

TODAY
MORNINGS

NBC
NIGHTLY
NEWS
WITH BRIAN WILLIAMS
EVENINGS



NBC NEWS

Adam Jones

Senior Vice President NBC News

“The Cosmic Change in the News business”

21 May 2010

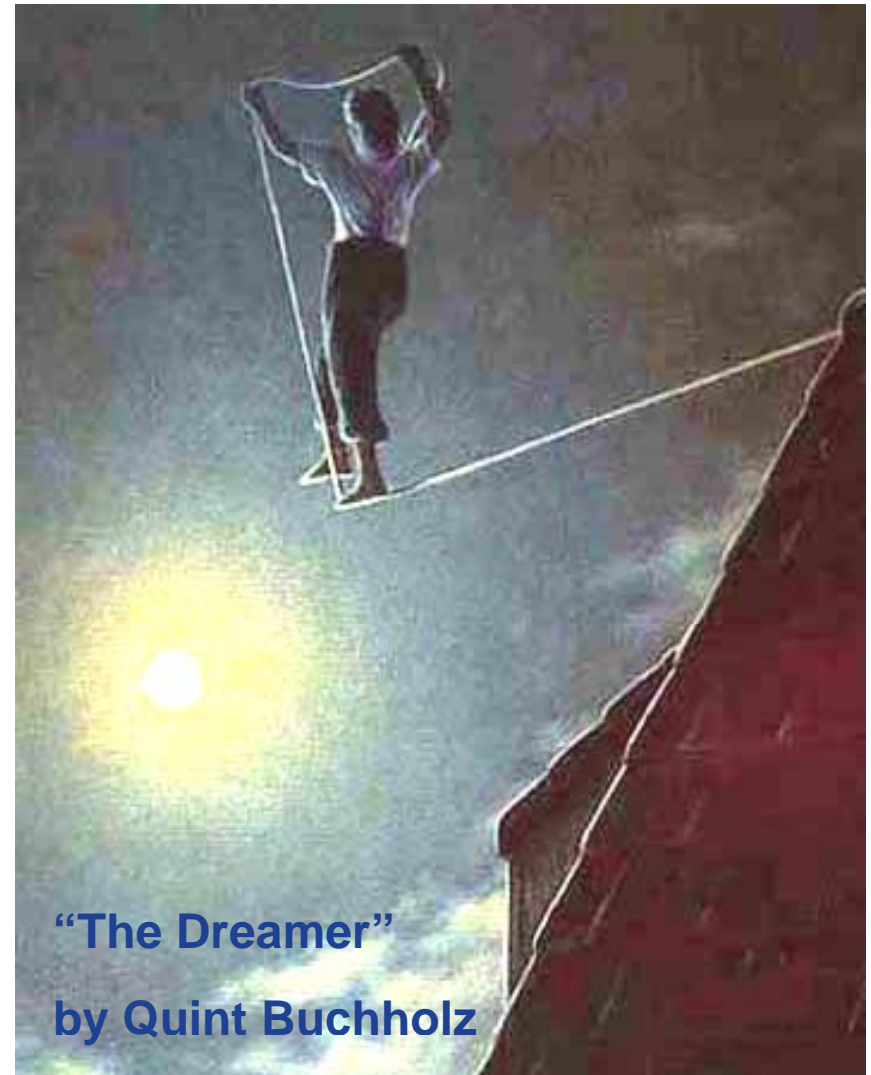
MEET THE PRESS
WEEKENDS

DATELINE
AMERICA'S FAVORITE
TELEVISION NEWSMAGAZINE

What Is The Future Of News?

