

BUSINESS NEWS IMPACT STUDY

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Prepared For

Donald W. Reynolds National Center
for Business Journalism

Prepared By

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INTRODUCTION

This report was commissioned by the Donald W. Reynolds National Center for Business Journalism and conducted by Behavior Research Center (BRC). The purpose of the study was to measure the impact of business and economic news on investment plans and decisions of individuals.

The information contained in this report is based on 450 in-depth interviews with heads of household who participate in the household's financial decisions, and whose household income totals \$50,000 or more, throughout the United States. All interviewing was conducted in November 2008 by professional interviewers at BRC's state-of-the-art Computer Assisted Telephone Interviewing (CATI) facility in Phoenix. Interviewing was conducted under the direct supervision of BRC supervisory personnel who randomly monitor interviews as they are conducted and who validate completed interviews. Prior to beginning the interviews, all interviewers were trained in all aspects of this job, including protocols for open-ended questions and sampling techniques.

When reviewing the results from this survey, it should be kept in mind that all surveys are subject to sampling error. Sampling error, simply stated, is the difference between the results obtained from a sample and those that would be obtained by surveying the entire universe under consideration. The overall sampling error for this survey is approximately +/-4.7 percent at a 95 percent confidence interval.

Behavior Research Center has presented all of the data germane to the basic research purposes of this project. However, if Donald W. Reynolds National Center management requires additional data retrieval or interpretation, we stand ready to provide such input.

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STUDY FINDINGS

NEWS SOURCES ON ECONOMIC ISSUES

Television is the principle source of economic news for half (48%) of respondents. Newspapers are relied on by 21 percent, with the Internet the prime source to 16 percent. Among those under 35 years of age, the Internet is relied upon by 45 percent, compared to just nine percent of those 55 and older who rely on the Internet for economic news.

TABLE 1

“To begin, for news on economic issues, do you generally rely most on daily newspapers, radio, television or from another source?”

	Newspapers	Radio	TV	Internet	Other
Total	21%	8%	48%	16%	7%
<u>GENDER</u>					
Male	22	10	41	20	7
Female	20	7	55	11	7
<u>AGE</u>					
Under 35	10	13	29	45	3
35 to 54	14	11	50	19	6
55 +	27	5	50	9	9
<u>LOCATION</u>					
Northeast	15	9	58	13	5
South	19	6	48	18	9
Midwest	24	5	46	19	6
West	22	13	43	14	8
<u>VALUE OF INVESTMENTS</u>					
Under \$500K	19	10	51	15	5
\$500K +	22	8	42	17	11

RATING OF TELEVISION NEWS

Those who primarily get their economic news from television were asked to rate the information they get from that source. Six in ten (62%) rate it positively, although just six percent give television reporting on economic issues an “excellent” rating. Those in the south and west are most negative.

TABLE 2

Among Those Who Get Economic News From Television

“In general, do you feel the information on economic issues you get from television news is excellent, good, only fair or poor?”

N = 217	<u>Excellent</u>	<u>Good</u>	<u>Only Fair</u>	<u>Poor</u>	<u>Not Sure</u>
Total	6%	56%	30%	5%	3%
<u>GENDER</u>					
Male	10	48	30	9	3
Female	3	62	30	3	2
<u>AGE</u>					
Under 35	11	22	56	11	0
35 to 54	3	55	35	5	2
55 +	8	58	25	5	4
<u>LOCATION</u>					
Northeast	6	66	18	4	6
South	7	44	42	6	1
Midwest	8	67	18	7	0
West	4	52	37	5	2
<u>VALUE OF INVESTMENTS</u>					
Under \$500K	5	52	36	5	2
\$500K +	9	51	28	6	6

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## RATING OF RADIO NEWS

Likewise, those who get most of their economic news from radio were asked to rate that as a source. Eight in ten (81%) rate radio positively on this dimension. However, the reader is cautioned that these data are derived from a very small sample size (N=37), and are therefore subject to significant statistical bounce.

TABLE 3

Among Those Who Get Economic News From Radio

*"In general, do you feel the information on economic issues you get from radio news is excellent, good, only fair or poor?"*

N = 37

|           |          |
|-----------|----------|
| Excellent | 27%      |
| Good      | 54       |
| Only fair | 16       |
| Poor      | <u>3</u> |
|           | 100%     |

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TELEVISION NETWORKS RELIED ON

Fox (22%), NBC (18%), ABC (15%) and CNN (15%) are the television networks most respondents relied on for economic news. Interestingly, CNBC Business Network is the next-most relied on, just ahead of CBS.

