

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

The State of the News Media

An Annual Report on American Journalism

2011



Online



Local TV



Cable



Newspapers



Ethnic



Radio



Magazines



Network TV

Executive Summary

For the full report, log on to www.stateofthenewsmedia.org

The State of the News Media 2011



2	About the Report
3	Overview
7	Who Fared Best?
8	Mobile Survey
10	Newspapers
13	Online
16	Network
19	Cable TV
22	Local TV
25	Magazines
28	Audio
31	African American

About the Report

This, the eighth edition of PEJ's State of the News Media, is an attempt to take stock of the revolution occurring in how Americans get news and information.

Each year, we analyze the major sectors of the news industry in depth and look across those different elements of the news media to see broader trends that cannot be identified by the traditional method of looking at one sector at a time.

To produce the report, we combine data others have generated with our own reporting, and with our own data and original analysis. Our goal each year is to provide for citizens, journalists, researchers and scholars a singular resource about American journalism — the record of our civic and cultural life.

For each of the eight sectors studied, we examine developments in five distinct areas — audience, economics, newsroom investment, ownership and digital trends — and, often, alternative outlets as well. In addition to much new data, most charts and tables from earlier reports are updated and still available.

This year's report is redesigned to be simpler to navigate. Mindful of the potential of the web to present and process information in new ways, particularly visually, the media sector chapters now contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables and answer their own questions.

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

Our aim is a research report, not an argument. Where the facts are clear, we hope we have not shied from explaining what they reveal, making clear what is proved and what is only suggested. We hope that we are not seen as taking sides. Our intention is to

inform, not to persuade, and where we interpret data to draw conclusions, our goal is to do so in a way that is fully supported by the data, and only when those data are clear.


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

Our approach — looking at a set of questions across various media — differs from the conventional way in which American journalism is analyzed, one medium at a time. We have tried to identify cross-media trends and to gather in one place data that are usually scattered across different sites. We hope this will allow us and others to make comparisons and develop insights that otherwise would be difficult to see.

The study is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. PEJ is one of seven initiatives that make up the Pew Research Center in Washington, D.C. The center and this work are funded by the Pew Charitable Trusts. The chapters were written by the Project's staff, with the exception of the chapters on newspapers and local TV, which were co-authored with industry experts. All of the chapters also benefit from the input of teams of readers who are experts in each media sector.

Finally, the project could not have been completed without the extraordinary support, both financially and personally, of the Pew Charitable Trusts, particularly Don Kimelman, a trusted editor, and Rebecca Rimel, whose idea this report was in the first place.


Tom Rosenstiel
Director


Amy Mitchell
Deputy Director

By several measures, the state of the American news media improved in 2010.

After two dreadful years, most sectors of the industry saw revenue begin to recover. With some notable exceptions, cutbacks in newsrooms eased. And while still more talk than action, some experiments with new revenue models began to show signs of blossoming.

Among the major sectors, only newspapers suffered continued revenue declines last year — an unmistakable sign that the structural economic problems facing newspapers are more severe than those of other media. When the final tallies are in, we estimate 1,000 to 1,500 more newsroom jobs will have been lost — meaning newspaper newsrooms are 30% smaller than in 2000.

Beneath all this, however, a more fundamental challenge to journalism became clearer in the last year. The biggest issue ahead may not be lack of audience or even lack of new revenue experiments. It may be that in the digital realm the news industry is no longer in control of its own future.

News organizations — old and new — still produce most of the content audiences consume. But each technological advance has added a new layer of complexity — and a new set of players — in connecting that content to consumers and advertisers.

In the digital space, the organizations that produce the news increasingly rely on independent networks to sell their ads. They depend on aggregators (such as Google) and social networks (such as Facebook) to bring them a substantial portion of their audience. And now, as news consumption becomes more mobile, news companies must follow the rules of device makers (such as Apple) and software developers (Google again) to deliver their content. Each new platform often requires a new software program. And the new players take a share of the revenue and in many cases also control the audience data.

That data may be the most important commodity of all. In a media world where consumers decide what news they want to get and how they want to get it, the future will belong to those who understand the public's changing behavior and can target content and advertising to snugly fit the interests of each user. That knowledge — and the expertise in gathering it — increasingly resides with technology companies outside journalism.

In the 20th century, the news media thrived by being the intermediary others needed to reach customers. In the 21st, increasingly there is a new intermediary: Software programmers, content aggregators and device makers control access to the public. The news industry, late to adapt and culturally more tied to content creation than engineering, finds itself more a follower than leader shaping its business.

Meanwhile, the pace of change continues to accelerate. Mobile has already become an important factor in news. A new survey released with this year's report, produced with Pew Internet & American Life Project in association with the Knight Foundation, finds that nearly half of all Americans (47%) now get some form of local news on a mobile device. What they turn to most there is news that serves immediate needs — weather, information about restaurants and other local businesses, and traffic. And the move to mobile is only likely to grow. By January 2011, 7% of Americans reported owning some kind of electronic tablet. That was nearly double the number just four months earlier.

The migration to the web also continued to gather speed. In 2010 every news platform saw audiences either stall or decline — except for the web. Cable news, one of the growth sectors of the last decade, is now shrinking, too. For the first time in at least a dozen years, the median audience declined at all three cable news channels.

In 2010 . . . some of the biggest new media institutions began to develop original newsgathering in a significant way.

For the first time, too, more people said they got news from the web than newspapers. The internet now trails only television among American adults as a destination for news, and the trend line shows the gap closing. Financially the tipping point also has come. When the final tally is in, online ad revenue in 2010 is projected to surpass print newspaper ad revenue for the first time. The problem for news is that by far the largest share of that online ad revenue goes to non-news sources, particularly to aggregators.

In the past, much of the experimentation in new journalism occurred locally, often financed by charitable grants, usually at small scale. Larger national online-only news organizations focused more on aggregation than original reporting. In 2010, however, some of the biggest new media institutions began to develop original newsgathering in a significant way. Yahoo added several dozen reporters across news, sports and finance. AOL had 900 journalists, 500 of them at its local Patch news operation (it then let 200 people go from the content team after the merger with Huffington Post). By the end of 2011, Bloomberg expects to have 150 journalists and analysts for its new Washington operation, Bloomberg Government. News Corp. has hired from 100 or 150, depending on the press reports, for its new tablet newspaper, The Daily, though not all may be journalists. Together these hires come close to matching the jobs in 2010 we estimate were lost in newspapers, the first time we have seen this kind of substitution.

A report in this year's study also finds that new community media sites are beginning to put as much energy into securing new revenue streams — and refining audiences to do so — as creating content. Many also say they are doing more to curate user content.

Traditional newsrooms, meanwhile, are different places than they were before the recession. They are smaller, their aspirations have narrowed and their journalists are stretched thinner. But their leaders also say they are more adaptive, younger and more engaged in multimedia presentation, aggregation, blogging and user content. In some ways, new media and old, slowly and sometimes grudgingly, are coming to resemble each other.

The result is a news ecology full of experimentation and excitement, but also one that is uneven, has uncertain financial underpinning and some clear holes in coverage. Even in Seattle, one of the most vibrant places for new media, “some vitally important stories are less likely to be covered,” said Diane Douglas who runs a local civic group and considers the decentralization of media voices a healthy change. “It’s very frightening to think of those gaps and all the more insidious because you don’t know what you don’t know.” Some also worry that with lower pay, more demands for speed, less training, and more volunteer work, there is a general devaluing and even what scholar Robert Picard has called a “de-skilling” of the profession.

Among the features in this year's The State of the News Media, produced by the Pew Research Center's Project for Excellence in Journalism, are reports on how American newspapers fare relative to those in other countries, two reports on the status of community media, a survey on mobile and paid content in local news, and a report on African American media.

Each year, this report also identifies key trends. In addition to the growing significance of third-party players in shaping the future of news, six stand out entering 2011:

■ **The news industry is turning to executives from outside.** The trend has a scattered history. The complex revenue equation of news — that it was better to serve the audience even to the irritation of advertisers that paid most of the bills — tended to trip up outsiders. It spelled the end, for instance, of Mark Willes at Times Mirror when he let advertisers dictate content. With the old revenue model broken, more companies are again looking to outsiders for leadership. One reason is new owners. Seven of the top 25 newspapers in America are now owned by hedge funds, which had virtually no role a few years ago. The age of publicly traded newspaper companies is winding down. And some of the new executives are blunt in their assessments. John Paton, the new head of Journal Register newspapers told a trade group in December: “We have had nearly 15 years to figure out the web and, as an industry, we newspaper people are no good at it.” A question is how much time these private equity owners will give struggling news operations to turn around. One of these publishers told PEJ privately that he believed he had two years.