Agenda

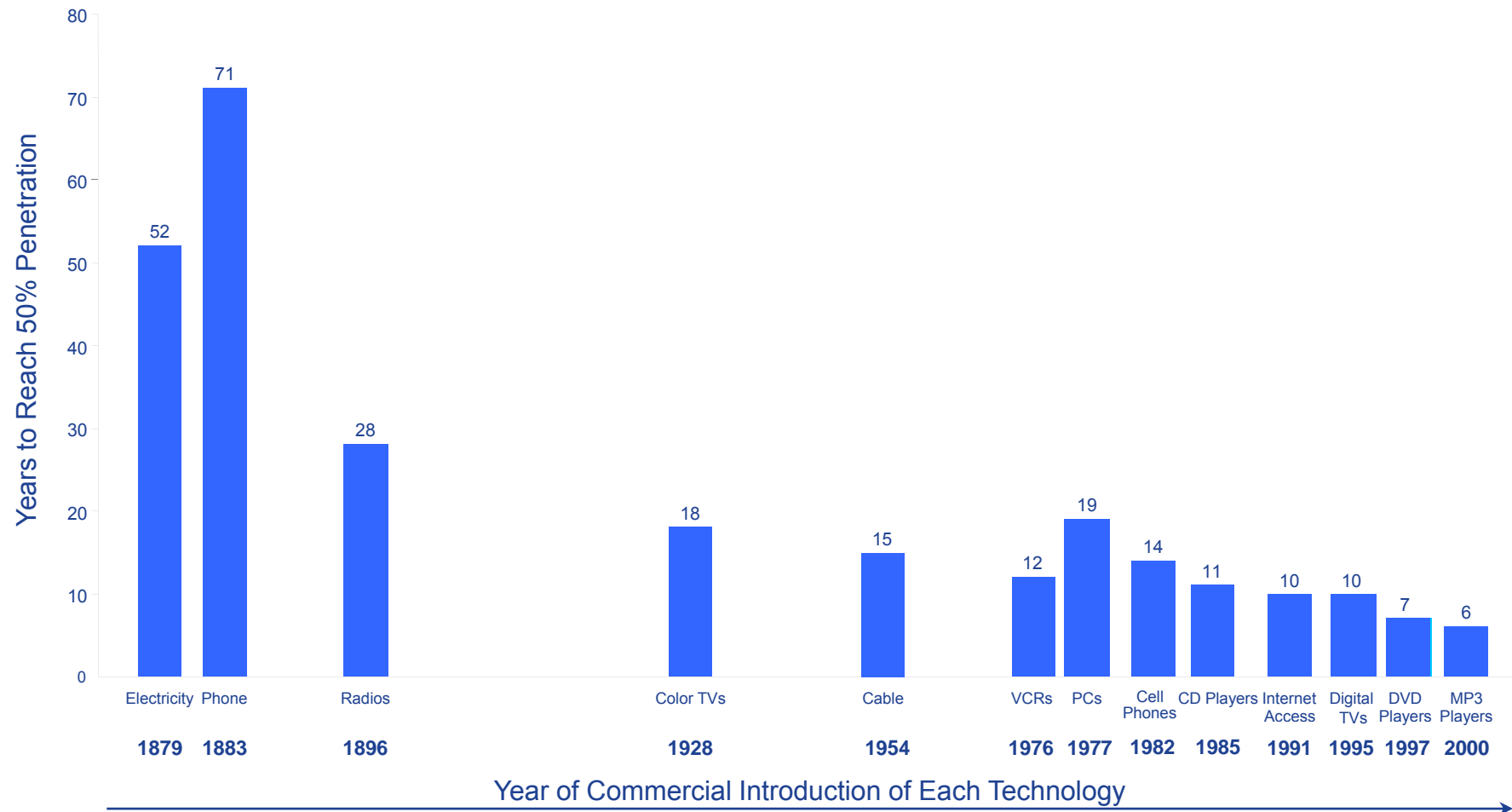
- Technology adoption and pace of change
- Decline of printed news
- Decline of broadcast news
- Internet; emergence of on demand
- Growth of online news consumption
- Where are the opportunities?
- NBC News case study - structural and cultural transformation



