DOES OWNERSHIP MATTER IN LOCAL TELEVISION NEWS?
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In the age of **synergy,** do the vast resources of large, diversified corporations lead to higher qualityjoumalism? 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.[1] 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	Top10 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-ownership—owning 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 ownership, 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 10-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 stories better and air more long stories.

Size seemed to have no bearing on how many sources stations cite in their stories, 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	*Top 10 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 but 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 stones 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 stones **(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 Corporaie Owner and Localism

Localism	*Top10 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	IS	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 stories 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 stories 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 stones, 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	27	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 "Ds" in our sample.

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[4] See Diane Mermigas, "CBS, 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 decisions, the FCC approved Fox's purchase of the Chris-Craft station group, and Viacom's purchase of CBS—the transactions which pushed each company over the ownership c a p o n the condition that each company move to divest itself of its assets in order to return to compliance with FCC regulations. Neither company has 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. This 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

Viewpoint 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 stories 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. Non-Cross-Owned

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

Why? 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 stories 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.

were less likely than other stations to air celebrity news or human-interest features (10% vs. 14%).

- On **Balance and Accuracy:** Cross-owned stations aired more than one side of the matter in roughly half of all controversial stories **(46%)** compared with only 39% in all other stations.
- On Enterprise: Here cross-owned stations didn't fare as well. Their scores for enterprise overall were lower. In particular, a third of all the stories on these stations involved sending a camera without a correspondent (32%), compared with one-fifth (21%) at all other stations. On the other hand, these stations relied less on syndicated wire feed material **(14%** vs. 19% for other stations).

It should be noted that many cross-ownership situations date back to before the FCC rules against cross-ownership were instituted in 1975 and were allowed to continue thanks to a "grandfather" clause. In many cases, these stations are operating in an environment where collaboration between co-owned TV and newspaper outlets has been "taboo" for two decades and broadcasters may have been more sensitive to the appearance of relying to heavily on their print counterparts. This concern is only now starting to wane, due in part to the symbolic impact of lessening FCC oversight and the growing strategic emphasis inside news companies on "convergence."

The data on enterprise deserves some further reflection. On its face, cross-ownership might have suggested that the joint resources of a newspaper and TV station would have freed up people to do more original work. But the fact that our sample of cross-owned stations actually scored lower on our enterprise index in general, and particularly in the area of sending out reporters to cover stories, suggests something else may be at play. It is possible that cross-owned stations actually have fewer reporters than others to send out. Or, perhaps, newspaper companies, more so than other companies, are using their TV stations as cash infusers to the rest of the company. It is possible that the six stations we happened to have studied were unusual. But the generalized sign of higher quality at cross-owned stations, for some reason, did not include those stations doing more enterprise.

LOCAL VERSUS NON-LOCAL OWNERSHIP

Many critics of large, chain ownership over the years have postulated that local ownership is better because the people who run the company would be more concerned with the community if they lived there. This, the argument went, would lead to more sensitive, serious and informed coverage of local concerns.

The data in our sample offer no support of this argument.

We defined a local owner as one whose headquarters is located in the metropolitan area of the station. For example, Sinclair Broadcast Group would be a local owner for its Baltimore, Maryland, station, WBFF, but not for its St. Louis station, KDNL. (We exempted the three network O&O's located in the headquarters cities of their parent corporations since historically local news is not the heart of these company's activities.)

Locally owned stations tended be just above average in quality, rather than either very good or very bad.

In all, 42% of locally owned stations earned "B's" (compared with 33% for stations with out-of-town owners). Only 10% earned “A’s” (compared with **16%** for non-local stations).

But they were also half as likely to earn **“F’s” as** non-locally owned stations **(4%** vs. **8%).**

Are there specific characteristics of local versus non-local ownership?

Local Owners vs. Non-Local Owners:
Local and National Topic Coverage

Story Topic	*Local owners*	*Non-local owners*
Local	**76%**	**81%**
National	**24**	**19**
Total	**100%**	**100%**

The data suggest there may be. Locally owned stations tended to be slightly less enterprising in our sample and, perhaps surprisingly, also tended to be less likely to cover local topics.

The locality of ownership seemed to have no significant bearing on such questions as the quality of sourcing in stories, story length, or the tendency of stations to frame stones around their larger implications.

