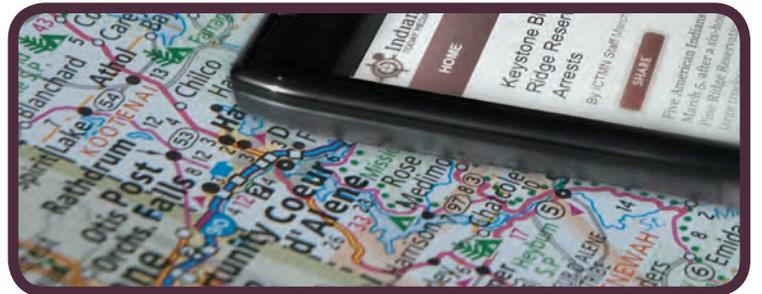


Pew Research Center's Project for Excellence in Journalism

The State of the News Media 2012

An Annual Report on American Journalism



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About the Report

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

Each year, we analyze the major sectors of the news industry in depth and look across those sectors to see broader trends.

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

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

On the web, the media sector chapters contain two parts. A summary essay tells the narrative story of that sector over the course of the past year. A separate By the Numbers section presents a full range of statistics, graphically rendered with minimal text to make data easier to locate and scan. In addition, users can interact with the data by accessing the statistics in the form of Excel spreadsheets to make their own tables.

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

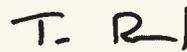
Our aim is a research report, not an argument. Where the facts are clear, we hope we have not shied from explaining what they reveal, making clear what is proved and what is only suggested. We hope that we are not seen as taking sides. Our intention is to inform, not to persuade, and where we interpret data to draw conclusions, our goal is to do so in a way that is fully supported by the data, and only when those data are clear.

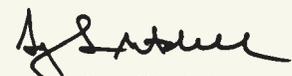
We have tried to be as transparent as possible about sources and methods, and to make it clear when we are laying out data and when we have moved into analysis of it. We have attempted, to the best of our ability and within the limits of time, to seek out multiple sources of information for comparison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

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

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

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


Tom Rosenstiel
Director


Amy Mitchell
Deputy Director

Overview 2012

In 2011, the digital revolution entered a new era. The age of mobile, in which people are connected to the web wherever they are, arrived in earnest. By early 2012, more than four in 10 American adults owned a smartphone. One in five owned a tablet. New cars are manufactured with internet built in. With more mobility comes deeper immersion into social networking.

For news, the new era brings mixed blessings.

New research released in this report finds that mobile devices are adding to people's news consumption, strengthening the lure of traditional news brands and providing a boost to long-form journalism. Eight in 10 who get news on smartphones or tablets, for instance, get news on conventional computers as well. People are taking advantage, in other words, of having easier access to news throughout the day - in their pocket, on their desks and in their laps.

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

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

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

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

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

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

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

In 2011, traditional news operations also took new steps to monetize the web in their own right. The Associated Press launched a partnership with more than two dozen news companies to license news content and collect royalties from aggregators. Slightly more than a tenth of surviving U.S. dailies have launched some sort of digital subscription plan or pay wall. News companies are creating their own digital ad sales networks to cut out third parties and are moving into digital



Data tracking people's behavior, for instance, finds that mobile devices increased traffic on major newspaper websites by an average of 9%.

marketing and consulting. And a few organizations, such as The Financial Times and The Boston Globe, have opted out of the “app” worlds controlled by Apple and Google by creating mobile pages using HTML 5.

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

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

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

In sum, the news industry is not much closer to a new revenue model than a year earlier and has lost more ground to rivals in the technology industry. But growing evidence also suggests that news is becoming a more important and pervasive part of people's lives. That, in the end, could prove a saving factor for the future of journalism.

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

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

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

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

The emerging landscape of community news sites is reaching a new level of maturity — and facing new challenges. As some of the grants that had helped seed this new form of journalism begin to sunset, we are seeing both a shakeout and

clearer models of success. Some, such as Chicago News Cooperative, ceased publishing; others, such as The Texas Tribune, continued to build off of earlier success. Still others, though successful over all, had to cut staff by year's end. One lesson learned, says industry observer Michele McLellan, is that sites need not only good journalism, but also financial leadership devoted to fully conceived business plans and more technical expertise in how to disseminate information. One other development: more college journalism schools are launching their own hyperlocal sites as a method of training that also serves the community. This year we have a special report examining those trends.

A growing number of executives predict that in five years many newspapers will offer a print, home-delivered newspaper only on Sunday, and perhaps one or two other days a week...

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

News viewership on television grew in unexpected venues. At the three traditional broadcast television networks, news audiences grew 4.5% in the evening, the first uptick in a decade. At the local level, audiences grew in both morning and late evening, the first growth in five years. Cable news audiences also grew, by 1%, after falling the year before. But

for the first time since we began these reports, the growth came at CNN (16% growth in median prime-time viewership) and to a lesser extent MSNBC (3% growth). By contrast, Fox News, though still by far the ratings leader, had a second year of decline. Much of the growth may be short-lived, a function of big, visually oriented news stories rather than change in habits. Local news stations saw audiences for their evening newscasts (those most likely to include national and international affairs) fall back quickly when the uprisings in the Middle East subsided.

