

State of the News Media 2010

Executive Summary

The Pew Research Center's
Project for Excellence in Journalism

OVERVIEW INTRODUCTION

What now?

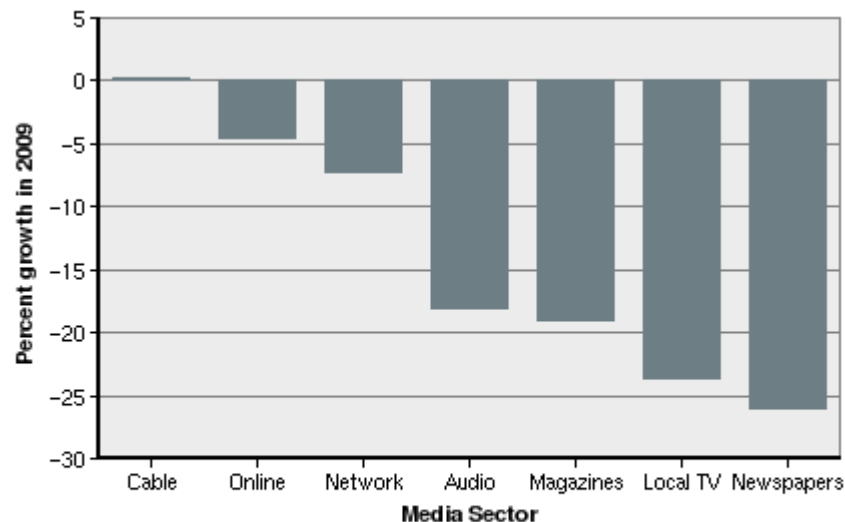
Inside news companies, the most immediate concern is how much revenue lost in recession the industry will regain as the economy improves.

Whatever the answers, the future of news ultimately rests on more long-term concerns: What are the prospects for alternative journalism organizations that are forming around the country? Will traditional media adapt and innovate amid continuing pressures to thin their ranks?

And with growing evidence that conventional advertising online will never sustain the industry, what progress is being made to find new revenue for financing the gathering and reporting of news?

The numbers for 2009 reveal just how urgent these questions are becoming. Newspapers, including online, saw ad revenue fall 26% during the year, which brings the total loss over the last three years to 41%.

Change in Ad Revenue by Medium, 2008 to 2009



Source: Cable: SNL Kagan; Online: eMarketer; Network: TNS Media Intelligence; Audio: Radio Advertising Bureau; Magazines: Publishers Information Bureau and is for ad pages sold, not revenue; Newspapers: estimate derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association; Local TV: Television Bureau of Advertising.¹

¹ **Cable** figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2008 and 2009, provided by SNL Kagan, a division of SNL Financial LLC. **Online** figures are total online display ad revenues, from January to September 2009, compared with the same period in 2008, provided by eMarketer. **Network** figures are based on revenue estimates for network television ads from January to December 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising. **Radio** figures are based on AM/FM advertising revenues from January 2009 to January 2010, compared with the same period in 2008-2009, provided by the Radio Advertising Bureau.

Local television ad revenue fell 24% in 2009; triple the decline the year before. Radio also was off 18%. Magazine ad revenue dropped 19%, network TV 7% (and news alone probably more). Online ad revenue over all fell about 5%, and revenue to news sites most likely also fared much worse.

Only cable news among the commercial news sectors did not suffer declining revenue last year.

The estimates for what happens after the economy rebounds vary and even then are only guesses. The market research and investment banking firm Veronis Suhler Stevenson projects that by 2013, after the economic recovery, three elements of old media — newspapers, radio and magazines — will take in 33% less in ad revenues than they did in 2006.

For newspapers, which still provide the largest share of reportorial journalism in the United States, the metaphor that comes to mind is sand in an hourglass. The shrinking money left in print, which still provides 90% of the industry's funds, is the amount of time left to invent new revenue models online. The industry must find a new model before that money runs out.

The losses are already enormous. To quantify the impact, with colleague Rick Edmonds of the Poynter Institute we estimate that the newspaper industry has lost \$1.6 billion in annual reporting and editing capacity since 2000, or roughly 30%. That leaves an estimated \$4.4 billion remaining. Even if the economy improves we predict more cuts in 2010.

Network news division resources are likely down from their peak in the late 1980s by more than half — which amounts to hundreds of millions of dollars — and new rounds of cuts came in the last 12 months. Local television is harder to gauge, but one estimate puts the losses in the last two years at over 1,600 jobs, or roughly 6%. Staffing at the news magazines Time and Newsweek since 1983 is down by 58%.²

So what about the new media experiments growing around the country? There are certainly exciting things happening, from former journalists creating specialty news sites and community sites, to citizens covering neighborhoods, to local blogs and social media.

In 2009 Twitter and other social media emerged as powerful tools for disseminating information and mobilizing citizens such as evading the censors in Iran and communicating from the earthquake disaster zone in Haiti. The majority of Internet users (57%) now use some kind of social media, including Twitter, blogging and networking sites, according to a new PEJ/Pew Internet & American Life survey.

Citizen journalism at the local level is expanding rapidly and brimming with innovation. This year's report includes a new study of 60 of the most highly regarded sites. The prospects for assembling

Magazine figures are based on ad pages sold – not revenue – provided by the Publishers Information Bureau for six news magazines: Time, Newsweek, The Economist, The Atlantic, The Week, and The New Yorker. **Newspaper** estimates are derived by Rick Edmonds of the Poynter Institute based on data provided by the National Newspaper Association. **Local TV** figures are based on revenue estimates for local and national spot advertising on local TV from January to December 2009, compared with the same period in 2008, provided by the Television Bureau of Advertising.

² These figures, derived from analysis of staff boxes, show staffing at the two magazines of 710 in 1983 down to 373 in 2009.

sufficient economies of scale, audience and authority may be most promising at specialized national and international sites — efforts like ProPublica, Kaiser Health News and Global Post.

For all the invention and energy, however, the scale of these new efforts still amounts to a small fraction of what has been lost. While not all of the blogs and citizen efforts can be quantified, J-Lab, a project led by Jan Schaffer that studies new media, estimates that roughly \$141 million of nonprofit money has flowed into new media efforts over the last four years (not including public broadcasting). That is less than one-tenth of the losses in newspaper resources alone.

Michael Schudson, the sociologist of journalism at Columbia University, sees the promise of “a better array of public informational resources emerging.” This new ecosystem will include different “styles” of journalism, a mix of professional and amateur approaches and different economic models — commercial, nonprofit, public and “university-fueled.”

Clay Shirky of New York University has suggested that the loss of news people is a predictable and perhaps temporary gap in the process of creative destruction. “The old stuff gets broken faster than the new stuff is put in its place,” he has written.

There is something important in these notions. As Schudson notes, the news industry became more professional, skeptical and ethical beginning in the 1960s. Many journalists think that sense of public good had been overtaken by a focus on efficiency and profit since the 1990s. In the collapse of those ownership structures, there is some rebirth of community connection and public motive in news.

Yet the energy and promise here cannot escape the question of resources. Unless some system of financing the production of content is developed, it is difficult to see how reportorial journalism will not continue to shrink, regardless of the potential tools offered by technology.

And as we enter 2010 there is little evidence that journalism online has found a sustaining revenue model. A new survey on online economics, released in this report for the first time, finds that 79% of online news consumers say they rarely if ever have clicked on an online ad.

There was certainly more talk of alternative approaches to advertising in the last year. Entrepreneur Steve Brill and others launched JournalismOnline.com, which offers news sites a mechanism for charging, but at this point it is more a possibility than a business reality. Rupert Murdoch announced discussions with Microsoft about higher payments for searching his content and insisted that everything his company produces would go behind pay walls. Columbia University produced a report that explored nonprofit and public funding sourcing and assessed the state of start up new media. The New York Times announced it was giving itself a year to figure out a way to charge for content to “get it really really right.” And more new media startups were planned, a growing sign that as old media continues to shrink, the ecosystem is changing and some things are growing.