Specifically,

- **On Enterprise:** Locally owned stations sent slightly fewer reporters to the scene of scheduled events such as trials and press conferences **(24%** of stories vs. **27%).** They aired slightly more wire feeds, corporate feeds and stories from another news organizations **(22%** of stories versus 19% for non-local). These differences, however, are small.
- **On Localism:** Locally owned stations covered fewer local stories **(76%** vs. **81%).** And they aired slightly more national and international stories without making any connection to their viewing area (15% vs. **12%** for non-local).

What might account for the finding that locally owned stations tend to avoid very low quality marks but also are less likely to be the very best? One possible explanation may lie in the pressures associated with operating in one’s hometown. Perhaps having the boss nearby is a kind of inhibition, from soaring too high or too low.

Owners and family members may watch the program and are more likely to be members of local civic groups, charities, or the community social and power structure. Station management may be more likely to hear from these owners about news content. Perhaps these connections lead employees to be less inclined to reach outside of community norms or take chances. These same pressures, however, may also keep locally owned stations from dipping too low in quality, even if doing so would help profit margins.

PUBLIC VERSUS PRIVATE OWNERSHIP

Public vs. Private Ownership
by Quality Grade

Grade	*Public* Owner	*Private* Owner
A	14%	18%
B	33	35
C	28	25
D	19	12
F	6	10
Total	100%	100%

Another issue embedded in the **FCC** debate, and even discussed among executives of some publicly owned companies, is whether private ownership allows for a greater chance of serving the public interest. The argument here, to oversimplify, is that being freed of the pressures of quarterly profit reports, focus on one's stock price, and meeting industry based measures of profitability and efficiency, would allow companies to better focus on the long-term and on quality.

Our data, based on **54** privately held stations and 118 publicly held, suggest a slightly greater tendency toward quality at private companies, though the findings are not nearly **as** strong **as** in other ownership categories.

Overall, **18%** of privately held stations in our sample earned **"A's"** versus **14% for** publicly held stations. And **35%** of privately held stations earned **"B's"** compared with **33%** for publicly held.

Private stations could also produce very poor quality. They were more inclined to "F's" (10% versus 6%)—though less inclined to "D's" **(12%** versus 19%).

The differences between these two ownership categories are much less than those we found for large versus small companies, O&O versus independently owned, and cross-owned versus others. In general, we think these differences are too small to conclusively support the argument that private ownership better serves the public interest than does public ownership.

What are the particular traits that differentiate privately versus publicly owned stations?

The differences, again, are less discernible than for other ownership categories.

Privately held stations demonstrate more of some kind of enterprise, for instance, and slightly less of others.

For many indicators, such **as** sourcing, focus on the important underlying trends in stories, the mix of viewpoints, there is little difference between public and private companies in **our** data.

Specifically:

- **On Enterprise:** Privately held stations were more likely than public company stations to send a reporter to the scene of a scheduled event **(31%** versus **25%).** They were a little less likely to air wire stories or feeds from other sources **(17%** versus 20% for public). But on other indicators of enterprise, they scored slightly lower than public companies.
- **On Localism:** Privately held stations are a little more likely to cover local stories **(83%** versus 79% for public). Publicly held stations tend a little more toward national stories that have no connection to viewing area **(14%** versus 11% for privately owned).
- **On Story Length:** Privately owned stations tended, by a small margin, to air fewer very short stories than publicly owned stations. Overall, **36%** of the stories on

private stations were 30-seconds or less in length, compared with **41%** on publicly owned stations.

TIMESLOT MAKES A DIFFERENCE

One question about the data is whether differences in timeslot might alter the results. Over the five years of study, we have found a consistent tendency for early evening newscasts to be stronger than late night. Generally, 5 p.m. and *6* p.m. newscasts—those preceding prime time—tend to be stronger journalistically than 10 p.m. and 11 p.m. newscasts—those following prime time. Since we compared stations at the highest-rated timeslot for news in each city—comparing *5* p.m. and *6* p.m. programs to 10 p.m. and 11 p.m. newscasts together—we wondered if that might be skewing the findings about ownership.

To find out, we decided to examine the data within timeslots—comparing late newscasts, those following prime time, to each other and early newscasts *(5* p.m. and *6* p.m.) to each other.

LATE-NIGHT NEWSCASTS
Size of Corporate Owner and Quality Grade

Grade	*Top 10 Groups*	*11-25 Groups*	*Midsize Groups*	*Small Groups*
A	2%	7%	8%	41%
B	23	16	40	27
C	41	41	25	15
D	24	20	13	17
F	10	16	14	0
Total	**100%**	**100%**	**100%**	**100%**

Late Newscasts

In late news, the tendency of smaller owners to produce better newscasts actually became stronger.

