

Putting a Price Tag on Local News

Americans' Perceptions of the Value and Financial Future of Local News



The John S. and James L. Knight Foundation's Trust, Media and Democracy initiative aims to address the decline in trust for journalism and other democratic institutions by examining the causes and supporting solutions.

As part of the multidisciplinary initiative launched in 2017, Knight Foundation partnered with Gallup on a research series to better understand Americans' evolving relationship with the media and to inform solutions to the information challenges of our day.

Knight Foundation is also investing in technologists, journalists, academic institutions and others with strong, innovative approaches to improve the flow of accurate information, prevent the spread of misinformation and better inform communities.

Knight Foundation believes that democracy thrives when communities are informed and engaged.

For more, visit kf.org/tmd.

COPYRIGHT STANDARDS

This document contains proprietary research, copyrighted and trademarked materials of Gallup, Inc.

Accordingly, international and domestic laws and penalties guaranteeing patent, copyright, trademark and trade secret protection safeguard the ideas, concepts and recommendations related within this document.

The materials contained in this document and/ or the document itself may be downloaded and/or copied provided that all copies retain the copyright, trademark and any other proprietary notices contained on the materials and/ or document. No changes may be made to this document without the express written permission of Gallup, Inc.

Any reference whatsoever to this document, in whole or in part, on any web page must provide a link back to the original document in its entirety. Except as expressly provided herein, the transmission of this material shall not be construed to grant a license of any type under any patents, copyright or trademarks owned or controlled by Gallup, Inc.

Gallup® and Gallup Panel™ are trademarks of Gallup, Inc. All other trademarks and copyrights are property of their respective owners.

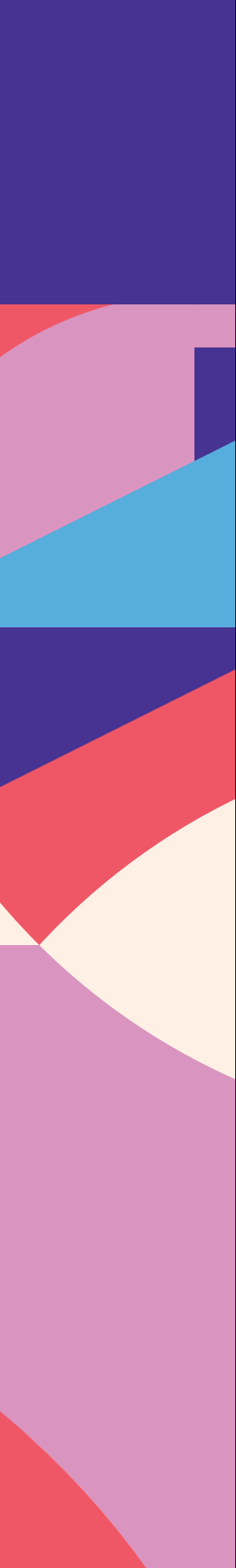


TABLE OF CONTENTS

Introduction

A crisis faces local newsrooms across the nation. News publishers have, for over a decade, competed with search engines and digital platforms, not only for their readers' attention, but also for advertising revenue.¹ At the same time, we have seen decades of growing distrust and partisan antipathy toward institutions of all kinds, including journalism.² Local newspapers are especially vulnerable to these trends. As a result, there have been waves of consolidation, often resulting in fewer newsroom jobs.³ Particularly controversial have been acquisitions of newspapers by private equity investors, often followed by debate about how the newsroom is managed by its new ownership.⁴

The financial strain resulting from changes to the business of making news — especially for the local newspaper industry — has left many communities with little or no local reporting.⁵ There is growing evidence of the harm caused by these growing “news deserts”: Fewer residents vote in elections, fewer people run for office, which means fewer choices for voters, and residents are less likely to say they are well-informed about the issues and candidates in local elections.⁶ Yet research has shown — and this study confirms — that the vast majority of Americans are unaware that many local news organizations are in financial peril.⁷

This Knight Foundation/Gallup study seeks to better understand whether Americans care about the fate of local news organizations, what they value about these organizations and what could be done to make more of these organizations financially sustainable. The results are sobering, but they also point toward potential solutions for addressing some of the economic challenges facing many local news organizations.

Encouragingly, many Americans consider local news organizations to be an important community asset and a source of community pride. But, despite generally positive assessments of local news,⁸ our findings suggest that the financial base that supports these organizations is limited. This gap suggests a market failure — many recognize the benefit of the product to the public but are unwilling to pay for it. This report offers some evidence that education — both about journalism's benefit to society, as well as the existential threats that local news organizations face — could unlock public support, including financial support.

- 1 Knight Foundation focuses on building the future of local news in \$300 million, five-year commitment. (2019). *Knight Foundation*. Retrieved from <https://knightfoundation.org/press/releases/knight-foundation-focuses-on-building-the-future-of-local-news-in-300-million-five-year-commitment>
- 2 State of public trust in local news. (2019). *Knight Foundation*. Retrieved from <https://www.knightfoundation.org/reports/state-of-public-trust-in-local-news>
- 3 Newspapers fact sheet. (2019). *Pew Research Center*. Retrieved from <https://www.journalism.org/fact-sheet/newspapers/>
- 4 Abernathy, P. M. (2018). *The Expanding News Desert*. Chapel Hill, NC: The University of North Carolina Press.
- 5 Abernathy, P. M. (2018). *The Expanding News Desert*. Chapel Hill, NC: The University of North Carolina Press.
- 6 Benton, J. (2019). When local newspapers shrink, fewer people bother to run for mayor. *Nieman Lab*. Retrieved from <https://www.niemanlab.org/2019/04/when-local-newspapers-shrink-fewer-people-bother-to-run-for-mayor/>
- 7 Gentzkow, M., Shapiro, J. M., & Sinkinson, M. (2011). The effect of newspaper entry and exit on electoral politics. *American Economic Review* 101. Retrieved from <https://www.brown.edu/Research/Shapiro/pdfs/voting.pdf>
- 8 Mondak, J. (1995). Newspapers and political awareness. *American Journal of Political Science*, 39(2): 513–527.
- 7 For local news, Americans embrace digital but still want strong community connection. (2019). *Pew Research Center*. Retrieved from <https://www.journalism.org/2019/03/26/for-local-news-americans-embrace-digital-but-still-want-strong-community-connection>
- 8 State of public trust in local news. (2019). *Knight Foundation*. Retrieved from <https://www.knightfoundation.org/reports/state-of-public-trust-in-local-news>

While increasing awareness could be one tool for mobilizing the public around the news, this market solution may fall short for many local news organizations. Some experts have argued that nothing short of a shift in public policy will effectively address the financial crisis facing local news.⁹ When it comes to various forms of subsidies, however, Americans mostly oppose local news organizations receiving government funding — with six in 10 opposed to federal (66%) or local (60%) government subsidies.

Importantly, willingness to support policies that would subsidize local news organizations are driven much more by philosophical concerns about the role of government than by practical concerns such as personal use of local news or perceptions of the financial state of local news.

Democrats are the most willing to pay for local news and support policies that would subsidize local news organizations. The same holds true for those who are more attached to their community and more altruistic. These individuals constitute the core joiner and support groups for local news organizations.

This report identifies challenges and opportunities for restoring financial health to local news organizations across the country. A circumscribed base of supporters willing to pay for or consider subsidies to local news organizations presents a challenge, but still nearly half of Americans (47%) say local newspapers are vital and should be preserved even if they can't sustain themselves financially.

As experts and policymakers devise and debate possible public policy approaches, one actionable policy recommendation to implement today is raising awareness about the financial health of the local news industry.

⁹ Cowan, G., & Westphal, D. (2010). Public policy and funding the news. *USC Annenberg School for Communication & Journalism Center on Communication Leadership & Policy*, 3.

Executive Summary



Americans take pride in their local newspapers. Nearly six in 10 Americans consider the local newspaper in their community an important symbol of civic pride or one of the most important symbols of civic pride in their community (44% and 15%, respectively).



Most Americans (86%) say everyone should have access to local news, even if they don't pay for it, but just one in five Americans have supported local news in the past year by subscribing to, donating to or purchasing a membership to a local news organization.



Political affiliation is important for understanding news subscriptions. No partisan difference in past subscription rates exists, but Democrats (37%) are much more likely today to pay a monthly or annual fee to access news than are Republicans (25%) and independents (27%).



No one type of content will help news organizations regain subscribers. When asked what would make news consumers renew their subscriptions, no common themes emerged, though special content and discounts were the response options chosen most often, each by 31%.



Age and political affiliation are important lenses for viewing how Americans support local news organizations. U.S. adults older than 55 are more likely to subscribe, while those 18 to 34 years old are twice as likely as people aged 55 and older to donate to a news organization. Democrats are also more likely to have donated to news organizations (30%) over the past 12 months than Republicans (8%) and independents (17%).



The public is largely unaware of the financial crisis facing local news. This study confirms findings from other recent reports that the majority of Americans (56%) erroneously believe that local news organizations are doing well financially.



There is little consensus about how — or whether — to sustain local newspapers. Nearly half of Americans (47%) say local newspapers are vital and should be preserved even if they can't sustain themselves financially, and there is deep partisan division about whether those newspapers should be allowed to fail if they can't sustain themselves.



But, there is evidence that news consumers could become more likely to pay for the local journalism. When people are told about the financial situation facing local newspapers or the ways in which local journalism supports a healthy democracy, they were significantly more likely to donate to a nonprofit organization that supports local journalism (54%) than were those who did not get such information (40%).



Americans favor private sources of funding for local news organizations over public subsidies. Most Americans favor financial support from local residents, philanthropic organizations, individual investors and technology companies. By contrast, most Americans oppose financial support from the federal (66%) or local government (60%).

Local News as a Community Asset

Americans see local news as a public good that plays an important role in their lives and in their communities.

Most Americans say local and state news organizations are necessary for keeping them informed, and local news should be accessible to everyone in the local community, regardless of individuals' ability to pay.

When asked to choose between contrasting statements about news organizations, the majority of Americans (76%) say local and state news organizations are necessary for keeping them informed, compared with 23% who say national news organizations provide all the news they need to stay informed. Those in households making less than \$48,000 per year, those with low community attachment and those who say they are not very informed about important issues facing their local area are less likely to say local and state news organizations are necessary for keeping them informed.

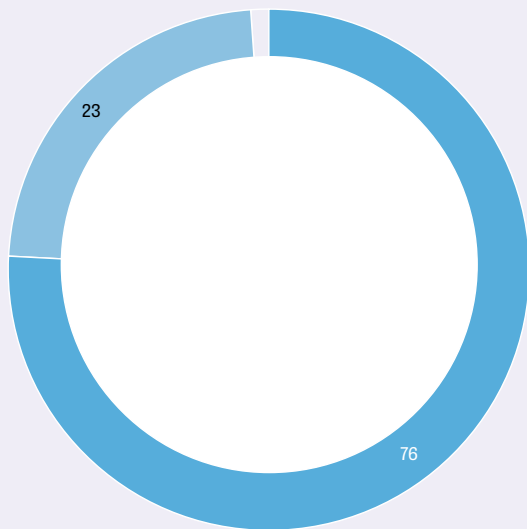
An even greater majority of Americans — nearly nine in 10 (86%) — say everyone in a local community should have access to local news, even if they don't pay for it. This view is held by nearly all Democrats (95%), compared with a relatively smaller number of Republicans (77%) and independents (84%).

