



*Amid mounting competition, broadcast TV stations like WRAL-TV in Raleigh are committing to local news as their ticket to profitability — and durability*

BY DOUG CAMPBELL

It's 9:15 a.m., Wednesday, Nov. 2, inside the crowded news conference room at WRAL-TV, Channel 5, the CBS affiliate in Raleigh. Huddled around a bare table are 12 people — producers, reporters, and various other news employees. At one end sits Steve Abbott, the assignment editor, tapping away at a computer keyboard. Standing by the doorway are three other reporters, notebooks in hand, waiting to pitch their stories.

The WRAL team — motto: Coverage You Can Count On — has already aired three hours of local news today, beginning with the morning broadcast at 5 a.m. (In an unusual relationship, WRAL also produces newscasts at 7 a.m. and 10 p.m. for its sister station, WRAZ-TV, the Fox affiliate.) Next up is a half-hour at noon. Right now, the focus is on the centerpiece evening newscast — and it's pretty clear that today is *slowww*. Yesterday, a member of the state's newly formed lottery commission was forced to step down, but the item was already all over the morning papers. There's a debate over a landfill in a nearby suburb, but it's been going on for weeks.

Miriam Sutton, an evening newscast producer, walks over to an easel in the corner. A white paper sheet lists all the reporters working that day and the stories that are likely to get on the air. So far, just three reporters have assignments next to their names.

Then reporter Amanda Lamb steps into the room. There's some new information about a recent arrest in an old local murder. It turns out that investigators from Michigan are coming to town for interviews, her sources say.

Across the table, Melissa Buscher stands up. She's also on this story. "We're going to work the phones," she says. At the very least, they expect to get enough for a "V.O.," or voice-over segment. Lamb agrees but is more insistent that this is big. She lays out her theory that the region may have a serial killer on its hands.

To this, Jim Hefner, WRAL's general manager, guffaws. "You've watched *Law & Order* too many times," he says. Lamb doesn't miss a beat: "I love this story," she says, and then adds with pride: "The paper today had stuff that we already had on Monday."

The meeting continues for another 30 minutes. In a good way, nobody

seems to be in charge, and people in the room variously get up and leave or start side conversations. A reporter pitches a story about a quirky state law that may leave motorists liable in accidents where they weren't really responsible — but nobody is too keen on this for today. Ditto for a possible look at a high school policy for athletes that appears harsher on cigarette smokers than illegal drug users. A drive-by house shooting is rejected when it comes out that the home's occupants shot back.

After awhile, people whose questions have been answered simply get up and leave. By 10:05 a.m., two producers remain, filling in the final holes on the day's lineup.

This scene would not seem out of place in any number of media newsrooms. What happens at WRAL every day — from reporters pursuing stories to directors precisely punching buttons in the control room — is simply what happens in producing local news.

But what's happening at WRAL-TV is growing uncommon. In a time when budget cuts are squeezing TV newsrooms, WRAL is letting two reporters chase the same story, one

that may not even be worthy of airtime tonight. The company that owns WRAL is no national conglomerate; it's locally owned. The GM, at many stations simply a salesman with little to no background in news, is himself a former news director and sees fit to spend almost two hours each day in the newsroom. Sure, many of the pitched stories are of the "if it bleeds, it leads" variety, but just as many are wonkish government agency stories that usually are anathema on TV.

This is a calculated strategy. WRAL is the top-rated station in the Triangle, No. 1 in the most important news slots, and the leader in market revenues by an estimated 16 percent margin. Broadcast TV stations operate in an environment where being a clear No. 1 or No. 2 in the market increasingly is the only way to afford producing local news. And on the flip side, only local news can generate sufficient revenues to keep a station atop its market in ratings. "Even the consultants seem to recognize that to survive, local TV news must move beyond just presenting the news well," authors with the nonprofit watchdog group Project for Excellence in Journalism concluded in their 2005 "State of the News Media" report. "The news itself must become more relevant and more substantive."

### **The Market for News**

Local TV news faces a number of challenges. Not too long ago a federal license to broadcast TV was akin to a license to print money, but that's no longer the case. The growing number of "substitutes" offered to people who otherwise might watch TV is the biggest threat. Twenty years ago, stations didn't even have to be that good at producing local news to guarantee strong revenues and profits because local advertisers seeking a mass audience had nowhere else to turn. Nowadays, mounting competition ranges from cable TV to the World Wide Web, plus innumerable other leisure pursuits. "Our competition is any activity which uses time," says Hank Price, a senior fellow at the Media Management Center at

Northwestern University and general manager at WXII-TV in Winston-Salem, NC. "Your chief competition at 11 o'clock is people going to bed."