- The smallest owners were **20** times **as** likely as the largest owners and six times **as** likely **as** the next 15 largest companies to receive **"A's"** in their late news **(41%** versus **2%** at top ten, **7%** at the next 15 largest, and **8%** at mid-sized).
- In late news, none of the smallest owners earned "F" grades, compared with at least 10% in the other size groups.

Early Newscasts

Earlier in the day, we did see a change. Here the stations in the largest ownership category tended to outperform the smaller companies.

- **A** third of top ten owned stations **(32%)** received an "A" in the early hours, versus a fifth of the smallest owned stations **(20%),** a quarter **(24%)** of mid-sized and 17% from the top twenty-five.
- The biggest company stations were also more likely to receive **"B's"** than smaller stations at 5 p.m. and *6* p.m.

EARLY-EVENING NEWSCASTS
Size of Corporate Owner and Quality Grade

Grade	Top10 Groups	11-25 Groups	Midsize Groups	Small Groups
A	32%	17%	24%	20%
B	47	51	41	43
C	14	14	19	19
D	7	12	16	12
F	0	6	0	6
Total	100%	100%	100%	100%

- The largest owned stations also received no "F's" at this hour—along with the mid-sized—compared with *6%* of both the smallest and the second-largest group of companies.

The differences are important. **For one** thing, it means that while smaller companies outperform larger ones overall, this is not true across the board.

Second, larger companies are capable of producing higher quality newscasts. Yet for some reason, they **often** fail to do that when the most people are watching.

Some broadcasters believe that late news needs to be quite different than early news—faster paced, more headlines, more quick stories. Yet the data we have gathered and interviews we have done with news professionals make it clear that there is a difference of opinion about this.

The research also clearly finds that late newscasts generally ***are*** losing more viewers than early newscasts, and the lower quality in general of these late newscasts may certainly be an important factor.

If it is conventional wisdom among some broadcast professionals that late news needs to be flashier, the numbers across the industry seem to suggest this is a mistake.

What does all this mean about the size of ownership? It suggests quality is not out of reach for large companies. There is nothing endemic, in other words, that prohibits these larger companies from better serving the public interest. Indeed, some **of** the very best newscasts we have seen come from some large companies in early timeslots.

But these companies, with broader resources than their smaller competitors, have chosen for whatever reasons not to provide that quality to citizens across the day, and even when the largest number of viewers **are** watching. The number of big companies that choose to produce quality in late night **(2%)** is strikingly low.

Other Ownership Categories and Timeslot

What about other categories of ownership at different timeslots? Here the data ***are* less** helpful. The sample, for instance, includes only four O&O's in the early timeslot and seven locally owned stations in the early timeslot. Those sample sizes are too small to draw any conclusions from. The same was true for cross-ownership stations.

DIVERSITY AND OWNERSHIP

The PEJ study over the last five years also examined the diversity of sources in local news by race and ethnicity. Who was represented on camera **as** experts, for instance, versus perpetrators of crimes?

This data on diversity has never been released before. Diversity is not a factor in a station's quality score and thus was not a component of the earlier Project for Excellence in

Journalism Local TV Study. We collected the data with the intention of releasing it at a later date in conjunction with another analysis. We still plan on that. However, the FCC has indicated that diversity is one of the subjects it considers relevant to its inquiry. In light of that, we decided to release whatever findings we had about ownership diversity right now.

Does the size of the company have any impact on the diversity of sources?

The answer appears to be no.

Across ownership size, O&O versus affiliate, local versus non-local, and cross-owned stations versus others, we saw little difference in the presence of minorities on camera according to the type of station owner.

This is not to say everything in the area of diversity in local news is fine. Overall, only 12% of all stories included a minority on camera as the subject of a story, an expert or a person on the street.

Another two percent of stories featured minorities as victims of crime or suspected perpetrators of crime.

Across the five-years of data, moreover, certain subjects and persons were strikingly absent. In 23,806 stories analyzed, for instance, only .2 percent, or 32 stories, concerned the poor. Only .3 percent of stories, or 57 overall, concerned the elderly.

By contrast, more than 500 were stories about celebrities.

