google News, obtained a portion of their traffic from Facebook. And in 2011, Facebook furthered the news element of its platform with developments like the Social Reader, which allows users to follow, read and share news without ever leaving the network. How much are consumers relying on Facebook for their daily news information, especially in comparison with using search or going directly to news websites or apps? And when they do get news on these networks, does it come from friends and family or from news organizations they follow? And finally, how is this news viewed?

Facebook news driven by friends and family

Percent who get most of their news links from...



N's: Ever follow Facebook recommendations for news = 745; ever follow Twitter recommendations for news = 239

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

A new survey released as part of this year's annual State of the News Media Report probes news consumption and habits on different digital devices, including how news consumers use social media. The broader findings are covered in a companion special report on mobile devices. This report explores in more detail the findings as they relate to social media and news. It explores not only the extent to which social media are used to access news, but also how news behavior on Facebook compares with that on Twitter, and who these social media news consumers are.

Overall, as noted in the companion report, the survey confirms that Facebook and Twitter are now pathways to news, but their role may not be as large as some have suggested. The population that uses these networks for news at all is still relatively small, especially the part that does so very often. Moreover, these social media news consumers have not given up other methods of getting news, such as going directly to websites, using apps or through search. In other words, social media are additional paths to news, not replacements for more traditional ones.

The survey also finds that Twitter and Facebook function differently from each other, both in terms of where the news links come from and the degree to which people believe they are encountering different news than they would have encountered elsewhere. Each also draws a different population of users, with Twitter users standing out most. Facebook news users get more news from friends and family and see it as news they might well have gotten someplace else if Facebook did not exist. For Twitter users, though, the news links come from a more even mix of family and friends and news organizations. Most of these users also feel that without Twitter, they would have missed this kind of news.

About the Study

The report is based on the findings from three surveys conducted by Princeton Survey Research Associates International from January 12 through January 29, 2012, with a nationally representative sample of 3,016 adults living in the continental United States. Telephone interviews were conducted by landline (1,809) and cellphone (1,207, including 605 without a landline phone). Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is ± 2.2 percentage points.

Facebook and Twitter Are Still Relatively Small Drivers for News

Over all, just 9% of digital news consumers very often follow news recommendations from Facebook or from Twitter on any of the three digital devices (computers, smartphones or tablets). That compares with more than a third, 36%, who very often go directly to news organizations on one of their devices, 32% who get news from search very often, and 29% who turn to some sort of news organizer site or app.

Among just digital news consumers (excluding those who say they do not get news online), the percentage who get at least some news from one of these two leading social networks rises to 52%. But this still trails by a large margin other ways of getting news (92% go directly to news websites and 85% use search).

There are also substantial differences in the data between how people use each of these two forms of social media, what they think about it and who those users are.

Between the Two Social Media Options, Facebook Leads

More than twice as many digital news consumers follow news recommendations from Facebook than follow them from Twitter. And that remains consistent across different digital devices (computers, smartphones

or tablets). In all, on any device, 7% get news on Facebook very often, compared with 3% who do so on Twitter. Those populations may grow, or at least involve a broader universe of casual users. Another 19% say they get recommendations via Facebook somewhat often, and 4% via Twitter somewhat often.

The populations do overlap, again with Facebook as the leading platform. Fully 82% of those who ever get some news via Twitter recommendations also get some news via Facebook recommendations, and 40% so do very often or somewhat often. Facebook users, however, are much less likely to be on Twitter than the other way around. Just 27% of Facebook news followers also get news via Twitter, with 11% doing so somewhat or very often. Over all, 13% of digital news consumers follow news recommendations on *both* Facebook and Twitter - but fewer than 4% do so very or somewhat often.

But There is No Primary Digital Device for Social Media News

The reliance on social recommendations is strikingly similar across desktop/laptops, smartphones and tablet computers. At this early stage in their evolution, in other words, social media users are social media users, and device seems to have little impact on that.

Looking at the heaviest users - the relatively small number of people who rely on social media recommendations for news very often the percentages are similar across devices. Of those who get news on desktop/laptop computers, 6% get news via Facebook recommendations. The same is true for 7% of smartphone news users and 8% of tablet news consumers. For Twitter, the numbers are smaller but follow a similar pattern: 2% of desktop/laptop users follow Twitter recommendations very often on the desktop/laptop, 3% for smartphone news consumers on smartphones and 3% for tablet news consumers on that device.

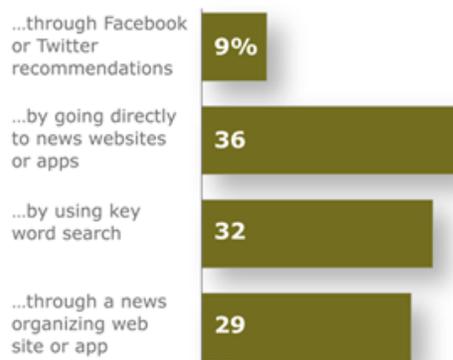
Social Networks at This Point Are Mostly an Additional Way to Get News, Rather Than a Replacement Source

Another finding is that, contrary to what some observers have argued, the rise of social media recommendations at this point does not appear to be coming at the expense of people going directly to news sites or searching for news topics they are interested in. Instead, social media news consumption is supplemental. This expanded behavior also mirrors what we see in the larger report about news consumptions on different digital devices. Smartphones and tablets do not appear to be replacing computers as much as providing additional ways to get news.

For example, fully 71% of those who ever follow news links on Facebook also get news somewhat or very often by going directly to a news organization's website or app.¹ Among Twitter news followers, 76% also go to home pages or use apps from a news organization very or somewhat often. Similarly 65% of Facebook news users get news via key word search very or somewhat often, as do 69% of Twitter news users.

Social media is not an overwhelming driver of news (yet)

Percent of U.S. adults who get news on any digital device very often...



N=3,016

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Twitter and Facebook Function Differently as News Sources

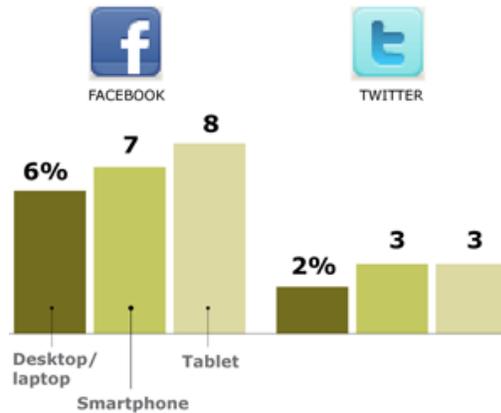
On Facebook, the news comes mostly through family and friends. On Twitter, people tend to get news from a broader mix of recommenders.

When asked who sends you most of the news stories you read or watch via Facebook, 70% said friends and family. Another 13% get most of their recommendations from news organizations or individual journalists. And 10% said most of the news they looked at from social media came from non-news entities that recommend news stories. And 7% said they didn't know.

Among Twitter news followers, there is much more of a mix: 36% say they get most of their links from friends and family and while 27% do so from news organizations This group was also almost twice as likely (18% on Twitter vs. 10% on Facebook) to look at news recommended to them by non-news organizations. A greater portion on Twitter, were unsure where most of the news recommendations come from or chose not to answer (19%).

Use of social media for news is similar across devices

Percent following Facebook and Twitter recommendations very often for news

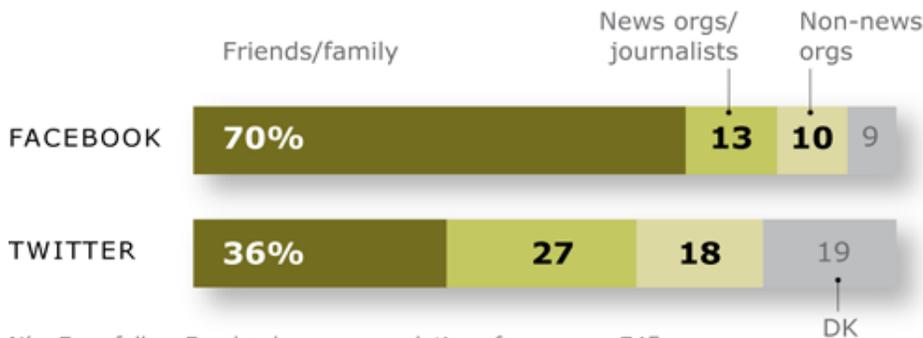


N's: Use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

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2012 STATE OF THE NEWS MEDIA

Where social media links come from

Percent who get most of their news links from...



N's: Ever follow Facebook recommendations for news = 745; ever follow Twitter recommendations for news = 239

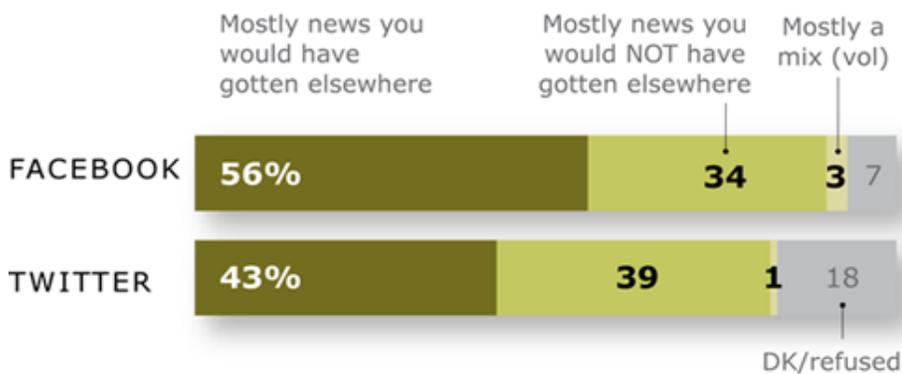
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

Consumers Are More Likely to See Facebook News as Replaceable

Those who get news via Facebook were more likely to feel the news they received there is news they largely would have gotten elsewhere. A majority, 56%, of those who get news recommendations from Facebook say they think they would have gotten that news from somewhere else. Only a third, 34%, said they would not have seen it otherwise.

Twitter news is viewed as more unique

Percent who say the news they get on each platform is...



N's: Ever follow Facebook recommendations for news = 745;
ever follow Twitter recommendations for news = 239

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

On Twitter, with its somewhat broader mix of sources for news links, there was more sense that the news they encountered this way expanded knowledge or source list. Twitter users were nearly split between the sense that they would get this news elsewhere (43%) and that they would not (39%).

Men and women responded very differently. Women were more likely to see the news as not special to Twitter (53% versus 30% who said they wouldn't get it elsewhere). Men were more likely to see it as giving them a unique or broader sense of the news (46% versus 35% who said they would get the news elsewhere).

Twitter News Followers Are More Mobile

Twitter news followers tend to be more heavily mobile than the public at large, and they lean toward smartphones in particular.

Fully three-quarters, 76%, of Twitter new followers own a smartphone. That compares with 67% of Facebook news followers and 60% of digital news consumers over all.

Twitter users are also more likely to get news on their smartphone, 64% versus 47% for Facebook users and 30% for all mobile news consumers.

Twitter news followers are more likely than others to own a tablet computer, 42% versus 30% among Facebook news followers and 26% for digital news consumers over all. And they are more likely to get news there, 31%, compared with 20% for both Facebook and for digital news consumers over all.

Who Twitter and Facebook News Users Are

There are some strong demographic differences when you break down those who use Facebook for news and those who use Twitter. Over all, Facebook news followers track with the general population fairly closely, while those who follow Twitter news stand out demographically.

Twitter news followers are more likely to be male, 57% versus 44% of Facebook users and 48% of the population over all. They are also younger; 39% are 18 to 29 years old, which is nearly double the population over all (22%), but about the same as Facebook users (37%).

They are highly educated. More than a third (37%) have a college degree or beyond, higher than the 28% for all adults, and fewer have no more than a high school diploma (34% versus 44% over all). They are less white than the population over all and less white than Facebook news users.

Facebook users mirror in more ways the population over all, but these news consumers are far more likely than the population over all and than their Twitter counterparts to have children in the house (37% versus 29% for Twitter and 31% of all adults).

About the Survey

The analysis in this report, What Facebook and Twitter Mean for News, is based on aggregated data from three telephone surveys conducted in January 2012 (Jan. 12-15, Jan. 19-22 and Jan. 26-29) with national samples of adults 18 years of age or older living in the continental United States. Interviews were conducted with a total of 3,016 adults (1,809 respondents were interviewed on a landline telephone, and 1,207 were interviewed on a cellphone, including 605 who had no landline telephone). The survey was conducted by interviewers at Princeton Data Source under the direction of Princeton Survey Research Associates International. A combination of landline and cellphone random digit dial samples were used; both samples were provided by Survey Sampling International. Interviews were conducted in English. Respondents in the landline sample were selected by randomly asking for the youngest adult person who was then at home. Interviews in the cellphone sample were conducted with the person who answered the phone, if that person was an adult 18 years of age or older.

The combined landline and cellphone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin and region to parameters from the March 2011 Census Bureau's Current Population Survey and population density to parameters from the Decennial Census. The sample also is weighted to match current patterns of telephone status, based on extrapolations from the 2011 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cellphones have a greater probability of being included in the combined sample and adjusts for household size within the landline sample. Sampling errors and statistical tests of significance take into account the effect of weighting. The following table shows the sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in the survey:

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Get news on a tablet computer	291	7.0 percentage points
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Get news from Facebook	745	4.5 percentage points
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Sample sizes and sampling errors for other subgroups are available upon request.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

[PLEASE CLICK HERE FOR A FULL TOPLINE OF THE REPORT](#)

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1. Note: Because the populations are relatively small (especially those who get news via Twitter), it is helpful to broaden the base of our analysis out to those who “*ever*” get news on one of the platforms.

Infographic

A New Era of the Digital Revolution:

The Role of Mobile Devices & Social Media in News Consumption

In early 2012, the digital revolution entered a new era. The age of mobile, in which people are connected to the web wherever they are, arrived in earnest. A new survey of more than 3,000 U.S. adults conducted in January 2012 by the Pew Research Center's Project for Excellence in Journalism finds that people are taking advantage of having access to news in their pockets, on their laps and at their desks: mobile devices appear to be adding to the news experience. Eight in ten who get news on smartphones or tablets, for instance, get news on conventional computers as well.

Today, **23%** of U.S. adults get news on at least two digital devices.



Device Ownership

Much of the growing mobile ownership is occurring among computer owners who are adding mobile devices to their digital collection. About half (52%) of desktop/laptop owners now also own a smartphone and roughly a quarter (23%) owns a tablet computer. Tablet ownership alone has increased by more than 50% since summer 2011.



of U.S. adults own a desktop/ laptop computer.



44%

of U.S. adults own a smartphone.



18%

of U.S. adults own a tablet.

Digital Devices & the News

Getting news is a popular activity on these devices. Further research finds people use mobile devices for news more often and for longer sessions - while still getting news in other ways.

DEVICES USED FOR NEWS

Percent of device owners getting news from their...



70%

Desktop/Laptop



51

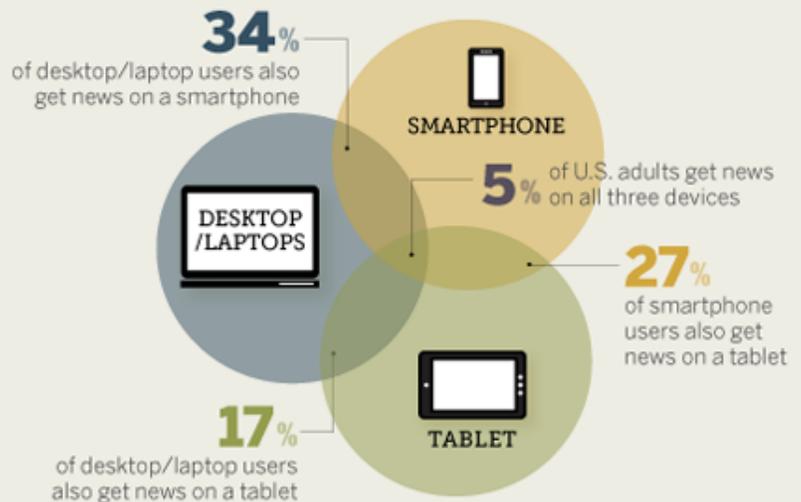
Smartphone



56

Tablet

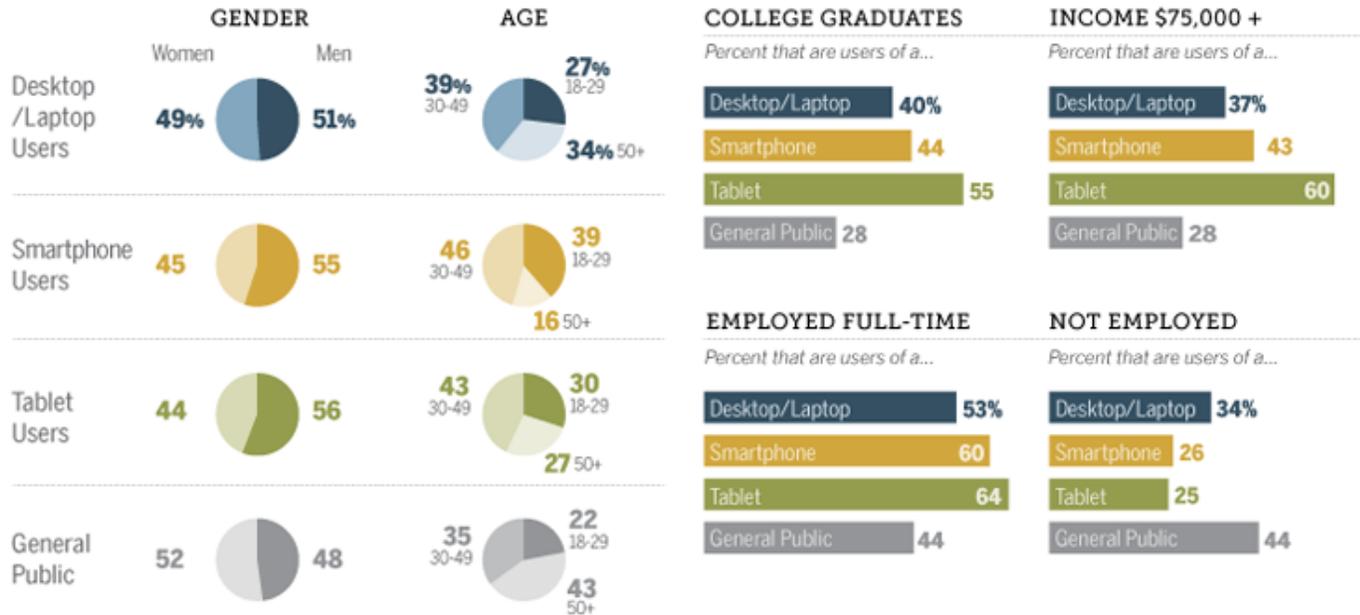
NO SINGLE PLACE FOR NEWS



Who Are Mobile News Users?

A 2011 survey conducted by Pew Research Center's Project for Excellence in Journalism in collaboration with The Economist Group found early tablet news users to be more middle-aged, higher earners and more highly educated than the population over-

all. That has largely remained unchanged with the introduction of lower-priced tablet options.



The Path to News

One pressing question facing the industry is how people find and access news stories. The survey reveals going to the news organization directly is a primary method on every device, with particular appeal on the tablet computer.



NEWS OUTLET'S WEBSITE OR APP

Percent accessing news via a news outlet's website or app very often...



Desktop/Laptop



Smartphone



Tablet



KEYWORD SEARCH

Percent accessing news using a keyword search very often...



Desktop/Laptop



Smartphone



Tablet



NEWS ORGANIZERS

Percent accessing news via a news organizer website or app very often...



Desktop/Laptop



Smartphone



Tablet

SOCIAL MEDIA RECOMMENDATIONS

Percent following Facebook and Twitter recommendations very often for news...



Facebook

Desktop/Laptop



Smartphone



Tablet



Twitter

Desktop/Laptop



Smartphone



Tablet

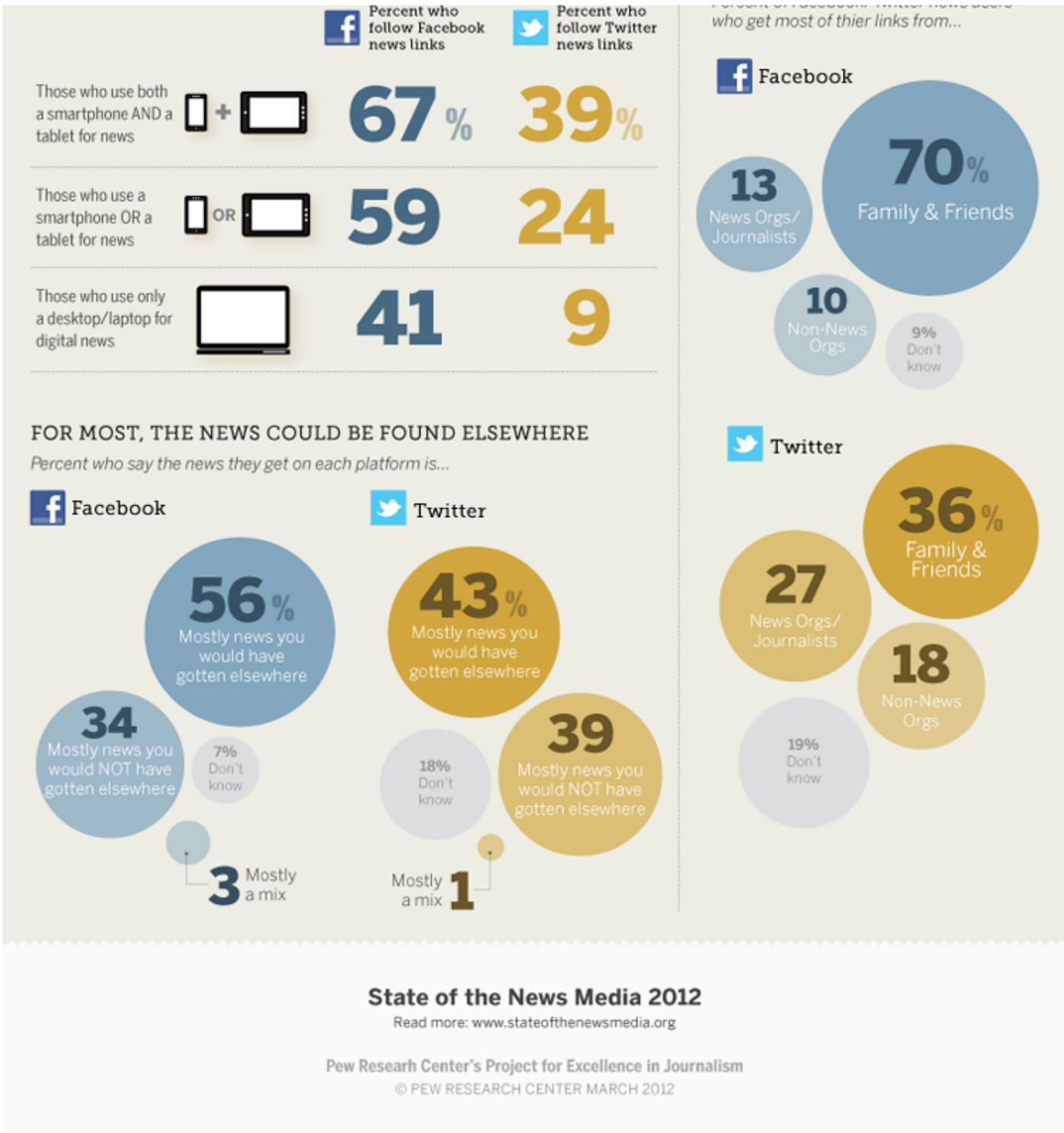
The Role of Facebook and Twitter

Americans are far more likely to get digital news by going directly to a news organization's website or app than by following social media links. Just 9% of digital news consumers follow Facebook or Twitter news links very often on at least one device. Even so, social media are an increasingly important part of the news process. The two biggest networks, Facebook and Twitter, have each established roles distinct from the other.

MORE DEVICES, MORE RELIANCE ON SOCIAL MEDIA

FOLLOWING FAMILY & FRIENDS

Percent of Facebook/Twitter news users



How Community News is Faring

By Michael Remez of the Pew Research Center

In 2011, the landscape of community news websites reached a new level of maturity. Some seed grants ran out, there were more startups, some highly publicized closures and a clearer sense of what is needed to succeed.

Some of the larger and better-established sites - such as The Texas Tribune and MinnPost - continued to build on early successes. Others struggled to gain stability, including The Bay Citizen, which has announced

plans to merge with the Berkeley-based Center for Investigative Reporting and its California Watch site. Some didn't make it. NewWest.net, once a highly praised regional site that covered the Rocky Mountain states, shut down, and the Chicago News Cooperative, which had a partnership with The New York Times, announced early this year that it was suspending operations.

The emerging world of community online news, less than a decade old, can be difficult to assess. It is diffuse and varied. There are well-known sites in large cities partnering with major news organizations and one-person operations in small towns.

To get a sense of what transpired in the last year, we interviewed five experts who watch the industry closely, examined the newest research and talked to several operators in the field. A number of common themes emerged.

- To survive now, community news sites need to develop multiple revenue streams. The end of many initial startup grants from national foundations represents a kind of inflection point for the sector. Replacement grants are hard to find. And no obvious single alternative revenue source has emerged, either in the for-profit arena or for nonprofits. The most successful sites have developed multiple revenue sources and have dedicated resources to aggressively pursuing them all.
- The initial skills that many site founders brought to their new enterprises – often these were journalists leaving old media – are insufficient now. Sites need people dedicated to the business side, as well as financial plans and technical capability. Providing some of these skills has increasingly become a focus of groups trying to nurture the field, such as the John S. and James L. Knight Foundation and J-Lab - the Institute for Interactive Journalism.
- At the hyperlocal level, sites are beginning to try to make up for what they lack in scale by sharing knowledge. Last year, owners of 45 sites launched a national organization called Authentically Local, in part to highlight their local roots in the face of competitors such as AOL's network of Patch sites.
- Experts predict more local sites with niches or special areas of interest will become a trend, focusing on topics such as health care, education and state government.
- Journalism schools are becoming a larger part of local digital news. A number of college journalism programs have launched hyperlocal sites as a way to give real-world training to their students and to serve neighboring communities. Some, such as Intersections South LA in Los Angeles, are in what have been under-covered areas.
- The future for local and regional sites probably will see increased use of news networks and partnerships - with public radio, local television, even local daily newspapers that may have resisted such alliances just a few years ago.

Last year, Jon Funabiki, executive director of the Renaissance Journalism Center at San Francisco State University, conducted a survey of community news editors and publishers to get a better sense of the challenges they face on the business side. He concluded that at this point many sites “need expertise and assistance in developing diverse revenue streams because they can no longer rely solely on grants from foundations.”

“We are starting to see evidence that a shakeout is coming,” Funabiki said. “There was this rush of entrepreneurship as mostly journalists, many laid off, looked to reinvent themselves.”

At the same time, as traditional news outlets continue to shrink, the new community news sites are also becoming a more critical source of news. For now, their audiences remain small, but time suggests that will change, both through the growing number of partnerships with larger news operations and through demographics. According to a survey by PEJ and the Pew Internet and American Life Project last year, 24% of internet users go to local community news websites at least several times a month now.

Revenue Streams

Some of the shakeout Funabiki foresaw has begun. Among the larger sites, the closure of New West and the suspension of the Chicago News Cooperative are two examples. Among smaller startups, there has always been a significant amount of churn. Publishers may choose to shut down for a multitude of reasons, ranging from the viability of the business to the driving person behind it landing a more secure full-time job.

The most successful (and therefore sustainable), sites are those with a range of revenue streams, which can include local foundations, advertising, subscriptions, special events and membership campaigns, for example. The more varied the sources of revenue, the better, said Eric Newton, senior adviser to the president of the John S. and James L. Knight Foundation.

The Knight Foundation helped shepherd many sites with startup grants, but Newton said they must be able to stand on their own. “Local media must have local support to survive,” Newton said. He said that Knight works to encourage community foundations to support local startups with a matching grant program. “If you establish a relationship with the community, that is ultimately the most powerful economic engine,” he added.

MinnPost in Minnesota is one example of a site with varied revenue streams that is faring better than most. A nonprofit, MinnPost’s annual report for 2011 shows strong growth in visits to the site and in memberships, and a 19% increase in revenue to \$1.5 million. About a quarter of the revenue came from advertising and sponsorships, another 25% came from individual and corporate memberships, 21% came from foundation grants, 20% from a capital campaign and 9% from special events.

Texas Tribune is another successful example of the multiple-revenue source model. Started in 2009, the site has focused on covering the state government in Austin and has specialized in providing data to readers on state salaries and campaign contributions. Its founders have done well in raising money from a range of sources - including foundations, philanthropies, memberships and large conferences that also help bring attention to the site’s work.

Another well-known site, the Voice of San Diego, also has diverse funding sources, though its year was more complicated. The site has enjoyed significant growth in recent years, but it laid off four staffers - including three in its newsroom - at the end of 2011. In a letter to readers, managers said that the site was projecting a slight decrease in revenue for 2012 as it reduces its reliance on grants from national foundations.

Scott Lewis, chief executive of the Voice of San Diego, said, “We had to give ourselves breathing space with payroll.”

But it continues to do well, Lewis said, because its revenue, too, comes from a range of sources: small individual donors, major donors, local community foundations, advertising and media partners - such as the relationship with the local NBC station. In their news coverage, editors try to limit the scope of what they provide both to meet community needs and play to their strengths. The site emphasizes investigative reports and news about local government, education, the arts and quality of life.

Lewis argues that online-only community operations have one distinct advantage over legacy news organizations, such as newspapers that have a hard time escaping costs for printing and distribution. "These operations are not that expensive," Lewis said. His nonprofit, nonpartisan site, started in 2004, now has a budget of about \$1 million and a full-time staff of 10.

Eric Newton of the Knight Foundation said these operations also must diversify how they deploy their resources. While spending on news is critical, he said, publishers must make sure not to ignore the technology, business and community engagement sides of the equation, factors that all will help bring sustainability.

"The more diverse the pies are the better," Newton said, referring to both revenue and expenses.

Learning New Skills

Many of the online news sites launched in recent years were started by journalists, often people with little business training. To survive now, most experts told us, these operations must either develop business skills or bring in people with that expertise. That is true for both the larger statewide or regional sites and the hyperlocal ones.

"I am convinced that the revenue is there in most communities," said Michele McLellan, a journalist and consultant who developed a program to help these startups when she was a fellow with the Donald W. Reynolds Journalism Institute. "It is the lack of business focus and expertise that is holding them back."

The Block by Block program she started offers business training and coaching for site publishers, as well as opportunities to share experiences and ideas at annual conferences, the first held in 2010. Universities also are looking at how to help these journalists get the needed skills. Jan Schaffer, who runs the J-Lab, which is at American University, said the school is planning to launch a new master's degree in media entrepreneurship this fall. The program will be a part-time one in partnership between the school of communications and the business school and aimed at working professionals. "Our preference is get people in with a vision for a project," she said, so they can work on specific strategies while earning the degree.

The critical need to bring both journalistic and business skills to the table is a common refrain from those watching this new business model. When the Chicago News Cooperative announced it would suspend operations this February, several analysts noted that its top managers had focused on the journalism - including producing regular copy for The New York Times - but had not made real progress on creating a sustainable business.

A Part of the Community

At the hyperlocal level, some now see greater benefits in going the for-profit route rather than the nonprofit.

McLellan, who co-wrote a report last year for the Knight Foundation entitled "Getting Local: How Nonprofit News Ventures Seek Sustainability," said she sees a viable business model for smaller, hyperlocal

sites that rely heavily on local advertising - if publishers bring the right skills to the task.

One example of this is DavidsonNews.net in Davidson, N.C. With an intensely local approach to news, the site's owners started a companion site in nearby Cornelius last year and hope to be able to launch more in the years ahead. Founder David Boraks said the dynamics of his small community, a college town not far from Charlotte, required a different economic calculus than the nonprofit approach adopted by some regional sites. He felt he needed to look at his startup as a small business reaching out to people and other businesses in the community.

"My research convinced me for-profit was the only way to go," Boraks said. He sees nonprofit status as more advantageous in areas where a site owner can tap into community foundation money and a larger potential base of paying members. "In a small town like Davidson with 10,000 people, that won't work," he said. "At the very local level, that kind of money is hard to come by."

But he found he could make his business model work by keeping expenses low - he works out of his home, by selling local advertising, soliciting contributions from readers, holding fund-raisers and offering extra services such as web design. With strong local ties to the community, the site is growing. Boraks used his own money to open the second site last year. He hopes he will be better able to borrow money to start additional sites as the business grows.

Another development is that to make up for limited resources these small sites are organizing to share information. Some 45 sites, including DavidsonNews, Baristanet in New Jersey and NoozHawk in California, banded together in May 2011 to start Authentically Local, a trade association that promotes the virtues of local ownership.

The group's founders also launched a branding campaign emphasizing that member sites are locally produced and financed, and stressing that the best local journalism emerges from people deeply engaged in their communities.

One key motivation for the organization is to fend off competition from Patch, the hyperlocal news operation run by AOL. The Patch model was designed to match the best of hyperlocal news - content produced at the neighborhood level - with a national sales force that would leverage that local content for national advertisers. So far, most Patch sites are not turning a profit, despite some optimistic projections in 2011, but the company says it expects revenue to grow substantially in 2012.

More Niche Sites

Those watching this landscape seem to agree that there may be opportunity in specialization - or focusing on a single topic. In a sense, hyperlocal is another form of that. "You will see people picking slivers of the ecosystem that they think are important," Newton said.

Funabiki agreed, saying that it is likely to be easier to raise the needed revenue when promoting coverage of specific issues and beats - such as the statehouse, schools, the environment or investigative reporting - than a general news site. "I think you can really start to narrow your operation," he said. "The public is often very interested in specific issues and funders are often interested in specific issues."

Schaffer said niche sites are coming on strong, offering a list of examples, including thenotebook.org, which focuses on public education in Philadelphia, Health News Florida and Oregon Arts Watch. Health News Florida focuses on health issues and policy in the state and is a member of the Investigative News

Network, a national consortium of nonprofit news sites started in 2009. Oregon Arts Watch started in 2011 with 11 arts organizations in the Portland area as partners.

Another area of growth is sites covering state governments, McLellan said, citing NJ Spotlight as an example. The site, which is focused on New Jersey state government, won an award for general excellence last year from the Online News Association.

Student Journalism

The industry watchers also see an increase in news operations - both hyperlocal and those with a broader focus - affiliated with colleges and universities. Journalism students at schools such as the University of California at Berkeley, the University of Wisconsin, the University of Miami and the University of Southern California all provide news to nearby communities as part of training for student journalists.

In Florida, Miami students produce Grand Avenue, a site that focuses on community news for Coconut Grove. In Los Angeles, U.S.C. students tackle local news for the diverse communities of South Los Angeles with their Intersections site. At the U.C. Berkeley Graduate School of Journalism, students have created websites to cover two underserved communities. And the list is growing.

Professors at U.S.C.'s Annenberg School for Communication & Journalism thought their students could get real-world experience in an under-covered community not far from their campus. Started in 2009, the site has been funded by the university and grants.

But there are challenges to these university models as well. The funding equation is not easy, said Willa Seidenberg, the Annenberg professor who directs the site. Making matters more difficult, broadband access in the community is limited, forcing website managers to consider other ways of reaching readers - whether through mobile devices such as smartphones or possibly a print quarterly to showcase the students best work.

"We are kind of at a crossroads," Seidenberg said, "trying to think about what we can and what we should do."

Partnerships and Social Media

Finally, two other trends appear to be growing in importance: partnership and gravitating to new technology, particularly social media.

"In the old days, we talked about convergence: the same information on different platforms," said Schaffer. "Now we are talking more about networks - repurposing content or giving content a bigger megaphone."

One of the challenges for new community online operations is how to develop a sufficient audience to help finance the site, whatever the revenue source. An increasingly effective method is to get the content out in front of people in ways other than the website. Partnerships with existing and more established outlets - including local television, public radio and newspapers - are becoming a more accepted path. These sites need content. The new operations need audience.

This is the path that helped make ProPublica among the most successful of the nonprofit news operations in the country. ProPublica, which does investigative reporting, generally partners with a traditional news organization to produce and disseminate the work.

In the community news realm, partnerships are becoming routine. The Voice of San Diego's relationship with the NBC station in San Diego is a source of revenue for the site, but it also gets its work in front of more people who then might come to the website or become supporters. One newspaper, The Seattle Times, links to a range of hyperlocal news sites, both community and ethnic, on its website. Many local site owners also are providing insight about community news on local public radio stations.

The other element of expanding dissemination is new technology, particularly given the low cost of social media.

Joaquin Alvarado, until recently the senior vice president for digital innovation for American Public Media, talks more specifically about the importance of using the new technologies to grab the attention of younger adults, who often do not track news closely. "How do we get Millennials invested in news in a way that is important and relevant?" Alvarado asked.

Part of that involves making the best use of new technologies as people increasingly get information on their mobile devices or through social media. It also involves finding ways to make newsgathering more of a two-way street. For example, American Public Media encourages listeners to serve as sources for its journalists through its Public Insight Network.

Many local sites are already using these tools to engage their audiences, encouraging community involvement and feedback. Sites like the Voice of San Diego send out daily e-mails to subscribers highlighting new and breaking stories. Oakland Local has gained a reputation for using its Facebook page well and even offers social media training as a way to bring in additional revenue.

McLellan said the sites need a variety of ways of interacting with their communities.

"One of the biggest challenges for these sites, especially the smaller ones, is how do you get visible?" she said. "How do you establish yourself? Some of that today is through social media." From McLellan's perspective, site publishers and editors must consider every tool available. "The big challenge isn't starting a site," she said. "The big challenge is making it sustainable."

That push for sustainability is highly variable from market to market. Still, the industry watchers expect many of the trends of 2011 to continue in 2012 - new sites will open, others will shut down, the lines will become increasingly blurred between different media sources, social media will play a growing role and publishers will look for promising niches to fill.

J-Lab's Schaffer said the successful sites continue to take an entrepreneurial approach, despite the tricky business environment.

"You figure out the job that needs to be done and you do it," Schaffer said. "You can have a business out of that. I think there is no doubt the evolution is ongoing and I think there is no question there is good journalism being produced."

Year in the News 2011

Mark Jurkowitz, Tom Rosenstiel and Amy Mitchell of PEJ

Coverage of Economy, International News Jump in Year of Big Breaking Stories

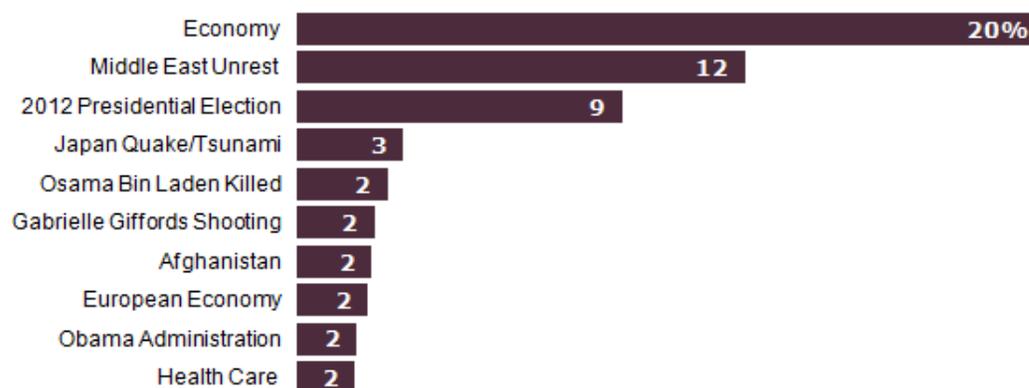
The faltering U.S. economy was the No. 1 story in the American news media in 2011, with coverage increasing substantially from a year earlier when economic unease helped alter the political landscape in the midterm elections, according to *The Year in the News 2011*, a new report conducted by the Pew Research Center's Project for Excellence in Journalism.

The year 2011 was also characterized by a jump of more than a third in coverage of international news, by a growing contrast in the content of the three broadcast networks and by a series of dramatic breaking news events that dominated coverage in ways unprecedented in PEJ's five years of studying news agenda.

The biggest story of the year, however, was the economy. As the recovery weakened and Washington engaged in partisan warfare over the debt ceiling, news about the state of the economy jumped to the same level of attention it had received in 2009 when newly elected president Barack Obama passed his controversial stimulus package in response to the "Great Recession." For all of 2011, the economy made up 20% of the space studied in newspapers and online and time on television and radio news, an increase of more than 40% from 14% of the newshole studied in 2010.

Top Stories of 2011

Percent of Newshole



Source: PEJ's News Coverage Index

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The unfolding uprisings in the Middle East—from the mass protests in Egypt in February to the hunt for Muammar Gaddafi in October—was the second biggest story of the year. Those events filled 12% of the newshole studied in 2011. That makes the Middle East uprisings the second- biggest annual foreign story on record since PEJ began analyzing the news agenda five years earlier. The only bigger international story was Iraq in 2007, the year of the "surge" under George Bush.

The biggest component of the Mideast story in 2011 was the uprising in Libya, which involved international military intervention and the dramatic search for the fleeing Libyan dictator. The overthrow of Hosni Mubarak in Egypt was the second biggest part of the Mideast uprisings story. The ongoing violence in Syria was the third biggest element.

The No. 3 story of the year overall in 2011 was the race for U.S. president, even though no primary or caucus has yet been held or single vote cast. The race for president consumed 9% of the news space in the

last year. What was once called pre-primary period, or the invisible primary, is invisible no longer. Four years ago, in 2007, with nomination battles raging in both parties, the presidential campaign was a bigger story, however, accounting for 11% of the newshole.

PEJ's The Year in the News is derived from an analysis of close to 46,000 stories produced from January 1-December 11, 2011 that were examined as part of the group's ongoing content analysis of 52 different traditional news outlets from the main five media sectors, its News Coverage Index. The report also includes an analysis of the year in social media, based on the group's weekly analysis of blogs and Twitter, the New Media Index.

The findings are also available for users to examine themselves in PEJ's Year in the News Interactive, where users can delve into the data base by story, by broad topic and compare different news sectors and outlets with one another.

After the top three stories, a host of major breaking news stories, followed by a group of ongoing trend stories, filled out the top 10 stories of the year. The March 11 Japanese earthquake and tsunami was the 4th biggest story (3% of the newshole), followed by the May 1 killing of Osama bin Laden (2%), and the January 8 Tucson shooting of Congresswoman Gabrielle Giffords that wounded 18 other people, six of them fatally (2%). The week it happened, the killing of bin Laden was the biggest story in any given week in 2011, when it accounted for 69% of all the news studied. That made it the biggest one-week story recorded since PEJ began monitoring the news agenda.

The next four stories were ongoing events—the situation in Afghanistan, the European economic crisis, coverage of the Obama Administration (including the workings of the West Wing and family issues, but not including policy debates) and the health care debate.

A year ago, in 2010, education, immigration and the fight against terrorism were all among the top 10 stories. They fell back just slightly in 2011 (to 11th for education and 12th for terror threats). Immigration fell to No. 18.

In general, the public tended to agree with the news agenda of the media in 2011, at least as measured by data from the Pew Research Center for the People & the Press in its weekly comparison of what stories the media covered and what the public was following. On several of the biggest stories of the year, such as the killing of bin Laden, the Japanese earthquake and the shootings in Tucson, public attention matched the high level of media coverage. Where the public tended to differ with the media in 2011 is that their interest in some stories tended to last longer than the media's.

Top Stories: 2011 Compared to 2010

Percent of Newshole

2011 Big Stories		2010 Big Stories	
Economy	20 %	Economy	14 %
Middle East Unrest	12	2010 elections	10
2012 Presidential Election	9	BP Oil Spill	7
Japan Quake/Tsunami	3	Health Care	5
Osama Bin Laden Killed	2	Afghanistan	4
Gabrielle Giffords Shooting	2	Obama Administration	2
Afghanistan	2	Haiti Earthquake	2
European Economy	2	Terror Threats/Homeland Security	2
Obama Administration	2	Immigration	2
Health Care	2	Education	2

Source: PEJ's News Coverage Index

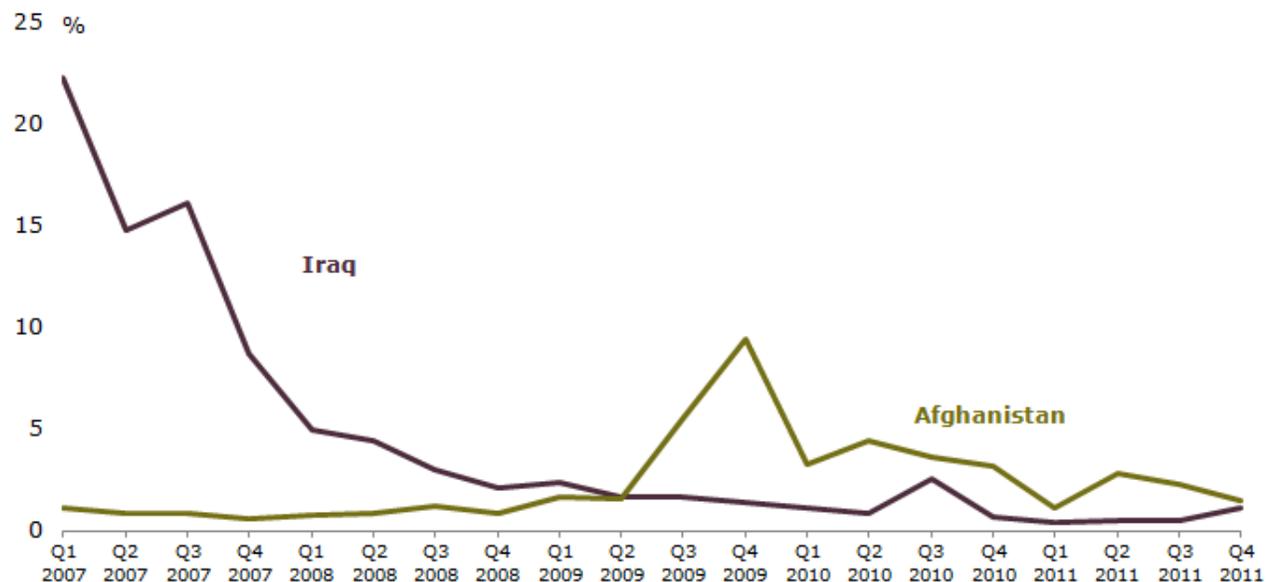
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One significant difference in 2011 was the heavier focus on international news. Five of the 10 biggest stories of the year (and eight of the top 20) were international. Together these five stories alone accounted for 21% of the newshole studied. A year ago, only two of the top 10 stories were international (Afghanistan and the Haiti earthquake), representing 6% of the news agenda.

Iraq and Afghanistan Coverage Overtime

Percent of Newshole



Source: PEJ's News Coverage Index

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The increase in foreign news in 2011 also came despite a drop in coverage of the war in Afghanistan—the major U.S. military engagement in the world. Coverage of the war dropped by half—to 2% in 2011 from 4% in 2010.

And when all stories—not just the top 10 of the year—are tallied together, the percentage of foreign news grows even more. By that measure, 28% of the news studied was international. The largest share (18%) focused on strictly foreign events. Another 10% focused on events in which the U.S. was directly involved. That is an increase of more than a third from a year ago, when the total newshole for international events was 20%.

Another difference in 2011 was that the focus of economic coverage shifted. The story changed from being about taxes and jobs to being much more a story about government. Almost a third of the economic coverage in the last year (32%) was focused on the budget and national debt (heavily influenced by the debt ceiling crisis). The second biggest storyline was the effect the economy was having on state and local government (12% of the economy coverage). A year ago the two biggest themes were taxes and unemployment.

One new aspect to the economy story in 2011—the Occupy Wall Street Protests which began in September—proved to be the fourth-biggest storyline, at 5% of the overall economic coverage.

The Year of the Mega Story

This past year was also distinguished by the number of times that key breaking news events thoroughly dominated the news.

Top Stories in a Given Week		
Story	Week	% of Newshole
Osama bin Laden Killed	May 2-8	69%
Gabrielle Giffords Shooting	Jan 10-16	57
Japan Quake/Tsunami	March 14-20	57
Middle East Unrest	Jan 31 – Feb 6	56
Economy	July 25-31	52
Middle East Unrest	March 21-27	47
Economy	Aug 1-7	45
Middle East Unrest	Feb 7-13	40
Economy	April 11-17	39
Middle East Unrest	March 28-April 3	38
Economy	July 11-17	37
Middle East Unrest	Feb 21-27	35
Economy	July 18-24	35
Economy	Feb 14-20	34
Middle East Unrest	Feb 28 - March 6	32
Economy	Aug 8-14	32
Potential Government Shutdown	April 4-10	29
2012 Campaign	Oct 31 – Nov 6	29
Economy	Sept 5-11	28

Source: PEJ's News Coverage Index

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Five different times during the year, a news event filled more than half of all the newshole studied in a given week, a rarity in our years of charting news coverage.

The biggest one-week story of the year was the killing May 1 of Osama bin Laden by Navy Seals. That week, the story filled 69% of the newshole, making it the biggest weekly story PEJ has measured since January 2007. The previous biggest story, (also at about 69%,) was the 2008 presidential campaign from August 25-31, 2008, when Democrats nominated Barack Obama at their Denver convention and John McCain introduced Sarah Palin as his surprise running mate.

But four other subjects also surpassed the 50% mark in a week in 2011—the Tucson shooting spree that wounded Congresswoman Giffords, the Japanese quake and tsunami, Mideast turmoil, and the U.S. economy.

That is the first time since PEJ began studying the news agenda that we have seen more than one story break the threshold of filling a majority of the news in a week. The race for president broke that threshold eight times in 2008. But outside of that election, we have never before seen different stories in the same year of such magnitude. Indeed, other than the 2008 election, there have only been three one-week stories that were so big and they were spread across three different years—the Virginia Tech massacre in 2007, the U.S. economy in 2009 and the midterm elections in 2010.

All News by Topic

Besides looking at just the biggest stories of the year, one advantage of PEJ's The Year in the News is that it can also categorize all the stories studied during the year by topic to measure the broader agenda-setting influence of the media. What topics got covered and what did not? This probes deeper patterns in news beyond what the biggest breaking news events tended to be.

The jump in coverage of overseas events not directly involving the U.S. (from 11% to 18%) was the biggest change in the year. There was a much smaller increase in attention to international stories that involved the U.S.—10% in 2011 compared with 9% in 2010.

The No. 2 topic category of the year was government itself (other than politics and elections). The workings of government received almost a third more attention than a year earlier (13% vs. 10%). Another topic that received more attention in 2011 was crime, with coverage up 50% (6% from 4%).

Several topics that had received significant coverage in recent years fell in 2011. Coverage of health and medicine, for instance, fell by half (to 3% down from 6% in 2010). Coverage of the environment, the No. 15 topic a year ago, fell (to 1% from 2%), to 17th. Coverage of the military also fell (to 1% from 2%) and from 16th to 19th.

The reason that a running news story, such as the faltering economy and the debates over what to do about it, can be the No. 1 story of the year, but not the No. 1 topic is because topic is broader. Many different foreign events can make up the topic of foreign news. Coverage of government, similarly, can encompass a wide range of news events as well, surpassing coverage of the state of the economy when tallied together.

General Topic Categories: 2011 vs. 2010

Percent of Newshole

2011 Topics		2010 Topics	
Foreign (Non-U.S.)	18%	Campaigns/Elections	12%
Government Agencies/Legislatures	13	Foreign (Non-U.S.)	11
Campaigns/Elections	11	Government Agencies	10
U.S. Foreign Affairs	10	U.S. Foreign Affairs	9
Economy	9	Economy	8
Crime	6	Disasters/Accidents	8
Disasters/Accidents	4	Health/Medicine	6
Additional Domestic Affairs	4	Business	4
Business	4	Crime	4
Health/Medicine	3	Lifestyle	3
Sports	2	Domestic Terrorism	3
Lifestyle	2	U.S. Miscellaneous	2
Domestic Terrorism	2	Sports	2
Media	2	Additional Domestic Affairs	2
U.S. Miscellaneous	2	Environment	2
Education	2	Defense/Military (Domestic)	2
Environment	1	Science/Technology	2
Science/Technology	1	Immigration	2
Defense/Military (Domestic)	1	Race/Gender/Gay Issues	2
Celebrity/Entertainment	1	Education	2
Transportation	1	Media	2
Race/Gender/Gay Issues	1	Religion	1
Immigration	1	Court/Legal System	1
Religion	1	Transportation	1
Court/Legal System	<1	Celebrity/Entertainment	<1
Development/Sprawl	<1	Development/Sprawl	<1

Source: PEJ's News Coverage Index

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The Year on Blogs and Twitter

While blogs and Twitter are both called social media and have a similar basic function—the sharing of information and opinion—their news agendas differed markedly in 2011 (something we also saw in 2010). The data examined by PEJ reveal that Twitter users were more consumed by new digital technology and products. The blogosphere more closely followed the traditional press focus on current events and issues.

In effect, while similar percentages of adults in the U.S. blog and use Twitter (14% and 13% respectively), they use the two platforms differently. The conversation on Twitter has a distinct and narrower set of news priorities, at least as measured by the top five subjects each week. Bloggers are forging a hybrid news agenda that shares elements with both Twitter and the mainstream media.

To evaluate the most popular topics on Twitter and blogs, PEJ uses a mix of content analysis combined with tracking services that measure the links present in blog posts and tweets. Each weekday, PEJ captures the top five stories on each of four social media tracking sites (Tweetmeme, Technorati, Icerocket and Twitteruly). Our researchers then code each story for its subject matter. On a weekly basis, we tabulate which subjects were present the most often separately for blogs and Twitter. PEJ releases the findings weekly in our New Media Index reports. In August 2011, PEJ made some changes to the methodology that expanded the number of social media tracking sites and expanded the number of sources from which content could originate—thus broadening the sample.

Top Topics on Blogs and Twitter

Percent of Links

Blogs		Twitter	
Consumer News	12%	Technology	25%
Government	10	Business	17
Campaign/Politics	9	Celebrities/Pop Culture	13
Business	8	Crime	6
Economy	7	Foreign Government/Internal Affairs	5
Technology	6	Media	5
US Foreign Affairs	5	Consumer News	4
Foreign Government/Internal Affairs	4	Other	4
Celebrities/Pop Culture	4	Environment	3
Environment	4	Accidents/Disasters	3
Obituaries	4		

Source: PEJ's New Media Index

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The 2011 data indicate that, first and foremost, people use Twitter to discuss and disseminate news and reviews about the latest high-tech products. When added together, the three related topics—consumer news, technology and business—made up almost half the stories that made the top five list derived from our multiple tracking services in a given week.

Breaking down that conversation from topic to storyline, in 2011 the four most popular stories on Twitter were, in descending order, news about Facebook, Google, Twitter itself and Apple—all giants of the new information ecosystem. Twitter users displayed an almost insatiable appetite for news and rumors about the latest gadgets and upgrades by the major companies and in many cases, functioned as consumer reporters evaluating these products.

Another category of news more popular on Twitter than blogs was information regarding celebrities, fueled by entertainers who have huge followings on the social media platform. Fully 13% of the top stories in any given week were about celebrity on Twitter. That number was just 4% in blogs. Ubiquitous pop idol Justin Bieber ranked as the fifth most popular story of the year on Twitter; Lady Gaga tied for No. 7.

Considerably less prominent on Twitter were the news events and issues that are fodder for newspaper front pages and cable talk shows. In the year leading up to a presidential election, for instance, the conversation about government and politics was rarely among the top stories on Twitter in any given week. Foreign affairs and diplomacy also represented a small portion of top topics on Twitter, even with such overseas events as the Arab Spring and the Japanese earthquake. Those categories combined accounted for only 9% of the stories that made the top five list in a given week.

Top Ten Stories on Blogs, Twitter, and Mainstream News

Blogs		Twitter		Mainstream News	
Economy	10%	Facebook	9%	Economy	20%
Apple News	10	Google	8	Middle East Unrest	12
2012 Campaign	8	Twitter	8	2012 Presidential Election	9
Cell Phones (Other Than Apple)	5	Apple News	7	Japan Earthquake/Tsunami	3
Google	4	Justin Bieber	4	Osama Bin Laden Killed	2
Terror Threats/Homeland Security	2	Cell Phones (Other Than Apple)	3	Gabrielle Giffords Shooting	2
Occupy Wall Street	2	Economy	2	Afghanistan	2
Health Care	2	Lady Gaga	2	European Economy/Austerity/Strikes	2
Libya	2	News of the World Hacking	2	Obama Administration	2
Osama bin Laden Killed	2	Social Media general	2	Health Care	2

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

Note: For the New Media Index, the priorities of bloggers and users of Twitter are measured in terms of percentage of links. The mainstream coverage is measured as a percentage of newshole.

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Bloggers were also interested in technology and new digital products in 2011, but just not to the extent that Twitter users were. The business, consumer news and technology topics combined to account for about 26% of the top weekly stories, little more than half of what it was on Twitter. Still, Apple, cell phones and Google registered among the top five stories on blogs for the year.

But aside from that, the new priorities in blogs largely diverged from those on Twitter and the blogosphere's function as a forum to debate public events became more evident.

In blogs, the conversation about government and politics, as well as diplomacy and overseas events, combined to account for almost one-third of the stories in the top five list in a given week. In addition, roughly another third (29%) of the dialogue on blogs was devoted to a series of public policy issues that included the economy, the environment, health care, education and others.

In one indication that bloggers often take their cues from what is happening in the mainstream media, five of the top 10 stories on blogs—the economy, the presidential campaign, health care, the civil war in Libya, and the death of Osama bin Laden—were also among the top 10 stories in traditional news coverage.

The Press and the Public: Where They Diverged and Where They Met

In a year defined by a number of major news events, the mainstream media and the U.S. public often agreed on the most important stories.

According to data from the Pew Research Center for the People & the Press, three of five stories that generated the most public attention in a single week were among those that also received the highest level of weekly coverage from the press. (The research was conducted as part of the group's News Interest Index.)

The story that generated the most public interest for the year was the Japanese earthquake and tsunami. The week of March 14-20, a full 55% of those surveyed said they were following events there very closely. That week news coverage of the disaster filled 57% of the newshole. The week following the death, on May 1, of Osama bin Laden, 50% of the public said they were following that story very closely; that was the biggest weekly story of the year in terms of coverage (it filled 69% of the newshole studied). In the wake of

the Tucson shooting spree that killed six people and seriously wounded Congresswoman Gabrielle Giffords, 49% of the public was following the saga very closely; from January 10-16, the tragedy accounted for 57% of the coverage studied by PEJ.

If there was a divergence between public interest and the media interest on these major stories, however, it could be found in how long the public was interested in something versus the media. In several cases, high levels of public interest outlasted media coverage as the press moved on to other events.

When Public Interest and Media Coverage Match

Percent of Links

	Percent Followed Very Closely	Percent of Newshole
Japan Quake/Tsunami (May 14-20)	55%	57%
Osama bin Laden Killed (May 2-8)	50	69
Gabrielle Giffords Shooting (January 10-16)	49	57
Economy (August 1-7)	46	45

Source: PEJ's News Coverage Index and People and the Press News Interest Index

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When Public Interest and Media Coverage Diverge

Percent of Links

	Percent Followed Very Closely	Percent of Newshole
Winter Storms (January 31-February 6)	45%	3%
Hurricane Irene (August 22-28)	45	21
July Heat Wave (July 18-24)	38	5
Iraq Troop Withdrawal (August 1-7)	34	8

Source: PEJ's News Coverage Index and People and the Press News Interest Index

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In the week of March 21-27, for example, half (50%) of the respondents were still following the aftermath of the Japanese earthquake very closely, but media coverage had plunged to 15% from 57% the week before. That was also the case with the Tucson shooting when coverage dropped to 17% (the week of January 17-23) from 57% the week before, while news interest stayed very high, with 45% saying they were still following the story very closely.

Major weather events generated substantial coverage in the media in 2011, but even then not at the levels registered by the public. Coverage of the deadly Joplin Missouri tornado filled 22% of the newshole from May 23-29, but a full 45% of the public said they were following that story very closely. In a more dramatic divergence, the blizzards that blasted the Midwest the week of January 31-February 6 accounted for 8% of the newshole while almost half (45%) of the public were paying very close attention to them.

One other story late in the year seemed to be of considerably more interest to the public than the media. When the last U.S. troops packed up and came home, ending the nearly nine-year war in Iraq, 34% of Americans said they were following that milestone very closely. In the media from December 12-18, the story ranked behind the presidential election and the economy—filling 8% of the newshole.

Top Newsmakers

Barack Obama was the top newsmaker of the year. He was the primary newsmaker (meaning 50% of the story focused on him) in a total of 3,802 stories or 8% of the stories studied—the same percentage as a year earlier. Muammar Gaddafi, the Libyan strongman who was deposed and later killed by rebels, was the second-biggest newsmaker by this measure, the focus of 1% of all stories studied. Indeed, three of the top

20 newsmakers last year were key Mideast figures who were either deposed or killed—Gaddafi, bin Laden (1%) and former Egyptian president Hosni Mubarak (less than 1%).

Lead Newsmakers	
<i>Number of Stories</i>	
Barack Obama*	3802
Muammar Gaddafi	606
Herman Cain	577
Mitt Romney	527
Newt Gingrich	474
Rick Perry	410
Gabrielle Giffords	375
Osama bin Laden	357
John Boehner	269
Anthony Weiner	235
Michele Bachmann	230
Dominique Strauss-Kahn	213
Casey Anthony	207
Sarah Palin	199
Hillary Clinton	199
Jared Lee Loughner	197
Donald Trump	187
Hosni Mubarak	187
Conrad Murray	177
Jerry Sandusky	167

Note: Barack Obama includes Barack Obama and Obama Administration

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Among Republican hopefuls for president, Herman Cain was the most covered candidate in 2011, followed closely by Mitt Romney, Rick Perry and Newt Gingrich, who rounded out the top half dozen newsmakers.

Among elected Republican lawmakers, House Speaker John Boehner was the most covered. Among Democrats other than President Obama, that distinction went to disgraced Congressman Anthony Weiner, who resigned his office after sending suggestive photos of himself to women.

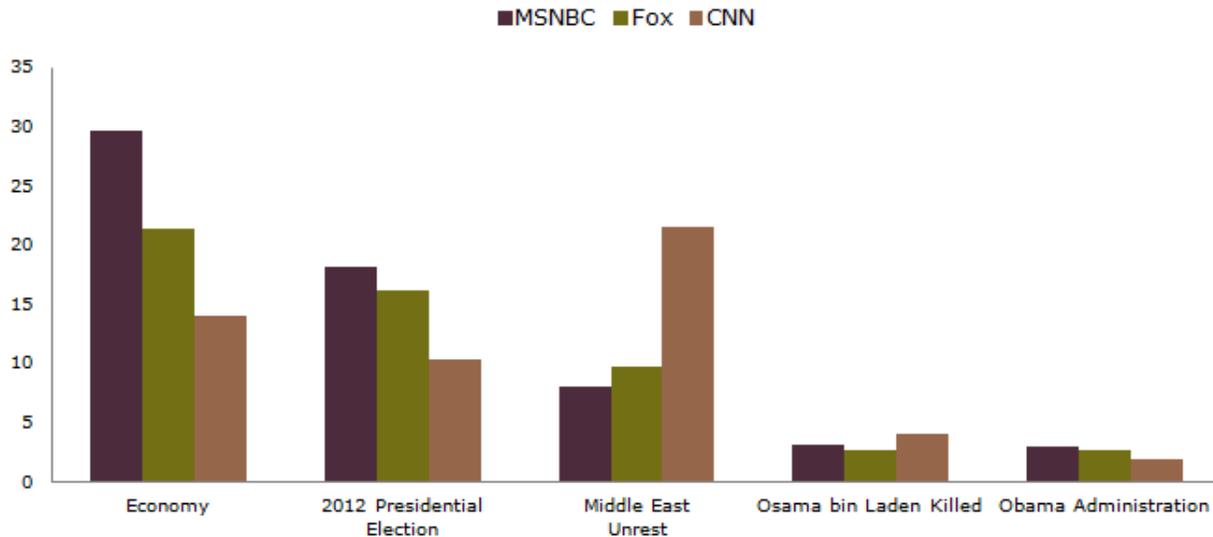
The Cable Difference

With different audience bases, different sibling networks and different styles, the three main cable news channels also had different definitions of what constituted news in 2011. Some of the distinctions between the three main channels, in other words, are in story selection, not only style or tone.

The weakening economy, for instance, was a much bigger story on MSNBC (30% of the airtime studied), a sibling of business channel CNBC, than anywhere else. It received the second-most attention on Fox (21%), which also has a sibling channel focused on financial matters, Fox Business. The economy was a much smaller story on CNN (14%).

Top Five Stories on Cable News Channels

Percent of Newshour



Source: PEJ's News Coverage Index

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CNN, by contrast, was generally much more international, and it has a sibling international channel. Overall, more than a third of its airtime for the year was devoted to international events and matters that concerned U.S involvement abroad (34%). The percentage was considerably less, 20%, on Fox and even smaller, 14%, on MSNBC. The biggest story of the year on CNN was unrest in the Middle East. It was third on Fox and MSNBC.

CNN also covered lifestyle, celebrity and sports more heavily (comprising 4% together) than Fox (3%) or MSNBC (2%). And it covered disasters more heavily (7%) than Fox (3%) or MSNBC (3%).

The two channels whose evening programming is dominated by ideological talk show hosts, Fox News and MSNBC, were actually more similar in their news agendas generally.

Users can explore these differences in depth in The Year in the News Interactive.

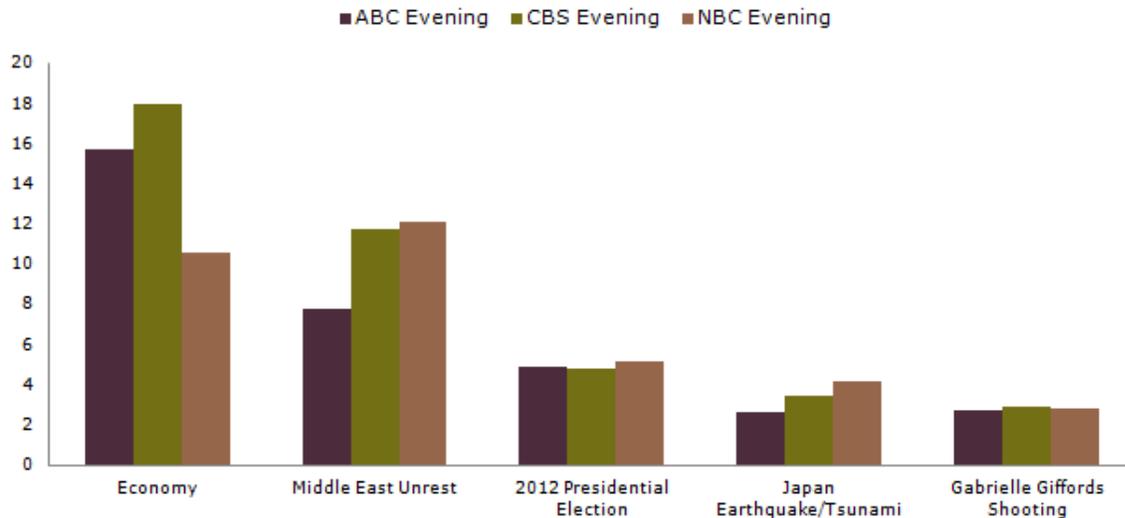
The Network News Agendas

Traditionally, the three broadcast networks have not had marked variations in their selection of news. That appears to be changing. In 2011, one network appears to be differentiating itself with a more hard news orientation.

CBS, which publicly has announced that it is trying to define itself with a more hard news approach, devoted almost one-third of the airtime studied on its evening newscasts (30%) to two major stories—the economy and Middle East unrest—over the course of the year. That compares with 24% on the ABC's World News Tonight and 23% on The NBC Nightly News.

Network Evening Story Comparisons

Percent of Newshole



Source: PEJ's News Coverage Index

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The CBS Evening News also spent less time on lifestyle, celebrity and sports (7%) and disasters (7%) than did ABC's World News (11% and 9%) or NBC Nightly (9% and 11%).

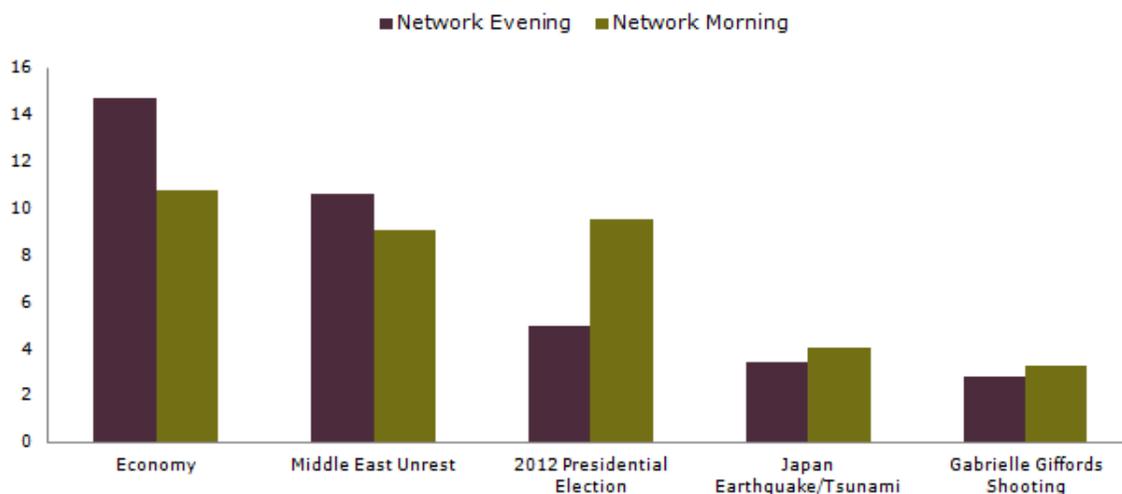
The same basic pattern was also evident in the three networks' morning news shows. PEJ examines the first 30 minutes of these programs, the period during which producers acknowledge they are most inclined to provide their hard news segments. Again CBS spent more on the economy and Mideast combined (26%) than either NBC (18%) or ABC (16%).

The CBS morning Show also spent less time on lifestyle, celebrity and sports (6%) compared with ABC (10%). NBC's Today Show was similar to CBS (6%).

Traditionally, there have been bigger differences in the news agendas of the morning and evening news shows than there have been between the three different networks. Some of those time slot differences remain. The troubled U.S. economy was a significantly bigger story on the network evening newscasts (15%) than on the morning shows (11%). There was also somewhat more attention to the Mideast in the evening (11%) than the morning (9%). The campaign, by contrast, was a bigger story in the morning—twice as big (10%) than it was on the evening broadcasts (5%).

Network Evening and Morning Story Comparisons

Percent of Newshole



Source: PEJ's News Coverage Index

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Yet for now, a new pattern appears to be emerging in which the networks, and particularly third place CBS, is appearing to try to brand its newscasts as different than the others in the news they choose to feature.

That new pattern coincides with new management at two of three broadcast news divisions in the last year. At CBS, Jeff Fager, the executive producer of 60 Minutes took the helm as chairman of CBS News with David Rhodes as president while Scott Pelley became anchor in 2011. At ABC, Ben Sherwood took over as news president from David Westin early in 2011.

The PBS Difference

An examination of 2011 coverage also reveals some ways in which the PBS NewsHour differs in its agenda from the rest of the media, particularly in what viewers can find elsewhere on television.

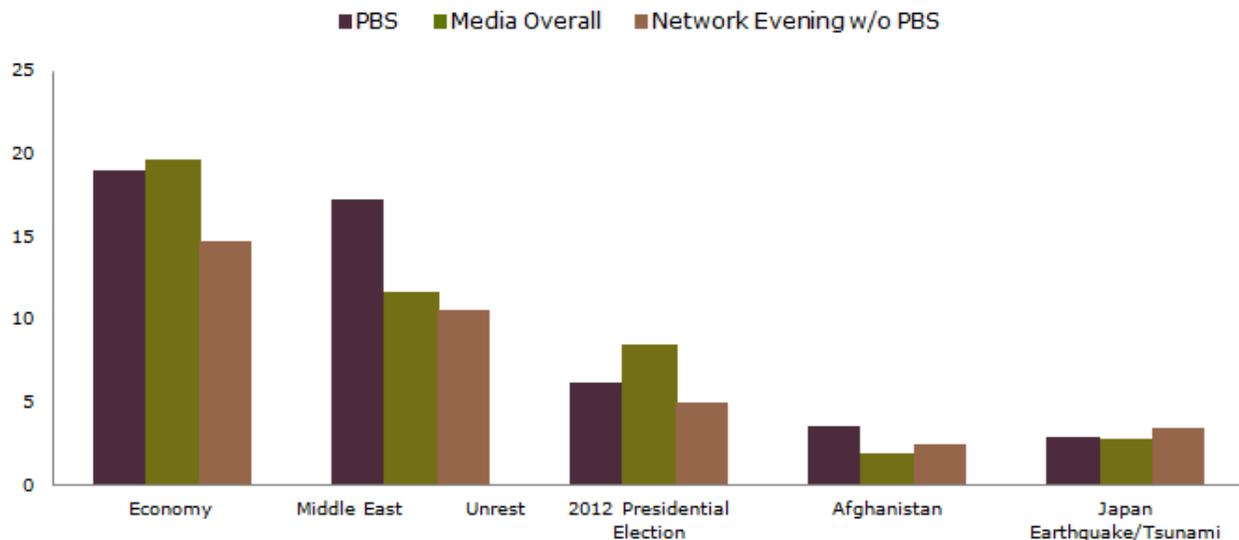
The most striking difference is that the NewsHour offered more than one-third more coverage of international events over the last year than the media overall, including all other forms of television news (cable, morning and network evening). In total, 39% of the time on the NewsHour was devoted to foreign events and U.S. foreign policy, compared with 28% in the media sample generally, 23% on cable news, 24% on the network morning news shows and 24% on the network evening broadcasts.

The NewsHour is probably closest as a rival to the network evening news—the programs appear opposite each other and all offer an evening summary of the day's events. Here the contrasts are even clearer. The NewsHour spent a third more time covering government than the commercial network evening newscasts (12% vs. 9%), more time on the election and politics (7% vs. 5%), much less on crime (2% vs. 6%), less on disasters (4% vs. 9%), and on lifestyle (2% vs. 5%).

Users can explore all of these comparisons for themselves using the Year in the News Interactive, as well as comparing different kinds of radio news, such as NPR vs. Talk Radio or even top of the hour radio headlines.

PBS Compared to Media Overall and Network Evening News

Percent of Newshole



Source: PEJ's News Coverage Index

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Methodology

The study, *The Year in the News 2011*, is based primarily on the real-time content analysis data derived from the Project for Excellence in Journalism's in-house news coding operation.

The data regarding media coverage from traditional news outlets come from a summative analysis of the weekly reports known as PEJ's News Coverage Index. (Click here for a detailed methodology on how this real-time weekly coding is conducted.) PEJ began the NCI in January 2007, and it is the largest effort in the United States that measures and analyzes the agenda of the American news media on a continuing basis. The Index examines 52 news outlets in real time to determine what is being covered and what is not, who are the leading newsmakers and other elements of the news each week. A team of coders works on the project. Each member of the coding team has been given extensive training in PEJ's methods and met high standards of reliability. The work is measured regularly for inter-coder reliability and agreement. Coders read, listen-to or watch each piece of news content from newspapers, online news sites, television broadcasts and radio programming.

The data regarding social media, specifically Twitter and blogs, come from the weekly reports known as PEJ's New Media Index. (Click here for a detailed methodology.) The goal of the NMI is to measure the leading topics of conversation on various social media outlets. PEJ relies on a combination of human coding and tracking services for social media to derive this analysis. The tracking services measure the links present on blog posts or tweets to determine the most discussed issues. When a social media user links to a page online, it suggests that the user believes the page is important, even if they do not agree with the contents. PEJ relies on four social media tracking sites (Tweetmeme, Technorati, Icerocket and Twitteruly) to tabulate the most linked-to pages.

PEJ began the New Media Index in January 2009. In August 2011 we made some changes to the methodology to improve the system. Those adjustments are described in detail here. There were two major changes. First, PEJ expanded the number of tracking sites used from two to four. Second, PEJ expanded the number of sources from which content could originate. Previously, the NMI was focused on

“news” stories as determined by tracking sites which were mostly from traditional news outlets such as CNN.com and Washingtonpost.com. However, the current methodology places no such restrictions on where content can originate.

The report also uses survey data from the Pew Research Center for the People & the Press. In particular, the survey results regarding public interest come from their weekly News Interest Index.

The State of the News Media 2012

An Annual Report on American Journalism

Newspapers: Building Digital Revenues Proves Painfully Slow

By Rick Edmonds of the Poynter Institute, Emily Guskin, Tom Rosenstiel and Amy Mitchell of PEJ

Updated February 11, 2013: See our latest report, *Newspapers Turning Ideas into Dollars*, for four revenue success stories.

Updated April 11, 2012

The newspaper industry enters 2012 neither dying nor assured of a stable future. The industry has rallied around a story about itself - that year-by-year it is developing new digital products and new revenue streams to transition from dependence on print advertising. In 2011, that traditional advertising pool declined for a sixth consecutive year. The website of the Gannett Company, emphasizing those digital initiatives, now intentionally has no mention of newspapers on its home page.

If this transformation were going well, one would expect the new revenues to get closer each year to replacing ad revenues lost in print. In 2011, according to Newspaper Association of America statistics, online advertising was up \$207 million industry-wide compared to 2010. Print advertising, though, was down \$2.1 billion. So the print losses were greater than the digital gains by 10 to 1.¹

That was even worse than a 7-to-1 ratio of print losses to digital gains in 2010. And during 2008 and 2009, steep declines in print were accompanied by small losses in online too. (An earlier PEJ study examined print losses to digital gains for a sample of papers using 2010 figures and found similar results.)

Even if the newspaper industry can find a sustainable model online, moreover, those ratios mean newsrooms will be much smaller than they were a decade ago.

In a July conference call, an industry analyst asked McClatchy's chief executive, Gary Pruitt: If cost-cutting were a baseball game, what inning would it be in?

Pruitt replied, "Well, it feels like the 19th."² He was saying, in effect, that the process has dragged on, that progress has been in baby steps and that no end is in sight. And the effort has been wearing for company executives and publishers trying to lead to a destination unknown as well as for business and news staffs perpetually asked to do more with less.

One indication of how long the decline has gone on - and how slow the process of trying to reverse the downward trends has been - is the number of industry leaders leaving or being replaced. In 2011, the CEOs of the largest newspaper company, Gannett (Craig Dubow), and the industry's largest private company, MediaNews (William Dean Singleton), stepped aside for health reasons. New York Times CEO Janet Robinson retired under pressure late in the year. Tom Curley, the Associated Press' president and

CEO, announced early in 2012 that he would be retiring, too. And during the course of 2011, the top editor's job turned over at The New York Times, USA Today, the Los Angeles Times and a host of metros.

The half-formed question for the industry now seems to be whether organizations need to go all in for digital by installing top executives and editors who specialize in new media. Another question is whether their organizations can weather another five years or more of transition if the effort takes that long?

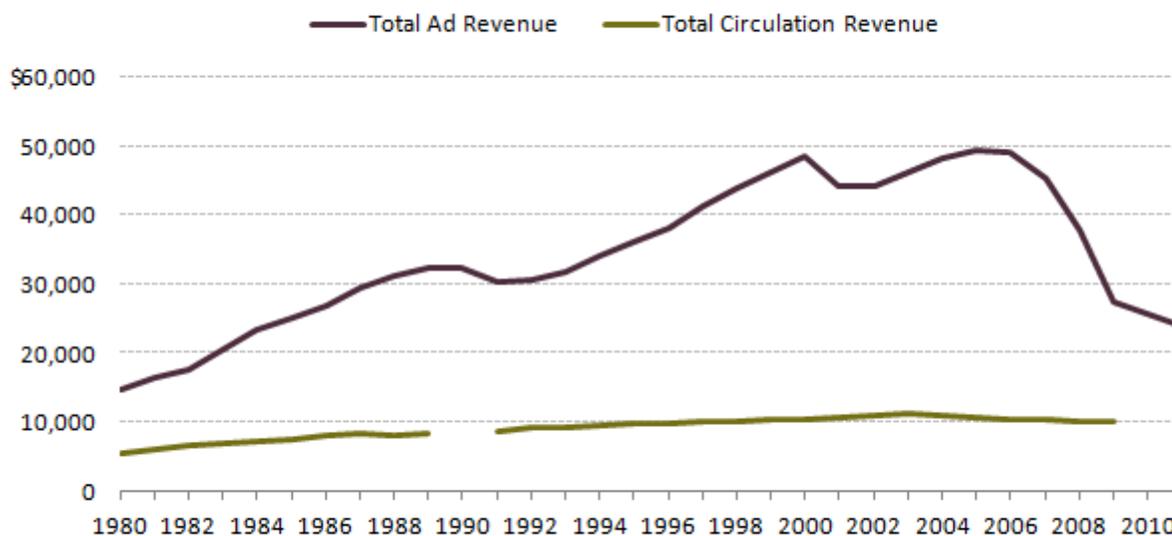
In a PEJ report on digital revenue that looked in depth at 10 newspaper companies, executives predicted that in five years many newspapers would print only on Sundays, or perhaps two or three days a week.

The particulars of 2011 were challenging at best:

- Advertising revenues over all were down 7.3%, despite gains in online revenue of 6.8%. Ad revenue was at \$23.9 billion - less than half its peak of \$48.7 billion in 2000. Revenue is predicted to fall again in 2012. The deep recession is partly to blame, but newspaper advertising has not bounced back in the last two years as other media resumed growth. Circulation revenues added a little less than \$10 billion in 2011. Over all, therefore, newspapers are now less than a \$34 billion-a-year industry, down from \$59.2 billion in 2000.³

Ad Revenue Drops While Circulation Revenue Remains Stable

In Millions of Dollars



Source: Newspaper Association of America

Note: Numbers are rounded. There are no circulation revenue figures for 1990. Figures from 2003 onward for total ad expenditures includes online.

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- Most newspapers are profitable on an operating basis, many with margins in the mid-teens. But net margins - after interest, taxes and special charges - are razor-thin. And most papers achieved profitability largely through cutting. Some papers also operated in the red for 2011, essentially choosing to reinvest in new programs rather than drop earnings to the bottom-line.

- Audiences continue to hold up much better than revenues, but after a decade of losses, the case the industry can make to advertisers for premium-priced print ads has weakened. Print circulation (measured under a new set of auditing rules) continued to decline in 2011, especially on weekdays. Most measures of audience on various digital platforms showed growth. But the continuing murkiness of digital data – the fact that different measuring companies’ data are so different and doubts about which metrics make sense – continues to be one of the factors that complicates selling advertising on digital platforms.
- Stock prices, after a modest rally in 2010, fell by about 25% in 2011. Those who bought newspaper stocks before the ad collapse of 2007 to 2009 and are still holding have taken a beating - McClatchy, for instance, which purchased the Knight Ridder chain in 2006, has fallen from \$70 in 2005 to under \$3 a share in February 2012.⁴
- After several years of stasis, newspapers began changing hands again in late 2011. The trend of private equity owners gaining control through bankruptcy proceedings continues to grow, though their intentions often remain mysterious since the typical hedge fund operators say nothing publicly. Prices are low and a variety of new owners are coming forward. Some hometown buyers - including Warren Buffett in Omaha - have also emerged.
- Newsrooms continued to shrink as companies, and to remain in the black, felt the need for more rounds of cost reductions. The contemporary newsroom has fewer articles to produce after trims in the physical size of paper and reduction of the space devoted to news. At the same time, the remaining editors and reporters are also being stretched further by the need to generate content suitable for smartphones and tablets and establishing a social media presence as well as putting out the print paper daily and feeding breaking news to websites.

Strength on Sunday

While the growth of digital and other new revenue streams fell short of covering print declines, there were a number of positive trends. One of those, is that Sunday print editions did relatively well in 2011. Circulation stabilized, and at some papers increased. Also, preprint insert advertising, despite the beginnings of electronic coupon competition, has held up relatively well. The “super-couponing” craze finds some eager bargain hunters buying five or six copies of the Sunday paper to maximize their savings.

The industry is responding by increasingly emphasizing Sunday-only or Sunday and some additional days in marketing new subscriptions in preference to trying to get new seven-day-a-week readers. Also, as noted in last year’s report, Gannett papers and many others now offer “Sunday select” - an insert package free on request in certain upscale ZIP Codes to households not receiving the full Sunday paper. That extends the reach of the industry’s most popular advertising format and covers for declining household penetration as Sunday circulation has waned over two decades.

The Sunday emphasis is a revenue and profit plus, but it also may represent a tipping point of sorts. Sunday advertising now represents 35% to more than 50% of the total at most papers.⁵ As papers target Sunday readers, more valuable to advertisers than those on weekdays, they may gradually opt to serve

weekday readers with a website report, other digital editions or, in some markets, a smaller-format, free tabloid version.

A Move Toward Paid Content

Another positive development in 2011 is that after years of talk and no action, the industry began to embrace pay walls for digital content.

The New York Times did this most prominently, but, according to Newspapers & Technology roughly 150 small, mid-sized and metro dailies also have instituted variations of the so-called metered model that The New York Times used or offered premium paid sites.⁶ Typically, a metered plan allows free views of a limited number of articles, so a site retains its traffic from search, links and social media recommendations.

More frequent readers are asked to pay a monthly rate, for which they get unlimited access. The new pricing model also allows organizations to sell so-called bundled subscriptions to print readers, who gain access to the website and often mobile and tablet editions too, either free or for a modest additional charge of a dollar or two a month. This payment structure encourages people to continue to receive the print edition, which is more profitable, particularly for the ad-rich Sunday edition, and helps shore up print circulation. It also is moving companies away from the concept of pay walls, which sound as though they keep people out, and moves more toward the concept of full access, which invites people in.

At The New York Times, for instance, a Sunday-only subscriber gets access to all other digital editions of The Times. Looked at another way, the 390,000 who have signed up for the digital edition could get home delivery of the print version on Sundays as a freebie.⁷

Dozens more papers are likely to follow in 2012, though there are still notable holdouts, including The Washington Post, USA Today and many metros that fear the loss of users seeking breaking news to other free websites and potential loss of online ad revenue.

The Times' first full report on results of the pay wall, instituted March 31, was altogether sunny. Besides the 250,000 digital-only subscribers, 75,000 more were paying for the iPad and e-reader versions by the third quarter of 2011. The paid total had grown to 390,000 by the end of the year. An advertising sponsor is providing 100,000 more users with a year's free trial subscription.⁸ Far from cannibalizing print, The Times' bundled deals actually supported a modest growth in paid Sunday subscriptions. Digital unique visitors were also up slightly (though page views were down) and digital advertising was holding steady.

The Times was less than clear, however, about how many of those subscribers were paying full freight rather than a trial rate. Some bumps in building audience or retaining ad revenues could still lie ahead. Also, the Times high-quality/high-price/high-demographic strategy may or may not be a fit for more modestly scaled newspaper organizations.

But signs are positive for others making the switch. Morris Communications' Augusta Chronicle began a metered-model pay wall four months before the Times in December 2010. Page views actually went up 5% in the next three months. The Augusta offer began by allowing up to 100 page views per month free,

gradually reducing that threshold to 15. It charges digital-only subscribers \$6.95 per month and print subscribers an additional \$2.95 for digital access.⁹

In some ways Augusta is viewed in the industry as the more relevant example than The New York Times. And by midyear, chains like Lee and GateHouse Media were installing variants at most of their small and mid-sized papers.

Metro papers have been slower to embrace paid digital plans but are coming along. The Boston Globe and The Dallas Morning News, which both decided on a high-cost, high-quality print strategy several years ago, now charge for online access to their journalism as well. The Star Tribune of Minneapolis started a pay wall in October. First reports saw traffic and projected ad revenues down slightly but added digital subscription revenue making up the difference, according to publisher Mike Klingensmith.

The Milwaukee Journal Sentinel launched a bundled subscription strategy in early January 2012. And Gannett has announced that all 80 of its community papers will have digital pay packages by the end of the year.

In March 2012, The Los Angeles Times put up a metered pay wall, providing 15 stories a month for free. After that, readers need to buy a subscription. The digital-only subscription, which starts at 99 cents for a month, rises to \$3.99 a week after that month.

Why and why now? The pay systems re-establish the principle that users should pay for valued content, expensive to produce, whatever the platform. It gives flexibility to raise the subscription price in later years or charge more for a particularly convenient medium like tablets. The change is unlikely to have a big financial impact, positive or negative, right away, but it better positions newspaper organizations eventually to wean themselves away from print.

Licensing Content

A companion development, much less noticed, has been the industry's launch of a licensing organization, NewsRight, seeking to collect royalties for the content originators from aggregators. The rights agency, led by former ABC news president David Westin, opened for business the first week of January 2012, after three years of development led by the Associated Press. AP remains the biggest investor and is joined by 28 other news organizations.¹⁰

Westin concedes that success is far from guaranteed. But the participation of most major newspaper companies is important. NewsRight will begin slowly, asking commercial enterprises that scrape stories and sell online news digests to business clients to pay licensing fees. Asking royalties from bigger players and for aggregated short summaries may come later. For a start, only text stories aggregated in the United States will be tagged and tracked. Plans are to add photos, video and international markets later.

If the venture achieves critical mass, it will also yield detailed real-time metrics on which stories are being most heavily aggregated. That data will be of use to the participating content creators and possibly to public relations and advertising customers in tracking the trajectory of a given news topic. But the effort faces a number of hurdles. The arrangement is non-exclusive - all publishers, including the AP,

have existing licensing agreements in place with businesses and schools. The nonprofit Copyright Clearance Center has been collecting royalties for several decades. One company, Attributor, and other newer businesses already track pickups by aggregators and ask for payments.

Like pay walls, this innovation has been under discussion for years, peaking in early 2009, when American news executives joined Rupert Murdoch in decrying Google and a host of other aggregators for helping themselves to content. A successful path for NewsRight would position newspaper organizations to collect fees for their content both from their regular readers via digital subscriptions and from the huge and expanding aggregation sector.

Tablets, Mobile and Social Media

We noted in last year's report a wave of excitement in the industry for the potential growth opportunities in smartphones and tablets. If anything, 2011 bolstered rosy predictions about consumer enthusiasm for these devices and their substantial use - among an array of choices - to access news reports.

The Newspaper Association of America offered the summary statistic in December that mobile traffic (tablet and phones) was up 65% in a year as measured by page views, comparing September 2011 to September 2010.¹¹ A Pew Research/Economist study on tablets, released in October, found that the 20% of tablet readers surveyed who use news apps typically go directly to a news organization's app (as opposed to accessing the content through a browser). More than a quarter of the tablet readers exhibit some willingness to pay for their favorite app news sources.¹²

Another Pew study, in January 2012, confirmed that tablets (such as Kindle Fire and the iPad) had huge sales during the holiday shopping season, growing in ownership among adults in the U.S. roughly 50% since the summer of 2011, from 12% to 18%.¹³ Amazon announced that it was selling a million Kindles per week worldwide during the holiday season. So, earlier forecasts of a super-fast adoption curve remain on track.

But the qualifier here for newspaper organizations is a familiar one - will they be able to monetize the new platforms? With the exception of e-reader editions, most news to smartphones or tablets remains free or included in bundled subscription offers to print subscribers.

And mobile advertising - estimated at \$1.45 billion in 2011 and expected to almost double in 2012—may again not connect up strongly with news content, as has proved the case on the web.¹⁴ Another AP initiative, iCircular, offers the equivalent of preprint inserts in a mobile format. And shopping apps from individual newspaper organizations attempt to carve out a share of that very popular use of the devices. But do consumers need the middleman of a newspaper organization to plan their shopping or make price comparisons on intended purchases? They may simply turn instead to Amazon, the shopping sites of the stores themselves or verticals like Yelp for restaurants.

Probably even more of a challenge, mobile advertising is a growth target for Google in 2012. Analysts estimated in January that Google will receive \$4 billion to \$6 billion in mobile ad revenues worldwide this year.¹⁵

In the more modest domain of video advertising, pre-rolls and other video ads have been available on newspaper websites for five years. But the \$300 million in local video advertising revenues those organizations booked in 2011, according to analyst Gordon Borrell, is only an eighth of the total. The field is dominated by digital-only enterprises, principally YouTube, and by “pure play” advertorials or targeted electronic classifieds for jobs or cars.¹⁶

Social media and e-readers are parallel cases. Newspaper organizations have cranked up their Twitter and Facebook efforts, finding social media both a means to drive traffic to their stories and a reporting resource to find sources quickly during breaking news events. E-reader editions bring in some subscription revenues, and the rising popularity of longer format minibooks may bring publishing opportunity for salable storytelling. As yet, though, neither social media nor e-readers are a revenue difference-maker. And Facebook is already booking 14% of all internet display ads.¹⁷

Alternative Revenue From Freestanding Businesses

Another bright spot for newspapers in 2011 has been the growth of freestanding affiliated businesses, some digital, others not. As we have reported the last several years, the industry has sorted itself out, with many newspapers shutting down their presses and outsourcing printing and those retaining presses viewing outside print jobs as a profit center. The Dallas Morning News now gets almost 10% of its revenue from contract printing, according to publisher Jim Moroney.¹⁸

The Washington Post has developed successful events and newsletter businesses over the last two years. Each is free to participants or readers but draws sponsorships from organizations trying to reach a targeted audience. The Post also has launched a social media agency and a Facebook social reader (showing what your friends are reading). Both events and social media advice are gaining momentum at other papers. But the modest added profits are helpful rather than game-changing.

An earlier PEJ study on newspaper economics found that almost half the newspapers that provided data reported trying to develop some form of nontraditional revenue. The most common effort involved functioning as online consultants for local merchants, helping with everything from search engine optimization to building websites. In most cases, this was producing relatively modest revenue, but there were some papers and companies who were seeing significant success.

Gannett has made a long string of digital acquisitions over the last decade, some hits others not. Most recently it bought Fantasy Sports Ventures in late January, a network that is the nation’s fifth-largest sports website and an addition to USA Today’s already strong presence in the lucrative online sports field.

Some older ventures have also fared well. Gannett, Tribune and McClatchy, for instance, own CareerBuilder, which now has a larger volume of U.S. employment listings in the reviving recruitment market than Monster. That gives the companies a valuable stake in a growing company should they ever wish to sell it, plus a share of CareerBuilder ads on their websites and dividends they can use to reinvest, pay down debt or any other purpose

McClatchy CEO Pruitt told an investors meeting in December that the company expected to receive almost \$30 million in such payments from its stakes in CareerBuilder and similar national online car and real estate classified businesses.¹⁹ That income does not appear in the company's report of operating results. Nor does the Newspaper Association of America yet attempt to measure "other" income in its industry statistical profile. So this modest but increasing element of recovery for newspapers has remained largely unnoticed.

Unfortunately, digital ventures are subject to their own ups and downs. The New York Times Company's About.com and similar smaller services, such as Media General's DealTaker, experienced sharp declines in traffic after Google revised its search algorithm early in 2011, making it harder for such sites to game the system and end up in the first page of rankings.

The Rise and Semi-Fall of Discount Programs

One other major development of 2011 was the popularity of discount programs such as Groupon. We wrote in last year's report about Groupon's meteoric rise, its deal-of-the-day offers giving an assortment of local businesses a potent tool for attracting new customers. In the process, Groupon sucked away a portion of local merchants' ad budgets that used to go to newspapers and their websites.

As some analysts had expected, Groupon's growth rate in the U.S. slowed substantially in 2011. With questions about some of its accounting practices (treating marketing costs as if they could be allocated to future fiscal years), its initial public offering of stock in November was not the runaway success the company had hoped.

The industry scrambled to create its own deal-of-the-day clones, such as Gannett's DealChicken and McClatchy's service called dealsaver, and found the basic formula easy to replicate, even for a single paper unaffiliated with a chain. So a worst-case scenario was averted, but newspaper organizations did not gain back a big share of what they lost in 2010 to Groupon and the other big national service, Living Social, also a young privately owned company.

Local Competitors

While 2011 turned out to be yet another disappointing year financially for newspapers, some of their most noteworthy direct competitors experienced reverses as well. Patch, AOL's network of 863 hyperlocal sites, has seen little sign of advertising success and dim prospects going forward. Expansion into new markets leveled off in 2011 and there were cost trims continuing into 2012, both pulling back on full-time hires and reducing freelance budgets.²⁰ But even stalled, Patch has continued to baffle analysts. Between salespeople on the street and enough advertiser-friendly content like event listings and restaurant reviews, it has been a factor for newspapers in the suburban communities where AOL has focused its effort.

Also, as we and others have predicted, some of the independent, mostly nonprofit local news websites experienced setbacks as their initial foundation and benefactor launch-funding ran out. Both Voice of San Diego and the Center for Public Integrity began 2012 with layoffs. San Francisco Bay Citizen's angel, financier Warren Hellman, died in December 2011 and the operation is being merged with the Center for

Investigative Reporting. The Chicago News Cooperative, which like Bay Citizen had contributed regional content to The New York Times, ran out of money and ceased operations in February 2012.

Once again, though, this sector is not going away and many of the sites look to be sustainable if unlikely to expand greatly.

But looking just at news competitors like Patch or a vigorous independent news site like MinnPost or the mass of localized special interest sites is far too narrow a frame of reference. Aggregators, including such tablet start-ups as Zite and Flipboard appear to be booming as news content creators struggle - a central point of a talk on the state of the digital business The New York Times' Martin Nisenholtz presented to the Newspaper Association of America's MediaXChange convention in March 2011.²¹

And the most frightening competitors, as discussed in the overview are the biggest of the big guys, such as Apple and Google. Apple typically regulates the terms of service, captures the customer data and takes a healthy cut of subscription revenues. Besides the crushing force of search advertising, Google can afford an endless series of acquisitions (more than 100 in the last decade, according to Wikipedia's count) and niche product launches. Google and Apple can put much more money in and move more quickly at promising new revenue possibilities than the newspaper industry can hope to match. And there is no sign that this imbalance will end. Moreover, to the extent that the core business of these new digital giants is consumer data, which they can use to target advertising, no content producer can compete with how much they know about their users.

That makes what happened in 2011 with some core elements of newspapers worth more detail:

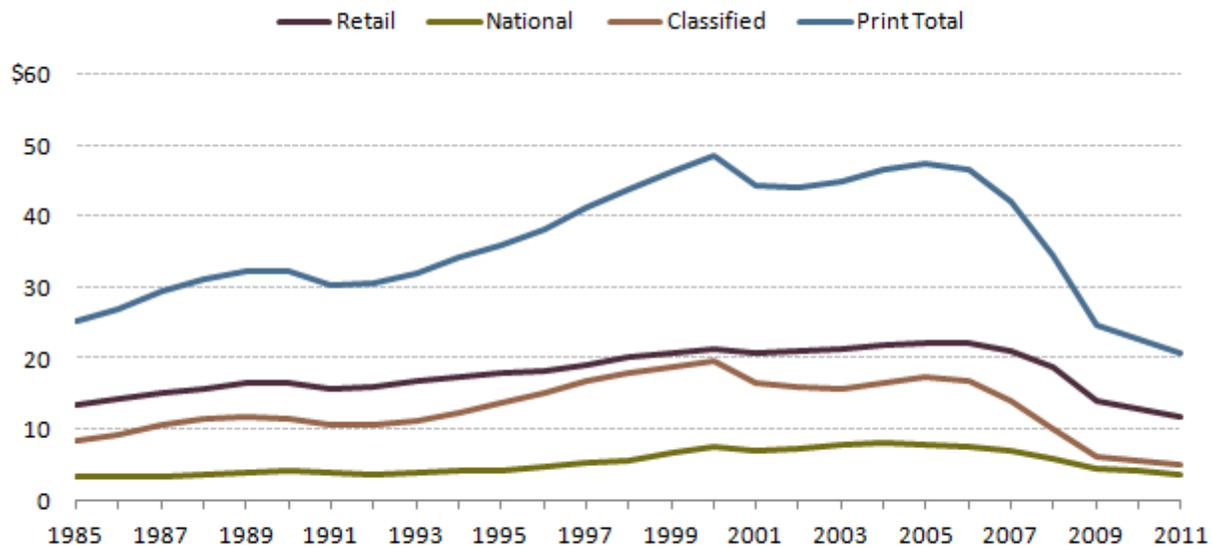
Print and Digital Advertising

For print advertising, the losses were fairly equally distributed. National was down 10.5% for the year, classified 11% and retail (a larger category than the other two combined) 8%. Many executives said that the first sign of a disappointing year was the decision by telecoms and some other advertisers during the first quarter of 2011 to cancel schedules in nearly all papers save those with nationwide circulation

base.²²

11 Year-Decline for Daily Advertising Revenue

In Billions of Dollars



Source: Newspaper Association of America

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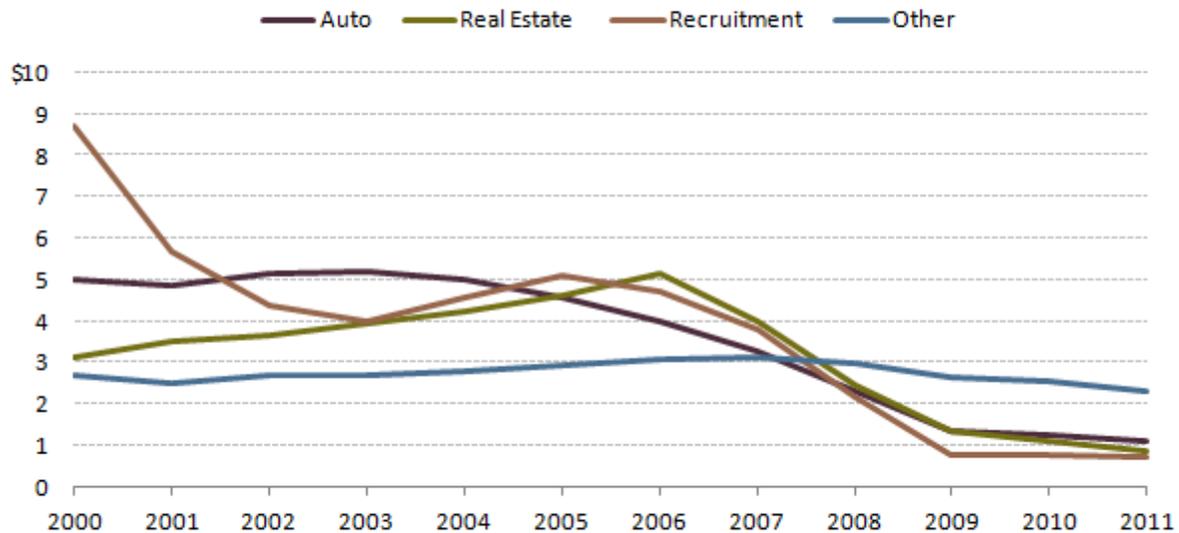
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As we have written in previous reports, classified has been the leading edge of print losses, shrinking to about 25% of what it was in 2000. The 11% loss in 2011 was comparatively less bruising than that in some recent years. Among classified categories, recruitment (the smallest) nearly held even, down 1.6%, reflecting improving demand for some professions - nurses and computer specialists, for example - in some parts of the country. Auto was down 10.7%, real estate 19.8% and “other” (now the largest category, including legal notices and paid obituaries) 10%. Further economic recovery could help all three.²³

'Other' Classified Ads More Stable Than Auto, Real Estate and Recruitment

Classified Advertising Revenues by Category, in Billions of Dollars



Source: Newspaper Association of America

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Retail includes preprinted inserts, which remain popular with chains like Target and Best Buy even as they ramp up a variety of digital marketing channels. A comparatively strong start to the holiday shopping season helped, although more and more of the buying is by computer rather than in stores.

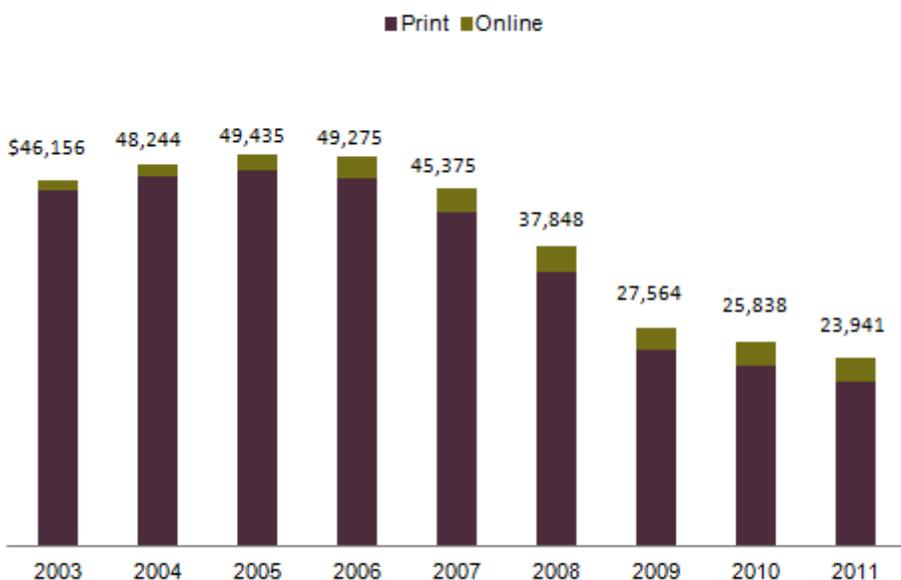
The publicly traded companies are not forecasting a 2012 turnaround, typically budgeting for print sales to be off 6% or so for the year, according to their reports at a December investors' conference.²⁴ A number of fourth-quarter announcements of layoffs, wage freezes, furloughs and internal cost-reduction task forces suggests that the intense pressure to do more with less while finding some money for new efforts is probably industry-wide.

The bigger issue, as noted above, is that the gains in digital advertising, up again 6.8% in 2011 after 10.9% in 2010, falls well short of the breakthrough the industry needs. All U.S. digital advertising, by comparison, was up 23% year-to-year in the third quarter of 2011. So not only are newspapers not growing

fast enough online, but they also are falling behind other digital players.²⁵

Print Advertising Revenue Falls, Online Grows

In Millions of Dollars



Source: Newspaper Association of America

Note: Numbers are rounded

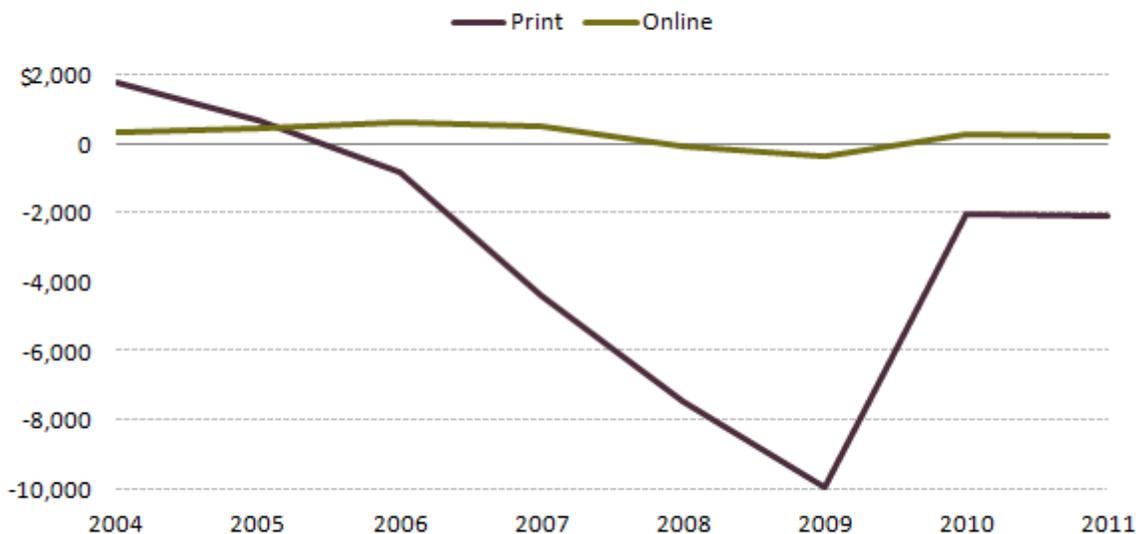
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Print and Online Advertising Revenue Changes

In Millions of Dollars Lost and Gained



Source: Newspaper Association of America

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Ken Doctor, an analyst focused on digital transformation, noted in a year-end summary that newspapers have little presence in search or in ads priced by performance (as opposed to by impressions), thus missing the biggest digital categories surging for the last decade. They are not yet well positioned in the smaller, but fast-growing, video advertising sector.

“In all the areas of growth,” Doctor concluded, “news and magazine publishers are weakest. Despite uneven digital ad results reported by newspaper and magazine companies, it’s not that the money isn’t there – they just haven’t transitioned their businesses enough to compete for it.”²⁶

We hear some promising ideas listening in on industry conferences about building digital ad revenues. Reintroducing an element of scarcity can help. For instance, the Arizona Daily Star in Tucson has created “GreenTag Tuesdays,” a display of a set number of discount offers (in print but with scanable-to-mobile QR-codes), a sort of juiced-up bargain-of-the-day. Asking merchants to reserve early to avoid being left out helps drive sales, according to publisher John Humenik.²⁷

On a bigger scale, The New York Times and others sell home page “takeovers” - ad packages, often including video, which are the only message to appear on the first screen. These command huge premiums compared to the depressed rates for run-of-the-site display.

Some sales strategists recommend pulling back on or eliminating so-called remnant advertising to networks, an arrangement so prevalent that many advertisers wait for those deep discounts rather than placing schedules at stated rates.

Debate continues on how to rebuild an ad sales staff to maximize digital results. Consultant Gordon Borrell and Clark Gilbert, a former Harvard Business School professor now running Deseret Digital Media and the Deseret News in Utah, believe that hiring a separate corps of digital specialists leads to much greater ad volume. But many newspaper organizations are still trying to improve sales by retraining staff and juggling incentives, which for years had sales people earning bigger commissions by concentrating their effort on print.

In early 2011, the Newspaper Association of America enthusiastically backed a project, Making Measurement Make Sense, centered in the Interactive Advertising Bureau, to improve digital metrics both for measuring audience and ad effectiveness. Early in 2012, it remains a work only half completed, but it aims to develop a new set of standards accepted by both the advertising and publishing communities.

An interim comScore study connected with the project and released in January 2012 confirmed what ad buyers had long suspected, finding that nearly a third of online display ads are never seen, either because they have failed to load by the time a user moves on or are on second screens of the home page or a story the user does not reach.²⁸

Borrell’s annual forecast contained a nugget of good news for newspaper organizations. Display growth is now keeping pace with search growth. Starting in 2006, newspapers lost share of local advertising dramatically to so-called pure plays, digital-only sites like Google or Monster, many of them with no news

content. But in 2011, their growth rate stayed even and will grow faster than the pure plays in 2012, Borrell predicts.²⁹

Circulation Numbers and Revenue

This has been the year in which the audit rules are changing and circulation totals cannot validly be compared to those of previous years. The first apples-to-apples comparison will come from the Audit Bureau of Circulations six-month period ending March 31 and released roughly May 1.

Even without strict comparability, though, the trend is clear. Daily print circulation continued to decline in 2011, though at a rate perhaps only half as bad as the worst of the last decade - under 5% rather than the peak of nearly 10%. Sunday circulation industry-wide is probably down slightly, though many individual papers have shown growth. As noted in earlier reports some of the circulation losses over time can be traced to price increases and voluntarily discontinuing service to remote areas.

While ABC is not making year-to-year comparisons, a number of the public companies keep their own figures, typically reporting a loss in the low and mid-single digits at year's end. ABC's total circulation (print and digital) among roughly 650 audited organizations for the six-month period ending September 30, 2011 was 33.4 million daily and 38.6 million Sunday. That contrasts with 34.0 million daily and 38.2 million Sunday in 2010.³⁰ Those changes are relatively small and may reflect slightly more lenient rules.

Nor did the new rules lead to wide swings in the totals for individual papers or the ranking of the top papers in circulation (see data section for details).

Adding an estimate for unaudited papers, most of them smaller, and drawing on apples-to-apples reports by some companies, we calculate circulation losses for the year of 4% daily and 1% Sunday and total industry circulation at 41.7 million daily and 43.7 million Sunday for 2011.³¹

Top 25 Circulating Daily Newspapers

Newspapers by Circulation (September 2011)

	Total Circulation Excluding Branded Editions	Total Branded Editions	Total Circulation	Rank in 2011	Rank in 2010
Wall Street Journal	2,069,169		2,069,169	1	1
USA Today	1,784,242		1,784,242	2	2
New York Times	1,150,589		1,150,589	3	3
New York Daily News*	601,097	4,580	605,677	4	6
Los Angeles Times	572,998		572,998	5	4
San Jose Mercury News*	184,018	353,550	527,568	6	8
New York Post	512,067		512,067	7	7
Washington Post	507,465		507,465	8	5
Chicago Tribune	425,370		425,370	9	9
Dallas Morning News*	255,613	154,029	409,642	10	16
Newsday (NY)	404,542		404,542	11	12
Chicago Sun-Times*	236,371	152,982	389,353	12	19
Houston Chronicle*	328,813	40,897	369,710	13	10
Denver Post*	343,180	9,935	353,115	14	13
Philadelphia Inquirer*	260,375	70,759	331,134	15	11
Minneapolis Star Tribune	298,147		298,147	16	15
Arizona Republic	292,838		292,838	17	14
Orange County Register*	172,942	97,867	270,809	18	-
Cleveland Plain Dealer	243,299		243,299	19	17
Seattle Times	242,814		242,814	20	18
Oregonian	242,784		242,784	21	22
St. Petersburg Times	240,024		240,024	22	21
Detroit Free Press	234,579		234,579	23	20
San Francisco Chronicle	220,515		220,515	24	24
San Diego Union-Tribune	219,347		219,347	25	23

Source: Audit Bureau of Circulations publishers' statements for the 26 weeks ending September. M-F combined averages of total circulation.

Note: ABC redefined categories of circulation in 2011, so the 2011 numbers are not comparable to 2010 and 2009 data. Branded editions are "newspapers with names other than that which ABC membership is held, but maintains the consistent identity of the ABC member" according to ABC. Those with asterisks included branded editions in addition to total circulation.

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By another measure, the most recent Pew Research Center news consumption survey in 2010 reported that 37% of adult Americans said that they read some form of the newspaper "yesterday." This was down from 39% in 2008 and 43% in 2006.³²

The continuing declines weaken what newspapers can charge for advertising. By raising prices, newspapers have kept circulation revenue relatively steady, even as the numbers continue to fall. Statistics from the Newspaper Association of America show circulation revenue in 1997 and 2009 (the most recent year measured) identical at \$10.1 billion. It probably has fallen some since. Paid circulation, by contrast, declined 22.5% in the same 12 years from 60.5 million to 46.9 million.³³

The new ABC rules allow subscriptions to count as paid if the user pays as little as a penny a day. But it is unclear whether newspaper organizations are making heavier use of deeply discounted trial subscriptions. If so, that would bring down circulation revenue for the last two years not yet measured industry-wide.

However, as we have indicated in earlier editions of this report, many metro papers voluntarily shed paid circulation in remote areas. They have also economized during the continuing decline by spending less on

selling new “starts,” or attempts to build circulation. Better to deliver advertisers to a smaller number of mostly loyal readers, the thinking goes, than an inflated number with a lot of churn.

The reports of publicly traded companies suggest small year-to-year circulation revenue losses in 2011 but no big swing to cut-rate distribution.

The coming of pay walls and bundled subscriptions complicates measuring total paid circulation. An important feature, some would say loophole, of the new Audit Bureau of Circulations rules is that subscriptions (or single copy buys) by the same person on an additional platform counts as added circulation. It is the same principle as if you are a home subscriber but buy another copy at a newsstand or on an e-reader.

For bundled subscriptions a household that spends a couple of dollars more a month for online access is counted as two subscriptions. In a free access monthly package, each additional platform can count as additional paid copy but only if the reader uses it a minimum number of times in a month.

Digital Audience

Decisions on ad placements critically depend on valid metrics of audience. And while the Audit Bureau of Circulations totals are in transition, measurements of total digital audience, most of it online and mobile visitors who come for free, have always been weak and remain so. The two most frequent metrics - unique monthly visitors and page views - do indicate some sense of traffic growth and the relative strength of different sites. Varying methodologies yield very different results. Also, the large share of visitors who come only once or twice a month via search or a link and then leave quickly has earned the dismissive nickname of “drive-by traffic.” It is of minimal use to advertisers. In addition, page view totals can be manipulated by site design or by “refreshing” frequently.

The industry still has not developed convincing measures of the much smaller number of regular readers and how their buying behavior is influenced by the online ads they see. A PEJ analysis using Nielsen data from fall 2010, found that, on average, only 7% of users of the top news sites are “power users,” meaning they visit a given site more than ten times per month.”³⁴ Some argue that the move toward requiring digital subscriptions of those heavier users will identify many in that group and support higher ad rates for placements targeting just the paid portion of monthly traffic.

Imprecisely measured or not, however, digital audiences are growing, newspaper websites are typically the best trafficked in a city and total audience reach is staying steady. David Boardman, executive editor of The Seattle Times, for example, noted that both unique monthly visitors and page views at his site had tripled since 2006.³⁵

By the available measures, the industry’s 2011 digital audience performance was mixed. For December 2011, the most recent month measured by the Newspaper Association of America, unique visitors were up by about 7.4% year-to-year, but time per visit was down 5.4% and page views were down about 2%.

Perhaps the page view decrease is related to the beginning of pay walls.³⁶

Profits and Stock Price

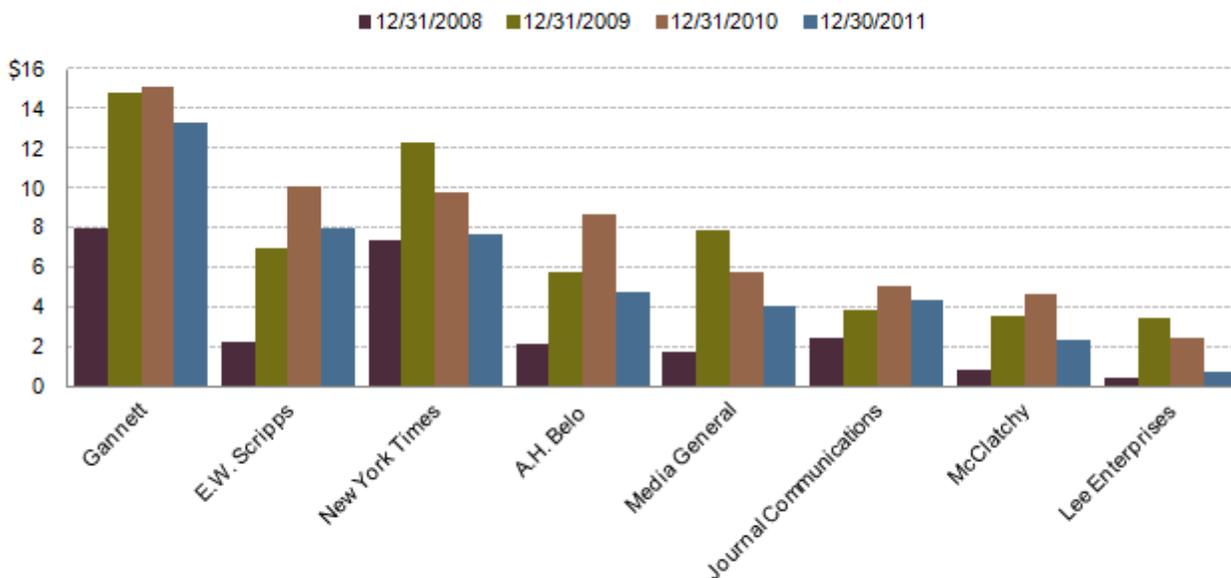
When it came to profits, newspapers did slightly worse in 2011 than they had the previous year. Operating margins are often quite healthy, in the mid-teens. But for a great many individual papers and chains, interest payments, pension obligations, taxes and special charges bring the net earnings down to a token amount. Gannett, often a leader in profitability, recorded an 8.8% margin for the year, The New York Times Co. a loss of 1% and McClatchy a 4.3% margin.³⁷ The industry-wide average, according to several analysts we polled and reported company results, remains at roughly 5% net.

Under current circumstances, however, it could be argued that straining to turn a profit is not the best strategy. The Washington Post's publishing division and A.H. Belo's three papers both operated at either a loss or break even for the year. Neither company has substantial debt. Rather, they had the option of investing in developing new revenues rather than dropping more to the bottom line, as McClatchy and others have done for several years now to manage their debt burden.

Amid all these challenges, Wall Street remains lukewarm on the industry. Share prices rallied some in the course of 2010 while remaining far below the values of the mid 2000s before the advertising collapse of 2007 to 2009. For 2011, though, most were down in the range of 10% to 25%.³⁸

Stock Prices Fall Across the Board

Price per Share



Source: Yahoo Finance

Note: The Washington Post is not included in this chart. Its 12/31/08 price/share was \$390.00; its 12/31/09 price/share was \$439.60; its 12/31/10 price was \$439.50; its 12/30/2011 price was \$375.81.

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The news was more encouraging in acquisitions. After years of almost no transactions, except through bankruptcy organizations, a thaw materialized, especially near the end of the year. The merger and acquisition broker Dirks, Van Essen & Murray counted 71 individual papers changing hands in 2011 compared to just 13 in 2010.³⁹

There were several different dynamics at play that helped explain the increased activity:

- Many small and mid-sized papers have less digital or TV competition and remain dominant with readers and local advertisers. Optimists - and buyers are usually optimists - may view them as stable and profitable. Small chains and some retired publishing executives are among the buyers.
- Some wealthy local buyers emerged. Those included Warren Buffett buying his hometown Omaha World Herald for \$200 million and San Diego hotel mogul Doug Manchester buying The Union-Tribune for \$110 million from Platinum Equity, which had acquired the paper just two years earlier from the Copley family for less than \$50 million.⁴⁰
- The prices are modest compared to those prevailing in the middle of the last decade. A number of the properties - The Union-Tribune is a good example - come with valuable real estate.
- Probably the biggest transaction was the sale of The New York Times' 19-paper regional group for \$143 million to Halifax Media Holdings, a company formed two years ago to buy The Daytona Beach News-Journal.⁴¹ The Times had assembled the papers and run them at high profit margins in the 1970s and 1980s to balance out business ups and downs at its flagship paper. Lately, the regional group was shedding revenue faster than The New York Times itself, moreover, so the company chose to exit and invest the proceeds in digital development.
- Political agendas may emerge as a factor. Both Halifax and San Diego's Manchester have indicated they want their papers to have a pro-business, pro-development tone editorially.

Private equity firms remain an important ownership force as they buy out bank creditors at reduced prices and bring organizations out of bankruptcy. Since executives of these firms tend to say little or nothing publicly, it is hard to discern a general strategy. They do tend to take an aggressive approach to digital transition.

The most high-profile case has been CEO John Paton, backed by Alden Global Capital, pursuing a "digital first" strategy at the Journal Register papers. The company spun off a separate management arm, Digital First. It has been given control of MediaNews, the much-larger company built by William Dean Singleton, which Alden acquired in 2011 when the company was in bankruptcy reorganization.

By digital first, Paton means encouraging the news staff, with heavy community involvement, to focus on breaking news and developing other content for various digital platforms. Producing the print newspaper becomes the last step in the cycle. Similarly, advertising sales staffs are directed to emphasize increasing digital ad sales with the best compensation going to those who meet ambitious growth targets.

The biggest of the private equity takeovers is yet to come when the Tribune Company bankruptcy proceedings, now in their fourth year, conclude. After many delays, it remains uncertain whether a final plan will be chosen by the end of 2012. Alden has been a member of the incoming investor group, but not its leader.

