

By Bob Papper and Andrew Sharma

# MONEY-MAKING NEWS

**One of the best indicators of TV newsroom profitability may be what's happening in all the affiliation changes around the country. More stations are programming local news programming. Eighty-three percent of all TV stations showed a profit in news last year, according to the RTNDA/Ball State University Survey. Radio is a different story. Overall, 46 percent of the radio news directors say their news makes a profit.**

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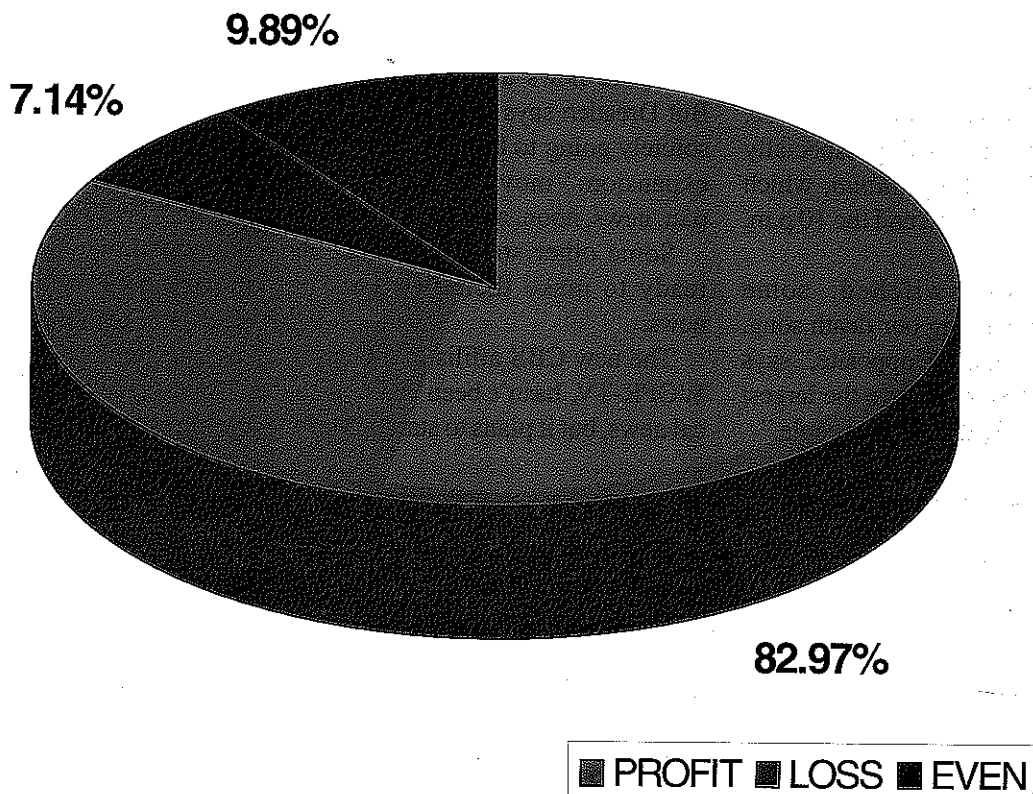
I've been so busy hiring 55 people that I didn't have time to fill out the RTNDA survey.” Mark Olinger, news director at KSHB-TV in Kansas City, provided one of the better reasons for not returning the questionnaire. Olinger has been taking his news department from 18 people to 72 as part of the station's September switch from Fox to NBC. The 9 p.m. news moved to 10 p.m.; they added a 5; a 6 p.m. news should be on the air by the time this article goes to print; and there's more to come.

“Obviously, we sure expect income and profit to follow,” says Olinger. “I certainly hope so.”

One of the best indicators of newsroom profitability may be what's happening in all the affiliation changes around the country. It started a year ago. So far, 70 TV stations in 34 markets have switched affiliations or are expected to do so in the near future. And news seems to figure prominently in the profit picture for most of those stations—regardless of affiliation.

It's not just the stations switching from Fox or the ranks of the independents to ABC, CBS, or NBC.

