



COMET

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(eds)

CHASING SUSTAINABILITY ON THE NET

Chasing Sustainability on the Net

International research on 69 journalistic pure players and their business models

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Abstract

The SuBMoJour study maps sustainable journalistic startups in nine countries. It includes an online database detailing the business models of these entrepreneurial sites (www.SuBMoJour.net) and an accompanying narrative analysis. The study supports research to date that online environments offer the necessary market characteristics for niche journalistic sites and content production. There is a rich and diverse set of media case studies in the database, all with their unique interpretation of serving communities or reportage. The study maps the business models of journalistic startups firstly within national settings, thus allowing for a comparison between countries, and secondly in terms of revenue models. It includes 69 case studies gathered by semi-structured interviews over 12 months by an international team of researchers.

In our findings the business models of the cases fall into two main categories: those which have storytelling-orientated business models and those which rely on a more service-orientated model.

The sites whose business model is based around storytelling are still prevalent in our findings. These sites focus on making money from producing original content, news and stories, for audiences. The difference to the mass media model is that in the online world the target audience is smaller. Online journalism relies heavily on niche audiences built around targeted themes such as hobbies, neighborhoods or psychographic tendencies. In this niche journalism there is a tight triangulation between journalistic content and advertised products. The other group, service-oriented business models, seems to be growing. This group consists of sites that don't try to monetize the journalistic content as such. For example citizen journalism sites are more like platforms that curate and moderate citizen-oriented content, or news aggregators compile stories from other outlets. Some startups have specialized in selling technology, information, training or diversifying to redefine what it means to do news.

The project was able to identify several revenue sources used. In advertising, display was the most widely used source including cost per view, cost per click as well as weekly rates, ad networks and sponsorship. Paywalls, subscriptions and freemium models were evidenced as methods to charge for content. Less

common were revenue sources such as affiliate marketing, donations, selling data or services, organizing events, freelancing and training or selling merchandise.

Where it was hard to evidence entirely new revenue sources, it was however possible to find new ways in which revenue sources have been combined or reconfigured. As such, while there may be a lack of new revenue sources among startups, there is potential innovation in new business models by way of combining revenue sources in new and interesting ways to make sites profitable in the long term.

Most of our cases are not challenging the legacy media, rather supplementing it by serving smaller niche audiences or finding a place in the media ecosystem as suppliers of niche content to bigger media outlets. Finding a new place in the supply and demand chain of news can become an important feature of some pure players. Grassroots product development is also an area of increasing interest. Cases within this study support a growing trend for innovative platforms, either within the app economy, multimedia or mobile.

The project aims to increase the resources on which media entrepreneurs can draw acknowledging the growing likelihood for journalists to work alongside, within or indeed create such entities. The report also offers advice for those who are planning to start their own journalistic site. For example it is crucial to keep your costs low, team small and master many skills – including entrepreneurial thinking and building relationships with the advertisers from the start. It is also important to know the niche that you are serving and build the concept so that the site offers more valuable content or services for the users than competitors.

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1. Introduction

Esa Sirkkunen, Clare Cook and Pekka Pekkala

The media landscape is changing. The stranglehold of mass media over production and dissemination is loosening, and media entrepreneurs are increasingly taking up their place in a fragmented media ecology. New global actors have emerged as the production, consumption and distribution patterns transform (Wunsh-Wincent 2010; Newman 2011). And this new era of entrepreneurialism is not just about Silicon Valley: media entrepreneurs around the world are harnessing new tools, ideas and platforms to flex their muscles and redefine what it means to do journalism.

Change is constant. The old way of making money is broken and most organisations are facing an unstable economic future, especially for those professional and legacy media in most of the Western countries. The rapid transition in media markets, which started to intensify in the USA after 2006, has more recently struck other countries. The fundamental stability of the industry as a lucrative business has been drawn into focus. Even countries like Finland and Japan with high newspaper density are facing a rapid shift in the media economy and production.

There are several common factors being faced everywhere. Firstly, the legacy media business model is struggling to adapt to an online and networked environment. As Picard (2010) states, it should be remembered that journalism has never been a viable product as such. It has always needed some other source of revenue than just the money collected directly from the readers. The mass media model that has been so successful and predominant for more than a century has based itself largely on two revenue sources: small fees collected from the mass audience and selling advertisements to subsidise the production costs. Now this model has been challenged from various sides by new media uses, products, devices and technologies. Media organisations have been, on the whole, slow to adapt to the new unique capabilities of a social and online space, failing to push

new lines of business or grapple with the pace of change (Filloux 2012). Many are burdened with legacy operating costs and, faced with the worst recession of the post-war economy, have found it challenging to cope with the rapid business transformation needed to cope with new digital competition.

There has been a lack of innovation in terms of finding – as well as conceiving – new revenue models. It is inevitable that news and ads are moving from printed outlets to Internet and/or mobile platforms. And there are more rivals for the traditional media in the ads business who collect huge user data and can target advertising to smaller segments and user profiles and do this cheaply. Overall, advertising models that supported media offline seem – for the most part – unable to do so online. Most attempts to shift business models online fail as they trade “old media dollars for new media pennies” (Nichols and McChesney 2009). The fundamental trade on scarcity of space cannot hold value in abundant space. Yet advertising remains one of the bedrocks of revenue for most media organisations.

Online and user trends also change online. Audiences have an expectation that digital content, especially breaking news, should be free. There may be more consumers of online and mobile news but fewer of them are prepared to pay for it (Anderson 2009). Readership is more sporadic and irregular than in printed forms and it is still unclear in which cases the subscription model of paying for content works online. News are now socially consumed and distributed since social media platforms have become ever more popular for sharing content.

It is also clear that the so-called pure players (online-only news providers) are growing reach since they have made their production models, content genres and business ideas to work solely online. The new media-rich environment has allowed for experimentation on many different levels. They can trade off a grassroots approach. In this sense, they are ahead of the legacy media outlets who, instead of working from an idea and building up, are still seeking ways to transform, change, or in some cases break down, their business in order to reconfigure something sustainable on the Internet.

Inevitably, there has been much lively discussion about the future of journalism and its business model (see for example Rosenstiel & Jurkowitz 2012, Grueskin et al 2011, Downie & Schudson 2009). However, there has been little research or academic focus to date on the business models for for-profit journalism startups. Significant work has mapped the potential business models available to media businesses and the general challenges facing media managers, see for example Kayne & Quinn (2010). Nicola Bruno and Rasmus Kleis Nielsen (2012) explore media startups in Germany, France and Italy. Briggs focuses on the practice of entrepreneurial journalism (2012). Some studies have attempted

to detail the startup scene in national contexts, such as a database of American journalistic startups run by the Columbia Journalism Review (CJR 2012) and Radcliffe's report on the UK hyperlocal landscape (Radcliffe 2012). There has been limited analysis of the characteristics and consequences of these iterative changes across economies and cultures. Even between America and Europe there are different economic and institutional frameworks with different media habits and demographic profiles (Levy and Nielsen 2010). Studies of this changing landscape have, to date, taken a broad brush approach and focussed on the predominantly gloomy picture being presented of the business model. This has been especially true for the fate of legacy media in Western countries.

Comparing countries and contexts

This study builds on the research to date by mapping 69 case studies of journalistic startups in nine countries around the world. It moves forward not only by mapping journalistic startups with a worldwide perspective but also by focusing primarily on those sites which are sustainable. It sets about delineating the crisis in journalism funding in different economic structures and to look at how ideas and experiences from different countries can be used to inform challenges across borders. It is an international research project in that it compares different countries and contexts trying to better understand how the economy affects journalism in the era of Internet-based consumption and networked action.

It is also unique in that the study's focus is solely on sustainable business models. The study sought out those business models that work in order to understand how the field is developing in different countries. Contrary to other reports preaching the death of journalism as a sustainable business model, the SuBMoJour project aims to gather working examples of media outlets from different countries that have succeeded in funding their work in a sustainable way operating on the Internet.

The three journalism schools building the research consortium – USC Annenberg in California, University of Tampere in Finland and the Waseda University in Tokyo – set a joint mission to find out how the future of journalism is going to look and in what kind of landscape journalists of the future will work. An international research team was set up to focus on a more elaborated understanding and concepts in this field: some theoretical, some practical. Some of the broad questions underpinning the consortium's work include: when professional journalists are working more and more as entrepreneurs, what does this mean for journalism as an institution? How should newsrooms be organized in the future? How the accountability function of journalism will survive if we are

heading to a more segmented and niche-oriented environment? Or, how should the education of journalists change if the whole media industry is changing?

The SuBMoJour study has allowed for more detailed focus on sustainable journalistic startups internationally. It has created an online database detailing the business models of these journalistic startups from nine countries (<http://www.submojour.net>) and produced this accompanying narrative report. Both outputs focus on three key research objectives:

1. SuBMoJour frames the business models of journalistic startups within national settings thus allowing for a comparison between countries or in depth understanding of national cultures. The database, and accompanying qualitative study, allows for country by country mapping of journalistic startups. The database can be searched on a country by country basis. The SuBMoJour project draws on an international research team who have been able to bring professional knowledge or expertise about national media markets.
2. The database and this accompanying narrative analysis also identify trends in revenue models. The database tracks the evolutionary change of journalistic business solutions across borders and cultures. The resource can be searched comprehensively according to revenue streams, such as the advertising models, content models, revenue per year, revenue streams, selling products, staff size or content etc. By presenting the commonality in revenue streams, trends can be identified thus facilitating a better understanding of sustainability for media startups. See chapter three of this report for summary findings.
3. By creating the SuBMoJour database the study set out to create a tool of research and development, an open innovation database, to act as a how-to guide about creating revenue models for Internet outlets. The focus was to help those planning their own startup by giving some lived experience of more established entrepreneurs. This is further facilitated by chapter four of the report which brings together advice for entrepreneurs based on the interviews carried out during the project. By creating and sustaining the database, the project aims to increase the resources on which media entrepreneurs can draw and thus enhance the collective creativity of journalists around the world. It acknowledges the growing likelihood for journalists to work alongside, within or indeed create such entities and for all those who are considering a career as a media entrepreneur and wanting to start their own journalistic outlet on the Internet.

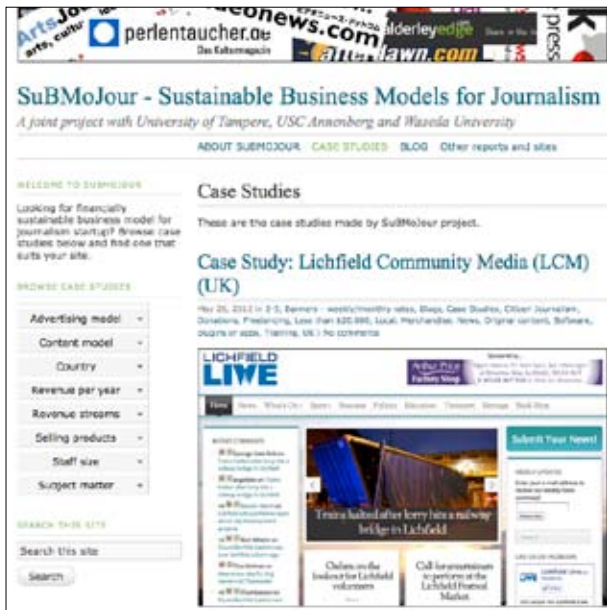


FIGURE 1.1: The SuBMoJour -database (<http://www.submojour.net>) is detailing the business models from nine countries.

Key concepts defined

At its core, the database pulls together sustainable business models. For the purposes of this research, the cases had to have some sort of credible background in order to tally with our definition of sustainability. We have narrowed the concept of sustainability here close to economic profitability because we wanted to find out how journalism finds revenue sources and how it is able to survive and grow in the new environment. We define *sustainability* not only in its reference to a product being able to maintain itself in whatever context its objectives dictate but also in profitability and the qualification of gross turnovers being greater than net. Our main focus is in commercially profitable and viable cases.

The database contains examples of Internet outlets that are already profitable, or are soon to be such. Many of them have been active for more than five years so there is some tested sustainability. We also used public registers, country-specific knowledge of individual researchers and other sources to identify the most interesting cases. We did not seek for the high end or next generation of startups specifically. This was not the primary focus of the study and there are other forums detailing this genre of activity, for example there is an extensive list of journalistic startups collected from the US (CJR 2012) or a competition for innovative journalistic startups in Finland (Uutisraivaaja 2012). We did include

some non-profits that have versatile revenue sources. However, they are more exception than majority. Non-profit journalism may well play an important part in the overall landscape of journalism in the future but this study was primarily concerned with sustainability over time. As such, where these sites were based on time-determined grants, they were not included in the overall database as the risk of the venture ending at the end of the operation period was high and this was not deemed concurrent with sustainability. Instead, we have focussed on those models whose incomes are more versatile and robust.

During the project the researchers found out that the exact figures of, for example, the yearly revenue of the case companies were hard to get. In these cases we have given a rough estimation of the yearly revenue. Attempts were made to check the yearly revenue, staff size and other information about the case companies.

In general it is important to remember that the cases were chosen in order to collect a rich variety of revenue sources and business models, not to represent the field or its revenue models statistically correctly. This means that along with display advertising which is the most common revenue source also for pure players there are several others – and more rare – revenue sources mentioned in the database. The aim of the project was not to find one single revenue model but rather to list a variety of different models and try to find common traits among them.



FIGURE 1.2: Problogger.net chart from 2010 maps the the revenue sources of bloggers.

As such, the methodology for the study is based on semi-structured interviews made in different countries applying a consistent template of questions. In the preliminary stages of the project we drew on unconventional sources to map out different revenue sources, and thus questions. Bloggers had already created their own ecosystem with multiple revenues, as shown in problogger.net chart from October 2010 (fig. 1.2). The questionnaire was designed in part based on these findings, along with some additions, allowing us to qualitatively assess the sustainability of the business models for inclusion in the database.

The questionnaire was structured to allow for consistency of questioning and case study representation across a team of nationally divergent researchers, operating in multiple languages. However, with the SuBMoJour project, the revenue sources were categorized with some freedom and in more detail than the revenue ecosystem detailed by ProBlogger, in order to maximise the inclusion of any revenue streams. For example, some interviewees were happy to talk more freely about wider issues regarding media entrepreneurialism or to offer more detailed understanding of revenue models such as what kind of advertisements sell, do partnerships work and how to sell syndication. This information was included where possible.

The term *business model* is also understood and operationalized in various ways. In general a particular business model describes the architecture of the value creation, delivery, and capture mechanisms employed by the enterprise. We have used this concept rather broadly covering the features and the value proposition that the outlet is offering, the customer segments for which the content is made, and the finances, for example the cost structure and the revenue sources. The business model is an umbrella term for the overall strategy of the startup to make sustainability happen in the longer term which includes revenue streams, the specific mechanics of how startups generate income.

Journalism is again here understood rather freely. It is important to note that the focus was more on how startups are making money and less about who journalists are. In sourcing the cases, researchers refrained from applying specific definitions or judgements as to what the startups were doing, and the extent to which this was journalistic. However to organise a consistency in terms of gathering the case studies we have represented the term to mean startups engaged in some way in the act of reporting, or presenting content to audiences, either as professional journalists or in collaboration with citizen journalists. This could be in the long tail of journalistic outputs, the space increasingly populated with niche or hyperlocal sites where journalists operate content curation, aggregation, dissemination or original reporting based on topics of interest or locality. Or it could be in the long tail of supply, where journalists have carved out a new way

to serve content to mass media or other journalistic outputs. Considerations were given to the definition of journalists as distinct from bloggers, for example, based more on the business model behind such an entity than the inference of journalistic identity bestowed on that person or site.

The report is made up of four main chapters. The next chapter presents an overview of the diversified media landscapes and then presents an empirical representation of the cultural and national settings for the nine countries included in the study, along with a summary of the startups. The country-by-country analysis represents what kind of media environment there is and how the independent journalism has been developing, what kind of content these outlets offer and what kind of business models they have. Chapter three synthesizes the revenue models delineated by the case studies with accompanying examples. Chapter four draws together advice for media entrepreneurs interested in locating themselves in this dynamic sector of the media landscape based on the interviews conducted and current meta-journalistic commentary. Chapter five pulls together the conclusions from the project.

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2. Diversified media landscapes

This chapter focuses on the geographical setting which frames the business models of journalistic startups within national settings thus allowing for a comparison between countries. It begins with a short introduction to the different media systems operating in the countries of this study and the relevant literature relating to media structures. It then presents how legacy media in each country is adapting to the changing economical environment, delineating the journalistic startup scene in those areas unique in both geography and culture. This aims to give the reader a sense of the trends emerging in online journalism in each country and to give short descriptions of the types of companies that we have brought into the database.

2.1. Overview of media systems

Esa Sirkkunen

Before embarking on a detailed mapping of the media landscape in each country, it is important to understand how these geographic areas compare to one another. This section introduces the size of the media market or the amount of advertisement in euros or dollars, and describes the structure of the media field in each country. It presents key literature available on media industry mapping as background.

Country	Population (est 2011)	Internet users % 2011/11	Newspaper reach % 2010	Media advertising (billions)	Size of Media Market (billions)
USA	313 232 044	78,3	39,6	\$158,9 (2011)	\$ 557,9 (est. 2009)
Japan	126 475 664	79,1	90,9	¥ 5710,0 (2011)	¥ 11800 (2010)
France	65 102 719	77,2	46,3	\$ 9,5 (2010)	\$ 40,7 (2010)
UK	62 698 362	84,1	56,7	\$11,7 (2010)	\$ 41,8 (2010)
Italy	61 016 804	58,7	45,9	€ 6,3 (2011)	€ 28,8 (2010)
Spain	46 754 784	65,6	38,0	€ 5,8 (2010)	Not available
Finland	5 259 250	88,6	78,0	€ 1,4 (2011)	€ 4,3 (2011)

TABLE 2.1.1. The countries in the study by population, %Internet users, %news-paper reach, the size of media advertising and the size of media market. Sources: WAN-IFRA World Press Trends, Internet World Stats.

In order to better understand the different circumstances in which media startups are operating, we need to look at the characteristics of media in each participating country. To date, most of the literature on the media is highly ethnocentric, in the sense that it refers only to the experience of a single country as Hallin and Mancini (2004) state. Yet media literature often implies that the model that prevailed in that country is universal. In their much-cited work comparing media systems in 18 countries in Western Europe and North America, Hallin and Mancini (2004) introduce three different media systems.

They compare the structure of media markets, the political parallelism of journalism (parallelism is the degree to which the structure of the media system paralleled that of the party system), journalism and the role of the state and communication policies. “We place our primary focus on the relation between media systems and political systems, and therefore emphasize the analysis of journalism and the news media, and, to a somewhat lesser extent, media policy and law.” (Ibid)

The three models developed are the Mediterranean or Polarized Pluralist Model, the Northern European or Democratic Corporatist Model and the North Atlantic or Liberal Model.

The three Models / Media system characteristics	Polarized pluralist: France, Italy, Spain	Democratic-corporatist: Germany, Finland	Liberal model: USA, UK
Newspaper industry	Low newspaper circulation; elite oriented press	High newspaper circulation; early mass-circulation	Medium newspaper circulation; early commercial press
Political parallelism (how journalism reflects the political system)	External pluralism, commentary-oriented journalism, government model of broadcast governance	External pluralism, strong party press, neutral commercial press, politics-in -broadcasting system with substantial autonomy	Neutral commercial press, information-oriented journalism, professional model of broadcast governance – formally autonomous system
Professionalisation	Weaker professionalisation; instrumentalisation	Strong professionalisation; institutionalised self-regulation	Strong professionalisation; non-institutionalised self-regulation
Role of the state	Strong state intervention, press subsidies in France and Italy	Strong state intervention but with protection of press freedom, press subsidies (Finland)	Market dominated (except strong public broadcasting in Britain, Ireland)

TABLE 2.1.2: Three different media systems according to Hallin-Mancini, 2004, 67. Shortened by Esa Sirkkunen.

In short, some of the features depicted in the models seem to remain relevant and timely to some countries involved in this project. For example the features of newspaper circulation, professionalisation of journalism or the role of the state among some seem to still follow the models built by Hallin and Mancini. The polarized pluralist countries are characterized by elite-oriented press and relatively low newspaper circulation, the broadcasting is governed by the state, journalistic professionalisation is weaker than in some other models and the state intervention in the media field is strong in countries like France, Italy and

Spain. In the democratic corporatist model the newspaper circulation is high and oriented to mass audience, the broadcasting system has substantial autonomy, the level of journalistic professionalisation is strong and there are forms of journalistic self-regulation. In this model the state intervention is strong but there are elements that are protecting press freedom from the domination of the state. In the liberal model the newspaper circulation is substantial but not that high as in the corporatist model, the press has commercial roots, the broadcast is governed by professionals, the level of professionalisation is strong, the journalistic profession is non-institutionalised and the role of the state is weaker than in the two other models. Countries like the USA and Britain can be counted in this model.

However, the three models have not always stood up under scrutiny and cannot fully map the scene in this study, which has a wider reach geographically, and has primarily journalist startups as its focus. Firstly, the models are based on the situation back in the 1980's thus dating the findings to pre-Internet technologies. They are also Western-orientated and don't explain the media systems in other parts of the world – in Asia for example, as Hallin and Mancini themselves note. Moreover it is obvious that we cannot explain the features of the Japanese media world with these models, for example. As such, this study builds on this with expertise from professor Mikihiro Tanaka, who has focussed on the Japanese media landscape and the journalistic startups in Japan in this report. The models are based on national media markets, national policies and traditional media usage patterns. For example McCargo (2012, 222) asks how well the three models illustrate anything in a world in which new media outlets now enjoy huge audiences and engage directly with voters and citizens. Equally, startups often do not work on conventional business models, are inherently unprofessional and are largely beyond the reach of conventional state intervention.

This report revisits some of the features of these models because they still hold relevance when discussing what has happened to media markets during recent years. Journalistic startups operate in different surroundings – the startups in the US have more room to develop after the fast decline of printed local and regional journalism, caused by the liberal market policy that US has traditionally pursued. In some European countries like Britain, France and Finland in which journalism has been understood to be more of a public asset that should in some ways be maintained partly by the state. It has also been noticed when comparing journalistic cultures across nations that they vary in aspects of (political) interventionism, objectivism and the importance of separating facts from opinion seem to play out differently around the globe (Hanitzsch et al 2011). We come back to these themes in the conclusions. Journalism has dif-

ferent institutional roles in different countries and this leaves journalistic pure players in a different ecological niche in terms of both content and economic operations.

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2.2 USA: Moderate success after a long crisis

Pekka Pekkala

- There is no magic one-solution-fits-all formula to surviving. Advertising still the major source of income but new revenues from community support and consulting are emerging.
- Frugality is key. Costs are kept down and newsroom growth is in sync with growing revenues, not with expected revenues.
- There's very little promise in citizen contributions if you're running a small, niche web site. Contributions are sporadic and the one-man-publisher-editor model seems to create most of the stories by themselves.
- Niche sites seem to enjoy strong community support, which can be backed up with financial support. People are willing to pay small sums to support the publications, in a form of exclusive access or newsletter. People pay to be part of the community and support a publication they think is important and worthwhile.
- Entrepreneurial thinking remains a problem. Traditional newsroom work doesn't require any business intelligence and journalists start their entrepreneurial path from zero. It takes time for them to realize that they are probably the best people to run the business side of things as well as the editorial. A business mindset grows gradually. The skills are there but they need time to develop.
- The case studies included are: TheBatavian.com, DavidsonNews.net, MedCityNews.com, Ars Technica, BargainBabe.com, Technically Philly, ArtsJournal.com, PatientPower.info, MedCityNews.com

The news industry has been in crisis in the US for several years now. Many newspapers have closed down and the remaining ones have significantly trimmed their operations. This has meant, in particular, staff layoffs and buyouts. According to information gathering website Paper Cuts the newspaper industry lost almost 16 000 jobs in 2008 and 15 000 in 2009, closing down 143 newspaper print editions (Paper Cuts 2012). Of those surviving, there have been significant cuts such as the fifth-largest newspaper of the country, LA Times. It has cut newsroom staff from

900 to just over 500 since 2008 (Shaw 2011). This mirrors a situation in Europe. The European Journalism Centre reports that in 2010, 5 500 journalists lost their jobs in Spain. In the UK, the number of unemployed journalists rose by over 140 percent between April 2008 and April 2009 (Barkai 2011).

This round of layoffs and buyouts has created a large number of unemployed journalists who are looking for new challenges. At the same time, it might have also lowered the quality or at least the quantity of news articles produced by newspapers. Special sections have been cut, like the LA Times Science section. According to Knight Science tracker there are fewer and fewer stories about science (Tenore, M. 2011). Local editions are in trouble as well: The New York Times stopped publishing their local coverage in New Jersey, paving a way to hyperlocal startups like Baristanet (The NYT 2010). These two factors combine to create a new media ecosystem in both the supply and demand market for news outlets around the country.

Advertising potential

At the same time advertising dollars have been moving from print and TV to Internet and mobile. The total US ad spending in 2011 was 158,9 billion dollars according to eMarketer.com (eMarketer 2012) or 144 billion dollars, according to Kantar Media. The overall growth of ad spending seems to be slowing down (Kantar Media 2012).

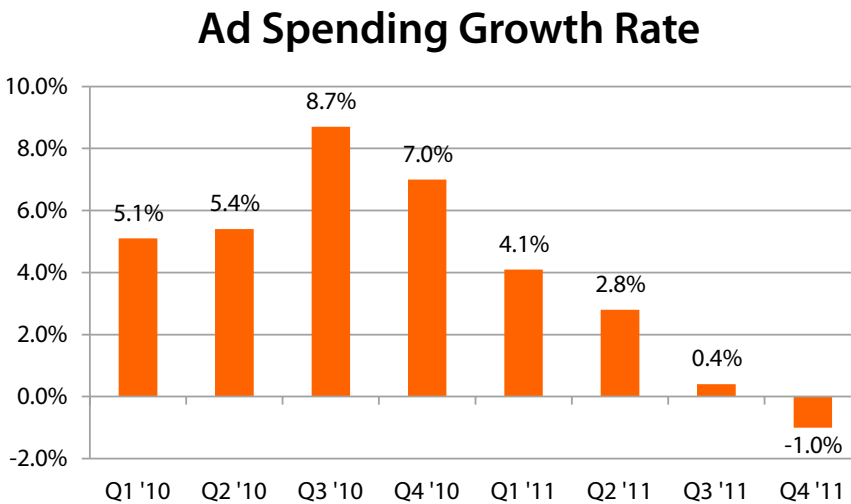


FIGURE 2.2.1: Total advertising expenditures in US 2010-2011. Ad spending during the fourth quarter of 2011 dropped 1.0 percent versus the year ago period, the first quarterly decline since the end of 2009. Kantar Media.