But if a new model is to be found it is hardly clear what it will be. Our survey, produced with the Pew Internet and American Life Project, finds that only about a third of Americans (35%) have a news destination online they would call a “favorite,” and even among these users only 19% said they would continue to visit if that site put up a pay wall.³

³ Includes both those who said they would pay for their favorite site if asked and those who say they already do.

In the meantime, perhaps one concept identifies most clearly what is going on in journalism: Most news organizations — new or old — are becoming niche operations, more specific in focus, brand and appeal and narrower, necessarily, in ambition.

Old media are trying to imagine the new smaller newsroom of the future in the relic of their old ones. New media are imagining the new newsroom from a blank slate.

Among the critical questions all this will pose: Is there some collaborative model that would allow citizens and journalists to have the best of both worlds and add more capacity here? What ethical values about news will settle in at these sites? Will legacy and new media continue to cooperate more, sharing stories and pooling resources, and if they do, how can one operation vouch for the fairness and accuracy of something they did not produce?

The year ahead will not settle any of these. But the urgency of these questions will become more pronounced. And ultimately the players may be quite different.

“I think the answer may come from places staffed by young people who understand the new technology and its potential and who have a passion for journalism,” said Larry Jinks, the highly regarded former editor and publisher who transformed the San Jose Mercury News a generation ago and who still sits on the board of the McClatchy Company.

MAJOR TRENDS

In past years we have tried to identify major trends emerging in the coming year, and many of those still apply now. For 2010, we want to emphasize six points.

- **As we learn more about both web economics and consumer behavior, the unbundling of news seems increasingly central to journalism's future.** The old model of journalism involved news organizations taking revenue from one social transaction — the selling of real estate, cars and groceries or job hunting, for example, — and using it to monitor civic life — covering city councils and zoning commissions and conducting watchdog investigations. Editors assembled a wide range of news, but the popularity of each story was subordinate to the value, and the aggregate audience, of the whole. And the value of the story might be found in its consequence rather than its popularity. That model is breaking down. Online, it is becoming increasingly clear; consumers are not seeking out news organizations for their full news agenda. They are hunting the news by topic and by event and grazing across multiple outlets. This is changing both the finances and the culture of newsrooms. When revenue is more closely tied to each story, what is the rationale for covering civic news that is consequential but has only limited interest? The data also are beginning to show a shift away from interest in local news toward more national and international topics as people have more access to such information, which may have other effects on local dynamics.
- **The future of New and Old Media are more tied together than some may think.** A new multi-university study released in this report finds that even the best new-media sites in the country still have limited ability to produce content. No doubt they will evolve. Yet their reportorial capacity ultimately still will depend on finding a revenue model far larger than what exists today or than is projected to come from conventional advertising online. While there are some competing values and different reportorial cultures, in the end new and old media face the same dilemma and may be much more aligned in their search for revenue than many have thought. In some cases, there will be formal alliances or networks of new and old media. One concept that will get more attention is collaborations of old media and citizens is what some call a “pro-am” (professional and amateur) model for news. Yet how traditional news organizations cope with such partnerships, the rules for what is acceptable and what is not, remain largely uncharted.
- **The notion that the news media are shrinking is mistaken.** Reportorial journalism is getting smaller, but the commentary and discussion aspect of media, which adds analysis, passion and agenda shaping, is growing — in cable, radio, social media, blogs and elsewhere. For all the robust activity there, however, the numbers still suggest that these new media are largely filled with debate dependent on the shrinking base of reporting that began in the old media. Our ongoing analysis of more than a million blogs and social media sites, for instance, finds that 80% of the links are to U.S. legacy media. The only old media sector with growing audience numbers is cable, a place where the lion's share of resources is spent on opinionated hosts. One result may be the rising numbers in polling data that show 71% of Americans feel now most news sources are biased in their coverage and 70% feel overwhelmed rather than informed by the amount of news and information they see. Quantitatively, argument rather than expanding information is the growing share of media people are exposed to today.

- **Technology is further shifting power to newsmakers, and the newest way is through their ability to control the initial accounts of events.** For now at least, digital technology is shifting more emphasis and resources toward breaking news. Shrinking newsrooms are asking their remaining ranks to produce first accounts more quickly and feed multiple platforms. This is focusing more time on disseminating information and somewhat less on gathering it, making news people more reactive and less proactive. It is also leading to a phenomenon in which the first account from newsmakers — their press conferences and press releases — makes their way to the public often in a less vetted form, sometimes close to verbatim. Those first accounts, sculpted by official sources, then can rapidly spread more widely now through the power of the Web to disseminate, gaining a velocity they once lacked. That is followed quickly by commentary. What is squeezed is the supplemental reporting that would unearth more facts and context about events. We saw this clearly in a study of news in Baltimore, but it is reinforced in discussions with news people. While technology makes it easier for citizens to participate, it is also giving newsmakers more influence over the first impression the public receives.
- **The ranks of self-interested information providers are now growing rapidly and news organizations must define their relationship to them.** As newsrooms get smaller, the range of non-journalistic players entering the information and news field is growing rapidly. The ranks include companies, think tanks, activists, government and partisans. Some are institutions frustrated by the shrinking space in conventional media and the absence of knowledgeable specialists to cover their subjects. Others are partisans and political interests trying to exploit a perceived opportunity in journalism's contraction. There are varying degrees of transparency in these efforts about the financing and intentions. Some are quite clear. Others present themselves as purely journalistic and independent when in fact they are funded by political activists, yet only by digging and cross-referencing websites can the agenda and financing be divined. In an age where linking and aggregation are part of journalism, news organizations must decide how they want to interact with this growing cohort of self-interested information players. Will they pick up this material and disseminate it? Can they possibly police it? Can they afford to ignore it? The only certainty is that these new players are increasingly vying for the public's and the media's attention, and their resources, in contrast to that of traditional independent journalism, are growing.
- **When it comes to audience numbers online, traditional media content still prevails, which means the cutbacks in old media heavily impact what the public is learning through the new.** An analysis in this year's report of online audience behavior, extrapolated from Nielsen Net Ratings data, finds that 80% of the traffic to news and information sites is concentrated at the top 7% of sites. The vast majority of the top news sites (67%), moreover, are still tied to legacy media financed largely by their shrinking end of the business.⁴ New media are growing, but their ranks among the most trafficked sites are still small. Another 13% of these news sites are aggregators, whose content is derived from legacy media. Only 14% of these sites are online-only operations that produce mostly original reportorial content rather than

⁴ The top news sites among Nielsen's list of 4,600 are those sites with 500,000 unique visitors monthly, or the top 199 sites after government, consulting and database sites that do not produce news are culled from the list. The first reference includes all 4,600 sites on Nielsen's list, which includes some government, consulting and databases that are not news.

commentary. In short, the cutbacks in old media are drastically affecting not only traditional media but still significantly impact online content as well.

