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Times call for changes, author tells broadcasters

Economic downturn called opportunity to modernize

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Broadcasters are losing ads due to the recession and audience share to the Internet.

And the economy is not getting better in the foreseeable future.

Not that it's an entirely bad thing, author Richard Florida told an audience at the National Association of Broadcasters convention Monday.

Florida, author of "The Rise of the Creative Class," and "Who's Your City," urged broadcasters gathered in the Las Vegas Hilton to view upheaval in the economy as an opportunity.

He referred to the current recession as, "the great reset," which he said captures the roiling social, economic and technological currents that accompany sudden financial crises.

Speaking to an audience of several hundred, Florida said similar crises in the 1870s and 1930s birthed the rise of industrialization, the harnessing of electricity, invention of the telephone and advances in mass production and broadcasting.

And he urged broadcasters to forget about reviving business models that worked before the recession and start thinking about how to grow into the future.

"Resets take time," said Florida, noting periods of upheaval he referenced lasted from 1873 to 1896 and 1929 to 1950. "We are going to be in this for the long haul, maybe if we are lucky we can shorten the time."

The broadcasters show, held every year but one since 1923 and in Las Vegas since the mid-1970s, runs through Thursday at the Las Vegas Convention Center and the Hilton.

Typically, the show draws about 100,000 attendees and is one of the largest annual events for Las Vegas.

Attendance figures aren't available for 2009, but foot traffic appeared slower than usual and there were more empty seats for Florida's address than at past keynote addresses.

The broadcast industry is suffering badly from the recession. Television industry revenue alone was down 7 percent in 2008 and the \$20.1 billion stations made in revenue was the lowest since 2000, according to BIA Advisory Services, a media financial consultant.

"We are living through the greatest economic transformation in human history," Florida said.

During previous upheavals, people spent the early years of tough times pining for a return to better days, he said.

"We wish so badly we can bring back the old way of life," he said.

Instead, he called on broadcasters to think about how to modernize their businesses.

He said they should seek to serve a growing demographic of "creative class" people. The group isn't identified by race, country of origin or a specific social background.

Instead, it is the increasing number of people who work with their minds to create technology, entertainment, art or anyone who uses their brain instead of their back to make a living.

Florida's definition of the creative class is a group of people who were just 5 percent of workers in the early 1900s, 10 percent of the work force in 1950 and now represent 40 million Americans and more than half of all wages and salary earned in the country.

"If you are selling things, they are your audience," Florida said.

How many television broadcasters -- or for that matter radio stations and newspapers -- will survive to mine Florida's creative class remains to be seen.

Audiences are gathering more news and entertainment online, which is cheaper to produce in most cases but doesn't fetch as much advertising revenue.

Longtime broadcasters are forced to adapt systems and equipment to chase after the audience. Some of the popular devices for the pursuit include digital broadcasting and, in the future, mobile television that would allow hand-held devices to receive radio and television broadcasts.

David Rehr, president and CEO of the National Association of Broadcasters, thinks lassoing customers with mobile devices could be worth \$2 billion or more in revenue for broadcasters across the country in 2012 and beyond.

"There are great opportunities for radio and television," Rehr said.

He cited the current dominance of broadcast as the nation's mass medium as an advantage.

According to Rehr, 488 of the top 500 television programs come via broadcast and 99 percent of video viewing is on television.

"Using radio and television, we can drive consumers online," he said.

In the meantime, though, broadcast is hurting. And newsrooms are bearing the brunt of the pain.

According to a survey distributed at the event by the Association of Electronic Journalists, television news jobs and salaries declined more than the job market as a whole in 2008.

The survey said television news lost 1,200 jobs in 2008, a 4.3 percent decline. The overall drop in U.S. employment was 3.8 percent during the same period, the results said.

Also, television news reporters saw salaries fall 13.3 percent, news anchors' salaries were down 11.5 percent, weathercaster salaries were down 9.1 percent and sports anchor pay was down 8.9 percent.

"Television is clearly suffering from the same stress as the entire economy, but stations are by no means giving up on local news," said Bob Papper, director of the survey and chairman of the journalism department at Hofstra University.

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