"The Dreamer"
by Quint Buchholz

Technology Adoption Rates Increasing

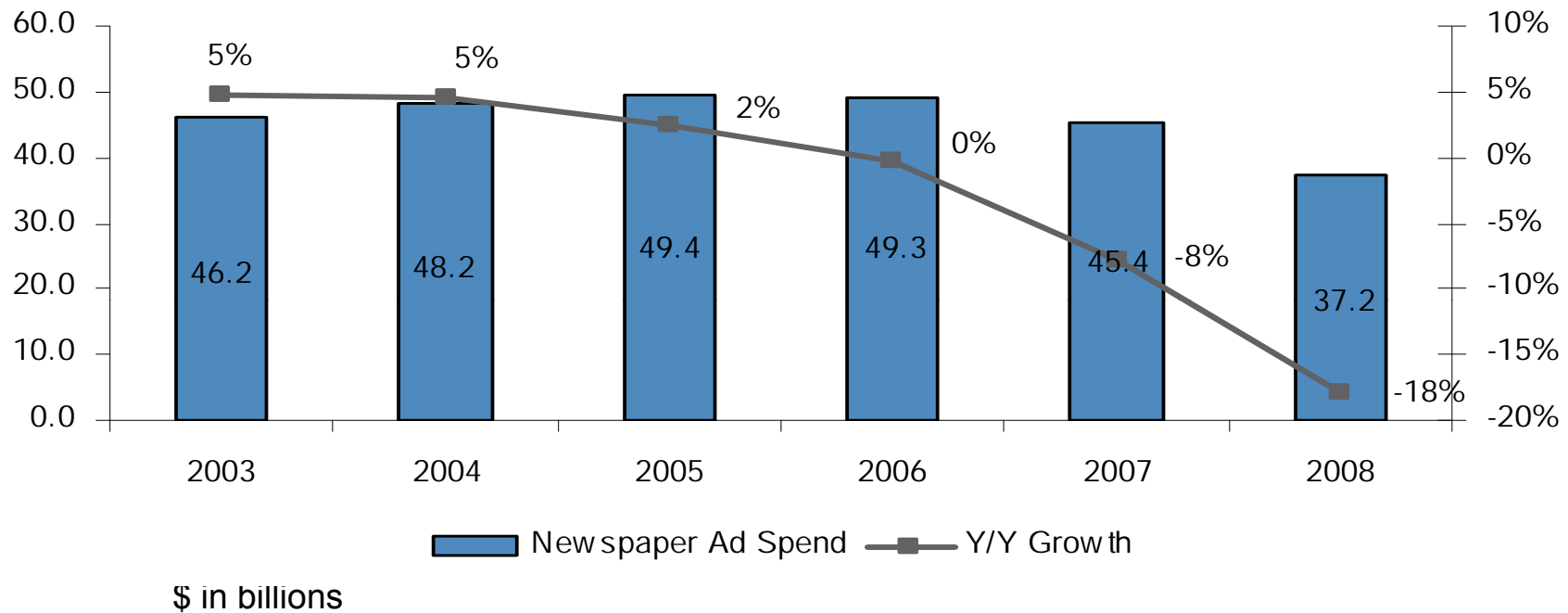
- Transformative media and communications technologies are gaining consumer adoption at increasing rates
- Achievement of critical mass (50% HH penetration) now frequently attained in less than a decade