The sufferers in this decline are network TV, magazines, local TV and newspapers. Winners are audio, cable TV and especially online, which grew aggressively, according to PEW 2012 State of the News Media Report (Mitchell & Rosenstiel 2012).

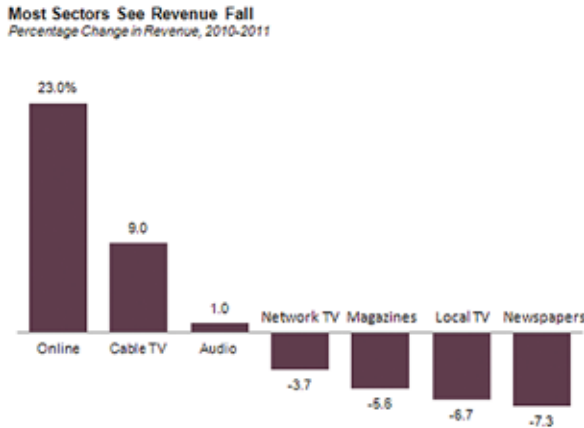


FIGURE 2.2.2: The year 2011 was a mixed one economically for the news media. Ad dollars followed the audiences to the web, and a stable business model helped cable television. But much of the legacy media suffered revenue declines. Source: Pew Research Center, 2012 State of the News Media

There's a hopeful picture for advertising revenues online in the coming years. Online advertising was \$32 billion in 2011, newspaper and magazines \$36 billion. In 2012, online advertising is expected to go past print and the growth will continue for the next four years. In 2016 online ad revenues will be double compared to print.

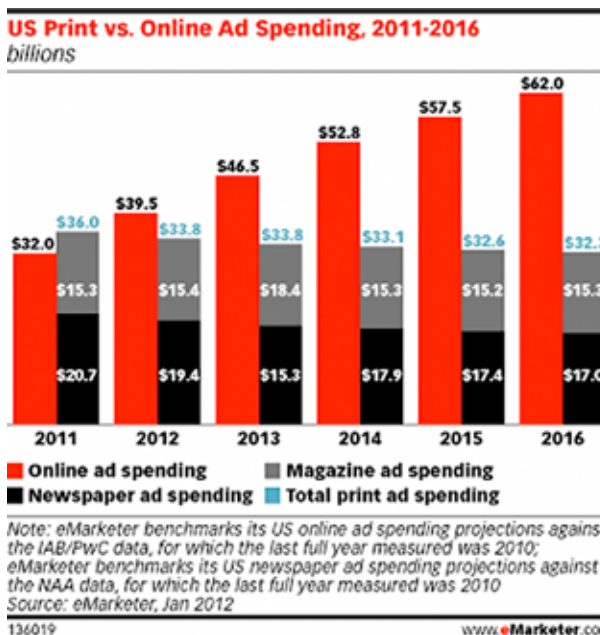


FIGURE 2.2.3: In 2012 US online ad spending will exceed the total spent on print magazines and newspapers for the first time, at \$39.5 billion vs. \$33.8 billion. And as online shoots up, the print total will continue to inch downward. Source: emarketer.com

This move from print to online revenue has created a buzz in Internet publishing. There's an abundance of independent, new publishers in the US. J-Lab, a funder for new approaches in journalism, has listed over 1,200 community news sites in its database (J-Lab). But according to J-Lab executive director Jan Schaffer, only half of them are active. Schaffer writes: "The appetite for starting up independent news and information websites seems to be as keen as ever and the ideas for new projects are quite creative... Most often, sites fold as a result of their founders' life circumstances – new jobs, new responsibilities – rather than failed business plans." (Schaffer 2012)

In J-Lab's experience, sustainability is created with revenues between \$100,000 and \$200,000 a year, which is enough for a one- to three-person operation. Our study appears to correlate with this: most of the sites in the US we interviewed have one or two people creating content. Half of the sites have a full-time businessperson helping to create revenue. Usually the founder of the website seems to be in charge of business decisions as well.

Non-profit boom

Although the project's focus was on for-profit websites, a few words should be said about the buoyant non-profit journalism sector in the US. For the past few years, many projects have received funding to create quality journalism in underserved markets or sectors of journalism. The results have varied. Some of the sites or projects, such as ProPublica or Texas Tribune, have been successful. But as Jon Funabiki, executive director at Renaissance Journalism Center, notes in his report, funding has become more and more difficult to get and the window for foundations' interest in journalism might be closing. He writes about two findings in his study of 32 news entrepreneurs.

"First, two-thirds of the study respondents said they are at or approaching a crossroads where it is getting difficult to secure a second or third round of grants or financing. This means that when newspapers started to collapse or shrink, funders were quick to recognize that a civic crisis was in the making (...) the decline of independent journalism was a danger to the community (...) The second important finding is that these news outlets clearly realize that they need to gain more business expertise if they expect to survive (...) in order of needs came a long list of business-related skills and lessons: Information about innovative revenue streams; sharing of best practices; ongoing business planning and coaching; training in marketing and promotion; and so on." (Funabiki 2012)

So, even with the non-profit side of news entrepreneurs, the biggest problem seems to be funding. Journalists enter their new path as publishers with a content-first strategy, because they are content professionals and able to create competent sites and stories: editorial is their trade of choice. But when it comes to creating revenue streams, making cold calls and creating a sustainable business, journalists tend to struggle. Developing business acumen is thwarting success and preventing profitability in many cases. It is this lack of economic know-how that is proving to be one of the greatest skill shortfalls.

Common denominators

The average age of the nine US case study startups included in this study is around eight years. The oldest publications involved are ArsTechnica and Artsjournal, with more than a decade behind them: they survived the dot-com bubble and bust of 2001. All but one of the sites in the database – ArsTechnica – are still independent and have survived independently without been acquired by bigger companies.

The staff size in the publications seems to remain small, no matter what age they are. Many of them are publishing with a bootstrapping attitude: the same one or two people are responsible for both content creation and the business side of things. The most extreme example is Bargain Babe, where the founder Julia Scott creates most of the content and runs the business side as well. She notes that if she can spend half of her time writing that is a success. TechnicallyPhilly has four people working for the site, all of them working on both business and the creative side of things. Patient Power has the largest newsroom, consisting of four full-time reporters and seven half-time or freelancer positions. Half of the sites have a dedicated businessperson to take care of advertising and marketing. The rest of them have other sorts of arrangements through revenue-share or half-time positions.

Even though newsrooms are small, the biggest cost for all these organizations is the staff. The costs of technology, such as hosting, are kept low and the biggest investments are usually in hiring new people, especially writers. All of the websites are planning to invest their future profits in growth, hiring new talent or expanding their publishing network.

The most common revenue stream among the sites is display advertising, with additional, smaller revenue streams. The health publications Patient Power and MedCityMedia have created their business around providing specialized health content, funded by medical centers or customizing content to external partners. TechnicallyPhilly makes most of their money from consulting and events. This means that the web publication is mostly forwarding traffic to their main business.

Startup overview

There has been notable success in finding niche sites around topics as well as hyperlocal sites, capable of filling a void left behind by mainstream media. It may be possible for news startups to compete with legacy media as their products are of poor or declining quality (Compaine & Hoag 2012, Bruno & Nielsen 2012). With the increasing financial pressure on news organisations in the 21st century, more and more towns and cities in the developed world have no local news outlet, it having been closed down or merged with a larger news outlet: hyperlocal sites are arising to fill this gap. (Kurpius et al. 2010) Hyperlocal news sites are small news organisations, whether commercial, amateur or a mix of both, which represent a community and its interests. First presented by John Pavlik in *Journalism and New Media* (Pavlik 2001), hyperlocal sites offer potential as an alternative to the increasing corporatisation of news outlets within the western world, and the ensuing news void for citizens of smaller communities and towns. These sites can imitate the norms of commercial news producers and offer the strongest evidence of new forms of journalism, certainly in their reporting if not their business model.

DavidsonNews.net was founded in 2006. The site is growing and expanding to another city. It's a news site focusing on helping people to feel like a community at Davidson. It employs the editor and founder David Boraks in Davidson and another writer in Cornelius. They have four paid freelancers and five to six community contributors. On the business side, they have one full-time employee, four commission-only sales people and a marketing intern. The site is profitable with a revenue of more than \$100,000. Around 75% of the money comes from display advertising on monthly rates.

TheBatavian.com was founded in 2008 and offers news and information about Genesee County. It employs founder, publisher Howard Owens and his wife, editor Billie Owens. They also have two freelancers writing stories. They make "enough" money and are ready to hire some people. All the money comes through ads, either priced on a monthly or daily basis. Similarly WestSeattleBlog, founded in 2006, offers continuous and original reporting with the help of the community. It employs Tracy Record, the editor, and her husband Patrick Sands, business manager. They don't disclose revenue numbers, but are profitable and making a living. They sell monthly flat rate advertising and expect to launch a classifieds service soon.

Ars Technica was established in 1998 and is one of several niche sites included in the study. Ars Technica is a publication that is devoted to telling the story of the interaction of IT and culture. It employed two full-time employees and five

freelancers for the first few years. Conde Nast acquired it in 2008. It was included in our database under the time from 1998 to 2008, although we also included some recent business ideas from Ars Technica. They have always relied on advertising networks but are selling memberships and single articles as ebooks as well.

BargainBabe.com was founded in 2009. It shares strategy, coupons, and inspiration to help people save money. It is sustainable and the editor is making more money than she did whilst working as a newspaper reporter. BargainBabe's yearly revenue is close to \$100,000. BargainBabe.com employs only one person, the founder Julia Scott. She has two freelancers working for her. They are paid per story. She has also hired an accountant to do taxes and buys some development work from an outside party. Revenue streams are diverse: affiliate programs, display advertising, selling and syndicating content, public speaking and blog consulting. Technically Philly was founded in 2009, to cover the community of people who use technology in Philadelphia, including venture capital companies, startups, tech policy and social organizations. Their revenue comes mostly through consulting from the background company, Technically Media. Only a fraction of their revenue comes from sponsorship advertising.

ArtsJournal.com was established in 1999 and is an aggregator of cultural news and a host for 66 arts bloggers. It employs its founder, Douglas McLennan, and an assistant. They have 66 bloggers in their network and a full-time business manager. Revenue is more than six figures. Half of the money comes through advertising, the other half through speaking engagements. Artsjournal.com has become McLennan's calling card: he did more than 60 talks in 2010.

PatientPower.info has produced audio and video interview programs on serious medical topics since 2005. It has two major revenue sources: major medical centres through limited advertising and unrestricted educational grants from pharmaceutical and biotechnology companies. It employs four full-time content creators and seven half-time or freelancers.

MedCityNews.com aims to be the TechCrunch of life sciences in B2B-field. The goal is to become profitable this year (2012). Founded in 2008, it employs five full-time writers and over 50 freelancers. Revenue is aimed to be seven figures in 2012 by selling ads to the main site, selling content via syndication or customizing it to the needs of customers. Revenue is more than \$800,000.

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2.3 Japan: Journo-based and journo-oriented

Mikihito Tanaka¹

- Large news sites including legacy media websites are now mainly relying on incomes from advertisers, but by observing and following trends overseas, they are trialling several other business models to acquire sustainability. Currently many sites have moved towards a freemium model, but this is not without problems.
- Many small and medium-sized news sites including alternative journalism sites are partly dependent on its news distribution to portal sites or legacy media. Because of Japan's barely there donation culture, citizen and alternative journalism sites are struggling to survive, although they are attempting to disperse risk by using several profit models at the same time.
- By inventing new web architecture some subculture sites have been great successes. In these cases, more journalistic agendas were put in place after their success.
- Apart from economical sustainability, Japanese online journalism culture is facing several challenges for its sustainability. For example, training, supplying and the livelihood of young journalists in online culture is a key problem.
- Another relatively new topic in Japanese history is fixing the online public opinion sphere to bridge the gap between nationalism and globalism.
- The case studies include: A Power Magazine, Nanapi, Rocket News, Webronza, Record China, Niwango, Our Planet TV, 47news, CB News, Gigazine, JB Press, Blogos, Sankei Digital, Natalie, Videonews.com.

The Japanese media environment is in a way richer than other countries, but at the same time it is structured inside a peculiar ecosystem. Part of it continues to gaze at world trends, and survives by trial and error within its niche, but sometimes a trial produces some unique characteristics because of this isolated media ecosystem. In Japan, the word “journalism” is usually limited to journalistic activity strongly related to public welfare and quite often journalists will simply

call themselves writers. Interestingly this research has shown that sometimes those involved in Internet-based new media proclaim their activity as the “real” journalism. This chapter sets out an overview of the Japanese media, then a description of how the traditional media are trying to fit into the new age, and finally how the upcoming Internet media is starting up and changing journalism.

The media landscape in Japan

Traditional media such as newspapers, television and radio in Japan have been gradually declining, just as they are in other countries. In 1997, newspaper circulation numbers had reached 53.8 million in total, but by 2011 this number had declined to 46.8 million. However, unlike the US model which is dependent on advertising, most Japanese newspapers make most of their revenue through home delivery contracts so the income drop has been less severe.

Each newspaper company has its own website and provides news for portal websites. In addition to this, many are trying to embrace the social media but their conservative tendencies are still present. For example, only Asahi Shimbun official permits their journalists to use Twitter. Television has also been gradually losing their audience ratings. On the other hand, cs (communicating satellite) and bs (broadband satellite) broadcasting services are steadily gaining new audiences. Those belonging to higher income groups have tended to move towards cs/bs broadcast while lower income groups have remained in terrestrial broadcasting services. Television companies have been trying to merge their services with the Internet, but there have been no remarkable successes yet. In 2012, terrestrial broadcasting services in Japan switched to digital.

Radio listener ratings have also been declining. In 2001, 43% of Japan’s population had been listening to the radio, but this figure gradually declined to 37.5% by 2011 (Hirata et al. 2012). However the media characteristics of radio matches those of the Internet. Radico.jp and its iPhone or Android mobile applications provide a new platform for radio channels, and many are trying to make mash ups of programs. Today, the majority of programs are announced using Twitter and hashtags.

According to a 2011 survey, in “the value of media” category, people rated the Internet as more important than newspapers, which dropped to second place next to television. Yahoo! Japan has more than 50% of portal website shares, and search engines are almost all monopolized by Google². A census looking into what generations used the Internet found younger generation mobile Internet users were the main traction power of the Internet³. A significant number of blog users were women, regardless of their age. But in Japan, blogs are mainly

used as diaries, and are rarely used for public debate. Bulletin board systems (BBS) were mainly used by middle-aged people, and many senior citizens used their local social networking services (SNS).

Beginning with a largely younger generation and moving out towards other generations, the social media has seen a gradual decline in the number of users of Japan-made social network services such as mixi, while others have teamed up with social gaming services, or have kept their name in the business by maintaining a local context for alumni or extended family networks. Facebook and Twitter have been regularly used by all generations. Another observation is the growing use of social networks such as GREE or Mobage, which offer mainly games, by teenagers and lower income earners (Nielsen Wire 2011).

It is important to note the rise of social networking sites in order to more fully understand the potential for journalistic startups. Towards the end of 2011, Twitter user numbers had topped 14 million in Japan, and continues to rise. It must be noted that when using Twitter, a larger amount of information can be condensed into 140 letters using Japanese rather than English. Exact rate is still in debate among researchers, but it is roughly estimated to be about 1.5 to twice as much as writing the same message in English. In light of this, Japanese could use Twitter as a debating tool, but the limited word usage could invite misinterpretation, making the tool incomplete. Despite this, it has been recognized as a tool that functions well enough for someone to express an opinion. With this in mind, Twitter stands before legacy media as a tool to collect people's opinions. Today, a Japanese-made service called Togetter (togetter.com) is also widely used, and it allows people to collect and edit fragments of information given by Twitter.

The traditional media in Japan have kept bylines to a minimum compared to other countries, and journalists will often publish work under an alias. This trend continues in the social media, and therefore it can be said that legacy media on a whole is conservative. Out of all of the major daily newspapers, currently Asahi Shimbun is the only newspaper, which allows their journalists to use Twitter. Public broadcaster NHK had very actively used Twitter following the 2011 Japan Earthquake, but at the time of writing this article, there has been a backlash by senior management, and it is likely that journalists will be forced to close their own accounts while on the job.

On the other hand, freelance journalists working in alternative media have been using ICT, social media as much as possible. Japan's unique press clubs have been criticized for its exclusivity and contributing to government propaganda, but now freelance journalists have set up their own associations and support a more open journalism system. The issue is still in transition, but there is no

doubt that by exposing themselves, these journalists have shaken up the existing journalism structure.

The digital divide is becoming a serious issue. In terms of the digital divide between generations, senior citizens and lower income earners have been the slowest to enter the digital wave. This is particularly noticeable in the mobile environment, where 98.6% of users frequently use 3G network lines but the differences in efficiency of the product used to send and collect information is significant. For example, according to a 2010 study, the mobile phone, smart phone and tablet user's income average was about 5.4, 6.8 and 7.4 million yen in each (Digital Wireless Consortium 2010). In a report released by the Ministry of Internal Affairs and Communications on May 30, 2012, it had said regular smart phone users had jumped from 9.3% in late 2011, to 29.3%, but regular personal computer users had dropped from 83.4% a year before that to 77.4% today. Furthermore, low income household (less than 2 million yen per year, around 19 444 €) has only about 60 % usage of Internet, but more than 80 % of high income household (over 6 million yen per year) uses Internet. The figures also show a change in where people are getting their information from.

Regional digital divides are also becoming a big problem. The above example is true in large cities such as Tokyo and Osaka, but out in regional areas, only 27.4% of organization on average use ICT services such as medicine, public welfare, education, tourism, and disaster relief.

The media effect following the Japan earthquake

The 2011 Japan earthquake happened while this investigation was underway. This disaster affected not only the Japanese people, but also the media who are now learning from their mistakes. This has lead parts of this investigation to be strongly emphasized because it was carried out during a transition period.

After the earthquake, both the Japanese government and the traditional media found themselves in an uncertain situation, and while the media attempted to obtain accurate information, in general it ended in failure and the news became conservative, protective model which lacked vital information. The government had tried to set up a website especially for disaster-related information, also sending it out using sns and this was well-received by some. However, sending out only certain information, some of it irrelevant, and nothing concerning uncertain information could be called a bad example in crisis communication, which risks creating a malfunction in public debate over the issue.

The media environment itself was shaken by the disaster as people started to gather information about things such as incoming aftershocks, what was hap-

pening at the nuclear reactors, and what radioactive material was blowing out of the reactors from several channels. A study by Nomura Research Institute (2011) found that the public's trust in the Internet and social media had increased significantly.

Some brave (and occasionally rash) individuals, mainly freelance journalists in alternative media, published their predictions to what was going to happen next. These reporters streamed government and TEPCO press conferences live on the Internet, and also published comments from scientists who showed scepticism towards government reports.

The disaster did help to improve the public's media literacy and break down the rivalry between traditional media and Internet media. After the earthquake, public broadcaster NHK had merged traditional media with the Internet, which was observed in several different ways and could be the start of something which will be mutually beneficial for both parties. However, looking at sustainability from the point of view of management, this case is an example where their company's process had failed.

Newspapers – the giants in traditional media

Following the arrival of the Internet, newspaper companies have launched their own websites, and are currently still sharing their news on portal websites for free. However, since print newspaper number sales have been declining, and it had become apparent that website advertising revenue will not be enough, newspapers are pushing for an online subscription system. Major daily newspapers who do sell digital newspapers today are Asahi Shimbun (asahi.com) and Nikkei Shimbun (nikkei.com), who charge about 4000 yen (approximately €41 or \$51 according to September 2012 currency rates) every month, which is about the same as their normal print edition subscription. Other newspaper companies are trying to add some creativity to their product. The biggest daily newspaper Yomiuri Shimbun (yomiuri.co.jp) has started to sell their newspaper as a downloadable application, and Mainichi Shimbun (mainichi.jp) have started new interactive news service titled Mainichi RT (mainichi-rt.com) for picking up audiences' reaction (retweet, RT) to news on Twitter. Nevertheless, one thing all of these major newspapers have in common is they want to sell digital content as much as they want to sell print newspapers.

In a way, the Internet's wide use can be linked to the drop in advertising revenue in door-to-door newspaper sales, but it is also a wakeup call that newspaper sale methods need to be reviewed. For many years, sales have been controlled by monopolized distributing networks which have forced people to buy newspapers.

As of 2011, the number of newspaper delivery shops continues to drop, but there are still 18,836 distributing outlets which employ 377,495 workers (The Japan Newspaper Publishers Association, 2012). Combining this impressive number with mid-stream distributing networks would show how big the business still remains to be, and how it is capable of adapting its business model to society today.

Sankei Shimbun (sankei.jp) is Japan's fifth most-selling conservative newspaper, putting 1.6 million copies into circulation every day. Although it sells much less compared to the top four newspapers in the country, its relatively small size has given it the freedom to experiment with new ways to get into the digital world, giving it a head start against its rivals. Many of the company's attempts have been well-received in the industry, including iPhone/iPad applications which allow users to read a print version of the newspaper online for free, and working along with weblog and SNS. It has also used its popular entertainment pages to an advantage, inviting casual users to join in debates. CEO Tetsuji Kondo said it is important to have flexibility in a business model; "It is important to be able to change your business model quickly so it can keep up with a society which changes unexpectedly."

While some companies are taking on the challenge of change, most newspapers are in no hurry. Being slow is probably a characteristic only seen in Japan. The reason for this is because any threat that takes over the USA takes 10 years to affect people in Japan, and so many companies simply observe their foreign counterparts carrying out experiments, and through this can guess what the possible problems and solutions affecting them could be.

In these ways, Japan's newspaper companies are continuing to try and shift from the paper medium to the digital medium. Not only that, but it is also important to note that there is a significant difference between the news content itself on paper and online. Newspaper font sizes have been getting bigger every few years to accommodate for Japan's aging population who say they have trouble reading smaller letters. Unfortunately, this also means a drop in each article's word limit. Because there are usually no word limits on digital content, many young people have called print newspapers "empty news sources". Some companies are currently trying to find a way to customize content according to its media.

Wire agencies and regional newspapers

While the Internet is giving newspapers a tough time, wire news agencies are doing better because there is a large demand for short news stories which can be read on mobile phones. A wire news agency can, for instance, make enough revenue by selling its news content to portal websites.

Wire news agencies in Japan had split into two companies, Jiji Press (jiji.com) and Kyodo News (kyodo.co.jp), following a rebuff by the American General Head Quarters after the end of WWII. Of these two, Jiji Press has developed a news flash website commonly known as jiji.com. Under the slogan, “Bringing the world’s voice to Japan, and Japan’s voice to the world”, Jiji Press works together with other agencies such as AFP and Reuters, and considers global news as one of its strong points.

Although some of its function in society overlaps Jiji Press, Kyodo News has taken a curious step in the news world. Where most regional newspapers are made up of content from wire agencies and local news written by local reporters, Kyodo News goes both ways and collects and distributes local news from across the country. Their 47news (47news.jp) website (47 representing the number of prefectures in Japan) has been attracting a large number of visitors. While these wire agency websites have been financially successful thanks to additional companies such as AdSense, Sponsored link, and Ad Networks, they say they feel it is a risk to be dependent on them and so the next issue will be to figure out how to manage without their support.

Kanagawa Shimbun’s Kanaloco (kanaloco.jp) website is an example of a successful regional newspaper company which offers some interesting features. Kanagawa prefecture is located next to Tokyo, and is the second most-populated region in Japan after the capital. However, this also means the two regions are too similar, but the company cannot survive just by distributing news about Tokyo. In light of this and from the Japan Earthquake, it had become apparent there was potential to develop a website accessible by mobile phone which specialized in local lifestyle information. So Kanaloco developed Kanamoba, a pay-as-you-go mobile website offering local information which has become one of the company’s biggest selling point, and helps put journalism to good use for the community. Kanaloco is also a supporter of citizen journalism, and since 2005 has allocated the locals a section to write stories, making Kanaloco the first Japanese newspaper to allow stories to be written by both sides. However, a number of issues still remain to be solved such as adapting this business model for regions with small populations, and how much control the paper still has management-wise.

Internet as an alternative media

Alternative journalism has been encouraged after the appearance of the Internet. “Mass-gomi” is net slang in Japan originating from the word Mass Comi, which in turn is short for “mass communication media”, and gomi meaning trash. Namely, the word mass gomi is a dull joke including the critical meaning “Mass Communication (journalism) does not tell the truth, but the Internet does” and was popularized through the Internet. As is testified in this word, the “legacy media vs. Internet” debate has been repeated several times in the Japanese Internet sphere, and the essence of the argument has come from a reflection of alternativeness in Internet speech in response to legacy media.

Both Videonews (videonews.com) and OurPlanet-TV (ourplanet-tv.org) offer original online video programs, and can be distinguished as alternative journalism sites. Videonews is financially in the black thanks mainly to a 500 yen/month (€5,07; \$6,38) subscribing membership system. OurPlanet-TV is also just in the black financially thanks to producing programs for legacy media and through donations. Also, the Japan branch of the world famous alternative journalism website, Democracynow! Japan (democracynow.jp) has been successful, but its staff are worried about the fact that their incomes mainly depend on program sales to the CS broadcasting services. Currently they are preparing to cooperate with niconico (see below) and provide programs on its channel.

There are several alternative journalism sites, and a number of them are already in the black and have proven to be sustainable. Their topics are rather local, but sometimes involve their own investigative journalism. Other characteristics of alternative journalism companies that differ from other online journalism models are that they are eager to train young journalists. They hire young staff, not journalists working in legacy media, and sometimes hold workshops to train citizens as journalists.

One remarkable thing is that during the interviews, administrators to these alternative sites often said that “we are embodying journalism online”. This declaration contrasted to what legacy media-based administrators had said; they hesitated to call their activity “journalism” because they were not independent from their parent companies and not doing any investigative reporting of their own.

Entrepreneurships through architecture

Another approach for sustainable journalism on the Internet is based on the innovation in information architecture or new digital curation methods. Many sites are conducting trials to monetize from these innovations. Webronza (we-

bronzasahi.com) is a new online version of Ronza, a former liberal opinion platform magazine that had been published till 2008. Webronza contracts many debaters in Japan, and provides various columns in many categories such as politics, economics or science and technology. In general, Webronza is based on subscribed monthly payments, but customers can choose to purchase a total package with 735 yen/month (€7,35; \$9,37) or subcategory package with 262 yen/month (€2,66; \$3,34). Unfortunately the service is not a self-supporting one yet.

