



July 25, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Written Ex Parte Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

Although the Commission determined more than a decade ago that the print newspaper rule no longer serves the public interest,¹ an FCC fact sheet reports that the broadcast ownership order circulating for vote would make no serious modifications to the rule.² In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers for the Commission's consideration.³ The attached

¹ See *Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

² FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

³ Since July 6, NAB has filed various articles discussing the challenges faced by print newspapers and the public's increasing reliance on non-print outlets for news and information. See NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 6, 2016) at Attachment, David Glance, "The story of the nosebleed decline of the newspaper industry told in pictures," *The Conversation* (June 5, 2016), available at: <http://theconversation.com/the-story-of-the-nosebleed-decline-of-the-newspaper-industry-told-in-pictures-60530>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 7, 2016) at Attachment, Noah Kulwin, "Jeff Bezos is saving the Washington Post, but he won't be able to save newspapers," *recode* (June 28, 2016) available at: <http://www.recode.net/2016/6/28/12050416/jeff-bezos-saving-washington-post-but-not-newspapers>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 8, 2016) at Attachment, Erik Sass, "Print Ad Declines: Newspaper, Magazine Revs Fall Again," *Publishers Daily, TheDailyBlog*, (June 27, 2016), available at: <http://www.mediapost.com/publications/article/279073/printaddeclinesnewspapermagazinerevsfall.html?print>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 11, 2016) at

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article describes a survey which found that print newspaper readership fell 25% over a four year period.⁴ It observes that newspapers' digital presence is unlikely to address current challenges so long as they are competing for advertisers with "massive platforms like Facebook and Google" which have data on their audiences that is "dramatically deeper and more granular."⁵

Attachment, Athena Cao, "Newspapers' woes linger as digital ad spending, cable network revenues rise," USA Today, (June 15, 2016), available at: <http://www.usatoday.com/story/money/2016/06/15/news-media-yahoo-google-twitter-facebook-verizon-tv/85937176/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 12, 2016) at Attachment, Joshua Benton, "Tampa just lost a daily newspaper; is this the continuation of an old trend or the start of a new one?," NiemanLab, (May 4, 2016), available at: <http://www.niemanlab.org/2016/05/tampa-just-lost-a-daily-newspaper-is-this-the-continuation-of-an-old-trend-or-the-start-of-a-new-one/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 13, 2016) at Attachment, Nick Madigan, "An Abrupt End to The Tampa Tribune After a Blow Delivered by Its Rival," The New York Times, (May 20, 2016) available at: <http://nyti.ms/256WgNS>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 14, 2016) at Attachment, Patrick Seitz, "Facebook, Google Cash in on Ads as News Media Firms Struggle," Investor's Business Daily (June 15, 2016) available at: <http://www.investors.com/news/technology/click/facebook-google-cash-in-on-ads-as-news-media-firms-struggle/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 15, 2016) at Attachment, Margaret Sullivan, "Face it, Facebook. You're in the News Business," Washington Post (July 10, 2016), available at: https://www.washingtonpost.com/lifestyle/style/face-it-facebook-youre-in-the-news-business/2016/07/10/cc53cd70-451a-11e6-bc99-7d269f8719b1_story.html ("With the advent of live-streaming options – Facebook Live and Periscope, primarily – their already huge influence in the news universe has taken another stunning leap."); NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 18, 2016) at Attachment, Benny Evangelista, "Americans turning to mobile phones for news, Pew study shows," SFGate.com (July 7, 2016), available at: <http://www.sfgate.com/business/article/Americans-turning-to-mobile-phones-for-news-Pew-8344673.php>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 19, 2016) at Attachment, Dan Tynan, "Democracy in Action on Twitter's Live Stream," Consumer Reports (July 16, 2016), available at: <http://www.consumerreports.org/phones-mobile-devices/watch-the-convention-coverage-on-twitters-live-stream/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 20, 2016) at Attachment, Dan Kennedy, "Print Is Dying, Digital Is No Savior: The Long, Ugly Decline of The Newspaper Business Continues Apace," WGBH News, (January 26, 2016), available at: <http://news.wgbh.org/2016/01/26/local-news/print-dying-digital-no-savior-long-ugly-decline-newspaper-business-continues>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 21, 2016) at Attachment, David Chavern, "Commentary: FCC Rule Limits Newspapers' Access to Capital, Growth," Philly.com (July 18, 2016), available at: <http://www.philly.com/philly/opinion/20160718 Commentry FCC rule limits newspapers access to capital growth.html>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 22, 2016) at Attachment, Max Kutner, "As Print Journalism Declines, Fate of Sidewalk Newspaper Boxes is Unclear," Newsweek (Dec. 20, 2015), available at: <http://www.newsweek.com/2016/01/15/decline-newspaper-boxes-407158.html>.