Decline of Print News

Year	Population	Morning circulation	Pct. of population	Evening circulation	Pct. of population	Total morning /evening	Pct. of population
1960	180,671,158	24,028,788	13.30%	34,852,958	19.29%	58,881,746	32.59%
1965	194,302,963	24,106,776	12.41%	36,250,787	18.66%	60,357,563	31.06%
1970	205,052,174	25,933,783	12.65%	36,173,744	17.64%	62,107,527	30.29%
1975	215,973,199	25,490,186	11.80%	35,165,245	16.28%	60,655,431	28.08%
1980	227,224,681	29,414,036	12.94%	32,787,804	14.43%	62,201,840	27.375%
1985	237,923,795	36,361,561	15.28%	26,404,671	11.10%	62,766,232	26.38%
1986	240,132,887	37,441,125	15.59%	25,060,911	10.44%	62,502,036	26.03%
1987	242,288,918	39,123,807	16.15%	23,702,466	9.78%	62,826,273	25.93%
1988	244,498,982	40,452,815	16.55%	22,242,001	9.10%	62,694,816	25.64%
1989	246,819,230	40,759,016	16.51%	21,890,202	8.87%	62,649,218	25.38%
1990	249,464,396	41,308,361	16.56%	21,015,795	8.42%	62,324,156	24.98%
1991	252,153,092	41,469,756	16.45%	19,217,369	7.62%	60,687,125	24.07%
1992	255,029,699	42,387,813	16.62%	17,776,686	6.97%	60,164,499	23.59%
1993	257,782,608	43,093,866	16.72%	16,717,737	6.49%	59,811,594	23.20%
1994	260,327,021	43,381,578	16.66%	15,923,865	6.12%	59,305,436	22.78%
1995	262,803,276	44,310,252	16.86%	13,883,145	5.28%	58,193,397	22.14%
1996	265,228,572	44,789,322	16.89%	12,200,486	4.60%	56,989,808	21.49%
1997	267,783,607	45,433,888	16.97%	11,294,021	4.22%	56,727,902	21.18%
1998	270,248,003	45,643,495	16.89%	10,538,603	3.90%	56,182,092	20.79%
1999	272,690,813	45,997,367	16.87%	9,981,971	3.66%	55,979,332	20.53%

