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State of the News Media

Overview

**FOR FURTHER INFORMATION
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About This Report

State of the News Media 2014 report is the eleventh edition of the annual report by the Pew Research Center examining the landscape of American journalism. This year's study includes special reports about the revenue picture for news, the growth in digital reporting, the role of acquisitions and content sharing in local news and how digital video affects the news landscape. In addition, it provides the latest data on audience, economic, news investment and ownership trends for key sectors of news media. The full study is available online and includes a database with news industry trend data and a slideshow about how news functions on social media. This report is a collaborative effort based on the input and analysis of the following individuals. Find related reports about trends in journalism at pewresearch.org/journalism.

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Overview

In many ways, 2013 and early 2014 brought a level of energy to the news industry not seen for a long time. Even as challenges of the past several years continue and new ones emerge, the activities this year have created a new sense of optimism – or perhaps hope – for the future of American journalism.

Digital players have exploded onto the news scene, bringing technological knowhow and new money and luring top talent. BuzzFeed, once scoffed at for content viewed as “click bait,” now has a news staff of 170, including top names like Pulitzer Prize-winner Mark Schoofs, and is the kind of place that ProPublica’s Paul Steiger says he would want to work at if he were young again. Mashable now has a news staff of 70 and enticed former New York Times assistant managing editor Jim Roberts to become its chief content officer. And in January of this year, Ezra Klein left the Washington Post for Vox media, which will become the new home for his explanatory journalism concept. Many of these companies are already successful digital brands – built around an innate understanding of technology – and are using revenues from other parts of the operation to get the news operations off the ground.

Other kinds of new revenue are flowing into news operations as well. A new breed of entrepreneurs – like Jeff Bezos, John Henry and Pierre Omidyar -- are investing their own money in the industry, in some cases creating wholly new entities and in others looking to bring new life to long-standing ones. Among their best credentials – beyond deep pockets – is that they are tech industry insiders and news media outsiders. Philanthropic money has grown as well, in many cases focused on smaller outlets seeking to fill the gap in news coverage left by legacy cutbacks. As recently as March 2014, the Jerome L. Greene Foundation announced a \$10 million grant to New York Public Radio to help build its digital capabilities, an [expressed need](#) among nonprofits.

The year also brought more evidence than ever that news is a part of the explosion of social media and mobile devices, and in a way that could offer opportunity to reach more people with news than ever before. Half of Facebook users get news there even though they did not go there looking for it. And the Facebook users who get news at the highest rates are 18-to-29-year-olds. The same is true for the growth area of online video. Half of those who watch some kind of online video watch news videos. Again, young people constitute the greatest portion of these viewers.

Accompanying this momentum is the question of what it adds up to within the full scope of news that consumers receive. Here the events of the last year get put in some perspective. Our first-ever accounting found roughly 5,000 full-time professional jobs at nearly 500 digital news outlets, most of which were created in the past half dozen years. But the vast majority of bodies producing

original reporting still comes from the newspaper industry. But those newspaper jobs are far from secure. Full-time professional newsroom employment declined another 6.4% in 2012 with more losses expected for 2013. Gannett alone is estimated to have cut 400 newspaper jobs while the Tribune Co. announced 700 (not all of them in the newsroom).

The new money from philanthropists, venture capitalists and other individuals and non-media businesses, while promising, amounts to only a sliver of the money supporting professional journalism. Traditional advertising from print and television still accounts for more than half of the total revenue supporting news, even though print ad revenues are in rapid decline. While seeing some small gains in new revenue streams like digital subscriptions and conferences, total newspaper advertising revenue in 2012 (the last year that full data are available) was down 52% from 2003. Television ad revenue, while stable for now, faces an uncertain future as video becomes more accessible online. What's more, most of the new revenue streams driving the momentum are not earned from the news product itself.

There were a number of other events over the last year for which the impact on citizens is mixed or unclear. Local television, which remains the primary place American adults turn to for news, saw its audience increase for the first time in five years. At the same time, though, there were fewer stations producing original news compared with 2012, primarily the result of television acquisitions that left fewer companies in control of more stations. At this point, fully a quarter of the 952 U.S. television stations that air newscasts do not produce their news programs. Additional stations have sharing arrangements where much of their content is produced outside their own newsroom. And as recently as March 21st another major deal between Media General and LIN was announced that would bring 74 stations in 46 markets under the same ownership. The impact on the consumer seems to vary from market to market, with some markets increasing potential reach by airing news on stations that never had it – even if that newscast is the same one that airs on another local station. In other markets the news has contracted, as news organizations have reduced staff or content production for cost efficiency.

