

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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| In the Matter of |) | |
| 2006 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996 |) | MB Docket No. 06-121 |
| |) | |
| 2002 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996 |) | MB Docket No. 02-277 |
| |) | |
| Cross-Ownership of Broadcast Stations and Newspapers |) | MM Docket No. 01-235 |
| |) | |
| Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets |) | MM Docket No. 01-317 |
| |) | |
| Definition of Radio Markets |) | MM Docket No. 00-244 |

COMPENDIUM OF REPLY RESEARCH STUDIES

| | |
|---|------------|
| Reply Study 1: The Hudson Valley Media Environment | 1 |
| <i>Mark Cooper and Aliza Dichter</i> | |
| Reply Study 2: How Bigger Media Will Hurt Tennessee | 5 |
| <i>Mark Cooper and Gene Kimmelman</i> | |
| Reply Study 3: The Impact of Vertical Integration on Diversity in the Video Product Space | 30 |
| <i>Mark Cooper and S. Derek Turner</i> | |
| Reply Study 4: Misleading Industry Market Analysis | 59 |
| <i>Mark Cooper</i> | |
| Reply Study 5: Out of Focus, The NAB’s Fraudulent Financial Analysis | 71 |
| <i>Mark Cooper</i> | |
| Reply Study 6: Industry Studies of Cross-Ownership | 79 |
| <i>Mark Cooper</i> | |
| Reply Study 7: Local Cable News Channels Do Not Significantly Contribute to To Source or Viewpoint Diversity | 99 |
| <i>Adam Lynn, Mark Cooper and S. Derek Turner</i> | |
| Reply Study 8: Media Usage and Substitutability | 131 |
| <i>Mark Cooper</i> | |
| Reply Study 9: Independent Local News Sites Do Not Significantly Contribute to Source of Viewpoint Diversity | 146 |
| <i>S. Derek Turner and Mark Cooper</i> | |

REPLY STUDY 1: THE HUDSON VALLEY MEDIA ENVIRONMENT

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The Hudson Valley – the area that runs from north of the New York metropolitan area to south of Albany – presents an interesting and important predicament for media ownership policy. As big media have grown in power (i.e. signal strength) and consolidated into national and regional chains, the market has expanded out from major cities to engulf smaller surrounding counties. Most of the Hudson Valley – Orange, Dutchess, Ulster counties – falls in the New York Designated Market Area (DMA), which is the standard area used to define television markets. Much of this region falls in the New York Arbitron area, which is the standard area used to define radio markets. The other counties of the region, Greene and Columbia, are included in the Albany DMA.

The big New York market appears on the surface to be rich in media alternatives. In fact, as recently shown in comments filed at the Federal Communications Commission by the Consumer Federation of America, Consumers Union and Free Press, it is actually far more concentrated than appears.¹ Even in the big New York market, relaxation of the limits on

¹ Mark Cooper, “The Impact Of Newspaper-TV Mergers on FCC Sample Cities,” in *A Compendium of Public Interest Research on Media Ownership, Diversity and Localism*, attached to Comments of the Consumer Federation of America, Consumers Union and Free Press *In the Matter of 2006 Quadrennial Regulatory Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, October 23, 2006.

media ownership would result in a concentrated, tight oligopoly of companies controlling the market.

More importantly, while there can be some debate about how rich or poor the big New York market is in media outlets, when we turn to the counties of the Hudson Valley, there is no doubt that these areas have very sparse media environments.

Most public radio stations in the area are owned by the regional NPR-affiliated network which owns 9 stations and 5 translators, covering areas that span parts of seven states and thus while providing regional news for a large region, there are few truly local public radio stations that cover town or county communities specifically.

In addition, due to the broad, diverse, hilly and mountainous terrain, most residents of the Valley can only access a small number of over-the-air radio and TV stations.

On a county-by-county basis, the typical pattern is as follows:

- There is one daily newspaper located in the largest city in the county (e.g. the *Times Herald-Record*, the *Poughkeepsie Journal*, the *Daily Freeman*)
- There are a couple of weeklies (e.g. the *Saugerties Post Star*, the *New Paltz Times*, the *Hyde Park Townsman*).
- There are a couple of local/regional radio stations, but most do not provide much news and information (e.g. WBWZ-New Paltz, WRWD-Highland, WPDH-Poughkeepsie) and perhaps one independently owned local station (e.g. WKZE-Red Hood, WDST-Woodstock).
- There are two NPR-affiliated radio stations (WAMK, WOSR) owned by the same Albany-based network (WAMC) and one publicly owned NPR station (WRHV).
- There is no local Spanish-language broadcasting on radio or TV and only one weekly Spanish-language newspaper in the region.
- TV news programming available to citizens of the Valley is extremely sparse. None of the broadcast stations carried by the largest cable operators appears to have a local news bureau in the valley. In only two of the five counties does the largest cable operator offer local news programming.

Even on a Valley-wide basis, the picture is bleak.

- One national and one regional chain own about half of the newspapers in the valley (Journal Register, Ulster Publishing). If we count circulation, the newspaper market in the valley is almost twice as concentrated as the bigger New York Market.
- A couple of national chains own about half of the radio stations in the Valley (Clear Channel and Cumulus).

Local ownership of media outlets is extremely scarce in the Valley.

- The one non-commercial TV station based in the Valley, and carried on all major cable systems, WRNN in Kingston, NY, airs primarily paid programming ("info-commercials") in addition to a few hours of news every evening. RNN recently relocated its headquarters outside the area and now has no local contacts listed for a Hudson Valley news staff as they continue to expand their network with new stations across the tri-state area.

The experience of the Valley shows that consolidation into national chains undermines local ownership and localism in coverage.

- When a local radio station in Kingston was bought out, Clear Channel canceled the three-hour community public-affairs program, "Morning Show" on WGHQ-AM. The former local owner, Walter Maxwell, then solicited donations to actually lease airtime from the station to continue the unique local morning coverage as "Kingston Community Radio." Now, that program's future is unknown as Clear Channel prepares to turn over the station to Pamal Broadcasting in a station-swap business deal.

Systematic research filed in the Media Ownership Proceeding shows that concentration, consolidation and conglomeration of media outlets undermines localism and diversity in the media.² It shows that local ownership results in media outlets that better serve the needs of the people. Most of that analysis focuses on broad trends and large markets.

When we look beneath the surface at the smaller media markets that are embedded in the big

² *A Compendium of Public Interest Research on Media Ownership, Diversity and Localism*, attached to Comments of the Consumer Federation of America, Consumers Union and Free Press *In the Matter of 2006 Quadrennial Regulatory Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, October 23, 2006.

markets that attract all the attention, we find that the situation is even worse. Given the impact current levels of consolidation have had on localism and diversity in the counties of the Hudson Valley, further relaxation of media ownership limits would make an unacceptable situation untenable.

**REPLY STUDY 2:
How Bigger Media Will Hurt Tennessee:
A Report on Tennessee Media Markets and the Impact of
Newspaper/TV Cross-Ownership Mergers**

**by
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**On Behalf Of
Consumers Union
Consumer Federation of America
Free Press**

**Presented by

Gene Kimmelman
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December 2006

OVERVIEW —

WHY MEDIA OWNERSHIP RULES MATTER

How big the media can become, who owns what, and where they own it matters a great deal to our democracy at all levels of government, including, and perhaps, especially, the local level where sources of news and information are limited. As a result, the pending FCC media ownership proceeding carries extraordinary consequences for the future of the American media and the health of our democratic system of government.

A healthy democracy depends upon a free flow of news and information from diverse and independent sources. It is how the public informs itself of pressing political issues at *both* the national and local levels that affect their daily lives and the future of their communities. And it serves as a check and balance to government and corporate excess. The principle that democracy depends upon an open, vibrant, diverse, and competitive press is the bedrock of the First Amendment. And despite advances in technology that have changed the way news and information is distributed, it remains as essential today as when it was conceived by the Founders.

Changes in technology do not eliminate the need for media ownership limits. Even with the explosion of the Internet and cable channels, most people still rely on their local newspapers and local television stations as the most important sources of local news and information. Indeed, much of local news that people access on the Web is produced by the dominant print and broadcast media outlets in a community. Thus, the leading local print and broadcast sources thus have disproportionate impact on public opinion. It is not, therefore, the *number* of news sources that matter, but instead, the influence of those sources over the public.

Access to local, independently owned news sources is already a precious commodity as our filings in the FCC proceeding, and the study findings below, demonstrate. Today, people living in all but a handful of the very largest cities generally have access to only one local newspaper and at most four local television stations producing local news. Allowing those sources to further consolidate reduces the diversity news and viewpoints on which the public relies to inform themselves and make decisions.

Media ownership rules traditionally have protected democracy by keeping sources of news and information diverse and competitive. If those rules are relaxed or eliminated at the local level, the diversity of local news and information will fall to unacceptably low levels. Cashiering a vibrant marketplace of ideas to suit the interests of a small number of consolidated corporations is simply not in the public interest. It is an outcome that American democracy can ill afford — one that gives too few too much influence over too many.

Moreover, media consolidation leaves minority communities further behind both in terms of news coverage of issues important to their communities and ownership of media

sources themselves. Reasonable media ownership limits help encourage more minority ownership of media outlets and ensure that diverse viewpoints will get heard.

Significantly, even apart from these fundamental concerns about the relationship between a healthy democracy and a diverse and antagonistic press, allowing cross-ownership of leading newspapers and television stations, and single ownership of two leading television stations results in unacceptable *economic* concentration at the local level. That is true not just in Nashville and Knoxville and other Tennessee markets, as the results presented below demonstrate, but also in the largest cities in America. Our filings in the FCC proceeding demonstrate this clearly. From a purely economic standpoint, then, allowing further media consolidation at the local level produces unacceptable results. Thus, the Commission cannot rationally justify relaxing media ownership rules even in the nation's largest media markets and even on economic grounds.

But most important, an open and robust media is the lifeblood of our democracy because. Thus, there is an essential connection between democracy and a diverse, local, competitive and independent media. We urge the Commission to adopt media ownership rules that encourage a diversity of viewpoints in both ownership of outlets and sources of content, cultivate localism, and preserve competitive outlets. This is the lifeblood of our democratic system and a matter of singular importance to the American people.

THE TENNESSEE MEDIA MARKET STUDY

This study examines what would happen if the biggest newspapers and television stations in several Tennessee cities got even bigger by merging. These situations could become a reality if the Federal Communications Commission relaxes a cross-ownership prohibition currently under consideration. The study uses a methodology that reflects the recent court ruling that overturned the FCC the last time the agency attempted to relax media ownership limits.

This study examines each market to answer three key questions. First, we measure how concentrated the ownership of media channels is today across each of the major media (newspapers, radio, and TV) and across the overall market of all media channels. Second, we measure how concentrated the market would become if cross-media mergers were permitted, i.e. the newspaper owner bought the largest TV station. Finally, we compare the levels of concentration today and the levels of concentration after a merger to standard measures of competition. The standards in the Department of Justice *Merger Guidelines* are used to determine the effects of possible mergers on the market for news and information in those cities. We also examine the percentage of the audience (market share) controlled by the largest company in a given city, as well as the market share controlled by the top four firms in a single media form (e.g. the top four radio stations). This measure shows us whether or not a market is an oligopoly, i.e. a small number of firms control most of the market share.

The results are stark. We find that Tennessee citizens already face highly concentrated markets with few choices of news and views. Possible mergers would only make matters

worse, risking both localism and democracy. Even in Nashville and Memphis, two of the top fifty markets in the country, any cross media merger involving the top two firms would increase concentration in excess of the Department of Justice and Federal Trade Commission *Merger Guidelines*. In the smaller markets, like Chattanooga, the outlook is even worse.

Because the radical relaxation of ownership limits proposed by the FCC in 2003 was stayed by the courts, the mergers modeled in this paper did not take place. However, the scenarios examined in this paper are not pie-in-the-sky hypotheticals. On the contrary, they are real possibilities and Nashville provides a perfect example of that.

Around the time of the release of the rules press accounts circulated that “Gannett could end up swapping a TV station in Greensboro, N.C. to Norfolk, Va.-based Landmark Communications in return for WTVF in Nashville.” Such a merger would be a merger between the number one newspaper and the number one TV station (the 1 + 1 scenario analyzed below). It would have a devastating impact on the Nashville media market. It would be effectuated by a mechanisms — swaps of properties — which we identify as a key facilitator of such deals.

Our analysis shows that every one of the major players who has expressed an interest in newspaper-TV cross-ownership has properties in the top fifty market (in which both Nashville and Memphis can be found) to engage in such swaps. If the cross-ownership ban is lifted, there is every reason to expect the wheeling and dealing to begin anon.

¹ Chris Lewis, “Local Media Poised for Change after FCC Vote,” *The City Paper*, May 21, 2003.

BACKGROUND ON THE STUDY

HOW DO WE DETERMINE WHETHER A LOCAL MEDIA MARKET IS “CONCENTRATED”? WHEN DOES A MERGER INCREASE CONCENTRATION “TOO MUCH”?

GOALS

We start from the goals of antitrust merger policy and media policy to answer these questions. Specifying goals is essential to evaluate the impact of any changes in policy. Antitrust merger policy is a useful starting point because it is the pre-eminent area of public policy analysis of market structure and merger impacts. However, while antitrust merger policy provides the analytic tool, the Communications Act and First Amendment jurisprudence set the ultimate goals for policy to set ownership limits on media because the media involves much more than merely commercial activities; they deeply affect the nature and quality of democratic discourse in our society.

What are the goals of antitrust analysis? The goal of the antitrust laws is to protect competition. In a merger review, the Department of Justice and Federal Trade Commission (DOJ/FTC) try to prevent the creation or exercise of **market power**, which “is the ability profitably to maintain prices above competitive levels for a significant period of time... Sellers with market power also may lessen competition on dimensions other than price, such as product quality, service or innovation market power,”²

What are the goals of media policy? The goal of the Communications Act is much broader in both what it seeks to promote and prevent. The Supreme Court has repeatedly ruled that the Communications Act “rests on the assumption that the widest possible dissemination

² Department of Justice/Federal Trade Commission, *Merger Guidelines* (1997).

of information from diverse and antagonistic sources is essential to the welfare of the public.”³

In *Red Lion*, the seminal television case, the Court ruled that “[i]t is the right of the viewers and listeners, not the right of the broadcasters, which is paramount...the right of the public to receive suitable access to social, political, aesthetic, moral and other ideas and experiences...[T]he ‘public interest’ in broadcasting clearly encompasses the presentation of vigorous debate of controversial issues of importance and concern to the public.”⁴

Limits on media ownership are based on the premise that “diversification of mass media ownership serves the public interest by promoting diversity of program and service viewpoints as well as by preventing undue concentration of economic power.”⁵ Moreover, “the greater the diversity of ownership in a particular area, the less chance there is that a single person or group can have an inordinate effect, in a political, editorial, or similar programming sense, on public opinion at the regional level.”⁶

Thus, media ownership limits are concerned about promoting diversity of viewpoint, and preventing undue concentration of economic power and inordinate influence over public opinion. There are other goals of the media policy, as well, such as localism and racial or gender diversity, but this analysis focuses on the concentration issue.

³ *Associated Press v. United States*, 326 U.S. 1, 20 (1945).

⁴ *Red Lion Broadcasting v. FCC*, 395 US 367, 390 (1969) (hereinafter *Red Lion*).

⁵ *FCC v. Nat’l Citizens Committee for Broadcasting*, 436 U.S. 775, 780 (1978); *Prometheus Radio Project, et al. v. FCC*, 373 F.3d 372, 383 (3rd Cir. 2004) (citing *Nat’l Citizens Committee for Broadcasting*, 436 U.S. at 780).

⁶ *Sinclair Broadcast Group, Inc. v. FCC*, 284 F.3d 148, 160 (D.C. Cir. 2002) (quoting FCC’s 1999 Local Ownership Order, [Review of the Commission's Regulations Governing Television Broadcasting, Report and Order, FCC 99-209 \(rel. Aug. 6, 1999\)](#)).

STANDARDS

What is a concentrated market? The Department of Justice and Federal Trade Commission analyze markets on the basis of the market share of the firms that sell products in the market. They use the Herfindahl-Hirschmann Index (HHI) to analyze markets on the basis of the market shares of firms.⁷ When there are fewer than the equivalent of 10 equal sized competitors (an HHI of 1000), the market is considered concentrated. For the DOJ, mergers that increase concentration in these markets by as little as 10 percent (for example, 100 points on 1,000) “raise significant competitive concerns.” At this level of concentration, markets are considered oligopolies. Markets with the equivalent of 5.5-equal sized firms (HHI of 1800) are considered highly concentrated and mergers that increase concentration by as little as 3 percent (50 points on 1,800) are deemed to be “likely to create or enhance market power.”

Market structure is also frequently described in terms of the combined market share of the top four firms in the market.⁸ When the top four firms have more than 40 percent of the

⁷ In plain English, the HHI is calculated by taking the percentage of the market that each firm has, squaring it and summing for all firms. William G. Shepherd, *The Economics of Industrial Organization* (Englewood Cliffs, NJ: Prentice Hall, 1985), p. 389, gives the following formula for the Herfindahl-Hirschman Index (HHI):

$$H = \sum_{i=1}^n S_i^2 \times 10,000$$

where

n = the number of firms

S_i = the share of the ith firm.

⁸ Technically, the four firm concentration ratio can be written as follows William G. Shepherd, *The Economics of Industrial Organization* (Englewood Cliffs, NJ: Prentice Hall, 1985), p. 389:

market, the market is considered to be an oligopoly.⁹ When the top four firms have more than 60 percent of the market, it is considered a tight oligopoly.

For the purpose of this analysis, we focus on market structure.¹⁰ We describe media markets in terms of the basic antitrust thresholds – whether they are concentrated or oligopolies and whether mergers would increase concentration in excess of the *Merger Guideline* standard. Of course, many believe that because media ownership affects democratic discourse so profoundly, the standard should be even higher. Moreover, there is no guarantee that competitive markets achieve the other goals of the Communications Act, such as localism, or ensuring minority ownership.

METHOD

To analyze whether local news and information sources are concentrated, we first calculate the market share of the firms in a particular market. **For daily newspapers, we count the circulation** of all the daily newspapers sold in the area and calculate what percentage of the total each paper gets. **We do the same for weeklies and calculate an average daily circulation.** For TV, things are slightly more complicated, since news is only a small part of what they do. Here **we look at the ratings of each TV station during the**

$$CR4 = \sum_{i=1}^n S_i$$

where

$n = 4$

S_i = the share of the i th firm.

⁹ William G. Shepherd, *The Economics of Industrial Organization* (Englewood Cliffs, NJ: Prentice Hall, 1985), p. 4.

¹⁰ See Mark Cooper, *Building a Reasonable Measure of Media Market Structure* (McGannon Communications Research Center, Fordham University, 2006).

news day parts. For radio, we count only those stations that list news, information, public affairs or talk as one of their top three formats and count their market share.

What is the market we are talking about? TV broadcast signals can cover a large area, especially when they are distributed over cable systems. Radios cover a much smaller area. Newspapers tend to have circulation concentrated within a small area, which is why they have the name of a city or county in their title. Weeklies generally serve even smaller areas. Economists refer to this as defining the geographic market. **This analysis uses the radio market (Arbitron), which is generally associated with cities, as the basic market. It includes the daily and weekly newspapers that are based in that market and all the TV stations available in the area (Designated Market Area). Other types of media such as the Internet and magazines are included as well, but the merger analysis focuses on newspapers and TV.**

How do we compare and combine different media in a market to determine market concentration? How does the daily circulation of the newspaper compare to the average daily viewership of news shows? Do people substitute one for the other? Even if they do, does a short spot on the TV morning news have the same impact as a long piece in the morning paper? **Weights in this study are based on survey evidence about which media influence public opinion.** The evidence shows that the most important sources for local news and information are local TV stations and local daily newspapers, followed by radio and weeklies. The survey reveals the relative importance,¹¹ or “weight,” that the public

¹¹ See Mark Cooper, *Media Usage: Traditional Outlets Still Dominate Local News and Information* (Washington, D.C.: Media and Democracy Coalition, 2006).

places on these local news sources, as follows: **Television = .33, Newspapers = .32, Radio = .11, Weeklies = .10.**

Market shares for the purpose of estimating market concentration are then measured as follows:

WITHIN MEDIA = AUDIENCE

ACROSS MEDIA = AUDIENCE X WEIGHT.

Which Cities are analyzed? To assess the current status of local media markets and the potential impact of lifting the cross media ban, we have analyzed three cities in the state to cover the range of possibilities: **the largest city in the state; the smallest city in the state in which cross-ownership would be allowed under the FCC rules, and the state capital, which plays a special roll in policymaking in the state.**

What potential mergers were analyzed? We focus on **newspaper-TV mergers.** The FCC's rules that were remanded gave "no questions asked" approval to all mergers in all markets where minimal safe harbor conditions held. Under these circumstances and given market pressures, we would expect each of the major firms to try to build the biggest conglomerate possible.

To model the potential impact of the green-lighted merger, we consider two scenarios. In the **1st + 1st scenario, the largest firm merges with the largest available cross-media firm.** The **2nd largest unmerged firm does the same.** In the **1st + 2nd scenario the mergers are flipped.** The largest firm is assumed to merge with the second largest cross media firm available, while the second largest firm merges with the largest cross media firm available. In both cases, where the largest firm already owns a newspaper and a TV station, we assume it buys a second or third TV station. We assume mergers take place until all significant daily

newspapers have merged with TV stations (papers with more than 5 percent of the total market).¹² Under a “no questions asked” approach, there is nothing the agency could do to stop the merger wave. **We do not consider additional TV-TV mergers**, which also would have been allowed by the FCC’s remanded rules and would concentrate markets even more.

Why do you analyze mergers that could happen? There are several reasons. First, **when a major change in ownership rules is proposed that could fundamentally alter market structure, it is irresponsible to not examine what could happen.**

Second, the experience over the last decade with similar changes in ownership rules suggests substantial merger activity will take place.¹³ In less than a decade after the repeal of the Financial and Syndication Rules, the broadcasters went from owning about one-fifth of the shows in prime time to four-fifths. In less than a decade after the lifting of the national cap on radio, the top four firms went from owning less than 200 stations to owning almost 2,000. In less than a decade after the relaxation of the duopoly rule, over 75 duopolies were created.

Third, in looking at media outlets, **it is clear that many properties would be in play.** The TV stations that are not owned and operated by the major networks would certainly be targets. Properties owned by Tribune, Belo, Hearst, Media General and Fox would be in play, since all of the parent corporations are already in both the TV and the newspaper business. Only the network-owned and operated stations (O&O’s) in the largest markets might be more

¹² We assume that the largest merger in each scenario takes place first and only the top two mergers are flipped in the second scenario.

¹³ These trends are analyzed in Mark Cooper, *Media Ownership and Democracy in the Digital Information Age* (Palo Alto, Stanford Law School Center for Internet and Society, 2003) Chapter VI.

difficult acquisition targets. However, with increased pressure from a wave of combinations, these stations too might find it hard to resist assimilation into a cross-owned enterprise.

Fourth, **many of the mergers could take place by swapping properties**, rather than with buyouts. This would diminish the amount of cash that would be needed to make the deals.

Finally, the issue of mergers and major structural changes in media markets that they could cause is a long-term concern. **The question is not which mergers will take place the week, month or year after the policy change, but how it will evolve over a period of years.**

In summary, **the possibility that a substantial amount of merger activity would take place is high. It is incumbent upon policymakers and the public to understand what could happen in these very important markets.**

RESULTS OF THE ANALYSIS

We find that every individual medium in every city is a highly concentrated, tight oligopoly. Even when we combine all the media into an overall media market, we find that the media markets are concentrated, tight oligopolies in Nashville, Memphis and Chattanooga. We find that any cross-media mergers would cause a major increase in market concentration that violates the DOJ/FTC *Merger Guidelines*. If these mergers were allowed, most markets would be dominated by one or two large players.

Nashville

Current Status: As shown in Exhibit 1, the HHI for each individual media outlet indicates a highly concentrated market. The combined media market is highly concentrated

as well. Exhibit 2 shows the largest four firms have a combined market share of 80 percent to 100 percent, making them all tight oligopolies. When we combine all of the media outlets into a combined media market, we find that the overall market is highly concentrated and a tight oligopoly.

The *Tennessean* is the dominant newspaper in Nashville by far. The leading television stations are WSMV, WTVF, and WKRN.

Impact of Mergers: As shown in Exhibits 3 and 4, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from just under 2000 to over 3000. The four firm concentration ratio would rise from about 60 percent to about 90 percent.

As shown in Exhibits 3 and 5, the leading firm's market share would rise from 35 percent to over 50 percent if cross-ownership were allowed. The second ranked firm in the market would be much smaller, less than half the size with a market share of under 20 percent. Together, the top two firms would have almost three-quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

Memphis

Current Status: As shown in Exhibit 1, the HHI for each individual medium indicates a highly concentrated market. The combined media market is highly concentrated. Exhibit 2 shows the largest four firms have a combined market share of 90 percent to 100 percent for the individual media almost 90 percent for the combined media, making them all tight oligopolies. When we combine all of the media outlets into an overall media market, we find that the overall market is highly concentrated and a tight oligopoly.

The *Commercial Appeal* is the dominant newspaper by far. The leading TV stations are WREG, WMC and WHBQ.

Impact of Mergers: As shown in Exhibits 3 and 6, under both of the scenarios considered, allowing cross-ownership in this market would have a large impact, with the HHI rising from about 2300 to a range of 3000 to 4000.

As shown in Exhibit 7, the leading firm's market share would rise from about 34 percent to about 60 percent, if cross-ownership were allowed. The second ranked firm in the market would be much smaller, with a market share of under 20 percent. The top two firms would have over three-quarters of the market. If the dominant firms added more TV stations to their holdings, which would be allowed under the FCC approach, the situation would become even more dangerous.

Chattanooga

Current Status: As shown in Exhibit 1, the HHIs indicate that the individual media markets are highly concentrated, as is the combined market. Four firm concentration ratios in Exhibit 2 are all near or at 100 percent for the individual media and over 85 percent for the combined market. Thus, the combined market is a highly concentrated tight oligopoly.

The dominant newspaper is the *Commercial Appeal*. The leading television stations are WRCB, WTVC and WDEF.

Impact of Mergers: Any single merger violates the *Guidelines* by a wide margin. As shown in Exhibits 3 and 8, both merger scenarios yield a substantial increase in the HHI, in the range of points, 1300 – 1700 points. The dominant firm would go from around 40 percent to around 60 percent.

As shown in Exhibit 9, mergers would result in a market that would be dominated a single firm. The largest firm market share would not only rise to almost over 60 percent of the market, it would dwarf its nearest rival, which would be one-quarter the size. Combined, the top two firms would have three-quarters of the market.

CONCLUSION

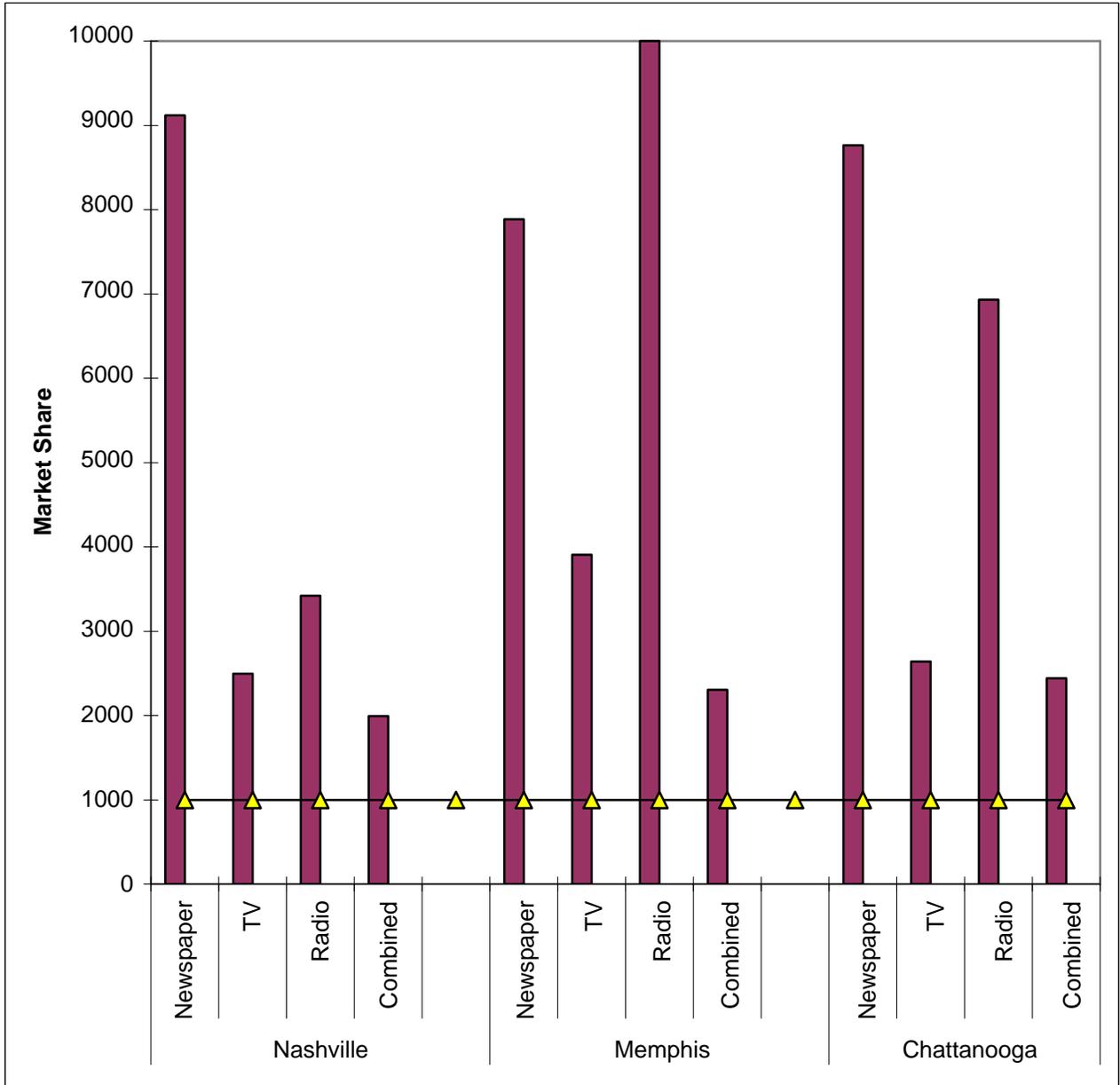
Mergers between newspapers and TV stations in the same market are front and center in the ongoing media ownership proceeding at the Federal Communications Commission for several reasons.

- Television and newspapers are the two most important sources of local news and information by far.
- The ban on such mergers was the longest standing of the rules that the Commission is considering.
- The Commission proposed the most radical change in this rule – allowing newspaper-TV combinations in virtually every city in America.
- In rejecting the Commission’s cross-media limits, the Court devoted a great deal of attention to the Commission’s faulty reasoning and flawed analysis of media markets. This paper has shown that mergers between newspapers and TV stations in the same market pose a grave threat to democratic discourse.
- In antitrust terms, these mergers result in increases in market concentration that raise significant competitive concerns and are likely to create or enhance market power.

- In terms of the Communications Act and First Amendment jurisprudence, the newspaper-TV combinations that result dominate the local market raising concerns about undue economic concentration and inordinate influence over public opinion.

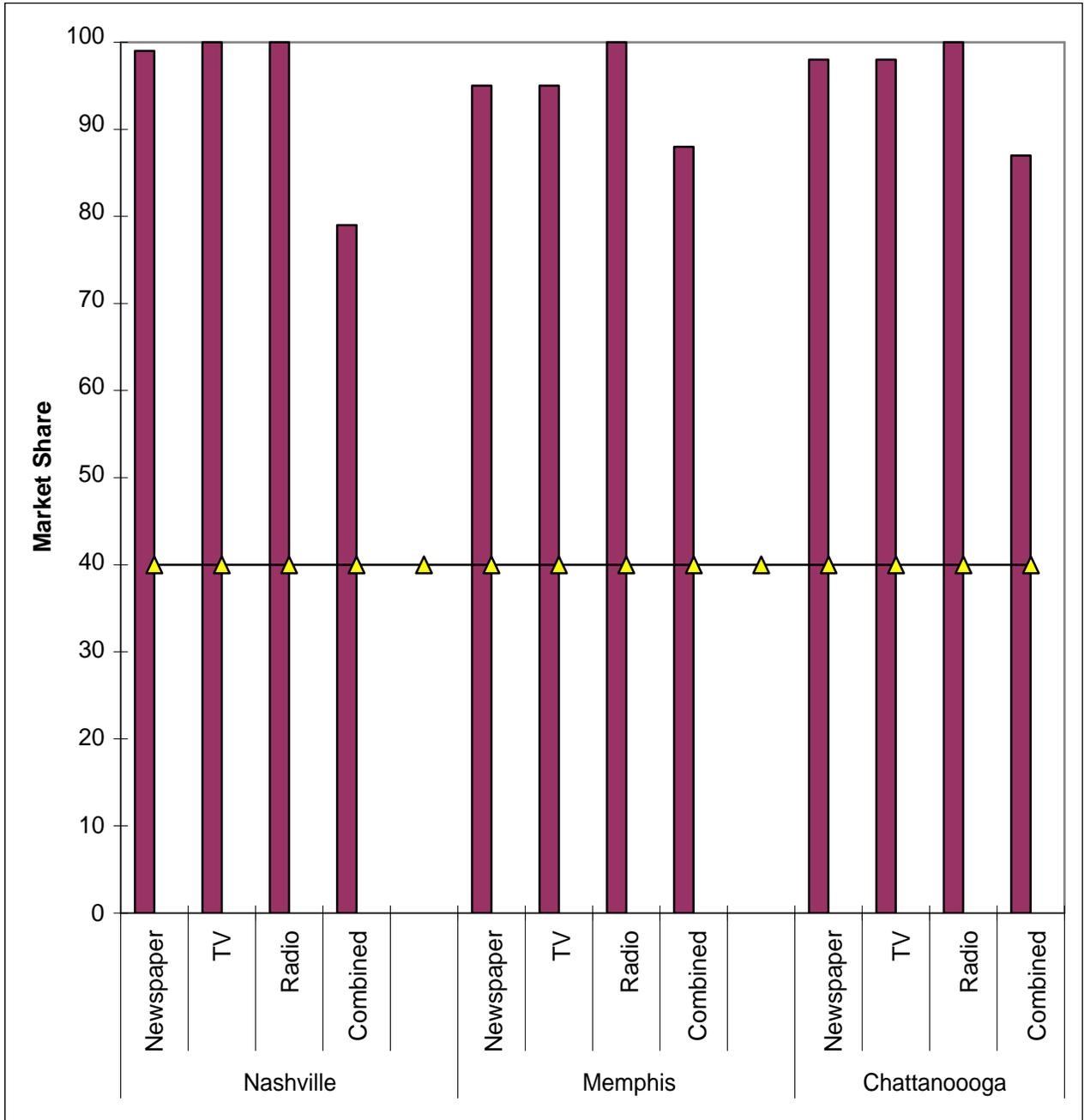
Historical evidence and logic suggest that many of the mergers analyzed in scenarios considered would take place. Policymakers and the public need to be aware of these dire consequences should the ban on newspaper-TV combinations be lifted

**EXHIBIT 1:
 TENNESSEE: CURRENT MEDIA MARKET STRUCTURE
 DOJ/FTC MERGER GUIDELINES HHI**



△ = Concentrated above 1,000

**EXHIBIT 2:
 TENNESSEE: CURRENT MEDIA MARKET STRUCTURE
 FOUR FIRM CONCENTRATION RATIO**



△ = Oligopoly, above 40

**EXHIBIT 3:
TENNESSEE: SUMMARY OF IMPACT OF NEWSPAPER/TV MERGERS**

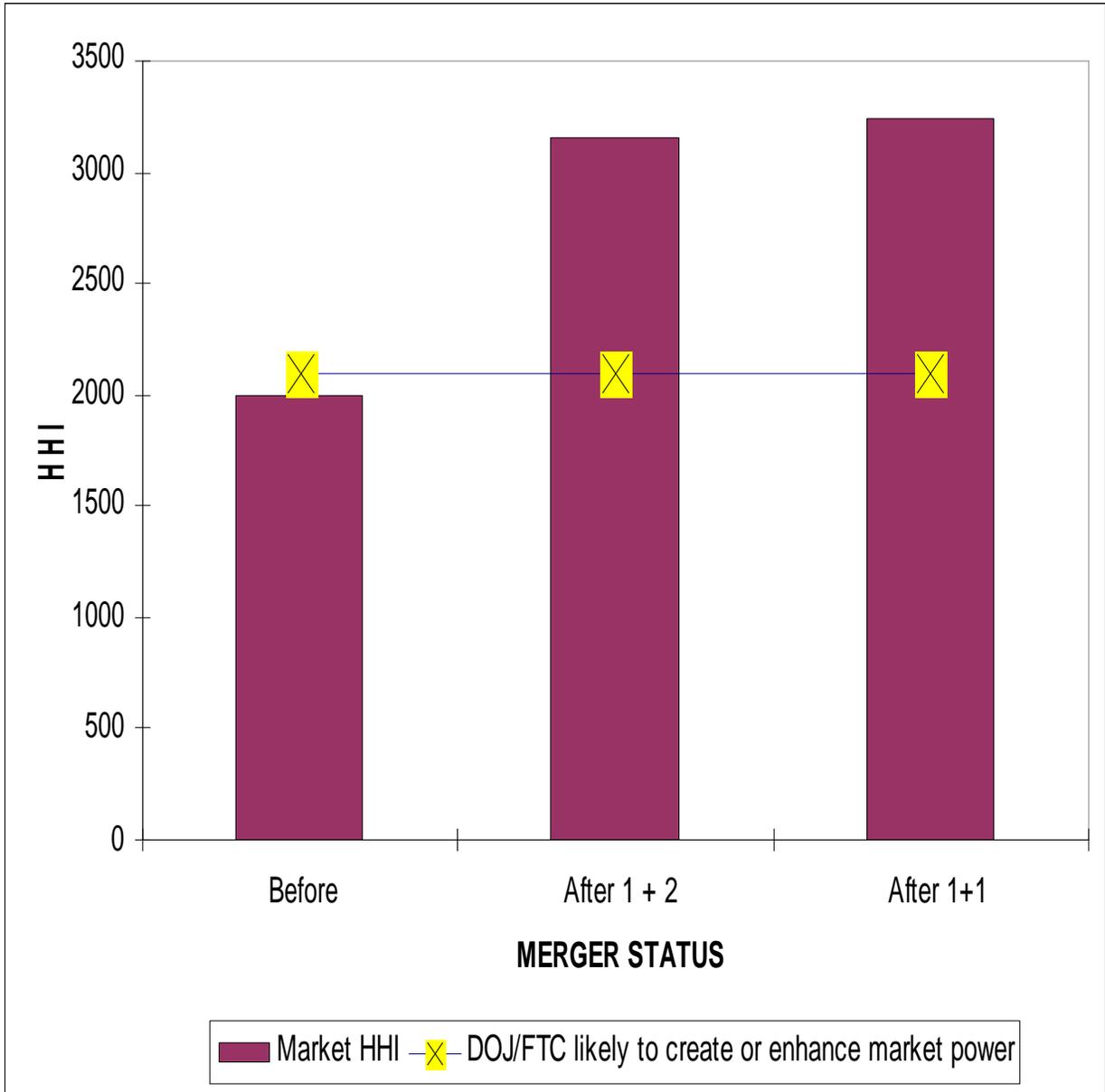
**1 + 1 Scenario:
Largest Newspaper Merges with Largest TV Station, etc.**

| City | Market HHI | | Final Post-Merger Market Status | Merger Guidelines Threshold | | Change in Leading Firm Shares | | | |
|-------------|------------|-------|------------------------------------|-----------------------------|------------------------|-------------------------------|-------------------|--------------------|-------------------|
| | Before | After | | 1 st Merger | 2 nd Merger | Top Four Before | Top Four After | Top Firm Before | Top Firm After |
| Nashville | 1992 | 3236 | Highly Concentrated | Violated | Violated | 79% | 91% | 35% | 53% |
| Memphis | 2304 | 4247 | Highly concentrated | Violated | Violated | 88% | 90% | 34% | 63% |
| Chattanooga | 2442 | 4133 | Highly concentrated | Violated | NA one daily | 87% | 90% | 41% | 61% |

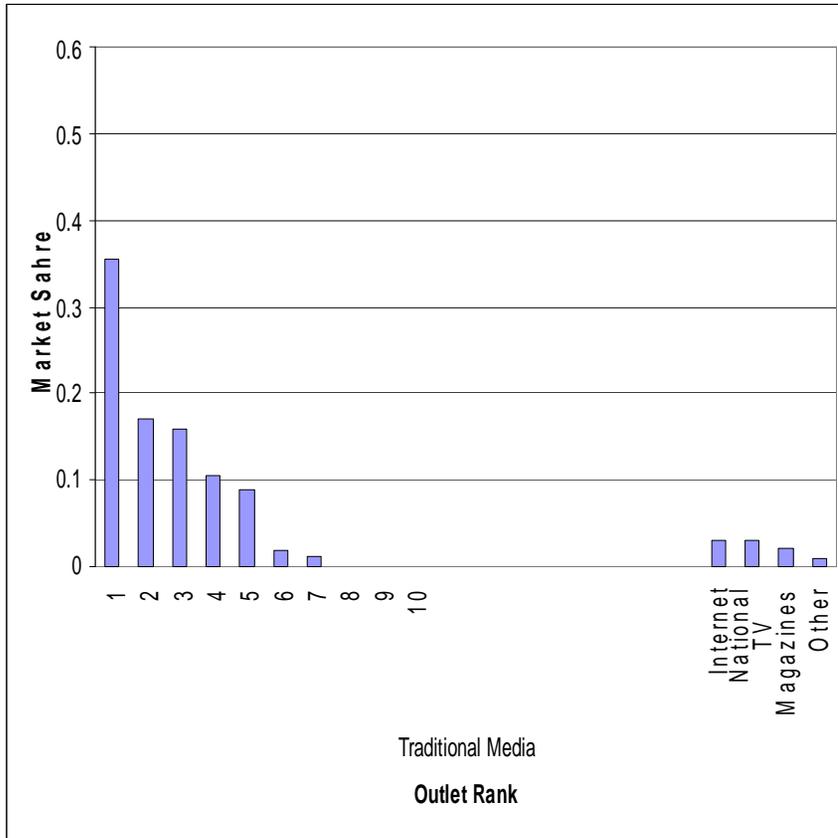
**1 + 2 Scenario:
Largest Newspaper Merges with Second Largest TV Station, etc.**

| | | | | | | | | | |
|-------------|------|------|---------------------|----------|--------------|-----|-----|-----|-----|
| Nashville | 1992 | 3156 | Highly Concentrated | Violated | Violated | 79% | 89% | 35% | 51% |
| Memphis | 2304 | 3277 | Highly concentrated | Violated | Violated | 88% | 99% | 34% | 47% |
| Chattanooga | 2442 | 3781 | Highly concentrated | Violated | NA one daily | 87% | 90% | 41% | 57% |