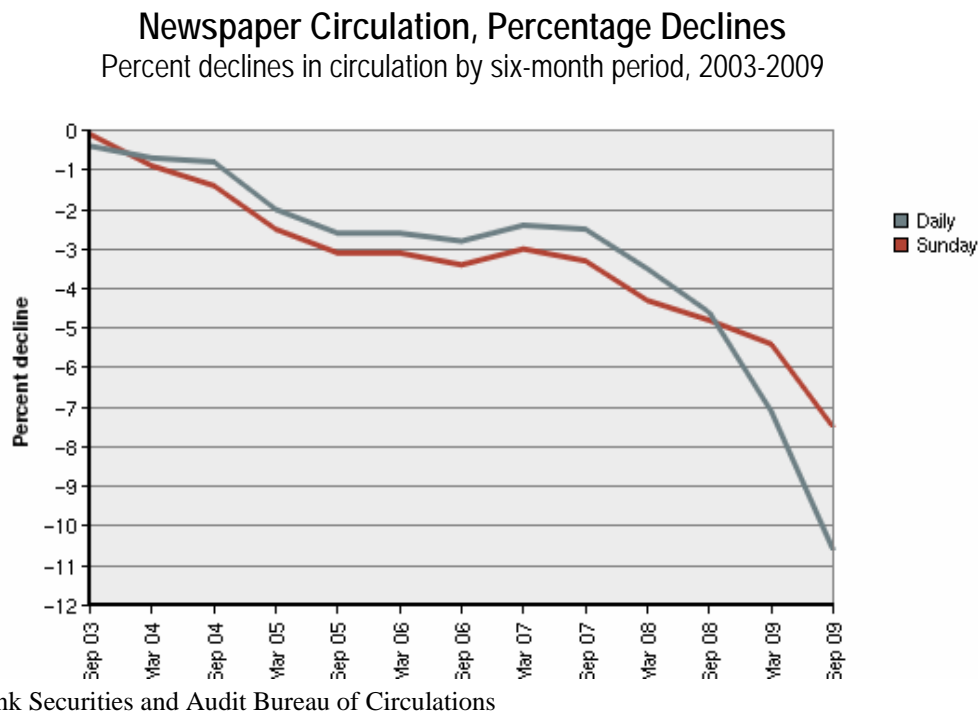
SECTOR HIGHLIGHTS

Newspapers

Newspapers are not disappearing in droves. Only half a dozen went out of business or cut back print publication last year, most being second papers in their market. But ad revenues have fallen by nearly half in three years, staff cutbacks are dramatic. Papers are now at risk of becoming insubstantial, lacking the heft to satisfy those readers still willing to pay for a good print newspaper.

Audience

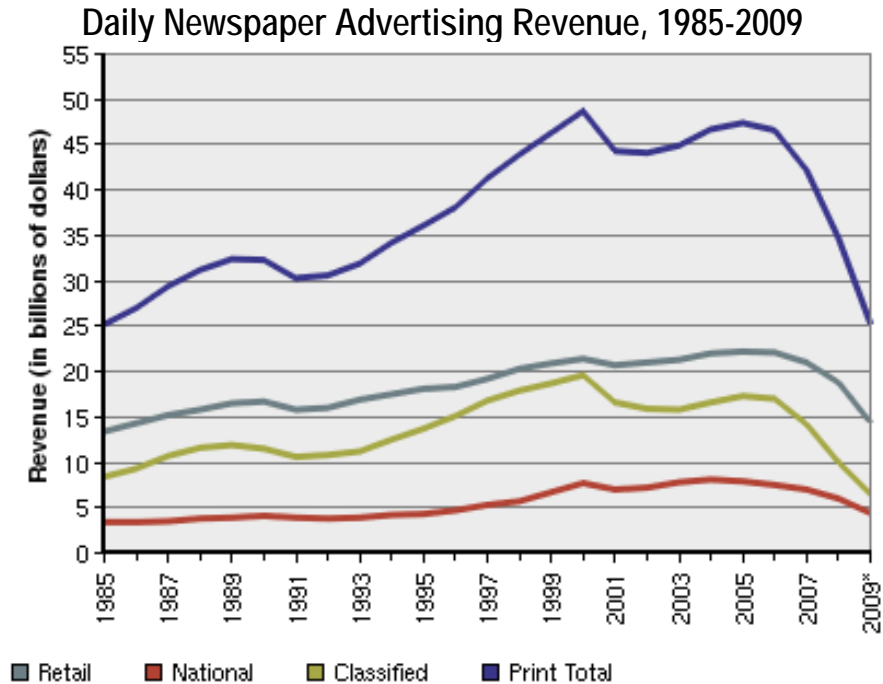
- Print circulation losses accelerated in 2009. In the latest period, September, industry-wide daily circulation fell 10.6% from a year earlier. Those come on top of losses of 4.6% in 2008. Since 2000, daily circulation has fallen 25.6%.



- The sole winner among big papers was the Wall Street Journal, with a 0.6% gain in the six months ended September 30 compared to the same period in 2008, though it did so only because it can count paid online subscribers. The Journal passed USA Today as the nation's highest circulation daily, 2 million to 1.9 million. The New York Times saw circulation fall 7.3% daily and 2.7% Sunday.

Economics

- In newspapers, ad revenue (for print and online combined) fell 26%, a rate of decline that was more than 50% steeper than a year earlier (16%). Adding to the problems, even online ads revenue fell, by 10%. That compares to a 35% growth rates just a few years ago.
- Papers responded to falling ad revenue by raising circulation prices, figuring the core audience would remain. Total newspaper revenue, including circulation, fell about 22% to a total of \$38 billion.



Source: Newspaper Association of America, Business Analysis and Research Department* First three quarters of 2009 + fourth quarter estimate by Rick Edmonds

News Investment

- Newsroom staffs continued to shrink in 2009. We estimate with colleague Rick Edmonds that by year's end 5,900 more full-time newsroom jobs were lost, disproportionately at larger papers, on top of similar losses in 2008.
- Roughly a third of the newsroom jobs in American newspapers in 2001 are now gone, and those cuts come particularly in specialty beats like science and the arts, suburban government and statehouse coverage.

Ownership

- Few newspapers (14) changed hands in 2009, and those that did were in special circumstances, often bankruptcy.

- On the other hand, the notion that newspapers in large numbers were going out of business was not true. In all only a half dozen ceased to exist or cut back on daily print publication in 2009, and most of those were among the few remaining second papers in their markets. A number of companies, due to debt obligations, went into some form of bankruptcy and some passed to private equity owners, but newspaper stocks were up from their rock bottom prices of 2008.

Digital

- Online audience continued to be a positive counterpoint for the industry. Monthly unique visitors to newspapers rose 14% in 2009, according to Nielsen Online to roughly 74 million.
- Starting in mid-2007, basic online display rates started falling and have continued to decline. It's a simple case of supply and demand. Whatever one thinks of the journalistic merits of online startups, blogs and now social media, they have created an explosion of inventory, and dirt-cheap advertising opportunities. Aggregation sites like Yahoo and Huffington Post have huge audiences, taking further ad share from newspapers.

Online

The state of online news heading into 2010 may best be described as a moving target. Digital delivery is now well established as a part of most Americans daily news consumption. Six in ten Americans get some news online in a typical day—and most of these also get news from other media platforms as well.

Audience

- Online, an analysis of the list of Nielsen Net Ratings list of 4,600 news and information sites saw the collected number of unique visitors grow 9.25% in 2009, according to a PEJ analysis.

Usage of Sites by Content Emphasis

Content Emphasis	Monthly Visits Per Person	Monthly Web Pages Per Person	Monthly Time per Person (min:sec)
National and International	4.55	17.45	13:48
Local	3.28	15.67	10:52
Niche	2.86	8.93	07:34

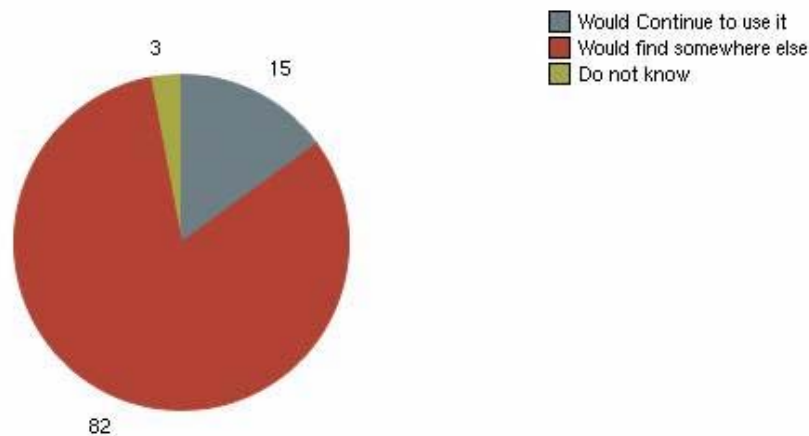
- But on that list the top sites tend to dominate. Of the 4,600 sites, the top 7% collect 80% of the traffic. And the top 20 sites attract the majority of that. Legacy media still make up the majority of the most popular destinations, although each year newly created websites are joining the list.

