

2010 State of the Media:

An Analysis of the Changing Media Landscape by the Vocus Media Research Team



Vocus White Paper Vocus State of the Media Report 2009/2010

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Introduction

In 2009, the media bled as reporters from all four traditional parts of the industry found themselves jobless, while predictions of its imminent demise blared from headlines.

According to Vocus Media Research Group, approximately 293 newspapers folded, with nearly 100 of those shuttering in the year's first quarter alone. Meanwhile, eight magazines with a circulation of 1 million or more ceased publication, and 600 staff members were laid off from top tier publications. Including print and online, a startling number of magazines shuttered this year, totaling 1,126.

In broadcast, radio stations are down from the previous year, and more than 10,000 jobs were lost. Meanwhile in television, bankruptcies were common as more than 100 TV stations were affected by their parent companies filing Chapter 11.

What does it all mean? This report offers analysis from Vocus media research experts, while also providing a peek into an increasingly uncertain future.

The Ghosts of the Media's Past, Present and Future: A look back at the trials and tribulations of 2009 and the future of the media in 2010.

Newspapers

Back in the late 1990's and continuing into the early part of the decade, Web sites and the Internet were considered a "fad" – a place where editors could post a story for early morning viewers. "In their minds, nothing could replace the feeling of having an actual newspaper in your hands, and as a result the newspaper business was late to the party when it came to taking advantage of the Internet for news distribution," said David Coates, managing editor of newspaper content at Vocus Media Research Group.

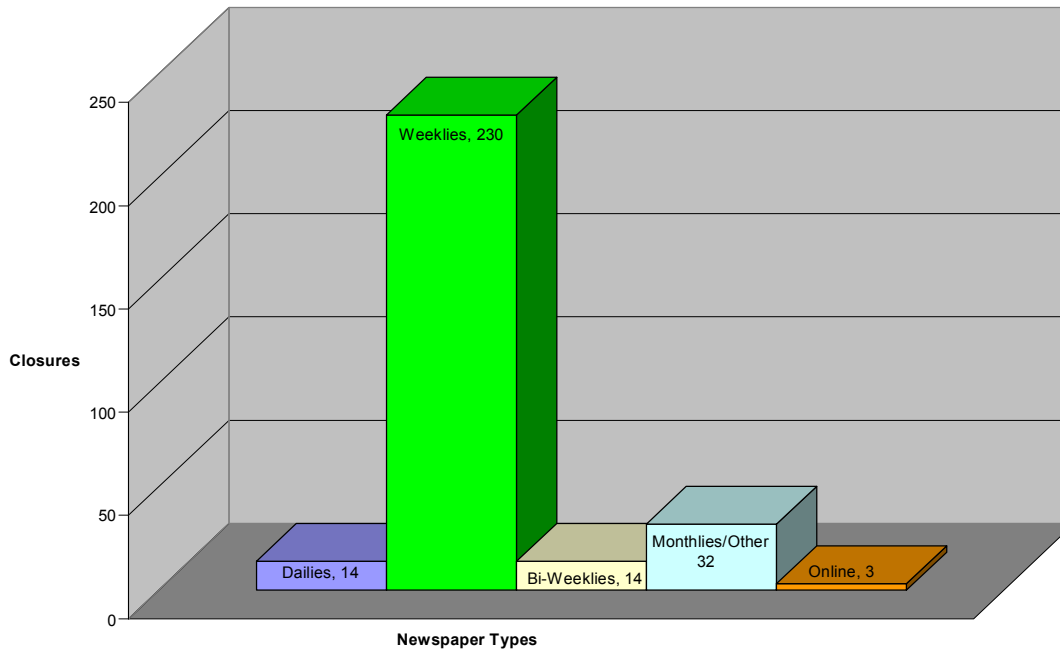
Ten years later, it is obvious that digital is the future. In 2009, the Seattle Post-Intelligencer dropped its print edition entirely, while the storied Christian Science Monitor went primarily online. Advance Newspapers shuttered the Ann Arbor News and in its place launched AnnArbor.com. Meanwhile, the blogosphere swelled. "Blogs offered more opinions and provided more water cooler discussions. Never mind that the skill of reporting quickly became a lost art. Once, three or four sources were required for a newspaper to go with a story; now just one source is enough for a blogger to put it on the Web site and spur a heated debate," Coates noted.