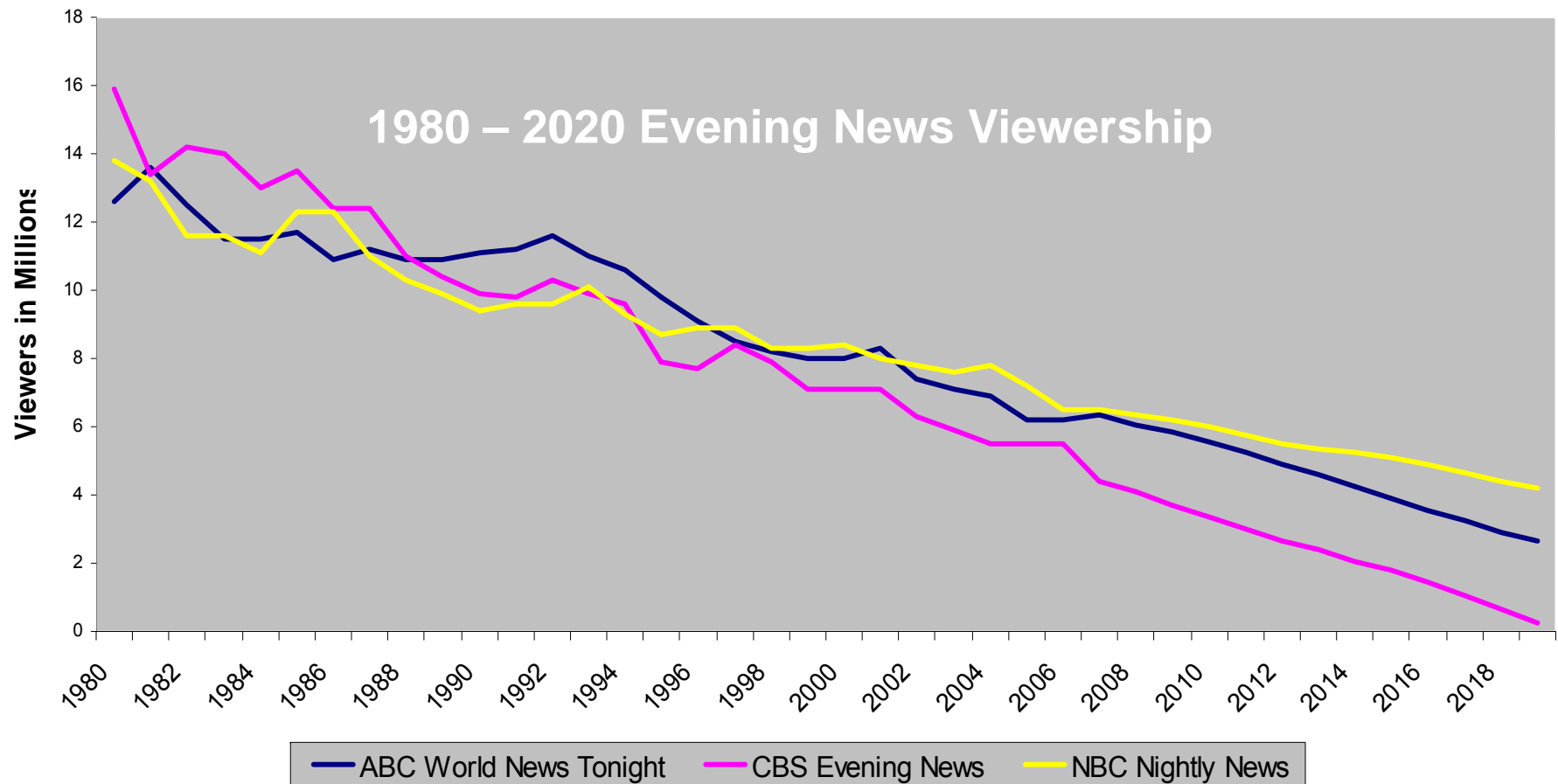
Newspaper Ad Market Share Losses



- Increased dependence on the internet medium for breaking news
- Emergence of blogs as a trusted news source and opinion provider
- Failure of newspapers to manage their existing cost structure, making their business model unsustainable in future

Market Reality of Broadcast News

- Network news viewership is in irreversible decline as consumption shifts to online and cable
- Traditional network news business model is broken; revenue going down, costs going up)



Competitive Assessment of News Landscape

April 25, 2008: BBC Director-General Mark Thompson Noted

"There's a big shock coming. The second wave of digital will be far more disruptive than the first and the foundations of traditional media will be swept away, taking us beyond broadcasting.

We need a creative response to the amazing, bewildering, exciting and inspiring changes in both technology and expectations.