OWNERSHIP AND RATINGS

Does one type of owner tend to succeed better in ratings than another?

The study does not look at ratings in their simplest form, but measures economic success by looking at ratings trends: is a newscast's audience growing or shrinking? We do so by collecting three years of ratings — I2 ratings books — and developing a trend line.

Ratings Performonce ond Size of Corporate Owner

Ratings Trend	Top10 Groups	11-25 Groups	Midsize Groups	Small Groups
Improving	50%	41%	27%	40%
Flat	18	15	19	30
Declining	32	44	54	30
Total	100%	100%	100%	100%

Here we found that ownership type does seem to play a part in the ratings trends of stations.

Overall, positive ratings trends were more likely at the biggest companies, O&O's, out-of-towners, and publicly owned companies.

Interestingly, this is not the list of owners who produce the best quality.

For whatever reasons, the very largest companies have a greater ability to generate positive ratings trends—or a lower tolerance for negative ratings trends—than do smaller companies. But they also have a much higher tolerance for producing low quality.

This tendency is at odds with the overall findings of the Project's study of local television news over the last five years. That study found that quality was the path ***most*** likely to lead to ratings success.

The ability of larger companies to generate ratings success while producing lower-quality content thus raises another concern if the ownership rules are lifted.

It suggests allowing large corporations to own more and more stations would encourage lower quality in local television news. These companies already show less of **a** commitment to quality, and economies of scale raise the possibility they will extend this format to new acquisitions.

APPENDIX 1

The Criteria of Quality

How the definition of quality was developed.

To develop the criteria of quality, The Project in 1998 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. (see Design Team in Appendix III). Through survey questionnaires and long-form open-ended discussion, they isolated five basic nonnative qualities that all local newscasts should provide to citizens in their community, a set of minimum requirements.

Those basics were:

- Cover the whole community
- Be significant and informative
- Demonstrate enterprise and courage
- Be fair, balanced and accurate
- Be authoritative
- Be highly local

A team of academics and professional content analysts then devised a simple and highly replicable methodology for measuring these attributes. Stations then were given points for how well they scored on each variable story by story—except for the variable on covering the whole community. Here is a summary of the design team's ideas and how they're measured.

Cover the Whole Community

Every member of the Design Team cited as a preeminent idea that a newscast should cover and reflect the community in its totality. No topic should be considered off limits, they said, and no topic was more important or less important than another. Crime, for instance, was not less important than government. The problem is what local TV "doesn't cover." To assess how much of the community a newscast covers, the study counts all the different topics a newscast covers and divides them, using a ratio, by the number of stories aired. The greater the range of topics, the better the index.

Be Significant and Informative

Newscasts should be significant and informative--as well as interesting—the Design Team agreed. To assess this, the study coded each story for the degree to which it touched on underlying themes, ideas, trends or issues it raised. Did the story focus on an underlying issue raised by the incident? Or was the story limited to the incident itself? Was the story about a major event? Or did it focus on a rather common, everyday incident, without drawing out its larger significance. The focus of the story was treated on a scale. Issues of public malfeasance are considered more important than stories about celebrities.

Enterprise

Being gutsy, providing depth and context, showing initiative, and demonstrating enterprise are also prime values. This variable measures how much effort went into creating the story. Was it a station-initiated investigation, interview, or series? Was the station responding to spontaneous or pre-arranged events? Did the station send a reporter to the event, or just a camera? Was the story simply taken from the news wire or a feed from another source, or was it based on rumors or gossip? The more enterprise demonstrated, the higher the score

Fairness, balance and accuracy

To assess these qualities, the study employed two simple measurements of sourcing. First, it counted how many sources were cited in each story on the premise that a story with more sources was more likely to be accurate and fair. Second, the study counted how many points of view were contained in any story that involved a dispute or controversy—just one, mostly one, or a mix of more than one point of view. . Stories presented as undisputed (a fire, the weather) were noted separately. Together, the number of sources and the number of points of view provided a measure of fairness, balance and accuracy.

Authoritativeness

To assess this attribute, the study examined the level of expertise of each source cited in the story. Expertise differed given the topic of the story. A qualified brain surgeon would be a credentialed expert on a story about brain surgery. But a person on the street would be a qualified expert on a story about public reaction to President Bush's latest speech. This variable notes whether the source on the given topic was a credentialed expert, impartial data, the major actor in the story, an unnamed source, or finally whether no source was cited.

