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Local TV News and the New Media Landscape: Part 3

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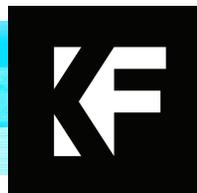
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The views and analyses in these reports are the authors' alone. All analysis of data commissioned from Nielsen by the John S. and James L. Knight Foundation was performed by the researchers, independent of Nielsen.

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TWEETED, STREAMED, POSTED AND AIRED.

News video and its production, distribution and consumption has never been so prevalent. Cisco estimates that video accounted for 69 percent of all internet traffic in 2017.¹ But as traditional linear viewing for local TV newscasts continues to decline, corporate and individual station managers know what they must do. Somehow, they must keep daily newscasts, a primary source of revenue, as profitable as possible, while they figure out how to carve out a bigger share for themselves in the digital ecosystem. One primary advantage for local TV stations over many of their journalistic competitors — they know video.

And video news consumption appears to be growing everywhere except for traditional TV viewing. As of August 2017, Pew Research shows that 37 percent of Americans say they often watch local TV news, compared with 46 percent in early 2016. In contrast, the portion of Americans often getting news online, either from news websites/apps or social media, grew from 38 percent in early 2016 to 43 percent in 2017,² and an increasingly larger percentage of the content posted to web, mobile and social platforms is video. Traditional broadcasters are responsible for a significant portion of the news video published on social media, especially on Facebook. In June 2017, five of the Top 10 news video publishers on the platform were traditional TV networks including, ABC, BBC, CNN and Fox News, while others in the top spots included digital news organizations such as Now This and AJ+. Only one newspaper made the list — the Daily Mail, which is based in the U.K.³

Though not specific to news video, Pew also reports that 28 percent of U.S. adults use online streaming services to consume video content,⁴ so national and local TV news organizations are partnering with platforms such as Roku, AppleTV and others to provide that streaming content.

KEY FINDINGS KEY FINDINGS KEY FINDINGS

- Depending on your point of view, **there is either a symbiotic or a co-dependent relationship between video-driven local TV news websites and social media**, as the bulk of digital ad dollars in local TV are generated via their online sites, but the vast majority of traffic to those sites comes in through a link on social media or Google.
- **Local TV news companies are investing in and capitalizing on new distribution platforms** they believe they can monetize, including over-the-top (OTT) delivery.
- **Linear, local TV is still an important medium, and it will remain so for years to come, but it will not be the dominant force it has been for decades.** As a result, we will see the number of local TV station newsrooms in each market continue to shrink, and the focus within newsrooms will increasingly shift to newer video distribution options.

DEFINING THE FIELD

One of the biggest challenges in producing a comprehensive report on the state and future of news video is in defining the platforms. When the audience is consuming content from a TV station's website via a mobile device is that mobile video or web video? Is YouTube a social network or an OTT service?

Though the lines are often blurred, we have chosen to create four distinct platform categories:

- 1. Linear Television News** — the traditional TV newscast or news program, which is meant to be viewed live at a specific time and currently most often viewed through a television set.
- 2. Website News Video** — video content posted to a news organization's website, which is meant to be viewed on demand, but is not part of a streaming service.
- 3. Social News Video** — live and recorded video shared on and increasingly produced specifically for distribution via social networks such as Facebook.
- 4. OTT/Streaming News Video** — video delivered over the internet through services such as Roku and YouTube.

All the forms of video described above can be viewed on a mobile device, so we will address mobile video as it relates to production and consumption rather than exploring it as its own distinct platform.

Live video production and dissemination has also exploded since Facebook Live launched more than a year ago. We explore the uses, benefits and challenges of Facebook Live for local TV news, in particular, in Part 2 of this series of reports.



WEBSITE NEWS VIDEO

For years, local TV news stations have distributed video on their own websites and those sites have become a significant source of revenue for them, as well as an important part of many stations' overall digital strategies. And although 2017 research conducted by the Reuters Institute for the Study of Journalism⁵ does suggest that people read news more often than they watch news online, that's not where the emphasis has been for local TV stations. Glen Hale, executive director of digital content at Raycom Media, says advertisers will pay more to be associated with video online than they will to be featured on a static text page.

"We need to get better at how we do digital, but the reward is much higher for video than text, so that's where our focus should be," said Hale. Raycom owns 41 local TV news stations. "I'm still of the mindset that we have to focus on video because of revenue and area of expertise, but we also have to get deeper in the quality and quantity of the text content."

