

**Understanding Revenue Models in
The Business Sustainability of Web-Indigenous Journalism:
A Pragmatist Approach**

by

Clare Cook

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A. Abstract

This synoptic commentary explores the challenge of economic sustainability for web-indigenous journalism in the long tail. The work's most general claim is that drawing attention to workable revenues is illuminating because without money, news media can't make journalism. My work offers a unique panorama, spanning a pivotal decade of emergent economic practice, of sites in multiple environments at the edge of media systems, often operating in commercially weak niches: start-ups globally, hyperlocals in Europe, and those in politically pressured environments or in exile. Drawing from this internationally rich set of empirical data, the contribution to new knowledge is to define, detail and categorise diversified revenues. Such a springboard allows investigation into the evolving nexus of economic practice and advances the understanding of economic sustainability. A set long-term revenue model is fictitious, and many are still fragile. A small degree of revenue diversification is effective, but alone does not result in sustainability. Advertising dominates and deviation to other income is done through experimentation. Unlike corporate legacy and mainstream media, my work details how web indigenes carve out sustainability through a process of niche adaptation, resulting in heterogeneous revenue models. The synoptic commentary defends the pragmatist approach as a compelling lens through which to explore practice-led research, adding methodological renewal through multiple ways of coming to know. I have contributed by knitting together different practices, frameworks and theories at multiple levels of scale and inquiry, to uncover new knowledge in the media management landscape. These findings provide fresh insights to scholars and practitioners seeking a route-map for sustainable journalism in the long tail.

B. Keywords

Journalism, entrepreneurialism, economic practice, revenue models, diversification, web-indigenous, sustainable, business ecosystems, niche, long tail.

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F. Glossary

Actionable knowledge draws from the field of organization learning and refers to knowledge (understanding insights and explanations) that can be used to implement and take action in industry (Argyris, 2003; Rohn & Evens, 2020).

Bricolage theory explores entrepreneurship and resourcefulness where something can be made from what seems to be nothing. It is a way to understand how resource-constrained web-indigenous journalism sites can survive by building on what's available (Sarasvathy, 2001; Garuda & Karnøeb, 2003).

Business ecosystems (Moore, 1997) is the ecological metaphor to suggest that the firm is embedded in a business environment; that it needs to coevolve with other companies and entities, which shape the ecosystem as a whole. It allows for the view that business models develop within and beyond firm boundaries and dilutes focus on competitive advantage as an end goal.

Business model is a multiple-component framework (Slywotzky, 1996; Morris et al., 2005) where the revenue model is one part of the overall business offer (Afuah & Tucci, 2000; Rappa, 2002; Zott & Amit, 2010). It covers broad aspects of the value proposition, planning and strategy.

Business sustainability refers holistically to the business side of journalism operations and running those over time. The production and exchange of goods or services becomes sustainable "on the basis of the income it generates" (Brousseau & Pénard, 2007, p. 82).

Direct pay are revenues which come directly from audiences or users.

Diversification draws from modern portfolio theory as it considers more than one income stream (Kingma, 1993a; Markowitz, 1952) rather than considering single sources in isolation. The theory suggests the strength of a firm's revenue base depends not only on the total amount of revenue but also on the consistency and diversity of its income sources.

Economic practice encapsulates the diverse component operations and routines needed to generate income such as decision making, human resourcing, digital analytic tools and network building.

Engaged scholarship (Van de Ven, 2007) is central for addressing the gap between theory and practice. It emphasises the importance of scholarly work to have impact, particularly in public policy through “implementable validity” (Oliver, 2020, p. 59).

Entrepreneurs operate at the actor level through resourcefulness and incremental innovation.

Exiled is a subgroup of diaspora with an uncertain status, living outside their homeland and providing journalism back in-country. Exiled editors who choose to live in a more open market area and supply content exclusively to the diaspora community were not included in my studies. Nor does the research include journalists who may be in exile but who work for large, government-sponsored organisations.

Firm is the unit of analysis to explore business operations at the company or organisation level.

Hyperlocals are defined as online news or content services pertaining to a town, village or single postcode or other geographically defined community.

Income stream is a sustained and recurring source of revenue into the site. These are types of revenues such as membership, subscription, or display advertising.

Indirect pay encapsulates revenues associated with forms of advertising.

Journalism is a bundled nexus of storytelling and service practice contributing to press plurality by offering content addressing a perceived gap (Bakker & Kerkhoven, 2015), or a contribution to an increased flow of knowledge independent from, and alternative to, state-controlled information.

Long tail refers to the large number of journalism sites that develop value propositions in small niches, as contrasted with mainstream news products or legacy players that exist at the head.

Media viability draws from DW Akademie’s Media Viability Indicators and is a systems approach at macro, meso and micro levels of analysis around five societal dimensions that influence the functioning and quality of news media: economics, politics, content and expertise, technology, and the community they serve. Media viability is defined as the ability of media outlets and media landscapes to produce high quality journalism in a sustainable way.

Niche relates to many different fields of discussion including narrow-interest or customised content serving specific-interest audiences, tightly defined domain or audience segment. It is also a proximal market space (Dimmick, 2010).

Niche adaptation is the process of reviewing internal and external resources across actor, firm, marketplace and system levels to achieve sustainable operations within a defined niche, taking into account the economic environmental balance of local systems.

Performance is understood in business terms against a framework of viable, sustainable and resilience.

Politically pressured environments are identified as such from official development assistance listings such as eligibility from the Development Assistance Committee of the Organisation for Economic Cooperation and Development and media system rankings and indices including Reporters Without Borders, Freedom House, IREX, and the Friedrich Ebert Foundation.

Profitability is gross turnover being greater than net.

Resilience adds to sustainability the possibility of making a profit or growing. It refers to a site's ability to adapt in the longer term, particularly adept at dealing with the reality that there is no universally applicable or permanent solution.

Resource-constrained is a way to explore what happens to firms when resources such as income are limited and hard to come by (Gibbert et al., 2014).

Resourcefulness is a theoretically developed perspective that includes phenomenon of effectuation (Sarasvathy, 2001) and affordable loss (Venkataraman et al., 2012).

Revenue model is the overall configuration of incomes that make up the financial resources into the site. Revenue income is the key economic mechanism for value capture (Johnson & Wiedenbeck, 2009) created from the overall proposition in a firm's broader business model (Picard, 2011a; Linder & Cantrell, 2000). Revenues can make up business model typologies (Osterwalder, 2004).

Start-ups are new entrants into the digital media ecosystem often characterized by lower overhead costs, fewer employees, and a general tendency toward creativity.

Sustainability in economic and business terms is “the ability of firms to continue their activities and endure over time” (Picard, 2017, p. 243). It refers to being solvent against a media’s objectives in the medium to long term, and relates to being able to withstand short-term shocks.

Symbiosis refers to web-indigenous sites working together with others for mutual benefit. A symbiotic relation in the proximal environment is defined in terms of collaboration, co-evolution and co-operation. It is a strategy to reduce environmental uncertainties and achieve better performance.

Viable is understood as a concept to mean basic survival by covering the cost of producing and distributing public interest journalism without having to compromise values and ethical standards. Viable sites fulfil a demand or perceived need for content.

Web-indigenous journalism sites are of the net, so can be referred to as pure players. The primary output is typically an unaffiliated digital web presence, complemented by social and mobile, and in some cases with other outputs such as print products (either legacy or new). My focus does not include news agencies or business-to-business content providers that do not make their work publicly available.

G. Abbreviations

COMET Tampere Research Centre for Journalism, Media and Communication

DCMS Department for Culture Media and Sport, United Kingdom

DfID Department for International Development, United Kingdom

DNI Digital News Initiative

ECREA European Communication Research and Education Association

EJC European Journalism Centre

EMMA European Media Management Association

FOJO Media Institute

ICNN Independent Community News Network

IREX International Research & Exchanges Board

K4D Knowledge for Development

LINC Local Innovation News Community, Switzerland

MeCCSA Media, Communication and Cultural Studies Association

NEMODE New Economic Models in the Digital Economy

NESTA National Endowment for Science, Technology and the Arts

PINF Public Interest News Foundation

RCUK Research Council United Kingdom

US United States

WAN-IFRA World Association of Newspapers and News Publishers.

WMEMC World Media Economics and Management Conference

1 Introduction

The over-arching aim of my research is to shape an understanding of journalism's economic sustainability. The primary focus is on workable revenue models of web-indigenous operations. My work spans a pivotal decade of digital disruption, offering insights on where meaningful revenues may lie. The proposition holds that to understand where income is most clearly evidenced, we find value capture and an indicator of sustainability. A key thread in this portfolio also illuminates economic practice in the way journalists sustain the business side of their operations as a lived experience in the digital domain. Forms of income are often arrived at through experimentation, and, as a consequence, we need new conceptual schemes to understand them. Along with offering revised media management and economic models that highlight current changes to the centralization and standardization of news “industrial silos” of mass media (Rohn, 2018, p. 432), this synoptic commentary shifts understandings of workable web-indigenous revenue models, operating on a different scale and with new norms of practice.

Chasing Sustainability on the Net was the first international study of its kind and validated through empirical evidence how digital start-ups were evolving and what entities exist. It classified storytelling and service-oriented models for broad orientation in the field. Thus, it addressed calls to study digital media in and of their own right (Salaverria, 2019). *Hyperlocal Revenues* was the only study to apply the business sustainability question to hyperlocals at the pan-European level. My work on the lived revenue experiences of exiled media and oppositional news outlets in *Kickstarting Sustainability* and *Fragile Finance* introduced empirical evidence and analysis to the academic community. By this extensive mapping and interpretation of empirical data, my work extends the understanding of revenue diversification. It answers Picard’s call to recognise the importance of business, economic and managerial factors in the media sustainability question (Picard, 2017). It has also offered practitioners useful knowledge.

The works relate to the dynamics of industries and markets as sustainability is tied to the economic environmental balance of local systems. Web-indigenes develop revenue sustainability through a process of niche adaptation: reviewing internal and external resources across actor, firm, marketplace and system levels to achieve sustainable operations. My later work articulates the need to co-evolve offerings and revenues by forging symbiotic relationships with other news media, business, advertisers, and communities in their proximal environment. In the quest to find an appropriate theory to further understand economic relationships in the sustainability arena and explain why models are heterogenous, I turn to business ecosystems.

What emerges from my work is a sustained picture of heterogenous entities adjusting to an emergent economic environment. To assist scholars and practitioners in navigating this complex terrain, I have also developed and applied a viable, sustainable and resilient conceptual framework. Bridging this work is a holistic understanding of the media management of niche journalism.

My work explores journalism in multiple environments, at the edge of mainstream media systems, which includes global start-ups, hyperlocals in Europe, news media in exile, and in politically pressured environments. This gives a direction of inquiry which resists single-nation case studies to offer, instead, an international perspective of life in the long tail spanning multiple media systems. While media management is largely informed by standards of research and practices from print, legacy and mainstream media, I advance alternative directions of inquiry by focussing outside these, or state-controlled media, to focus instead on web-indigenous journalism. The new digitally enabled forms of journalism have evolved into a growing and increasingly important part of a shifting media ecosystem (Jurkowitz, 2014). The empirical evidence gathered here should leave little doubt that a richer diversity of journalistic practice is taking root on the internet.

Methodologically, the portfolio highlights two contributions. Mapping is concerned with charting a landscape “however imperfectly given the rapid pace of change and the opacity of much of the sector” often using a database (Bruno & Nielsen, 2012, p. 5). While Michele’s List (McLellan, 2020) and citizen media lists such as the Knight Citizen News Network (Network, 2020) existed in the US, there had been no international openly searchable mapping study of digital journalism before *Chasing Sustainability on the Net* and none uniquely focussed on business models. As Breiner (2017) notes, this approach adds a significant methodological contribution as revenue mapping can be likened to explorers using nautical maps during the Renaissance, “to show where the opportunities lie and where the dangers lurk” (Breiner, 2017, p. 257). I have also advanced alternative ways of coming to know by applying action research, and the co-creation of knowledge with practitioner-led ateliers. While action research is well established in education, my work is one of the early studies evaluating the approach in journalism and unique in its application to the revenue question. I therefore highlight the potential of new approaches.

The synoptic commentary presents an integrative reading and a critical evaluation of the portfolio, which comprises scholarly articles published in peer-reviewed journals, book chapters and industry reports (see Figure 1). They are an integral foundation for this discussion, helping to fuse previously identified concepts and ideas with future-focussed research inquiries. The evolutionary nature of the

work and development of terminology signifies how, collectively, they have contributed to a matured understanding in the field. These inquiries move from atheoretical mapping to empirical models, conceptual frameworks and applied theorising. It is the empirical materials as they accumulate and inform one another that are central to the development of the findings and implications. The research draws from an inductive inquiry working with more than 150 web-indigenes internationally.

The thematic synthesis which draws this synoptic commentary together is presented next. Then a section contextualising the research through a closer examination of the knowledge gap in the changing practice of journalism. An overview of my pragmatist worldview foregrounds methods and analysis. A summary of the main findings follows, then critical evaluation of the development of the works by other authors, practitioners and policy demonstrating actionable knowledge. The commentary finishes with an examination of the terrains of future study, and a conclusion. It is the intention here to encourage researchers and journalism practitioners to draw on this interwoven and iterative inquiry to further scrutinise independent web-indigenous journalism revenue practice, to reveal more about where workable solutions may lie in a precarious and rapidly changing environment.

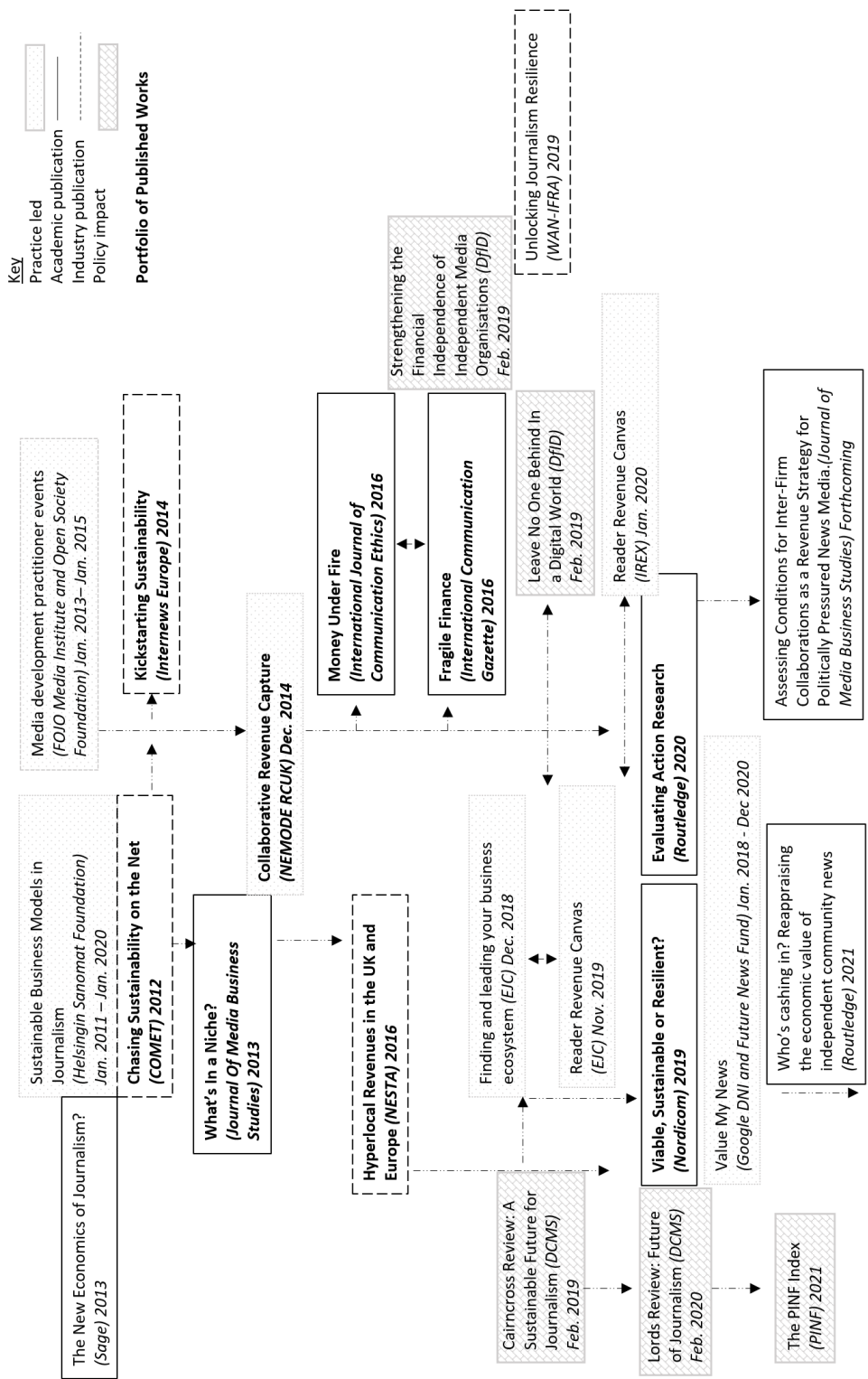


Figure 1: Inductive Research as Published Work

1.1 Levels of Synthesis

The synoptic commentary acts as a platform to synthesize the works to espouse their impact and contribution to the broad subject of inquiry: what is a sustainable revenue model for web-indigenous journalism? A thematic, rather than chronological, structure has therefore been favoured as many of the concerns are interwoven and revisited, at different levels of scale and context. To bring the arguments together, and to explore fresh opportunities for interrogation, a framework (see Figure 2) has been developed which builds on micro, meso and macro levels of analysis by media development experts Schmidt (Schmidt, 2019) and Schneider (Schneider et al., 2016). This allows an integrative resource-based view of sustainability as a multi-layered process of niche adaptation. Web-indigenes explore resources outside the firm taking into account the ecological balance of local systems while developing revenue capabilities internally to be sustainable.



Figure 2: Contributing Levels of Analysis in Niche Adaptation

1.1.1 Entrepreneur - resourcefulness

At the micro level, the question being asked is how web-indigenous journalism gets business done. The relevance of entrepreneurialism, then, is primarily found in the day-to-day efforts and humble beginnings of practice: forms of daily operation that contrast with the venture-capitalist-funded,

globally ambitious entrepreneur, that is chronicled in broader entrepreneurship literature. In the constructivist field of entrepreneurialism (Baker & Nelson, 2005), resource 'scarcity' such as bricolage theory (Deuze, 2006; Senyard et al., 2011, 2014) recognise the informal resourcefulness (Williams et al., 2019) that comes from the grassroots. The social mission of news media entrepreneurs, it must be remembered, often supersedes wealth creation motives (Achtenhagen, 2008; Hoag, 2008; Khajeheian, 2017). While these theoretical perspectives are not directly referenced in the portfolio, they allow me to attend to mundane entrepreneurs (Aldrich & Ruef, 2018) as part of this synoptic commentary. Here the entrepreneurial process can involve incremental innovation emerging from the errors and omissions made by prior market participants often associated with opportunities that nudge the market (Kirzner, 1997).

1.1.2 Revenue model – revenue diversification

Revenue income is the economic mechanism for value capture. Scrutiny of income, and corresponding economic practice, contributes to understanding what revenue models are and how incomes diversify. Modern portfolio theory is the theoretical underpinning (Markowitz, 1952), suggesting economic robustness is increasingly linked to diversified revenues. Taking the logic that each new revenue stream is often financially modest, they combine to help weather financial difficulties (Carroll & Stater, 2008) in a portfolio model made feasible by digital technologies (Li, 2015). For the most part, my understanding of revenue diversification is understood through changing business practice, documented in industry contexts (Grueskin et al., 2011; Kaye & Quinn, 2010).

1.1.3 Business model

Business models has been a preferred unit of strategic analysis compared to organisations (Cestino, 2019) or the value chain (Porter, 1991), as it allows revenues and economic practice to be systematically reviewed. While the business model is a multiple-component framework (Morris et al., 2005) the focus here is revenues as one part of the overall business offer (Afuah & Tucci, 2000; Rappa, 2002; Zott & Amit, 2010). In industry, the business model is a general term referring to the business side of operations (Goyanes, 2013). Therefore in some of my industry facing works the term encases the revenue model and the associated components of emerging practice, notably staffing, decision making, value proposition, audiences, content production and costs.

1.1.4 Symbiosis – business ecosystems

At the meso level, a sustainable revenue model, it will be demonstrated here, develops through a series of adjustments in symbiosis with the proximal environment. My work speaks in particular to collaboration, how web-indigenes explore partnerships and relationships in a holistic way. Focus is

drawn to two areas. A symbiotic relation in the proximal environment is sites working together with others for mutual benefit (Li et al., 2018; Sagarin, 2013). The business ecosystem metaphor goes further to allow for complex inter-relationships and non-linear relationships (Iansiti & Levien, 2004; Moore, 1997) which shape the ecosystem as a whole. Together, these theories help explain why revenue models are heterogeneous.

1.1.5 Market structure variables – niche theories

In understanding how the marketplace of online journalism is evolving, niche theories posit that firms occupy market niches just as biological species occupy ecological niches. The theories have proven valuable in examining competition among media for scarce external resources such as advertisers and audiences (Hollifield & Schneider, 2017). The theoretical foundation is evolutionary economics (Nelson & Winter, 2009) allowing focus on the inter-play between actors and the environment. Two theories form the bedrock: theory of the long tail (Anderson, 2006) and bioecological niche theory (Dimmick, 2010) where sites extract resources from their proximal market and adapt to their local conditions. The theories explain firm performance through external factors and displacement. Niche is market space and “relationship to its environment” (Dimmick, 2010, p. 24): if the ecosystem changes, the firm will adapt to survive. The exploitation of niches may require organisations to take advantage of opportunities left unsatisfied by other players despite insufficient scale economies (Shane, 2003).

1.1.6 Media systems

The contextual dimension gives an understanding of how media systems operate at the macro level. By using media systems as part of the analytical frame, it is possible to explore differences in national settings and move beyond mass media (Hallin & Mancini, 2004). For example, the failure in many European companies of legacy media in the hyperlocal space. Media systems thinking is supported by evidence of a diverse marketplace with variant challenges country by country.

2 Situating the Portfolio

From UNESCO’s Mass Media Declaration of 1978, committing to freedom of information as a fundamental human right, to the recognition at the Declaration of Talloires in 1981, that “without financial independence, the press cannot be independent” (Alleyne, 1997, p. 164), there is broad institutional recognition that plural perspectives should not go silent due to economic failure. This struggle “to find ways to transition to sustainable business models for the digital age” (DCMS, 2019, p. 1), and the need to find stable and “diversified revenue sources” (UNESCO, 2015, p. 8), is a fundamental challenge. News publishers globally are re-evaluating their business models because of the changing modes of consumption, competition, and production (Fenton, 2011; Phillips & Witschge, 2011). Solutions to the sustainability challenge have proven both elusive and disputed. Yet without sufficient income, the role that web-indigenous journalism can play in diverse journalism landscapes as part of a vibrant civil society remains unclear. The most basic questions are often the most persistent and difficult to answer. To do so, I offer a unique bridge across three broad pillars of literature and practice (see Figure 3).

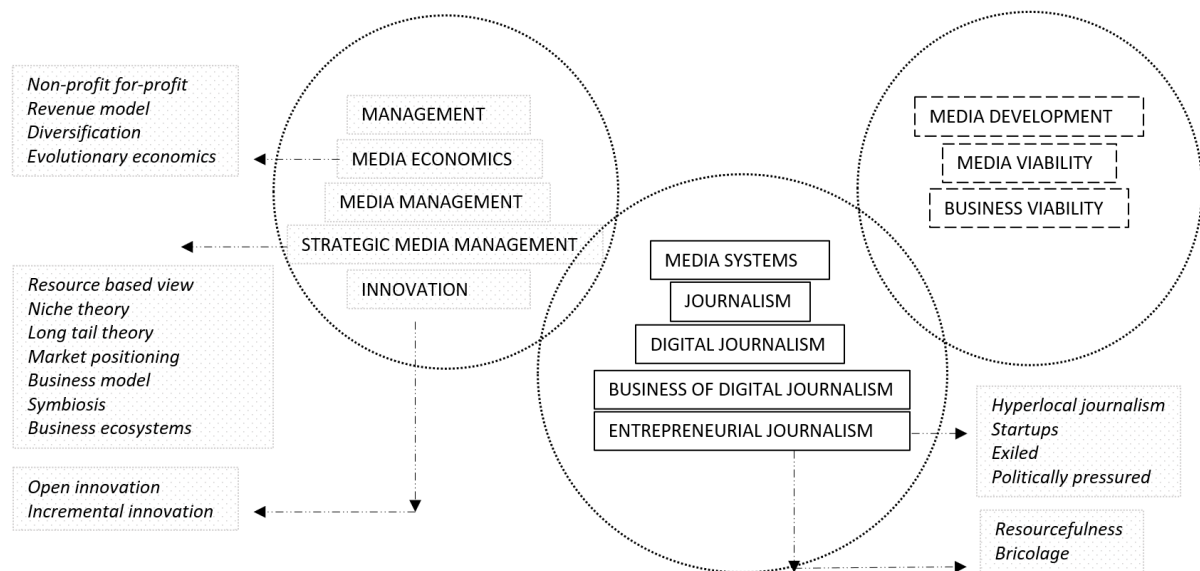


Figure 3: Situating the portfolio within three broad pillars of theory and practice

2.1 Attending to gaps in knowledge

My work is primarily situated in the central pillar of journalism and digital journalism studies (Figure 3) as it spans a pivotal decade of digital revolution that has disrupted consumer behaviours and distribution patterns. Within this strand, my lens is primarily on the changing business of digital journalism. Initially, the literature was dominated by legacy media adapting to networked and digital landscapes (Doyle, 2002, 2013; Kaye & Quinn, 2010; Lawson-Borders, 2010; McChesney & Nichols, 2010; Nel, 2010; Pavlik, 2000; Picard, 2011b; Rosenstiel & Jurkowitz, 2012). The focus had heretofore been on the broad digital shift of mainstream news organisations (Casero-Ripollés & Izquierdo-Castillo, 2013; Cestino & Matthews, 2016). Media management studies focussed on online content services identifying ideal business model types (Arampatzis, 2004; Picard, 2000; Wirtz, 2001) more than new ventures entering the field. While traditional news media structures “are still producing most of the news we consume today” (Domingo et al., 2015 p. 53), this discussion departs from the majority of investigations as web-indigenes were growing in a different way: their production models, content genres and business ideas were native to the net (Briggs, 2012; Bruno & Nielsen, 2012). My work focused on the opportunity of new markets for abundant journalistic entities afforded by the erosion of traditional barriers to entry. Being able to chart this “dynamic field” in advanced economies like America (Grueskin et al., 2011, p. 5), gave note to seven generic categories for online business models (Levy & Neilsen, 2010). In Western Europe, focus on nine journalistic online start-ups evidenced an unsettled picture (Bruno & Nielsen, 2012). There was uncertainty for start-ups. While early attempts were made to explore the emergence, structure, and operations of online sites (Kim & Hamilton, 2006), more evidence gathering was needed.

My research is part of an increasing number of studies that consider entrepreneurial journalism. Scholarly work usually examined operational levels in media firms (Hoag & Seo, 2005): from intrapreneurs (Achtenhagen, 2008; Hass, 2011) and the effect such entrepreneurship had on media industries (Hang & Weezel, 2007). The field was limited, however, in understanding entrepreneurialism practices of web-indigenes. Perspectives from the US (Briggs, 2010) and to a limited extent in Europe (Bruno & Nielsen, 2012) were expanded to show that the independent digital journalist could be an entrepreneurial actor (Briggs, 2012) exploiting the rather few barriers to entry (Compaine & Hoag, 2012). Likewise, American entrepreneurs were pioneers reliant on their own wits “with no proven handbook to lead the sites to new revenue streams” (Funabiki & Yoshihara, 2012, p. 1). A common denominator was that new media firms were emerging. They were no longer considered to be “gadflies disturbing the large ‘serious’ media actors” (McKelvie & Picard, 2008, p. 1), but were emerging as a sizeable economic sub-sector in their own right (McWilliams, 2015).

Chasing Sustainability on the Net study then proved a useful conceptual reference to overcome scholarly limitations due to anecdotal and narrow industry coverage (Picard, 2014) in producing, aggregating and disseminating news (Fulton, 2014, 2019; Hepp & Loosen, 2019; Radcliffe, 2012). As Singer, notes “journalistic start-ups also are slippery subjects” and few researchers had been able to dig deeper because the population had heretofore been undefined (Singer, 2016a, p. 16). The project also produced an online openly searchable database of the empirical data, the first of its kind. Due to the study’s 69 cases from ten countries and empirical data on revenues, size, routines and structures and their geographic range, it validated through empirical evidence the existence of web-indigenous journalism generally understood as a newly founded entity whose core purpose is journalism undertaken online (Bruno & Nielsen, 2012; Carlson & Usher, 2015; Hess, 2013; Usher & Kammer, 2019; Wagemans et al., 2016). It was credited with allowing a broad comparison of approaches in media development (Robinson et al., 2015). *Hyperlocal Revenues* detailed a typology of hyperlocal journalism in five countries in the UK and Europe. This was the first time hyperlocal journalism had been studied comparatively across Europe, with the lens on economic practice and revenues including incomes, legal entity, website hosting, content production and staffing.

My work contributed to the development of hyperlocals as a scholarly object. From its roots in community journalism (Berrigan, 1979), studies of hyperlocal news across a range of countries showed small digital start-ups and community or citizen-initiated journalism rising as legacy forms of local media had started to retract. There was much interest in their capacity to offer public service journalism with emphasis on civic value (Beckett, 2010; Fenton & Barassi, 2011; Flouch, 2010; Radcliffe, 2012; Radcliffe, 2015). The hyperlocal business model had proven to be one of the main challenges to hyperlocal operations (Ofcom, 2009), and while there were a few empirical studies, particularly from the US, few had the time and resources to focus on earning revenues, attracting investments, or making sites attractive to advertisers (Schaffer, 2007). Hauck noted several hyperlocals serving towns or neighbourhoods in Boston, but there was little known about economic practices elsewhere (Hauck, 2010). A range of community journalism toolkits and guides were created by the Knight Foundation (McLella & Patel, 2011) and then in the UK with Nesta’s Destination Local programme (Radcliffe, 2012; Radcliffe, 2015) and by Carnegie Trust (Williams et al., 2014; Pennycook, 2015). Where there were clearly more unanswered questions lay in the long-term future of many existing income streams. New business models needed to be understood and tested.

The much-cited US-based work of Kurpius *et al*, triggered a turn of questions on sustainability (Kurpius et al., 2010), as they did not find any project out of ten hyperlocal media operations in six American states, that had developed a sustainable model that could be replicated easily by others. Horning identified a somewhat less diverse funding picture in his more comprehensive US study (Horning, 2012), which found dominant local advertising. Hyperlocals were struggling to create a compelling offer for advertisers because the audience and focus was too targeted (Berkey-Gerard, 2013). In the Netherlands, models capable of bridging the news gap were identified, but difficulties in achieving sustainability in practice due to underperformance and a lack of revenue persisted (Bakker & Kerkhoven, 2015; Kerkhoven, 2014). In the UK, a 2014 study on hyperlocal community news offered some perspectives on the landscape (Williams et al., 2014). *UK: Big Media Friends* drew attention to the emergence of hyperlocals in the UK start-up scene, thus turning to the management and financial characteristics of “community and alternative media” as third sector (Lowe & Brown, 2016, p. 16). Identifying as it did the difficulty in finding a sustainable economic model, it was the starting point to investigate struggling UK hyperlocals (Harte et al., 2018). Then, *Hyperlocal Revenues*, with its focus on detailed quotidian economic practice, answered a call (Williams & Harte, 2016) to devote more sustained attention to studying hyperlocals in their economic contexts. There were well-grounded fears that without revenues and more importantly profits, new producers will be unable to sustain the kind of long term contributions to the sector for strong critical and independent public interest news.

A consistent thread in my research therefore intersects with the first pillar on media economics as the focus is on revenue models. So limited was the knowledge on the possibilities for web-indigenous revenues, the starting point for *Chasing Sustainability on the Net* was a revenue map developed from the blogging community which depicted their own ecosystem of multiple revenues (Sirkkunen & Cook, 2012, p. 12). The aim was to delve deeper, not just to find one income stream, but to offer a robust examination of a variety of different workable revenue models, and common economic practice. Previously, studies had taken a broad-brush approach and were limited in scope, or lacked empirical financial data. Fledgling strands on crowdfunding models (Carvajal et al., 2012; Collins & Pierrakis, 2012; Kotha & George, 2012; Leleux & Surlemont, 2003) and individual donations (Powers & Yaros, 2012) had emerged. Led by Chyi (Chyi, 2005, 2012) and Chyi and Yang (Chyi & Yang, 2009) paywalls were identified as an option for mainstream news due to user motivations to pay (Herbert & Thurman, 2007; Salovaara & Juzefovics, 2012). Overall there was an urgent need to investigate workable revenue models, and face head on a gap in knowledge about the revenue practices of web-indigenous journalism specifically.

Such problems in major Western news organizations inevitably raised questions about what kind of business models news media could develop, and donors should support, in developing countries (Peters, 2010). Most media development and media for development literature, which make up the third pillar, focussed primarily on the implications of international donor aid: how and what media donors were doing (Deane, 2013; Nelson & Susman-Peña, 2012); the impact of soft censorship (Podesta, 2009), and so on. There was less focus, however, on micro level business viability models. Scholarly work exploring exiled journalism was particularly limited, and while scholarship has begun to examine peripheral actors' motivations and conceptualizations of their roles (Belair-Gagnon & Holton, 2018; Eldridge, 2017; Schapals et al., 2019), there was much less known about economic practice. Focussing on the revenue model of exiled media in *Kickstarting Sustainability and Fragile Finance* was a new avenue, providing scarce empirical data and a typology of income streams. Studies showed exiled journalists' motivations were mostly concerned with societal change but omit business concerns (Balasundaram, 2019; O'Loughlin & Schafraad, 2016; Skjerdal, 2011). Programme work addressed this gap by focussing on capacity building and business skills (Veendorp, 2011). The FOJO Media Institute with their intervention programme between 2013-2015 (FOJO, 2013) drew the lens specifically on media in exile as "an undervalued area" that "often fall between the cracks" (Hughes in Ristow, 2011, p. 22).

Academic research on the economic aspects of independent media in politically pressured or fragile markets was a somewhat neglected area. Studies evaluated general economic challenges for existing news media through a period of political transition, such as in Bosnia (Taylor & Kent, 2000), looking at the barriers to opening media operations (Hughes & Lawson, 2005), and looking at the challenges in sustaining operations (Aleman & Lugo-Ocando, 2014; Breiner, 2014). Madon *et al* found piece-meal revenue strategies were mostly managed through donations or partnerships. Otherwise long-term indigenous revenues were difficult to find (Madon et al., 2009). Sen and Nielsen (2016) found grant funding, as well as native and affiliate advertising, helped sustain start-ups in India. Weiss (2010) explored the potential of public-private development partnerships to boost economic performance, while viable niche could be achieved by increasing advertising and audience measurements without ruffling government feathers (Nelson & Susman-Peña, 2012). Exploring independent news media business models and markets, there was no one successful model (Foster, 2012, 2014; Gicheru, 2014). Instead, customers and their environment should be considered to create sustainable business models. Certainly, a practitioner-led action research approach through *Collaborative Revenue Capture* was a new path of inquiry.

The literature on journalism ethics was confined to commercialisation challenges of conglomerates (Hamilton, 2006; McManus, 2017; Picard, 2004). While the tensions of being both successful and ethical at the same time had been addressed in specific contexts such as Nigeria (Okpo, 2013), focusing on the ethical aspects of business revenue models of exiled media in *Money Under Fire* was also a new thematic. The dominance of platform giants and unprecedented centralisation of advertising returns result in repeated evidence that stable and reliable revenues remain the hardest part of web-indigenous operations (SembraMedia, 2017; Schiffrin, 2019).

Competing arguments based on discrete empirical findings across the literature pillars prevented a definitive conclusion regarding sustainability from revenue diversification, requiring further investigation. Scholars within the non-profit and voluntary sectors had been studying for decades (Purkayastha et al., 2012; Tuckman & Chang, 1991) the benefit of revenue diversification as a cushion strategy to battle against financial instability and uncertainty (Kingma, 1993b). It was known that moderate amounts of diversification could work (Palich et al., 2000) by avoiding management strains (Ramanujam & Varadarajan, 1989). An extensive survey by the Pew Research Center (Jurkowitz, 2014) found diversified revenues to be common, though many still relied heavily on one main funding source. Similar findings on reliance on a few sources of revenues were also found in Latin American non-profit journalism (Aleman & Lugo-Ocando, 2014). My scrutiny of “stable and diversified revenue sources that allow managers to plan for the future” (UNESCO, 2015, p. 8) included aspects of revenue diversification, offering security should one income stream be reduced or end entirely.

Zooming out towards the meso level, authors had begun to think in terms of media ecologies and ecosystems, as a process of content exchange and associated benefits between publishers (Anderson, 2010, 2012; Pew Research Centre, 2020; Lowrey, 2012), but little was known about the importance of business relations, partnerships and alliances, on web-indigenous sustainability. Limited strands of work explored partnerships and collaborations between journalism firms (Gajda & Koliba, 2007), or advantages of convergence (Bruns, 2009). Pew Research Centre explored five American case studies and found economics to be the main driver as “continued revenue losses and pinched resources are encouraging a second look at opportunities for partnering” (Edmonds & Mitchell, 2014, p. 3). While money rarely changed hands, such collaborations were understood by their community benefit (Siapera & Papadopoulou, 2016) or exchange value (Pathania-Jain, 2001), or between cross-media networks (Dailey & Spillman, 2013), or informal partnerships for experimentation (Hatcher & Thayer, 2017). Open journalism emerged as a concept to explore collaborative

business opportunities beyond closed walls (Sill, 2011) and business partners for innovation (Günzel & Holm, 2013). In the strategic management literature, an established body of work addressed the benefit based on symbiosis, where there is no significant conflict of interest or fierce competition for common resources (Li et al., 2010) and business ecosystems (Moore, 1997; Williamson & Meyer, 2012). However, overall efforts to understand such relations were particularly limited in the journalism field. The consequence of these gaps was the need in *Viable, Sustainable or Resilient?*, to apply the business ecosystems phenomenon. In this way the portfolio leans towards evolutionary versions of resource-based logic that sees an interplay between actors and their environment.

In terms of understanding marketplace within media management, Anderson's long-tail theory was one of the most influential forecasts of the internet economy (Anderson, 2006). It predicted the turn to the internet that had shifted offline media business models on their head. The model had been validated by a variety of new media applications and online news (Brynjolfsson et al., 2006; Elberse & Oberholzer-Gee, 2007). However, those who explicitly tested the long tail on an empirical basis had mixed results. Applied to the online newspaper industry, Sylvie studied the "geographic long tail" (Sylvie, 2008, p. 13), suggesting that usage might become more concentrated among long-distance users. It was also a basis for academic analysis in the revenue creation of two social media sites (Enders et al., 2008). Regression analysis revealed content variety significantly contributed to website traffic, but not financial performance as sites were unclear how to monetise traffic (Huang & Wang, 2014) and the theory had begun to receive some critique (Aalberg & Curran, 2012; Smyrniotis, 2015). Big media were found to be a source of supporting opportunity for media entrepreneurs, and that web-indigenes could differentiate their niches along various topics (Compaine & Hoag, 2012), geographical areas and formats (Wurff, 2011). A more strategically modelled and empirically grounded understanding of what was going on in the long tail was needed to provide richer explanations of how the digital economy principles could be applied to understand the sustainability of niche news and relationships with mainstream.

Finally, the organising framework of Hallin and Mancini offered a theoretical basis for analysing media systems in Western Europe and America (Hallin & Mancini, 2004), with insights that were important for exploring the relationship between Western media models and media systems in other cultures (Obijiofor & Hanusch, 2011). Further international comparatives for a better understanding of web-indigenous phenomena were needed, however (Esser & Hanitzsch, 2012). Also, one might expect scholarship on media systems to inform the relationship between exiled media and their various governments, but most of the literature was limited to mainstream news organisations in each

country, thus ignoring small and atypical oppositional media surviving at the edges of the political system on the economy. There was a need to meet these gaps with a panorama of different countries and contexts.

3 Evaluation of Approach

Having established the research gap, the purpose of this section is to provide an overview of the philosophical underpinning and the methods employed.

3.1 Pragmatic Worldview

Pragmatism gives this discussion its philosophical underpinning, as it offers a view of knowledge that is generated in action to address particular problems (West, 1989). Pragmatism is my way of understanding and explaining (Crotty, 1998), as I have encountered the world as a practical space that is collegiate and tolerant. As Hall puts it, pragmatism offers “an alternative epistemological platform” (Hall, 2013, p. 19) and allows me to cut across conventional questions about ontology and truth by redirecting them to the empiricist of learning by doing. The range of outputs and stakeholders with whom I have worked is testament to this commitment. My action-orientated focus is on “social improvement” (McNiff & Whitehead, 2006, p. 14), particularly as applied to fragile media, and linking practice and questioning on significant real-world issues (Elden & Chisholm, 1993). It has also allowed me to identify “new problems to address” (Hammond, 2013, p. 603) and contribute to efforts to re-envisage workable models, to address a “lack of innovation in terms of finding - as well as conceiving - new revenue models” (Sirkkunen & Cook, 2012, p. 8). Part of operationalising pragmatism has required an open interpretation of inquiry as stance: at varying points my position moves across researcher-practitioner-consultant. Also, rather than seeking to test existing patterns or theories, an inductive approach has been used as it is better suited when theories or explanations for behaviours are underdeveloped and emerging from evolving practices. The full implications of a pragmatist approach for this research journey are set out and explained in Table 1.

3.2 Sample

The portfolio is unique in its international scope (see Table 2), offering a rare opportunity to seek commonalities across media systems: a positive addition in media management research (Rohn, 2018). The sample offers a range of media in terms of market environment, structures, maturity, outputs, and language. The respondents were professionals in management, key editorial or entrepreneurial roles. Prior literature was highly ethnocentric, referring only to a single country or type of media system. The explicit intention was to collect a rich variety of models and lived experiences, not to represent the web-indigenous field statistically correctly or systematically account for a particular view. This approach was timely, as it sets the scene to explore patterns or groupings emerging beyond limited mainstream models (Hepp & Loosen, 2019).

Faced with a fluctuating field, some scholars have chosen to delineate based on pronoun modifiers (Loosen et al., 2019), focusing, for example, on the business of investigative journalism (Aleman & Lugo-Ocando, 2014; Price, 2017), or on explicit business registrations such as cooperative journalism (Siapera & Papadopoulou, 2016), public versus privately owned entities (Arampatzis, 2004), or venture-backed news start-ups (Kosterich & Weber, 2018; Usher, 2017). This portfolio includes a broad range of services, primarily to maintain a pragmatic view towards different forms, methods and strategies. In doing this it adds a more robust and significant understanding of the possibilities for sustainability. At the same time, and while acknowledging the contribution of non-profit and for-profit demarcations (Ferrucci, 2019; Nee, 2013), several entities in my data operated in both camps, and revenues for both might be small. The challenge was to understand the components of economic practice, given that non-profits are just as beholden to economic imperatives as commercial news firms (Picard, 2011a, 2014).

Through purposive sampling, the studies favoured insights from researcher's own networks and snowball sampling (Cohen et al., 2017). These may skew the sample but were necessary to build the complex and panoramic view needed to stimulate new knowledge. Criteria for inclusion were fluid across different studies. In *Chasing Sustainability on the Net* cases were included as commercially profitable media outlets in different countries that had succeeded, at the time, in funding their work in a sustainable way. While assessments were subjective, the cases had some sort of credible background, with economic profitability. Some were non-profits with versatile revenues but high-end start-ups were not sought. Many had been active for more than five years. In *Kickstarting Sustainability* the sample were media with some experience delivering earned revenues, as the purpose was to surface share and map information. The sampled outlets were mostly small teams with a production process that drew on a range of expertise: from aggregated content pooled from other providers, freelance journalists in country and in exile (both registered and non-registered), social media commentators, community volunteers, citizen media and full-time professional journalists. In *Collaborative Revenue Capture* journalists from different regions and countries in exile or political exclusion were invited to value differences as a way to springboard ideas. I did not rule out any media type as a broad scope was desired, however visa limitations and budget restrictions determined participation. Researchers used their own networks in *Hyperlocal Revenues* to identify a diverse range of hyperlocal services: small and larger operations, services in villages and cities, chains and one man operations, established and new operations. Where programme managers or experts in the field were included, they were chosen for their ability to illuminate alternative perspectives on how to kickstart sustainable revenues. Interviews were carried out face-to-face by the researcher to

document trends and reflections on the wider context. Hence, the samples were necessarily handled with different methods.

3.3 Methods

Semi-structured interviews were the dominant approach. They allowed investigation of economic practice in the field while being realistic about the availability of busy professionals. When used across multiple media systems, the data from semi-structured interviews combined to form a mapping methodology which was effective in charting this long tail of news. Structured interviews were considered too rigid while unstructured interviews would have produced limited consistency of questioning for analysis, across large teams. Semi-structured interviews involved a common set of fixed questions and prompts to capture core data points, and therefore favoured over case studies. In *Chasing Sustainability on the Net* revenue sources were categorized with some freedom. The categories were divided into types across advertising, services, physical and virtual products and other revenues. From here, the instrument evolved through the studies reflecting an inductive approach, relying heavily on my own expertise to direct relevant revenue categories: as more insights emerged into revenue types it was possible to drill into these more closely. This also allowed focus to shift onto grants and donations, where needed for the media development sector. In later iterations, respondents proportioned their revenues by percentage to illuminate diversification. A need for more nuanced core data emerged, for example to distinguish non-profit and for-profit entities, or legal structures by type. The main areas covered in the studies are set out in Table 2.

Qualitative questions allowed insights into specific revenue strategies and empirical data on income, which is hard to illicit. They also allowed space for examination of new issues to emerge. The qualitative questions were well suited to examine motivations or challenges more freely. Subjective perspectives provided insights into every day and lived experiences, which was necessary for workable options charting new territory. Contextual information was also gathered. Opportunities to describe the media entity, content and services as fully as possible allowed for a broad understanding of mission and value proposition. Respondents were asked to describe freely topics such as factors in sustainability, where profits would be spent, factors in road to sustainability, and confidence in financially solvent in five years' time. There were also questions in *Hyperlocal Revenues* to offer advice to other hyperlocals, knowledge gaps, future planning and to explore current challenges and opportunities.

In *Hyperlocal Revenues* the semi-structured interviews were supplemented with content analysis of publication rates. The last ten items were categorised on the sites with details of editorial to advertising ratios. The number of adverts on the home page was counted and classified to identify production in core thematic categories as well as the digital footprint including social media analytics and production more broadly. It offered a way to examine patterns in a replicable and systematic manner. Additional details such as website hosting and content sourcing were gathered.

The turn towards integrative research methods and the action sciences (Stringer, 1996) drew from other academic fields notably in education and innovation to identify novel approaches and new directions. *Collaborative Revenue Capture* was a participatory mode of inquiry designed in the form of a two-day atelier and used techniques, such as scenario evaluation, facilitated discussions, interactive anonymous brainstorming, real-time modelling and plenary discussions opened business issues through co-construction of meaning. It connected with a broader cycle of action research, to improve the comprehension of the actors and settings, evaluated as a solutions-orientated approach for its capacity to avoid the enduring limitations that focus on the known limitations rather than the unknown possibilities, in *Evaluating Action Research*.

The opportunity was for a broader, more integrative research perspective on revenues. Fitting with actionable knowledge, the focus was to deliver for stakeholders the practice-relevant knowledge of administrative value to promote informed decision-making useful to solve the problems that practitioners face in their everyday working lives. Allowing marginalised groups to find ways to tell their own story, and to dilute business thinking that is entrenched in normative assumptions of competitive corporate worlds, was its strength. These methods were selected for their ability to surface knowledge that was profoundly different from that of both interviews and content analysis. Action research is limited to a handful of digital journalism studies (Aitamurto, 2013; Appelgren & Nygren, 2014; Hautakangas & Ahva, 2018; Thomas, 2016) and is therefore somewhat “unorthodox yet highly instrumental method for media management researchers” (Rohn & Evens, 2020, p. 5). Collaborating on the topic of revenues was a particular challenge as business thinking on revenues is entrenched in the inherent nature of corporate competition and advantage seeking. However it is a particularly slow-burn methodology requiring a specific skill set, opportunity and funding. There are also limited opportunities for follow-up research as findings are context specific.

3.4 Analytical Approach and Stability

Thematic coding (Gibbs, 2007) was used as a systematic technique to build the conceptual frameworks or evidence patterns from qualitative data. Thematic analysis was used as a bottom up strategy to offer “patterned response or meaning within the data set” (Braun & Clarke, 2006, p. 82). In a first instance, the codes were based on a preliminary analysis of the material and have gradually been rethought, integrated and combined. I also used the various industry, toolkit and online reports as part of the analysis: it is during writing up that the learning and understandings surface as they are articulated and the story emerges (Coghlan & Brydon-Miller, 2014). This is part of a journey: first-order codes became integrated into a more parsimonious structure of aggregated dimensions that explained the themes under focus. The process was essentially a rule-guided analytic-inductive one.

Quantitative analysis included the use of nominal categorical and some binary data such as total revenues, reliance on grant funding, website hosting, percentage of content production. Where transnational teams were involved in data gathering, I carried out the analysis to ensure stability. A number of different empirical models, based on the empirical observations, illuminated aspects of the data. Nominal categorical data was correlated against total incomes, particularly useful for counting elements of practice such as website hosting, or sampled media by audience size in industry facing reports. For example, in *Chasing Sustainability*, taxonomic classifications and conceptual frameworks combined to form layers of focal explanations of revenue practice. In *What's In A Niche?* illustrative empirical models of storytelling and service-oriented business models were mapped against the long tail. A revenue model matrix in *Hyperlocal Revenues* was designed to map revenue streams against viable, sustainable and resilient groupings to emerge specific insights. In *Fragile Finance*, a taxonomy of revenue streams for exiled and restricted media compared to niche free market media was developed from the type of revenues under observation. While these empirical models are less accurate as they group and generalise, they serve as an important analytical reference as they capture characteristic behaviour from the data. The models served as a kind of time-bound filter, eliminating or straining out extraneous or confusing data allowing an extension of understanding.

A different analytical approach was required during ateliers and discussion groups. The aim was to empower people to construct and use their own knowledge: an alternate system of participating in data gathering and analysis, and controlling the use of the outcomes. Here, the embedded nature of social inquiry makes it difficult to divorce data collection and analysis, and analysis with action

planning or interventions (Coghlan & Brydon-Miller, 2014). Data analysis was in one sense integral to and ongoing through collaborative or participatory data analysis (such as voting in real time on responses to structured questions, prioritising action points, developing mind maps). Analysis in this way can be open to interpretation and ethnocentrism. There is also an urgent need for more nuanced understanding of the practical implications of iterative and complex processes of knowledge generation. Authorship of publications or products developed through action sciences are “intensely problematic” (Greenwood et al., 2006, p. 83) as intellectual property rights are generally attributed to the host university and designed to exclude others from using ideas and inventions.

4 Findings

4.1 Viable, Sustainable and Resilient models

My research shapes an understanding of journalism sustainability, a topic high on the agenda of international organisations and policy makers sensitive to complex equilibria across economic, social and ecological dimensions. Sustainability in its simplest reading is “the ability of firms to continue their activities and endure over time” (Picard, 2017, p. 243). My key focus is to find a sustainable revenue model in the context of financially struggling operations. The proposition holds that to understand where income is evidenced, we find value capture and an indicator of sustainability. I am alert to media managers dual, sometimes competing objectives: providing public service content and operating a sustainable business.

In *Chasing Sustainability on the Net* sustainability was a concept close to economic profitability able to sustain operations over time in whatever context objectives dictate. In *Kickstarting Sustainability* it referred to solvency against a media’s objectives in the medium- to long-term without presuming profit or growth: a funding structure that was solid beyond set-term grants, and related to being more self-sufficient. I was sensitive that “as a sector evolves, so must the terminology that describes it” (Leckner et al., 2017, p. 85). Consistent with much of the research on sustainability (Elliott, 2012; Foster, 2017; Schiffrin, 2017) the initial interrogation interchanged definitions that could be considered confused, crude even. Warnings that sustainability had become ambiguous in meaning (Hull, 2008) demonstrated a lack of common terminology. From a practitioner perspective, the term sustainable was highly subjective and interpreted differently across the cases. There was an overall lack of understanding for commercial imperatives while still being a non-profit public-interest model.

In response, I developed a three-stage conceptual model to systematically analyse viable, sustainable and resilience. In this, conceptual models serve as a frame of reference where useful thoughts can be organised systematically to develop conclusions tailored to a specific context (Porter, 1991). The framework takes an important starting point: that web-indigenes are often on different trajectories and with different definitions of sustainability. My work identifies a media landscape that is evolving a new order against self-assigned definitions of sustainability: some firms grow, while existing firms either adapt or die out in an open-ended cycle as presented here. Sustainable models for web-indigenous news production that might scale or travel across national borders are highly unlikely. This triggers important implications for policy makers as we need a broader understanding of how to support independent and diverse journalism as part of a decentralised rich landscape where economies of scale and scope are not end goals.

4.2 Heterogeneity in Object of Study

Ownership structures were often independent from conglomerate chains, favouring instead sole traders, cooperatives and social enterprises. In some contexts, options for legal entity were politically restricted. The primary output was typically an unaffiliated digital web presence, most were reliant on Wordpress for web hosting, complemented by social and mobile, and in some cases with print products. Teams were typically small, relying on some full-time professional journalists, and often set-up for remote working. By way of an indicative size by turnover, the *Hyperlocal Revenues* data in 2016 found annual turnover was under €230,000, with most Western hyperlocals making less than €35,000. Of the 13 services describing themselves as sustainable turnover ranged from under €25,000 to more than €250,000 suggesting income was not the only factor in sustainability nor the logic of more diversification: 12 sites describing themselves as sustainable or resilient had fewer than four revenues while nine sites had five or more. Empirical data gathered for *Kickstarting Sustainability* found site annual revenues in 2012 ranged between under €46,000 to over €184,000. The common denominator of this data was heterogeneity in operations that can be referred to as small- or medium-sized firms with no one-size-fits-all solution to sustainability.

Two web-indigenous empirically modelled niches were presented in *Chasing Sustainability on the Net*: storytelling- and service-oriented. The prevalent model was storytelling where sites focus on making money from producing original content, using indirect advertising or direct pay models based on niche audiences built around targeted themes. Service oriented focus on selling technology, information or diversifying into other products and services, customised largely to other media. By classifying these models I add to the parameters needed to define niche journalism as a concept (see for e.g. Chadha & Harlow, 2019). The study evidenced how sites disaggregated operations both in a storytelling- (multiple products and content) and service-orientated model (such as consultancy, training or technology) to earn money. *Hyperlocal Revenues* drilled further into country trends: UK focused on local news, politics, events, local businesses and investigations; in the Netherlands, services were operating in many municipalities with politics, crime, cultural events, 'what's on' guides, and business news. French services were often referred to as 'pure players' and largely squeezed out due to government subsidy of legacy media and strong municipal portals while general news was the focus of content production across Swedish services.

4.3 Ethical Dimensions in Economic Practice

Chasing Sustainability on the Net evidenced new parameters for ethical decision making made in the wild, as new formats, packages and revenue approaches emerged through experimental practice. In the hyperlocal space there was fear of losing independence and tainting authentic relationships with communities. *Money Under Fire* detailed ethical frameworks corresponding to changing economic practice for oppositional news outlets. It found a unique set of pragmatic challenges that prompted oscillation between entrenched dependence on grant funding, and commercial reconciliation. Some were evolving their editorial values to accommodate more advertising-friendly soft content to bundle with harder news stories, or to refocus material to generate revenues. Advertising networks emerged as an ethically robust option: as a gatekeeper between commercial and editorial operations. *Collaborative Revenue Capture* consolidated two broad economic positions: while one was open to the idea that non-profit journalism can still 'earn' money through revenue diversity, the other underlined the need for journalism to be free from economic pressures, and should be donor funded.

4.4 The Entrepreneur - Resourcefulness in Economic Practice

Perspectives on lived entrepreneurial experience focus on the practice of getting economics done. Drawn from an original and extensive set of empirical data, the portfolio provides evidence of resourceful journalism entrepreneurs. Revenues are built up incrementally from the bottom up. Threading from my earlier practical guide to media entrepreneurship (Cook, 2013), competencies included being a master of many skills, ability to work on small budgets, and thinking about the money from the start. Most started their entrepreneurial path from zero, with some having come from a human rights or activist background. An important launchpad for scholars was to unmask the journalism entrepreneur as something other than a strategic businessman (Jones & Spicer, 2009). *Sustaining Journalistic Entrepreneurship* evidenced media entrepreneurs honing new skills and adapting around content production, staffing, business acumen, and decision making. *UK: Big Media Friends* identified the management of hyperlocals as "enthusiastic individuals" working either for free or for very little money (Vehkoo & Cook, 2012, p. 45). In *Collaborative Revenue Capture* participants spoke of limited time, resource and capacity for running the business under already strained health and welfare circumstances working long hours alone with limited skills, affecting their quality of life and safety to operate. The data suggested web-indigenous actors build something from what seems to be nothing by repurposing (Deuze, 2006) what is "local incremental and experimental" (Klein & Bylund, 2014, p. 272). They make do by building up with what's available (Sarasvathy, 2001). Together these constructivists approaches to resources in entrepreneurship fit with effectuating and

bricolage theory (Read et al., 2017; Senyard et al., 2014). These intangible resources included leading the way with advertisers. More broadly, my portfolio shows the journalism entrepreneur is unclear about revenue selection, how to commit to long-term revenue plans, or which were worth the effort. Overall economic practice emerged as hit and miss, with limited clarity on which revenue stream can be sustainable and not only experimental.

4.5 Assessing Where Meaningful Revenues May Lie

The contribution to new knowledge here has been to define, detail and categorise diversified revenue models. At a time when digital landscapes were apparently offering new income opportunities, it was useful to explore all potential sources. Overall, revenues were built up incrementally around resources from the grassroots as an inductive approach, rather than focussing on changing a legacy model to fit an online marketplace. There was no revenue blueprint and workable models were different for each team and market, changing over time. The research identified a persistent reliance on dual product models selling audiences to advertisers (Anderson & Gabszewicz, 2006; Baker & Nelson, 2005; Picard, 2004). For *Hyperlocal Revenues*, the most effective revenue for sustainability was display advertising, with some lucrative income from native formats. Loyalty played a large part in the advertising sales cycle. Notably, there was a resurgence in print due to higher advertising returns. Despite limited use of classified or directory listings they were found to offer highly targeted advertising. Over time, advertising forms became richer in format and package. Advertising networks were rarely navigated by hyperlocals, save for notable exceptions in France or the Netherlands, but offered an important inventory for exiled or politically pressured sites as they created a potential global audience reach for advertisers.

Across the portfolio, revenue findings changed over time. Initially, native and sponsored content was notably uncommon. Having leveraged close relationships with advertisers to carve out new formats, and looked to other creative industries for pricing, this area of income has matured. Equally events were at first a resource to generate ticket sales, but over time the focus has turned to community and brand building opportunities as part of broader initiatives to engage people (Hess, 2013, 2015; Hess & Waller, 2016b). Crowdfunding was commonly used as a one-off income source rather than a sustained income stream. Membership models were nascent in my early data, notable only in Japan, with many having started and failed. In *Chasing Sustainability on the Net* monetising ideology was proposed as a concept to capture the economic value of journalism which scholars extended (Wagemans et al., 2016) and further developed (Hansen & Goligoski, 2018). Gradually attention has

turned to the potential of direct pay models (Chen & Thorson, 2019; Powers & Yaros, 2012; Sehl et al., 2017). The empirical data finds motivating audiences, apathy, low response rates and infrastructure limitations around direct pay models to be a challenge.

Where the hyperlocal sector showed some reliance on financial subsidy from publishers themselves, persistent reliance on grant funding was critically evidenced in *Fragile Finance*, explained primarily by grant availability and a more mature philanthropic environment. Many media were solvent in the medium- to long-term but were less successful in terms of diversified funding. A taxonomy empirical model advanced understanding of revenue models in free markets compared to repressed markets, leaning on context from *Chasing Sustainability on the Net*. It found revenues used in free markets across three categories: alternative services (such as white labelling, events and consultancy), direct pay models (mobile and newsletters), and alternative financing (seed and angel investments) to be outside the revenue model of exiled and restricted media. Comparing to explain in this way is widely used (DeFleur & DeFleur, 2016; Mcquail & Windahl, 1995).

4.6 Degree of Revenue Diversification

My work clarified that web-indigenes were characterized at least in part by their push for multiple income streams. Essentially, new and functioning revenue sources were hard to find, but it was possible to chart ways in which revenues had been combined or reconfigured in new ways as a portfolio, which was useful to a broad range of journalism scholars (for eg. Harlow, 2018; Myllylahti, 2018; Picard, 2014; Singer, 2016; Vos & Singer, 2016). Across the portfolio, few relied on only one income. A small degree of revenue diversification was effective for income generation. *Chasing Sustainability on the Net* detailed income trends and common revenue models. *What's In A Niche?* found more varied revenues being used by smaller sites (in terms of unique users and length of time established); larger sites mirrored legacy models more closely and chased scale and advertising. *Hyperlocal Revenues* found there was no one-size-fits-all revenue model as diversification happened in granularity across all the cases. Then, *Viable, Sustainable or Resilient?* found the most common revenue model was made up of three primary income streams, which fits with subsequent research (Sembramedia, 2017; Tenor, 2018; Harte et al., 2018). Exiled and restricted media made tentative steps to diversify.

However, revenue diversification alone could not account for a sustainable revenue model. In *What's In A Niche?* the empirical data from *Chasing Sustainability on the Net* were further

scrutinised against the long-tail model (Anderson, 2006). Bridging theory and practice in this way (Rohn & Evens, 2020) exposed inadequacy in the assumed way of operating because of several shortfalls: the long-tail model failed to account for the downward pressure of algorithmic advertising, which keeps earnings small. Failure to develop enough revenues from other sources to compensate for the diminishing revenues from print advertising also prevented start-ups from growing as the long-tail model would require. Additional scrutiny of my work from quantitative analysis (Massey, 2017) and case studies ((Tsourvakas & Riskos, 2018) cast further doubt on the relationship between diversification and performance. Therefore we could say web-indigenous sustainability was not just a question of diversifying to more revenue types, and further perspectives were needed.

4.7 Business model

In a quest to widen the scope of understanding on sustainability, the studies investigated other aspects of business operations beyond revenues. Staffing as a resource was linked to sustainability. All the financially successful hyperlocal publications paid their freelancers and staff. Overall staffing was lean with reliance on voluntary sectors. *What's In A Niche?* found sites wanting to invest in more staff to grow but not having the revenues to sustain the investment or shift the skill set. Even the largest ones had no more than a dozen staff members, including those consisting of family teams, one-person operations or small groups of like-minded citizens, which results in low-cost models. Massey's systematic resource-based view of five intangible knowledge-based resources of news web-natives finds similar: core-staff size had a positive effect on site survival (Massey, 2016). Hyperlocal publishers came from a range of backgrounds, therefore, their skills and experience varied greatly. They particularly adapted around advertising sales provision, deploying advertising sales staff in a variety of ways.

Kickstarting Sustainability found journalism sites tailoring their offerings and income generating capacity to specific economic political and cultural conditions, faced with day-to-day infrastructure challenges. External barriers included the impact of market control, content quality not meeting internationally recognised standards, restrictions on the use of online payment mechanisms, apathetic audiences and low literacy. Internal barriers centred on being strapped for cash and peace of mind, operating away from home, lack of business staff or recruiting specialist skills, and doubts whether alternative revenues were worth the strategic effort. Overall fragility resulted in high turnover of staff due to low pay, and problems recruiting and retaining skilled workers. *Collaborative Revenue Capture* further clarified struggles for a proactive rather than a purely reactive strategy towards business. Expertise in revenue models and innovation were found to be lacking as was the ability to

engage with end users, thwarted due to the use of proxy servers or gatekeeping controls by social distribution platforms such as Facebook. While it was possible to identify in *Fragile Finance* the potential to combine business structuring of for-profit expertise with non-profit media for a more robust structure, longevity was a concern due to lack of strategy, robust media management skills, and lacking skills to facilitate or adapt to change.

4.8 Symbiosis

A key strand in this portfolio also accounted for sustainability as “the maintenance of ecological balance... and an emphasis on local systems that shift from solely Western-led development and focus on local culture and participation” (Servaes et al., 2012, p. 117). Broadly the works evidenced the need to co-evolve offerings and revenues to local economic, social and political contexts. Here I applied the symbiosis concept at the meso level to show sustainability as a series of adjustments to the proximal environment (Carson et al., 2016; Kim et al., 2016; Hatcher & Thayer, 2017; Singer, 2018). Web-indigenes co-evolved: they influence and are influenced by competitors, customers, governments, investors, suppliers, audiences and more. The aim was to understand how web-indigenes were opening up their business practices beyond the firm boundary. The theme of a “grassroots approach” (Sirkkunen & Cook, 2012, p. 8) in close adaptation to opportunities in the proximal environment needed further scrutiny as did the concept of web-indigenes as a “connector: between audiences, services and revenue streams” (Sirkkunen & Cook, 2012, p. 114). There was fledgling evidence that donations of monetary support were more than an economic transaction, or advertiser support was a way of willing a site on to success. This echoed findings that sustainability involved diversity, niche localness, and growing organically (Hess & Waller, 2016a). Overall, sustainability was derived through niche adaptation in different ways to corporate legacy or mainstream media. Once regimented economic logics were being reshaped. A first exploration into symbiosis was assessing the conditions for inter-firm collaboration and hypothesised opportunities created by digital technology. A two-day atelier on *Collaborative Revenue Capture* delved more deeply into how politically pressured media may be more financially resilient through a collaborative approach amongst themselves. It found new categories of revenue models through partnerships: technology, revenue-based systems, coordinating action and journalism production.

4.9 Business Ecosystems

In the quest to find an appropriate theory to further understand economic relationships in the sustainability question, I turned to business ecosystems (Moore, 1997). While alternative approaches have been used to examine the collaborative and competitive dynamics in production networks

(Lindskow, 2016) innovation ecosystems (Chesbrough, 2003, 2010) or actor network theory (Latour, 2005), business ecosystems allowed a novel way to account for heterogenous routes to sustainability. Business ecosystems has been applied to explain hyperlocal sustainability in Finland (Hujanen *et al* 2019), start-ups in Flanders (Clarysse *et al.*, 2014) and British open data systems (Heimstädt, 2014). It allowed for keystone dynamics caused by changes in other parts of the ecosystem (Galateanu-Avram & Avasilcai, 2014; Iansiti & Levien, 2004; Iivari, 2016). Business ecosystems also accounted for niche players, which “make up the largest mass of the business ecosystem” (Peltoniemi, 2006, p. 11).