- A new Pew Internet-PEJ survey finds only 21% of online news consumers rely primarily on one destination for news online; only a third even say they have a favorite website. But these online news grazers do not range far. Most people, 57%, range from using two to five websites, and only 11% use more than six.

Economics

- Advertising during the year declined for the first time since 2002, according to data from eMarketer. The firm’s updated August projections put the declines at 4.6%, to \$22.4 billion in total revenues.
- But some categories fared better than others. Search, which flows mostly to aggregators like Google, was projected to grow 3% in 2009 to \$10.8 billion, But display advertising revenue, which news sites rely on, was expected to fall 2% to \$4.8 billion. Classified revenue was projected to plummet 31% to \$2.2 billion in 2009. Accounting for 17% of online ad spending in 2003, classified are now just 9%.

Are Users Willing to Pay for Their Favorite News Sites?



Source: “Will Consumers Pay for Online News: Even Those With a Favorite Site Say No” Pew Project for Excellence in Journalism and Pew Internet and American Life Project

- A new survey by PEJ and Pew Internet and American Life Project suggests there is a difficult hill to climb in putting content behind a pay wall. Of those that have a favorite Web site (just a third of online news users), only 19% said they would continue to visit if that site put up a pay wall.⁵
- The prospects for growth in conventional display advertising also look difficult. The vast majority of Internet users, 79%, say they never or rarely had clicked on an online advertisement. They don’t mind them. They simply ignore them.

⁵ Includes both those who said they would pay for their favorite site if asked and those who say they already do.

News Investment

- The money invested in online news operations is becoming increasingly difficult to quantify. As the internet becomes more an integral part of most newsrooms, it also becomes harder to distinguish between resources being devoted solely to the digital and resources being devoted to other platforms.
- Of the top roughly 200 sites analyzed by PEJ, fully 67% are tied to a legacy media outlet, meaning that they are at least partly funded by another platform such as cable TV or newspapers.

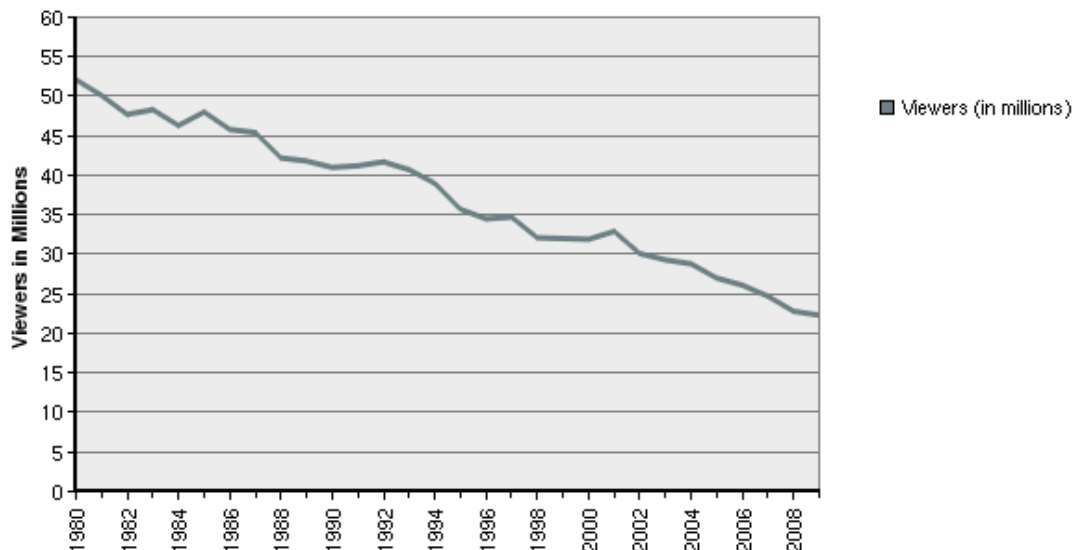
NETWORK TV

As 2009 began viewership of the evening newscasts actually rose for three months straight, but more declines quickly followed. What is occurring in network evening news is erosion, not a collapse. And there are new worries about the networks' morning news programs. For years after evening numbers began to fall, morning shows were a bright spot. That is now changed. In 2009 morning news audiences fell for the fifth straight year.

Audience

- For the evening news programs, the rate of erosion appears to be slowing. Viewership for the year fell 2.5% (or 565,000 viewers), but that is about half the number of viewers lost annually over the last two decades. (The NBC Evening News actually gained viewers in 2009, while ABC's World News Tonight lost the most heavily.)

Evening News Viewership Over Time
1980-2009, November to November



Source: Nielsen Media Research, used under license. Ratings taken for month of November

- Even with the declines, 22.3 million viewers tune in to network evening newscasts each weeknight at the dinner hour. That is more than five times the number watching cable news at any given moment during prime time, when more TV sets are in use.
- In the morning, 12.8 million people watch network morning shows. That figure, however, is down 2.4% from 2008, and marks the fifth year of decline.

Economics

- Network news economics are harder to divine, but PEJ estimates that the three news divisions in 2009 saw revenue declines — probably in double digits. NBC now derives more than half of its news revenues from cable, and its single most important financial contributor is its financial cable news channel CNBC. PEJ estimates that CBS News did not turn a profit, and ABC managed to do so only with cutbacks.

News Investment

- In network television, the roster of journalists also continues to shrink. ABC News instituted three sets of cuts in the past year, including a cut of 25% in early 2010. NBC went through two rounds of cuts and CBS announced a big round in early 2010.
- We estimate that network news staffs had already been cut by roughly half from their peak in the 1980s.

Domestic News Staffing, by Network, 2008-2009

	2008	2009	Percentage Change
ABC	215	183	-14.3%
CBS	220	223	1.4
NBC	138	122	-11.6
Total	573	528	-7.9

Source: Leadership Directories (early 2010 announced staff reductions for ABC and CBS not included.)

Digital

- In April 2009, Disney, ABC's parent company, became a part owner of the video site Hulu, joining NBC parents General Electric and Vivendi as well as News Corp., the owner of Fox. In February 2010 ABC made its news programs, including World News Tonight, Good Morning America, Nightline, This Week, Primetime, 20/20 and ABC News Now available on Hulu.
- Of the three networks, only NBC (MSNBC.com) is among the top five news websites in rankings from Nielsen Online (No. 2) and Hitwise (No. 3).