■ **Less progress has been made charging for news than predicted, but there are some signs of willingness to pay.** The leading study on the subject finds that so far only about three dozen newspapers have moved to some kind of paid content on their websites. Of those, only 1% of users opted to pay. And some papers that moved large portions of content to subscription gave up the effort. A new survey released for this report suggests that under certain circumstances the prospects for charging for content could improve. If their local newspaper would otherwise perish, 23% of Americans said they would pay \$5 a month for an online version. To date, however, even among early adopters only 10% of those who have downloaded local news apps paid for them (this doesn't include apps for nonlocal news or other content). At the moment, the only news producers successfully charging for most of their content online are

those selling financial information to elite audiences — the Financial Times is one, the Wall Street Journal is another, Bloomberg is a third — which means they are not a model that will likely work for general interest news.

■ **If anything, the metrics of online news have become more confused, not less.** Many believe that the economics of the web, and particularly online news, cannot really progress until the industry settles on how to measure audience. There is no consensus on what is the most useful measure of online traffic. Different rating agencies do not even agree on how to define a “unique visitor.” Does that denote different people or does the same person visiting a site from different computers get counted more than once? The numbers from one top rating agency, comScore, are in some cases double and even triple those of another, Nielsen. More audience research data exist about each user than ever before. Yet in addition to confusion about what it means, it is almost impossible to get a full sense of consumer behavior — across sites, platforms, and devices. That leaves potential advertisers at a loss about how to connect the dots. In March 2011, three advertising trade groups, supported by other media associations, announced an initiative to improve and standardize confusing digital media metrics called Making Measurement Make Sense, but the task will not be easy.

■ **Local news remains the vast untapped territory.** Most traditional American media — and much of U.S. ad revenue — are local. The dynamics of that market online are still largely undefined. The potential, though, is clear. Already 40% of all online ad spending is local, up from 30% just a year earlier. But the market at the local level is different than nationally and requires different strategies, both in content creation and economics. Unlike national, at the local level, display advertising — the kind that news organizations rely on — is bigger than search, market researchers estimate. And the greatest local growth area last year was in highly

While local has been the area of greatest ferment for nonprofit startups, no one has yet cracked the code for how to produce local news effectively at a sustainable level.

targeted display ads that many innovators see as key to the future. Even Google, the king of search, sees display as “our next big business,” as Eric Schmidt, its CEO, told the New York Times in September.

■ **The nature of local news content is also in many ways undefined.** While local has been the area of greatest ferment for nonprofit startups, no one has yet cracked the code for how to produce local news effectively at a sustainable level. The first major concept in more traditional venues, the push toward so-called “hyperlocalism,” proved ill-conceived, expensive and insufficiently supported by ads. Yahoo’s four-year-old local news and advertising consortium has shown some success for certain participants but less for others. There are some prominent local news aggregators such as Topix and Examiner.com, and now AOL has entered the field with local reporting through Patch. Whether national networks will overtake small local startups or local app networks will mix news with a variety of other local information, the terrain here remains in flux.

■ **The new conventional wisdom is that the economic model for news will be made up of many smaller and more complex revenue sources than before.** The old news economic model was fairly simple. Broadcast television depended on advertising. Newspapers on circulation revenue and a few basic advertising categories. Cable was split half

from advertising and half from cable subscription fees. Online, most believe there will be many different kinds of revenue. This is because no one revenue source looks large enough and because money is divided among so many players. In the biggest new revenue experiment of 2010, the discount sales coupon business led by Groupon, revenue can be split three ways when newspapers are involved. On the iPad, Apple gets 30% of the subscription revenue and owns the audience data. On the Android system, Google takes 10%. News companies are trying to push back. One new effort involves online publishers starting their own ad exchanges, rather than having middlemen to do it for them. NBC, CBS and Forbes are among those launching their own, tired of sharing revenue and having third parties take their audience data.

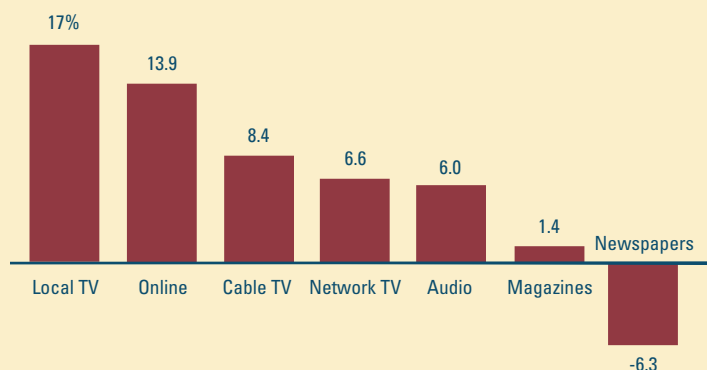
■ **The bailout of the auto industry helped with the media’s modest recovery in 2010.** One overlooked dimension in the year past: a key source of renewed revenue in news in 2010 was the recovery in the auto industry, aided by the decision to lend federal money to save U.S. carmakers. Auto advertising jumped 77% in local television, 22% in radio and 17% in magazines. The other benefactor of the news industry, say experts, was the U.S. Supreme Court: Its Citizens United decision allowing corporations and unions to buy political ads for candidates helped boost political advertising spent on local television to an estimated \$2.2 billion, a new high for a midterm campaign year.

Who Fared Best (and Worst) in 2010?

People are spending more time with news than ever before, but when it comes to the platform of choice, the web is gaining ground rapidly while other sectors are losing. In 2010, online was the only media sector seeing audience growth, and cable news joined the ranks of older media suffering audience decline. In terms of economics, every sector of the news media saw revenues grow above the levels of a dismal 2009 except for one: Newspaper revenues fell again, a sign that structural problems of the print newspaper are more severe than any other media sector.

Advertising Revenues Bounce Back For Most

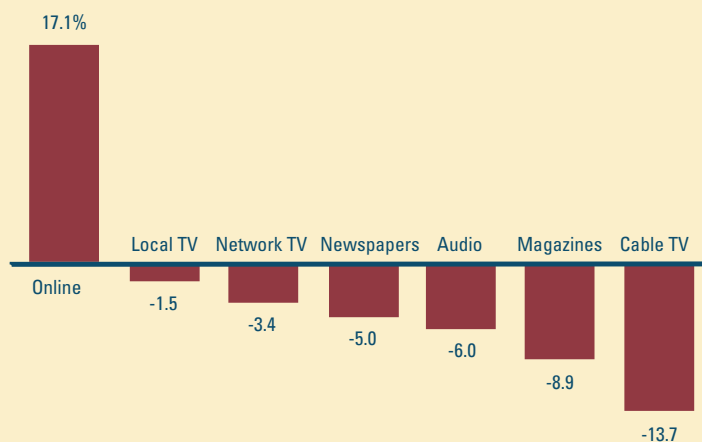
Percentage Change in Revenue, 2009-2010



Note: The various media sectors use slightly different metrics to measure economic and audience growth. In order to create the most accurate comparison here, we used the percentage change for each industry rather than total figures. For detailed footnotes on the sources of the data, please visit the Key Findings section of the report online at: <http://stateofthemediamedia.org/2011/overview-2/key-findings/>.

Audiences Turn to Web

Percentage Change in Audience, 2009-2010



Survey: Mobile News & Paying Online

The rise of mobile digital devices has already altered the environment of local news and information. Traditional news organizations and other community-based information providers are trying to respond to audience interest with pervasive, portable, real-time local information. To understand this changing information environment, the Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project conducted a national survey in partnership with the Knight Foundation. The full report can be found at <http://stateofthemedias.org/2011/mobile-survey/>.

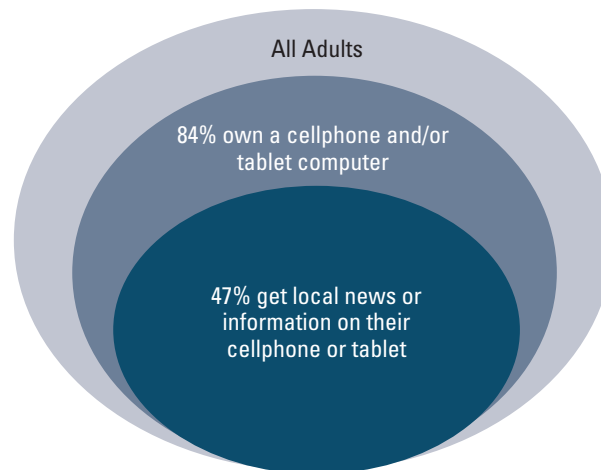
Mobile news takes off

■ Nearly half of all American adults (47%) report that they get at least some local news and information on their cellphone or tablet computer. That compares to only 26% of adults who, one year earlier, got news of any kind (local or national) on their cellphones, according to a separate Pew Internet national survey.