## TELEVISION NEWS



**Overall, more than four out of five television news departments report making a profit in 1994.**

"Our staff has doubled," according to Mike McDonald, news director at WDAF-TV in Kansas City. WDAF went the other way: from NBC to Fox.

"We've gone from the high 50s to about 110 people. News has basically doubled," says McDonald. WDAF-TV is now doing a local block from 6 to 9 a.m., an hour at noon, 5 to 6 p.m., 6 to 6:30 p.m., 9 to 10 p.m., and 10 to 10:30 p.m.

"Every time we turn around, there's a newscast," says McDonald. "We're still learning how to feed it."

Both Olinger and McDonald say it's too early to tell about how profitable news will be, but both stations

are making heavy bets on it.

Those look like pretty good bets, based on the latest RTNDF/Ball State University Survey, where 83% of all TV stations show a profit in news. That compares to last year's 82.2%.

Network affiliates did even better, with 86% making money (compared to 85.6%), but independents dropped from 60% making a profit in 1993 to 53.3% in 1994.

But this is really a change in accounting. Fox stations were counted with independents in 1993, while we counted them with network affiliates in 1994. Moving the Fox stations (all of which were profitable) in with independents leaves both network

affiliates and independents coming in almost exactly at the same level from one year to the next.

We also found an absolute correlation between size of staff and profit: the bigger the staff, the more likely the TV news department to make money. And we found a lot of news departments getting bigger and bigger, like WJBK-TV in Detroit, which changed from CBS to Fox in December.

"Getting out from under the shadow of CBS has been excellent for us," according to Mort Meisner, news director at WJBK. "We've hired more than 26 people — now at

*(continued on page 18)*

## WAGA-TV moved from CBS to Fox and increased news to 6 1/2 hours a day.

(continued from page 17)

125." And they're busy, programming 7 hours of news a day — up from 4 1/2. "The profitability is there," says Meisner.

It's the same story in Atlanta, where WAGA-TV also moved from CBS to Fox—and increased news to 6 1/2 hours a day. Budd McEntee, the news director, seems especially proud of *Good Day Atlanta*, which runs from 6 to 9 a.m., and the 10 p.m. news.

"When we switched, some people were singing our death song, but it's been just the opposite," says McEntee. "We now have the largest news staff in Georgia: 130 people."

Mike Dreaden, news director at WGNX TV in Atlanta, is gearing up more slowly. The independent turned CBS affiliate actually has less news now than before. That's because the "surprise" switch wiped out some news already on the air. But Dreaden says the station is "absolutely going to have a major news expansion," moving into a new 6 p.m. news, noon, and more.

Some other stations are getting ready to make their first bets on news.

The new CBS affiliate in Detroit, WGPR-TV, hasn't been running local news, but it plans to start in May.

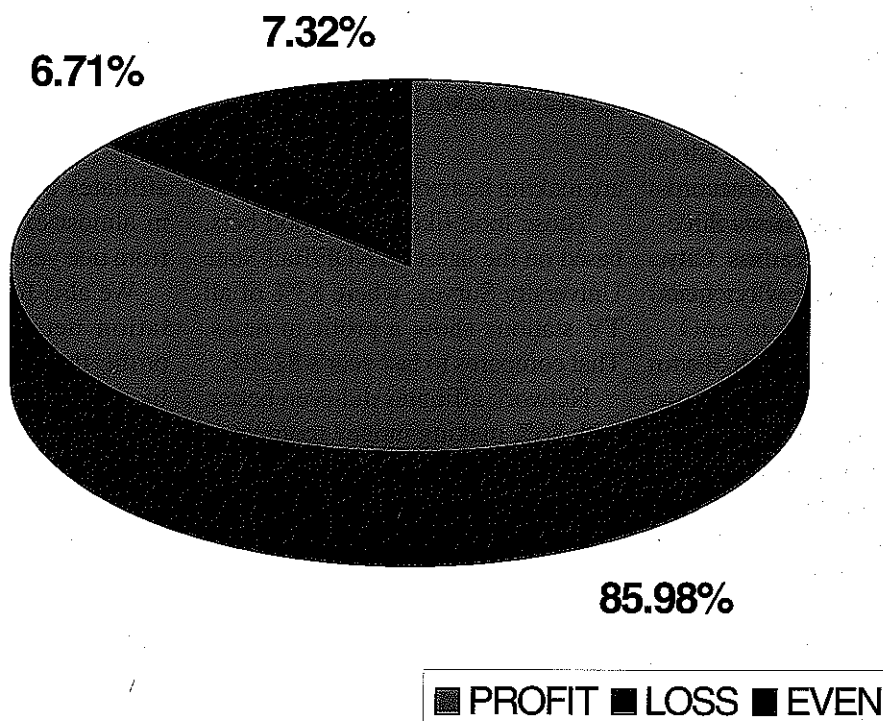
Ron Bilek, news director at the new NBC affiliate in Raleigh-Durham, WYED TV, is gearing up to get his new station into the news business this summer. "Sure we expect to make a profit," says Bilek, "but it could take some time. We might be a loss leader for a while, but news will be very lucrative for the station in the long term."