The Reuters Institute research also indicated that a third of those surveyed in the U.S. said they mostly watched their news video on websites as compared to 31 percent who said they mostly watched news video via social media — a virtual tie. However, newer research suggests that social media consumption is growing much more rapidly than the use of websites.



Facebook and Google accounted for 70 percent of all internet traffic referrals for news sites in 2017.

It gets even more complicated when you consider that the two biggest drivers of traffic to news sites have been Facebook and Google. According to the data analytics company Parse.ly, the two accounted for 70 percent of all internet traffic referrals for news sites in 2017.⁶ In other words, they serve up the links that direct audiences to the websites hosting the content, which may further blur the distinction for those in the audience as to whether they are consuming their news video on a website or via social media.⁷ However, Facebook's 2018 changes to its News Feed algorithm may significantly reduce social referral traffic to news sites, so publishers are re-evaluating their relationship with the platform.

Facebook and Google have long been the biggest competitors for news organizations going after a share of digital advertising. For local TV stations, digital ad revenue increased in 2016 (reaching a total of about \$2.12 billion, according to SNL/Kagan), and it is projected to continue growing. Though digital dollars account for just a small portion of a local station's overall revenue, it's not money anyone wants to give up, and the bulk of those digital ads buys are generated by station websites.

"What's scary is that the ecosystem is so dependent on referral from social," Hale said. "If it's just about video that they [social platforms] host, what do we do about audience? If it's just a revenue share with Facebook, the economics are not favorable."

At this point, most local TV newsrooms have posting video to the web baked into their daily workflows, so station websites will remain an important distribution platform for local news video, as long as the audience is there.



SOCIAL NEWS VIDEO

Increasingly, news organizations, including network and local TV stations, have been producing content specifically for distribution on social platforms such as Facebook.

These social videos are often short in length and produced so that they work without audio, using text and graphics in conjunction with the video to tell a story.

“We’re embracing social videos meant for no sound,” said Martha Jennings, former news director at WBIR-TV in Knoxville. “I’ve tried to ban the words, ‘let’s just send a photog’ who will wind up putting together a throwaway piece for the newscast.” Instead, she said, the station has what they call visual storytellers who go out to cover a story and regularly come back to produce content specifically for social platforms.

At Raycom Media, journalists working in a corporate digital hub use video from a myriad of sources they subscribe to and produce social videos like “Syria in 60 Seconds” or “Hard Hit Retailers in 2017,” which can draw tens of thousands of views across the company’s 41 stations’ social channels.

“We never know what will hit,” Cecilia Hanley, digital content director at Raycom Media said. “Good quality in social video is not necessarily the same as good quality TV video. All of us are still learning.”

In 2017, NBC invested \$500 million in Snapchat and began producing a newscast especially for the platform. “Stay Tuned,” is a twice-daily, two-to-three-minute program, which garnered millions of subscribers in little more than a month, according to NBC News president Andy Lack.

“It’s growing like a weed,” Lack said. “It’s three million subscribers in virtually a month, month and a half, and we’ve got two young, 28-to-32-year-olds appealing to 18-to-24-year-olds, that is the audience, and to be able to connect with that generation and get them interested in the news...that’s a wonderful platform to probe, and I love it.”



But few news media outlets have the wherewithal to buy a share of a social platform, so many news organizations will rely on Facebook, for example, to simply spread more widely the video they are producing first for other platforms, including their websites and newscasts.

“Facebook is a critical distribution point for news,” said Matt Kummer, news director at WBAY in Green Bay, Wisc. “A lot of people only get news online. I just saw research on that in our market; we have to be where people are.”

And there’s little doubt that publishers are distributing massive amounts of video content on Facebook. In its October newsletter to members of its News Partnerships program, the social platform reported that, between the start of May and mid-September 2017, there were 2,052,437 non-live videos published by 31,240 verified news publisher pages.

“Video is exploding on Facebook,” said Josh Mabry, who works in Local News Partnerships at Facebook. “From a local news perspective, from breaking news to DIY content, from harder to lighter, video on Facebook has an incredible power to connect people, whether that’s on demand, live broadcasts or immersive 360 video, we see publishers seeing a lot of success.”

