**The business of news: TV**

**by Bob Papper**

* Another good year for TV news
* Cooperative ventures largely unchanged
* Drone use in TV … how much and what for?

The latest RTDNA/Hofstra University Annual Survey found that 2015 marked another strong year for the TV news business. Nearly 60% of TV newsrooms reported that they made a profit on local news. That’s just a hair below last year.

TV news profitability … 2000 - 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2000 | 2005 | 2010 | 2015 | 2016 |
| Showing profit | 58% | 44.5% | 47.8% | 60.8% | 59.6% |
| Breaking even | 11 | 24.2 | 14.6 | 6.8 | 8.2 |
| Showing loss | 11 | 12.1 | 8.3 | 4.6 | 3.7 |
| Don’t know | 20 | 19.2 | 29.2 | 25.5 | 25.5 |

Still not at its recent peak in 2013 (65.7%), profitability levels remained high again this past year, and the percentage showing a loss dropped nearly a point. Missing percentages are non-commercial stations.

TV news profitability … by size and affiliation – 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Showing profit | Breaking even | Showing loss | Don’t know |
| Market size: |  |  |  |  |
| 1-25 | 61.1%  | 5.6%  | 2.8%  | 25%  |
| 26-50 | 54.1  | 10.8  | 5.4  | 21.6  |
| 51-100 | 62  | 11.4  | 3.8  | 20.3  |
| 101-150 | 57.7  | 7  | 4.2  | 31  |
| 151+ | 61.4  | 4.5  | 2.3 | 29.5  |
| Staff size: |  |  |  |  |
| 51+ | 73.9  | 5.8  | 2.9  | 15.9  |
| 31-50 | 58.8  | 8.8  | 2.9  | 27.9  |
| 21-30 | 61.5 | 11.5  | 5.8  | 21.2  |
| 11-20 | 56.7 | 0  | 3.3  | 36.7  |
| 1-10 | 10  | 20  | 10  | 40  |
| Affiliation: |  |  |  |  |
| ABC | 61.5  | 6.2  | 1.5 | 29.2  |
| CBS | 57.4  | 7.4  | 4.4  | 30.9  |
| Fox | 56.5  | 8.7  | 4.3  | 26.1  |
| NBC | 71.4  | 9.5  | 1.2  | 17.9  |
| Big four affiliates | 63.3 | 7.9  | 2.5  | 25.4  |
| Other commercial | 33.3  | 11.1  | 16.7 | 33.3  |

Another strong year for local TV news, especially if you’re a network affiliate with 11 or more newsroom employees. Of course, that’s usually the case, and these numbers are pretty similar to last year. Note that the percentage showing a loss is extremely low. As they do every year, the smallest newsrooms in the biggest markets hold down the profit percentages in markets 1 to 25. Stations in the Northeast were less likely than the others to show a profit and more likely to break even. Missing percentages are non-commercial stations.

Percentage of TV station revenue produced by news – 2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Average | Median | Minimum | Maximum | Not sure |
| All TV news | 47.7% | 50% | 8%  | 92%  | 72.3%  |
| Market size: |  |  |  |  |  |
| 1-25 | 37.8  | 40  | 8  | 60  | 62.5  |
| 26-50 | 51.7  | 45.5 | 30  | 92  | 61.3  |
| 51-100 | 51.6  | 52.5  | 10  | 75  | 71.4  |
| 101-150 | 47.5  | 49.5  | 10  | 70  | 75  |
| 151+ | 45.3  | 47.5  | 25  | 62  | 85.4  |
| Staff size: |  |  |  |  |  |
| 51+ | 51.6  | 50 | 8  | 92  | 56.1  |
| 31-50 | 46.7  | 47.5  | 10  | 75  | 68.8  |
| 21-30 | 50.2  | 55  | 25  | 62  | 78.7  |
| 11-20 | 42  | 40  | 25  | 70  | 82.8  |
| 1-10 | \* | \* | \* | \* | 100  |
| Affiliation: |  |  |  |  |  |
| ABC | 49.4  | 52  | 8  | 75  | 68.9  |
| CBS | 49.5  | 50  | 10 | 92  | 66.1  |
| Fox | 30  | 30  | 10  | 40  | 70.6  |
| NBC | 51.1 | 50  | 25 | 72 | 77.8  |
| Big four affiliates | 48.3  | 50 | 8  | 92 | 71.2  |
| Other commercial | 41  | 40  | 15  | 70  | 72.2  |