On the other hand, Blogos (blogos.com) is managed by major portal site Livedoor (livedoor.com), and leads ahead in finding new debaters. Basically, Blogos simply reproduces full articles from existing blog entries from various blogs found by its editors. Articles on Blogos publish links to original blog posts. The style means professional editors curate arguments about current issues, but the authors of the articles vary from famous debaters through to bedroom bloggers. In this way viewers can read and compare various opinions on the same platform. Nanapi (nanapi.jp) may not strictly be considered journalism, but their concept is interesting. They adopt writers from their readers, and provide content which they call “life recipes”. In reply to an interview, the administrators had said they are interested in information stock rather than information flow, and think their mission is to provide durable information stock in this rapidly flowing stream of information.

The history of medical news website, CB news (cabrain.net/news) is quite unique. CBnews had originally managed Career Brain co., a company introducing jobs to medical workers. Career Brain co. had wanted to raise its profile and attract more medical workers their site; and therefore started collecting and uploading medical news. Ironically, this medical news became popular and is now expanding, thus the dependence of CBnews costs to Career Brain is increasing. CBnews is currently trying to establish a self-supporting accounting system.

A peculiar phenomenon in Japan is that pay mail magazine services such as Magmag (mag2.com) or Yakanhiko (yakan-hiko.com) are quite popular. When customers sign up to a mail magazine by their favourite journalist or disputant's mail magazine through a similar service, they receive weekly e-mail magazines including celebrity columns or confidential reports by journalists for about 500-800 yen/month (€5,07-8,11, \$6,38-10,20). Yakanhiko has already branched out to e-publishing. Niconico (nicovideo.jp), a subsidiary of Dwango co. ltd. since 2006 may be the most successful technology-driven service on the web in the past five years. Niconico adopted a freemium (Anderson 2009) model, and financially turned into black in November 2010. It had been announced in September 2011 that they have 24 million free-account users, 1.4 million subscribing membership users, and 6.9 million mobile account users. Sales in 2010 were about worth 10

billion yen and operating income about 670 million yen (€6.79 million; \$8.55 million). At first glance, Nico Nico's website looks like any other live video streaming service such as Ustream, but unlike others, comments are overlaid directly onto the video, and are synched to a specific playback time. This unique technology may seem disordered, but it succeeded in giving the audience a way to join in the experience. Users can upload their original videos, and paying users can broadcast their own live stream programs. Nico Nico is also favoured by amateur artists who can see audience reactions more directly than compared to Ustream. Therefore, Nico Nico has been at the center of consumer-generated media culture movements like vocaloid Hatsune Miku. Nico Nico started off as merely a video streaming service, but has grown to become a center for entertainment, and is now orienting towards journalism. Nowadays they have "Nico Nico news" where part-time or contributing journalists report original stories and videos on one channel. Once a 2 days live event entitled Nico Nico cho kaigi (Nico Nico super conference) was held at Makuhari Messe International Convention Center on May 2012, attracting 92,384 people. This had been reported in legacy media as a social phenomenon.

These architecture(technology)-driven services tend to adopt freemium models, but in terms of journalism, such kind of systems could often lead to the formation of closed opinion enclosures. For example, if the publisher of mailmag is a journalist, the only debates and discussions opened up are those from people paying to hear him or her.

Entrepreneurships from subculture to journalism

Pinpointing consumer targets is important and efficient for advertisers, and therefore subculture news is favoured and much more efficient in making profits compared to tackling political or social issues. Furthermore, in an age where master narrative has been lost, social agendas sometimes arise from the peripheral subculture.

ICT magazines which focused on upcoming computer and Internet technologies were the first type of legacy media to suffer after the rise of the Internet. Circulation numbers of such magazines were rising from the 1980s to its peak at the end of the 20th century. Once into the 21st century this number dropped drastically, and by 2005 the market size had shrunk to half its original size. Many ICT magazines closed down, but the necessity of the information still remains. ITmedia (itmedia.co.jp) is one of the surviving websites which has adapted to the media evolution. ITmedia's main income comes from ad banners or textlink ads, but they also earn money through making advertisement columns or holding

paid seminars and events. IID Inc. (iid.co.jp) chose risk dispersion tactics and has various niche sites for their users such as ICT news at RBB Today (rbbtoday.com), motorvehicle news at Response (response.jp), and gaming website Inside (inside-games.jp).

Subcultural news sites tend to have their own characteristics. Takuya Oyama, president of music and Manga culture site Natarie (natalie.mu) says they are “avoiding to enclose users”, and place greater importance on collaborating with portal sites. This fact seems to contradict the nature of “sub”-culture, but it is natural when considering how they enrich main culture and generate a steady flow of users. It may be disputed to whether these subculture news sites adopt a journalistic business models or not, but Kenji Okumura from RBB today says, “we will not accommodate ourselves to other companies, and will keep side by side to the users”. Sustaining such an attitude is the root of journalism. For example, subcultures like Manga or Anime have always been at the frontline of debate about freedom of expression or regulation. In these cases, the arguments spread out across subculture sites involve much deeper and detailed discussions about law and freedom compared to legacy media articles.

Comprehensive and geeky subculture sites such as Rocket news 24 (rock-etnews24.com), Gadget Tsushin (getnews.jp) and Gigazine (gigazine.net) are popular subculture news websites which also investigate hard political issues. They attract an enormous number of readers by uploading geeky news, celebrity gossip and flaming reports on the web. But because of its entertainment bias, these sites have been labelled as a type of Internet tabloid. However, following the 2011 Tohoku earthquake and tsunami, these websites did real journalistic work. When government and legacy media were stunned and consistently regurgitating official reports, these sites actively verified rumours on web and testified governmental information by interviewing experts. These actions actually helped contribute to build social agendas.

Tasks for sustainability

When thinking about the sustainability of online journalism in Japan, a shortage of able journalists might be a far serious problem than economical sustainability. For example, several journalism education programs had been setup in universities after World War II, but most of them closed down by the mid 20th century (Waseda University’s J-School to which this author belongs to is the only graduate school for journalism in Japan which was set up in 2008). This is because every legacy media company in Japan has been avoiding hiring graduates from journalism education program and has tried to train their own journalists. As a

result, most journalists today who are active on the Internet come from legacy media, and there are few opportunities for bedroom bloggers to become journalists. Several alternative media companies are eager to train young journalists or citizen journalists, but the future of those trainees cannot be guaranteed. Many sites contract freelance journalists, but the pay is too low to be able to maintain their lifestyle. This is also hindering the entry of newcomers into the journalism market. Creating a sustainable supply of manpower to online journalism is a severe challenge facing Japan now.

Another challenge is the balance between content diversity and the sustainability of public forums with different opinions. Globalization of debates on the public sphere is on the increase in Japan, although it is still far behind other countries, especially in relation to neighbouring countries like Korea or China. At the same time, journalistic activity among this field is also on the rise. Record China (recordchina.co.jp) provides Chinese news from political topics to light reports on their own website, and even provides news to legacy media and portal sites. Record China is growing rapidly, and they have now started a sister bilateral website named Record Japan aimed at Chinese audiences. In comparison, A Power Magazine (apower-magazine.net) carries out more grass-rooted activities. The first “A” on the site’s name stands for the word “Asia”, and they are expanding their free web magazine towards international students living in Japan. The company is now mainly funded by investments and financing. While sites such as these are attempting to provide other points-of-views to détente tensions, other domestic sites in Japan tend to encourage nationalism. For example, the gigantic, anonymous bulletin board system site 2-channel (2chan; 2ch.net) has lead the Japanese Internet culture since it began. 2-channel is huge and has an enormous number of sub-categories, but it is merely a BBS. Currently, private websites called “matome site (curation sites)” are popular because they edit popular threads from 2-channel and package them into readable sizes. From time to time, however, they emphasize some opinions or biases in a nationalistic and discriminative manner to make it more eye-catching and radical in order to increase views. It is rumoured that top matome sites earn several million yen or more every year thanks to advertising. Geek websites such as Rocket News or Gadget Tsushin (described above) sometimes pick up popular articles in matome sites, and occasionally from legacy media. Therefore, these matome sites have some agenda setting functions. Territorial disputes or migrant workers’ problem have raised tensions between neighbouring countries, and in order to create a more wholesome, comprehensive and sustainable journalism in this age of globalization, bridging the gap between those different opinions in Japan’s Internet sphere is a task needing to be urgently addressed.

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- 2 Numbers without quotes in this report are based on or calculated from the Japanese statistical yearbook (Nihon Tokei Nenkan 2012), Information and Communication white paper 2011 from the Japanese ministry of internal affairs and communications (Jyōhō Tsushin Hakushō 2012) and its up to date data website (Tsushin Riyo Doko Chōsa, 2012).
- 3 Numbers without quotes in this report are based on or calculated from the Japanese statistical yearbook (Nihon Tokei Nenkan 2012), Information and Communication white paper 2011 from the Japanese ministry of internal affairs and communications (Jyōhō Tsushin Hakushō 2012) and its up to date data website (Tsushin Riyo Doko Chōsa, 2012).

2.4 UK: Big media friends

Johanna Vehkoo and Clare Cook

- Many UK startups do not rely on advertising revenue. There are several who make their money from legacy media, showing that the relationship between startups and legacy media players is collaborative rather than competitive.
- The B2B (business-to-business) approach is very visible in the business models of our UK case studies. These are startups whose clients are either the traditional media or other bigger companies.
- It seems that there is more money in curation, aggregation and selling technology than in the high set-cost business of journalistic content creation.
- The hyperlocal scene is vibrant receiving much attention but sustainability is a struggle.
- Apart from the hyperlocals, it's surprisingly difficult to find UK startups who produce their own content and sell it to a large or even niche audience.
- As our project contains no case studies from Scotland or Wales, this report mainly considers England. We also briefly mention an Irish case study, Storyful.
- The case studies include: Lichfield Community Media, Hackney Citizen, Scraperwiki, Storyful, Tweetminster, Demotix, Media Street Apps, Blottr Digital, Journalism.co.uk, Audioboo, Landscape Juice, Not on the Wires, Talk to the Press, Women's Views On News, Alderleyedge.com.

It is common to divide British newspapers into two main categories: broadsheet or “quality” and tabloid – the latter being a reference to the style of content rather than format, as some quality papers are also smaller in size. The most popular printed newspaper is The Sun, with a circulation of 2,6 million in March 2012. The biggest publisher of local and regional papers is Trinity Mirror, which has 240 local titles in addition to its national titles The Daily Mirror and Sunday Mirror (Ponsford 2012). The British press is also known for its partisan political leanings, whilst the public service broadcaster, the BBC, strives to remain

impartial and unbiased. The national newspapers in the UK have always been in fierce competition with each other, and this continues when they move online. Backed up with a comprehensive spectrum of news agencies and wires, for written and multimedia content, the national news market is fairly saturated and there is little room for new journalistic startups entering this particular market.

The online traffic of the national newspapers rarely reflects their print circulation. Whereas The Guardian only sells about 217 000 printed copies, it has more than 60 million unique visitors per month online (Halliday 2011). It has also built up a sound reputation for API (application programming interface) projects and has pioneered several initiatives to bring the newsroom closer to the audience, publishing newlists and hosting open days. Its reputation to embrace the grassroots and socially networked characteristics of the web have been further popularised not only by the direction of editor Alan Rusbridger, but by projects such as Zeitgeist to track online distribution. National newspapers have adopted various strategies for their online operations, from The Times' fully closed paywall to The Guardian's open journalism approach, where content and, famously, comment is free. The Daily Mail is now the world's most visited online newspaper, surpassing The New York Times (Oremus 2012). The Guardian and The Daily Mail especially have opted to branch out to the US and the rest of the world as part of their strategy to attract larger audiences.

Despite the impressive visitor numbers, few legacy newspapers have managed to make a profit online. The only national paper considered to be a real commercial success online is The Financial Times which charges from £5.19 (\$8) a week. This can be explained by specialised niche content, which is highly valued by business professionals and the high number of subscriptions purchased by companies and businesses rather than individuals.

There is little evidence publicly available on the overall success or failure of startups in the UK, although the field is receiving increasing attention from academic, civic and corporate players. The success of UK's Wired magazine, launched in 2009, reflects the general zest in the UK tech and media start-up scene. UK-based author and academic Paul Bradshaw runs the extensive Online Journalism Blog as a forum for exchange and debate on the future of journalism. And there is growing emphasis on the role of journalistic enterprise for community development and engagement. Investment in supporting these enterprises is also high with revenue streams such as the Google-funded Media and Digital Enterprise project, run by the University of Central Lancashire, for 30 journalism entrepreneurs to benefit from structured business masterclasses.

Hyperlocal vibrant yet struggling

Whilst legacy players are looking outside the UK borders, small startups are looking even closer inside. The hyperlocal media landscape has been the focus of several reports and meta-journalistic commentary. “The local and regional media in the UK” -report identified several common threads across hyperlocal media (Ofcom 2009). A report commissioned by NESTA sets out the emerging hyperlocal media landscape to better understand its potential (Radcliffe 2012). A study in 2010 looked at the 160 different hyperlocal sites in London and noted the difficulty to “slot each example neatly into a category” (Flouch 2010). Attempts have been made to map the local regional landscape and alternative business models (Nel 2010). Yet we do not know as yet a precise representation of these sites and services in terms of proportion of the national media market.

Over the past five or six years, the UK has seen the emergence of hundreds of hyperlocal blogs and websites. Openlylocal.com lists and links to more than 500 of these websites. They may vary from one person blogging about their home village to a small business providing work for a few people reporting local news and selling advertising to fund it. In the first major review of the UK hyperlocal scene, hyperlocal is defined as “online news or content services pertaining to a town, village, single postcode or other small, geographically defined community” (Radcliffe 2012). Many hyperlocals are dedicated to a town (Blog Preston) or district (Lichfield Live), or sometimes part of a city. London has several hyperlocals for boroughs (Hackney Citizen) and even individual streets (King’s Street). The study (Flouch 2010) of London’s Digital Neighbourhoods mapped 160 citizen-led sites in London only. Some hyperlocals (Lichfield Live, SoGlos) are run by people with journalistic skills and background, but many (Hackney Citizen, King’s Place) are not.

Excitement in the hyperlocal scene is further evidenced by the creation of the organisation Talk About Local, created to teach people the skills needed to set up a local online publication. In 2012, NESTA, an independent charity, announced a competition to develop “next generation hyperlocal media services”. As part of its Destination Local programme NESTA offered ten organisations seed funding of up to £50 000. The competition was “looking for prototypes that make the most of mobile technologies to deliver geographically-relevant local media”. The results were announced in July 2012 with winners including Kentishtowner.co.uk, LocalSay, LOL! Leeds Online, and Papur Dre. In May 2012 Cardiff University in Wales announced its plan to set up a new centre for community journalism. The aim is to teach people who run hyperlocal outlets the essential skills to maintain these projects and become self-sustaining.

Radcliffe cites ten reasons why hyperlocal media is gaining popularity in the UK presently: new routes to connect with geographic communities thanks to the Internet; reduced services, staff and revenues of legacy media; gaps in geographic coverage and content, particularly local reporting, have created a vacuum for new entrants, and concerned citizens, who are now responding to this challenge; new online services such as Wordpress, Audioboo and YouTube have enabled anyone to create and distribute local content; an explosion in digital devices capable of accessing this local content, particularly mobile phones and tablets; social media and changing audience behaviours; opportunities for audiences to share and distribute relevant content to their own networks and communities makes local distribution easier too; new funding models and new revenue streams for niche, specialist businesses, including hyperlocal services; big business recognises the value of local content and is moving into the hyperlocal space alongside smaller citizen-led efforts; local issues, and locally-relevant content, continue to matter to audiences, perhaps more than ever in these turbulent times. (Radcliffe 2012)

However, hyperlocals have found it difficult to find a sustainable economic model. Even though there is no exhaustive survey about this, it is likely that most hyperlocals are run by enthusiastic individuals who work either for free or very little money, out of dedication to their community. They are facing many structural challenges, such as funding, discoverability, sustainability, and visibility (Radcliffe, 2012). Richard Jones, a freelance journalist and lecturer at Leeds university, sums up his endeavours running the hyperlocal site Saddleworth News, like this: “Despite my site’s reach of more than 20 000 unique users per month, in an area of only 24 000 people, I found it hard to persuade the butcher and the baker of the value of taking out an ad. Much easier for them to do what they’ve always done, and use the glossy magazines or the daily paper.” (Jones 2012)

Not all of the hyperlocal buzz is happening on the web. Print continues to play a role, as some find web-only doesn’t pay the bills. The Hackney Citizen, for example, makes more than ten times more money from print than online. Regional publisher Live magazines has branched into the county magazine sector with a series of profitable print launches in Lancashire, in the North West of England. Local television, too, has seen new players emerge. A small Sikh television channel, Sangat TV, gained fame for its coverage of the UK riots in the summer of 2011. The Government has announced its plan to award local television licenses by the end of 2012. Some of the most interesting local experiments are not seeking profits and cannot be classed as businesses at all – and therefore are not suitable for this study, such as crowdsourcing tool Help Me Investigate.

The regional press is ailing in the UK. Neil Fowler (2011) says that the regional and local papers failed to experiment with new business models and understand the changes in the marketplace. Many of the regional papers enjoyed very high profit margins for a long time, so they had the chance of making investments in the future when the times were good. Now, Fowler suggests that radical measures are needed to save what's left of the local press. He writes in *The Guardian* (20 Nov 2011): "Manufacturing may have largely disappeared from these shores but it has, in part, been replaced by imports from China and elsewhere. When local and regional news goes, there will be no substitute. Bloggers will have their part to play, but the fundamental question remains: who will cover Hartlepool magistrates court on a wet Wednesday afternoon? It will not be a well-meaning amateur and has to be a professional journalist – the issue is how will it be paid for?" (Fowler 2011)

The enthusiasm around hyperlocal has not been left unnoticed by the regional press. The Birmingham Mail has been successful in harnessing some of the hyperlocal audiences by co-operating with more than 30 hyperlocal websites. The Birmingham Mail, and its Your Community section, has the permission to use the hyperlocal sites' content both in print and online, properly credited and with links back to the hyperlocals. Northcliffe Media's LocalPeople network, launched in 2009, has grown quickly to hundreds of local sites. All of these are completely reliant on user-generated content. The Liverpool Echo produces a print user-generated supplement in its city paper.

Despite the known difficulties of traditional regional media, at least one of the big national newspaper players has also dabbled in hyperlocal journalism online. The Guardian experimented for two years with Guardian Local, a project with three local correspondents, dubbed as beat bloggers, covering Leeds, Cardiff and Edinburgh. In May 2011 the local blogs were closed as The Guardian saw the project was not sustainable. The Guardian didn't abandon hyperlocal altogether. In March 2012 it launched the hyperlocal publishing platform n0tice.com, an idea spun from one of the newspaper's hack days. n0tice is described as "a platform which re-thinks local news for the social-local-mobile (so-lo-mo) world" and which seeks to answer the question "what's happening near you?" It combines liveblogging, collaborative story gathering, and mobile reporting. The aim is to provide revenues for both The Guardian and the noticeboard creator, potentially a hyperlocal website, by sharing income from classified advertising.

Fowler may not see hyperlocal blogs and websites serving their communities as well as newspapers used to, but it seems that many hyperlocal advocates might disagree. Many see their role as filling in the gap left by traditional media, which

has been cutting newsroom jobs and failing to understand their communities. As Paul Bradshaw told the parliamentary Culture, Media and Sports Committee in December 2009:

“For the hyperlocal publishers, bloggers, one key element of quality is transparency. If you report on a council meeting, then you link to the full minutes, you put all of that in its full form. It is interesting because I have been looking at a lot of council coverage in local newspapers and it is very much second and third-hand, you are getting very small quotes and it is not clear if that is from a press release, directly from a phone call or the meeting. A blogger would link to as much as possible and would link to the full transcript.” (Bradshaw 2009)

New platforms for new players

Several entrepreneurs in the UK are experimenting with new platforms. This appears to be the second main trend in UK journalistic startups, in addition to hyperlocals. Many of these new players also have fresh ideas about revenue models, as an alternative to reliance on advertising.

Audioboo is a social platform for sound. It’s a mobile and web platform that allows you to record and share audio with your friends anywhere. Journalists can use it for publishing interviews. Blottr is an open platform for citizen journalism. It has an interesting business model as it makes money by licensing its technology as a white label to other, different kinds of publishers. For instance, it has a cosmetic surgery magazine as a customer. This magazine has 12 000 of the world’s leading cosmetic surgeons reading their content. With Blottr’s technology they’re able to get those users to contribute as well.

Tweetminster curates news and opinion around any topic, industry or market. Its purpose is to help people and organisations know what is important for them to know. Tweetminster gives all things political for free on their public platform, but charges for analysing other kinds of content, which may vary from “Formula 1 to Middle East”, according to founder Alberto Nardelli. They too are a technology company. Demotix is an online platform that allows anyone anywhere to upload their news, video and images. The Demotix staff will then vet that material and then license it on to mainstream media. The company has many high profile partners from The Guardian to the Wall Street Journal. Essentially Demotix is a “citizen journalism AP” (= newswire). They split the revenue from sales 50/50 with their contributors.

There are also scalable platforms for hyperlocals: Focus Digital (which runs AlderleyEdge.com and other local websites), Media Street Apps and Talk About

Local all work to make it easier to create new hyperlocal websites by basically copying an existing model to new locations and/or teaching the use of open source software tools.

Big media – friend or foe?

Many UK startups do not rely on advertising revenue. Tweetminster and Demotix make their money from legacy media, as does Storyful from Ireland. Tweetminster analyses trends in web content, Demotix works as a citizen journalism news agency and Storyful sells verification of content from the social web. This shows that the relationship between startups and legacy media players is collaborative rather than competitive which is contrary to hyperlocals who often see it as their job to fill in the gaps left by traditional media (although the tension between hyperlocal and the local press is diminishing as some hyperlocals now work in co-operation with traditional media).

Audioboo is one start-up that seized an opportunity. It is a mobile and web platform that effortlessly allows you to record and share audio for your friends and family. “In 2008 we were working with Channel 4 to do more recording with mobiles but the recession happened and it was clear they weren’t going to launch so we thought we would develop it any way. We put it in the App store and didn’t think much more of it. But then loads of journalistic producers found usage for it: during the G20 protests and amongst BBC Radio One listeners. So the growth was quite serendipitous as we realised we were hitting a great market.” (Rock 2012)

Audioboo’s key strategy is to see themselves not “as an Internet disruptor: we want to work closely with and complement existing media models in news and new areas. Audioboo pro is license deals – we want to work with big corporations to buy a bunch of functionality. It is about what we can offer to those media companies who already have significant audiences.” As well as partnerships, the business model is largely based on a freemium model. There are 400,000 users of which 5,000 have joined Audioboo plus. It is aimed at loyal users and podcasters. A new Plus tier, costing £60 annually, comes with 30 minutes recording time, updates to Facebook pages and extra iTunes podcast settings. The revenue model also relies on paying for content: like audio books and book chapters where they take a 30% cut.

The business-to-business approach is very visible in the business models of our UK case studies. These are startups whose clients are either the traditional media or other bigger companies. It seems that there is more money in curation, aggregation and selling technology than in the high set-cost business of

journalistic content creation. Those who are producing their own content, they are also very much B2B and niche content, such as Journalism.co.uk – whose interest is the media and journalism itself – and Landscape Juice, which has the highly specialised audience of the landscape industry. For this type of businesses, the money doesn't only come from selling niche content but also from events, training and consulting.

Increasingly, however, social media is helping to break down a “them and us” mentality. Big Media are working in partnership with smaller news producers in the UK, with The Guardian and the BBC both releasing APIs. These moves to increase collaboration can be a rich source of opportunity for the media entrepreneur under the umbrella of open innovation (Chesbrough 2003, Bessant & Venables 2008).

Journalism deconstructed

Apart from the hyperlocals, it's surprisingly difficult to find UK startups who produce their own content and sell it to a large or even niche audience. Mostly the content comes from elsewhere, such as citizen contributors, or it is not really a selling point. Not on the Wires was an exception to this rule, but they ceased publishing as they realised the model could not be made sustainable and they couldn't pay the contributors.

It's particularly difficult to find successful websites who rely on quality niche content. One exception is Citywire.co.uk, which has been covering business news since the year 2000. The prominent political blogger Guido Fawkes has done well with Westminster gossip.

It seems that quality niche content – concentrating in doing one thing and doing it better than others – is a field mostly left unexplored in the UK and therefore full of opportunities. As the co-editor of the local site Blog Preston, Joseph Stashko, notes:

“But why don't we see more of it (= startups) here in a journalistic sense? Many UK journalism schools are innovative, and the projects produced by some students are intelligent and unique ideas. Why then is the idea of working for a national newspaper or magazine still perceived as the Holy Grail? We live in an age where news is not defined by the platform, it's defined by the content. Readers care less about where the news is coming from, and more about whether whoever is writing it has any authority. More and more, people are realising that non-traditional news organisations hold the key to a particular beat; take Guido Fawkes. Readers can deconstruct and take apart pieces that

reek of inaccuracy; so we're in an age where it matters less who you write for, but how good you are. Why is that important for trying to understand a startup culture? Because it reinforces the idea that the playing field is wide open... I fear that none of that will happen. Not because it's unrealistic, but because the mindset required and facilities needed aren't prevalent in the UK." (Stashko 2011)

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2.5 France: Tensions and diversity

Clare Cook

- The legacy structures in the French media present bureaucratic rigidity. This makes it harder for entrepreneurs and startups to achieve financial sustainability and growth.
- Unlike the UK, the French media system has an underlying and sometimes antagonistic sense of 'them and us' between old and new media fuelled in part by central leadership.
- There is experimentation building media products around citizen journalism. AgoraVox is one of the most prominent European examples of a citizen journalism site, and one of the premier platforms in France for citizen journalism.
- There are major players far outpunching their weight by cashing in on their legacy influence and reach. Ironically, the industry is structured in such a way that these legacy players offer a lifeline to fledgling media entrepreneurs.
- Startup journalist sites can cash in on a civic role with a rallying call: from the tagline of website and print-magazine Causer.fr 'especially if you don't agree' to the 'alternative news' of Les Nouvelles News and the civically engaged BastaMag, online journalism has given a voice to a range of sites wanting to fight causes and be heard.
- Several have taken the decision not to use advertising to finance their editorial initiatives, as in Italy.
- The case studies include: Rue89, MediaPart, AgoraVox, Citizenside, Dijon-scope, ThisFrenchLife.