The former NBC affiliate, WRDC TV (which is now United/Paramount), hasn't run any local news in a number of years.

The RTNDF/Ball State University Survey showed across-the-board profits for TV news in all market sizes—all with more than 80 percent making money.

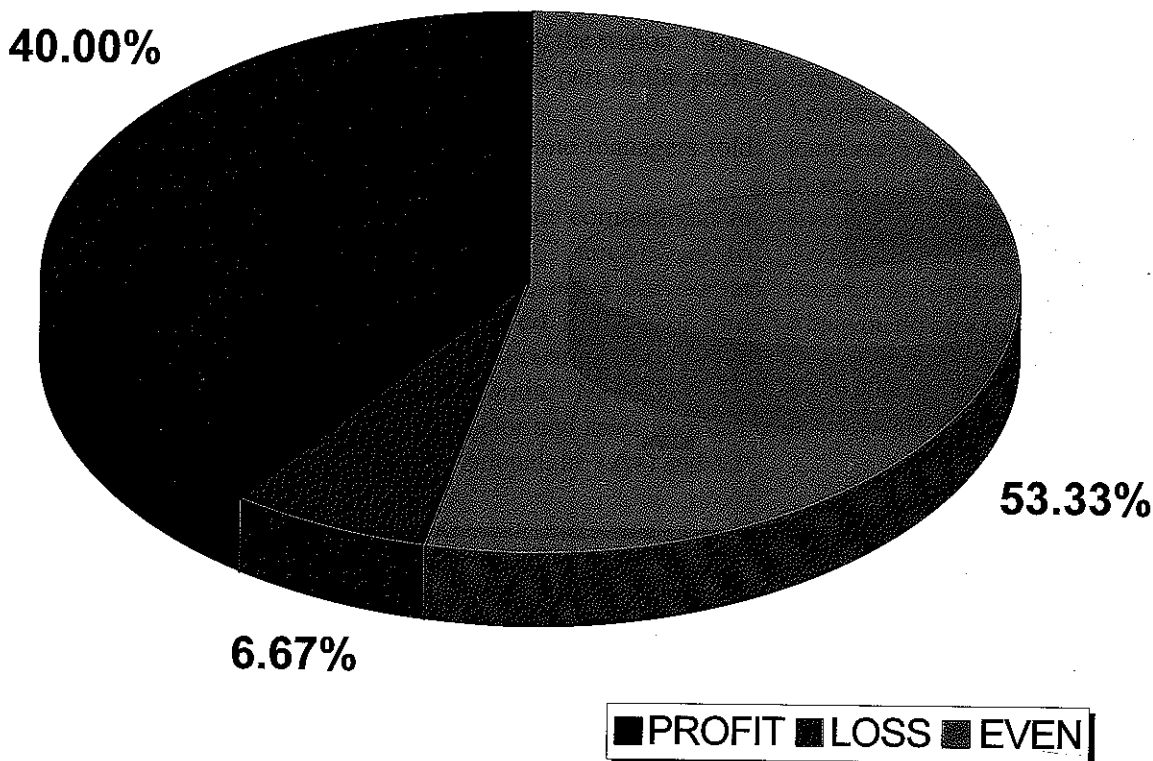
The first of the recent affiliation changes took place in Monroe,

### TELEVISION NEWS NETWORK AFFILIATES



Nearly nine out of ten ABC, CBS, Fox, and NBC affiliates report making a profit in 1994.