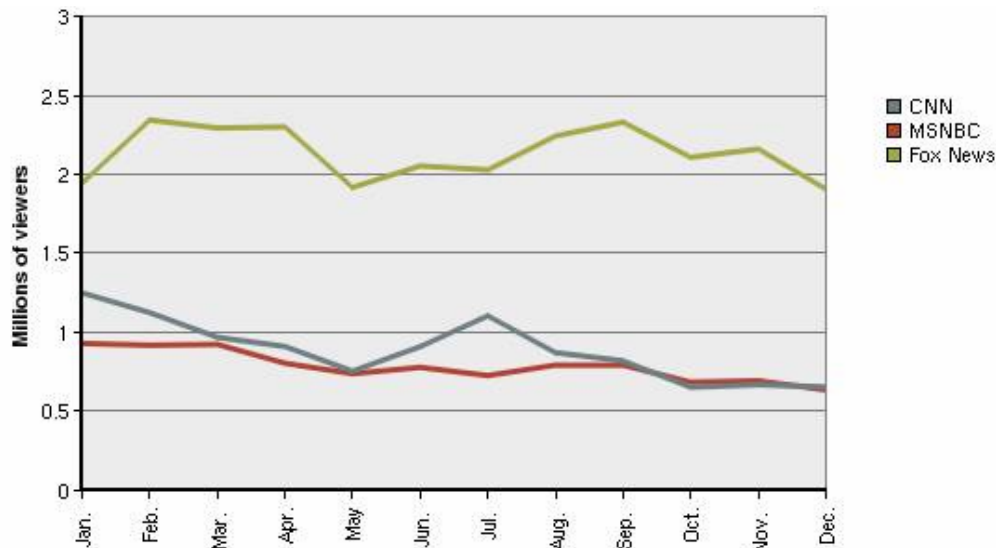
Cable TV

Cable news in 2009, in nearly every indicator, was more robust than the previous year. Much of this growth was on the back of Fox News Channel, which offset some struggles at CNN and MSNBC. Ideology and opinion, now a centerpiece of the medium, was a key factor in that growth equation.

Audience

- Overall, median prime-time viewership for the three main news channels grew 7% to 3.88 million, while daytime rose 16% to 2.16 million.
- But those overall numbers are deceptive. At night, when cable is dominated by ideological talk shows, Fox grew by nearly a quarter to an average of 2.13 million viewers at any given moment. MSNBC rose 3% to 786,000, while CNN fell 15% to 891,000 viewers.
- In daytime, CNN was up 9% over 2008 to an average of 621,000 viewers. But Fox daytime viewership grew again by almost a quarter, to roughly twice CNN's audience (1.2 million viewers). MSNBC, relying on NBC news people more than talk show hosts, fell 8% to 325,000 viewers.

Cable News Prime-Time Viewership, by Channel
January-December 2009



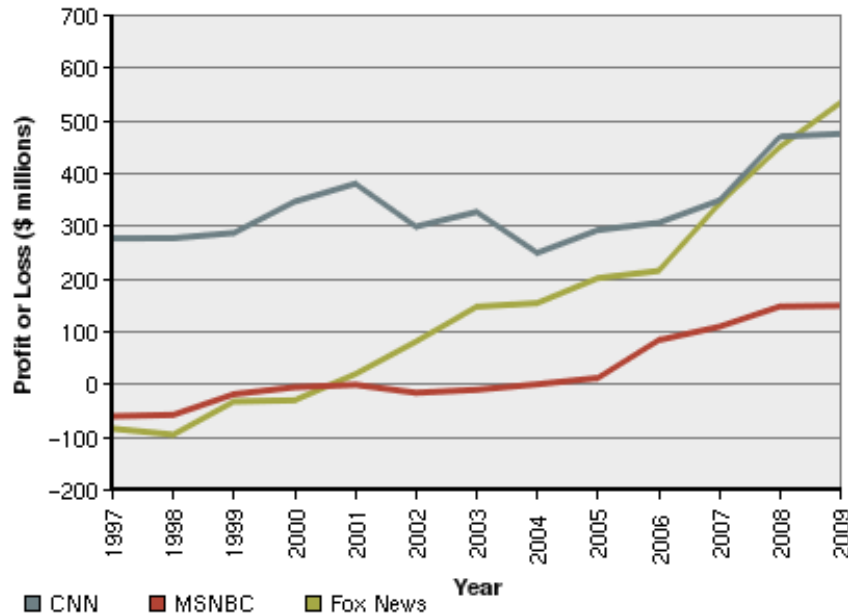
Source: PEJ Analysis of Nielsen Media Research, used under license

Economics

- Cable remained the outlier in 2009. Overall revenues for the three major players rose an estimated 5% thanks to subscription fees and audience growth. Ad revenue was flat, up less than 1%, but profits rose 9%.
- The channels' particulars are more revealing. Fox saw profits grow 19% to \$535 million on revenue growth of 14% to \$1.21 billion, according to data from SNL Kagan. CNN and its sibling HLN saw profits rise 1% to \$476 million on revenues that were down 1% to \$1.18

billion. At MSNBC, profits rose 1% to \$150 million, on revenues that were similar, up less than 1% to \$368 million.

Cable News Profitability by Channel, 1997-2009



News Investment

- Again, only cable, thanks largely to its reliance on subscriptions for half of its revenue, could claim more overall investment in newsgathering in 2009 than the year before, though those aggregate numbers are not true across the board.
- Fox News Channel's estimated investment in news was up 10% to \$674 million. Fox, however, spends 72% of that on producing its host-driven programs, including multimillion-dollar salaries. Only 28% goes to administrative and overhead costs, which include staffing and bureaus. That number, \$188 million, is less than half of what is spent by CNN and HLN.
- CNN and HLN's overall news investment fell for the first time in years in 2009, down 2.5% to \$703.4 million. MSNBC, whose newsgathering is mostly borrowed from sibling NBC, was expected to spend roughly the same amount on newsgathering in 2009 as a year earlier, \$218 million.

Ownership

- Perhaps the biggest news in media ownership in 2009 was the pending sale by General Electric and Vivendi of NBC Universal to the cable company Comcast. The sale includes NBC's broadcast network, cable channels and company-owned local TV stations.

Digital

- All three of the major cable news channel websites ranked in the top 10 news and information sites in 2009. According to Hitwise, the top cable site was CNN.com, which ranked number two over all. According to Nielsen Online, it was the MSNBC digital network of sites, which as a whole, ranked number two over all.
- Each of the cable news sites expanded their digital presence in some way during 2009. CNN.com relaunched its site and released an iPhone app that streams live content. Foxnews.com increased its web staff by 25%. And MSNBC.com purchased EveryBlock, a Chicago-based local news aggregator.

Local TV

Almost all the indicators for local TV are pointing down. Audiences continue to fall for newscasts across all timeslots. Revenue, too, was in a free fall. Looking ahead, most market analysts project revenues to grow only slightly, but that is hardly taken as good news given that it is a year that will include both the off-year elections and winter Olympic Games.

Audience

- Local television news is now seeing accelerating audience declines beyond those in network. According to PEJ's analysis of Nielsen data, viewership of the late news fell an average of 6.4% in 2009, four times the rate of a year earlier.
- Early evening news, at the dinner hour, fell 5.5%. And early morning news, the programs that air prior to network morning shows that have been an island of relative stability for audiences, fell by 6.1% on average.

Total Average Audiences for Local TV News, 2009

In Millions

	2008	2009	Percentage Change
Late News	27.9	26.2	-6.4%
Early Evening News	24.1	22.8	-5.5
Morning News	11.9	11.3	-6.1

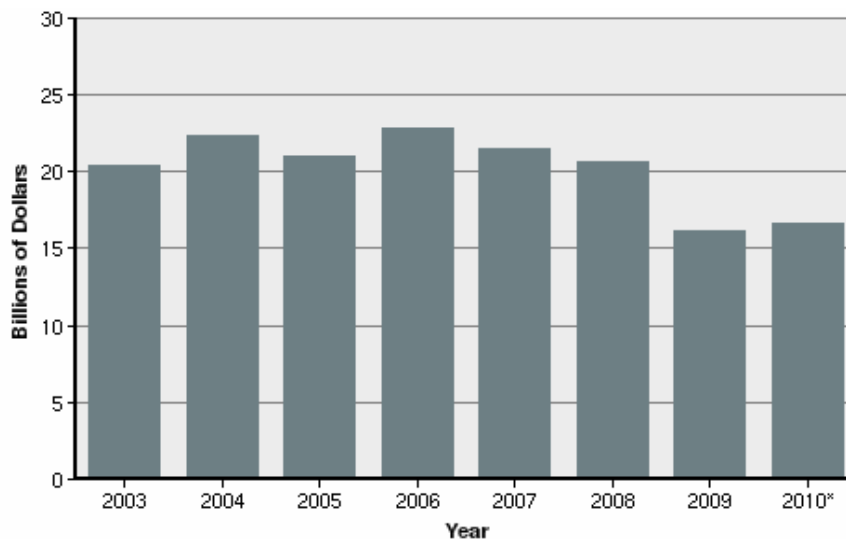
Source: Nielsen Media Research, used under license.