There has been a notable energy towards the launch of online-only media entities, known as pure players, and experimentation with a variety of formats since 2005. Several sites pride themselves on independent quality journalism that rejects the status quo – even one might say cashing in on a counter-culture that stands for independent, investigative journalism. However the economics remains a challenge. Against a backdrop of suffocating bureaucracy many media

entrepreneurs are stifled. Legacy media looms large not just in their access to lucrative government funding (the most generous of all European countries) but also intangibly. Overall, startups are still feeling their way financially and sustainability relies on a mix and match approach.

The media landscape

France has more politicised public service broadcasters than many other European media, stronger commercial television operators and a limited circulation and often elite-orientated press which can be defined as a “polarised pluralist” media system, common to the Mediterranean (Hallin & Mancini 2004). It is a national media market in that most start-ups are catering first and foremost to the native tongue (although social media such as Twitter and Facebook are increasingly democratising the reach beyond physical frontiers, as seen in Spain). Vision beyond national frontiers has largely been stayed. In the final session at LeWeb conference in Paris, in December 2008, organiser Loic Le Meur proved the point by demonstrating none of the attendants had heard of Vente-Privée – a major Groupon-style flash sales start-up.

Yet France is a large and technologically advanced mature media market. It has a population of 65 million and a healthy interest in media and tech with 62% of the population using the Internet everyday, the tenth highest in Europe (Eurostat 2012). Online advertising expenditure in 2011 topped 1,212m euros (Zenith Optimedia) 19.8% of the market share (the fastest growing sector year on year). As elsewhere, Google attracts a majority of search advertising and is the most popular web destination.

The French newspaper industry is dependent on a complex combination of state subsidies and co-operative forms of production and distribution. It consists of a string of Parisian titles with national distribution but limited circulation and a larger regional press with broader reach. No country spends more money to preserve the freedom and the plurality of its press: €1.2bn in 2008 (taking into account all forms of aid); that is 12% of the sector’s total revenue to the point that even hardened “pure players” debate the potential need to accept government handouts (Filoux 2009). MediaPart faced criticism for being a mere replication of offline when it accepted a 200,000€ donation towards its total 5 million revenues.

Indeed there has been a long-lasting institutional crisis afflicting the French press, with considerable losses to circulation and ad revenues (Antheaume 2010). In many territories, regional and local press are monopolies born from legacy consolidations dating back to the 50s and largely mirror electoral and administrative boundaries (Le Floch 1997; Lerner 1977; Tetu 1995). Many have struggled

to adapt to the new media landscape with broadcasters such as TF1 and France Televisions, rather than print businesses, leading the way online. Newsrooms have largely resisted integration as is the norm in Anglo-Saxon publishing. And the regional structure's attitude to online and innovation has largely been typified by a "purely marketing approach" of shovelware (Smyrnaio et al 2011).

The French media system has an underlying sense of "them and us" between old and new media fuelled in part by central leadership. The 2009 Sarkozy government bailout was for Big Media providing 200 million euro over a three-year period. But many continue to struggle. 65-year-old Paris Liberal daily *Le Monde* was saved from bankruptcy only when it was bought by billionaire investors in 2010. The industry is rife with a "who you know" mentality. If you register a foundation in France you are obliged to guarantee a seat on the board to a representative of the government. "The French press works much like the US museum industry. A curator doesn't aim at pleasing visitors. They bring in less than 10% of revenues. The demand to be satisfied is the donors." (Kayser-Bril 2008)

The intangible influence looms larger still. Key movers and shakers in the start-up scene are "news men" of the legacy media. Several of the staff behind MediaPart and Rue89 worked at major titles including *Le Monde* and *Liberation*. And when the Huffington Post came to launch a French version in 2012, it sought a partnership with the most prominent legacy media in the country, *Le Monde* Group. As former US president George W Bush said once: "The problem with the French is that they have no word for entrepreneur." Even Filoux laments "By every measure, France is lagging behind the rest of the industrial world in terms of technological innovation" and, commenting on a 2010 government Creation and the Internet report on media business models that France, "as a country, is unable to adopt once and for all a sanely regulated pro-business attitude".

There are major players far outpunching their weight by cashing in on their legacy influence and reach. Ironically, the industry is structured in such a way that these legacy players offer a lifeline to fledgling media entrepreneurs: the financially struggling analysis and news site Rue89 was bought by *Le Nouvel Observatoire* in late 2011; since 2007 *Citizenside* has benefitted from *Agence France Presse* holding a minor share; *AgoraVox* is made tenable by its place within the umbrella *Cybio* consultancy agency. Parisian-based YouTube challenger *Dailymotion* received 58.8million euro when France Telecom's Orange bought 49% of the company. It works with partners around the world, including Al Jazeera, CNN and Warner.

TABLE 1: Top ten news websites June 2011 compared to startups

Website	Monthly unique users
TF1/Wat	9,502,000
France Televisions	8,361,000
Le Figaro	6,370,000
Le Monde	5,822,000
20minutes.fr	5,356,000
L'express.fr	5,203,000
Tele Loisirs	5,179,000
Le Nouvel Observateur	5,102,000
M6	4,726,000
L'Equipe	4,488,000
Rue89	2,062,000
MediaPart	659,000
AgoraVox	649,000
Citizenside	100,000
Dijonscope	60,000
ThisFrenchLife	30,000

Entrepreneurial energy

That is not to say innovation is thwarted entirely. On the contrary. There is an increasing sense that professional ambition and new innovative practices – having been stifled for many years – are ready to drive change. Paris represents one of the most exciting laboratories for the future of journalism in Europe. Quartier du Sentier in the second district is the hub of the entrepreneurial community, where you will find La Cantine, the main co-working space. It is home to dozens of media entrepreneurs carving out new boundaries for what it means to “do” news. The annual LeWeb conference and the creation of media and tech incubators Le Camping have put the country on the map.

There is evidence of successful diversification into blogging by national titles. *Coulisses des Bruxelles* was launched in 2005 by *Liberation* journalist Jean Quatremer and became the first blog to win the Louise Weiss journalism prize. The idea for the site came from the paper’s web editor. It soon gained notoriety beyond French borders. “I thought no one would care but it became an overnight success because it got people talking. You have to find a niche and be part of a community.” (Quatremer 2011)

Pressure is also mounting on the need for change by organisations such as Le Spiil, the independent online press syndicate. They work to study and represent the interests of online-only news players and their professional interests, and campaigned for two years for online news producers to pay the same VAT rates as printed press, a heavily reduced 2.1%, instead of 19.6% (a similar plight to that faced in Finland). There is renewed zest in filling gaps in the media market left by receding legacy media with new and timely products. In all, a new wave of journalistic online start-up is aiming to “break with traditional paradigms of French journalism and the French media business” in what Bruno coins a *Nouvelle Vague* of start-up (Bruno et al 2012). Meta-journalistic commentary is also profiting from open blogging platforms, as seen on L’Observatoires des Medias. And the ePresse digital consortium in France has as its objective to build a digital kiosk (web and mobile apps), that will allow the French press to sell its content, while retaining control over pricing, marketing and customer data. ePresse is also working on deals with Orange, Google, Bing, Ligatus, and HP.

Monetizing ideology

More than anything, there is a rallying call driving several French media entrepreneurs. From the tagline of website and print-magazine Causer.fr “especially if you don’t agree” to the “alternative news” of Les Nouvelles News and the civically engaged BastaMag, the production possibilities of online journalism have given a voice to a range of sites wanting to fight causes and be heard. Rue89, Mediapart, @rretsurimages, Slate.fr, and Atlantico all pride themselves on cutting-edge investigative journalism and commentary. Director of Mediapart Edwy Plenel has campaigned veraciously against “liaisons dangereuses” between French media and political interests (Plenel 2007). Users appear to be willing to pay directly when counter-culture forms a central part of the unique selling point with success financially coming from subscriptions and donations.

For example, MediaPart now has 58,000 subscribers on a 9 euro a month tariff (although discounts are available) and Dijonscope, whose tag line is “the price of freedom” moved from advertising to subscription only charging (90 euros for two years, 50 for a year or 5 a month. For Dijonscope, “This is a mission. It’s also about echoing what we believe in that mission in our business model, which is why we have changed our strategy to remove any advertising. I cannot stand advertorial. I have always said there would never be any on this site. You should not be able to buy the opinion of a reporter”.

Of the cases studied, at least two have taken a stand in challenging mainstream legacy media with investigative journalism. Much like Matt Drudge in the 1998

scoop of the Monica Lewinsky scandal, which catapulted start-up The Drudge Report into new media territories, French start-ups have wilfully synthesized their identity with their ability to scoop the established press. Rue89 delivered its first scoop concerning Cecilia Attias, the day after Nicolas Sarkozy's victory in the 2007 Presidential Elections. Sarkozy's then wife had not voted for her husband in the decisive second round. Much like the Lewinsky scandal, the story had been ignored by the mainstream press. Mediapart's aggressive reporting has generated several scoops and exclusives most importantly concerning the Bettencourt affair of 2010. Unlike Le Monde which chose not to publish recordings for fear of privacy violations, Mediapart pushed ahead with a series of reports nodding to one of the principal shareholders of L'Oreal avoiding paying taxes, with the full knowledge of top people in Sarkozy's party.

Rue89 has pioneered a new approach to journalism in France promoting innovation openness and investigations. It combines a strong editorial voice and original in-depth coverage as well as citizen involvement. Users can provide ideas and suggestions but the editorial team decide what to publish and pursue. The result is a priority on the professional, attempting to carve out a place in the traditional media landscape with broad readership rather than niche interest. It is one of the few French start-ups to exploit the web-native formats such as interactivity and infographics in a way more commonly associated to Anglo-Saxon news outlets. Revenues from advertising generate approximately 5€ per CPM so diversification strategies into training, ecommerce fundraising have been deployed. In an ironic return to the shovelware of the first web attempts, Rue89 have attempted to increase gross profit margins when in May 2010 they produced a pocket-sized printed edition accounting for a third of 2010 revenues, by way of reverse publication.

It is also this rallying drive which sustains crowdfunding initiative J'aime L'info, developed by Rue89 with Le Spiil as a founding member. The site hosts 130 community projects and websites with the principle aim of facilitating revenues from small reader donations. StreetPress, for example, has been hosted on the site since March 2011 for people aged 20–35 combining daily issues and long-form journalism. At the time of writing, the latest donation was for 5euros. Much like Spot.us in the US, donations are focussed on either helping the site grow or to fund specific projects, reports or sections.

Editorial successes have not always been rewarded with economic sustainability, however. AgoraVox is struggling to match a peak in traffic in 2009. Rue89, despite a growing readership, had to be bought out. In addition, this is an increasingly competitive landscape with more and more peer and network driven sites (look at the growing influence of Tumblr, for example) where user-generated

content can be shared. Parts of sites run by legacy media such as Le Post, a web property of Le Monde which was merged with the French edition of the Huffington Post, are also gaining ground.

The Internet has, of course, provided a publishing house to a range of startups covering niche interest. For example Fluctuat.net covering pop culture, Sofoot.com bringing breaking news from the football world and Topto, a list and classification site aggregating content as “best of” compilations. Increasingly, multimedia and app opportunities are being exploited such as Paris based 7pm-tv.fr offering a television show for business professionals and commentary since October 2011. Owni has carved out a niche producing data journalism and visualisations. However their reach is hindered by questions of sustainability.

In focus: regional and hyperlocal

The legacy structures in the French media present bureaucratic rigidity. There are regulations in place to prevent bedroom bloggers from growing their sites. Most regional and local pure player sites are blogs which means they are not registered as official press organisations. To have the right to be called an official press agent they have to be registered with the CPPAP – the publications and press agency commission as a SPEL, an online press provider. Sabine Torres, founder of regional pure player Dijonscope, vilifies the legacy restrictions.

“The press is very opaque in France yet we want to make the relationship transparent again. To be recognised as a news provider, you have to be registered appropriately, yet most people want to make the most of the democratisation of the press and start news sites. In France these remain firmly in the ‘blog’ camp and cannot officially employ people. Start-ups have been restricted to either younger people starting sites but running them more unofficially, or older generations, with enough money to be registered, but who bring all the old ways of ‘doing news’ to the table.” (Torres 2012)

At a regional or niche level, sustainability is intrinsically linked to the need for official recognition. “Regional has too long been thought of as something trashy, devalued, sensationalised and that everything online has to be free. I fundamentally do not believe that to be true. Regional journalism is the backbone of liberty or political justice – and there is a wealth of good reporting to be done if it is done properly.” (Ibid). Trust and engagement are key (Bradshaw 2012, Timworth 2012). As Briggs states “news entrepreneurs must make the decisions necessary to create and sustain trust with their audience.” (Briggs 2012)

This is echoed by AgoraVox director Francesco Piccinini. “We developed a close relationship with the whole community: I know personally at least half of our contributors.” (Bruno 2012)

Those sites which are officially recognised are carving out an increasingly tenable position in the local media landscape. For example, 94.citoyens.com is the regional site for Val de Marne. It grew out of Nogent Citizen (started in 2008) and is an associated member of Le Spiil. Dixhuitinfo covers news and information from the 18th district of Paris, sustaining four staff members. Regional pure player Daily Nord has carved out a strong reputation for commentary and an infographic of the most unusual news features from the region.

Community site Thisfrenchlife has carved out a sustainable niche for ex-pats living, or interested in living, in France. Former regional journalist Craig McGinty has run the site single-handed as a sole trader since 2003. He cites the need to constantly cross pollinate between editorial and business opportunities in order to survive. That may mean opening fringe forums based on hot topics or running editorial knowing large advertising campaigns are being run elsewhere, all to maximise traction, hits and best serve the community. Revenue streams at this level are the most diversified: consultancy, training, affiliate schemes, advertising and sponsorship are all sought. Using affiliate schemes to sites such as Amazon are proving too low in monetary reward to be viable. Local websites are working with local financial services or any other high-priced services to get a more substantial split. It needs to be a big-ticket sell based on the themes of the site.

The business of citizens

There is experimentation building media products around citizen journalism. AgoraVox is one of the most prominent European examples of a citizen journalism site, and one of the premier platforms in France for citizen journalism, though one originally built around a non-profit site. It was inspired by the South Korean OhMyNews and designed to capitalise on the web’s capacity for “strategic intelligence” – the desire by people to enrich their world with diverse information and be an active part in its curation, verification and validation (AgoraVox). It secured its niche during the proposed European Constitution of May 2005 and 2007 presidential elections with a much fuller and more accurate representation of popular sentiment. Members are allowed to publish directly on to the site after initial registration and verification. It has built a sizeable community of contributors in France especially, although diversification to AgoraTV and platforms in the UK and Italy have been less successful. Advertising revenues alone have not been enough so diversification into training and donations are being sought.

With similar motivations but different media, Citizenside hopes to capture the multimedia interpretations of everyday news events. The site aims to create the largest online community of amateur and independent reporters where everyone can share their vision of the news by uploading photos and videos. It was launched in France in 2006 and has 70,000 members in 150 countries. The inspiration for the site came after the London Tube bombings when iconic images from witnesses such as Adam Stacey made the rounds on the international press after being posted to Wikinews and Moblog.co.uk. The site's main success has been in empowering citizens to earn money from their work. Major news brands have an advantage because they have brand recognition and platforms that are sophisticated but they don't have the nimbleness of thinking or the speed and agility of a start-up (Trippenbach 2011). There are three main revenue streams: a revenue share with users from selling work (based on 65% for sales in the same country as production: 50% abroad); one off direct media sales to media outlets: exclusive video footage of the fashion guru John Galliano having a racist rant was sold to The Sun in 2011 earning the citizen reporter a substantial sum (enough for an Audi); and through a Pro service, much like a syndication, offered to bigger players.

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2.6 Italy: An unfinished transition

Nicola Bruno

- Rather than competing with legacy media players, startups are carving out roles to become their allies, as in the UK.
- A very small staff that works both in content production and in new business seems to be the most efficient.
- Very low operating costs that mostly cover personnel costs and, to a lesser extent, research and development are the norm. This includes work that is organised to take advantage of partnerships with outside companies for specific skills (graphics, design, programming).
- Several have taken the decision not to use advertising to finance their editorial initiatives, as in France.
- Startups are working on the development of high value-added products that may be of interest to both media and non-media companies.
- There are highly diversified sources of revenue that range from providing content to training, special products and organisation of events.
- The journalistic startup scene is potentially thwarted by retardedness in Internet penetration, particularly compared to other European countries
- The cases included: Formica Blu, China Files, Effecinque, Varese News, News 3.0, YouReporter and FpS Media.

The Italian media industry is going through a transition in which traditional players continue to play a key role, and yet they have not completed the switch-over to digital because of structural limitations and a lack of innovation. According to the latest data from the research institute ReportLinker (2011), “the Italian media industry had total revenue of \$28.8 billion in 2010, representing a compound annual growth rate (CAGR) of 2.3% for the period spanning 2006–2010”. Around half (\$13,333.8 million) of this revenue was generated by television (broadcasting and cable) alone, which has traditionally been the most important segment of the Italian media system. The newspaper market follows at a safe distance, with total revenue of \$2.6 billion generated in 2009.

The latest data released by the Censis Institute (2011) on media consumption in Italy confirms the enduring dominance of traditional players to the detriment of fully digital ones, which are still in the minority in Italy. Compared with the 80.9% of the population that gets its information through TV, only 29.5% of users get information from web sites. Radio continues to be a leading form of media (56.4%), while newspapers (whether purchased or free press) are read by less than one out of two citizens (47.7%).

TABLE 2.6.1: The most widely used sources of information

Media	% of the population
TV	80,9
Radio	56,4
Newspaper	47,7
Weekly and Monthly Magazines	46,5
Online Media Outlets	29,5

Source: Censis 2011

Television's dominance over other media has been confirmed by figures from the advertising world as well. As can be seen in the table below, it has a market share of over 57%. Investment in online advertising continues to be modest (6.5% of the entire market), but it should be noted that this sector is the only one that has grown with respect to the previous year (+14.5%), as TV and newspapers/magazines have been in decline for several years.

TABLE 2.6.2: Italian advertising market, Jan.–Dec. 2011

Media	Advertising spending (2011)	Market share (2011)	Growth (2011 v. 2010)
Television	€ 3,685 m	57.8%	-3.2%
Newspapers	€ 971 m	15.2%	-8.2%
Magazines	€ 636 m	10.0%	-2.8%
Radio	€ 452 m	7.1%	-7.1%
Internet	€ 412 m	6.5%	14.5%
Outdoor	€ 177 m	2.8%	-10.8%
Other	€ 38 m	0.6%	-15.7%
<i>Total</i>	<i>€ 6,371 m</i>	<i>100%</i>	<i>-3.6%</i>

Source: Zenith Optimedia (all figures in current Euros)

As in other European countries (Levy and Nielsen, 2010), the traditional press in Italy has found itself in the middle of a serious economic and identity crisis. This is not only due to an ever-shrinking advertising market, but also to the inexorable decline in sales of newspapers and the overall number of readers.¹ At the same time it can be noted that online versions of the major newspapers today are able to attract a wider audience than the traditional elite reached by the press in Italy (Sorrentino 2006). As shown in the table below, online versions of the two most widely read newspapers in Italy (Corriere della Sera and Repubblica) now have a daily readership between 3 and 4 times larger than that of their print versions.

TABLE 2.6.3: Newsstand copies vs. Online unique visitors

Newspaper	Newsstand copies sold per day*	Online unique visitors per day**
Repubblica	406,803	1,707,388
Corriere della Sera	440,424	1,366,966
La Stampa	238,513	451,863
Il Sole 24 Ore	170,010	331,051
Il Giornale	176,561	190,815

Sources: * Ads – February 2011 ** Audiweb, powered by Nielsen – June 2011

Thanks to initial online investments dating back to 2006, Repubblica.it and Corriere.it have been able to consolidate a “duopoly” in online news, which the other newspapers have not been able to challenge over the last 15 years (direct competitors such as La Stampa and Il Sole 24 Ore have about a third of the traffic of Repubblica.it and Corriere.it). As much as they continue to be widely read,² online versions of major Italian newspapers have not introduced any significant innovations. As stated by the European Journalism Centre (2010), “So far newspaper publishers have failed to grasp the opportunities opened by ICT. The digital versions of most newspapers often look like mere “transpositions” of their paper versions and lack real value in terms of content, services offered and aesthetics”.

The newswire model – in which a continuous stream of the latest news in politics, economics, and culture is interspersed with gossip, fun facts, and other infotainment – is still predominant. An omnibus journalistic model, which is historically typical of Italian news (Sorrentino 2006), then, continues to be reproduced, in which – unlike in other European countries – there has never been a real distinction made between high quality newspapers (broadsheets) and lowbrow ones (tabloids). All this is reflected in the quality of information offered up, as pointed out by the authors of the Soros Foundation’s report Map-

ping Digital Media: Italy (2011): “Real-time pressure of online news production has affected journalists’ ethics of verification, leading to compromises on the extent to which stories are verified. (...) Also, digitization has not enhanced the prospects for investigative journalism, which remains the preserve of the large television networks”.

Between the digital divide and survival of the fittest

Despite a digital divide that is far more pronounced than in other European countries (according to Eurostat, only 21.3% of the population has access to broadband networks at home, compared to an EU15 average of 28.1%)³, the number of Italians that use the Internet has seen constant growth for at least a decade. According to the findings of the Nielsen research institute, in March 2012 over 50% of the population went online at least once a week. This constitutes 27.7 million users, a 7% increase in a year. On an average day, 13.7 million users go online, each person navigating for 1 hour and 18 minutes and consulting 147 pages.

The lack of infrastructure (particularly in terms of broadband penetration) has unquestionably had a negative impact on the growth of Internet usage, affecting the supply of online information as well. The web services with the highest number of unique users remain the U.S. ones, Google, Facebook and MSN, which also dominate much of the online advertising market. In the top ten there are only a few Italian web properties, such as the web-portals Virgilio and Libero (which, along with web services such as e-mail, weather, etc., also offer informational content).

TABLE 2.6.4: Italy, top 10 websites – June 2011

Website	Monthly unique users
Google	24,039,000
Facebook	20,836,000
YouTube	16,742,000
MSN/WindowsLive/Bing	16,446,000
Virgilio	14,680,000
Yahoo!	14,092,000
Microsoft	13,992,000
Libero	13,187,000
Wikipedia	12,363,000
Blogger	10,153,000

Source: Audiweb, powered by Nielsen, June 2011.

If search engines, social networking and blogging are excluded, the online news sources that are most widely read are those which are backed by major print newspapers, such as La Repubblica, Corriere della Sera and TGC.COM (the web site for Mediaset, the TV channel owned by Silvio Berlusconi).

TABLE 2.6.5: Italy, top 10 news websites

Website	Monthly unique users
La Repubblica	8,607,000
Corriere della Sera	7,895,000
TGC.COM	6,029,000
Libero News	5,022,000
La Stampa.it	4,010,000
ANSA	3,715,000
Quotidiano.net	3,354,000
Virgilio Notizie	2,383,000
Google News	2,000,186
Il Fatto Quotidiano	2,119,000

Source: Audiweb, powered by Nielsen – June 2011

Two exceptions and three innovations

In this environment and media landscape – where the major US players have swallowed up a large part of the traffic and mainstream media dominates most of the informational space online – it clearly is not easy for entrepreneurial, Internet-based journalism initiatives to grow.

Unlike European countries like France and Germany (Bruno and Nielsen, 2012), Italy has only recently seen the launch of independent web-only news outlets with national coverage.

Between 2000 and 2010, online information was starting to come to life in the rest of Europe, information that by now has been consolidated. In Italy, however, only two exceptions have been able to break in. These exceptions, moreover, are very different from one another and are not aimed at a general or national audience.

The first exception is the gossip site Dagospia: created in 2000 by the journalist and TV host Roberto D'Agostino. It immediately adopted the model of a US site, The Drudge Report, mixing gossip and aggregation of news published on other sites. Twelve years after its launch, Dagospia remains a small-scale operation with a limited and loyal audience (around 80,000 unique visitors a day); it

is economically stable, thanks in part to advertising revenue that covers a large part of its operating costs (estimated at around 500,000 euros a year).

The hyperlocal site VareseNews, however, is entirely different. Created in 1996 and even now one of the best examples among the Italian pure players, it takes an approach that is highly open to citizen-readers (but without being a site for citizen journalism). Over the years it has grown to become the most widely read site in the area, topping even the local newspaper that dominated local news for decades. VareseNews is an innovative case not only because of its ability to get the community involved, but also because of the unique ownership structure that sets it apart: shares of the company are owned by major industry associations (unions, manufacturers, artisans) in the region; this ensures an economic stability that other hyperlocal news outlets are struggling to achieve.⁴

In any case, Italy had to wait until 2010 to see the online appearance of web-only journalistic initiatives aimed at a national audience, which France saw starting in 2007 with the launch of sites like Rue89, Mediapart, Slate, etc. Between the beginning of 2010 and 2011 three sites emerged that have attracted a lot of interest beyond their borders (Cherubini, 2011): *Il Post*, *Lettera43* and *Linkiesta*. All three of these news outlets were established by journalists that were very well-known in the Italian journalistic world and who, at a certain point in their careers, decided to leave print or TV in search of a new online experience. The publishing models and organisational structures of these three news outlets are very different from one another and deserve consideration.

Il Post aims to aggregate news selected by a reduced editorial staff (7 journalists) and by over 50 bloggers; it is presented as a sort of super-blog, centred around user interaction and based on original content that is presented as an alternative to what is offered by traditional newspapers. A lot of attention is paid to quality and fact-checking; this, combined with its experimentation with innovative formats (including live coverage of current events), makes *Il Post* an interesting example. However, as of March 2012, it had around 27,999 unique users per day, which cannot be enough for a site whose business model (for now) is the offer of free content paid for by advertising.

Linkiesta, on the other hand, aspires to be a site for analysis and investigative journalism. It has a large editorial staff (15 journalists) and does beat reporting on specific issues (such as finance and the government's economic policies). Even if it is more traditional than *Il Post*, *Linkiesta* also experiments with new formats, as can be seen by its extensive use of infographics and visual content. Even here, however, the number of users is very small (16,392 on an average day in March 2012). The attempt to introduce paid content through a paywall is not

giving the hoped-for results, at least for now: as of February 2012 only 500 users had subscribed (Bruno and Nielsen, 2012, p.97).

Lettera43 is a news outlet that is part of a much more ambitious publishing project: the start-up, News 3.0, financed with around 5 million euros from several leading figures in Italian capitalism. Launched by a familiar face in Italian economic journalism, it relies on a rich editorial selection and a much more traditional approach to online news: the goal, in fact, is to compete on the same playing field as the big players in online news, offering both general content (through the site Lettera43) and more niche-based content (through specialised verticals such as *EconomiaWeb*, *ModaInforma*).

