

The State of the News Media

2005

An Annual Report on American Journalism

By the Project for Excellence in Journalism



[Executive Summary](#)

For the full report, log onto www.Journalism.org

LETTER FROM THE DIRECTOR

This report, *The State of the News Media 2005*, is the second in our annual effort to provide people with a new resource—a comprehensive look each year at the state of American journalism.

We were delighted with the response to the first report a year ago. Not only did all the typical indicators suggest it had value—references to it in media and academic work, visits to the report online, requests for the printed executive summary, people picking up on trends and ideas that we posited—but, perhaps most gratifying, traffic to the report remained consistent throughout the year, a sign that it was a continuing resource.

This report builds on that first effort. We have tried to update all the data from the initial report and add to it with new sources. We have tried to take the content analysis further. We have tried to identify new curves in the trend lines, and emerging new ideas. We hope we have deepened our analysis.

Our goal, as it was last year, is to put in one place as much original and aggregated data as possible about each of the major sectors of journalism in the United States. Previously, these data were either unavailable or scattered among disparate sources across many organizations.

The full study, available online at www.journalism.org, runs more than 500 pages, even more sizable than last year. What you are reading here is an executive summary, in which we have highlighted key findings in bullet form to offer a quick sketch of each media sector.

In both versions, nine media are covered: network television, cable television, newspapers, magazines, the Internet, radio, local TV, ethnic media and the alternative press.

For each area, we have produced original research and aggregated existing data into a comprehensive look at six different issues:

- A sense of the editorial content
- Audience trends
- Economic trends
- Ownership trends
- Newsroom investment trends
- Data on public attitudes about that sector

In most chapters we have added a new element: an essay from a prominent industry professional or analyst.

The full version online includes another feature: users can explore data on their own, making their own charts and graphs.

Our goal with this study is to take stock of American journalism and to answer essential questions about its trends and direction, synthesizing all available information in an independent and dispassionate manner. It is not designed as an argument, but, as mentioned above, as a distinctive and reliable resource, a one-stop-shop for information on the state of journalism.

The study is the work of the Project for Excellence in Journalism, an institute affiliated with Columbia University Graduate School of Journalism. The study is funded by the Pew Charitable Trusts.

Many partners contributed to the work. The report on newspapers is co-authored by Rick Edmonds of the Poynter Institute. The content analysis was executed by Princeton Survey Research Associates International, and research teams at the School of Journalism at Michigan State University and at the University of Alabama. The methodology and statistical work were supervised by Esther Thorson, associate dean for graduate studies and research at the University of Missouri School of Journalism. Evan Jenkins, a former editor at the *New York Times*, was the copy editor.

Each chapter was read by a group of experts in each field. We owe a significant debt, as well, to our sister group, the Committee of Concerned Journalists and its chairman, Bill Kovach. More details on their contributions and all the methodology are available online.

If this executive summary interests you, please find the full report on our website, www.journalism.org, and please share your thoughts, comments and ideas with us as we begin to prepare the 2006 report.

T. R. I

TOM ROSENSTIEL

Technology is transforming citizens from passive consumers of news produced by professionals into active participants who can assemble their own journalism.

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Overview

The State of the News Media 2005

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

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

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

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

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

“At its best, edited for the savviest readers,” the system is “a summary of the world – deeper, broader

and more nuanced than anything ever available before. But at its worst, and for too many, [it] is merely a collection of trivia, much of it untrue, all of it narrow, shallow and sensational.”

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

“It didn’t have to be this way,” the video concluded. And it probably won’t be .

A year ago, in our inaugural edition of this report, we concluded that journalism is in the midst of an epochal transformation, as momentous as the invention of the telegraph or television. The former created the capacity for people divided by great distance to learn things at the same time; the latter added the ability for people to see the news for themselves. Today technology is transforming citizens from passive consumers of news produced by professionals into active participants who can assemble their own journalism each day from disparate elements. As they “google” for information, graze across an infinite array of outlets, read blogs or even write them, people are becoming their own editors, researchers, and reporters. What was called journalism is only one part of the mix, and the role of journalism as intermediary, as it is for other civic institutions, is weakening. We are witnessing the rise of a new and more active kind of American citizenship—with new responsibilities that are only beginning to be considered.

“In this new world, we continue to believe journalism is not becoming irrelevant. As the universe of information expands, the need to know what is true is all the greater. But discerning and communicating it is more difficult.”

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

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

We identified several underlying trends last year shaping the transformation. In 2005, five implications of the changes in media and public discourse strike us as requiring clearer discussion.

There are now several models of journalism, and the trajectory increasingly is toward these which are faster, looser, and cheaper. The traditional press model—the *Journalism of Verification*—is one in which journalists are concerned first with trying to substantiate facts. It has ceded ground for years on talk shows and cable to a new *Journalism of Assertion*, where information is offered with little time or attempt to independently verify its veracity. Consider the allegations by the “Swift Boat Veterans for Truth,” and the time lag of weeks required in reporting to find the claims were unsubstantiated. The blogosphere, while adding the richness of citizen voices, expands this culture of assertion exponentially, and brings to it an affirmative philosophy: publish anything, especially point of view, and the

reporting and verification will occur afterward in the response of fellow bloggers. The result is sometimes true and sometimes false. Blogs helped unmask errors at CBS, but also spread the unfounded conspiracy theory that the GOP stole the presidential election in Ohio. All this makes it easier for those who would manipulate public opinion—government, interest groups and corporations—to deliver unchecked messages through independent outlets or their own faux-news web sites, video and text news releases and paid commentators. Next, computerized editing has the potential to take this further, blending all these elements into a mix.

The rise in partisanship of news consumption and the notion that people have retreated to their ideological corners for news has been widely exaggerated. A year ago we mentioned a third, older form of news regaining momentum—the *Journalism of Affirmation*. Here the news is gathered with a point of view, whether acknowledged or not, and audiences come to have their preconceptions reinforced. In 2004, this notion gained new force when Pew Research Center survey data revealed that Republicans and conservatives had become more distrustful of the news media over the past four years, while the perceptions of Democrats, moderates and liberals had remained about the same. This led to the popular impression that independent journalism was giving way to a European style partisan press, in which some Americans consume Red Media and others Blue. The evidence suggests this perception is grandly overstated. The overwhelming majority of Americans say they prefer an independent, non-partisan news media. So, apparently, do advertisers and investors. In addition, distrusting the media does not correlate to how or whether people use it.

“Since citizens have a deeper range of information at their fingertips, the level of proof in the press must rise accordingly. The notion of filling newsrooms only with talented generalists may not be enough.”

Not only do Republicans and Democrats consume most news media outlets in similar levels, but those in both parties who distrust the news media are often heavier consumers of these outlets than those who are more trusting. The only exceptions to this are talk radio and cable news, where Republicans have tended to congregate in one place, Fox. For most other media, the political orientation of the audience mirrors the population. The political make up of the network news audience, for instance, matches that of the Weather Channel.

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

How else can the press referee what people are hearing in these venues? Such changes will require experimentation, investment, vision and a reorganization of newsrooms.

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

The three broadcast network news divisions face their most important moment of transition in decades. A generation of network journalists is now retiring. Two of the three anchors are new. One network, CBS, says it wants to rethink nightly news entirely. Nightline, one of the ornaments of American broadcast journalism, is fighting for its life. After years of programming inertia and audience decline, network news finds itself at a crossroads. If the networks rethink nightly news, will they build

on the programs' strengths—carefully written, taped, edited story telling—or cut costs and make the shows more unscripted, like cable interview programs? Will they try to find network evening news a better timeslot, or begin to walk away from producing signature nightly newscasts altogether because of the programs' aging demographics? Will ABC try to save Nightline because it adds to the network's brand, or drop it because the company could make more money with a variety show? The next year will likely signal the degree to which passion, inertia or math drive the future of network news.

These are some of the conclusions in the second of our annual reports on the state of American journalism. The report, which we believe is unique in depth and scope, breaks the news industry into nine sectors -newspapers, magazines, network television, cable television, local television, the Internet, radio, ethnic and alternative media (which are distinct from each other). It builds off many of the findings from a year ago.

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

For this executive summary, we distill the findings into highlights.

If people go online for the full study, they will find something much more substantial. That report contains a complete introductory overview about the news media and detailed narratives on each

major media sector. The complete report also includes extensive tabular appendices and more than 700 detailed, footnoted source citations to help guide users to original sources. The full report also often links back to sections of last year's study.

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

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

We have tried to be as transparent as possible about sources and methods, and to make it clear when we are laying out data versus when we have moved into analysis of that data.

We have attempted, to the best of our ability and the limits of time, to seek out multiple sources of information for comparison where they exist. Each year we hope to gather more sources, improve our understanding and refine our methodology.

This annual report was designed with various audiences in mind—citizens, journalists, media executives, financial analysts, scholars, students and most important, citizens.

We hope it proves useful now and throughout the year for anyone interested in American journalism. ■

Newspapers

In the end, 2004 was a disappointment for the newspaper industry. Hopes for a strong recovery in ad revenues were not realized, and many companies turned again to a pattern of cutting back their newsrooms. Meanwhile the circulation scandals that rocked the industry revealed cases of bribery, kickbacks and fraud.