Localism

Because being local stood out along with covering the whole community and being accurate and fair as primary values for the design team, the study measured the local connection of each story. Did the story affect citizens in the whole area, important institutions in the area, major demographic or geographic groups in the area, smaller subgroups? *Or* was it interesting but with no direct connection to the community?

Additional Variables

Presentation: The study also codes stones, though allotting minimal points, for presentation. Was the story understandable or not? Only a fraction of stories were rated as incomprehensible, and this variable had little impact on station scores.

Sensationalism: The study, finally, also noted whether stories were sensational, which was defined as replaying video or graphics beyond the point that added new information. This variable, too, was allotted minimal points, and so few stones were rated as sensationalized that it generally had minimal impact on station scores

Additional Thoughts on Quality

The Design Team did not think all stories should be alike. A story about big ideas might get more points than one about a commonplace event, but any story done well scored high. Stations that covered a lot of topics well scored the highest.

What didn't win points is notable. Topic is considered neutral. A crime story might score as high as a science piece. Stories earn no points for length. Production techniques are considered tools and are not rated. The study avoids rating subjective qualities such as tone or negativity.

These variables amounted to counting the basics of broadcasting. If one does not agree with the

design team's frankly quite basic "values," it is still possible to learn from these measurements. The values mainly note how stories were put together. One can ignore the quality scores, and simply track which newscast characteristics audiences respond to via the ratings data.

APPENDIX II

STATION GROUPS

The original sample was established on the basis of markets and households, not on the saturation of ownership. Thus, the ownership sample for this study is a by-product of the original sample. In addition, the study is not meant as a commentary on the quality of any one station or ownership group, but rather is meant to be illustrative of the tendencies of various ownership categories as a whole.

Top 10 Station Groups
* = Included in Ownership Study

1. Viacom*
2. Fox*
3. Paxson
4. NBC*
5. Tribune*
6. ABC*
7. Univision
8. Gannett*
9. Hearst-Argyle*
10. Trinity

*=Included in Ownership Study

11. Sinclair*
12. Belo*
13. Cox*
14. Clear Channel
15. Pappas
16. Scripps*
17. Raycom*
18. Meredith*
19. Post-Newsweek*
20. Media General*
21. Shop at Home
22. LIN*
23. Young*
24. Emmis*
25. Entravision

Top 11-25 Station Groups
On station group rankings, see Dan Trigoboff, "Less is more as Viacom retakes top spot," *Broadcasting & Cable*, Apr. 8,2002.

Midsize Groups Included in Ownership Study
Allbritton, Bahakel, Citadel, Cosmos, Evening Post, Fisher, Freedom, Grapevine, Gray, Hubbard, Journal, McGraw-Hill, Morris, New York Times, Quorum.

Small Groups Included in Ownership Study
Bonneville, Dix, Griffin, Jefferson-Pilot, Landmark, Manship, Media Venture, Northern, Sunbeam, Valley, Zaser-Longston.

APPENDIX III

Methodology

The local television news project was begun in 1998 in order to study one of the most popular yet unexamined forms of American journalism — the half-hour local television news broadcast. Using criteria established by a team of industry professionals, methodologies were created for analysis of these newscasts, and for the establishment of commercial success measurements.

Market selection was performed based on Nielsen Media Research market rankings. Markets were grouped into four quartiles on the basis of the number of television households in each. Markets were then chosen randomly within each quartile, after stratification in order to ensure geographic diversity. In certain cases additional markets were rolled over in order to track performance over time. Within each market, the highest-rated half-hour timeslot for news was studied. The project's timeframe sample remained standardized each year; it consisted of two weeks of half-hour newscasts, one week during sweeps, and one week during the regular season.

Over time, these numbers grew to a considerable volume. Over five years, the project analyzed more than 33,000 stories, providing measurements on at least 30 separate variables for each — more than 1,000,000 pieces of data in all.

The project design included 50 markets — nearly one-fourth of the nation's 210 television markets, covering 60% of all television households nationwide. Each year was treated as a separate study, and by this standard, the final sample comprises 242 stations. However, due to the need to study changes in newscasts over time, some markets were rolled over from year to year. Accordingly, multiple markets and stations were studied more than once. Thus, the actual number of stations studied totaled 154.

For each annual study, Nielsen data from the 12 preceding "ratings books" (representing three years of viewership) were the basis for the calculation of station trends re: commercial success. For newscasts from 1998 through 2002, information was compiled on ratings and share. Findings on the relationships between quality criteria and ratings and share are based on five years of data.