\* Insufficient data

While 2015 was a good year, it wasn’t as strong as the year before. Average station revenue from news slipped for the first time in the last 3 years, dropping 4 points from last year’s 51.8%. Median revenue also fell from last year’s 54.5% back down to 50%. But there's a caution in the numbers. As I've pointed out before, a high percentage of news directors say they don't know the answer to this question.

**TV website profitability**

Generally, TV web profitability has continued its comparatively steady increase since I started asking about this more than 15 years ago.

Is the website making money? 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Profit | Breaking Even | Loss | Don’t Know |
| All TV | 44.1%  | 8.1%  | 5.6%  | 42.2%  |
| Markets 1-25 | 45.7  | 5.7  | 5.7  | 42.9 |
| Markets 26-50 | 42.5  | 12.5  | 2.5  | 42.5  |
| Markets 51-100 | 58.2  | 7.6  | 5.1 | 29.1  |
| Markets 101-150 | 31.1  | 10.8  | 9.5  | 48.6  |
| Markets 151+ | 40.5  | 2.4  | 2.4  | 54.8  |

Overall TV website profitability rose almost 6 points in the last year. Generally, the bigger the newsroom, the more likely that the station made a profit on the web; over half the stations with more than 50 staffers made a profit on their website. Other commercial websites lagged well behind the big four affiliates, and websites in the Northeast were noticeably more likely to make a profit than stations elsewhere. Note that stations in the Northeast were also the ones most likely to sell stuff online. Just sayin’.

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 downward trend continued as far as stations selling stuff on their websites. This year, the percentage was 20.4% of TV stations selling something other than ads. That’s down almost 3 points from last year’s 23.3% … which was down from the year before at 24.8%. Then 27.6% and 31% the year before that.

Last year, I attributed the decline to station disinterest in investing money into selling stuff online when retransmission revenue keeps growing with little to no investment in order to achieve that growth. Add increasing political money into the equation, and investing money in trying to boost web income becomes less and less compelling. At least for now. Market size and staff size made little difference. Fox affiliates were less likely than others to sell stuff online; other commercial stations were more likely. Stations in the Northeast continued to be a bit more likely than others to sell stuff online, and stations in the South were a bit less likely.

This year’s list of stuff for sale on the station website is markedly different from last year’s. On top – and dominating the list – were deals, daily deals, coupons, gift certificates … at 37.2% of all mentions. Number two came in at 16.3%: advertorials, sponsored content, “ask the expert.” Sponsorships came in at 9.3%. That could be the same as #2, but I can’t tell based on one word answers. “Discounted items” could be the same as coupons, but I couldn’t tell about that either.

Well behind: Dubs of TV stories … cause-related educational content … sports videos … links to advertisers … local medical content … video pre-rolls … homes and cars. A couple news directors said high school football or high school sports, but it wasn’t clear whether there was a charge to watch or that the games were sponsored. One news director said contests and trips.

The number of stations involved in any “local Groupon/Social Living type offerings had gotten so low that I didn’t even bother to ask about it this year.

**Paywalls**

TV paywalls (a monetary charge to access a station website) held steady in the last year. Four TV stations said they had paywalls last year, and the number was unchanged this time. All are in smaller markets. Four stations that do not have a paywall say they’re considering one. Three of the four are in top 25 markets. I’ll be surprised if they implement them, but we’ll see next year.

**TV News budgets**

Overall, news budget numbers looked pretty good in TV.

