particular station is simply $1/n$, where n is the number of stories.

For example, if Station A has 40 stories in the dataset, each story would have a weight of 1/40 = 0.025. If Station B had 100 stories, each of those stories would have a weight of 1/100 = 0.010. Therefore, the two stations will have the identical impact on any statistics based on a combination of their stories.

Ownership Category Assignment

In order to analyze quality and performance as part of ownership categories, codes were assigned to each station, for each category, following the rules outlined herein.

Size of Corporate Owner:

Station owners were divided into four categories, first on the basis of television audience reach, and second on the basis of the number of stations owned. Using FCC criteria, the 25-largest station groups were isolated and divided according to the Top 10, and then the following fifteen-largest groups. All remaining station owners were divided into two categories: corporations owning four stations or more, and corporations or individuals owning three stations or fewer. Due to constant shifts in population (and thus, individual market populations), as well as a vigorous market for broadcast properties, it is nearly impossible to obtain audience reach data for any entities other than the largest companies. The decision to divide companies on the basis of the number of stations owned was made because companies with stations in multiple markets face technical and management challenges such as syndication deals, the digital transition, and central casting that owners concentrated in only one or two cities do not have to deal with.

Cross-Ownership:

Stations were considered part of a cross-ownership situation if their corporate parent owned a daily publication located in the same television market (Nielsen Designated Market Area) at the time of the original local TV study.

Local vs. Non-local Ownership

Stations were considered locally-owned if the company which owns the station was headquartered in the same television market; or, in the case of stations owned by individuals or families, if the station's owner(s) resided in the same market. The three network O&O's located in the headquarters cities of their parent corporations we eliminated from this category since historically local news is not the heart of these company's activities.

Network* vs. *Affiliate Ownership

Stations were considered network O&O's if they were both owned and operated by one of the four major broadcast networks, i.e., ABC, CBS, FOX, or NBC.

Public vs. Private Ownership:

Stations were considered publicly-held if they were either (a) owned by a company traded on a public stock exchange or (b) owned by a company which independently issues publicly-available stock, even if that company is a subsidiary of a privately-held corporation (e.g., Hearst-Argyle Television). If a broadcast company is a subsidiary of a privately held company it was considered privately held, even if other corporate units of the holding company are publicly traded (e.g., Cox Broadcasting).

The Design Team

The criteria for judging quality in local TV news were developed by a design team of local TV news professionals in 1991. The team consisted of

- John Cardenas, news director, WBNS, Columbus, Ohio.
- John Corporon, Board of Governors, Overseas Press Club.
- Randy Covington, former news director, WIS, Columbia, S. C.
- Carl Gottlieb, managing editor, Sinclair Broadcast Group, Hunt Valley, Md.
- Marty Haag, former executive vice president, A.H. Belo.
- Alice Main, former executive producer, WLS, Chicago.
- Gordon Peterson, principal anchor, WUSA, Washington, D.C.
- Jose Rios, vice president of news, KTTV, Los Angeles.
- Dan Rosenheirn, news director, KPIX, San Francisco.
- Kathy Williams, news director, KRIV, Houston.
- Gary Wordlaw, general manager, KSTW, Tacoma, Wash.

The Academic Team

A scholar team of academic researchers helped to develop methodology in order to apply the criteria to measuring newscasts. This team consisted of

- Marion Just, Ph.D., Professor ofpolitical science at Wellesley College
- Lee Ann Brady of Princeton Survey Research Associates
- Michael Robinson, Ph.D., formerly of Georgetown University
- Ann Crigler, Ph.D., director of the Jesse M. Unruh Institute of Politics at the University of Southern California
- Sherrie Mazingo, Ph.D., of the University of Minnesota.

Affiliations are providedfor identification only.

line 1: Size of Corporate Owner and Local Ownership

Total Number of Stations = 172; Total Number of Stories = 23,806

		Size of Corporate Owner				Local Ownership
	Total	**Top 10 Groups (N = 65)**	**11-25 Groups (N = 47)**	**Midsize Groups (N = 37)**	**Small Groups (N = 23)**	**Locally-owned** (N = 18)**
QUALITY GRADE						
A	15%	11%	11%	17%	31%	10%
B	33	31	31	40	34	42
C	27	32	30	22	17	28
D	17	19	16	15	15	16
F	8	7	12	6	3	4
Total	100%	100%	100%	100%	100%	100%
RATINGS PERFORMANCE						
Improving ratings trend	41%	50%	41%	27%	40%	23%
Flat ratings trend	19	18	15	19	30	28
Declining ratings trend	40	32	44	54	30	49
Total	100%	100%	100%	100%	100%	100%
SIGNIFICANCE						
Focus on ideas, issues, or significant trends	15%	14%	14%	16%	16%	14%
Focus on local institutions/malfeasance	10	10	10	10	10	9
Focus on monumental or unusual events	11	12	11	9	9	10
Focus on political strategy	6	6	6	6	8	6
Focus on breaking events	2	2	2	1	1	1
Focus on everyday incidents/crimes	42	42	42	44	42	45
Focus on human interest/pop cult./scandal	14	14	15	13	14	15
Other	*	*	*	1	*	*
Total	100%	100%	100%	100%	100%	100%
ENTERPRISE						
Investigations, interviews, and news series	6%	6%	6%	6%	6%	6%
Spontaneous event coverage	21	22	21	21	21	22
Prearranged event covered w/ reporter	21	24	25	33	28	24
Prearranged event covered w/o reporter	22	22	23	22	21	21
Wire/feed, other news org., VNRs	19	22	21	13	19	22
Other	5	4	4	5	5	5
Total	100%	100%	100%	100%	100%	100%
LOCAL RELEVANCE						
Emergency information	*	*	*	*	*	*
National story with local impact explained	5%	5%	4%	3%	4%	3%
Story affecting main viewing area	36	34	35	41	39	37
Story affecting local subgroup or institution	25	24	25	27	24	24
Nat'l/int'l. story w/ no local impact	13	15	14	8	12	15
Feature story, no local impact	21	22	22	21	21	21
Total	100%	100%	100%	100%	100%	100%