In 2009, newspapers dropped like flies as corporate-owned community newspapers folded – many of them Journal Register Company-owned – while the Rocky Mountain News and Baltimore Examiner said

their final goodbyes. Approximately 293 papers folded and 45 launched – nine of those being online or Web-first. Meanwhile, major newspapers, including the Wall Street Journal, USA Today, New York Times, Los Angeles Times, Washington Post, Chicago Tribune, and Houston Chronicle, had a combined number of approximately 421 layoffs and buyouts in the newsroom alone.

Newspaper Types

Newspaper Closures in 2009



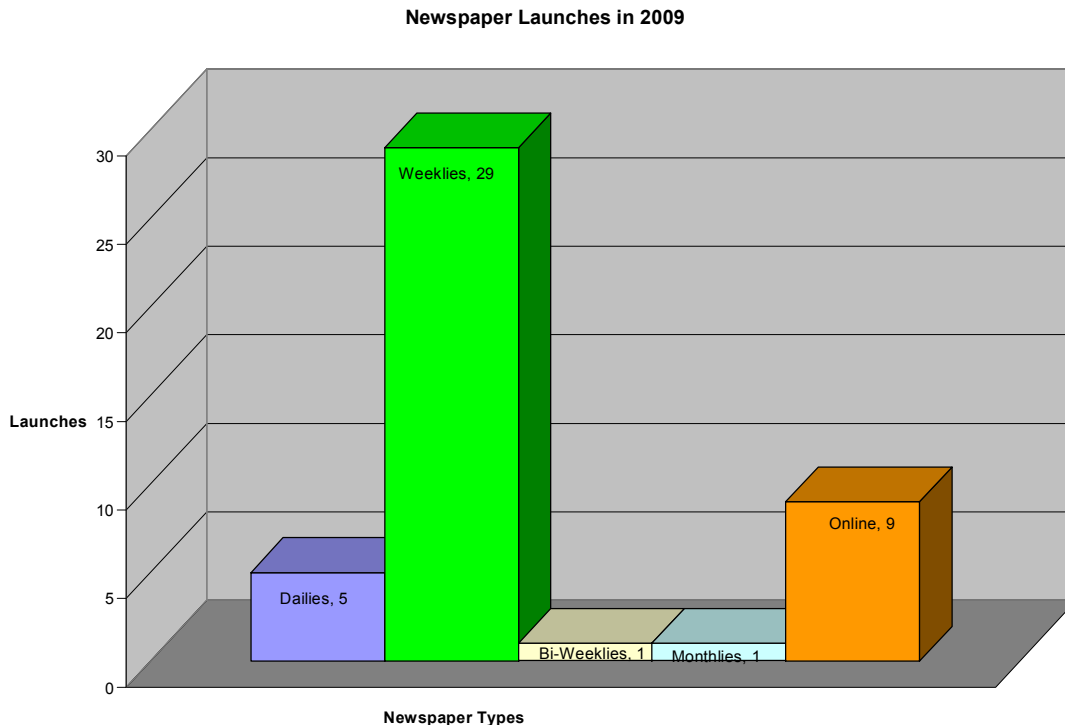
Will the gutting continue? Coates said he doesn't think papers can afford to. "I think that the major newspapers have cut as much as they can cut and they need to figure out what to do with what they have." As it is, many journalists are performing dual roles, splitting up the duties of a person who was laid off and adding extra duties to remaining staff. And while jobs on the print side will continue to be low in 2010, editorial job openings on the digital side may become more common.

