

# The news about news media.

## Part two: Electronic news is sending mixed signals.



A couple of decades ago, advertisers could reach 80% of adult Americans with a roadblock buy on the three national networks' evening news shows. A morning-drive radio buy on a town's top five radio stations could get near-total penetration if the commercial was interesting enough to get water-cooler buzz.

Those days are long gone. Cable news networks have joined national network and local TV news. Local radio now shares listening time with satellite and podcasts. And as sources have proliferated, the market has splintered into more and more small segments. Electronic news media have lost overall share as news providers. And electronic news audiences are getting older.

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Marketers may have lost a powerful mass-reach medium. But we've gained an extremely effective targeting medium.

**Broadcast network TV news** is still the dominant medium for news. The May, 2008 Nielsen study found that 39.6% of adults cite broadcast news as their primary source of news.

But a Pew study found that 80% of Americans agree with the statement that "There are so many ways to get the news these days that I don't worry when I don't have a chance to read the paper or when I miss my regular news program." That may be why, although 39.6% of Americans name broadcast television as their primary source of news, only 7.7% watch broadcast TV network news on an average night.

The NBC, ABC and CBS network evening newscasts lost a combined 1.2 million viewers last year, a

4.9% drop. More troubling, the total audience for broadcast network evening news is less than half of what it was 25 years ago. There's a fair chance that their audience is simply dying off, since the average age of viewers is 60. The morning shows – "Today," "Good Morning America" and "The Early News" – are losing audience, too. They're down an average of 2%, according to the Pew Project for Excellence in Journalism.

Advertising revenues have just begun to slip. The cumulative decline of the three networks' news revenues from 2005 to 2007 was \$55 million – a drop of only 3½%. But it's a pretty safe bet that the rate of the decline will accelerate.

Predictably, network news staffs are being cut. The Pew Project for Excellence in Journalism estimates that 10% of network news staffs were cut between 2002 and 2006. More recently, CBS eliminated 160 news jobs at their corporate-owned

TV stations. (Cuts or not, we're guessing that the \$32 million cumulative annual salaries of Katie Couric, Brian Williams and Charlie Gibson are safe for the time being.)

Just as is the case with newspapers, broadcast network TV news staff cuts may be a harbinger of a death spiral. If the breadth and depth of news is reduced to headlines and highlights – or maybe just reading wire-service feeds – viewers might not see much point in watching. After all, those same headlines, highlights and feeds are available 24/7 online.

A recent Pew study found that 42% of national journalists expect broadcast network news to disappear within ten years. Not just one network's news. All of them.

**Local broadcast TV news** continues to decline. The same people who aren't watching broadcast network national news at 6:30 also aren't watching local broadcast news at 6:00 and 11:00.

Journalism.org's report, "The State of News Media 2008," notes that local evening and late-night news ratings were down in 2006 and 2007. The Project for Excellence in Journalism reports evening news ratings down 6% and late-night news ratings off 7%. Only morning news held its own, down in 2006 but essentially flat in 2007.

Local broadcast TV news is cited as a regular news source by 71% of Americans, but local broadcast TV news shows' ratings are generally low. According to Pew's "State of the News Media 2008" report, in the November, 2007 sweeps local morning news ratings averaged 1.4%, evening news ratings averaged 3.3% and late news ratings averaged 2.8%.

Like newspapers and broadcast networks, local stations have cut budgets in prior years. But that has changed in 2008, as more than half of local stations report increased newsroom budgets. The extra money isn't going to better newsgathering and reporting, however. The increases are for new technology to meet the FCC mandate for all-digital broadcast in February, 2009. So the reportage won't be more insightful. It'll just be sharper, since many stations will go to high-def when they go digital.

Despite declining audiences and the cost of transitioning to an all-digital environment, local news operations make a significant contribution to stations' profitability: 42% of stations' total profit on average. That ought to be enough incentive for station managers and their corporate bosses to maintain news departments at present levels, at least for the time being.

**Cable TV news** was cited as the primary source of news by 19.0% of respondents in the May, 2008, Nielsen study. But cable news has experienced some bumps in the road.

The primetime cable news audience went down 8% in 2006, and the daytime audience fell 4%.