Just over one in five Republicans (22%) think local news should primarily be available to people willing to pay for it. Other groups with similar percentages who hold this view include men (19%), those who don't pay much or who pay no attention at all to national news (20%), and those who have somewhat unfavorable or very unfavorable opinions of the news (19%).

FIGURE 1

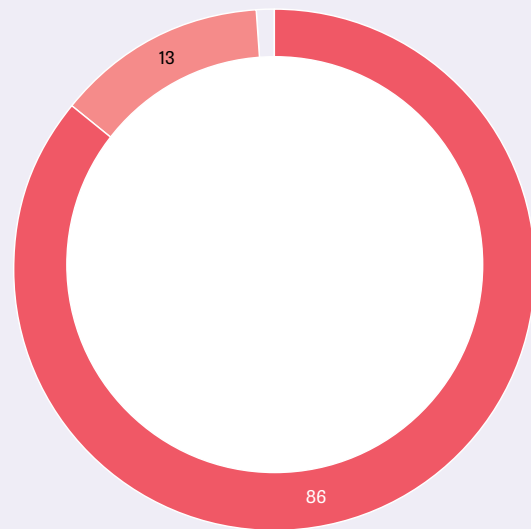
Americans' Views on Providers of the News They Need and on News Accessibility

Which of the following comes closest to your view, even if neither is exactly right?



- % Local and state news organizations are necessary for keeping me informed
- % National news organizations provide all the news I need to stay informed

Which comes closer to your view?



- % Everyone in a local community should have access to local news, even if they don't pay for it
- % Local news should primarily be available to people willing to pay for it

Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Over half of Americans (59%) consider their local newspaper an important symbol of civic pride or one of the most important symbols of civic pride in their community (44% and 15%, respectively).

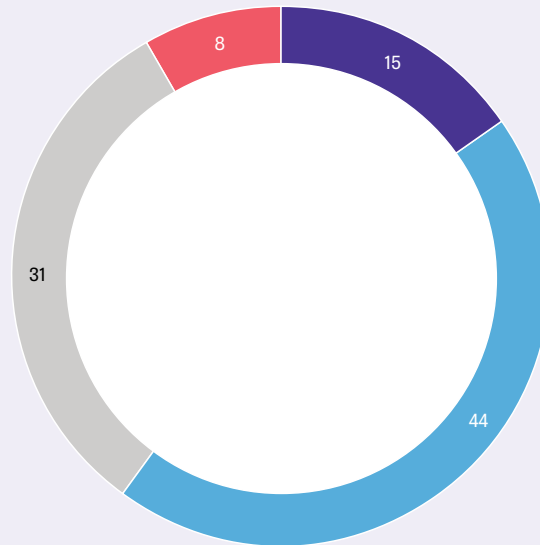
Pride in local news depends in part on perceived alignment with personal political views. Although still a majority, fewer Republicans (50%) and independents (55%), compared with Democrats (70%), say local newspapers are one of the most important symbols or an important symbol of civic pride.

Less than half (44%) of those who perceive a large gap between their political views and what they believe are the political leanings of news organizations in their local area say local newspapers are one of the most important symbols or an important symbol of civic pride. Percentages are similar for those who perceive local news as much more conservative than their personal views (53%) and as much more liberal than their views (43%). Just over one in three (35%) of those who are not very or not at all attached to their community say it is an important symbol.

FIGURE 2

Americans' Views on Local Newspapers as a Symbol of Civic Pride

Which comes closest to your view of the local newspaper(s) in your community?



■ % One of the most important symbols of civic pride in your community ■ % An important symbol of civic pride, but not one of the most important ■ % Not an important symbol of civic pride ■ % Does not apply/No local newspaper

Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

When Made Aware of Local News' Links to Democracy, More Americans Say Local News Is Important to and Supports Democracy

Americans make a distinction between local news organizations in the U.S. generally and local news in their area in the extent to which each is critical to democracy, but not in the extent to which they support democracy. Specifically, 45% say local news organizations in the U.S. are critical to democracy, while 31% say this about local news organizations in their area. Roughly one in three say both types of local news organizations support democracy well.¹⁰

¹⁰ These items were asked after an experiment in the survey, which provided respondents information about the financial health of local news and/or the effects of newspapers on local democracy. See the appendix for experiment details. The results shown here are reported on a subset of respondents who did not get any information about local news finances or effects on democracy (i.e., the experimental "control group").

FIGURE 3A

Local News' Importance to Democracy

% Who say level of importance is "critical"

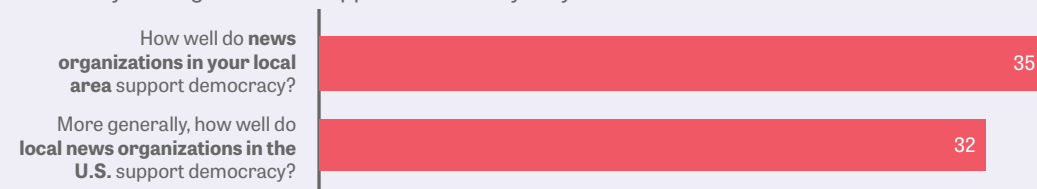


Knight Foundation/Gallup survey July 11-22, 2019

FIGURE 3B

Local News' Support of Democracy

% Who say the organizations support democracy very well or well



Knight Foundation/Gallup survey July 11-22, 2019

While these results suggest that few Americans make a connection between local news and democracy, a simple reminder about some effects associated with local news organizations can restore this association.

In an experiment contained in the survey, some respondents received information taken from academic studies showing declines in voter turnout, the number of candidates running for office, and residents' self-reporting of being knowledgeable about election issues in areas with diminished local news coverage or no local newspaper.¹¹ Other respondents did not receive this information.

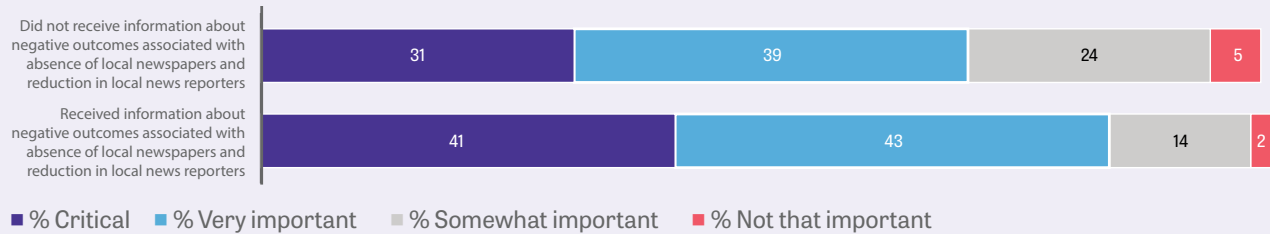
Among those who were told about the effects associated with having local news reporters or a local newspaper, 84% thought news organizations in their local area are critical (41%) or very important (43%) to democracy. In contrast, 70% percent of those who did not get that information said those organizations are critical (31%) or very important (39%).

¹¹ Benton, J. (2019). When local newspapers shrink, fewer people bother to run for mayor. *Nieman Lab*. Retrieved from <https://www.niemanlab.org/2019/04/when-local-newspapers-shrink-fewer-people-bother-to-run-for-mayor/>
 Gentzkow, M., Shapiro, J. M., & Sinkinson, M. (2011). The effect of newspaper entry and exit on electoral politics. *American Economic Review* 101. Retrieved from <https://www.brown.edu/Research/Shapiro/pdfs/voting.pdf>
 Mondak, J. J. (1995). Newspapers and political awareness. *American Journal of Political Science*, 39(2): 513-527.

FIGURE 4

Perceived Importance of Local News Organizations in Your Local Area to Democracy, Based on Information Received About Local News

How important are news organizations in your local area to democracy?



Note: "No answer" responses not shown.

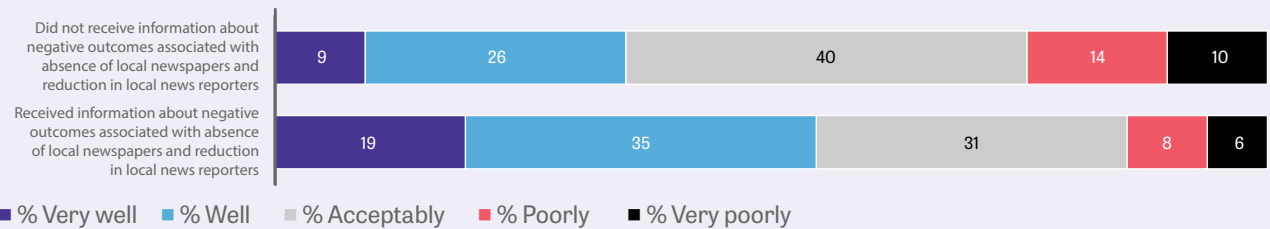
Knight Foundation/Gallup survey July 11-22, 2019

Likewise, over half who received this information said news organizations in their local area are supporting democracy very well (19%) or well (35%), while roughly one-third who received no information said very well (9%) or well (26%). The additional information also increased the likelihood a respondent thought local news organizations, in general, in the U.S., are supporting democracy very well or well.

FIGURE 5

Beliefs About How Well Local News Organizations in Your Local Area Support Democracy, Based on Information Received About Local News

How well do news organizations in your local area support democracy?



Note: "No answer" responses not shown.

Knight Foundation/Gallup survey July 11-22, 2019

PUTTING A PRICE TAG ON LOCAL NEWS

Some of the subgroups more inclined to say local news is important for democracy are men, and those more engaged with their local community. Meanwhile, those who feel very attached to their local community are more likely to say local news organizations in the U.S. support democracy very well or well. Democrats and those with a more altruistic worldview are more likely than most other subgroups to say local news organizations are critical to democracy and that they are supporting democracy well.

Overall, many Americans do not appear to readily associate local news organizations as a source for strengthening the country's democracy. Once they receive information about the effects that local news reporters and newspapers tend to have on civic outcomes, more make the connection and say news organizations in their local area are critical to democracy and doing a good job supporting it. As described in the following section, these associations with local news may boost individuals' willingness to support the industry financially.

Once Americans receive information about the effects that local news reporters and newspapers tend to have on civic outcomes, more make the connection and say news organizations in their local area are critical to democracy and doing a good job supporting it.

The Financial State of Local News

The survey confirms previous research showing Americans are largely unaware of the perilous financial state of local news. Survey respondents made aware of the declining financial outlook for local newspapers, or who were instructed about negative outcomes associated with the absence of local newspapers and reduction in local news reporters, showed a greater willingness to support local news financially than those who were not made aware.

