

## **Media competition and news diets**

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**Abstract:** News media operate in two-sided markets, offering content to readers as well as selling readers' attention to advertisers. Technological innovations in news delivery, such as the advent of broadcast television or of the Internet, affect both sides of the market, threatening the basic economic model of news operations. In this paper, we examine how the entry of television affected local newspapers as well as consumer media diets in the United States. We construct a unique dataset of newspapers' economic performance and product characteristics covering over 1,500 local news markets from 1945 to 1964. Our empirical strategy exploits quasi-random variation in the timing of the entry of television in different markets, caused by a "freeze" in FCC licensing, to identify effects on prices, quantities, and content. The impact of television was heterogeneous: we find that while the entry of television led to a 3.4% drop in the circulation of evening newspapers and to a 5.6% decrease in their advertising revenues, it had minimal or even positive effects on morning newspapers, suggesting a possible complementarity with televised evening news. Further, we analyze how local newspapers adjusted their content in response to television's entry.