■ Tablets and smartphones have also brought with them news applications or "apps." One-quarter (24%) of mobile local news consumers report having an app that helps them get information or news about their local community. That equates to 13% of all device owners and 11% of the total American adult population.

Half of All Adults Get Local News or Information On a Cellphone or Tablet Computer

The Percentage of Each Group



Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

- Currently, only 10% of adults who use mobile apps to connect to local news and information pay for those apps. This amounts to just 1% of all adults.

Some local news goes mobile

- We asked specifically about the kinds of local information obtained through mobile devices. The most sought-after material was local weather; about 4 in 10 mobile phone and tablet owners (42%) use their mobile device to access local weather information. That represents 36% of all American adults.
- The next biggest category among cellphone and tablet owners was information on restaurants or other local businesses (37%). General local news came next (30%), followed by other news such as up-to-the minute information of local sports scores (24%) and the latest local traffic and transportation (22%).

Paying for local news

- One question in the news industry is whether the willingness to pay for online content would grow if people faced the prospect of their local media not surviving otherwise. In this survey, 23% of survey respondents said they would pay \$5 a month to get full access to local newspaper content online if that were the only way the information was available.
- A series of questions measuring paid local news content revealed that just 36% of adults pay for any local news content. For the vast majority of those adults, that comes in the form of newspaper subscriptions. One in three adults (33%) report paying for a local newspaper subscription; just 5% report paying for local news in some other form such as a blog or other online venue.
- College graduates and adults with household incomes of at least \$75,000 are slightly more likely than the least educated and lowest income adults to say they would be willing to pay a monthly fee. And African American (27%) and Hispanic (27%) adults are more likely than white adults (18%) to be willing to pay a fee.

Would You Be Willing to Pay for Your Local Newspaper Online?

The Percentage of Each Group Who...

	All Adults	Already Pay for Local News	Do Not Currently Pay for Local News
Would be willing to pay \$5 per month	23%	32%	18%
Would not pay this amount	74	63	79*
Would be willing to pay \$10 per month	18	24*	14
Would not pay this amount	78	67	84*

Note: *indicates a statistically significant difference at the .95 confidence level.
 Source: Pew Research Center's Project for Excellence in Journalism and Internet & American Life Project, in partnership with the Knight Foundation, January 12-25, 2011 Local Information Survey. N=2,251 adults age 18 and older. Conducted in English and Spanish and included 750 cellphone interviews.

Newspapers



For newspapers, 2010 was comparatively calm after the hair-raising revenue dips of 2008 and 2009. That was cold comfort, however, to an industry still laboring to find a sustainable business model for the future. Still, contrary to what those who have already written print's obituary may think, newspapers generally were still operating in the black. Typical profit margins hovered around 5%. That, however, is less than a quarter of what they were in the industry's glory years of the 1990s.

Economics

- In a year when most other media businesses rallied, advertising revenues at newspaper organizations continued to fall — 6.3% for the year. That compares to a drop of 26% in 2009.
- Online revenues grew quickly in the middle years of the decade, but then crested and dropped in 2008 and 2009. Online did resume its growth in 2010 but has not yet recovered to its 2006 peak. Print ad revenues, despite their battering, still dwarf digital.
- With the losses of the three previous years, newspaper advertising is down roughly 48% total since 2006 — in other words, barely half what it was five years ago. Expenses are headed back up,

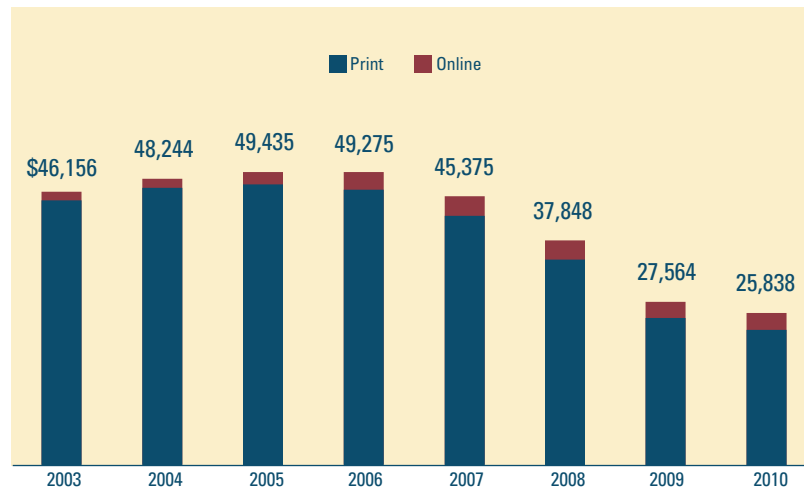
especially for newsprint, whose prices are running 20% to 30% higher, compared to a year earlier. Earlier rounds of staff cuts and savings from outsourcing or consolidation have cycled through.

Audience

- For the six-month period ending September 30, daily circulation was down 5%, Sunday down 4.5%, compared to the same period a year earlier. That is less than half that of 2009 but, newspapers have been dogged by declining circulation for 15 consecutive six-month periods.
- The Wall Street Journal had the biggest year-to-year gain in 2010 and continued to widen its daily circulation lead over other papers, selling 2,061,142

Print and Online Advertising Revenues Fall in 2010

In Millions of Dollars



Source: Newspaper Association of America.

Newspapers

copies on a typical day.¹ Journal circulation has held about even over the past two years while its chief rival in circulation, USA Today, fell by about 460,000 copies.

- Over the last 20 years, the number of daily American newspapers has decreased slowly but steadily. From 1,611 in 1990, the number fell to 1,387 in 2009, the most recent year for which figures are available. That is a decline of 14%.

News Investment

- Employment of full-time professional newspaper editorial staff peaked at 56,400 in 2000. It then fell 26.4% through 2009.

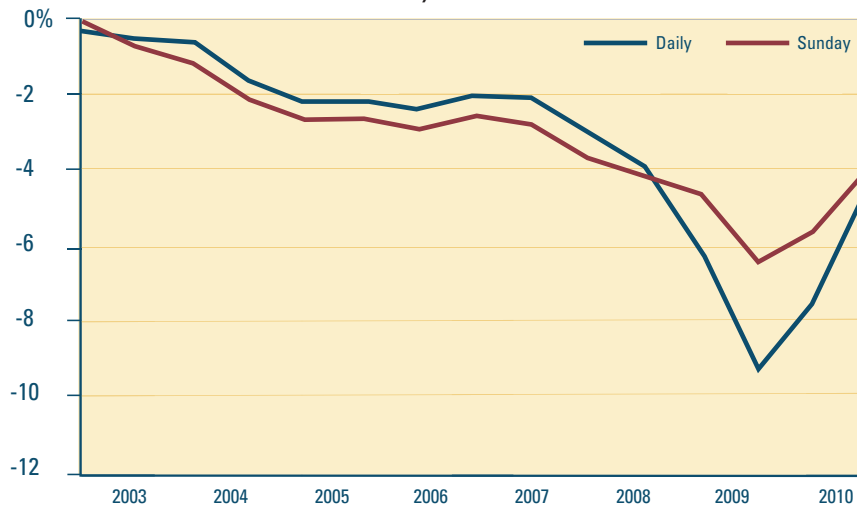
¹ This includes 449,000 paid online subscriptions.

Digital

- Digital audience is not measured comparably or as reliably as print. But by the standard of unique visitors per month, individual sites and the industry as a whole continued to grow in 2010. The Newspaper Association of America reported an average of 105.3 million unique visitors per month in the fourth quarter of 2010.
- Most newspaper companies saw improvements in digital revenues, especially if they diversified into non-newspaper digital ventures. Many major papers made their work available in mobile phone apps, new apps for the iPad and other tablets, and various other electronic editions — all of which consumers seem willing to pay for, though none is a short-term revenue bonanza.

Newspaper Circulation Declines for 15 Consecutive Periods

Percent Declines in Circulation by Six-Month Period



Source: Deutsche Bank Securities and Audit Bureau of Circulations.

Online



Last year was a milestone year for online news. For the first time, total online advertising surpassed newspaper print advertising. And, in another first, more people now report regularly turning to the internet for news than to a newspaper. But the future for news making money online is far from clear and news organizations are just beginning to experiment with ways of developing other revenue streams online. If there is a path to monetizing news online, as of 2011 the trail was unclear.

