

July 20, 2007

## Changes and challenges for local TV stations

Hank Price

About 15 years ago an interesting thing began to happen to television news in the United States. Ratings of individual newscasts started to drop.

At first we thought the problem was an anomaly – just as 1991 – the first down year ever in station billing – also appeared to be an anomaly. But then, as the years passed things didn't get better. Ever so slowly, but ever so steadily, news ratings continued to decline.

Like many of you, I at first subscribed to the theory that the fault lay with all the new station players. It seems odd now to think that during the 1980's there were only 734 television stations in the United States. 734 including the PBS stations. During the 1990's that number more than doubled to today's 1,747.

Who were these new players? Fox, WB/CW, UPN/MY TV. Even a few pure independents. Many of these stations began to produce local news.

At the same time, the traditional players all expanded their newscasts. I was in more than one meeting during my consulting days discussing whether or not a station should add a 5:00 pm newscast. Would a 5:00 pm newscast take viewers from the 6:00? Yes.

And of course the 6:30 Am Half-Hour newscast stations we had done since the beginning of time began to morph into today's never ending Morning News.

Given all this additional product, individual ratings had to drop. And we accepted that. But we also retained our unshakable belief that total television news audience was continuing to grow – or at the very least – stay the same size.

That belief was shattered in 2001 when the Tribune Company filed a document with the FCC showing conclusively that total news viewing was actually in decline – a fairly steep decline.

What Tribune did was look at a 25 year track of total late news audience – combining 9:00, 10:00 and 11:00 pm total ratings in each of their markets. Even with the addition of new players – including Spanish language newscasts which were presumably bringing in new viewers – total viewing of evening newscasts was eroding.

New York, to cite just one example, had a 19% decline in total late news viewership between 1975 and 2000.

Removing Spanish from the mix, English language newscasts declined 28%.

And that was seven years ago.

But wait, you may say, methodology has changed. Diaries to Meters to People Meters. Each new methodology has shown a smaller, more fractionalized audience. So we must ask, how much is methodology and how much is real?

To fine out, last year I looked at 25 year demographic ratings trends in selected markets that continue to use diaries for demos. Meters change the equation, but most markets still use paper diaries to measure demographics, giving us an apples-to-apples comparison.

The results were even more dramatic than the Tribune study back in 2001.

In some markets 6:00 pm news viewing alone had dropped by more than 50%.

The question of course is WHY?

Any given newscast on any given station is far more sophisticated today than we even thought possible just a few years ago. Our staffs are better educated and more experienced. Technology has increased speed, coverage and accuracy. We're better at promotion, production and all the other support areas. We are at the top of our game in every measure we use to judge the quality of a newscast except one. One measure: How much time consumers choose to spend with us.

Of course that measure is the one that counts.

Part of the answer of course is that viewers have constantly increasing options for spending their time. Not just Cable, Internet and I-Pods but all the other things that take up time. Starbucks, Barnes & Noble, Health Clubs, Commuting. Adding the highest disposable income in the history of the World means the choices never end.

And yet consumers still only have 24-Hours in a day.

Adding insult to injury, our most important article of faith has always said when a person turns about 30 they become interested in Television News. That statement is no longer true – if it ever was.

So, are consumers the problem? Can we blame them for our troubles? Are they sheep being led astray by new options? No, far from it. Today's consumer is incredibly sophisticated. And that, I believe, brings us to the core issue.

Go to any television market and what do you find? Four, Five, Six stations all doing news that looks, feels and sounds the same. Our anchors, sets, reporters, packages, live shots, stand-ups, even break times, have all been homogenized to generally look and feel

alike. Even more importantly, content has also been homogenized. The same leads, the same stories, the same kinds of features – all done by the same kinds of people.

We have created a recognized level of predictability.

Here's an example. The next time a major snow storm threatens any city in America stations in that city will automatically schedule a live shot with a snow plow driver. If there is a mound of salt in the background, so much the better. Anchors on the set, one man and one woman, using their most serious expressions, will predict potential traffic problems. This will be confirmed by the reporter doing the live shot with the State Trooper. The story will wrap with a throw to the Chief Meteorologist who will warn people to be careful and bundle up.

This sameness is especially devastating to stations with lower ratings. If the viewer perceives all news to be pretty much alike, that viewer is far less likely to switch whatever loyalties or habits may be left.

This has led us to a reliance on lead-in programming to try and change the viewer equations.

Why are stations willing to pay exorbitant prices for programming such as Oprah? Because we know a great number of viewers are no longer loyal to any station and will watch whatever newscast comes on after their favorite program.

And as if things were not already overly structured, we have also made a science of adjusting our newscast to take advantage of Nielsen rules.