Yet for all these difficulties, TV broadcasters maintain certain clear advantages. They remain one of a handful of media that can deliver big regional audiences; even the 5:30 p.m. broadcast at WRAL is seen by 128,000 people, or nearly 10 percent of the entire Triangle market. During the course of any day, local TV news reaches a much bigger audience than, say, the local newspaper. They also face no threat of new entrants in their business — the number of over-the-air broadcasters is strictly limited by the laws of physics and the FCC. Practically speaking, that number usually confines to no more than three and sometimes four competitors who can offer what remains the No. 1 draw of local TV audiences — local news.

Also competing in the local news market are newspapers and radio stations, along with Web sites. All market participants have suffered audience declines in the past decades. However, it's worth noting that TV news operations appear to have stabilized their viewership in recent years, with about 59 percent of Americans now saying they are "regular" watchers of local TV news. By comparison, the percent of people calling themselves "regular" newspaper readers continues to fall, according to the Pew Research Center for the People and the Press. And in terms of attracting the coveted young audience, almost half of 18- to 29-year-olds polled by Pew say they watch local TV news — compared with just 23 percent who say they read newspapers.

"Local news can be a real moneymaker for a station. It all depends on how successful they are in attracting audiences," says Mark Fratrick, vice president at BIA Financial Network, a media consulting business in Chantilly, Va. "The classic example is WRAL in Raleigh. They are local news in Raleigh."

### **10:10 a.m.**

Cherie Grzech, assistant news director at WRAL and late of a Chicago

newsroom, scans the spare list of green-lighted stories. "This is going to be a fun day to put this board together," she says sarcastically. Grzech paces into her windowed office. She is one of only a few newsroom employees with an office whose door closes; one other is Rick Gall, the news director. (Even the anchors, whose low-six-figure salaries are the largest in the room, settle for their own cubicles.) Grzech swings her chair to her computer screen as a morning-side reporter, Megan Hughes, drops in to go over a script. Grzech reads aloud, scrolling, typing and trimming. "Why do your scripts never look long but always run so long?" she scolds. Hughes laughs and scoots out of the office. She's been at work since 3 a.m. (The biggest growth in TV news over the past decade has happened in the mornings, with two-hour chunks of local news preceding the national network morning shows.)

Why did Grzech leave a high-profile position in Chicago, the third-largest TV market, to come to Raleigh, No. 29? "I came here mostly for what this station stands for," she says, and on her fingers ticks off a mental inventory: a newsroom of 100 people, a dedicated helicopter, low turnover, and — most important — strong and direct backing from the ownership that local news is what drives everything at WRAL. "It's everything you get into journalism for and you don't find it in many local stations."

Unlike some other media, there is a vast amount of instant, quantitative feedback in TV. Every day, stations get e-mailed their "overnights," or viewership numbers from the day before. WRAL generally leads its time slots, though competitors in morning news are pretty close. In print media, such attention to audience is unusual and even disdained. Grzech sees it differently: "The beauty of this station is we can do everything the way we want to do it and still win. Most stations are thinking about contests and gimmicks. We had a meeting about the November book (the fall edition of the quarterly Nieslen ratings period that is crucial in



*Above, assignment editors can survey the entire WRAL newsroom, listen to police scanners, and coordinate reporters and camera crews. Right, WRAL-TV begins the day with its first news report at 5 a.m. Morning broadcasts have seen the biggest growth in local TV news over the past decade.*



determining advertising rates), and we decided we weren't doing any promotion pieces. We're doing good stories every day like we always do."

#### 11 a.m.

Steve Abbott prepares "The Split Sheet for Wednesday, Nov. 2." The left-hand column lists the day's remaining newscasts at noon, 5 p.m., 5:30 p.m. and 6 p.m.; the right-hand column is a list of voice-overs that can be used in each segment, ranging from "Map Hanes Job Cuts" to "Warren Animal Shelter." Abbott is the assignment editor and his desk is on a raised platform in the corner of the newsroom. From his seat he can peer directly into each cubicle, making it easier to know who's available. It's loud, what with several police scanners constantly blaring.