One in five Americans indicate they paid to support local news in the past year by subscribing to, donating to or paying for a membership to a local news organization, suggesting a limited financial base from which to support local news absent other significant sources of revenue.

Subscribers say they pay for news, first and foremost, to stay informed on issues that matter to them, although some cite that it covers stories about their community as a reason they pay for it. While subscribers tend to be older, less common forms of paying for news, such as donations and memberships, are more common among younger adults.

This section discusses the research on Americans' awareness of the financial state of local news and whether Americans are inclined to act when a local news source is in financial distress. It also assesses the ways Americans are paying — and have paid in the past — for news, which subgroups are most inclined to pay for news, and what motivates people to pay for news.

Public Views Local News as Financially Stable

Earlier this year, a Pew Research Center report on local news found the majority of Americans saying that their local news outlets are doing either very well (19%) or somewhat well (51%) financially.¹² The Knight Foundation/Gallup study confirms this, albeit with a lower percentage (56%) saying their local news organizations are doing very well or somewhat well. A majority of respondents (63%) in the Knight Foundation/Gallup survey also believe local news organizations outside their area are doing well financially.

Americans, then, may not be aware that many local news organizations, particularly local newspapers, are generating less revenue than they did in the past, resulting in cuts to newsroom staff and some ceasing operations all together.¹³

¹² Walker, M. (2019). Who pays for local news in the U.S.? *Pew Research Center*. Retrieved from <https://www.pewresearch.org/fact-tank/2019/09/12/who-pays-for-local-news-in-the-u-s/>

¹³ Hagey, K., Alpert, L. I., & Serkez, Y. (2019). In news industry, a stark divide between haves and have-nots. *The Wall Street Journal*. Retrieved from <https://www.wsj.com/graphics/local-newspapers-stark-divide/>

Americans More Willing to Support Local News When Made Aware of Its Plight

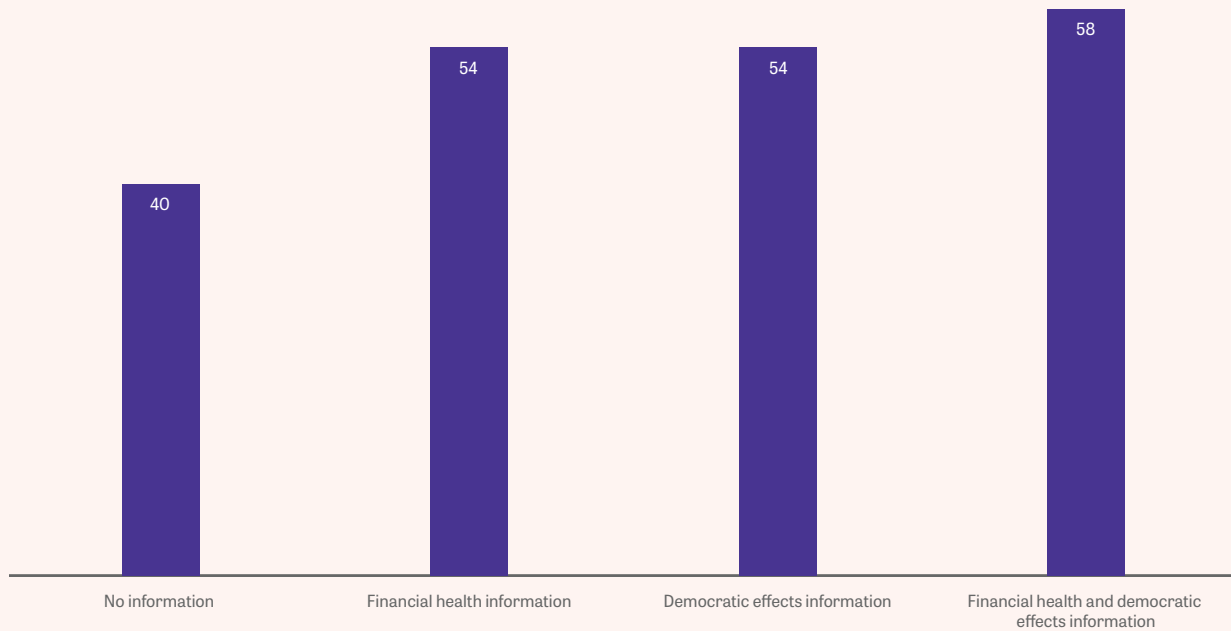
Greater awareness of the financial struggles of local news organizations can lead to a greater willingness to help them stay solvent, according to further experimental results in the survey. In addition to providing some respondents with information about the links of local news to democracy (referenced in the previous section), some other respondents were provided information about the financial challenges that local news organizations — primarily newspapers — are facing. Specifically, these respondents were informed about a prominent study that reported steep declines between 2006 and 2017 in local newspaper revenue, circulation and staffing.¹⁴

The awareness of this financial information, as well as the information about the effects of local news on democracy, had large and statistically meaningful effects on respondent behavior. At the end of the survey, respondents were asked if they wanted to donate their \$1 incentive for completing the survey “to News Match, an organization that supports local news journalism around the country through a national matching-gift campaign.” Those who received either the financial health or democracy information were far more likely to donate their incentive than those who did not receive either set of information.

FIGURE 6

Respondents Who Donated Their Incentive to Support Local News Organizations, Based on Information Received About Local News

% Donated incentive



Knight Foundation/Gallup survey July 11-22, 2019

14 Newspapers fact sheet. (2019). *Pew Research Center*. Retrieved from <https://www.journalism.org/fact-sheet/newspapers/>

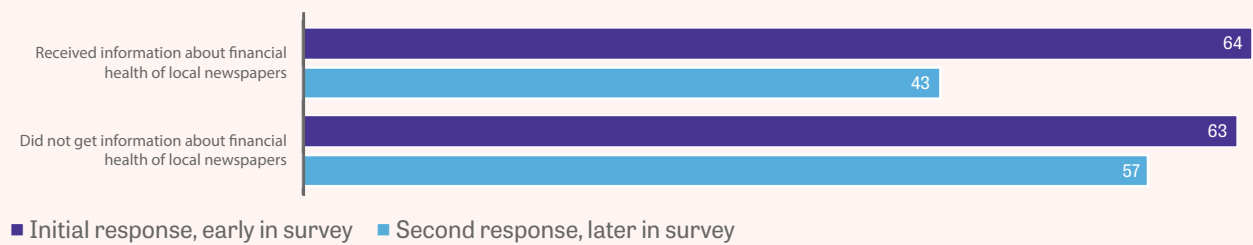
The financial information also served to correct many respondents' perceptions about the health of local news, not only nationally, but also in their local area. The questions asking respondents to assess the financial health of local news nationwide and in their area were asked twice in the survey — once near the beginning of the survey and again near the end after some respondents had been told about the declining financial health of local newspapers.

Among those who were told about local newspapers' financial plight, 64% thought local news organizations across the country were doing well financially when first asked the question, but only 43% did so later in the survey after reading the financial health information. In contrast, those who did not get information about local newspapers' financial health showed a much smaller change between the beginning and the end of the survey (63% to 57%).

FIGURE 7

Experimental Results: Pre-Post Treatment Assessment of Financial Health of Local News Organizations Nationally

% Who say they think local news organizations outside their local area are doing very well or somewhat well financially



Knight Foundation/Gallup survey July 11-22, 2019

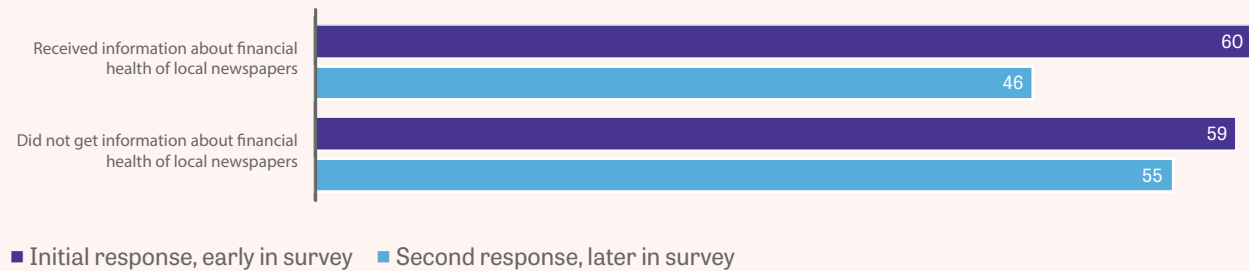
In addition to asking about the financial health of local news generally, respondents also were asked about the financial health of local news organizations in their specific area. Again, those randomly assigned information about the actual state of local newspaper finances were more likely to revise their opinions from the beginning to the end of the survey.

The information provided to respondents about local newspapers' financial struggles was specific to local newspapers throughout the country, but it nevertheless influenced respondents' perceptions about the health of news organizations in their own area. When those provided with the financial health information about local newspapers were initially asked about the health of news organizations in their local area, 60% thought they were doing very well or somewhat well. After receiving the information, only 46% did. Those who did not receive financial health information about local newspapers saw no statistically meaningful change in their perceptions.

FIGURE 8

Experimental Results: Pre-Post Treatment Assessment of Financial Health of News Organizations in Local Area

% Who say they think news organizations in their local area are doing very well or somewhat well financially



Knight Foundation/Gallup survey July 11-22, 2019

A separate experiment on the August-September Knight Foundation/Gallup survey asked respondents about financially supporting a local newspaper under two hypothetical conditions. Half of respondents were asked if they would subscribe or otherwise give money to a newspaper in their local area if it were failing. The other half were asked if they would subscribe or give money to the only newspaper in their area if it were failing.

Respondents were more inclined to support a failing newspaper if it were the only one in their area — 13% said they would be very likely to do so — than if the newspaper was not identified as the only one left (6%). But majorities said they were not likely to support the newspaper in either condition, perhaps indicating a reluctance on the part of many to save a failing company, even if its services would no longer be available to the community.