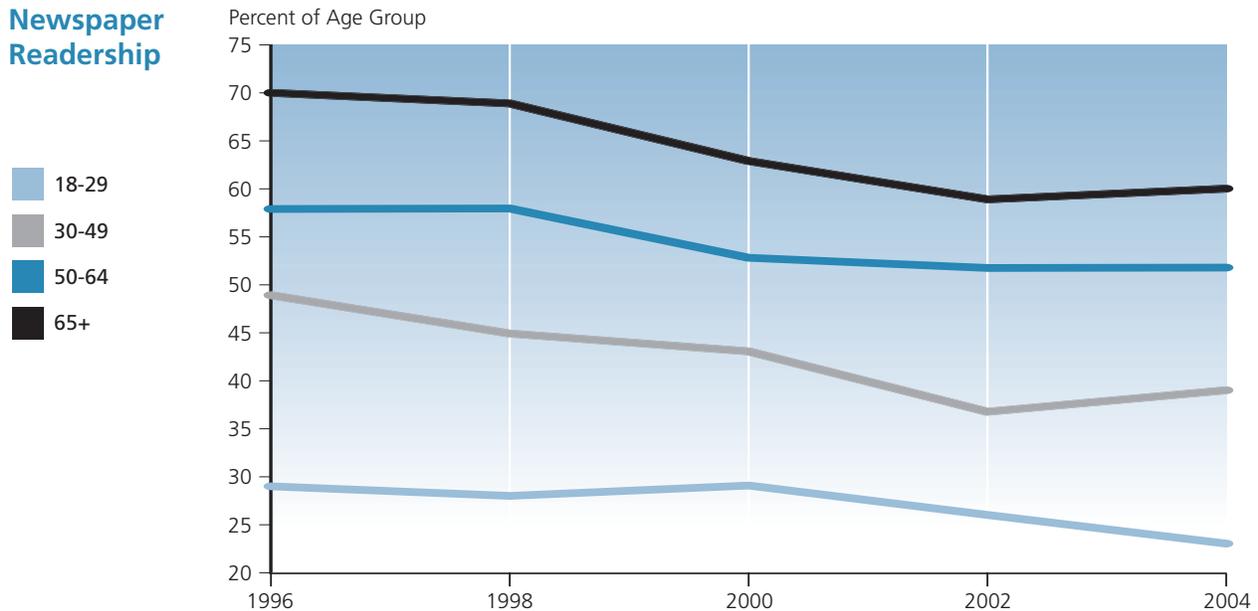
Perhaps most disturbing, there was little evidence of investment on the web, where the audience is growing.



The industry appears to be taking the same cautious, pay-as-you-go approach with online and specialty publications that it has taken historically with its main print operations.

Meanwhile, however, newspapers continue to be an enormous engine of profit.

Newspaper Readership



Source: The Pew Research Center for the People and the Press / Percent who read a newspaper yesterday

AUDIENCE

- Save for the web, the story of newspaper circulation was a return to accelerated decline. For the six months ending September 30, 2004, audited daily circulation was down 0.9% daily and 1.5% Sunday, according to a Newspaper Association of America analysis of Audit Bureau data.
- The circulation scandals revealed a growing use of loopholes in measuring “paid” subscribers. A Deutsche Bank Securities study of 40 papers found that unconventional circulation techniques—such as heavily-discounted sales—had more than doubled (to 10.3% of the total paid circulation) in just two years.
- Circulation problems gave fresh impetus to publishers to make readership—rather than paid circulation—the standard measure of audience reach. Scarborough Research and the NAA report 78.3 million daily readers and 90.8 Sunday readers. These are down about 1% since 1998—less than half the decline of paid circulation.
- According to polling by the Pew Research Center, 60% of people said they read a daily newspaper

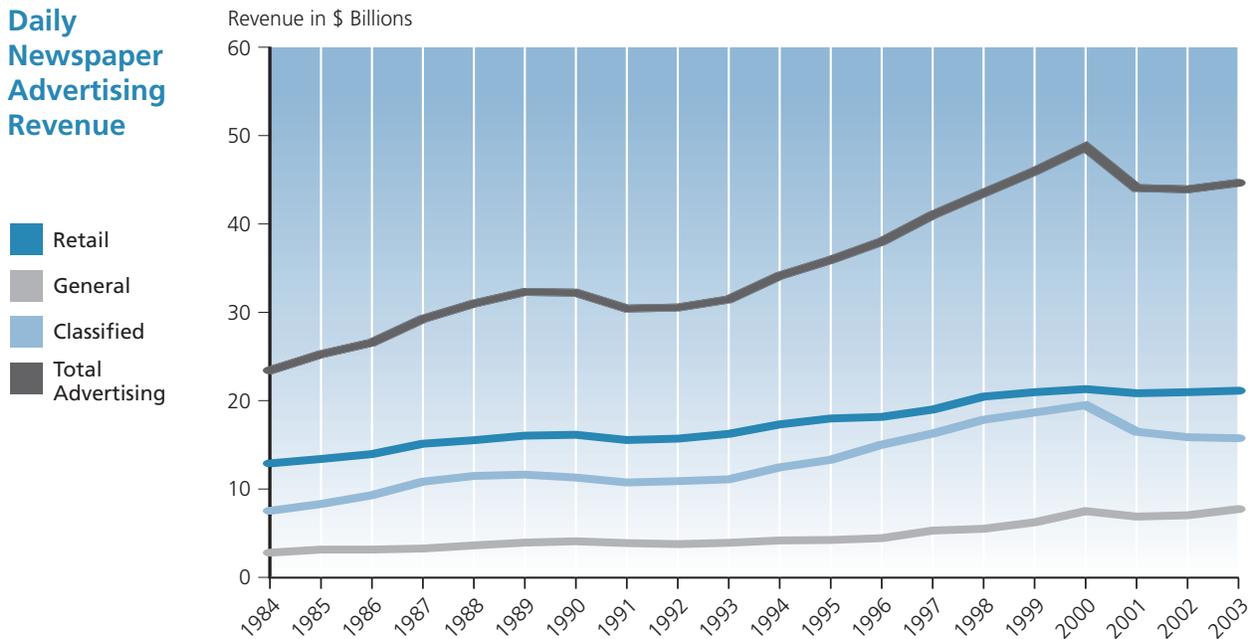
“regularly” in 2004, the lowest number since Pew began asking the question 14 years earlier.

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

CONTENT

- Newspapers are distinguished by the depth and range of their content. For instance, newspaper stories contain more sources and share more information about those sources than other media. Nearly half of all newspaper stories studied, 48%, contained four or more fully transparent sources. This compares to just 17% of commercial evening news stories.
- Some conservatives and even some in the Administration complained that press coverage of the Iraq war was too negative. In newspapers, this claim is questionable. The coverage studied was slightly more negative (31%) than positive (23%), yet it was most likely to be neutral in tone (33%). Another 12% were multi-subject stories for which tone did not apply.

Daily Newspaper Advertising Revenue



Source: Newspaper Association of America data / 2003 is based on fourth quarter estimates

ECONOMICS

- According to the NAA, advertising expenditures (which make up roughly 75% of all revenue) increased 3.8% through the first nine months of 2004 to \$33 billion. That growth was less than expected and newspaper stock prices generally declined.
- Profits, meanwhile, rose about 8% for public companies. According to Merrill Lynch analyst Lauren Rich Fine, profit margins in 2004 were even with last year at 22.9%. Fine predicts margins will inch up to 23.1% in 2005, but remain below the pre-recession peak of 26.6% in 2000.

NEWSROOM INVESTMENT

- Newsroom employment fell by 500 full-time professionals in 2003, or about 1%, to 54,200. That cancelled out a small gain in 2002, and put the industry below where it was in 2001, according to the American Society of Newspaper Editors employment census. Though final figures are not yet available, more of the same seems to have occurred in 2004.

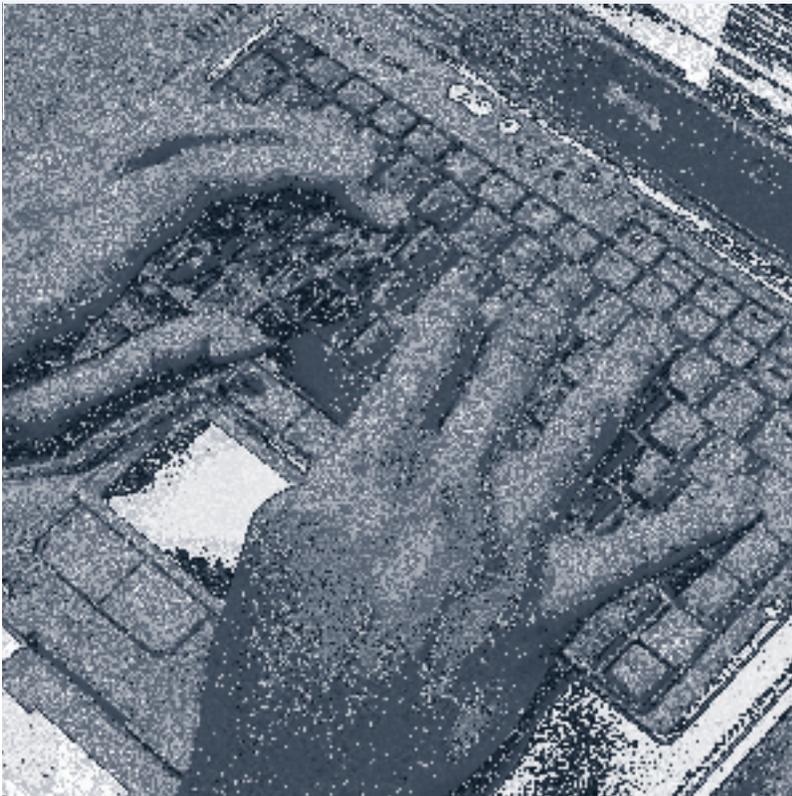
- While the overall number of staffers was down, ASNE reports the number of minority newsroom employees rose to 7,000, or 13% of the total. Both of these numbers are the highest they have been.

