



## PROJECT FOR EXCELLENCE IN JOURNALISM

### The State of the News Media 2008 Executive Summary

*By the Project for Excellence in Journalism*

The state of the American news media in 2008 is more troubled than a year ago.

And the problems, increasingly, appear to be different than many experts have predicted.

Critics have tended to see technology democratizing the media and traditional journalism in decline. Audiences, they say, are fragmenting across new information sources, breaking the grip of media elites. Some people even advocate the notion of “The Long Tail,” the idea that, with the Web’s infinite potential for depth, millions of niche markets could be bigger than the old mass market dominated by large companies and producers.<sup>1</sup>

The reality, increasingly, appears more complex. Looking closely, a clear case for democratization is harder to make. Even with so many new sources, more people now consume what old-media newsrooms produce, particularly from print, than before. Online, for instance, the top 10 news Web sites, drawing mostly from old brands, are more of an oligarchy, commanding a larger share of audience than they did in the legacy media. The verdict on citizen media for now suggests limitations. And research shows blogs and public affairs Web sites attract a smaller audience than expected and are produced by people with even more elite backgrounds than journalists.<sup>2</sup>

Certainly consumers have different expectations of the press and want a changed product.

But more and more it appears that the biggest problem facing traditional media has less to do with where people get information than how to pay for it — the emerging reality that advertising isn’t migrating online with the consumer. The crisis in journalism, in other words, may not strictly be loss of audience. It may, more fundamentally, be the decoupling of news and advertising.

This more nuanced recognition is also putting into clearer relief what news people see as their basic challenge: somehow they must reinvent their profession and their business model at the same time they are cutting back on their reporting and resources. “It’s like changing the oil in

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<sup>1</sup> Chris Anderson, 2006. “The Long Tail,” Hyperion, and 2004, “The Long Tail.” Wired.

<http://www.wired.com/wired/archive/12.10/tail.html>

<sup>2</sup> Matthew Hindman, “Political Accountability and the Web’s Missing Middle,” paper prepared for presentation at the Princeton Conference on Changing Media and Political Accountability, 2007, adapted from his forthcoming book, “The Myth of Digital Democracy,” Princeton University Press. Hindman’s research casts a variety of doubts about democratization. Among them, he finds that the top 10 news Web sites account for 29% of all Web traffic. The top 10 papers in newspapers, in contrast, account for 19% of newspaper circulation. “Across every measure, newspaper content is more concentrated online than in print,” he writes. Hindman’s research also establishes a more elite pedigree in terms of educational institutions and advanced post-graduate degrees for the top bloggers than for the country’s leading op-ed columnists. And the top news Web sites have 30 times the traffic of the top political and public affairs Web sites.

your car while you're driving down the freeway," said Howard Weaver, the chief news executive of the McClatchy Company.

In broad terms, the fundamental trends transforming how people acquire news continued in the last year. More effort keeps shifting toward processing information and away from original reporting. Fewer people are being asked to do more, and the era of reporters operating in multimedia has finally arrived. In newspapers, and to lesser extent in network television, an expanding list of buyouts and layoffs in 2007 was expected to grow further in 2008 — in some cases even at online organizations.

The pressure points vary by news sector. In print, the problem is vanishing advertising, particularly classified. Were it not for that one sector, newspapers' problems would be comparatively modest. In television, where problems with audience are more acute, the industry is being sustained by the fact that still nothing compares to the persuasiveness of television advertising. Online, the problem is that the revenue model is in search, not conventional advertising — and journalism sites are now already lagging behind other Internet sectors financially.

Despite all this, those who remain in the newsroom, particularly in print, evince a stubborn optimism, a sense of mission to prove what they consider a calling still has resonance and in time will find financial footing. Certainly there is skepticism on Wall Street, from the public, in some cases from owners. Yet experimentation is proving liberating, even if some experiments make news people queasy. News organizations, or at least some, have become places of risk and innovation, and they feel a growing connection with audiences, something we could not have said a few years ago.

In this, the fifth edition of our annual report tracing the revolution of news, several trends bear particular notice heading into 2008.

- **News is shifting from being a product — today's newspaper, Web site or newscast — to becoming a service: how can you help me, even empower me?** There is no single or *finished* news product anymore. As news consumption becomes continual, more new effort is put into producing incremental updates, as brief as 40-character e-mails sent from reporters directly to consumers without editing. (The afternoon newspaper is also being reborn online.) Service also broadens the definition of what journalists must supply. Story telling and agenda setting — still important — are now insufficient. Journalism also must help citizens find what they are looking for, react to it, sort it, shape news coverage, and — probably most important and least developed — give them tools to make sense of and use the information for themselves. News people are uncertain how the core values of accuracy and verification will hold up. Some of the experiments, even the experimenters think, are questionable. And people are being stretched thinner, posing hard questions about how to manage time and where to concentrate. But the hope is that service, more than storytelling, could prove a key to unlocking new economics.
- **A news organization and a news Web site are no longer final destinations.** Now they must move toward also being stops along the way, gateways to other places, and a means to drill deeper, all ideas that connect to service rather than product. "The walled garden is over," the editor of one of the most popular news sites in the country told us.

A site restricted to its own content takes on the character of a cul de sac street with yellow “No Outlet” sign, reducing its value to the user. “Search has become the predominant ... paradigm,” an influential market research report circulating throughout the industry reads. That means every page of a Web site — even one containing a single story — is its own front page. And each piece of content competes on its own with all other information on that topic linked to by blogs, “digged” by user news sites, sent in e-mails, or appearing in searches. As much as half of every Web page, designers advise, should be devoted to helping people find what they want on the rest of the site or the Web. That change is already occurring. A year ago, our study of news Web sites found that only three of 24 major Web sites from traditional news organizations offered links to outside content. Eleven of those sites now offer them. Some of this may simply be automated, which may be a service of limited value.

- **The prospects for user-created content, once thought possibly central to the next era of journalism, for now appear more limited, even among “citizen” sites and blogs.** News people report the most promising parts of citizen input currently are new ideas, sources, comments and to some extent pictures and video. But citizens posting news content has proved less valuable, with too little that is new or verifiable. (It may thrive at smaller outlets with fewer resources.) And the skepticism is not restricted to the traditional mainstream media or “MSM.” The array of citizen-produced news and blog sites is reaching a meaningful level. But a study of citizen media contained in this report finds most of these sites do not let outsiders do more than comment on the site’s own material, the same as most traditional news sites. Few allow the posting of news, information, community events or even letters to the editors. And blog sites are even more restricted. In short, rather than rejecting the “gatekeeper” role of traditional journalism, for now citizen journalists and bloggers appear for now to be recreating it in other places.
- **Increasingly, the newsroom is perceived as the more innovative and experimental part of the news industry.** This appears truer in newspapers and Web sites than elsewhere. But still it represents a significant shift in the conversation. A decade ago, the newsroom was often regarded as the root of journalism’s disconnection from the public and its sagging reputation. “I think we may need to just blow up the culture of the newsroom,” one of the country’s more respected editors told a private gathering of industry leaders in 1997. Now the business side has begun to be identified as the problem area, the place where people are having the most difficulty changing. “My middle management in advertising and distribution is where I see the deer-in-the-headlights look,” one publisher recently told us. “Advertising doesn’t know how to start to cope,” said a major industry trade association leader. A survey of journalists from different media (being released with this year’s report) reinforces this sense. Majorities think such things as journalists writing blogs, the ranking of stories on their Web sites, citizens posting comments or ranking stories, even citizen news sites, are making journalism better — a perspective hard to imagine even a few years ago. These new technologies are seen as less a threat to values or a demand on time than a way to reconnect with audiences. News people also are less anxious about credibility, the focus of concern a few years ago. Their worries now are about money.

- **The agenda of the American news media continues to narrow, not broaden.** A firm grip on this is difficult but the trends seem inescapable. A comprehensive audit of coverage shows that in 2007, two overriding stories — the war in Iraq and the 2008 campaign — filled more than a quarter of the newshole and seemed to consume much of the media’s energy and resources. And what wasn’t covered was in many ways as notable as what was. Other than Iraq — and to a lesser degree Pakistan and Iran — there was minimal coverage of events overseas, some of which directly involved U.S. interests, blood and treasure. At the same time, consider the list of the domestic issues that each filled less than a single percent of the newshole: education, race, religion, transportation, the legal system, housing, drug trafficking, gun control, welfare, Social Security, aging, labor, abortion and more. A related trait is a tendency to move on from stories quickly. On breaking news events — the Virginia Tech massacre or the Minneapolis bridge collapse were among the biggest — the media flooded the zone but then quickly dropped underlying story lines about school safety and aging infrastructure. And newer media seem to have an even narrower peripheral vision than older media. Cable news, talk radio (and also blogs) tend to seize on top stories (often polarizing ones) and amplify them. The Internet offers the promise of aggregating ever more sources, but its value still depends on what those originating sources are providing. Even as the media world has fragmented into more outlets and options, reporting resources have shrunk.
  