Looking ahead to 2010, we will probably see large papers continue to form content sharing partnerships like the Dallas Morning News and Fort Worth Star-Telegram, which began sharing sports coverage at the onset of 2009, and the Tulsa World and The Oklahoman, which share selected stories and news content across both print and online mediums. The Washington Post and Baltimore Sun also formed a similar agreement in late 2008/early 2009 when they agreed to share suburban coverage. While combining resources cuts costs for an ailing industry, there is a breakdown in competition.

ProPublica, Chicago News Co-op, Voice of San Diego, Voice of the OC, and the Seattle PostGlobe are just a few examples of the nonprofit, investigative journalism sector of online journalism gaining popularity. In December, the Illinois Statehouse News launched, and in early 2010, another nonprofit called Bay Area News Project is slated to debut.

Paywalls will continue to dominate headlines and more newspapers will join that model, but while the controversy among analysts and industry heads continues to be split down the middle, Coates said he doesn't think it will stick, at least not for general news outlets, "because people are used to getting things for free." For instance, Newsday went behind a paywall in October and by November had seen a

drop in unique users to 1.7 million from 2.2 million. Meanwhile, niche products utilizing paywalls may have a chance since their content is more audience-targeted.



Magazines

A decade ago, journalism was a profession where media professionals could make a living. Today, it's an unstable environment where more than 600 reporters from the magazine industry alone can find themselves jobless in a matter of a year. Just between Newsweek and Bloomberg's BusinessWeek, hundreds were laid off in 2009. Meanwhile, approximately 1,126 magazines folded and publishers took a hard look at the figures, eliminating magazines that just weren't making the grade. Among those to go were Condé Nast's Gourmet, Cookie, Elegant Bride, Modern Bride and Domino. One magazine tragically slated for closure was the illustrious Editor & Publisher, which ceased to be with the close of 2009. Only two weeks later, it was brought back from the abyss when California-based Duncan McIntosh Co. Inc. purchased the publication from Nielsen Business Media. As the economy recovers, Rebecca Bredholt, managing editor of magazine content at Vocus Media Research Group said she doesn't believe the magazine industry will do the same. "The current recession was like a naturally occurring brush fire. It got rid of dead wood. The green shoots we'll see will be from online trade and association publications."

Ad revenue bled while publishers selling titles became a common theme. The Washington Post Company recently announced that it would sell Budget Travel magazine, while Nielsen's Business Media sold off Adweek, Backstage, Billboard, Brandweek, The Hollywood Reporter, and Mediaweek to e5 Global Media, a company formed by Pluribus Capital Management LLC and Guggenheim Partners. BusinessWeek became Bloomberg's BusinessWeek as it underwent new ownership. Meanwhile, Playboy joined the chopping block but was saved from purchase when the deal between the magazine and Iconix Brand Group Inc. fell through.

In the coming year, duplicate or competing consumer titles that cater to similar audiences will most likely fold, while online magazines will continue to launch but will not have the staying power to outlast the three-to-five-year magazine mortality rate.