PUBLIC ATTITUDES

- Trends of declining trust in newspapers have only gotten worse. In 2004 just half of those surveyed, according to Pew Research Center data, ranked their newspaper as “believable,” down nine percentage points from 2002, and 13 points from 1998. National newspapers, despite their size and resources, rated no better than local. Other media sectors did not suffer such drops in the same period.
- The most significant shift over the last year may be newspapers losing more readers during major news events heavily aired on TV, and, unlike in the past, not winning them back when events subside. Arbitron/Edison Media Research asked the public which media is “MOST essential” to their lives, and found only 11% said newspapers, compared to 39% for TV, 26% for radio and 20% for Internet.

Online

Look into cyberspace and the picture for journalism seems fractured. The capability for people to get what they want, when they want it—and then to edit it and search it—offers the prospect of helping revive journalism. The economic numbers are also growing—and dramatically. Yet look at the content offered in online journalism and there are signs of frustration,



lack of innovation and a hesitancy of the old media applied to the new. Maybe the innovation online will be left to technology companies and citizen entrepreneurs who may have little interest in the values and news-gathering expenses of traditional journalism.



CONTENT

- Even at the best sites, there is little evidence of the promise of a new form of journalism that takes advantage of technology's capability. Just three-in-ten lead stories (29%) even contain links to a single video piece.
- Online news also has a long way to go in allowing users to manipulate content. Only a quarter (24%) of stories studied allowed users to tailor data to their own needs, such as checking crime data for their neighborhood.

AUDIENCE

- Online news consumption is still growing, a little. As of June 2004, fully 72% of online users reported "ever" going online for news, up slightly from 70% in 2003, according to the Pew Internet and American Life Project. That would translate into 42% of all adult Americans, or 92 million people. Two-thirds of that number goes online for news even three times a week.
- The Internet explodes the notion that the young are uninterested in news. Fully 36% of young adults (people 18-29) report going online regularly

for news, up from 31% in 2002 and 30% in 2000, according to the Pew Research Center, and higher than the population overall.

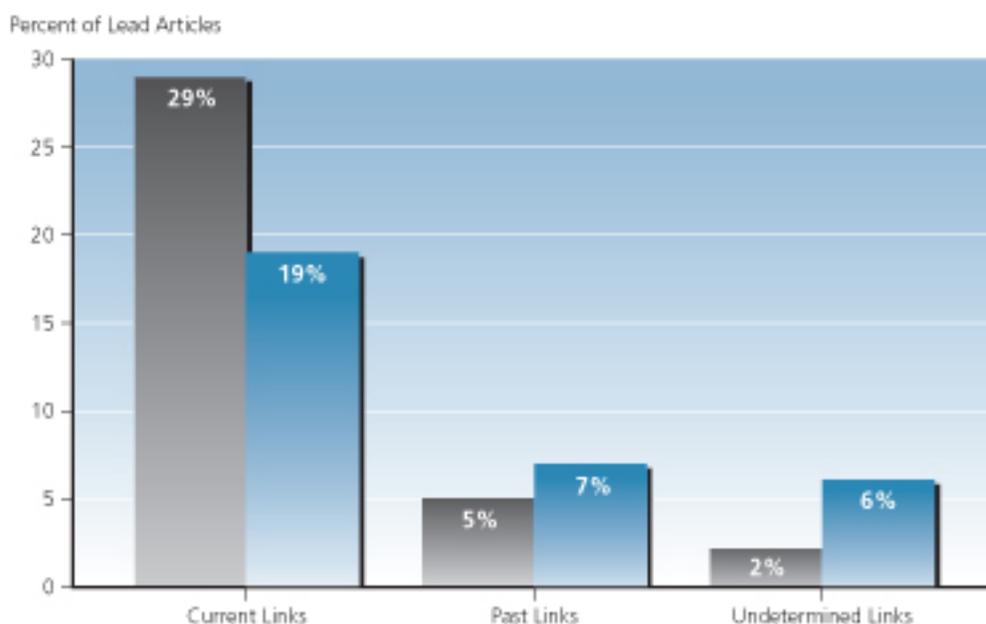
- As the number of blogs grows, so does their audience, up 58% in 2004 according to the Pew Internet and American Life Project. More than a quarter of Internet users (27%) report having read blogs, some 32 million Americans. Despite that, there is scant evidence about how blogs might achieve commercial viability.

ECONOMICS

- Online advertising revenue continues to grow rapidly. Projections for 2004 put year-end revenue just under \$10 billion dollars, close to a 30% increase over 2003. This far exceeds growth in other media.
- Despite that, online economics have a long way to go. Compared with the roughly \$7 billion that the online industry collected in 2003, broadcast television collected \$42 billion, newspapers \$52 billion, and cable \$16 billion, according to VSS News. In all, online ad spending amounted to just 4% of overall ad expenditures for all media in 2003.

News Stories Featuring Multimedia Links

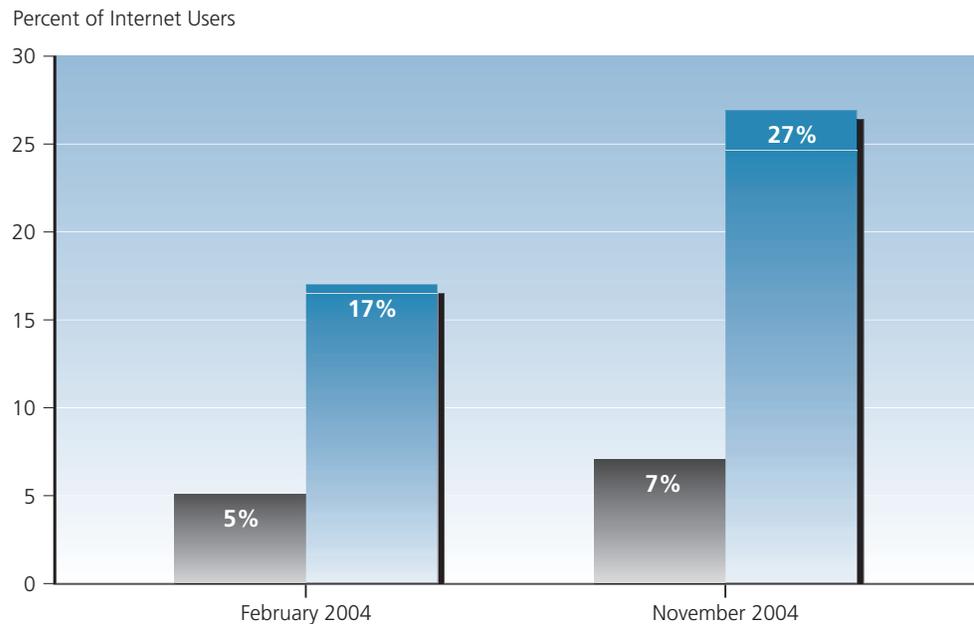
- Video Links
- Photo Links



Source: Project for Excellence in Journalism, 2004.

Growth of Bloggers and Blog Readers in 2004

- Bloggers
- Blog Readers



Source: Pew Internet & American Life Project / Internet users

- By the end of March 2004 there were 17.3 million high-speed Internet customers, up from 12.8 million in the first quarter of 2003, according to the National Cable and Telecommunications Association.

NEWS INVESTMENT

- Evidence suggests news organizations are adding new resources online only cautiously. Fully 62% of online journalists said the size of their newsroom staff has decreased versus three years ago, according to a joint PEJ and Pew Research Center survey. This is much higher than the 37% of national print, TV and radio journalists who report cut-backs.
- The biggest area of Web development heading into 2005 is search tools for video. It could have tremendous impact, particularly on online advertising and copyright law. Google, Yahoo, and Microsoft are all deeply involved.

OWNERSHIP

- In 2004, traffic to AOL News dropped

dramatically, from 16.1 million unique visitors per month January to October 2003 to 14.4 million in the first ten months of 2004. By June, its audience was just more than half that of CNN, MSNBC or Yahoo. At the close of the year, AOL announced that much of its content would become free in 2005.

- Google News, new to the top twenty list in 2004, uses a computer algorithm to select headlines based on how and where the stories appear in other places on the Web. Its traffic grew from 4.9 million unique visitors in February 2004, the first time it was reported, to 7.5 million two months later in April, according to Nielson Net ratings.

PUBLIC ATTITUDES

- Trust in the net as an information source may be dropping rather than rising. According to research from the USC Annenberg School Center for the Digital Future, 49% said they thought most of the information on the Internet was reliable and accurate in 2003, down from 51% in 2002 and 56% in 2001.