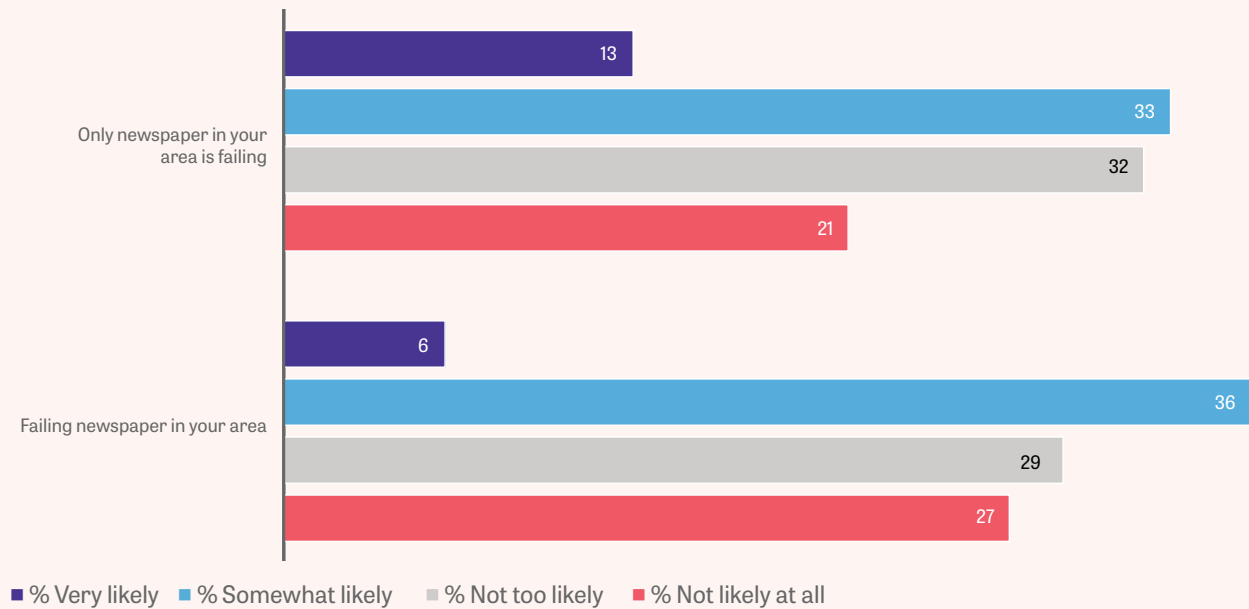
Americans may not be aware that many local news organizations, particularly local newspapers, are generating less revenue than they did in the past, resulting in cuts to newsroom staff and some ceasing operations all together.

FIGURE 9

Willingness to Financially Support a Failing Newspaper in Local Area

If you knew a local newspaper in your area was failing, how likely would you be to subscribe or otherwise give money to help keep it from shutting down?

If a failing newspaper was the only newspaper in your local area, how likely would you be to subscribe or otherwise give money to help keep it from shutting down?



Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Some of the subgroups more inclined to want to assist a failing local newspaper are Democrats, current news subscribers or donors, younger adults, city residents, and those with a stronger attachment to their local community.

But the biggest predictor of whether a resident would want to help save a local newspaper is their opinion on whether local newspapers are vital to communities and should be preserved even if they can't sustain themselves financially, or if they should be allowed to fail like any other business that cannot sustain itself. Among those who think local newspapers are vital, 13% say they would be very likely to give financial support to a failing newspaper in their area, and 21% would be very likely to support a failing newspaper if it were the only one in their area. Among those who say struggling newspapers should be allowed to fail, the figures are less than 1%, and 5%, respectively.

Many in U.S. Have Paid for News, but a Smaller Proportion Currently Do

Paying for news in some fashion is common — but far from universal. Sixty-six percent of U.S. adults report having ever paid to access news in some way, leaving a substantial proportion of one in three who have never done so.

Subscriptions are by far the most common way people have paid to access news, with 57% saying they have subscribed to a news source at some point in their lives. Twenty-eight percent say they have donated on either a one-time or recurring basis to a news organization, and 22% have paid for a membership. Relatively few have paid for a news site day pass (6%) to access its content for one day at a time or made a micropayment (5%) to access a specific news article.

But the perilous financial state of news is apparent in the finding that roughly half of those who ever have subscribed to a news source no longer do so. Forty-four percent of U.S. adults say they have stopped paying for at least one type of news subscription over the past five years. Americans are more likely to say they have stopped paying a subscription, donation or membership for a local newspaper (22%) or a magazine (25%) in the past five years than for any other type of news source.

Thirty percent of U.S. adults say they currently pay a monthly or annual subscription fee to any news source, according to the August-September 2019 Knight Foundation/Gallup survey. About one in five, 19%, report donating money to a news organization within the past 12 months, including 9% who donated to public television, 11% who donated to public radio, and 9% who donated to other nonprofit journalism.

Subscribers and donors overlap to some degree — 10% of U.S. adults do both, while 20% only subscribe and 9% only donate. Consequently, Gallup estimates 39% of U.S. adults are either currently subscribing to a news source or have donated to nonprofit journalism in the past year.¹⁵

The figures are lower when considering only local news. The July survey found just 20% of U.S. adults saying they subscribed to, donated to or paid a membership to any local news organization in the past year. Thirty-four percent say they have ever paid for local news in some fashion.

Americans chiefly pay for news because they view it as providing them a service, but many also cite the public benefits that news provides. Specifically, a desire to stay informed on issues that matter to them is the top reason people give for paying for news through a subscription, donation or membership — two-thirds give this as one of their top three reasons they pay for news. About one-third pay for news because it covers stories about their community, it gives them access to information they need and they want to support journalism.

¹⁵ A 2017 survey by the American Press Institute estimated that 53% of Americans paid for news. While some of the difference could be due to the timing of the two surveys (2017 vs. 2019), the difference may also reflect differences in measurement. The 2019 Knight Foundation/Gallup survey asked respondents a single item about whether they subscribed to a news source in the past year. The API study had respondents indicate whether they paid for each of 15 different news sources in the past year and then summarized across responses to those items. Each survey asked about donating to news in the past year, and each found about 20% indicating they had done so.

Who pays for news in general and why. (2017). *American Press Institute*. Retrieved from <https://www.americanpressinstitute.org/publications/reports/survey-research/who-pays-for-news/>

TABLE 1

Reasons People Pay for News

Why do you subscribe, donate or regularly pay to access the news? Please select up to 3.

Based on those who pay for access to news	%
I want to stay informed on issues that matter to me	67
Covers stories about my community	36
To access the information I need	35
To support journalism	32
Provides information I can't get anywhere else	25
Advocates for important social and political issues I care about	20
Is politically neutral	19
To find places to go and things to do	10
Gives me 'inside information' on breaking news stories before they happen or are made public	6
Is cheaper to access than other sources of news	3
No answer to any option	2

Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

People who are not currently paying for news in any way were asked what might make them do so. There was no common theme in their responses, with special content and discounts on other purchases each being chosen most often — by 31% — among the six options provided. The other four options — events, access to news updates first, gifts and access to journalists — were mentioned by between 17% and 23%. These results suggest there is no broad-based appeal that could potentially attract news nonsubscribers and nondonors to begin paying for news.

TABLE 2

Reasons People Would Be More Likely to Pay for News

Which of the following would make you more likely to pay a membership or make a recurring contribution to a news organization? Please select all that apply.

Based on people who do not currently pay for news	%
Special content	31
Discounts on other purchases	31
Events	23
Access to news updates first	23
Gifts or "swag"	22
Access to journalists	17

Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Who Pays for News?

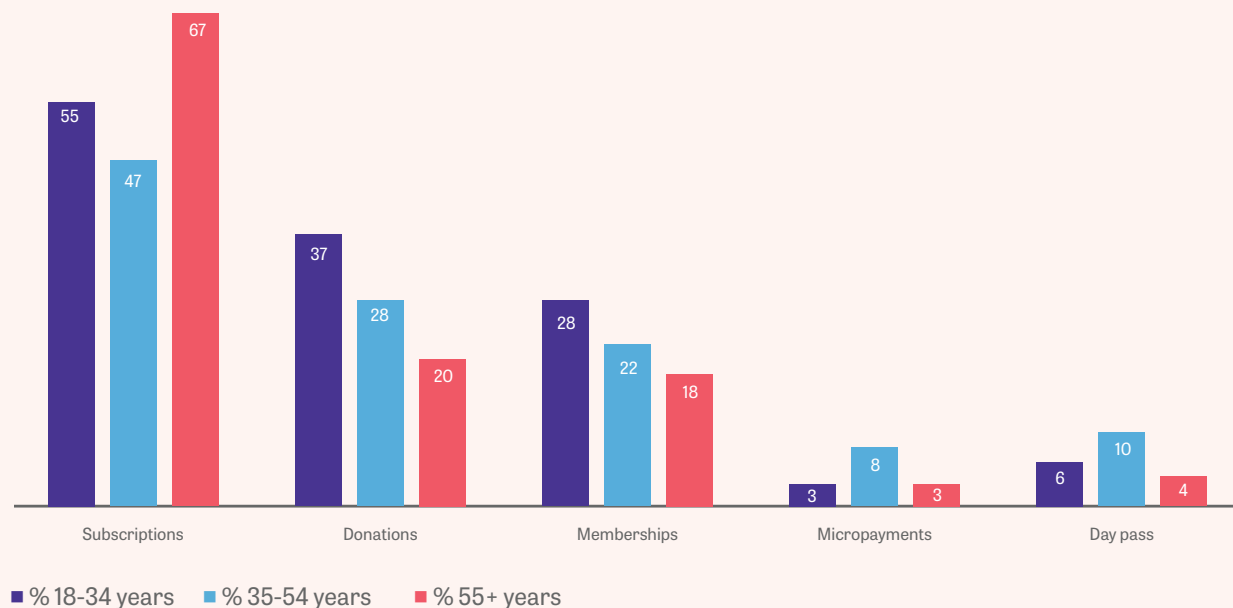
Previous studies have shown that older Americans are more likely to pay for news than younger Americans.¹⁶ But the Knight Foundation/Gallup survey shows that mainly applies to subscriptions — the most common way people pay for news.

It is younger adults who are most likely to have a membership and, especially, to donate money to a news organization. Adults aged 18 to 34 are nearly twice as likely as those aged 55 and older to say they have ever donated to a news organization.

FIGURE 10

Ways People Have Ever Paid for News, by Age

There are a variety of ways people pay to access the news. Which of the following payment methods have you ever used to access the news?



Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Wide party differences exist regarding donating to news organizations. Thirty-seven percent of Democrats, 31% of independents, but only 13% of Republicans have ever done so. This finding contrasts with previous research that shows a link between partisan leanings of local areas and charitable donations in those areas, with Republican areas tending to give more than Democratic ones.¹⁷ The discrepancy could be explained by Republicans' general lack of trust in mass media,¹⁸ which likely deters them from donating to media organizations.