TV news budget … the past year

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Increase | Decrease | Same | Don’t know |
| All TV news | 48.3%  | 4.4%  | 36.9%  | 10.3%  |
| Big four affiliates | 48.4  | 4.5  | 36.9  | 10.2  |
| Other commercial | 50  | 5.6  | 33.3  | 11.1 |
| Market size: |  |  |  |  |
| 1-25 | 43.2  | 2.7  | 51.4  | 2.7  |
| 26-50 | 58.3  | 11.1  | 22.2  | 8.3 |
| 51-100 | 56.4  | 3.8 | 32.1  | 7.7 |
| 101-150 | 45.3  | 5.3  | 38.7  | 10.7  |
| 151+ | 35.6  | 0  | 42.2 | 22.2 |

For the second year in a row, the percentage of TV newsrooms with budget increases fell just short of the 50% mark. Last year was 48.9%. The smaller the newsroom, the less likely that the budget went up. There were no differences by affiliation, but stations in the West were noticeably less likely to see budget increases. In a sense, that’s an improvement because both the South and the West had been lagging behind. Now it’s just the West.

**Local TV news beyond the local TV channel**

The latest RTDNA/Hofstra University Survey also continues to show that the TV news business isn't limited to TV anymore, but the numbers continue to show a stabilization in the outside reach of a TV newsroom. The percentage of stations involved with other media is similar to a year ago, edging down (again) from 75.9% two years ago to 75.1% last year and now 73.9% this time around. That's still a very high number, but there does seem to be a trend developing. The biggest difference is that the smallest newsrooms (10 or fewer staffers) are a lot less likely than others to be supplying news to other media. Fox, CBS affiliates and other commercial stations also tend to be lower than ABC and NBC stations.

All told, 29.1% of TV stations reported being involved in a Shared Services (or similar) arrangement with another station. That’s up 1.3 from a year ago. By market size, 26 to 50 was half the rate of all the other market clusters. Fox stations were less likely than others to be involved, as were the smallest newsrooms.

Of the stations involved in a Shared Services (or similar) arrangements, the average station supplied content to 1.93 other stations, but the median (most common) number was one. Stations ran local news on two-thirds of those other stations.

There are now 714 local TV newsrooms that run news on those and another 339 stations. The 714 total is down 3 from a year ago, but the latter number is a new all-time high -- up from last year's 328. That puts the total number of stations running local news at a record 1,053.

**TV news departments are providing content to a variety of other outlets**

Percentage of TV news departments providing content to other media – 2016

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Local radio | Mobile device | TV in another market | Another local TV station | Website not your own | Cable TV channel | Other |
| All TV | 44.5%  | 26.1%  | 18.7%  | 14.8%  | 11.3%  | 4.6%  | 6.4% |
| Big four affiliates | 46.3  | 26.3  | 18.4  | 14.5  | 9.8  | 4.7  | 5.9  |
| Other commercial  | 26.3  | 31.6  | 21.1  | 21.1  | 15.8  | 5.3  | 5.3  |
| Market size: |  |  |  |  |  |  |  |
| 1-25 | 28.6  | 28.6  | 19  | 28.6  | 19  | 4.8  | 2.4  |
| 26-50 | 48.8  | 24.4  | 19.5  | 12.2  | 14.6  | 2.4 | 12.2  |
| 51-100 | 47.4  | 29.5  | 14.1  | 12.8  | 7.7  | 10.3  | 3.8  |
| 101-150 | 48.1  | 27.3  | 15.6  | 14.3  | 9.1  | 1.3  | 6.5  |
| 151+ | 44.4  | 17.8  | 31.1  | 8.9  | 11.1  | 2.2  | 8.9  |

Stations providing content to another local TV station fell again this year (by 4 points), but there’s a separate question now about stations involved in shared services agreements. Otherwise, there are few significant changes from a year ago. Note that other than top 25 markets, nearly half of all TV stations (that produce local news) supply local news to a local radio station.

In the past, the bigger the newsroom, the more likely that a station was involved in supplying content to another outlet. That’s no longer the case, although the very smallest newsrooms are generally less likely than all the other groups to supply content to others.

Most of the “other” responses were either local newspapers, especially for the weather, or jointly owned or affiliated TV stations.

**Stations remain involved in cooperative ventures with others ... but not most**

The table above deals with TV stations supplying news to other media. The next table deals with cooperative ventures among media outlets. Overall, there’s been a small increase in the percentage of stations involved with other media. Just 1 or 2 points, but that increase has shown up across all three choices. Still, it’s just the second year in a row where a majority of stations have not been involved in a cooperative venture … and the only two years that’s been true since I started asking the question in 2008. The most striking change since last year is the dramatic rise in the percentage of top 25 stations involved with another TV station. That number rose almost 20 points from last year. We’ll see if that holds up next year.