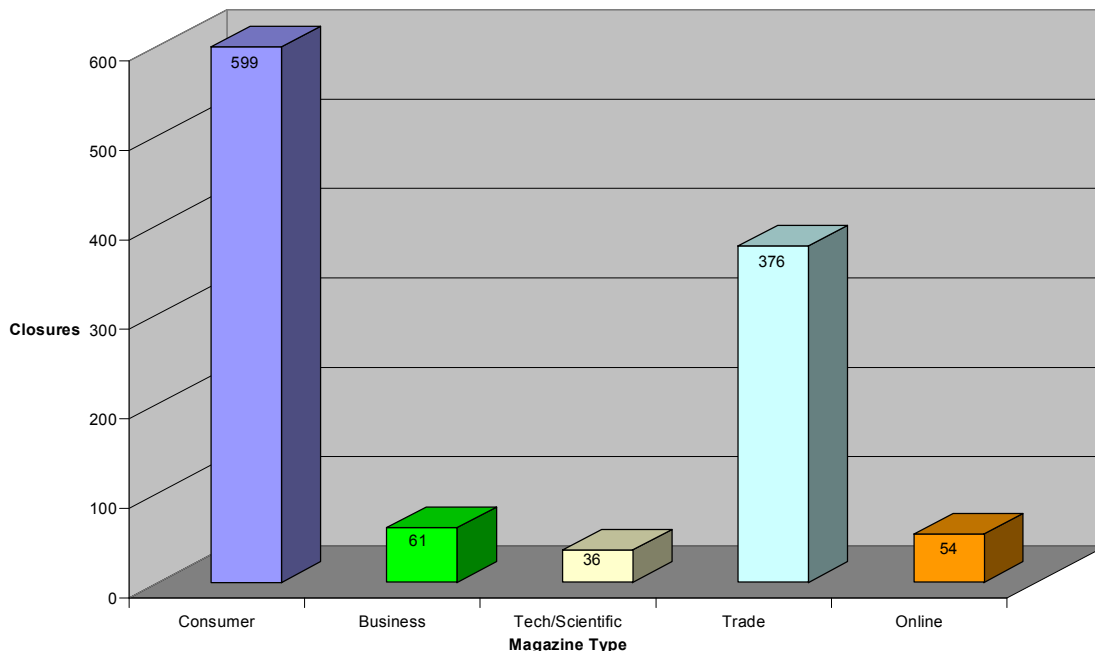
Many magazines will decrease their publication frequency and more will develop editions “re-imagined” for digital distribution, such as electronic readers, which will continue to launch in 2010. Bredholt said she believes the magazine tablet will tank because the technology is not ready, but iPhone versions of magazines will do well.

Magazines that struggled in 2009 will cease to be in 2010. While the online sector of magazines will continue to grow, it will not be sustainable because getting profitable advertising on these sites is not easy.

Publishers will continue to try to grow readership. Only brands that figure out how to package themselves will thrive, becoming the new industry giants. There will be no in-between; all other publications will struggle to keep afloat. Meanwhile, printing on paper beyond 2010 will be a luxury many publishers cannot afford. However, for many magazine brands, printing will be totally unnecessary in order to provide in-demand content their readers want. The question will be whether that content is strong enough to now compete against brands that were “born” on the Web.

“What still belongs in print is long-form journalism and tactile graphic experiences. Kindle didn’t kill book publishing; it made it smaller,” Bredholt noted. “E-readers just provided an alternative. With more alternatives come more fractionalizing of audiences. Because these audiences are fractionalizing, it is becoming harder to reach ‘the masses.’ In a sense, this is actually good news for magazines because they are better at targeting ‘niches.’”

U.S. Magazine Closures in 2009



Television

Print media's downward spiral contributed to the television industry's woes when the Tribune Company (parent of the Chicago Tribune) filed Chapter 11, affecting its 23 stations. In fact, bankruptcies were the hardest thing to hit the industry. In addition to the Tribune Company, both Pappas Telecasting and Michigan-based Young Broadcasting also filed, resulting in the closure of multiple stations. Sinclair Broadcasting, which owns 58 stations, said in July that it may not be far off from filing as well but so far has yet to do so.

According to Vocus Media Research Group, about 100 stations were affected by the mass bankruptcies. "The interesting thing we are noticing is that remaining stations – or their owners in most cases – are filing Chapter 11, which allows for reorganizations," said Julie Holley, managing editor of television content at Vocus Media Research Group. "So stations are continuing to broadcast through the bankruptcy while the parent organization gets back on its feet, meaning there is no obvious effect on what the viewers see. I say 'obvious' because there is no doubt a lot of cost cutting going on behind the scenes."

In the first and second quarters, stations around the country pooled resources and started sharing news footage. Initially, it started at smaller stations but eventually hit major markets. Some stations that formed these partnerships eventually dropped out while stations like WLS-TV in Chicago publicly stated the content agreements were hurting news coverage. Meanwhile, stations cut costs by eliminating veteran newscasters from their payrolls and hiring green reporters for lower wages. Along with many smaller stations, metro stations such as D.C.'s WJLA-TV and Baltimore's WMAR-TV cut their weekend morning news.