Audience

- In December 2010, 41% of Americans cited the internet as the place where they got “most of their news about national and international issues,” up 17% from a year earlier. Fully 46% of people now say they get news online at least three times a week, surpassing newspapers (40%) for the first time. Only local TV news is a more popular platform in America now (50%).
- The generational differences are striking. Among 18-to-29-year-olds, the internet even beat out television in 2010 to become the No. 1 platform of choice for news. Nearly two-thirds of that age group, 65%, said they got most of their news from the internet, 52% turned to television and 21% to newspapers. (Respondents are allowed to name two sources.)
- The new wild card in digital is mobile. A survey released as part of The State of the News Media

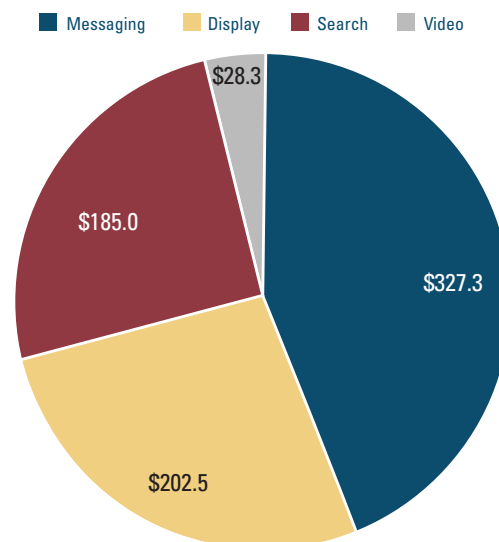
finds that 47% of Americans now say they get some kind of local news on mobile devices such as cellphones or other wireless devices (such as iPads). As of January 2011, just 7% of Americans owned electronic tablets, according to our new survey, but that is nearly double from four months prior; and 6% of American adults have e-readers.

Economics

- Overall, online advertising (on both news and non-news sites) grew 14% in 2010 to \$25.8 billion, according to estimates from the research firm eMarketer. That pushed total online ad dollars, which includes all types of web and digital advertising, ahead of those spent on newspaper advertising for the first time. That is over \$2 billion more than newspaper print advertising in 2010, according to projections based on Newspaper Association of America figures for the first three quarters of 2010.

Text Messages Dominate Mobile Ad Spending

In Millions of Dollars



Source: eMarketer. "Mobile Advertising and Marketer: Past the Tipping Point." October 2010.

- The problem for journalism is that the growth that has occurred online has not occurred as much in advertising associated with news. Search, which grew 16% in 2010, continues to draw by far the largest portion of total online ad spending, nearly half (48%). Banner ads, where most news organizations still get the majority of their online ad revenue, grew at about the same rate as search (16%) but make up around 22% of total online advertising.
- Local is potentially a very important market for news. Roughly 40% of all online ad spending is now local, and that is up from 34% only a year earlier. Moreover, in the local ad market, display ads (the kind that news relies on) are a bigger piece of the pie, even outpacing search (44% versus 38% for search), according to Borrell Associates.
- Total mobile advertising spending (which includes ads on cellphones, smartphones like the BlackBerry and tablet devices like the iPad) in 2010, according to projections from eMarketer, will reach \$743 million, a 79% increase over 2009.²

The dollars here are still small relative to other on-line advertising — browser-based search alone is around \$12 billion where mobile search (a component of all mobile spending) is \$185 million. Still, the growth here is dramatic.

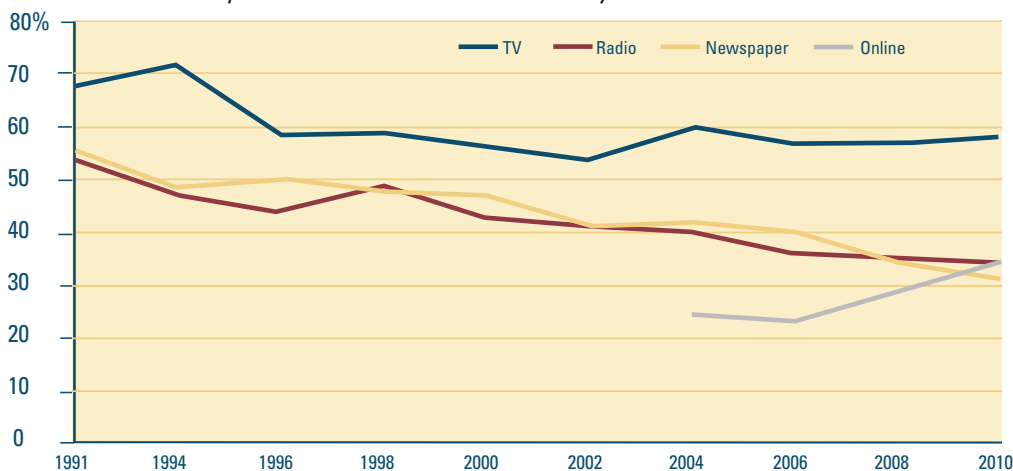
News Investment

- In February 2011, AOL announced that it would buy the Huffington Post for \$315 million. AOL already has national journalists — many more than Huffington Post. It also has an established destination. AOL is the No. 3 or 4 most-visited site online, depending on the ratings company. Huffington Post ranks No. 8. AOL could solidify its role as a major destination for news with this purchase, leveraging the Huffington Post for more advertising dollars, something AOL will need as it continues to lose dial-up customers, the original core of its business.

² Elkin, Noah. "Mobile Advertising and Marketing: Past the Tipping Point." eMarketer. October 2010.

The Web Surpasses Newspapers in News Audience

Percent of Respondents Who Got News "Yesterday" from Each Platform



Source: "Americans Spending More Time Following the News." Pew Research Center For The People & The Press. September 12, 2010.

Network



As the economy improved in 2010, network broadcast news quietly went through an arduous period of change. The news division of one network, ABC, instituted sharp personnel cuts designed to accomplish a “fundamental transformation” in the way network news is produced. Another, CBS News, worked its way from financial losses back to break-even, while management continued to strengthen a depleted bench of correspondents and news producers. NBC prepared for new owners, the third such transition since NBC was founded in 1926, and if history is a guide, the change will alter the network more than most pre-sale analyses predicted.

Audience

- In the evening, an average of 21.6 million people watched one of the three signature network news programs each night during the year. That is a loss of 752,000 viewers, or 3.4%, from the average viewership the year before, according to PEJ analysis of data from Nielsen Media Research.
- Still, four times as many people watch the three network evening newscasts on ABC, CBS and NBC during the dinner hour than watch each cable news channel's (CNN, Fox News and MSNBC) highest-rated program in prime time, when vastly more people watch TV overall.³
- Morning news saw a 3% decline in 2010, to 12.4 million people on average tuning in to one of the network programs each day versus 12.8 million in 2009, according to data from Nielsen. That is a decline of 382,000 viewers for the year on average.

³ These shows were The O'Reilly Factor on Fox News, Countdown With Keith Olbermann on MSNBC and Larry King Live on CNN. The three most popular prime time news programs overall are all on Fox News.

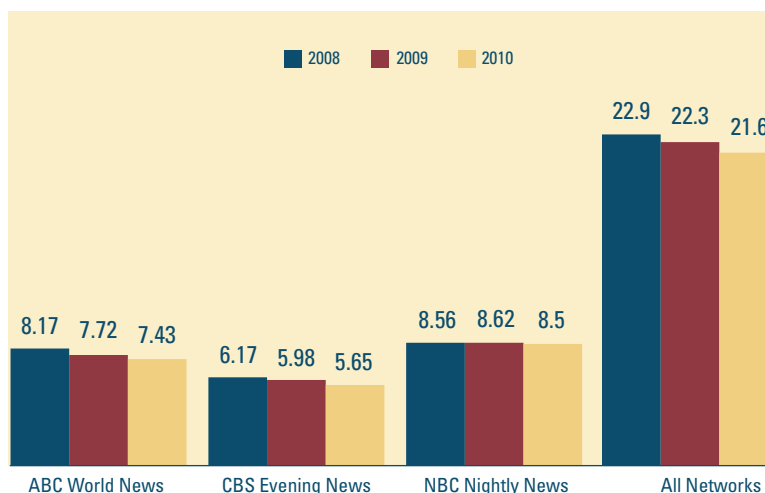
- News magazines, which fill about seven hours a week of the broadcast lineup, also had audience declines in 2010, in some cases at higher rates than either evening or morning news. The most notable exception to that was Nightline, which by year's end was consistently beating its entertainment rivals in the 11:30 p.m. (Eastern) timeslot.

Economics

- At ABC News, PEJ estimates revenues grew by single digits from the year before, probably in the range of 6%. That would put news division revenues at about \$635 million for 2010, including digital.
- At CBS News, assuming growth in the 6% range, PEJ estimates its news division revenue was in the neighborhood of \$425 million in 2010, up from \$400 million in 2009. This includes revenue from all news programming, including 60 Minutes, Sunday Morning, Face the Nation and 48 Hours Mystery.