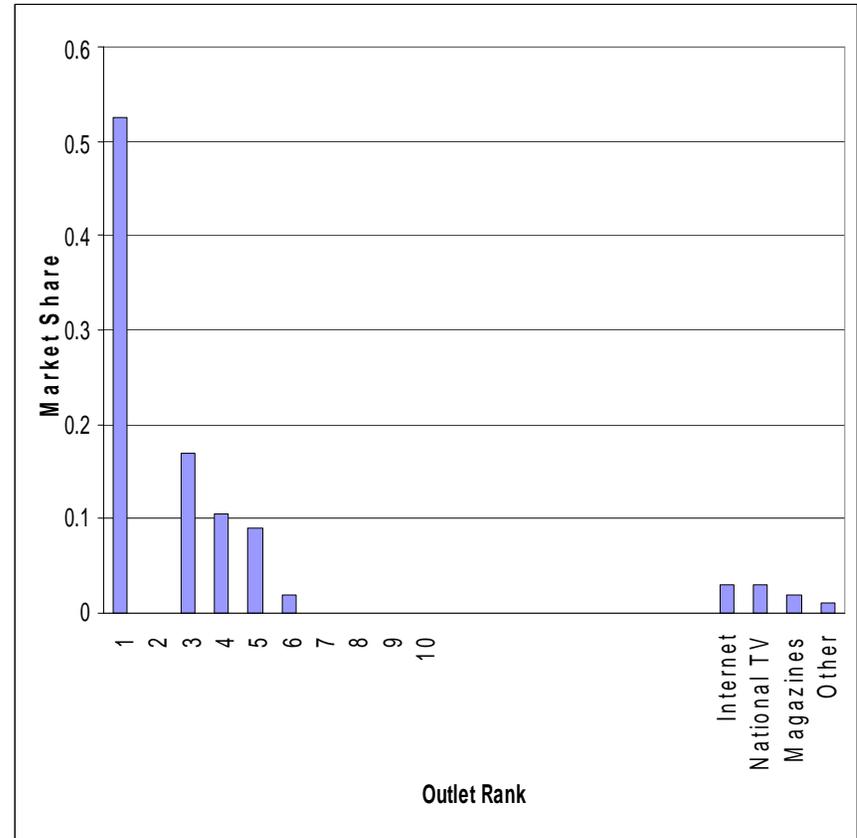
**EXHIBIT 4:
NASHVILLE: IMPACT OF NEWSPAPER/TV MERGERS:
CHANGE IN HHI**



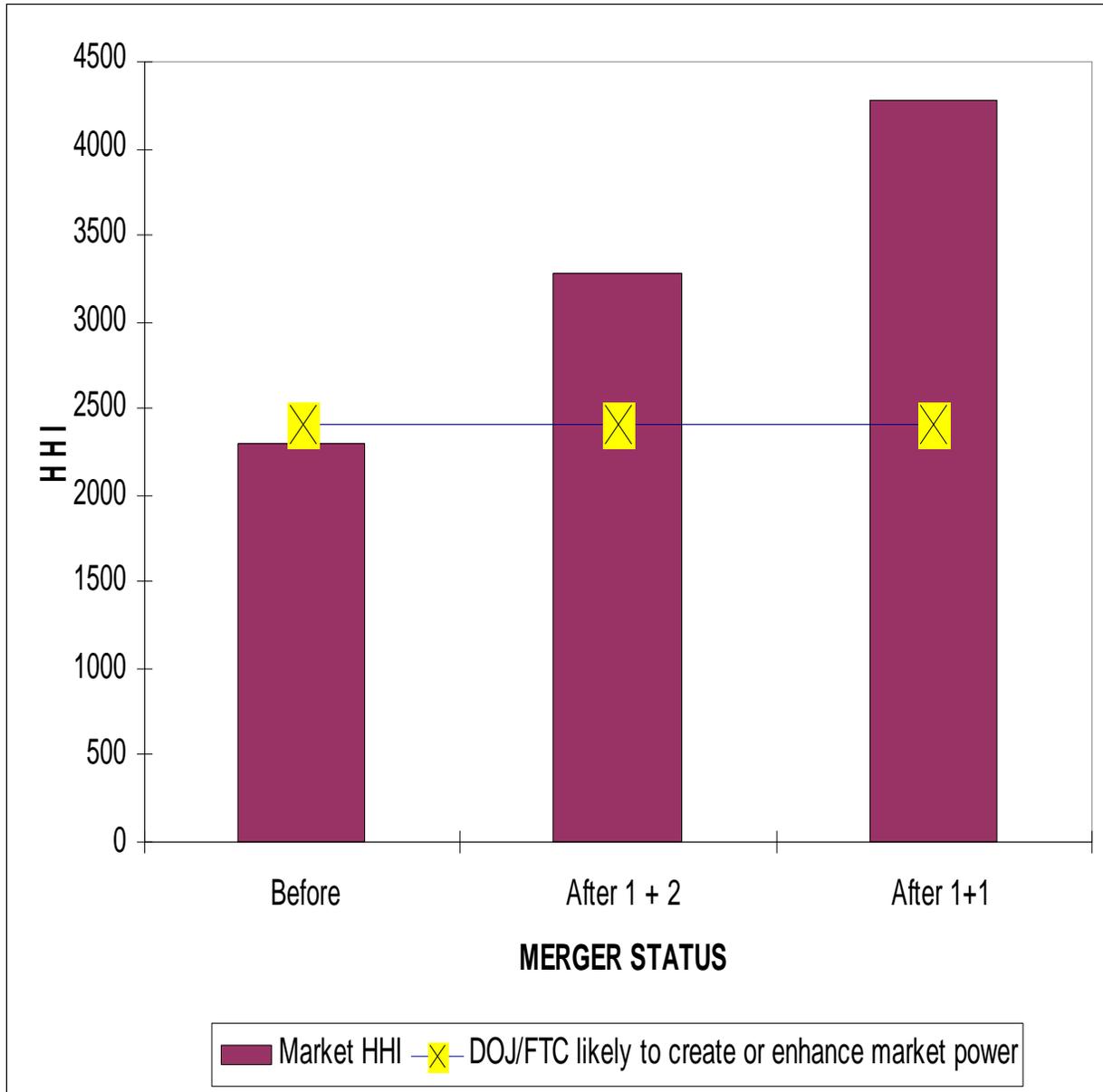
**EXHIBIT 5:
NASHVILLE: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS
(Traditional and Other)
CURRENT**



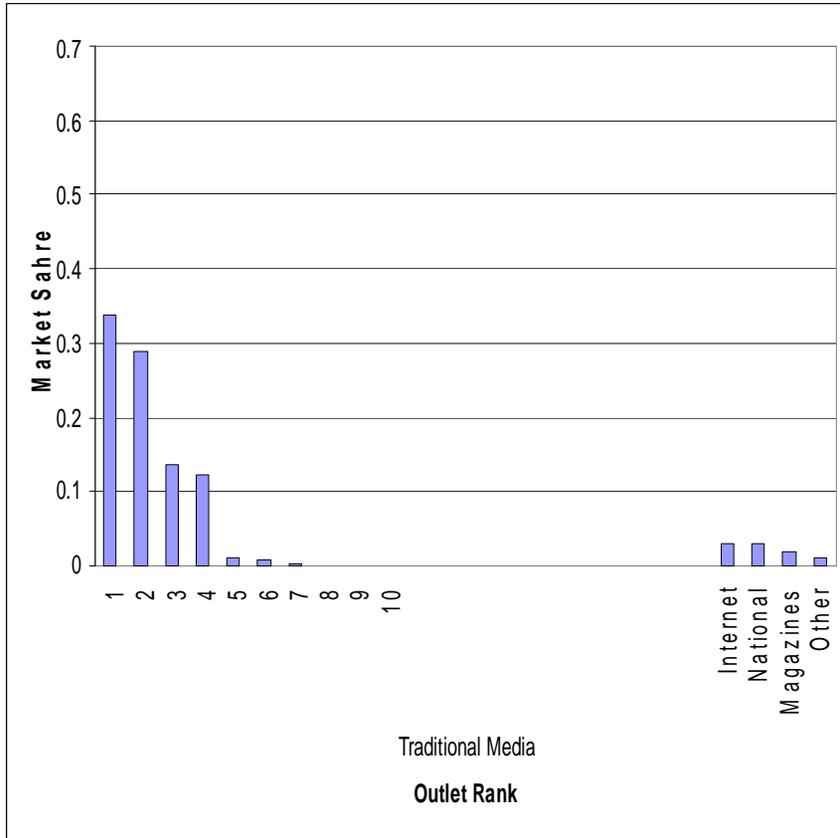
AFTER MERGERS (1st Scenario)



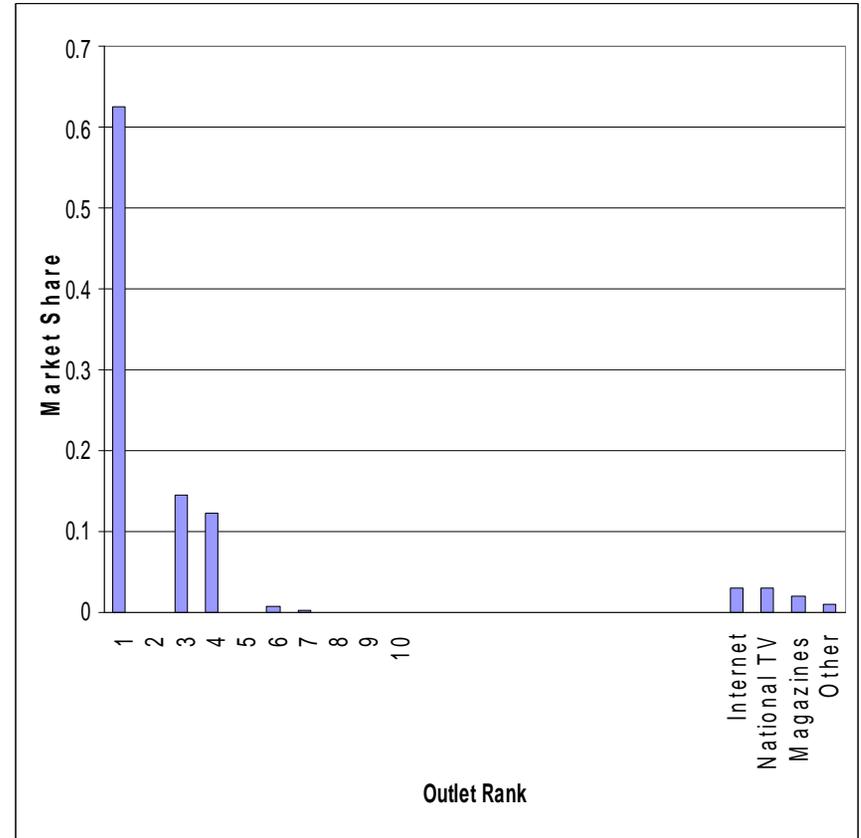
**EXHIBIT 6:
MEMPHIS: IMPACT OF NEWSPAPER/TV MERGERS
CHANGE IN HHI**



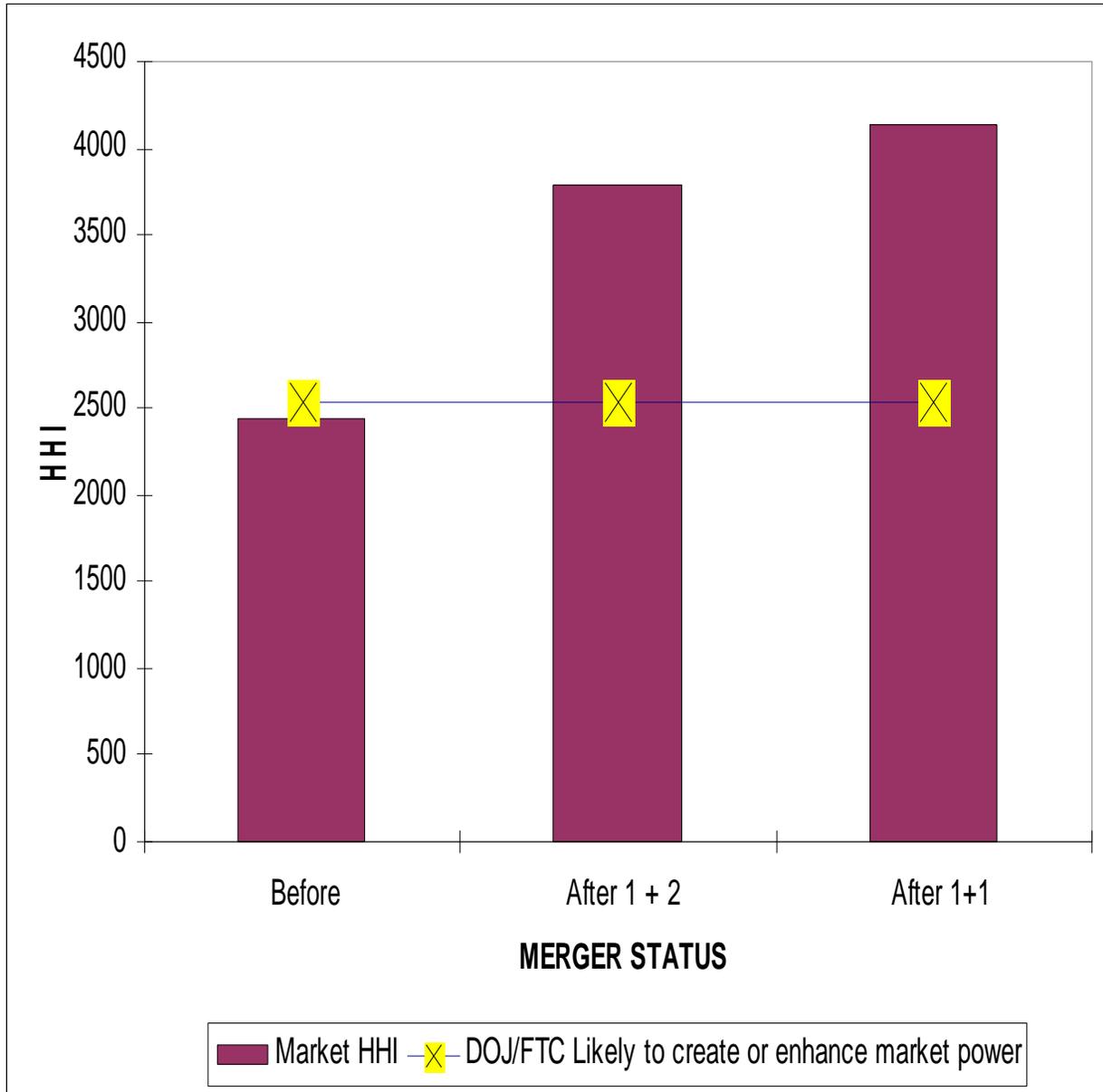
**EXHIBIT 7:
MEMPHIS: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING FIRMS
(Traditional and Other)
CURRENT**



AFTER MERGERS (f^t +1st Scenario)

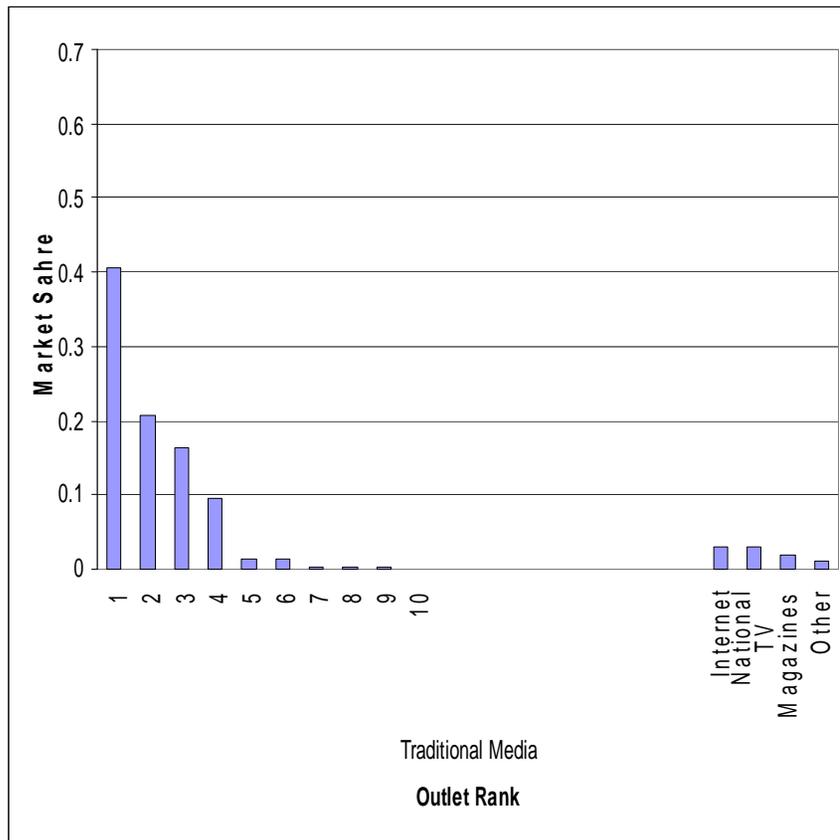


**EXHIBIT 8:
CHATTANOOGA: IMPACT OF NEWSPAPER/TV MERGERS
CHANGE IN HHI**

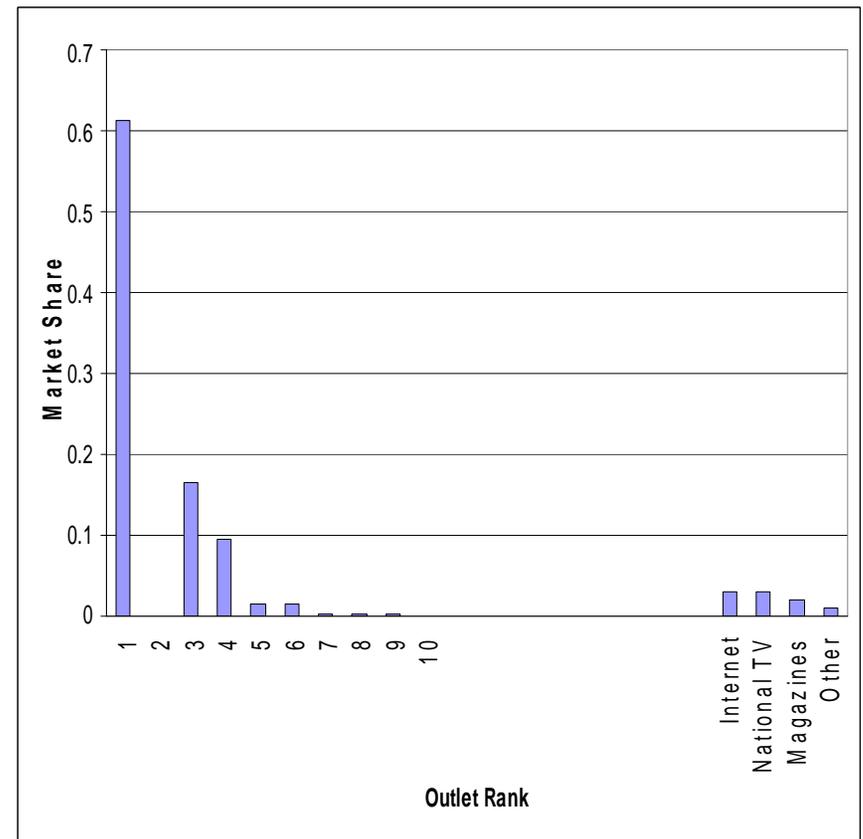


**EXHIBIT 9:
CHATANOOGA: IMPACT OF NEWSPAPER/TV MERGERS, MARKET SHARE OF LEADING
FIRMS
(Traditional and Other)**

CURRENT



AFTER MERGERS (1st Scenario)



REPLY STUDY 3

**THE IMPACT OF VERTICAL INTEGRATION ON DIVERSITY IN THE
VIDEO PRODUCT SPACE**

MARK COOPER AND S. DEREK TURNER

ABSTRACT

A handful of vertically integrated companies are already dominant in the production and distribution of entertainment programming via cable and satellite, as well as broadcast television and radio. It is important to understand the genesis and the consequences of this remarkable degree of concentration in the entertainment sector for two reasons. Entertainment programming is a part of the broader democratic discourse, and the history of vertical integration in the entertainment sector may well be a harbinger of similar events in the narrower realm of the production of news and information.

The larger the number of sources competing to develop programming, the more wide-ranging and vibrant their ideas will be. In the 1970's and 1980s, with Financial and Syndication (Fin-Syn) rules limiting the amount of prime time programming broadcasters could own, more than two dozen independently produced series were not only commercially successful but also served to broaden and enrich television. *All in the Family* and *The Cosby Show* are but two examples of groundbreaking, socially relevant prime time programming that presented, in prime time and before a mass audience, portraits of family life that more accurately reflected the richness and diversity of America. The important policy point is not that these programs were critically acclaimed and commercially successful (although many were), but that the diversity of sources frequently resulted in programming that addressed controversial topics and presented non-stereotypical role models for the young.

Once the Fin-Syn rules were allowed to expire, every major broadcast network became co-owned with a major studio and production of programming for television was taken "in-house." This trend was strongly reinforced by the must carry/retransmission policies adopted in the early 1990s, which gave broadcasters the leverage to dominate the cable dial.

The result is that vertically integrated firms with broadcast product and retransmission rights exert cross-platform dominance in general, national cable programming.

Reply Study 3 includes a discussion of the fundamental structure of the advertiser-supported television broadcast industry and the role that profit maximization plays within that structure. Market imperfections on both the supply and demand sides undermine the claim that broadcasters just provide consumers what they want to watch. The effects of vertical integration amplify these imperfections. So-called consumer demand for programming is, in reality, filtered through the lens of advertiser demand. On the supply side, the combination of quality and price of programming is filtered through the profit maximization potential of airing self-owned programming, including the prospects of repurposing, rerunning and cross-promoting.

Television and newspaper combinations have both vertical and horizontal aspects to them with respect to the production of news content. Newspaper-television combinations have the same economic incentives to sell eyeballs to advertisers as the entertainment conglomerates, and they are also motivated to maximize profits through repurposing, rerunning and repackaging the content they produce. The removal of structural constraints on vertical integration in the production of news and information may well result in the same outcome as has occurred in the entertainment space: an enormous negative effect on both quality and diversity.

INTRODUCTION

Although we generally approach these proceedings with a focus on news and information, there is a thread in the proceeding which argues that entertainment matters too -- music and TV prime time. Indeed, we filed a petition for reconsideration that raised these concerns in the TV entertainment space.

A number of commenters have picked up the central theme of our reconsideration petition with respect to the issue of vertical integration.¹ They argue that the trend toward consolidation and vertical integration between the production and distribution of content has resulted in a decline in the quality of product and the elimination of independent sources of output. Thus, source diversity has been undermined with the deleterious effects that we identified both in our petition for reconsideration and in our initial comments in the current proceeding.

The history of the growth of vertical integration over the past two decades teaches a number of lessons for the current proceeding.

- It serves to underscore how important structural policies that restrict media ownership are. The comments show a direct link between policy changes and changes in behavior.
- The experience of vertical integration also contradicts the claim that the marketplace will provide source diversity through market processes.
- The ownership of both the production and distribution of content, which is the essence of vertical integration, poses the same threats to the production and distribution of local news as it does for national entertainment. In some senses, the fact that relaxation of limits on vertical integration in the national video entertainment market could have such an impact on a large national market, suggests that much smaller local news markets would be even more vulnerable to abuse of market power and vertical leverage.

¹ AFL-AFTRA, Creative Voices, Independent Film and Television Alliance.

Thus, a close examination of vertical integration in video entertainment programming serves two purposes. First, this programming is a part of the broader democratic discourse. Second, the processes observed in this sector may be harbingers of what could happen in the narrower realm of the production of news and information where restrictions have not been lifted.

As described in our comments in the *2002 Biennial Review*, television-newspaper combinations have both vertical and horizontal aspects to them with respect to the production of news content.² When TV stations and newspapers merge in a city, the resulting entity frequently controls a high percentage of the reporters in the city – the workers who produce the news. They also control a high percentage of the audience for news in that market. The newspaper-TV combination experiences the same economic incentives to sell eyeballs to advertisers and minimize costs through repurposing, rerunning, repackaging, etc. its content as does the entertainment conglomerate. The history of the reaction to the termination of the primary structural constraint on vertical integration in the entertainment space shows that vertical integration will quickly follow with its inevitable, negative effect on quality and diversity.

In these reply comments we do not re-plow old ground. Rather, we add two layers to the analysis in the record. First, we add a discussion of the underlying market failure that

² Initial Comments of Consumer Federation of America, Consumers Union, Center for Digital Democracy and Media Access Project,” *In the Matter of 2002 Biennial Regulatory Review - Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets, Cross-ownership of Broadcast Stations and Newspapers*, MB Docket No. 02-277, 01-235, January 2, 2003,, p. 221.

afflicts the television market. Then we add qualitative detail to the record evidence provided by CFA, et al., and IFTA.

THE ROLE OF INDEPENDENTS IN SOURCE DIVERSITY

It is important to start with an understanding of the importance of source diversity. In our reconsideration petition and initial comments, we have outlined the theoretical reason why source diversity is so crucial to the overall goal of diversity. The larger the number of sources, competing to develop programming, particularly if they are independent, the more vibrant the ideas that are tried will be. There are repeated examples of independents being rejected by one network, but succeeding wildly on another; of one network wanting to alter the essential nature of a show, while another did not. Rather than recount those example, here we would like to stress that it is the infrastructure of creativity that is important and the willingness to take risk and shop options around to distributors that is undermined by vertical integration.

The IFTA report labors with data on awards and popularity (Oscars, Emmys, box office receipts and Nielsen ratings) from the 1980s and 1990s to make a basic point.³ There can be no claim that the independents were expelled from prime time because they could not produce quality products. On the contrary, they outperformed the affiliated producers and major studios. There is a suggestion in the data that the decline in ratings through which the industry has suffered was caused, in some part, by the exclusion of the independents.⁴

³ Cooper, Mark, *The Impact of the Vertically Integrated, Television-Movie Studio Oligopoly on Source Diversity and Independent Production* (attached to IFTA comments) pp. 26-69.

⁴ Id., pp. 69-70.

The basic public policy point is not about quality or ratings, however, it is about diversity. The presumption is that a more diverse set of producers will produce a more diverse set of products to be aired. Quantification of this issue has been difficult, since genres or formats have been incorrectly represented as diversity. It is the subject matter and roles or role models for the young that are more to the point. Quantifying this outcome measure is extremely difficult.

However, there can be no doubt that the independents who rose during the period of Fin-Syn shattered the illusory image of a lily white, suburban America, where father's worked and knew best and mothers prepared meals. There is a stunning list of independently produced TV shows that reminded the public in prime time and before huge audiences that America was black, white and brown; male and female; married, divorced, widowed, or abandoned; more urban than rural, more working class than not; where single moms of both races worked in interesting and sometimes dangerous occupations while raising families on their own, and older Americans were more than just grandparents fawning over grand kids, but lived real lives with human appetites and frailties (see Exhibit 1). While the most frequently cited examples, *All in the Family* and *The Cosby Show* appear on the list and they are the most spectacular in their success and their spin-offs, it is the breadth of independently produced shows that should get attention too. Over two dozen shows from almost a dozen different producers broadened and enriched television with different images and issues during the period of Fin-Syn. These shows won over half the Emmys for Best Comedy or Best Drama series in the twenty year period that Fin-Syn was firmly in place.

Thus, while it may be a bit of an exaggeration to say that most of the groundbreaking, socially relevant diversity in the history of television was brought to the TV screen by

independents who owed their opportunity to the implementation of Fin Syn, the list of shows in Exhibit 1 demonstrates that it is not much of an exaggeration. And, this is not a comprehensive list of successful independent shows, just a list of those that seem to have made a unique contribution to diversity. Indeed, the exhibit emphasizes the possibility of succeeding commercially while contributing to diversity. The exhibit demonstrates that these shows that dealt with important social issues were not only critically acclaimed, but also successful. Many had long runs with long periods in the top thirty rated shows.

**Exhibit 1:
Leading Independent TV Series Contributing to Content Diversity
during the Full Implementation of the Financial and Syndication Rules**

| Series | Start | 1st Year in Top 30 | Last Year | Number of Years | |
|----------------------|-------|-----------------------|-----------|-----------------|-----------|
| | | | | In 1st Run | In Top 30 |
| Mary Tyler Moore | 1970 | 1970 | 1977 | 8 | 6 |
| All in the Family | 1971 | 1971 | 1983 | 12 | 11 |
| Sanford and Sons | 1972 | 1972 | 1977 | 6 | 6 |
| The Waltons | 1972 | 1972 | 1981 | 10 | 6 |
| Maude | 1972 | 1972 | 1978 | 7 | 4 |
| Good Times | 1973 | 1973 | 1979 | 7 | 4 |
| Streets of San Fran. | 1972 | 1973 | 1977 | 6 | 3 |
| Chico & the Man | 1974 | 1974 | 1978 | 5 | 2 |
| Rhoda | 1974 | 1974 | 1978 | 5 | 3 |
| Jeffersons | 1975 | 1975 | 1985 | 11 | 8 |
| One Day at a Time | 1975 | 1975 | 1982 | 10 | 8 |
| Welcome Back Kotter | 1975 | 1975 | 1979 | 5 | 3 |
| Barney Mill | 1975 | 1978 | 1982 | 8 | 4 |
| Tony Randall Show | 1976 | 1976 | 1978 | 3 | 1 |
| Lou Grant | 1977 | 1978 | 1982 | 6 | 2 |
| Benson | 1979 | 1979 | 1986 | 7 | 1 |
| Hill Street Blues | 1981 | 1981 | 1987 | 8 | 3 |
| Kate & Allie | 1984 | 1984 | 1989 | 6 | 4 |
| Cagney and Lacy | 1982 | 1983 | 1988 | 6 | 2 |
| Cosby show | 1984 | 1984 | 1993 | 10 | 10 |
| Golden Girls | 1985 | 1985 | 1992 | 8 | 7 |
| Moonlighting | 1985 | 1985 | 1989 | 5 | 3 |
| A Different World | 1987 | 1987 | 1993 | 7 | 5 |
| Roseanne | 1988 | 1988 | 1997 | 10 | 7 |
| Seinfeld | 1990 | 1992 | 1998 | 9 | 7 |

Source: shows from William M. Kunz, *Culture Conglomerates* (New York, Rowman and Littlefield, 2007), chapter 5. Prime Time rankings from Tim Brooks and Earle Marcsh, *The Complete Directory to Prime Time Network and Cable TV Shows: 1946-Present* (New York: Ballantine Books, 2003), Appendices 2 and 3.

THE EXTREME LEVEL OF VERTICAL INTEGRATION AND CONSOLIDATION IN VIDEO

The record shows that vertical integration and horizontal concentration in the video industry rose to incredibly high levels. Exhibit 2 shows the current media properties owned by the five dominant vertically integrated firms. These are defined as those who own both major movie production operations and major video distribution operations. All of the national television broadcast networks and all of the cable entertainment channels that reach a majority of American households are represented in this list. We should also not forget that the vertically integrated video companies that dominate the entertainment space also dominate the video news market, account for the major nightly news casts, news magazine and public affairs shows, as well as local news broadcasting.

As explained by IFTA and shown in Exhibit 3, the integration and consolidation occurred primarily after the major policy changes of the early 1990s. The elimination of Fin-Syn made it economically profitable for broadcasters and studios to merge. The granting of retransmission rights to broadcasters enabled them to achieve carriage on cable networks for their new content. As a result, not only were independents all but eliminated from prime time broadcast programming, they were also kept out of basic and expanded basic cable programming. To the extent independents appear on the television screens of American households today, IFTA has shown that they are restricted to highly specialized, formulaic niches and the victims of pervasive abuse of monopsony power by the vertically integrated video oligopoly.

Exhibit 2: Current Media Properties of the Big Five, Vertically Integrated Video Firms

| Current Holdings by Industry Sector | Disney/ABC | Time Warner | Viacom/CBS | GE-NBC | News Corp |
|--|--|--|--|--|--|
| Broadcast Radio/Television | <p>10 TV stations reaching 24% of U.S. homes; ABC Network; 283 Radio stations; ESPN Radio; Radio Disney</p> | <p>WTBS (Superstation) ; CW Network (50%)</p> | <p>39 TV stations reaching 39% of U.S. homes; CW Network (50%); 154 radio stations; CBS radio network; Westwood One; Metro Networks</p> | <p>28 TV stations reaching 34% of U.S. homes; NBC Network; Ion (30%);</p> | <p>35 TV stations reaching 39% of U.S. homes; Fox Broadcasting Company; My Network TV;</p> |
| Cable/Satellite | <p>The Disney Channel ABC Family Toon Disney The ESPN group SOAPnet. Lifetime (50%) A&E (37.5%)</p> | <p>8 regional cable networks; Roadrunner; Time Warner Cable (33 States 14.4 Million subscriber, Passing 28 million homes); HBO; Cinemax; CNN; CNN Headline News; Cartoon Network; Court TV; Boomerang; TBS; TNT; Turner Classic Movies;</p> | <p>Showtime; TMC; Sundance; FLIX; CSTV SET Pay-Per-View; Comedy Central; BET; SpikeTV; TV Land; MTV MTV2; VH1 CMT; Nickelodeon ; Noggin</p> | <p>Telemundo; A&E; The Biography Channel; The History Channel; History Channel International; The History Channel en Español; Military History Channel; Bravo; CNBC (co-owned with Dow Jones); CNBC World (co-owned with Dow Jones); MSNBC (co-owned with Microsoft); NBC WeatherPlus; mun2; Sci Fi Channel; ShopNBC; The Sundance Channel; Sleuth; USA Network; Universal HD</p> | <p>Fox College Sports; Fox Movie Channel; Fox News Channel; Fox Reality; Fox Sports Net; SportSouth; Fox Soccer Channel; Fox Sports en Español; FX Networks; National Geographic Channel; National Geographic Channel International 75%; Fox International Channels; SPEED Channel;</p> |

| Current Holdings by Industry Sector | Disney/ABC | Time Warner | Viacom/CBS | GE-NBC | News Corp |
|-------------------------------------|--|---|--|--|---|
| Production | <p>Buena Vista Television (syndication firm); Walt Disney Television; Touchstone Television; ABC Entertainment; Buena Vista Motion Pictures Group (Touchstone Pictures; Walt Disney Pictures; Hollywood Pictures; Miramax Films); Pixar Animation Studios; Walt Disney Feature Animation; Walt Disney Television Animation; DisneyToon Studios</p> | <p>HBO Films; Warner Brothers Studios; Warner Home Video; Domestic Pay-TV; Telepictures; Hanna-Barbera; Witt-Thomas; New Line Cinema; Monolith Productions;</p> | <p>Dreamworks; Viacom Productions; Paramount Television; CBS Productions; Big Ticket Television; Spelling Television; Don Fedderson Productions; Sheldon Leonard; Bing Crosby Productions; MTV Films; Nickelodeon Movies; Go Fish Pictures; Republic Pictures; Rysher Entertainment; King World; Paramount Pictures; Dreamworks; many others</p> | <p>NBC Entertainment; NBC Films; NBC News; NBC Sports; NBC Studios; NBC Universal Sports & Olympics; NBC Universal Television; NBC Universal Television Studio; NBC Universal Television Distribution; NBC Universal International Television; EMKA, Ltd.; NBC Universal Digital Media; NBC Universal Cable; Universal Studios; Universal Picture; Focus Features; Rogue Pictures; Working Title Films; Universal Studios Licensing; Universal Animation Studios; Universal Interactive; Universal Pictures International; Universal Home Entertainment; Universal Home Entertainment Productions; United International Pictures</p> | <p>20th Century Fox; Fox Searchlight; Fox Television Studios; Blue Sky Studios; Fox Entertainment Group</p> |

| Current Holdings by Industry Sector | Disney/ABC | Time Warner | Viacom/CBS | GE-NBC | News Corp |
|--|---|--|---|----------------------------------|--|
| Other Media Sectors | <p>Magazines (Disney; ESPN; US Weekly (50%); Discover); Hyperion; Disney Publishing; Buena Vista Music Group; Walt Disney Records; Mammoth Records; Lyric Street Records; Hollywood Records</p> | <p>Magazines (Over 200 including Time; Life; People; Sports Illustrated; Popular Science; Fortune; Entertainment Weekly; In Style; Outdoor Life; Transworld; Golf; Country Life); DC Comics; MapQuest; Netscape; Weblogs Inc.; Moviefone; CompuServe; WinAmp; The Smoking Gun; GameTap</p> | <p>The Free Press; Pocket Books; Scribner; Touchstone Publishing; MTV Books; Nickelodeon Books Simon & Schuster; CBS.com; CBSsportline.com; CBSnews.com; NFL.com; NCAAAsports.com; PGAtour.com; Sho.com; Innertube; CSTV.com; CBS Outdoor; CBS Records; Xfire; Harmonix; iFilm;</p> | <p>Tivo (minority interest);</p> | <p>Numerous foreign media properties; Harper Collins; Regan Books; Zondervan; New York Post; The Timesledger Newspapers in Queens, New York: Bayside Times; Whitestone Times; Flushing Times; Fresh Meadows Times; Little Neck Ledger; Jackson Heights Times; Richmond Hill Times; Jamaica Times; Laurelton Times; Queens Village Times; Astoria Times; Forest Hills Ledger; Ridgewood Ledger; Howard Beach Times; The Courier-Life Newspapers in Brooklyn; Caribbean Life; SmartSource; TV Guide; The Weekly Standard; Alpha Magazine; MySpace; IGN; GameSpy; Rotten Tomatoes; Askmen.com</p> |

Exhibit 3: Mergers, Acquisition and Product Launches in the Creation of the Vertically Integrated Video Oligopoly

| | Disney/ABC | Time Warner | Viacom/CBS | G.E-NBC | News Corp |
|-------------|---------------------------------------|---|--|--|--|
| 1984 | ABC acquires ESPN (80%) | Warner buys out Amex's share of Warner Amex Satellite Entertainment (MTV, Nickolodeon, Showtime) | | | News Corp. acquires 20th Century Fox |
| 1985 | | | Viacom acquires Warner Amex Satellite Entertainment (renames it MTV Networks) | GE re-acquires RCA (owner of NBC) | |
| 1986 | ABC merges with Capital Cities | Time acquires Scott Foresman & Company / Turner buys MGM's library of movies and television shows / Lorimar merges with Telepictures | | | News Corp. acquires Metromedia and launches Fox Broadcasting Company |
| 1987 | | Warner acquires Chappell Music | | | News Corp. acquires Harper and Row |
| 1988 | | Warner acquires Lorimar-Telepictures | | | |
| 1989 | | Warner Communication s acquires Time Inc | | | News Corp. acquires Scott Foresman and Little, Brown from Time / News Corp. acquires William Collins Publishing (mergers with Haper Row to form Harper Collins) |

| | Disney/ABC | Time Warner | Viacom/CBS | G.E.-NBC | News Corp. |
|-------------|------------------------------|--|---|---------------------------|--|
| 1993 | Disney acquires Miramax Film | Turner acquires Castle Rock & New Line | | | News Corp. reacquires New York Post |
| 1994 | | Time Warner acquires CPP/Belwin | Viacom acquires Paramount / Blockbuster | | |
| 1995 | | | CBS launches UPN | | |
| 1996 | Disney acquires ABC | Time Warner acquires Turner | CBS acquires Infinity Broadcasting | | |
| 1997 | | | CBS acquires American Radio System | | News Corp. acquires New World Communications acquires Burnham Broadcasting |
| 1999 | | | CBS acquires King World / CBS buys Outdoor Systems billboard group / Viacom | NBC acquires 30% of Paxon | News Corp. acquires Hearst Book Group |

| | Disney/ABC | Time Warner | Viacom/CBS | G.E.-NBC | News Corp |
|-------------|--|---|---|---|--|
| 2000 | | Time Warner acquires Times Mirror magazines from Tribune Company | | | |
| 2001 | Disney acquires Fox Family from News Corp. | AOL acquires Time Warner | Viacom acquires BET | | News Corp. acquires Chris-Craft-United Group / sells Fox Family to Disney |
| 2002 | | AOL Time Warner buys out AT&T's stake in Time Warner Entertainment, creating TimeWarner Cable system | | NBC acquires Telemundo / acquires Bravo (from Cablevision) | |
| 2003 | | | | GE acquires Vivendi Universal Entertainment | News Corp. acquires stake in DirecTV |
| 2005 | | | Viacom acquires DreamWorks / CBS & Viacom Split (but Sumner Redstone still controls majority votes in both | | |
| 2006 | Disney acquires Citadel Broadcasting (Disney 52%) / Disney acquires Pixar | creation of CW Network with CBS (50%) / Time Warner acquires all of Adelphia's cable systems | creation of CW Network with Time Warner (50%) | | |

DOMINANCE OF THE MAJOR BROADCAST MARKETS

While IFTA has identified many of the key trends and forces that made up the flood of mergers, acquisitions and product launches that created this vertically integrated video oligopoly, two extremely important processes embedded in the pattern of development may not be immediately obvious and deserve greater attention.

First, as shown in Exhibit 4, the four major broadcast networks concentrated their station ownership in the top twenty five markets. The big four networks (CBS/Viacom, Fox/NewsCorp., ABC/Disney; NBC/Universal), still constrained by the national cap on station ownership, own about 10 percent of the commercial, full power television stations in the nation. However, they own about 30 percent of the stations in the top twenty-five markets. They achieve their high level of national coverage by concentrating on the larger markets.

Exhibit 4: Concentration of National Networks on Major Markets

| | Number of Stations | | % of Stations in Top 25 | National Reach (% of Pop.) |
|-----------------------|--------------------|-------------------|----------------------------|-------------------------------|
| | Total | Top 25 Markets | | |
| Big 4 Networks | 110 | 78 | 71 | 37.8 |
| Next 4 | 138 | 77 | 44 | 45.2 |
| 3rd 4 | 125 | 34 | 27 | 20.2 |
| Next 4 | 116 | 23 | 20 | 13.11 |
| Next 4 | 84 | 14 | 8 | 9.4 |

Source: William M. Kunz, *Culture Conglomerates* (New York, Rowman and Littlefield, 2007), p. 88

The coverage numbers in Exhibit 4 count UHF stations at full value, since most such stations have carriage on cable systems and their signal strength is no longer an impediment to coverage. However, the coverage numbers in Exhibit 4 do not count duopolies, so they underestimate the prominence of big four in the major markets. The big four networks have

almost two dozen duopolies in the top twenty five markets. They also tend to be the highest rated stations.

As IFTA pointed out, this gives the big four network owners a disproportionate clout in the video market because these entities control multiple outlets in the most important markets. It is not only prime time programming that they control, but also syndication. Lacking content, because they are banished from prime time, independent producers, to the extent they have content, such as movies, confront the same handful of vertically integrated firms in the syndication market, who have a strong incentive to favor their own content. By gaining large market shares in the largest markets they get disproportionate leverage over the syndication market.

RETRANSMISSION AND REPURPOSING TO DOMINATE THE CABLE SPACE

The leveraging of retransmission rights to gain carriage has been an often told and well documented story that does not need to be repeated here. Data clearly show that broadcasters are disproportionately likely to get carriage,²⁰ as does the anecdotal evidence of carriage battles in which broadcasters prevailed.²¹

A different element of the vertically integrated video conglomerates that is embedded in Exhibits 2 and 3, but which needs highlighting, is the critical role that repurposing content from broadcasting to cable plays. Broadcasting, with its much larger audience, is where

²⁰ GAO *Issues Related to Subscriber Rates in the Cable Television Industry, October 2003, Appendix V*. See “Reply Comments of Consumers Union and the Consumer Federation of America,” *In the Matter of Comment Request on a La Carte and Themed Tier Programming and Pricing Options for Programming Distribution on Cable Television and Direct Broadcast Satellite Systems*, MB Docket No. 04-207, August 13, 2004, pp. 8-9 for additional references.

²¹ Kunz, William M. Kunz, *Culture Conglomerates* (New York, Rowman and Littlefield, 2007), pp. 205-208.

brands and franchises are made. Vertically integrated owners can then use their marquee broadcast programming to launch national cable channels. The examples involve the launch of the most prominent national cable networks – Fox-FX- *X-Files*; Warner-TNT-*ER*; CBS-Spike- *CSI*, NBC-Bravo, *West Wing*; NBC-USA-*Law & Order*, ABC-Family- *Alias*; ABC-ESPN- ABC Sports.²²

Independent programmers do not have this possibility. In other words, the cable space may look crowded and like an opportunity for entry, but the playing field is not level. The vertically integrated firms with broadcast product and retransmission rights dominate the field of general, national cable programming.

The evidence compiled in the Cable A la Carte Proceeding²³ and the Adelphia merger is testimony to the remarkable cross-platform dominance that has resulted from the mix of policies adopted in the early 1990s. IFTA makes a good case that as a result of the vertical integration and cross-platform dominance of the video oligopoly, the FCC can no longer consider broadcasting alone in its efforts to achieve diversity of viewpoints in video entertainment.

The dominance of the cable dial by the big five can be seen in a variety of ways. First, they assemble “program suites” that cover the major demographic groups and product categories (see Exhibit 5). This has enabled them to capture audiences on both platforms (see Exhibits 6 and 7). Dominating the top 25 cable networks (see Exhibit 8); they can then dominate the cable advertising revenue (see Exhibit 9). As demonstrated by IFTA, these five

²² Kunz, pp. 134-135; 194-195.

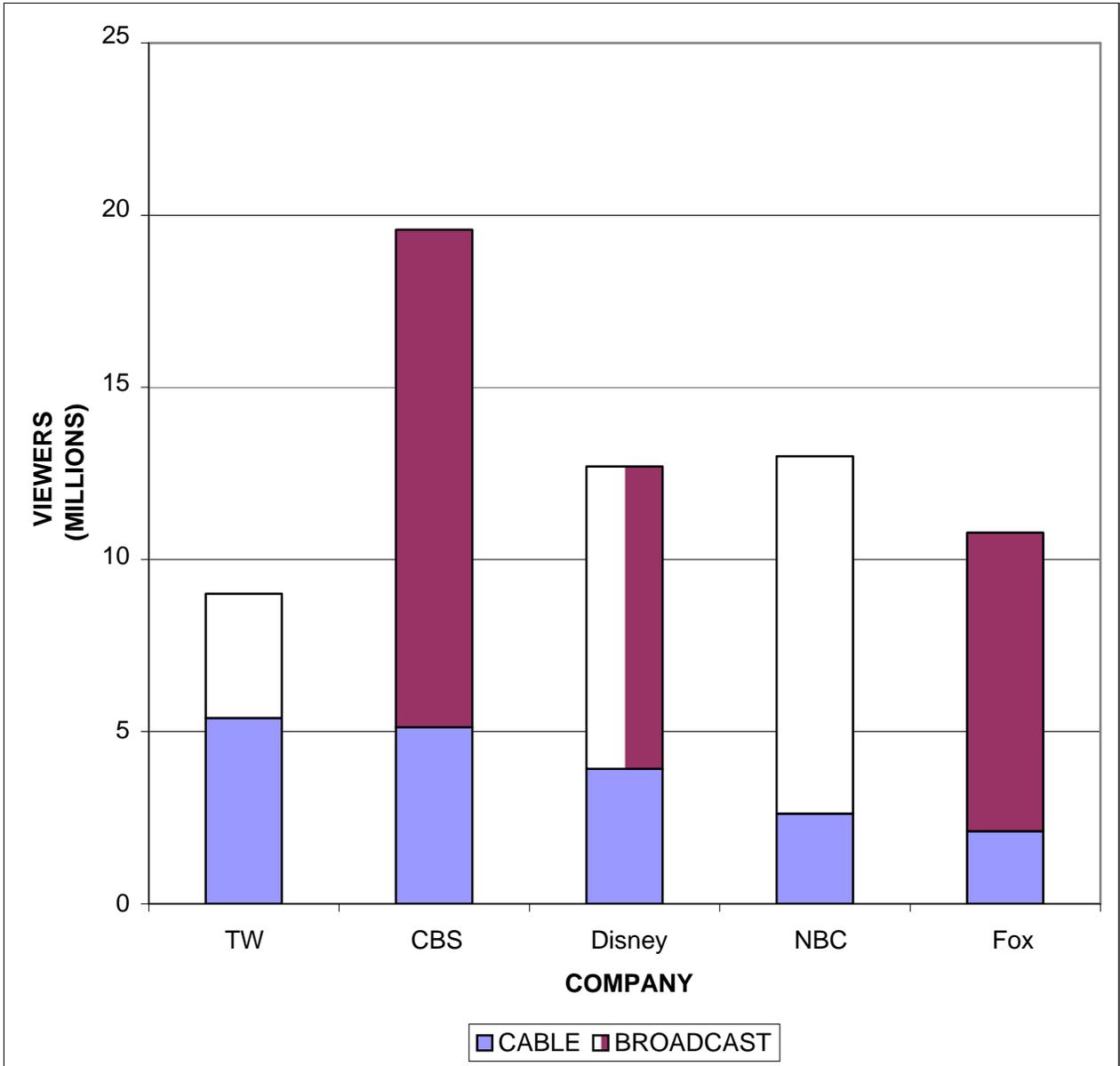
²³ See Reply Comments of Consumers Union, 2004; See Reply Comments of Consumer Federation of America and Consumers Union, *in the Matter of Applications of Adelphia Communications Corporation Comcast Corporation and Time Warner Cable Inc., For Authority to Assign and/or Transfer of Control of Various Licenses*, MM Docket No. 05-192, August 8, 2005.