TABLE 4

Among Those Who Get Economic News From Television

(IF TELEVISION IN Q1, ASK:) “Which network do you usually rely on?” (DO NOT READ LIST UNLESS RESPONDENT CAN ONLY IDENTIFY CHANNEL NUMBER; DO NOT RECORD CHANNEL NUMBER)

Fox Network	22%
NBC	18
ABC	15
CNN	15
CNBC Business Network	8
CBS	7
MSNBC	4
Fox Business Network	2
Other	4
Don't rely on just one	1
Not sure	<u>4</u>
	100%

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## RATING OF TELEVISION NETWORKS ON ECONOMIC REPORTING

All respondents were asked to rate eight television networks and their local news radio as to their accuracy in reporting economic news, using a ten-point scale where ten means it is extremely accurate and one means it is not at all accurate. As may be seen in Table 5, none rate appreciably above the mid-point, with CNN and Fox News at the top of the list with mean scores of 6.5.

TABLE 5

*“Thank you. Now I’m going to read you a list of broadcast media sources people have told us they use for economic news. As I read each, please tell me, based on your own experience, how accurate it is in reporting news about economic issues and world events that may impact the economy. Use a ten-point scale, where ten means it is extremely accurate and one means it is not at all accurate. If you have never used a source that I mention, please say so.”*  
(READ EACH; ROTATE SEQUENCE)

10-Point Scale: 1 = Not at All Accurate,

10 = Extremely Accurate

|                       | Mean | % Never<br>Used |
|-----------------------|------|-----------------|
| CNN                   | 6.5  | 21%             |
| Fox News              | 6.5  | 24              |
| CNBC Business Network | 6.3  | 49              |
| Fox Business Network  | 6.3  | 49              |
| Local news radio      | 6.2  | 32              |
| ABC News              | 6.1  | 25              |
| NBC News              | 6.0  | 19              |
| MSNBC                 | 6.0  | 33              |
| CBS News              | 5.9  | 28              |

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The same networks were then rated on being fair and unbiased in their economic reporting, using the same ten-point scale. On this dimension, they generally score lower than they do on accuracy. Local news radio is ranked as more fair and unbiased than are any of the television networks.

TABLE 6

“Now, I’m going to go through the same list of media outlets and ask you rate each on how fair and unbiased its business reporting appears to you. Use the same ten-point scale, where ten means it is completely fair and unbiased and one means it is completely unfair and biased.” (READ EACH; ROTATE SEQUENCE; DO NOT READ ANY WHICH WERE RECORDED IN Q4 AS “NEVER USED”)

10-Point Scale: 1 = Completely unfair and biased,

10 = Completely fair and unbiased

	<u>Mean</u>	<u>% Never Used</u>
Local news radio	6.3	9%
Fox News	6.1	2
Fox Business Network	6.1	12
CNN	6.1	3
ABC News	5.8	3
NBC News	5.7	4
CBS News	5.6	4
CNBC Business Network	5.6	13
MSNBC	5.3	10

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## FINANCIAL DECISIONS MADE BECAUSE OF BUSINESS NEWS

In the past year, half (49%) of respondents have made household financial decisions based on news about the economy, while four in ten (41%) have done so based on stock or bond market news. Three in ten (29%) have made financial decisions based on news of world events, while two in ten have made such decisions based on news about the housing market (21%), credit and debt problems (21%) and the job market (18%).

TABLE 7

*"In the past year, have you made any financial decisions for your household, such as buying or selling stocks or real estate or changing your retirement account investment mix based on news you heard or saw on each of the following subjects?" (READ EACH; ROTATE SEQUENCE)*

|                             | % YES             |                 |                |               |                          |                             |
|-----------------------------|-------------------|-----------------|----------------|---------------|--------------------------|-----------------------------|
|                             | Housing<br>Market | World<br>Events | The<br>Economy | Job<br>Market | Stock/<br>Bond<br>Market | Credit/<br>Debt<br>Problems |
| Total                       | 21%               | 29%             | 49%            | 18%           | 41%                      | 21%                         |
| <u>GENDER</u>               |                   |                 |                |               |                          |                             |
| Male                        | 24                | 33              | 49             | 17            | 46                       | 25                          |
| Female                      | 18                | 24              | 48             | 19            | 36                       | 16                          |
| <u>AGE</u>                  |                   |                 |                |               |                          |                             |
| Under 35                    | 26                | 36              | 52             | 39            | 36                       | 29                          |
| 35 to 54                    | 23                | 27              | 51             | 20            | 37                       | 22                          |
| 55 +                        | 19                | 31              | 50             | 14            | 46                       | 20                          |
| <u>LOCATION</u>             |                   |                 |                |               |                          |                             |
| Northeast                   | 14                | 24              | 45             | 17            | 35                       | 27                          |
| South                       | 24                | 32              | 54             | 16            | 48                       | 22                          |
| Midwest                     | 21                | 26              | 48             | 23            | 38                       | 16                          |
| West                        | 25                | 35              | 51             | 19            | 41                       | 23                          |
| <u>VALUE OF INVESTMENTS</u> |                   |                 |                |               |                          |                             |
| Under \$500K                | 20                | 24              | 45             | 17            | 33                       | 19                          |
| \$500K +                    | 24                | 36              | 56             | 20            | 51                       | 24                          |

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In Table 8, we note that fully six in ten (62%) have made household financial decisions based on one or more of the six categories of economic news we tested. Younger respondents are most prone to making financial decisions based on news coverage of these issues.