16 Who pays for news in general and why. (2017). *American Press Institute*. Retrieved from <https://www.americanpressinstitute.org/publications/reports/survey-research/who-pays-for-news/>

Walker, M. (2019). Who pays for local news in the U.S.? *Pew Research Center*. Retrieved from <https://www.pewresearch.org/fact-tank/2019/09/12/who-pays-for-local-news-in-the-u-s/>

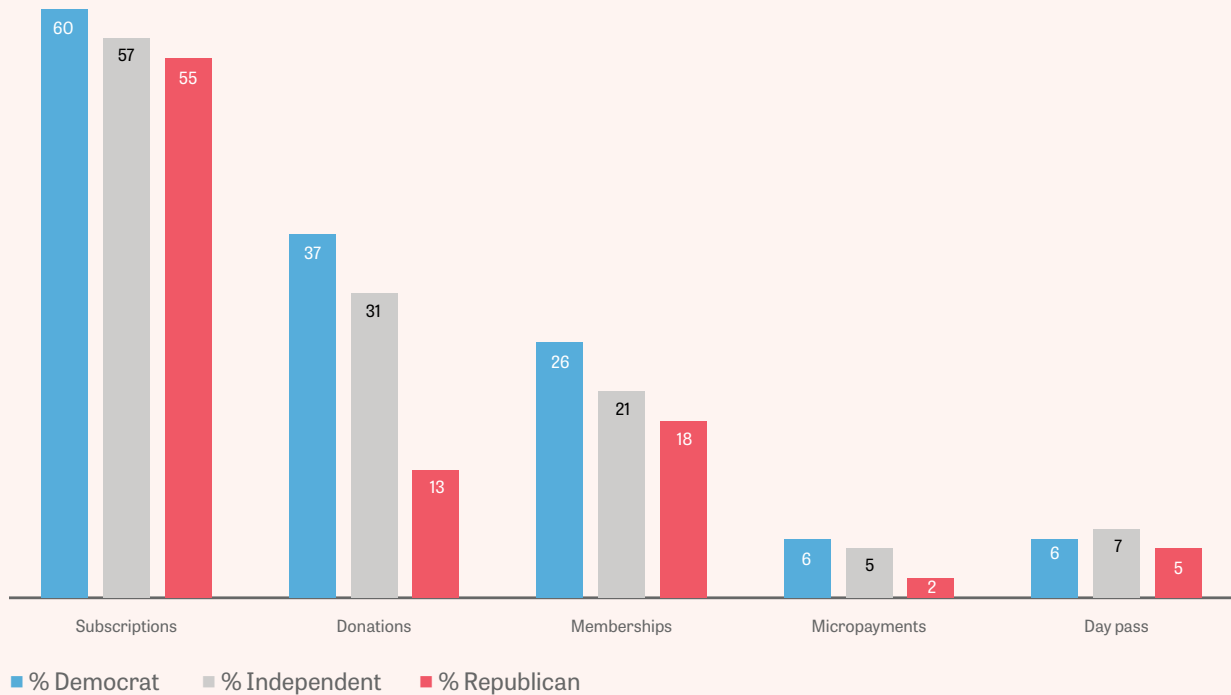
17 Sullivan, P. (2018). How political ideology influences charitable giving. *The New York Times*. Retrieved from <https://www.nytimes.com/2018/11/03/your-money/republicans-democrats-charity-philanthropy.html>

18 Brenan, M. (2019). Americans' trust in mass media edges down to 41%. *Gallup*. Retrieved from <https://news.gallup.com/poll/267047/americans-trust-mass-media-edges-down.aspx>

There are not meaningful partisan differences in the percentages who have ever subscribed, and only modest differences in memberships. For the other financial support methods, no meaningful differences by political affiliation emerge.

FIGURE 11

Ways People Have Ever Paid for News, by Political Affiliation



Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

While party groups do not show meaningful differences in past subscription purchasing, there are significant differences by political affiliation among those who currently subscribe. Thirty-seven percent of Democrats indicate they currently pay a monthly or annual subscription fee to any news source, compared with 27% of independents and 25% of Republicans.

Republicans tend to be less trusting of media and have shown greater declines in media trust in the past 15 years than other political affiliations.¹⁹ However, Republicans who trust local news (28%) are no less likely to subscribe to local newspapers specifically than Democrats (26%) and independents (22%).

The age differences seen in lifetime subscription behavior by age are also evident among current subscribers, with older adults more likely than younger adults to have subscriptions today. Other subgroups who are inclined to have subscriptions today are college graduates, those who say they are very attached to their community, those who are paying a great deal of attention to and are very informed about important issues facing their local area, and city residents.

¹⁹ Brenan, M. (2019). Americans' trust in mass media edges down to 41%. *Gallup*. Retrieved from <https://news.gallup.com/poll/267047/americans-trust-mass-media-edges-down.aspx>

PUTTING A PRICE TAG ON LOCAL NEWS

Party differences are also apparent in recent donating — 30% of Democrats have donated money to a news organization in the past 12 months, compared with 17% of independents and 8% of Republicans. Also, young adults (28%) are about twice as likely to have made a donation in the past year as middle-aged (16%) and older adults (14%).

Local news organizations face an uncertain future. Even though Americans tend to view local news as a community asset, most are not personally helping to keep it viable, suggesting a market failure exists. That market failure may stem in part from a lack of awareness of local news organizations' deteriorating financial health. However, when Americans are made aware of it, many indicate a willingness to donate money to organizations that financially support local news, or to personally subscribe or donate to a local news source. But the financial support that local news organizations get from traditional revenue sources are still likely not enough to sustain local news organizations, suggesting a need to consider other funding models if local communities are going to continue to be served by local news media.

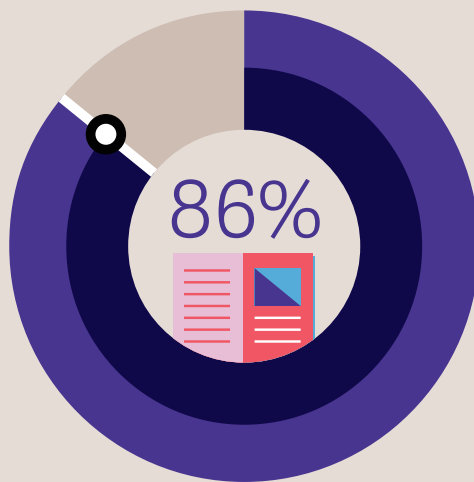
Local news organizations face an uncertain future. Even though Americans tend to view local news as a community asset, most are not personally helping to keep it viable, suggesting a market failure exists.

The perilous financial state of news is apparent in the finding that roughly half of those who ever have subscribed to a news source no longer do so. Forty-four percent of U.S. adults say they have stopped paying for at least one type of news subscription over the past five years.

Putting a Price Tag on Local News

Americans Believe Local News Should Be Available to All

% Who believe everyone should have access to local news, even if they don't pay for it



Who Currently Pays for News?

THE SUBSCRIPTION POOL HAS SHRUNK DRAMATICALLY

57% say they have subscribed, but only 30% subscribe today.



Americans are more likely to say they have stopped paying for a local newspaper (22%) or a magazine (25%) in the past five years than for any other type of news source.

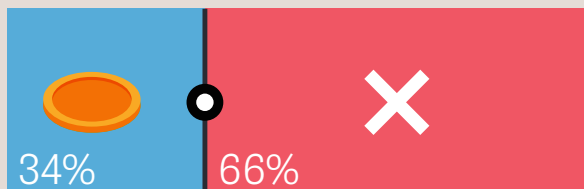


The Financial Base Supporting Local News Is Limited

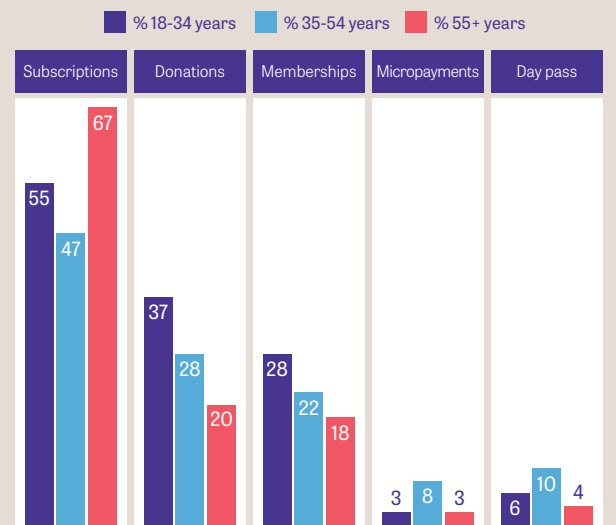
One in five Americans (20%) have supported local news organizations in the past year by subscribing to, donating to or paying for a membership.



34% of Americans indicate they have ever subscribed to, donated to or paid for a membership to any local news organization.

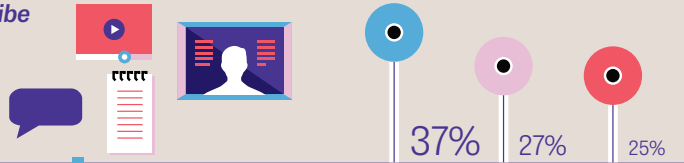


A New Generational Divide: Older Americans Most Likely to Subscribe, Younger to Pay for Donations or Memberships



Political Affiliation Is an Important Lens for Understanding News Subscriptions

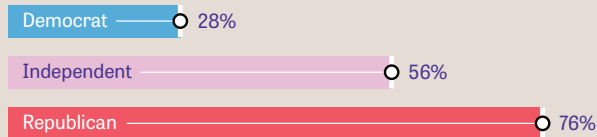
37% of Democrats indicate they currently subscribe to any news source, compared with 27% of independents and 25% of Republicans.



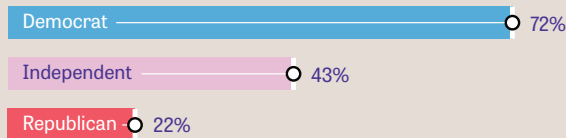
Should Newspapers Be Allowed to Fail?

Which comes closer to your view?

A newspaper business is just like any other business that should be allowed to fail if it can't sustain itself financially



Local newspapers are vital and should be preserved even if they can't sustain themselves financially



Who Should Foot the Bill: The Public or Private Sector?

■ % Favor
■ % Oppose

Local residents (through subscriptions, donations and grants)



Philanthropic organizations (through donations and grants)



An individual investor, such as a business owner



Technology companies (through donations, grants, etc.)



Local governments (through local tax revenue)

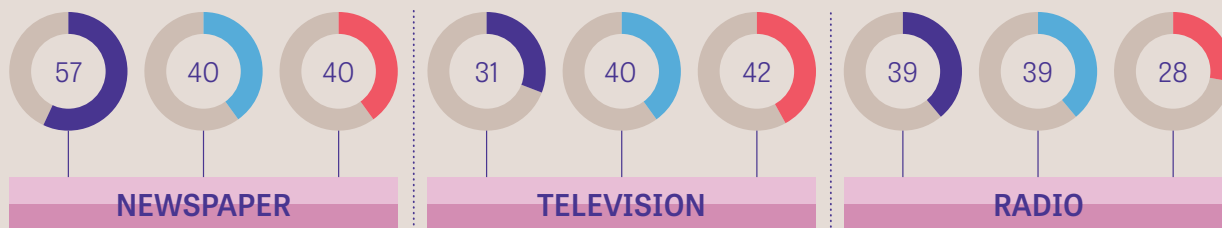


The federal government (through federal tax revenue)



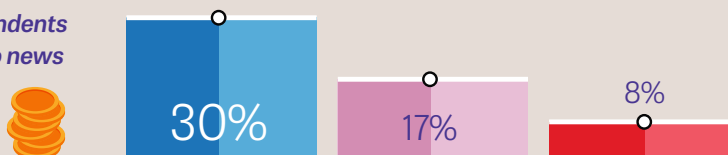
Younger Americans Are More Likely to Say They Would Donate to Local Newspapers Than Other Forms of Media

■ % 18-34 years ■ % 35-54 years ■ % 55+ years



Political Affiliation Affects the Way People Donate to News Organizations

Democrats (30%) are more likely than independents (17%) and Republicans (8%) to have donated to news organizations over the past 12 months.