Viable, Sustainable or Resilient? turned the lens to sustainability through collaboration: with volunteers, members, community organisations, other businesses, other publishers and advertisers. It gauged the formal and informal relationships around hyperlocals to form a dynamic system of interdependencies cooperating and co-evolving. It found new patterns of asymmetrical revenue income emerging as hyperlocals leveraged direct and indirect relationships around them to develop their revenue model. This supported findings that argue for revenue best fit in niche locality rather than diversification (Hung & Hager, 2019). Hyperlocals were presented as dynamic entities which shape and are shaped by relationships of varying size power and resources that exist in relation with one another but where relations is not perfectly reciprocal some profit more than others. They offered several traits of an ecosystem as there are many interdependencies, between people and organisations, which are imbalanced and dynamic. The paper fused thinking from earlier works, as the development of the hyperlocal niche refers not only to content, but also a bespoke offering in terms of what works for income generation through patterns of symbiotic relationships. Such co-evolution emerged as a vital component in niche adaption. It could be argued that this paper helped validate and support many of the arguments put forward by the portfolio during this journey. Here I contributed to the “need within journalism studies to widen the scope of theoretical perspectives and approaches even further” (Steensen & Ahva, 2015, p. 13).

4.10 Niche Dynamics

What's in a Niche? found the long-tail model (Anderson, 2006) oversimplifies the dynamics of web-indigenous journalism in multiple marketplaces, and as a relation with mainstream. The proximal resources in the niche market varied depending on the topic or community. They were more likely to be sustainable if they operated in a specific section of the economy, a prosperous community (Napoli *et al.*, 2017), or avoided direct competition with mainstream media. *France: Tensions and Diversity* and *UK: Big Media Friends* found most web-indigenes were not challenging legacy media,

rather supplementing it by serving smaller niche or offering a service in the news supply chain. The mainstream market consolidated its position in some instances by buying the niche outlets to reach new audiences. There was evidence of collaboration between mainstream and start-ups, and new relationships with advertisers. Diminishing revenues from advertising were not yet compensated from other incomes resulting in surviving rather than sustainability, and not growing as the long tail model would require. They existed for the most part in less commercially interesting niche. Therefore I found attempts to conceptualise the dynamics of online journalism with long-tail theory problematic as web-indigenous can complement or supply content to mainstream, but rarely compete. The long tail also varied country by country: bigger markets are more elastic and able to make room for a wider range of journalism niche.

4.11 Media Systems

My analysis of empirical data fits with the body of work offering data on the performance of online journalism in comparative national media environments. At the macro level, different media environments created different conditions, such as market structures, legislation, media history, and divergent media usage patterns. France, Germany and Finland for example faced strong legacy media. *Hyperlocal Revenues* identified a broad typology of wider market influences including access to statutory notices, advertising networks, or public service broadcasting. Any privileges and benefits afforded to independently produced media vary greatly across Europe. Exiled media, in which journalists lead a nomadic existence, did not fit neatly into the media systems in the same way that they don't neatly fit into their adopted countries (Dobek-Ostrowska et al., 2010). However, there was some evidence to suggest some national features are evaporating because of globalized media markets and globally active web-indigenes can surpass national media or reach diaspora quickly.

4.12 Findings Summary

What emerges, then, in an inquiry to find a sustainable revenue model for web-indigenous journalism, is a picture of a heterogeneous sector resourcefully combining resources based on a broad range of competences in shifting media systems and marketplaces. By classifying storytelling- and service-oriented models as they exist in commercially less interesting niches, I add to the parameters needed to define niche journalism as a concept. Revenues are built up incrementally around resources from the grassroots as an inductive approach, rather than focussing on changing a legacy model to fit an online marketplace. The idea of a set long-term revenue model is fictitious. New parameters for ethical decision are made in the wild, as new formats, packages and revenue approaches emerge through experimental practice. Reaching sustainability requires thinking about

money from the start. While open access publishing tools make starting web-indigenes relatively easy, finding sustainability is more time-consuming and complex and many are still built on rather fragile revenue models facing very real and serious conditions. Essentially, new and functioning revenue sources were hard to find, but it was possible to chart ways revenues had been combined or re-configured in new ways. Revenue diversification is an important step but alone does not result in sustainability. Revenue best fit in niche locality may be more effective. Multiple opportunities for symbiotic partnerships and collaborations with advertisers, audiences and business are identified. My data suggests these often-overlooked iteratively discovered resources in the business ecosystem can contribute to sustainability. Therefore niche adaptation is recommended.

5 Impact and Actionable Knowledge

5.1 Academic impact

Chasing Sustainability on the Net was a key study on changing business models, with more than one hundred citations and monthly database traffic of a thousand views.¹ The study triggered a wave of empirical research into how web-indigenous journalism was exploring and expanding their business model (see for e.g. Breiner, 2017; Mierzejewska et al., 2017; Singer, 2018) comparing online-only news sites and legacy media (Humprecht & Büchel, 2013) to serve a di-verse digital marketplace (Kosterich & Weber, 2018; Ruotsalainen et al., 2019). By prospecting what was workable, in the present or near-to-medium term future, scholars were able to apply the de-tailed revenue sources to drill into country specific trends, for example in China (Zhang, 2018), Mo-rocco (Ibahrine, 2019) and Brazil (Araújo, 2019). Special attention has been paid to the role of differ-ent types of media ownership (meso level) and media systems (macro level) on the dimensions of news performance: more pronounced in certain countries (Humprecht, 2017; Humprecht & Esser, 2018) and through a comparative focus, for example on US and France (Powers & Zambrano, 2016; Smyrnaiois et al., 2015).

Hyperlocal Revenues was downloaded more than 300 times in the first year of publication and cited fifteen times.² It pushed forward a wave of research into how hyperlocals were developing economically, with further country-specific studies. Positioning Sweden comparatively in European research in *Hyperlocal Revenues* sparked academic interest into hyperlocals and their democratic function in the academic field of public relations (Jangdal, 2019, 2020). My work was extended to explore sixty-seven Norwegian hyperlocals via a mapping study (Halvorsen & Bjerke, 2019). They concurred that highly dedicated earthbound entrepreneurs were necessary prerequisites for a successful market entry and strategies closely adapted to the local market conditions. Some welcome the market opportunity, others resist income generation (Harte et al., 2018) with more interest in supporting communities (Hepp & Loosen, 2019; Hujanen et al., 2019; Leckner et al., 2017; Lindén et al., 2019). Using my hyperlocal work as a basis for departure, Tenor identifies the logic of an "effectuating hyperlocal" as one that seeks collaborations and organic growth (Tenor, 2019, p. 129). Though the focus was on the public interest value of hyperlocal news (Williams et al., 2015), mixed with entrepreneurial

¹ Combined Google scholar references from *Chasing Sustainability on the Net*: International research on 69 journalistic pure players and their business models. COMET, Tampere; SubMoJour database and *Chasing Sustainability on the Net* (short title). Traffic was 1,000 average unique users to the database a month between 2011-2013. Peak traffic was in January 2013 with 3,800 monthly views.

² Traffic figures are taken from the Nesta site between 2016-2017. There were 961 page-views, 826 unique views and 316 unique downloads. Google scholar registers fifteen citations.

attitudes (Harte et al., 2016), and reciprocity (Harte et al., 2017) the overall finding was precarious lived experiences (Harte et al., 2018).

Having drawn attention to entrepreneurial resourcefulness, scholars developed interesting implications for the future framing of journalistic identity (Harte et al., 2018; Harte et al., 2016; Rafter, 2016). These phenomena challenged the long-established separation between editorial and commercial activities (Coddington, 2015). Ignorance of business was untenable for the journalist turned entrepreneur (Chadha, 2016; Vos & Singer, 2016). This theme in my work was advanced by several scholars: Singer suggests “pursuing and securing advertisers is at least as important as securing audiences” (Singer, 2016, p. 11); Harlow and Chadha suggest online community news sustainability is tied to new, alternative ways of thinking about funding and ownership (Harlow & Chadha, 2018). This reorientation of editors’ attention from profit maximisation to public service and accountability is where the regional press may learn most from web-indigenes (Singer, 2018). The theme of walking an ethical tightrope was advanced for sites in the Philippines (Opiniano & Romero, 2019).

Identifying the persistent reliance on dual product models was taken up as a research thread for hyperlocals (Leckner et al., 2017; Tenor, 2019; Williams & Harte, 2016), and within the business of journalism literature: Hess combined the *Chasing Sustainability on the Net* database with other lists to investigate 122 journalistic start-ups in the online world and evidenced new ways of combining income sources (Hess et al., 2014). Others looked at specific revenue streams such as paywalls (Myllylahti, 2014) or audience engagement studies (Barnes, 2014; Fulton, 2014) and beyond the journalism related literature, to advertising research, relating to the value creation of customer relationships (Kukkonen, 2016). *Fragile Finance* was cited in arguments seeking to examine more carefully the relationship between Foreign Aid and media development (Harkins & Lugo-Ocando, 2017) particularly after donors and organisations either lower their support or withdraw completely (Zotto & Mavhungu, 2017). It has also informed further research in authoritarian regimes (Sakr, 2017).

My research has contributed to a more nuanced understanding of journalism business models, which is a growing area of publication (Mierzejewska et al., 2017). Work with Marin-Sanchiz and Carvajal-Prieto incorporates my work to develop a business model framework (Marín-Sanchiz & Prieto, 2018). My viable, sustainable and resilient framework in *Unlocking Resilience* was used to sense make revenue models that were more self-sufficient and less reliant on grant funding (Cook, 2019). The framework has informed other researcher’s work, such as to explore entrepreneurial competence (Tenor, 2019).

As the broad evidence base of changing market structure variables, *What's in a Niche?* was cited forty-six times³. The idea that web-indigenous journalism can fill a niche left behind by mainstream media was taken up by scholars looking at media plurality in the local community in Sweden (Leckner et al., 2017) and for start-ups (Boehmer et al., 2018). In others, strong markets nurture more players: hyperlocals can grow in places where legacy media are also present (Bakker & Kerkhoven, 2015; Leckner et al., 2017). Scholars in the field of advertising have developed my findings by applying the empirically derived marketing law of double jeopardy to also challenge the idea of small but niche consumers (Taneja, 2019). Niche can also be less attractive due to limited audience reach (Gorgulu, 2019) while Sommer found market orientation has a positive influence on news start-ups' survival (Sommer, 2018).

5.2 Practitioner impact

While citations in scholarly index represent academic impact, broader criteria for practitioner impact are needed as part of engaged scholarship (Van de Ven, 2007) central for addressing the gap between theory and practice. Mapping studies have been used to identify workable revenue models by type (Radcliffe, 2019), start-ups in the global south (Schiffrin, 2019) or by category such as engaged journalism (Accelerator, 2020), LINC (Pignard-Cheynel et al., 2019), in Latin America (SembraMedia, 2017), community news (ICNN, 2020) in France (Koc-Michalska & Vede, 2013; Medialab, 2019) and Sweden (Nygren & Leckner, 2016). Such resources provide journalism entrepreneurs with navigable data from more established entrepreneurs, and openly searchable databases online is a growing trend. The *Chasing Sustainability on the Net* database was combined with three other international directories to further analyse cases and degrees of innovation (Carvajal et al., 2015). This methodological rigor has allowed me to develop and launch the first Public Interest News Foundation Index in the UK, using an online survey.

My research around hyperlocal journalism shaped the application and development of a new technology platform, Ping! funded by Google DNI findings from which will feed into wider digital policy debates on competition and regulation (Cook, 2021). In my later work, design thinking (Cook, 2019a) has been used internationally in media management processes around reader revenues and business ecosystems. These tools offer participants worksheets and cards to innovate around revenue challenges. In the media development community, my research informed key strategic areas for

³ Google scholar citations

Internews Europe through extensive recommendations to inform programmes, as part of a process of review with all stakeholders on how to address the issue of sustainability in multiple challenging contexts. I have also developed a business viability change process for International Media Support.

5.3 Policy impact

The impact of my work is also measured in terms of influencing policy. My research makes the case that without a resilient business model, the essential civic role of independent news media in society is thwarted. My work on *Hyperlocal Revenues* fed into Nesta's Destination Local programme and the BBC Charter Review inquiry to help shape policy decisions for the development of local journalism provision in the UK. My evidence was cited in the Government's report into the sustainable future of the UK news industry (Cairncross, 2019), commissioned from the DCMS in 2018 and the following inquiry on the future of journalism by the Lords Communications and Digital Committee. I helped shape the design of the Public Interest News Foundation (PINF) emergency Covid-19 fund convened by Dame Frances Cairncross, and the creation of the first PINF Index. DfID policymakers have used my empirically-based research, cited 36 times, in the K4D Strengthening the Financial Independence of Independent Media Organisations review on interventions and business models, which help independent media organisations to become financially sustainable (Ismail, 2018). I also helped co-design policy for DfID as part of their Leave No One Behind In a Digital World strategy.

6 Implications and Discussion

As the digital news ecosystem matures, it will remain difficult to define web-indigenes as a simple concept. There is much potential to create subsets based on governance and ownership (i.e. sole traders, limited liability, non-profit community interest, social enterprise, and so on), and entities beyond traditional definitions of firms, particularly to accommodate the offering approach (Lindskow, 2016), interloper journalism (Eldridge, 2019) or platform approach (Hess, 2015). Building on the call for a precise typology of exiled and restricted media outlets, such classification could build on work which looks at motivations (O'Loughlin & Schafraad, 2016). Beyond Europe, tracing the emergence of web-indigenes against more nuanced media systems frameworks better suited to the Arab (Pintak & Ginges, 2008; Rugh, 2004) Latin America (Waisbord, 2000) and African (Campbell, 2003) contexts would be a worthy research avenue. Adding economic perspectives to the existing typologies in cultural studies of hyperlocal and civic-oriented media (Atton, 2002, 2003, 2004; Atton & Hamilton, 2008; Flouch, 2010; Hartley, 2009) would broaden understanding of diverse and decentralised media landscapes, and the four highly individual and low risk entrepreneurial types already found in the sector (Tenor, 2018). Moreover, we are slowly beginning to problematise non-profit and for-profits recommending they are treated as distinct subsets (Chadha & Harlow, 2019; Leckner et al., 2017; Massey, 2017). One obstacle in classifying business models in the digital economy is that many are still evolving, changing rapidly and dynamically (Huang & Wang, 2014). It would therefore be a worthy endeavour to offer a longitudinal review of the empirical cases similar to those featured in this portfolio.

Using the revenue lens will be an increasingly useful tool to cut across heterogenous forms of web-indigenes, while at the same time emerging useful findings on workable models in bleak economic projections. Understanding practice as the ingredients of workable membership models or micro-payments, and the corresponding economic practice that operationalises them, will be useful components to understand sustainability. Similarly, advertising networks and media monitoring agencies remain opaque to the research community. Beyond, we can anticipate that new media, big data, the business of journalism on the blockchain and technology will continue to be a driver. Each of these issues is worthy of additional extensive analysis.

While the work of Massey has attempted to further understand revenue diversification, it is still a shallowly theorized and poorly understood area (Massey, 2017). Simply coding a revenue source as present says nothing about its importance. Massey progresses by correlating diversity against a

three-category measure of financial performance, yet the approach needs to be developed further using empirical data. Nor does it account for which revenues work for what types of sites. Until observers renew their scrutiny in this area, a gap in portfolio theory will persist. Many news operators are pinning hopes on membership and subscription income (Chioua & Tuckerbc, 2013; Goyanes, 2014; Li & Cheng, 2014; Oostlander et al., 2015; Vara-Miguel et al., 2014). Yet more evidence is needed to demonstrate this is a sizeable proportion of income (Fletcher & Nielsen, 2017). Treating existing openly accessible empirical databases, and applying rigor such as revenue diversity index, quantitative correlation analysis against the diversification–performance linkage would advance understanding. Taking a functional approach addressing the reality of journalism being funded increasingly from non-journalistic adjacencies such as consultancy, events, and training will challenge normative thinking on the business of journalism and subsidy (Pavlik, 2013). Universally, there was a gap in knowing which revenues were worth the effort, tools to evaluate new parameters of ethical decision making, and methods to innovate new revenues at minimum risk.

Business models are increasingly a theme for research using concepts and frameworks developed by strategic management scholars. These need to take into account dynamic capabilities (Teece, 2018), dynamic business models (Mason & Leek, 2008) and business model innovation (Evans et al., 2017). We therefore need to develop a more robust set of explanatory empirical criteria, and correlations between sustainability to deepen the understanding of performance.

To further understand the dimensions of symbiotic relations frameworks including time, proximity, number, focus, scope (Varadarajan & Rajaratnam, 1986) and trust (Li et al., 2018) would be worthy for systematic analysis of perspectives on symbiosis. The phenomenon of coopetition (Bengtsson & Kock, 2000; Brandenburger & Nalebuff, 1996) reflects an increasing awareness of the complexity of relations between economic agents. Analysis can be approached from an inter-firm level (Gnyawali & Park, 2011), intra-firm level (Luo, 2005), the business model (Daidj & Egert, 2018; Ritala et al., 2015; Ritala & Sainio, 2014), ecosystem (Daidj & Jung, 2011), and the network level (Gnyawali et al., 2006). Areas ripe for transfer into journalism include developing the conditions for coopetition, the underlying processes, outcomes, efficiency and performance to further our understanding of who gains what from whom. Further research is needed to develop business ecosystems theory as applied to journalism. Future investigation can determine ecosystems, which will be richer, more diverse, and immeasurably more complex than a standard business ecosystem allowing for co-evolution, acceptance of failure and new definitions of success across the ecosystem at large (Kostovska

et al., 2020). The ecosystem-based view has the potential to transform the theoretical models that we use to describe and prescribe business models, strategies and media development interventions.

Such a turn may mean going beyond a view of economic value that simply accounts for what we can exchange between one another, and the bottom-line cost or efficiency optimisation. It asks, instead, what it is that people regard as meaningful in their lives, and how this can be articulated and represented in a diverse, socially just interplay of different types of media. In this endeavour, recognising markets owe an important amount of energy to entrepreneurs, and extensive social organisations, economic sociology (Fligstein, 2001; Granovetter, 1983), may bring a significant understanding to the economic survival of web-indigenous journalism. Furthering work by Hess, this could measure how to convert willingness and commitment into revenues (Hess, 2015), and community based economic strategies for journalism resilience from grassroots funding (Guilloud & Cordery, 2017). In Sweden, hyperlocals were a question about “the relationship to the local society” (Nygren et al., 2017, p. 46). The validity of this approach is further strengthened by an analytical approach in sociological understanding of markets (Halvorsen & Bjerke, 2019). Together these approaches explore the use of journalism for social innovation (Podkalicka & Rennie, 2018) and may help to re-centre journalism's normative role beyond democracy and journalism to something based on helpfulness (Thomas, 2019).

This repositioning has important implications for media plurality. Especially in this time of digital transformation, a profound knowledge of web-indigenous journalism's economic survival is a fundamental challenge if a rich array of decentralised journalism sites are to thrive. Failure to chart and map this will be devastating for the future plurality of journalism and the public sphere more broadly. The broad array of actors operating in commercially less interesting niche, is a far cry from flashy ideas of well-funded start-ups. Instead, we need to embrace inquiries into web-indigenes in their humblest form, operating at the edge – and in the cracks - of multiple media systems. More research is needed into what mainstream publishers have learned from hyperlocal initiatives (Thurman et al., 2012). Therefore, policy recommendations must focus on a reorientation of web-indigenes beyond profit making and competitive advantage, but rather on sustainability as socially orientated entrepreneurial journalism that is diverse and accepting of many ways of doing. As Picard argues, in the future a diverse set of players and functions must be liberated from corporate control against new norms and concepts (Picard, 2011a, 2014), including the empowerment of dispersed agents, acting independently and autonomously from the bottom-up (Unger et al., 2019), with tailored approaches according to the local needed, assets and capabilities (Brien, 2011). New forms can

be recognised in their emergent state, against self-assigned definitions of sustainability, harnessing opportunities, while existing firms either adapt or die out.

Self-reporting viable, sustainable and resilient descriptors could be more rigorously applied as empirical classifications moving forward. However, the accumulation of empirical data across different settings longitudinally provide some clues about actors and activities as economic practice, particularly useful for actionable knowledge. A systematic taxonomy of what goes into web-indigene sustainability was not possible.

The media management community should be encouraged to look outwards towards unorthodox methodologies which may assist in evaluating decision making as an inductive process. We are only just beginning to mine the rich terrain of action-related and practice-led methodologies, including human-centred and agile processes such as design fictions (Lindley & Coulton, 2015) and design thinking (Chaplin, 2016), which could return rich results for future-oriented inquiries around where new revenue models could lie. Entrepreneurship is a dynamic process and therefore demands investigative techniques that take dynamism into consideration (Shane, 2003). The industry is leading the way applying a range of creative facilitation methods such as open space technology (Ciobanu et al., 2019) which have yet to be subject to scholarly scrutiny. As Albarran suggests, it is a time to “Jump in. Try New things. Develop new ideas and approaches” (Albarran, 2018, p. 13). It will take a diversity of methods to fully account for a sustainable revenue model.

7 Conclusions

In sum, the significant impact and primary contribution to new knowledge here is in a rigorous exploration of where revenue sustainability may lie for web-indigenous journalism. The sustained analysis spans a decade of digital disruption that has cast new norms on journalism business practice. Drawn from an original and extensive set of empirical data, the portfolio provides evidence of resourceful journalism entrepreneurs. Revenues are built up incrementally from the bottom up. A small degree of revenue diversification is effective for income generation, and the concentration of efforts around 'best-fit' approaches in revenue-limited markets. It establishes that while advertising dominates the revenue model, it is possible to measure and account for the shift that is taking place to other forms of income. New schema for ethical decisions are needed. There is no revenue blueprint and workable models will be different for each news media and market, changing over time. Web-indigenes often exist in less commercially interesting niche and economic viability is born from adjusting and experimenting through a process of niche adaptation. They find ways to sustain their efforts in a way not conceived of by larger corporations: they carve out relationships because they are in and of their niche. An exploration of collaboration and partnerships finds that symbiosis with other actors and businesses in the proximal environment contributes to sustainability.

More specifically the contribution to knowledge can be summarised in the following points:

- By extensive mapping and interpreting empirical data on the revenue model and economic practices of web-indigenous sites internationally
- Empirically modelling storytelling and service-oriented business models
- Introducing the lived revenue experiences of exiled media and oppositional news outlets to the academic community
- Extending the understanding of revenue diversification as a contributory factor in business sustainability
- Theoretical renewal for the journalism field by applying business ecosystems to explain web-indigenous heterogeneity
- Articulation of niche adaptation as a concept
- Development and application of viable, sustainable and resilient concepts in business terms
- Methodological renewal by evaluating approaches and ways of coming to know, more common in other academic fields, including action research and knowledge cocreation techniques

8 Appendix

8.1 Portfolio of Published Works

Start-up and entrepreneurial web-indigenous sites

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8.2 Tables

Table 1: Compatible concepts in a pragmatist approach

Convergent foundations	The focus is on a solutions-oriented, problem solving approach which avoids <i>a priori</i> definitions. There is an interaction between the activity and understanding the activity.
Ideological frame	From the naturalist point of view: humanistic, practicality, utility, resolution (Guba & Lincoln, 1989).
Axiology	I fit with scholars seeking a more expansive treatment of journalism focussing on “what journalism does for people” (Thomas, 2019, p. 364) as broader social and civic value, or indeed as a tool for social innovation (Podkalicka & Rennie, 2018) therefore the axiology is value bound. Pragmatism allows bias: a necessity for a journalist-turned-research practitioner.
Object of Study	The principle descriptive terms of journalism and news media are applied liberally, adhering to historical norms of original content and media logics (Altheide & Snow, 1979). The plurality of professional backgrounds and orientation is so vast that an approach to classification and boundary setting fits with communication theory that sees journalism as fluid and context dependent (Carlson & Lewis, 2015; Couldry, 2012; Russell, 2016). While acknowledging the influence of scholars delineating alternative (Atton, 2003) and periphery journalism (Eldridge, 2017; Rodriguez, 2000) or warn against “newsroom-centricity” (Wahl-Jorgensen, 2009, p. 22), it is possible to set aside deterministic explanations about journalism identity, what journalism is, or how content is ‘journalistic’. My inquiries are not about what they are, but how they make money.
Philosophy	John Dewey believed the only real sources of knowledge are to be found in action. Pragmatism “is often problem-oriented in approach, concerned to provide practical solutions to practical problems” (Burrell & Morgan, 2019, p. 26). It allows a cyclical journey as purposive agent – a world to interpret in a continuous process of problem posing, data gathering, analysis and action. It is the paradigm that is most often found in business and management literature (Picard, 2011b). Pragmatism favours a “future orientated instrumentalism that tries to deploy thought as a weapon to enable more effective action” (West, 1989, p. 5). Inquiry is the object of truth (Morgan, 2014).
Inductive journey for actionable knowledge	Allowing for emergent design, I respond to insights and opportunities (Skrtic, 1985). The work includes commissioned scientific analysis of media development interventions, academic-facing mapping and theorising, industry- and practitioner-facing reports and toolkits, and openly accessible atelier reports. The range of outputs across different formats and tone is indicative of a commitment to utility, a broad dissemination and practitioner engagement, welcomed by the media management community (Mertens, 2003; Rohn & Evens, 2020). My approach addresses the “relevance gap” (Fendt & Kaminska-Labbéc, 2011, p. 1) between scholarly work and practice that can help steer the research agenda (Küng, 2007, 2010, 2016, 2016a) and a “need to do more to share our work with practitioners and help them to solve problems” (Mierzejewska, 2018, p. 29).
Methodological	I favour the use of multiple methods in practice-oriented research (Littig & Leitner, 2017) and combined to follow the epistemological premises of interpretative empirical social research. Pragmatism offers an attractive philosophical partner to establish different views of phenomena (Easterby-Smith et al., 2002): mapping, semi-structured interviews, content analysis,

	discussion groups, ateliers and action research have been used. This endorsement of eclecticism and pluralism can be useful to gain understanding of my phenomenon as I do not ask the same question of each data set.
Inquiry as stance	Pragmatists “recognise that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realities” (Saunders et al., 2012). Cochran-Smith and Lytle call for renegotiation of the boundaries of research and practice, and reconfiguration of relationships inside and outside of a domain (2009). I take a continuum approach to stance that the knower and the known may sometimes be interactive and at others maintain distance (Tashakkori & Charles Teddlie, 1998). Taking that knowledge is produced not only in academia but also in industry (Pettigrew, 1977; Van de Ven, 2007) defends why a range of actors have been included in the knowledge making of this portfolio: such as journalists, entrepreneurs, donors, policy makers and researchers to allow a more reflexive identification of issues arising in the field. It is appropriate, then, to reject traditional dualisms, for example, of subjectivism versus objectivism and allow for intersubjective agreement through the co-creation of knowledge with practitioners. The guiding view was to learn with practitioners for applicable routes forward based on real need (Crotty, 1998).
Practice theory	My approach to stance, allows for a bottom-up theorisation of journalism practices, collective negotiation through activity (Witschge & Harbers, 2018) situated and provisional nature of knowledge and a sense of shared materiality (Schatzki et al., 2001). Conceptualising journalism as an open and varied practice puts the lens on what people do, rather than trying to label and define what they are (Schatzki et al., 2001). Practice is power laden because practices put people and things in place, giving and denying actions and this keeps them continuously in a stage of tension and change (Nicolini, 2013).
Generalisability	It is not my intention to directly compare between start-ups, hyperlocals and exiled or politically pressured media in an ideological sense. Their claims to legitimacy, quality and authority differ. As such, this is not a representative sample of any one media type or any one media system. Nor is the intention to present this range as a homogenous whole. There is a balance to be struck: if they are viewed as singular cases, there is limited understanding of how they might be affecting the journalistic field as a whole, but if collapsed to one homogenous set, it is difficult to differentiate them accordingly.
Stability	This work is idiographic and the knowledge is provisional and revisable. It focuses on differences as much as similarities; gradualism; community and context response. Networks are fluid and therefore results from mapping are validity bound to time. Drawing from Dewey, the claim is to “truth-as-warranted-assertability” (West, 1989, p. 99). What we know is tentative or fallible, time-bound and created in particular circumstances to meet particular ends. Nonetheless, using overlapping methods that apply different data, perspectives and methods, improves validity and reliability (Guba & Lincoln, 1982).
Impact as validity	Actionable knowledge (Rohn & Evens, 2020) and engaged scholarship (Rohn & Evens, 2020; Van de Ven, 2007) are useful and produce high levels of implementable validity (Oliver, 2020). Practical grounded interpretations and reasoning are favoured rather than over-intellectualising. Impact can be measured extensively across many levels.

Table 2: Data collection, methods and stance of inquiry across five empirical data sets

Primary Study Title	Data collection	Sample size	Countries	Method & Stance	Outputs	Interview categories
Chasing Sustainability on the Net, 2012	12 months by a team of seven primary researchers in 2011	69 start-ups	Finland, Germany, Spain, Italy, France, England, Japan, Ireland, Slovakia and USA	Semi-structured interviews. Subject for object	Industry report, openly searchable database, academic journal	Core data; Business marketing and sales staff; income & expenses; revenue types: advertising, services, physical and virtual products
Kickstarting Sustainability, 2014	November and December 2013	19 sites and 8 project managers and media business specialists	In exile or within Russian Caucasus, Belarus, Zimbabwe, Zambia, Uzbekistan, Turkmenistan, Sri Lanka, Syria and Iran	Semi-structured interviews. Subject on object	Strategy report, academic journal	Core data; income & expenses; revenue types: grant, donations, earned; internal & external barriers to sustainability; non-monetary exchange
Collaborative Revenue Capture, 2014	December 2014	11 sites and 19 experts, academics and media development community representatives	In exile or within Iran, Belarus, Uzbekistan, Turkmenistan, Syria and Sri Lanka, Jordan, Azerbaijan and Ukraine	Action research, atelier. Subject-object dualism	Openly accessible interactive report, academic book chapter	How digital technologies can facilitate inter-firm collaboration; evaluate new collaborative revenues; benefits to the sector
Hyperlocal Revenues in the UK and Europe, 2016	Autumn 2015 by a team of five primary researchers	35 hyperlocal sites	Within UK, Netherlands, France, Belgium, Sweden	Semi-structured interviews, content analysis. Subject for object	Practitioner toolkit and academic journal	Core data; business structure; staffing; income & expenses; content; audience analytics; revenue types: advertising, sales, grants & investments, products & services; collaborations; recommendations
Money Under Fire, 2016	Between December 2013-2015	23 non-profit journalism sites and ten project managers and media business specialists	In exile or within Tibet, Zimbabwe, Zambia, Sudan, Syria, Iran, Burma, Uzbekistan, Sri Lanka, Russian Caucasus, Eritrea, Azerbaijan, central Asia, Turkmenistan and Belarus	Semi-structured interviews, discussion group. Subject on object	Academic journal	Core data; income & expenses; revenue types: grant, donations, earned; non-monetary exchange

8.3 Statement of Ethics and Data Management

The research in this portfolio was conducted to the highest ethical standards avoiding any interference from project partners or funders. In line with established research ethics, participant research was based on informed consent. Participants were able to opt out of recorded materials such as photographs. Personal data was only collected where necessary for the provision of travel and communication. Explicit consent was offered for those working with pseudonyms. Data storage conformed with contemporaneous protocols. Ateliers were held under the Chatham House Rule where necessary. Safety and that of other participants was ensured by steps to prevent locations being identified where necessary, by avoiding geographic social sign-in software, or using encrypted software if required. Anonymity was agreed in several studies to assure the participants' safety, yet common factors were drawn out to preserve analytical relevance.

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10 Statements of Co-Authorship & Published Works

Publication	Summary Author Contribution of Co-Authored Works
Chasing Sustainability on the Net	I worked as part of an international research team. The survey was designed by Pekka Pekkala, USC Annenberg Research Scholar. I led the French part of the research, and shared data gathering and analysis with a co-author for the UK. As co-author of the final report, I contributed significantly to the overall intellectual output, data analysis, writing, editing and co-authored chapters. Illustrative empirical model of storytelling and service-oriented business models by audience and revenue by Esa Sirkkunen.
What's In a Niche?	I led the intellectual input, data analysis and write up in the theoretical analysis and was responsible for the illustrative empirical models of storytelling and service-oriented business models against the long tail.
Hyperlocal Revenues	I was Principle Investigator for the study. I led the survey design, intellectual input, data gathering and analysis including empirical models and tables. I was responsible for the UK cases.
Viable, Sustainable or Resilient?	I led the intellectual input, data analysis and write up in the theoretical analysis by 80% and was responsible for the illustrative taxonomy.

STATEMENT OF CO-AUTHORS of JOINT PUBLICATIONS



TO WHOM IT MAY CONCERN,

Title of publications:

Sirkkunen, Esa and Cook, Clare Elizabeth (2012) *Chasing Sustainability on the Net: International research on 69 journalistic pure players and their business models*. COMET, Tampere. ISBN 978-951-44-8967-9

Cook, C and Sirkkunen E (2012) *Revenue sources* in Sirkkunen, Esa and Cook, Clare Elizabeth (2012) *Chasing Sustainability on the Net: International research on 69 journalistic pure players and their business models*. COMET, Tampere. ISBN 978-951-44-8967-9

Clare C, Sirkkunen, E and Pekkala, P (2012) *Introduction and Conclusions* in Sirkkunen, Esa and Cook, Clare Elizabeth (2012) *Chasing Sustainability on the Net: International research on 69 journalistic pure players and their business models*. COMET, Tampere. ISBN 978-951-44-8967-9

Cook, C and Sirkkunen, E (2013) *What's in a niche? Exploring the business model of online journalism* *Journal of Media Business Studies* Vol 10 2013 issue 4 63-82

Name of candidate: Clare Cook

Title of research thesis: Understanding the revenue sustainability of niche media.

Name of first supervisor: Dr Francois Nel

I, the undersigned, co-author of the above publications, confirm that the above publications have not been submitted as evidence for which a degree or other qualification has already been awarded.

I, the undersigned, further indicate the candidate's contribution to the publication in our joint statement: This work was conducted in three phases. The first consisted of planning and building the journalism business models database. Clare Cook supported this with data gathering from the UK and France cases. The database then served as a tool of research and development, as an open innovation database and as a how-to guide about creating revenue models for publications. Clare Cook contributed significantly to the intellectual output, data analysis, editing and write up of the final report. She also co-authored chapters 1, 2.4, 2.5, 3, 4, 5. Clare Cook led the intellectual input, data analysis and writing up in the theoretical analysis that formed a peer-reviewed journal output.

Signed:

Esa Sirkkunen

October 2018

STATEMENT OF CO-AUTHORS of JOINT PUBLICATIONS



TO WHOM IT MAY CONCERN

Title of publications:

Clare C, Sirkkunen, E and Pekkala, P (2012) *Introduction and Conclusions* in Sirkkunen, Esa and Cook, Clare Elizabeth (2012) *Chasing Sustainability on the Net: International research on 69 journalistic pure players and their business models*. COMET, Tampere. ISBN 978-951-44-8967-9

Pekka Pekkala and Clare Cook (2012) *Sustaining journalistic entrepreneurship* in Sirkkunen, Esa and Cook, Clare Elizabeth (2012) *Chasing Sustainability on the Net: International research on 69 journalistic pure players and their business models*. COMET, Tampere. ISBN 978-951-44-8967-9

Name of candidate: Clare Cook


Title of research thesis: Understanding the revenue sustainability of niche media.

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I, the undersigned, further indicate the candidate's contribution to the publication in our joint statement below.

Signature:



Clare Cook
Date: 17.7.2017



Pekka Pekkala
Date: 17-7.2017

Statement indicating the candidate's contribution to the publications:

This work was conducted in three phases. The first consisted of planning and building the journalism business models database. Clare Cook supported this with data gathering from the UK and France cases. The database then served as a tool of research and development, as an open innovation database and as a how-to guide about creating revenue models for publications. Clare Cook contributed significantly to the intellectual output, data analysis, editing and write up of the final report. She also co-authored to approximately 50% intellectual input, analysis and write up to chapters 1. Introduction, 4 Sustaining Journalism Entrepreneurship and, 5 Conclusion.

STATEMENT OF CO-AUTHORS of JOINT PUBLICATIONS

TO WHOM IT MAY CONCERN

Title of publications:

[11] Venkoo J & Cook C (2012) UK Big media friends In Chasing Sustainability on the Net COMET Tampere pp 110-135 ISBN 978-951-44-8967-9

Name of candidate: Clare Cook

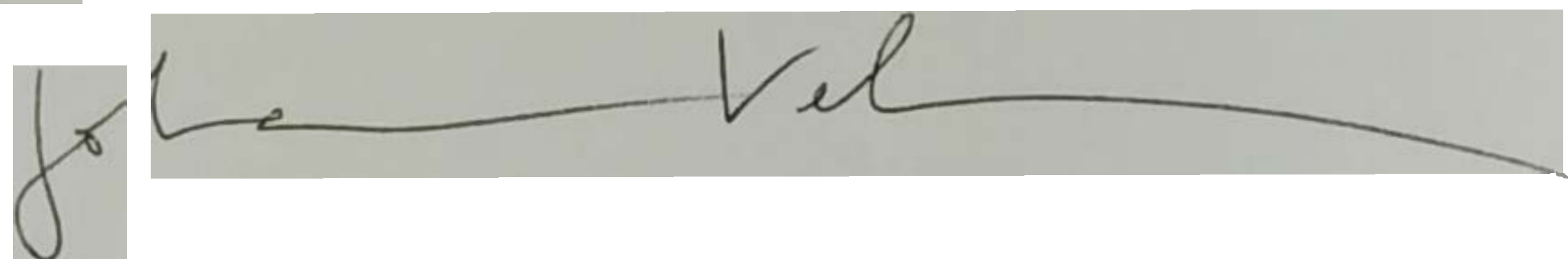
Title of research thesis: Understanding the revenue sustainability of niche media.

Name of first supervisor: Dr Francois Nel

I, the undersigned, co-author of the above publication, confirm that the above publications have not been submitted as evidence for which a degree or other qualification has already been awarded.

I, the undersigned, further indicate the candidate's contribution to the publication in our joint statement below.

Signature: 26 / / 2019

A handwritten signature in black ink on a grey background. The signature appears to be 'Francois Nel' written in a cursive style. The signature is positioned below the date and is partially obscured by a grey rectangular box.

Date:

Statement indicating the candidate's contribution to the publication:

Clare Cook was co-author in this chapter and shared the intellectual output, data gathering and analysis.

STATEMENT OF CO-AUTHORS of JOINT PUBLICATIONS



TO WHOM IT MAY CONCERN

Title of publications:

Cook, Clare Elizabeth and Bakker, Piet (2019) Viable Sustainable and Resilient? Understanding the hyperlocal business ecosystem. Nordicom Review

Cook, Clare Elizabeth; Geels, Kathryn and Bakker, Piet (2016) HYPERLOCAL REVENUES IN THE UK AND EUROPE: Mapping the road to sustainability and resilience. Project Report. Nesta, London

Name of candidate: Clare Cook

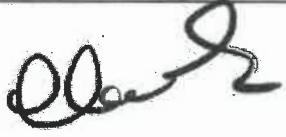
Title of research thesis: Understanding the revenue sustainability of niche media.

Name of first supervisor: Dr Francois Nel

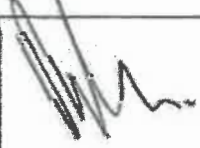
I, the undersigned, co-author of the above publications, confirm that the above publications have not been submitted as evidence for which a degree or other qualification has already been awarded.

I, the undersigned, further indicate the candidate's contribution to the publication in our joint statement below.

Signature:



Clare Cook
Date: July 2018



Piet Bakker
Date: 13 July 2018

Statement indicating the candidate's contribution to the publication

Funded by Nesta, a UK innovation charity, this work was part of a programme called Destination Local to support the hyperlocal sector. Clare Cook was the Principal Investigator on the hyperlocal revenues study and led the intellectual output, data gathering and analysis. Piet Bakker offering write up, practical guidance and international data gathering. Kathryn Geels, programme manager for Destination Local provided guidance, review and edits. The report and academic journal write up were co-authored with Clare Cook's intellectual input, data analysis and writing approximated at 80%.

STATEMENT OF CO-AUTHORS of JOINT PUBLICATIONS



TO WHOM IT MAY CONCERN

Title of publications:

Cook, Clare Elizabeth; Geels, Kathryn and Bakker, Piet (2016) HYPERLOCAL REVENUES IN THE UK AND EUROPE: Mapping the road to sustainability and resilience. Project Report. Nesta, London

Name of candidate: Clare Cook


Title of research thesis: Understanding the revenue sustainability of niche media.

Name of first supervisor: Dr Francois Nel

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I, the undersigned, further indicate the candidate's contribution to the publication in our joint statement below.

Signature:


Clare Cook
Date:28.07.18


Kathryn Geels
Date: 25.07.18

Statement indicating the candidate's contribution to the publication

Funded by Nesta, a UK innovation charity, this work was part of a programme called Destination Local to support innovation in the hyperlocal media sector. Clare Cook was the Principal Investigator on the hyperlocal revenues study and led the intellectual output, data gathering and analysis. Piet Bakker offering write up, practical guidance and international data gathering. Kathryn Geels, programme manager for Destination Local provided intellectual guidance, review and edits.



COMET

**Esa
Sirkkunen
&
Clare
Cook**
(eds)

CHASING

SUSTAINABILITY

ON THE NET

Chasing Sustainability on the Net

International research on 69 journalistic
pure players and their business models

Editors:

Esa Sirkkunen, Research Centre COMET, University of Tampere, Finland
Clare Cook, University of Central Lancashire, United Kingdom

Database project lead:

Pekka Pekkala, USC Annenberg, USA

Contributing authors:

Mikihito Tanaka, Waseda University, Japan
Johanna Vehkoo, UK
Nicola Bruno, Italy
Luchino Sivori, Spain

Leader of the project:

Professor Risto Kunelius, University of Tampere, Finland



COMET

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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: Probblogger.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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2.4 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 (Antheume 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 (Smyrnaiois 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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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 *Cyberion*, 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 harks 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 lineup 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 freemium (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 Jaakonon, also produces recipe books and food related games. Hellapoliisi (loosely translated as the Stove Police) blogsite started as a hobby. Kati Jaakonon, 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.

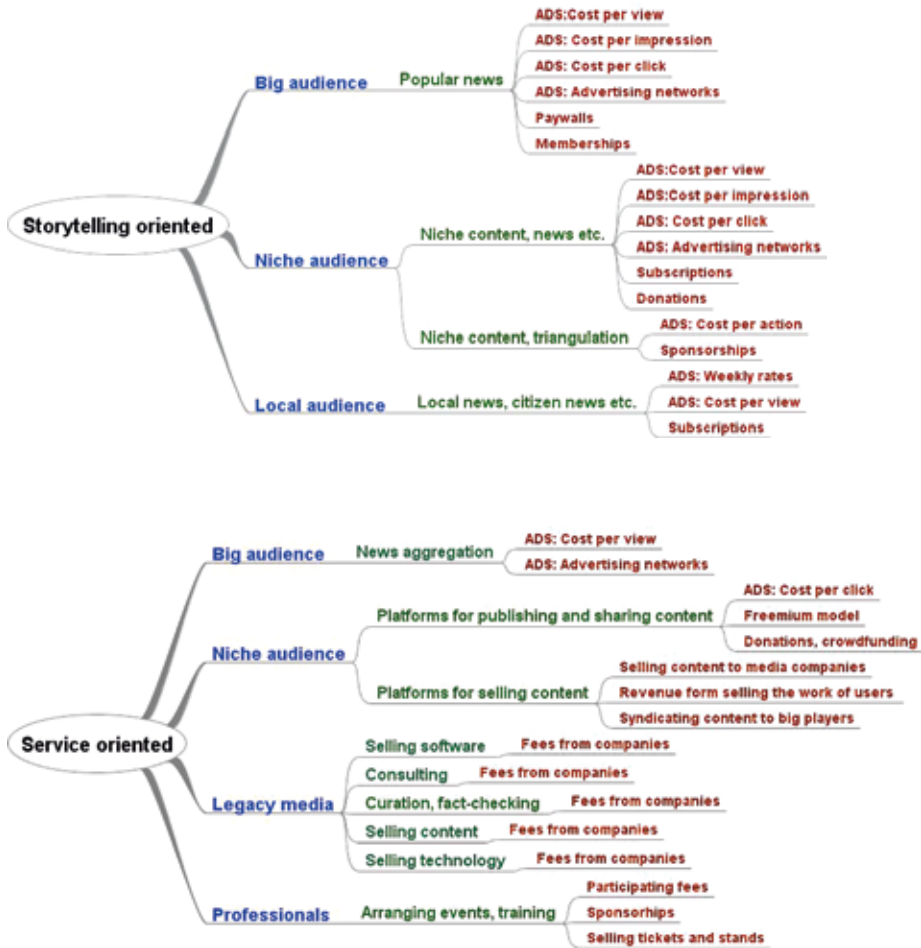


FIGURE 4.1: Storytelling oriented and service oriented business models, their audience/customer profiles, offerings and revenue sources. Illustration by Esa Sirkunen.

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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ABOUT THE AUTHORS

Esa Sirkkunen

Esa Sirkkunen, the coordinator of SuBMoJour, has been working as a researcher at the Research Centre COMET, University of Tampere Finland for over fifteen years. His research interests are in journalism and its transformation, citizen communication and social media. He has written and co-written over 30 reports and articles on these topics. Along with Esa the following journalism students have contributed to the data gathering of the Finnish cases of SuBMoJour: Gyan Dookie, Päivi Kerola, Kiira Koskela, Tiina Kuvaja, Markku Nykänen and Viljami Vaskonen. Researcher and journalist Tuomas Näveri has carried out the two German case studies.

Clare Cook

With more than ten years' experience in the print and periodical press, Clare Cook is now a senior lecturer and researcher at the University of Central Lancashire, the UK's oldest journalism school. She is author of *Social Media for Journalists: Principles and Practice* (Sage 2013) and researches social media practice, citizen communication and media management issues in networked spaces.

Pekka Pekkala

As the former head of development in Helsingin Sanomat, Pekkala helped the largest newspaper in the Nordics to embrace the digital future. They reorganized the newsroom with new CMS, created an online-first culture, built the most popular mobile site in Finland and innovated a \$600.000 a year digital subscription model. Currently he is working as a researcher, writer and a consultant in Helsinki and Los Angeles.

Nicola Bruno

Nicola Bruno is a journalist, co-founder of Effecinque and a former fellow at the Reuters Institute for the Study of Journalism (2010–11). He has written about digital culture and media issues for, amongst others, Corriere della Sera, D-La Repubblica, and Sky.it since 2001. His book on ‘post-journalism’, *La Scimmia che Vinse il Pulitzer* (‘The Monkey That Won the Pulitzer’) was published in Italian by Bruno Mondadori in 2011. In April 2012 he co-authored “Survival is Success. Journalistic Online Start-Ups in Western Europe”, a report on European pure-players published by the Reuters Institute for the Study of Journalism.

Luchino Sívori

He is currently doing a PhD at University of Tampere, Finland, researching on media academic input within policy-making and management processes. He has collaborated in prestigious congresses like RIPE Initiative, ECREA and IAMCR, and written a chapter about Spanish & Finnish academic input in Public Service Media firms in the book *The Future of PSB in Spain*.

Mikihito Tanaka

Dr. Mikihito Tanaka is an Associate Professor at the Graduate School of Journalism in Waseda University, Tokyo. He has spent most of his career working as a biologist and journalist, and currently researches online journalism and science journalism. Tanaka is the co-founder and member of the Science Media Centre of Japan. His work was supported by MEXT KAKENHI Grant Number 23700301.

Johanna Vehkoo

Johanna Vehkoo is a freelancer writer and author of the book *Stop the Press! Tales from the Era of New Journalism* (published in Finnish in September 2011). Her background is in arts journalism but nowadays she mostly writes about the intersections of media, technology and democracy. She is a co-founder of Hacks/Hackers Helsinki.

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.jatko aika.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.efficinque.org
- **Formica Blu** www.formicablu.it
- **fpS media** www.fpsmedia.it
- **Kalpa Limited / China Files** www.china-files.com
- **News 3.o** 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?



What's in a Niche? Exploring the Business Model of Online Journalism

Clare Cook & Esa Sirkkunen

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WHAT'S IN A NICHE? EXPLORING THE BUSINESS MODEL OF ONLINE JOURNALISM

Clare Cook

University of Central Lancashire

Esa Sirkkunen

University of Tampere

ABSTRACT There has been much discussion about a shift from general news towards a marketplace of niche. We have examined the business models of 69 journalistic online-only startups in 2011-12 in ten countries operating a sustainable niche. We correlate our findings against Chris Anderson's long-tail Internet model to explore if it can explain the marketplace of niche journalism. We find that the long tail model goes some way to explain the business model of journalistic content creation. However, it does not allow for the complexities around niche that generate revenues around platforms, selling technology or information on a business-to-business basis.

KEY WORDS business model, journalism, long tail, niche, startups

We have been witnessing a transformation in journalism as an industry and profession over the last ten years. This has been prompted less by changes in technology and user behaviour and more by major economic shifts which are shaping journalism and the media environment all over the world. The recent economic recessions have had a major impact on news journalism production (Nielsen, 2012; Bowman & Willis, 2003). New global actors have emerged as the production, consumption and distribution patterns transform (Wunsh-Wincent, 2010; Newman, 2011) and indeed as a new ecosystem of news (Anderson et al 2012) and new consumption trends emerge (Doctor, 2010, Van Dijk, 2006, Weinberger, 2007).

So far it has been difficult, in some cases impossible, to adjust the mainstream media business models for the digital environment. The journalism industry is facing the same kind of tectonic disruption as has been experienced by the music industry, described as "walking backwards towards an uncertain future" (Nielsen & Levy, 2011, p. 139). Mainstream

media have been faced with a dilemma that has largely resulted in three responses: keep revenue streams and business models unchanged, repurpose an offline business model for the new online environment, or innovate with entirely new revenue streams. Studies to quantify and analyse business models at online newspapers, in the UK for example, have found that online editions still contribute barely a tenth of total revenues, and explains this experimental approach towards business strategy (Herbert & Thurman, 2007; Nel, 2010). Indeed many startups are eventually failing because of “formational myopia” which means that professional newspaper practices with high personnel costs are being transferred into an online journalism environment which cannot support such a high level of costs (Naldi & Picard, 2012). However there are media companies operating online only (also known as pure players) that are carving out a profitable and sustainable business on the net, using new business models. This article examines case studies of sustainable journalism pure players to explore how those business models have emerged and in what way they can be described as a niche. Sustainability is understood here relating to commercial profitability so our focus was on commercially profitable and viable cases. We then map a sample of the case studies onto Chris Anderson’s Long Tail (2006) to explore to what extent the major theories behind Anderson’s model explain the business of journalism sites online.

It is of particular interest to correlate the long tail against journalism pure players as Anderson states that the decline of newspapers “is the most concrete evidence of the disruptive effect the long tail can have on entrenched industries”. The theory was in the 2000s one of the most influential forecasts of the evolving “Internet economy” that was supposed to turn on its head the ways in which revenues can be made on the net. The theory has been transferred as a basis for academic analysis of online newspaper business models (Sylvie, 2008) and in the revenue creation of two social media sites (Enders et al. 2008) among others. In this article we introduce our findings from qualitative research (Sirkkunen & Cook, 2012) and discuss the merits of the theory in explaining niche journalism while contextualizing it amongst wider critique (see for example Curran et al. 2012). This facilitates a conclusion on the problematic nature of conceptualizing the dynamics of an online journalism market.

LITERATURE AND KEY DEFINITIONS

Niche relates to many different fields of discussion. For many within journalism, niche relates to narrow-interest content serving specific-interest audiences. As a remedy for the changing business environment Bowman & Willis (2005) forecast a shift from mass to customised content nurturing and facilitating content creating communities. This shift emerges because of a “move away from unfocused something-for-everyone one-size-fits-no-one news products characteristic of the second half of the twentieth century” (Picard, 2006).

McCombs (2007) frames niche journalism as an opportunity, particularly for local newspapers, to access the connection between the supply of targeted content and the demand for that content “to serve numerous niche audiences with a rich lode of information that largely has been unavailable in the past”. The value in niche journalism is that “nichepapers” build a profound mastery of a tightly defined domain — finance, politics, even entertainment — and offer audiences deep knowledge of it (Haque, 2009). For some, “niche journalism allows you to increase your journalistic power by acknowledging your limitations” (Nichols 2011). Kaye and Quinn (2011) state how news organisations struggling to find ways to build new revenue sources for content increasingly focus on developing niche content which is “narrowly-focused, deep, highly-targeted, exclusive or difficult to find information that will hold great importance with a specific group of news consumers” (p. 102). They discuss at length how the power of “niche and passion content” can form a central strategy for online only sites as well as for mainstream media. Briggs (2012) states a proposed advantage in niche as “targeting a certain segment of an audience either topically or geographically is a business model that makes sense in the world of the web but is far more difficult and expensive through print or broadcast” (p.51). Indeed, the stronger the tie between the niche and the marketable opportunity the better for the publisher (p.54). Grueskin et al cite the need to create news that people can't find elsewhere to make niche work paying closer attention to their immediate community as the “clearest path to adding value” (2012, p.41).

The term *business model* is understood in various ways although there have been attempts to create a meta-model for business models (see for example Chaharbaghi et al. 2003). In the broad sense it can be defined to be the architecture of the value creation, delivery and capture mechanisms employed (Ala-Fossi et al 2011) . Significant work has mapped the potential business models open to media businesses and the general economic concerns of startups (Kayne & Quinn, 2010; Briggs, 2012). Bruno and Nielsen (2012) explore the business model of media startups in Germany, France and Italy. Some studies detail the journalism startup scene in national or local contexts such as the Columbia Journalism Review (CJR, 2012; Radcliffe, 2012). In this article we are using a database and accompanying report which sets out the 69 cases detailed in a country-by-country and revenue-model basis (Sirkkunen & Cook, 2012). Our aim was to identify the business model of the pure players, particularly revenue sources. Business models with their revenue sources are described and explained in more detail in the free database accessible online from www.submojour.net.

We defined *journalistic sites* as those engaged in some way in the act of reporting, or presenting content to audiences, either as professional journalists or in collaboration with users or partners. Journalism was understood freely and relatively subjectively by the researchers, in order to include niche sites acting in some way journalistically. Journalistic identity (journalist or blogger? for example) was less important than the business

model and niche of the entity. To summarise, we wanted to find journalism on the web that was finding a way to survive within the dynamic forces of the online marketplace in the hard competition, in its many forms (Sirkkunen & Cook, 2012, p. 14).

The most prevalent type of sites according to our analysis were categorised as having a storytelling model (Sirkkunen & Cook, 2012, p. 122). Here the creation of content, either original or sometimes in combination with aggregated feeds, was the main purpose of the site. The content – articles or stories – would be pulled together in some kind of recognizable journalistic process and then distributed in some form to audiences. These had the most in common with the definition of niche journalism as set out in the literature. The service orientated journalism is a distinct category in that the niche site operated in some way to offer services, rather than content. Indeed the creation of content for these niches was a secondary purpose to offering some sort of journalistic functionality. In order to be included in the study, the startup had to demonstrate that it was *sustainable*. In practice sustainability meant that most of the sites included have been profitable for several years, many of them have a history over 5 to 10 years. It was difficult to uphold an objective assessment of sustainability given the geographic spread and market differences. We did not include, for example, grant funded non-profits that are still seeking their business model in this study. However some non-profits are included because of their versatile and viable funding sources and their longevity.

In this article, our discussion of niche markets is applied to Chris Anderson's *long-tail statistical Internet economic model* (figure 1). Anderson (2006) argues "that culture and economy are increasingly shifting away from a focus on a relatively small number of hits at the head of the demand curve and moving toward a huge number of niches in the tail" (p. 52). We use this framework to move towards the parameters needed to define niche journalism.

We are using Anderson's long tail as an analytical and heuristic tool for discussing the changes taking place in the market because it details a fundamental comparison between traditional business models, here mainstream media, to those of internet-based publishers, here niche journalism pure players. The original example used by Anderson compared online music retailers with traditional bricks-and-mortar retailers such as WalMart, just as we compare online journalism to traditional bricks-and-mortar publishers.

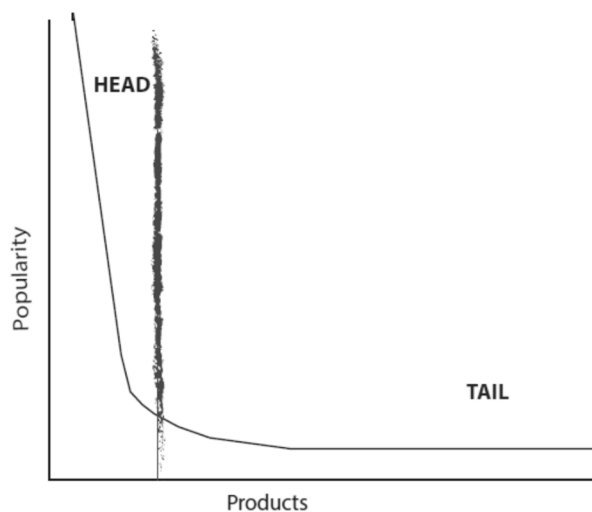
Anderson (2006) proposes three main forces producing a marketplace of niche. The first is called the democratization of the tools for production. He states the impact of this to be a population of content creation at a pace never before seen (p. 65). In journalism practice, this means that "everyone is a media outlet" in a process of mass amateurization (Shirky, 2008, p. 55–80). The business of journalism has had to respond to shifting patterns in citizen journalism, user-generated content and participatory journalism (Douglas, 2006; Goode, 2009; Foust, 2011; Wardle & Williams, 2010; Singer et al. 2011) because "the available universe of content is now growing faster

than ever” (Anderson, 2006, p. 54) thanks to “those people formerly known as the audience” (Rosen, 2006). This puts traditional media at the head of the market, but now only one force among many competing influences (Meraz, 2009).

The second force named by Anderson is a democratization of distribution through internet, social media and mobile connections that allow everyone to distribute the news. Online and social media facilitate reaching consumers, in theory making large markets open to the masses. Anderson states how the “Internet has dramatically lowered the costs of reaching consumers” (2006, p.55) a concept receiving much academic and industry attention (see for example Newman, 2011; Willemsen et al. 2011; Hermida, 2010).

Anderson’s third force is connecting supply and demand – lowering the search cost of finding the niche content. He frames the ways in which consumers now find it easier to find what they need, and are thus encouraged to go further into the niches to find what they want. Studies have shown that “easy” participation – sharing of existing material, such as links (De Maeyer, 2010) and media that often originate from traditional media sources, enabled by new technology - is the norm (Goodier, 2012). The Internet makes searching easy and cheap, and affects product usage (Brynjolfsson et al. 2011, p.2).

Figure 1 Chris Anderson’s long tail model illustrates a marketplace of hits at the head and a marketplace of niche in the tail



Methodology and Data Collection

The aim of the data gathering was to evidence what sustainable online only journalism websites exist in ten countries over the course of a year. The cases were chosen in order to collect a rich variety of revenue sources and

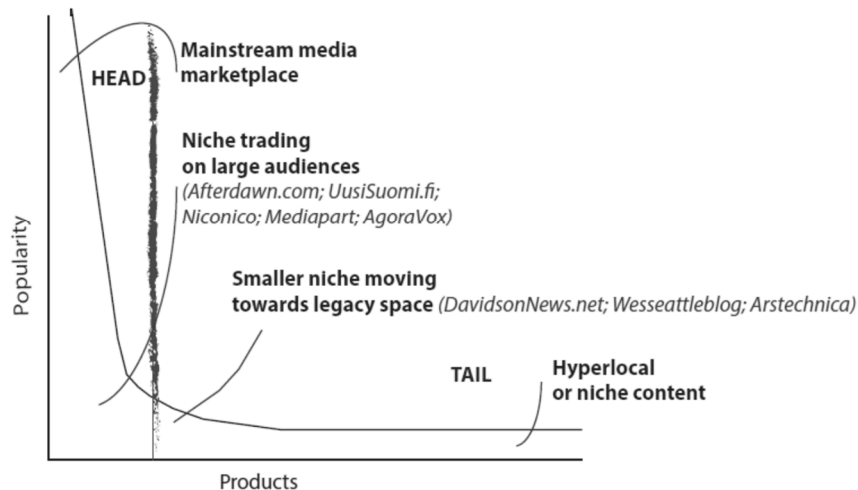
business models, not to represent the field or its revenue models statistically correctly (Sirkkunen & Cook, 2012, p.12). As such, it was in the quantity and quality of sites included in the study and their geographic range that offered the best empirical evidence of emerging trends in the evolution of niche models. The project was funded by the Helsingin Sanomat Foundation. Data was collected over 12 months by a team of seven primary researchers. Each researcher aimed to contribute ten case studies. The researchers were chosen for their expertise in the field of journalism and their knowledge of the startup scene in the particular countries (America, UK, Japan, Germany, Slovakia, France, Italy, Spain, Ireland and Finland) as the study relied on this input to offer suggestions for inclusion.

The primary research methods were semi-structured interviews and a questionnaire. For the questionnaire design, we drew on an existing model created by problogger.net from October 2012 that depicted the ecology of revenue streams used by bloggers (Prologger, 2012). We added further categories: company overview, staff, costs, revenue models (advertising, services, sales and other) and qualitative questions on sustainability. During the project, researchers found it difficult to source exact figures, for example, the yearly revenue. In these cases a general figure was agreed and submitted. Attempts were made to cross reference the revenue and staff size with other web-based information on the case study. The researchers pieced together both the financial structures and unique value propositions of these entities using the interviews and secondary research. We then categorised those pure players into broad types of journalism: storytelling and service orientated. In the following we re-analyse our data in order to take a closer look and to make better sense of how the market is evolving.

FINDINGS: FROM CHASING HITS TO SMALL NICHE ENTERPRISES

The pure players operating towards the market head operate a business model that is predominantly biased towards chasing quantity of audience – a large number of hits (figure 2). The revenue streams include most importantly advertising dominated by the CPM (cost per mille/ cost per thousand viewers) model. Indeed display advertising was the most common revenue source which steers sites towards bigger audiences and towards the head. In some cases other revenue streams like subscriptions as well as some diversification into ecommerce and print publications (and accompanying display revenues) were identified. There were also often similarities in structure to legacy media. Sites correlated into this grouping were still deemed to be operating a niche, however, compared to legacy media. In some cases this was based on size, as the number of unique users on these sites was often less than a tenth compared to legacy players in the same countries.

Figure 2 Storytelling journalism sites occupy the model to support the theory of niche marketplace



To give some examples of this group, Afterdawn.com based in Finland generates a revenue of around €605,000 a year through advertising around niche tech news, software downloads, reviews and guides to a target audience interested in digital gadgets. Most of the personnel works in Finland but its main market is the English speaking world, the Nordic countries and the Netherlands. Another Finnish case UusiSuomi.fi generates revenues of €886,000 a year covering national news, politics, with prominent bloggers creating conversation. It was launched in 2007 and has made heavy losses during its existence but has been able to attract enough investors to continue. The revenues are made through advertising, selling content and maintaining a blogsite for companies. UusiSuomi.fi had a staff of seven journalists in 2011.

Chasing the quantity of audience was not the only way to seek sustainability. In other cases the niche was in creating different content: either exclusive stories, content that was more citizen orientated, content which made use of new technology or delivery mechanisms, or in challenging the ideological stance of mainstream media. A giant of a kind in our sample is Niconico in Japan which has adopted a freemium model (some free content and other at paid access), turning profits since November 2010. In September 2011 they had 24 million free-account users, 1.4 million subscribing membership users, and 6.9 million mobile account users. Sales in 2010 were worth around €6,79 million and operating income about \$8,55 million. Niconico and Niconico news is classified here as a niche journalism website in its functionality: unlike other live video streaming sites, comments are overlaid directly onto the video, and are synched to a specific

playback time. The unique technology gives the audience a way to join in with the video experience in real time.

However, it is important to note that the sustainability of sites operating in this grouping was more questionable as they were rarely completely independent of legacy media. For example, Mediapart based in France has 58,000 subscribers on a €9 a month tariff. It faced criticism of being a replication of offline when it accepted a €200,000 government donation. Several of the staff worked at major titles such as *Le Monde* and *Liberation*. Yet the director Edwy Plenel has campaigned for recognition as independent of political interests. It trades on exclusive content and investigative scoops. AgoraVox is one of the most prominent examples of European citizen journalism. The yearly revenue of AgoraVox in 2011 was €300 000, generated by advertisements and donations, with a staff of five paid workers and 67,000 unpaid content creators. It is a non-profit organisation based in Belgium which built its reputation as distinct from mainstream during elections in 2005 and 2007 for a more fuller and accurate representation of public sentiment. However its business model is made tenable by its place within the umbrella Cybion consultancy agency.

The revenue models in this grouping concur with Bakkers for publications specializing in high-quality news distributed to mass audiences through aggregation services and no-pay or low-pay news websites (2011). It states: "When skilled professionals produce unique content that is highly valued by an affluent audience, an online news business model will include paid access and high advertising rates." Correlating the case studies further down the tail, we found sites who were operating a thematic or geographic niche but who were mirroring mainstream media in some ways. These were usually smaller operations compared to legacy media but who had the potential at least to fill the gaps in provision facilitated by the retreat of legacy players. Examples include DavidsonNews.net, founded in 2006, which is growing and expanding to another city. It employs the editor and founder David Boraks in Davidson and another writer in Cornelius, North Carolina. They have four paid freelancers and five to six community contributors. The site is profitable with a revenue of more than \$100,000 and 75 per cent of revenues comes from display advertising on monthly rates. TheBatavian.com was founded in 2008, and offers news and information about Genesee County, Michigan. It employs founder-publisher Howard Owens and his wife, editor Billie Owens. They also have two freelancers writing stories. The revenue comes through ads, either priced on a monthly or daily basis. WestSeattleBlog was founded in 2006, and 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 sell monthly flat rate advertising and expect to launch a classifieds service soon.

American ArsTechnica is a tech blog. Ken Fisher, the founder of the site outsourced ad sales in order to concentrate on producing content, a move he cites as being integral to the blogs success as a niche in a highly competitive field. ArsTechnica moved from early CPA (cost per action) systems to CPM

(cost per mille) and Federated Media is responsible for ad sales, tracking ads and inventory, paid as a percentage of the revenues generated. ArsTechnica's strategy was to concentrate on increasing the quantity of readership (moving up the tail). Fisher cites the need to understand the marketplace and defines niche as finding something that makes a publication special. Towards the flattest part of the tail we found those sites which, for the most part, generated much smaller revenues and were often small operations of one or two staff. In the field of hyperlocal pure players, they offered original content made mostly by professional journalists. Most of the cases in this grouping are based in small communities in the UK and US and most of them are funded via advertising. Some operate in more affluent neighbourhoods (for example Alderley Edge in the UK) in order to raise higher revenues from more lucrative advertisers.