SOURCE AUTHORITATIVENESS						
Expert source or reference to serious data	24%	23%	22%	25%	**26%**	23%
Main subject of story	29	29	25	32	**31**	28
Person-in-the-street	13	14	13	12	13	13
Anonymous sources/passing references	21	21	22	18	22	23
Undisputed stories (crimes, accidents, etc.)	16	16	17	15	15	18
No sources	9	8	9	9	7	8
Other	9	8	11	7	7	9
Total will **exceed 100% due to multiple response**						
BALANCE OF SOURCES**						
Two or more sources	30%	31%	29%	29%	31%	28%
One source	28	28	25	33	30	27
Only passing references/anonymous sources	34	34	36	31	33	36
No sources	8	7	10	7	6	9
Total	100%	100%	100%	100%	100%	100%
BALANCE OF VIEWPOINTS**						
Mix of views	39%	42%	40%	35%	37%	36%
Mostly one view, w/ ref. to other side	13	14	13	12	13	12
All of one view	48	44	47	53	50	52
Total	100%	100%	100%	100%	100%	100%
STORY LENGTH						
Up to 20 seconds	16%	17%	18%	12%	12%	15%
21 to 30 seconds	24	24	24	25	21	23
31 seconds to 1 minute	27	26	25	29	31	28
1 minute, 1 second to 2 minutes	15	14	15	18	16	14
2 minutes, 1 second or longer	18	19	18	16	20	20
Total	100%	100%	100%	100%	100%	100%

** Non-applicable and non-controversial stories removed N = 17,169.

Not locally owned (N = 151)
16%
33
26
17
8
100%
44%
17
39
100%
14%
10
11
6
2
42
14
1
100%
5%
22
27
22
19
5
100%
*
5%
37
25
12
21
100%

24%
29
13
20
16
9
9
30%
28
34
8
100%
40%
13
47
100%
16%
23
27
16
18
100%

work Ownership, Cross-Ownership, Public/Private Ownership

Total Number of Stations = 172; Total Number of Stories = 23,806

	Network	Ownership	C -Ownership			P
	Total	O&O stations (N = 34)	Affiliate stations (N = 138)	Cross-owned station (N = 6)	No cross-ownership (N = 166)	Public owner (N = 118)
QUALITY GRADE						
A	15%	11%	16%	36%	14%	14%
B	33	27	35	36	33	33
C	27	38	25	10	28	28
D	17	24	15	18	17	19
F	8	0	9	0	8	6
Total	100%	100%	100%	100%	100%	100%
RATINGS PERFORMANCE						
Improving ratings trend	41%	46%	41%	18%	42%	44%
Flat ratings trend	19	17	19	18	19	16
Declining ratings trend	40	37	40	64	39	40
Total	100%	100%	100%	100%	100%	100%
SIGNIFICANCE						
Focus on ideas, issues, significant trends	15%	14%	15%	18%	14%	14%
Focus on local institutionslmalfeasance	10	10	10	12	10	10
Focus on monumental or unusual events	11	12	10	7	11	11
Focus on political strategy	6	6	6	5	6	6
Focus on breaking events	2	2	1	2	2	2
Focus on everyday incidentslcrimes	42	43	43	45	42	42
Focus on human interest/pop cult./scandal	14	13	15	10	14	15
Other	*	*	*	1	1	*
Total	100%	100%	100%	100%	100%	100%
ENTERPRISE						
Investigations, interviews, and news series	6%	5%	6%	4%	6%	6%
Spontaneous event coverage	21	22	21	19	22	22
Prearranged event covered w/ reporter	27	20	28	25	27	25
Prearranged event covered w/o reporter	22	23	22	32	21	22
Wire/feed, other news org., VNRs	19	25	18	14	19	20
Other	5	5	5	6	5	5
Total	100%	100%	100%	100%	100%	100%
LOCAL RELEVANCE						
Emergency information	*	*	*	1%	*	*
National story with local impact explained	5%	5%	4%	4	4%	5%
Story affecting main viewing area	36	33	37	36	37	35
Story affecting loc. subgroup or institution	25	24	25	26	25	25
Nat'l/int'l. story w/ no local impact	13	17	12	10	13	13
Feature story, no local impact	21	21	22	23	21	22
Total	100%	100%	100%	100%	100%	100%