We've all become Nielsen experts. Tonight every local newscast in the nation will air tomorrow's forecast at 20-minutes past the hour. Commercial breaks will be structured with the same rules in mind.

We won't even talk about program titling.

I say these things as someone who loves television news. I want to keep doing it the same way we do it today. I love this limited playing field where I can get up every morning, look at the overnights, and decide if I'm going to have a good day.

Unfortunately, while I haven't changed, the World around me has. The limited playing field I enjoy so much no longer exists.

So, what do we do? We have two choices. The first is to continue business as usual. Expand our presence to the web, to I-Phones to other new platforms. Most of us are doing that. Extending our product. For the most part these extensions are shorter versions of what we do on television.

Mel Karmazin once said “If we keep doing the same things the same way we will get the same results.” He was right. Our future results are easy to predict. All we have to do is take our established ratings trends and project them forward. Then look at other industries which have gone through similar fragmentation. Newspapers are the best example. But we can also learn from the telephone companies, from the transportation industry, even from the hardware business.

The result of this course – let me assure you - is not the end of television news. It will be the end of many individual players. For every one that survives, more than one other will go away.

A few years ago, I met with the general manager of an ABC affiliate in a pretty good-sized market that had just exited the news business. I asked about the thought process that led to such a radical decision. He said it was easy. Eliminating news also eliminated jobs in production, engineering, graphics, even accounting. The day he eliminated news his annual bottom line grew by more than a Million Dollars.

Have you asked yourself why so many television stations are for sale today? And why are private investment firms so often the highest bidders? Do they know something we don't? Our perhaps they are just more pragmatic than we are, not bound by the same rules. We don't yet know how they will change the business – but change it they will.

We do know this. General Managers and News Directors of great television stations are successful in part because they understand the responsibility we have to the public trust. News ethics, walls between advertising and journalism, the tough decisions made every day are designed to protect our credibility because credibility is the foundation of our relationship with viewers.

I'm not saying new owners will act differently. I am saying that an organization without journalism in their history will have to go through a learning process. Different owners will approach the problem in different ways but in the end, all will face the same issue: short-term financial accountability vs. long-term viability.

So, what is the other choice?

Revolution. Revolution.

The determination and guts to say that other than our principles and our ethics, we are willing to look at who we are – and more importantly what we can become – with fresh eyes.

What would happen to a television station willing to say we are not locked into the past?

What if we believed that 16-year-old kids do care about local news? It may be different news than what you and I care about. It certainly may be delivered on a different platform. But care they do. The problem reaching them is not them – it's us.

Ask yourself. Who's better equipped to figure this out? A multi-million dollar news organization or two college students in a garage.

If the college students win it will be for only one reason: They are not locked into our culture.

We can do this if we choose to. And the timing is actually pretty good. Newspapers – perhaps our greatest competitor for the prize of serving local news consumers - are facing their own challenges and are perhaps somewhat distracted at the moment.

But don't count them out. Newspapers are not going away. Let's make our move now before those sleeping giants wake up.

Nothing prevents a newspaper from moving into the video business – and they will. But neither does anything prevent us from beginning to serve the fractionalized readers who only go to a paper for one section. And how about the tens of thousands of small advertisers who don't buy television because our mass media channels are too expensive?

Nothing prevents us from reinventing our linear channels so they continue to have long-term viability while using other platforms to reach specific consumers.

The local consumers exist. Their needs exist. Someone will fulfill those needs.

So, how do we begin?

The first step is to see the consumer in a different way. They are not people we can manipulate or even convince to see it our way. They live in a wider world than the one we provide. The experiences research is one step in that direction, but only a step. Each of us has very smart private research companies working for us. Are we willing to free our researchers to add to the body of knowledge by going into new, un-chartered territory? That takes courage. Not just because it will be expensive, but also because we have to be willing to act on the information.

Secondly, we have to look at ourselves in a different way. Are we just television stations expanding our product to other platforms or can we become something far more important?

Can we become a Brand that local consumers see as their most important connection with the world around them? Not a news slogan, but a brand. One more important than the local paper, more important locally than Google. Not a platform, but a Brand. A Brand that still matters to the gray hairs like me, while also expanding its importance to provide specific kinds of local news and information to targeted cohort groups.

Think about it. If your Brand became important – really important - to 20-year olds would you even care what device or platform they used to connect with you?

Brand is the key because it addresses how we think about ourselves.

Why settle for continuing decline when we have the ability to become a growth industry?  
There are a few companies thinking this way – and they will succeed.

I've been in this business over 35 years and loved every minute of it. But I'd give it all back if I could start again today. The future – although hard to create – for some will be even greater than the past.