Note: Numbers represent ABC, CBS, Fox and NBC affiliates

Economics

- In local television, after an unprecedented ad revenue downturn for an election-Olympics year in 2008, declines accelerated in 2009. Ad revenue fell 24% from the year before.
- Most analysts predict a better 2010, buoyed by economic recovery, a Supreme Court decision overturning limits on campaign spending and a midterm election year. But those numbers will be pressured still by continuing audience declines and a wider range of advertising options.

Local Television Revenue, 2003-2010



Source: BIA/Kelsey Group *Projection

News Investment

- In local TV news, PEJ estimated that about 450 jobs were lost at stations in 2009, on top of 1,200 jobs lost in 2008. Despite staff reductions, the average amount of news increased to 4.6 hours, from 4.1 hours the previous year. Researcher Robert Papper estimates that local TV newsroom staffing peaked in 2007.

Ownership

- Station sales transactions were up in 2009, both in number and dollar value, although most of that activity was the result of bankruptcy auctions or sales of distressed properties.
- According to one accounting, there were 76 station transactions in 2009, with a total value of \$715 million. This compared with 46 in all of 2008 for a value of \$537 million. Investors had trouble getting credit for acquisitions and station values were down throughout 2009.

Digital

- In 2009, station website revenues were expected to represent 10% of all local online revenues, up from 8% the year before, according to Borrell projections. By 2010, their share is expected to increase to 11%.
- Local TV revenues from online sources, such as the Internet and mobile represented just 3% of industry revenues in 2009, according to BIA/Kelsey Group.

Magazines

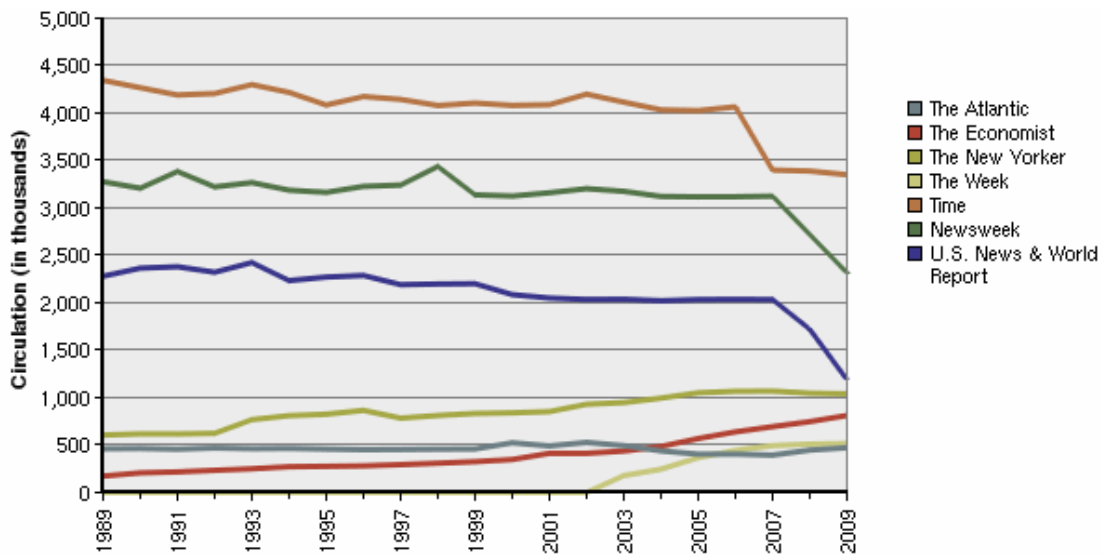
In a tough year for magazines, news magazines were especially hard hit despite efforts by some to reinvent themselves. Newsweek announced it would focus on analysis, rather than news, and U.S. News

& World Report converted to a subject-specific monthly. Both lost readers in droves. The biggest winners were British: The Economist gained circulation, again, and The Week gained in ad pages.

Audience

- Of the 472 consumer magazines for which comparable data were available from the Audit Bureau of Circulations, circulation fell 2.23% for the last six months of 2009 compared with the same period a year earlier. And the type of circulation that cannot be controlled through promotional discounts — single-copy, or newsstand, sales — fell 9%, on top of 11% a year earlier.
- The six news magazines tracked here, excluding U.S. News & World Report after its conversion to monthly, fell 8.2%.

Circulation for Select News Magazines over Time
1988-2009



Source: Audit Bureau of Circulations, annual audit reports and publisher's statements. Figures are full year, except 2009 data for The Atlantic, Week, New Yorker and U.S. News, which are averages for the six months ending December 31, 2009. U.S. News & World Report became a monthly in 2009.

Economics

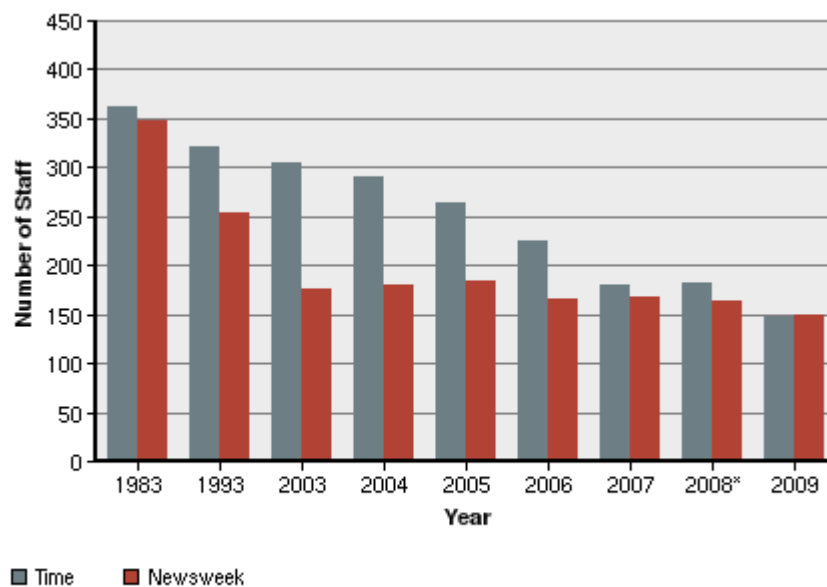
- In magazines, the number of ad pages sold across all titles (beyond just news) fell by 26% in 2009; more than double the decline of a year earlier (12%). Almost every magazine suffered. Only 8% of the nearly 250 titles monitored saw an increase in ad pages.
- Among news magazines, the larger ones were hard hit. Time and Newsweek, for instance, saw ad pages fall 17% and 26% respectively. Niche news magazines tended to do better, though even here, the only one to gain ad pages was the Week, up 9.5%.

News Investment

- At news magazines, the cutting continued as the publications moved farther, although not entirely, toward opinion journalism. Time's ranks fell 20% more in 2009. U.S. News & World Report, in converting to a monthly print periodical, reduced its news staff by 38%. Newsweek cut about 9%.
- But the numbers over time reveal more. Time's staff of 147 is less than half of the 304 it listed in 2003. Newsweek's 150 is 15% less than the 176 in 2003, and 57% less than the 348 it listed in 1983.