SOURCE AUTHORITATIVENESS						
Expert source **or** reference to serious data	24%	23%	24%	27%	24%	23%
Main subject of story	29	29	29	26	25	28
Person-in-the-street	13	14	13	14	13	14
Anonymous sources/passing references	21	25	20	24	21	21
Undisputed stories (crimes, accidents, etc.)	16	16	16	16	16	16
No sources	9	9	9	6	5	9
Other	9	a	9	12	8	9
Total will **exceed 100% due to multiple response**						
BALANCE OF SOURCES*						
Two **or** more sources	30%	29%	30%	31%	30%	31%
One source	28	26	29	26	28	27
Only passing referenceslanon. sources	34	38	33	34	34	34
No sources	8	7	8	9	a	8
Total	100%	100%	100%	100%	100%	100%
BALANCE OF VIEWPOINTS"						
Mix of views	39%	41%	39%	46%	39%	41%
Mostly one view, w/ ref to other side	13	15	13	12	13	13
All of one view	48	44	48	42	48	46
Total	100%	100%	100%	100%	100%	100%
STORY LENGTH						
Up to 20 seconds	15%	15%	16%	18%	16%	17%
21 to 30 seconds	24	25	23	25	23	24
31 seconds to 1 minute	26	27	27	23	21	25
1 minute, 1 second to 2 minutes	15	14	16	12	16	15
2 minutes, 1 second or longer	20	19	18	22	18	19
Total	100%	100%	100%	100%	100%	100%

* Non-applicable and non-controversial stones removed; N = 17,769.

Private owner (N=54)
18%
35
25
12
10
100%
35%
26
39
100%
16%
10
9
7
1
43
14
*
100%
6%
20
31
22
17
4
100%
*
4%
40
25
11
20
100%

25%
30
12
20
16
9
8

28%
32
33
7

100%

35%
12
53

100%

14%
22
31
17
16

100%

Criteria: Audience Reach and # of Stations Owned

Rank	Group	6 of TV louseholds eached uith UHF iscount)*	% of TV Households Reached (without UHF discount)*	Number of Stations Owned
1	Viacom	40%	45%	39
2	Fox	38%	45%	35
3	Paxson	34%	65%	69
4	NBC	30%	34%	13
5	Tribune	29%	38%	23
6	ABC	24%	24%	10
7	Univision	21%	40%	33
8	Gannett	18%	18%	22
9	Hearst-Argyle	16%	18%	34
10	Trinity	16%	32%	23
11	Sinclair	15%	25%	62
12	Belo	13%	14%	19
13	cox	10%	10%	15
14	Clear Channel	9%	13%	35
15	Pappas	8%	13%	20
16	Scripps	8%	10%	10
17	Raycom	8%	10%	34
18	Meredith	7%	9%	11
19	Post-Newsweek	7%	7%	6
20	Media General	7%	9%	20
21	Shop At Home	7%	14%	5
22	LIN TV	6%	7%	24
23	Young	6%	6%	13
24	Emmis	6%	7%	15
25	Entravision	6%	12%	18

Based on "Top

'The FCC's criteri a are as follow s: "'[N]a tional

From: Atiba Pertilla
To: Atiba Pertilla
Date: Mon, Feb 17,2003 9:40 AM
Subject: PEJ Study on Media Ownership

Today, the Project for Excellence in Journalism is releasing a new study on media ownership that we believe makes news.

The Federal Communication Commission is proposing to relax limits on media wnership. In doing so, the FCC commissioned 12 studies, but none looked at the content of news and the public interest.

The new PEJ study, which is based on five years of research in local television, 172 stations in 50 markets, some 23,000 stories, does expressly that. The findings are pronounced. Among them:

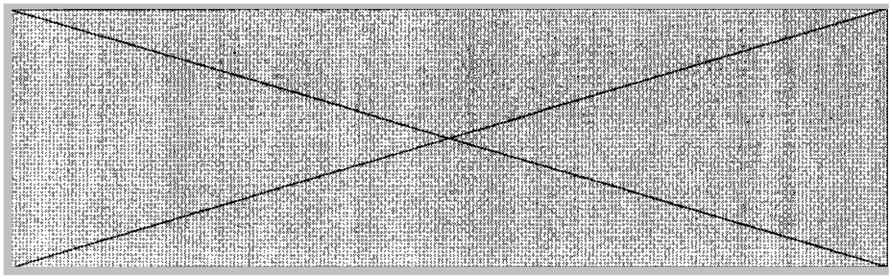
--Very large companies do not fare well.
--Network owned and operated companies do not fare well.
--There are positive signs for cross ownership stations.
--Local ownership is no guarantee of quality, but it is some protection against very low quality.