Of the three start-ups that have recently appeared in Italy, the only one included in the SuBMoJour database was News 3.0, as, according to data released by its editor-in-chief, Paolo Madron, it is the only one to have consistently generated revenue over the course of 2011 (around 1.3 million euros). Even if this revenue is not yet enough to cover its high operating costs (estimated at around 1.8 million euros a year), it is still a very encouraging sign for the project's sustainability.

Small and flexible: the news-agency model

However, it is a different model of journalistic enterprise that in Italy has been proven more popular: the agencies or services that work from a business-to-business point of view. This is the case for the four start-ups that have been included in the SuBMoJour database: *Formica Blu*, *China Files*, *Effecinque*⁵, and *FpS Media*. As Mauro Sarti, a professor and expert on journalism in Italy who has devoted an interesting article to the topic (Sarti, 2011) explains, these are “specialised and innovative agencies covering everything from the publication of breaking news online to scientific information, ecology, the environment, books, and even major international broadcasting. There are those that create issue-based pages, and those which focus on editing dozens and dozens of magazines in the sector. Working in *outsourcing* has become a professional lifestyle, rather than an obligatory choice. (...) The agencies for publishing services that have sprung up in Italy over the last few years are much more than just organisations created to rent out journalistic work at a lower cost, and many are offended just hearing this. It is a new market, one which editors can no longer do without.” (Sarti, 2011).

These agencies often reason with the logic of a start-up but without being backed by major funding: they focus on keeping costs low while developing innovative services and products in order to stand out from traditional agencies. This is the case, for example, of *Formica Blu* (specialising in scientific journal-

ism) and Effecinque (specialising in technology and digital culture), which carry out data visualisation and multimedia storytelling projects as they experiment with new formats for long-form journalism. Other similar ones include China-Files (which is trying to create a market niche by covering news coming from China) and Fps Media (an agency created by a Masters in Journalism class that decided to work together instead of working as freelancers). Rejecting, right from the start, the idea of competing in the barely profitable advertising market, these agencies are trying to become sustainable by offering quality content that covers gaps left by the legacy media players, who are not geared towards innovation.

There is also another Italian example that differs from the aforementioned ones in that it is neither a real online news outlet nor an agency providing journalistic services, but rather a technological platform. YouReporter, a citizen journalism service based on the sharing of videos and images, is becoming increasingly important at times of breaking news. YouReporter represents another anomaly in a country where the most widespread 2.0 platforms are foreign ones.

Common features

It is not easy to identify common features that ensure the sustainability of entrepreneurial, Internet-based journalism initiatives in Italy. Varese News and YouReporter have demonstrated their ability to identify niche markets – hyper-local in the case of the first one, citizen journalism in the second one – still not adequately served by mainstream media. This is a requirement that can make all the difference in a country where the legacy media players are still dominant but are also going through a serious economic and identity crisis.

This differs from the case of the four agencies included in the database. As much as they are distinct from one another, several common points emerged from the interviews conducted. They have made a conscious decision not to compete with legacy media players, but to become their allies. They operate with a very small staff that works both in content production and in new business. This is concurrent with several of the startups across other countries. The focus is on very low operating costs, that mostly cover personnel costs and, to a lesser extent, research and development. Work that is organised to take advantage of partnerships with outside companies for specific skills (graphics, design, programming) is most lucrative and the decision not to use advertising to finance their editorial initiatives is common. The development of high value-added products that may be of interest to both media and non-media companies is showing potential as are the highly diversified sources of revenue that range from providing content to training, special products and organisation of events.

From this point of view, the four news agencies included in the database seem to adhere quite a bit to the profile of successful European start-ups that is outlined in *Survival is Success* (2012): “The journalistic start-ups most likely to thrive are those that deliver a distinct, quality product, operate with lean organisations, have diverse revenue streams, and are oriented towards niche audiences poorly served by existing legacy media” (Bruno and Nielsen, 2012, p. 2).

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- 1 According to Censis 2011, there was a 7% decline in newspaper readership between 2009 and 2011.
- 2 After years of constant growth, a marked change was seen over the last few months of 2012 for the biggest online newspapers: in many cases traffic went down at an unexpected rate, even reaching lows of -60% (Santoro, 2012). This is a sign that, after years of a boom in new users, the audience is now stabilising.
- 3 <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsiir150>
- 4 Hyperlocal web sites have seen rapid growth over the past few years. As reported in Bruno and Nielsen (2012, p. 90), “More than 50 hyperlocal publishers are federated in ANSO (Associazione Nazionale della Stampa Online). Together the federation claims its members publish more than 2,000 original news stories every day and reach 6 million unique readers per month.”
- 5 Disclaimer: the writer of this section is one of the co-founders of the Effecinque agency

2.7 Spain: Enthusiasm and fragility

Luchino Sívori

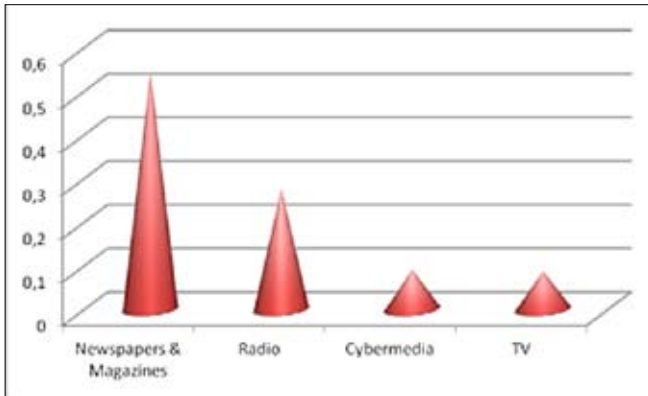
- Spanish entrepreneurial journalism is varied: different kinds of journalism take place in distinctive types of more or less sustainable business models.
- The main trends, however, still confirm a weak and somehow irregular market: funding is not strong and stable yet, and mainstream media still dominates sales and audiences
- Entrepreneurial thinking in online journalism is popular and promising, but not yet a “comfortable place” to work nor a sure investment for the future
- Primary barriers for startups include internationalization, high competition, low switching costs, high levels of unemployment, fragile support from public administrations and too many professionals for too few jobs
- The business model is still evolving and as an overall ‘startup’ industry it has yet to take shape
- The cases included: China Files, Mangas Verdes, Portal Parados

Spanish online journalism today bares little resemblance to how it looked just a decade ago. While in the 1990s only a handful of magazine sites and a few blogs were all the market could give to Internet users with some journalistic interest, today press publication on the Internet has already become quite an industry in its own right, and, despite the fact it is not mature yet, few would deny it is flourishing (Salaverría 2008). There are many media entrepreneurs who are attempting to make waves in this field but it remains to be seen if they can make profitable businesses from this, not least due to the economic crisis.

This is evidenced by the number of digital startup journalism publications, which, since the 2000s has grown to approximately 1,500 sites. The term digital publications here refers to “content makers that are using primarily journalistic criteria and techniques, updating the published periodically or so and with some professional background or skills” (Palacios and Noci 2004). There are an abundance of media publications such as bulletins distributed by enterprises, news-

letters, institutional communications, administration reports, personal blogs, and indeed bloggers, that remain outside this categorisation and therefore the total number could be much higher. According to the Información y Control de Publicaciones de España (the Information and Control of Publications of Spain) of those 1,500 players 21% are Internet-only sites, with 79% being a sub-business of a print and/or TV conglomerate (Salaverria, 2008).

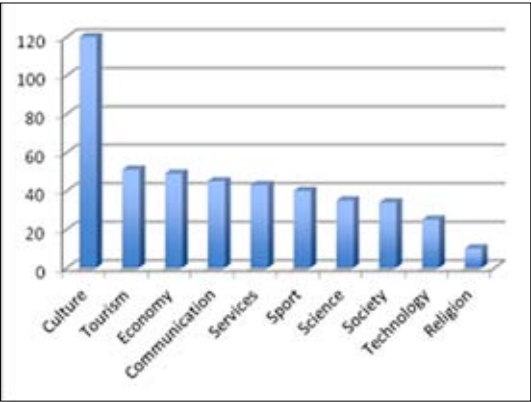
FIGURE 2.7.1: Sources of digital news sites.



Source: IAB Spain, 2011.

In terms of the content on these sites, numerous studies note digital publications have preponderance towards general information. According to a recent study (Fumero and Roca 2011) 59% are mostly general information oriented, while the remaining 40% are usually specialized information. The Spanish market is a complex one, however, with geographical divisions owing to decentralisation. The take-up and opportunity for startups is different in varying regions of the country depending on the legacy media's stranglehold and cultural differences, such as language. For example, there is a higher number of online general information sites in Catalonia (150 sites), where the main language is Catalan and not Spanish. Here, startups have less competition and can realistically serve an otherwise unserved audience. In the community of Madrid, however, the capital of the state, the sites are less about general information and are more focussed on specialized journalism (190 sites). The reason for this division, relevant for this case country, is related to the fact that whereas in Catalonia and the Basque Country – two historical regions with plenty of autonomy in political and cultural areas – the focus is on cities within the region. In Madrid it is harder to compete in this field as most of the national syndicated publications, like newspapers and magazines, are concentrated there.

FIGURE 2.7.1: Themes within digital news sites.



Source: OJD Interactiva, 2011.

Besides regional differences, we must remember that Spain is also a country eminently tourism oriented: this is a very important factor since it makes some online media owners consider and launch journalistic sites in foreign languages, such as English or German. This affects the value chain of the journalistic startup. According to the last Digital Congress in Huesca (XIII Congreso Digital, March 2012), almost 30% of digital journalism in Spain is made in a different language, especially Catalan (the official language of Catalonia), Basque (Basque Country), English and German (specially in the Balearic Islands).

It is also of note that studies have found sites to be updated irregularly. Different studies (Fumero and Roca 2011) have shown that most of the journalistic sites in the country are upgraded irregularly, usually taking place only after a week of publication/upload.

TABLE 2.7.1: Frequency of contents’ upgrade

Periodicity	nº	Digital media %
Constant	189	14,8 %
Daily	290	22,8 %
Weekly	116	9,1 %
Variable	679	53,3 %

Source: Cibermedios, 2010.

Business models

When mapping the business models of online journalism, four main tendencies can be formulated regarding the general framework in which Spanish cybermedia operate today. Firstly, the websites of print newspapers are king and dominate

a lot of the Internet journalism scene. In Spain, the leading online journalism content in terms of audience figures correspond to legacy news corporations, being hegemonic in both national and regional terms.

Secondly, digital media “natives” are still searching for their place in the media landscape. Despite the recent launch of several publishing projects on the Internet – ADN.es (July 2007), Soitu.es (December 28, 2007), El Imparcial (January 22, 2008) and La Nación (26 February 2008), Ara.cat (October 2010)- publications with an online-only presence remain virtually non-existent. At best the situation has been described as “in the embryo process”¹ for true pure players, compared to those who have made a site or product in collaboration with mainstream or legacy media. As such, the Spanish startup scene is an immature and relatively weak market, hampered by difficulties such as accessing investment from advertisers, selling content or getting recognition from the public institutions when setting the path of media agendas (El Semanal Digital, 13/3/2007).

Thirdly, it is rare for sites to charge for content. Charging is the exception, not the rule. The hegemony of free content within Spanish online media is normal. It is worth noting that the Internet crisis in the early 2000s prompted some big media companies to opt for a pay-per-read system (the most popular newspaper in the country El País.com, for example). However, in more recent times, this has been abandoned anew and the model was changed in favour of a freemium model, where more and more content and services are offered today for free, and just some products are charged for such as special collections and reports. (Salaverria 2008, 363-373)

Finally, as with many other media markets in this study, Internet advertising spending is growing at a rapid pace year by year. On closer inspection of the figures in the last years, there has been approximately a 10% increase in online ads spend, reaching the highest figure last year²: 180€ millions (Infoadex, 2011; InfoBae, 2011).³ As Simon Waldman, strategy director of the Guardian Group, said in 2010, “Internet has 60% part of the responsibility of today’s press crisis, and just 20% part of its solution.”

Particular trends in online journalism

When focusing strictly on so-called entrepreneurial journalism, Spain has unique issues compared to other EU members. Some of the most well known case studies in the database, for example, report that the market is highly internationalized and entrepreneurs face not only internal rivalry, but also international competition (south and central America players and Hispanic communities in the USA above all). Another finding was that the low switching costs within the

products/services make it very easy for users to replace a website for another, since most of the sites – both entrepreneurial and legacy media – were either for free or had very similar costs.

Brand differentiation was said to be high, another key element in today's media markets in the Spanish database. This is due to the regional and cultural distinctions taking place especially in language matters and political arenas (i.e: Ara.cat in Catalunya, Gara.net in Basque Country, etc.). Media entrepreneurs can cash in by choice of topics and languages to generate bigger or more specific audiences.

Finally, and not surprisingly in a country with high levels of commercial concentration, funding sources both in legacy and startup media are similar or directly the same: Telefónica, El Corte Inglés, Vodafone. This results in tough competition. The exceptions are sites which are profoundly anti capitalist such as Mundosinconexos.wordpress.com and Portaloaca.com, which are national orientated.

Regarding the funding sources in these entrepreneurial startups in this report, there are two main themes: sponsors, donations and local advertisings are the main revenue streams for the so-called “independent media” (Kaosenlared.es, PortalParados.es, MangasVerdes.es, Cugat.cat). Subscriptions, big advertising spends and Google AdSense were the main revenue streams for niche-oriented websites (Ekoos.org, EstrellaDigital.es, LibetadDigital.com, PeriodistaDigital.com, Revista.conlaa.com).

In the first category, a very unique example is the case of PortalParados.es: This site, which focuses on unemployed people, gives assistance to those who are looking for jobs and/or training courses for future employment. It was launched in 2008. Thanks to the sponsors, then, who increased their investment during this last year by 50% thanks to the large number of visitors, the site has been sustainable and profitable – approx. €30.000 a year, with three fix-term employees. It is interesting to note that the more anti-commercial the site content became the more profitable it was. This was a similar story born out at Kaosenlared.es and MangasVerdes.es. The reason for this sort of “independent media” success, according to the site's CEO Javier Peña, rests with two main factors: the economical crisis that hit Spain making people more “sensitive to social matters”; and the size of the audience – there are a lot of people affected. Instead of focussing on a few people with a typical niche strategy, his was the contrary: to take a wide issue that affects lots of people and aim for the largest audience possible. The main aim was to cover a topic that was being underserved by mainstream media.

In the second category, Ekoos.org provides an interesting case of a niche strategy combining a middle ground between journalism and volunteer work. The

site, built out of a mixed agreement between a foundation (HazloPosible.es) and an NGO (Haces Falta.org), launched as a journalistic site funded by subscriptions, advertisement and training with complete editorial autonomy and independence. The key for its sustainability was based mainly on two elements: a focus group concentrated specially in young educated middle-class people –eager to participate/help and be part of volunteer courses, trips, etc.- and citizens with journalistic skills and interests. Together, these two types of audience gave the site what it needs to survive worthily today: visitors with consumable products (courses, consulting, walkabouts) and content producers (citizen journalists, media students, internships).

Other revenue sources were also found across the Spanish startup scene but these were less successful such as: QR codes or augmented reality tools (Fotogramas.es), crowdfunding (Fixmedia.org), philanthropy (Pikaramagazine.com), freemium (Ara.cat) and sites which have combined an interesting mix of fidelity donations and Google AdSense in a way to offer sustainability (cuevana.net, sdd-fanatico.org, seriesyonkis.es, foofind.net, sigoseries.es).

All the sites in the database exemplified a wide range of journalistic outputs, from explicit content producers to aggregators. For example, Pikaramagazine.com is a site fully based on journalistic content (reports, interviews, articles), focussing on what is typically known as serious journalism. In this case, the content is strongly focused on feminism –most of its funders are women’s organizations and stores. Seriesyonkis.es, a peer to peer website, has a journalistic side dedicated to movies and serious reviews and articles, combining both critical and promotional thinking. This is possibly the most popular website in Spain, for downloading movies illegally. Kaosenlared.es, specifically, combines journalism with political activism – classes, forums, speeches. Finally Cugat.cat, a local website made by media students, uses multiplatform devices for its contents productions: a local digital tv channel, an online radio and a website, all of them local-oriented and made only by internal professionals. The case of foofind.com is probably the most unique among this category: funded at first by angel capital and then by a State research and development grant. This two-year-old site is considered in Spain to be an example of “the real Journalism 2.0” (Genet 2011) although its journalistic purpose could be interpreted in many different ways. It is today the Google of peer to peer files: it is a search engine of almost all the shared files available worldwide, given and distributed for free. There is no original content added. It is a huge database of all the files we share, and it offers a curation facility of online navigation. No articles or reports are written in this website in the traditional sense of the term, but its funders and

creators, all media students and professional journalists, affirm in their webpage that the site does produce journalistic content (ElPais.com, 2011).

A thwarted enthusiasm

As we have seen, Spanish entrepreneurial journalism on the Internet is varied and extensive: there are many different kinds of journalism taking their place in the media ecology with distinctive types of more or less sustainable business models. The main trends, however, still confirm a weak and somehow irregular market. Funding is not strong and stable yet, and mainstream media still dominate the sales and audiences (Sánchez Tabernero and Carvajal 2004).

Entrepreneurial thinking in online journalism is popular and promising, but the environment has not yet born fruit to create a “comfortable place” to work (the work available is often too flexible, irregular, with low wages, no social security, and no pensions). There is also an inherent doubt in the entrepreneurial community if these sites are a sure investment for the future as only a few cases were actually profitable; the rest could be more aptly described as surviving.

The reasons for this may reside in some of the market characteristics explained at the beginning of this chapter: concentration – both in the media firms and the advertisers – internationalization, high competition, and low switching costs. These factors combine to create high levels of unemployment (56% of young people do not have a job), fragile support from public administrations and a huge number of media students and professionals for so little supply. In this way, all the entrepreneurial digital journalism projects offer a lifeline and a promising business in particular cases, but still a fragile market in industrial terms. As Simon Waldman said, maybe the solution for journalism as we know it is not in the Internet per se, but rather a mix of elements. Some of them, in the Spanish cases, are very physical and real.

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- 1 In Spain, the first online newspaper with general information was Estrella Digital, founded in 1998. From then on, a large number of similar initiatives appeared: among the most popular, El Semanal Digital, Diariocritico.com, Libertad Digital, Diario Ibérico, ElPlural.com, Diari de Barcelona and Ara.cat (Apezarena, 2005).
- 2 Despite these impressive figures, everything is far from perfect: as some journalists say in the II Congrés de Comunicació Electrónica in Barcelona (Electronic Communication Congress, Barcelona, 2008) this is still “a market with more future than present” (Colegi de Periodistes de Catalunya, 2008).
- 3 This type of ads revenue represents today a 13.6% of total investment in media, occupying the second place after Newspapers (19%). (IAB Spain, 2011).

2.8. Finland: Legacy dominates

Esa Sirkkunen

- The Finnish media market has strong newspaper and print media production for mass markets, strong public broadcasting, and a high level of public support in the media field in general .
- Most of the Finnish online journalism is not economically sustainable as such.
- Mainstream media remains dominant in news production. Finnish pure players have been daunted by taking on legacy media organisations
- There is a lack of innovative news journalism outlets
- As formerly in France, the Finnish system demands less VAT from traditional media than the pure players operating solely on the web.
- The Finnish pure players have so far based their operations mostly on display advertisement although they all seem to strive for finding new revenue sources.
- Business to business operations may offer opportunities to start supplying content or services to the mainstream media.
- The next generation of Finnish pure-players have to be more innovative, because of increased competition in this field.
- The cases included: Asymco, Urheiluviiikko, Arcticstartup, Hellapoliisi, Jatkoaika, Ampparit, Tilannehuone, Rantapallo, Uusi Suomi, Afterdawn, Stara Media.

Print media – books, newspapers and magazines – have had a crucial role in the birth of Finland as a nation state. And these traditions are still present today. Compared to many other Western societies, print media is still relatively strong in a country of 5,5 million inhabitants, most of them speaking Finnish. There are still 31 seven-day dailies (often regional), more than in any other Nordic country. Newspapers are still strong in subscriptions and early-morning delivery is still the dominant way to distribute newspapers.

However, a structural change of the media market and consumption of news is also taking place in Finland. According to Statistics Finland's survey, as many as 89% of those aged 16 to 74 use the Internet and three out of four use it daily (OSF, 2011). Finland is close to the top in Europe in prevalence of Internet use. The media usage along with advertising is slowly moving away from printed media.

However, high Internet penetration has not yet crumbled the business models of print media, as has happened in many other markets. Newspaper circulation and their share of advertising revenues have been diminishing, but rather more slowly. Also television has maintained its popularity as a medium. Moneywise, in the year 2010, newspapers, magazines and television still represent three quarters of all the revenue in the media field (see fig. 2.8.1).

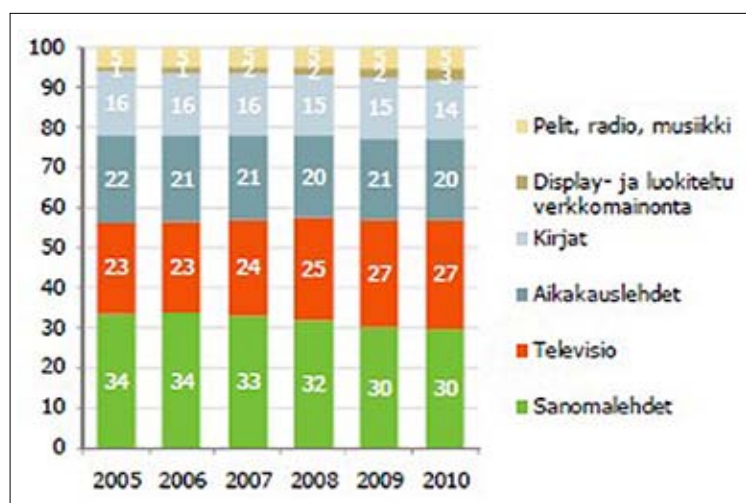


FIGURE 2.8.1: Media revenues 2005-2010, the share of different mediums of the total revenue of the media field in percents. Music (grey), Radio (red), Games (light brown), Display and classified web advertising (brown), books (light grey), magazines (blue), television (orange), newspapers (green). Source: Ministry of Transport and Communications (2011)

In Finland most of the media revenue still comes from printed newspapers' subscription fees and advertising, and from television advertising (Ministry of Transport and Communications 33/2011). At the same time the media habits of the audience are changing and the impact of the Internet is growing. This adds pressure for the mainstream media to seek new sources of revenue. Web advertising has been growing from 2005 with an accelerated pace (see fig. 2.8.2).

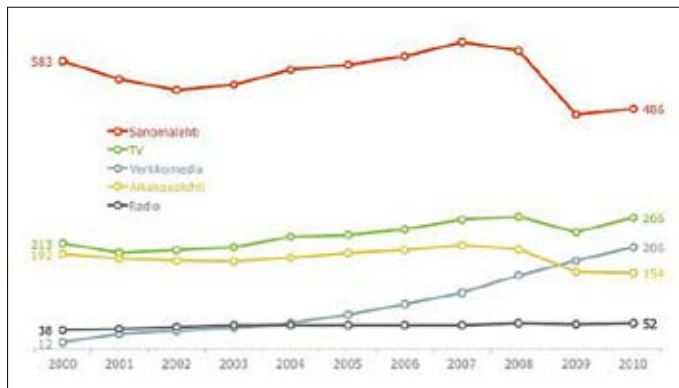


FIGURE 2.8.2: The share of media advertisements by medium. Newspapers (red) TV, (green), Web (blue), magazines (yellow), radio (black). Source: Ministry of Transport and Communications (2011)

It is evident that the Finnish mainstream media is going to face the same problems as the media industry in many of the Western countries. Newspapers are in the most vulnerable position because the advertising is going to move to the web more and more acutely.

In general the legacy media is trying to adjust to the changing media landscape. On the Internet most journalistic content has so far been given away for free. However, in the spring 2012 some experiments with paywalls or freemium models were launched, notably with the launch of a trade newspaper Kauppalehti with a freemium model.

Media policy and labour markets

The Finnish media market has its own characteristics. There are traces of what Hallin and Mancini call the democratic corporative model. In comparison between Finland, France, Germany, Italy, UK and the US, public support for the press was found to be largest in Finland (Nielsen & Linnebank 2011). One of the forms of public support has been that Finland has exempted the newspaper industry until 2011 from the standard 23 percent VAT rate on subscription sales, advertising, newsprint, composition and machinery. Even today the demands on legacy compared to pure players are uneven. Now the newspaper industry pays 9% VAT when the pure players are paying the full 23,5% on their operations. There was a similar situation in France until recently.

This has prompted discussions as to the role and news policy of YLE, the national broadcasting company. YLE offers a wide range of journalistic content on different platforms for free. Recently, the major commercial media compa-

nies have been criticising YLE, saying that it skews markets with its free quality content. A similar discussion has been going on in Britain, and in some other countries with strong national broadcasting companies.

The fierce competition from global companies like Google, Facebook or Groupon has also forced the Finnish media companies to seek ways to do things together. The national media scene has been trying to co-operate in development and research work done for example in the national Next Media research programme (<http://www.nextmedia.fi/>). There are also attempts to jump start the media startup scene with a news innovation competition funded by the Helsingin Sanomat Foundation: (<http://blogi.uutisraivaaja.fi/2012/01/19/uutis-raivaaja-again-in-2012/>)

Finland is said to have the highest number of journalists per capita in the world (Vehkoo 2011). In 2011 over 60% of Finnish journalists worked in the print media and they are increasingly concerned about their future. The labour market of journalists has started to fluctuate after a decade-long era of stability. There were a series of layoffs in big media houses in autumn 2011, continuing in the spring 2012. However, taking into account the ongoing changes in the media market at large, it is apparent that the most significant changes for labour markets in journalism are yet to come.

The web is rising

The Internet – as a disruptive technology – has started to replace the traditional channels of distribution in Finland and brought global actors into the formerly national Finnish media field. Like elsewhere, this presents a challenge. Business models based on scarcity do not translate to a networked and social world online, and are having to be replaced. Users have a vast array of information and content at their fingertips. Abundance means lower prices for content and advertising and these low prices create a great challenge for those developing new services based on the Internet.

Another indicator of the ongoing media change is consumer behaviour. Newspapers reached more than 80 percent of adults in 2008, and now the same can be said for newspaper websites which reached almost an equal number of young people under the age of 45 (Ministry of Transport and Communications 2011). Among Finnish websites, the most popular ones are growing faster than others. Such news sites are owned by mainstream media houses such as *Ilta-lehti*, *Ilta-Sanomat* and *Helsingin Sanomat*. They take two thirds of the whole Finnish web audience.