Support for Policy Solutions to Address Market Failures

Even if Americans are made aware of the financial state of local news organizations, it may not be enough to overcome the market failure in many media markets. This realization prompts the need to explore options beyond current business models (i.e., donor, subscriber, membership models) that may support robust local news operations.

Americans value local news but are divided when it comes to how to and who should financially support local news organizations. Willingness to support policies that would subsidize local news organizations are driven much more by philosophical concerns about the role of government than by practical concerns such as media consumption habits or perceptions of the financial state of local news organizations.

This section reveals how Americans' views diverge when it comes to personal, public and private support for local news organizations. It also explores the varying lenses through which Americans perceive local newspapers as vital and the extent and means to which newspapers should be financially preserved.

Preserving Local News

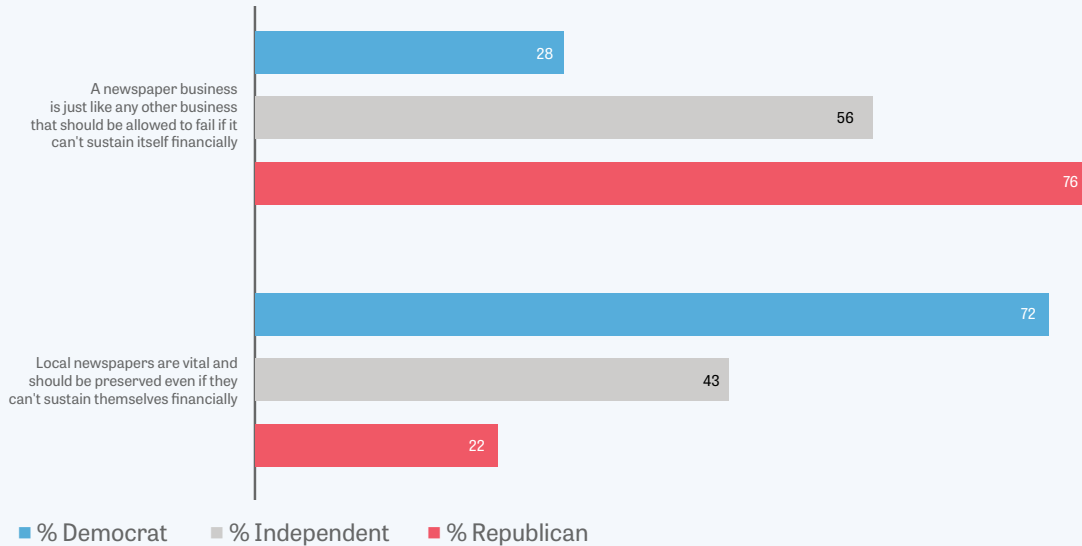
Although most Americans say local and state news organizations are necessary for keeping them informed, they remain divided about the need and willingness to financially support local news. About half of Americans (47%) say local newspapers are vital and should be preserved even if they can't sustain themselves financially. By contrast, a similar share of Americans (52%) say a newspaper business is just like any other business that should be allowed to fail if it can't sustain itself financially.

This division becomes more pronounced when we explore results by political affiliation. About seven in 10 Democrats (72%) say local newspapers are vital and should be preserved even if they can't sustain themselves financially. Among their Republican counterparts, 76% say a newspaper business is just like any other business that should be allowed to fail if it can't sustain itself financially.

FIGURE 12

Newspapers: Vital or Should Be Allowed to Fail?

Which comes closer to your view?



Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

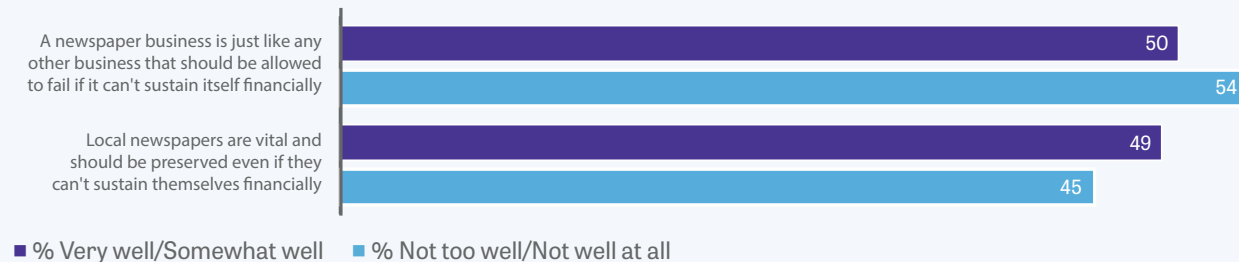
Surprisingly, this survey finds little connection between Americans' views regarding news preservation and their perceptions of the financial state of local news.

Among those who perceive news organizations in their local area are doing well financially, 50% believe newspapers should be allowed to fail if they cannot support themselves financially, while 49% want them preserved. Among those who say local news organizations are not doing well, the percentages are 54% and 45%, respectively.

FIGURE 13

Opinions About Newspaper Business Preservation, by How Well People Think Local News Organizations Are Doing Financially

Thinking about the financial state of local news organizations, how well do you think news organizations in your local area are doing financially?



Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

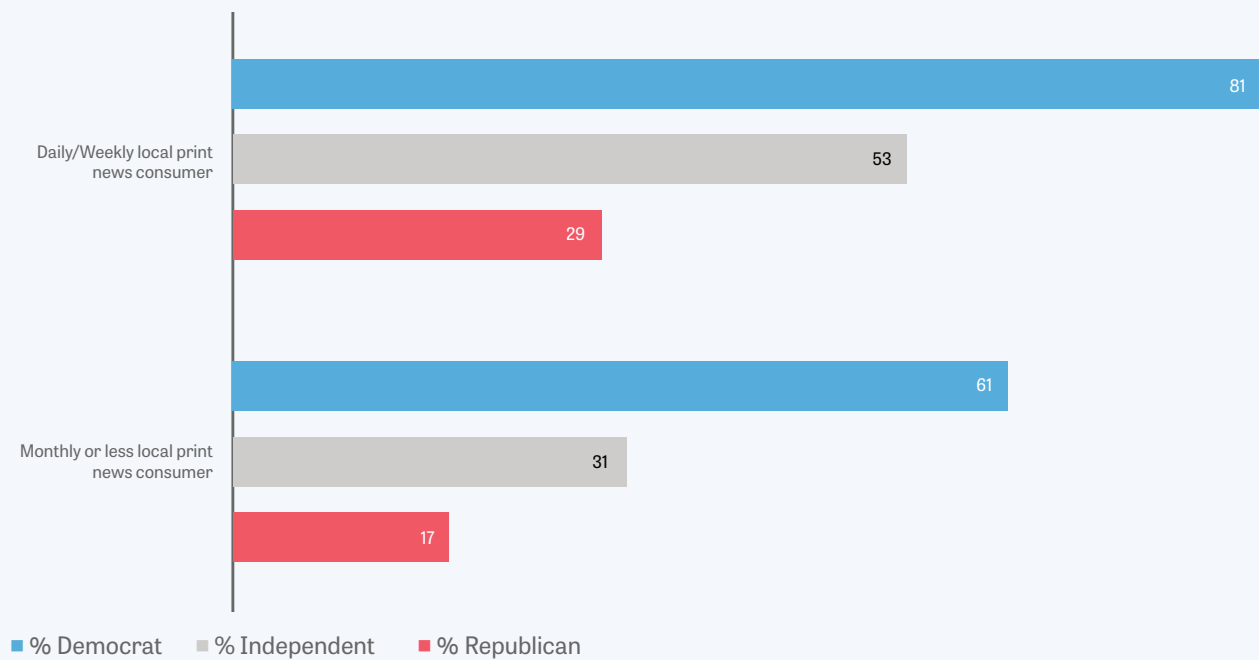
American news habits translate to different views and priorities for funding local news. Generally, those who interact with local news at any level — as a viewer, reader, subscriber or donor — are more likely than those not engaged with local news to say local news is vital and should be preserved.

Those who use printed local news daily or weekly (e.g., newspapers and magazines) are more likely to consider local news a public good that should be preserved than consumers of other types of local news (i.e., TV, website, radio). This pattern holds across political affiliation — among Democrats there is a 20-percentage-point gap in support for news preservation between daily/weekly print news consumers and those consuming print news on a monthly basis or less frequently (81% vs. 61%).

FIGURE 14

Opinions That News Is Vital, by Frequency of Print Consumption and Political Affiliation

% Who say local news is vital and should be preserved



Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

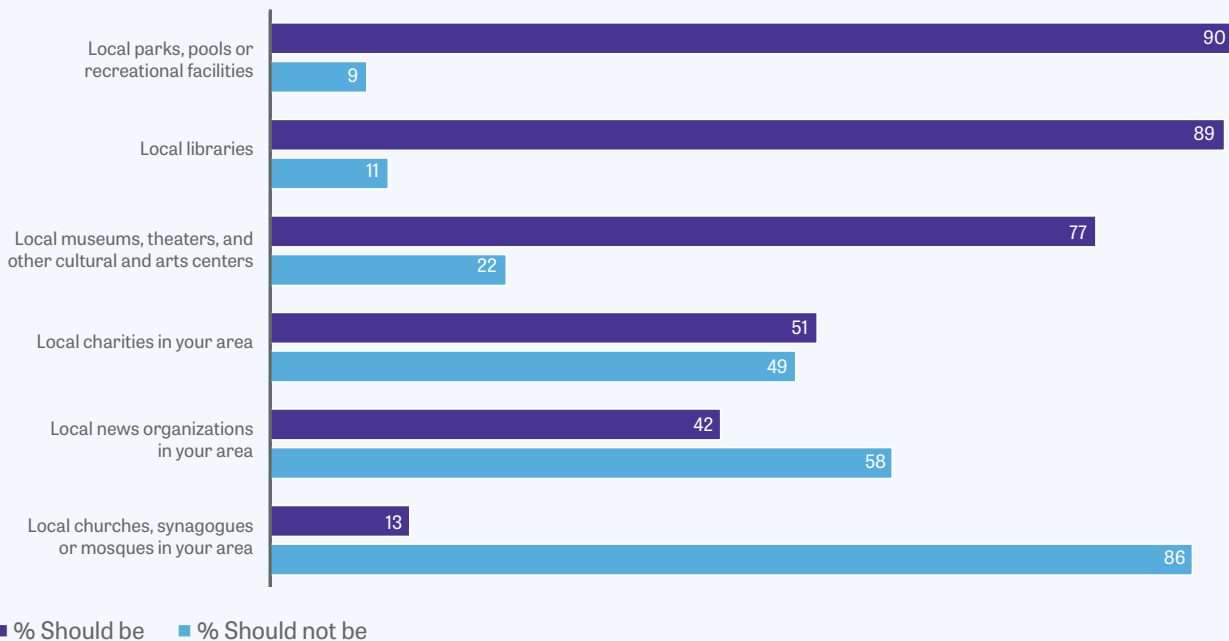
Support for Local News Funding

Americans' support for private or government institutions' funding for local news organizations remains splintered. Less than half (42%) say they think such funding should be guaranteed. This percentage is higher than percentages for religious institutions (13%) but less than for all other categories: local charities (51%), local cultural and arts centers (77%), local libraries (89%), and local parks and other recreational facilities (90%).