While in other areas of the media the volume of staff has fallen significantly in recent years, television stations have been working with skeleton crews for the past decade as they competed against the Internet. Even when the economy was at its best, positions vacated years before were left unfilled, resulting in more work for fewer people. "In record number, stations are trying to make some of their reporters' one-man bands so they will not have to pay for a photographer," Holley said. The result, she added, is sloppier broadcasts. "The number of on-air mistakes that I saw as a producer and now as a viewer has really risen over the years. Not to mention the morale of TV station employees has been on a steady decline."

In 2010, television will continue toward an "every-man-for-himself" mentality as on-air talent, which once was valued for generating viewer loyalty, will be cut to make room for low-cost staff. Stations will also continue to work with diminished crews, as they have for the last 10 years.

When the economy was good, stations filled up air time with local news. But as newscasts are cancelled to save money, stations are hard-pressed to fill that time with other content, Holley said. Small stations and those without major network affiliations that have cancelled newscasts will probably fill the timeslot with infomercials. Bigger market stations may fill the empty slots with syndicated programming such as talk shows and old sitcoms.

There will continue to be a pooling of resources as bigger market stations continue to try to concentrate on local news in any way they can. "All stations will continue to try to make viewers think they have a strong focus on local news," Holley said.

To retain more viewers, local stations will gravitate to a less news-based format. In February, Chicago-based WBBM-TV will debut a morning show that replaces its morning newscast, called "Monsters & Money in the Morning." Meanwhile in Philadelphia, KYW-TV premiered a new morning show called "Talk Philly," which is a talk show featuring minimal news updates.

Radio

The radio industry also felt the recession this year as revenues for radio stations dropped from the previous year, with estimates ranging from 15 to 20 percent.

Meanwhile, 10,000 jobs were lost, the majority coming from the largest owner of radio stations in the country: Clear Channel. Citadel Broadcasting, which is the third-largest radio group, filed for Chapter 11 in December. "While many analysts believe there is an upturn on the horizon, it may also be an indication that radio needs to make changes in terms of how it brings in advertising revenue and how it distributes its programming," said Kyle Johnson, managing editor of radio content at Vocus Media Research Group.

To keep costs low, stations have been forced to run nationally syndicated shows like Don Imus and Rush Limbaugh in favor of original programming. "But syndication takes away one of the primary aspects of radio that allowed it to weather previous competitive storms, including television, cable and the music video era: localism," Johnson said. Like the other three mediums, program directors, which used to be able to focus their energy on improving the on-air talent, have ventured into promotional efforts, branding and online. "Some program directors are even going out on sales calls, which would have seemed preposterous years ago," Johnson said.

Technology has played a big part in these changes since people are not as dependent on traditional radio to get news, music and entertainment. This includes satellite radio, iPods/MP3 players, streamed audio, CD players and other audio. "So while terrestrial radio is still the main way people listen, it is losing its stranglehold," Johnson added.

In the coming year, more radio stations are likely to continue to stream on-air signals on their Web sites and provide links to previous material, making the industry well-placed to move into the digital future.

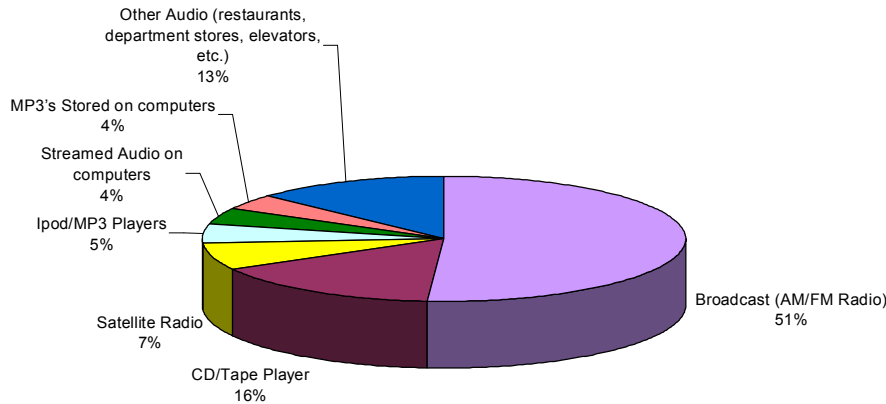
Automobile manufacturers will offer satellite and HD radio in more models. Ford just announced that it will be the first American auto company to carry HD radio technology with iTunes tagging capability, which will be available sometime this year.

