Access and Exposure to the Local News Media in U.S. Cities

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Extended Abstract

In the past two decades, traditional local news media have been challenged by increased competition from online platforms and social media, and as a consequence, the relative importance of traditional local news providers has been diminished, forcing them to save costs and downsize operations. The objective of this paper is to enhance our understanding of access and exposure to local news in U.S. cities after the adjustments forced by the transition to digital media.

In this paper, our empirical analysis reveals two important findings. First, we document that low-skill and minority individuals typically have stronger preferences for and stronger exposure to local news than high-skill and white individuals who prefer national and international news. These gaps exist for all relevant local news topics ranging from crime and local politics to schools and the local economy. Second, we find that the rise of digital media and the resulting changes in preferred media choices have not affected all parts of society equally. In particular, high-skill and white individuals have more rapidly embraced online and social media, while low-skill and minority individuals still heavily rely on traditional news providers.

To gain some additional insights into the underlying mechanisms that influence access and exposure to local news media, we develop and estimate a model of consumer behavior to study a media market with different news providers. Our findings suggest that traditional news providers – especially printed newspapers and TV – no longer have a comparative advantage in local news production relative to online providers and social media. Yet, we also find that most individuals prefer to obtain local news from a variety of diverse providers. Using our model, we further estimate the average welfare costs associated with the decline of the local printed newspaper, and find that the loss of the local newspaper reduces welfare on average by $923, which is well above the annual subscription costs in most markets. Moreover, we find that the welfare losses tend to be larger for disadvantaged individuals.

Lastly, given these potentially significant welfare losses, we study policies that promise to offset the decline of traditional news media. Using the estimated model, we find that the quality of online (social) media needs to increase by 23.3 (49.8) percent to offset the loss of the local newspaper, which implies that a serious upgrade of digital media is needed to substitute for the existing printed newspaper fully.