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

As privacy becomes an even larger issue, the impact on news is uncertain. Tensions between the services that technology companies provide and the data about consumers they gather and leverage for financial gain have swelled with app technology, targeting advertising, the rise of Facebook, and Google’s new privacy settings. Consumers are becoming more conscious of their digital profiles. As of early 2012, roughly two-thirds of the internet population is uneasy with targeted advertising and search engines tracking their behavior. But consumers are also more dependent on the free and efficient services available from the web platforms that gather the data. This places conflicting pressures on the news industry. To survive, news must find a way to make its digital advertising more effective – and more lucrative – and the gathering of consumer data is probably the key. Yet news organizations also must worry about violating the trust of their audiences. The longer they hesitate, the more market share they may lose. ●

Key Findings

Audience

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

DIGITAL

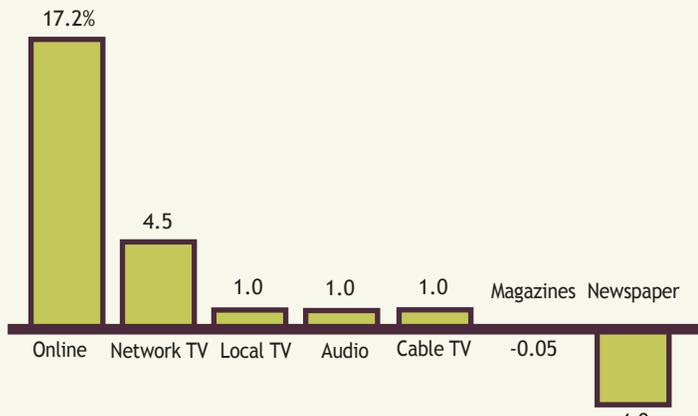
No matter the device, digital news consumption continued upward in 2011. Monthly unique audience to the top news sites was up 17%, a similar increase from 2009 to 2010,

according to Nielsen Online. Seventeen of those 25 continue to be legacy news outlets.

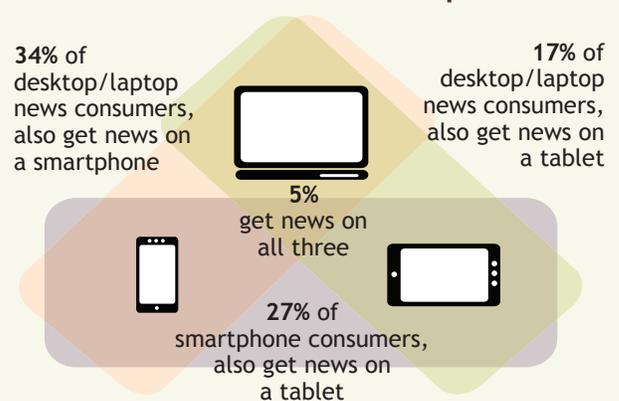
Americans are now fully into the digital era. More than three-quarters of U.S. adults own a laptop or desktop computer. On top of that, 44% now own a smartphone, and tablet ownership is now at 18%, up from just 11% in the summer of 2011. News is a significant part of how people use these devices. Some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

Web Continues to Dominate in Audience Growth

Percentage Change in Audience, 2010-2011



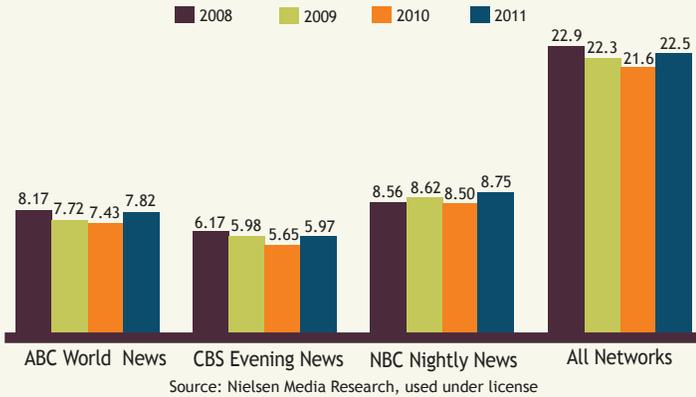
Digital News Consumers Are Adding to Their News Consumption



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

Evening News Audiences Increase at All Networks

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



NETWORK TV NEWS

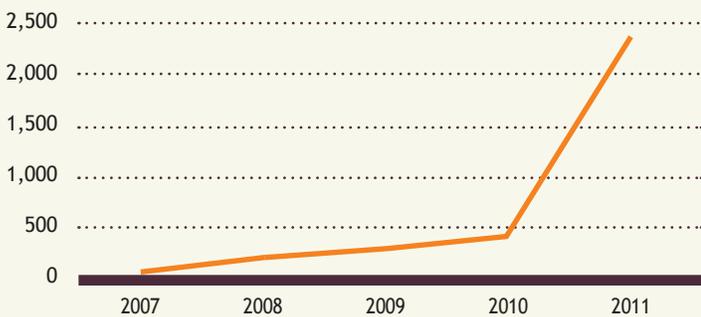
All television news viewership increased in 2011, but it was most evident on the networks, whose audiences grew for the first time in a decade. Average evening news viewership across the three networks increased 4.5%, or 972,700 viewers over 2010, according to PEJ analysis of Nielsen Media Research data.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

LOCAL TV NEWS

After years of decline, local television news showed new signs of life in 2011. Viewership increased in both the morning (1.4%) and late evening (3%) – the first gains in five years. The

Very Early Morning Viewership Takes Off

In Thousands of Viewers



Source: Nielsen Media Research, used under license
 Note: Numbers represent ABC, CBS, Fox, and NBC affiliates. March 2009 ratings are not comparable to the traditional winter sweeps period, February, and are not included here.