Tribune, with TV holdings as well as major newspapers, including The Chicago Tribune and The Los Angeles Times, has been run by a management committee headed by former Los Angeles Times publisher Eddy Hartenstein. According to bankruptcy filings, the company is running profitably, and it seems to be

pursuing a typical agenda of cost cutting and digital initiatives rather than delaying action until the new owners take over.⁴²

Unexpectedly, Alden and Angelo Gordon, a second private equity company, indicated at the end of January that they wanted out of their lead investment in the Philadelphia Media Network, which owns The Inquirer and the Daily News. A local group led by Edward Rendell, a former mayor of Philadelphia and a former governor of Pennsylvania, emerged as a likely buyer.

Media General announced in late February that it plans to sell some of its newspapers.

More Rounds of Cost Cutting

Private equity takeovers typically involve rounds of layoffs and other cost cutting, but more traditional companies also continue to rely on slashing expenses to break even or turn a profit as print ad revenue declines continue.

More and more companies have gotten rid of their printing presses and outsource production of the print edition. Some of these arrangements lead to earlier deadlines and later delivery, but they save substantially on labor costs.

As staffs shrink, newspaper organizations also find themselves with more office space than they need and sometimes rather grand downtown buildings for their current scale of operations. So a wave of building sales and moves to smaller rented quarters continues. The Philadelphia Media Network has sold its white tower that houses The Inquirer and The Daily News, and are scheduled to move the papers into a former department store in July. The Miami Herald sold its showcase building on Biscayne Bay (once Knight Ridder corporate headquarters) to an Asian casino developer. The Herald will be moving to space near the Miami airport.

On the cost front, newspapers caught a break in 2011 as newsprint prices leveled in midyear and the volume of paper used continued to fall. Managements continue to press for concessions on work rules and benefits at unionized papers. And such cost-saving tactics as furloughs and salary freezes or reductions continue to be common, though perhaps not as prevalent as in 2009 and 2010.

Newsroom Staffing

This section updated April 11, 2012.

Then there are cuts targeting newsroom costs particularly. Most common, continuing a trend started in 2010 and 2011, is for chains to consolidate copy editing and page layout at a few central facilities (the Associated Press has made a similar change in its regional and state reports). This year will see more of the same, with the result that comparatively few chain-owned papers will tailor a national and international report to their communities or lay out most of the pages readers see.

In 2011 and early 2012, there were fresh rounds of cuts at a number of papers, including small buyout programs at The Washington Post and The New York Times. Estimating total newsroom employment is tricky, however, because there may be hiring of technologists and other digital specialists at an organization where editors and reporters are being let go.

The American Society of News Editors employment census, released in April 2012, counted a loss of 1,000 full-time newsroom jobs in 2011, a decline of 2.4%..⁴³

Higher revenue hopes for 2011 never materialized and during budget planning in the fall, 2012 looked like another year of net revenue losses. Some organizations put in another round of cuts. The Tampa Tribune, for example, eliminated 29 newsroom jobs midyear and 165 more throughout the newspaper and its website in December.⁴⁴

And the layoffs have continued in the first quarter of 2012.

The losses leave 40,600 news professionals at newspapers, according to ASNE, down about 28% from its peak at the turn of the century.⁴⁵

An exception to overall shrinking staffing levels is the financial, political and wire service sector. Reuters and Bloomberg have been expanding, not only adding positions but also hiring away stars from other organizations. National Journal, Politico, the Huffington Post and The Atlantic are other multiplatform organizations that are healthy and growing.

Add in those working at smaller online startups (ASNE counted about 500 such jobs in the most recent census), and it appears that several thousand of jobs lost in newspaper organizations have migrated to other journalism enterprises rather than disappearing entirely.

Making new observations on where the staff cuts have damaged newspapers during the last year is difficult. But the longer-term trends we have noted before include much less coverage of government in suburbs or remote cities, pulling back on state government coverage, the decimation of specialty beats like science and religion, fewer feature stories and elimination of many weekday feature sections, a smaller business report, typically not a freestanding section anymore.

A report prepared for the Federal Communication Commission and released in June 2011 documented these reporting losses and concluded, “In very real ways, the dramatic newspaper-industry cutbacks appear to have caused genuine harm to American citizens and local communities.”⁴⁶

In our report last year, we quoted media economist Robert Picard’s finding that wage levels, beyond the top tier of organizations, are falling and will continue to fall and that a gradual “de-skilling” of journalism is in progress. That is still a concern. And fast-growing “content farms” such as Demand Media, which produce cheap, generic freelance content, had reverses of their own in 2011. Changes in Google’s search-ranking algorithm gave this work less prominent play, so it seems less likely than before to supplant the work of professionals.

The bottom line for newsrooms is twofold. Many now produce skimpy papers several days a week. Analysts and some in management have begun to talk openly, as we have for years, about whether the cutting has gone as far as it can and still allow organizations to produce substantial report every day in print and on digital platform.

Booth Newspapers, a Michigan chain owned by Advance, eliminated at least some daily home-delivered editions at The Grand Rapids Press and its other papers in mid-2011.⁴⁷ Since the two Detroit papers cut back to three days a week of home delivery several years ago, this means that only a minority of readers in Michigan can now get a hometown daily delivered seven times a week. Relatively few other papers have made similar cutbacks - at least not yet.

But more and more insiders believe this is the future, if not in 2012, then sometime this decade. Reducing the cost of printing and delivering the newspaper on the days when the print paper contains less advertising could be a way to capture some of the savings of digital while maintaining the high revenue of print – a version of having it both ways. Dissenters say that newspaper organizations should think twice before cutting off loyal seven-day print subscribers, in effect encouraging them to get their news elsewhere some weekdays.

The second reality for editors and reporters is that their efforts may be spread over as many as five or six platforms. Facebook and Twitter clearly promote content distribution and enhance reporting on fast-breaking stories. The multitasking, multiplatform journalist may thus feel energized and empowered. Older newsroom hands may instead feel pulled in many directions in a confusing way and end up frustrated, especially since the payoff in business improvement or stability has been so long in coming.

All of this relates to the central issue of financial transition – getting digital gains much closer to making up for print revenue losses (a metric first proposed by French analyst Frédéric Filloux).⁴⁸ In early 2005, Rick Edmonds of the Poynter Institute, the co-author of this chapter on newspapers, ran some projections that suggested that digital ad revenues would not equal those from print until roughly 2017.⁴⁹ Assumptions have changed, and the advertising crash of 2007-09 intervened.

But if digital revenues (even including revenues from digital subscriptions and side ventures) were to double their growth rate to 20% a year and print falls 10% yearly, the lines would still be \$1 billion from crossing in 2017. Getting through those six years will take more than just patience, however. And the industry would be smaller still than it is today, and much smaller than in 2005. Optimists might argue that individual papers and the industry could run profitably with smaller revenues as many do now. But shrinking revenues nonetheless mean fewer journalists covering the news.

There remains the chance that the exodus of print readers and advertisers will accelerate to some sort of tipping point before newspaper organizations get their act together with digital subscription and ad revenues in enough volume to make for a viable business.

John Paton's Digital First adventure, just beginning to take root at the larger Media News chain, remains admired and closely watched. He has backed his rhetoric with action, for instance hiring former Washington Post online editor Jim Brady as the group's editorial director.

But as a private company, Journal Register "releases only selective snippets of data indicating progress" as newspaper analyst Ken Doctor has noted, too little financial information to confirm a path to business success.⁵⁰ And both Journal Register and Clark Gilbert's Deseret News cranked up rapid digital change

with failing newspaper franchises, easy to set on the back of the stove. That makes less sense for organizations with stronger print franchises.

Other publishers and company executives favor a more balanced approach, thinking that the longevity of a strong print product can be extended for many years with the right news effort and management. That does not equate to a vote for more of the same. Attachment to daily news routines or old sales and circulation department cultures stands squarely in the way of progress on the digital side. And some organizations seem all but paralyzed by the scope of the changes required.

If some editors and publishers with five years or more in the transformation trenches are burning out, and they do seem to be, that begs the question of what will be the next generation's skill set and relevant experience? Along the way, newspapers, whatever balance they strike, are getting more serious about identifying and building the elements of an innovation business culture, not just invoking innovation as a mantra. At the same time, they have lost a lot of time. Returning to the baseball game metaphor we cited at the start of this essay: if this is the 19th inning, as McClatchy's Gary Pruitt suggested, 2012 could prove to be more of the same - but extra inning games have a way of ending quickly.

Continue reading Newspapers: By the Numbers

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Newspapers: By the Numbers

By Rick Edmonds of the Poynter Institute, Emily Guskin, Tom Rosenstiel and Amy Mitchell of PEJ

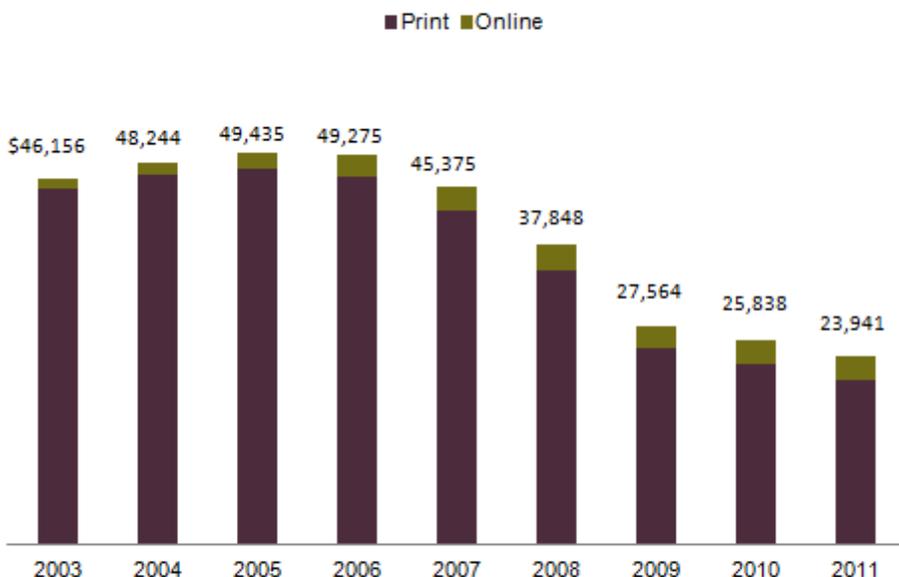
"By the Numbers" houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Revenue

Rapidly declining advertising revenues continue to be the industry's core problem. The losses in 2011 were slightly worse than those of 2010 - 7.3% compared to 6.3%. Ad revenues are now less than half what they were in 2006.

Print Advertising Revenue Falls, Online Grows

In Millions of Dollars



Source: Newspaper Association of America

Note: Numbers are rounded

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Online revenues have started growing again and now exceed their previous peak in 2007.

Print vs. Online Ad Revenue

In Millions of Dollars

	Print	Online	Total
2003	44,939	1,216	46,155
2004	46,703	1,541	48,244
2005	47,408	2,027	49,435
2006	46,611	2,664	49,275
2007	42,209	3,166	45,375
2008	34,740	3,109	37,848
2009	24,821	2,743	27,564
2010	22,795	3,042	25,838
2011	20,692	3,249	23,941

Source: Newspaper Association of America

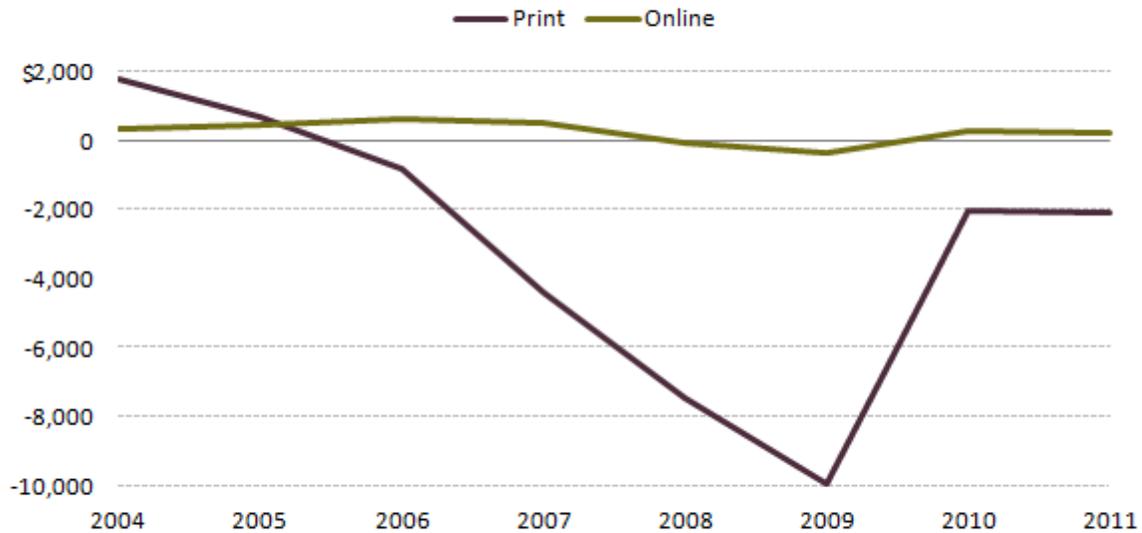
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Print losses far exceed online gains. For 2011, the ratio was more than roughly 10 to 1. In 2006, online revenues were still growing quickly and covered about 80% of print losses. Then in the 2008-2009 recession online flattened and fell slightly. For the last two years, revenue lost in print is nowhere close to being replaced by digital gains.

Print and Online Advertising Revenue Changes

In Millions of Dollars Lost and Gained



Source: Newspaper Association of America

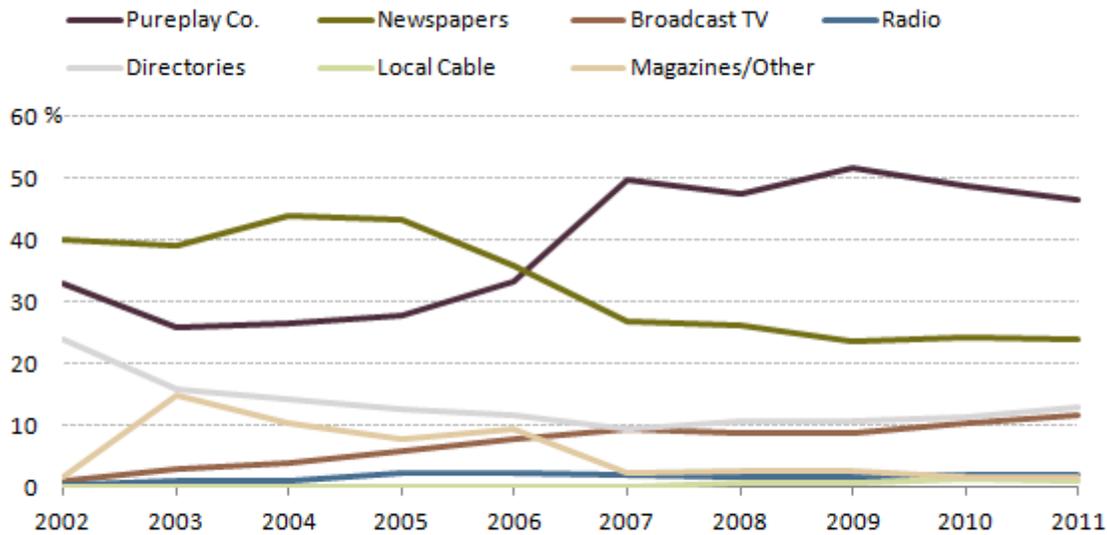
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This chart shows newspaper organizations battling with pure-play internet companies like Google or Monster for share of local online revenues. Other platforms have much lower market share. Newspapers held the leading position early in the 2000s. Then, beginning in 2006 when online growth stalled (see previous chart), pure plays quickly took the leading share. Forecaster Gordon Borrell sees the relative shares steadying the last couple of years and the possibility that newspapers will grow more quickly in 2012 and beyond.

Newspapers' Share of Local Online Advertising Remains Flat

Percentage of Local Online Advertising



Source: Borrell Associates, Inc.

Note: Fourth quarter 2011 is an estimate

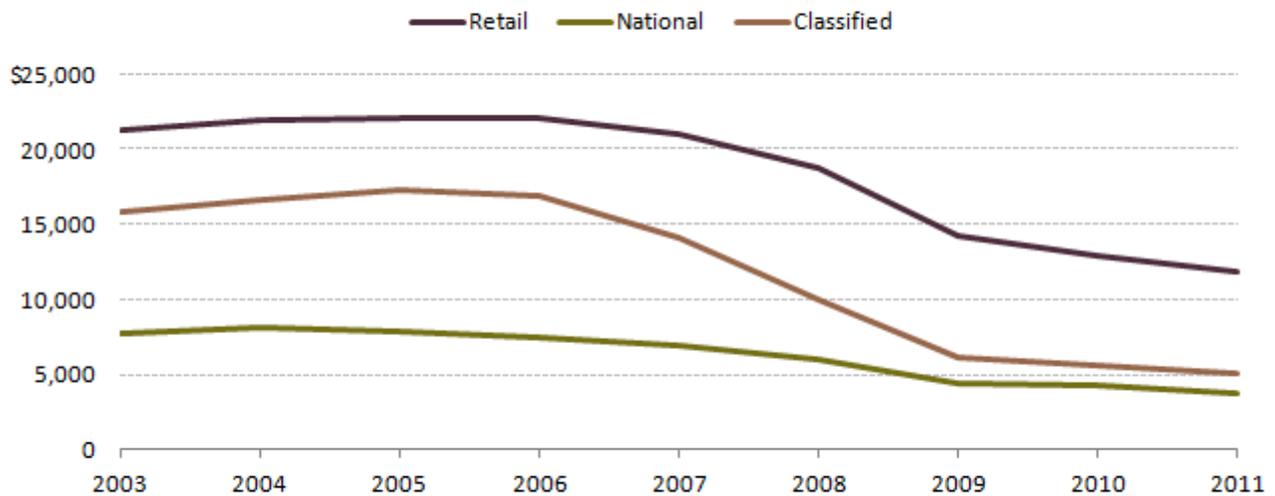
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National newspaper advertising revenue was down 10.5% in 2011, classified down 11% and retail 8%. Retail, buoyed by the relative strength of pre-printed inserts, is now greater than the other two categories combined, although it has still fallen.

Print Ad Revenue Continues to Decline

In Millions of Dollars



Source: Newspaper Association of America

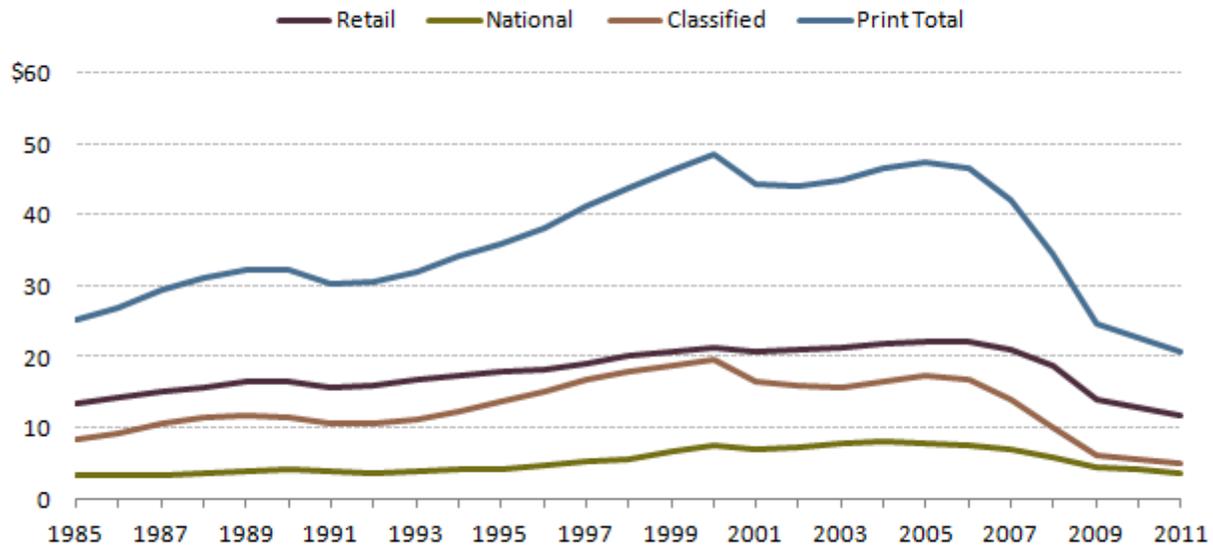
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A longer view of ad revenues shows that they reached \$48.7 billion in 2000. Classified and retail were nearly equal then. They rose to \$49.4 billion in 2005, but classified by then had started its decline.

11 Year-Decline for Daily Advertising Revenue

In Billions of Dollars



Source: Newspaper Association of America

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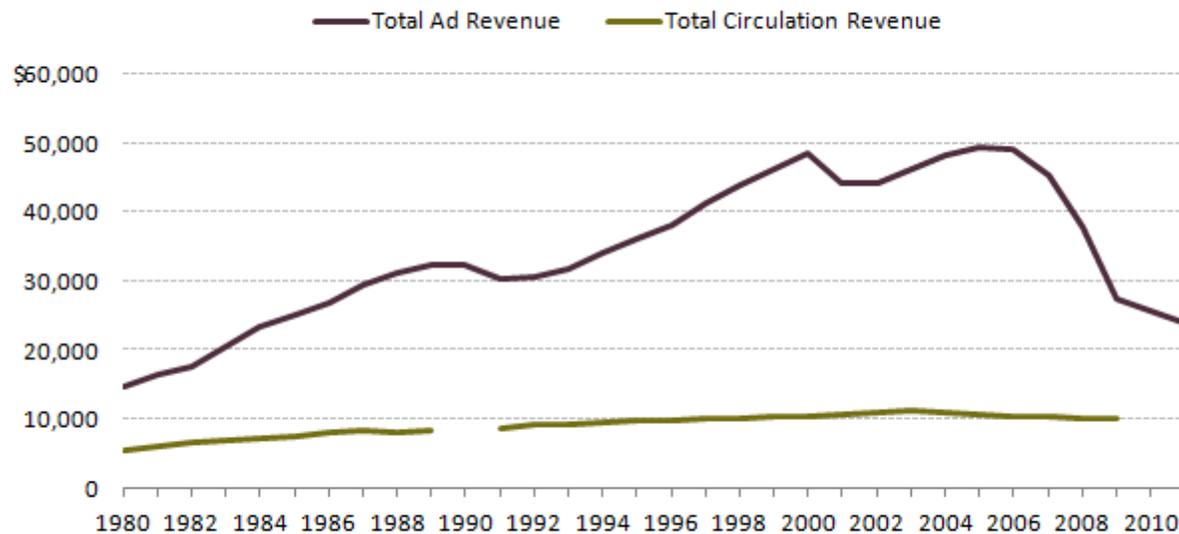
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This chart shows how over time, ad revenue has dropped sharply while circulation never has remained flat. This is further proof that the crisis for newspapers is an advertising problem, not an audience problem.

Ad Revenue Drops While Circulation Revenue Remains Stable

In Millions of Dollars



Source: Newspaper Association of America

Note: Numbers are rounded. There are no circulation revenue figures for 1990. Figures from 2003 onward for total ad expenditures includes online.

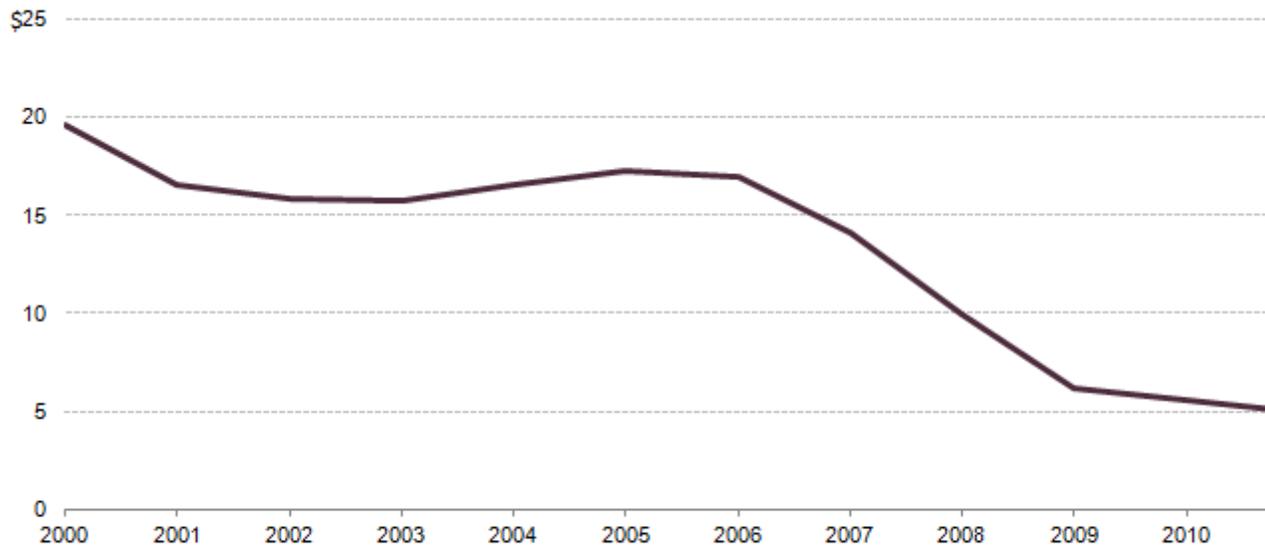
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Classified revenue has experienced the sharpest drop since the 2000 peak, losing nearly three-quarters of its value.

Classified Ad Revenue Declines are Slowing Down

Total Classified Advertising Revenue, in Billions of Dollars



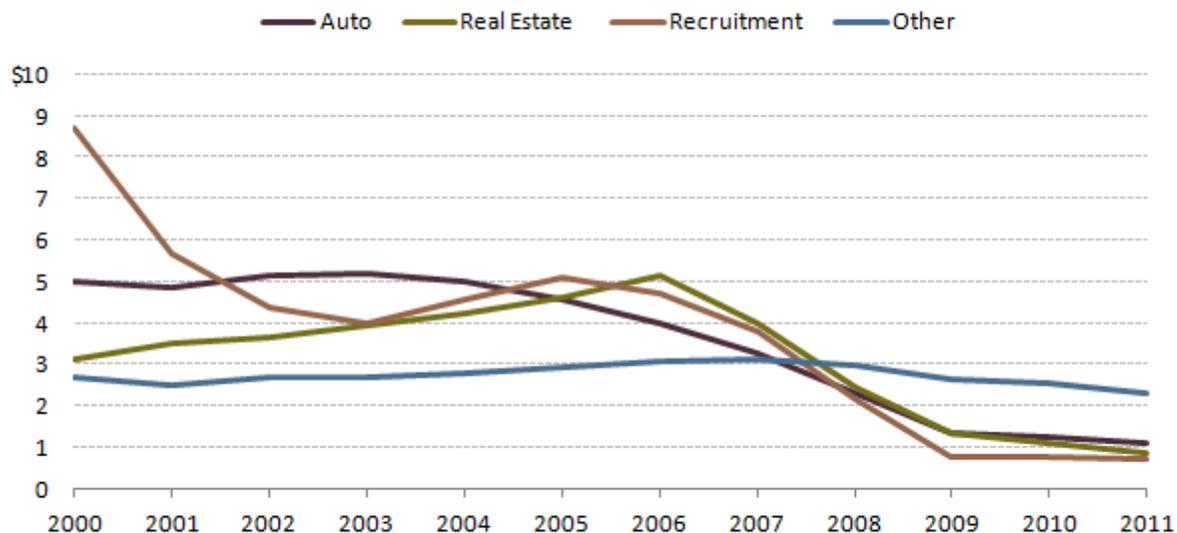
Source: Newspaper Association of America

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Recruitment advertising revenue stabilized in 2011. Real estate, on the other hand, was down 19.8%. The “other” category, which includes such things as paid obituaries and legal notices, now is by far the largest subcategory but declined 10% in 2011. Auto advertising was down 10.7%.

'Other' Classified Ads More Stable Than Auto, Real Estate and Recruitment

Classified Advertising Revenues by Category, in Billions of Dollars



Source: Newspaper Association of America

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Recruitment has had the steepest fall among classified categories.

Recruitment Fell Most Drastically, But Leveled Off in 2011

Classified Advertising Revenues by Category, In Billions of Dollars

■ 2000 (\$19.6 billion) ■ 2008 (\$10.0 billion) ■ 2009 (\$6.2 billion) ■ 2010 (\$5.6 billion) ■ 2011 (\$5.0 billion)



Source: Newspaper Association of America

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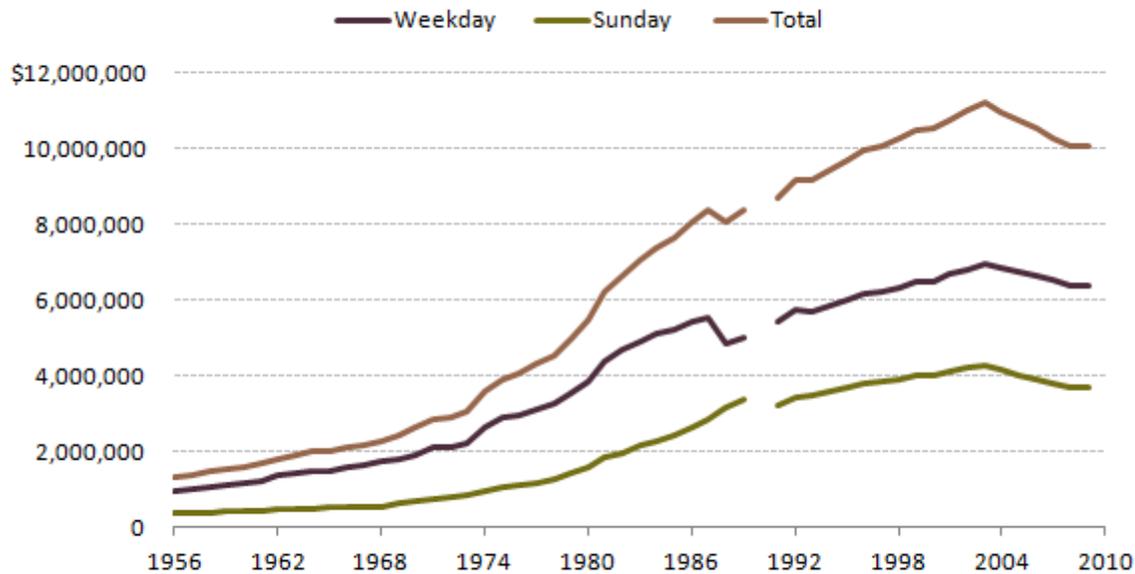
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Circulation revenues have declined much more slowly than in advertising, only about 10% since 2003. As a result, circulation's share of total revenues has risen from less than 20% early in the decade to almost 30%

in 2009. Statistics for 2010 and 2011 are not available, but several public companies have reported small declines. So the total has probably dipped below \$10 billion.

Circulation Revenues Decline More Slowly Than Advertising Revenues

In Thousands of Dollars



Source: Newspaper Association of America

Note: There are no data for 1990

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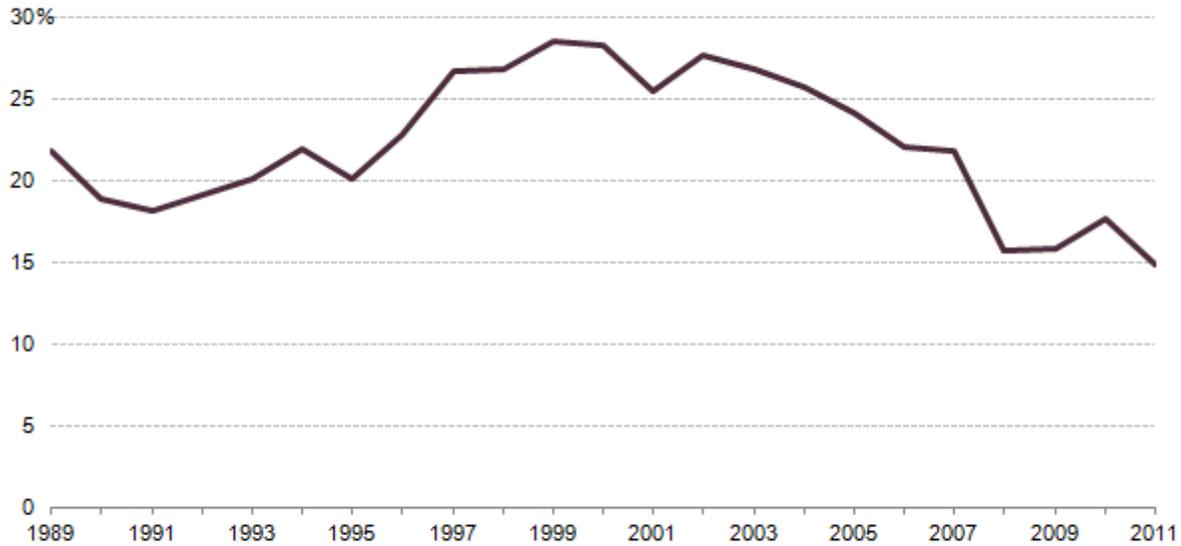
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Operating margins earnings are only about half what they were in 2000. (The decline in actual profits is much larger since revenues have fallen so sharply). When interest, taxes, depreciation and amortization and special charges are factored in, companies are posting net earning margins averaging around 5%. Some recorded a net loss in 2011.

Profit Margins Continue to Decline for Media Companies

Earnings before Interest, Tax Depreciation and Amortization (EBITA) Divided by Total Revenue of U.S. Publicly Traded Companies



Source: Deutsche Bank through 2005, Morton Research Inc. 2006-2011. For 2011, through the first nine months of the year. Via INMA.

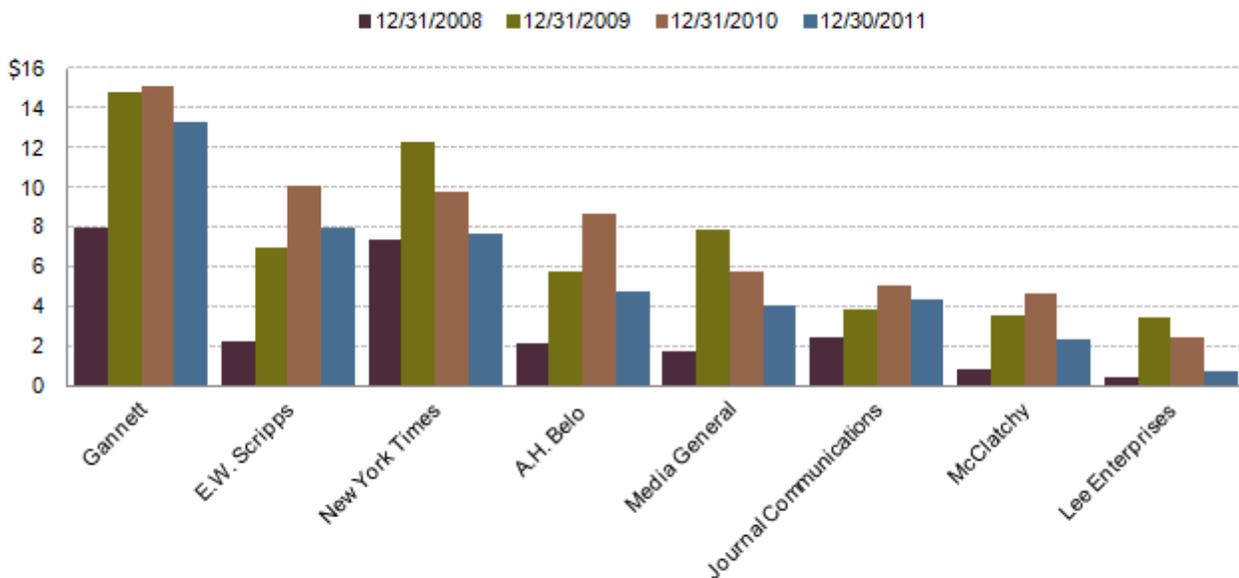
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After a two-year rally, newspaper stock prices were down in 2011. Investors were disappointed in continued ad revenue declines, and in some cases worried about excessive debt. Companies are now trading at one-half to less than one-tenth of their mid-decade peak price.

Stock Prices Fall Across the Board

Price per Share



Source: Yahoo Finance

Note: The Washington Post is not included in this chart. Its 12/31/08 price/share was \$390.00; its 12/31/09 price/share was \$439.60; its 12/31/10 price was \$439.50; its 12/30/2011 price was \$375.81.

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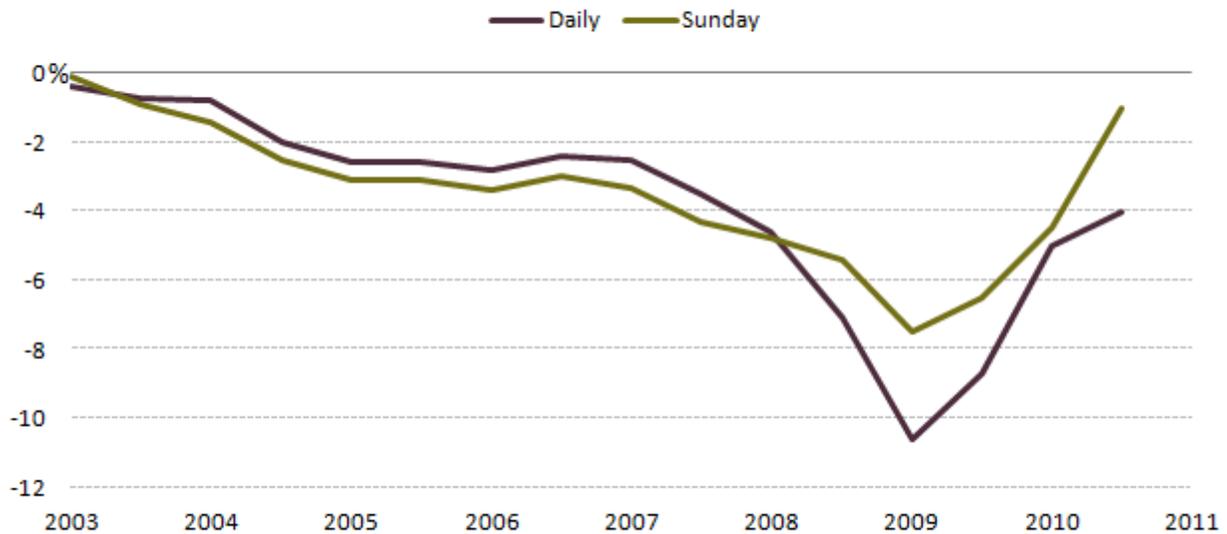
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Audience

Newspapers continued a string of declining circulation for 17 consecutive six-month periods as measured by the Audit Bureau of Circulations. But, possibly influenced by new audit rules, 2011 was a second straight year of more moderate losses. Sunday edition circulation, moved close to staying even, and some papers showed gains.

Circulation Losses Less Severe in Recent Years

Percentage Declines in Circulation by Six-Month Period



Source: Deutsche Bank Securities and Audit Bureau of Circulations. 2011 estimate by Rick Edmonds.

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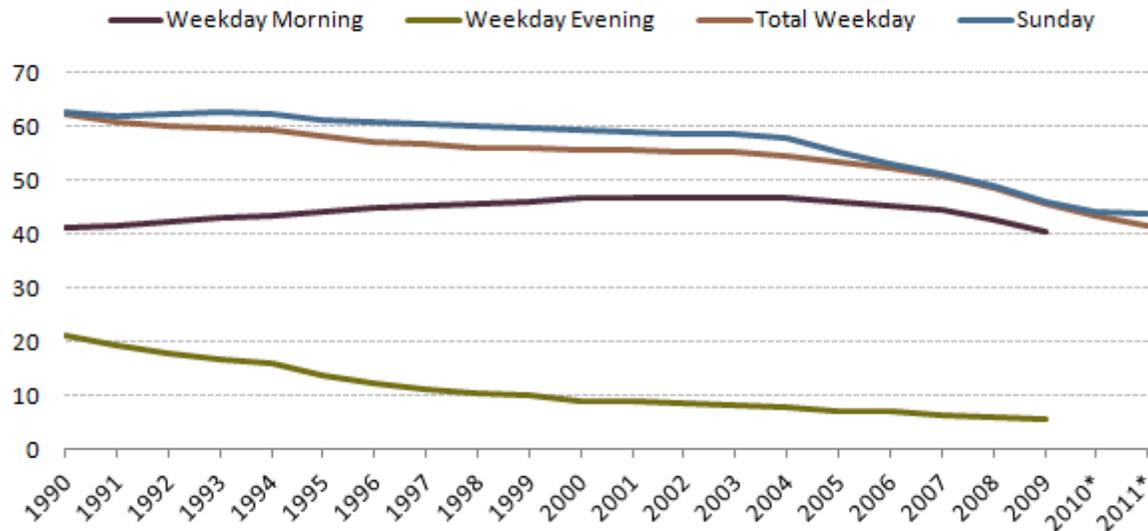
This 20-year view shows a steady slide in paid circulation. Daily circulation, which stood at 62.3 million in 1990, fell to 43.4 million in 2010, a decline of 30%. Sunday circulation fell by about the same percentage, though Sunday editions have performed better than daily the last two years.

Figures for 2011 are not available.

In 1990, evening papers, which began to decline in the 1970s, made up about a third of daily circulation. In 2009, it was just over a tenth.

A Continued Slide in Paid Circulation

In Millions



Source: Editor and Publisher Yearbook. 2010 and 2011 figures are estimates by Rick Edmonds based on the period ending Sept. 30 2010.

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Newspaper website audiences grew by 7.4% as measured by unique visitors from December 2010 compared with December 2011. However pages viewed and average minutes per visit were both down slightly - perhaps influenced by the introduction of online pay walls at some newspaper organizations.

Aggregated U.S. Newspaper Website Audiences

By Month

Year	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Minutes (in Millions)	Total Pages viewed (in Millions)	Total visits (000)	Average Minutes per Visit	Average Visits per Visitor
2011								
December	111,639	63.9%	24,106	3,649	4,047	1,048,679	3.5	9.4
November	110,302	62.7	25,325	3,809	4,048	1,064,940	3.6	9.7
October	112,196	63.7	24,671	4,129	4,452	1,090,319	3.8	9.7
September	112,006	64.2	24,535	3,674	4,442	1,045,036	3.5	9.3
August	112,299	65.1	25,300	3,947	4,678	1,121,340	3.5	10
July	107,040	62.4	22,640	3,420	4,235	1,000,188	3.4	9.3
June	108,151	63.2	23,699	3,457	4,115	1,000,504	3.5	9.3
May	112,649	65.5	24,196	3,740	4,314	1,048,024	3.6	9.3
April	111,646	65.2	23,547	3,534	4,162	985,420	3.6	8.8
March	113,183	66.6	24,725	4,217	4,545	1,075,466	3.9	9.5
February	103,872	61.5	23,390	3,387	4,037	942,274	3.6	9.1
January	107,713	63.5	22,768	3,639	4,409	1,016,428	3.6	9.4
2010								
December	103,903	61.3	21,457	3,496	4,126	949,897	3.7	9.1
November	106,720	62.9	22,373	3,416	4,180	962,474	3.5	9.0
October	105,250	61.8	20,744	3,238	3,992	915,282	3.5	8.7
September	102,843	60.6	20,328	3,307	4,052	869,195	3.8	8.5

Source: comScore via Newspaper Association of America

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New auditing rules make year-to-year comparisons unreliable, but the rank order of the top 25 papers by circulation has changed little. The Wall Street Journal retains the top spot, followed by USA Today and The New York Times. The Journal benefits from having more than 400,000 digital subscribers counted in its paid total, more than any other American paper, although The New York Times is getting close after installing its metered pay wall in late March and gaining more than 390,000 digital subscriptions.

One rule change allows papers (starred in the chart) to count “branded editions” in the total. So, for instance, the Contra Costa Times is counted as a branded edition of The San Jose Mercury News, although they were once separate newspapers.

Top 25 Circulating Daily Newspapers

Newspapers by Circulation (September 2011)

	Total Circulation Excluding Branded Editions	Total Branded Editions	Total Circulation	Rank in 2011	Rank in 2010
Wall Street Journal	2,069,169		2,069,169	1	1
USA Today	1,784,242		1,784,242	2	2
New York Times	1,150,589		1,150,589	3	3
New York Daily News*	601,097	4,580	605,677	4	6
Los Angeles Times	572,998		572,998	5	4
San Jose Mercury News*	184,018	353,550	527,568	6	8
New York Post	512,067		512,067	7	7
Washington Post	507,465		507,465	8	5
Chicago Tribune	425,370		425,370	9	9
Dallas Morning News*	255,613	154,029	409,642	10	16
Newsday (NY)	404,542		404,542	11	12
Chicago Sun-Times*	236,371	152,982	389,353	12	19
Houston Chronicle*	328,813	40,897	369,710	13	10
Denver Post*	343,180	9,935	353,115	14	13
Philadelphia Inquirer*	260,375	70,759	331,134	15	11
Minneapolis Star Tribune	298,147		298,147	16	15
Arizona Republic	292,838		292,838	17	14
Orange County Register*	172,942	97,867	270,809	18	-
Cleveland Plain Dealer	243,299		243,299	19	17
Seattle Times	242,814		242,814	20	18
Oregonian	242,784		242,784	21	22
St. Petersburg Times	240,024		240,024	22	21
Detroit Free Press	234,579		234,579	23	20
San Francisco Chronicle	220,515		220,515	24	24
San Diego Union-Tribune	219,347		219,347	25	23

Source: Audit Bureau of Circulations publishers' statements for the 26 weeks ending September. M-F combined averages of total circulation.
 Note: ABC redefined categories of circulation in 2011, so the 2011 numbers are not comparable to 2010 and 2009 data. Branded editions are "newspapers with names other than that which ABC membership is held, but maintains the consistent identity of the ABC member" according to ABC. Those with asterisks included branded editions in addition to total circulation.

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On Sundays, since the Wall Street Journal and USA Today do not publish, The New York Times is the leader by a wide margin.

Top 25 Sunday Newspapers

Newspapers by Sunday Audience (September 2011)

	Total Circulation Excluding Branded Editions	Total Branded Editions	Total Circulation	Rank in 2011	Rank in 2010
New York Times	1,645,152		1,645,152	1	1
Houston Chronicle	519,155	392,409	911,564	2	7
Los Angeles Times	905,920		905,920	3	2
Washington Post	726,990	119,029	846,019	4	4
Chicago Tribune	781,128		781,128	5	3
New York Daily News	666,892	746	667,638	6	5
Detroit Free Press	487,953	151,397	639,350	7	9
San Jose Mercury News	219,252	383,314	602,566	8	6
Minneapolis Star Tribune	518,095	25,538	543,633	9	8
Denver Post	495,172	42,961	538,133	10	11
Philadelphia Inquirer	482,457		482,457	11	10
Newsday (NY)	476,723		476,723	12	15
Arizona Republic	472,200		472,200	13	12
Atlanta Journal-Constitution	410,022		410,022	14	13
Cleveland Plain-Dealer	344,089	59,856	403,945	15	19
St. Petersburg Times	403,229		403,229	16	14
Chicago Sun-Times	233,445	167,061	400,506	17	-
Orange County Register	283,997	113,767	397,764	18	-
New York Post	379,673		379,673	19	22
Dallas Morning News	362,134	12,519	374,653	20	16
Boston Globe	360,186		360,186	21	17
San Antonio Express-News	246,742	97,378	344,120	22	-
Seattle Times	333,937		333,937	23	21
Newark Star-Ledger	333,601		333,601	24	20
St. Louis Post-Dispatch	332,825		332,825	25	18

Source: Audit Bureau of Circulations

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Another, some would say more modern, way to look at newspaper audience is to measure a paper's total reach in print and online. Scarborough Research has done that here, counting the number of people who read a print edition at least one day a week, plus the number accessing the website at least one time in a week (with an adjustment to avoid double counting those who do both).

The measure is for local market area only. For this reason, The Wall Street Journal and USA Today are not measured at all, and the national/international audiences for the websites of The New York Times and The Washington Post are not included. By the local total audience measure, several publications - among them the Daily News in New York City and The Boston Globe - rank higher than they would by counting paid circulation alone.¹

Top Newspapers Local Audience: Print and Online Combined

Readership in Print and Online Based on Five Weekday, One Sunday or Seven-Day Online Readership

	2009 Reach	2010 Reach	2011 Reach
New York Daily News	4,627,227	4,562,458	4,457,194
Los Angeles Times	4,386,255	4,492,958	4,373,201
New York Times	4,395,378	4,109,785	3,963,854
New York Post	3,418,297	3,444,001	3,379,061
Los Angeles News Group*	2,884,062	2,773,882	2,864,858
Washington Post	2,916,873	2,836,127	2,863,449
Chicago Tribune	3,423,390	3,019,411	2,853,959
Chicago Sun-Times Group**	3,071,506	2,950,744	2,752,339
San Jose Mercury News Group***	2,384,422	2,235,980	2,424,509
Houston Chronicle	2,305,362	2,218,220	2,263,365
Newsday	2,307,626	2,332,287	2,194,401
Philadelphia Inquirer/Daily News	2,275,835	2,194,692	2,036,806
Arizona Republic	1,980,026	1,948,439	2,017,554
The Atlanta Journal-Constitution	2,231,488	2,169,205	1,995,371
Boston Globe	2,076,851	2,002,029	1,930,044
Dallas Morning News	1,962,859	1,943,150	1,805,734
Detroit Free Press/Detroit News	2,061,098	1,848,850	1,786,156
Minneapolis Star Tribune	1,804,760	1,704,719	1,708,859
San Francisco Chronicle	1,786,613	1,757,903	1,676,435
Seattle Times	1,491,127	1,521,862	1,535,630
Miami Herald/El Nuevo Herald	1,445,815	1,406,118	1,442,997
Denver Post	1,436,976	1,412,773	1,423,187
Cleveland Plain Dealer	1,396,665	1,265,595	1,334,487
Portland Oregonian	1,271,679	1,212,754	1,269,094
St. Petersburg Times	1,266,086	1,257,522	1,230,816

Source: Scarborough Research, Release 2

Note: *(Daily Breeze/Inland Valley Daily Bulletin/Los Angeles Daily News/Pasadena Star-News/Long Beach Press-Telegram/Redland Daily Facts/San Gabriel Valley Tribune/The Sun/Whittier Daily News)

** (Aurora Beacon-News/Chicago Sun-Times/Southtown Star/Elgin Courier-News/Joliet Herald-News/Naperville Sun/Post-Tribune/Lake County News-Sun)

*** (San Jose Mercury News/San Mateo County Times/Contra Costa Times/San Ramon Valley Times/East County Times/Valley Times/West County Times/Tri-Valley Herald/Oakland Tribune/Alameda Times Star/The Daily Review/The Argus/Daily News/Marin Independent Journal/Vacaville Reporter/Vallejo Times-Herald/Sunday Times)

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Market penetration has been a traditional print newspaper metric - the number of papers sold in each market as a percentage of households. This calculation includes unduplicated online audience as well. The top papers' percentages are typically down some from 2009.

Top 20 Newspapers by Market Penetration (Print and Online)

Percentage of Adults in the Metro Region of the Newspaper Based on Five Weekday, One Sunday or Seven-Day Online Readership

	2009	2010	2011
Rochester Democrat and Chronicle	77%	72%	75%
Des Moines Register	71	63	69
Gannett Wisconsin Papers*	68	69	69
New Orleans Times-Picayune	66	68	65
Syracuse Post-Standard	67	65	64
Buffalo News	67	64	64
Milwaukee Journal Sentinel	62	59	60
Honolulu Star-Advertiser	60	57	60
Arkansas Democrat-Gazette	53	52	60
Washington Post	62	60	59
Richmond Times-Dispatch	62	58	58
Louisville Courier-Journal	64	58	57
Arizona Daily Star	59	56	57
Cincinnati/Kentucky Enquirer	58	57	56
Kansas City Star	58	55	56
San Antonio Express-News	61	52	54
Columbus Dispatch	58	56	54
Oklahoman	55	53	53
Chattanooga Times Free Press	51	51	53
El Paso Times	54	52	52

Source: Scarborough Research, Release 2

Note: Gannett Wisconsin Papers include Appleton Post-Crescent, Fond du Lac Reporter, Green Bay Press-Gazette, Manitowoc Herald Times Reporter, Oshkosh Northwestern and their websites.

This newspaper ranking includes newspapers that met the following criteria: 1) Paid newspapers that have both a daily and Sunday edition; 2) 100+ intab for both the daily and Sunday edition; 3) 5+% penetration within the given geography for both the daily and Sunday edition.

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Paid digital circulation is another indicator of audience strength. It has been renamed to include more varieties of digital. Included are paid online subscriptions (which The New York Times and other publications launched in 2007), subscriptions on e-readers (Kindles, iPads, Nooks or others) and e-replica editions (full online reproductions of newspapers, typically viewed on a computer).

The Wall Street Journal, which has been charging for its online site for more than a decade, leads with 449,000 paid digital readers.

For the many metro papers on the list whose websites remain free, the totals come mostly from e-replica editions, those that display the full print paper in its original layout, but electronically. Without a lot of attention, the format has gained a foothold with readers (in part because it costs far less than home delivery of print).

The presence of the two Detroit papers high on the list reflects their decision in late 2008 to offer home delivery on only three days a week. Some subscription packages include access to the e-edition other days of the week.

These numbers will continue to grow in coming years with sales to iPads and other tablets and experiments with paid online.

Top 25 Newspaper Daily Digital Editions

By Rank (September 2011)

	Digital Replica	Digital Nonreplica	Total Digital
Wall Street Journal		537,469	537,469
New York Times	18,107	361,896	380,003
New York Daily News	29,255	136,186	165,441
Newsday (NY)	1,103	111,383	112,486
Detroit Free Press	94,657	1,782	96,439
Denver Post	37,297	47,007	84,304
New York Post	11,188	59,678	70,866
Houston Chronicle	68,004	1,711	69,715
USA Today	33,324	19,072	52,396
Minneapolis Star Tribune	42,829	8,054	50,883
Investor's Business Daily	45,999	3,048	49,047
Detroit News	48,698	336	49,034
St. Paul Pioneer Press	48,505		48,505
Dallas Morning News	45,922		45,922
San Francisco Chronicle	29,859	11,911	41,770
Los Angeles Times	21,823	16,332	38,155
Miami Herald	34,682	2,581	37,263
Philadelphia Inquirer	22,754	13,138	35,892
San Jose Mercury News	34,353	1,312	35,665
Kansas City Star	31,426	717	32,143
Salt Lake City Tribune	29,561	816	30,377
Washington Post	16,899	10,256	27,155
Toledo Blade	26,959		26,959
Women's Wear Daily	26,080		26,080
Seattle Times	24,212	1,662	25,874

Source: Audit Bureau of Circulations

Note: The San Jose Mercury News total includes e-edition subscribers of the Oakland Tribune and Contra Costa Times. These papers became editions of the Mercury News in January 2010. The Denver Post figure includes some subscribers of the Rocky Mountain News, which ceased publication in February 2009.

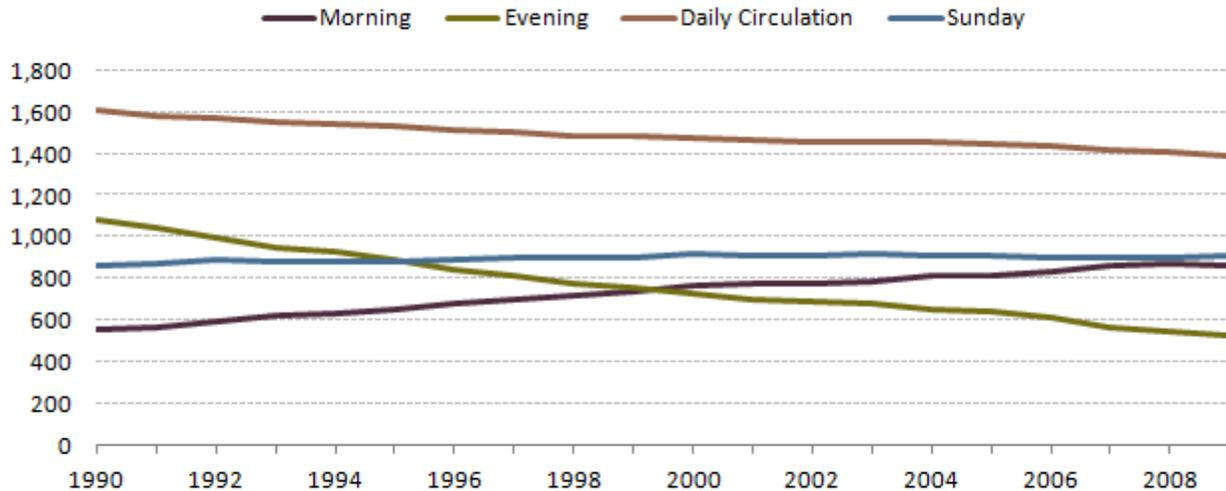
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Over the last 20 years, the number of daily American newspapers has decreased slowly but steadily. From 1,611 in 1990, the number fell to 1,387 in 2009, the most recent year for which figures are available. That is a decline of 14%. Since yearly declines for the last five years measured were consistently between 14 and 21 papers, it is a reasonable estimate that 1,350 dailies are still being published.

This breakdown of morning and evening titles suggest growth in morning papers, but in fact the higher numbers mostly represent evening-to-morning conversions or consolidations. Launches of new dailies are extremely rare.

Number of Newspapers Continue to Decline

Weekday and Sunday Editions, Yearly Increments



Source: Editor and Publisher Yearbook data

Note: The Yearbook is no longer published, so these figures have not been updated since 2009

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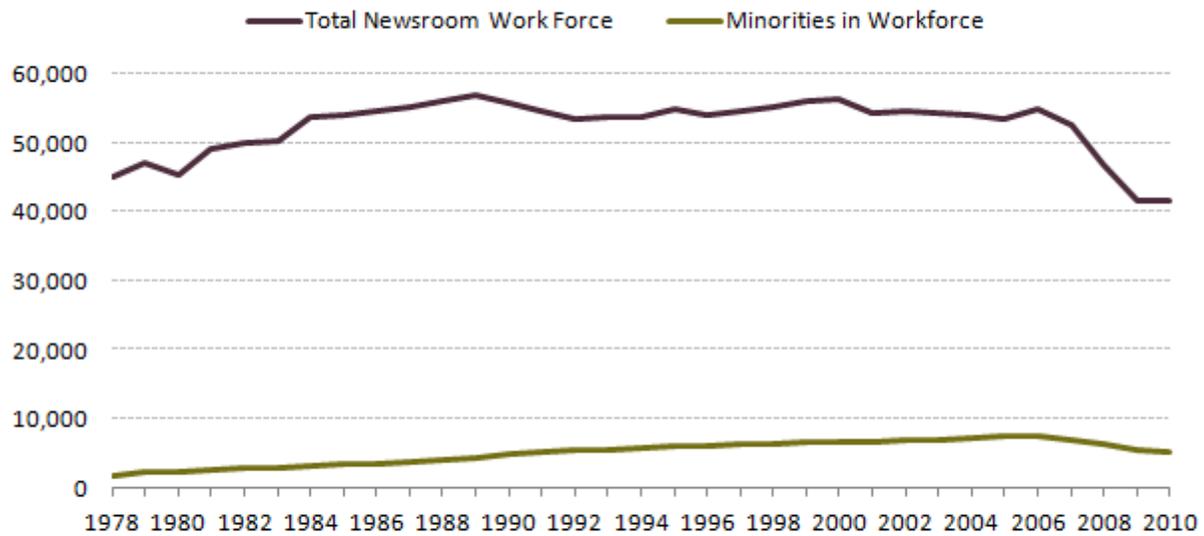
Employment of full-time professional editorial staff peaked at 56,900 in 1989. It then fell 27% through 2010.

The newsroom census totals for 2011 will be released in early April. Our estimate is that 500 to 1,000 more jobs will have been lost, but this year's census will include some changes in methodology and more inclusion of non-newspaper online publications.

The census, by the American Society of News Editors, also includes a breakout of minority employment. It grew immensely from 1,900 in 1978 to 7,400 in 2006, but has since fallen during the layoff years to 5,300 at the end of 2010.

Newsroom Workforce Declining, But More Slowly

Number of Workers



Source: American Society of News Editors, Newsroom Employment Census, 2010. ASNE dates its data according to the release date. PEJ presents the data according to the year the data were compiled.

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

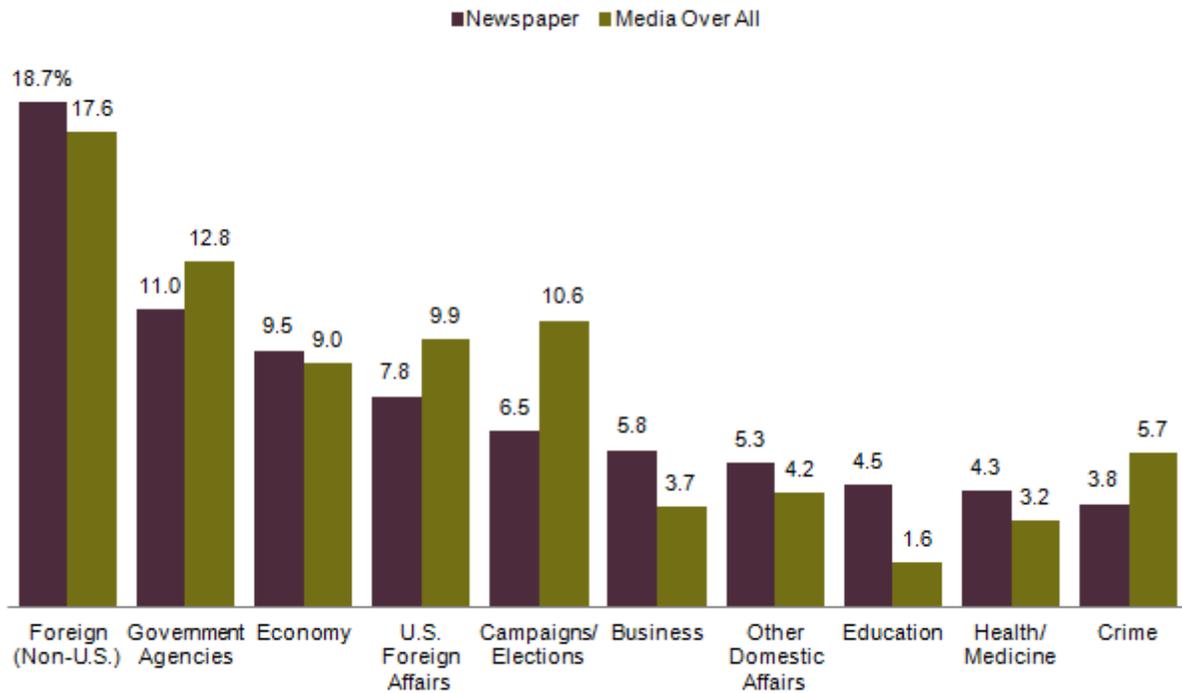
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An ongoing PEJ analysis of the national news coverage indicates some differences between newspapers and the news media over all. Business, education and health receive a higher level of coverage in newspapers than from other news organizations. Elections U.S foreign affairs and crime receive somewhat less. The level of attention to the economy is about the same.

Newspaper Topics Differ from Media Over All

Percentage of Newshole



Source: PEJ, The Year in the News 2011

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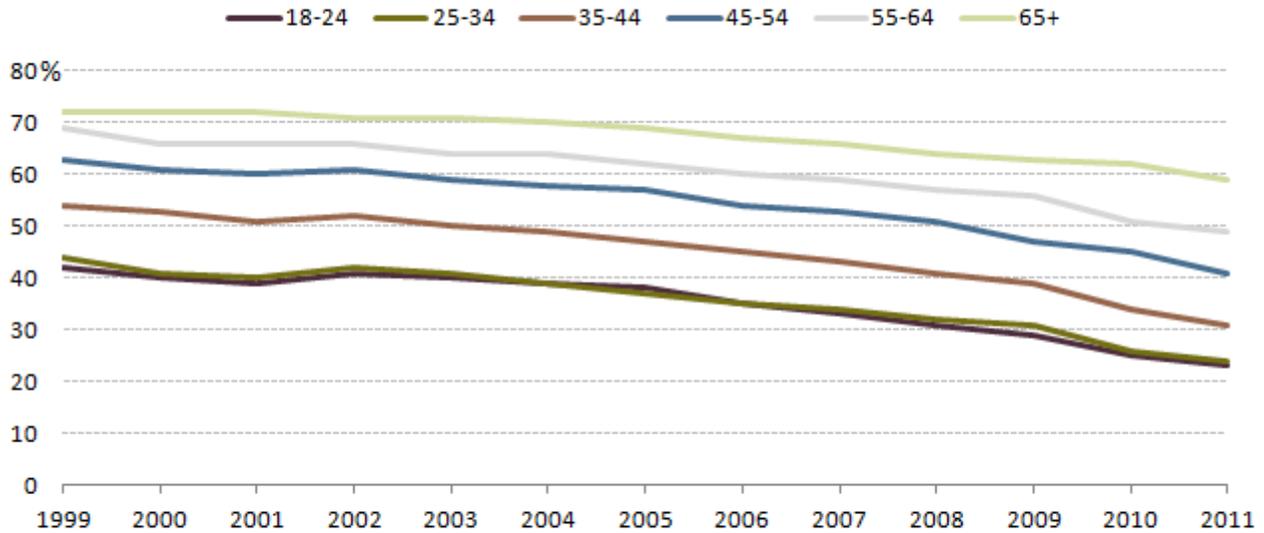
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Demographic Data

The percentage of adults in all age groups who report that they read a newspaper yesterday has fallen steadily since 1999. Adults over the age of 65 are still most likely to be newspaper readers, but their readership declined three percentage points in 2011 alone.

Readership Falls for All Age Groups

Percentage Nationally Who Read Any Daily Newspaper Yesterday



Source: Scarborough Research survey data

Note: 1999 – 2011 Scarborough Report, Release 1

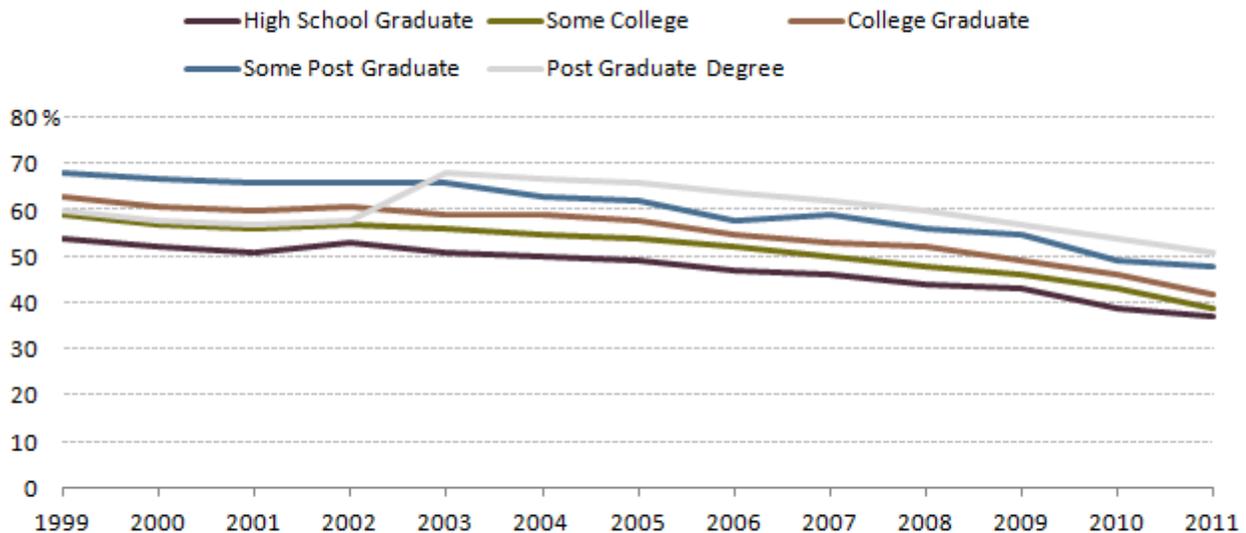
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Frequency of daily newspaper readership rises steadily with level of education, although all categories are down from 1999. Each of the five groups measured has seen readership drop, but readership among those with post graduate degrees fell less.

Newspaper Readership Correlates to Higher Education Levels

Percentage Nationally Who Read Any Daily Newspaper Yesterday



Source: Scarborough Research survey data

Note: 1999 – 2011 Scarborough Report, Release 1

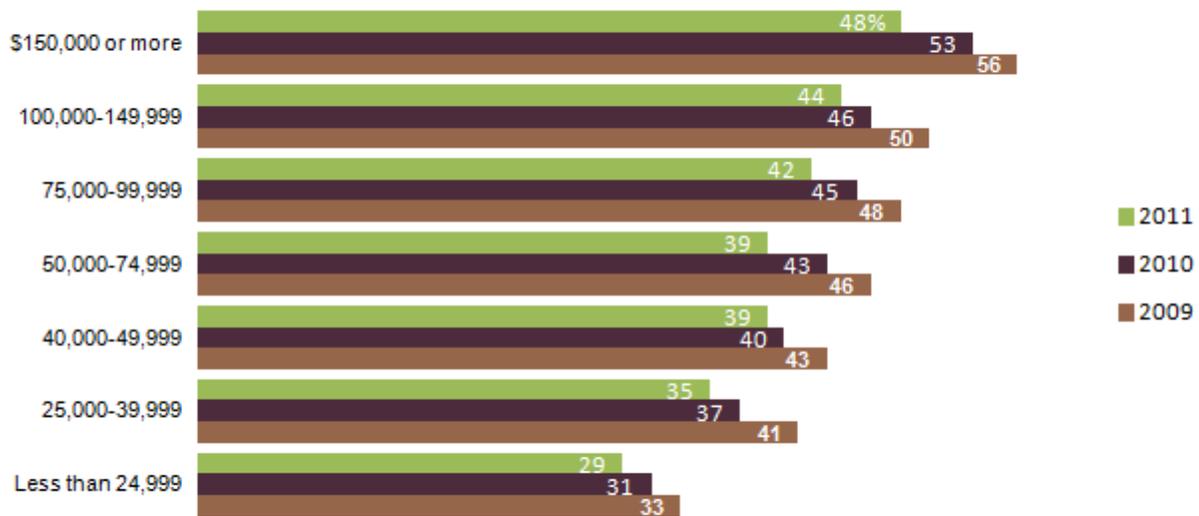
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Higher levels of newspaper readership also correlate closely to higher income levels. Even at the highest income levels, percentages of readership are declining.

Newspaper Readership Correlates to Higher Income Levels

Percentage Nationally Who Read Any Daily Newspaper Yesterday



Source: Scarborough Research survey data
 Note: 1999 – 2011 Scarborough Report, Release 1

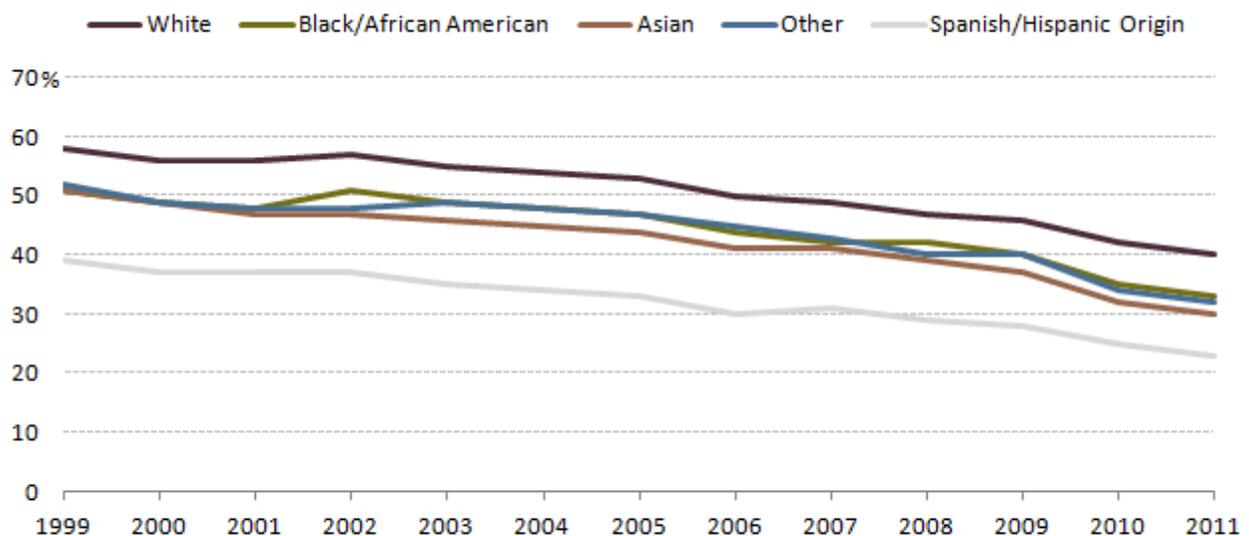
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Whites have the highest levels of daily newspaper readership, followed by African Americans. Hispanics are least likely to read a newspaper, suggesting that English language fluency is a factor.

Whites Are More Likely to Read Newspapers Than Other Ethnic Groups

Percentage Nationally Who Read Any Daily Newspaper Yesterday



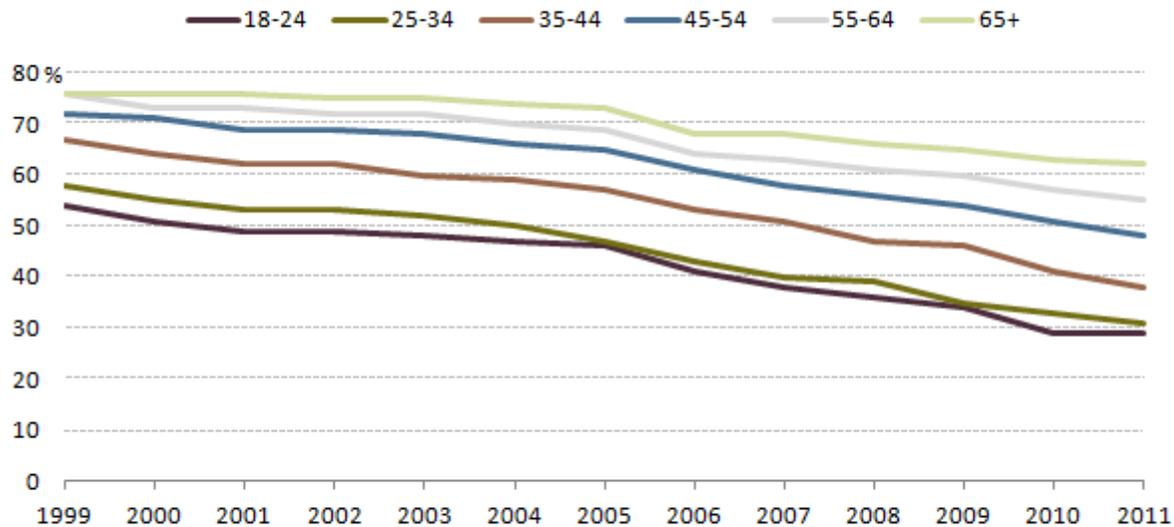
Source: Scarborough Research survey data
 Note: 1999 – 2011 Scarborough Report, Release 1

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A little good news for the industry: Although the youngest age group is least likely to read the Sunday paper, their percentage held steady from 2010 to 2011.

Sunday Readership Holds Steady for the Youngest Cohort, Falls Elsewhere

Percentage Nationally Who Read Latest Sunday Edition



Source: Scarborough Research survey data

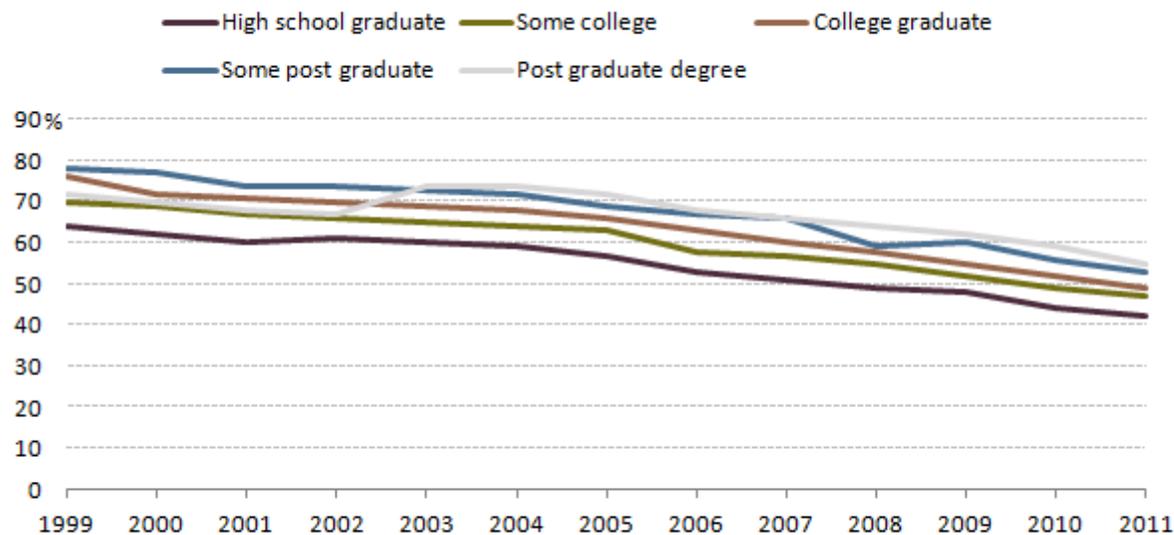
Note: 1999 – 2011 Scarborough Report, Release 1

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There is little variation among education levels in Sunday readership declines.

Sunday Readership Falls among All Education Levels

Percentage Nationally Who Read Latest Sunday Edition



Source: Scarborough Research survey data

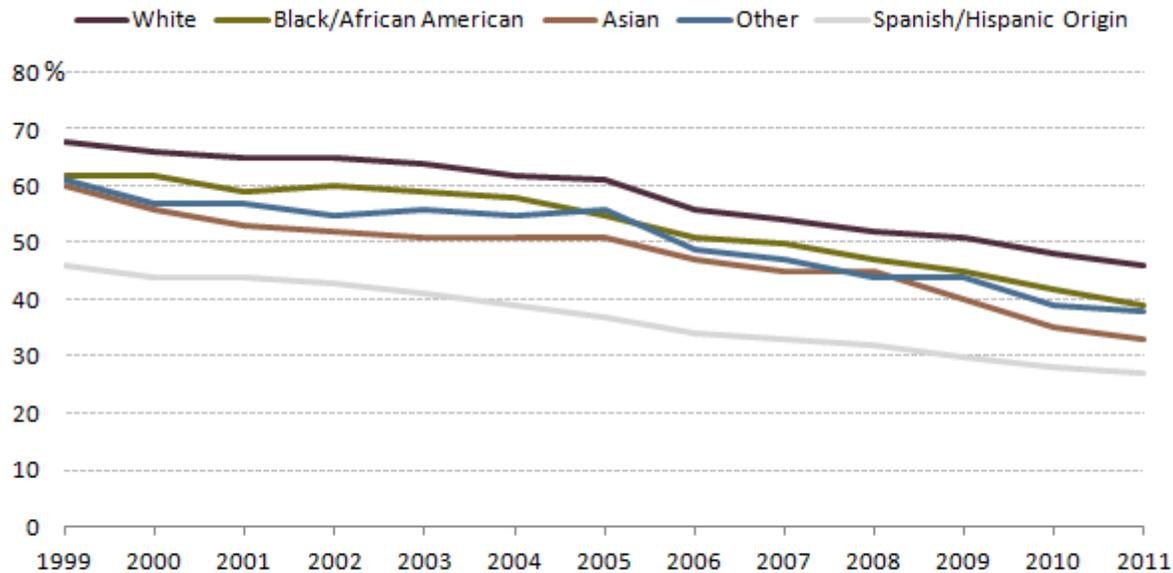
Note: 1999 – 2011 Scarborough Report, Release 1

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Asian and Hispanic groups show the biggest readership declines, perhaps indicating a continuing infusion of immigrants for whom language is a barrier.

Sunday Newspaper Readership Falls across Ethnic Groups

Percentage Nationally Who Read Latest Sunday Edition



Source: Scarborough Research survey data
 Note: 1999 – 2011 Scarborough Report, Release 1

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[Click here to read the Newspaper Essay](#)

Endnotes

1. The print and online totals are measured by the Audit Bureau of Circulations and Scarborough, but the methodology is completely different from that used in its traditional measure of paid circulation. Hence the much higher totals. A reader is counted if he or she reads the print edition or visits online at least one day in a week.

Newspapers Glossary

Circulation

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

Pay wall

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

E-editions

E-editions include paid online subscriptions (which only The Wall Street Journal has), subscriptions on e-readers (Kindles, iPads, Nooks or others) and e-replica editions (full online reproductions of newspapers, typically viewed on a computer).

The State of the News Media 2012

An Annual Report on American Journalism

Digital: News Gains Audience but Loses Ground in Chase for Revenue

By Kenny Olmstead, freelance journalist Jane Sasseen, Amy Mitchell, and Tom Rosenstiel of PEJ

Two numbers symbolize the intensifying challenge and opportunity the digital world poses for the news industry: In 2011, social media giant Facebook grew to 133 million active users from 117 million in the U.S.¹ And in the final months of the year, tablet ownership in the U.S. nearly doubled, to 18% of Americans.

Each is a threat and a promise. Facebook and other social media are additional distributors of content, but they are also rivals for advertising revenues. The new tablets, smartphones and other mobile technologies represent new ways to reach audiences, but they are also a new wave of new technology that news companies need to react to. Even as traditional media institutions continue to struggle to find a sustainable model after more than a decade of declining advertising revenues and digital upheaval, the new wave threatens to shift the media landscape out from under them once more.

There is some time to adapt. News sites now get 9% of their traffic from social media, up about 57% in two years. That is almost half of what comes from search engines. But as more news organizations put in place an actively managed social media strategy, those numbers will likely grow. Already, some that have moved aggressively with social media, such as The Huffington Post, generate as much traffic from social media as they do from search. Sites such as Twitter and Facebook are also working closely with news organizations to teach them to use social media tools more effectively.

While that has helped many reach a broader audience, the risk for news organizations is that they become too dependent on social media for their audience. Yet once again for news providers, there is no choice but to get to know the “frenemy.” Social media - particularly Facebook, with its huge audience and domineering lead - have become a partner no news organization can afford to ignore.

At the same time, Facebook, along with other tech giants such as Google, Apple and Amazon, have also become major rivals for advertising and other revenues. Even as digital ad revenues are expanding rapidly, news organizations are struggling to grab their share. Five large tech giants now take in more than two-thirds of all digital ad dollars—and the number is rising fast. With Google, Facebook and Yahoo in the lead, they are using personal data collected over the internet to direct ads to specific consumers to a far greater degree than ever before - and to a far greater degree than most news organizations are capable of. Over the last two years, those two alone have used those abilities to take an ever-bigger chunk of the display market, where news organizations have traditionally earned most of their online advertising dollars. Now they are gunning for local markets, as well as the fast-growing video and mobile sectors.

Amid all the change, perhaps the most optimistic sign for the news industry is this: brands still matter. Most digital traffic comes to news sites through their home pages, not through search engines or social media. Reputation remains paramount: of the 25 most popular U.S. news sites, two-thirds are run by traditional news organizations.

But one more inescapable problem only became larger in the last year. From what can be gleaned from the numbers, many news companies lost ground in the race to develop a business model to leverage those well-known brands financially in the digital space – at least in relation to their digital-rivals-turned-partners. The competition for the attention of news consumers - and the advertising dollars that will follow them - will only continue to grow.

The Audience for News

The online news audience is enormous. The top 25 news sites in the U.S. recorded 342 million average unique monthly visitors in 2011 - up 17% over the prior year, according to Nielson Online.

As readers migrate to the web, however, one thing has remained remarkably stable: the news organizations Americans turn to. The traditional players remain the most popular sources for digital news.

Nielson Online, comScore, and Experian Hitwise, the three major services that measure online readership, each use a proprietary method of counting traffic, so their numbers vary considerably. But all arrive at essentially the same lineup of the biggest sites. Long-standing news brands - newspapers, network news and cable news channels - account for 17 of the top 25, along with 8 online-only operations.

The lists, year to year, remain remarkably stable. The few shifts noted in the top 10 this year, according to Nielsen: Bing News, an aggregator run by Microsoft, jumped four notches; Google News dropped out of the top 10 and was replaced by the BBC which - thanks in part to the royal wedding - more than doubled its U.S. traffic. And AOL News, which no longer exists, was replaced with its newly acquired news provider, The Huffington Post.

In late 2010, the internet surpassed print newspapers as a source for international and national news, and that gap is growing. Four in ten Americans reported getting “most of their national and international news” from the Internet, according to a December 2011 survey by the Pew Research Center for the People & the Press. Less than two in ten respondents said the same for newspapers.

Only television remains more popular; six in ten Americans reported getting most national and international news from television.

The mix for local news is somewhat different. In a study conducted in the spring of 2011, PEJ and the Pew Internet & American Life Project found that among all adults, newspapers (in print and online) are the most turned-to medium for more topics than any source. Television remains the most popular source for a few widely followed topics, particularly weather and traffic. But among those online and especially younger adults, web-only sources, such as search engines and non-legacy sites, are growing. Of those online, 79% said the “the internet is the first or second most important source for 15 of the 16 local topics examined.” If the websites of legacy sources such as newspapers and television stations were added in, the numbers would be even higher. (For more, see “How People Learn About Their Local Communities.”)

Mobile Comes on Strong

All this will only increase with the growth in mobile. Apple alone reported that it sold almost 25 million iPads worldwide in 2011. ² Adoption of smartphones has nearly doubled since 2009, according to Nielsen. ³

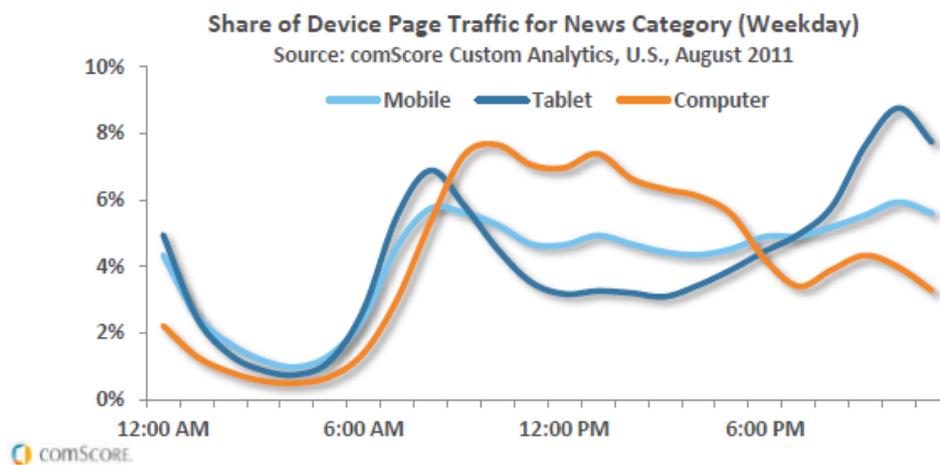
Many news consumers now own multiple devices, according to a PEJ study released as part of this report. More than three-quarters of U.S. adults own a laptop or desktop computer, the study found. On top of that, 44% now own a smartphone, and tablet ownership nearly doubled at the end of the year, to 18%. And 13% own all three. (For more, see Mobile Special Report). That rapid growth is expected to continue.

For news, a critical issue is how these mobile devices will impact digital news consumption; to what extent are Americans now getting their news on -the-go?

The new survey released with this year's report finds that news is a substantial part of the mobile experience. Some 51% of smartphone owners use that device to get news, as do 56% of tablet owners.

Those tablet figures are reinforced by other survey data. In a PEJ survey from the summer of 2011, some 53% of tablet owners reported getting news *daily* on their tablets; three-quarters said they did so "ever."⁴

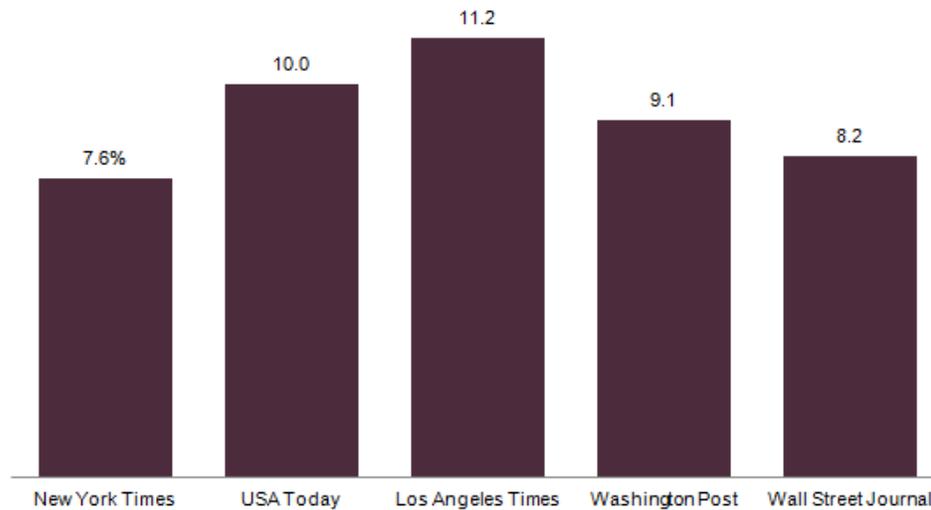
Consumers appear to be using different devices for news at different times of the day. During the early morning on weekdays, comScore data show that news sites receive similar spikes in traffic from smartphones, tablets and computers, as consumers turn to all three to check on the headlines. Later in the day, traffic is higher on computers, as people log in from the office. Between 9 p.m. and midnight, tablets see a more significant spike, "which suggests that people probably favor tablet usage as they retire to the couch or bed at the end of the day."⁵



Perhaps more important, all of the data reinforce another idea: mobile is adding to news consumption. Those who are getting news on mobile devices also are getting it in other ways. Now they are just doing more of it.

Additional Traffic to Top News Sites from Mobile Devices

Percentage Added to Conventional Computer Traffic



Source: comScore

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None of this means viewing news through a desktop or laptop is going away. Traditional computing still accounts for 93% of internet traffic, according to comScore. Instead, there is a potential boon here for news: consumers are turning to their devices to supplement the rest of their digital diet, rather than replace it. comScore found that mobile devices added between 7% and 11% to the conventional computer based traffic of five news sites (see chart above).

Social Media: A Growing Role in News Discovery and Distribution

Then add the growth of social media to the mix.

The extent to which news consumers rely on social media is rapidly evolving. According to Hitwise, 8.6% of traffic to news sites now comes from Facebook, Twitter and smaller social media sites such as Pinterest - a 57% percent increase since 2009. The percentage coming from search engines, meanwhile, is declining. It now accounts for roughly 21% of news site traffic, a drop of 9% since 2009. Social media, in other words, now bring in almost half as much traffic to news sites as search does.

Brands still play a critical role, however. In a new survey on digital behavior, PEJ found that the most common method consumers used to find news content was to visit an organization's website directly, followed closely by search. Social media referrals were less than a third as popular. (For more see PEJ's special report on Social Media.)

Social media, nevertheless, have become a part of the digital fabric and many news leaders recognize it as an increasingly critical tool in gaining new digital readers and building a loyal, highly engaged audience.

Digital First Media chief executive John Paton put it bluntly in a February speech to the Canadian Journalism Foundation. "No social media connection. No news organization," he said, according to speaking notes. "Shared content equals influence. And influence in the news ecosystem equals engagement. And engagement equals value to those advertisers and others trying to reach that engaged audience."

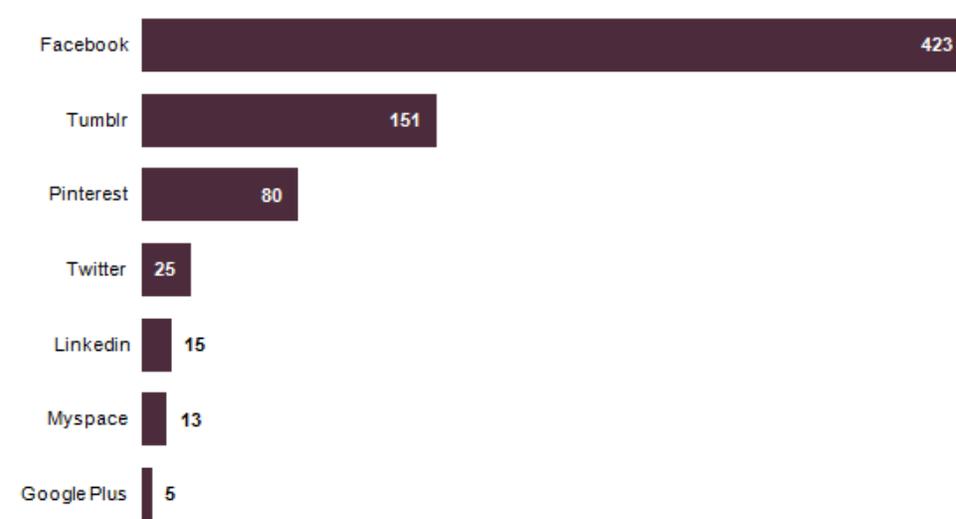
Sree Sreenivasan, the dean of students and professor of digital media at the Columbia University Graduate School of Journalism and an expert on social media, told us he now had a list of 100 major news organizations that had named social media editors. In many cases, he adds, those jobs are now held by more senior staff than in the past. “World events last year woke up a lot more publishers and skeptics to the idea that there’s something going on,” says Sreenivasan. “They saw what happened [on Twitter and Facebook] and had to react to it.”

In that landscape, Facebook is the 800-pound gorilla. It claims nearly 845 million active users globally and 133 million in the U.S. - some 54% of the online population, according to the most recent figures from eMarketer.

Users also spent a good deal of time there: on average, Facebook users spent 423 minutes (or 7 hours) on the site in December. In a PEJ study of the top 25 news sites, by contrast, CNN had the highest average time per user, but it was just 30 minutes per month.

People Spend More Time With Facebook Than Any Other Social Network

In Minutes per Person, December 2011



Source: comScore

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Over the last several years, Facebook has worked closely with news organizations to develop features that bring them inside its walls. In 2007, it created Facebook Connect, which allows Facebook users to log in to other websites through their social media accounts. For news organizations, the advantage is that Facebook Connect facilitates sharing, and they also get access to Facebook data on their readers.

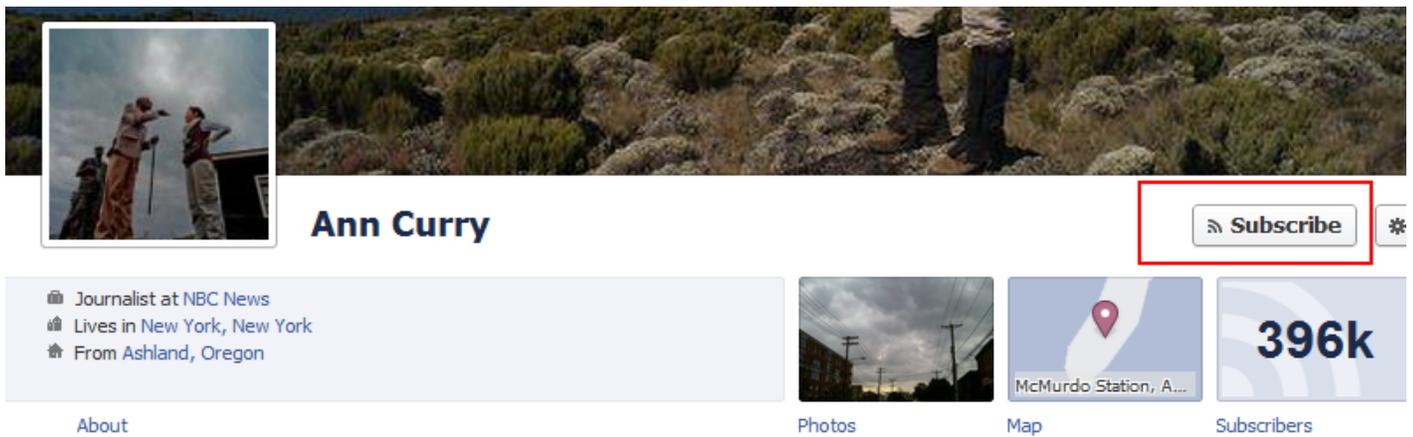
In the fall of 2011, Facebook went farther, launching the Open Graph technology, which allowed several news sites, including The Washington Post, The Guardian, The Huffington Post and Yahoo News to create “social readers.” These apps enable “frictionless sharing“ of stories within the social networking site,⁶ as Facebook automatically sends to users’ friends the links to articles that they have read.

The screenshot shows the Facebook interface for 'The Washington Post social reader'. At the top, there is a Facebook search bar and a 'Like' button with '156k' likes. Below this is a section titled 'FRIENDS ACTIVE ON SOCIAL READER' with the text 'You see what friends read, they see your reads. Instantly. »' and a row of four blurred profile pictures. A link 'Invite friends to read with you »' is below. The next section is 'RECENTLY READ BY FRIENDS' with a timestamp '53 MINUTES AGO'. It features a blurred article thumbnail with the headline 'One arrested, 2 sought in Arizona club shooting' and the source 'Reuters'. Below this is another blurred article thumbnail with the headline 'Netflix Loses Toy Story 3, Tron and 1,000 More Movies'. On the right side of the page, there is a vertical navigation bar with large letters 'S', 'V', and 'A', and a small circular icon.

Initial data suggest the readers are working. In a February blog post, Justin Osofsky, Facebook’s director of media partnerships, said that Yahoo News had signed up 25 million users for its social reader in three months, of whom 2 million use it every day. The Guardian had been installed five million times; half the users are under 25. A dozen more media entities announced the launch of social readers in February.

While the social readers expose news organizations to a wider audience, there are some drawbacks as well. One is that news organizations are increasingly reliant on Facebook for distribution. Another is that consumers read suggested stories within Facebook rather than on the news organization’s website; that in turn gives Facebook power over much of the ad space of the revenue derived there.⁷

In the fall, Facebook also introduced the “subscribe” button. Much like Twitter, it allows users to “subscribe” to a feed of stories from any website or Facebook page.⁸



The feature is off to a quick start with journalists. In January, Facebook announced that thousands had signed up, with the average journalist seeing a 320% increase in subscribers since November. The New York Times' Nicolas Kristof had 385,000 subscribers as of January, for example, while Ann Curry of NBC News boasted 380,000 and recorded 396,000 by March. But media blogger Jim Romenesko argues that those numbers are inflated by spam.

In March 2012 Facebook also launched a new feature that allows users to create "Interest Lists." The feature allows users to combine multiple feeds into one feed based on an area of interest.⁹

Twitter is also growing rapidly. The company releases only limited user data, and the most recent estimates of U.S. Twitter users from eMarketer has Twitter at 24 million active users¹⁰ in the U.S., a 32% increase over 2010.

Though far smaller than Facebook, the predominance of journalists and news organizations among its adherents has given Twitter outsized influence in the media world. It has also taken on a critical role in disseminating breaking news - as witnessed in everything from the Arab Spring to the death of Whitney Houston (announced via a Tweet sent out 55 minutes before AP posted confirmation of the news).¹¹

"Twitter is the new newswire," said Chloe Sladden, the director of content and programming for the site, at a recent conference on the future of media at Stanford University.

One early adopter of social media strategies to considerable success is The Huffington Post. It was among the first to aggressively adopt Facebook Connect, which it credited with big traffic gains starting in 2009. The following year, HuffPo added Foursquare-style "badges" to its site, rewarding readers when they shared or commented on stories.

By making it something of a game - and a competition - HuffPo created one of the most active and engaged communities online. And in early 2011, it added even more tools to simplify sharing: with just one click, readers can receive updates within Facebook and Twitter on a specific story, a broader topic or a particular reporter.¹²

By the fall, HuffPo was getting as many traffic referrals from Facebook as from Google, according to Hitwise. Moreover, 7 of the top 20 political stories shared on Facebook in 2011 came from the HuffPo.¹³

The growing role of social media raises difficult questions for news sites. First, does the traffic from social media lead to any broader traffic growth? In other words, do readers coming in from Facebook or Twitter develop loyalty to the news brand? Or is the increased dependence on social media another way that ties are loosening between the organizations who produce the news (and shoulder the costs of doing so) and

the readers who ultimately consume it, thus making it difficult for news producers to monetize their content and develop loyalty to their brands?

There are few clear answers yet. But many media companies have become cognizant over the last year of the need to have a comprehensive, newsroom-wide social media strategy. And with Google's January decision to integrate information from Google+, its own recently launched social media site, into search results, the significance of developing one will probably only grow.

Digital Economics: The Landscape Becomes More Challenging for News

If the first 15 years of the web proved difficult, the next 5 look only more so. The basic axiom of legacy media is that they are trading legacy dollars for digital dimes – that they cannot monetize their enormous audience online to nearly the degree that they could generate revenue per person on television or in print. The rapid growth of mobile computing and social media will only make that transition more complex.

News organizations now find themselves both partnering with and competing against large technology-based organizations that are far better financed and boast greater engineering knowledge. Facebook and Google, indeed, are driving many of the changes that have caused the advertising market for traditional media players to implode.

Meanwhile, the same pair, along with Apple, Amazon and others, increasingly control the platforms (both hardware and software) that news organizations must use to reach their audience.

“In this environment, an enormous transformation is taking place regarding the ways marketers and their agencies approach paid media,” wrote Professor Joseph Turow, the Robert Lewis Shayon professor of communication at the University of Pennsylvania's Annenberg School for Communication, in a recent study for PEJ on digital advertising. “For those entities - including journalism firms - trying to sell paid ads in the digital realm, understanding the new dynamics is essential.” (For more, see “Buying Digital Advertising: A Brief Overview.”)

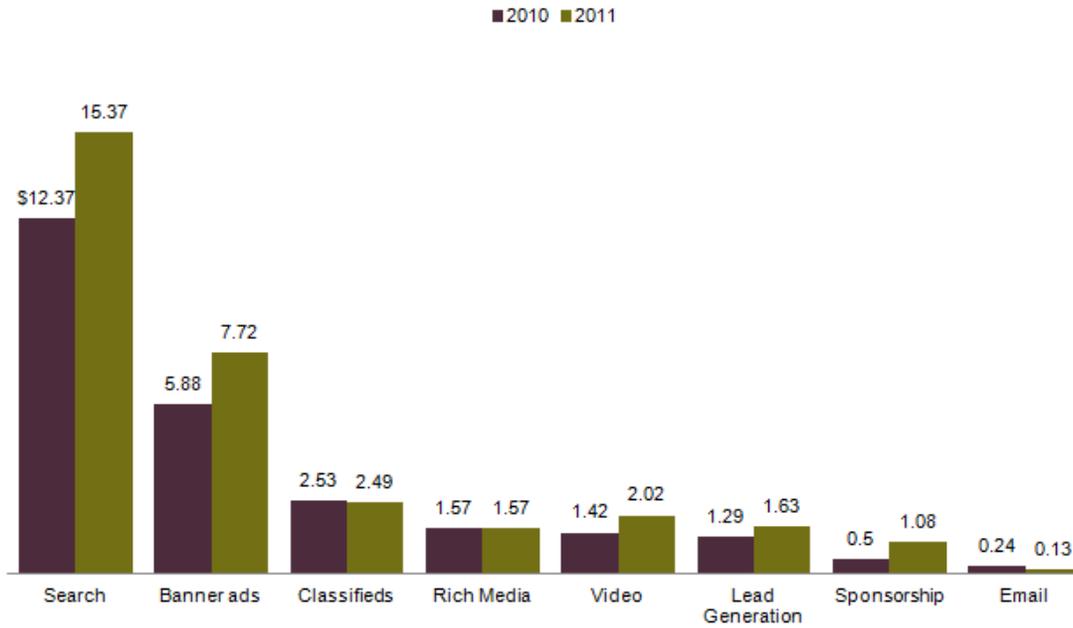
Digital Advertising: Growth Accelerates but Tech Firms Tighten Their Grip

Online ad spending - on both news and non-news sites - continues to grow at a much faster pace than the general advertising market. Total online ad spending hit \$32 billion in 2011, a 23% increase.

Digital ads now make up 20% of total U.S. advertising. Fueled by strong growth in search, banner and video ads, that share is predicted by eMarketer to rise to 28% by 2015.

Five Ad Types Increase in 2011

In Billions of Dollars, Feb. 3, 2012



Source: eMarketer

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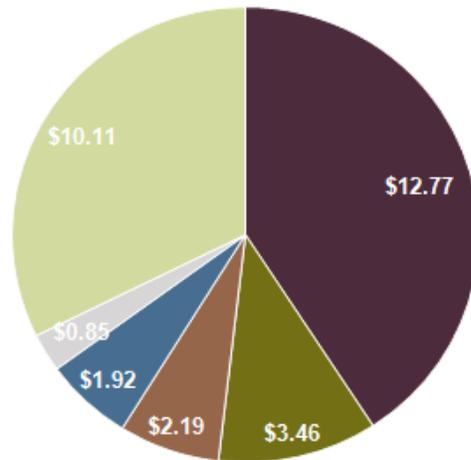
[SEE FULL DATA SET](#)

Those numbers contain a troubling sign for the news industry: The five large tech companies continue to tighten their hold on the digital ad market. Together they garnered 68% of online ad revenue in 2011, up from 63% in 2009, with the lion's share going to Google and Facebook. The reason is clear: with the vast information these digital companies each can mine about their users' demographics, buying habits, political interests, relationship status and a host of other likes and dislikes, they can target specific ads (or products) to potential customers to a much more sophisticated degree than their rivals, never mind than most media organizations. And they can offer advertisers a far larger audience than all but a few.

Top Five Companies Share of Total Online Ad Revenue

In Billions of Dollars

■ Google ■ Yahoo ■ Facebook ■ Microsoft ■ AOL ■ Other



Source: eMarketer

Note: The total of this chart is slightly different than that total for all online advertising above because eMarketer updated its 2011 advertising numbers, but not the figures for this chart.

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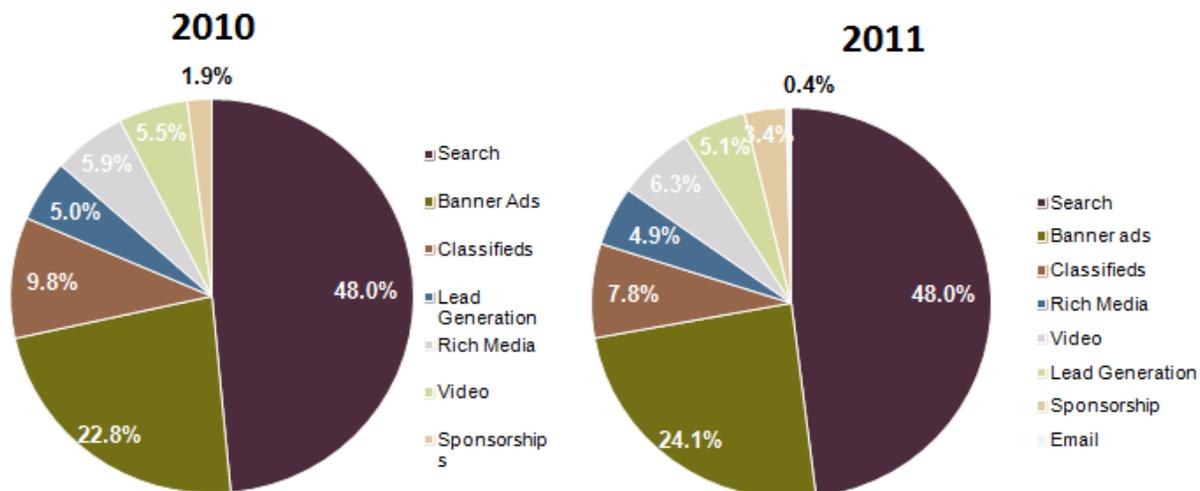
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Search Ads: Still the Biggest Share

One part of that challenge for news is that the kind of advertising that news sites rely on represents a relatively small portion of digital ad revenues. Instead, as we have noted here in past reports, search advertising generates the largest share of digital revenue, roughly 50% of the market. None of that revenue goes to news organizations directly. (However, news organizations successful in boosting their own traffic through search engines queries can often then charge more for their own ads, thereby seeing some benefit from the search engine food chain).

Search Dominates Online, but Banner Ads Grow

Percentage of Total Online Ad Dollars



Source: eMarketer

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Display Ads: The Tech Leaders Move In

Display ads will also continue to see strong growth, thanks to the healthy appetite for banner ads, the largest segment within display. Banner ads increased 23.9%, to \$7.7 billion in 2011.¹⁴

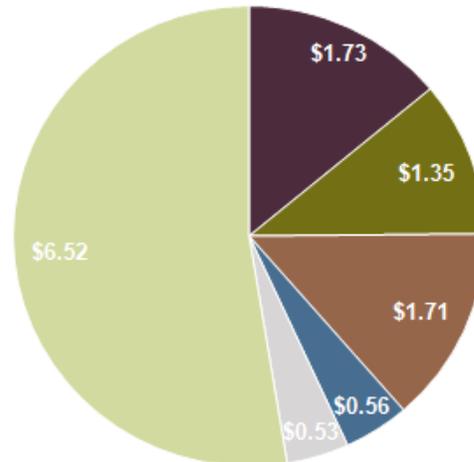
Whether news sites will be able to take full advantage of that growth, however, is becoming less certain. The same five companies that dominate online advertising over all are also a strong and growing presence in display, as the sophisticated ad-targeting techniques that Google pioneered in search have spread.

The total market for display ads hit \$12.4 billion in 2011, a 25% increase since 2009. The five biggest players took in 47.7% of those dollars. Two years ago, the same five controlled just 38% of the market.¹⁵

Top Five Companies' Share of Display Ad Revenue

In Billions of Dollars

■ Facebook ■ Yahoo ■ Google ■ Microsoft ■ AOL ■ Other



Source: eMarketer

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[SEE FULL DATA SET](#)

A closer look at the dynamics within the display category (which here includes conventional as well as targeted display ads) reveals an even more daunting picture. Few numbers better demonstrate the rise of social media, and the challenge it poses for news, than this: from virtually nowhere five years ago, Facebook shot to the top of market, selling \$1.7 billion in U.S. display ads in 2011, according to an estimate by eMarketer. It projects that in 2012, Facebook will account for almost one in five display ad dollars

Google, which has also aggressively moved into display, is not far behind. Two years ago, it was the fifth-biggest name in display. Now it is No. 2.

While Facebook and Google have taken the lead, it is a tactic available to news organizations. Most have the ability, and at least some data, that would enable them to engage in targeting. A PEJ study of digital advertising at 22 top news sites found that in practice, however, few of them do.

Of the 22 sites, most did not contain any ads targeted to consumers based on their online behavior, according to the January study. Only three - CNN, The New York Times and Yahoo! News - employed high levels of targeting based on a user's recent online activity. A handful of others employed limited targeting. (For more, see "Who Advertises on News Sites and How Much Those Ads Are Targeted.")

Many news organizations are working to put greater targeting abilities in place, a shift that requires not only technical know-how but also a change in mindset. Newspapers have traditionally gathered extensive information about their readers. But Pat Scanlon, the director of digital strategy and business development for The Pittsburgh Post-Gazette, told PEJ that the information was usually scattered. Only in last couple of years have many papers created the consolidated databases and mining abilities that allow the information to be better used. That takes time, money - and manpower. "It's more a human resource issue than the cost; having a person with the right skills dedicated to it," Scanlon said. Google and Facebook "have had the luxury of concentrating on just that - all their resources have gone into it," he added.

Some newspapers are working with a company called Civic Science, which now runs the online voluntary “polls” seen on many news sites. (These are different from traditional public opinion research surveys based on representative samples of the population. In these online polls, the samples depend on who fills them out.) The company aggregates anonymous data from tens of thousands of these online polls run nationwide. Civic Science bundles together extensive audience profiles to sell to national advertisers. For the news organizations that have turned their polls over to Civic Science, the benefit is twofold: they can use the data to better target their own ads, and they get a cut of whatever Civic Science makes when it sells the data.¹⁶

The effort represents one way that papers can try to compete, but the dependence on a third-party technology company also reveals some of the limitations these papers have in doing so.

Local Advertising: Targeted Ads Set to Take Off

For news, local digital advertising may actually be the most critical arena. Most journalism in the United States is local, including the television newscasts we watch and all but 3 of the 1,350 daily newspapers that survive. All told, local digital advertising grew 12% in 2011, to \$15.5 billion. That’s less than half the growth rate of search and display ads, however, and local’s share of online ads fell to 27.5%, down from 30% in 2010.

In part, the slower growth rate may reflect the impact of the large tech companies. The digital market for local advertising is defined as ads purchased by a company (or the regional unit of a national chain) based in the same market as the ad appears. As national advertisers have begun using Google and Facebook to target ads to specific regions, it is possible that some ads that would have been considered “local” now count as national.

The segment looks somewhat different than other online sectors.

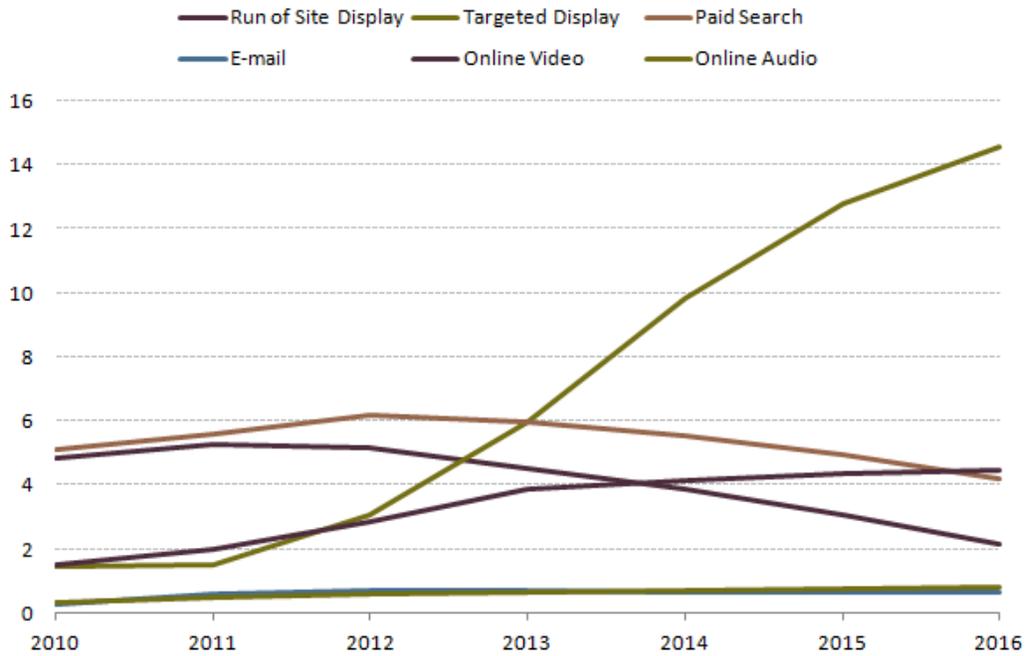
Unlike in the national market, display advertising brings in more ad dollars than search. Local search ads brought in \$5.6 billion in 2011; display ads, which include both targeted and “dumb” or “Run of Site” display, accounted for a combined \$6.8 billion.¹⁷

That’s potentially good news for news organizations. However, the same shift toward sophisticated ad targeting that is taking place nationally is occurring in local; Facebook is already working closely with retailers like Wal-Mart and Baskin Robbins in local markets and is expected to significantly increase efforts following its IPO.¹⁸

Targeted display ads, at \$1.5 billion now represent just 9.6% of local, but they are projected to overtake all other local online advertising. Within five years, Borrell Associates estimates, the segment will account for more than triple the next largest format.

Targeted Display Will Overtake All Other Local Online Ad Types

In Billions of Dollars



Source: Borrell Associates

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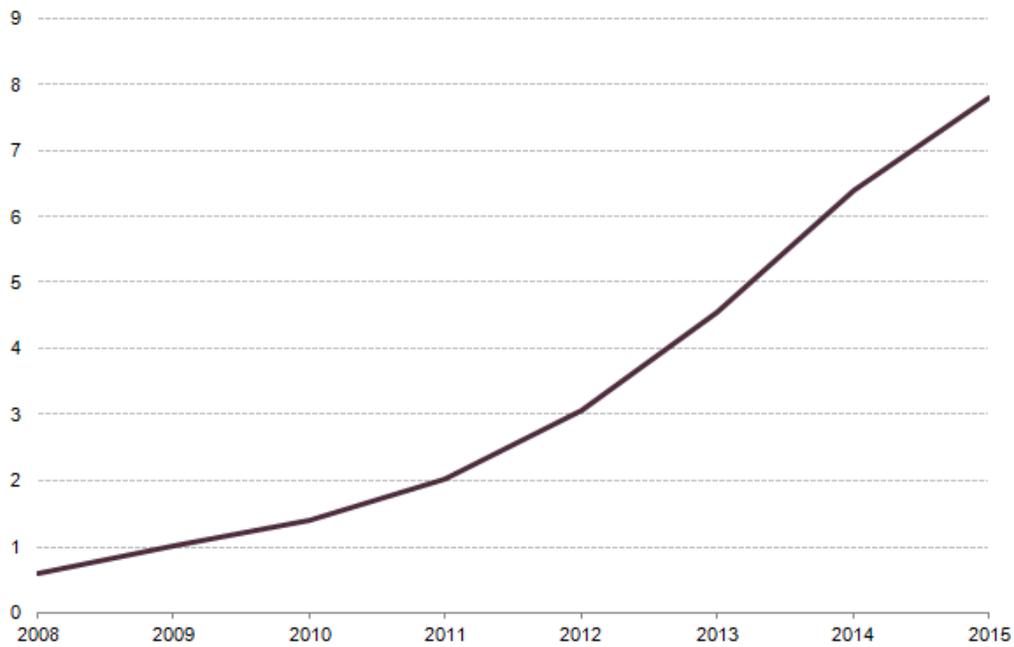
To take advantage of that shift, local news organizations will have to become much more adept at targeting ads to specific customers than they have been so far. And, as a PEJ study of newspapers found in March 2012, there are significant obstacles in many legacy media companies to that happening.

Video Ads: Still Small, but Growing Fast

One other area of online advertising, video, is small but shows significant promise. Video ads rose 42.1%, to \$2.02 billion in 2011. Now just 6% of online ads, they are projected by eMarketer to rise to 15% of the market by 2015.¹⁹ Most of the growth comes from so-called “pre-roll” ads, which run at the beginning of a video program, rather than stand-alone video ads.

Video Ads Expected to Grow Rapidly Through 2015

In Billions of Dollars



Source: eMarketer

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There is some evidence that consumers like, or at least don't resist, these ads. According to comScore's 2012 US Digital Future In Focus report, Americans streamed 43.5 billion videos in December 2011, a 44% leap over December the prior year.

The spread of mobile devices is facilitating video, too. In the summer 2011 PEJ survey, 13% of tablet users reported they watched video on tablets daily.

The recent comScore survey shows a similar trend. Some 65% of tablet owners had used their device to watch short clips on YouTube or elsewhere, while 15% of them had watched television shows or movies on the tablet.²⁰ More video watching means more opportunities for advertisers to reach those individuals.

Another key is that video ads are far more lucrative than display ads. Thus, news sites have an incentive to build up video inventory.

All that is potentially good news for news organizations, provided they come up with compelling video.

Many are certainly trying. The Huffington Post, Reuters, and Yahoo News have all made major moves in recent months. In October, Yahoo signed a deal with ABC News, and the network now provides Yahoo with original video and reporting. More of its regular video coverage also runs on the website.²¹

In late 2011, Reuters launched a YouTube channel featuring 10 news shows. The new channel, dubbed Reuters TV, will run recorded programming rather than live broadcasts.²²

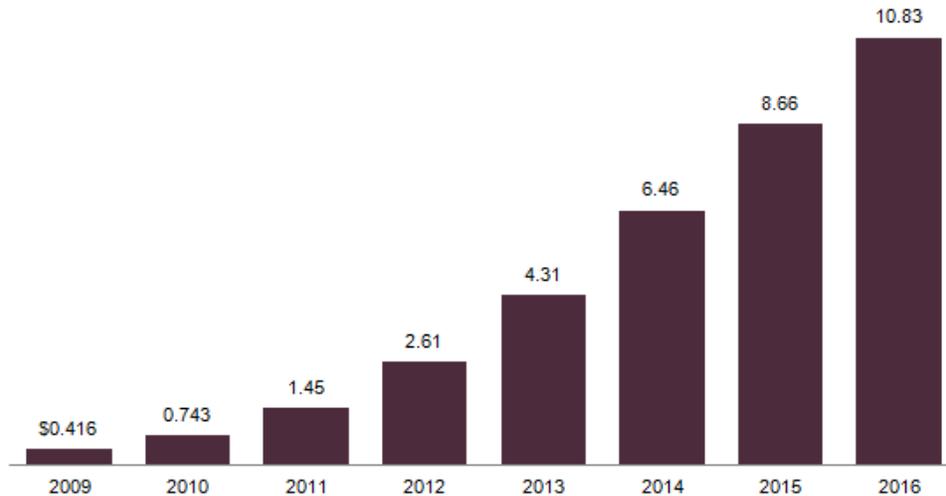
The Huffington Post plans to launch an online news channel that will live-stream news video 12 hours a day. Viewers will be able to watch on computers and mobile devices, with clips available at anytime.²³

The Mobile Market: As Google Steps In, Growth Explodes

Mobile advertising is also small but growing rapidly. Mobile spending is not counted as part of the \$32 billion spent on digital ads in 2011; if it were, it would account for less than 5% of the total. But at \$1.45 billion in 2011 - near double the previous year – it is expanding faster than any other digital ad segment. Mobile search ads alone also doubled during the year, thanks largely to an unexpected surge by Google, and mobile display ads nearly doubled, according to eMarketer. For 2012, eMarketer expects mobile ads to rise 80%, to \$2.6 billion.

Mobile Ad Spending Continues to Grow

In Billions of Dollars



Source: eMarketer

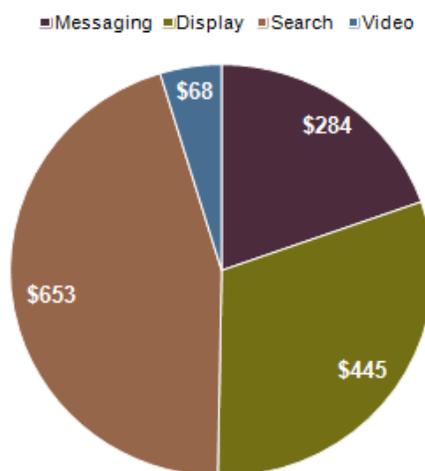
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The surge also changed the makeup of mobile ad spending. Search had been only a quarter of mobile ads, but it now takes roughly the same share of mobile - 49% - as it does in digital ads over all.

Search Now Dominates U.S. Mobile Ad Spending As Well

In Millions of Dollars



Source: eMarketer

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A critical issue facing news organizations now is whether they can keep up with those much larger, digital-native organizations as the mobile space undergoes a rapid transformation. Google already takes in more than half of the mobile ad dollars spent in the U.S. And Facebook plans to move aggressively into the mobile display ad market.

News organizations must tackle a new and growing set of technical and financial challenges in the mobile space as well as the prospect of forever ceding a share of revenue to platform providers such as Google or Apple.

Tablet Economics

Within mobile, tablets may operate entirely differently than smartphones. Many publishers believe that display advertising within tablet apps will be create a much stronger digital advertising market. Such ads offer a richer visual experience; they also enable advertisers to add, if they choose, interactive features.