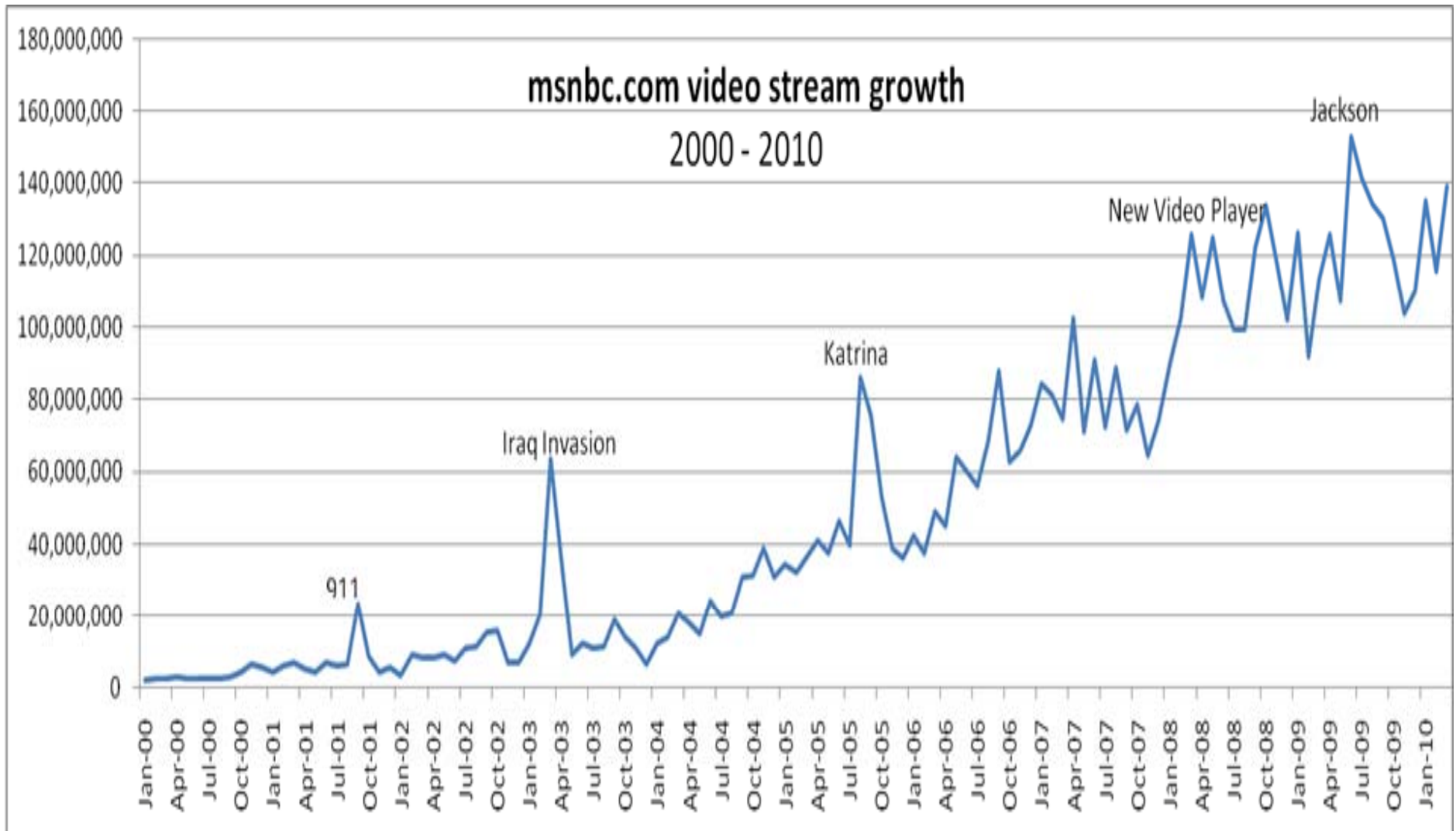
On-demand changes everything. It means we need to rethink the way we conceive, commission, produce, package and distribute our content.

This isn't about new services it's about doing what we already do differently.

