

The Pew Research Center's Project for Excellence in Journalism

# The State of the News Media 2012

An Annual Report on American Journalism

## Overview

*By Amy Mitchell and Tom Rosenstiel of PEJ*

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. More than four in ten American adults now own a smartphone. One in five owns 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 ten 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.<sup>1</sup>

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 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. About 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 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 and that few news companies have made much progress in some key new digital areas. 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."<sup>2</sup>

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 close look at Native American media. The chapters on each sector of the news industry, in a format introduced last year, contains two parts, a Summary

Essay and a separate section called By the Numbers, where all the statistical information is more easily searchable and interactive.

Keep reading to see the report's major trends and key findings

### Footnotes

1. eMarketer. "Revenue Gains Push Facebook to Top of US Display Ad Market (<http://www.emarketer.com/Article.aspx?R=1008859&ecid=a6506033675d47f881651943c21c5ed4>) ." Feb. 23, 2012.
2. Interview with NPR (<http://www.npr.org/blogs/thetwo-way/2012/03/09/148247430/facebook-co-founder-chris-hughes-is-buying-the-new-republic>) . May 9, 2012.

## Major Trends

*By Amy Mitchell and Tom Rosenstiel of PEJ*

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 get 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%.<sup>1</sup> 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.

**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).<sup>2</sup> 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.<sup>3</sup> 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%, the first uptick in a decade. At the local level, audiences grew in both morning and late evening, the first growth in five years. There were more gains from the stations adding news at 4:30 a.m. 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 now has some 390,000 subscribers and resulted in 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, have 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.** There has always existed a tension between the services that technology companies provide and the data about consumers they gather and then leverage for financial gain. Those tensions have swelled as app technology, new methods for targeting advertising, the rise of Facebook and Google’s new privacy settings intensified the debate how those data are used. For their part, 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.<sup>4</sup> And many of the Facebook stories that resonated in social media over the last few years have been tied to issues of privacy.<sup>5</sup> 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 lose.

[Click here to see the key findings](#)

## Footnotes

1. comScore. “Digital Omnivores: How Tablets, Smartphones and Connected Devices Are Changing U.S. Digital Media Consumption Habits.” Subscriber-access only at [www.comscore.com](http://www.comscore.com) (<http://www.comscore.com/>) . October 2011.
2. eMarketer. “Facebook’s US User Growth Slows but Twitter Sees Double-Digit Gains (<http://www.emarketer.com/Article.aspx?R=1008879&ecid=a6506033675d47f881651943c21c5ed4>) .” March 5, 2012.
3. Olmstead, Kenny; Mitchell, Amy, and Rosenstiel, Tom. “Navigating News Online: Where People Go, How They Get There and What Lures Them Away ([http://www.journalism.org/analysis\\_report/navigating\\_news\\_online](http://www.journalism.org/analysis_report/navigating_news_online)) .” Pew Research Center’s Project for Excellence in Journalism. May 9, 2011.
4. “Search Engine Use 2012 (<http://www.pewinternet.org/Reports/2012/Search-Engine-Use-2012.aspx>) .” Pew Research Center’s Internet and American Life Project. March 9, 2012.
5. “The Facebook Fascination on Social Media ([http://www.journalism.org/index\\_report/facebook\\_fascination\\_social\\_media](http://www.journalism.org/index_report/facebook_fascination_social_media)) .” Pew

Research Center's Project for Excellence in Journalism. Feb. 2, 2012.

## Key Findings

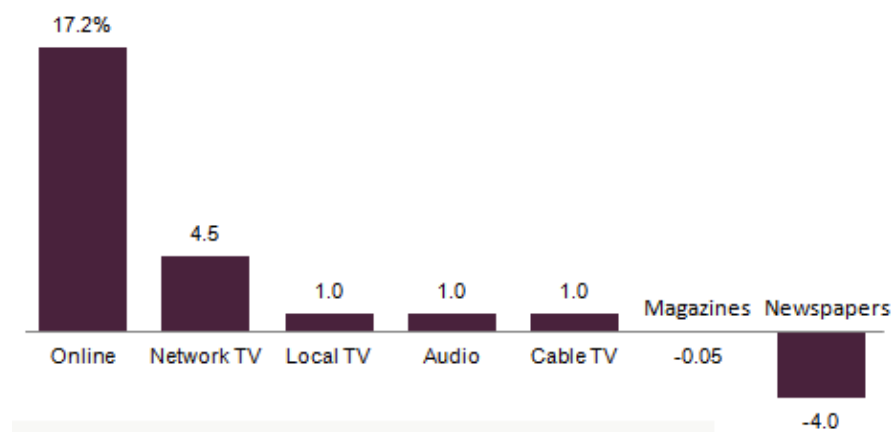
*By Amy Mitchell and Tom Rosenstiel of PEJ*

### 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.

#### Web Continues to Dominate in Audience Growth

*Percentage Change in Audience, 2010-2011*



Source: Nielsen Media Research, the Audit Bureau of Circulation and Arbitron<sup>1</sup>

**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

**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 2011, 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 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.

