

# The news about news media.

## Part three: digital news is hot, but not as hot as you think.



**Our last two articles examined print and electronic news media. Print is falling fast. Both newspapers and news magazines are losing readers and advertisers in significant numbers. Electronic is a mixed picture. Network and local TV news are hurting, but cable news networks and news talk radio are holding their own.**

**So if the traditional news media are stagnant at best and headed down the tubes in a couple of cases, digital must be the hot news medium for advertisers, right? Yes and no. Mostly no.**

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The main reason why it's mostly "no" is that online news media haven't proven to be effective advertising vehicles.

Embedded rich media ads can work in online news media. But people go to news sites for news, and embedded ads are easy to ignore. It's not like electronic media, in which the content the viewer or listener wants is interspersed with commercials. Online, the content and commercials are available simultaneously, and content usually wins.

Studies have shown that commercials *which are watched* online are as effective as commercials which are watched on TV. But commercials are watched much less frequently online than on the tube or flat panel.

So there's a problem with switching the news media budget to online. But there are some important trends on the positive side of the equation, too.

A March, 2008 WeMedia/Zogby Interactive online poll found that online has eclipsed traditional news media as the primary source of news for internet users.

- The internet was the primary source of news for 48% of respondents.
- Television was the primary source of news for 29%. (The survey did not differentiate between broadcast and cable or between national and local.)
- Radio was the primary source of news for 11%. (The survey did not differentiate between terrestrial, satellite and internet radio.)
- Ink-on-paper newspaper was the primary source of news for 10%.
- No word on where the other 2% got their news.

There was a significant year-to-year increase in the percentage of respondents who cite online as their primary source of news. In 2007 the number was 40%. That grew by one-fifth – to 48% – in 2008.

Not surprisingly, 55% of respondents 18 to 29 said the internet is their primary source of news.

Somewhat surprisingly, 35% of those over 65 cited the internet as their primary news source, second only to television among the senior set.

**But** this was an online survey. By definition, only internet users could participate. So that 35% is among the 37% of 65-and-older people who are online. It works out to just 13% of the total 65-and-older group.

In the May, 2008 Nielsen study of news media – which surveyed a sample representative of the entire adult population, not just internet users – the internet was third, after broadcast TV news. The study didn't differentiate between national and local broadcasters and cable TV news networks. In this more representative study, internet was the primary news source for only 13.1% of respondents. Still more than newspapers and radio, but a far cry from the Zogby study's 48%.

Either way, online news is a significant part of the equation.

A Pew Research Center study suggests that "People will bump into important news if they are online, or friends will pass it along quickly."

The news is always there.

Most people have bookmarked at least one national news source, a local newspaper site and a local TV station site. Web users get RSS feeds, e-newsletters and e-zines from news sites. Links come from friends when stories might be of special interest.

As the Pew study quoted in last week's article found: 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." We suspect that those "so many ways" are all digital.

Although online news may not be the primary news source for most Americans, it's certainly important. The number of visitors to online news sites is fairly stable, at about 70% of Americans. But they're making more visits than ever. In a 2007 survey by the Project for Excellence in Journalism found that 37% of respondents had gone online

for news the day before. Only 30% had done so in 2005.

In the second quarter of 2006, the number of unique monthly visitors to newspaper websites passed total U.S. newspaper circulation. And visits to newspaper websites are growing at almost 6% per year.

Local TV stations were late to news sites, but they're catching up fast, with very robust websites. Now 95% of television stations have local news websites. On average, stations have four staffers dedicated to their sites.

Newspaper got into local news sites early, and have become sophisticated players in the market. Many now feature citizen-generated content and blogs.

The top local news site in virtually every top 100 market is owned by a local newspaper or TV station.

Visits to online news sites go up exponentially among broadband households, and broadband penetration is increasing very rapidly. 43% of broadband users get news online every day. According to a study by Leichtman Research Group, broadband penetration was 57% in March, 2008 and growing at a rate of 8.25% annually. So the future looks pretty good for news sites.

The importance on online news is seen in the fact that three of the top five TV network websites belong to news networks: CNN, MSNBC and Fox News. Add the other two of the top five, The Weather Channel and ESPN, and you've got a typical evening news show: news, sports and weather.

One of the most important factors in online news is that the young audience that has pretty much eluded newspapers, news magazines and TV news has been captured online. Newspaper websites report significant gains in penetration among the 25-34 demographic:

- The Pittsburgh *Tribune-Review*: +42.6%
- *The Boston Globe*: +30.8%
- The Newark *Star-Ledger*: +26.8%
- *The Hartford Courant*: +29.7%
- The Salt Lake *Deseret Morning News*: +48.9%

More good news. Online news site visitors are upscale. Newspaper website visitors are 29% more likely to have a \$150,000 household income than the overall internet audience. A new online study from Forbes.com and Gartner found that in the period between 2004 and 2008 fully 22% more senior executives start the day with internet news – and 11% fewer start with ink-on-paper newspapers.

Online news site visitors are more likely to buy online than other internet users: 88.1% of news site visitors have bought online in the last six months versus 78.9% of the overall internet audience.

Turns out national news professionals think online news sites do an excellent job of gathering and reporting the news. In a recent Pew study, 82% of them gave "A" or "B" grades to national news organizations websites. 62% gave those top marks to online-only news sites (sites without a link to a print or broadcast news organization). Only 42% gave top grades to "typical" newspapers, just 41% gave "A" or B" grades to national network news broadcasts and a dismal 17% gave top grades to local broadcast TV news.

So how should marketers use online news? Very selectively.

- Pay-per-view is likely to be a waste of money, because in most cases the ad isn't actually noticed. So a pay-per-click or pay-per-action campaign will be much more cost-effective.
- The video used on online news sites has to tell the brand story simply, arrestingly and in a few seconds. The ad is in most viewers' peripheral vision while they're focused on

content, so it has to work extra hard. Embedded ads are also typically positioned as banners, skyscrapers or buttons. That makes them especially difficult to see.

- Visitors scroll past banners quickly as they peruse the content they came to the site to see. And banners and buttons are almost always at the right of the screen, where the graphics are less effective than they would be on the left. (See our previous article, [Switching Sides](#), on the mechanics of eye-brain linkage.)
- Pay-per-action direct response is a great use of online news sites. The sites may not get a lot of sales, but the only cost is for the sales it generates, like remainder TV time for infomercials. It doesn't matter how few orders there are because the marketer is only paying for results, not for the visitors or viewers exposed to the commercial.
- Pay-per-click campaigns on news sites should be behaviorally targeted. Run-of-site buys are self-inflicted wounds in such a general environment. Unless, maybe, the brand is a news service.

Consumption of news is migrating from traditional printed and electronic media to digital forms. We have no doubts that and online will dominate news consumption in a very short time.

But we do have doubts about online news' short-term future as an advertising medium except in specialized cases such as those noted above. Online news has yet to prove itself a generally effective way to deliver a marketing communications message. As much as we believe that search may be today's most powerful medium, we suspect embedded ads in online news may be like the cliché about Brazil: It's the country of the future, and always will be.

Online news may always be the advertising medium of the future for most brands. And print and electronic news media, though declining or

stagnant, are still effective advertising media today. Just not in the same ways they were effective in the past.

To find out more about using news media to carry a marketing message, visit [brainposse.com](http://brainposse.com) or call 865-330-0033.

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