**The Business of News: TV**

**by Bob Papper**

* A great year for TV news
* Cooperative ventures continue to slide
* Drone ownership … who’s buying and who’s not?

The latest RTDNA/Hofstra University Annual Survey found that 2016 marked an extraordinary year for the local TV news business. At 65.7%, newsroom profitability tied the highest level (with 2013) since 1996. Note that **radio** is handled in a separate article.

**TV news profitability … 2000 - 2017**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2000 | 2005 | 2010 | 2015 | 2016 | 2017 |
| Showing profit | 58% | 44.5% | 47.8% | 60.8% | 59.6% | 65.7% |
| Breaking even | 11 | 24.2 | 14.6 | 6.8 | 8.2 | 7.1 |
| Showing loss | 11 | 12.1 | 8.3 | 4.6 | 3.7 | 4.3 |
| Don’t know | 20 | 19.2 | 29.2 | 25.5 | 25.5 | 20.1 |

Profitability in 1996 hit 72%, the highest level I’ve ever recorded in 23 years of doing the Survey. This year and 2013 are tied for second place. Missing percentages are non-commercial stations.

**TV news profitability … by size and affiliation – 2017**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Showing profit | Breaking even | Showing loss | Don’t know |
| Market size: |  |  |  |  |
| 1-25 | 71.4%  | 7.1%  | 0  | 17.9  |
| 26-50 | 67.6  | 5.4  | 10.8  | 8.1  |
| 51-100 | 67.1 | 11  | 3.7  | 15.9  |
| 101-150 | 64.6  | 3.1  | 4.6 | 27.7  |
| 151+ | 59.5  | 7.1  | 2.4  | 28.6  |
| Staff size: |  |  |  |  |
| 51+ | 87.7  | 3.5  | 1.8  | 7  |
| 31-50 | 64  | 6.7  | 5.3  | 22.7  |
| 21-30 | 62.1  | 10.3  | 5.2  | 22.4  |
| 11-20 | 47.4  | 15.8  | 0  | 31.6 |
| 1-10 | 27.8 | 5.6  | 5.6 | 33.3  |
| Affiliation: |  |  |  |  |
| ABC | 69.7  | 6.1 | 1.5  | 22.7  |
| CBS | 69.2  | 3.8  | 7.7  | 19.2  |
| Fox | 50  | 18.8  | 6.2  | 25  |
| NBC | 70  | 7.1 | 1.4  | 21.4  |
| Big four affiliates | 68.3  | 6.5  | 3.9  | 21.3  |
| Other commercial | 62.5  | 18.8 | 12.5  | 6.2  |

Elections are still good news for local TV, and almost every category of station went up in profitability during 2016. Every market size rose except the smallest, which pretty much held its own. Staff sizes were all up except 11 to 20. ABC and CBS affiliates went up; NBC held steady; Fox affiliates dropped about 6 points. Most of the gains came from more news directors knowing whether the station made a profit on news -- and almost all of that move went to positive profitability. Stations in the Northeast were a little lower in profitability than stations elsewhere. Same as a year ago. Missing percentages are non-commercial stations.

**Percentage of TV station revenue produced by news – 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Average | Median | Minimum | Maximum | Not sure |
| All TV news | 52.6%  | 55%  | 10%  | 100%  | 75%  |
| Market size: |  |  |  |  |  |
| 1-25 | 33.8  | 37.5  | 18  | 42  | 84.6  |
| 26-50 | 58.8  | 60  | 30  | 95  | 65.7  |
| 51-100 | 56.9  | 60  | 10  | 100  | 71.1 |
| 101-150 | 53  | 57.5  | 27  | 70  | 82.8 |
| 151+ | 44.3 | 50  | 18 | 65  | 73.2  |
| Staff size: |  |  |  |  |  |
| 51+ | 58.1  | 60 | 18  | 100  | 59.6  |
| 31-50 | 48.8  | 46  | 20  | 90 | 77.5 |
| 21-30 | 55.3  | 60 | 27  | 70 | 87.3  |
| 11-20 | 42  | 40  | 27  | 55  | 61.1 |
| 1-10 | 34.5 | 34  | 10  | 60  | 77.8 |
| Affiliation: |  |  |  |  |  |
| ABC | 62.5  | 60  | 18  | 100  | 74.1  |
| CBS | 48.5  | 46 | 20  | 90 | 71.6  |
| Fox | 25.7  | 27 | 10  | 40  | 80  |
| NBC | 53.1  | 55 | 18  | 75  | 76.9  |
| Big four affiliates | 52.2  | 55  | 10  | 100  | 74.5  |
| Other commercial | 57  | 60  | 35  | 65  | 68.8  |