Publishers intensified efforts to bring out tablet-based apps throughout 2011. In August, for example, Time Inc. announced that it would put out tablet versions of all 21 of its publications by year-end; at that point, only its four biggest titles - People, Time, Fortune and Sports Illustrated - had apps. Hearst made a similar announcement.

One critical question for news organizations has been whether the popularity of apps would allow them to start charging money for digital content that many had been giving away free on the web.

The issue is part of a larger debate over efforts to create paywalls to charge for content. The New York Times' success with its pay wall, begun in early 2011, has encouraged others to experiment. In February, Gannett announced the most ambitious efforts to date. It will charge subscriptions for all of 80 of its local news sites; only flagship USA Today will be exempt. (For more on pay walls, see the Newspaper chapter of the State of the Media Report.)

Getting people to pay for content still appears to be a challenge, however, even on the tablet. Apps for the top 25 sites tallied by Nielsen, for example, were all free to download for the iPad, some for Android. Two out of the 25 apps, however, require subscriptions to see more than a limited amount of content.

According to PEJ's summer 2011 tablet survey, just 14% of tablet news users had paid directly for news content on their tablets. Another 23%, though, have a subscription to a print newspaper or magazine that they say includes digital access. Thus, the portion of these early tablet news users who have paid either directly or indirectly for news on their tablet may be closer to a third. That is a much higher number than previous research has found more broadly of people paying for digital content.

About one-third of respondents surveyed in September and October 2011 by Nielson said they had downloaded a news app within the prior 30 days, and 19% of them said they had paid for one.²⁴

News organizations are also counting on mobile ads to bring in new revenue. Here, they are entering an ever-more complex ecosystem in which they must frequently work with platform owners such as Apple, Google, Amazon and others. While that can significantly expand their potential audience, it often comes at the cost of shared revenues and more limited access to data about their customers. Alternatively, news organizations can also sell ads directly on their mobile browsers and keep more of the revenue themselves.

There are pros and cons to each approach. To sell ads on their mobile apps, for example, news organizations must give some of the revenue to the platform owner. Apple takes 40% of the revenue for

ads sold within iPad and iPhone apps, for example, while Google takes a 30% cut of the price of an app sold on Android devices.

When a news organization sells ads through its mobile browser, on the other hand, it does not have to share any revenue with the platform companies. However, if the ads are sold through a digital ad network, as is common, the network would take a cut. The lower quality of browser ads also means that publishers typically cannot charge as much for them as for ads inside an app.

Moreover, readers who favor apps over the browser consume news much more avidly. In its fall 2011 study of tablet users, PEJ characterized those who rely mainly on apps as “power news users.” Some 81% consume news daily, versus 63% of tablet owners who mainly use the browser. The power users spend more than twice as much time consuming news as do browser users, and they are more than three times as likely to get news from new sources.

Just as important, those who go through apps tend to be wealthier and more educated. They are also far more likely to have paid for news: 27% of app users have paid for news, versus just 5% of browser users. In other words, they are exactly the audience many news organizations and advertisers want.

Developing all of these options costs money and requires diverse technical know-how. Creating apps and content for a multitude of platforms also risks stretching already strapped newsrooms even thinner. And they raise a series of questions every news organization has to answer when moving into the mobile space. First, do we need an app? Second, can we afford to move into both the Android and Apple markets - along with smaller ones such as Amazon’s Kindle, the BlackBerry or Windows mobile? Given the amount of browser usage on tablets, do we need mobile versions of our regular website in addition to apps? Some, without the financial or technical wherewithal to do it all, will focus simply on building scaled-down versions of their websites.

These are simply the opening questions. There are many more that follow that make the move into mobile a complicated one. But news organizations that want to survive, never mind thrive, in the rapidly evolving news ecosystem have little choice but to tackle them head-on.

Continue Reading Digital: By the Numbers

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Digital: By the Numbers

By Kenny Olmstead, freelance journalist Jane Sasseen, Amy Mitchell, and Tom Rosenstiel of PEJ

“By the Numbers” houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Audience

The audience for news continues to grow. Traffic to the top 25 news sites was up 17%, with a total of 342 million average monthly unique visitors in 2011.¹

Even as news users turn increasingly to the web, the top news sites remain stable. Most are sites tied to legacy media. Below are the top news web properties tallied by Nielsen, comScore and Hitwise, the three major services that measure online readership. Each uses a proprietary method of counting traffic, so their numbers vary considerably. But all arrive at a similar lineup.

Both comScore and Nielsen acquire their data by monitoring “panels” of users who install software on their computers, but in 2011 comScore added data from internet service providers. The main reason for the difference in traffic recorded by the two companies appears to be work-related traffic. The comScore figures include a higher percentage of traffic that comes from users’ work computers rather than home computers. Hitwise numbers are calculated in an entirely different way. It measures each site’s share of total internet traffic.

The lack of standardization in the realm of online audience measurement continues to complicate selling advertising online. Click here for a more detailed explanation of online measurement and the differences between the top analytics firms. (See the Glossary for more on online analytics.)

Top News Sites 2011, Nielsen	
Average Monthly Unique Visitors, 2011	
Site	Unique Audience (000)
Yahoo News	39,042
CNN Digital Network	34,617
MNSBC Digital Network	29,438
HuffingtonPost	22,578
ABC News Digital Network	18,199
Fox News Digital Network	17,846
NYTimes.com	16,647
BBC	13,878
CBS News Network	12,665
Google News	11,757
Washingtonpost.com	11,201
LATimes	10,864
Bing News	10,741
The Wall Street Journal	10,593
USAToday.com	9,239
Boston.com	8,491
Daily News Online	8,276
Examiner.com	8,160
Chicago Tribune	7,343
Gaurdian.co.uk	6,836
The Slate Group Websites	5,909
NPR	5,389
New York Post Holdings	5,062
Topix	4,814
Thetelegraph.com	971

Source: Nielsen

Note: In summer 2011 the Huffington Post became the sole provider of content for AOL News. The HuffingtonPost figure above represents the average monthly unique audience for the last six months of 2011.

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Top News Sites, comScore

Average Monthly Unique Visitors, 2011

Site	Unique Audience (000)
Yahoo News	85,902
CNN Digital Network	72,767
Huffington Post Media	55,796
MSNBC Digital Network	52,687
New York Times	33,179
Tribune Newspapers	27,692
Fox News Digital Network	25,457
ABC News Digital Network	22,820
CBS News	19,945
Advance Digital	18,348
Washingtonpost.com	17,870
Mail Online	15,798
Hearst Newspapers	14,762
Wall Street Journal Online	14,570
McClatchy Corporation	13,635
MediaNews Group	12,664
Examiner.com Sites	11,397
BBC	11,218
NYDailynews.com	10,558
Guaridan.co.uk	9,761
Belo	8,062
Slate	7,767
Topix	7,664
Boston.com	6,223
NYPost.com	6,211

Source: comScore

Note: For the 2011 figures comScore combines AOL News and Huffington Post Media into one figure because the two sites merged in summer 2011

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Top News Sites 2011, Hitwise

Share of Internet Traffic

Site	Share
news.yahoo.com	10.15%
weather.com	4.34
msnbc.msn.com	4.02
huffingtonpost.com	3.27
cnn.com	2.29
weather.yahoo.com	1.5
foxnews.com	1.50
news.google.com	1.39
nytimes.com	1.11
local.yahoo.com	0.94
Drudgereport.com	0.84
usatoday.com	0.73
topix.com	0.68
abcnews.go.com	0.64

Source: Hitwise

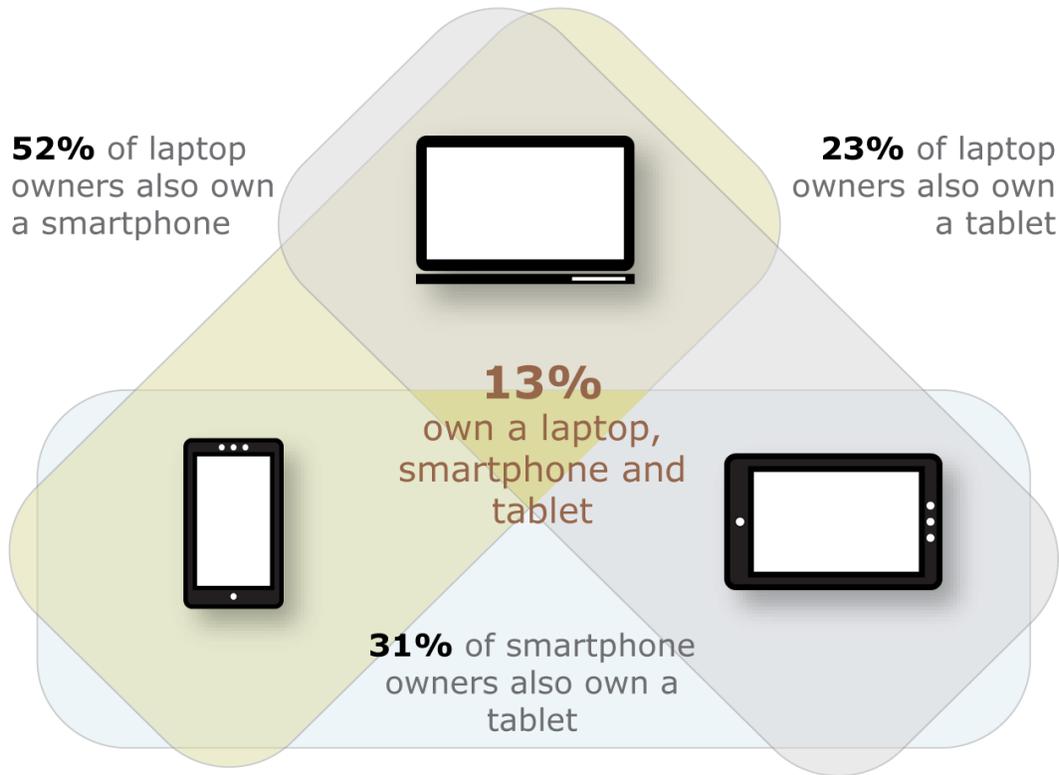
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Mobile News

News consumers increasingly own multiple devices. As of January 2012, some 44% of adults in the U.S. owned smartphones. About 18% owned tablets - almost double the market in about a month, according to a

new survey from PEJ. On top of that, 31% of smartphone users also owned a tablet.

Many Americans own more than one device



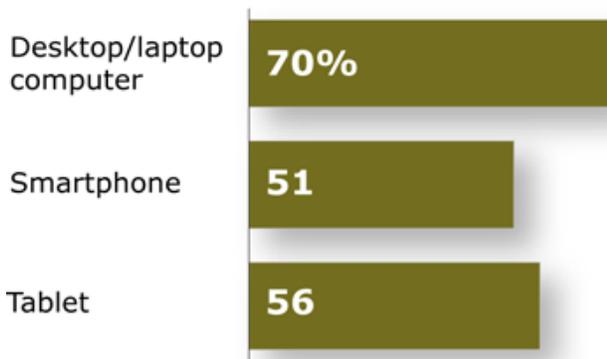
N's: Desktop/laptop=2,342; smartphone=1,180; tablet=511

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Consumers are becoming digital omnivores, accessing news on all of their devices.

News consumption on digital devices

Percent of device owners who get news from...



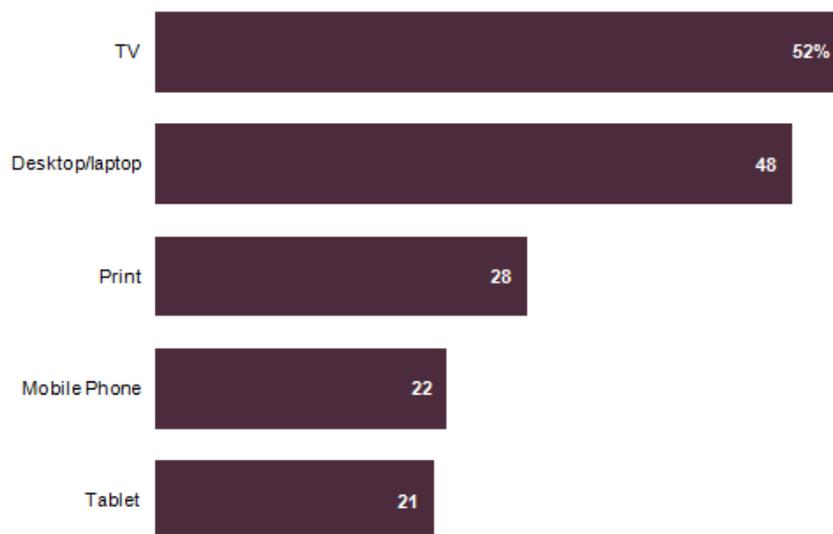
N's: Desktop/laptop=2,342; smartphone=1,180; tablet=511

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comScore's figures show similar patterns among tablet owners.

Where Tablet Users Get Their News

Percentage of Respondents



Source: comScore

Question: How do you typically view or listen to news on the following types of media?

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2012 STATE OF THE NEWS MEDIA

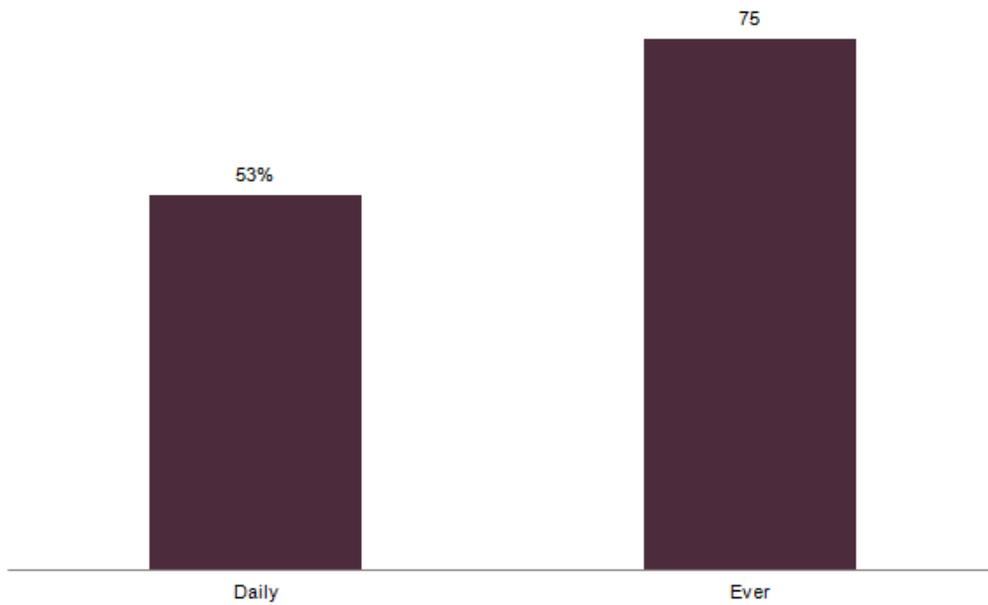
[SEE FULL DATA SET](#)

Tablet ownership exploded during the 2011 holiday season and is expected to continue to grow as more devices hit the market and prices drop.

News is a substantial part of what users access on their tablets, according to the survey

More Than Half of Tablet Users Access News Daily

Percentage of Respondents



Source: The Pew Research Center's Project for Excellence in Journalism

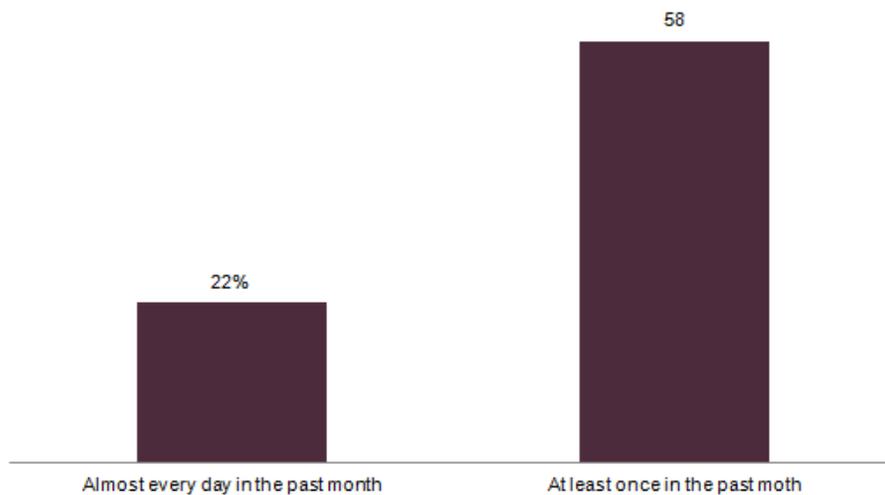
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The comScore data from October 2011 are somewhat lower but demonstrate the same general trend.

How Often Users Access News on Their Tablet, According to comScore

Percentage of Respondents, Oct. 2011

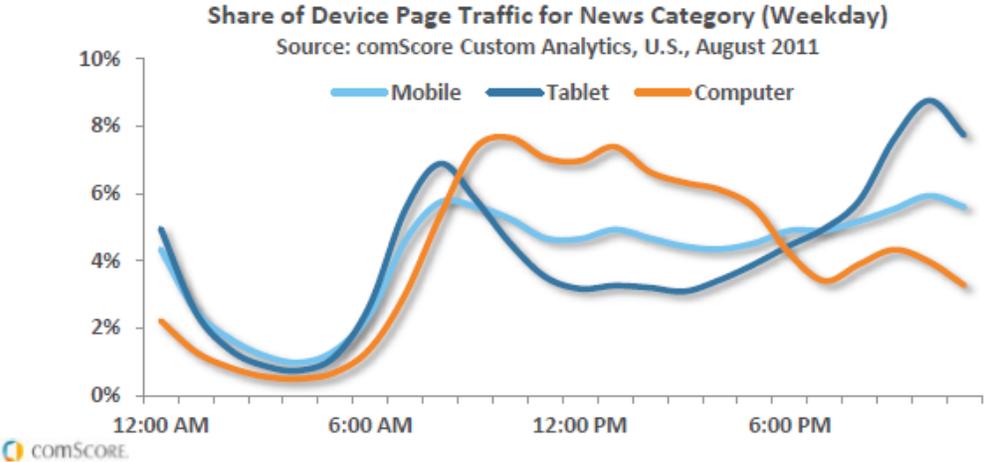


Source: comScore

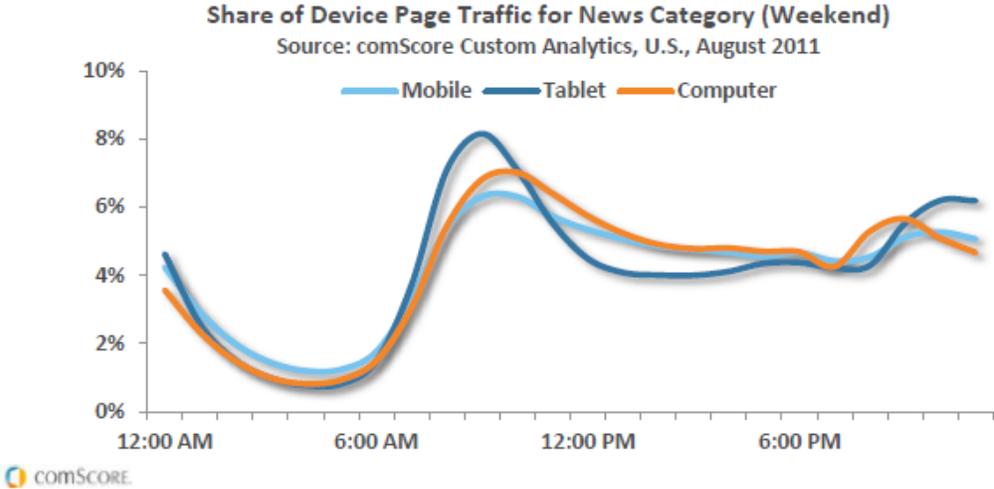
Question: How often do you access world, national or local news on your tablet?

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Traffic for news seems to follow the pattern of the workday, peaking just before noon and then again in the evening as people return home. With the increase in mobile devices, consumers are using different devices for news at different times of the day. Tablets, smartphones and computers all see a spike in the morning. During the day, traffic is higher on laptops and desktops. But at night, tablet usage spikes.²



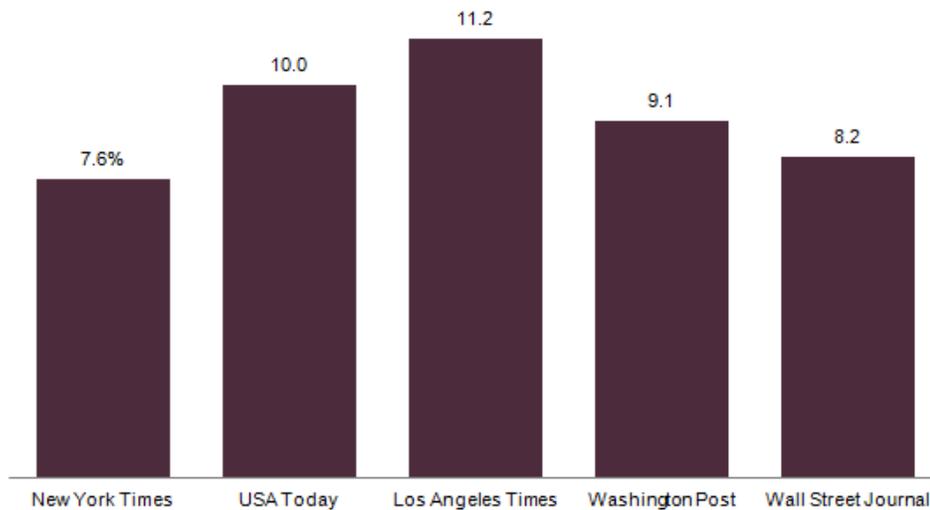
On the weekend all digital news consumption spikes between 10am and 11am and then levels off as the day continues, with tablets as the most common form of news consumption at peak hours.



Relative to desktop/laptop traffic to top news sites mobile remains small. But evidence suggests is adding to news consumption. In an analysis of news websites, comScore found that mobile devices added between 7% and 11% to the conventional computer based traffic of five news sites.³

Additional Traffic to Top News Sites from Mobile Devices

Percentage Added to Conventional Computer Traffic



Source: comScore
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2012 STATE OF THE NEWS MEDIA

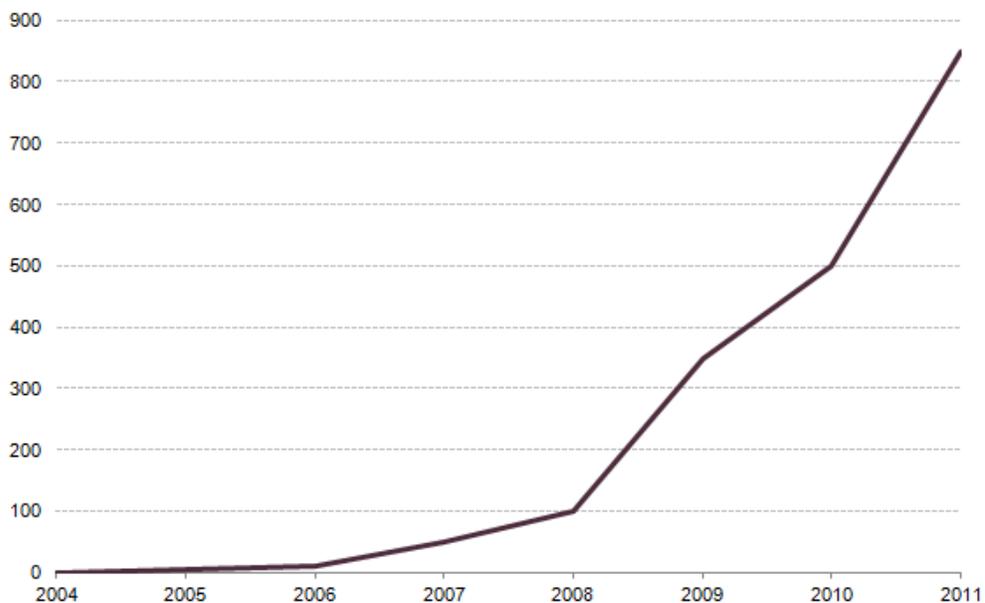
[SEE FULL DATA SET](#)

Social Media

Social media continues to be an important part of the news ecosystem and as companies like Facebook continue to grow they will increasingly become not only a platform for news, but in many cases also a competitor.

Active Facebook Users

Number of Active Facebook Users Worldwide, in Millions



Source: Facebook, January 2012

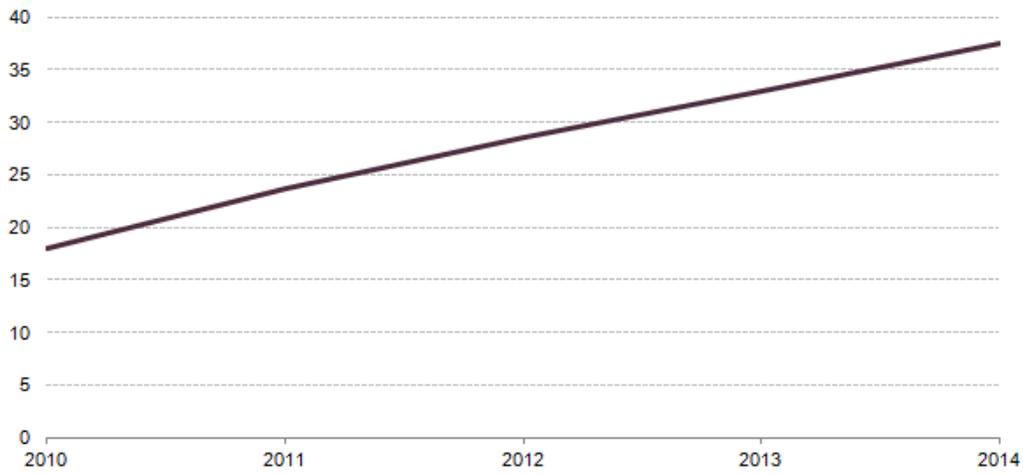
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While Facebook is the 800-pound gorilla in the social media space, Twitter plays an important role new disseminating news. eMarketer estimates that Twitter has around 24 million active users in the U.S.

Active Twitter Users Will Continue to Grow According to eMarketer

In Millions



Source: eMarketer

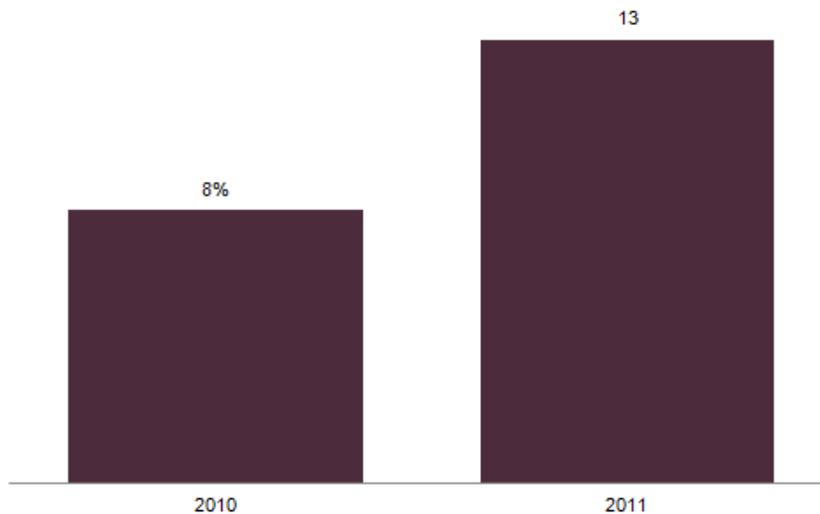
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According to the Pew Internet & American Life project, the share of people using Twitter in the United States was up five percentage points since 2010.

More People are Using Twitter

Percentage of Adult Population that Uses Twitter



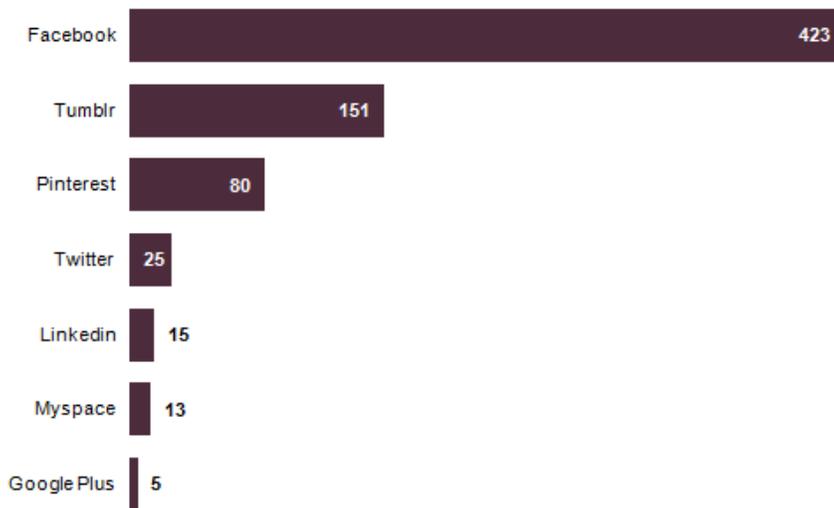
Source: Pew Internet & American Life Project

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Americans spent a lot of time with social media sites, Facebook is by far the leader in engagement. In a PEJ study of the top 25 news sites, by contrast, CNN had the highest average time per user, but it was just 30 minutes per month.

Time Spent with Social Networking Sites *In Minutes, December 2011*



Source: comScore

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2012 STATE OF THE NEWS MEDIA

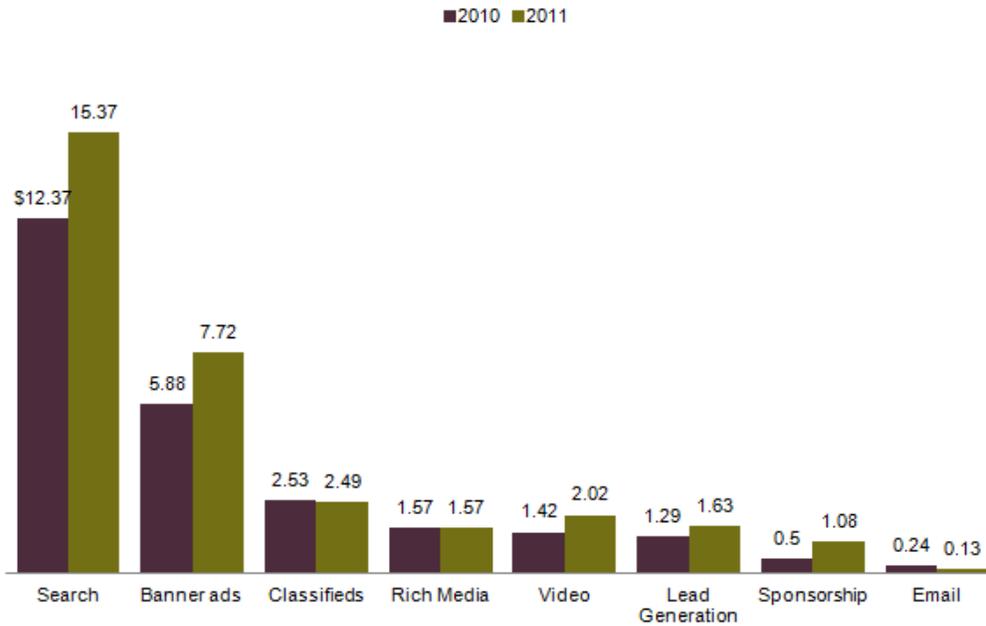
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Economics

Online advertising totaled \$32 billion in 2011. That was a 23% increase over 2010. But the news industry's piece of that pie got smaller. Five companies now take in 68% of all online advertising revenue.⁴

Search continues to dominate online advertising. In 2011 it represented 48% of the total spent. One good sign for news: display advertising, which encompasses banner, rich media and video ads, continues to see strong growth. Banner advertising, the largest category within display, is the format that news websites rely on most heavily. Banner ad sales increased 23.9% to \$7.7 billion.⁵

Most Digital Ad Categories See Strong Growth in 2011
In Billions of Dollars



Source: eMarketer

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
 2012 STATE OF THE NEWS MEDIA

[SEE FULL DATA SET](#)

Video remains a small part of total online advertising. But over the next four years, it is expected to be the fastest-growing segment by a large margin.

Online Ad Growth by Segment					
<i>Percentage Change</i>					
Company	2011	2012	2013	2014	2015
Sponsorships	51.7%	27	24.4	22.8	11.6
Video	42.1	54.7	46	40.2	22.4
Search	27.9	27	17.2	11.2	7.7
Banners	23.9	19.8	13.7	9.5	5.4
Lead Generation	22.0	18.5	17.7	11.2	6.6
Rich Media	2.7	4.1	8.4	6.4	4.0
Classifieds	-3.8	1.2	4.8	5.6	6.8
Email	-31.0	3.1	3.3	3.6	3.1
Total	23	23.3	17.7	13.5	8.9

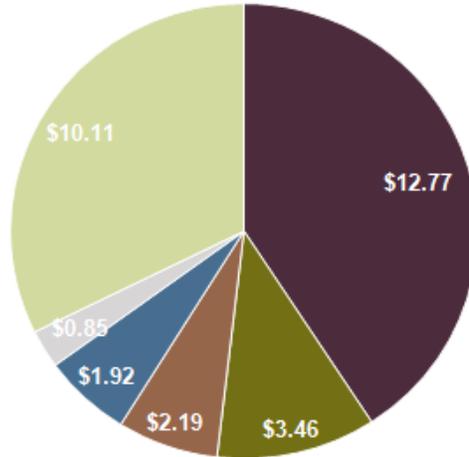
Source: eMarketer
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One striking feature of the online advertising market is consolidation. In 2011 five companies brought in 68% of all online advertising revenue. This is up from 63% in 2009.

Top Five Companies Share of Total Online Ad Revenue

In Billions of Dollars

■ Google ■ Yahoo ■ Facebook ■ Microsoft ■ AOL ■ Other



Source: eMarketer

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Facebook and Google are capturing the majority of that growth, however. Both are expected to post strong gains through 2014. The market shares of Yahoo, Microsoft and AOL are all declining.

Display Ad Revenue at the Top Five Ad-Selling Companies

Percentage of Total Display Advertising

Company	2009	2010	2011	2012	2013	2014
Facebook	7.0%	12.2%	14.0%	16.8%	17.7%	17.1
Google	4.5	8.6	13.8	16.5	19.8	21.7
Yahoo	15.8	14.4	10.8	9.1	8.1	7.5
Microsoft	4.6	5.1	4.5	4.4	4.3	4.4
AOL	6.4	4.8	4.3	4.0	3.8	3.7
Total Top5	38.3	45.1	47.4	50.7	53.8	54.4
Total Online Display (in billions)	\$7.97	\$9.91	\$12.40	\$15.39	\$18.57	\$21.91

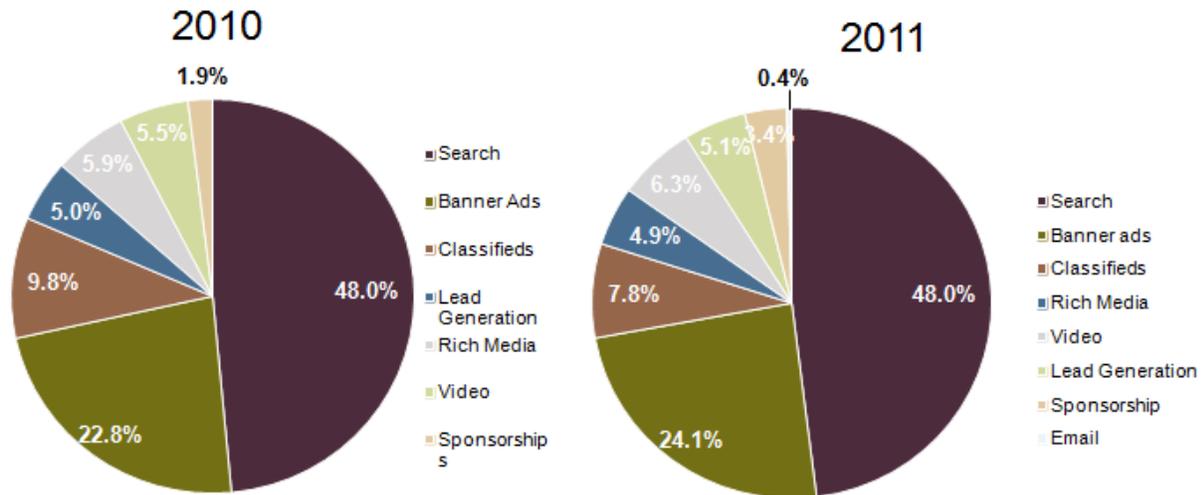
Source: eMarketer. "Revenue Gains Push Facebook to Top of US Display Ad Market." February 23, 2012.

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Search ads are still the dominant form of advertising on the web.

Search Dominates Online, but Banner Ads Grow Steadily

Percentage of Total Online Advertising



Source: eMarketer

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2012 STATE OF THE NEWS MEDIA

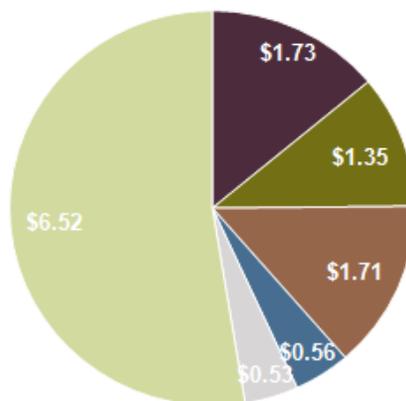
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In display advertising, the same five tech companies took in 47.4% of display ad dollars in 2011, up from 38% in 2009.

Top Five Companies' Share of Display Ad Revenue

In Billions of Dollars

Facebook Yahoo Google Microsoft AOL Other



Source: eMarketer

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It is always a challenge to quantify the share of online advertising that news receives. News sites and organizations fall into many different categories in the table below. Those most related to news are TV Stations, News & Current Events, and Newspapers. Together, these three categories took in around \$1.4

billion in display ad revenue. But “news” also falls into other categories on the list increasing the total somewhat.

Display Ad Revenue at the Top Five Ad-Selling Companies						
<i>Percentage of Total Display Advertising</i>						
Company	2009	2010	2011	2012	2013	2014
Facebook	7.0%	12.2%	14.0%	16.8%	17.7%	17.1
Google	4.5	8.6	13.8	16.5	19.8	21.7
Yahoo	15.8	14.4	10.8	9.1	8.1	7.5
Microsoft	4.6	5.1	4.5	4.4	4.3	4.4
AOL	6.4	4.8	4.3	4.0	3.8	3.7
Total Top 5	38.3	45.1	47.4	50.7	53.8	54.4
Total Online Display (in billions)	\$7.97	\$9.91	\$12.40	\$15.39	\$18.57	\$21.91

Source: eMarketer. "Revenue Gains Push Facebook to Top of US Display Ad Market." February 23, 2012.
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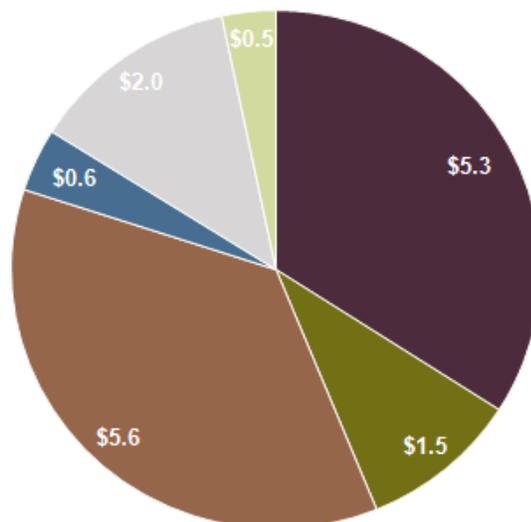
Local Ad Spending

The market for local online advertising looks very different from the national market. Search commands a much larger share of the national market than display ads. In the local market, display ads (targeted and “Run of Site” or “dumb” display ads) account for more than search\

Search And Display Dominate Local Online Ads

In Billions of Dollars

■ Run of Site Display ■ Targeted Display ■ Paid Search ■ E-mail ■ Online Video ■ Online Audio



Source: Borrell Associates

Note: Run-of-Site Display are banner ads that run across all pages of a given site. Targeted display ads are linked to specific content or directed to a specific user; they are generally more expensive.

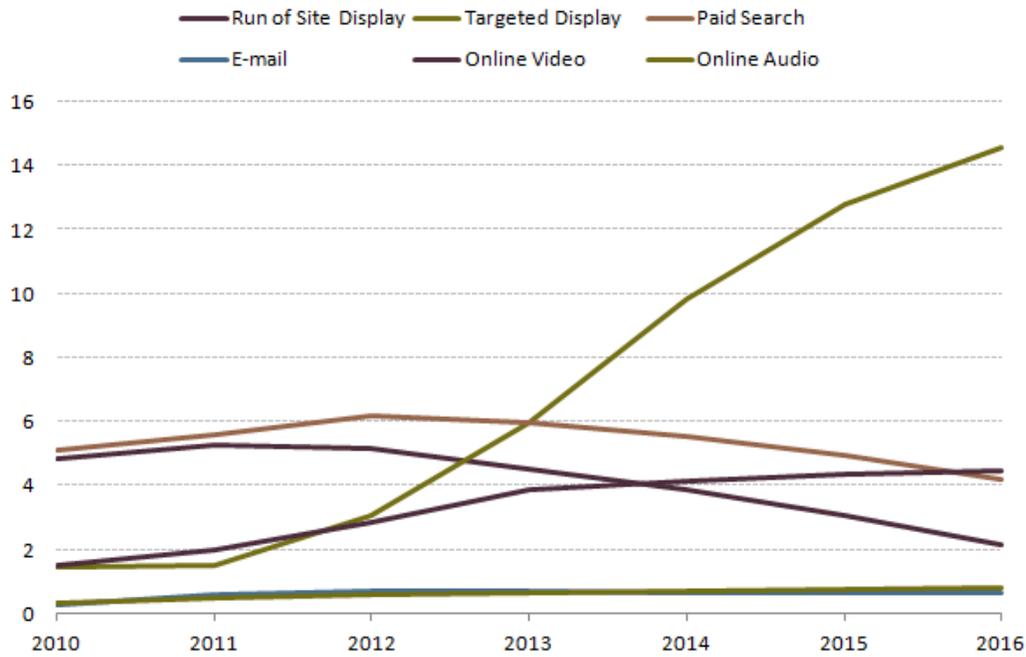
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Today targeted display ads account for just 10% of local online ads, or \$1.5 billion. But by 2016, they are expected to grow to \$14.6 billion and make up more than half the market, according to Borrell Associates. As of early 2012, news organizations are doing only minimal ad targeting, our research finds. See PEJ’s study on advertising and news for a more detailed discussion.

Targeted Display Will Overtake All Other Local Online Ad Types

In Billions of Dollars



Source: Borrell Associates

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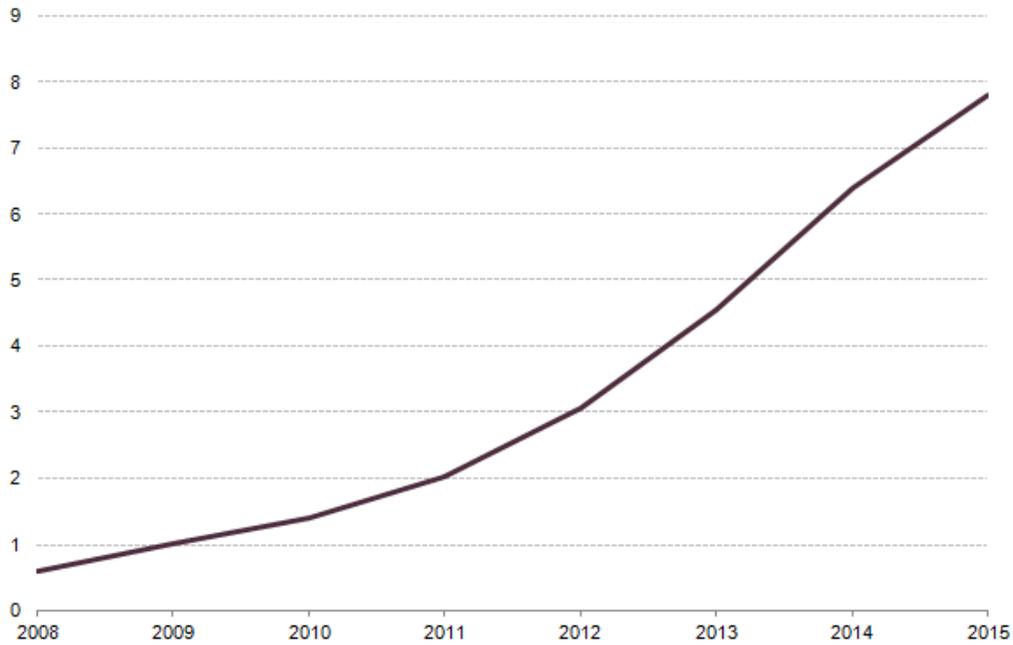
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Video Advertising

Video advertising is another hopeful area for news. While still small, at \$2.02 billion, it is growing faster than all other online ad categories. News sites such as The New York Times, Yahoo and The Huffington Post are also increasing the amount of video they produce or run online in hopes of attracting more of the higher-priced ads that run with video content.

Video Advertising Expected to Grow Rapidly

In Billions of Dollars



Source: eMarketer

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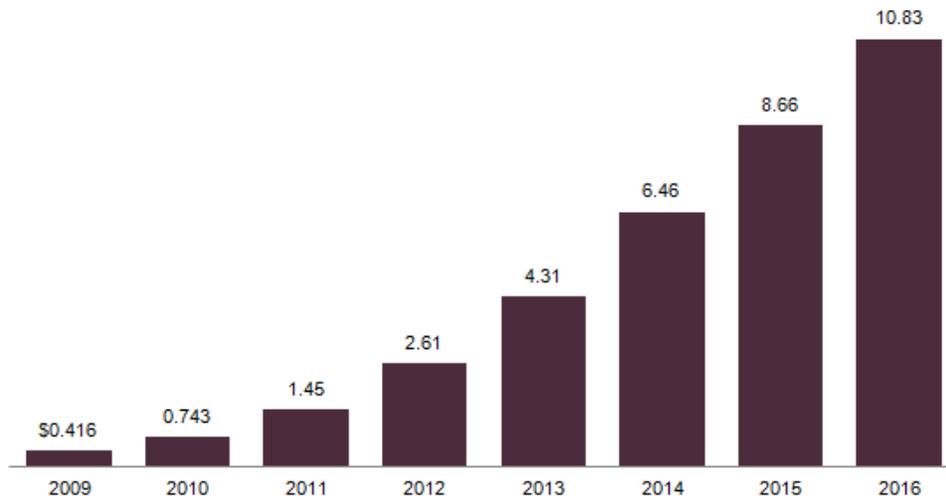
[SEE FULL DATA SET](#)

Mobile Advertising

In 2011, mobile ad spending rose 89% to \$1.45 billion, far exceeding initial projections for the year. The enormous growth was largely due to the rapid adoption of tablets and smartphones. Google, which made an aggressive push to expand search ads on mobile devices, accounted for much of the unexpected gain. Mobile ad spending is projected to rise 80% more, to \$2.61 billion, in 2012.

Mobile Spending Continues to Grow

In Billions of Dollars



Source: eMarketer

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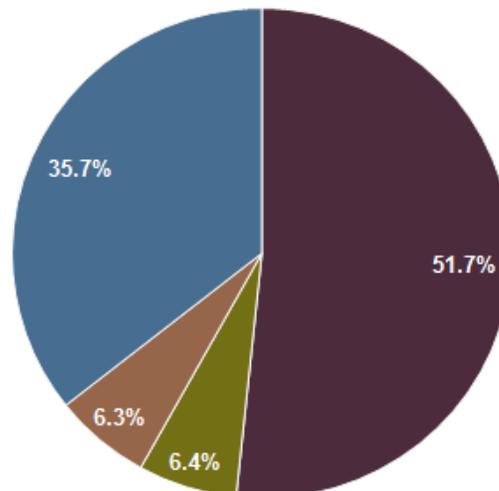
[SEE FULL DATA SET](#)

The mobile advertising market underwent a major shift in 2011. Text messaging ads, the largest form of mobile advertising in past years, fell 13% as the segment was overtaken by both search and display ads. Mobile display ads doubled during the year and, mobile search ads more than tripled. Now search and display are the two largest forms of mobile advertising, with messaging in third and video in fourth.

Google Leads the Mobile Ad Market

Percentage of Total U.S. Mobile Advertising

■ Google ■ Apple (iAd) ■ Millennial Media ■ Other



Source: eMarketer

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[Click here to read the Digital Essay](#)

1. Nielsen Online and PEJ research.
2. comScore. "Digital Omnivores: How Tablets, Smartphones and Connected Devices are Changing U.S. Digital Media Consumption Habits." October 2011.
3. comScore. "Digital Omnivores: How Tablets, Smartphones and Connected Devices are Changing U.S. Digital Media Consumption Habits." October 2011.
4. eMarketer. "Online Advertising: The Floodgates are Open." June, 2011.
5. eMarketer. "Online Ad Spending Consolidates Among Search, Banners, Video." Feb. 3, 2012.

Digital Glossary

Classified Ads

These are traditional classified ads for anything from jobs to used cars that once were common in newspapers but have now largely migrated to the Internet. Craigslist is the most popular place for free classified ads, but these ads appear on lots of websites.

Cookies

Cookies are small text files that are placed on users' browsers when they visit a website.

Display Advertising (Banner)

This is the second-most common form of advertising on the Internet. These ads include text and some kind of image such as a company logo or a photograph. These ads can include some kind of flash animation or moving image, but the user's interaction is limited to clicking on the ad. There, in the broadest sense, two types of display ads: targeted and non-targeted. Non-targeted display ads, referred to as Run of Site (ROS) Display by Borrell Associates, refer to "dumb" banner ads that are placed on sites without any relation to the content of the site or user. Targeted display ads, on the other hand, are display ads that are targeted using various information such as key words, information about users previous web habits, or user demographics.

E-mail Ads

These are ads the users receive through their email.

Lead Generation

This term refers to a kind of advertising in which users are required to fill out some kind of personal information to receive a free or trial offer from the company hosting the ad. The level of information can be as little as an e-mail address, but can also include more information such as gender, age, home town, etc. This kind of ad is lucrative for advertisers because it requires users to have a higher level of interactivity with the brand because they have to fill out personal information first. It also allows the company to archive the data that the user fills out and can be used later to get a better picture of what kind of people are interested in a particular product and therefore can help the company target ads better in the future.

Local vs. National online ads

In this discussion of "local" and "national" online ads Borrell associates divides the country up into different markets. By this measure a "local" online ad is any online ad purchased by a local business within the market where the ad appears. An ad is considered "national" if it is purchased in a specific market but by a business that does not operate in that market, such as a national chain.

Pay Wall

Blocks access to a website (or a part of a website) without payment.

Rich Media Ads

This refers to ads that include animation or video, but also include a more complex user interaction.

These are ads that a user can interact with in various ways, including stopping or starting a video that may be part of the ad or playing a simple game that is itself a lead into the advertisement.

Search Ads (Text-Based Ads)

These are the most common kind of ad, and the kind of ad that a search engine like Google makes most of its money on. This is an ad that contains only text and a hyperlink to the product the ad is selling. Text ads of this kind are ubiquitous and show up in various places on the Internet. Google has integrated these ads into its search engine, e-mail service (Gmail) and YouTube, as well as all its other Web-based services.

SMS/MMS Ads

These are ads that users receive as text messages. SMS refers to "Short Message Service" and are ads that include text only. MMS refers to "Multimedia Message Service" and ads of this type can include photo, video or audio content.

Unique Audience (Visitors)

The number of unique individuals, not including web crawlers, that view a website in a given time frame (normally in a month). This is calculated several different ways by different measurement services, see analysis below. The most effective way to measure this is by making users log in to a site every time they use it; however, since most sites do not require a log-in, the most prevalent way to measure this is through the use of tracking cookies.

Video Advertising

Video ads appear before, after or during a video clip that a user has chosen to watch and are video's themselves in the vein most users are used to seeing on television.

Backgrounder

Analysis of Nielsen, Hitwise and comScore Rating Services

Measuring traffic on the Internet has become increasingly complicated. A number of methods have emerged, but no single methodology has been accepted as a standard.

Nielsen and comScore use a panel of Internet users to estimate total U.S. Internet traffic. Just as a telephone poll contacts a sample of Americans, Nielsen and comScore contact a sample of Internet users who agree to share how they spend their time on the Web (comScore recently updated their methodology, discussed below). Internet users who participate then download software on their computers that tracks their online visits without attaching any personally identifiable information to the traffic data to ensure anonymity.

Nielsen uses a random sample of Internet users by collecting its panel with telephone calls, the method used by most pollsters today. Achieving a random sample of participants for the panel is a key advantage. With a random sample, Nielsen can take the traffic data and more effectively generalize to U.S. population of Internet users as a whole. Nielsen runs two panels - one consisting of people at work and the other of people at home - for a combined total of 30,000 people.

Nielsen in 2008 began testing a product that tracks how television viewing and Web browsing interrelate. It combines existing Nielsen methods for measuring television viewership with Nielsen Online's sample-based system for estimating Internet usage. During the year, NBC tested a system called Total Audience Measurement Index that was designed to measure and analyze traffic and viewership for the network's Olympics broadcasts and webcasts.

ComScore recruits what it calls a convenience sample instead of a simple random sample by offering incentives to participants. ComScore then applies statistical methods to adjust, or weight the results to reflect the demographics of the actual online population.

In addition to its traditional panel-based methods comScore has updated its methodology to include some server side measurements, similar to Hitwise, to better reflect internet usage habits.

For example, after it obtains traffic data from a panel, comScore analysts may discover they have a smaller percentage of males than the online population at large. They then add more results from males so that they are correctly represented. ComScore says this gives it an advantage because it uses more people (about 150,000) and maintains three panels - at work, at home and at universities - to ensure that the data capture how students are using the Internet differently from adults at home or at work.

Hitwise takes a wholly different approach. It does not gather data directly from individual computers as comScore and Nielsen do. Instead, it gets the data from Internet service providers (ISPs) who aggregate traffic data across all the individuals to whom they deliver Internet access. Hitwise provides ISPs with proprietary software that allows ISPs to analyze website usage logs created on their networks. To ensure the data is representative, Hitwise says it collects "from a geographically diverse range of ISP networks in metropolitan and regional areas, representing all types of Internet usage including home, work, educational and public access." The sample of ISPs, however, is not a purely random one.

Hitwise feels its data offer some advantages. First, it reports data using specific website addresses (like www.CNN.com). ComScore and Nielsen report data that includes all related websites (like money.CNN.com), a definition that can change over time. Hitwise data also put a premium on anonymity. Because it collects aggregate data, it never has access to the personal information of Internet users.

The State of the News Media 2012

An Annual Report on American Journalism

Network News: The Pace of Change Accelerates

By Emily Guskin and Tom Rosenstiel of PEJ

The year 2011 was one of marked transition and even some positive numbers for network news.

The audiences for most network newscasts grew, and the three network news divisions, which for decades were hard to tell apart except for the faces on air, began to distinguish themselves from one another in what they defined as news. ABC and CBS also saw their web traffic grow.

Some of this reflected changes in top management at the networks and on air. Some of it reflected the nature of the year in the news.

The year was also marked by financial changes at the PBS NewsHour.

Evening News Audiences

By the most concrete and financially significant measurement — total viewership — 2011 was a good year for network news programs.

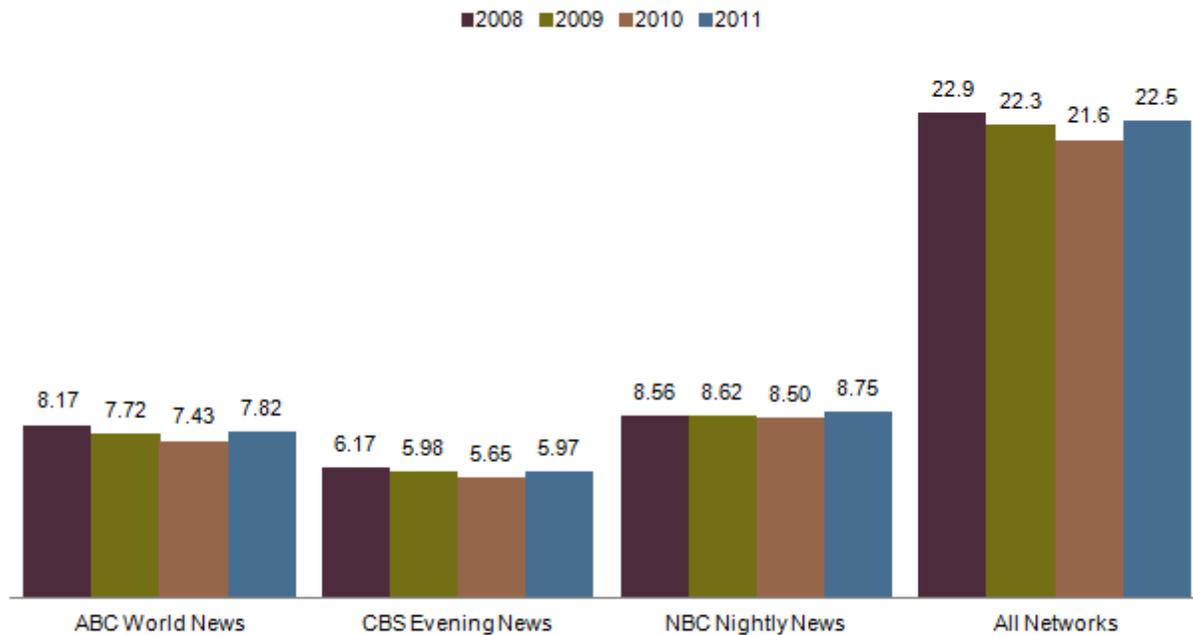
In the evening, an average of 22.5 million people watched one of the three commercial broadcast news programs on ABC, CBS or NBC.

That is an increase of 972,700 viewers, or 4.5%, over the average viewership the year before, according to PEJ analysis of data from Nielsen Media Research.

Some of the growth, moreover, came from an unexpected source. All three evening newscasts added viewers in the much-coveted 25-to-54 age group, according to Deborah Potter, the director of the NewsLab, an online resource and training center for journalists (and co-author of the local news chapter of this report). “In fact, nearly a quarter of the growth in viewership in the second quarter came from that demographic,” Potter wrote in an analysis of the data.¹

Evening News Audiences Increase at All Networks

Year-to-Year Average Viewers Per Night, in Millions



Source: Nielsen Media Research, used under license

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And viewership at all three network evening newscasts grew.

In 2011, according to Nielsen, an average of 8.75 million viewers watched the NBC Nightly News each night while 7.82 million watched ABC and 5.97 million watched CBS.

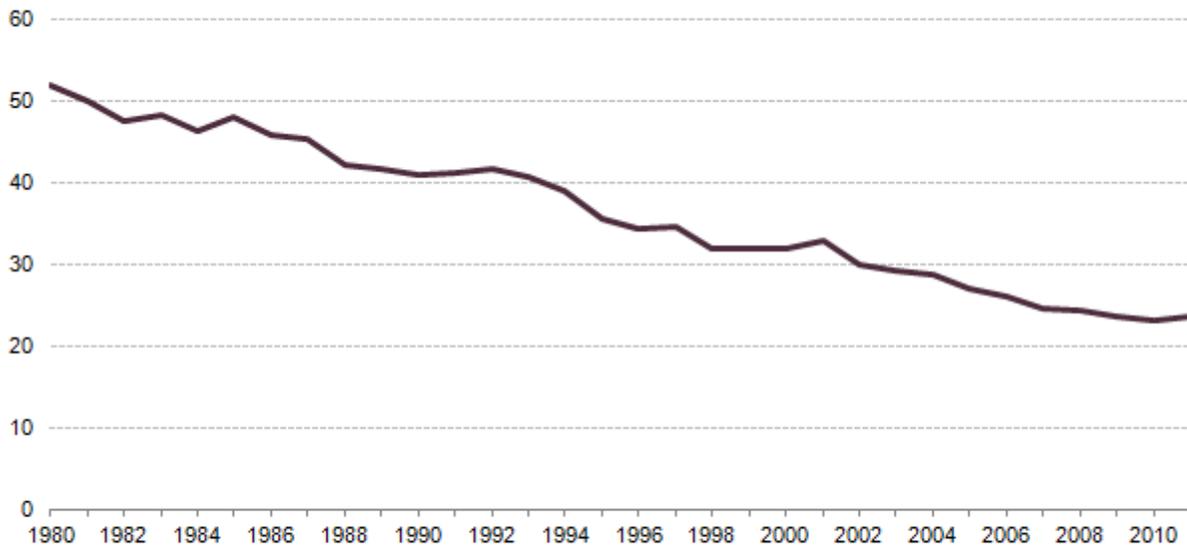
That growth was, at least to some degree, attributable to the news: 2011 saw the Arab Spring, the death of Osama bin Laden, the shooting in Tucson, a royal wedding in Britain and a tsunami in Japan, among other major events. Viewership grew for both cable and local news in 2011 as well.

In the long erosion of network news audiences, however, there have been other upticks in the past – the end of the Cold War, the first Gulf War and the 9/11 attacks, all of which proved short-lived.

The broad trend is unmistakable. Since 1980, the three commercial evening newscasts have lost about 28.4 million viewers, or 54.5% of their audience.²

An Uptick in Evening News Viewership for the First Time Since 2001

November-to-November Average Viewers Per Night, in Millions



Source: Nielsen Media Research, used under license

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(See network data section for more on network evening news audiences in 2011, including information on the other two audience metrics, ratings and share.)

For all the losses, however, the network evening news remains an extraordinarily popular news source for Americans. More than four times as many people watched the three network evening newscasts on ABC, CBS and NBC during the dinner hour than watched the highest-rated shows on the three cable news channels (CNN, Fox News and MSNBC) during prime time.³

And more than twice as many people watch the lowest-rated broadcast evening news program (CBS Evening News) than watch the highest-rated cable news program (The O'Reilly Factor on Fox News).

Growth varied among the networks. The audience leader, NBC Nightly News with Brian Williams, grew by the smallest margin. Average viewership for NBC grew by 250,500 viewers, or 2.9%, in 2011 to 8.75 million viewers.

ABC's World News with Diane Sawyer remained at the No. 2 spot in 2011, but the audience there grew by 398,200 viewers or 5.3% to 7.82 million. World News is narrowing its viewership gap with NBC.

And the show with the smallest audience of the three evening news programs, CBS Evening News, grew by the largest percentage, 5.8% or by 325,000 viewers to 5.97 million. Scott Pelley became the anchor of the program in June, replacing Katie Couric. Fairly quickly, viewers began sampling the new program. In August, for instance, his viewership figures were up 12.6% from Couric's the year before. For the seven months Pelley anchored during the year, his ratings were up an average of 8% from the year before; Couric's actually had begun to rise in the first five months of 2011 as well, but by half as much.

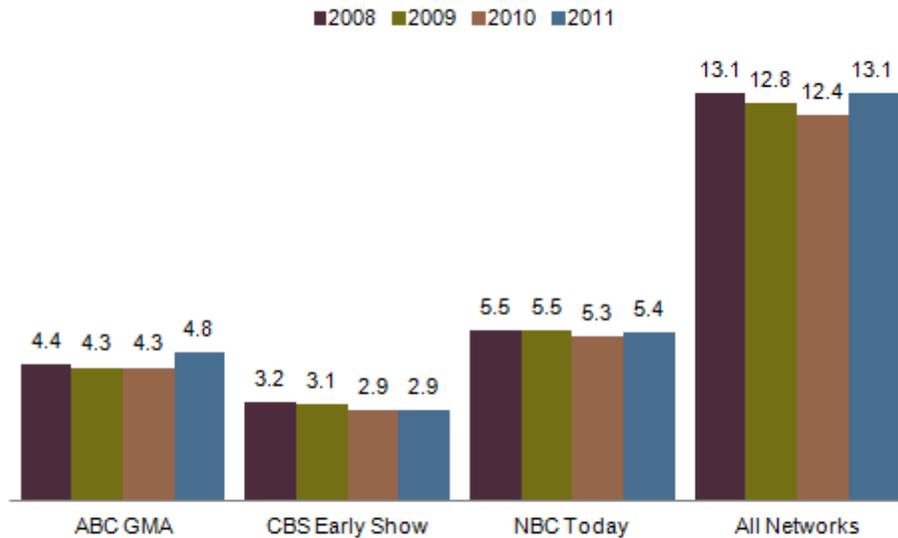
A year earlier, when audiences fell across the networks, NBC had seen the smallest declines. The upticks in 2011 thus suggest that some of the audience gains were people possibly trying network programs that they did not watch regularly before.

Morning News Audiences

Morning news audiences also grew in 2011, for the first time in seven years. Over all, 13.1 million people on average watched the three network morning news programs, up 5.4% from 12.4 million in 2010.

Viewership Grows for ABC and NBC Morning Shows

Average Viewership per Morning, in Millions



Source: PEJ's News Coverage Index

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ABC's Good Morning America saw the most growth. NBC's Today Show also grew and CBS' Early Show was flat.

Good Morning America's average annual viewership grew to 4.8 million viewers. Its ratings also grew and its share grew to 13.2 in 2010. That means that more people watching TV during that time were tuned to ABC.

ABC also inched at times closer in viewership to NBC's Today Show. During its mid-September season premiere week, GMA was only 397,000 viewers away from Today on average, much fewer than the 1.1 million people that separated the two shows on average that same week in 2010, according to Nielsen data cited by the Wall Street Journal.⁴

CBS' Early Show, which was relaunched in January 2012 as CBS This Morning, was flat in 2011. Viewership grew marginally, 0.2% to 2.9 million viewers. Its ratings and share declined, but only by about 2%.

The most popular of the three network morning programs, NBC's Today Show, had a mixed year. Viewership grew 3.2% to 5.4 million viewers, but its ratings stayed the same and share dropped. That

means that the total percentage of televisions tuned to the Today Show was the same, but fewer people who were watching TV at that time were watching Today.

The growth in news, both morning and evening, also stood in contrast to the trend in entertainment programming. All three broadcast networks lost viewers in prime time during the 2010-11 season compared to the year before. For example, NBC, with no Olympic programming, lost almost 14% of its prime time audience during the season. The network’s morning news program, however, gained viewers in that time period - about 10%, according to the analysis by Potter of NewsLab. “That’s a substantial swing, indicating that many viewers who flock to cable for entertainment at night are flipping to broadcast in the morning to watch the news,” she suggested.⁵

News Magazine Audiences

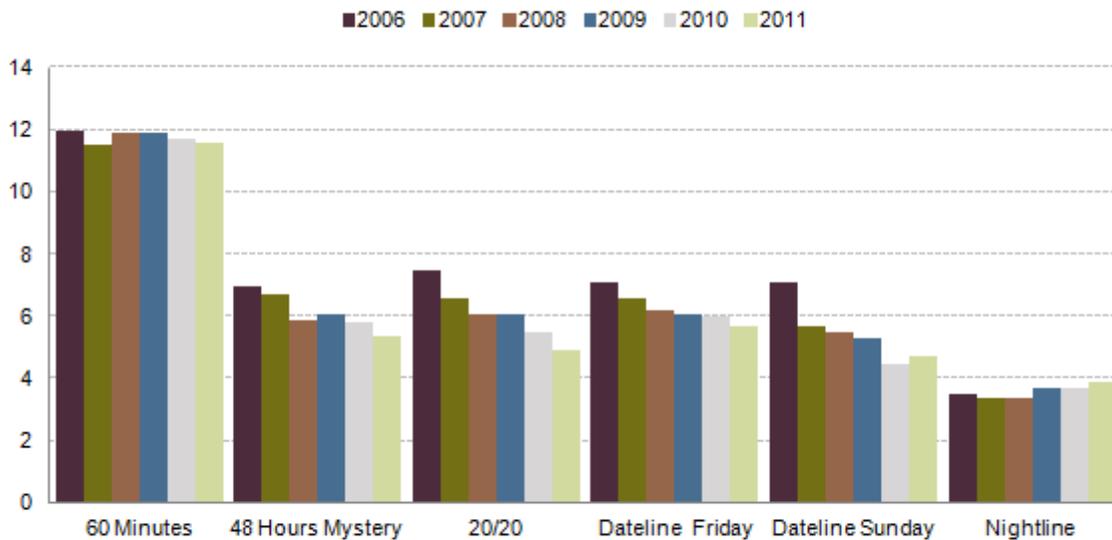
In contrast with their morning and evening news counterparts, the primetime news magazine programs that air in competition with broadcast entertainment programs saw audiences decline in 2011.

The most notable exception to that was ABC News’ Nightline, which airs after prime time (at 11:30 p.m. EST), and in 2011 actually bested its entertainment rivals, the Tonight Show with Jay Leno Show and the Late Show with David Letterman.

The other exception, though the gain was smaller, was the Sunday edition of NBC’s Dateline.

News Magazine Viewership Drops for All but Nightline and Dateline Sunday

Year-to-Year Average Nightly Viewership, in Millions



Source: Nielsen Media Research, used under license

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In 2011, Nightline’s audience grew 5.8% to 3.9 million. This marked the first time ever that Nightline won its timeslot for a full broadcast season over Letterman and Leno. It also ranked first among adult viewers during the May sweeps period - beating the Tonight Show for the first time since 1995.⁶

The network's other news magazine, 20/20, had the largest drop of the network news magazines over the year, however. Its viewership fell by 11.3% to 4.9 million.

The oldest news magazine on the air, and still by far the most popular, CBS' 60 Minutes, saw only a slight decrease in viewership in 2011: down 0.78%. But 60 Minutes still averaged 11.6 million per week, making it the most popular news program in the U.S. yet again.

CBS' other news magazine, 48 Hours Mystery, dropped 6.6% over the year to 5.4 million viewers.

Dateline NBC had mixed fortunes depending on its timeslot. The Friday edition decreased 5.2% to 5.7 million. But the Sunday edition, which aired January through August, averaged 4.7 million viewers, a 5.3% increase from the year before, although ratings decreased for that program, meaning the overall percentage of total households watching the program went down, despite the number of viewers increasing.

Economics

Determining the economic status of a network news division is difficult. Networks do not publicly break out financial data for their news divisions.

One indicator comes from market research firms that track the overall revenue of network television generally, beyond news. For 2011, those estimates are down. Market research firms Kantar Media and Veronis Suhler Stevenson forecast that network ad revenue would decrease between 4% and 6% in 2011 from the year before.⁷ VSS attributed the estimated decrease to a "tough comparison with the 2010 recovery," including the absence of most political ads, a decline in automotive advertising revenue from Japanese manufacturers and no Olympics-based ad revenue.⁸

While advertising makes up about 87% of combined network revenue, according to VSS, the networks saw growth in the remaining slice of revenue. VSS estimated that revenue from the networks' online and mobile platforms grew by 21% in 2011. And revenue from retransmission fees, or compensation from cable and satellite providers paid to broadcasters for the right to carry their programming, grew by 39%. That growth helps balance out the ad revenue losses, resulting in an estimated total network revenue decline. Including that growth into the total network revenue results in an overall decrease of just 0.6%, according to VSS.⁹

And there are some signs at least that some of the news divisions fared better than the networks over all. One is the increase in news audiences. Another is seen in statements in SEC filings from ABC and CBS that their total broadcast ad revenues were up. A third is that NBC News benefits from cable news revenues, which were up.

At ABC, several pieces of evidence suggest the network over all had a better year financially in 2011 than 2010, but getting there was complicated. First, the network cut programming and production costs by \$69 million, according to SEC filings.¹⁰ Cost cuts came from news and daytime programming as well as airing less expensive prime-time programming. In the most recent quarter, ending Dec. 31, 2011, the company reported flat advertising revenues for the ABC network.

ABC also raised its advertising rates, which resulted in higher advertising revenues in the financial year ending October 2011, an increase of \$99 million from the same period the year before, or 2.5%, to a total of \$4.1 billion.¹¹

Given the improved ratings in news, if revenue at ABC News grew in line with the rest of the broadcast arm of the company, or 2.5%, that would put news division revenues at about \$650 million for 2011.

One timeslot to gain revenue was morning news. According to estimates from Kantar, even before 2011, ABC's Good Morning America was on a financial upswing. The show took in \$314 million from ads in 2010, up 6.3% from a year earlier, and that was before it narrowed the ratings gap with NBC's Today Show in 2011.¹²

CBS, however, has some advantages. Of the three networks, CBS has both the largest prime time audience and came into the 2011-12 season with the highest volume of advertising revenue, according to estimates by The New York Times.¹³

But CBS took a \$46 million restructuring charge to reorganize the company's operations when it revamped its morning show, according to SEC filings and The New York Times. The corporation's chief financial officer, Joseph Ianniello, told The Times that the company would recoup the costs in 12 to 18 months.¹⁴

Over all, CBS' total revenue, beyond just news or advertising and including revenue from its cable channels, including Showtime, as well as its local TV and radio operations, book publishing and outdoor advertising, grew 1% in 2011, according to SEC filings. Its entertainment revenue, which includes income from CBS News, also saw a 1% increase to \$7.46 billion for 2011.¹⁵ Some of this growth is likely due to the fact that while prime-time viewership went down for all three big networks, CBS was still the clear ratings winner. CBS also airs 60 Minutes, which is by far the highest-rated news magazine and often wins its timeslot on Sunday evenings.

If CBS News grew in line with the rest of the network, that would put revenue at about \$430 million, against which any restructuring charges would be put.

NBC News has a broader and more complex revenue model than the other networks. It benefits from three cable news channels, MSNBC, CNBC and CNBC World, an international business channel. It can amortize the costs of its news division across more platforms, including MSNBC.com.

That helps NBC News escape the limitations of the broadcast revenue structure, which is mostly dependent on advertising. Cable channels earn revenue from both advertising and subscription fees. Therefore they can generate far more revenue per viewer than broadcast channels.

By our estimates, CNBC contributes more revenue to NBC News than any other unit, even though its audiences are much smaller than NBC's network viewership.

The cable parts of NBC News are also highly profitable. SNL Kagan projects an operating profit at CNBC of \$435.8 million in 2011, up 6.9%. MSNBC's operating profit in 2011 was projected at \$186.6 million, up

10.5%. CNBC World's operating profit was estimated to increase 37% in 2011 to \$13.7 million.¹⁶

The broadcast arm of NBC over all had a 7.1% decrease in revenue in 2011, including a significant decreases from the loss of revenue generated by the 2010 Vancouver Olympics, lower overall ratings in 2011 and local stations it owns taking in less political ad revenue, according to SEC filings.¹⁷

Although NBC's primetime ratings slumped in 2011, its Nightly News and Today Show beat out the network competition and saw growth. Therefore, it is difficult to generalize from the NBC broadcast arm to NBC News.

PEJ estimates that if the broadcast news revenue at NBC News grew at a rate under those of its cable news divisions and better than its broadcast arm overall, by roughly 1%, that would amount to just under \$860 million. NBC's total news revenue then, combining both cable and broadcast would come to about \$2 billion in 2011.

Thus for all the long-term decline in network news audiences, and the fact that the once-omnipresent network news magazines have lost ground to reality programming, the network news divisions nevertheless remain an essential part of the network's identity. And at one network, NBC, the cross-platform model generates significant profit.

News Investment

Regardless of the different organizational and revenue structures, the staff sizes at all three network newsrooms are much smaller than in years past - less than half the size they were in the 1980s. But each network has managed those cuts differently.

ABC has indicated it is moving closer to a leaner model of newsgathering in which a significant number of people are engaged in so-called backpack journalism, in which one person serves as producer, correspondent and technical crew. NBC can afford more traditional multiperson teams. CBS has indicated that it is using a mix of approaches.

In 2011, each network went through personnel changes at top news positions.

All three evening news programs had new executive producers by the end of the year. At ABC World News, Michael Corn, a longtime producer for Good Morning America, took over as executive producer in September. At CBS Evening News, Patricia Shevlin was named the executive producer in June, at the same time Pelley took over for Couric. And at NBC Nightly News, Patrick Burkey was named the executive producer in July.

All three networks had changes in some anchor personnel, too, and some important changes behind-the-scenes.

NBC

At NBC, Steve Capus is now the longest-serving broadcast network news division president. He has run NBC News since 2005.

On air, Meredith Vieira left the Today Show, after opting for a one-year contract in 2010. Ann Curry replaced her, joining Matt Lauer as co-host. Curry had been the news anchor on Today since 1997 as well as the anchor at Dateline NBC. Lester Holt, one of Dateline NBC's correspondents, was named that show's anchor.

NBC also introduced a new news magazine in October, Rock Center With Brian Williams. The show is hosted by the Nightly News anchor and its correspondents include Harry Smith, who joined NBC in 2011 after a 25-year career with CBS, and Kate Snow. The show's ratings have not been as high as NBC hoped. Between three million and four million tune in to the show each week. These are good numbers for cable but weak for network programming. The executive producer is Rome Hartman, a long-time 60 Minutes producer who was Katie Couric's first executive producer when she took over the CBS Evening News, and left CBS when attempts to recast the broadcast to fit her talents did not prove effective.

CBS

CBS News in 2011 got new leadership at the top, a new anchor, a new morning show and adopted a new approach to news that it promoted as more "hard news."

At the top, Jeff Fager, the executive producer of 60 Minutes became the chairman of CBS News (a new position) in November and David Rhodes, who came from Bloomberg, had taken over as news division president in February.

The new CBS This Morning, which promotes putting "the news back in morning news," premiered Jan. 9, 2012. Its new hosts, Charlie Rose and Gayle King, join Erica Hill, one of the few holdovers from The Early Show. The network laid off about two dozen staff members when it made the change, according to the New York Times.¹⁸

At the anchor desk for the CBS Evening News, Scott Pelley replaced Katie Couric. And the network also said goodbye to Harry Smith, who went to NBC. In September, 60 Minutes' essayist Andy Rooney stepped down, shortly before he died.

In February 2012, CBS News brought back Person to Person, the interview program first hosted by Edward R. Murrow in the 1950s. The interviewers for this iteration of the show are Charlie Rose and Lara Logan. Its first week on air, the show brought in about six million viewers, and came in third place in its timeslot.¹⁹

ABC

ABC News also saw some changes both in front of and behind the camera. Ben Sherwood took over as news president from David Westin in early 2011. And in December, the network announced that its choice for This Week anchor, Christiane Amanpour had not worked and that it was returning to her predecessor, George Stephanopoulos. Amanpour stayed on the network as a reporter in addition to anchoring a weekday program for CNN International.

Leaving CBS, Katie Couric signed a multiyear contract with ABC to host a non-news daytime talk show. In this role, Couric will be part of the news division at ABC but will not anchor any programs.

The network also shifted around its talent. Juju Chang left Good Morning America to join Nightline as a correspondent and fill-in anchor.

[Click here](#) for a more detailed list of staff changes at the networks.

News Content

Traditionally, the three broadcast networks have not have much variation in their selection of news stories and often opened with a similar report each evening.²⁰ In the past year, the three nightly newscasts began to distinguish themselves from one another, a sign, perhaps, that the new managers at the networks had decided that in fighting over a shrinking pool of viewers, the best way to turn the tide was to differentiate themselves.

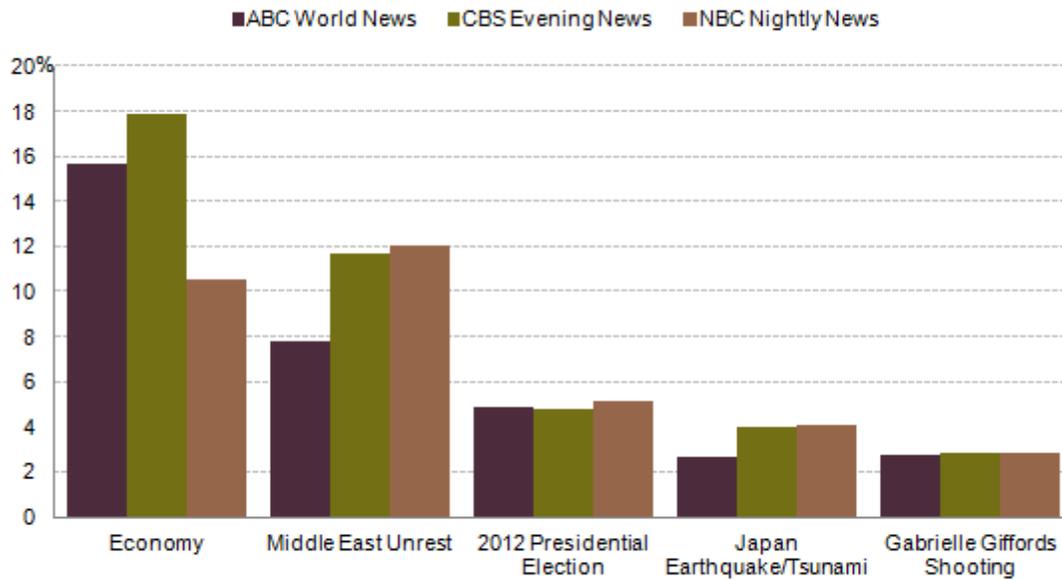
“The three evening newscasts have become more different from one another than at any time I can remember,” former NBC News executive Bill Wheatley told The New York Times.²¹

For example in 2011, CBS Evening News devoted more time to the two top stories than either of its main competitors: the economy (18%) and unrest in the Middle East (12%). ABC News, on the other hand, devoted 8% to the Middle East and 16% to the economy. NBC devoted less time to the economy, 11%, and 12% to the Middle East, on par with CBS.

“The gap is clearest between ABC World News and CBS Evening News,” said Tom Bettag, currently a producer for Rock Center With Brian Williams on NBC, but who has also worked at CBS News, ABC News and CNN. “Under Scott Pelley, CBS has not only made a commitment to hard news but has also consciously avoided the celebrity stories that come and go without a trace. The clearest example was a noteworthy decision to allow the trial of Michael Jackson’s doctor, Conrad Murray, pass with a fraction of the attention that ABC paid it.”²²

Top Five Stories on Network Evening Newscasts

Percentage of Newshole



Source: PEJ's News Coverage Index

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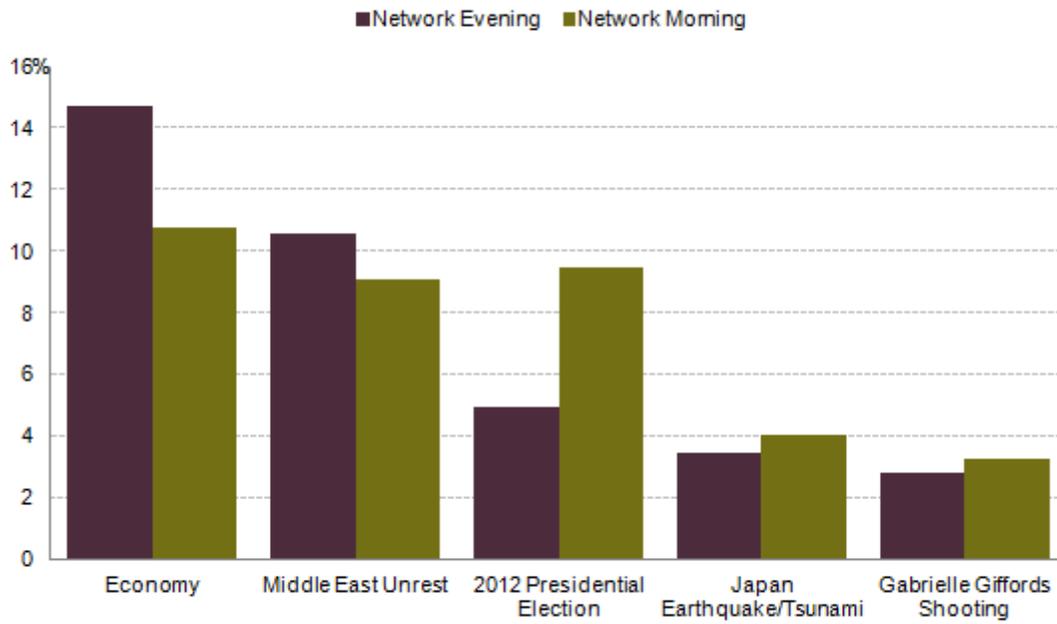
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The CBS Evening News spent a little less time on lifestyle, celebrity and sports (7%) and disasters (7%) than did ABC's World News (11% and 9%) or NBC Nightly News (9% and 11%).

The pattern was more pronounced in the three networks' morning news programs. PEJ examines the first 30 minutes of these programs, where they are most likely to provide hard news segments. CBS spent more time on the economy and the Middle East combined (26%) than either NBC (18%) or ABC (16%).

Morning and Evening News Agendas Differ

Percentage of Newshole



Source: PEJ's News Coverage Index

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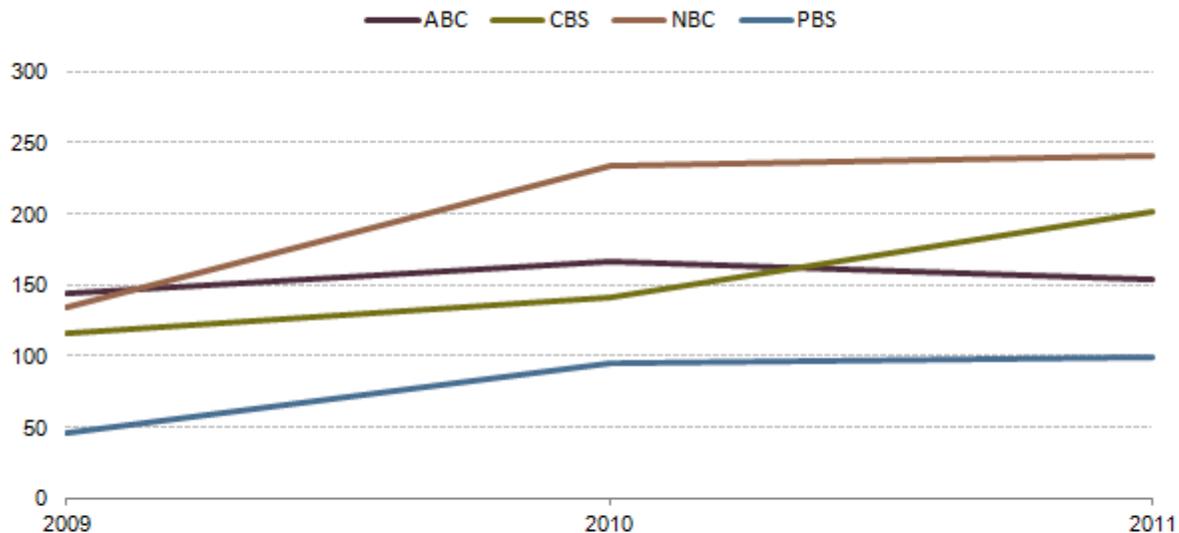
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Morning and evening network news programs traditionally have different news agendas. The troubled U.S. economy was a significantly bigger story on the evening newscasts (15%) than on the morning shows (11%). There was also more attention given to the strife in the Middle East in the evening (11%) than the morning (9%). The presidential campaign, though, was a much bigger story in the morning (10%) than it was on the evening broadcasts (5%).

The amount of coverage with foreign datelines increased in 2011, compared to the year before, according to data from PEJ. Of the four major evening news programs on ABC, CBS, NBS and PBS, the number of stories that were filed from a foreign dateline in 2011 was 698, up 9% from 640 in 2010.

CBS Evening News Shows Biggest Growth in Foreign Datelines

Number of Stories on Network Evening News



Source: PEJ's News Coverage Index

Note: ABC, CBS and NBC's evening news programs are 30 minutes long. The whole hour of the PBS NewsHour was included in this count. The few stories with datelines of "other" were not included in this count.

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Digital

In 2011, network news continued to look toward digital platforms as a way to increase audience and revenue.

The networks continued to put content on their apps for iPhones, Android devices and the iPad. They also created partnerships with online news entities gearing up for the 2012 presidential election.

In 2011, ABC News partnered with Yahoo and also launched a new political website and an app for Good Morning America to use on iPhones and Android devices.

At NBC News, Vivian Schiller was hired as chief digital officer. The company also launched NBCpolitics.com and NBC Publishing to release e-books with news content. NBC also instituted a new partnership with Newsweek/The Daily Beast for the 2012 presidential campaign.

DIGITAL AUDIENCES

There is no easy way to comprehensively measure the total audience that accesses network news digitally. With the growth in mobile, moreover, the matter is becoming more challenging. This, of course, is part of why delivering audiences to advertisers is also a challenge.

According to at least one measurement, Nielsen's list of total unique visitors for year 2011, the relative ranking of the three network news websites remained stable. Visits increased at ABC and CBS, but decreased at MSNBC, which still claimed far more unique visitors than ABC and CBS.

Network Online Audiences

	MSNBC Digital Network	ABC News Digital Network	CBS News Network
Nielsen Online Average Monthly Unique Audience, 2011	29.4 million	18.2 million	12.7 million
comScore Average Monthly Unique Visitors, 2011	52.7 million	22.8 million	19.9 million

Source: Nielsen Online and comScore

Note: MSNBC.com and MSNBC are different entities. The two companies have separate boards and editorial staffs. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com, the website for NBC News and MSNBC, is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

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According to Nielsen data, MSNBC had 29.4 million monthly unique visitors on average in 2011, compared with 12.7 million for CBS News and 18.2 million for ABC News. MSNBC's numbers benefit because it also draws traffic by default from Microsoft's MSN portal, the homepage for millions of internet users.²³

The popular social media tools Twitter and Facebook provide another way to measure the networks' popularity online.

Most news programs, and a large portion of news personalities, had Twitter feeds in early 2012. Twitter provides a way for networks to both disseminate news and for consumers to communicate with news networks and personalities.

One way to gauge Twitter audience penetration is by a simple count of followers, though this is imperfect, given the abundance of ghost accounts, which can arbitrarily favor one account over another.

While all three networks showed growth in Twitter followers from 2011, they are still in the same order of popularity.

As of January 2012, CBS News (1.94 million) and ABC News (1.58 million) both had well over a million Twitter followers. NBC News' main news Twitter feed, on the other hand, was far behind with only 192,000 followers. Still, this is an increase from about half as many in 2010. NBC's online sibling, MSNBC has around 172,000 followers. CNBC had more (659,000), but combined the NBC constituents do not match the other broadcast networks.

But in terms of nightly news programs, the order of popularity on Twitter more closely reflects viewership. NBC Nightly News—the most watched evening news program—has the most followers on Twitter of the three network shows with almost 100,000 followers. ABC World News has 74,000 and CBS Evening News has 15,000.

PBS

In 2011, the flagship news program of PBS, the PBS NewsHour, saw a slight increase in audience and lost one of its major donors. Visits to the show's website grew, as did funding from foundations.

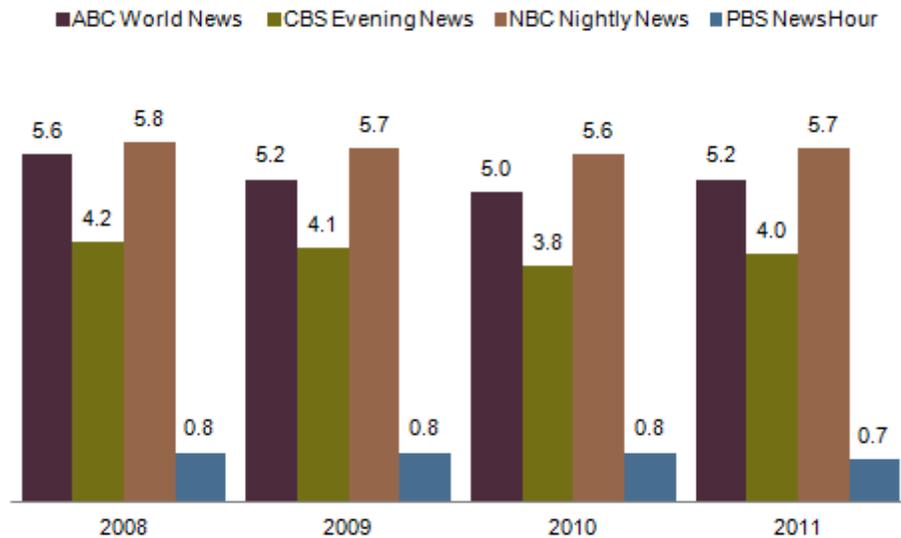
Audience

The NewsHour attracted about 1.1 million viewers nightly during the 2010-11 season, according to the program's research department. That is a slight increase from the season before.²⁴

The NewsHour's ratings declined, however, to 0.7. In general, the NewsHour draws about a sixth of the ratings of the average commercial network news program.

PBS NewsHour Ratings Decline

Year-to-Year Ratings Averages



Source: Nielsen Media Research, used under license

Note: For PBS NewsHour, data from PBS Audience Research and for July the year prior to June of that year.

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Economics

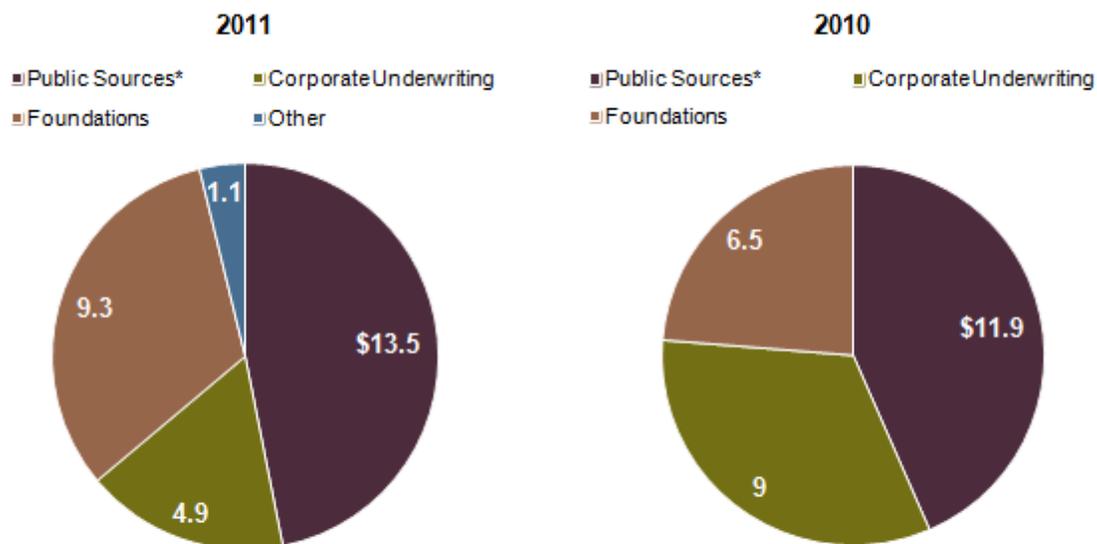
Funding became more challenging for the PBS NewsHour in 2011. Its largest corporate sponsor, Chevron, ended its \$2 million annual funding of the program, but ultimately the show made up for the loss.²⁵

The NewsHour budget for July 2011-June 2012, in fact, was expected to increase by \$1.4 million to \$28.8 million, according to the research department of the NewsHour.

The makeup of that funding changed somewhat from the previous season. Public funding and funding from foundations increased, while corporate sponsorship, largely due to the loss of Chevron, decreased. Much of NewsHour's funding, \$13.5 million for the 2011-12 season or roughly 47%, comes from public funds, a \$1.6 million increase from the season before.²⁶ That includes grants from PBS and the Corporation for Public Broadcasting, which obtain revenue from donors, the federal government, interest on assets, merchandising and dues from member stations, according to NewsHour staff.

Public and Foundation Funding Increase for NewsHour

Funding Breakdowns in Millions of Dollars



Source: PBS NewsHour Marketing and Communications staff.

Note: The 2010 breakdown did not include an "other" category. Public sources include grants from PBS and the Corporation for Public Broadcasting, which obtain revenue from donors, the federal government, interest on assets, merchandising and dues from member stations.

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Foundations make up \$9.3 million of the budget, an increase from \$6.5 million in the 2010-11 season. Corporate underwriting accounts for \$4.9 million of the budget, a 50% cut from \$9 million the year before. The remaining \$1.1 million comes from other sources, including direct gifts, in-kind support, and additional corporate and foundation support.

A new effort to raise money from wealthy patrons was supposed to start in October, but it was put off until a new president of the production company that produces the broadcast was hired in January.²⁷ Preparations for the initiative were in final stages at the time this report was released, but no formal announcement had been made.²⁸

Despite this modest increase in funding for NewsHour, flat revenues from member stations have negatively impacted PBS' bottom line overall, since member stations fees for programming help to fund the network. PBS' programming budget dropped by \$5 million in fiscal year 2012 to \$202 million, according to the trade publication Current.²⁹

For the third year in a row, in 2011 PBS did not increase its dues and fees for stations, and with the departure of at least one large member station, it meant a decline in member revenue. PBS lost \$3.8 million in dues from KCET, a PBS station in Los Angeles that became independent in January 2011 after four decades as a PBS station. The station cited PBS dues as a reason for leaving. KCET had paid almost \$7 million in dues, or about 4% of PBS' total member dues in 2010.³⁰

One project put on hold because of the budget shortfall is a 2009 proposal to upgrade PBS' online news services. "I didn't want to get partway into the project and realize we don't have the resources to do it," PBS president Paula Kerger told Current.

Coupled with that, foundations and other underwriters also cut back in the bad economy. "That pool of money has really shrunk," Jeff Bieber, vice president for news and public affairs programming at WETA, the PBS station in Washington, D.C., told Current.³¹

News Investment

There were many departures among NewsHour staff in 2011, including one in the anchor chair.

In June, anchor Jim Lehrer stepped down from that position. After 36 years as anchor or co-anchor, he is still involved in the program and moderates the Friday news analysis and is involved with the show's production company, MacNeil/Lehrer Productions. The broadcast is now anchored by a rotating cast of the show's senior correspondents including Jeffrey Brown, Gwen Ifill, Ray Suarez, Margaret Warner and Judy Woodruff.

In November, the NewsHour's political editor and managing editor for digital news both departed.

- David Chalian, the political editor, became the Washington bureau chief for Yahoo News.
- Maureen Hoch, the managing editor for digital news, went to the World Bank.³²
- Christiana Bellantoni, formerly with CQ Roll Call, joined the NewsHour as political editor in December 2011.³³

Staffing levels over all for NewsHour remained stable in 2011. A few positions that had been funded by grants are frozen and a handful of positions at the editor and producer level are open, but those positions are expected to be filled.³⁴

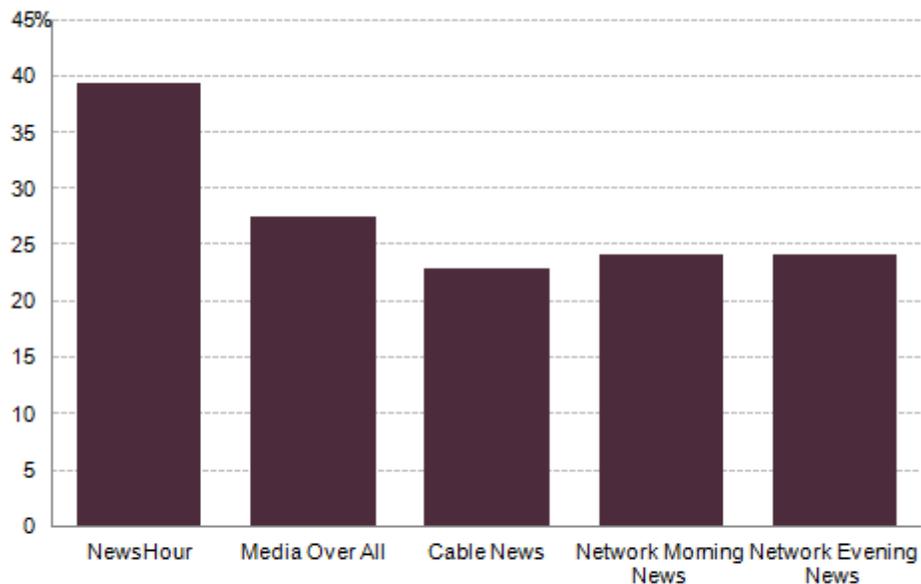
There was no change in bureau counts in 2011. NewsHour has offices in San Francisco, Denver and Washington. The show's chief science correspondent, Miles O'Brien, works out of New York, but there is no bureau there.³⁵

News Content

The PBS NewsHour differs in its agenda from other television news programs. The most striking difference is that the NewsHour offered more than a third more coverage of international news proportionally in 2011 than the rest of the media over all, including all other forms of television news (cable, morning and evening network news). In all, 40% of the time on the NewsHour was devoted to foreign events and U.S. foreign policy compared with 28% of the media sample generally: 23% on cable news, 24% on network morning news, and 24% on network evening broadcasts.

PBS Emphasizes Foreign News More than Other Media

Percentage of Newshole Devoted to U.S. Foreign Policy or Foreign Affairs



Source: PEJ's News Coverage Index

Note: Media over all includes other formats of media, including newspaper

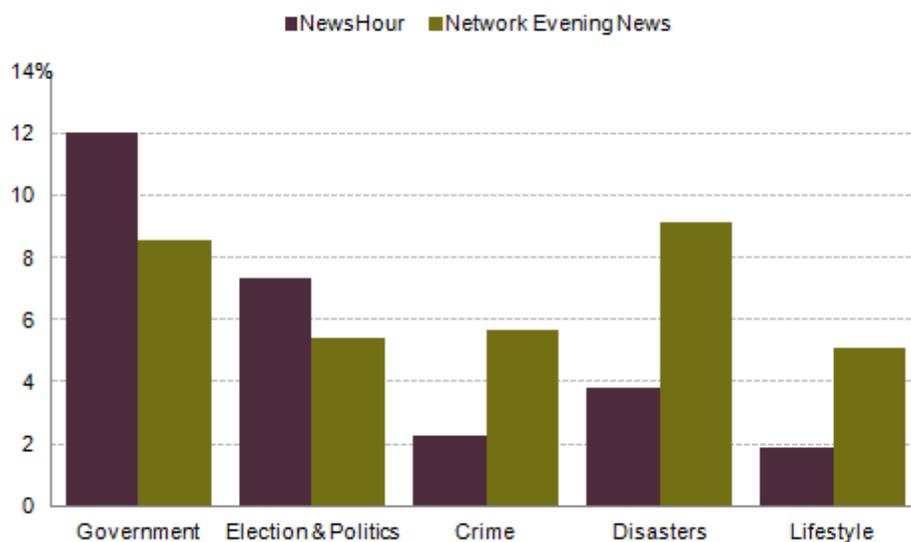
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The NewsHour spent proportionally a third more time covering government than the commercial network evening newscasts (12% vs. 9%), more time on the election and politics (7% vs. 5%), much less time on crime (2% vs. 6%), less on disasters (4% vs. 9%) and on lifestyle (2% vs. 5%).

NewsHour Devotes More Time to Government and Politics than Competition

Percentage of Newshole



Source: PEJ's News Coverage Index

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Digital

PBS continued to increase its digital presence in 2011.

It now offers full broadcasts and live streams of NewsHour on its website and through its iPhone app, and crowd-sourced its audience to provide translation services.

NewsHour's website had one million unique monthly viewers in 2011, a decrease from 1.4 million in 2010 (when a special feature on the oil rig in the Gulf of Mexico drew many viewers to the site). Most of the site's content is taken directly from the NewsHour broadcast, but there are additional features.

NewsHour also creates monthly podcasts, which were downloaded 14.1 million times in 2011.³⁶

The show's Twitter feed has over 233,000 followers (when measured in late January 2012), far more than any of the major network evening news shows. The closest, NBC Nightly News has almost 100,000.

The NewsHour also has a Facebook page, which nearly doubled in number of fans in 2011 (to 49,000). Its number of YouTube subscribers more than doubled in the same time period (to almost 22,000). Its iPhone app had been downloaded over 205,000 times by November 2011.³⁷

As part of its State of the Union coverage in 2011, the NewsHour continued its innovations. Through collaboration with the Participatory Culture Foundation, the NewsHour organized its viewers and social media followers to help translate President Obama's State of the Union address into other languages, using a free online tool. The Corporation for Public Broadcasting granted \$420,000 for the project and Mozilla and the Participatory Culture Foundation provided \$260,000.³⁸ The translation tool is now a standard feature of the NewsHour's campaign coverage and was used again for the 2012 State of the Union address and Republican response.³⁹ Using the tool, the NewsHour translated at least part of the 2012 State of the Union address into 31 languages.

The NewsHour also created a digital map online for the 2012 election. The map combines material from the Associated Press and Patchwork Nation, a project that examines different kinds of communities by using demographic, voting and cultural data, to put county-by-county returns for every primary and caucus alongside demographic, economic and social data.

Other PBS News Programming

PBS has several other news programs, including news magazines Frontline and Need to Know. And Bill Moyers started a new program.

The new program, Moyers & Company, hosted by PBS veteran Bill Moyers, debuted in January 2012. Moyers said he had retired in April 2010 when Bill Moyers Journal ended its long run. The weekly series Bill Moyers Journal aired on PBS on and off from 1972 to 2010, and Now With Bill Moyers aired from 2002 to 2004.⁴⁰

The new show is not being distributed by PBS, but by American Public Television, although it will still air on many PBS member stations and on video.pbs.org. Moyers told The New York Times that he was unsure why PBS declined the show for its main schedule. Some public television executives told the newspaper

that they believed PBS did not want to realign itself with Moyers, a longtime target of conservatives, in efforts to keep federal funding.

Moyers & Company has about 30 employees, a little more than half of the staff of Bill Moyers Journal. The Carnegie Corporation gave Moyers a lead gift of \$2 million for the new program.⁴¹

Need to Know, PBS' Friday news magazine, went through significant changes in 2011. Alison Stewart, the show's anchor, left in September. She had been anchoring the show alone since original co-anchor Jon Meacham became a contributing editor of the program in April.

That same month, the show was cut down from one hour to a half-hour. Need to Know was condensed for both financial and time slot reasons, Stephen Segaller, the vice president of programming at WNET in New York City, where the program originates, told The New York Times.⁴²

To replace Stewart, the show turned to a rotating group of well-known hosts, including Scott Simon, the host of NPR's Weekend Edition Saturday; Maria Hinojosa, the former Now on PBS correspondent; Ray Suarez, a senior correspondent at the NewsHour; and Jeff Greenfield, who still works for CBS News as well.⁴³

Continue reading Network News: By the Numbers

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Network: By the Numbers

By Emily Guskin and Tom Rosenstiel of PEJ

"By the Numbers" houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

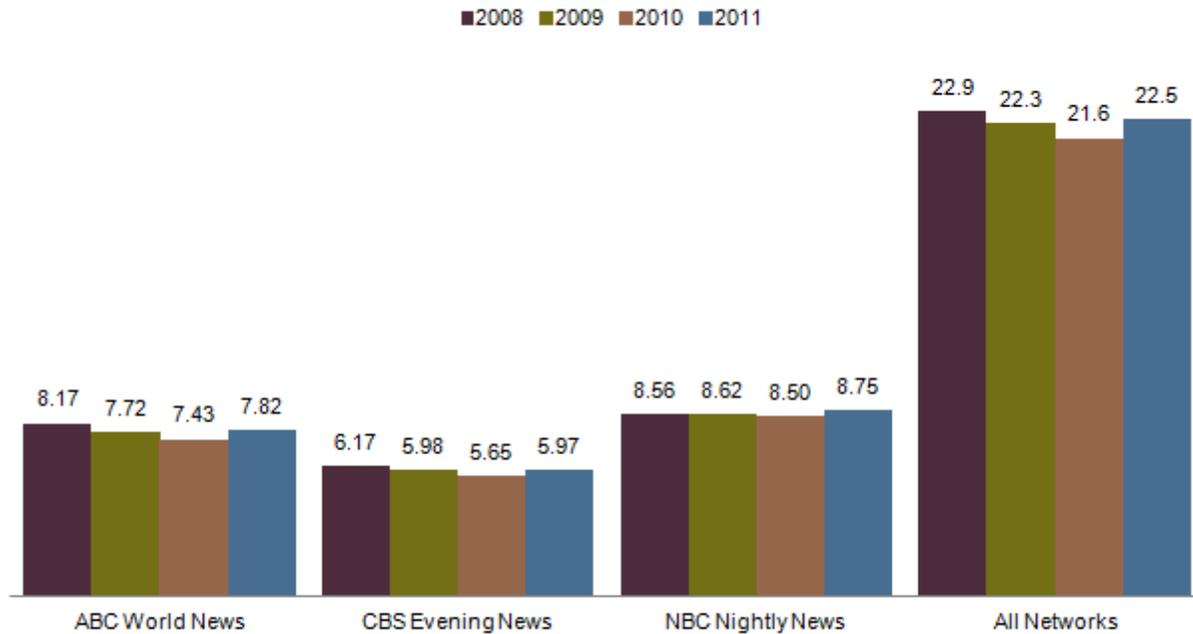
Audiences

Network news audiences grew in 2011 for the first time since the 2001-02 season, the year of the 9/11 attacks and the beginning of the war in Afghanistan.

In the evening, an average of 22.5 million people watched one of the three commercial broadcast evening news programs on ABC, CBS or NBC. That was an increase of 4.5% or 972,700 viewers, from 21.6 million in 2010. And all three networks saw viewership increase, according to Nielsen Media Research.

Evening News Audiences Increase at All Networks

Year-to-Year Average Viewers Per Night, in Millions



Source: Nielsen Media Research, used under license

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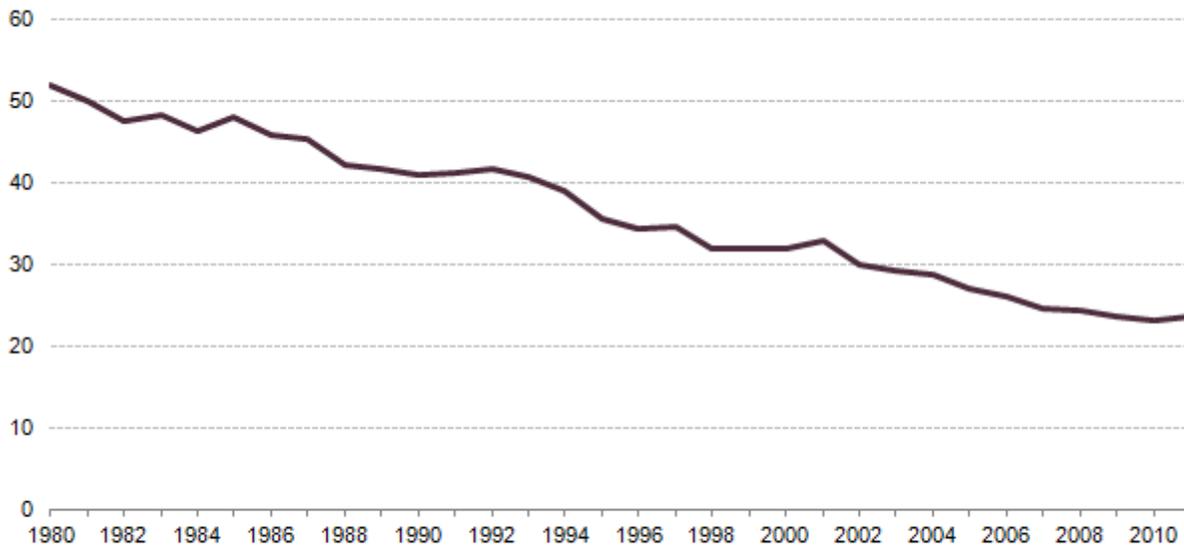
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The average number of viewers per night grew in November 2011 - by 2.1% to 23.7 million, compared to 23.2 million the same month in 2010. The number is higher than it was that month in 2009 (23.6 million), but still lower than 2008.

Despite the gains, the long-term trend for network news audiences is downward. Since 1980, using the November sweeps month as the measure, viewership is down by 54.5%. But there have been upticks and periods of steadiness during that time, depending on events in the news. After falling in the early 1980s, viewership trended upward in the middle of the decade, then dropped again. It ticked upward during the end of the Cold War and the first Gulf War, and again after the attacks of 9/11.

An Uptick in Evening News Viewership for the First Time Since 2001

November-to-November Average Viewers Per Night, in Millions



Source: Nielsen Media Research, used under license

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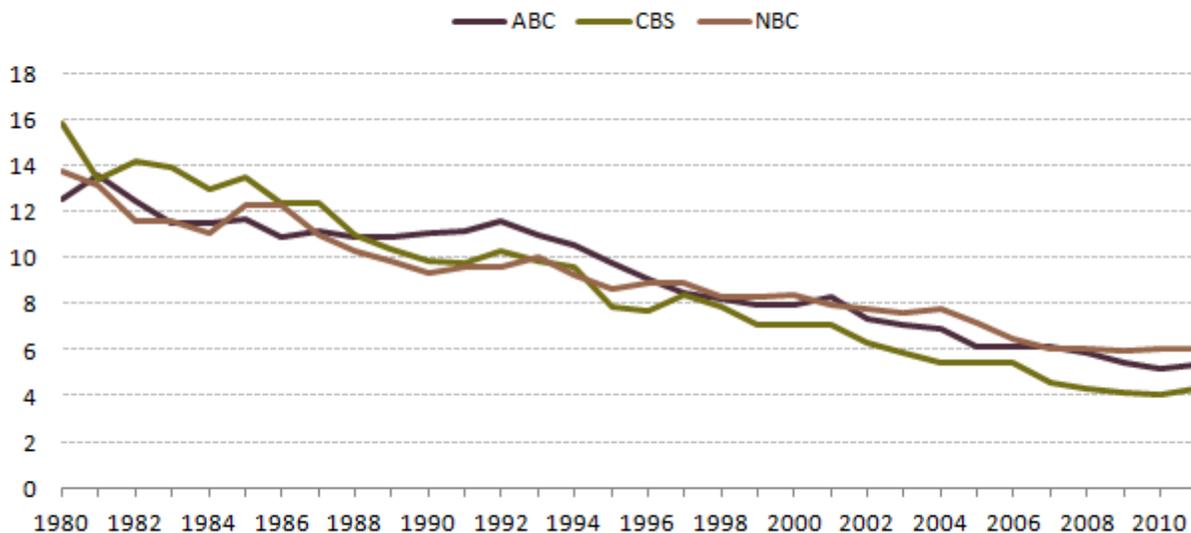
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Ratings, the percentage of households with TVs turned to a given program, rose to 15.8 for the three network evening news programs combined in November 2011, up from 15.4 the previous year.

ABC World News grew to a rating of 5.4 in November 2011 from 5.2 in November 2010, CBS Evening News grew to 4.3 from 4.1, and NBC Nightly News, which has led this measure for several years, remained stable at 6.1.

CBS and ABC Ratings Grow

November-to-November Average Rating Per Night



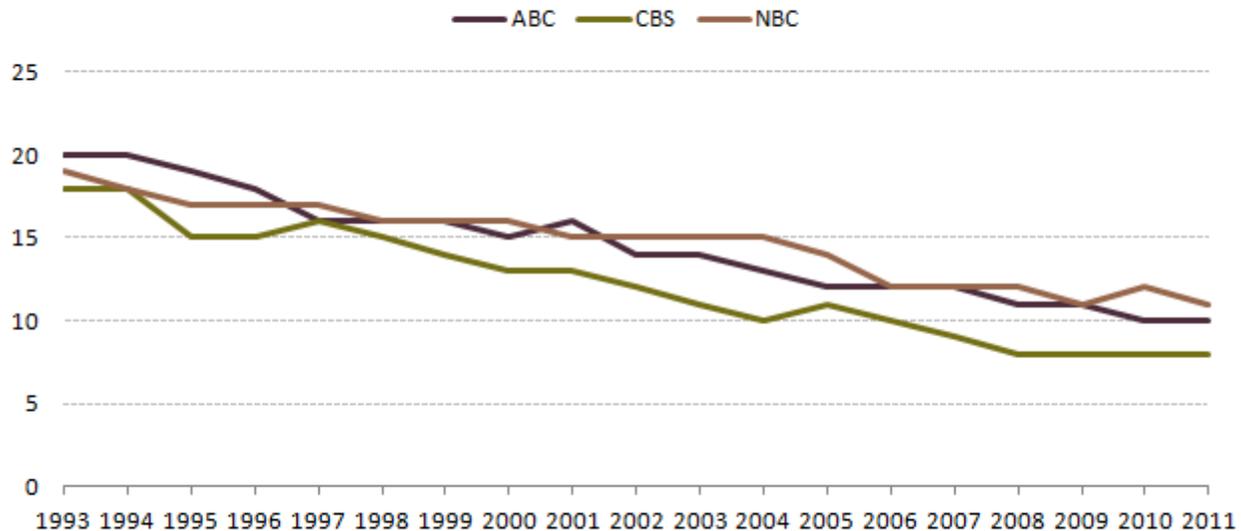
Source: Nielsen Media Research, used under license

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A third measure, share, articulates the newscast audience as a percentage of all households watching television during that timeslot. Share was flatter than other measures: 29.6 on average in 2011, compared to 29.5 in 2010.¹ But looking more closely, one of the networks, NBC, declined.

NBC Drops But Still Holds Share Lead

November-to-November Average Share per Night



Source: Nielsen Media Research, used under license

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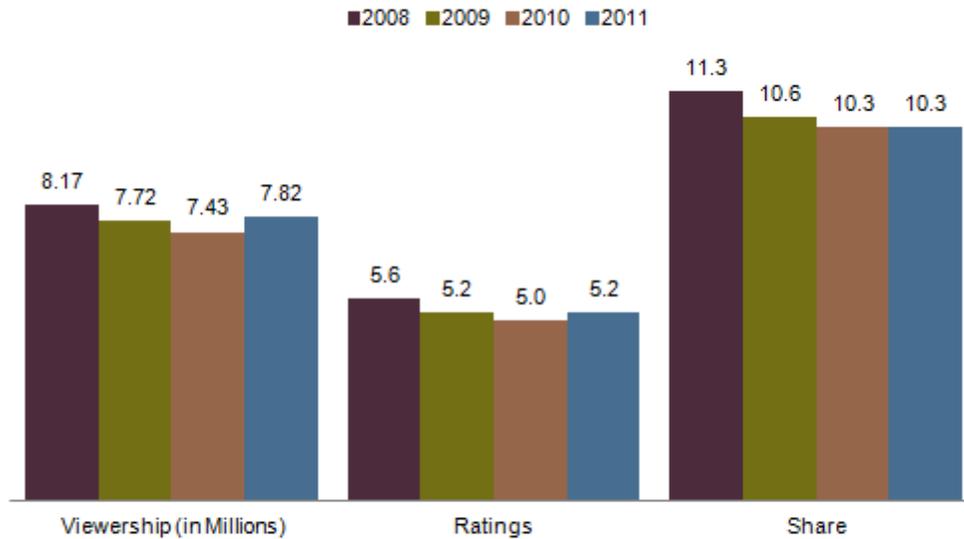
Individual Networks: Evening News

Even with the increases, all three networks have a smaller audience than they did two years ago.

ABC World News' viewership in 2011 grew 5.3% or 397,200 viewers to 7.82 million. Ratings grew 4% to 5.2. Share remained unchanged at 10.3.

ABC World News Audience Grows By Some Measures

Year-to-Year Averages



Source: Nielsen Media Research, used under license

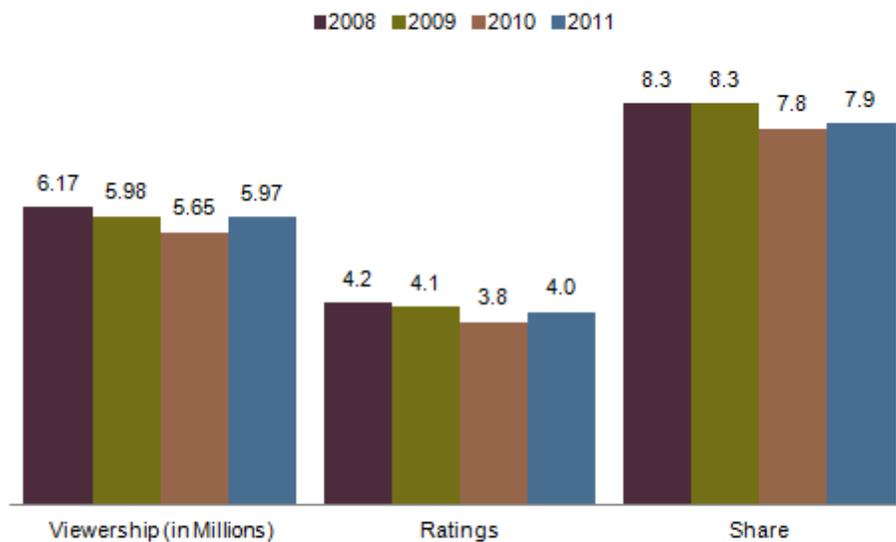
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CBS Evening News, which has the smallest audience of the three evening news programs, increased in audience by all measures. Average viewership grew 5.8% or by 325,000 viewers to 5.97 million. Ratings grew 5.3% to 4. Share grew 1.3% to 7.9.

CBS Evening News Audience Grows by All Measures

Year-to-Year Averages



Source: Nielsen Media Research, used under license

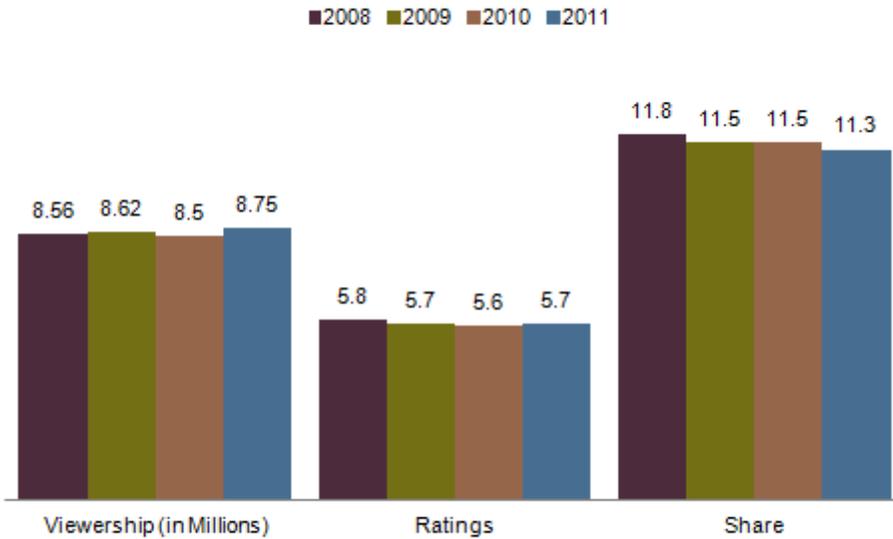
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NBC Nightly News' viewership increased 2.9% or 250,500 viewers to 8.75 million viewers. Ratings grew 1.8% to 5.7. Share declined by 1.7% to 11.3.