## TELEVISION NEWS INDEPENDENTS



**Just over half of the independents that run news report making a profit in 1994—although most of the rest say they broke even.**

Louisiana, where KARD-TV changed from ABC to Fox nearly a year ago. Both Roy Frostenson, news director at KNOE-TV (CBS affiliate), and Matt James, news director at KTVE TV (NBC affiliate), say they've seen little impact in their news profitability because of the switch (although both said KARD has generally been more competitive as a Fox station than as an ABC affiliate).

But Brian Clark, news director at WTHI-TV in Terre Haute, Indiana, expects to make money on the affiliation change in his market. His station didn't change—it's still affiliated with CBS—but he just started putting a new 10 p.m. news on the new Fox station in town, WBAK-TV. WBAK changed from ABC to

Fox back in August, but it hadn't been running any local news before the affiliation change. Clark says it's too early to tell what's going to happen with his second news outlet, but the arrangement should provide an "additional revenue source."

### RADIO

Radio is a different story—and it may be a story the survey numbers don't tell. Overall, 44.3% of the radio news directors say their news makes a profit. That's up substantially from 1993's low of 38% but in line with the 1985-1992 range of 41-46 percent.

But does that reflect what's really happening? One on one interviews with more than a dozen radio news directors around the country suggest

those numbers may not tell all of the story.

"We must be contributing to station profit," says Stan Lehr, news director at talk-formatted WIBC AM, Indianapolis, "or we wouldn't be doing this. But it's intangible. Most successful radio stations have a news image. How do you put that on paper?"

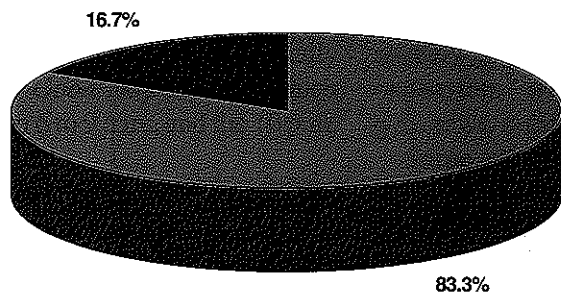
In fact, virtually all of the news directors we talked with said their news departments make money, but most defined that as making an important contribution to the station audience—which translates into helping the station make money.

"I don't know the exact amount," says news director Richard Core at sports-formatted KAYC AM and

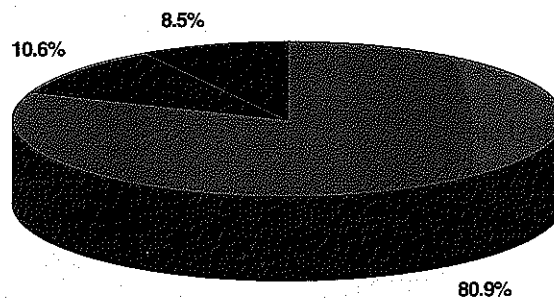
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# TELEVISION NEWS OPERATIONS