Local news managers hope that success on social will continue, despite Facebook’s ongoing adjustments to its algorithm. When it works well, social posts push people back to a station website or newscast, where local stations earn most of their ad revenue.

“It’s important that we also make sure that the posts that we put on Facebook encourage and link back to a fuller story, and that’s a little different for us,” said Kelly Boan, news director at WHNS in Greenville, S.C. “We’re used to being very thorough in our reporting, but we find on Facebook that people comment without reading the story, so we feel it’s our responsibility to find ways to make people click to get all the details. That’s a priority.”

But not everyone thinks posting content to Facebook is a good idea for a news organization’s bottom line. “There’s no commercial business model around social video,” said NBC’s Lack.



**The Facebook
audience watches
100 million hours
of video each day,**

At Hearst Television, Chief Strategy and Business Development Officer Roger Keating had similar concerns.

“We put some content on Facebook. Are we making a little bit of money? Yes, but we’re definitely not putting our premium live feeds there,” Keating said. “We are always going to be on these social platforms because we need to have a brand presence and make ourselves known, but we are going to put our best content where we get paid to do so. The day that social provides comparable economics, we’re there.”

According to a report from premium publisher trade body Digital Content Next (DCN), their members, which include ESPN, Bloomberg, NBC, and The New York Times, among others, earned just a little more than half a million dollars on average from Facebook in the first six months of 2016.⁸ Obviously, the amounts earned are much lower, even non-existent, for individual TV stations that garner only local audiences.

Still, with the power that comes from Facebook providing access to an audience watching 100 million hours of video each day,⁹ it’s unlikely that national and local TV news outlets will be able to break free of Facebook and other social platforms any time soon. Today, according to RTDNA/Hofstra University research, every local TV station in the U.S. that produces local news has a Facebook presence, and many are banking on a financial payoff in the future.

“If we’re successful in social media, that says a lot about success of the brand. There may not be money in this now, but there will be down the road,” said Sean McLaughlin, vp news for E.W. Scripps Company.



OTT/STREAMING NEWS VIDEO

Where you will find plenty of optimism among people in the television news business is during conversations about OTT — over-the-top delivery of video news content. At its most basic level, OTT describes the distribution of video content via the internet without requiring users to subscribe to a traditional cable, satellite or pay-TV services. (However, it does require a broadband connection, which people usually get from their cable providers.)

For some, OTT is “a regeneration of broadcast” or “the new generation of TV” and many hope OTT will provide local stations opportunities to reach new audiences or hold on to existing viewers, albeit on a new platform.

For example, the Free Wheel OTT video monetization report indicated that views of OTT news content increased 58 percent from the fourth quarter in 2015 to 2016,¹⁰ and moreover, news was the only category of content to gain share of video viewing across clips, full-episodes and live, as publishers found ways to capitalize on interest in political events in the first quarter of 2017.¹¹ By the third quarter of 2017, news accounted for 38 percent of all clips viewed via OTT and 18 percent of the live content views.¹²

Other data, not specific to news, provide more strong evidence that OTT is a growing platform. According to the Pivotal Research Group, internet-connected TV viewing from OTT devices such as Apple TV, Roku and Google’s Chromecast accounted for 9.9 percent of total TV usage in February 2017, up from 6 percent a year earlier.¹³



Advertising dollars going to premium TV network/cable programming on OTT totaled \$3.3 billion in 2016.

Revenue opportunities for OTT are growing, too. In 2016, it was estimated that advertising dollars going to premium TV network/cable programming on OTT — through services like Hulu, Sling TV, CBS All Access, NBC's Seeso — totaled \$3.3 billion, representing 4.4 percent of TV revenue, up roughly 30 percent from the year before. In addition, nearly two-thirds of media-buying executives expected to see those numbers increase in 2017. It's estimated that the OTT sector will become a \$50 billion industry by 2020.¹⁴

With growth in viewers and in ad spends, traditional TV news broadcasters seem certain OTT will play a role in their future.

"OTT is going to be super important," said Autumn Hand, digital video and syndication manager for Scripps. "OTT appeals because they [audiences] have the sense that they curated the content themselves, whether they pick categories or providers, that's an involvement they can take pride in. They choose sources they trust."

However, it hasn't always been easy for consumers to find local news sources among their OTT options. Take industry-leader Roku, for example, a company in which Hearst has a significant investment. The over-the-top steaming service has hundreds of local TV news station apps available, but they can be difficult to find. You can't search by location, so you must know a station's call letters and search letter-by-letter to find it. To address the problem, a number of local broadcaster groups coalesced around a service called NewsON, a geo-aware OTT news app which defaults to your local newscasts when opened.