**Exhibit 5:
Program Suites of Big Five Programmers Cover the Major Types of Expanded Basic
Programming**

| | ABC | NBC | CBS | TW | FOX |
|---------------------|---|---------------|---|------------|-----------------|
| GENERAL | ESPN Lifetime | USA | NICK | TBS TNT | (Fox Sports) |
| NEWS | (ABC news) | CNBC MSNBC | (CBS news) | CNN | FOX News |
| EMERGING MASS | Family | SciFi | TV Land | Court | |
| OLDER TRENDING |  A&E Bravo History | | | (TCM) | (FMC) |
| YOUNGER TRENDING | Disney (Toon Dis) | | Comedy MTV NickToons | (TOON) | FX |
| EMERGING NICHE | (LMN) (Soapnet) | | BET Jazz | Oxygen | Speed |
| | ESPN2 ESPN Class | | CMT Spike VH1 VH1 Class VH1 Count MTV2 MTV Espan MTV Hits Nick Gas Noggins | | Nat. Geog |

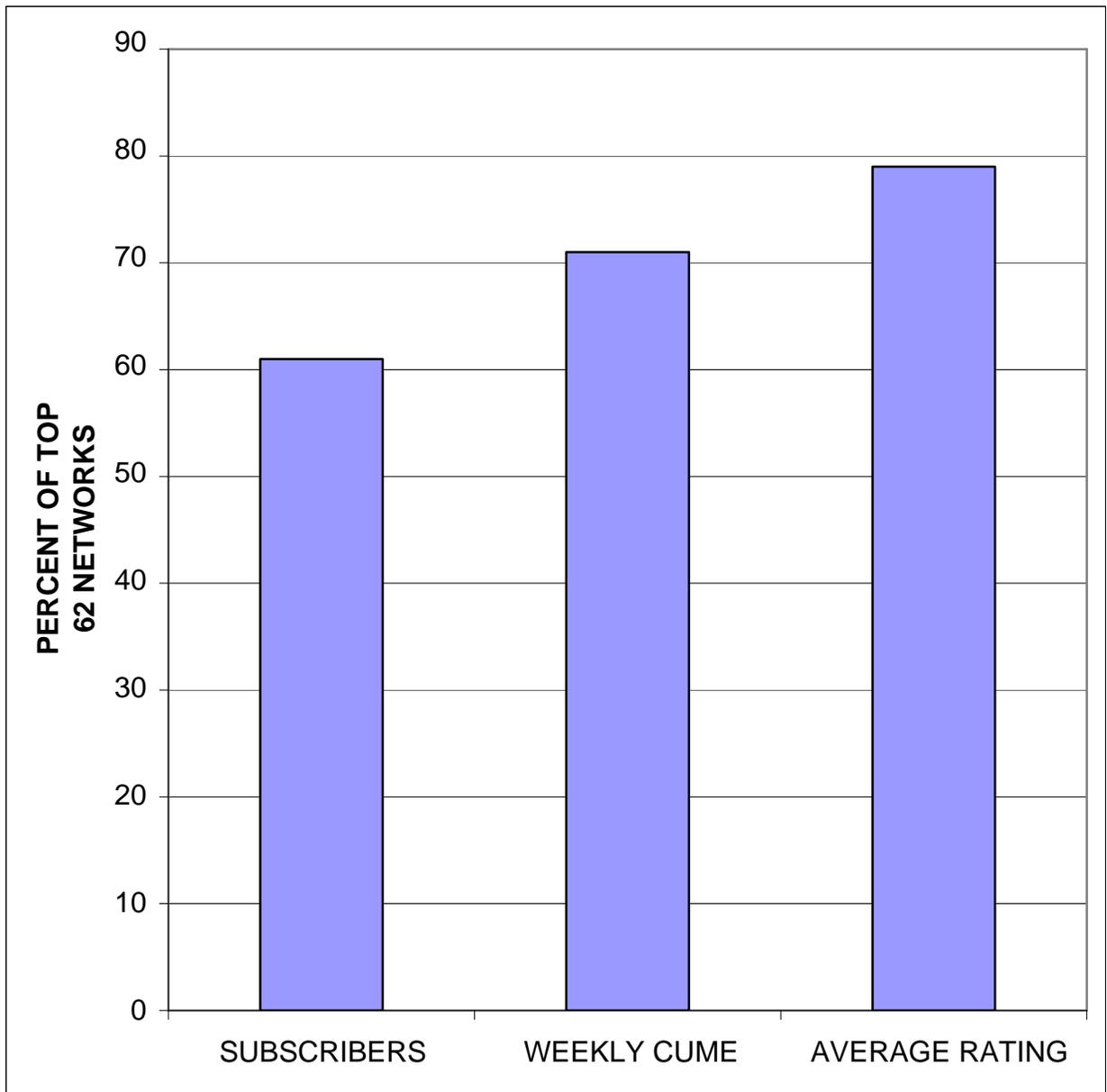
“Comments of American Cable Association,” *Inquiry Concerning A La Carte, Themed Tier Programming and Pricing Options for Programming Distribution on Cable Television and Direct Broadcast Satellite Systems*, MB Docket No. 04-207, July 12, 2004;

**Exhibit 6:
Top Network Suites by Prime Time Household Viewership**



Source: Duetsche Bank Securities Inc., *Walt Disney Company: After Further Review... ESPN Still Has The Leverage Over Distributors*, October 27, 2003.

**Exhibit 7:
The Big Five Dominate Basic Cable Network Reach and Viewing**



Source: Mediacom, *Cable... A La Carte or Basic: An Advertiser Perspective*, p. 23, July 29, 2004.

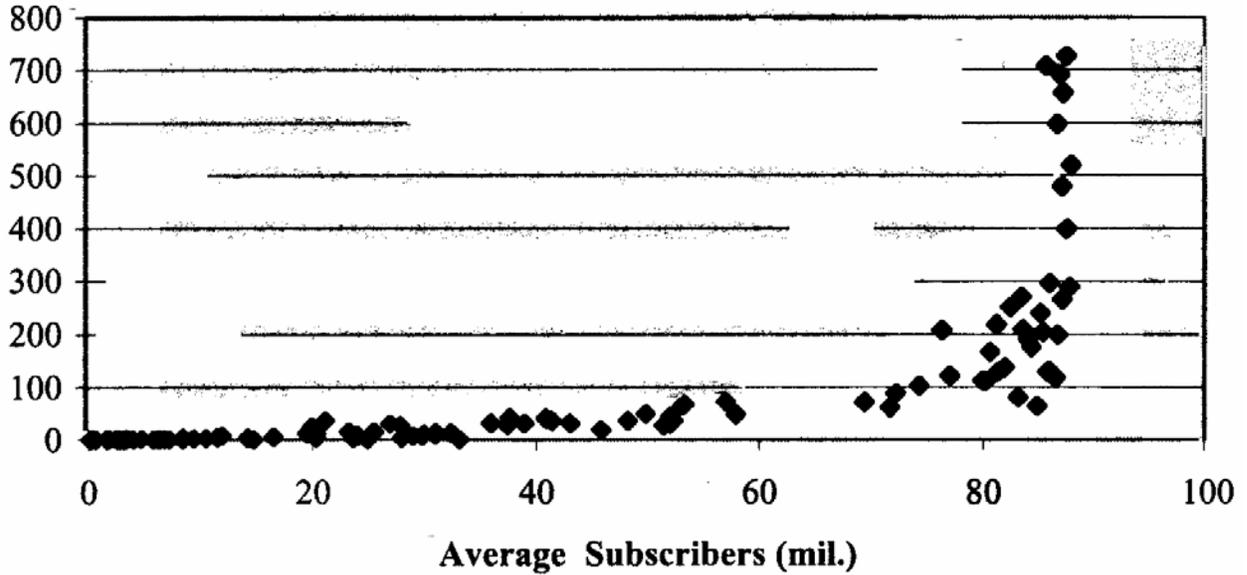
Exhibit 8: Top Channels and Shows, 1993-2005

| Channel | 1993 Rank | 1993 Rank | 2005 Rank | 2005 Rank | Owner |
|--------------|-----------|------------|-----------|------------|----------------|
| | Subs. | Prime Time | Subs. | Prime Time | |
| ESPN | 1 | 4 | 2 | 12 | ABC/Disney |
| ESPN2 | | | 13 | | ABC/Disney |
| CNN | 2 | 12 | 4 | 7 | AOL-TimeWarner |
| USA | 3 | 1 | 6 | 4 | Liberty |
| Nickelodeon | 4 | 6 | 9 | 1 | CBS/Viacom |
| Nick at Nite | | | | 3 | CBS/Viacom |
| Discovery | 5 | 10 | 1 | 14 | Liberty |
| TBS | 6 | 2 | 9 | 8 | AOL-TimeWarner |
| TNT | 7 | 3 | 4 | 2 | AOL-TimeWarner |
| CSPAN | 8 | | 6 | | Cable Group |
| MTV | 9 | 13 | 18 | 13 | CBS/Viacom |
| Lifetime | 10 | 7 | 11 | 6 | ABC/Disney |
| TNN | 11 | 11 | | | CBS/Viacom |
| Family | 12 | 8 | 20 | | ABC/Disney |
| A&E | 13 | 9 | 11 | 8 | ABC/Disney |
| Weather | 14 | | 13 | | |
| HDLN New | 15 | | 18 | | AOL-TimeWarner |
| CNBC | 16 | 18 | | | NBC |
| VH-1 | 17 | 20 | | | CBS/Viacom |
| QVC | 18 | 16 | 15 | | COMCAST |
| AMC | 19 | 19 | | | CABLEVISION |
| BET | 20 | 14 | | | CBS/Viacom |
| Cartoon | | 5 | | | AOL-TimeWarner |
| SCI-FI | 5 | 5 | | 15 | Liberty |
| TLC | | | 15 | | Liberty |
| History | | | | 11 | ABC/Disney |
| Disney | | | | 5 | ABC/Disney |
| Toon Disney | | | | 7 | ABC/Disney |
| Fox News | | | | 10 | Fox |
| Spike | | | 9 | 9 | CBS/Viacom |
| HGTV | | | 18 | | |

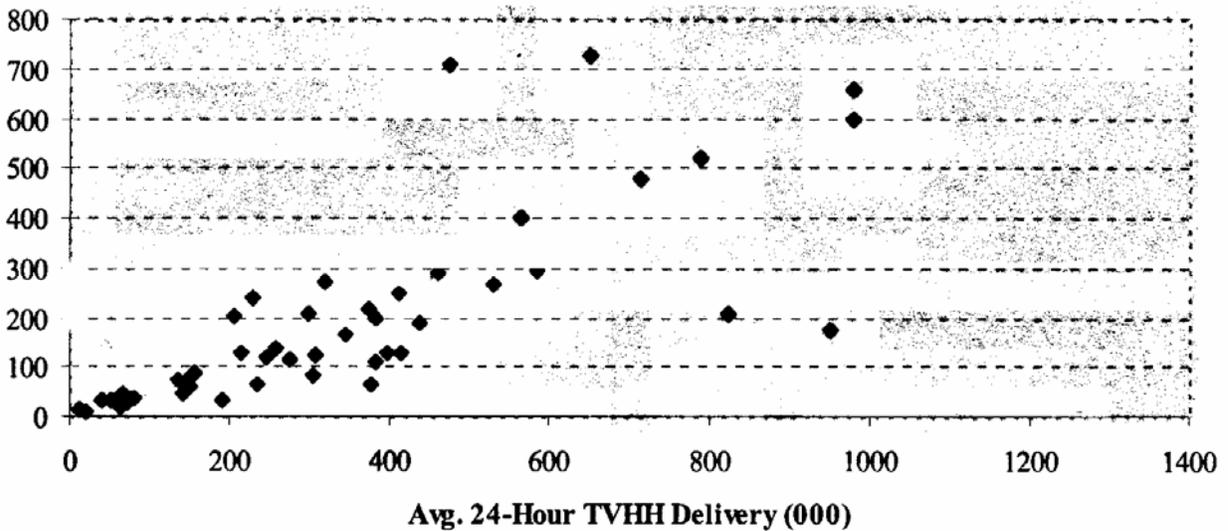
Source: Federal Communications Commission, Video Competition, First and Tenth Annual Reports.

Exhibit 9: Viewing Determines Ad Revenues and is Highly Concentrated

The Top 25 Networks Account for 80% of Ad Revenues



Ratings are a Much More Important Determinant of Advertising Revenues than Subscribers



Source: Bruce Owen and John M. Gale, *Cable Networks: Bundling, Unbundling, and the Cost of Intervention*, July 15, 2004, p. 32-33.

entities have a 70 to 80 percent market share of everything video – prime time hours, cable subscribers, cable viewers, programming budgets, writing budgets, theatrical sales, and DVD sales and rentals.²⁴

IDENTIFYING MARKET FAILURES COMPOUNDED BY VERTICAL INTEGRATION

The broadcaster's claim that they just provide consumers with the content that they want ignores the fundamental structure of the industry and the nature of profit maximization within that structure. There are market imperfections on both the supply and demand sides that under mine this claim. The effects of vertical integration amplify these imperfections.

Consumer "demand" for broadcast television programming is filtered through three very imperfect markets and defined by decades of conditioning in those markets. The three markets are the market in which audiences are sold to advertisers, the market in which programming is sold to broadcasters, and the market in which ratings are sold to advertisers and broadcasters. The imperfections in each of these markets lean against independent production and diversity. The target audience is narrow and the meters are biased toward that narrow segment. The production of programming is biased toward self-supply.

Demand for programming is not the consumer demand plain and simple, but consumer demand filtered through the lens of the advertiser demand. Supply is not just the best combination of quality and price, but the combination of quality and price filtered through the profit maximizing implications of airing self-owned programming.

Broadcasters maximize profits by selling advertisers the viewers they want at the lowest cost. The profit maximization dictates what is aired to a significant degree. Rating

²⁴ Cooper, October 2006, p. 30.

services, which straddle the advertiser-broadcaster-audience markets, tend to be monopolistically organized to lower transaction costs. The metering technology compounds the unrepresentativeness of the “audience” that drives the choices of advertisers and broadcasters, as repeated disputes over who gets counted attest. The traditional problems of measuring audiences have been compounded by the challenge of valuing eyeballs in digital distribution.

WHO’S DEMAND FOR WHAT? ADVERTISING RESTRICTS WHAT GET AIRED.

Advertising restricts the shape of what is seen.²⁵ Programming that is not supported cannot survive. Advertisers pay for specific types of consumers under specific conditions. They generally want 19 to 34 year old males in a buying mood. This dictates the types of programs that are put on the air. Broadcasters choose the programs they think will attract the audiences the advertisers want. Broadcasters cater to this specific audience, even though a larger audience could be achieved. They deliver specific types of programming that advertisers want, even though a larger audience could be found with different types of shows.

The targeting of products to audiences to satisfy advertisers has a potent effect on what gets aired. Advertisers want specific people in specific state. The buying mood requires that the audience be passive, receptive, responsive and susceptible to the message. Critical thought and controversy are the last thing the advertisers want. The audience must not be agitated, offended, or differentiated.

Programming takes on characteristics to create the desired state in the desired audience, or to avoid the unwanted characteristics. Advertisers favor programming that is

²⁵Baker, C. Edwin, *Advertising and a Democratic Press* (Princeton: Princeton University Press, 1994)

homogeneous, noncontroversial, bland intellectually (but perhaps titillating), light (avoiding facts and data) and upbeat. Whether their own products are represented or discussed, they want the conversation to be positive and uncritical.

Of course, when their own products are the subject, as in an investigation or press release, their interest is heightened. They will strive for positive treatment and stretch the facts (if not the truth). They will settle for uncritical treatment or silence, if they cannot get positive treatment.

A recent, unique study by an FCC economist was designed to “address the heretofore empirically unexplored distortion in programming. Advertisers and viewers value different programming, and the market-provided programming may not maximize social surplus.”²⁶ The underlying theory being tested was the hypothesis that “advertisers want programming that will put viewers in a receptive mood, and hence not be too depressing.”²⁷ The trade off for broadcasters becomes choosing between “richness and reach. The limitations that advertisers place on richness also limit the broadcaster’s reach, leaving significantly large groups of viewers that prefer richer content going un-served by the broadcasters program offering.”²⁸ They find the distortion of programming to be a market failure.

One such market failure is the distortion of programming stemming from advertisers’ preferences. Advertisers prefer programming content that best

²⁶ Brown, Keith, and Roberto Cavazos, “Why I This Show so Dumb? Advertising Revenue and Program Content of Network Television,” *Review of Industrial Organization* (2005) 27, p. 19.

²⁷ Id. at 19, citing Anderson, Simon and Stephen Coate (*Market Provision of Public Goods: The Case of Broadcasting*, NBER Working Paper 7513, 2000) and Sunstein, Cass, *Private Broadcasting and the Public Interest: Noted Toward a Third Washy*, University of Chicago, 1999.

²⁸ Brown and Cavzaos, p. 33, citing Evans, Phillip B and Thomas Wurster, “Strategy and the New Economics of Information,” in Phillip B. Evans and Thomas Wurster (Eds.) *Harvard Business Review*, September 1, 1997.

“frames” their advertising. Such content tends to be light and ‘unchallenging. Viewers who prefer darker and more challenging content will go under-served. Using a unique data set, we found that advertisers pay a premium for sitcoms and programs with younger casts, while news programming and police dramas receive a discount.²⁹

SELF-DEALING DISTORTS WHAT GETS AIRED.

On the supply-side, the argument is straightforward, allowing vertical integration changes the incentives for the firm, which now maximizes profit not by producing the best product, but by carrying the maximum amount of self-supplied product. Simply put, it is more profitable to run an owned program than it is to buy an independently produced program, even if the independently produced product is somewhat superior. Moreover, with integration across different platforms and ownership of multiple outlets within platforms, it is more profitable to repurpose and rerun an owned program than to produce a new one. The result has been the near complete banishment of independent producers from the video space. Prime time, syndication, and the cable dial have come to be dominated by a handful of vertically integrated corporations.

Broadcasters prefer to own the programs, so they can control the content and the cost. They prefer their own programs, even if they are inferior and attract smaller audiences. It is difficult for independent ideas or independent producers to break through this triangle of advertisers, producers and audiences.

They prefer to rerun and repurpose the shows they already own and have produced, rather than pay for new shows, even though new shows would attract a larger audience, since shows already in the can deliver higher profits even with smaller audiences. As they become

²⁹ Brown and Cavazos, p. 33.

vertically integrated, they do more than just rerun on broadcast and repurpose on cable. They also repackage and recycle the brands for non-TV revenue for both non-video product sales as well as non-TV video (DVD) sales and rentals. “[T]he saturation of multiple markets with branded products means less air time, cable time, shelf space and the like for nonbranded products... While a boon to transindustrial conglomerate, saturation narrows the number of choices that corporate menus present us.”³⁰

Cross platform saturation of brands and franchise products reinforces the tendency to accept smaller audiences. Not only is it more profitable to rerun and repurpose a self-produced in hand product, even though its ratings may be lower than a new product, the “conglomerate may be willing to tolerate lower rating from a series representing a new brand in a franchise.”³¹ It may be more profitable from a strategic point of view to run with products that fit into or reinforce brand strategies, even though there might be other products that would attract larger audiences.

CONCLUSION

In the previous round of debate over relaxation of media ownership, radio was referred to as the canary in the coal mine, showing how bad things could become because of the high levels of concentration that had occurred and the homogenization of content that followed. If radio is the canary, then the vertically integrated video oligopoly is the eight hundred pound gorilla in the coal mine. That a handful of companies could so quickly come to dominate the TV dial, both broadcast and cable, theatrical releases and home video is remarkable. The fact

³⁰ Meehan, Eileen R., *Why TV is not Our Fault* (New York, Rowman and Littlefield, 2005), p. 111.

³¹ *Id.*, p. 111.

that these five firms could all but extinguish an independent sector that was the source of such immensely popular and socially relevant programming is extremely troubling.

The imperfections in the media market through which this vertically integrated oligopoly exercise monopoly and monopsony power also raise great concerns about the future of the media, should the limits on media ownership be lifted.

REPLY STUDY 4
Misleading Industry Market Analyses
Mark Cooper

Abstract

When the 3rd Circuit Court of Appeals reviewed the FCC's 2003 ownership rule changes in the *Prometheus* case, it recognized the legitimacy and need for a coherent approach to measuring media market concentration. The court however threw out the FCC's Diversity Index, the agency's own bungled attempt at market structure analysis. The court also threw out the rule changes based on this flawed analytical approach -- an approach that produced results that were, in the court's words, "absurd".

But if the FCC is to live up to its obligation to promote the goal of "the widest dissemination of information from diverse and antagonistic sources", then it must approach market structure analysis in a manner that is not "arbitrary and capricious". The Commission must avoid its past mistakes and follow the map laid out by the *Prometheus* Court and other courts before it - the Commission must count audiences and apply the appropriate geographic boundaries when analyzing local media markets and market concentration.

In our previous comments we conduct methodologically rigorous market structure analyses, using the correct geographic market definitions, the appropriate weights, and factored in audience sizes. The results from this approach are clear -- local media markets in the U.S. remain highly concentrated, and elimination of FCC ownership restrictions would have the unambiguous result of drastically increasing this concentration to the detriment of the public interest.

However, in comments to the FCC, industry firms such as Hearst and NAB attempt to lead the Commission right back down the analytically treacherous path they took in 2003. Hearst constructs an "Audience Market Index" (AMI), which we demonstrate to be highly flawed due to a failure of product definition and a failure to analyze the entire media market. Hearst's argument against the top-4 exclusion ignores one of the central tenets of market structure analysis -- mergers between a large firm and a small firm will have a greater impact on market structure than mergers between two small firms. We demonstrate this in the local media sphere using Hearst's data, correcting for flaws in their market definition.

In a study that dramatically misrepresents the diversity of market voices, NAB offers a market analysis that is careless in the geographic market dimension. NAB also repeats the mistake of ignoring audience share. When we correct for these flaws we show that in contrast to the great diversity the NAB tries to claim exists in the radio market, that even this market is a very tight oligopoly. Instead of an average of 81 stations, we find four owners with a 90 percent market share.

If adopted, the market analysis approach offered by industry commenters would lead the Commission back to the finding that its rules are arbitrary and capricious.

Industry commenters present a number of analyses of media markets that are poorly executed. They reflect fundamentally flawed approaches to product and geographic definition and market structure issues. They make the same mistakes the Commission has made in the past, which have resulted in the overturning of prior Commission rulings. If the Commission follows their advice, it will run into the same problems.¹

HEARST'S MISLEADING MARKET ANALYSIS

TV Market Concentration

Hearst's Audience Market Index (AMI) is ill considered and represents a failure of product definition and a failure to analyze the entire media market.² The essence of the flaw in the AMI is that it is not based on the actual television market, but on a hypothetical market for television. It includes in the estimate of television market shares households that do not watch television, but it fails to include the market shares of the media that they do use. If a household does not use any media, then they are not in the media market, but if they do, all

¹Mark Cooper, Study Number 20, "The Critique of the FCC Methodology," attachment to *Initial Comments of the Consumer Federation of America, Free Press and Consumers Union*, In the Matter of 2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, Cross Ownership of Broadcast Stations and Newspapers, Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets and Definition of Radio Markets, Docket Nos. MB 06-121, 02-277, 01-235, MM 01-317, 00-244 (hereafter, CFA, Free Press, CU Comments).

² Gannett, pp. 25-32.

media must be included. This is actually what several courts have told the FCC to do. This is what we did in our analysis contained within our initial comments:³

On the other hand, if the analysis is about the television market, as Hearst's examples suggest, then only people in the television market should be included. In either case, Hearst's AMI dramatically underestimates the level of concentration.

To appreciate the magnitude of the misrepresentation in which the Hearst AMI would result, we calculated two alternatives. Hearst had four TV outlets with a total market share of 42.25 percent, distributed as follows:

20.75, 14.75, 3.5, 3.25

We start from this point (see Exhibit 1). In one scenario we estimate the TV market only HHI. Thus, we calculate the market share of each outlet, as a percentage of the total TV market. In the alternative, we assume that the audience of other media is distributed among four other outlets in the same proportions as the four outlets that Hearst counted. If Hearst's outlets are TV stations and the missing outlets are newspapers, this is actually a conservative assumption since the newspaper market is generally much more concentrated than the TV markets, as we have shown in our initial comments. We find that in either approach the market is much more concentrated than Hearst claimed – the HHI is between three and six times as high. Moreover, the merger violates the merger guidelines in both cases.

³ See CFA, Free Press, CU Comments, Studies Nos. 21-39.

**Exhibit 1:
Correcting the AMI for Missing Market**

| Market Shares | AMI | TV Market Only | All Media Outlets |
|---------------------------------|--------------|-----------------------|--------------------------|
| Firm 1 | 20.75 | 49.11 | 20.75 |
| Firm 2 | 14.75 | 34.91 | 14.75 |
| Firm 3 | 3.5 | 8.28 | 3.5 |
| Firm 4 | 3.25 | 7.69 | 3.25 |
| Firm 5 | N/A | N/A | 28.36 |
| Firm 6 | N/A | N/A | 20.16 |
| Firm 7 | N/A | N/A | 4.78 |
| Firm 8 | N/A | N/A | 4.44 |
| HHI Pre Merger | 664 | 3759 | 1924 |
| HHI Post-Merger Firm 2+3 | 774 | 4572 | 2034 |
| HHI Increase | 110 | 813 | 110 |

The Four Firm Exclusion

The failure of Hearst to properly understand market structure analysis is evident in its effort to show that the top four firm exclusion is inappropriate. Hearst argues that the four firm exclusion should be abandoned because the relative market shares have shifted.⁴ It claims that the gaps between stations have narrowed, but it fundamentally misunderstands the nature of market structure analysis. The traditional measure of market concentration – the HHI – recognizes that relative differences in market share become more important as the absolute level of market share rises. Thus Hearst offers the observation that “the difference

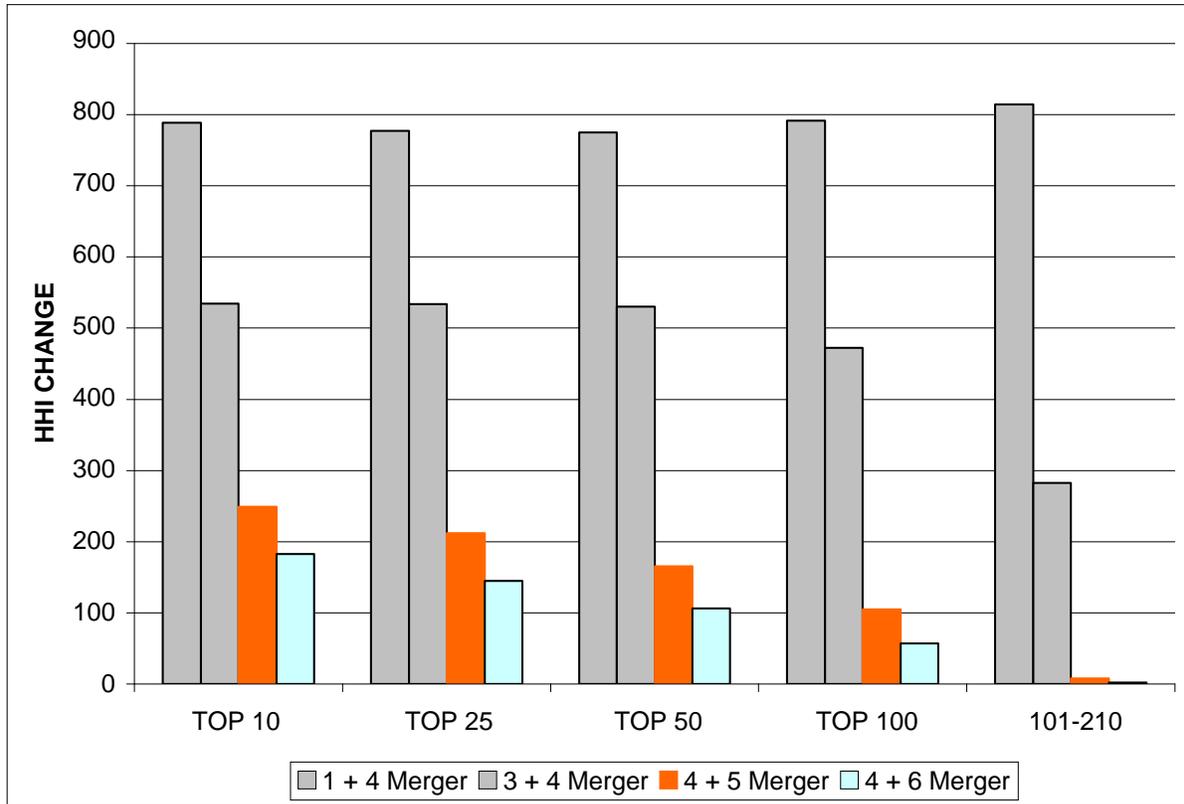
⁴ Gannett, pp. 33-47.

between the average fourth ranked station and the average fifth ranked station... is less than the difference between the average first and second ranked stations, the average second and third ranked stations and the average third and fourth ranked stations” to impugn the reasoning of the FCC.⁵ Hearst fails to recognize one of the central tenets of market structure analysis – mergers between a large firm and a small firm has a greater impact on market structure than mergers between two small firms. A merger between a firm with ten percent and one with nine percent has a bigger impact than a merger between a firm with three percent and one with one percent, even though the difference between the two firms is smaller. Proper market structure analysis shows that Hearst’s approach is simply wrong.

Exhibit 2 tests the dividing line drawn by the FCC by assessing the change in the market HHI. We use the Hearst data on audiences and convert the audience shares to market shares. WE begin by correcting the failure to properly define the market as discussed in the previous section. This corrects the same mistake Hearst made in the AMI of including people who do not watch television in the television market. Here there is no doubt that this is a television market only analysis. We then calculate changes in the market HHI by squaring various combinations. There is no doubt that mergers within the top 4 have a much larger impact on market concentration than those that involve non-top four firms. The mergers involving the fourth ranked firm and higher ranked firms increase market concentration about twice as much as mergers involving the fourth ranked and lower ranked firms.

⁵ Gannett, p. 41.

**Exhibit 2:
HHI Changes Caused by Various Merger Scenarios based on Hearst Audience Share Data**

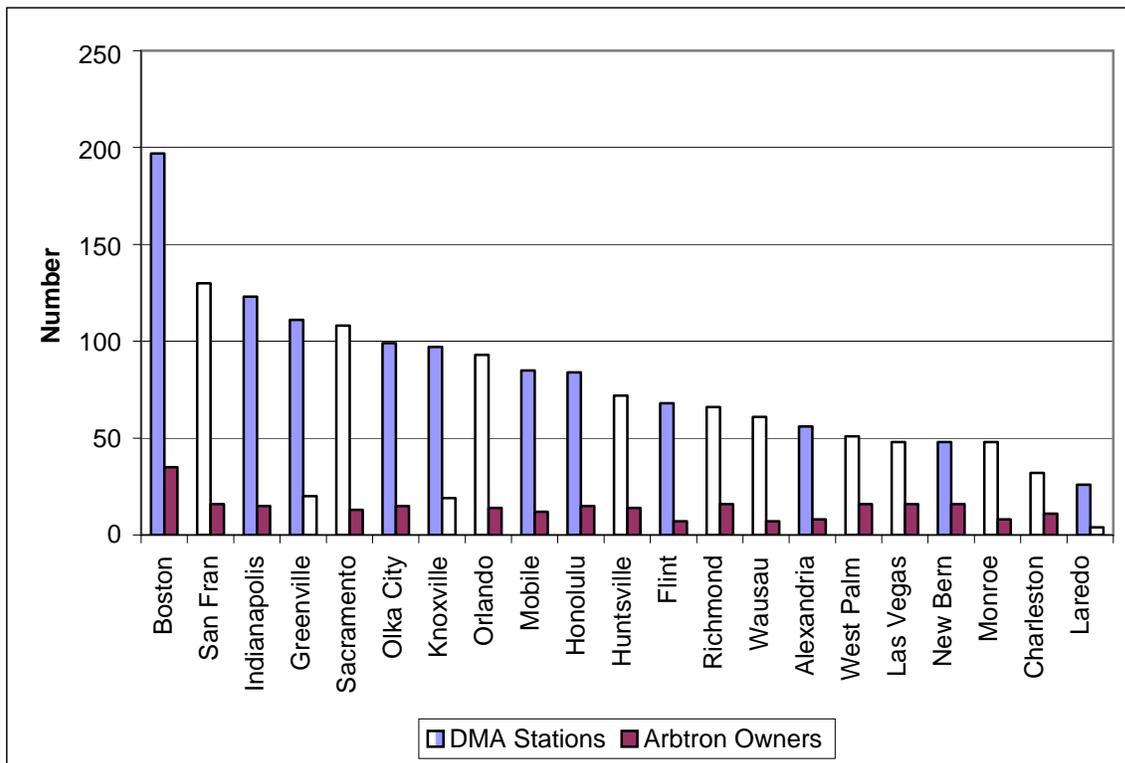


NAB’S MISLEADING MARKET ANALYSIS

Industry commenters are also careless in the geographic market dimension. The radio market is the Arbitron area, but the NAB, in its first Appendix, starts with a count of radio stations in the Designated Market Area (DMA), an area that is far too large for radio. That radio count is then mixed with television stations in the DMA. The NAB does count the number of owners of radio stations in the DMA, which is the policy relevant count applied to the wrong geographic market. It never notes the number of TV station owners, or owners of cable outlets and cable channels. It never provides a count of owners in the correct geographic market for radio – the Arbitron market.

Ironically, using NAB’s Attachment B, one can extract the number of radio owners in the Arbitron area that would match the DMA. Exhibit 3 shows the dramatic difference in voice counts for radio. The count of independent voices – the number of owners in the Arbitron area – is less than one-fifth the number of stations in the DMA. There are an average of 14 owners per Arbitron area compared to 81 stations per DMA. The NAB analysis never actually provided the count of owners in the Arbitron area. Thus, the first study dramatically misrepresents the diversity of voices and the error is not corrected in their comments.

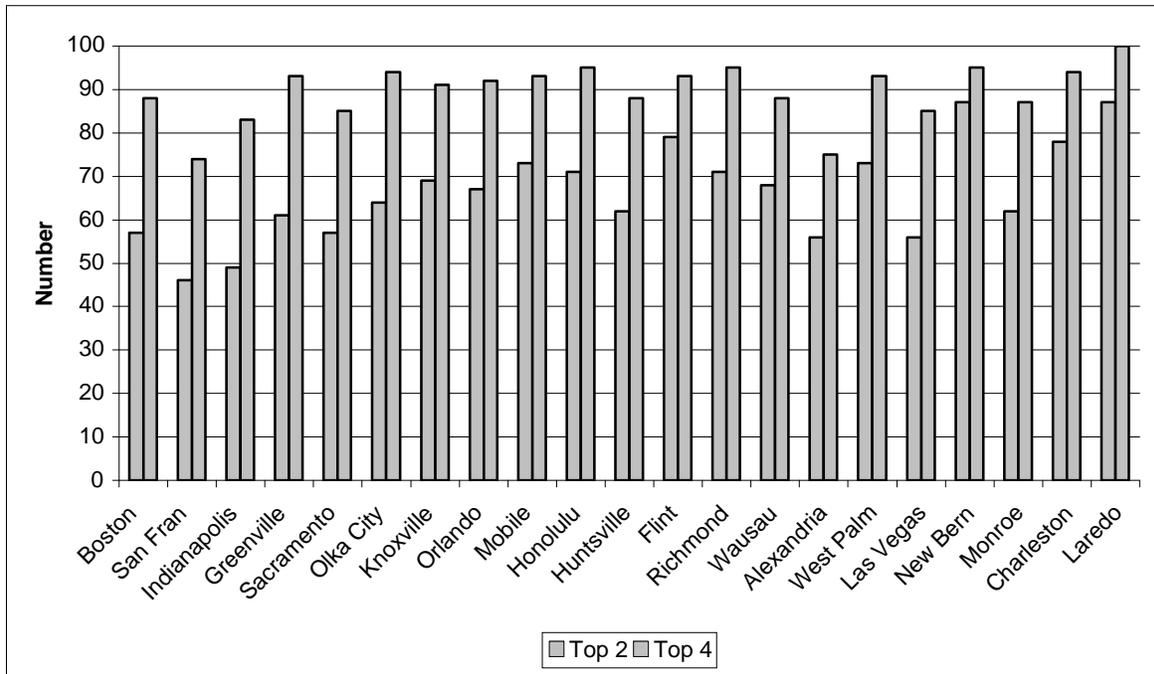
**Exhibit 3:
Radio Market and Policy Relevant Count**



Sources: Designated Market Area Station Count, NAB, Attachment A: Media Outlet Availability; Arbitron Station Ownership Count, NAB, Attachment B: Independent Radio Voices in Radio Markets.

The NAB also never looks at market share data (see Exhibit 4). While there are 14 owners per Arbitron area, the top two owners have an average market share of approximately two-thirds of the market. The top 4 owners have about 90 percent of the market. San Francisco is the least concentrated market, but even there the top two owners have a market share of 46 percent and the top four have a market share of 75 percent.

**Exhibit 4:
Market Shares of Top 2 and Top 4 Firms: 2003**



Source: Federal Communications Commission, Media Bureau, “Review of the Radio Industry: 2003”, September 2003, Appendix F.

Thus, in contrast to the great diversity the NAB tries to claim in the radio market with its count of stations in its first study, when we define the market properly (Arbitron area), focus on the relevant policy variable (ownership), and take account of the key market structural characteristics (audience), we find that even the radio market is a very tight

oligopoly. Instead of an average of 81 stations, we find four owners with a 90 percent market share.

Legal Reasons that the Commission Must Reject the NAB and Hearst Analyses

The above discussion shows why the industry analyses are empirically flawed and should not be relied upon by the FCC. There is a legal reason that the FCC must not take the approaches recommended by Industry comments. Underlying the NAB analysis is a fundamentally incorrect conception of what the FCC should do in assessing the market structure of the broadcast industry for purposes of its First Amendment policy. The industry commenters do not want the Commission to take the audience of the outlets into account when examining the market structure.

It is the availability of content from multiple outlets that matters – not that some ideas, viewpoint or content may be more or less popular than other content at any particular time.⁶

As the Commission itself explained in its *2002 Biennial Review Order*, “viewpoint diversity refers to the *availability* of media content reflecting a variety of perspectives.”⁷

In other words, it matters not if one voice speaks “louder” than another for purposes of assessing the diversity of viewpoints available in a local community – it matters only that different voices have the means through which to speak, and can be heard by any who choose to listen.⁸

While the industry commenters repeatedly cite the court’s ruling for support, they tell the Commission to ignore the most fundamental premise of the court order. The court told the FCC to not ignore the audiences of outlets. It was the failure to take audiences into account that led to the most damning criticism lodged by the court against the Commission’s rule.⁹

⁶ NAB, p. 54. See also NAA, 89-92.

⁷ Gannett, p. 32.

⁸ *Id.*, p. 33.

⁹ See Note 1 above.

The industry commenters would have the Commission ignore the clear conclusion of the court that the audience matters and the Supreme Court’s understanding that “undue economic concentration” and “excessive impact on public opinion” are the core of the issue. The argument that all outlets are equal and that audience does not matter is antithetical to the fundamental Supreme Court jurisprudence.

The industry tells the Commission to abandon rigorous empirical analysis of media markets based on a legal theory that the Supreme Court has repeatedly rejected. They want the Commission to give up the effort to realistically measure the voices in the media markets on the grounds that the mere availability of outlets, regardless of their size or impact, is all that matters. They urge the Commission to reject congressionally mandated goals for media policy, like localism, even though the courts have repeatedly and consistently upheld these goals as legitimate governmental purposes. The Commission should reject the industry arguments on Constitutional, legal and evidentiary grounds.

The industry commenters repeatedly confuse counting with discounting. Outlets should be counted and their audience is a reasonable measure of the weight they should bear in a real world assessment of the media marketplace. Less popular sources occasionally play an important role and this is correctly reflected in counting their weight in influencing public opinion.

Indeed, it would be antithetical to our First Amendment values for a government agency to suggest that outlets offering less “mainstream” content should not count at all, or should be discounted substantially, in any media diversity analysis.¹⁰

¹⁰ NAB, p. 55

“By analyzing diversity based on audience reach or market share instead of availability, the Commission would improperly discount the critical role that less popular media outlets often perform in local markets.”¹¹

This would argue for a careful assessment of the importance, influence and reach of these voices, in order to avoid the pitfall of arbitrary and capricious outcomes in either direction. Yet the industry commenters urge the Commission to not engage in precisely this reasoned analysis. Rather they urge the Commission to ignore actual usage patterns and measures of reach and influence and just declare that there are sufficient voices available to meet its statutory and constitutional obligation to promote the “widest possible dissemination of information from diverse and antagonistic sources,” and to prevent “undue concentration of economic power” and inordinate effect on public opinion.”

Nor is it the case that the industry commenters do not themselves look at audiences and market shares. They do, but they only consider them when it supports their case. Thus, they calculate the market share of the top five radio stations in the top 100 markets, but not the top owners in those markets. Ownership is what matters and the smaller markets are the at-risk markets.

They make repeated estimates of how much market share they have lost to alternative media and out of market broadcasters, but tell the Commission not to count market shares in evaluating market structure.

¹¹ Gannett, p. 33.

CONCLUSION

The road laid out by the industry commenters is a dead end. As has happened three times, it would lead the Commission back to the finding that its rules are arbitrary and capricious and lack a rational that reflects the real world condition of media markets in America.

**REPLY STUDY 5:
Out of Focus:
The NAB's Fraudulent Financial Analysis**

Mark Cooper

Abstract

Broadcast media remains one of the most profitable sectors of the media market, and of all businesses in general. Despite this fact, broadcast industry commenters seek to portray their sector as one in dire financial straits, in need of FCC relief that will allow further consolidation in already highly concentrated local markets.

In order to make their case of poverty, the National Association of Broadcasters (NAB) offers the Commission a very misleading financial analysis. NAB reports recent broadcast industry income data, but systematically omit all data from even numbered years. Why did they take this highly suspect approach? NAB tells the Commission that because even numbered years contain events such as international Olympics and national elections, that these years should be excluded from consideration "to avoid the sometimes inconsistent impact of advertising associated with these events".

But there is absolutely nothing unpredictable or arbitrary about the events of even numbered years and their effects on broadcast revenues. Major advertising events such as national elections are entirely predictable and a key source of the financial success of the broadcast industry. To ignore them as NAB does is highly irresponsible, and appears to be an effort to intentionally mislead the FCC.

This study analyzes financial data from leading broadcast television firms and shows what the NAB seemingly wished to hide: that the broadcast sector is alive and well, and that revenue in even numbered years is consistently far higher than that earned in odd numbered years. Recent sales of broadcast TV properties and the high prices paid for these outlets illustrates that the NAB's claims of poverty are simply untrue. Furthermore, recent industry activity confirms the analysis offered in our initial comments - that consolidation and conglomeration are not the answer to the perceived financial ills of the media sector.

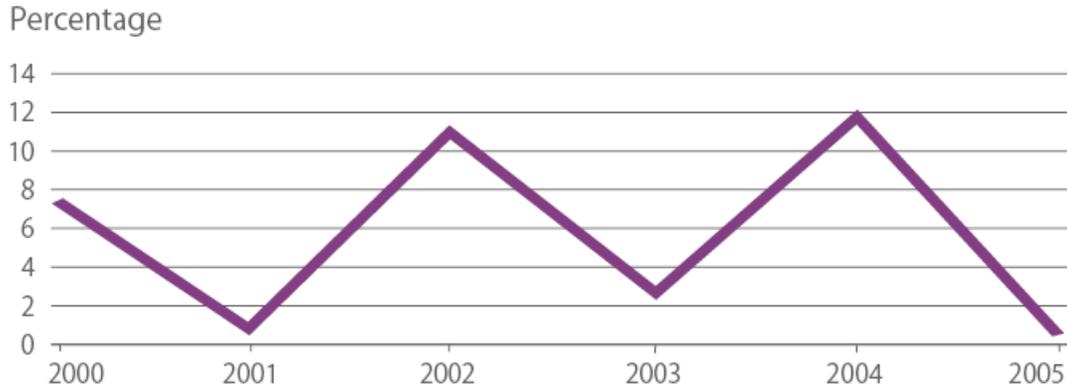
In our initial comments, CFA et al. demonstrated that television stations, even those in smaller markets, are selling at healthy prices. Yet the NAB presents an analysis that concludes stations are in dire financial straits. How do we reconcile these two contradictory claims? Are people really paying high prices for distressed properties? The answer is NO and the explanation is simple: the NAB financial analysis is totally bogus!