Network TV

The networks face the classic dilemma of a legacy industry. They have enormous fixed costs, declining revenues, and nimble new competition. At the same time, they have an invaluable brand, a reputation for quality and a huge customer base.

The question: to what extent do they squeeze the last profits out of the old business model and risk eroding

the brand, or accept smaller profits to invest for the future in new businesses?

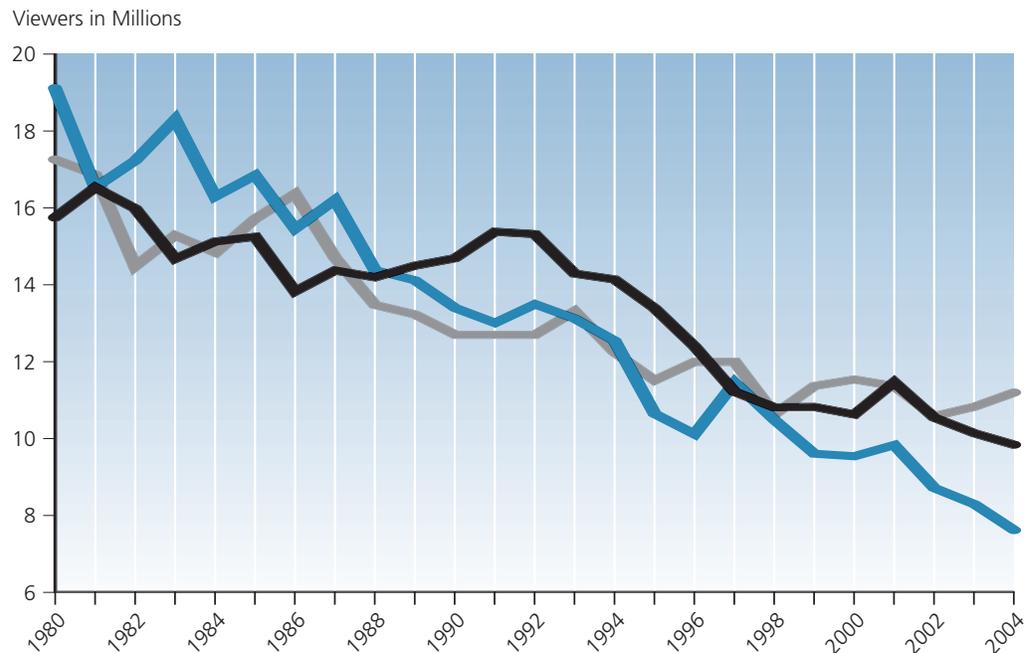
In 2005, the sector is on the brink of probably the highest level of change in a generation.



Evening News Viewership

1980 - 2004

- ABC World News Tonight
- CBS Evening News
- NBC Nightly News



Source: Nielsen Media unpublished data, November - November

AUDIENCE

- Between November 2003 and November 2004, share fell 5% while nightly news viewership and ratings fell 2%, according to Nielsen. Since 1980, the year CNN began, ratings have fallen 45% and the share of TV's on at the moment has fallen almost 50%.
- With all that, 28.8 million viewers still watched the three network evening newscasts each night in November 2004, and NBC Nightly News saw its audience grow.
- Morning network news audiences, on the other hand, remained stable with 14 million viewers.

ECONOMICS

- Nightly newscast revenues, after a slight upturn in 2003, appeared to be declining again in 2004, according to partial year data from TNS Media

Intelligence, and are generally lower than at the beginning of the new century.

- Morning News revenues, which rose 5% to 11% in 2003 depending on the program, were on pace to match or exceed that in 2004.
- Prime time magazines, which once dominated the prime time landscape, have been eclipsed by reality television, a genre even cheaper to produce.

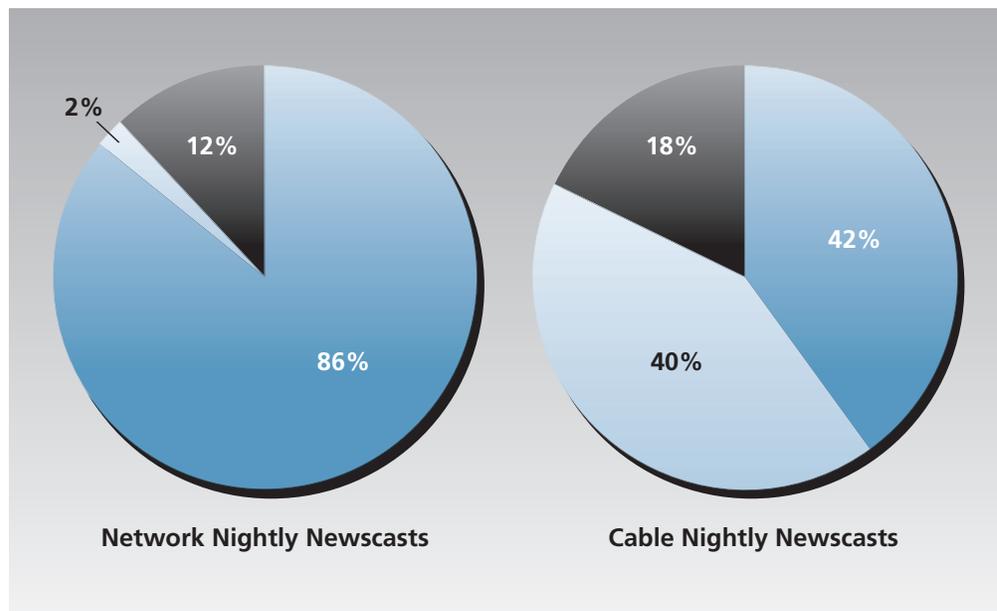
NEWSROOM INVESTMENT

- The CBS Evening News has substantially fewer correspondents doing more work than ABC or NBC, evidence of the kind of bench thinning that some worry about.
- The resources of at least one network, ABC, could drop appreciably in 2005 if the network abandons its late night magazine franchise, Nightline.

Types of Stories on Nightly Newscasts

Network versus Cable

- Taped Packages
- Live Interviews/Standups
- Anchor Reads



Source: Project for Excellence in Journalism Research / Percentage of newscast time

PUBLIC ATTITUDES

- On Election Night 2004, Nielsen reported the three commercial broadcast networks each lost millions of viewers versus four years earlier, while Fox broadcasting, CNN and Fox News on cable each saw gains. Even then, broadcast TV’s audience was roughly double that of cable.
- The percentage of Americans who give the networks the highest marks for believability was basically unchanged from two years earlier (22%) after several years of declines, according to Pew Research Center surveys.
- While conservatives are losing trust in the media, that doesn’t correlate to declining use. 33% of the network news audience call themselves conservative, nearly identical to the population overall.

CONTENT

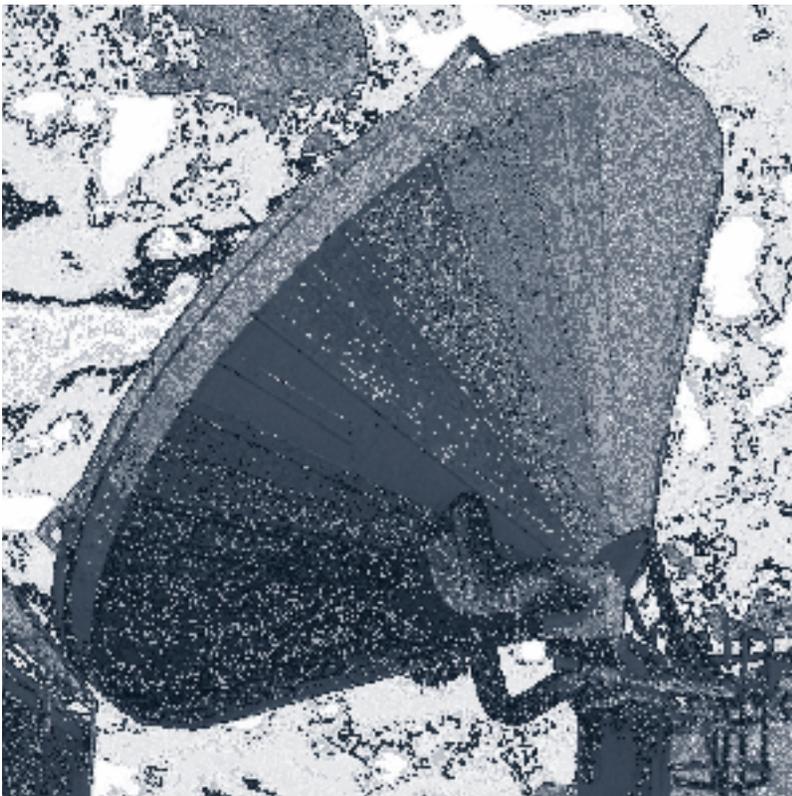
- All network broadcast news—commercial and public—fares better in our measurements for thoroughness of reporting than cable news.
- Commercial network evening news is distinguished by its continuing reliance on edited, written, taped packages that allow for double checking facts and matching pictures and words. Fully 86% of the time is made up of these pieces, while live interviews and stand-ups account for just 2%. About 12% of time is made up of anchors reading short summary “tell stories,” or narrating video.
- In the first hour of morning news, only a third of the time (32%) is made up of edited story telling. The majority (55%) is made up instead of interviews.