TABLE 2.8.1: Top five Finnish news sites vs. top six pure players placed on the TSN Metrix weekly list based on the amount of visitors per week.

TSN Metrix	Visitors on week 12 (2012)
1. Iltalehti (News tabloid)	2 792 252
2. Iltä-Sanomat (News tabloid)	2 347 032
3. MTV3 (TV channel)	1 794 221
4. Helsingin Sanomat (Newspaper)	1 479 329
5. YLE (Public broadcaster)	1 253 677
23. Stara.fi (Entertainment news)	353 285
25. Uusi Suomi (National news & blogs)	298 082
30. Kotikokki.net (Food and recipes)	223 920
31. Ampparit.com (News aggregator)	211 773
45. Afterdawn.com (Tech news & info)	147 595
53. Rantapallo (Travels, holidays)	119 220

<http://tnsmetrix.tns-gallup.fi/public/>

A history of independent sites

The first wave of independent sites in Finland started in 2000. During the years from 2000–2005 small experimental sites, that started as a hobby, slowly turned out to be real businesses. This is how tech news and test site Afterdawn.com and entertainment news site Stara.fi got started. During those years, the first independent hyperlocal site Nopola News was also launched which drew together several hundred content creators in the small town of Kyyjärvi in central Finland. News aggregator Ampparit also started around this time.

The second wave of startups came after 2005 in the form of blogs, bloggers and various niche content sites. Knitting blogs have been something of a phenomenon in Finland, following on from the success of fashion blogs by young women in the last few years (Noppari & Hautakangas 2012). One of the fastest growing companies in the fashion blogging world has been Indymedia which aggregates popular fashion blogs into one site. Other examples of niche content are in the travelling sector in which a startup Rantapallo is competing with legacy media. And as in the USA, the health and lifestyle niche sites are very popular. Citizen journalism in sports has turned out to be successful as in the case of Jatkoaika.com, which collects match reports from hundreds of volunteers during the ice hockey season.

The first – and so far the only – site that has been covering general news is Uusisuomi.fi founded in 2008. It is possible to note that, compared to some other European countries or especially to the US, Finnish pure players have been

daunted by taking on legacy media organisations with several afraid of competing with the big news organisations. So far the startups have been small and supplementary to the mainstream media sites rather than competing with them.

Only very recently have there been attempts to get startups going in the field of media and gaming. Of note, Aalto university in the Helsinki area is hosting a startup incubator. There is a positive buzz around entrepreneurship among students and young media professionals elsewhere, which could potentially be harnessed for the future. Moreover, competitions such as Uutisraivaaja funded by Helsingin Sanomat Foundation has brought new ideas into the field in terms of starting and launching new media entities.

Small but sustainable

The independent journalistic services on offer in Finland are operating outside the most visited top ten sites overall. However many of them are within the top 50. They are, so far, quite small and their yearly turnover is between 150 000 – 250 000 euros with one to two employees, as is the case in most of the countries in this study. Most of these are targeted at niche audiences but benefit from being relatively well established with a long history behind them. Most advocate avoiding large fixed costs, as the traditional news media have done, with steady jobs and large newsrooms. Most of the cases are strongly dependent on advertising revenue, but almost all are at least trying to find new funding sources. They report that this is because the competition is hard.

When the case studies are analysed based on their yearly revenue and advertising models, two groups seem to emerge. The two cases who have generated more than 400 000 euros – Afterdawn.com and Uusisuomi.fi – are based mostly on advertising revenues. The ones below 400 000 are mostly reliant on a combination of revenue models, not just ads.

Afterdawn.com is an exception among the Finnish pure player case studies in that its main market has been the English speaking world, and the Finnish site was supported by the English site for a long time. Now they have expanded their sites to the Netherlands, Spain, Denmark, Norway and Sweden. Uusisuomi.fi offers mainstream news and comments and has a newsroom of seven journalists, all paid full time. Uusi Suomi competes with legacy media in their own field and has a lively blogging section. However the site has suffered heavy losses. The founder of the site, journalist Niklas Herlin has so far had to support nearly 2 million euros in losses (the site is on its way to profitability according the editor in chief, Markku Huusko).

The remainder of the case studies in the database operate at less than 400,000 euros with diversified revenue models. Stara.fi which features entertainment

news is an exception in the lower group. Its business model is mostly based on ads. In order to succeed with advertising, Stara cited more than 330 000 users a week in 2012. Stara has a staff of two with some 30 freelancers. It is rather telling that for example Aamulehti, one of the largest newspapers in Finland with a newsroom of 150 journalists had only 273 000 unique visitors.

The lower group contains sites that are targeted to niche audiences and have specialized in some theme; for example blogging about Apple as a company (Asymco) publishing recipes and books about food (Hellapoliisi), compiling reports of Finnish ice-hockey (Jatkoaika) and providing news from startup-scene from Nordic-Baltic region and arranging meetings (Arctic Startup). More mainstream journalism and big audience sites deal with travelling (Rantapallo.fi), and sports news (Urheiluvuikko). There are also two aggregators, Ampparit and Tilannehuone.

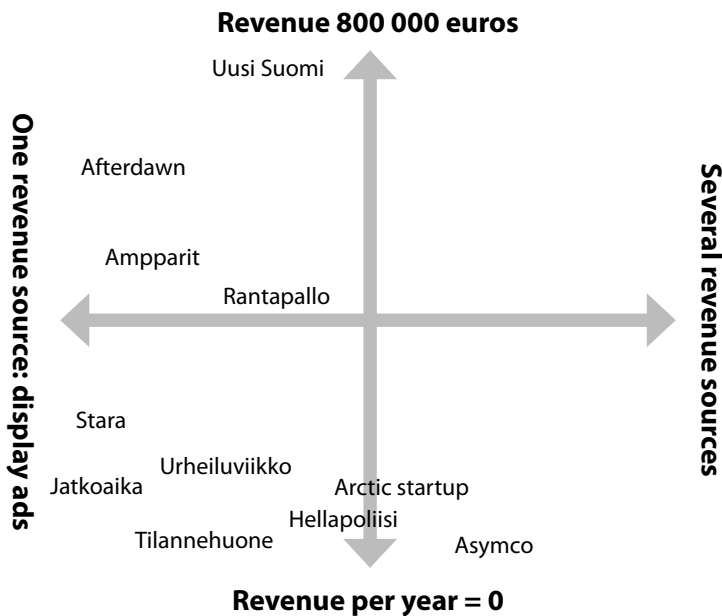


FIGURE 2.8.3: The Finnish startups placed according to their yearly revenue and amount of revenue sources.

Legacy and innovation

Some of the features of the Hallin-Mancini media system, set out at the beginning of this chapter, are visible in the Finnish media market – strong newspaper and print media production for mass markets, strong public broadcasting, high

level of public support in the media field in general to name a few. As a result, the Finnish online media journalism sites are struggling and not always economically sustainable as such.

The dominance of the mainstream media in news production is visible in many ways. Clearly the birth of niche sites targeted for small audiences is one sign of this phenomena. Also the lack of innovative news journalism outlets is evident. Uusi Suomi is the only outlet that is operating in this field – with great difficulties in the beginning as we have seen. One of the peculiarities of the Finnish system is that the traditional media is paying less VAT than the pure players operating solely on the web.

The Finnish pure players have so far based their operations mostly on display advertisement although they all seem to strive for finding new revenue sources. Some of the interviewees stressed that it was important to find an advertisement agency that knows how to sell ads on the web as selling ads was so important to the successful pure players like Afterdawn.com, Uusisuomi.fi, Stara.fi and Rantapallo.fi. It is possible there will be eventually more co-operation among the pure players in Finland also on other fields, and be more innovative as the field becomes more competitive.

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3. Revenue sources

Clare Cook and Esa Sirkkunen

In this chapter we identify and curate the findings of the SuBMoJour project in terms of the different revenue sources being used across the startup case studies. The database can be searched comprehensively according to revenue streams, such as the advertising models, content models, revenue per year, revenue streams, selling products, staff size or content etc. By presenting the commonality in revenue streams, it has been possible to identify trends in order to better shape an understanding of sustainability for media startups.

The aim of the project was not to find one single revenue model but rather list a variety of different models and try to find common traits among them and see what kind of business models the journalistic pure players are using. This focus hopes to offer a better understanding of the possibilities for sustainability both now and in the future. It is a timely question when the tools that have made content creation so ubiquitous have had such a destructive effect on the business of journalism. Almost every media manager worldwide is still asking one core question: how can the media companies maintain and increase profits in a socially networked and abundant landscape?

New and functioning revenue sources were hard to find: advertising (especially display) seems to be the most common way of creating revenue. Where other revenue sources were identified, this was often in addition to advertising. The majority had diversified to include more than one revenue stream. Where it was hard to evidence entirely new revenue sources, it was however possible to find new ways in which revenue sources have been combined or reconfigured. That is to say that they have combined a portfolio of revenue sources rather than relying on just one, as in the offline publishing world of dual product which relied almost entirely on advertising (Picard 1989). Where one revenue source may work for one audience or product, it may not work for another. A detailed breakdown of how startups do this is available by searching the data-

base on a case-by-case basis. For example, before French news site Rue89 was acquired by Le Nouvel Observateur (which helped facilitate full sustainability) 42% of Rue89's revenue came from advertisement sales (€797,492), 32% from the magazine (€614,641), 16% from training and web development (€307,039) and the remaining 9% from other products.

In our findings the business models of the cases fall into two main categories: those that have storytelling-orientated business models and those that rely on a more service-orientated model. The sites whose business model is based around storytelling are still prevalent in our findings. These sites focus on making money from producing original content, news and stories, for audiences. The difference to the mass media model is that in the online world the target audience is smaller. Online journalism relies heavily on niche audiences built around targeted themes such as hobbies, neighborhoods or psychographic tendencies. In this niche journalism there is a tight triangulation between journalistic content and advertised products. Users can come to a travel site because it offers the best collection of last-minute holiday offers not solely because it offers travel journalism about interesting places to travel. Or when sports news is surrounded by betting-site advertisements one begins to perceive a blurring of boundaries on who is advertising for whom.

The other group, service-oriented business models, seems to be growing. This group consists of sites that don't try to monetize the journalistic content as such. For example citizen journalism sites are more like platforms that curate and moderate citizen-oriented content, or news aggregators compile stories from other outlets. Some startups have specialized in selling technology, information, training or diversifying to redefine what it means to do news. In these cases, journalistic content may play a part in the wider brand creation that helps sell services or sister products.

Revenue themes

It is worth noting the revenue sources available for funding journalism in broad terms, by way of introduction. Academic literature offers an understanding of the issues facing media economics contemporaneously (Jones and Salter 2012; Bruno and Nielsen 2012; Grueskin et al 2011; Levy and Nielsen 2010). Findings by Kaye and Quinn (2010) list the following possible solutions for revenue gathering in the new business environment.

- Sponsorship and philanthropy where wealthy individuals and foundations support journalism, such as ProPublica.

- Microfunding and micropayments. Example of the former is a crowd-funding platform Spot.us, latter supports the idea of small, individual payments in exchange of content.
- Collaboration between mainstream media and citizen journalists, where the big media uses its channels to promote amateur content and creates a win-win situation for both parties.
- Family ownership and trusts, similar to the New York Times, the BBC or Scandinavian media group Schibsted.
- Narrowing the focus with niche and passion content, offering hard-to-find material that has high value to specific groups.
- Partnerships – adding value and sharing costs between parties, such as a newspaper, university and a foundation that share a common goal.
- Microeconomic concepts such as price discrimination, versioning, bundling and locking customers in.
- E-commerce and engagement – converting users into paying customers with online shopping or membership clubs.
- Digital deliverance, electronic paper and e-readers. How news companies could utilize tablets and digital editions to create new revenue sources.

In the preliminary stages of the project, unconventional sources were also used to map out the potential different revenue sources. For example, bloggers had already created their own ecosystem with multiple revenues, as showed in a problogger.net chart from October 2010 in chapter one. In addition to these themes, the revenue sources in the SuBMoJour project were categorized in a way to allow for a more detailed mapping of how startups make money. The categorisations also included sections for more information or details in order to gauge which revenue streams were perhaps being used, but were problematic, or which had been tried and then abandoned. The study wanted to assess as qualitatively as possible how revenue mechanisms worked – or didn't work – in a down-to-earth way so as to offer real advice to entrepreneurs now and in the future. This included discussions such as the kind of advertisements that sell, whether partnerships work and how to sell syndication. Some of this advice is documented in the following chapter. The principle aim was to gather on-the-ground information about what variety of revenue sources were being used – and which ones were working well.

Only one source of major importance was included in the questionnaire but found not to be used by any of the startups in the database to date: namely the selling of data about users and their interests, friends, networks, or hobbies to advertisers. The providing of user data for advertisers has been one of the core

attractions for advertisers using Facebook for example. According to WSJ in 2011 advertising represented 85% of Facebook's revenue of \$3.7 billion (WSJ 2012). The selling of user data may also eventually become one of the revenue sources of the journalistic pure players too but we did not find that among the revenue sources yet. There are also critical views about this kind of making money of user data, see for example Turow (2011).

Advertising

Advertising, most notably display advertising, remained one of the most common ways of creating revenue for the startups in this study. Some of the most significant sites in the database, in terms of unique user numbers as well as length of time the site has existed, rely on advertising. Despite moves by many startups to diversify their sources of income, advertising was still a primary source of income for many, especially those startups with the largest turnovers. For example out of the 39 cases making over \$100 000 in revenue per year, 25 of those generated incomes through advertising and several others were using it as an important source of revenue. The better performing sites in terms of advertising have found ways to triangulate their advertising more effectively, drawing content and advertising closely together.

The trend to seek out advertising revenues is based on a strategy that involves focussing on quantity or quality of audiences. Value comes in the quantity where there are large audiences that can be documented and quantified to advertisers, thus putting adverts in front of the largest audiences possible. These startups chase the highest number of unique users or page impressions possible. The value in quality may be expressed as smaller or niche audiences who are more cherry picked but offer interest to advertisers as they may offer an opportunity to put a highly targeted advert in front of highly focussed audiences (Knight & Cook 2013).

The use of mobile advertising, newsletter advertising, advertising on Facebook, Twitter or RSS were still quite rare in our findings. There were few cases in the database that were using location-based advertising.

Banner advertising: cost per view models

Several sites used banner advertising sold by CPM (cost per thousand) or CPI (cost per impression). Advertisers pay for every time their advertising is displayed. It is used in general by corporate advertisers or advertising agencies. Usually these sites have either big audiences or important niche audiences that advertisers want

to reach. The highest revenue with these models was made in Japan, where news, sports and entertainment site Sankei Digital was making \$40 million in 2010.

The main revenue source for Afterdawn.com Ltd in Finland is banner ads with CPM. It is a privately owned web publisher, located in Oulu, Finland. The company publishes its branded tech information sites AfterDawn.com in seven languages (English, Spanish, Dutch, Swedish, Norwegian, Danish and Finnish). Afterdawn sites provide unbiased information, product reviews and technical details for mobile phones, high-definition televisions, gaming console technology and digital multimedia. This direct correlation between content based on high-end products and the potential for advertising could, in part, explain the success. The site has a more powerful niche in terms of business and revenue sustainability because the market and value of the products in these fields is so high. Briggs details this by comparing the niche market business proposition of Treehugger compared to Artsjournal, where niche values can vary when the potential for advertising is more lucrative (2012).

The Spanish personal blog MangasVerdes.es has banner ads (CPI) as the most important revenue source. It offers a varied range of journalistic services, from cultural issues to technology and sports. It is run by two journalists and counts on the collaboration of three fixed-contract freelancers. It makes around €10,000 per year, and is the most award-winning blog in the country in the last four years. The number of unique visitors is 8,000 per week, and it is the most read blog within the Canarias Islands, ranked nineteenth in the country. The site has leveraged social networks to increase its user numbers with regular updates being made to Facebook and Pinterest among others.

Revenues to News 3.0 come mostly from advertising (whose collection has been outsourced to Manzoni, one of the biggest Italian ad-agency). Banners are mostly sold with the CPM model, but in some instances News 3.0 relies also on sponsorships.

Banner advertising also sustains Stara Media Ltd, a privately owned web publisher, located in Tampere, Finland. The company publishes web news site Stara.fi which concentrates on entertainment news primarily music, movies, television, and celebrities. The site also offers blogs, videos and video podcasts. Stara.fi is one of the most successful independent news sites in Finland and boasts more than 300,000 weekly visits which takes it into the top 30 of Finnish websites. Here the quantity of audiences can generate value.

Italy's Varese News is an online-only local newspaper, often described as one of the best Italian new media startup in the landscape. Varese News' business model is based on advertising (CPM model) which constitutes 80% of the overall revenues. Founded in 1997 and having survived the dot-com bubble, it gradually

became the most read publication in the Varese area, surpassing even the well-established local daily *La Prealpina*. Having focused from the very beginning on technological innovation and community building, today their website has 80,000 unique visitors per day and it is financially sustainable.

Finland's Uusi Suomi Ltd is a privately owned web publisher, located in Helsinki, Finland. The most important revenue source is banner ads (CPI) despite the focus on debate and discussion. The company publishes web newspaper Uusi Suomi (uusisuomi.fi) which continues the journalistic traditions of Uusi Suomi, a conservative Finnish newspaper which operated between 1919-1991. Uusi Suomi is currently the most successful independent news site in Finland. The special features of this web newspaper – concentrated much on politics and societal issues – are independent news production and active and polemic discussions. Uusi Suomi has a popular blog section and its prominent bloggers have succeeded in starting many important debates on the national level.

Display advertising revenues are not always enough, however. Display banners were the main revenue source for French citizen journalism site *AgoraVox*, sold on a standard CPM model. Even with low operating costs, sustainability on this basis alone requires huge quantities of traffic. The site has had to diversify its incomes and services and appeal for state funding. Until they are more lucrative, the site will remain dependent on umbrella company *Cybrion*, the founder's consultancy agency.

Banner advertising: cost per click models

Several startups use pay per click (also called cost per click, CPC) which is the model used to direct traffic to websites, where advertisers pay the publisher (typically a website owner) when an ad is clicked. With search engines, advertisers typically bid on keyword phrases relevant to their target market. Content sites commonly charge a fixed price per click rather than use a bidding system. This trades on downstream traffic and the intrinsically navigable space that is the Internet.

Spanish company *PortalParados.es* uses CPC to generate revenues. The site has grown its unique visitor numbers by 500% since 2010 generating 260,000 visitors per month in 2012. It delivers information about employment, learning courses, activities and psychological assistance to a particular niche audience: unemployed people. It launched in 2009, and since last year it has been making approximately €30,000 per year. The staff is made up of two fixed-term employees and three freelancers, with plans to expand. Besides CPC, *Portal Parados.es* earns money via an education school sponsor that offers e-learning courses for

unemployed citizens throughout the site. It is the only website in Spain oriented towards the unemployed, ranking 3,000 in the Spanish Google list.

Banner advertising: cost per action

Cost Per Action (sometimes known as pay per action) is a pricing model, where the advertiser pays for each specified action such as a purchase, a form submission, and so on linked to the advertisement. It has been used by sites such as Finnish Urheiluviiikko.net (originally launched by DeeReal, Pekka Värre's one man company). Currently the site is owned by High Roller Factory Ltd, a Maltese joint stock company. Urheiluviiikko.net is a website that is aimed at enthusiastic sport followers and sport betters. The main emphasis is on football, ice hockey and other popular Finnish sports. Betting companies advertise on the Urheiluviiikko.net website. Usually High Roller Factory makes direct contracts with advertisers: sometimes a third company is involved acting as an intermediary. Cost Per Action is the biggest revenue source. In 2011 it covered about 90% of total advertising income for the site.

Banner advertising: weekly or monthly rates

Most popular among smaller niche, one-man-band operations or hyperlocal sites is advertising sold as a set weekly or monthly rate. This is the easiest way for small-buy advertisers to comprehend online advertising and offers them more transparency. It harps back to offline models where an advert was "visible" for a fixed period or a fixed number of issues. UK, US and French hyperlocal or niche sites have used this: ThisFrenchLife, Landscape Juice, Alderleyedge, DavidsonNews.net, TheBatavian.com and WestSeattleBlog to name a few. In our research data these kind of sites generate revenues typically between \$20,000 to \$150,000 pa.

All three local sites interviewed in the US sold banner ads with weekly or monthly rates. At DavidsonNews.net, 75% of revenues came from banner advertising and classifieds, sold on a monthly basis. David Boraks, the editor-in-chief notes that several stores with whom they deal simply don't understand the web well enough to grasp the other advertising sales mechanisms, based on clicks or viewing traffic. DavidsonNews also trades on offering a more personal or relevant service, thousands of viewers who are within a couple of miles of the shop. This quality in geographic service holds value. With TheBatavian, all the advertising revenues are on a contract with most adverts priced per month, some

priced on the day. The WestSeattleBlog has monthly flat-rate display advertising to local businesses.

The flat-rate model works well for sites that want to triangulate content with campaigns or seasons. ThisFrenchLife founder Craig McGinty watches other, larger advertising campaigns in order to “piggyback” on the clicks and increased traffic. He can sell the added interest to local shops and services, however it is time consuming and labour intensive (see chapter four). “If a bigger firm invests in some advertising or marketing then that will prompt search requests. So if my content ties in with that it will prompt search and put my adverts in front of future readers. It is the cross pollinating that is key.”

Advertising networks

An online advertising network or ad network is a company that connects advertisers to web sites that want to host advertisements. The key function of an ad network is aggregation of ad space supply from publishers and matching it with advertiser demand.

ArsTechnica in the US uses advertising networks. Ken Fisher, the founder of the site, decided early on that he wanted to concentrate on content and outsourced the ad sales. Ad networks took a hefty cut of the revenue, but thanks to outsourcing, Fisher had to use only a few hours a week to handle the business side of things, compared to the labour-intensive hands-on approach detailed in the flat-term model. ArsTechnica moved from early CPA systems to CPM, now handled through Federated Media. It is responsible for serving ads, tracking ads and inventory – everything ad-related. Fisher cites the strategy as being a key to ArsTechnica’s success in highly-competitive tech-reporting field. Instead of concentrating on doubling revenue, Fisher could concentrate on doubling his readership.

Japan’s JBpress is a business news and information website, mainly developed to fill in gaps in the current mass media who have trouble keeping up with international and regional business news. JBPress mainly uses advertising sales syndication Media League, a scheme which designs and sells content advertisements, ad packages and advertorials. As of November 20, 2009, 30 groups are part of it, including finance, news, banking, IT, and other businesses. This can prove lucrative for business-focussed content such as JBpress. Through its collaborations with The Economist and the Financial Times, the company is able to report about economic trends from a perspective of the overseas media. Vice versa, JBpress also sends out news about Japanese businesses, technologies, and industries in English.

Sponsorships

Where sites can set both a service and civic dimension to their content, the study found potential for sponsorship as a revenue source. Rantapallo.fi in Finland is a privately owned web publisher, located in Vantaa. It has sponsored sections like Finnmatkat TV which shows videos from the destinations of travel agency Finnmatkat. The company publishes a website on different sides of travelling – from travel stories and tips to news. Important parts of Rantapallo.fi are various kinds of searches: last-minute offers from all the major Finnish travel agencies, searches of flights, hotels and other relevant travel-related services. Rantapallo.fi is currently the most successful independent travel site in Finland and it has good visibility also on social media sites such as Facebook and Twitter. Similarly, Landscape Juice, a community for anyone working in the landscaping industry in the UK, also uses sponsorship on the website, and tied in to events that are run. The site focuses on providing a service for the industry. This model does prove you can sell advertising and sponsorship on sites, but it is time consuming.

Pay for content

Much business and academic interest has been given to revenue models which rely on users paying for content. The database includes case studies adopting a range of membership, subscription, freemium and paid-for-only models. The factors pertaining to the success of these business models varied, however. Some traded especially on the independence of their journalistic content, where others offered tiered services and platforms. Setting a pricing structure for content on the Internet is perplexing to say the least, however, with startups tackling this revenue option with a variety of strategies.

Paywalls and subscriptions

Where readers are prepared to pay for content, the emphasis has been put on creating quality content that is unique or independent from other media products more widely available.

Dijonscope is a regional online news site with a strong identity for independent journalism. It is the first online daily regional to be officially recognised as a press organisation under French authorities. It is on its way to sustainability having moved from an advertising to subscription model. They dropped half of their readership with the decision to go paid-for at the end of 2011 (around 15,000 users a week now in 2012). They also have 7,000 a week subscribed on a

free newsletter and a vibrant presence on social networks. Dijonscope aims for 3,500 subscriptions at €5 a month. Longer-term subscriptions are desirable as they offer more business security. The mission statement representing the work of the journalists on the site is impassioned: Inform, investigate, and criticize. The team of Dijon-based journalists focus on quality rather than quantity, with editorial decisions being more about cutting-edge investigative or informative reporting than following the day-to-day highlights from institutions – formerly the fodder of regional printed press. Their value for readers is in creating “a rigorous and independent range of information, drawn and filtered by journalists and correspondents whose intellectual integrity is uncompromising”.

MediaPart is a French investigative journalism website. It became internationally popular in 2009, when it published the first secret tape recordings that stirred up the Bettencourt-Woerth scandal. From the very beginning Mediapart adopted a radical business model: no advertising at all and most stories protected by a paywall (ca. €9 per month or €99 per year). In 2011, thanks to the larger visibility gained with the Bettencourt case and a reputation of being an independent media outlet, Mediapart reached 58,000 paying subscribers and it was able to break even.

Webronza in Japan is an online version of a liberal, forum-like magazine called Ronza in Japan. “Ronza” started in 1994 but was faced with suspension of publication in 2008 due to its small circulation. The main contents of Webronza included politics, economy, society, science and entertainment. With around 30 writers for each category, almost 150 writers, much scope has been developed for updating content with the latest opinions and analysis. Along with special editions and features, Webronza justifies charging for content. It costs around ¥735 (tax included €7.18) for a package of all categories. ¥262 (tax include €2.56) is for one category if contents are not subscribed to in a package. Webronza works consistently to convert users of free content into subscribers.

The database includes one case study with an aggregated paywall concept: Piano Media. In the two test markets of Slovakia and Slovenia, readers pay a monthly subscription fee which enables them to access premium content from a range of participating online media. This is provided by 60 websites and 20 publishers who have, in effect, teamed up. The publishers receive a share of the revenue based on the traffic generated while Piano Media keeps a commission. The concept is easy for both consumers and publishers. For consumers it offers paywalls made easy as they only pay a relatively small fee (circa €4), while publishers get 70% of total revenues from the paywall and more if users stay on their sites for longer.