"Traditionally, local broadcasters have been available in silos, available either as single preferred channel or source or at a market level as one of two-to-four options that people rely on to learn what's going on in local news," said Louis Gump, CEO at NewsON Media. "What NewsON brings to the table is a nationwide offering of local news sources; it's entirely different way of looking at news distribution."

NewsON is clearly on to something. In August 2017, it was the third most recommended news channel on Roku. The app allows consumers to stream newscasts from more than 170 local news stations owned by several different, competing companies.



“These companies typically compete fiercely, but they realize in a world with national news brands well established and nationally available sources on social media and other places, either you have some way to pull content together across those platforms or you’re at a competitive disadvantage,” Gump said.

Because the stakes are so high, station groups are cooperating with each other to find the way forward, but they’re also well aware that the competition for eyeballs is intense, and they’re feeling that pressure.

“We’re bullish on OTT,” said Raycom’s Hale. “We’re not where we want to be, but we hope to get ideas in our ‘Newsroom of the Future’ initiative. Right now, it’s primarily chopped up newscasts, but I fully believe OTT content should be produced specifically for the platform. It’s a resource and a mindset challenge right now.”

The Raycom initiative Hale mentioned is designed to reward individual stations within the group for experimenting with OTT and other news delivery platforms. At its station in Tyler, TX, for example, Hale says the newsroom is focusing on real-time distribution of content on OTT by creating a continuous stream of news coverage.

Hale says he and others in the industry are also watching entities like Newsy, a video news network, owned by E.W. Scripps Company, that produces short-form video news pieces for OTT consumption. Christina Hartman is the vice president of news for Newsy.

“We have dual strategy for OTT — Roku and Apple TVs,” Hartman said. “For both we offer content on demand where a user will launch the app and choose stories they want to see, and also a linear component, which is more lean back. You launch it, jump into the live stream and it’s programmed for you.”



If the linear version of Newsy's service sounds a lot like a traditional newscast, that just exemplifies the confusion over whether OTT will become just a different distribution platform for the same old TV news or if new competitors will create a unique experience for viewers. Hartman says at Newsy they are watching two other OTT players closely.

"From the content perspective we are watching Vice and, in particular, Vice News Tonight, which is a fantastic product. In terms of distribution, Cheddar is important in the post-cable network space," said Hartman.

Hartman says they're watching Vice News Tonight for the show's approach to video news production, which boasts having no ads and no anchors. The program airs live on HBO and is then available on the Vice News website and HBO's on-demand services. Business news network Cheddar has been called "quasi-CNBC for millennials" and is a focus of interest for its distribution model. It streams live video content on Amazon Prime, Sling TV, its own app, Facebook Live and YouTube. The network has two feeds, a paid-for and a free version, the content from which it makes available to some UHF stations, as well.

Also getting into the OTT game is Facebook with Watch, a TV-like premium video service the social network launched in August 2017. Up until now, the service has emphasized mini-documentaries, reality shows, and sports coverage. However, Facebook announced in March 2018 its intention to launch a news section for its Watch platform, which is expected to focus on local publishers. Of course, anything Facebook does to capitalize on the audience appetite for video should be monitored, and perhaps most intently by Google's YouTube.



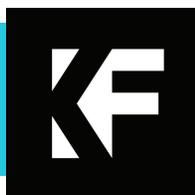
THE YOUTUBE FACTOR

YouTube is already an important player for news video distribution. Not only is the platform owned by Google, it's a powerful search engine in its own right, as well as the first social medium that people went to specifically to watch videos. In 2017, YouTube launched a live OTT service, offering subscription-based access to ABC, CBS, FOX, NBC and other networks.

In recent months, YouTube has been ramping up its efforts to cultivate relationships with local TV news stations.

"We're focusing here in the United States on local news strategies and kind of breaking that down into three main areas of focus: extending your reach, which is really the question of audience engagement, promoting your brand, but then also creating a consistent experience across platforms so that readers or viewers know who you are and they feel at home. And then transcending television, not to replace broadcasts, but definitely to look at options for how they can leverage this as a platform to reach their audiences where they are," said a Google employee, who conducts YouTube training for broadcast newsrooms, but did not wish to be named.