For example, Finnish sports site Urheiluviiikko is specialized in making and aggregating sports news in Finnish, connected in turn with betting functionality. The main source of revenue is advertising paid mainly by international betting companies. The advertising is charged by CPM-model and cost per action. Urheiluviiikko has created a sustainable niche by intertwining the content of the site and interests of advertisers. A peculiar phenomenon in terms of niche in the Japan cases is pay mail magazine services such as Magmag or Yakanhike are popular. These are an email by one favorite journalist or correspondent which is sent weekly including confidential reports or celebrity columns. These are charged at around €5-8 a month.

The business model here supports much of the literature on niche journalism, as set out earlier. Moreover in their study of the hyperlocal media sustainability, Kurplus et al. (2012) found content focus to be a primary form of differentiation from other media sites in its area, in some cases geographic. However they also identified news-gathering structures to be a further differentiation point and evidenced some sites creating value in less traditional ways. "While all of the sites create some unique value, differentiating their content may not be enough to garner attention from the people who control capital. The barriers to developing a competing site are low, and it is unclear whether the differentiation can attract a large enough audience to be commercially viable." Our findings seem to strengthen this at least to some extent in the US and UK as the small local or hyperlocal sites are often operating with small budgets and staffs.

The startups offering original customized content could be applied to the long tail concept evidencing a rich and diverse variety of pure players to exist as Anderson predicts. There was a wide range of propositions of what it meant to do journalism. Closer examination allowed for identification that all operated in some way as a niche, although the definition of that niche varied. We found sites that seemed to be following the rules of Anderson's market head: they operate a business model that is predominantly biased towards chasing quantity of audience – a large number of hits – but were still considered to be niche as they challenged mainstream media. We then found sites that were niche in that they were operating a thematic or

geographic niche but who were mirroring mainstream media in some ways. Towards the flattest part of the tail we found sites which, for the most part, operated small topics or areas of interest and generated much smaller revenues with small operations of one or two staff.

Neither the groupings nor their placing on the long tail is intended as a definitive mapping of the cases in our study, but is rather an attempt to visualise the similarities which appeared under analysis of the business models in this category which we named as storytelling. It is worthy of note that a rich variety of content available does not necessarily open up lucrative markets for startups. According to Freeman (2012, p. 90) “the “long tail” thesis is evidence not so much of an equalisation of power in the cultural marketplace but of the internet’s capacity to act as a much more efficient and expansive storage system. According to Freeman there is no evidence that the circulation of niche goods would be based on a different market logic than the mass model which was based on producing blockbuster hits. In other words the niche economy seems to follow the same patterns towards concentration and the need for accumulation (Freeman, 2012, p. 90). It seems that the long tail model underestimates the power of mainstream media organisations. Close to the head, new entrants can survive, but we did not find pure players competing on the same scale as mainstream media. This concurs with Bruno and Nielsen (2012) for example who say the market for online news content continues to be dominated by legacy media organisations.

Indeed according to Curran (2012, p.7) the democratizing effect that Anderson proposed has not come true. According to Curran the internet has not created a level playing field between small and large enterprise because big corporations have greater economies of scale, generally greater economics of scope, and concentrations of expertise and resources that assist the launch of new products and services (Curran 2012, p.7). In this way, the established major news organisations are attracting more and more of the audience - the big are becoming bigger and growing faster than the small ones. Big corporations can undermine under-resourced competition by temporarily lowering prices and by exploiting their marketing and promotional advantage. In addition, they can “buy success” by acquiring promising young companies - the standard strategy of conglomerates (Curran 2012, p.7).

FINDINGS: SERVICE-ORIENTATED JOURNALISM SITES

In our analysis of the case studies, we grouped some journalism pure players into a second category, which we called service-orientated business models. These sites focused more on elements of journalism service than content creation. This ranged from multimedia functionality to social media filtering and correlates with the definition of niche as service propositions that are not solely striving to maximize their audience share by offering mainstream news. The trend for this type of site could be considered to be growing as many of the case studies included were launched in the last four

years. The distinction between storytelling and service-orientated models has been supported by policy-oriented work relating to niche journalism done by organisations such as the OECD which frame how, in the new online news value chain, there are a large number of online news actors and intermediaries and a number of new distribution modes and technologies to consume the news. (OECD 2010, p. 52).

The service-oriented sites were harder to correlate against the long tail as the content or entity created existed on these sites as a wider strategy to sell other services or products, and as part of a complex relationship with mainstream media. Of note Audioboo, is a mobile and web platform that allows users to record audio and share it easily. Its key strategy is to see itself not “as an Internet disruptor: we want to work closely with and complement existing media models in news and new areas. We want to work with big corporations to see what we can offer to those companies who already have significant audiences.” (Rock, 2012)

In the field of the citizen content sites there were ten cases in our study. Advertisement based revenue sources were common also in this group but there were also services that were brokering citizen-produced content to mainstream media. Citizenside aims to create a niche through a large community of amateur and independent reporters. Citizenside was launched in France in 2006 and has 70,000 members in 150 countries. The site relies on three main revenue streams: a revenue share with users from selling their work to mainstream media, and exclusive one off direct sales to media outlets (both trade at the head of the long tail). Other revenues include sales from additional services and advertising.

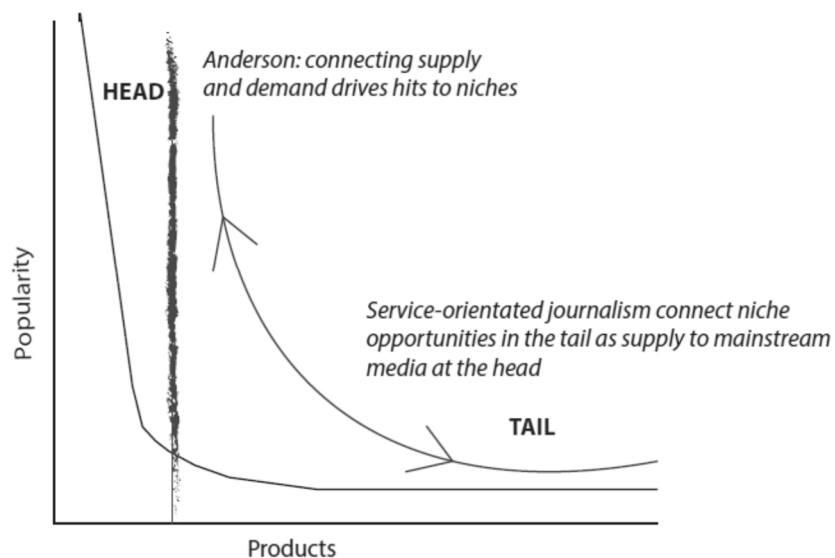
Demotix was launched in 2009 in the UK and has 6500 contributors creating a niche as a citizen journalism newswire. In 2011 it signed a deal with Corbis to distribute the best images to its clients worldwide. CEO Turi Munthe cites the irony of selling to mainstream: “I am going to have to overtake them – that is when this gets interesting. It does not escape me that I am selling to a dead tree organisation and am dependent on how much people pay for it at source.” (Munthe, 2012) OurPlanet-TV in Japan was also found to have sustainable revenues thanks to producing programmes for legacy media and through donations. It offers original online video programmes as a type of niche journalism.

In the genre of technology, there were several niche cases generating revenues selling technology to other publishers. UK based Blottr 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 uses Blottr's technology to build a community around the world's leading surgeons. Irish Storyful, created in 2010, sells verification of the social web to mainstream media. They sell news products and professional services to news companies and media organisations including YouTube, Google, New York Times, France24, Channel 4, ABC Australia, and The Economist – publishers which would be mapped at the head of the market. Tweetminster from UK curates content around news and opinion on Twitter. Its niche is to make sense of what is important to people and

organisations. It gives numerous feeds, such as politics, away for free but then syndicates services to mainstream media. UK based Scrapperwiki operates a niche selling the service of data scraping. It operates a freemium model by offering free services funded by private, business and corporate accounts. It is a data hub, a place for collection of information into a database which is then turned into a form that other people can use. The business is journalism “software as a service.”

It was concluded that this genre of service-orientated niche could not be fully explained by the three forces set out by Anderson. The force for the connection of supply and demand, for example, which drives business from hits to niches falls short of fully describing the marketplace of these service-orientated niche. These case studies evidenced how niche service-orientated sites fed back into mainstream in order to fatten their offering. Their business was more about existing in the tail but selling back towards the head of the tail where the monetization of a larger number of hits could take place, rather than relying on a downward force from hits to ever smaller niches (as illustrated in figure 3).

Figure 3: Service-orientated journalism expose an additional force as niche sites connect to mainstream



DISCUSSION: A STUNTING FORCE TO THE BUSINESS OF NICHE JOURNALISM?

Anderson suggests that the economic value in democratising the tools of production is in the vast marketplace that is now open to anyone on the Internet. He proposes that anyone can reach a huge market and this in turn

translates to more consumption and a force which in effect fattens the tail (2006, p. 55). When considering the responses from our case study interviews, we found evidence to suggest this was an oversimplification of the marketplace environment being experienced by niche sites in both storytelling and service-orientated categories. Some interviewees suggested the potential to upscale their offering was in fact challenged by several other factors, which in effect limited the fattening potential of the tail, as a stunting force. It represents the principal challenges cited by our participants who had not been able to upscale their operations. At its extreme, the force prevents niche journalism sites from achieving sustainability and would result in closure, to concur with findings that most startups fail to survive (Bruno and Nielsen 2012, p. 55). The factors feeding into the stunting force include dominance of mainstream media, a great amount of content competing for attention and market forces lowering ad prices.

Many case studies from the US and Europe, especially those sites within the storytelling group, operated with low-cost small teams. The stunting element here is to face a cycle of wanting to invest in more staff in order to grow but not having the revenues to sustain the investment. Most reported a key element of profitability was to do almost everything by themselves and believed that their success was tied to quality content. When asked about the profit and where it goes, usually the answer is “better content, more writers”. Of note, all the financially successful publications paid their freelancers and staff. None of the US cases ran solely on citizen contributions or content that was written for free. Some have unpaid community contributors, but none say 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, 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 a limited percentage of the revenue goes to the newsroom staff. This willingness to invest in the better professional quality of journalism counters Bakker (2011) citing that the dominant logic of online news is “to go for a low-cost model with a focus on aggregation, user-generated content and contributions from volunteers”. Our findings seem to imply that the major part of content-based, storytelling-model startups trade knowing that the content they are producing has to create more value for the users and the society as a whole (Picard 2010).

Many interviewees cited the need for more business skills. In theory at least, this lack of business acumen would negate the potential forces working to fatten the tail in seeking financial sustainability. There was a significant bias towards the time managers spent 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.” Craig McGinty has run *ThisFrenchLife* as a sole trader since 2003.

He cites the need to cross pollinate between editorial and business opportunities in order to survive. That includes noticing content in editorial that could spin off into business ideas or revenue streams such as consulting, specific themed advertising, more lucrative affiliate schemes or partnerships.

Interviewees also identified limitations in their capacity to generate revenue from advertising. A common feature in the hyperlocal advertising in the US and UK was that the advertisers wanted to use time-based costing. There were also issues cited in convincing advertisers about the value in their offering. Richard Jones, freelance journalist behind Saddleworth News, cites: "Despite my site's reach...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) As a result, many niche journalism sites (particularly smaller operations) diversified their revenue streams to avoid relying on any one source. The range of revenue being used was usually more varied for the smaller sites. Others cited wider economic environment structures which act as a stunting force. In Finland, legacy media pay less VAT than pure players operating solely on the web. This was the same in France, where the printed press were given a heavily reduced 2.1% instead of 19.6% paid by online news players, until a lengthy campaign was mounted by a representative organization for online-only sites, Le Spil.

CONCLUSIONS

An examination of the business models of 69 journalistic online-only startups in ten countries deemed to be operating sustainably evidenced a diverse marketplace for niche journalism. The cases were categorized into storytelling and service-orientated business models. The storytelling group included sites whose primary focus was content – articles or stories - in some kind of recognizable journalistic process and then distributed in some form to audiences. These had the most in common with the characteristics of niche journalism as set out in the literature. The service-orientated group is a distinct category in that the site operated in some way to offer services, rather than content. Indeed the creation of content for these startups was a secondary purpose to offering some sort of journalistic functionality. Correlating the storytelling sites to the long tail we found the major forces to hold true however as an oversimplification of the niche marketplace. Firstly, according to our findings the existence of a long tail of journalistic startups varies country by country: for example in countries like Finland in which the legacy media still dominates the journalistic content production on the web the startup scene in making news journalism is rather poor and stunted and the marketplace at the head - the top five of most popular sites - seem to be growing with faster pace than the smaller ones (Ministry of transport and communication, 2011). Bigger markets as in the US and UK are more elastic and able to make room for a wider range of journalism niche. For example in the US market the problems that mainstream local

or regional press have faced are giving room for local or hyperlocal journalism. However in order to understand the variations between national and global markets one should also study more media systems (Hallin & Manchini, 2004) on national and global levels. It is apparent that Anderson has used the US market as a model and generalized that in the global scale. All in all the ideas about free content (Anderson, 2009) made by everybody (Shirky, 2008) available on a long tail of supply (Anderson, 2006) don't necessarily apply to the present state of professional journalism. There are still gaps and bottlenecks.

Secondly, there is significant influence still from the mainstream media, which has a very strong position on the net in many countries for various reasons. As discussed, the dominance and strength of mainstream media in terms of market share is not explained by Anderson. Among other factors, there is a great amount of free content competing for attention of the users and a wide compendium of market forces at play. For example, the lowering price of advertising caused by algorithm based advertising is one important market based factor which keeps earnings of the startups small. Another market factor is that there has not yet been effective development of revenue sources that could compensate for the diminishing revenues coming from advertising so that the small startups are barely surviving, not growing as the long tail model would require.

In terms of service-orientated niche journalism, these sites could not fully be correlated to the long tail because many sites are in supply to mainstream media as well as smaller outputters. "The spectrum of the exchange of value between individuals and organizations is enormous and highly graduated—there is now an institutional imperative to get good at developing partnerships, formal and informal, that have become possible in the new ecosystem" (Anderson et. al. 2012). It is evident that some of the pure players have become part of the ecosystem around mainstream media, not a part of niche journalism based on small audiences. We claim that there are in fact two drivers, fragmentation of audiences visible in the long tail and new ecosystems building in the head to maintain the hegemony and brand value in the very competitive market situation. The mainstream market consolidates its position in some instances by buying the niche outlets to reach new audiences as Curran stated earlier in this article. In this way our findings are slightly contradictory to the predictions according to which the niche-based journalism would eventually beat the mainstream media as Anderson seemed to imply. We did not find this kind of development.

All in all the variety of niche forms exposes the oversimplification of the long tail model: niche in storytelling and service-orientated journalism took some startups are dependent on the mainstream media, others are complementing it, others competing and others doing something unique. The way these startups often work their way ahead is by building up a business model and not having to break one down. Combining and adapting different revenue models so that a startup can serve both markets - producing content and services for the mainstream media and publishing

niche content on their own site - is one way these startups seek sustainability in a highly competitive market situation. Here we see how the markets are setting the conditions for the use of technology and making journalism, not the other way round.

So what is in the definition of niche, indeed? According to our findings niche is not limited to narrow-interest content serving specific-interest audiences. Rather, niche could also be defined by customized content and service propositions that move beyond a maximization of audience share from mainstream news offerings. To conclude, we need to develop more nuanced and analytical theoretical concepts to describe the evolving market dynamics in online journalism and the networked economy in general.

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https://docs.google.com/spreadsheets/viewform?hl=en_US&formkey=dFEwUHVVSm9ZaE9wVFRPNIVKNllyMVE6MQ#gid=0

Author(s) contact details:

Clare Cook, Media Innovation Studio, University of Central Lancashire
cecook@uclan.ac.uk +44 1772 895 969.

Esa Sirkkunen, Research Centre COMET, University of Tampere, Finland
esa.sirkkunen@uta.fi. +35 8407 680 323.

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Nesta...

HYPERLOCAL REVENUES IN THE UK AND EUROPE

Mapping the road to
sustainability and
resilience

Clare Cook, Kathryn Geels and Piet Bakker

July 2016



DESTINATION LOCAL

Destination Local is Nesta's programme of work supporting hyperlocal media, as part of our wider digital arts and media remit. The aim of the programme is to understand the potential for and stimulate a diverse and sustainable UK base of hyperlocal media services that create public value. Between 2012 and 2016 we have been supporting this nascent sector through a mix of traditional grant-funding to a number of innovative hyperlocal media projects and services, with much needed primary research into key aspects of the sector, and steering policy debate with policymakers and the wider media industry.

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HYPERLOCAL REVENUES IN THE UK AND EUROPE

Mapping the road to sustainability
and resilience

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FOREWORD

During the past few years, Nesta and other strategic organisations have published research and delivered a range of resources to directly support hyperlocal media publishers to innovate their service. While there are a growing number of examples of innovative and dynamic practice, and an increasing relevance of hyperlocal media due to the shrinking footprint of traditional local print and broadcast media, our research highlights key challenges concerning sustainability (financial as well as human resource), growth and ‘findability’.¹

As the sector continues to grow and becomes more diverse - in regards to the types of businesses and services that are producing content, the type of content being produced, the means through which content is being distributed and the ways in which local audiences are accessing and engaging with content - a more robust examination of how publishers are monetising their services is necessary. Therefore, this study undertakes an analysis of current and emerging revenue streams and the digital technologies facilitating these - the findings of which will help publishers implement positive changes to their own service.

This research is aimed at online-first (but not necessarily online-exclusive) hyperlocal practitioners in the UK and in Europe, for them to use the findings and guidance to improve their ability to provide news and information to their local communities for the long term. It also provides evidence and recommendations to wider industry and policymakers in Europe in order for them to better support hyperlocal media, in regards to aspects such as the Digital Single Market, tax regulation especially in regards to organisational structure, and regulation of other areas of the digital and media sectors.

SUMMARY

- This research explores the revenue models of 35 hyperlocal publishers from Europe.
- It includes services from the UK, the Netherlands, France, Belgium and Sweden as these are territories with a similar hyperlocal media landscape in regards to growth, challenges and innovation.
- The report takes as a starting point that hyperlocal media services are often on different trajectories and explores the sector as a messy ecosystem made up of imbalanced interdependencies.
- In particular, the report's focus is on the revenue streams being used by hyperlocal media services and explores the pockets of success.
- We present services that are viable (services are fulfilling a demand or perceived need for content) sustainable (able to sustain a flow of content to meet that need over time, and likely to draw some 'money' as a wage) and resilient (can sustain a flow of content and make profit, or grow/scale).
- The report sets out an overview of the business structures being used by the 35 services.
- Income of hyperlocal media services has been categorised into four bands for analysis: Those earning less than £25,000; £25-100,000; £100-250,000 and those earning more than £250,000.
- Viable, sustainable and resilient hyperlocal publishers are diversifying their revenues and do not rely on one revenue source, resulting in substantial income differences.
- The 35 services leverage very close relationships with advertisers and other businesses and play a particular role in the sharing economy.
- Display advertising is the most dominant form of advertising with graphic design done in-house.
- There is little use of Google AdSense due to insignificant revenues or clashes with editorial content.
- Native advertising or sponsored content is sparking increased interest and some lucrative revenues.
- There are opportunities for hyperlocal media services to leverage values from classified and directory listings.
- Developing mobile advertising is in its infancy, yet mobile is an important way to reach audiences.
- There is resurgence in the interest of print as it plays an important role in discoverability and sustainability of hyperlocal media services.
- Crowdfunding is a valuable revenue for specific projects and campaigns.
- Several services are seeing membership and donations as beneficial acts of support.
- There is a high use and reliance on volunteers and they can be used creatively and to great effect as a resource, which contributes to revenue models as it results in low costs for content production.
- The report highlights innovations and best practice to encourage experimentation among practitioners.

SECTION 1

INTRODUCTION

To date, Europe hasn't benefitted from a comprehensive investigation on the current and emerging revenue streams available to hyperlocal publishers, especially with the continued convergence of content and digital technology. This study examines a broad range of hyperlocal services and pure players from across Europe, to inform hyperlocal publishers about the different methods and strategies available to them, so they can develop a more sustainable and resilient service. It responds directly to recommendations that call for business models to be 'further analysed so that lessons learned from these case studies can inspire, and inform entrepreneurs and other publishers'.² It includes:

- An overview of the hyperlocal ecosystem, including a country-by-country analysis.
- An overview of the different legal business structures available to hyperlocal media services, including the potential advantages and limitations of these.
- An analysis of current and emerging revenue streams being used by hyperlocal publishers, with a focus on 35 case studies from Europe.
- An assessment of which of these are most feasible, reliable or lucrative.
- An examination of changes to the wider advertising and online transaction industry.
- Emerging trends and innovations in revenue creation and capture in and beyond Europe.
- Recommendations for policymakers, industry and hyperlocal publishers in relation to gaps, opportunities and areas of growth.

HYPERLOCAL DEFINITION

Nesta defines hyperlocal media as 'online news or content services pertaining to a town, village, single postcode or other small, geographically defined community'.³

As the sector evolves there is recognition that so too must the terminology to describe it. Media services are increasingly diverse and include varying geographical reach, publication type, purpose and content. There is really no such thing as a typical hyperlocal media service and it is constantly evolving. So often it is defined by the voice, audience and the purpose of the community being served, making it difficult to talk about hyperlocal media as a single homogeneous sector. Hyperlocal content can be found across all kinds of platforms, and caters for a wide range of different audiences, but common characteristics can still be identified. Revenue streams have been a driver in this: findings here suggest independent community publishers have turned as much from online to print products for revenues as they have data or curated content.

THE APPROACH

We selected 35 case studies that met the definition of hyperlocal in some way. We included services from the UK (13), the Netherlands (12), France (6), Belgium (2) and Sweden (2) as these are territories with a similar hyperlocal media landscape in regards to growth, challenges and innovation. With Europe's shift towards a more cohesive Digital Single Market, this provides greater value to the wider European hyperlocal media sector by surfacing good practice from close by.

From our own expertise and previous research we selected a diverse range of hyperlocal media services: smaller and larger operations, services in villages and cities, chains and one-person operations, established and new operations. As such this is not a representative sample. This approach has also been used in similar international journalism business model studies.

The data gathering took place in autumn 2015. A content analysis of every case study was carried out. We established whether the service was online only, active in print or broadcast media as well, what their social media (Twitter, Facebook, Instagram, YouTube) footprint was, how many times new content was published, and the type of content published. The amount of advertising on each website was also examined.

Semi-structured interviews with every case study were also carried out. These consisted of four different parts:

1. Company structure (launch date, main objective, content strategy, sources of content, business structure, staffing, costs, revenues, technical website information).
2. Audience (engagement, analytics, website traffic).
3. Revenue streams (types of revenues, advertising, sales, partnerships, donations, events, marketing).
4. Final considerations (recommendation, knowledge gaps, challenges, opportunities).

The report takes as a starting point that hyperlocal media services are often on different trajectories. Therefore, in order to pass on the most value to other publishers, we present services that are:

- **Viable:** These services are fulfilling a demand or perceived need for content.
- **Sustainable:** These services are able to sustain a flow of content to meet that need over time, and likely to draw some 'money' as a wage, cover expenses of contributors, and/or cover costs of equipment, web hosting printing etc.
- **Resilient:** These services can sustain a flow of content and make profit, or grow/scale.

We have explored a range of forces and factors – both external and internal - affecting hyperlocal business models. Rather than reinventing the wheel, a 'toolkit approach'⁴ has allowed us to compile successful strategies, thus highlighting best practices and demonstrating a way forward. However, given the variance of research into this sector in each country, there are instances of limited knowledge evidenced here, in particular relating to revenues streams.

Drawing on what we understood from the cross-continental analysis, the hyperlocal matrix (see Table 1) sets out the wider forces at play that could affect the business model of a hyperlocal media service from the outside. We then undertook a detailed examination of business practice and revenue streams being used by hyperlocal media services and assessed their potential impact on economic resilience. Finally, areas of development in revenue models have been presented for hyperlocal publishers to assess the potential of what we know to be emerging trends.

SECTION 2

THE HYPERLOCAL ECOSYSTEM

A messy sector

The independent hyperlocal media sector is a messy ecosystem. Messy in the sense that there is little homogeneity in the production process, and there is much variance in business strategies and objectives. There is little consistency in terms of goals or exit strategies: some want to diversify their production or adapt their offerings, others want to scale or capture new revenues. This should not come as a surprise given that this type of media serve communities and their needs, which will inevitably differ considerably, particularly when an international comparative approach is taken.

We can say with some confidence, however, that the sector offers many characteristics of an ecosystem: interdependencies between people and partnerships in the local setting that are dynamic and imbalanced. A key concept is that it is a system of cooperation and competition, where players and roles can change over time and the potential of a service to be viable, sustainable or resilient will depend for an important part on its relations within the ecosystem.

“It is messy - local news can be served better than the past but it will be an eclectic range, different from the traditional news ecosystem, and playing off of that.”⁵

“Messy in the sense that different communities will do things differently. There will not be homogeneity. Some communities will have a thriving community of journalists, geeks and bloggers covering local politics, local schools, and weekend fêtes. And they will do it in whatever way makes sense to them and what works for their community. Other communities will have very limited provision. It is these gaps in provision we should be worrying about.”⁶

“Digital-savvy journalism entrepreneurs operating at different scales and levels of intensity and in a variety of genres and formats are now a standard feature on our news media landscape and they make an essential contribution to meeting the critical information needs of our communities.”⁷

The landscape

1. Audiences value and are increasingly interested in news and information relevant to their local area/community, especially due to the take-up of mobile devices.⁸
2. A diversity of partnerships is forming between media services - with some hyperlocal publishers forging relationships with one another while others are working with public service broadcasters or legacy publishers to leverage an opportunity.⁹
3. Competitive funding exists to bolster hyperlocal media innovation, such as the 2014 Nesta and Innovate UK (formerly Technology Strategy Board) £2.4 million demonstrator projects initiative, or the French Ministry of Culture and Communication's €1 million call for projects for proximity media. Although the results and impact of these have yet to filter down into day-to-day operations.
4. Analysis has found that national, established and resource-rich media platforms have a stranglehold on search engine results making it hard for independent local publishers to be discovered.¹⁰
5. World Press Trends¹¹ (WPT) reports high Internet penetration in all of the countries included in this study. In the Netherlands, Sweden and the UK around 95 per cent of the population is using the Internet, with 86 per cent in Belgium and 84 per cent in France.
6. Internet advertising is rising, with 47 per cent of the €14.7 billion total UK spend on advertising in 2014 being on Internet advertising, 28 per cent of €9.9 billion in France, and 37 per cent of €3.4 billion in the Netherlands. (No recent data from Belgium or Sweden was provided in the WPT Database.)
7. The average number of hours spent online per day from desktop (and mobile) in Sweden is 4.2 (1.4), the UK 4.1 hours (1.6), France 4.1 hours (1.4) and the Netherlands 3.7 hours (1.4).¹² (No recent data from Belgium was provided in the WPT.)
8. In 2014, UK Internet users spent 1.6 hours per day on social media, in France this was 1.7 hours, in the Netherlands 1.3 hours and Sweden 1.4 hours.¹³ (No recent data from Belgium was provided in the WPT.)

The hyperlocal media system

It is apparent that, while business strategies can be set at the individual service level, responsive of community need and experience, there are wider influences that affect revenue generation and potential sustainability in the national media market place. Table 1 is a matrix that sets out the wider media system that could affect the business model of a hyperlocal media service. The suggestion here is these factors impact on a service's trajectory towards sustainability and resilience.

Building on Hallin and Mancini's¹⁴ theory on media systems, the different markets explored in this study represent three different models.

- The UK is an example of the liberal model, where state intervention and political parallelism are low, and professionalism is well developed.
- The Netherlands belongs to the democratic corporatist group with high state intervention, political parallelism and professionalism in journalism.
- France is an example of the polarised pluralist model with high state intervention and political parallelism, and a low professionalism in journalism.

- Belgium is a case in itself as the French-speaking part belongs to the polarised pluralist model and the Dutch-speaking (Flemish) part is in some part similar to the democratic corporatist group with some elements (state intervention) of the polarised pluralist model.
- Sweden belongs to the democratic corporatist group.

In particular, state intervention and political parallelism could play a role, although it is unclear whether these influences are also visible in new digital media. The ties between political parties and government seem to be particularly strong with incumbent media. As professionalism in journalism is concerned, the UK and the Netherlands appear to offer a better environment for hyperlocal media startups.

Table 1: Hyperlocal ecosystem matrix - A broad typology of wider market influences impacting on hyperlocal media

	UK	Netherlands	France	Belgium	Sweden
Hyperlocal access to statutory notices		x		x	x
Hyperlocal advertising networks		x			
Public service broadcasting	x	x	x	x	x
An independent media or hyperlocal alliance			x		
Hyperlocal franchises	x	x	x		
Charitable grants and investment	x		x	x	
Gaps in regional news provision	x			x	
Access to freely available publishing tools	x	x	x	x	x
Journalism standards and content	x	x	x	x	x
Engaged communities free to access media	x	x	x	x	x

THE STORY SO FAR

The business model

1. Even for traditional news and media organisations, finding a sustainable business model is an increasing challenge as ‘the business model that supported news in the 20th century no longer sustains it in the 21st’. And evidence suggests that the ‘hardest to fund has been local news reporting. This is not peculiar to the UK but symptomatic of many western democracies’.¹⁵
2. Advertising is a common income for hyperlocal publishers in the UK. However, it is an unpredictable funding stream - particularly online - and poses several challenges: major advertisers are not likely to use hyperlocal advertising, and many advertisers who serve a small geographic catchment area, such as local businesses, remain uncertain about the value of online audiences and of the return on investment.¹⁶ Furthermore, many hyperlocal publishers do not have the capacity or skills to market and promote their own service or sell advertising.¹⁷
3. Across Europe, and even the United States, there is no single one-size-fits-all solution to the business model of news but rather a reliance on a combination of revenue sources in order to match opportunities with fragmented media markets, social and mobile media and the internationalisation of news production.¹⁸ Interviews with a range of hyperlocal media services in the United States has found that, while this type of media had a better chance for survival than previous experiments in civically-oriented, participatory journalism, it found itself lacking a single recipe for financial success.¹⁹
4. For journalistic startups in Italy, Germany and France, despite ‘inspiring in their journalistic idealism and impressive in their technical inventiveness, most struggle to make ends meet financially’,²⁰ with two challenges emerging. First, the dominance of legacy media on online news and second, the market for online advertising generously being supplied and dominated by a few very large players.
5. When taken from the perspective of journalism startups, business models largely fall into two main categories: those that are storytelling-orientated and those that are service-orientated. Storytelling models rely mostly on finding and producing new and original content for audiences, whereas service-based models may be platforms that curate content, sell technology, data or training.²¹
6. New Jersey’s Geraldine R. Dodge Foundation’s Journalism and Sustainability project has mapped 52 business ideas to support local journalism²² with examples. These include: advertising, events, newsletters, merchandise, membership, services, side businesses, print and digital initiatives, paywalls, ebooks and philanthropy. The project also features a matrix of three interdependencies for starting a hyperlocal news service: desirable (do people want it) viable (can it make money) feasible (can you build it).²³
7. Evidence also suggests quality journalism can be a self-supporting proposition in this new ecosystem, and even a quite profitable one, if gaps in infrastructure, innovation capacity and entrepreneurialism can be addressed to add value.²⁴ Expected revenue potential and implementation complexity for each method are mapped in this report.
8. In the creative industries more generally, the ‘portfolio model’ (i.e. diversifying revenue streams) is made feasible by digital technologies where each new revenue stream is often financially modest but the combined revenues from different income streams can generate profits.²⁵

The hyperlocal practitioner

9. Hyperlocal publishers come from a range of professional backgrounds, therefore their skills and experience vary greatly. The hyperlocal media entrepreneur is said to be a 'fictive' ideal as people working in the sector rarely come into it with entrepreneurial motives. Rather, they draw on civic discourse.²⁶
10. Many hyperlocal media services are run by single or small teams of individuals, and time constraints, lack of volunteers or contributors, lack of legal knowledge and ad sales knowledge are barriers to them sustaining and expanding their service.²⁷
11. While publishers might not enter the sector out of economic motivations, and there is a strong reliance on volunteers, there is a growing cohort of entrepreneurs 'increasingly flexing an entrepreneurial spirit' who would like their hyperlocal media service to provide a livelihood with more appropriate remuneration.²⁸
12. From interviews with 69 journalism startups from the United States, Europe and Japan, sustainability requires 'a new emphasis on business skills to complement those already honed through journalism. Journalists are looking to reinvent their careers'.²⁹

Hyperlocal mapping

13. Extensive mapping of the US local media and community sector by Michele's List offers a timely comparison with the evidence presented in this study. A survey of more than 90 'born on the web' local news websites shows most are growing revenue, but they remain quite small both in revenue and reach, and remain highly dependent on local display advertising. It finds that, while age does not guarantee revenues, young sites report significantly less revenue than older sites.³⁰
14. Research to date through the UK Hyperlocal Community News project carried out a survey of 183 UK community news practitioners and a large content analysis of UK hyperlocal content. They found that while costs are notably low, many practitioners pay all the costs themselves and several earn less than £100 in an average month.³¹
15. In the UK, hyperlocal media services most commonly cover community activities, local services, and civic and networking information, but are also upholding democratic accountability with local campaigns and many are engaged in investigative reporting.
16. Exploring 417 municipalities in the Netherlands and 199 local news websites, research found that launching a news website was not a challenge but making it sustainable was. Particularly, overcoming the underperformance of advertising sales, social media, user-generated content and revenues.³²
17. The Carnegie UK Trust has published a case study report of five innovative hyperlocal media services in the UK to add to the evidence base about the types of activities that publishers are undertaking and the impact they deliver for citizens.³³

Variant privileges: VAT

18. It is apparent that the benefits afforded to independently produced online media vary considerably from one country to another. Reuters Institute has recently published a collaborative research project exploring the impact of national charity and tax laws and regulation on efforts to establish and operate not-for-profit news organisations. It focuses on the UK, US, Canada, Australia and Ireland, all developed countries with Anglo-based legal systems.³⁴

19. Many EU member states have preferential VAT rates for printed press. This becomes complicated when a publisher sells a bundled print-digital subscription. The situation has been complicated further as European VAT rules from January 2015 mean that companies that sell digital products to individuals must charge the VAT rate of the country where the buyer is based. This is regardless of companies or individuals who don't meet the VAT threshold or are not VAT-registered in their own country.³⁵ This comes despite moves by the European Commission to create a connected Digital Single Market; 'a big obstacle that has to be addressed'.³⁶
20. All countries in our research have reduced VAT rates for printed news, and in Belgium and France online outlets of traditional printed media enjoy the same reduced rates. Otherwise the 'standard' rate is applied to online news. Reduced VAT rates on other printed publications including magazines and leaflets are also provided in some territories, including the UK.

	UK	Netherlands	France	Belgium	Sweden
Standard	20%	21%	20%	21%	25%
Print news	0%	6%	5.5/2.1%	0%	6%

21. In the UK no subsidies are in place for digital outputs.³⁷ But startup hyperlocal media services may be able to benefit from the opportunity for reduced business rates. This small business relief is available to services that use only one premises and the rateable value of that premises is less than £12,000. If the rateable value of these premises is less than £6,000 then the hyperlocal media service will be entitled to 100 per cent relief until 31 March 2017. For properties with a rateable value of £6,001 - £12,000 the rate of relief will be pro rata from 50 per cent to 0 per cent relief. For further information on current business rate relief see www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief
- In addition, with the 2016 budget announcement there has been a two-year £1,500 per office, per newspaper title business rate discount coming into effect as of 1 April 2017 with a view to reinvigorating the local news sector.³⁸
22. In France, most indirect subsidies are granted to daily newspapers holding IPG status (general political information): several groups of newspaper employees are exempt from paying professional tax, partial release from tax on their invested profits, reduced rates of VAT, such as 5.5 per cent on printing and a VAT rate of 2.1 per cent on single copy and subscription sales revenues. The 2.1 per cent discount was extended to online IGP in 2014. There are targeted direct subsidies for newspapers with a low advertising base, for modernisation of plant of production, and for investments in new technologies.³⁹ In 2013, the European Commission took legal action against France for its reduced 5.5 per cent VAT rate on e-books.
23. In Belgium, publishers of printed newspapers also pay 0 per cent on their digital copies. The European Union declared this illegal but the Belgian tax office promised to allow the 0 per cent regardless. Online-only media don't benefit from this exemption.

Scope for public notices as income

24. In the UK, statutory public notices for local government and the National Health Service have to be in printed form in traditional regional newspapers so as to cover borough-wide physical communities. Lucrative traffic authorities are currently required to advertise notification of changes to routes in the local papers but this is under review.⁴⁰ Access to even a small percentage of the £45-50 million a year spent on statutory notices could have a demonstrable impact on revenues for hyperlocal media services, according to Steven Barnett, professor of communications at the University of Westminster, amongst others.⁴¹
25. In the Netherlands, authorities can publish statutory notices anywhere, even including a traditional noticeboard.
26. In France, local online-only publishers are not able to publish legal statutory notices and the government decides who can be publishers of local advertising.
27. In Belgium there are no government obligations to publish statutory notices in particular media.
28. In Sweden also there are no obligations. The 'normal' situation for local authorities is that they advertise information in some local media, ranging from service information to political plans. The local authorities have expanded their public relations and information sector heavily in the last five to ten years.

SUMMARY

Despite peculiarities, the narrative from hyperlocal media publishers in the European countries featured suggests a similar story:

- In all the countries the hyperlocal media landscape is dominated by high levels of entry and exit.
- Different media systems are emerging at different paces within the hyperlocal landscape, including advertising and franchise networks.
- Subsidies or discounts for hyperlocal media services could be more fairly distributed, or more innovation or one-off intervention grants and opportunities could be made available.
- As local governments and municipalities improve their communication directly to their citizens this further squeezes out opportunities for hyperlocal publishers.
- While cooperation with legacy media is hardly found in the Netherlands, partnerships are increasingly being carved out in the UK ecosystem.
- While the French local media landscape is in an exploratory phase, with limited success, there is a buoyant and well documented hyperlocal media scene in the UK.
- There is a desire for hyperlocal publishers to be recognised more fully for the role they play in local journalism, particularly by local governments and administrations.
- There is a lack of management/business, technology and entrepreneurial skills because services are often created by journalists or motivated civically, at least at the start.

SECTION 3

COUNTRY BY COUNTRY

In this section we provide a snapshot of the hyperlocal media ecosystem country by country. We give an overview of the role that hyperlocal media plays: mapping of the sector in regards to number of services, where and how they operate; how hyperlocal media services may fill a traditional news gap; opportunities for making money; the value of the hyperlocal advertising market; and the relationship between hyperlocal media and mainstream media. As noted in Section 1, given the variance of research into this sector in each country, there are instances of limited knowledge evidenced here.

The UK

A vibrant and well-documented sector relying heavily on volunteers but punctuated with innovative cases of membership models and data services.

- Hyperlocal publishers are driven by a belief that they are filling a gap in news provision, often with a desire to fulfil a civic or community news role.
- The sector has attracted much attention to date with more than 40 studies and several mapping activities. The most comprehensive is the Localweblist.net by Talk About Local and Carnegie UK Trust.
- There are approximately 670 hyperlocal media services across the UK.⁴² However, it is likely that many other services exist, with estimates of up to 2,500 active sites, but measuring the sector – both the provision and the audience – is not formally recognised or undertaken in the same way as traditional media is.
- Competitive funding does exist and in 2014 Nesta and Innovate UK (formerly the Technology Strategy Board) gave a total of £2.4 million to four initiatives to exploit hyperlocal media innovation, particularly the convergence of content and digital technology.
- The total size of the UK hyperlocal advertising market is estimated at £2.6 billion a year.
- Services often have small total revenues according to the UK Hyperlocal Community News project.
- Regional advertising networks have operated but failed to survive, and there is a lack of advertising infrastructure.
- There is a heavy reliance on volunteers but an entrepreneurial spirit and desire to make a resilient business is increasingly evident.
- A rich interdependency of partnerships is emerging, including non-financial mechanisms from public service broadcaster the BBC, but online hyperlocal publishers don't have access to the same support regimes as other community-based media, including the community radio fund and subsidies for local digital television programme services (L-DTPS).⁴³

Mapping the sector

An estimate of the total number of hyperlocal media services in the UK depends on the criteria for inclusion. Mapping project LocalWeblist.net, developed out of the Openly Local database, uses a volunteer submission process combined with an active discovery process uncovering sites through extensive online and social search. Drilling down into sites described as active, mapped sites include those publishing across websites, blogs, discussion forums, Facebook pages and Twitter feeds. They most commonly cover community activities, local services, civic and networking information but are also upholding democratic accountability with 72 per cent having supported a local campaign and many are engaged in investigative reporting.⁴⁴ This corresponds with moves by the UK government to open up council meetings to bloggers and citizen journalists⁴⁵ and within a wider drive led by the independent Open Data Institute to publish and explain data.

Filling the gap

Hyperlocal publishing in the UK is often framed within the perspective of independent media delivered by individuals or small teams afforded by freely available digital production tools.⁴⁶ It is heralded as a community-based alternative to technologically determined legacy media⁴⁷ suffering cutbacks: net reduction in 177 titles in a decade and falling newspaper readership.⁴⁸ The sector has attracted interest from UK communications regulator Ofcom in considering its value and capacity to play a civic role and as a potential response to declining local press.⁴⁹ At national government level, to date a focus has been on developing local digital television services rather than online-first services.⁵⁰ With mixed success of these television services, however, there are growing opportunities for hyperlocal publishers to reimagine local video and audio content.

The hyperlocal business and making money

Research to date of 183 UK community news practitioners and a large content analysis of UK hyperlocal content found that while costs are notably low (78 per cent of 164 respondents said their site cost less than £100 to run) 63 per cent of 171 respondents said they paid all the costs themselves rather than generating revenues. Advertising was the most common funding source along with some use of sponsored features, donations and grants. Thirty-seven per cent of those who said they actively raised funds (n=62) said they generated less than £100 in an average month.⁵¹ For the smallest sites, sustainability is often linked to lack of time, staff turnover, changes in personal circumstances, a lack of volunteer progression and technological challenges.⁵²

The extent to which hyperlocal media is an emergent area for the digital economy remains in question. Traditional media, leveraging business development and technical resources, have commercially failed with local media experiments. The Guardian's city-based Guardian Local experiment closed in 2011 failing to make it 'commercially viable'.⁵³ The follow-on nOice project, shifted from being a locally-specific noticeboard that 're-thinks local news for the social-local-mobile world' to an open API user-generated publishing platform.⁵⁴ Regional publisher Northcliffe Media ran one of the largest franchise experiments Local People, a network of paid community publishers curating content and stories across small towns, but it too failed to adjust business models to a sufficiently local area and closed in 2013.

Value of the hyperlocal advertising market

The changing use of smartphones, tablets and social media is driving a new advertising ecosystem. In 2012, research on ad markets put the total size of the UK advertising market at £21.4 billion, and the total size of the UK hyperlocal advertising market at £2.6 billion. Within these estimates, there was limited sector-specific data, although opportunities for hyperlocal media services were indicated: 'Small consumer facing businesses are currently spending £731 million on online advertising each year, potentially rising to over £1.1 billion per year. Of this total expenditure, around £23 million is spent by these businesses on advertising on hyperlocal websites, which might rise to £32 million over time'.⁵⁵

The average level of advertising expenditure across local businesses was £1,631 a year, with a fifth of them advertising through hyperlocal media services (both online platforms and offline, such as printed newspapers and freesheets) and a quarter of them using self-service platforms such as Google's local advertising products. The research suggests hyperlocal publishers will face challenges in significantly growing their advertising revenues unless they are able to appeal to a broader range of advertisers, or team up with location-based platform owners. There is continued concern that gatekeepers, such as Google and Facebook, increasingly control content discoverability and monetisation. As Nesta notes, the biggest risk is 'that advertising revenues which flow to them are leaving the UK's content economy reducing the sums available for investing in hyperlocal news and other socially valuable services'.⁵⁶

Relationship with mainstream

One recurrent tension in the UK hyperlocal media scene is the relationship with mainstream media. Hyperlocal media consultant Will Perrin says, 'What we don't see, and this is always a puzzle to me, is why local newspapers don't just reach out and embrace with a warm big hug the people who are creating content on the ground'.⁵⁷ Good working relationships with legacy media are emerging, however, such as the Birmingham Mail's Communities initiative, and an informal arrangement between Hedon Blog and the Hull Daily Mail. And The Lincolnite, for example, has championed a good working relationship with various local news outlets across various news projects, including live coverage.⁵⁸ Interestingly, a number of these partnerships – such as the relationship between Archant and Everything Epping Forest, or that between The City Talking and the Yorkshire Evening Post, involve the distribution of a print product and shared advertising revenue.

However, the dominance of public service broadcaster the BBC is a source of continued tension. Despite a commitment to make regional video and audio available for use on online services of local and regional news organisations, and a commitment to linking out from BBC Online through its Local Live pages, it is unclear whether moves to facilitate a network of 100 local reporters 'pander to traditional regional press' rather than benefit and help surface independently produced and locally relevant news and information.⁵⁹

The Netherlands

Hyperlocal media services are operating in more than half of the municipalities in the Netherlands, and although there is some 'mortality', the number of operations seems to grow every year.

- There are more hyperlocal media services in areas that are covered by many other media, resulting in areas with a high media density and low density. Hyperlocal media services do not specifically emerge in areas where other media have a small footprint.
- There is a high diversity in hyperlocal media, in terms of scale, professional organisation, content and business model.
- There are a number of hyperlocal media chains, in which 75 per cent of the services belong to a chain. In some cases two to five sites - usually in the same region - are operated by the same owner, but there are also operations with dozens of sites. The largest chain, Dichtbij, which covers the whole country, however, will close down in a large part of the Netherlands in 2016.
- There are at least two advertising networks that work for hyperlocal media - they offer to sell advertising for 40 per cent of the revenues.
- As the Netherlands has a high number of social media users (i.e. Facebook), hyperlocal publishers depend very much on social media to engage users.
- There is a rather high level of entry and exit in the Dutch hyperlocal media landscape.
- Hyperlocal media services rely for an important part on volunteers for content production.
- There are already some online hyperlocal media services that have been around for 20 years. The ones that are in business for more than five years tend to develop a sound business model and operate according to professional journalistic standards.

Mapping the sector

Almost every Dutch municipality is covered by a hyperlocal news website. The majority, however, consist of aggregation sites that scrape news from other news sites, either by search technology or by using the RSS-feed from those sites. The usual practice in the Netherlands is that no more than 50 words are taken from the original source and that there is some attribution. A part of these services mainly use social media (Twitter) to distribute news. A number of these sites operate nationwide.

Around half of the 380+ municipalities have a local news website that provides the municipality with original news. In most cases this is general news, including politics and current affairs. Also specialisation on crime and accidents, events and 'what to do' or sports can be found.

Dichtbij - meaning 'near to you' - was launched nationwide in 2012 by the Telegraaf Media Group (TMG), publisher of the largest daily in the Netherlands De Telegraaf and of several regional dailies and chains of free weeklies. Dichtbij consisted of more than 80 different websites, covering all Dutch municipalities. Within these municipalities it claimed to provide news for all 2,500 Dutch cities and villages. After two years, more than half of these websites had an editorial team writing and gathering content. It also used citizen journalists that submitted stories and pictures and used aggregated content. For the websites without an editorial team, Dichtbij relied on aggregation. At that time it had 140 people working for the site. It had already started to work with free weeklies in some areas while others were rebranded as Dichtbij print publications. The closer cooperation with free weeklies did not result in a profitable operation and in November 2015 TMG announced that Dichtbij would close down operations in the areas where TMG also published regional newspapers. Only in the area around The Hague and Dordrecht and in the province of Brabant will the brand be continued.

Filling the gap

In interviews for this publication and also for earlier research, all of the Dutch case studies claimed they were 'filling a news gap'. They are generally disappointed with the performance of incumbent print media and local and regional broadcasters. In smaller communities the general feeling is that the village is hardly covered at all. Looking closer at the areas where hyperlocal media services are present, it is also clear that they are unevenly distributed. Areas with a relatively high number of traditional media services tend to also have more hyperlocal media services than areas with a low number of traditional media.

The hyperlocal business and making money

The majority of the case studies claim that they at least provide a service that is wanted by audiences and the majority also claim to be sustainable and resilient. As this is a subjective claim by a non-representative sample, these results should be treated with caution. Even the respondent from Dichtbij - before the closure plans - claimed to be in the moneymaking 'resilient' group. But because there are chains forming, and because a number of services have been operating for more than a dozen years (one in our sample already 20 years) there is an indication of the sector becoming more mature.

Online advertising is still the main source of income for most hyperlocal media services and is growing every year. As there is still a high competition between hyperlocal media services (and other online platforms) offering online advertising opportunities, rates are still low compared with print advertising. Diversification of revenue sources - native advertising, branded content, subsidies, memberships, donations, print, sales - is therefore popular as well.

Many hyperlocal media services already operate print publications - monthly or less frequent - or are thinking about launching such publications in the future. The main reason is that print media is still valued by advertisers and, therefore, has higher advertising rates.

Value of the hyperlocal advertising market

There is currently no data on the value of the market in the Netherlands.

Relationship with mainstream

Most hyperlocal media services operate independently. They often identify themselves as offering an alternative to mainstream media that, in their eyes, are providing insufficient news for the local community. Relations mostly vary from hostility to indifference and cooperation is hardly found.

France

Hyperlocal media services are largely squeezed out of the media marketplace due to government subsidy for legacy media. Civic engagement is nonetheless high.

- There are few spaces for new entrants in the hyperlocal media market.
- Heavy government subsidies have a large influence over local media provision.
- Regional publishers have attempted hyperlocal websites but can not make it pay.
- Large advertising agencies exist but not at the hyperlocal or regional level.
- An extensive pool of digital talent feeds a vibrant media technology sector.
- Data journalism service networks are emerging.
- Rue89, which belongs to the Nouvel Observateur group, is an independent pure player with city level editions. Local editions are initiated by local journalists and created in partnership with Rue89.
- Local media is often characterised by legacy media men moving into the sector.
- Civic engagement is nonetheless high via local radio, television and local government portals.

Mapping the sector

Much like in the UK and US, the French online news sector is characterised by varied actors: aggregators, free real-time news websites like 20minutes.fr and traditional news titles such as lefigaro.fr, or lemonde.fr, but also startups and agencies working on information production, and independent online sites offering alternative perspectives on current affairs. Less established than in Germany, the regional daily press represents about 60 titles in France. As elsewhere in Europe, it's a weakened sector due to the profusion and concentration of free content, especially offered on the web. The press faces erosion of its readership (decline of subscriptions and sales cover price) and, since 2010, there is a decline of advertising revenues and additional revenues notably classified advertisements. According to news website Liberation, state aid has cushioned the shock: €282 million of direct and indirect aids alongside tax benefits, such as a reduced rate of VAT.⁶⁰

Similarly for terrestrial channels, according to the Higher Audiovisual Council (CSA), many television channels are supported by local authorities and are facing economic difficulties. Inconsistent advertising revenues and fluctuating aid from local authorities affect local TV. In January 2013, 48 services of local television were broadcasting but, just two years later, ten had closed. Local radio is more buoyant with a support fund of €29 million.⁶¹ According to SNLR (Syndicat National des Radios Libres) there are 650 non-commercial radio stations and 150 local or regional commercial radio stations. In a very different field, Alexandre Malsch funded Melty Network in 2009, a group of producers dedicated to young readers between the ages of 12 and 30, with 30 million visits per month and a business model based on native advertising.⁶² The term pure player to describe online-only news sites (both local and national) emerged in France at the same time as the launch of Rue89 and Médiapart (two new services launched by journalists of big national media such as Libération and Le Monde).

Filling the gap

Democratisation of video production tools and data visualisations offers rich opportunities for alternative information: the regional daily press rarely cover all these elements and certain journalistic fields are not exploited. Hyperlocal media services have the opportunity “to support the press revival” according to Joël Aubert, manager of *Aqui.fr*. Media professionals with some management experience typically lead the successes (often benefitting from compulsory severance pay), with a focus on partnership development or offering some other services such as training, events or content production. They are often motivated by offering quality journalism as a way to break down the monopoly of the regional daily press. Despite new opportunities afforded by digital technology, the local information landscape has remained dominated by the regional daily press sector. The treatment of local information rarely takes on new forms and the choice of news patches is largely determined by traditional geographic and administrative units: most focus on big towns, metropolis or regions such as *Aqui.fr* covering the Aquitaine region.

The hyperlocal business and making money

The term hyperlocal is used little in France: rather it is regional press or local level media. A database of hyperlocal media services does not exist but around 40 local actors, of which 35 are non-specialised, are gathered within the union of independent online news media SPIIL, created in 2009. The SPIIL is a common professional space to exchange about practices, structures and organisations or business models. Few generate the regular revenues necessary to pay full-time employees, however. The most common business models are based either on advertising or on subscriptions, rarely viable without the additional of local subsidies. Some local pure players have been launched under the direction of former legacy journalists or regional daily freelance journalists. However many have closed down, such as *Dijonscope*, *Nantes Actu*, *Le Phare Ouest*, *Carré d’info* and *Grand-Rouen* despite varied business models. Seeking to boost the sector in 2015, the Ministry of Culture and Communication launched a €1 million call for projects for proximity media to engage young and marginalised communities. They received more than 460 applications and 114 were selected.⁶³ One such project is *Angers Mags’ Report Cité*, with its first initiative *Quartier Libre* inspiring citizen reporters.⁶⁴

Value of market

There is currently no data on the value of the market in France.

Relationship with mainstream

The French local media landscape is in an exploratory phase, with limited success. Pure players bring a journalistic diversity to the news landscape via local investigative journalism (such as with *Marsactu*), those covering cities and local franchise talking about culture or civil society (such as *Rue89 Lyon*, *Rue89 Strasbourg*, *Rue89 Bordeaux*), and those covering the current affairs of a given territory, by producing information adapted to the local breaking news (like *Aqui.fr*). The startup scene is characterised on a civic role with a rallying call: *Causeur.fr* inspires people ‘especially if you don’t agree’ to the ‘alternative news’ of *Les Nouvelles News* and the civically engaged *Basta!* magazine.

However, the French media system has an underlying antagonistic sense of ‘them and us’ between old and new media fuelled in part by central leadership. As in the UK, hyperlocal media in France does not enjoy equal footing when it comes to accessing potential income. The sizeable contracts for statutory announcements, which concern all events of company life (constitution, compulsory liquidation etc.), are strictly reserved to paid printing press

titles and have remained so since 1955. The regional press also take a disproportionate amount of local authority announcements. In 2014 pure players were given fiscal equality with printed press and the same VAT rate of 2.10 per cent. They also struggle within the online advertising market with many small businesses wary of buying web ad spaces due to lack of understanding. Those working in the sector often lack commercial, administration and audience measurement skills, owing to their editorial rather than entrepreneurial roots.

Similarly much of the direct government aids are reserved to the printed media and to 'IPG' (political and general information). The indirect aids are also discriminating: 36 per cent of them are reserved to printed titles (postal and judicial and legal announcements). Where public aid is available it is predominantly one-off investment rather than running costs. The SPEL (the aid fund for the development of online press services) recognised by the CPPAP (Joint Commission for Publications and Press Agencies) was set up to help the sector's modernisation by assigning a subsidy to press editors for technological innovation projects. In 2013, the French digital news innovation fund (FINP) was backed by Google to stimulate journalism innovation in France, following a dispute over the reuse of news content by search engines. The beneficiaries of the fund have largely been IPG status media. Google has since set up a broader Europe-wide Digital News Initiative with three pillars, including a €150million Innovation Fund.. Dependency on public aids however, is a double-edged sword as one-off funding rarely leads to sustainable business models. Pure players often feel discriminated against as they are too time strapped to complete funding applications.

Belgium

In Belgium, the landscape has been punctuated with hyperlocal media closures during the last few years, for instance the first Flemish city-blog Gentblogt, and De Gazet van Turnhout (relaunched as community platform De Koep). One of the reasons is that there is much competition from dedicated pages on municipalities by newspaper sites such as Het Laatste Nieuws, Het Nieuwsblad, de Gazet van Antwerpen en Het Belang van Limburg. This last title for instance launched 'Het Belang van uw Gemeente' covering 48 municipalities in 2011 in their area. Volunteers (news-hunters) could send in news items, which again could be used in the printed paper. Also regional free weeklies and info-magazines from municipalities contain lots of information, as do the websites of these municipalities. As organisations increasingly use Facebook to communicate with their members, they do not need hyperlocal sites that much any more.⁶⁵

Sweden

A survey by Södertörn University has been carried out within 290 local Swedish municipalities. First results indicate that stand-alone sites are quite rare in Sweden. All local authorities operate sites with official information and local politics, and the country still has a broad coverage of local newspapers with news sites. This makes it rather difficult for independent online news sites to become sustainable. There are, however, some examples of hyperlocal media emerging in areas where newspapers have retreated or no longer cover the local community. Recent research shows that newspapers closed more than one-third of local offices in the last ten years.

There are certain areas in Sweden where the local media coverage is much less than average. Suburbs around large cities are hardly covered by metropolitan newspapers and rely mainly on free-sheets. Also less populated areas in the countryside, for example in northern parts of Sweden, lack local media coverage. In the most remote community in Sweden, the distance between citizens and a journalist is 240km.

There are no systems for state support to local journalism except subsidies to the second-largest newspaper (although there are hardly any left). So there are no state subsidies for new online local media. The whole system of subsidies is under review by a state committee.⁶⁶

SECTION 4

REVENUE RAISING

In this section we provide an analysis of the content produced by the case studies, the interplay between the production and consumption of content, and the different business legal structures (and the advantages and limitations of these) available to hyperlocal media services.

Overview

The majority of the services in our research make less than £25,000. Eight service owners we interviewed make more than £100,000 a year.

Table 2: Total income for the last financial year

	UK	Netherlands	France	Belgium	Sweden	Total
Less than £25,000	10	6	1		1	18
£25-100k		4	3	1		8
£100-250k	2	1	2	1		6
More than £250,000	1				1	2
No answer		1				1
Total	13	12	6	2	2	35

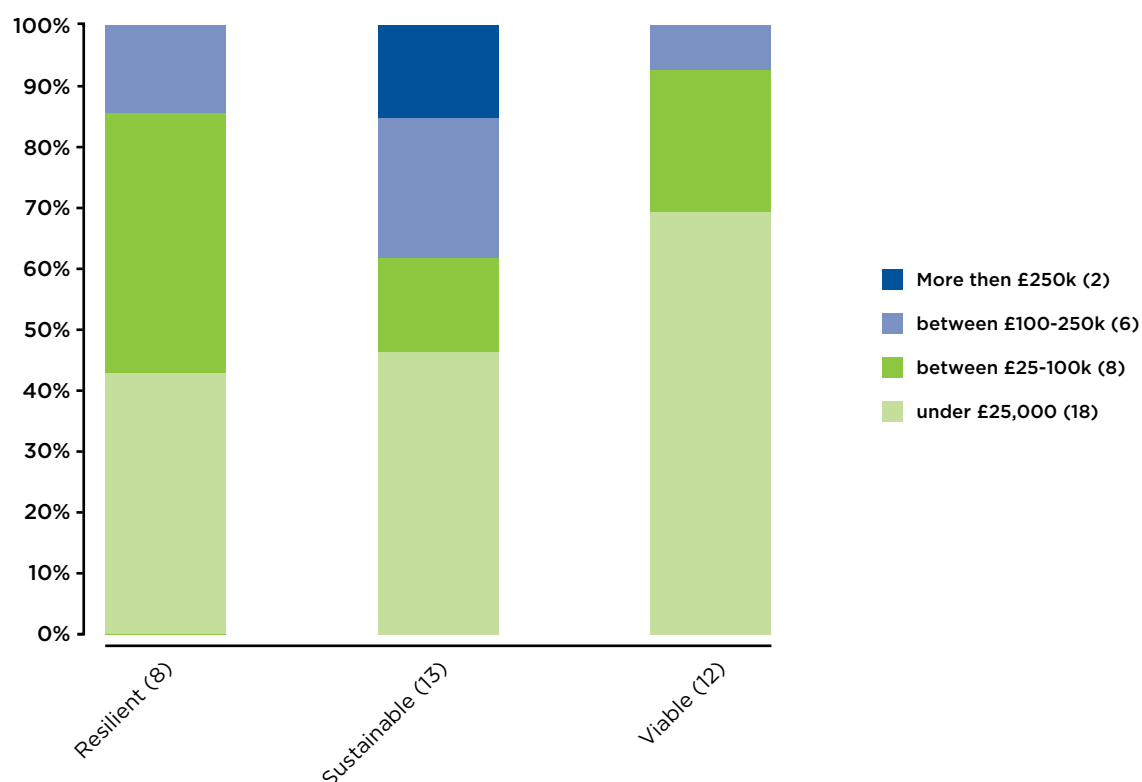
Well over half the services claim they are sustainable (13) or viable (12). However, many services struggled to describe themselves with these terms and the categorisation was highly subjective. Some felt they had sustainable content but irregular revenues.

Table 3: Viable, sustainable or resilient

	UK	Netherlands	France	Belgium	Sweden	Total
Viable	5	3	3		1	12
Sustainable	6	3	2	1	1	13
Resilient	2	6				8
No answer			1	1		2
Total	13	12	6	2	2	35

As Figure 1 shows below, there is a broad relation between the reporting income and their self-evaluation of viable, sustainable or resilient. For example, even with rather low income a service can still be sustainable or resilient.⁶⁷ However, there are proportionally more sites with higher revenues describing themselves as sustainable or resilient.

Figure 1: Self-evaluation of being a resilient, sustainable or viable business



As was expected, freely available publishing tools are used. Wordpress is the most popular content management system (CMS) that the services use, with Joomla and 'home-built' CMS being used by five and six operations respectively.

Table 4: Website hosting

	UK	Netherlands	France	Belgium	Sweden	Total
Wordpress	9	7	3	1	1	21
Joomla	2	2	1			5
In-house	2	2	2			6
Expression Engine		1		1		2
Drupal					1	1
Total	13	12	6	2	2	35

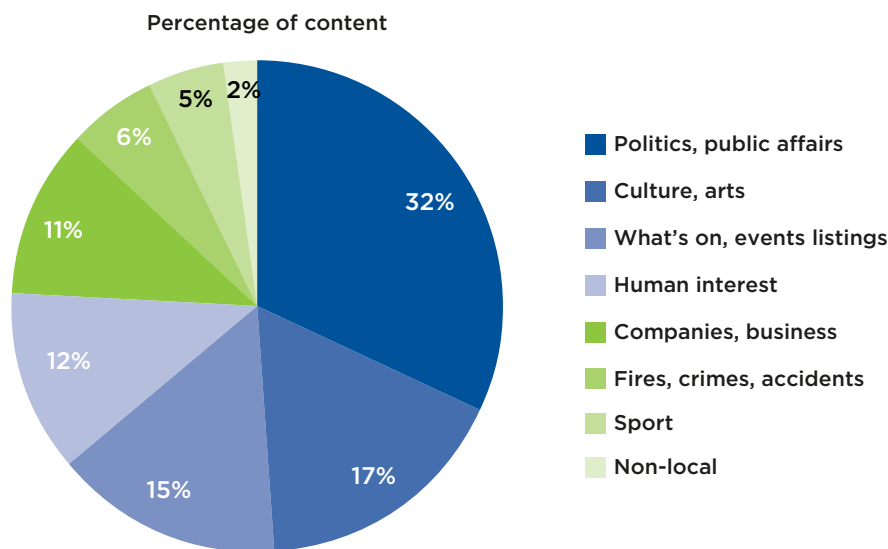
Content production

A full list of the 35 hyperlocal media services included in the study is available as Appendix 2. Of the 34 services where revenues are known, eight have more adverts on the front page than news items. Twenty-four sites have advertising, ranging from one to 47 adverts. Nine sites have between three and six adverts on the front page.

Of the 35 services, 23 describe themselves as online-only operations, seven as print and online, and the remaining five as 'multi-channel'. This last category also have print outlets but operate radio, public LED-screens and/or online TV as well.

Most services - 25 out of 35 - publish content on a daily basis. The number of articles a day can vary, with some services indicating they have published 'every hour'. Looking specifically at what sort of news and information is featured, politics and public affairs (32 per cent) dominate, followed by culture and arts (17 per cent) event listings (15 per cent) and human interest (12 per cent). Non-local news (2 per cent), sport (5 per cent) and crime and accidents (6 per cent) are the smallest categories.

Figure 2: Analysis of the content produced by the hyperlocal services



All services are heavy users of social media. All but one use Facebook and the same number have a Twitter account. Six operations have more than 10,000 fans on Facebook (six others have less than a 1,000), eight services have more than 10,000 followers on Twitter (only one has less than a 1,000). Half of the services (16) have a YouTube account, with the number of subscribers ranging from zero to 273. Other social media platforms are less popular: Google+ (eight sites), LinkedIn (six), Pinterest (four), Instagram (three), Flickr and Vimeo (two) and Storify and Vine (one). The number of followers or subscribers is usually low, although The City Talking has 2,913 followers on Instagram, and The Lincolnite has 899 LinkedIn connections.

The UK

Content production by the UK case studies fell into three main categories:

Local news, politics, crime and events

The emphasis here is on content about the town centre, the regeneration of the city or events, as well as providing timely and relevant information that helps people get on with their day-to-day life. Traffic, roadworks, council/local authority news, crime and court, town planning and development and human-interest stories were all cited. These stories were mainly produced using text, images and some video.

Local businesses

Four services highlighted the importance of local business news to their content. This included stories around new businesses opening, local businesses and sport. Focussing on the creative industry, on young people and how they do business in the city, was said to attract large audiences.

Investigations

Investigative work and holding authority to account was a priority for four services. Giving the community a voice that it didn't previously have and holding local authority to account was a concern. Many of these stories were based on freedom of information requests or through their social media pages.

Bitternepark.info runs audio reports that focus on local issues, politics and features. The service has also live-streamed three 'radio' programmes showcasing performances from local musicians and poets, with founder Guy Phillips saying: *"Audio reports are a rather innovative way of producing content."*

"Commercial content is the most measurable in the sense of generating money."

Visit Horsham

"We have launched investigations into various sectors (e.g. catering) and have been successful at uncovering what is not covered by other media. We incorporate infographics, illustrations and design elements to connect with the audience in more tangible ways, democratising access to information."