There are other findings as well in the study. An unofficial hearing organized by some FCC commissioners is being held in Los Angeles on February 18, and the FCC is holding its lone formal hearing February 27 in Richmond.

The study and the data is attached. Please contact us with any questions you might have at 202-293-7394.

I hope you find the study of interest.

Tom Rosenstiel. Director
Project for Excellence in Journalism



<u>EMBARGOED FOR 1 A.M. MONDAY. FEBRUARY 17.2003</u>

Does Ownership Matter in Local Television News: A Five-Year Study of Ownership and Quality

For Further Information Contact:
Tom Rosenstiel, **Director, Project for Excellence in Journalism**
Amy Mitchell, Associate Director
Atiba Pertilla, **Matt Carlson,** Tom **Avila, Dante Chinni, Nancy Anderson, Staff**
Lee Ann Brady, **Senior Project Director, Princeton Survey Research Associates**

DOES OWNERSHIP MATTER IN LOCAL TELEVISION NEWS?
EMBARGOED FOR 1 A.M. MONDAY FEBRUARY 17,2003

In the age **of** synergy, do the vast resources of large, diversified corporations lead to higher quality journalism? Or do local owners tied to community tend to make for better, more informed newscasts?

For five years, the Project for Excellence in Journalism has conducted the largest examination ever undertaken of local television news in the United States to deconstruct what local TV news offers citizens and examine what kind of content viewers preferred.

In light of the FCC proposed rulemaking to change limits on media ownership, the Project, a research institute affiliated with the Columbia University Graduate School of Journalism, decided to review and re-categorize the data to determine whether ownership type has any bearing on newscast characteristics, ratings or quality. The analysis is not a commentary on the quality of specific stations or companies, but is meant to examine the tendencies of ownership structures.

The findings—an analysis of 172 stations, some 23,000 stories, over five years—suggest that ownership type does make a difference.

Among the findings:

- Smaller station groups overall tended to produce higher quality newscasts than stations owned by larger companies—by a significant margin.
- Network affiliated stations tended to produce higher quality newscasts than network owned and operated stations—also by a large margin.
- Stations with cross-ownership—in which the parent company also owns a newspaper in the same market—tended to produce higher quality newscasts.
- Local ownership offered some protection against newscasts being very poor, but did not encourage superior quality.

The study, executed in collaboration with Princeton Survey Research Associates, was funded by the Pew Charitable Trusts.

The data show stations owned by big companies were capable of high quality. However, for reasons that are impossible to determine from the numbers, these stations didn't tend to produce high quality when most viewers were watching.

Ownership type made no apparent difference in terms of the diversity of people depicted in the news, one of the characteristics of newscasts the FCC has expressed interest in. Ownership type also made little difference when it came to the range of topics a station covered. In general, there is striking uniformity across the country in what local television stations define as news.

Taken together, the findings suggest the question of media ownership is more complex than some advocates on both sides of the deregulatory debate imagine. Some of the arguments favoring large companies are unsupported by the data—even contradicted. On the other hand, some of the arguments for the merits of local control appear similarly difficult to prove. And some of the arguments for synergy, in particular cross-ownership, are reinforced by the findings.

But overall the data strongly suggest regulatory changes that encourage heavy concentration of ownership in local television by a **few** large corporations will erode the quality of news Americans receive.

THE STUDY BACKGROUND

These conclusions are based on a study of local television news around the country that began in **1998.** Over the past five years, the Project has studied newscasts in 50 different markets of all sizes in all regions of the country, or roughly a quarter of all the stations that do news in the country. The research analyzed how newscasts were put together, examining them broadcast-by-broadcast, story-by-story, assigning them quality grades, and then correlating the results to audience data from Nielsen Media Research.

This data was not originally intended to explore the question of ownership. But when the FCC asked for research to enlighten the public discussion about ownership limitations, the Project recognized it had an enormous and unique body of data that could inform the debate.

Moreover, this was data without an agenda, collected originally to offer a representative sample of what Americans receive from local television news.

To re-sort the data, we grouped stations into five different ownership categories—size of station group, network owned and operated versus affiliate, cross-ownership versus independent, locally headquartered versus out-of-town ownership, and publicly-traded versus privately-held ownership. Within these broad categories, most of the samples analyzed contained at least 50 stations. The smallest (with the exception of cross-ownership outlined below) contained 18.

How Do We Define Quality?

The Project did not define what constituted good or bad quality in local television news. To develop that criteria, rather, five years ago we assembled a Design Team of **14** respected local television news professionals—managers, reporters, anchors, producers and station group heads–from a diverse cross section of companies and regions around the country.

Through survey questionnaires and long-form open-ended discussion, they determined that a local television newscast should: **1)** cover the whole community **2)** be significant and informative **3)** demonstrate enterprise and courage **4)** be fair, balanced and accurate 5) be authoritative ***6)*** be highly local.