REVENUE ANALYSIS

The NAB chose to analyze only the odd numbered years – 1997, 2001, and 2003, stating that “[n]one of these years involved a national election or the Summer Olympics to avoid the sometimes inconsistent impact of advertising associated with these events.” This is absurd. National elections are not random events. They happen every two years and they pump up revenues every two years. This is like analyzing retail sales from January to November, but excluding the Thanksgiving to Christmas period because we do not know how good sales will be, or analyzing the economics of a seaside resort, like Ocean City Maryland, because we do not know what the weather will be like during the tourist season. There is probably less uncertainty in election year media spending than in most seasonal businesses. The following graph from the 2005 annual report of Media General makes the point (see Exhibit 1). Political advertising bumps up dramatically in national election years.

Exhibit 1: The Cyclical Pattern of Advertising Revenues: National Elections Occur in Even Numbered Years and TV Stations Make a Lot of Money When They Do

Political Advertising as a Percentage of Total Broadcast Time Sales



Source: Media General, Annual Report: 2005, p. 19.

This paper examines the fundamental flaw in the NAB financial analysis.

Methodology

Since NAB surveyed its members for this financial information, we cannot replicate their analysis precisely, but examination of the annual reports of companies that own one or more stations in mid-sized and small markets reveals that excluding the even numbered years has a major impact on the financial picture you see.

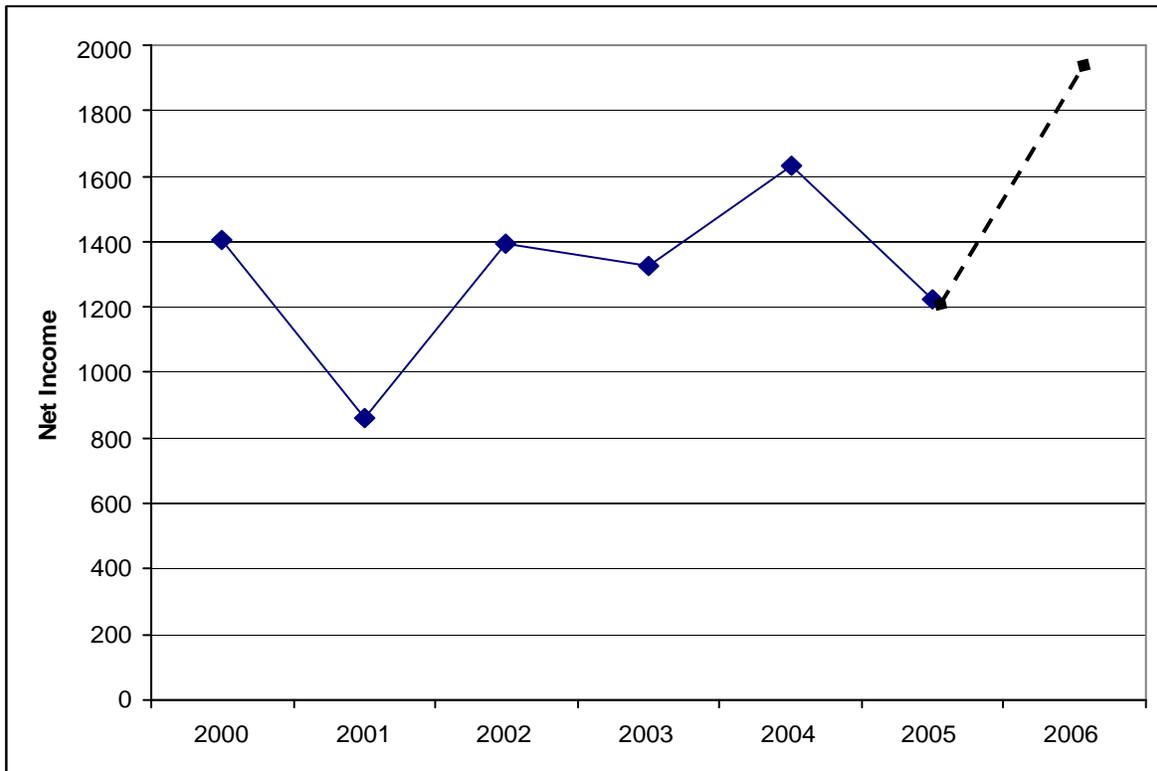
We have examined the annual reports of ten companies that are publicly traded and, therefore make their financial results available. We have excluded the corporations that own the big four national networks in part because they specialize in owning properties in larger markets, and in part because they report the television revenues on a segment basis, which includes both station and network income. We have included all the companies for which we could find a full set of financial results from 2000 to 2005 on the web. We have looked at all years since the turn of the century, rather than pick years at random. By 2000, most of the

new duopolies made possible by the FCC's new rule had been created, so the overall industry structure had settled down. This also gives us three even-numbered and three odd-numbered years. The resulting list of companies is representative of the television industry, outside of the top four broadcasters. It includes Tribune, Sinclair, Hearst, Media General, Gannet, Gray, LIN, Saga, Journal Communications, Fisher, the Washington Post and Young.

Results

On average, over the last six years, these broadcasting properties earned 30 percent more in the even numbered years than they did in the odd numbered years (see Exhibit 2).

Exhibit 2:
Net Income from Broadcast Segment, Publicly Traded Middle and Small Market Companies Owning TV Stations without Major Broadcast Networks (millions \$)



Sources: Annual Reports of Tribune, Sinclair Hearst, Media General, Gannet, Gray, LIN, Saga, Journal Communications, Fisher, the Post and Young.

The difference is largest for the smallest chains. As long as elections keep happening in America, that is likely to be the case. The 2006 election cycle was projected to see a significant increase. Through the first nine months of 2006, before the heaviest month of the political advertising season (October), Media General shows broadcast segment profits are 75 percent higher than they were in the same period for 2005.

In so far as the NAB's arguments are based on this presentation, the FCC can give no credence or weight to the NAB's financial analysis in its decision-making.

REVENUE AND MARKET SIZE

In a second analysis, the NAB shows that audiences in larger market are more valuable than audiences in smaller markets. While that is certainly the case, the analysis fails to point out that the cost of doing business in larger markets is much greater.

Based on the New York DMA's total 2005 broadcast television advertising revenue of \$1.544 billion, the average TV household in the market is worth \$208 in annual revenue. In contrast, the average TV household in Indianapolis, the No. 25-ranked market, was worth \$189 in annual revenue and this figure continues to decline in a manner directly related to market size from No. 50 (Louisville (annual revenues of \$144 per TVHH) to No. 100 Evansville (\$126/TVHH), to No. 150 Terre Haute (\$105/TVHH), to No. 200 Mankato (\$96/TVHH).¹

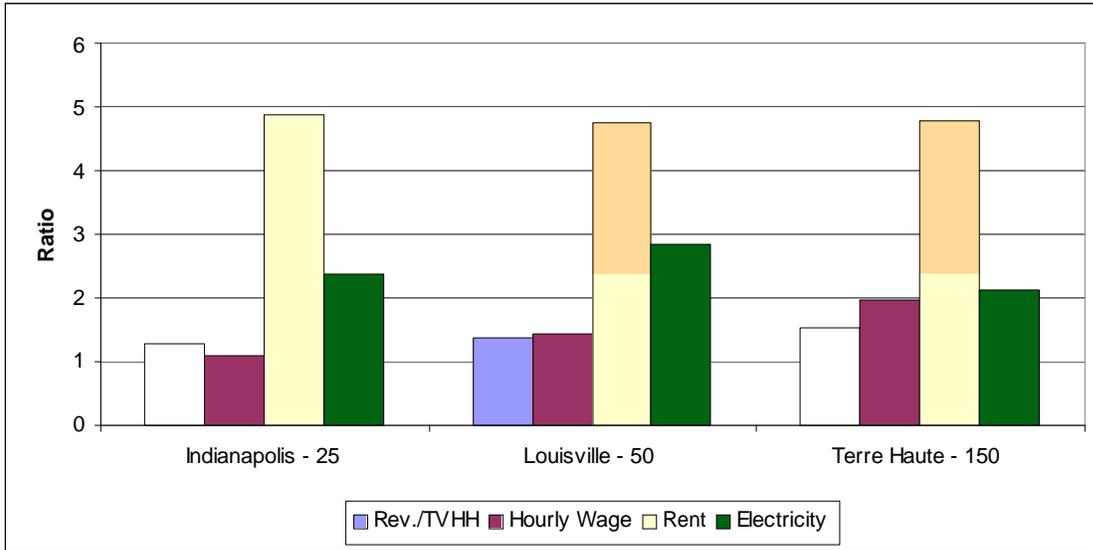
To the extent that costs such as land, labor and electricity vary between cities, the lower value of audiences in smaller markets is offset by lower costs (see Exhibit 3):²

¹ NAB, Attachment F, p. 2.

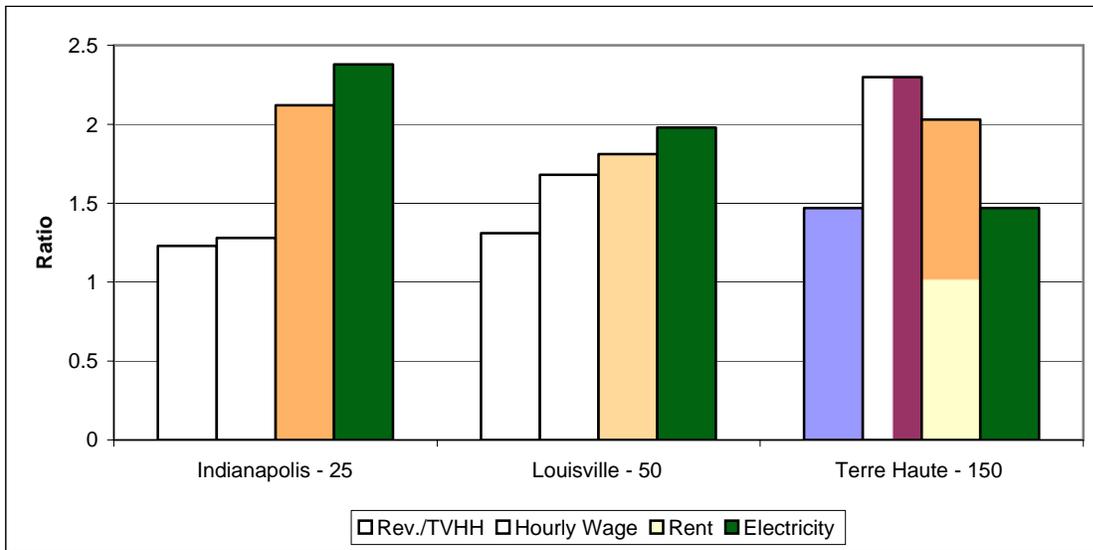
² Gannett's claim (p. 42 that "Many of the costs of operating a television station are fixed – such as, for example news production, power costs, DTV tower construction, and equipment costs – so that operating a small market station is *not* less expensive than a larger market station." Is vastly overstated. The commenters seem to have confused fixed costs with equal costs. While some equipment costs may be constant, many of the other costs are not. Land, labor, power and construction costs vary between large urban and smaller markets.

**Exhibit 3:
Ratio of Revenue and Cost Items in Large Markets Compared to Smaller Markets**

New York



Top Ten



Sources: TV revenue from NAB, Attachment F; Hourly wages from www.bls.gov/oes/current; apartment rent and electricity costs from www.bankrate.com/brmdotnet/comparemarkets

The hourly wage tracks the TV revenue per TV household closely. Apartment rentals and electricity are much higher in New York than the other cities. This result is not a function of the fact that New York is an outlier. Exhibit 3 also shows that a similar pattern is observed when we compare the top ten markets to the lower ranked markets.

CONCLUSION

That the reality of the TV market differs dramatically from the picture painted by the NAB in its comments was confirmed with the sale of the nine TV stations owned by the New York Times Company. The *New York Times* reports that the New York Times Company sold its 9 TV stations for \$575 million to a private equity firm.³ The sale confirms everything we have been saying about the market.

Based on the two year average cash flow the sale price is about 14 times cash flow. That is a good price. As we pointed out in our initial comments, Adelphia sold for 11 times cash flow and McClatchy got 11-12 times cash flow for the Knight Ridder papers it flipped.

The article points out that the TV business is profitable (based on the 2004-2005 analysis profit is about 23 percent of sales, which is actually a little low for the TV segment, but well above S&P 500). Moreover, the article notes that income goes up in election years (about 10 percent in the case of the *New York Times*, based on 2004 and projections for 2006).

The broadcast group has been a profitable part of the Time Company. The nine TV stations generated about \$139 million in revenue in 2005, about 4 percent of total revenue, and, according to forecast issue in September, are expected to account for about \$150 million in 2006, helped by political ad spending.⁴

³ Louise Story, "Times Co. Agrees to Sell TV Stations to Equity Firm," *New York Times*, January 5, 2007, C-5.

⁴ Id.

Since the pattern of political spending is such a fundamental and widely noted part of the TV business, the NAB decision to exclude election years can only be an effort to purposely mislead the Commission.

The sale reinforces the difference between stock market and private evaluations of these types of properties (a point we made in our initial comments). It also confirms our framing of the fundamental challenge facing the newspaper business. The reasoning offered by the Times company for selling the stations is to focus on the newspaper business and the growing digital distribution and streams of revenue. That is what our research concluded. “Our focus now should be on the development of our newspapers and our rapidly expanding digital businesses and the increasing synergies between them,” Janet L. Robinson, president and chief executive of the Times Company, said yesterday in a statement.⁵

⁵ Id.

REPLY STUDY 6
Industry Studies of Cross-Ownership
Mark Cooper

Abstract

Industry commenters claim that consolidation of TV outlets and creation of newspaper-TV combinations in the same market create benefits such as increases in local news programming. However, these claims do not withstand close scrutiny.

Media General provides a count of hours of non-entertainment programming for matched pairs of TV stations in combinations and TV stations not in combinations. This between market comparison analysis is fundamentally flawed and does not support Media General's claims.

- The matching process used by Media General is flawed.
- Their analysis fails to show a statistically significant increase in the hours of programming.
- Their analysis does not take into account the fact that there are more stations providing news in markets where there are no newspaper-TV combinations.
- Media General chose a biased week of news to sample, rather than constructing an unbiased random sample news week. Three of the combination markets are in Hurricane Alley on the Gulf of Mexico and the mid-September week was likely to be heavy on news coverage in those markets. None of the comparison, non-combination markets are in Hurricane Alley.
- When Media General's analysis is adjusted to account for these flaws, we find that non-combination markets are likely to have between 10 and 25 percent more total news hours.

Tribune presents data on TV ratings and news hours, as well as circulation of newspapers for the five markets in which it owns a newspaper-TV combination. Unlike Media General, it does not provide non-combination comparison markets. However, it does offer before and after data for TV stations and newspapers, some of which are part of a combination and some of which are not part of a combination. This within market comparison analysis fails to demonstrate the benefit of combinations.

- The Tribune data shows that TV news viewing has declined much less than overall TV viewing and that TV news markets remain highly concentrated.
- Although the number of news hours increased more at the combination stations than the non-combination stations, the circulation of combination newspapers declined more than that of non-combination papers. The net effect was a statistically significant decline in the total output of news from the combinations.
- A gain of half an hour of news coverage per station is offset by a reduction in circulation of almost 50,000 papers per day.
- Tribune's newspaper performance was particularly weak compared to both other large dailies and the small dailies, as was its overall performance compared to the local market.

INTRODUCTION

Several of the industry commenters have attempted to justify cross-ownership by providing data that purports to show a benefit from newspaper-TV combinations in the form of increased TV news hours. Throughout these proceedings we have argued that even if it could be shown that these combinations produced a greater quantity of news, the public policy benefit is dubious on two grounds. First, the combination trades an independent voice for the potential of more news hours from a common owner. A gain in quantity comes as a loss of diversity. Second, concentration increases as a result of the mergers, which reduces competition.

The industry studies never consider or measure these costs. In our view, even if there are benefits, they are not worth the costs. However, the industry studies fail to make their case for even more fundamental reasons. Their claim of benefits do not stand close scrutiny, and the benefits are either non-existent or small and statistically insignificant.

MEDIA GENERAL

Media General has submitted a study which concludes that “Convergence Markets Offer More Non-Entertainment Programming.” We have presented matched comparisons and econometric evidence to the contrary. The difference can be readily explained.

The Media General claim is wrong.

First, the difference in the number of hours it finds is not statistically significant. This accords with our analysis, which did not find statistically significant differences.¹

¹ See comments filed by Consumers Union, Consumer Federation of America, Free Press et.al., *Compendium* Study 16, “Consolidation and Conglomeration Diminish Diversity and Do Not Promote The Public Interest: New Evidence”.

Second, the study compares average number of hours per station in the markets. It does not calculate the total amount of news programming in the market. In fact, the non-convergence markets have more stations that provide news (see Exhibit 1). The difference in the number of stations providing news is more than twice as large as the difference in the amount of news per station. Therefore, if all the stations providing news do so at the per station average, the study would show that non-convergence markets have more news than convergence markets. We reach this conclusion whether we use the count of TV stations doing local news provided by the broadcasters in their 2002² comments or the count of stations doing local news developed for 2006 in our earlier comments.³

Third, the object of study in the Media General analysis is not local news and public affairs. It includes network based national programming – nightly news, morning shows, and primetime magazines, which dominate the totals. Our analysis focused on local news and public affairs, which is the proper object in this proceeding.

There are also methodological problems with the analysis. The matches were problematic both between and within markets.

² Economists Inc., Economic Study A: News and Public Affairs Programming Offered by the Four Top-Ranked Versus Lower-Ranked television Stations, Attachment to *Comments of Fox Entertainments Groups and Fox Television Stations, Inc., National Broadcasting Company, Inc. and Telemundo Groups, Inc., and Viacom*, in the Matter of 2002 Biennial Regulatory Review, etc., MB Docket Nos. 02-277, MM 02-235. 01-317, January 2, 2003.

³ *Compendium Study 12, “Reaching and Serving the Community”*.

Exhibit 1:**Number of New Hours and Number of News Stations in Media General Analysis****2002 Station Count
BASE CASE**

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|---------------------------|--------------------------|---------------------------|------------------------|-----------------------|--------------------------|---------------------------|------------------------|
| Detroit | 5 | 62 | 310 | Tampa | 7 | 71.8 | 502.6 |
| Wichita | 3 | 60 | 180 | Roanoke | 5 | 52.3 | 261.5 |
| Harlingen | 4 | 46.3 | 185.2 | Tri-cities | 4 | 49.9 | 199.6 |
| Harlingen | 4 | 46.3 | 185.2 | Baton Rouge | 3 | 52.1 | 156.3 |
| Colorado Springs | 5 | 53 | 265 | Waco | 4 | 56.8 | 227.2 |
| Lincoln | 4 | 47 | 188 | Myrtle Beach | 2 | 54.8 | 109.6 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 4 | 52.6 | 210.4 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Anchorage | 5 | 53.6 | 268 | Panama C. | 2 | 55.5 | 111 |
| Minot | 2 | 42 | 84 | Idaho Falls | 3 | 53.3 | 159.9 |
| Billings | 4 | 65.3 | 261.2 | Quincy | 2 | 66.5 | 133 |
| AVG. | 4.09 | 53.37 | 218.34 | | 3.64 | 56.05 | 203.8 |
| Ratio Non/XO | 1.13 | 0.95 | 1.07 | | | | |

**2006 Station Count
BASE CASE**

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|---------------------------|--------------------------|---------------------------|------------------------|-----------------------|--------------------------|---------------------------|------------------------|
| Detroit | 5 | 62 | 310 | Tampa | 7 | 71.8 | 502.6 |
| Wichita | 5 | 60 | 300 | Roanoke | 5 | 52.3 | 261.5 |
| Harlingen | 4 | 46.3 | 185.2 | Tri-cities | 4 | 49.9 | 199.6 |
| Harlingen | 4 | 46.3 | 185.2 | Baton Rouge | 3 | 52.1 | 156.3 |
| Colorado Springs | 4 | 53 | 212 | Waco | 3 | 56.8 | 170.4 |
| Lincoln | 5 | 47 | 235 | Myrtle Beach | 4 | 54.8 | 219.2 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 6 | 52.6 | 315.6 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Anchorage | 5 | 53.6 | 268 | Panama City | 2 | 55.5 | 111 |
| Minot | 10 | 42 | 420 | Idaho Falls | 4 | 53.3 | 213.2 |
| Billings | 3 | 65.3 | 195.9 | Quincy | 2 | 66.5 | 133 |
| AVG. | 4.91 | 53.37 | 262.01 | | 4 | 56.05 | 224.18 |
| Ratio Non/XO | 1.23 | 0.95 | 1.17 | | | | |

First, in three of the eleven comparisons, the researchers had to violate their own rule for next largest market. As a result of violating the rule, the analysis used one non-convergence market, Harlingen Texas, twice. This market had the second lowest average number of hours of the 22 markets (see Exhibit 2). Instead of going to the second largest market above the comparison, if the study had chosen the next smallest market, which would have been closer in size, it would have used Colorado Springs twice. Making this one change in the choice of comparison market reduces the claimed advantage for cross-owned stations by almost one quarter, from 2.7 hours to 2.1 hours). Using either the 2001 count of stations providing news or the 2006 count, the total news in the non-combination markets would be substantially higher, assuming that the unreported stations provide the market average amount of news.

Second, in five of the eleven comparisons the study had trouble finding matching stations. It had to exclude some stations or average stations together. In one market, it had to both average and exclude stations. In other words, the study set up a set of simple sampling rules and then violated those rules in almost 80 percent of the comparisons.

**Exhibit 2:
Number of New Hours and Number of News Stations in Media General Analysis,
Duplicate Cities Handled Differently**

**2002 Station Count
BASE CASE**

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|-------------------|------------------|-------------------|----------------|---------------|------------------|-------------------|----------------|
| Detroit | 5 | 62 | 310 | Tampa | 7 | 71.8 | 502.6 |
| Wichita | 3 | 60 | 180 | Roanoke | 5 | 52.3 | 261.5 |
| Harlingen | 4 | 46.3 | 185.2 | Tri-cities | 4 | 49.9 | 199.6 |
| Colorado Springs | 5 | 53 | 265 | Baton Rouge | 3 | 52.1 | 156.3 |
| Colorado Springs | 5 | 53 | 265 | Waco | 4 | 56.8 | 227.2 |
| Lincoln | 4 | 47 | 188 | Myrtle Beach | 2 | 54.8 | 109.6 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 4 | 52.6 | 210.4 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Anchorage | 5 | 53.6 | 268 | Panama City | 2 | 55.5 | 111 |
| Minot | 2 | 42 | 84 | Idaho Falls | 3 | 53.3 | 159.9 |
| Billings | 4 | 65.3 | 261.2 | Quincy | 2 | 66.5 | 133 |
| AVG. | 4.18 | 53.98 | 225.74 | | 3.64 | 56.05 | 203.8 |
| Ratio Non/XO | 1.15 | 0.96 | 1.11 | | | | |

**2006 Station Count
BASE CASE**

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|-------------------|------------------|-------------------|----------------|---------------|------------------|-------------------|----------------|
| Detroit | 5 | 62 | 310 | Tampa | 7 | 71.8 | 502.6 |
| Wichita | 5 | 60 | 300 | Roanoke | 5 | 52.3 | 261.5 |
| Colorado Spr. | 4 | 53 | 212 | Tri-cities | 4 | 49.9 | 199.6 |
| Harlingen | 4 | 46.3 | 185.2 | Baton Rouge | 3 | 52.1 | 156.3 |
| Colorado Spr. | 4 | 53 | 212 | Waco | 3 | 56.8 | 170.4 |
| Lincoln | 5 | 47 | 235 | Myrtle Beach | 4 | 54.8 | 219.2 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 6 | 52.6 | 315.6 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Anchorage | 5 | 53.6 | 268 | Panama City | 2 | 55.5 | 111 |
| Minot | 10 | 42 | 420 | Idaho Falls | 4 | 53.3 | 213.2 |
| Billings | 3 | 65.3 | 195.9 | Quincy | 2 | 66.5 | 133 |
| AVG. | 4.91 | 53.98 | 265 | | 4 | 56.05 | 224.18 |
| Ratio Non/XO | 1.23 | 0.96 | 1.18 | | | | |

Third, the study also commits a fundamental error in using a single week of programming, rather than a random sample representative week (see Exhibit 3). By choosing a single week, the study runs the risk of choosing a week that causes differences in programming because the markets are located in different geographic areas of the country. The difference that the study attributes to cross ownership might be due to the seasonal character of markets or unique events that occur in markets. For example, the study picked the second week in September of 2006. That is the height of the hurricane season, in which cities in hurricane alley may be on high alert and running lots of non-entertainment programming. This is especially the case the year after Katrina/Rita. It turns out that three convergence cities are on the Gulf Coast in Louisiana and Florida, but none of the non-convergence cities are. Excluding those comparisons from the analysis, cuts the claimed advantage of cross-owned markets almost in half, from 2.7 hours to 1.5 hours. This also eliminated the double counting of Harlingen Texas.

Thus, contrary to the claim of Media General, it is reasonable to conclude that the non-convergence market provide between 10 and 25 percent more of non-entertainment programming.

Exhibit 3:

**Number of New Hours and 2002 Number of News Stations in Media General Analysis
Hurricane Alley Eliminated**

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|---------------------------|--------------------------|---------------------------|------------------------|-----------------------|--------------------------|---------------------------|------------------------|
| Wichita | 3 | 60 | 180 | Roanoke | 5 | 52.3 | 261.5 |
| Harlingen | 4 | 46.3 | 185.2 | Tri-cities | 4 | 49.9 | 199.6 |
| Colorado Springs | 5 | 53 | 265 | Waco | 4 | 56.8 | 227.2 |
| Lincoln | 4 | 47 | 188 | Myrtle Beach | 2 | 54.8 | 109.6 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 4 | 52.6 | 210.4 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Minot | 2 | 42 | 84 | Idaho Falls | 3 | 53.3 | 159.9 |
| Billings | 4 | 65.3 | 261.2 | Qunicy | 2 | 66.5 | 133 |
| AVG. | 3.88 | 53.15 | 207.58 | | | | |
| Ratio Non/XO | 1.11 | 0.97 | 1.1 | | | | |

| NON-XO MARKETS | # of Stations | # of Hours/Sta | Total Hours | XO MARKETS | # of Stations | # of Hours/STA | Total Hours |
|---------------------------|--------------------------|---------------------------|------------------------|-----------------------|--------------------------|---------------------------|------------------------|
| Wichita | 5 | 60 | 300 | Roanoke | 5 | 52.3 | 261.5 |
| Colorado Spr. | 4 | 53 | 212 | Tri-cities | 4 | 49.9 | 199.6 |
| Colorado Spr. | 4 | 53 | 212 | Waco | 3 | 56.8 | 170.4 |
| Lincoln | 5 | 47 | 235 | Myrtle Beach | 4 | 54.8 | 219.2 |
| Boise | 4 | 60.8 | 243.2 | Fargo | 6 | 52.6 | 315.6 |
| La Cross | 5 | 50.8 | 254 | Columbus | 4 | 50.9 | 203.6 |
| Minot | 10 | 42 | 420 | Idaho Falls | 4 | 53.3 | 213.2 |
| Billings | 3 | 65.3 | 195.9 | Qunicy | 2 | 66.5 | 133 |
| AVG. | 3.64 | 39.26 | 142.78 | | 2.91 | 39.74 | 115.6 |
| Ratio Non/XO | 1.25 | 0.99 | 1.24 | | | | |

TRIBUNE'S DATA

Like Media General, Tribune also presents data to support its claim that the media ownership limits should be relaxed. Like Media General, Tribune focuses on cross-ownership and provides data on hours of news programming. The Tribune data also includes ratings, and because of the markets chosen, a number of duopolies are included.

There are fundamental flaws in the Tribune argument and analysis. First, while Media General at least attempted to provide a basis for policy analysis by providing matched comparison markets, (although the matching did not work very well and the results were not statistically significant) Tribune failed to provide such a match.

Second, the Tribune data is restricted to a very narrow range of markets, with four of the five falling in the top twenty markets and all five markets falling in the top 38 markets.

Third, the Tribune data is also flawed for before-after comparisons. Several of the duopolies and cross ownership situations were formed well before the gathering of the initial data for news production, while others were formed after.

Fourth, the presentation of outlets is careless with respect to geographic boundaries. Newspapers are presented as crossing DMA boundaries, even though their natural market is much smaller, as we demonstrated in our initial comments. Radio outlets are discussed at the DMA level, when Arbitron markets are well recognized as the more appropriate, smaller market for radio.⁴

⁴ Mark Cooper, Study 21, Building a Reasonable Measure of Market Structure, attached to *Initial Comments of the Consumer Federation of America, Consumers Union and Free Press*, In the Matter of 2006 Quadrennial Regulatory Review, etc., Docket Nos., MB 06-121, 02-277,01-235, MM 01-317, oo-244.

Finally, Tribune does not present systematic structural analysis. The data is presented as a laundry list of outlets. Thus, for the purposes of assessing the impact of specific types of consolidation on the broad range of policy issues, the Tribune data must be analyzed with caution.

However, the longer term perspective on ratings offered by the Tribune data is instructive with respect to trends in the industry. Statistical analysis can be done on this data. As a snapshot of the changes in major markets between 1975 and 2006, rather than a test of the impact of specific duopolies, the data is informative. Here there is a credible before-after comparison to be made.

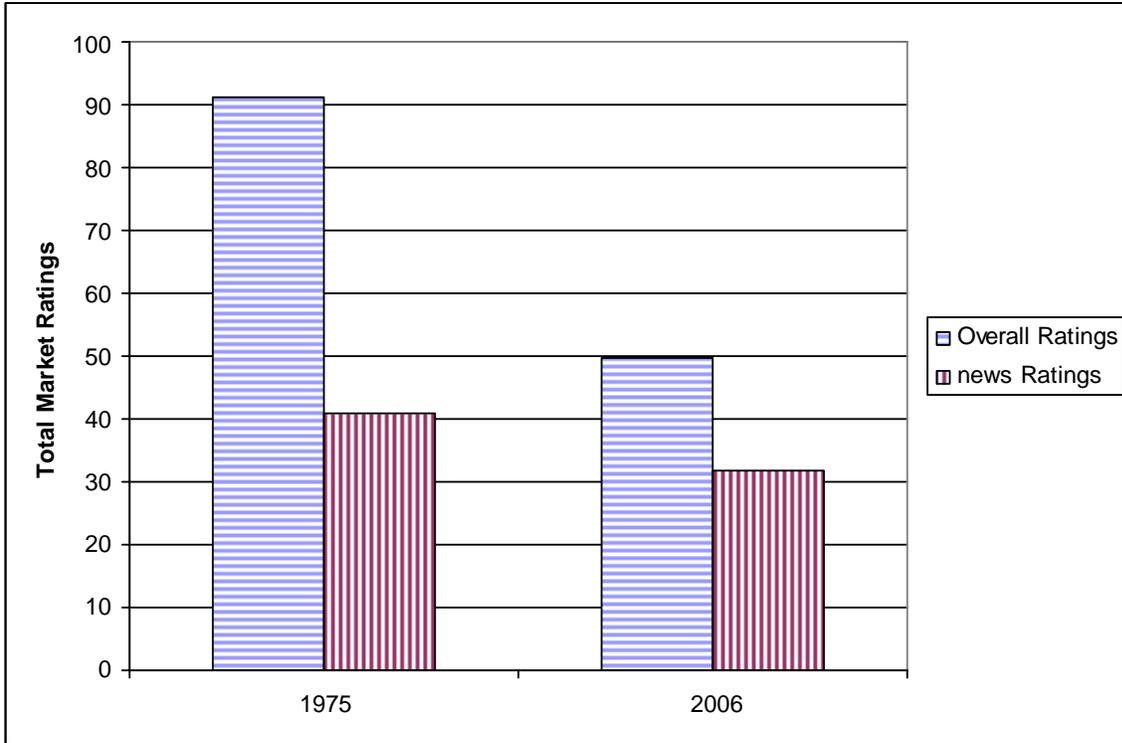
LONG TERM TRENDS

Changes in the TV Market

It is notable that the decline in the overall ratings of television shows is much larger than the decline in ratings for news shows (see Exhibit 4). To the extent that the broadcasters push for the Commission to change its ownership limits because of changes in the industry, it is notable that the change in news viewing is much smaller than the overall industry.

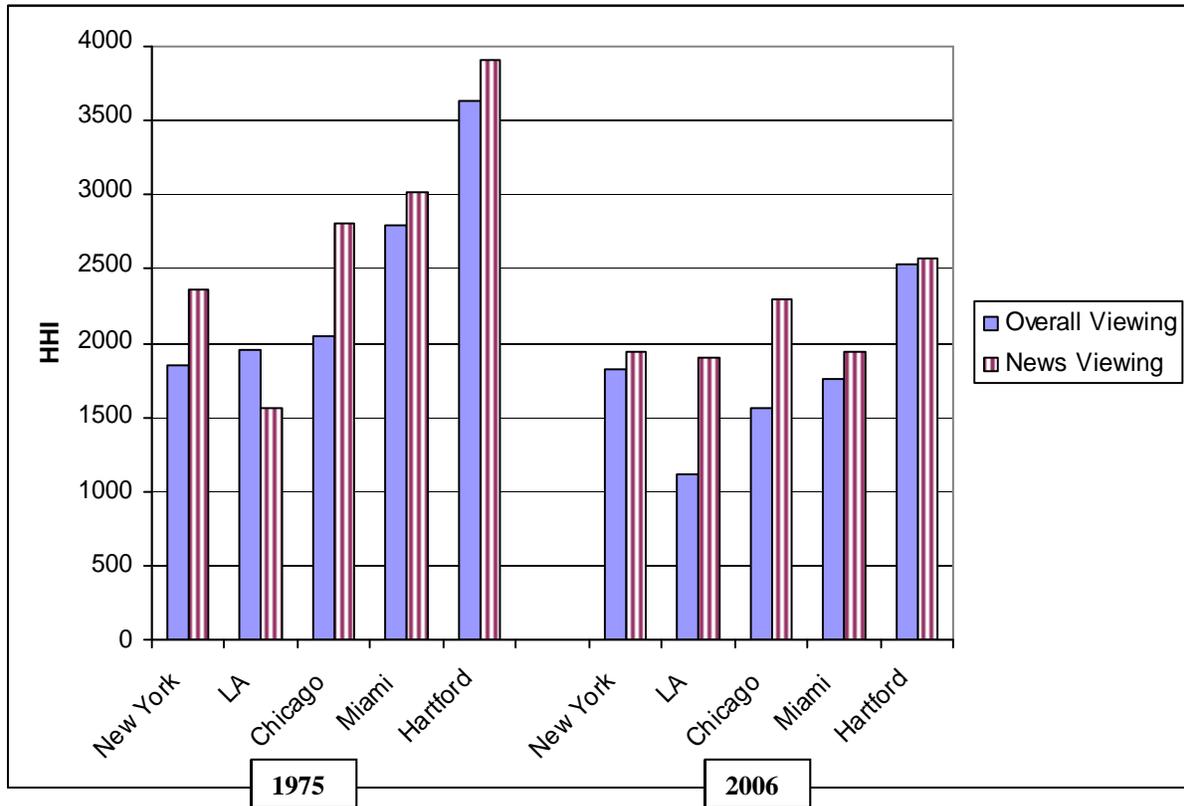
Moreover, to the extent that these ratings include both national and local news, it should be kept in mind that a significant part of the loss of news viewing may be a shift to cable viewing for national news, which, in the case of Fox and NBC, does not constitute a loss of viewers, but a shift from over-the-air to through-the-wire. These observations also help to explain our findings that television remains the leading source of local news.

Exhibit 4:
The decline in TV news viewing has been much smaller than the decline in overall TV viewing



A second observation on the data is that the news viewing generally was and remains more concentrated than overall viewing (see Exhibit 5). This reflects the fact that many stations do not provide news, even in the large markets on which the Tribune data focuses.

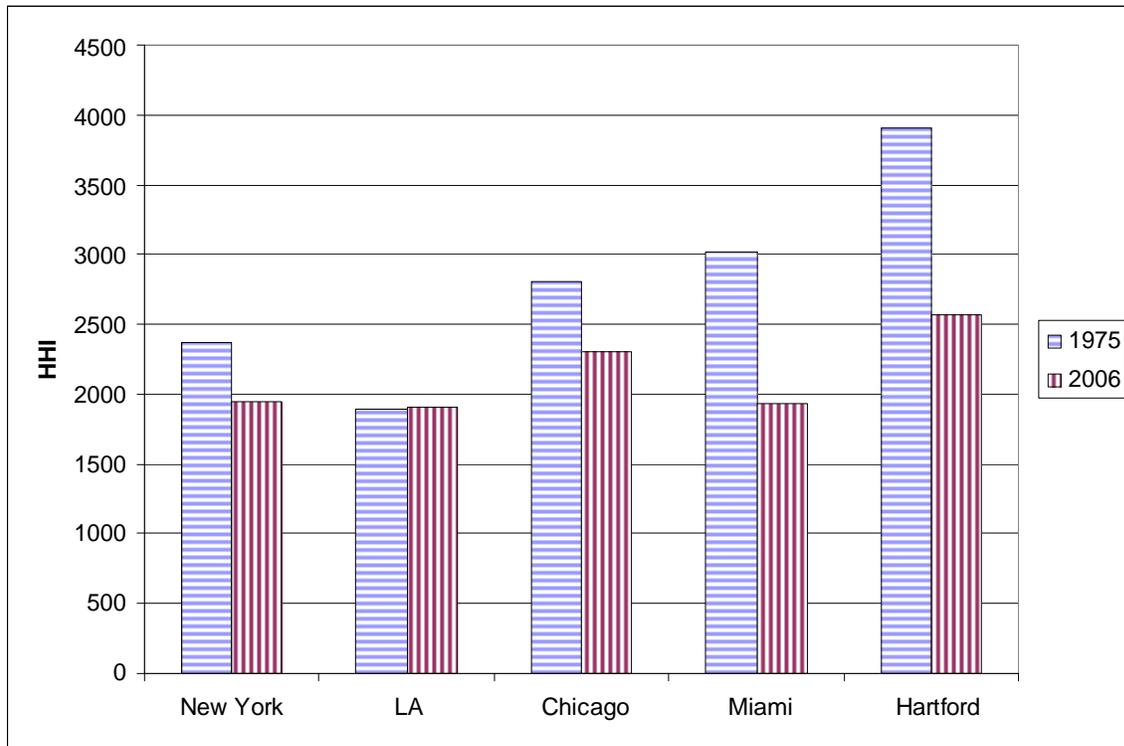
**Exhibit 5:
TV news viewing has always been more concentrated than overall TV viewing**



A third factor worthy of note in the Tribune data is that the decline in concentration of TV news viewing has been moderate at best (see Exhibit 6). TV news viewing remains highly concentrated, while overall viewing remains concentrated. As noted above, to the extent that the broadcasters claim de-concentration of markets as a justification for changing the limits on television ownership, this is less true of news television relative to overall TV.

Exhibit 6:

The decline in concentration of news television viewing has been modest between 1975 and 2006 and markets are still highly concentrated

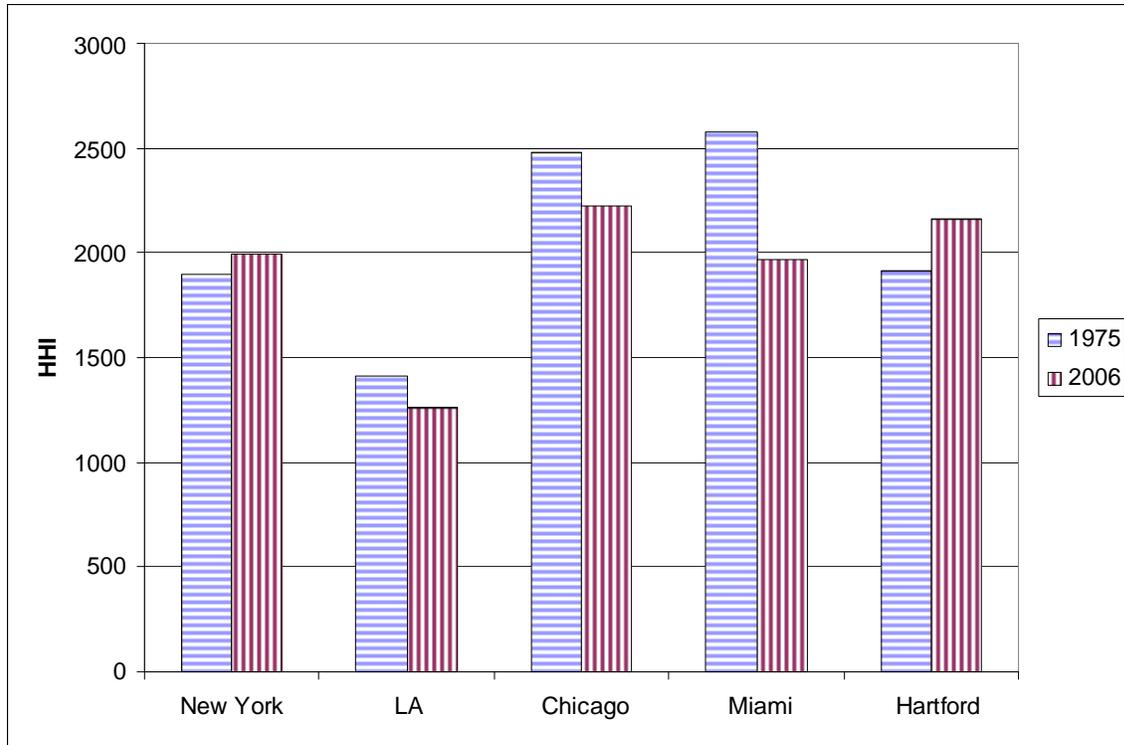


The Traditional Media Market

In order to examine the overall performance of the dominant news media, i.e. television and daily newspapers, for which Tribune provided data, we have calculated the concentration ratio (HHI) by combining the two media with equal weights. Our research shows that this is their relative weighting today. TV ratings are expressed as a percentage of all TV households, but newspaper circulation is expressed as an absolute number. To make the two comparable, we converted the ratings numbers to households watching TV. We used population growth between 1980, 2001 and 2004 to estimate the number of TV households in 1975 and 2001. Combining the TV and daily newspaper products into the traditional news

market, we find a pattern that is similar to the TV news market (see Exhibit 7). Declines in concentration, where they exist, have been moderate at best.

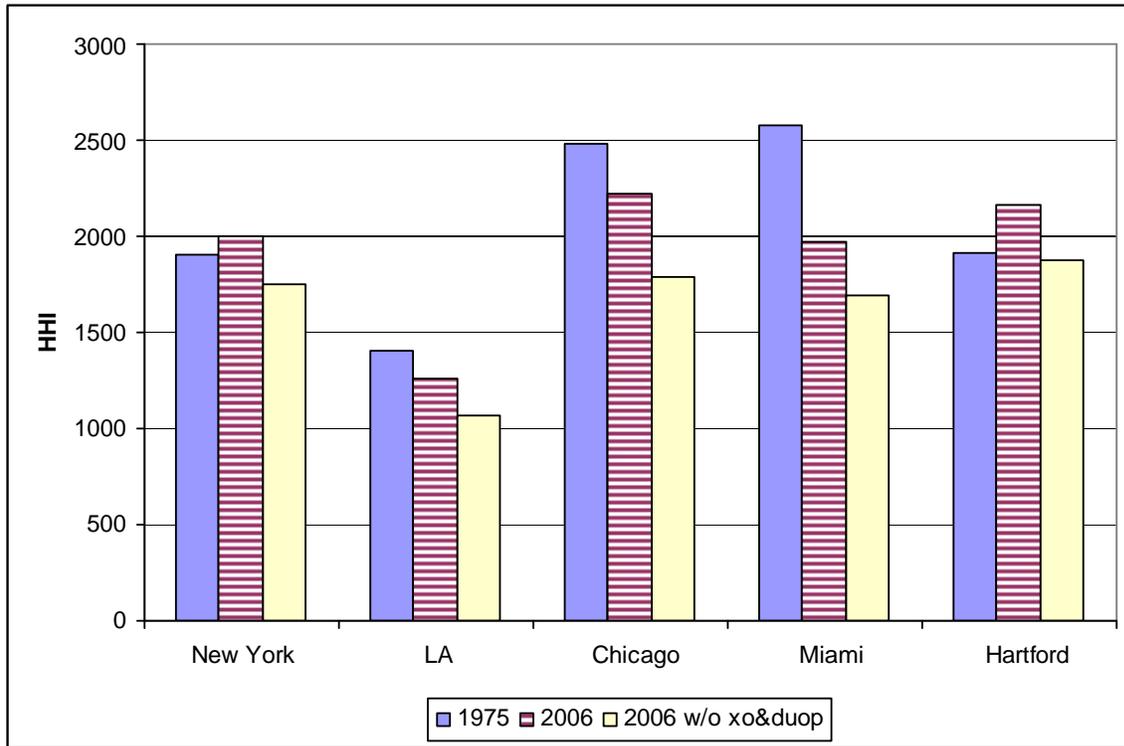
Exhibit 7:
Between 1975 and 2006 the decline in concentration of the dominant news mass media was modest in some markets and non-existent in others



The paltry reductions in concentration in the traditional media markets, in spite of the increase in the number of stations available, stems in large measure from the policies that allowed traditional media outlets to merge (see Exhibit 8). Markets would have been substantially less concentrated had the mergers not been allowed. All but one of the cross-ownership mergers in the markets analyzed by the Tribune are of recent origin. Five of the six cross-ownership situations involve Tribune. On average, about half of the potential decline in concentration has been offset by duopolies and combinations.

Exhibit 8:

The decline in concentration in the traditional mass news media between 1975 and 2006 was thwarted by the creation of duopolies and newspaper-TV combinations



THE IMPACT OF DUOPOLIES AND CROSS-OWNERSHIP

Building a Database to Test the Claims for Media Duopolies and Cross-Ownership

Subject to the caveats expressed in the introduction about the misfit between the performance measures and the formation of duopolies and cross-ownership combinations, this section examines the recent changes in the marketplace. The central claim of the industry commenters is that they must be allowed to consolidate so that they can compete better against the alternative media, especially Internet-based platforms. We have pointed out the *non sequitur* in the claim that physical space consolidation is the answer to cyberspace competition in our initial comments. The second claim of broadcasters is that concentration

enables them to do more with the resources they expect to garner. We constructed a database from the Tribune data to test these claims, keeping in mind that the sample is very small, lacks comparison markets and is limited to large markets.