The Bristol Cable

The Netherlands

Politics

In the Netherlands, content production is quite diverse. Politics is covered by all of the case studies, with some of them focussing mainly on this topic. Politics means not only news but also discussion and opinions, and therefore is popular with audiences.

“ Politics. The sharpest opinions are written about politics. They receive a lot responses.”

Arnhem Direct

Crime

More than half of the services cover crime and accidents on a regular basis, with some focusing significantly on this kind of content as it ‘results in lots of clicks’ according to one of the respondents. Crime news is relatively easy to get because the police and the fire brigade use social media such as Twitter to alert others of incidents.

“ 911 (emergency services) news is pretty important because it’s nearby for people. That is the core and the most successful one. I guess half of our news is 911.”

Dichtbij

Culture, event and ‘what’s on’

Cultural, sports events, listings, and ‘what’s on’ sections are popular – and as with crime news – relatively easy to gather as organisations, clubs, theatres and cinemas send invitations and announcements around to all media in their area. Cultural information also includes news about the history or cultural identity of a specific area.

“ News about Frisian language is successful.”

It Nijs

Business news

News about companies and businesses is the focus of several services. This also includes news about new companies and new stores opening in local areas.

France

Politics and current affairs

In France, services that are given the status of IPG (General and Political Information) have to focus more on politics and current affairs (topics such as election campaigns, political parties' life and public funds). Aqui.fr runs non-specialised press based around seven sections: politics, economy, farming, environment, society, culture and general interest. The most successful sections are political, economy and farming with an emphasis on local life, out and about meeting people and events.

Positive news and slow journalism

Terri(s)toires has found soft subjects work well (such as top most beautiful beaches in the region). The most popular content concerns original reports about society, the economy or new technologies. They focus on positive information and slow journalism.

Society

Rue89 Strasbourg focuses on investigations, articles about urban projects and local politics but also about practical topics (consumption, daily life) and culture (movies and concerts etc). It sees itself playing a role in the local democratic life. Rue89 Lyon runs a non-specialised publication, especially focused on societal and social issues. The national pure player Rue89 authorises the use of the brand but there is no editorial or economic link.

“ The most important thing is to treat the information differently to differentiate from the daily press.”

Angers Mag

Belgium

One of the services in Belgium mainly focuses on covering the local government, specifically by reporting on the monthly sessions of the municipality. The other is targeted at the Flemish-speaking population and devoting much effort on culture, identity and language: 'A broad offer, news for the Dutch-language community.'

Sweden

Both case studies from Sweden are 'general' news sites, meaning they cover culture, politics, crime and businesses. Breaking news 'like a fire or a flood', however, results in high website traffic.

“ We also cover local sports in Kumla on a regular basis. We also have a good calendar of local events.”

Sydnärkenytt

AUDIENCE ANALYSIS

UK

Older demographics are known to be more interested in political content and heritage. Older audiences also respond better to emails. While the services focus mainly on local audiences (which account for up to 70 per cent) there are a lot of people who have left the area, i.e. to study and work in the UK and overseas, who are interested in the hyperlocal websites.

Facebook audiences are younger, averaging at around 20-30 years old. Publishers have found that their Facebook audience tends to be more colloquial, as opposed to their print publication where their audience tends to fall into a higher AB demographic category.⁶⁸ Art sections have also made print publications more attractive to younger people and families. Facebook pages, on the whole, make it easy for services to gauge what their audiences are interested in, and The Bristol Cable is one service that has paid to promote posts to appear more frequently on Facebook newsfeeds. All the services use Facebook Insights and Twitter analytics to varying degrees. Social analytics via Piwik and Buzzsumo are also used as well as Wordpress plugins.

- **Deeside.com:** The predominant audience age group is 25-38. Sixty-six per cent of traffic to the website is via mobile devices. While Facebook can be a key driver of website traffic – up to 74 per cent – they also have around 4,680 followers on Twitter, which has been a slower burner locally.
- **Visit Horsham:** On Facebook their audience is 67 per cent women, and while there is a full range of age groups on Facebook, the 25-44 age group is the biggest. Out of 22,000 website visitors from the UK more than 10,000 live in Horsham, with the rest located from London south to Brighton.
- **The Lincolnite:** The average gender split on web and social media is 55 per cent female, 45 per cent male. Age demographics on the website are recorded as 16.24 per cent aged 18-24, 21.09 per cent aged 25-34, 20.7 per cent aged 35-44, 21.5 per cent aged 45-54, 12 per cent aged 55-64, 8 per cent aged 65+.
- **Bitternepark.com's** readers survey revealed respondents are mostly aged 30-50, with a slightly higher ratio of females to males.
- For **A Little Bit of Stone**, a couple of years ago 60-70 per cent of visitors went to their desktop and now more than that percentage is going to their mobile site.
- For **Shetland News**, 50 per cent of their audience is split between mobile and desktop.

The Netherlands

Only one of the case studies does not use Google Analytics, and don't use any sort of analytics at all. One of the services also uses Annual Worth Analysis. For social media analysis, all services use native analytics tools such as Facebook Insights and the native analytics for Twitter and TweetDeck. One service has developed its own analytics platform.

Several services indicate that they reach 'highly educated people, interested in culture and politics', a 'highly educated' or 'middle/higher educated' audience. Also mentioned are 'deciders, entrepreneurs or councilmen' and 'high-tech-based' people 'working in the creative sector'. On the other hand, it was mentioned 'we see people from every part of society. In age, gender and interest.'

Age groups reached seem to differ, ranging from ‘predominantly young’ (25-45, 25-50, 25-65, 30+) to ‘a slight overrepresentation of 30+’, ‘average age like 40’, ‘average age: 35-55’ and ‘we are under-represented among young people’.

Some services indicated an equal distribution of men and women, others an overrepresentation of women with 40 per cent men and 60 per cent women or even ‘mostly women’.

Alphens tracks visits to the website permanently on a big screen with statistics that are updated every minute of the day.

France

All of the French case studies use Google Analytics as their web analytics tool. Some accompany this with Facebook and Twitter tools. There is little consistency in the role of analytics: one publishers said they were ‘quite sensitive to the number of views on videos’ while another said they ‘don’t take into account other metrics’. When the reading rate of articles is low, one said they try to understand what works and what does not in terms of editorial approaches, not always topics.

As in the UK, engagement is about more than simply the numbers. Comments on articles, conversations on Facebook, retweets on Twitter and feedback from bespoke surveys are important. Rue89 Lyon focuses on what is shared on Facebook, which is often differentiated from hard news.

In regards to demographics, audiences are dominated by upper middle class and 30-50-year-olds: Aquif.fr (upper middle class, aged between 30 and 50 years), Marsactu (upper middle class, aged between 35 and 50 years), Angers Mag (upper middle class, between 35 and 60 years old), Terri(s)toires (mostly women, aged between 35 and 55 years, working in the social/tertiary sectors or in local authorities/research, Rue89 Lyon (aged between 30 and 40 years, mostly urban and located in the city and beyond). Rue89 Strasbourg has a young and urban audience aged between 25 and 44 years with 30 per cent being high-level/senior executives. Only one French website, Angers Mag, is also publishing a print publication.

Belgium and Sweden

The Swedish services use Google Analytics and native Wordpress analytics tools. They are mainly interested in the number of visitors and they say they reach ‘local people’. The Belgian services also use Google Analytics to measure the number of visitors to their websites.

Business structure

In Appendix 1a: Business structures, we have outlined the range of business structures utilised by the hyperlocal media services that are part of this research - and that are most relevant to others. This also sets out the advantages and limitations of these structures. To note, the advantages and limitations indicated are taken from a UK perspective (as we commissioned a UK specialist legal team) and the content in the table as a whole has been written for informative purposes and not as definitive advice or guidance.

In Appendix 1b: Charitable business structure, we have included specific information about charities (again, taken from a UK perspective) as this is quite a far-reaching area of law. The aim of which is to supplement the information within Appendix 1a on charitable legal structures, while remaining simple, understandable and give straightforward considerations as to how to gain charitable status.

Six themes/characteristics to success

The six themes below have been given prominence, as these are all emphasised by the case studies as playing a significant role in helping them to be more robust - no matter which country the services come from.

1. Volunteers

Hyperlocal media services are small, in particular, compared with traditional media organisations. There are one-man and one-women operations, partnerships and many services with people working part-time. All but six of the 35 case studies use volunteers in some way, from supporting the day-to-day business functions to producing content. People volunteer their time and skills to support hyperlocal media for a range of reasons, including using it as a professional development and education opportunity, receiving free publicity for their own services in return (which is also highlighted in the next section Sharing Economy) and seeing it as a form of active citizenship. For example, in two cases accountants donated time for free as they felt doing so was a public good. However, as highlighted in a hyperlocal community news survey in 2014,⁶⁹ a 'lack of volunteers' and the time-consuming nature of maintaining a network of volunteers can also be a constraint, especially in relation to a service expanding or improving.

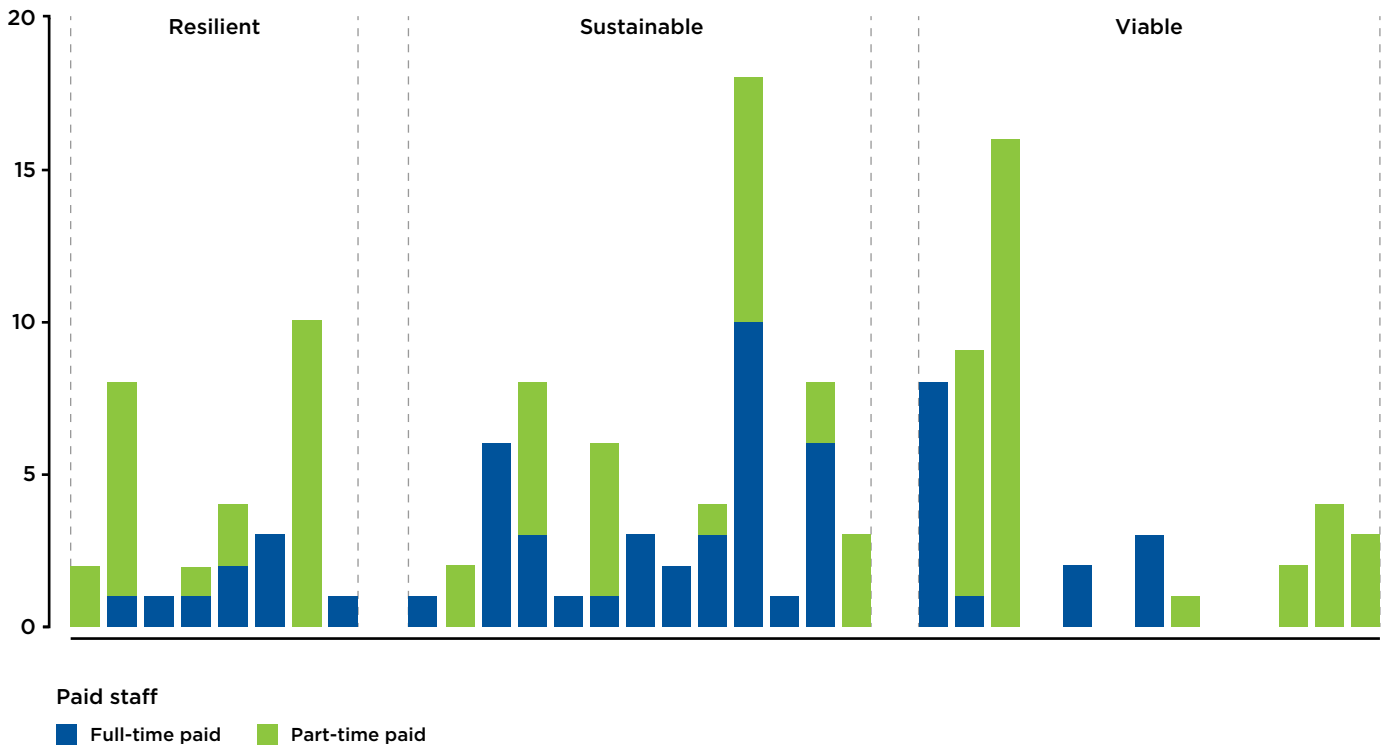


- **OnTheWight** has had about 1,400 contributors – highly variable on how much time they give, with some regular and some only producing only one piece of content.
- **The Bristol Cable** distributes print editions by bicycle couriers and by members of the team to key drop-off locations, door-to-door and handed out to people in the street. Free advertisements are offered for those who help with distribution.
- **Blog Preston** has two or three contributors who produce free content on specialist subjects, and four or five freelance photographers who work for free to have their work linked and social media presences promoted.
- **The Ambler** has had an average of six to seven volunteers during the past 15 years, who work for free on editorial content and assist on other aspects of the service. Since 2001, through funding grants, a group of young people meet once a week in their office space to work on the centre pages of the print editions. The size of this group can range from three up to 12.
- **VIEWdigital** in Ireland has a good relationship with educational bodies and offer non-paid placements. Different guest editors from the community are also invited for themed issues.
- In the Netherlands, free content is produced by bloggers and volunteers, such as at DUIC (De Utrechtse Internet Courant) Ditiswijk and Den Haag Direct.
- At Swedish service Sydnärkenytt, 60 people contribute, but only five of them are paid.
- **De Koep** in Belgium has two part-time staff and ten volunteers.

The Bristol Cable members are enfranchised in the democratic process via monthly meetings. The core team would like to pay contributors in the future as a matter of fairness, but are concentrating on creating a stable business model first.

Figure 3 below shows that sustainable and resilient services are more likely to employ full-time paid staff.

Figure 3: Correlation between paid staff and service sustainability and resilience



2. Sharing Economy

The sharing economy, also known as the collaborative economy, isn't a common concept to many people. But it, and the online platforms that facilitate it, are building momentum rapidly and are being used for all sorts of day-to-day activities. From the likes of international successes such as Airbnb and Uber, to more local initiatives such as People Per Hour and Hassle, across the case studies there is evidence of the close relationship between advertisers, local businesses and hyperlocal content producers open to sharing skills and resources. For example, publishers team up with web developers or photographers to help out in exchange for some publicity or discounts on services.

- **Blog Preston** has its website hosted by local web developers 3ManFactory who benefit from free rein to experiment with formats, in exchange for publicity that they can use in their own pitches: 'There are a lot of good people in Preston who are often willing to offer their help for any services that they need.'
- **OnTheWight** has trialed code from developers at Visit Horsham, which also shares data with an 'offshoot' service in [Southwater](#). The data structures are the same across each of the services and each service has its own data reflecting the businesses in their local area. But the system is structured in a way that searches can be conducted across all areas (defined by the system), strengthening the local aspect of it. For example, for a search for a cobbler in Horsham, the system surfaces results for an adjoining area (e.g. Southwold) if there isn't one in Horsham.

- The founder of [Bitternepark.info](#) also runs [Portswood.info](#), in an adjacent Southampton ward. He manages the sales and curates content for both sites, and both have the same advertising rate card. He also works on sales only for nearby [Eastleighnews.co.uk](#) (run by somebody else) which has different ad specifications and rates. The three platforms have been able to develop a modest sales network between them. Sometimes the Southampton sites have also shared content from [Eastleighnews.co.uk](#).

3. Partnerships

A key characteristic of the hyperlocal business model is the ecosystem of partnerships that are formed. In some cases these are formal agreements to share content, services or work on projects that are mutually beneficial, and in others, they are represented by informal arrangements. The partnerships seen across the 35 case studies include those between hyperlocal media services, between hyperlocal media services and traditional press such as regional newspaper groups and the BBC, and between hyperlocal media services and local public services.

- In Shetland there are three news-reporting outlets: the local BBC radio station, the weekly Shetland Times newspaper (owned by an independent publishing company) and Shetland News. Shetland News has a good working relationship with the BBC, which extends to being paid for copy for reporting custody appearances and paid for either half-day or full-day shifts for reporting criminal cases from Lerwick Sheriff Court. This arrangement has been in place for several years and is a 'very generous non-exclusive deal with the BBC meaning we can also sell court copy on to other UK mainland-based newspapers and use the copy on our own website'.
- Leeds-based [The City Talking](#) has partnered with regional publisher Johnston Press. The City Talking is distributed inside the Yorkshire Evening Post once a month on a Friday. The advertising inventory is sold by Johnston Press, with advertising revenue paid back to The City Talking. The arrangement is mutually beneficial, combining reach, content and resources.
- [Deeside.com](#) has a collaboration with [Wrexham.com](#) and another service in Cheshire in the UK, which the founder says sharing of resources and being able to collaborate 'takes the pressure off'.
- [Rue89 Lyon](#) has an editorial partnership with free weekly cultural magazine Le Petit Bulletin. The partnership doesn't result in additional revenue but in exchange for Rue89 Lyon's web expertise, Le Petit Bulletin lets it publish one or two articles a week of the magazine on their website.
- [Den Haag Direct](#) in the Netherlands had a deal in the past with regional broadcaster Omroep West but this has since ceased.
- Together with its co-company SERA (software developers, data-specialists, website-building, marketing) [Alphens](#) is involved in many initiatives in the city. For example, the team built the website for the Archeon historical theme park,⁷⁰ they launched a local currency, the ALPHA (receiving the Innovation Prize of the city) and initiated the project Biogas Zwammerdam that could provide a small village with sustainable energy. They won a prize of €750 for that idea.

Shetland News is quite progressive in building partnerships that are beneficial both to the service and the audience it serves. The service carries advertising from Shetland Islands Council in a portal on the right hand side of the front page – which means it receives a share of the council’s considerable advertising budget - and has also developed a dedicated transport notification portal on the left hand side that is paid for by Shetland Transport Partnership government body ZetTrans. The service’s managing partner Hans J Marter says:

“It has taken a few years of gentle pressure to convince the local authority to switch some of their very extensive newspaper advertising from the long-established weekly newspaper to us, the online based news service. In doing so Shetland Islands Council responded to the significant changes in the media landscape and in readers’ behaviour. I believe Shetland Islands Council has been the first Scottish local authority to work with an online publication to promote its services. They did so because we challenged them.”

“The transport notifications on the left hand site of the Shetland News website is a self-loading portal which is linked to Shetland Islands Council’s various transport alerts pages and texting services. So whenever there is a disruption in one of the council-run services (inter-island ferries, inter-island planes, local bus services as well as road conditions in general) it is shown instantly on our notification system.”

4. Sales and marketing staff

There is a range of organisational structures for dealing with advertising sales. Some services have an advertising sales person on their own time gaining 50 per cent commission. Others have paid sales staff within the team, partner with a regional publisher, subcontract to independent commercial agents, or pool resources to appoint a joint sales and marketing person with other hyperlocal services. In the UK, direct sales come from a mixture of cold calls, inbound enquiries and editorial leads (e.g. returning to a company that has recently been featured or asking new businesses featured in stories to consider advertising).

- **Blog Preston:** *“There are five to ten inbound advertising enquiries to follow up per month. Some bigger advertisers will take a couple of months to sell and require face-to-face meetings. The length of time the advertisement is featured for can be tailored to the needs of the business, ensuring advertisers are happy with what they are getting”.*
- **OnTheWhite** has some contributors who work to recruit businesses to advertise and take commission (which varies from person-to-person).
- **VIEWdigital** offers a profit share on revenue generated from advertising and sales. They have been working on a new structure, transitioning from it being one person’s job to everyone working on it when they can.
- **Aqui.fr** hopes to find somebody to take care of this daily, to nurture one-to-one relationships with advertisers. Some publishers indicate a need to overcome resistance of small businesses moving from print advertising to digital.
- **Angers Mag** says, *“It’s quite complicated because advertisers are familiar with the paper but they are afraid of the web because they have the impression of a lack of control on this media.”*

- According to **Rue89 Lyon** it *“is a work of teaching about the web because people are still unaware of how the advertising works on the web. The main need is about explanation and then, visibility.”*
- **Den Haag Direct** does not have dedicated staff but says *“we’re doing sales/marketing all the time.”*
- The owner of **Prinsenbeeknieuws** does all of the sales and marketing herself, which she says takes *“10 per cent of the time that I’ll be working on the website.”*
- **Alphens** is an exception out of the ‘stand-alone’ Dutch services and says, *“One of the employees is full-time working on sales and marketing.”*
- **As Dichtbij** covered areas across the Netherlands, it had four people working on marketing and 20 sales people.
- Swedish **Sydnärkenytt** has two people working part-time on sales: *“One is retired and has this as an extra income, the other one is a Jack-of-all-trades and does this and a lot of other things. But they sell (advertising) for about 2,2 MSEK (€220,000) a year.”*
- **Brusselnieuws** has one person working on sales and marketing.

5. Advertiser loyalty

Loyalty in some ways is a key part of advertising revenue for all of the case studies, as a way of seeking out some stability within the ecosystem. It also highlights a close relationship between advertisers and content producers. In the Netherlands, half of the hyperlocal media services specially offer incentives for long-term contracts. In France too a lot of emphasis is placed on long-term direct advertising contract selling for more than six months to boost repeat business. The main advertisers are local authorities, public institutions, large retailers, cultural organisations, real estate, chamber of commerce and banks.

- Six out of 13 of the UK services offer discounts for repeat or long-term advertising contracts.
- **The Ambler**, which has a bimonthly print product reaching 3,200 residents, said: *“The team hate having to contact anyone for advertising. Thankfully most approach us.”* There are a range of longstanding advertisers who have been with the service for several years.
- **Shetland News** says some advertisers have been with them for the past 12 years, and they try to get advertisers to commit to a yearly rate.
- **A Little Bit of Stone** says: *“Businesses have been glad to be a part of something that is good for the community.”*
- **Bitternepark.info** says: *“It is not as difficult as some people think to sell advertising, it’s just finding the time to get more involved.”*
- Several respondents in the Netherlands (**Ditswijk**, **Den Haag Direct**, **dongen.nieuws**, **Prinsebeeknieuws**) mentioned ‘loyal and faithful’ advertisers.
- In France, **Angers Mag** sets prices based on one-, two-, six- or 12-month contracts but prefer one-shot contracts.
- **Aqui.fr** offers incentives for six- or 12-month contracts (for example, commit for six months and only pay for five, or 12 months and pay for ten). This boosts loyalty and works quite well with public organisations such as county or regional councils.

6. Newsletters

Despite new technologies and social media platforms launching regularly, which provide hyperlocal publishers with real-time, interactive ways to connect with audiences, email newsletters seem to be having a resurgence and remain a powerful tool in engaging audiences and driving traffic to websites. In Nesta's recent Action Research in Audience Analytics project, newsletters were 'seen by several organisations as a valuable opportunity to build a direct relationship with readers – and therefore a more loyal user base' and 'can help with advertising sales – overcoming the challenge provided by Ad Blockers and off-site consumption on social media'.⁷¹ Hyperlocal publishers have a number of free and paid-for tools available to send emails to bulk audiences, including MailChimp and Mad Mimi, and to prompt audiences to sign up to their newsletters. SumoMe WordPress plugin and Twitter's 'lead generation cards' are two examples that hyperlocal publishers have indicated success with.

- **Blog Preston** has had success with email newsletters, which have an advertising slot incorporated that, for example, has been taken by the Guild Hall - a large historical town venue. They use automated email service Mail Chimp, which is a paid-for service after the first 2,000 subscribers. The Guild Hall has paid for this as a sponsorship (plus a little extra) therefore, Blog Preston can lift the cap on the number of people they reach, sending the email newsletter to up to 5,000 subscribers (at £32.75 per month). The deal took three to four months to sign.
- For **Terri(s)toires**, the third main advertising space is on the newsletter, which is sent every two weeks to more than 2,000 people.
- In the Netherlands, **Dichtbij**, **e52**, **DUIC**, **It Nijs**, **Vers Beton**, **dongen.nieuws**, **Ditiswijk** all use email newsletters as part of their service.
- Belgian **De Koep** has 2,000 subscribers to its newsletter. As Turnhout has a population of 42,000, 2,000 subscribers is quite a successful number during a time when the service was particularly active.
- **Brusselnieuws** readers have a choice to sign up to daily and weekly newsletters.

Diversified revenue streams in focus

Below is the diverse range of revenue streams that the case study services currently use, or have experimented with previously. For each stream we give an overview, specific examples outlining different services' approaches and, where possible, the outcomes (i.e. advantages or challenges):

- Display advertising
- Native advertising, advertorial and sponsored content
- Pay-per-click advertising
- Directory or classified listings
- Mobile advertising
- Advertising networks
- Print products and subscriptions
- Syndicated content
- Paying for online content
- Membership and donations
- Grants and investments
- Crowdfunding
- Data and licensing
- Events
- Affiliate marketing

Display advertising

Display advertising plays a crucial role in the online marketing mix for both branding and direct response campaigns – and is the main revenue source for hyperlocal media services. Display adverts are typically sold by shape, such as leaderboard or banners, for online, and page or half-page for print. They require graphics as well as text. Performance can be measured in several ways such as against page impressions or click-through rates. For the Dutch services, all but two (It Nijs and e52) offer advertising. Of the remaining nine services, seven are offering a rate card or media kit online. All of the French case studies use a standard media pack with published advertising rate cards. This ties with recommendations from interviews with digital-only news providers in the US.⁷²

Site	Dimensions and rates	Notes
The Lincolnite, UK	Three display advertising slots available: masthead £500-700 per month, sidebar £400-£600 per month and bottom of page £350 per month. There is a limit of 10 advertising slots in each (total of 30).	The Lincolnite designs all advertisements in house (artwork created by their in-house designer) or directly by their clients to fit their specifications of their website.
Blog Preston, UK	£50 per month for a standard MPU (a 300x250 ad unit with the dimensions of 300 pixels wide by 250 pixels tall).	Prices vary depending on what the business want, for how long and if there are any other factors involved, such as a discount due to the exchange of another service.
The Ambler	In the print editions their prices range from a full-page colour advertisement for £300 the smallest (half a credit card sized) slot for £20. Online they have a rolling slot for local businesses. This usually features 4-5 advertisements and costs £6 per month.	Some of these businesses also feature in the print edition, but not all.
A Little Bit of Stone	Advertising slots range from £30 per month from a small advertisement on desktop (which does not feature on mobile or tablet formats) to £100 for the most prominent display advertising slots which appear on all devices.	Social media promotion can be included as part of advertising deals.

Aqui.fr	Offers advertising packages with standard formats: a heading mega banner at the top and an ad insert (300x250) on the right column.	As with Blog Preston, Google AdSense is used to fill unsold inventory.
Terri(s)toires	They use three advertising spaces: two on the website (a mega banner at the top of the page) and a square ad insert integrated at the top of the right column. There are also free advertising spaces inside the website (internal pages) on the right column (free ads dedicated to partners).	A third space on the website is currently deactivated because they didn't sell it. They find advertisers to be very timid about web advertising. They find it hard to compete with regional media who dominate the local advertising market with internal advertising networks, a big sales force, and a big network.
OnTheWhite	MPUs generating 20,000 views sell at £199 for a standard size format.	
Shetland News	Display advertising prices in the form of Ribbon (1248 x 80 pixels), Leaderboard (744 x 120 pixels), Banners (240 x 120 pixels, right hand side), Banners (240 x [120-480] pixels, left hand side of front page). These range from £69.50 - £125 per week.	
Rue89 Strasbourg	They offer some banners (mega banner, ad inserts 300x250, mega banner and footer expands).	
Rue89 Lyon	Have banners: a mega banner, classical ad inserts (squares), buttons and site takeovers in the colours of a brand. The biggest are the most expensive as they perform better.	They do sometimes offer some more intrusive advertising formats such as expanded banners or footers, pop-ups, interstitials etc., when advertisers want a good click rate.
Alphens	Alphens uses/sells many different formats, ranging from the complete top-of-the-website to small banners.	These banners can also be tied to specific news items, such as a security company's ad underneath an article about a burglary. The service also sells advertorials on a large LED 'city screen' that it operates at a shopping mall, with a yearly revenue of €15,000.
DUIC	Top banner (468x60) Rectangle (300x250) Newsletter top banner (468x60) Newsletter rectangle (300x250).	Publisher does sales and the communication agency does the graphics.
Ditiswijk	Display sizes: 180x180 and 180x300.	They sell advertising themselves and do graphics as well. Classified (jobs) €49,95 (£29,66). The website has advertorials, banners, and offers a listing for jobs. The service also sells advertising on their 'company-motorscooter'.
Den Haag Direct	More than 65 sizes and possibilities for ads.	
dongen.nieuws	300x250, 300x180, 300x125, 620x100, 120x180	
Prinsenbeeknieuws	180x180 and 380x100	Graphics are produced in-house
Bitternepark.info	Three different sizes for display advertising; £75 per month for ear piece which rotates with two other ads, full banner is £55 and rotates with up to five other ads, Medium slot 120x240 pixels is £35 per month.	

Brusselnieuws	The most used format on the site is the top-banner.	
Sydnärkenytt	Top banner (leaderboard), and smaller side-banners. Dozens of smaller 'classified' banners at the bottom of site.	Advertisers make their own ads or they can be made by freelancers working for the website. Online sold together with print.
321an	Top (banner) 90 SEK/day (€9.70) or 2400 SEK (€258) /month. Least expensive banner 25 SEK (2,7 euro)/day and 700 SEK (€75)/month Print ads from 3000 SEK (€323) to 800 SEK (€86).	Advertisers make their own graphics, or can pay extra and have it done by the media.

Native advertising, advertorial and sponsored content

Advertisers are increasingly seeking new ways to promote messages in user-friendly ways. Native advertising, advertorial and sponsored content are forms of communication where paid-for messages are produced in line with editorial formats, making a more seamless advertising experience for the user. Of the countries in this study, native advertising was most popular in the Netherlands (six out of 11 services) and the UK (six out of 13) using native advertising or sponsored takeovers. In one example, the customer is charged extra for putting their article on Facebook. In France, however, this type of advertising has received a cooler reception.

- **Bitternepark.info** charges £90 for a month where the client supplies written content and roughly five images.
- Where possible, **A Little Bit of Stone** sells the upper tier of their inventory as a dual package to include a display advert with a sponsored article, but this activity is said to be time consuming.
- **OnTheWight** runs sponsored articles at £295, an event feature for £49, and homepage takeovers⁷³ at £395 per day.
- **VIEWdigital** is 'trying to monetise on partnerships now rather than advertising, mostly through the themed magazines' for example writing a piece on food poverty in Northern Ireland sponsored by the Food Standards Agency.
- **Shetland News** use advertorials (to showcase on the web) and charge around £500. They also have an opportunity for advertising through video clips.

The City Talking's parent company Hebe Works has developed a new online redesign to accommodate takeovers, which has been very successful. The amount varies depending on the package. For Hebe Works, revenues also come from creating native content, which brands pay for, to tell a story about them. This differs from a branding package in the sense that the company pays for the content but surrender all editorial control. Hebe Works is given full control of the entire process and its end result in print and online formats. For example, with brand Toms they were given a budget of £5,000 (rates do vary) to create a marketing activation around the brand, with which Hebe Works created a multi-platform story. They independently created a four-page spread, each page featuring commissioned visual artists and a film showcasing the shoes. This package not only showcased a product but also featured interesting people who live and work in the city.

- **Marsactu** offers sponsoring options of talk shows: a weekly talk show about a specific theme (culture, health, science etc.) where the advertiser can append their logo in return for payment. They produced about 50 talks a year.
- **Angers Mag** is considering sponsored sections (for example a section dedicated to ecology, sponsored by a specialised company) recognisable from the page colours of the brand.
- **Den Haag Direct** offers a subscription for sponsored content. Subscribers can post sponsored content on the website whenever they want for €195 a month. If the company wants Den Haag Direct to write the sponsored content the fee is €450 a month.
- **Alphens, Ditiswijk, DUIC and dongen.** nieuws charge between €50 and €200 for a sponsored article.
- In Sweden, **321an** has sponsored podcasts for local enterprises consisting of an interview done undertaken by one of its journalists. The cost per podcast is 2,500 SEK, about €250. Audiences are informed that they are listening to paid content.

In November 2015 UK regional publisher Johnston Press announced the roll out of native advertising service Voice Local. It brings together 'a bespoke new team of dedicated commercial editors and product managers'. The aim is to deliver branded content that moves beyond classified or display advertising, by the inclusion of branded content that sits naturally within editorial content, and is unaffected by browser-based ad blockers. According to Johnston Press, this content has already delivered high levels of engagement, in some cases offering eight times the click rate of traditional advertising, ranging from national supermarket discussion cooking tips for salmon, to a local vet helping the local audience keep their animals safe on bonfire night. While the service is currently not available to hyperlocal publishers to utilise, it demonstrates attempts by regional titles to innovate and cash-in on native advertising.

Pay-per-click advertising

Despite being the dominant platform for self-service advertising across the Internet, there is very little use of Google AdSense evidenced in the 35 case studies. By and large this is due to publishers being concerned about clashes with their content. For VIEWdigital they 'do not want Google Ads as it will be too random'. Deeside.com said they 'have been approached by businesses but they were not right for the site'. It was also seen as generating too little return on investment. In France, Google Ads was used occasionally by one service and trialled by two publishers but also withdrawn as it was either ineffective in generating revenues or not in keeping with editorial content. As Rick Waghorn, CEO of Addiply advertising solution, says: *"It's the ultimate emperor's got no clothes."* In the Netherlands, in Belgium and Sweden pay-per-click is not used by any of the websites in our research.

- Two of the case studies in the UK have used Google Ads to fill advertising space that was not sold directly, generally bringing in an income of £100-£200 per month.
- **Aqui.fr** are experimenting with another form of mobile advertising sales TheMoneytizer (a native monetisation solution that allows bespoke ad placements) which seems to have a higher rate of return than AdSense.

- **Angers Mag** use advertising and marketing technology exchange Criteo to fill any unsold advertising space: it creates a little flow but in terms of revenues it's very weak.
- Two other French services use Google Double Click for Publishers, software developed by Google to manage and optimise an advertising campaign on the Internet. Google Double Click for Publishers allows publishers to manage directly-sold and network-based online ads in addition to Google AdSense. For **Rue89 Lyon** this platform guarantees a minimum number of impressions. **Rue89 Strasbourg** also uses the platform with its own banners.

Directory or classified listings

Large online listings and auction marketplaces such as Preloved, eBay, Craigslist, Le Bon Coin and more, dominate much of the classified listings market. Regional publishers have been hit hard over the last decade by dramatic falls in classified advertising revenues. Yet there are opportunities for hyperlocal publishers to leverage values in highly targeted classifieds.

- **Blog Preston** and **A Little Bit of Stone** offer free 'what's on' and directory listings in order to generate contacts.
- **The Lincolnite** lists jobs and properties via a plug-in and charge between £80-£200 for a jobs listings (for 14-30 days), with properties listed on a monthly subscription. They work with three agents currently (and are looking to expand) and they get to choose how many properties/pages are required. They also have paid options for event advertising, but do list events for free too.
- **Visit Horsham** has a directory model, which is teamed up with social media to be of benefit and interest to the community, providing a 'one-stop shop' on what businesses have to offer. The fee to businesses to appear on the Visit Horsham website is £10 per month, which is paid by direct debit and a setup fee of £50. People in other organisations can earn a commission from lead generation (to appear on the directory), such as another local newspaper, a local company, a photographer or someone who runs a local networking group. Visit Horsham also run an effective 'offers' section, such as Horsham Karate Club free taster sessions, discounts on first appointments to Osteopathy services or discounts on shopping.
- French **Angers Mag** tried classified advertising but found it too difficult to compete against market leaders.
- Dutch service **Ditisiwijk** has a classified advertising directory for self-employed workers who want to advertise, at €49.95 a year. The profile is in a 'listing' that rotates on the website.

Mobile advertising

Mobile advertising can be approached two ways: developing a responsive or mobile-friendly website, or creating a bespoke application, or 'app'. Mobile advertising offers a raft of potential for new advertising experiences such as in-app purchases, geolocated advertising and rich media adverts. However, developing advertising on mobile is in its infancy for hyperlocal publishers, with many not having a specific mobile application, or reporting low returns on activity. Concerns include not wanting to ruin user experiences, advertising intrusion or technical issues controlling how the adverts are served on mobile. For example, Blog Preston has a mobile app with an average of 5,500 users per month, which currently has advertising switched off as they focus on building a user base. Websites without responsive designs, such as Shetland News, are less successful generating income specifically from mobile. Most case study services are developing responsive or mobile-friendly websites to serve advertisements in mobile-specific formats and sizes, which can help raise the economic value of advertising inventory.

- **A Little Bit of Stone** is working to 'be cleverer' about where they place advertising on the mobile site, instead of pinning all the advertisements to the bottom of the pages. An ad placement higher up the page on a mobile-friendly site avoids the user having to scroll excessively to reach the bottom of the page.
- **Visit Horsham** uses a responsive mobile design powered by Dest-API, a cross-platform html5 application. It offers location-aware news, information and offers including a hyperlocal business directory that allows calls to businesses direct from the mobile directory, a location-aware events guide, and local news to integrate with other news providers. Local businesses can update their own content. Local users can redeem vouchers directly through the app, and respond with feedback.⁷⁴
- **Rue89 Strasbourg** uses interstitials on mobile – a cover that is inserted in the normal flow of editorial content structure on a site for the purpose of advertising or promotion. These can be sold as part of a 'habillage de site' (website takeover). The performance depends on the design and call to actions (such as 'click here', 'download this', 'subscribe') and if there is an interstitial, which has a good click rate.

Advertising networks

The ad network landscape is complex and rarely navigated by hyperlocal media services as it is not always clear with whom to work or if local businesses are even represented. Ad networks provide a single point of contact for sales representation for multiple websites by aggregating all the sites' advertising space available to sell – their inventory. The appeal for advertisers is to reach multiple audiences and a way for publishers to sell remnant inventory. Addiply was a local-facing web-based advertising network in the UK that ran on a local news pilot in three cities: the Guardian Local project. Self-serve adverts were sold for £10 per week, with Addiply taking 10 per cent. It was a local advertising network alternative to Google Ads. In the Netherlands, the network Oogopnederland uses photographic content from freelancers to make it easier for them to make money from their work.

- For **The Bristol Cable**, advertising operates within an ethical charter as informed by the membership. They sell adverts directly to local businesses but also use an advertising network, **Ethical Media Sales & Marketing (EMSM)**, at a 70:30 revenue share to sell their inventory across a number of local and national bundles. This means that an advertiser wanting to reach audiences in Bristol as well as another town can do so. Advertisers usually fall into themes related to the editorial content such as ethical and charitable brands.
- In France, agency **366.fr** pools inventory from regional publishers, but not hyperlocal media services.
- In the Netherlands, the network **Tolocal** offers national advertisers a network covering the whole country through local websites with automatic sale of display, video, mobile and native advertising. Tolocal claims 40 per cent of the ad revenue.
- **Oogop** (translated to 'Eye on Netherlands') specially targets photographers and makes it easy for photographers to set up a photoblog and make money from it.⁷⁵ The national organisation provides the CMS (content management system) and sells advertising on the photoblogs, with photographers getting a share. For €327, customers – usually local businesses – get pictures of their business that they can use themselves for websites, advertising or brochures. The customers get a banner on the photoblog for three months and the photos are placed on social media, which helps to promote the customer as well as the work of the photographer. The network grew to more than 60 local photoblogs within three years. As photographers don't pay a fee to the national organisation, it is not exactly a franchise model.

Print products and subscriptions

Having a print product is an important route to brand presence, advertising income and audience reach for several services. Almost half of the UK and Dutch services maintain a print product, as do Angers Mag in France. Publication schedules range from bi-weekly, to monthly, bimonthly, quarterly and annually. Several other services are exploring print publications as part of their mid- to long-term strategy, including A Little Bit of Stone and Den Haag Direct. With several cheaper alternative ways to print, and novel ways of distribution and production, print publication is no longer seen as cost prohibitive.

- **The Ambler** started a print edition in 2000. Every two months the printing costs are a little more than £1,000 and distribution is £200 with a print run of 3,200 copies. Advertising revenues can generate £8,000. Their print copy is designed using InDesign, then sent out-of-house to a local charitable printing business, which employs workers with special needs. Their A4 booklet format is mostly printed in black and white and consists of around 24 pages. The Ambler charges £7.50 subscription for the year, to which 15 people are signed up. This tends to be popular with expats that used to live in the area. 'The ethos is to help regenerate the town and help people feel better about where they live. The idea is also to give volunteers relevant and useful skills to help if they are looking for work. We sometimes get criticised for painting too rosy a picture of the town.' This model seems to best fit the community's voices and demands. The print editions are mostly read by the over 30s while online engagement tends to be people in their 40s, and an Artograffi section has made the print copies more attractive to younger people and families.
- Leeds title **The City Talking** has advertising in full, half and quarter-page formats outsourced to Johnston Press who manage most of the advertising sales and relationships, and sends the artwork to parent company Hebe Works to create the layout. The collaboration allows the Yorkshire Evening Post to reach a 'slightly younger and a slightly hipper audience'⁷⁶ and The City Talking to expand its distribution and reach.
- **The Bristol Cable** prints a quarterly newspaper bundling investigative, civic and ethical content to counter the local and city media. 20,000 free copies are distributed from more than 600 points across Bristol. The print publication offers high-end infographics and visual content with a strong public-service mission. About 15 volunteers run the day-to-day operation of the service and they plan to train dedicated members to be correspondents in the city's main neighbourhoods.
- **VIEWdigital** earns £600 for a full-page print advert, with five pages of advertising per edition ideally. The print copy is also available in PDF online and they are trying to make editions more interactive with QR codes and web links. The magazine is free and distributed to libraries, where they are kept as reference copies.
- In France, **Angers Mag** has a sales subscription for people who live outside the city (€35 a year) to cover shipping costs.
- **Alphens** produces a yearly profitable glossy near Christmas time.
- **Liwwadders** has a free monthly magazine with a circulation of 10,000 distributed in a 100 different public places.



- **DUIC** in Utrecht launched a printed edition in December 2015 that was supposed to be distributed bi-weekly, door-to-door with a circulation of 145,000. The real circulation, however, is said to be much lower as distribution proved to be difficult. DUIC wants to prove that is possible to 'offer quality news in a printed freesheet.'
- With **Dichtbij** being a national network of hyperlocal media services, it enjoys exposure through the local free weekly print publication produced by parent company Telegraaf Media Groep, i.e. through exchanging content or in a special Dichtbij page. In some areas the free weekly was rebranded as Dichtbij.
- **e52** in Eindhoven produces a monthly newspaper for their 150 subscribers. The paper is also distributed by the local tourism board for free, which provides a better distribution and is, therefore, more appealing to advertisers.
- For Swedish **Sydnärkenytt** the print edition is the most important source of income: *"We discovered that local businesses were sceptical towards online advertising, with the free print product it was much easier to sell ads. I think it has been easier to sell online as well when the print product made us more established."*
- **321an** has a bi-monthly subscription magazine, with a local price of 300 SEK (€30) per year, and a price of 400 SEK (€40) per year in other areas. Digital subscription (PDF) is 150 SEK (€15) per year.
- **Brusselnieuws** publishes a weekly news magazine and a monthly cultural magazine. Both are free home delivered in Brussels.

Interest is increasingly turning to slow journalism. This refers to products that may take longer to produce but are high value: not only high-end graphics and design, but covering investigations, context and analysis that is not possible in the speed and always-on environments of social media. Print is one way to achieve slow journalism. One example not included in the case studies is [Delayed Gratification](#).

Syndicated content

There are opportunities, albeit sporadic, for hyperlocal media services to syndicate their content. Syndication allows publishers to make content already published on their own site, or that they have captured with a camera or smartphone, available to one or more other parties via permissions. Syndication can be a complete copy, part of content, packages, or be a feed of content supplied digitally.

- **Marsactu** in France has been contacted several times by documentary production companies in relation to their videos: they sold three or four contracts of this sort in 2014/2015 with the editors citing it as 'interesting because it's a kind of bonus.'
- **Angers Mag** has syndicated occasionally, for example, on an event that created a lot of buzz on their website. The national press and some TV channels wanted to use their photos and videos.
- **Ditiswijk** in the Netherlands sells videos or photos to companies, at €10 per photo but this doesn't happen very often. It also occasionally sells videos to other news organisations, but have no set price.

Paying for online content

Online subscriptions offer publishers the opportunity to ask readers to pay for content. Paying for content online is often associated with paywalls – yet it comes in many forms. There are lots of ways to set pricing plans such as number of articles, time spent, access to additional content or services. None of the UK, Dutch, Belgian or Swedish case studies have introduced paid subscriptions for their online edition or app. In the Netherlands, the Frisian service WâldNet (not included in this research) experimented with metered paid content some years ago but ditched the model because it became too complicated to maintain and resulted in little revenue.

- The French pure player Marsactu was set up in 2010 to cover the city of Marseille. Pierre Boucaud, who directed a local TV company previously, created it to take advantage of low entry costs and the opportunity to develop in a flexible model. They experimented with an annual subscription of €500 for Marséco, launched in 2014, a paid weekly online newsletter for economic decision-makers. Marsactu relaunched in the final quarter of 2015 with a business model based on online subscriptions. Three packages are available from: €6.99 (monthly), €17.99 (three-monthly), €59.99 (annual). Subscribers benefit from all the content in real time, with no limits. They can join ‘L’Agora’, a space dedicated to paid members where they can comment, write or share. They also have ways to steer and support the independence of the organisation - for example, subscribers can create a blog to initiate debates and share updates. On the website, free content is mainly from external contributors while a high proportion of premium content is reserved for subscribers. The professional offer (for institutions mainly) also works well. The subscription model is considered an option for Marsactu for a number of reasons, including the size of the geographic coverage of Marseille, the editorial focus – being independent from local authorities and very committed to the interaction with citizens, i.e. via L’Agora, and being in line with Mediapart, the French success story in terms of independent, investigative press.
- In November 2015 Aqvi.fr, in addition to their free online version, launched a new paid edition focused on the metropolis. It offers an enhanced version, available by paid subscription only. The website Aqvi.fr (regional coverage) stays free but a new paid edition (just for covering Bordeaux, the city) is paid for. It costs €5 euros by month or €50 euros by year. It’s a test of the subscription model at the city level. Now they have two websites: Aqvi.fr and Aqvi-Bordeaux-Métropole.fr.

Membership and donations

Membership models offer publishers the opportunity to reflect a desire to have the community vested in their operations – and for readers to pledge support. There are various ways of rewarding support, including members gaining special event access or privileges. Contributions often help cover operating costs and there are differing levels of support ranging from ad hoc donations, general memberships to corporate sponsorships. Third-party sites such as PayPal, Flattr and J’aime L’info also allow for readers to give donations but these generate very little revenue. Given the close relationships between hyperlocal publishers and their audiences, several services evidence membership in some form.



The Bristol Cable

- **The Bristol Cable** in the UK runs as a membership model. Membership is £1 per month minimum, but members tend to pay an average of £3 per month. With more than 400 members, they generate a consistent £900 a month from this. Membership is founded on a principle that people get something back for their money 'to create commonly owned public-interest journalism, produced by a wide range of people'. It is unique as these members make up its cooperative, who jointly make big decisions. The team hope to increase to 2,500 members within 18 months.
- **Bitternepark.info** appeals for a monthly subscription of £1 per month, with options up to £25. Founder Guy Phillips, is aiming to encourage subscription donations closer to £5 and is looking at offering some benefits to tie in with this. One-off donations are also accepted via PayPal, bank transfer and standing order.
- **e52** in the Netherlands has 150 members that pay €52 a year. They received the monthly printed publication delivered for free, get invitations for special events and occasional gifts.
- In France, the association 'Les Amis d'Aqui' (Aqui's friends) welcomes supporters for a €25 or €50 annual donation. Its goal is to create links between **Aqui.fr** and its readers. These members are invited to an annual seminar about new trends in communication, such as open data.
- **Angers Mag** has a business club with two kinds of participation routes: membership and donations. Memberships only generate marginal revenues. Donations are more interesting and are exempt from tax for organisations with IPG (general political information) status.
- Since the beginning of 2016, **Marsactu** gives subscribers the opportunity to invest funds as part of the united news organisation status 'entreprise solidaire de presse', a new French status that is formed specifically for the financial backing of news enterprises. This innovative social enterprise framework provides tax incentives for those wishing to become a shareholder of a new newspaper. Controversial Paris-based magazine, Charlie Hebdo, was the first to adopt this status.⁷⁷
- **Terri(s)toires** membership is considered a 'subscription of support' and gives the reader certain privileges such as the possibility to comment on articles without preliminary moderation and to have photography considered for the website.
- **Rue89 Lyon** has a readers' club. By joining it, members can participate in organised debates and meet the media staff to give opinions about the site. The service asks for €5 a month to support the media's independence but revenue from this is anecdotal.

In December 2015 Dutch national journalism platform De Correspondent reached a milestone of 40,000 paying members and sparked a new wave of interest in membership models. The site was launched in 2013 after €1.3 million was raised through crowdfunding and donations in support of a mission to produce in-depth journalism using an ad-free platform that actively engages readers. They have monetised reporting with and for readers.

Grants and investments

Grants and investments are most commonly accessible to hyperlocal media services for social innovation and digital innovation initiatives. Funding and one-off awards can be sought for specific projects, development goals, pilots or research. They are often competitive processes and organisations are required to demonstrate eligibility against criteria, for example as outlined in Google's [Digital News Initiative](#), Power to Change's [Community Business Fund](#) and UnLtd's [awards programme for social entrepreneurs](#). Organisations also need to invest significant time and resources to apply, and for reporting purposes. Partnering with other organisations and harnessing the combined efforts of different players in a local area, or community of practice, could help to secure funding for a venture that benefits the whole community.

- **The Ambler** received £5,000 from the Sir James Knott Trust and £1,000 from Northumberland County Council's Community Chest to update IT and software. They have also been awarded £900 for their youth Artograffi project allowing young people to work with professional journalists on their storytelling online, but in a safe way. They say grants have become harder to find as many do not like to repeatedly re-invest in the same project.
- **Hebe Works** received a Nesta proof-of-concept funding grant in 2012 to create a mobile experience that people would pay for. On the back of demonstrating innovation within their service, they subsequently received funding through Nesta and Innovate UK's Destination Local Demonstrator funding.⁷⁸ On project successful completion (estimated May 2016) they will have received a total of £299,450 from Innovate UK.⁷⁹
- **The Lincolnite** received £1,000 from an innovation fund at Lincoln University over six months to work on the project.
- **Bitternepark.info** and **OnTheWight** were both awarded Nesta grants of £6,500 for participating in the Action Research in Audience Analytics project. The project is supporting ten UK hyperlocal media services to use online audience analytics tools more effectively.⁸⁰
- **The Bristol Cable** has been awarded funding for the Action Research in Audience Analytics project, and has also been awarded £1,500 from the UK federation of cooperatives, Coops UK, in 2013, £1,500 by Lush cosmetics in 2014 and £5,000 from the Moondance Foundation in 2015.
- In 2008, **Blog Preston** was involved in a multidisciplinary research project Bespoke, investigating how digital technologies can increase social inclusion and improve lives. Moving beyond social cohesion projects aimed at giving communities a voice, Bespoke connected communities with tangible benefits in the form of real-world outcomes with genuine impacts.⁸¹
- **Marsactu** and **Rue89 Lyon** have received grants from the French digital news innovation fund (FINP) backed by Google.⁸² Marsactu used funds to help it with new editions or products, such as Marséco. Rue89 Lyon used funds in 2014 to help in its data journalism activity, which is both editorial and commercial. 'Rue89 commercialise services like data journalism i.e. analysis, infographics, data visualisations and web apps'.⁸³ In 2015, [Aqui.fr](#) also received money for Aqui-Bordeaux-Métropole.⁸⁴
- Dutch service **Dichtbij** received almost €356,000 in 2010 as startup money from Journalism Innovation Fund (Stimuleringsfonds voor de Pers).
- Swedish service **Sydnärkenytt** has previously received some funds from the Swedish Employment Agency (Arbetsförmedlingen) and in 2012, they received €2,000 via the EU LEADER programme.⁸⁵
- The website **Gazet van Turnhout** (previous version of De Koep) received €15,000 from the King Boudewijn Fund and a donation from the municipality.

Crowdfunding

As a way to generate income around a specific project, online crowdfunding has received much attention in journalism. Several bespoke crowdfunding sites have also sprung up around journalism projects and commissions. Research suggests a striking upward trend in the number of people contributing financially to journalism projects.⁸⁶ High-profile successes have made it apparent that, as a way to engage public support and financial backing from a wide community base, crowdfunding can work. Hyperlocal media services are no exception and have experienced notable successes.

- **The Bristol Cable** raised £3,344 in a 28-day crowdfunding campaign in April 2014. It created significant buzz across the city and they got 79 backers, gaining momentum as a platform. They may use another crowdfunding campaign to generate revenue for themed editions, research or specific investigations
- **The Ambler** tried crowdfunding for a community event but found it difficult. They achieved their target of raising £1,000, which was match-funded by another organisation. It was for their annual Puffin Festival.
- **A Little Bit of Stone** used crowdfunding to create a new mobile-friendly website and allowed editor Jamie Summerfield to dedicate more time to the platform. The target of £15,000 was exceeded by £380, with a total of 145 backers in 42 days through crowdfunder.co.uk. Donations ranged from £5 - £75 from community supporters, from which they received 103 pledges on their website. Pledges of higher amounts included tickets to the launch party (£50+) or a 30-minute flight over Stone in a two-seater helicopter (£75+). Forty-six business supporters donated amounts from £100 - £1,500 in exchange for their company logo being shown on the [supporters' page, advertising slots, social media promotions and editorial coverage](#).
- **Rue89 Strasbourg** launched a crowdfunding campaign and collected more than €36,000. The funds were for the new site's design, to develop responsive design, to buy a video camera, and to develop more sections. They also created Strasbourg Connect a project to integrate social functions into the website. 'The idea was to create a local social network driven by current affairs.'⁸⁷
- **Marsactu** received more than €25,000 through crowdfunding to relaunch the service (after a compulsory liquidation in 2014). Before the liquidation, its newsletter targeted at economic decision-makers, Marséco, had approximately 100 subscribers. Now, Marsactu has approximately 1,200 subscribers of which more than half are backers from its crowdfunding campaign.

In July 2015 Positive News became the first crowdfunded global media cooperative, with 1,526 owners from across 33 countries. It was also the first community shares project launched by crowdfunding platform Crowdfunder in partnership with the Community Shares Company. Community shares are growing in popularity especially as they have a longer-term appeal, but there are key differences compared with other types of crowdfunding (i.e. donation based and reward based). For example, they can only be issued by co-operative societies, community benefit societies and charitable community benefit societies, and when an organisation issues community shares, each person who buys shares gets a vote in how the enterprise is run.⁸⁸

- **Aqui.fr** led a crowdfunding campaign to collect €90,000. They achieved less than half this despite a widespread social and communication push. The initiative was launched in order to pass a difficult stage in the site's development and, although they did not receive the target, the significant impact on reach and engagement helped the brand.
- Crowdfunding and donations are not that popular for Dutch local media. In the Netherlands, there is one important crowdfunding platform targeted at journalistic products, [Journalism](#). However, it is for investigative projects and Dutch hyperlocal media services have hardly used it. There is also the Journalism Innovation Fund ([Stimuleringsfonds voor de Pers](#)) but projects have to be innovative and it seems to be hard for existing hyperlocal media services to come up with innovative projects.⁸⁹

Data and licensing

The business of data journalism is in its infancy, especially across hyperlocal media. Data journalists can help to collate, synthesise and present diverse and often difficult threads of information to enlighten audiences and give real insights into complex issues. In this way, original journalism has value. Beyond that, data – and processing data – can also be seen as a service from which economic rewards can be generated, inclusive of open data – made publically and freely available, by public services, local and national government, and big data – large data sets often ‘mined’ and monetised by corporate organisations.

- **The City Talking's** parent company, Hebe Works, has developed Leeds Data Mill in partnership with Leeds City Council. It forms a hub for a vibrant open data culture in the city. One project that connects to the Leeds Data Mill is the city data dashboard powered by Solomon software. Developed using an open source model, Solomon allows users to easily visualise data and help people make sense of it. Users can create data ‘stories’ built from council data e.g. bin days or statutory notices. The user can flip over parts of the dashboard to see the source of the data and these can be gathered together as custom displays allowing the user to focus on data around a particular theme. The system also has simple tools for users to build their own ‘stories’ from open data. The team are looking at licence revenue models, where large service organisations such as the National Health Service or Yorkshire Water run locked-down versions in-house, or as a data streaming service. There would be an annual service fee for a hosted version of the dashboard and a tiered pricing plan for additional stories.
- In the Netherlands, **Alphens** sells data. It works together with websites that also work with or contain content from Alphens. Examples are the Alphen Business Centre and the local tourist office. Their knowledge of data comes from their involvement with software-company SERA.
- In France, **Six Neuf Data** is a data agency created in 2015 by Six Neuf Media (the parent editing society of Rue89 Lyon).⁹⁰ It is an experiment with both editorial (data journalism) and commercial because they propose services to clients such as web apps, infographics and data visualisations. Rue89 Lyon has created web applications such as interactive street views.

Events

While time consuming and complex, organising events can be a way to generate revenues either from ticket sales, sponsorship, spin-out services or by reaching new audiences. For hyperlocal publishers, the main win is community- and brand-building, with many publishers focussing more on the social aspects of getting people together. Event organising tools such as [Meetup.com](https://www.meetup.com) and [Eventbrite](https://www.eventbrite.com) have simplified the hosting process.

- **The Lincolnite** organises digital awards events for the digital creative sector in the county. To date there has been no revenue generated from this.
- **VIEWdigital** has been involved in events including training for community groups (video for the web, infographics etc.). There is often no revenue generated from these but promotion and further community engagement are seen as positive outcomes.
- **Visit Horsham**, **The Bristol Cable** and **Charlton Champion** organise casual meetups to discuss local issues, but there are no revenues generated from these.
- **Rue89 Lyon** has organised a natural wines and 'Meat me' food festival, which brought in a 'little bit of money' but mostly gave the service physical visibility.
- In the Netherlands, **Den Haag Direct** runs events for companies (approximately four a year) with the average cost to the company for one workshop being €10,000. They also organise smaller popup workshops for €150.
- **Alphens** sells tickets for third party events such as Culinary Alphen, Summer at the Lake, Lakeside (dance event), a boxing gala and Restaurant Week. Revenues are approximately €15,000 per year as they get a share of the revenues.
- **e52** organises a monthly 'light breakfast' and discussion. These are early morning sessions around specific themes with guests from business, politics, science and the cultural sector. Twice a year they organise a startup event. Companies sponsor events while people attending also pay an entry fee. The earnings are around €1,500 per event.

Affiliate marketing

Affiliate marketing is best recognised through services where publishers can host a 'shop window' to another marketplace on their website and earn commission from a merchant or retailer based on the value of the lead or subsequent purchase. Amazon Associates and CJ Affiliate are two examples.

- **Visit Horsham** use Affiliate Window,⁹¹ which in 2015 between the New Year and early autumn had generated £3,273 worth of business, and £134 in revenue for them. Visit Horsham act as a front-end to high-street retailers, and the service can be promoted alongside affiliate advertising to further boost performance. They also promote local postal 'click and collect' services through the affiliates. It is easy for small and independent businesses to join and even the local council has asked the service to feature deals and sales as a way of bringing people to the town.
- French **Rue89 Lyon** uses Ligatus. Ligatus Native Solutions are integrated into Europe's largest premium websites and offer 27 billion ad impressions per month, and focus on local reach. They can serve sponsored links at the end of the webpages.

Table 5: Revenue model map - This matrix represents the revenue streams being used by case study services in the groupings of viable, sustainable and resilient according to subjective responses

Described themselves as	Revenue category: In what range was your total revenue (income) for the last financial year	Partnerships	Display advertising	Native advertising, advertorial and sponsored content	Pay-per-click advertising	Directory or classified listings		Mobile advertising	Advertising network	Print products and subscriptions	Syndicated content	Paying for online content	Membership and donations	Grants and investments	Crowdfunding	Data and licensing	Events	Affiliate marketing		
RESILIENT																				
	under £25,000/ 35k euros	x	x	x	x									x						5
	between £25k-£100k/ 35-142k euros		x	x						x										3
	under £25,000/ 35k euros	x	x			x		x										x		5
	between £25k-£100k/ 35-142k euros	x	x	x																3
	between £100-250k/142-355k euros	x	x	x						x						x	x			6
	unknown		x							x				x						3
	under £25,000/ 35k euros									x			x				x			3
	between £25k-£100k/ 35-142k euros		x	x						x										3
SUSTAINABLE																				
	between £25k-£100k/ 35-142k euros		x		x								x	x		x	x	x		7
	more than £250k	x	x	x						x				x		x				6
	under £25,000/ 35k euros	x	x							x				x	x					5
	under £25,000/ 35k euros		x	x				x							x					4
	between £100-250k/142-355k euros		x		x	x				x	x		x	x						7
	under £25,000/ 35k euros	x	x	x						x							x			5
	between £100-250k/142-355k euros	x	x	x																4
	under £25,000/ 35k euros		x	x		x					x									4
	under £25,000/ 35k euros		x	x													x			3
	between £100-250k/142-355k euros	x	x			x								x			x			5
	under £25,000/ 35k euros		x																	1
	more than £250k/355k euros	x	x							x							x			4
	between £25k-£100k/ 35-142k euros		x	x						x										3
VIABLE																				
	between £100-250k/142-355k euros		x	x							x	x	x	x	x					7
	between £25k-£100k/ 35-142k euros		x		x							x	x	x	x					6
	under £25,000/ 35k euros		x										x							2
	under £25,000/ 35k euros	x	x	x																3
	under £25,000/ 35k euros	x	x	x										x						4
	under £25,000/ 35k euros																			
	under £25,000/ 35k euros		x		x															2
	under £25,000/ 35k euros												x							1
	under £25,000/ 35k euros																			
	under £25,000/ 35k euros	x	x	x	x								x	x						6
	under £25,000/ 35k euros	x							x	x			x	x	x					6
	between £25k-£100k/ 35-142k euros	x	x											x	x		x			5
Unknown category/ unclassified																				
	between £100-250k/142-355k euros		x							x				x						3
	between £25k-£100k/ 35-142k euros		x		x			x							x					4
		15	30	16	7	4		3	1	13	3	2	9	14	7	3	8	2		

SUMMARY

- Display advertising is the most dominant revenue stream, with banners being offered in different sizes, and graphic design on advertising done by the services themselves.
- There is very little use of Google AdSense evidenced in the cases studies due to insignificant revenues or clashes with editorial content.
- Native advertising or sponsored content is sparking increased interest and lucrative revenues.
- There is a mixed picture in national markets around advertising networks serving regional and local publishers.
- Print is playing an important role in discoverability and sustainability of hyperlocal media services.
- Crowdfunding is a valuable revenue for specific projects.
- Several services are seeing membership and donations as acts of support.
- A diverse range of services and events are being developed by the case studies but few are effectively monetising these activities.
- Partnerships are an important part of the revenue 'mesh.'
- The sharing economy and non-monetary exchange of services also plays a large part in the hyperlocal media ecosystem.

SECTION 5

INNOVATION AND EMERGING MODELS

As hyperlocal content producers are often consumed with the day-to-day pressures of their workflow, this section draws on areas of innovation in revenue creation from around the world. It highlights ways publishers of hyperlocal news and information could experiment. With many web-based platforms and rapid technological changes being developed, the aim is to guide publishers.

#1 Model: Hyperlocal alliance

Potential: In the US, the alliance for local independent online publishers, Lion Publishing,⁹² shares best practise, leverages discounts, offers advice and training, and offers support on technology development. This includes work on developing databases of advertising networks and legal support - who is doing what - and matchmaking with hyperlocal publishers. **How to get started?** Look to a well-placed union, cooperative, charity or independent centre to steer an alliance. An alliance could potentially pave the way for applications of strategic funds. In the UK, the Community Radio Fund offers small scale funding to community radio stations for strategic roles or projects.⁹³ And in 2015, the trade body for the sharing economy in the UK, SEUK,⁹⁴ was established to support the sector and set standards of good practice.

#2 Model: Writer membership network

Potential: Contributoria, a freelance journalism marketplace (which closed in 2015) ran a three-tiered membership model (free, £3.99 a month and £5.99). Across a three-month cycle members pitched stories and voted on them via a virtual points system, peer reviewed and co-edited them, then the stories were published on the website, e-reader and in print. Content was also syndicated. The highest 'patron' level was rewarded with both printed and e-reader editions and more spending power within the community. **How to get started?** The technology driving the platform is available as a white label purchase. Other platforms such as [Publish.org](#) and Spain's [Eldiario.es](#) are also being developed. The model requires strong in-text editing tools and content quality drivers between the members.

#3 Model: Journalism crowdfunding and commissioning networks

Potential: There are many networks: [Yournalism](#), [Beacon](#), [WePress](#), [PayDesk](#), [Storyhunter](#), [Stringr](#). They allow producers in different disciplines to access unique assignments from the world's top publishers, fund individual projects or sell content on. **How to get started?** Signing up to the network is straightforward. Pay attention to the revenue share that is being offered, as these will vary. There are also opportunities to be part of a larger journalism team.

#4 Model: Selling or repurposing your archive

Potential? At its most embellished, a news archive such as [Google's Global Database of Society](#) highlights the value in an archive. Hyperlocal media services can maximise opportunities to contextualise stories, by teaming up with national archive and data services to unlock value. Sales opportunities also exist around photo archives both digitally and as prints. **How to get started?** Consider what themes exist in your archive and to whom they may be of value. According to the founders of Kentishtowner, exploiting the 'long tail' – or the extended popularity curve – of previously published posts can provide thousands of extra hits per month. Highlighting historic content via a quick social media post, or even revising and refreshing an old feature, is a valuable technique for a resource-strapped hyperlocal publisher.⁹⁵

#5 Model: Selling data

Potential: [Urbs Media](#), [The Texas Tribune](#), [Scraperwiki](#) and [Tweetminster](#) are emerging business models around data journalism: translating data into stories, connecting data into narratives, or processing data. **How to get started?** Look to access and exploit data sets for stories and create content around them. Kansas City Business Journal sells listings of curated data on the largest local businesses in various categories. Baltimore Business Journal publishes information from public records sources, such as real estate transactions, new corporations and partnerships, bankruptcies and charge weekly subscriptions or one-off download fees. Also, carefully audit what data you are gathering and if you could easily gather more. For example, ask for mobile phone numbers at the point of newsletter subscription. Do you have data relating to your audience in relation to peak times or places? Can you offer a loyal and large audience relating to a football match on a certain day and time?

Paris-based agency [Wedodata](#) offers a range of data journalism services, from data processing, news games and analytics to training and events. They pride themselves on combining beautiful and varied output formats (web apps, gifs, motion design, magazines) with journalism and data scientist know-how.

[Journalism++](#) 'makes your data speak' is an agency for data-driven storytelling. It is a network of independent for-profit companies operating in six different cities joined together in a franchise of data-driven storytellers.