News Magazine Staff Size Over Time

Time and Newsweek select years, 1983-2009



2008 Newsweek total reflects figures from a staff box published in February 2009.
Source: PEJ research, from magazine staff boxes

Ownership

- In magazines, 41 acquisitions were made in 2009, compared with 42 a year earlier, according to tracking by the Jordan, Edmiston Group.
- One of the higher-profile sales of the year was Bloomberg's purchase of BusinessWeek from McGraw-Hill in a deal reported to include \$5 million in cash and the assumption of \$31.9 million in debt.
- In another significant acquisition, the Economist Group purchased Congressional Quarterly from the Times Publishing Co., the owner of the St. Petersburg Times. Times Publishing is owned by the Poynter Institute.

Digital

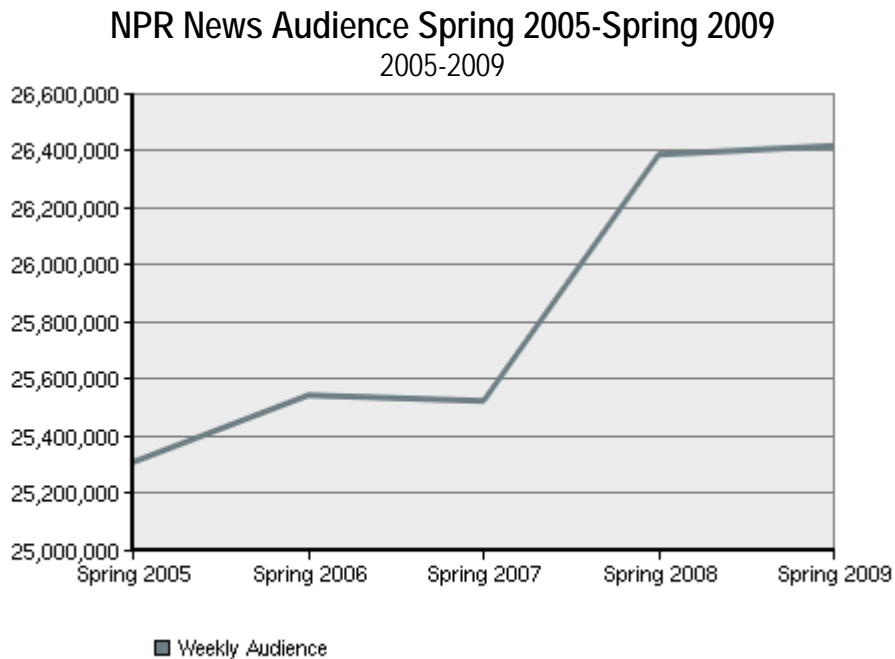
- As a group, news magazine websites rank relatively low in the hierarchy of the Web compared with other media. The biggest, Time.com, for instance, attracts one-seventh the number of unique monthly visitors as Yahoo News, which sits by most counts at the top of news sites. Time's traffic is less than a third of that of the top newspaper website, the New York Times, according to data from Nielsen NetView.
- Over all, traffic to online-only news magazines fluctuated throughout 2009, but rarely hit the peaks of late 2008 when the nation was engaged in an avidly followed presidential election. Even the biggest, Slate, still fell short of Time and Newsweek's websites then in unique monthly visitors, according to data from Nielsen, but attracted twice as many as U.S. News & World Report.

Audio

The dynamics impacting audio's future are clearer with each year. Most people still listen to news, talk and music for at least a little while every week, and they do most of this listening through traditional broadcast, or "terrestrial," radio. This is where the audience is largest. Yet this is where the profit and revenue are under the most pressure. Many stations have left the air and some owners of multiple stations have entered bankruptcy.

Audience

- Fully 236 million Americans listened to at least some radio in an average week in the fall of 2009, a number that has been basically static for the past five years, and news/talk/information remains among the most popular formats.



Source: National Public Radio. The figures are according to Arbitron nationwide Spring 2005-Spring 2009.

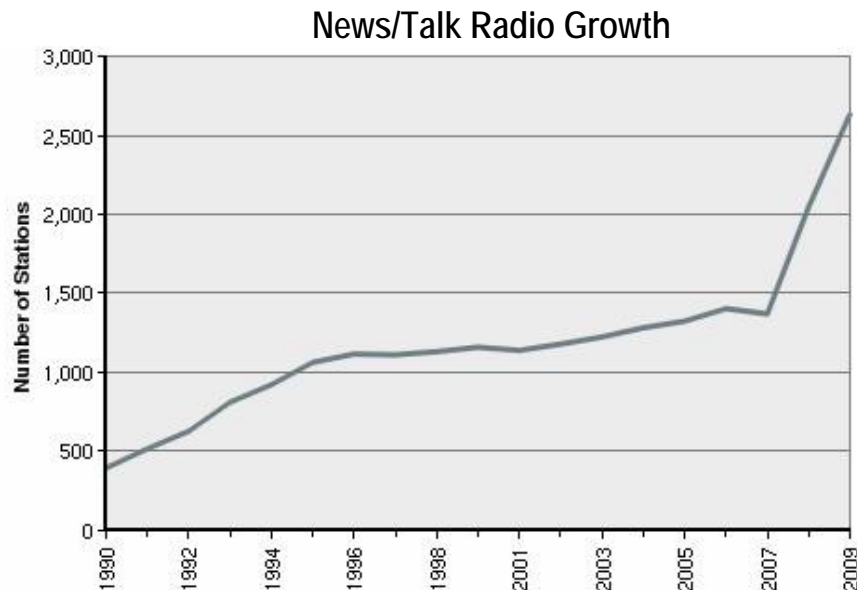
- NPR’s audience in 2009 rose slightly, up 0.1%, from 2008. But new technology is encroaching on the amount of traditional radio use.
- More than 4 in 10 Americans now say they listen to less terrestrial radio because of iPods/MP3s. Nearly 1 in 3 now say they listen to online radio.

Economics

- Traditional broadcast radio experienced an 18% drop in ad revenue in 2009 compared to 2008. Internet and mobile radio revenues are growing (a projected 9.4%), but they do little to alleviate the pressure – counting for less than one fortieth of total.
- In satellite radio, SiriusXM in 2009 increased its revenue 3.7%, compared with a year earlier, to \$2.5 billion compared to 2008. The company, however, both before and after the merger, has continued to report net losses in each of the last three years. In 2009 SiriusXM posted a net loss of \$441 million.

News Investment

- In audio, news plays an unusual role. The number of stations identified by Arbitron as news/talk/information rose in 2009 to 1,583, up from 1,533 in 2008. This category is broadly defined and includes a large amount of talk programming.
- But all-news stations make up a much smaller category. In 2009, there were just 27 commercial stations around the country that listed themselves as all news, down from 31 the year before. And even here the label is self-defined and may include talk or other less news-oriented programs. In commercial radio, local all-news stations now tend to be limited to the largest markets.