- **Madison Avenue, rather than pushing change, appears to be having trouble keeping up with it.** Like legacy media, advertising agencies have their own history, mores and cultures that keep them from adapting to new technology and new consumer behavior. The people who run these agencies know the old-media methods and have old-media contacts. New media offer the promise of more detailed knowledge of consumer behavior, but the metrics are still evolving and empirical data have not yet delivered a clear path. Advertising executives, in other words, do not have answers any more than the news professionals. In the short run, this may be helping traditional media hold onto share of advertising revenue. For now, the future seems to point to more confusion and fragmentation before new models emerge. But the losses could begin to accelerate when answers come. The question of whether, and how, advertising and news will remain partners is unresolved.

These trends add to those we have discussed in earlier years of this report. In the inaugural State of the News Media report in 2004, we outlined the broad contours of the revolution in news: journalism is not disappearing, we concluded, but it is changing. Consumers trust and rely on journalists less, and expect more of them, because they have alternative sources of information. In subsequent years we have tracked the splintering of journalism into new norms, including rise of a new commercially driven Journalism of Affirmation, the shift at many traditional news outlets toward becoming niche products, the emergence of what we call the new Answer Culture in news, and growing doubts about the ultimate potential of advertising online.

The study, which we believe is unique in depth and scope, breaks the news industry into nine sectors (newspapers, magazines, network television, cable television, local television, the Internet, radio, ethnic media) and builds off many of the findings from a year ago.

This year, we have a special report on the future of advertising, a survey of journalists, and a new comprehensive study of the content of the press. These are added to our detailed examinations of each of the media's major sectors — print, online, network, local and cable television, radio, ethnic and magazine.

## **A YEAR IN THE NEWS**

An analysis of more than 70,000 stories from 48 separate news outlets in five media sectors in 2007 offers an empirical look at the content of the American media that we believe is unprecedented in its depth and comprehensiveness. Among the findings overall:

- The agenda of the American news media is quite narrow, despite the revolution in news. Two overriding stories — the war in Iraq and the 2008 campaign — filled more than a quarter of the newshole, according to our audit of news coverage.
- Rather than cover the world, the American media tended to report on U.S. interests abroad. Beyond Iraq, indeed, only two countries in 2007 received notable coverage, both closely related to the war — Iran and Pakistan. Eliminate those three and geopolitical events in the rest of the world made up less than 6% of coverage studied, and that includes Afghanistan, Korea, China, Russia, Israel and everywhere else combined.
- The media and the public often disagreed about which stories were important in 2007. Citizens wanted more coverage of bread and butter issues, such as rising gas prices, toy recalls, and the legislative battle over children's health insurance, and less coverage of the crisis in Pakistan, certain aspects of the Iraq debate and, to the limited extent they got it, of other distant places in the world.
- The media also showed a marked short attention span in 2007. Within a week, the issues raised by the Virginia Tech massacre were mostly abandoned. The same was true with issues about infrastructure raised by the Minnesota bridge collapse, or those by a range of wild fires. The lone exception seems to be New Orleans, where certain news outlets have made a special commitment.

### *Newspapers*

- Newspaper front pages stood out in 2007 for covering important trends that were less obvious and less tied to breaking news. They were the only sector studied, for instance, where problems in the health care system was a Top 10 story. They — and especially smaller papers — were also quicker to see the coming problems in the economy. The economy was a major story on front pages by March. It did not reach that point in the rest of the media till August.
- Newspaper front pages also covered the rest of the world more than most other media. The front pages studied devoted 13% of their coverage to non-U.S. foreign news, nearly

three times that of cable news, more than double that of radio, and 60% more than network news. Only online news sites, which are especially international, did more.

### *Online*

- Online news is emerging as a distinct news sector. Among other qualities, as noted above, it is more international. For the year, fully a quarter of all of the top stories studied on major Web sites were about foreign affairs that did not involve the U.S. -- six times more than cable news, four times network evening news, and twice that of newspaper front pages.
- There are distinct differences among online sites, even of similar styles. For instance, the topic selection of the human editors at Yahoo is strikingly different than the computer algorithms at Google. Fully 16% of the coverage studied on Yahoo (its top stories) dealt with events inside Iraq while the biggest story on Google News (10%) was the 2008 election. Google, in a sense, reflects the collective judgment of the media pack while Yahoo will deviate from it.

### *Network News*

- CBS anchor Katie Couric's role on the evening news is now, in many ways, more circumscribed than that of any other network anchor — quite a contrast from how her program began. Most notably, in 2007 she did roughly half as much of the signature interviewing for which she was once known than did her evening rivals. And much of that was edited.
- The nightly newscasts are the last place in television news built around written, edited and produced story packages in which words and pictures are carefully matched. More than 80% of the nightly newscasts are made up of these taped edited packages, versus 30% on the cable programs studied and half the time on the hard news half hour of the network morning shows. Cable and morning news lean instead on more extemporaneous, unedited news delivery.
- In the mornings, when Americans get a narrower slice of the news, politics, the war, crime and disasters dominated the agenda in 2007 (52% of time vs. 37% on nightly news).

### *Cable News*

- There are distinct differences among the channels, only some of which reflect the demographic differences of their audiences. MSNBC in 2007 devoted about twice as much time than its competitors on politics (28% vs. 12% CNN and 15% Fox News). Fox spent about half the time on the war in Iraq as the others (10% vs. 18% MSNBC and 16% CNN). And Fox was more oriented to crime, celebrity and the media (28% vs. 19% on MSNBC and 16% on CNN).
- In a medium that relies heavily on being “live” and does without taped, edited packages, MSNBC is the most ephemeral and live-oriented of all. Only 10% of time studied was made up of taped edited packages, versus 45% on CNN and 28% on Fox. This may be due to having to borrow reporters from NBC.

## *Magazines*

- Despite highly publicized shifts to the Web for breaking news, the topic agenda of the newsweekly magazines in print did not change in 2007. National, international and business affairs made up 51% of the space in Time in 2007, 49% in Newsweek and 57% in U.S. News & World Report, according to data from Hall's Media Research. U.S. News was the most oriented to health and personal finance (19% of space). Time and Newsweek were heavier in back of the book, culture and leisure (32% and 30%, respectively, vs. 15% at U.S. News).

## *Ethnic Media*

- A study of the Spanish language press the week the immigration bill died in the Senate shows striking differences between how this sector of the media covered the event vs. the English language press.
- The people who were the focus of the bill were called “illegals” in English-language papers, generally, but “undocumented immigrants” in the Spanish ones.
- The English-language media tended to focus on the politics of the bill, and the winners and losers among the Senate players. The Spanish-language press focused much of its reporting on immigrants themselves and the effect of the bill on them.
- On television, the Spanish language newscasts were more emotional, showing angry and tearful reactions of immigrants, and even anchors offering personal comments.

## *Radio*

- Talk Radio is more about amplifying events than covering them. Nearly half the weeks last year, the medium took the top story of the week and doubled it in volume. For all of 2007, politics and the campaign accounted for more than a quarter of all the airtime studied among the five top radio hosts. The second-biggest talk topic was the media figures themselves, which accounted for about one out of every six minutes of conversation.
- Conservative hosts were also fixated on Hillary Clinton — and they weren't flattering. Early in the year, she generated almost three times as many segments on conservative talk as any other candidate, nearly 90% negative. From July through the end of the year, she was medium's lead newsmaker over all.
- Radio news headlines (from CBS and ABC) are in many ways, a solid supplement to the narrow and selective talk news agenda. The brief hourly headline reports in 2007 may have lacked depth, but they offered a broad and balanced menu of news coverage — and they were much more than just anchors reading wire copy. Nearly half (46%) were packaged pieces often with reporters from the field and with sound “actualities” or quotes from sources.