Evening News Audiences Drop at All Networks

Year-to-Year Average Viewers per Night In Millions



Source: Nielsen Media Research, used under license.

■ PEJ estimates that NBC News, from its various parts, brought in revenue of approximately \$2 billion last year.

News Investment

■ Of all of the networks, ABC News had the biggest overall staff reductions in 2010. In February, more than 300 ABC News employees departed. In April, more employees were fired, bringing the total staff reductions, according to press reports, to be between 375 and 400 (roughly 25% of the news staff).

■ CBS News also reduced staff in 2010, but not as sharply. In February 2010 it announced cutting 75 positions from its staff of between 1,400 and 1,500. It went through leadership change as Sean McManus, the president of both the news and sports division of CBS left news to focus on sports.

■ The number of domestic news bureaus in 2010 remained stable, though staffing in those bureaus in several cases declined. ABC News announced that it would eventually close the majority of its domestic news bureaus, moving pared-down staffs to work out of affiliate stations. In 2010, it shuttered only the San Francisco location. NBC News reopened its bureau in Miami, which had been closed in 1991.

PBS

■ The audience for the PBS NewsHour held steady with about 1.1 million viewers for the 2009-10 season compared with the season before, in contrast with the other broadcast networks which saw declines. NewsHours' ratings also remained stable at 0.8, compared to NBC's 5.6, ABC's 5 and CBS' 3.8.

Domestic News Bureaus by Network

ABC	CBS	NBC
Atlanta	Atlanta	Atlanta
Chicago	Chicago	Chicago
Dallas	Dallas	Dallas
Los Angeles	Los Angeles	Burbank (Los Angeles)
Miami	Miami	Miami (new)
New York	New York	New York
Seattle	San Francisco	Washington
Washington	Washington	

Closed: San Francisco

Source: Networks

Note: ABC and NBC updated in 2010. CBS not updated since 2008. CBS did not respond to PEJ requests to confirm the location of its domestic news bureaus.

Cable TV



Viewers left cable news en masse in 2010 — and not just CNN. Fox News Channel and MSNBC lost viewers too, though not by margins as wide as at the oldest 24-hour-news network. As news consumers turned increasingly to the web, cable may no longer be the go-to destination for breaking news, and even opinionated talk programs may have reached their capacity. Still, every channel experienced growth in revenue and profit projections last year, in part thanks to advertising and subscriber rates that are locked in over extended periods of time. It remains to be seen whether cable can sustain that kind of growth with diminished audiences.

Audience

- In prime time, the median number of viewers watching the three major cable news channels dropped 16% to 3.2 million. CNN suffered the biggest losses, dropping 37%. Fox News Channel dropped 11%, and MSNBC, 5%.
- The audience losses occurred in daytime as well, though not as precipitously. Median viewership of the three main channels combined fell 12%, to 1.9 million in 2010.

Economics

- Despite declining audiences, revenues for each of the cable news channels were projected to increase in 2010 a total of 10.7% across the three networks: Fox grew 17% to \$1.5 billion, CNN and HLN 5% to \$1.2 billion, and MSNBC was up 7% to \$383 million.

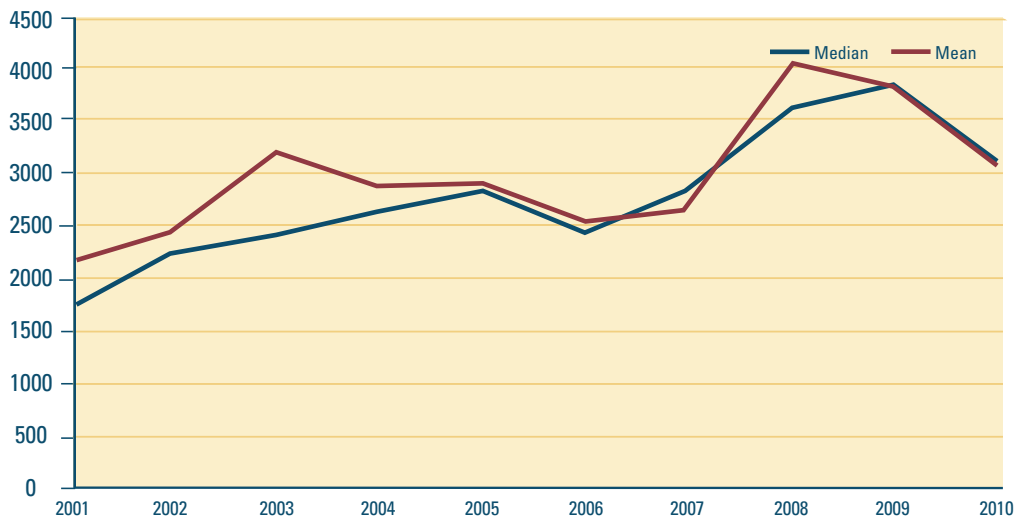
- Profits were projected to grow too: Fox was expected to earn \$816.3 million in 2010, up 27% from 2009 levels. CNN and HLN were expected to earn \$559.6 million, up 7% from 2009. And MSNBC was expected to earn \$172 million, up 8%.

News Investment

- For the first time, Fox surpassed CNN in total dollars spent on the news. Fox was projected to spend \$686 million in 2010 to CNN/HLN's \$672 million.
- CNN, however, still maintained a bigger news infrastructure than its competitors, with 47 bureaus, domestic and foreign, in 2010. Fox, which spends more of its money on hosts, had 17 bureaus or offices. MSNBC, which uses NBC News bureaus, had access to 21 editorial offices, according to information from the channels.

Prime-Time Audiences Leave Cable News in 2010

Sum of CNN's, Fox's and MSNBC's Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license.

Ownership

■ In January 2011, Comcast, the nation’s largest cable TV company, finally completed taking control of NBC Universal, the parent of MSNBC and CNBC. In the works for more than a year, the deal gave Comcast 51% control of NBCU for a cost of \$14 billion. General Electric purchased French company Vivendi’s 20% share. That leaves GE with a 49% stake. Under Comcast’s management now are NBCU’s broadcast, cable and online news brands, along with its entertainment divisions, theme parks and unconsolidated investments.

smaller base, both of its rivals posted larger improvements when expressed as a percentage gain. Fox Business Network grew its revenues by 26% and cut its losses by \$16.7 million. Bloomberg TV increased revenues by 19.1% and its profits by 49.2%. CNBC increased revenues by 7%, to \$722.9 million, nearly double that of MSNBC.

Specialty News Channels

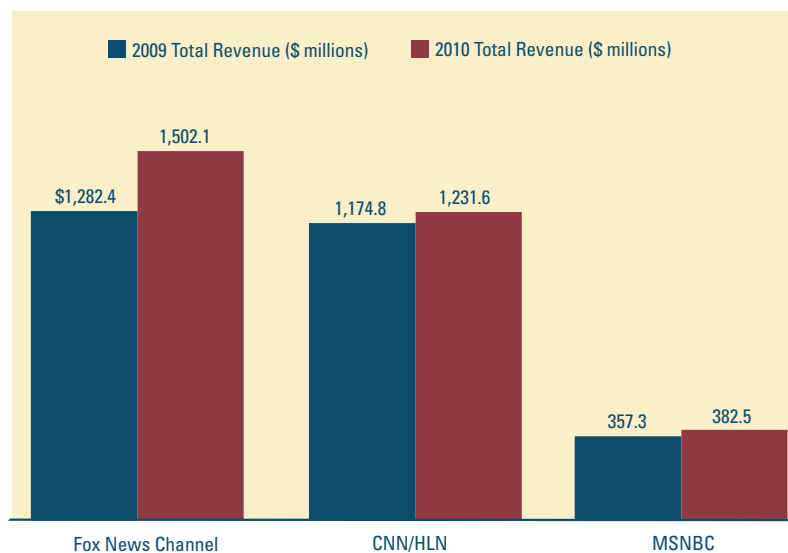
■ Among the trio of domestic financial news channels — CNBC, Fox Business News and Bloomberg — CNBC remained the distant leader in overall revenues and profits in 2010. Starting from a much

Digital

■ According to Nielsen Online, each cable channel’s home on the web experienced an audience drop in 2010. CNN’s digital network — which, besides CNN.com, includes sites like CNN Money, Time.com and People.com — dropped 5.6% to 35.7 million in 2010. Fox’s digital network, which includes sites like foxbusiness.com, was down 6.1% to 15.5 million. And the MSNBC digital network — which includes sites like todayshow.com and NBCSports.com — was down 12.1% to 32 million.