NBC Nightly News Loses Some Share

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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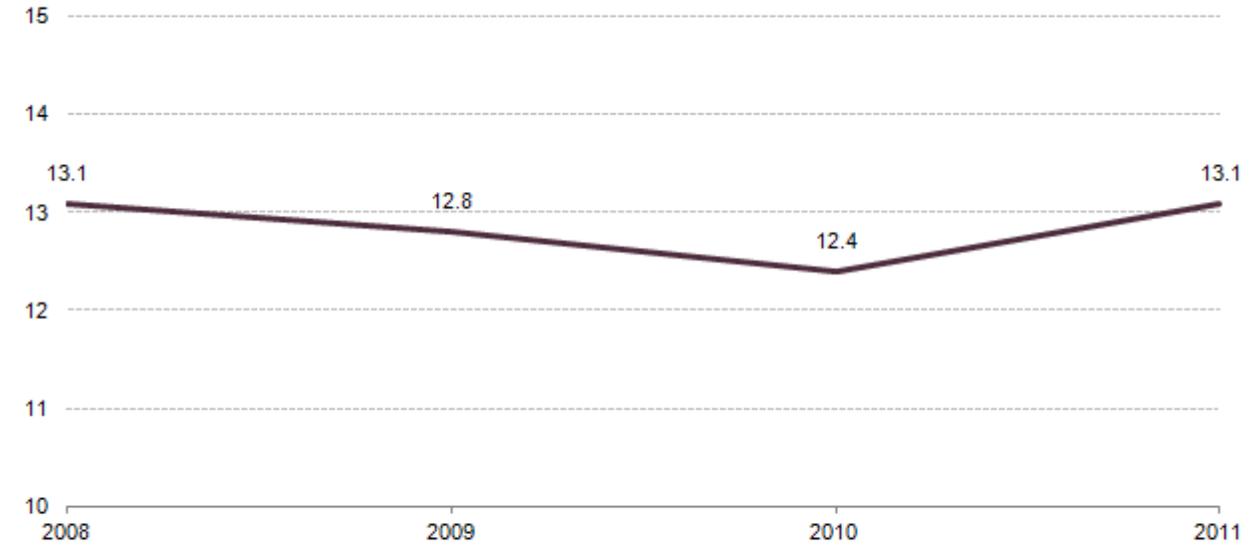
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Individual Networks: Morning News

Morning news shows also grew in audience in 2011. An average of 13.1 million people watched the three network morning news programs, up 5.4% from 12.4 million in 2010. That is an increase of 666,400 viewers for the year on average. It takes the average viewership for all networks back to 2008 levels.

Morning News Viewership Average Rises to 2008 Level

Year-to-Year Averages, in Millions



Source: Nielsen Media Research, used under license

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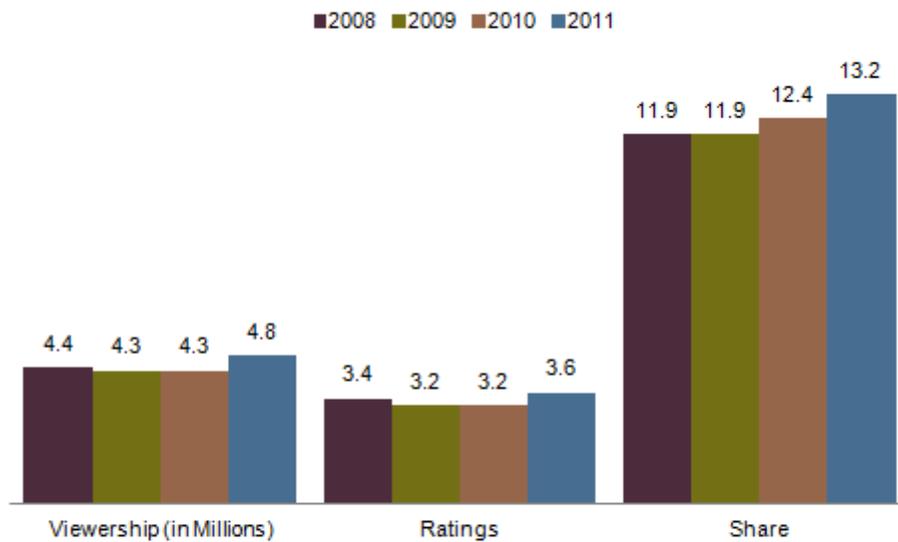
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ABC's Good Morning America increased across the board. Viewership grew 11.4%, or by 488,800 viewers, to 4.8 million viewers, narrowing the gap with NBC's Today Show. Ratings grew 12.5% to 3.6. Share grew 6.5% to 13.2.

ABC's Good Morning America Grows Audience Across the Board

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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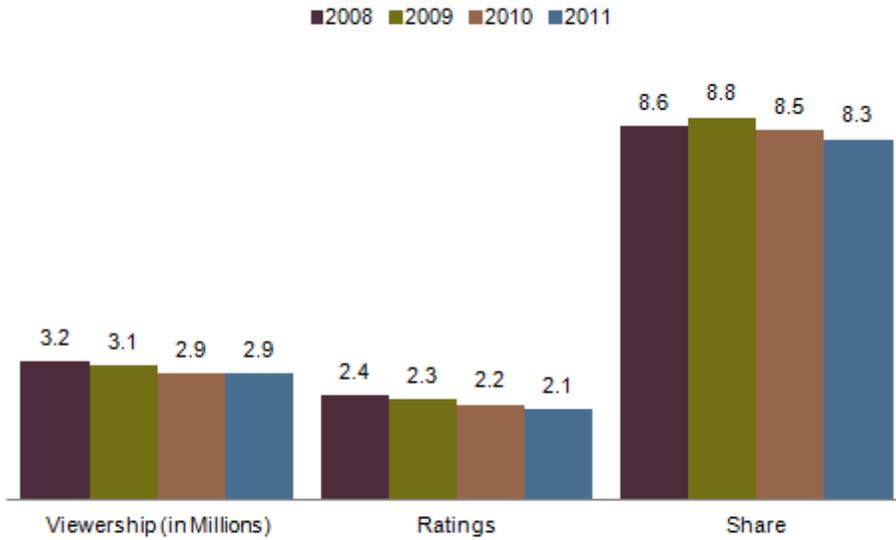
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CBS' Early Show, which was relaunched in January 2012 as a new show called CBS This Morning, was essentially flat in 2011. Viewership grew 0.3%, or by 8,300 viewers, to 2.9 million viewers. Ratings declined 1.9% to 2.1. Share dropped 2.4% to 8.3.

CBS' Early Show Has Stable Viewership While Ratings and Share Dip

Year-to-Year Averages



Source: Nielsen Media Research, used under license

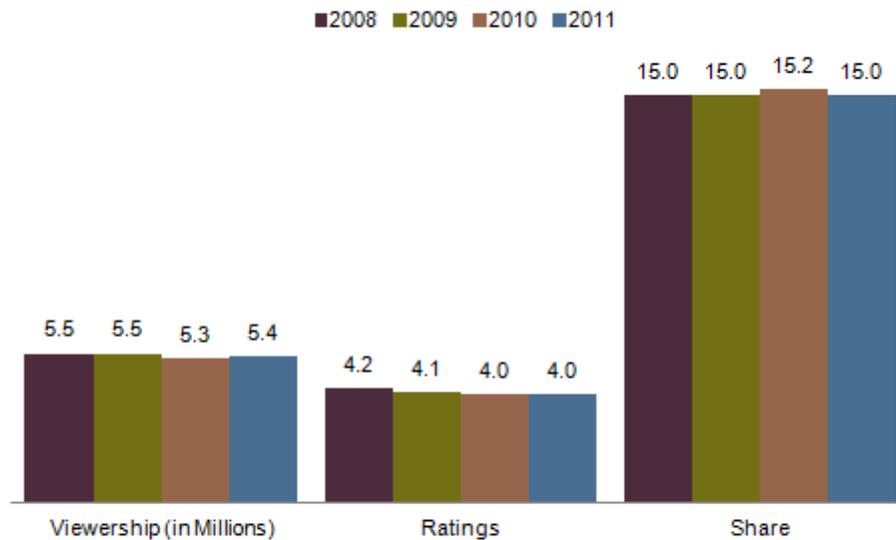
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The most popular of the three network morning news programs, NBC's Today Show, had a mixed year. Viewership grew 3.2%, or by 169,300 viewers, to 5.4 million. Ratings stayed at 4.0. Share dropped 1.3% to 15.

NBC Today Show Grows in Viewership, but Dips in Share

Year-to-Year Averages



Source: Nielsen Media Research, used under license

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TV News Magazines

Television news magazines audiences declined in 2011, unlike their morning and evening news counterparts.

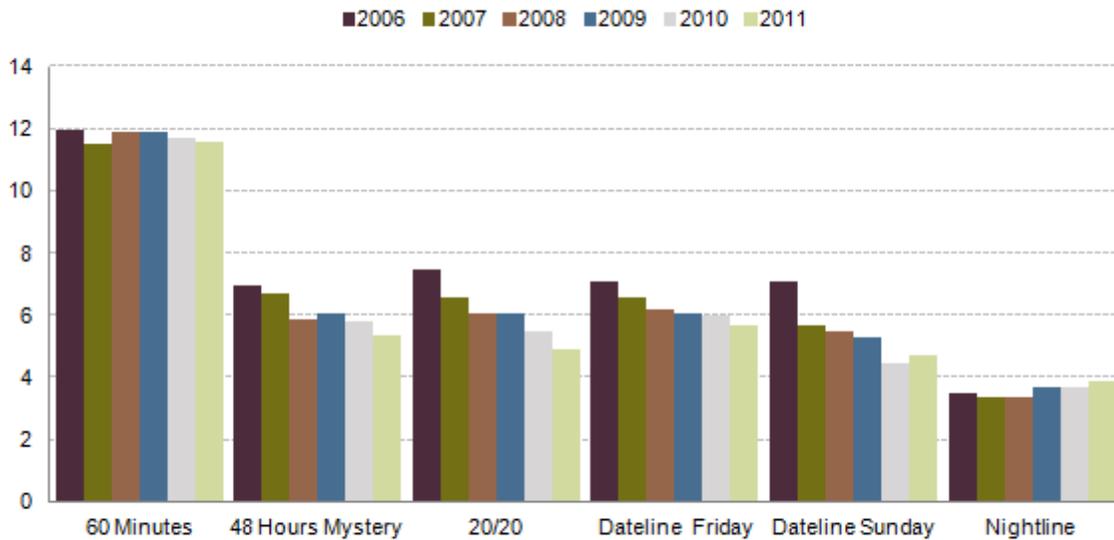
ABC's Nightline was the exception. For the second year in a row, its viewership grew, by 221,600 viewers (5.8%) to 3.9 million on average. Ratings increased by 3.8% to 2.7; share remained steady at 6.3.

The network's other news magazine, 20/20, had the largest drop of the network news magazines, however. Its viewership fell by 622,500 viewers (11.3%) to 4.9 million. It also had the biggest decline in ratings and share: its ratings fell 10.8% to 3.3 and share was down 13.2% to 5.9.

60 Minutes, which traditionally has the largest audience, saw only a slight decrease in viewership in 2011, down 0.78% or 90,800 viewers, to 11.6 million. Ratings fell 1.4% to 7.3; share dropped 2.3% to 12.6.

News Magazine Viewership Drops for All but Nightline and Dateline Sunday

Year-to-Year Average Nightly Viewership, in Millions



Source: Nielsen Media Research, used under license

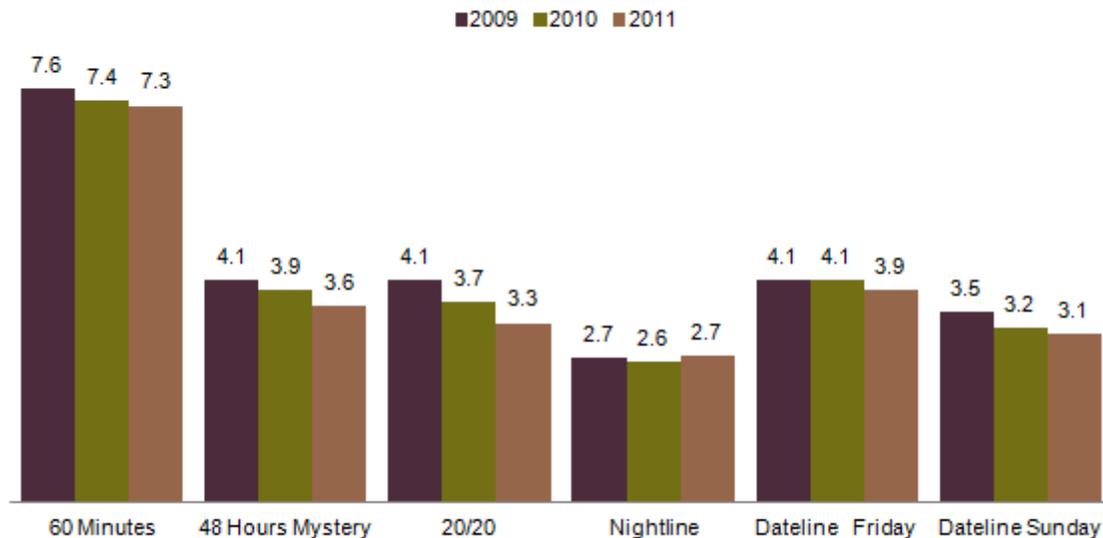
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CBS' other news magazine, 48 Hours Mystery, had a decline of 381,300 viewers on average, or 6.6% of its viewership, to 5.4 million. Ratings dropped 7.7% to 3.6; share fell 9.3% to 6.8.

News Magazine Ratings Decline for All but Nightline

Year-to-Year Average Nightly Ratings



Source: Nielsen Media Research, used under license

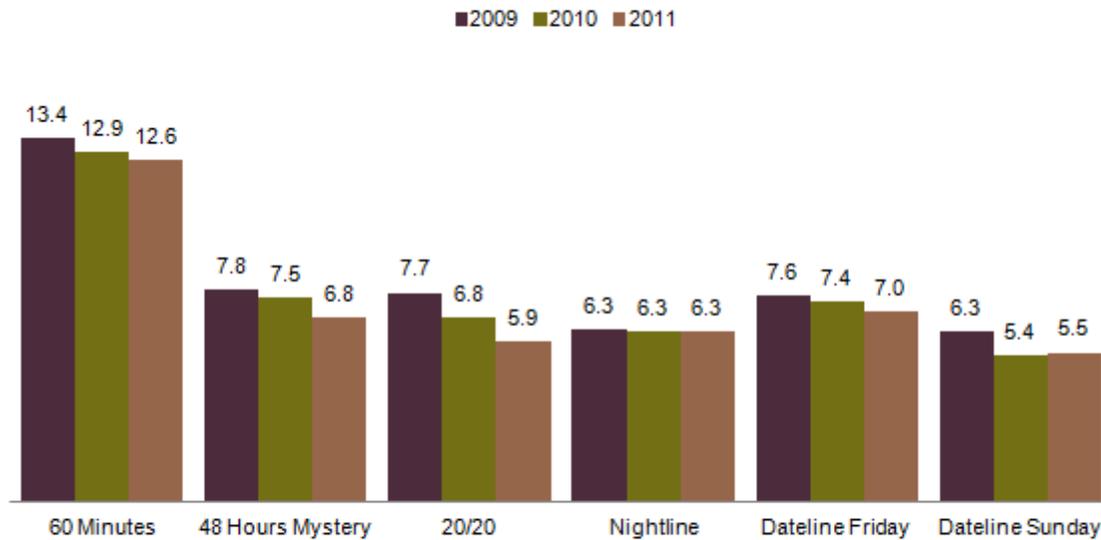
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NBC's Dateline on Friday also saw declines across all three audience metrics. Viewership declined by 315,100 on average, or 5.2%, to 5.7 million. Ratings dropped 4.9% to 3.9; share dropped 5.4% to 7.

News Magazine Share Decreases for All But Nightline and Dateline Sunday

Year-to-Year Average Nightly Share



Source: Nielsen Media Research, used under license

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NBC's Sunday Dateline edition did better than its Friday counterpart. For the year, the Sunday program averaged 4.7 million, up 237,400 from the year before. (The show only aired from January through August, with football broadcast in its timeslot from September on.) Its ratings dropped 3.1% to 3.1 and its share grew 1.9% to 5.5.

Demographics

The Pew Research Center's biennial consumption survey is conducted in even years. In 2010, the average age of a regular evening news consumer was 53, seven years older than the average American. Morning news audiences that year averaged 51 years of age. More than two-thirds of the morning news audience, 68%, in 2010 was female.²

Economics

Determining the economic status of a network news division is difficult. Networks do not publicly break out financial data for their news divisions.

A few market research firms make estimates about network television over all, but not specifically for news.

Looking at some of these, Kantar Media estimated that from January through September 2011, advertising revenue for all network broadcast programming fell by 5.7%. While Kantar did not release absolute numbers, extrapolating from last year's figures would bring network television ad revenue to \$18.04

billion for the first nine months of 2011, down from \$18.15 billion the same period in 2010. (The figure includes ABC, CBS, NBC, Fox, the CW, Telemundo and Univision.)

The decrease, according to Kantar, was primarily from the loss of college football and basketball programming that moved to cable networks in the first quarter of the year.³

The firm also estimated that revenue grew in the third quarter marginally, by 0.2% after falling in the first two quarters.⁴

Another analyst, Veronis Suhler Stevenson, forecast an overall network ad revenue decrease of 3.7% for all of 2011 to \$17.6 billion, down from \$18.2 billion in 2010.⁵

VSS attributed the estimated decrease to a “tough comparison with the 2010 recovery,” including the absence of most political ads, a decline in automotive ad revenue from Japanese manufacturers and no Olympics-based ad revenue.⁶

While advertising makes up about 87% of combined network revenue, according to VSS, the networks saw growth in the remaining slice of revenue. VSS estimated that revenue from the networks’ online and mobile platforms grew by 21% in 2011. And revenue from retransmission fees grew by 39%. Including that growth into the total network revenue results in an overall decrease of just 0.6%.⁷

And there are some signs the news divisions might have fared even better. One is the increase in news audiences. Others are the statements in SEC filings from ABC and CBS that their total broadcast ad revenues were up. A third is that NBC News benefits from cable news revenues, which were up.

ABC

According to SEC filings, Disney, ABC’s parent company, had revenues of \$40.9 billion in fiscal 2011, up 7.4% from \$38.1 billion in 2010. (ABC uses a different fiscal year than the other networks. The data in the ABC section are for the year ending Oct. 1.)

Broadcast television is a small part of Disney’s operations. Looking just at ABC’s broadcast revenue, it increased by 2.5% or \$99 million to \$4.1 billion for the year ending October 1, 2011. (In the quarter ending December 31, 2011, broadcast revenue fell 4% compared with the same quarter in 2010, attributed to a decrease in local advertising revenue. The company reported flat advertising revenues for the ABC network. Higher advertising rates were offset by decreased ratings.)

Several pieces of evidence suggest that ABC overall had a better year financially in 2011 than 2010, but getting there was complicated. First, the network cut programming and production costs by \$69 million, according to filings with the SEC. Cost cuts came from news and daytime programming as well as airing less expensive prime time programming.

ABC also raised its advertising rates and enjoyed higher ratings in news. But the lower costs and improvements in some ratings were offset by lower ratings for prime time and daytime programming, according to the SEC filings.⁸

Part of that good news came from ratings gains in morning news. According to estimates from Kantar, even before 2011, ABC's Good Morning America was on a financial upswing. The show took in \$314 million from ads in 2010, up 6.3% from a year earlier, and that was before it more closely narrowed the gap with NBC's Today Show in 2011.⁹

CBS

At CBS Corp., which includes all of CBS television, plus cable channels such as Showtime, its local TV and radio operations, book publishing and outdoor advertising, revenue grew 1% in 2011 from \$14.1 billion to \$14.2 billion, according to SEC filings. The company had a 6% rise in content licensing and distribution revenues, driven by agreements with companies to stream CBS content, and by growth in affiliate and subscription fee revenues and in advertising revenue. The division that includes network news (as well all network programming, film and TV studios, international distribution and interactive) also saw a 1% increase in revenue to \$7.46 billion for the year 2011.¹⁰

In 2011, CBS – which has the largest audience of the three networks in prime time – had the highest volume of advertising revenue leading up to the 2011-12 season compared to the other networks, according to The New York Times. CBS brought in somewhere between \$2.50 billion and \$2.55 billion worth of ad revenue, up from \$2.40 billion before the 2010-11 season.¹¹

But CBS took a \$46 million restructuring charge to reorganize the company's operations when it revamped its morning show, according to SEC filings and The New York Times. CBS chief financial officer, Joseph Ianniello, told The Times that the company would recoup the costs in 12 to 18 months.¹²

In last year's report, PEJ estimated that the news division at CBS, including 60 Minutes, Sunday Morning and Face the Nation, brought in revenue of about \$424 million in 2010. Given the growth in audience for CBS Evening News, if CBS News grew at a similar rate to the rest of the network (by 1%), that would put 2011 revenue at about \$430 million, against which any restructuring charges would be put.

NBC

NBC News' revenue model is different than its rivals.

Rather than being largely based on broadcast, NBC News includes the proceeds from its cable siblings, MSNBC, CNBC and CNBC World, an international business news channel. The network's website, MSNBC.com, is a partnership with Microsoft.

Most of NBC News' revenue is now generated by its cable news operations. The largest contributor is its cable business channel, CNBC. In 2011, the research firm SNL Kagan estimated that the cable business news channel's revenue grew 6.4% to \$725 million, up from \$681.2 million in 2010. The general news channel, MSNBC, took in revenue of \$409.3 million. CNBC World (an international business channel) had \$23.3 million in revenue.

That revenue growth was accompanied by rising profits, Kagan estimated. Those figures are as follows: CNBC had an estimated operating profit or pre-tax profit of \$435.8 million, up 6.9% from \$407.7 million in 2010. MSNBC's operating profit in 2011 was projected at \$186.6 million, up 10.5% from \$168.8 million in

2010. CNBC World's operating profit was estimated to increase 37% to \$13.7 million in 2011 from \$10 million in 2010.¹³

The broadcast arm of NBC over all had a 7.1% decrease in revenue in 2011 to \$6.4 billion, compared with \$6.9 billion in 2010. That comparison, however, includes \$782 million of revenue generated by the 2010 Vancouver Olympics. Taking the Olympics revenue out of the equation puts NBC broadcast revenue at a 4.8% increase from 2010 and ad revenue at a 1% increase, reflecting NBC's low prime-time ratings and decreased political advertising at local affiliates in a non-election year, according to SEC filings.¹⁴

Although NBC's prime-time ratings slumped in 2011, its Nightly News and Today Show beat the network competition and saw growth. Therefore, it is difficult to generalize from the NBC broadcast arm to NBC News.

The broadcast operations of NBC News, PEJ estimated last year, brought in roughly \$850 million in 2010, bringing NBC News' total revenues to just under \$2 billion.

If the broadcast revenue at NBC News grew at a rate under those of cable, but better than broadcast over all, roughly 1%, that would put revenues in 2011 at just under \$860 million and NBC News' overall revenues at just over \$2 billion.

News Investment

In 2011, all three news divisions went through substantial changes.

NBC had new ownership, but appeared to make the fewest visible changes. CBS went through new management and manifested a distinctly new news agenda that it is also trying to promote and which could be measured by its story choices. And ABC worked through the effects of substantial cuts in 2010, and the difference also could be seen in its news agenda.

Staffing

All three networks saw anchor changes in 2011. On the CBS Evening News, Scott Pelley replaced Katie Couric. And CBS completely overhauled its morning show with an entirely new staff and name to start 2012. Meredith Vieira left the Today Show on NBC. And ABC announced that its choice for This Week anchor, Christiane Amanpour, had not worked and that it was returning to her predecessor, George Stephanopoulos. Amanpour stayed on as a reporter for ABC in addition to anchoring a weekday program for CNN International.

And on NBC, a new news magazine, Rock Center With Brian Williams debuted in October 2011. In addition to the Nightly News host, the news magazine's correspondents include Harry Smith and Kate Snow, as well as several who already work at NBC News: Ann Curry, Nancy Snyderman, Natalie Morales, Bob Costas, Richard Engel and Matt Lauer.¹⁵

The show has struggled to bring in a regular audience. It brings in between two million and five million viewers, relatively low for a network news magazine.¹⁶ In February, the show was moved from Monday

night to Wednesday night.

And on CBS, in addition to a revamped morning show, the network relaunched a program from years ago, Person to Person. In February 2012, the interview program was reintroduced to the public with interviewers Charlie Rose and Lara Logan. Its first week on air, the show brought in about six million viewers, and came in at third place in its time slot.¹⁷

What viewers saw were also the result of changes behind the scenes.

At CBS, Jeff Fager, the executive producer of 60 Minutes became the chairman of CBS News with David Rhodes as president. At ABC, Ben Sherwood took over as news president from David Westin in early 2011.

And new executive producers sat at the helm for all three evening news programs on the networks.

At ABC World News, Michael Corn, a longtime producer for Good Morning America, took over in September. At CBS Evening News, Patricia Shevlin was named the executive producer in June, at the same time that Pelley took over from Couric. And at NBC Nightly News, Patrick Burkey was named the executive producer in July.

While there was a lot of shuffling around of on-air talent along with new people, the overall number of hires and layoffs at the three networks was not reported. In 2009, both ABC and CBS reduced staff through buyouts, layoffs and eliminating positions. NBC seems to have been the first network to start a new period of staffing stability for the networks.

[Click here](#) for a more detailed list of staff changes at the networks.

Domestic Bureaus

Domestic News Bureaus by Network		
ABC	CBS	NBC
Atlanta	Atlanta	Atlanta
Chicago	Chicago	Chicago
Dallas	Dallas	Dallas
Los Angeles	Los Angeles	Burbank (Los Angeles)
New York	New York	New York
Miami	Miami	Miami
Washington	Washington	Washington
Seattle	San Francisco	

Source: Networks

Note: NBC updated in 2011. ABC last updated in 2010. CBS last updated in 2008.

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International Bureaus

NBC closed bureaus in Beirut and Hong Kong in 2011, although it still has a presence in Beirut (as well as Jordan, Rome, South Korea, Saudi Arabia, Syria and Turkey).

Neither ABC nor CBS reported an updated news bureau list in 2011.

Overseas News Bureaus by Network

ABC (13)	CBS (14)	NBC (13)
<i>Latin America</i>	<i>Latin America</i>	<i>Latin America</i>
Havana	Havana	Havana
Mexico City		
<i>Europe</i>	<i>Europe</i>	<i>Europe</i>
London	London	London
Moscow	Moscow	Moscow
Rome	Bonn	Frankfurt
	Paris	
<i>Middle East</i>	<i>Middle East</i>	<i>Middle East</i>
Baghdad	Baghdad	Baghdad
Islamabad	Islamabad	Cairo
Kabul	Kabul	Islamabad
Jerusalem	Tel Aviv	Kabul
	Amman	Tel Aviv
		Tehran
<i>Asia</i>	<i>Asia</i>	<i>Asia</i>
Beijing	Beijing	Beijing
Hong Kong	Hong Kong	Bangkok
Tokyo	Tokyo	Tokyo
<i>Africa</i>	<i>Africa</i>	
Nairobi	Johannesburg	

Source: Networks

Note: NBC updated in 2011. ABC last updated in 2010. CBS last updated in 2008.

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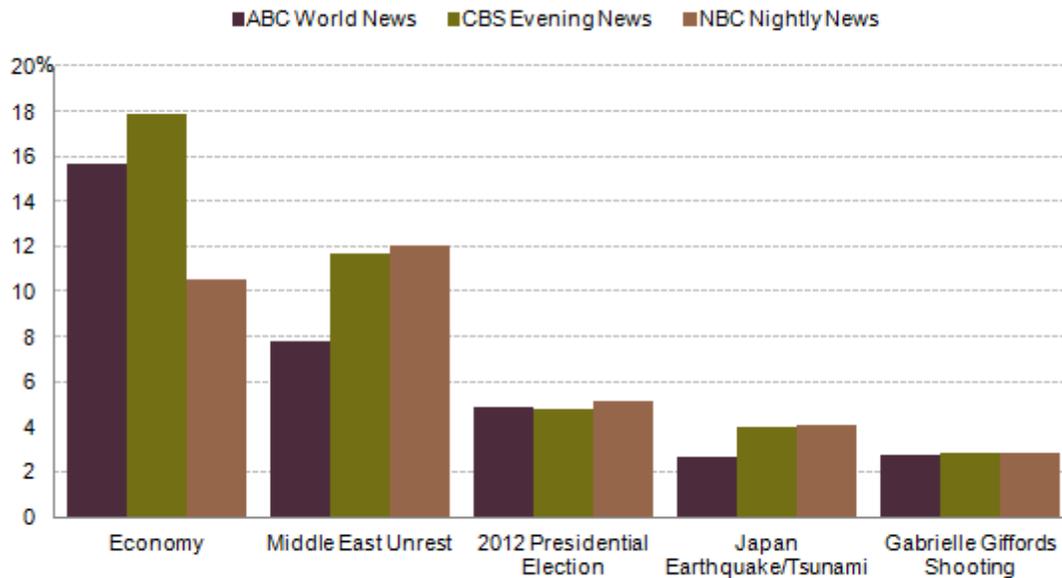
News Content

The differences in management and anchors were matched by a growing distinction of what stories the networks put on the air.

CBS News put a measurable emphasis on what analysts typically describe as “hard news,” that is, more civic oriented news as opposed to lifestyle topics. For example in 2011, the CBS Evening News devoted more time to the two top stories than either of its main competitors: the economy (18%) and unrest in the Middle East (12%). ABC News devoted 8% to the Middle East and 16% to the economy. NBC devoted less time to the economy, only 11%, and 12% to the Middle East, on par with CBS.

Top Five Stories on Network Evening Newscasts

Percentage of Newshole



Source: PEJ's News Coverage Index

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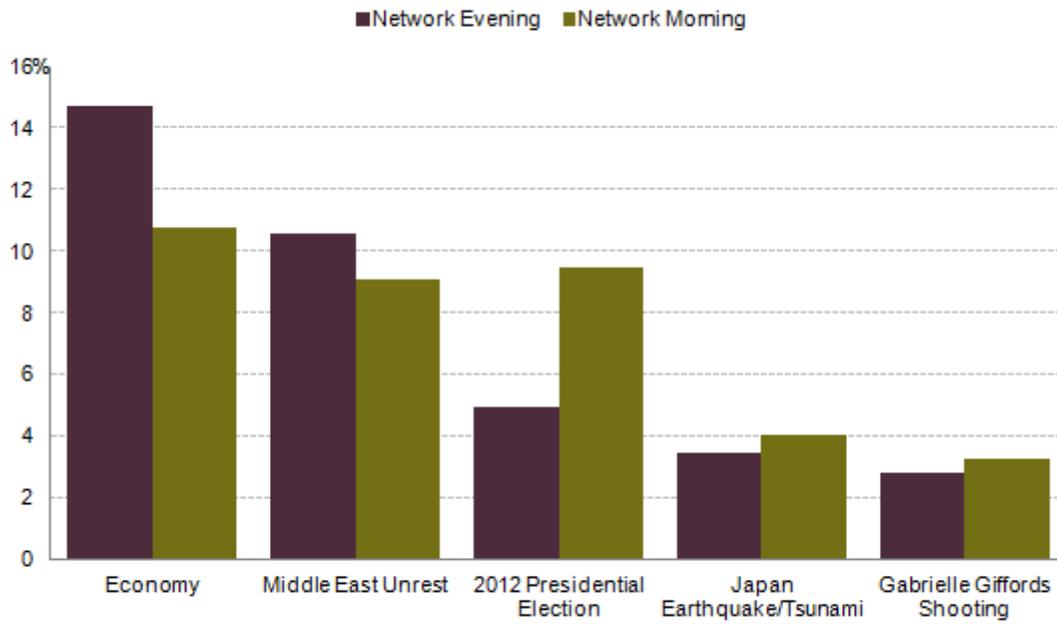
The CBS Evening News also spent a little less time on lifestyle, celebrity and sports (7%) and disasters (7%) than did ABC's World News (11% and 9%) or NBC Nightly News (9% and 11%).

The same pattern was more pronounced in the three networks' morning news programs. PEJ examines the first 30 minutes of these programs, where they are most likely to provide hard news segments. Again, CBS spent more time on the economy and the Middle East combined (26%) than either NBC (18%) or ABC (16%).

The CBS Morning Show also spent less time on lifestyle, celebrity and sports (6%) compared with ABC (10%). NBC's Today Show was similar to CBS (6%).

Morning and Evening News Agendas Differ

Percentage of Newshole



Source: PEJ's News Coverage Index

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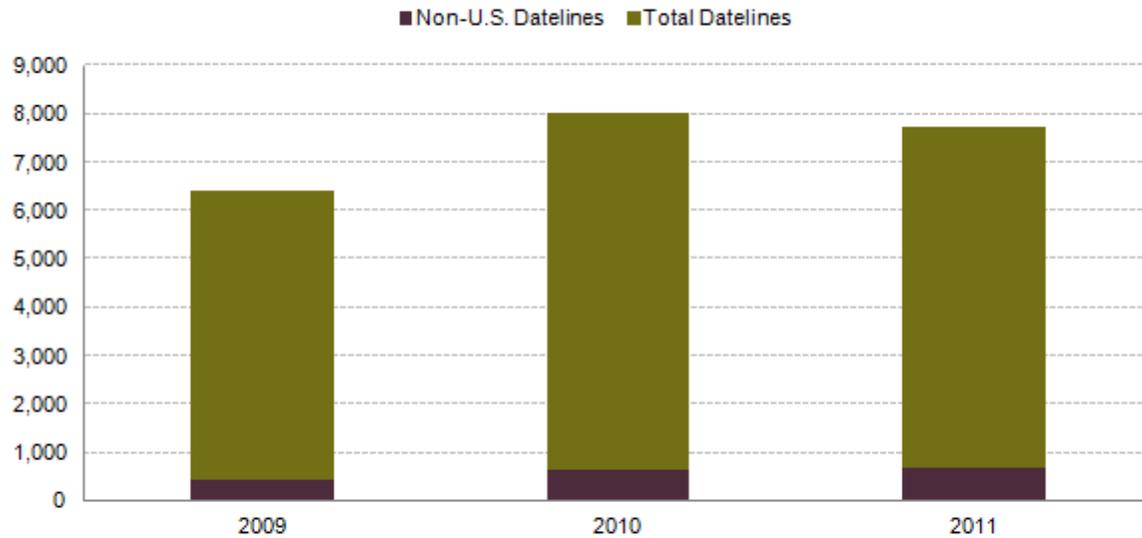
Morning and evening news network news programs traditionally have different news agendas. The troubled U.S. economy was a significantly bigger story on the evening newscasts (15%) than on the morning shows (11%). There was also more attention given to the strife in the Middle East in the evening (11%) than the morning (9%). The presidential campaign, though, was a much bigger story in the morning (10%) than it was on the evening broadcasts (5%). This may be because major campaign events, like debates, happen in the evening after that night's news has already aired.

The amount of coverage with foreign datelines increased in 2011, compared to the year before. Of the four major evening news programs on ABC, CBS, NBC and PBS, the number of stories that were filed from a foreign dateline in 2011 numbered 698, up 9% from 640 in 2010.

Over all, about 10% of news stories were filed from abroad.

Foreign Datelines Increase in 2011

Number of Stories on Network Evening News



Source: PEJ's News Coverage Index

Note: ABC, CBS and NBC's evening news programs are 30 minutes long. The whole hour of the PBS NewsHour was included in this count. The few stories with datelines of "other" were not included in this count.

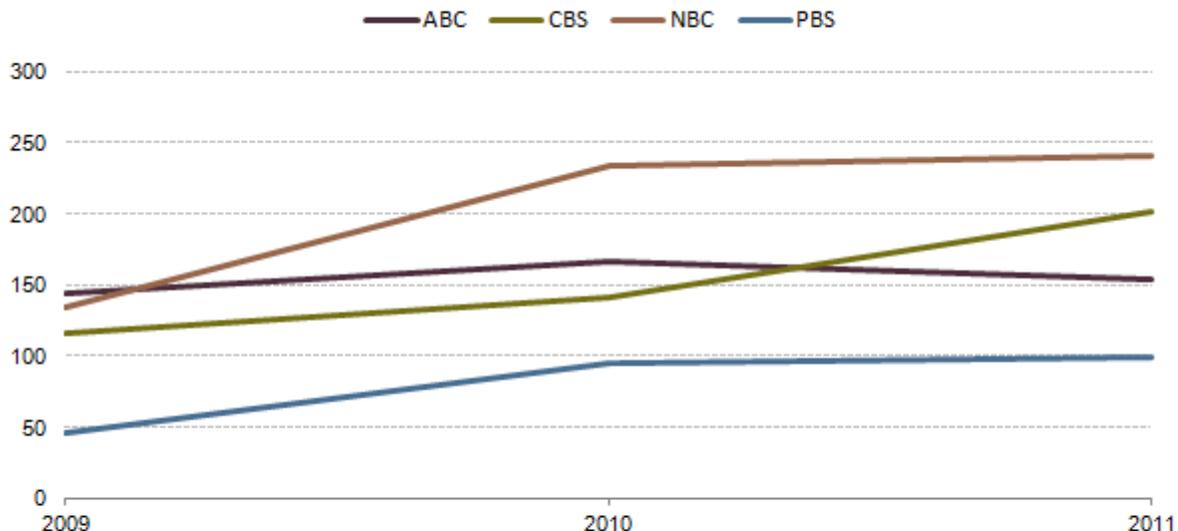
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When looking at the networks individually, the number of foreign datelines increased for all but ABC News. CBS Evening News saw the most significant increase in filings from abroad, up 42.3%, compared to 2010. The other increases were not as noticeable. The PBS NewsHour had a 4.2% increase in foreign datelines while NBC Nightly News had a 2.6% increase. ABC's World News had a 7.2% decline in foreign filings.

CBS Evening News Shows Biggest Growth in Foreign Datelines

Number of Stories on Network Evening News



Source: PEJ's News Coverage Index

Note: ABC, CBS and NBC's evening news programs are 30 minutes long. The whole hour of the PBS NewsHour was included in this count. The few stories with datelines of "other" were not included in this count.

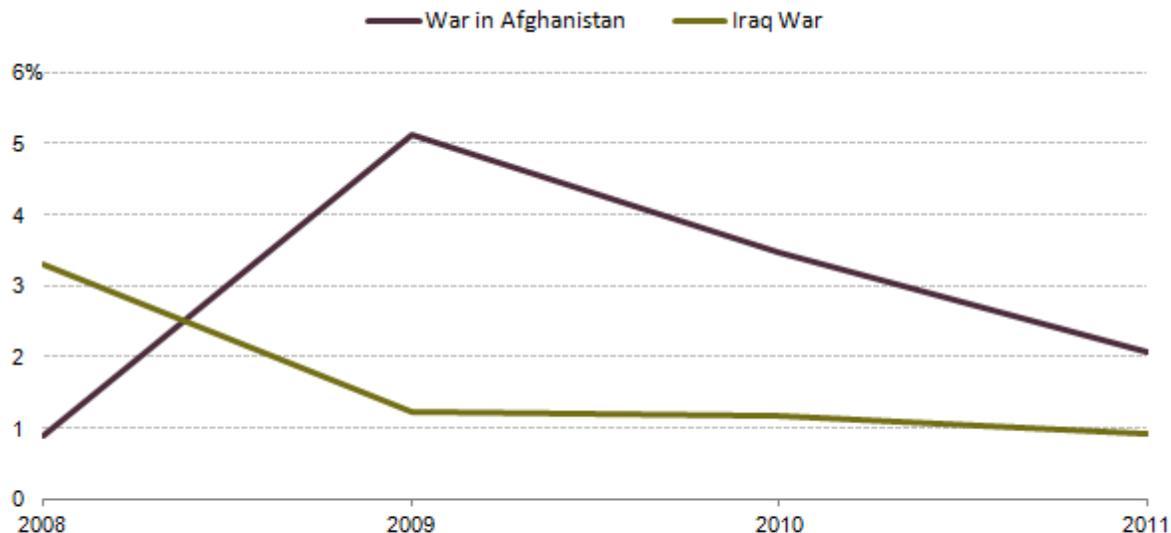
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Coverage of the wars in Afghanistan and Iraq continued to decline in 2011. Stories about the war in Iraq fell to 0.94% of the news hole for all network news programs in 2011 from 1.19% in 2010, as U.S. troops left the country. Stories of the war in Afghanistan fell to 2.09% of the newshole from 3.47% in 2010.

War Coverage Continues to Decline in 2011

Percentage of Newshole



Source: PEJ's News Coverage Index

Note: Newshole for all network news coded (ABC, CBS, NBC, PBS)

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Digital

Audience

There is no easy way to comprehensively measure the total digital audience for network news. And with the growth in mobile the matter is becoming more challenging. That difficulty is also an important factor for the networks. If they cannot comprehensively tell potential advertisers who their audience is across platforms, it makes sales more complex.

There are some metrics, however. The total unique visitors who go to a site every month offer an idea of rank and overall growth for the main websites.

According to at least one measurement, Nielsen's list of total unique visitors for the year 2011, the relative ranking of the three network news sites remained stable. Visits increased at ABC and CBS, but decreased at MSNBC, which still claimed far more unique visitors than ABC and CBS.

Network Online Audiences			
	MSNBC Digital Network	ABC News Digital Network	CBS News Network
Nielsen Online Average Monthly Unique Audience, 2011	29.4 million	18.2 million	12.7 million
comScore Average Monthly Unique Visitors, 2011	52.7 million	22.8 million	19.9 million

Source: Nielsen Online and comScore
Note: MSNBC.com and MSNBC are different entities. The two companies have separate boards and editorial staffs. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com, the website for NBC News and MSNBC, is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

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Another organization that measures website traffic is comScore. Its figures for average monthly unique visitors are different from Nielsen's, but the networks rank in the same order as they do with Nielsen's measurements. comScore reports MSNBC's average audience for the year at 52.7 million, ABC's at 22.8 million and CBS' at 19.9 million.

Twitter and Facebook

The popular social media tools Twitter and Facebook provide another way to measure the networks' popularity online.

Most news programs, and a large portion of news personalities, had Twitter feeds in early 2012. Twitter provides a way for networks to both disseminate news and for consumers to communicate with news networks and personalities.

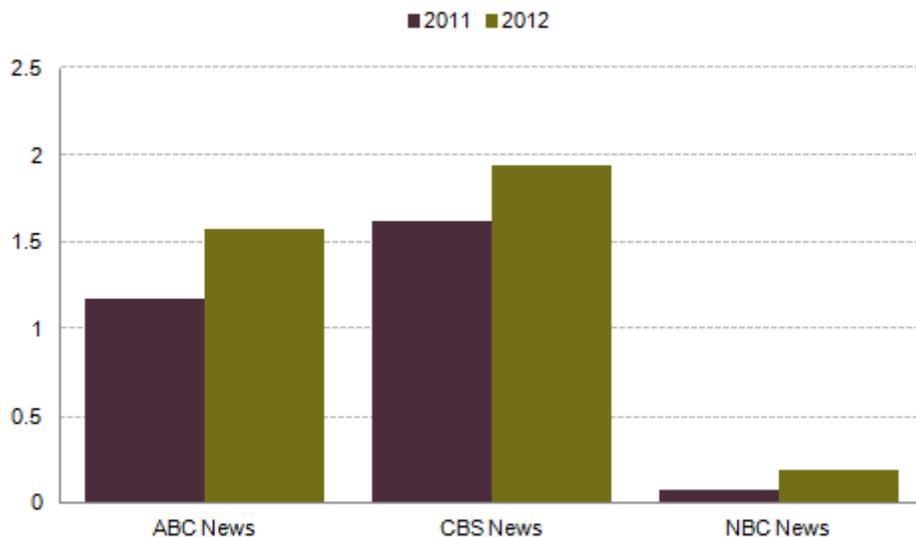
One way to gauge Twitter audience penetration is by a simple count of followers, though this is imperfect, given the abundance of ghost accounts, which can arbitrarily favor one account over another.

While all three networks showed growth in Twitter followers from 2011, they are still in the same order of popularity.

As of January 2012, CBS News (1.94 million) and ABC News (1.58 million) both had well over a million Twitter followers. NBC News' main news Twitter feed, on the other hand, was far behind with only 192,000 followers. Still, this is an increase from about half as many in 2010. NBC's online sibling, MSNBC has around 172,000 followers. CNBC had more (659,000), but combined the NBC constituents do not match the other broadcast networks.

CBS News Has the Most Twitter Followers

Twitter Followers, in Millions on Jan. 29, 2011 and Jan. 27, 2012



Source: Project for Excellence in Journalism

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But in terms of nightly news programs, the order of popularity on Twitter more closely reflects viewership. NBC Nightly News – the most-watched evening news program – has the most followers on Twitter of the three network shows with almost 100,000 followers. ABC World News has 74,000 and CBS Evening News has 15,000.

As for morning television, the tables are flipped: ABC's Good Morning America has 1.77 million followers, but NBC's Today Show, which is more popular among viewers, has 1.05 million.

All three network news divisions are also on Facebook. As on Twitter, NBC News lags with 26,000 fans (a significant increase from fewer than 1,000 in 2011). One of its sibling on cable, MSNBC, has 437,000 fans and another, CNBC, has 181,000. CBS News has 278,000 fans and ABC News has 404,000.

The networks had a handful of other innovations over the year.

ABC

- A partnership with Yahoo was announced in October 2011. Coupled with that was the launch of GoodMorningAmerica.com as well as a web series from ABC News anchors and correspondents.
- The launch of “OTUS,” a political website, in December 2011. The site features a “political stock market” that shows an analysis of sentiment about candidates along with other interactive features.
- A free Good Morning America app for iPhone and Android launched in May 2011.
- Collaboration with Bluefin Labs to analyze social media trends during coverage of the 2012 presidential campaign.

CBS

- The 60 Minutes app became the No. 4 paid news app in the Apple app store in August

NBC

- NBC News hired Vivian Schiller as chief digital officer to focus on growing the network’s digital operations.
- In January 2012, NBC News launched NBC Publishing to publish e-books with plans to publish 30 digital books a year.
- NBCpolitics.com was launched in December 2011. The site has a partnership with Foursquare for journalists and campaign staffs to “check-in” to the site as they cover presidential campaigns.
- NBC News is partnering with Newsweek-The Daily Beast on 2012 campaign coverage. It previously had a relationship with Newsweek when it was owned by the Washington Post.

[Click here to read the Network News Essay](#)

Endnotes

1. By using the numbers Nielsen prefers – one month rather than annual averages – share for network evening news was more stable. For four months of the year, share was unchanged, and for seven it fell just slightly, by one point. Share was at 29 for the last seven months in 2011.
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Network Glossary

Bureau

An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo. Foreign bureau is a generic term for a news office set up in a country other than the primary operations center. A Washington bureau is an office in the capital that covers news related to national politics and government in the United States.

Prime time

The hours on weekdays between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen. On Sundays, the prime-time hours are 7 p.m. to 11 p.m.

Rating

A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Share

The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Viewership

Collectively, the viewers of a television program.

Staffing Changes

These are not all of the staff changes at the networks, but compiled to the best of our abilities.

ABC News

BEHIND THE SCENES:

- **Ben Sherwood**, who was named news president in December 2010, hired three for his executive team in April 2011.
- **Barbara Fedida** as senior vice president of talent and business took over for **Amy Entelis**, who left ABC for a job at a consulting firm. Fedida was most recently at CBS News, but worked at ABC News till 2006.
- **Susan Mercandetti** also returned to ABC as vice president for business development and partnerships, leaving Random House.
- **Joe Ruffolo** became the senior vice president of ABC News digital in May 2011, replacing Paul Slavin who had been at ABC for 33 years. Ruffolo was previously the vice president of AOL.com.
- **Brian Kennedy** was hired back to ABC News in June 2011 as executive director for newsgathering operations. He had last been at ABC from 1994-2006. His most recent position was director of digital news gathering at CBS News.
- **James Goldston** took over as senior executive producer of GMA in February 2011.
- **Jon Banner**, previously the executive producer of World News, moved to a special projects position at the news division in September 2011, overseeing more projects. **Michael Corn** was named the new executive producer. Corn previously was a senior producer for the show.

- **Jim Murphy**, the top producer of Good Morning America left ABC to take charge of Anderson Cooper's daytime talk show, Anderson.
- **Dan Arnall**, the senior producer for domestic news at World News with Diane Sawyer, was named executive producer of news for Bloomberg TV in January 2012.
- **Bob Wheelock**, who led ABC News' special events unit left the company in February 2012 to become the executive producer for the Americas at Al Jazeera English.

ON AIR:

- **Katie Couric** signed a multiyear contract in June 2011 to join the ABC News division as a special correspondent and to host a daytime talk show starting in September 2012. Most recently she anchored the CBS Evening News and reported for that network's 60 Minutes.
- **Juju Chang** left Good Morning America in March 2011 to join Nightline as a correspondent and a fill-in anchor, but continues to contribute to GMA, 20/20 and World News.
- **Josh Elliott**, a SportsCenter anchor on ESPN (also owned by Disney), joined GMA as its newsreader in March 2011, taking over for Chang.
- **Lara Spencer** became the lifestyle anchor for GMA in spring 2011. She previously was the host of entertainment news magazine The Insider.
- **Cindy Galli** joined ABC News' investigative team in October 2011. Previously she was a producer at Inside Edition.
- **Christiane Amanpour** left This Week in December 2011 after a little over a year, to return to CNN. She will continue to report for ABC News. **George Stephanopoulos**, who had hosted This Week before Amanpour, returned to his hosting duties January 8, 2012. He continues to co-host GMA as well.
- **Jim Sciutto**, the network's senior foreign correspondent, left ABC to become the chief of staff and senior policy advisor to the American ambassador to China in December 2011.
- Sciutto's wife, **Gloria Riviera**, moved from London to Beijing in January 2012, keeping her position as ABC News correspondent.
- **Ron Brownstein** joined the ABC News political team in July 2011. He was previously the National Journal's editorial director, but had also contributed to ABC News election night coverage in 2010.
- **Mark Greenblatt** was hired as a New York-based correspondent in January 2012. Previously he was an investigative reporter at CBS' Houston affiliate.
- **Reena Ninan** was hired to join the Washington, D.C. bureau of ABC News. She previously covered the Middle East for Fox News.
- **Kelly Cobiella** joined ABC's London bureau as a correspondent in November 2011.

- **Jim Avila** who had been based in New York, moved to Washington, D.C. to become senior national correspondent overseeing a new investigative unit.
- **Ginger Zee** became the weekend meteorologist for GMA in November 2011.
- **Muhammad Lila** was hired in January 2012 as a digital correspondent for Pakistan, Afghanistan and the region, based in Islamabad. He previously was an anchor and reporter for the Canadian Broadcasting Corporation.
- **Joanna Stern** joined ABC in February 2012 to lead technology coverage. She had been the technology editor for The Verge, a technology-focused website.
- **Kirit Radia** was named digital correspondent in Moscow in January 2012. He previously was a producer at the White House and State Department.

CBS News

BEHIND THE SCENES:

- For the fifth time in less than four years, The Early Show got a new executive producer. **David Friedman** was ousted in May 2011. He came to CBS from NBC, and replaced every member of the weekday anchor team in winter 2010, which resulted in only minimal ratings changes.
- **Jeff Fager** took over the news division in February 2011, and then made lots of staffing changes.
- **Chris Licht** left MSNBC to become the vice president for programming at CBS News. Licht had been the creator and executive producer for MSNBC's Morning Joe.
- **Patricia Shevlin** was named the executive producer of CBS Evening News in June, when Scott Pelley took over for Katie Couric, succeeding Rick Kaplan, who had been the producer for four years.
- **Tom Mazzarelli** was named the senior broadcast producer for CBS This Morning, and seven others were named senior producers (**Sharon Hoffman, Ryan Kadro, Bob Meyer, Eva Nordstrom, Mosheh Oinounou, Kevin Rochford** and **Rachel Weintraub Riegel**).
- **Rick Jefferson** was named director of production and CBS News VP of programming Chris Licht is executive producer.
- **Mary Hager** was named executive producer of Face the Nation in April 2011. She previously was the senior producer for the program.
- **Sonya McNair** was promoted to senior vice president of communications for CBS News and **Kelli Raftery** was named vice president of communications for CBS News. Raftery previously held communications positions in CBS News, Sports and Entertainment and will report to McNair who most recently was vice president of CBS News after serving as a consultant to the network. She previously worked for The New Yorker.[30]

ON AIR:

- **Scott Pelly**, the 60 Minutes correspondent, succeeded the outgoing Katie Couric as anchor and managing editor of the CBS Evening News in Jun 2011. Pelly continued to report for 60 Minutes, in addition to his new position.
- **Harry Smith** left the network after 25 years in July 2011, moving to NBC News for a position with Brian Williams' news magazine.
- **Charlie Rose, Gayle King and Erica Hill** were named as co-hosts for the new CBS This Morning. The program started January 9, 2012 and was a complete overhaul of The Early Show. Rose previously was the host of a nightly interview program on PBS and had also served as a correspondent for 60 Minutes II and occasionally for 60 Minutes. King was previously the host of a weekday television interview program on the Oprah Winfrey Network. Hill had been the co-anchor of CBS' The Early Show since January 2011. Prior to that she was the news anchor of the same broadcast and co-anchor of the Saturday edition of the program.
- **John Dickerson** was named CBS News political director in November. He is in charge of overseeing the editorial strategy of the 2012 campaign. He also writes for Slate, the online magazine.
- **John Mill** joined CBS as senior correspondent, with a special emphasis on This Morning. He had been a local television reporter through the 1970s and 80s and was a deputy police commissioner in New York City in 1994 and 1995, before returning to television at ABC News. In 2003, he returned to law enforcement, and joined the FBI in 2005.
- **Rebecca Jarvis** joined CBS This Morning as business and economics correspondent.
- **Jeff Glor** joined CBS This Morning as special correspondent and was named anchor for the Sunday edition of the CBS Evening News.
- **Andy Rooney** left 60 Minutes in October 2011 after his 1097th original essay for 60 Minutes.
- **Lee Woodruff** joined CBS as a contributor to This Morning in January 2012. She is married to ABC News anchor Bob Woodruff.
- **Wynton Marsalis**, the musician and composer was named cultural correspondent for CBS News in December 2011.
- **Mo Rocca** was named a correspondent for CBS Sunday Morning in December 2011. He had been a contributor for the broadcast since 2006 and will continue reporting for Sunday Morning as well as other CBS News broadcasts.
- **Andrew Cohen** was hired as the first-ever legal analyst for 60 Minutes in December 2011. He has been the senior legal analyst and legal editor for CBS Radio News.
- **Norah O'Donnell** was named CBS News chief White House correspondent in June 2011. She had been the chief Washington correspondent for MSNBC and a contributing correspondent for NBC's Today Show.

- **Debbye Turner Bell**, a former Miss America who had been a correspondent for The Early Show for 11 years left the network in February 2012.

NBC News

BEHIND THE SCENES:

- **Patrick Burkey** was named the executive producer of NBC Nightly News in July, taking over for Bob Epstein, who was in the position for two and a half years and was promoted to vice president of specials for the news division.
- **Dave Pietrycha** was named senior vice president and CEO for NBC News in October 2011. Most recently, he was the vice president at CEO for MSNBC.
- **Vivian Schiller**, who stepped down as CEO of NPR, was named chief digital officer of NBC News in June 2011.
- **Rome Hartman** was named executive producer of Rock Center with Brian Williams. He previously was an executive producer at BBC News.
- **David Corvo**, previously the executive producer of Dateline was elevated to senior executive producer to oversee both the new newsmagazine as well as Dateline.
- **Tom Bettag** was hired to be a segment producer for Rock Center with Brian Williams. Bettag has worked as executive producer at CBS News, ABC News and CNN. Most recently he was the senior executive producer of CNN's State of the Union with Candy Crowley and Reliable Sources. He is also a reader for this chapter.

ON THE AIR:

- **Ann Curry** replaced **Meredith Vieira** as principal host of the Today Show in June 2011. Curry had been the news anchor on Today since 1997. Vieira opted for a one year contract in 2010, choosing to spend more time with her family. Her last day on the show was on June 8, 2011, but she said she was staying with NBC.
- **Natalie Morales**, who was a co-host of Today, replaced Curry as news anchor and **Savannah Guthrie**, the White House correspondence and MSNBC anchor, became a 9 a.m. co-host.
- **Harry Smith** joined NBC News in July 2011 as a correspondent on Rock Center with Brian Williams.
- **Lester Holt** was named the new anchor of Dateline NBC in September 2011, replacing **Ann Curry**, who took over for **Meredith Vieira** on Today.
- **Ted Koppel** joined Rock Center with Brian Williams as a special correspondent. Koppel had been the leader of ABC's Nightline for more than 25 years, making him the longest-serving news anchor. He left ABC News in November 2005 after 42 years.
- **Natalie Morales** was also named correspondent for Rock Center with Brian Williams. Other correspondents include: **Harry Smith, Kate Snow, Ted Koppel, Meredith Vieira, Richard Engle, Dr. Nancy Snyderman, Matt Lauer and Ann Curry.**

- **Kristen Welker** became the White House correspondent for NBC, joining **Chuck Todd** and **Mike Viqueira** in December 2011. She most recently reported for NBC News, traveling with President Obama and the First Lady.
- **Jeff Rossen** was named national investigative correspondent for the Today Show. He will lead the newly created investigative unit, Rossen Reports for the show. Rossen and his team will also report investigative stories for NBC Nightly News and Dateline. Rossen joined NBC News in 2008 and previously worked at ABC's New York station, WABC.

PBS News

- **Jim Lehrer** stepped down from the PBS NewsHour on June 6, but continued to appear on the program on many Fridays.
- **Alison Stewart**, the anchor of PBS' weekly newsmagazine Need to Know departed in September 2011, when the show switches to a half-hour format (it was previously an hour long). The show will also change its format to focus on the 2012 election.
- **Boisfeuillent "Bo" Jones Jr.** joined MacNeil/Lehrer Productions as president and chief executive. MacNeil/Lehrer productions is the producer of PBS NewsHour as well as documentaries and features. Jones previously was an executive for the Washington Post, where he had worked for 32 years. He takes over for **Simon Marks** who is returning to reporting and production.

The State of the News Media 2012

An Annual Report on American Journalism

Cable: CNN Ends Its Ratings Slide, Fox Falls Again

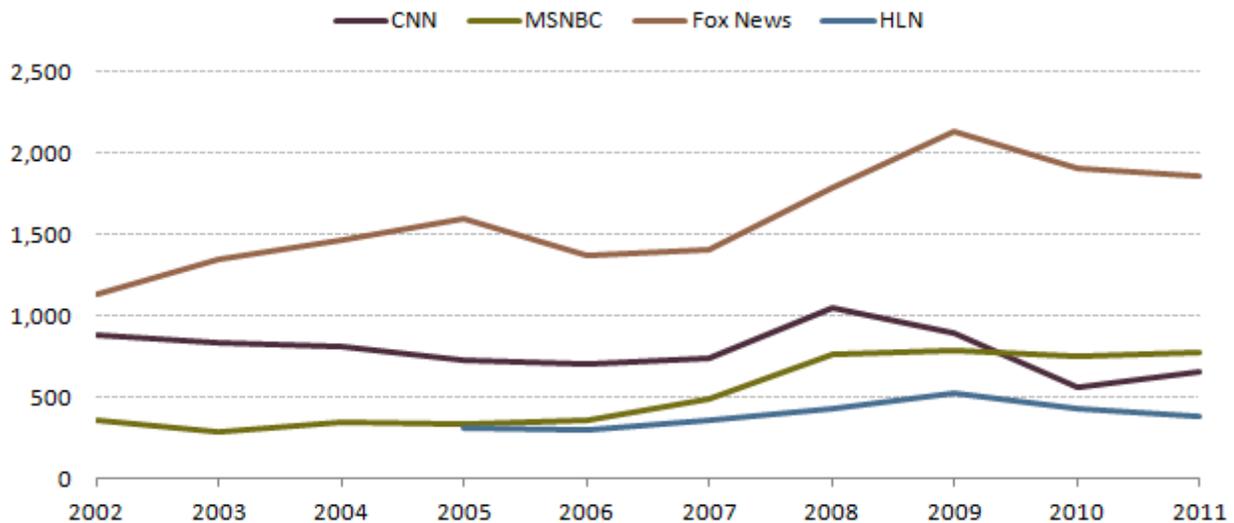
By Jesse Holcomb, Amy Mitchell and Tom Rosenstiel of PEJ

After a year of declining revenues in 2009, followed by a year of declining ratings in 2010, cable outlets found some relief in the extraordinary news year of 2011. It was a relief, however, that could not answer the looming long-range audience challenges.

Still, viewership for the sector over all was up slightly for the year, and analysts projected revenues at all three major cable news operations to rise even more, into high single digits. And all that was heading into the 2012 election year, a cycle that tends to invigorate the channels, whose muscles are tuned to capitalize on political fever.

Viewership Up Over All, But Varied by Channel

Median Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

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One reason for the vigor is that the business model of cable news – in which the cable channels receive half their revenue from fees bundled into monthly cable subscriptions from customers and half from advertising – has proved over time to be remarkably resilient, even as other sectors of the news industry continue to search for sustainable revenue streams.

There are signs that, down the road, the pay TV model as it exists could be disrupted. The evidence of consumers abandoning long-time cable subscriptions for free or less costly versions online remains scant. But the next generation of consumers is more accustomed to seeking news and information online and more reluctant to subscribe to cable services in the first place.

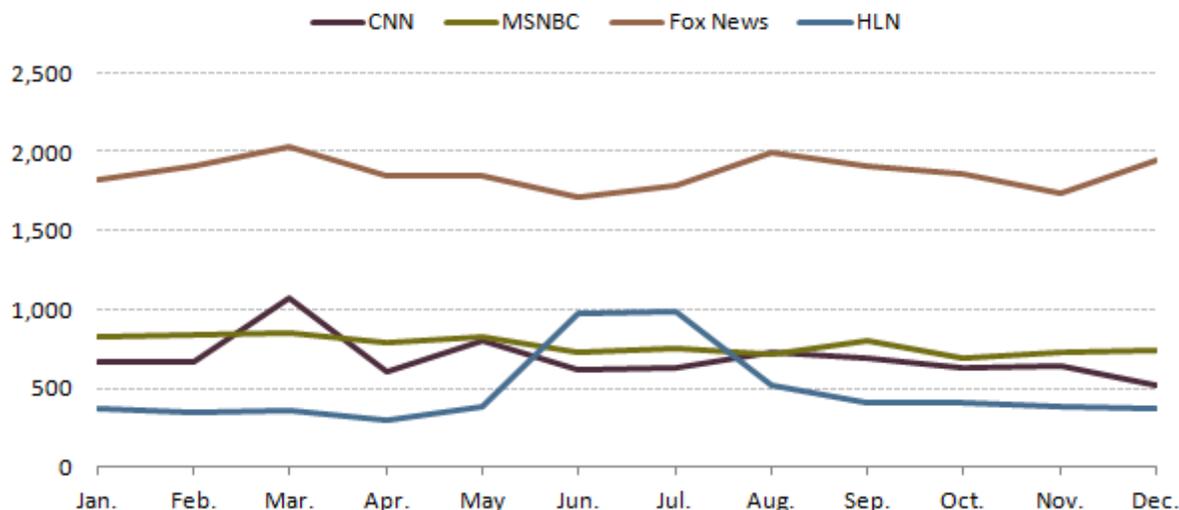
For now, though, the revenue system remains largely intact, and the news channels have devoted more of their resources to tinkering with their established brands and adding – some more than others – to their digital offerings.

According to Nielsen Media Research, median prime-time viewership of the three cable channels together was up 1% for the year, and daytime was up 1% as well, though the small increases came after a year of declines and were bolstered by a series of world events that tend to inflate ratings.

And those increases appeared largely because of gains at CNN, which was up 16% in prime time, and MSNBC, which was up 3%. Fox News experienced its second year of straight audience declines, dropping 3% in prime time, and HLN, despite a boost from high-profile crime trials, lost 11% of its prime-time viewership.

CNN's Prime-Time Surge Was Temporary

Monthly Prime-Time Viewership 2011, in Thousands



Source: Nielsen Media Research, used under license

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CNN's prime-time ratings increase came largely from a surge of new viewers who turned to the channel during the Japanese tsunami and early Arab Spring uprisings in March, a month where Fox saw some gains as well. HLN, like CNN, experienced its gains of the year during a concentrated period over the summer when Caylee Anthony was on trial for the murder of her daughter. MSNBC's ratings remained steady through the year.

When it came to financial indicators for the year, according to market research firm SNL Kagan, revenues were projected to grow 9% at Fox News Channel, 8% at MSNBC and 7% at CNN and HLN, whose finances are combined for reporting purposes.

And Fox continued to widen its lead over the other channels in both total profits and in news investment, which was estimated to top \$700 million in 2011, a first for the channel.

There were also changes in the content of the channels, or at least at some of them. CNN, the channel with the biggest newsgathering infrastructure yet the weakest ratings of the three major channels, took more steps than its rivals in 2011 to establish itself as a multiplatform news organization. And there is evidence that this investment is yielding results. The company has a larger than its competitors online, deeper inroads among tablet users, and more app purchases and mobile usages than Fox or MSNBC. Translating digital areas of growth into revenue, though, remains a challenge for the entire news industry.

Perhaps because Fox continued to dominate the sector both in audience and financial terms, it did not change its formula or experiment with new methods of content delivery. Instead, it continued to aggressively pursue higher subscriber fees from cable providers as the bulk of the 15-year-old channel's contracts with those providers were up for renewal in 2011.

Though MSNBC lost its marquee host, Keith Olbermann, to Current TV, the channel still managed to grow its audience and retain its ranking above CNN for prime-time viewership, the time slot that is most crucial to advertisers. MSNBC's digital operation, which exists in partnership with Microsoft, continued to be strong. Yet in some ways, as with Fox, there seemed to be little incentive to transform the network into the kind of global, and digital, news and information operation that CNN has sought.

Reaching new audiences on digital platforms will be increasingly important in the coming years. All the financial indicators for cable are strong in the short term, and the dramatic news events of 2011 helped with ratings over all. But neither of those positive trends addresses the long-term challenges: First, similar to what newspapers have already been experiencing, the digital audience for these brands is now close to on par with the television audience, but the vast majority of revenue remains tied to the legacy platform. Second, among the younger generation and future news consumers, many have never had a cable TV subscription and are already accustomed to getting most of their content for free.

Cable and the Next Generation

There is still relatively little evidence that consumer cancellation of cable service, known as cord cutting, is a major threat to the cable industry. A June study by Nielsen indicated that, over all, pay TV subscriptions remained flat between the first quarters of 2010 and 2011. (The only major change came in which types of pay TV services consumers subscribed to. Within that time, cable subscriptions dropped while satellite and telephone video distribution services increased.)

And a later Nielsen study, from February of 2012, indicated that while traditional cable subscriptions may be dropping (down 4.1% between the third quarter of 2010 and the third quarter of 2011), other forms of

multi-channel access are growing, including telephone-company provided services (up 21.1%) and satellite TV (up 2.1%).¹

But another survey suggested cancellations may be looming in the near future. That survey, conducted in August by Credit Suisse, found that 25% of pay TV customers plan to cancel their service in the next five years, citing the declining value of that service to them. About 4% of subscribers say they plan to cancel in the next 12 months.² The same survey found that 25% of consumers subscribe to or use an “over-the-top” video service like Hulu or Netflix. Half of those said they use these services as a substitute for pay TV.

Even if subscriptions are not entirely dropped, a close look at consumer behavior for television raises other concerns. The June 2011 Nielson study found that older viewers spent more time than other younger ones watching traditional television. Among 65+-year-olds, the average time spent over the course of the week studied was 49 hours, about twice the amount of time spent in front of a television by 12-to-17-year olds. The 25-to-34-year olds spent more time than other age groups watching video on the internet (57 minutes in a week). And 12-to-17-year olds spent the most time consuming video on their mobile phones, about 20 minutes during a week.³ The biggest threat to the current cable TV business model, according to industry analyst Derek Baine of SNL Kagan, may be those younger consumers who have never subscribed to a multichannel service and probably never will.⁴ Indeed, overall, more people are watching online video. ComScore calculates that 100 million Americans watch online video on a typical day, up 43% from a year earlier.⁵

And, while not a major competitive threat yet, other players are beginning to edge in on cable news' turf with an eye on younger and internet-native audiences. In January of 2012 the Wall Street Journal reported that The Huffington Post would launch an internet-based news channel with 12 hours of programming each weekday. The Journal itself already produces several hours of video each day on its website. And YouTube has an ambitious effort, with a \$100 million budget, to launch as many as 100 original programming channels. Though most are entertainment-focused, some brands such as Slate are providing news programming.

The biggest industry-level steps to mitigate these challenges seem to boil down to what is known as TV Everywhere – a pay TV model that allows cable subscribers to access programming on all devices, and one that CNN has already implemented. But TV Everywhere does not address the larger problem of a generation that is accustomed to avoiding paying for video content altogether. Thus far, with cord-cutting still a distant threat, and cable ratings and revenues up over all, it may be tempting for both cable providers and channels themselves to continue to invest in the current model. But it is unclear how long that model will continue to be a cash cow.

CNN: Refining Its Identity

In its first full year under the leadership of CNN president Ken Jautz and managing editor Mark Whitaker, the original 24-hour news network took steps to distinguish itself in the cable landscape, clarify its brand and build on what it considered strengths. It made changes to its lineup and in emphasized the network's

advantage as an international newsgathering organization. Ratings improved, with the channel up 16% in median prime-time viewers to an average of 655,000 (daytime viewership was up 5% to 474,000). Yet the channel remained in third place, and with all of the major breaking news events around the world, it appeared to retain some, but not all of the viewers that flocked to the channel for those stories.

In March, when the Japanese earthquake and tsunami, as well as the Arab Spring uprisings, dominated the news, CNN benefited, averaging 1.1 million viewers in prime time and 780,000 during the day, placing it firmly in second place among news networks. The next month, though, the channel lost a good portion of that gain. Still, it did not lose all. From April -December, CNN's median prime-time viewership was 636,000, or 13% more than the same period in 2010. Whether that continued viewer interest was the residual effect of new audiences being introduced to CNN in March and making a habit of sticking around, successful programming rearrangements or simply the result of widespread interest in the continuing series of major world events that tend to draw viewers to CNN, we cannot know for sure.

As the new chief of CNN, Jautz made an effort in 2011 to frame CNN's identity as an "aggressively independent" network, often using terms like "substance" and "depth" to describe the kind of programming he envisioned for it.^{6,7}

CNN hired Whitaker as its managing editor and executive vice president in February. Like Jautz, Whitaker's goals early on were to better utilize CNN's strengths in international newsgathering.⁸ Whitaker also pushed to move away from an approach in which CNN would, according to Whitaker, "have people who represented extreme views – let them go at it in a food fight, and then sit neutrally in the middle – and then toss to commercial."⁹

In real terms, that meant some changes to CNN's lineup, particularly in the evening. In August, CNN replaced Eliot Spitzer's foundering 8 p.m. political roundtable show with its flagship host, Anderson Cooper (Spitzer's "In the Arena" ranked a low 27th among cable news programs in the second quarter of 2011). In September, the channel brought on CNBC anchor Erin Burnett, who launched a general news program at 7 p.m., bumping "John King USA," another general interest program, to the 6 p.m. slot.

There were some changes in the morning, though, too. In January of 2012, CNN replaced American Morning with Starting Point, hosted by Soledad O'Brien, and Early Start, hosted by Ashleigh Banfield and Zoraida Sambolin.¹⁰

Jautz also worked early on to better utilize the vast international newsgathering resources at CNN's disposal, a move that proved beneficial for the network during the dramatic events in Japan and the Arab world in the first half of the year.

CNN began to take advantage of CNN International talent such as Hala Gorani and Isha Sesay.¹¹ It opened a new bureau in São Paulo in October (though it closed bureaus in Chennai and Bogotá and reduced its Jerusalem bureau staff).¹² And it mobilized during the Japanese earthquake and tsunami, as well as during the Arab Spring uprisings and after the killing of Osama bin Laden to provide reporting on location. A PEJ analysis showed that throughout 2011, CNN devoted significantly more air time – 34% – to

international events and matters that concerned U.S. involvement abroad. The percentage was considerably less, 20%, on Fox and even smaller, 14%, on MSNBC. The biggest story of the year on CNN was unrest in the Middle East. It was third on Fox and MSNBC.

The move seemed to translate into strong ratings early in the year, with CNN climbing ahead of MSNBC in March. CNN executives asserted to ad buyers in the April upfront sessions that viewers would not leave when the international crises faded from the headlines.¹³ But that is exactly what happened as CNN's viewership numbers turned downward in April, dropping 44% in prime time, and stayed there, once again below MSNBC. By the end of that month, news audiences had lost much of their original interest in the foreign crises, and the news media were not covering them as heavily.¹⁴

ADVANCING DIGITAL

Despite its programming strategy tweaks, CNN has thus far been unable to deeply cut into the prime-time success of Fox or MSNBC. It is perhaps in that context that CNN pushed even more aggressively to be a leader on its other platforms.

The channel continued to be one of the leaders in web traffic. Both Nielsen Online and comScore registers CNN as among the top two or three web domains in terms of audience, with more visitors than either of the other cable news web brands. (MSNBC.com, however, is the leader according to yet another measurement company, Experian Hitwise, which measures audience in terms of market share.)

CNN's mobile advances have been significant, too. According to Nielsen, in 2011, CNN Digital averaged 19.4 million unique users each month, or 60% more than its nearest competitor, Fox News Digital.¹⁵ According to Broadcasting & Cable, CNN has invested heavily in a staff of mobile developers even while mobile ad revenue has not taken off.¹⁶

CNN is a leader among its rivals when it comes to tablet usage, according to another 2011 PEJ study in conjunction with The Economist group. In a survey question asking tablet users which sources they visit the most, 25% mentioned CNN, the most popular source among those users and twice the percentage that mentioned Fox News. The survey also asked heavy news consumers what new sources they turned to on their tablet computer that they had not turned to before. Again, twice and many named CNN (10%) as named Fox (5%), while just 2% named MSNBC.¹⁷

While there are some data suggesting that CNN's full reach across all platforms, including television and online, may not be as big as that of NBC News, it seems clear that CNN is making inroads with consumers in new areas, and more aggressively than its competitors.

So far, many of CNN's digital offerings have been separate from its cable programming. To expand the availability of what it offers on TV, in July CNN became the first news network to take the plunge into the TV Everywhere model when it began streaming its television programming live on its website and its apps for iPad, iPhone and iPod touch. Perhaps also working to ward off the "cord-cutting" temptation, the service is available to about 50 million households that already have a pay TV subscription.¹⁸

In August, CNN acquired Zite, an iPad app that gives news consumers a magazine-like experience.¹⁹ (Zite personalizes the news experience, drawing on its users' searches to help recommend and personalize content that the user wants.) TechVibes reported the estimated value of the deal as between \$20 million and \$25 million.²⁰

The Zite acquisition may enhance CNN's ability to push toward a web experience that tailors more toward the individual news consumer. Yet there are challenges inherent in the deal as well. CNN will have to maintain enough of a firewall that Zite users trust that the tool's algorithm will not tilt in favor of CNN-owned content, yet not so thick a firewall to inure CNN to the innovations that Zite can offer the 30-year-old news organization. In addition, \$20 million is a lot of money to spend on a new entrant into an already-crowded field dominated by news applications like Flipboard. And previous purchases similar to the Zite acquisition have not always been successful, such as MSNBC's 2007 purchase of community news site Newsvine.

CNN has for the past several years attempted to provide more original content on the web as a way of getting users to spend more time on the site. That is one reason, according to CNN Worldwide president Jim Walton, that CNN no longer uses AP stories on cnn.com.²¹ But the original content is not all produced by CNN staff. A good portion comes from less costly user-generated content through CNN's iReport product. After going through several rounds of iterations, executives say iReport has about 900,000 contributors around the world.²² Within the first 36 hours after the earthquake and tsunami hit Japan, the network received more than 700 iReports, some of which were woven into coverage.²³ While the iReport content is free and valuable to CNN, the costs of curation do require some investment by the network. Still, it costs much less than full-time reporting staff, and according to a CNN memo, was one of the reasons for 50 layoffs announced at the network in November, many of which fell among videographers and producers whose work was made redundant.²⁴

As CNN's digital audience continues to grow and its presence on multiple digital platforms deepens, its television audience remains in third place, despite event-related growth in 2011. How long until CNN comes to be known as a digital brand first and a cable television brand second? The data suggest that such a scenario is still far away.

First, while digital audiences are growing, they still do not approach the size of CNN's television audience. According to comScore, CNN averaged 73 million unique visitors per month in 2011 to its network of websites. According to Nielsen, the television channel averaged 99 million cumulative viewers per month in 2011. While those statistics are not exactly comparable, they do represent the best available comparison of web to television audience size.

Second, CNN's digital revenue is just a small fraction of the revenue generated by television. According to figures released in 2010 by its parent company, Time Warner, CNN's digital revenue accounted for 10% of CNN Worldwide's total revenue. That is about the same as the advertising revenue generated by CNN's prime-time programming, and thus no small amount. Yet by far the largest single portion of CNN's

revenue still comes from license fees, the revenue generated by cable subscriptions. That stream represents about 50% of CNN Worldwide's totals.

Fox News: Protecting a Formula that Works

Unlike at CNN and MSNBC, Fox's prime-time ratings dipped slightly in 2011, by a median of 3% to 1.9 million (it was down during the daytime, too, by 2% to 1.1 million viewers). Yet the Fox News formula of conservative-leaning talk and opinion in prime time still resulted in the channel boasting more viewers than CNN and MSNBC combined.

Much of the success of that vision can be attributed to Fox News chief Roger Ailes. But perhaps some of the slight ratings decline can be attributed to Ailes's attempts to rein in the tone at the channel, a move that helped push the highly successful 5 p.m. host, Glenn Beck, out the door. The loss of Beck's strong lead-in to the prime-time hours may have had the cascading effect of negatively impacting the programs that followed it.

Beck, who joined the network in early 2009, brought ratings success to late afternoon, often drawing around 2 million viewers and setting up a strong lead-in for the prime-time lineup that followed him. But Beck was a divisive figure known for inflammatory remarks like those made in 2009 suggesting that President Barack Obama was racist, and his presence caused friction at Fox.

It was this past year, though, in the wake of the 2011 Tucson shooting of Representative Gabrielle Giffords, that Ailes took direct steps to shift the tone at Fox. Ailes said he wanted Fox hosts to scale back the rhetoric, not out of any ideological softening, but for the pragmatic reasons that it would not be good politics, or good business, to let his channel be defined by the fringe. "I told all of our guys, 'Shut up, tone it down, make your argument intellectually,' " Ailes said in an interview.²⁵ Ailes was also concerned, according to his public statements, that Beck's personal brand was beginning to eclipse the Fox brand.²⁶

Beck, whose contract was up in December 2011, left in April when negotiations broke down between his company, Mercury Radio Arts, and Ailes. Following his departure from Fox, Beck launched his own web TV service called GBTv, available by subscription. As of September 2011, the portal had about 230,000 subscribers.²⁷

CAPITALIZING ON THE VALUE OF FOX TO VIEWERS

Executives at Fox News continued to take steps in 2011 to increase its revenues by making the case to cable companies that they could not afford to jeopardize their relationships with the channel.

When Fox News was launched in 1996, it gained carriage on cable systems by paying those systems a one-time fee of \$10 per subscriber, a high amount, especially given the typical arrangement of systems paying channels for the right to carry their programming. But over time, Fox grew in popularity, and found itself in the enviable position of being able to demand higher license fees from cable providers. Many of those original contracts were up for renewal in 2001 and 2006, and were again in 2011. The last time the contracts were up for renewal, Fox successfully made the case that it was being undervalued by the cable providers.²⁸ In 2011, SNL Kagan estimated that Fox's rates would increase again, well above that of CNN

or MSNBC. The channel's average monthly revenue per subscriber was forecast to rise to 78 cents from 70 cents, an 11% increase over the year. That was compared to a 4% increase at CNN and no increase at MSNBC in 2011.

News Corp.'s chief operating officer, Chase Carey, has said that Fox is in the same league as ESPN, which commands \$4 per subscriber.

IMPACT OF THE NEWS OF THE WORLD PHONE HACKING SCANDAL

The year 2011 was a dark one for Rupert Murdoch's News Corp., the parent of Fox News Channel, because of the scandal involving phone hacking at the News of the World and other tabloids owned by the company. (Click here for a timeline of the scandal.)

There is, though, no evidence to suggest that the scandal impacted the culture or journalism at Fox News.

In an interview with the Associated Press, Fox News chief Roger Ailes said, "I've stayed away from this News Corp. issue because it's not a Fox News issue. I know nothing more about it than I'm reading in the press, and I don't discuss it with Rupert."²⁹

The scandal did reach CNN, where interview host Piers Morgan has a daily 9 p.m. program. Adweek and other outlets raised questions about Morgan's past career in Britain as an editor of the News of the World and, later, a non-Murdoch tabloid, The Daily Mirror, especially in regard to whether he approved any phone hacking when he presided. Morgan responded to allegations by stating that "the papers I edited always operated within the law."³⁰ In December, Morgan answered questions about phone hacking practices for the Leveson Inquiry, which was investigating practices at British tabloids.

When it came to coverage of the phone hacking scandal, PEJ research found that Fox gave it less attention than CNN did but was about on par with MSNBC. An examination of prime-time and daytime programming over the course of 2011 showed that CNN devoted the most airtime to it, at 1.1% of all the CNN news coverage studied during the year.³¹ That was more than both Fox News and MSNBC combined. Fox devoted 0.5% of its coverage to the scandal, and MSNBC devoted 0.3%.

MSNBC: Rebuilding Prime Time Around Another Host

MSNBC is embracing a future by doubling down on politics and its "Lean Forward" brand (even outside of prime time), and by locking in and developing new talent.

After Olbermann left the channel in January, the 15-year-old MSNBC built its lineup around Rachel Maddow, strengthening the liberal voices in prime time and at other hours. All that seemed to be working for the network, which was one of the best-performing programming components of NBCUniversal, its parent company. Even with Olbermann gone, the channel's prime-time ratings were up over 2010 levels (it grew its prime-time audience 3% to 773,000 in 2011, and its daytime audience 20% to 385,500 viewers).

After first-quarter ratings showed CNN ahead of MSNBC, there was some speculation that MSNBC would sink back into third place for good. But CNN's ratings lead proved not to be permanent, and MSNBC increased its audiences even without the powerful draw of Olbermann.

Even with the ratings staying strong, the network made some changes following Olbermann's departure. The first was a bidding war. In an effort to stave off Olbermann from poaching talent at his new channel, MSNBC hired or renewed the contracts of a number of liberal contributors, including The Washington Post's Eugene Robinson and Ezra Klein, and Christopher Hayes of The Nation.

Hayes was brought in under what MSNBC views as its "farm team" approach — recruiting young contributors to groom as future program hosts. As MSNBC president Phil Griffin told The New York Times, "There's a whole new batch of young people we've brought in, because we want to keep feeding our system."³² Hayes was brought on in September to host a weekend program for MSNBC focusing on politics, a big change for the network, whose weekend programming had long been devoted to documentary-style programming like "Lockup." In February of 2012, the channel added to its weekend lineup by bringing on Melissa Harris-Perry to host a news and politics show.³³

The channel also had to fill the vacuum left by Olbermann, whose ratings were the highest of any MSNBC program. MSNBC placed Lawrence O'Donnell in Olbermann's former slot, and moved Ed Schultz to 10 p.m., which had been occupied by a replay of Olbermann's program (in August, the channel moved Schultz into 8 p.m. to improve ratings by adding a more "passionate voice" to that hour).³⁴ The 6 p.m. slot that was originally hosted by Schultz was given to Cenk Uygur and later Al Sharpton, the civil rights activist. The decision to hire Sharpton, who hosts a political talk show, sparked a small controversy as he had previously lobbied on behalf of Comcast in the transaction that led to Comcast acquiring majority control of NBCU.³⁵

Perhaps the only constant at MSNBC was Rachel Maddow, who retained her program at 9 p.m., growing her audience to become the biggest at the channel; for the year, her program averaged 983,000 viewers, up 4% from 2010 levels. In August, MSNBC renewed her contract for a multiyear deal, in part to keep Olbermann from luring her away.³⁶ Griffin called Maddow the "model that we want for cable news."³⁷

With strong audience growth in 2011, and forecasts of solid revenue increases, there appeared to be fewer efforts by MSNBC to innovate beyond the main screen. In part thanks to its partnership with the Microsoft portal, the MSNBC digital network continued to draw one of the largest audiences of any online news outlet in 2011. And Nielsen data suggest that the NBC News brand, which includes MSNBC, has a wider reach than CNN and Fox when all platforms, including digital, are accounted for.

HLN: Hoping to Capitalize on a Courtroom Drama

HLN in many ways faced some of the challenges of its sibling channel, CNN, in 2011. Just as CNN staked its hopes on building an audience around international breaking news, HLN hoped to retain the viewers that came to it for the national courtroom dramas of the Casey Anthony murder trial and the trial of Dr. Conrad Murray, who was convicted of involuntary manslaughter in the death of his patient, the pop star Michael Jackson.

The trial of Anthony, who was accused of killing her two-year-old daughter, Caylee, was seen by HLN as an opportunity to improve its ratings. For the trial, which began in late May and ended with sentencing in

early July, HLN added more hours of coverage beyond its normal courtroom fare.³⁸ The hope was that with increased viewership due to the high-profile courtroom drama, some of the new viewers would stay. According to Scott Safon, the chief executive at HLN, “the primary benefit is that more people are getting to see this bench of talent.”³⁹ The intense focus on the Anthony case caused some complaints among HLN staff. One anonymous staffer noted, “It’s not like there aren’t other murder trials going on.”⁴⁰

Ratings did indeed rise for HLN during the Anthony trial and to a lesser extent during the Murray trial later in the year. Nancy Grace, whose show focused on crime and courtroom justice was the No. 6 program over all in cable news during July (1.35 million viewers), outperformed all MSNBC and CNN programs during that month. That same month, the network over all in prime time achieved some of its strongest ratings ever, reaching around a million viewers on average. Yet in August, that number was cut in half, with the rest of the year’s prime-time ratings hovering about where they sat before the Anthony trial.

But the hope that a new audience would continue to view the network seemed not to materialize.⁴¹

HLN’s prime-time viewership in 2011 ended 11% below where it was the year before, with a median 386,000 viewers. (It was flat during the day at 250,000.) It was the biggest drop in percentage viewership among the cable news outlets for the year. When calculating mean audience, which inflates the impact of isolated viewership surges, HLN’s audience numbers suggested an increase, both during the day and in the evening.

In October, HLN launched HLNtv.com which seeks to capitalize on the online news conversation as a kind of online water cooler where users can discuss the types of topics that HLN covers. August layoffs at HLN were made in anticipation of the launch of the site, and though HLN reported that there would be no overall loss of staff, the TV side did lose some people.⁴²

Financial News Networks: A Competitive Niche

The crowded field of financial news networks has created an environment in which two of the smaller channels – Fox Business Network and Bloomberg TV – continue to jockey for CNBC’s market share. The year 2011, with all of its market turmoil, proved to be a good one for all three of the networks as they drew larger than typical audiences.

While Fox Business Network is a relatively new network and is available in only about half the number (64 million) of the homes that CNBC is in (99 million), it still manages to occupy 20% of the available audience between the two of them.⁴³

In 2011, FBN averaged 54,000 viewers in prime time while CNBC averaged 228,000 (Bloomberg is thought to have fewer viewers than FBN, though it is not publicly rated and does not release its audience figures).^{44, 45}

And though its audience is small compared to CNBC, the FBN vice president of ad sales said in March of 2011 that the channel had four times as many advertisers as it did in March of 2010.⁴⁶

Still, the newcomer to the financial news arena faces challenges solidifying its identity and building an audience. That became especially apparent in February of 2012, when executives cancelled the channel's entire prime-time lineup, replacing it with replays of its programs that air during the 5-8 p.m. time slot.⁴⁷

While Bloomberg's audience is small, the channel, which has a large newsgathering staff, took steps to expand its presence in the cable news field in 2011. It hired a new head of television in Andrew Morse, who left a 15-year career at ABC News in June for the post. The network is making a push to cut into CNBC's dominance of the business network arena. Since 2009, Bloomberg TV's marketing team has doubled to more than 40.⁴⁸ Twice during the August week that S&P downgraded the U.S. credit rating, Bloomberg and FBN cut in with live programming while CNBC stayed with taped programming, a lapse that FBN and Bloomberg were both quick to call attention to in their own advertisements.⁴⁹

Current TV's Gamble

It was a big year for two other cable news networks, for unrelated reasons.

Current TV, launched by former Vice President Al Gore as a venue for user-generated material, took steps to recast its identity by hiring former MSNBC host Keith Olbermann.

Olbermann launched his heavily promoted new program on June 20 to both high and low expectations. The program, named "Countdown," as it was at MSNBC, faced immediate challenges on a network that is available in only 64 million homes compared to 96 million at MSNBC, according to SNL Kagan. In many cable systems, it is high on the dial, and typically averages 25,000 viewers in prime time.⁵⁰

The high expectations came from within the network's leadership. According to former Current chief executive Mark Rosenthal, Olbermann's presence was intended to form the core of a new Current identity. "Keith is a game-changer for us," said Rosenthal, who left the network in July to be replaced by Current co-founder Joel Hyatt. "His show will not only bring us a lot of viewers who haven't watched Current before, but it will also serve as a driver of our company's future in a way that most other networks don't have right now."⁵¹ Olbermann is reported to earn roughly \$10 million a year at Current, though that number is disputed by the network.⁵²

In its first week, Olbermann's new program averaged 354,000 viewers, while his replacement at MSNBC, "The Last Word," averaged 794,000 viewers, down from its typical audience. It appeared that Olbermann had lured some of his former viewers to Current.⁵³

Yet in the week ending August 7, already Countdown was losing viewers, averaging just 208,000.⁵⁴

One of the key challenges for the channel, which plans to rebuild itself as a full-fledged political commentary outlet, will be to bolster the lineup around Olbermann's 8 p.m. program. Current took steps to do so when in October it signed former Michigan Governor Jennifer Granholm to host a weeknight 9 p.m. program entitled "The War Room," which began airing in January 2012.

Former MSNBC host and Olbermann protégé Cenk Uygur launched his program, “The Young Turks,” in the 7 p.m. slot in November.

But it scaled back in other areas. In December, Current cut its team of 10 documentary producers who worked on the “Vanguard” series, although some were shifted to other jobs.

The Road to Digital Self-Sufficiency

The fact that more cable networks are seeking to compete with the traditional news leaders is but one of many indicators that the sector is still an economically sound one, especially relative to some other news media platforms.

The notion that cable is on sound footing is also borne out by another year of projected revenue gains, sizable profit margins and growth in news investment. Cable subscriptions were up for the year, and people were spending more time watching television. With cable news, that translated to slight ratings growth over all after a year of decline.

Still, consumer habits are shifting and are likely to shift even more down the road. While surveys suggest that cord-cutting is not an imminent threat to the industry, they do suggest that cancellations may come more heavily in the years to come. And that is aside from the challenge of an entire generation of young consumers for whom a cable bill is not part of their budget.

Some steps toward digital self-sufficiency have begun. CNN is investing in new platforms, highlighted by its purchase of Zite. MSNBC is making a concerted social media push through products that include the widely followed @BreakingNews Twitter feed. Fox is working to enhance its web features, including a new media player that allows viewers to view several live feeds at once. And CNN and Fox have both taken steps to emphasize their presence beyond the traditional TV screen with a foray into the TV Everywhere model.

But the biggest catalyst for digital adoption may be substantial declines in revenue and audience, neither of which appears to be an immediate threat. Whether that in the end will hurt the long-term future of the industry remains to be seen.

Continue Reading Cable: By the Numbers

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Cable: By the Numbers

By Jesse Holcomb, Amy Mitchell and Tom Rosenstiel

"By the Numbers" houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Cable Audience

Audiences began returning to cable news in 2011 after a steep decline in ratings during 2010, but it depended on the channel.

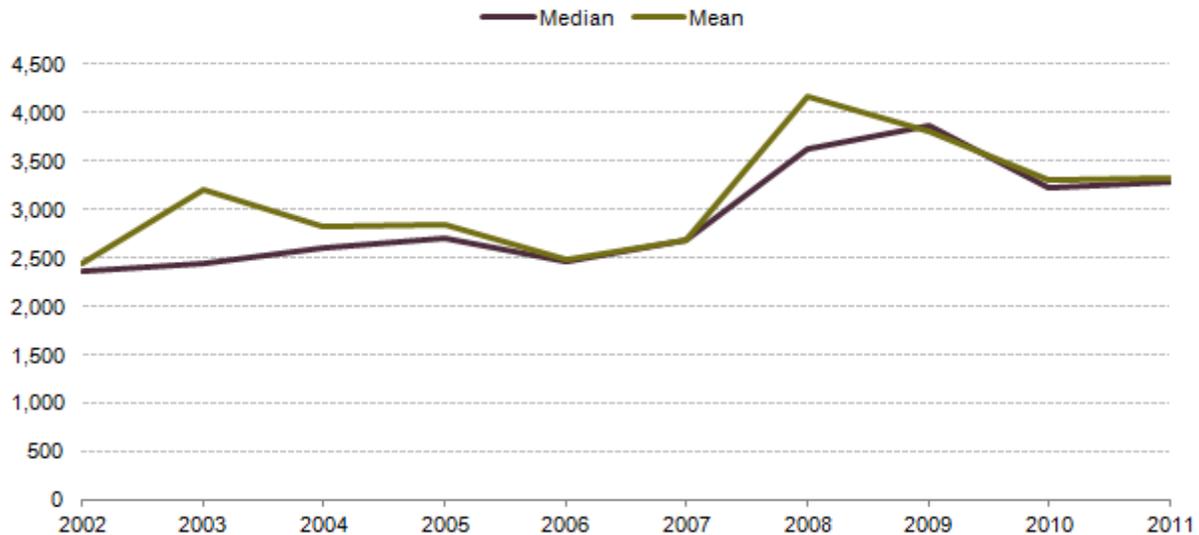
Television viewership can be measured using one of two calculations – the mean (or simple average) or the median (a measurement that captures the midpoint between a channel’s highest and lowest viewership). This report offers the numbers in both forms, but the Project for Excellence in Journalism, in consultation with several academic advisers, considers median the better reflection of core audience because it is less influenced by momentary spikes. The mean is superior for reflecting the disproportionate impact of major breaking news events, of which there were quite a few in 2011.

In aggregate, the three major cable news channels—CNN, Fox News Channel and MSNBC—were nearly flat in terms of 2011 viewership. Median viewership in prime time was up 1% to 3.3 million, and mean viewership was up by less than 1% (3.3 million).

It is not clear, however, that this is truly a sign of cable news arresting its fall, for two reasons. First, the growth came after a year of double-digit declines, and the 2011 audience growth does not approach the ratings peak of 2008 and 2009. Second, 2011 was a year full of politics and breaking news events, including the Arab Spring movement, the death of Osama bin Laden and the earthquake in Japan—the kinds of subjects that historically have boosted cable viewership. The volatile stock market and the European debt crisis were additional nail-biter stories that may have attracted and held audiences. Thus it is unclear, given these factors, if cable news has fully halted its ratings slide.

A Slight Uptick in 2011 Cable Prime-Time Audience

Sum of CNN’s, Fox’s and MSNBC’s Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

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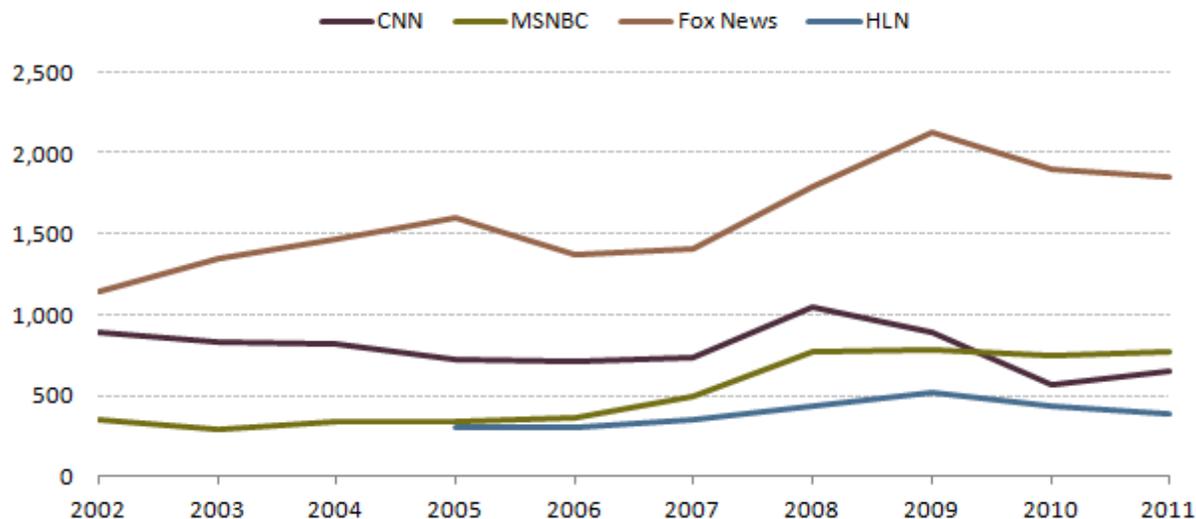
[SEE FULL DATA SET](#)

After a very difficult 2010, CNN, more than any other news channel, rebounded. In prime time, CNN’s median viewership increased 16% to 654,500. MSNBC, which has now held onto second place for two years, grew its median prime-time viewership 3% to 773,000. Fox News Channel, however, although still No. 1, experienced a slight drop in viewership, a 3% decline, to 1.9 million. HLN, CNN’s sibling channel, fared even worse, plunging 11% in prime time (median) to 385,500 viewers.

When looking at mean viewership, a measurement that tends to inflate full-year ratings because of isolated, event-driven audience spikes, the numbers were slightly different. CNN's mean viewership was up 18% to 689,000 viewers. MSNBC was up 3% to 775,000 viewers. And Fox was down 6% to 1.9 million viewers. The true difference between median and mean measurement was seen at HLN, which experienced a 12% increase in mean viewership to 486,000 viewers, largely thanks to a spike in coverage during the Casey Anthony murder trial.

CNN Bounced Back in Prime Time

Cable News Media Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

Note: HLN viewership is shown starting in 2005, the year its programming was reconfigured to reflect the formula of other cable news channels

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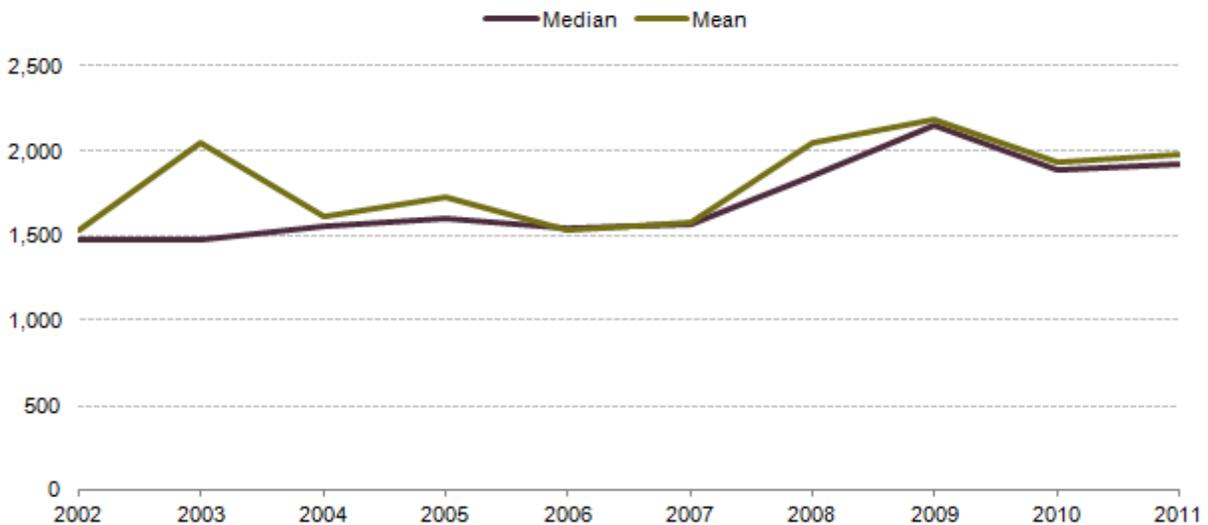
Coverage of events in Japan and Libya early in the year, as well as the death of Osama bin Laden, helped give CNN a ratings jolt in the first few months of 2011. At the same time, MSNBC was suffering from the absence of its marquee host, Keith Olbermann. When the international crises began to fade from the headlines, CNN's ratings died down as well.

While CNN's early-year ratings boom did not last, the data suggest that CNN retained some of the audience it gained in March, when it averaged 1.1 million viewers in prime time. In the seven months after that, from April-December, CNN's median prime-time viewership was 636,000. That was 13% more than the same period in 2010. While it is possible that the audience improvement was the result of new viewers flocking to the channel during the breaking news events and staying, it could also be that programming changes at CNN played a role. For much of 2010, the marquee 8 p.m. slot had been occupied by Campbell Brown, whose ratings were weak. Elliot Spitzer's *In the Arena*, and later Anderson Cooper's *AC360*, filled that slot in 2011, and thus ratings improvements might simply be the result of programming that was more exciting to viewers.

Daytime viewership, as in prime time, grew only slightly, in aggregate. The three main news channels experienced 1% median growth (to 1.9 million viewers) and 2% mean growth (to 2.0 million viewers).

Daytime, Like Prime Time, Experienced Growth

Sum of CNN's, Fox's and MSNBC's Daytime Viewership, in Thousands



Source: Nielsen Media Research, used under license

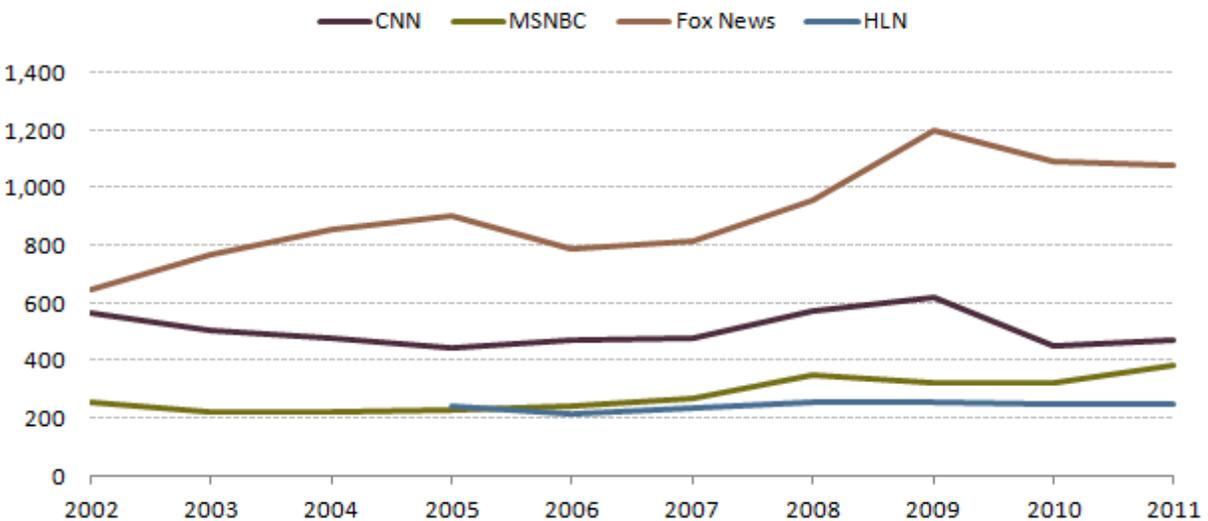
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And, at least according to the median viewership measure, Fox was the only channel to lose viewers. By far, the greatest surge in daytime came at MSNBC, which grew 20% in daytime to a median of 385,500 viewers. CNN grew 5% to 474,000, Fox dipped 2% to 1.1 million, and HLN was flat at 250,000.

Some Up, Some Down in Daytime

Cable News Median Daytime Viewership, in Thousands



Source: Nielsen Media Research, used under license

Note: HLN viewership is shown starting in 2005, the year its programming was reconfigured to reflect the formula of other cable news channels

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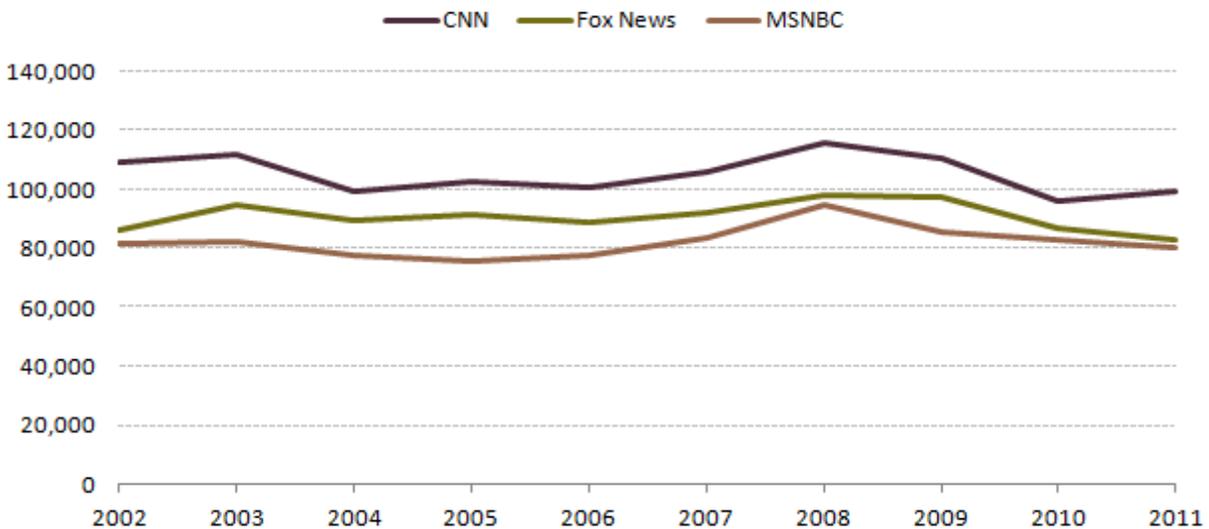
The mean measurement revealed something similar, though with one important exception. CNN’s viewership rose 9% to 511,000. MSNBC’s rose 17% to 382,000. Fox’s dipped 5% to 1.1 million. But HLN’s daytime audience rose fully 30% to 323,000, again, reflective of the surge during the Anthony trial.

Another tool used to measure the scale of the cable news audience is cumulative viewership, or simply “cume.” Cume counts the number of individual (or unique) viewers who watch a channel for at least a minute over the course of an extended period, such as a week or a month. Ratings, by contrast, measure how many people are watching a program at any given time.

The usefulness of the cume measure is disputed among analysts and network representatives alike. Under this measurement, CNN continued to lead its competitors among viewers who tuned in for at least one minute over the course of an average month in 2011, with 99.4 million viewers. Fox came in second with 82.8 million, followed by MSNBC with 80.7 million. CNN was also the only channel to grow its cume viewership in 2011. (Cume audience data were not available for HLN.)

Only CNN Gained Cume Viewers

Monthly Cume Audience, in Thousands (Average Number of Viewers Who Tuned In for One Minute or More)



Source: Nielsen Media Research, provided by CNN

Note: All data are for January-October only, except for 2010, which are for January-November, and 2011, which are for January-December

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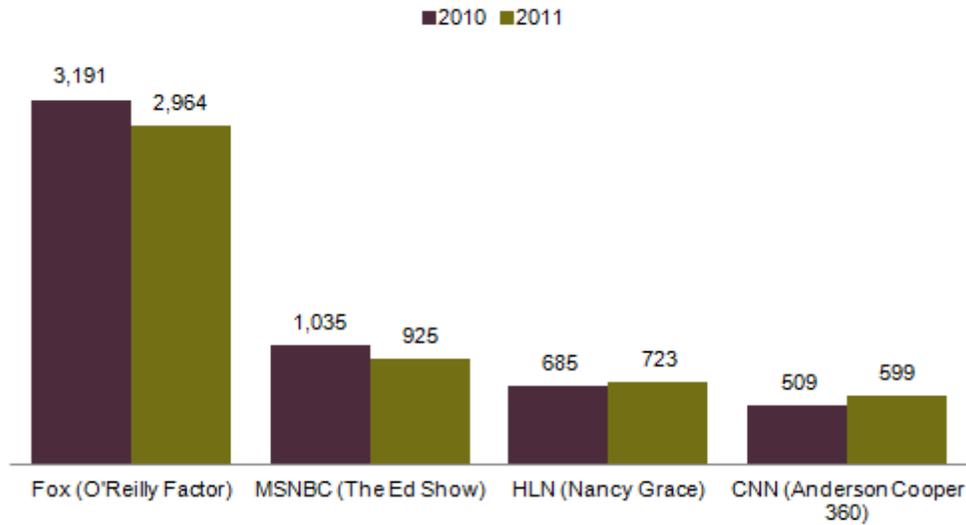
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While cume is useful for gaining a sense of the larger potential cable news viewing audience, ratings are better for measuring “appointment” viewers, or those who loyally tune in regularly for certain programs. It is this figure, particularly in prime time, that advertisers pay close attention to. For the channels, these hours are considered marquee billing.

As it has been for many years, Fox continued to hold a commanding lead in every hour of prime time. During the 8 p.m. hour, The O’Reilly Factor on Fox continued to be the No. 1 show on cable news. Yet both Fox and MSNBC lost viewers, attributable perhaps to the nature of news events in 2011, which

tended to play to CNN's and HLN's perceived strengths, and in the case of MSNBC, the loss of a key anchor.

Fox and MSNBC Lost Viewers at 8 P.M.
Average Number of Viewers During 8 P.M. Time Slot, in Thousands



Source: Nielsen Media Research

Note: On MSNBC, The Ed Show replaced Last Word with Lawrence O'Donnell, which replaced Countdown. On CNN, AC360 replaced In the Arena.

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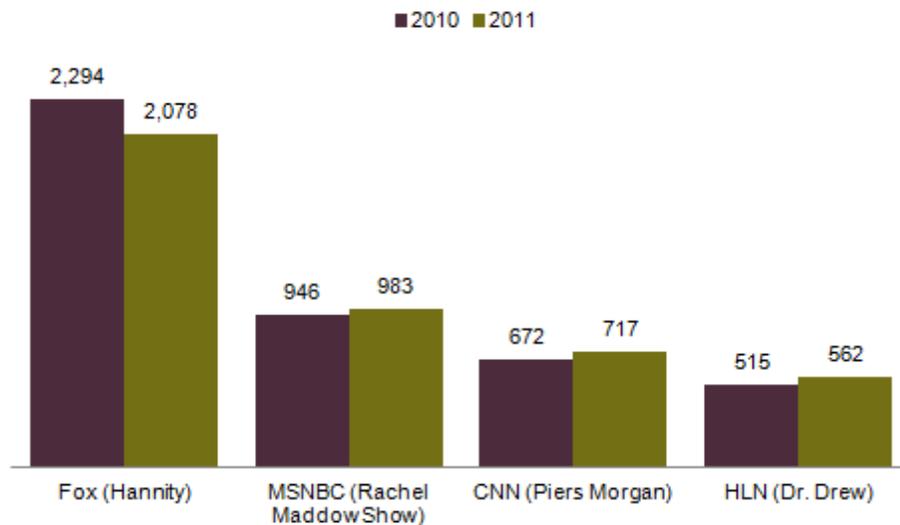
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At 9 p.m., CNN improved its numbers with its new interview host Piers Morgan, who replaced the struggling Larry King Live. HLN replaced its own struggling program, The Joy Behar Show, with a new show hosted by Dr. Drew Pinsky (Behar's program, which moved to 10 p.m., was later canceled by the network).

All Gain at 9 P.M. Except for Fox

Average Number of Viewers During 9 P.M. Time Slot, in Thousands



Source: Nielsen Media Research

Note: On CNN, Piers Morgan replaced Larry King Live. On HLN, Dr. Drew replaced a Nancy Grace replay, which replaced Joy Behar.

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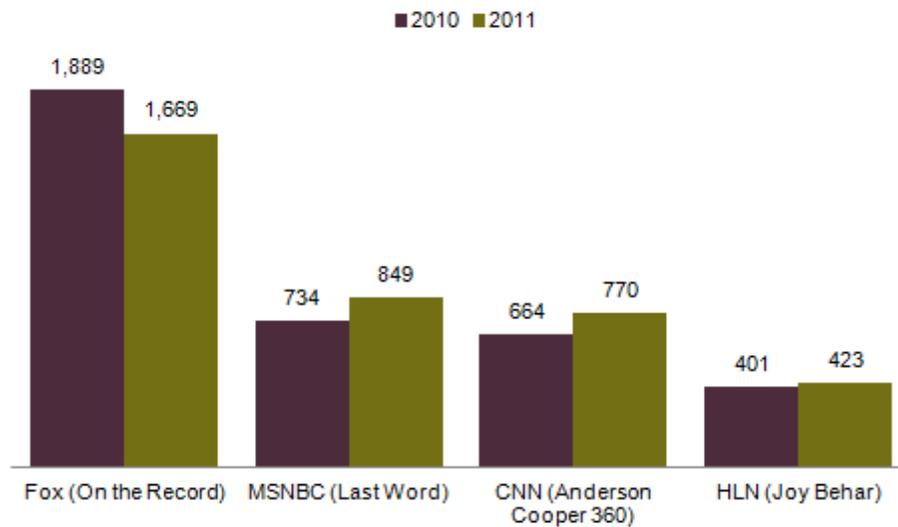
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At 10 P.M., both MSNBC and CNN were able to improve their ratings in part by fiddling with their lineups. MSNBC replaced a Countdown replay with Ed Schultz's show, and then moved O'Donnell's program to that hour, boosting the viewership. CNN's Anderson Cooper benefited from a stronger lead-in by Piers Morgan.

It is possible, however, that such improvements were impacted by broader trends in television consumption habits. Nielsen viewership data showed that as of May 2011, overall television viewership was up 1% in the U.S.¹ And other research has suggested that American television viewers are watching more television in the later hours of the evening; late-night local TV newscasts (11 p.m.) showed audience growth in 2011, following previous years of decline.

Most Channels Experienced Growth at 10 P.M.

Average Number of Viewers during 10 p.m. Time Slot, in Thousands



Source: Nielsen Media Research

Note: On MSNBC, The Last Word With Lawrence O'Donnell replaced a replay of Countdown, and on HLN, Joy Behar replaced a replay of Nancy Grace.

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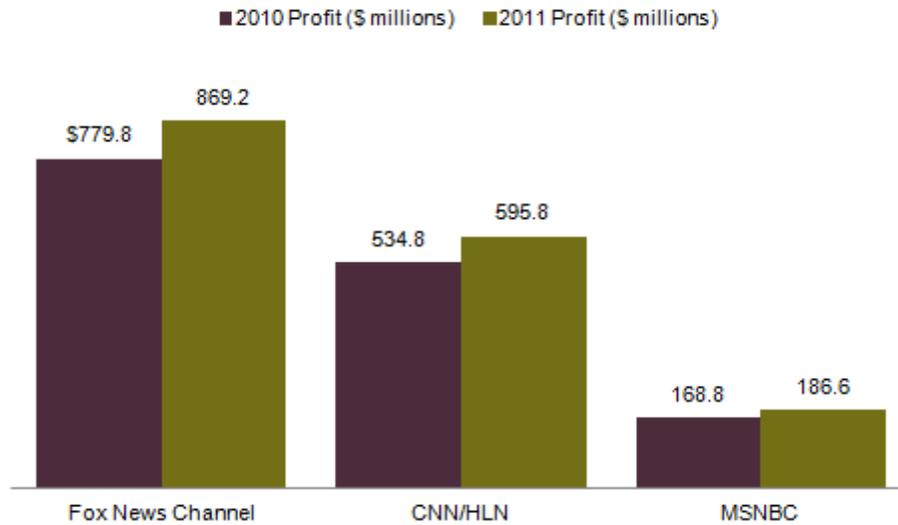
Cable Economics

There were no major signs of flagging in the cable economic model in 2011. The relatively weak advertising environment of 2009 has begun to appear as a momentary bump in the road for a sector that has remained remarkably resilient amid a major news and information revolution.

The cable news leader, Fox News, was projected to increase its profits 12% in 2011, according to the leading financial research firm SNL Kagan. CNN, which reports its financial information with its sibling HLN, was projected to increase its profits by 11%, the same amount as at MSNBC.

Another Year of Cable Profit Growth

Total Profits for Cable News Channels in 2010 Compared With Projections for 2011



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates. Profits are defined as earnings before interest, taxes, depreciation and amortization.

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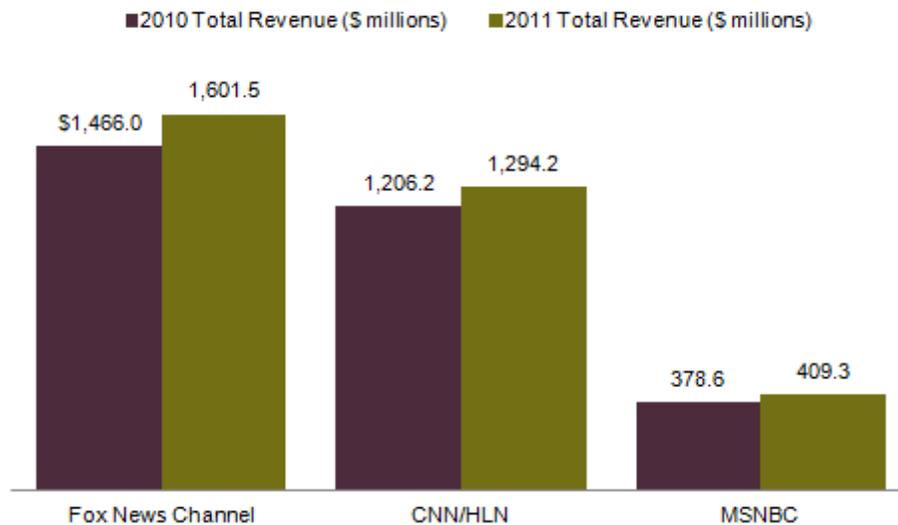
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Fox, the established revenue leader since 2009, experienced the most robust revenue growth in 2011, but not by much. The channel was projected to grow its revenue 9%, compared to CNN/HLN's growth of 7% and MSNBC's growth rate of 8%.

Revenues Rise for All Three Channels

Total Revenues for Cable News Channels in 2010 Compared With Projections for 2011



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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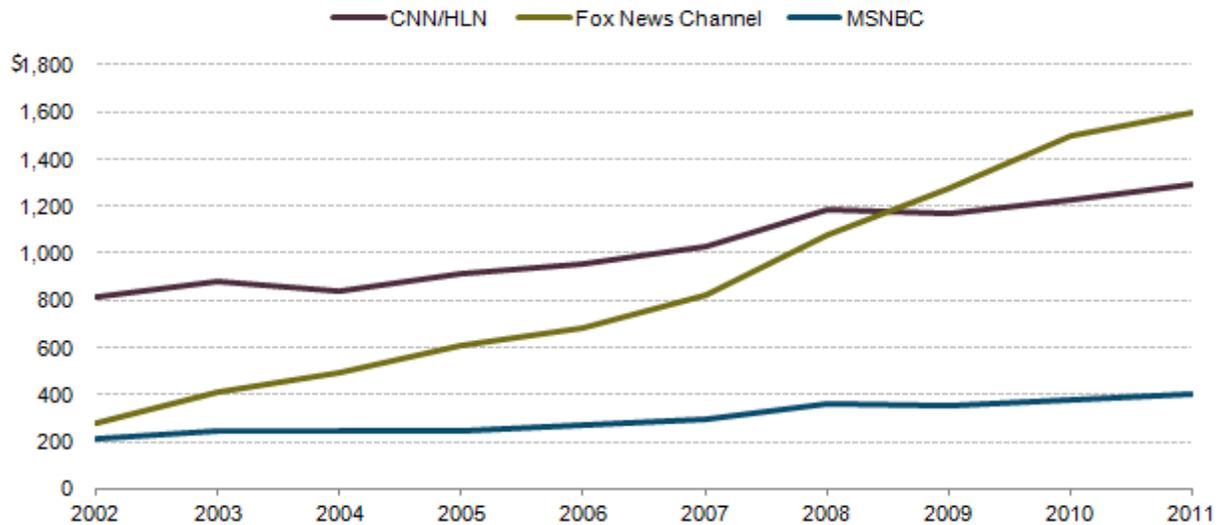
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The year 2009 was the first since 2004 that any of the main news channels experienced a decline in revenue. That year, both CNN/HLN and MSNBC lost ground. The following year, 2010, proved to be one where both networks bounced back, and projections for 2011 had forecasts for continued growth for all the channels.

Second Straight Year of Revenue Gains

Total Revenue for Cable News Channels, 2002-2011, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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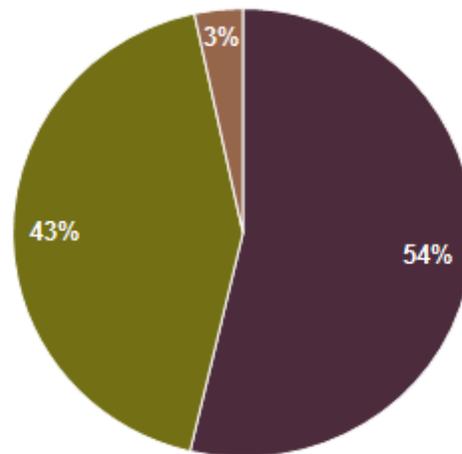
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A key reason behind cable's robust revenue growth is its unique dual-stream revenue model. The first stream is advertising, or the amount a channel can charge for a 30-second or 60-second spot. The second is license fees, also known as subscriber revenue, or affiliate fees, which are collected from customers by the cable provider and part of which are passed along to the channel in exchange for the right to carry that channel's programming. Each stream accounts for about half of the revenue for each channel. The benefit of having two robust revenue sources continued to insulate cable from some of the turbulence experienced by other media sectors in 2011, especially local television and magazines.

Cable News Relies Almost Equally on Two Revenue Streams

Portion of 2011 Cable News Revenue Coming From Key Sources

■ License fee revenue ■ Advertising revenue ■ Other revenue



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates. "Other revenue" according to SNL Kagan, is "all other revenue related to operating the basic cable network. Sales of T-shirts, hats and memorabilia are good examples of other revenue. Syndicated TV sales and leased access for infomercials are also examples of other revenue."

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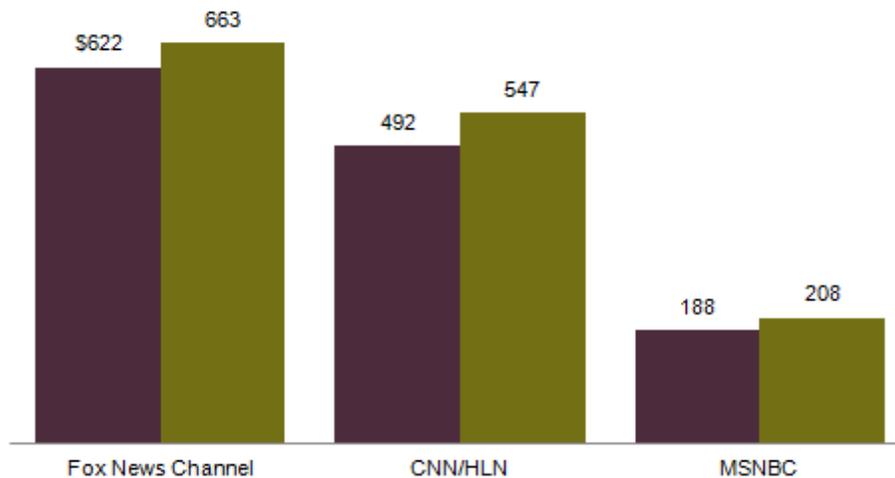
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In advertising revenue, all the major cable news channels were projected to experience growth in 2011. CNN/HLN and MSNBC led with 11% projected growth. Fox News was forecast to grow at 7%.

Advertising Revenue Projected to Increase Across the Board

Advertising Revenues for Cable News Channels

■ 2010 Ad Revenue (\$ millions) ■ 2011 Ad Revenue (\$ millions)



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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Fox has been able to convince Madison Avenue that the viewers it can deliver are just as valuable as those of its competitors. The channel reaches a wider audience than MSNBC or CNN, particularly in prime time,

a day part highly valuable to advertisers. Its ad rate is equal to that of MSNBC and higher than the combined ad rate of CNN and HLN (nearly twice that of CNN).