# INDUSTRY BY INDUSTRY REVIEWS

## Newspapers

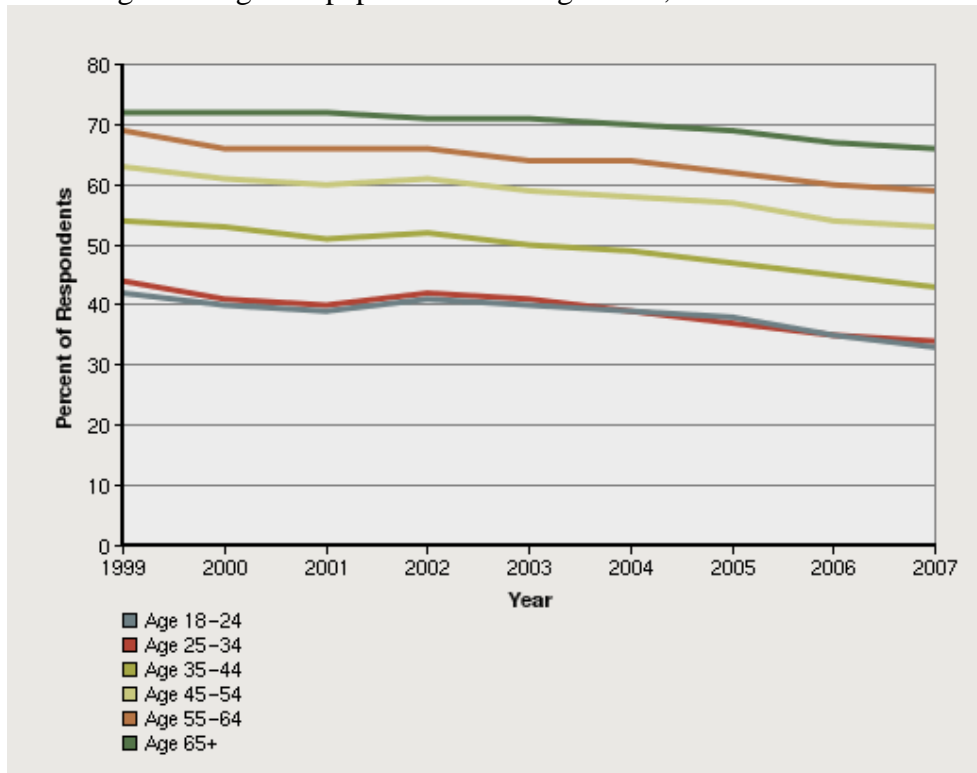
The problems of the newspaper industry intensified in 2007, and 2008 promises to be worse yet. Revenues, once flat, declined. Circulation losses, while not accelerating, continued. Stock prices plummeted. Buyers are hard to find. Yet there are strengths here too. There are more signs of innovation than before. While staffs are down, they remain larger than elsewhere and a competitive advantage for the industry. Total audience, including online, is up. The problem is finding new revenue, and new products that will create it.

### Audience

- For the six months ending September 30, 2007, the Audit Bureau of Circulations reported that industry circulation was down 2.5 % daily and 3.3 % Sunday compared with the previous year.
- Readership is believed to be higher than circulation by about 2.1 times daily and 2.5 Sunday, but is still in decline in nearly every demographic group. The largest drop in the last seven years (10 percentage points) is among 35-to-44-year-olds, to 43% from 53% in 2000, according to Scarborough Research Center.

### Daily Newspaper Readership by Age Group

Percentage reading newspapers in an average week, 1999-2007



Source: Scarborough Research survey data

- By the Newspaper Association of America's count, based on unique visitors per month, 59 million people visited a newspaper Web site in the third quarter of 2007, up 3.7% over the same period in 2006. By that count, the total audience for what newspapers produce is rising, not falling.
- The number of daily newspapers declined by 15 in 2006, to 1,437, according to Editor & Publisher.

### *Economics*

- Advertising revenues, flat in 2006, fell 7% industry-wide in 2007, with all categories – national, retail and classifieds -- down. Online advertising growth weakened, increasing a little less than 20%, compared to more than 30% for previous years.
- Profits in the first three quarters fell by 10%, compared with the same period a year earlier, according to internal estimates by Goldman Sachs.
- Despite cost-cutting initiatives, earnings per share at public newspaper companies fell more than 10% for 2007, after dropping 14% in 2006.
- Newspaper company stocks were down 42% from the start of 2005 to the end of 2007
- For 2008, the hope is that a collaboration of more than 400 daily papers with Yahoo will generate a kick of as much as 10% to 20% in online advertising.

### *News Investment*

- The American Society of Newspaper Editors began including online staff in newsroom employee count, turning up 2,000 “new” jobs, and showing newsroom employment at 57,000 at the end of 2006. We estimate the new numbers for 2007 could show print newsroom staffing losing in the neighborhood of 1,000 to 1,500 jobs, with some increase, perhaps half that number, added to the online workforce.
- Counting jobs that have migrated to newspaper's online ventures lessens the total staff declines. Overall newsroom employment remains 90% to 95% of what it ever was.
- Cost-cutting measures in 2007 moved to higher-hanging fruit: a thinning of the ranks of specialty reporters (higher education, religion and some sciences), layoffs or reassignments of arts critics, and, at metro papers, cutbacks in local news staff and space. The ambition of newspapers to cover their regions or even basic government functions in exurban towns is on a sharp decline.

### *Alternative Weekly Papers*

- Total audience for hard-copy editions of its 130 members remained at roughly 7.5 million, the same as the previous year, according to the Association of Alternative Weeklies.
- Nearly two-thirds of members of the association are planning to offer news on mobile devices in 2008, including the 17 Village Voice Media properties and the four papers in the Times-Shamrock chain.

## Online

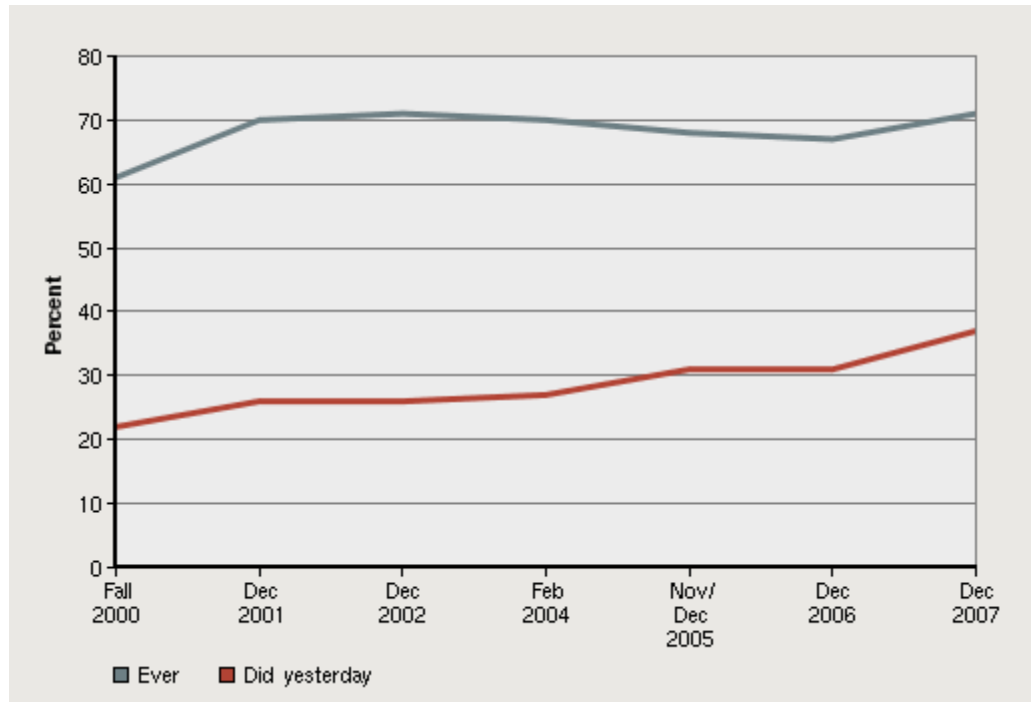
There is reason for both hope and worry from trends in the online news industry. The number of people who get news online is growing, and many of these people are going to established trusted brands. The major news Web sites generally enjoyed double-digit growth. But there are also concerns. News as a category is falling behind in growth, and has yet to make much of a mark in the most important area, search.