Revenues Rise for All Three Channels

Total Revenues for Cable News Channels in 2009 Compared with Projections for 2010



Source: SNL Kagan, a division of SNL Financial, LLC.
Note: All figures are estimates.

Local TV



Local television stations had a better year in 2010 but are far from secure. Revenues rose substantially from a five-year low in 2009 but the audience for local news in key time slots on network affiliates continued to fall. And the makeup of the typical TV newsroom continued to change. Local stations were able to hire again in 2010 after staffing hit a seven-year low the year before. But stations are shedding high-priced anchor talent and moving to make more use of multitasking solo journalists.

Audience

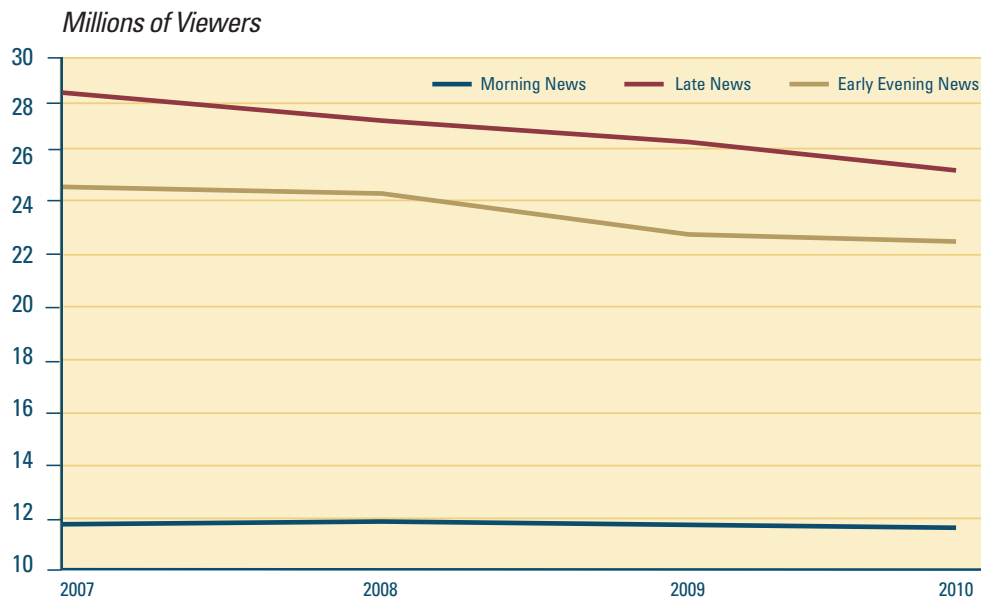
- At network affiliates, viewership continued to decline in all the traditional time slots (5-7 a.m., 5-7 p.m., 11-11:30 p.m.), across all sweeps periods. The average decline in 2010 was 1.5%, with early evening down an average of 1.1%, late local newscasts down just under 2% and morning news, once looked to as a potential growth area for local television, down an average of 1.3%.
- Fox affiliate newscasts also lost viewers in both their basic timeslots. Local morning newscasts lost 1% and prime-time news lost 4.9%.
- Two nontraditional timeslots did see growth. Viewership in the new early timeslot of 4:30 a.m. was up more than 50% in just one year as stations in 69 markets aired news at this hour in 2010, compared to 28 in 2009. And viewership at the 7 p.m. hour rose 2.08% in 2010.

- Independent stations have added more news and grown their audiences. Viewership across all time slots increased more than 35% November to November to 571,000 viewers.

Economics

- After suffering huge losses during the recession in 2009, broadcast ad revenues for local TV stations were projected to end 2010 at \$18.5 billion, 17% higher than the year before. Auto ads that had virtually vanished in 2009 fueled much of this rebound, up 77% from the year before through the first three quarters of 2010. And political ad spending set a new record in 2010. Of the estimated \$3 billion spent, \$2.2 billion (73%) went to local television stations.

Local News Viewership Declines in Key Time Slots



Source: Nielsen Media Research, used under license.
 Note: Numbers represent ABC, CBS, Fox and NBC affiliates.

Ownership

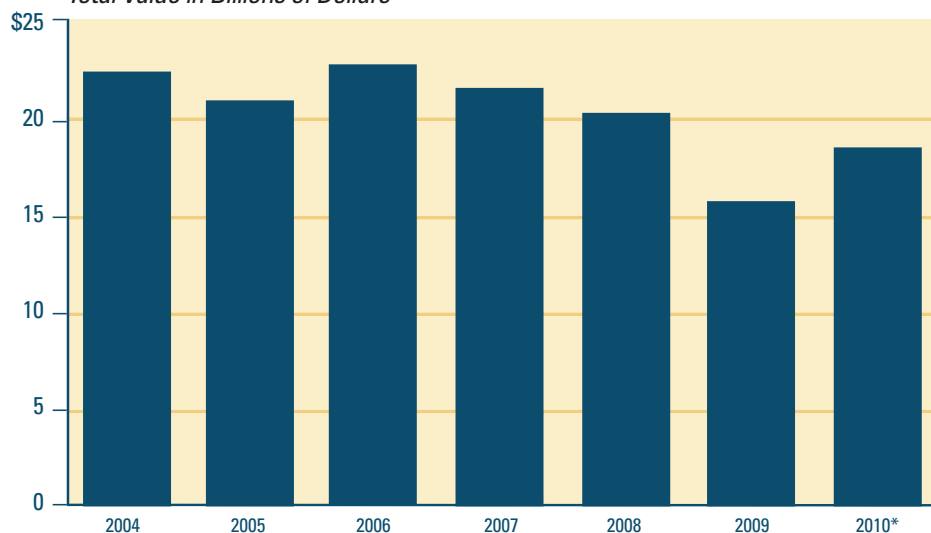
- Only about half a dozen full-power stations were sold in 2010, a total value of \$13 million dollars, according to BIA/Kelsey.
- The fate of the 23 television stations owned by Tribune remained unsettled as the company struggled to fully emerge from bankruptcy.
- The amount paid for stations has dropped. Indeed, ABC sold its stations in Flint, Michigan, and Toledo, Ohio, to the privately owned SJL Broadcast Group for just \$30 million — a quarter of what ABC paid for them in 1995.

Digital

- Online revenue was a growth area for local TV news stations. According to Borrell Associates, local stations brought in \$1.34 billion from online advertising in 2010, an 8% increase from the year before. Stations also captured a larger share of local online advertising — just under 10%, according to the Borrell data. Overall, however, online still makes up just 5% of local TV advertising revenue.
- Stations brought in \$29 million in local mobile advertising in 2009, Borrell reported. That is 12% of the total local mobile advertising market.
- More stations also offered smartphone apps in 2010. An informal PEJ count of iPhone apps available on iTunes found more than 230 offered by local TV stations.

Total Local Broadcast Revenue Recovers Some

Total Value in Billions of Dollars



Source: BIA/Kelsey.

Note: *2010 number is an estimate.

Magazines



After two difficult years, the magazine industry in 2010 managed to significantly slow its decline. Overall, circulation was still down slightly and advertising revenue was flat. U.S. News & World Report stopped printing and Newsweek was sold for a dollar, while Time emerged as the victor among the three. Niche news magazines — The Economist, The Week, The Atlantic and the New Yorker — continued to thrive in 2010.

Audience

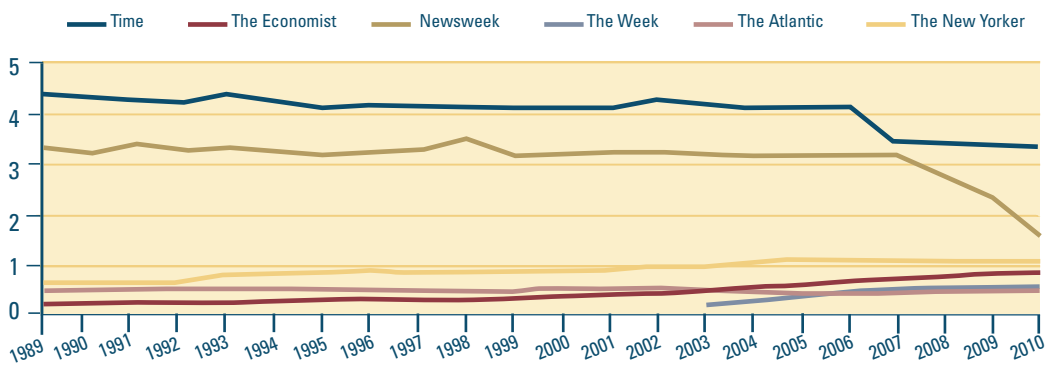
- Overall circulation for the 458 consumer magazines was down 1.5% in the latest audited period, according to PEJ's analysis of data from the Audit Bureau of Circulations. Paid subscriptions were down 1.1% in the second half of 2010 compared with the same time period in 2009. Single copy sales, in decline since 2008, fell another 8.2% in the second half of 2010.
- For the six news magazines this report analyzes (now minus U.S. News) circulation fell 8.9% in 2010. Newsweek saw the highest decline in circulation of 31.6%. However, Time magazine has come a long way in stabilizing its circulation in the last two years. Time lost just 1.1% in 2010 (and 0.7% in 2009).