Cable TV

The challenge for cable news is that it has reached adulthood.

The majority of Americans now cite cable over broadcast as the source they turn to for breaking news. The medium comes at us in airports, on our phones and PDAs, and in the air. Its web sites are among the Internet's most popular, if not the most sophisticated.

But in the last three years audience growth has slowed almost to a stop, and added growth will be hard since most cable systems now carry the channels. Cable news has not taken viewers from broadcast for some time, experts say.

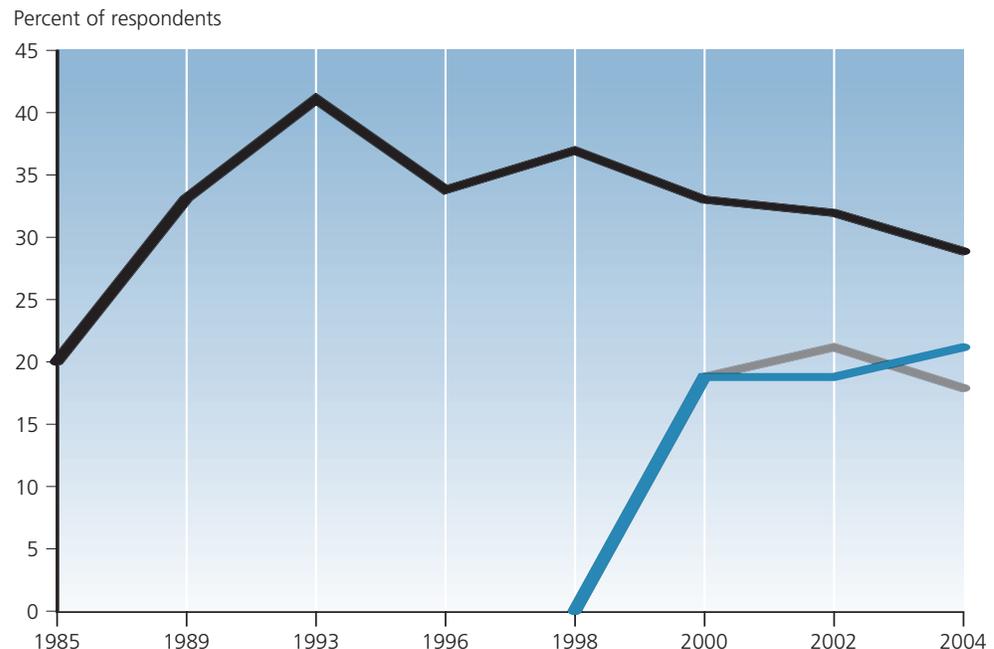


Moreover, the content of cable news is measurably thinner, more opinionated and less densely sourced, than other forms of national news. Much of the appeal of cable is grounded in its convenience, and that may soon be challenged by the web, as the Internet moves in the next year or two toward searchable video.



Public Ratings of Cable News Believability, 1985 - 2004

1985 - 2004



Source: Pew Research Center surveys

AUDIENCE

- The growth in cable news viewers has leveled. The median audience in primetime grew 6% in 2004 to 2.6 million, while the daytime audience grew 5% (to 1.6 million). That pace is expected to slow further since the channels are now carried on most cable systems.
- The majority of cable news viewers (55%) tune to Fox News each day, while a third (30%) tune to CNN, according to Nielsen. But if one looks at "cume," or the number of different people who watch over the course of a month, CNN's audience is bigger, according to data from the network.
- Fox News' growth has come from increasing its share of Republican viewers, particularly those who once watched CNN. GOP viewers have gone from comprising 28% of Fox's audience in 1998 to 41% in 2004. (Democrats and independents

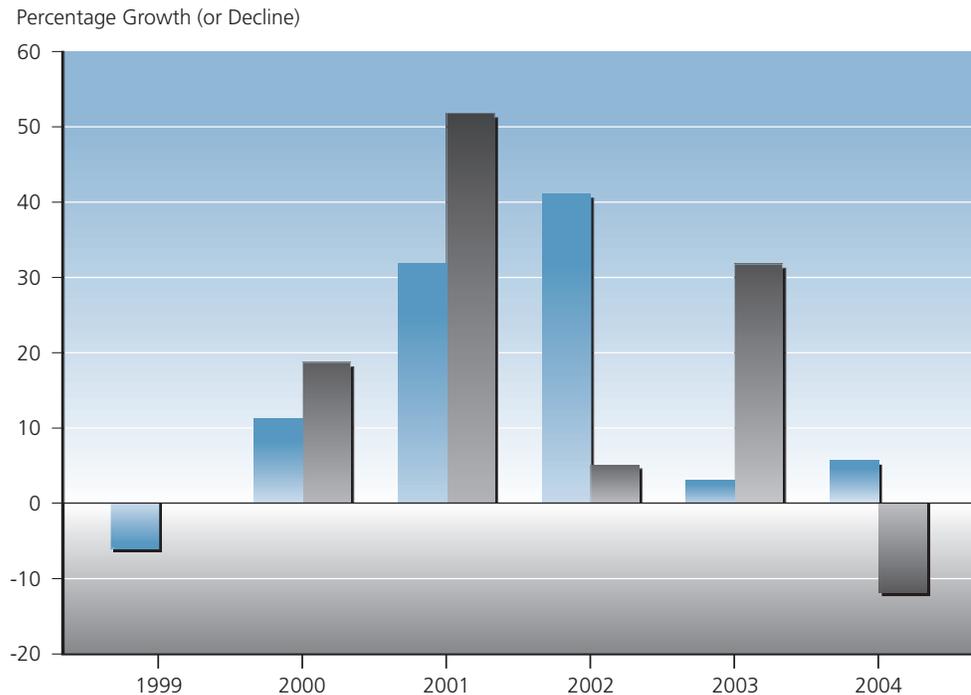
tend to watch less cable news in general, especially Fox.)

ECONOMICS

- CNN is still cable's money leader. It was expected to earn profits of \$337 million in 2004, according to Kagan Research. Fox News' profit was projected at \$274 million, MSNBC at \$32 million.
- Despite its ratings lead, Fox News has not yet managed to surpass CNN in ad revenue, in part because of the difference in the two channels' "brand appeal," according to ad executives, and also because of CNN's sibling news channels, which provide additional revenue.
- CNN also beats Fox News in subscriber revenue, but that edge is likely to diminish as Fox renews contracts with cable systems based on its ratings lead.

Primetime Cable News Audience Growth, 1999 - 2004

- Average Audience
- Median Audience



Source: Nielsen Media Research unpublished data

OWNERSHIP

- News Corp. is expected to start a business-news channel in Summer 2005, but the track record of other business channels particularly, Time Warner's CNNfn and G.E.'s CNBC, suggests this could be a difficult niche.
- The BBC is also considering a U.S. 24-hour news channel, which might siphon off sought after high-income, highly-educated viewers.

NEWS INVESTMENT

- CNN spends the most on programming, \$249 million. Fox News spends \$179 million; MSNBC \$156 million.
- CNN has the largest international presence, with 28 bureaus overseas. MSNBC, as part of NBC News,

has ten foreign bureaus. Fox News has six. These figures are level with the year before.

PUBLIC ATTITUDES

- CNN is the most "believed" news source across media formats, with 29% of Americans giving it the highest-possible rating, according to Pew Research Center surveys. But that rating has slipped by three percentage points since 2002.
- While cable news was a popular choice for campaign news in 2004, its viewers weren't necessarily well informed: only half of cable viewers answered correctly two basic questions about the Democratic primary candidates in January 2004. That is below newspapers and the web, but ahead of those who cited network or local TV news as their primary campaign source.

Local TV

After several difficult years, there were positive signs heading into 2005 for local television news. Advertising revenues, boosted by political advertising, grew in 2004, albeit slowly. Ratings, dropping for years, appeared to level off. Newsrooms even added resources last year, though they remain behind where they were four years earlier. Yet the pressure to produce profit margins in excess of 40% remains. There are deepening questions about content, and news people are required to produce more hours of news and for more platforms

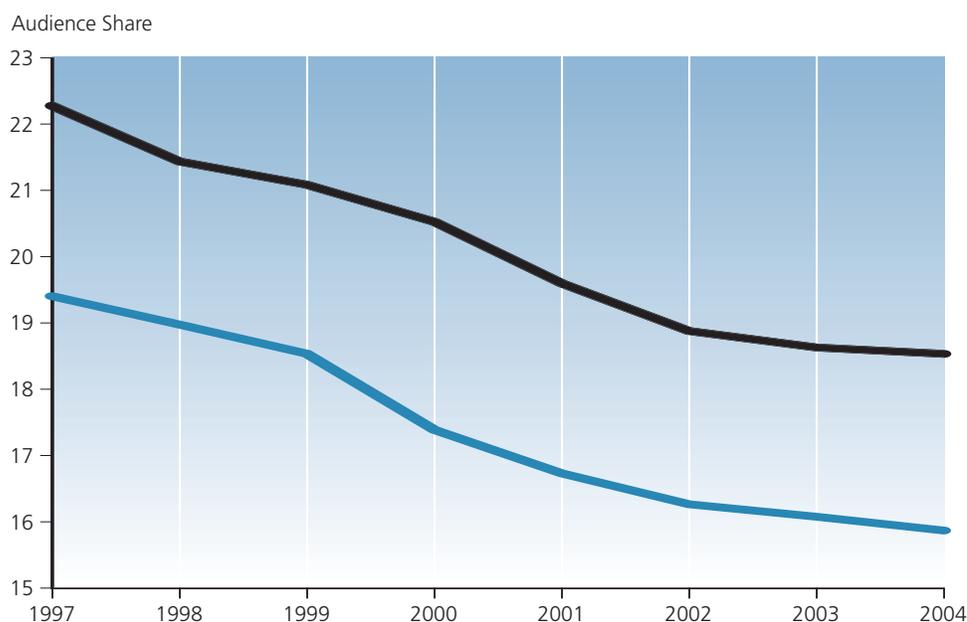
than ever before. The short term gains, in other words, may mask some long-term problems. There is evidence that the public is worried about the medium's believability, with fewer people giving it high ratings for being trustworthy and more people rating it poorly.