### Audience

- The number of people going online, how often they went and how much time they spent there all grew in 2007. Fully 72% of Internet users said they had been online the day before, up from 65% in 2006, according to data from the Pew Internet & American Life Project. Americans spent 11 hours per week online, up from nine the previous year, and eight hours in 2005, according to a Harris poll.
- News consumption is also growing. The number of people who went online for news “yesterday” grew to 37% of Internet users, up from the 30% in 2005, and the 26% in 2002.

### Online News Consumption

Internet users



Source: Pew Internet & American Life Project

- High speed connectivity reached a majority of Americans in 2007. By December, 54% of adults who went online had a high-speed connection at home, up from 45% the same month in 2006, according to Pew Internet.

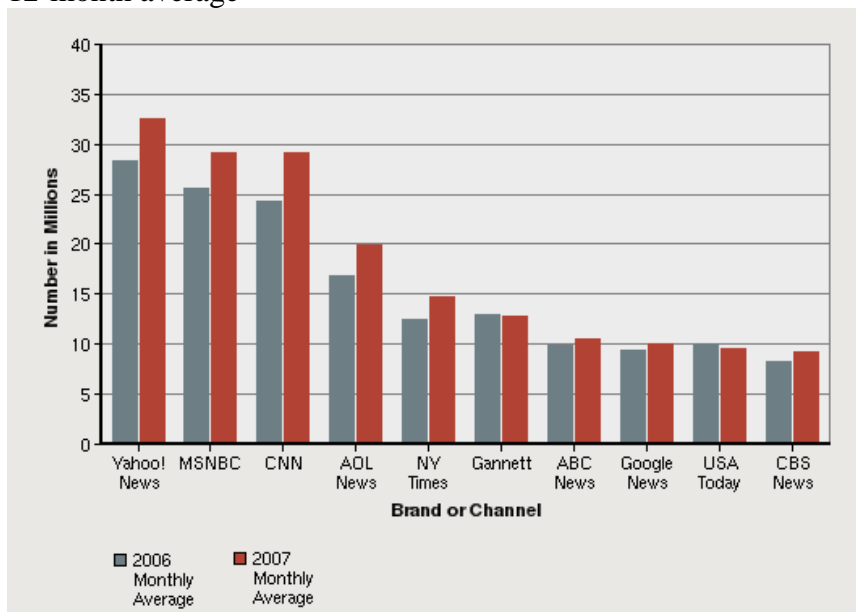
## Economics

- Ad revenue online is still growing, but not as quickly. Through the first nine months of 2007, online ad revenue grew by 26% to \$15.2 billion, according to Interactive Advertising Bureau. But that number was down from growth of 36% through the same period a year earlier.
- News sites, however, are already falling behind. In 2006, display ad revenue on news and current events sites, according to TNS Media Intelligence, grew by just 9% from the year before, to \$767 million, down from growth of 12% in 2005.
- Online video is growing fast but is still small. eMarketer projects that advertising revenue from online videos will grow 89% in 2007, to reach \$775 million. But even with that growth, it will account for just 4% of total online ad spending. By 2011, the market is expected to multiply by more than five, to \$4.3 billion, but still be less than 10% of all Internet expenditures.

## Ownership

The ranking of the most popular news Web sites was unchanged in 2007: Yahoo News (32.6 million unique visitors a month), MSNBC.com (29.2 million), CNN.com (29.1 million) and AOL News (20 million), and all enjoyed double-digit growth, according to data from Nielsen Online.

### Top Online News Sites (Nielsen), 2006 vs. 2007 12-month average



Source: Nielsen Online

- By revenues, three players dominate: Google, Yahoo and Time Warner (which owns both AOL and CNN). But they are growing at drastically different rates. Google's rate of growth (56%) for the year's end was far greater than what it was at either Yahoo (8%) or Time Warner (6%).
- 2007 was an active year for media deals in the online world. The first three quarters of 2007 saw more than 637 transactions, matching the number for all of 2006. What's more, these deals totaled more than \$95 billion in value, surpassing last year's total of \$61 billion by 56%.

### *News Investment*

- Media companies are partnering with online-only giants, trying to exploit the Web's advertising potential. As of early January 2008, Monster.com said it had formed partnerships with over 160 newspapers. As of late November 2007, some 415 daily newspapers had partnered with Yahoo and 600 had partnered with Google.
- Veteran journalists as well as new hires are being trained more and more on new skills needed for journalism of the future. For instance, 42% of 2006 graduates indicated that their undergraduate curriculum included writing and editing for the Web, up from 30% in 2005, and 23% from 2004.

### *Citizen Media*

- Citizen news sites are growing, some staffed by those who once worked for local news operations. A research study of 15 markets produced by a team of academics at the University of Missouri, Ohio State University and Michigan State found more than 60 citizen news sites in those communities. These sites, however, were often as, if not more, closed to user-created content than Web sites of more traditional news organizations.
- The number of blogs in spring 2007 was doubling every 320 days, according to data from Technorati, a blogging search engine. The research found 70 million blogs worldwide at that time.
- Despite the blogs' proliferation, survey data suggest most Americans have yet to accept them as significant news sources. According to a winter 2007 Zogby Poll, blogs were the lowest on the list of "important" sources of news, coming in at 30%, well after Web sites (81%), television (78%), radio (73%), newspapers (69%) and magazines (38%). More Americans, 39%, chose friends and neighbors over blogs as an important informational source.

## **Network News**

After two tumultuous years, 2007 marked a return to more stability for network news. The programs are now more alike again, after a period of experimentation, and CBS has reined in anchor Katie Couric. The networks have also found that their efforts to expand their audience,

especially at night, have for the moment failed. Instead, the three programs are fighting for slices of a shrinking audience pie, mostly with reduced staffs of journalists.

### *Audience*

- The three nightly network newscasts averaged 23.1 million viewers a night in 2007, a drop of 5%, or 1.2 million viewers, from 2006, according to data from Nielsen Media Research.
- ABC's World News Tonight with Charles Gibson averaged 8.38 million viewers a night in 2007, a gain of 300,000 viewers over the year before, or 3.8%, the highest of the three newscasts. That bettered NBC Nightly News with Brian Williams by an average of 88,000 viewers a night for the year. By November, however, NBC was back on top.
- Total morning viewership in 2007 averaged 12.7 million, down 4% from 2006, according to data from Nielsen Media Research. The Today show on NBC remained the leader.

### *News Investment*

- Evidence suggests the three network news divisions trimmed news personnel in 2007. An examination of the staffing numbers volunteered by the networks found that total staff, which includes on-air correspondents, anchors, executives, producers, editors and researchers, fell 7% compared to the year before. The number of producers was down 24% compared to the number listed the previous year.
- As of January 2008, CBS News said it had 14 overseas bureaus, ABC 16 and NBC 16. These numbers are up substantially from a few years before. Roughly half of these are one-person bureaus, in which a staffer, using digital technology, produces, shoots and reports.

### *Digital*

- For the three network news Web sites — MSNBC.com, ABCNews.com, and CBSNews.com – “partnership” was the key word in 2007. All three formed alliances with other media companies in apparent attempts to drive revenue and attract an elusive younger audience.
- Far behind MSNBC's average of 29 million unique visitors each month in the United States, ABCNews.com averaged 10.6 million, making it the eighth-most-popular news site in 2007, according to data compiled by Nielsen Online. One knowledgeable network Web executive estimated ABC News's online staff to be at 100, as of early January 2008.
- CBSNews.com followed closely behind ABC, averaging 9.2 million unique visitors in 2007, making it the 11th-most-visited news site that year. In mid-December 2007, there were online reports that CBS News had plans to lay off as much as 30% of online personnel.