A team of academics and professional content analysts then devised a methodology for measuring these qualities. This methodology effectively deconstructs each newscast by counting such basics **as** how many topics are covered ***(cover the community),*** how many sources and points of view each story contains ***(balance and accuracy),*** who the sources are ***(authoritativeness),*** and how much effort **was** demonstrated in reporting the story ***(enterprise),*** the degree to which stories are made locally relevant ***(localism),*** and the degree to which stories touched on underlying themes, issues or trends ***(significance and informativeness).*** A more comprehensive explanation of the criteria of quality and the entire study methodology is enclosed in Appendix III.

To pick the stations, the study divided the TV markets in the country into four quartiles by population and randomly selected markets within each quartile. To account for differences in time zones and markets, the study examined the most-watched half-hour timeslot in each city, one sweeps week and one non-sweeps week of weekday broadcasts for each station. Once all the stories were coded for a newscast, the daily scores were then averaged into a station grade **of** "A" through "F."

The study's main findings were published each year in the Columbia Journalism Review. In brief, they found a discernible diversity of quality in local television news. The study also found that, overall, the highest quality TV news stations—those receiving "A" grades—were more likely to enjoy positive ratings trends than any other grade. Over the five years, **14%** of stations studied received "A" grades,

The Ownership Analysis

In re-sorting the data to address the FCC's proposals, we grouped owners into categories by:

- Size of ownership
- Network owned-and-operated stations (O&O's) versus independently owned affiliates
- Stations in cross-ownership situations
- Publicly versus privately owned companies
- Stations located in the hometown of their corporate headquarters versus those with out-of-town owners.

We also looked for examples of duopolies—TV markets in which a company owned more than one station—and stations in which the ownership had changed during the time of our study. In addition, we examined each ownership type by timeslot and for diversity of sources.

It should be noted that the original study examined some stations more than once to maintain a sample that divided the country equally each year by population. To study ownership, we eliminated duplicated broadcasts, using only the most recent year's data.' This resulted in a sample of 172 different newscasts.

WHICH OWNERSHIP PRODUCES THE BEST "QUALITY" NEWS?

Ownership Size and Quality

What category of ownership best serves the public interest when it comes to news?

Our five-year data sample suggests that when it comes to overall quality, smaller is better.

Size of Corporate Owner and Quality Grade

Grade	Top 10 Groups	11-25 Groups	Midsize Groups	Small Groups
A	11%	11%	17%	31%
B	31	31	40	34
C	32	30	22	17
D	19	16	15	15
F	7	12	6	3
Total	100%	100%	100%	100%

Stations owned by small companies, those with three stations or fewer, were more than twice as likely to receive "A" grades than stations owned by either the ten-largest station groups, or the next 15 largest.

In all, 31% of small-company stations earned "A's," compared with just 11% of both the 10 largest and the next 15 largest station groups.

Not only were smaller companies better, the biggest companies were more likely to stand out as notably bad. The ten largest owners were twice as likely as small companies to produce "F" grade newscasts.

[1] If the same station was studied more than once but at different newscast timeslots, both were included in this study of ownership.

O&O's versus Affiliates

One argument offered by proponents of bigness is that larger companies would have the resources to provide higher quality news to communities. This might be particularly true of so-called "O&O's," stations owned and operated by the big four networks, ABC, NBC, CBS and Fox, because of their financial resources and the companies operating their own network news divisions.

The data suggest the opposite is true. Network "affiliates," those stations ***not*** owned and operated by the networks, generally had higher quality scores than did O&O's.

Statistically, affiliates were **45%** more likely to turn out "A" grade content than were O&O's. Or, put another way, **16%** of affiliate stations earned **"A's"'** versus **11% of O&O's.**

Local Ownership and Quality

Local vs. Non-Local Ownership and Quality Grade

Grade	*Local Owner*	*Non-Local Owner*
A	10%	16%
B	42	*33*
C	28	26
D	16	17
F	4	8
Total	100%	100%

On the other side, some critics of bigness have long argued that local ownership makes for better journalism, because of a greater psychological investment and involvement in the community. Interestingly, the data suggest something different.

Local ownership offers some protection against stations being very bad, but it does nothing to encourage stations to be very good.

In our five years of study, we had **18** stations broadcasting in the same market as the corporate headquarters, and **154** stations with out-of-town owners. Stations with local owners tend to be average when it comes to overall quality. They are a third less likely than stations without local owners to receive **"A's".** But they are also half as likely to receive "F's".

Cross-Ownership and Quality

Another hypothesis offered by proponents of deregulation in recent years is that cross-ownershipowning both a television station and a newspaper in the same market—also might encourage quality. The newspaper in town usually is the news gathering organization with the greatest resources, the most reporters, the strongest expertise, the deepest beat system, and often the most active investigative teams. Putting these resources on the air, creating joint projects, and exploring the potential of convergence, the argument goes, can only make the television station better.

Here our sample size **was** small, just **six** stations, but this represents nearly a **quarter** of the **26** cross-owned TV stations in the country. The data offer some evidence to support the argument favoring cross ownership. Stations with cross ownenhip, this sample found, were more than twice as likely as stations overall to generate "A" quality newscasts.