⁴ Mathew Ingram, "Print readership is still plummeting, and paywalls aren't really helping," Fortune (June 1, 2015), available at: <http://fortune.com/2015/06/01/print-readership-paywalls/> (attached hereto).

⁵ *Id.*

To the extent that Commission's rationale for restricting print newspaper ownership relates to viewpoint diversity or independent "voices," NAB notes that a newspaper that has closed its doors can no longer provide a viewpoint or serve as a "voice." Retaining a rule that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right from the end of the signature.

Rick Kaplan
General Counsel and Executive Vice President
Legal and Regulatory Affairs

Attachment



TECH MEDIA

Print readership is still plummeting, and paywalls aren't really helping

by Mathew Ingram

@mathewi

JUNE 1, 2015, 12:54 PM EDT



Copies of the Financial Times newspaper

Photograph by Chris Ratcliffe — Bloomberg via Getty Images

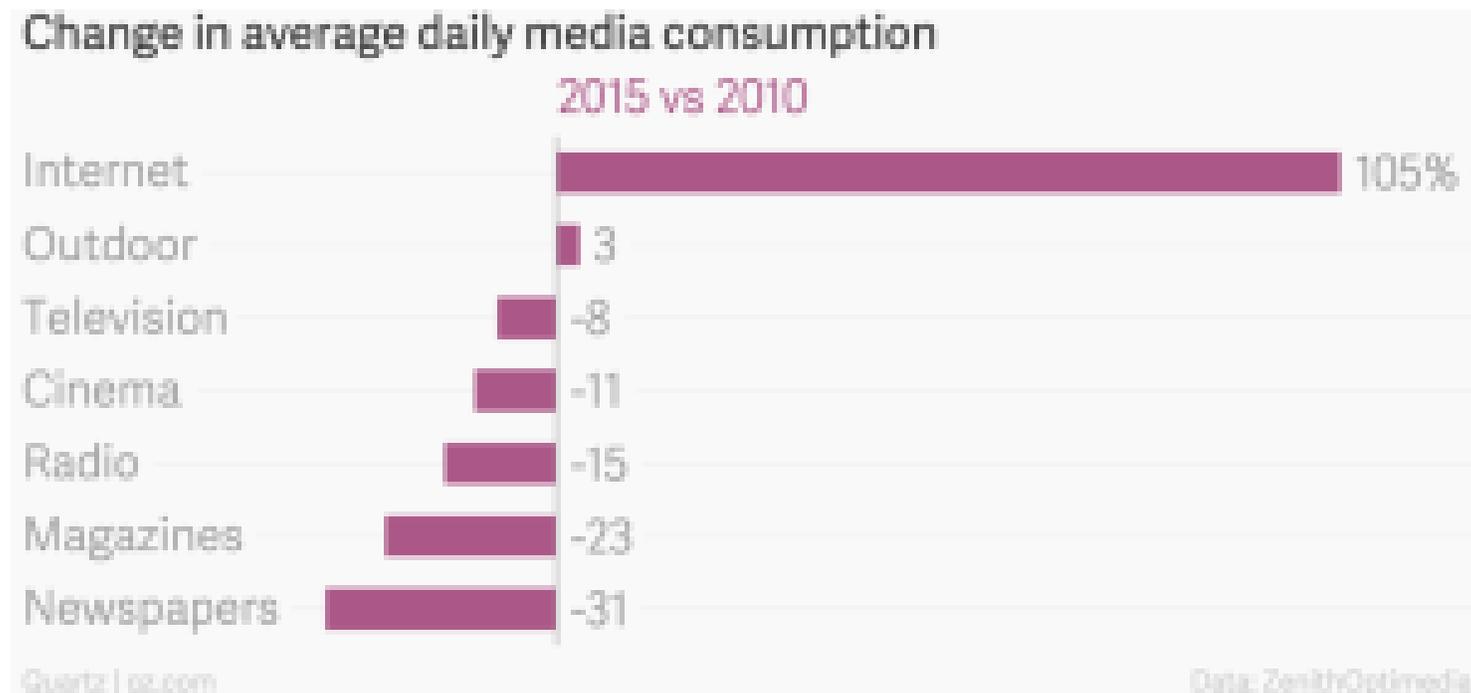
The amount of time people spend daily with a print newspaper continues to plunge, but paywalls are not likely to be a long-term solution