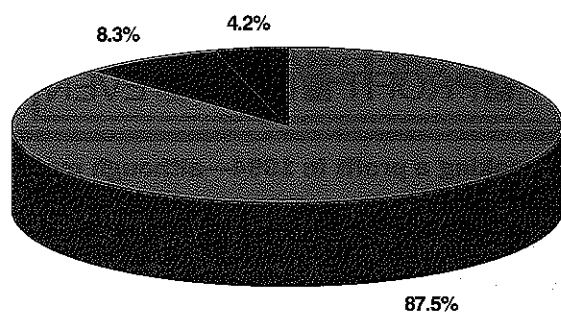
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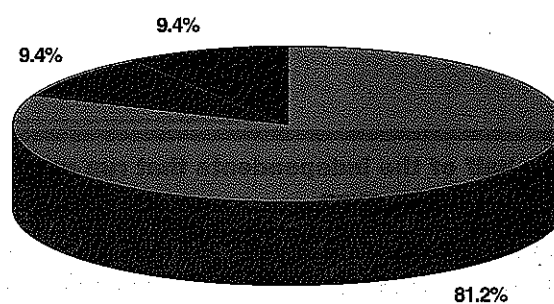
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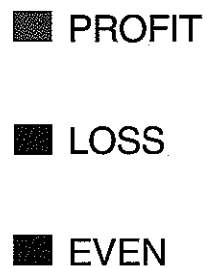
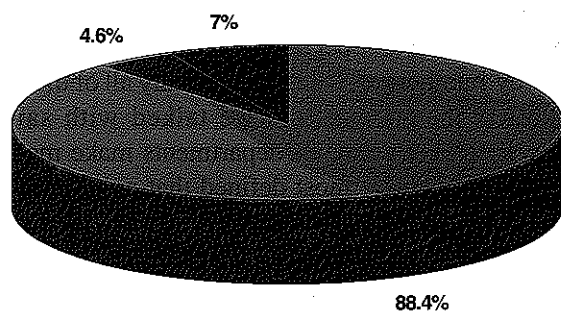
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**Overwhelmingly, television news departments report making a profit in every market size in 1994.**

## **"Certainly radio news makes money."**

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country-formatted KAYD FM in Beaumont, Texas, "but sales doesn't seem to have any trouble selling. I'm not really privy to that information, and I'm not accountable that way."

That was a pretty consistent theme—a theme perhaps dictated by necessity. It's easy to tell whether news makes money in television; it's a lot harder to determine that in radio, where, except for all news or news/talk, news is simply another element of programming and the overall station sound and image.

"Certainly it makes money. We have news sponsorships," says Beth

Bradley, news director at WLAP AM (sports), WMXL FM (adult contemporary), and WWYC FM (country), Lexington, Kentucky. "And it adds to the credibility of the station. Management sees it as part of the package."

That's what some managers told us, too.

"It's part of our commitment to the community," according to Carroll Buckley, news director at oldies-formatted KXO AM and KXO FM (adult contemporary) in El Centro, California. News director, program director and sales manager (local and national, he says) and VP

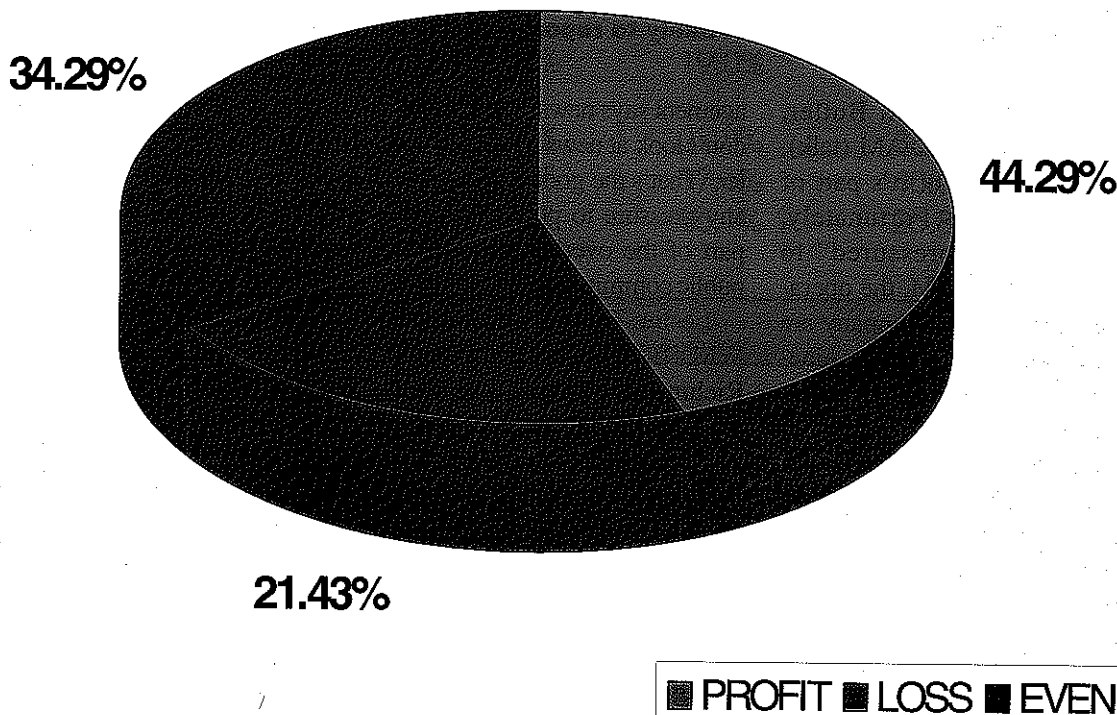
and part owner. "We make money, but we don't look at making money to justify it. It's part of our sound and our commitment and reputation. It's always been that way."