Advertising is based on something called cost per mille (CPM), which translates from the Latin for cost per thousand viewers. Because CNN combines its accounting with its sibling channel HLN, its total revenue sum, which is near that of Fox, masks the fact that the value of its viewers to advertisers is relatively high. According to Derek Baine, senior analyst for SNL Kagan, the CNN/HLN ad rate may be low because advertisers are lukewarm on HLN, thus dragging down the value of the rate as a whole.² And Jim Walton, president of CNN Worldwide, has said that CNN by itself has a higher ad rate than Fox, an estimate confirmed also by Rino Scanzoni, chief investment officer with the advertising firm WPP.³

Nevertheless, Fox's high ad rate in comparison to its news channel competitors suggests that advertisers are not shy about buying time on a network with highly political content in its prime-time hours.

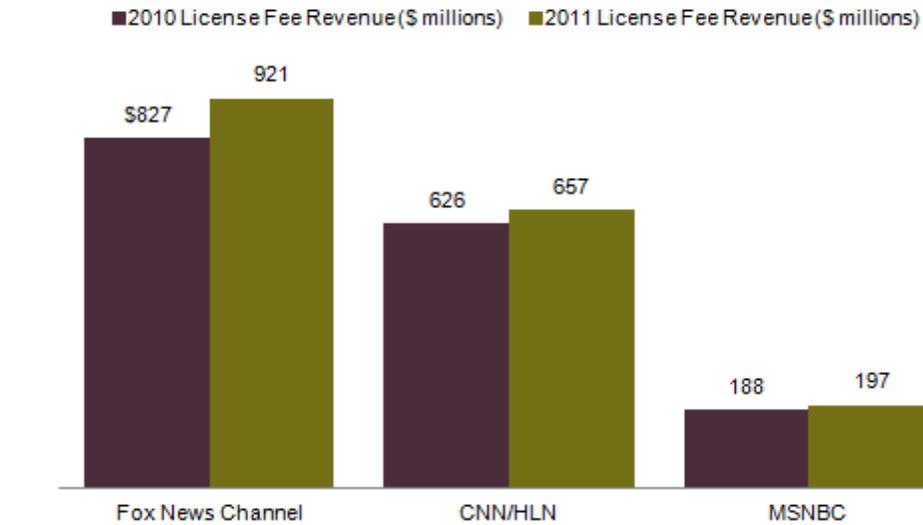
CNN/HLN's Ad Rate Trails Competitors	
<i>Cost per Thousand Viewers for 30-Second Ad (2010)</i>	
Channel	CPM (\$)
ESPN	15.63
Golf Channel	11.56
MTV	11.38
Bravo	10.82
Comedy Central	7.85
TLC	6.18
Weather	4.98
Lifetime	4.85
E!	4.59
Fox News	4.23
MSNBC	3.95
CNN/HLN	2.58

Source: SNL Kagan, a division of SNL Financial, LLC
 Note: "CPM" stands for "cost per mille," or cost per thousand viewers
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As was the case in 2010, Fox was projected to increase its license fee revenue in 2011 by a wider margin than that of CNN/HLN or MSNBC. The channel was expected to generate 11% more license fee revenue in 2011 than it did in 2010, which is double that of CNN/HLN (5%) and MSNBC (5%).

All Channels Increased Subscriber Revenue in 2011

License Fee Revenues for Cable News Channels in 2010 Compared with Projections for 2011



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

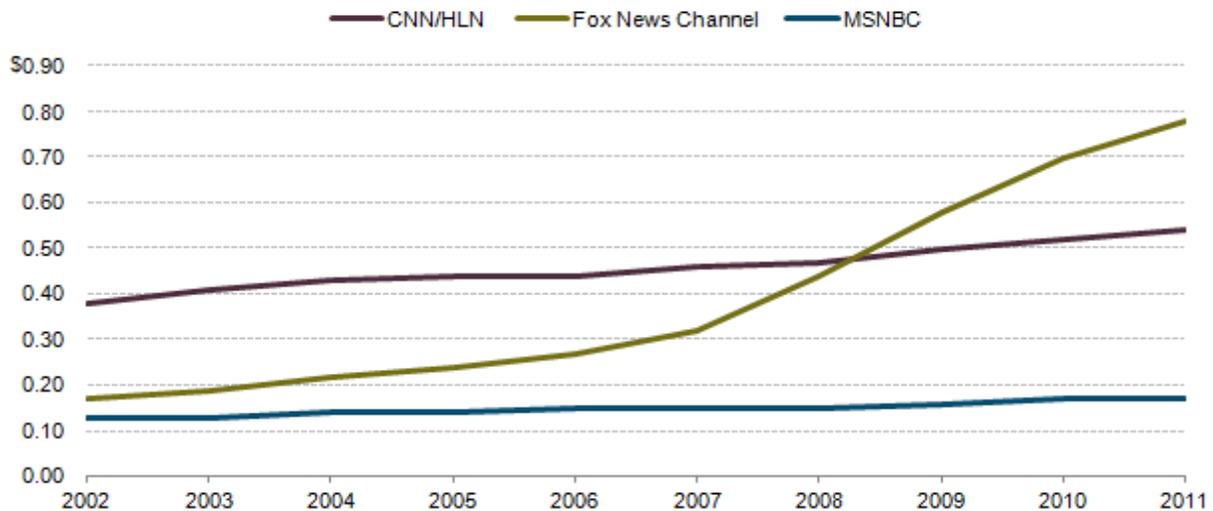
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Fox continued to make the case to cable providers that its programming is essential to any cable package, and thus the fee it charges per subscriber should be increased. Providers appear to agree, and thus the fees that Fox charges cable providers for the right to carry the channel—which are passed along to consumers—have spiked in recent years.

Fox Continues to Lead in Subscriber Rates

Cable News Monthly Revenue Per Subscriber, in Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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SNL Kagan's estimates for a given year are issued in advance, and are then revised once firmer data are made available by the cable channels.⁴ As a result, projections often differ, sometimes widely, from the actual figures. In 2010, all the cable news channels fell short of their revenue and profit projections, though MSNBC came the closest to meeting them.

Cable Outlets Did Not Meet Projections for 2010

Cable Profits and Revenues, Actual Versus Projected, in Thousands of Dollars

	2010 Projected Profit	2010 Actual Profit	Difference
CNN/HLN	\$559.6	\$534.8	\$-24.8
FNC	816.3	779.8	-36.5
MSNBC	172	168.8	-3.2
	2010 Projected Revenue	2010 Actual Revenue	Difference
CNN/HLN	\$1,231.6	\$1,206.2	\$-25.4
FNC	1,502.1	1,466	-36.1
MSNBC	382.5	378.6	-3.9

Source: SNL Kagan, a division of SNL Financial, LLC

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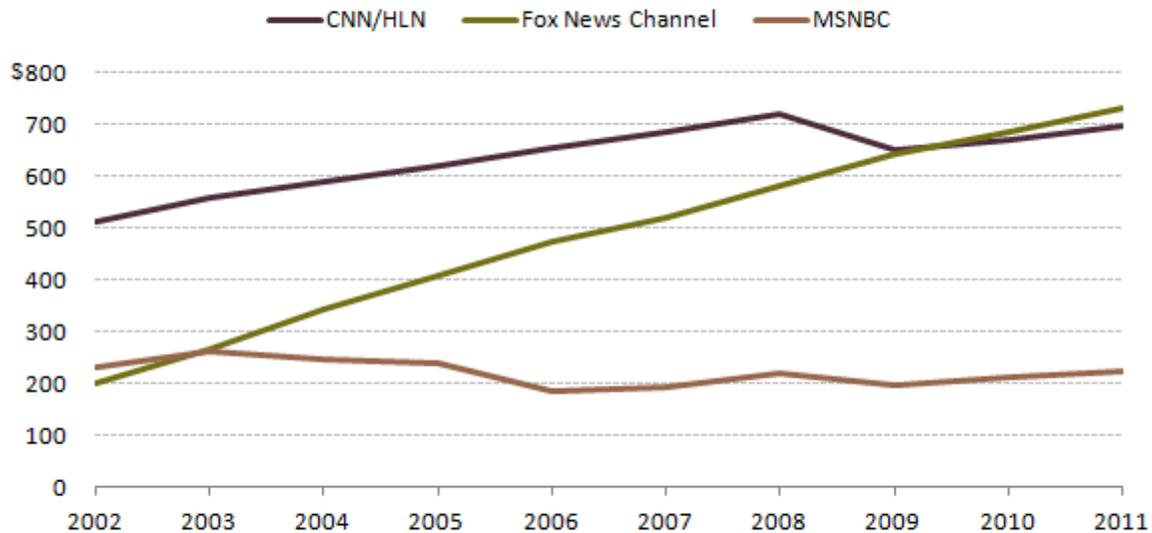
Cable News Investment

Once again, cable channels were projected to spend more across the board on the news in 2011 than in the previous year. There were more signs that Fox News is investing more over all than CNN, which had led in this realm through 2009. Forecasts indicated that Fox would widen the gap between its budget and CNN's, while CNN reduced its total number of bureaus and announced layoffs, as did its sibling channel HLN. There were few major changes at MSNBC.

After Fox first passed CNN/HLN in total spending in 2010, that gap was only projected to widen in 2011. According to estimates by SNL Kagan, Fox was expected to increase its budget by 7%. That was followed by MSNBC with a projected 6% increase. CNN and HLN were projected to grow by 4%.

Fox Projected to Widen its Spending Lead over CNN

Total News Investment, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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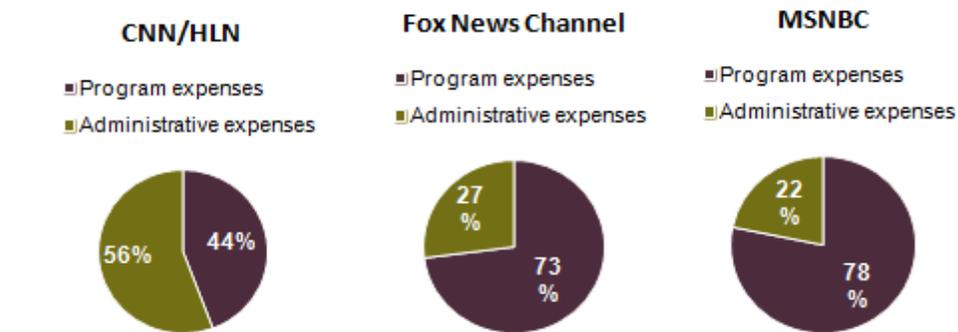
SNL Kagan separates the various expenditures made by the channels into two general categories: Program expenses, which are generally tied to specific programs, including host salaries, and SG&A (selling, general and administrative expenses), or the overhead costs related to a channel.

Using these categories, each channel allocates its resources somewhat differently. Historically, CNN and HLN have tended to invest much more of their budget on the vast newsgathering infrastructure represented by CNN's dozens of bureaus and large news staff around the world.

In 2011, CNN spent a greater share of its budget on overhead (\$389 million) than on its programming (\$310 million). Fox and MSNBC spent the vast majority of their budgets on specific programs (\$535 million at Fox and \$174 million at MSNBC), and increased that portion of their respective budgets more than the overhead portion. In the case of Fox, this reflects its emphasis on its high-profile hosts; in the case of MSNBC it also reflects the amortization of fixed newsgathering costs over the whole of NBC News. Fox was projected to spend \$198 million on overhead in 2011 and MSNBC \$49 million).

CNN Has Double the Administrative Expenses as Other Channels

Percentage of Each Channel's 2011 Budget Devoted to Program and Administrative Expenses



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates. Pies represent total news investment of CNN/HLN, Fox News Channel and MSNBC.

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In terms of both staffing and bureaus, CNN has a larger overall operation than either Fox or MSNBC. Staffing numbers are hard to come by. CNN reports that it has approximately 4,000 employees, yet this does not fully reveal smaller changes in staffing, such as the 50 layoffs that occurred in November of 2011, or the staff cuts at Jakarta, Bangkok and Jerusalem bureaus that were revealed in February of 2012. Both Fox and MSNBC declined to provide staffing numbers to PEJ for this year, each stating that it is too difficult to provide an accurate number given the fluid nature of staffing and resources across the various properties held by each organization. The numbers that have been provided in the past are somewhat outdated, but still give a sense of scale. Fox told PEJ in February of 2011 that it had 1,272 employees. And MSNBC told PEJ in 2007 that it had 600 staff members at the time.

CNN continued to operate many more bureaus than at either Fox or MSNBC (MSNBC utilizes the bureaus of NBC News). In 2011, CNN closed the Bogotá and Chennai bureaus and opened a new one in São Paulo in preparation for the Brazil Olympics in 2016.

CNN Worldwide president Jim Walton told the Atlanta Journal-Constitution that “significant investments” were made in recent years to expand coverage in places like Abu Dhabi in the United Arab Emirates, Nigeria, Kenya, Chile and India.⁵

NBC News, whose bureaus are utilized by MSNBC, opened a new bureau in Beirut in 2010, but in early 2012, reported that it had “presence” in that city—suggesting it may have drawn down its staffing there—and also reported having a presence in Jordan, Rome and South Korea.⁶

Fox News in January 2012 reported no change in its number of domestic or foreign bureaus.

CNN Has More Bureaus Than Fox and MSNBC Combined

Domestic and Foreign Bureaus Utilized by Each Channel

Domestic Bureaus 2011			Foreign Bureaus 2011		
CNN (14)	Fox (11)	MSNBC (7)	CNN (32)	Fox (6)	MSNBC (13)
Atlanta (HQ)	Atlanta	Atlanta	Abu Dhabi	Baghdad	Baghdad
Boston	Boston	Burbank	Amman	Islamabad	Bangkok
Chicago	Chicago	Chicago	Baghdad	Jerusalem	Beijing
Dallas	Dallas	Dallas	Bangkok	Kabul	Cairo
Denver	Denver	New York (HQ)	Beijing	London	Frankfurt
Los Angeles	Los Angeles	Miami	Beirut	Rome	Havana
Miami	Miami	Washington	Berlin		London
Minneapolis	New York (HQ)		Buenos Aires		Islamabad
New Orleans	San Francisco		Cairo		Kabul
New York	Seattle		Dubai		Moscow
Orlando	Washington		Havana		Tehran
Silicon Valley (San Francisco)			Hong Kong		Tel Aviv
Seattle			Islamabad		Tokyo
Washington			Istanbul		
			Jakarta		
			Jerusalem		
			Johannesburg		
			Kabul		
			Lagos		
			London		
			Madrid		
			Mexico City		
			Moscow		
			Mumbai		
			Nairobi		
			New Delhi		
			Paris		
			Rome		
			Santiago		
			São Paulo (new)		
			Seoul		
			Tokyo		

Source: CNN, Fox News Channel, and NBC News (MSNBC does not have any bureaus of its own)

Note: CNN refers to its operations around the U.S. and abroad as "editorial operations/bureaus." NBC News states that in addition to its foreign bureaus, it maintains a "presence" in Jordan, South Korea and Rome.

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Cable Ownership

For data and baseline information about cable news ownership, see PEJ's interactive tool, *Who Owns the News Media*, on the top media companies in the United States. Readers can use it to compare financials, audience and general information of the companies that own the major U.S. cable news channels. In the section below, key trends and developments in the ownership of cable news in 2011 are examined.

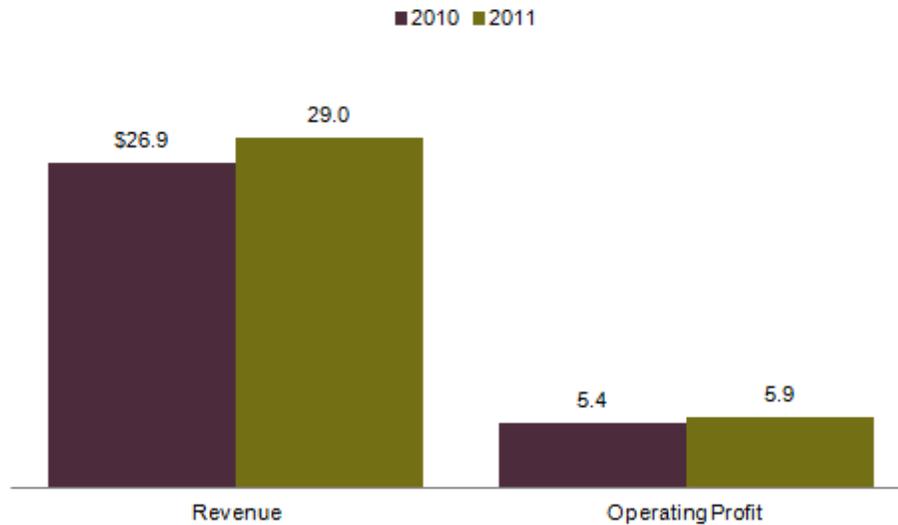
After January 2011, Comcast became the majority stakeholder in NBC Universal, with its stable of cable networks including news channels MSNBC and CNBC. Little changed for the news channels now under different ownership, and the transition appeared to be smooth. It was at times a rocky year for News Corp., which owns the Fox News Channel and the Fox Business Network. The global media company was

preoccupied by the News of the World scandal involving charges of phone hacking at the London tabloid owned by Rupert Murdoch's company.

Financial reporting indicates, however, that all of the major media companies that own news networks, including News Corp., managed to increase their revenues during 2011. Comcast's revenues increased by nearly 50%. Time Warner, CNN's parent, grew its revenues by 8%. And News Corp. grew its revenues by 3%.

Time Warner Experiences Modest Growth

Time Warner's Reported Profits and Revenues for Calendar Year 2011, in Billions of Dollars



Source: Time Warner, Inc.

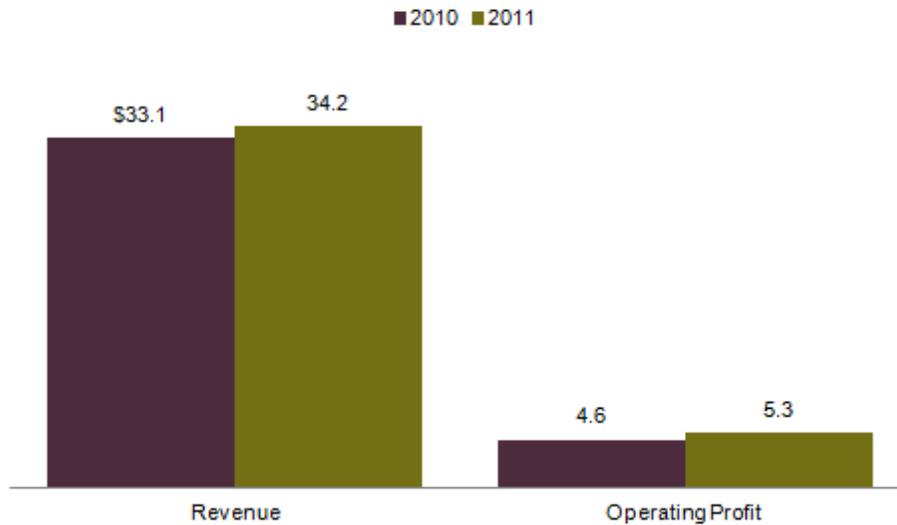
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News Corp. experienced especially strong revenue growth in its cable network programming division, which includes Fox News and the Fox Business Network, with a 13% increase between 2010 and 2011, finishing the year with \$8.5 billion in divisional revenues.

News Corp. Experienced Growth As Well

News Corp.'s Reported Profits and Revenues for Calendar Year 2011, in Billions of Dollars



Source: News Corp.

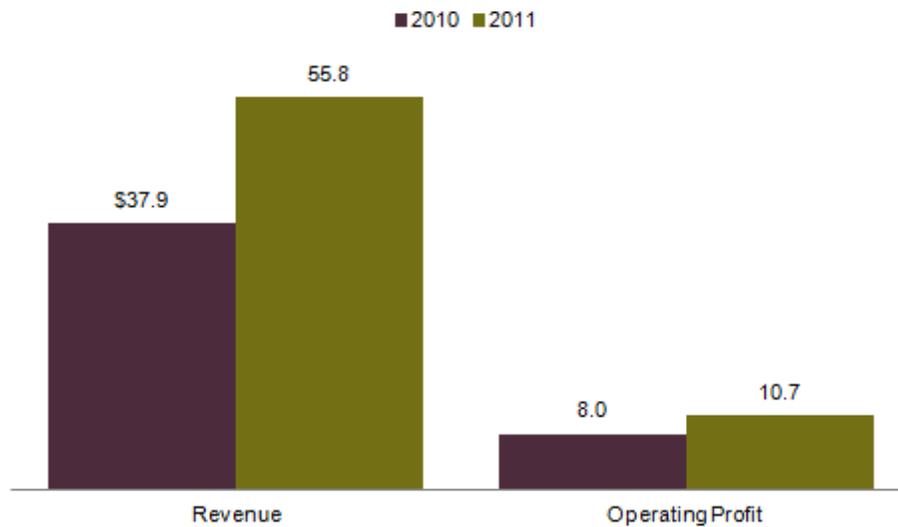
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Comcast's revenue growth stood out among the companies that own cable networks. Its core businesses, including high-speed internet and telephone, fueled that growth in part. But the growth was also based on a strong performance by its recent acquisition of NBC Universal, whose cable networks more than made up for losses at the NBC broadcast network.

Comcast Experienced Strong Revenue Growth

Comcast's Reported Profits and Revenues for Calendar Year 2011, in Billions of Dollars



Source: Comcast Corporation

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Cable Digital Trends

On the web, cable news brands remained among the most popular news destinations in 2011. That was especially true of CNN and MSNBC, though Fox News Channel maintained a highly visible web presence as well.⁷

According to comScore, CNN's digital network of sites – which besides CNN.com, includes sites like CNN Money, Time.com and People.com – was the No. 2 digital news property by audience behind Yahoo! News Network, with 73.2 million unique visitors per month on average in 2011 (Yahoo! News Network averaged 85.2 million). MSNBC.com was No. 3 for the year, averaging 53 million unique visitors. Foxnews.com was No. 7 with 25.5 million unique visitors.

Nielsen's data show a similar ranking, if not similar numbers: For 2011, CNN's digital network was No. 2 with 34.6 million unique visitors. MSNBC's digital network was No. 3 with 29.4 million. And Fox's digital network was No. 6 with 17.8 million.

Nielsen's data are comparable year over year, and indicate that web audiences were down for some, but not all three. CNN lost 3% of its digital audience and MSNBC lost 8%. Fox's audience, however, grew 15%.

Another web measurement company, Experian Hitwise, measures rank and market share. By their reckoning, MSNBC.com was No. 3 overall in 2011, up slightly to share of 4.02%. CNN.com was ranked No. 5, down slightly to a share of 2.29%. And Fox was ranked No. 7, also slightly down to a share of 1.50%.

CNN Is the Audience Leader Online

	CNN Digital	Fox News Digital	MSNBC Digital
Nielsen Online average monthly unique audience, 2011	34.6 million	17.8 million	29.4 million
ComScore unique audience, 2011	73.2 million	25.5 million	53 million
Experian Hitwise rank and market share, 2011	No. 5 (2.29%)	No. 7 (1.50%)	No. 3 (4.02%)

Source: Nielsen Online, comScore and Experian Hitwise

Note: MSNBC.com and MSNBC are different entities. The two companies have separate boards and editorial staffs. MSNBC is owned by NBC Universal (Comcast is now the majority shareholder in NBC Universal) and based in New York City, while MSNBC.com, the website for NBC News and MSNBC, is a joint venture between Microsoft and NBC Universal and is based in Redmond, Washington. MSNBC Digital Network refers to the MSNBC.com family of sites.

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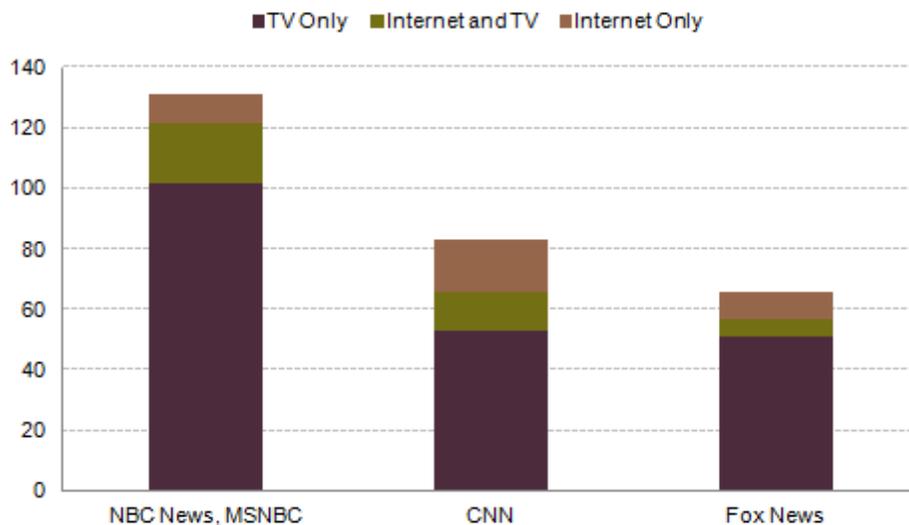
The vastly different unique audience figures for news sites from comScore, Nielsen and Hitwise are the result of different measurement techniques. ComScore and Nielsen use a panel of users that install software on their computers, but in the last year, comScore has added data from internet service providers to supplement their data. And Hitwise bases its measurement on market share. The lack of standardization in the realm of online audience measurement continues to complicate selling advertising online. Please click [here](#) for a more detailed explanation of online measurement and the differences between the top analytics firms.

Separate television and web audience figures do not provide a complete picture of the reach of these cable news brands. Though somewhat early in development, new cross-platform measurements that account for both unique audiences and overlap give a sense of true reach. According to Nielsen data from a sample month of April 2011, NBC News has a wider reach than either CNN or Fox News, in part, because NBC benefits from both a broadcast and cable news platform.

In the sample month, NBC News reached 131 million different individuals, with the majority of its web audience also tuning in, however briefly, to its news programs. CNN reached 82 million different individuals and Fox reached 65 million. In the case of both CNN and Fox, less than half of their web audience also tuned into their television news programs.

NBC News Leads in Cross-Platform Audience

Total Unique Audience Across Viewing Platforms, in Millions, April 2011



Source: Custom Nielsen Npower fusion data: TV data (six-minute qualifier) and Netview Video Census, April 2011
 Note: Total indicates unduplicated monthly audience, surfing

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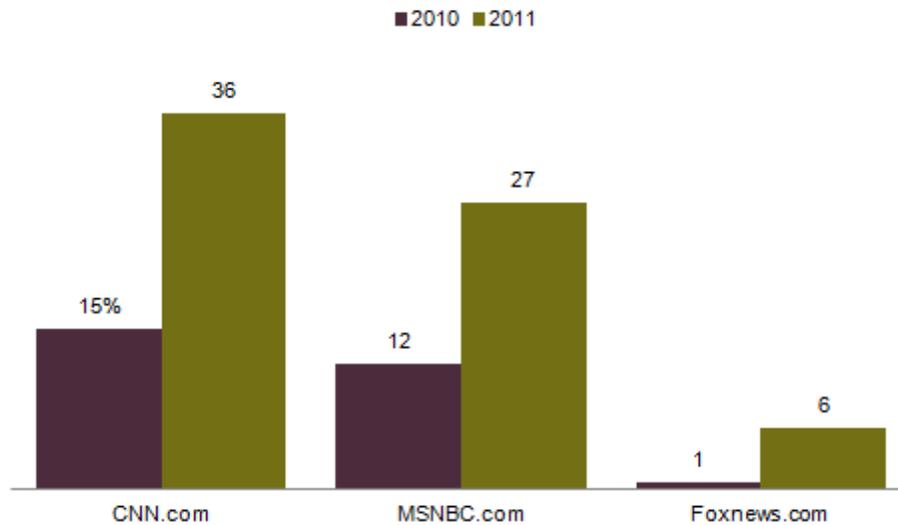
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Each of the news brands studied here experimented with new digital offerings in 2011, a number of which are discussed here. But one indicator in particular reveals how the news brands are using the web as another platform for their video content, an area where other news organizations have stepped in to compete recently.

CNN.com was the leader when it came to the use of video, audio or other interactive components on its website, though each of the three sites studied increased their use of such components year over year. In 2011, CNN.com more than doubled its use of audio, video or other interactive element on its home page. MSNBC.com more than doubled its integration of interactive components as well, featuring such components nearly as often as CNN did. Foxnews.com increased its use of interactive components by a wide margin between 2010 and 2011, but still trailed behind the other two sites.

CNN Leads With Multimedia On Home Page

Percentage of Home Page Stories that were Audio, Video or Other Interactive Feature



Source: PEJ's News Coverage Index

Note: Universe is limited to the top five stories featured on each website's home page, Mon.-Sun. (excluding Sat.)

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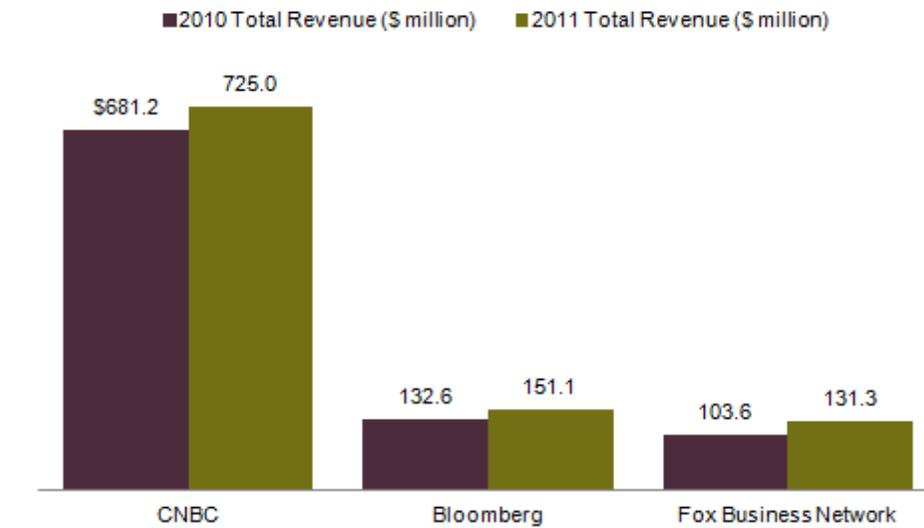
Cable Specialty Channels

Among the financial news channels, CNBC remained by far the leader in overall revenues and profits in 2011. Still, The Fox Business Network and Bloomberg TV grew financially at higher rates. Fox Business's revenue grew by 27% and it cut its losses by \$19 million. Bloomberg TV increased its revenues by 14% and its profits by 25%. CNBC increased revenues by 6% to \$725 million, nearly double that of its sibling MSNBC.

And those numbers only represent domestic revenues. Internationally, CNBC, like CNN, is a powerful news presence. CNBC World, CNBC's international brand, was projected to generate \$23.3 million in revenue in 2011, up fully 40% from 2010 levels.

CNBC's Revenue Is More than Double That of Other Business Channels

Total Revenues for Financial News Channels in 2010 Compared With Projections for 2011



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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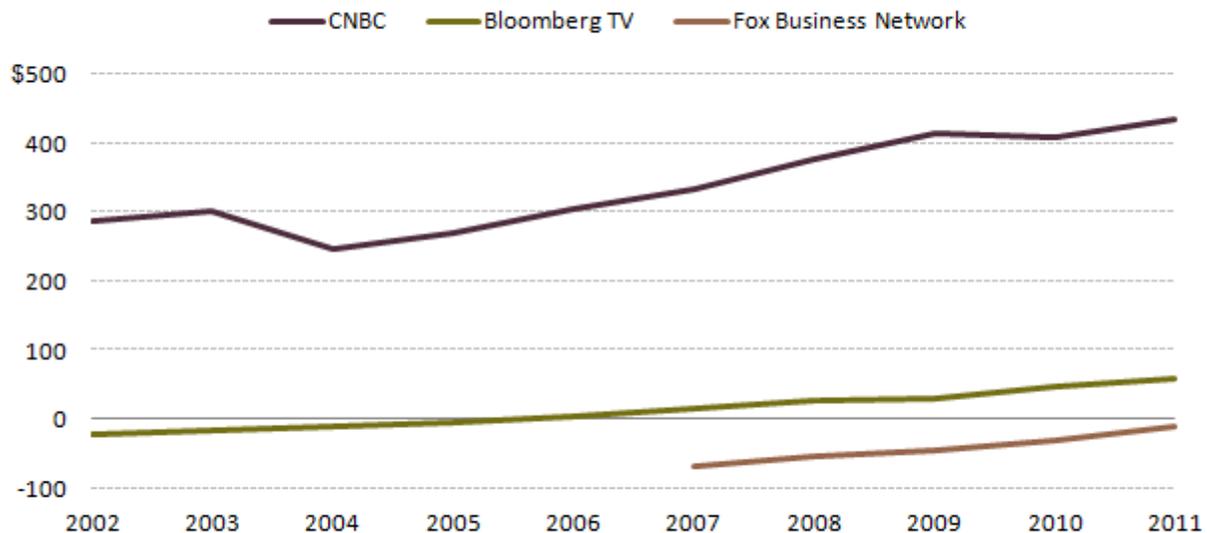
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Fox News chief Roger Ailes has long insisted that the Fox Business Network, the most recent arrival in the field of cable financial news, would break even in 2012. That forecast appears to have held as the channel has grown steadily since its 2007 launch.

FBN attracts about a quarter of the audience size that CNBC draws. In 2011, according to Nielsen, FBN averaged 54,000 viewers in prime time while CNBC averaged 228,000.⁸

Fox Business Network Expects to Break Even in 2012

Estimated Profits, in Millions of Dollars



Source: SNL Kagan, a division of SNL Financial, LLC

Note: All figures are estimates

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Aside from financial news, a number of cable news channels continued to build their presence in U.S. markets. The year 2011 was particularly significant for two of these, Al Jazeera English and Current TV. Al Jazeera gained worldwide attention for its coverage of the Arab Spring revolutions, providing on-the-ground footage and reporting of the political upheavals in Tunisia, Egypt, Libya, Syria and elsewhere, and, in the process, gained a wider audience. Current TV, a network not built around traditional breaking news, rebranded itself in 2011 when it hired MSNBC host Keith Olbermann to be its news director and host of an 8 p.m. commentary program.

Al Jazeera English, as of early 2011, was still only available in a few markets – Washington, D.C.; Toledo, Ohio; and Burlington, Vt. - or about 2% of American households.⁹ In April, Rhode Island cable provider Full Channel TV announced it too would carry AJE.¹⁰

BBC World News announced a carriage deal in December with Comcast that will make the British news channel available in 15 million homes in addition to the 6 million homes it was already available in as of 2011.

New Cable News Channels Have Proliferated, Many of Them International

Key Figures on Other Cable News Channels Available in U.S. Systems

	Al Jazeera English	BBC World News	Current	France 24	RT (Russia Today)
Founded	2006	2006*	2005	2006*	2005
Affiliation	Al Jazeera	BBC	Current Media	Group TF1 and France Televisions	RIA Novosti
Headquarters	Doha, Qatar	London	San Francisco	Paris	Moscow
2011 Revenue	N/A	\$3.7 million	\$115.4 million	N/A	N/A
U.S. Households Reached	5 million	5.9 million	65.8 million	N/A	50 million
Bureaus	70	48	N/A	15	21

Source: SNL Kagan, a division of SNL Financial, LLC; and the networks themselves
 Note: * "Founded" indicates when the channels were made available on U.S. cable systems

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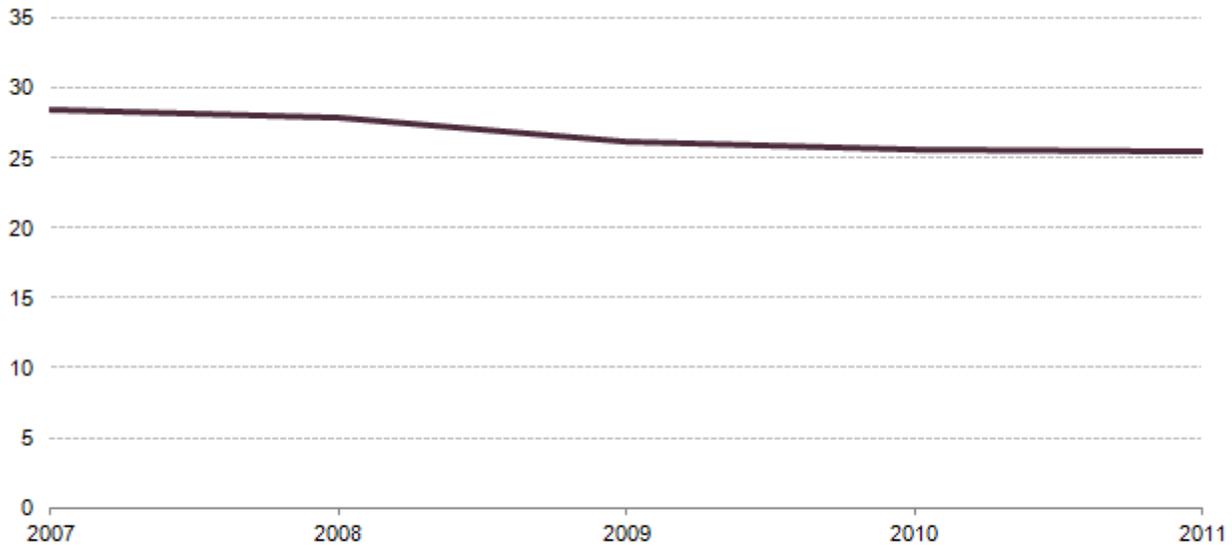
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Click here to read the Cable Essay

1. "Television Audience 2010 & 2011 (<http://nielsen.com/us/en/insights/reports-downloads/2011/television-audience-report-2010-2011.html>) ." Nielsen Media Research. 2011.
2. E-mail from Derek Baine, Jan. 19, 2012.
3. Lee, Edmund. "Time Warner's CNN Seeks Digital Deals to Gain on Fox (<http://www.bloomberg.com/news/2011-12-19/time-warner-s-cnn-looks-to-digital-acquisitions-to-regain-ground-on-fox.html>) ." Bloomberg News. Dec. 20, 2011.
4. SNL Kagan's 2011 edition of Economics of Basic Cable Networks was published in November of 2011. than in 2007.

Late Local News Viewership Stabilizes

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here. February was the month that drove the overall increase for late news in 2011, and therefore without February, the trend line is flat.

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Morning news (5 to 7 a.m. Eastern Time or equivalent) also showed some growth in 2011. Slight declines in February and November were more than offset by gains of about 3% in May and July. Over all, the average gain was 1.4%, compared to a loss of 1.3% the year before.²

Morning Local Newscast Viewership Increases

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	13.093	13.048	-0.3%
May	11.907	12.327	3.5
July	9.449	9.730	3.0
November	12.116	12.093	-0.2
Average	11.641	11.810	1.4

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Over the past four years, morning news has been the most consistent performer of all local news programs, but the average audience has still declined by 3.3% since 2007.

Prime time

Prime time refers to the hours between 8 p.m. and 11 p.m., in which the average audience is measured by Nielsen (on Sundays, the prime-time hours are 7 p.m. to 11 p.m.).

Programming costs

The expenses incurred by a cable programmer in the production of original programming and the purchase of rights to non-original programming.

SG&A

Selling, general & administrative expenses. These include any overhead costs not directly associated with programming at a cable channel.

Subscriber fees

Also known as license fees, subscriber fees come to cable channels indirectly from viewers. The channels are paid the fees by cable systems (in exchange for their programs), which in turn recoup that money in cable bills to consumers. The amounts of those fees are negotiated with the cable systems based on an estimate of how many subscribers the system will have during the life of the agreement.

Viewership

Measurement of how many people are in an audience.

Backgrounders

Median vs. mean in audience measurement

Audience trends in television can be measured using one of two calculations: median and mean.

This report offers the numbers in both forms.

The cable news channels prefer to calculate their year-to-year ratings by converting the Nielsen ratings data into annual “averages” using the mean. Academic advisers to the Project have persuaded us, however, that the median is a better indicator of core audience.

Here is why.

Mean, or simple average, is calculated by taking each month’s ratings, adding them together and dividing by the number of months. By that accounting, wild fluctuations in the audience due to occasional events can heavily influence the numbers.

Median examines all the monthly numbers in a year and identifies which one is most typical, or falls in the middle (the middle value).

Esther Thorson, associate dean for graduate studies for the University of Missouri’s School of Journalism, explains the choice of median rather than mean this way: The median is a better indicator of central tendency when there are extremely high or extremely low observations in the distribution. Those greatly influence the mean, but have little effect on the median. In other words, the median is the closest on the

average to all of the scores in the distribution. Very high levels of cable viewing during a big event pull the mean too far away from realistic viewing scores. For that reason, the median is the better indicator of typical viewing levels.

For instance, in 2003, when the war in Iraq began, mean viewership numbers showed the cable news business booming – up 34% for daytime and 32% for prime time from the year before. But using the median, the middle value of the 12 months of that year, the picture that emerged was that cable viewership was basically stable. It showed no growth during the day and a gain of just 3% in prime time. How can that be? The reason is that cable news did not retain the audience that it gained during those first weeks of the war. Median was a better reflection of a year in which viewership spiked only for two months and then fell back down again.

In 2006, the median numbers actually meant better news for cable channels. Taking the average viewership for 2006 and comparing it to 2005 shows a significant decline in the cable news audience – down 11% for daytime and 12% for prime time. But using the median, there was a decline of just 4% during the day and 8% in prime time. Thus in times of major breaking news, mean can help the numbers. But in years when there are fewer major events, the mean will suffer. The spikes, when using mean, can cut both ways.

In short, our research team and the staff at the Pew Research Center believe the median is the fairest way to try to understand the core audience for cable, given the volatility of ratings spikes. The mean, or simple average, tends to be disproportionately inflated by the spikes and, consequently, also exaggerates any declines in cable audiences when those spikes do not occur. In contrast, median offers a truer sense of the core or base audience, those people who are watching day in and day out, without ignoring the cumulative effect of the size of the audience that gathers momentarily if extraordinary things happen.

The two revenue streams of cable

Cable TV channels generate revenue through two streams: advertising and subscriber fees.

Advertising makes up roughly half of the revenue the channels generate each year.

Cable news channels do not earn as much from advertisers as the broadcast networks or some sports or niche entertainment networks. In large part, this is because the ratings for cable news for any one program are fairly low. The ratings of the highest-rated cable show, Bill O'Reilly, are still only about a quarter of that of the lowest-rated evening network newscast, the CBS Evening News With Katie Couric, for instance, and most cable programs are only a fraction of that.

In general, analysts view advertising as having greater potential than subscriptions for long-term growth. That is because it is harder to sign new cable subscribers, or get existing ones to pay substantially more each month for the cable bill, than to generate more ad revenue.

Ad revenues are the total number of ads sold, multiplied by the average number of viewers (in thousands), which is then multiplied by the CPM.

The other source of revenue is subscriber fees, also referred to as license fees.

The viability of subscriber fees as a strong area of future growth, though, may be threatened by the emergence of broadcast networks commanding costly retransmission fees. If cable operators must pay broadcast networks to carry their programming, the operators may then decide to keep the subscriber fees of smaller, niche cable channels – which draw smaller audiences than the networks – flat, or even reduce them.

The highest fees are typically paid for sports and general entertainment channels. The highest is the \$3.77 per subscriber per month, commanded by ESPN.

If Fox's audience is so much larger than CNN's is, then why are the average license fees almost identical for these two channels? Part of the answer is that not all of Fox's contract negotiations have fully kicked in. SNL Kagan projects that 2010 will be another year of much higher license fees for Fox as more contracts come into play. Second, CNN brings a "two channels for the price of one" advantage to the table. The fee for HLN is rolled into one single fee for the two channels.

The State of the News Media 2012

An Annual Report on American Journalism

Local TV: Audience Rise After Years of Decline

By Deborah Potter of NewsLab, Katerina-Eva Matsa and Amy Mitchell of PEJ

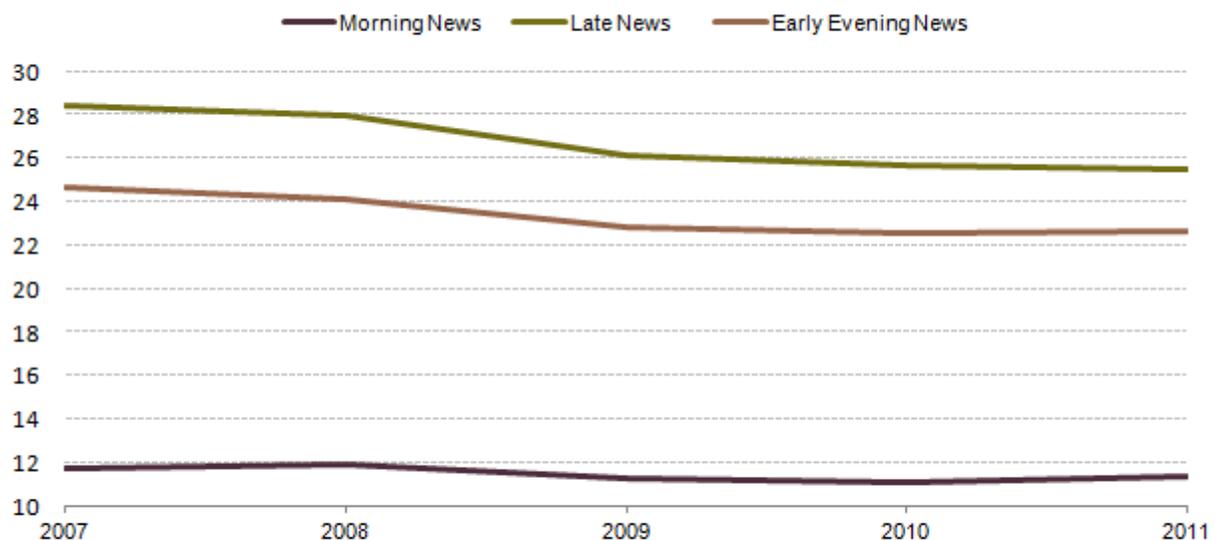
After years of losing audience and revenue, local television news appears to have settled into a kind of equilibrium. Stations made less income in 2011 than the year before, but the decline was about what might be expected in a non-election year. And the overall audience for local TV news grew as stations added newscasts at different times and on additional platforms, including their digital channels. Local stations also expanded their online, mobile and social media offerings, but most have not yet generated a substantial audience.

Audience

Local television news showed resilience in 2011, gaining audience in some key time slots that had seen only declines for the previous four years. Among network affiliates, viewership was up for newscasts in both the morning (5 to 7 a.m.) and late evening (11 p.m.) when averaged across all sweeps periods we studied. In the early evening time slot (5 to 7 p.m.), viewership was down slightly. There were gains in audience in the very early morning (4:30 to 5 a.m.). A 2011 survey found that local TV remains America's most popular source of local news and information, particularly for weather and breaking news, but the local stations continue to face challenges in their attempts to grow online and mobile audiences.¹ (See Digital Audience Section for more)

Viewership in Key Time Slots Recovers Somewhat in Key Time Slots

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period in February and are not included here.

The turnaround for ABC, CBS, Fox and NBC stations in the three key time slots for news extended the more grudging progress they made in 2010, when they lost audience at a much slower rate than the year before. The improvement in 2011 was not substantial enough to suggest that local TV news has entered a period of new audience growth, however. Fox stations, in particular, are still losing viewers in nontraditional time slots, which is when most of them air local news. (See below for more on Fox Affiliates) But the local news audience over all may have stabilized after years of decline. “To quote Mark Twain, ‘Reports of our death are greatly exaggerated,’ ” said Hearst Television’s vice president for news, Brian Bracco.

A closer look at individual sweeps periods offers a clue to at least one reason behind the improvement – there has been higher interest in the news. The jump in late news ratings was largely due to a 14% increase in viewership in February, when the news was dominated by the upheaval in Egypt and Libya. Late local newscasts tend to cover more national and international news than early evening newscasts, which leave those topics to the network news programs that are broadcast adjacent to them.

Experts do not expect the audience growth at 11 p.m. to continue. Viewership in that time period has been on the decline for years, and the uptick in 2011 does not appear to constitute evidence of a long-term rebound. “We’ve reached a threshold for late news,” said Mark Toney, a senior vice president of the consulting firm SmithGeiger. “Only about 40-50% [of the audience] really wants it in any market.”²

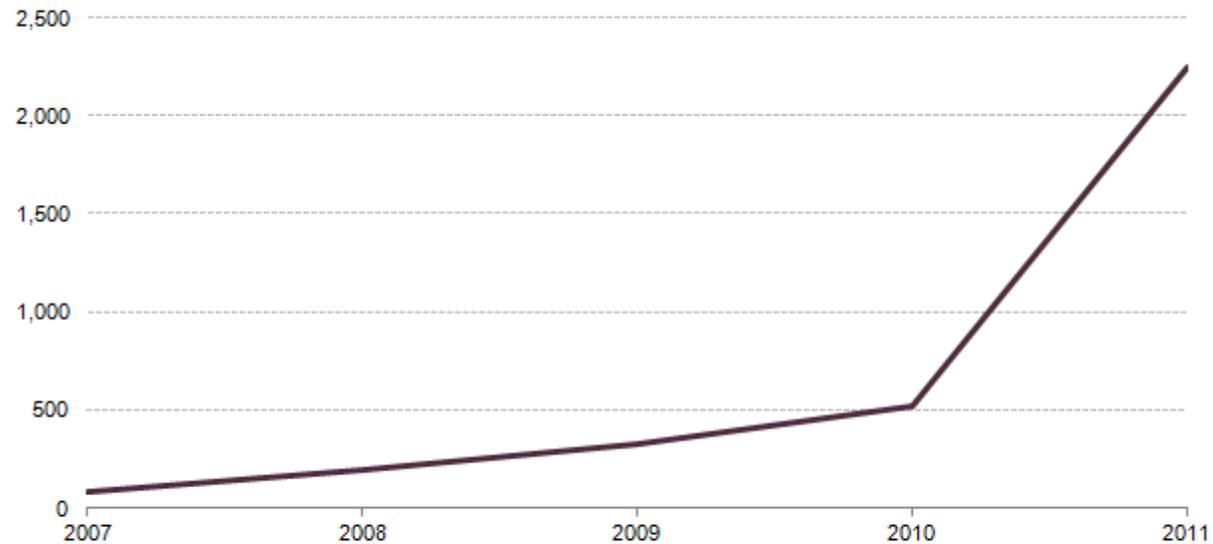
NBC affiliates, in particular, are fighting an uphill battle to retain their late news audience in the face of sharply lower ratings for the prime-time network shows that lead into their newscasts. NBC’s prime time line-up, already in fourth place among younger viewers, lost more than 800,000 total viewers from the previous season.³ (See data section for more)

While local stations may take some heart from the apparent recovery of late and early evening newscasts, the longer-term outlook is troubling. Interest in news may have boosted viewership in 2011 but only by helping stations draw a larger share of a smaller overall audience. In most sweeps periods we looked at in 2011, share outperformed ratings in the early evening and late time slots. In other words, news programs that maintained or even boosted their share of viewers still saw their ratings decline. That suggests these newscasts are battling a trend over which they have no control. If fewer people are watching broadcast TV of any sort at evening and late news time, local stations can’t expect to see their audience grow ever larger.

Morning news is a notable exception to the downward trend. Share there is holding generally steady compared to the year before and ratings are up. The evidence indicates that more viewers are turning on their TVs specifically to watch local morning news programs. In many markets, they’re also tuning in earlier than ever. Newscasts starting at 4:30 a.m. have become almost commonplace; the number of stations offering news that early doubled again in 2011, by PEJ’s count, and viewership exploded, up more than 338% on average across all sweeps periods compared to the year before, although the total audience is still relatively small.

Viewership of Early Morning News Skyrocketed in 2011

In Thousands of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period in February and are not included here.

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The success of local news at 4:30 a.m. encouraged some stations in 2011 to push their start time even earlier. The audience at 4 a.m. is not massive – for example, only about 13,000 viewers a day on average on WXIN, the Tribune-owned station in Indianapolis. But executives at WXIN are convinced that putting news on the air that early pays off in a couple of ways. First, given that the staff at WXIN was already in place, it cost the station almost nothing to produce; the station made a profit from day one. News director Lee Rosenthal also credits the early start with improving ratings for the rest of the station's newscasts, including doubling viewership for the 4:30 a.m. half-hour compared to the year before. "We're producing more news and that's added to our credibility and exposure," he said. "The earlier we've gone on, the more we've gained off of it."⁴ What is harder to measure is the effect on the content of having less time to produce each newscast.

Another growth area for local news was at 4 p.m., where Oprah Winfrey's long-running talk show had dominated the ratings in most markets before moving to Winfrey's cable channel, OWN, in 2011.

Some stations replaced Oprah with another syndicated program. Others, such as ABC-owned WTVD in Durham, N.C.,⁵ Raycom's WMC in Memphis, Tenn.,⁶ and Belo's KHOU in Houston⁷ added news. None of the new newscasts in these markets matched Oprah in viewership, but several held on to the top spot in the ratings for that time slot.⁸

And some stations, whose existing 4 p.m. newscasts used to compete with Oprah, saw their ratings rise sharply when her show went off the air. At CBS-owned WJZ in Baltimore, for example, viewership for the 4 p.m. news jumped by 55%, post-Oprah.⁹ The gains may not last. "The jury is still out on the long-term

appetite for local news in the afternoon,” said Jerry Gumbert, chief executive of the consulting firm AR&D.¹⁰ That is one trend local news professionals will watch in 2012.

The other trend, besides very early morning news, has been the addition of news in nontraditional time slots such as midday and following the network news at 7 p.m. This expansion in news time has been one way to counteract shrinking audiences in more conventional news slots. Network-affiliated stations had some success holding on to their news audience in these nontraditional midday and 7 p.m. time slots. After losing 2.1% of their viewers on average a year ago, midday and 7 p.m. newscasts on ABC, CBS, Fox and NBC stations saw their average audience increase in 2011, although only slightly.

At Fox affiliates, however, the bad news for their prime-time newscasts continued in 2011. For the second year in a row, those newscasts lost more audience than news in any other time slot on network-affiliated stations. Many Fox affiliates air an hour-long news program at 10 p.m. Eastern Time or equivalent because the network does not provide an evening newscast. Those prime-time newscasts lost 3.9% of their audiences on average in 2011, only somewhat less than they lost the year before.

Fox affiliates still haven’t been able to gain much traction with the morning newscasts they air opposite network programs on ABC, CBS and NBC, either. Average ratings for 7 a.m. local newscasts on Fox stations were virtually flat in 2011, after declining for four years in a row. (See data section for more)

Once again in 2011, local news on independent stations showed bigger audience gains, on average, than news on stations affiliated with one of the big four broadcast networks (ABC, CBS, Fox and NBC).

Independent stations still account for less than 3% of the total local TV news audience, and their ratings growth can be attributed in part to an increase in the number of markets where independents aired local news. On average, the independent stations’ combined news audience grew in every time slot except at midday. (See data section for more)

Total News Viewership for Independent Stations			
Time Slot	2010	2011	Percentage Change
4:30-5 a.m.	11,000	44,000	300.0%
5-7 a.m.	144,000	155,000	7.6
7-8 a.m.	226,000	342,000	51.3
Noon-1 p.m.	168,000	135,000	-19.6
5-7 p.m.	290,000	381,000	31.4
7-7:30 p.m.	84,000	117,000	39.3
10-11 p.m.	626,000	916,000	46.3
11-11:30 p.m.	169,000	193,000	14.2

Source: Nielsen Media Research, used under license
 Note: Numbers are rounded and percentage change is calculated based on the raw data

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Stations affiliated with ABC, CBS and NBC gained audience in most time slots in 2011, but the largest gains were in nontraditional time periods where fewer network stations air news. Affiliates saw double-digit or greater gains on average across all four sweeps periods at 4:30 a.m., 7 a.m. and 10 p.m.

Total News Viewership for ABC, CBS and NBC Affiliates

Time Slot	2010	2011	Percentage Change
4:30-5 a.m.	375,000	1,851,000	393.6%
5-7 a.m.	10,018,000	10,142,000	1.2
7-8 a.m.	154,000	178,000	15.4
Noon-1 p.m.	7,835,000	7,714,000	-1.5
5-7 p.m.	21,786,000	21,414,000	-1.7
7-7:30 p.m.	10,901,000	10,841,000	-0.6
10-11 p.m.	163,000	210,000	28.8
11-11:30 p.m.	24,011,000	24,713,000	2.9

Source: Nielsen Media Research, used under license

Note: Numbers are rounded and percentage change is calculated based on the raw data

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The average audience for news on Fox affiliates also increased in all but two time slots in 2011, but much like other network-affiliated stations, Fox saw the largest gains in time periods with the smallest viewership. Fox stations lost viewers at noon and 10 p.m.

Total News Viewership for Fox Affiliates

Time Slot	2010	2011	Percentage Change
4:30-5 a.m.	141,000	408,000	188.5%
5-7 a.m.	1,623,000	1,657,000	2.1
7-8 a.m.	2,249,000	2,259,000	0.4
Noon-1 p.m.	435,000	416,000	-4.3
5-7 p.m.	2,126,000	2,195,000	3.2
7-7:30 p.m.	521,000	581,000	11.6
10-11 p.m.	6,459,000	6,209,000	-3.9
11-11:30 p.m.	1,285,000	1,349,000	5.0

Source: Nielsen Media Research, used under license

Note: Numbers are rounded and percentage change is calculated based on the raw data

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While it is not possible to draw conclusions from this limited data, it appears that the network affiliates may be poaching audience from each other. Fox affiliates gained more audience than ABC, CBS and NBC stations at 11 p.m., for example, a time slot where Fox stations have not traditionally aired news. By contrast, ABC, CBS and NBC affiliates made some of their biggest gains in direct competition with Fox's prime-time newscasts at 10 p.m., which lost audience on average compared to the year before.

One lingering concern for all local television stations is that viewership could hit the skids again once the economy fully recovers. "People in recessionary times watch more television," said AR&D's Gumbert. "We've seen that over 40 years."¹¹

If the reverse is also true, the improvement in ratings seen in 2011 may not last.

Digital Audience

While local television stations can claim to be the No. 1 news source for most Americans, the same cannot be said of most of their websites. In a PEJ survey, just 6% of respondents said they relied on a local TV station's website for weather information, compared to 58% who said they depended on local newscasts

for weather. Local TV websites were the source of choice for just 5% of those surveyed for breaking news and 3% for local political news.¹²

Still, local TV websites can expand the reach of a station's broadcast content. A study by Nielsen Media Research of stations in Seattle and Portland, Ore., found they increased their late news audience by 3 to 5% by reaching users online, drawing a different demographic. In Seattle, where KOMO's late local news viewership skewed 71% female, a majority of the station's online users were male.¹³

More stations ramped up their use of social media in 2011. Almost every station in the country now has a Facebook page, according to the annual RTDNA/Hofstra survey, and almost 90% have at least one Twitter feed.¹⁴ And some stations said their social media efforts paid off online and on the air.

Indianapolis station WTHR grew its Facebook fan base from 8,000 to 100,000 in seven months by requiring its staff to be active on the social media site. "Every on-air talent had to have a fan page and had to update it at least once per day," said Amy Parish, the station's digital media director. By the end of the year, she said, advertising spots on the station's website had sold out.¹⁵

Salt Lake City's KUTV credits its improved newscast ratings to a concerted effort on Facebook, where the station's pages amassed more than 390,000 fans, almost doubling in just 10 months.¹⁶ "I think social media helped KUTV 2News win every newscast during February sweeps," said news director Jennifer Dahl. "Social media can encourage people to sample a station's newscast, however, you still have to have a quality show to maintain interest."¹⁷

Local stations may be able to make some headway in the competition for online users thanks to the growth of paywalls on newspaper sites, says Robert Papper of Hofstra University. In 40 of the top 50 markets, newspaper sites outdraw TV sites, but some television stations dominate their markets online, including KSL in Salt Lake City and WRAL in Raleigh, N.C. In Albuquerque, N.M., where the local paper put up a paywall in 2001, KOAT now reaches twice as many adults online as the newspaper.¹⁸ "Newspaper paywalls are going to make that increasingly common," Papper said, "and TV stations are poised to be the biggest beneficiaries of those paywalls."¹⁹

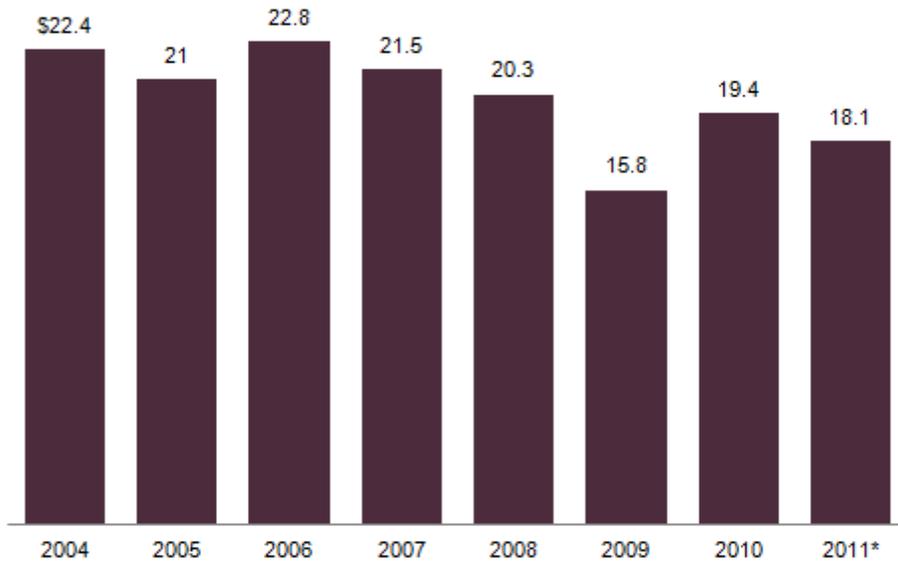
Economics

Local television revenues typically fall in non-election years due to lower demand for political advertising, and 2011 was no exception. After seeing their revenues bounce back in a big way in 2010, stations expected to make less money in 2011, and they did. Broadcast ad sales, which provide the vast majority of local TV revenue, were projected to decline by about 6.7% to \$18.1 billion, according to the latest forecast from BIA/Kelsey.²⁰

The bad news is that local broadcast ad revenues were only slightly higher than in the previous off-year of 2009, in the depths of the recession. And they were still a long way from the record \$21.5 billion local stations reaped in 2007, the last non-election year before the recession hit. (See data section for more)

Local Broadcast TV Advertising Revenue Declined in 2011

Total Value in Billions of Dollars



Source: BIA/Kelsey

Note: 2011 is an estimate

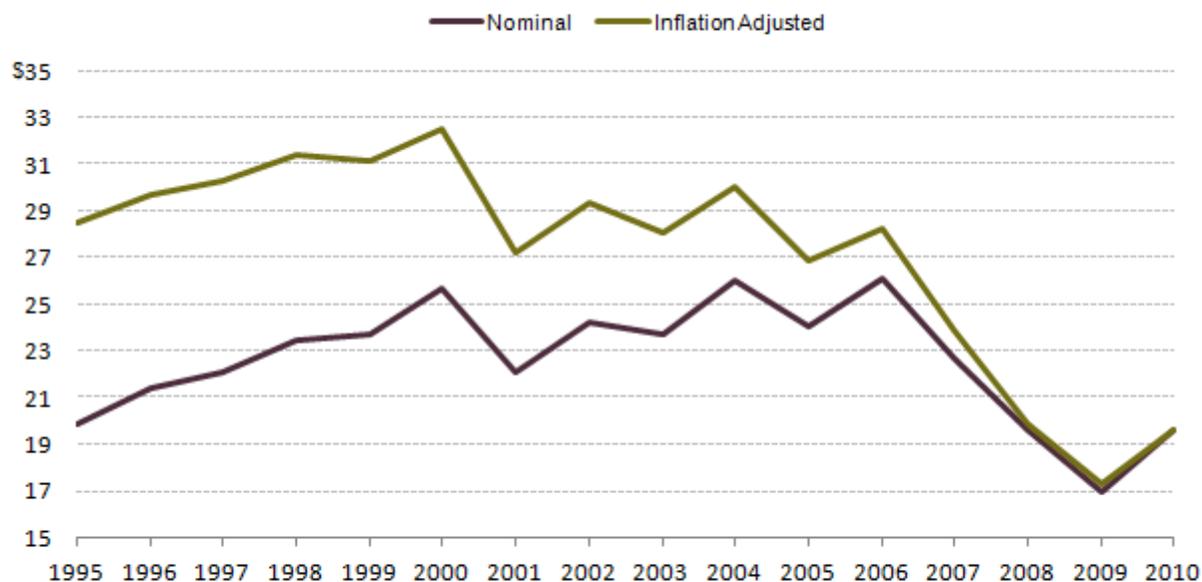
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Longer-term data show just how deep a hole individual TV stations have to climb out of. Although the economic recovery was good to local television in 2010, as the average revenue for news-producing stations increased more than 13% from the year before, that good news came after a long decline. And if projections for 2011 hold, average station revenue from on-air advertising when adjusted for inflation, came within a whisker of a 15-year low.

Average Advertising Revenue Bounced Back for News-Producing Stations in 2010

In Millions of Dollars



Source: BIA/Kelsey and PEJ Research

Note: Inflation adjustment is based on 2010 dollars. Only commercial English-language stations broadcasting news programs are included.

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Still, the industry is more stable than it was five years ago, when ad sales and audiences cratered.

“[Station owners] are not afraid of their core business disappearing as they were a few years ago,” said Harry Jessell, editor and co-publisher of TVNewsCheck. “They couldn’t see where things were going. Now they can project.”²¹

Spot Advertising

Most of the revenue decline from 2010 to 2011 was due to the predictable drop in political advertising, but other factors were also at work. Auto advertising, which had surged in 2010 as the automotive industry came back from the near-dead, was down again. The Japanese earthquake and tsunami in March disrupted supplies of both imported cars and auto parts, leading to a sharp reduction in ad sales, according to Kantar Media.²²

Stations expect the automotive sector to bounce back in 2012 because it has been so weak for so long, said TVNewsCheck’s Jessell. If car sales pick up as expected, local TV stations should see better earnings. “Dealers spend \$1,000 on advertising for every car sold and stations will get their share,” he said.²³

Television remains the biggest recipient of total advertising dollars spent on any single medium. “While the growth of online advertising has been robust, it hasn’t stopped brand advertisers from keeping the bulk of their budgets flowing through TV sets,” said eMarketer chief executive Geoff Ramsey.²⁴

At the same time, though, competition for local spot advertising with nonbroadcast TV distribution systems intensified in 2011. As part of their agreement to carry channels like MTV or BET, individual cable

and satellite systems are allowed to sell time to local advertisers.²⁵ Broadcast still reaps substantially more revenue from local spot ad sales than cable, but cable is closing the gap. Local spots on broadcast now bring in slightly under twice as much as those on cable, but just four years ago they pulled in almost three times as much.

Local stations have a wider reach than cable and satellite systems, since 100% of the viewers in any given market can receive over-the-air signals. But in about 50 of the largest markets, comprising more than half of all TV households, a combination of cable, satellite or telco-delivered television reaches more than two-thirds of local viewers.²⁶ Buying time on all of those systems at once used to be cumbersome, but a cable alliance announced in 2011 is offering advertisers one-stop shopping for multiple distribution systems in the same market, posing another potential threat to local station revenues.²⁷

In theory, commercials on subscription services could be targeted much more precisely than broadcast ads, right down to the zip code. The technology is still being tested but has potential, said Gordon Borrell, chief executive of Borrell Associates, a firm that studies local online ad buys. “If it comes to fruition, it will skim dollars from broadcast TV, but probably take bigger chunks from suburban newspapers, direct mail and radio budgets,” he said.²⁸

As expected, almost every ownership group reported lower revenue at their local stations for the third quarter of 2011 compared to the same period the year before. For example:

- E. W. Scripps, down 11%²⁹
- Sinclair, down 4.5%³⁰
- CBS, down 6%³¹
- Media General, down 13%³²
- News Corp., down 10%³³

Only one group bucked the trend: Nexstar reported that its revenues were up 2.3% in the quarter, thanks in part to the company’s acquisition of more stations and higher fees from stations Nexstar manages but does not own.³⁴ There was some optimism that the overall advertising picture for 2011 would improve when the final quarter results came in. “We are seeing a welcome strengthening in automotive advertising,” said Media General chief executive Marshall Morton.³⁵

Political Advertising

The decline in political advertising in 2011 followed a record year in which local stations took in \$2.3 billion from campaign and issue ads after the Supreme Court eliminated spending caps on corporations, unions and other interest groups. Even though the Republican presidential race got off to an early start, the candidates spent little on television ads until the final weeks of 2011, in part because they were able

to reach voters for free thanks to an unusually busy schedule of televised debates.³⁶ (See data section for more)

In 2012, however, political spending on television is expected to set yet another record, as much as \$3.2 billion, according to the Campaign Media Analysis Group at Kantar Media.³⁷ The pool of political campaign cash will be bigger because this is the first presidential election year since the Supreme Court decision on campaign spending by so-called super PACs. And local TV once again will take the largest single share – projected to be as much as \$2.6 billion – dwarfing the amount spent on all other media combined.³⁸ Super PAC advertising is particularly lucrative for local stations because they can charge top dollar for commercial time. Candidates, by contrast, must by law receive the lowest ad rate available on local TV stations within 45 days of a primary.³⁹

Even though the only contested presidential primaries and caucuses are on the Republican side, “Barack Obama in 2012 will spend more money on TV advertising against Republicans than probably Clinton and Obama spent combined advertising against each other” in 2008, said Ken Goldstein, the president of the Campaign Media Analysis Group at Kantar Media.⁴⁰

While some advertisers have ramped up online spending at the expense of legacy media, Goldstein sees little threat to television from the internet when it comes to political ads because local TV remains the best way to reach large numbers of uncommitted voters. “I always say the internet is a great way to raise money to spend on television,” Goldstein said.⁴¹

The local TV windfall from this growth in television advertising may not be as big as some observers expect, however. That will depend on *where* the money is spent. The most competitive Senate and gubernatorial races in 2012 are in small states, Goldstein said, and at least part of what drove spending to record levels in 2010 was that California, Texas and New York – states with big media markets – all had competitive races for governor.

Another factor is that local stations increasingly have to compete for local advertising with cable channels, where advertisers can even more precisely target whom they reach, given the niche demographics of each channel.

Those local broadcast stations that do benefit from campaign cash may have the problem of too much of a good thing. Demand for political ads could leave stations with less time to sell to their regular advertisers. Moreover, the nonstop barrage of campaign ads could irritate viewers, said Harry Jessell of TVNewsCheck. “The problem is how to manage it all,” he said. The expected influx of political ads may even have encouraged some stations to add newscasts, Jessell said, so they would have more local advertising time to sell in 2012.

Retransmission Fees

A growing but still relatively small source of revenue for local stations comes from the fees cable and satellite systems pay them to carry the local channels. Some local station groups managed to reap a substantial reward in 2011 by playing hardball when their agreements with distributors came up for

renewal. Stations demanded much higher fees and threatened to pull their channels from distribution on cable systems if they didn't get their way.

One company, LIN TV, did more than threaten. The company, which was said to have demanded triple digit increases, took its stations off Mediacom cable in four states for six weeks before reaching a deal on higher fees.⁴² Fox reportedly demanded a 40% hike from DirecTV and reached a deal just hours before its channels would have gone dark.⁴³

Estimates indicate that retransmission revenue has doubled in just two years and will continue to grow, although the rate of growth will slow. In part this is a battle over business models. Cable channels, such as CNN or Fox News, get roughly half their revenue from subscription fees (or fees from cable channels passed on to each subscriber) and half from ads. Broadcast channels carried on cable were making much less in fees, even though receiving a clear signal for broadcast stations may be part of the reason people will subscribe to a cable or satellite system. According to Nexstar Broadcasting chief executive Perry Sook, broadcast stations get 40% of the viewership on distribution systems but currently capture just 5% of the revenue.⁴⁴

Retransmission Fees for Local Television Signals

Year	Spending (in millions of dollars)	Growth Percentage
2013 (est.)	\$2,316	23.50%
2012 (est.)	1,876	30.5
2011 (est.)	1,437	39.0
2010	1,034	46.7
2009	705	49.7
2008	471	45.4
2007	324	42.7

Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011-2015

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Another reason that network affiliates have been so aggressive about increasing retransmission revenue is that they cannot keep it all. Up to half of the money they receive from cable providers goes to the networks in the form of reverse compensation. And the networks, which have struggled financially even more than local channels, plan on being more aggressive themselves about this money. Fox demanded a flat fee per subscriber rather than a percentage of retransmission revenue from its affiliates and dropped two stations that balked.⁴⁵

SNL Kagan estimated that the fees affiliates pay to the networks will increase almost ten-fold over the next four years, from \$146 million in 2011 to \$1.3 billion in 2015. Stations have grumbled about giving up the fees, but SNL Kagan said they are coming to terms with the arrangement because they see a potential benefit. If the networks can get more money from local affiliates, they may minimize how much of their most popular programming they make available free online. That could be an incentive for local stations to continue paying higher retransmission fees to the networks.⁴⁶

Stations also might be more willing to hand over a larger chunk of their retransmission revenue to the networks if the fee agreements are negotiated differently. Currently, station ownership groups have to deal separately with each cable or satellite system, market by market. NBC has proposed negotiating the fees for all of its affiliates and sharing the proceeds. Nexstar's Sook said that approach would probably increase fees to stations more quickly than they could expect to achieve on their own.⁴⁷

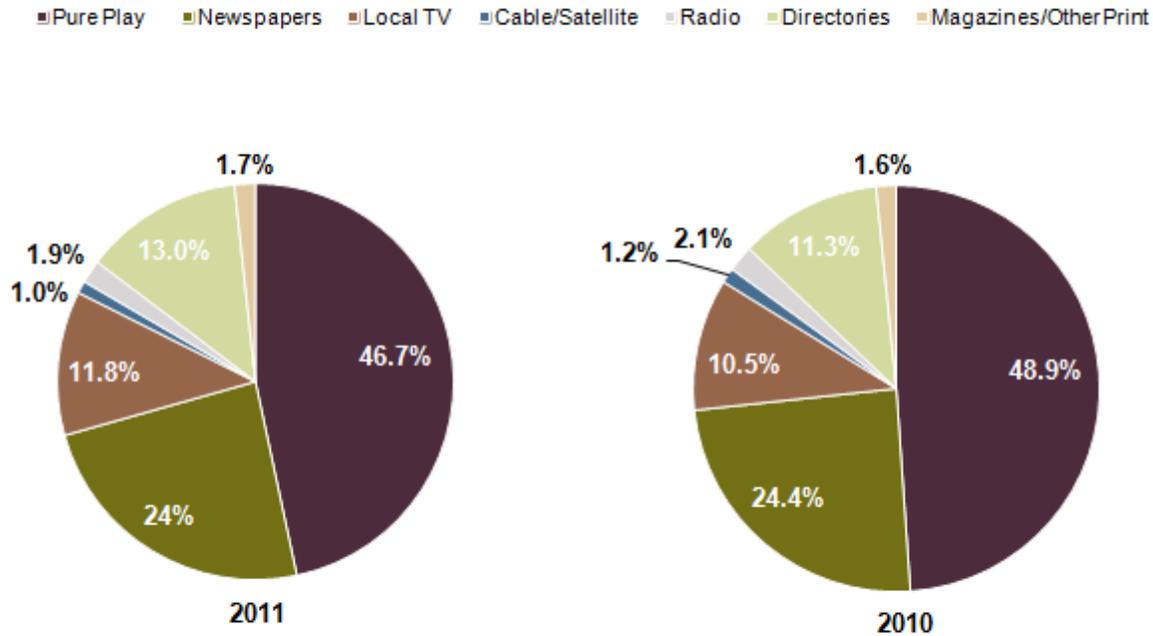
Digital Revenue

One source of revenue for local television stations is growing consistently: online and mobile advertising. Digital is "the driving economic force of the future and the only growth area," said analyst Diane Mermigas of Mermigas on Media.⁴⁸ Borrell Associates, a firm that analyzes local online advertising, estimated that local stations would bring in \$1.85 billion in 2011, up 38% from the year before.⁴⁹ BIA/Kelsey, however, estimated online revenue for local stations would be considerably less, about \$550 million, according to vice president Mark Fratrick, but still a 22% increase from 2010.⁵⁰ (See data section for more)

One major reason for the growth: television captured a larger share of this bigger pie of online and mobile - 11.8% compared to a revised estimate of 10.5% in 2010, according to Borrell data. By contrast, "pure play" companies (those that are online only) gained almost no market share. What once appeared to be a major threat appears to have stabilized. "The local pure play companies for a while began looking like a Pac Man, eating up a lot more of the local online advertising share," said chief executive Gordon Borrell. "It pretty much stopped at 50% and it's been that way for two years."⁵¹

Local TV Share of Local Online Advertising Increased in 2011

Percentage of Local TV Share



Source: 2011, Borrell Associates Inc. All rights reserved.
 Note: Pure play refers to companies that are online only

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A Borrell Associates survey of publicly reported media companies at midyear found that television stations had enjoyed the highest growth rate in online advertising of any medium, with Belo stations up 19%, Scripps up 26% and Gray up 47%.⁵² While that success may be mostly due to the fact that they started at a much lower level than other media, it is evidence that some television ownership groups have finally recognized the potential of online sales. Many of these stations now have sales staffs dedicated to digital, something they did not have before. The key difference between companies that are growing at double-digit rates and those bumping along with growth under 2% is the presence or absence of an online-only sales force, Borrell noted.

Borrell also expects this growth in television's online revenue to continue. In its 2012 forecast issued in November, the market research firm projects the overall online revenue pie to grow 18% to \$18.5 billion, with television taking an even larger share, 13.4%.⁵³

One reason is the rapid expansion of video advertising on digital platforms. This gives television an advantage over other media, said Larry Shaw, Borrell's vice president of research. "They've got the capability in house to produce video ads for clients," he said. "That's where broadcast TV has been able to make some headway."⁵⁴

The question of digital will only become more important in time. According to a forecast from Forrester Research, online and mobile will gobble up 35% of all ad spending by 2016 and take over the top spot from TV.⁵⁵ BIA/Kelsey says locally targeted ads will make up an increasing share of mobile ad spending, hitting 70%, or \$2.8 billion, by 2015.⁵⁶

Ownership

The moribund market for buying and selling local television stations showed new signs of life in 2011.

More stations changed hands than the year before and for considerably higher prices. While the total value of station mergers and acquisitions was still minuscule compared to the decade before the recession hit, transactions topped a billion dollars for the first time since 2007 and were almost ten times the value of station sales the year before. And in what may be a sign of a major deal to come, Nexstar announced it is exploring “strategic alternatives,” including a possible sale that could net almost a billion dollars.⁵⁷

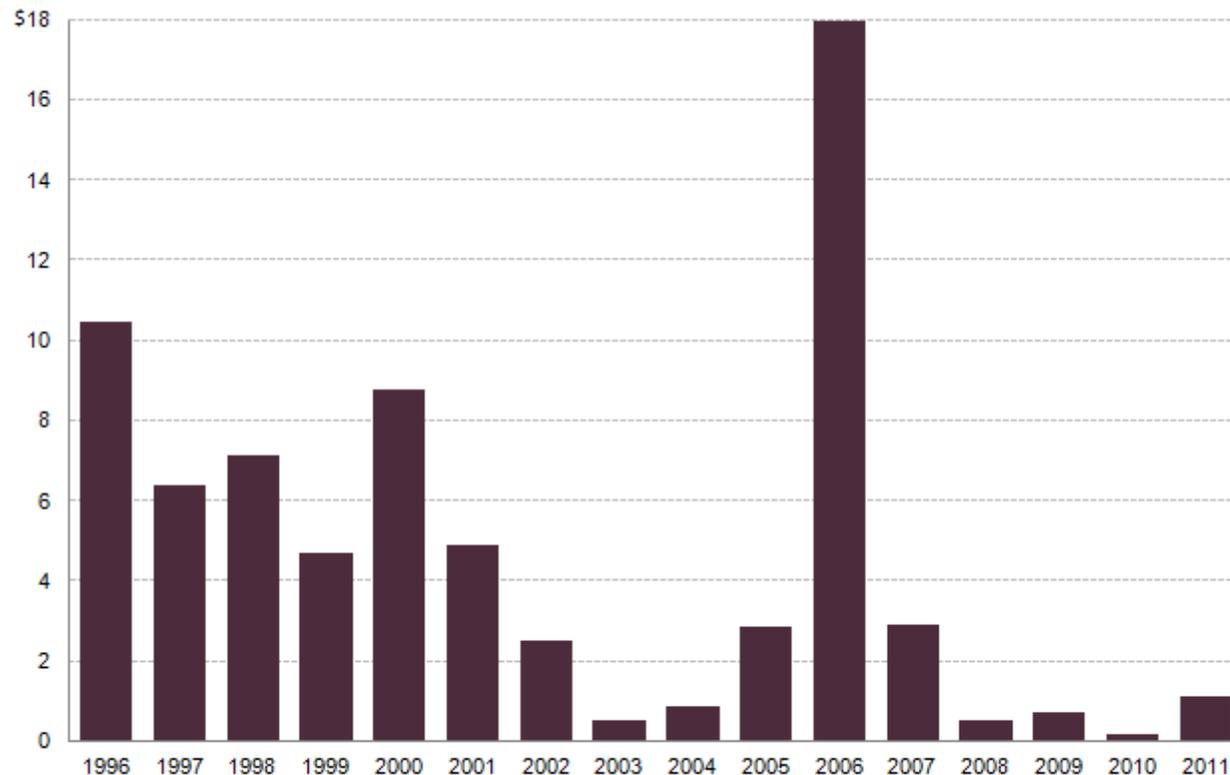
Sinclair Broadcasting was the biggest player in 2011. It bought 15 stations from two ownership groups. In the single largest acquisition in four years, the company paid \$385 million for the eight-station broadcast division of Freedom Communications, which had been on the block since the company declared bankruptcy in 2010.⁵⁸ Sinclair also bought seven stations owned by Four Points Media for \$200 million.⁵⁹ The deals put Sinclair in charge of more than 60 stations, the most owned by any one TV station group, and Sinclair’s chief executive, David Smith, hinted that the company might still be looking to buy.

E.W. Scripps paid \$212 million for the broadcasting unit of McGraw-Hill, picking up nine stations, including ABC affiliates in Denver, Indianapolis and San Diego.⁶⁰ CBS bought an independent station on Long Island, N.Y., for \$55 million.⁶¹ In other smaller deals, Citadel Communications bought Global Broadcasting’s station in Providence, R.I., WLNE, for \$4 million⁶² and a group of local investors paid

Newport \$1.1 million for the NBC affiliate in Fairbanks, Alaska.⁶³

Total Value of TV Station Mergers and Acquisitions

In Billions of Dollars



Source: BIA/Kelsey, Media Trends

Note: Year to Year, last update December 2011

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One reason the market picked up was that buyers got a better handle on what stations are really worth, said Harry Jessell, editor and co-publisher of TVNewsCheck. “What’s become clear is the reverse compensation [of retransmission revenue to the networks],” he said. “Stations are keeping about 50% [of retransmission fees] and you can calculate that into cash flow now.” With sales prices hovering around 10 times cash flow over two years, “it’s as good a time to sell as you’re going to get,” said Jessell.⁶⁴

Even so, Jessell does not expect a sudden rush of station sales in 2012. Potential buyers are still uncertain about the economic recovery, he said, and FCC ownership rules still prevent the merger of big station groups. Among other things, those rules limit the number of stations a single company can own in a market and whether one company can own newspapers and broadcast stations in the same market. The FCC attempted to loosen the so-called cross-ownership ban in 2007, but the move was tied up in a legal battle and finally rejected by a federal court panel in 2011.⁶⁵ FCC action is expected in 2012 on a new proposal to allow cross-ownership of newspapers and TV stations in the 20 largest markets while keeping the TV single market ownership caps in place.⁶⁶

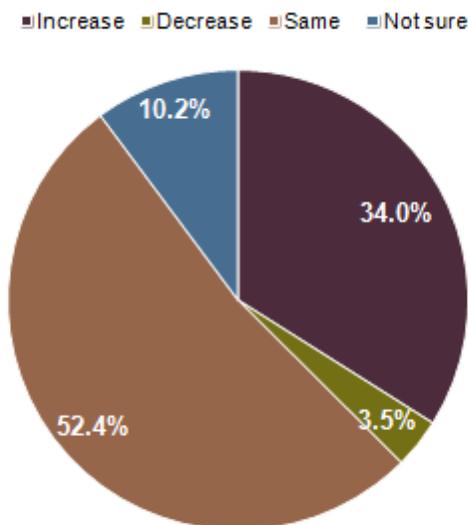
While the current rules have limited big media mergers, they haven't kept stations across the country from entering into contractual agreements to share resources, sales staff and even facilities. According to a University of Delaware study, these types of arrangements—known as “virtual duopolies”—now exist in at least 83 markets. The National Association of Broadcasters argues that these arrangements benefit communities by allowing financially troubled stations to stay on the air and continue offering free programming. Public interest groups and some Democrats in Congress have urged the FCC to rein in these agreements, calling them an outright evasion of the existing ownership rules.⁶⁷ The FCC is now considering whether these contractual arrangements should be subject to the single market ownership limits.⁶⁸ (See News Content Section for more)

News Staff

Despite the dip in revenue in 2011, stations continued to hire. According to the annual RTDNA/Hofstra University survey, a third of news directors surveyed said they expected to add staff in 2011, ten times as many as expected to cut. Robert Papper, who conducts the survey, said it's likely that total employment in the local TV news industry has now returned to the record level set before the recession. (See data section for more)

TV News Staffing Plans for 2011

Percentage of News Directors



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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Perhaps a better measure of change than total jobs is the median staff size. Papper's 2010 data shows the overall median at 30, exactly where it was five years earlier. What has changed most markedly is the median staff size in the largest markets, up 16% since 2005.

By contrast, small-market newsrooms have not grown at all.⁶⁹ “We’re doing more with the same,” said Jim Morris, news director at WABI, the CBS affiliate in Bangor, Maine. While new technology has cut processing time, the work is constant, Morris said, with more news on the air, the web and mobile platforms. According to the latest survey of TV news managers, 28.6% of what stations post online is unique to the Web.⁷⁰ “It used to be that newsgathering never ended,” Morris said. “Now, producing doesn’t end.”⁷¹

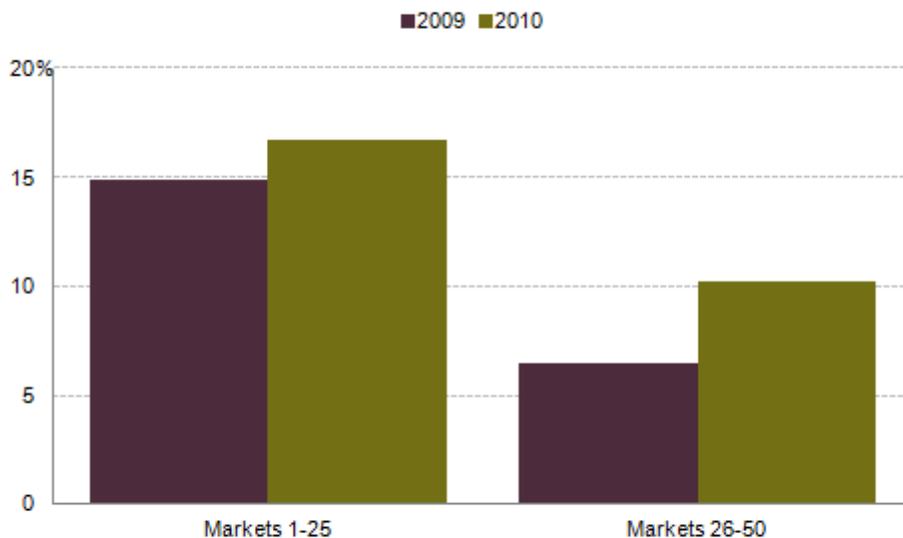
That difference may be subtle but it is also significant. The effort in local TV station newsrooms is now not simply reporting and producing broadcast news. Increasingly it is spent translating that reporting into content across multiple platforms.

Others see the same trend. Nonstop news production is the new reality, said Mark Toney of SmithGeiger. Toney says he believes most newsrooms have adjusted to it. “They’ve changed the culture, people are multitasking more and they’re more efficient,” he said. “I hope that’s not being Pollyanna-ish, but that’s what I see.”⁷²

The change in the makeup of local news staffs is reflected in the number of stations, especially in larger markets, that now employ multimedia journalists, people who shoot, report, write and edit their own stories. The use of these “one-man bands” has increased steadily at a rate of about 3% or 4% a year, according to the annual RTDNA/Hofstra study, to the point that more than 8 in 10 newsrooms now use them at least some of the time. In the smallest markets, more than half the stations rely almost entirely on these solo journalists, but that has been the case for many years. What is new is the increasing use of these one-man bands in the top 50 markets. There more than two-thirds of stations said solo journalists were part of the mix in 2010 (the most recent year for which data are available). And in the biggest markets, the top 25, more than 15% of stations said they mostly use solo journalists.⁷³

More Large-Market Newsrooms Relying on Solo Journalists

Percentage of News Directors Reporting Using One-Man-Bands



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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TV journalists haven't just seen their job descriptions change. Some saw their jobs disappear as more stations entered into management agreements with former competitors. (See Ownership Section for more) Belo, for example, shut down news operations at its Fox affiliate, KMSB, in Tucson, Ariz., and turned over news production to the Raycom-owned CBS affiliate, KOLD, which plans to add a morning newscast on KMSB. "The Tucson economy has not been good," said Peter Diaz, president of Belo Media Operations. "The way we look at it, this move allows us to increase our news product that we couldn't afford to do otherwise."⁷⁴

What happened in Tucson was just the latest cost-saving move by station owners seeking to keep news on the air but to spend less doing it.

- Two stations in Topeka, Kan., combined their news operations, leaving some journalists out of work.⁷⁵
- In Evansville, Ind., at least seven journalists at the ABC affiliate lost their jobs when Nexstar bought the station and consolidated operations under a shared services agreement with a newly independent station that had been a Fox affiliate.⁷⁶
- In Boise, Idaho, a station that lost its Fox affiliation stopped producing news and laid off its entire news staff.⁷⁷
- In Montgomery, Ala., the CBS and ABC affiliates announced plans to merge operations in one facility.⁷⁸

In a few cases, consolidation led to some hiring. About a dozen people were hired in Boise when the ABC affiliate began producing news for the new Fox affiliate.⁷⁹ The NBC affiliate in Knoxville, Tenn., hired 10 people to produce news for the Fox affiliate.⁸⁰ In North Carolina, a local cable news outlet owned by Time Warner added seven people to produce newscasts for the ABC affiliate in Greensboro.⁸¹

More hiring is expected in 2012, at least in larger markets. NBC is spending “tens of millions of dollars” to hire 130 people, increasing the total staff at the local stations it owns by more than 5%, according to Valeri Staab, president of the NBC-owned station group.⁸² Most of those stations added newscasts in 2011 to fulfill Comcast’s promise to regulators to increase the amount of local news when it acquired a majority stake in NBC earlier in the year. (See News Content Section for more) NBC also stretched its newsgathering budget by establishing partnerships between its owned and operated stations and nonprofit news organizations, including ProPublica. NBC made donations to the nonprofits but would not disclose how much. “Our new partnerships will [give] us even more resources to enterprise stories that are important to our viewers in the communities we serve and [help] us offer even more diverse programming and viewpoints,” Staab said.⁸³

Scripps Television ramped up its spending on news, especially for investigative journalism, adding reporters and producers at several of its stations. “It wasn’t research that said we should do this,” said Bob Sullivan, the vice president for content at the Scripps stations. But Scripps hopes that building investigative units will make their stations stand out in a crowded local TV marketplace. “We are not saying that we’re better than anyone else,” he said. “We’re just saying this is who we are.”⁸⁴

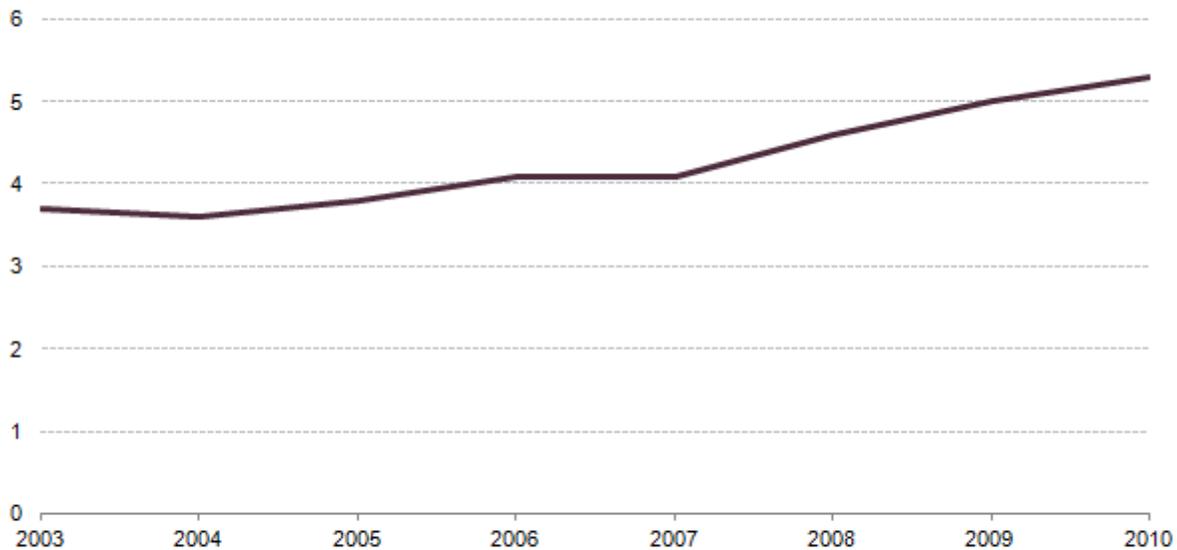
But major staff increases will likely be the exception, not the rule. Brian Bracco of Hearst Television said: “I think we’re going to be prudent on a cost basis going forward. People are making sure they are hiring the right people for the right jobs, people able to work on multiple platforms, not just loading up.”⁸⁵

News Content

As news pops up in more and more time slots, the average number of hours of news on local television stations continues to grow. In 2010, the latest year for which data exist, it hit a record of five hours and 18 minutes each weekday in 2010. And there’s every reason to expect that 2011 set yet another record. (See data section for more)

Amount of Local TV News per Weekday

Average Hours of News per Weekday, 2003-2010



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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The trend of starting morning news earlier also has picked up steam. According to Nielsen data, stations in 104 markets are now airing news at 4:30 a.m., up from 69 a year earlier. The new frontier is 4 a.m., and not just on the coasts where long commutes force many people to leave home before dawn. Stations in St. Louis,⁸⁶ Chicago⁸⁷ and Indianapolis,⁸⁸ among others, added an extra-early half-hour of morning news in 2011.

WXIN in Indianapolis, for example, now airs a six-hour local morning news block from 4 to 10 a.m., plus two hours of news starting at 4 p.m. and an hour at 10 p.m. “We joke that we should have a billboard saying, ‘Fox 59 News: We’re Probably On Right Now,’ ” news director Lee Rosenthal joked.⁸⁹

Midday newscasts made a comeback at some stations in 2011, even though news in that time slot has shown little evidence that it can grow an audience. (See Audience Section for more) Valeri Staab, president of the NBC-owned station group, argued that these midday programs also are a positive development from a journalistic standpoint. They keep a newsroom sharp, she contended. “It is too big of a break between 7 a.m. and 5 or 6 [p.m.],” she said. “The newsroom isn’t armed and ready for breaking news or breaking weather. A station does a better overall job of news if it keeps that wheel going.”⁹⁰

In a few markets, stations are beginning to offer local newscasts on their second digital channels. Brian Bracco, vice president for news at Hearst Television, whose station in Manchester, N.H., launched a 10 p.m. newscast on its digital multicast channel in January 2012, said, “It’s fresh [and] serves different communities [of viewers].”⁹¹

Not all in the industry are sold on this. NBC, for instance, abandoned its highly promoted experiment to launch local news and information digital multicast channels in each of the markets where it owns local stations. The network now plans to provide stations with a national feed with time for local news cut-ins.⁹²

One other trend that is more clearly growing is news sharing, or providing content to other media outlets once possibly seen as competitors. This has become commonplace. More than three-quarters of all TV stations provide local news to other media, according to the RTDNA/Hofstra University survey. Local radio outlets are the most common partners, involving just under half of the stations surveyed. And about a third of television news directors said they provide news for another local or nearby TV station.⁹³

The implication of the increase in news time and the availability of news on additional stations is that viewers have more distinct local TV news options to choose from. But a major FCC report released in 2011 said almost a quarter of TV stations air no local news at all.⁹⁴ And new research found that at least some of the stations that do air local news offer little more than reused material from another station, so that in the end there is actually less original content for viewers to choose from.

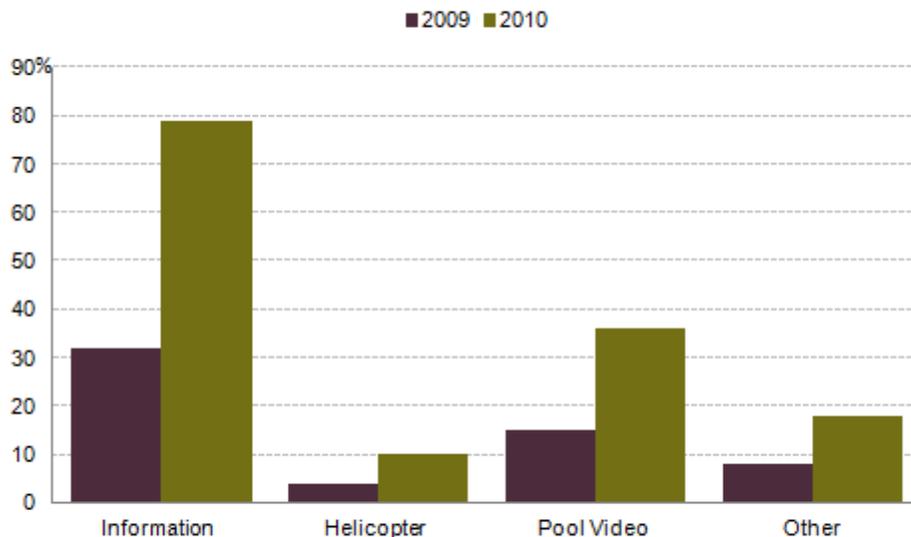
The study by the University of Delaware found that stations in eight markets with shared services agreements did not deliver unique content most of the time.⁹⁵ “For the most part, you have an overlap where the same stories appear on two stations,” said Danilo Yanich, a researcher at the University of Delaware’s Center for Community Research and Service, “and the overlap is mostly script and video — a different person saying the exact same words.”⁹⁶

Hofstra’s Robert Papper said the study’s conclusions are limited because in most of the markets studied an existing newsroom was eliminated. In the vast majority of cases where one station produces news that airs on another, “stations that never ran news are running it now and offering viewers a convenience,” Papper said.

Stations are not just producing news for other media outlets. Well over half the stations surveyed (59%) also cooperate with other local TV stations, newspapers, radio stations or other outlets in news gathering or coverage. That’s exactly the same percentage as the year before, but the amount of sharing was up sharply. In every category, the percentage of stations sharing more than doubled from 2009 to 2010. This suggests these arrangements have outlasted the experimental stage and are becoming ingrained in the local TV news culture.

Local TV Stations Sharing More Resources With Other Media

Percentage of Resources News Directors Share



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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What is harder to calculate is the impact on the journalism of having less time to work on each story because of the demands of constant production and the growth in the number of hours of news. Research from PEJ earlier in the decade found that more time to work on stories was associated with ratings growth. But time may be a luxury that local TV newsrooms simply no longer can afford in the age of digital news.

Digital Content

More than two-thirds of local stations surveyed in 2010 said they take a three-screen approach to news production, sharing it on TV, online and on mobile devices. One question some industry professionals raise is why that number wasn't higher. It did not budge from the year before, despite an improved economy and clear evidence that today's news consumers get local information from multiple sources, including smartphones and tablets. Since virtually every television station that produces local news now has a website, the data imply that the local TV industry remained behind other competitors in 2010 when it came to distributing news on mobile devices.

Some in the industry believe that may have changed somewhat in 2011. "People will look back at 2011 and say, 'That was the year we got it,' " said Jerry Gumbert of AR&D.⁹⁷

Some local stations already have tapped new audiences and new revenue streams with mobile apps and social media. The NBC affiliate in Orlando, Fla., WESH, for example, offered updates on the Casey Anthony trial via a 99-cent smartphone app that became an iTunes best-seller.⁹⁸ The station also launched a dedicated Facebook page that picked up more than 275,000 followers, six times as many as

the main WESH page on Facebook.⁹⁹ The Fox station in Los Angeles, KTTV, took a similar approach during the trial of Dr. Conrad Murray in the death of Michael Jackson.¹⁰⁰

Social media also became a more important platform for many local TV stations during severe weather in 2011. KOMU in Columbia, Mo., used its Facebook page to help coordinate the response to the tornado that devastated Joplin in May.¹⁰¹ Stations along the East Coast, including WWBT in Richmond, Va., posted regular social media updates on Hurricane Irene to reach people without power who could not watch its nonstop TV coverage. “That’s a leap forward over anything I saw last year,” said Mark Toney of SmithGeiger.¹⁰²

There are indications that local TV’s use of social media will grow even more, partly due to collaboration with outside vendors. Ten major broadcast groups, which between them own 200 stations, will launch a broader social media effort in 2012 in partnership with ConnecTV, a web and mobile service that allows users to interact with viewers watching the same programs. Roger Keating, senior vice president for digital at Hearst Television, one of the groups involved, calls the move a departure for local broadcasters, who up to now have focused on developing their own apps for specific local programs or channels. “We wanted as local broadcasters to find a way to really encourage and enhance the dialogue around our shows in a real-time basis,” he said.¹⁰³

Some expectations for 2011 didn’t materialize. Some broadcasters expected 2011 to be a breakout year for mobile broadcast television, but it did not happen. A coalition of a dozen major broadcast groups is still working on plans to broadcast free digital signals to portable devices. “We’ll have local broadcasts on smartphones in the not-too-distant future,” Hearst’s Brian Bracco predicted.

But apparently hurdles remain, including how to measure usage for advertising purposes, how to manage rights fees for sports events and other programs, and how to persuade device manufacturers to install TV broadcast receivers.¹⁰⁴ Some observers say it could be at least another year before those problems are worked out.¹⁰⁵

In the meantime, broadcasters are looking for other ways to offer video that is as mobile as the audience. Scripps-owned stations in nine markets now offer a free mobile app that can deliver live streaming content to smartphones and tablets during breaking news or severe weather.¹⁰⁶

The ability to watch live, local television on handsets could have a substantial impact on the future of the industry. SmithGeiger’s Mark Toney said, “You read gloom and doom about the demise of broadcast, but research says consumption may double when it’s able to be seen on mobile devices.”¹⁰⁷

Continue reading Local TV: By the Numbers

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Local TV: By the Numbers

By Deborah Potter of NewsLab, Katerina-Eva Matsa and Amy Mitchell of PEJ

“By the Numbers” houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

For local television stations, 2011 was a year of lower revenue and slightly higher viewership, on average. The revenue decline came as no surprise in a non-election year when political advertising was scarce. And the increase in viewership in some key time slots came as welcome news after four years of decline.

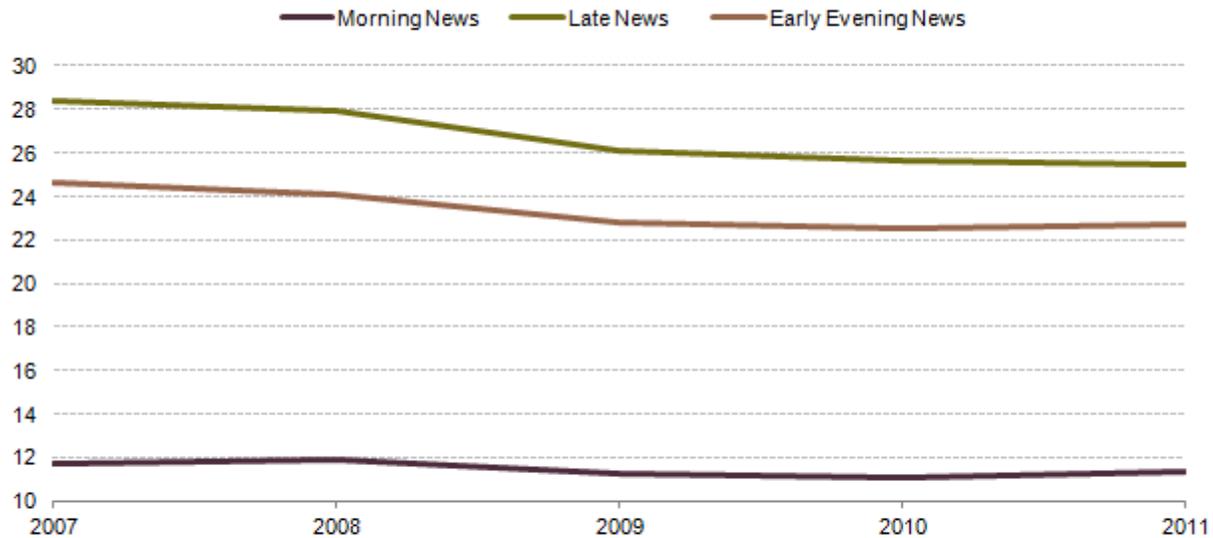
Audience

The traditional audience for local television news showed new signs of life in 2011. Viewership was up in two key time slots, morning and late night, while the audience shrank only slightly for early evening news. PEJ analyzes Nielsen Media Research data about stations for all four major sweeps periods —

February, May, July and November – and computes national averages for each time slot. We then compare those averages year -to year. When calculating annual averages for the past five years, however, we have left out all February data because there were no comparable data from 2009. Ratings were collected in March that year because of the planned switch from analog to digital broadcasting.

Local News Viewership Recovers Somewhat in Key Time Slots

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here

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2012 STATE OF THE NEWS MEDIA

[SEE FULL DATA SET](#)

Late local newscasts (11 to 11:30 p.m. Eastern Time or equivalent) on network-affiliated stations showed the strongest growth year to year. Modest declines in July and November were far outweighed by a sharp increase in February, a month dominated by the upheaval in Egypt and Libya. Over all, the audience grew by 3% compared to an average 1.9% loss the year before.¹ These data do not include the hour-long 10 p.m. newscasts on many Fox affiliates, which are analyzed separately.

Late Local Newscasts Gain Viewers

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	24.203	27.607	14.1%
May	26.706	27.042	1.3
July	24.144	23.963	-0.7
November	26.129	25.635	-1.9
Average	25.296	26.062	3.0

Source: Nielsen Media Research, used under license

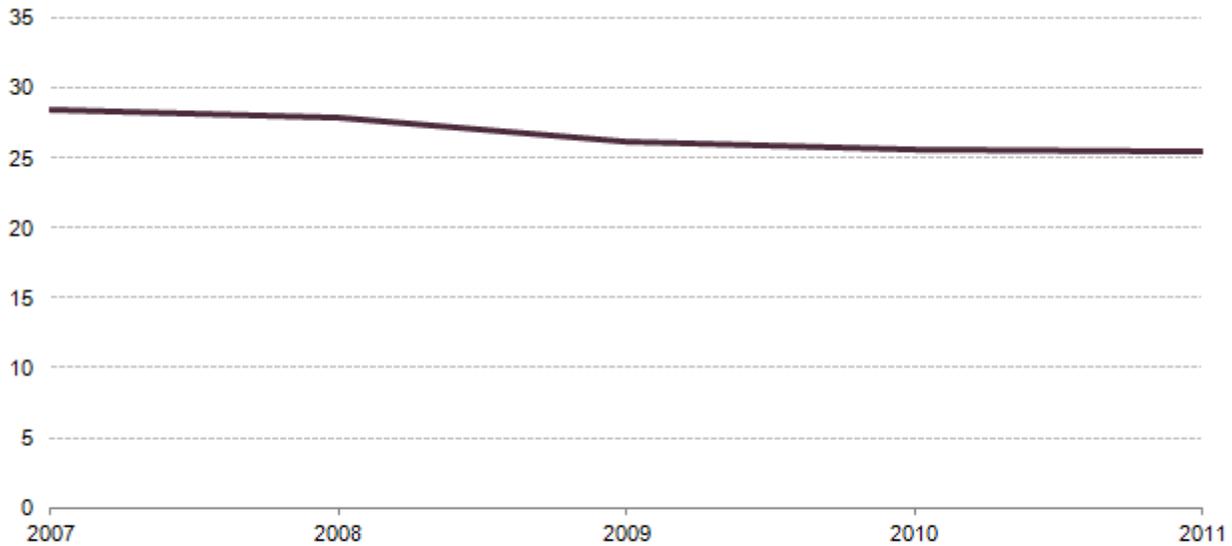
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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2012 STATE OF THE NEWS MEDIA

Late newscasts following prime time had lost viewers at a faster rate than any other traditional time slot over the previous four years. In 2011, they bucked that trend, but their audience was still 10.1% smaller

Late Local News Viewership Stabilizes

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here. February was the month that drove the overall increase for late news in 2011, and therefore without February, the trend line is flat.

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[SEE FULL DATA SET](#)

Morning news (5 to 7 a.m. Eastern Time or equivalent) also showed some growth in 2011. Slight declines in February and November were more than offset by gains of about 3% in May and July. Over all, the average gain was 1.4%, compared to a loss of 1.3% the year before.²

Morning Local Newscast Viewership Increases

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	13.093	13.048	-0.3%
May	11.907	12.327	3.5
July	9.449	9.730	3.0
November	12.116	12.093	-0.2
Average	11.641	11.810	1.4

Source: Nielsen Media Research, used under license

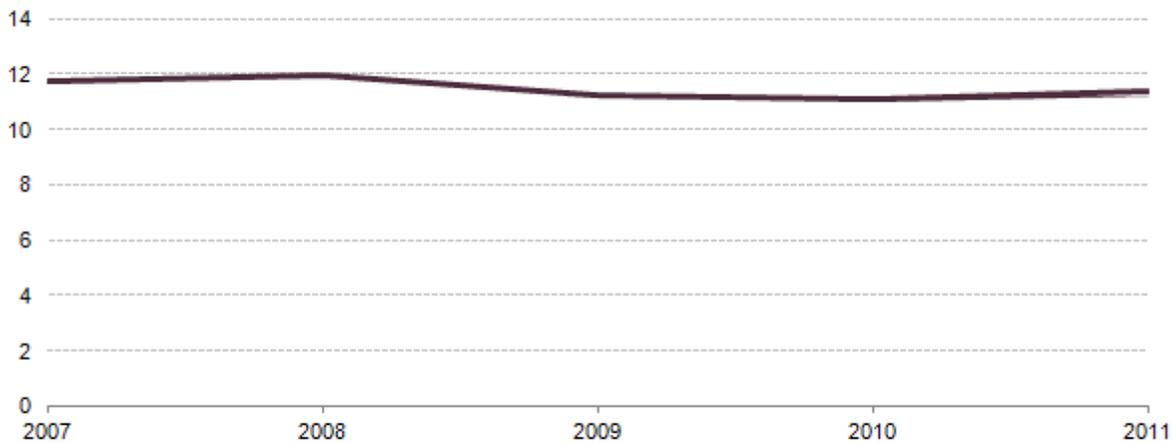
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA

Over the past four years, morning news has been the most consistent performer of all local news programs, but the average audience has still declined by 3.3% since 2007.

Morning Local News Viewership Holds Steady

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here

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Early evening local news programs (5 to 7 p.m. Eastern Time or equivalent) on network affiliates had another roller-coaster year: Down in February, up in May and July and down again in November for an overall average decline of 1.3%. Unlike late newscasts, which include international news and gained viewers in February thanks in part to high interest in the upheaval in the Middle East, early evening newscasts tend to be focused on local news and lost viewers in February. The end result was a loss almost equal to the year before, when early evening news programs shed 1.1% of their viewers, on average.

Early Evening Local News Loses Viewers

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	27.883	26.305	-5.7%
May	21.992	23.383	6.3
July	21.417	21.622	1.0
November	24.355	23.126	-5.0
Average	23.912	23.609	-1.3

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

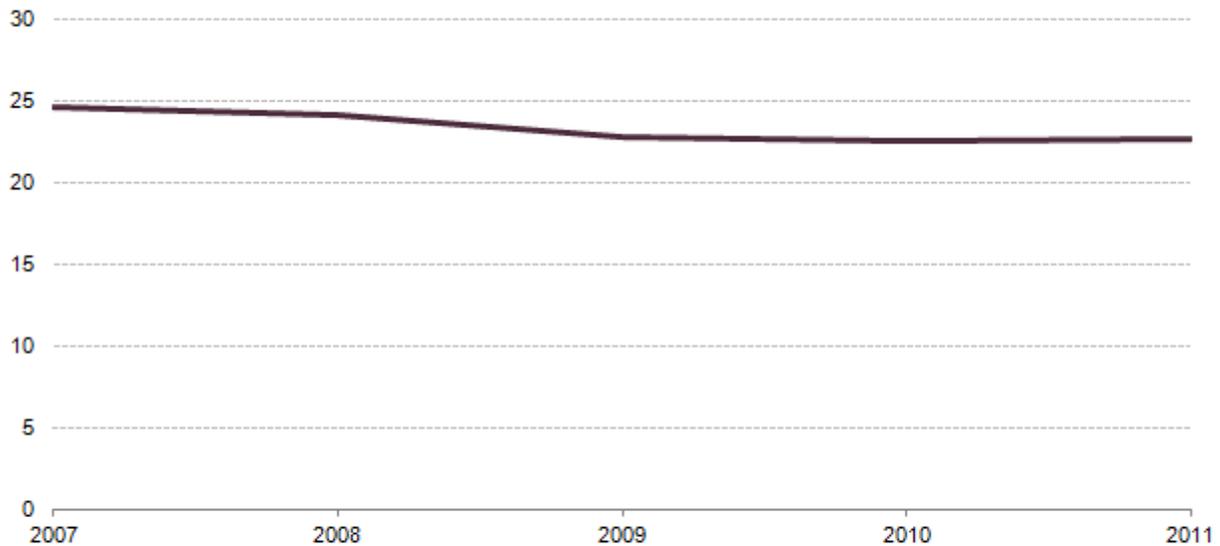
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Early evening newscasts on local network affiliates have been struggling and failing to retain viewers for years. Over the past four years, these programs have lost 8% of their audience.

Early Evening Local News Viewership Fails to Recover

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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A troubling pattern noticed over the past two years continued in 2011. Our analysis found that share outperformed ratings for all key time slots in most sweeps periods. Ratings measure the percentage of households with TVs that are tuned to a particular program. Share measures the percentage of people whose TVs are turned on at a particular time and who are tuned to a specific program. When share goes up more than ratings or stays steady while ratings decline, it means a program has fewer total viewers but a larger percentage of the available audience. So local TV newscasts in the traditional time slots are losing viewers, in part, because people are not watching television at all when the news is on.

Local News: Change in Ratings

Percentage Change, 2010 to 2011

Sweep Month	Evening News	Late News	Morning News
February	-8.3%	-0.9%	0.0%
May	6.0	-1.9	4.5
July	-2.4	-2.1	2.8
November	-4.3	1.0	4.4

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Local News: Change in Share

Percentage Change, 2010 to 2011

Sweep Month	Evening News	Late News	Morning News
February	-2.6%	8.3%	0.0%
May	8.8	2.7	-2.1
July	0.0	0.0	0.0
November	0.0	2.8	0.0

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Midday newscasts on local stations drew more viewers in 2011 than the year before in three of the four sweeps periods. But due to a sharp drop in February, the average audience fell by 1.7%.

Midday Local Newscasts Lose Viewers

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	9.566	8.799	-8.0%
May	7.698	7.882	2.4
July	7.956	7.974	0.2
November	7.859	7.865	0.1
Average	8.270	8.130	-1.7

Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

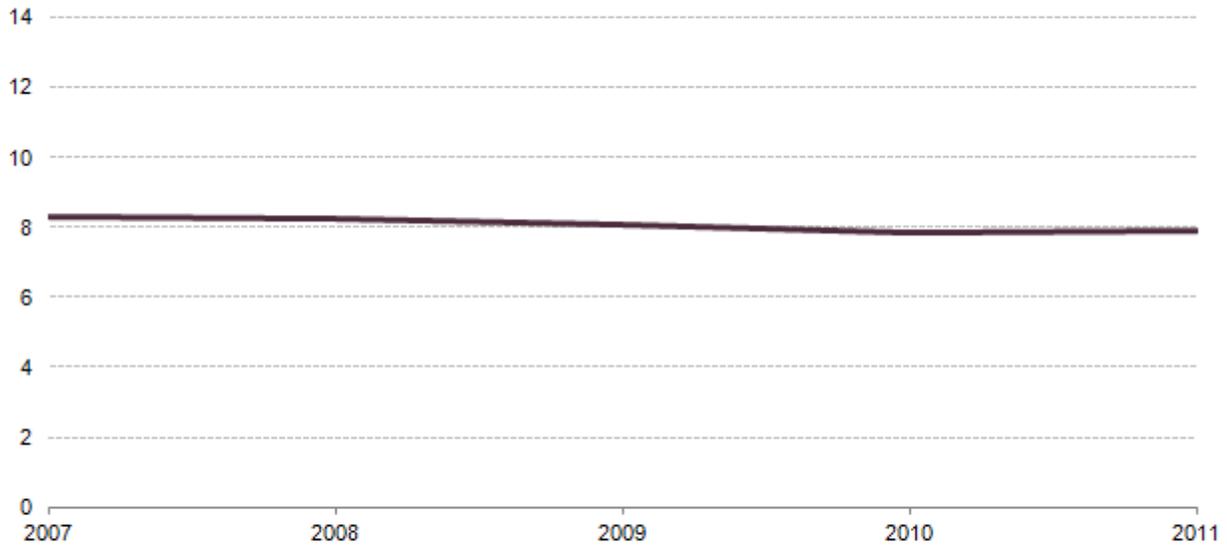
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News at midday has fared somewhat better than the traditional early evening and late time slots over the past four years. But the average audience still has dropped by a little over 5%.

News at Midday Shows No Gain in Viewers

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

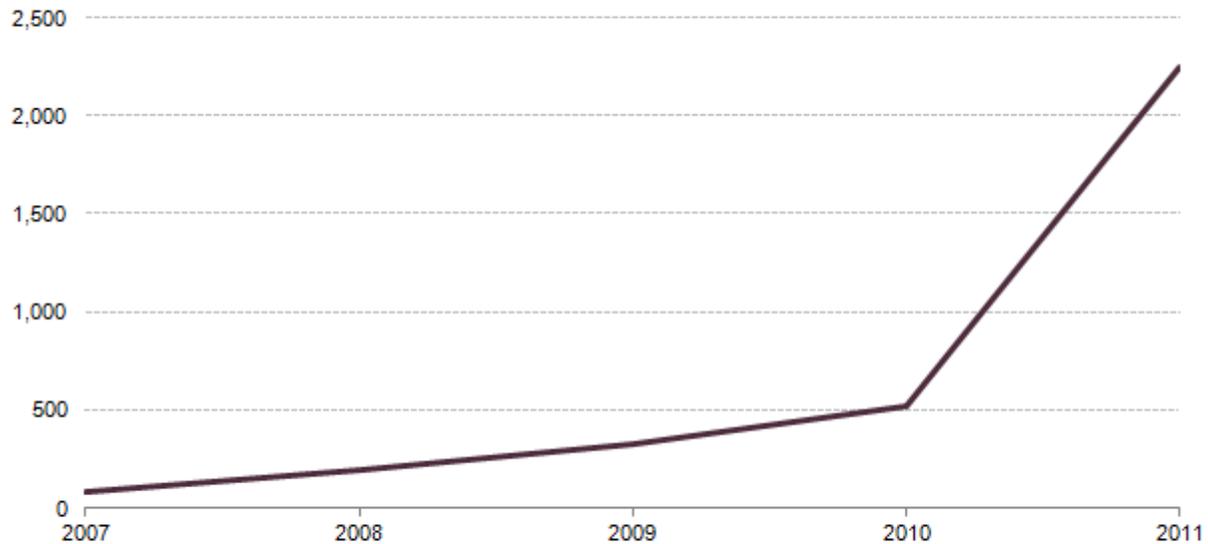
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Morning news at 4:30 a.m. showed the greatest growth of any time slot by far in 2011, as more stations launched newscasts at that very early hour. Early morning news was on the air in 104 markets in 2011, compared to 69 the year before, according to Nielsen data. By PEJ's count, the number of stations airing news at that hour doubled for the second year in a row, from 109 in 2010 to 215 in 2011, and viewership soared more than 330%, although the total number of viewers is still relatively small. (See essay for more)

Very Early Morning Viewership Takes Off

In Thousands of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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Local news at 7 p.m. Eastern Time or equivalent (after the network news or early evening local news) finished the year flat. In 2010, viewership for this nontraditional time slot was up a little over 2%.

Audience Flat for Local 7 P.M. Newscasts

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	12.999	12.627	-2.9%
May	10.599	11.104	4.8
July	10.340	10.465	1.2
November	11.749	11.493	-2.2
Average	11.422	11.422	0.0

Source: Nielsen Media Research, used under license

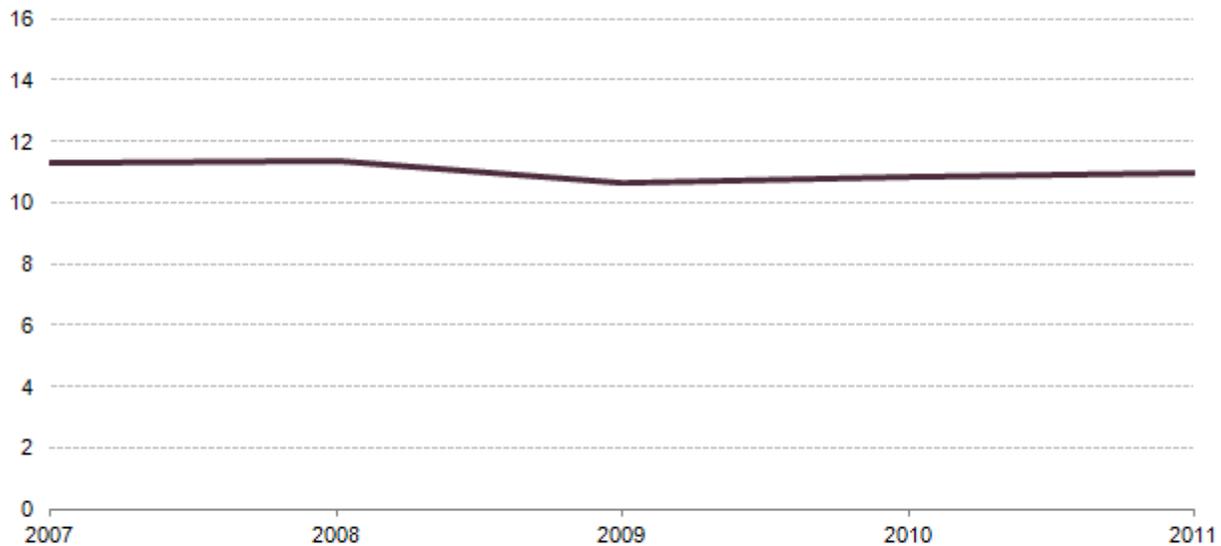
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

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Over the past four years, newscasts on network affiliates in this nontraditional time slot have lost 2.6% of their audience, a far better result than the 8% loss suffered by evening newscasts that air two hours earlier.

Local 7 P.M. Newscast Viewership Stays Flat

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

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Local News on Fox Stations

Many Fox affiliates air an hour-long newscast at 7 a.m. Eastern Time or equivalent because, unlike the other three commercial networks, Fox does not provide a morning newscast for its stations. For the first time since 2008, these local newscasts did not lose viewers.