FIGURE 15

Opinions on Guaranteed Funding for Various Organizations

Do you think private or government institutions should or should not guarantee a certain level of funding for each of the following?



Note: "No answer" percentages not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Democrats (66%) are more likely than independents (37%) and Republicans (17%) to say local news organizations should receive private or government funding. Among Democrats and independents, this support for funding is concentrated among those with a college education or more. This is not the case among college-educated Republicans, who are equally likely to say "should not be" as less-educated counterparts.

Democrats are more likely to say institutions should guarantee funding to charities (64%) and museums (90%) than are independents (48% and 76%, respectively) and Republicans (37% and 63%, respectively). There is roughly similar partisan support for guaranteed funding to parks and libraries and opposition for guaranteed funding to religious institutions.

Younger adults (62%) are more than twice as likely as older adults (29%) to say private or government institutions should guarantee funding for local news organizations in their area.

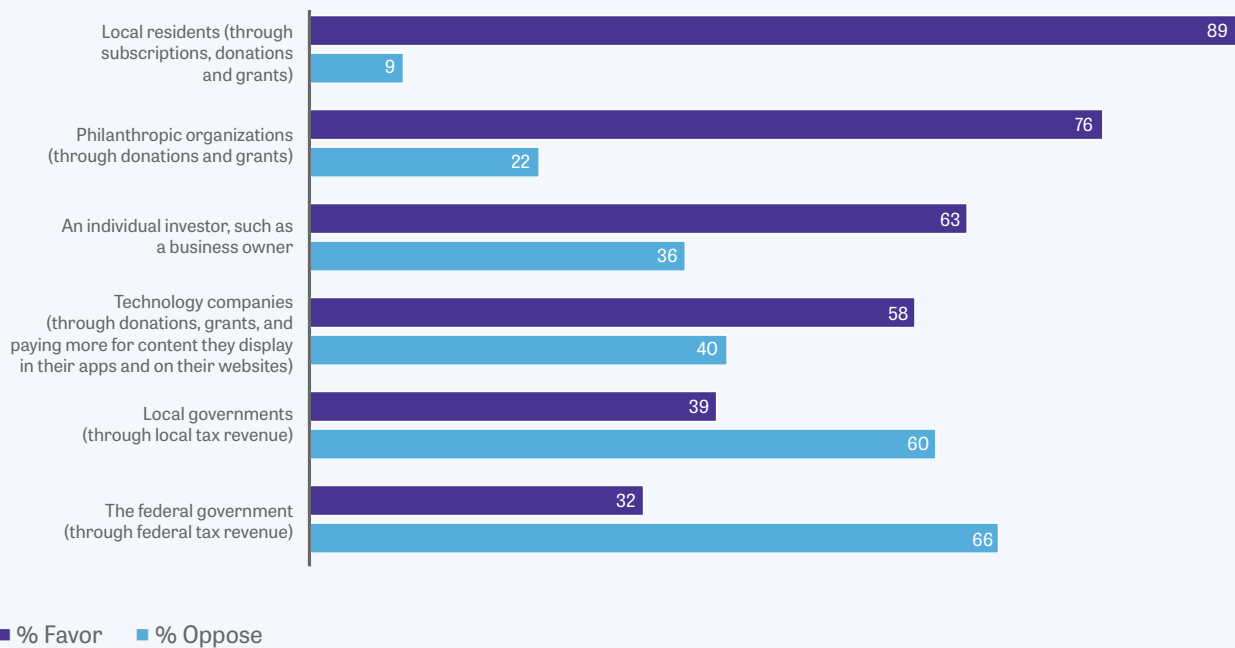
Private Funding Favored Over Public

When it comes to specific sources of funding for local news, Americans favor private sources over public ones. Nearly nine in 10 Americans (89%) favor funding from local residents. A strong majority of Americans say they favor funding from philanthropic organizations (76%), individual investors (63%) and technology companies (58%). By contrast, most Americans say they oppose financial support from the federal (66%) or local government (60%).

FIGURE 16

Views on Local News Organizations Receiving Funding From Various Sources

Do you favor or oppose local news organizations receiving financial support from each of the following?



Note: "No answer" responses not shown. Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Most Democrats say they favor federal tax revenue and local tax revenue (53% and 61%, respectively) to support local news organizations, while most independents (30% and 37%, respectively) and Republicans (8% and 14%, respectively) do not.

Americans who think local newspapers are vital and should be preserved even if they can't sustain themselves are more likely to financially favor federal (52%) or local (60%) government support. Those who say a newspaper business is just like any other business that should be allowed to fail are much less likely to favor federal (15%) or local (20%) government support.

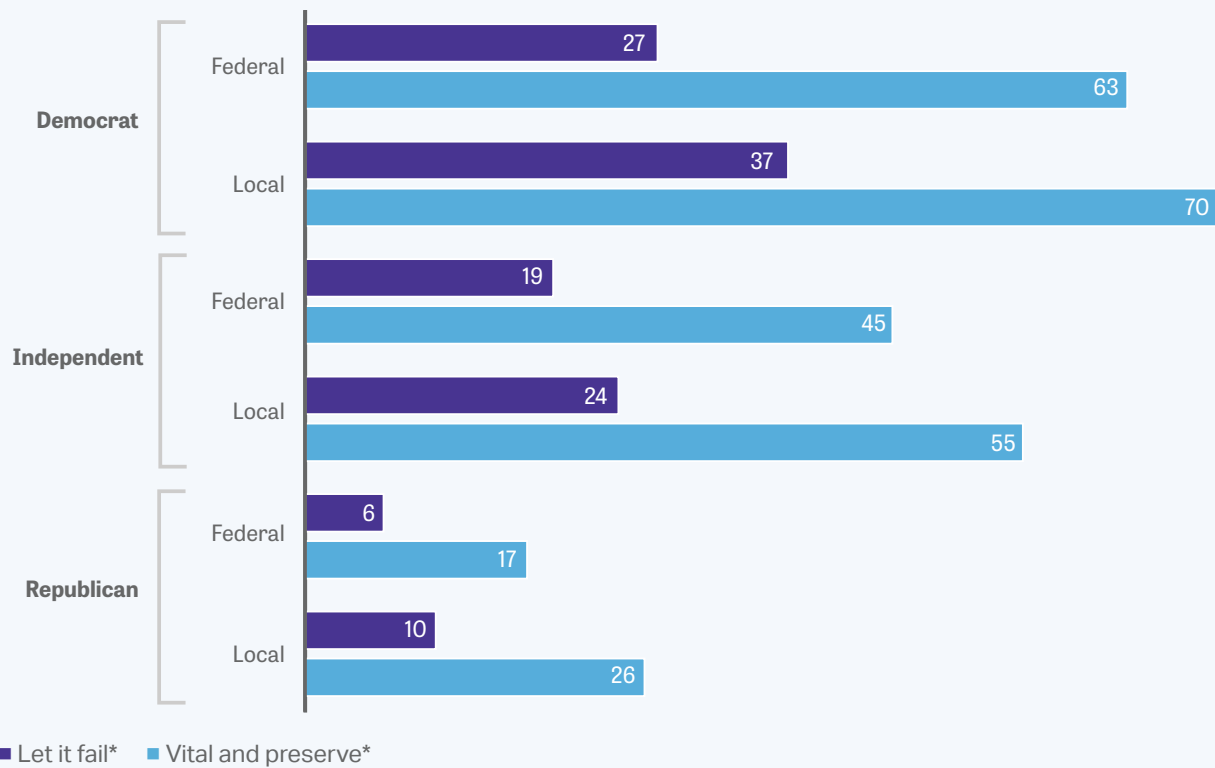
Among Republicans, support for government funding of local news remains relatively low, even among those who believe local newspapers are vital and should be preserved. Clearly then, Republicans' reluctance to favor public funding sources for news stems from their philosophical views of the proper role of government rather than their awareness of local news organizations' financial health or their opinions about the public benefits that local news organizations provide.

FIGURE 17

Who Favors Using Local and Federal Funding to Support Local Newspapers, by Opinions About News Preservation

Do you favor or oppose local news organizations receiving financial support from each of the following? “The federal government (through federal tax revenue)” or “Local governments (through local tax revenue)”

% Who favor financial support from each (the federal government or local governments)



*Which comes closer to your view? “Local newspapers are vital and should be preserved even if they cannot sustain themselves financially” or “A newspaper business is just like any other business that should be allowed to fail if it can’t sustain itself financially”

Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Affordability Matters, Shared Beliefs Less So

When it comes to why Americans support specific sources of funding for local news organizations, affordability is paramount. Regardless of the source of funding, Americans far and away say that their support for funding is driven by their belief that local news organizations are an affordable way for members of the community to stay informed. By contrast, few Americans say that they prefer a specific source of funding because it reflects their views on important social or political issues. Among those who prefer funding from local residents, 57% say they support funding from local residents because it creates a sense of community.

TABLE 3

Major Reasons for Supporting Funding From Various Sources

Thinking now about how various institutions can help support news organizations ...

Please indicate whether each of the following is a major reason why you support local news organizations receiving funding from ...

	The government	Philanthropic organizations	Local residents	Technology companies	Individual investors
	%	%	%	%	%
Provides an affordable way for members of the community to stay informed	67	66	60	73	65
Would ensure fair coverage of issues I care about	42	37	49	28	27
Provides a check on my local government	40	40	48	33	37
Preserves community history	35	37	38	24	28
Creates a sense of community	34	43	57	26	35
Reflects my views on important social and political issues	11	9	10	8	8
No answer to every option	4	4	4	5	6

When asked which types of news organizations they would donate a small portion of their tax bill to, if they could, three-quarters of Americans (76%) say they would give it to local news organizations. This willingness to donate is tied to content and source, with local favored over national news (28%) and politically neutral news organizations (73%) favored over their politically motivated counterparts (18% for conservative-leaning and 14% for liberal-leaning news organizations).