Public versus Private Ownership and Quality

What about public ownership versus private? Another argument that has circulated over the years, and which may have gained some velocity recently, is that the short-term pressures and extraordinarily high profit expectations involved with publicly traded ownership of local television may discourage quality. Even executives at some publicly traded companies have wondered aloud in recent years whether it would be better to take their companies private. Moreover, several of the most admired news companies in the United States, such as the Washington Post Co., have two-tier stock structures that, in a public ownership posture, keep control largely in the hands of family members.

Our data suggest that the simple distinction of public versus private ownership did not, on its face, mean much in terms of the quality of the local news their stations produced.

Private companies slightly out performed public companies, primarily when it came to making their news more local. But these differences were not large enough to be significant.

Companies that have changed hands

We also looked at companies that had changed owners during the five years of our study. Here, we found no discernible differences between stations that had changed hands and those that had not. This may reflect the fact that some buyers improve stations while others weaken them. But it does suggest that changing hands is not on its face damaging or helpful. The fact that a station has changed hands does not mean its new owners generally feel compelled to cut costs and find efficiencies to justify or help finance their purchase.

IS THERE AN IDEAL OWNERSHIP TYPE?

One obvious question may be what would be an ideal owner from the standpoint of serving the public interest.

Research can never offer a definitive answer to a question like this but it can be suggestive.

On the surface, the data would offer this glib answer:

The ideal owner would be a small company, headquartered in another town, which owned a limited number of affiliated stations hut also owned the local newspaper. It could be either public or private.

Of course this answer is probably an illusion. Most small companies are unlikely to own a newspaper in town as well as a TV station. They are also less likely to be out-of-town owners.

The realities of the marketplace tend to preclude utopian results. The perfect corporation is as unlikely as the perfect market.

But the findings do suggest different ownership structures have virtues as well as weaknesses. O&O's, for instance, excel at offering communities a variety of viewpoints in their newscasts but don't fare well for overall quality. Small companies score best for overall quality, but mid-sized companies surpass them when it comes to enterprise and localism.

Above all, ownership matters. The statistical margins here are too great to be dismissed as random. One would hope that federal regulators would include in their definition of public interest the question of the content and character of news. For the data show some ownership structures are more likely to produce it than others.

Most importantly, the data raise serious questions about regulatory changes that lead to the concentration of vast numbers of TV stations into the hands of a few very large corporations. The findings strongly suggest that this ownership structure, though it may prove the most profitable model, is likely to lead to further erosion in the content and public interest value of the local TV news Americans receive.

Looking closer at each ownership type offers further insights into their value.

BIG VERSUS SMALL OWNERS

To examine size, we separated the TV companies studied into four categories, using the FCC rankings of audience reach[2]: the IO-largest TV groups; groups **11** through **25** in terms of audience reach; medium sized companies (any company below the top **25** in reach and owning at least four stations); and small companies (companies below the top **25** in audience reach and owning three stations or fewer). In our sample, there are **65** stations owned by the top-ten media companies, **47** owned by the top **11-25** companies, **37** mid-size-company stations and **23** **small-**company stations.

Here we found clear distinctions. The smallest companies produced higher quality newscasts.

(If you analyze the data based on population each year—the way the study was originally designed with some markets studied multiple times—the difference between large versus small companies becomes even more pronounced.) In this sample, small companies are three times more likely than the largest companies to receive "A" grades, not twice **as** likely.)

Are there certain qualities that characterize larger companies versus smaller ones?

In general, small company stations are more local, do more enterprise, source stones better and air more long stories.

Size seemed to have no bearing on how many sources stations cite in their stones, the level of balance in newscasts or the tendency of stations to focus stories around their larger implications.

In the areas where size did make a difference:

[2] Our measurement of audience reach followed the FCC's policy of discounting for the difference between the reach of UHF versus VHF stations.

[3] This larger sample is what was used in the original Local TV study. It would include 242 stations: 109 Top 10 stations, 55 Top 25 stations, 50 mid-size stations, and 28 small stations.

Size of Corporate Owner and Enterprise

Enterprise	*Top10 Groups*	*11-25 Groups*	*Midsize Groups*	*Small Groups*
Investigations, interviews, news series	*6%*	*6%*	6%	6%
Spontaneous event coverage	22	21	21	21
Prearranged event covered w/ reporter	24	25	33	28
Prearranged event covered w/o reporter	22	23	22	21
Wire/feed/other news organization, VNRs	22	21	13	19
Other	4	4	5	5
Total	100%	100%	100%	100%

On Enterprise: Across the board in local television, we have seen enterprise declining. The percentage of stories with reporters on the scene is down. The use of syndicated material and wire feeds is up. The percentage of stories in which a station sends a camera hut no reporter is rising.

Here the data suggest size plays a part, but the very smallest companies were not necessarily the best. Rather, mid-sized companies—those with four stations or more but not in the top 25 companies—showed the most enterprise. They were followed by the smallest companies. The top 10 and 11-25 companies in the country fared worst.

In particular, mid-sized-owned stations were the most likely to send a reporter to the scene of a story (33%), followed by the smallest owned-stations (28%). The biggest companies were least likely (24% for the top 10, 25% for the next 15).