Though YouTube has been around since 2005, local TV stations have been slow to embrace the platform in any substantive way, but with shrinking audiences for traditional broadcast news, we wanted to find out if local broadcasters were looking at YouTube with fresh eyes.



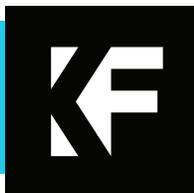
“The stories that are going to explode in terms of click opportunities are the stories that you know people in Phoenix, as well as Beijing, as well as New York, are going to be searching for.”

As noted in Part 2 of this series of reports, to better understand the impact of social media on how TV news reaches and engages audience, we analyzed social analytics provided by the proprietary Shareablee platform, which tracks and aggregates social “actions.” Through that analysis, we identified 15 stations in five DMA categories that are actively using YouTube as a news video distribution platform. Of the 15 stations identified, six are owned by Scripps. The company’s digital video and syndication manager, Autumn Hand, says the push to play on YouTube is part of an overall corporate strategy to put videos where the people are, and YouTube brings a massive audience to the table with more than a billion subscribers worldwide reaching more 18-34 and 18-49-year-olds than any cable network in the US.¹⁵

Hand sees YouTube helping local news stations understand that they are no longer confined by the audience available in their traditional TV markets.

“I think when our videos go out there and find audience outside what digital and broadcast thinks is their audience, it’s valuable. They often say, ‘We’re just serving our region — Cincinnati, Las Vegas, Southern California,’ but when they see that their video has engagement far outside the market, they realize its value,” Hand said. “We’re going to serve that audience, too.”

There appears to be a relatively small number of stations with well-defined YouTube strategies, but the Phoenix market is an exception. In 2016, the Fox affiliate earned nearly 54 million views for its YouTube content, and the ABC station had more than 30 million views. Chris Kline, news director for the Scripps-owned ABC affiliate KNXV, says they saw what their competitor was doing on the platform and started regularly posting themselves — especially election-related content.



STATION	LOCATION	DMA	NET-WORK	FANS (SUBSCRIBERS)	VIDEOS	YT TOTAL ACTIONS	POSTS (VIDEOS)	VIDEOS/VIDEO	AVG ENGAGEMENT	OWNERSHIP
KSAZ	Phoenix, AZ	12	Fox	109,126	53,808,406	54,454,724	2,062	26,095.25	42.97%	FOX
KNXV	Phoenix, AZ	12	ABC	64,001	30,561,501	30,983,450	9,979	3,062.58	7.57%	Scripps
KCBS	Los Angeles	2	CBS	0*	13,264,399	13,335,337	5,995	2,212.58	0*	CBS
WCPO	Cincinnati	36	ABC	22,275	7,649,513	7,686,806	5,536	1,381.78	8.49%	Scripps
KTNV	Las Vegas, NV	40	ABC	7,639	5,809,964	5,844,971	13,115	443.00	10.88%	Scripps
WRTV	Indianapolis	27	ABC	12,454	5,716,754	5,732,058	7,802	732.73	8.15%	Scripps
WKYT	Lexington, KY	63	CBS	2,838	4,066,389	4,071,995	9,408	432.23	27.09%	Gray
KJRH	Tulsa, OK	58	NBC	7,480	3,515,197	2,541,627	7,282	482.72	10.52%	Scripps
KCCI	Des Moines, IA	69	CBS	21,351	3,121,375	3,126,422	2,601	1,200.07	6.95%	Hearst
KERO	Bakersfield, CA	126	ABC	12,289	2,298,113	2,315,594	3,111	738.71	8.13%	Scripps
WWLP	Springfield, MA	114	NBC	10,597	1,493,020	1,504,791	11,428	130.65	1.54%	Nextstar
WXBN	Youngstown, OH	115	CBS	3,150	932,181	937,520	7,408	125.83	7.16%	Nextstar
KHQA	Quincy, IL	170	CBS	5,867	1,534,348	1,542,410	396	3,874.62	69.11%	Sinclair
KYMA	Yuma, AZ	167	NBC	257	287,981	290,080	1,073	268.39	250.52%	Northwest
WENY	Elmira, NY	175	ABC	934	270,901	271,579	2,806	96.54	11.892%	Lilly

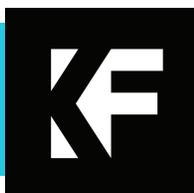
*Subscriber numbers not reported.