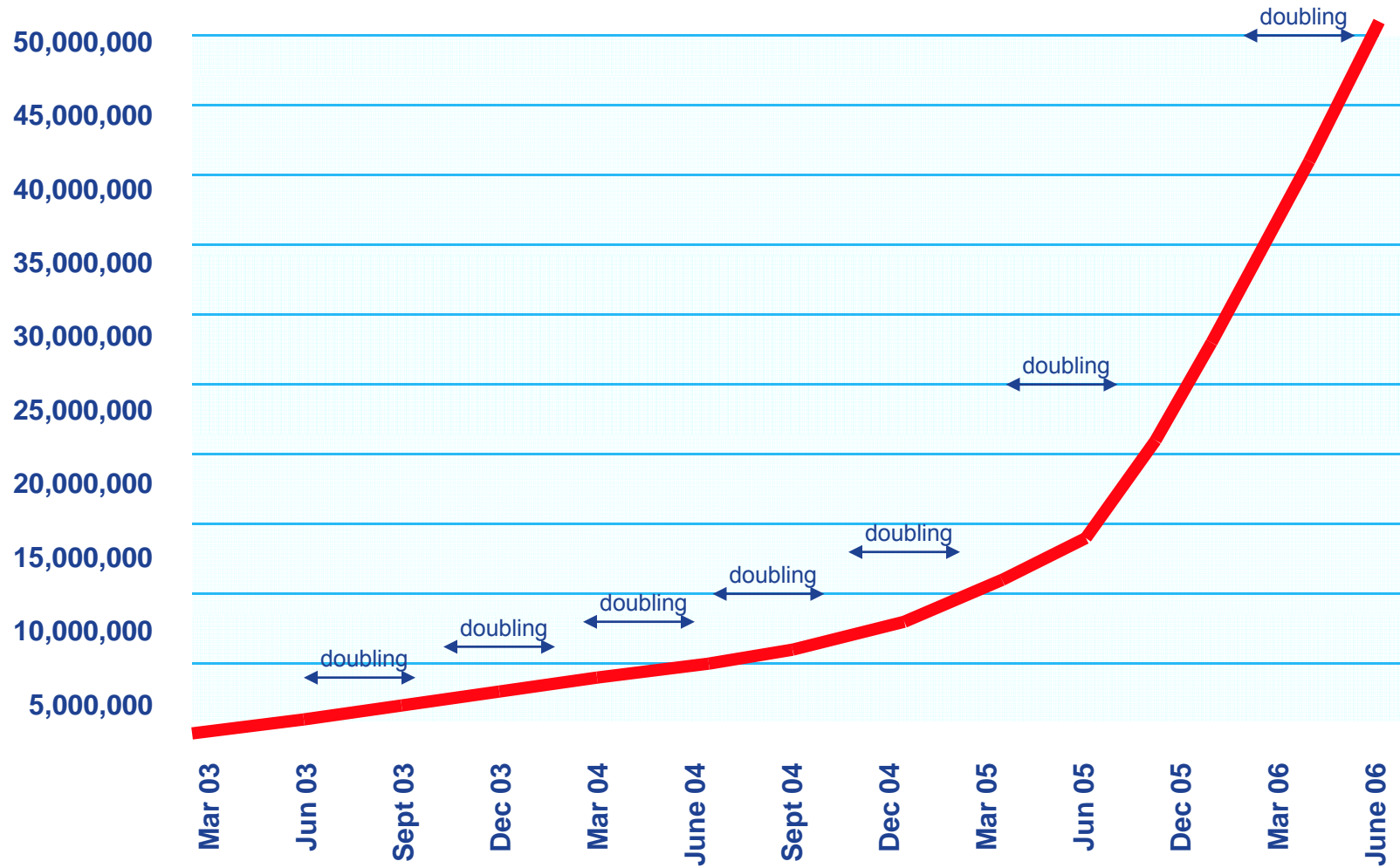
We should no longer think of ourselves as a broadcaster of TV and radio and some new media on the side.

We should aim to deliver content to our audiences in whatever media and on whatever device makes sense for them, whether they are at home or on the move. “

Growth in online news video consumption



The Growth of Weblogs



Source: www.technorati.com

Choice Fragments Market

- *Capacity to make content accessible to the consumer has exponentially expanded*
 - *Digital bandwidth compression allows proliferation of cable programming*
 - *Broadband penetration and ease of use make online access available to most consumers*
- *Storage, access, and delivery costs decrease enabling time, place and platform shifting*



More competition for consumer attention emerges

- Incumbents making more premium content continuously available
- Taking advantage of new outlets to expose library content
- Small players/new entrants who face lower barriers to entry
- New open media: broadband, gaming, wireless, or over the top video

Distribution and marketing have less influence on consumer behavior

- Video highly searchable and available on an a la carte basis
- Consumers grow increasingly comfortable seeking out their preferences
- Popularity less predictable
- Allows rapid emergence of new properties and brands

Affinity brands still matter

- In a crowded world, brands can matter more than ever
- the brand may not be the same as we have historically thought
- Stand-out brands are those that the consumer has a true affinity with—properties such as networks like CNBC