Similarly, mid-sized companies were less likely than larger ones to base stories on syndicated material, wire feeds, reports from other news organizations or from corporate press releases **(13%** at mid-sized companies, versus 19% at small, 21% at the next biggest, and 22% at top ten).

When it came to investigative reporting, size made no difference. The numbers here are small across the board. In all, only one percent of local television stories are investigative.

On Local Relevance: Size also seems to matter when it comes to how well stations do at making stories locally relevant. Mid-sized companies scored best, followed by the smallest companies.

For instance, four-in-ten stories at small and mid-size-company stations involved issues that affected the entire viewing community, compared with about a third at the biggest owned stations.

Mid-sized and small companies were also slightly less likely to air stories with no connection to the local community—such as a car chase from a faraway town, or a distant sensational crime story. Mid-sized company stations aired the least of such stories (8%). Small-company stations, with presumably the fewest resources, were second lowest **(12%).** Top-ten sized stations aired the most (15%), the next biggest companies followed (14%).

Size of Corporate Owner and Localism

Localism	*Top 10 Groups*	*11-25 Groups*	*Midsize Groups*	*Small Groups*
National story with explanation of local impact	5%	4%	3%	4%
Story affecting main viewing area	34	35	41	39
Story affecting local subgroup or institution	24	25	21	24
Nat'l./int'l. story w/ no explanation of local impact	15	14	8	12
Feature, no local impact	22	22	21	21
Total	100%	100%	100%	100%

Smaller companies also aired more stories about local topics in general. Fully **88%** of stones from mid-sized owners and **82%** of stories from small-sized owners were local, compared to slightly less, **78%** from top ten owners.

On Sourcing: The smallest owners were slightly more likely to have a credentialed expert in the story than the largest owners **(26%** versus **23%** among top ten).

When it comes to the number of sources in a story, or even the number of viewpoints, size seemed to make no difference.

On Story Length: Whether a story is long or short is not a part of a station's quality grade. But in each year of the study, stations that aired more **long** stories and fewer very short stones enjoyed better ratings trends. They also tended to score higher **for** quality.

When we examined stations by company, we found that indeed the smallest-owned stations did produce more long stories, though by small margins. These stations average **36%** of their stories over 1 minute compared to **33%** at the top ten and the top twenty-five, a marginal difference.

Perhaps slightly more telling, the data offers evidence of small stations doing fewer very short stories. Stories under **20** seconds account for **12%** of those on small-company and mid-size company stations versus **17%** at top ten and **18%** at the top twenty-five.

Why would bigger companies not fare as well as small? Wouldn't they have potentially more expertise to draw on, better research and more experienced staff!

One possible explanation is that when a company owns several dozen stations, particularly a company engaged in many activities other than local TV news, the content on those local stations becomes more difficult to track. Individual properties can more easily blur. It may become easier to develop something of a financial portfolio mentality, seeing properties primarily as items on a balance sheet. This is only one possible explanation.

Another possibility is that local news stations owned by big companies may feel added pressure of a certain kind. There may be more intense concern with helping subsidize other operations or to take advantage of synergy opportunities. **All** of this may tend ***to*** relegate quality as a concern, or make it more difficult to balance against other concerns.

Further analysis would require more information, such as a comparative examination of specific stations and specific companies, to determine why some stations owned by big companies score better than others and whether some big companies overall score better than others. Such an analysis is beyond the scope of this study.

NETWORK O&O's VERSUS AFFILIATES

Another way to measure the effect of large company ownership is to examine local stations that are owned and operated by the networks, the so-called O&O's. **Four** of the six largest station groups are owned by broadcast networks with central news divisions: CBS, Fox, NBC, and ABC (in declining order of group size).

Moreover, the size of the O&O groups has grown in recent years. As networks have seen a declining return on programming in their entertainment divisions, the O&O station groups have become more important for network profits. For example, in **2002,** according to Jessica Reif Cohen, an industry analyst for Merrill Lynch, Fox's **TV** stations generated $1 billion in cash flow even as the Fox network posted a $130 million loss.[4] Since the last relaxation of the ownership rules in 1996, the networks have been able to compensate for their losses in entertainment by acquiring more stations (both in new markets and by creating duopolies). Thus

***Network O&O's vs. Affiliates by Quality* Grade**

Grade	*O&O's*	*Affiliates*
A	11%	16%
B	21	35
C	38	25
D	24	15
F	0	9
Total	**100%**	**100%**

it is reasonable to expect that this expansion will continue if the new ownership limits are relaxed. Already, two networks (CBS and Fox) have surpassed the current ownership limitations on audience reach and technically are in violation of the regulations?

Does being a network O&O, a corporate sibling with a national newsgathering operation, improve the kind of local news citizens see?

As mentioned in brief earlier, the data suggest the answer is no. O&O's were less likely than independently owned affiliates to be "A" stations (11% vs. **16%).**

They were also much less likely to earn "F's" but more likely to earn **"D's"** in our sample.