At the local level, [10h11](#) is a specialist company in data visualisation and infographics at Bordeaux, Paris, Lyon and Quebec. It specialises in telling local stories and company narratives through data: from collection, analysis and narrative to visualisation and dissemination.

“ We wanted to see if we could change the process of journalism and news operations. Could we base a newsroom just on data instead of going out to talk to people? Could we replace conventional sources? Can we make a scalable city media model? Can we have a cheaper way of doing that? We generate text-based stories based on data topics that



generate highly shareable stories such as renting in London and pensions. City open data seems largely untapped as a resource – and generates interesting and useful news content. The data was easier to handle than we expected. We tried to be as objective as possible and not to pick up the phone and chase a comment. It feels more purist to be as objective as possible.

There are a number of different verticals for the business model. We could potentially have an international Urbs operation providing city sites around the world – using advertising in a direct to consumer model. We are also working out whether Urbs can work in a news service model. We would provide stories derived from open data that could be published as they are, or used as a lead for a more conventional piece of newsgathering, including comments and case studies. The nature of Urbs content means that it can provide bedrock resource of facts to offer context for a wide range of stories that would build up over time. This, I believe, would be a valuable resource for a news provider to be able to tap into.”

Gary Rogers, Editor in Chief, Urbs Media, speaking at the Hyperlocal Data Journalism Conference, 2015

#6 Model: Social media consultancy

Potential: Hyperlocal publishers are master connectors, and frequently leverage communities and engagement tools. These skills can be sold as a service to local businesses. **How to get started?** Get paid to make Facebook posts on a particular subject or to manage social media accounts. Use simple editing tools such as Animoto to compile Facebook photos and videos for popular local events, such as final year school dance or the village fete, and sell pre-roll sponsorship.

#7 Model: Syndicate and brokering services

Syndicate and brokering services **Potential:** [PARS](#), [Newzulu](#) and [Citizenside](#) syndicate and broker stories to other digital publishers to run on their sites. This can be challenging, however, as larger publishers are increasingly interested in commissioning their own piece than buying pre-existing content. **How to get started?** Set up accounts but check the revenue share.

#8 Model: Book, magazine and zine production and merchandise sales

Potential: You can either sell unusual books for non-Amazon publishers, as Slate did with this [Ursula LeGuin book](#), write your own, or write or edit one as a paid service on behalf of a local service, group or the wider community. PDF downloads and zines (self-published fanzines or magazines) can also do well. **How to get started?** Lulu and Blurb are just two self-publishing tools available. For more advanced steps into ecommerce, you can use existing online shop services (easier set-up and a robust framework but it means traffic leaving your website) or build your own (for example, the [WooCommerce](#) platform, the [GoCardless](#) direct debit payment gateway, and [Intuit Pay](#) (a card reader service that also facilitates online debit and credit card payments for remote or card-not-present (CNP) transactions).⁹⁶ You can also contact independent bookshops and photography or art galleries to enquire about selling printed books, magazines and zines.

#9 Model: Franchise

Potential: About My Area in the UK launched in 2005 and has a national network of 2,000 community websites of what's on, events, directories, news and surveys. It offers a franchise to those wanting to make money. [Near You Now](#) is a real-time web service enabling media organisations to show local articles and information personalised by location. The London24 service, run by regional publisher Archant, uses the service and consequently was awarded highly commended by judges in the 2015 News Awards for Digital Innovation of the Year.⁹⁷ [Neighbour Net](#) started in 2000 and claims to be the largest network of local community websites in Europe, with nine sites covering London run by locally based editors. Neighbour Net provides proprietary software, a domain name and hosting and franchisees don't pay anything to Neighbour Net until they start making an operating income. **How to get started?** To join a franchise, contact the publisher/network provider directly. Running a franchise itself is trickier: UK regional publisher Northcliffe Media ran one of the largest franchise experiments Local People, a network of paid community publishers curating content and stories across small towns, but it too failed to adjust business models to a sufficiently local area and closed in 2013.

#10 Model: Pooling sites for an advertising partnership

Pooling sites for an advertising partnership **Potential:** A group of hyperlocal media publishers from the UK city of Leeds have harnessed informal links to develop the idea of combining reach, to scale and offer advertising that could be sold across the platforms as a package. They have found a potential ad sales person from within the network. *"The principle is sound and solid"*, says John Baron of West Leeds Despatch. **How to get started?** The first step is to see if there is a market for the ads, then to work out how to divide the revenues, develop consistent ad templates, and assess the need for an umbrella business or decision-making body. How to preserve independence while consolidating revenue potential is key. See www.yourlocallinkmediagroup.co.uk as an example.

#11 Model: YouTube video revenue share

YouTube video revenue share **Potential:** Earnings are generated based on a share of advertising revenue when people view your video – so more views may lead to more revenue. Revenues are from ads served via the AdSense auction or sold on a reservation basis via Google's DoubleClick service. YouTube does change the terms of partner deals however. **How to get started?** In your account settings, go to the monetisation tab, and once approved YouTube will place ads inside or near your videos.⁹⁸

The [Community Channel](#), which is run by the Media Trust in the UK, is a not-for-profit free-to-air television, online and on-demand channel 'dedicated to highlighting issues from both local and international communities as well as the voluntary and charitable sectors'. Filmmakers have the opportunity to have their films shown on the channel, and although they aren't paid or able to take a cut from the advertising revenue, they do get the 'opportunity for UK-wide television broadcast, which would be impossible to negotiate with a mainstream broadcaster'.⁹⁹ Filmmakers get on-screen credit and recognition for their work, and with the channel available to 13 million homes and 36 million people, and watched by a record ten million viewers in 2014, there could be a lot of potential for hyperlocal publishers who work with video to expand their reach.

#12 Model: Clickfunding

Potential: [Bassita](#) is a clickfunding service created in Egypt. It offers a way to monetise a social media campaign via clicks by connecting social media performance targets with sponsors. Currently it operates as a business-to-business service, with plans to expand to business-to-consumer, where anyone could set their own target and connect with their own sponsors. **How to get started?** Explore the Bassita website and think of campaigns with social or civic impact that could be of interest to a sponsor.

#13 Model: Cryptocurrencies, distributed ledger technologies and the blockchain

Potential: While Bitcoin has yet to go mainstream, its potential - and the wider impact of the protocol on which it is based - could be a source of revenue capture for local media. Activists in Ukraine used QR codes printed on demonstration placards to receive bitcoin donations. **How to get started?** Join research events with the RCUK-funded [New Economic Models for the Digital Economy](#), or follow Director of Digital Currency at the MIT Media Lab Brian Forde, or Nesta's work in this space including the [D-CENT](#) project, which has developed the Freecoin.¹⁰⁰

#14 Model: The shared paywall and freemium

Potential: After merging with Tinypass in 2015, [Piano](#) became the largest provider of metered paywalls worldwide with more than 1,200 news and media providers globally using their platforms. In the Piano National model participating publishers are compensated via a revenue share based on two items: a commission is paid to the site where the user purchased their subscription and then a volume component paid to publishers based on the time spent reading content. **How to get started?** Bundling is key so teaming up with other regional and local media, or media with strong thematic crossover, would be key. Piano Solo also offers independent media paywall options.

#15 Model: Donation platforms or microdonations

Potential: [Blendle](#) put all newspapers and magazines in the Netherlands behind one pay-per-article paywall. It has 250,000 users, many of whom are under the age of 35, and has added licences for The New York Times, The Wall Street Journal and The Washington Post. Other microdonation tools that can be added to websites, such as Flattr, have had less success for news publishers mainly because the amounts are so small: even a €10 budget divided between 25 flattrs (in other words, 'likes') would equal only 40 Euro cents each. **How to get started?** You can sign up to Flattr as a creator.

#16 Model: The sharing economy

Potential: While the emergence of platforms such as peer-to-peer room rental service Airbnb, volunteer service [Good for Nothing](#) and taxi service Uber have confirmed the new status quo of the sharing economy, there is much untapped potential at local level. In the UK, local trading project [Barter](#) in Lancaster and local currency [Brixton Pound](#) demonstrate the hunger for local economic transactions, while the French hyper-localised dating app Happn has leveraged local dating. **How to get started?** Consider the services that are most needed in your community and where a sharing economy could emerge. Websites [www.compareandshare.com](#) and <http://ouishare.net/en> are useful knowledge-sharing resources and to find out about products and services in the market.

#17 Model: Podcasts

Potential: With daily online magazine [Slate's](#) six million monthly podcast downloads in 2015 and a growing set of live events, podcasts are emerging as a compelling opportunity for publishers. Direct response adverts and midroll units, 30 to 60 seconds long, can be sold. The Chicago Podcast Cooperative produces 30 shows from a shared studio resource and sells advertising across its collection of shows, bringing together local podcasts and local businesses. **How to get started?** [audioBoom](#) and [SoundCloud](#) offer simple mobile-to-web audio recording. Create compelling podcasts, or a podcast 'festival' (see Doncaster Folk Festival 2015, UK, as an example) for local businesses or events, in exchange for a fee or sponsorship. Applying Slate's Panoply model, hyperlocal publishers can work with partners to create custom podcasts, or native podcasts, delivering helpful or entertaining information to listeners.

#18 Model: Proximity broadcasting infrastructure

Potential: Whether it is through McDonalds's free WiFi and wireless charging infrastructure¹⁰¹ or shifts in technology for city communications, such as Transport for London's 2015 £1 billion tender contract for 'new advertising technology'¹⁰² and New York's portal for 'neighbourhood specific information',¹⁰³ investment in WiFi and iBeacon technology could allow hyperlocal publishers to be found more easily. **How to get started?** Keep an eye on funding calls and seek out collaborations with infrastructure and technology companies. [Innovate UK](#), [IC tomorrow](#), [Wayra](#), [BT Infinity Lab](#) and [Nominet Trust](#) are a few funding bodies to follow. Also follow projects such as www.castproject.org and <http://locast.mit.edu/>

Local-facing UK-based advertising network Addiply is developing advertising messaging services within apps, where adverts can be contextualised twice: once by geolocation and again by position within the app experience. For local advertising sales, there is the potential to offer adverts across sites running Addiply in a specific area, running messages based on real time and place. Addiply is also looking at tie-ups with Internet Service Providers to deliver ads to entry portals for public WiFi hotspots, an area where CEO Rick Waghorn says local media could provide content and advertising notifications.

#19 Model: Discounts

Potential: Brick City Bucks is a small local news site that covers events and businesses in Newark, New Jersey.¹⁰⁴ Site users receive a free membership card that entitles them to specials and discounts offered by site advertisers. **How to get started?** Consider setting up a loyalty scheme as an add-on for advertising deals or between local shops or producers. In the future, The Bristol Cable hopes to leverage membership to get discounts on local services for its members. Increasingly, BIDs (Business Improvement Districts) are being set up across the UK, publishing their own content and providing local discount cards. Do some research as to what is already available in your local area, or try to forge a working relationship with your BID (although some hyperlocal publishers have had resistance, as highlighted by the editors of [Kentishowner](#)).¹⁰⁵

In 2012 the founders of Kentishtowner ran their biggest [reader awards](#) to celebrate the area's independent businesses, which were 'a hit with local businesses on the high street' as they drove footfall. It was also a highly beneficial to the Kentishtowner brand as it was 'out in the physical environment' before the launch of the first print edition, which subsequently drove 'deeper engagement with readers, and further a sense of ownership'. Furthermore, the awards were sponsored by a national brand and mobile minicab service Kabbee from whom Kentishtowner secured a four-figure deal.¹⁰⁶

#20 Model: Monetise crowd-sourced photography

Potential: Periodicals are very of the moment. *Street Dreams Magazine* has monetised a compelling Instagram account with an associated print supplement. It started as three young friends who loved street photography and turned it into a calling for their peers, as well as an expanding publishing and social media brand. La Cronaca Italiana in Italy experimented with hosting an Instagram takeover with local communities, which 'gathered ten times its number of initial followers on Instagram' and increased audience participation.¹⁰⁷ Social media takeovers can also help to expand content reach, and market a new product, service or event.¹⁰⁸ **How to get started?** Build a loyal following on Instagram by connecting with hashtags and people, host Instagram takeovers, and feature photographs from key Instagram users. Use Instagram for business for useful tips, and Gramfeed and Iconosquare for additional metrics.

#21 Model: Ad server slots

Potential: Pubfood.js lets publishers decide which of their ad server slots are available for bidding and which partners may bid for them. Then there is a live auction to allow slots to be filled. **How to get started?** <http://pubfood.org/quick-start>

#22 Model: Social news curation

Potential: Making sense of social media can have value for many organisations and companies. It can also be the source of original stories when curated well. **How to get started?** Look to [Rappler](#) in the Philippines as an example. Rappler combines structured and unstructured data into narratives and makes revenues from insights from social media conversations, and offers native solutions to brands combining infographics, videos, real ground events, on with online mentions, live tweets and blogs.

SECTION 6

In the first table below we outline our main conclusions. These are based on: hyperlocal media services, characteristics of success, overview of revenue streams, the least viable revenue streams, the most viable revenue streams, services based on being viable, sustainable, and resilient and services based on country.

And in the following table we outline recommendations, which are for attention of/focused on: hyperlocal media services, the hyperlocal media sector (i.e. strategic organisations supporting the sector) the wider media sector, training, legislation and policy, and research. We anticipate that these recommendations will be useful in encouraging positive change and ongoing support of hyperlocal media, not only in the five countries covered in this research but across Europe and beyond.

CONCLUSIONS

Hyperlocal media services

1. They are increasingly diverse and include varying geographical reach, publication type and purpose.
2. There is little consistency in terms of goals or exit strategies: some want to diversify or have more impact, others want to grow and scale. There is no such thing as an 'average' hyperlocal publisher or service.
3. They offer several traits of an ecosystem as there are many interdependencies, between people and organisations, which are imbalanced and dynamic.
4. A diverse range of partnerships exist between service to service, service to legacy publishers, and beyond the media industry.
5. Hyperlocal publishers come from a range of backgrounds, therefore, their skills and experience varies greatly.
6. There is a desire across all services to be recognised more fully for the role they play in local journalism.

Characteristics of success

7. There is a high use and reliance on volunteers but they can be used creatively and to great effect as a resource, which contributes to the revenue model as it results in low costs for content production.
8. Hyperlocal publishers can leverage a close relationship with advertisers, and with other publishers so as to strengthen relationships with advertisers.
9. Hyperlocal media services are particularly adaptive when it comes to advertising sales provision, using and developing advertising sales staff in a variety of ways.
10. Loyalty plays a large part in the advertising sales cycle and this can be used to generate income.
11. Regarding numbers of professional staff, the case study services are modest in size. Even the largest ones have no more than a dozen staff members, including those consisting of family teams, one-person operations or small groups of like-minded citizens.

Hyperlocal revenues - overview

12. Finding robust revenue streams is not easy yet there are pockets of success.
13. There is a lack of consistency and detailed knowledge about advertising and revenues.
 - 13.1 There is a mixed picture in national markets around advertising networks serving regional and local publishers.
 - 13.2 There is some consistency in advertising sizes across the case studies but much variance in the rate cards.
14. The privileges and benefits afforded to independently produced media vary greatly across Europe.
15. While there is scope for income from statutory notices there is much variance in policies in the countries covered in this research.
16. As local government and municipalities improve their own communication directly to citizens, this further squeezes opportunities for hyperlocal media services.
17. Hyperlocal services across Europe operate under a wide range of business structures all affording different advantages and restrictions.
18. The sharing economy and non-monetary exchange of services plays a large part in the hyperlocal media ecosystem.

Least viable revenue streams

19. There is very little use of Google AdSense evidenced in the cases studies due to insignificant revenues or clashes with editorial content.
20. Development of effective mobile advertising is in its infancy, therefore, hyperlocal publishers currently have limited or varying successes with it.
21. There is limited use of affiliate marketing.
22. While several hyperlocal media services have benefitted from grants or investment, this requires significant effort, funding is usually one-off, and eligibility criteria can be a barrier.
23. A diverse range of services and events are being developed by services but few are effectively monetising these activities.
24. Although two services (both in France) have seen some success with charging to access online content, this is not considered a popular revenue option by most publishers.

Most viable revenue streams

25. Hyperlocal publishers are diversifying their revenues and do not rely on one revenue source. Although, this results in substantial differences in revenue models.
26. Display advertising is the most dominant form of advertising with graphic design effectively being done in-house.
27. Native advertising or sponsored content is sparking increased interest and lucrative revenues.
28. Hyperlocal media services are finding ways to monetise and promote messages on behalf of advertisers.
29. There are opportunities for hyperlocal media services to leverage high values from classified and directory listings.
30. There is resurgence in the interest of print publications, as it plays an important role in discoverability and sustainability of hyperlocal media services.

31. Crowdfunding is a valuable revenue for specific projects or campaigns.
32. There are opportunities, albeit sporadic, to syndicate content.
33. Several services are seeing membership and donations as beneficial acts of support.
34. Partnerships are an important part of the revenue 'mesh'. The small size of hyperlocal media services could be a permanent obstacle in moving towards maturity. Chain-forming, expanding operations or partnerships could help to solve this problem.
35. Some services are pioneering ways to monetise data and there are growing opportunities for hyperlocal media services to tap into data and data journalism.

Viable services

36. Of the 12 services describing themselves as viable, nine earn less than £25,000 a year, suggesting a strong correlation between low revenue and viability.
37. Low revenue may play a large part in a service being limited to fulfilling a demand or perceived need for content.

Sustainable services

38. The 13 services describing themselves as sustainable had mixed revenues ranging from under £25,000 to more than £250,000 suggesting income is not the only factor in sustainability.
39. The term sustainable was highly subjective and interpreted differently across the case studies.
40. Sustainable and resilient services are more likely to employ dedicated sales and marketing staff.

Resilient services

41. Seven services describing themselves as resilient had mixed revenues ranging from under £25,000 to between £100,000-£250,000.
42. Three of the services had revenues of less than £25,000, suggesting high revenues are not the only factor in perceived resilience.

Country-by-country

43. The UK has a vibrant and well-documented hyperlocal media sector that relies heavily on volunteers but is punctuated with innovative cases of membership models and data services.
44. The UK services focus on content production of local news, politics, events, local businesses and investigations.
45. Older demographics in the UK are known to be more interested in politics but art sections have made print products popular to younger audiences.
46. In the Netherlands, services are operating in many municipalities and the number of operations seems to be growing.
47. Politics, crime, cultural events, 'what's on' guides, and business news are popular topics covered by Dutch services.
48. There is a wide cross-section of demographics targeted in the Netherlands, including highly educated and affluent audiences.

49. In France, hyperlocal media services are referred to as 'pure players' and largely squeezed out due to government subsidy of legacy media and strong municipal portals. Civic engagement is high all the same.
50. Politics, current affairs and slow journalism are a focus for French services.
51. There is little consistency in the use of analytics, i.e. website and social media analytics, by the French services.
52. In Belgium, the landscape has been punctuated with hyperlocal media closures and there is much competition from traditional/established news publishers covering municipalities.
53. A focus on local government, cultural identity and language are consistent across Belgian services.
54. In Sweden, stand-alone services are rare. The country still has a broad range of local newspapers making it difficult to sustain other independent online news services.
55. 'General news' seems to be the focus of content production across Swedish services.

RECOMMENDATIONS

Hyperlocal media services

1. Explore the value chain of activities (and the conclusions and recommendations) in this research report to further identify revenue diversification opportunities.
2. Play a greater role when it comes to elections, big news events and campaigns. I.e. running surveys, covering council meetings and local campaigns, as well as finding ways to leverage the reach of legacy publishers for mutual advantage, will help to raise your service's profile.
3. Responsive, mobile-friendly websites are recommended, whereas native mobile or tablet apps can be costly and resource-intensive and not any more effective.
4. Explore opportunities for journalism students from universities or from other services, for example [VOMO TV](#), to assist with or contribute to content production.

Hyperlocal media sector

5. Initiate wider efforts to promote hyperlocal media services and content, to stimulate demand and the market. This should include help with marketing and promotion within communities.
6. Coordinate action to create an independent publisher's alliance to promote national cross-sector representation. Such an alliance would help with bulk-buying advertising or sector-level initiatives.
7. Create a recruitment database of advertising sales and marketing staff working in the local and national sectors with corresponding job opportunities. This could be done through the sharing economy, via websites such as People Per Hour.
8. Develop a database of relevant regional and hyperlocal advertising networks to map gaps, and opportunities for development.
9. Encourage and support technological and resource investment in hyperlocal advertising platforms.
10. Build on activities to date to develop business opportunities around data journalism. I.e.:

10.1 This could include developing customer data management systems to process data captured by hyperlocal media services, or produce wider guidance on how to make revenues from data.

10.2 Creation of an independent local data standard by allowing data sharing between local services, which would be economically beneficial.

11. Coordinate collaboration on initiatives to put forward for news innovation, digital innovation and social innovation challenges, funding and prizes.

12. Explore scalable models for small independent publishers to leverage larger distributed content deals.

Training

13. Support moves to multimedia content production such as podcasts and video, and the transition to mobile-friendly sites, with training on corresponding monetisation opportunities.

14. Produce further guidance on emerging and alternative revenue models.

15. Facilitate partnering and mentoring between hyperlocal media services internationally, including peer learning, business support, and identification of skills and services that could be monetised, which will lead to potential resource sharing and expand knowledge around revenue creation.

16. Address knowledge gaps regarding grant and funding applications, i.e. by providing guidance to hyperlocal publishers as to how to write effective applications.

17. Provide guidance to hyperlocal publishers on how to team up with (or help them to broker relationships with) location-based platforms for effective geo-tagging of content, and other technology services that are innovating online revenue creation.

Wider media industry

18. Technology and internet search giants, such as Google and Facebook, should support the hyperlocal media sector by helping make hyperlocal content more discoverable through modifications to their content discovery algorithms.

19. Public service broadcasters and legacy media can more actively link to the sector and purchase material under concrete agreements such as syndications.

20. More nuanced guidelines and rules on how the flow, attribution and commissioning of content from hyperlocal media services to public service or legacy media is necessary. This will ensure hyperlocal publishers are appropriately credited for their content and recognised for their contribution to the wider media landscape.

Legislation and policy

21. A re-evaluation of subsidies to legacy publishers should take place, as not only do these benefits not apply to hyperlocal publishers, they can be a barrier to their growth.

22. There should be Europe-wide coordination of the economic benefits of indirect subsidies.

23. Local governments are urged to support hyperlocal media services and recognise their value proposition. This includes supporting media plurality rather than dominating activity with local information portals.

24. The hyperlocal media sector requires funds to address cash flow. As such, banks and other financial services should facilitate more flexible loans and business accounts that are conducive to small, emerging creative businesses.

25. Investment providers (i.e. through impact investment), grant and philanthropic providers (including the Big Lottery Fund who traditionally doesn't fund journalistic projects

or organisations) should support the hyperlocal media sector in recognition of its contribution to community cohesion, local democratic processes and local economies, and civic engagement and as a form of active citizenship.

26. Pay-per-click giants such as Google are urged to share data on local and hyperlocal advertising for a better understanding of return on investment.
27. Creation of a new Europe-wide business structure to represent socially responsible media organisations that promote citizen values, with consistent privileges such as tax breaks in accordance with the Digital Single Market should be initiated.

Research

28. Effective methods for measuring the impact, and determining the success, of hyperlocal content production and distribution should be investigated.
29. More nuanced understanding of partnership and collaboration opportunities i.e. between service to service, service to legacy media, and between hyperlocal media services and cross-sector organisations should be carried out.
30. Mapping activity (such as Localweblist.net in the UK) and action research initiatives should be expanded to other European countries in order to cross-pollinate innovation activities and accelerate good practice.
31. Undertake a longitudinal study of international hyperlocal media services that are deemed sustainable or resilient to chart activities and identify best practice.
32. Carry out further work to define relevant terminology around hyperlocal media:
 - To take into account the diverse content production that exists across platforms with variant purposes (and other aspects that go beyond simply a geographic location)
 - Including what is meant by 'success'.

APPENDICES

APPENDIX 1A: BUSINESS STRUCTURES TABLE

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
Partnership	Liwwadders (Netherlands)	<p>Highly flexible and can come into existence without any formal agreement or registration, simply 'when two or more persons carry on a business with a view to making a profit'.</p> <p>Partnerships are run on the basis of a contract between the partners which can be created orally again showing the limited formalities.</p> <p>The partners have the support of joint decision making.</p> <p>All profits belong to the partners.</p> <p>In the absence of any existing partnership agreement they are governed by the extensive Partnership Act 1890 which provides provisions for the running of a partnership in default of any existing agreement.</p> <p>Partners share the ownership of any partnership assets as opposed to the partnership owning the assets in its own right.</p> <p>No need to file accounts/ partnership information other than the details of the partners with HMRC.</p> <p>A duty is imposed upon the partners by the Partnership Act to act with the utmost fairness and in good faith with one and other applying to all partnerships.</p>	<ul style="list-style-type: none"> Partners are personally liable for income tax as self-employed individuals on any drawings or salary and capital gains tax on any disposal of partnership assets. Partners have unlimited liability for the debts of the partnership and in default of any other agreement the partners are jointly and severally liable – meaning one partner can potentially be pursued for the entirety of a debt owed by the partnership. Creditors can pursue not only the assets used by the partnership but also the personal assets of the partners. Partnership comes to an end if a partner retires or dies and no other partner buys that partner out. Caution as to any employee or other holding themself out to be a partner of the firm. If any contracting party or creditor were to rely on this 'holding out' the person that the third party relied on can be liable. The firm and therefore partners can be liable for any action that was carried out on behalf of the firm without authority, if it appears to an outsider to be an authorised act (such as dealings of the type or kind that the partnership normally engages in). <p>Reporting requirements</p> <ul style="list-style-type: none"> It is the responsibility of each partner to register with HMRC for tax purposes. HMRC must be notified of the identity of partners. Depending on the chosen name of the partnership, the controls on the name of partnerships set out in the Companies Act may apply. If the Act applies then certain words and expressions forming part of the business name will require the written approval of the Secretary of State for Business, Innovation and Skills. On the retirement of any partner it is necessary to notify all creditors and place a notice in the London Gazette so that the outgoing partner cannot be pursued for any subsequent debts or liabilities of the partnership. It is important to be aware that the liability of an outgoing partner does not automatically come to an end on retirement.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
Limited Liability Partnership (LLP)	Shetland News (UK)	<p>Hybrid business structure that combines a partnership with a company limited by shares.</p> <p>The LLP has its own corporate legal identity and therefore the liability of partners is fully limited as opposed to a general partnership.</p> <p>Created and regulated by the Limited Liability Partnerships Act 2000 and these regulations govern the hybrid business structure.</p> <p>All profits are owned by the partners. Again the partners share the support of each other in the decision making process.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • Requirement to file accounts at Companies House which will then make these public documents. • The transfer of a personal interest in the LLP is more complex than for example a transfer of shares. • LLPs cannot change business structure to become a limited company. • Company Directors Disqualification Act 1986 applies to the members of an LLP so members can be disqualified. • Members liable for debts of the LLP up to the level of capital that they have contributed to the partnership in the absence of any other agreement. <p>Reporting requirements</p> <ul style="list-style-type: none"> • The LLP must have at least two 'designated members' who are responsible for making all Companies House filings on behalf of the LLP. • Duty of members to produce financial accounts for reporting that give a true and fair view of the LLP. • The place of business of the LLP must have the name of the partnership outside. • All stationery and publications of the LLP must mention the name, place of business, its place of registration, the registration number of the LLP and the registered office for service of documents. • LLPs must send an annual return to Companies House stating the registered office, the names and addresses of the members of the LLP; the designated members of the LLP in the case that all members are not designated and the address where the register of debenture holders is kept if this is not the registered office. • Any changes to the LLP must be notified to the Registrar of Companies as they occur.
Company Limited by Shares	Hebe Works (UK) OnTheWight (UK) DUIC (De Utrechtse Internet Courant) (Netherlands) Visit Horsham (UK) Ditisiwijk (Netherlands) Den Haag Direct (Netherlands) The Lincolnite (UK) of Stonebrow Media limited	<p>The liability of members (shareholders) Limitations in a company of this type is limited by its constitution – the level of a liability is limited to the amount the shareholder has agreed to pay for the shares they own.</p> <p>Along with the above, the company has its own legal identity so can take ownership of assets and enter contracts in its own right, two major advantages of this business structure.</p> <p>There is a clear distinction between the company's rights and obligations as a 'legal person' and those rights and obligations of the 'natural persons' who run the business (the directors).</p> <p>The company can enter into contracts and offer security over its own assets, limiting the exposure to risk for the shareholders and protecting their personal assets.</p>	<ul style="list-style-type: none"> • The company can only raise money from the restricted owner/investors; it is prohibited from raising money from members of the public by issuing securities as shares. • If any of the nominal value of shares held by a shareholder remains unpaid, the Insolvency Act 1986 allows creditors to claim these amounts outstanding to settle the debt. • A company can be sued and have legal proceedings brought against it in its own name. This can again however protect those owning and running the business. • The company as a separate legal person is not always exclusively responsible and liable for its actions – for example in the case of an insolvent liquidation, should the directors have ought to know, or in fact already knew there was no reasonable prospect of avoiding insolvent liquidation, they may be ordered to contribute money toward the company's assets. • There are quite extensive reporting requirements that involve making a great deal of information available to inspection by the public.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
<p>Company Limited by Shares (continued)</p>	<p>Alphens (Netherlands) Dichtbij (Netherlands) e52 (Netherlands)</p>	<p>The shareholders risk exposure is limited to the value of the aggregate nominal value of their shareholding (in the absence of any personal guarantees).</p> <p>In most cases, when a shareholder acquires shares in the capital of the company they will pay for these up front, and therefore their liability is already settled – even before any debts become due.</p> <p>A company can sue and commence legal proceedings in its own name.</p>	<ul style="list-style-type: none"> • Regulated by the extensive Companies Act 2006 which along with the articles of association of the company govern how the company will operate. • The company can be fined or in the most serious case face criminal sanctions for not meeting the extensive reporting requirements pursuant to the Companies Act 2006. All information filed must be by the specific deadlines and accurate as at that date. • Directors have both statutory and fiduciary duties toward the company that are extensive. • Courts have the discretionary power to disqualify directors under the Company Directors Disqualification Act 1986 under a number of grounds including if the director is convicted of an indictable offence, for persistent breaches of companies legislation, fraud in winding up, on summary conviction for filing or notice default, being an unfit director of insolvent companies, disqualification after investigation, fraudulent or wrongful trading and breach of competition law. <p>Reporting requirements</p> <ul style="list-style-type: none"> • An annual return must be filed each year with the Registrar of Companies. This will include the identity of the shareholders of the company, the number and type of shares that they own, the identity and certain personal information about the directors and the identity of the company secretary (if there is one). • Annual financial accounts must be filed at Companies House. • The company's constitution must be available for inspection on Companies House (ie. the Articles and Memorandum of Association). • Any decisions taken by shareholders in the form of shareholder resolutions must be filed with Companies House. • Any charges, securities, mortgages and debentures over the assets of the company must also be registered with Companies House. • The company must have a registered office (registered with Companies House) for service of notices, documents and communications. • The company must have an annual accounting reference date; this date is usually the anniversary of the last day in the month in which the company was first incorporated. This can be changed however, most often to coincide with the end of the tax year. • All business letters, order forms and websites must state the company's country of registration, its registered number and the address of the registered office. • The company must maintain a register members that documents the owners of the shares in the company. Only when a person's name is entered into the register of members does that person become a shareholder. This register must be expeditiously updated as to any changes and any company and any officers of a company failing to do so may be criminally liable, punishable by fine. • The company must keep a register of directors that includes the director's name, address for service of documents, country of usual residence, nationality, business occupation and date of birth.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
SARL (Société à responsabilité limitée)	Angers Mag (France) Terri(s)toires (France) of Rue Prémion agency Rue89 Strasbourg (France) of MediaLab	<p>Broadly speaking a French equivalent of a UK company limited by shares. Easy to incorporate and precisely regulated by the French Commercial Code (FCC).</p> <p>If a share transfer is to a partner, spouse, ascendant or descendant the transfer does not need approval.</p> <p>Generally suitable to small businesses that will not exceed the thresholds put in place by the FCC eg. Maximum 100 members.</p> <p>Minimum capital of €1 making a SARL easier to incorporate than previously.</p> <p>If all members are individual and are family members it is possible to opt for income tax as opposed to corporation tax.</p> <p>Shareholders liability is limited to the amount of the share capital in the company that they own – similarly to a UK company limited by shares.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • Heavily regulated allowing little room for flexibility in the running of the company. • SARLs can limit the potential for growth of a company as they can only have a maximum of 100 shareholders. • In addition, any transfer of shares must be approved by a majority representing at least 50 per cent of the shares in the company. • A SARL must have a ‘natural person’ as its manager. • Tendency for banks and lenders to adjudge the health of a SARL using the state of the capital alongside the balance sheet and profit loss impacting upon SARLs with a low capital. • Subject to corporation tax similarly to UK Company limited by shares. <p>Reporting requirements</p> <ul style="list-style-type: none"> • The SARL must be registered with the Trade Registry and as such is subject to strict tax and accountancy reporting requirements. • A SARL must appoint a statutory auditor when two of the three following conditions are satisfied. <ul style="list-style-type: none"> • The SARL has 50 employees. • The total sheet balance of the SARL exceeds €1.55m; and/or. • The SARL’s turnover exceeds 3.1m. • Shareholders have information rights so can inspect the register of shareholders and meetings amongst other information at the corporate office of the SARL.
SAS (Société par actions simplifiée)	Marsactu (France)	<p>Shareholders liability is limited to the amount of the share capital in the company that they own – similarly to a UK company limited by shares. There is no minimum capital requirement to incorporate a SAS. Considered in France as the business structure with the greatest flexibility combined with protection for shareholders.</p> <p>High level of flexibility allows the owners and managers to tailor the business to their needs – strong advantage for small businesses looking for dynamism such as startups with great potential.</p> <p>The company’s constitution or ‘bye-laws’ can determine the rights that types of share have including right to vote and right to dividend – allows the creation of different classes of share.</p> <p>Does not have a board of directors, suiting a small company with a single person heading the company. Allows autonomous decision making that cannot be blocked by a lack of board approval.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • Can be potentially more costly to set up as the drafting and creation of company bye-laws may require professional advice and assistance. • No support of joint decision making. • Less protection for minority shareholders as there are no bars to transferring shares such as the requirement for approval from the majority of shareholders in the case of a SARL. • A SAS is not able to raise finance by offering their shares to the public, similarly to a SARL. <p>Reporting requirements</p> <ul style="list-style-type: none"> • The SAS has limited reporting requirements. • The SAS must have annual statements published giving an annual summary of the activities of the business along with a balance sheet. This is published as public information. • The shareholders of the SAS have information rights similar to those of the SARL; however, in addition each shareholder is permitted to make two written enquiries or questions to the chairperson of the SAS in relation to any aspect they think is not in the best interests of the SAS.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
SAS (Société par actions simplifiée) (continued)		<p>A SAS will have a chairperson and can also have a general manager who has the same responsibility and authority.</p> <p>Highly suitable to companies that are subsidiaries of holding companies as there are no complex or highly regulated capital or equity requirements.</p> <p>Limited reporting requirements due to the lighter regulation.</p>	
Sole Trader	<p>A Little Bit of Stone (UK)</p> <p>Charlton Champion (UK)</p> <p>dongen. nieuws (Netherlands)</p> <p>Prinsenbee-knieuws (Netherlands)</p> <p>Bitternepark.info (UK)</p>	<p>The owner and trader operates the business as a self-employed person and has the freedom of autonomous decision making.</p> <p>There are no formalities in setting up as a sole trader however the sole trader must register with HMRC for tax purposes – the sole trader will pay income tax as a self-employed person.</p> <p>The most flexible of business structures.</p> <p>There is no distinction between ownership and the interests of management – sole trader owns all of the business assets in their own name.</p> <p>Not heavily regulated by specific pieces of legislation but by a combination of common law and legislation that applies to both businesses and individuals.</p> <p>The business information remains private as there are not public reporting requirements.</p> <p>There is no need for the business to have any constitutional documents created and therefore the sole trader is not constrained by the constitution of the business in any way when decision making.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • The sole trader is personally liable without limitation for the debts of the business. • The business does not have any recognised legal status of its own and therefore the veil of protection afforded to the owners of LLPs and companies limited by share does not extend to a sole trader. • In the worst case scenario a sole trader can be made bankrupt as an individual due to the lack of protection for their personal assets which can have a large impact on access to credit amongst other things. • Raising finance for the business will be based on the credit history of the sole trader and debt financing is the only option as there is no equity to offer. <p>Reporting requirements</p> <ul style="list-style-type: none"> • Sole trader must be registered with HMRC for income tax as a self-employed person. • Sole trader must complete income tax self-assessment and submit to HMRC. • If the business turnover exceeds £82,000 (accurate for tax year commencing 1st April 2015) then the sole trader must be VAT registered. • The business does is not under any requirement to file documents or accounts with Companies House.
Community Interest Company (CIC)	<p>Blog Preston (UK)</p> <p>VIEWdigital (Northern Ireland)</p>	<p>This is a type of limited liability company and therefore the liability of the shareholders is limited to the capital that they have respectively contributed.</p> <p>Use of the business profits and assets are used for the public good and interest and not to create private profits.</p> <p>The CIC regulator has standard constitutional documents that can be used on incorporation that ensure the CIC falls within the regulations.</p> <p>Fairly flexible as other business structures such as companies limited by shares can be converted into a CIC and vice versa.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • There is a reality that most businesses are incorporated to generate private profits for the benefit of the shareholders, whilst setting up a CIC may have the community benefit as its aim at formation, it may be easily strayed away from as the business develops. • CIC's are regulated quite heavily by the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005 and the operations of the business must meet the community interest test set out in the legislation at formation and for the duration of its operation. • Dual registration required with the regulator and with Companies House.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
Community Interest Company (CIC) (continued)			Reporting requirements <ul style="list-style-type: none"> The CIC must file with Companies house annual accounts for the financial year. A community interest company report must be submitted to Companies House annually which allows ongoing review as to whether the CIC still satisfies the community interest test. The CIC must also file an annual report and make all other filings and notifications required in the case of any changes in the constitution or make up of the CIC.
Charitable Incorporated Organisations (CIO)		<p>Company structure designed to limit the liability of the shareholders along with reducing the reporting and registration burden placed on the company.</p> <p>Separate legal personality and can enter into contracts and own and hold assets in its own right.</p> <p>The liability of shareholders on the winding up of the CIO would be either nothing at all or limited to an agreed amount of the value of the assets of the CIO.</p> <p>Only needs to be registered with the Charities Commission and not with Companies House.</p> <p>None of the reporting requirements contained in the Companies Act apply to CIOs.</p> <p>A UK foundation is a form of CIO whereby the voting members are only charity trustees giving greater power to the trustees in the operations of the CIO.</p>	Limitations <ul style="list-style-type: none"> Limitations o Some decisions of the CIO require consent of the shareholders by special or ordinary resolution. CIO must operate and not amend its constitution in any way that would prevent it from being classed as a charity or operating exclusively with a charitable purpose. Reporting requirements <ul style="list-style-type: none"> These are limited to just reporting to the Charities Commission. The charitable trustees must keep accounts for the CIO that offer explanation to transactions along with providing an accurate reflection of the financial position of the CIO. The trustees must compile and submit an annual report to the Charities Commission in each financial year. In addition, they must submit an annual return to the Charities Commission in a similar form to a CIC. All accounts and annual returns must be kept for 6 years from the date at the end of the financial year that they cover. The CIO must keep a register of charitable trustees, a register of members and register the appointment of any interim managers. Much like a company limited by shares, all decisions and meetings of a board and shareholder decisions must be recorded.
Co-operative Community Benefit Societies	Arnhem Direct (Netherlands) The Bristol Cable (UK)	<p>The society has its own legal identity and therefore can hold property and assets and enter contracts in its own name independent of any trustees or members.</p> <p>The members and trustees of the society are protected from liability as the society takes on the liabilities and therefore the possibility of being sued in its own right.</p> <p>The liability of any members is limited to the amount either already paid for their shareholding (if fully paid) or any amounts remaining unpaid on the shares which they hold.</p>	Limitations <ul style="list-style-type: none"> Profits and assets cannot be distributed to the members, they must be reinvested into the objectives and activities of the society. On the sale of any society assets the proceeds must also be invested back into the activities of the society. On the dissolution of the society the assets must be transferred to another body or entity with similar objectives. Due to the strict regulation the FCA can at any time with two months' notice in writing cancel the registration of the society on certain grounds that would contravene the regulations. The 'asset locking' could potentially inhibit the ability of the society to grow and or convert into a company limited by shares.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
Co-operative Community Benefit Societies (continued)		<p>Open to groups of all types as any society carrying on any industry, business or trade whether wholesale or retail can register if, amongst few other criteria, the society is for the benefit of the community or fulfils the criteria of a co-operative society.</p> <p>Focussed on reinvestment of profits into a community for the benefit of the community.</p> <p>Potential for tax exemption if the activities carried out by the society fall under the charitable in law and are accepted as exempt by HMRC.</p> <p>Potential to ‘asset lock’ which ensures that if the CCBS were to ever convert to a company limited by shares (at which point members would have access to the assets of the society) there would be certain assets locked to the society that can only ever be used in the furtherance of the objective of the society.</p>	<p>Reporting requirements</p> <ul style="list-style-type: none"> • Must be registered with the FCA (Financial Conduct Authority). • FCA must be satisfied that the society exists for the benefit of the community. • On registration the applicant must include the extensive information included in the mutual society application form. • The FCA must approve any society name and any change to that name. • Society must keep records detailing any transactions and the reasons or justifications for those transactions (Books of Account). • The society must prepare an annual revenue account and balance sheet and all accounts must be audited. The most recent balance sheet of the society must be displayed prominently at the society’s registered office. • An annual return must be filed with the FCA within 7 months of the end of the financial year including a balance sheet and an auditor’s report. • The FCA must be informed of any changes to the rules, objectives, operations, name and registered office, register of members or charges over the assets of the society. • FCA holds extensive powers of inspection.
<p>SCOP (Société coopérative et participative) For more information visit http://www.les-scop.coop/sites/en/index.html</p>	<p>Rue89 Lyon was formerly a SCOP (France)</p>	<p>This is a working cooperative whereby the SCOP operates under the management and direction of worker-owners.</p> <p>The worker-owners may enable the business to function in line with the aims and objectives of the cooperative as there is no differentiation between management interests and ownership.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • May only really be suitable until the SCOP reaches a certain number of worker-owners. Beyond this point harmonious management decisions may be more difficult to come across. • SCOPs hold AGMs whereby all members are entitled to vote with one vote each, regardless of individual shareholdings. <p>Reporting requirements</p> <ul style="list-style-type: none"> • SCOPs must be registered in France as an SA (société anonyme) or a SARL (see above).
<p>Foundation (Netherlands)</p>		<p>Has limited liability and is a purposely defined structure that has no share capital or shareholders.</p> <p>Foundations are created by notarised deed and they must contain the articles of the foundation (similar to articles of association) that include an appointed board – this appointed board allows a separation of ownership and management interests.</p> <p>Foundations are often found to qualify for tax benefits and exemptions.</p> <p>Possible to disconnect the ownership of assets from the beneficiaries of the asset which is potentially tax advantageous.</p>	<p>Limitations</p> <ul style="list-style-type: none"> • Board members can be found liable for the actions and operations of the foundation • The foundation must exist for a specific purpose. • Foundation can only make payments for charitable purposes so the payment of salaries and benefits to any employees would not be possible.

Business structure	Hyperlocal examples	Potential advantages	Potential limitations and reporting requirements
<p>Non-profit organisation (association sans but lucratif/ vereniging zonder winstoogmerk) (Belgium)</p>	<p>Brusselnieuws (Belgium)</p> <p>De Koep (Belgium)</p>	<p>Own legal personality and can enter agreements, hold assets, open bank accounts etc in its own name.</p> <p>Limits liability of stakeholders in the organisation.</p> <p>Subject to VAT however usually exempted.</p> <p>For more information see: http://business.belgium.be/en/managing_your_business/setting_up_your_business/company_types/non_profit_organisation/</p>	<p>Limitations</p> <ul style="list-style-type: none"> • Cannot be for profit making purposes. • Activities scrutinised heavily to ensure there is no profit being made, if found to be a commercial company the entity will need to pay corporation tax and adhere to recognised accounting rules. • If the organisation enters into agreements or obligations before the legal personality is recognised (in its formation period between establishment and registration with the court), the members are jointly and severally liable for these unless the organisation either ratifies the actions within 6 months of acquiring the legal personality or the legal personality is acquired within two years of the agreement/ obligation/commitment. <p>Reporting requirements</p> <ul style="list-style-type: none"> • Must register with the Crossroads Bank for Enterprises. • Must have articles of association recorded in writing. • Articles and list of members of the board must be sent to be published by the Belgian Official Gazette. • Within a month of publication of the articles a list of members of the board must also be registered with court of first instance.

For Sweden, we have presented the information differently as there were difficulties in accessing accurate information re. business structures. One of the Swedish services (Sydnarkenyt) is a non-profit organisation, and as the editors have indicated: 'We underline that our motives are to involve a lot of citizens and make journalism, not to earn money'. One disadvantage is that all decisions have to be brought to the meetings of the board, and can take some time to discuss.' The other service, 321an, is a co-operative society (ekonomisk förening), which is both a legal company and an association: 'The advantage is the possibility to make VAT deductions.' For more information about businesses in Sweden,

visit <https://sweden.se>

APPENDIX 1B: CHARITABLE BUSINESS STRUCTURE

What is a Charity?

Most simply a charity is defined as an institution that is established exclusively for charitable purposes and is subject to the control of the High Court. This institution can be incorporated or unincorporated so can take a variety of business structures including trusts in addition to those detailed in Appendix 1a. The key element to recognise about a charity is that it is not characterised by its legal form or structure, but by its purpose and status. A charity must have a statement of charitable objects, much like a memorandum and articles of association, this states the rules that govern how the charity will operate. This statement describes the objects of the charity and these objects must fall within the descriptions of charitable purposes stated by the Charities Act 2011 (The Act).

What is a Charitable Purpose?

There are 13 charitable purposes recognised in section 3(1) of the Act. For the purpose of an undertaking to be charitable, it must fall under one of the descriptions of purposes deemed to be charitable by the Act and act for the public benefit. The landscape of charities is extremely far reaching as there are 12 specific purposes along with any other purpose that is beneficial to the community that covers all other charitable purposes currently recognised by law and any other new charitable purposes that are presented to, and recognised by, the Charity Commission.

The 12 specific charitable purposes recognised by the Act are as follows:

- The prevention or relief of poverty.
- The advancement of education.
- The advancement of religion.
- The advancement of health or the saving of lives.
- The advancement of citizenship or community development.
- The advancement of the arts, culture, heritage or science.
- The advancement of amateur sport.
- The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity.
- The advancement of environmental protection or improvement.
- The relief of those in need because of youth, age, ill-health, disability, financial hardship or other disadvantage;
- The advancement of animal welfare; and the promotion of the efficiency of the armed forces of the Crown or of the efficiency of the police, fire and rescue services or ambulance services.

Running a Charity

There are several restrictions and characteristics of charities that dictate the way in which they operate and must operate to retain their charitable status. Charities are run by charity trustees who operate and direct the charity much like the directors of a company and similarly have obligations and duties to the charity. For example they must see that all charitable assets and profits are directed back into and reapplied for the charitable purpose. The charity trustees must ensure that no financial benefit is distributed to them as trustees unless authorised by statute or the governing documents of the charity. This area is highly scrutinised and any unauthorised payments must be paid back into the charity. The charity must remain focused on its charitable purpose and cannot be set up for political purpose, nor deviate towards acting for the benefit of a political purpose unless that purpose furthers the charitable aim – a potential area to be wary of for hyperlocal publishers.

Main legal structures available to Charities

<p>Trusts. A charitable trust will usually be governed by one or more deeds or declarations of trust and/or one or more Charity Commission Schemes. They can also be created by a bequest in a will or can arise by way of legal presumption.</p>	<p>Unincorporated associations. These usually have a written constitution or rules, which are a contract between its members, although it is possible for an unincorporated association to be created without any form of written governing document. The charity trustees will be those individuals appointed in accordance with the rules to carry out the day-to-day management of the association, who may be referred to as the committee, the board of management or similar.</p>	<p>Companies. Most charitable companies are set up as companies limited by guarantee. The constitution of a company limited by guarantee consists of its articles of association and any resolutions and agreements that affect its constitution (section 17, Companies Act 2006). The directors of a charitable company are charity trustees. It is possible, but a rarity in practice for charities to take the structure of a company limited by shares.</p>	<p>Charitable incorporated organisations (CIOs). See Appendix 1a.</p>	<p>Community benefit societies (CBSs). CBSs that are charities are exempt charities and cannot register with the Charity Commission. The most common industry application of CBS's is with housing associations. For further details see the table.</p>	<p>Charitable corporations can be created by one of two methods: Royal Charter or Letters Patent. These are granted by the sovereign on the advice of the Privy Council. Charities incorporated by Royal Charter are governed by the Royal the table. Charter itself and bye-laws. Act of Parliament. Any statute relevant to the charity, which may be altered by a Charity Commission or Parliamentary Scheme, governs the charity.</p>
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Benefits of Charitable Status

There are several benefits to having charitable status, however, it must be acknowledged that these benefits come at the cost of having activities of the charity restricted and monitored as previously mentioned. These benefits include access to grants and funding not otherwise available to commercial enterprises; a mandatory 80 per cent relief granted by local authorities to any premises used primarily for charitable purposes; various tax incentives and reliefs and the communal and potentially financial support of the local community or those affected by the charitable operations. Consideration of these benefits, along with those associated with each legal business structure should help determine the suitable legal business structure for any charitable hyperlocal media service.

APPENDIX 2: LIST AND DESCRIPTIONS OF HYPERLOCAL CASE STUDIES

UK = 13	Website URL	Description
Bitternepark.info	bitternepark.info	Bitternepark.info is a Southampton-based community website, set up ten years ago to report on events and local news that is lacking in other outlets. A predominantly solo-operated site, it has a sales network with two other services and support from a small number of volunteers. Currently the website attracts an average of 10,000 unique users per month.
Visit Horsham	www.visithorsham.co.uk/	Visit Horsham is primarily a local online business directory model. By programmatically combining a variety of sources, it offers multiple, relevant resources in one place, while generating advertising revenue from businesses. Its monthly page views can vary significantly from 30,000, up to 200,000. This is teamed with a Horsham Facebook page, which provides an outlet for community news and local topical discussions.
Charlton Champion	charltonchampion.co.uk/	The Charlton Champion website was created in October 2010 as an addition to its sister site, 853 Blog. Both created out of passion and frustration, they continue to operate solely through the motivations of their founder. No focus on page views or generating income, but a heavy focus on investigative journalism.
Shetland News	www.shetnews.co.uk/	Shetland News (Agency) has developed from a news agency supplying the national media with news from the UK's most northerly community into an online news provider that has forged partnership deals with the local BBC, the local authority and many local advertisers to form a viable business model without compromising independence.
The Bristol Cable	thebristolcable.org/	The Bristol Cable is a uniquely branded hyperlocal website and quarterly printed magazine. Due to a successful crowdfunding campaign and introduction of cooperative membership fees, the founders have enabled revenue generation, a team of volunteers and a high level of community engagement. Enthused about incorporating a tangible print element to their platform, they distribute 10,000 copies quarterly across Bristol.
OnTheWight	onthewight.com/	OnTheWight originated purely as a blog, gaining momentum in recent years as it combines local online news with open data, investigations and innovation. The service is known for achieving transparency and accountability, and making government data accessible through its automated news production platform, Armchair Auditor. Its unique users peak at around 100,000 visits in a month.
VIEWdigital	viewdigital.org/	VIEWdigital is a multi-faceted platform, consisting of print, digital and community engagement and training events. Thematic print editions, each featuring a different guest editor, have filled a gap in the market in the independent social affairs content for the community/voluntary sector in Northern Ireland. The founders are exploring future partnerships to build towards a more sustainable model.
Blog Preston	blogpreston.co.uk/	Blog Preston is a hyperlocal news website and mobile application. Transitioning to a community interest company in December 2013 provided a legal vehicle for proving its existence, allowing the service to be taken seriously as a voice for the city. Non-monetary exchanges with local businesses and services have enabled it to become a resilient platform.
A Little Bit of Stone	alittlebitofstone.com/	A Little Bit of Stone is an online news and community platform for the town of Stone in Staffordshire, which aims to share news and information, connect local people and promote the town. In 2014 a highly-effective crowdfunding campaign gave the service the financial boost it needed to create a new mobile-friendly website. The founder is exploring the potential of other revenue streams.
Deeside.com	www.deeside.com/	Deeside.com originated from a Twitter account and a URL, sharing news about Deeside, North Wales; a location that is no longer directly covered by mainstream media. Through social media a community was built and then a platform. With no intention to commercialise there is currently no business structure in place, but that may soon change.

UK = 13	Website URL	Description
The City Talking/ Hebe Works	www.thecitytalking.com/	The City Talking is a Leeds-based newspaper and online service born out of a Facebook group, which has pioneered a distribution and advertising sales partnership with a legacy regional print title. The City Talking is also expanding to several other UK cities. It sits under the Hebe Works digital brand, now innovating hyperlocal data journalism. On The City Talking Leeds website there is 10,000 unique users and 56,000 page views monthly.
The Ambler	www.theambler.co.uk	The Ambler is a bi-monthly local newspaper, accompanied by a website, servicing the town of Amble in Northumberland. In 2000, the Amble Development Trust began supporting this hyperlocal media service. Despite their lack of trained journalists and ability to write investigative pieces, their content involves the community and fits their brand. They distribute 3,200 print copies per edition, and are looking to increase that figure.
The Lincolnite	thelincolnite.co.uk/	The Lincolnite is an original digital startup that is now dominating the local media scene. Launched as a company in May 2010, the website receives an average of 500,000 visits per month. The service's resilience is built on the addition of a digital business magazine, job/property listings, hosting their own Digital Media Awards and an online shop, which have all been a boost to their revenue.
France = 6	Website URL	Description
Marsactu	marsactu.fr/	Marsactu is a pure player of investigation, report and analysis essentially focused on political affairs in Marseille and its territory. In addition to the website, in 2014 the producing company launched a paid weekly newsletter for economic decision-makers (Marséco). After five years of existence, the service went into compulsory liquidation (March 2015) because the two main sources of revenue - investors and advertisers - defaulted. Five journalists (employees of established media in the past) decided to relaunch the service with a business model based on subscriptions from the final quarter of 2015. They also used a crowdfunding campaign to help with the relaunch https://fr.ulule.com/marsactu/
Rue89 Lyon	www.rue89lyon.fr/	Rue89 Lyon, which covers the city and beyond, publishes about news topics, political and societal issues. It's the first local branch of the news website Rue89, which is one of the first French pure players set up in 2007.
Rue89 Strasbourg	www.rue89strasbourg.com/	Rue89 Strasbourg is a reactive, innovative and participative media dedicated to the inhabitants of Strasbourg. It's one of the local branches of the news website Rue89, which is one of the first French pure players set up in 2007. The service's crowdfunding campaign, set up to help fund a redesign of its website and help ensure long-term sustainability http://fr.ulule.com/rue89-strasbourg/ was successful in June 2015.
Aqui.fr	aqui.fr/	Aqui.fr offers regional coverage in Aquitaine. First in paper version, Aqui.fr is now a pure player. There are seven sections: each one tries to emphasise local life and its successes. https://aqui.mipise.com/fr/url_url-project-215441485
Angers Mag	www.angersmag.info/	Angers Mag is a paper version and an online version. It's an information and news service dedicated to the people of the city of Angers and its surrounding areas.
Terri(s)toires	www.terristoires.info/	Terri(s)toires is a web magazine founded in Nantes in 2010, which was established to enhance citizen initiatives, cultures and ways of life - through storytelling - in the west region of France. At the origin, it's a bi-media (the team hopes to launch a paper version in the future). This media is a project of the agency 'Rue Prémion' created in 1996.
The Netherlands = 12	Website URL	Description
Ditiswijk	www.ditiswijk.nl	Ditiswijk is the hyperlocal media service for the municipality of Wijk bij Duurstede, which has a population of 23,000. It started in 2008 by four citizens and was established with the objective to offer as much community news as possible - particularly cultural community news. The service has a large network of contributors.
dongen.nieuws	dongen.nieuws.nl	dongen.nieuws was launched in 2010 and has a focus on news, businesses, crime and accidents. Only a third of the content is original with the owner and one part-time staff member working on the site.

De Utrechtse Internet Courant (DUIC)	www.duic.nl	DUIC in Utrecht has an online TV station and also makes video for third parties. It started in 2011 and has a professional editorial and sales staff. Holding authority to account is their main objective.
Vers Beton	versbeton.nl	Vers Beton launched in 2011 with the objective to provide in-depth news for Rotterdam. It has a professional staff although only a few people are (partly) paid. It targets an educated, higher social class audience.
Prinsenbeeknieuws	www.prinsenbeeknieuws.nl	Prinsenbeeknieuws is the local site for the village of Prinsenbeek, which has a population of 11,000, and is part of the larger municipality of Breda. It's focus is on culture and human interest. It launched in 2008.
Den Haag Direct	www.denhaagdirect.nl	Den Haag Direct started in The Hague in 2010. The service's content is provided by a large group of volunteer bloggers, and companies and organisations contribute branded content also.
e52	e52.nl/	e52 started in the beginning of 2015 by founder of nationwide hyperlocal media service Dichtbij , Bart Brouwers, and founder of the largest Dutch news site, nu.nl , Merien ten Houten. It targets a highly educated audience with news on business and innovation.
Arnhem Direct	www.arnhem-direct.nl/	Arnhem Direct started in 2005 serving the eastern city of Arnhem, which has a population of 150,000. Four owners work part-time for the service with politics being the main content produced.
Liwwadders	www.liwwadders.nl/	Liwwadders started 20 years ago in the Frysian capital Leeuwarden (population of 95,000). It was launched by Andries Veldman who also owns a media production company and publishes a magazine. Politics is the main area of content produced.
Alphens	www.alphens.nl	Alphens was launched in 2011 in the town of Alphen aan den Rijn (population of 70,000). It is a profitable operation with a magazine, ICT services and online video. Six people work for the service - two full-time, two part-time and two volunteers.
It Nijs	itnijs.nl/	It Nijs ('The News' in the Frysian language) covers the province of Friesland with news and information about the Frysian language and culture since 2009. It is sponsored by the Frysian Cultural Community.
Dichtbij	dichtbij.nl	Dichtbij started in 2011 by de Telegraaf Media Group as an independent hyperlocal media service. There are 140 people working for almost 60 sites (20 of them only contain aggregated content from other sources), with volunteers also supporting the services. In 2016, however, most of the websites will close down.
Belgium = 2	Website URL	Description
Brusselnieuws	www.brusselnieuws.be	Brusselnieuws (rebranded as BRUZZ in April 2016 http://www.bruzz.be/) started in 1993 as a TV station and is now a multichannel operation (print, radio, TV) in the Belgium capital Brussels. The service operates to provide the Dutch speaking community with relevant news and information. It is financed for the major part by the government (Flemish Community).
De Koep	www.dekoep.be	De Koep is a hyperlocal media service for the city of Turnhout, a municipality located in the Flemish province of Antwerp. It's a successor of the Gazet van Turnhout, which closed down when the founder decided to quit. It now mainly concentrates on covering the meetings of city council.
Sweden = 2	Website URL	Description
Sydnärkenytt	Sydnarkenytt.se	Sydnärkenytt started in 2007 and expanded in 2012 to five municipalities in the region Sydnärke. Each municipality has its own homepage and a free print magazine has been published since 2010. There are also two radio stations.
321an	321an.se	321an services the north of Sweden, covering part of the sparsely populated countryside of Åre and Berg (population of 17,500). The service has sub-sections for 19 small villages along road number 321.

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Viable, Sustainable or Resilient?

Understanding the hyperlocal business ecosystem

Clare Cook^I & Piet Bakker^{II}

^I Media Innovation Studio, University of Central Lancashire, Preston, the United Kingdom

^{II} HU University of Applied Sciences, Utrecht, the Netherlands

Abstract

Hyperlocal media are increasingly prominent in local media ecologies. However, economic pressures are their biggest challenge and are therefore our main thematic. The study is based on empirical data from 35 hyperlocals in Sweden, the UK, France, the Netherlands and Belgium. We present a conceptual framework of viable, sustainable and resilient models and find that hyperlocals are diversifying their revenues. Drawing on business ecosystems as a theoretical approach, we find these hyperlocals are surviving by forging symbiotic relationships with media, businesses, advertisers and communities in their environment. With its focus on imbalanced and evolving relations, the approach offers a broad framework to explain how hyperlocal business models are developing through a dynamic system of proximal interdependencies. The results contribute to new knowledge by explaining the revenue diversification of hyperlocals in the digital ecosystemic space.

Keywords: hyperlocals, revenues, business models, business ecosystems, media ecologies

Introduction

Hyperlocals are online news services pertaining to a specific local geographic area. Their prominence over the last decade in media ecosystems has been gradually renewed. In general, they fill an information gap left by mainstream media. In this study we focused on Western European hyperlocal media that operate without structural state subsidies in media environments that are experiencing declining print and broadcast services. This has favoured the growth of journalism from and within communities (Radcliffe, 2012; Tenor, 2018). Where traditional media have their specific national political, professional, cultural and legal characteristics, online-only local media encounter the same challenges everywhere: audiences that are not accustomed to paying for online content, a difficult advertising market with a dominance of international players like Google and Facebook, and little or no structural state support. Although we studied hyperlocals in five different countries we found no clear national differences. All operations face more or less the same issues, allowing for findings from this study to be as relevant for local online operations in Nordic regions as in different national environments.

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A scarcity of human and business resources as well as fledgling business models online hinder resilience for hyperlocals in the UK (Harte et al., 2016) and internationally (Horning, 2012; Nygren et al., 2017; Van Kerkhoven & Bakker, 2014). We delve deeper into the digital shift to explore the business models of hyperlocals and their sustainability. Our primary aim was to explore business models as a way to understand revenues, not the converse. We move forward by asking if revenues have diversified, and if a diversification of revenues contributes to increased sustainability. A conceptual framework of viable, sustainable and resilient models is presented to help navigate the emerging confusion around hyperlocal business.

In fact, little is known about the economic experiences of hyperlocals, and research evidence on how and why revenue diversification develops remains nascent. Revenue mapping alone would stop short of answering this question. We add to the field by applying business ecosystems specifically to problematise the revenue models of hyperlocal media. Hyperlocals are presented as dynamic entities, which shape, and are shaped by, relationships of varying size, power and resources that exist in relation to one another but where relations are not perfectly reciprocal: some entities profit more than others. Crucial in this approach is the focus on complex and permanently changing relationships. If ecosystemic relationships exist, what potential effect does such close relations have for sustainability?

With our findings, we expand a nuanced understanding of the experiences of hyperlocals in economic terms. We also propose ecosystems as a theoretical framework more broadly to the media management community as a way to understand revenue diversification in fast-changing digital media landscapes.

A shifting journalism business model

For more than a decade, journalism around the globe has been grappling with the demise of advertising-led business models (Downie & Schudson, 2009; McChesney & Nichols, 2010) seeking alternative revenue route maps (Nel, 2010) and questioning the impact of falling profits and growth on the industry (Bruno & Nielsen, 2012; Fenton, 2011; Levy & Nielsen, 2010). Local media face multifaceted business challenges from the dominance of technology platforms, the erosion of defined geographic audiences and decreased reader loyalty. The lowered price of algorithm-based advertising is insufficient to cover the losses of print revenue (Chyi & Tenenboim, 2016) and nascent development of alternative revenues keeps the earnings of many niche media small (Cook & Sirkkunen, 2015). Low barriers to entry mean many new competitors in fast-changing markets (Briggs, 2012). Legacy publishers have withdrawn from communities and some local newspapers have closed (Lewis et al., 2007; Ramsay & Moore, 2016).

Incumbents have attempted to enter the hyperlocal space with mixed success. In the UK, the Guardian Local experiment closed in 2011, failing to make it commercially viable. Regional publisher Northcliffe Media ran the franchise Local People, a network of paid community publishers, but it closed in 2013. Some hyperlocal chains cover many communities and even whole countries driving synergy from joint advertising, sales and shared resources such as The Examiner and Patch (USA), MyHeimat.de (Germany), Dichtbij.nl (the Netherlands, closed in 2017) and Belang van Limburg (Belgium).

Against this backdrop, the role and prominence of hyperlocal media is changing. The disruptive nature of the internet and open-source technologies is prompting a shift from large media conglomerates towards smaller organisations and entrepreneurial individuals. Hyperlocal media are growing up from the grass roots organically at varying paces and maturity. Usually still in a development phase, it is hard to define a clear standard local news operation and whether a viable business model is emerging (Cook et al., 2016).

In the UK, the term “hyperlocal” covers news that is locally drilled, but the size of the area, degree of entrepreneurialism and the contribution to a democratic deficit differ (Williams et al., 2014, 2016). Howells (2015) explores the dangers of local newspaper closure in one Welsh town, Port Talbot, finding the community underinformed, under-represented and unable to access timely local information. Swedish researchers find hyperlocals able to fill only some of the gaps from declining legacy media (Nygren et al., 2017). They find hyperlocals and legacy media need the same factors for success: dense areas and an advertising base. They find that “hyperlocal is more a question about the relationship to the local society than a question about technical platforms” (Nygren et al., 2017: 47). In the Netherlands, a study of 123 hyperlocals find good content performance and an entrepreneurial spirit but that running a sustainable business in the long term is hard (Van Kerkhoven & Bakker, 2014).

The business and revenue perspective of hyperlocal operations is not often covered in research, as the focus is usually on motives and content (Chadha, 2015; Costera Meijer, 2013; Hess & Waller, 2015; Paulussen & D’heer, 2013; Thurman et al., 2012). Kurpius and colleagues (2010), studying US hyperlocals, found not a single recipe for financial success, identifying a research gap in how different hyperlocals actually work or if they have potential for sustainability. In terms of advertising, ultra-local sites are more appealing to local advertisers for local banner adverts than community or regional sites (Horning, 2012: 103). In the US, Metzgar and colleagues (2011) identified five categories of hyperlocal funding sources, from advertising to donations; however, they stopped short of a comprehensive funding typology. A study of Dutch hyperlocals found “the lack of resources has triggered ingenuity and forced owners, employees and volunteers to adapt to new situations” (Van Kerkhoven & Bakker, 2015: 199). Harte and colleagues (2016) concluded from 34 interviews with independent hyperlocal practitioners that many draw upon a civic discourse rather than business acumen. They focus more on the range of attitudes to hyperlocal economics, ranging from those seeking a market opportunity on the one hand to those resisting income generation on the other. The hyperlocal entrepreneur is not per se the archetype in this field, although hyperlocals often need to develop some entrepreneurial skills (Pekkala & Cook, 2012). All in all, there is conceptual confusion between viable, sustainable and resilient models and little is known about the business model.