The Tribune database provides two measures of performance for TV, ratings and hours of news. It provides the circulation of the major daily newspapers in each market.

The systematic data presented by Tribune was not complete, even for the short 2001-2002 period. Two out of twenty papers were missing data, even among the major urban dailies. Moreover, Tribune cited 2006 circulation figures for many smaller papers, but did not give figures for 2001. In the following analysis, we first use the data set for major urban dailies as presented by Tribune, which covers the period 2001-2006 for all TV stations and 19 newspapers. Based on a database used earlier in this proceeding, we also analyze the full complement of newspapers mentioned by Tribune for the 2002-2006 period. The Tribune data provides before and after data for 2001-06 for 19 papers, which had a combined circulation of about 6.8 million or about one-eighth of the national total. Filling in missing values and adding the smaller dailies for the 2002-06 comparison raises the total to 33 papers with a circulation of just over 8.2 million, or almost one-sixth of the national total.

We introduced market control variables (dummy variables for each market). We then tested the significance of the change in performance between 2001 and 2006.

Concentration and Performance

The Tribune data shows, when subject to careful scrutiny, the claims of benefits do not hold up (see Exhibit 9). We found that duopolies do not exhibit statistically significant increases in either market share or hours of news. The coefficients are either zero or negative, although none are statistically significant.

Exhibit 9: Multiple Regression Analysis of Performance of Consolidation Characteristics

| Dependent | Duopoly | | Cross-Ownership | |
|---------------------|---------|--------------|-----------------|--------------|
| | Beta | Significance | Beta | Significance |
| Change 01-06 | | | | |
| Ratings | | | | |
| Overall | -0.73 | 0.424 | -0.04 | 0.982 |
| News | 0 | 0.991 | 0.23 | 0.757 |
| TV Hours | -0.8 | 0.521 | 3.39 | 0.046 |
| Circulation | N/A | N/A | -0.01 | 0.682 |
| Total Market | 0 | 0.906 | -0.2 | 0.076 |
| Change 02-06 | | | | |
| Circulation | N/A | N/A | -0.047 | 0.053 |

For cross-ownership the picture is somewhat more mixed. There is a statistically significant positive effect on the number of hours of TV news, but a negative effect on circulation (not significant) and a negative effect on total audience, which is statistically significant. The negative effect on circulation in the larger data set for the 2002-2006 period is larger than in the smaller data set and statistically significant. The circulation of cross-owned newspapers *declined* over the four year period, substantially more than the non-cross-owned papers, with the coefficient indicating a loss of 47,000 papers per day in circulation due to cross-ownership.

Tribune's Reverse Logic:

'Because we do so poorly, there is no harm to the public interest'

The Tribune cites its poor performance as an indicator of the reduction of its market power and, therefore, a justification to eliminate or relax the media ownership limits.

Newspaper circulation trends for these four newspapers show growth from 1975 to 2001; after 2001, *The New York Post* has increased its circulation while *The New York Times* has held steady and *Newsday* and *The Daily News* have seen circulation declines. These composite and individual declines have occurred at the same time that the population of the New York metropolitan area has grown by more than 2.3 million residents. *Newsday's* daily circulation has declined during the past five years at a faster rate than the *Daily News*, notwithstanding its common ownership with WPIX, which commenced in 2000. These results strongly suggest that ownership of a television station in New York does not provide any competitive advantage to the newspaper, and that readers and viewers have many alternative options for obtaining their news and information (p. 42)

In short, cross-ownership has not helped Tribune to increase its position in this market.

It should be noted that in New York it owns the fourth largest paper (that was the third prior to its acquisition by Tribune), with a market share of 22 percent in the newspaper market. In the other four markets it has a market share of over 50 percent of the newspaper market.

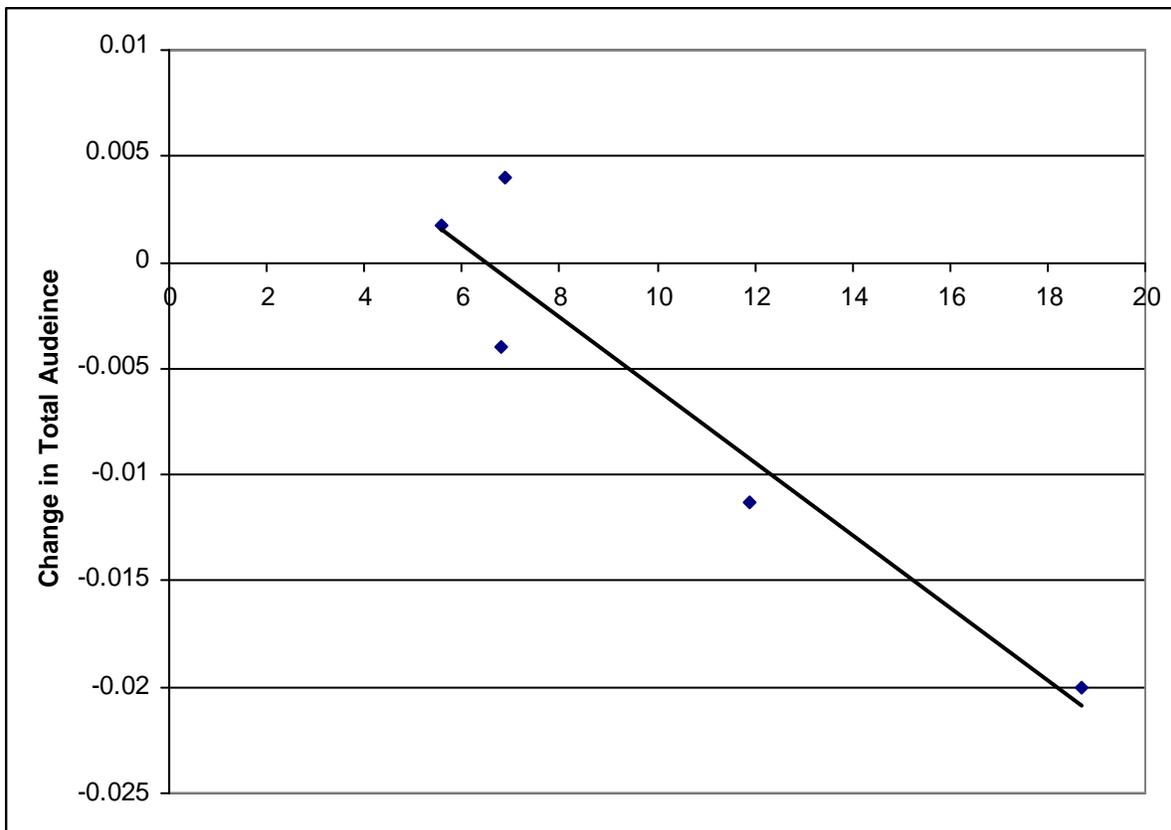
New York is not the only market where Tribune under-performed the other papers in the market (see Exhibit 10). The Tribune papers have performed worse than the other large dailies in their markets. The large dailies have generally performed worse than the smaller dailies.

Exhibit 10:
Change in 2002-2006, All Dailies in DMA (in %)

| | New York | Los Angeles | Chicago | Michigan | Hawaii |
|-----------------------------|--------------|--------------|--------------|------------|-------------|
| Tribune | -26.0 | -11.3 | -16.0 | 2.8 | -9.2 |
| Large Non XO Dailies | -4.0 | 8.5 | -16.4 | 1.6 | -4.0 |
| Smaller Dailies | -6.0 | 47.8 | -1.9 | N/A | N/A |

Moreover, there is a strong negative association between the Tribune market share and the performance of the market in terms of total traditional audience (Exhibit 11).

Exhibit 11:
Tribune market share and total market performance are correlated because of Tribune’s Poor Performance.



The suggestion by Tribune is that, ‘since newspaper –TV combinations have not helped us to increase our market share, why should public policymakers worry.’ We see the poor performance of cross-owned papers as an indictment of the conglomerate model. In most other areas, we would let these entities do harm to themselves by pursuing consolidation and conglomeration, but when it comes to broadcast licenses there is an overriding public interest in promoting competition, diversity and localism.

Thus, a careful examination of the data provided by Tribune casts serious doubt on the claims made by the broadcasters and newspaper owners. Indeed, this analysis reinforces the finding in our initial comments that concluded that consolidation and conglomeration are not the solution to the challenge facing the industry. They do not improve performance in economic terms, while they detract from the goal of the “widest possible dissemination of information from diverse and antagonistic sources.” Consolidation and conglomeration detract from those goals, without the redeeming value of improved economic performance. The restriction on duopolies and combinations should remain in place.

REPLY STUDY 7
Local Cable News Channels Do Not
Significantly Contribute to Source or Viewpoint Diversity

Adam Lynn, Mark Cooper & S. Derek Turner

Abstract

Supporters of media consolidation argue that rules limiting local ownership of broadcast licenses are no longer necessary to protect the public interest. A justification of this argument is that consumers have access to previously unavailable sources, chiefly local cable networks. Several comments filed by media companies in the current FCC ownership proceeding argue this point, and cite over one hundred regional cable-only networks to illustrate non-traditional media available to consumers.

This study, using official FCC reports and industry comments, compiles a comprehensive list of local and regional cable-only networks operating in the U.S. and determines that few of them provide local news and information:

- Almost one-third of the regional cable-only networks are sports networks, airing no local news reporting (38 of the 119 regional cable networks in our sample).
- Nearly half of the regional cable-only stations that do air local news are owned by a traditional local news outlet such as a broadcast television station or a daily newspaper (26 of the 57 regional cable networks that air local news reporting).
- Almost 40 percent of the independent regional cable-only stations that air local news reporting are based in the New York City television market (12 of the 31 stations).
- Nearly all of the 31 independent regional cable-only stations that air local news reporting have operating and cross-promotional relationships with traditional local news operations.

To assess the impact of these cable news operations we compared their staffing to the staffs of the traditional media outlets – daily and weekly newspapers plus local TV news operations. The resources that these cable-only stations bring to reporting local news are minimal.

- Our analysis shows that the local/regional cable-only news staff represents an addition to the local resource pool (newsroom staff) of less than 3 percent in the regions they serve.
- Because these stations serve about one-fifth of the total population, on a national basis they represent an addition to the local news resource base of approximately one-half of one percent.

Contrary to the claims of the industry, these cable news outlets have not significantly changed the landscape of local news and information and do not provide a justification for abandoning media ownership limits in local markets.

BACKGROUND

In separate comments filed by the National Association of Broadcasters, Media General, Sinclair, Nexstar, and KVMD (“NAB et. al.”), these commenters suggest that the presence of regional cable networks has altered the media marketplace to the point where FCC broadcast ownership limits are no longer in the public interest:

“Cable has even emerged as a significant source of local news... The Nielsen survey also demonstrated that many (although not all) consumers viewed broadcast television, cable and satellite news channels, daily newspapers and radio all as substitutes for each other in obtaining local or national news” (NAB, page 51).

“In addition to these national programming networks, local cable systems also are providing many regional/local programming networks, 96 of which were identified by the FCC in 2005” (NAB, Attachment A, page 12).

“Scores of national cable networks, whether news or entertainment, are also powerful players. Some 110 regional cable networks have emerged, along with at least 26 local cable news services” (Media General, page 44).

“This dramatic increase in cable penetration has spurred a corresponding growth in program offerings, particularly locally and regionally originated program offerings, by all the different cable systems available in each Media General convergence market. These extensive sources of local and regional information are detailed at length in Appendix 8 (*Note: The channels listed by Media General that were not listed in the FCC’s 2006 MVPD Report were*

¹ Comments of the National Association of Broadcasters, In the Matter of 2006 *Quadrennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 06-121; In the Matter of 2002 *Biennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 02-277; In the Matter of *Cross-Ownership of Broadcast Stations and Newspapers*, MB Docket No. 01-235; In the Matter of *Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets*, MB Docket No. 01-317; In the Matter of *Definition of Radio Markets*, MB Docket No. 00-244. Also, “Comments of Media General Inc.” in the above proceedings; “Comments of Nexstar Broadcasting Inc.” in the above proceedings; “Comments of KVMD License Co., LLC” in the above proceedings; “Comments of Sinclair Broadcast Group Inc.” in the above proceedings.

added to our database)... This locally originated content now competes with sources unheard of in 1975” (Media General, pages 47-48).

“Cable operators offer a wide variety of different national news networks and are also increasingly becoming a separate source of local news” (Sinclair, page 22).

“In some markets, local television stations are competing with cable companies with respect to local news. For example, Time Warner produces local news channels in several of its markets” (Nexstar, pages 7-8).

“Cable companies provide more than a 100 programming channels, are producing local news channels and are competing directly with local television for advertising revenues” (Nexstar, page 20).

“As the Commission record demonstrates, broadcast television stations face fierce competition from various non-broadcast media outlets, including cable, satellite, the Internet and newspapers” (KVMD, page 7).

The central theme to the claims by NAB et. al. is that these regional cable channels offer consumers a plethora of previously unavailable media choices, and that these channels have undermined the audiences of the traditional broadcast and print media outlets.

However, as this study demonstrates, many of the cable channels cited by NAB et. al. do not produce local news reporting. And the majority of those that do are stations owned, affiliated, or have business relationships with local broadcast television news stations or local newspaper outlets. Furthermore, of the few truly independent cable stations that do air local news content, the amount of this content is low, their audiences are small, and the resources they devote to local news is miniscule compared to that devoted by the traditional outlets in the same markets. Finally, the geographic reach of the few independent local cable news stations is low, with much of the country remaining unserved by this alternative.

METHODOLOGY

A list of regional cable networks was compiled using information from the 12th Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming (“*2006 MVPD Report*”)² In addition to this initial list of 96 stations, we identified 12 additional regional networks not captured by the FCC’s 2006 report, and 13 channels listed by Media General, bringing the total list to 121 regional networks. Using local listings, corporate financial filings, news articles, trade association websites, station websites, and phone interviews, we determined ownership, content information, and where possible, the number of employees for each station. Employee data was compared with employee totals of traditional news outlets using 2003 industry data.³

RESULTS AND DISCUSSION

Identifying Cable Networks that Air Local News

Two of the 96 stations listed in the *2006 MVPD Report* were determined to be no longer active (Chicagoland Korean TV and Cowboys TV). Almost one-third of the regional networks are programmed with sports content and lack local news reporting (38 out of the 119 active channels; see Appendix B, Figure B1). Seven networks air national-only content, or local entertainment-only content, with no local news programming (see Appendix B, Figure B4).

After the exclusion of the two non-operational networks, the sports-only networks, and the non-local reporting channels, 74 networks remain. Seventeen of these 74 are PEG

² “Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Twelfth Annual Report”, MB Docket No. 05-255, Released March 3rd 2006 (“*2006 MVPD Report*”).

³ Bacon’s Information, Inc., *Newspaper Directory: 2003* and *TV Cable Directory: 2003*.

channels (“public/educational/government”) that do *air* local content such as live city council feeds, but do not *produce* local *news* content (defined as content based on “original reporting”; see Appendix B, Figure B5).⁴

Of the 57 stations remaining, 26 are owned by a local broadcast television station or newspaper operating in the same market, and do not constitute an additional diverse source of local news (see Appendix B, Figure B2).

Thus there are just 31 independently owned regional cable channels operating in the U.S. that air some form of local news reporting. These 31 stations are owned and operated by 10 unique firms, with just 4 firms owning 25 of the 31 stations (see Appendix B, Figure B3). Twenty-eight of these stations are “local”, and operate in 15 different Designated Market Areas (New England Cable News and Comcast Network CN8 are truly “regional” networks, both covering multiple markets in the northeast, with very little local-specific content; Washington Korean TV actually produces one 25-minute broadcast with DC and Chicago-specific local content). Of the 28 local cable news networks, 15 operate in the state of New York, with 12 serving the New York City DMA. Of the 13 remaining networks, 4 are in North Carolina (3 owned by TimeWarner), 6 are in Florida (all owned by Advance/Newhouse), and one each in Austin, TX, Troy, AL, and Boston, MA.

⁴ PEG channels are of course a valuable community resource, but we do not agree with Sinclair when it states that PEG channels “must also be considered a separate and independent source of local news” (Sinclair, page 22). These channels provide raw information, but do not conduct reporting that constitutes the production of local news. A PEG channel does not compete with a local broadcast news channel, daily newspaper, or other traditional local news media. If these channels are considered to be an independent source of local news, then they should be assigned their appropriate weight based upon their audience share, which is minimal in comparison to traditional broadcast and print media.

Though these 31 stations are not owned and operated by local broadcast TV or newspaper firms (26 of the 31 are owned by cable operators), nearly every single network has operating and cross-promotional relationships with traditional local media outlets (see Appendix A, Appendix B, Figure B3). This raises concern about whether these networks are actually diverse sources of local news reporting.

Our analysis did not identify specific audience marketshare data for these specific stations, but previous survey results seem to indicate, in general, that cable television is not an important source of local news. In our original comments, we provided survey data from 2004 that showed only 6 percent of respondents reported that cable television was their most important and most often used source for local news.⁵

Employment at Local Cable News Networks

Our analysis of the employment at local cable networks (detailed in Appendix A) shows that there are a small number of cable news networks that bring new resources to the local reporting marketplace, and the geographic reach of these few stations is quite limited. These resources are a welcome addition where they operate, but they are thinly spread across a very large area. In fact, compared to the existing infrastructure of news reporting of the traditional media in the geographic area served by these cable news operations, the new resources brought to the table by cable are minuscule and do not provide a basis to abandon current restrictions on media ownership consolidation.

The analysis focuses in on the specific DMA's where the cable news operations appear to have bureaus or reporters. Including the regional operations that serve a much

⁵ See Comments of Consumers Union, Consumer Federation of America, Free Press et. al., Study 7, Exhibit 5, page 130.

broader area would make the cable news operations look even less significant. As shown in Figure 1, we identified 16 designated market areas in which cable operators' produce news and where news staff numbers could be found. We count less than 500 newsroom staff. This number is quite small when compared to the total number of newsroom staff in the traditional media outlets (daily and weekly newspapers and broadcast television news operations). Because the staff data is from our 2002 database, (used in our earlier comments in this proceeding), we also estimate the staff levels of the traditional media assuming a 10 percent decline in the staffing of all three traditional media.⁶ Even with this adjustment, we place the newsroom staff of the traditional outlet in the markets at over 16,000.

Thus, the cable news staff represents an addition to the local resource pool of less than 3 percent in the markets served. The individual markets range from an increase of less than a percent, to seven percent. Over two-thirds of the pool of newsroom staff are accounted for by dailies and over three-quarters are accounted for by dailies and weeklies combined. In short, there is a vast infrastructure of reportorial resources in local dailies and weeklies, while cable operators try to cover a vast area with a meager staff.

These 16 markets constitute one fifteenth of the total number of Designated Market Areas.⁷ They have one-tenth of the total number of TV stations providing local news in the

⁶ The Project for Excellence in Journalism, *State of the News Media 2006: Overview*, p. 10, puts the decline in newspaper jobs between 2000 and 2005 at 7 percent. However, the chapter on *Local Television*, p. 32, shows local TV newsroom staffs actually growing over this period. Similarly, the chapter on *Alternative/Ethnic Media*, shows stable circulation. Thus, an assumed 10 percent decline across the board leads to a very conservative estimate of the number of traditional media staff.

⁷ There are 210 DMAs

country.⁸ They represent one-fifth of the national population and about one-quarter of the traditional newsroom staff.¹⁰ Therefore, while cable represents a small (2.5 percent) addition to new resources in a part of the country, from the national perspective their contribution is even smaller, about one-half of one percent.

Figure 1: Cable News Staff Compared to Staff of Traditional Media

| Area | Households (thousands) | Cable News Staff | Traditional Media News Staff | Cable as a Percentage of Traditional |
|---|------------------------|------------------|------------------------------|--------------------------------------|
| New York City, Philadelphia | 10,422 | 152 | 7,063 | 2.2 |
| Charlotte, Raleigh, Greensboro | 2,609 | 62 | 2,185 | 2.5 |
| Albany, Rochester, Syracuse | 938 | 73 | 1,140 | 6.4 |
| Austin, TX | 583 | 30 | 455 | 6.6 |
| Boston, Springfield, Bangor, Portland, Burlington | 3,537 | 36 | 5,446 | 0.7 |
| Tampa, Orlando | 2,953 | 70 | 2,356 | 3 |
| Cable Served | | | | |
| 100% of 2002 | 20,751 | 423 | 18,645 | 2.3 |
| 90% of 2002 | N/A | 423 | 16,781 | 2.5 |
| National Total | 109,925 | 423 | ~75,000 | 0.6 |

Source: Station websites; BIA, 2004; Bacons 2003.

⁸ *Economic Study A: News and Public Affairs Programming Offered by the Four Top-Ranked Versus Lower-Ranked Television Stations, Table A1.*

⁹ BIA Financial, 2004.

¹⁰ Bacons, 2003

CONCLUSION

This study demonstrates that the presence of regional cable-only networks do not provide justification for the relaxation of important FCC ownership rules that continue to serve the public interest. There are actually a very small number of these networks that air local news reporting, and these stations are concentrated in just a few of the nations' media markets. An overwhelming majority of American citizens do not have access to these traditional media alternatives.

Furthermore, given that many of the few independent regional cable-only networks have partnerships with traditional broadcast and print media, it is questionable whether these sources constitute actual additions to source and viewpoint diversity. Also, even if some of these networks are diverse sources of local news, their audience share is quite small compared to broadcast television and local newspaper outlets. Finally, the resources these networks devote to local news reporting is an extremely small fraction of that devoted by the traditional local news operations.

Any reasonable consideration of these stations contribution to local news diversity should take these factors into account. Currently local cable news networks do not significantly contribute to source or viewpoint diversity, and their limited presence should not be a justification for the elimination of important ownership limits.

Appendix A

Qualitative Analysis of Non-Affiliated Local Cable News Channels

To assess the role of the local/regional cable news channels we examined the staffing and functioning of the news operations.

Run by Advance/Newhouse:

Bay News 9
Bay News 9 en Espanol
Bay News 9 Travel Weather Now
Central Florida News 13
Central Florida News 13 En Espanol
News 13 Weather NOW

Shown on Bright House Cable systems. The cable systems were previously owned by Time Warner but a deal made in 2003 has Advance/Newhouse taking control of the company's day-to-day operations. Nonetheless, Time Warner retains a stake in the company.¹¹

Bay News 9 (Tampa-St. Petersburg (Sarasota) DMA)

Bay News 9 partners with a number of newspapers,¹² including a full partnership with the St. Petersburg Times.¹³ Tampa Bay Business Journal (owned by Advance Publications) and the St. Petersburg Times have at least one employee who hosts a show on Bay News 9,¹⁴ with the St. Petersburg Times promoting the program in their newspaper.¹⁵ Also, at least one newspaper's reporters participate in broadcasts.¹⁶

¹¹ http://en.wikipedia.org/wiki/Bright_House_Networks

¹² http://en.wikipedia.org/wiki/Bay_News_9#Local_Partnerships

¹³ <http://sptimes.com/connect/pressroom/pdfs/061011-bn9-pr.pdf>

http://www.sptimes.com/2006/10/12/Tampabay/Times_Bay_News_9_wi.shtml

¹⁴ <http://tampabay.bizjournals.com/tampabay/stories/2006/02/27/story9.html?page=3>

¹⁵ <http://www.multichannel.com/article/CA6308559.html?display=Special+Report>

¹⁶ <http://www.theledger.com/apps/pbcs.dll/article?AID=/20061108/NEWS/611080358>

Bay News 9 has a total of 38 newsroom employees. Of these 38, there are 15 reporters, with 4 based in the studio, 4 in Pinellas County, 2 in Manatee County, and one in Citrus, Polk, Hernando, and Pasco Counties.¹⁷ Both Bay News 9 and Central Florida News 13 use the same reporter at the Tallahassee Bureau.¹⁸

Bay News 9 runs 7 county bureaus. Four are located in the newsroom of a local paper (The Lakeland Ledger, The Citrus County Chronicle, The Bradenton Herald, and the Tampa Bay Business Journal (owned by Advance Publications)).¹⁹ The Tallahassee bureau created in February of 2006 (only TV outlet operating a local news bureau in the state capital) is located in the studios of public TV station WFSU and shared with Central Florida News 13.²⁰

Bay News 9 en Espanol (Tampa-St. Petersburg (Sarasota) DMA)

Bay News 9 also broadcasts in Spanish and has 3 newsroom employees; a news producer/sports reporter and two reporters.²¹ In 2003, the channel had a 15-minute news wheel with half the content produced specifically for Bay News 9 en Espanol and the other half repurposed from Bay News 9.²² The channel appears to be available in all the same markets as Bay News 9.

¹⁷ News Reporters-Citrus County-Jonathan Petramala, Pinellas County-Josh Rojas, Summer Smith, Anna Tataris, Dalia Dangerfield, Hillsborough County-Chief Chuck Johnson, Steve Russell, Laurie Davison, Jason Lanning, Polk County-Melissa Sogegian, Hernando County-Ferdinand Zogbaum, Manatee County-Jennifer Anderson, Emily Maza, Pasco County-Michelle Kay. See profile pages at <http://www.baynews9.com/OurPeople.html>, for Summer Smith see <http://transcripts.cnn.com/TRANSCRIPTS/0610/06/cnr.01.html>.

¹⁸ <http://www.cfnews13.com/Templates/Bio.aspx?id=8752>;

<http://www.baynews9.com/content/13/2006/2/2/142227.html>

¹⁹ <http://www.multichannel.com/article/CA6308559.html?display=Special+Report>

²⁰ <http://www.bizjournals.com/tampabay/stories/2006/02/27/daily10.html>

²¹ Profile pages at <http://www.baynews9.com/OurPeople.html>

²² <http://www.wsi.com/corporate/newsroom/accolades/media/accolade8.asp>

Bay News 9 Travel Weather Now (Tampa-St. Petersburg (Sarasota) DMA)

Bay News 9 Travel Weather Now targets travelers and focuses on travel delays, airport closings, and national weather.²³ The channel partners with the Bradenton Herald, Citrus County Chronicle, Lakeland Ledger, St. Petersburg Times, and WSJT 94.1 FM.²⁴ The channel looks to use the existing weather staff at Bay News 9.²⁵

Central Florida News 13 (Orlando-Daytona Beach-Melbourne DMA)

The channel began as a partnership between the Orlando Sentinel (Tribune owned) and Time Warner, both owning 50 percent. The channel used Orlando Sentinel reporters and editors for some programming and shared stories and news tips.²⁶ Orlando Sentinel sold their stake in 2003 with the cable channel continuing to reside in a building owned by the Sentinel until late 2005.²⁷

Central Florida News 13 partners with the Daytona Beach News Journal for weather and news tips.²⁸ The Orlando Business Journal (owned by Advance Publications) is also a partner for news tips.²⁹ Bay News 9 is also a partner.³⁰

²³ <http://www.baynews9.com/TravelWeatherNow.html>

²⁴ <http://www.baynews9.com/Weather.html>

²⁵

http://tampabay.mybighthouse.com/products_and_pricing/digital_cable/programming/exclusives/default.aspx

²⁶ <http://www.asne.org/index.cfm?ID=2736>

²⁷ <http://www.rogersimmons.com/tv/cfn2006/>

²⁸ <http://www.news-journalonline.com/Scripts/weather/weather.cgi>;

<http://72.14.205.104/search?q=cache:rdRriCpJx2cJ:www.cfnews13.com/weatherman.aspx+central+florida+news+13+ask+the+weatherman&hl=en&gl=us&ct=clnk&cd=1> ; http://64.233.187.104/search?q=cache:h_F1-I3DTzUJ:www.news13weather.com/story.aspx%3Fid%3D50%26sid%3D19396+central+florida+news+13+partner+daytona&hl=en&gl=us&ct=clnk&cd=6

Central Florida News 13 has 26 newsroom employees. Of these 26, 4 are anchors, 1 is an anchor/reporter, 5 are meteorologists, 3 are sports reporters, 1 is the general manager and the other 12 reporters. Of these 13 reporters, 6 work from the studio with 3 in Volusia County, 1 in Brevard County, and a reporter in Tallahassee who also works for Bay News 9. The other two report on traffic and health and fitness.³¹ Central Florida News 13 runs 3 county bureaus: Volusia (Daytona Beach), Brevard (Melbourne), and Tallahassee.³²

Central Florida News 13 En Espanol (Orlando-Daytona Beach-Melbourne DMA)

Central Florida News 13 En Espanol recently began with the news staff consisting of 4 employees.³³ Of the 4, 2 fill both anchor and reporter roles with the other 2 acting solely as anchors.³⁴

²⁹<http://72.14.205.104/search?q=cache:wzrsG1z1cNEJ:www.cfn13.com/StoryHeadline.aspx%3Fid%3D20668+central+florida+news+13+partner+orlando+business+journal&hl=en&gl=us&ct=clnk&cd=2>

³⁰<http://www.cfnews13.com/>

³¹ News Reporters- Karen Castillo (Traffic), Stephanie Coueignoux, Scott Fais, Lauren Johnson, Nancy Gray (health/fitness), Ron Lee, Paul Milliken, Carolyn Scofield, Volusia County-Jennifer Roberts, Saul Saenz, Jackie Shutack, Brevard County-David Waters. See profile pages at <http://www.cfnews13.com/About/OurPeople/Default.aspx>, For General Manager: <http://newschannels.org/Members.html>

³²<http://72.14.205.104/search?q=cache:enZ743PaXgJ:www.cfnews13.com/bureau.aspx+central+florida+news+13+bureau&hl=en&gl=us&ct=clnk&cd=1> (Website recently renovated)

³³ <http://www.news-journalonline.com/NewsJournalOnline/Business/Headlines/bizBIZ04121806.htm>

³⁴ <http://www.cfnews13.com/About/OurPeople/Default.aspx>

News 13 Weather NOW (Orlando-Daytona Beach-Melbourne DMA)

News 13 Weather NOW appears to just provide “weather all the time...for people on the go”.³⁵ Nonetheless, Bay News 9 Travel Weather makes a similar pronouncement.³⁶ The channel looks to use the existing weather staff of Central Florida News 13.³⁷

Run by Time Warner Cable:

Capital News 9

News 10 Now

R News

News 14 Carolina

Charlotte, Raleigh, Triad

News 8 Austin

NY 1 News

NY 1 Noticias

Capital News 9, News 10 Now, and R News production operations are merged.

Capital News 9 studios in Albany, NY serve as the “news production hub”, with News 10

Now producing “select weathercasts”. Nonetheless, the outlets retained their local news

crews and facilities.³⁸ However, Capital News 9 and News 10 Now use the same anchors.³⁹

Also, all of News 10 Now’s six meteorologists work for Capital News 9, with three working

³⁵

http://cfl.mybighthouse.com/products_and_pricing/digital_cable/programming/exclusives/default.aspx

³⁶

http://tampabay.mybighthouse.com/products_and_pricing/digital_cable/programming/exclusives/default.aspx

³⁷

<http://209.85.165.104/search?q=cache:jVnzGHoc68cJ:weatheronthe1s.com/weather.aspx+%22News+13+weather+Now%22+weather&hl=en&gl=us&ct=clnk&cd=9&client=safari>
<http://www.cfnews13.com/About/OurPeople/Default.aspx>

³⁸ http://en.wikipedia.org/wiki/News_10_Now

³⁹ http://news10now.com/content/About_Us/Julie_Chapman/;
http://news10now.com/content/About_Us/Ryan_Peterson

for all three channels.⁴⁰ The three outlets also share some sports content and the politics program Capital Tonight.⁴¹ Additionally, all three outlets share news content with NY 1.⁴²

The websites of News 10 Now and Capital News 9 (and News 8 Austin) integrate the movies currently on demand on Time Warner Cable and a variety of links to Time Warner Cable services into a sidebar displayed on all their web pages.⁴³

News 10 Now (Syracuse DMA)

News 10 Now partners with WKRT, Eagle Newspapers, and Central New York Business Journal.⁴⁴ The business headlines for News 10 Now come directly from Central New York Business Journal.⁴⁵ The cable channel serves four areas Central New York, Rome/Mohawk Valley, Tompkins/Cortland, and Watertown/North Country. The channel has 30 newsroom employees with one employee listed twice as both an anchor and reporter. Of these 29, 7 are anchors, 6 are meteorologists, 3 are sports reporters, 1 is the news director and the other 12 are reporters. Of these 12, 5 reporters are in the studios in Syracuse, 2 in Watertown, and one in Cortland, Tompkins County (Ithaca), Mohawk Valley, Oswego, and North Country (Potsdam).^{46,47} The channel has six regional newsrooms.⁴⁸ The Cortland reporter

⁴⁰ http://news10now.com/content/about_us/our_team/;

http://www.capitalnews9.com/content/contact_us/news_9_staff/;

http://www.rnews.com/profile_2006b.cfm

⁴¹ http://en.wikipedia.org/wiki/Capital_News_9

⁴² http://en.wikipedia.org/wiki/News_10_Now

⁴³ <http://www.news10now.com>; <http://www.capitalnews9.com>; <http://www.news8austin.com>

⁴⁴ http://news10now.com/content/about_us/our_partners/

⁴⁵ <http://www.news10now.com/content/business/>

⁴⁶ See profile pages at http://www.news10now.com/content/about_us/our_team/; News Director <http://newschannels.org/Members.html>

⁴⁷ North Country bureau in Potsdam, see

http://news10now.com/content/About_Us/Nick_Cowdrey/

⁴⁸ http://www.news10now.com/content/contact_us/jobs/

also anchors radio reports on WKRT 920 AM, based in Cortland.⁴⁹ Note that 6 of the anchors and all 6 meteorologists that work from News 10 Now also work for other outlets, as referenced above.

Capital News 9 (Albany-Schenectady-Troy DMA)

Capital News 9 has 37 newsroom employees with three listed twice as anchors and reporters.⁵⁰ Of these 34, 6 are anchors, 2 are sports anchors, 8 are meteorologists, 2 are traffic reporters, and 10 are reporters with one covering health. The last 6 make up manager and producer positions.⁵¹ Reporters are located in the Albany studio, Berkshire County, Saratoga County, Mohawk Valley, and North Country.⁵² Also, note that all 6 of the anchors and 6 of the meteorologists also work for other outlets, as referenced above.

R News (Rochester DMA)

Along with R News, Time Warner owned a cable only WB channel, WRWB-TV in the Rochester Market. This ownership appears to have stopped with the recently formed CW and the station is now owned by Clear Channel.⁵³ However, R News still links to WRWB-TV

⁴⁹ http://news10now.com/content/About_Us/Ryan_Dean/

⁵⁰ Julie Chapman, JoDee Kenney, and Ryan Peterson. See http://www.capitalnews9.com/content/contact_us/news_9_staff/

⁵¹ General Manager Alan Marlin, News Director Chris Brunner, Assistant News Director Mary Rozak, Traffic Manager Melissa Preston, Executive Producer Gary Holmes, Executive Producer/Special Projects Alicia Jacobs. See http://www.capitalnews9.com/content/contact_us/news_9_managers/

⁵² News Reporters- Studio-Steve Ference, Jaime Kazlo, Jola Szubielski, Sumi Somaskanda, Berkshire County Bureau-Karen Honikel, Saratoga County Bureau-Curtis Schick, Mohawk Valley Bureau-Kathy Young, North Country Bureau-Ken Jubie, Jessica Mokhiber. See profiles at http://www.capitalnews9.com/content/contact_us/news_9_staff/

⁵³ <http://en.wikipedia.org/wiki/WRWB-TV>

on their webpage.⁵⁴ The station has a news staff of 25. Of these 25, 4 are anchors, 3 are sports reporters, 4 are meteorologists, 13 are reporters, and the last employee the news director.⁵⁵ Three of the meteorologists also work for Capital News 9 and News 10 Now, as referenced above.

News 14 Carolina (Charlotte DMA; Raleigh-Durham (Fayetteville) DMA; Greensboro-High Point-Winston Salem DMA)

News 14 Carolina has two web addresses, with one serving the Charlotte segment and Raleigh and Triad on the other. The two addresses bring up the same format web page with a constant link to the other three geographic sections covered by the cable outlet; slight differences outside of the web address exist. The network of cable channels maintains three newsrooms in Triangle (Raleigh), Triad (Greensboro), and Charlotte.⁵⁶ The two production facilities are in Charlotte and Raleigh with Triad newscasts going to one of the two.⁵⁷ The three outlets have a newsroom staff of 55 with the traffic reporter the same for Triangle and Triad. The three channels use the same anchors, meteorologists, sports reporters, and franchise reporters that total 29 employees.⁵⁸ News 14 Charlotte has seven reporters, with one in Salisbury, five in Charlotte and a traffic reporter. News 14 Triad has five reporters with one doing traffic and News 14 Triangle (based in Raleigh) has eleven with four in Raleigh, three in Fayetteville, one in Durham/Chapel Hill, one in Goldsboro/Wilson, a traffic

⁵⁴ <http://www.rnews.com/>

⁵⁵ http://www.rnews.com/profile_2006b.cfm

⁵⁶ http://rdu.news14.com/content/contact_us/

⁵⁷ Phone conversation with receptionist at main phone # (336-856-9497)

⁵⁸ http://www.news14charlotte.com/content/about_us/news_14_staff/;

http://rdu.news14.com/content/contact_us/news_14_staff/

reporter(same as above), and a senior political reporter.⁵⁹ The senior political reporter appears to write for all three.⁶⁰ The other three employees are the Triad and Charlotte news directors, and the general manager.⁶¹ Also, the Raleigh and Triad channels partner with Social the magazine, apparently only as far as links on each other's websites.⁶²

News 8 Austin (Austin DMA)

News 8 Austin operates two bureaus, each employing one person and each covering two counties (Williamson & Bell and Hays & Caldwell).⁶³ Both of these bureaus operate in the local Time Warner Cable offices.⁶⁴ News 8 Austin has a newsroom staff of 30. Of those 30, 3 are anchors, 4 are weather anchors, 4 are sports anchors, and 18 are reporters (8 feature reporters).⁶⁵ The last employee is the general manager.⁶⁶

NY1 (New York DMA)

NY1 is a 24-hour news channel that offers some public affairs programs but mostly news in half hour blocks. The outlet has a newsroom staff of 35 with 27 reporters, 2 anchor/reporters, 5 anchors and a general manager.⁶⁷ Of these 29 reporters, 3 cover sports

⁵⁹ http://rdu.news14.com/content/contact_us/news_14_staff/

⁶⁰ <http://www.news14charlotte.com/content/politics/?ArID=130322&SecID=244>;
<http://rdu.news14.com/content/politics/?ArID=94883&SecID=480>

⁶¹ <http://newschannels.org/Members.html>

⁶² <http://rdu.news14.com>; <http://www.socialthemagazine.com/>

⁶³ <http://www.austinchronicle.com/gyrobase/Issue/story?oid=oid%3A227255>

⁶⁴ http://www.news8austin.com/content/contact_us/contact_news_8/;
<http://www.timewarnercable.com/austin/customer/contactus/default.html>

⁶⁵ http://www.news8austin.com/content/contact_us/news_8_staff/

⁶⁶ <http://newschannels.org/Members.html>

⁶⁷ http://www.ny1.com/ny1/AboutNY1/staff_profiles.jsp;
<http://newschannels.org/Members.html>

and one covers weather. Another 11 cover topics outside standard news.⁶⁸ The remaining 14 are general assignment, cover a geographic area, or cover politics.⁶⁹

NY1 Noticias (New York DMA)

While utilizing the staff of NY1, the channel also employs specific reporters covering the New York Latino community for NY1 Noticias.⁷⁰ NY1 reporters prepare both Spanish and English versions when the content is relevant to the Spanish language channel.⁷¹ NY1 Noticias has 7 employees with 3 anchors, 3 reporters, and an executive editor.⁷² The channel also has at least one politics program shown solely on NY1 Noticias.⁷³ NY1 Noticias has its own control room.⁷⁴ The channel appears to only be available to digital cable customers.⁷⁵

⁶⁸ Society Reporter-George Whipple, Arts Reporter-Stephanie Simon, Home Reporter-Jill Scott, Health & Fitness Reporter-Kafi Drexel, Transit Reporter-Bobby Cuza, Technology Reporter-Adam Balkin, Police Reporter-Solana Pyne, NY1 For You Reporter-Susan Jhun, Travel Consultant-Valarie D'Elia, Movie Critic-Neil Rosen, "The Call" Host-John Schiumo. See the profiles at <http://www.ny1.com/ny1/content/index.jsp?stid=37&aid=4169>

⁶⁹ News Reporters- Queens Reporter-Ruschell Boone, Inside City Hall Host/Senior Political Reporter-Dominic Carter, General Assignment Reporter-Roger Clark, Political Reporter-Sandra Endo, Staten Island Reporter-Amanda Farinacci, Reporter-Shazia Khan, Bronx Reporter-Dean Meminger, Political Reporter-Rita Nissan, Brooklyn Reporter-Jeanine Ramirez, Anchor/Reporter-Gary Anthony Ramsay, Political Reporter-Josh Robi, Political Reporter-Michael Scotto, Weekend Anchor/Reporter-Kristen Shaughnessy, Manhattan Reporter-Rebecca Spitz. See staff profiles at <http://www.ny1.com/ny1/content/index.jsp?stid=37&aid=4169>

⁷⁰ Conversation with receptionist at 212-379-3311

⁷¹ http://findarticles.com/p/articles/mi_m0DIZ/is_2005_April_4/ai_n13653912, Also see <http://www.wsi.com/corporate/newsroom/accolades/media/accolade8.asp>

⁷² <http://www.ny1noticias.com/>;

http://www.findarticles.com/p/articles/mi_m0DIZ/is_2005_April_4/ai_n13653912

⁷³

<http://tvlistings5.zap2it.com/tvlistings/ProgramDetailAction.do?method=getProgramDetails&programId=SH7794240000&lineupId=NY31519:X&stnNum=33844&channel=95>

⁷⁴ http://www.avid.com/resources/articles/050105_NY1.pdf

Run by Comcast:

New England Cable News (NECN) (50%), (Hearst 50%)
CN8

New England Cable News (NECN) (Boston (Manchester) DMA; Springfield-Holyoke DMA; Burlington-Plattsburgh DMA; Portland-Auburn DMA; Bangor DMA)

The channel receives national news updates from ABC News; some news video comes from WMUR (Hearst owned) and also uses resources and maintains a bureau in the building of WMTW (Hearst owned) in Portland, ME (See more below). In the past, the channel has produced newscasts for WFXT and WSBK-TV. NECN simulcasts from 8-10 pm on Boston radio station WBIX 1060 AM.⁷⁶ The NECN website is operated by the Boston Globe and NECN and imbedded as a section within the Globe's website. The channel produces news programs throughout the evening. NewsNight is billed "an in-depth news analysis program" and the Chet Curtis Report "a review of the day's tops stories".⁷⁷ NewsNight host Jim Braude also has a radio show on Boston radio station WTKK 96.9 FM.⁷⁸ Available in Massachusetts, Connecticut, New Hampshire, Maine, and Vermont, with access to 3.5 million homes in more than 1,021 communities. NECN operates bureaus in Manchester, NH; Hartford, CT; Worcester, MA; Portland, ME; and Burlington, VT. ⁷⁹ The Hartford Bureau operates out of the Hartford Courant (Tribune owned).⁸⁰

⁷⁵

<http://www.timewarnercable.com/InvestorRelations/PressReleases/TWCPressReleaseDetail.ashx?PRID=1&MarketID=0>

⁷⁶ <http://en.wikipedia.org/wiki/NECN>

⁷⁷ http://www.boston.com/news/necn/About/station_NEW/

⁷⁸ <http://www.boston.com/news/necn/About/bios/braude/>;
<http://www.969fmtalk.com/Personalities/EaganandBraude/tabid/62/Default.aspx>

⁷⁹ http://www.boston.com/news/necn/About/station_NEW/

⁸⁰ <http://www.boston.com/news/necn/About/bios/Burnell/>

NECN has 36 newsroom employees with 10 acting as anchors, 3 covering sports, 3 covering weather, 3 talk show hosts, 16 reporters, and a station manager.⁸¹ Four reporters jobs are to cover digital media/website, traffic, health/science, and business.⁸² Also, one reporter is based out of Worcester, MA.⁸³ However, I found nothing to suggest she also worked with WCTR-TV 3.