Opportunity in the Bookends

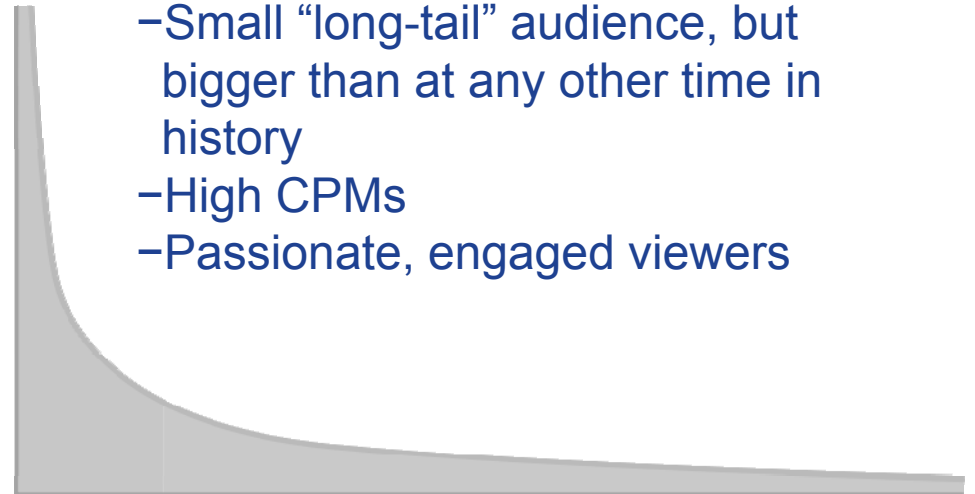
- As options proliferate, most content will have a smaller audience
- As it becomes easier to watch what you want when you want it, content needs to draw viewers on its own merits
 - Less of a halo effect: “what’s on next”
 - Less filler: “I’ll watch this because nothing better is on”
- As a result, there will likely be two winners:

High quality
hits and events

- In a fragmented marketplace, **brand advertisers** have fewer vehicles by which to reach mass market
- UGC/ Low production value video will not take the place of high quality hits
- More ways to reach the consumer; hits can be even bigger

Targeted content in desirable
advertising categories

- Search fuels long-tail traffic
- Small “long-tail” audience, but bigger than at any other time in history
- High CPMs
- Passionate, engaged viewers



Extract from NBC News 2007 Strategy Plan

Structural and Cultural Transformation

“If you want an innovative environment, hire innovative people, listen to them tell you what they want, and do it.” Arthur D. Levinson, Chairman & Chief Executive, Genentech - the world's foremost biotech company.

- Core franchises under pressure but genre remains as important as ever
- Cost-orientated efforts will not sustain long term growth
- Ability to innovate is key to generating sustainable growth
- Need to understand the changing behavior of our customers
- Focus on future needs and business models; on demand versus format
- Recruit the right people (mix and skill set) to adapt to the new world

Understand and Communicate The Reality

No Change = Death

Extract from NBC News 2007 Strategic Plan.. Headlines

- Radical overhaul of network news structure...complete redesign with focus on future needs and business models
- Consolidate editorial & technical production capability for multi-platform delivery
- Accelerate cost reduction initiatives
- Shift resources to support growth platforms (cable, online, mobile)
- Identify and fund growth opportunities (digital, productions, education)
- MSNBC is the jewel in the crown for margin growth; grab #2 slot from CNN
- Protect #1 position to ensure brands are positioned for growth
- Be mindful of risks; quality cannot be sacrificed, newsgathering is expensive, cost to intellectual capital and human talent during downsizing
- Deliver on financial commitments

News & Information Studio Vision

Centralized Editorial & Operations Model



Balancing “Centralization” and Brand “Specialization” is Crucial

Wireless – the latest “game changer”

In 2010...

- PC penetration will exceed 1 billion (~15% of global population)
- Mobile penetration will exceed 5 billion (~75% global population)
- 1/2 billion people accessed mobile internet in 2009 and projected to more than double in next 5 years, overtaking the PC
- By 2011 over 85% of new handsets will be able to access mobile Web
- Key drivers for mobile usage will be money transfer, location-based services, search and browsing, health monitoring, IM and music.