Faced with the increasing commercialisation pressures on news organisations online (Phillips & Witschge, 2012), focus has turned to revenue diversification (Grueskin et al., 2011; Kaye & Quinn, 2010). Diversified revenues are the key to success for digital journalism entrepreneurs in Latin America (SembraMedia, 2017), and in the US, local news outlets are trying to include subscription or membership pathways, paywalls and advertising (Holcomb, 2018). In Norway, local newspapers have implemented paywall strategies with some success (Olsen & Solvoll, 2018). Others have taken steps to shift editorial–business relationships to maximise organisational operations (Chadha, 2016).

Whether broader revenue portfolios alone can lead to prosperity is less clear. Massey (2018) found that non-profit web-native news sites did not perform any better with diverse revenues, and for-profits were financially worse off for diversifying their revenues. Overall, maintaining stable revenues through scale, breadth and depth (Jenkins & Nielsen, 2018) has been the key to sustainability at the local level.

Research on business ecosystems

Approaches thus far fit with existing definitions of a business model and business model innovation through various resource components (Amit & Zott, 2001; Chesbrough, 2003; Teece, 2010). Our starting point is to emphasise the importance of revenues and to allow for adaptation. Here a business model is “in the sense of being self-sustainable on the basis of the income it generates” (Brousseau & Penard, 2007: 82). Business models need to allow for elements of change (Linder & Cantrell, 2000) and “how the firm receives and provides value to other entities in the value network and how the entities within the value network inter-relate” (Lambert, 2011: 7) are of crucial importance. Business models are a way to emphasise adaptation and viability (Weill & Vitale, 2001) not just as a value chain approach, but also from the perspective of a multi-actor network, where it is important to consider who is doing business with whom (Gordijn & Akkermans, 2001). Furthermore, we echo Chaharbarghi and colleagues (2003) in regard to the importance of context. Businesses develop in dynamic environments where environmental variables are non-linear and businesses have to constantly adapt.

Drawing on work by Moore (1997), we apply business ecosystems to suggest firms exist in a niche and need to co-evolve with others. Hyperlocals are placed within a complex system of changing media trends affecting revenue creation and capture. We reject strict orthodox models of maximisation that are ill-placed to explain how hyperlocals deal with “exogenous change” (Nelson & Winter, 2009: 399) in favour of the ecological system where all the species are influenced dynamically when they are competing for finite resources (content, direct and indirect revenues, people, support, distribution) with other entities in the network vying for survival. Relations are non-reciprocal and non-linear: some entities profit more than others (Gowdy, 1992).

Media ecosystems research in journalism has focused more on exploring ecologies between media producers, the flow of information and the role of news organisations in networked media ecosystems (Anderson et al., 2015; Deuze et al., 2007; Lowrey, 2012). Studies use ecosystems to understand media as a flow and power dynamic: for example, the Baltimore news ecosystem (Project for Excellence in Journalism, 2010) in which half of the news in all online and offline channels was traced back to the local newspaper. Anderson (2010) also concluded that centralised legacy media were extremely important when exploring the Philadelphia news. Nielsen (2014) has shown the unequalness within ecosystems and concluded that new initiatives rely on keystone media, the main providers of professionally produced news. The ecologies approach has been applied to the sustainability of community media in the UK (Baines, 2012). Hatcher and Thayer (2016) add empirical evidence in their exploration of relationships among news organisations to determine how willing journalists were to form a more collaborative network and find community newspapers and start-ups to be more willing than legacy.

In their analysis of UK hyperlocals, Harte and colleagues (2017: 160) explore “mutually reinforcing online, and offline, practices that underpin relationships between producers and the communities they inhabit” using the frame of direct, indirect and sustained reciprocity. Direct reciprocity is evidenced in volunteers giving their time to hyperlocals while sustained “lasting forms of exchange” (Lewis et al., 2014: 230) are harder to evidence as they rely on a steadier flow of mutual acts of goodwill (Borger et al., 2016). However, the concept of reciprocity is not as well suited to explaining the imbalanced and unequal relationships that are constantly changing in and around hyperlocals that face economic pressures. We also prefer the ecosystem approach over actor network theory (Latour, 2005), which is tailored to analyse flattened adoption of technological innovations in a social context and is therefore less suitable here. Rather, an ecosystem approach via new shared services can address the changing needs and capacity of local news (Aguilar & Stearns, 2016).

Research methods and conceptual framework

Our purpose was to present the business models of 35 hyperlocals in the UK and Europe. Our starting definition of hyperlocal was taken from Nesta’s Destination Local programme in the UK as online news or content services pertaining to a town, village, single postcode or other small geographically defined community (Radcliffe, 2012). Following Friedland (2012), we perceived hyperlocals as a layer above personal blogging and social media use but independent from the news coverage of legacy media outlets.

Our sample was in line with the definition of Metzgar and colleagues (2011: 774), who use six criteria: “[H]yperlocal media operations are geographically based, community-oriented, original-news reporting organizations indigenous to the web and intended to fill perceived gaps in coverage of an issue or region and to promote civic engagement.” The aim was to explore how hyperlocals from five countries organise their business and generated revenue. We therefore used purposeful sampling from research teams in each country to select a diverse range of hyperlocals in the countries from our trusted networks: smaller and larger operations, hyperlocals in villages and cities, chains and one-person operations (see appendix). We included services from Sweden (2), the UK (13), the Netherlands (12), France (6) and Belgium (2) as these were territories with a similar hyperlocal media landscape in regard to growth, challenges and innovation. While the categories for inclusion could not be standardised, all had moved beyond the first start-up period. This empirical data was gathered in autumn 2015.

The study aimed to identify how revenue diversification contributes to sustainability. Therefore, interviewees self-selected as viable, sustainable or resilient and selected a range for total incomes for the last financial year. A conceptual framework of viable, sustainable and resilient was developed to move beyond the application of terminology interchangeably (see Table 1) and to allow for correlation between total revenues, revenue practices and conceptual classifications. It was designed to close down interpretation and draw boundaries between models, while reflecting business model development as stages.

Table 1. Conceptual framework for viable, sustainable and resilient hyperlocal business models

Classification	Definition	Example
Viable	Sites fulfilling a demand or perceived need for content by the audience	Likely to generate €35,000 or less. Often one-man operations working with limited resources. The Charlton Champion, UK, was created in 2010 as an addition to a sister site, 853 Blog. Both created out of passion and frustration, they continue to operate solely through the motivations of the founder. Less focus on page views and generating income but a heavy focus on investigative journalism.
Sustainable	Able to sustain a flow of content to meet that need over time, and likely to draw some “money” as a wage, cover expenses of contributors and/or cover costs of equipment, web hosting, printing etc.	Annual income of €35,000 or more likely. More often a team operation mixing paid staff and some volunteers. The Lincolnite, UK, is an original digital start-up that is now dominating the local scene. Launched in May 2010, the website receives an average of 500,000 a month. Also runs a digital business magazine, job listings, hosts their own digital awards and ecommerce.
Resilient	Media can sustain a flow of content and make profit, or grow/scale the operation by investing the earned revenues	Can have varied incomes but more likely to have annual income above €35,000. Often more structured resourcing allocation. De Utrechtse Internet Courant in Utrecht has an online TV station and also makes videos for third parties. It started in 2011 and has a professional editorial and sales staff. Holding authority to account is their main objective.

We wanted to focus the lens on the lived experiences of hyperlocals as they try to carve out sustainable revenue models in day-to-day operations. A content analysis established the type of content outputs, the social media footprint and the publishing frequency. The number of adverts on the website home page was also counted. Semi-structured interviews were then carried out with site owners or similar roles covering four parts: the company structure and operations (launch date, objectives, content strategy, sources of content, business structure, staffing, costs, technical website information), audience (engagement, traffic analytics), revenue streams (types of revenues, advertising, sales, partnerships, donations, events, marketing) and final considerations (challenges and opportunities). The questionnaire was structured to allow for consistency of questioning across a team of nationally divergent researchers, operating in multiple languages. The questions were developed from previous research identifying sustainable service- and storytelling-orientated business models on the internet (Sirkkunen & Cook, 2012), consultations on journalism sustainability and revenue mapping (Stearns, 2015).

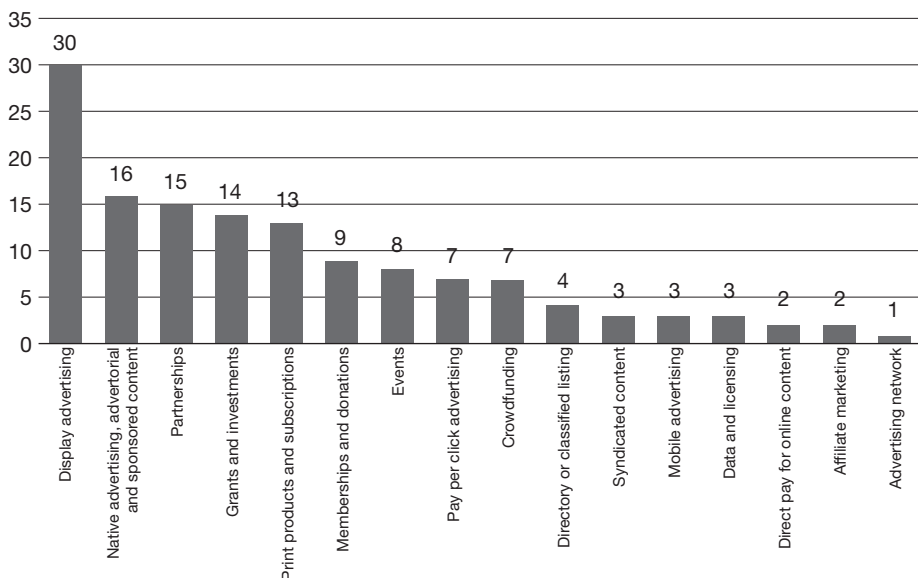
Thematic coding (Gibbs, 2007) allowed content production and revenue practices to emerge, including examples of revenue rates. The coded data was correlated against

the conceptual framework and annual total revenue categories to evidence patterns in business practices. The data was first categorised and analysed as a toolkit of best practice within national media systems and outputted to hyperlocals (Cook et al., 2016). To further explain revenue models, analysis of the semi-structured responses allowed for a taxonomy of business ecosystemic relationships with accompanying examples to be extracted. This approach was crucial in understanding the complex relationships that are permanently changing. It detailed an exploratory understanding of the business ecosystem around hyperlocals and the potential such close attachment to a community has for sustainability.

Results on hyperlocal business models

The majority of the hyperlocals in our research made less than €35,000 and eight made more than €142,000. In keeping with other research, hyperlocals had diversified their revenue models (Smyrianos et al., 2015): 14 cases had five or more revenue streams. The most common model was three revenue streams. Only one case relied on one revenue stream. There was no one-size-fits-all revenue model as diversification happened in varying granularity across all the cases (see Figure 1). Only seven cases used any form of pay-per-click advertising including Google AdSense. Despite only four cases using classified or directory listings, they were noted for their success in offering highly targeted advertising.

Figure 1. Diversification of revenues (number of hyperlocals)



Comments: The number of examined hyperlocals was 35. Many of these had diversified revenue models.

The dominant revenue was display and native advertising. Display adverts, typically image-led adverts sold by shape, were often designed in-house or directly by clients. Available advertising units and dimensions varied considerably, as did the rates. The

best-performing dimensions and rates were at *The Lincolnite* and *Shetland News*, UK, where digital billboard "mastheads" sold for around €566 per month, although €57 was the most common. Many produced graphics in-house for free or at a small charge. The Swedish cases followed the trend: 321an's rates ranged from banners at €75 to €258 per month. Neither Swedish case used pay-per-click, mobile or social media advertising. Eight of the services had more adverts on the front page than news items. Native advertising (including advertorial and sponsored content) took the form of home page takeovers, themed content and sponsored talk shows. The two sites with the highest revenues used partnerships, display advertising, native advertising, print products and events. Native advertising was notably uncommon in the French, Swedish and Belgium cases but dominant in the UK and the Netherlands.

Results on sustainability

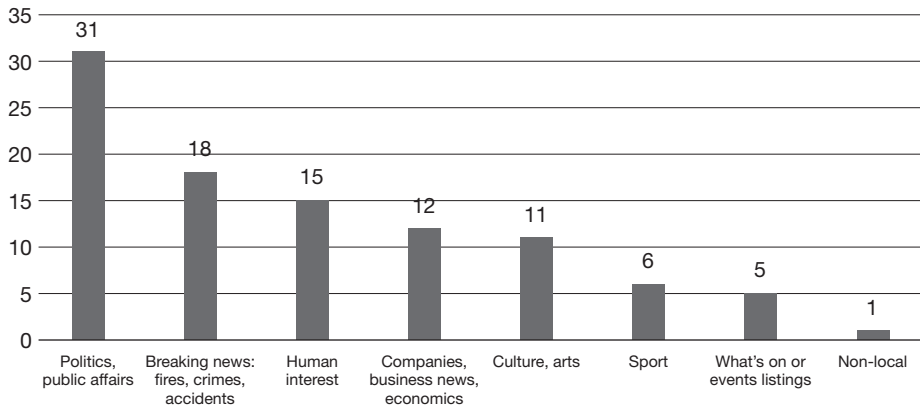
Well over half the services claimed they were sustainable (13) or viable (12). There was a broad relation between total annual income and the viable, sustainable and resilient framework: even with low income a service can be sustainable or resilient. However, there were proportionally more sites with higher revenues describing themselves as sustainable or resilient (see Table 2). Sustainability and resilience did not directly result from the logic of more diversification: 12 sites describing themselves as sustainable or resilient had fewer than four revenues, while nine sites had five or more revenue streams. Hyperlocal sustainability is not just a question of diversifying revenue types.

Some felt they had sustainable content but irregular incomes. Freely available publishing tools were used, with WordPress being the most popular. Of the 35 services, 23 described themselves as online-only operations, seven as online and the remaining five as multi-channel. Most services, 25 out of 35, published content on a daily basis but there was high variance in publishing schedules and outputs. Politics and public affairs content was dominant (see Figure 2). All services used social media heavily, with six operations having more than 10,000 followers on Facebook. Along with Google Analytics, there was a high use of audience demographic analysis to distinguish content and distribution channels. Half of the services had a Youtube channel.

Table 2. Range of total annual income set against self-evaluation as viable, sustainable and resilient

Resilient					Sustainable				Viable			
more than €355,000	between €142-355k	between €35-142k	under €35,000	unknown	more than €355,000	between €142-355k	between €35-142k	under €35,000	more than €355,000	between €142-355k	between €35-142k	under €35,000
0	1	3	3	1	2	3	2	6	0	1	2	9

Comments: The number of examined hyperlocals was 33. (Two of the 35 examined hyperlocals did not self-select as viable, sustainable or resilient.)

Figure 2. Content (per cent)

Comments: The content analysis was based on the ten last items published by each hyperlocal. Thus, in total 350 items were coded.

Results on business ecosystemic relations

The study showed hyperlocals leveraging relationships to diversify their income streams rather than relying only on banner advertising or sales. In some cases, these were formal arrangements to share content, services or work on mutually beneficial projects. In others, they were informal arrangements with a wide range of actors. These direct and indirect revenue opportunities developed within the local media ecology across a community of volunteers, stakeholders and more structured organisations to form a dynamic system of interdependencies cooperating and competing. The symbiotic nature of relationships at least in part explained revenue diversification. Hyperlocals were not distant from revenues or sources of revenue but rather in and of them. Our taxonomy provides an overview of the business relationships that formed around hyperlocals, relating in some way to revenue sustainability: volunteers, memberships and donations, community events, other businesses or government bodies, other publishers, advertisers, sales and marketing (see Table 3). Analysis showed a broad correlation between those with more relationships and being more sustainable or resilient, or earning more than €35,000 a year. Therefore, we can say that a business ecosystemic approach can help sustain hyperlocal journalism.

Volunteers

All but six hyperlocals used volunteers in some way. Staffing overall was a combination of full-time, part-time, freelance and volunteer staff, although a small fixed staff was the dominant resourcing structure. Volunteers offering distribution services were offered rewards such as a subscription for free (worth €30) in the case of *321an*, or a work placement through the Swedish Public Employment Service [Arbetsförmedlingen]. According to the Swedish hyperlocal *Sydnärkenytt*, 60 people were encouraged to cover their own stories and submit pictures because “we have to cooperate with amateurs and to coach them”. In the UK, volunteers were treated as a symbiotic business relation and offered free advertisements at *The Bristol Cable* in exchange for distributing print editions by bicycle to key drop-off locations, door-to-door and by hand. *VIEWdigital* in Ireland of-

Table 3. *Taxonomy of business ecosystemic relationships*

Relationship	Revenue classification	Example
Volunteers	Non-monetary exchange or subsidised services	Rewarding delivery services, free use of office space, using freelance photographers for free to have their work linked and social media presences promoted, employment support in the form of salary or personal subsidies in exchange for opportunities for people to return to work
Memberships and donations	Payment for additional services, financial pledges of support, monetary donations from a wide community base around a specific project or commission	Cooperative business structure, readers club, donations
Community events	Ticket sales, entry fee, sponsorship, spin-out services or by reaching new audiences	Pop-up workshops, party events, conferences
Other businesses or government bodies	Revenues or cost-saving benefits, non-monetary exchange of time and skills, licence revenue model	Project collaborations, exchange of content ideas and expertise building with media know-how, acting as a front end to high-street retailers, website collaborations with local civic or tourism organisations, non-journalism projects with civic value
Other publishers	Distribution deals, syndication, resource sharing	Exposure through parent, sister or incumbent local print publications, editorial partnerships, content sharing, data sharing, shared sales management, non-exclusive court reporting deals with public service broadcaster, advertising partnerships with regional publishers
Advertisers	Advertising deals, advertorial, native advertising, sponsored articles, an event feature, home page takeovers, classified or listings	Discounts for repeat advertising business, incentives for long-term advertising contracts, advertorial talk show of local businesses, sponsored podcasts, classified and directory models, offering commissions to people in other organisations from lead generation
Sales and marketing	Commission-based sales, profit share on revenue generated from advertising and sales, subcontracted sales, sales networks	Part-time sales also doing their own client network, commission-based advertising salesperson, paid sales staff within the team, subcontracting to independent commercial agents, pooled resources to appoint a joint sales and marketing person with other hyperlocal services, pooled advertising inventory

ferred non-paid placements with educational bodies. For some, informal non-monetary exchange was in the form of services while for others it was an exchange of office space.

Memberships and donations

Membership models offered publishers the opportunity to convert community vested interest into revenues as a pledge of support. *The Bristol Cable* ran a cooperative, with members jointly making decisions. The average donation was €3.4 per month. With more than 400 members, they generated around €1,000 a month. In France, all cases except *Rue89 Strasbourg* used membership or donations. Subscribers to *Mars Actu* could invest funds in the “entreprise solidaire de presse”, a French tax incentive. *Angers Mag* had a business club with membership and donations. Memberships only generated marginal revenues. Membership rewards included free printed publications, invitations to annual seminars, commenting on articles’ pre-moderation and participating in organised debates.

Crowdfunding from a wide community base around a specific project or commission generated between €1,000 and €41,000 in our sample. *Rue89 Strasbourg* created Strasbourg Connect, a project to integrate social functions into the website. The Swedish and Dutch cases were an exception. *Sydnärkenytt* had not used crowdfunding and, despite an appeal for readers to rescue the *321an* by giving a monthly small donation, only around eight readers had engaged. Third-party sites such as PayPal, Flattr and J’aime L’info also allowed readers to give donations but these generated little revenue.

Community events

While time-consuming and complex, events offered hyperlocals community- and brand-building opportunities and the social aspect of getting people together: for example through food festivals, discussion forums and community training. They generated revenues either from ticket sales, sponsorship, spin-out services or by reaching new audiences. In the Netherlands, *Den Haag Direct* ran events for companies with the average cost to the company for one workshop being €10,000. They also organised smaller pop-up workshops for €150. *Alphens* sold tickets for third-party events such as a Restaurant Week. Revenues were approximately €15,000 per year. *e52* organised a monthly “light breakfast” and a biannual start-up event generating sponsorship and entry fees at around €1,500 per event. The Swedish cases did not host events.

Other businesses or government bodies

Hyperlocals found close relationships with other publications and local businesses operating in the same local system, open to sharing skills and resources. These relationships opened new revenue or cost-saving benefits to the hyperlocals. This was particularly evident in the UK. At its simplest, skilled professionals such as accountants donated time for free as a public good. In others, local businesses or government bodies developed a symbiotic relationship. For example, *The City Talking*’s parent company, Hebe Works, developed Leeds Data Mill in partnership with Leeds City Council with a potential licence revenue model to form a hub for an open data culture in the city. Users could create data visualisations built from council data. A further approach was affiliate marketing.

Other publishers

Within the ecosystem, hyperlocals shared resources “to take the pressure off”. For example, *e52* produced a monthly newspaper for their 150 subscribers, also distributed by the local tourism board, boosting advertiser appeal. *Mars Actu*, *Angers Mag*, *321an* and *Ditiswijk* occasionally syndicated to local, national press, TV channels or other organisations for a fee. Editorial partnerships demonstrated a willingness to team up for distribution opportunities, such as between *Rue89 Lyon* and a free weekly cultural magazine. In the UK, developers from a number of hyperlocals shared data and co-evolved to manage sales and content between sites, mirroring the same advertising rate card. Leeds-based *The City Talking* partnered with regional publisher Johnston Press in a mutual arrangement combining reach, content and resources. *The City Talking* was distributed inside Johnston Press title the *Yorkshire Evening Post* once a month, allowing them to reach a “slightly younger and a slightly hipper audience”. The advertising inventory was sold by Johnston Press, who managed most of the advertising sales and relationships, and shared advertising revenue back to *The City Talking*.

In the local media ecosystem, some entities profited more than others from relations: some were dominant, others were weak. This was particularly the case where there was an imbalance in reputation and a skewed influence on web traffic with dominant public service broadcasters. While hyperlocal *Blog Preston* said there was a “conflict” and “mixed message” regarding external linking, in Shetland, the *Shetland News* had a good working relationship with the British Broadcasting Corporation (BBC). They were paid for reporting custody appearances and criminal cases in a “very generous non-exclusive deal with the BBC meaning we can also sell court copy on to other UK mainland-based newspapers and use the copy on our own website”.

Advertisers

Loyalty was an important factor in creating and capturing advertising revenue. The main advertisers were local authorities, public institutions, large retailers, cultural organisations, real estate, chamber of commerce and banks. Reinforcing findings by Nygren and colleagues (2017: 43), “offering a new channel for local advertisers is also an important purpose of the hyperlocal”. In the Netherlands, half of the hyperlocals offered incentives for long-term contracts. In France, emphasis was on direct advertising of more than six months to boost repeat business. Six out of 13 of the UK services offered discounts for repeat or long-term advertising contracts with businesses. However, *Sydnärkenytt* cite resistance from advertisers: “We discovered that local tradesmen were sceptical towards online advertising.”

Taken together, crucial in the approach of native advertising was the focus on relations (support, encouragement, facilities, audience behaviour) that were more complex in digital contexts. Native advertising was most popular in the Netherlands (six out of 11 services) and the UK (six out of 13). Many hyperlocals leveraged close relationships with advertisers to carve out new formats, with associated revenues. *321an* developed a podcast, recorded and edited on request of local entrepreneurs. *A Little Bit of Stone* sold the upper tier of their inventory as a dual package to include a display advert with a sponsored article, but this was time-consuming. *VIEWdigital* was “trying to monetise

on partnerships mostly through the themed magazines”, for example writing a piece on food poverty sponsored by the Food Standards Agency.

Making classified advertising or listings work as a revenue source relied heavily on working closely with businesses in proximity with much variance in pricing. The Dutch service *Ditistwijk* and the UK’s *Visit Horsham* developed classified and directory advertising models teamed with social media for a one-stop shop for local businesses. The French *Angers Mag* tried classified advertising but found it too difficult to compete against market leaders.

Sales and marketing

There was no homogeneous solution to business staffing. Direct advertising sales came from a mixture of cold calls, inbound enquiries and editorial leads. There was a mutuality between editorial and potential advertising revenues, such as returning to a company that had been featured in editorial or asking new businesses featured in stories to consider advertising. Hyperlocals talked of “nurturing one-to-one relationships” with larger advertisers taking several months. Advertising networks provided a single point of contact for multiple website sales by aggregating all advertising inventories. However, there was imbalanced remuneration. *The Bristol Cable* used the advertising network Ethical Media Sales & Marketing at a 70:30 revenue share to sell across a number of local and national bundles. In the Netherlands, the network ToLocal offered national advertisers a network through local websites with automatic sale of display, video, mobile and native advertising, taking 40 per cent of the revenues. In France, *Terri(s)toires* said the local advertising market was “eaten by the biggest local media with their internal advertising networks”.

Conclusions

Knowledge of hyperlocal revenue models is nascent and rarely the primary focus of academic studies. However, there is an ongoing trend of community and hyperlocal media constituting a growing cohort of niche journalism we know little about. Our study addressed this through a cross-country detailed examination of hyperlocal business models. The results from our study showed European hyperlocals to have little homogeneity in the production process and much variance in business strategies and objectives. There was also little consistency in terms of goals: some wanted to diversify their operations and adapt while others wanted to scale. It was a “messy” ecosystem (Moore, 2014: 27) where hyperlocals take on varying forms and definitions of success and scale (Radcliffe, 2012). This echoes digital advancements of local media sectors in the US (Holcomb, 2018).

The study found 18 hyperlocals earned under €35,000. Almost every model was built on a small professional staff and a rather large number of volunteers. Hyperlocals have diversified their revenue models: 14 cases had five or more revenue streams. The most common model was to have three revenue streams. Only one case relied on one revenue stream. The dominant revenue was display (30) and native advertising (16). In a fragmented media landscape, there were varied approaches to revenues across the five countries. Revenue was marginal in most cases, particularly compared to incumbents.

We present viable, sustainable and resilience as a conceptual framework to understand hyperlocal business models in this heterogeneous context. It offers a route map by which conceptual confusion can be navigated. Eight services said they were resilient, yet even with low income a service can be sustainable or resilient. However, there were proportionally more sites with higher revenues describing themselves as sustainable or resilient. Viable sites are likely to generate €35,000 or less and be one-man operations working with limited resources; sustainable sites are more likely to have annual incomes of €35,000 or more with a mixed team operation of paid staff and volunteers; resilient sites can have varied incomes but are more likely to have annual incomes above €35,000 and often more structured resourcing allocation. While the taxonomy classifications were self-reported in this study, they could be more rigorously applied by researchers as empirical classifications moving forward. Despite the definitions, interviewees found it hard to pinpoint their model. In order to close down interpretation, more clarity is needed on characteristics at each stage. In particular, more knowledge is needed to understand how businesses move from sustainability to resilience where the distinction is currently less clear.

The asymmetrical revenue diversification of hyperlocals is explained through business ecosystems. Counting the number of revenue streams against the conceptual framework does not go far enough in explaining sustainability: more revenue types does not correlate to sustainability and resilience alone. Each hyperlocal carved out revenues in and of the proximal relationships that exist around it based on its needs. The sector offers many characteristics of an ecosystem composition: a dynamic system of interdependencies between people and relationships cooperating and competing in the proximal setting. Our findings suggest hyperlocal media are nurturing a set of formal and informal relations with a wide range of actors and stakeholders in the community in order to develop diversified revenues and survive. Under niche theory (Dimmick, 2003), sites extract resources from their proximal market and adapt to their local conditions.

The results from our study resulted in a taxonomy of hyperlocal business ecosystemic relationships relating in some way to revenue sustainability: volunteers, memberships and donations, community events, other businesses or government bodies, other publishers, advertisers, sales and marketing staff. These do not represent an exhaustive list. On the contrary, this exploratory study suggests the need for a comprehensive catalogue of relationships co-evolving in and around hyperlocals. However, analysis showed a broad correlation between those with more relationships and being more sustainable or resilient, or earning more than €35,000 a year. Therefore, we can say that a business ecosystemic approach can help sustain hyperlocal journalism. While the results should be treated with caution, they signal that those non-legacy digital-first hyperlocals that have leveraged relationships to develop their business models forward are more likely to be sustainable or resilient.

Responding to the call by Picard and Lowe (2016: 62) to “clarify underlying factors that influence the dynamics of complex change”, we set out to highlight how relationships within the ecosystem are developing as part of the lived economic experiences of hyperlocals in order to probe the business sustainability question more deeply. The revenue model in particular requires interaction and permanent adjustment between journalists and relations (advertisers, volunteers, local businesses) to be sustainable. The development of the hyperlocal niche refers to not only content, but also a bespoke

offering in terms of what works for income generation. We find that new patterns of revenue income are emerging from the symbiotic relationships. Non-legacy digital-first local media are increasingly leveraging the relationships around them to develop their revenue models. Yet they can also be exploited. As a result, the diversity and constantly changing nature of hyperlocal economic relations would make it almost impossible to paint the picture of a typical hyperlocal business model.

According to DeRienzo (2015), the hyperlocal sector is “a diverse and eclectic mix of small, independent local journalism start-ups”. This heterogeneity drives changing relationships of cooperation, co-evolution and competition between players, allowing for uncertainty and non-linearity. Rather than trying to dominate markets and take control, in the new ecosystem-based economy, companies thrive “by working collaboratively” (Jarvis, 2009). In turn, that means mapping, partnering and incubation opportunities to “make your competitors your collaborators” (Schaffer, 2011).

Against this backdrop, further research is needed to better understand the nature of hyperlocal business ecosystems. Who gains what from whom and to what end? For example, a focus on hyperlocal exploitation by other publications in the supply chain would be valuable. The findings open new questions to develop a more robust set of explanatory empirical criteria, and correlations between sustainability and resilience, to develop business ecosystems theory as applied to journalism. One approach would be a comparative approach to the economic relations by hyperlocal media compared to other regional or national entities both contemporaneously and historically. The study also raises new ethical dilemmas that have emerged from proximal partnerships for remuneration.

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Appendix

Hyperlocals in the study

Country	Site	Website URL
UK	Bitternepark.info	http://bitternepark.info/
	Visit Horsham	https://www.visithorsham.co.uk/
	Charlton Champion	http://charltonchampion.co.uk/
	Shetland News	http://www.shetnews.co.uk/
	The Bristol Cable	http://thebristolcable.org/
	OnTheWight	http://onthewight.com/
	VIEWdigital	http://viewdigital.org/
	Blog Preston	http://blogpreston.co.uk/
	A Little Bit of Stone	http://alittlebitofstone.com/
	Deeside.com	http://www.deeside.com/
	The City Talking/Hebe Works	http://www.thecitytalking.com/
	The Ambler	http://www.theambler.co.uk
	The Lincolnite	http://thelincolnite.co.uk/
France	Marsactu	https://marsactu.fr/
	Rue89 Lyon	http://www.rue89lyon.fr/
	Rue89 Strasbourg	http://www.rue89strasbourg.com/
	Aqui.fr	http://aqui.fr/
	Angers Mag	http://www.angersmag.info/
The Netherlands	Terri(s)toires	http://www.terristoires.info/
	Ditisiwijk	http://www.ditisiwijk.nl
	dongen.nieuws	http://dongen.nieuws.nl
	De Utrechtse Internet Courant (DUIC)	http://www.duic.nl
	Vers Beton	https://versbeton.nl
	Prinsenbeeknieuws	http://www.prinsenbeeknieuws.nl
	Den Haag Direct	http://www.denhaagdirect.nl
	e52	https://e52.nl/
	Arnhem Direct	http://www.arnhem-direct.nl/
	Liwwadders	http://www.liwwadders.nl/
	Alphens	http://www.alphens.nl
Belgium	Brusselnieuws	www.brusselnieuws.be
	De Koep	www.dekoep.be
	Sweden	Sydnärkenytt
321an		321an.se

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KICKSTARTING SUSTAINABILITY



Mapping financing for information providers
in restrictive news environments

January 2014

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PREFACE

Working to support media outlets and the free flow of information under authoritarian regimes comes with a unique set of challenges. The ambition of this study is to offer actors within the media development community the opportunity to assess whether there exist meaningful avenues for sustainable revenue creation for these media.

The long-term success of independent media in exile or restrictive environments depends on financial sustainability, yet there is often little time for media producers to focus on income and business models or indeed no stable market in which to operate. As such, a key part of supporting journalism and media platforms in challenging geographies, is nurturing information flows around business model development, especially at a time when new technology facilitates a host of novel ways in which news organisations might be able to harness income-streams.

Grant-making organisations in this field have learned to understand the challenges of their partners and to not demand financial sustainability where it is not possible. Donors need to have realistic expectations but, at the same time, the partners they are funding could explore approaches that mean they need not rely solely on donors. An important driver in the development of information providers is the objective to build their capacity until they reach autonomy, readying them for the inevitable moment when grant funding will no longer be available, or will be reduced or limited. This approach also recognizes the strong journalistic culture which drives many to launch media outlets, regardless of financial support. At a time when the internet is offering new funding opportunities, it is useful to explore all potential sources of income for non-profit news and information initiatives. This report therefore forms part of a process of review with all stakeholders on how to address the issue of sustainability.

This study is based on an analysis of 27 interviews with media outlets and representatives of the donor community. The overarching aim is to offer an assessment on how to kick-start the development of a culture which values the circumvention of grant dependency. Within that, this study aims to discover the initiatives which are delivering revenues. It focuses on three categories of revenue: grants, private donations and earned income. The report's purpose is to surface, share and map information about new sources of income besides grants, as well as help the donor community better understand how they can assist these groups. The research seeks to ground expectations about the possibility of securing income from new sources, based on realistic assumptions, but also with the aim of harnessing new possibilities in funding environments.

Author Clare Cook works at the Media Innovation Studio. She is co-author of *Sustainable Business Models in Journalism: Chasing Sustainability on the Net* (Sirkunnen & Cook 2013); *What's in a niche? Exploring the Business Model of Online Journalism* (Cook & Sirkunnen 2013) and *Social Media for Journalists: Principles and Practice* (Knight & Cook 2013).

INTRODUCTION

There is a rich and diverse media offering being produced by opposition or independent media in repressive countries and closed societies. This ranges from written content in the form of articles, newsletters, reports and text updates, both in print and on websites, emails, pdfs and blogs, to multimedia content such as videos, television and radio shows, podcasts and visualisations. In addition, several sites are developing extensive networks on social media, such as Twitter and Facebook. The content varies considerably: several have a human or civil rights mission, reporting on abuses or oppression - stories that would otherwise be untold. Several have active opposition agendas. Some cover breaking news, news analysis, or offer translated news services. Others seek out culture, entertainment and celebrity interviews to expand on a body of literary work.

Sustaining such independent media in repressive countries and closed societies is high on the agenda of a number of international organisations. At a recent Media and Fragile States Conference (Wilton Park 2013) delegates gathered to explore, among wider challenges, the economics of such media and the impact of the new media landscape and market conditions on financial sustainability. At the International Exiled Media Forum (Open Society 2013) focus turned to donors, strategies and innovation on a low budget. Of direct relevance to this study, a consultation by non-profit organisation FOJO (2013) looked at the sustainability of 14 independent exile media outlets. It found fledgling evidence of revenues being generated from non-donor funding streams but a lack of impact from those initiatives on overall budgets. A lack of in-house business skill was cited as a key challenge and doubts as to the likelihood of achieving full sustainability in exile. Six out of 11 organisations were said to be reliant exclusively on donor funding (FOJO 2013: 17). Research on the sustainability of media in exile has also focused on alternative investment models with access to finance being one of the critical challenges for media in emerging democracies. A Wan-Ifra report (2011) recommended how media loan funds, development agencies, foundations and private investors should partner to help scale the delivery of finance as a means towards a more robust and sustainable independent media. The IMS working group (2010) explored impact investments and submarket returns. It found a need for financial creativity and new financing models in the future of media financing.

This report presents a range of findings and insights generated from a consultation on the funding structures of 19 independent exile media outlets or media in restrictive environments. These include sites covering Russia, Belarus, Zimbabwe, Zambia, Uzbekistan, Turkmenistan, Azerbaijan, Sri Lanka, Syria and Iran. The sampled outlets were mostly small teams with a production process that drew on a range of expertise: from aggregated content pooled from other providers, freelance journalists in country and in exile (both registered and non-registered), social media commentators, community volunteers, citizen media and full-time professional journalists. The sample was dominated by outlets which launched either in the period 2000-2005 or 2011-2012 (see Figure 1). Eight of the total sites had monthly unique user figures between 20,000 and 80,000, with average monthly unique users across the full sample numbering 92,000 (see Figure 2).

Figure 1: Sampled media was dominated by launches in 2000-2005 or 2011-2012

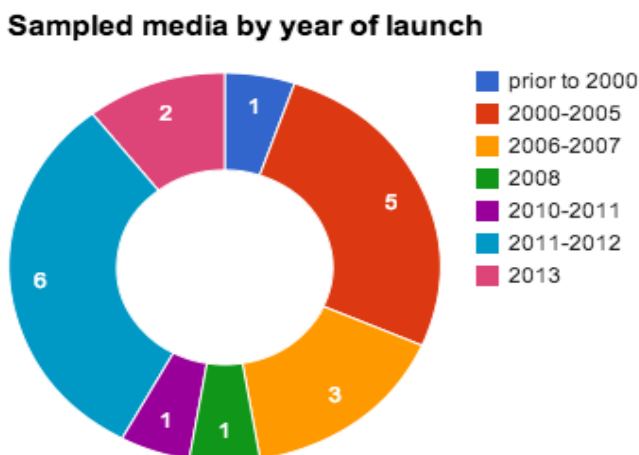
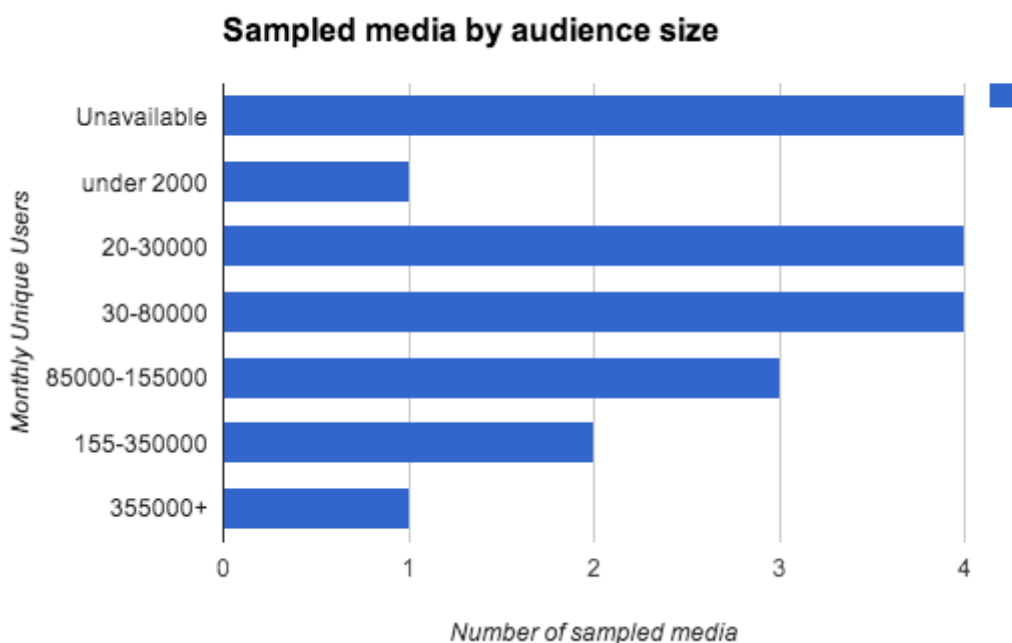


Figure 2: Sampled media spread by audience size



Questions of sustainability are complex as media in exile or restrictive environments often exist in particularly challenging, or flawed markets. Distortions materialise for many reasons: the economy may be so weak that local businesses have no incentive, or ability, to advertise; literacy and the purchasing power of citizens are likely to be low; oppressive regimes distort advertising transactions by controlling who works with whom; legal and political constraints present internal and external obstacles to business development; cultural barriers may create audience apathy. These sites or publications are often manned by small teams with very limited resources and day-to-day challenges in terms of infrastructure. Market fragility or pressures of

influence, intimidation and control prevent many traditional media revenue streams from working. Content can often focus on hard-hitting topics, which do not lend themselves well to advertising.

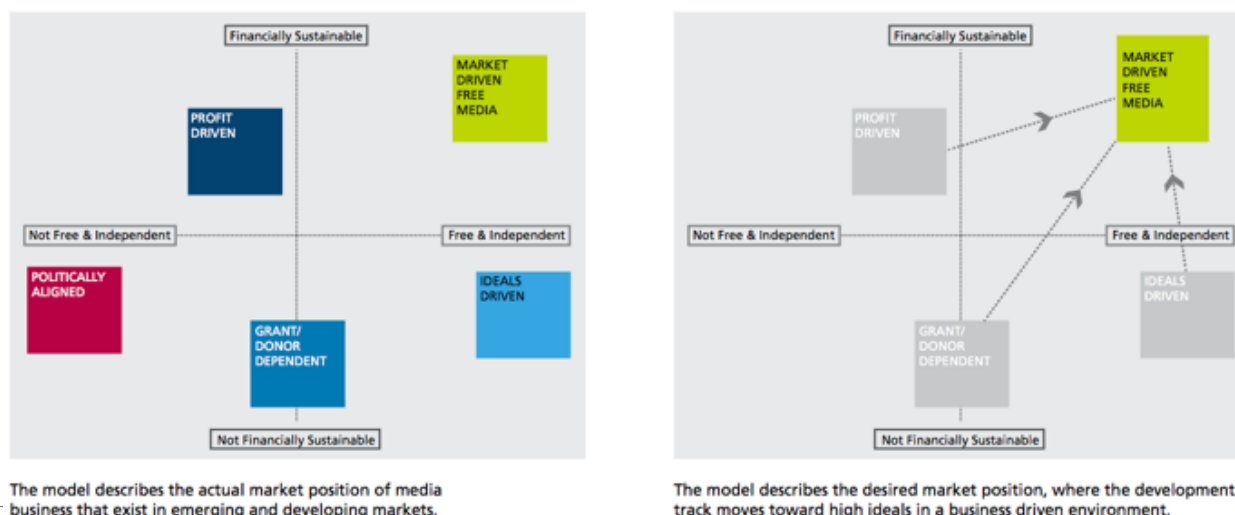
Against this backdrop, there is a strong case for continued grant support of such media. The Afghan media, for example, is now a vibrant but heavily subsidized media sector. It has largely been created through private investment by Afghans from the diaspora, but many millions of dollars have been spent by international donors, either with the aim of nourishing a fragile new journalistic sector or fostering media freedom (Deane 2013). In the US, tracking investment data from 2009 to 2011, foundations are increasingly supporting media-related work across multiple areas (Henry-Sanchez and Koob 2013). Indeed, a 2011 Federal Communications Commission report called for philanthropy to play a bigger role in supporting media (Waldrum 2011). Donors should adopt an ‘integrated’ model of support to encompass both editorial quality and financial sustainability (Wan-Ifra 2011:7). Funds from donor organisations have begun to target areas of broad need, identified in studies to date - for example, tackling a deficiency of basic skills in business management or a lack of market data.

This report focuses on the experiences of media in exile or restrictive environments as they attempt to diversify revenues away from grant dependency (as depicted in Byrne 2010, Figure 3). Donor organisations themselves increasingly require some evidence of income generation or business diversification, and there is much variance in levels of support, country-to-country. This study includes interviews with eight representatives of the grant community and media-business professionals as part of the wider context of understanding sustainability issues for exiled media. It is not the report’s intention to have as a goal for such media full independence from grant or donor support. In many cases this would be an unattainable ideal. However it does map how earned income can be achieved and how earned income can - in some cases - constitute a part of a more diverse range of revenue streams. It is worth noting that Picard (2010) states that journalism has never been a viable product as such: it has always needed at least two revenue streams.

Figure 3: Media development market model – forces and influences

Media development market model – forces and influences

Source: Byrne, 2010



The search for sustainable media business models is in no way exclusive to exiled media. There has been much lively discussion about the future of journalism and its business model (see for example Rosenstiel et al 2012, Grueskin et al 2011; Downie and Schudson 2009). There is an extensive body of work that maps sustainable business models for media in free markets. Of particular relevance is the [Submojour report](#) which focuses on the revenue models of 69 media startups in nine free-market countries. It notes how media are moving towards a more diverse business model combining multiple revenue streams. It also finds how media are increasingly dividing up their operations to provide multiple products and services around which revenues can be mobilised, both in a storytelling- and service-orientated model (Sirkinen and Cook 2013). This supports research by Kaye and Quinn (2010) which notes the problems journalism as a business has faced, as legacy business models become unfit for modern technology norms.

Where this study moves forward is in focusing, in detail, on what revenue streams are being used by the media in exile and in restricted environments. It begins by mapping the operating environment in terms of internal and external barriers to sustainability, as experienced by the sampled media. It then focuses on three categories of revenue. Firstly, it explores the extent to which media in exile rely on grants, and includes reflections on this process from both media and donor perspectives. Secondly, it explores private donations (from individuals or through crowdfunding) and the successes and obstacles around this. Finally, it explores experimentation with earned income (commercial revenues or services) including advertising as a revenue source - both in-country and out-of-country - revenues from selling content or alternative services, and examples of affiliate marketing and events. Within this, it explores business structuring where for-profit business ventures can fund media activity. It also exposes considerations for non-monetary exchange, where services can be 'traded' as part of an alternative value system. The report concludes with recommendations to facilitate revenue diversification and sustainability.

KEY DEFINITIONS

“Media outlets” refers to any group or organization producing content, in some way, and online. The study’s sample of media outlets was not deliberately skewed towards outlets which had the capacity to deliver content in print form. The terms “journalism” and “media” are applied in a liberally, but assume a contribution to increase the flow of information independent from, and alternative to, the state-controlled information stream. The focus here is on the business model, and most specifically, on the revenue streams fuelling a media outlet, rather than on distinctions about what that journalism was, or in what ways it was “journalistic”. As such, a rich and diverse interpretation of “journalism” is applied, ranging from citizen media and bloggers to printed publications, newsletters, commentary, culture and the arts, news broadcasts and interviews.

This study focuses on the revenue being used by media in exile and in restrictive environments. These terms are used to delineate the wider context in which that media exists. “In exile” refers to a media outlet that can no longer function in the country relating to its content, and operates in either self-imposed removal or enforced removal, due to danger. In this way, it is understood there are significant impairments or obstacles to prevent free expression. Media in exile are often isolated from each other and send content to countries with very little press freedom. While many of these individuals would face imprisonment or worse if they were to return home, others are able to go back and forth – though almost certainly not to practise the sort of open journalism in their own countries as they are able to do in exile – and some have a network of correspondents inside the country. The study does not include editors who choose to live in a free market area and supply content back to another country or diaspora community. Nor does the research include journalists who may be in exile but who work for large, government-sponsored organizations. Where media outlets do appeal to diaspora communities, there must also have been content disseminated in-country, in order to be included in this research.

“Restrictive environments” refers to conditions in which media might exist in a given country, but cannot operate as independent media, or cannot work as normal business entities because of harassment, business pressures and restrictions, and legal complexities. These media struggle against government oppression or distortions in both the commercial market and administrative systems, particularly in relation to business registration. “Closed societies” are societies in which authoritarian regimes control the free flow of information and block criticism and dissent. Human rights defenders or journalists attempting to bypass censorship and intimidation to produce, publish and distribute information that is independent of government and relevant to citizens often need to address serious gaps in their own skills and capacity caused by lack of training and lack of professional standards in information gathering and reporting and of course, lack of safety and security. In addition, they are often isolated from their fellow journalists and human rights defenders in other countries – even those in neighbouring states – who could support them. In this context, there is often a near-total lack of a market for selling content or advertising. The aim of the study was to include a range of media that exist in repressive and closed societies rather than a country-by-country or economic comparison of each type of economy. This study operates on the assumption that the wider contextual settings of the media under analysis exist on a scale of restrictiveness, rather than being absolutely liberal, or absolutely restrictive.

The term “sustainability” is understood here to refer to a capacity to be solvent against the media’s objectives in the medium to long term. It does not presume growth or profit. It refers to a funding structure that is solid and predictable, more than vulnerable. A key aim of the study is to map sustainability beyond set-term grants or donor funding. In this way the term also relates to becoming more self-sufficient and less reliant on grant funding. It is specifically relating to a media outlet’s ability to move away from grant revenues towards more diverse incomes. Craig LaMay’s definition of sustainability as “financial sustainability with a public-service editorial mission” is also worthy of note (CIMA 2007), as LaMay described news media as having qualities of both a “mission good” and a “revenue good.” Media managers are faced with two, sometimes competing, objectives: providing information as a public service and operating a sustainable business.

The media outlets were not selected for analysis on basis of being a non-profit. A range of media were included, some of which aimed to be profitable. Where the term “non-profit” is relevant is in distinguishing a media outlet from a for-profit commercial operation. Some sites aim to be more sustainable through leveraging commercial revenues, but those commercial revenues were set against operation costs, thus rendering the business, in important ways, still functionally a non-profit. There were no exclusions made because of size or business registration.

METHOD

The report is based on semi-structured interviews with different exiled media, or media in restrictive environments, applying a consistent template of questions created as a live form. All participants were selected on the basis of being able to represent their organisation's viewpoint. Consequently, the majority of participants held senior positions such as director, editor or editor-in-chief. The sample media were selected based on recommendations from donor organisations or the researcher's own knowledge. In general it is important to note that the cases were chosen to collect a variety of revenue sources and not to represent the field, or any one country or media type statistically correctly. It was as much the author's intention to discover common experiences as it was to find examples of innovative revenue streams or experimentation.

The questionnaire was designed to note experiences around three main types of revenue: grant income (from non-profit organisations or the donor community), donations (from private donors or crowdfunding) and earned income (commercial or non-monetary exchange). The questionnaire combined closed questions to allow for direct comparisons and a degree of quantitative analysis, but also open discussions to express experiences around sustainability as freely as possible. Seventeen interviews were conducted by the researcher and two were completed independently via an online link to the questionnaire template (with one being translated by a third party). The aim of the project was to find as many revenue streams being used, or experimented with, as possible, and to draw out common traits among the experiences of the media outlets.

A semi-structured questionnaire was also designed for participants working for donor organisations or as media business specialists in this field. Interviews were carried out face-to-face by the researcher to document trends and reflections on the wider context of sustainability among the exiled media community. The research offers a particularly consistent snapshot as the data gathering and analysis was completed in November and December 2013. The questionnaires are provided in Appendix 1.

OPERATING ENVIRONMENT

While the study shows a significant amount of diversity among participating independent exile media on factors such as launch date, audience size and level of funding, it also highlights a number of commonalities. Firstly, these relate to the core values and motivations. Most were passionate about journalism and storytelling with a desire to truth-tell, hold decision makers accountable, and disseminate otherwise inaccessible material. They were driven to improve their home or restricted country by fostering, where possible, an informed citizenry. The second is in the overall fragility of their existence, due to a lack of financial sustainability. One said: 'We can only survive from one year to another.' In order to contextualise why such fragility exists, it is important to emphasize the very real and serious conditions most participating independent exile media face. These have been freely articulated by the media outlets in this study, experts in the field of sustainability in exiled media, and representatives from the grant community. The challenges were categorised as external and internal barriers to sustainability.

EXTERNAL BARRIERS TO SUSTAINABILITY

Impact of market control

- Basic existence is challenged when a political or oppositional agenda is adopted by the independent media
- In some state-controlled countries, there is little space left for the private sector. In others, any private business is illegal
- Government interference in the private sector and government controls skew relationships and business markets, notably in terms of advertising options
- Risk of cyber-attack, being closed down, cyber-censored or arrested when providing information independent from, and alternative to, State information

Content production

- Most media produce local-interest content.
- Content does not always meet internationally recognised journalistic standards of formatting
- Risk of competition with free market and mainstream news providers

Technical considerations

- Several media note restrictions on their ability to register for existing revenue capture mechanisms such as PayPal (an internet payment solution) or EcoCash (a mobile payment solution) due to their status as non-profit organisations
- Political oppression or restrictions make money transfer to some media difficult, if not impossible
- Infrastructure and the disparate nature of audiences on multiplatforms makes tracking usage difficult. This is cited as a barrier to using free market models, which generate revenues through the ability to differentiate content for certain audience groups

Relationship with donor organisations

- Trust between media and grant providers can be slow to form

- Limited partnering or knowledge exchange between and among exiled and restricted media, and even less with potential collaborators in free markets.
- Increased competition for grants
- Little agreement or consistency from media and relevant grant providers and professionals as to what sustainability is, or can be.
- Lack of consistency across grant providers about the requirement for diversification of revenue streams.

Audience

- Apathy and audience resistance (or inability) to help fund media
- Low literacy and a limited potential audience

INTERNAL BARRIERS TO SUSTAINABILITY

- Being 'strapped for cash, time, and peace of mind'.
- Operating away from home or away from free infrastructures, which drains time and capacity
- Lack of business staff or revenue specialist and entrepreneurial skills within the media. Media are often set up by journalists, activists or those with a background in human or civil rights
- Difficulties in recruiting the calibre of media business professionals to work in the field of exiled media. Jobs in media sales, advertising and business are often on performance-related pay yet the market would under-perform. In some cases, there are limitations to using grant funding to pay for business staff.
- Doubts and skepticism as to whether alternative revenues are worth the effort.

ANALYSIS

Interviewees were asked if they were financially solvent, with 74% answering affirmatively. However more detailed responses added clarity in that the media outlets were running their outputs, staffing and sites up to their budgets. One described how the site had to be run ‘as a hobby’ as he was unable to take a wage, another noted the difficulties trying to live in the expensive city of Munich. Three cited that lack of funds prevented development or growth.

The sample offered a range of media in terms of 2012 total revenues (Figure 4). In order to map an overall perspective of how much the media rely on the three main categories of revenues, interviewees were asked to gauge on a scale of one to four (one being no revenue and four being all revenue) how much their overall 2012 (or accounts to date for particularly young media) was made up of grants, donations and earned income. As detailed (in Figure 5), the overall trend is towards grant funding. There were five cases indicated a weighting towards earned income and five indicating a weighting towards donations.

Figure 4: Total approximate revenues for 2012 financial year

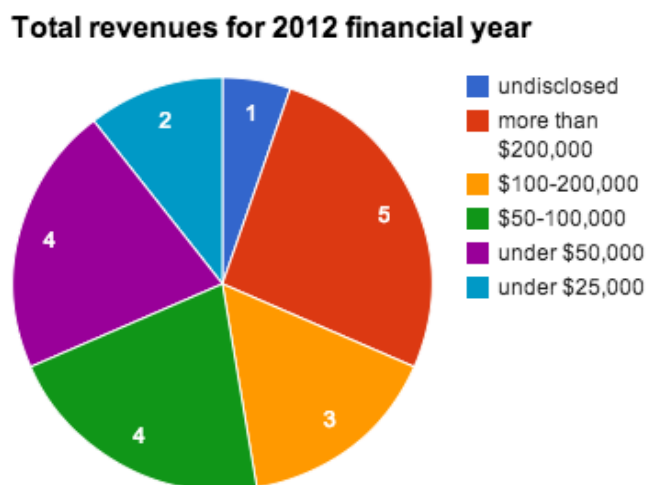
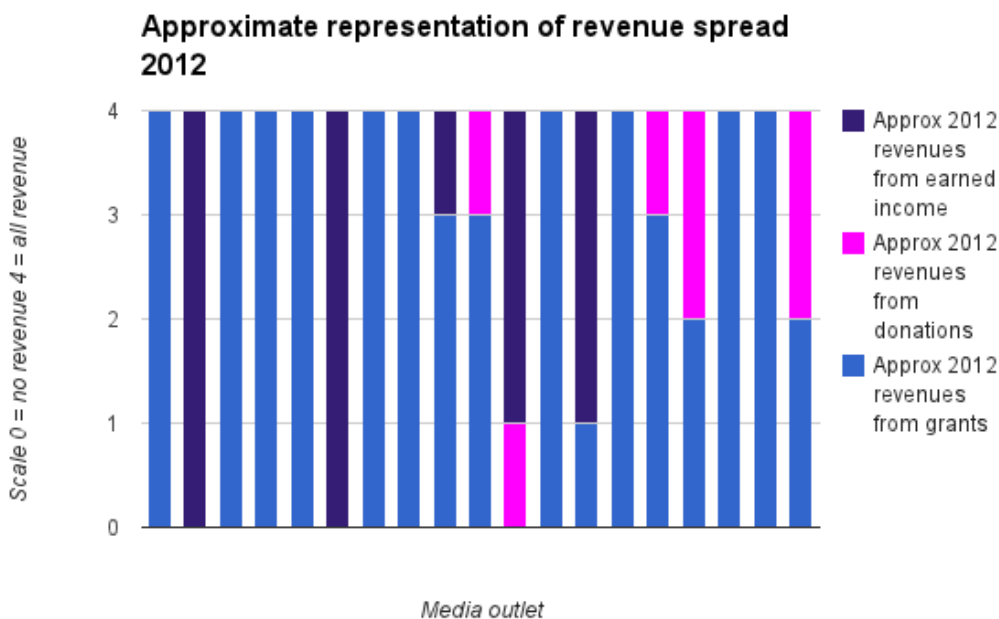


Figure 5: Approximate total revenues in grants, donations and earned income



GRANT FUNDING

Steps are being taken to launch media entities independently of grant support, with nine out of 19 sites (47.4%) launching without grant intervention, (see Figure 6). However, as concluded in earlier research, most exile media outlets remain heavily reliant on donor funding for now (FOJO 2013). Just under half rely exclusively on grant funding to run their operation (see Figure 7). The overall sense from the qualitative responses is that grant funding remains essential for operations of such exiled media to continue. One said: ‘I would not be able to carry on without grants.’ There were lively discussions around the justification for grant funding. These often related to the type of oppositional journalism that was being produced. Several cited how grants were essential because of a conflict between the content, and editorial mission, and the restrictions this placed on earned revenue potential. ‘The grant funding covers

Did you rely on grant funding to launch?

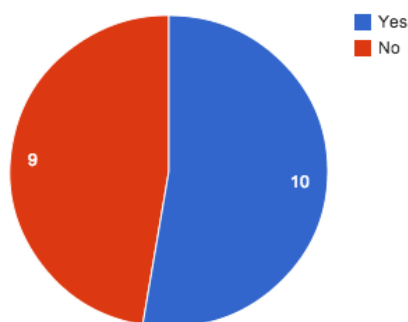


Figure 6

our operational costs, including the cost of newsgathering, or for emergencies, like paying the legal fees of getting journalists out of prison or through the court.’ One requested for grant funds to be held centrally as an emergency fund: ‘Given the high risks in our work we would like to have a reserve fund to protect or restore our online platforms, to provide emergency support to our correspondents in [country] to organize necessary meetings, to urgently replace equipment. These funds could be kept

in the donor's account but advanced if necessary.’ One said: ‘This is citizen journalism so it has to be funded from elsewhere, as it is not content that can generate income.’

It was noted that donor organisations were becoming more demanding, wanting more evidence of efforts towards income diversification and offering shorter-term grants. ‘There is a lot of pressure to be more sustainable. Several donors have official exit strategies.’ There was also evidence to suggest the process was ‘very complicated’. One said: ‘You must do a lot to get

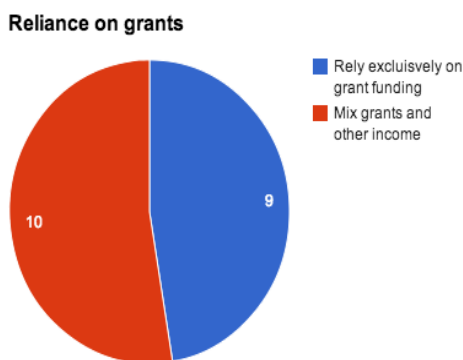


Figure 7

grants now; you can’t be quiet and relax. You must make time for it and do a lot of work.’ Another said: ‘Donors are regularly reducing funding, referring to the economic crisis.’ It was felt that the grant process was most successful once trust had been built up between the exiled media and the donor organisation. This concurred with feedback from the donor community, who detailed in what ways they have to focus on the ‘health and integrity’ of those being funded due to internal changes. One donor organization representative said: ‘To make sure the media we are supporting is not constantly on the edge of collapse is really at the heart of our operations right now. So we put a big emphasis on accounting and strategic planning and are making a big effort to bring business development to the fore and to expose them to the latest trends.’

There was evidence in at least five cases that chasing and diversifying grant funding was a core strategic decision in their mission to become more sustainable. In this way, grant reliance was sewn into the fabric of the business model. One said: ‘We made the decision eight months ago that we needed to build on different grant fund raising and that is what we are working on. We are in better shape now that we have other grant sources and not just one.’ Another described how grant bidding was done strategically against projects. ‘I designed a new way where we produce content specifically according to the grants we are taking. I split the grants, and get grants for each radio programme. We needed to find a way to be sustainable by using different non-governmental organisations to fund specific programmes.’ Another has made grant bidding a core goal in the business development. ‘We have specifically looked for sources of funding that have renewal or re-funding - and they have background experience in our field. So we have chosen the relationship carefully and we provide the audit trail they require in order to get renewed. Grants are part of our strategic thinking.’ In this way, grant bidding has become part of exiled media DNA. ‘The fact is that donor funding model is the one we have experience in and that experience feels more efficient than moving into less known spaces. We write a proposal and then shop it around to a couple of places before it might get picked up and you move forward. So the solution is to make the grant model less efficient and the other models easier to

“

We have years of experience in donor funding and almost none around the other revenues”

contemplate. We have years of experience in donor funding and almost none around the other revenues.’ These cases offer some evidence that assistance efforts have the unintended effect of distorting the media market, potentially dissuading media to seek out sustainability through alternative income.

DONATIONS

There was a widespread awareness among media representatives interviewed, of the need to move towards more self-sustaining business models and open up alternative revenue generating streams. A major step towards this was looking at donations, which, in this study, was defined as any donation from crowdfunding or a private individual. Notably, all but three media had experimented in some way with donations. The study found several examples of successful applications of donations to generate revenues.

The first category typically focused on a specific project or activity and involved crowdfunding on sites such as Indiegogo. This site (and others like it, such as Kickstarter or Spot.us) are international crowdfunding sites. They work by running a fundraising campaign around products or services with target funds raised from small amounts of donations from users. The collective effort of individuals who pool resources is often used to support artists, campaigns, journalism, startups and research. Indiegogo allocates 25% reduction on platform fees for non-profit organisations. Research in crowdfunding for journalism suggests users are more likely to donate to stories based on practical guidance for daily living rather than general awareness of government and politics (Jian and Usher 2013).

One example among the surveyed outlets used the crowdfunding website Indiegogo to raise revenues for an in-house Google to SMS reporting system. Friends and family of all those involved were emailed asking for support and 60% of target funds were raised, reaching £11,000. Indiegogo expects donations to be rewarded in some way with perks, so a film screening and e-thank you cards were used. Another mobilised a large social media campaign to get donations from crowdfunding and private donations around major European cities. This generated €36,000 mainly targeting middle-class audiences out of country. A few media were aware of possible crowdfunded initiatives around one-off projects or had ideas in the pipeline, yet to be implemented. One said: ‘It has to be specific - something passionate that people will get behind. They see it, and read it, and think ‘I want to be part of that’. We have had to look at grants first to stay alive but we would love to run a special project.’

Private donations were also noted. These included payments from the individuals involved in the media outlet. In one case individuals who are shareholders in the business provided about 60 percent of the seed capital that was used to launch operations, while another relied on their private funds to support their work buying travel tickets and covering living costs. Other examples of one-off donations were from private individuals. For example, one media outlet was given a donation after a speaking engagement. In one instance, private donations were significant enough to be noted as an income stream, each donation varying from \$100 to \$10,000. However checks have to be made. ‘We have a specialist account for people wanting to donate but the government has tried to locate us before using the account so if they show us they are genuine and we have checked them then we tell them where the account is.’

There were cases when donations had been used with more limited success. One described how a crowdfunding initiative was successful in terms of raising awareness and generating around \$50,000 over ten months, however it was 'very complicated and it took a lot of time'. The campaign was targeted offline and online, around social media and text messages, to raise awareness of a Soviet dissident. 'The payments were taken through a Russian equivalent to PayPal, directly into bank accounts and payment stations. It generated a luxury of sociological surveys of our potential supporters and how they prefer to pay'. Another said: 'We used Indiegogo to get a top filmmaker to do a project for us and we raised the funds for that. But we have decided private and grant funding is our main strategy.'

BARRIERS TO INCOME FROM DONATIONS

Even the most advanced editorially-led initiatives typically generated only a fraction of the overall budget from donations. The barriers to using donations for more substantial revenues fell into three main categories: cultural apathy and poverty, infrastructures, and finally, a conflict of interest.

Cultural apathy and poverty

In the case of donations as a revenue stream, a lack of willingness or ability to donate was cited as one of the major obstacles. Many examples were cited of initiatives generating disappointing results. One media outlet recalled an appeal for donations after being closed for a month. 'We appealed to the website community that it was an SOS message and €100 euros is all we got despite us being the only website covering news on a daily basis from the country and there is a huge need for our website. It is a very passive attitude. People are not very politically active and take everything for granted.' In the Russian Caucasus it was felt that the wealthier classes 'need more time to understand they need to pay for media to exist - even the most loyal audiences who download every day are not prepared to pay'. This is compounded with a cultural trend towards normalising piracy and counterfeit goods, which makes 'it very difficult to make people pay for anything online.' Several described how apathy stretches across editorial and monetary issues. 'People don't understand that you are part of society. We collected signatures for a petition once and we had only 154 signatures. Engagement in general is very, very low.' Another said: 'We have sent letters to universities and associations asking for subscriptions and donations as a gift, or appeals to the diaspora asking for gift subscriptions for family back home - they were all a flop.' One media outlet appealed to an audience of 10,000 for \$20 as a sign of support and had 15 respondents. This supports recent research around a community journalism project in Kibera, in the Nairobi area, Kenya, which concluded that residents resisted journalistic work when they were not actively engaged in it (Ekdale 2013).

It was also noted that donations were an unrealistic expectation from in-country and diaspora audiences who are poor and struggling with day to day needs. 'Everyone is poor. They club together and even those in the diaspora work their butt off in the first world to send enough back home, so the last thing on their minds is donating to media.' Another said: 'Syrians prefer to give to charities and people who work in relief, not media.'

Several sites show a 'donate here' box on the website or include a general appeal for donations. This is often a plugged-in widget, in various places and formats on the site, redirecting the user to an online method of payment. It can be set up to accept any amount of money, or channeled around predetermined amounts. This was unanimously unsuccessful as

an income stream, generating very small revenues. One said 'Our 'donate here' has been on the site for two years and has never brought in any money'. Another noted: 'We put it there because it seemed to be what you ought to do but it generated less than \$100 a year.'

