**The Business of News: Radio**

**by Bob Papper**

* A so-so year for radio news
* Radio technology purchases this year
* Radio and drones

The latest RTDNA/Hofstra University Annual Survey found that 2016 marked a decidedly down year for radio news profitability.

**Radio news profitability … 2000 - 2017**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2000 | 2005 | 2010 | 2015 | 2016 | 2017 |
| Showing profit | 25% | 19.6% | 13.9% | 13.2% | 15.1% | 12.1% |
| Breaking even | 15 | 14.4 | 13.9 | 12.1 | 9.3 | 14.2 |
| Showing loss | 7 | 3.1 | 9.8 | 13.7 | 6.6 | 8.9 |
| Don't know | 53 | 62.9 | 62.3 | 40.5 | 48.1 | 42.1 |
| Non-profit | na | na | na | 20.5 | 20.9 | 22.7 |

The percentage of radio news directors and general managers reporting a profit on news dropped back down to the lowest level since 2009. Still, you have to be careful because so many don’t know the answer. Local groups of 3 or more stations were most likely to report a profit. Otherwise, there were no consistent answers by any other category. Note that **TV** is handled in a separate article.

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 fourth year in a row, with more than a quarter of news directors and general managers reporting, I'll note that they say that average station revenue from news was 10.7% ... with a median percentage of 2.5%. Both numbers are down noticeably from a year ago. As an annual 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 – 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Showing profit | Breaking even | Showing loss | Don’t know | Non-profit |
| Major market | 8.6% | 5.7% | 5.7% | 22.9% | 57.1% |
| Large market | 9.8 | 14.6 | 9.8 | 34.1 | 31.7 |
| Medium market | 17 | 10 | 7 | 51 | 15 |
| Small market | 8.5 | 23.9 | 12.7 | 43.7 | 11.3 |

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 news budgets**

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

**Changes in radio budget in the last 12 months**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Increase | Decrease | Same | Don't know |
| All radio news | 11.9% | 6.6% | 65.4% | 16% |
| Market size: |  |  |  |  |
| Major market | 14.7 | 2.9 | 67.6 | 14.7 |
| Large market | 9.8 | 4.9 | 75.6 | 9.8 |
| Medium market | 12.2 | 9.2 | 56.1 | 22.4 |
| Small market | 11.4 | 5.7 | 71.4 | 11.4 |
|  |  |  |  |  |
| Commercial | 10.5 | 7 | 65.7 | 16.9 |
| Non-commercial | 15.5 | 5.6 | 64.8 | 14.1 |

In radio, budget increases lost the nearly 3 points that it picked up a year ago. Non-commercial stations were five points higher in budget increases than commercial stations. Generally, the biggest newsrooms and local station groups did the best. Stations in the Northeast fared far worse than anywhere else. Market size didn’t matter.

**Radio news from an outside provider**

More than one in five radio stations, 21.6%, reported getting local news from an outside service. That’s down 1.3 from a year ago. Reversing last year’s numbers, commercial stations were only slightly lower than non-commercial ones (23.9% vs. 20.8%). Stations with one or two news people were more than twice as likely to get news from an outside source. Markets of 250,000 and bigger were much more likely to use an outside service (31.1%) than markets smaller than that (16.7%). Stations in the Midwest were a little less likely to use an outside service than stations anywhere else.

**For those who said local radio news came from an outside service, I asked for the name:**

23.1% Associated Press

21.5 various local newspapers (clearly with and without some sort of agreement)

13.8 various local TV stations

10.8 24/7 News Source (formerly Metro Networks and Total Traffic Networks)

10.8 various statewide radio networks

6.2 VirtualNewsCenter

3.1 internet

10.8 variety of individual places or didn’t know the answer

**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 ever since then.

**Is the radio website making money? 2017**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Profit | Breaking Even | Loss | Don’t Know |
| All Radio | 13.6% | 12.7% | 14.9% | 58.8% |
| Major Market | 12.5 | 15.6 | 9.4 | 62.5 |
| Large Market | 13.5 | 10.8 | 2.7 | 73 |
| Medium Market | 16.9 | 7.9 | 15.7 | 59.6 |
| Small Market | 9.5 | 19 | 23.8 | 47.6 |

Radio website profitability slid 1.7 from last year. All market sizes fell except medium markets. The loss column went up for all markets except large ones. Websites in the South and West fared a lot worse than ones in the Northeast and Midwest.