Evening and Late News Audience Share, 1997 - 2004

1997 - 2004

- Evening
- Late



Source: BIAfn Media Access Pro / All figures are for May sweeps only

AUDIENCE

- For the first time since 1997 the audiences appear to be steady. A study of 520 stations found evening and late news share both fell an average of 1% in 2004, (and ratings somewhat more). In the previous six years, stations had lost nearly 3% a year.
- Morning news is becoming an important timeslot. The audience is still two-thirds the size of the evening and late-news audiences, but unlike those, it is growing, according to studies by Robert Papper of Ball State University.
- Local TV remains the source people are most likely to turn to for news. In 2004, 59% of Americans said they watch local TV news regularly, more than any other news format, according to Pew Research Center surveys.

ECONOMICS

- After a flat 2003, revenues for local TV were up in 2004. In the 100 largest markets, the TV Bureau of Advertising estimated station revenues rose

by 9.8% in the first nine months of 2004 to \$13.1 billion.

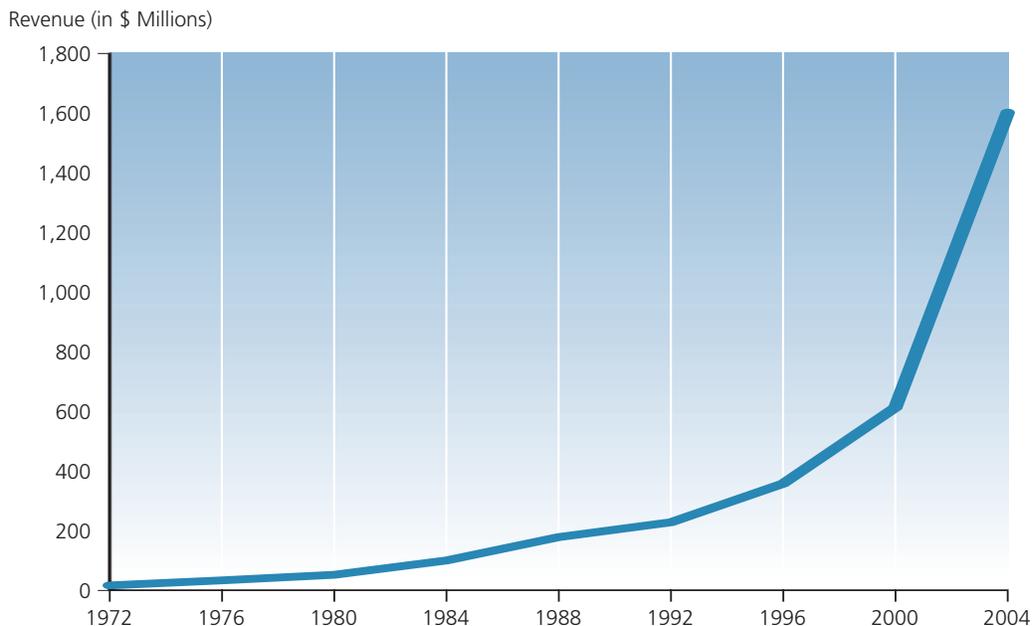
- Campaign 2004 shattered records for political advertising. Local TV stations took in \$1.6 billion, more than twice the \$698 million spent in 2000, according to Morgan Stanley Dean Whitter + Equity Research unit estimates. Local candidates and third-party groups made up \$1 billion of that. All together, political ads comprised 6.1% of station revenue.
- Local TV newscasts account for nearly half—46%—of station revenue, up from roughly 40% in 2003, according to RTNDA/Ball State University news director surveys.

NEWS INVESTMENT

- After several years of cutbacks, the average number of people working in newsrooms increased in 2003 (to 33.8 FTEs), according to RTNDA surveys. This is still below the 37-person average in 2000. Salaries also were 10 percent higher than in 2002, the first reported rise since 2000.

TV Station Political Ad Revenue

Presidential Campaign Years, 1972-2004



Source: TV Advertising Bureau (1972-2000); Morgan Stanley estimates (2004)

- While local TV journalists saw some help from new hires and more money, much of that was offset by increased demands on their output. In 2003, the average newsroom was producing 3.7 hours of news per day, up 14% from 3.25 hours of news in 2001, and the highest level recorded in RTNDA surveys.
- Newsrooms also are serving more masters than before. Fully 19% now provide content to more than one TV station, 70% share content with websites, 45% with local radio stations, and 12% with cable channels.

OWNERSHIP

- The trend toward consolidation of TV station ownership effectively stalled in 2004, due to regulatory confusion and campaign politics. Less money was spent buying TV stations in the past two years than in any year since 1992.
- As the battle over ownership rules changes kept on, many owners reaped profits from acquisitions

approved through FCC waivers. Tribune made approximately \$1.2 billion from cross-owned stations that required exemptions to FCC rules; Gannett \$250 million; and Media General \$108 million.

PUBLIC ATTITUDES

- For the first time in years, local TV news believability slipped in 2004, and now is on par with network news. The percent of Americans giving local TV news the highest grade for believability declined to 23%, down three points from two years earlier. Network evening news remained unchanged.
- Polling data also raises questions about the information conveyed through local news. When asked two basic questions about the candidates for the Democratic presidential nomination in January 2004, local TV news viewers were tied with morning news viewers as the most likely to get the answers wrong.

Magazines

After years of being unchallenged, the three traditional news magazine titles in 2005 may face more direct competition. One recent news magazine start-up is showing signs of success, and another publisher is seriously considering launching a news-weekly in 2005 that would walk squarely onto the same playing field. And as the circulations of the non-traditional news titles grow, their ad rates grow as well—getting closer to the big three’s totals. All the while, the opinion journals have also seen their numbers creep up.



CONTENT

- Two nontraditional news magazines, The New Yorker and The Economist, have moved to more topical coverage of U.S. events. An analysis of 1989 New Yorker issues shows, for instance, only seven of 26 non-fiction stories pegged to current events. By 2004, it had grown to more than half of all stories, 22 out of 40.
- U.S. News is more hard-news oriented now than Time and Newsweek. In the 2004 issues studied, 32% of U.S. News stories concerned National Affairs, versus just 26% for Time and 25% for Newsweek.

AUDIENCE

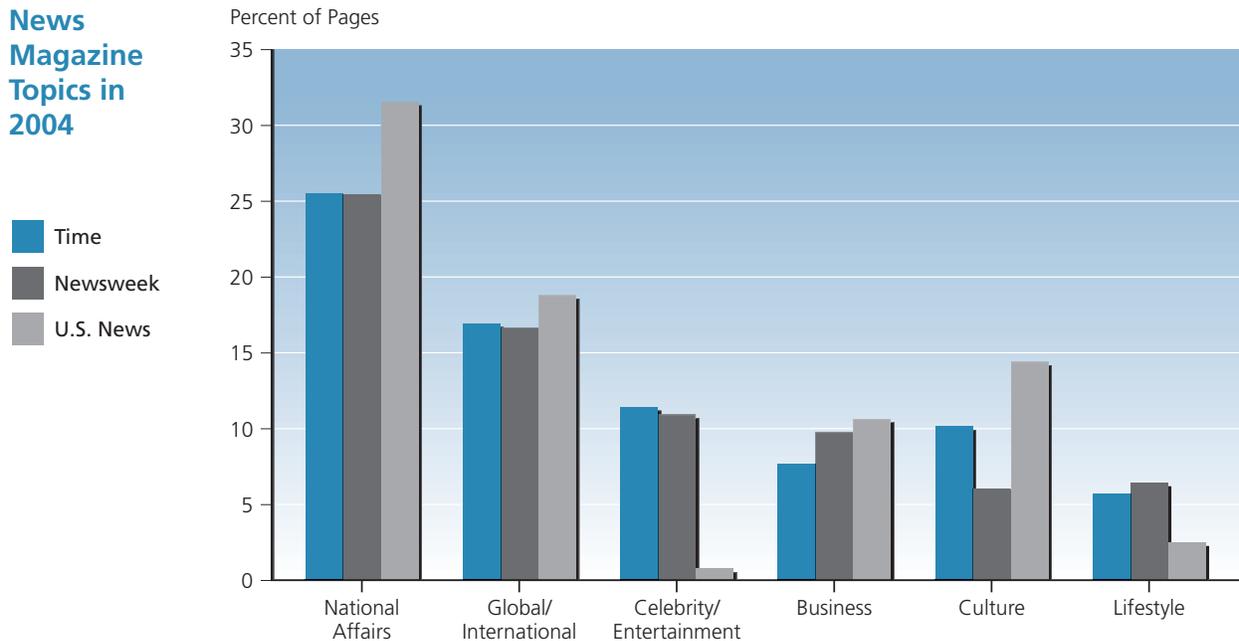
- The latest circulation figures from the Audit Bureau of Circulations, show declines continuing for Time and Newsweek while U.S. News, for the first time in years, actually had a small increase (2,000 copies).

- Non-traditional news magazines, meanwhile, are growing. The New Yorker's overall circulation grew 2% and, perhaps more telling, its circulation in California for the first time exceeded its New York circulation—167,000 versus 166,000 respectively.
- The great rush to the entertainment/ lifestyle/ pop culture genre in magazines may be slowing somewhat as a new genre—magazines based around shopping—is growing dramatically.

ECONOMICS

- After a lackluster 2003, the economics of magazines overall appeared robust. Across the industry, the Publisher's Information Bureau reported, 2004 saw increases in ad pages (4%) and ad dollars (11%), among the highest of any sectors studied.
- For the first time in years, the news genre in 2004 added a title listing with the Publisher's

News Magazine Topics in 2004



Source: Hall's Media Research unpublished data / January - June

Information Bureau even as the business and entertainment categories both lost titles. The new news title, "The Week," from Dennis Publishing, appears to be showing strong growth in pages and dollars.

- The big three magazines saw increases in ad pages and dollars in 2004, with U.S. News—a 21% rise in dollars and 17% increase in pages at the top. The Economist, after a few lean years, saw ad dollars climb 19% over 2003.

OWNERSHIP

- Time/Warner remains the largest magazine company in the country by far, owning 32% of the magazine revenue among the top 10 magazine companies. In fact, Time/Warner alone, according to Ad Age magazine's accounting, made much more in magazine revenue in 2003 than the next two companies, Advance and Hearst, combined.

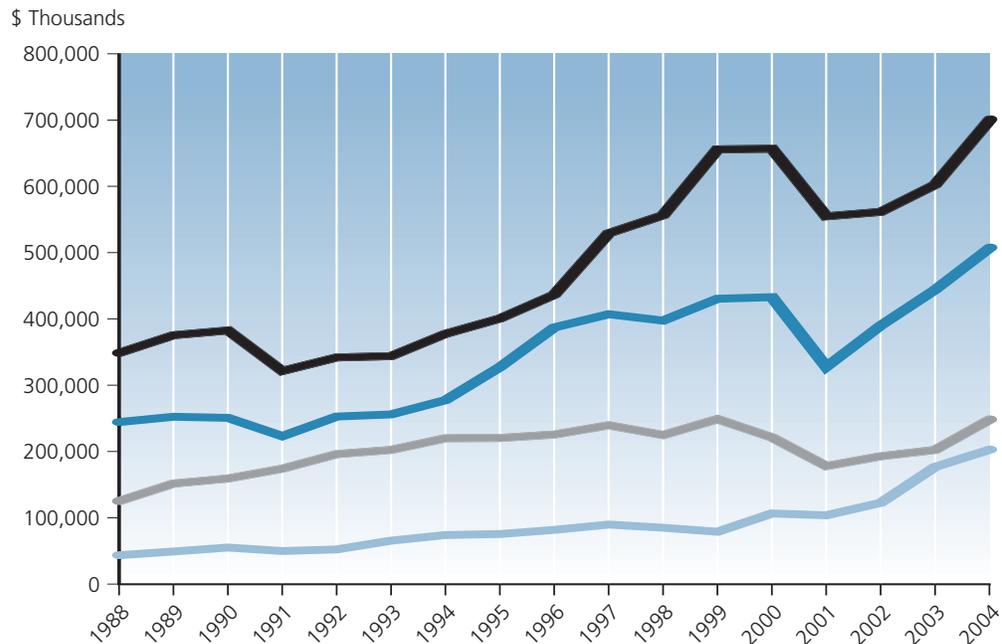
- In the only real acquisition of the year, The Washington Post purchased the on-line magazine Slate. Otherwise, news magazine owners have yet to take decided action in the medium that seems to be the future of the news media, the Internet.

PUBLIC ATTITUDES

- Believability of the big three news magazines now ranks below the three network news organizations, CNN and Fox News, according to the Pew Research Center. U.S. News, the magazine that contains the most hard news, is ranked highest of the three and is also the only one that saw an increase in its credibility scores.
- In the same survey, a four-question quiz on current events found fewer readers of the big three news weeklies got all questions right than did viewers of Larry King and Comedy Central's Daily Show. Readers of The Atlantic and New Yorker scored highest on the quiz.

Ad Dollars of Selected Magazines

1988 - 2004



Source: Publisher's Information Bureau annual reports

Radio

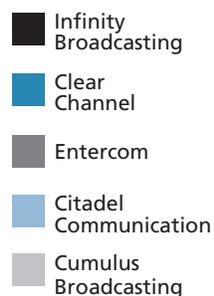
Statistically, radio remains enormously stable, but numbers tell only part of the story. In 2004, satellite radio began staking out real territory as a competitor. A liberal network joined the talk radio landscape. Spanish-language programming rose.

Not all the news was new—or good. Radio newsrooms are still shrinking. The drift away from local continues. And after a year of stability, the question of media

concentration will begin anew in 2005 with the arrival of a new chairman at the FCC.



Revenues from News Stations for Top Companies 1995 - 2003



Source: BIAfn Media Access Pro, unpublished data / Top-five companies that own news format stations

CONTENT

- After nearly two decades of staying away from policing content, the FCC became an aggressive regulator over “indecenty.” The controversial new rules applied to TV, as well, but the impact was more dramatic in radio.
- Satellite radio in 2004 went from a curiosity to the “Next Big Thing,” and by year’s end several of the medium’s biggest names—Howard Stern, Mel Karmazin, Bob Edwards and Clear Channel—bet money, reputation and, in some cases, their futures on the new technology.
- Air America launched itself as the first commercial liberal talk radio network. While the network struggled with early technical and financial issues, by December 2004 Air America was broadcasting on 40 stations nationwide.

AUDIENCE

- Radio continues to reach more than 94% of Americans, according to Arbitron. This means

reach has dropped just 1% over the past six years.

- According to the Pew Research Center, 17% of the public listens to radio call-in shows and 16% of Americans regularly listen to National Public Radio.
- Technology is transforming the question, “Who is listening?” into “How are they listening?” Audiences who once could choose only between AM and FM now can listen via satellite, on the Internet, or automatically download “podcasts” onto their iPod or other MP3 player.

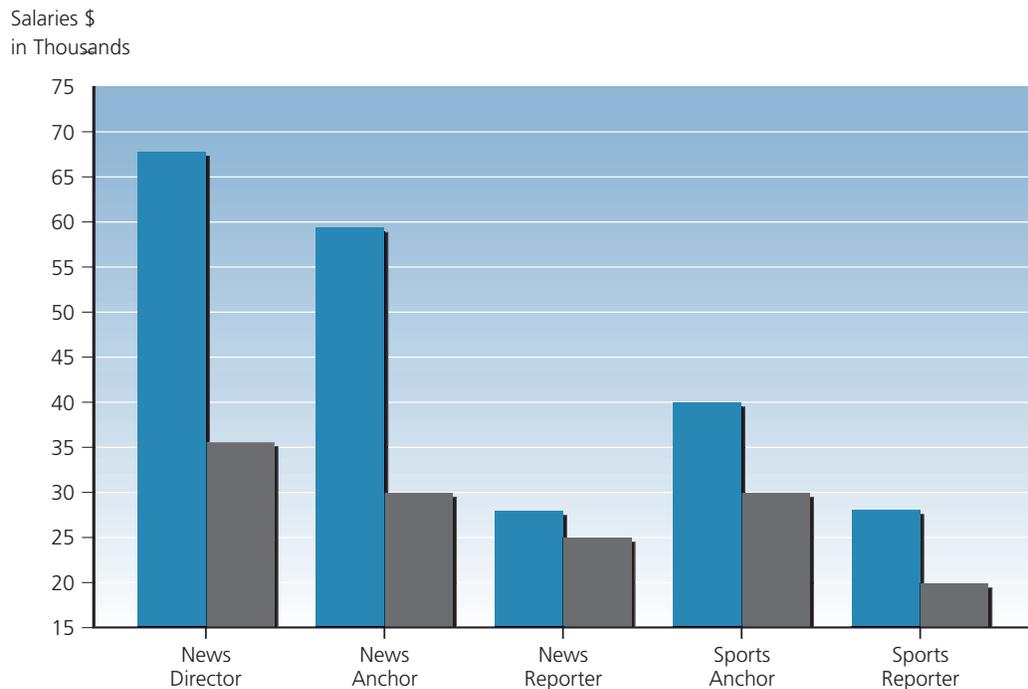
ECONOMICS

- In mid July, Clear Channel Radio announced that it was reducing the number of commercials and promotions played on its stations. This at a time when several radio ownership groups—including Clear Channel, Citadel and Westwood One—found their value being downgraded by investment banks due to slow advertising sales and weak price structures.