Economics

- The economic picture for the magazine industry is not exactly bright, but in 2010 it at least stopped the bleeding. After declines of 11.7% in 2008 and 25.6% 2009, the number of ad pages sold remained flat in 2010 (-0.1%), according to data from the Publishers Information Bureau. Automotive advertising jumped 16.9% in 2010, following a 40.5% drop in 2009.
- Among news magazines, the niche titles again had a much stronger year. Time's number of ad pages slid 2.9% in 2010. Newsweek's ad pages — on par with its tumbling circulation — dropped 19.8% year to year. To the contrary, all four niche magazines in this group enjoyed strong growth in ad page sales in 2010 compared to 2009. Most noteworthy are The Atlantic at 24% and The Week at 16.8%.

News Magazine Circulation

In Millions



Source: Audit Bureau of Circulations, FAS-FAX reports for consumer magazines.
Note: Data represent circulation numbers for full years.

News Investment

- Both Time and Newsweek reduced the number of their employees in 2010. Time's full-time editorial staff has declined from 304 in 2003 to 126 in 2010 (not including contributors) and Newsweek's from 176 to 133 for the same years.
- Online staff is growing though it does not entirely make up for losses elsewhere. Time.com staff has expanded, from 14 people in 2007 to 29 in 2010. Newsweek's growth was smaller to 22 online staff members in 2010 from 18 in 2009.

Washington Post Company, had sold the magazine to audio magnate Sidney Harman for \$1 and the assumption of Newsweek's extensive debt. The magazine lost \$6 million in 2007 (before pension credits). That grew to a loss of \$28.7 million in 2008 and \$56 million in 2009.

- In the consumer magazines sector, 26 acquisitions were announced, compared to 41 in 2009, according to Jordan, Edmiston Group.

Ownership

- A major development of the year came in November when Newsweek magazine and The Daily Beast web publication agreed to merge operations into a new company — the Newsweek/DailyBeast Company. Four months earlier, the

Digital

- News magazine websites continue to rank relatively low among all magazine and news websites, according to data available by Nielsen Netview. Slate.com and Time.com, for instance, attract one-tenth of the number of unique monthly visitors as Yahoo News, which is ranked at the top of news sites. The evolution of the e-tablet, more suited to long-form reading, brings with it new potential for digital magazines.

News Magazines Ad Pages Enjoy Slight Gains

	2009	2010	% Change
Newsweek	1,116.73	895.70	-19.8%
Time	1,447.05	1,405.52	-2.9
The Economist	1,970.55	2,044.93	3.8
The New Yorker	1,125.11	1,187.42	5.5
The Atlantic	445.67	552.74	24.0
The Week	659.91	771.07	16.8
Total	6,765.02	6,857.38	1.4

Source: Publishers Information Bureau, of the Association of Magazine Media.

Audio



Traditional AM and FM radio still dominates the audio landscape, and for the last decade it has been among the most stable traditional media. In all, 93% of Americans listened to AM/FM radio at some point during the week in 2010, according to data from Arbitron, a drop of only three percentage points over the last decade. But heading into 2011 there are growing signals that raise questions about its future.

- According to the Pew Research Center for the People & the Press, 16% of Americans say they get most of their national and international news from radio, down 6% from 2009. And 34% of Americans said they got some news on the radio “yesterday,” down from 43% in 2000.
- HD Radio, an effort by traditional broadcasters to modernize AM/FM radio listening, has been unsuccessful so far. Only 31% of Americans said in 2010 that they had heard something about HD radio recently, barely up from 29% in 2009. And only 7% said they were “very interested.” Only 21 stations converted to the new technology in 2010. That is a significant decrease from a peak of 521 that converted in 2006.
- Total listenership of NPR grew 3% in 2010 to 27.2 million weekly listeners, up from 26.4 million in

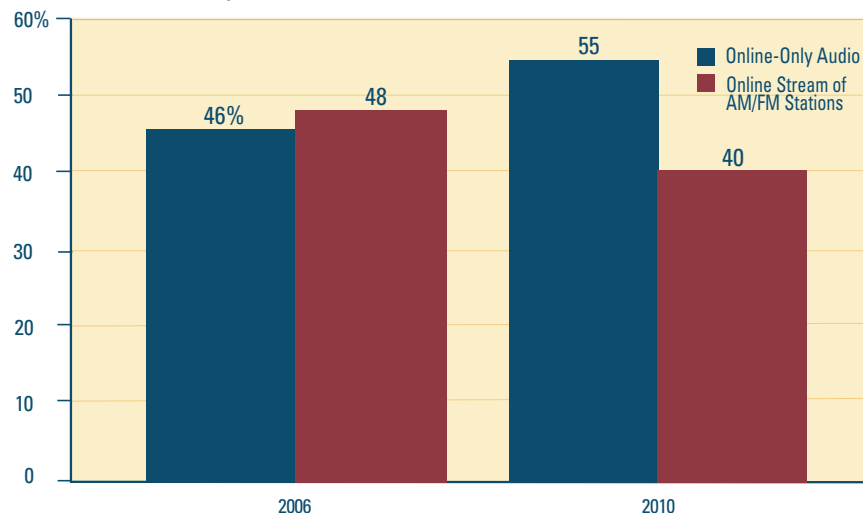
2009. And this growth is “real” in the sense that it reflects an increase in listeners to stations already carrying NPR programming rather than stations newly carrying NPR programming.

Digital Listening

- AM/FM listening through the web is already in decline. The number of Americans streaming a station’s regular programming fell by 8 percentage points from 2006 to 2010 to 40%, according to Arbitron. Meanwhile, 55% report listening to online-only audio (like Pandora or Slacker Radio).
- In-car listening may be moving in new directions as well. More than a quarter of Americans (27%) said they were “very interested” in listening to internet radio in the car in 2010, close to triple the

Online-Only Beats Out AM/FM in Online Streaming

Percent of Respondents Who Listened to Each



Source: Arbitron. “The Infinite Dial 2009.” April 8, 2010.

10% who said this in 2009. And 6% said they were already using their cellphones to listen to internet radio in their cars.

Economics

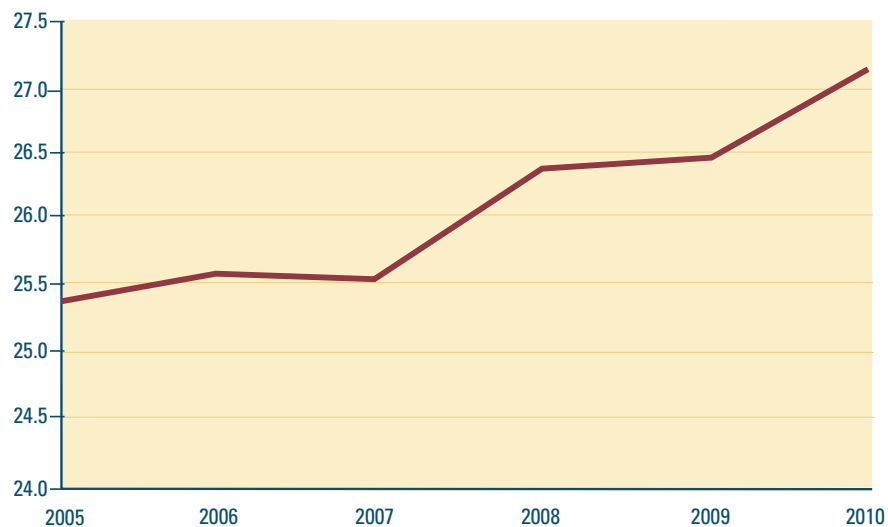
- Even as the audience for AM/FM radio showed signs of vulnerability in 2010, the economic picture improved. Overall, total revenue for traditional radio grew 6% in 2010 to \$17.3 billion, up from \$16 billion in 2009.
- After a down year in 2009, Sirius XM, satellite radio had a more successful 2010. Subscriptions for Sirius XM grew 7.5% to 20 million and revenues rose 12% to \$2.8 billion.