Memberships

In the case studies, membership services usually feature functionality that is worth paying for. They also trade on creating a “club” mentality around content or services. The two most notable examples were from Japan.

Nico Nico-doga is a video-sharing site operated by Niwango. The website’s most well-known feature is its commenting system, which allows user comments to stream across the screen as a video is being played, creating a new way to watch videos. Signing up to become a “general member” is free but the site also offers a more exclusive “premier membership” for a 525-yen (\$6) monthly fee. Currently the site has more than 23 million members and is growing. Revenue sources are 70% from membership fees, 25% from advertising, and 5% from affiliates. The site offers a wide range of content, including videos, silent videos, and audio clips, encompassing genres such as music, anime, video games, communities, and politics. Music, animation and games take up 80 per cent, while politics and sociocultural topics take up 10 per cent each. More recently, the website has been putting more effort into its news reporting, including headline news reports, streaming live footage from press conferences, inviting politicians to hold debates, and has been collaborating with Japan’s public broadcasting station NHK. These projects have shown the website is capable of delivering something more than just entertainment. Only members are able to watch the videos.

Similarly Videonews.com is Japan’s first Internet news television specializing in news, and was set up by Japan’s pioneering video journalist, Tetsuo Jimbo. Jimbo saw the need for a truly independent news television station that did not rely on advertising revenue. There are no revenues from advertising, just membership fees (early attempts with AdSense were abandoned). Videonews.com charges a subscription price, 525 yen a month (€5.13). All shows have free previews, giving people the chance to watch the first five to ten minutes of each content for free. Once logged into the members-only page, members have access to a video news forum, allowing them to voice their opinions about shows with other members. In 2008, the number of subscribers reached 8000, making the business sustainable. As at January 2012, the number of subscribers stood at 12,000. The main program available on Video News is Maru-geki Talk On Demand and News Commentary, both anchored by Jimbo and sociologist Shinji Miyadai. Past guests have included big names such as Japan’s prime minister and cabinet members. Staff meetings decide what topics to investigate, but the line-up can be changed in the event a major news story comes up. In March 2011, a camera team was sent in to report on the devastation of the Japan Earthquake for a special report.

Freemium

Many media organisations wanting to test the water with paid-for content have opted for a metered model. They identify content or services that have perceived value to certain users but allow some content or services to remain free. This metered model combining free and premium has become widely known as free-mium (Lukin 2006). It was espoused by Chris Anderson as a way of trading in on the abundance and distribution of the networked landscape while still holding on to some mechanism to charge for the scarcity, or the top-end products. For example, Storyful.com based in Ireland sells curation and fact-checking of social media content to traditional news outlets who no longer seem to have the time and/or the skills for verifying breaking news from the social web. It is basically a new kind of news agency, but they allow the basic functionality to be open for all.

UK-based Audioboo's key strategy is to see themselves not "as an Internet disruptor: we want to work closely with and complement existing media models in news and new areas". The business model is largely based on a freemium model. There are 400,000 users of which 5,000 have joined Audioboo plus. It is aimed at loyal users and podcasters. The Plus tier, costing £60 annually, comes with 30 minutes recording time, updates to Facebook pages and extra iTunes podcast settings. The revenue model also relies on paying for content: like audio books and book chapters where they take a 30% cut. Audioboo pro is license deals – they want to work with big corporations to see what they can offer to those media companies who already have significant audiences.

French-based Citizenside also tiers its services. There are three main revenue streams: a revenue share with users from selling work (based on 65% for sales in the same country as production: 50% abroad); one off direct media sales to media outlets; and through a Pro service, much like a syndication, offered to bigger players. The site captures the multimedia interpretations of everyday news events. The site aims to create the largest online community of amateur and independent reporters where everyone can share their vision of the news by uploading photos and videos. It was launched in France in 2006 and has 70,000 members in 150 countries. The inspiration for the site came after the London Tube bombings when iconic images from witnesses such as Adam Stacey made the rounds on the international press after being posted to Wikinews and Moblog.co.uk. The site's main success has been in empowering citizens to earn money from their work. Major news brands have an advantage because they have brand recognition and platforms that are sophisticated but they don't have the nimbleness of thinking or the speed and agility of a start-up (Trippenbach 2011).

Affiliate marketing

There was some evidence of affiliate marketing being adopted by the media managers in the database but this was found to be something that had limited scope and evidence of high revenue yields. Many niche sites had adopted Amazon Associate schemes, or similar (in which the site choose products displayed from Amazon catalogue and collect fees from the purchases made through the site) but there was little evidence of significant revenues. The advice was more to choose affiliate schemes where the products being sold were larger, to justify a higher percentage cut. Chasing the “big sell” was the only real way to generate significant revenue. ThisFrenchLife editor Craig McGinty notes: “Affiliate services that are tightly focussed around questions from readers can work, so you have to keep a close eye on the discussions on the site and tying that in with potential product sales. I help readers by asking them directly what services or products they may be interested in but I also try to include an affiliate or spin-off to a smaller site where those discussions can be aired in more detail.”

Germany’s Perlentaucher has a business model which is highly dependent on online advertising, which brings in “at least 80 percent of the total revenues”. Additionally, Perlentaucher generates book sales with commissions it gets from a major German online bookseller Buecher.de; all the book reviews on Perlentaucher are linked exclusively to Buecher.de and every purchase originating from perlentaucher.de merits a commission. Buecher.de also publishes Perlentaucher’s content directly on its website.

Donations

There was scope within the database to document those startups who were using donations as a revenue source. As detailed from the start, those startups which relied entirely on angel funding, one-off grants, payouts of some kind from governments or other such research or philanthropic means were discounted from the database as our aim was to focus on sustainability. However, where donations were part of a sustainable revenue source they were included.

Crowdfunding

Since crowdfunding came under the spotlight with initiatives such as Kickstarter.com and Spot.US more news startups have given it consideration, if not as the business model overall but for one-off projects. It is a system where small payments from a large community can generate enough revenue to fund a story

or investigation. It is a crowdfunding initiative which supports J'aime L'info for example in France. Crowdfunding is powered by micropayments and is, as such, based on pay as you go.

There were only a few outlets that used crowdfunding as their source of revenue in our database. Germany's Netzpolitik.org receives (through microdonation site Flattr) about €400 worth of donations per month. The site has around 30,000 daily readers interested in how the Internet changes politics and how politics changes the Internet. During some especially ignited political debates readership can rise up to 50,000 per day. The advertising revenues and micro-donations (run through Flattr) bring enough income to cover the salaries of 1,5 employees.

Philanthropy

OurPlanetTV in Japan is a non-profit alternative media organization that develops its own documentary and interview shows, and uploads them onto the Internet. Although the group reports on a variety of social issues, its main focus is reporting on everyday life issues. Using community groups, movements, and labour organizations as their information sources, OurPlanetTV documents things happening in local areas and communities, mainly through videos. It operates as a non-profit organization. The website has diversified its revenue sources to include membership fees, donations, and contract project production costs from films, some DVD sales of films produced, or seminar fees.

Selling data and services

Much academic discussion has turned to the opportunities afforded by the Internet for niche sites or outputs (Anderson 2006). Some of the most promising sites in terms of the originality of business models, however, have found a way to carve out a niche in the long tail of supply (Cook 2012). These represented some of the most original startups in that their products appear to be more born of the net rather than on it. Here, startups have found ways to generate revenues by selling services or content. This can be either public or business facing. Here, the revenue is generated by startups who have found a niche as part of the value chain of journalistic production, so they may take raw content and add value by curating, filtering, or writing and interpretation. In each case, the revenue can be generated by upselling to other media organisations or direct to users.

Selling content

Hellapoliisi is a privately owned company, located in Helsinki, Finland. Hellapoliisi.fi is a website which concentrates on food – it publishes recipes and articles of novelty items. The revenue comes from recipes and food photography that Kati sells to food companies. She also publishes books containing recipes. Hellapoliisi.fi has also banner advertisements but they do not bring in a substantial income. The owner, Kati Jaakonen, also produces recipe books and food related games. Hellapoliisi (loosely translated as the Stove Police) blogsite started as a hobby. Kati Jaakonen, a cook by profession, founded a food blog around 2006 – 2007 in order to offer photos of her pastry and recipes for people interested in food and cooking. The site became popular very rapidly by offering good recipes for free. The content on the site is still free for visitors.

China Files is an independent, multimedia news-agency based in Beijing which focusses on the coverage of China-related issues. Its main products are journalistic content (in any format: breaking news, long-form stories, video and audio bulletins, interactive features) and supplementary services (press round-ups, press office and social media consultancy, etc). Services and content supply constitutes the main stream of revenue of China Files (around \$ 25,000 per month). Currently, China Files has among its clients more than 30 Italian and Spanish-speaking news outlets (print, radio, broadcasting and online).

In the UK, Notonthewires is an alternative news provider priding itself on in-depth coverage of otherwise untold stories, analysis and insight. It is a multimedia production platform with an innovative content management system. While Notonthewires has ceased publication in 2012, selling content-based subscriptions to mainstream organisations notably in Argentina that needed international stories was one revenue source.

Talk to the Press is an example of how news agencies can have added their reach online. The business model is traditional in the sense that tip-offs or story ideas are sourced and written, and then sold on to mainstream news organisations with the agency making a premium. The difference is that social and online media make it easier for people to get in touch, and find the site through search engines, making the sources more numerous. They pay people depending on the value of their story in the upsell chain. Citizenside uses one-off sales to bigger media as one of its revenue sources. For example, the startup helped sell on exclusive video footage of the fashion guru John Galliano having a racist rant sourced by one of their contributors. It was sold to The Sun in 2011 earning the citizen reporter a substantial sum (enough for an Audi).

Tweetminster in the UK works in curation of content from the social web. It gathers news and opinion around any topic, industry or market, and then analyzes what trends are important. It sells this service to larger media organisations as part of its business model. Italy's Youreporter generates some revenues selling video and special editions of content. Effecinque in Italy is a news startup working on the development of innovative applications and offering multimedia content to the largest Italian news publications. F5 main products are web-native format (social media news gathering, live coverage, data journalism projects) and visual features (motion graphic videos, interactive infographics). F5 works only as a sub-contractor, so revenues come mainly from content supply as well as training and consulting.

Selling technology

This has been a growth area in the UK particularly. Blottr is a citizen journalism news service that enables anyone to capture, report and collaborate on news they are witnessing from mobile to web instantly. It is an open platform for anyone anywhere and thus specialises in breaking news all over the world. In terms of content, Blottr is a visible part of the rising citizen journalism movement, but it makes most of its revenue by selling the technology that powers its own platform. Any other company can buy Blottr's platform as a white label product and use it as their own to harness the possibilities of user-generated content and conversation. Adam Baker, CEO, cites "We've got some great technology that powers Blottr, so we license it as a white label to other publishers to enable their users to be contributors as well as consumers. To give you an example, one of our customers is a cosmetic surgery magazine that's got 12 000 of the world's best cosmetic surgeons reading their content. With our technology powering their site they're able to get those users to contribute as well." The site was launched in Germany and France in November 2011, with moves planned for further market expansion. Notonthewires had plans to work in a similar way as there was also scope to sell the content management system, which had been developed bespoke.

Tweetminster is a news platform in the UK. It curates news and opinion around any topic, industry or market. It's a media platform that helps people and organizations discover the most relevant content about their personal interest by dynamically analyzing and organizing in real-time what networks and experts of influence around any topic, industry or market are paying attention to. The site has functionality to analyze what experts on anything are paying attention to in real-time. The site's basic curation services are freely available as part of its public service mandate but clients can pay for bespoke functionality – from

Formula 1 to trading in the Middle East. It was originally launched as a service to help people follow politicians on Twitter. They work with Reuters, BBC, Channel 4, The Guardian, etc. The services are integrated within these sites. It depends on the financial deal whether or not Tweetminster is actually visible on the site. The license to use the software is sold as it is API.

Events

Many sites have diversified to run events, freelancing and training. Several sites have looked to leverage their own experiences and know how into a revenue stream. Ticket sales and spin off revenue incomes from events are proving to be a lucrative diversification for many startups whose *raison d'être* is editorial. The community building that can come from hosting events in real life spins off into the editorial and back again. Finland's ArcticStartup is a community based media organization focused on promoting new startup companies in the field of digital, mobile and web-based business. On their website, they publish daily 4-5 stories concerning startup-business in Nordic countries and Baltic region. In addition to stories they publish job advertisements on their site. Over half of ArcticStartups revenue comes from conferences that they organize in the capital cities of Nordic and Baltic regions. To the conferences they sell tickets and stands. The conferences create an opportunity for participants to network. The role of the website is to uphold and create a community, who attend to the conferences, and the conferences make it possible to finance the publishing.

Journalism.co.uk is a digital B2B website serving journalists and media professionals in the UK. It offers news services about industry movers and shakers, directories and advice/panels. The business, Mousetrap Media, now also runs news:rewired events as a spin-off from the website, which are a key part of the brand. The events have become the second most important source of revenue (behind job listing and classified advertising). News: rewired are sold at £130 per ticket. John Thompson, publisher and owner, cites: "This is the one event when you can get involved in and have a direct/intellectual crafting of this event. It leads to direct revenues: we do it for commercial reasons. In this way the editorial is funding revenue. Ad sales can sell around that. Commercial conversations start in editorial and then get passed over and vice versa. If the business were going under it would be the events that I would rescue. It is the events that adds value to a business, an editorial business especially."

Freelancing and training

Several sites have looked to leverage their own experiences and know how into a revenue stream. Journalism.co.uk for example offer editorial courses and training through a revenue share agreement. A trainer comes to the site to propose a course, detailing the overheads and proposed ticket price, and the site usually negotiates 2/3 for them and 1/3 for Journalism.co.uk. Varese News is an online-only local newspaper, often described as one of the best in Italian new media landscape. Founded in 1997 and having survived the dot-com bubble, it gradually became the most read publication in the Varese area, surpassing even the well-established local daily La Prealpina. They sell freelancing services, consulting and training.

Italy's FpS was established in 2009 as a cooperative of 17 students (today reduced to 11) from the Journalism School "Walter Tobagi" of Milan University, assisted by one expert tutor. They started off as subcontractors or freelancers for national newspapers, developing content for their websites and TV and radio programs. Then they specialized also in business communication (Press Office 2.0, corporate blogging, web-development) and today they mostly develop web projects for large companies. They turned over 210,000 euros in 2011.

Consulting

Finnish Asymco is a technology-oriented blog and business, owned by a former Nokia analyst Horace Dediu, who is based in Helsinki, Finland. The blog has a large international audience and Dediu is very well respected especially as an Apple analyst. Initially, he planned to do app development, and the blog was intended as a way to promote that business. However, soon he found out that the type of work that was requested from the blog turned out to be more management consulting. He obtained some consulting engagements within three months from starting the blog and that is still the primary source of income for him. Asymco also arranges conferences. Occasionally Pekka Värre of Urheiluviiikko.net consults other companies in the subject of web journalism and articles written by Värre or one of Urheiluviiikko's freelancers are sometimes traded for other companies' services.

Douglas McLennan, the publisher of ArtsJournal.com in the US, did more than 60 talks around the country and flew more than 200,000 miles in 2010. Half of the revenue based on ArtsJournal comes through these engagements. Although McLennan didn't see the consulting opportunity first, it came to him naturally. He goes through hundreds of articles and news items about art in

general every day while aggregating the best content to ArtsJournal.com. By reading all those articles he has become one of the best experts on art world and the current trends around the world. This is why McLennan says it is very important to keep your eyes open when you are looking for revenue sources. They might appear from places you didn't realize existed at all.

Merchandise

This was not widely used as a revenue source by the startups in the database. However there were examples where merchandise or other spin-offs are being sold. This is often as an “extra” revenue source but builds on possibilities harnessed by larger players such as Aftonbladet, one of the biggest daily newspapers in the Nordic countries, which has had success running a weight-loss club and with e-commerce, selling vuvuzelas during the 2010 World Cup. Talktothepress agency in the UK has sold books and seminars, while Audioboo has built its revenue model to include the potential to host and disseminate audio books and book chapters, where they take a 30% cut.

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4. Sustaining journalistic entrepreneurship

Pekka Pekkala and Clare Cook

Structural change in the media ecology has opened up a range of opportunities for startups, as this report has detailed. Media entrepreneurs have flexed their muscles creating all manner of new sites, products and services in the journalism ecology. Many have launched blogs or niche interest sites, forums or digital communities; others trade on civic, investigative or citizen journalism; others on technology and production. This chapter recognizes the valid addition of these sites to the potential career path of a journalist and the increasing likelihood for journalists to work within, create or alongside such journalistic entities. Where once innovation and change happened slowly, current media technologies are developing continually and the rate of product development has increased exponentially.

As part of the interview process to create the SuBMoJour database, researchers had the opportunity to discuss with media managers about the range of skills required to sustain journalistic entrepreneurship. Not all interviewees participated in these discussions. However, the interviews were free enough to allow for subjective information to be solicited where possible as to the journey experienced towards sustainability.

Of the responses collated, there were several points of advice from journalism entrepreneurs worthy of note. These are detailed below in the intention of helping those planning their own startup by giving some lived experience of more established entrepreneurs. These are not intended as a definitive list but go some way to identify the scope and reach of possible skills development and research in the future. This builds on more general advice in both practice and theory (Tidd et al 2001; Briggs 2012; Chesbrough 2003; Bessant & Tidd 2010).

The objective is to increase the resources on which media entrepreneurs can draw and thus enhance the collective creativity of journalists around the world. It acknowledges the advice needed for all those who are considering a career as a media entrepreneur and wanting to start their own journalistic outlet on the Internet.

Small teams

Many case studies from the US and Europe, especially those sites focussing on niche topics, reported a key element for profitability was to do almost everything by yourself. Many of the sites run on minimal staff: they don't have bespoke offices but work from home and they buy only little work or consulting from other companies or people. They have only a few freelancers working for them very occasionally and citizen contributions are quite low. Bargain Babe editor Julia Scott notes: "I used to be a full time reporter, and when you're a reporter you have the luxury to report and write all day long. There are very few meetings. I realized after I started Bargain Babe that I have to do all of the business stuff: deal with advertisers, get my site listed, work on SEO, network with people, learn everything I needed to know about running a business, filing my taxes... All this stuff that, as a reporter, you don't have to deal with. I spend anywhere from a third to half of my time writing and the rest of the time, on all the business stuff."

The database details the time managers spend on business affairs compared to content production. Thierry Chervel, managing director of Perlentaucher, Germany's Internet-only culture magazine, notes: "As a managing director my time is divided 50/50 between doing business and content. I am the public face of the company; I am also the principal contact person for our clients. However, since we are a small firm there is no organisational hierarchy." However, even those journalists who appear to be outwardly a "one man band" may still need support, probably on an ad hoc basis. Several managers reported outsourcing technical or site engineering. Finnish food website Hellapoliisi is owned by Kati Jaakonon, who does all the content – recipes and photos – herself, yet she outsources all the technical maintenance, site design and development.

Where small teams have been created, the skill base varies depending on the site or product. Broadly speaking, these roles fell into the following categories: business, marketing and sales; content producers; unpaid citizen journalists; developers and designers; web, system engineers or technical support.

It seems that all the financially successful publications pay their freelancers and staff. None of the US cases run solely on citizen contributions or content that is written for free. Some have unpaid community contributors, but none says

their input is crucial for the website but rather an addition. Thus, most profits are put towards salaries and supporting writers. Of all those interviewed for the database, the majority cited that investment in journalism, journalists and staff would be a key area for further investment, should funds become available. This is probably one of the biggest shifts from traditional media companies, where only 20–30 percent of the revenue goes to the newsroom (Filloux 2008). Most of the publishers seem to believe that their success is tied to quality content. To get quality, you have to pay for it. And when asked about the profit and where it goes, usually the answer is “better content, more writers”.

Having such restricted access to human resources, however, necessitates a wider understanding of the basics of web publishing technologies: how to set up a blog, publish stories and pictures. Many cite the need to learn how to manage display ad systems and do affiliate linking. All of them buy more advanced or complicated programming tasks from an outside developer or have friends who do it for free. If the site is not selling a technology platform for other bloggers or publishers, then media entrepreneurs rarely hire full-time programmers or tech staff.

Master of many skills

Of the startup case studies gathered for this study, few were generating large profits. This feeds the need for frugality and results in entrepreneurs needing to increase their skill set to include all manner of business management, marketing and sales skills. For example, apart from economical sustainability, the Japanese online journalism culture is facing several challenges for its sustainability owing to the training, supplying and the livelihood of young journalists. In the US, entrepreneurial thinking remains a problem. Traditional newsroom work doesn't require any business intelligence and journalists start their entrepreneurial path from zero. It takes time for them to realize that they are probably the best people to run the business side of things as well as the editorial. A business mindset gradually grows instead of an overnight shift: the skills are there but they need time to develop.

The business side of publishing has been the most difficult thing to learn for journalists, no matter if they are new writers or seasoned veterans. David Boraks from Davidson.net explains that it took 18 months for him to realize that he could not be the journalism-only journalist he used to be: “You know in an ideal world I would love to get back to the point where I am not doing any of the business stuff because I am a journalist at heart. But at the same time it's been really a challenge and it's been fun for me to try and figure how to grow the

business. I did try last year to hire somebody to be a business manager for the whole business and it just didn't work out the way I had hoped. I realized that when you are starting a small business and you have a vision you really need to do a lot of that leg work yourself; you can't turn it over to somebody else and expect it to happen the way you want it to."

Julia Scott from BargainBabe explains how to do marketing when you don't have a marketing department or even a budget to do it: "One of my biggest business expenses when I first started was making flyers. I had a friend design a flyer, I wrote all the copy myself. I would go to Kinkos and they had a free colour paper offer if you made a copy there and so I got Hot Pink ones. I would cut those flyers myself, cutting paper two hours every month or something."

Jonathan Lloyd, the founder and owner of Mediastreetapp, a start-up business developing a web software application to run local websites, cites: "I like to structure it so that I'm publishing some content early in the morning so that people arriving at their desks can see that story. The rest of the morning I mostly do sales and marketing activities. In the afternoon I tend to be out and about seeing my local businesses and clients. In the evening I do development work."

Start thinking about the money from the start

It seems that reaching profitability requires work from day one. This was mentioned in most of the US interviews. Managers noted it was difficult to begin by making the site ready and then selling advertising: the sales had to happen earlier in the business cycle, not least because the site was rarely deemed ready. Howard Owens from the Batavian hyperlocal news site describes how the operation had to become profitable in three months or close down the operation. He notes: "I would just walk in (to a shop), you know, if they are new. I just walk in and ask if they have heard of the site? They have, great! Talk to them a little bit about it, ask if I am allowed to sit down and say how what we are doing can help promote your business and help get more business for them. And if you want to engage me in a conversation right there, great, we can talk. I may just walk out or I will just give a media kit and say we can talk again a week later. If they are showing any interest at all... a week later or a month later whenever it seems appropriate, we have a conversation."

Sustainability was consistently noted as something that had to be built into the production cycle. Craig McGinty, editor of ThisFrenchLife, advocates the need to think about how to make money from content or how to drive advertising based on story ideas and vice versa. "Content spins off from advertising and back again. Your contact is direct with the reader, answering their questions, but you

have to consider if topics highlight or spin off into new directions and go with it.” Much of this can be down to attention to detail. For example, small sites can maximise traffic to their sites simply by locking into topics or issues relating to big-spend advertising campaigns by bigger players elsewhere on the Internet. This helps drive traffic and users.

Much of the sustainability of smaller startups requires an ability to see patterns and opportunities, and act on them. This includes diversifying revenue streams. Artsjournal.com’s Douglas McLennan’s revenue says: “What happened for me was that when you look at 2,000 stories every day, you start to see them almost as clouds on the horizon and you start to see, ‘Ah, you know, here is an issue on Australia that they’re dealing with and this is how they’re dealing with it’ and, ‘Oh, you know what? That is going to happen over here in Germany next week and they’re dealing with it in a very different way’ and you start connecting dots and you become this sociologist of arts.”

When you talk to journalism startups, it is easy to see that they are masters of business frugality. Most start working from home, with old laptops and cell-phones. Hosting and content management are done with WordPress or similar free or mostly free platforms.

Relationships with advertisers

The SuBMoJour database and this accompanying report sets out the revenue sources open to media startups seeking financial sustainability. There are, however, issues to note about how journalists should conduct themselves in order to maximise these revenue streams. Overall across the database, display advertising is still the king and it is usually sold as CPM. Local sites, however, have a different approach: they sell weekly or monthly display advertising or offer space for time-specific advertising campaigns. This is because local businesses understand the weekly rates better than CPM: when you buy an ad, you see it in a certain spot on the site for a week. With CPM, there might be banner rotation and other confusing elements that are not familiar to businesses who are making their first entry to online advertising.

This inexperience for small-deal advertisers creates a new responsibility for the media entrepreneur: that of educating or hand holding the advertiser as they make their first foray into digital advertising. They often do not understand the statistics behind it and need to overcome a comfort of recognition with legacy media. Media entrepreneurs have cajoled many advertisers into spending their money on online advertising, thus moving the journalist more significantly towards the role of sales person. Editor at Alderleyedge.com in the UK states:

“The difficult part is to change the perception of what a local site is to people who still see a local newspaper as the local supplier of news so we are having to work to change perceptions all the time. It is also an issue that a lot of advertisers are much more comfortable with print advertising than they are with online. A lot of the advertisers are located within a five mile radius and a lot are only just setting up their own websites so we are having to do a lot more hand holding.”

There is a different approach to advertising networks as well. To sell ads, the site has to feel local. And the editor has to be part of the local community. While *Ars Technica* praised ad networks for taking the pain of selling off the site, also advocated by *BargainBabe*, local sites are more averse to advertising networks. Local sites are part of the local community and ad networks don’t support that: the networks tend not to deal with local classified advertising and random Google Ads seem silly on a local site, instead of well-targeted local ads from local hairdressers or shops. Craig McGinty, founder of *ThisFrenchLife*, notes: “People have no idea about CPM and they run a mile. You have to sell the idea of supporting the site and the community of interest in general rather than just purely click through. For specialised sites you have to convince them that feeling part of the community and with a story to sell, and develop a real connection, is more important than the quantity of clicks.” This shift tallies with the “humanization of business” advocated by Joel (2011).

Support is more than financial

In many interviews, publishers noted a new relationship between payments and the site. Many reported feeling that financial support was much more than a simple transaction: there is often a feeling that donations, subscriptions – or even the support from advertisers – can relate directly to willing a site on to success or understanding that payments and revenue are necessary to survive. This is an under-researched area but one which can be maximised by media entrepreneurs capable of building loyal and engaged readers, users or advertisers.