The fact of declining print readership of newspapers and magazines won't come as a surprise to anyone who has been paying attention over the past decade or so, but the real impact can be felt when someone puts hard numbers on that trend—as depressing as it might be for traditional print-focused publishers. One of the latest surveys to do so **comes from ZenithOptimedia**, and among other things it shows that readership of print newspapers has fallen by a staggering 25% in just the last four years.

From a media point of view, the overall tone of the survey is actually pretty optimistic, depending on how you look at it. The agency (which is an arm of the marketing giant Publicis Groupe) says that its research showed media consumption as a whole **continues to expand**—driven primarily by the Internet and new forms of digital consumption. In total, it says the average consumer globally will spend 492 minutes, or about eight hours, consuming some kind of media this year.

Unfortunately for print publishers, out of the almost 500 minutes that people spend consuming media in the average day, only about 16 minutes is spent with a newspaper.

In addition to the 25% drop in print-newspaper consumption, magazine readership fell by 19% in the same four-year period. Although traditional television use has also fallen, it has declined by a much smaller amount—only 6% since 2010. ZenithOptimedia **says that it expects** consumption of print newspapers will continue to drop by almost 5% per year over the next several years, and magazines almost as much. These figures correlate with other estimates of declining attention, including some that tech analyst Mary Meeker **included in her overview** of Internet trends.



A chart showing the change in average daily media consumption
ZenithOptimedia

If this was just a gradual evolutionary process in which print is replaced by digital consumption then it wouldn't be as dramatic a story, but for print publishers that's not really the case. The hard math of online advertising means that even if they replace every single print reader with a digital reader (which is likely impossible) their ad revenue will **still be orders of**

magnitude smaller. Why? Mostly because a combination of programmatic advertising, changing online behavior and better analytics have driven down the amount of money that publishers can charge for digital audiences.

At many traditional publishers, including giants like the *New York Times* and Time Inc. (which owns *Fortune*, and has started rolling out paywalls on its magazine properties), the digital paywall or “metered subscription” is seen as a way around this decline. Not only does it theoretically help support print subscriber numbers, since many publishers tie their digital and print offers together, but the theory is that readers who pay a subscription fee will be worth more to advertisers.

Unfortunately, the latter argument may not be as strong as traditional media companies would like it to be. Although newspapers and magazines can get more information about readers who subscribe, in many cases there still won't be enough scale to make that kind of audience worthwhile to an advertiser when compared with massive platforms like Facebook and Google. Not only are those platforms larger, but the amount of data they have about their audience is also dramatically deeper and more granular.

Steve Goldberg, a managing director at ad buyer Empirical Media, told Digiday that while subscription information is useful and advertisers may want it, few publishers are able to command higher ad prices as a result. “For almost all publishers, the best they can do is use it as a filter in addition to — versus as a replacement for — third-party data,” Goldberg said. “One of the challenges is that paywall subscribers tend to be a small fraction of the overall audience.”

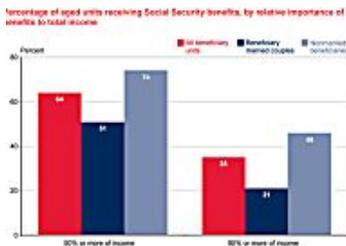
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