\* Insufficient data

Last year’s 4 point drop in average and median revenue turned around in 2016 … going up 5 points in both average and median. There’s a caution in the numbers. As I always point out, a high percentage of news directors say they don't know the answer to this question.

**TV News budgets**

Overall, news budget numbers looked decent in TV, but they certainly don’t reflect the increase in profitability.

**TV news budget … the past year**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Increase | Decrease | Same | Don’t know |
| All TV news | 43.2%  | 8.6%  | 42.4%  | 5.8%  |
| Big four affiliates | 43.8  | 7.7  | 42.5  | 6  |
| Other commercial | 50 | 25  | 18.8  | 6.2  |
| Market size: |  |  |  |  |
| 1-25 | 50  | 10.7  | 35.7  | 3.6 |
| 26-50 | 35.9  | 7.7  | 51.3  | 5.1 |
| 51-100 | 50  | 11  | 34.1  | 4.9  |
| 101-150 | 42.4  | 7.6  | 43.9  | 6.1  |
| 151+ | 33.3  | 4.8  | 52.4  | 9.5  |

For the third year in a row, the percentage of TV newsrooms with budget increases fell short of the 50% mark. Last year was 48.3%; this year dropped about 5 points. The numbers were erratic by various metrics. Markets 26 to 50 and 151+ were least likely to see budget increases, and the smallest newsrooms were half as likely to see increases as any other grouping. CBS and NBC affiliates didn’t fare as well as Fox or ABC stations, and stations in the South did better than any other area.

**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 TV website making money? 2017**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Profit | Breaking Even | Loss | Don’t Know |
| All TV | 46.4%  | 9.9%  | 7.7%  | 36.1%  |
| Markets 1-25 | 35.5  | 16.1  | 6.5  | 41.9  |
| Markets 26-50 | 50  | 7.1  | 11.9  | 31  |
| Markets 51-100 | 61.6  | 11.6  | 1.2  | 25.6  |
| Markets 101-150 | 36.2  | 10.1  | 13  | 40.6  |
| Markets 151+ | 37  | 4.3  | 8.7  | 50  |

The “Don’t Know” category dropped by about 6 points from a year ago … and those numbers were sprinkled pretty evenly to all the other choices: profit, breaking even and loss. Web profitability went up for the middle three market groups but fell for both the biggest and smallest. But the real dividing line on profitability is the size of the newsroom. The bigger the staff, the more likely the station made a profit on the web -- up to 69.2% in the biggest newsrooms … and down to 5% in the smallest. Stations in the South lagged all other regions.

**Profitability of TV and radio station websites over time**

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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 downward trend continued as far as stations selling stuff on their websites. This year, the percentage was 17.5% of TV stations selling something other than ads. That’s down almost 3 points from last year’s 20.4%. It’s been a steady drop over the last six years from 31%.

I have 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. Stations with the largest staffs (51+) were the most likely to sell stuff online (25%), and stations with the smallest staffs (1 to 10) were the least likely (10%). Otherwise, there were few differences.

For those selling stuff online, two categories dominated the field (at 36% each): Deals and sponsored content. Deals included half off, restaurant deals, tickets, etc. Sponsored content mostly involved web pages or web content areas. After that, the scattering of mentions included selling dubs of station content, classified, contests and tagged ads based on IP addresses.