	1998	*1999*	2000	2001	2002
Markets	20	19	8	14	17
Stations	61	59	26	43	53
Stories	8557	8107	3827	5957	7423

CODING METHODOLOGY

TAPING, SCREENING, AND INCLUSION

Each year, the designated news broadcasts were taped by local researchers in each of the selected markets. They were instructed to tape Monday through Friday broadcasts for a primary and a secondary sweeps week, and a primary and a secondary non-sweeps week. In all cases, primary days were used, unless unavailable due to preemption or taping error. In those cases, broadcasts from the secondary taping period were substituted, making every effort to match the appropriate day of the week.

Each half-hour broadcast was initially screened and precoded in its entirety by a single coder. The precoding process confirmed the datehimeslot of each broadcast and identified and timed individual stories. Per the instructions of the design team, recurring sports and weather spots were merely classified and timed; ***regular sports and weather segments were not part of any additional coding and are not reflected in any of the analysis or totals presented in this study.***

STORY CODING AND SCORING

Broadcasts were coded in their entirety by a single coder, via multiple story viewings. Working with a standardized codebook and coding rules, the process began with ***inventory Variables,*** capturing information about broadcast date, market, station, network affiliation, etc. The second part of the coding scheme consisted of ***recordable variables,*** including story length, actors, and topics. The final section of the coding scheme contained the ***rateable variables.*** These were the measurements identified by the design team as quality indicators. The range in maximum possible points reflects the hierarchical value of each value as per quantitative analysis of the design team's input. Each rateable variable was assigned both a code and a point score.

Rateable Variables	Maximum Possible Points
Story Focus/Depth	10
Story Enterprise Level	8
Story Comprehensiveness via Credible Sources	9
Story Balance Via Multiple Sources	5
Story Balance Via Multiple Viewpoints	5
Story Visuals/Sensationalism	3
Story Professionalism/Presentation	2
Story Community Relevance	8

The ***score-per-sfory*** represents points earned via the rateable variables.

BROADCAST SCORING

Per the design teams directives, no story points were earned for topics; that is, no one topic was considered more important than another. Instead, the ***score-per-broadcast*** was calculated to reward stations for topic diversity, taking into account both the number of stories presented, and allowing for the additional minutes often added in post-prime timeslots. For each news broadcast, a story:topic ratio was calculated by dividing the number of stories by the number of topics. That ratio was then converted to a broadcast multiplier, as per the following ranges:

Ratio Range	Broadcast Multiplier
1.00- 1.75	**2.00**
1.76- 2.25	**1.66**
2.26 - 2.75	**1.33**
2.76 or higher	1.00

Next, the broadcast's scores-per-story were totaled, then divided by the number of stones, to reach an ***average score-per-story.*** The appropriate multiplier was then applied to the average score-per-story to reach the ***daily broadcast score.*** Finally, each station's 10 daily broadcast scores were totaled to reach the ***aggregate station score.*** The aggregate score was then matched with ratings information to arrive at the final letter grade for each station.

INTERCODER RELIABLITY

Intercoder reliability measures the extent to which two coders, operating individually, reach the same coding decisions. For this project, the principal coding team was comprised of six individuals, who were trained as a group. One coder was designated as the control coder, and worked off-site for the duration of the project. Each year, at the completion of the general coding process, the on-site coders, working alone and without access to the control coder's work, recoded one-third of the broadcasts completed by the control coder. Over the course of the project, daily scores were found to be reliable within **+/- 0.67** points per day, as per the comparative daily broadcast scores of general coders vs. the control coder.

YEAR	INTERCODER MEASUREMENT
I998	**+/- 0.79**
1999	**+/- 0.53**
2000	**+/- 0.78**
2001	**+/- 0.74**
2002	**+/- 0.49**

DATA ANALYSIS

Selection and Inclusion

Analysis in this report is based on the most recent appearance of a station within the five-years of the project. In those cases where a market was included one year in an early-evening timeslot, and one year in a post-primetime timeslot, as dictated by the project methodology, both appearances are included in this analysis. Via this selection criteria, this analysis is based on **23,806** news stories that were broadcast on **172** stations.

Data Consolidation and Weighting

Data was weighted so that in analysis, each station counts for one case regardless of the total numbers of stories each station has represented in the dataset. The weight for all stories for any