And what works on YouTube when it comes to news video? The station's digital director, Kevin Clay, says "searchable, high interest and raw" are three keys to success.

"The stories that are going to explode in terms of click opportunities are the stories that you know people in Phoenix, as well as Beijing, as well as New York, are going to be searching for and, if no news organization is aggressively playing in those arenas then we're going to play in that arena," Clay said. "And that doesn't just mean posting the video. It also means being really smart, strategic then about the search terms and how we are making sure that video goes out so that it is put out there in a way that folks are going to find it."

That success in helping viewers find their content has created a new profit center for the station.

"While it's not as big of a revenue opportunity as selling on our local platforms, there is a revenue opportunity there especially when the view numbers you see are so high. If you have a million views on a video and you have ads running on it for YouTube, that's a good revenue win for us," Clay said.



For stations in smaller markets, YouTube may currently be more about giving video a shelf life than it is about generating revenue. KHQA is the Sinclair-owned CBS affiliate in Quincy, Ill., and the station's digital director, Kaitlin Green, said, "YouTube is the best way for people to be able to find it and share it wherever they want to hear it."

"For example, this morning we had a superintendent on for one of our school districts and we just clipped that interview and then uploaded it to YouTube." Green says a significant portion of the station's 1.5 million views in 2016 came from regular segments, such as one featuring local musical groups, which is then posted on YouTube and frequently shared.

At KTVB in Boise, Idaho, YouTube is offering a platform on which the station has been experimenting with 360 videos.

"We just did our fourth 360 story and they're all doing well," said General Manager Kate Morris. "We decided whatever we produce, it has to be extremely visual and we have to work a lot harder to find the right story."

Though local TV news organizations have so far focused much more of their attention on Facebook as a distribution platform for their video, recent developments may have them taking another look at YouTube. News outlets such as CNBC International and The Atlantic have said they are shifting their video strategies to focus more on YouTube. Christy Garratt, head of international digital video and social media for CNBC, says the YouTube audience is more loyal than Facebook's and the platform is easier to search for content.¹⁶ YouTube also remains the top platform for longer videos because it generates longer consumption times and provides a more consistent revenue stream for its publishers.¹⁷

For KNXV's Clay, local news stations developing YouTube strategies is a no brainer.

"There's no better platform on the Earth, as far as I know, that allows you to get videos in front of more people in a more simplistic and universal platform than YouTube, and that's a credit to what they've been able to build, but then a necessity for us as media operators is to make sure that we're utilizing that tool to the best of our ability to share the content and the brand that we're trying to build in this changing universe."



LINEAR TV VIEWING

As we noted earlier, audiences for traditional linear TV newscast viewing are shrinking, but more than a third of U.S. adults still say they watch local TV news often. Local TV news is also faring better than its network or cable counterparts. According to Nielsen's first-quarter 2017 Local Watch Report, local broadcast TV news is the most common source of news on TV among Americans. For example, local news reach is 25 percent higher than national broadcast news and more than double (40 percent vs 17 percent) that of cable news among persons 25-54, a key demographic for selling advertising.¹⁸

"The newscast is going to have a long life," said Hearst Television's Keating. "It's a misnomer to say no young adults watch traditional newscasts. Clearly, it's a smaller percentage than in generations before, but when young adults today are grizzled grownups, a certain percentage are going to watch news as it's produced today. They'll want to see their favorite presenter give them a snapshot of all the news from around the world and locally in 30 minutes."

And Hearst is not alone in seeing profitability in the core business of TV news.

"We're really placing a big bet on the future of linear," said Newsy's Hartman. "A lot of brands playing in video are converging around the TV, specifically the way you access video on TV — over the air, cable, satellite, OTT and live and on-demand digital video from the internet — at the end of the day, it's that box — we're placing a big bet on linear and on that screen."

In fact, in September, Scripps-owned Newsy announced it was becoming a cable channel in addition to its other distribution outlets. Though local/regional news cable channels are still a relatively rare phenomenon (there are about 34 outlets nationwide), according to NBC's Lack, the rumors of cable TV's demise at the national level are exaggerated.



2017 projections for over-the-air advertising revenues on local TV stations will be in the \$20 billion range, with digital adding another \$1 billion and retransmission fees boosting revenues by \$9 billion more — slightly higher than in 2016.