"News doesn't make money for us," says Ron Frizzell, GM and owner, WLAM AM (nostalgia), Portland, Maine, WZOU AM (nostalgia), Lewiston, and WKZS FM (adult contemporary) Auburn, "but that may be more a function of sales (not aggressively selling it) rather than news." And it really isn't how they look at it, according to Frizzell. "It's part of what you do on a full service AM."

"Our news sponsorships are sold, so that's some measure you can point to and say is directly attribut-

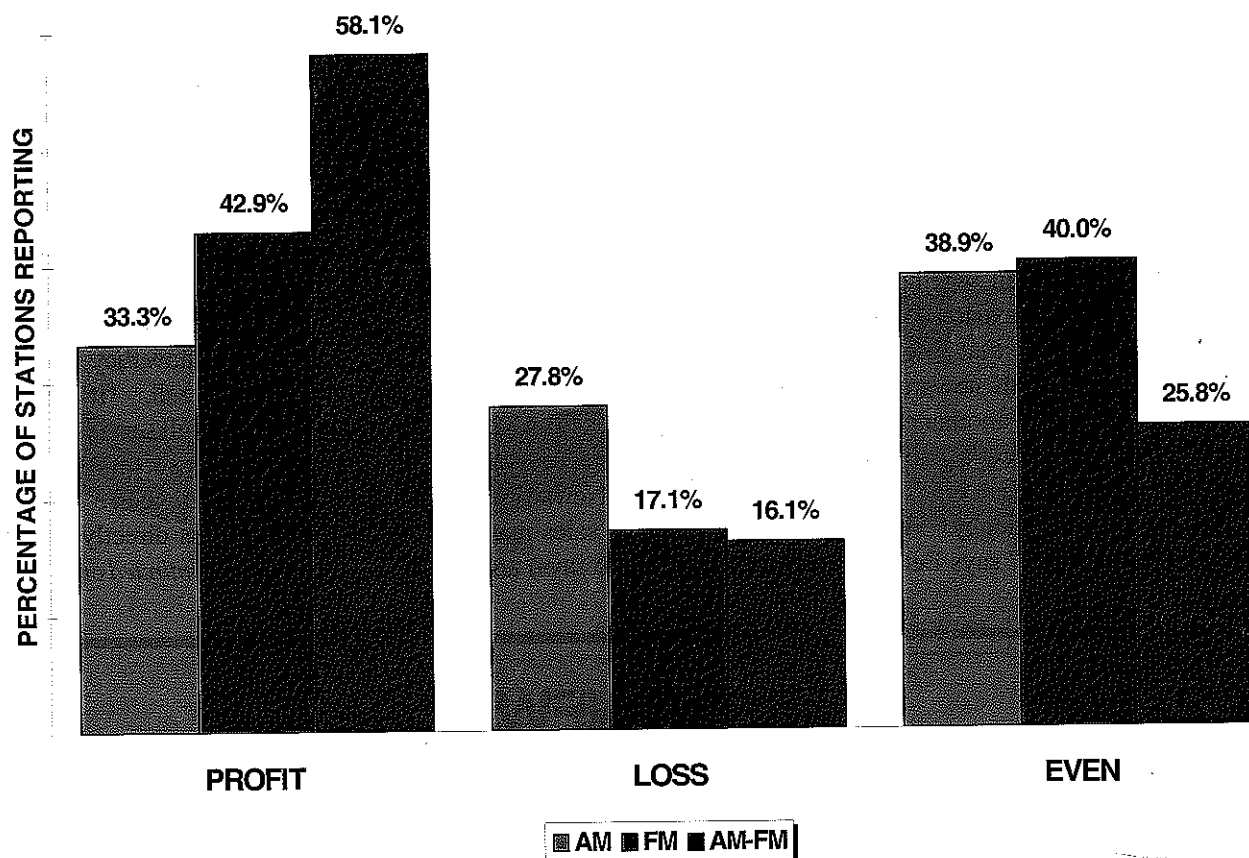
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### **RADIO NEWS**