WCTR-TV 3 (Cable Channel Only) Worcester, MA (Boston DMA)

Charter Communications

NECN assists in the production of the evening newscast and 10pm update. The reporters work for both NECN and WCTR-TV.⁸⁴ The NECN anchorman and weatherman are used for the local broadcast with reporters segments sent to NECN studios. The producer of the newscast works in NECN studios in Newton, MA and discusses assignments daily with the news crew in Worcester.⁸⁵ However, the network also produces Mayor's Forum and

⁸¹ <http://www.boston.com/news/necn/About/teambios/>; <http://newschannels.org/Members.html>

⁸² Reporters- Studio-Ally Donnelly, Latoyia Edwards, Mont Fennel (Business), Anya Huneke (Health/Science), Alison King, Brad Puffer, Prat Thakkar, Greg Wayland, Scot Yount, Traffic-Scott Montminy, Digital media(website)-Steve Safran, Connecticut Bureau-Brian Burnell, New Hampshire Bureau- Chief Greg Navarro, Maine Bureau-Elissa Burnell, Barbara Macleod, Vermont Bureau-Josh McElveen, (See profiles at <http://www.boston.com/news/necn/About/teambios/>)

⁸³ <http://www.boston.com/news/necn/About/bios/edwardslatoyiaedwards/>

⁸⁴ <http://www.boston.com/news/necn/Shows/worcester/>;
<http://www.worcestermag.com/archives/2006/04-27-06/cover.html>

⁸⁵ <http://www.worcestermag.com/archives/2004/12-09-04/current/cover.shtml>

Worcester Latino.⁸⁶ Worcester Latino is produced in Charter Communications local building.⁸⁷ The channel also simulcasts a WTAG radio show.⁸⁸

CN8- The Comcast Network (See DMA's Below)

Some areas overlap with both NECN and CN8.⁸⁹ Aired from Maine to Virginia, goes to 9 million homes, 12 states and 20 television markets. Studios in Baltimore, Boston, Delaware, New York, Philadelphia, and Washington, DC with their headquarters in Moorestown, N.J. CN8's mission is "to cover events that are national in scope but regional and local in impact, with information and experts who explain how the communities CN8 serves are impacted."⁹⁰ A Comcast representative has stated the goal of CN8 is "to become Comcast's national network".⁹¹ The programming appears to be the same in all regions (Comcast claims slight differences between programming in Philadelphia and other areas).⁹² Nonetheless, in a July AP article a Comcast spokeswoman said, "Now our lineup is consistent wherever we air".⁹³ Also, CN8 airs the Newsmakers program (interview local leaders). "CN8 has established more than 35 remote production facilities throughout its footprint to make sure that everyone in the CN8 viewing area has equal access to a nearby studio to appear on

⁸⁶

<http://tvlistings5.zap2it.com/tvlistings/GridAction.do?method=getSingleStation&stnNum=12617&lineupId=MA55456:-&zipcode=01602&channel=3>

⁸⁷ <http://www.telegram.com/apps/pbcs.dll/article?AID=/20061119/NEWS/611190522/1116>

⁸⁸ <http://www.worcestermag.com/archives/2004/12-09-04/current/cover.shtml>

⁸⁹ See Comcast channel lineup for 06103 and 01062;

<http://www.comcast.com/customers/clu/channelLineup.ashx>

⁹⁰ <http://www.cn8.tv/channel/article.asp?lChannelID=603&lArticleID=4306&subhead=netwrk>

⁹¹

<http://www.philly.com/mld/philly/entertainment/14934200.htm?template=contentModules/printstory.jsp>

⁹² <http://www.cn8.tv/channel/channelhome.asp?lChannelID=606>

⁹³ Yao, Deborah. 1 July 2006. "Comcast to unveil revamped cable news channel in September." Associated Press.

"Comcast Newsmakers." Many of these facilities are located at area universities, providing students with opportunities to gain practical work experience.⁹⁴ The network provides a variety of programs, a couple of which discuss news.⁹⁵ The channel dropped its half hour midday newscast and hour-long evening newscast in August 2006. CN8 no longer has a news team after eliminating 40 jobs, including the news director. The channel is said to be moving away from local news and focusing on the region⁹⁶ The CN8 web page still pulls up but the five stories on the website are from the AP and appear to be updated once a week.⁹⁷ One anchor from the cancelled news program now hosts a show that is "an hour-long newsmagazine" called "Art Fennell Reports".⁹⁸ The show appears to utilize two reporters, one focusing on consumer issues and the other on "top stories and headlines". However, the show proclaims Art Fennell "tosses out the cold, impartial approach of traditional journalism and replaces it with passion and opinion."⁹⁹ Furthermore, since the shows inception in early September 2006, the Center for Media and Democracy has documented the airing of five video news releases.¹⁰⁰ "Your Morning" appears to be a typical morning show, discussing occasional news topics and "One on One" interviews a wide range of people some of which

94

<http://www.cn8.tv/channel/article.asp?lArticleID=4325&lChannelID=602&subhead=abtshow>

95 <http://www.cn8.tv/channel/article.asp?lChannelID=606&lArticleID=4783&subhead=abtfav>

96

<http://www.philly.com/mld/philly/entertainment/14934200.htm?template=contentModules/printstory.jsp>

97 <http://www.cn8.tv/channel/channelhome.asp?lChannelID=608>

98

<http://www.philly.com/mld/philly/entertainment/14934200.htm?template=contentModules/printstory.jsp>

99 <http://www.cn8.tv/channel/article.asp?lArticleID=5388&lChannelID=1022>

100 [http://www.sourcewatch.org/index.php?title=CN8%2C_\(TV_Station\)](http://www.sourcewatch.org/index.php?title=CN8%2C_(TV_Station))

come from politics.¹⁰¹ Another program run on the channel is “On Comcast” described as “a fast paced look into today’s entertainment and how to get the best entertainment value from Comcast.”¹⁰²

CN8 TV Markets¹⁰³

- Albany
- Baltimore
- Boston
- Burlington
- Charlottesville
- Hartford-New Haven
- Harrisburg
- Harrisonburg
- Johnston-Altoona
- New York
- Philadelphia
- Pittsburgh
- Portland
- Providence
- Richmond
- Roanoke-Lynchburg
- Salisbury
- Springfield
- Washington, D.C.
- Wilkes Barre-Scranton

According to the AP article referenced above, CN8 will be in a 13th state by the end of this year. We believe that state is North Carolina but could find no Comcast cable system

¹⁰¹

<http://www.cn8.tv/channel/article.asp?lArticleID=4575&lChannelID=656&subhead=abtshow>

¹⁰²

<http://www.cn8.tv/channel/article.asp?lChannelID=653&lArticleID=4480&subhead=addprgm>

¹⁰³

<http://www.cn8.tv/channel/article.asp?lChannelID=603&lArticleID=4306&subhead=netwrk>

within the state. It could be an agreement such as in New York where CN8 is on Cablevision systems.¹⁰⁴

These 13 States are: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia and the District of Columbia.¹⁰⁵

Run by Cablevision:

News 12
Connecticut, Long Island, New Jersey, Brooklyn, and Westchester

News 12

The News 12 networks have independent newsrooms, their own editorial staff, studio space, and on-air personalities.¹⁰⁶ The website splits into 7 areas.¹⁰⁷ The Bronx and Brooklyn areas appear to share a newsroom, as well as Hudson Valley and Westchester.¹⁰⁸ To view news articles, the website requires you to be a subscriber to Cablevision, Comcast, Time Warner, or Service Electric.¹⁰⁹

News 12 New Jersey (New York DMA; Philadelphia DMA)

¹⁰⁴ Id.

¹⁰⁵ We did not see a market out of the 20 in West Virginia. The following are the WV towns with Comcast systems: Martinsburg, WV(in DMA 8-D.C.), Bluefield, WV, Morgantown, WV, Fairmont, WV, Keyser, WV, Moundsville, WV, Marshall County (Benwood), WV, (none of these currently carry CN8)

(http://radiostationworld.com/Locations/United_States_of_America/West_Virginia/;
http://radiostationworld.com/Locations/United_States_of_America/Virginia/)

¹⁰⁶ http://en.wikipedia.org/wiki/News_12

¹⁰⁷ <http://www.news12.com/Home>

¹⁰⁸ <http://www.news12.com/Login/about>; http://en.wikipedia.org/wiki/News_12, also see <http://www.news12.com/Home>

¹⁰⁹ http://www.news12.com/Login/authenticate_main?referer=http://www.news12.com%2FNJ

News 12 New Jersey has bureaus in Madison, Oakland, Newark, Trenton, and Wall Township. The New Jersey newsroom staffs 36 employees with 4 anchors, 3 anchors/reporters, 3 meteorologists, 3 sports reporters, a political analyst, a news director, and 21 reporters. One of these reporters covers traffic and another health. Many of the employees also host a show.

Other News 12 Outlets (All in New York DMA)

News 12 Long Island has 16 newsroom employees with 8 anchors, 3 sports reporters, 3 meteorologists, 1 correspondent/anchor, and a president of news. News 12 Bronx and News 12 Brooklyn have 21 newsroom employees with 3 sports reporters, an anchor, an anchor/reporter, a news director, and 15 reporters including a crime reporter. News 12 Connecticut has 15 newsroom employees with 3 anchors, 3 meteorologists, 1 sports reporter, 4 anchors/reporters, and 4 reporters. One reporter/anchor covers health. News 12 Westchester and News 12 Hudson Valley have 22 newsroom employees with 4 anchors, 3 meteorologists, 2 sports reporters, 3 anchors/reporters and 10 reporters. News 12 Traffic and Weather is another channel shown on cable in the area and appears to use the meteorologists and traffic reporters from the news outlets.¹¹⁰

Small Owners:

TV33 Cleveland Headline News (Cleveland County, NC) (Charlotte DMA)

Produces three six-minute newscasts each weekday that run twice an hour on CNN Headline News, cover local government meetings, crime, and the business community. On

¹¹⁰ http://en.wikipedia.org/wiki/News_12

weekends, they add in other cultural and sports information.¹¹¹ TV33 also airs a 15-minute newscast Monday thru Friday on a leased access channel that airs four times from 7-9 p.m. with advertisements and PSA's for the other fifteen minutes. The programming is only seen on Time Warner Cable. The programming is owned by Media AdVentures Inc, a locally owned, private corporation. The owners of Media AdVentures Inc are Gregg and Jeannie Tillman who also preside over the programming.¹¹² The channel has 8 newsroom employees: a news director, an anchor, a business reporter, an entertainment reporter, a faith/religion reporter, a sports reporter, a general manager, and a president.¹¹³

ITV (International Television Broadcasting) (New York DMA)

Owned by ITV, Inc., ITV claims to have community news targeted for the New York market and more than 60 hours/month of local programming. The channel also claims to place special emphasis on community news and local current affairs programs, among others. Carried on Time Warner cable in Brooklyn and Queens and appears to only be carried on Time Warner.¹¹⁴ ITV also has a community news contact and a Caribbean community news director.¹¹⁵

NGTV (National Greek Television) (New York DMA)

NGTV also owns a magazine, "Eseis". The channel is only available in the New York market, has an Electronic News Gathering Van, and offers live coverage of various events.

¹¹¹ <http://www.cable33.com/About%20Us.htm>

¹¹² <http://www.clevelandchamber.org/pdf/2005/01-January%202005.pdf> (page 5);
<http://www.cable33.com/About%20Us.htm>

¹¹³ <http://www.cable33.com/News%20Team.htm>; see pdf above.

¹¹⁴ <http://www.itvgold.com/profile/profile.htm>

¹¹⁵ <http://www.itvgold.com/contact/contact.htm>

NGTV appear to do some sort of local news.¹¹⁶ NGTV is a premium channel on Manhattan Time Warner Cable.¹¹⁷

Washington Korean TV (WKTV) (Washington D.C. DMA; Baltimore DMA; Chicago DMA)

WKTV provides a 25-minute local newscast that covers international news as well as local news in the Washington DC metropolitan and Chicago regions.¹¹⁸ The network is available to the Baltimore, Washington DC, and Chicago areas.¹¹⁹ Based out of Fairfax, VA.¹²⁰

TroyVision (Troy University Television) (Montgomery-Selma DMA; Dothan DMA; Columbus DMA)

The channel is a student run television station that airs a noon and a 5pm news program. Neither news program operates during the summer months or during at least the December break.¹²¹ The extent of the news operation is not known but the content is obviously heavily focused towards students and university life.¹²²

¹¹⁶ See “about us” and “mobile unit” tabs at <http://www.ngtvonline.com/NGTVFrameset.htm>

¹¹⁷ zip code 10021 channel lineup channel 509,

<http://www.timewarnercable.com/Localization/Corporate.ashx>

¹¹⁸ <http://www.wktvusa.com/images/schedule.pdf>;

<http://www.wktvusa.com/jobopportunities.html>

¹¹⁹ <http://www.wktvusa.com/about.html>, <http://www.wktvusa.com/cablepartners.html>

¹²⁰ <http://www.wktvusa.com/contact.html>

¹²¹ <http://wtsu.troy.edu/television/student-news.html>; <http://wtsu.troy.edu/television/index.html>

¹²² <http://wtsu.troy.edu/television/videos.html>

Appendix B - Additional Data

Figure B1:

| Regional Sports Networks |
|--|
| Altitude Sports & Entertainment |
| Bravesvision (Atlanta) |
| Buckeye Cable Systems |
| Comcast Local (Detroit) |
| Comcast SportsNet (Philadelphia) |
| Comcast SportsNet Chicago |
| Comcast SportsNet Mid-Atlantic |
| Comcast SportsNet New York |
| Comcast SportsNet West |
| Comcast/Charter Sports Southeast (CSS) |
| Cox Sports Television |
| Falconvision (Atlanta) |
| Fox College Sports Atlantic |
| Fox College Sports Central |
| Fox College Sports Pacific |
| Fox SportsNet Arizona |
| Fox SportsNet Bay Area |
| Fox SportsNet Chicago |
| Fox SportsNet Detroit |
| Fox SportsNet Florida |
| Fox SportsNet Midwest |
| Fox SportsNet New England |
| Fox SportsNet New York |
| Fox SportsNet North |
| Fox SportsNet Northwest |
| Fox SportsNet Ohio |
| Fox SportsNet Pittsburgh |
| Fox SportsNet Rocky Mountain |
| Fox SportsNet South |
| Fox SportsNet Southwest |
| Fox SportsNet West |
| Fox SportsNet West 2 |
| Madison Square Garden Network (MSG) |
| MetroSports - Kansas City, MO |
| New England SportsNet work (NESN) |
| Sun Sports |
| Turner South (STC) |
| <u>Yankee Entertainment Sports Network (YES)</u> |

Figure B2:

| Regional Networks that Are Owned by Traditional Local News Outlets | | |
|--|---------------------------------|---|
| Channel | Market | Comments |
| 10 News 2 | Knoxville | Affiliated with WBIR-TV; both owned by Gannett |
| 24/7 NewsChannel | Boise | Affiliated with KTVB; both owned by Belo; channel available OTA as LP station and as digital subchannel |
| All News Channel | Portland-Auburn | Affiliated with WMTW; Both owned by Hearst (cable channel a partnership with TWC); not listed in 2006 MVPD report |
| Arizona News Channel | Phoenix (Prescott) | Affiliated with KTVK/KASW; all owned by Belo |
| ChicagoLand Television News (CLTV) | Chicago | Affiliated with Chicago Tribune/WGN-TV; all three owned by Tribune |
| Denver Channel 207 | Denver | Affiliated with KMGH; both owned by McGraw-Hill |
| Kansas 22 Now | Multiple | Affiliated with KAKE-TV/WIBW; all owned by Gray Television |
| Las Vegas One News | Las Vegas | Affiliated with KLAS; both owned by Landmark Communications |
| Local News on Cable (LNC) - Hampton | Norfolk-Portsmouth-Newport News | Affiliated with WVEC-TV/The Virginian-Pilot; all owned by Landmark Communications |
| Mas Arizona! | Phoenix (Prescott) | Affiliated with KTVK/KASW; all owned by Belo; not listed in 2006 MVPD report |
| News Channel 3 Anytime | Memphis | Affiliated with WREG-TV; both owned by the New York Times Company; partnership with TWC |
| News Channel 5+ | Nashville | Affiliated with WTVF; both owned by Landmark Communications |
| News Channel 8 | Washington DC-Hagerstown | Affiliated with WJLA; both owned by Allbritton Communications Company |
| News Now 53 (Tulsa) | Tulsa | Affiliated with KOTV; both owned by Griffin Communications |
| News Now53 (Oklahoma City) | Oklahoma City | Affiliated with KWTV; both owned by Griffin Communications |
| News on One | Omaha | Affiliated with WOWT-TV; both owned by Gray Television |
| News Watch 15 (NewOrleans) | New Orleans | Affiliated with WWL-TV; both owned by Belo |
| North West Cable News (NWCN) | Seattle-Tacoma | Affiliated with KING/KGW/KTVB/KREM; all owned by Belo |
| Ohio News Network (ONN) | Multiple | Affiliated with WBNS-TV/Columbus Dispatch; all owned by The Dispatch Printing Company |
| Pittsburgh Cable News Channel (PCNC) | Pittsburgh | Affiliated with WPXI; both owned by Cox |
| Regional News Network (RNN) | New York | Actually is WRNN-TV, a digital-only OTA channel in Hudson Valley |
| Rhode Island News Channel | Providence-New Bedford | Affiliated with WLNE/Providence Journal; WLNE and RNN both owned by Freedom Communications |
| San Diego's News Channel 15 | San Diego | Affiliated with KGTV; both owned by McGraw-Hill |
| Six News Lawrence | Kansas City | Affiliated with Lawrence Journal-World; both owned by the World Company |
| Six News Now | Tampa-St. Petersburg (Sarasota) | Affiliated with Sarasota Herald-Tribune; both owned by The New York Times Company |
| Texas Cable News | Dallas-Ft. Worth | Affiliated with WFAA/KHOU/KENS/KVUE/ Dallas Morning News; all owned by Belo |

Figure B3:

Regional Networks that Are Independent Sources of Local News

| Channel | Market | Comments |
|---|--|---|
| Bay News 9 | Tampa-St. Petersburg | Owned by Advance/Newhouse; partners with St. Petersburg Times, Tampa Tribune |
| Bay News 9 Weather | Tampa-St. Petersburg | Not listed in 2006 MVPD report; owned by Advance/Newhouse; partners with St. Petersburg Times, Tampa Tribune |
| Bay News en Espanol | Tampa-St. Petersburg | Not listed in 2006 MVPD report; owned by Advance/Newhouse; partners with St. Petersburg Times, Tampa Tribune |
| Capital News 9 - Albany, New York | Albany-Schneectady | Owned by TimeWarner; operations merged with News 10 Now and R-News; airs some NY1 content |
| Central Florida News 13 (CFN13) | Orlando-Daytona Beach-Melborne | Owned by Advance/Newhouse; partners with the Daytona Beach News Journal and the Orlando Business Journal (also owned by Advance Publications) |
| Central Florida News 13 En Espanol | Orlando-Daytona Beach-Melborne | Owned by Advance/Newhouse; partners with the Daytona Beach News Journal and the Orlando Business Journal (also owned by Advance Publications) |
| Central Florida News 13 Weather | Orlando-Daytona Beach-Melborne | Owned by Advance/Newhouse; partners with the Daytona Beach News Journal and the Orlando Business Journal (also owned by Advance Publications) |
| CN8 - The Comcast Network | Multiple markets in the Northeast | Owned by Comcast; produces very little actual news; programming is not local, but "regional" (from Maine to Virginia) |
| International Television Broadcasting (ITV) | New York | Carried by TimeWarner Cable in Brooklyn and Queens |
| New England Cable News (NECN) | Multiple markets in the Northeast | Owned by Comcast; operating arrangements with numerous traditional outlets (WMUR, WMTW, WBIX-AM, Boston Globe, Hartford Courant, WCTR TV3) |
| New York 1 News (NY1 News) | New York | Owned by TimeWarner; shares resources with NY1 Noticias |
| News 10 Now - Syracuse, N.Y. | Syracuse | Owned by TimeWarner; operations merged with Capital News 9 and R-News; airs some NY1 content; partners with WKRT, Eagle Newspapers, and Central New York Business Journal |
| News 12 Bronx | New York | Owned by Cablevision; part of News 12 operation |
| News 12 Brooklyn | New York | Owned by Cablevision; part of News 12 operation |
| News 12 Connecticut | New York | Owned by Cablevision; part of News 12 operation |
| News 12 Hudson Valley | New York | Owned by Cablevision; part of News 12 operation |
| News 12 Long Island | New York | Owned by Cablevision; part of News 12 operation |
| News 12 New Jersey | New York, Philadelphia | Owned by Cablevision; part of News 12 operation |
| News 12 Westchester | New York | Owned by Cablevision; part of News 12 operation |
| News 12 Traffic & Weather | New York | Owned by Cablevision; part of News 12 operation |
| News 14 Carolina (Charlotte) | Charlotte | Owned by TimeWarner; shares operations with Raleigh and Triad stations |
| News 14 Carolina (Raleigh) | Raleigh-Durham | Owned by TimeWarner; shares operations with Charlotte and Triad stations |
| News 14 Carolina (Greensboro) | Greensboro-High Point-West Salem | Not listed in 2006 MVPD report; owned by TimeWarner; shares operations with Charlotte and Raleigh stations |
| News 8 Austin | Austin | Owned by TimeWarner |
| NGTV (National Greek Television) | New York | Carried by TimeWarner Cable in Manhattan |
| NY1 Noticias | New York | Owned by TimeWarner; same operation as NY1 |
| Rnews - Rochester, NY | Rochester, NY | Owned by TimeWarner; operations merged with Capital News 9 and News 10 Now; airs some NY1 content |
| TV 33 | Charlotte | Carried by TimeWarner Cable in Cleveland County NC; not a full channel, in that some segments air on Headline News, while others on leased access |
| Washington Korean TV (WKTV) | Washington DC - Hagerstown, Baltimore, Chicago | produces a 25 minute local news program, with DC and Chicago content |
| Troy University Television | Columbus GA, Montgomery-Selma, Dothan | produces a news program during semester |
| WCTR - TV3 | Boston | Not listed in 2006 MVPD report; owned by Charter, but partnered with NECN (Comcast) |

Figure B4:

Regional Networks with No Local Reporting

Arabic Channel
Boston Kids and Family
Comcast Network (Chicago)
Comcast Entertainment TV (Denver)
Ecumenical Television Channel
Nippon Golden Network
Soundtrack Channel (STC)

Figure B5:

PEG Channels

Pennsylvania Cable Network (PCN)
California Channel
County Television Network San Diego
Gwinnett News & Entertainment Television
City of Tampa TV
Hillsborough County TV
Pinellas 18 Television
Hernando County Government Broadcasting
Channel 3 Roanoke Valley Television
WCOX
WTOB
City-TV 20 Government Access
Martinsville Government Television 22
Appalachian Regional Community Television
Columbus Consolidated Government Television
Gulf Coast Community College (GCCC-TV)
Michigan Government Television

Media Usage and Substitutability

Mark Cooper

Abstract

This study examines the frequent claim offered by industry commenters that the rise of the Internet is a major justification to eliminate FCC broadcast ownership rules. In making this claim industry commenters have relied on survey data generated by the Pew Center. However, this study demonstrates that industry commenters have vastly overstated the Pew data. Indeed, the PEW analysis directly contradicts the industry's claims. The Pew data and the conclusions of the Pew Center demonstrate that the Internet has caused only minor changes, and that traditional media retains its dominance over the media marketplace. Data from other sources confirm this finding.

Industry commenters frequently claim that the Internet is leading to a substantial decline in the use of traditional news media implying that online news sources must be serving as substitutes for traditional print, broadcast, and cable media. However, the Pew data indicate that

- **the decline occurred in the 1990's, well before the rise of online news outlets, and**
- **online users treat Internet sources as supplements to traditional media.**

Surveys from Gallup and HarrisInteractive corroborate the findings that traditional media outlets remain the primary sources of news. The FCC's recent indecency ruling attests to the continuing dominance of traditional broadcast media.

Industry commenters cite low and declining news consumption by the young as evidence of the Internet's transformative effect on the media marketplace. However, the Pew data over a 12-year period suggests that this phenomenon is merely a characteristic of youth, and not a new development caused by the Internet.

- **Tracking age cohorts the data shows that as the young age, they spend more time consuming news.**
- **Also, youth news consumption has increased since 2002. While some of this increase is attributed to the Internet, the data indicate that traditional sources (operating in both physical space and cyberspace) are the primary beneficiaries of this increase.**

The overwhelming majority of online news outlets are not independent sources of news.

- **The data indicate that only about 10 percent of the web audience visits independent Internet news outlets.**
- **Our accompanying study on these websites shows that these sites contain very little independent news content, relying heavily on news produced by traditional sources.**

INTRODUCTION

In comments to the Federal Communications Commission the industry commenters have completely bungled the question of media usage. On the one hand, they tell the FCC that it should not examine media usage – that it should not look at the audience sizes of individual outlets when writing limits on media ownership. On the other hand, they insist that new media has stolen so much of their audience that their dominant position has been eroded and the Commission cannot justify limits on ownership. The industry commenters have gotten it wrong on both counts.

- **The FCC must look at audiences, and when it does, it will find that the traditional mass media are still the dominant outlets for news and information.**

The failure of the FCC to properly count audiences in crafting its new media ownership rules led directly to the absurd results that got them overturned in the last proceeding. Its rule writing would flounder again if it were to cite declining audiences as a justification to relax the ownership limits, while also declaring that it could not analyze audiences to set new limits. It will suffer the same ignoble fate if it tries to write rules on the basis of assumptions that do not fit reality. The wild industry claims about the rise of alternatives, as substitutes for the traditional mass media simply do not accord with reality.

This study examines what is probably the most frequent basis for the claim that the FCC must relax its rules – the rise of the Internet. It focuses on media usage pattern as described in studies by the Pew Center, on which many of the industry commenters rely. A separate study examines the traffic and output of Internet-based alternative local news outlets identified by the industry commenters. Both papers show that the industry commenters have vastly overstated the extent of change.

PEW REACHES THE OPPOSITE CONCLUSION TO WHAT THE INDUSTRY CLAIMS

The industry repeatedly cites recent surveys from the Pew Research Center for the People & the Press and the Internet and American Life projects, claiming that there has been a recent, tectonic shift in the usage of media for news and information. In particular, the claim is repeatedly made that the Internet has pushed traditional media out of center stage.

It is the viability of the Internet as a video delivery mechanism that has produced a seismic shift in video competition and viewpoint and source diversity since the Commission's last review (Hearst, p. 6).

The Internet has displaced the public's reliance on traditional media and transformed the manner in which people access, use and otherwise consumer information... Rapid broadband adoption has fueled the growth of the Internet as a primary source of news and information (Tribune, pp. 16-17).

Developments over the past several years underscore the need for the Commission to account for the Internet media in crafting cross-ownership rules on the national and local levels (Tribune, p. 26).

We have compared our own survey results to, and cited the very same surveys to the effect that, for local news and information, there has been no such shift. One need only read the reports to recognize that the industry has vastly overstated the change. Indeed, the industry claims are directly contradicted by the Pew analysis.

But growth of the online news audience has slowed considerably since 2000, particularly among the very young... (Maturing Internet News Audience, p. 1)

Broadcast news outlets continued to struggle – over the last two years alone the audience for nightly network, local TV news and radio news have all slipped. Even so, the recent trends in news consumption are relatively stable when compared to the 1990s when TV news in particular was suffering losses of far greater magnitude... (Maturing Internet News Audience, p. 1)

The NAB claim that “the Internet and related digital technologies now substitute for the use of other, traditional media, including print and radio is directly contradicted by the

Pew findings that “The Web serves mostly as a supplement to other sources of news rather than a primary source of news. Those who use the web for news still spend more time getting news from other sources than they do getting news online. In addition, web news consumers emphasize speed and convenience over detail.” (Maturing Internet News Audience, p. 2)

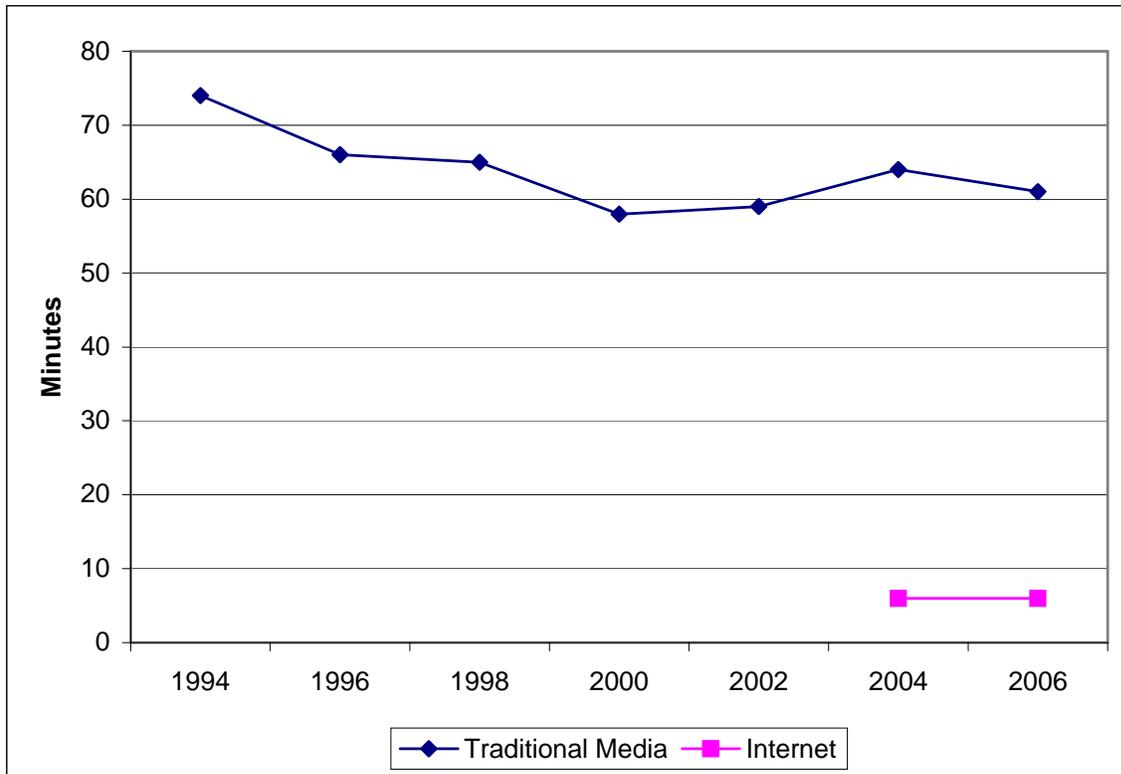
GETTING THE FACTS STRAIGHT

Pew’s conclusion is consistent with the data presented, which contradicts the industry claims. Respondents were seven times as likely to site traditional outlets as their single sources of news than the Internet (27 to 4 percent) and more than three times as likely to cite traditional sources as one of two (25-8 percent). Most importantly, the decline in usage began well before the advent of the Internet and has not accelerated greatly since the widespread usage of the Internet accelerated.

In fact, by the Pew numbers, time spent with traditional media was higher in 2004 and 2006 than in 2000 and 2002 (see Exhibit 1). The Internet accounted for less than 10 percent of the time spent with news and there was no great increase between 2004 and 2006. Time spent with traditional media have increased since 2000 in the Pew data, rather than decreased, as the industry claims.

This data is more consistent with our hypothesis that consolidation and the decline of quality hurt traditional media, than the claim that the Internet is doing the traditional media in.

**Exhibit 1:
Time Spent with the News Yesterday: 1994-2006, All Age Groups**



Source: *Pew Maturing Internet News Audience: p. 10*

The age group usage data also does not support the claim that the sky is falling. It is certainly the case that young people spend less time with news and less time with traditional news, but there are number of important qualifications about this simple observation that cast doubt on its meaning.

There is one thing certain about the young; they will outgrow their youth. The data shows that the older you are, the more time you tend to spend with news. This observation is interpreted as a generational gap. It could also be just a natural development (see Exhibit 2). Pew's data, which covers a 12-year period, allows us to test the latter hypothesis. Those who were 18 – 29 twelve years ago are 30-41 today. Those who were 30-39 twelve years ago are

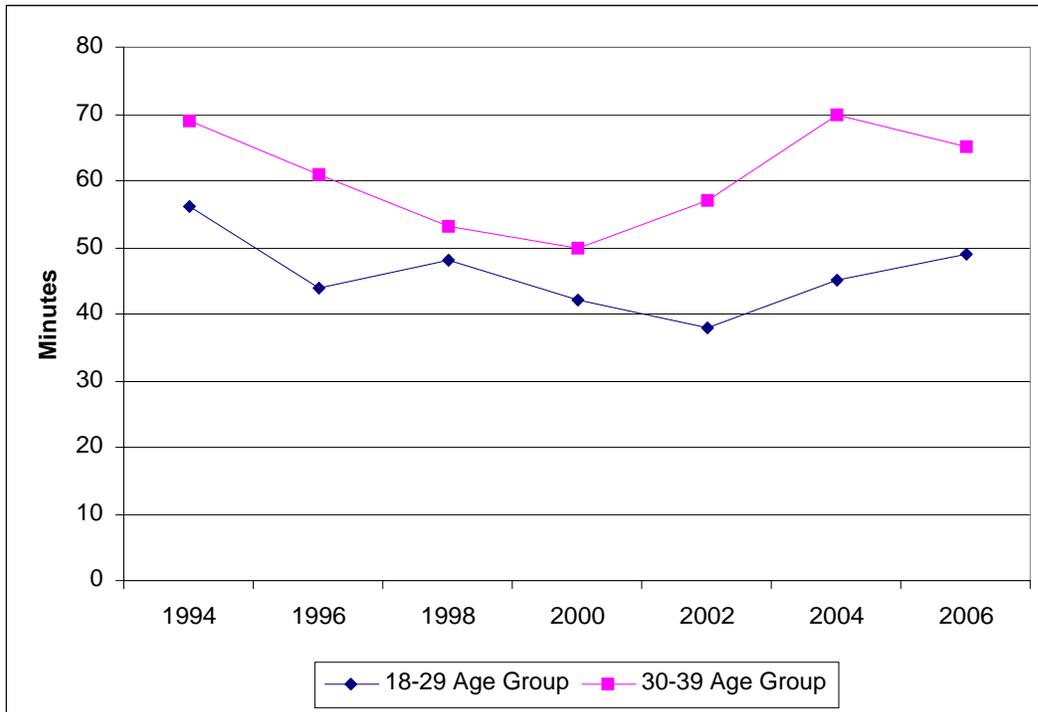
42-51 today. If we look at the age cohorts across time, we find that the time spent with news increases dramatically as the cohort ages and the biggest increases in both absolute and percentage terms occurs among the youngest cohort. Also note that the 30-39 year olds of today, who were the 20-29 years olds ten years ago, closely parallel the 30-39 year olds of ten years ago. The maturation of each cohort brings an increase in time spent with the media that brings the cohort into a similar patter as the equivalent cohort a decade earlier.

Exhibit 2: The Effect of Aging on New Use

| Age Cohort | Years | Minutes with News Yesterday |
|------------|-----------|-----------------------------|
| 18-29 | 30-39 | |
| | 1994-2004 | 56 → 70 |
| 30-39 | 40-49 | |
| | 1996-2006 | 44 → 65 |
| 40-49 | 50-64 | |
| | 1994-2004 | 69 → 73 |
| 50-64 | 65+ | |
| | 1996-2006 | 61 → 64 |
| 50-64 | 65+ | |
| | 1994-2004 | 75 → 82 |
| 50-64 | 65+ | |
| | 1996-2006 | 65 → 76 |
| 50-64 | 65+ | |
| | 1994-2004 | 83 → 88 |
| 50-64 | 65+ | |
| | 1996-2006 | 79 → 79 |

A second important observation is that for the youngest cohort, the amount of time spent with the news declined steadily from 1994 to 2002 but has increase steadily in the past four years (see Exhibit 3). There are similar patterns for 30-39 year olds and the 50-64 year olds.

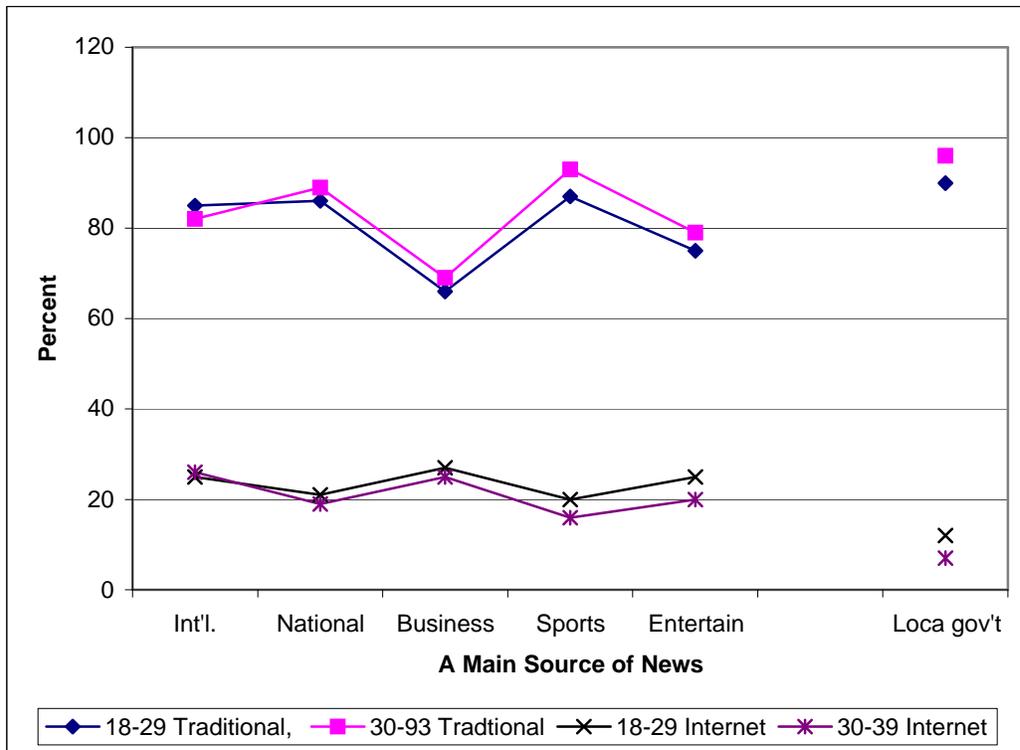
Exhibit 3:
Time Spent with the News Yesterday: 1994-2006, Two Youngest Age Groups



These two observations on cohort aging and time spent with the news suggest that as today's "twenty somethings" age they will spend more time with news. It does not necessarily tell us where they will spend time, since they are the first generation to be raised with the Internet. However, the Pew data confirms a point we have made before – the Internet's role in local news is the smallest of the various types of news and the age group difference is the smallest by far (see Exhibit 4).

The percentage of the youngest two age groups (18-29 and 30-39) who say they use the Internet as a main source of news is between 20 and 25 percent for every type of news, except local, for which it is 12 percent, among the 18-29 year olds and 7 percent among the 30-39 year olds.

**Exhibit 4:
Main Sources of Various Types of News, Youngest two Age Groups**



WEB SITES OF TRADITIONAL MEDIA

The Pew results also shed light on one of the central issues raised by the court -- much of the online news does not represent an independent source of news. It is dominated by aggregators and online outlets of traditional media sources. The court was quite clear that this activity does not represent an increment to diversity of sources.

“Search-engine sponsored web pages such as Yahoo! Local and about.com, which were suggested by commenters as sources of local news and information, may be useful for finding restaurant reviews and concert schedules, but that is not the type of “news and public affairs programming” that the Commission said “was the clearest example of programming that can provide viewpoint diversity.” ...

In terms of content, “the media” provides (to different degrees, depending on the outlet) accuracy and depth in local news in a way that an individual posting in a chat room on a particular issue of local concern does not. But more importantly, media outlets have an entirely different character from individual

or organizations' websites and thus contribute to diversity in an entirely different way. They provide an aggregator function (bringing news/information to one place) as well as a distillation function (making a judgment as to what is interesting, important, entertaining, *etc.*) Individuals... and entities... may use the Internet to disseminate information and opinions about matters of local concern... but ... are not, themselves... "media outlets" for viewpoint-diversity purposes. Like many entities, they just happen to use a particular media outlet – the Internet – to disseminate information. Similarly, advertiser-driven websites such as hvnet.com... hardly contribute to viewpoint diversity." (pp. 66-67)

The PEW data show that independent sources constitute a small part of the destinations on the web. Pew points out that

news aggregators such as Google News, Yahoo News and AOL News are a major source of online news. Not only are they frequently volunteered as websites used most often for news, but nearly half (45%) of Americans who regularly get news online (an 18% of the public overall) say they regularly visit these websites to get news. Roughly a third (32%) of online news consumers say they regularly visit news sites of TV networks, such as CNN.com, MSNBC.com and ABCnews.com. Newspaper websites overall are used about as frequently as network news sites, 29% of online news consumers. (p. 10).

Taking into account multiple responses, half of all the websites mentioned by regular online users were those of traditional media outlets; one quarter were aggregators, and only one-quarter were independent sites. When we take into account the fact that less than half the respondents said they are regular users of the Internet, we conclude that only about 10 percent of the respondents cite independent sources of news on the Internet. And as our accompanying study on independent local websites demonstrates, these independent Internet sources themselves rely heavily on the websites of traditional media for their local content.

The repeated finding that among the most frequently visited web sites are the sites of the traditional mass media underscores a fundamental issue in the analysis of broadcast ownership limits. Industry commenters would have the Commission believe that they are

disadvantaged in the contemporary media marketplace! Yet the broadcasters and newspaper owners have forgotten one very large and very inconvenient fact – the broadcast license is a powerful and valuable privilege in our society. As the broadcasters and newspaper owners readily admit and our survey evidence clearly shows, they are availing themselves of the opportunity to use the new means of distribution of text, audio and video content – the Internet. Unlike average citizens (i.e. those who do not hold a broadcast license) the broadcasters also have a second, much more powerful means of speech, the ability to broadcast over the public spectrum on frequencies assigned exclusively for their use. Awarding exclusive licenses to a handful of corporations to broadcast over-the-air and denying those rights to broadcast to 99.9999 percent of all Americans hampers their ability to compete, to the detriment of American democracy. They still hold an immense advantage in the forum for democratic discourse compared to average citizens.

OTHER STUDIES OF USAGE

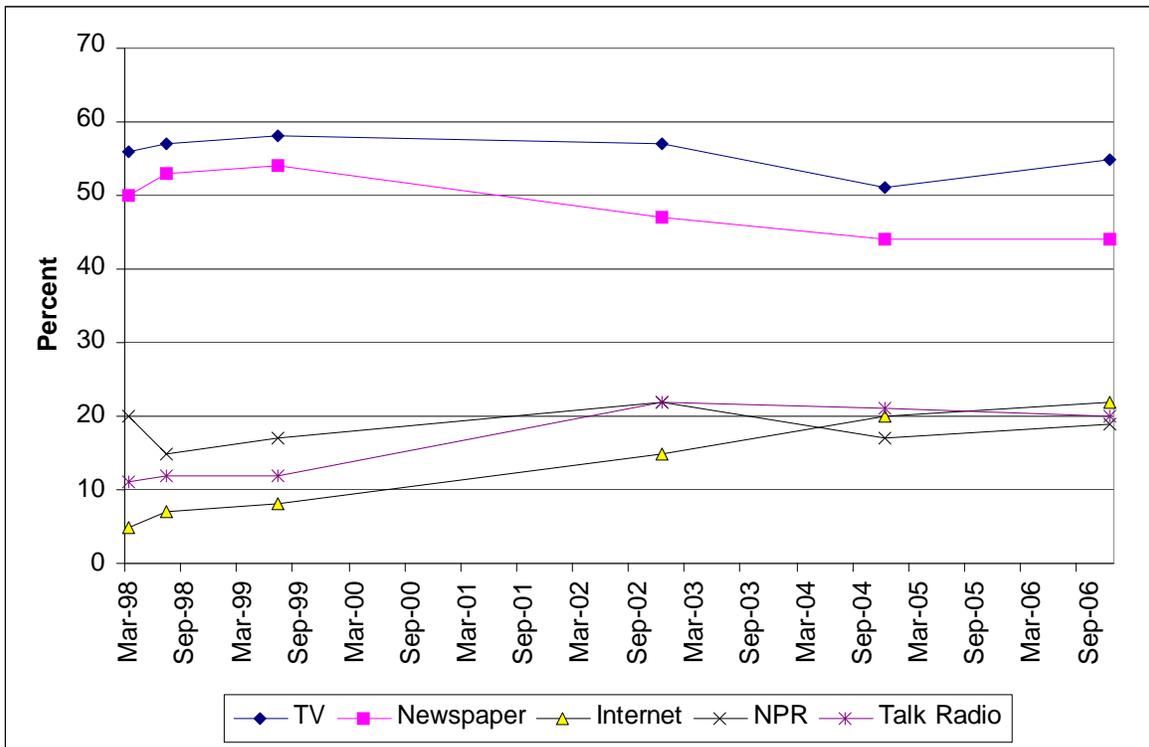
The PEW studies are not the only ones that contradict the claim that the Internet has displaced traditional mass media as a source of news. Indeed, a Harris Interactive study cited by the broadcasters explicitly contradicts the claim in the headline of its press release, stating

¹ Television's multiple channel digital offerings consisting of locally-oriented programming and local newspaper reporters shooting and editing video on the paper's website are becoming the norm. In this digital era, as readers and viewers migrate away from older channels of distribution to new ones, media companies must quickly adjust to and anticipate change. Denying newspaper publishers and free, over-the-air broadcasters the economic and operational efficiencies associated with common ownership is unnecessarily hampering their ability to compete, to the detriment of the American public. (Gannett, p.25).

“Most American Who are Online Use Internet for News, but Most say this does not Reduce their use of other News Media.”²

A very recent Gallup Poll shows that local TV stations and local newspapers are the most frequently used sources of news.³ Television has remained relatively constant over the past eight years. Newspapers have declined somewhat, but twice as many respondents still say they use newspapers every day that radio of the Internet.

**Exhibit 5
Sources of News Used Every Day**



Source: Lydia Saad, “Local TV is No. 1 Source of News for Americans,” *Gallup Poll*, January 5, 2007

² Harris Interactive, The Harris Poll #35, May 19, 2004.

³ Lydia Saad, “Local TV is No. 1 Source of News for Americans,” *Gallup Poll*, January 5, 2007

THE FCC MAY HAVE SEEN THE LIGHT

Industry commenters commend the Commission for concluding that the “media marketplace is characterized by abundance”, noting that “the number of outlets for national and local news, information and entertainment is large and growing.”⁴ NAB concludes:

Since 2002, Internet-related technologies have caused even more fundamental change to the media landscape. As a result, consumers today have access through myriad outlets to a virtually unlimited range of information and entertainment⁵... Due to the proliferation of media outlets and technological advancement, competition in the 21st century has been accurately characterized as “relentless.”⁶

Perhaps it was the severe rebuke by the Third Circuit court that has caused the Commission to look more carefully at the actual changes in the media marketplace; perhaps it is the type of detailed analysis we have provided to the Commission, in previous analyses, but its recent ruling in the indecency proceeding reflects a very different attitude:

42. *Constitutional Issues.*

46. The Networks also argue that the more relaxed level of First Amendment scrutiny discussed in *Pacifica* should no longer apply to broadcasting in light of changes in the media marketplace. Specifically, they contend that because of the prevalence of other media, such as the Internet and cable and satellite television, “it is fanciful to believe that aggressive enforcement of § 1464 against broadcasters will be effective in preventing children from being exposed to potentially offensive words.”