The noon producer, Scott Nagel, steps up to the desk. He's looking for anything resembling breaking news to fill out his slot and notices the most bustle happening at Buscher's and Lamb's cubicles. It's his job, for example, to write the scripts that anchors read on their teleprompters, endlessly teasing forward to the next, must-see story or segment. "What's every-

body atwitter about?" Nagle asks Abbott. Upon hearing about the possible serial killer angle, Nagle walks

over to the investigation team.

WRAL has producers for eight distinct news shows each weekday: From 5 a.m. to 7 a.m. on WRAL; from 7 a.m. to 8 a.m. on WRAZ, the Fox affiliate; from noon to 12:30 p.m. on WRAL; from 5 p.m. to 6:30 p.m. (in half-hour increments) on WRAL; from 10 p.m. to 10:30 p.m. on WRAZ and from 11 p.m. to 11:30 p.m. on WRAL. Hefner says that adding WRAL news on sister station WRAZ, which is also owned by Capitol Broadcasting, was not a budgetary decision. "WRAL News is a strong brand in the Raleigh market. Rather than try to recreate a brand, we are exploiting it on another station," Hefner says.

That said, the economics of adding more hours to the daily newscast offerings are undeniably favorable, since only a handful of extra staffers and basically no extra equipment are required to do so. The same logic applies for the relatively recent innovation of two-hour local newscasts in the mornings. "The more we expanded, the more we saw an appetite for local news, especially in the morning," Hefner says. "TV had left this time period to radio until about 20 years ago."

#### A Word from Our Sponsor

Local television stations make money in two main ways: local "spot" advertising and national spot advertising. (In both cases, the automobile industry is the dominant advertiser.) "Spot" means that advertisers are buying only in specific markets, rather than blanketing the United States with commercials.

National spots are usually brokered on stations' behalf by rep firms. For reps, it's all about ratings — stations that can deliver the biggest audiences in the most desirable demographics get to charge a premium for their time. Hence the allegiance to the almighty Nielsen ratings book.

The other half of station revenues derive from local spot advertising, and here stations like WRAL can gain a distinct advantage. In times of big news events, ratings tend to spike for stations with reputations for covering breaking important stories well. But those stations' competitors don't usually experience a similar bump in viewership. In other words, a rising tide doesn't necessarily lift all boats.

"We all work for the news department, ultimately," says Quinn Koontz, WRAL's director of sales. "That's what our reputation is based on."

The audience for news is particularly appealing to advertisers. News watchers, TV managers say, tend to be better educated and better paid than other viewers. So even though it might be a lot cheaper to air reruns of the "Andy Griffith Show" — and get a decent audience share — the returns from a half-hour of more expensive to produce local news are far higher.

Jim Hefner has been GM at WRAL since 2001. This is his third stint at the station; in one incarnation he was news director. To him, it's a no-brainer that WRAL is concentrating on news: "You don't have any choice. The one thing we can do that a cable channel can't is

local news." Yes, it costs more than airing syndicated programming, but stations relying on reruns of "Seinfeld" or talk shows don't get the ratings WRAL does, and that's not at all unique. "You look at the No. 1 station in any market, and it is the station that has made a commitment to local news," Hefner says. "It doesn't matter what the network affiliation is. It doesn't matter what happens in prime time. It's the guy who runs that station who understands the importance of local news. Those of us who have figured it out are doing well."

This is true to a point, but it is hard to know whether "quality" news programs outperform those of lesser quality, since this is a subjective measurement. One important indicator may be how a station's other programming performs relative to news. While WRAL is consistently No. 1 and does attract some viewers who switch from other channels just to watch the news, its day-by-day performance depends somewhat on lead-in network and syndicated programming. For example, its market share is visibly higher on nights when CBS network programming is strongest, such as Monday and Thursday.

How well does all this translate into financial performance? Hefner won't say precisely. BIA Financial estimated WRAL's revenue in 2004 at \$50.7 million, making it No. 1 in the market by more than \$8 million. In all likelihood, the station is also very profitable. Nationally, average profit margins for local TV stations are estimated at more than 40 percent. (2005 is expected to be a down year from 2004 primarily because of the absence of a national political campaign, whose ad dollars helped lift national TV ad spending by about 10 percent.)