“Cable still has a robust business model around it and is drawing audiences in this news cycle that are historic numbers,” Lack said. “MSNBC has historic, has had its best numbers in its 20-year history.” Lack expected 2017 to be the channel’s “best viewing year ever.”

According to Standard Media Index, revenue for national cable channels continued to increase in 2017. Fox News revenue was up more than 11 percent, CNN up nearly 14 percent and MSNBC up almost 19 percent.¹⁹ And those increases come after a good year in 2016, as well. According to Pew Research based on SNL/Kagan data, the combined total revenue for Fox News, MSNBC, CNN, CNBC, Fox Business, and Bloomberg was projected to be just under \$6 billion in 2016 — almost a billion more than in 2015.²⁰

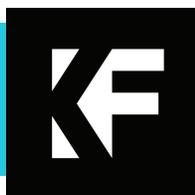
The numbers also continue to be positive for local TV news stations. Pew Research, based on data from BIA/Kelsey, reports that 2017 projections for over-the-air (OTA) advertising revenues on local TV stations will be in the \$20 billion range, with digital adding another \$1 billion and retransmission fees boosting revenues by \$9 billion more.²¹ That’s a grand total of more than \$30 billion dollars in revenues for 2017, slightly higher than in 2016.²² (For perspective, Pew Research also analyzed year-end SEC filings of publicly traded newspaper companies and estimated that total newspaper revenue in the U.S. was about \$29 billion, including advertising and subscription dollars. Those numbers reflect a 10 percent decrease in ad revenue and a .4 percent increase in circulation. The Pew estimates include national newspapers, such as The New York Times, the Wall Street Journal and The Washington Post.)²³

So, while the competition for ad dollars is fierce among media companies and at the local and national level, it’s difficult to find much public handwringing among television news executives.

“I’ve sort of given up predicting the end of video, the end of television,” Lack said. “I think over the next five years it looks good to me, but in a digital world who wants to predict, but I like where we’re at.”

Keating does think the future will bring an end to some players in the local TV news industry, but he’s not sure that’s a bad thing.

“I don’t see 4-5 stations in a market able to survive. Consolidation on its own could continue to help rectify local TV’s economic challenges.”



MOBILE CONSUMPTION

News consumption on smartphones continues to increase in the U.S., according to 2017 research from the Reuters Institute Digital News Report. Fifty-five percent of survey respondents indicated that they had used a smartphone to access news within the past week. However, when people were asked about preferred format for news content across social networks, search-based platforms such as YouTube, as well as news websites and apps, 13 percent of those surveyed said they preferred video, 15 percent said the preferred text and video and 63 percent said they preferred mostly text.²⁴

Depending on your perspective, the data either offers a less than rosy picture of audience interest in news video beyond the TV set or a growth opportunity. NewsON's Gump, who served previously as VP for Mobile for CNN and for the Weather Channel, says news organizations have to have a mobile strategy, regardless.

"It's completely obvious that mobile is a very powerful channel for consuming content produced for other platforms, but any company that isn't producing significant quantities of materials specifically for mobile is not first rate."

Growth in mobile may increasingly be bolstered by apps. According to the Reuters research, 26 percent of people surveyed in the U.S. said they had used a news app to access news within the last week, up from 18 percent previously. In the RTDNA/Hofstra University research we reported in Part 2 of this project, more than two-thirds of TV news directors (69 percent) said they were doing something new in mobile.



26 percent of people surveyed in the U.S. said they had used a news app to access news within the last week.

App development remained the top mobile strategy at 29 percent, but that reflected a decline of about 10 points from the year before. Leading the list: weather apps, including radar and special severe weather apps. Raycom's Glen Hale says their stations fairly recently added to their weather app videos recorded directly from their weather technology platform and saw video views go from zero to millions.

"The level of success surprised everyone," Hale said. "Our weather apps are more successful by a little bit than our news apps in the aggregate." Hale thinks the reason is the local station meteorologist's connection with the viewers. "There's a notion that all the weather apps are about data, but a meteorologist is the person who helps you understand the data. The actual data may be the same, but the local TV meteorologist is the person who knows how to interpret the data and tell me if it will rain in my backyard."

Push alerts disseminated by local TV newsrooms moved up 10 percentage points to 25 percent of responses. Stations are also developing special news categories of push alerts that are more specific to audience interests (e.g. school closings, weather, local sports, etc.). Another area of growth was streaming, at 18 percent of respondents. Many referred to live streaming and Facebook Live, in particular.

