

NEW STUDY DEBUNKS U.S. “MEDIA MONOPOLY” FEARS, FINDS CHOICES FOR CONSUMERS ARE GROWING, NOT SHRINKING

Media Ownership Guidelines Seen as Increasingly Irrelevant in Changing Marketplace; Most Worries About Control and Content Issues Based on Anecdotes, Not Facts.

WASHINGTON, D.C.//May 4, 2005//It is a myth that U.S. media ownership is over concentrated today and that programming choices available to American consumers are shrinking or somehow have been impaired, according to a new 50-page report authored by MIT media consultant Benjamin M. Compaine, who is the author of 12 major books on media ownership and Internet topics. In the midst of ongoing court, Federal Communications Commission (FCC) and public debate about media consolidation, the study finds that fears about media control and program choices are not based on fact and also reflect increasingly outdated notions of how consumers use media at a point in time when millions are shifting their attention to the Internet and other digital technologies.

How far off base are concerns about television, radio and newspaper ownership?

Key facts included in the Compaine report include the following: The three traditional broadcast networks -- ABC, CBS and NBC -- have seen their prime time ratings slide by about two thirds from the 1970s to date. In the largest U.S. markets, there typically are 15 or more separate owners of radio stations -- and in most of even the smallest markets in the U.S. have more radio competition than in local TV and newspapers combined. A review of 17 studies finds that chain-owned newspapers have greater latitude in determining editorial policy than do editors at family-controlled newspapers. Current measures for media ownership do not take into account the massive shift over the last 10 years in which two-thirds of Americans use the Internet for information gathering purposes, including viewing television and reading newspaper content.

Prepared for the New Millennium Research Council, the Compaine report is entitled “The Media Monopoly Myth: How New Competition is Expanding Our Sources of Information and Entertainment.” The study concludes: “The empirical reality does not support the notion that in the United States, in 2004, consumers of content via the media have fewer choices of sources or fewer choices than has been available to them in the past. Just the opposite is true for television: viewers have more choice from more sources than at any time in the history of the medium ... There is no support for the contention that media ownership by chains or conglomerates leads to any consistent pattern of lowered standards, content, or performance when compared with media owned by families or small companies.”

Compaine, who is a member of the editorial board of The Journal of Media Economics and the author of such books as “Who Owns the Media?” and “The Internet Upheaval,” said: **“The reality is that consumers have more media content choices today than ever before and that is likely to continue to be the case. It can be argued that policymakers have been concentrating on the wrong issues – the financial size of media companies or the number of eyeballs tuned in to local programming – rather than whether consumers have a wider range of programming options from which to choose, as is the case today. What we are seeing is a media environment that is changing so rapidly that traditional notions of ‘media ownership’ and ‘concentration’ have become irrelevant. Overly restrictive federal ownership guidelines seeking to remedy these misplaced concerns about media ownership and content are now dysfunctional fixes for a phantom problem.”**

Adam T. Thierer, senior fellow and director of the PFF Center for Digital Media Freedom, said: **“Once again, Ben Compaine has shown that the media sky has never been brighter. His seminal earlier research, and this latest NMRC report, provide conclusive proof that the media marketplace is far more dynamic and competitive than at any time in history.”**

Throughout the 1980s and 1990s, various federal agencies have been called on to pass judgment on dozens of proposed mergers and acquisitions. Congress weighed in with specific orders to the FCC to eliminate many ownership restrictions on radio and television broadcasters. And in 2003, the Commission issued new rules on radio and broadcast television ownership limits. The FCC rules were stayed by various appellate courts and remain under active review today by the judiciary.

KEY REPORT FINDINGS

The Compaine study sets out to answer a number of questions: “Is there a crisis impending due to the perception of increased consolidation of the media industry? Are the proposed rules of the Federal Communications Commission for lessening broadcast station ownership limits a reasonable response to court rulings and the changing media landscape or a threat to diversity of viewpoints and to democracy in the United States? Do individuals have access to more sources of news, information, and entertainment from their homes, cars, or workplaces now than 50 years ago? 20 years ago?” In tackling these questions, the study arrives at the following conclusions:

- ***Americans have more choices available to them when it comes to media content than ever before.*** “(Television) viewers have more choice from more sources than at any time in the history of the medium ... Who owns the media does matter for content, but not always with the outcomes in the direction proclaimed in the common wisdom. Among other findings, this paper reports on studies that make a strong case that: having more sources of programming creates more diversity in television programming; there is no support for the contention that media ownership by chains or conglomerates leads to any consistent pattern of lowered standards, content, or performance when compared with media owned by families or small companies; publicly owned newspaper chains are less likely to have an ideological agenda they want to promote than those that are family controlled; and television stations with cross-ownership—in which the parent company also owns a newspaper in the same market—tend to produce higher quality newscasts.”
- ***The largest television industry players control less of the market today than they did in the past.*** “Contrary to the widespread perception that television is more concentrated than 30 or 20 or 10 years ago, by a number of critical measures, there is more competition. The market share of the three traditional television networks – CBS, ABC, and NBC – has declined substantially since 1980. Even adding in the audiences they have gained through control of cable networks, the combined audiences are lower than in some idealized past. In the 1970s, on a typical weekday evening, the three networks were watched by about 56 percent of all households with televisions. By 2003, on a typical evening those networks had on aggregate a 20 percent rating. They also face competition from newer networks, including Time Warner’s WB and News Corp.’s Fox. Those five networks together aggregated to a 26 percent rating. Adding together the rating of these five broadcast networks with the cable networks owned by the same corporate family (e.g., CNN, HBO, etc. with WB) and the five major providers of television programming accounted for an average 51 percent rating in December 2003. This was less than the three networks had into the 1970s.”

- ***Internet-based and other digital media will overwhelm traditional ownership/content issues, making federal limits and caps irrelevant .*** “About two-thirds of Americans are using (the Internet) for everything from e-mail to news to weather to ... listening to radio and watching ‘television’ ... the online ‘DrudgeReport’ received a greater viewership than the weekly circulation of *Time* magazine ... New devices are becoming available to make Internet radio accessible apart from a personal computer, including access via various current and potential wireless technologies. Video and film via the Internet are on the verge of becoming more mainstream. As some of the local telephone carriers upgrade their systems with fiber optic cable to the curb or the home, the transmission speed of downloads will be competitive with cable and satellite services. Devices are on the market that allow even today’s broadband users to download movies and video programming for storage on personal video recorders for viewing at their convenience.”
- ***Local radio competition is stronger than newspaper and television competition combined.*** “In the largest U.S. markets, there are 15 or more separate owners or radio stations -- and in most of even the smallest markets there is more competition in radio than television and newspapers combined. Consolidation in the radio industry has been pronounced. The context, however, is that of an industry that has more than tripled in the number of stations over three decades with no change in the limits of stations ownership. By 1980, a single owner could hold no more than 0.16 percent of stations nationally ... Thousands of radio and radio-like stations are available via the Internet. Stations are available from around the world. About 40 percent of listeners of Internet radio accessed stations from outside their local market.”
- ***National newspaper chains exert less ideological control over editorial content than local newspaper owners.*** “... a review of 17 studies concluded that there were few differences in the editorial page slant of newspapers owned by groups and those that were independent. On the other hand, editors of chain-owned newspapers were found to have greater editorial latitude in determining editorial policy than those at family-owned newspapers. Put another way, publishers of family-owned newspapers exert greater editorial control over the editorial process than at group-owned publishers. While publicly owned newspaper chains may be more focused on profitability than those that are family controlled, they are less likely to have an ideological agenda they want to promote.”

For the full text of the Compaine study for NMRC, go to <http://www.thenmrc.org>.

ABOUT THE AUTHOR

Benjamin M. Compaine has most recently served as research consultant at the MIT Program on Internet & Telecoms Convergence. He spent 1997-98 as visiting professor in Communications at Penn State University. From 1994 to 1997, Compaine was professor of telecommunications at Temple University in Philadelphia, Pennsylvania, where he founded and was chairman of the Center for Information Industry Research. In 1986, he co-founded and through 1994 was chief executive of Nova Systems Inc., a firm that created and distributed software for management information reporting in telecommunications centers. From 1979 to 1986, Compaine was executive director of the Program on Information Resources Policy (PIRP) at Harvard University, where he had responsibility for funding and directing research on the implications of changing information technology for business, government, and society.

He is the author, co-author or editor of 12 books. "The Digital Divide" was published in 2001. "Who Owns The Media?," first published in 1980, was extensively revised and reissued in 2000. "The Information Resources Policy Handbook" and "The Internet Upheaval" were published by MIT Press in 1999 and 2000, respectively. Other books include "Issues in New Information Technology" and "Understanding New Media." Compaine's articles have appeared in trade, popular, and scholarly journals, including Telecommunications Policy, Science Digest, Success, Teleconnect, Foreign Policy, Reason, Daedalus and the Journal of Communication. He serves on the editorial board of the International Journal of Media Management and Journal of Media Economics, from which he received the Award of Honor for his "scholarly contributions and inspiration to the field of media economics."

A graduate of Dickinson College, Compaine received his M.B.A from Harvard University and Ph.D. from Temple University.

ABOUT NMRC

The New Millennium Research Council is composed of a network of policy experts who develop workable, real-world solutions to the issues and challenges confronting policymakers. Its work has focused primarily in the fields of telecommunications and technology. For more information, please visit: <http://www.thenmrc.org>.

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EDITOR'S NOTE: A streaming audio replay of the news event will be available on the Web at <http://www.thenmrc.org> as of 6 p.m. ET on May 4, 2005.