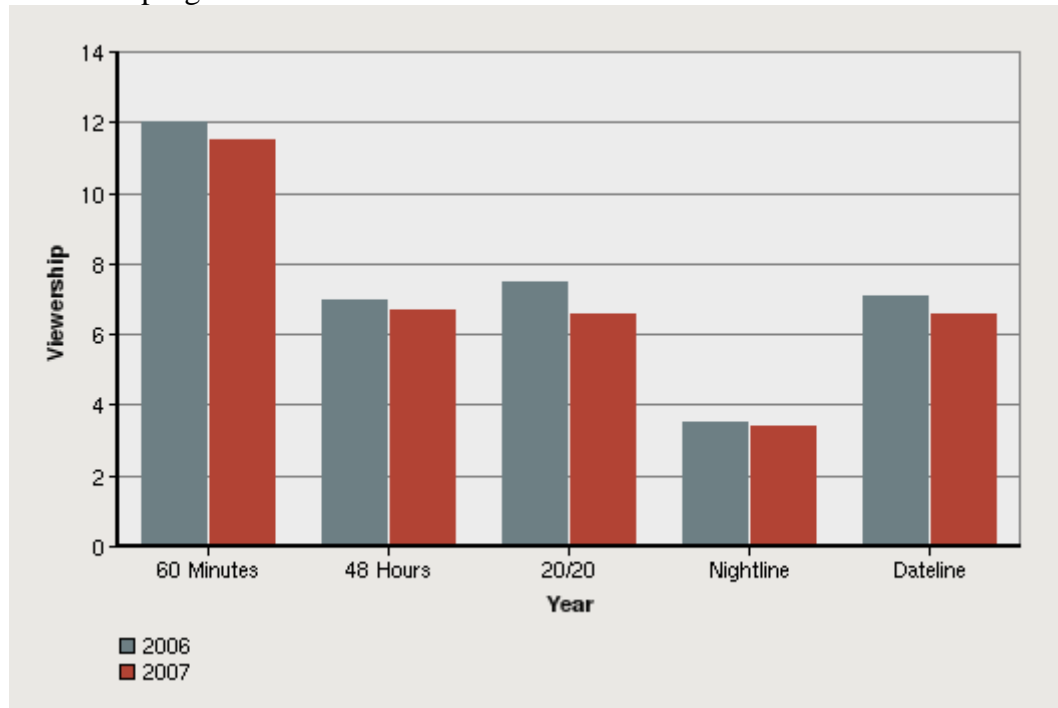
## News Magazines

- News magazines' diminished role became even more evident in 2007, a year in which television writers walked off the job and did not return until February 2008, four months later, leaving a gaping hole in programming. Instead of turning to news magazines to fill the gap, the networks appeared to increase their reliance on reality shows, which generally draw larger audiences and are considerably less expensive to produce.

CBS' 60 Minutes, now in its 40th season, remained the most popular news magazine on television. Its audience dropped by 4% in 2007, however, according to data from Nielsen Media Research, to an average of 11.5 million viewers.

### News Magazines Audiences

Viewership figures in millions



Source: Nielsen Media Research used under license

- The other news magazines attract considerably smaller audiences each week. According to data from Nielsen, CBS News' 48 Hours Mystery averaged 6.7 million weekly viewers in 2007, down 4% year-to-year. ABC News' 20/20 averaged 6.6 million, a decline of 11%, and Nightline averaged 3.4 million, down 3% year-to-year. NBC's Dateline fell 8%, averaging 6.6 million viewers each episode.

## Cable News

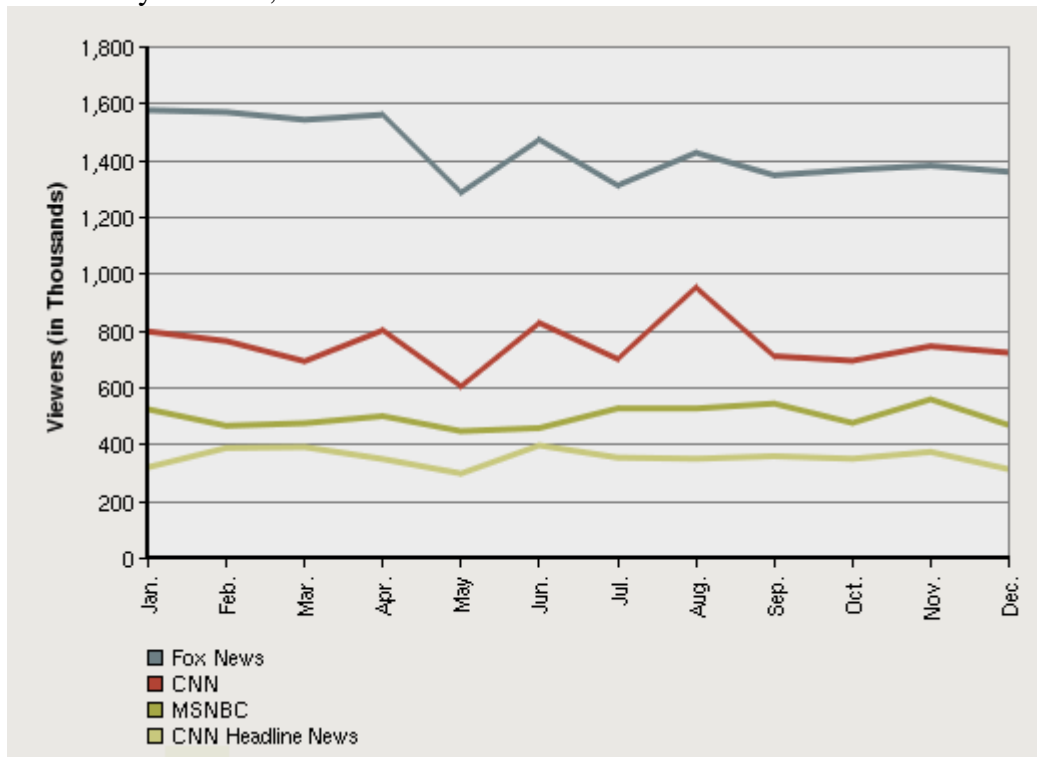
Cable news, financially, remains a very good business. Profits and revenues are growing, and the audiences losses of 2006 have disappeared. But there are questions about whether the

industry is maturing and how much the Internet now appears as a rival for breaking news. The good news is that cable Web sites are among the most popular.

*Audience*

- The audience at the three cable news channels grew, after losses a year earlier. Median primetime audience was up 9% and 1% during the day for all three channels.
- Fox News remained the audience leader, and CNN appears to have stopped its losses (primetime median audience grew 2% for Fox and 4% for CNN). MSNBC is still in third place, but saw the most year-to-year growth – 36% in primetime. CNN Headline News grew 18% in prime time.

**Cable News Prime Time Audience in 2007**  
Channel by Channel, Median Audience



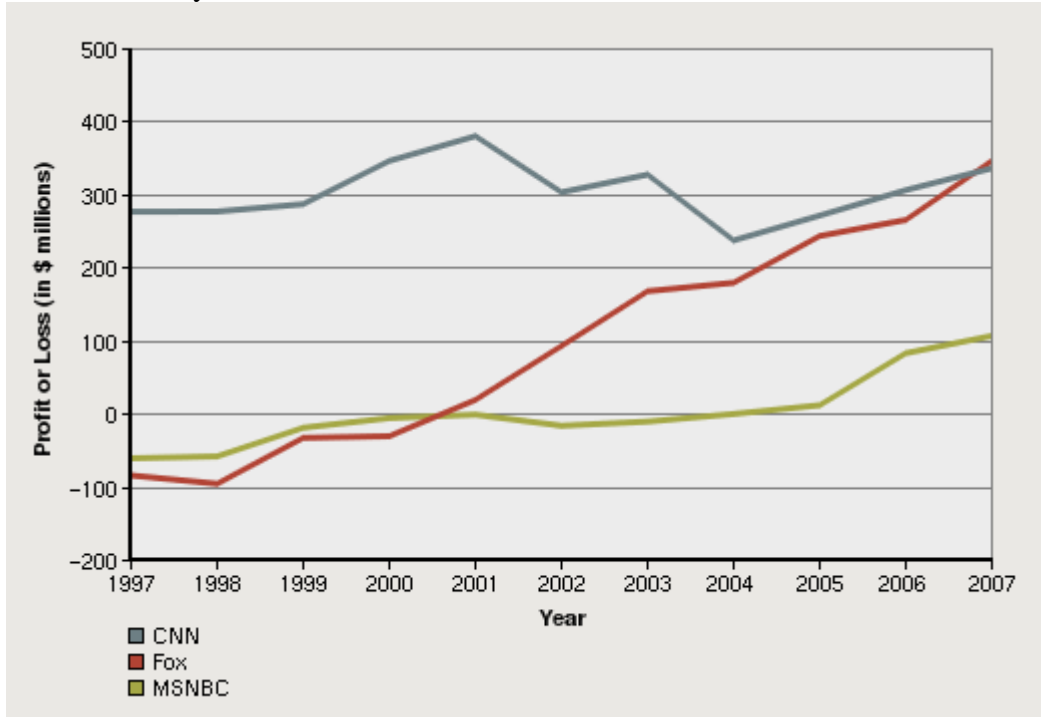
Source: PEJ Analysis of Nielsen Media Research, used under license

- For the second year running, none of the cable channels saw the kind of audience spikes from major news events to which they had become accustomed, which could be a sign of a slow news year in 2007 or more competition from online.