[4] See Diane Mermigas, S, Fox reap rewards of robust owned stations,' *Electronic Media* Oct. 28, 2002. Also available at http://www.emonline.com/deals/102802dicolumn.html

[5] In separate de c the FCC approved Fox purchase o i station group, and Vi p of CBS—the transactions which pushed each company over the ownership cap- h lition tha each cc y move to divest itself of its assets in order to return to compliance with FCC regulations. Neither r p ny n divested yet. In February 2002 a federal court ruled that the FCC needed to justify a cap on ownership or else it would be declared illegal. Thi ruling has been put on hold pending the outcome of the FCC's current rulemaking process. See Bill McConnell, "Court to FCC: Prove it!" Broadcasting & Cable, Feb. 25, 2002.

Viewpoints in Controversial Stories: Network O&O's vs. Affiliates

Viewooint Balance	*O&O's*	*Affiliates*
Mix of views	**41%**	**39%**
Mostly one view	**15**	**13**
All one view	**44**	**48**
Total	**100%**	**100%**

(If we include those markets and stations we have examined repeatedly in five years, O&O's were half as likely to earn **"A"** grades, **7%** vs. 16%.)

Do specific patterns stand out between O&O's and affiliates? There are some.

In general, affiliates demonstrated somewhat more enterprise, cited more sources and tended to be more local.

O&O's, by contrast, tended to air more points of view and scored better when it came to finding the larger implications of a story.

Specifically:

- On Enterprise: O&O's relied more heavily on syndicated material and feeds **(25%** of stories versus **18%** for affiliates). That, and some other differences, translated into O&O's also being less likely to send reporters out to cover events such as trials and press conferences. Perhaps the easy access to network feed material at O&O's makes them more likely to rely on this material.
- On Sourcing: O&O's were more likely to rely on unnamed sources or only passing reference to sources **(38%** of stories versus **33%).**
- On Localism: Affiliates were more likely to air stones that affected everyone in the community while O&O's were more likely to air national stories with no local connection—those car chases and exciting footage from faraway.
- On Balance: O&O's overall scored slightly better when it came to airing a mix of opinions in controversial stories.

CROSS-OWNERSHIP

Cross-Ownership and Quality Grade

Grade	*Cross-Owned Stations*	*Non-Cross-Owned Stations*
A	36%	14%
B	*36*	33
C	10	28
D	18	17
F	0	8
Total	**100%**	**100%**

Another ownership category likely to be affected by the FCC ruling is cross-ownership within a market—that is, one company owning both a newspaper and a television station in the same metropolitan area. To look at what these changes might mean, we broke our sample down into markets where such cross-ownership situations already exist and compared them to the rest of the sample. Six stations in our study fell into this category: WSB in Atlanta, WBRZ in Baton Rouge, WFAA in Dallas, WZZM in Grand Rapids, WFLA in Tampa and KRON in San Francisco![6]

While this number is small, the six stations represent almost a quarter of the 26 stations across the country where a cross-ownership exists.[7]

In our sample, cross-ownership led to better grades. Stations in cross-ownership situations were more than twice as likely to receive an "A" grade than were other stations. (Incidentally, none of the six earned an "F" grade in quality, compared with 8% of all other stations, though the sample size is probably too small to infer much from that).

Interestingly, these higher grades for stations in cross ownership did not translate to better ratings trends. These stations were twice as likely to have high grades but declining ratings trends. They were also more likely to have low grades and declining ratings trends.

Ratings Performance:
Cross-Owned vs. Nun-Cross-Owned

Ratings Trend	*Cross-Owned Stations*	*Non-Cross-Owned Stations*
Improving	18%	42%
Flat	18	19
Declining	64	39
Total	100%	100%

V. ny One possible explanation is that the sample size is small. Another possible explanation that could be considered with further study of more cross owned stations is that it has something to do with being owned by companies more heavily focused around newspapers than television. It is possible, perhaps, that newspaper-oriented companies have weaker grasp of the norms of broadcasting than do television stations. Or, perhaps, cross-ownership itself may not encourage ratings success. Trying to import print norms and telling print stories on TV may turn away audiences rather than attract them.

Newscasts on cross-owned stations were noticeably different than others, at least according to the empirical breakdown.

On the whole, they were more likely to do stories that focused on important community issues, more likely to provide a wide mix of opinions, and less likely to do celebrity and human-interest features. Cross-owned stations were also, however, slightly less enterprising than other stations—perhaps in contrast to the expectation that the combined resources of a newspaper and TV station in collaboration would lead to more.

Here are some specifics:

- **On** Significance: Cross-owned stations aired more stones that looked at important trends and ideas in their communities (18% vs. 14% for all other stations). They

[6] At the time we studied KRON in winter 1999 it was owned by the Chronicle Company, which also owned the *San Francisco Chronicle,* the Chronicle Company was eventually broken up and the two outlets are now owned by different corporations.

[7] See David Pritchard, "Viewpoint Diversity in Cross-Owned Newspapers and Television Stations: A Study of News Coverage of the 2000 Presidential Campaign," available through the FCC's website.