Source: Arbitron, “Radio Today: How Americans Listen to Radio, 2009 Edition,” March 12, 2008.
 No figures available for 2000

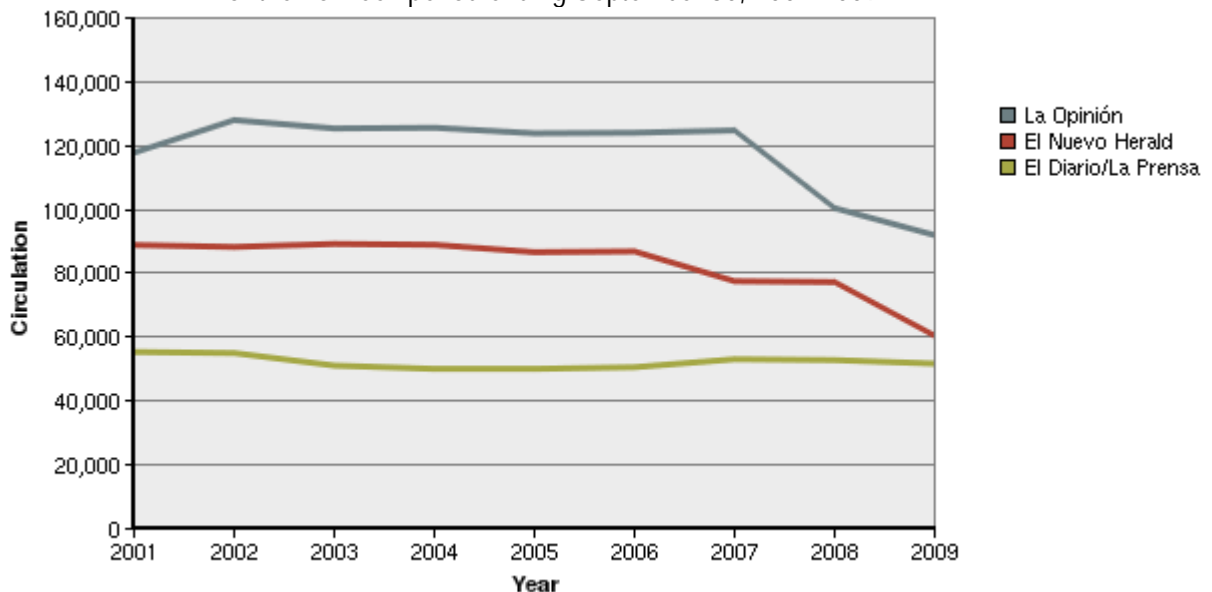
Ethnic

In a year that saw the inauguration of the country's first black president and the arrival on the Supreme Court of the first Hispanic justice, the ethnic news media managed to stay in relatively good health, despite the worst recession since the Great Depression. Some segments fared noticeably better than their mainstream counterparts, but there were areas of trouble. Perhaps more than anything else, 2009 spoke to both the unique appeal and particular fragility of media outlets that appeal to specific ethnic groups.

Hispanic

- For the 12 months ending June 2009, ad revenue for Spanish-language media fell by 6.3%, to \$5.5 billion, according to Nielsen. For local Hispanic newspapers, advertising revenue fell 20.3% to \$88.6 million during the 12-month period through June 2009. Ad revenue to national Hispanic magazines fell by 17.5% to \$146.7 million.
- Of the three biggest dailies, New York's El Diario/La Prensa had fairly stable circulation while the other two experienced steep declines. La Opinión in Los Angeles lost 8.4% of its average weekday circulation and Miami's El Nuevo Herald experienced a near 22% decline in its weekday circulation.
- Hispanic television experienced a 2% declines in advertising revenue in 2009, much less severe than Spanish-language print outlets or much of the mainstream press. And the two biggest players, Univision and Telemundo increased their audience, in some cases now competing with the major English language networks. Univision reported an 11% increase to 3.9 million viewers. record 2008-09 television season, with an average total viewing audience of. Its rival, Telemundo, rose 1.6% to 640,000 weekly viewers through November 15, 2009, versus the same point in 2008.

Circulation of Major Spanish-Language Dailies,
for the 26-week period ending September 30, 2001-2009

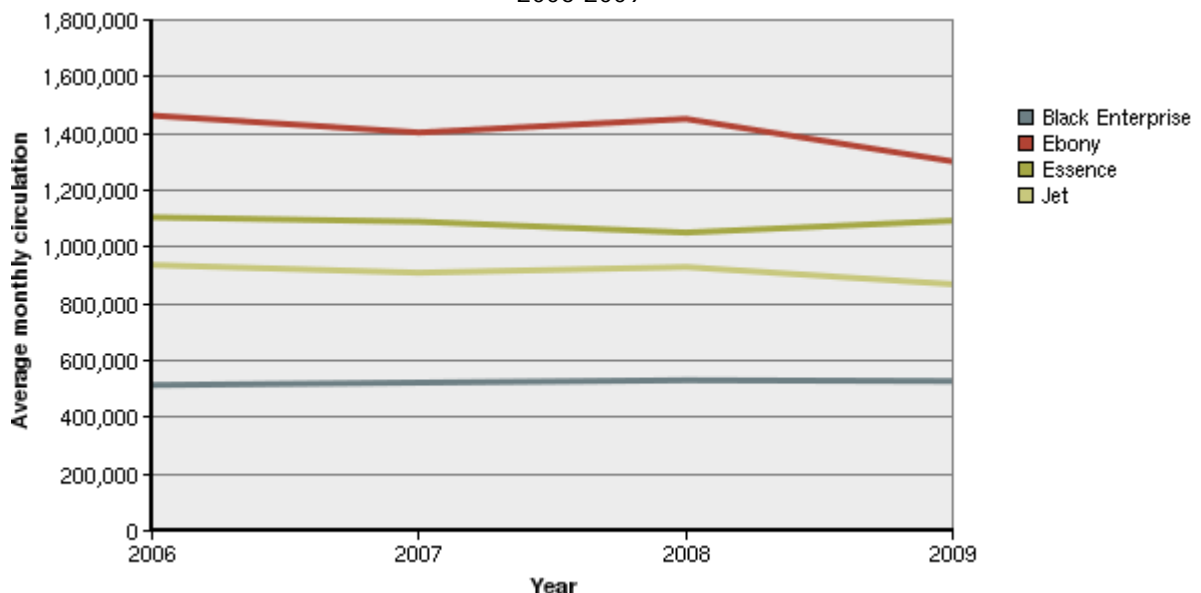


Source: Audit Bureau of Circulations publisher's statements

African American

- In a difficult year, advertising revenue for African American media declined 9.6%, to \$1.8 billion, in the 12 months ending June 2009, according to estimates by the Nielsen Company. One major African American newspaper, however, The New York Amsterdam News, stood out with a reported increase in circulation of 46% from the same period the year before.
- Ad revenue for national African American magazines fell 21.8% to \$452 million, for the 12 months ending June 2009. Among the most prominent, Jet reported a decline of 6.5% and Ebony 10%, in the six months ending June 2009 compared to the same period the year before. Essence increased circulation almost 4%.
- African American cable television, on the other hand, showed a 6.7% growth in advertising revenue to \$529 million in the 12 months ending June 2009 from \$495.7 million for the same period the year before. In ratings, BET had its best ever year in 2009, averaging 512,000 viewers per month for the year, a gain of 17% over 2008.

Average Monthly Circulation of Top African American Magazines
2006-2009



Source: Audit Bureau of Circulations publisher's statements for the six-month period ending June 30

Asian American

- The English-language KoreAm Journal maintained its circulation in 2009, but laid off staff, cut salaries and reduced the monthly magazine's editorial page count by 25 to 30%.
- Of the two major bilingual Japanese-American publications, Hokubei Mainichi, published out of San Francisco since 1948, ceased print publication in December 2009 and fired its staff. Nichi Bei Times stopped publishing on September 10, 2009, only to re-emerge a week later as the English-language Nichi Bei Weekly.

Native American

- As of October 2009, there were 34 local Native American stations on the air, some of which also streamed their radio programming online and shared programming with mainstream public radio stations. In 2009, the FCC granted an additional 35 local construction permits connecting tribes to the Native radio system. These new stations are in development and would eventually double the total number of stations dedicated to Native Americans.

Arab American

- The weekly Aramica reported half the circulation of 2008 – 14,000 or 15,000. Still, In August 2009 the paper started an edition in Los Angeles, becoming the first bicoastal Arab American newspaper in the United States.