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.

**Web business**

**Selling stuff on the web**

The percentage of radio stations selling stuff on the web slid slightly from last year’s 21.8% to this year’s 20.2%. That’s still the second-lowest figure since I started asking the question in 2011. Commercial stations came in at 24.4%, but there was absolutely no consistent pattern by any radio category.

It’s also clear that 20.2% 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,” as usual, a third of the answers were “ads.” For those few stations selling things *other than ads*, a quarter said 50% off/coupons/advertiser specials/gift cards. A handful said they sold online features and sponsorships … then came event tickets, logo/branded merchandise, memberships and gifts. Then single answers.

The two most intriguing answers were, “It’s complicated” and, “We don’t know what ownership does & they don’t tell us.”

You can’t make this stuff up.

**Paywalls**

Radio was, again, largely unchanged from the year before, with 96.8% reporting no paywall -- versus 97.8% a year ago. Of those without paywalls, 96.9% said they are not considering one. That's up half a point from a year ago.

**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. Not last year either. Just 25% of radio news directors and general managers said they were planning on buying *any* new technology. Still, that’s 3 points higher than a year ago. Non-commercial stations, as usual, were nearly twice as likely to plan purchases as commercial stations. The bigger the newsroom, the more likely that a station plans to make a purchase. Markets of a quarter million people or more were almost twice as likely to plan purchases as markets smaller than that.

This year’s technology purchase list is far more diverse than usual … and doesn’t lend itself well to categorizing – at least in part because most news directors and general managers didn’t say what, exactly, the equipment would be used for.

* At the top of the amorphous list came digital management software and hardware: automation software, digital storage.
* Just behind that is web-related technology. That includes audio to IP technology, web design software, a new CMS, internet streaming equipment … and let’s throw in video recorders.
* Right behind that, field gear: digital/flash recorders, iPhone compatible mics.
* Then we have studio and control hardware: new boards, new studios generally.
* I didn’t include computers in the list because no one said what they were being used for. Transmitters and translators came in at about the same level … as did new or upgraded remote gear.
* After digital editing gear and newsroom software, everything else was in single digits.

Technology shopping in radio has been plunging over the last several years. Even though it hit 25% this year, a few years ago, 38% and 44% of news directors and general managers were planning technology purchases.

**Local radio news and drones**

A new question this year … whether a station owned a drone, was considering the purchase, was getting drone material from others … or just not involved.

**Does the radio station have a drone?**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Already own | Planning to buy | Considering | Lease/arrange for one as needed | We just use drone footage from others | No, not involved with drones |
| All radio | 2.4% | 1% | 4.2% | 2.8% | 1.4% | 88.2% |
| Market |  |  |  |  |  |  |
| Major | 2.4 | 2.4 | 0 | 4.8 | 0 | 90.5 |
| Large | 0 | 2.2 | 2.2 | 4.4 | 4.4 | 86.7 |
| Medium | 3.5 | 0.9 | 8 | 0.9 | 0.9 | 85.8 |
| Small | 2.2 | 0 | 2.2 | 3.4 | 1.1 | 91 |
|  |  |  |  |  |  |  |
| Commercial | 2.4 | 0.5 | 4.7 | 0.9 | 1.9 | 89.6 |
| Non-commercial | 2.6 | 2.6 | 2.6 | 7.7 | 0 | 84.6 |

Overall, drone ownership in radio is low and likely to stay that way for at least a while. Still more than 10% of stations own, are considering or at least use drone footage. Overall use was highest in large and medium markets, and non-commercial stations were higher than commercial ones. Overall news staff size didn’t matter until the very biggest newsrooms (10 or more news staffers) – at which point drone ownership and usage jumped substantially. Drone use was highest in the West and Midwest.

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**About the Survey**

The RTDNA/Hofstra University Survey was conducted in the fourth quarter of 2016 among all 1,684 operating, non-satellite television stations and a random sample of 3,987 radio stations. Valid responses came from 1,409 television stations (83.7%) and 430 radio news directors and general managers representing 1,151 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.