In digital news, the overlap between public relations and news noted in last year's State of the News Media report became even more pronounced. One of the greatest areas of revenue experimentation now involves website content that is paid for by commercial advertisers – but often written by journalists on staff – and placed on a news publishers' page in a way that sometimes makes it indistinguishable from a news story. Following the lead of early adapters like The Atlantic and Mashable, native advertising, as it is called by the industry, caught on rapidly in 2013. The New York Times, The Washington Post and most recently The Wall Street Journal have now begun or announced plans to begin devoting staff to this kind of advertising, often as a part of

a new “custom content division.” [eMarketer predicts](#) that native ads spending will reach \$2.85 billion by 2014.

Many of these publishers initially expressed caution over such ads, with Wall Street Journal editor-in-chief Gerard Baker even [describing it as a “Faustian pact.”](#) In the end, though, many publishers eventually came down with a conclusion similar to Baker’s, who said that he was “confident that our readers will appreciate what is sponsor-generated content and what is content from our global staff,” according to a statement released by The Journal. That may be the case, and it could also be the case that stories created for and paid for by advertisers do not bother consumers as long as they are a good read. At this point, though, there is little if any public data that speak to consumer response one way or the other.

And despite evidence of news consumption by Facebook users—half of whom report getting news across at least six topic areas—recent [Pew Research data](#) finds these consumers to have rather low levels of engagement with news sites. Another a question looming over developments in social media is whether the self-selective process combined with algorithmic feeds are narrowing the kinds of information Americans are exposed to.

One of the biggest stories of the year, the NSA documents leaked by Edward Snowden, shined light on yet another area of challenge for journalism in the digital age: easy access to web-based content. It threatens the security of journalists’ communications and their ability to get sources to share information with them, the ultimate impact of which could be the stories that don’t get reported on and delivered to consumers.

A year ago, the State of the News Media report struck a somber note, citing evidence of continued declines in the mainstream media that were impacting both content and audience satisfaction. As indicated above and throughout this report, many of these issues still exist, some have deepened and new ones have emerged. Still, the level of new activity this past year is creating a perception that something important, perhaps even game-changing, is going on. If the developments in 2013 are at this point only a drop in the bucket, it feels like a heavier drop than most. The momentum behind them is real, if the full impact on citizens and our news system remains unclear.

This year’s Annual Report, our 11th edition, set out to examine these shifts—in revenue, in jobs, in technology, in content, in consumer behavior. It is structured a bit differently than in the past – to account for the widening of the industry, the growing influence of technology and new ways of sharing of our data. This year’s report includes four original research reports and two graphical presentations, along with key findings and a searchable database of all the statistics gathered in past years. From these reports, six major trends emerge:

- 1) **Thirty of the largest digital-only news organizations account for about 3,000 jobs and one area of investment is global coverage.** Vice Media has 35 overseas bureaus; The Huffington Post hopes to grow to 15 countries from 11 this year; BuzzFeed hired a foreign editor to oversee its expansion into places like Mumbai, Mexico City, Berlin and Tokyo. The two-year-old business-oriented Quartz has reporters in London, Bangkok and Hong Kong, and its editorial staff speaks 19 languages. This comes amid pullbacks in global coverage from mainstream media. The amount of airtime network evening newscasts devoted to overseas reporting in 2013 was less than half of what it was in the late 1980s. International reporters working for U.S. newspaper have declined 24% from 2003 to 2010. As the new digital native outlets continue to add staff, the country may be seeing the first real build-up of international reporting in decades – save for a few start-ups like Global Post. It could even perhaps be the start—at least in approach—of U.S.-based news outlets that are truly international, both in their audience in the focus of their content.

- 2) **So far, the impact of new money flowing into the industry may be more about fostering new ways of reporting and reaching audience than about building a new, sustainable revenue structure.** The news industry in the U.S. brings in a little over \$60 billion of revenue annually, according to estimates in our report. Advertising, at least for now, accounts for roughly two-thirds of this pie, most of which remains tied to legacy forms. Audience revenue accounts for about a quarter and is growing both in total dollars and in share. But this revenue may also be coming from a smaller—or at least flat—pool of contributors. New kinds of earned revenue streams like event hosting and web consulting account for about 7%, while investment from sources such as venture capital and philanthropy amount to only about 1% of the total. One part of the equation worth exploring is what kind of savings occurs at digital news startups free of the legacy infrastructure, but taking on the newer costs of technology development and maintenance.