In addition, there will be more interplay between radio and portable music devices, such as the fusion of FM radio with the iPod Nano and Zune. There will also be an increase in applications, allowing users to tune into a specific radio station. Perhaps 2010 will merge old and new technologies with a combination of FM tuners on cell phones.

As newspapers diminish, look for more joint ventures between surviving papers and broadcast outlets and an increase in media integration.

"Radio has always been known as a survivor. When television, and later, cable TV came about, radio's demise was widely predicted. But radio adapted, became more specialized, and differentiated itself with a sense of localism. Now there is another challenge with satellite, iPods, Internet radio and other media devices attracting listeners." Johnson said. "Radio is currently in a state of flux, and the question is whether it will decline like newspapers, or embrace the technology that could allow it to expand its reach and scope."

Adult Daily Listening Habits (%)



According to the *Council of Research Excellence*, on average adults (over 18) listen to 165 minutes of some form of pre-produced/live audio per day.

How Business Models Changed in 2009

As the media struggled to survive during a tumultuous year, business models were experimented with and new marketing endeavors were undertaken.

In print, industry heads and analysts debated over the effectiveness of paywalls, while a slew of e-readers geared at books, newspapers and magazines were set to release in 2010. In the case of magazines, almost all the top publishers are launching an electronic tablet meant for reading their content – Time Inc., Hearst and Meredith included. In addition, some publishers have advertised phone applications for about \$2.00 a piece. “I think each company needs to really brand themselves as a content company – then go back and realize the best medium through which to distribute their content,” Bredholt said. “I also think there’s a bit of a city-centric thinking going on here. Not everyone lives in Manhattan and prefers digital hand-held devices over print – especially when it comes to long-form editorial.”

InStyle and Esquire magazine delved into “augmented reality” as a marketing gimmick. If you hold the magazine cover to your computer’s Web camera, the computer screen will read the bar code and launch a flashy video clip. Some magazines even have a bar code on advertisements that allows you to order it instantly just by taking a picture with your camera. “Anything that takes their print product and brings an ‘immediacy’ factor to it has been very popular in 2009. Other than receiving a lot of press, there’s no proof this has increased subscriptions or newsstand sales,” Bredholt said.

In a drastic departure from the traditional newspaper business model, the Dallas Morning News announced in December that section editors would start reporting to the paper’s sales managers. In addition, newspapers continued to outsource staff, including copy editors, to cut costs. The nonprofit, online news source rose in popularity, based on the Voice of San Diego model, which was a pioneer when it launched back in 2005. Since then we have seen the rise of MinnPost, ProPublica, Investigative Voice and the Seattle PostGlobe, as well as the Texas Tribune, which launched in November and

provides research and statistics for reporters and the general public interested in information from Texas. Slated to launch in coming months is the Bay Area News Project and the Voice of the OC, also nonprofit ventures that tout a focus on investigative journalism. These news organizations will continue to pop up, not replacing metro dailies, but supplementing the void left as those dailies cut staff and publication frequency.

In all four mediums, marketing and interactivity dominated the year as platforms like Twitter went from semi-obscurity to a tool heavily utilized by the media. Facebook, which has been widely used by the general public in past years, was embraced by the media. In some cases, a little-known newspaper or radio station may not even have an official Web site but will have a Facebook page or a reporter who can be followed on Twitter.

Effects of the Media's Woes on the Public Relations Industry

As the gutting of newsrooms continues, it might be frustrating for the public relations professional who has put in time toward building trusting relationships with reporters. Maintain those relationships – given the odds, that journalist may end up at another media source.