**Paywalls**

TV paywalls (a monetary charge to access a station website) held steady in the last year. Four TV stations (not 4% -- just plain 4) said they had paywalls this past year -- the same number that we’ve had for three years running. Interestingly, they’re not the same four. Looks like three of the four stations that said they were considering a paywall a year ago actually implemented them. But three others dropped their paywalls. Two stations that do not have paywalls say they’re considering them. That’s half as many as the year before. The only trend is that TV isn’t getting into the paywall protection business.

**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. After three years of edging down, this year edged up: 76.6% of TV stations provide news to others, up from 73.9% last year. Unlike past years, there were no big differences, overall, by market size, affiliation or region. The smallest newsrooms, unsurprisingly, lag behind all the others.

All told, 31.4% of TV stations reported being involved in a Shared Services (or similar) arrangement with another station. That’s up 2.3 from a year ago (which was up 1.3 from the year before). By market size, 26 to 50 continues to lag way behind all the other market clusters. The maximum number of TV stations in a local cluster was four.

Of the stations involved in a Shared Services (or similar) arrangement, the average station supplied content to 1.8 other stations (down very slightly from last year), but the median (most common) number continues to be one. Stations ran local news on more than two-thirds of those other stations with which they have an arrangement.

There are now 705 local TV newsrooms that run news on those and another 357 stations. The 705 total is down nine from a year ago, but the latter number is a new all-time high -- up from last year's 339. That puts the total number of stations running local news at a record 1,062.

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

**Percentage of TV news departments providing content to other media – 2017**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Local radio | Mobile device | TV in another market | Another local TV station | Website not your own | Cable TV channel | Other |
| All TV | 43.7%  | 32.6%  | 21.5%  | 16.1%  | 9.8%  | 3.8%  | 7.9%  |
| Big four affiliates | 46.2  | 34.5  | 20.7  | 14.8  | 9.7  | 4.1  | 7.9  |
| Other commercial  | 16.7  | 11.1  | 27.8  | 33.3  | 11.1  | 0 | 5.6  |
| Market size: |  |  |  |  |  |  |  |
| 1-25 | 14  | 30.2  | 18.6  | 18.6  | 9.3  | 2.3  | 9.3  |
| 26-50 | 52  | 28  | 16  | 16  | 18  | 2  | 8  |
| 51-100 | 48.4  | 32.6  | 20  | 13.7  | 7.4  | 6.3  | 6.3  |
| 101-150 | 50.6  | 34.6  | 22.2  | 18.5  | 7.4  | 3.7 | 11.1  |
| 151+ | 40.4  | 36.2  | 31.9  | 14.9  | 10.6  | 2.1  | 4.3  |

Overall, half of the categories went up in the last year, and half went down. Up: *Mobile*, *TV in another market*, and *Another local TV station*. Down: *Local radio*, *Website not your own* and a *Cable TV channel*. Other than mobile, which rose by more than 6 points, nothing changed a lot. The biggest change was in top 25 market stations providing news to a local radio station, which dropped by half from a year ago. We’ll see what next year looks like. The only meaningful difference by network affiliation is that Fox stations are less likely than others to supply news to a website other than the station’s. There were more variances by geography. Stations in the Northeast and West are more likely to supply news to another local TV station, but only stations in West were more likely to supply news to a TV station in another market. That’s what you’d expect given the spread of western population.

In the past, the bigger the newsroom, the more likely that a station was involved in supplying content to another outlet. That ended last year except for the very smallest newsrooms. Even that difference ended this year.

Most of the “other” responses were either other stations within the company or local newspapers.