The boost behind that overall growth came at CNN, which was up 16% in prime time to a median of 654,000 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.

**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.

**Newspapers:** Of all media sectors, newspapers suffered the most in 2011. While new measurements made exact year-over-year 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. 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.

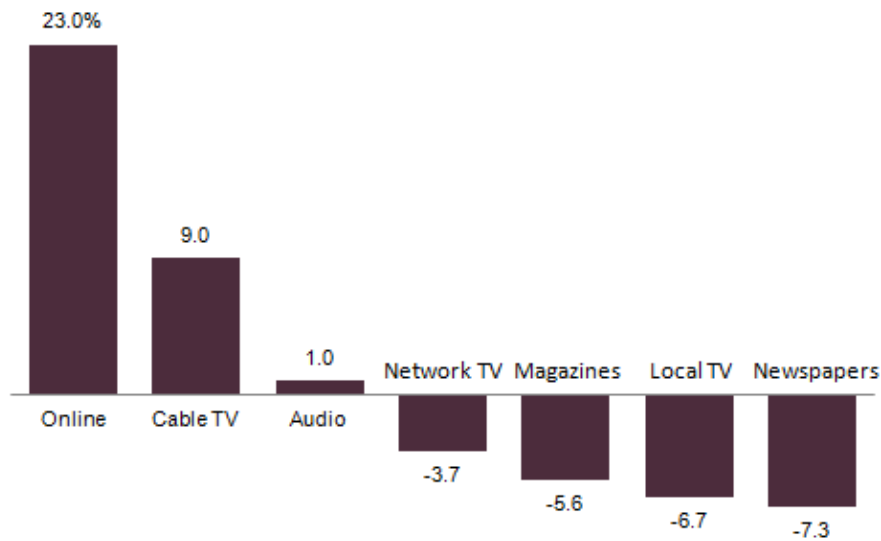
## Economics

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 Revenue 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

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Source: SNL Kagan, eMarketer, Veronis Suhler Stevenson, Radio Advertising Bureau, Publishers Information Bureau, National Newspaper Association, BIA/Kelsey<sup>2</sup>

**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.

**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. In 2011, print advertising revenues were down approximately \$2.1 billion, or 9.2%. 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, 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.

**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 22% 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 news players. These same companies account for 68% of all online advertising.

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, accounts 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.

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, estimates that the publication will bring in a total of \$18.6 million from advertising for the 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. Much of the revenue came from traditional radio, but that sector declined in the last year and is expected to see negligible growth in coming years. National and local spot revenue shrank 1% in 2011. 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 picture and are expected to continue to trail AM/FM at least through 2014.

**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.

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, and subscription fee revenues are expected to continue to grow.

## 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 to success. 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-rat 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.

**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 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 in 2011.

**Magazines:** New magazine launches were also on the rise. In all, 239 new magazines were launched in 2011, 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.

**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 CEO 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.

## Ownership

**Cable:** One of the biggest global news companies, 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 competitor 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.

**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 largest magazine publisher in the U.S. with publications like Harper's Bazaar and Cosmopolitan. The company paid French publisher Lagardère a reported \$866 million for a portfolio of 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.

**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. The biggest of the private equity takeovers will come when Tribune Company bankruptcy proceedings, now in their fourth year, conclude. 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. The Times had assembled the papers and run them at high profit margins in the 1970s and 1980s to balance out business ups and downs at its flagship paper.

Lately, the regional group was shedding revenue faster than The New York Times itself, so the company chose to sell the papers and invest the proceeds in digital development.

Keep reading to see the major trends

### Footnotes

1. 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 (individual 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 on 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.
2. **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.

## Press Alert

### New Devices, Platforms Spur More News Consumption, But News Industry Loses Ground to Technology Rivals

*1-in-4 Americans Get News on Mobile Devices - Adding to Existing News Consumption; Social Media's Role as a Driver of News is Small, But Growing*

**March 19, 2012**— A mounting body of evidence finds that the spread of mobile technology is adding to news consumption, strengthening the appeal of traditional news brands and even boosting reading of long-form journalism.

But the evidence also shows that technology companies are strengthening their grip on who profits, according to the 2012 State of the News Media report by Pew Research Center's Project for Excellence in Journalism.

More than a quarter of Americans (27%) now get news on mobile devices, and for the vast majority, this is increasing news consumption, the report finds. More than 80% of smartphone and tablet news consumers still get news on laptop or desktop computers. On mobile devices, news consumers also are more likely to go directly to a news site or use an app, rather than to rely on search — strengthening the bond with traditional news brands.