One media has experimented with Flattr, a social micropayment site, where users sign up for an account and transfer money via credit cards or PayPal. This then allows them to financially credit any content they listen to, watch or read by favouriting or liking it. The media outlet signs up as a creator and receives a share of the revenues from Flattr. However it was deemed to have limited success returning only a handful of small donations.

Infrastructure

A lack of infrastructure to capture donations is also a challenge for many. One cited how they could not use PayPal because it required specific bank accounts or credit cards. Several cited difficulties in making donations for fear of persecution (monies had to be transferred to distant relatives in other countries and via third parties so as to remain anonymous). Another said: 'Everyone lives in fear and people are afraid to send money. There are risks if we can see their official data which prevents people wanting to make donations.' One reported that PayPal was forbidden in their country and explained that there were legal complexities in accepting donations. Issues were also raised around internal resourcing. 'We had an idea for a campaign to generate donations around cultural identity but the manpower needed to do it made it impossible. We are at our maximum capacity and can't see the wood for the trees.' Overall, as one Zimbabwean media outlet articulated, donations would have to be a central strategic revenue goal to justify the challenges in overcoming infrastructure. 'If we did want to take crowdfunding more seriously we would have to move into mobile payment more seriously, for example using EcoCash (a Zimbabwean mobile payment solution that enables Econet users to pay small amounts of money). However it is quite onerous to get an account. You need to be selling things as an individual or company - it is not set-up for not-for-profit organisations who are not selling things.'

Conflict of interest

Media outlets raised issues around transparency and the complexities around communicating the role and purposes of media in exile and in restrictive environments. 'Grants and donations can serve to weaken the operations of a company, as the business gets used to living off well-wishers. To that extent, we do not look for donations from anyone any more. If anyone wants to help us, that help would have to be calibrated very carefully so that it does not in fact impact negatively on the business in the long term.' Other concerns focus on the mission and structure of the media outlet, which opposes donations. 'A lot of people know you get grants and say, 'why should I pay you'. Another noted: 'The culture is that you are a human rights organisation then you are funded and it's not our job to fund you; that information should be free.'

DONATIONS – CONCLUSIONS

All but three media had experimented in some way with donations. The study found several examples of successful applications of donations to generate revenues such as crowdfunding campaigns and one-off donations of support. However the challenges around donations led a number of independent exile media outlets to question the likelihood of achieving significant

revenues from donations whilst still in exile. This study presents evidence that there is potential revenue from donations in limited circumstances. Successes are most likely to be around specific and measurable projects which are set out clearly to the community being asked to donate. Media outlets need advice and guidance on how to run successful donation campaigns including how to set out the specific goal, task or purpose for the donation activity. There is also an urgent need for support with donation revenue capture from the perspective of infrastructure, which is currently a significant barrier to entry. It is also worthy of note that such activity should only be advised where cultural apathy would not present an insurmountable barrier to revenues. In this case, initiatives would be needed to promote the appeal for donations in a specific, targeted and measurable way to diaspora or more financially viable audiences. Deeper and more targeted engagement of younger audiences may be one approach to increasing their willingness to contribute and to ensuring a broad base of donor support.

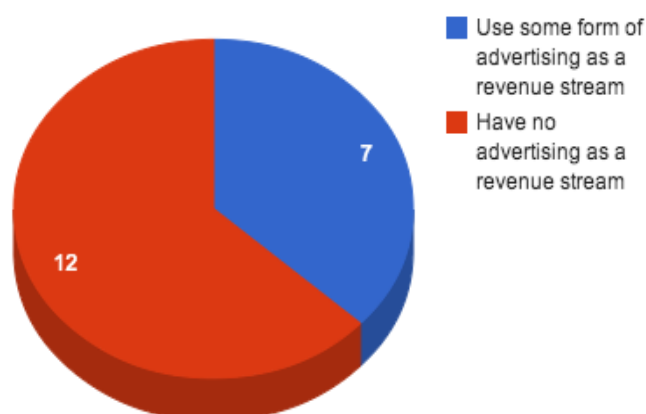
EARNED INCOME

Generating financial revenues around content is particularly challenging for media in exile and restrictive environments. Where earned income has been generated, this is often in particularly limited amounts and was often expressed by the sampled media outlets as a chore or a distraction from core journalistic activities. That said, there was evidence of a range of earned income streams in this study, and several more examples where attempts were being planned for revenue in the future. This goes some way to demonstrating fledgling moves towards diversifying revenue streams. However the potential for revenues to offer any real impact towards sustainability when approached from the individual site level remains questionable. The section highlights examples of each revenue stream where appropriate and then offers barriers to implementation.

The study found broad awareness of advertising as a potential revenue stream (see Figure 8). There was significant variance in the range of expertise concerning advertising. Some interviewees were confused with advertising terms and needed extra clarification. There was a general lack of understanding around advertising types, and no take-up around advertising on alternative platforms, such as mobile, or multimedia content such as around video or podcasts, even when these were a significant output product for the media. Of those in the study, seven used some form of advertising to generate income. In-country advertising refers to advertisers who are based within the country where content from the media outlet is focused. Out-of-country advertising is where the advertiser represents a product or service that is available beyond the country where content is focused. The genres of advertising evidenced were: display advertising in print, banner advertising online, Google online advertising programme Adwords, advertising around special projects or advertorial, and the use of an online advertising network, Diversity. Other forms of earned revenue included branding and sponsorship, and a range of sales strategies around parts of editorial content, associated services or merchandise. However these were revenue streams generating fractional incomes. There were two cases where non-profit editorial activity was one arm of a larger business structure, thus commercial revenues were leveraged to support media outputs. Finally, the analysis maps examples of non-monetary exchange which can offer alternative values to media in exile and restrictive environments.

Figure 8: More than half sampled media have no advertising as a revenue stream

Use of advertising as a revenue stream



Display advertising in print

Where the media outlet was able to offer a printed product in country, there was potential to offer in-country display advertising around that content. This sort of revenue was seen in two cases. The potential for revenues was cited as being directly related to the in-country market economy. 'The longer we can stay in the country the sales go up and the more comfortable businesses feel about putting advertising in with us. It is slow and hard but we can valorise the hard copy and emulate the free market situation which is valuable.' Where circulation in print were available out-of-country, advertisers can be found wanting to target the diaspora communities. A few online media had plans, or experiences, with reverse publication (the practice of moving to print products from online).

Banner advertising online

Online banner adverts were chosen as a revenue stream for the sites where audience traffic to the site was sizeable enough to make it viable. In one case, banner adverts were sold to a phone provider 'not because we are a major source of news but because we cover a region that is important for them: they like us for their business strategy and because we are big'. In another, advertising generated only a small share of revenues despite an advertising manager being in place and ad rates on radio ranging from \$31-\$63 a minute, and online banner from 84 cents-\$1 per CPM. Advertisers included media and education institutions, concert agencies, mobile operators, car traders and travel companies. One website (classed as being in a restrictive environment) with 106,000 monthly unique users made €4,000 a month from banner advertising. 'Banner advertising used to be minimal but it is growing. We are sold out for banners for a month and a half. We don't want too many banner ads as it is a high quality audience and the quality of the advertising is high. We don't want to irritate the audience.'

Google Adwords

Google online advertising programme Adwords was used by most of the cases using advertising in some form and was cited as the advertising network of choice for those media

outlets wanting to make a first-step into advertising. Small keyword-specified adverts appear alongside search results in Google. Media outlets using them can specify a capped amount to be spent on advertising, or choose cost-per-click options which mean they are only charged when the advertisement is successful in generating a lead.

Advertorials

Advertising that imitates editorial content through commissioned product reviews or write-ups has much potential in this media sector, where softer cultural, arts, leisure or commerce can be distinguished from hard news copy. It was cited to be in use by one site: 'Advertorials are much more fun for us. The main position is that we won't print an article as it has been sent to us but it does allow us to take the main idea or content and work with the client and label it as advertorial. It is a very good sell for us. We have an article which will be read and enjoyed without overly concerning the audience and we are being paid for it.'

Advertising projects

Some media outlets have experimented with one-off advertising projects around special edition content or projects. For example, around the Christmas season one media outlet offered a service that connected the many small-scale artists in country with the audience that could buy their work. These artists would otherwise have been too small to be interested in advertising. The media site created a virtual window to showcase the best work according to an editorial selection, and asked for a small amount of money for a 'window' on the site. This was not an e-commerce transaction, rather a connection between the reader and the producers. Any eventual transaction was dealt with between the trader and the customer through their established channels. 'We had four sets of products and it generated a very good income. Every week we had 16 products so by volume it worked. We did another one for the spring holidays where we connected designers and craftsman, but also then gained a sponsor of the section. We are now launching this as a permanent service. We have also done branding and sponsoring of articles around one topic, and we profited a lot from that.'

Advertising networks

Of the seven sites using advertising, four used an online advertising network, Diversity, set up by Media Frontiers and Brand X. A further four media outlets were in negotiations to start, showing it to be the dominant avenue for advertising revenues in exile and restrictive media. It works by pooling many media sites together into one global advertising network of standard advertising formats and sizes, thus creating a potential global audience reach for advertisers. The price of the advertising being served varies, depending on whether the advertiser specifies which site, country or audience they want to reach. A partnership deal has also been set up with UK news publisher The Guardian allowing the sale of advertising on behalf of Diversity for UK inventory only on four of its publishers' websites. Rates of \$2-\$20 are achieved when Diversity sells inventory directly to advertisers and agencies. For the media, it generates income from diaspora audiences by tapping into revenue potential of out-of-country advertising that would otherwise be elusive. Site visitors from Europe or America can be presented with advertising related to their location. By signing up to the network, the media outlet can leverage attention with larger businesses which would not otherwise consider advertising with them. Particular successes are being achieved from advertisers within the education and money transfer sectors - a scale of client that could not be achieved at the individual site level. Diversity also tracks

where adverts are being served and generates analytics on audience location and behaviors, and predicted performance, to maximise revenue potential.

The network works on a revenue share, with media outlets being paid 70% of revenues generated from the advertising. Jason Lambert, Commercial Director of Brand X, and Director of Diversity, notes: 'We are trying to raise the value of our publisher partners' advertising inventory above commodity level, as this enables us to charge advertisers a higher price and generate greater returns for the publishers. We do this by ensuring consistently high quality levels in terms of ad placement, sizes and proximity in order to generate strong performance for advertisers. The advertiser wants to promote their brand through the content, and exiled media have to work out how to do that with their content, become more appealing to advertisers and become a destination of choice. In basic terms, the revenue potential of a website is significantly based on the number of unique visitors it attracts, so targeting traffic growth is essential. For the publishers, a challenge is that lucrative brand-led advertising purchases are most common for in-country markets, where the visitors and advertisers are aware of the publisher's brand. Media in exile are naturally precluded from such deals.'

Branding and sponsorship

One site had design and coding expertise in-house which allowed for the creation of branding as the background for the main home webpage. This allowed interested sponsors to negotiate to have their design across the site, which is clickable. 'It is a hybrid of different models that I have seen from other markets and we have had to rethink it for our [restrictive] market which is more complicated than ever. It is about finding the content you want to write about and then building a section around it which can be monetised.'

Selling content

Revenue from selling content were evidenced in the study by two media outlets, who generated income from the cover-price of selling hard newspaper copies. In both cases, this revenue stream represented a sizeable proportion of the earned income. In the case of a Zimbabwean printed title, circulation income from street sales accounted for 60% of revenues. 'We are very dependent on circulation [newspaper street sales] and copy subscriptions income rather than advertising income associated with that. This works for us in a cash-strapped Zimbabwe that is suffering massive liquidity challenges because it means we are able to manage our cash flows better as street sales result in daily cash receipts to fund operations. If we were dependent on advertising we would suffer as advertisers generally take long, an average of 45 days, to pay their bills.' Concurrently, there are models which demonstrate hard-hitting investigative journalism can be, at least in part, supported by the subscription model, such as French site Mediapart. In five years, it collected close to 80,000 subscribers paying €9.90 per month. However there were no cases in this study demonstrating paid-for content or subscriptions online.

Diversifying content to sell

Media outlets in the free market are increasingly offering a more diverse range of media products in order to monetise those products as diverse revenues (Sirkunnen & Cook 2013). There was no evidence of diversified content in the study, although three sites had plans or ideas for the future. One media outlet was looking at monetising a series of podcasts. They also had plans to leverage in-house knowledge and language skills to produce novels in five

languages and to write specialist reports for European Union bodies. Another was researching the possibility of monetising the sale of data. Fledgling plans were in place to develop products around infographics and data visualisation leveraged from journalistic investigations or surveys. Buyers were being sought from other media outlets and reporting bodies who could be interested in the data services.

Selling other services

Revenues were made from affiliate marketing through services such as Amazon affiliates where the host site receives a small monetary reward for sales placed as a result of directed traffic. This was cited to generate small revenues, such as €1,000 in one year. Another was planning to generate income by out-sourcing one of their capital assets: a printing press. Several media outlets expressed interest in monetising their exclusive access to contacts and stories on the ground as a service to mainstream media, but had yet to have success. In one case, revenue was made by an individual journalist with citizen journalism site Demotix, which pays individuals on a revenue share basis for their photography when content is sold on to mainstream media. There was also an interest expressed to generate income around premium analysis or insider's tips, but this had yet to mature.

Ecommerce and merchandise

One media outlet reported how selling merchandise for a small margin was a way to generate both loyalty to the media brand and small revenues. Further exploration was taking place into the possibility of running an e-commerce site with branded items including keyrings, special radio receivers, note pads etc. These activities are notable in their infancy compared to mobile cross-platform shopping recognition apps such as Blippar.

Event-related income

A few sites had run events, both in country and in the diaspora communities with fractional incomes from ticket sales. The revenue potential was particularly complex as it clashed with requirements relating to business registration. 'We made around \$1,000 per concert but we don't have the right to organise events so we had to have a gentleman's agreement with the event organiser to share the revenues.'

For-profit commercial arm

In two cases, significant revenues were generated from an umbrella or sister for-profit company. One combined a charitable status media with a communication consultancy for marginalised communities. 'We have a different name for the consultancy and the charity which allows us to have the payroll through the consultancy as commercial trading costs but the charitable arm allows us to seek grant funding.' The other allies an advertising agency with a media outlet. In both cases, the registration of the twin business interests allowed for access to both grants and for-profit revenues. 'We started in media producing a youth magazine and we learnt that you could persuade people to advertise for young people in restrictive environments. But we had to move underground and we registered the advertising company so we could continue to do media under that roof. So we separated off our next media as a company. But the 12 years' experience mixing advertising and media has helped. With the income from the advertising business we can adjust the technical services we offer and be more efficient. If all's well, [the media product] will no longer need to be subsidised by the agency and will be self-sustainable from May 2014.'

Non-monetary exchange economy

Three media outlets cited examples of non-monetary exchange, where products or services are swapped instead of transacting currencies. One media outlet has been successful in encouraging local ambassadors to promote the media activity or ask local colleges to donate people's time. 'I am constantly putting my foot through doors and keeping it there. There are fantastic networks where you can put your challenge out there and people help you solve it,' one said. They also used collaborative service site goodfornothing.com where skills from around the world are offered for free. In another case, reciprocal links to two media sites were in place, each helping to drive traffic to the other. For some, ideas of non-monetary exchange remain illusive. 'We had this dream where we wanted any member of our network who was benefitting from our services to become a volunteer in exchange. It was our way of expressing, 'if you can't pay \$20 a year, tell us what two days community service you are going to do as pay back'. If people can't monetarily pay us for what you get from us then they can benefit the community in local activism. It reinforces our belief that you shouldn't pay for an NGO product.'

BARRIERS TO EARNED INCOME

During the semi-structured interviews with media in exile and restrictive environments, the following constraints were cited as barriers to generating earned revenue.

Barriers to advertising

Several media felt their editorial mission, to oppose regimes and uncover atrocities, was in direct conflict with their ability to leverage advertising revenues. 'We write about disappearances, tortures, the hardest stories on human rights violation and advertisers do not want to be associated with that.' Politically repressive governments also put pressure or constraints on companies not to advertise on independent media, thus amplifying the shortage of advertisers in the supply chain. Jason Lambert, director of Diversity, said: 'The topics often covered by exiled media can seem alarming to advertisers not familiar with the issues in publishers' countries, and are often wary of having their adverts associated with the kind of material dealing with violent or distressing subject matter, including images and videos of violent activity. We also experience that some governments will exert pressure on advertisers to discontinue advertising on our publishers' websites.' Another said their target audience was too disparate, and their broadcast time too short to be of value to advertisers: 'We are cross borders and don't have a specific enough target market, and only broadcast two hours a day on shortwave radio.' As one media outlet's representative explained, this puts constraints on in-country advertising: 'Businesses [in-country] do have interests inside so they cannot be associated with the radio station yet there are very few out-of-country advertisers as they are disinterested.' Another site described how they ran a banner ad appealing for potential advertisers for a year and had no response. Sponsorship and selling merchandise was said to be particularly difficult for those media presenting oppositional content. 'No one would risk sponsorship in this country.' Another said: 'Selling merchandise

“

We write about the hardest stories on human rights violation and advertisers do not want to be associated with that”

would be ridiculous. People are not going to wear a T-shirt in the country where even the website is locked and you have to use a proxy service to read it.'

Capturing revenues

Others cited difficulties getting advertisers to pay on time. 'Advertisers are slow to pay and unreliable. Negotiating is really hard and managers slow down the process. Banners are the easiest to sell but there is little understanding overall of online advertising and a lack of trust between the client and unconventional ad formats. It results in a heavy document flow and its time consuming for every transaction. We are from civil activist background but we also come from world of real business as a creative agency and advertising so we understand how private business is hard. What looks easy now was really hard to achieve.' Language was also considered to be a barrier, in restricting collaborations between websites, selling content onto mainstream media and also in electronic publishing (in the Persian language Farsi for example where formats would need to be read from right to left).

Editorial content should be free

Several felt that asking users to pay for content, through donations or micropayments, was in direct conflict with their editorial mission to gain reach. 'We are happy for anyone to take our information for free, as long as it gets out there. We are not trying to make money. We want to make the world understand know what is going on.' It was felt payments would be a direct barrier to this: 'You don't want people to have to pay to find out someone has been kidnapped - to subscribe or pay would be ridiculous. Our mission is to share censored information in the best means possible.' Several sites said advertising would deter from the overall appeal of the site, or would irritate the audience. 'It would make the website look bad; it would trash the editorial and for \$200 a year it's not feasible.' There was a sense among some that audiences would no longer support media if they were earning revenues. 'We will lose credibility if we earn income. They are listening to us exactly because we are struggling and non-profit. If they felt we were making money out of it they would lose faith.'

Small editorial teams

Human resource issues internally were a barrier to earned income potential. Teams in the media outlets often numbered fewer than ten, with a strong bias to editorial and human rights backgrounds rather than business. This goes some way to explaining the appeal of advertising networks in the study. Lambert added: 'They have a low capacity to sell ads/tech /sales. We are trusted middle entity for them and safe passage for advertisers into that territory. That is a real niche.' One media outlet said: 'We have not got the resources to have a full-time person doing full-time sales. We have to fit that in around human rights abuses which is farcical. We have tried to create a sale's person role on a commision basis but they cannot generate enough to make it worth their while.' Another added: 'With a cycle of short term funding there is no real option or platform for exploring funding options. There is often reticence from the donor organisation about ongoing payments of staff and the funding that you get isn't that huge for the calibre of person you need.' The impact of small teams also affects the quality of the journalism being produced. This in turn impacts on the potential for earned income as advertisers, for example, are reticent to be associated with a poor product. 'It is very tough for us to produce a quality product even sometimes our services become of low standard with embarrassing

mistakes and that is a problem for the quality and advertisers.’ Small teams also mean other services become the ‘nice to have’ rather than the essential. ‘We have to look at our major core needs and things like monetising data are luxury. We need to see if we can operate first and then move to the things that are more strategic.’ Staff are also often expected to give time for free which affects the team, and the output. Size was also said to be a barrier overall to generating revenues: ‘we are just too small for that,’ said one.

Lack of business strategy

In some cases, editorial and business strategies were seen as mutually exclusive: ‘We are not thinking about it. [Earned revenue] is not part of our business strategy because our roots are editorial. We started as a revolutionary product providing news and articles about the revolution.’ Some sites, which specialised in culture, art or consumer issues have potential for diversified earned income. However this was not in place: ‘We didn’t think of selling it. It’s hard to be thinking about everything.’ Others were more skeptical, concurring with Feather Houstoun, senior adviser to the Wyncote Foundation, who notes ‘they just don’t have the entrepreneurial bone in their body’ (Pew Research Center 2013). One media outlet reported: ‘We have doubts with earned income. There is skepticism in us to make money. We see that it is never going to be a significant contribution to the income so why should we bother when it is so little.’

EARNED INCOME – CONCLUSIONS

Earned income was particularly limited in amount, and the overall awareness of potential revenue streams was limited in the majority of the cases in this study. That said, there was evidence of a range of earned income streams in this study, and several had plans for generating new revenue in the future. This goes some way to demonstrating fledgling moves towards diversifying revenue streams. However the potential for revenues to offer any real impact towards sustainability when approached from the micro level remains questionable. The most notable inroads were made in advertising via banner ads, Google AdSense and advertorials or specific advertising initiatives. More success was noted around the macro-level approach to advertising, where resources are pooled in order to inflate the value of advertising. The term, “collaborative revenue capture” is proposed to describe this, and represents an area worthy of further analysis and study. This is particularly relevant when set against similar cross-publication initiatives such as Piano Media (pooled premium content from different media outlets set behind a paywall, initially launched in Slovenia and Slovakia). In two cases, significant revenues were generated from an umbrella or sister for-profit company. One combined a charitable status media with a communication consultancy for marginalised communities, the other, an advertising agency with a media outlet. From this it can be said that media outlets must consider their business structure, ideally from the offset, in order to maximize opportunities for revenue capture. This is also relevant when considering the diversification of revenues around content: several media outlets had the potential to earn revenues around one part of their content rather than the whole. Overall, the barriers to earned income remain substantial. These can be categorized as technical (several had issues with capturing revenue), editorial (a clash with editorial or journalistic on the side of both producers and consumers) and resourcing (media outlets are often manned by small teams who lack business acumen as a first skill).

THE ROAD TO SUSTAINABILITY

The majority of media in this study were confident about the future and were positive about their editorial product and viability (see figure 9). It was less clear how this future viability would be achieved. There was little consistency about how these media were approaching the future. In order to offer an overview, responses were broadly assimilated into the categories set out in figure 10. The avenue most likely to be pursued was one around diversifying media services and content in some way. Respondents spoke of exploring income from non-information services, moving into journalism training, developing other services or selling merchandise. Several had ideas in the pipeline around media services, publishing, translating or individual journalism projects.

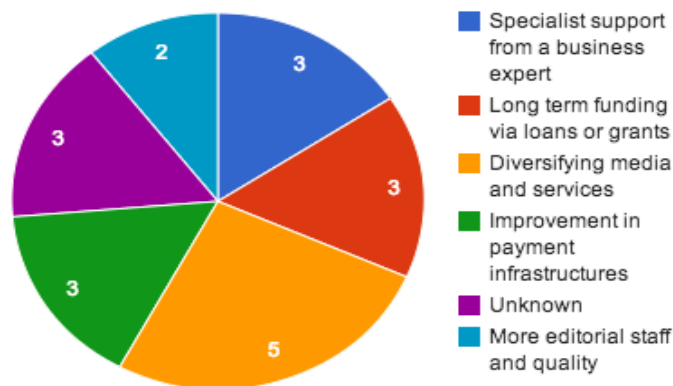
Specialist business support, perhaps from a donor organisation or NGO, was also said to be of potential benefit in helping to disseminate options around revenue streams and to ‘stay ahead of the game’. Respondents were keen to point out that business support needs to be highly specialized to the target publication and the exiled media setting in general. One said: ‘Sometimes they are specialists who know nothing about [this country] and nothing about journalism in our country and this so-called help is very complicated because it harms the relationship with the grant donor and you have to explain that it does not work. It would need to be several visits to us a year.’

Other areas for development included payment and finance. Several media would like to see more access to funding over the longer term in order to think strategically and invest in projects, which could potentially be monetised. This could be through commercially sustainable business loans, with competitive borrowing rates, or through long-term grants. There was also interest in collaborative revenue capture projects, which would better facilitate anonymous donations and online or mobile payments. Ideas were also voiced around collaborative content production from the sector, with corresponding revenue options. Only two media outlets cited improving editorial quality and team size in their needs to become more sustainable. This goes some way to evidencing how their agility and resourcefulness working in small teams around the world is, in many ways, ahead of the curve of media in the free market who are only now moving towards this model (see for example Briggs 2012).

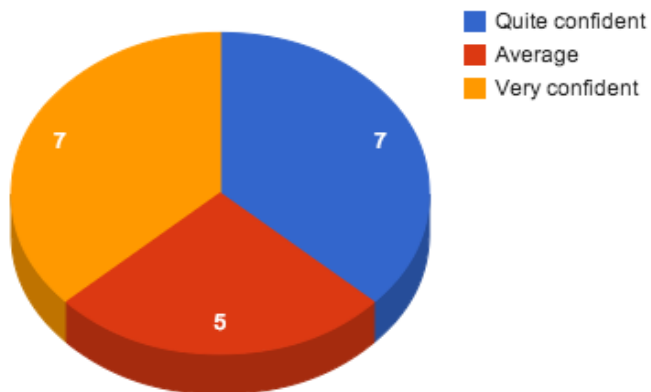
Consistent with earlier research by FOJO (2013), another operating factor to emerge from the study was a sense that business models would change when they return into country, or the restrictive environment becomes transitional. In many cases, this affects decision-making around revenue streams and the mindset around commitments to long-term business model strategy. There was an acknowledgement that this may not always be the easiest outcome, with one citing: ‘I am for more democracy in [country] but if we get that we will be worse off because we will be less able to work with NGO money. But then if we were in [country] there is no training for journalists to write things and that would also be exciting for us to do things in there.’

Figure 9 and 10: Mapping the road to sustainability

What would help you be more sustainable?



How confident are you that your media will still be around in five years' time?



CONCLUSIONS

This report presents a range of findings and insights generated from a consultation with 19 independent restricted media in Russia, Belarus, Zimbabwe, Zambia, Uzbekistan, Turkmenistan, Azerbaijan, Sri Lanka, Syria and Iran, and eight corresponding experts in the exiled media field. They can be summarised in the following key points:

1. This study concurs with findings from both research in the free market (Kaye and Quinn 2010) and for media in developing countries (Sullivan 2007) that there is no one-size-fits-all solution for sustainability—media must tailor their offerings and revenue generation capacity to adjust to specific economic, political and cultural conditions. There is a diverse take-up of knowledge relating to income revenue options with a large variant in the scope for experimentation.
2. Significant steps have been taken to use donations as a revenue stream. For the purposes of this study, donations refer to private donations and crowdfunding initiatives. All but three media in the study have experimented with donations in some way. This shows an overall willingness to diversify with alternative revenue forms and an awareness, albeit limited, of options around donations. However no media had managed to generate significant revenues through donations. There were several barriers cited for this, which were categorised into cultural apathy or poverty, infrastructure or a conflict of interest.
3. There are examples of sustainability and efforts to experiment with commercial revenues. However these are very much in their infancy. The most notable cases exist where the media entity has evolved to meet their own business needs and put revenue generation at the centre of operations from the start. The term “collaborative revenue capture” is proposed for revenues generated from pooling resources, via an advertising network, for example. Success was noted around this method of revenue.
4. Several media have untapped potential to generate revenues. However there are significant barriers both internally and externally which thwart business development. There is little coordination or sharing of business knowledge and, as a result, initiatives are often limited to the micro level.
5. Funders and media in exile may need to do more to understand each other’s perspectives on sustainability, and what is meant by “sustainability”. There was much confusion about the level of perceived donor knowledge of challenges ‘on the ground’ and the capacity to generate revenues at the individual level.

In a time of significant challenges in the media sector, strengthening the revenue capacity of organisations operating in difficult conditions in order to continue providing independent and high quality journalism is of growing importance to a wide range of funders, media investors, private donors and other stakeholders. The key here is how to sustain the public service mission of non-profit journalism in exile through diversified revenues. The extent to which this is being achieved is hard to quantify. Looking at the definition of sustainability set out from the start, many media are indeed achieving a capacity to be solvent against the media’s objectives in the medium- to long-term. They are less successful against a criteria to have a funding

structure that is more solid and predictable, becoming more self-sufficient and less reliant on grant funding. As detailed in recent research, the strength of an organization's revenue base depends not only on the total amount of revenue, but also on the consistency and diversity of its revenue sources. These sources should be diverse enough to protect the organization from a catastrophic loss of one source, but not so diverse that the organization is spread too thin (Knight Foundation 2011). In the majority of cases in this study, this is not happening, despite experimentation. Donations and earned income represent a tiny share of overall income in all but four cases.

By analysing the responses from the case studies in this study, it is hoped that relevant stakeholders will be stimulated to debate and work practically towards the development of sustainable independent media in exile, both now and in the future.

KEY RECOMMENDATIONS

The following recommendations are written as points of reflection and exploration for stakeholders from across the donor community:

- Continue knowledge-sharing among the donor community and exiled media of innovative revenue streams and media business trends. This could include newsletter circulation, conference attendance or connections with relevant commentators on media business models and services. This builds on similar recommendations from other studies (see for example Wan-ifra 2011a) and will support business development at the media outlet level.
- Disseminate the experience of media in exile who have been successful in diversifying revenue streams. For example, establish a searchable database on revenue streams being used by exiled media such as the www.submojour.net resource. This will help media outlets share ideas and possibilities.
- Assist media in exile and restrictive environments to restructure their media offering, or consider their structure from the offset, in order to complement potential commercial revenue generation in diverse forms.
- Explore the possibility of donors offering tailored support or consultancy to the media outlet on business or revenue options. This could include a value audit of the content to discuss areas of content production, assets or services that could generate commercial revenues. Support would need to be highly specialized.
- Encourage and promote the non-monetary exchange economy for appropriate services and resources. An exiled media could offer promotion of brands or services, particularly in the communication sector, and arrange for in-kind support or training.
- Further explore a collaborative approach to revenue capture, which could be a worthy progression, building on initiatives with a proven track record to date, such as the advertising network Diversity. Work with media innovators and key stakeholders to find practical solutions to collaborative revenue capture for media in exile and restrictive environments through research and development workshops. The potential for revenues to offer any real impact towards sustainability remains questionable when leveraged at the micro (individual site) level.
- Develop research into online and mobile payments, building on successes (such as MobiKash and EcoCash). Further design and development research into alternative ways to capture revenue are needed. This would overcome a lack of operational payment infrastructure, such as not being able to register a PayPal account.

The following recommendations are written as points of reflection and exploration for stakeholders from across the media community:

- Make careful consideration of business structures, ideally from the start. Any potential to divide out the structure of the media outlet into for-profit content as well as non-profit should be exploited.
- Consider journalistic products as separate products where possible each with corresponding strategies for monetization, where appropriate. For example, a series of podcasts could be monetized through embedded advertising, but the main website could be free to all; a newsletter may be sponsored when distributed to certain stakeholders but be free for in-country audiences.
- Make initiatives funded through donation measurable and focused, perhaps around a specific project or investigation.
- Consider a range of options for monetization that involve the supply of content – or specialist knowledge and services – to mainstream media. These could include brokerage models such as on websites such as Demotix or Citizenside, where content sold on to mainstream media is given a revenue share of up to 70%.

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APPENDIX 1

Questionnaires

The questionnaire used for sampling the media is available here:

https://docs.google.com/forms/d/1eV-ZAtuRBREyXxk9FJlgoOJLHhe_eVyr8SI373Nq1QQ/viewform

The questionnaire used for sampling the donor organisations or media experts is available here:

https://docs.google.com/forms/d/1InfjEJto2rmMqaxo_UZVuUhXHoixifmDpl4GVcaKPUI/viewform

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MEDIA INNOVATION STUDIO

EMERGING NEW REVENUE STREAMS FOR
MEDIA UNDER THREAT

DECEMBER 11 AND 12 2014

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*The two-day workshop was hosted by the Media Innovation Studio part of the University of Central Lancashire
Report by Clare Cook*



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P R E F A C E



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NEMODE - MEDIA INNOVATION STUDIO
on DECEMBER 11 & 12 2014
—

One area which has much potential for wider impact in the digital economy is the as-yet underresearched field of collaborative revenue capture in journalism. This term is proposed to describe methods to capture revenues on behalf of multiple stakeholders (potentially in competition with one another), and divide profits between them. There is evidence of this as an emerging revenue platform in media: Piano Media, a cross-publication model, where pooled premium content from different media outlets is set behind a paywall, initially launched in Slovenia and Slovakia. Or Blendle offering newspapers and magazines in the Netherlands on one website, reconfiguring a revenue model for journalism by making it incredibly easy to pay for separate articles. Another is Diversity, an online advertising network that pools many media sites together into one global advertising network of standard advertising formats and sizes, thus creating a potential global audience reach for advertisers. See for example Contributoria, a member-supported, crowdfunding, collaborative writing platform or the Banyan Project, a news cooperative owned by the community it covers for emerging examples of collaboration around revenues.

By way of a test case study, this workshop explored the extent to which collaborative revenue capture can help to achieve a meaningful level of financial independence for media under threat. The long-term success of independent media in exile or restrictive environments, where the free flow of information is restricted and information producers are at risk, depends on financial sustainability, yet there is little scholarly research around revenue model development. These media function, for the most part, by grants from donor organisations which now run into millions of pounds justified by the fact that access to the diverse and credible journalism in countries such as Uzbekistan, Turkmenistan, Syria and Sri Lanka offers the opportunity to deliver much greater social and economic cohesion and political transparency.

For media seeking to support the free flow of information in fragile environments, the issue of financial sustainability is complex. Both media in exile (out-of-country news outlets feeding independent information back in) and news outlets in restrictive news environments (in country providing counter information) exist in flawed market situations and often rely on grant funding. Researchers have stopped short of exploring the revenue streams of these media. Empirical data is scarce and a corresponding understanding of the funding structure of these media is lacking. One study of relevance - and from which this workshop draws its roots - fills that gap by mapping three main revenue categories of media in exile or in restrictive news environments: grant funding, earned income and donations. The major factors influencing revenue streams compared to online media startups in open markets are discussed. The author finds there is no one-size-fits-all solution and identifies the need for collaborative approaches to promote economic resilience for media under threat (Cook 2015).

As such, exiled media as a vehicle for studying the potential for collaborative revenue capture could be an important indicator to the broader digital industries, which are also grappling with the possibilities for collaborative approaches. This represents an entirely new academic field approach.

While the set of circumstances exiled media present are relatively unique, the approach to circumvent them - afforded by digital technologies - is highly transferable. The potential to place a stake in the greater understanding of such collaborative revenue methods showcases the UK as a leader in revenue model experimentation, an area watched with much interest globally.

1. To articulate and define collaborative revenue capture as a model

2. To explore how digital technologies can facilitate collaborative revenue capture

3. To evaluate potential new collaborative revenue streams

4. To assess the extent to which collaborative revenue capture can be used for the benefit of the exiled media sector

– Workshop Aims



Such is the day to day pressure on media under threat that opportunities to explore wider possibilities for innovation or experimentation are rare. This workshop answered that need by creating a forum for exchange and exploration beyond piecemeal, individual level revenue issues. It brought together stakeholders from a diverse range of expertise: from business models, revenue streams, advertising networks, grant organisations, creative and digital technologists as well as a significant number of stakeholders: media under threat.

It posed fundamental questions about how and in what form collaborations could emerge between such media in order to kickstart financial resilience. What does success look like for media under threat? What form could collaboration take? What forms of collaboration would be of most use? What determines financial resilience for exiled and restricted media? What are the obstacles to building and sustaining revenues? These questions are particularly timely as technological developments for alternative distribution channels and services emerge, which would be largely out of the reach or budget of individual small scale media. For example, alternative closed-wifi distribution networks enabled by Wicatr or Outerweb, or proxy services and data tracking from Lotame or

Psiphon.

The two-day workshop used a range of methods to explore the research aims. These included presentations of cutting edge experimentation from selected researchers from both academia and industry. This was followed by an interactive strategy discussion session, which explored how we can exploit these researches and build upon it further. The workshop culminated in designing processes for collaborative revenue capture with lightening pitches to close.

Participant reflections were captured during the workshop using Rmerge – brainstorming technology, which is fully immersive and interactive. This allowed responses to structured questions to be recorded, analysis and word clouds to be generated. Ideas were further explored using World Cafe and idea mapping facilitations, which were captured using photography.

The Media Innovation Studio at the University of Central Lancashire, UK, has a growing international reputation for its innovation and cutting-edge training, facilitation, projects and research. Hence, the Media Innovation Studio was an ideal candidate for organizing and chairing this workshop.

Participants



Roozbeh Mirebrahimi
New York

Journalist and researcher for Non-Stop Media, executive director Iran Dar Jahan, editor in chief



European Radio for Belarus

international radio based in Warsaw providing news and information since February 2006 operates on FM and internet



Rachael Jolley
London

editor at Index on Censorship, covering news and issues related to freedom of expression



Galima Bukharbaeva
Uzbekistan

Uznews.net with a career covering repression, torture and state sponsored harassment and violence. Witness to Andijan massacre

Participants



Michelle Foster
United States

former Knight Journalism Fellow and leading US executive, author of several reports on business implications for media under threat



Jason Lambert
Copenhagen

managing director of Diversity Ad a network for pooling advertising content specialising in fragile media



Yoav Farbey
London

Expert in startup business models for the free economy, running The Startup Magazine a website and publication around entrepreneurship



Youtube expert
Jordan

former head of online sections for Al Ghad and a consultant for Roya TV as well as chairing NGO for women in business in Jordan

Participants



Vincent Peyregne

Paris

chief executive Wan-Ifra 25 years experience in the newsmedia delivering strategic and actionable innovation plans



Francois Nel

London

Reuters fellow, founding director of Journalism Leaders Programme, Digital Editors Network and initiated MADE and Journalism Entrepreneurs



Celia Davies

Azerbaijan and Ukraine

Meydan TV, expertise in policy and grants assistance, Institute for Reporters Freedom and Safety



Caroline Ayoub

Syria

4M Beirut Journalism speaker and board member for ROYA association for a better Syria. Souriali Radio project manager

Participants



Jason DaPonte and Sarah Hartley UK

experienced and leading digital media thinkers, reflecting on collaboration and its capacity for generating revenues



Emin Milli
Azerbaijan

Meydan TV Azerbaijan's free and alternative media channel, interested in building alternative media ecosystems



Uvindu Kurukulasuriya
Sri Lanka

award winning editor of Sri Lanka's alternative press publication Colombo Telegraph in exile



Catalina Cortes
Rory Peck Trust

dedicated to the support safety and welfare of freelance newsgatherers, focussing on financial resilience. Programme officer for Latin America

Participants



Marie Struthers
Open Society Foundation

senior programme manager and expert on Independent Media support



Mahmood Enayat
London

Small Media action lab, aiming to promote free flow of information in closed societies, especially Iran



Dr Mark Lochrie and John Mills

media researchers in creative technology, datamakers and connected objects based at Media Innovation Studio



Prof Paul Egglestone and Dr George Ogola

leading researchers and authors in digital technology, democracy and community

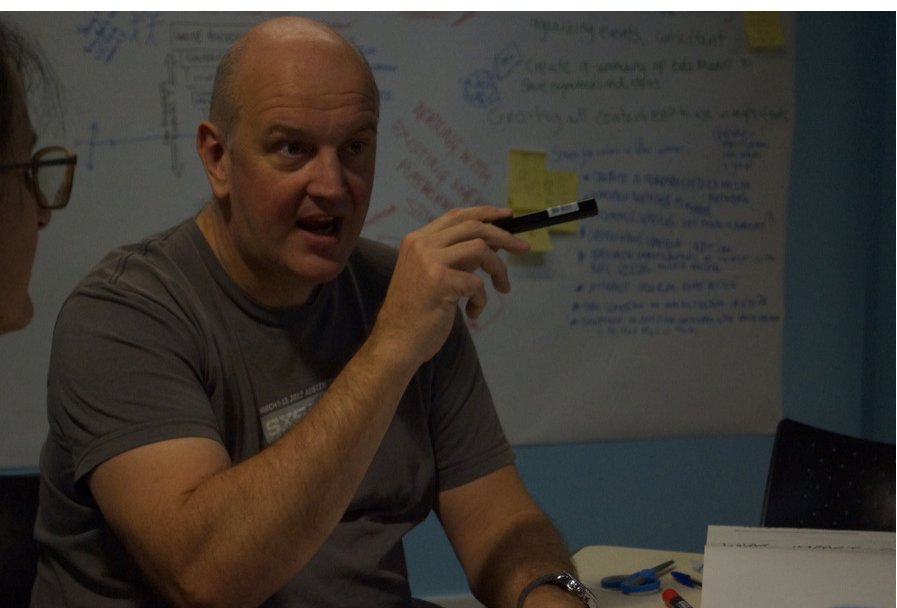


revenue models

While this workshop touches on business models and the blueprint of how a media does business (Osterwalder et al 2005) and the totality of value creation (Afuah and Tucci 2003; Timmers 1999) and market competition (Ethiraj et al 2000; Mayo and Brown 1999) its primary focus was the critical aspect of a business model: the revenue generation. A business model is evaluated by its financial sustainability (Stewart and Zhao 2000), important as much for organisations that are cause driven as it is for those who are profit driven because they still need income to cover their costs and continue towards their objectives. Of particular relevance is the holistic business model framework (Li 2015) which sets out the need to effectively address the tensions between creating and capturing commercial values and generating social and cultural values (Bilton 2007). Most media organisations under threat or operating in restrictive environments are located more towards the non-profit charity rather than a profit maximising business. This workshop aimed to assess the extent to which collaboration could form additional revenue sources for media under threat.



diversified revenues



In the exploration of changing business models for the creative industries, Li (2015) finds that 'portfolio models' are made feasible by digital technologies where each new revenue stream is often financially modest but the combined revenues from different income streams can generate profits. This concurs with empirical findings from research on the revenue streams of exiled or restrictive media (Cook 2015). The Submojour report (Sirkunnen and Cook 2012) focuses on the revenue models of 69 media startups in nine free-market countries. It further consolidates the approach here as it explores how media are moving towards a more diverse business model combining multiple revenue streams. It also finds how media are increasingly dividing up their operations to provide multiple products and services around which revenues can be mobilised, both in a storytelling- and service-orientated models. The trend for diversified revenues has been extensively explored in free market journalism business models (see for example Rosenstiel and Jurkowitz 2012, Grueskin et al 2011; Downie and Schudson 2009). This supports research by Kaye and Quinn (2010) which notes the problems journalism as a business has faced, as legacy models become unfit for modern technology norms, and result in any revenue stream innovation being grabbed 'with all the enthusiasm previously reserved for lifebelts on the Titanic' (Franklin 2014). Picard (2010) states that journalism has never been a viable product as such: it has always needed at least two revenue streams. In the context of open markets, he goes on to identify optimism in trends for news providers to be less dependent on one form of funding (Picard 2014) and towards a trend of experimentation, be that with mixes of paywalls (Myllylahti 2014; Pickard and Williams 2014), the commerce potential of mobile news (Nel and Westlund 2012), efforts to monetise hyperlinks (De Maeyer 2012) or the effect of Apple on sales (Fischer 2012). There is a growing body of research into crowdfunding for journalism as an alternative revenue stream, the wider systems making it possible (Carvajal et al 2012; Lehner 2013) and the types of projects successful (Jian and Usher 2014). Crowdfunding works by running a fundraising campaign around products or services with target funds raised from small amounts of donations from users that can have the potential to help small, young businesses overcome funding gaps (Van Wingerden and Ryan 2011; Mollick 2014). Also of relevance here is research into not-for-profit models which secure funding from international non-governmental organisations, private foundations and think-tanks for investigative journalism (Requejo-Alemán and Lugo-Ocando 2014) and financing of minority-language journalism (Zabaleta et al 2014).

The term sustainability is understood here economically, referring to a capacity to be solvent against the media's objectives in the medium to long term. It does not presume growth or profit, and echoes Elliott (2012:58) who state the need for sustainability to be 'spatially and locally defined'. It takes as a starting point Craig LaMay's definition as 'financial sustainability with a public-service editorial mission' (CIMA 2007). LaMay describes news media as having qualities of both a mission good and a revenue good. Where understanding of sustainability in exiled and restrictive media environments has been consistently acknowledged is by actors in the sector, and these inquiries further frame the relevance of this article. This topic is high on the agenda of a number of international organisations (Wilton Park 2013; Open Society 2013; Sullivan 2007) with focus on strategies and innovation on a low budget. Of direct relevance, a consultation by non-profit organisation FOJO (2013) looked at the sustainability of 14 independent exile media outlets. It found fledgling evidence of revenues being generated from grant income but a lack of impact from those initiatives on overall budgets. A lack of in-house business skill was said as a key challenge and doubts as to the likelihood of media achieving full sustainability in exile were raised (FOJO 2013: 17). Research has also focused on alternative investment models with access to finance being a critical challenge (Wan-Ifra 2011).

sustainability



niche journalism

There is an extensive body of work that maps sustainable business models for media in free markets. This can be broadly set against the long tail of media business (Anderson 2006) and its impact on business opportunities (Briggs 2012; Bruno and Nielsen 2012). There are comparisons to be sought between exiled and information providers in restrictive news environments being seen as niche journalism. However even in free markets the economic sustainability of niche-based journalism is a struggle due to significant influences of mainstream media, markets setting the conditions for using technology and a wide compendium of market forces thwarting revenues (Cook and Sirkunnen 2013).



resource poor environments

Scholars have explored resource-poor environments and media development in terms of roles and democracy, for example Hughes (2005) evidences the struggle to deepen democracy through media diversity while Waisbord (2007) and Becker (2011) argue that media can raise awareness and affect accountability. Moyo (2009) and Bratic (2006) concur on the convergence of digital media and democratic participation. Yet none have made the connection between media development and economic sustainability. What is lacking is better understanding of how the emergence of Gillmor's citizen empowerment (2010) or Castells' (2007) mass self-communication and counterpower can be sustained and validated with a viable business model in restrictive environments. Without an effective funding structure, the fundamental capacity for 'social movements and rebellious individuals to build their autonomy and to confront the institutions of society in their own terms and around their own projects' (Castells 2007: 9) as effective actors in deciding power, remains thwarted. Of use is a model by Byrne (2010) which describes the actual market position of media business that exist in emerging and developing markets compared with the desired market position. The desired position includes higher business ideals and a more robust funding structure. This workshop goes some way to challenging what and where that 'robustness' may lie.



The vocabulary and definitions surrounding this workshop are problematic. Neither exiled nor restricted media are pinned down as terms, and vary greatly in terms of both purpose, structure and function. Are refugees included? Are bloggers or civic activists the same as media outlets? Under which criteria are which media included? Much literature also focuses on identity and roles of diaspora as part of the process of informing citizens (see for example Gawthorp 2009). This workshop is of relevance to those working in areas of research relating to sustaining a civil society and preserving freedom of expression.

exiled and restricted media

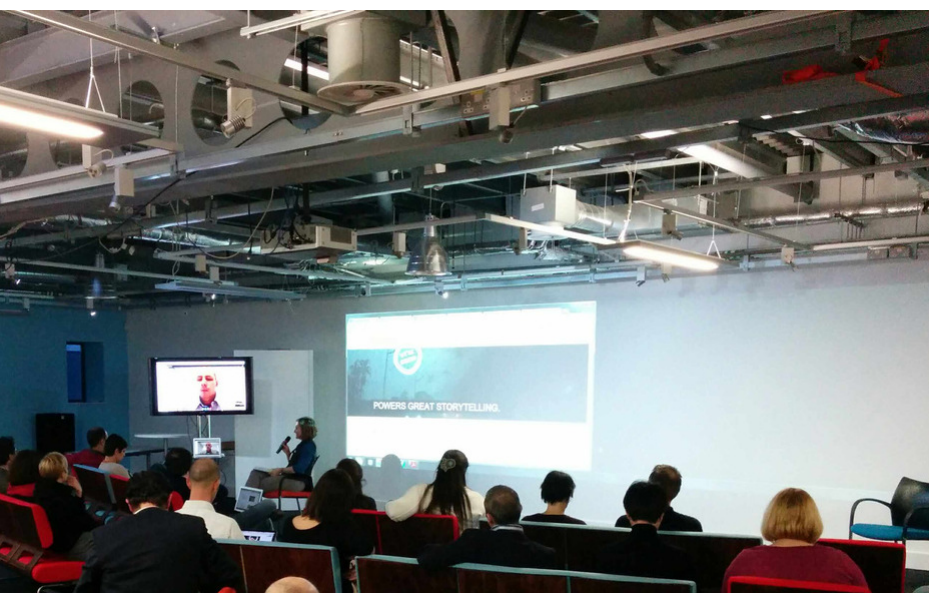
barriers and structures

Where exiled and restricted media experiences are briefly touched on is in the field of ownership structures (Foster 2012; Zabaleta 2014). Who owns a media outlet and thus controls its sources of capital and revenue are relevant here. Others have explored the characteristics of those running underground media (Menayang et al 2002; Rooks et al 2014) and how the affordances of new technologies impacts on journalism in restrictive environments (Mabweazara et al 2013; Taylor and Kent 2000). Of most relevance are the scholars who focus on the economic impact of the barriers in the operating environment. Parsons et al (2008) go some way to mapping the operational context with their six barriers to media development (economic impoverishment, lack of stable monetary systems, poverty, media consolidation, cost of starting out) but stop short of gathering any empirical evidence.



innovation ecosystems

Inter-media collaboration for innovation increasingly appears as an industrial response to changing economic and technological conditions both in the UK and internationally. For well established companies, success in business ecosystems requires collaboration and competition, a task that demands strategic thinking. For media under threat it is hard to envisage room for strategic thinking. Nonetheless, there is much scope for value creation in innovation design in terms of wider societal benefit or indeed in sharing expertise, or pooling resources in order to leverage reach. Of particular pertinence is understanding how and in what form collaboration between media under threat could develop, and how to make it work, borrowing lessons from other industries (Wondolleck and Yaffee 2000) and envisaging the growing role for collaboration, for example between corporate businesses and NGOs (Dahan et al 2010). Also the obstacles to collaborations, and understanding what presents as a barrier, such as geographic proximity (Letaifa and Rabeau 2013).



What does success look like?

Before embarking on evaluation of the role or potential for collaboration the workshop established what success looks like for media under threat. Exiled and restricted media struggle for free expression against government oppression. For some of the world's most media-restricted countries, journalists and publishers are often considered criminals for maintaining freedom of expression and sharing alternative viewpoints: within the case studies included here journalists have been killed, threatened and imprisoned, sites have been shut down, cyber attacks carried out and offices destroyed. Exiled media refers to a media outlet that can no longer function in the country relating to its content, and operates in either self-imposed removal or enforced removal, due to danger, producing journalism that counters the state run or controlled media. Information providers in restrictive news environments are in-country news outlets. Both share a focus on providing alternative media discourse in restrictive news environments, championing alternative viewpoints and freedom of expression, and often work to expose corruption and highlight the truth.

Their financial operations as independent media are restricted and the market classed as flawed because they cannot work as normal business entities because of harassment, business pressures and restrictions, and legal complexities. Market distortions materialise for many reasons: the economy may be so weak that local businesses have no incentive, or ability, to advertise; literacy and the purchasing power of citizens are low; oppressive regimes distort advertising by controlling who works with whom; legal and political constraints present obstacles to business development; cultural barriers create audience apathy. They exist despite distortions in both the commercial market and administrative systems, and operate in isolated conditions.

When asked what success looks like for exiled media, participant responses could be categorised into five themes: business, impact, reach, journalism and safety.

Business considerations was the most cited with participants raising concerns around being able to pursue a "proactive rather than a purely reactive strategy" towards their business. Longevity was a concern, with reference for a five year plan being sought and being "reliable to ensure longevity and independence". One mentioned having a clear strategy with norms that could be adhered to while another said it was "institutional capacity to create a sustainable media businesses". Business structures akin to the Guardian, where profit and non-profit arms of one business support each other were seen as a potential way forward for success. Focus was also drawn to wider operational concerns such as solid management skills, facilitating change and having funds to hire more people to do development work. Networks were also mentioned as a source of potential strength within the target country. In terms of revenues, this included having a longer perspective on funding. Some referred to success at its basic financial form, with a priority for covering costs and "staying up" or "living to fight another day". One said success was having resources not to rely just on grants. Over the workshop, survivability was an alternative term proposed to replace sustainability.

Responses drew to light the complexity of measuring impact and defining what it is. To some, impact was developing as a "respected, relevant and credible organization", for others it was influence in-country and the diaspora, bringing change to governments, impacting on democratic change, and for others influencing Western news agendas and thoughts. Consideration was also given to the difference between short term and long term impact on conversations, and on policy to create a fairer just society. Consensus was around "having an impact - whatever that impact may be".

Reach was a factor in success in the sense of reaching the right audiences or the widest, increasing reach, visibility, getting the facts in stories referenced by others and connecting with "well defined" audiences and resonating with them. Public recognition also contributed to success, as did informing the populous and getting past government controls with a consistent and regular broadcast.

Success factors were deemed journalistic when they referred to being more relevant or credible, having exclusive content that could be shared, focussing on under-reported or misreported, even censored stories instead of soft news. Journalistic success was also akin to objectivity when the produced content could be used by both sides of a political spectrum. One said success was "being a real voice that's credible". This included moving away from an activist agenda to balanced media sources, separating activism from "professionalism".

Safety was also a building block of success: the people involved need to be kept safe, opportunities to move back in-country need to be achieved in some cases, and there needs to be the ability to protect journalists.



business

impact

reach

journalism

safety





FINANCIAL RESILIENCE?

Diversity was a recurring theme of the workshop in terms of both content and funding sources. Much like media in free markets, media operating in restricted environments were mindful of not relying on one content. Being a trusted voice and providing authenticity was seen as a bedrock of production. Resilience, it was believed, would come from producing quality journalism. Credible content can drive audiences and help connect with end users. Correlating an audience and a market for the content is a building block of resilience. It was concluded that exiled media, like other media in the digital age, have to carve out an audience that can scale and understand the potential of the scale.

In terms of diversified funding, this could include having access to other funds from ancillary businesses such as rent from buildings, or alternative monetary systems such as Bitcoin. Establishing diversified revenues was considered to be important early in the business development. Wider issues of diversification included traffic (using social and digital tools to maximise reach) and communities (forums, Facebook, diaspora, in-country, more mainstream media audiences). Bundling audiences and making it easier for them to choose where they access content (with some who may pay for that content was considered). Donor flexibility and creativity play a role in this.

Financial resilience is also determined by internal management. Strong foundations including strategy, structure and change contribute. Discussions also turned to the balance between mission and sustainability. Media under threat often produce journalism under very long hours with very little financial reward, with a limited quality of life due to the risks that go hand in hand with a freedom of expression cause. Many are under extreme safety risks, both cyber and security. As such, anonymity, establishing legal status, technical solutions such as cryptocurrencies or workable banking systems, cash flow in unbanked situations, inability to register organisations are all barriers to resilience.

There were several complexities. Defining exiled, restricted or media under threat has yet to be pinned down and whether the extent to which their resilience is "a different nut to crack".

Inevitably there are several barriers to building and sharing revenues across such diverse media, each facing different levels of restriction. Of the participants in the workshop, media representing Azerbaijan, Iran, Syria, Sri Lanka, Uzbekistan, Belarus and Jordan were included. The following were obstacles in focus:

- a direct relationship between advertising and media is difficult without aggregation (of softer/alternative content) or green washing
- repressive environments exist with noninfrastructure - they are destabilised, exist amongst threats and often corrupt governments where media cannot mobilise in-country ads
- exiled media competing with one another
- donor funding is a game to play
- everyday life is a battle in itself
- success can prompt protectionist approaches
- lack of an open, unblocked Internet
- political differences
- language and culture barriers
- a lack of trust and understanding
- exiled media have diverse interests, different objectives, agendas and values.
- there is an expectation of subsidy
- finding other things to monetise content, such as language skills, or other assets
- the content is often too political
- creating a coherent value exchange for all parties
- the difficulties in parity of access to information such as data statistics in Syria
- high set up costs - how will these be funded?
- larger media organisations take the credit for/use text content
- sharing revenues is very different to collaborating on content
- political interests, economic alliances internationally
- disengaged or apathetic audiences
- global reactive funding environment - support levels are inconsistent and transient
- exiled media exist far from the market
- donor fatigue
- diverse context with many different needs - some are not financial (in china, money is not the issue)
- audience expectations of free content



The event ran over two days hosted by the Media Innovation Studio part of the University of Central Lancashire
PI Clare Cook



collaborative revenue capture



Model



This wooden model represented collaborative revenue in the abstract. The vertical pillars symbolised individual media, navigating revenue streams independently. The horizontal woven twigs lay out an imagined interpretation of collaborative

 **Media Innovation Model**

What forms of collaborations would be of most use?

The workshop explored what was needed to make collaborations happen, and the most successful collaborations participants had been involved in. Several themes emerged, such as non-competitive environments with agreed missions and shared values, as well as harnessing different people with different skills and joining them across national borders. Specific examples were raised, such as gaining an independent endorsement to an already existing labour law by the labour parliamentary committee to benefit the lives of working mothers and fathers in the UK. Some were large scale collaborations including redefining the business activities and processes of more than 2,000 managers to rebuild data and management infrastructures for new revenue creation processes. Key themes emerged: co-working, exchanging, coordination and support.

Of note, the symantics of collaboration were also complex for media under threat as "collaborators" were seen as government spies or colluders in anti-free expression situations.

The forms of collaboration that would be of most use to media under threat were then explored. Those categorised as business related included access to seed money and capital, revenue generation, sharing knowledge and expertise around revenue generation. Focus went to connecting with the right people and diverse stakeholders and growing a network with a strong leader, peer to peer mentoring and linking communities. Having a good fundraising strategy and business model, cash flow management and potential collaboration towards funding were also cited. Discussions also focussed on collaboration around an anonymous secure payment platform.

business

Several responses focused no resource issues, classified both as internal or external. These included: having and recruiting the right people; a team with no overlap in expertise; diverse stakeholders; growing a network; getting more involved in a community and linking the community; having a strong leader; in-house training and peer to peer mentoring; knowledge exchanges. Access to information was key with particular emphasis on sharing experience and technology tools. Collaboration was seen to be of benefit when it included collaborating between young business people who have ambitions to have impact beyond their countries and industries. Other areas included training, access to information, research and development and knowledge exchange. Collaboration could also be around consistent grant organisation coordination, access to expertise and spaces for collaboration. A role was also seen for donor organisations to coordinate in "concrete ways" where research and development capacity were also needed to grow.

resource

In terms of strategic requirements needed for collaboration, these can be summarised as a 'code of conduct' that was deemed necessary: shared goals, setting norms and sticking to them, a space where everyone is clear about why they are there, having a common objective, listening, a shared vision and timetable, respect and an agreed language, face to face communication, commitment to the cause, clarity of expectations, people who agree on the direction and ultimate objectives, processes that transcend personalities.

strategy

The personality of people working together was discussed and included engagement, sharing interests and beliefs, being hard working and listening, respecting other people's ideas, being honest and consistent, respecting colleagues and sharing commitment to working hard and being enthusiastic to the project.

Finally, collaboration was envisaged as a concrete entity. It was described as a shared outcome or a common vision. It was seen as a way of achieving greater influence via scale or as a way to create tools to understand influence more profoundly or produce more effectively. Distribution channels were seen as accessible through collaboration that would not be possible at individual media level.

characteristics

content





*Participants were asked
what are the success factors
for collaborations*



Remerge



Immersive brainstorming technology which is anonymous was used to allow participants to exchange ideas freely around the points of discussions.

Ideas



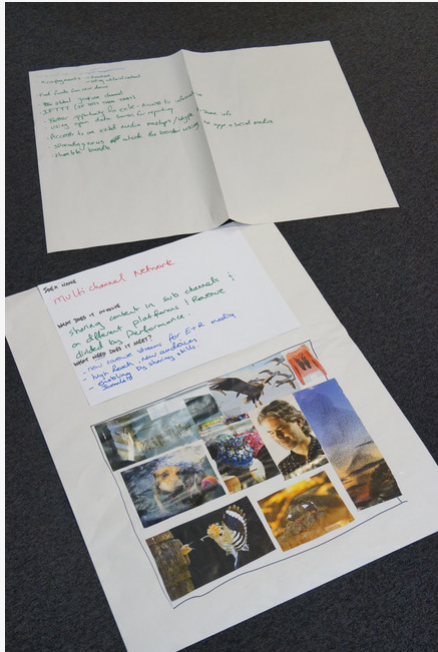
Day Two of the event focused on designing the platform or service where collaboration could be best used for revenue capture

GOOGIE
PLAY
NEWSTAND

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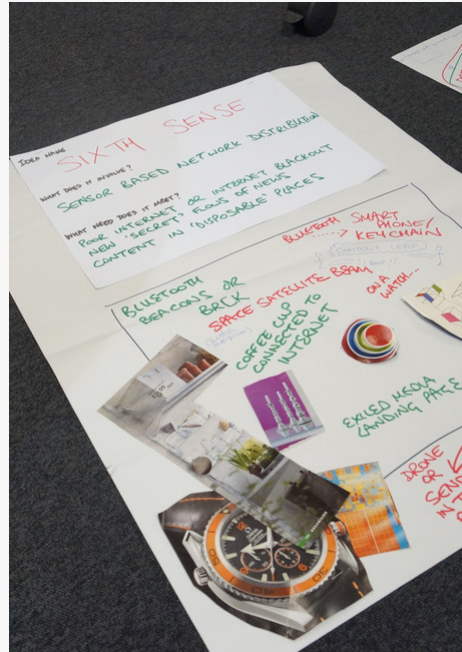
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PLATFORM NEEDS
TO WORK.



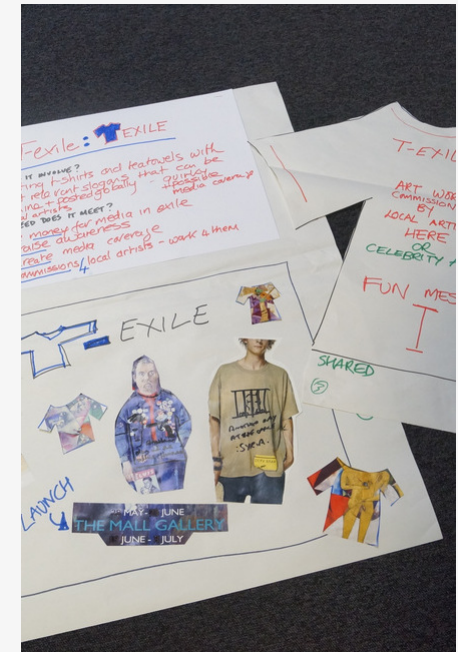
MULTI CHANNEL NETWORK ONE

Based on cross country themes and finding the optimum combination of content to expand reach, the multi-channel network would allow new revenue streams by repackaging content and repurposing it against social and monetizable channels, such as with BuzzFeed or Upworthy.



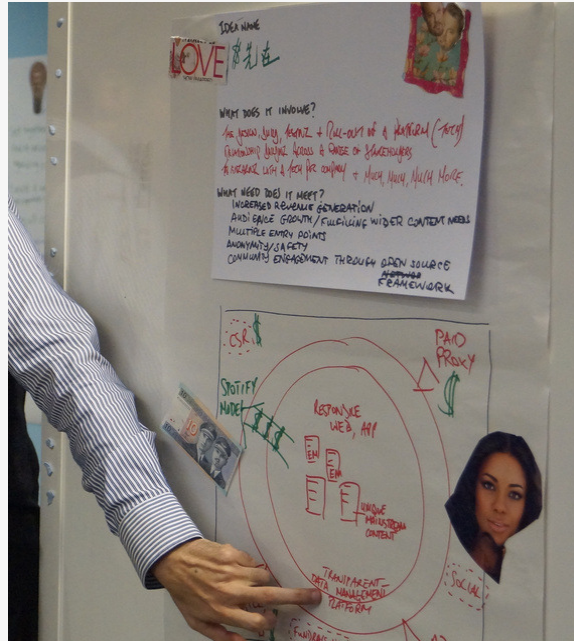
SIXTH SENSE TWO

Technology is key. The collaborative actions are put in place to access technology developments that would be too expensive or prohibitive taken on at the individual media level. Sixth Sense allows experimentation ranging from satellite balloons, Apple watch and proximity broadcasting.



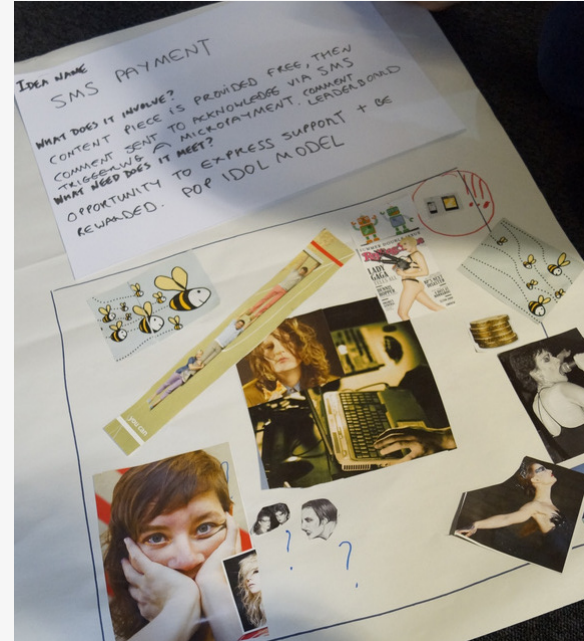
FEXILE THREE

Leveraging security in numbers, the Fexile idea allows the creation of merchandise and celebrity endorsement around a series of events and 'festivals' championing impact, innovation, freedom of expression and more.



GOOGLE PLAY NEWSTAND FOUR

In a drive to maximise reach and audiences, this project proposed a platform which optimised content from exiled and restricted news providers with other more 'mainstream' news. It allowed media providers to pool content and access alternative revenues including behavioural data.



SMS PAYMENTS FIVE

Where governments control Internet and mobile networks, there has been a rise in the use of chatting and payment apps. The idea here is to develop mobile closed network payment services, non-monetary exchange and transactions to support donations and other revenues to exiled and restricted media.