47. We disagree that technological changes have undermined the validity of the reasoning in *Pacifica*. In *Pacifica*, the Court identified two reasons why broadcasting has received “the most limited First Amendment protection.” First, “the broadcast media have established a uniquely pervasive presence in the lives of all Americans. Patently offensive, indecent material presented over the airwaves confronts the citizen, not only in public, but also in the privacy of the home.” Second, “broadcasting is uniquely accessible to children, even those too young to read.”

48. Notwithstanding the growth of other communications media, courts have recognized the continuing validity of these rationales. In 1994, the Supreme

⁴ NAB, p. 5, citing *2002 Biennial Review Order*, paragraph, 86.

⁵ NAB, p. 5

⁶ *Id.*, p. 23

Court reaffirmed that “our cases have permitted more intrusive regulation of broadcast speakers than of speakers in other media.” And the D.C. Circuit has rejected precisely the argument advanced by the Networks here: “Despite the increasing availability of other means of receiving television, such as cable, . . . there can be no doubt that the traditional broadcast media are properly subject to more regulation than is generally permissible under the First Amendment.”

49. The broadcast media continue to have “a uniquely pervasive presence” in American life. The Supreme Court has recognized that “[d]espite the growing importance of cable television and alternative technologies, ‘broadcasting is demonstrably a principal source of information and entertainment for a great part of the Nation’s population.’” Though broadcast television is “but one of many means for communication, by tradition and use for decades now it has been an essential part of the national discourse on subjects across the whole broad spectrum of speech, thought, and expression.” In 2003, 98.2% of households had at least one television, and 99% had at least one radio. The Networks correctly point out that almost 86% of households with television subscribe to a cable or satellite service. That still leaves 15.4 million households that rely exclusively on broadcast television, hardly an inconsequential number. In addition, it has been estimated that almost half of direct broadcast satellite subscribers receive their broadcast channels over the air, and many subscribers to cable and satellite still rely on broadcast for some of the televisions in their households. All told, the National Association of Broadcasters (“NAB”) estimates that there are an estimated 73 million broadcast-only television sets in American households.

50. In addition, the bare number of cable and satellite service subscribers does not reflect the large disparity in viewership that still exists between broadcast and cable television programs. For example, during the week of September 18, 2006, each of the top ten programs on broadcast television had more than 15 million viewers, while only one program on cable television that week managed to attract more than 5 million viewers. Similarly, of the 495 most-watched television programs during the 2004-2005 season, 485 appeared on broadcast television, and the highest-rated program on cable television was only the 257th most-viewed program of the season.⁷

Given this recent, dramatic change in perception of the Commission, based on substantial evidence offered before and after the court ruling, the FCC 2002 *Biennial Review* does not provides a basis for relaxing the limits on media ownership.

CONCLUSION

⁷ FCC, citations omitted.

These empirical facts, which refute the claims of the industry commenters about the impact of the Internet from the very documents that they misinterpreted should come as no surprise. In fact, when the Commission last looked at the question of substitutability, it could not find any in statistically significant and/or materially substantial terms. Two of the lead researchers in the FCC working group offered the following observations on the FCC's substitutability study with respect to the Internet's impact on television news viewing:

Perhaps surprisingly, empirical evidence regarding substitutability between various media (e.g. television, radio, Internet, newspaper) for media consumers is scant. Waldfogel's (2002) comprehensive study finds very modest evidence of substitutability between just a few different media.... Waldfogel finds statistically significant positive relationship, implying complementarities, in his data, noting that people who use media of one type tend to use more total media in general.

The significant coefficient from Waldfogel's (22) six regression of media substitutability yield the following results (a) 1 hr of Internet use subtracts, on average, approximately 4 min of broadcast television viewing; (b) for each instance of Internet news use, broadcast television news use is reduced by approximately 2 1/2 min.

Has there been change? Certainly! Will there be more change? Certainly! But to suggest that the Commission can ignore the continuing power of the broadcast voice in the forum for democratic discourse ignores the basic reality of media markets. The traditional mass media – television, newspapers, and radio – remain the dominant means of producing and disseminating information in America. The minuscule level of substitution is certainly no justification for the Commission to throw its hands in the air and say the world has changed.⁹

⁸ Alexander, Peter and Brendan M. Cunningham, "Public and Private Decision Making: The Value of Diversity in News," in Philip M. Napoli (ed) *Media Diversity and Localism: Meaning and Metrics* (Mahwah, Lawrence Erlbaum, 2007), p. 85.

⁹ The NAB (p. 51) cites a study by Dimmick, Chen and Li ("Competition Between the Internet and Traditional News Media: The Gratification-Opportunities Niche Dimension, *J of Media Economics*, (2004), to support the proposition that the Internet

The Commission must have an evidentiary basis on which to base its rule. Its own studies, to date, do not justify the action that Hearst urges on the Commission by any stretch of the imagination.

is displacing traditional media. The study is extremely limited in its application to the issue before the commission. It defined Internet new use primarily as the Internet web sites of the existing dominant traditional media outlets, not alternative web sties. As such, it is overwhelmingly addressing issues of national and international news. It restricted its questions almost entirely to convenience questions, but asked no questions about depth of news coverage. Given the sources and types of questions, the study tells us little, if anything about local news. The sample was not representative of the broader population. It was restricted to respondents who had the Internet and used it for news along with at least one traditional source of news. The data is from April 2001, which, according to the PEW analysis was the moment when any shift in news sources appears to have stopped. The sample size is extremely small. Interestingly, the study admitted that “ because none of the traditional media has a very high overlap with the Internet, the Internet and traditional media are not close substitutes on this dimension. Taken together, these characteristics of the study render it useless as a support for the expansive claims of the broadcasters. Indeed, in its literature review, the Dimmick, Chen and Li study identifies nine prior studies that tried to address the issue of substitutability between different types of media and they overwhelmingly concluded that there had been little displacement. The much more detailed study presented by the Commission and other surveys, which include a much larger national sample and all types of users contradict the misuse of the Dimmick, Chen and Li study in support of their overstated claims of substitution.

REPLY STUDY 9
Independent Local News Sites Do Not
Significantly Contribute to Source or Viewpoint Diversity:
Reply to Comments filed by The Newspaper Association of America

S. Derek Turner & Mark Cooper

Abstract

In order to investigate the influence of city-specific local websites operated by non-traditional media outlets, this study characterizes the content, traffic, and audience composition of 16 different city-specific websites operating in 15 media markets (11 Designated Marketing Areas and 4 sub-markets). Twelve of these city-specific local websites were cited by the Newspaper Association of America in comments to the FCC as being evidence for the need to relax media ownership regulations. The websites of local television and daily newspaper outlets were also analyzed to provide comparisons to the city-specific local websites.

The findings of this study demonstrate the following:

- The city-specific websites cited by NAA do not publish appreciable amounts of original local news content.
 - Only 18 percent of the stories from the city-specific sites in our sample were based on original reporting. However, over half of these stories were on subjects dealing with arts and entertainment, or food related topics.
 - Only 2.6 percent of the stories from the city specific sites in our sample contained original reporting on “hard news” topics.
 - The city specific websites rely heavily on the original reporting of traditional local news outlets such as daily newspapers or broadcast television stations.
- The city-specific websites have very small audiences. The median number of unique visitors in a single month to the city-specific websites was just 5,000. The median number of unique monthly visitors to the websites of the local newspapers in the same markets is over 100 times as large. Furthermore, the physical space presence of the traditional media outlets would make their viewership almost two thousand times as large.
- The audiences of the city-specific websites are very transient. Only 8 percent of the visitors to the city-specific websites viewed the site between 2 and 30 times in a month. However, 28 percent of the visitors to the websites of local newspapers were frequent users, viewing the sites between 2 and 30 times in a month.

The results of this study demonstrate that though the Internet provides another medium for the dissemination of local news, it has yet to actually compete with, or diminish the influence of the traditional newspaper and broadcast news outlets. Thus, the presence of these city-specific local websites does not provide a compelling reason to remove important ownership protections that maintain citizen’s access to a vibrant and diverse local news media.

Background

In their recent comments to the Federal Communications Commission (FCC), the Newspaper Association of America (NAA) asserts that the Internet has changed the media marketplace to the point where FCC rules barring the common ownership of local newspaper and broadcast properties is no longer in the public interest.¹ NAA claims that “there is now a wealth of local news and information on the Internet that is fully independent from that provided by television and newspaper web sites”. However, the NAA provides absolutely no evidence that the actual *content* of these new independently owned websites is “fully independent” of local television and newspaper outlets.² In fact, close review of these city-specific local websites reveals that they rely heavily on the content of traditional local news outlets, with many of their “stories” hyperlinking to content hosted on the websites of local TV and newspaper outlets.

To support its claim of “a plethora of fully independent local news and information sources on the Internet,” NAA describes 12 city-specific websites.³ However, NAA does not describe the level of original reporting contained on these websites. They do not describe the topical content of these websites. They do not describe the audience size or audience viewing

¹ Comments of the Newspaper Association of America, In the Matter of 2006 *Quadrennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 06-121; In the Matter of 2002 *Biennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 02-277; In the Matter of *Cross-Ownership of Broadcast Stations and Newspapers*, MB Docket No. 01-235; In the Matter of *Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets*, MB Docket No. 01-317; In the Matter of *Definition of Radio Markets*, MB Docket No. 00-244, October 23, 2006.

² *Ibid.* page 60.

³ *Ibid.* pages 61-63.

behavior of these websites, and do not describe how this compares to that of the websites of traditional local media outlets. And the NAA does not address what secondary effects media consolidation would have on these independent city-specific local websites.

This study does explore these issues in a systematic and quantitative manner, and demonstrates that these websites are at best a complement to traditional media, relying heavily on the content of local TV and newspaper outlets. Furthermore, the audiences of these city-specific websites are very small and transient, with all but a small percentage of the readers visiting these websites just a single time. These websites do not provide an independent source of local news, and thus do not compete with local broadcast and print news outlets. Their mere existence in no way justifies the abandonment of important FCC ownership rules. This general fact was rightly recognized by the *Prometheus* court in 2003, and has not changed in the three years since.⁴ In fact, given that these websites largely repurpose and comment on the original content of traditional local media outlets, consolidation in the mainstream sector would have secondary effects in these independent outlets, resulting in fewer sources of diverse local news available to the editors of these websites to present to their audiences.

Methodology

All twelve of the city-specific websites listed by NAA were reviewed, and seven additional city-specific websites in an additional six markets were also reviewed. Qualitative observations were made on the ten most recent stories on each website, published as of 3pm on Tuesday November 21st 2006. Each website's archive was also searched to determine the

⁴ *Prometheus Radio Project v. FCC*, 373 U.S. 372, 406 (3rd Cir. 2004), n. 34.

total number of stories published for the entire month of November 2006. Traffic and audience data for each website was gathered from Alexa.com and Quantcast.com, two of the leading traffic monitoring services on the Internet. Data for the websites of local television news stations and local newspapers operating in the same media markets was also gathered from Alexa and Quantcast. Newspaper circulation figures as of September 2006 were obtained from the Audit Bureau of Circulations. Figure 1 details the websites contained in our sample.

Individual City-Specific Websites Cited by NAA

Gothamist

Gothamist.com is an advertiser supported professional weblog that covers the New York area. Like most weblogs, the site consists of hyperlinks to other websites -- primarily mainstream news websites, press releases, and other weblogs -- with accompanying text and commentary from a gothamist.com editor. The “stories” featured on the site are quite short, usually less than 200 words, and are almost always based on the primary reporting from another source, usually a local New York newspaper, local TV station, or national media outlet. Gothamist’s original content primarily consists of the occasional concert or restaurant review, and there is no regular original “beat” reporting on the site. Only 30 percent of the Gothamist.com stories in our sample contained original reporting, the overwhelming majority of which were arts and entertainment stories. There were no original hard news stories in our Gothamist sample. For the entire month of November 2006, there were a total of 552 entries on Gothamist.com, or an average of 18.4 stories per day.

Figure 1: Websites Included in Sample

| Website | Website Type | Source | Media Market (DMA) |
|----------------------|--------------------|---------------------------|--------------------|
| austinist.com | City Specific Blog | Austinist | Austin, TX |
| keyetv.com | Broadcast TV | KEYE-CBS | Austin, TX |
| kvue.com | Broadcast TV | KVUE-ABC | Austin, TX |
| kxan.com | Broadcast TV | KXAN-NBC | Austin, TX |
| myfoxaustin.com | Broadcast TV | KTBC-Fox | Austin, TX |
| austin360.com | Daily Newspaper | Austin American Statesman | Austin, TX |
| austinchronicle.com | Weekly Newspaper | Austin Chronicle | Austin, TX |
| bostonist.com | City Specific Blog | Bostonist | Boston, MA |
| cbs4boston.com | Broadcast TV | WBZ-CBS | Boston, MA |
| myfoxboston.com | Broadcast TV | WFXT-Fox | Boston, MA |
| thebostonchannel.com | Broadcast TV | WCVB-ABC | Boston, MA |
| wgbh.com | Broadcast TV | WGBH-PBS | Boston, MA |
| whdh.com | Broadcast TV | WHDH-NBC | Boston, MA |
| boston.com | Daily Newspaper | Boston Globe | Boston, MA |
| bostonherald.com | Daily Newspaper | Boston Herald | Boston, MA |
| chicagoist.com | City Specific Blog | Chicagoist | Chicago |
| gapersblock.com | City Specific Blog | Gapers Block | Chicago |
| abc7chicago.com | Broadcast TV | WLS-ABC | Chicago |
| cbs2chicago.com | Broadcast TV | WBBM-CBS | Chicago |
| myfoxchicago.com | Broadcast TV | WFLD-Fox | Chicago |
| nbc5.com | Broadcast TV | WMAQ-NBC | Chicago |
| chicagotribune.com | Daily Newspaper | Chicago Tribune | Chicago |
| suntimes.com | Daily Newspaper | Chicago Sun-Times | Chicago |
| bloggingohio.com | City Specific Blog | Blogging Ohio | Ohio (multiple) |
| wkyc.com | Broadcast TV | WKYC-NBC | Cleveland, OH |
| 19actionnews.com | Broadcast TV | WOIO-CBS | Cleveland, OH |
| myfoxcleveland.com | Broadcast TV | WJW-Fox | Cleveland, OH |
| newsnet5.com | Broadcast TV | WEWS-ABC | Cleveland, OH |
| cincinnati.com | Daily Newspaper | Cincinnati Enquirer | Cincinnati, OH |
| cleveland.com | Daily Newspaper | Cleveland Plain Dealer | Cleveland, OH |
| dispatch.com | Daily Newspaper | Columbus Dispatch | Columbus, OH |
| houstonist.com | City Specific Blog | Houstonist | Houston, TX |
| abc13.com | Broadcast TV | KTRK-ABC | Houston, TX |
| click2houston.com | Broadcast TV | KPRC-NBC | Houston, TX |
| khou.com | Broadcast TV | KHOU-CBS | Houston, TX |
| myfoxcleveland.com | Broadcast TV | KRIV-Fox | Houston, TX |
| chron.com | Daily Newspaper | Houston Chronicle | Houston, TX |
| laist.com | City Specific Blog | LAist | Los Angeles, CA |
| abc7.com | Broadcast TV | KABC-ABC | Los Angeles, CA |
| cbs2.com | Broadcast TV | KCBS-CBS | Los Angeles, CA |
| myfoxla.com | Broadcast TV | KTTV-Fox | Los Angeles, CA |
| nbc4.tv | Broadcast TV | KNBC-NBC | Los Angeles, CA |
| dailynews.com | Daily Newspaper | Daily News of Los Angeles | Los Angeles, CA |
| latimes.com | Daily Newspaper | Los Angeles Times | Los Angeles, CA |

Figure 1 (continued): Websites Included in Sample

| Website | Website Type | Source | Media Market (DMA) |
|---------------------|--------------------|----------------------------------|----------------------------|
| gothamist.com | City Specific Blog | Gothamist | New York |
| 7online.com | Broadcast TV | WABC-ABC | New York |
| myfoxny.com | Broadcast TV | WNYW-Fox | New York |
| wcbstv.com | Broadcast TV | WCBS-CBS | New York |
| wnbc.com | Broadcast TV | WNBC-NBC | New York |
| nydailynews.com | Daily Newspaper | New York Daily News | New York |
| nypost.com | Daily Newspaper | New York Post | New York |
| nysun.com | Daily Newspaper | New York Sun | New York |
| nytimes.com | Daily Newspaper | New York Times | New York |
| phillyist.com | City Specific Blog | Phillyist | Philadelphia, PA |
| cbs3.com | Broadcast TV | KYW-CBS | Philadelphia, PA |
| myfoxphilly.com | Broadcast TV | WTXF-Fox | Philadelphia, PA |
| nbc10.com | Broadcast TV | WCAU-NBC | Philadelphia, PA |
| wpvi.com | Broadcast TV | WPVI-ABC | Philadelphia, PA |
| philly.com | Daily Newspaper | Philadelphia Inquirer | Philadelphia, PA |
| sfist.com | City Specific Blog | SFist | San Francisco, CA |
| abc7news.com | Broadcast TV | KGO-ABC | San Francisco, CA |
| cbs5.com | Broadcast TV | KPIX-CBS | San Francisco, CA |
| kqed.org | Broadcast TV | KQED-PBS | San Francisco, CA |
| kron4.com | Broadcast TV | KRON-MNTV | San Francisco, CA |
| ktvu.com | Broadcast TV | KTVU-Fox | San Francisco, CA |
| nbc11.com | Broadcast TV | KNTV-NBC | San Francisco, CA |
| mercurynews.com | Daily Newspaper | San Jose Mercury News | San Francisco, CA |
| sfgate.com | Daily Newspaper | San Francisco Chronicle | San Francisco, CA |
| seattlest.com | City Specific Blog | Seattlest | Seattle, WA |
| king5.com | Broadcast TV | KING-NBC | Seattle, WA |
| kirotv.com | Broadcast TV | KIRO-CBS | Seattle, WA |
| komotv.com | Broadcast TV | KOMO-ABC | Seattle, WA |
| nwsourc.com | Daily Newspaper | Seattle Times/Post-Intelligencer | Seattle, WA |
| dcist.com | City Specific Blog | DCist | Washington DC |
| myfoxdc.com | Broadcast TV | WTTG-Fox | Washington DC |
| nbc4.com | Broadcast TV | WRC-NBC | Washington DC |
| wjla.com | Broadcast TV | WJLA-ABC | Washington DC |
| wusa9.com | Broadcast TV | WUSA-CBS | Washington DC |
| herald-mail.com | Daily Newspaper | Herald-Mail | Washington DC (Hagerstown) |
| washingtonpost.com | Daily Newspaper | Washington Post | Washington DC |
| washingtontimes.com | Daily Newspaper | Washington Times | Washington DC |
| backfence.com | City Specific Blog | Backfence | Washington DC/CA/IL |
| baristanet.com | City Specific Blog | Baristanet | Northern NJ (not DMA) |
| nj.com | Daily Newspaper | The Star-Ledger | Northern NJ (not DMA) |
| westportnow.com | City Specific Blog | Westport Now | Westport, CT (not DMA) |
| connpost.com | Daily Newspaper | Connecticut Post | Bridgeport, CT (not DMA) |
| coastsider.com | City Specific Blog | Coastsider | San Mateo, CA (not DMA) |
| h2otown.info | City Specific Blog | H2O Town | Waterbury, MA (not DMA) |

There are several daily newspapers in the New York market, and the websites of four of these were included in our sample: New York Times, New York Post, New York Daily News, and the New York Sun. These papers have daily circulations that range from a low of 45,000 (the *Sun*) to a high of over a million (the *Times*). Quantcast traffic data shows that the number of unique monthly visitors to their websites ranges from 120,000 (the *Sun*) to 4,000,000 (the *Times*), far above the 50,000 monthly visitors to Gothamist. Furthermore, while only 7.7 percent of the visitors to Gothamist view the site between 2 and 30 times per month, the range of this level of viewership for the New York newspaper's websites is 15.4 percent (the *Sun*) to 32.9 percent (the *Times*).

The lack of original content, small reach, and transient audience has not inhibited Gothamist's success. Of the independent local sites listed by the NAA, Gothamist by far receives the most traffic, ranking approximately 13,000 overall in Alexa.com's tabulation of most popular websites.⁵ The success of the Gothamist formula has led to its parent company, Gothamist LLC, establishing satellite "city-ist" weblogs in metropolitan areas around the U.S. and in several international locations, including Austin, Boston, Chicago, Houston, Philadelphia, San Francisco, Seattle, and Washington.

But these other city-ist weblogs, like Gothamist, also lack much original reporting, following the typical "linking blog" style of the parent weblog. Furthermore, the frequency of new content at these satellite sites is often less than Gothamist.com, and viewership is far below that of the parent site (see below), which itself is quite low in comparison to the readership of the websites of traditional New York media outlets. For the eight other city-specific websites run by Gothamist, the average number of stories per day in the month of

⁵ A lower number corresponds to a higher ranking, and thus a larger audience.

November 2006 was 8.4. The most prolific outlet was LAist, with 368 November stories, and the least output came from Bostonist.com, with a mere 42 stories for the entire month of November.

The success of Gothamist has not always translated to the satellite websites. The Miami Florida satellite, miamist.com, recently was taken down after a period of intermittent activity, where days passed before any new posts were added to the site.

Gapers Block

Gapersblock.com, a website covering the Chicago Illinois area is not laid out like the typical weblog, but the range of content is almost identical to that of Gothamist.com and other city-focused websites. The site contains several feature areas that at first glance makes it resemble the website of established print newspapers. It contains a weblog written in the typical fashion, relying on the original reporting of other sources. There is also a calendar detailing local events. What sets this site apart from most city-focused weblogs is the presence of a daily column that involves more long form writing that deviates from the typical link-heavy short-post weblog format. However, most of these long form columns are arts and entertainment reviews or first person opinion pieces accompanied by very little original reporting. Furthermore, as detailed below, Gapers Block, like all of the city focused sites listed by NAA, does not have a significantly sized audience, and over 90 percent of its audience consists of users who visit the site only once in an entire month.

In our sample of Gapers Block blog stories, there were no stories based upon original reporting. Half of the stories in their long-form daily column were based on original reporting. However, all but one of these stories were arts and entertainment pieces, with the

one remaining being an op-ed with some minimal original reporting. For the entire month of November 2006, there were a total of 154 entries on the Gapers Block “Merge” blog and 31 stories in their daily “Airbags” section, or an average of 6.2 stories per day.

The Gapers Block audience is small and transient. The site receives 10,000 unique monthly visitors, and only 7.2 percent of these view the site between 2 and 30 times per month. This is starkly different from the viewership of the websites of the two major Chicago dailies. Sun-times.com has 700,000 unique monthly visitors, with 29.6 percent viewing 2-30 times per month. Chicagotribune.com has 800,000 unique monthly visitors, 31.2 percent of whom are regular (2-30 times in a month) visitors of the website. Furthermore, the print circulation of these outlets is very high, with the Tribune having a Sunday circulation of nearly one million.

Blogging Ohio

This website, owned by AOL Time Warner’s blog division, Weblogs Inc., is a typical blog, with content consisting of short form pieces primarily based on the original reporting of other local and national news sources. Readers are allowed to post comments to stories, though very few actually do so. The site is also not “local” in the same way more heavily trafficked sites like Gothamist are, as it covers events occurring throughout the entire state of Ohio. Of the ten bloggingohio stories in our sample, only two contained original reporting. One was a real estate story about the website realtor.com, and the other was a weather related story with an original photograph. For the entire month of November there were 173 entries on bloggingohio.com, or an average of 5.8 stories per day.

Furthermore, *blogginohio.com* is the lowest ranked advertiser supported local website listed by the NAA, with only 2000 unique visitors per month, over 97% of whom only visit the site a single time in a month (see below). This pales in comparison to the operations of the *Cleveland Plain Dealer*, an outlet that only covers a portion of the market supposedly covered by *bloggingohio.com*. The *Plain Dealer's* website receives 600,000 unique viewers per month, 38 percent of whom are visiting the site between 2 and 30 times per month. The print edition of the paper also has a daily circulation of 336,939 and a Sunday circulation of 446,487.

Phoenix Newsvine

Phoenix Newsvine, like other sites run by *newsvine.com*, is a news aggregator, consisting of AP wire stories and user-submitted articles that are from other traditional local or national news sources. There is absolutely no original content on this website. The national parent site, *newsvine.com*, does contain a few blog-post style columns written by “featured writers”, but these posts contain very little original reporting, consisting mostly of op-eds or arts and entertainment reviews. *Phoenix.newsvine.com* was excluded from the content and traffic analysis sample used in this report because it is a sub-domain of *newsvine.com*, the parent national website, and the Alexa and Quantcast traffic monitoring services do not provide data for sub-domains. However, it is worth noting that for the entire month of November 2006, there were only two user submitted stories.

Metroblogging Atlanta

Metroblogging Atlanta was excluded from the content and traffic analysis sample used in this report because it is a sub-domain of *metblogs.com*, the parent national website, and the

Alexa and Quantcast traffic monitoring services do not provide data for sub-domains.

However a review of the site reveals that it is similar to gothamist.com, and bloggingohio.com. It is advertiser supported with several “editors” providing content, which is overwhelmingly based on the original reporting of traditional news outlets. The site is not “hard news” focused, consisting primarily of arts and entertainment themed content.

Furthermore, the frequency of stories on the site is low, with an average of 1.46 post per day for the month of November 2006.

Backfence Bethesda

Backfence.com is a user-submitted hyper-local website with sub-domains for several areas in the Washington DC metropolitan area, as well as three domains in California and three domains in Illinois. NAA cited backfence-bethesda, and content analysis was conducted on this sub-domain. Traffic analysis data was gathered for backfence.com, which includes all sub-domain sites. Thus the traffic data will overstate visits to backfence-bethesda, but is still miniscule and transient. The site only receives 4,000 unique monthly visitors, with 8.9 percent of these returning between 2 and 30 times in the month. This pales in comparison to the operations of the *Washington Post*, which have micro-local print inserts and online content for the various areas surrounding DC. The *Post's* website has 2 million unique monthly visitors, 31 percent of whom are regular (2-30 time per month) readers, and their Sunday print circulation hovers near 1 million. Even the less-read *Washington Times* vastly outperforms Backfence, with 40,000 unique monthly visitors to its website, 23.5 percent of whom are regulars, and a daily print circulation of over 100,000.

Backfence is like Gapers Block in that the homepage is laid out in a more newspaper type style as opposed to the typical blog style of most other city-specific sites. However, the content at backfence-bethesda remains void of original reporting. None of the backfence-bethesda stories in our sample contained original reporting, and 40% of the stories were weather reports taken from another website. Because backfence does not archive stories, we were unable to tally the total number of November stories. However, in the 14-day period from November 16th to November 30th, there were a total of 17 stories, or an average of 1.2 stories per day.

Cambridge Civic Journal

The Cambridge Civic Journal is another hyper-local website cited by NAA, with post in the typical blog-style layout. Unlike most of the websites listed by NAA, this site was actually primarily focused on local political events as opposed to the arts and entertainment fare common on most city-specific websites. However the Cambridge Civic Journal (www.rwinters.com) is more of a community calendar than a news outlet, with many notices of upcoming council meetings and civic events, listed without comment. None of the stories in our sample were based on original reporting, and the frequency of posts was few and far between. Though the posts on the site are not dated (making the counting process difficult), there were no more than five posts for the entire month of November 2006. In fact there were just 16 individual posts from September 4th to December 2nd, or about 1.2 posts per week.

The website's monthly visitor data from Quantcast shows approximately 800 unique viewers, with only 8 percent visiting between 2 and 30 times in the month. Though the website focuses on Cambridge (not the entire Boston area), the less-read of the area's two

major dailies, the *Boston Herald*, still vastly outperforms rwinters.com. Bostonherald.com has 400,000 unique monthly visitors, a regular viewership of 26.5 percent, and a daily print circulation of over 200,000.

Westport Now

Westport Now is a hyper-local website focused on the Westport Connecticut area. Unlike all the other websites cited by the NAA, westportnow.com actually employs a reporter that goes out and covers stories and writes original content. Seventy percent of the stories from Westport Now in our sample contained original reporting. However, these stories were largely on non-hard news topics such as sports or arts and entertainment. Forty-three percent of the original stories were simply photographs accompanied with a short caption. For the month of November 2006, there were a total of 301 entries on westportnow.com, or an average of 10 stories per day.

Westport Now's largest local news competitor is the Connecticut Post, published in nearby Bridgeport Connecticut. The paper has a daily print circulation of 74,000 and a Sunday circulation of over 85,000 subscriptions. The Post's website, connpost.com, has approximately 60,000 unique monthly visitors, 28 percent of whom visit between 2 and 30 times per month. Contrast this to westportnow.com, which averages 5000 unique visitors per month, 18 percent of whom visit between 2 and 30 times per month. Westport Now is a welcome addition to the media market of Southeastern Connecticut, but its audience is very small and transient.

H2O Town

H2O town, the hyper-local website that NAA cited from the Boston-suburb, Watertown Massachusetts, is a typical blog consisting of short entries with links to other traditional news outlets. None of the h2otown.info stories in our sample were original reports. And 70 percent of the entries were promotions or notices from various community groups -- valuable information to be sure, but most certainly not original reporting and not local news. For the month of November 2006 there were 128 posts on h2otown.info, or an average of 4.3 stories per day. The site has 1,000 unique monthly visitors with 7% regular viewership (2-30 time per month), far below that of all the Boston area broadcast and print outlets in our sample.

Coastsider

Coastsider.com out of San Mateo California is another hyper-local website listed by NAA that is published in the typical blog format. None of the stories from Coastsider in our sample contained original reporting, and those that focused on hard news subjects (like crime or politics) were excerpts from stories written by the San Mateo County Times and published on their website, the area's main hyper-local local news outlet. In November 2006 there were 68 posts on Coastsider, or an average of 2.3 stories per day. The site has 3,000 unique monthly visitors, far below the 30,000 evening print daily circulation of the San Mateo County Times.⁶

⁶ Audit Bureau of Circulations, data as of September 30th 2006 (29,391 average evening circulation).

Barista of Bloomfield Ave.

Barista of Bloomfield Avenue is a blog listed by NAA that covers the northern New Jersey Area. The site is written like a typical blog, frequently linking to other news sources and inviting readers to comment on each story. Of the ten baristanet.com stories reviewed, three, or 30 percent contained original reporting. However, only one of these was hard news focused, a story about recent vandalism at a public train station based on a picture of the station taken by a baristanet.com editor. One of the two remaining original stories was a 49-word story with a photo of a crowded parking lot, telling readers that the shopping season had already begun. The final original story was a 146-word story about magnets for sale at a local mall. For the month over November 2006 there were 150 entries on baristanet.com, or an average of 5 stories per day.

The Northern New Jersey area is also served by the Star-Ledger, a print outlet with a daily circulation of 378,100 and a Sunday circulation of 580,640 copies. The Star-Ledger's website nj.com, receives over 600,000 unique U.S. visitors a month, compared to 8,000 for baristanet.com. Furthermore, 34 percent of the Star-Ledger's web visitors visit between 2-30 times per month, compared to just 11 percent of baristanet.com's visitors.

General Results - Qualitative

A total of 18 local websites were reviewed, with 190 stories total. Stories in the sample were the ten most recent stories published before 3pm on November 21st 2006. The only exception to this was for Gapersblock.com, where 10 blog stories and ten daily column stories were reviewed.

The median word count per story was 238, far below the typical length of a local newspaper story, which is usually around 500 words.⁷ By far the most frequent type of story was arts and entertainment-focused pieces, accounting for nearly a third of all stories reviewed. This indicates that the focus of these local websites is not hard news, but lighter fare. In fact only 21 percent of all stories were classified as hard news (that is, focused on accidents, community governance, crime, labor issues, local politics, national politics, or transportation topics).

Few of the stories reviewed contained original reporting, defined by the typical characteristics such as quotes from anonymous or named sources, presenting conflicting opinions from several sources, reporting from an event attended by the author, and inputting some reporting effort beyond reprinting press releases verbatim. As Figure 2 shows, only 18 percent of the stories in the sample were based on original reporting. However, the majority of these stories were arts and entertainment or food related, accounting for over 56 percent of the entire sample. Only 2.6 percent of the entire sample consisted of original hard news reporting (1 community governance story, 3 crime stories, and 1 politics story). In this count we were very generous in assigning hard news status to some of the posts. For example, one of the stories classified as hard news original reporting was just an amateur video of a city

⁷ <http://www.patriot-news.com/search/faq.php>

street, accompanied by the sounds of gunfire in the background. There was no additional reporting, such as witness interviews or statements from local police officials.

Figure 2: Summary of Story Content on NAA-cited City-Specific Websites

| Type of Story on City-Specific Blogs Cited by NAA | Percentage of All Stories in City-Specific Blog Sample |
|--|---|
| Non-Original Reporting | 81.6% |
| Original Reporting | 18.4% |
| Original A&E Reporting | 9.5% |
| Original Crime Reporting | 1.6% |
| Original Food Reporting | 1.1% |
| Original Real Estate Reporting | 1.1% |
| Original Sports Reporting | 1.1% |
| Original Weather Reporting | 1.1% |
| Other Original Reporting | 3.2% |
| Original Hard News Reporting | 2.6% |

General Results - Quantitative

The online traffic monitoring services Alexa and Quantcast were used to contrast the traffic and audiences of the NAA cited websites with the websites of local print and television news outlets in the same markets. Though these monitoring services are not perfect, they do provide useful information to compare the NAA-cited websites with the websites of traditional news outlets, many who have been somewhat slow in migrating content to the web-space.⁸

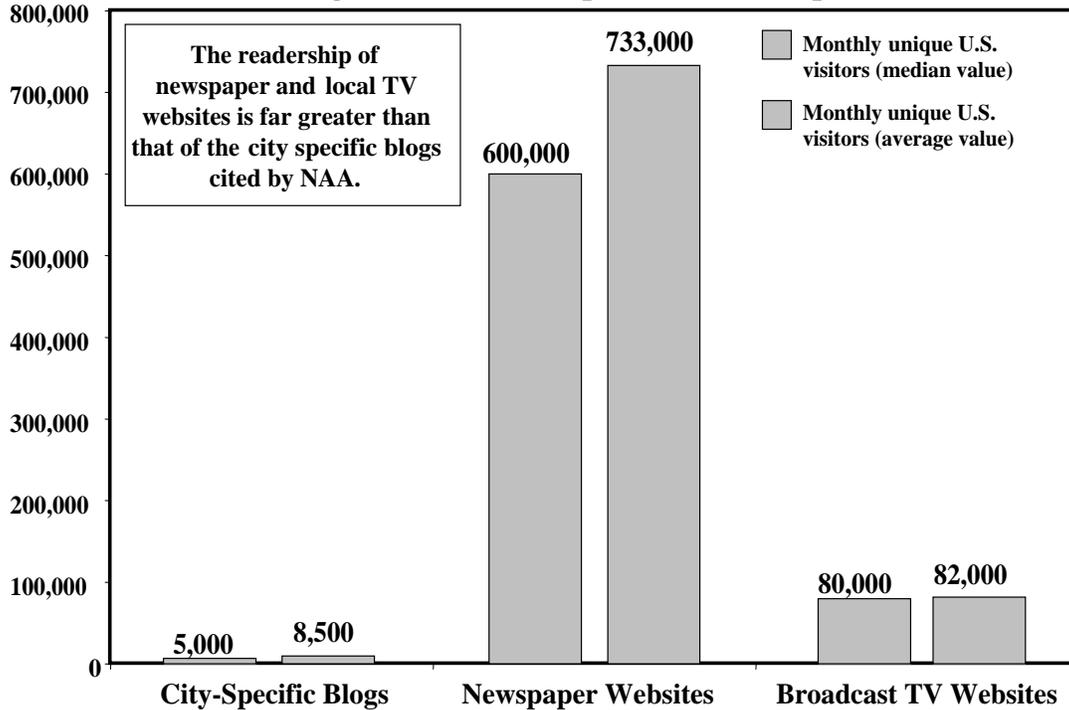
As Figures 3 and 4 show, the websites of local newspapers operating in same markets as the NAA city-specific websites have an average of over 700,000 unique U.S. visitors per month, which is far higher than the 9,500 average monthly visitors to the websites listed by NAA. Local TV stations have been somewhat less effective in migrating to the primarily written-word space of the Internet, given that their product is video, not print, and thus their web content is less of a direct competitor to the city-specific blogs than the websites of local newspapers. However, the local TV websites in our sample averaged over 80,000 unique visitors per month, nearly ten times the amount that visited the NAA-cited city-specific websites.

⁸ See Comments of Consumers Union, Consumer Federation of America and Free Press, Part IV, Chapter 9, “Local Media and the Failure of Big Media’s Conglomerate Model, pages 178-180.

Figure 3: Summary of Traffic and Audience Profile for Local News Websites

| Website Type | | ALEXA TRAFFIC MONITORING DATA | | QUANTCAST TRAFFIC MONITORING DATA | | | | |
|-----------------------|---------------|--------------------------------|--------------------------------------|-----------------------------------|------------------------------|--|--|---|
| | | Alexa Traffic Rank (3 mo. avg) | Reach per million users (3 mo. avg.) | Quantcast Traffic Rank | Unique US Visitors per Month | Percent of Audience that Visited Once in a Month | Percent of Audience that Visited 2-30 Times in a Month | Percent of Audience that Visited >30 Times in a Month |
| City-Specific Blogs | Average Value | 387,941 | 21 | 208,368 | 8,544 | 92 | 8 | 0 |
| | Median Value | 131,486 | 31 | 185,157 | 5,000 | 93 | 7 | 0 |
| Newspaper Websites | Average Value | 15,207 | 1,028 | 5,152 | 733,000 | 70 | 28 | 1 |
| | Median Value | 3,314 | 390 | 1,910 | 600,000 | 71 | 28 | 1 |
| Broadcast TV Websites | Average Value | 195,521 | 42 | 61,559 | 81,898 | 77 | 23 | 0 |
| | Median Value | 64,766 | 31 | 20,166 | 80,000 | 77 | 23 | 0 |

**Figure 4:
Audience Size of Local Media Websites
Median/Average Number of Unique U.S. Visitors per Month**



Quantcast also provides information about the site viewing/reading habits of the audience of websites. This data provides a very important distinction between the websites of established local media outlets and the websites listed in NAA’s comment. Over 90 percent of the monthly audience of the city-specific websites visited the site just a single time in a month, far higher than that of local print and TV websites. This data indicates that the city-specific website audience is very transient, stumbling upon the site once, and never returning (see Figures 5 and 6).

**Figure 5:
Audience Composition of Local Media Websites
Type of Visitor by Viewing Frequency**

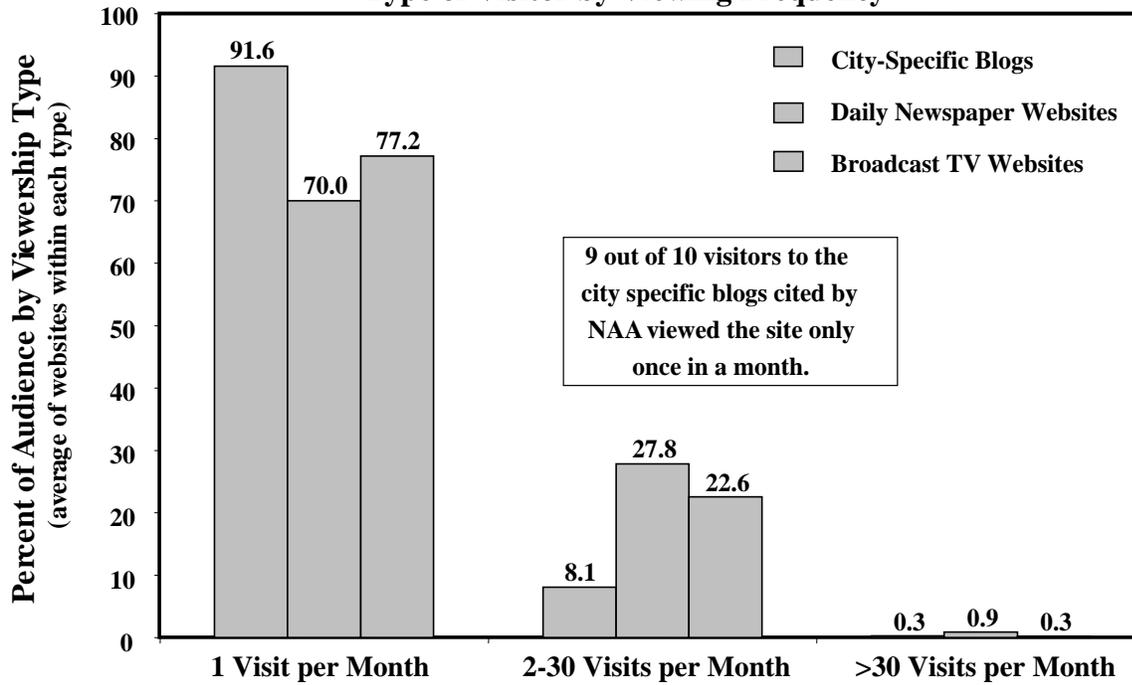


Figure 6: Local Website Audience Size and Composition by Media Market

| Media Market | Website Type | Average Unique US Visitors per Month | Average Audience Composition | | |
|-------------------|------------------------------|--------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
| | | | Percent Visiting Once per Month | Percent Visiting 2-30 Times per Month | Percent Visiting >30 Times per Month |
| Austin, TX | City-Specific Websites (NAA) | 4,000 | 92.5 | 7.5 | 0 |
| | Local TV Station Websites | 55,000 | 76 | 24 | 0 |
| | Local Newspaper Websites | 95,000 | 78 | 22 | 0 |
| Boston, MA | City-Specific Websites (NAA) | 5,000 | 94.8 | 5.2 | 0 |
| | Local TV Station Websites | 73,000 | 75 | 24 | 0 |
| | Local Newspaper Websites | 750,000 | 72 | 27 | 1 |
| Chicago, IL | City-Specific Websites (NAA) | 11,000 | 93 | 6 | 0 |
| | Local TV Station Websites | 76,125 | 79 | 21 | 0 |
| | Local Newspaper Websites | 750,000 | 69 | 30 | 1 |
| Ohio (multiple) | City-Specific Websites (NAA) | 2,000 | 97.8 | 2.2 | 0 |
| | Local TV Station Websites | 62,000 | 73 | 27 | 0 |
| | Local Newspaper Websites | 271,667 | 66 | 33 | 1 |
| Houston, TX | City-Specific Websites (NAA) | 4,000 | 94.3 | 5.7 | 0 |
| | Local TV Station Websites | 65,000 | 72 | 28 | 0 |
| | Local Newspaper Websites | 950,000 | 73.4 | 25.7 | 0.9 |
| Los Angeles, CA | City-Specific Websites (NAA) | 11,000 | 94.8 | 5.2 | 0 |
| | Local TV Station Websites | 60,450 | 79 | 21 | 0 |
| | Local Newspaper Websites | 650,000 | 73 | 26 | 1 |
| New York, NY | City-Specific Websites (NAA) | 50,000 | 92.2 | 7.7 | 0.1 |
| | Local TV Station Websites | 201,250 | 84 | 16 | 0 |
| | Local Newspaper Websites | 1,280,000 | 72 | 27 | 1 |
| Philadelphia, PA | City-Specific Websites (NAA) | 4,000 | 95.5 | 4.5 | 0 |
| | Local TV Station Websites | 87,500 | 77 | 23 | 0 |
| | Local Newspaper Websites | 800,000 | 72.4 | 26.7 | 0.9 |
| San Francisco, CA | City-Specific Websites (NAA) | 11,000 | 92.8 | 7.1 | 0.1 |
| | Local TV Station Websites | 66,333 | 83 | 17 | 0 |
| | Local Newspaper Websites | 1,100,000 | 78.5 | 20.9 | 0.7 |
| Seattle, WA | City-Specific Websites (NAA) | 10,000 | 94.6 | 5.4 | 0 |
| | Local TV Station Websites | 130,000 | 75 | 24 | 1 |
| | Local Newspaper Websites | 1,100,000 | 71.2 | 27.7 | 1.1 |
| Washington, DC | City-Specific Websites (NAA) | 6,500 | 92 | 8 | 0 |
| | Local TV Station Websites | 46,250 | 74 | 25 | 0 |
| | Local Newspaper Websites | 1,075,000 | 72.0 | 27.3 | 0.8 |

⁹ This summary excludes the hyper-local sites in the Boston DMA (h2otown.info and rwinters.com), the hyper-local site in the San Francisco DMA (coastsider.com), and the hyper-local site in the New York DMA (baristanet.com), as these sites do not (ostensibly) serve the entire DMA. The data in this table are averages for each respective media platform in each market, not totals.

Finally, the reach of the NAA-cited city specific blogs also pales in comparison to the circulations of the print newspapers in the markets where the city-specific blogs are located. As Figure 7 shows, even the circulation of the Hagerstown Herald-Mail Sunday paper (a small print publication serving a community of less than 40,000 persons, located 70 miles north-west of Washington DC, and is technically in the DC media market) is some 6-times greater than the number of monthly unique visitors to the DCist, the Washington DC blog cited by NAA, a website that ostensibly serves the 8 million metropolitan DC residents. Furthermore, 92 percent of those 6,500 visitors to DCist visit the site only once in the month.