In 2007 the cable news networks' numbers bounced back. They were up 9% in primetime and 1% for daytime shows. In other words, about right where they had been two years before in primetime, and 3% off the 2005 mark in daytime.

Fox News, the biggest of the three, reversed their 2006 decline to grow 2% in primetime in 2007. CNN stopped a ten-year downward trend and grew 4%. MSNBC's primetime audience grew an eye-popping 36%, albeit from a much smaller base than Fox and CNN.

Cable news is really three distinct products:

- News on demand. Viewers can get headlines and highlights 24/7 on television sets. Even when total ratings are flat, cable's cumulative audience is on a steady growth trajectory because more and more people tune in briefly to catch headlines. (In other words, more people are watching cable news, but they're watching fewer times and for shorter periods.)

This effect is seen in CNN's CNN Headline News which has grown into a respectable fourth in the category and may soon be an effective challenger to MSNBC.

- Big event coverage. Cable audiences grow significantly during big events or crises. Things like 9/11, Katrina and the Democratic primaries draw audiences to cable's 'round-the-clock, on-the-spot coverage.

- Opinionated personalities. Fox News pretty much owns this category. According to Journalism.org's State of the News Media 2007 report, Fox has nine of the top ten shows. Only CNN's "Larry King Live" prevented a clean sweep for Fox's "fair and balanced" opinion meisters.

Since the audiences of these shows tend to be very faithful, no significant swings seem likely. They'll keep pulling the same true believers every night. That consistency of audience means anything beyond a couple of commercials a month might be a waste of media dollars. (See our earlier article, "How many times do I have to tell you?")

Cable will almost certainly have a strong third quarter 2008, because it is many people's default choice for big-event news. But when the broadcast networks go to full-time coverage on the evening of November 4<sup>th</sup>, NBC, ABC and CBS are likely to grab back a major piece of the audience.

**Radio news** can be a weather and traffic report every half hour or a day of news talk. Since many studies lump news talk into a single category, it can be difficult to separate true news programs from Don Imus' vile spewing or Rush Limbaugh's rants.

Two important numbers: 11.1% of respondents in the May, 2008 Nielsen study cite radio as their primary source of news, but only 6.4% cite radio as their first source for local weather, traffic and sports information. That's a pretty good indication that personality-opinion shows may be a significant part of radio "news" listening.

Overall, news programming has a 16.1% of total radio listeners in 2007. The breakdown by categories was:

- All news: 1.4%
- Talk/personality: 2.1%
- All sports: 2.2%
- Mixed format (news/talk/information): 10.4%

News/talk radio has a slowly declining share of radio's large – but also slowly declining – audience. An important demographic factor may have a significant impact in the near future: listeners 65 and older account for just under 30% of news talk radio's audience. The 55-64 and 50-54 cohorts are close behind. Together, those three groups account for almost two-thirds of news talk radio's audience. Like broadcast TV news and newspaper, radio news won't be losing audience to other media so much as to the grim reaper.

Radio news advertising revenues are off a little. About 1% from 2005 to 2006. The slight downward trend continues, but the decline is relatively slight.

For now Rush Limbaugh's 13.5 million listeners are almost double the audience of the highest-rated TV broadcast network news show. That kind of reach gives news talk radio a fairly secure near-term future.

Last week we saw that print news media are having serious problems. This week's article points out that electronic news media range from slipping a bit (broadcast network and local TV news) to barely holding their own (cable news networks and radio news). Next week we'll look at digital news.

So what are the marketing opportunities in electronic news media? Targeting for age, first and foremost.

- Selling meds for osteoporosis, blood pressure, constipation or amorous dysfunctions? Electronic news can deliver your target audience without a lot of waste.
- Retirement income investments and annuities are natural fits for the 60+ viewers and listeners of electronic news.
- Medicare Advantage coverage and burial insurance are practical needs for this group.
- Buicks.
- And, of course, any product, service or candidate with an appeal to conservative

people. Because news talk radio and Fox News can deliver an audience of true believers.

To find out how to make the changes in news media work for your company, visit our website or call BrainPosse at 865-330-0033.

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