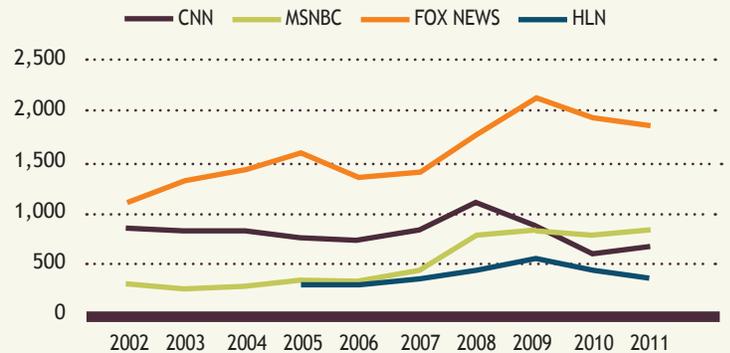
audience for very early morning news more than quadrupled, but most of that came in time periods that have the smallest total viewership, including 4:30 a.m. And while local stations remain the No. 1 news source for most Americans, the same does not apply to their websites. A PEJ survey found that 10 times as many people turned to TV newscasts for breaking news and weather as relied on local stations’ websites.

CABLE NEWS

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

Viewership Up Over All, But Varied by Channel

Median Prime-Time Viewership, in Thousands



Source: Nielsen Media Research, used under license

The boost behind that overall growth came at CNN, which was up 16% in prime time to a median of 654,500 viewers. And MSNBC was up 20% during the daytime. Fox News Channel was the only one of the three main news channels to experience a second straight year of declines. It ended 2011 down 3% in prime time and 2% in daytime. Fox remained the clear leader over all, though, with a median prime time audience of 1.9 million, making 2011 its 10th straight year of ratings dominance.

AUDIO

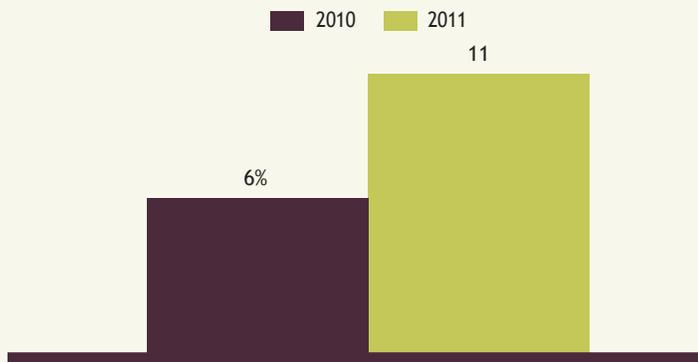
More than nine out of 10 Americans (93%) say they use or own an AM/FM radio, and the device is second only to television as the medium most prevalent in people’s lives, according to Arbitron’s data. But digital options are beginning to have an impact, especially in the mobile realms. Nearly 40% of people are estimated to listen to online-only audio services like

Pandora or Spotify on their smartphones, mobile devices and computers, according to eMarketer – a number expected to double by 2015. Even more worrisome for AM/FM radio, in-car listening via smartphones nearly doubled in the last year to 11% of people who own cellphones. And carmakers are installing new models with internet-ready listening.

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

More People Are Using Cellphones to Listen to Online Radio in Their Cars

Percentage of Cellphone Owners Who Have Listened to Online Audio in a Car by Listening to the Stream from a Cellphone Connected to a Car Stereo



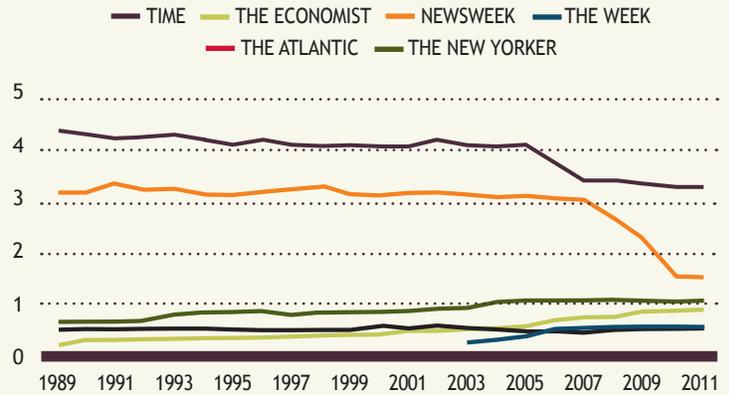
Source: Arbitron

MAGAZINES

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

News Magazines' Overall Circulation Holds Steady

Average Circulation in Millions



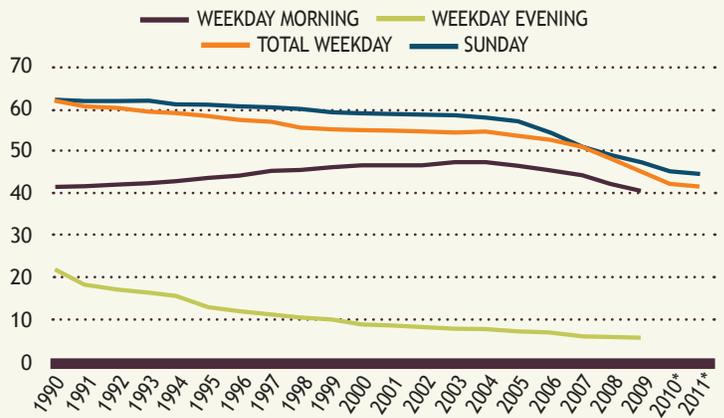
Source: Audit Bureau of Circulation, FAS-FAX reports
Note: Numbers prior to 2009 are rounded

