**The business of news: Radio**

**by Bob Papper**

The latest RTDNA/Hofstra University Annual Survey found that 2015 marked an up year for radio news profitability.

Radio news profitability … 2000 - 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2000 | 2005 | 2010 | 2015 | 2016 |
| Showing profit | 25% | 19.6% | 13.9% | 13.2% | 15.1% |
| Breaking even | 15 | 14.4 | 13.9 | 12.1 | 9.3 |
| Showing loss | 7 | 3.1 | 9.8 | 13.7 | 6.6 |
| Don't know | 53 | 62.9 | 62.3 | 40.5 | 48.1 |
| Non-profit | na | na | na | 20.5 | 20.9 |

The percentage of radio news directors and general managers reporting a profit on news is the highest it’s been in 5 years, and the percentage reporting a loss is the lowest in 10 years. Still, almost half don’t know the answer to the question and a fifth are non-profit. Stations with bigger staffs and in the largest markets were more likely to report a profit on news, but, otherwise, there were no consistent patterns.

In the past, I didn’t generally report the percentage of radio station revenue derived from news because so few news directors say they know the answer. But for the third year in a row, with around a quarter of news directors and general managers reporting, I'll note that they say that average station revenue from news was 16.4% ... with a median percentage of 10%. Both numbers are up noticeably from a year ago. As a caution, the number varies a lot from year to year depending on how many all news and news/talk stations return the survey.

Radio news profitability by market size – 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Showing profit | Breaking even | Showing loss | Don’t know | Non-profit |
| Major market | 20.7% | 0 | 10.3% | 31% | 37.9% |
| Large market | 10.4 | 6.2 | 10.4 | 43.8 | 29.2 |
| Medium market | 16.7 | 10.4 | 5.2 | 47.9 | 19.8 |
| Small market | 14.1 | 12.9 | 4.7 | 56.5 | 11.8 |

Major markets are those with 1 million or more potential listeners. Large markets are from 250,000 to 1 million. Medium markets are 50,000 to 250,000. Small markets are fewer than 50,000.

**Radio website profitability**

Radio and TV web profitability were pretty similar back when I started asking about this more than 15 years ago. Not today. It’s been an up and down journey for radio right from the beginning.

Is the website making money? 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Profit | Breaking Even | Loss | Don’t Know |
| All Radio | 15.3% | 15.7% | 11.4% | 57.6% |
| Major Market | 18.2 | 18.2 | 4.5 | 59.1 |
| Large Market | 17.8 | 11.1 | 15.6 | 55.6 |
| Medium Market | 15.7 | 14.6 | 6.7 | 62.9 |
| Small Market | 12.3 | 19.2 | 16.4 | 52.1 |

Radio website profitability doubled from last year – back up to the level of two years ago. All market sizes jumped except the smallest ones and those in the Northeast, which held steady.

Profitability of TV and radio station websites over time

The general upward trajectory in TV is pretty clear; so is radio's up and down ride.

**Business on the web**

**Selling stuff on the web**

The percentage of radio stations selling stuff on the web rebounded from last year’s low of 16.2% … up to 21.8%. That’s still the second-lowest figure since I started asking the question in 2011. Commercial stations came in at 25.1%, and the bigger the market, the more likely that the station sold stuff online.

But it’s pretty clear that the 21.8% is an inflated number. The question was, “Aside from ads, does the station sell things on the website?” In the answer to the follow-up, “If yes, what are you selling,” a third of the answers were “ads.” For those few stations selling things *other than ads*, almost a third said coupons/advertiser specials/gift cards. A quarter said they sold various merchandise. Just behind that was station swag: t-shirts, mugs, etc., then videos. A couple stations said “contests,” but I’m not sure how they’re sold (other than sponsored). One station said “everything.” I liked the aggressiveness of that. One said “pet of the week.” Really? You’re *selling* the pet of the week? I suppose that wins as the most aggressive approach of all.

**Paywalls**

Radio was largely unchanged from a year ago, with 97.8% reporting no paywall (versus 97.5% a year ago). Of those without paywalls, 96.4% said they are now considering one. That's down 2 points from last year.

**Radio news budgets**

Overall, news budget numbers looked pretty good in TV ... less so in radio.

Changes in radio budget in the last 12 months

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Increase | Decrease | Same | Don't know |
| Change in news budget from the year before | 14.4% | 7.8% | 60.3% | 17.5% |

In radio, increases in budget rose almost 3 points, but decreases rose by 2. So, overall, the numbers aren’t much different from last year – which looked a lot like the year before that … and so on. The biggest newsrooms, the biggest radio groups, in the biggest markets were most likely to see budget increases.

**Radio news from an outside provider**

Almost a quarter of all radio stations, at 22.9%, reported getting local news from an outside service. Commercial stations were only slightly higher than non-commercial ones (23.5% vs. 20.7%). Stations with one news staff person were higher than all the others. Markets of 250,000 and bigger were much more likely to use an outside service (30.2%) than markets smaller than that (19.6%). Stations in the Northeast were much more likely to use an outside service than stations anywhere else.

For those who said local news came from an outside service, I asked for the name. 29.1% named various private companies (like Metro Networks and Remote News Service). Just over one fifth (20.3%) each noted a local TV station or a local newspaper.

But while the TV stations clearly involved a formal business relationship, newspaper appeared to be about half and half. Half apparently involved a formal business deal with a local paper and about half seemed to indicate that the station simply got local news from reading the local paper.

Nearly as many (17.7%) listed the Associated Press. A station in a major market can get local news from AP, but most stations will get national and state news from the wire rather than local. 6.3% each reported getting news either from a central or regional news site with the group owner or from a statewide network. A number of stations noted Fox network, ABC network and NPR … which are actually not likely to supply much local news.

**Radio technology purchases**

Periodically, I ask what new technology radio news directors and general managers plan to purchase in the coming year. The station purse strings aren’t opening up much this year. Just 21.9% of radio news directors and general managers said they were planning on buying any new technology. Non-commercial stations, as usual, were about twice as likely to plan purchases as commercial stations. The bigger the newsroom, the more likely the purchase, but market size made little difference – except the smallest markets were even less likely to be shopping for stuff than bigger markets.

1. Newsroom software came in at number 1 at 23.9%. I’m including in that CMS (content management systems), automation, digital asset management (all of which are basically the same) as well as digital editing.
2. Right behind that, at 21.7%, came newsroom hardware. Mostly, that involved newsroom computers and tablets, but I also include scanners.
3. Close behind, at 19.6%, was remote equipment – most often digital recorders.
4. Well behind, we have video, cellular, web-related stuff and, finally, drones.

Technology shopping in radio has been plunging over the last several years, and it shows no signs of abating. Four years ago, 38% of radio news directors and general managers said they'd be making no technology purchases in the next year. Three years ago, the number rose to 44%. Two years ago, it was 69.3% nothing. Last year, the abstention crowd was up to an astonishing 78.6%. At 78.1% this year, the outlook is just as bleak.

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**About the Survey**

The RTDNA/Hofstra University Survey was conducted in the fourth quarter of 2015 among all 1,681 operating, non-satellite television stations and a random sample of 4,037 radio stations. Valid responses came from 1,286 television stations (76.5%) and 484 radio news directors and general managers representing 1,316 radio stations.

Some data sets (e.g. the number of TV stations originating local news, getting it from others and women TV news directors) are based on a complete census and are not projected from a smaller sample.