Innovators

Exposing Innovation



Malachy Browne
former editor Storyful

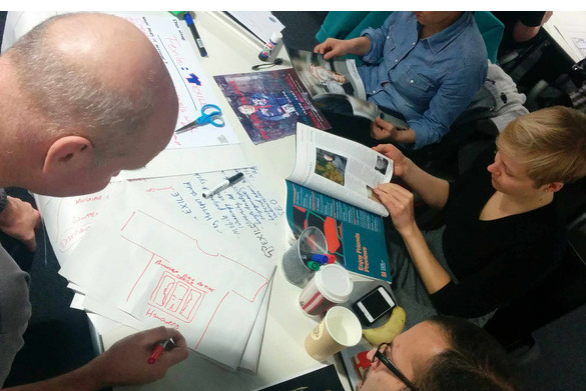
author of *Endangered Journalism* highlighting the need for producers to license content to mainstream media via cooperatives (often banned through embargoes and trade restrictions) and archives to preserve free speech.



Misha Vinokur
Openreporter

a platform engaging citizens, journalists and experts in collaboration in order to revitalize the news. Misha works on projects which leverage technology to solve societal issues, exploring data selling as a

What now? conclusions and recommendations



1

There was a sense that collaboration and working together was possible. "There is a real desire and potential to innovate in this space. We just need to identify the innovation and create it". This builds on a community of like-minded organisations rather than labels. "The fact that we are exiled is not the most important thing we have in common - let's think about the kind of organisations we are the value the types of content and the capacity for technological innovation".

2

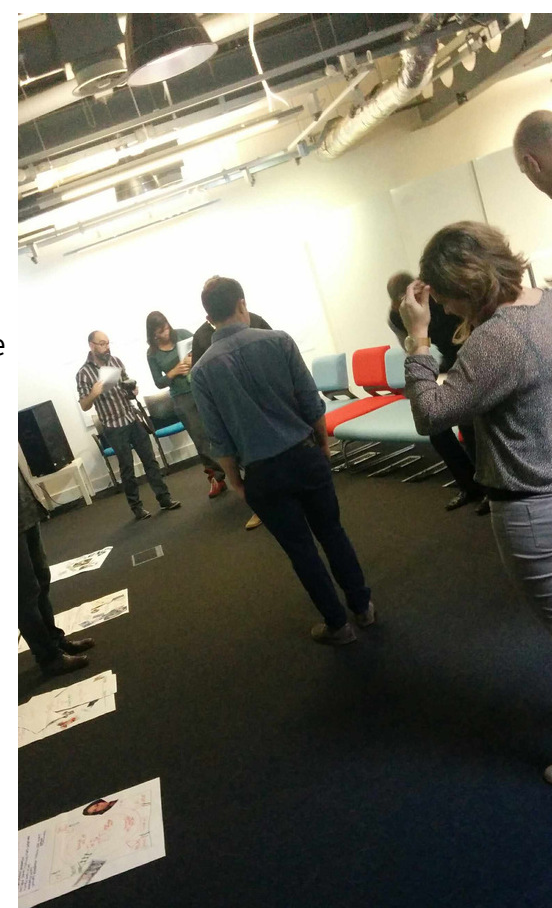
It was less clear what form this should take and identified a lack of coordination or umbrella organisation that could drive this forward. The workshop enabled suggestions for concrete projects or media (multi-channel networks, festival). The aim of this is to create the global reach needed to make money from scale. "Just because we see unity in exiled media does not mean that the audiences will perceive a need for exiled media on a joint platform: there needs to be careful thinking about the business models and audience needs." A database of skills, exchanging ideas on an e-forum was suggested.

3

The complexities of collaborating as a unified 'body' of exiled or restricted media was acknowledged. There were several barriers to collaboration both practically (language, country by country differences) and ideologically (finding a shared mission and vision). "It's complicated".

4

The workshop allowed space and time to consider the need for diversified and more robust revenue streams. "The donor model is not sustainable and more financial diversity equals a stronger future". It also emerged considerations that "revenue generation is not a dirty word and belongs alongside donor funding".



5

A key recommendation is the need for a regular place and network for research and development. This network is needed to act as a driver for change and experimentation, in a way that is not possible at the individual media level. Unlike free market startups, cash-strapped vulnerable media in flawed markets have less support than in other media ecosystems. Access to expertise and innovation was seen as lacking. The multidisciplinary approach was praised.





cecook

Collaborative Revenue Capture for Media Under Threat

SOUNDCLOUD

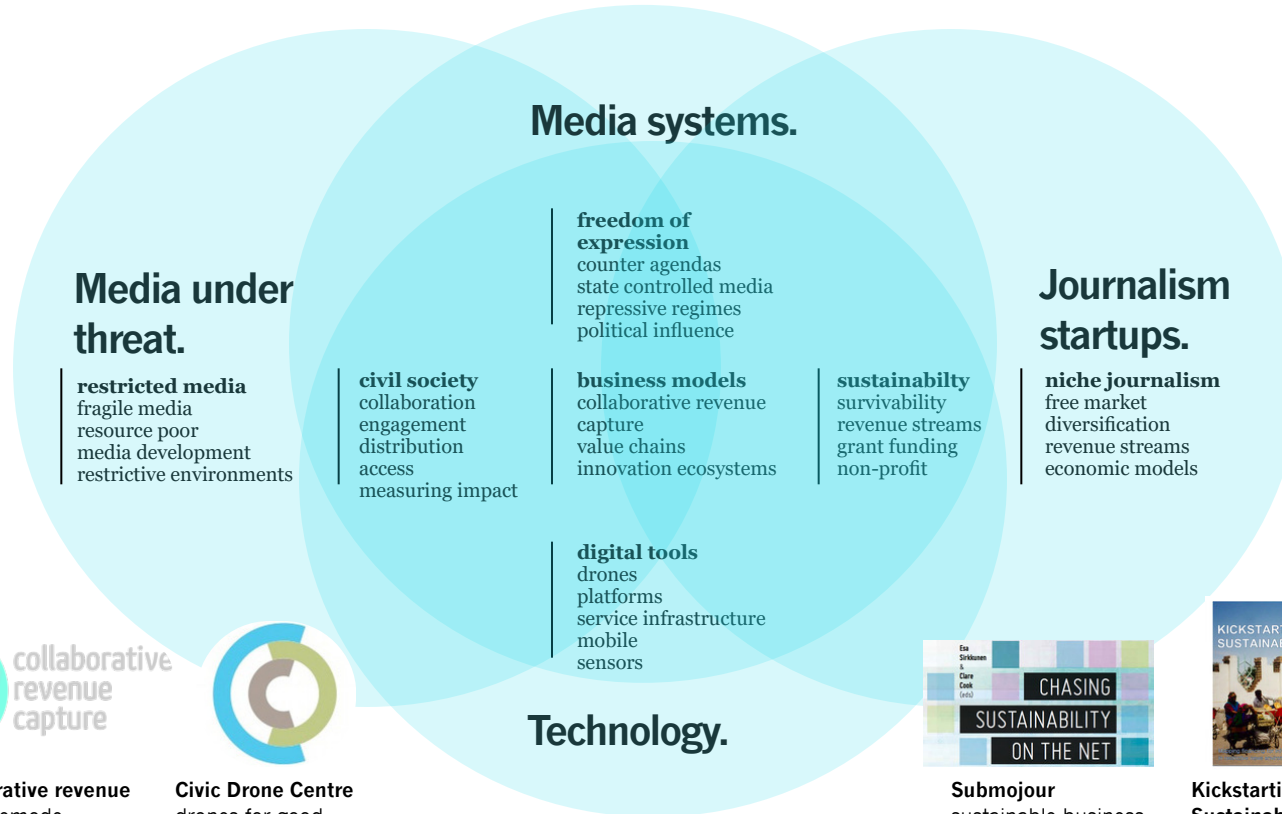
Share



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▶ 15

The Future Projects and research.



Innovation network
for media under

to expose exiled or restricted media to innovation and bring multidiscipline experts together to exchange knowledge. This helps to understand and test business models, share and experiment with strategies for economic resilience and explore new applications and solutions for technological developments



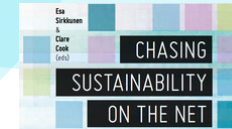
Collaborative revenue
RCUK Nemode

a workshop to explore how collaboration can foster a new revenue model for exiled media. Researching what success looks like, where collaboration could be of value, and what obstacles exist to collaboration. This focussed on shared paywalls, aggregation, multichannel networks and more



Civic Drone Centre
drones for good

facilitating projects with partners such as UNHCR and BBC Worldwide using drones to support media under threat, exploring verification with sensors, content delivery with closed network wifi, and data capture around a range of datasets including environmental and calculating crowd numbers



Submjour
sustainable business

empirical study of 69 startup online media in 10 countries looking at their revenue and business models. Finds storytelling and service orientated media, and a lack of entrepreneurial knowledge. Cook, C and Sirkkunen, E (2013) What's in a niche? Exploring the business model of online journalism. Journal of Media Business Studies, 10 (4), pp. 63-82. ISSN 1652-2354



Kickstarting Sustainability

empirical data on the revenue model of 19 exiled or restricted media and corresponding analysis against free market startups. Finds reliance on grant funding but an economic determination to survive, with experimentation into commerce and crowdfunding. Cook, C (2015) Fragile finance: The revenue model of oppositional news outlets in repressive regimes



Content Collective
proximity broadcasting

a consortium including Wicatr, Nesta, Open Knowledge Finland Diveristy Ad and the Amsterdam Economic Board. The partners will explore a new layer of service delivery infrastructure between users and content providers independent of traditional gatekeepers of the Internet's content. This allows us to test corresponding emergent revenue potential

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Fragile finance: The revenue models of oppositional news outlets in repressive regimes

Clare E Cook

Media Innovation Studio, Media Factory, University of Central Lancashire, Lancashire, UK

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Abstract

For journalists promoting the free flow of information in repressive or restrictive media environments, the issue of financial sustainability is complex. Both media in exile (out-of-country news outlets feeding independent information into the country of origin) and news outlets in restrictive news environments (in-country providing counter-information) exist in flawed market situations and often rely on grant funding. This is the first academic study of the revenue streams of these media, providing scarce empirical data and a typology of funding structures of these media. This article examines three main revenue categories: grant funding, earned income and donations. The major factors influencing revenue streams compared to online media start-ups in open markets are discussed. The article finds significant barriers to revenue creation and identifies the need for alternative approaches, particularly partnerships, to promote economic resilience for media under threat.

Keywords

Business models, diversification, Foreign aid, journalism, media development, revenue, sustainability

Introduction

Exiled and restricted media struggle for free expression against government oppression. For some of the world's most media-restricted countries, news publishers are considered criminals for maintaining freedom of expression: within the case studies included here journalists have been killed, threatened and imprisoned, sites have been shut down, cyber attacks carried out and offices destroyed. Here, exiled media

Corresponding author:

Clare E Cook, Media Innovation Studio, Media Factory, University of Central Lancashire, University of Central Lancashire, Adelphi Street, Lancashire PR12HE, UK.

Email: cecook@uclan.ac.uk

refers to a media outlet that can no longer function in the country relating to its content, and operates in either self-imposed removal or enforced removal, due to danger. In contrast, information providers in restrictive news environments are in-country news outlets. Both share a focus on providing alternative media discourse, championing alternative viewpoints and often work to expose corruption. Their finances are particularly fragile.

While this study shows diversity among media on factors such as launch date, audience size and level of funding, it highlights a number of commonalities to justify comparability. Firstly, these relate to core values and motivations: most are passionate about journalism with a desire to truth-tell, hold decision makers accountable, and disseminate inaccessible material. They were driven to improve their country by fostering an informed citizenry. The second commonality is in the overall fragility of their existence, due to a lack of economic sustainability. These media are often manned by small teams with very limited resources and face day-to-day challenges in terms of infrastructure and threats of arrest and violence. Their financial operations are restricted and the market classed as flawed because they cannot work as normal business entities due to harassment, business pressures and restrictions, and legal complexities. Podesta (2009) identifies 'soft censorship' to include pressure by governments on commercial enterprises to advertise in certain media and not in others. Market distortions materialise for many reasons: the economy may be so weak that local businesses have no incentive, or ability, to advertise; literacy and the purchasing power of citizens are low; oppressive regimes distort advertising by controlling who works with whom; legal and political constraints present obstacles to business development; cultural barriers create audience apathy. They exist despite distortions in both the commercial market and administrative systems, and operate in isolated conditions (CIMA, 2007; Nelson 2011a; Fojo Media Institute, 2013).

Aims

This article presents analysis generated from a consultation on the funding structures of 19 independent exiled or restricted media outlets. These include media outlets covering the Caucasus, Belarus, Zimbabwe, Zambia, Uzbekistan and Turkmenistan, Sri Lanka, Syria and Iran. The economic aspect of oppositional media is poorly developed as a scholarly research area. This article focuses on gathering empirical evidence of their revenue streams. It does this against the backdrop of revenue diversification: grant funders seek evidence of more revenue streams being used, and media in more open markets are also diversifying their revenues. In this way, the study evidences the extent to which exiled and restricted media are moving on a trajectory towards a more business-driven environment, and the role diversified revenue streams play in achieving a more robust economic structure.

A taxonomy of three main revenue categories is discussed. Firstly, grant income (media development aid) and its impact on economic viability. Secondly, earned income (commercial revenues or services), including advertising as a revenue

source, sales, affiliate marketing and others including cross-subsidy from for-profit business ventures. Thirdly, private donations (from individuals or through crowd-funding) are discussed including non-monetary exchange, where services can be 'traded' as part of an alternative value system. The article also examines significant internal and external barriers that thwart business development. By exploring the interplay of public and private funding with commercial revenues, the article suggests areas worthy of further exploration capable of promoting longer term economic resilience.

International development aid to news media

Media assistance as an element of democracy and development has emerged progressively since the United Nations Conference on Freedom of Information in 1948, broadly settling into two often overlapping perspectives: media for development (communicating a message) and media development (supporting media *per se*). Media are recognised as important vehicles to address state fragility and wider conflict resolution as they can create the conditions for political or economic change. More recently, supporting independent media has gained prominence within the UN good governance agenda (Wilson et al., 2007) for its potential to mitigate against misrule. However, global press freedom has declined in recent years, according to US pro-democracy think-tank Freedom House, despite greater diversity in news sources and platforms (Freedom House, 2014). The relationship between media freedom and democracy is not simple.

Within the environment of international media aid flow, unpicking who gets what from whom and why is complex for a number of reasons. Firstly, assessing a country's press freedom is problematic. Two leading frameworks, the Freedom House Free Press Survey and the Press Freedom Index from Reporters Without Borders, use different methodologies. The toolkit approach to assessing media development (Banda and Berger, 2014) goes some way to being more flexible and responsive. Secondly, press freedom itself is an uncertain concept, understood differently across democracies and authoritarian regimes (Holtz-Bacha, 2004). Even of the Western democracies seen to enjoy press freedom, the legal, regulatory and conceptual environments differ considerably. Thirdly, the wider politics of international development aid is determined at least partly by the commercial and political self-interests of particular donor countries, by geopolitical and strategic considerations that far outweigh developmental motives (Alesina and Dollar, 2000) or by trade interests (Berthelemy, 2006) that result in links between foreign policy interests. The British and US governments expend a disproportionate amount to Iraq and Afghanistan, while others adopt a 'flavour of the month' syndrome (Nelson, 2011b) sometimes at cross-purposes with military media priorities (Cary, 2010). The British government eliminated all foreign aid to 16 countries, many in Africa, as part of an effort to 'rebalance' its international development budget (Watt and Walsh, 2007). Focusing on advocacy non-governmental organisations (NGOs) in Asia, Parks (2008) notes how 'donor priorities are constantly shifting'.

It is equally difficult to establish clear estimates of the amount of money dedicated to media support as it is often part of generalised democracy and governance assistance (Deane, 2013), from multiple portfolios, and actions often result in a lack of close donor coordination (Fuchs et al., 2015). Estimates suggest that \$441 million of official development assistance was spent on media support (of which 45% was spent on media development and 19% on media infrastructure) in 2012 from member governments of the Organisation for Economic Cooperation and Development (OECD). The biggest media assistance providers were Germany, the United States, Japan, Sweden and the EU institutions. There is much variation in levels of support, country-to-country. The largest beneficiary region was Asia, closely followed by Africa, according to analysis by Cauhape-Cazaux and Kalathil (2015). They note that many governments shy away from any kind of media support because it is seen as too sensitive.

However, media development assistance is happening across an ever-widening range of aid agencies, international organisations, private foundations, media-based and, most recently, new technology and internet freedom philanthropic bodies. It is impossible to conclusively measure the amount of funding available due to the blurring of boundaries across these actors. However, Nelson (2009, 2011b) makes inroads into documenting US private foundation experiences. For example, one of the leading private funders in freedom of expression is the Open Society Foundations. Out of \$40–50 million on media development, a share of \$10 million is spent on freedom of expression.

Where funds are allocated, they have begun to target areas of broad need: tackling a deficiency of basic business skills, a lack of market data and increasingly audience research (Foster, 2014). Donors adopt an integrated model of support to encompass editorial quality, infrastructure and financial sustainability. Some evidence of economic sustainability is increasingly required as part of grant eligibility criteria.

With media moving rapidly into the digital space and the evolution of technologies, the question of how to sustain media will grow in importance. According to Lara Arogundade, director of media NGO International Press Centre: 'Media centres will have to creatively think of rendering services for which they could receive payment so as to be able to meet aspects of their operational costs' (CIMA, 2007). Equally, members of IFEX, the global freedom of expression network, reported it had become 'strikingly more difficult to obtain funding for their work' (Becker and Vlad, 2009). Long-standing information providers such as Short Wave Radio Zimbabwe and Uznews.net Uzbekistan, for example, closed in 2014 due to lack of funding. These changes make revenue, and diversification of revenue streams, more pressing considerations for those media working to maintain free information flow.

Literature review

From the perspective of media economy, there are two fundamental but not mutually exclusive models with which to frame the media industry: the market and

public interest models (Croteau and Hoynes, 2001; Tunstall, 1991). One might expect scholarship on media systems to inform the relationship between exiled media and their various governments, but most of the literature focuses on the mainstream news organisations in each country (Hallin and Mancini, 2004, 2011) or press classifications (Hachten, 1999), ignoring small and atypical oppositional media surviving at the edges of the political system and the economy. Exiled media lead a nomadic existence and fit neatly into the media systems neither of their home countries nor adopted countries (Dobek-Ostrowska et al., 2010). Media systems are more heterogeneous than they are homogeneous, influenced heavily by regional cultural and political experiences, as well as different economic forces (Obijiofor and Hanusch, 2011). Where media system frameworks fall particularly short is to ignore the operating environment of exiled media, often rooted in the specific evolution of media and politics in these countries.

Scholars have focussed more on media development in terms of roles and democracy. For example, Hughes and Lawson (2005) discuss the struggle to deepen democracy in Latin America through media diversity, while Waisbord (2007) and Becker (2011) argue that media can raise awareness and affect accountability. Moyo (2009) analyses the content and form of three online news services in Zimbabwe to establish the influence of the internet on democracy, while Bratic (2006) argues for the potential of digital media to increase democratic participation in conflict situations. Studies suggest better-informed citizens are more likely to vote, which encourages politicians' responsiveness (Stromberg, 2004), and freedom of the media is highly correlated with broader political freedoms (Karlekar and Becker, 2014). Although the effect is arguable, reductions in restrictions on journalists can have a positive impact on corruption (Brunetti and Weder, 2003; Chowdhury, 2004; Freille et al., 2007).

What is lacking is better understanding of how the emergence of Gillmor's citizen empowerment (2010) or Castells' (2007) mass self-communication and counter power can be financially sustained in restrictive environments. Without an effective funding structure, the fundamental capacity for 'social movements and rebellious individuals to build their autonomy and to confront the institutions of society in their own terms and around their own projects' (Castells 2007: 9) as effective actors in deciding power, remains thwarted.

Finding a workable economic solution is an issue in many resource-poor environments. Restricted media are more like non-profit charities, promoting social and public service values than profit-maximising businesses, much like the investigative Latin American journalism non-profit sector (Requejo-Aleman and Lugo-Ocando, 2014). In digital inclusion projects in India, South Africa and Brazil (Madon et al., 2009) piecemeal revenue successes were managed around donations, or partnerships with NGOs, but otherwise long-term indigenous revenue streams were difficult to find. Of most relevance are the scholars who focus on the economic barriers to operations. Parsons et al. (2008) map the barriers to media development including economic impoverishment, lack of stable monetary systems, poverty, media consolidation, and the cost of starting out, but stop short of gathering any

empirical evidence. Who owns a media outlet and thus controls its sources of capital and revenue are relevant here (Foster, 2012).

By focusing on revenue generation this article adds to broader scholarship on how a media does business (Osterwalder et al., 2005), the totality of value creation (Afuah and Tucci, 2003; Timmers, 1998) and market competition (Ethiraj et al., 2000; Mayo and Brown, 1999). Financial sustainability is as important for cause-driven organisations as for those who are profit-driven because they still need income to cover their costs and continue towards their objectives. This article uses a model by Byrne (2010) as a starting point. It describes the *actual* position of media businesses in emerging and developing markets compared with a *desired* market-driven position and suggests economic ‘robustness’ is increasingly facilitated by diversifying revenues (see for example, Downie and Schudson, 2009; Grueskin et al., 2011; Kaye and Quinn, 2010; Rosenstiel and Jurkowitz, 2012). Beyond bundling hard news with more advert-friendly soft news, modern digital technologies have resulted in revenue diversification and any innovation being grabbed ‘with all the enthusiasm previously reserved for lifebelts on the Titanic’ (Franklin, 2014). In the context of more open markets, Picard (2014) goes on to identify optimism in trends for news providers to be less dependent on one form of funding and towards experimentation, be that with mixes of paywalls (Myllylahti, 2013; Pickard and Williams, 2013) or the commerce potential of mobile news (Nel and Westlund, 2012). In Basque and Catalan minority-language media, Zabaleta et al. (2014: 515) suggest that standard revenue sources can be complemented by a new paying membership or tiered contribution income stream aimed at reinforcing ‘commitment to and empathy with the media project’. Similarly in the digital creative industries, Li (2015) finds that ‘portfolio models’ are made feasible by digital technologies where each new revenue stream is often financially modest, but the combined revenues from different income streams can generate profits. This article gathers empirical data to map the extent to which complementary revenues streams or a portfolio model have been adopted by oppositional media.

Of particular, conceptual relevance is the Submojour study (Sirkunnen and Cook, 2012) that focuses on the revenue models of 69 media start-ups in 10 free-market countries. Its exploration of how media are moving towards a more diverse business model combining multiple revenue streams has influenced the research here. It also finds how media are increasingly dividing up their operations around which revenues can be mobilised, both in a storytelling- (multiple products and content) and service-orientated model (such as consultancy, training or technology). This can be broadly set against the long tail of media business (Anderson, 2006) where digital technologies enable niche media with corresponding opportunities for revenue (Briggs, 2012; Bruno and Nielsen, 2012). However, even in free markets the economic sustainability of niche-based journalism is a struggle due to significant influences of mainstream media, markets setting the conditions for using technology and a wide compendium of market forces thwarting revenues (Cook and Sirkunnen, 2013).

In contrast, this research hypothesizes that diversified revenues will not return sustainability in the more complex operational setting of restrictive news environments. The term sustainability is understood here economically, referring to a capacity to be viable against the media's objectives in the medium to long term. It does not presume growth or profit and echoes Elliott (2012: 58) who states the need for sustainability to be 'spatially and locally defined'. It takes as a starting point Craig LaMay's definition as 'financial sustainability with a public-service editorial mission' (CIMA, 2007) maintaining both a mission good and a revenue good. A democratic or developmental role cannot exist without a viable business model (LaMay, 2006) raising two, sometimes competing, objectives: providing information as a public service and operating a sustainable business. Servaes et al. (2012) have produced a helpful framework of sustainability indicators that state 'each society and community must delineate its own strategy to sustainable development starting with the resources and capitals available (not only physical, financial and environmental but also human, social and institutional)'. For many scholars, sustainability relates to development around three pillars: economic, environmental and social (UNCED, 1992; WCED, 1987). Yet, it has become a buzzword with vague meaning (Hull, 2008). Two current definitions do not go far enough: neither the International Research and Exchanges Board's Media Sustainability Index (MSI) indicator as the 'ability of media to play its vital role as the "fourth estate"' nor the Center for International Media Assistance definition as 'the ability of media outlets to operate without outside assistance' offer precision on economic resilience.

However, the importance of sustainability is acknowledged by media under threat and actors in the sector. Of direct relevance, a consultation by non-profit organisation Fojo Media Institute (2013) looked at the sustainability of 14 independent exile media outlets. It found fledgling evidence of revenues from grant income but a lack of impact from those initiatives on overall budgets. A lack of in-house business skills was a key challenge and doubts as to the likelihood of achieving full sustainability in exile were raised (Fojo Media Institute 2013: 17). Research has also focused on alternative investment models with access to finance being a critical challenge (Wan-Ifra 2011).

The literature lacks empirical data not only to better understand the economic operational circumstances of such media but also to provide a better definition of sustainability in economic terms. This study addresses that knowledge gap by making the connection between economic sustainability and media development, and the role revenue diversification plays in the trajectory towards a more market-driven 'robustness'. This allows for a better understanding of the economic model of such media in their own terms, while still allowing for comparisons with broad trends in niche media markets in open economies where goods and services are freely exchanged, and forces of supply and demand are largely free from government restrictions, price-setting monopoly or other authority.

Methods

Semi-structured interviews (26 open and closed questions) were conducted with representatives of exiled media or media in restrictive environments, between November and December 2013. The sample of 19 media was selected from NGO donor contacts, the researcher's own networks and snowball sampling (in which interviewees identify other possible interviewees: Cohen and Manion, 1985), possibly skewing the sample. More systematic sampling was not possible, as no listing or database exists which may explain a lack of academic empirical data to date. In a new research field such as this, data gathered in this way are still valuable.

The sample offered a range of media (online, radio and print) covering the Caucasus, Belarus, Zimbabwe, Zambia, Uzbekistan, Turkmenistan, Sri Lanka, Syria and Iran. The aim was to offer comparability by detecting significant factors in income-generation and to identify experimentation with revenue streams, rather than represent any one country or media format. The sample offered a range of media in terms of age, size and total 2012 revenues (see Table 1) to maximise the comparability of experiences with revenue generation.

Eight further interviews using a second semi-structured questionnaire were held with project managers of grant-making organisations and media business specialists in this field. These were conducted face-to-face, to document trends and reflections on the wider context of sustainability among the exiled media community, and as background information.

Here, media outlet refers to any group or organisation producing online content independent from, and alternative to, the state-controlled information stream. The sampled media were often small teams with a production process that drew on a range of expertise: from aggregated content pooled from other providers, freelance journalists in-country and in exile (both registered and non-registered), social media commentators, community volunteers and full-time professional journalists. Anonymity was agreed to assure lives and livelihoods, yet common factors were drawn out to preserve analytical relevance. Exiled editors who choose to live in a more open market area and supply content to the diaspora community were not included. Nor does the research include journalists who may be in exile but who

Table 1. Sample of restricted media under review, n = 19.

Date established	Monthly unique users	Total revenues 2012	Location
Before 2000	1 Unknown or n/a	5 Unknown	2 In country 6
2000–2005	5 Under 20,000	2 Under \$50,000	5 Out of country 13
2005–2010	4 20–100,000	6 \$50–100,000	4
2010–2012	5 100–250,000	4 \$100–200,000	3
2012+	4 More than 250,000	2 \$200,000+	5

work for large, government-sponsored organisations. Where media outlets do appeal to diaspora communities, there must also have been content disseminated to the home country, in order to be included in this research.

Results and discussion

A broad comparative taxonomy of revenues used by the media under review is shown in Figure 1, in comparison to revenue streams of media start-ups online in non-repressed environments. Fourteen of 19 media outlets said they were either quite or very confident that they would still be around in five years' time.

Grant income

Given the operational circumstances, exiled and restricted media depend on heavy grant income in most cases. Grants were a substantial source of revenue, or a way of launching, in all but two cases. Grantees acknowledged the need to diversify their sources of income, an official exit strategy away from grant funding and shorter term grants being on offer. An Amsterdam-based outlet covering Iran said: 'You must do a lot to get grants now; you must make time for it and do a

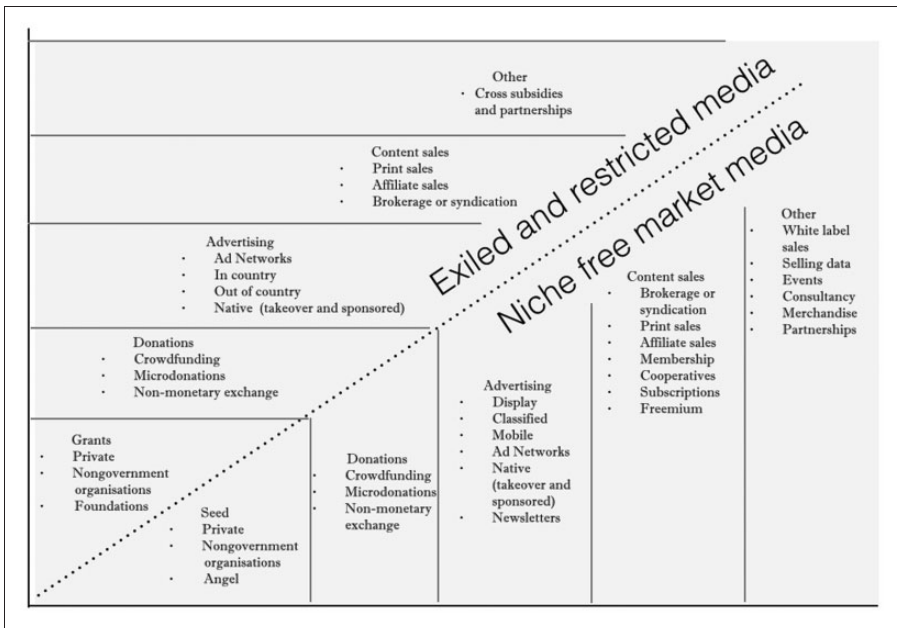


Figure 1. Taxonomy of revenue streams for exiled and restricted media compared to niche free market media.

lot of work'. This concurred with feedback from donors, who said they had to focus on the 'health and integrity' of grant recipients. One foundation project manager said:

To make sure the media we are supporting is not constantly on the edge of collapse is at the heart of our operations. We put a big emphasis on accounting and strategic planning... to bring business development to the fore

There was evidence in at least five cases that chasing and diversifying grant income was a core strategic decision and was central to the revenue model. An outlet covering Iran earning \$50–100,000 said: 'We made the decision eight months ago that we needed to build on different grant income. We are in better shape now that we have other grant sources and not just one'. One covering Syria with annual income of between \$100–200,000 described how grant bidding influenced their activities. 'We produce content specifically according to the grants we are taking. We needed to find a way to be sustainable by using different NGOs to fund specific shows'. Another covering Syria with under \$50,000 annually made grant bidding a core goal of business development. 'We have specifically looked for funding that have renewal or re-funding – and they have background experience in our field. Grants are part of our strategic thinking'. In this way, grant income has become part of exiled media DNA, notably for one in-country Zimbabwean site generating \$100–200,000 in 2012:

Grant income is the one we have experience in and that feels more efficient than moving into less known spaces. We write a proposal and then shop it around. So the solution is to make the grant model less efficient and the other models easier to contemplate. We have years of experience in donor funding and almost none around the other revenues.

Challenges

There is a risk that a cycle of grant dependency is created. Only two cases in the sample had no grant income. Taking a neoliberal market perspective, Goldman (2012) notes, grants need to 'avoid distorting the very markets we hope to strengthen' by disadvantaging stronger for-profit entities which cannot compete against companies that have received large grant support. An in-country Zimbabwean media outlet generating more than \$200,000 said:

Grants and donations can serve to weaken the operations of a company, as the business gets used to living off well-wishers. Any help would have to be calibrated very carefully so that it doesn't impact negatively on the business in the long term.

Impact investing explores how funds can generate measurable social and environmental impact alongside a financial return (Lewin and Smith 2014). Distinguishing grants as seed funding, rather than a sustainable revenue stream, are pertinent against the new venture capital model of philanthropy, such as the Knight Foundation. Grantees receive start-up money, particularly around technology innovations, but are expected to be self-supporting within a few years. In all, a 'donor ecosystem' (Nelson, 2011b) is emerging. Mazzucato (2014) would go further advocating an 'innovation ecosystem' in which media could develop through a vibrant interaction of public and private revenues.

Earned income

Income generated from content is particularly challenging for oppositional media. Where earned income was generated, this was often in limited amounts and activity was considered a chore or a distraction from core activities. That said, there was evidence of a range of earned income streams, and revenue proposals for the future. This demonstrates fledgling moves to a 'mix and match' approach advocated by Briggs for entrepreneurial journalism (2012: 75). However, the potential for revenues to offer any real impact towards sustainability for individual sites remains questionable.

Advertising

The study found broad awareness of advertising as a potential revenue stream, with nine sites using some form of advertising. However, there was significant variation in the range of expertise. There was a general lack of understanding around advertising types and terminology. In-country advertising refers to advertisers who are based within the country where content from the media outlet is focused. Out-of-country advertising is where the advertiser represents a product or service that is available beyond the country where content is focused. The genres of advertising evidenced were: display advertising in print, banner advertising online, Google online advertising programme Adwords, native or advertorial and the use of an online advertising network.

Advertising networks

Of the sites using advertising, four used an online advertising network. A further four were in negotiations to start, showing it to be the dominant avenue for revenues. It works by pooling media sites into one global advertising network of standard advertising formats and sizes, creating a potential global reach for advertisers demanding a higher price and greater returns for the publishers. The price of advertising varies, depending on the site, country or audience they want to reach. A partnership deal with UK news publisher *The Guardian* also allowed the sale of

advertising on behalf of the network with rates of \$2–\$20 per thousand views. For the media outlet, it generates income from out-of-country advertising that would otherwise be elusive, by attracting larger businesses (for example within education and banking). The network works on a revenue share, with media outlets being paid 70% of revenues generated. A challenge is that lucrative brand-led advertising purchases are most common for in-country markets, where the visitors and advertisers are aware of the publisher's brand. Oppositional media are naturally precluded from such deals. The early success of the ad network shows an outline scope for business partnerships.

Display advertising

Online banner adverts were chosen as a revenue stream for the sites where audience traffic was sizeable enough to make it viable. Banner adverts were sold to a phone provider on a site covering the Caucasus because 'the region is important for them. It is not because they like us for their business strategy. It is because we are big. They know the audience; they want the quantity'. A Belarusian radio station generated advertising as a small share of revenues despite an advertising manager being employed and radio ad rates ranging from \$31 to \$63 a minute, plus online banners from 84 cents to \$1 per thousand views. Advertisers included media and education institutions, concert agencies, mobile phone operators, car traders and travel companies. One Minsk-based website with 106,000 monthly unique users made \$3–4000 a month from banner advertising. 'Banner advertising used to be minimal but it is growing [but] we don't want too many as we don't want to irritate the audience'.

Native advertising

Native advertising or 'advertorial' content was used by a site in Belarus with 2012 revenues of less than \$50,000 but a low reliance on grants: '[These] are much more fun for us. It is a very good sell for us'. They had experimented with one-off advertising projects around special edition content, creating virtual shop windows connecting editorial and local artists. 'It generated a very good income. We are now launching this as a permanent service. We have also done branding and sponsoring of articles around one topic, and we profited a lot'. This site had design and coding expertise in-house. Branding spaces as the background for the main home webpage were developed and sold as sponsored sections.

It is a hybrid of different models that I have seen from other markets and we have had to rethink it for our [restrictive] market which is more complicated than ever. It is about finding the content you want to write about and then building a section around it which can be monetised.

Sales

Two media outlets earned money through the cover-price of print editions. In both cases, this revenue stream represented a sizeable proportion of the earned income (60% of revenues in one case).

This works for us in a cash-strapped Zimbabwe that is suffering liquidity challenges because it means we are able to manage our cash flows better as street sales result in daily cash receipts to fund operations. If we were dependent on advertising we would suffer as advertisers generally take long, an average of 45 days, to pay their bills.

For three sites, revenues were made from affiliate marketing through services such as Amazon affiliates, where the host site receives a small amount for sales placed as a result of directed traffic. For one selling Iranian books, it generated small revenues, such as \$1130 in one year. Revenue was made using citizen journalism site Demotix, which pays on a revenue share basis for photography when content is sold on to mainstream media, for a site covering Central Asia.

Cross-subsidies and partnerships

In two cases, revenues were generated from an umbrella or sister for-profit company. One combined a charitable status media outlet with a communication consultancy for marginalised communities; the other an advertising agency with a media outlet. This allowed revenues from commercial trading and grant funding through the charitable arm. One started producing a youth magazine then had to move underground and, at relaunch, separated an advertising company and a media outlet. 'The 12 years' experience mixing advertising and media has helped. With the income from the advertising business, we can adjust the technical services we offer and be more efficient.' In another case, two media sites covering Iran had reciprocal links, each helping to drive traffic to the other. A Zurich-based site focussing on citizen media in Central Asia has developed a portfolio of partnership projects around publishing stories, shared blogging platforms, teaching and testing for a university.

Challenges

There were two types of constraints on earned revenue: a conflict between editorial mission and commercial activity and operational complexities. A site covering the Caucasus said: 'We write about disappearances, tortures, the hardest stories on human rights violation, and advertisers do not want to be associated with that'. Politically repressive governments also put pressure or constraints on companies not to advertise in independent media. Another said their target audience was too disparate, and their broadcast time too short to be of value to advertisers. Sponsorship and selling merchandise are rarely appropriate, particularly for an outlet covering Turkmenistan: 'Selling merchandise would be ridiculous. People

are not going to wear a T-shirt in the country where even the website is locked and you have to use a proxy service to read it'. There was a sense among some that audiences would no longer support media if they were earning revenues. One Syrian journalist said: 'We will lose credibility if we earn income. They are listening to us exactly because we are struggling and non-profit. If they felt we were making money out of it they would lose faith'. Several sites said advertising would detract from the overall appeal of the site or would irritate the audience. An Uzbek outlet based in Germany said: 'It would make the website look bad; it would trash the editorial and for \$200 a year it's not feasible'. Some felt that commercial activity was incompatible with their mission. '[Earned revenue] is not part of our business strategy because our roots are editorial.' An out-of-country Turkmenistan site with \$50–100,000 revenues in 2012 suggested grant funds be held centrally: 'Given the high risks [this] would protect or restore our online platforms, to provide emergency support to our correspondents to organize necessary meetings, to urgently replace equipment'. Several said that asking for any type of payments for the content, either directly or via donations, thwarted efforts to gain reach. The priority was for 'freedom of speech' and for anyone to take the information for free, as long as it gets out there.

There were operational difficulties in earning income, such as persuading advertisers to pay on time. Language was also a challenge, in restricting opportunities between websites, selling content onto mainstream media and also in electronic publishing (in the Persian language Farsi, for example, formats would need to be read from right to left). Human resource issues internally were problematic as teams often numbered fewer than 10, with a strong bias to editorial and human rights backgrounds rather than business. A traditional sales role on a commission basis was also deemed 'untenable' as they cannot generate enough to make it worth their while, and wages were often ineligible for grant funding. Small teams, often volunteers, were sometimes unable to produce high-quality journalism and this was in turn deemed to limit earned income, as advertisers do not want to be associated with a poor product. Resourcing also affected development of data processing as an income stream. In the UK, for example, a media data dashboard service, such as Leeds Data Mill, is being developed and sold under licence. 'We have to look at our major core needs and things like monetising data are a luxury,' said an editor covering the Caucasus.

Donations

There was a widespread awareness among the media interviewed that donations (any private financial support) would be a step towards revenue diversification. All but five media had experimented in some way with donations but only seven made any revenues, and these were often small or piecemeal.

Crowdfunding

Crowdfunding works by running a fundraising campaign with target funds raised from relatively small user donations that can have the potential to overcome

funding gaps (Wingerden and Ryan, 2011). Crowdfunding was successful when focused on a specific project or activity and involved international funding on sites such as Indiegogo (and others like it, such as Kickstarter or Spot.us). This is consistent with the view of Macht and Weatherston (2014) that crowdfunding can help bridge the funding gap between internal (founders, friends and family) and formal external (media assistance, banks) support. Crowdfunding projects mostly succeed by narrow margins or else fail by large amounts and reduce the importance of traditional geographic constraints (Mollick, 2013). One organisation which focuses on bridging a gap between citizen and mainstream media with correspondents in Kenya, India and Sierra Leone used Indiegogo to raise revenues for an in-house Google-to-SMS reporting system. Sixty per cent of target funds were raised, reaching \$16,000. Another mobilised a large social media campaign to get donations from crowdfunding and private donations around major European cities. This generated \$40,800 mainly targeting middle-class audiences for the broadcasting of information to Azerbaijan. 'It has to be specific - something passionate that people will get behind. They see it, and read it, and think, I want to be part of that'. In the Caucasus, a crowdfunding initiative was successful generating around \$50,000 over 10 months; however, it was 'very complicated and it took a lot of time'. The campaign was targeted offline and online, around social media and text messages, to raise awareness of persecution against regime opponents. 'The payments were taken through an equivalent to PayPal, directly into bank accounts and payment stations'.

Microdonations

One Uzbek outlet had experimented with Flattr, a social micropayment site, where users sign up for an account and transfer money via credit cards or PayPal. This then allows them to financially credit any content they listen to, watch or read by liking it. However, it was deemed to have limited success, returning only a handful of small donations. Four respondents said digital infrastructures were an obstacle to generating revenues. Some sites depended on subsidy from individuals involved in the media outlet. Shareholders in one Zimbabwean media provided 60 per cent seed capital that was used to relaunch operations, while another relied on their private funds to support their work. Other examples of one-off donations were from private individuals ranging from \$100 to \$10,000. One site was given a donation after a speaking engagement.

Non-monetary exchange

Media outlets benefited from non-monetary exchange, where products or services, are swapped instead of currencies. One was successful in encouraging local 'ambassadors' to promote the media activity and attracting unpaid volunteers. The collaborative service site goodfornothing.com, where skills from around the world are offered for free, was used.

Challenges

Even the most advanced editorially led initiatives typically generated only a fraction of the overall budget from donations. Apathy and poverty were listed as major obstacles. One Uzbek outlet recalled:

We appealed to the community that it was an SOS message and \$113 is all we got despite there [being] a huge need for our website. It is a very passive attitude. People are not very politically active and take everything for granted.

An outlet covering Belarus said the wealthier classes ‘need more time to understand they need to pay for media to exist – even the most loyal audiences who download every day are not prepared to pay’. This was compounded with a cultural trend towards normalising piracy and counterfeit goods, which makes ‘it very difficult to make people pay for anything online’. An Uzbek site said: ‘People don’t understand that you are part of society. We collected signatures for a petition once and we had only 154 signatures. Engagement in general is very, very low’. A Zimbabwean outlet earning more than \$200,000 in 2012 said: ‘We have sent letters to universities and associations asking for subscriptions and donations as a gift, or appeals to the diaspora asking for gift subscriptions for family back home - they were all a flop’. Other concerns focus on the mission and structure of the media outlet, which opposes donations. ‘A lot of people know you get grants and say, why should I pay you?’ Another Zimbabwean site said: ‘The culture is that if you are a human rights organisation then you are funded and it’s not our job to fund you; that information should be free’. This supports recent research around a community journalism project in Kenya, which concluded that residents weren’t interested in journalistic work when they were not actively engaged in it (Ekdale, 2014).

It was also noted that donations were an unrealistic expectation from in-country and out-of-country audiences who are struggling. A Zimbabwean media said: ‘Everyone is poor. They club together and even those in the diaspora work their butt off in the first world to send enough back home, so the last thing on their minds is donating to media’. For Syrians,

they prefer to give to charities and people who work in relief, not media’ according to one respondent. Several sites show some genre of ‘donate’ appeal on the website. This was universally unsuccessful as an income stream, generating very small revenues. A Zimbabwean site noted: ‘We put it there because it seemed to be what you ought to do but it generated less than \$100 a year.

More generally, banking was problematic for underground organisations. One site covering Sri Lanka said they had a ‘specialist account for people wanting to donate but the government has tried to locate us before’. The outlet described how they could not use PayPal because it required specific bank details, which deterred some for fear of persecution (monies had to be transferred to distant relatives in other countries and via third parties so as to remain anonymous). A Zimbabwean

site said: 'We would have to move into mobile payment more seriously, for example using EcoCash (a Zimbabwean mobile payment solution). However, it is quite onerous to get an account. You need to be selling things as an individual or company'.

Conclusions

Further research is needed on emerging new revenue streams facilitated by alternative technology developments. Further exploration of collaboration in multiple forms (networks, sharing and content platforms) and the potential emergence of an innovation ecosystem in the wider context of value creation (Adner and Kapoor, 2010) would be highly relevant. Rather than merely examining the structure of ties among actors in a network, such a focus could offer a perspective on how partnerships might form and in what ways they could generate economic values in order to strengthen financial resilience. This new area of research requires a synthesis of approaches to business, revenue and restricted media.

Across media in exile and in restrictive news environments, there is a persistent reliance on grant funding. For some, this has become part of the revenue model DNA and a core strategy. There is evidence of experimentation with a range of revenue streams, such as selling content, advertising, and affiliate schemes as well as appeals for donations or editorial projects funded through crowdfunding. Certainly, the knowledge and need to try a variety of revenue streams are widely known. There was some evidence here of the 'bricolage' method (Senyard et al., 2014), by which resource-constrained firms make do by applying combinations of resources. It is also possible to see that business structuring and combining commercial or for-profit expertise with non-profit media can create a more robust economic structure.

The lack of revenue being generated by these initiatives, however, exposes the difficulty in achieving a portfolio model. Respondents spoke of exploring income from non-information services, moving into journalism training, or developing other services around data, yet these had not begun. There was an overall lack of understanding of the varied perspectives on sustainability, and to reconcile the potential for commercial activities while still being a non-profit public-interest organisation. There was much confusion about the level of perceived donor knowledge of challenges 'on the ground'. Further research should include longitudinal evaluation and monitoring, to assess sustainability more fully (Servaes et al., 2012).

By the definition of sustainability used here, many media are indeed solvent in the medium- to long term. They are less successful in terms of a funding structure that is more diverse and robust, becoming more self-sufficient and less reliant on grant funding. Media must tailor their offerings and revenue generation capacity to specific economic, political and cultural conditions if they are to adopt the more robust business ideals set out by Byrne (2010). The majority of media outlets were confident about the future and were positive about viability but were less clear about how this would be achieved.

The clearest progress towards a sustainable revenue stream was through an advertising network. This works by pooling many media sites together into one

global advertising network of standard advertising formats and sizes, thus creating a potential global audience reach for advertisers. It is evidence of the potential for a partnership approach to be used by exiled media outlets: revenues may be as likely to emerge from pooling resources and content as they are around discrete media outlets. There was also interest in coordinated approaches to better facilitate anonymous donations and online or mobile payments, which would otherwise be too expensive or technically challenging to set up if taken on at the individual media level. Thus, while radical shifts in journalism through technology and social media are affecting the financing of some media, this does not seem to be the case for oppositional news outlets in exile or repressive regimes. The development of new revenue models or adjustments to revenue strategies remains piecemeal.

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Beyond clickbait and commerce

The ethics, possibilities and challenges
of not-for-profit media

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Edited by **Judith Townend,**
Denis Muller and **Richard Lance Keeble**

Contributors include **Mel Bunce,**
Clare Cook, **Dave Harte,**
Jonathan Heawood, **Lyn McGaurr**
and **Jocelyn E. Williams**



ethical
space

Money under fire: The ethics of revenue generation for oppositional news outlets

This paper critically assesses the ethical challenges not-for-profit oppositional news outlets face when generating revenues. Both media in exile (out-of-country news outlets feeding independent information into the country of origin) and those in restrictive environments (in-country providing counter-information) often rely on media development funding to survive. Yet they are increasingly expected to diversify revenue as they wean themselves off grant dependency. As a result, tension arises between the necessities to generate revenues while continuing journalism in some of the most challenging environments globally. Building on empirical data, the author reflects on the ethical implications of three main revenue categories being used: grant funding, commercial revenues and donations. The paper finds oppositional news organisations are faced with a unique set of pragmatic challenges that prompts an ethical value set which oscillates between entrenched dependence on grant funding, commercial reluctance and commercial reconciliation.

Key words: exile, oppositional news, revenues, business, media development

Introduction

Exiled media can no longer operate in the country relating to their content. Journalists operate in exile on a residency, refugee or asylum status and focus on getting news back in. News exists online, occasionally in print, or shortwave radio near borders, satellites or phone-in radio. They are often unable to return home due to danger or warrants for their arrest, and many have been abused, imprisoned or tortured. The sites can be blocked in-country, requiring a proxy server; offices can be destroyed and cyber-attacks carried out. Information providers in restrictive news environments are in-country news outlets often operating under the radar. They also face extensive legal and operational difficulties. Both kinds of oppositional news outlets share a desire to truth-tell, give a voice to their populations suffering war or oppression and foster

informed citizenry. Most see journalism as a way to hold decision-makers accountable and disseminate inaccessible material. They have a bias to editorial and human rights backgrounds rather than business. While journalism often focuses on human atrocities and hard news stories, editorial checks on balance are limited. Often volunteers, they are sometimes unable to produce high-quality, objective journalism.

The second commonality is in the overall economic fragility of their existence. Many face a unique set of business challenges internally and externally (CIMA 2007; Nelson 2011; FOJO 2013). Production is required on limited resources far from audiences in different languages. Teams are often small and traditional commission-based sales roles are deemed 'untenable' as they generate too little. External to their outlet, the market and currency are often weak and the normal supply and demand of products and services is disrupted. Government agents and trolls disrupt interaction online; literacy and the purchasing power of citizens are low. Podesta (2009) identifies 'soft censorship' to include pressure by governments on commercial enterprises to advertise in certain media and not in others. Market distortions arise for many reasons: advertisements are controlled, sizeable retail chains closed, controls are imposed on who works with whom, cosy business relationships are developed including highly lucrative concessions in exchange for a 'financially unsustainable pro-government media outlet' (Loza 2015). Internet penetration is usually low with slow bandwidth and with readers risking arrest. It is also a challenge not knowing what the future holds: if and when a country will transition.

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Given the operational difficulties and market distortions, it is significant that legitimate donor funding has emerged to support such media. An extensive landscape of international organisations, aid agencies, trainers, publisher associations and private foundations exists, providing an ever-widening range of assistance. However, as the media development sector has matured, media outlets have been increasingly warned to regard funding as seed and focus on sustaining themselves independently with business activity. Long-standing information providers such as Short Wave Radio Zimbabwe and Uznews.net Uzbekistan, for example, closed in 2014 due to lack of funding.

Evidence gathered to date shows these media use three main revenue types: most rely on grant funding, some earn income including advertising, sales, affiliate marketing and cross-subsidy from for-profit business ventures, and there is some evidence of private donations from individuals or through crowdfunding (Cook 2016). Of direct relevance, a consultation by non-profit organisation FOJO Media Institute (2013) looked at the sustainability of 14 independent exile media outlets. It found overall reliance on grant funding and only fledgling evidence of revenues (commercial

advertising, selling merchandise and events), but a lack of impact from those initiatives on overall budgets. A lack of in-house business skills was a key challenge and doubts as to the likelihood of achieving full sustainability in exile were raised (ibid: 17). The quest for sustainability has itself been plagued by confusion of the word and also belies the immaturity and complexity of the markets externally in many of the most repressed countries. Parsons et al. (2008) map the barriers to media development including economic impoverishment, lack of stable monetary systems, poverty, media consolidation, and the cost of starting out, but stop short of gathering any empirical evidence.

While scholars have focused to date on the broad challenges in media development funding, there is little understanding of the economic pressures at firm level, far less the ethical value set developed as a result. This study advances the discussion by confronting the underlying power relationship between not-for-profit oppositional media and grant-giving institutions. It is especially appropriate given the relatively new pressures on these typically weaker media supporting free information flow to diversify revenues. A legitimate flow of grant funding exists to support media where external market and operational forces make such funding a necessity. This has led to a form of unethically entrenched and strategic dependence on grant funding. Commercial reluctance is also evidenced: for some, making any revenue from their journalism is seen as ethically dubious, with scepticism around commercial and donated revenues. For others, commercial imperatives have spawned increased reconciliation in operational economic matters, including the use of a specialist advertising network as an 'ethical gatekeeper'.

Literature review

Since the United Nations Conference on Freedom of Information in 1948, open and transparent media have been recognised as important vehicles to address conflict, promote freedom of expression and contribute to political or economic change. Against a backdrop of neoliberal civil society (Kaldor 2003) supporting independent media through a non-profit sector has also gained prominence with the UN good governance agenda (Wilson et al. 2007). It is difficult to unpick clear estimates of the amount of money dedicated to media support as it is often part of generalised democracy and governance portfolios (Deane 2013) and actions often result in a lack of close donor coordination (Fuchs et al. 2015). This can be due to the wider political (Alesina and Dollar 2000) or trade interests (Berthelemy 2006) that lead to a 'flavour of the month' syndrome (Nelson 2011). Cauhape-Cazaux and Kalathil (2015) note that many governments shy away from any kind of media support because it is seen as too sensitive.

While there is no universally accepted definition of media development, media for development, media assistance nor independent media, the normative assumption is that activity should support media systems that promote freedom of expression, plurality and diversity, strengthened media capacity, and professional training and skills development (GFMD 2008). The logic has been creating external pluralism through different media companies operating in one country to build democracy, assure access and voice to citizens. Scholars have explored how media can raise awareness and affect accountability (Batic 2006; Becker 2011), and freedom of the media is highly correlated with broader political freedoms (Karlekar and Becker 2014). Although the effect is arguable, reductions in restrictions on journalists can have a positive impact on corruption (Brunetti and Weder 2003; Chowdhury 2004). On the face of it, media development responds to challenges through an integrated model of support to tackle a deficiency of business skills, lack of market data and increasingly audience research (Foster 2014).

Which media funding models are most appropriate, however, is much contested. Promoting external pluralism via private media, funded by traditional choice-driven advertising and sales revenues, is questionable, given the current flaws and crisis in the 'free market' model (Peters 2010; Higgins 2014). Instead, low- or no-interest loans, public funding or subsidies are more likely to support quality, transparent media systems. Research in emerging markets suggests 'high levels of competition in markets with limited advertising revenues may lead to poor journalistic performance' (Becker et al. 2009). Rather, if it is accepted that media play a role in democratic society – and a policy briefing by the BBC Media Action highlights the 'urgent relevance' of public service media in fragile states (Harding 2015) – it could follow that this public good should receive public support or some form of subsidy or funding intervention. But donor funding can create a cycle of dependency undermining efforts to earn revenues. Reviewing the impact of donor media assistance in sub-Saharan Africa, Myers (2014) finds that it has, discouraging movement towards advertiser-funded high-audience content. Either way, according to Berger (2010) 'there seems to be an underplaying of business aspects and sustainability issues as a necessary feature for rendering a particular mediascape "developed"'.

Most recently, grant organisations have moved away from funding media directly in favour of tiered support across development stages, projects or initiatives. According to media NGO International Press Centre: 'Media centres will have to creatively think of rendering services for which they could receive payment so as to be able to meet aspects of their operational costs' (CIMA 2007). Equally, members of IFEX, the global freedom of expression network, reported it had become 'strikingly more difficult to obtain funding

for their work' (Becker and Vlad 2009). FOJO Media Institute ended a three-year programme to support exile media in 2016. At Open Society Foundations the sort of journalism being practised now drives funding decisions rather than political conditions of a country.

Previously they felt maybe they received grants simply because they existed and their work was important. Now they have to improve, get grants to perform better, to increase their impact on audiences. Many of our partners, after the initial shock, came to grips with the new reality and surprised us with great ideas. So the aim is really to make our partners stronger, improve their ability to be independent and survive the challenging market place and explore alternative digital business models (Ronderos 2015).

In response, some oppositional news outlets are attempting to diversify their revenue. While a precise typology of exiled and restricted media does not exist, they share characteristics with non-profit charities that seek to prioritise a public service mission more than for-profit revenues. This resonates with the investigative Latin-American journalism non-profit sector (Requejo-Aleman and Lugo-Ocando 2014). In some cases there has been piecemeal success: in digital inclusion projects in India, South Africa and Brazil (Madon et al. 2009) revenue successes were managed around donations, or partnerships with NGOs, but otherwise long-term indigenous revenue streams were difficult to find. A study of 35 independent media, some of which were in repressive regimes, identified four main challenges being faced by news producers: editorial, business, distribution and security. Innovation in business models occurs separately from content innovation (Robinson et al. 2015).

These pressures produce a new set of pragmatic and ethical challenges: independent media cannot exist without a viable business model (LaMay 2006) yet this creates a tension between information as a public service and operating a sustainable business. In a modern digital landscape, capturing readers without neglecting journalistic values is a recurrent tension. For some the ethical concern lies with private funding and the risk of bias, where company interests may feature more or less prominently in news agendas (Barnett and Townend 2015: 175). For others, the interests of audiences and advertisers are considered when selecting news (Beam 2003). Exiled media are not alone in having to gain readers, be more discoverable or make news more engaging (Batsell 2015). Some outlets have developed more light-hearted news stories (lifestyle, popular content or human interest) particularly to appeal to younger audiences (FOJO 2013: 22). In such a case, McManus (1992) would justify the strategy given the fragility of oppositional news: 'Only when profits are too small to sustain the

news organisation are decisions to subordinate journalism norms to profit norms ethical.'

For individual journalists, economic necessities create conflicts between the ideal of independence and the need to pay production costs. There is a tension of loyalties: to those who pay you, your own values and your readers (Shrader 2011). In fragile states, this can become self-censorship for job security (Loza 2015). Sullivan (2013) urges local assessments of ethical behaviour when looking at investigative journalism in emerging democracies. Podesta (2014) finds that business journalism can thrive in repressive regimes because economic stories seem to be 'viewed as less threatening'. Discussing journalists' ethical duty to seek independence from economic pressures, Martin and Souder (2009) frame editorial independence as a matter of degree, proposing 'interdependence as a guiding principle for media ethics'. It is widely acknowledged that many journalists find business-related policy and entrepreneurial practices and content difficult to accept (Sylvie and Witherspoon 2002; Pekkala and Cook 2012). However, none of this directly confronts the ethical considerations for oppositional news outlets created by scarce resources and flawed markets.

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Research method

The findings are based on further analysis of empirical data from semi-structured interviews and a discussion group between December 2013 and 2015. It includes 23 non-profit media in exile or restricted environments producing content to reach Tibet, Zimbabwe, Zambia, Sudan, Syria, Iran, Burma, Uzbekistan, Sri Lanka, Russian Caucasus, Eritrea, Azerbaijan, central Asia, Turkmenistan and Belarus. The media outlets were all groups or organisations producing content independent from, and alternative to, state-controlled media and were mixed format: online media, broadcasting, shortwave radio, satellite and phone transmission. The sample was selected from grantees working with three philanthropic, non-governmental donor organisations. More systematic sampling was not possible, as no listing or database exists. In a new research field such as this, data gathered in this way is still valuable. The aim was to offer comparability by detecting ethical value sets in income-generation and revenue by a range of media. Anonymity was agreed to assure the participants' safety, yet common factors were drawn out to preserve analytical relevance. Exiled editors who choose to live in a more open market area and supply content exclusively to the diaspora community were not included. Nor does the research include journalists who may be in exile but who work for large, government-sponsored organisations. A further ten semi-structured interviews with project managers from donor organisations, project coordinators or consultants working in the field were carried out. These were conducted to document reflections on ethics relevant to the sector more generally.

Grant income and donations a necessity

Of the 23 cases included here, grants were substantial revenue or a way of launching in all cases. This is unsurprising given the sheer scale of media assistance funding historically. Grant income was seen as necessary where other revenue streams were impractical. Many in-country advertisers (advertisers who are based in the country where content is being served) will not advertise on oppositional sites for fear of repercussions and there are few opportunities for out-of-country adverts (such as banks or universities represent a product or service available beyond the country). One broadcaster covering Azerbaijan said: 'We are trying to plant a tree in a desert.' Sponsorship and sales are rarely appropriate, particularly for an outlet covering Turkmenistan: 'Selling merchandise would be ridiculous. People are not going to wear a T-shirt in the country where even the website is locked and you have to use a proxy service to read it.' Where content is particularly traumatic, advertisers do not want to be associated. 'One early decision was to get advertisers but we got no one because they said it would reflect badly on them because of the content.' A site covering the Caucasus said: 'We write about disappearances, tortures, the hardest stories on human rights violation, and advertisers do not want to be associated with that.'

Private donations (via microdonations or a fundraising campaign supported by individuals) presented complex operational challenges based on safety and infrastructure. Most of the cases made very little from user donations. They considered it impractical to ask for donations from readers. One Sri Lankan outlet said alternative secure payment systems would be needed: 'Everyone lives in fear. I got a few messages that someone wanted to send money to me directly but I was afraid as [the government] will see their official data.' More generally, banking was problematic for underground organisations. A Zimbabwean site said: 'We would have to move into mobile payment more seriously, for example using EcoCash (a Zimbabwean mobile payment solution). However, it is quite onerous to get an account. You need to be selling things as an individual or company.'

Even the most advanced editorially led initiatives typically generated only a fraction of the overall budget from donations. One site said: 'The Syrian diaspora is exhausted financially but they would not support the media when people are dying from hunger. Fundraising does not make sense at this time.' Another in Asia said apathy was a major obstacle: 'We are the only website like us but there is a very passive attitude. [They are] not very politically active and not conscious and take everything for granted.' In-country audiences also have far more pressing concerns. They are poor and spend all their resources sending money home for people to survive so it

is largely seen as unethical to ask them. 'Syrians prefer to give to charity and people who work in relief.'

For some, grant funding was the way to achieve distance from editorial influence. One site developing coverage of Uzbekistan said: 'Donor funding is clean and ethical. As I am not influenced by them and they don't influence my editorial policy then it is OK.' One consultant noted: 'For them it feels as if making any money is corruption. They worry money means influencing stories and believe the newsroom can't touch the money.' A mistrust of commercial income comes in part from corruption in-country. Corruption was also taken into consideration when deciding on donations as a revenue stream. One editor considering a new operation highlighted the concern over control: 'With crowdfunding there can be money that I don't want from people. There are oligarchs who quarrel with the president, they go abroad and finance journalism. I would be worried. People from my country are not so developed to think they just give you money. They will see that you will satisfy their interests; it would be conditional.' Concerns were raised that private donations are not transparent. One media outlet said: 'If the economy reaches a certain level then everyone wants to have one media behind them so you can have big businesses and support, almost like a hobby.' One expert in exiled media said: 'There is just as much if not more of an ethical question because it is not someone with a product to sell, just someone who wants to exert influence.'

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For media in the most repressive environments, generating any sort of revenues based on atrocities or people struggling was seen as ethically dubious – making grant income an assumed necessity. Earning revenues would deter audiences and be against their editorial mission to spread content as widely and as freely as possible. There was also a sense among some that audiences would no longer support media if they were earning revenues. One Syrian journalist said: 'We will lose credibility if we earn income. They are listening to us exactly because we are struggling and non-profit. If they felt we were making money out of it they would lose faith.' Several sites said advertising would detract from the overall appeal of the site, or would irritate the audience.

A form of unethical grant dependency

This reveals an underlying tension over whose responsibility it is to fund such media, and how best to maximise funding opportunities. One media covering Syria said: 'We know how to do proposals and do donors but they always have strict conditions that apply.' There was also concern that countries and issues become 'increasingly less attractive', affecting the likelihood of grant support. Another said: 'We have two types of partners. Some are important strategically and can lobby on the EU front. Others are less committed. Overall it's influence plus money.' Representatives from the grant community

highlighted frustrations. One project co-ordinator assessed target audience size, journalism quality, and content distribution in-country before allocating grants. He said: 'I expect them to try. I don't like it when they just complain about grants not coming. There is some frustration because they should be able to sustain themselves. I expect some of them to make some revenue but not that they should be sustainable.' Despite media ownership and financial transparency being a starting point ethically (Foster 2012), grant sources were not declared in the cases here, a significant marker in the risks associated with media development funding.

Grant funding becomes more contentious when it has the unintended effect of distorting media outlets' focus, and in some cases creating dependency. One covering Iran said: 'You must be very professional almost full-time to work for a strategy on how to do donations.' One outlet described how they accept work that may not be core editorially – simply to fit in with grants. Others have made grants the core strategy. A Syrian outlet made grant-bidding a business goal: 'We have looked for sources of funding that have renewal or re-funding so chosen the relationship carefully. Grants are part of our strategic thinking.' Grant income has become part of exiled media DNA, notably for one in-country Zimbabwean site: 'Grant income is the one we have experience in and that feels more efficient than moving into less known spaces. We write a proposal and then shop it around. So the solution is to make the grant model less efficient and the other models easier to contemplate. We have years of experience in donor funding and almost none around the other revenues.'

This echoes findings by LaMay (2007: 55) where media adapt to the media development resource market by either becoming donor-driven, or by proactively developing services and outcomes to the funders whose rationale depends on delivery in these areas. Pragmatic tensions arise as funds are often restricted against specific budget lines. A grant project coordinator commented: 'It is not a light switch that suddenly when the donor money runs out they will be self-funded. They lack business and financial skills to survive and succeed. Once people start giving out money it's hard.'

Commercial reluctance

Many of the sites expressed commercial reluctance to generating revenues as it was perceived to be too difficult. One said: 'There are doubts and scepticism in us not to make money. We see that it is never going to be significant contribution to the income so why should I bother.' Another said their target audience was too disparate, and their broadcast time too short to be of value to advertisers. There were also concerns about time: 'When in exile, so much time is already spent keeping afloat there is no time to do money.' Some talked of re-educating audiences to be more

open to paying for content. Others felt that commercial activity was incompatible with their mission. '[Earned revenue] is not part of our business strategy because our roots are editorial. Our idea is to share censored information in the best means so we can't capitalise; it would contradict.'

Resistance against earning revenues is a source of tension among consultants. One noted: 'Most are more on the activism side. They don't find the money generation as a value activity. They believe advertisers have a pressure point on them. They feel a dollar in ads is polluting their mission. They don't see a legitimacy in delivering audiences to advertisers and accepting a payment for that.' Another advertising expert said: 'It is simplicity of not having to be sales person. This is much more an argument of convenience. Blocking all ads is too broad brush. There's always a way to do it that is tasteful and ethical. There is a lack of knowledge. It's more that it suits them to say that rather than them having considered the question of ethics.'

Reconciling commercial imperatives

Practitioners increasingly accepted that some revenue generation independent of grant funding was of benefit. There was evidence of a range of earned income in the sample (display, banner, Google AdSense online advertising and an advertising network), although earned income was often in limited amounts. There was much variance in the ethical values towards revenue generation for the news outlets included here.

Three sites used a specialist-advertising agency for fragile states. It works by pooling advertising inventory into one global network of standard advertising formats and sizes. The network carries out due diligence on advertisers and has ethical guidelines. