

The State of the News Media 2004

An Annual Report on American Journalism

★ Newspapers ★ Online ★ Network TV ★ Magazines ★

State of the



News Media

★ Cable TV ★ Local TV ★ Radio ★ Ethnic / Alternative ★

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 2004*, is an inaugural effort to provide people with a new resource—a comprehensive look each year at the state of American journalism.

Our goal 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 is available online at www.Journalism.org. 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 reports, eight media are covered: network television, cable television, newspapers, magazines, the Internet, radio, local TV and the ethnic and alternative news media.

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

Online, there is another feature: we have collected all the data and presented it in a format that users can explore 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. We hope, instead, it becomes 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 chapters on television and cable were produced and jointly written in collaboration with Andrew Tyndall of ADT Research. The report on newspapers is co-authored by Rick Edmonds of the Poynter Institute. The content analysis was executed by Princeton Survey Research Associates and Tyndall under the direction of the Project. The methodology and statistical work were supervised by Esther Thorson, associate dean for graduate studies and research at the University of Missouri School of Journalism. Irvin Molotsky, former reporter and 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.

Later this spring, we will add another component: a survey of journalists about the state of journalism. The survey, which also will be annual, will be produced in partnership with the Pew Research Center for the People and the Press.

If this executive summary interests you, find the full report online and share your thoughts with us as we begin to prepare the 2005 report.

T. R. J.

Tom Rosenstiel

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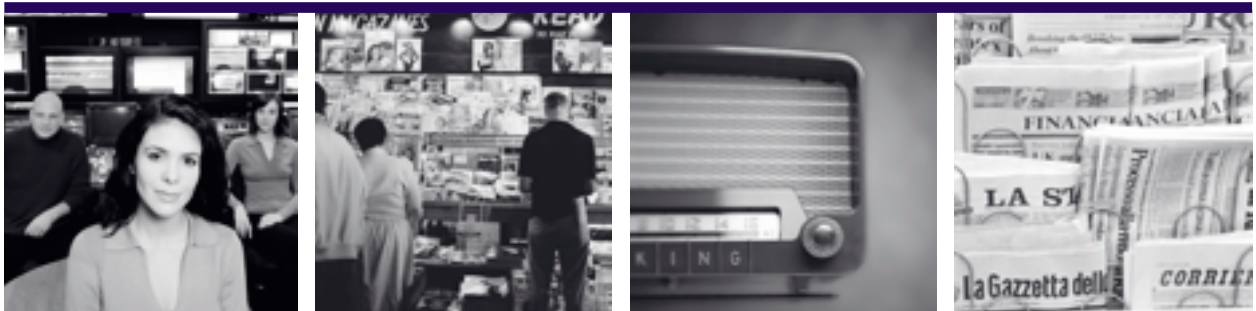


The State of the News Media 2004

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Overview

Glance at some items in the news of late and it seems many long-held ideas about journalism are unraveling.

President George Bush told ABC's Diane Sawyer in December that he prefers to get his news not from journalists but from people he trusts, who "give me the actual news" and "who don't editorialize." After spending time with White House senior staff, New Yorker writer Ken Auletta concluded they saw the news media as just another special interest group with an agenda—and that is making money, not serving the public.

Some argue that as Americans move online, the notion of news consumers is giving way to something called "pro-sumers," in which citizens simultaneously function as consumers, editors, and producers of a new kind of news in which journalistic accounts are but one element.

With audiences now fragmented across hundreds of outlets with varying standards and agendas, others say the notions of a common public understanding, a common language and a common public square are disappearing.

For some, these are all healthy signals of the end of oligarchical control over news. For others, these are harbingers of chaos, of unchecked spin and innuendo replacing the role of journalists as

gatekeepers over what is fact, what is false and what is propaganda. Whichever view one prefers, it seems everything is changing.

Or is it?

The answer we arrive at in 2004 is that journalism is in the middle of an epochal transformation, as momentous probably as the invention of the telegraph or television.

Journalism, however, is not becoming irrelevant. It is becoming more complex. What we are witnessing are the dichotomous trends of fragmentation and convergence simultaneously, and they sometimes lead in opposite directions.

While audiences are fragmenting, we have greater capacity than ever to come together as a nation in an instant—for September 11th, the Super Bowl or watching soldiers live on the battlefield in Iraq. While Americans are turning to more and varied sources for news, the media they're consuming increasingly tend to be owned by a few giant conglomerates competing to cover what seem to be at any moment only a handful of major stories.

Quality news and information are more available than ever before. Yet so in greater amounts are the trivial, the one-sided and the false. Some people will likely become better informed than they once could have been as they drill down to

original sources. Other consumers may become steeped in the sensational and diverting. Still others may move toward an older form of media consumption—a journalism of affirmation—in which they seek news largely to confirm their preconceived view of the world.

The journalists' role as intermediary, editor, verifier and synthesizer is weakening, and citizens do have more power to be proactive with the news. But most people will likely do so only episodically. And the proliferation of the false and misleading makes the demand for the journalist as referee, watchdog, and interpreter all the greater.

These conflicting movements toward fragmentation and convergence are not new to the culture in general or media in particular, but they have different consequences when they come to news. Journalism is how people learn about the world beyond their direct experiences. As our journalism fragments, it has consequences for what we know, how we are connected and our ability to solve problems.

Eight Major Trends

For now, the year 2004, the transformation is shaped by eight overarching trends:

- *A growing number of news outlets are chasing a relatively static or even shrinking audience for news.* One result of this is that most sectors of the news media today are losing audience. That audience decline, in turn, is putting pressures on revenues and profits, which leads to a cascade of other implications. The only sectors seeing general audience growth today are online, ethnic and alternative media. While English-language newspapers have seen circulation decline steadily since 1990, for instance, Spanish-language newspapers have seen circulation more than triple to 1.7 million papers a day. All three of these growing sectors share the same strength—the opportunity for audiences to select tailored content, and in the case of the Internet, to do so on demand.
- *Much of the new investment in journalism today—much of the information revolution generally—is in disseminating the news, not in collecting it.* Most sectors of the media are cutting back in the newsroom, both in terms of staff and the time they have to gather and report the news. While there are exceptions, in general journalists face real pressures trying to maintain quality.
- *In many parts of the news media, we are increasingly getting the raw elements of news as the end product.* This is particularly true in the newer, 24-hour media. In cable and online, there is a tendency toward a jumbled, chaotic, partial quality in some reports, without much synthesis or even the ordering of the information. There is also a great deal of effort, particularly on cable news, put into delivering essentially the same news repetitively without any meaningful updating.
- *Journalistic standards now vary even inside a single news organization.* Companies are trying to reassemble and deliver to advertisers a mass audience for news not in one place, but across different programs, products, and platforms. To do so, some are varying their news agenda, their rules on separating advertising from news, and even their ethical standards. What will air on an MSNBC talk show on cable might not meet the standards of NBC News on broadcast, and the way that advertising intermingles with news stories on many newspaper web sites would never be allowed in print. Even the way

Many traditional media are maintaining their profitability by focusing on costs, including cutting back on their newsrooms.

a TV network treats news on a prime time magazine versus a morning show or evening newscast can vary widely. This makes projecting a consistent sense of identity and brand more difficult. It also may reinforce the public perception evident in various polls that the news media lack professionalism and are motivated by financial and self-aggrandizing motives rather than the public interest.

- *Without investing in building new audiences, the long-term scenario for many traditional news outlets seems problematic.* Many traditional media are maintaining their profitability by focusing on costs, including cutting back on their newsrooms. Our study shows general increases in journalist workload, declines in numbers of reporters, shrinking space in newscasts to make more room for ads and promotions, and in various ways that are measurable, thinning product. This raises questions about the long term. How long can news organizations keep increasing what they charge advertisers to reach a smaller audience? If they maintain profits by cutting costs, social science research on media suggests they will accelerate their audience loss.
- *Convergence seems more inevitable and potentially less threatening to journalists than it may*

have seemed a few years ago. At least for now, online journalism appears to be leading more to convergence with older media rather than replacement of it. When you look closely at audience trends, one cannot escape the sense that we are heading toward a situation, especially at the national level, in which institutions that were once in different media, such as CBS and the Washington Post, will be direct competitors on a single primary field of battle—online. The idea that the medium is the message increasingly will be passé. This is an exciting possibility that offers the potential of new audiences, new ways of storytelling, more immediacy, and more citizen involvement.

- *The biggest question mark may not be technological but economic.* While journalistically online appears to represent opportunity for old media rather than simply cannibalization, the bigger issue may be financial. If online proves to be a less useful medium for subscription fees or advertising, will it provide as strong an economic foundation for newsgathering as TV and newspapers have? If not, the move to the web may lead to a general decline in the scope and quality of American journalism, not because the medium isn't suited for news, but because it isn't suited to the kind of profits that underwrite newsgathering.
- *Those who would manipulate the press and public appear to be gaining leverage over the journalists who cover them.* Several factors point in this direction. One is simple supply and demand. As more outlets compete for their information, it becomes a seller's market for information. Another is workload. The content analysis of the 24-hour-news outlets suggests their stories contain fewer sources. The

increased leverage enjoyed by news sources already encouraged a new kind of checkbook journalism in 2003, as seen in the controversies over TV networks trying to secure interviews with singer Michael Jackson and soldier Jessica Lynch.

Background on This Report

These are some of the conclusions from what we hope is an unprecedented, comprehensive new study of the state of American journalism.

For each of the media sectors, we examined six different areas—content, audience trends, economics, ownership, newsroom investment and public attitudes. We aggregated as much publicly available data as is possible in one place and for six of the sectors, the Project also conducted an original content analysis. (For local television news, we relied on five years of content analysis the Project had previously conducted. For radio, ethnic and alternative media, no special content analysis was conducted.)

This approach of trying to look for cross-media trends, we believe, differs from the conventional way in which American journalism is analyzed. It is designed to gather in one place data usually scattered across different venues from different sources. Our hope is that this will allow us and others to develop insights not usually possible and make comparisons that are usually difficult.

For this executive summary, we have distilled the findings into highlights. The goal is to provide a quick scan of key trends.

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

report runs more than 500 pages in print and includes extensive tabular appendices. There are more than 400 detailed, footnoted source citations to help guide users to original sources.

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 chart and tabular material. Or they can work through the statistics for themselves, making their own charts, answering their own questions, in effect creating their own 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

The percentage of Americans reading newspapers has been shrinking for two generations. In the last decade the situation has worsened.

Now the industry faces an important question. Do newspaper executives believe that if they invest in creating new content and even new papers they can attract new readers? Or do they believe this is a mature and declining industry and that it would only make things worse financially by throwing away money?

Audience

- Newspaper circulation has declined 11% since 1990, about 1% a year. In 2003, slightly more than half of Americans (54%) read a newspaper each week (62% on Sundays), according to surveys from Scarborough Research. Overall, 55 million newspapers are sold each day, 59 million on Sunday.
- Readership is lowest among the country's two fastest-growing minority populations, Asians (46%) and Hispanics (35%). When it comes to age, 41% of people under 35 read a newspaper, 54% of people age 35 to 54, and 68% of people 55 and older.
- There are 1,457 daily newspapers in the United States, 154 fewer than in 1990.

Economics

- After a difficult 2001, finances improved in 2002, thanks to a decline in newsprint costs. Newspapers took in \$44 billion in ad revenue and were expected to match that in 2003, according to data from the Newspaper Association of America. The 13 publicly owned newspaper companies were on track in 2003 to earn an average pre-tax profit margin of 19%, according to analyst John Morton.

- Newspaper classified revenues dropped 18% in 2001 and 5% in 2002. To combat this, newspaper companies are looking to compete online.

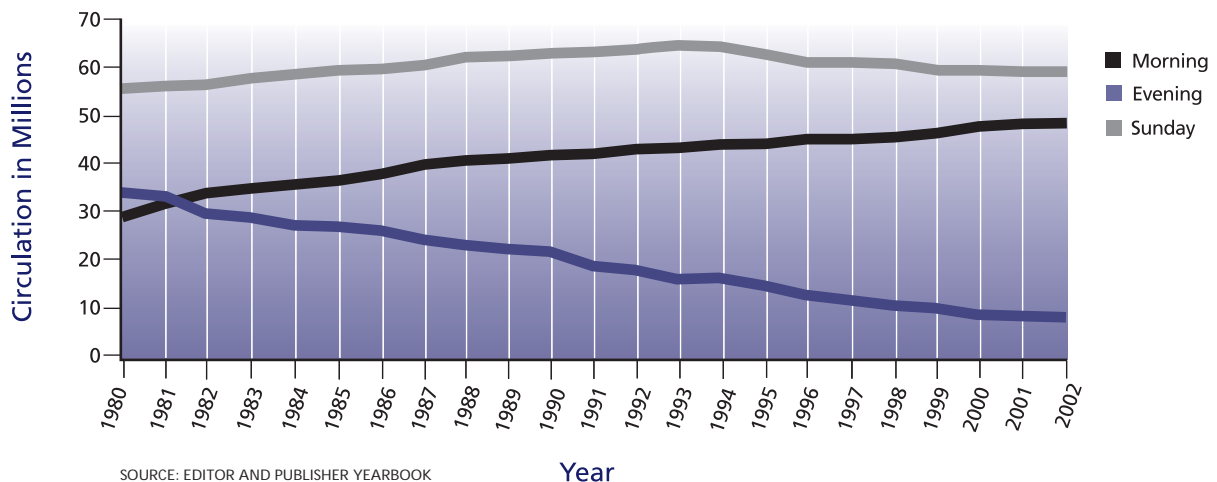
Ownership

- The age of the patriarchal local newspaper owner is over. Today 22 companies own 39% of the newspapers in the country and represent 70% of the daily circulation (73% on Sunday), according to data from Editor and Publisher.
- The top-10 companies alone own 20% of the papers and 51% of the circulation (56% on Sunday). Of these, four companies stand out for their size and profitability: Gannett, Tribune, New York Times and Knight Ridder, which, according to Morton, averaged a pre-tax profit margin in 2002 of 23%.

Content

- The mix of topics on newspaper front pages has changed less over the years than in other media, studies by the Project have found. In general, newspapers offer more institutional coverage, more news of domestic affairs and government. Newspapers also rely more on anonymous sources than other media. Roughly 30% of stories contained anonymous sourcing.

Daily and Sunday Newspaper Circulation, 1980 to 2002



- Newspapers tend to become more local and less international as the circulation category decreases. Wire copy becomes more prevalent. Anonymous sourcing decreases. Articles become shorter. The average length of section-front stories in large papers was 1,200 words, in mid-sized papers 800 words, and in small papers 600 words.

Newsroom Investment

- During hard times, many newspapers have made sharp cutbacks in newsroom staffing and expenditures. During good times, while there are modest expansions, many have not made up for what was lost, particularly in staffing. Today, the American Society of Newspaper Editors (ASNE) data indicate, newspapers have about 2,200 fewer employees than in 1990.
- To put this in perspective, between 1991 and 2000 (going out of one newspaper recession

and before entering another) newspaper ad revenues rose 60%, according to estimates by Merrill Lynch. Profits increased 207%. Yet newsroom jobs increased only 3%.

- Some argue these staffing cuts are not as severe as they appear. There are 154 fewer newspapers than in 1990 and the drop in employees (4%) is not as great as the drop in circulation (11%). Others argue the cuts are greater because composing room tasks now in the newsroom have increased the workload.

Public Attitudes

- Fifteen years of research reveals declining trust in newspapers. The percentage of people who believe what they read in their daily newspaper has declined from 80% in 1985 to 59% in 2003, according to surveys by the Pew Research Center for the People and the Press. That is a lower number than for other media.

Subjects of Front Page Newspaper Articles Over Time Large-Circulation Papers, Percent of All Stories*

	1977	1987	1997	2003
Government	33%	33%	30%	27%
Foreign Affairs	27	27	21	21
Military	1	3	*	3
Domestic Affairs	9	9	14	22
Entertainment/Celebrities	*	2	2	1
Lifestyle	2	2	4	6
Personal Health	1	0	1	1
Crime	9	6	10	4
Business/Commerce	8	6	5	5
Science	1	4	5	5
Religion	1	3	1	1
Accidents/Disasters	7	3	2	3
Other	2	3	4	1

*Totals may not equal 100 due to rounding.



Online

Although the economics are still evolving, the Internet has now become a major source of news in America.

In September 2003, over half of the people in the United States—150 million—went online. Various surveys indicate that half to two-thirds of those who go online use the Internet at least some of the time to get news. The Internet is also having success attracting young people to news, something older media were having trouble with even before the Internet existed.



Audience

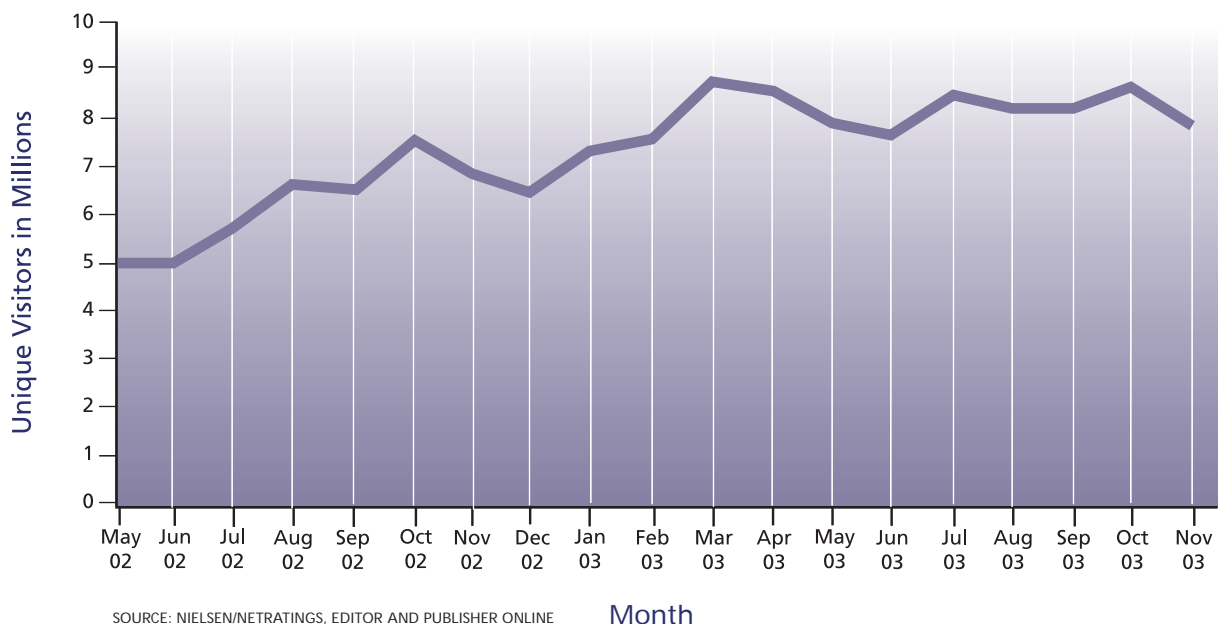
- The Web is the only news media, aside from the ethnic and alternative sectors, seeing audience grow, especially among young people. More than 55% of Internet users aged 18 to 34 obtain news online in a typical week, according to a UCLA Internet study.
- Traffic to the 26 most popular news sites in 2003 grew by 70% from May 2002 to October 2003, according to Nielsen/NetRatings.
- It is not so clear that the Internet is cannibalizing the old media. In 2002, 72% of Internet users said they spent the same amount of time reading newspapers as they did before. Television appears to be suffering more from the move online.
- During the war in Iraq, the web sites that people gravitated to most were those of established institutions—first TV news sites,

then newspaper sites, followed by the U.S. government site and then foreign news sites, according to surveys by the Pew Project on the Internet and American Life.

Economics

- While many Web sites are now at the point where they can claim profitability, it will still be years before the Internet becomes a major economic engine that is paying for the journalism it contains, rather than piggybacking on its media predecessors. According to Borrell Associates, online revenues of the 11 largest publicly-traded newspaper companies accounted for, on average, only 2% of the companies' total revenues.
- Still, the rate of revenue growth is impressive. Aside from Dow Jones Co., each of these 11 companies reported a double-digit increase in revenue for their online operations in 2002.

Average Monthly Unique Visitors for Top 20 News Web Sites



- The economic model for the web is still unclear. There are three basic models at the moment: subscription based (online.wsj.com), those that register users but offer the content free and rely solely on advertising (Washingtonpost.com), and those that use a mix of some paid content and some free (NYTimes.com)

Ownership

- A handful of media giants have come to dominate Internet journalism. Nearly 69% of the 20 most popular news web sites are owned by one of the 20 biggest media companies.
- At the same time, individual “blogs” have become a strong movement with the potential to operate much the same way as influential small-circulation journals of opinion do in print. For now, though, while the number of blogs is in the millions, an Internet software company, Perseus Development Corp., estimates that roughly two-thirds are abandoned and a quarter are only used once.

Content

- Internet journalism still largely consists of material from old media rather than original content. And much of the content does not

originate in-house. Among the eight sites whose content was studied for this report, only about a third (32%) of the lead stories were original reports.

- There is a mixed message when it comes to immediacy. Roughly half of the lead stories studied for this report were new. Yet, the amount of updating of continuing stories is more limited (14%).
- Web sites do a strong job of linking users to past stories about breaking news events. They do much less in the way of offering users multimedia opportunities such as links to video, still photos or chances for user comment or feedback.

Public Attitudes

- When the Pew Internet and American Life Project asked, during the war in Iraq, what people liked about getting their news online, two-thirds of survey respondents cited the ability to get news from a variety of sources, followed closely by the ability to get breaking news. More than 50% of respondents valued being able to get different points of view from those of traditional news and government sources.

Freshness of Lead Stories on Major Web Sites

Percent of All Stories*

	All Stories
Exact Repeat	21%
Repeat: No New Substance	14
Repeat: New Angle	2
Repeat: New Substance	14
New Story	49

*Total may not equal 100 due to rounding.



Network TV

The story of network television news in 2004 is one of an industry trying to find its place in the changed world of 21st-Century journalism. It was once the most trusted source of information in America and had a monopoly over pictures and TV reporting from around the country and the world. Neither of these things is true anymore.

Amid declining viewership and newsroom cutbacks, news represents only a tiny fraction of the revenues of the companies that now own the networks. What place, then, does covering the major events of the day or serving as an important public institution play in a network's identity? In the age of 100-plus channels, how important is producing news at all?

Content

- Having experimented with tabloid, sensational, lifestyle and celebrity coverage in the mid-1990s, nightly network newscasts have become more traditional—and serious—in their topic agenda since September 11th. The evening news, however, has not fully returned to the news agenda of 15 years ago, according to studies by the Project.
- Morning shows are more focused around “true crime,” lifestyle and entertainment. When government and foreign affairs are covered, it is often around a human-interest angle.
- With the exception of *60 Minutes* and *Nightline*, content studies show prime time magazines do not address the significant events of the day.

Audience

- The three nightly newscasts have seen Nielsen ratings decline by 34% in the last decade, and nearly 44% since 1980. Despite the drop, 29

million people still watch network evening news.

- The best evidence suggests it is availability, rather than the nature of the content, that is hurting evening news, but there seems little opportunity to change that.
- NBC is No.1 in nightly news, though it has earned that spot more because of the losses of its rivals than any gains of its own. Its ratings are 11% lower than in 1994, when it was in third place.
- Morning news is the one relative bright spot for the networks. Audiences held steady over most of the past 10 years and increased in 2003, to 14.6 million viewers.

Economics

- Network news remains a robust generator of revenues. Revenue from nightly news was up in 2003 (based on projections), the first up-tick since 1999, data from TNS Media Intelligence/CMR indicate. According to one network source, the three commercial nightly newscasts (NBC,

Topics in Network Nightly News, 2003

Percent of All Time*

	Network Nightly Comm.	PBS NewsHour	Network Morning (1st Hour)
Government	17%	33%	8%
Foreign Affairs	26	32	13
Military	3	1	5
Domestic Affairs	18	13	11
Crime	5	1	19
Business	9	5	1
Celebrity/Entertainment	2	*	14
Lifestyle	7	6	15
Science	2	3	1
Accidents/Disaster	9	2	9
Other	2	3	3

*Totals may not equal 100 due to rounding.

CBS, ABC) took in \$500 million in revenue in 2003.

- Financially, morning news now greatly outshines nightly news on the networks. Despite having half as many viewers as nightly newscasts, morning news shows took twice as much in revenues—more than a billion dollars in 2002—thanks to being on more than four times as many hours and having younger demographics.
- Between 1999 and 2002, prime time magazine show revenues fell 48%, largely because these programs were replaced with reality shows.
- According to some network sources, the cost of covering the war in Iraq greatly reduced network evening news profits in 2003.

Newsroom Investment

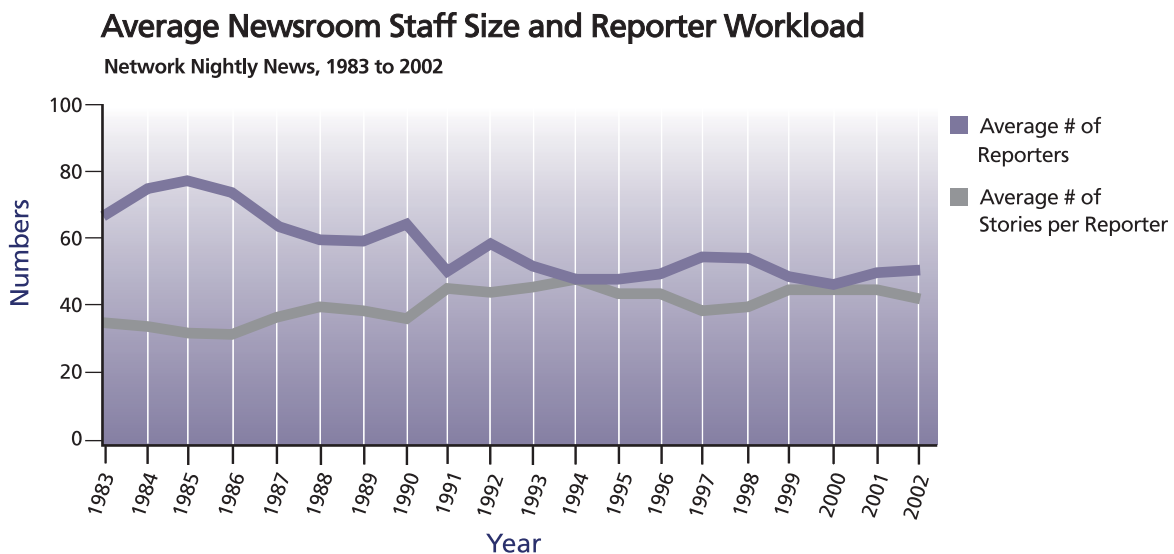
- With declining audiences, network newsrooms have seen significant cutbacks. On-air correspondents for evening newscasts are down by more than a third since 1985 to an average of 50 people in 2002, according to Professor Joe

Foote at Arizona State University. The number of overseas bureaus has been cut in half, according to our accounting.

- The staff reductions have increased workload 30%, Foote found.
- The newshole of nightly news has shrunk 11% since 1991 to make room for more ads, promotions and teases, according to researcher Andrew Tyndall.

Public Attitudes

- There is a contradiction in the public's views of network news. The number of people who gave each of the three networks high grades for believability dropped from roughly 74% in 1996 to 65% by 2002, according to Pew Research Center surveys.
- When it comes to overall quality, from 1995 to 2002, the number of people who gave network news A or B grades remained relatively steady (just over half). The number giving a D or F, however, increased (to 14%).



SOURCE: PROFESSOR JOE FOOTE, ARIZONA STATE UNIVERSITY



Cable TV

With its 24/7 format, cable television news enjoys an enormous competitive advantage over broadcast television. Surveys now show people generally cite cable news ahead of broadcast as their primary source for information about national and international events.

Yet all is not so rosy for cable news. A close look at the content, economics and even audience data contradicts many of the conventional ideas about the medium.



Content

- The traditional method of storytelling on television—the written, edited and taped package—is vanishing on cable. Only 11% of the time on cable (8% of stories) consisted of such story packages, according to a 2003 study by the Project. Fully 62% of the time, on the other hand, was “live” (interviews and live reporter standups). This emphasis on live deemphasizes the role of correspondents and means that cable is something closer to a first draft, newsgathering in the raw.
- Most of what is on cable is repetition—68% of segments were repetitious accounts of previously reported stories without any new information. Only 5% of revisited stories could be called “follow-ups” with new facts.
- Even with 24 hours to fill, cable covers a fairly narrow range of topics, mostly focused around government, the war in Iraq, “true crime,” lifestyle/celebrity and disasters.
- Much of the day, Fox, CNN, and MSNBC are more similar in content and story selection than they are different. The analysis did not try to assess ideology.

Audience

- Contrary to how the cable networks usually explain the numbers, the typical audience for cable has not grown since late 2001, stabilizing at about 2.4 million viewers in prime time and about 1.6 million during the day, according to Nielsen data.
- The cable networks have lost all of the audience they gained during the war in Iraq, the data show, in contrast to past major news events.
- Although Fox is generally described as the audience leader—Fox’s ratings are 60% higher than CNN’s—surveys consistently show more people cite CNN as their primary news source. The contradiction suggests a greater number of different people watch CNN overall, but they are spread out over time.
- At first glance, cable ratings are tiny compared with those of network news—2.4 million in prime time, compared with 29 million for the three commercial network evening newscasts in November 2003. Yet this may be misleading. In surveys, more people now report turning to cable news than network for most of their national and international news. Since ratings only measure people watching at a given

Story Types on Cable News*

	% of All Minutes
Edited Package	11%
Interviews	41
Standups	21
Anchor Reads	15
Live Events	8
Banter	3
External Source	1

* Total may not equal 100 due to rounding.

moment, knowing how many different viewers rely on cable overall is difficult.

Economics

- While some ambiguity hovers over which cable news audience has the most viewers, there is no question about the financial leader—it is CNN.
- Kagan World Media estimated that CNN earned \$351 million in 2003, while Fox earned \$96 million. MSNBC was projected to earn \$3.1 million.
- Fox is closing the gap in profits and revenues, but in the future it will have a harder time expanding at the same rate—nearly 50% a year. Much of that increase was due to signing on to new cable systems. Now there are few new systems left to join.

Newsroom Investment

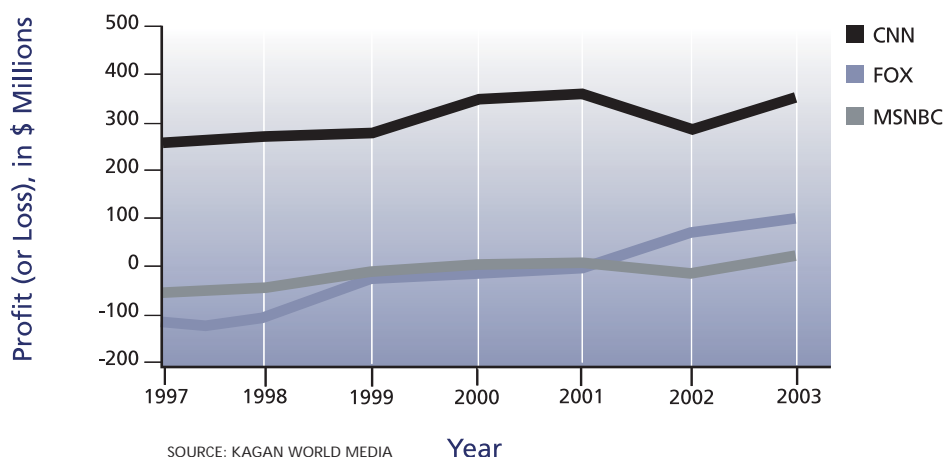
- Ideology aside, the real “Fox Effect” in cable is a new approach to newsgathering, one that relies more on anchors and talk shows and less on correspondents. Other cable networks have imitated that approach.

- CNN has nearly triple the newsgathering staff of Fox (about 4,000 people versus 1,500 for Fox and 500 for MSNBC, though MSNBC can also turn to NBC News staff). Fox, however, is building its staff up from a small base, reflecting its general growth in audience. CNN and MSNBC are not.

Public Attitudes

- People tend to think more highly of cable than other news media. When the Pew Research Center asked, in early 2002, which media had been “doing the best job of covering news lately,” cable was cited by 38%, more than twice that of network, nearly three times that of local TV and nearly four times that of newspapers. Cable is the only medium that saw this confidence index grow in recent years.
- CNN stands out in viewer estimation. For instance, roughly a third (32%) of those surveyed by Pew gave CNN the highest possible ranking for “believability” in May of 2002, 13 percentage points higher than Fox News and 11 points higher than MSNBC.

Cable News Profitability, 1997 to 2003





Local TV

In nearly every aspect of local television—from viewership to economics to ownership to structure—there are mixed signals of health and challenge. For now, it is still healthier than most news industries and is considered better off than network news. But signs of decline are worrisome to the industry. The major issue over the next few years will be how to maintain the traditionally high profit margins when viewership is on the decline. It is up to management now whether the industry heads up or down.

Audience

- Since 1997, Nielsen data indicate, the share of available viewers commanded by local early evening newscasts around the country has dropped 18%. The share commanded by late news, which is broadcast after prime time is over, has dropped by 16%. In other words, local TV is now losing audience as fast as network TV.
- This fact presents the medium with profound problems. To grow revenues, stations have limited but difficult options. They can try to make advertisers pay more for smaller audiences; they can increase the amount of commercial time versus news; they can add sponsorship opportunities inside the newscast such as sponsored segments, or sponsored logos on maps and graphics; they can add more news programs; they can cut costs.

Economics

- The local television business is remarkably profitable, earning more than double the return of newspapers. Survey data suggest profit margins of around 40% are a good estimate, and higher than that in bigger markets.
- The news division is responsible for a disproportionate amount of a station's income. According to surveys by the Radio Television News Directors Association (RTNDA), news

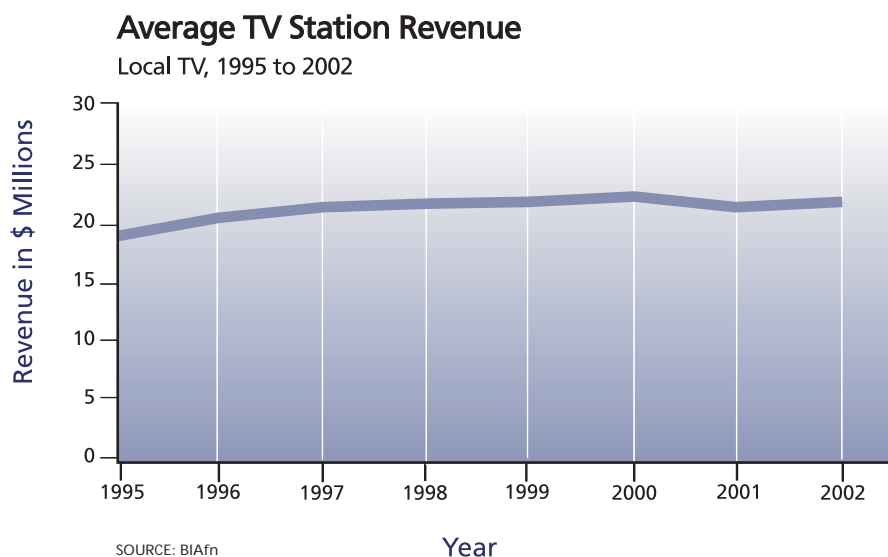
accounts for 16% of programming each day but roughly 40% of station revenue.

Newsroom Investment

- Many newsrooms are being asked to produce more hours of news without more people, and in some cases with fewer people. From 1998 to 2002 the average workload increased 20%, from 1.5 stories per day to 1.8, according to surveys by the Project. Fully 59% of news directors reported either budget cuts or staff cuts in 2002.
- Obligatory conversions to digital technology open up new possibilities, but the cost is burdensome and often comes at the expense of newsroom investments. According to RTNDA, most stations expect to spend at least \$1 million on this transition.

Content

- The content of local news is indeed local—three-quarters of all stories—but there are questions about how substantive that reporting is. Five years of content studies by the Project found that 4 in 10 stories were about fairly typical, everyday incidents. And 60% of stories that involved some controversy told mostly or only one side of the story.



- The idea that it has to “bleed to lead” is an oversimplification. Crime was the most popular topic—by two to one over any other—but it only accounted for 24% of the stories. Add in accidents, catastrophes, fires and bizarre incidents and it still adds up to only about a third of stories.
- However, when looking at lead stories, 61% were about crime or relatively routine fires and accidents.
- There is distinct evidence the product is thinning. Over a five-year span (1998 to 2002), the Project found a drop in such things as investigative reporting and a growing reliance on stories that did not have a correspondent covering them. The use of feed material from elsewhere, for instance, rose from 14% to 23% of stories studied.

Ownership

- In 1995, the top ten biggest television station owners had \$5.9 billion in revenue and owned 104 stations, according to BIAfn. By 2002, those companies had doubled that revenue total and owned nearly three times as many stations.

- By 2003, the four major networks owned 126 stations (12%), mostly in the biggest cities. Declining are local owners with one or maybe two stations.
- A 2003 ruling by the Federal Communications Commission that lifted many of the remaining caps on concentration of ownership is now being challenged in Congress.

Public Attitudes

- Over the years, surveys have shown consistently that people generally trust local television news more than any other type except cable. That trust, while still higher than for network news or local newspapers, is beginning to wane. In 1985, 34% said they could believe “all or most” of what they saw on local television news. In 2002, that had declined to 26%, according to Pew Research Center surveys.
- A large proportion of the public thinks local news broadcasts are “improperly influenced” by powerful outside forces such as advertisers (42%), station owners (40%) and big business (37%), according to surveys from scholar Robert Papper.

Public Ratings of Media Believability

	1985	1998	2000	2002
Local TV	34%	32%	30%	26%
Newspaper	28	27	23	20
ABC	32	28	26	22
CBS	33	26	26	23
NBC	32	28	26	23
CNN	20	37	33	32

SOURCE: PEW RESEARCH CENTER FOR THE PEOPLE AND THE PRESS



Magazines

When large social, economic or technological shifts begin to reshape the culture, magazines frequently are the first media to signal the change. The structure of the industry is one reason. Publishers can add and subtract titles aimed at specific audience segments or interests more quickly than in other media. Advertisers, in turn, can take their dollars to hot titles of the moment aimed at particular demographics.

What do current trends in the magazine industry tell us about the future of magazine journalism, particularly news?



Content

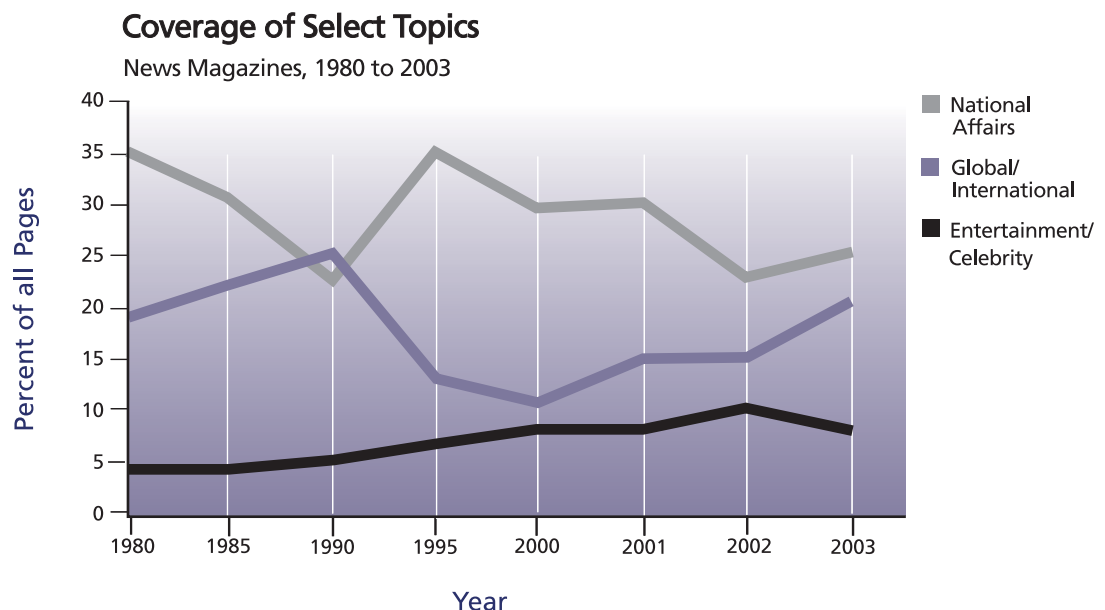
- The overall trend in magazines is toward specialization, magazines tightly focused on a set of interests. The big three traditional news magazines (Time, Newsweek, and U.S. News & World Report) have bucked that trend. They have become less news magazines and more general interest magazines.
- The number of editorial pages in the three news magazines has increased 9% since 1980. The content in those pages, meanwhile, has gotten softer and more oriented to lifestyle rather than traditional hard news, according to data from Hall's Reports. The number of pages devoted to national affairs has dropped 25% since 1980, while those devoted to entertainment and celebrity stories have more than doubled. Health news has more than quadrupled.

Audience

- Overall, readership of the three big news weeklies has declined. Time's circulation fell 13%

from 1988 to 2002. U.S. News' fell 13% as well through 2003 (an early audit schedule made 2003 data available). Newsweek has experienced a smaller decline of 3%, according to the Audit Bureau of Circulations.

- A small group of news magazines with a very different approach, such as The Atlantic and The Economist, are seeing gains. The Economist has seen its subscriber base more than double in the past 15 years. These magazines have not measurably lightened their content.
- Outside of news magazines, the number of magazine titles overall has grown dramatically. Most of that growth is occurring in niche service magazines such as those focused on child care, travel or hobbies such as bicycling.
- Among opinion journals such as The Nation and the National Journal, there seems to be an inverse relationship between readership and which party is in power. A Republican administration boosts a liberal magazine. Clinton was good for the conservative titles.



SOURCE: HALLS MEDIA RESEARCH, 2003 FIGURES THROUGH JULY

Economics

- While ad pages are growing in niche and entertainment genres, they have remained stagnant for news magazines. Since 1995, ad pages for entertainment and lifestyle magazines have grown by a third and ad dollars have grown more than 80%, according to data compiled by the Publishers Information Bureau. Ad pages for news magazines, declined 1%.
- There has been more separation economically among the three major news magazines. In the mid-1990s, the big three news magazines were bunched together in ad page sales. Time has now established itself as the clear leader, with Newsweek a strong second. U.S. News and World Report is third and losing ground.

Ownership

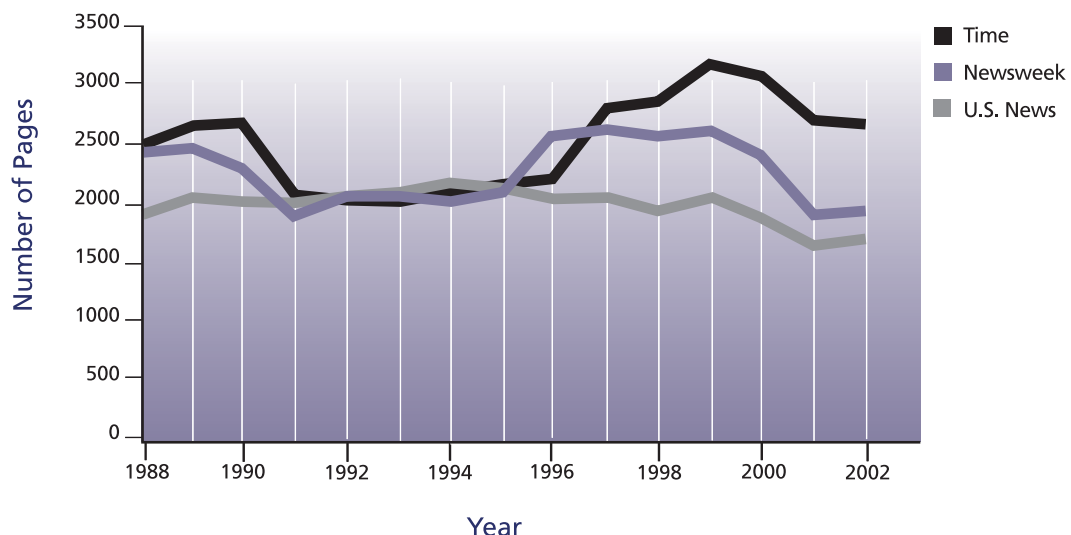
- Consolidation has occurred in the magazine industry, and a handful of companies now dominate the industry.
- But the top companies are not the same as those that dominate TV, cable, or newspapers.

Only four of the top ten magazine companies —Time Warner, Hearst, Advance and Primedia, are among the 25 largest media companies.

Newsroom Investment

- In the past 20 years, Time has reduced its staff by 15% and Newsweek by a full 50%, according to staff boxes published in the magazines. The biggest hits have come in the lower ranks of the editorial staff, while the number of contributors and contributing editors has increased.
- Research and fact checking have been targeted most. Time has eliminated the “reporter-researcher” job title from its staff box and added “reporters” and “writer-reporters.” Newsweek has done the same. In 1983, it listed 76 “editorial assistants,” its equivalent of reporter-researcher. By 2003 there were 18.
- Bureau staffing, domestic and international, has seen even steeper cuts. The number of bureau staff at Time has fallen from 86 to 55 in the last 20 years. Newsweek’s has fallen from 85 to 47.

Ad Pages for the Big Three News Magazines



SOURCE: PUBLISHER'S INFORMATION BUREAU



Radio

Radio might be called journalism's forgotten but stable middle child. The medium that came after newspapers and before television remains one that virtually every American continues to use daily. While the medium is segmented into as many as 47 different formats, many radio stations include hourly news briefs in the course of the day, and the number of news stations that are mostly news and public affairs remains stable.

But there are also signs that cause concern, especially when it comes to content. The data available suggest a growing number of stations are not local at all.

Audience

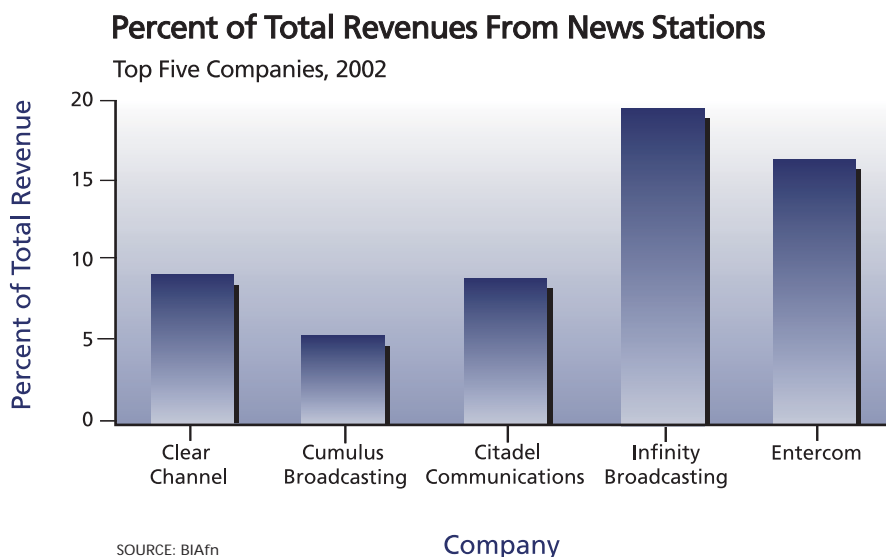
- More than 90% of Americans listen to the radio, and nearly all of them get some news there, according to data from Arbitron. Moreover, unlike other media, that number isn't falling. The radio audience, and the radio news audience, appears stable.
- Radio now formally lists 47 different formats, from Adult Contemporary to Alternative to Farm/Agriculture. While the exact number is hard to pin down, the best accounting suggests the number of broadcast radio stations has doubled since 1970, and is around 13,500. Of these, 1,000 (8%) list their format as primarily news. Another 348 (3%) self report their format as primarily talk show.
- National Public Radio has seen its audience double in the last 10 years. The majority of its audience, according to NPR figures, falls between 25 and 54 years of age, has college degrees, and votes, and half have household incomes over \$75,000. This has created a situation in which NPR is a media resource used by a young, culturally elite group.
- There is little change to where and when people listen to the radio. The lone shift has been a steady climb in people listening in their cars. A key reason is people drive more, an average today of 55 minutes a day, according to data from the Department of Transportation's Bureau of Transportation Statistics.

Economics

- News remains a major component of the radio business. For the biggest radio companies for which data is available from BIAfn, news accounts for an average of 11% of total revenues—as much as 18% for one company, as little as 4% for another. This does not include stations who list their format as primarily talk.
- Revenue from stations who cite news as their primary format (not including those who are primarily talk) amounts to some \$1.37 billion annually.
- The total revenue from radio in the United States in all formats was some 12.7 billion in 2002, the last year for which data were available.
- At NPR, radio news' big winner in recent years, the economics are different. It is a non-commercial format. Instead, 46% of the revenue comes from member stations, which includes member contributions and public funding. The remaining 54% of funding comes from corporate underwriting and grants from foundations such as the Pew Charitable Trusts or the MacArthur Foundation.

Ownership

- In radio, the level of consolidation exceeds that of most other media, largely because of one company. In 1999, BIAfn figures indicate, the three largest radio companies together owned



fewer than 1,000 stations. Today they own more than 1,600. A single company, Clear Channel, owns 1,207 of them.

- The top 20 owners combined operate more than 20% of all the radio stations in the country. Clear Channel alone operates stations in 191 of the 289 Arbitron-rated markets. To get a sense of Clear Channel's dominance, the second-largest company, Cumulus, operates in 55 markets.
- According to calculations from the Future of Music Coalition, a group critical of consolidation, 103 million Americans, or one-third of the U.S. population, are regular listeners to Clear Channel stations. The next closest is Infinity (Viacom), which has 59 million listeners (15% of the U.S. population). From there, the percentages drop to below 4% for the next-biggest company.

Newsroom Investment

- The ranks of local radio newsrooms are thinning. From 1994 through 2001, the number of full-time radio newsroom employees declined

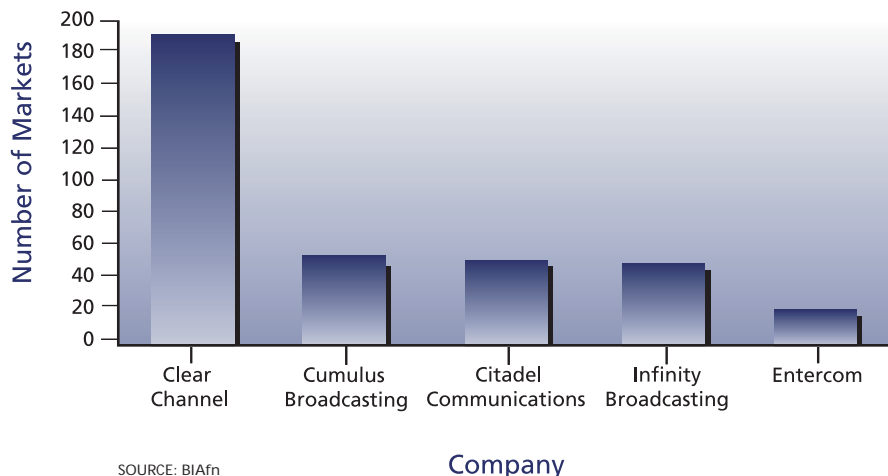
44%, and part-time 71%, according to survey data compiled by Ball State University Professor Robert Papper.

- In 2003, Papper found a trend toward newsroom consolidation. More than 4 in 10 news departments do news for one or more stations outside their market. And more than 75% of news directors now have responsibilities other than news.
- The money isn't good either. While salaries are rising, the median salary for a news director in 2003 was \$31,000 a year, for an anchor \$29,500 and for a reporter \$23,000.

Public Attitudes

- Although many people listen to radio for other things, they tend not to turn the channel when news comes on. (According to one survey, 98% of listeners say they keep listening when the news comes on and do not switch to a new station.) Thus, radio remains a place where Americans still get incidental news, or learn about things they didn't know they would care about.

Number of Markets Occupied by Top Five Companies





Ethnic/ Alternative

Of all the sectors of the news media, the ethnic and alternative media in America are still in many ways the most fluid. Even defining terms is complex. There are not one or two ethnic media, but dozens. The ethnic media are also often described in combination with the alternative media, but in fact they are distinct from each other.

Yet both sectors, the ethnic press and to a lesser degree the alternative press, appear to be among the few growth sectors in journalism.



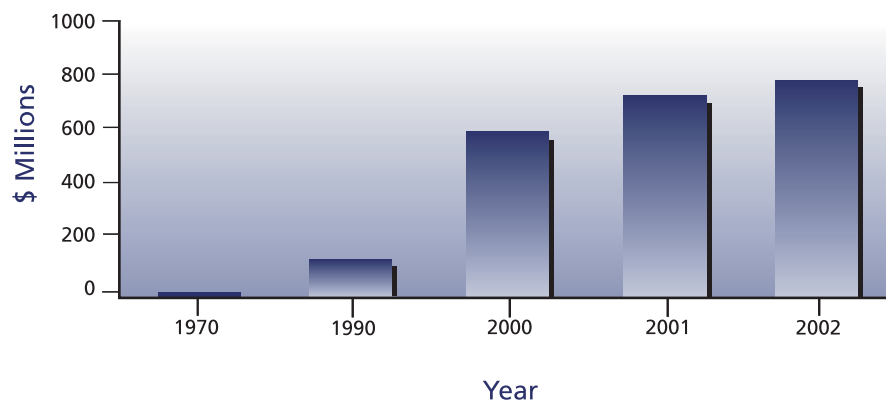
Ethnic Population Trends

- Between 1990 and 2000, the number of people not speaking English at home grew from 31.8 million to 47 million—an increase of 48%, according to U.S. Census data. Spanish speakers led the growth, going from 17.3 million in 1990 to 28.1 million in 2000—up 62%. Chinese speakers were second, up from 1.3 million in 1990 to 2 million in 2000, an increase of 54%.
- Unlike European immigration a century ago, many of these new Americans do not want to cut their cultural and national ties with the past, and thus seem more inclined to continue to use ethnic media. For instance, more than half of those Spanish speakers reported that they could speak English “very well,” but they choose not to speak it at home.
- Although these populations increasingly rely on ethnic media, it is not that they trust it more. Hispanics, Asians, and people of Middle Eastern descent say, rather, that they tend to trust English-language media more than their ethnic press, according to a poll from New California Media.

Spanish-language Media

- The growth in ethnic media is impressive. Since 1990, while English-language newspapers have lost circulation by 11%, the circulation of Spanish-language dailies in the United States has more than tripled from 440,000 copies sold each day to 1.7 million, according to the National Association of Hispanic Publishers.
- With more readers has come more advertising. Ad revenues of Spanish-language newspapers have grown more than sevenfold since 1990, from \$111 million to \$786 million, according to figures from the Latino Print Network.
- The number of Spanish-language dailies has also grown since 1990, by more than double (from 14 to 35). Consider, too, that during the same period the number of English-language dailies has dropped by more than 10%.
- Among Hispanics, 41% say they mostly read Spanish-language papers, compared with 30% for Asians and 15% of Middle Easterners who read mostly in their native languages.
- Spanish-language TV has seen serious consolidation over the past decade to the point where two players dominate the market.

Spanish-language Newspaper Ad Revenues



SOURCE: NATIONAL ASSOCIATION OF HISPANIC PUBLISHERS

Other Ethnic News Media

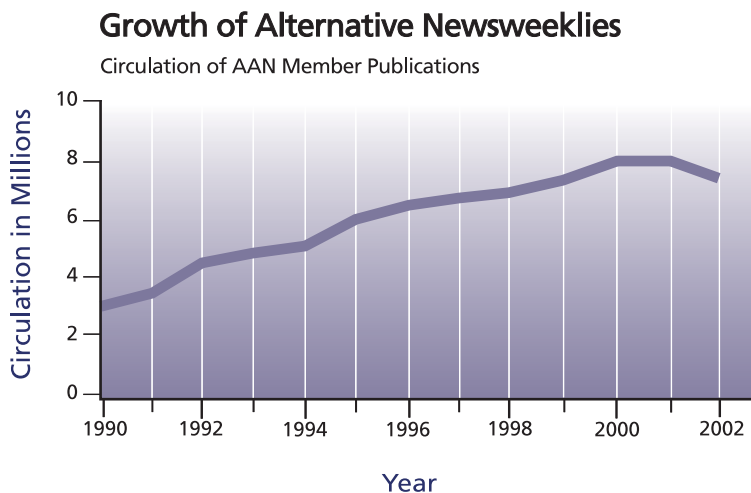
- The Black or African American press has played an integral role in America for more than a century, and although African Americans are now second only to Whites in the percentage who read the mainstream press, there are still more than 200 periodicals in the United States aimed at African Americans, according to the National Newspaper Publishers Association.
- The Asian media seems less likely to assume the influence of Spanish-language media because of the number of languages and ethnicities they encompass. This will discourage consolidation in ownership or ad sales.
- In addition to the explosive growth in Spanish-language media, a study of ethnic newspaper circulation in New York shows that most nationalities or ethnic groups for which there are data have seen growth, particularly Chinese, Irish, Japanese, Korean, Caribbean, and Arab.

Alternative Press

- The Alternative press is also growing impressively, though perhaps not as much as the ethnic. The circulation and revenues of alternative

weeklies skyrocketed in the 1990s. Circulation more than doubled, rising from 3 million in 1990 to 7.5 million in 2002, according to data from the Association of Alternative Newsweeklies. Revenues rose from 1992 to 2000, took a dip in 2001 and were on the way back up in 2002, the Association reports.

- The number of newsweeklies also appears to be growing. The membership of the Association of Alternative Newsweeklies has nearly doubled since 1990, to 123 in 2002.
- While often thought of as papers for the young, these outlets usually have readership with median ages in the 30s and sometimes 40s, with fairly high incomes and relatively high education levels.
- These weeklies are increasingly owned by one of a few national chains that collect alternative weeklies. These are not, however, the same vast national chains that own dailies.
- Some scholars now talk instead about a “dissident press” in addition, to denote other publications and media, which are distinct from these more established and commercially oriented alternative papers.



SOURCE: ASSOCIATION OF ALTERNATIVE NEWS WEEKLIES



★ Cable TV ★ Local TV ★ Radio ★ Ethnic/Alternative ★



★ Newspapers ★ Online ★ Network TV ★ Magazines ★

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