NEWSPAPERS

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

A Continued Slide in Paid Circulation

In Millions



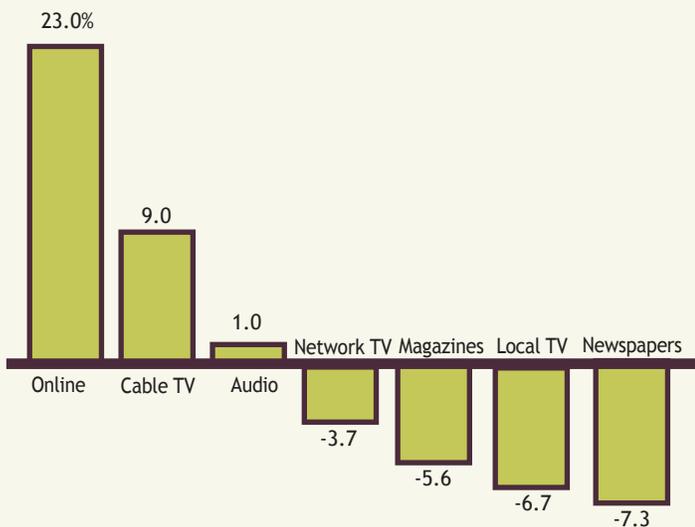
Source: Editor and Publisher Yearbook
Note: 2010 and 2011 figures are estimates by Rick Edmonds based on the period ending Sept. 30 2010.

Key Findings

Economics

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

Most Sectors See Revenues Fall Percentage Change in Revenue, 2010-2011

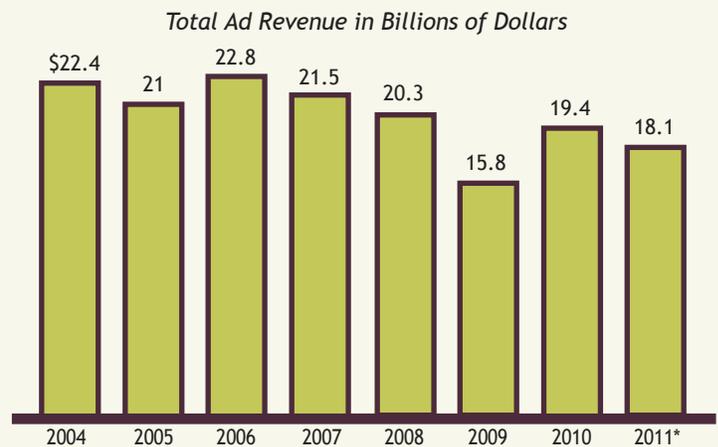


Source: SNL Kagan, eMarketer, Veronis Suhler Stevenson, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey

LOCAL TV NEWS

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

Local Broadcast TV Advertising Revenue Declines in 2011



Source: BIA/Kelsey
Note: 2011 is an estimate

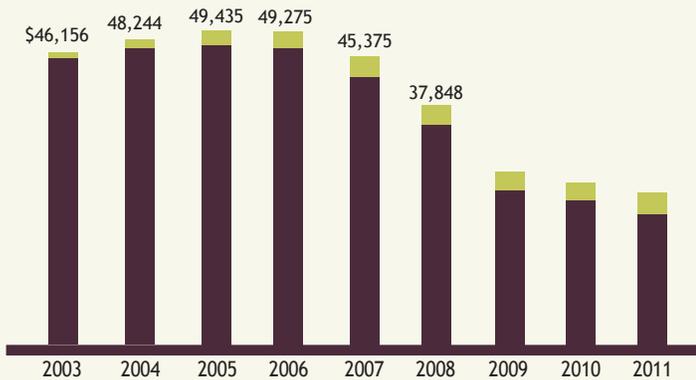
Cable figures are based on estimated combined ad revenues for CNN/HLN, Fox News Channel and MSNBC for 2010 and 2011, provided by SNL Kagan, a division of SNL Financial LLC. Online figures are total online ad revenues, from January to September 2011, compared with the same period in 2010, provided by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

NEWSPAPERS

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

Print Advertising Revenue Falls, Online Grows

In Millions of Dollars



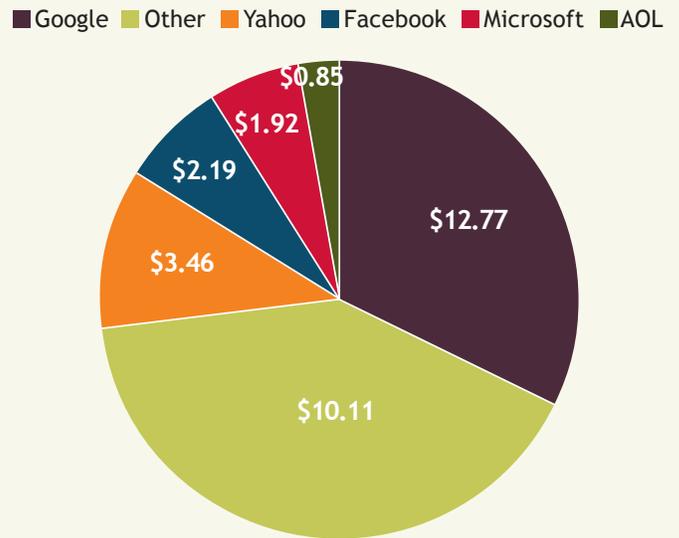
Source: Newspaper Association of America
Note: Numbers are rounded.