Now more than ever, PR professionals need to invest more energy to get the attention of reporters, who are being asked to do more with less. In television for example, stations are willing to devote only a small amount of space to soft news and instead lean toward covering cheap and easy news – fires and crime. Since many stations are broadcasting in HD, when a PR person sends in a B-roll, it should be high-quality and edited to professional standards. In any newsroom, high-quality news stories sent to targeted reporters is always the best approach, while smartly crafted angles may help yield a response. If a journalist bites on your story, you need to be willing to bend over backward to accommodate them so they can easily meet their constantly impending deadline.

In the new media world, content includes multiple platforms such as photos, video and audio. Pitching an article just for print doesn't cut it anymore. The more flexible and creative a PR professional is with pitches, the better. Think about how the story could come to life in multiple ways. For instance, journalists in the broadcast arena often have to provide Web copy or blog posts to accompany a segment, while print journalists may produce podcasts or video. PR professionals who prepare complimentary material can be of great assistance to the media.

Keep in mind radio continues to offer PR people an effective way to get their message out as there are still more than 13,000 licensed over-the-air radio stations. These stations are actually required by the Federal Communications Commission to donate a certain amount of time toward serving the community. However, with AM/FM radio growing smaller, PR professionals should look more to Internet radio, podcasts and mobile media to keep up with the listening habits of consumers.

Good advice for capturing the attention of viewers and the media is to create your own blog. According to the Society for New Communications Research, less than 20 percent of Fortune 500 Companies publish corporate blogs. Meanwhile, PR organizations that are active in social media and create enough buzz about company news may attract the attention of the traditional media.

For effective PR amid a dynamic landscape don't forget the basics. Make pitches relevant and timely. Respect the hectic schedule of a journalist. Keep an eye on the headlines as reporters can quickly change outlets. Experiment with new platforms and content as we head into a new world.

Conclusion:

Both media industry and PR professionals look into an unknown future as new frontiers continue to reveal themselves. It is evident that new business models will arise as the media struggles to hang onto some semblance of tradition, while cross-medium relationships will continue to evolve. Regardless, the media isn't going anywhere and will continue to exist. However, what it looks like next year, the following year or into the next decade surely will be very different than what it was at the start of the 21st century.

About the Contributors

David Coates

Managing Editor, Newspaper Content

David Coates had 15 years of newspaper reporting and editing experience before joining Vocus in November 2004. He came to Vocus from the Washington Times, where he was the assistant sports editor and oversaw a staff of more than 20 writers and editors. He assigned stories, attended editorial meetings, edited copy and coordinated the daily production of the newspaper's sports section. Prior to joining the Washington Times in 1999, he spent 10 years at the (Newark) Star-Ledger in New Jersey as a sports reporter. He covered national golf – including the Masters, U.S. Open, British Open, PGA Championship and Ryder Cup – and local golf as well as New Jersey high school sports. Between his jobs at the Star-Ledger and the Washington Times, Mr. Coates worked part-time in media relations at SportsAmerica, a sports marketing firm in Rockville, Md.

Mr. Coates earned a bachelor's degree in journalism from the University of Maryland in 1988.

Mr. Coates lives in Columbia, Md., with his wife Tara, who is the Money Channel producer for AARP's Web Strategy Operations and is also a former sportswriter and producer for BaltimoreSun.com. He is an avid golfer and his hobbies include fishing and poker.

Rebecca Bredholt

Managing Editor, Magazine Content

Orlando-native Rebecca Bredholt has more than 10 years of magazine industry experience. She has worked for more than half a dozen trade magazines, edited two national magazines, and in one quarter launched 18 localized versions of one magazine. The launch party she chaired for Create Magazine gained front-page Style section coverage from the Los Angeles Times. That magazine won several first place awards under her redesign and carried interviews with major designers from HBO's The Wire and from movies like Madagascar and Iron Man.

Ms. Bredholt has worked in every magazine department possible, from art directing cover shoots, to managing editorial, to supervising printing – and even in marketing/public relations. She has covered a variety of industries, including financial, film, religion, travel, digital photography and advertising. She was also a beauty columnist for a national trade magazine.