Local Fox Morning News Viewership Holds Steady

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	2.578	2.587	0.3%
May	2.318	2.255	-2.7
July	1.901	1.918	0.9
November	2.200	2.277	3.5
Average	2.249	2.259	0.4

Source: Nielsen Media Research, used under license

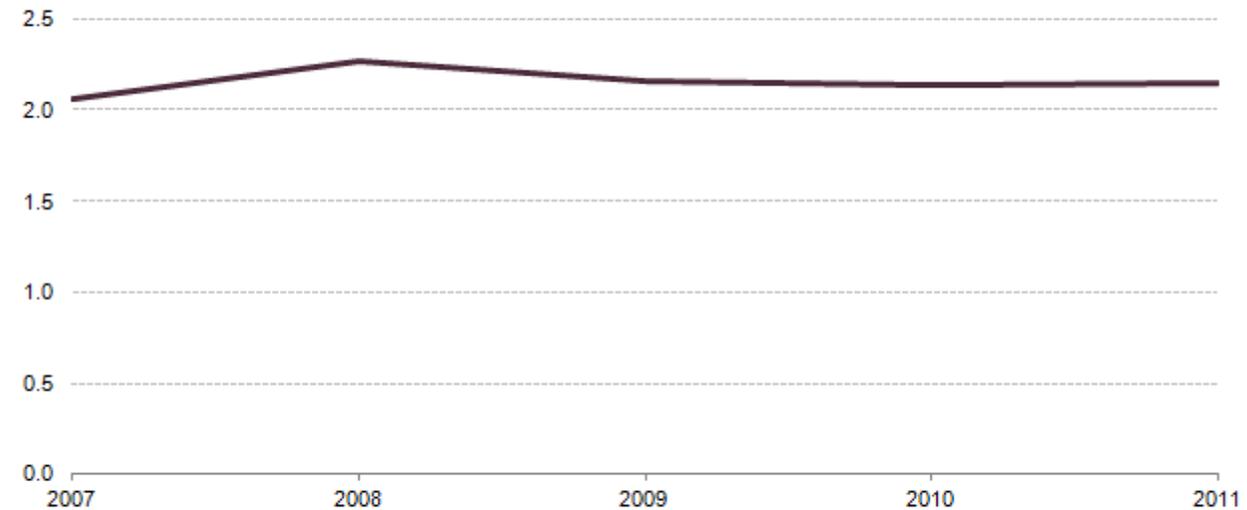
Note: Numbers represent Fox affiliates only

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After losing almost 5% of their audience in 2009, morning newscasts on Fox affiliates have seen no additional erosion over the past two years.

Local Fox Morning Newscasts Maintain Viewership

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates only

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There was no good news, however, for the hour-long prime-time newscasts on Fox stations (10 p.m. Eastern Time or equivalent). While the audience losses in this time slot were not as steep as in 2010, when viewership was down almost 5% over all, the Fox local newscasts still lost viewers while the audience increased for the half-hour newscasts on ABC, CBS and NBC stations that air an hour later.

Fox Affiliates Lose Viewers in Prime-Time Local Newscasts

In Millions of Viewers

Sweep Month	2010	2011	Percentage Change
February	7.571	6.933	-8.4%
May	7.318	6.944	-5.1
July	5.751	5.343	-7.1
November	5.197	5.617	8.1
Average	6.459	6.209	-3.9

Source: Nielsen Media Research, used under license

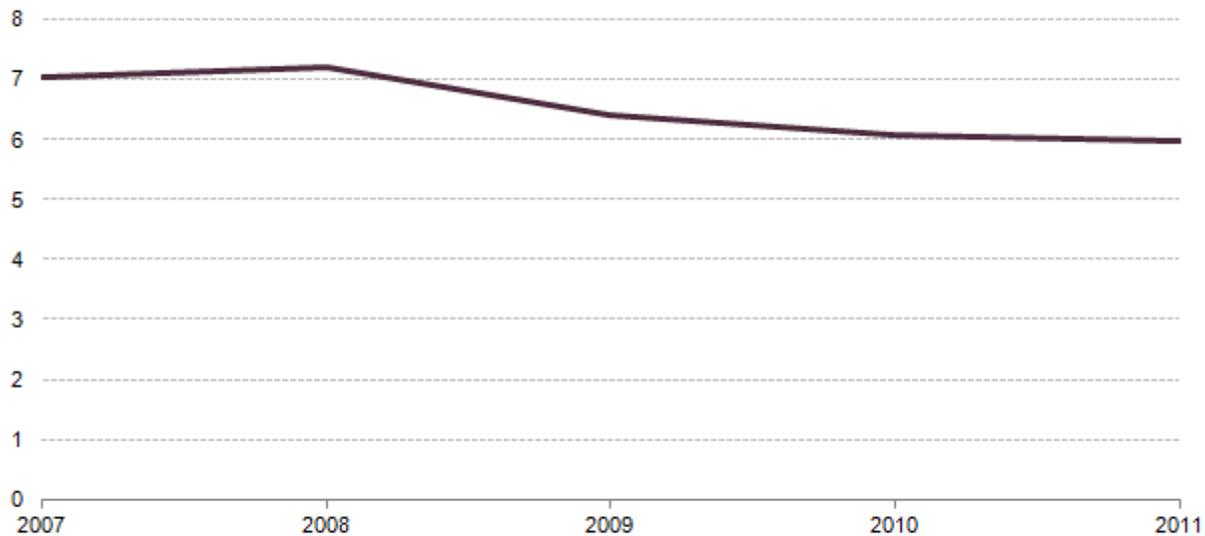
Note: Numbers represent Fox affiliates only

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The long-term trend for prime-time newscasts on Fox affiliates has been one of the most negative of any news time slot. Over the past four years, these programs have lost 15% of their viewers, almost twice the percentage loss suffered by the worst-performing traditional time slot (the 10.1% loss recorded by 11 p.m. newscasts).

Viewership for Prime-Time Local Newscasts on Fox Affiliates Declines Sharply

In Millions of Viewers



Source: Nielsen Media Research, used under license

Note: Numbers represent Fox affiliates only

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Local News on Independent Stations

Once again, independent stations outperformed network affiliates on average year to year, gaining audience in every time slot except at midday. Independent stations account for less than 3% of the total local TV news audience, however.

Total News Viewership for Independent Stations

In Thousands of Viewers

Time Slot	2010	2011	Percentage Change
4:30-5 a.m.	11	44	300.0%
5-7 a.m.	144	155	7.6
7-8 a.m.	226	342	51.3
Noon-1 p.m.	168	135	-19.6
5-7 p.m.	290	381	31.4
7-7:30 p.m.	84	117	39.3
10-11 p.m.	626	916	46.3
11-11:30 p.m.	169	193	14.2

Source: Nielsen Media Research, used under license

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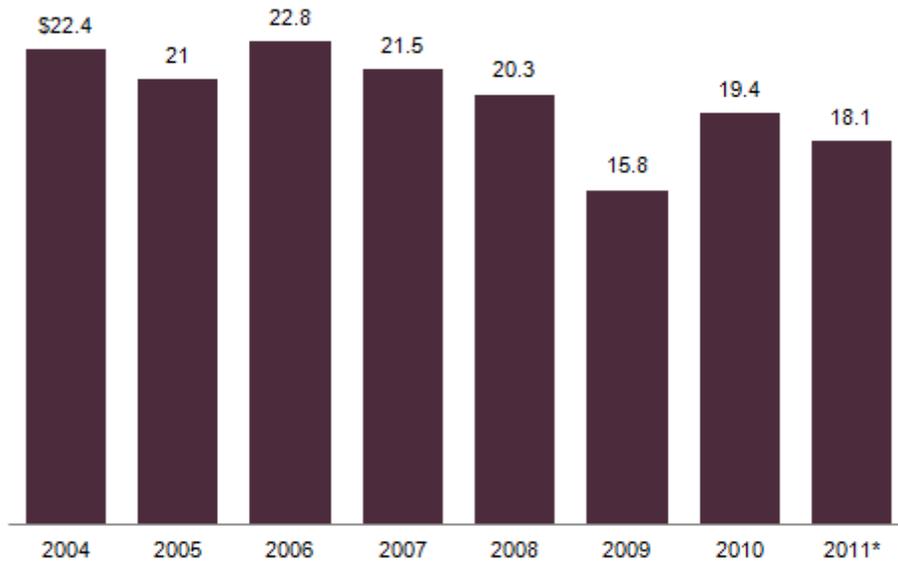
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Economics

The sluggish economy combined with the lack of political advertising in a non-election year meant a drop in revenue for local TV stations in 2011. BIA/Kelsey estimated total 2011 ad revenue for local stations at \$18.1 billion, down about 6.7% from 2010.

Local Broadcast TV Advertising Revenue Decline in 2011

Total Value in Billions of Dollars



Source: BIA/Kelsey

Note: 2011 is an estimate

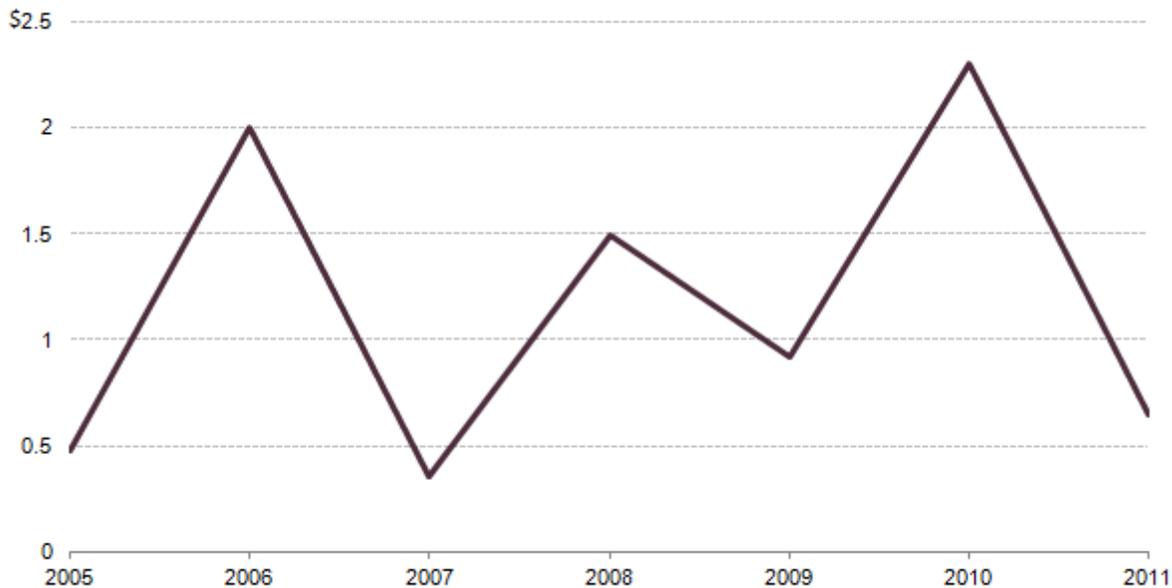
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While the decline in political ad revenue was predictable, it was more precipitous than might have been expected. Total political spending on local TV in 2011 plunged to a lower level than in the previous non-election year, even though a Supreme Court ruling in 2010 eliminated spending caps on corporations, unions and other interest groups.

Political Ad Spending on Local TV Drops Sharply

In Billions of Dollars



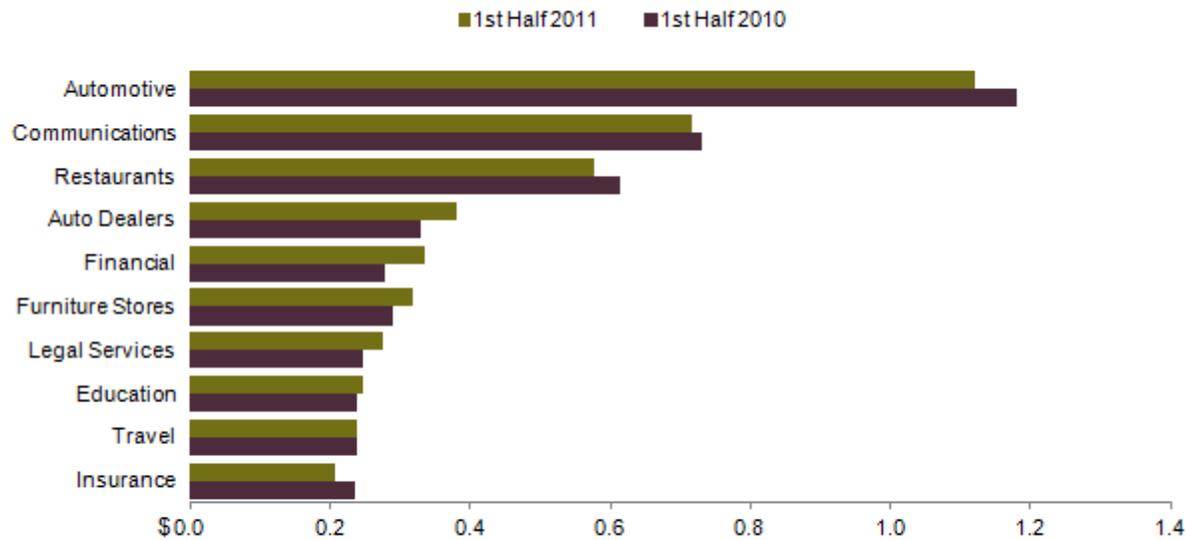
Source: TVB, Kantar Media/Campaign Media Analysis Group

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The loss was not attributable just to the lack of political ads. Local broadcasters also faced a noticeable drop-off in car ads (down 5%), their largest single spot advertiser, and restaurants (down 5.9%). Other sectors showed healthy increases year-to-date, including financial (up 21%) and auto dealers (up 15.4%).

Advertising in Top Local Broadcast Categories Declines

In Billions of Dollars



Source: TVB, Kantar Media/Campaign Media Analysis Group

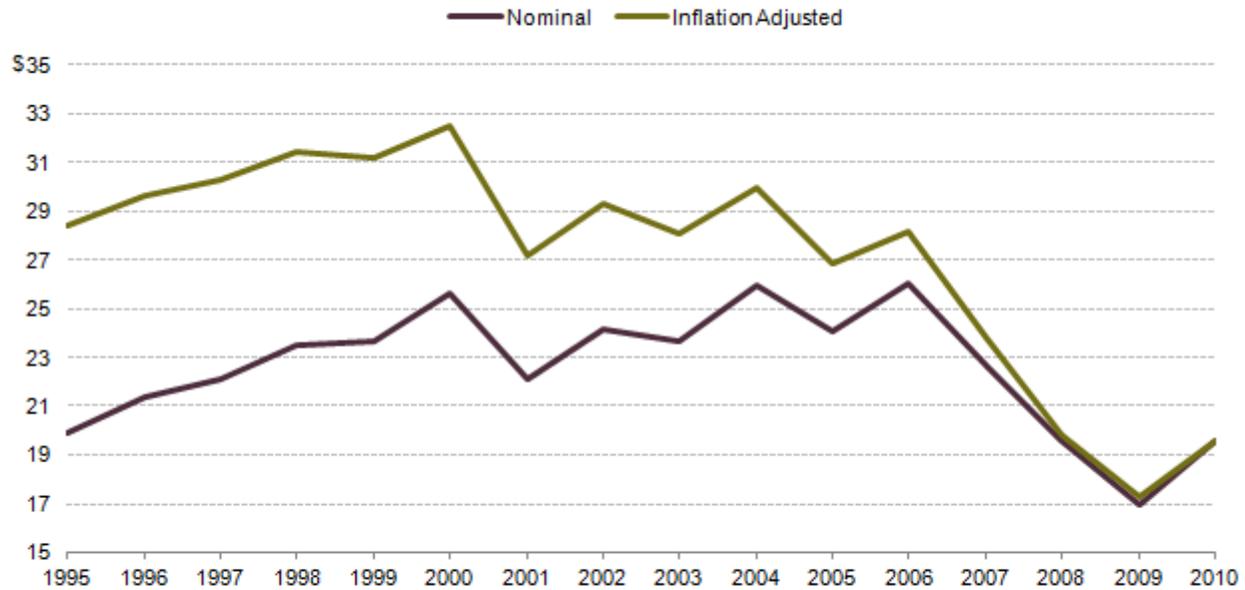
Note: Includes both local and national spot activity in the 101 markets measured by Kantar Media

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Longer-term data show that local television is not the lucrative business it once was. Even with the improvement in 2010, average revenue for news-producing stations has dropped by 27% in the past five years when adjusted for inflation.

Average Advertising Revenue Bounced Back for News-Producing Stations in 2010

In Millions of Dollars



Source: BIA/Kelsey and PEJ Research

Note: Inflation adjustment is based on 2010 dollars. Only commercial English-language stations broadcasting news programs are included.

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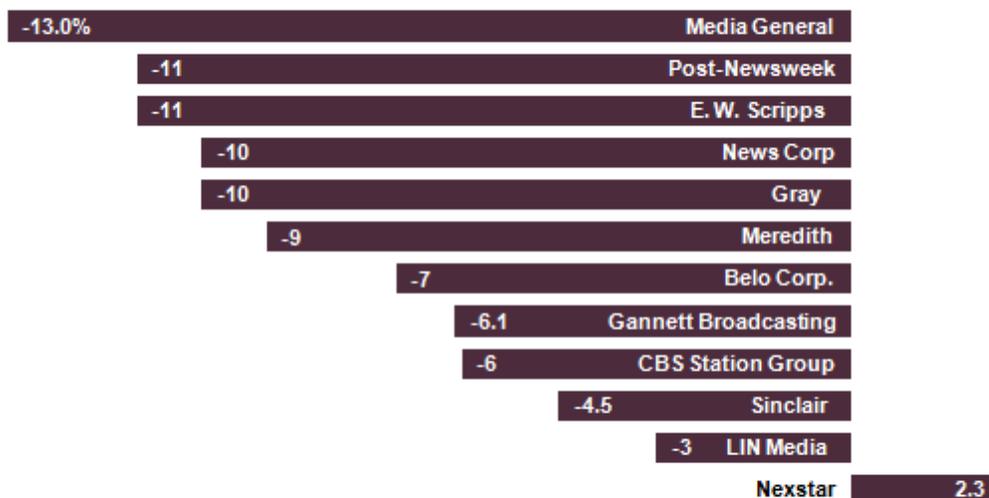
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Third-quarter numbers from television ownership groups were down from the year before but not nearly as sharply as in 2009, in the depths of the recession.

Local TV Station Groups' Revenue Declined in Q3 2011

Percentage Change of 2011 Third Quarter vs. 2010 Third Quarter Revenues



Source: News Reports

Note: Q3 2011 revenue vs. Q3 2010

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Broadcast stations continue to face a threat from cable channels in the battle for local spot advertising.

In 2011, estimates indicate that spending on broadcast declined while spot advertising on cable grew by more than 9%. Projections call for growth on the cable side to continue outpacing broadcast in coming years.

Broadcast Stations Battle with Cable for Local Spot Ads

In Billions of Dollars

	Broadcast Local Spot		Cable Local Spot	
	Spending	Growth	Spending	Growth
2013 (est.)	\$11.3	1.9%	\$6.9	9.7%
2012 (est.)	11.5	7.9	6.3	12.5
2011 (est.)	10.7	-4.2	5.6	9.2
2010	11.1	10.8	5.1	12.3
2009	10	-24.7	4.6	-20.5
2008	13.3	-6.7	5.7	5.5
2007	14.3	-4.8	5.5	11.1

Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011-2015

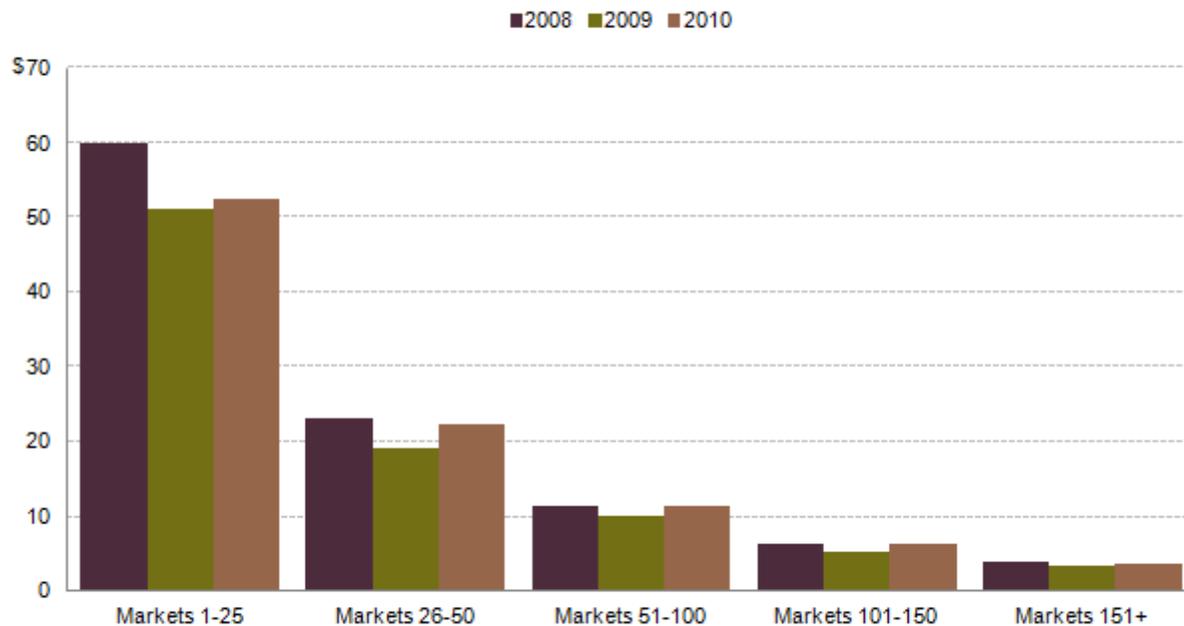
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Stations in all market sizes gained revenue on average in 2010, the last year for which data are available. But the gains were not spread evenly. Stations in the top 25 markets lagged behind stations in all other market sizes, which mostly made up their losses from 2008. What's more, the top 25 trailed the midsize markets (26-50) in the dollar amount gained, even though they take in far more money so their total dollar gain would have been expected to be greater.

Largest Markets Fail to Make Up for 2009 Losses

Average Revenue in Millions of Dollars



Source: BIA/Kelsey and PEJ Research

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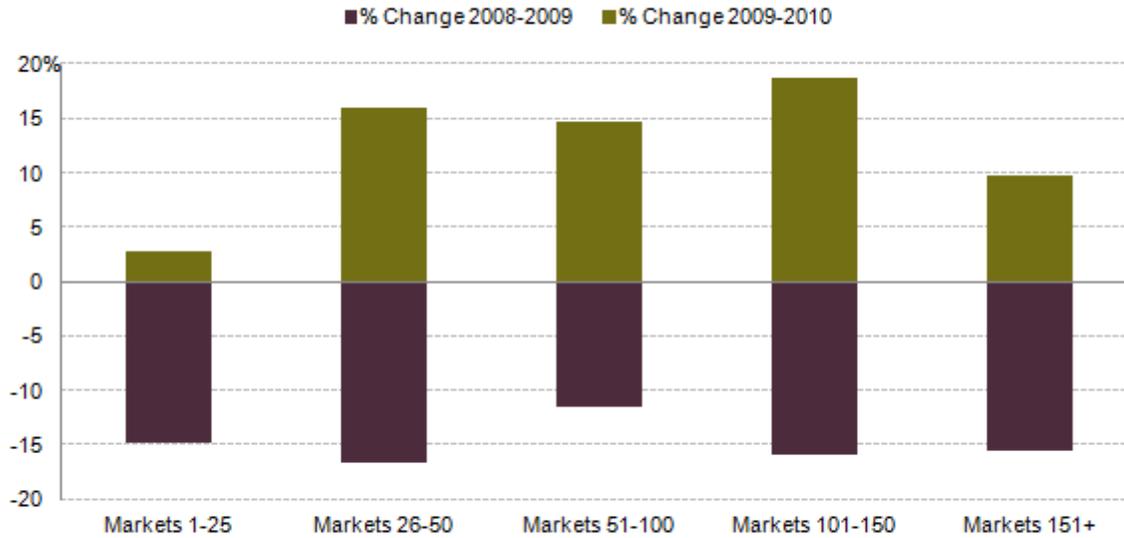
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The gap is even starker when seen in terms of percentage gains instead of dollars. While the pain in 2009 was spread almost evenly across market sizes, the gain in 2010 was not. Then largest markets gained less than 3%, less than a third as much as the smallest markets (151+) and less than a fifth of the markets in between, which gained 16.1% on average.

Largest Markets Saw Smallest Revenue Gain in 2010

Percentage Change of Average Revenue per Market Grouping for 2008-2009 and 2009-2010



Source: BIA/Kelsey and PEJ Research

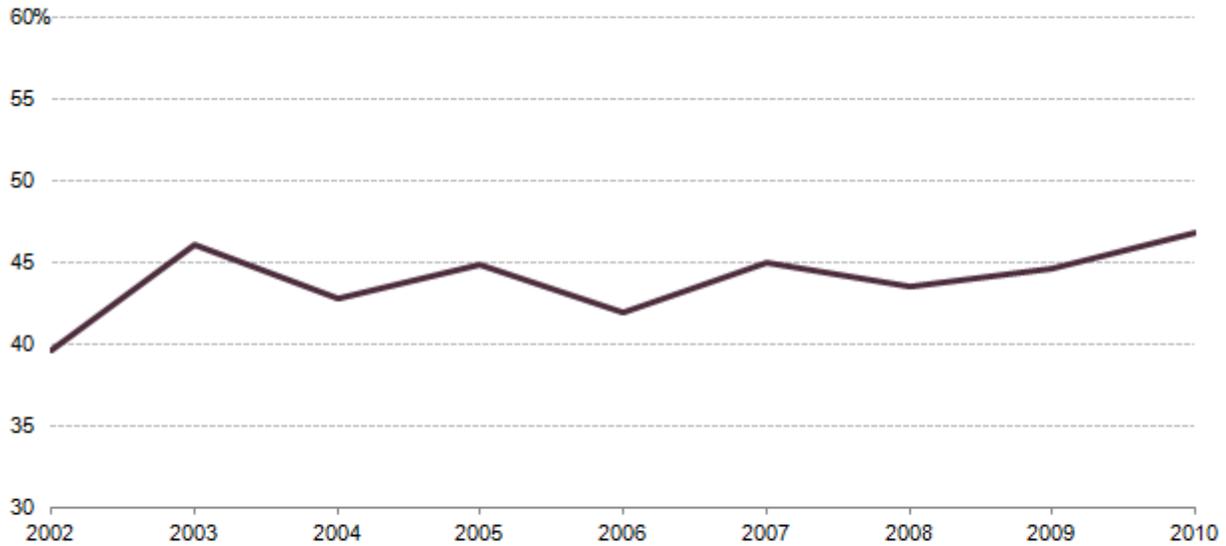
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Advertising on news programs has long been the most important single contributor to local stations' bottom lines and in 2010 it set a record, providing 46.8% of the average station's revenue, according to a survey of news directors. That is probably due to the continued expansion of news time on local television, which also set a record in 2010.

News Programs Provide More Revenue to Local TV

Percentage of Local TV Stations Revenue



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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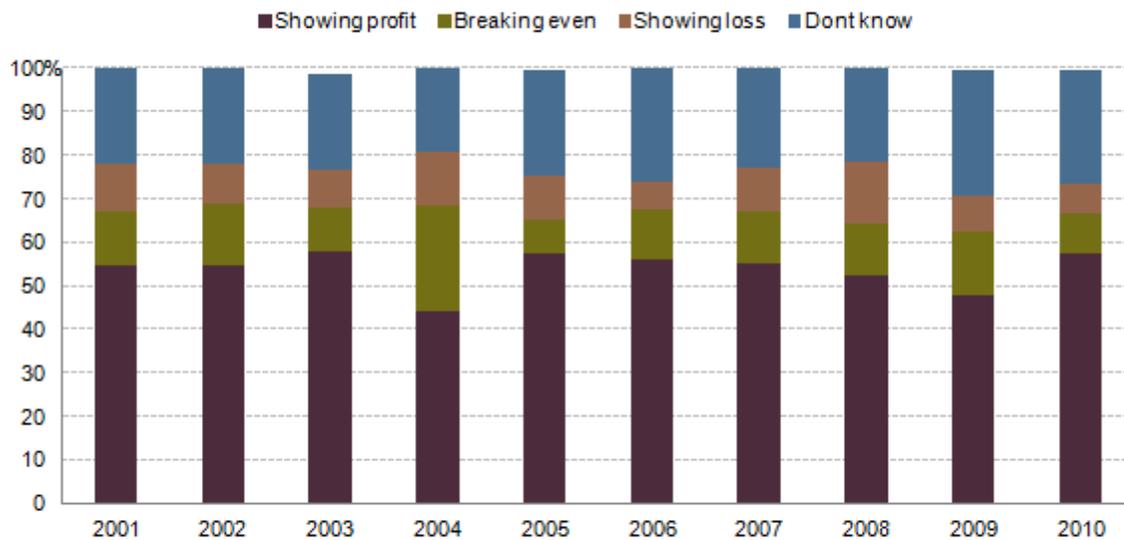
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After taking a nosedive in 2009, the profitability of local TV newscasts has bounced back. Almost 60% of news directors said their stations made a profit on news in 2010, compared to less than half the year before.

Local TV News Profitability Bounced Back in 2010

Percentage of Local TV News Stations Reporting Profitability



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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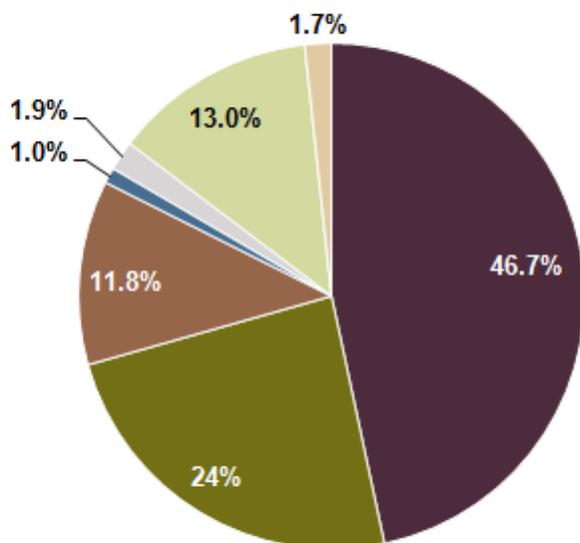
Digital Revenue

Online advertising revenue continued to add to the bottom line at local TV stations in 2011, an estimated total of more than \$1.85 billion, according to Borrell Associates. Television stations also captured a larger share of all local online advertising - 11.8% compared to a revised estimate of 10.5% in 2010, according to the Borrell data. Online's importance to the bottom line is increasing as well, making up 6.9% of the total revenue reported by broadcast television companies in 2010 compared to about 3.7% three years before.

Local Television's Share of Local Online Advertising Increased in 2011

Percentage of Local TV Online Ad Dollars Share

■ Pure Play ■ Newspapers ■ Local TV ■ Cable/Satellite ■ Radio ■ Directories ■ Magazines/Other Print



Source: 2011, Borrell Associates Inc. All rights reserved.

Note: Pure play refers to companies that are online only

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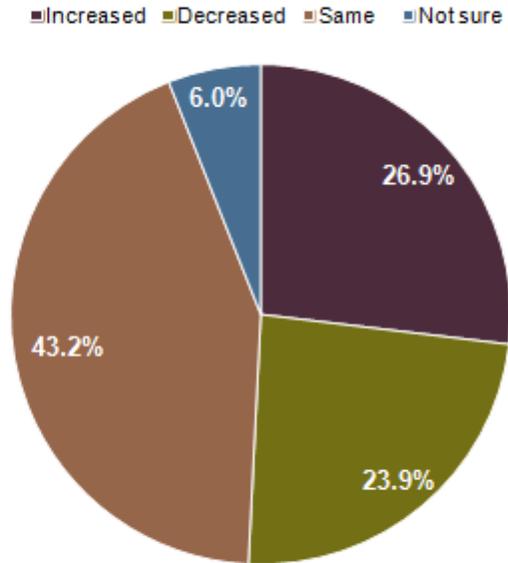
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News Budgets

The economic recovery and a flood of political ad dollars allowed for greater stability in newsroom budgets in 2010. Only about a quarter of news directors surveyed said they had to make cuts compared to two thirds the year before. And more than twice as many either increased their budgets or saw spending levels stay the same compared to the year before.

Local TV Newsroom Budgets Stabilized in 2010

Percentage of News Directors That Said Their Budgets Increased, Decreased, Stayed the Same, and Not Sure



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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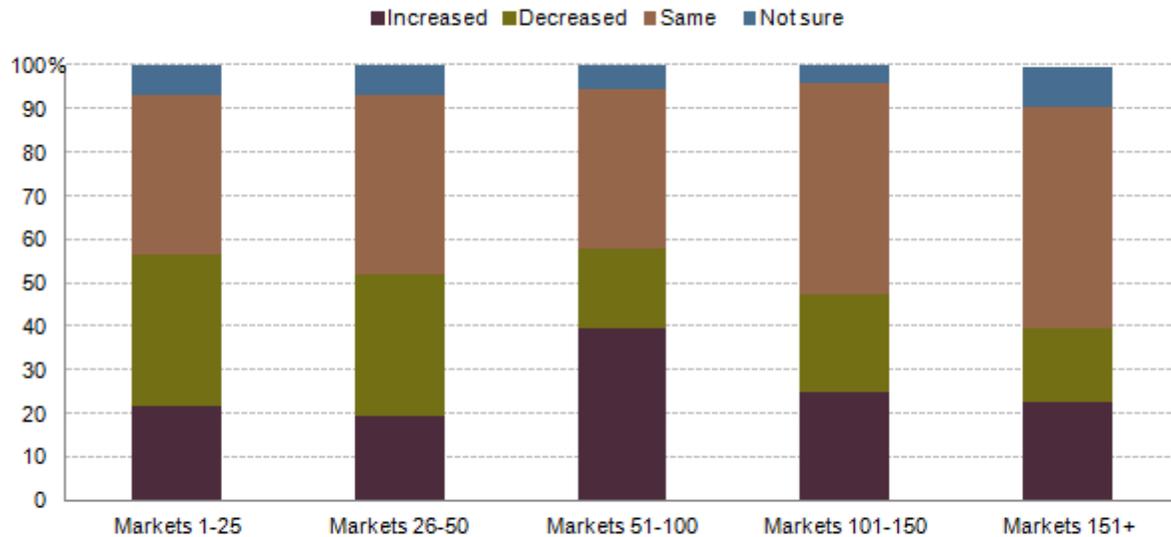
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The improved budget picture was not spread evenly across market sizes. The percentage of news directors saying they spent more was highest in midsize markets (51-100), with almost 40% having increased their budgets compared to just 20-25% in all other market sizes. The data reflect the fact that midsize markets had more making up to do from the year before when three-quarters of stations in midsize markets took a hit compared to less than two-thirds in other market sizes.

More Mid-size Market Stations Saw Higher News Budgets in 2010

Percentage of News Directors That Said Their Budgets Increased, Decreased, Stayed the Same, and Not Sure (by Market Grouping)



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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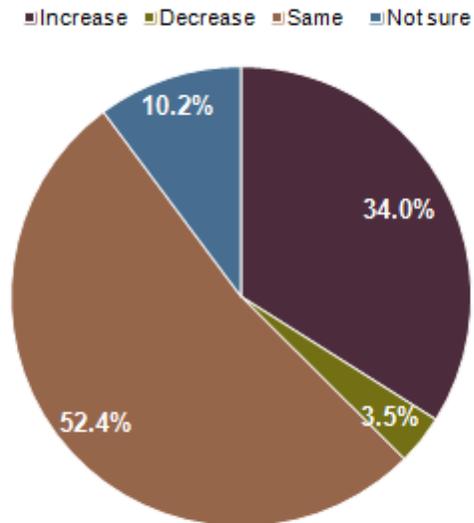
Newsroom budgets don't tell the whole story when it comes to stations' overall prosperity. News budgets may increase slightly when adding more news time, but the cost of adding a newscast is considerably less than the expense of buying the syndicated programming it replaces, so stations may actually save money over all by adding news.

News Staff

Newsrooms continued to hire in 2011 and on top of the staff added the year before they may finally have made up for all of the 1,600 jobs lost in the two recession years of 2008 and 2009. At the end of 2010, a third of all news directors surveyed said they expected to add staff in 2011, up from less than a quarter the year before. And only 3.5% said they expected to cut, half as many as the year before.

More News Directors Expected to Add Staff in 2011

Percentage of News Directors



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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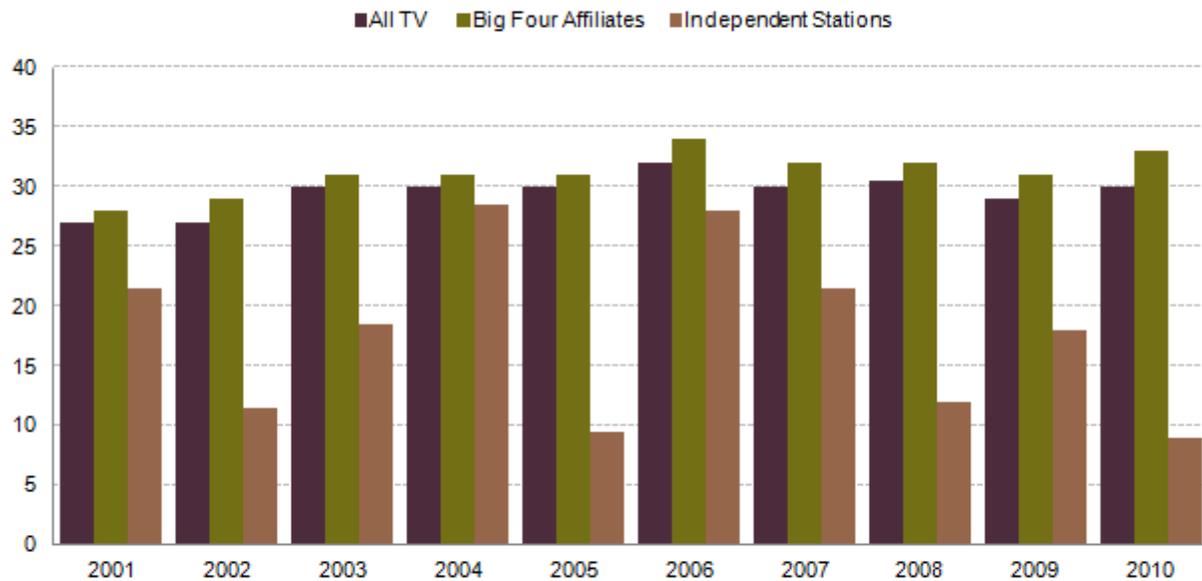
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The median staff size at all local TV newsrooms crept back up to 30 from 29 in 2009, the lowest level in six years. But staff increases were not spread evenly. Survey data indicate that network affiliate stations added two more employees on average, while independents and small markets (101 and below) actually lost staff. Most of the hiring was in the top 25 markets, where the median full-time staff hit 68, even though those markets were among the least likely to increase their news budgets. The implication is that these stations have replaced some highly paid employees with less expensive multitasking staff.

Local TV Stations Had More Full-Time Employees in 2010

2001-2010, Median Number of Full-time Employees



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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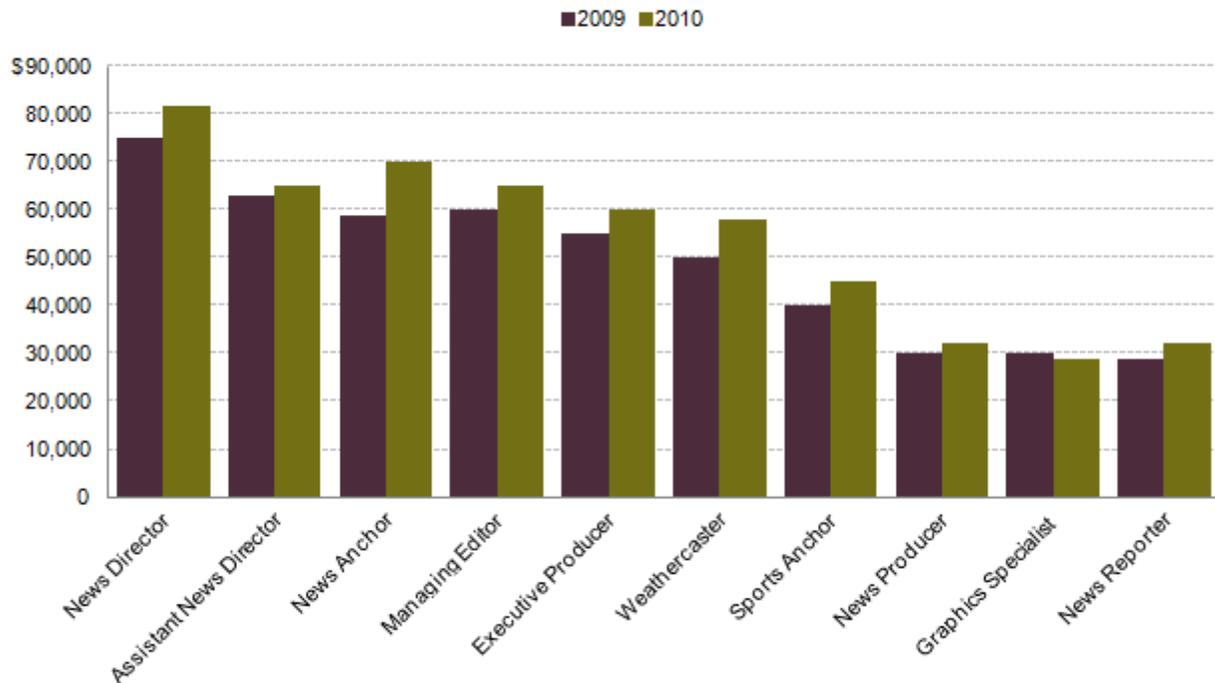
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One clear indicator of local stations' return to economic health is staff salaries, which rose 7% in 2010, more than double the increase in 2009. In contrast with the year before, top news managers gained ground. And on-air talent showed the largest gains: news anchors and weathercasters saw their salaries rise by 17% on average. A one-year jump might not indicate a trend, but looking at longer-term data it appears that stations value anchors as much as ever, if not more. Five years ago, anchors were the fourth highest-paid staffers in the newsroom; now, they are in second place, just behind news directors.

News Staff Salaries Increased Substantially in 2010

Median Salaries



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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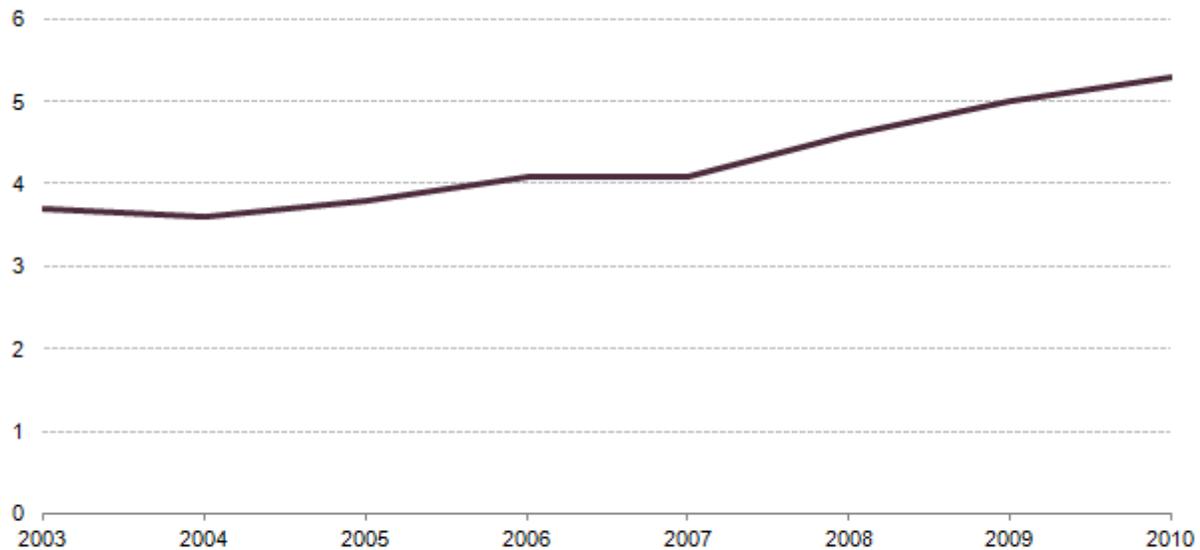
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News Content

The average number of hours of news on local television probably set another record in 2011. It has been going up steadily for the past five years. In 2010, the average station produced 5 hours and 18 minutes of news each weekday, a 6% increase from the year before. And 9 of 10 news directors surveyed said the amount of news they produced would stay the same (52.9%) or increase (36.9%) in 2011; only 1% expected a reduction.

Amount of Local TV News per Weekday Sets New Record

Average Hours of News per Weekday, 2003-2010



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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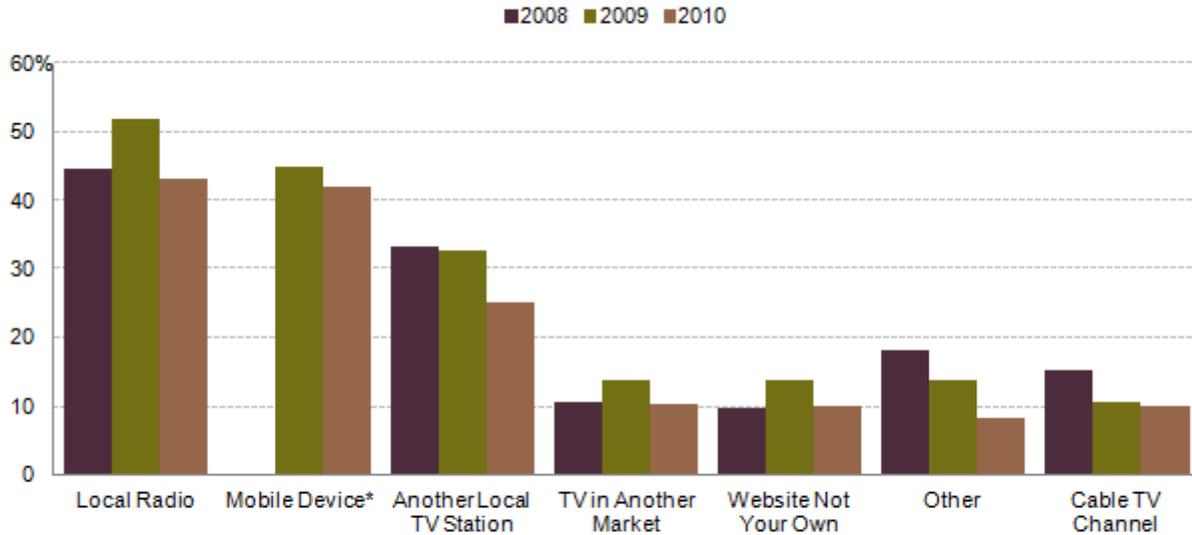
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More than three-quarters of TV news departments say they provide content to one or more other media outlets, including local radio stations and cable TV channels. The most recent survey shows a decline in almost every category, but that may be a fluke. Another anomaly: a third of news directors said they produce news on “another local or nearby station,” compared to a quarter who said they produce news on “another local station.” Researcher Robert Papper said that “it’s possible that the difference involves other digital channels” that are not picked up by the survey.

Fewer Stations Provide Content to Other Media

Percentage of Local TV Stations



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations. The mobile device category was not part of the survey questions prior to 2009.

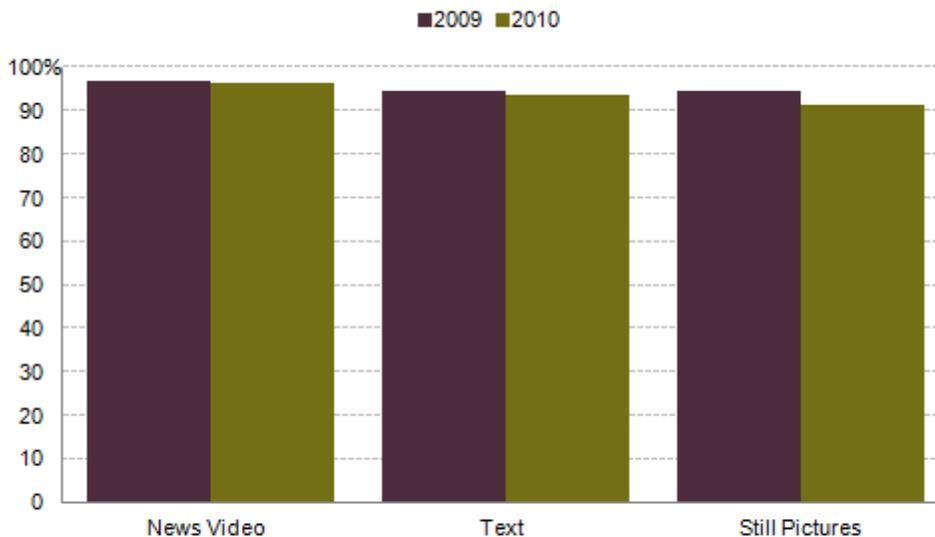
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More than two-thirds (69.9%) of local stations say they routinely share news on three platforms: TV, online and mobile devices. The numbers were virtually the same as the year before. As for the content on local TV websites, news video, text and still pictures remain near-universal features.

Most Common Features on Local TV Websites: Video, Text and Still Pictures

Percentage of Local TV Stations Using These Features



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

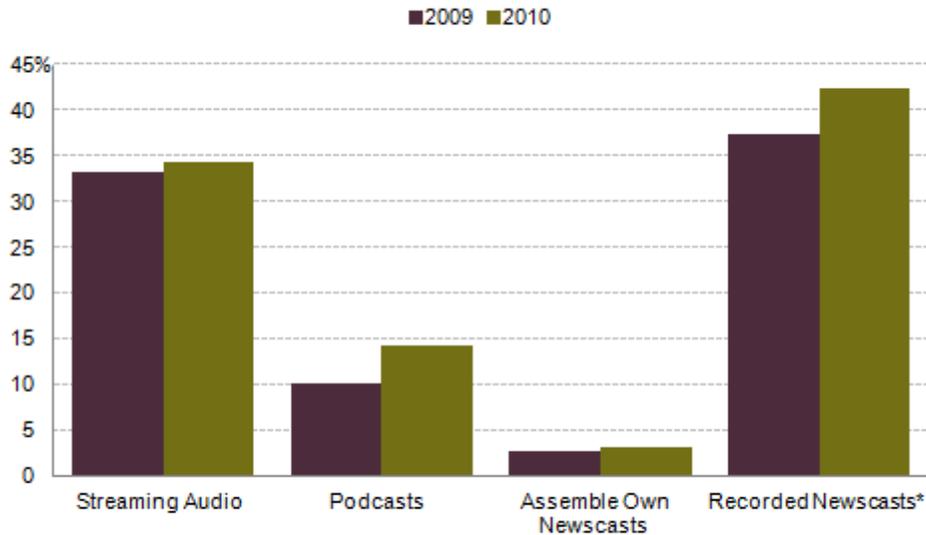
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The only noticeable changes online in 2010 were an increase in podcasts, which had declined the year before, and in recorded newscasts for the second year in a row.

Local TV Websites Added More Podcasts, Newscasts and Streaming Audio

Percentage of Local TV Stations Using These Features



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

*Recorded newscasts are entire news programs made available for viewing online after they have aired.

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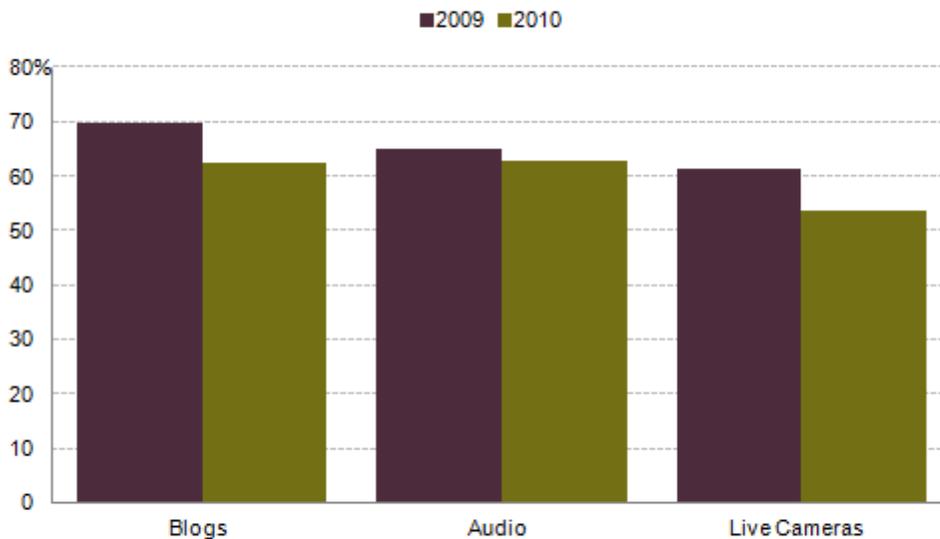
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Live cameras and blogs, which increased noticeably in 2009, were used less. The fluctuation suggests that stations are still experimenting online, trying to figure out what kind of content will attract more users and keep them on the site longer.

Local TV Websites Cut Back on Some Features in 2010

Percentage of Local TV Stations Using These Features



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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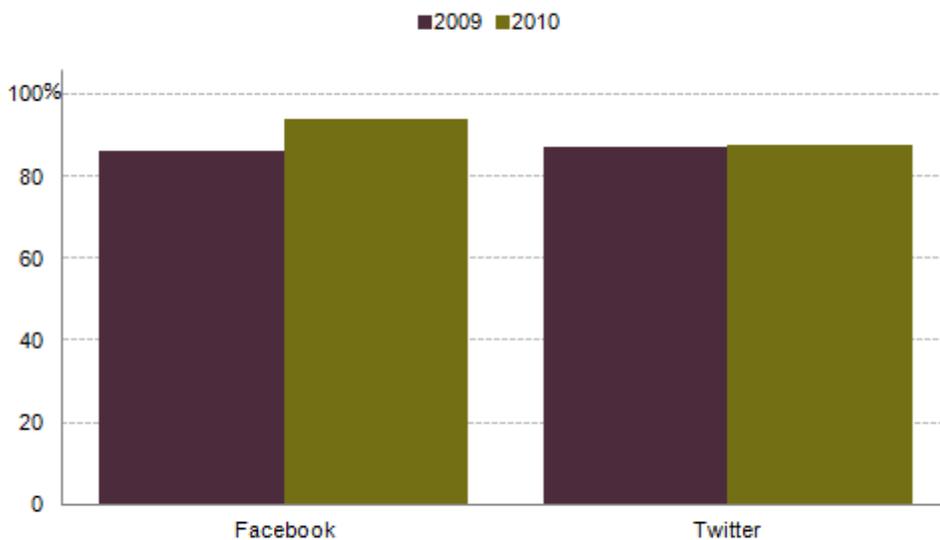
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Almost all news-producing stations now have a social media presence. The percentage of stations saying they were not active on Facebook fell from 13.9% in 2009 to 5.7% in 2010, but there was little change in the use of Twitter.

Local TV Stations Are More Active on Facebook

Percentage of Local TV Stations Using These Features



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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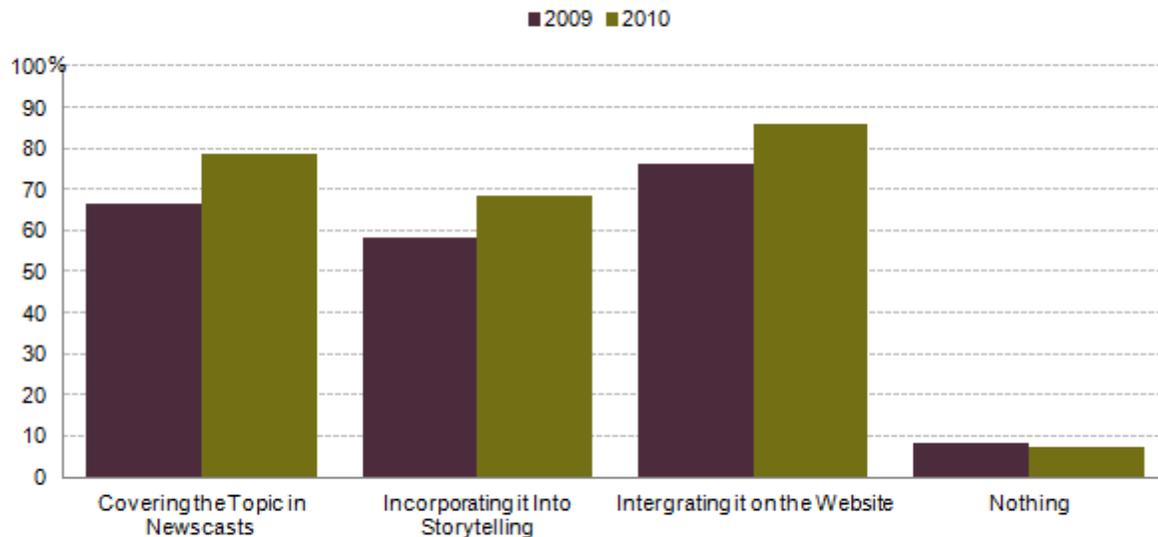
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Stations also reported doing more with social networking in general. More stations said they covered the topic in newscasts, incorporated social media into storytelling and integrated it on the station's websites compared to the year before. Fewer said they did nothing with social networking.

Local TV Stations Do More With Social Networking

Percentage of Local TV Stations Using These Features



Source: RTDNA/Hofstra University Surveys

Note: Numbers based on survey responses of news directors at all commercial TV stations

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1. The percent change from 2010 to 2011 includes all four sweeps periods. Percentage changes from 2009 to 2010 exclude February sweeps because the ratings in 2009 were collected in March and so are not comparable.
2. The percent change from 2010 to 2011 includes all four sweeps periods. Percentage changes from 2009 to 2010 exclude February sweeps because the ratings in 2009 were collected in March and so are not comparable.

Local TV Glossary

Broadcast coverage area

The geographic area that receives a signal from an originating television station.

Corporate/financial buyer

Buyer that is looking for a financial investment in a company, is more concerned with a return on equity and investment.

Coverage

The percentage of homes or persons receiving a particular broadcast signal within a specific geographic area.

Cross-ownership rule

A rule that restricts companies from owning properties across media in the same market. It disallows the ownership of a television station and daily newspaper in all but the 20 largest media markets.

Daypart

A section of a day, used for measuring audience ratings on TV. The cost of buying advertising varies according to the daypart selected.

Designated Market Area (DMA)

Represents an exclusive geographic area of counties in which the home market stations are estimated to have the largest quarter-hour audience share (as defined by Nielsen).

Digital Television (DTV)

Generic term that refers to all digital television formats, including high-definition television (HDTV) and standard-definition television (SDTV).

Digital Video Recorder (DVR)

Refers to digital video recorder, also known as personal video recorder. According to the Television Advertising Bureau, a DVR or PVR records broadcasts on a hard disk drive that can then be played back at a later time (this is known as time shifting). A DVR often enables smart programming, in which the device records an entire series or programming defined by keywords, genre, or personnel; and offers pause control over “live” broadcasts.

Early evening newscasts

Local affiliate newscasts between 5 and 7 p.m. in the Eastern and Pacific zones and 6 to 8 p.m. in the Mountain and Central zones.

Fox Stations

Not associated with a network news division, Fox stations generally counter-program their network affiliated (ABC, CBS, NBC) stations within their market. This means they air news during network newscasts in the morning (while Good Morning America, CBS Early and Today are on) and evening (World News, Nightly News and Evening News) and for late news during the last hour of primetime (10 p.m. in the Eastern and Pacific time zones and 9 p.m. in the Central and Mountain time zones).

High Definition Television (HDTV)

Various technical systems providing a finer and wider TV picture and usually twice as many scanning lines as standard TV. According to the Television Advertising Bureau, it provides the highest quality picture and sound simultaneously with a substantial data delivery service.

Independent Station

Stations not affiliated with any network; usually refers to commercial stations only.

Late news

Local affiliate newscasts from 11 to 11:30 p.m. in the Eastern and Pacific zones and 10 to 10:30 p.m. in the Central and Mountain zones. These newscasts generally follow prime-time entertainment programming and precede late-night talk shows including The Tonight Show (NBC) and The Late Show with David Letterman (CBS); ABC late newscasts are followed by Nightline. Fox stations generally air news at 10 p.m. in the Eastern and Pacific zones and 9 p.m. in the Central and Mountain zones.

Lead-in

A program that immediately precedes another program on the same station or network. (Lead-out is the program that immediately follows another program.)

Local spot

The advertising purchased in a market and aimed only at the audience in that market.

Midday

Local newscasts that normally air between noon and 1 p.m. Part of the daytime programming daypart. (See Daypart.)

Mobile DTV

Technology that allows the transmission of over-the-air broadcast programming to cellphones and other hand-held devices.

Morning news

Local newscasts before or following national morning news programming on ABC, CBS and NBC and newscasts on Fox and unaffiliated stations that air any time between 5 and 8 a.m. (See Daypart.)

Early morning news

Local newscasts before national morning news programming on on ABC, CBS and NBC and newscasts on Fox and unaffiliated stations that air on 4:30 to 5 a.m.

Multimedia journalist

A backpack journalist, one-man band, mobile journalist (“mo-jo”). A local news reporter who performs a range of tasks related to the reporting, shooting and editing of news stories for broadcast, Web or mobile content delivery. The availability and ease of use of inexpensive video cameras, laptop editing applications, and cost cutting has spurred an increase in the use multimedia journalists.

National Spot

A form of broadcast advertising in which national advertisers, through their agency or buying service, select their target markets and stations to fit their marketing needs. The station usually has a contract with a rep firm to represent it to ad agencies.

Network Affiliated Station

Local television stations affiliated with one of the four major national broadcast networks, ABC, CBS, Fox and NBC.

Nielsen Media Research

A firm involved in local and national measurement of the TV audience; also involved in other research activities.

Persons Using Television (PUT)

According to the Television Advertising Bureau, a PUT is a measurement of the total number of people in the target audience who are watching television for five minutes or longer during an average quarter-hour. PUT is generally expressed as a percent.

Rating

A percentage measure of total households or population owning TVs who are tuned to a particular program or station at a specific time (e.g., a six rating for women 18-49 means 6 percent of all women 18-49 in the defined geographic area were viewing that station or program), according to the Television Advertising Bureau.

Rating Point

A value equal to one percent of a population or universe, such as the population of a Designated Market Area.

Retransmission consent

An option granted to television stations as part of the law that granted such stations the option to elect must-carry rights. Under retransmission consent, a full-power U.S. television station may elect to negotiate with a cable system operator for carriage of its broadcast programming. A station may propose that the cable operator pay cash to carry the station or ask for any other form of consideration. The cable operator may refuse the broadcaster's proposal and not carry the station or offer a counter-proposal. Broadcast stations have similar rights with respect to satellite television providers like DirecTV and Dish Network.

Reverse compensation

The practice of a commercial television station paying a television network in exchange for being permitted to affiliate with that network. The word "reverse" refers to the historical practice of networks paying stations to compensate them for the airtime networks use to run network advertisements during their programming.

Share

Share is a measure of the percentage of TV sets in use that are tuned to a specific program, while ratings measure the percentage of total households owning TV sets that are tuned to that program. The Television Advertising Bureau defines share as the percent of households (household share) or persons (P2+ share) using television who are tuned to a specific program, network or station at a specific time.

Strategic buyer

Usually from a similar industry and typically has a specific reason for wanting to buy a particular company. The strategic buyer will frequently be willing to pay a premium price in order to obtain a company possessing that quality.

Spot TV

The advertising time purchased from individual stations. There are two major types local and national. Local spots are purchased in one market and aimed only at the audience in that particular market. National spots are bought by national advertisers in several markets.

Sweeps

Ratings surveys in which local markets are simultaneously measured by a rating service. Nielsen Media Research measures television audiences to help the industry determine advertising rates for television stations. Sweeps months are generally February, May, July and November. In anticipation of the federally mandated switch to digital television in 2009, Nielsen elected to change the winter sweep month from February to March.

Television Household

An estimate of the number of households that have one or more television sets.

Time Slot

A designated time on a television schedule for a particular program or type of programming.

Viewership

Collectively, the viewers of a television program.

Backgrounders

Local TV Audience Measurements

To gauge audience, the television industry relies on two metrics – share and ratings.

Share indicates the percentage of the television sets in use that are tuned to a program at a given time. If, for example, 500 television sets are turned on in Orlando, Fla., and 250 are tuned to the 7 p.m. news hour on WKCF-TV, then that station gets a 50 share for that time slot.

Ratings, on the other hand, step back a level and indicate the percentage of households tuned to a program out of all households with television sets – not just those in use but also those that are turned off. In the same example, if Orlando had 1,000 television sets in total, with 250 tuned to WKCF-TV for the 7 p.m. news, then it would get a rating of 25.

In previous reports, PEJ gathered the May sweeps audience data for network-affiliated stations using the Nielsen audience estimates that were included in the database from BIA Financial Network, a media research and investment firm. We then calculated averages for the early evening and late night newscasts, combining them into a national average. The data, going back to 1997, allowed us make comparisons year to year. With the 2007 report, we expanded our data sample to get a different perspective. We now look at local news market audience by examining ratings and share during the four

sweeps months – February, May, July, and November - which are the months advertisers use to determine what to buy.

Audience Measurements: Ratings and Share

The key metrics for audience in television are ratings and share:

- * Ratings are the percent of households watching a program at a given time among all households in the market.
- * Share is the percent of households watching a particular program among only those households that have their televisions on.

PEJ examines three types of variables for local TV: ratings, share and viewership. Unlike in other sectors, PEJ only analyzes P2+ data for local TV. The P2+ variables describe total individual viewers 2 years of age or older, as opposed to household (HH or HHLD) data, which describes U.S. television households, which is a measure constructed by Nielsen that estimates the number of households that have one or more television sets, either tuned to a particular program.

Sweeps in 2009

Typically, Nielsen measures audience in all media markets in the United States in February, May, July and November.

In 2009, the transition to digital television was scheduled for February 17 (although ultimately it did not take place until June 12). Nielsen decided to carry out March measurements, which has never conducted before and there are no plans to conduct in the future. This means there is no way to compare that March measurement to any other year. Since there is no equivalent basis of comparison from February 2009 to February 2010, PEJ decided not to analyze those data across time. See 2010 report for more

The State of the News Media 2012

An Annual Report on American Journalism

Magazines: Are Hopes for Tablets Overdone?

By Katerina-Eva Matsa, freelance journalist Jane Sasseen and Amy Mitchell of PEJ

Consider it a sign of the times: when Time Inc., the country's largest magazine publisher, went looking for a new chief executive officer last year, it turned to an expert in digital advertising. In December 2011, Time named Laura Lang, then head of digital ad firm Digitas, to run its magazine operation. Lang had no previous background in magazines.

As with everyone in magazine publishing, Lang will have her work cut out for her. While the worst of the industry's painful slide appears to be over, the difficult transition continues as readership goes digital.

Magazine publishers' two main revenue sources remain in print -sales and advertising- and both fell again in 2011. Circulation revenues were lower, as were the number of print ad pages sold. The weak economy and the shift to digital share the blame. So far, most magazines are not capturing enough of the growth in digital to make up for what is disappearing from print. The industry's digital revenues, while fast growing, are just 5% of the total, lower than in newspapers. (See Newspaper Essay for more) There are exceptions, though, which may point the way for others. Four years after launching an aggressive strategy to prioritize digital, The Atlantic announced that it earned more from digital advertising than print ads in the month of October.

Readers, meanwhile, are migrating fast to digital and mobile, a move that accelerated in 2011 with the explosion of tablets and smartphone ownership. Thanks in part to the popularity of apps such as the Apple Newsstand, which make it easy to find and download magazines and other publications, that acceleration is likely to continue.

The shift is bringing new opportunities for magazine publishers, along with an array of new financial and technical challenges. (See Digital section for more)

The good news for magazine publishers is that the newest mobile devices, particularly tablets, may provide a particularly good environment for magazines. Research shows that people read more long-form content on the new devices and that they spend more time on magazine apps specifically than with those of other media. (See Mobile section for more)

The bad news for magazine publishers is that the number of platforms they must compete on is proliferating. Keeping up with the rapidly growing array of new technologies that consumers are adopting will require large investments, even as revenues show little or no growth. While many magazine publishers believe tablet ads will eventually prove a lucrative replacement for print ads, it is far from clear when that will occur. In the meantime, publishers are increasingly leveraging the power of their well-known brands into other arenas - events, e-commerce and even entertainment - in the effort to find the new revenues needed to ensure a strong future.

Industry Over All

The magazine industry started 2011 on a positive note, as advertising appeared to rebound in the first quarter. But the turnaround was not sustained. For the fifth year running, advertisers cut back on the number of print ads purchased and consumers bought fewer magazines in 2011.

Total circulation for the final six months of 2011 dropped 1%, a marginal improvement over the 1.5% decline in the same period the previous year.

While there is some evidence emerging that the growing popularity of tablets and smartphones will be a boon to the magazine industry, for now most still rely heavily on print. And the environment for magazine publishers there remains difficult.

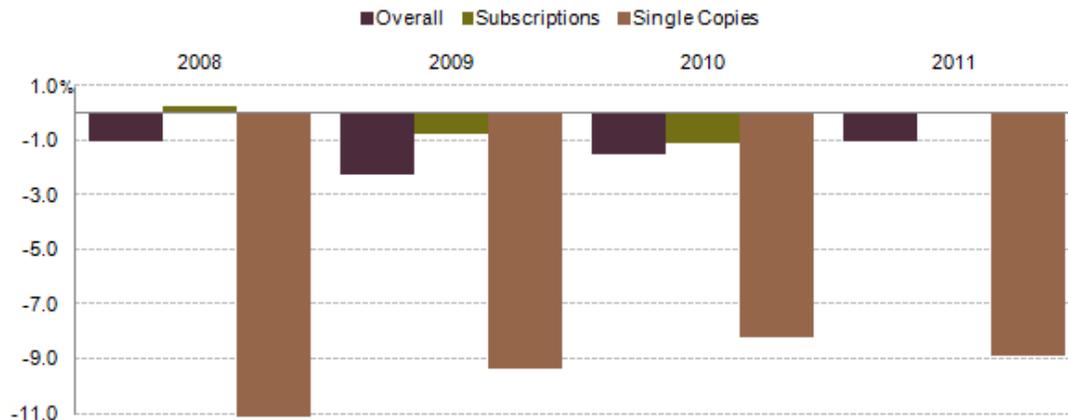
Print subscriptions - one of the two major components of magazine circulation, along with newsstand sales – were essentially flat compared to 2010. They rose just 0.04% during the second half of 2011 at the 413 U.S. consumer magazines measured by the Audit Bureau of Circulations for which prior year's data were available.

Subscription numbers provide only limited insight, however, since publishers can manage them by discounting pricing. Newsstand sales are seen as a more accurate barometer of the industry's vitality.

On that front, the struggle was clearer. Single copy sales declined 9% in the second half of 2011 - the fourth year in a row that they have dropped sharply. (See data section for more)

A 4-Year Slide in Newsstand Sales

Percentage Change of Overall, Single Copy Sales and Subscriptions Circulation 2010-2011



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for magazines that they reported for both the last six months audited for each year, ending December 31

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The top 25 magazines did not do much better than the industry overall; two-thirds suffered circulation declines.

The advertising picture, judging by the most reliable measure - the number of ad pages sold - fared even more poorly than circulation. After notching a slight uptick early on, total ad pages for the 213 U.S. magazines tracked by the Publishers Information Bureau fell 3.1%, to 164,225 for the full year.¹

Ad pages fell in 9 of the 12 categories that Publishers Information Bureau tracks.² (See data section for more)

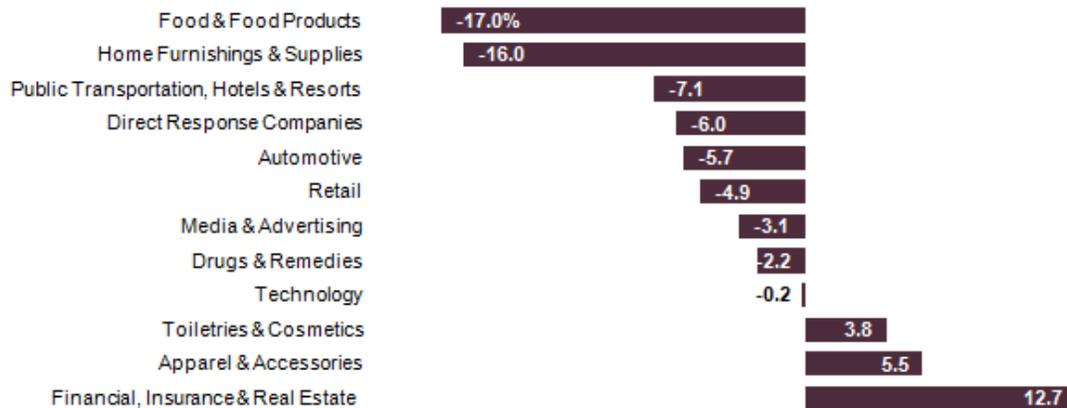
One big culprit was the sluggish U.S. economic recovery. With consumers still reluctant to spend, advertisers pulled back. They also shifted more marketing resources to digital and elsewhere.³ In the hard-hit food and food products category, for example, Kraft cut spending on print ads by 39% even as it raised marketing spending overall.⁴

Another loser was automotive ads. Following big gains in 2010, automobile ad pages declined 5.7% in 2011. The reason went beyond the slowing economy: Toyota and Honda cut back after the March earthquake and tsunami in Japan disrupted production, which allowed rivals to reduce their media budgets as well. General Motors alone cut its magazine ad budget nearly 44% for the first nine months of the year.

Even in a downturn, some categories did well. Financial, insurance & real estate ad pages grew 12.7%, the strongest gain for the year. Toiletries and cosmetics ads rose 3.5%.

Magazine Advertising Categories Down Sharply

Percentage Change in Advertising Categories' Ad Pages, 2010-2011



Source: Publishers Information Bureau, of the Association of Magazine Media

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While the number of ad pages sold fell, there is evidence that revenues from digital operations finally began to make a meaningful impact at many consumer magazines. Though digital accounts for just 5% of revenues today, it jumped an estimated 15.7%, according to the market research firm Veronis Suhler Stevenson.

That helped end the industry's three-year revenue slide in 2011. Total revenues at consumer magazines, including advertising, circulation and digital spending, grew an estimated 1.2%, to \$20.9 billion for 2011, according to Veronis Suhler and Stevenson.

Total Revenue Projections Bright for Magazines

Percentage Change of Total Revenue by Sector

Sector	2010	2011*	2012*
Broadcast TV	12.2%	-0.6%	8.4%
Broadcast & Satellite Radio	6.4	-3.0	1.7
Consumer Magazines	-2.6	1.2	2.1
Newspapers	-5.2	-5.7	-3.9

Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011-2015, Executive Summary

Note: 2011 and 2012 numbers are projections

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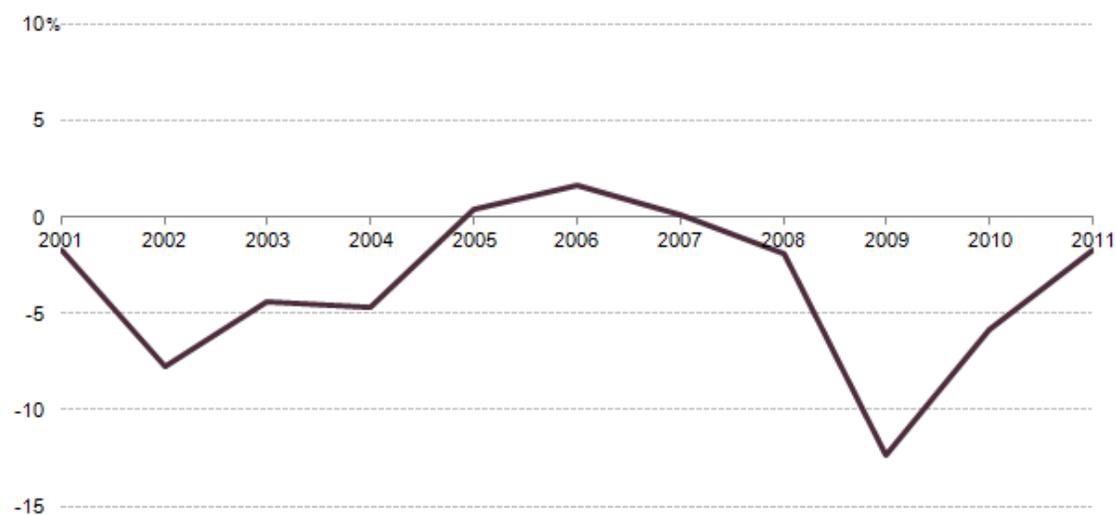
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Over the next several years, Veronis Suhler and Stevenson projects further improvement, as print advertising recovers modestly and digital spending accelerates. By 2015, it estimates total magazine revenues will rise to \$23.7 billion.

Elsewhere, too, the industry saw some much-needed stabilization. After four years of shedding large numbers of jobs, employment at U.S. magazines fell only 1.7% in 2011, according to Advertising Age's analysis of recent Bureau of Labor Statistics data.⁵

Employment Begins to Recover at U.S. Magazines

Percentage Change of Magazines Employment



Source: Advertising Age, Data Center

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Publishing companies also continued to invest. Some 239 new magazines were launched in 2011, according to MediaFinder, up from the 193 that debuted in 2010. And only 152 magazines folded during the year, a sharp improvement over the 176 that shut in 2010 and the 596 that died the year before.⁶

Among the more prominent new magazines: Hearst Corp., the publisher of such magazines as Cosmopolitan and Esquire, launched HGTV Magazine, a home-improvement and real estate publication, in partnership with cable channel HGTV.⁷ And in October 2011, Condé Nast launched a print edition of its Style.com fashion website.

The top categories for new magazines launches in 2011 were food, which boasted 25 new publications, and regional interest, with 20 new entrants.⁸ And despite the overall drop in advertising by food companies, magazines in this category witnessed the largest increase both in circulation numbers and ad pages. The Food Network magazine alone reached record circulation of roughly 1.5 million copies a month, less than three years after its launch.⁹ It increased its circulation by 11% in 2011 and its ad pages by 11.5%.¹⁰

Acquisitions rose as well. Hearst paid French publisher Lagardère a reported \$866 million for a portfolio of nearly 100 publications in 14 countries, including Elle and Car and Driver.¹¹ It now puts out more than 300 editions around the world, including 20 in the U.S.¹²

Meredith acquired FamilyFun from Disney Publishing Worldwide in January 2012. The acquisition includes the highly popular magazine and related assets, including digital magazine apps.¹³ It also bought Everyday With Rachel Ray and the top food website Allrecipes.com from The Reader's Digest Association.¹⁴

Still, the difficult economic climate, flagging print ad volume and the costs of investing in new technology took their toll on the four largest American magazines companies - Time Inc., Meredith, Hearst and Condé Nast. The two that are publicly held, Time and Meredith, saw no virtually no growth in revenues and, as in past years, relied largely on managing costs to keep profits up.

Revenues at Time Inc., the magazine division of Time Warner, came in at \$3.7 billion, unchanged from 2010.¹⁵ Advertising revenues fell 1% and subscription revenues dropped 2%, although the declines were partially offset by an increase in custom publishing revenues. Thanks to a reduction in restructuring costs, however, Time Inc.'s adjusted operating income rose 10% to \$580 million.¹⁶

The magazine publishing unit of Meredith, which owns women's magazines such as Better Homes and Gardens, had a tougher time. Total revenues dropped 2% for the fiscal year that ended June 30, 2011; while advertising declined 5% and circulation slid 7%, an increase in sales of Better Homes and Gardens branded goods and strong digital marketing revenues helped mitigate the decline. Here too, tight controls on costs, primarily on processing, paper, and distribution, allowed operating profits to grow 6%, to \$180 million.¹⁷

Things got worse, however, in the in the first half of fiscal 2012, which ended in December. As revenues continued to fall, operating profits declined 12%.¹⁸

As a private company, Hearst does not release detailed financial information. But in a year-end letter to employees, David Carey, the president of Hearst Magazines said that 40% of its revenues now stem from U.S. print and digital, while international produces another 40%. The remainder comes from services.¹⁹

With pressure on print advertising, magazines' biggest source of revenue, expected to continue, publishers are intensifying efforts to create alternate revenue streams. Much investment is going into developing digital and mobile versions of their publications. But publishers also are trying to leverage their brands into other areas such as e-commerce, events, marketing, consulting - and even entertainment.

"The traditional model is coming undone, but we've got fans of our brand that we can serve in different ways," said Scott Havens, senior vice president of finance and digital operations for The Atlantic Media

Co. “If you have established a level of trust with your readers, you should be able to move them to other things; readers want exclusive access to other goods or services tied to the brand.”²⁰

In August 2011, Condé Nast signed a deal with Fremantle Media Enterprises, the marketing arm of the production company behind reality TV hit American Idol. According to Advertising Age, Fremantle will work with three Condé Nast brands – Self, Golf Digest, and Epicurious – to develop linked consumer products and video instruction. The deal could also include TV.²¹

Two months later, the publisher also created a new division, Condé Nast Entertainment, and hired Dawn Ostroff, the former president of The CW cable network, to run it. The longtime cable executive is expected to develop television, online and video programming culled from its publications and the people who write and edit them.²²

Meredith also enhanced its e-commerce abilities. It launched a deal site within the website of Parents Magazine that offers users discounts on toys, kids clothes and other family products.²³ It also expanded a partnership with Wal-Mart to sell furniture and housewares under the Better Homes and Gardens brand.²⁴

Rival Hearst, meanwhile, expanded in digital marketing services. It bought digital ad agency iCrossing in 2010 and beefed up units that develop blogs, video, and other content for brands.²⁵ In December, iCrossing itself acquired Red Aril, a data management company that helps advertisers and publishers improve their audience targeting.²⁶ Hearst president David Carey says that roughly 20% of Hearst’s revenues now come from these digital marketing and fulfillment services—a business that has grown significantly the past two years.²⁷

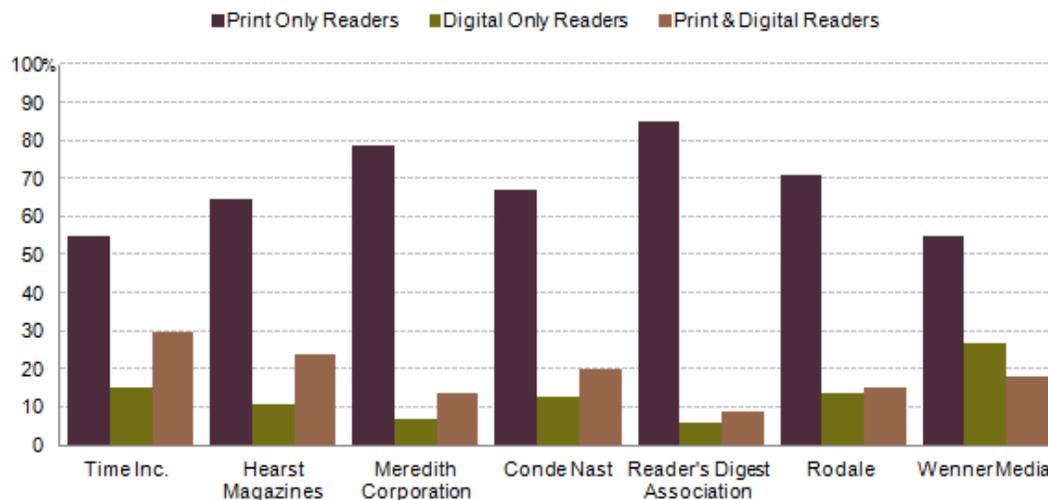
Digital

Those efforts will help diversify revenues. But publishers are putting most of their efforts into the digital space.

Readers have already begun a sharp migration. At Time Inc., 15% of readers now access content in digital form only, while 30% read both online and in print, according to the December 2011 American Magazine Study by Affinity Research. Other publishers show similar trends.²⁸

Some Magazine Readers Turn to Digital

Percentage of Total Brand Audience Accessing Content Through a Single or Multiple Delivery Channels



Source: Affinity's American Magazine Study

Note: Digital platforms measured include magazine websites, social networks, mobile devices and other digital delivery; Online audience estimates provided by comScore, Inc.

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The problem for publishers is that they take in little money from digital subscriptions.

PricewaterhouseCoopers estimates that consumer magazines in North America collectively brought in just \$4 million from digital circulation in 2011. Print circulation revenues, on the other hand, were \$9.2 billion.

As publishers begin to charge for content online, those revenues could grow rapidly. By 2015,

PricewaterhouseCoopers estimates that revenues from digital circulation will increase to \$611 million.

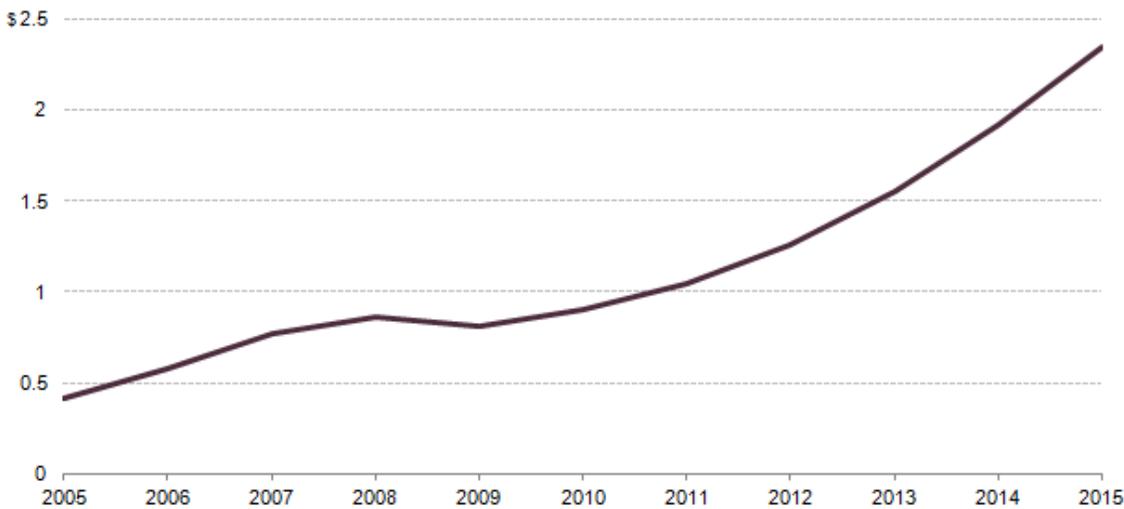
That will do little more than offset the projected decline in print circulation revenues of \$445 million.²⁹

As consumers continue to migrate online and adopt tablets and smartphones, digital advertising revenues are expected to rise as well. PricewaterhouseCoopers tracks only digital circulation. Veronis Suhler Stevenson tracks a broader measure for total digital and mobile revenues, including circulation, advertising and spending on mobile apps. It estimates those revenues will grow from \$1.05 billion today to \$2.3 billion

in 2015. Digital revenue, as a share of total magazine revenues, is estimated to nearly double, to 9.9%.³⁰

Total Digital and Mobile Revenues Up for Magazines

In Billions of Dollars



Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011-2015

Note: Digital and mobile revenues include spending on the title-related online and mobile extensions of print publications. It includes advertising and content spending, such as subscriptions, apps and online reviews. To avoid double-counting, spending does not include pure-play or stand-alone sites.

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Mobile

If the revenue shift is slow, however, there is no mistaking the direction: the rapid growth of tablets, e-readers and smartphones is fundamentally altering the landscape for magazine publishers.

Tablet ownership grew nearly 50% in the second half of the year, to 18%, according to a PEJ study released as part of this report, while 44% of U.S. adults now own a smartphone. (See the special report for more)

Mobile has created significant new opportunities for magazine publishers - and new financial and technical challenges. Many magazine publishers believe tablet advertising will be key to rebuilding the ad revenues that have migrated away from print. Not only do tablet ads more closely mimic the high-quality visual experience of a magazine than do website ads. They also give advertisers the ability to add interactive features, potentially increasing rates. But keeping up with the rapidly growing array of new technologies and platforms that consumers are adopting requires significant investment at a time when budgets are stretched tight.

The explosion of mobile may be particularly good for magazines: According to PEJ's study "Tablet Revolution" released in October 2011, some 22% of tablet users report reading magazines of some kind on their tablet at least weekly. That is more than twice the percentage of the general population that regularly turn to a news magazine in print or online (8%) and seven times the percentage of the general population who said that of specialty magazines like The Atlantic.

A November 2011 study by the Association of Magazine Media also found high levels of engagement with tablet publications. Some 59% of survey respondents said they had increased the amount of time spent

reading magazines online since buying a tablet; 66% said they planned to consume more digital magazines and 63% want even more magazine content in digital form.³¹

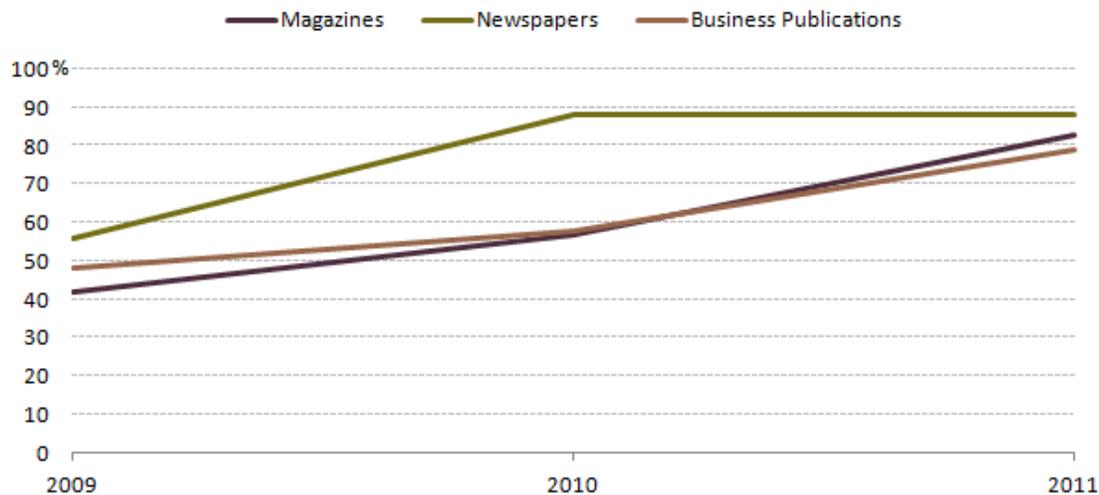
That potential is one reason why Facebook co-founder Chris Hughes purchased the New Republic in early March. In an interview with NPR, Hughes said he believed readers would increasingly turn to digital media for long-form journalism, because tablets allow them to “pause, linger, read and process very important ideas.”³²

The top priority for many magazine executives in 2011 was building tablet apps - a desire fueled by Apple’s decision last spring to allow publishers to sell magazine subscriptions in iPads, rather than just single copies. In August 2011, for example, Time Inc. announced that it would put out tablet versions of all 21 of its magazines by year end, which it successfully accomplished. At the time, only its four biggest publications - People, Time, Fortune and Sports Illustrated - had apps. Hearst Magazines and Condé Nast made similar announcements.

Some 83% of magazine publishers responding to a survey conducted by the Audit Bureau of Circulations said they currently produce mobile content for smartphones, e-readers or tablet computers, roughly double the number two years ago. Magazines have been faster than newspapers or business publications to develop apps.³³

Magazine Increase Their Mobile Content

Percentage of Publishers Distributing Content on Mobile Devices



Source: Audit Bureau of Circulations and ABC Interactive

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The availability of magazines on mobile devices was also greatly enhanced in 2011. When the iPad 2 was released in the spring of 2011, there were only two ways to access new issues and apps: iTunes and Zinio. But following the introduction of Apple’s Newsstand in October 2011, and the later launch of the Kindle Fire and the Barnes & Nobles Nook with hundreds of titles each, digital subscriptions and single issues are now far more readily available. In addition, social magazines like Flipboard, Zite, Pulse, Livestand and Google’s Currents offer tablet owners one-stop-shopping channels to sample magazine content.

Apple's Newsstand has been the most successful of those apps. Although the number of publications on it is still somewhat limited, for many publishers who have chosen to go on Newsstand it has been little short of a game-changer. By making it easy to find publications' apps and store them all in one digital bookshelf, the Newsstand created a huge spike in magazine downloads: Condé Nast reported a 268% jump in digital subscriptions in the two weeks after Newsstand was launched. Bonnier, the publisher of Popular Science+ announced that it sold 3,900 subscriptions and 3,200 single copies in six days on the Newsstand. Before that, digital subscriptions had averaged about 75 a day.³⁴

The Newsstand's success has made Apple an almost unavoidable force in the publishing ecosystem. For publishers, there are several downsides with that as well. For one, Apple takes a 30% cut of all digital subscription sales. And it refuses to actively share customer data with publishers on the readers who come to their magazine apps through Newsstand. The lack of that data, which is increasingly critical for digital advertising, appears to be the key reason Time Inc. has refused to sell its magazines through the Newsstand. Instead, readers who want its digital apps sign up directly with Time Inc. itself.

So far, that refusal does not appear to have hurt Time's ability to attract readers to its apps. In August, it announced that its digital magazines and other content apps had been downloaded more than 11 million times. It also sold more than 600,000 digital single copies of People, Time, Sports Illustrated and Fortune.
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Other publishers have also begun to benefit from the shift to mobile. Condé Nast reported that its apps drew 500,000 subscribers by September.³⁶ And Hearst Magazines president David Carey told the Reuters Media Summit in November 2011 that it would have nearly 400,000 subscribers on various mobile apps by the end of 2011; with subscriptions increasing 10% to 15% every month, he expects to hit one million such subscribers this year.³⁷

The survey by the Association of Magazine Media also highlights a new revenue opportunity -one that publishers have been quick to exploit. Some 55% of adults surveyed told the magazine association they like to read digital "back issues" of magazines on their tablets and e-readers. Publications ranging from The New Yorker and Popular Science to Martha Stewart Living have begun packaging special issues and selling back copies on mobile devices.³⁸ For publications with popular evergreen content, such sales can make up anywhere from 25% to 40% of single-issue sales on the iPad.³⁹ Hearst's president David Carey noted in an interview with Mr. Magazine that "about 30 percent of our single copy sales are for issues that are no longer available for sale on ink and paper."⁴⁰

News Magazines

With all that as a backdrop for magazine generally, what is the role of the newsweekly in an era of 24/7 digital news and the rapid expansion of mobile devices? When consumers can get breaking news and even sophisticated analysis almost instantly, the willingness to wait until week's end for the newsweeklies' take on news and culture has, for many, virtually disappeared. The rise of highly-specialized outlets such as Politico in the political arena, or TMZ in entertainment, has further eaten away the appeal of the traditional general interest news magazines that aimed, by definition, at a mass audience.

We have documented the shakeout of this sector over several years in this report. Yet these questions continue to change, presenting a challenge to the survivors in this space, including the winner in the

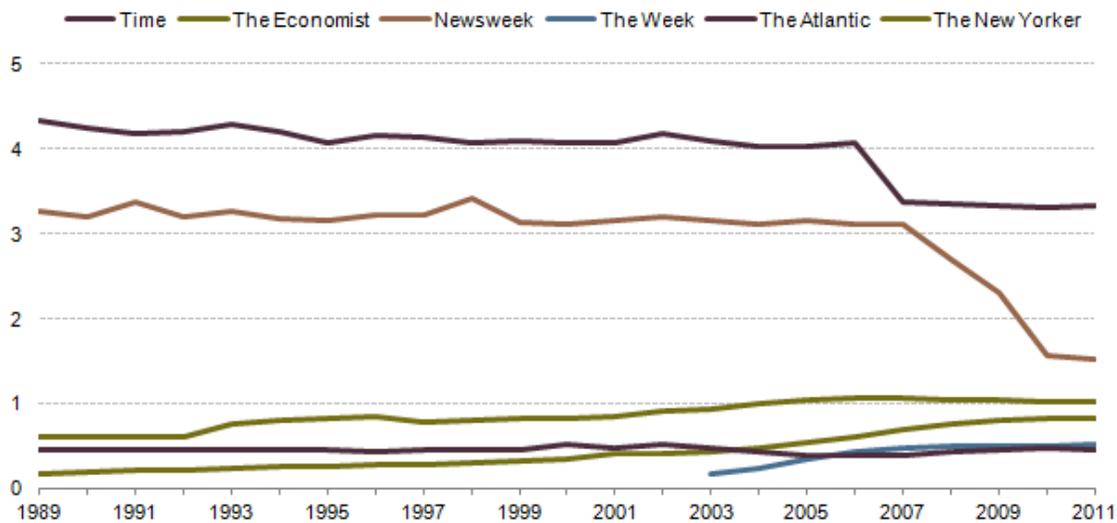
general interest arena, Time, the revamped and sold Newsweek, and to a lesser extent smaller niche magazines such as The Economist, The Atlantic, The Week and The New Yorker.

The problems are currently most acute at Newsweek, which is still struggling to redefine itself and become financially viable under editor-in-chief Tina Brown nearly a year and a half after it was sold by The Washington Post and merged Brown's web publication, The Daily Beast. Time has had greater success so far at retaining a voice that connects with large numbers of readers, while the smaller players have each found niches that appeal to a more targeted segment of the audience: The Economist, The Atlantic, and The New Yorker deliver smart, deeply analytic coverage, while The Week gives busy readers who still want a fast, aggregated digest of the week's news coverage. But all will have to remain vigilant to ensure that their formulas remain relevant for readers.

Yet there was good news for news magazines in 2011: the worst of the multi year decline appeared to be over for the majority of the news magazines this report analyzes: Time, Newsweek, The Economist, The Week, The Atlantic and The New Yorker. Circulation improved for most, as only Newsweek and The Atlantic lost readers. And while ad pages were down again, the drop was less extreme in 2011 than in the previous years. (See data section for more)

News Magazines Stabilize Their Overall Circulation

Average Overall Circulation in Millions



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

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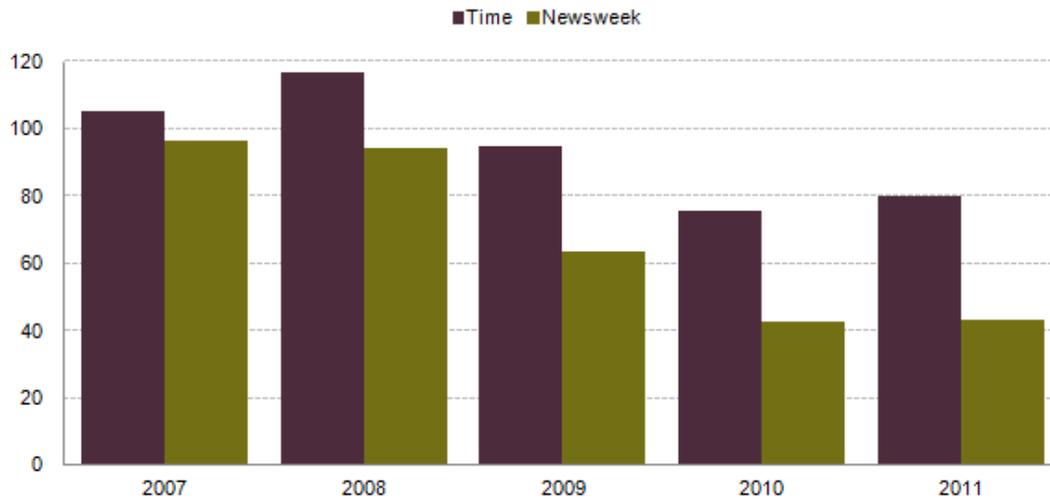
Both Time and Newsweek sold more issues at the newsstand in 2011 than in 2010. Thanks probably in part to the high interest in the upheaval in North Africa and the Middle East, and the deaths of Osama bin Laden and Steve Jobs, Time's newsstand sales increased 6%. The October 17, 2011 issue with Jobs on the cover sold 165,000 copies, a 137% increase over the previous 12-issue average.⁴¹

As Brown began to put her stamp on Newsweek, it too benefited from a rebound. Newsweek's single copy sales rose 2% in 2011, a big improvement over the 32.7% decline it suffered in 2010.

Still, such single-issue sales remain well below the levels achieved by both publications before the 2008 recession.

Time and Newsweek Increase Single Copy Sales

Average Single Copy Sales Circulation in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

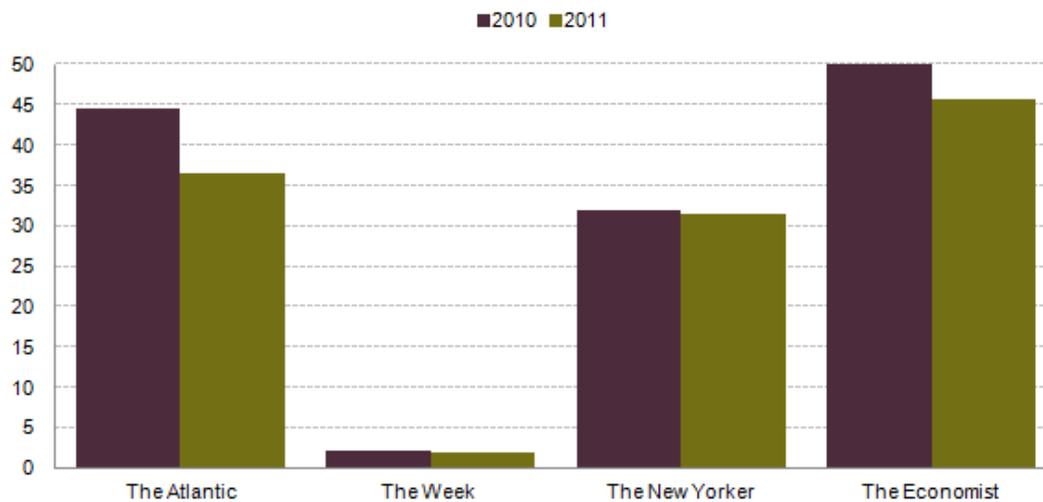
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By contrast, the smaller news magazines suffered declines in single issue sales in 2011. The Atlantic saw an 8% drop at the newsstand, followed by The Economist with a 13% fall. The New Yorker and The Week did a bit better, with declines of 2% and 1% respectively.

Niche Magazines Newsstand Sales Drop Slightly in 2011

Average Single Copy Sales in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

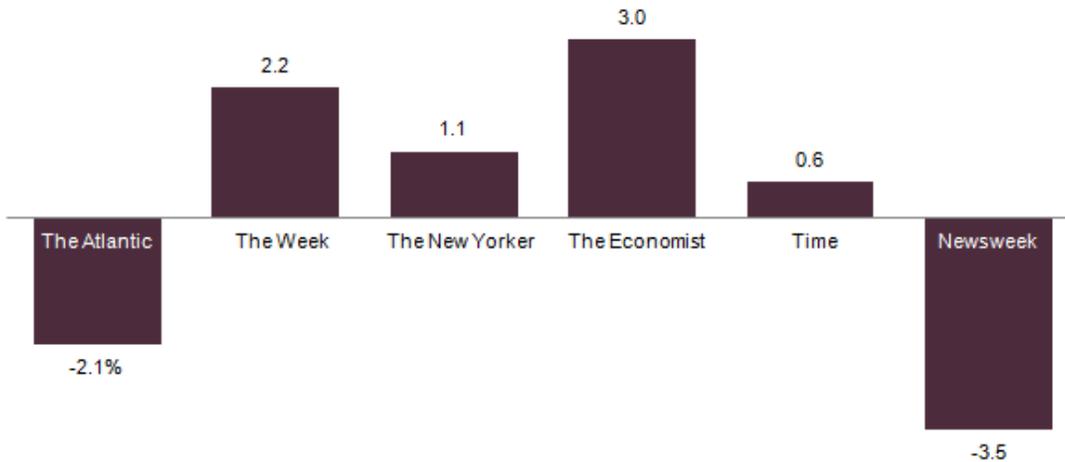
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The picture was reversed, however, when it came to subscriptions. The smaller publications did better than the traditional market leaders in selling base subscriptions, a number that helps set the rate they can charge advertisers. The Economist enjoyed the highest annual gain, at 3%.

Newsweek and The Atlantic Lose Subscribers

Percentage Change of Subscriptions Circulation, 2010-2011



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

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The advertising climate for news magazines also continued to deteriorate. For the year, all the news magazines studied in this report suffered significant downturns in ad pages. As a group, they lost 5.6% compared to the year before, according to the Publishers Information Bureau. Newsweek, as it transitioned to new leadership and new editorial priorities, was hardest hit, with a 16.8% decline. The Week was next, with a 12.9% fall.

News Magazines: Ad Pages

	2010	2011	Percentage Change
Newsweek	895.70	745.43	-16.8%
Time	1,405.52	1,370.30	-2.5
The Economist	2,044.93	1,986.49	-2.9
The New Yorker	1,187.42	1,166.57	-1.8
The Atlantic	552.74	531.14	-3.9
The Week	771.07	671.22	-12.9
Total	6,857.38	6,471.15	-5.6

Source: Publishers Information Bureau, of the Association of Magazine Media

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NEWSWEEK

For the revamped Newsweek—together with its sister online site, The Daily Beast — 2011 was a difficult year. Since the two were merged, the magazine has been redesigned, the web sites have been joined, prominent journalists have been hired (in some cases rehired), and a new editorial sensibility has taken hold. Under Brown, who had previously edited The New Yorker and Vanity Fair before launching The Daily Beast, Newsweek has featured a host of splashier covers such as Republican presidential contender Michele Bachmann (“The Queen of Rage”), a digitally enhanced Princess Diana (how she might have looked at age

50), and Mitt Romney (as a dancing Mormon from the Broadway musical “The Book of Mormon”). While those efforts have brought attention, the numbers suggest they have not yet turned around the beleaguered publication.

The year 2011 marked the fifth consecutive one of declining circulation. And even though average subscription prices were cut almost a dollar versus a year ago, Newsweek lost almost 100,000 subscribers, a 3.5% drop.⁴²

While the provocative covers have helped at the newsstand, such sales make up only 3% of Newsweek’s total circulation.

The Daily Beast-Newsweek combination also appears to be navigated deep water financially. Ad pages plummeted 16.8% more from already reduced levels of 2010, although the slide was nearly halted by the fourth quarter. According to AdWeek, the combined publications - now referred to as “NewsBeast” - lost an estimated \$30 million in 2010. Barry Diller, the chief executive of the online company IAC, who backed The Daily Beast and championed the merger with Newsweek, told Wall Street analysts in June that he expected the merged pair to hit the black by early 2013, something that AdWeek estimates “will be a daunting task.”⁴³

Efforts on the digital side are also a work in progress. Newsweek’s website was integrated into The Daily Beast’s site in August 2011. Brown hired blogger Andrew Sullivan from The Atlantic, where he had a following of over million unique monthly visitors. Merging the two was supposed to boost traffic; instead it has fallen significantly. When the deal closed, The Daily Beast’s audience was 2.2 million, while Newsweek drew 3.1 million unique monthly visitors, according to Compete.com. Combined traffic for the two sites for the five months following the August merger averaged 2.5 million; in January 2012, that inched up to 2.9 million.

One big factor: Newsweek got more than 50% of its pre-merger traffic from a content deal in which it paid MSNBC and MSN to run its stories, giving Newsweek exposure to a much larger audience. When that deal, which reportedly cost \$1 million a year, ended around the time of the merger, much of Newsweek’s online readership vanished.⁴⁴

The Daily Best Newsweek combination under Brown has had difficulties with personnel. In November 2011, the publisher, the managing editor and the executive editor all left. By February 2012, Jane Spencer, who had taken over as executive editor of The Daily Beast in the first reshuffling, went on a sabbatical. Brown brought back Deidre Depke, a former editor of Newsweek.com, to replace her. That level of change makes building a consistent editorial product that readers can recognize more challenging.

TIME

Time may be the winner among major newsweeklies, but it can hardly coast. While Time saw a 1% increase in subscriptions, total circulation was flat for 2011. Ad pages fell by 2.5%. That was an improvement over the 2.9% drop in 2010, however.

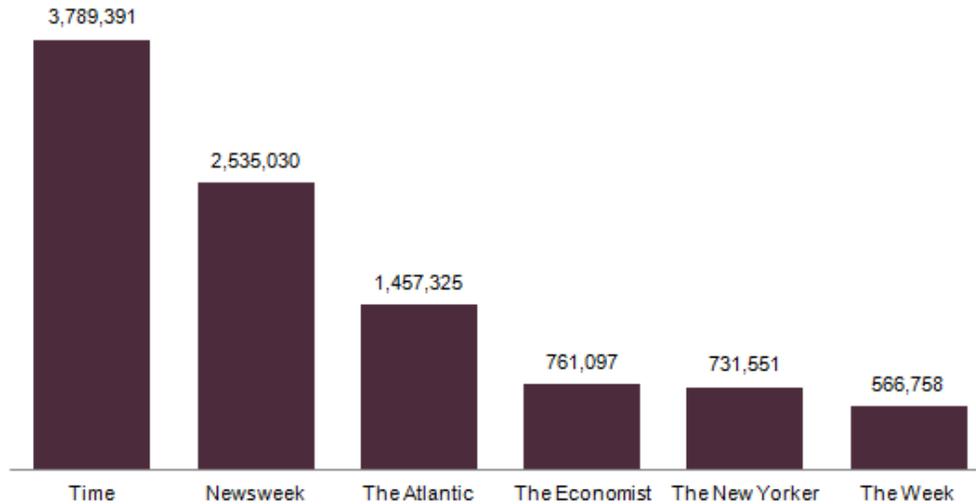
To maintain its overall audience, Time is investing heavily in digital initiatives. But, unlike some others, it has not added digital-only subscriptions. Beginning in July 2011, it offered “all-access” subscriptions that allow mobile readers full access to the magazine and all of its digital content, including online extras

available only to subscribers. It has also added popular content in niche areas such as ideas and entertainment.

By at least some measures, those efforts have allowed Time to replicate the same strong position online in relation to its news magazine rivals that it holds in print. Time logs the most monthly unique visitors among the six, according to data provided by Compete.com.

Time Has Most Online Traffic in 2011

Average Monthly Unique Visitors for 2011



Source: Kantar Media Compete

Note: Newsweek's traffic after August 2011 is combined with that of The Daily Beast.

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Time also is adding to its editorial staff, for the first time since 2008. It increased staff by 13% in 2011, according to published staff boxes, to a total of 143 members of staff, including six additional people for online.

THE ECONOMIST

After several years of stellar growth in the U.S., The Economist hit a bump in 2011 as ad pages fell 2.9%.

The Economist Group, which owns The Economist and several other publications, does not disclose results for the magazine alone. For the group as a whole, however, revenue for the first half of the fiscal year that ended Sept. 30th rose 4%, to \$255 million, with profits up 6% to \$40.7 million.⁴⁵ (In fiscal 2011, almost half of the company's revenue came from North America.)

Those results were helped by The Economist's high-end pricing strategy. Unlike its American rivals, which have typically charged readers little in order to build a larger subscriber base, The Economist has positioned itself to attract a smaller, more elite audience at a premium price. An annual subscription to The Economist goes for \$126.99, compared to \$30 for Time or \$39 for Newsweek.

Nor, as noted above, has that strategy deterred subscribers. Its elite image continued to draw new readers. Bolstered by a 3% hike in subscriptions, overall circulation rose 2% in 2011.

The Economist has also begun transitioning readers to its digital platforms. It now has 100,000 digital-only subscribers, and more than 300,000 of its 800,000 print subscribers also read stories on the web.⁴⁶ The web site also plays a key role in drawing new subscribers who had not previously read the magazine. “The average weekly volume of digital customers who took out their subscription through The Economist online rose by 50 percent on the previous year,” said Nigel Ludlow, managing director of The Economist Online in UK, in an interview with Folio Magazine.⁴⁷

THE ATLANTIC

The Atlantic, a monthly magazine that has built a thriving web presence in recent years, saw print ad pages decline in 2011. After soaring 24% in 2010, they fell 3.9% during 2011. But digital has more than cushioned the fall. For the month of October 2011, The Atlantic’s digital ad revenues exceeded print ad revenues, 51% to 49%, for the first time ever. For the full year, digital was expected to make up 45% of total ad revenues.⁴⁸ Jay Lauf, The Atlantic’s publisher, told The New York Times that the publication expected to tally \$18.6 million from print and digital advertising for 2011.⁴⁹

Those numbers are the fruit of a four-year effort by Justin Smith, who became president of Atlantic Consumer Media in 2007, to focus on digital initiatives. In addition to beefing up the core Atlantic web site and staffing it with prominent bloggers, the company launched a news aggregator, The Atlantic Wire, and an offshoot devoted to urban issues, Atlantic Cities. In January, it hired Kevin Delaney, the managing editor of the WSJ.com to launch a global business site. Other offshoots, including sports and science, are under consideration.

“We decided to prioritize digital over everything else. We were no longer going to be ‘The Atlantic, which happens to do digital.’” Smith told Mashable in an interview in December 2011. “We were going to be a digital media company that also published The Atlantic magazine.”⁵⁰

The Atlantic has also successfully leveraged its well-known brand name into a strong events business. Starting with the first year of the Obama administration it has hosted a policy conference every October in Washington D.C. It has also partnered with the Aspen Ideas Festival, an annual event that draws an A-list crowd from business, the government and the arts to the mountain resort town every June. Events now provide 14% of revenues, up from 6% in 2007, according to Ad Week.⁵¹

All this places The Atlantic as one of the winners, to this point, in the digital revolution, and a test case for others to emulate.

THE NEW YORKER

The Condé Nast weekly turned in a year that was essentially flat. Print circulation rose marginally, but ad pages dropped 1.8% compared to 2010.

As with much of the rest of the Condé Nast stable, The New Yorker intensified its digital plans in 2011. In May 2011, it became the first Condé Nast magazine to move onto the iPad. By February 2012, it counted 200,000 iPad subscribers.⁵²

Still, print remains deeply rooted in The New Yorker’s identity and mentality. While editor David Remnick recently told the audience at an AllThingsD technology and media conference that he was pushing his writers to create additional content for the magazine’s web site and app, he clearly believes print

magazines have a future. “The New Yorker – you roll it up, you put it in your bag. It’s quite easy,” he said. “It’s pretty good technology.”⁵³

The New Yorker’s online presence reflects that mentality. Much of the magazine’s content remains behind a pay wall. And there are fewer interactive elements on its tablet app than on those of other magazines. Instead, Remnick and his team concentrated on coming up with a clean, sophisticated design that was easy to read. In July, deputy editor Pamela Maffei McCarthy told The New York Times: “That was really important to us: to create an app all about reading.”⁵⁴

THE WEEK

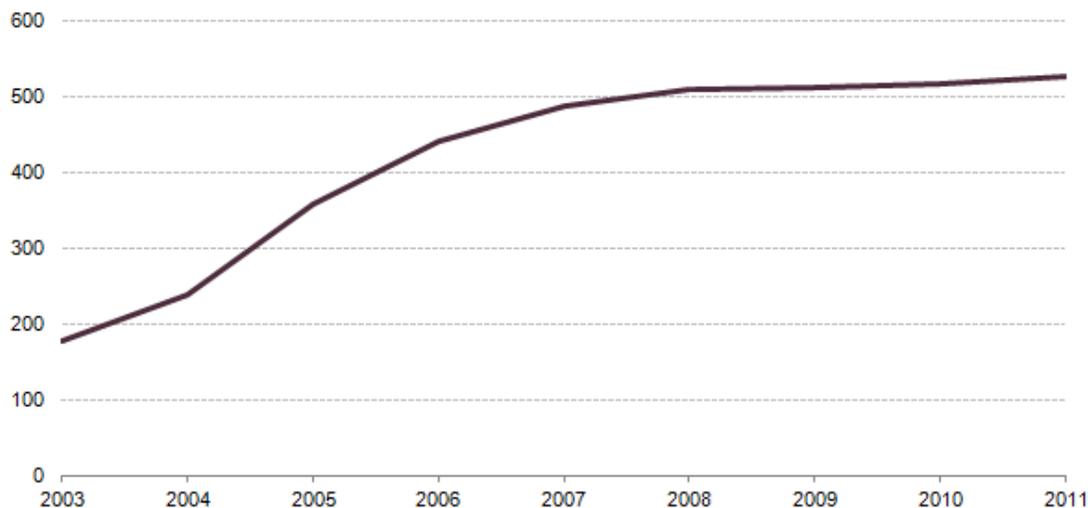
At the opposite end of the scale from the long-form journalism at The New Yorker, The Week has embraced a more functional form of magazine journalism. It offers readers a quick, easily digestible summary of the week’s news and debates, aggregated from hundreds of news sites worldwide. It promises to keep busy people abreast of the most significant things that happen each week in the worlds of politics, business, science and the arts.

Much like The Economist, The Week has carved out an enviably strong U.S. niche. Readership remains strong: Its total circulation grew roughly 2% in 2011, to 528,000. That is three times higher than 2003.

And in 2010, it earned a profit in the U.S. of \$4 million, its first ever. According to The New York Times, it was on track to make \$6.3 million in 2011.⁵⁵

The Week’s Circulation Grows

Average Overall Circulation in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

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The magazine, however, suffered a sharp drop of 12.9% in ad pages in 2011. The decline raises questions as to whether The Week has reached a plateau. The rise of digital technologies, especially those of online news aggregators, could potentially threaten the magazine’s relevance. It should be noted, though, that The Week’s ad pages in 2011 are not lower than what they were in 2009. Even with a 12.9% loss in 2011, its ad pages are 1.7% above those in 2009.

In January 2012, Michael Wolfe left Men's Journal and took on the publisher's position, replacing Jessica Sibley. She had been at the magazine for 18 months, following a stint as publisher of BusinessWeek.

Continue reading Magazines: By the Numbers

Endnotes

1. The Publishers Information Bureau does not track all the magazines sold in United States. For more on PIB's methodology please refer here (http://www.magazine.org/advertising/revenue/pib_faq/index.aspx) .
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March 13, 2011.

Magazines: By the Numbers

By Katerina-Eva Matsa, freelance journalist Jane Sasseen and Amy Mitchell of PEJ

“By the Numbers” houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

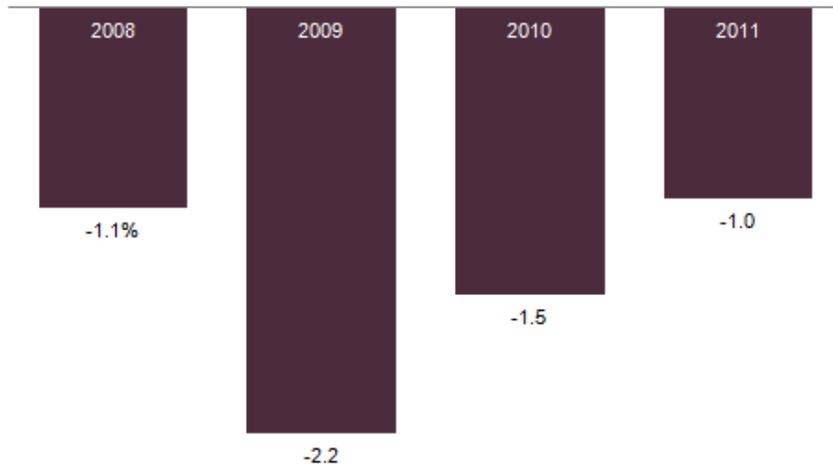
Audience

Consumers continued to cut back on print magazines in 2011, although the decline eased slightly from previous years. Overall print magazine circulation was down 1% in the last audited period (final six months of 2011), according to PEJ’s analysis of data from the Audit Bureau of Circulations.

On the other hand, there are some data emerging that the demand for magazines on tablets and smartphones may provide a boon to the industry.

Overall Circulation Drops Again

Percentage Change of Overall Circulation, 2008-2011



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for magazines that they reported for the last six months audited for each year, ending December 31

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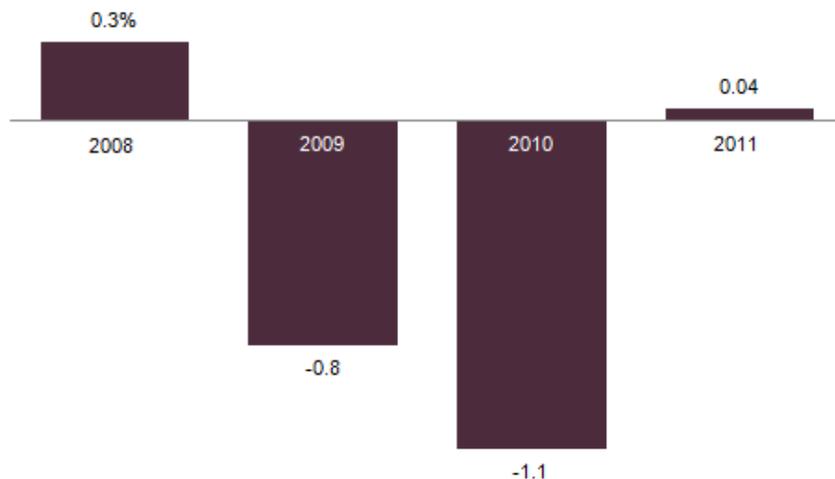
2012 STATE OF THE NEWS MEDIA

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For now, however, the bulk of the magazine industry is still print, and here the numbers were more than challenging. Paid subscriptions, which are controllable and make up roughly 92% of magazines sold, were flat in 2011.

Magazines' Paid Subscriptions Flat for 2011

Percentage Change of Subscriptions Circulation, 2008-2011



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for magazines that they reported for the last six months audited for each year, ending December 31

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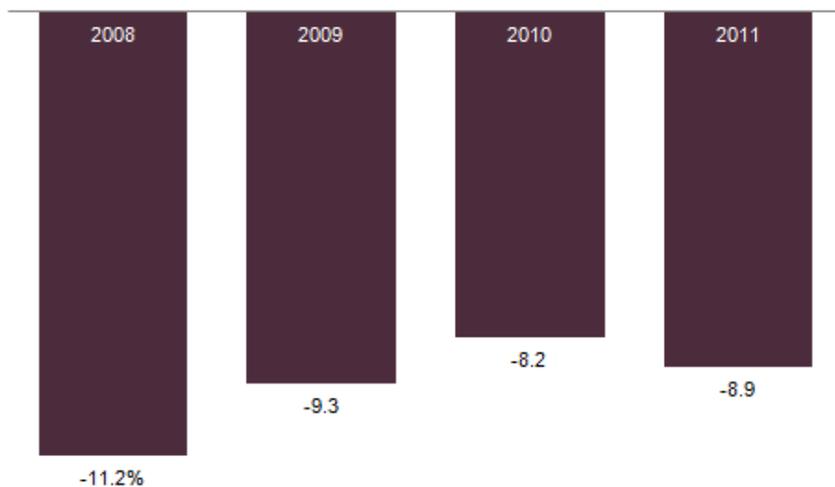
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Newsstand sales were down far more. Single copies, falling for the fourth consecutive year, dropped almost 9% compared to the same period last year.

Newsstand Circulation Continues to Decline

Percentage Change of Single Copy Sales Circulation, 2008-2011



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data represent circulation numbers for magazines that they reported for the last six months audited for each year, ending December 31

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2012 STATE OF THE NEWS MEDIA

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The top 25 magazines did not fare much better than the industry overall. Nearly two-thirds saw circulation declines in the second half of 2011. The 12th ranked Ladies' Home Journal declined most. It fell 15.8%, a loss of more than 600,000 copies, in the second half of 2011.