Aside from the local or nearby TV station for which you produce news, do you have a cooperative news gathering or coverage agreement with the following?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Local newspaper | Another TV station | Local radio station | Other | No |
| All TV | 23.2%  | 20.7%  | 18.1%  | 2.5%  | 50.4%  |
| Market |  |  |  |  |  |
| 1 - 25 | 22.5  | 55  | 17.5  | 5  | 27.5  |
| 26 - 50 | 26.8  | 17.1 | 17.1  | 4.9  | 53.7  |
| 51 - 100 | 27.3  | 11.7 | 18.2  | 0  | 57.1  |
| 101 - 150 | 24.3  | 13.5  | 17.6  | 4.1  | 52.7  |
| 151+ | 11.4  | 20.5  | 20.5  | 0  | 52.3  |

"Other" included other stations in a group, a network or a website.

For those stations that are involved with cooperative agreements, I asked what they were sharing.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Information | Pool video | Helicopter | Other |
| All TV | 86.4%  | 38.6%  | 12.9%  | 12.9%  |
| Market |  |  |  |  |
| 1 - 25 | 55.6  | 51.9  | 51.9  | 7.4  |
| 26 - 50 | 89.5  | 52.6  | 15.8  | 10.5  |
| 51 - 100 | 93.5 | 32.3  | 0  | 6.5  |
| 101 - 150 | 93.9  | 24.2 | 0  | 24.2  |
| 151+ | 100  | 40.9  | 0  | 13.6  |

All of the numbers are up 4 to 6 points from last year except “other” which is down 7. Generally, the smaller the staff, the more likely the station is sharing information with someone … but the less likely to be sharing video. Most of the "other" category involved video, photos and stories.

The percentage of stations *not* involved in a cooperative venture but planning or discussing one dropped to its lowest level since I started asking the question: 12.8%. That’s down 6 points from a year ago. Those planning or discussing were most often in the biggest markets, in medium size newsrooms and at Fox affiliates.

**Local TV news and the use of drones**

One of the new questions in this year’s survey was about the use of drones. Despite all the discussion and coverage of drones, most stations haven’t used them and say they aren’t planning to.

Do you use drone footage?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Are using | About to start | Have used but not now | No |
| All TV | 16.3% | 6.7% | 17.7% | 59.4% |
| Market |  |  |  |  |
| 1 – 25 | 17.5 | 5 | 17.5 | 60 |
| 26 – 50 | 17.1 | 17.1 | 14.6 | 51.2 |
| 51 – 100 | 21 | 8.6 | 18.5 | 51.9 |
| 101 – 150 | 17.1 | 3.9 | 13.2 | 65.8 |
| 151+ | 4.4 | 0 | 26.7 | 68.9 |
| Staff size |  |  |  |  |
| 51+ | 26.8 | 14.1 | 14.1 | 45.1 |
| 31 – 50 | 16.2 | 5.9 | 19.1 | 58.8 |
| 21 – 30 | 10.7 | 3.6 | 17.9 | 67.9 |
| 11 – 20 | 6.9 | 0 | 34.5 | 58.6 |
| 1 – 10 | 5 | 5 | 0 | 90 |

I included staff size in the table, because drone use is clearly more closely associated with staff size than anything else. Stations in the Northeast were noticeably less likely than others to be involved with drones.

About a hundred news directors answered the question on what they’re doing with drones. The answers, in order:

1. If someone else shoots drone footage, the station will consider using it. At 28.8%, that answer easily topped the list. Some news directors went beyond that to note that they will not solicit drone footage.

2. Stations will use drone footage for certain, special stories or events … 16.3%.

3. Stations use drone footage for breaking news … 14.4%.

4. Stations use drone footage for weather, storm coverage, flooding, etc. … 12.5%.

5. General coverage on stories … 11.5%

6. Some stations are working on a plan for drone use, testing drone use or getting ready to use it … 7.7%

7. Commercial production and/or promotion … 6.7%

8. Sports … 1.9%

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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.