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

The table above deals with TV stations supplying news to other media. The next table deals with cooperative ventures among media outlets. I started asking about cooperative ventures in 2008 as stations responded to recessionary pressures by sharing costs to save money. Most stations participated. The question has always been, would that continue when the economy improved? The answer is yes … but noticeably less so. This is the third year in a row where a minority of stations have been involved in a cooperative venture, and the percentage is the lowest yet. Stations in cooperative ventures are now down to 44% of all stations. Almost every category and subset went down, although stations in markets 26 to 50 were more variable. The biggest drops came in markets 1 to 25, 51 to 100 and 151+.

**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 | Local radio station | Another TV station | Other | No |
| All TV | 19.4%  | 16.8%  | 15.9%  | 2.6%  | 56%  |
| Market |  |  |  |  |  |
| 1 - 25 | 14.3  | 14.3  | 38.1 | 4.8  | 40.5  |
| 26 - 50 | 32.7  | 16.3  | 14.3  | 4.1  | 38.8  |
| 51 - 100 | 18.9  | 16.8  | 9.5  | 1.1  | 65.3  |
| 101 - 150 | 23.1  | 17.9 | 16.7  | 1.3  | 55.1  |
| 151+ | 4.4  | 17.8 | 8.9  | 4.4  | 71.1  |

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

 For those stations that are involved with cooperative agreements, I asked:

**What are you sharing?**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Information | Pool video | Helicopter | Other |
| All TV | 81.1%  | 32.3%  | 16.5%  | 15%  |
| Market |  |  |  |  |
| 1 - 25 | 57.1  | 52.4  | 52.4  | 14.3  |
| 26 - 50 | 75  | 25  | 35.7  | 25  |
| 51 - 100 | 87.1  | 25.8  | 0  | 16.1  |
| 101 - 150 | 90.9  | 27.3  | 0  | 9.1  |
| 151+ | 92.9  | 42.9  | 0  | 7.1  |

Information and pool video are both down by 5 or 6 points. Helicopter and other are both up by 2 or 3 points. Most of the "other" category involved video, photos, weather 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: 7.7%. That’s down 5 points from last year … which was down 6 points from the year before. Those planning or discussing were most often in the biggest markets, especially at non big four network affiliates.

**Local TV news and drones**

Last year, I reported on whether stations were using drones. These were the overall figures:

**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% |

This year, the follow-up question was whether a station owned a drone, was considering the purchase, was getting drone material from others … or just not involved.

**Does the TV 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 TV | 18.2% | 21.6% | 21.6% | 5.9% | 11.4% | 21.3% |
| Market |  |  |  |  |  |  |
| 1 – 25 | 24.4 | 19.5 | 14.6 | 12.2 | 9.8 | 19.5 |
| 26 – 50 | 30.8 | 23.1 | 15.4 | 5.8 | 9.6 | 15.4 |
| 51 – 100 | 13.5 | 19.8 | 33.3 | 5.2 | 9.4 | 18.8 |
| 101 – 150 | 15.3 | 29.4 | 14.1 | 4.7 | 14.1 | 22.4 |
| 151+ | 14 | 12 | 24 | 4 | 14 | 32 |
| Staff size |  |  |  |  |  |  |
| 51+ | 30.6 | 23.6 | 22.2 | 8.3 | 5.6 | 9.7 |
| 31 – 50 | 11.8 | 23.5 | 28.2 | 2.4 | 12.9 | 21.2 |
| 21 – 30 | 15.2 | 19.7 | 18.2 | 6.1 | 13.6 | 27.3 |
| 11 – 20 | 12.5 | 20.8 | 29.2 | 8.3 | 12.5 | 16.7 |
| 1 – 10 | 11.1 | 0 | 11.1 | 3.7 | 11.1 | 63 |

Ownership is highest at the biggest stations in markets, 1 to 50. Well ahead of all other groups. The biggest group considering a drone includes market 51 to 100 … followed, a bit surprisingly, by markets 151+. Among network affiliates, Fox stations are a little more likely than the others to own a drone; CBS stations are a little less likely to be considering one. Other commercial are the highest on *just plain no*. Stations in the Northeast are much less likely than others to own a drone already. Otherwise, there are no meaningful differences.

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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.