News Investment

- Few stations in the U.S. outside of public radio are all news. In 2010, using the Arbitron designations, there were a total of 30 all-news commercial stations in the United States, up from 27 in 2009. And these are stations increasingly carrying far more talk programming than traditional news programming.
- NPR's total budget for fiscal year 2011 grew 5% from the year earlier, to \$161.8 million (NPR operates on an October to October fiscal year). Its news budget, which accounts for a little less than half the total budget, increased 5% for the year to \$65.1 million up from \$61.9 million in 2010.

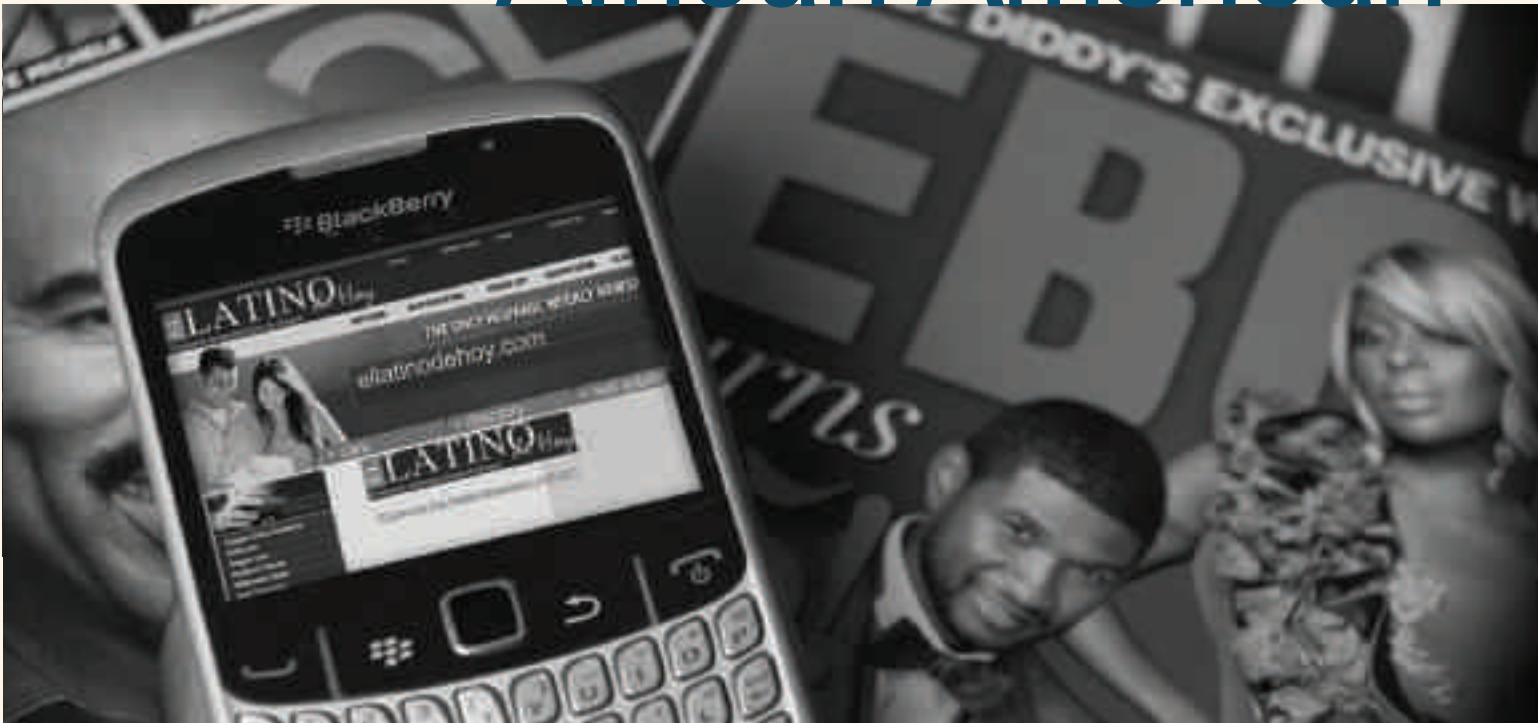
NPR Audience Continues to Grow in 2010

NPR Weekly Listeners, in Millions



Source: NPR internal figures provided to PEJ.

African American



The African American media in 2010 mirrored the kinds of challenges and changes that mainstream news organizations also faced. Most African American media outlets either began or planned to upgrade their digital enterprises in an effort to reach new audiences. But beyond that, it was a mixed year for the sector. Some newspapers expanded circulation, a major magazine company had a challenging year and there was a new political television show geared toward a black audience.

Newspapers

■ The D.C. and Baltimore-based Afro American launched a new edition in nearby Prince George's County, Md., in May 2010 with page-one coverage tailored to the suburban community. Another paper, the Amsterdam News, one of the largest businesses owned and operated by blacks in New York, suffered a drop in circulation of nearly 50% from 2009 to 2010.

Magazines

■ Johnson Publishing's Ebony and Jet dropped in both ad pages and circulation: In the first six months of 2010, Ebony's circulation declined by 14% and Jet's by 12%. The company instituted a series of significant changes in management during the year to address these losses. The biggest involved the hiring of former White House social secretary Desirée Rogers as CEO and the resignation of President Anne Sempowski Ward.

Digital

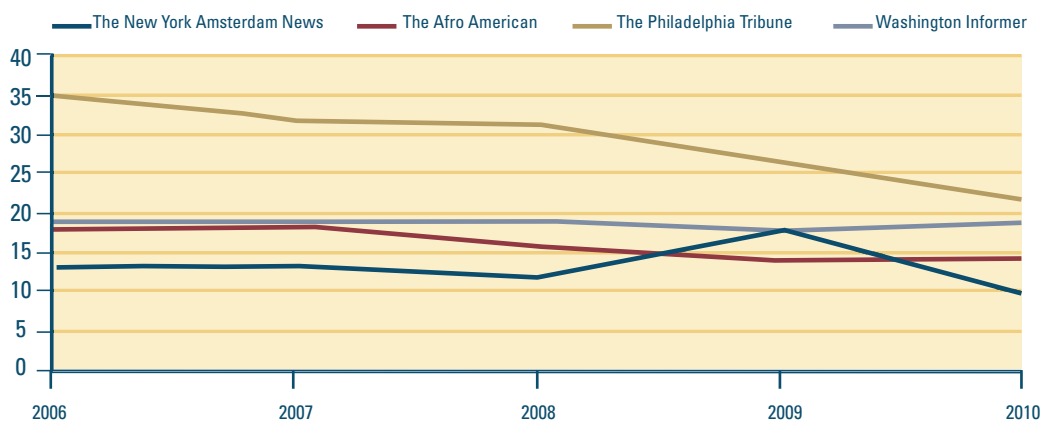
■ Online, the digital gap separating African Americans from other ethnic groups is closing with some publishers looking to electronic tablets as the next frontier. An estimated 71% of African Americans use the internet, according to a Pew Internet & American Life survey conducted in May 2010, versus 80% for whites and 82% for Hispanics.

Television

■ Television remains by far the primary news platform among African Americans. An overwhelming 86% of African Americans turn to TV for most of their news, compared with 64% of white respondents and 66% of Hispanics.

■ In October 2010, BET launched Weekly with Ed Gordon, a show in the style of a Sunday morning political talk show.

Circulation Trends Vary at Four Large African American Newspapers
Average Circulation in Thousands



Source: For Amsterdam News, Philadelphia Tribune and Afro American, Audit Bureau of Circulations. For Washington Informer, Circulation Verification Council.

Note: For ABC papers, average for six months ending September 30. For Washington Informer, data are average for Q3. Washington Informer is a free newspaper; the other three are paid. The Philadelphia Tribune circulates on Sundays, Tuesdays and Fridays. The Afro American has editions in Baltimore, Washington and Prince George's County, MD. This chart combines the three days of the Philadelphia Tribune and both editions of the Afro American.

How to Use the State of the News Media

Stateofthenewsmedia.org offers a variety of ways to learn about the journalism industry:

- Chart and compare percentages of media coverage by outlet, topic of interest or by prominent newsmakers in the Year in the News Interactive.
- See which companies own what media properties through the Who Owns the News Media database.
- Interested in statistics? Find the data you need and make your own charts about any of the eight major media sectors in the By the Numbers section attached to each chapter.
- Learn how mobile technology has spread to local news and how people feel about paying for local news online in our survey about mobile apps.
- Gain insight from a case study look at the local media ecosystem of one of our nation's new media hubs, Seattle, WA.
- Find out more about emerging revenue models of community news.
- Learn our sense of where the industry stands by reading the main overview, major trends and the essay sections of each chapter.

PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

1615 L Street, NW, Suite 700 • Washington, DC 20036

Phone: 202.419.3650 • Fax: 202.419.3699

www.journalism.org