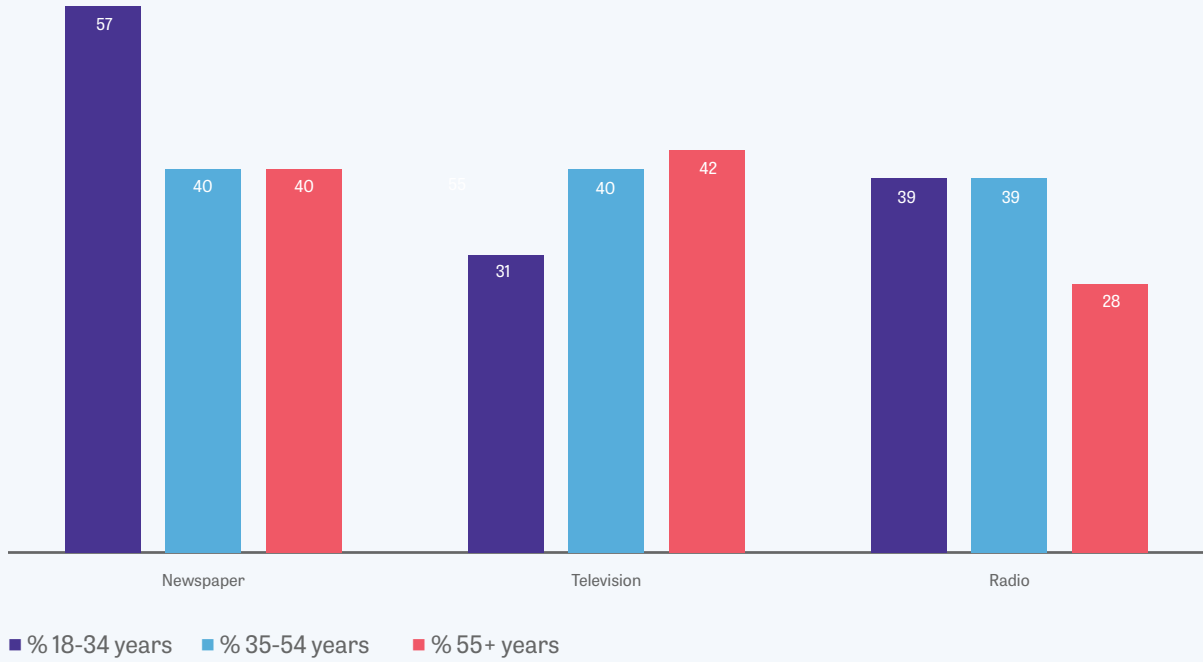
Republicans are more likely to select conservative-leaning news organizations for a tax donation (46%), compared with 29% of Democrats preferring liberal-leaning organizations. Eight in 10 Democrats and independents alike (82% vs. 84%, respectively) say they would prefer to donate to politically neutral news organizations. By contrast, just over half of Republicans (54%) say the same.

Americans are slightly more willing to donate to newspapers (45%) than to TV (38%) or radio (35%). Democrats (57%) and independents (47%) are more likely than Republicans (30%) to prefer to donate a portion of their tax bill to newspapers. Younger Americans indicate that they would prefer to donate to local newspapers (57%) compared with all other forms of media, and they are significantly more likely than their older counterparts (40%) to be willing to donate to newspapers.

FIGURE 18

Younger Americans Most Likely to Say They Would Support Newspapers Through Donations

If you could donate a small portion of your tax bill to go to the news, which of the following would you give it to? Please select all that apply.



Knight Foundation/Gallup survey Aug. 19-Sept. 3, 2019

Conclusion

Many local news organizations have struggled to develop a sustainable business model for the 21st century. The result has left several communities across the country with little or no local news coverage. In many other communities, budget and personnel cuts have reduced coverage on important topics, such as in-depth coverage of debates occurring in the state Capitol.²⁰ Many recent studies have identified how these trends could lead to negative outcomes, like increased mismanagement of public funds and lower voter turnout.²¹

This report explores attitudes and behaviors toward market and nonmarket solutions for supporting the local news industry. The results suggest a few challenges for local news organizations that are distinct from the structural changes that have disrupted the traditional business model.

- A majority of Americans believe local news organizations are doing well financially.
- Around one in three Americans say local news organizations are supporting democracy very well or well.
- The base of current individual backers is limited — only 20% of U.S. adults say they subscribed to, donated to or paid a membership to any local news organization in the past year. Thirty-four percent of Americans indicate they have ever paid for local news in their lifetime.

One key finding points toward a practical solution to the first two challenges. If newsrooms and other stakeholders give readers information about how local news organizations support democracy and how citizens' financial support makes a difference, greater numbers of Americans may be willing to support local news organizations.

The final challenge appears to be more difficult to address because the ability to broaden the base of supporters who are willing to pay for local news appears limited. Additionally, Americans are split over whether to provide government subsidies for local news. Given the current political climate, subsidies may present as much risk as opportunity for supporting local news organizations in some communities.

As a result, policymakers and advocates of local news should continue to develop innovative public and private approaches that generate broad appeal for supporting local news. Future research should complement such efforts by exploring ways to deepen support for local news, assess support for various types of subsidies, and gauge support for other business solutions that enable local news organizations to function as a pillar for informed public discourse in local communities.

²⁰ Klas, M. E. (2019). Less local news means less democracy. *Nieman Reports*. Retrieved from <https://niemanreports.org/articles/less-local-news-means-less-democracy/>

²¹ Gorle, S. (2019). Local news is the new news. *ThoughtMatter*. Retrieved from <https://medium.com/thoughtmatter/local-news-is-the-new-news-94558f6502c8>

Methodology

Results for the survey items are based on two separate, self-administered web surveys with random samples of U.S. adults, aged 18 and older, who are members of the Gallup Panel™. Gallup uses probability-based, random sampling methods to recruit its Panel members.

Interviewing for the first survey took place between July 11 and 22, 2019, and included 1,468 Gallup Panel members.

Interviewing for the second survey took place between Aug. 19 and Sept. 3, 2019, and included 1,302 Gallup Panel members.

Gallup weighted the obtained samples to correct for nonresponse. Nonresponse adjustments were made by adjusting the sample to match the national demographics of gender, age, race, Hispanic ethnicity, education and region. Demographic weighting targets were based on the 2015 Current Population Survey figures for the aged-18-and-older U.S. population. For results based on any individual sample, the margin of sampling error is ± 3 percentage points at the 95% confidence level. Margins of error for subgroups are higher.

In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of public opinion polls.

The full questionnaire, topline results and raw data may be obtained upon request. For questions about how the survey was conducted, please contact galluphelp@gallup.com.

Appendix: Experiment Details

Experimental Design

Group 1: No information about local news provided

Group 2: Information about local news finances provided

Group 3: Information about effects of local newspapers on democratic outcomes provided

Group 4: Information about local news finances and effects of local newspapers on democratic outcomes provided

Local News Finance Information

According to a prominent study, many American newspapers — especially local ones — are struggling.

- Newspaper advertising revenues declined from \$40 billion in 2006 to \$16.5 billion in 2017.
- The newspaper workforce fell from more than 74,000 to just over 39,000 between 2006 and 2017.
- Weekday circulation fell from 52 million Americans in 2006 to less than 31 million in 2017.

Local News Effect on Democracy Information

According to a prominent study, the following patterns have been observed in communities that have seen a reduction in local news reporters or that no longer have a local newspaper:

- Fewer residents vote in elections.
- Fewer people run for office, such as mayor, which means fewer choices for voters.
- Residents less likely to say they are well-informed about the issues and candidates in local elections.

The John S. and James L. Knight Foundation



Knight Foundation is a national foundation with strong local roots. We invest in journalism, in the arts and in the success of cities where brothers John S. and James L. Knight once published newspapers. Our goal is to foster informed and engaged communities, which we believe are essential for a healthy democracy.

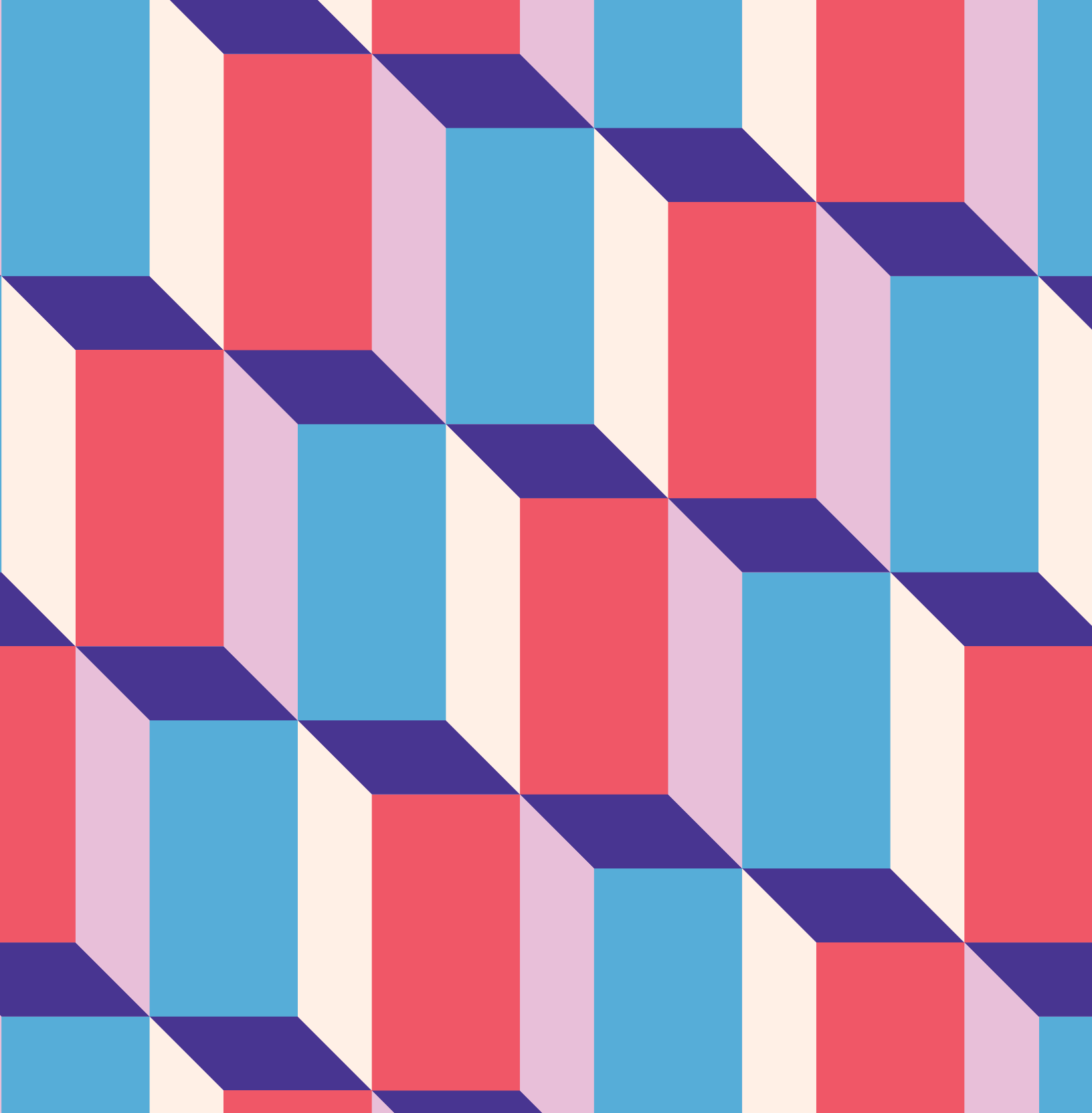
For more information, visit kf.org.

Gallup



Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.

For more information, visit www.gallup.com or education.gallup.com.



GALLUP®

World Headquarters

The Gallup Building
901 F Street, NW
Washington, D.C. 20004

t +1.877.242.5587

f +1.202.715.3045

www.gallup.com