- 3) **Social and mobile developments are doing more than bringing consumers into the process – they are also changing the dynamics of the process itself.** New survey data released here find that half (50%) of social network users share or repost news stories, images or videos while nearly as many (46%) discuss news issues or events on social network sites. And with broader mobile adoption, citizens are playing important eyewitness roles around news events such as the Boston bombing and the Ukrainian uprising. Roughly one-in-ten social network users have posted news videos they took themselves, according to the data. And 11% of all online news consumers have submitted their own content (including videos, photos, articles or opinion pieces) to news websites or blogs. Just as powerful, though, are the shifts in how news functions in these spaces. On social sites and even many of the new digital-only sites, news is mixed in with all other

kinds of content – people bump into it when they are there doing other things. This bumping into means there may be opportunity for news to reach people who might otherwise have missed it, but less of that may be in the hands of news organizations. Only about a third of people who get news on Facebook follow a news organization or individual journalist. Instead, stories get shared from friends in their networks. And few Facebook visitors, according to a separate Pew Research study of traffic to top news sites, end up also coming to a site directly. For news providers, this means that a single digital strategy – both in terms of capturing audience and building a viable revenue base – will not be enough.

- 4) **New ways of storytelling bring both promise and challenge.** One area of expansion in 2013 was online news video. Ad revenue tied to digital videos over all (no firm calculates a figure specifically for news videos) grew 44% from 2012 to 2013 and is expected to continue to increase. For now, though, its scale is still small, accounting for just 10% of all digital ad revenue in the U.S. YouTube alone already accounts for 20% of these revenues and Facebook has now entered the digital video ad market and, based on its rapid growth in display ad revenue, is expected to quickly account for a significant portion of these dollars. In terms of audience appeal, one-third of U.S. adults watch online news videos, but that growth has slowed considerably. After a 27% increase from 2007 to 2009, the next four years saw just 9% growth. Again, large distributors of video content like YouTube and Facebook already account for a hefty portion of video watching on the web. Nonetheless, some news providers are making significant investments in digital video. The Huffington Post celebrated the one year anniversary of HuffPost Live, Texas Tribune held a [successful Kickstarter campaign](#) to raise funds for the purchase of equipment to stream live video coverage of the 2014 Texas governor's race, and the multimedia company Vice in early 2014 launched a new multimedia portal just for news stories.
- 5) **Local television, which reaches about [nine in ten U.S. adults](#), experienced massive change in 2013, change that stayed under the radar of most.** Nearly 300 full-power local TV stations changed hands in 2013 at a price of roughly \$8 billion. The number of stations sold was up 205% over 2012 and the value up 367%, with big owners getting even bigger. If all the pending sales go through, Sinclair Broadcasting alone will own or provide service to 167 stations in 77 markets, reaching almost 40% of the U.S. population. Sinclair's CEO, David Smith, at the UBS conference in December 2013 expressed an interest in growing even more: "I'd like to have 80% of the country if I could get it. I'd like to have 90%." Much of what is driving these purchases is the growth in fees that local stations are able to charge cable companies for re-airing their content – known by the industry as retransmissions fees. Both Meredith (which owns 13 stations) and

Scripps (which owns 19) said they saw their retransmission revenues roughly triple in the last three years. In terms of programming, a clear result is more stations in the same market being operated jointly and sharing more content. As of early 2014, joint service agreements exist in almost half of the 210 local TV markets nationwide, up from 55 in 2011. And fewer stations are producing their own newscasts. The ultimate impact on the consumer is complicated to assess, but the economics benefit to the owner is indisputable.

- 6) **Dramatic changes under way in the makeup of the American population will undoubtedly have an impact on news in the U.S, and in one of the fastest growing demographic groups – Hispanics – we are already seeing shifts.** The Hispanic population in the U.S. has grown 50% from 2000 to 2012--to 53 million people. Most of that growth has come from births in the U.S. rather than the arrival of new immigrants, reversing a trend from previous decades. As a result, a growing share of the Hispanic population is American-born and a growing number speak English proficiently. In response to these trends, more general-market media companies—like ABC, NBC, Fox and The Huffington Post—have started Hispanic news operations. Since 2010, six national Hispanic outlets have been launched, all of which are either owned in full or in partnership by a general-market media company. Not all of them have been successes, however. Earlier this year, NBC Latino—a website-only outlet—closed, after only 16 months, and CNN Latino, which had both a web and on-air presence, was shut down just a year after its launch. At the same time, Fusion, a joint effort by ABC and Univision, initially described the channel as aimed at Hispanic millennials but later switched to aiming it at millennials more broadly—currently the largest and most diverse generational group in the U.S. As demographic shifts within the U.S. continue, so too will their impact on the news ecosystem.