The magazine on this list with the greatest gain in 2011 was the same as in 2010: Game Informer Magazine, which features articles about video games and associated consoles. Its circulation rose more than 48% to 7.5 million copies. Overall, though, the 25 magazines with the largest circulation were nearly the same as in 2010.

Top 25 Magazines Circulation Drops in 2011

	Circulation 2010	Circulation 2011	Percentage Change
1. AARP The Magazine	23,748,475	22,407,421	-5.6%
2. AARP Bulletin	23,574,132	22,171,632	-5.9
3. Better Homes and Gardens	7,677,497	7,617,844	-0.8
4. Game Informer Magazine	5,073,003	7,514,460	48.1
5. Reader's Digest	5,533,037	5,560,046	0.5
6. National Geographic	4,493,024	4,480,788	-0.3
7. Good Housekeeping	4,418,398	4,341,426	-1.7
8. Woman's Day	3,895,813	3,886,853	-0.2
9. Family Circle	3,841,651	3,872,671	0.8
10. People	3,602,006	3,569,811	-0.9
11. Time Magazine	3,314,946	3,298,390	-0.5
12. Ladies' Home Journal	3,837,286	3,232,354	-15.8
13. Taste of Home	3,253,392	3,230,514	-0.7
14. Sports Illustrated	3,174,355	3,178,760	0.1
15. Cosmopolitan	2,905,659	3,040,013	4.6
16. Prevention	2,900,365	2,874,117	-0.9
17. Southern Living	2,846,757	2,865,845	0.7
18. Maxim	2,528,569	2,507,318	-0.8
19. AAA Living	2,469,830	2,471,160	0.1
20. O, The Oprah Magazine	2,506,037	2,380,782	-5.0
21. Glamour	2,307,714	2,353,863	2.0
22. American Legion Magazine	2,306,231	2,303,613	-0.1
23. Parenting	2,237,158	2,231,783	-0.2
24. Redbook	2,232,476	2,224,418	-0.4
25. Smithsonian	2,044,406	2,113,637	3.4

Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: All magazines in the top 25 list are monthly magazines except for Time, People and Sports Illustrated, which are published weekly, and AARP Magazine and Bulletin which are published bimonthly. Thus many more copies are sold in the course of a year than the total of a monthly's magazine.

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Economics

The economic picture, which had brightened somewhat in 2010, grew gloomier again in 2011. Ad pages, for the 213 magazines tracked by the Publishers Information Bureau, fell 3.1% from 169,552 in 2010 to 164,225 in 2011, according to data by the Publishers Information Bureau. Of these 213 magazines, 136 reported declines in the number of ad pages sold. Bassmaster, a magazine devoted to bass fishing issues, had the sharpest decrease in ad pages (45%). Older readers were clearly a popular target for advertisers. Among the biggest ad-page gainers in 2011 were AARP The Magazine (29.5%) and Reader's Digest Large Edition (60.7%).

Magazine Ad Pages Fail to Recover

Percentage Change in Ad Pages Sold Overtime



Source: Publishers Information Bureau, of the Association of Magazine Media
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 2012 STATE OF THE NEWS MEDIA

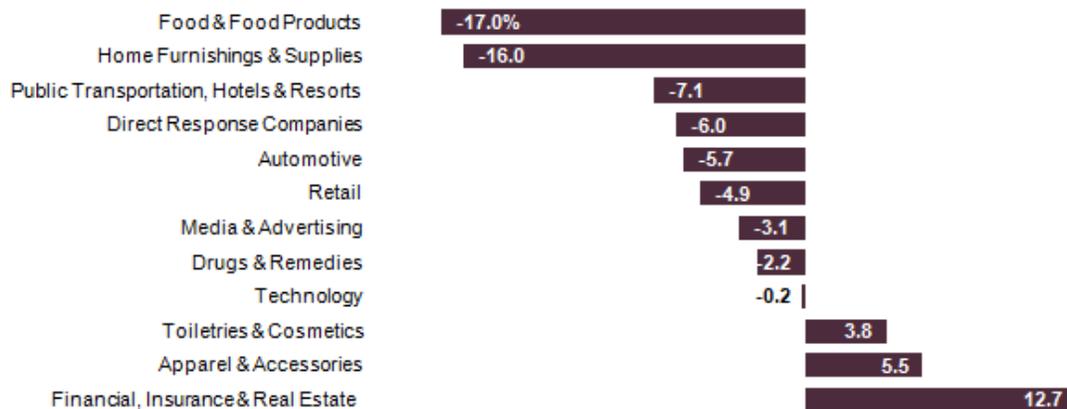
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Ad pages fell in most major ad categories. The steepest decline, 17%, came in food & food products makers. Automotive ads, one of the largest single categories, fell 5.7%, after having risen 16.9% in 2010.

Three categories saw gains in 2011. The financial, insurance and real estate sector posted the strongest increase, at 12.7%. The toiletries and cosmetics category had smaller gains, as did the apparel and accessories sector.

Magazine Advertising Categories Down Sharply

Percentage Change in Advertising Categories' Ad Pages, 2010-2011



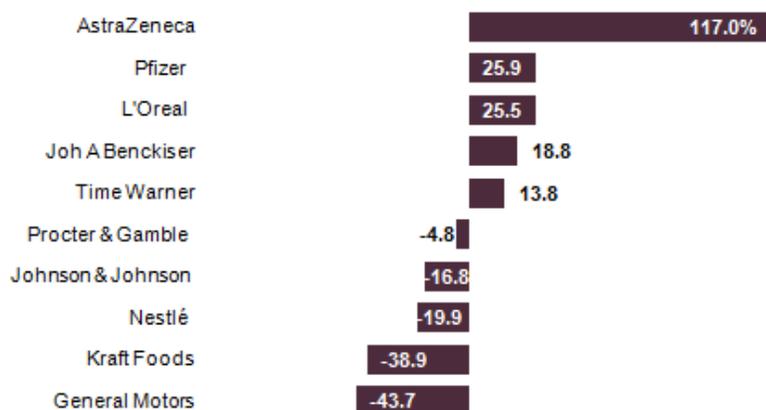
Source: Publishers Information Bureau, of the Association of Magazine Media
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According to Kantar Media, the top ten magazine advertisers spent \$2.7 billion between January and September 2011, a decrease of 2.8%. These ten accounted for 17.1% of total magazine ad spending.

Top Ten Magazine Advertisers

Percentage Change of Total Magazine Ad Spending, Third Quarter



Source: Kantar Media

Note: Data represent magazines' advertising categories for the first three quarters of 2011, compared to the same period in 2010

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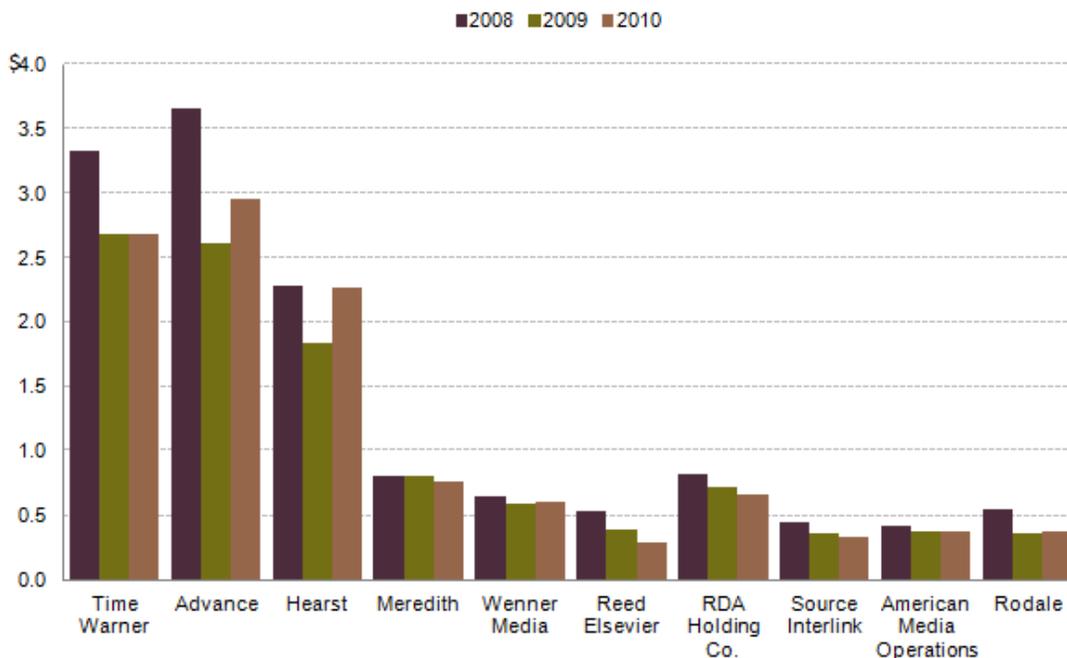
2012 STATE OF THE NEWS MEDIA

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Magazine company revenue data are reported a year behind. The most recent data available, 2010, reveal improved performance at the Hearst (publisher of Harper's Bazaar and Cosmopolitan) and Advance (corporate owner of The New Yorker and Vanity Fair) publishing companies.

Revenue Growth for Top Magazine Companies in 2010

In Billions of Dollars



Source: Estimates provided by Advertising Age, Data Center, December 2011

Note: Numbers represent revenues of the companies' publishing divisions

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

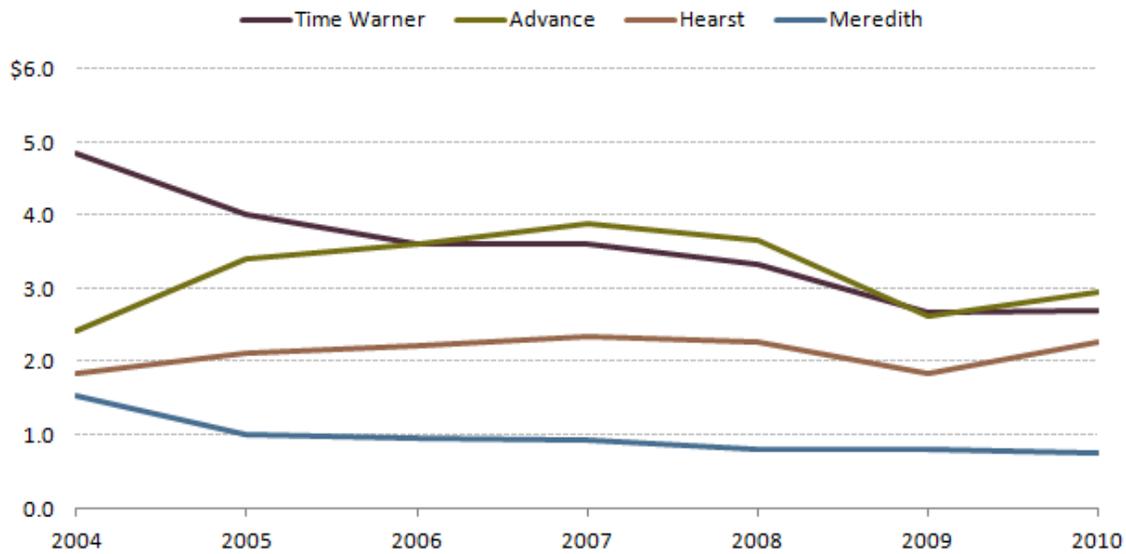
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After four years of declines, three out of the four biggest publishing companies in particular showed signs of recovery in 2010, though revenues have not recuperated to the levels prior to 2008. In 2010, however, only Meredith, owner of Better Homes and Gardens, has experienced continued revenue losses, of 5.7%.

Revenues for the Four Biggest Publishers

In Billions of Dollars



Source: Estimates provided by Advertising Age, Data Center, December 2011

Note: Numbers represent revenues of the companies' publishing divisions

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2012 STATE OF THE NEWS MEDIA

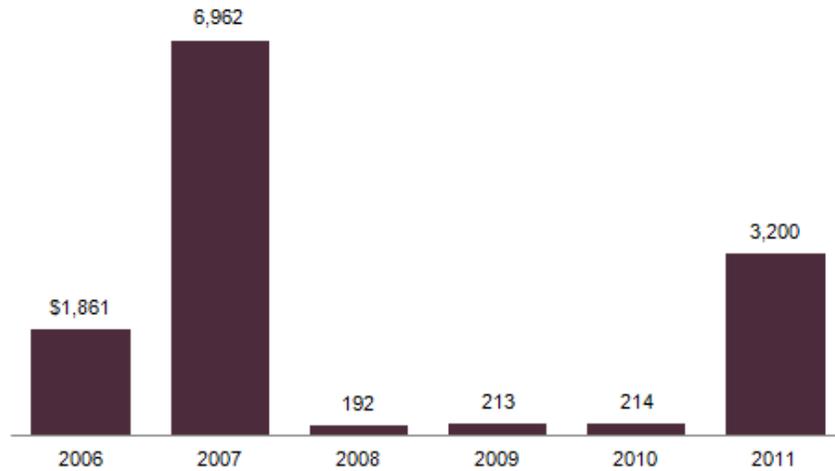
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Ownership

In the consumer magazines sector, 32 acquisitions were announced, according to the Jordan, Edmiston Group. That compares to 26 in 2010. The total value of these acquisitions was \$3.2 billion, compared with \$214 million the prior year.

Total Value of Magazines Acquisitions Jumps in 2011

In Millions of Dollars



Source: Jordan, Edmiston Group, Inc. (JEGI)

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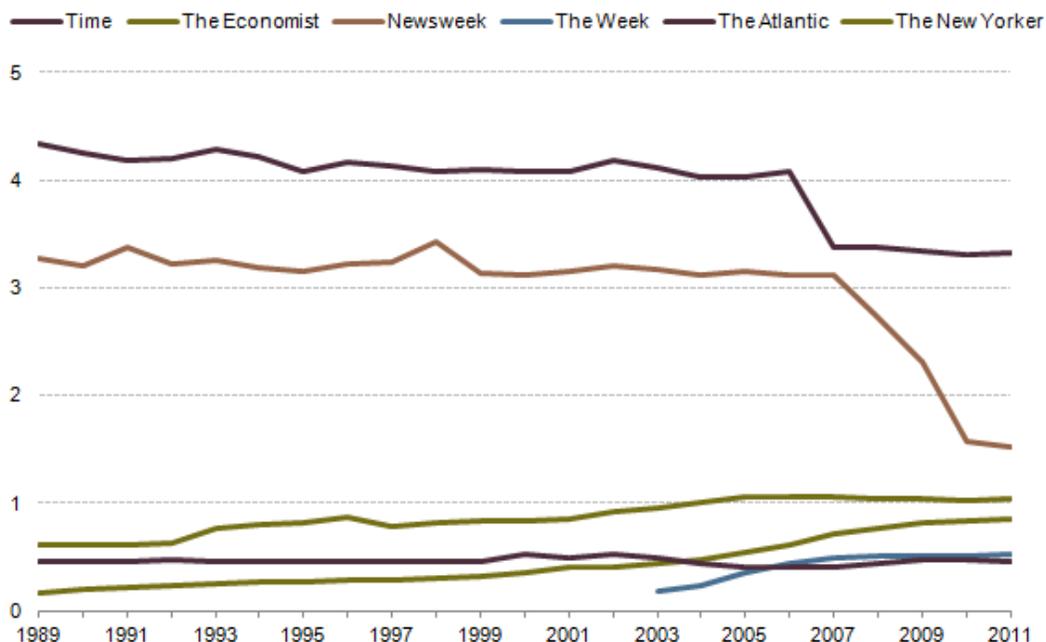
News Magazines

Audience

The impact of the shakeout that took place in 2010 among the newsweeklies continued to be felt. U.S. News no longer publishes a print edition. Time and Newsweek survive in the traditional news magazine category, although Time has emerged as the clear winner. Among specialty magazines, The Economist, The Week and The New Yorker all saw modest gain in circulation, while The Atlantic suffered a circulation decrease.

News Magazines' Overall Circulation Holds Steady

Average Overall Circulation in Millions



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

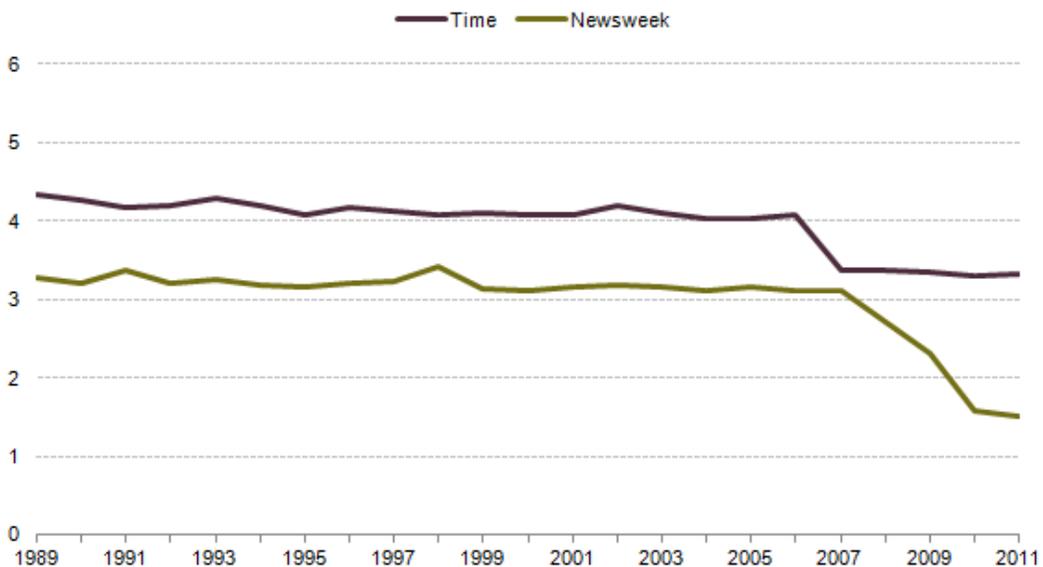
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The flagship publication of the Time Inc. magazine unit posted a 0.7% increase in circulation, and has stabilized at around 3.3 million copies. Newsweek, which has now merged with The Daily Beast website, appears to have stopped the worst of its four-year slide. After suffering a 31.6% drop in 2010, circulation fell 3.4% for the year, to 1.5 million copies.

Newsweek's Circulation Continues Slide

Average Circulation in Millions



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

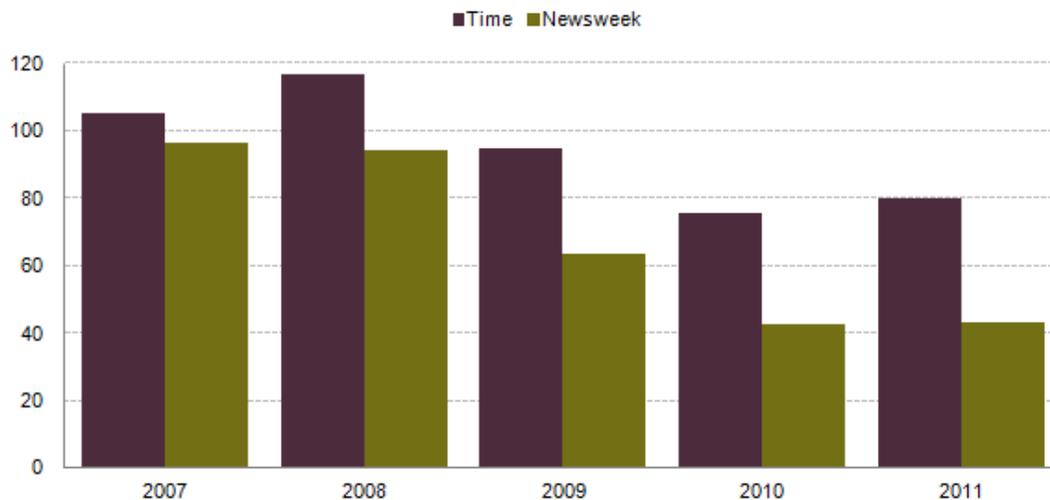
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2012 STATE OF THE NEWS MEDIA

Time saw a significant increase in single copy sales. They rose 6%, following a 20.3% decline in 2010. While newsstand sales are a small percentage of most magazines' circulation, they are a profitable part of it – publishers typically charge several times more for a newsstand copy than they charge for a subscription copy. Newsstand sales are also considered an important barometer of a magazine's editorial appeal, since they are not influenced by discount programs and promotions the way subscription circulation is.

Newsweek, after undergoing major changes under the leadership of Tina Brown, saw newsstand sales increase, by 2%.

Time and Newsweek Increase Single Copy Sales

Average Single Copy Sales Circulation in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

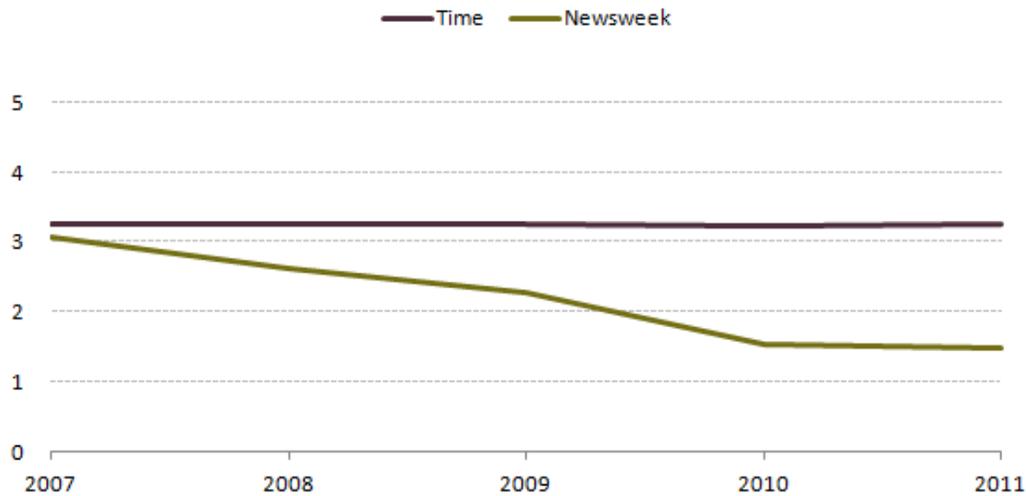
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After scaling back in a fairly controlled way, Time's subscriptions remained steady for the last four years despite the economic downturn and rise of online. And 2011 brought a slight gain of 0.6%.

Newsweek, on the other hand, continued to fall, though not as drastically as before. In 2011, subscriptions fell 3.5% compared to 2010; since 2007, it has lost more than 50% of its subscribers.

Time Subscriptions Stabilize

Average Subscriptions Circulation in Millions



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

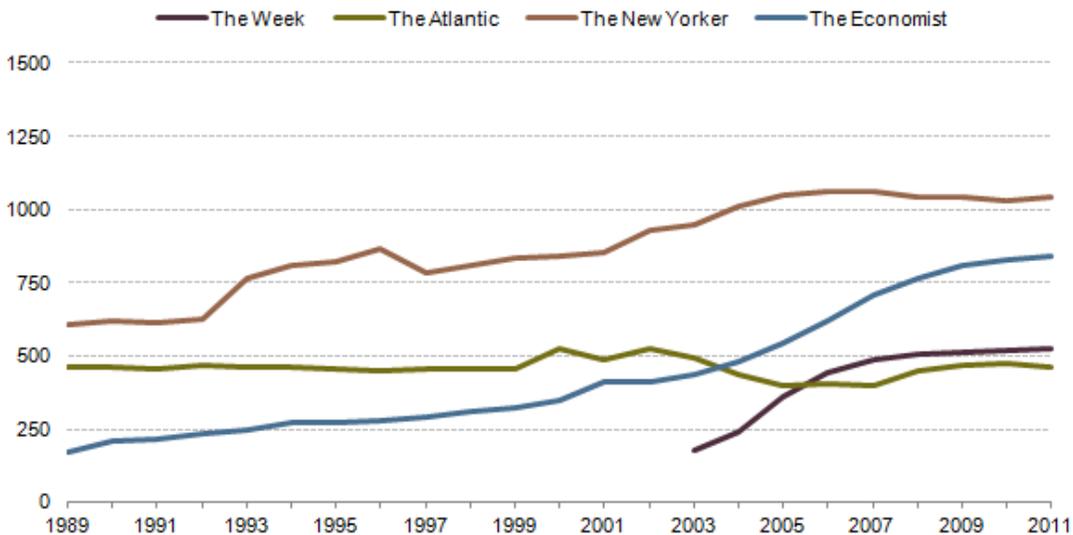
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2012 STATE OF THE NEWS MEDIA

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Traditional newsmagazines have faced increasing competition from nontraditional niche or elite news magazines. These publications continued to gain ground in 2011. Of the four niche or elite news magazines we track, only The Atlantic suffered a total circulation decrease, with a fall of 2.7%.

Niche Magazines Fare Well

Average Overall Circulation in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

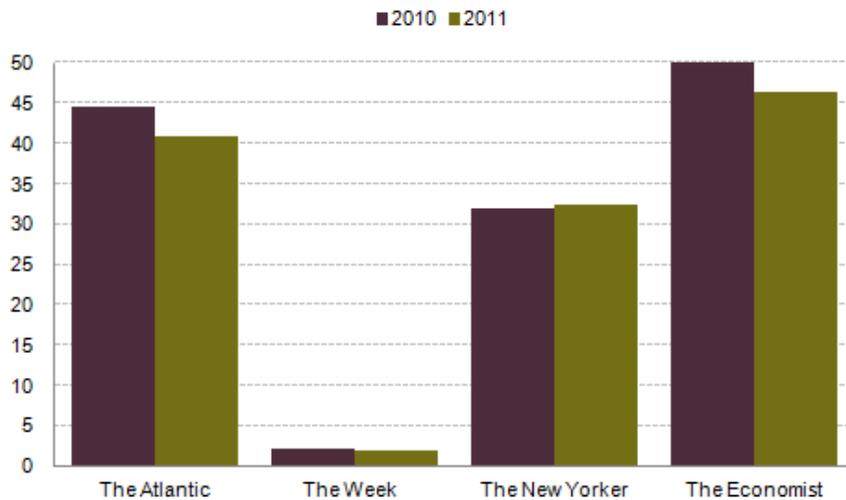
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However, their single issue sales suffered declines in 2011. The Atlantic and The Economist were the hardest hit, with drops of 8% and 13% respectively.

Niche Magazines' Single Copy Sales Drop Slightly in 2011

Average Single Copy Sales in Thousands



Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

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2012 STATE OF THE NEWS MEDIA

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Overall, circulation was stable for the six publications studied here (Time, Newsweek, The Week, The Atlantic, The New Yorker and The Economist). Only two saw circulation fall in 2011 and the declines were relatively small. The Week was the biggest gainer at 2.2%, or 528,000 copies. Time's circulation now is more than double of rival Newsweek, which fell to 1.5 million copies in 2011.

News Magazines Circulation Stays Flat for 2011

	Circulation 2010	Circulation 2011	Percentage Change
Time	3,313,715	3,337,308	0.7%
Newsweek	1,578,691	1,524,989	-3.4
The Economist	828,181	844,577	2.0
The New Yorker	1,029,742	1,041,420	1.1
The Atlantic	476,517	463,625	-2.7
The Week	517,187	528,406	2.2
Total	1,290,672	1,290,054	0.0

Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

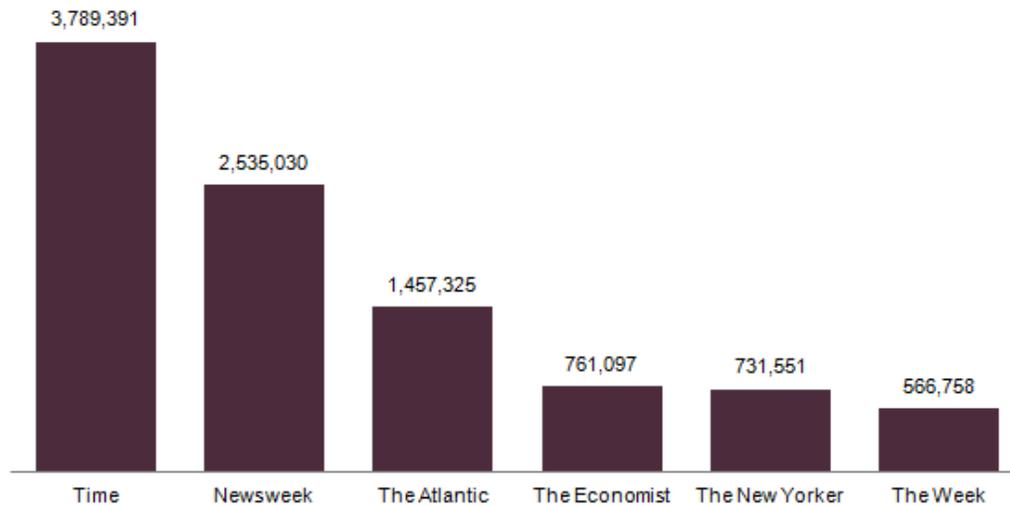
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2012 STATE OF THE NEWS MEDIA

In the digital realm, Time continues to enjoy the most monthly unique visitors over all, according to data provided by Compete. Newsweek on the other hand in 2011, saw a steep decline in its online numbers. Newsweek used to have an online partnership with MSNBC since 2007, which generated more than 50% of its online traffic. But the partnership ended in February 2011, a few months after the merger of Newsweek and The Daily Beast. At the time of the merger, The Daily Beast's audience was 2.2 million, while Newsweek drew 3.1 million unique monthly visitors, according to Compete.com. Combined traffic for the two sites, for the five months following the August 2011 websites' merger, averaged 2.5 million.

Time Has Most Online Traffic in 2011

Average Monthly Unique Visitors



Source: Kantar Media Compete

Note: Newsweek's traffic after August 2011 is combined with that of The Daily Beast

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2012 STATE OF THE NEWS MEDIA

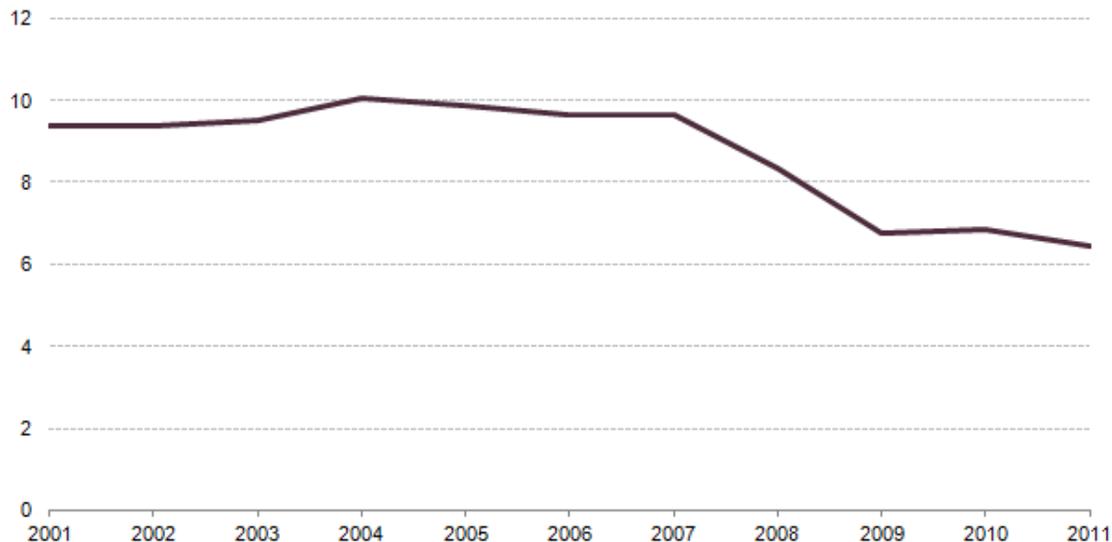
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Economics

Like much of the rest of the magazine industry, each of the news magazines studied here saw ad pages fall in 2011. Combined ad pages for the six were down 5.6% in 2011 and are now below where they were in 2009.

Ad Pages Trending Down for Major News Magazines

Total Ad Pages in Thousands for Time, Newsweek, The Atlantic, The Economist, The New Yorker and The Week



Source: Publishers Information Bureau, of the Association of Magazine Media

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2012 STATE OF THE NEWS MEDIA

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Among the news magazines analyzed here had major declines in ad pages sold in 2011. Newsweek and The Week were the hardest hit in the decline of ad pages sold in 2011, suffering 16.8% and 12.9% declines

respectively, according to the Publishers Information Bureau.

News Magazines Have Fewer Ad Pages in 2011

	2010	2011	Percentage Change
Newsweek	895.70	745.43	-16.8%
Time	1,405.52	1,370.30	-2.5
The Economist	2,044.93	1,986.49	-2.9
The New Yorker	1,187.42	1,166.57	-1.8
The Atlantic	552.74	531.14	-3.9
The Week	771.07	671.22	-12.9
Total	6,857.38	6,471.15	-5.6

Source: Publishers Information Bureau, of the Association of Magazine Media

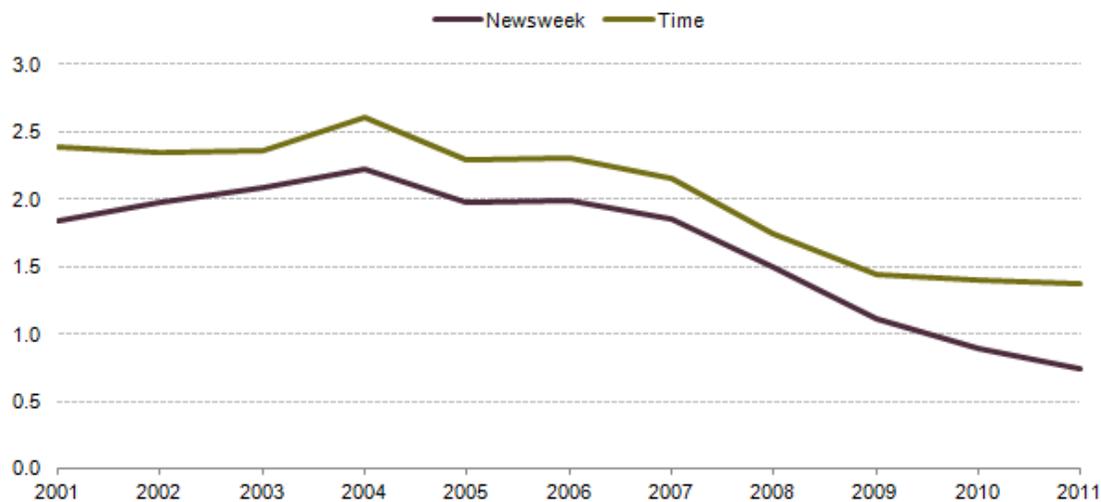
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2011 STATE OF THE NEWS MEDIA

Time's ad pages slid 2.5% in 2011, the fifth year in a row they have fallen. Newsweek's ad pages fell 16.8%, the steepest decline among the six. While the two have followed a similar trajectory, since 2009 Newsweek's declines have been significantly sharper.

Time and Newsweek Lose Ad Pages

Total Ad Pages in Thousands



Source: Publishers Information Bureau, of the Association of Magazine Media

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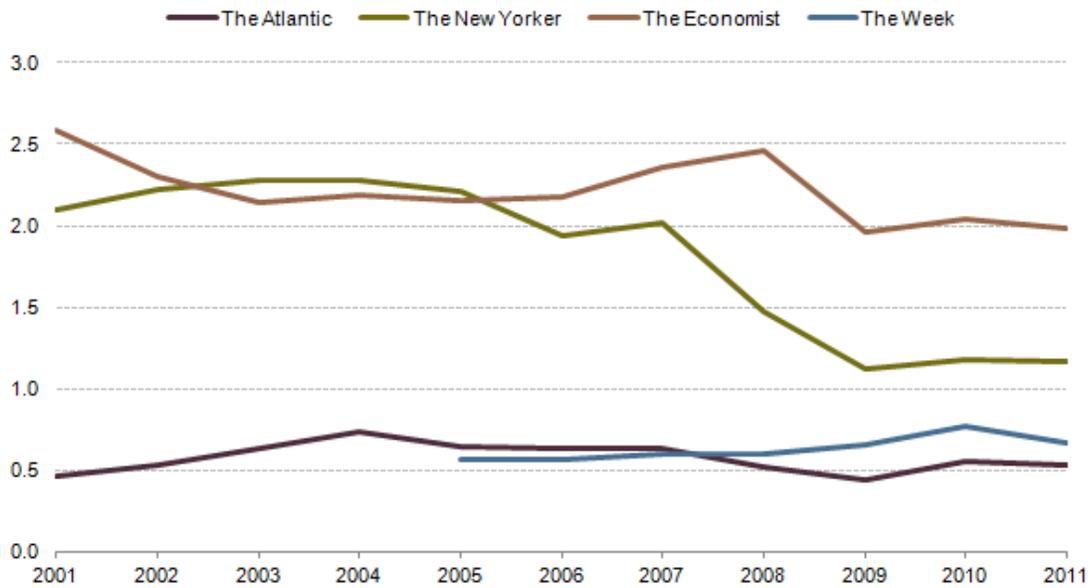
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The four niche news magazines were unable to keep up the success they recorded in 2010. Following strong growth in ad pages that year, all saw declines in 2011. Most noteworthy was The Week, which suffered a 12.9% drop in ad pages after notching up gains of 16.8% in 2010.

Most Niche Magazines Ad Pages Stabilize

Total Ad Pages in Thousands



Source: Publishers Information Bureau, of the Association of Magazine Media
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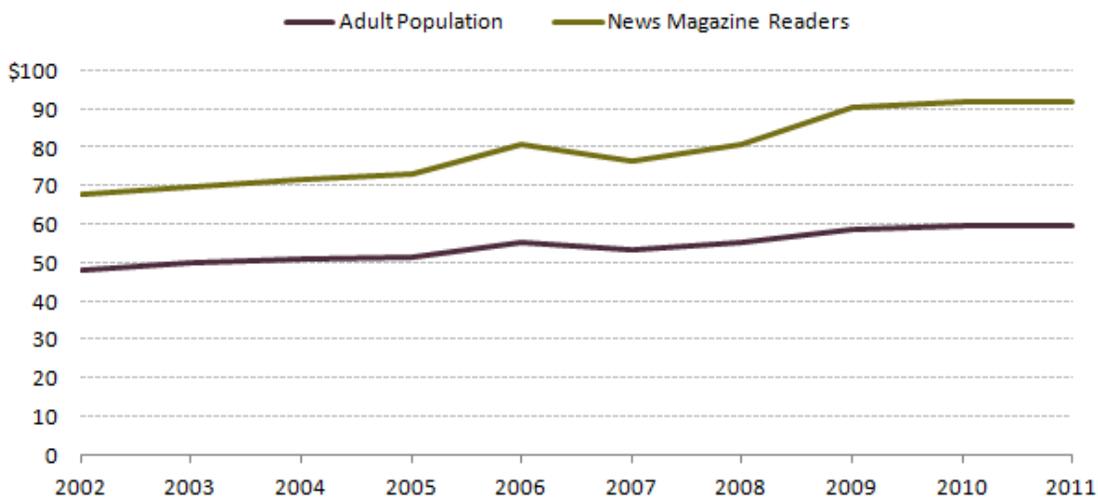
Demographics

News magazines continue to attract an elite audience. Their readers are older and wealthier than the U.S. population on average, a factor that has remained unchanged for years.

The median annual household income of a news magazine reader in 2011 was \$91,846, according to Mediamark. While slightly lower than in 2010, is still much higher than the \$59,913 U.S. national average.

News Magazine Readers' Annual Household Income Higher Than Adults Over All

In Thousands of Dollars



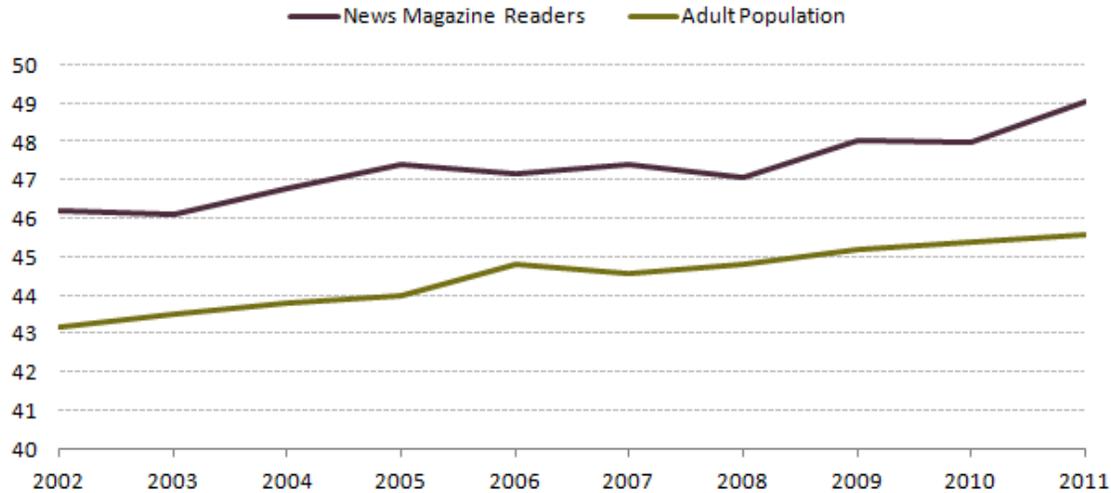
Source: Mediamark Research, survey data
 Note: Mediamark Research does not include data for The Week
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The median age of news magazine readers increased in 2011; at 49.0 years, it was older than for any other year since data became available in 2002. That reversed a trend seen in 2010, when the median age fell slightly, to 48. In addition, news magazine readers remain older than the rest of the adult population, which has a median age of 45.6.

News Magazine Readers Are Also Older Than the Adult Population

Median Age



Source: Mediamark Research, survey data

Note: Mediamark Research does not include data for The Week

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The Economist has by far the youngest and wealthiest readership, with a median age of 44.2 and household income of more than \$121,000.

News Weeklies Demographics

	Average Household Income	Median Age
Newsweek	\$77,143	49.2
The Atlantic	91,079	52.6
The Economist	121,152	44.2
The New Yorker	94,815	51.5
Time	75,043	47.7
U.S. Average	59,913	45.6

Source: Audit Bureau of Circulations, FAS-FAX report for consumer magazines

Note: Data for the Week are not available

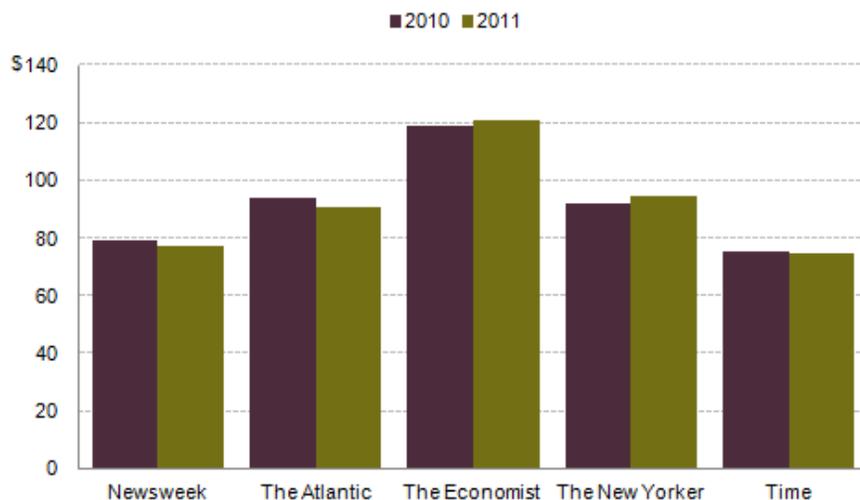
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Some magazines also saw the financial demographics of their readership rise in 2011. The median household income of readers of The Economist and The New Yorker rose in 2011 compared to the previous year.

News Magazine Readers' Increase Annual Household Income Somewhat in 2011

In Thousands of Dollars



Source: Mediamark Research, survey data

Note: Mediamark Research does not include data for The Week

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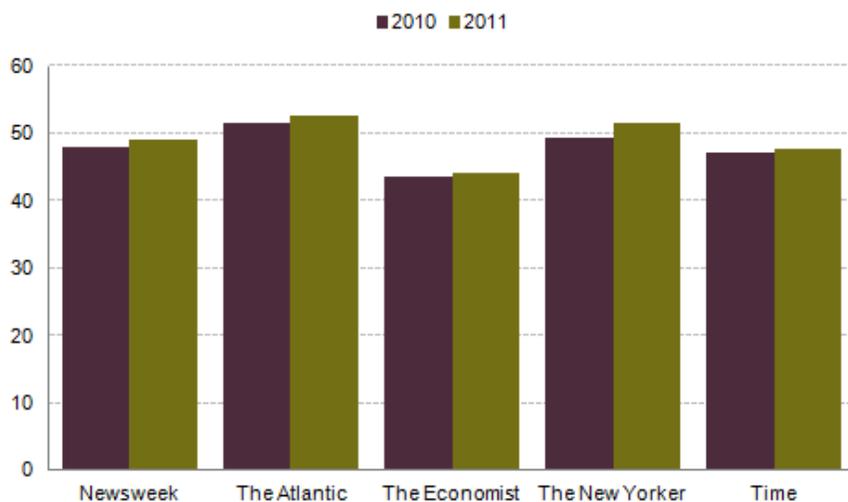
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At the same time, the median age of print readers rose at all the news magazines compared with 2010. The Atlantic has the oldest readers (52.6).

News Magazine Readers Are Older On Average in 2011

Median Age



Source: Mediamark Research, survey data

Note: Mediamark Research does not include data for The Week

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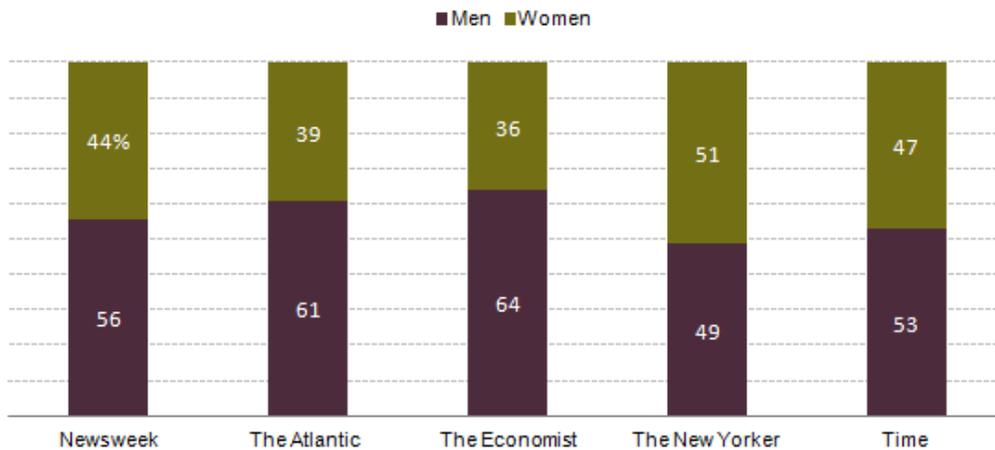
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Typically, more men than women read news magazines. The highest percentage of male readership in our news magazine group is at The Economist, 64%. The one exception, as in past years, is the New Yorker. Women make up 51% of its readership.

Most News Magazines Have More Male Readers

Percentage of Men and Women



Source: Mediamark Research, survey data

Note: Mediamark Research does not include data for The Week

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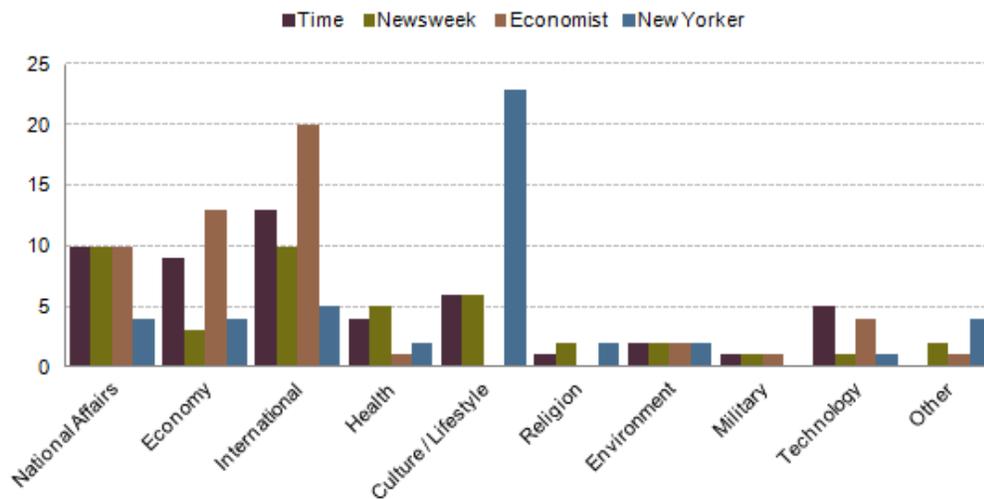
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Content

An analysis by PEJ of cover stories for 2011 pinpoints the different emphasis of the newsweeklies. The Economist, a British-based magazine, mainly focused on international news and the economy, particularly in light of the European Union's economic crisis. Time and Newsweek also allocated a significant number of covers to international affairs this year, since major world events took place such as the death of Osama bin Laden, the Arab upheaval and the British Royal wedding. The New Yorker's covers are dominated by lifestyle issues.

Cover Stories Reveal the News Weeklies' Differences

Number of Covers



Source: PEJ's Quantitative Analysis of Cover Stories

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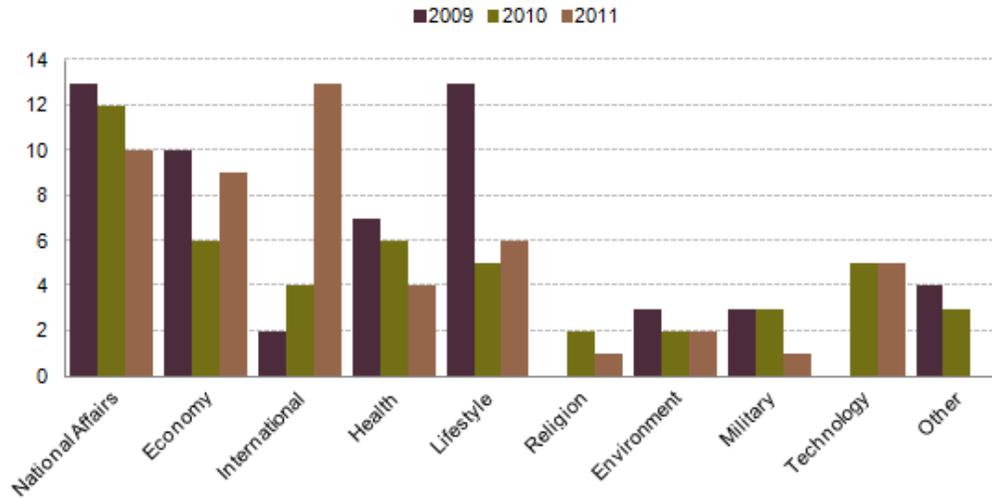
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Time's covers are traditionally more about national affairs, but changes in the news shifted that mix in 2011. For the year, 10 covers focused on domestic trends, the lowest for the past two years, while 9 covers related to the economy and 13 to international affairs, the highest jump among the categories examined.

Time's Covers Show Increased Focus on International Issues in 2011

Number of Covers



Source: PEJ's Quantitative Analysis of Cover Stories

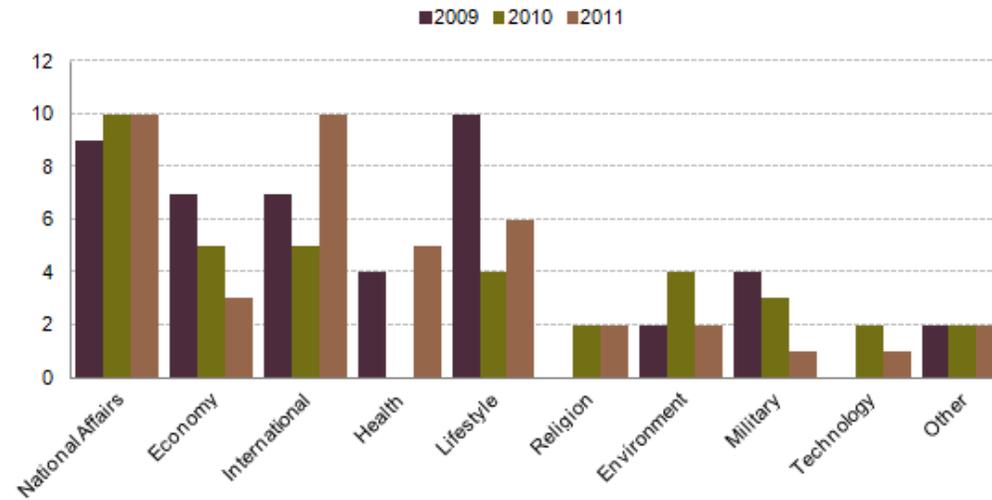
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Newsweek's mix changed less. It maintained a similar focus as in the past on national affairs (with 10 covers in 2011) and had fewer covers than in the past related to the economy (only 3), compared to 2010 and 2009.

Newsweek's Covers Also Take On International Affairs in 2011

Number of Covers



Source: PEJ's Quantitative Analysis of Cover Stories

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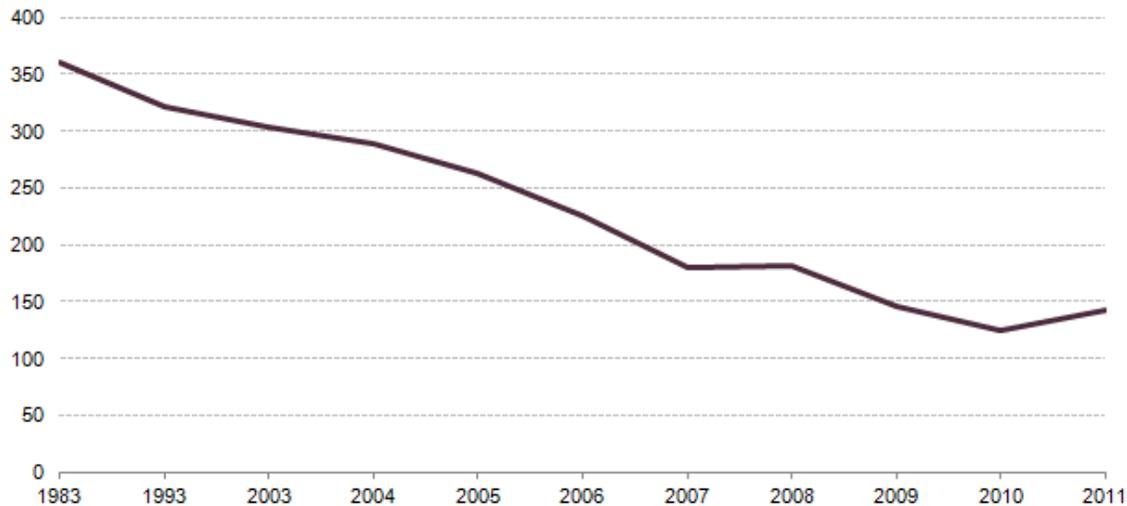
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News Investment

Newsweek’s merger with The Daily Beast makes it difficult to assess the staff size at the magazine as the two elements now have unified personnel. Newsweek did not publish any staff boxes in 2011, the only public expression of newsroom size. Time’s staff saw signs of growth for the first time after 2008, though the totals are still far below those from 20 years ago.

Time Staff Shows Some Signs of Growth

Number of Employees



Source: PEJ’s Quantitative Analysis of Time’s Published Staff Boxes

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An analysis of Time and Newsweek’s staff listings showed little change in the international bureaus. Time’s offices remained the same for 2011 and in the case of Newsweek, Los Angeles was the only bureau added.

International Bureaus Stay Put for Time and Newsweek

Time		Newsweek	
2010	2011	2010	2011
Washington	Washington	Washington	Washington
Miami	Miami	Islamabad	Islamabad
London	London	London	London
Paris	Paris	Paris	Paris
Jerusalem	Jerusalem	Jerusalem	Jerusalem
Johannesburg	Johannesburg	Beirut	Beirut
New Delhi	New Delhi	Rio De Janeiro	Rio De Janeiro
Beijing	Beijing	Beijing	Beijing
Hong Kong	Hong Kong	Moscow	Moscow
		Berlin	Berlin
			Los Angeles

Source: Time Magazine staff box published December 2010, 2011 and Newsweek staff box published June 2010 and April 2011

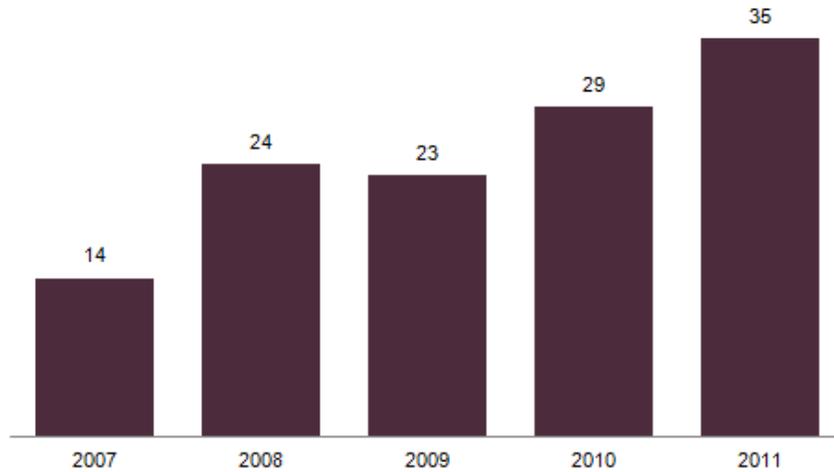
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Just as Time’s general editorial staffing has increased for the first time in 2011, its online staff grew too. The Time.com staff has been gradually increasing in recent years, reaching 35 members in 2011.

Time.com Staff Expands

Number of Employees



Source: PEJ's Quantitative Analysis of Time's Published Staff Boxes

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[Click here to read the Magazine Essay](#)

Magazines Glossary

ABC

The Audit Bureau of Circulations is headquartered in Schaumburg, Illinois, with member service offices in New York and Toronto. As of September 1, 2002, ABC has 4,322 members, including 787 consumer titles, 257 business and farm publications, 1,326 newspapers, 1,334 advertisers and ad agencies, and 492 associate members. (Also see Audit Bureau and BPA International.)

Ad pages

The total number pages of advertising published, based on an actual count of ads in a publication.

Ad dollars

Publishers Information Bureau estimates of advertising revenues, derived by combining official ad rates and published pages. It multiplies the rate magazines charge on their rate card by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest. For this reason we are not using these estimates.

Back Copies

Copies served to a new subscriber that are older than the current issue. Often used to help meet paid rate base or controlled demographics goals.

Bureau

An office for gathering or distributing news. Similar terms are used for specialized bureaus, often to indicate geographic location or scope of coverage: a Tokyo bureau refers to a given news operation's office in Tokyo, Japan; foreign bureau is a generic term for a news office set up in a country other than the primary operations center; a Washington bureau is an office, typically located in Washington, D.C., that covers news related to national politics in the United States.

Circulation

A magazine's total net paid subscriptions and single copies (newsstands). Subscriptions may include digital subscriptions i.e. websites' subscriptions circulation.

Consumer magazines

They do not include farm and religious magazines, as well as publications which are not filed.

Digital magazine (replica)

Where the advertising and editorial content exactly match the printed publication.

Digital magazine (nonreplica)

Where the basic identity and content are similar to the printed edition but the articles and advertising may differ. Free, unrestricted public access to a Web site does not qualify as a paid digital edition.

Single Copy Sales

Also called newsstand sales. Single copies of magazines sold at retail. Most single-copy sales are made in supermarkets and other mass retail outlets. Many publishers also distribute through specialty stores.

Social media

Online technologies and practices that people use to share opinions, insights, experiences, and perspectives with each other.

Social Networking

Web sites that allow people to link to others to share opinions, insights experiences and perspectives, whether it's music fans on MySpace, business contacts on LinkedIn, or classmates on Facebook. Many media sites have adopted social networking features such as blogs, message boards, podcasts and wikis to help build online communities around their content.

Unique Visitors

The number of inferred individual people within a designated reporting timeframe, with activity consisting of one or more visits to a site. Each individual is counted only once in the unique visitor measure for the reporting period.

Backgrounders

Rate Base

Some declines in circulation are by design. Newsweek and Time in the United States, for example, have been actively trying to reduce the minimum circulation the publications guarantee to advertisers in recent years.

Why would a magazine seek to reduce the number of copies it distributes?

The biggest share of revenue a magazine takes in comes from advertising, with a much smaller share from subscriptions and sales of individual copies. Advertising rates are based on a promised circulation number for each issue. This number is often lower than actual circulation. Many publishers guarantee advertisers that they will maintain a certain average circulation level, or rate base, over a given six-month audit period (a few publishers guarantee rate base on each issue published).

If a magazine fails to deliver the promised circulation, a publisher has to refund advertisers a portion of the rate, based on how short circulation falls.

Publishers make certain that they meet the guaranteed circulation, or advertising rate base, mostly by attracting readers through incentives. And some offer steep discounts to subscribers to meet this goal, discounts that can cut into any profits.

With a slow erosion of ad sales at magazines since the mid-1990s—and significantly fewer ads bought in 2008—publishers have reconsidered the cost-effectiveness of trying to maintain high circulation bases.

Ad Pages vs. Ad Dollars

Divining the financial health of a magazine is challenging.

Two of the biggest owners of magazines — Hearst and Advance (the owner of Condé Nast)— are privately held companies, and as such are not required to issue public financial reports. Even the publicly traded media companies that do issue reports generally do not break out revenue figures for specific magazines.

The Publishers Information Bureau offers estimates by combining ad rates and published pages. It multiplies the ad prices magazines list on their rate cards by the number of ad pages they published. The resulting estimate is an imprecise representation of actual ad revenue because advertisers often get discounted prices from the rate card. Because of various discounts and incentives, experts say that actual revenue is often half what the reported ad dollars would suggest.

The figures for how many pages of advertising were published, on the other hand, are based on an actual count of ads in a publication.

The State of the News Media 2012

An Annual Report on American Journalism

Audio: How Far Will Digital Go?

By Laura Houston Santhanam, Amy Mitchell and Tom Rosenstiel of PEJ

Probably the biggest development in the audio landscape in 2011 came in the growth of people listening on digital mobile devices. And one of the prime arenas for device use was car listening, the long-established domain of AM/FM radio.

Traditional radio is by no means a thing of the past. The vast majority of Americans still report listening to AM/FM weekly, and the bulk of audio revenue remains tied to that traditional platform. But as many as 38 percent of Americans now listen to audio on digital devices each week, and that is projected to double by 2015, while interest in traditional radio – even the HD option – is on the decline.

Spot advertising still dominated radio revenue streams in 2011, but its growth was sluggish. Meanwhile, digital advertising sales increased at the fastest rate but made up the smallest piece of radio's overall revenue. Forecasts do not indicate much change in this trend during the years to come.

Within traditional radio, news/talk/information stations have again grown in number over the year before and are expected to continue to do so, thanks in part to invigorated political advertising associated with the 2012 presidential election. Some stations also have even switched from news/talk to all news. The evidence, however, suggests that this does not necessarily equate to more resources devoted to news gathering and reporting. Indeed, it can mean just the opposite.

At the same time, NPR underwent a year of upheaval. Key members of its upper management left or were fired. The network was the focus of threats from Republicans in Congress about federal funding, although their proposed cuts did not pass the Senate. In the end, fewer people listened each week to NPR in 2011, though the number of member stations increased, as did NPR's total operating budget, thanks in part to a boost in fund-raising from private sources.

Audience

For all the changes in technology, local AM/FM radio has largely retained its presence in people's lives over the last decade, at least at the most basic level. In 2011, nine out of 10 Americans age 12 or older¹(93%), used or owned an AM/FM radio, according to Arbitron, a drop of only 3 percentage points since 2001. This puts AM/FM radio second only to television as the medium most prevalent in people's lives.² Two-thirds of traditional radio listening occurs away from home, largely in automobiles.³

Terrestrial Radio's Use Has Remained Nearly Static Over the Last Decade

Percentage of Americans Age 12 or Older Who Use or Own a Platform or Device

	2001	2009	2010	2011
Television	98%	N/A	98%	98%
Local AM/FM Radio	96	92	92	93
Cellphone	54	81	84	84
Broadband Internet	20	N/A	64	70
Online Radio	28	49	52	56
Online Video	23	N/A	49	54
Facebook*	N/A	N/A	48	51
YouTube	N/A	N/A	46	49
Digital Video Recorder	N/A	N/A	41	36
Video on Demand	20	N/A	N/A	35
iPod	N/A	28	28	31
Smartphone	N/A	N/A	N/A	31
Audio Podcasts	N/A	22	23	25

Source: Arbitron

Note: Infinite Dial 2011 asked 'Social Networking Sites,' not Facebook. In previous years, respondents had been asked if they used social networking sites.

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There is also evidence in the data that people listen to AM/FM out convenience rather than out of deeper appreciation for the content. Less than a quarter of adults, 22%, said in a 2011 survey by Arbitron that they “love” local AM/FM radio. This is far less than those who reported “loving” other audio devices, including the iPhone (66%), Android smartphone (49%), digital video recorders (48%), iPod (46%), broadband internet (46%) and even satellite radio (39%).

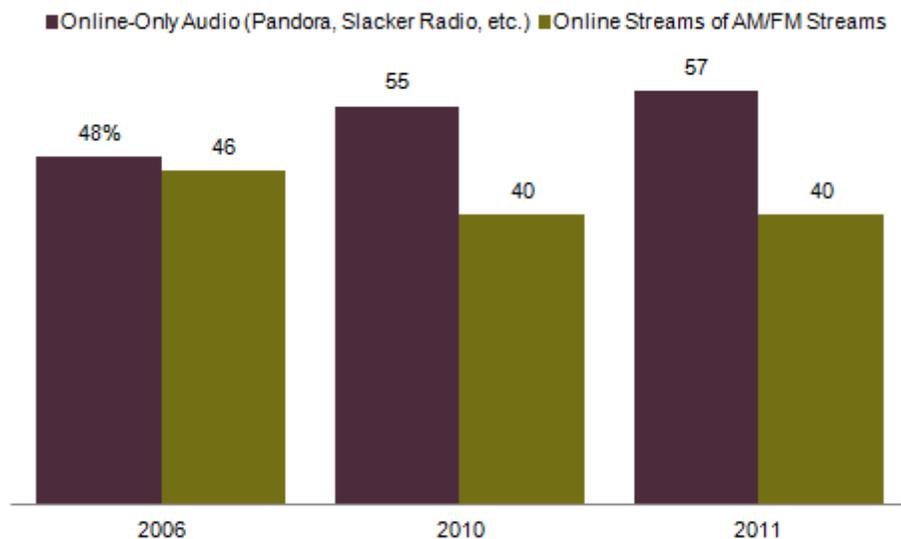
This question was new for Arbitron in 2011, but the finding reflects a sentiment similar to that registered by an earlier form of the question. In 2007 and again in 2010, Arbitron asked whether different platforms and devices had a “big impact” on people’s lives. The last time the question was asked, about 20% attributed that sentiment to local AM/FM radio, well behind broadband internet, the iPhone and television.

Perhaps more important, the survey results raise the possibility that if these newer platforms were more easily accessible, they might continue to take market share. In 2011, one-third of all Americans (34%) said they listened to either streaming AM/FM versus internet-only services, such as Pandora, or both in the previous month. Among those who listened to both (9% of Americans), the percentage who mostly listen

to AM/FM streaming has leveled off, while those who listen only online is on the rise.⁴

Those Who Listen Mostly to Internet-Only Stations Continues to Rise

Percentage of People Who Listen to Both AM/FM Streaming and Internet Only Audio



Source: Arbitron

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One of the most important battlegrounds over the next year will again be the car, where a good deal of traditional radio listening occurs. And the momentum continues to shift. The number of people who used their cellphones to listen to online-only radio in their cars nearly doubled in 2011, to 11% compared with 6% in 2010.⁵ This listening is most prevalent among the young, which suggests the trend may grow as more of this tech-savvy cohort hit driving age. Nearly one-fifth (19%) of people age 18 to 24 reported streaming Pandora through their cellphones or mobile devices and into their cars in the previous month, roughly three times that of those age 25 to 34 (6%) or those aged 35 to 44 (7%).⁶

Moreover, this smartphone use is increasingly built around mobile music apps that take listeners not to digital versions of AM/FM stations but to online-only services like Spotify, Mogg or Rdio. These apps enable users to synchronize their online radio accounts with their phones.⁷ Already, an estimated 38% of people listen to music on their mobile devices weekly, and that number is expected to nearly double by 2015.⁸ As more people turn to smartphones and away from other technologies, like laptop and desktop computers, smartphone use is likely to grow more pervasive.⁹

Add to this the fact, noted in this report last year, that more automakers are installing technology to access the internet in automobiles. Taken together, the elements are all there for digital listening in cars to increase, which will almost certainly further dilute the influence of AM/FM, even if some of this digital listening is to those stations on digital streaming.

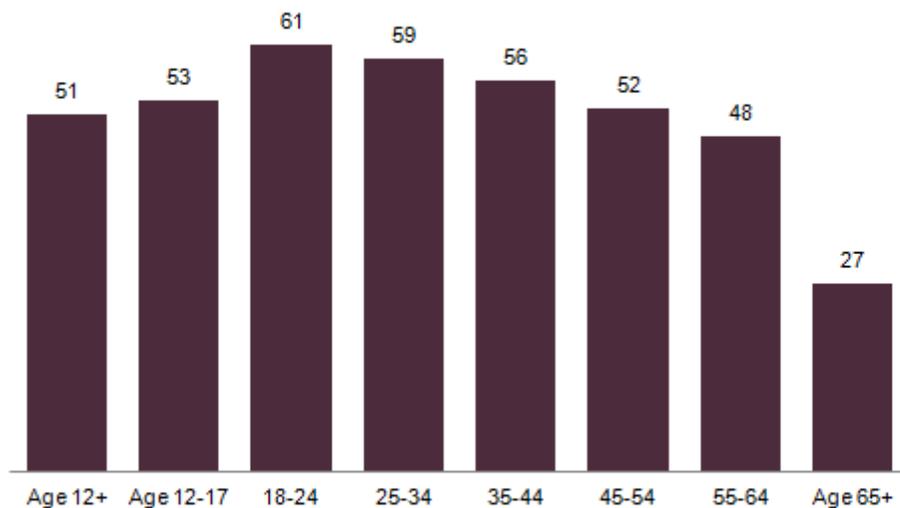
HD Radio

In addition to streaming their broadcasts over the internet, the other major attempt by AM/FM to push back against new digital rivals was HD radio, which allows stations to provide multiple channels aimed at niche audiences with high-quality sound. According to the latest data, the evidence is only increasing that HD has failed to take hold.

Many people are aware that HD radio exists, but very few adults express interest in it. From 2006 to 2010, the number of people who said they were interested in HD radio never rose above 8%. In 2010, the last year that Arbitron reported asking this question, only 7% of respondents saying they were very interested in HD radio.¹⁰ Additionally, the number of stations adding HD signals fell once again in 2011, continuing a downward trend first seen in 2006. Only 17 stations added HD signals for a total of 2,103 in late 2011, compared to 21 added stations the previous year.

Most People Are Aware of HD Radio

Percentage of People Who Have Heard of HD Radio in 2011 by Age Group



Source: Arbitron

Note: In 2011, Arbitron asked for "percent of people who have heard of HD Radio by age group." In previous years dating back to 2006, Arbitron asked for "percent of people who have heard/read anything recently about HD Radio."

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The automotive industry has helped keep some lifeblood in HD. Though in 2011 just 2% of people age 18 or older reported using HD radio in their primary vehicle, Cadillac announced in that fall that it would roll out HD radio as standard equipment in some of its spring 2012 models.¹¹ The disappointment with HD spurred some radio companies to take other steps to bolster future audiences. Clear Channel Radio and Cumulus Media teamed up in an effort to gain access into the growing discount-coupon market. By December 2012, Clear Channel Radio will air discounts to listeners of its 850 stations with Cumulus Media's daily deals network called SweetJack, which exchanges promotions to local businesses for deals advertised on-air and online.

At the same time, Cumulus Media will broadcast its 570 stations on iHeartRadio, the online radio platform that Clear Channel has put forward.

In many respects, iHeartRadio was Clear Channel’s competitive response to Pandora. Launched in 2008, iHeartRadio boasts that its mobile app has achieved 34 million downloads and offers customers far more songs - 11 million - than Pandora (800,000 songs at the time of Pandora’s IPO in 2011)¹² and most other Internet service competitors. Listeners can stream any of the available AM/FM stations that belong to Clear Channel or, with the company’s 2012 agreement, Cumulus - a combined total of 1,420 stations. In addition, people can hear customized services built around a particular artist, genre or personality. With the increased use of smartphones that deliver audio content to listeners on the go, iHeartRadio may continue to assist AM/FM radio with finding a place in people’s cars and on mobile devices. But it is competing in an increasingly crowded market of mobile audio apps.

Radio Economics

The economics of audio, by contrast, still tilt heavily in the direction of traditional radio broadcasting. As in other media sectors, this has been the innovator’s problem, trying to invest in new technology when the old is what generates the most money.

In 2011, total radio revenue grew, but more slowly than the year before. And traditional spot advertising, which dominates radio revenue, was flat, a condition that is expected to continue in the future. Meanwhile, digital platform spending, the smallest piece of the pie, is projected to have the steepest upward growth trend. Just as we see in audience trends, the challenge will be who will capture that digital market share.

Over all, radio revenues grew by about 1 percentage point to \$17.4 billion in 2011, according to data from the Radio Advertising Bureau. This was far less than the 6% revenue growth in 2010. That, however, was when radio revenues had more ground to regain after the recession took its toll.

Radio Revenue Sources in 2011

In Millions of Dollars

	Dollars	% Change over 2010	% of Total Radio Revenue
Spot	\$14,060	-1%	81%
Network	1,136	3	7
Digital	709	15	4
Off-Air	1,491	7	9
Total	17,396	1	100*

Source: Radio Advertising Bureau Quarterly Revenue Reports

Note: Percent of total radio revenue does not add up to 100% due to rounding.

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Most of this revenue came from broadcast radio, but that is the sector that is not expanding. Revenues from traditional spot advertising shrank by 1 percentage point in 2011, to \$14.1 billion. That followed 6% growth in 2010.

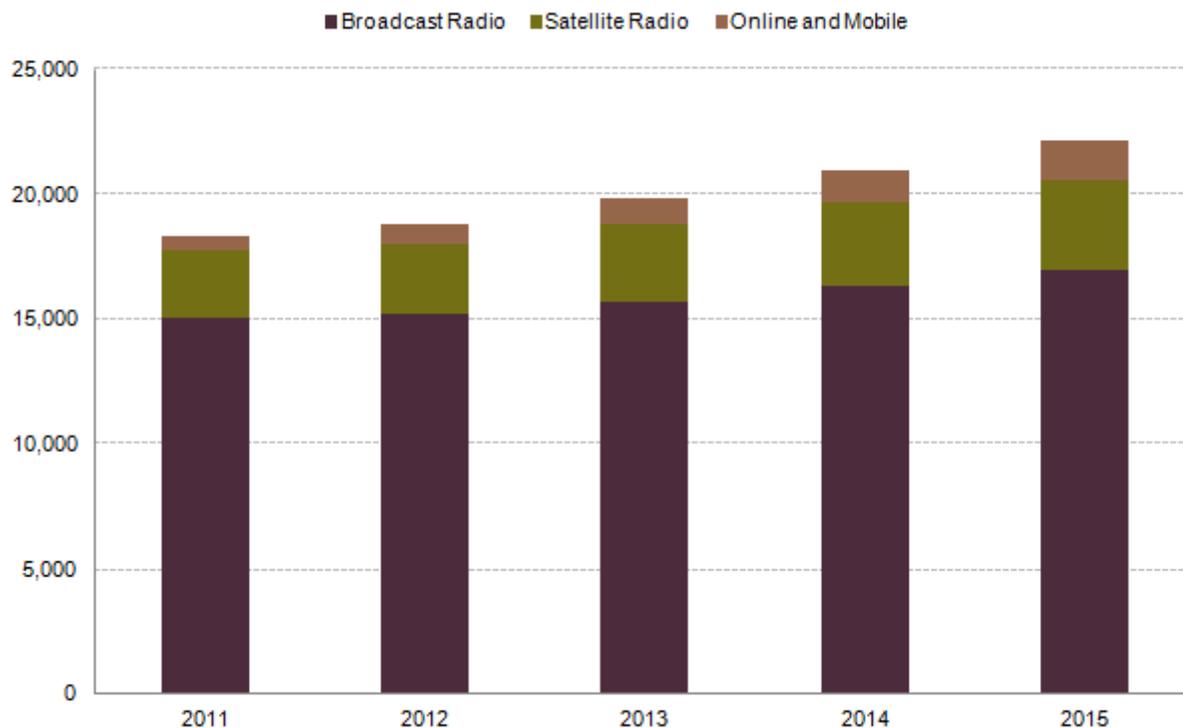
At the same time, digital revenues grew by 15% but provided less income, with \$709 million for the year. While actual dollars from digital revenues were the fewest by far, the rate of growth was the largest seen

among all radio revenue streams.

By 2014, total radio revenues are expected to return to the 6% annual growth rate seen in 2010, Veronis Suhler Stevenson predicts. Broadcast stations will still dominate, but most of that growth will come from new technology in online and mobile services.

Online and Mobile Radio Expected to See Richest Revenue Gains

In Millions of Dollars



Source: Veronis Suhler Stevenson

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A Big Year for Internet Radio

Internet audio services, such as Pandora, SlackerRadio or Spotify, saw important developments in 2011. Along with more people tuning to internet audio, Pandora Media made an initial public offering of its stock, and a competitor, Spotify, made its debut in the U.S. While Pandora and Spotify are not the sole competitors in online-only audio, they have an established presence and brand that makes them increasingly recognizable. For all the growth in digital audio audiences, however, a sustainable business model has yet to fully emerge.

The fanfare surrounding Pandora Media's initial public offering was something of a landmark for the fledgling internet audio industry. Pandora, launched in 2005, sold 14.7 million shares to raise \$234.9 million on its first day on the New York Stock Exchange.¹³ It had come a long way from 2009, when the company stood on the verge of bankruptcy. After its first quarter as a publicly traded company, Pandora reported an increase in sales and users. Its position for growth, however, was tempered by payouts

stipulated by its shareholder agreement as well as escalating royalty fees and other costs related to acquiring music and content.¹⁴

For the year, Pandora attracted \$274.3 million in revenue, but more than half of that - \$148.7 million - went to pay royalties to music companies and artists. Despite nearly doubling revenues over the year before, Pandora still came up \$16.1 million short for 2011.¹⁵

With its IPO well-received initially but its value tapering off over time, Pandora commands 5.6% of all hours that Americans spend listening to traditional broadcast, online or satellite radio.

A key part of Pandora's future may be whether it can successfully expand to mobile. In 2011, mobile made up 70% of all usage. Also, the number of hours people spend listening to Pandora grew faster on mobile devices (164% year over year) than on laptop or desktop computers (12%).¹⁶ Over all, its users consumed 8.2 billion hours of music during the year.¹⁷

In fact, Pandora stirred controversy when, in December 2011, it measured audience listening using average quarter hours, the same metric that Arbitron uses to measure traditional AM/FM radio and that then determine advertising rates. Arbitron has not measured online listenership and challenged the legitimacy of Pandora's use of the measure to compare¹⁸ traditional radio and online audio audience estimates.¹⁹ By the end of 2012, however, Arbitron hopes to launch a mobile audience measurement device called the 360, a portable people meter to capture listenership growth with relying on a telephone line.²⁰

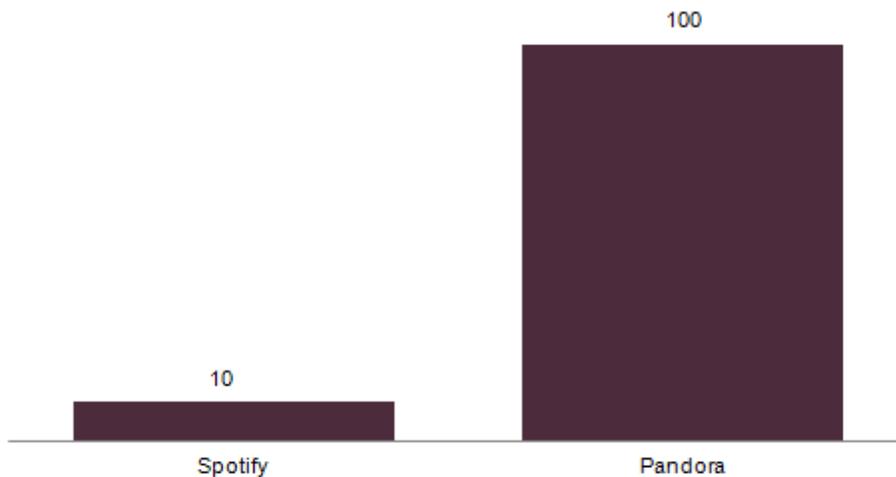
Regardless of how they are measured, there is clear affection for these newer forms of listening. Three out of four people say they like or love satellite radio and that they like or love Pandora, more than the 69% who said they like or love traditional AM/FM radio. Still, online audio in general received less enthusiasm (53% liking or loving it generally). Portable devices such as the iPhone, iPod and iPad inspired the greatest affection.

The expanding pool of Internet audio competition is another challenge for Pandora. For the moment, the primary competitor is Spotify, a European-based free music-sharing company launched in 2008 that made its American debut in July 2011. Its delayed arrival into the United States was attributed largely to record label resistance.

Once record companies relented, in the hope that Spotify would make them money, the company joined with Facebook and offered free sign-up to new users through Facebook accounts. Spotify later put some limitations on the free sign-up. Facebook users now receive six months of unlimited use. Then they either face a cap on their usage each month or can opt to pay a monthly fee for continued unlimited service. Spotify also later launched Spotify Radio, a service that mimics many of Pandora's functions while also claiming to offer enhanced usability, such as unlimited channels and skips of songs that a listener does not want to hear.

These strides place Spotify and Pandora closer to competing head-to-head, but it will probably be some time before Spotify can claim equal footing. Worldwide, Spotify reports 10 million registered users, or people who have opened accounts, and 2.5 million paid subscribers,²¹ the latter largely accelerated by the company's U.S. debut.²² By comparison, Pandora reported 100 million registered users in the United States and 40 million active users (those who logged in within the last month).²³ Since then, Pandora reported having 125 million registered users, but as of press time, Spotify has not yet made public how many new registered users it has.

U.S. Audience for Pandora Far Outweighs that of Spotify's International Reach for Now
In Millions of Registered Users as of July 2011



Source: Pandora press release, July 12, 2011, and Spotify homepage.

Note: Pandora's number of registered users is for U.S. audience only while Spotify's number of registered users is worldwide.

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Despite the fanfare of Pandora's IPO and Spotify's U.S. arrival, industry followers like Mashable's chief executive, Pete Cashmore, have said it is too soon to know if social music outlets hold a sustainable business model.²⁴

"Is this thing too good to be true?" Cashmore said to attendees of the Mashable Media Summit in November 2011. "Getting all the music you can listen to virtually for free or for \$10 a month across all your devices: Is that sustainable? People love it, but is it great for the music industry? Is it something they're really going to buy into? We don't know yet."

Satellite Radio

The first of the major challengers to AM/FM broadcasters, satellite radio, grew in audience and revenue in 2011.

Total revenue from subscriptions in 2011 amounted to an estimated \$2.7 billion, up 7% over the previous year. The firm Veronis Suhler Stevenson estimates that satellite audio services will continue to grow revenues steadily, reaching \$3.6 billion by 2015.

At the same time, satellite audio is projected to receive more revenue when compared to online and mobile audio revenues. However, online and mobile revenues are expected to grow at a faster rate than satellite radio revenue in the coming years. Both are forecast to grow more aggressively than traditional AM/FM revenue.²⁵

The U.S. satellite audio industry is a single company, SiriusXM. The company reported \$3 billion in revenues and nearly 21.9 million subscribers in 2011, up 1.7 million subscribers from the previous year. But some of these subscribers are not happy with the company's recent announcement that it would raise prices. The announcement drew comparisons from some industry analysts to Netflix, which received a great deal of customer pushback when it adjusted its fee structures. Sirius XM justified the decision as a way to preserve premium customer content without commercials, Sirius' chief executive, Mel Karmazin, told Reuters.²⁶

During the Reuters interview, Karmazin relayed confidence that younger audience members would appreciate SiriusXM's "curated content," much as they do iPods, and would not be priced out by the price hike.

The company also hopes that its star hosts can help attract new subscriptions. Howard Stern, the popular Sirius XM talk radio host who in December 2010 signed a contract to receive \$80 million per year (a cut in pay amounting to \$20 million annually from his initial contract), also is going to host America's Got Talent on NBC.²⁷

Talks continued about whether SiriusXM might be bought by Liberty Media. Liberty has owned a 40% stake in SiriusXM's shares since buying them in 2009 when SiriusXM faced bankruptcy. In 2011 and into this year, rumors abounded about whether Liberty would buy a bigger stake in SiriusXM, enough to control the company three years after throwing the satellite radio company a life raft.

Podcasting

The use of podcasting hit a plateau in 2007, and has largely stayed there with a steady following since. As of 2011, 45% of Americans report knowing what a podcast is, about on par with awareness levels since 2007. However, only one-quarter of Americans reported listening to podcasts in 2011, up marginally from 23% during the previous year. Only 9% of people reported that they "love" podcasts, according to Arbitron's data.²⁸

The volume of podcasts is also fairly steady. The number of available podcasts totaled more than 91,000 in 2011, compared to nearly 90,000 the year before, according to PodcastAlley.com. This rise was not as sharp as the jump from 70,000 podcasts in 2009.

The percentage of radio outlets offering podcasts rose to more than one-third in 2011, up from 23% during the previous year, according to Robert Papper, professor of journalism at Hofstra University. By comparison, the segment of television stations that made podcasts available grew to 14%, up from 10% in 2010.

Despite minimal growth in listenership in the general population and some news outlets dropping their podcasts, a number of news outlets, including as NPR and Slate, have reported a rise in podcast downloads. For Slate's audience, says Andy Bowers, the internet magazine's executive producer of podcasts, the platform has come a long way from simply repurposing the Slate's articles when it began in 2005.

Slate now offers nine podcasts, featuring mostly content original to the podcasts. Audiences often remain engaged with Slate.com through the podcasts, Bowers said, but he declined to provide the number of downloads.

One of the biggest contributions that podcasts give the magazine is "a voice and personality beyond the printed word," Bowers said. And as more people are expected to use smartphones and other mobile devices, he also anticipates more news organizations to turn to this platform to reach their desired audiences.

"Up until now, cars have been one of the few places where we spend significant time yet where we haven't been deeply connected to the internet," Bowers said. "And since it's dangerous and foolish to text, read or watch video while driving that leaves audio as the best medium for the road. ... I plan to keep introducing and producing podcasts that become important additions to people's lives, with the hope that as a commuter gets in her car for a dreary drive to work, she'll think, 'Fantastic - Now I get to hear my favorite Slate show.' "

What does this mean? The podcast, while still hitting a significant segment of the population, appears to be losing momentum in general terms. Also, audio services may need to consider varying the selection of platforms and devices where they find themselves so that their potential users might find them.

News/Talk/Information

Where does news fit into the audio landscape? Answering that question is always a challenge. Satellite radio contains news channels. Internet services such as Pandora are music driven. For the most part, news, along with its bigger sibling, news/talk/information, is a creature of traditional AM/FM.

These format categories are somewhat loose. Stations self-identify whether they are news, news/talk or news/talk/information. Still, the broad category of news/talk/information (encompassing all of these stations) continues to rank among the most listened-to formats.

About one out of every eight people, or 12% of the U.S. adult population age 12 or older, listens to news/talk/information radio, according to Arbitron data. That comes close to the 13% of people who listen to the No. 1 format of all, country music.²⁹

While this is slightly fewer people than listened to news/talk/information in 2009 (12.9%) and 2008 (12.6%), it is expected that even more people will tune into news/talk/information stations with the 2012 presidential campaign under way.

The number of news/talk/information stations rose in 2010, the last year for which data were available, continuing an upward trend that began in 2007. In 2010, there were 3,795 stations that identified

themselves as news/talk/information, up 10% from the previous year and a jump by more than 1,000 stations since 2008, according to Arbitron.³⁰

The number of all-news stations also increased. While a much smaller universe than news/talk/information grouping, the number of all-news stations reached 33 in 2010, up from the 30 stations that Arbitron reported in 2009, and 27 in 2008. The reasons for the increase are varied. According to Arbitron spokeswoman Kim Myers, stations may have been reclassified as all-news, given a new format by their corporate owners, had an AM station add an FM signal or there may have been an increase from the public radio sector. Some stations have been changing their format from news/talk/information to all news, often as a cost-saving measure. In some cases, removing the “talk” also means being able to eliminate many local on-air staff where they existed.

One station to go through such a change in 2011 was KGO 810, a Cumulus Media property in the San Francisco Bay Area that was one of the last remaining news/talk stations in the nation that largely featured locally generated content. When the ratings system switched from diary to the new people meter method (which electronically tracks actual listening rather than compiling self-reported habits), the station’s ratings sank sharply and dropped its market ranking from first to seventh place. In response, Cumulus pulled the talk component, switching to all news and a much-reduced staff. A small but loyal cadre of listeners tried to get businesses to pull their ads and protested outside of the station, holding signs that read “Occupy KGO.” But Cumulus did not reverse its decision.

NPR

Over the last 20 years, as more commercial stations moved to syndicated talk and away from local news, one of the big winners in the audio landscape was NPR. In 2011, NPR had what could be described as a mixed year.

It began amid controversy, firings in top management, and political debate over public funding. (Read about it in last year’s report.) By the time the year was over, fewer people were tuning into NPR programs each week, but there was a boost in the number of member stations, fundraising was up, and the strategy that had been put in place to move more to the web and mobile markets continued.

The troubles of 2011 began in March when conservative activists pretending to represent a Muslim-affiliated trust used a hidden camera to record NPR fundraising executive Ron Schiller saying that the Tea Party was racist and that NPR did not need federal funding. The video went viral, stirred outrage and prompted calls for new leadership and the end of public funding to the organization. Within days, NPR president and chief executive Vivian Schiller (no relation to Ron Schiller), who had come under criticism previously on other matters, resigned. Ron Schiller, who had planned to leave NPR later for another job, left immediately instead. In March, the Republican-led House voted to end federal funding of public broadcasting altogether. The bill failed to pass in the Senate, and the effort to end subsidies of public broadcasting was abandoned in April as part of a temporary deal to prevent a government shutdown.

For much of the year, NPR was led by an acting CEO, NPR’s general counsel, Joyce Slocum. In December 2011, the board hired Gary Knell, who had worked for more than a dozen years as president and chief

executive of Sesame Workshop. The news side, meanwhile, was managed by Margaret Low Smith, who has served as NPR's acting president of news since the resignation in January 2011 of Ellen Weiss, who left after firing commentator Juan Williams in late 2010. There were other departures as well, notably Dick Meyer, the executive editor, who left for the BBC.

For the year, NPR's overall listening audience also fell. Total weekly listenership for NPR slipped just over 1% to 26.8 million people in 2011, down from 27.2 million in 2010. As the table suggests, this is the first NPR audience drop in several years. The number of member organizations was 268, the same as in 2010. Those organizations, however, managed more stations, 789 compared with 764 the previous year. In total, 944 stations aired NPR programming, including stations that are not operated by member organizations.³¹

NPR's Audience Declines in 2011

Number of Average Weekly Listeners



Source: NPR provided PEJ with internal data

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The most positive note may have been financial. The budget for the 2012 fiscal year (October 2011-September 2012) grew 7% from the previous year, to \$173.7 million, according to NPR's internal accounting.

At least part of that financial boost stemmed from NPR's fundraising efforts through sponsorship. This form of fundraising allows corporations and foundations to help cover reporting and production costs by

underwriting stories and programming. During the previous fiscal year, NPR experienced record-breaking levels of sponsorship, collecting \$50 million. That amounted to 24% year-over-year growth, NPR reported.

The news divisions benefited directly. Its 2012 budget grew 7% as well to \$70.7 million. Half of the added dollars were targeted toward coverage of the 2012 election and the Olympics. More staff was hired as well, growing 9% to 365 (345 full-time and 20 part-time workers).

By the end of the first quarter, though, industry forecasts grew more sobering, and NPR scaled back its fund-raising projections.³²

That means it also had to adjust how it planned to spend its money. So far, it is unclear how the organization's financial expectations will pair with its economic reality.

In general, much of the strategy that Schiller helped put in place, to move NPR beyond radio broadcasting, continued, a sign that her grand plan was still broadly supported. (NPR changed its name from National Public Radio in 2010 to reflect this change in strategy.) Many of these efforts moved beyond the main website, NPR.org, whose audience in 2011 reached an average of 17.7 million unique monthly visitors, according NPR's internal data, up from 13.9 million in 2010.

More progress was made in mobile apps, social networking and local blogs. NPR reported that by the end of 2011, its apps for iPhone, iPad and Android had nearly 6 million downloads (the apps were first launched in mid-2010). And despite an overall plateau in podcast listening, NPR's podcasts saw audience growth with 28 million monthly downloads, up from 23.3 million in 2010.

In social media, NPR also made headway in 2011. For example, the network ranked third among Facebook Top 10 fastest-growing news pages, after CNN and Fox News.³³

Facebook Top 10 Fastest-Growing News Pages of 2011

Rank Based on Number of People Who Click 'Like' for Each Outlet's Facebook Page

1. CNN
2. Fox News
3. NPR
4. The Onion
5. New York Times
6. Al Jazeera
7. Yahoo News
8. Times of India
9. BBC World News
10. PBS

Source: Poynter Online

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NPR furthered its use of Twitter as well. In a 2011 PEJ study on how mainstream news outlets use Twitter, NPR ranked fourth in the average number of followers per Twitter feed, behind only ABC News, MSNBC and CNN.³⁴

And while NPR's main Twitter feed did little information-gathering through the tool, its senior strategist for social media, Andy Carvin, has developed a reputation for conducting a vast degree of reporting through his individual feed. In 2011, he covered the Arab Spring through his prolific use of Twitter, live-tweeting uprisings that swept the Middle East and North Africa, including more than 800 tweets from Libya on the day when opposition forces stormed Tripoli. Part of his success through this platform was aided by his small army of 54,000 followers who retrieved tips that he went on to post.

To tap into the growing number of people listening to internet radio, NPR launched a web app called Infinite Player in November 2011. Described as "Pandora for public radio," the app employs an algorithm that allows users to give a "thumbs up" or "thumbs down" to content. These preferences inform the app about what to give the user and offer a lower-maintenance alternative to podcasting.³⁵

If NPR can attract new audiences to its projects across nontraditional platforms and continue to get funding to cover associated start-up costs, it could make up for the loss of terrestrial listeners.

"We need to reach audience in ways convenient and accessible to them in emerging and traditional platforms," NPR's new chief executive, Gary Knell, tweeted during a live Twitter chat.³⁶

Talk Radio

Michael Savage and Glenn Beck swapped places in rankings of talk radio personalities in 2011. Beck lost listeners on radio during the year in which he also lost his program on Fox News and started his own online outlet, Glenn Beck TV. Savage, the conservative talk show host from San Francisco, attracted 9 million weekly listeners, while Beck dropped to 8.5 million listeners each week, according to data from Talkers. Those numbers put Savage third in the lineup of the most popular talkers, and Beck tied with Mark Levin and Dave Ramsey for fourth.

The No. 1 spot continued to belong to Rush Limbaugh, whose audience is an estimated 15 million weekly listeners, a number unchanged from the year before. Sean Hannity maintained his spot as the second-most-listened-to talk radio host, with 14 million weekly listeners.

In February, Cumulus hired Mike Huckabee to go head to head against Limbaugh in the noon-to-3 p.m. talk radio timeslot, syndicated by Clear Channel-owned Premiere. Huckabee, a 2008 Republican presidential candidate and current Fox News Channel host, is scheduled to begin work in April. This is not the first challenger to take on Limbaugh, who has been a talk radio host for almost 25 years. Cumulus has indicated that Huckabee's show will be cheaper than Limbaugh's for stations to purchase, making it potentially more accessible for stations that may be priced out of airing Limbaugh's show.³⁷

Limbaugh also faced wide-ranging criticism and an advertising boycott in early March after he criticized a Georgetown Law student named Sandra Fluke, describing her on-air as a "prostitute" for supporting Obama Administration policy requiring that contraception be included in health care plans.³⁸ In the following weeks, at least two dozen Limbaugh advertisers³⁹ announced they did not want their spots aired during the program, and Limbaugh issued a public apology. Organized opposition on social media may have helped fuel the advertising boycott.⁴⁰

Top Talk Radio Hosts: 2011 Compared to 2010

In Millions of Weekly Listeners

	2011 Listeners	2010 Listeners
Rush Limbaugh	15.0	15.0
Sean Hannity	14.0	14.0
Michael Savage	9.0	8.5
Glenn Beck	8.5	9.0
Mark Levin	8.5	8.5
Dave Ramsey	8.5	8.0
Neal Boortz	6.0	6.0
Laura Ingraham	6.0	6.0
Jim Bohannon	3.75	3.75
Jerry Doyle	3.75	3.75

Source: Talkers Magazine

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Audio: By the Numbers

By Laura Houston Santhanam, Amy Mitchell and Tom Rosenstiel of PEJ

“By the Numbers” houses a comprehensive set of charts and tables telling the story of each media sector. For a narrative summary, visit the corresponding essay.

Audience

The vast majority of Americans still report listening to AM/FM radio weekly. But, as many as 40% percent of Americans now listen to audio on digital devices, and that is projected to double by 2015, while interest in traditional radio—even the HD option—is on the decline. One of the prime arenas for digital listening was the car, once the domain of AM/FM radio.

By the most basic measure, traditional AM/FM radio’s has retained a place in people’s lives. The vast majority of Americans use or own an AM/FM radio, and at a level that has remained largely unchanged over the last 10 years.

Terrestrial Radio's Use Has Remained Nearly Static Over the Last Decade				
Percentage of Americans Age 12 or Older Who Use or Own a Platform or Device				
	2001	2009	2010	2011
Television	98%	N/A	98%	98%
Local AM/FM Radio	96	92	92	93
Cellphone	54	81	84	84
Broadband Internet	20	N/A	64	70
Online Radio	28	49	52	56
Online Video	23	N/A	49	54
Facebook*	N/A	N/A	48	51
YouTube	N/A	N/A	46	49
Digital Video Recorder	N/A	N/A	41	36
Video on Demand	20	N/A	N/A	35
iPod	N/A	28	28	31
Smartphone	N/A	N/A	N/A	31
Audio Podcasts	N/A	22	23	25

Source: Arbitron
Note: Infinite Dial 2011 asked 'Social Networking Sites,' not Facebook. In previous years, respondents had been asked if they used social networking sites.

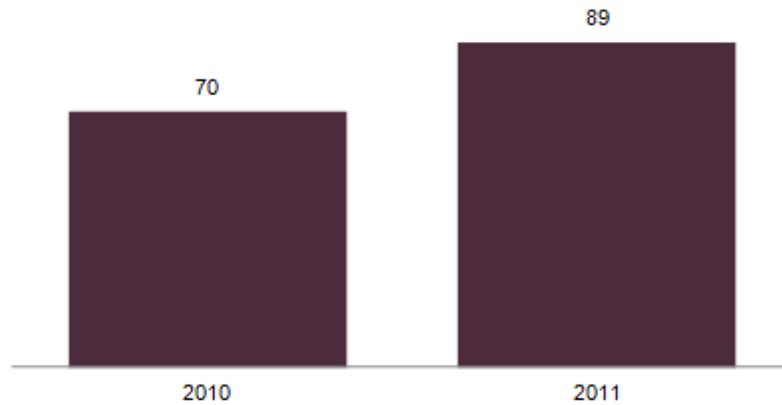
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The growth and momentum, however, lies in digital-only listening.

More people are listening to online audio services. In 2011, one-third of all Americans (34%), or 89 million people, said they listened to either streaming of AM/FM stations, Internet-only services, such as Pandora, or both in the previous month.

More People Are Turning to Online Radio

In Millions of Americans Estimated to Have Listened to Online Audio Services in the Past Month



Source: Arbitron

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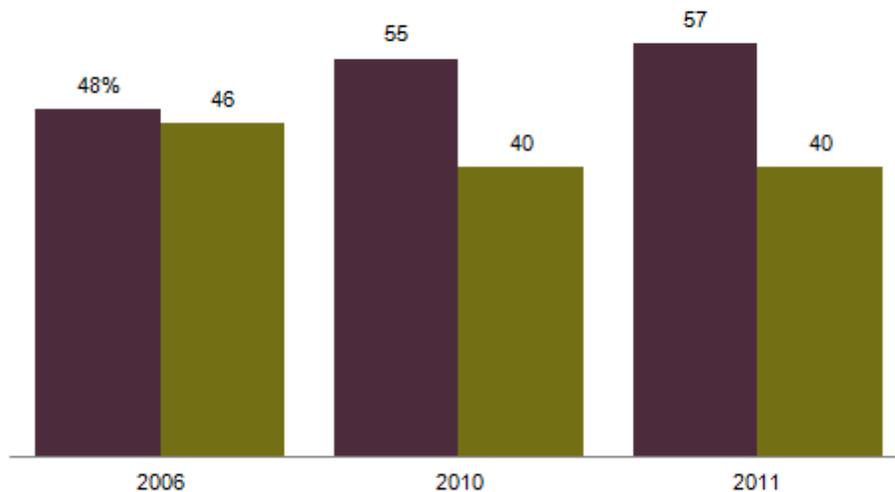
[SEE FULL DATA SET](#)

Among those who listen to both AM/FM streaming and Internet-only services, 9% of Americans in all, a growing number of people say they listen to Internet-only services the most.

Those Who Listen Mostly to Internet-Only Stations Continues to Rise

Percentage of People Who Listen to Both AM/FM Streaming and Internet Only Audio

■ Online-Only Audio (Pandora, Slacker Radio, etc.) ■ Online Streams of AM/FM Streams



Source: Arbitron

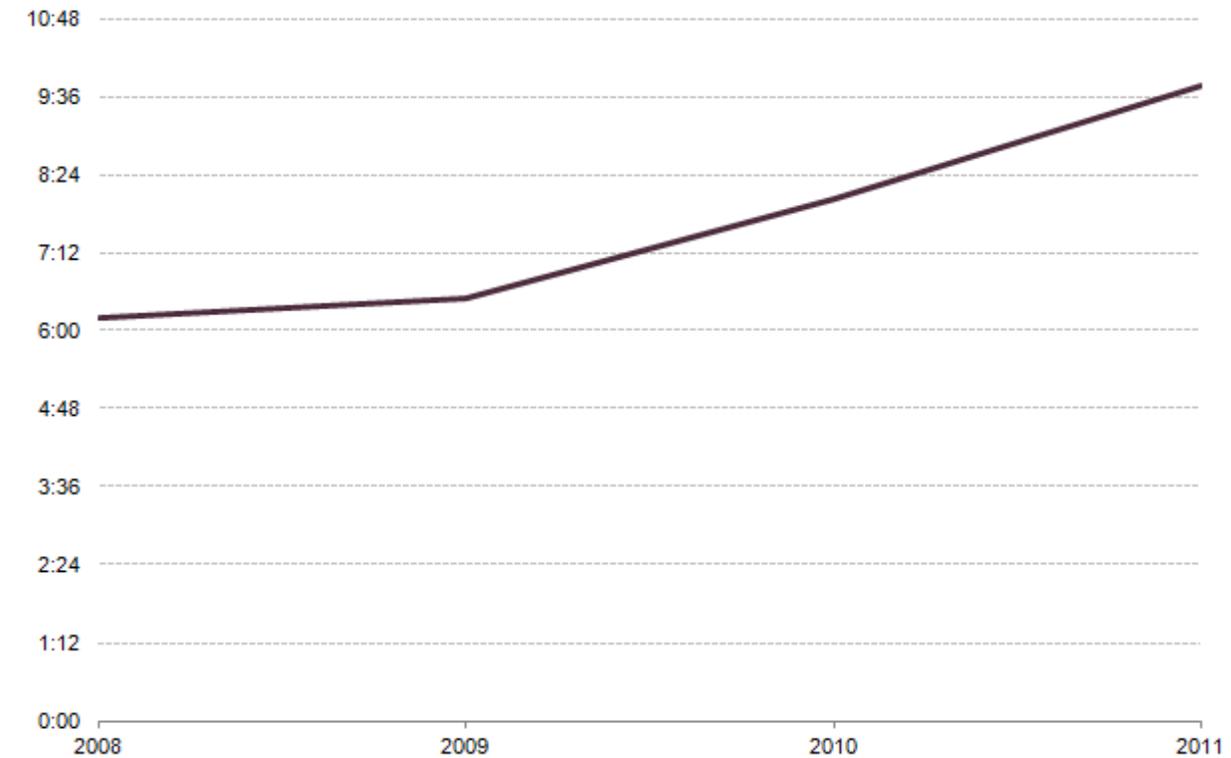
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Since 2009, the amount of time people spend listening to online audio has climbed. From 6 minutes, 13 seconds on average in 2008, it grew to 9 minutes, 47 seconds in 2011.

People Are Spending More Time with Online Radio since 2008

Self-Reported Average Time Spent per Week with All Sources of Online Audio (Hours: Minutes)



Source: Arbitron

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There is also clear affection for these newer forms of audio listening. Three out of four people say they like or love satellite audio, the same number of people who said that they like or love Pandora. Meanwhile, 69% of people said they like or love AM/FM broadcast radio. Still, online audio in general received less enthusiasm (53% liking or loving it generally). Portable devices such as the iPhone, iPod and iPad inspired the greatest affection.

One Out of Five Americans Say They 'Love' AM/FM Radio

Percentage of Americans Age 12 or Older Who 'Like' or 'Love' a Platform or Device

	2011		2010
	Love	Like	Big Impact (By comparison)
iPhone	66%	19%	45%
iPad	53	30	N/A
Android Smartphone	49	23	N/A
Digital Video Recorder	48	29	27
Smartphone	48	33	33
Broadband Internet	46	34	49
iPod	46	38	27
eReader	45	33	24
Satellite Radio	39	36	27
BlackBerry	36	33	44
Pandora	32	43	N/A
Cellphone (all)	28	32	54
Facebook	27	39	N/A*
Television	26	47	34
YouTube	24	44	13
Video on Demand	23	43	N/A
Local AM/FM Radio	22	47	22
Online Radio	14	39	8
Audio Podcasts	9	32	6
Video Podcasts	7	29	4

Source: Arbitron

Note: In 2010, Arbitron and Edison Research asked if "social networking web sites" had a big impact on respondents' lives, with 20% saying they did. In 2011, respondents were asked if they loved or liked specific social networking websites, including Facebook, MySpace and LinkedIn.

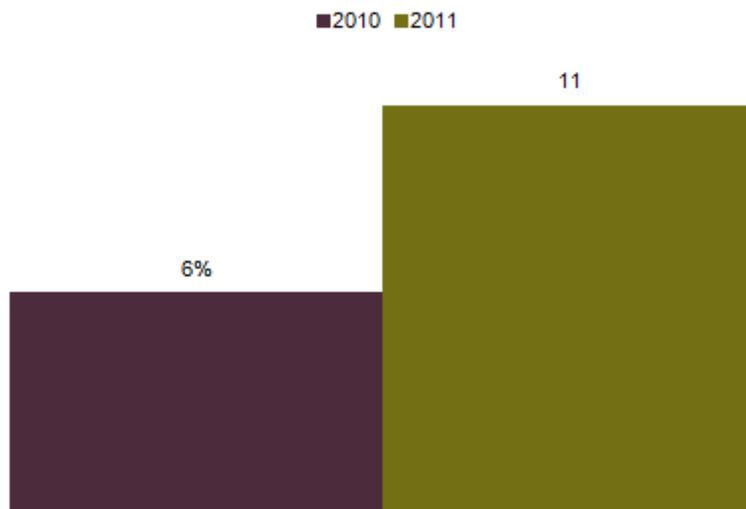
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One of the more interesting trends evident in 2011 is the use of smartphones to bring online audio into cars. Use nearly doubled in 2011, and with smartphone ownership projected to eclipse that of personal computers in 2012, online audio may stand the chance of competing even more with AM/FM broadcast radio.

More People Are Using Cellphones to Listen to Online Radio in Their Cars

Percentage of Cellphone Owners Who Have Listened to Online Audio in a Car by Listening to the Stream from a Cellphone Connected to a Car Stereo



Source: Arbitron

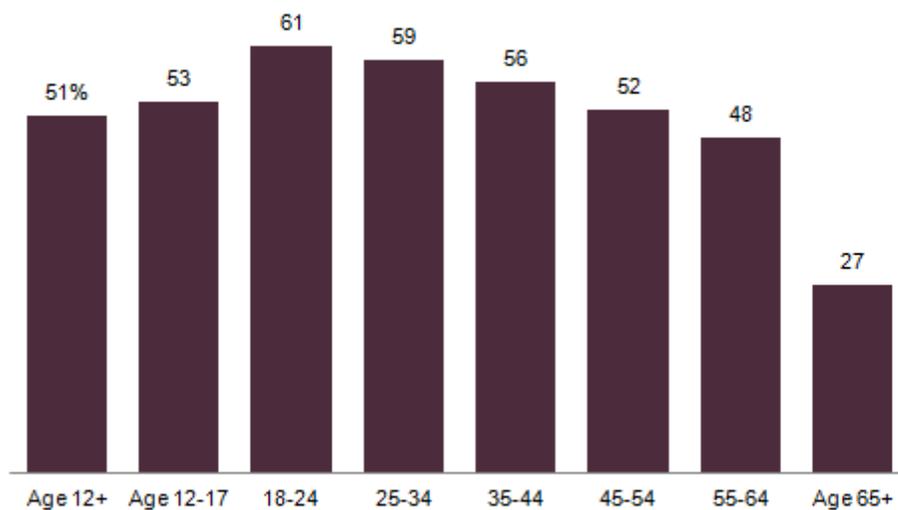
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HD Radio

In addition to streaming their broadcasts over the internet, broadcasters have also developed HD digital radio, which allows stations to add new channels aimed at niche audiences with higher-quality sound. According to the latest data, though, the evidence is growing that HD is failing to take hold. Most people are aware that HD radio exists, but very few adults express interest in it. From 2006 to 2010, the number of people who said they were interested in HD radio never rose above 8%.

Most People Are Aware of HD Radio

Percentage of People Who Have Heard of HD Radio in 2011 by Age Group



Source: Arbitron

Note: In 2011, Arbitron asked for "percent of people who have heard of HD Radio by age group." In previous years dating back to 2006, Arbitron asked for "percent of people who have heard/read anything recently about HD Radio."

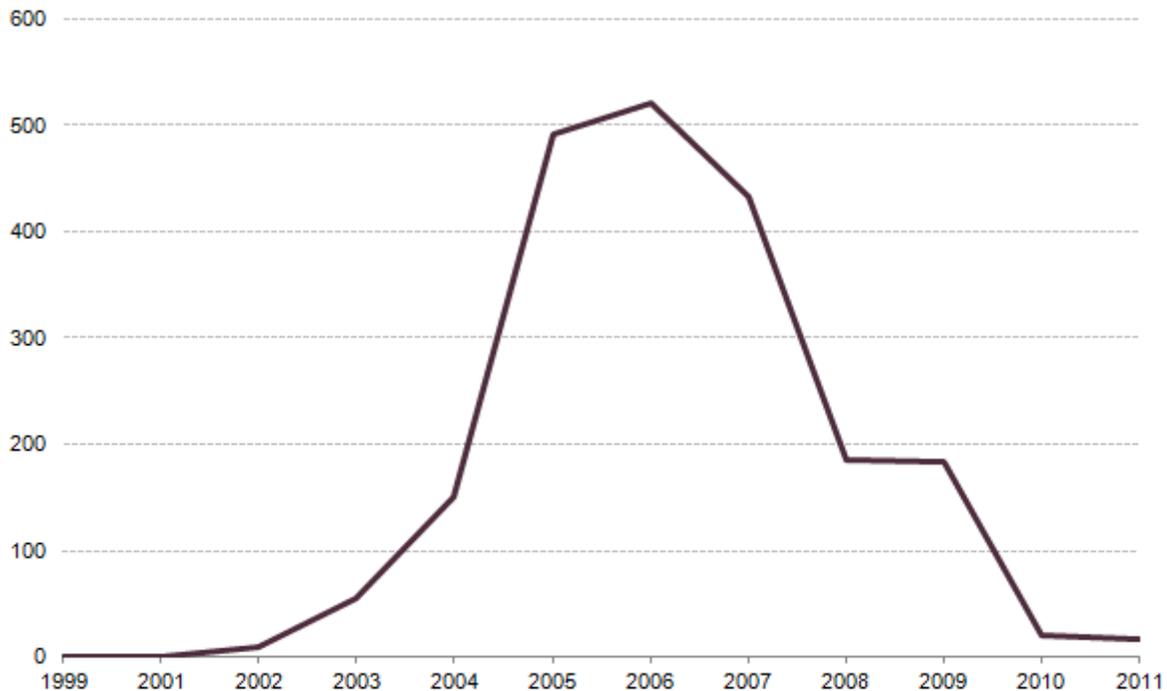
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The number of stations that added HD declined in 2011, continuing the trend first seen in 2006. According to BIA Financial Network data and analysis from the Project for Excellence in Journalism, only 17 stations added HD signals in 2011, for a total of 2,103 stations.

Number of Stations Converting to HD Falls Again in 2011

Number of Stations in December 2011



Source: BIA Financial Network and PEJ Research

Note: PEJ has updated figures from 2003 forward to reflect changes in the BIA system regarding what year stations went digital in the past.

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Radio Economics

The economics of audio, by contrast, still tilt heavily in the direction of traditional radio broadcasting. As in other media sectors, this has been the innovator's problem of trying to invest in new technology when the old continues to generate the most revenue.

Over all, radio revenues increased by about 1 percentage point to \$17.4 billion in 2011, according to data from the Radio Advertising Bureau. This was far less than the 6% revenue growth in 2010. That, however, was when radio revenues had more ground to regain after the recession took its toll.

Radio Revenue Sources in 2011

In Millions of Dollars

	Dollars	% Change over 2010	% of Total Radio Revenue
Spot	\$14,060	-1%	81%
Network	1,136	3	7
Digital	709	15	4
Off-Air	1,491	7	9
Total	17,396	1	100*

Source: Radio Advertising Bureau Quarterly Revenue Reports

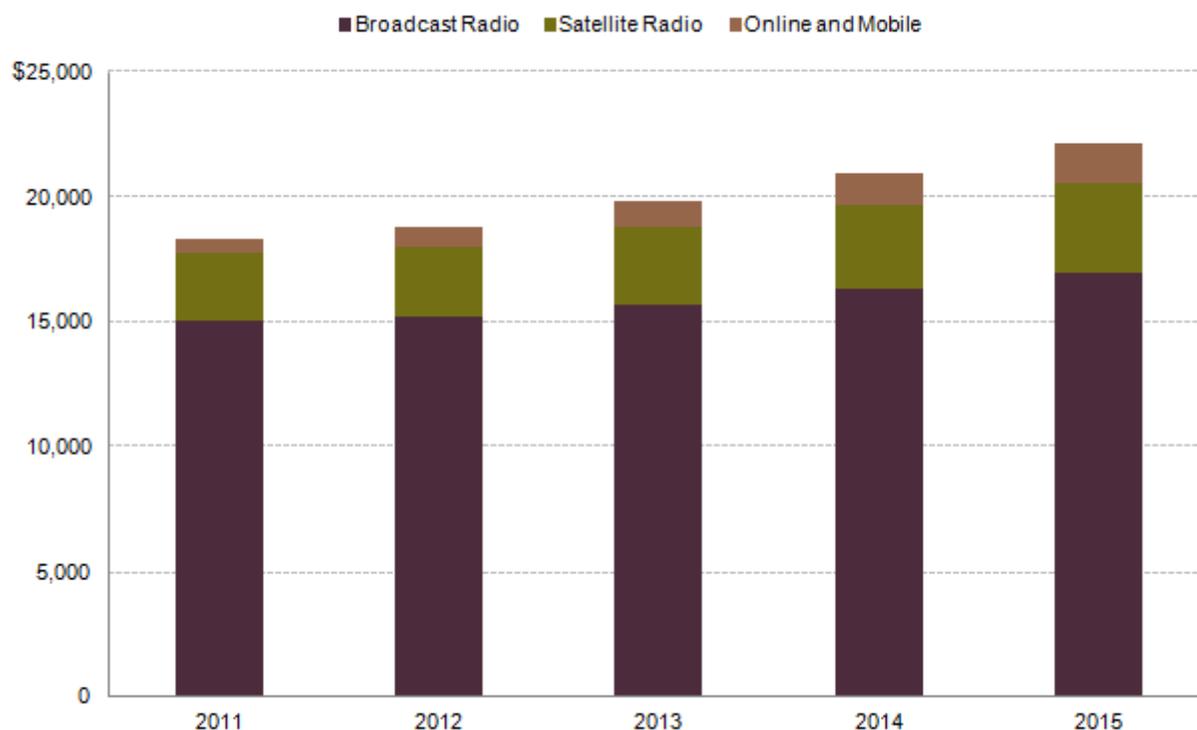
Note: Percent of total radio revenue does not add up to 100% due to rounding.

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In 2011, total radio revenue grew, but to a lesser degree than the year before. And spot advertising, which dominates radio broadcast revenue, was flat. In contrast, digital platform spending, the smallest piece of the pie, is projected to have the steepest upward growth trend. Just as we see in audience trends, then, the challenge will be who will capture that digital market share.

Online and Mobile Radio Expected to See Richest Revenue Gains

In Millions of Dollars



Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011 – 2015

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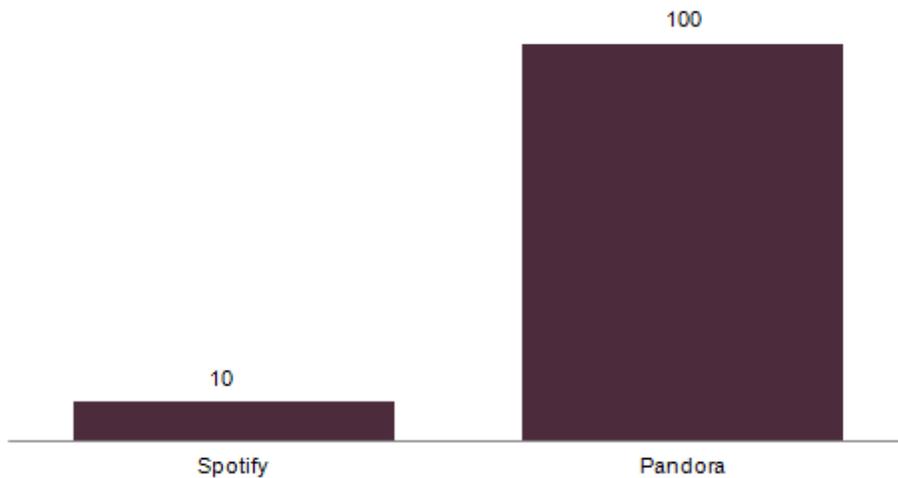
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A Big Year for Internet Audio Services

Internet audio services, such as Pandora, SlackerRadio and Spotify, saw important developments in 2011. Along with more people tuning in to internet audio, Pandora Media made an initial public offering of its stock and a new competitor, Spotify, made its debut in the U.S. While Pandora and Spotify are not the sole competitors in online-only audio, they have an established presence and brands that makes them increasingly recognizable. For all the growth in audience, however, a sustainable business model has yet to fully emerge.

U.S. Audience for Pandora Far Outweighs that of Spotify's International Reach for Now

In Millions of Registered Users as of July 2011



Source: Pandora press release, July 12, 2011, and Spotify homepage.

Note: Pandora's number of registered users is for U.S. audience only while Spotify's number of registered users is worldwide.

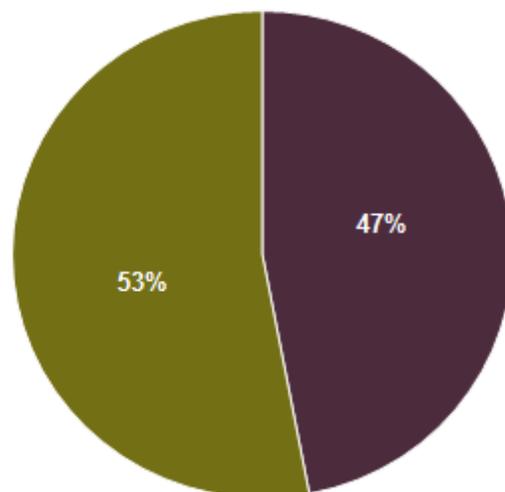
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Nearly half of all Americans have heard of Pandora.

Percent of Americans Who Have Heard of Pandora Compared to Those Who Have Not

■ Have Heard of Pandora ■ Have Not Heard of Pandora



Source: Arbitron

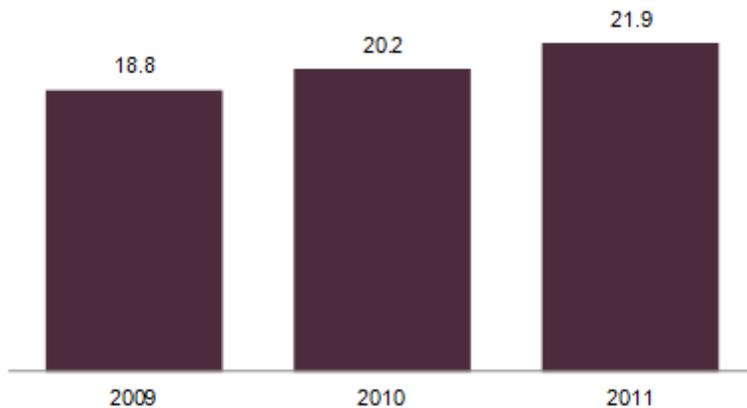
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Satellite Radio

The first of the major challengers to AM/FM, satellite radio saw audience and revenue grow in 2011. The U.S. satellite radio industry is now a single company, SiriusXM. The company reported attracting new subscribers in 2011, but some are not happy with the company's recent announcement of higher subscription charges.

SiriusXM Continues to Attract More Subscribers

In Millions of Subscribers



Source: Arbitron

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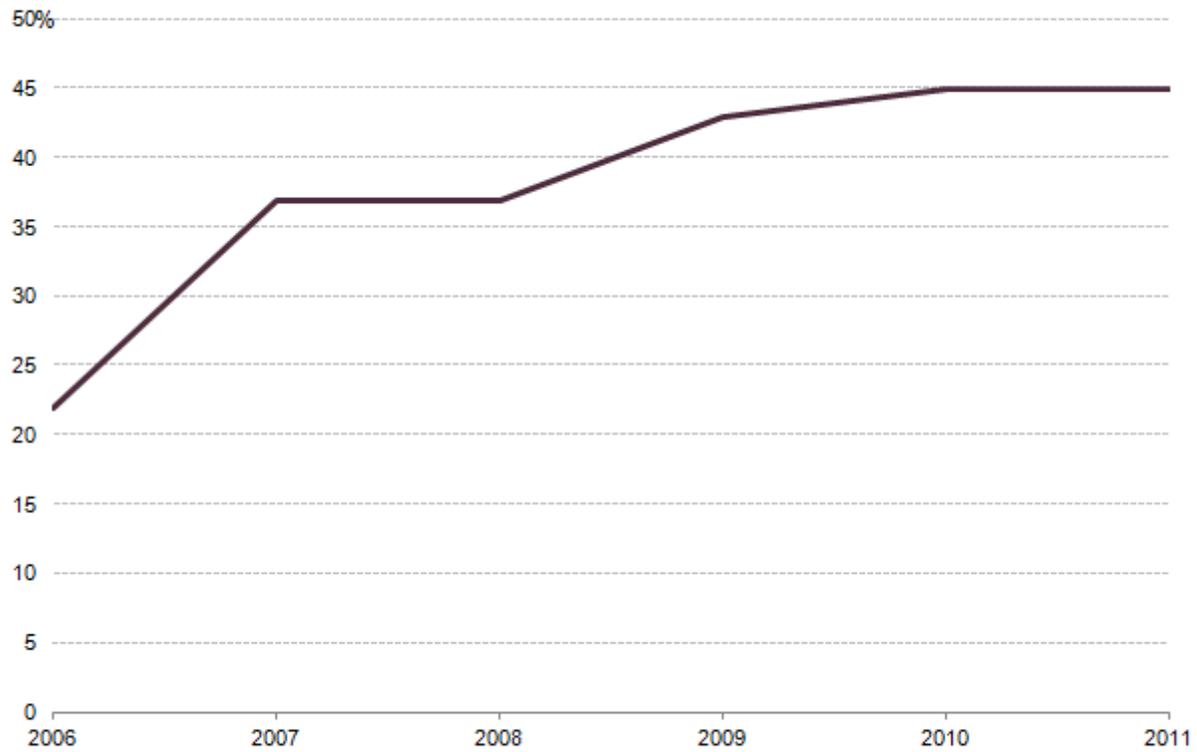
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Podcasting

The use of podcasting hit a plateau in 2007, and has largely stayed there since. As of 2011, 45% of Americans report knowing what a podcast is, about on par with awareness levels since 2007.