DIGITAL

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

Top Five Companies' Share of Total Online Ad Revenue

In Billions of Dollars



Source: eMarketer

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

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

MAGAZINES

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

News Magazines Have Fewer Ad Pages in 2011

	2010	2011	% Change
Newsweek	895.70	745.43	-16.8%
Time	1,405.52	1,370.30	-2.5
The Economist	2,044.93	1,986.49	-2.9
The New Yorker	1,187.42	1,166.57	-1.8
The Atlantic	552.74	531.14	-3.9
The Week	771.07	671.22	-12.9
Total	6,857.38	6,471.15	-5.6

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

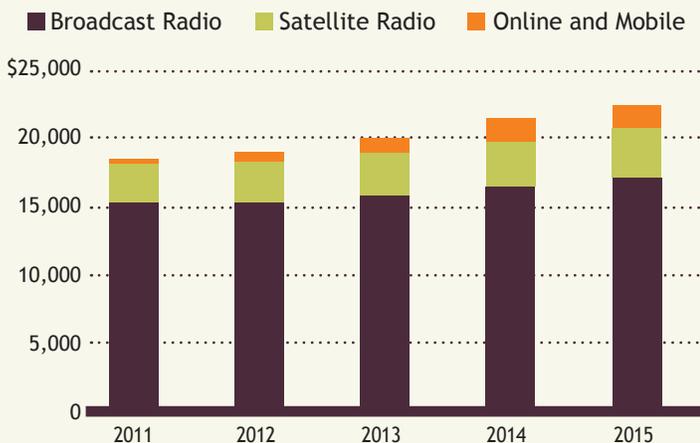
Even though ad pages, which have been the industry’s key economic indicator, were down in 2011, some digital initiatives taken by magazines started paying off. In October 2011, The Atlantic’s digital ad revenues exceeded print ad revenues, 51% to 49%, for the first time ever. Jay Lauf, The Atlantic’s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

AUDIO

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

Online and Mobile Radio Expected to See Richest Revenue Gains

In Millions of Dollars



Source: Veronis Suhler Stevenson Communications Industry Forecast 25th Edition, 2011 - 2015

NETWORK TV NEWS

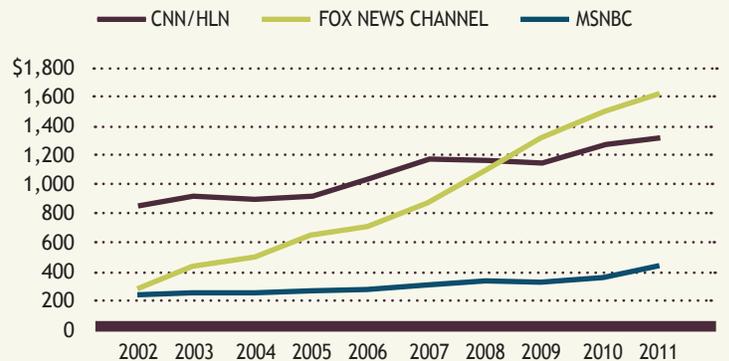
Networks over all saw a decrease in total revenue in 2011. The market research firm Veronis Suhler Stevenson, which looks at networks over all, not just news divisions, estimated that network ad revenue decreased 3.7% in 2011. But network news programs had their best ratings in a decade in 2011, and both ABC and CBS News benefited from broadcast ad revenue increases, while NBC News derived income from its cable news channels. As a result, PEJ estimates that the three network news divisions each saw revenue growth between 1% and 2.5%. While NBC’s prime-time non-news ratings slumped, its Nightly News and Today Show still beat out the network competition in viewership.

CABLE NEWS

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

Second Straight Year of Revenue Gains

Total Revenue for Cable News Channels, in Millions of Dollars



Source: Nielsen Media Research, used under license

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

Key Findings

News Investment

DIGITAL

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

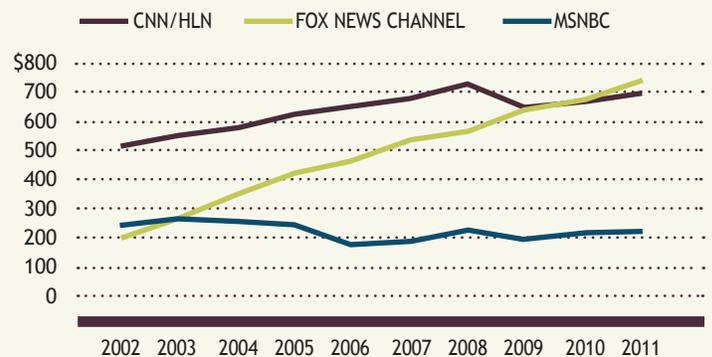
Other efforts in online newsgathering met some hurdles. In early 2011, AOL chief executive Tim Armstrong set the tone for the hyperlocal news site Patch by announcing that there would be 1,000 “patches” across the country and that by year-end individual patches would become profitable. By the end of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