While technology may be adding to the appeal of traditional news, technology intermediaries are capturing even more of the digital revenue pie. In 2011, five technology giants generated 68% of all digital ad revenue, according to the market research firm eMarketer — and that does not include Amazon and Apple, which make their money from device and downloads. By 2015, roughly one out of every five display ad dollars is expected to go to Facebook, according to the same source.

"Our analysis suggests that news is becoming a more important and pervasive part of people's lives," PEJ Director Tor Rosenstiel said. "But it remains unclear who will benefit economically from this growing appetite for news."

Social media platforms, meanwhile, grew substantially over the last year, but still play a limited role in daily news consumption. Only about a third as many news consumers follow stories via Facebook as do so by going directly to news websites or apps or by using search, according to new PEJ survey data released here. For Twitter, the proportion drops to less than a sixth as many.

"News organizations have a big opportunity in the social and mobile realms," PEJ Deputy Director Amy Mitchell said. "But they will need to do a better job than they did in the desktop realm of understanding audience behavior and developing effective technology and revenue models."

These are some of the conclusions in the ninth edition of PEJ's annual State of the News Media report. The report is a comprehensive analysis of the major trends in news over the last year and includes detailed chapters on eight major media sectors — digital, newspapers, cable news, network TV, local TV news, audio, magazines and ethnic media. This year's study also includes two new national surveys examining how news is consumed on different devices and the impact of social media on news, a special report on the state of community media and an examination of Native American media.

Among the study's findings:

- **Americans are far more likely to get digital news by going directly to a news organization's website or app than by following social media links.** Just 9% of digital news consumers say they follow news recommendations from Facebook or Twitter "very often" on any digital device — compared with 36% who say the same about directly going to a news organization's site or app; 32% who access news through search; and 29% who use news organizing sites like Topix or Flipboard.
- **Even so, social media are an increasingly important driver of news, according to traffic data.** According to PEJ's analysis of traffic data from Hitwise, 9% of traffic to news sites now comes from Facebook, Twitter and smaller social media sites. That is up by more than half since 2009. The percentage coming from search engines, meanwhile, has dropped to 21% of news site traffic, from 23% in 2009.

- **Facebook users follow news links shared by family and friends; Twitter users follow links from a range of sources.** Fully 70% of Facebook news consumers get most of their story links from friends and family. Just 13% say most links that they follow come from news organizations. On Twitter, however, the mix is more even: 36% say most of the links they follow come from friends and family, 27% say most come from news organizations, and 18% mostly follow links from non-news entities such as think tanks. And most feel that the news they get on either network is news they would have seen elsewhere without that platform.
- **Most media sectors saw audience growth in 2011 — with the exception of print publications.** News websites saw the greatest audience growth (17%) for the year. In addition, thanks in part to the drama of events overseas, every sector of television news gained in 2011. Network news audiences grew 5%, the first uptick in a decade. Local news audiences grew in both morning and late evening, the first growth in five years. Cable news audience also grew, by 1%, after falling the year before; in particular, MSNBC and CNN audiences grew in 2011, while Fox declined. Print newspapers, meanwhile, stood out for their continued decline, which nearly matched the previous year's 5% drop. Magazines were flat.
- **Despite audience gains, only the web and cable news enjoyed ad revenue growth in 2011.** Online advertising increased 23%, and cable ads grew 9%. Most media sectors, however, saw ad revenues decline — network TV was down 3.7%; magazines ad pages, 5.6%; local news, 6.7%; and newspapers, 7.6%.
- **As many as 100 newspapers are expected in coming months to join the roughly 150 dailies that have already moved to some kind of digital subscription model.** In part, newspapers are making this move after witnessing the success of The New York Times, which now has roughly 390,000 online subscribers. The move is also driven by steep drops in ad revenue. Newspaper industry revenue — circulation and advertising combined — has shrunk 43% since 2000. In 2011, newspapers overall lost roughly \$10 in print ad revenue for every new \$1 gained online. (That suggests no improvement from what a separate PEJ study of 38 papers found regarding 2010, when the print losses to digital gains in the sample were a \$7-to-\$1 ratio.)
- **The emerging landscape of community news sites is reaching a new level of maturity — and facing new challenges.** As some seed grants begin to sunset, a shakeout in community news sites is beginning, along with a clearer model for success. NewWest.net and Chicago News Cooperative are among the prominent community news sites that ceased publishing in 2011 or early 2012. The model for success, epitomized by Texas Tribune and MinnPost, is to diversify funding sources and spend more resources on business—not just journalism.
- **Privacy is becoming a bigger issue for consumers, creating conflicting pressures on news organizations.** Roughly two-thirds of internet users are uneasy with targeted advertising and search engines tracking their behavior, according to a recent Pew Research Center survey. At the same time, though, consumers rely more heavily on the services provided by the companies that gather such data. News organizations are caught in between. To survive, they must find ways to make their digital advertising more effective — and more lucrative. Yet they also must worry about violating the trust of audiences to protect their strongest assets — their brands.