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CNN and Gannett lay off hundreds in a digital publishing bloodbath

Article

The news: Publishers across digital news are implementing layoffs and hiring freezes as the ad downturn and economic uncertainty wreak havoc on the industry.

- **CNN** laid off hundreds of employees on Thursday and Friday, targeting part-time commentators as well as full-time employees.

- **Gannett** is laying off an additional 200 employees at local papers and larger brands like **USA Today** after idling approximately 400 people just four months ago.
- **NPR** announced a hiring freeze and will cut its budget by $10 million from the current fiscal year due to decreased spending from sponsors.
- **The Washington Post** announced the closure of its news magazine and laid off 10 employees.

Ouch: The digital media industry's long decline picked up pace this year due to a mix of lower ad spending and post-merger cost-cutting.

- CNN has undergone some very public struggles this year like the dramatic failure of **CNN+** and the end of the Trump administration ratings bump, made worse by a **cord-cutting landmark** and overall reduced ad spending. To top it off, the **Warner Bros. Discovery** merger left CNN's parent with an enormous debt load that has triggered layoffs at nearly every sector of the company.
- Gannett's decay has been a long, painful one. Its hundreds of daily newspapers have been bleeding ad revenues and staff for years, but now the company finds itself in a vicious cycle. Its response to lower ad revenues and economic troubles has been to cut its editorial staff down to a skeleton crew, which worsens its news products and deters advertisers, leading to —you guessed it—even more layoffs.
- In a memo to employees, NPR head **John Lansing** had a clear answer for what's causing the pain: lower ad revenues. "It's a slowdown in the advertising market, just like with every other media company," he said. Sponsorship revenues are projected to decline by **$20 million**, and he said the future would hold a "range of potential pain."

Those are just a few of the big players. Smaller companies and niche publications have struggled brutally, sometimes disappearing entirely. The list of sunsetted publications is long but includes **Mel Magazine**, **Tencent**-owned gaming site **Fanbyte**, **Astra Magazine**, and **Input**.

The winner: Digital publishing businesses have struggled to replace dwindling advertising revenues. But a small few have emerged from the post-Trump Bump unscathed, and are positioned to bounce back with even more of an advantage.

- The most notable victor in digital publishing is **The New York Times**. A focus on subscriptions for things like games and cooking—The Times added 180,000 subscribers in Q3—and well-timed M&A like the acquisition of **Wordle** and **The Athletic** have propelled the news giant to strong quarterly results while its contemporaries struggle.

Our take: The success of The Times can't be replicated by every digital media company. But it's clear that the entirely ad-reliant digital media business model is on its way out. Businesses will have to find unique selling points to get advertisers on board, and will have to diversify revenues to outlast a downturn.

US Media Ad Spending Growth, by Media, Q1 2021-Q3 2022

% change

	Q1		Q2		Q3	
	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021
Digital	50%	24%	84%	10%	42%	5%
TV	-2%	2%	19%	-9%	-17%	-23%
Out-of-home	-4%	71%	111%	38%	87%	14%
Radio	-18%	7%	70%	-5%	0%	-18%
Magazines	-46%	-23%	-30%	-16%	-20%	-11%
Newspapers	-28%	3%	13%	-10%	27%	22%
Total	**19%**	**14%**	**52%**	**2%**	**15%**	**-6%**

Note: based on data from SMI Core; excludes ad tech/fees and other
Source: Standard Media Index (SMI), "Core Release: September 2022," Oct 20, 2022

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