For now, only a tiny fraction of news video is produced solely for mobile consumption and delivered directly to the mobile consumer — currently it is nearly always first published to a social platform or a news organization's website.



IS TV NEWS DYING?

So why do so many headlines suggest that TV news is on its last legs and about to go the way of the newspaper industry? Well, if you define TV news as a linear newscast, aired at a specific time and supported purely by ad dollars, then you can say for sure that TV news is not a growth industry. That knowledge is something that concerns managers in local newsrooms.

“TV ratings are always going to be something we’re worried about,” said KPLC News Director Janelle Shriner in Lake Charles, La., a tiny market where digital ad dollars are harder to come by. “Whether you’re in a market that has four competitors or just one like in ours, people are getting their news on so many different platforms that building what we’re doing on digital while finding a way to translate that to TV and keeping people or growing people into watching is a challenge.”

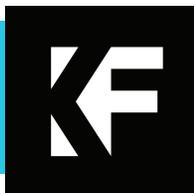
Jennings, former news director at WBIR in Knoxville, Tenn., echoes that fear.

“How money is made is still heavily on TV,” said Jennings, who is now the managing editor at WRAL-TV in Raleigh, NC. “You have to use social and digital platforms, but the fact that they don’t make the bulk of the money is what keeps me up at night. Sometimes it feels like we’re working harder on digital than we are on TV.”

But that digital focus is likely critical to the salvation of TV news, or more precisely the salvation of TV news companies who see the benefit of asking a new question: Is video news dying? Absolutely not.

At Variety’s Entertainment and Technology Summit in New York in May 2017, Lyle Schwartz, president of North American Investment at GroupM said, “We’ve got to stop talking about TV...and start talking about video.”²⁵

“We’ve got to stop talking about TV... and start talking about video.”



And that's where the conversation appears to be headed, at least among the innovators in local TV news we talked to for this report. In 2016, the Reuters Digital Report titled, "What is Happening to Television News?", passed the following judgment on the TV news industry: "So far, many legacy broadcasters have tended to approach the rise of online video in the same reactive, defensive, and pragmatic way most newspapers approached the rise of the internet in the 1990s and 2000s."²⁶

But that's not the sense that we're getting in 2018. What we found are media companies investing heavily in new video platforms and distribution models; they're experimenting with new forms of video storytelling from sound-off social video to 360 immersive storytelling and yes, they're continuing to focus on linear broadcasts because it's just not financially feasible or sensible to abandon the most profitable portion of the news video business. NewsON's Gump believes the definition of television news is evolving but he doesn't think it's simply synonymous with news video.

"TV is a lean-back experience on multiple platforms; it's not defined by what you consume it on. With television you hit play and let it run; short clips are not TV."

Though we can debate whether it matters if people eventually stop watching a morning or nightly newscast altogether, all those we spoke to agree it does matter if local video news disappears.

"Raycom is already more dominant online than newspapers in many markets," said Hale. "Some of our markets are what we call 'oligarchy markets' where there is really no other news source. In places like that and in all our markets, we feel strongly there is a deeper journalistic responsibility that we have to be trusted sources first and to truly cut through the clutter, the agenda-driven content that masquerades as news from other sources."

At Hearst Television, Keating says they are preparing for a time when the definition of television news expands.

"We see the most compelling future is a world where viewers embrace packages of video programming that include their local TV signals. That's where the economics are for us and that's where we're putting our best content."

The idea is that local news video is important, no matter what screen people view it on, and local TV stations are currently in the best position to provide video coverage of local communities, regardless of platform.



CONCLUSION

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Local TV news operations have a significant advantage in a world hungry for video storytelling. They have expertise in the medium, and they still control a broadcast distribution system that tens of millions of Americans use every day to get their news. On top of that, they have a workforce and a workflow that is already adapting to embrace new distribution opportunities. From social video to OTT news clips to streaming coverage and newscasts, where people are consuming news video, local TV outlets are finding audience. However, they are still looking for the revenue models that will make all this effort pay off. For now, traditional newscast advertising and retransmission fees still pay the bulk of the bills.



LOCAL NEWS VIDEO
Local TV News and the New Media Landscape: Part 3

THE FUTURE OF LOCAL NEWS VIDEO
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ENDNOTES

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