*Economics*

- Cable news industry profits were projected to grow 20% pre-tax in 2007. Fox News led the way (30%). MSNBC was expected to grow 28%, after years of struggling to get into the black, while CNN & CNN Headline News were projected together to grow 10%.

**Cable News Profitability Projected**  
1997 - 2007, by Channel



Source: SNL Kagan, a division of SNL Financial LLC.

Note: CNN figures include CNN Headline News

- Revenues are also growing. CNN (including CNN Headline News) was projected to bring in \$1.024 billion in 2007 (up 7%), Fox News \$834 million (up 21%) and MSNBC \$299 million (up 10 %.)

*News Investment*

- CNN & CNN Headline News continued to spend the most on news gathering (\$273 million in 2006 with a 5% increase projected for 2007). They also tinkered more with programming and, after breaking ties with Reuters, announced plans to build up international newsgathering resources.
- MSNBC still trails in dollars (\$145 million in 2006) though 2007 marked the first time in two years that analysts projected it would increase spending (by 5%). Projections hinge, however, on NBC's broader initiative to streamline news operations.
- After spending \$266 million in 2006, Fox News was projected to increase the most, 20% in 2007, although it made fewer programming changes.

*Other Cable News*

- Among the international news channels that entered the U.S. market in 2006, only the BBC made headway, expanding its evening newscast to an hour. Al Jazeera International and France 24 saw no changes in their carriage in the U.S. market.

- Current TV, now two years old, saw some quiet success – building both audience and revamping its Web site. All economic analysis paints a positive picture for the channel.

## Local TV News

Although it continues to be a robust business, local television news is nevertheless facing the challenges of new technology and new consumer lifestyles. In 2007, for the second year in a row, local news ratings for evening news and late night news were down, and morning news just held steady. But thanks to the power of television advertising, even with lower ratings, the business remains strong financially, and companies continue to want to buy local stations, which changed hands in large numbers.

### *Audience*

- Local news ratings for evening, late night and, to a lesser extent, morning news dropped in all sweep months in 2007, the highest drops being in the 7% range year-to-year. The programs’ share of viewers, a different metric, at best held their own.

### **Local News: Change in Ratings**

Sweeps, 2007 vs. 2006

<b>Sweep Month</b>	<b>Evening News</b>	<b>Late News</b>	<b>Morning News</b>
February	0%	3.2%	6.7%
May	-3.3%	-6.3%	0%
July	-6.5%	-7.4%	0%
November	-5.7%	-6.7%	0%

*Source: Nielsen Media Research, used under license*

*Note: Numbers include ABC, CBS, Fox and NBC Affiliates*

- In reaction, stations in two-thirds (15) of the top 25 markets added or shifted newscasts in 2007 to new timeslots, according to a PEJ analysis.

### *Economics*

- In 2007, there was the traditional non-election year slowdown in revenues – down 3%, to \$25.8 billion. But that was up from the previous non-election year.
- News contributes 42% to a station’s total revenue, according to local news directors surveyed in 2006. And the majority of them (56%) say their newsrooms are profitable.

### *Ownership*

- While the top ownership groups remained, there was a brisk business in selling stations in 2007, a sign of Wall Street’s optimism in the industry. For the year, 294 stations

changed hands, according to market research firm BIA Financial Network, up from what was considered a large number, 202, in 2006.

- Media ownership rules also made headlines. Federal Communications Commission Chairman Kevin Martin pushed the panel for a contentious, late-year vote as he tried to advance changes.

*News Investment*

- More than half of television news directors (53%) reported increasing their budgets in the latest year for which there are data, 2006. But that money is going to technology, not to people. News directors reported no significant change in salaries. Many of those dollars were put instead toward newer distribution platforms and getting ready for the mandated transition to digital in 2009.
- Staffing was down slightly over all, to an average of 35.8 people per newsroom.
- Those people were also stretched somewhat thinner, as news directors reported airing more local news (4.1 hours on an average weekday in 2006, a new high) as well as sharing their content with other platforms -- most notably, their station Web sites, where 80% of stations now report supplying material.

*Online Trends*

- Nearly all local television stations (97%) now have Web sites and most of them (98%) include local news there, according to the latest survey data, 2006. They also continue to add more staff there, up to four online staffers per newsroom (two of them full time), an increase of a half person, according to the RTNDA survey. Nearly a quarter of news directors (23%) said their Web sites made money in 2006, according to the news directors, but the market research firm Borrell Associates reports that local stations generate only 1.5% to 3.5% of their revenues from Web operations.

**Local Television Web Sites - Profits**  
2006

	<b>Making Profit</b>	<b>Breaking Even</b>	<b>Showing a Loss</b>
All TV	23%	11%	17%
Market 1-25	27	7	17
Market 26-50	33	5	20
Market 51-100	17	15	19
Market 101-150	18	8	18
Market 151+	26	23	11

*Source: RTNDA/Ball State University Surveys*

*Note: Based on survey responses of news directors; Remaining news directors did not know or could not comment of Web site profitability*

## Magazines

The magazine industry is now so divided into specialized niches that generalizations are dangerous. Even among newsweeklies, a generally troubled category, there are differences. Time, Newsweek and U.S. News & World Report face particular challenges. The Economist, The Week and the New Yorker are faring better.

### *Audience*

- The two biggest newsweeklies – Time and Newsweek – cut their circulation in 2007, Time by 600,000 to 3.4 million, Newsweek by 500,000 to 2.6 million.
- The Economist, in contrast, increased circulation by 81,000 to 720,882.
- The Atlantic, which cut back publication from monthly to 10 times a year, increased circulation to 431,625, up almost 27,000.

### *Economics*

- All three of the big news magazines again lost advertising pages, from 4% (U.S. News & World Report) to 18% (Time).
- The Economist, in contrast, saw ad pages grow 8.5% and ad dollars jump 24%.
- The Week saw a 5.3% increase in ad pages and a 15.8% jump in ad dollars.
- Over all, the magazine industry was down only slightly in 2007, with ad pages declining 0.6%.

### *Ownership*

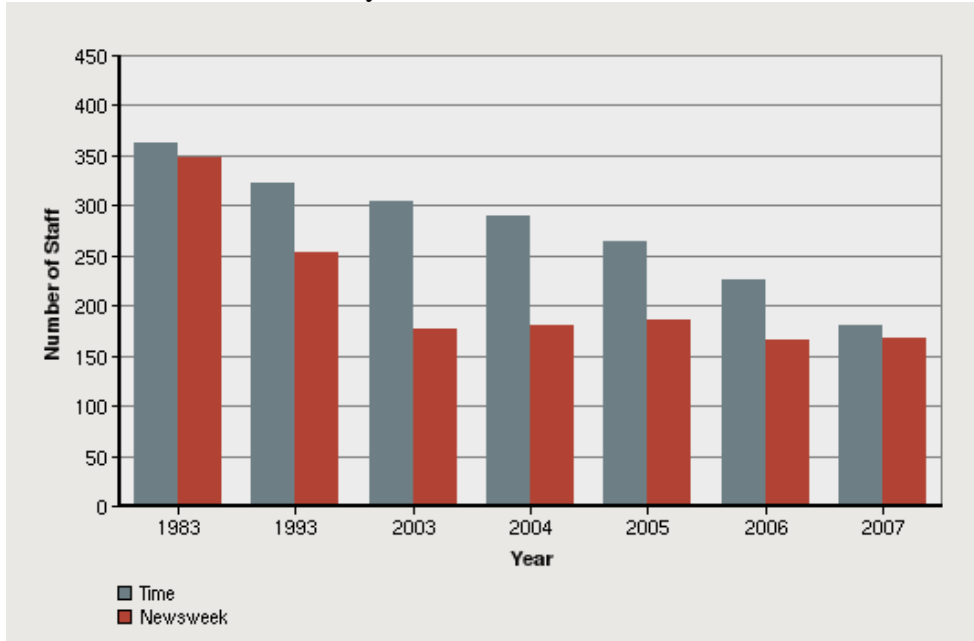
- Time-Warner lost its perch as the top-earning magazine owner, finding itself in a virtual tie with Advance, owner of Condé Nast magazines. Both companies ended 2007 with \$3.6 billion in revenue, followed by Hearst with \$2 billion.
- After a selling spree, maverick publisher Felix Dennis held on to The Week, a cash cow with very low production costs.
- The trend toward smaller owners in magazines is doubly true for news magazines. Time is owned by one of the largest U.S. media companies, but the others are not.