TABLE 8

“In the past year, have you made any financial decisions for your household, such as buying or selling stocks or real estate or changing your retirement account investment mix based on news you heard or saw on each of the following subjects?”
(READ EACH; ROTATE SEQUENCE)

	Yes to Any	No to All
Total	62%	38%
<u>GENDER</u>		
Male	65	35
Female	59	41
<u>AGE</u>		
Under 35	68	32
35 to 54	66	34
55 +	60	40
<u>LOCATION</u>		
Northeast	56	44
South	71	29
Midwest	60	40
West	63	37
<u>VALUE OF INVESTMENTS</u>		
Under \$500K	58	42
\$500K +	69	31

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## MOST IMPORTANT BUSINESS NEWS

When asked to rate five subjects on their importance to them in their business news, respondents assign the highest level of importance to oil prices and their effects (7.7 mean on 10-point scale). The value of the dollar on world markets is next in this hierarchy (6.9), followed by reports about companies and jobs (6.7). Least important of the five subjects tested is the daily movement of the stock market. Women assign a significantly higher level of importance to all subjects tested than do men.

TABLE 9

*“As you can imagine, people tell us different kinds of information are important to them in business news. As I read some of the kinds of information that might be included in business coverage, please tell me how important each is to you, again using a ten-point scale where ten means it is very important information for you to have and one means it is not at all important to you.” (READ EACH; ROTATE SEQUENCE)*

Mean on 10-Point Scale: 1 = Not at All Important,  
10 = Very Important to Have

|                             | Effect of<br>Oil Prices | Housing<br>Market | Daily<br>Movement<br>of Stock<br>Market | Value of<br>the Dollar<br>Compared to<br>Other World<br>Currencies | Reports<br>About<br>Companies<br>and Jobs |
|-----------------------------|-------------------------|-------------------|-----------------------------------------|--------------------------------------------------------------------|-------------------------------------------|
| Total                       | 7.7                     | 6.5               | 6.3                                     | 6.9                                                                | 6.7                                       |
| <u>GENDER</u>               |                         |                   |                                         |                                                                    |                                           |
| Male                        | 7.4                     | 6.3               | 6.1                                     | 6.4                                                                | 6.2                                       |
| Female                      | 7.9                     | 6.8               | 6.6                                     | 7.3                                                                | 7.1                                       |
| <u>AGE</u>                  |                         |                   |                                         |                                                                    |                                           |
| Under 35                    | 7.8                     | 7.0               | 6.2                                     | 7.3                                                                | 7.5                                       |
| 35 to 54                    | 7.7                     | 6.4               | 6.2                                     | 6.7                                                                | 6.8                                       |
| 55 +                        | 7.6                     | 6.6               | 6.5                                     | 6.9                                                                | 6.4                                       |
| <u>LOCATION</u>             |                         |                   |                                         |                                                                    |                                           |
| Northeast                   | 7.7                     | 6.7               | 6.4                                     | 7.0                                                                | 6.8                                       |
| South                       | 7.6                     | 6.5               | 6.6                                     | 7.2                                                                | 6.9                                       |
| Midwest                     | 8.0                     | 6.9               | 6.4                                     | 6.4                                                                | 7.0                                       |
| West                        | 7.4                     | 6.2               | 6.0                                     | 6.6                                                                | 6.2                                       |
| <u>VALUE OF INVESTMENTS</u> |                         |                   |                                         |                                                                    |                                           |
| Under \$500K                | 7.8                     | 6.6               | 6.1                                     | 6.8                                                                | 6.9                                       |
| \$500K +                    | 7.5                     | 6.6               | 6.5                                     | 6.9                                                                | 6.7                                       |

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MOST MEMORABLE FINANCIAL NEWS OF THE PAST YEAR

In a finding that will surprise few, the most memorable financial stories of the past year are the crisis in the financial and housing markets – including the sub-prime loan scandal – and the world-wide cooperation in stabilizing the financial markets.

TABLE 10

“What financial coverage of the past year is most memorable to you?” (DO NOT READ LIST; RECORD ALL MENTIONS)

Financial crisis/federal bailout	42%
Housing market collapse	21
Sub-prime mortgages scandal	16
World cooperation in stabilizing financial markets	12
Dropping fuel prices	9
Stock market collapse	8
Collapse of the economy	3
Unemployment/loss of jobs	1
Auto industry collapse	1
Miscellaneous single mentions	1
Not sure	9

Total exceeds 100% due to multiple responses

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