Several cited that subscriptions or membership fees – and indeed often advertisers as well – perceived payments and involvement with sites as much more like NPR-style donations than actual purchases of premium content or access. Regional publisher *Dijonscope* moved from advertising-supported to subscription-only based purely on the appeal that good journalism is worth paying for. Ken Fisher from *Ars Technica* describes their venture to subscriptions: “We’ve been selling a digital subscription to *Ars Technica* since 2001. It was actually a bit cheesy, now that I think about it. We put the plea to the community and said

‘we are launching a subscription program; it’s \$50 a year. You get the warm fuzzy feeling of supporting us.’ We made two parts of the forum subscriber access only.”

Douglas McLennan from Artsjournal.com adds: “Now the Premium version, what do you get extra? Well, not a lot. The free version you get the headline with the link, the Premium version you get the headline and the link plus the description, you know, the blur; so it’s more of digest, rather. But in reality you could just come to the website and get that because this goes out of there. So essentially, what people are doing is they’re looking for a way to support you. It’s the public radio mentality.”

Find your niche

Of the startups included in the study, all seem to have found a niche – either in the long tail of supply or the long tail of outputs as detailed by Anderson (2004). Several trade on specificity and an ability to triangulate niche products and services, with revenue streams in an iterative way. All have a very specific area that they are covering: either geographically or in a certain topic, service or product.

For example, what makes ArsTechnica special among thousands of other tech sites or blogs? Ken Fisher advises the need to take a hard look at the marketplace and find something that makes your publication special. He says not to aim to be the next Wired or Mashable but rather to work on finding your own niche. “The sad reality is if you go in like that, it becomes a race to the bottom. In the sense that if you kind of compete with everybody else on their own terms than the only way you’re really going to compete with them is to kind of do what they do but maybe do a crappier version on some level. Don’t just try to be 30 seconds faster regurgitating the same stupid bloggy content that’s going to be on five other text sites in 10 minutes anyway.” Similarly, there may be opportunities to step into territory previously dominated by mainstream media, as discussed earlier. Audioboo founder and CEO Mark Rock notes: “In 2008, we were working with Channel 4 to do more recording with mobiles but the recession happened and it was clear they weren’t going to launch so we thought we would develop it anyway.”

This reconfigures the journalist entrepreneur in many ways as a connector: between audiences, services and revenue streams. This triangulation requires a new emphasis on business skills to complement those already honed through journalism. Journalists are looking to reinvent their careers. A better understanding of the lived experience of media entrepreneurs already achieving sustainability in this space can help.

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5. Conclusions

Clare Cook, Esa Sirkkunen and Pekka Pekkala

The SuBMoJour study has mapped journalistic startups in nine countries. It has created an online database detailing the business models of journalistic startups that are deemed sustainable (www.SuBMoJour.net) and this accompanying narrative report. The study supports research to date that online environments offer the necessary market characteristics for niche journalistic sites and content production. There is a rich and diverse set of media case studies in the database, all with their unique interpretation of serving communities or reportage. The study was carried out across 12 months with a team of international researchers.

Where it was hard to evidence entirely new revenue sources, it was however possible to find new ways in which revenue sources have been combined or re-configured. Most of the 69 case studies have diversified their income to include more than one revenue source. As such, there is potential innovation in new business models by way of combining revenue sources in new and interesting ways to make their sites profitable in the long term. Some sites, particularly those born to support products, which were very much of the net, have rebundled or recombined revenue streams in relatively innovative ways.

Media landscape

Situating the business models of journalistic startups within national settings allows for a comparison between countries or in-depth understanding of national cultures. We have seen in the country chapters that different media environments – market structures, legislation, media history, and divergent media usage patterns – create a different set of circumstances for journalistic startups. For example, in countries such as France, Germany and Finland startups are facing a landscape dominated by strong legacy media. In the UK, there is a livelier and imaginative startup scene while the USA has buoyancy in the niche sector.

This supports the differences in national media systems depicted by Hallin and Mancini, and presented at the outset of this report. It is interesting to notice that in countries that are classified as polarized pluralist with elite oriented press as France or Spain for example, there are startups that are openly opposing the (heavily subsidized) legacy media and making money out of it. Parallel phenomenon took place in the Japanese media after the earthquake in 2011 when several startups started to offer alternative news contradicting the views and interpretations that the legacy media was broadcasting from the catastrophe. This may imply that the elite orientation may leave space for openly adversary journalism that can become commercially successful at least at a fixed point in time. All in all the connections between the systemic level and the startup scene would be a valuable place for more scrutiny.

However there is some evidence to suggest that national features may be evaporating because of globalized media markets. Media managers cite a growing internationalization of the journalistic space online. It is hard to ignore global web-based players such as Google or Facebook dominant in terms of both revenues and usage. Several startups note the need to look internationally for both potential users and competitors. This is particularly of note for those markets such as Spain, where decentralization is high and much competition comes from sites run from beyond national borders. It is apparent that media startups are moving into a new era in which the globally active players can surpass national media easily and quickly.

Most of our cases are not challenging the legacy media, rather supplementing it by serving smaller niche audiences or finding a place in the media ecosystem as suppliers of niche content to bigger media outlets. General or national news are the bread and butter of traditional media and pure players are for the most part not directly competing with legacy media in this field. On the contrary, they are either curating the national news content or commenting on the news from their own angle. Sometimes startups also collaborate with mainstream media providing content and services for bigger news organisations.

One of the main questions that arises from this study is to what extent startups see – and are seen by – legacy media as a friend or foe. There are significant differences in this between participating countries in this research. Startups in the UK find themselves in a very different position to those elsewhere in Western Europe thanks to an “embrace not replace” mentality from larger media organisations. Startups in France, on the reverse, find themselves battling with legacy media outlets for both recognition and users.

Finding a new place in the supply chain of news (Cook 2012) can become an important feature of some pure players. Much academic and economic interest

has been paid to the long tail of news outputs. But there is much to be said for the sustainability of sites or teams who can offer a diverse or unique service in the long tail supply chain of news. Sites such as China Files, Citizenside, Tweetminster, Effecinque and Youreporter are thriving as innovators in the supply of content or services despite vastly divergent national settings. Further exploration into this field would be a valid area for further research.

The study supports research to date that online environments offer the necessary market characteristics for niche sites and content production. There is a proliferation of niche interest or small community sites in all of the countries featured in the database, further evidencing the fragmentation of the media landscape. The database shows how pure players are diversifying journalistic content in new areas and finding smaller niche audiences. Most niche interest or hyperlocal sites are relatively limited in their scope and potential for expansion but are carving out sustainable incomes nonetheless. Their expansion is thwarted by a lack of revenue sources as advertising alone is not enough. Many cases in the USA, for example, have generated sustainable revenues around \$100 000 to \$200 000 – enough for one to three person operations – but rarely more for development or growth. In the UK, the hyperlocal scene is vibrant but suffering from similar problems: it is hard to find funding, make your site visible to the public and keep it sustainable and popular in the long term.

Grassroots product development is an area of increasing interest. Cases within this study support a growing trend for innovative platforms, either within the app economy, multimedia or mobile. Several have designed a business model around content management systems. In the UK, Audioboo has achieved a sizeable market share backed by innovations in form and function, for example. Briggs (2012) is convinced that the innovation comes from outside traditional newsrooms and publishing companies because they suffer from “innovators dilemma”: larger companies spend their time and energy protecting their position instead of expanding into new markets or attempting to innovate with new products (2012 p. 20). The cases in the database support this assumption, offering evidence of opportunities for newcomers, bloggers, laid-off journalists and recent J-school graduates.

Although the study set out to concentrate on such outlets that were doing their content themselves, some aggregators or curators were also included. This is a trend that is likely to grow as new software innovations with efficient algorithms that are able to collect and filter huge amounts of data will continue to be developed. It is also interesting to note the growing presence of citizen journalism sites in the database. Of the nine countries included, several have sustainable sites based mainly on contributions from citizens, or where citizen journalism

forms a central part of their unique selling point. Sites such as Citizenside and AgoraVox in France, YouReporter in Italy, or Niconico in Japan may all have different business models but they represent an interesting interpretation of the capacity of online and networked environments for the creation and harnessing of journalistic entities. Particular understanding on the business models of citizen journalism sites such as these would be a worthy focus of future research.

Revenue models

The SuBMoJour study also identifies trends in revenue models beyond borders and cultures. The database can be searched comprehensively according to revenue streams, such as the advertising models, content models, revenue per year, revenue streams, selling products, staff size or content etc. By presenting the commonality in revenue streams, it has been possible to identify trends in order to better shape an understanding of sustainability for media startups. The aim of the project was not to find one single revenue model but rather list a variety of different models and try to find common traits among them and see what kind of business models the journalistic pure players are using.

Of the journalistic startups in the case study, the five most common mechanisms in use for revenue were: advertising, paying for content, selling data and technology, events, freelancing or consulting. New and functioning revenue sources were hard to find: advertising (especially display) seems to be the most common way of creating revenue. Where other revenue sources were identified, this was often in addition to advertising. The majority had diversified to include more than one revenue stream. Where it was hard to evidence entirely new revenue sources, it was however possible to find new ways in which revenue sources have been combined or reconfigured.

In terms of advertising, there were several case studies evidencing each type of banner advertising: cost per view, cost per click, cost per action, fixed term and advertising networks. Some of the most significant sites in the database, in terms of unique user numbers as well as length of time the site has existed, rely on advertising. Despite moves by many startups to diversify their sources of income, advertising was still a primary source of income for many, especially those startups with the largest turnovers. For example out of the 39 cases making over \$100 000 in revenue per year, 25 of those generated incomes through advertising and several others were using it as an important source of revenue. The better performing sites in terms of advertising have found ways to triangulate their advertising more effectively, drawing content and advertising closely together.

There is evidence to support Briggs' notion that niche market values can vary depending on the topic or community, when the potential for advertising is more lucrative. When sites operate close to a specific section of the economy or industry, they seem to benefit from direct sponsorship from companies. This can blur the boundaries between product advertising and journalism. However the decline of the price of advertising, fragmenting audiences and the new ways that search engines or social media sites are able to serve up user data for advertisers are making life hard not just for legacy media but also for the new journalistic startups that are counting on advertising as their main source of revenue. Where sites set either a service or civic dimension to their content, we noted potential for sponsorship.

There were some exceptions to the advertising model, although the general picture is that selling display advertising is the most common way to bring in revenues. Much business and academic interest has been given to revenue models which rely on users paying for content: making content available in exchange for a fee. We found case studies adopting a range of membership, subscription, free-mium and paid-for-only models. The factors pertaining to the success of these business models varied, however. Some traded especially on the independence of their journalistic content, where others offered tiered services and platforms.

Several sites in different national settings have carved out a business model selling data and technology. These represented some of the most original startups in that their products appear to be more born of the net rather than on it. They include products or services which incorporate multiple elements of the functionality of networked, social and online spaces and have found revenue streams which may not be new or innovative in form but appear to be so in function. Similarly, their business models are based on traditional revenue models but reconfigured to offer new tiered systems or repackaged revenue streams. Of particular note are sites such as Citizenside, Blottr and Tweetminster.

Many sites have diversified to run events, freelancing and training. Several sites have looked to leverage their own experiences and know-how into a revenue stream. Where this is being done, there was a distinct sense of the need to connect audiences and the editorial product more closely. It was often cited that a deep understanding of the editorial, and the audience, not only facilitated these events but fed back in a cyclical manner. This confirms journalism as a process not a product (Jarvis 2009, Fiore 2010) with events and training being a potential monetization of the concept.

There were several revenue streams that were used rarely or not at all. Only a few outlets used crowdfunding as their source of revenue in our database. Those that did had very unique content agendas which lent themselves to bottom-up

financing. Affiliate marketing was deemed insignificant in terms of revenue potential for the most part. Merchandise was used rarely, and only as a complementary revenue stream. Of the case studies in the database, there was no evidence detailed in the interviews of location-based advertising, mobile advertising, newsletter advertising, advertising on Facebook, Twitter or RSS.

Connecting business models and revenue sources

In our findings the business models of the cases fall into two main categories: those which have storytelling-orientated business models and those which rely on a more service-orientated model. The sites whose business model is based around storytelling are still prevalent in our findings. These sites focus on making money from producing original content, news and stories, for audiences. The difference to the mass media model is that in the online world the target audience is smaller. Online journalism relies heavily on niche audiences built around targeted themes such as hobbies, neighborhoods or psychographic tendencies. In this niche journalism there is a tight triangulation between journalistic content and advertised products. Users can come to a travel site because it offers the best collection of last-minute holiday offers not solely because it offers travel journalism about interesting places to travel. Or when sports news is surrounded by betting-site advertisements one begins to perceive a blurring of boundaries on who is advertising for whom.

The other group, service-oriented business models, seems to be growing. This group consists of sites that don't try to monetize the journalistic content as such. For example citizen journalism sites are more like platforms that curate and moderate citizen-oriented content, or news aggregators compile stories from other outlets. Some startups have specialized in selling technology, information, training or diversifying to redefine what it means to do news. In these cases, journalistic content may play a part in the wider brand creation that helps sell services or sister products.

These two categories are of course based on generalisations, and there are exceptions. However there are interesting global connections to be drawn nonetheless. If we link together the business models, the offerings that the startups are making, the targeted audience and the revenue sources we can see how certain kinds of revenue sources are connected to certain business models. For example if a startup is offering content for a big audience it seems likely that they would rely foremost on the CPM or CPI type of advertising billing. The table illustrates some of these connections.

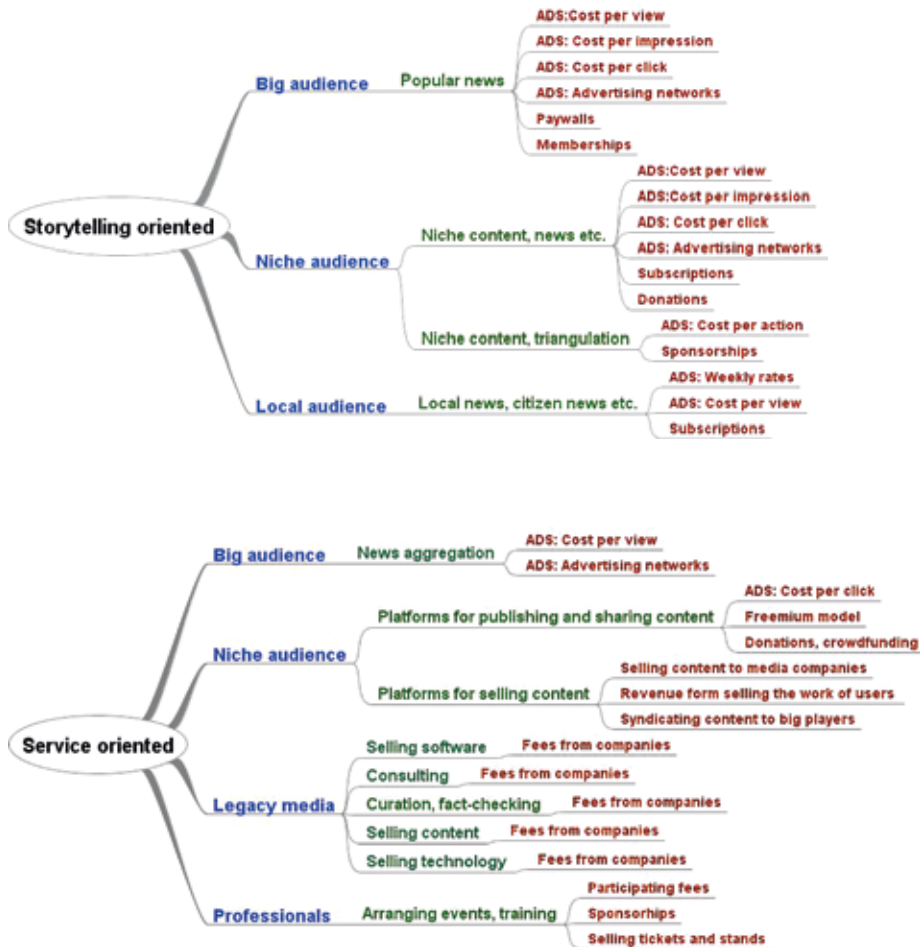


FIGURE 4.1: Storytelling oriented and service oriented business models, their audience/customer profiles, offerings and revenue sources. Illustration by Esa Sirkunen.

Role of journalism

There are more profound questions raised from the study. The database and analysis confirm that startups are carving out – and playing – an increasing role in the service of journalism as reportage. What role they have in the accountability of journalism and civic society, however, remains unclear. This is especially true if small, irregular and sporadic companies – relying in many cases on free work – become common. This study proposes that a dynamic number of sites are being created: there is a rich and growing number of digital journalism of-

ferings springing up in the space every day. As such, startups are likely to play an increasingly influential role in the accountability of journalism. As such it is important to appreciate how they can maintain the professional quality and independence needed for accountable journalism. This becomes ever more critical if the accountability of journalism that is often connected to the mainstream media is becoming more fragile as traditional business models become more untenable or fragile. However many of these sites struggle with recognition by states, governments and official legacy institutes. It is increasingly difficult to define what is and isn't legitimate journalistic content: where are the lines between role, form and function of bloggers, citizens and professional journalism elites? This identity crisis is discussed at length by several academic authors (see for example Singer et al. 2011, Papacharissi 2010).

It is interesting to note that some journalistic startups have managed to harness the ideological niche of independent and fresh “new” media. Their sites set out a specific function to offer some form of true journalism in the sense of investigation, hard news or intellectual thinking. In France, Spain and Japan some of the startups have been able to monetize this ideology specifically, creating a unique selling point offering journalism that is clearly taking a position and giving an alternative to legacy media. The subscription model has gained the most traction in countries where leverage can be wagered on the price of good journalism. Readers seem more willing to pay if the output is unique and challenges the status quo. These questions were not central to the objectives of the study but further exploration would form a valuable addition to critical thinking in this sphere.

Journalist as business person

By creating the SuBMoJour-database the study set out to create a tool of research and development, an open-innovation database, to act as a how-to guide about creating revenue models for Internet outlets. The focus was to help those planning their own startup by giving some lived experience of more established entrepreneurs. By creating and sustaining the database, the project aimed to increase the resources on which media entrepreneurs can draw and thus enhance the collective creativity of journalists around the world.

Studying national markets from the point of view of journalistic startups has exposed a labour market that is flexible, but often badly paid, relying on fixed or short-term contracts and a reliance on atypical work. Most startups were either one-man-band operations or small teams of one to three people. There were exceptions in some of the longer established journalistic sites but even they

had much leaner teams than legacy media. It would be interesting to see if the European countries are able to create a different roadmap than the one taken in the USA in terms of the job market. This new way of working in smaller, global teams would justify further mapping and investigation to build on work by for example Deuze (2007) and Briggs (2012).

The method of gathering an extensive range of case studies from nine countries by way of semi-structured interviews has enabled the study to gather insights first-hand into life as a media entrepreneur in the startup scene. Several cite the need for journalists to hone a new skill set which includes business acumen, and think about money making from the start. Journalists wanting to be successful in this field need to think of themselves as much as sales people as content creators which has interesting implications for the future framing of journalistic identity. Relationships with advertisers is also something to consider as startups need to carve out and sometimes lead the way with advertisers in this space. There is also scope to draw on community resources.

Future

To conclude, the study did not find new revenue mechanics or streams but the potential for dynamic innovation in terms of sustainability lies with the way startups connect the existing revenue sources, and other resources, in a new way. Diversifying business models is a key theme to come from the case studies from across the national settings. This supports research by Kaye and Quinn (2010) which notes the problems journalism as a business has faced and how legacy newspaper business model have become obsolete. Their conclusions (Kaye and Quinn 2010,173) hold true to the findings within the SuBMoJour project. This study concurs with their prediction that there is no single, one-size-fits-all solution but each news provider has to rely on a combination of revenue sources in order to grapple with fragmented media markets, social connectivity and the internationalization of news production.

“The problem still left unsolved, however, is how journalism will be funded. Traditional business models and methods have become outdated, but it is not clear what will replace them. Advertising will remain the single most important source of revenue for the news industry... Ultimately, we believe, news organizations will rely on a combination of revenue sources.”

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APPENDIX 1

List of cases in the SuBMoJour-database by country

(total number of cases 19.07.2012 = 69)

Finland (11)

- **Afterdawn.com** <http://www.afterdawn.com/>
- **Ampparit.com** <http://www.ampparit.com/>
- **Asymco** <http://www.asymco.com/>
- **ArcticStartup** <http://www.arcticstartup.com/>
- **Hellapoliisi** <http://www.hellapoliisi.fi/>
- **Jatkaika.com** <http://www.jatkoaika.com/>
- **Rantapallo.fi** <http://www.rantapallo.fi/>
- **Stara.fi** www.stara.fi/
- **Tilannehuone.fi** <http://www.tilannehuone.fi/>
- **Urheiluviikko.net** <http://www.urheiluviikko.net/>
- **Uusi Suomi** <http://www.uusisuomi.fi/>

France (6)

- **AgoraVox** www.agoravox.fr
- **Citizenside** citizenside.com
- **Dijonscope** www.dijonscope.com
- **Mediapart** www.mediapart.fr
- **Rue89** www.rue89.com
- **This French Life** www.thisfrenchlife.com

Germany (2)

- **Perlentaucher** perlentaucher.de
- **netzpolitik.org** netzpolitik.org

Italy (7)

- **Effecinque** www.effecinque.org
- **Formica Blu** www.formicablu.it
- **fpS media** www.fpsmedia.it
- **Kalpa Limited / China Files** www.china-files.com
- **News 3.0** www.lettera43.it
- **Varese News** www.varesenews.it
- **YouReporter** www.youreporter.it

Japan (15)

- **47news** www.47news.jp

- **A Power Magazine** www.apower-magazine.net
- **BLOGOS** blogos.com
- **CB News** www.cabrain.net/news
- **GIGAZINE Web** gigazine.net
- **JB Press** jbpress.ismedia.jp
- **nanapi, Rocketstart Company** nanapi.jp
- **Natalie** natalie.mu (corporate site www.natasha.co.jp)
- **niwango** www.nicovideo.jp
- **OurPlanetTV** www.ourplanet-tv.org
- **Record China** www.recordchina.co.jp
- **Rocket News 24** rocketnews24.com
- **Sankei Digital** www.sankei-digital.co.jp
- **WEBRONZA – Asahi Simbun** webronza.asahi.com
- **Videonews.com** www.videonews.com

Slovakia (1)

- **Piano Media** www.pianomedia.eu

Spain (3)

- **Kalpa Limited / China Files** www.china-files.com (Spain/Italy)
- **Mangas Verdes** www.mangasverdes.es
- **Portal Parados** www.portalparados.es

UK (15)

- **alderleyedge.com** alderleyedge.com
- **Audioboo** audioboo.fm
- **Blottr Digital Limited** Blottr.com
- **Demotix** Demotix.com
- **Hackney Citizen** hackneycitizen.co.uk
- **Journalism.co.uk** Journalism.co.uk
- **Landscape Juice** www.landscapejuice.com
- **Lichfield Community Media** lichfieldlive.co.uk
- **Not on the Wires** www.notonthewires.com
- **Media Street Apps Limited** mediastreetapp.com
- **ScraperWiki** scraperwiki.com
- **Storyful** storyful.com
- **Talk to the Press** www.talktothepress.co.uk
- **Tweetminster** tweetminster.co.uk
- **Women's Views On News** www.womensviewsonnews.org

USA (9)

- **Ars Technica** <http://arstechnica.com/>
- **ArtsJournal** <http://www.artsjournal.com>

- **Bargain Babe** <http://www.bargainbabe.com>
- **DavidsonNews.net** davidsonnews.net
- **MedCity Media** www.medcitynews.com
- **Patient Power** www.patientpower.info
- **TechnicallyPhilly.com** TechnicallyPhilly.com
- **The Batavian** thebatavian.com
- **West Seattle Blog** westseattleblog.com

APPENDIX 2

Questionnaire

Sustainable business models

This is a questionnaire by Pekka Pekkala, USC Annenberg Research Scholar. These answers will be used to create a set of case studies for journalism students who are struggling to figure out the sustainable business models for blog startups. That's why the questions are fairly detailed.

Basic information

The basic information about your business.

The name of the publication and / or company

Established (year)

Web address

Form of the company (LLC etc.)

Describe your site or business in few words.

People

Who works for your company or publication directly. If you have zero people working for the position, leave field empty.

Content creators, paid full time

Content creators, paid half time

Content creators, paid freelancers

Content creators, paid revenue share

Content creators, unpaid

Are some of the content creators citizen contributors or interns?

Business, marketing & sales, paid full time

Business, marketing & sales, paid half time

Business, marketing & sales, revenue share

Business, marketing & sales, other

How is your time divided between doing business and content?

Money

Revenue models and sustainability

Would you say your business model is sustainable?

Does your business support you now and in the long run? Describe freely.

How much is your yearly or monthly revenue?

Where does your revenue go?

Describe the cost structure in your organization.

How much do you pay to your contributors?

Describe the pay structure: do you pay monthly or weekly salaries or per story or word.
Or is it revenue share?

What about profit?

If you are more profitable than expected, where do you plan to use the extra profit?

What kind of advertising you sell?

- Ad Networks
- Cost Per Impression (CPM)
- CPA - Lead Generation
- Cost per Click (CPC)
- Sponsorship
- Text links
- Pay Per Post
- Job Boards or Classifieds
- Newsletter Advertising
- RSS Advertising
- Location-based ads
- Mobile ads
- Ads through your Twitter feed
- Ads through your Facebook page
- Other:

Do you sell any of following services

- Freelancing - journalism
- Freelancing - non journalism
- Training

- Consulting
- Speaking
- Events
- Design
- Donations
- Coaching
- Other:

Do you sell following virtual or physical products?

- Online courses
- Ebooks
- Software, plugins or apps
- Audio
- Video
- Webinars
- Reports
- Books
- Merchandise
- DVDs
- Special editions of content
- Other:

Other revenue sources

- Affiliate Marketing - Networks
- Affiliate Marketing - Individual Programs
- Membership or subscription fees (Continuity Programs)
- Daily deals (e.g. coupons)
- Selling user, usage or search data
- Donations
- Crowdfunding (e.s. Spot.us)
- My publication is a marketing or PR cost for a larger business
- Other:

Do you see your publication as your main product?

If you think about the revenues, has your publication become more of a marketing channel for other products?

What would be the most important thing on your road to sustainability?