Awareness of Audio Podcasting Has Stalled

Percentage of People Aware of Audio Podcasting



Source: Arbitron

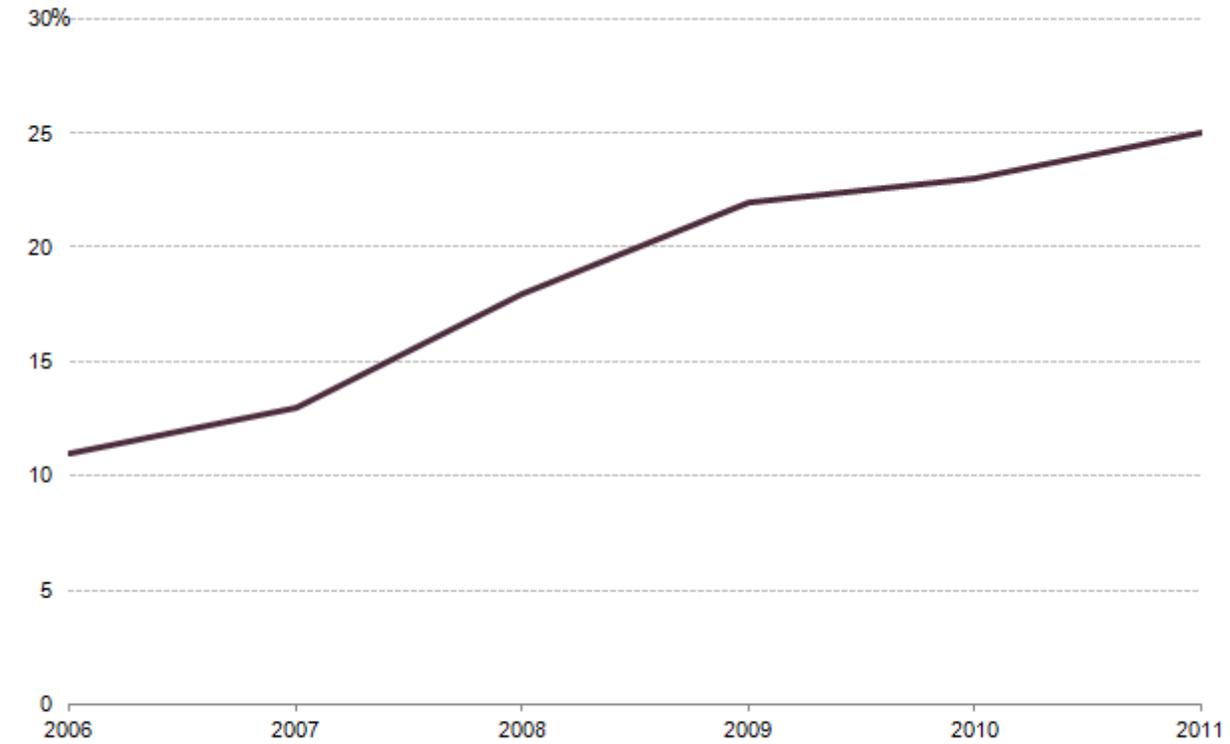
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Just one-quarter of Americans, though, reported listening to podcasts in 2011, compared to 23% during the previous year. Only 9% of people reported that they “love” podcasts, according to Arbitron’s data.¹

Podcast Audience Growth Sees Little Change in 2011

Percentage of Americans Who Have Listened to a Podcast



Source: Arbitron

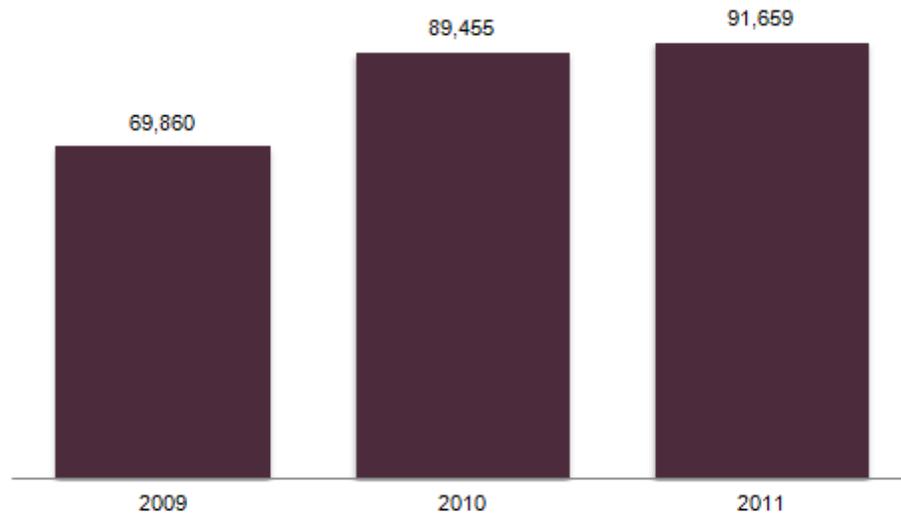
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The volume of podcasts was also fairly steady at more than 91,000 in 2011, compared to nearly 90,000 the year before, according to PodcastAlley.com.

Total Number of Podcasts Produced Remained Steady in 2011

Number of Podcasts



Source: PodcastAlley.com

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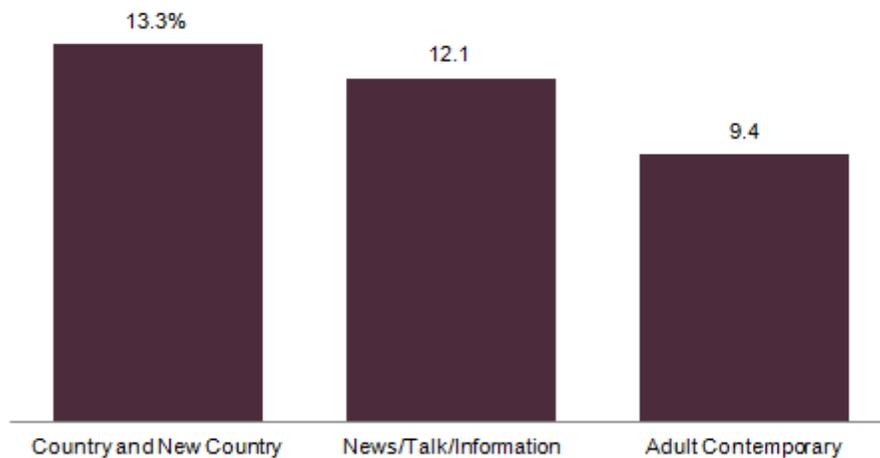
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News Radio

Where does news fit into the audio landscape? News/Talk/Information (most of which is syndicated talk shows) remains one of the most popular broadcast radio formats among Americans, second only to country music. Nearly 59 million listeners tuned into news/talk/information stations in Fall 2010, according to Arbitron.

News/Talk/Information Ranks Second Only to Country Music in Audience Share

Percentage of Population Age 12 or Older in Fall 2010



Source: Arbitron

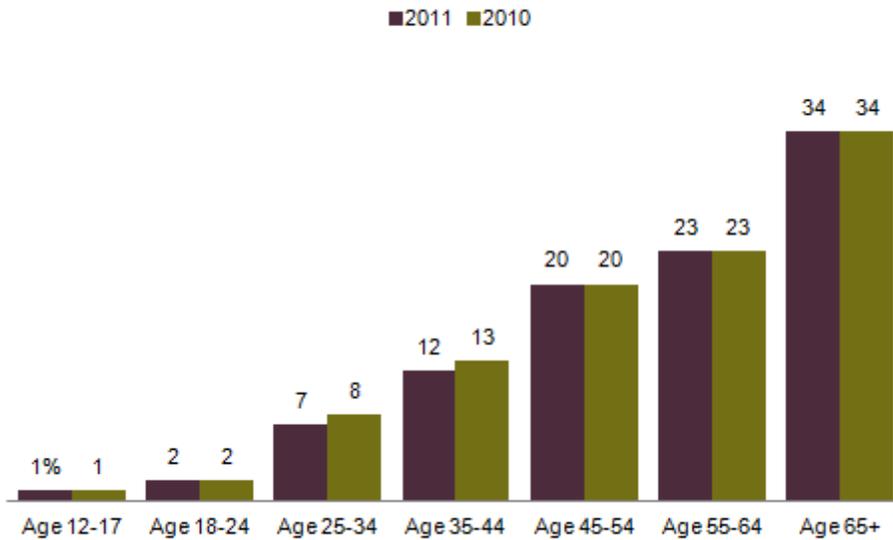
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Older listeners make up the biggest cohort of news/talk/information's audience of more than 58 million people.

Older Listeners Make Up One-Third of News/Talk/Information Audiences

Percentage of all News/Talk/Information Listeners, by Age Group



Source: Arbitron

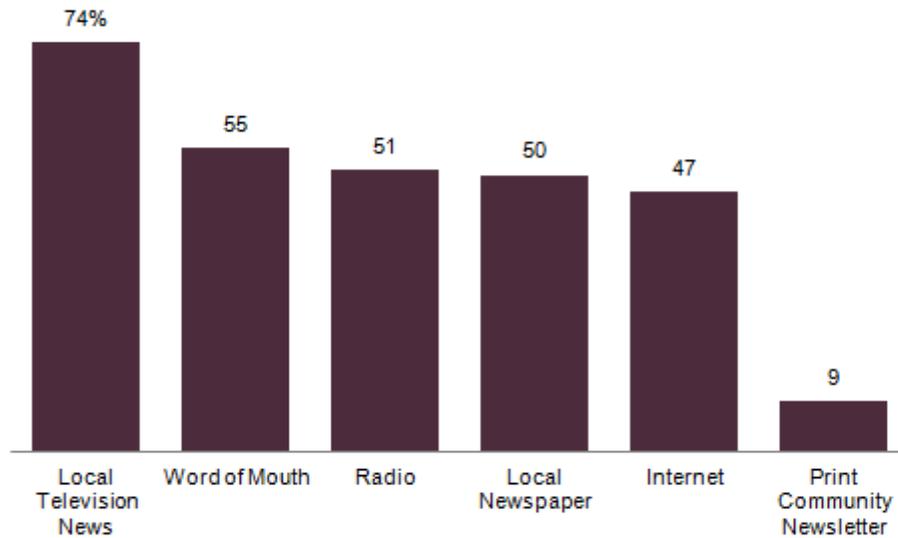
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Listening to a radio broadcast or logging onto a radio website is the way 51% of Americans say they get their local news, according to a survey from Pew Research Center's Internet and American Life Project and the John S. and James L. Knight Foundation. The medium falls behind local television news (74%) and word-of-mouth (55%). Most often, adults between ages 30-65 turn to local radio.

Half of Americans Get Local News from the Radio

Percentage of Americans, Age 18 or Older



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

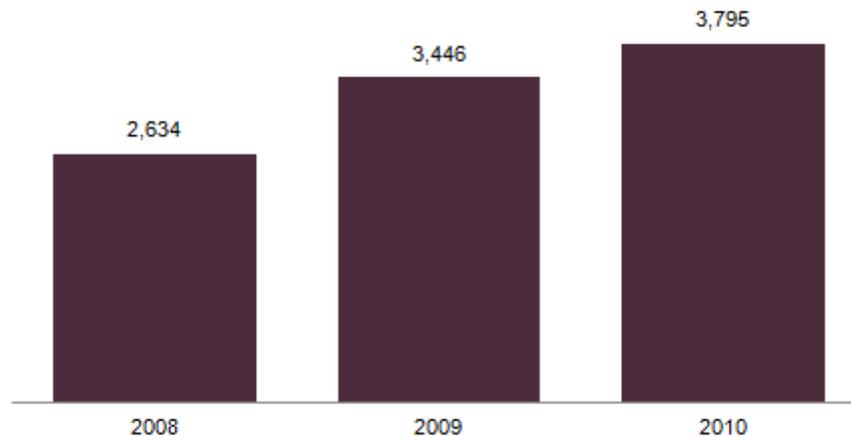
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Although people generally are not spending as much time listening to news/talk/information as they once did, the number of news/talk/information stations grew in 2010, the last year for which data are available. With the 2012 presidential election under way, station growth is expected to continue, and listening may increase.

News/Talk/Information Radio Stations Continue to Increase

Number of Stations



Source: Arbitron

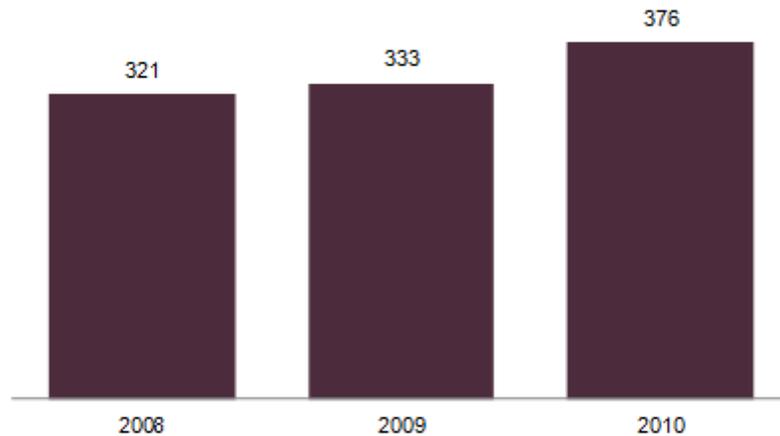
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Public news/talk radio dominates traditional public (noncommercial) radio. It attracts 47% of all public radio listeners, far outpacing classical, jazz and other public radio formats. Overall, 2% of the population tunes in to public radio every week. Across all age groups, these listeners are more likely to be men than women.

Public News/Talk Stations Up 21% since 2008

Number of Stations



Source: Arbitron

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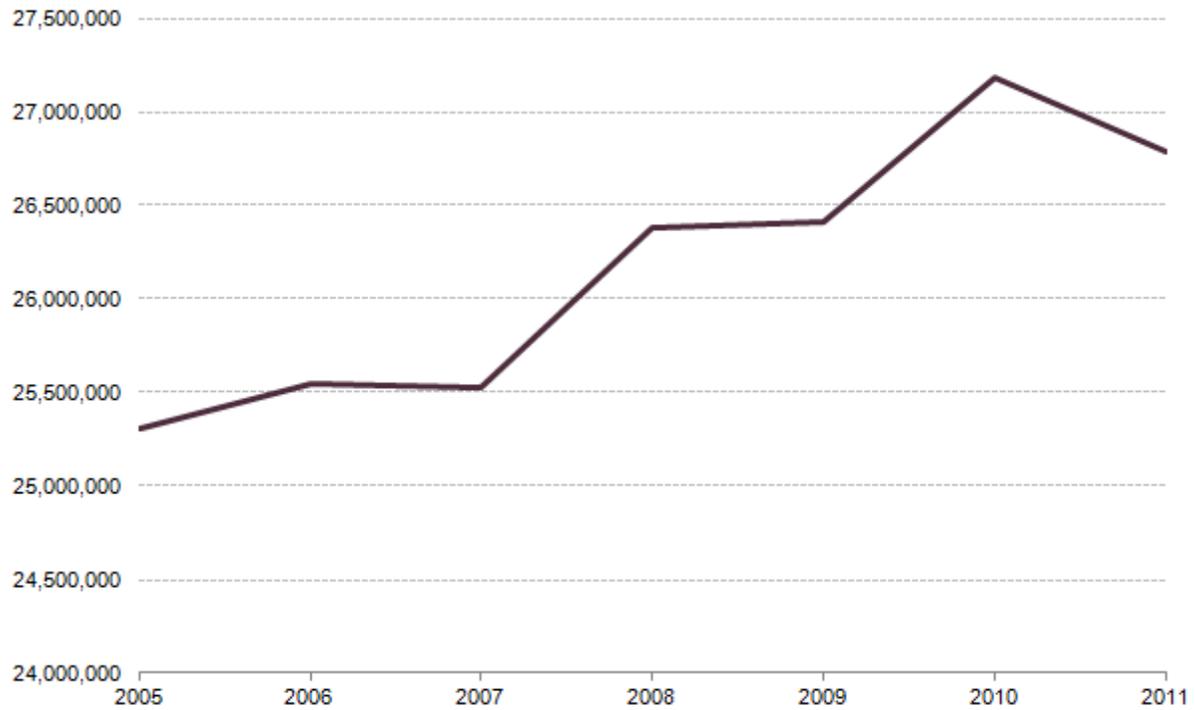
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NPR

In 2011, NPR underwent a year of upheaval. Key members of its upper management left or were fired. NPR was the focus of threats from Republicans in Congress about federal funding, although the cuts were not passed in the Senate. In the end, fewer people listened each week to NPR in 2011, though the number of member stations increased, as did NPR's total operating budget.

NPR Lost Listeners but...

Number of Average Weekly Listeners



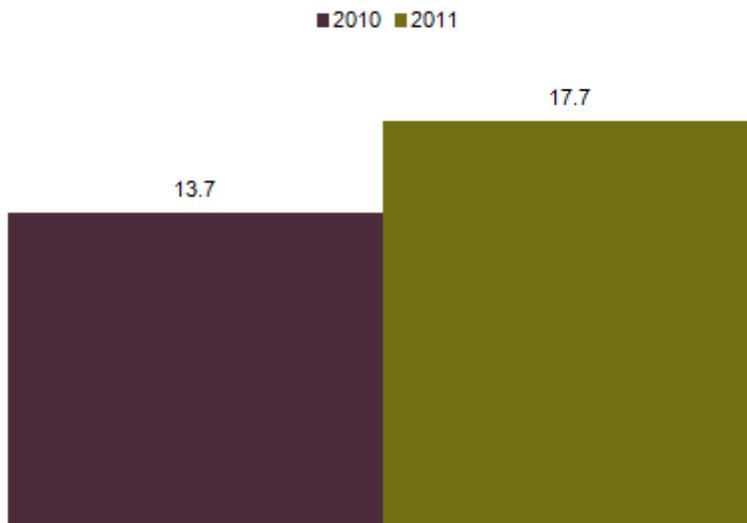
Source: NPR provided PEJ with internal data

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The Organization Saw Greater Website Traffic in 2011

In Millions of Unique Visitors to NPR.org



Source: NPR Marketing and Communications

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Furthermore, NPR is making headway in reaching audiences on other platforms and devices, including Facebook and apps for iPads, iPods and Android.

Facebook Top 10 Fastest-Growing News Pages of 2011

Rank Based on Number of People Who Click 'Like' for Each Outlet's Facebook Page

1. CNN
2. Fox News
3. NPR
4. The Onion
5. New York Times
6. Al Jazeera
7. Yahoo News
8. Times of India
9. BBC World News
10. PBS

Source: Poynter Online

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Talk Radio Hosts

Michael Savage and Glenn Beck swapped standings in the broadcast talk radio world in 2011. Beck lost listeners on radio during the year in which he also lost his program on Fox News and started his own online cable outlet, Glenn Beck TV. The No. 1 spot continued to belong to Rush Limbaugh, whose audience is an estimated 15 million weekly listeners, a number unchanged from the year before. Sean Hannity maintained his spot as the second most listened-to talk radio host in the U.S., with 14 million weekly listeners.

Top Talk Radio Hosts: 2011 Compared to 2010

In Millions of Weekly Listeners

	2011 Listeners	2010 Listeners
Rush Limbaugh	15.0	15.0
Sean Hannity	14.0	14.0
Michael Savage	9.0	8.5
Glenn Beck	8.5	9.0
Mark Levin	8.5	8.5
Dave Ramsey	8.5	8.0
Neal Boortz	6.0	6.0
Laura Ingraham	6.0	6.0
Jim Bohannon	3.75	3.75
Jerry Doyle	3.75	3.75

Source: Talkers Magazine

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[Click Here to Read the Audio Essay](#)

Endnotes

1. Arbitron. "The Infinite Dial 2011." April 5, 2011.

Audio Glossary

HD Radio

HD radio stations transmit a digital signal, rather than an analog AM or FM signal as traditional radio has used for decades. Digital has some benefits over analog. Stations can transmit their signals farther (that is not often true) and the signal will be clearer (“CD-quality sound”) to those equipped with an HD receiver. Stations can “multicast” their programs. This means that they can transmit more than one channel at a time and thus tailor content more specifically for each channel.

HD Radio is a proprietary technology developed by iBiquity. The “HD” does not stand for “high definition” as it is merely a brand name.

Podcasts

A podcast is an audio program that listeners can download to portable devices or their computers. Internet makes tracking podcasts very difficult. Several companies try, and we rely on podcastalley.com, the largest of them, for our data. The figures cited may not be comprehensive but still offer a glimpse of trends.

Satellite Radio

This system transmits audio with orbiting communication satellites rather than ground-based transmission, which provides some benefits. While broadcast radio has a limited range, satellite signals can be received anywhere in the country and the signals are less prone to static. A downside is that satellite radio reception is affected by weather or physical obstacles more than terrestrial broadcast radio. Listeners of satellite radio must, like cable TV viewers, pay a monthly fee.

Internet Radio

This is a term used to describe two types of audio accessed over the Internet. One is broadcast (or satellite) radio stations streaming their broadcasts online. The other is “pure play” Internet, such as Pandora. These services are available only over the Internet. Internet radio has also become a part of mobile radio. However, PEJ makes a distinction between “cellphone radio” and internet radio picked up by mobile devices. Because so many mobile phones now have ready access to the Internet, internet audio services have become a major problem for proponents of cellphone radio (below).

Cellphone Radio

These are cellphones that pick up AM/FM and HD radio stations. As of 2009, most cellphones did not yet have this capability.

Portable People Meter

This is a portable, audience research device launched in 2008 by Arbitron. It is worn by survey participants and it tracks all radio signals that they have contact with. If they are near a radio, the device will pick up the station’s identity, the time and date. The people meter does not distinguish between active listening and background signals they may come close to the wearer, such as at a supermarket.

Controversy over Arbitron's people meter methodology generated a number of lawsuits, most of them claiming the system under represented ethnic minority audiences. All of the suits were settled or dismissed in early 2009. (for more on the controversy, see the 2009 report).

Arbitron

Arbitron is a radio ratings company founded in 1949, which in recent decades has been the dominant radio ratings provider. Until 2008, Arbitron's ratings were compiled using a written diary system in which participants wrote down what station they listened to and for how long. In 2008, Arbitron began the transition to a digital collection system, the portable people meter above.

Nielsen

Nielsen is a media ratings company that has long been the major provider of television network and station ratings. Nielsen stopped measuring radio in 1964, but in 2009 began measuring small- and medium-sized radio markets.

The State of the News Media 2012

An Annual Report on American Journalism

Innovating News in Native Communities

By Emily Guskin and Amy Mitchell of PEJ

The ethnic media play an important role by providing news in both foreign languages and in English about places and issues that are often absent from the mainstream media. To provide greater depth, we issue reports on different groups at different times.

First, releasing the chapters on different ethnicities separately gives each individual ethnic medium a singular focus. Also, the timing fits more naturally with the release of data sets. This way, we can provide the reader with the most up-to-date information instead of the previous year's.

This report focuses on Native American media.

American Indians and Alaska Natives typically live in more rural and isolated locations of the United States, areas that generally have waited longer for internet broadband access. Many tribal lands still have only very limited connectivity.

As a result, many Native people have moved straight to mobile internet, accessing digital content through cellphones that do not require broadband connection. In that sense, what has occurred in tribal lands in the United States mirrors the practice in other parts of world where countries have largely skipped over the broadband era and jumped straight to mobile. In Chile, for example, the ratio of population to smartphone ownership is nearly 1 to 1.¹

Some news organizations aimed at Native Americans have responded in turn. They have focused resources on mobile apps and digital content, and are beginning to train staff and journalists in the latest technology.² They are also developing new partnerships with public broadcasters and universities to pool resources and extend their reach.

These efforts appeared to bring some payoff in 2011. Native news organizations saw some industry growth. Radio remains the most prevalent medium for this population and since 2009 new stations aimed at Native populations have gone on the air. Television also saw growth with the debut of a new Native station. Newspapers had a more mixed year. In all, however, Mark Trahant, a former president of the Native American Journalists Association, described the state of Native media as “a narrative of expansion.”³

Demographics

The American Indian and Alaska Native population (terms that are combined for Census purposes and for federally recognized tribes) in the United States reached 5.2 million in 2010, or 1.7% of the total U.S. population.⁴ That is a growth of 1.1 million, or 26.7%, over the last 10 years, more than double the

overall population growth of 9.7%, but still less than some other races. (For example, the Hispanic or Latino population grew 43% and the Asian population grew 45.6% in the same time period.) American Indian and Alaska Native growth is expected to continue, reaching 8.6 million, or 2% of the total population by 2050.⁵ But the population is still relatively small compared to other ethnic populations like Hispanics (16.3%, or more than 50 million people), African Americans (12.6% or 38.9 million) and Asian Americans (4.8% or 14.7 million).⁶

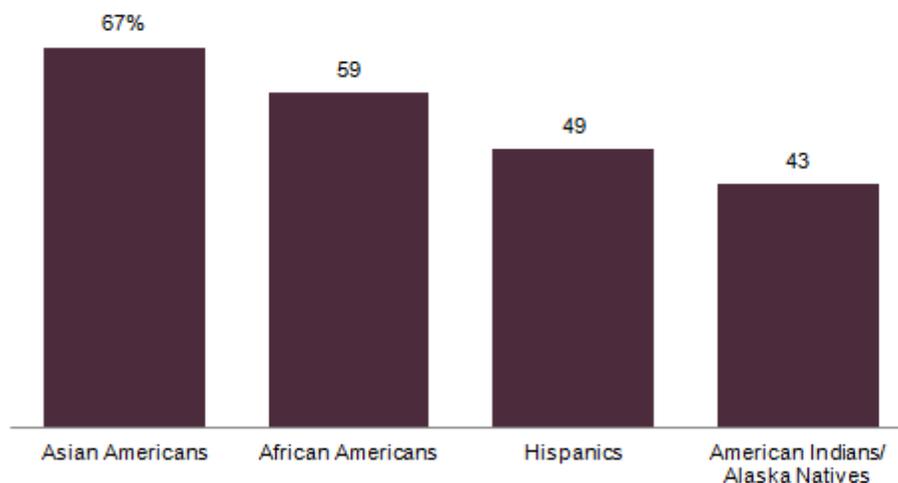
The Native population is also younger and less well off financially, compared with other Americans. Over a quarter, or 28.4%, of the American Indian and Alaska Native population is living under the poverty line, compared with 15.3% of the total population.⁷ The average age of the Native American population in 2010 was 29, compared to 37 for the U.S. over all.

When it comes to news consumption, what stands out most within this population is the low level of internet access. Less than half of American Indians and Alaska Natives, 43%, have broadband access at home. The rate for the U.S. generally is 65%. The rate is also lower than rural Americans (50%) and other ethnicities (over two-thirds, 67%, of Asian Americans have broadband access at home as do 59% of African Americans and 49% of Hispanics).⁸ And looking just at the population on reservations and tribal lands, the deployment rate is even lower – less than 10%, according to the Federal Communications Commission.

⁸ And looking just at the population on reservations and tribal lands, the deployment rate is even lower – less than 10%, according to the Federal Communications Commission.¹⁰

Broadband Adoption Among Native Americans Is Lower Than Other Demographic Groups

Adoption Rates in Percentage



Source: National Broadband Plan and Telecommunications and Information Administration

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“Native Americans face a huge digital divide,” said Loris Taylor, president and chief executive of Native Public Media, a group that seeks to expand Native American media capacity over the radio and other

platforms. But, she added, “There’s a huge desire on the part of Native Americans to be included in the digital landscape.”

Cellphones to Get Online

One effect of lower broadband usage rates is greater use of mobile devices to access online content.

“Especially [for] young people,” Jeff Harjo, the executive director of the Native American Journalists Association, said, “they’re on the internet. They’re on their cellphones. And this is the best way to reach them.”

Research from Native Public Media conducted in 2009 confirmed the reliance on wireless access. “We found that many young Native Americans gravitate toward mobile handhelds,” said Taylor, “They use their handhelds to get information about the world.... The handheld is really the future.” Even so, mobile coverage can be poor on tribal lands as well.

On the Pine Ridge and Rosebud Reservation in South Dakota, for example, there has been a significant increase over the last year in people using cellphones to access the web, especially among the youth, says Vi Waln, the editor of that reservation’s paper, the Lakota Country Times. “A lot of our young people now have the phones that the cellphone company gives us at a discount,” she said, “and a lot of the young people have mobile web.... Some of them don’t even have a computer.”

As a result, Native American news organizations are beginning to move toward mobile applications. Some of the recent developments include:

- A Native American news and information site, Reznet News, with content written by college students at the University of Montana, has plans to develop news apps, for both accessing the news and for producing content, according to its director, Jason Begay.
- Native Heartbeat, a television magazine program about Native culture, also has apps and podcasts in development. “You can’t ignore iPhones,” said its program director, Jim Browder. “Programming can be downloaded [right to viewers’ phones].”
- Native Public Media hired a new web technologist in October 2011 to create a series of apps to collect Native media content into a digital portal so people throughout the country can access Native radio programming in both English and tribal languages.
- Not tied directly to news, Native American Public Telecommunications, an organization devoted to sharing Native stories, developed a mobile language app for the iPad, iPhone and iPod that gives users the chance to learn native languages. “We want to make sure that we get the blessing of the elders [before releasing],” said Shirley Sneve, the organization’s executive director.

Federal Government Involvement

The movement toward mobile devices, though, has not curtailed interest in extending broadband access to the Native American population. Both tribal leaders and the government took steps in 2010 and 2011 toward further access.

“Every sector...has migrated onto the internet,” Taylor said, “Tribes are aware of this and they don’t want to be left behind. Their future economy, education and overall nation-building efforts are dependent on this technology.”

The FCC’s National Broadband Plan, released March 2010, issued a recommendation to establish a Tribal Broadband Fund to “support sustainable broadband deployment and adoption in Tribal lands.” As a part of the recommendation, the FCC established the Office of Native Affairs and Policy in August 2010 to “promote the deployment and adoption of communications services and technology through Tribal Lands and Native Communities” and to increase communication between tribal governments and the federal government.

“In terms of policy, [the National Broadband Plan gave us the ability to] really focus on building a digital ecology in Indian Country,” said Taylor. “Native Public Media had direct involvement in the National Broadband Plan by contributing to it and we find that kind of engagement is a real opportunity to change the landscape in Indian Country; to overcome the media and digital divide that has really plagued us, and which really hasn’t moved forward under legacy policies and institutions.”

A later policy change, in March 2011, made it easier for Native-owned radio stations to apply for FCC licenses. Previously, FCC licenses to tribe-owned stations were granted only to stations that would serve tribal-owned lands, such as reservations. The FCC approved rule changes allowing tribes to apply for priority in getting licenses to serve regions with tribal populations away from reservations.¹¹ With 334 reservations but 565 federally recognized tribes, a large segment of the Native American population now lives off tribal lands.

“It’s good policy aimed at closing the digital divide,” Taylor argued. “We have a lot of catching up to do. We’ve suffered decades of communications darkness across Indian Country and good policy is one which is inclusive of all voices.”

For example, the Coeur d’Alene Tribe in Idaho applied for a broadband stimulus grant in December 2009, receiving \$12.2 million, and is now in the process of building a fiber-to-the-home network through the western half of the tribe’s reservation, connecting 3,500 homes.¹²

“When we get the fiber to the home, that will give us the bandwidth we need to deliver the local content,” without going through the more expensive broadcast channels, explained Valerie Fast Horse, the director of information technology for the Coeur d’Alene Tribe.

Coeur d’Alene is unique. “Basically it’s a tribal-owned utility,” said Trahant, the former Native American Journalists Association president. “And now they’re building the radio station as a compliment. I really don’t know of another tribe that’s into cable the same way.” For more on the radio station, KWIS, read more here.

Some other tribes are bringing cable to their communities as well.

Tribes and Reservations Providing Access

A handful of reservation councils have made investments to bring fiber optic cables to their lands and others are sharing wireless throughout the community. Tribes that have made investments in cable include the Hopi, Pasqua Yaqui and Navajo Nation, according to Taylor of Native Public Media.

“Based on our policy work and our experience over the past seven years, broadband deployment is very slow,” said Taylor. “There’s not enough money in the federal coffer to cover every single tribal community or, for that matter, every rural community in the United States. It’s going to take years to catch up.”

On the commercial side, providers may decide not to service tribal communities because the populations are too small to make a profit. That leaves it up to tribal providers to fund the effort.

“It’s a service to their tribal communities,” said Taylor, “The cost to tribal governments is enormous.... They have to pull the fiber hundreds of miles to reach their communities...but it’s a huge advancement for the public good of Indian Country.”

One tribe is experimenting with a stronger form of Wi-Fi to reach more of its population.

In January 2011, the Yurok Tribe in California, along with a private wireless company, established a “super Wi-Fi” connection on its land that extends broadband service farther than traditional Wi-Fi signals can reach. To work, a device transmits wireless through a low-frequency signal that the FCC had previously reserved for local television broadcasts. The low frequency has better range in hard-to-reach areas with heavy tree growth or deep valleys.¹³

Once the tribes have access, they often try to share it with the community. Some tribal offices, community centers and schools, for instance, keep their wireless connections open so people can log on from their own devices, even from laptops and cellphones in the parking lot.

On the Pine Ridge and Rosebud Reservation, people are sharing wireless access and internet access in their homes with the rest of the community. “There isn’t as much access as I want to see, but the people who have high speed and internet access in their homes,” share access with others in the community, according to Waln, who lives there. “I have my grandkids coming from their house with their laptops to use my high speed. And I know that happens a lot.”

Training for Journalists

Another trend in Native American media has been a growing effort to train Native journalists in digital literacy.

One of the most active efforts is by Native Public Media, which will launch a two-week program in May 2012 to train storytellers from Native radio stations. The workshop will train a dozen Native radio personnel to use new technologies to improve their digital storytelling and journalism skills. Those who attend will also be supplied with and trained on portable digital recording devices that they will be able to take back to their radio stations to use in their reporting. The goal, Taylor says, is to lower costs for

audio and video newsgathering and in the process build what amounts to a sustained body of news content created by Native journalists and community storytellers that can be accessed online.

Other Native media groups also plan training efforts. Native American Public Telecommunications, for instance, is working with the National Association of Latino Independent Producers and other public broadcasting organizations to help train media people.

Reznet News, similarly, has plans to hold a summer workshop for students to learn how to produce radio broadcasts with multimedia components, including video and photo slide shows. Begay, the site's director plans to run the multimedia stories both on the Reznet website and on local television news channels. "[We] want to get away from just printed word," Begay said.

In short, one obstacle facing Native American journalists remains a lack of digital skills and equipment. But efforts are building to improve them.

Tech Developments Among Native News Outlets

Other trends in Native media are toward using social media to reach younger audiences, toward online platforms to reach a wider audience and for traditional media to try to become multimedia operations.

The Lakota Country Times, the official newspaper for the Pine Ridge and Rosebud Reservation, is an eight-year-old weekly, published in color with a staff of about 10 people. Reaching younger tribal members is one of its key goals. As a result, it has made priorities of using Facebook and Twitter.

"I like to think of our publication as not a traditional newspaper," said the paper's editor, Vi Waln, "I know there are younger people on Facebook and Twitter.... And my priority is young people."

Reznet News is an online-only publication that is not tribe-based, but based at the University of Montana. The site's main audience is Native Americans who have left the reservation for college or the military and want to keep up with news from home. The content on the site is written by students at the university, but since 2010 it has become less text-oriented and features more multimedia content to appeal to its young audience.

In addition, Reznet's director also plans to expand the site to cover more territory. Reznet currently focuses on news in Montana, but it is planning a new site in Albuquerque, covering New Mexico. "If everything goes well," said its director, Jason Begay, "we will expand out to other places in Indian Country." It, too, has added a Twitter feed and a Facebook page.

KWIS, a non-commercial, tribal-based radio station that went on air on December 9, 2011, on the Coeur d'Alene reservation in Idaho, has a mix of Native content along with local news and music. It has long-term plans to move beyond radio to be a full multimedia news and entertainment operation. Valerie Fast Horse, who led the effort to create the radio station, said there would be an online version of the station as well. "Tribal members who have gone away to school or the military [will] be able to... hear what's happening at home," Fast Horse said.

In addition, Fast Horse said she hoped to build a full broadcasting studio in the near future, where the Coeur d'Alene Tribe can create morning and evening television programming. Coupled with the tribe bringing high-speed internet to the reservation, content will be cheaper to access and more easily available. For more on the tribe's broadband innovations, [click here](#).

One other Native American media operation is beginning entirely in a new space. It is IndianCountryTV, a YouTube-based program that includes a daily news show, Native News Update. The program features its host, Paul DeMain, conducting interviews via Skype on a number of topics of interest to Indian Americans. IndianCountryTV now produces live programs, longer programs and plans to create a mobile app.

The operation is a subset of News From Indian Country, a national Native newspaper based on the Lac Courte Oreilles Ojibwe Reservation in northern Wisconsin, but the online functions of the organization have grown in recent years. "We shrunk our newspaper; we grew our online presence," said DeMain, who is also managing editor and chief executive. "We're growing in terms of presence and audience... If we do our job, we'll still be here and grow."

And 2011 also saw the launching of a new online publication for Native Americans called Native News Network. The site publishes new content six days a week. Privately owned in Michigan, it is not affiliated with any individual tribe.

Public Partnerships

The other major trend, besides the move toward mobile, social and other digital platforms, is that several Native American outlets are building resources and trying to extend audience through partnerships, particularly with public television and public radio organizations.

One example is a new television station, First Nations Experience, which went on the air in September 2011. The station, FNX, is the first 24-hour public television station geared toward Native Americans. It is produced and housed at PBS member station KVCR in San Bernardino, Calif., and is financially supported by the San Manuel Band of Mission Indians in Southern California. (Currently, the station reaches markets in Southern California, but it plans to expand within its first year to the country, via satellite, cable, internet and mobile devices.)

A key part of the new station's strategy, its executive director, Charles Fox, said, is to create partnerships with other public television stations throughout Indian Country to facilitate growth. "We are exploring ways of creating relationships where it's manageable between Native communities, Native Nations, and their closest public television stations across the country," said Fox, "This is a part of the business plan, to encourage these relationships."

FNX is also asking people to share their stories with their own digital equipment. "We want this to be something that people can participate in and be a part of," Fox said. "We are reaching out to find unique ways for young people to tell their stories and to share their realities."

To support this, FNX's website has a place for bloggers along with a presence on both Facebook and Twitter.

To counter the problem of limited internet access on reservations and in rural areas, FNX is focused on using satellite, cable, and partnerships with local public television stations to grow.

Some see in FNX the prospect of the first true national network for Native Americans, and one that from its inception will be multimedia.

“I think [FNX] really has the potential to change Indian media,” said Trahant. “If they get access to a satellite, it will be the first national Indian TV network. And both for news and information, that could be extraordinary.”

For now, FNX works with a relatively small annual budget of \$2 million a year and a staff of 14 people, but management’s goals are bold. “One day, this network is going to be global,” said Fox.[13. Fox, Charles. Interview with PEJ Nov. 8, 2011.]

Native American Public Telecommunications is working to ensure its content is available, even for people without television access. Its programs can be streamed off of Amazon.com and on Snag Films, another online video streaming service. “Young people in particular don’t watch television over the air,” Sneve said. “We want them to engage with our content.” To foster engagement, the organization has also developed educational and curriculum materials to support its programming and created short video clips to share on PBS Learning Media, a site with digital media for classroom learning.

Other Native news organizations that rely on public television or radio to air their stories include Native Heartbeat, which airs on PBS channels and Native American Public Telecommunications, which plans to pay journalists throughout the country to provide short reports on the 2012 presidential election.

At the same time the partnerships are being fostered, the shaky economy and federal government budget battles leave programs like this in a vulnerable position. One government program, the Public Telecommunications Facilities Program, which provided grants for constructing broadcast and telecommunications facilities for public broadcasting, Indian tribes and other nonprofits, shut down in April 2011, thereby stopping all future grants and funding.

Radio, TV and Print

When Native American media is looked at through the lens of traditional media sectors, the picture is one of change, and also of promise. Radio in 2011 appeared to be flourishing. Television, too, took significant steps toward growth. Print is facing a more difficult time and the year was mixed.

(The New America Foundation is working with Native Public Media to release a comprehensive directory of Native media entities later this summer.)

RADIO

Radio is still a strong medium for Native people, and in 2011 the evidence reflected the platform was growing. There were 48 Native radio stations in late 2011, a 45% increase from 33 in 2009, according to Loris Taylor, the president and chief executive of Native Public Media, a group that assisted tribes and tribal entities to file applications for new stations.¹⁴

And with an improved process for applying to the FCC for permits, the number is expected to grow in coming years. (More on that, [here.](#))

Still, less than 0.3% of American broadcast radio stations are licensed to Native Americans, according to Taylor. “We have been working really hard to advance tribal interests,” she said, “In some cases it has been uphill because we’re such a small voice out there.” Of the 565 federally recognized American Indian and Alaska Native Villages in the U.S., only 48 have radio stations serving them. ¹⁵

Radio has the ability to reach rural locations that do not have broadband access or strong cellphone signals, so it remains an important way for Native media outlets to reach their audiences. And Native radio providers are expanding their horizons, using digital media and the internet to enrich their offerings. “There are new opportunities and now we have to make sure our people, our tribal community members, understand that the landscape has changed,” Taylor said.

TELEVISION

While there are only a handful of Native television programs, the launch in September 2011 of First Nations Experience, the first television station focused exclusively on Native American subjects, represents a significant advance. FNX joins Native Heartbeat, a television magazine that emerged in 2009 and is expanding its programming slate from four shows a year to 15 in 2012, despite being without funding for over a year.¹⁶ And the online Reznet News has plans to provide video news clips to local television stations in coming years.¹⁷

PRINT

It is always difficult to quantify how Native newspapers fared in a given year. Virtually no native papers have audited circulation figures and there are hundreds throughout the country, mostly owned by tribal governments. Yet as the move toward digital appeared busy, some evidence suggests a more challenging period for print. One of the biggest Native newspapers in the country switched to a magazine format in 2011, while another focused its resources online, and at least one independently owned chain shut its doors.

One of the largest publications geared toward a Native population, Indian Country Today, switched from newspaper to a weekly magazine format in January 2011. The company’s operations were moved to New York City and it renamed itself Indian Country Today Media Network, which, in addition to printing a magazine, updates online frequently.

Another big Native newspaper kept its format as a newspaper in 2011 but focused its efforts online. News From Indian Country, another national Native newspaper, launched its online news video on IndianCountryTV.com in 2008 and now the company’s managing editor and chief executive, Paul DeMain says 70% of the company’s efforts “are to the TV side of things.”¹⁸ (More on Indian CountryTV, [here.](#))

One newspaper, News From Indian Country, reduced its number of issues to 14 in 2010 from 24 the year before, and remained at 14 in 2011.¹⁹ “We reduced the number of pages for quite a while,” said DeMain, “But we do have more advertising clients coming back,” so the number of pages could grow again. The paper says it is still publishing about half of what it had a few years ago – 4,000 to 5,000 copies per issue

– but is growing in website visits, citing an average of two million hits a month. The company also gradually cut its staff from about 15 employees in 2000 to 8 in 2011.²⁰

But for DeMain, the paper is successful because it still exists. “Being here is a good sign,” said DeMain, “A lot of people aren’t here.... It may be that we’re one of the last surviving national [Native] newspapers.”

The largest Native newspaper is The Navajo Times, a semi-independent newspaper affiliated with the Navajo tribe. The regional newspaper covers the Southwestern U.S. and DeMain of News From Indian Country is The Navajo Times’s board chairman.

A smaller chain, Alaska Newspapers, owned by Calista Corp., closed shop in August, citing rising costs. Weeklies printed by Alaska Newspapers reached isolated locations throughout the state, and included the Arctic Sounder, the Bristol Bay Times, the Cordova Times, the Dutch Harbor Fisherman, the Seward Phoenix Log and the Tundra Drums.²¹ Alaska Newspapers’ quarterly magazine, First Alaskans, is now published by the First Alaskans Institute.²²

The editor of the Cordova Times bought that paper from Calista Corp., thereby preserving the chain’s oldest newspaper.

Native American Journalists Association

One other sign of change, or turmoil, was what happened to the best-known Native American journalists group, the Native American Journalists Association, which had a rocky 2011. In November 2011, the board president, Darla Leslie, resigned during the board’s annual retreat, saying the group was on the verge of “financial ruin.” Another board member, Brent Merrill, also resigned at the meeting.²³

A former president, Rhonda LeValdo, resumed her position as president after Leslie’s resignation. The organization is the smallest association of journalists of color, with 247 members in November 2011.²⁴

In 2011, Native news organizations saw clear sign of progress. New radio stations came on the air, an all-Native television station launched, new partnerships were established, and many newspapers held on for another year. But one of the biggest developments was the increased push by Native news organizations, tribal leaders and to a certain extent the federal government to bring digital tools to Indian Country and the news media that serve it.

Endnotes

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15. Taylor, Loris. Interview with PEJ. Oct. 20, 2011.
16. Browder, Jim. Interview with PEJ. Oct. 21, 2011.

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18. DeMain, Paul. Interview with PEJ. Nov. 28, 2011.
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Alternative Weeklies: At Long Last, a Move Toward Digital

By Monica Anderson, Emily Guskin and Tom Rosenstiel of PEJ

Alternative weeklies experienced a number of changes this year, from shifts within the main trade organization, to major staff upheavals at popular papers, and an ever-increasing focus on digital media and revenue.

Unfortunately, it was also a year that saw a double-digit decline in circulation at key papers. After only a modest decline of 0.59% in 2010, 2011 had a 13.8% dropoff in the circulation of the top 20 papers that belong to the Association of Alternative Newsmedia.

The paper that had the largest decline in circulation was SF Weekly, an alt weekly owned by Village Voice Media. Circulation at the San Francisco newspaper dropped by 23.57%, and it no longer ranks within the top 20 U.S. weeklies. Another top-tier paper that faced dwindling circulation was Creative Loafing Atlanta. Although it had a nearly 4% increase in circulation in 2010, it declined by 14.57% in 2011.

Top 20 American Alternative Weekly Newspapers

	2011 Circulation	% Change from 2010
Village Voice (New York)	184,377	-2.99%
LA Weekly	165,407	-3.13
San Diego Reader	152,524	-6.28
Boston Phoenix	130,280	21.69
Phoenix New Times	91,229	0.25
Chicago Reader*	87,294	-12.71
Creative Loafing (Atlanta)	85,762	-14.57
City Pages (Minneapolis)	83,831	-6.44
Philadelphia Weekly*	83,510	-4.26
Dallas Observer	83,300	0.00
Willamette Week (Portland)	82,500	-8.33
Houston Press	81,228	-2.95
Philadelphia City Paper*	80,480	0.20
Westword (Denver)	80,068	0.63
Austin Chronicle	80,021	-11.09
Sacramento News & Review	74,723	-1.17
Long Island Press	73,810	-10.90
Seattle Weekly	72,602	-6.07
Baltimore City Paper	72,114	-9.64
The Stranger (Seattle)	71,413	-8.48

Source: Audit Bureau of Circulations and Verified Audit Circulation, Willamette Week's Circulation numbers are self reported
Note: When circulation data were not available for September 2011 data from June 2011 was used.

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There were some bright spots. Boston Phoenix, which already had a sizable audience, saw its numbers grow by 21.69% to 130,280. Phoenix New Times, Philadelphia City Paper, and Westword all experienced modest circulation growth between 0.20% and 0.63%.

Industry Changes

The sluggish economy has had an effect on staffing at alternative weeklies. In September, Village Voice Media, which owns several publications, announced numerous layoffs at its top weeklies, including at the New York flagship.

Film critic Jim Hoberman was laid off in early 2012 after 29 years at the paper, and a long-time senior editor, Ward Harkavy, and columnist Harry Siegel were let go in October.¹ The paper also lost popular blogger Jen Doll to the Atlantic Wire in January 2012.²

The company also saw two prominent figures at its City Pages paper in Minneapolis/St. Paul leave. The paper laid off food writer Rachel Hutton and it chose not to replace veteran Erin Caryle after she resigned.³ This leaves the paper with just four staff writers.⁴

SF Weekly was hit hard by the downsizing, losing four editorial staff members, including one veteran, Matt Smith, who had been with the paper for over a decade.⁵

Village Voice Media also announced that OC Weekly staff writer Chasen Marshall had been laid off, leaving the paper with only three staff writers.⁶

Other papers saw significant changes as well:

- Arkansas Times editor Max Brantley stepped down in June after nearly 20 years at the Little Rock weekly. He will continue to write and blog for the publication.⁷
- In July, San Francisco Bay Guardian's executive editor, Tim Redmond, announced that three editorial staff members would be laid off.⁸
- In September, Creative Loafing Atlanta named Eric Celeste as its new editor-in-chief after Mara Shalhoup left the paper after 11 years to take over as editor at The Chicago Reader.⁹
- LA Weekly hired Sarah Fenske in October as editor after Drex Heikes stepped down.¹⁰

In October, SouthComm Inc., an alt weekly chain based in Nashville, purchased Creative Loafing's Charlotte and Tampa papers from parent company Creative Loafing Inc. And in March 2012 the chain purchased Cincinnati City Beat.¹¹ SouthComm also owns the Nashville Scene, as well as Leo in Louisville, Ken., and Pitch in Kansas City, Mo.

Creative Loafing Inc. revealed in March 2012, that it would be selling the Washington City Paper, Chicago Reader, and Creative Loafing Atlanta.¹² The alt weekly group also announced a company-wide 5% pay cut, and laid off four staff members at its Atlanta weekly.¹³

One alternative weekly closed this year and another nearly did.

Metro Spirit, a weekly based in Augusta, Ga., closed in March due to financial problems, but was sold and reopened a month later.¹⁴ Another troubled weekly, The New York Press, which was once a chief competitor of the Village Voice, was shut down in August. Rumors of the closing first surfaced in July after two top editors resigned and its owner, Manhattan Media, began negotiations to sell the paper.¹⁵

Digital

As print shrinks, alternative weeklies have been slower to transition to digital, but 2011 saw the industry make more progress in this direction. Many papers have added another layer to its digital presence, not only through static sites, but also engaging readers through blogs, social media and mobile platforms.

Mobile and social media could play to the strengths of alternative weeklies. The sector has long distinguished itself by the voice and point of view of its writers, something that fits well with new media.

In addition, many of the publications see themselves as a "go to" source for information on restaurants, concerts and other local events. Providing this kind of information on mobile devices is a natural opportunity for these brands.

The growing importance of digital media was illustrated by major changes to the biggest trade group for the sector. Prior to 2011, the Association of Alternative Newsweeklies was limited to print publications only. At its annual meeting, it reversed this policy and admitted its first online-only publication, The American Independent News Network.¹⁶

The organization also announced that it was changing its name to the Association of Alternative Newsmedia to reflect the growing role that digital media and the web has on weeklies. The organization's president, Fran Zankowski, said that with the "increasing number of apps, digital, mobile and web platforms our companies use, it was time to reflect those in our name."¹⁷

The move follows those of other press trade groups. Previously, the American Society of Newspaper Editors became the American Society of News Editors. And the Radio & Television News Directors Association became the Radio, Television & Digital News Association.

The Association of Alternative Newsmedia launched an online wire service, as well, to allow its members to share stories, videos and multimedia content. This move could help generate revenue from outside news organizations willing to buy content.¹⁸

In the alternative landscape, two papers that reflect these transitions are Seattle's alternative weekly, The Stranger, and The Portland Mercury in Oregon. These two papers share the same publisher, Tim Keck.¹⁹

Keck said in an interview with Net News Check, a site that analyzes digital media industries, that although his publications were slow to transition online, the journalists have built an online following by intensely covering local stories and developing a relationship with their readers through their blogs.²⁰

This type of online success brings more opportunities for revenue, as is the case with Arkansas Times.

According to its publisher, Alan Leveritt, the paper's left-leaning blog written by Max Brantley "gets higher traffic than the paper's home page and is a huge driver for online display ads." Subsequently, its online ads have provided much needed revenue for the weekly publication.²¹

Despite these successes, many alternative weeklies continue to struggle to branch out into the digital marketplace. According to an alt weekly advertising group, Alternative Weekly Network, most weeklies are only receiving 5% of their revenue from digital.²² That is roughly one-third of the 14% that mainstream dailies make from digital, which suggests how far the alternative world has yet to go in the transition.

But Tiffany Shackelford, the executive director of the Association of Alternative Newsmedia, argued that weeklies are receiving relatively more digital revenue than what the Alternative Weekly Network cited. She said that some papers are "seeing double digit returns and that many weeklies are increasing investment significantly each month."

Legal Battles

For some alternative weeklies, 2011 brought legal victories, while others saw courtroom dramas heat up.

Phoenix New Times successfully appealed its case against Maricopa County's Sheriff Joe Arpaio. The lawsuit alleges that Sheriff Arpaio wrongly arrested New Times staff members in retaliation for its having published an unflattering investigation into Arpaio's real estate dealings.²³

Two other papers saw defamation lawsuits against them dropped or thrown out of court. The Washington Redskins owner, Dan Snyder, dropped his defamation suit against Washington City Paper.²⁴ Snyder filed a lawsuit in 2011 against the City Paper, claiming the paper libeled and defamed him in a series of articles. And a Michigan judge ruled in favor of City Pulse, after a local businessman filed a libel suit against the paper after a cover story alleged that he was severely delinquent on his taxes.²⁵

Despite the good news for some, others are still facing legal issues.

The Santa Barbara Independent's legal battle continued in 2011. The dispute began in 2009 after the paper's editor-in-chief, Marianne Partridge, accused its publisher, Randy Campbell, of violating the Independent's buy-sell agreement, by showing interest in Southland Publishing's proposal to buy the paper.²⁶ Since then, Partridge and Campbell have been waging a bitter fight to obtain majority control of the weekly.

While the legal drama at the Independent has gone on for years, a recent lawsuit against The San Diego Reader had just begun.

In October, three former sales representatives for The San Diego Reader filed a gender discrimination lawsuit against the weekly. The former employees alleged that The Reader's publisher, Jim Holman, was more favorable toward male employees, withheld sales promotions from women and created a hostile work environment for female employees.²⁷

Both The Santa Barbara Independent and The San Diego Reader lawsuits are expected to continue well into 2012.

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Ethnic & Alt. Glossary

Ethnic media

Ethnic media is a term that is still sometimes debated. Some will argue that for ethnic media to truly be considered "ethnic media," it must be both produced/owned by and targeted at a particular ethnic community. Others say that if an outlet is simply targeted at a particular ethnic population that is enough for it to be considered ethnic media.

The State of the News Media 2012

An Annual Report on American Journalism

Methodologies

The data for this study were collected in two parts. The first part consists of data originally conducted by other people or organizations that PEJ then collected and aggregated. The second part, particularly the content analysis, is original work conducted specifically for this report.

For the data aggregated from other researchers, the Project took several steps. First, we tried to determine what data had been collected and by whom for the eight media sectors studied. In many cases this included securing rights to data through license fees or other means. We organized the data into the seven primary areas of interest we wanted to examine: content, audience, economics, ownership, newsroom investment, alternative news outlets and digital trends.

Next, the Project studied the data closely to determine where elements reinforced each other and where there were apparent contradictions or gaps. In doing so, the Project endeavored to determine the value and validity of each data set. That in many cases involved going back to the sources that collected the research in the first place. Where data conflicted, we have included all relevant sources and tried to explain their differences, either in footnotes or in the narratives.

In analyzing the data for each media sector, we sought insight from experts by having at least three outside readers for each sector chapter. Those readers raised questions, offered arguments and questioned data where they saw fit.

All sources are cited in footnotes or within the narrative, and listed alphabetically in a source bibliography. The data used in the report are also available in more complete tabular form online, where users can view the raw material, sort it on their own and make their own charts and graphs. Our goal was not only to organize the available material into a clear narrative, but to also collect all the public data on journalism in one usable place. In many cases, the Project paid for the use of the data.

In addition, PEJ conducted original research in a number of special reports and features. The methodologies for each can be found below. You can scroll through them all or click to go directly to the report of interest.

Mobile Devices and News Consumption

What Facebook and Twitter Mean for News

A Year in the News Content Analysis

**Mobile Devices and News Consumption/
What Facebook and Twitter Mean for News**

Two special reports, *Mobile Devices and News Consumption*, and *What Facebook and Twitter Mean for News*, are based on aggregated data from three telephone surveys conducted in January 2012 (Jan. 12-15, Jan. 19-22 and Jan. 26-29) with national samples of adults 18 years of age or older living in the continental United States. Interviews were conducted with a total of 3,016 adults (1,809 respondents were interviewed on a landline telephone, and 1,207 were interviewed on a cellphone, including 605 who had no landline telephone). The survey was conducted by interviewers at Princeton Data Source under the direction of Princeton Survey Research Associates International. A combination of landline and cellphone random digital dial samples was used; both samples were provided by Survey Sampling International. Interviews were conducted in English. Respondents in the landline sample were selected by randomly asking for the youngest adult who was at home. Interviews in the cellphone sample were conducted with the person who answered the phone, if that person was an adult 18 years of age or older.

The combined landline and cellphone sample are weighted using an iterative technique that matches gender, age, education, race, Hispanic origin and region to parameters from the March 2011 Census Bureau's Current Population Survey and population density to parameters from the Decennial Census. The sample also is weighted to match current patterns of telephone status, based on extrapolations from the 2011 National Health Interview Survey. The weighting procedure also accounts for the fact that respondents with both landline and cellphones have a greater probability of being included in the combined sample and adjusts for household size within the landline sample. Sampling errors and statistical tests of significance take into account the effect of weighting. The following table shows the sample sizes and the error attributable to sampling that would be expected at the 95% level of confidence for different groups in the survey:

Group	Sample Size	Plus or minus ...
Total sample	3,016	2.5 percentage points
Own a laptop or desktop computer	2,342	2.5 percentage points
Get news on a laptop or desktop	1,602	3.0 percentage points
Own a smartphone	1,180	3.5 percentage points
Get news on a smartphone	571	5.0 percentage points
Own a tablet computer	511	5.5 percentage points
Get news on a tablet computer	291	7.0 percentage points
<i>On any device...</i>		
Get news from Facebook	745	4.5 percentage points
Get news from Twitter	239	7.5 percentage points

Sample sizes and sampling errors for other subgroups are available upon request.

In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

A Year in the News

A number of people at the Project for Excellence in Journalism worked on this report. Associate Director Mark Jurkowitz and Director Tom Rosenstiel wrote the report. The data was compiled by senior researcher Paul Hitlin, senior methodologist Hong Ji and content & training coordinator Mahvish Shahid Khan. Charts were created by manager of the Weekly News Index Tricia Sartor and researcher/coder Steve Adams. Communications and Creative Design Manager Dana Page handled the web and communications. Researcher Nancy Vogt copy-edited the text. Coding of news content was conducted by the people above plus the following researchers: Steve Adams, Monica Anderson, Jeff Beattie, Heather Brown, Kevin Caldwell, Emily Guskin, Jesse Holcomb, Katerine Matsa, Kenny Olmstead, Dana Page, Angela Sanson, Laura Houston Santhanam and Sovini Tan.

The study, *The Year in the News 2011*, is based primarily on the real-time content analysis data derived from the Project for Excellence in Journalism's in-house news coding operation.

The data regarding media coverage from traditional news outlets come from a summative analysis of the weekly reports known as PEJ's News Coverage Index . (Click [here](#) for a detailed methodology on how this real-time weekly coding is conducted.) PEJ began the NCI in January 2007, and it is the largest effort in the United States that measures and analyzes the agenda of the American news media on a continuing basis. The Index examines 52 news outlets in real time to determine what is being covered and what is not, who are the leading newsmakers and other elements of the news each week. A team of coders works on the project. Each member of the coding team has been given extensive training in PEJ's methods and met high standards of reliability. The work is measured regularly for inter-coder reliability and agreement. Coders read, listen-to or watch each piece of news content from newspapers, online news sites, television broadcasts and radio programming.

The data regarding social media, specifically Twitter and blogs, come from the weekly reports known as PEJ's New Media Index. (Click [here](#) for a detailed methodology.) The goal of the NMI is to measure the leading topics of conversation on various social media outlets. PEJ relies on a combination of human coding and tracking services for social media to derive this analysis. The tracking services measure the links present on blog posts or tweets to determine the most discussed issues. When a social media user links to a page online, it suggests that the user believes the page is important, even if they do not agree with the contents. PEJ relies on four social media tracking sites (Tweetmeme, Technorati, Icerocket and Twitteruly) to tabulate the most linked-to pages.

PEJ began the New Media Index in January 2009. In August 2011 we made some changes to the methodology to improve the system. Those adjustments are described in detail [here](#). There were two major changes. First, PEJ expanded the number of tracking sites used from two to four. Second, PEJ expanded the number of sources from which content could originate. Previously, the NMI was focused on "news" stories as determined by tracking sites which were mostly from traditional news outlets such as CNN.com and Washingtonpost.com. However, the current methodology places no such restrictions on where content can originate.

The report also uses survey data from the Pew Research Center for the People & the Press. In particular, the survey results regarding public interest come from their weekly News Interest Index.

Author's Note

This, the ninth edition of PEJ's State of the News Media, is an attempt to take stock of the revolution occurring in how Americans get news and information.

Each year, we analyze the major sectors of the news industry in depth and look across those different elements of the news media to see broader trends that cannot be identified by the traditional method of looking one sector at a time.

To produce the report, we combine data others have generated with our own reporting, and with our own data and original analysis. Our goal each year is to provide for citizens, journalists, researchers and scholars a singular resource about American journalism – the record of our civic and cultural life.

For each of the eight sectors studied, we examine developments in five distinct areas—audience, economics, newsroom investment, ownership and digital trends – and, alternative outlets as well. In addition to much new data, most charts and tables from earlier reports are updated and still available.

Mindful of the potential of the web to present and process information in new ways, particularly visually, the media sector chapters contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables and answer their own questions.

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

The study is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapters on newspapers and local TV, which were co-authored with industry experts. All of the chapters also benefit from the input of teams of readers who are experts in each media sector.

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

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

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

Authors & Collaborators

Many individuals contributed to this report.

From the Project, researchers conducted the data aggregation and served as the primary writer for the following media sectors: Katerina-Eva Matsa for the magazine chapter, Kenny Olmstead for the digital chapter, Emily Guskin for the network and Native American chapters, Jesse Holcomb for the cable television chapter and Laura Santhanam for the audio chapter. Monica Anderson wrote the alternative weeklies section.

In addition, Ms. Matsa conducted the data aggregation, analysis and visual displays for the local television chapter and Ms. Guskin for the newspaper chapter.

Dana Page supervised web graphics, interactive and visual displays as well as press relations. Kenny Olmstead supervised the technical web developments. Mr. Holcomb and Ms. Page served as project managers.

For the Year in the News, Mark Jurkowitz wrote the narrative. The content analysis was supervised by Paul Hitlin, Hong Ji, Mahvish Shahid Khan and Tricia Sartor, who also managed the creation and execution of graphics. The content analysis execution was performed by the staff of PEJ with special help from Kevin Caldwell, Laura Houston Santhanam, Sovini Tan and Nancy Vogt. Cheryl Elzey managed the budget.

Amy Mitchell and Tom Rosenstiel supervised the project, edited the chapters and wrote the overview and the two survey reports.

Irv Molotsky was the copy editor.

Outside the Project, Rick Edmonds of the Poynter Institute co-authored the chapter on newspapers, Deborah Potter of Newslab co-authored the local TV chapter and served as a reader for the network chapter. Jane Sasseen, a freelance journalist and former editor at Yahoo! News and BusinessWeek Magazine, edited and co-authored the digital and magazine chapters.

Leah Christian of the Pew Research Center for the People and the Press served as the methodologist for the two survey reports. Michael Piccorossi, the Pew Research Center's director of digital strategy and IT, and Michael Keegan, graphics director, were instrumental in the design and creation of the interactive tools: Who Owns the News Media and A Year in the News. Keegan also designed the graphics for the two special reports. Russell Heimlich, PRC's web developer, built the report website and was the programmer for the Year in the News tool. Wendy Kelly of WLK Design redesigned the web site and will produce the executive summary.

Among the three dozen people who served as readers of the chapters were Derek Baine, Tom Bettag, David Boardman, Wally Dean, Ken Doctor, Tom Glaisyer, Samir Husni, Martin Kaiser, Seth Lewis, Robert Papper, Markus Prior, Lee Rainie, Alan Seraita, Frank Sesno, Mark Fratik, Christopher Sterling, Loris Taylor, Mark Trahan, Dale Willman, Evans Witt and Diane Mermigas. 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, a trusted editor, and Rebecca Rimel, whose idea this report was in the first place.

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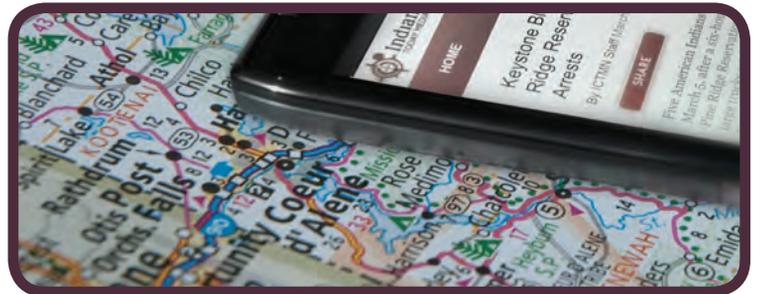
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Pew Research Center's Project for Excellence in Journalism

The State of the News Media 2012

An Annual Report on American Journalism



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About the Report

This, the ninth edition of PEJ's State of the News Media, is an attempt to take stock of the revolution occurring in how Americans get news and information.

Each year, we analyze the major sectors of the news industry in depth and look across those sectors to see broader trends.

To produce the report, we combine data others have generated with our own reporting, our own data and our own original analysis. Our goal each year is to provide for citizens, journalists, researchers and scholars a singular resource about American journalism – the record of our civic and cultural life.

For each of the eight sectors studied, we examine developments in five distinct areas – audience, economics, newsroom investment, ownership and digital trends – and, alternative outlets as well. In addition to much new data, most charts and tables from earlier reports are updated and still available.

On the web, the media sector chapters contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables.

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

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

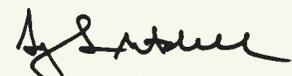
We have tried to be as transparent as possible about sources and methods, and to make it clear when we are laying out data and when we have moved into analysis of it. We have attempted, to the best of our ability and within the limits of time, to seek out multiple sources of information for comparison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

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

The study is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapters on newspapers, digital, magazines and local TV, which were co-authored with industry experts. All of the chapters also benefit from the input of teams of readers who are experts in that media sector.

Finally, the project could not have been completed without the extraordinary support, both financially and personally, of the Pew Charitable Trusts, particularly Don Kimelman, a trusted editor, and Rebecca Rimel, whose idea this report was in the first place. ●


Tom Rosenstiel
Director


Amy Mitchell
Deputy Director

Overview 2012

In 2011, the digital revolution entered a new era. The age of mobile, in which people are connected to the web wherever they are, arrived in earnest. By early 2012, more than four in 10 American adults owned a smartphone. One in five owned a tablet. New cars are manufactured with internet built in. With more mobility comes deeper immersion into social networking.

For news, the new era brings mixed blessings.

New research released in this report finds that mobile devices are adding to people's news consumption, strengthening the lure of traditional news brands and providing a boost to long-form journalism. Eight in 10 who get news on smartphones or tablets, for instance, get news on conventional computers as well. People are taking advantage, in other words, of having easier access to news throughout the day - in their pocket, on their desks and in their laps.

At the same time, a more fundamental challenge that we identified in this report last year has intensified - the extent to which technology intermediaries now control the future of news.

Two trends in the last year overlap and reinforce the sense that the gap between the news and technology industries is widening. First, the explosion of new mobile platforms and social media channels represents another layer of technology with which news organizations must keep pace.

Second, in the last year a small number of technology giants began rapidly moving to consolidate their power by becoming makers of "everything" in our digital lives. Google, Amazon, Facebook, Apple and a few others are maneuvering to make the hardware people use, the operating systems that run those devices, the browsers on which people navigate, the e-mail services on which they communicate, the social networks on which they share and the web platforms on which they shop and play. And all of this will provide these companies with detailed personal data about each consumer.

Already in 2011, five technology companies accounted for 68% of all online ad revenue, and that list does not include Amazon and Apple, which get most of their dollars from transactions, downloads and devices. By 2015, Facebook is expected to account for one out of every five digital display ads sold.

A year ago, we wrote here: "The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader in shaping its business." In 2012, that phenomenon has grown.

All this raises the question of whether the technology giants will find it in their interest to acquire major legacy news brands - as part of the "everything" they offer consumers. Does there come a point, to ensure the much smaller media company's survival, for instance, where Facebook considers buying a legacy media partner such as The Washington Post?

There are already signs of closer financial ties between technology giants and news. As a part of YouTube's plans to become a producer of original television content, a direction it took strongly last year, it is funding Reuters to produce original news shows. Yahoo recently signed a content partnership with ABC News for the network to be its near sole provider of news video. AOL, after seeing less than stellar success with its attempts to produce its own original content, purchased The Huffington Post. With the launch of its Social Reader, Facebook has created partnerships with The Washington Post, The Wall Street Journal, The Guardian and others. In March 2012 Facebook co-founder Chris Hughes purchased the 98-year-old New Republic magazine.

In 2011, traditional news operations also took new steps to monetize the web in their own right. The Associated Press launched a partnership with more than two dozen news companies to license news content and collect royalties from aggregators. Slightly more than a tenth of surviving U.S. dailies have launched some sort of digital subscription plan or pay wall. News companies are creating their own digital ad sales networks to cut out third parties and are moving into digital



Data tracking people's behavior, for instance, finds that mobile devices increased traffic on major newspaper websites by an average of 9%.

marketing and consulting. And a few organizations, such as The Financial Times and The Boston Globe, have opted out of the “app” worlds controlled by Apple and Google by creating mobile pages using HTML 5.

But our research over the last year finds that these efforts are still limited. Among the top news websites, there is little use of the digital advertising that is expected to grow most rapidly, so-called “smart,” or targeted, advertising. So far, news organizations are mainly using the popular networking platform, Twitter, to push out their own content rather than to engage with audiences, solicit information or share information they themselves did not produce.

The problems of newspapers also became more acute in 2011. Even as online audiences grew, print circulation continued to decline. Even more critically, so did ad revenues. In 2011, losses in print advertising dollars outpaced gains in digital revenue by a factor of roughly 10 to 1, a ratio even worse than in 2010. When circulation and advertising revenue are combined, the newspaper industry has shrunk 43% since 2000.

The civic implications of the decline in newspapers are also becoming clearer. More evidence emerged that newspapers (whether accessed in print or digitally) are the primary source people turn to for news about government and civic affairs. If these operations continue to shrivel or disappear, it is unclear where, or whether, that information would be reported.

In sum, the news industry is not much closer to a new revenue model than a year earlier and has lost more ground to rivals in the technology industry. But growing evidence also suggests that news is becoming a more important and pervasive part of people's lives. That, in the end, could prove a saving factor for the future of journalism.

Tablets allow readers to “pause, linger, read and process very important ideas,” Chris Hughes explained after buying The New Republic, adding, “The demand for long-form, quality journalism is strong in our country.”

This is the ninth edition of the State of the News Media produced by the Pew Research Center's Project for Excellence in Journalism. Among the features of this year's report are a survey that examines how people get news on different devices and another that looks in detail at news and social networking. There is a special report on the state of community media based on conversations with six leading figures in the field and a close look at Native American media. The chapters on each sector of the news industry, in a format introduced last year, contain two parts, a summary essay and a separate section called By the Numbers, where all the statistical information is more easily searchable and interactive.

Each year, this report also identifies key trends in the news industry. In addition to the growing shift to mobile and the intensifying gap with the biggest technology companies, six such trends stand out entering 2012:

Mobile may be leading to a deeper experience with news than on the desktop/laptop computer. As sales of e-readers and tablet computers grow, PEJ's early research has found consumers are reading more immersively on these devices than on earlier technology. New survey data released here add to that. More than a quarter of the population, 27%, now gets news on mobile devices. And these mobile news consumers are even more likely to turn to news organizations directly, through apps and home pages, rather than search or recommendations — strengthening the bond with traditional brands. The evidence also suggests mobile is adding to, rather than replacing, people's news consumption. Data tracking people's behavior, for instance, finds that mobile devices increased traffic on major newspaper websites by an average of 9%. The technology may also be spreading this access to groups that were passed over by the first generation of digital. Some rural populations like Native Americans who largely missed the desktop generation, are now moving straight to mobile options that do not rely on broadband access.

The emerging landscape of community news sites is reaching a new level of maturity — and facing new challenges. As some of the grants that had helped seed this new form of journalism begin to sunset, we are seeing both a shakeout and

clearer models of success. Some, such as Chicago News Cooperative, ceased publishing; others, such as The Texas Tribune, continued to build off of earlier success. Still others, though successful over all, had to cut staff by year's end. One lesson learned, says industry observer Michele McLellan, is that sites need not only good journalism, but also financial leadership devoted to fully conceived business plans and more technical expertise in how to disseminate information. One other development: more college journalism schools are launching their own hyperlocal sites as a method of training that also serves the community. This year we have a special report examining those trends.

A growing number of executives predict that in five years many newspapers will offer a print, home-delivered newspaper only on Sunday, and perhaps one or two other days a week...

Social media are important but not overwhelming drivers of news, at least not yet. Some 133 million Americans, or 54% of the online U.S. population, are now active users on Facebook (out of 850 million monthly active users globally). They also spend an average of seven hours there a month, 14 times the amount of time people spend on average on the most popular news sites. And the number of Twitter users grew 32% last year to around 24 million active users in the U.S. (500 million total accounts worldwide), the company reports. But the notion that large percentages of Americans now get their news mainly from recommendations from friends does not hold up, according to survey data released here. No more than 10% of digital news consumers follow news recommendations from Facebook or Twitter “very often,” the new survey finds. And almost all of those who do are still using other ways like going directly to the news website or app as well.

News viewership on television grew in unexpected venues. At the three traditional broadcast television networks, news audiences grew 4.5% in the evening, the first uptick in a decade. At the local level, audiences grew in both morning and late evening, the first growth in five years. Cable news audiences also grew, by 1%, after falling the year before. But

for the first time since we began these reports, the growth came at CNN (16% growth in median prime-time viewership) and to a lesser extent MSNBC (3% growth). By contrast, Fox News, though still by far the ratings leader, had a second year of decline. Much of the growth may be short-lived, a function of big, visually oriented news stories rather than change in habits. Local news stations saw audiences for their evening newscasts (those most likely to include national and international affairs) fall back quickly when the uprisings in the Middle East subsided.

More news outlets will move to digital subscriptions in 2012 – as a matter of survival. Perhaps as many as 100 more papers are expected in coming months to join the roughly 150 publications that have already moved to some kind of digital subscription model. The move, long anticipated and long delayed, is only partly influenced by the success of The New York Times’ “metered model,” which by early 2012 had some 390,000 subscribers and almost no loss in more casual online traffic. The timing of this also reflects a starker reality. Many newspapers have lost so much of their ad revenue – more than half since 2006 industry-wide – that without an infusion of digital subscription revenue, some may not survive. Over the last five years, an average of 15 papers, or just about 1% of the industry, has vanished each year. A growing number of executives predict that in five years many newspapers will offer a print, home-delivered newspaper only on Sunday, and perhaps one or two other days a week that account most print ad revenue.

As privacy becomes an even larger issue, the impact on news is uncertain. Tensions between the services that technology companies provide and the data about consumers they gather and leverage for financial gain have swelled with app technology, targeting advertising, the rise of Facebook, and Google’s new privacy settings. Consumers are becoming more conscious of their digital profiles. As of early 2012, roughly two-thirds of the internet population is uneasy with targeted advertising and search engines tracking their behavior. But consumers are also more dependent on the free and efficient services available from the web platforms that gather the data. This places conflicting pressures on the news industry. To survive, news must find a way to make its digital advertising more effective – and more lucrative – and the gathering of consumer data is probably the key. Yet news organizations also must worry about violating the trust of their audiences. The longer they hesitate, the more market share they may lose. ●

Key Findings

Audience

In 2011, most sectors of the news media managed to stop the audience losses they suffered a year earlier, though for some the gain was minimal. News websites saw the greatest growth, while print audiences stood out for their continued decline, which nearly matched the previous year's 5% drop.

DIGITAL

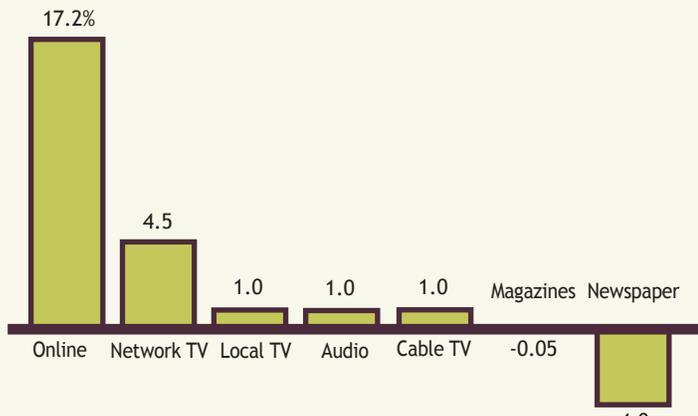
No matter the device, digital news consumption continued upward in 2011. Monthly unique audience to the top news sites was up 17%, a similar increase from 2009 to 2010,

according to Nielsen Online. Seventeen of those 25 continue to be legacy news outlets.

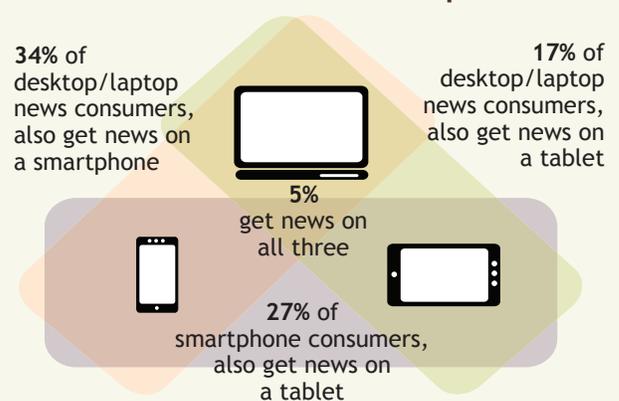
Americans are now fully into the digital era. More than three-quarters of U.S. adults own a laptop or desktop computer. On top of that, 44% now own a smartphone, and tablet ownership is now at 18%, up from just 11% in the summer of 2011. News is a significant part of how people use these devices. Some 51% of smartphone owners use that device to get news, as do 56% of tablet owners. And nearly a quarter of the population, 23%, now gets news on multiple digital devices, according to PEJ research.

Web Continues to Dominate in Audience Growth

Percentage Change in Audience, 2010-2011



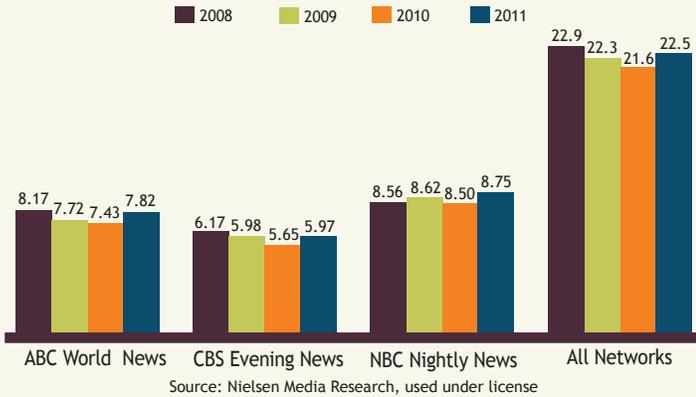
Digital News Consumers Are Adding to Their News Consumption



The cable figure is based on PEJ's analysis of Nielsen Media Research data. It represents the combined median total day viewership (individuals 2 and older) of CNN, MSNBC and Fox News. The online figure is based on PEJ's analysis of the top 25 news sites from Nielsen Online. It represents the total unique visitors to the top 25 news websites based on U.S. traffic from 2010 compared to 2011. The network figure is based on PEJ's analysis of Nielsen Media Research data. It represents the mean evening news viewership (individuals 2 and older) of NBC, CBS and ABC. The local TV figure is based on PEJ's analysis of Nielsen Media Research data. It represents the average morning news (5-7 a.m. E.T.), early evening news (5-7 p.m. E.T.) and late evening news (11-11:30 p.m. E.T.) combined viewership (individuals over the age of 2) for ABC, CBS, Fox and NBC affiliates (for the four sweeps measured, February, May, July, November). The magazine figure is based PEJ's analysis of circulation data provided by the Audit Bureau of Circulations. It represents the average circulation full year of 2011, compared to 2010, for six news magazines studied by PEJ: Time, Newsweek, The Economist, The Atlantic, The Week, and the New Yorker. The newspaper figure is based on estimates from the Poynter Institute's Rick Edmonds, based on data from the Audit Bureau of Circulations. This year's figure represents average circulation for U.S. newspapers during a six-month period ending September 30, 2011 compared to the year before. The audio figure is based on survey data from Arbitron. It represents the percent of Americans age 12 or older who said they use or own an AM/FM radio in January 2011.

Evening News Audiences Increase at All Networks

Year-to-Year Average Viewers Per Night, in Millions



NETWORK TV NEWS

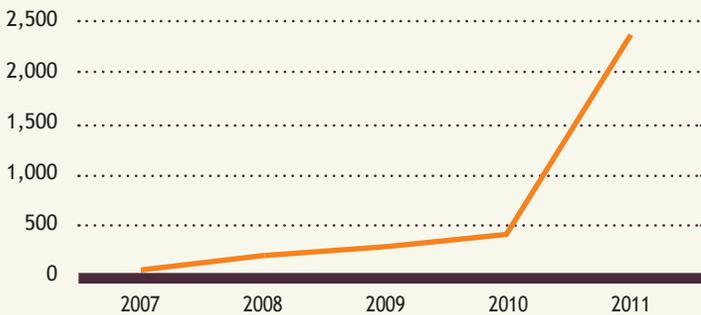
All television news viewership increased in 2011, but it was most evident on the networks, whose audiences grew for the first time in a decade. Average evening news viewership across the three networks increased 4.5%, or 972,700 viewers over 2010, according to PEJ analysis of Nielsen Media Research data. An average of 22.5 million people watched ABC, CBS or NBC News each night in 2011. In the morning, an average of 13.1 million people tuned in each day over the year, 5.4% more than in 2010. The PBS NewsHour’s average viewership was nearly unchanged, remaining at 1.1 million viewers nightly during the 2010-11 season.

LOCAL TV NEWS

After years of decline, local television news showed new signs of life in 2011. Viewership increased in both the morning (1.4%) and late evening (3%) – the first gains in five years. The

Very Early Morning Viewership Takes Off

In Thousands of Viewers



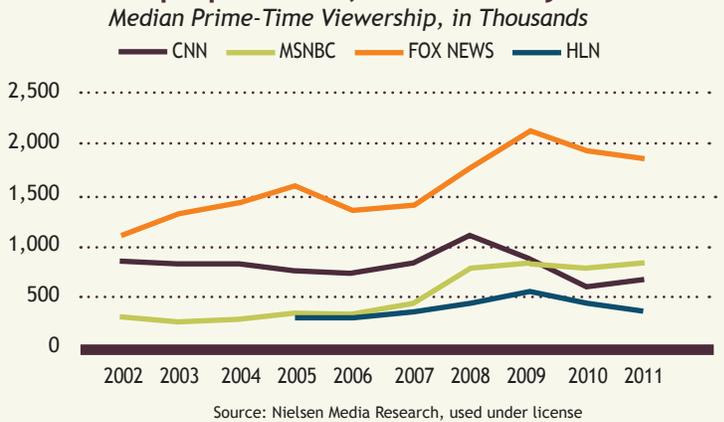
Source: Nielsen Media Research, used under license
 Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

audience for very early morning news more than quadrupled, but most of that came in time periods that have the smallest total viewership, including 4:30 a.m. And while local stations remain the No. 1 news source for most Americans, the same does not apply to their websites. A PEJ survey found that 10 times as many people turned to TV newscasts for breaking news and weather as relied on local stations’ websites.

CABLE NEWS

A year of major news events, including international disaster and unrest as well as domestic politics, helped break the cable news ratings slide. Total viewership rose 1% in 2011, according to Nielsen Media Research. That was the same growth rate encountered during the daytime hours and in prime time, when a median of 3.3 million people watched cable news at any given time on a typical night.

Viewership Up Over All, But Varied by Channel



The boost behind that overall growth came at CNN, which was up 16% in prime time to a median of 654,500 viewers. And MSNBC was up 20% during the daytime. Fox News Channel was the only one of the three main news channels to experience a second straight year of declines. It ended 2011 down 3% in prime time and 2% in daytime. Fox remained the clear leader over all, though, with a median prime time audience of 1.9 million, making 2011 its 10th straight year of ratings dominance.

AUDIO

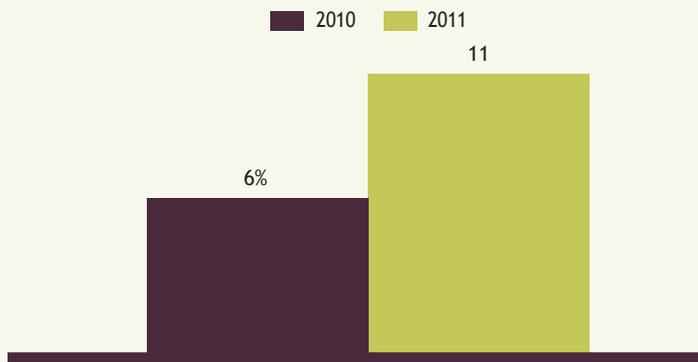
More than nine out of 10 Americans (93%) say they use or own an AM/FM radio, and the device is second only to television as the medium most prevalent in people’s lives, according to Arbitron’s data. But digital options are beginning to have an impact, especially in the mobile realms. Nearly 40% of people are estimated to listen to online-only audio services like

Pandora or Spotify on their smartphones, mobile devices and computers, according to eMarketer – a number expected to double by 2015. Even more worrisome for AM/FM radio, in-car listening via smartphones nearly doubled in the last year to 11% of people who own cellphones. And carmakers are installing new models with internet-ready listening.

News/talk radio's popularity increased and probably will continue to do so over the next year, thanks in part to the 2012 presidential campaign. At the same time, NPR saw its total listenership drop for the first time in years, but the organization is making headway in developing digital platforms to reach new audiences.

More People Are Using Cellphones to Listen to Online Radio in Their Cars

Percentage of Cellphone Owners Who Have Listened to Online Audio in a Car by Listening to the Stream from a Cellphone Connected to a Car Stereo



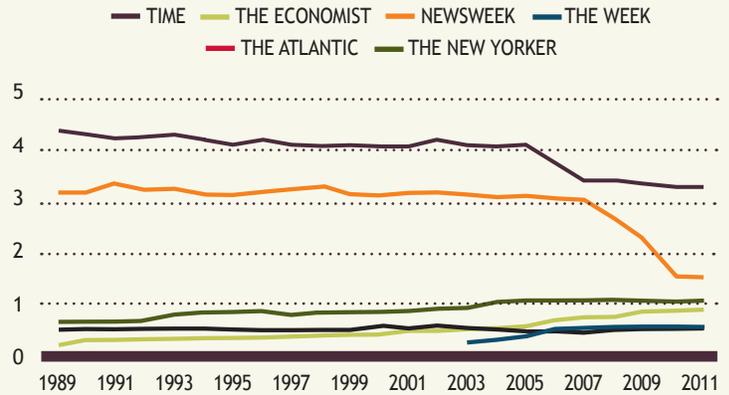
Source: Arbitron

MAGAZINES

Circulation for six leading news magazines studied here was basically flat (down 0.05%), after an 8.9% decline in 2010. The largest portion of circulation, subscriptions, was also flat, with a growth rate of 0.01%, but that number is controlled, based on how much magazines want to spend to “buy” readers. Newsstand sales, a smaller component but not controlled by the industry, dropped 2%. That decline is also much smaller than the 2010 losses of 17.7%. Newsweek saw the greatest declines (3.4%) while The Economist and The Week both grew about 2%. Circulation for the magazine industry as a whole dropped 1%, compared to a 1.5% loss in 2010.

News Magazines' Overall Circulation Holds Steady

Average Circulation in Millions



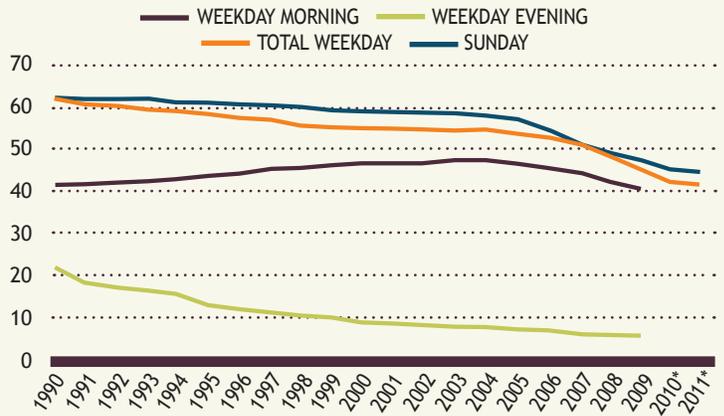
Source: Audit Bureau of Circulation, FAS-FAX reports
Note: Numbers prior to 2009 are rounded

NEWSPAPERS

Of all media sectors, newspapers suffered the most in 2011. While new measurements made exact yearly comparisons difficult, chapter co-author Rick Edmonds estimates that weekday circulation fell about 4% and Sundays fell 1% for the six-month period ending September 30, 2011. Those declines were about on par with 2010, but only about half what they were in 2009. Newspapers' digital audiences are growing. Newspaper websites are popular and total audience reach is staying steady. ●

A Continued Slide in Paid Circulation

In Millions



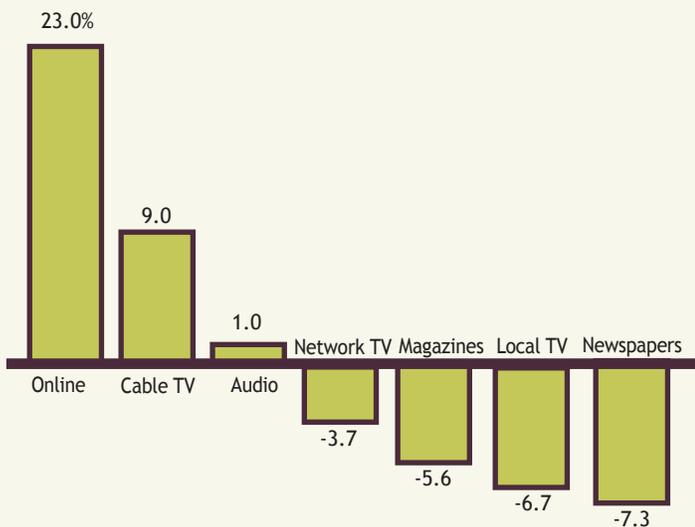
Source: Editor and Publisher Yearbook
Note: 2010 and 2011 figures are estimates by Rick Edmonds based on the period ending Sept. 30 2010.

Key Findings

Economics

The year 2011 was a mixed one economically for the news media. Ad dollars followed the audiences to the web, and a stable business model helped cable television. But much of the legacy media suffered revenue declines.

Most Sectors See Revenues Fall Percentage Change in Revenue, 2010-2011

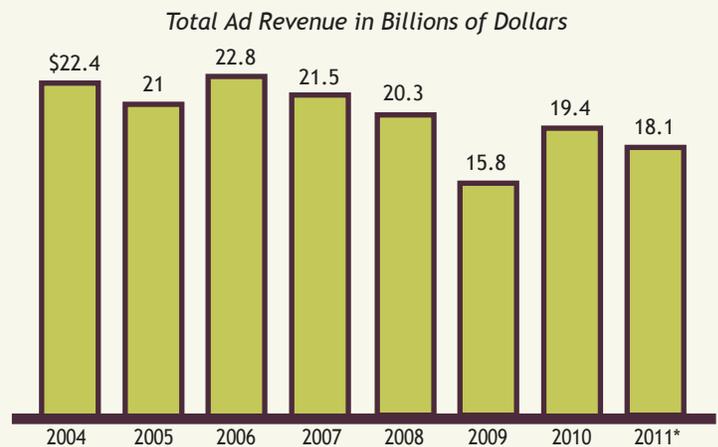


Source: SNL Kagan, eMarketer, Veronis Suhler Stevenson, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey

LOCAL TV NEWS

Local TV stations make the vast majority of their revenue from on-air advertising. This revenue declined in 2011, largely due to a predictable decrease in political ads in a non-election year. The estimated on-air ad revenue total of \$18.1 billion, however, was 10% less than what local stations got in 2007, the last non-election year before the recession hit. Other sources of revenue continue to grow including fees paid by cable and satellite systems and online and mobile advertising, but those sources together only make up an estimated 15% of local stations' total revenue.

Local Broadcast TV Advertising Revenue Declines in 2011



Source: BIA/Kelsey
Note: 2011 is an estimate

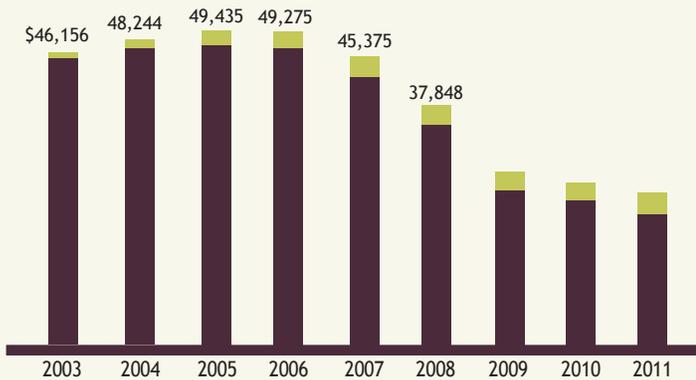
Cable figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2010 and 2011, provided by SNL Kagan, a division of SNL Financial LLC. Online figures are total online ad revenues, from January to September 2011, compared with the same period in 2010, provided by eMarketer. Network figures are based on revenue estimates for network television ads for 2011, compared with the same period in 2010, provided by Veronis Suhler Stevenson. Radio figures are based on revenues from AM/FM, satellite and online and mobile platforms as estimated for January 2011 to December 2011, compared to the previous year, from Veronis Suhler Stevenson. Magazine figures are based on ad pages sold - not revenue - provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. Newspaper data are from the National Newspaper Association. The number includes both print and online newspaper advertising revenue. Local TV figures are based on revenue estimates for local and national spot advertising on local TV for the full year of 2011, compared with the same period in 2010, provided by BIA/Kelsey.

NEWSPAPERS

Apart from local TV, whose ad sale trends are tied to the ebb and flow of political cycles, newspapers fared worse than other media sectors economically in 2011. Print advertising revenues were down approximately \$2.1 billion, or 9.2% in 2011. Although online advertising was up approximately \$207 million (6.8%) compared with 2010, those gains do not come close to making up for the losses in print. Losses in print outweighed the gains online by a ratio of roughly 10 to 1 combined, online and print ad revenues were down 7.3% in 2011 to \$23.9 billion. Most newspapers are still profitable on an operating basis, but the net margins – after interest, taxes and special charges – are razor-thin. And most papers achieved profitability largely through cutting. The year also brought with it more papers embracing the idea of a pay wall. The New York Times and roughly 150 other newspapers have instituted variations on the so-called metered model that The New York Times uses.

Print Advertising Revenue Falls, Online Grows

In Millions of Dollars



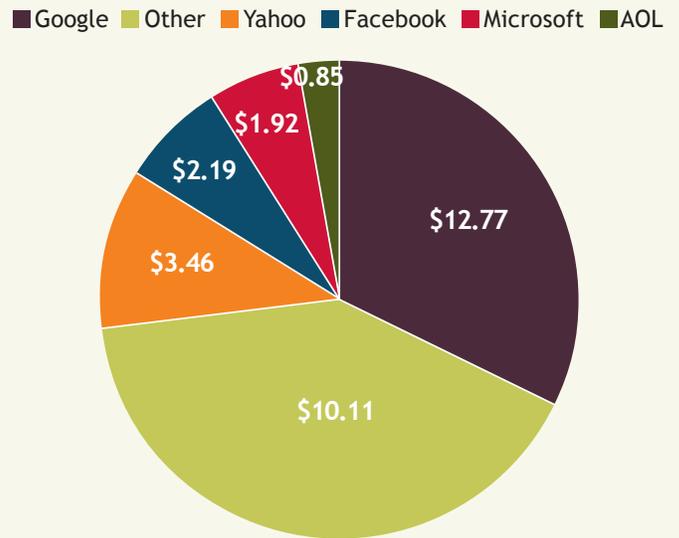
Source: Newspaper Association of America
Note: Numbers are rounded.

DIGITAL

Online advertising over all shot up 23% in 2011 compared to 2010. While search continues to grow and will remain the largest kind of online advertising for the foreseeable future, display ad revenue is growing as well. Display ads generated \$12.4 billion in 2011, up 24% from the year before, according to eMarketer. Much of the growth in display advertising came from banner ads, the largest segment of ads within display, which grew 24% in 2011. But this isn't all good for news. Five of the big tech companies now account for about half of all display ad revenue, with Facebook one of the big new players. These same companies account for 68% of all online advertising.

Top Five Companies' Share of Total Online Ad Revenue

In Billions of Dollars



Source: eMarketer

Note: The total of this chart is slightly different than the total for all online advertising because eMarketer updated its 2011 advertising numbers, but not the figures for this chart.

In the mobile realm, the ad landscape shifted in 2011. Text message advertising had been the largest type of mobile ad, but in 2011, eMarketer research finds that search now dominates the mobile ad space. News companies are essentially cut off from this growing revenue stream, which amounted to \$653 million, or 45% of the mobile ad market. But a silver lining for the industry may exist in research showing that mobile banner and rich media advertising, the most important types for news, account for 31% of the mobile ad market, now also ahead of text ads, according to eMarketer.

MAGAZINES

For print magazines, the number of ad pages sold across the industry over all was down in 2011 (3.1%), after a flat 2010 (down 0.1%) and a steep decline in 2009 (25.6%), according to data by the Publishers Information Bureau. Of the 213 magazines the PIB tracked, 136 reported a decline in the number of ad pages sold. This drop in ad pages resulted from losses in major ad categories. Car ads, one of the largest single categories, fell 5.7%, after having risen 16.9% in 2010. Ad pages by food and food products makers plummeted in 2011 (17%, on top of a 3.5% loss the previous year), showing the steepest decline among all advertising categories. News magazines fared worse with a decrease in ad pages of 5.6%. That drop offset the slight gain of 1.4% news magazines had in 2010.

News Magazines Have Fewer Ad Pages in 2011

	2010	2011	% Change
Newsweek	895.70	745.43	-16.8%
Time	1,405.52	1,370.30	-2.5
The Economist	2,044.93	1,986.49	-2.9
The New Yorker	1,187.42	1,166.57	-1.8
The Atlantic	552.74	531.14	-3.9
The Week	771.07	671.22	-12.9
Total	6,857.38	6,471.15	-5.6

Source: Publishers Information Bureau, of the Association of Magazine Media

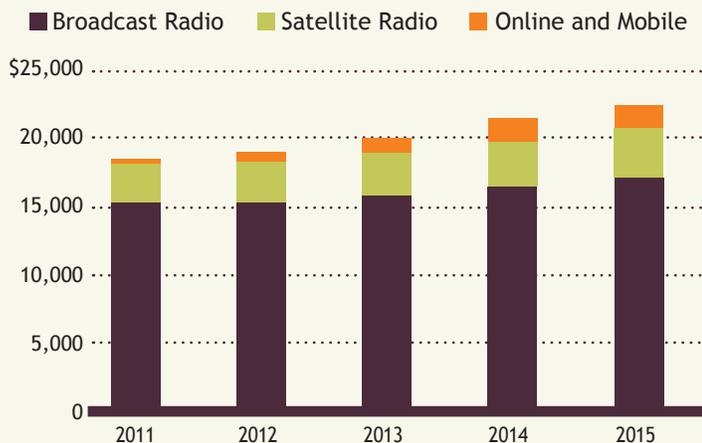
Even though ad pages, which have been the industry's key economic indicator, were down in 2011, some digital initiatives taken by magazines started paying off. In October 2011, The Atlantic's digital ad revenues exceeded print ad revenues, 51% to 49%, for the first time ever. Jay Lauf, The Atlantic's publisher, estimated that the publication would bring in a total of \$18.6 million from advertising in 2011.

AUDIO

Radio revenue saw gains in 2011, but lost much of the momentum seen in the previous year. Over all, revenue was up 1% over 2010 levels, at \$17.4 billion, according to data from the Radio Advertising Bureau. But, traditional radio, which accounts for much of the revenue, declined last year and is expected to see negligible growth in coming years. The real growth in radio revenue happened on digital platforms, with 15% growth in online and mobile. But these areas hold much smaller pieces of radio's total revenue pie and are expected to continue to trail AM/FM at least through 2014.

Online and Mobile Radio Expected to See Richest Revenue Gains

In Millions of Dollars



Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011 - 2015

NETWORK TV NEWS

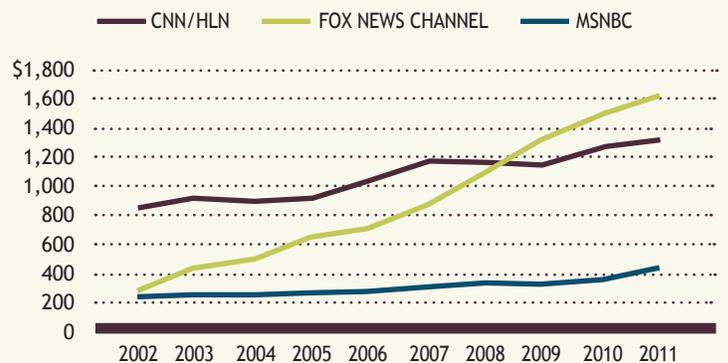
Networks over all saw a decrease in total revenue in 2011. The market research firm Veronis Suhler Stevenson, which looks at networks over all, not just news divisions, estimated that network ad revenue decreased 3.7% in 2011. But network news programs had their best ratings in a decade in 2011, and both ABC and CBS News benefited from broadcast ad revenue increases, while NBC News derived income from its cable news channels. As a result, PEJ estimates that the three network news divisions each saw revenue growth between 1% and 2.5%. While NBC's prime-time non-news ratings slumped, its Nightly News and Today Show still beat out the network competition in viewership.

CABLE NEWS

The revenue declines of 2009 may, in the end, look more and more like a bump in the road for cable news, which benefits from the stability of a business model that draws revenue from subscribers and advertisers. In 2011, revenues for the three main news channels were projected to increase 8% to \$3.3 billion, according to SNL Kagan. CNN and its sibling channel, HLN, were projected to grow 7% to \$1.3 billion; for Fox it was 9% growth to \$1.6 billion, and for MSNBC, projections were for an 8% gain to \$409 million.

Second Straight Year of Revenue Gains

Total Revenue for Cable News Channels, in Millions of Dollars



Source: Nielsen Media Research, used under license

While the growth rates for cable ad revenue (9%) and subscriber revenue (8%) were similar, in total dollars, subscriber revenue made up a larger share of the pie at \$1.8 billion (compared with ad revenue of \$1.4 billion). Not long ago these shares were equal. Subscription fee revenues are expected to continue to grow. ●

Key Findings

News Investment

DIGITAL

In 2011, media companies devoted new resources to online video content. One partnership has ABC News providing video content for Yahoo News sites. Reuters became one of the leading news organizations to develop original content for YouTube and will eventually host 10 original news shows on the video-sharing site. And The Huffington Post announced the creation of its own 24-hour online news channel, following a model more akin to CNN.

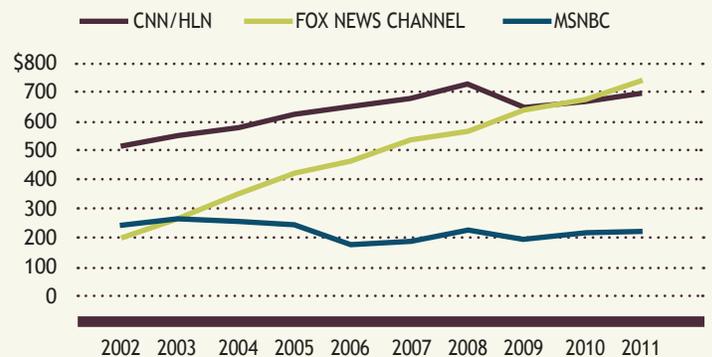
Other efforts in online newsgathering met some hurdles. In early 2011, AOL chief executive Tim Armstrong set the tone for the hyperlocal news site Patch by announcing that there would be 1,000 “patches” across the country and that by year-end individual patches would become profitable. By the end of 2011 those goals were in question and Armstrong dialed back expectations of profitability, saying, “We don’t have a massive number of patches on a run-rate profitability, and some of them have bounced in and bounced out.”

CABLE NEWS

Cable channels were projected to spend more on the news in 2011, increasing their budgets by 5% to \$1.7 billion, according to SNL Kagan. All of the channels were projected to spend more than they had the year before. For the second year in a row, Fox was projected to lead in total spending at \$732 million. CNN and HLN were projected to spend \$698 million, and MSNBC, which draws on NBC News for resources and newsgathering, was projected to spend \$223 million. Though it was no longer the spending leader, CNN made use of 46 domestic and foreign bureaus in 2011, more than Fox (17) and MSNBC (20) combined, according to information provided by the channels. According to SNL Kagan, the scale of CNN’s operation has led it to allocate more of its budget to administrative expenses than Fox and MSNBC, which both invest heavily in program-related items such as host salaries.

Fox Projected to Widen its Spending Lead over CNN

Total News Investment, in Millions of Dollars



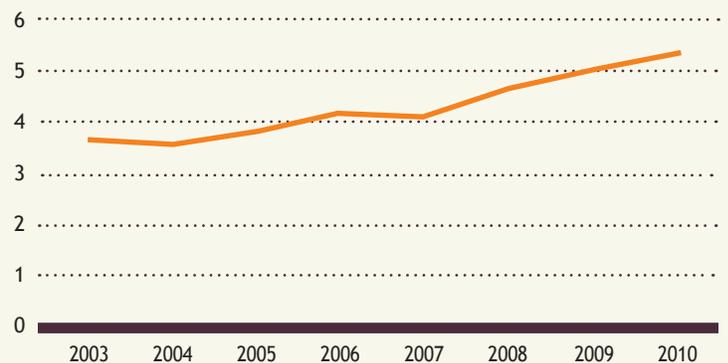
Source: SNL Kagan, a division of SNL Financial, LLC
Note: All figures are estimates

LOCAL TV NEWS

Stations continued to hire in 2011 and analysts believe total employment in local TV news has returned to the record level set before the recession. The median staff size of stations in the largest markets grew 21% between 2005 and 2010, while small-market newsrooms have not grown. The makeup of the staffs has changed: Large-market newsrooms ramped up their

Amount of Local TV News per Weekday

Average Hours of News per Weekday, 2003-2010



Source: RTNDA/Hofstra University Surveys
Note: Based on survey responses of news directors at all commercial TV stations



After four years of shedding significant numbers of jobs, employment at U.S. magazines fell only 1.7% in 2011

use of solo journalists, with more than 15% of the largest saying they mostly rely on “one-man bands.”

Stations in general produced more news in 2011 and shared it more widely. The number of stations offering very early morning news, beginning at 4:30 a.m., doubled from 2010 to 2011. The average amount of weekday local TV news programming hit five hours and 18 minutes in 2010, the last year for which data exist, and is expected to set another record when 2011 data are released.

MAGAZINES

New magazine launches were on the rise in 2011. In all, 239 new magazines were launched, according to MediaFinder.com, up from 193 magazines in 2010. Only 152 magazines folded during the year, a sharp improvement over the 176 that shut down in 2011 and the 596 that died the year before. After four years of shedding significant numbers of jobs, employment at U.S. magazines fell only 1.7% in 2011 (compared to a decrease of 5.8% in 2010 and 12.3% in 2009), according to Ad Age’s analysis of recent Bureau of Labor Statistics data.

Employment Begins to Recover at U.S. Magazines

Percentage Change in Magazine Employment



Source: Advertising Age, Data Center

NETWORK NEWS

There were numerous staffing changes at the networks in 2011. All three evening news programs had new executive producers by the end of the year. And there were new anchors for several news programs. At NBC, Meredith Vieira left the Today Show and Ann Curry replaced her. NBC also introduced a new news magazine, Rock Center With Brian Williams. CBS News, which got a new chairman and president in 2011, completely revamped its morning show, renaming it CBS This Morning. The show is hosted by Charlie Rose, Gayle King and Erica Hill. ABC News also got a new president in 2011, and the network announced that George Stephanopoulos would once again host This Week, after Christiane Amanpour’s tenure was not as successful as the network hoped.

NEWSPAPERS

Newsrooms continued to shrink as companies, to remain in the black, felt the need for more rounds of cost reductions. The contemporary newsroom has fewer articles to produce after trims in the physical size of paper and reduction of the space devoted to news. But the remaining editors and reporters are also being stretched further by the need to generate content suitable for smartphones and tablets as well as establishing a social media presence. This is all in addition to putting out the print paper daily and feeding breaking news to websites. In company management, the shift to outsiders with backgrounds in digital, especially at major companies, was striking. The CEOs of Gannett (Craig Dubow) and the industry’s largest private company, Media News (William Dean Singleton), stepped aside for health reasons. New York Times chief executive Janet Robinson retired under pressure late in the year. Associated Press president and chief executive Tom Curley announced early in 2012 that he would be retiring, too. During the course of the year, the top editor’s job turned over at The New York Times, USA Today, The Los Angeles Times and a host of metros. ●

Key Findings

Ownership

CABLE

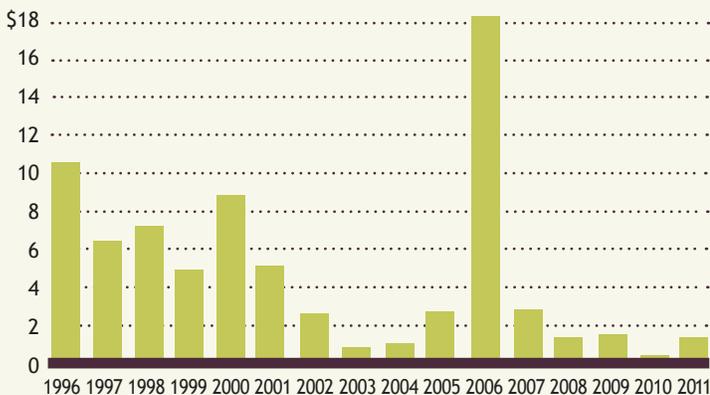
News Corp. spent much of 2011 embroiled in charges of phone hacking by employees at The News of the World, one of owner Rupert Murdoch's British tabloids. Though Fox News is owned by News Corp., the scandal may have caused more distraction for CNN's new host Piers Morgan, who was brought before a government inquiry in December to answer questions about practices at the non-Murdoch tabloid he edited years earlier.

LOCAL TV

More stations were sold in 2011 than the year before and for considerably higher prices. While the total number of station mergers and acquisitions was relatively small, transactions topped a billion dollars for the first time since 2007.

Total Value of TV Station Mergers and Acquisitions

In Billions of Dollars



Source: BIA/Kelsey, Media Trends
Note: Year to year, last update December 2011.

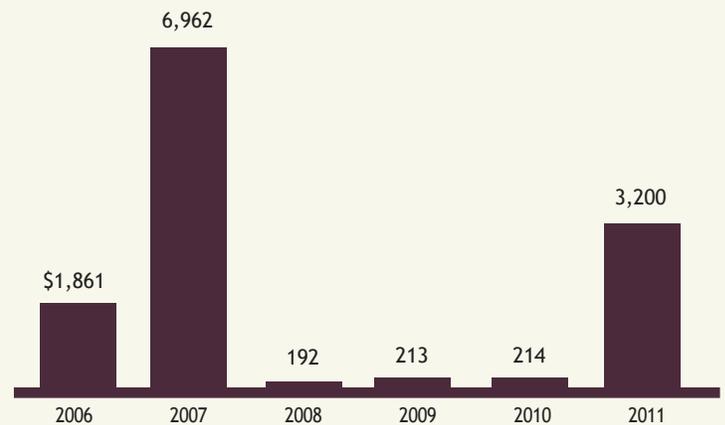
MAGAZINES

In the consumer magazine sector, 32 acquisitions were announced, compared to 26 in 2010, according to the Jordan, Edmiston Group. The total value of these acquisitions accounted to \$3.2 billion, compared to 2010, when the value

was limited to \$214 million. One of the most noteworthy acquisitions was made by Hearst, one of the largest magazine publishers in the U.S. The company paid French publisher Lagardère a reported \$866 million for nearly 100 magazines in 14 countries, including Elle and Car and Driver. Hearst now puts out more than 300 editions around the world, including 19 U.S. magazines.

Total Value of Magazine Acquisitions Jumps in 2011

In Billions of Dollars



Source: Jordan, Edmiston Group, Inc. (JEGI)

NEWSPAPERS

Newspapers began changing hands again in late 2011. The trend of private equity owners gaining control through bankruptcy proceedings continues to grow and they tend to take an aggressive approach to digital transition. The most high-profile example is John Paton, the chief executive backed by Alden Global Capital, who is pursuing a "digital-first" strategy at the Journal Register and MediaNews Group papers. Probably the biggest transaction in 2011 was the \$143 million sale of The New York Times' 16-paper region group to Halifax Media, a company formed two years ago to buy The Daytona Beach News-Journal. ●

Mobile Devices and News Consumption: Some Good Signs for Journalism

A new survey of more than 3,000 U.S. adults by the Pew Research Center's Project for Excellence in Journalism finds that rather than gravitating toward one device, a growing number of Americans are becoming multiplatform digital news consumers. These "digital mavens" get news on all their devices – and even more so if they own all three types of devices. The data also show that the reputation or brand of a news organization is the most important factor in determining where consumers go for news, and that is even truer on mobile devices.

The move toward mobile holds some promising options for news producers. To capitalize on it the industry will need to do a better job than it did in the desktop realm of quickly coming to understand audience behavior and developing technology and revenue models to adapt to it.

AMONG THE FINDINGS:

Nearly a quarter of U.S. adults, 23%, now get news on at least two devices—a desktop/laptop computer and smartphone, a computer and a tablet, a tablet and a smartphone, or on all three. And a majority of Americans get news through at least one digital, web-based device. The desktop/laptop remains the most popular (54% get news there) but the numbers turning to other digital devices are growing.

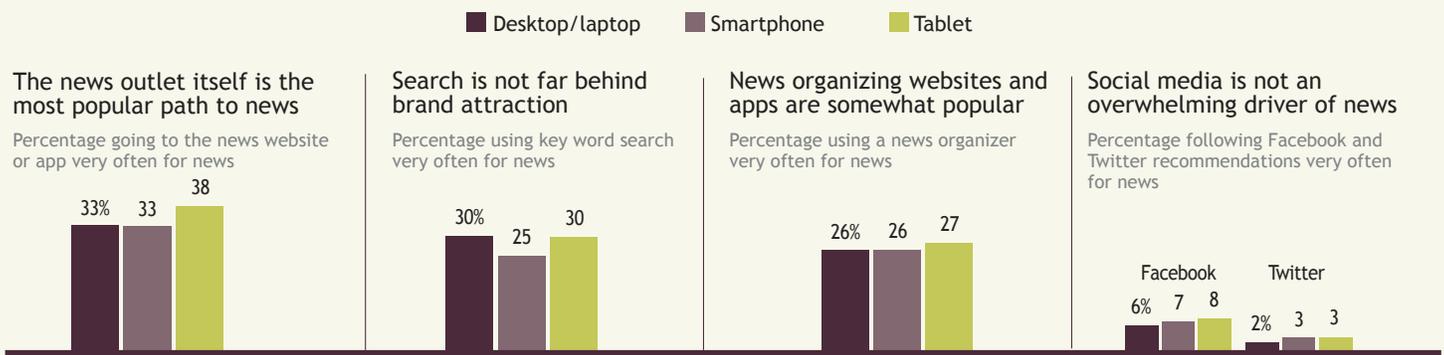
The most common way that people get news is by going directly to a news organization's website or app. About

a third of desktop/laptop news consumers and smartphone news consumers get news this way "very often." Even more tablet news users, 38%, follow this path. On desktop/laptop computers, going to a news site directly is statistically tied with search (30%). Yet even these numbers may understate those seeking out news home pages, as past PEJ studies show that many people type in some variation of the home page name into the search engine box.

For those who get news on both the smartphone and tablet, social networking is a more popular pathway. Among that group (13% of all digital news consumers), fully two-thirds (67%) have ever gotten news recommendations from Facebook. That compares to 59% who get news on just one device and 41% who only get digital news via the desktop/laptop. Similarly, 39% follow news recommendations on Twitter, compared with 24% who just use a smartphone or a tablet and 9% who use only the desktop/laptop.

Consumers who still only get digital news on the desktop/laptop have a very different set of behaviors. This group is less likely to get news in any of the ways asked about than those who get some digital news on a smartphone, a tablet or both. Only about half (48%) get news using key word search "very or somewhat often" compared with at least 70% of those who use a smartphone, tablet or both for news. Similarly, 54% go directly to news websites or apps somewhat or very often, while 80% or more of those who get news on other devices do so. ●

Getting to the News on Digital Devices In Billions of Dollars



N's: use desktop/laptop for news=1,602; smartphone for news=571; tablet for news=291

What Facebook and Twitter Mean for News

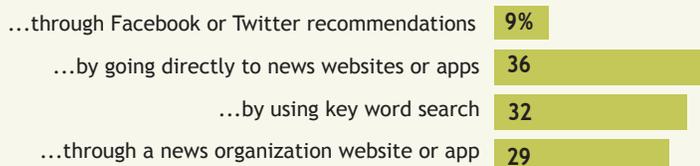
Another new PEJ survey confirms that Facebook and Twitter are pathways to news, but finds their role may not be as large as some have suggested. The population that uses these networks for news is still relatively small, and they have not given up other methods of getting news, such as going directly to websites, using apps or search. It seems social media are additional paths to news, not replacements.

AMONG THE FINDINGS:

Facebook and Twitter Are Still Relatively Small Drivers for News. Over all, just 9% of digital news consumers very often follow news recommendations from Facebook or Twitter on any of the three digital devices. That compares with 36% who very often go directly to news organizations, 32% who get news from search very often, and 29% who use some sort of news organizer site or app.

Social Media is not an Overwhelming Driver of News (Yet)

Percent of U.S. Adults Who Get News on Any Digital Device Very Often



N=3,016

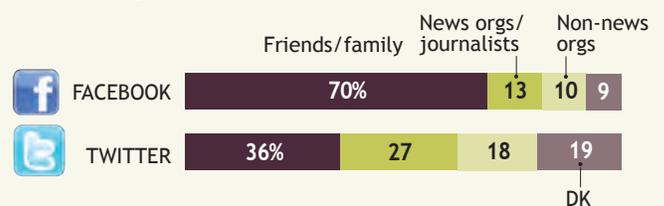
Between the Two Social Media Options, Facebook Leads. More than twice as many digital news consumers follow news recommendations from Facebook than follow them from Twitter. And that remains consistent across different digital devices. In all, on any device, 7% get news on Facebook very often, compared with 3% who do so on Twitter.

Social Networks at This Point Are Mostly an Additional Way to Get News, Rather Than a Replacement Source. Fully 71% of those who ever follow news links on Facebook also get news somewhat or very often by going directly to a news organization's website or app. Among Twitter news followers, 76% also go to home pages or use apps from a news organization very or somewhat often. Similarly 65% of Facebook news users get news via key word search very or somewhat often, as do 69% of Twitter news users.

Twitter and Facebook Function Differently as News Sources. On Facebook, the news comes mostly through family and friends. On Twitter, people tend to get news from a broader mix of recommenders. When asked who sends you most of the news stories you read or watch via Facebook, 70% said friends and family. Another 13% get most of their recommendations from news organizations or individual journalists. Another 10% get most of their recommendations from non-news organizations, and 9% are unsure.

Facebook News Driven by Friends and Family

Percentage Who Get Most of Their News Links from...

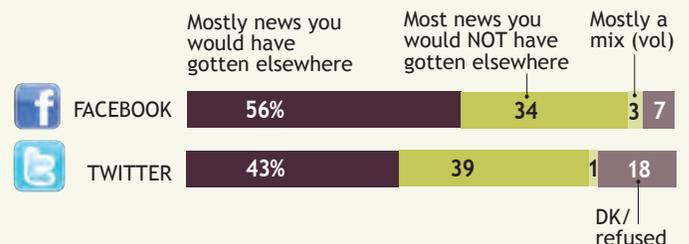


N's: Ever follow Facebook recommendations for news = 745; ever follow Twitter recommendations for news = 239

Consumers Are More Likely to See Facebook News as Replaceable. A majority, 56%, of those who get news recommendations from Facebook say they think they would have gotten that news from somewhere else. Only a third, 34%, said they would not have seen it otherwise.

Twitter News is Viewed as More Unique

Percentage Who Say the News They Got on Each Platform Is...



N's: Ever follow Facebook recommendations for news = 745; ever follow Twitter recommendations for news = 239

Twitter News Followers Are More Mobile. Fully 76% of Twitter news followers own a smartphone and 64% get news there (versus 47% for Facebook users and 30% for all mobile news consumers). They are more likely to own a tablet computer, 42% versus 30% among Facebook news followers and 26% over all. And they are more likely to get news there, 31%, versus 20% for both Facebook and for digital news consumers over all.

How to Use the State of the News Media

Stateofthenewsmedia.org offers a variety of ways to learn about the journalism industry:

- Chart and compare percentages of media coverage by outlet, topic of interest or by prominent newsmakers in the Year in the News Interactive.
- See which companies own what media properties through the Who Owns the News Media database.
- Interested in statistics? Find the data you need and make your own charts about any of the eight major media sectors in the By the Numbers section attached to each chapter.
- Learn how mobile devices are adding to people's news consumption in our survey about technology and journalism.
- Understand the role that social media platforms are playing in the evolving relationship between the news industry and consumers.
- Find out about the state of affairs in the world of community news.
- Learn our sense of where the industry stands by reading the main overview, major trends and the essay sections of each chapter.

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