Radio vs. TV Salaries

Survey of News Directors 2003

■ Television
■ Radio



Source: RTNDA Newsroom Surveys

- News may have been more stable. Among the top-five radio owners with news stations—Clear Channel, Cumulus Broadcasting, Citadel Communications, Infinity Broadcasting and Entercom—all but one (Entercom) saw an increase in revenues from their news stations.

OWNERSHIP

- Clear Channel continued to dominate, owning 1,194 stations, while the next biggest company Cumulus owns 305.
- Spanish-language radio continues to grow in influence. In 2004, both Entravision and Univision moved into the top 20 owners (based on number of stations). In September 2004, Clear Channel announced plans to convert up to 25 more stations to a Spanish-language format.

NEWSROOM INVESTMENT

- Radio news salaries increased by almost 12% in 2003 according to surveys by Ball State University.
- But the median salary for a radio news director is about half that of a television news counterpart—

\$35,500 versus \$68,000. An almost identical gap exists between radio and television news anchors.

- With the exception of sports anchors, radio news professionals make higher salaries when working for independent rather than group-owned stations.
- 77% of those surveyed by Ball State indicated that they were planning staffing decreases in the next year. Only 15% were planning to increase staffing.

PUBLIC ATTITUDES

- The number of Americans using radio to learn about the candidates and their campaigns appeared to rise slightly in 2004. According to the Pew Research Center, both Talk Radio and National Public Radio saw a 2% increase over 2000 in individuals using them regularly for news about the campaign.
- According to the same survey, 70% of those using radio as their main election news source said they preferred news outlets that expressed “No point of view.” Only about a quarter (24%) preferred outlets whose point of view matched their own.

Ethnic/Alternative

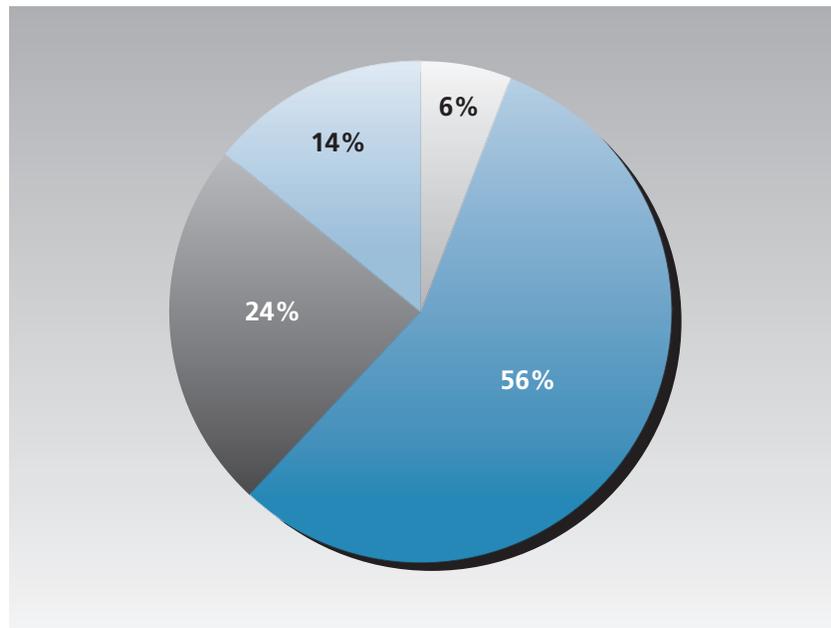
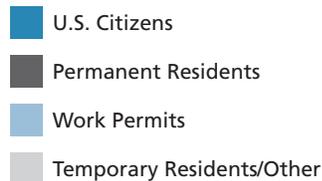
Even though the ethnic press is a collection of separate universes, some overall trends seem clear. The biggest is continued growth—both in audience and in dollars—and projected population figures suggest these will continue.

The nation's alternative publishers, after years of "owning" the free-weekly news and arts market, are facing competition. Free commuter tabloids, big-media-

sponsored free weeklies and on-line classified services are targeting ad dollars. This new competition has not yet dented the bottom-line of the alternative weeklies. The question is whether the old form of alternative press is more resilient than other media that have suffered against such competition.



Citizenship of Spanish-Language News Professionals



Source: National Association of Hispanic Journalists survey of news professionals

BROAD ETHNIC TRENDS

- When naturalized and non-citizens are added together, the number of new U.S. residents has increased 32% from 1995 to 2003, reaching 33 million people.
- By 2050, the white, non-hispanic population is estimated to make up about 50% of the whole. In 2000, it was 69%.
- A content study of five Ethnic newspapers in New York finds very different approaches to news based on the audience served. In general, papers aimed at immigrant populations from nearby countries focused more on U.S. news while papers aimed at ethnic audiences from far away were more international.

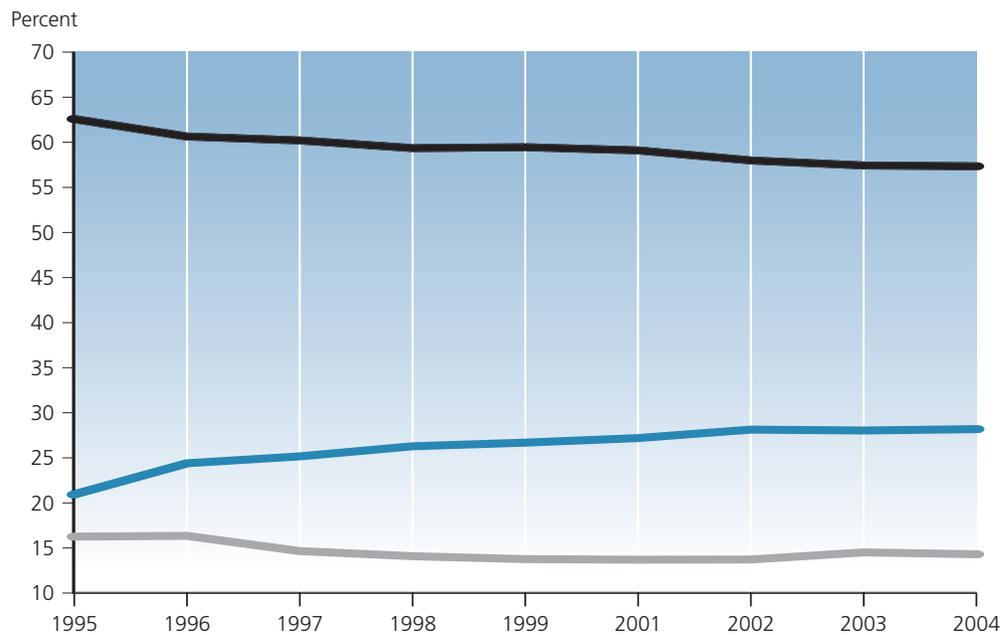
SPANISH-LANGUAGE TRENDS

- The number of Spanish-language newspapers grew again in 2003 to 666 (of which 40 were dailies), according to the Latino Print Network. That's up from 652 total and 35 dailies a year earlier.
- Latinos prefer to get their radio and TV news in Spanish (71% and 78% respectively), but prefer to read the newspaper in English (79%), according to survey data from New California Media.
- The number of Latinos who prefer only native-language news decreases dramatically with time, according to survey data from the Pew Hispanic Center. Latinos who use only Spanish-language media drops from 38% among the foreign-born

Alternative Weekly Readership by Age Group

1995 - 2004

- 18-24 Year-olds
- 25-49 Year-olds
- 50 Years and Older



Source: Association of Alternative Newsweeklies, unpublished data
(The Association of Alternative Newsweeklies did not gather data in 2000)

Americans to only 3% by the next generation. 43% of this second generation use media in both languages.

- A survey of Spanish-language news professionals found more than nine in 10 born in another country. Still, the respondents were “well rooted” in the U.S.—56% were U.S. citizens and another 24% permanent residents.
- In 2004 Spanish-language papers in the three largest U.S. cities—New York, Los Angeles and Chicago—were joined under one company impreMedia. La Opinion in Los Angeles, El Diario in New York and La Raza, a Chicago weekly.

ALTERNATIVE NEWS TRENDS

- After a few slow years, the Association of

Alternative Newsweeklies reports circulation rose by 3% in 2004 to 7.5 million.

- The readership of these publications is getting slightly greyer and wealthier along with the overall American population. The median age has increased from 38.4 in 1997 to 40 in 2003. The average household income has increased from \$55,924 in 1997 to \$64,120 in 2003.
- Estimates for 2004 revenues among the weeklies were a record \$550 million, up 4% or 21 million from 2003.
- National advertising remains a relatively small part of alternative weekly business. Still, preliminary accounting for 2004 shows an increase of 20% over 2003 to \$14 million, according to The Alternative Weekly network.

The era of "Trust Me" journalism
has passed and the era of "Show Me"
journalism has begun.

The State of the News Media 2005

The full report, The State of the News Media 2005, is available online at www.Journalism.org. In addition to a more comprehensive look at the nine different media, the full online report offers another feature: data the users can explore by making their own charts and graphs.



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