CABLE NEWS

Cable channels were projected to spend more on the news in 2011, increasing their budgets by 5% to \$1.7 billion, according to SNL Kagan. All of the channels were projected to spend more than they had the year before. For the second year in a row, Fox was projected to lead in total spending at \$732 million. CNN and HLN were projected to spend \$698 million, and MSNBC, which draws on NBC News for resources and newsgathering, was projected to spend \$223 million. Though it was no longer the spending leader, CNN made use of 46 domestic and foreign bureaus in 2011, more than Fox (17) and MSNBC (20) combined, according to information provided by the channels. According to SNL Kagan, the scale of CNN’s operation has led it to allocate more of its budget to administrative expenses than Fox and MSNBC, which both invest heavily in program-related items such as host salaries.

Fox Projected to Widen its Spending Lead over CNN

Total News Investment, in Millions of Dollars



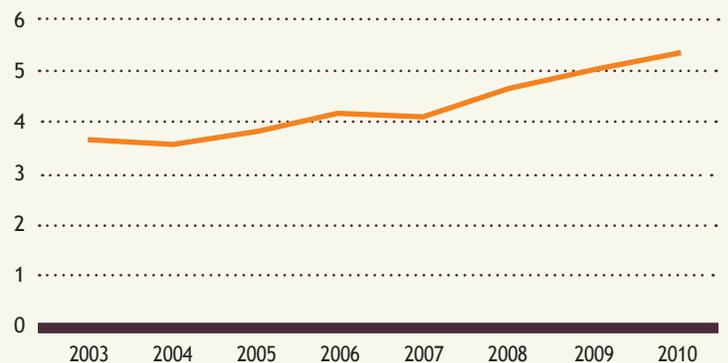
Source: SNL Kagan, a division of SNL Financial, LLC
Note: All figures are estimates

LOCAL TV NEWS

Stations continued to hire in 2011 and analysts believe total employment in local TV news has returned to the record level set before the recession. The median staff size of stations in the largest markets grew 21% between 2005 and 2010, while small-market newsrooms have not grown. The makeup of the staffs has changed: Large-market newsrooms ramped up their

Amount of Local TV News per Weekday

Average Hours of News per Weekday, 2003-2010



Source: RTNDA/Hofstra University Surveys
Note: Based on survey responses of news directors at all commercial TV stations



After four years of shedding significant numbers of jobs, employment at U.S. magazines fell only 1.7% in 2011

use of solo journalists, with more than 15% of the largest saying they mostly rely on “one-man bands.”

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

MAGAZINES

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

Employment Begins to Recover at U.S. Magazines

Percentage Change in Magazine Employment



Source: Advertising Age, Data Center

NETWORK NEWS

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

NEWSPAPERS

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

Key Findings

Ownership

CABLE

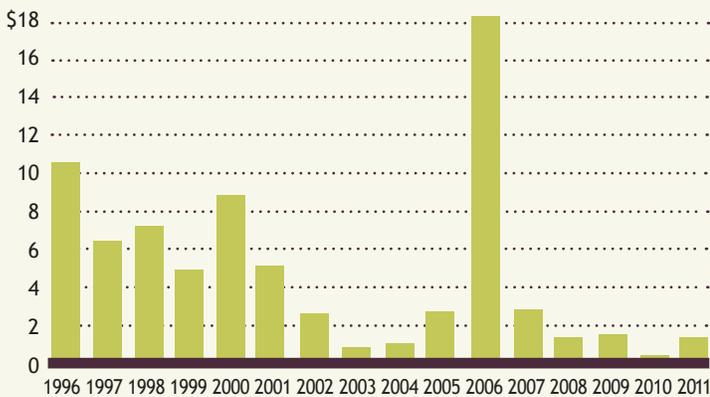
News Corp. spent much of 2011 embroiled in charges of phone hacking by employees at The News of the World, one of owner Rupert Murdoch's British tabloids. Though Fox News is owned by News Corp., the scandal may have caused more distraction for CNN's new host Piers Morgan, who was brought before a government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

LOCAL TV

More stations were sold in 2011 than the year before and for considerably higher prices. While the total number of station mergers and acquisitions was relatively small, transactions topped a billion dollars for the first time since 2007.

Total Value of TV Station Mergers and Acquisitions

In Billions of Dollars



Source: BIA/Kelsey, Media Trends
Note: Year to year, last update December 2011.