### *News Investment*

- Time reduced its staffing 20% in 2007 to fewer than 190, a new low, shuttered four domestic bureaus and shifted resources to the Web.

## News Magazine Staff Size Over Time

Time and Newsweek select years, 1983-2007



Source: *Project for Excellence in Journalism from magazine staff boxes*

- For the first time a tally of staff boxes shows Newsweek with more people in its bureaus, by a margin of 46 vs. 31.
- The Week once again bucks the trend, growing to a staff of 20 and focusing on distilling the news, rather than gathering it.

### *Digital*

- Business and consumer publications filled Ad Age's 2006 list of top 25 digital earners, only one news magazine, Newsweek, made the list – tying for last with 5%.
- Newsweek formally ended its seven-year distribution agreement with MSNBC and became a stand-alone Web site, and The Week launched a new site, applying its weekly aggregation model to the daily news cycle.
- Publications are still experimenting with pay-for-content. Newsweek, the New Yorker and Atlantic went to free access. The Week put its latest issues behind a pay wall.

### *Opinion Publications*

- The New Republic battled another controversy and a circulation drop while its new owner, CanWest, made changes -- shifting from weekly to every two weeks and changing circulation auditors.

## Radio

News continues to remain an important part of what was once simply known of as radio. In many ways, the tradition of listening to the news — the original way in which people got news — is among the most enduring. But that business is undergoing no less of a revolution in the way it occurs than any other part of media.

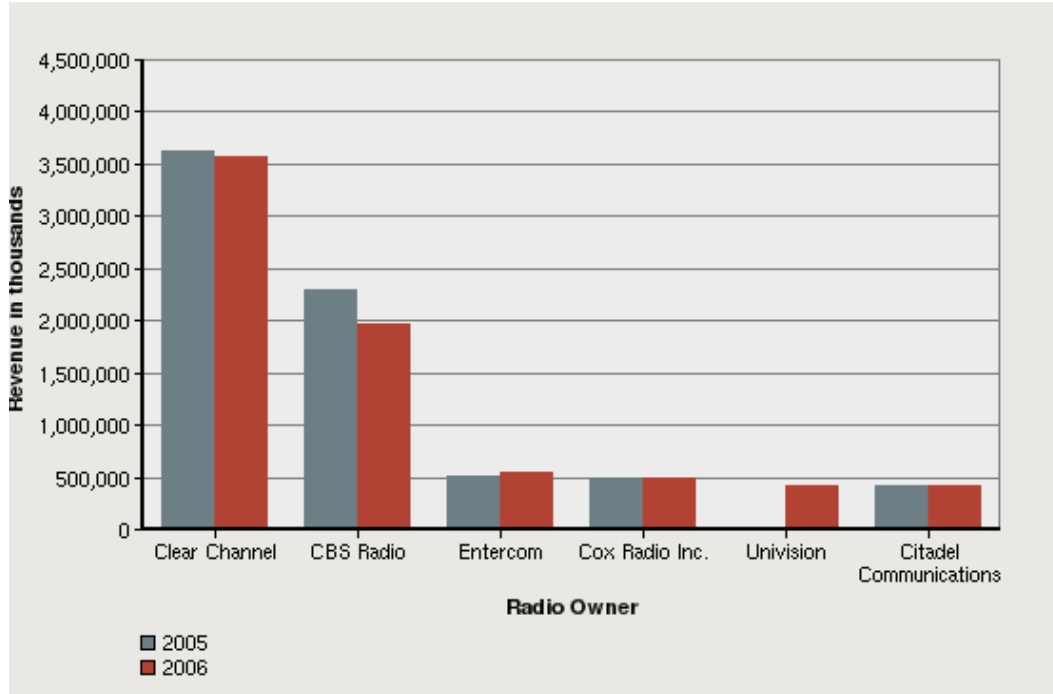
### *Audience*

- More than 93% of people 12 and older listened to traditional radio at least once a week in spring 2007, or 233 million people, according to Arbitron. That represents only a modest drop of 1.6 percentage points since the spring of 2000.
- News, talk and information on traditional radio remain among the most popular categories. During an average week 16.1% of Americans in 2006, the latest year measured, tuned in to this format. And, on average, people spent a little over nine hours a week listening.
- MP3 players (and iPods) are so far the clear winners for mobile listening. As of early 2007, nearly a third of Americans (30%) over the age of 12 owned an iPod or other MP3 player, up from 22% the previous year.
- The Internet radio audience was stable. According to an April 2007 survey by Bridge Ratings Group, 29 million people over the age of 12 report having gone online “last week” to listen to Internet radio. More than half (52%) of that listening occurs in the workplace.

### *Economics*

- Overall advertising revenue was down 2% to \$21.3 billion for radio in 2007, according to the Radio Advertising Bureau. (But revenue from online concerts and events grew 10%, to \$1.7 billion)
- CBS, which operates stations in the top U.S. markets, has the highest average revenue per news station (\$26.6 million), followed by Citadel/ABC (\$24.5 million). One explanation for the revenue differences probably has to do with the markets where each group has news stations.
- In 2006, the last year for which full data are available, the top two radio ownership groups both experienced a drop in revenue. Clear Channel’s revenue declined 1.6% from 2005 to 2006 (\$3.57 billion), and CBS dropped a substantial 14.2% (\$2.29 billion).

## Radio Revenue 2005 vs. 2006



Source: BIA Financial Network, PEJ Research

### Ownership

- Cumulus Media Inc., the second-largest radio station owner, followed Clear Channel by moving toward privatization in 2007.
- The two satellite radio service providers, Sirius and XM radio, announced their intention to merge in early 2007. Shareholders at both companies approved the merger, but in early 2008 it was still awaiting an antitrust decision from the Department of Justice.
- Clear Channel completed sales on 498 stations in 2007 with 52 more still pending. This drops their total number from 1,134 stations in 2006 to 636 in 2007 (including pending sales), according to unpublished data from the BIA Financial Network. Even with this decline, though, they remain the largest owner.
- Salem Communications programs has the greatest proportion of news and talk on its stations. Of its 98 stations, 31% offers news and talk programming. Citadel/ABC is next with 29%, followed by CBS Radio with 21% and Entercom with 17%.

### News Investment

- The amount of news being broadcast on local stations rose slightly in 2006, according to the annual Radio-Television News Directors Association/Ball State news director survey, a recovery of the small dip seen in 2005.
- The trend toward centralized newsrooms continues, with more news directors (76%) in charge of providing news content to several stations.

- From 2001 to 2006, radio newsroom salaries have grown only 5%, much less than the rate of inflation over those five years, 13.8%.
- Total staffing for radio news Web sites increased by an average of half a person in 2006, compared with 2005. This brings the total full-time and part-time Web staff to two persons per newsroom.

*Talk Radio*

- According to Inside Radio, 1,370 radio stations carried talk radio programming in 2007, and Arbitron counted more than 47 million weekly listeners.
- In January 2007, real estate entrepreneur Stephen Green agreed to acquire bankrupt Air America for \$4.25 million, and completed the acquisition on March 6, 2007.
- On December 3, 2007, Don Imus’ radio show, Imus in the Morning, returned to the airwaves on its new home, Citadel’s New York station WABC, nearly eight months after the show was canceled by the CBS and MSNBC-TV networks.
- Rush Limbaugh still leads talkers with the greatest audience (13.5 million listeners a week), followed by a conservative rival, Sean Hannity, with a weekly audience of 12.5 million listeners, according to Inside Radio. Liberal talkers are far less popular: Ed Schultz has 3.25 million listeners weekly. Other liberal talkers barely attract audiences over 1 million: Lionel, Thom Hartmann, Randi Rhodes, Stephanie Miller and Alan Colmes (each with 1.5 million weekly listeners).

