A Year of Media Upheaval

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By Sara Fischer

TORONTO, Ont. Canada—Two thousand nineteen was a transformative year for the U.S. news-media industry, but it was also one of the most turbulent points in its history.

There were enormous business challenges that resulted in an unprecedented number of layoffs, desperate product maneuvers and fire-sale deals.

Driving the news

The impeachment of President Trump by the House of Representatives on Thursday was prompted by a whistleblower's complaint, but the stage was set by the dogged reporting of many journalists across the country.

But, despite those efforts, the economic outlook of the news industry is still grim heading into 2020.

The impeachment process has proven that voters are starting to tune out political coverage, which for the past few years has been the news industry's biggest moneymaker. That reality, coupled with an anticipated recession, has newsrooms on edge.

Where things stand

Two thousand nineteen was a particularly brutal year for older news industries, like newspapers, magazines, television and radio. Revenue for television was down nearly 4% this year, and for print it was down nearly 20%.

Legacy magazine brands that were once considered must-reads, like *Sports Illustrated,* struggled to find suitors. Magazine titans like Conde Nast are expected to miss their revenue numbers given a bleak advertising forecast.

Univision, one of the largest media companies that serves America's fastest-growing population, is looking for a buyer to help it crawl out of a massive debt hole, driven by a private-equity investment gone bad.

Be smart

Legacy industries still continue to serve local news markets that are mostly void of the same investments financially, and in tech and talent, as national outlets.

The two biggest local newspaper holding groups—New Media (GateHouse and Gannett) and McClatchy—which collectively house over 700 newspapers—had a combined market cap value as of Thursday of less than $800 million. By comparison, Apple, which this year launched its own news product, is worth more than $1.2 trillion.

Meanwhile, several other papers serving major markets closed, like the 150-year-old *Vindicator* in Youngstown, Ohio, and the beloved *OC Weekly* in California.

Regulators, aware of the realities that legacy industries and local media face in a digital world, continued efforts to level the playing field this year, mostly by trying to roll back decades-old rules that may be keeping them from growing.

But their efforts have proven mostly moot as most consumers have already migrated away from those media to a handful of apps owned by Silicon Valley titans.

Policymakers did begin to more meaningfully consider regulating Internet giants in 2019, but a gridlocked Congress and powerful lobbying forces have so far prevented any meaningful Internet regulation from getting passed.

In the markets, a string of highly anticipated IPOs faltered in 2019, which forced investors in private media companies to push for quicker paths to profit.

Given that news is traditionally a slow-growth business, many desperate efforts to make money quickly, like launching half-baked subscription or video products, fell short.

For some media upstarts, that pressure proved perilous. Splinter, the left-leaning news and opinion site, shut down this year after its parent company, G/O Media, was purchased by a private-equity company for less than half of what it was worth just three years earlier.

Its sister company, Deadspin, is now essentially defunct.

The big picture

As a result of these realities, investor sentiment in digital media has begun to slip, and investments in the sector are predicted to decline in the next decade.

That matters because, over the past few years, private investment into media companies soared at all levels.

Many of the venture-backed media companies that were expected to go public eventually, like Buzzfeed and Vice Media, no longer seem heading in that direction. Disney this year wrote down all of the $400 million it invested in Vice.

Between the lines

These challenges took a human toll on journalists and news-industry employees around the country. By some estimates, nearly 8,000 people were laid off or lost their jobs in media in 2019. That level of attrition is on pace to be the highest it’s been since the 2009 recession.

Yes, but

The challenges that most media companies face have forced them to innovate faster and, in many cases, reach new heights.

Most media companies distribute content to far more people than ever before through dozens of new channels ranging from Netflix to TikTok.

Many broke stories this year that will define our generation, like *The Washington Post's* investigation into the decades-long lies told by officials about the war in Afghanistan or *The Miami Herald's* explosive reporting about Jeffrey Epstein.

The bottom line

But, despite those feats, news media companies as a whole have mostly suffered—and there's no sign that the economic outlook is going to get better any time soon.