She covered the AIDS awareness campaigns from Namibia as an international correspondent and photojournalist. In 2004, Ms. Bredholt completed a master's degree in liberal studies. Her undergraduate degree is in journalism. She has also taught writing seminars in Florida and Ukraine.

Prior to joining Vocus, Ms. Bredholt was editor of NewsFactor.com, an online magazine in Los Angeles covering high tech. With more than 100 articles published, she continues to freelance for national magazines and write for her women and film blog.

Julie Holley
Managing Editor, TV/Online/Blog/IRO Content

Julie Holley brings a wealth of journalism, editorial and technical skills to her position at Vocus. She joined Vocus from WUSA-TV, the CBS television affiliate in Washington, D.C., where she was a newscast producer. Prior to that, she served as a newscast producer for the 24-hour cable station and ABC affiliate Newschannel 8, also in the Washington, D.C. market.

In addition to the skills that she brings to the company as a former producer, such as writing and project management, she also brings an understanding of television as a whole. Before becoming a producer, Ms. Holley worked in a number of positions in the newsroom including assignment editor, field producer and guest booker. She also has experience in a number of technical positions in television including audio operator, feed room operator (tuning in satellite and microwave signals for live-shots from the field), photographer (in studio and out in the field) and video editor.

Ms. Holley holds a bachelor's degree in communications from Columbia Union College in Takoma Park, Md.

In her spare time, Ms. Holley volunteers as a public affairs officer for the U.S. Air Force Auxiliary. She has received three state-level awards, one national-level award, and two Civil Air Patrol Achievement Medals for her work with the nonprofit organization. Additionally, she has twice served as a judge for local television Emmy awards and for the U.S. Army's annual Soldiers Radio & Television Awards.

Kyle Johnson
Managing Editor, Radio Content

Kyle Johnson brings both broadcast and public relations experience to Vocus. He spent 18 years at WTOP Radio, the all-news CBS affiliate in Washington, D.C. During his tenure at the station, he performed nearly every conceivable function there, including stints as assistant editor, drive-time editor, traffic reporter, weekend anchor, and general assignment reporter. His last seven years at the station were spent as the station's primary reporter for the state of Maryland, including state legislature in Annapolis. He covered many high-profile stories for the station, including the terrorist attacks on September 11, 2001, and the Million Man March. His knowledge of the local issues led to his appearance on local television shows to discuss transportation and politics.

In addition to his radio experience, Mr. Johnson worked as an assignment editor at WUSA-TV, the CBS affiliate in Washington, D.C. His duties at the station included fielding pitches from those trying to publicize their stories and products, and dispatching news crews to breaking events. Mr. Johnson participated in daily meetings to determine news coverage and to plan logistics of future stories.

Mr. Johnson has also worked as a freelance PR professional. He served as a writer and researcher for the Media Network, a broadcast and social marketing company in Silver Spring, Md. His duties there included writing press releases for federal government agencies and securing interviews with hundreds of broadcast outlets across the country.

Mr. Johnson is a graduate of American University with a bachelor's degree in broadcast journalism. He lives in Germantown, Md., with his wife and two children.

Katrina M. Mendolera
Editor in Chief, inVocus

Katrina Mendolera has written stories and lent editorial support to inVocus since its creation in late 2008. Before joining the Vocus research team as a senior media researcher in 2007, Ms. Mendolera worked in daily and weekly newspapers in Rochester, N.Y., with Messenger Post Newspapers. As a reporter, she specialized in covering education and religion, as well as general assignment stories. Also during her tenure, she was responsible for the creation of a weekly feature that profiled a different church or religion in the surrounding areas. Prior to that, she covered Indigenous cultures across the globe for an anthropological-based magazine in Cambridge, Mass.

She is a graduate of the S.I. Newhouse School of Public Communications at Syracuse University with a master's degree in journalism. In her spare time, she enjoys reading, camping and hiking with her husband and working on publishing her book.