The lion's share of the revenues derives from the evening newscasts, chiefly at 6 p.m. and 11 p.m. At WRAL, a 30-second commercial during the 6 p.m. news was going for \$1,400 in November; at 11 p.m., it was \$1,500. Both rates are presumably higher than market competitors because WRAL can deliver a larger audience. Though newscasts take up typically about five hours

of a station's daily programming, they account for almost half their revenue.

The growing number of substitutes for obtaining local news — and entertainment in general — is taking a toll, however. The bottom line is that audience shares for TV evening and late news fell 16 percent and 18 percent, respectively, between 1997 and 2003. This shrinking revenue pie is prompting some stations to bail out of local news.

"If you're not No. 1 or a strong No. 2, you need to look at different business models," says Price, the Northwestern media fellow. "We're in a transition period in TV, from the old way to the new way of doing business. In the future, we'll have fewer stations doing local news."

### The Talent

In the unofficial hierarchy of newsroom employees, anchors are at the top. They are the public face of the station. Hiring an anchor is perhaps the biggest decision station management makes. On-air talent in major markets is usually represented by an agent and locked in for two- and three-year contracts, with no-compete clauses. In a market like Raleigh, anchors can expect to make in the low-six figures.

Pam Pulner, a Washington, D.C.-based agent, represents one of WRAL's evening anchors, Gerald Owens. Pulner has been in the business for more than two decades and says that, despite all the effort that may go into producing local news, success often comes down to the truism that "people watch who they like. If the station has the best weather equipment — it doesn't matter. If you're not drawn to that person on the TV, then when it's time for the news, will you reach for the remote and turn to that person? There's a lot of work behind the scenes that goes into making sure that a station has the people who will make you do that."

(This lesson is also key to understanding the central role that weather continues to play in local newscasts. Weather tends to account for as much as one-fifth of any half-hour of local news, even on days when it's sunny and

72 degrees. "Weather is the single most important element in any newscast," says WRAL GM Hefner. But in a world where up-to-the-second weather updates can be found on the Web and cable channels, and every local station airs virtually the same forecast, the enduring appeal of the local TV news weather team might seem like a bit of a puzzle — until you factor in personality.)

As an anchor, Owens is both a late-bloomer and a natural. He worked in plastics for 13 years before deciding that his good looks, baritone voice, and inquisitive personality suited him for TV news. He rose quickly, landing as anchor of a morning news show in Washington, D.C., just a few years into his broadcast career. Owens came to WRAL three years ago, deciding that moving to a smaller market was worth it because of the reputation of WRAL and the de facto promotion to evening news anchor. Walking around town with him is an event. He draws a lot of stares. His is one of the region's most instantly recognizable faces, trailing perhaps only Mike Krzyzewski or Dean Smith. Also, he tends to stand out in a crowd thanks to his 6-foot, 6-inch frame.

Most anchors earned their stripes as reporters. To land the desk job requires a unique personality, a face that at once conveys authority and affability. Owens has both. He actually enjoys meeting fans, shaking hands, and signing autographs. If you don't appreciate that sort of thing, Owens contends, you ought to get out of the business. If viewers sense that anchors feel superior, "they'll watch someone else."

### 1:45 p.m.

The afternoon news meeting is under way. There's been a fire at a Durham business, but the helicopter shots show only charred remains, not flames, so interest is low around the table. Duke Energy is reporting profits today; that'll get a voice-over. Bonnie Moore, the managing news editor, is pushing the tree-trimming story, arguing that it looks like a neighborhood has been clear-cut. "It's a visual story. This is television, folks!" she says.

WRAL's team prides itself on offering up serious news. But this group isn't above trotting out "news you can use" staples. (And, yes, WRAL employs one of those ubiquitous "On Your Side" reporters full-time.) One segment getting play this week is about how several WRAL staffers are trying to lose 10 pounds each. Another is on blogging in the workplace, a piece which relies in part on thinly disguised promotional interviews with WRAL employees who keep personal blogs. (Or, if it wasn't supposed to be promotional, it wasn't very aggressive reporting.) And despite avowals of paying sharp attention to capital politics and government, on this day most newscasts begin with a crime scene.

That is in keeping with national pattern. According to the Project for Excellence in Journalism, "public safety" news accounted for 61 percent of the opening segments on newscasts between 1998 and 2002, and overall made up 36 percent of the entire broadcasts. It's a "hook and hold" brand of news, according to The Project for Excellence in Journalism, and the reason for so much sameness among local TV news broadcasts. As an economic incentive, crime stories tend to be easier to find and promote, thereby pushing stories of possibly greater significance deeper in the newscast where they get shorter airplay.