Figure 7: Circulation of Print Newspapers in Markets with City-Specific Websites Cited by NAA

| Paper | Website | Daily Circulation | Saturday Circulation | Sunday Circulation |
|----------------------------------|---------------------|-------------------|----------------------|--------------------|
| Austin-American Statesman | austin360.com | 168,569 | 174,330 | 212,744 |
| Boston Globe | boston.com | 386,415 | 374,369 | 587,292 |
| Boston Herald | bostonherald.com | 203,552 | 155,442 | 115,214 |
| Chicago Tribune | chicagotribune.com | 576,132 | 501,324 | 937,907 |
| Chicago Suntimes | suntimes.com | 486,936 | N/A | N/A |
| Connecticut Post | connpost.com | 74,005 | 67,794 | 85,168 |
| Houston Chronicle | chron.com | 508,097 | 478,221 | 692,586 |
| LA Times | latimes.com | 755,766 | 896,904 | 1,172,005 |
| LA Daily News | dailynews.com | 151,215 | 136,466 | 170,434 |
| New York Daily News | nydailynews.com | 693,382 | 542,309 | 780,196 |
| New York Post | nypost.com | 704,011 | 472,839 | 427,264 |
| New York Sun | nysun.com | 45,000 | N/A | N/A |
| New York Times | nytimes.com | 1,086,798 | 1,042,321 | 1,623,697 |
| Cleveland Plain Dealer | cleveland.com | 336,939 | 335,183 | 446,487 |
| Cincinnati Enquirer | cincinnati.com | 197,962 | 182,320 | 288,030 |
| Columbus Dispatch | dispatch.com | 217,291 | 262,140 | 345,525 |
| Philadelphia Inquirer/Daily News | philly.com | 443,162 | 432,977 | 682,214 |
| San Francisco Chronicle | sfgate.com | 373,805 | 383,378 | 432,957 |
| San Jose Mercury News | mercurynews.com | 228,880 | 209,660 | 251,454 |
| Seattle Times/Post-Int. | nwsourc.com | 338,916 | 313,202 | 423,275 |
| Star-Ledger (New Jersey) | nj.com | 378,100 | 307,502 | 580,640 |
| Washington Post | washingtonpost.com | 656,297 | 615,231 | 930,619 |
| Washington Times | washingtontimes.com | 100,074 | 73,875 | 41,140 |
| Herald-Mail (Hagerstown MD) | herald-mail.com | 34,227 | 34,058 | 37,954 |
| Average | | 381,064 | 363,266 | 512,036 |
| Median | | 356,361 | 324,193 | 430,111 |

Chicago Suntimes circulation is from 2005 (current data withheld by Audit Bureau of Circulations)

New York Sun circulation is from 2004 (current data not available)

The Bottom Line on Traditional Local Media Compared to City-Specific Web Sites

The previous analysis has shown that the cyberspace presence of the traditional media outlets is much larger than the cyberspace presence of the city specific websites identified by the NAA as providing competition for and alternatives to local media. The physical space presence adds further weight to the traditional media. To gain perspective on the relative size of the audiences of these outlets, we compare the average monthly users of these media by transforming the website and television viewership data in a manner that renders it comparable to the newspaper circulation data (see Figure 8).¹⁰

Across the eleven markets in this sample, the city-specific web sites had just fewer than 140,000 unique monthly visitors in total. As noted, the vast majority of visitors used the site once a month. A small percentage visited between 2 and 30 times, and almost no one visited more than 30 times. If we assume that all the users who visited more than once visited on each of the 30 days in a month, we estimate a “circulation” of about 400,000 per month.¹¹

In contrast, the total average *daily* circulation of the newspapers in the specific cities is approximately nine million. Thus, the total monthly circulation is about 270 million.¹² The

¹⁰ These data are market totals for each media platform based on the individual websites, stations, and newspapers in our sample.

¹¹ For example, only 7.5% of the 4,000 visitors to Ausinist.com visited 2 or more times per month, or 300 visitors. Thus, in our methodology, these 300 visitors account for a circulation of 9,000, or 30 days of a “circulation” of 300. The remaining 3,700 visitors only viewed the site once in the month, so the total monthly “circulation” of Austinist.com is 12,700, or 9,000 plus 3,700.

¹² Circulation data as of September 30th 2006, obtained from the Audit Bureau of Circulations. For each market, the total average daily circulation was calculated for a 28-day month (by multiplying the weekday circulation figure by 20; adding this to the Saturday circulation multiplied by 4; and then adding this subtotal to the Sunday circulation multiplied by 4). To compute the total monthly circulation, this daily average was multiplied by 30. The data are for the newspapers in our sample, not for all newspapers in the market.

newspapers in our sample also have a huge advantage in cyberspace visitors when compared to the city-specific websites, with a “circulation” of over 170 million, calculated by the methodology described above. Thus, newspapers alone had almost 1100 times the usage (monthly “circulation” in cyberspace plus circulation in physical space).

Figure 8: Traditional Media vs. Alternative Outlets

| Media Market | Website Type | Cyberspace | | Physical Space | | Combined Physical + Cyberspace Circulation (thousands) | Ratio TV+Papers/ Alternative Websites |
|-------------------|------------------------------|--|---|-------------------------------------|---------------------------------------|--|---------------------------------------|
| | | Total Unique US Visitors per Month (thousands) | Total Monthly "Circulation" (thousands) | Total Daily Circulation (thousands) | Total Monthly Circulation (thousands) | | |
| Austin, TX | City-Specific Websites (NAA) | 4 | 13 | | | 13 | |
| | Local TV Station Websites | 220 | 1,742 | 228 | 6,840 | 8,582 | 1,194 |
| | Local Newspaper Websites | 190 | 1,360 | 176 | 5,217 | 6,577 | |
| Boston, MA | City-Specific Websites (NAA) | 5 | 13 | | | 13 | |
| | Local TV Station Websites | 365 | 2,874 | 534 | 16,020 | 18,894 | 4,046 |
| | Local Newspaper Websites | 1,500 | 13,915 | 597 | 17,924 | 31,838 | |
| Chicago, IL | City-Specific Websites (NAA) | 22 | 64 | | | 64 | |
| | Local TV Station Websites | 305 | 1,815 | 967 | 29,010 | 30,825 | 1,243 |
| | Local Newspaper Websites | 1,500 | 15,191 | 1,104 | 33,122 | 48,313 | |
| Ohio (multiple) | City-Specific Websites (NAA) | 2 | 3 | | | 3 | |
| | Local TV Station Websites | 248 | 2,192 | 468 | 14,040 | 16,232 | 15,254 |
| | Local Newspaper Websites | 815 | 9,651 | 803 | 24,088 | 33,739 | |
| Houston, TX | City-Specific Websites (NAA) | 4 | 11 | | | 11 | |
| | Local TV Station Websites | 260 | 2,501 | 569 | 17,070 | 19,571 | 4,123 |
| | Local Newspaper Websites | 950 | 8,278 | 530 | 15,906 | 24,184 | |
| Los Angeles, CA | City-Specific Websites (NAA) | 11 | 28 | | | 28 | |
| | Local TV Station Websites | 242 | 1,831 | 1,495 | 44,850 | 46,681 | 3,220 |
| | Local Newspaper Websites | 1,300 | 12,540 | 987 | 29,617 | 42,158 | |
| New York, NY | City-Specific Websites (NAA) | 50 | 163 | | | 163 | |
| | Local TV Station Websites | 805 | 4,888 | 1,889 | 56,670 | 61,558 | 1,174 |
| | Local Newspaper Websites | 5,120 | 54,825 | 2,505 | 75,148 | 129,974 | |
| Philadelphia, PA | City-Specific Websites (NAA) | 4 | 9 | | | 9 | |
| | Local TV Station Websites | 350 | 2,930 | 478 | 14,340 | 17,270 | 4,203 |
| | Local Newspaper Websites | 800 | 7,203 | 476 | 14,276 | 21,479 | |
| San Francisco, CA | City-Specific Websites (NAA) | 11 | 34 | | | 34 | |
| | Local TV Station Websites | 398 | 2,521 | 593 | 17,790 | 20,311 | 1,616 |
| | Local Newspaper Websites | 2,200 | 16,193 | 613 | 18,389 | 34,582 | |
| Seattle, WA | City-Specific Websites (NAA) | 10 | 26 | | | 26 | |
| | Local TV Station Websites | 390 | 3,043 | 428 | 12,840 | 15,883 | 1,426 |
| | Local Newspaper Websites | 1,100 | 10,287 | 347 | 10,419 | 20,706 | |
| Washington, DC | City-Specific Websites (NAA) | 13 | 42 | | | 42 | |
| | Local TV Station Websites | 185 | 1,485 | 489 | 14,670 | 16,155 | 1,503 |
| | Local Newspaper Websites | 2,190 | 22,365 | 812 | 24,368 | 46,733 | |
| Totals | City-Specific Websites (NAA) | 136 | 404 | | | 404 | |
| | Local TV Station Websites | 3,767 | 27,823 | 8,138 | 244,140 | 271,963 | 1,762 |
| | Local Newspaper Websites | 17,665 | 171,809 | 8,951 | 268,474 | 440,283 | |

To estimate the number of physical space viewers of television news (i.e. the comparable “circulation”), we relied on a database of news hour market shares in each of the cities for which we analyzed city-specific web sites (See Figure 9). We assumed that half the viewers during news hours were watching news, reflecting the fact that about half the stations in the nation provide local news. To check this approach we compared our estimate to three cities for which we have actual ratings for news only viewing of the highest rated evening newscasts (see Figure 9).

Figure 9: Estimated TV News Audience

| Media Market | 1/2 News Hour Audience, 2004 (millions) | Highest Rated Evening Newscast (millions) |
|---------------------|--|--|
| New York | 1.9 | 2.2 |
| Los Angeles | 1.5 | 1.6 |
| Chicago | 1.0 | 1.1 |

Thus, our methodology yields a very conservative estimate of news viewing. Across all the cities, we estimate over 8 million daily TV news viewers, or about 245 million monthly viewers. The websites of the TV stations in our sample had a collective monthly “circulation” of approximately 28 million (calculated by the methodology above). Still, television stations in our sample had about 700 times as much usage (viewers plus website “circulation”) as the city specific web sites.

Thus, we estimate a “circulation” of almost 700 million per month to the physical and cyberspace outlets of the traditional media in our 11 market sample, and a “circulation” of far less than half a million for the cyberspace sites of the city-specific web sites cited by NAA in these 11 markets. The cyberspace sites of traditional media outweigh the sites of the alternative Internet media by a factor of 500, and when considering physical space usage,

results in the traditional media outweighing the alternative by nearly 2000 to 1. And recall that this estimate is overly friendly to the city-specific websites, as it assumes each of the visitors that visit between 2 and 30 times per month visit the respective sites on a daily basis.

This relatively low weight of city-specific websites in comparison to the traditional local media is consistent with our survey research, which shows that the Internet, (more broadly defined than just these city-specific websites), plays a very small role (3 percent of total mentions) as a source of news and an influencer of opinion about local public affairs.

Rebutting Tribune

In their comments in the current FCC ownership proceeding, The Tribune Company makes similar claims of the importance of local websites and blogs.¹³ Tribune specifically cited 17 non-traditional media websites, 9 of which are weblogs with a Minnesota statewide focus. Two of the 17 sites specifically mentioned by Tribune were also mentioned by NAA. Of the remaining 15 local websites, we analyzed basic traffic data for 12.¹⁴ As Figure 10 shows, the usage of these sites is small relative to the websites of the major local newspaper in each market, and the audiences of these sites is also quite transient by comparison.

¹³ Comments of Tribune Company, In the Matter of 2006 *Quadrennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 06-121; In the Matter of 2002 *Biennial Regulatory Review—Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MB Docket No. 02-277; In the Matter of *Cross-Ownership of Broadcast Stations and Newspapers*, MB Docket No. 01-235; In the Matter of *Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets*, MB Docket No. 01-317; In the Matter of *Definition of Radio Markets*, MB Docket No. 00-244, October 23, 2006, pages 21-25.

¹⁴ The three sites not examined were subdomains on the Google-owned blogspot.com service, which precluded gathering of accurate traffic information.

Figure 10: Local Website Audience Size and Composition by Media Market (Tribune)

| Source | Website | Designated Market Area | Average Unique US Visitors per Month | Average Audience Composition | | |
|-----------------|-------------------------------|--------------------------|--------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
| | | | | Percent Visiting Once per Month | Percent Visiting 2-30 Times per Month | Percent Visiting >30 Times per Month |
| Blog | voiceofsandiego.org | San Diego | 8,000 | 79 | 21 | 0 |
| Daily Newspaper | SignOnSanDiego.com | San Diego | 800,000 | 78 | 22 | 0 |
| Blog | newhavenindependent.org | Hartford & New Haven | 7,000 | 86 | 14 | 0 |
| Daily Newspaper | courant.com | Hartford & New Haven | 200,000 | 67 | 31 | 1 |
| Blog | phillyfuture.org | Philadelphia | 6,000 | 88 | 12 | 0 |
| Daily Newspaper | philly.com | Philadelphia | 800,000 | 72 | 27 | 1 |
| Blog | olyblog.net | Olympia, WA (Seat.-Tac.) | 800 | 91 | 9 | 0 |
| Daily Newspaper | theolympian.com | Olympia, WA (Seat.-Tac.) | 90,000 | 68 | 31 | 1 |
| Blog | indybay.org | San Francisco-Oak-S.J. | 80,000 | 92 | 8 | 0 |
| Daily Newspaper | sfgate.com | San Francisco-Oak-S.J. | 1,500,000 | 77 | 22 | 1 |
| Blog | hvtvd.com | Myrtle Beach-Florence | 300 | N/A | N/A | N/A |
| Daily Newspaper | morningnewsonline.com | Myrtle Beach-Florence | 20,000 | 68 | 32 | 0 |
| Blog | minnesotademocratsexposed.com | Minnesota (multiple) | 6,000 | 71 | 29 | 0 |
| Blog | checksandballances.com | Minnesota (multiple) | 800 | N/A | N/A | N/A |
| Blog | mnpublius.com | Minnesota (multiple) | 950 | 80 | 15 | 5 |
| Blog | mncampaignreport.com | Minnesota (multiple) | 1,000 | 82 | 18 | 0 |
| Blog | residualforces.com | Minnesota (multiple) | 300 | N/A | N/A | N/A |
| Daily Newspaper | startribune.com | Minneapolis-St.Paul | 800,000 | 56 | 42 | 2 |

Conclusion

There is little doubt that an open and free Internet provides a space for people to enter into discourse within a larger sphere of discourse. And though it may one day lead to a fundamental shift in the media landscape, this sea change has yet to occur. FCC ownership protections remain vital to ensuring that there is a diverse set of local news and information in every media market across the country. In fact, given that the Internet blogs largely are a platform for distributing and commenting on original reporting by traditional newspaper and broadcast outlets, allowing further consolidation in local media markets would damage their utility. The local websites cited by NAA are merely a complement to the traditional sources of news. They do very little original reporting, and when they do it is usually not on hard news subjects. What's more, their audiences are very small, and very transient. Given that they produce very little original content, their inclusion in any kind of media market analysis must reflect their small audience and lack of contribution of original content. When they are

included, as we did in our analysis, they should be given the proper weight. It would be absurd to conclude that Gothamist.com, the most read city-specific website, with a fraction of the audience and barely a hint of original reporting has the same influence as the New York Times. Failing to take into account the dominance of the traditional mass media was precisely the analytic error that scuttled the FCC's rule writing exercise the last time.

APPENDIX - ADDITIONAL DATA

Figure 11: Local Website Audience Size and Composition

| Source | Website | Media Market (DMA) | ALEXA TRAFFIC MONITORING DATA | | QUANTCAST TRAFFIC MONITORING DATA | | | | |
|-----------------|----------------------|--------------------|--------------------------------------|--------------------------------|-----------------------------------|------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
| | | | Reach per million users (3 mo. avg.) | Alexa Traffic Rank (3 mo. avg) | Quantcast Rank | Unique US Visitors per Month | Percent Visiting Once per Month | Percent Visiting 2-30 Times per Month | Percent Visiting >30 Times per Month |
| blog | austinist.com | Austin, TX | 13.5 | 140,478 | 217,359 | 4,000 | 92.5 | 7.5 | 0.0 |
| broadcast TV | keyetv.com | Austin, TX | 26 | 73,226 | 34,766 | 50,000 | 81.4 | 18.5 | 0.1 |
| broadcast TV | kvue.com | Austin, TX | 26 | 68,892 | 21,853 | 80,000 | 75.1 | 24.8 | 0.1 |
| broadcast TV | kxan.com | Austin, TX | 28 | 66,234 | 21,745 | 80,000 | 74.3 | 25.4 | 0.3 |
| broadcast TV | myfoxaustin.com | Austin, TX | 2.5 | 406,561 | 83,626 | 10,000 | 72.9 | 27.1 | 0.0 |
| daily newspaper | austin360.com | Austin, TX | 59.5 | 26,758 | 12,983 | 90,000 | 71.5 | 28.4 | 0.1 |
| daily newspaper | austinchronicle.com | Austin, TX | 66 | 27,145 | 11,744 | 100,000 | 85.3 | 14.7 | 0.0 |
| blog | rwinters.com | Cambridge, MA | 0.5 | 2,778,233 | 763,207 | 800 | 92.0 | 8.0 | 0.0 |
| blog | h2otown.info | Waterbury, MA | 1.7 | 460,673 | 479,250 | 1,000 | 93 | 7 | 0 |
| blog | bostonist.com | Boston, MA | 13 | 146,518 | 222,858 | 5,000 | 94.8 | 5.2 | 0.0 |
| broadcast TV | cbs4boston.com | Boston, MA | 59 | 33,352 | 15,549 | 85,000 | 80.7 | 18.9 | 0.4 |
| broadcast TV | myfoxboston.com | Boston, MA | 8 | 152,217 | 57,924 | 20,000 | 68.6 | 31.4 | 0.0 |
| broadcast TV | thebostonchannel.com | Boston, MA | 70 | 24,914 | 10,581 | 100,000 | 72.4 | 27.1 | 0.5 |
| broadcast TV | wgbh.com | Boston, MA | 26 | 63,298 | 21,107 | 80,000 | 83.8 | 16.1 | 0.1 |
| broadcast TV | whdh.com | Boston, MA | 56 | 33,274 | 20,275 | 80,000 | 70.9 | 28.5 | 0.6 |
| daily newspaper | boston.com | Boston, MA | 1,480 | 634 | 464 | 1,100,000 | 71.3 | 27.5 | 1.2 |
| daily newspaper | bostonherald.com | Boston, MA | 325 | 3,876 | 3,820 | 400,000 | 71.9 | 26.5 | 1.6 |
| blog | chicagoist.com | Chicago | 30 | 65,848 | 55,047 | 12,000 | 94.7 | 5.3 | 0.0 |
| blog | gapersblock.com | Chicago | 18 | 96,837 | 60,817 | 10,000 | 92.0 | 7.2 | 0.8 |
| broadcast TV | abc7chicago.com | Chicago | 2 | 536,149 | 69,450 | 9,500 | 85.8 | 14.2 | 0.0 |
| broadcast TV | cbs2chicago.com | Chicago | 105 | 18,841 | 5,792 | 200,000 | 86.1 | 13.8 | 0.1 |
| broadcast TV | myfoxchicago.com | Chicago | 9 | 127,796 | 37,690 | 15,000 | 68.1 | 31.9 | 0.0 |
| broadcast TV | nbc5.com | Chicago | 57 | 24,317 | 11,795 | 80,000 | 77.3 | 22.6 | 0.1 |
| daily newspaper | chicagotribune.com | Chicago | 956 | 1,197 | 918 | 800,000 | 67.5 | 31.2 | 1.3 |
| daily newspaper | suntimes.com | Chicago | 580 | 2,516 | 1,466 | 700,000 | 69.7 | 29.6 | 0.7 |
| broadcast TV | 19actionnews.com | Cleveland, OH | 0.2 | 644,033 | 112,925 | 8,000 | 72.5 | 27.4 | 0.1 |
| broadcast TV | myfoxcleveland.com | Cleveland, OH | 3 | 353,275 | 16,481 | 70,000 | 66.1 | 33.9 | 0.0 |
| broadcast TV | newsnet5.com | Cleveland, OH | 53 | 34,760 | 11,348 | 90,000 | 73.6 | 25.5 | 0.9 |
| broadcast TV | wkyc.com | Cleveland, OH | 25 | 72,927 | 12,543 | 80,000 | 78.3 | 21.3 | 0.4 |
| daily newspaper | cleveland.com | Cleveland, OH | 188 | 5,594 | 2,521 | 600,000 | 60.4 | 38.1 | 1.5 |
| daily newspaper | dispatch.com | Columbus, OH | 87 | 20,131 | 7,525 | 95,000 | 71.7 | 27.7 | 0.6 |
| daily newspaper | cincinnati.com | Cincinnati, OH | 89 | 7,268 | 4,886 | 120,000 | 66.5 | 32.7 | 0.8 |
| blog | houstonist.com | Houston, TX | 3 | 500,479 | 244,127 | 4,000 | 94.3 | 5.7 | 0.0 |
| broadcast TV | abc13.com | Houston, TX | 1 | 622,530 | 61,389 | 20,000 | 81.4 | 18.4 | 0.2 |
| broadcast TV | click2houston.com | Houston, TX | 76 | 19,063 | 9,165 | 110,000 | 67.0 | 32.1 | 0.9 |
| broadcast TV | khou.com | Houston, TX | 34 | 42,911 | 11,105 | 100,000 | 72.6 | 27.0 | 0.4 |
| broadcast TV | myfoxxhouston.com | Houston, TX | 3 | 325,283 | 43,015 | 30,000 | 67.1 | 32.9 | 0.0 |
| daily newspaper | chron.com | Houston, TX | 884 | 1,744 | 874 | 950,000 | 73.4 | 25.7 | 0.9 |
| blog | laist.com | Los Angeles, CA | 31 | 68,333 | 66,905 | 11,000 | 94.8 | 5.2 | 0.0 |
| broadcast TV | abc7.com | Los Angeles, CA | 0.5 | 2,050,932 | 66,021 | 11,000 | 84.4 | 15.6 | 0.0 |
| broadcast TV | cbs2.com | Los Angeles, CA | 83 | 20,472 | 7,316 | 150,000 | 79.9 | 19.7 | 0.4 |
| broadcast TV | myfoxa.com | Los Angeles, CA | 19 | 70,998 | 21,681 | 80,000 | 71.3 | 28.7 | 0.0 |
| broadcast TV | nbc4.tv | Los Angeles, CA | 104 | 12,241 | 1,325,802 | 800 | N/A | N/A | N/A |
| daily newspaper | dailynews.com | Los Angeles, CA | 112 | 16,431 | 6,364 | 200,000 | 77.8 | 21.8 | 0.4 |
| daily newspaper | latimes.com | Los Angeles, CA | 1,565 | 766 | 557 | 1,100,000 | 68.8 | 30.2 | 1.0 |

Figure 11 (continued): Local Website Audience Size and Composition

| Source | Website | Media Market (DMA) | ALEXA TRAFFIC MONITORING DATA | | QUANTCAST TRAFFIC MONITORING DATA | | | | |
|-----------------|---------------------|--------------------|--------------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
| | | | Reach per million users (3 mo. avg.) | Alexa Traffic Rank (3 mo. avg.) | Quantcast Rank | Unique US Visitors per Month | Audience Composition | | |
| | | | | | | | Percent Visiting Once per Month | Percent Visiting 2-30 Times per Month | Percent Visiting >30 Times per Month |
| blog | gothamist.com | New York | 150 | 13,093 | 18,263 | 50,000 | 92.2 | 7.7 | 0.1 |
| broadcast TV | 7online.com | New York | 2 | 519,365 | 143,581 | 5,000 | 88.7 | 11.3 | 0.0 |
| broadcast TV | myfoxy.com | New York | 23 | 71,590 | 52,831 | 10,000 | 78.5 | 21.5 | 0.0 |
| broadcast TV | wcbstv.com | New York | 127 | 17,466 | 11,458 | 90,000 | 85.8 | 14.1 | 0.1 |
| broadcast TV | wnbc.com | New York | 104 | 13,667 | 14,297 | 700,000 | 82.1 | 17.6 | 0.3 |
| daily newspaper | nydailynews.com | New York | 711 | 2,231 | 1,641 | 500,000 | 70.5 | 28.5 | 1.0 |
| daily newspaper | nypost.com | New York | 945 | 1,162 | 1,674 | 500,000 | 66.4 | 32.3 | 1.3 |
| daily newspaper | nysun.com | New York | 142 | 10,979 | 8,666 | 120,000 | 84.6 | 15.4 | 0.0 |
| daily newspaper | nytimes.com | New York | 8,825 | 95 | 121 | 4,000,000 | 65.5 | 32.9 | 1.6 |
| blog | bloggingohio.com | Ohio (multiple) | 1.2 | 722,674 | 277,309 | 2,000 | 97.8 | 2.2 | 0.0 |
| blog | phillyist.com | Philadelphia, PA | 3 | 491,924 | 286,346 | 4,000 | 95.5 | 4.5 | 0.0 |
| broadcast TV | cbs3.com | Philadelphia, PA | 37 | 66,997 | 12,539 | 90,000 | 76.9 | 22.7 | 0.4 |
| broadcast TV | myfoxphilly.com | Philadelphia, PA | 4 | 329,269 | 33,706 | 50,000 | 66.0 | 33.8 | 0.2 |
| broadcast TV | nbc10.com | Philadelphia, PA | 107 | 12,771 | 5,689 | 200,000 | 75.0 | 24.6 | 0.4 |
| broadcast TV | wpvi.com | Philadelphia, PA | 1 | 919,676 | 82,969 | 10,000 | 88.1 | 11.9 | 0.0 |
| daily newspaper | philly.com | Philadelphia, PA | 390 | 3,314 | 1,873 | 800,000 | 72.4 | 26.7 | 0.9 |
| blog | coastsider.com | San Mateo, CA | 1.5 | 498,792 | 300,217 | 3,000 | 74.7 | 21.9 | 3.4 |
| blog | sfst.com | San Francisco, CA | 26 | 79,565 | 69,598 | 11,000 | 92.8 | 7.1 | 0.1 |
| broadcast TV | abc7news.com | San Francisco, CA | 3 | 471,209 | 122,010 | 8,000 | 89.7 | 10.3 | 0.0 |
| broadcast TV | cbs5.com | San Francisco, CA | 98 | 22,520 | 11,826 | 100,000 | 83.6 | 16.3 | 0.1 |
| broadcast TV | kqed.org | San Francisco, CA | 54 | 28,764 | 19,971 | 80,000 | 78.1 | 21.6 | 0.3 |
| broadcast TV | kron4.com | San Francisco, CA | 14 | 128,697 | 39,139 | 40,000 | 83.1 | 16.9 | 0.0 |
| broadcast TV | ktvu.com | San Francisco, CA | 53 | 32,361 | 14,847 | 90,000 | 78.2 | 21.4 | 0.4 |
| broadcast TV | nbc11.com | San Francisco, CA | 57 | 30,777 | 20,056 | 80,000 | 84.9 | 15.1 | 0.0 |
| daily newspaper | mercurynews.com | San Francisco, CA | 768 | 1,970 | 1,910 | 700,000 | 79.5 | 20.1 | 0.4 |
| daily newspaper | sfgate.com | San Francisco, CA | 1,750 | 636 | 508 | 1,500,000 | 77.4 | 21.6 | 1.0 |
| blog | seattlest.com | Seattle, WA | 18 | 122,493 | 84,277 | 10,000 | 94.6 | 5.4 | 0.0 |
| broadcast TV | king5.com | Seattle, WA | 78 | 19,599 | 12,938 | 90,000 | 72.7 | 26.7 | 0.6 |
| broadcast TV | kirotv.com | Seattle, WA | 78 | 21,810 | 10,338 | 100,000 | 72.7 | 26.8 | 0.5 |
| broadcast TV | komotv.com | Seattle, WA | 115 | 15,329 | 6,789 | 200,000 | 80.2 | 18.7 | 1.1 |
| daily newspaper | nwsourc.com | Seattle, WA | 1,450 | 810 | 559 | 1,100,000 | 71.2 | 27.7 | 1.1 |
| blog | backfence.com | Washington DC | 21 | 62,196 | 166,512 | 4,000 | 91.1 | 8.9 | 0.0 |
| blog | dcist.com | Washington DC | 36 | 48,302 | 86,889 | 9,000 | 92.9 | 7.1 | 0.0 |
| broadcast TV | myfoxdc.com | Washington DC | 8 | 174,077 | 35,203 | 20,000 | 72.1 | 27.5 | 0.4 |
| broadcast TV | nbc4.com | Washington DC | 61 | 25,612 | 10,976 | 90,000 | 75.3 | 24.3 | 0.4 |
| broadcast TV | wjla.com | Washington DC | 36 | 48,201 | 14,492 | 60,000 | 79.1 | 20.3 | 0.6 |
| broadcast TV | wusa9.com | Washington DC | 13 | 125,735 | 45,094 | 15,000 | 70.2 | 29.5 | 0.3 |
| daily newspaper | herald-mail.com | Washington DC | 8 | 188,765 | 26,529 | 40,000 | 55.4 | 42.2 | 2.4 |
| daily newspaper | washingtonpost.com | Washington DC | 3,805 | 264 | 229 | 2,000,000 | 67.9 | 31.0 | 1.1 |
| daily newspaper | washingtontimes.com | Washington DC | 246 | 7,978 | 4,065 | 150,000 | 76.1 | 23.5 | 0.4 |
| blog | baristanet.com | Northern NJ | 7 | 25,096 | 147,833 | 8,000 | 88.7 | 11.3 | 0.0 |
| daily newspaper | nj.com | Northern NJ | 237 | 4,847 | 2,417 | 600,000 | 64.0 | 34.0 | 2.0 |
| blog | westportnow.com | Westport, CT | 1.9 | 661,397 | 203,801 | 5,000 | 81.4 | 18.1 | 0.5 |
| daily newspaper | connpost.com | Bridgeport, CT | 38 | 43,061 | 24,491 | 60,000 | 73.7 | 25.6 | 0.7 |

Figure 12: Qualitative Data from City-Specific Websites cited by NAA

| Website | Story# | Type | Original Reporting? | Local Focus? | Word count | Links |
|------------------------|--------|--------------------------|---------------------|--------------|------------|-------|
| austinist.com | 1 | A&E | No | Yes | 222 | 3 |
| austinist.com | 2 | A&E | No | Yes | 183 | 6 |
| austinist.com | 3 | A&E | No | No | 968 | 16 |
| austinist.com | 4 | A&E | No | Yes | 261 | 3 |
| austinist.com | 5 | A&E | No | Yes | 128 | 4 |
| austinist.com | 6 | A&E | No | Yes | 261 | 28 |
| austinist.com | 7 | Aggregate | No | No | 119 | 6 |
| austinist.com | 8 | Human Interest | No | Yes | 1199 | 6 |
| austinist.com | 9 | Op-Ed | No | No | 1217 | 2 |
| austinist.com | 10 | A&E Review | Yes | Yes | 565 | 2 |
| backfence.com/bethesda | 1 | Weather | No | Yes | 101 | 1 |
| backfence.com/bethesda | 2 | Weather | No | Yes | 191 | 1 |
| backfence.com/bethesda | 3 | Human Interest | No | Yes | 568 | 1 |
| backfence.com/bethesda | 4 | Notice | No | Yes | 75 | 1 |
| backfence.com/bethesda | 5 | Self Promotion | No | Yes | 180 | 0 |
| backfence.com/bethesda | 6 | Food & Beverage | No | No | 640 | 2 |
| backfence.com/bethesda | 7 | Weather | No | Yes | 86 | 1 |
| backfence.com/bethesda | 8 | Notice | No | Yes | 135 | 0 |
| backfence.com/bethesda | 9 | Promotion | No | Yes | 106 | 1 |
| backfence.com/bethesda | 10 | Weather | No | Yes | 192 | 1 |
| baristanet.com | 1 | Notice | No | Yes | 108 | 2 |
| baristanet.com | 2 | Sports | No | Yes | 159 | 1 |
| baristanet.com | 3 | Notice | No | Yes | 282 | 0 |
| baristanet.com | 4 | Crime | No | Yes | 149 | 1 |
| baristanet.com | 5 | Crime | Yes | Yes | 197 | 2 |
| baristanet.com | 6 | A&E | No | No | 66 | 1 |
| baristanet.com | 7 | Transportation | Yes | Yes | 49 | 0 |
| baristanet.com | 8 | A&E | Yes | Yes | 146 | 3 |
| baristanet.com | 9 | Real Estate | No | Yes | 41 | 0 |
| baristanet.com | 10 | A&E | No | No | 76 | 1 |
| bloggingohio.com | 1 | Human Interest | No | Yes | 201 | 3 |
| bloggingohio.com | 2 | A&E | No | Yes | 249 | 5 |
| bloggingohio.com | 3 | A&E | No | Yes | 267 | 2 |
| bloggingohio.com | 4 | Weather (photo) | Yes | Yes | 39 | 1 |
| bloggingohio.com | 5 | Sports | No | Yes | 328 | 2 |
| bloggingohio.com | 6 | Real Estate | Yes | Yes | 382 | 3 |
| bloggingohio.com | 7 | A&E | No | Yes | 317 | 2 |
| bloggingohio.com | 8 | Food & Beverage | No | Yes | 210 | 1 |
| bloggingohio.com | 9 | Weather | No | Yes | 107 | 2 |
| bloggingohio.com | 10 | A&E | No | Yes | 166 | 1 |
| bostonist.com | 1 | A&E Review | Yes | Yes | 537 | 3 |
| bostonist.com | 2 | Crime | No | Yes | 133 | 5 |
| bostonist.com | 3 | Sports | No | Yes | 232 | 4 |
| bostonist.com | 4 | Sports | No | Yes | 448 | 2 |
| bostonist.com | 5 | Transportation | No | Yes | 493 | 4 |
| bostonist.com | 6 | Food & Beverage | No | Yes | 383 | 5 |
| bostonist.com | 7 | Self Promotion | N/A | No | 768 | 79 |
| bostonist.com | 8 | A&E | No | Yes | 707 | 28 |
| bostonist.com | 9 | A&E | No | Yes | 474 | 24 |
| bostonist.com | 10 | A&E | No | Yes | 311 | 2 |
| chicagoist.com | 1 | Crime | No | Yes | 342 | 3 |
| chicagoist.com | 2 | Book Review | Yes | Yes | 436 | 1 |
| chicagoist.com | 3 | Politics | No | Yes | 338 | 4 |
| chicagoist.com | 4 | Sports | No | Yes | 48 | 1 |
| chicagoist.com | 5 | Food & Beverage - Recipe | No | No | 1478 | 1 |
| chicagoist.com | 6 | Transportation | No | Yes | 337 | 7 |
| chicagoist.com | 7 | Food & Beverage | No | Yes | 281 | 7 |
| chicagoist.com | 8 | Fashion | No | Yes | 290 | 6 |
| chicagoist.com | 9 | A&E | No | Yes | 137 | 1 |
| chicagoist.com | 10 | A&E | No | No | 216 | 6 |

Figure 12 (continued): Qualitative Data from City-Specific Websites cited by NAA

| Website | Story# | Type | Original Reporting | Local Focus? | Word count | Links |
|---------------------------------|--------|---------------------------|--------------------|--------------|------------|-------|
| coastsider.com | 1 | Accident/Disaster | No | Yes | 125 | 1 |
| coastsider.com | 2 | Community Governance | No | Yes | 144 | 1 |
| coastsider.com | 3 | Accident/Disaster | No | Yes | 286 | 1 |
| coastsider.com | 4 | A&E | No | Yes | 54 | 1 |
| coastsider.com | 5 | Human Interest | No | Yes | 178 | 2 |
| coastsider.com | 6 | A&E | No | Yes | 201 | 1 |
| coastsider.com | 7 | Notice | No | Yes | 17 | 0 |
| coastsider.com | 8 | Promotion | No | Yes | 101 | 1 |
| coastsider.com | 9 | Self Promotion | No | Yes | 105 | 0 |
| coastsider.com | 10 | Promotion | No | Yes | 237 | 1 |
| dcist.com | 1 | A&E | No | Yes | 386 | 11 |
| dcist.com | 2 | A&E Review | Yes | Yes | 439 | 1 |
| dcist.com | 3 | A&E | No | Yes | 1239 | 59 |
| dcist.com | 4 | A&E Review | Yes | Yes | 977 | 1 |
| dcist.com | 5 | A&E | No | Yes | 49 | 3 |
| dcist.com | 6 | A&E Review | Yes | No | 1008 | 6 |
| dcist.com | 7 | Sports | No | Yes | 548 | 12 |
| dcist.com | 8 | Transportation | No | Yes | 323 | 11 |
| dcist.com | 9 | Food & Beverage - Review | Yes | Yes | 422 | 0 |
| dcist.com | 10 | Sports | Yes | Yes | 639 | 8 |
| gapersblock.com-airbags (daily) | 1 | Food & Beverage - Recipie | No | No | 1501 | 2 |
| gapersblock.com-airbags (daily) | 2 | Crime | No | Yes | 749 | 9 |
| gapersblock.com-airbags (daily) | 3 | A&E Review | Yes | No | 4352 | 1 |
| gapersblock.com-airbags (daily) | 4 | A&E | Yes | Yes | 580 | 1 |
| gapersblock.com-airbags (daily) | 5 | Op-Ed | Yes | Yes | 1378 | 0 |
| gapersblock.com-airbags (daily) | 6 | Sports | No | Yes | 910 | 0 |
| gapersblock.com-airbags (daily) | 7 | Food & Beverage | No | No | 1640 | 1 |
| gapersblock.com-airbags (daily) | 8 | Prose | No | No | 1498 | 0 |
| gapersblock.com-airbags (daily) | 9 | A&E Review | Yes | No | 4184 | 5 |
| gapersblock.com-airbags (daily) | 10 | A&E | Yes | Yes | 636 | 1 |
| gapersblock.com-Merge (blog) | 1 | Transportation | No | Yes | 14 | 1 |
| gapersblock.com-Merge (blog) | 2 | A&E | No | Yes | 43 | 3 |
| gapersblock.com-Merge (blog) | 3 | Transportation | No | Yes | 55 | 2 |
| gapersblock.com-Merge (blog) | 4 | Human Interest | No | Yes | 44 | 2 |
| gapersblock.com-Merge (blog) | 5 | A&E | No | Yes | 48 | 2 |
| gapersblock.com-Merge (blog) | 6 | Food & Beverage | No | Yes | 69 | 1 |
| gapersblock.com-Merge (blog) | 7 | Human Interest | No | No | 53 | 3 |
| gapersblock.com-Merge (blog) | 8 | Human Interest | No | Yes | 58 | 6 |
| gapersblock.com-Merge (blog) | 9 | Self Promotion | N/A | No | 51 | 5 |
| gapersblock.com-Merge (blog) | 10 | Human Interest | No | Yes | 36 | 2 |
| gothamist.com | 1 | A&E | No | Yes | 277 | 9 |
| gothamist.com | 2 | Politics | No | Yes | 306 | 3 |
| gothamist.com | 3 | A&E | No | No | 242 | 2 |
| gothamist.com | 4 | Weather | Yes | Yes | 340 | 3 |
| gothamist.com | 5 | A&E | Yes | Yes | 310 | 3 |
| gothamist.com | 6 | A&E | Yes | Yes | 210 | 2 |
| gothamist.com | 7 | Transportation | No | Yes | 234 | 6 |
| gothamist.com | 8 | A&E | No | No | 264 | 8 |
| gothamist.com | 9 | A&E | No | No | 430 | 4 |
| gothamist.com | 10 | Food & Beverage | Yes | Yes | 121 | 2 |
| h2otowninfo.com | 1 | Promotion | No | Yes | 116 | 0 |
| h2otowninfo.com | 2 | Notice | No | Yes | 202 | 0 |
| h2otowninfo.com | 3 | Media | No | Yes | 424 | 1 |
| h2otowninfo.com | 4 | Op-Ed | No | Yes | 466 | 0 |
| h2otowninfo.com | 5 | Media | No | Yes | 48 | 5 |
| h2otowninfo.com | 6 | Promotion | No | Yes | 114 | 1 |
| h2otowninfo.com | 7 | Promotion | No | Yes | 79 | 1 |
| h2otowninfo.com | 8 | Notice | No | Yes | 165 | 3 |
| h2otowninfo.com | 9 | Self Promotion | No | Yes | 32 | 0 |
| h2otowninfo.com | 10 | Notice | No | Yes | 60 | 0 |

Figure 12 (continued): Qualitative Data from City-Specific Websites cited by NAA

| Website | Story# | Type | Original Reporting | Local Focus? | Word count | Links |
|-----------------|--------|---------------------------|--------------------|--------------|------------|-------|
| houstonist.com | 1 | Transportation | No | Yes | 286 | 2 |
| houstonist.com | 2 | A&E | No | Yes | 390 | 48 |
| houstonist.com | 3 | A&E | No | Yes | 191 | 6 |
| houstonist.com | 4 | A&E | No | Yes | 178 | 4 |
| houstonist.com | 5 | Crime | No | Yes | 262 | 3 |
| houstonist.com | 6 | Crime | No | Yes | 184 | 2 |
| houstonist.com | 7 | Labor | No | Yes | 409 | 4 |
| houstonist.com | 8 | Food & Beverage | No | Yes | 330 | 2 |
| houstonist.com | 9 | Travel & Leisure | No | Yes | 222 | 10 |
| houstonist.com | 10 | Food & Beverage - Recipie | No | No | 215 | 2 |
| laist.com | 1 | A&E | No | No | 45 | 1 |
| laist.com | 2 | A&E Review | Yes | Yes | 399 | 5 |
| laist.com | 3 | Crime | Yes | Yes | 92 | 2 |
| laist.com | 4 | A&E | No | No | 316 | 5 |
| laist.com | 5 | Crime | No | Yes | 138 | 1 |
| laist.com | 6 | Transportation | No | Yes | 808 | 5 |
| laist.com | 7 | A&E | No | No | 140 | 2 |
| laist.com | 8 | Sports | No | Yes | 273 | 2 |
| laist.com | 9 | Crime | No | Yes | 252 | 7 |
| laist.com | 10 | A&E | Yes | Yes | 72 | 1 |
| phillyist.com | 1 | A&E | Yes | Yes | 57 | 1 |
| phillyist.com | 2 | A&E | Yes | Yes | 93 | 0 |
| phillyist.com | 3 | Food & Beverage - Recipie | No | No | 268 | 0 |
| phillyist.com | 4 | Aggregate | No | No | 424 | 20 |
| phillyist.com | 5 | A&E | No | Yes | 93 | 6 |
| phillyist.com | 6 | A&E | No | Yes | 239 | 4 |
| phillyist.com | 7 | A&E | No | Yes | 224 | 32 |
| phillyist.com | 8 | Aggregate | No | Yes | 281 | 7 |
| phillyist.com | 9 | A&E | No | Yes | 13 | 1 |
| phillyist.com | 10 | Romance | Yes | Yes | 481 | 0 |
| rwinters.com | 1 | Notice | No | Yes | 370 | 1 |
| rwinters.com | 2 | Notice | No | Yes | 399 | 2 |
| rwinters.com | 3 | Notice | No | Yes | 459 | 3 |
| rwinters.com | 4 | Local Politics | No | Yes | 747 | 0 |
| rwinters.com | 5 | Politics | No | Yes | 186 | 0 |
| rwinters.com | 6 | Politics | No | Yes | 18 | 1 |
| rwinters.com | 7 | Local Politics | No | Yes | 971 | 1 |
| rwinters.com | 8 | Obituary | No | Yes | 96 | 1 |
| rwinters.com | 9 | Crime | No | Yes | 281 | 8 |
| rwinters.com | 10 | Politics | No | No | 18 | 1 |
| seattlest.com | 1 | A&E | No | Yes | 457 | 28 |
| seattlest.com | 2 | Labor | No | Yes | 268 | 1 |
| seattlest.com | 3 | Crime | No | Yes | 228 | 1 |
| seattlest.com | 4 | Transportation | No | Yes | 376 | 4 |
| seattlest.com | 5 | Sports | No | Yes | 2 | 2 |
| seattlest.com | 6 | Aggregate | No | Yes | 175 | 10 |
| seattlest.com | 7 | Human Interest | No | Yes | 204 | 2 |
| seattlest.com | 8 | Human Interest | No | Yes | 328 | 2 |
| seattlest.com | 9 | Sports | No | Yes | 310 | 8 |
| seattlest.com | 10 | Human Interest | No | Yes | 344 | 3 |
| sfist.com | 1 | Human Interest | No | Yes | 29 | 4 |
| sfist.com | 2 | Sports | No | Yes | 418 | 12 |
| sfist.com | 3 | Sports | No | Yes | 671 | 5 |
| sfist.com | 4 | A&E | No | No | 183 | 2 |
| sfist.com | 5 | Transportation | No | Yes | 372 | 2 |
| sfist.com | 6 | Sports | No | Yes | 948 | 21 |
| sfist.com | 7 | Sports | No | Yes | 173 | 3 |
| sfist.com | 8 | Local Politics | No | Yes | 276 | 8 |
| sfist.com | 9 | Aggregate | No | Yes | 155 | 23 |
| sfist.com | 10 | Crime | No | Yes | 227 | 7 |
| westportnow.com | 1 | Crime | Yes | Yes | 317 | 0 |
| westportnow.com | 2 | Sports | Yes | Yes | 40 | 0 |
| westportnow.com | 3 | Notice | No | Yes | 58 | 0 |
| westportnow.com | 4 | Human Interest | Yes | Yes | 28 | 0 |
| westportnow.com | 5 | Notice | No | Yes | 34 | 0 |
| westportnow.com | 6 | Community Governance | Yes | Yes | 388 | 0 |
| westportnow.com | 7 | A&E | No | Yes | 713 | 1 |
| westportnow.com | 8 | Politics | Yes | Yes | 333 | 0 |
| westportnow.com | 9 | A&E | Yes | Yes | 101 | 0 |
| westportnow.com | 10 | Real Estate | Yes | Yes | 574 | 0 |