**Talk Radio Audience 2007 (Weekly Cume in millions)**

Rush Limbaugh	Conservative	13.5
Sean Hannity	Conservative	12.5
Michael Savage	Conservative	8
Dr. Laura Schlessinger	General Advice	8
Laura Ingraham	Conservative	5
Glenn Beck	Conservative	5
Neal Boortz	Conservative	4
Mark Levin	Conservative	4
Dave Ramsey	Financial Advice	4
Mike Gallagher	Conservative	3.75
Michael Medved	Conservative	3.75
Jim Bohannon	Ind. / Moderate	3.25
Clark Howard	Consumer Advocacy	3.25
Bill O'Reilly	Conservative	3.25
Doug Stephen	Ind. / Moderate	3.25
Ed Schultz	Liberal / Progressive	3.25

*Source: Talkers magazine, "Top Talk Personalities," Spring 2007*

*Note: \* = Information unavailable; NA = Talk host not nationally broadcast*

## Ethnic Media

At the end of 2007, a number of sweeping but seemingly contradictory trends were reshaping the ethnic media in America, some pointing to a future of growth – at least among smaller outlets – and others indicating a flattening or even contraction.

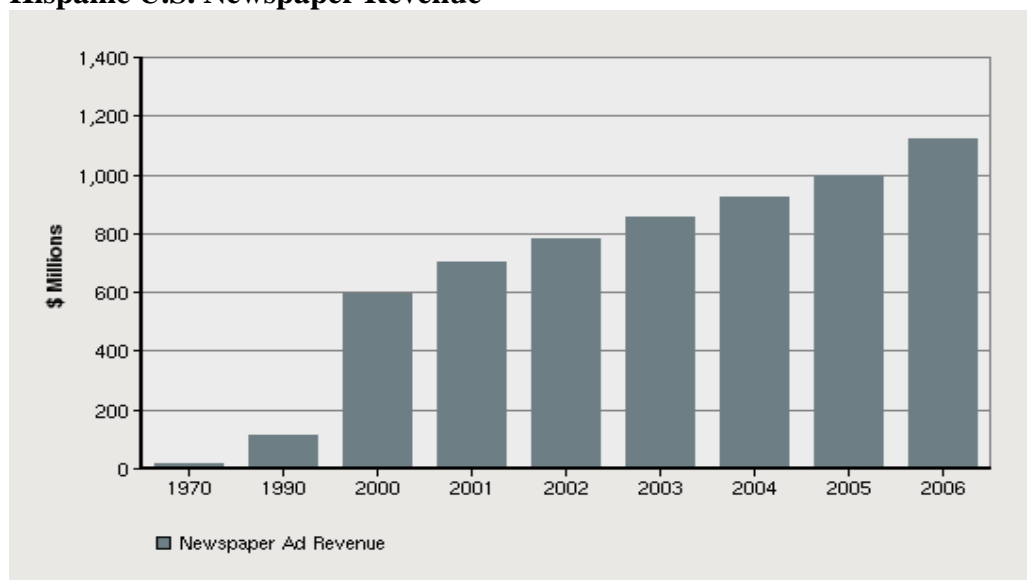
### *Audience*

- Spanish-language newspapers saw a slight bump in overall circulation in 2006, up to 17.8 million from 17.6 million, according to the Latino Print Network. Print weeklies once again showed the biggest growth, to 11.4 million from 11.1 million.
- In August 2007, Nielsen launched its new system measuring Spanish-language broadcasting as part of all programming. It showed Univision beating every broadcast network among viewers ages 18 to 34. But by the end of the month – and the year – Univision was trailing all three U.S. networks in this demographic.

### *Economics*

- Ad revenues for Hispanic papers broke the \$1 billion mark for the first time, hitting \$1.1 billion in 2006, up from \$996 million in 2005, an increase of 13%, according to the Latino Print Network.
- In 2006, Hispanic weeklies saw the biggest jump in ad revenue (25%) to \$434 million, according to the Latino Print Network. That coincided with a surge in the number of weekly publications: 34 were launched in 2006.
- Following a record-breaking 2006, Univision's revenues continued to increase in 2007, though at a much smaller rate. The Spanish-language media company reported an 8.4% increase in 2007 to \$2.073 billion.

### Hispanic U.S. Newspaper Revenue



Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

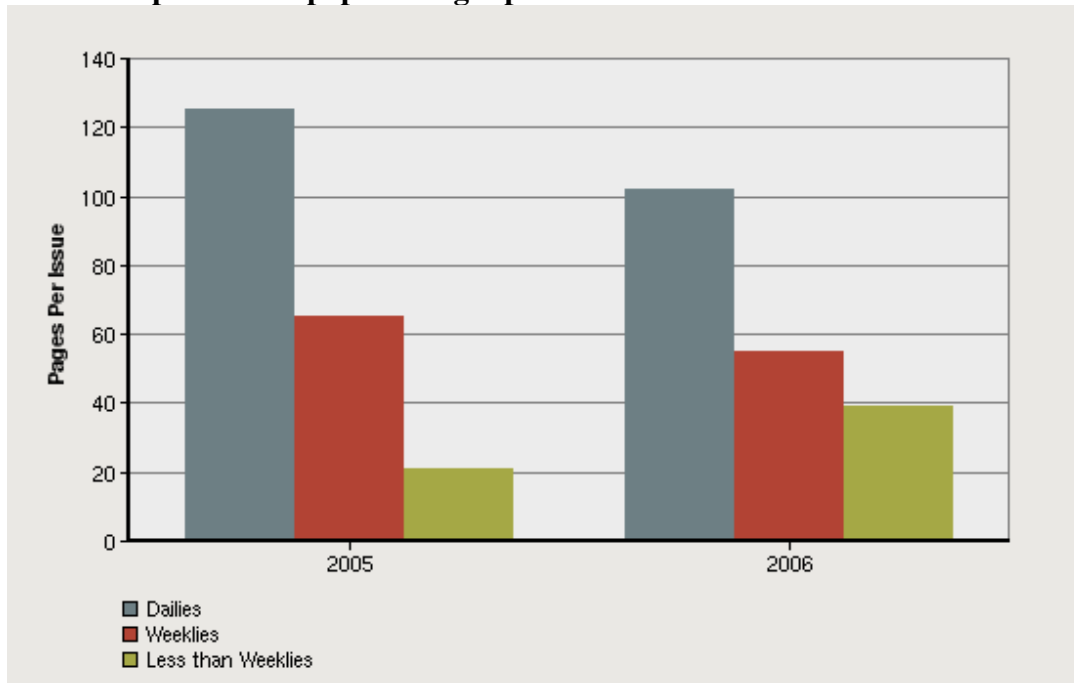
*Ownership*

- Univision’s new owners, a group of private firms, are trying to beef up advertising sales. In 2006, the company captured a 5% share of the national television audience but only 2.5% of the television advertising market.
- ImpreMedia, owner of Hoy New York and El Diario-La Prensa, added the Texas-based Rumbo newspaper chain to its media stable. This extends its reach to advertisers in the top 10 U.S. Hispanic markets.
- NBC’s strategy to use Telemundo as a way to leverage programming in Mexico got new life when the country’s Supreme Court took preliminary votes to open up the auctioning of broadcasting licenses. The vote came after the government announced it would not issue any new licenses in 2007 or 2008.

*News Investment*

- Staffing at Hispanic daily newspapers fell in 2006 for the first time since 2003, by 362, to 4,174 total staff, according to the Latino Print Network, possibly attributable to the loss of four dailies. Staffing at weeklies fell by 20 people to 4,249.
- Less-than-weekly papers, highly visible in new immigrant communities, climbed to 39 pages per issues in 2006 from 21 in 2005, an 86% increase.

**Size of Hispanic Newspapers- Pages per Issue**



Source: Kirk Whisler & Latino Print Network, Carlsbad, CA

- The average number of pages for weeklies fell 10 per issue in 2006, to 55 pages from 65 in 2005, a drop of 15%. But 34 more weeklies were measured during 2006, possibly bringing down the average.

### *Digital*

- Internet revenues are growing for Univision, accounting for \$11.6 million through the first nine months of 2007, an increase of 26% from 2006. But that is a small fraction of the company's overall revenue.
- ImpreMedia announced the creation of ImpreMedia Digital, led by new CEO Arturo Duran, who oversaw interactive and business integration at CanWest. The division plans to develop Web sites at the company's 23 publications and acquire new digital media properties.