WRAL staffers uniformly say they came to this station in large part because they wanted to escape the traditional trappings of TV news. They tell dark tales about their former jobs at chain-media outlets. WRAL, in contrast, is locally owned and family operated by Capitol Broadcasting Co. More to the point, it's presided over by Jim Goodman, CBC's chief executive and the reason virtually every WRAL employee mentions as at least part of their motivation for hiring on here.

Goodman (who is a former director of the Richmond Fed's branch in Charlotte) is a Raleigh native whose grandfather, A.J. Fletcher, in 1937 launched the WRAL empire in picking up a 250-watt AM radio station. CBC now owns several TV and radio sta-

tions, the minor league Durham Bulls and various real estate holdings. But WRAL is the flagship and Goodman's personal baby. In 2003, he railed against proposed new FCC rules to raise the ownership cap from 35 percent of the nation's households to 45 percent, in addition to allowing companies to own multiple stations in a single market. He said it would be "the death of localism." Given the competitive environment that WRAL operates in, this view is consistent with the interests of the station.

In contrast to Capitol Broadcasting, ownership of most TV stations nationwide is big business. According to the Project for Excellence in Journalism's report, *State of the Media 2005*, in 2003 the 10 largest TV station owners had 299 stations with \$11.8 billion in revenue, almost half of all TV station revenue total. Those are companies with the financial wherewithal to move into a market like the Triangle with a vengeance and make competition even tougher for WRAL.

#### 4:58 p.m.

The weekday anchors take their seats — Pam Saulsby, David Crabtree and Debra Morgan. They flip open laptop computers and chat with producers, directors, and others whom they hear via earpieces.

The control room has 55 TV screens stacked against the far wall. Everybody in the control room faces those screens, their backs to a wide window that opens into the studio. "Amanda is next," says a calm Michelle Fauver, the 5 p.m. producer and one of four people in the control room. (The others are the director, the graphics coordinator, and the teleprompter feeder.) An almost quaint "On the Air" light, with accompanying picture of microphone, is mounted high on the left wall.

Everything is humming along glitch-free until about 5:16 p.m. when a reporter calls in to say he wants to go live at the scene of a possible drug-lab bust. This requires Fauver to execute a number of hairpin moves. She must alert the QC, or Quality Control, room to re-steer the station's satellite to pick

up the incoming live transmission. "Where's Stoooge?" she says, sounding increasingly harried. She is looking at a small screen to her right that will show her reporter Jason Stooogenke, who is out at the scene of the drug bust. So far, it's just snow. "There's still no Stoooge," Fauver says into her microphone, simultaneously pressing a button that allows her to speak with anchors. "As scripted, Deb does the tease." She stares at the screen for a few seconds, seemingly not breathing. "I hate breaking news!"

At 5:25 p.m., an at-first blurry image of Stooogenke materializes on Fauver's screen. "Breaking news, if you've got it," Fauver orders the graphics coordinator. She presses a button. "Jason Stooogenke, possible methamphetamine lab, police on the scene," she says. The "Breaking News" graphic flashes across the screen, with complementary dramatic music, and Saulsby looks up at the camera: "Breaking news in Cumberland County where Jason Soogenke is with police on the scene of a possible methamphetamine lab."

Fauver raises a fist: "Nice!" It's 5:27 p.m., and her job is done for the day, stepping aside for the next producer, Miriam Sutton. "Perfect, great job, bye-bye."

The next hour is unremarkable. There is no "breaking news" to muck up the scripts. Meteorologist Greg Fishel delivers three nearly identical forecasts in a row (no rain for a long time). Tom Suiter rattles off some sports highlights, expertly removing, then donning his reading glasses as the camera goes off and on him.

At 6:32 p.m., the news staff, along with the technical personnel, gathers in the newsroom just behind the anchors' desk for a post-mortem. "I think we were good," Cherie Grzech says. That's the consensus, and a minute later they break.

By 9 a.m. the next day, the ratings are in.

5 p.m. to 6 p.m.: estimated 124,000 viewers, No. 1.

6 p.m. to 6:30 p.m.: 165,000 viewers, No. 1.

11 p.m.: 141,000 viewers, No. 1. **RF**