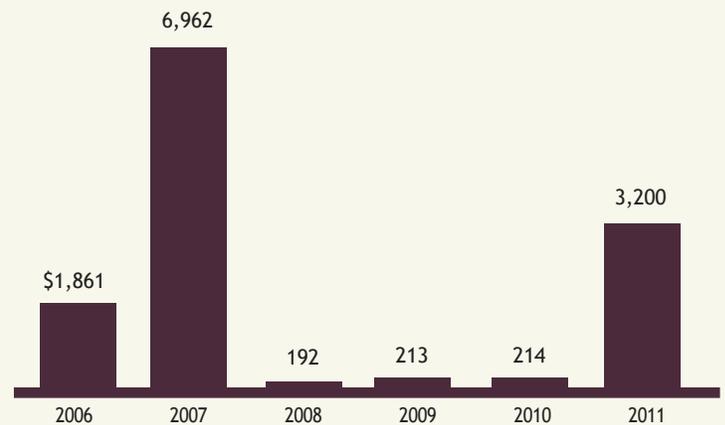
MAGAZINES

In the consumer magazine sector, 32 acquisitions were announced, compared to 26 in 2010, according to the Jordan, Edmiston Group. The total value of these acquisitions accounted to \$3.2 billion, compared to 2010, when the value

was limited to \$214 million. One of the most noteworthy acquisitions was made by Hearst, one of the largest magazine publishers in the U.S. The company paid French publisher Lagardère a reported \$866 million for nearly 100 magazines in 14 countries, including Elle and Car and Driver. Hearst now puts out more than 300 editions around the world, including 19 U.S. magazines.

Total Value of Magazine Acquisitions Jumps in 2011

In Billions of Dollars



Source: Jordan, Edmiston Group, Inc. (JEGI)

NEWSPAPERS

Newspapers began changing hands again in late 2011. The trend of private equity owners gaining control through bankruptcy proceedings continues to grow and they tend to take an aggressive approach to digital transition. The most high-profile example is John Paton, the chief executive backed by Alden Global Capital, who is pursuing a "digital-first" strategy at the Journal Register and MediaNews Group papers. Probably the biggest transaction in 2011 was the \$143 million sale of The New York Times' 16-paper region group to Halifax Media, a company formed two years ago to buy The Daytona Beach News-Journal. ●

Mobile Devices and News Consumption: Some Good Signs for Journalism

A new survey of more than 3,000 U.S. adults by the Pew Research Center's Project for Excellence in Journalism finds that rather than gravitating toward one device, a growing number of Americans are becoming multiplatform digital news consumers. These "digital mavens" get news on all their devices – and even more so if they own all three types of devices. The data also show that the reputation or brand of a news organization is the most important factor in determining where consumers go for news, and that is even truer on mobile devices.

The move toward mobile holds some promising options for news producers. To capitalize on it the industry will need to do a better job than it did in the desktop realm of quickly coming to understand audience behavior and developing technology and revenue models to adapt to it.

AMONG THE FINDINGS:

Nearly a quarter of U.S. adults, 23%, now get news on at least two devices—a desktop/laptop computer and smartphone, a computer and a tablet, a tablet and a smartphone, or on all three. And a majority of Americans get news through at least one digital, web-based device. The desktop/laptop remains the most popular (54% get news there) but the numbers turning to other digital devices are growing.

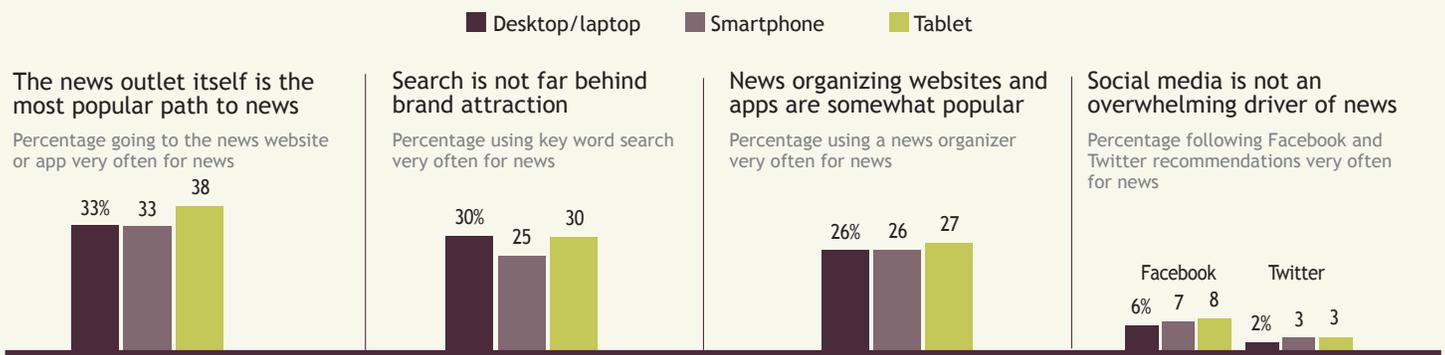
The most common way that people get news is by going directly to a news organization's website or app. About

a third of desktop/laptop news consumers and smartphone news consumers get news this way "very often." Even more tablet news users, 38%, follow this path. On desktop/laptop computers, going to a news site directly is statistically tied with search (30%). Yet even these numbers may understate those seeking out news home pages, as past PEJ studies show that many people type in some variation of the home page name into the search engine box.

For those who get news on both the smartphone and tablet, social networking is a more popular pathway. Among that group (13% of all digital news consumers), fully two-thirds (67%) have ever gotten news recommendations from Facebook. That compares to 59% who get news on just one device and 41% who only get digital news via the desktop/laptop. Similarly, 39% follow news recommendations on Twitter, compared with 24% who just use a smartphone or a tablet and 9% who use only the desktop/laptop.