**Overall, more than three out of four radio news departments say they made a profit or broke even in 1994.**

## RADIO NEWS PROFITABILITY



Generally, AM/FM combos were most likely to report a profit, followed by FM only, then AM only.

able," according to John Butler, news director at WMAL AM (talk), Washington, DC. "But it's part of the overall picture. Fortunately, we've never been pressured" to make a profit. "The GM, the operations manager, and the company are convinced that news is a huge tune-in, and we're lucky to be in that situation," added Butler.

Overall, AM-FM combos did the best in news, followed by FM only, with AM only trailing behind.

For more and more stations, news happens in morning drive only, and one person news departments are the norm.

Charles Myerson, news director at WNUA-FM (jazz) in Chicago, still has a second person, even though the afternoon newscasts are now gone. "Man-

agement says news is important. They don't look at news here as a profit center. That's the good aspect; there's not any pressure to produce money. It's part of the overhead and part of the public commitment."

Leslie Taylor, news director at WMXB FM (adult contemporary) in Richmond, Virginia, does it all. "We worked hard to find out what people want in news and special features." Taylor does the news five mornings a week—as well as the last newscast of the day at noon.

Taylor says she's seen lots of changes in the 10 years she's been there. "People seem to want real quick news. If they want real depth on a story, they go to public radio. They turn to commercial radio for a 'quick fix.' If people want news in

the afternoon, they go home and turn on the 6 p.m. news on TV."

Is there an audience for that "real depth" on public radio? "News is the best time for our membership drive," says Colorado Public Radio (KCFR FM, Denver) news director Mike Rudeen. "That's what people say on the pledge form. What drives membership tends to be news." Rudeen says about a third of all pledges come in during *Morning Edition* news—maybe half when you include *All Things Considered* in the afternoon.

And we already know that TV news does just fine. ■

**Next month: personal profit ... salaries.**

## Broadcast News Profitability

	N	Showing Profit	Showing Loss	Breaking Even
ALL TV	179	83.0%	7.1%	9.9%
Network Affiliates	164	86.0%	6.7%	7.3%
Independents	15	53.3%	6.7%	40.0%
ADI 1-25	18	83.3%	0	16.7%
ADI 26-50	24	87.5%	8.3%	4.2%
ADI 51-100	43	88.4%	4.6%	7.0%
ADI 101-150	47	80.9%	10.6%	8.5%
ADI 151+	32	81.2%	9.4%	9.4%
FT Staff 1-10	24	41.7%	25.0%	33.3%
FT Staff 11-20	49	81.7%	6.1%	12.2%
FT Staff 21-30	51	90.2%	5.9%	3.9%
FT Staff 31-50	38	94.8%	2.6%	2.6%
FT Staff 51+	18	100%	0	0
ALL RADIO	84	46.4%	19.0%	34.5%
AM Only	18	33.3%	27.8%	38.9%
FM Only	35	42.9%	17.1%	40.0%
AM-FM Combo	31	58.1%	16.1%	25.8%

### About the Survey:

The RTNDF/Ball State University Survey was mailed in December 1994 to 1,164 television stations and a random sample of 942 radio stations. The return rate was 25.6% for TV and 15.7% for radio.

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