Consumers who still only get digital news on the desktop/laptop have a very different set of behaviors. This group is less likely to get news in any of the ways asked about than those who get some digital news on a smartphone, a tablet or both. Only about half (48%) get news using key word search "very or somewhat often" compared with at least 70% of those who use a smartphone, tablet or both for news. Similarly, 54% go directly to news websites or apps somewhat or very often, while 80% or more of those who get news on other devices do so. ●

Getting to the News on Digital Devices In Billions of Dollars



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

What Facebook and Twitter Mean for News

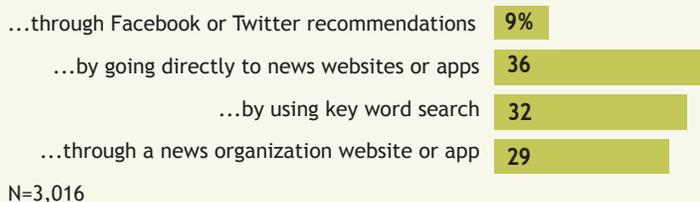
Another new PEJ survey confirms that Facebook and Twitter are pathways to news, but finds their role may not be as large as some have suggested. The population that uses these networks for news is still relatively small, and they have not given up other methods of getting news, such as going directly to websites, using apps or search. It seems social media are additional paths to news, not replacements.

AMONG THE FINDINGS:

Facebook and Twitter Are Still Relatively Small Drivers for News. Over all, just 9% of digital news consumers very often follow news recommendations from Facebook or Twitter on any of the three digital devices. That compares with 36% who very often go directly to news organizations, 32% who get news from search very often, and 29% who use some sort of news organizer site or app.

Social Media is not an Overwhelming Driver of News (Yet)

Percent of U.S. Adults Who Get News on Any Digital Device Very Often



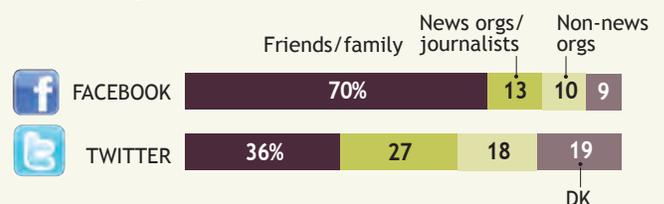
Between the Two Social Media Options, Facebook Leads. More than twice as many digital news consumers follow news recommendations from Facebook than follow them from Twitter. And that remains consistent across different digital devices. In all, on any device, 7% get news on Facebook very often, compared with 3% who do so on Twitter.

Social Networks at This Point Are Mostly an Additional Way to Get News, Rather Than a Replacement Source. Fully 71% of those who ever follow news links on Facebook also get news somewhat or very often by going directly to a news organization's website or app. Among Twitter news followers, 76% also go to home pages or use apps from a news organization very or somewhat often. Similarly 65% of Facebook news users get news via key word search very or somewhat often, as do 69% of Twitter news users.

Twitter and Facebook Function Differently as News Sources. On Facebook, the news comes mostly through family and friends. On Twitter, people tend to get news from a broader mix of recommenders. When asked who sends you most of the news stories you read or watch via Facebook, 70% said friends and family. Another 13% get most of their recommendations from news organizations or individual journalists. Another 10% get most of their recommendations from non-news organizations and 9% are unsure.

Facebook News Driven by Friends and Family

Percentage Who Get Most of Their News Links from...

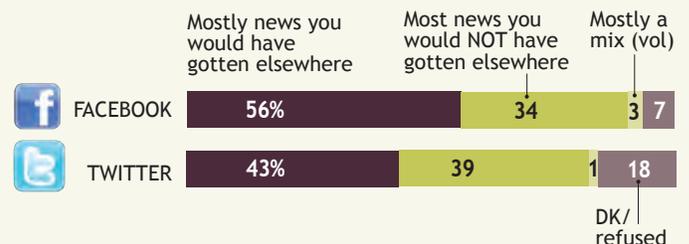


N's: Ever follow Facebook recommendations for news = 745; ever follow Twitter recommendations for news = 239

Consumers Are More Likely to See Facebook News as Replaceable. A majority, 56%, of those who get news recommendations from Facebook say they think they would have gotten that news from somewhere else. Only a third, 34%, said they would not have seen it otherwise.

Twitter News is Viewed as More Unique

Percentage Who Say the News They Got on Each Platform Is...



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

Twitter News Followers Are More Mobile. Fully 76% of Twitter news followers own a smartphone and 64% get news there (versus 47% for Facebook users and 30% for all mobile news consumers). They are more likely to own a tablet computer, 42% versus 30% among Facebook news followers and 26% over all. And they are more likely to get news there, 31%, versus 20% for both Facebook and for digital news consumers over all.

How to Use the State of the News Media

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

- Chart and compare percentages of media coverage by outlet, topic of interest or by prominent newsmakers in the Year in the News Interactive.
- See which companies own what media properties through the Who Owns the News Media database.
- Interested in statistics? Find the data you need and make your own charts about any of the eight major media sectors in the By the Numbers section attached to each chapter.
- Learn how mobile devices are adding to people's news consumption in our survey about technology and journalism.
- Understand the role that social media platforms are playing in the evolving relationship between the news industry and consumers.
- Find out about the state of affairs in the world of community news.
- Learn our sense of where the industry stands by reading the main overview, major trends and the essay sections of each chapter.

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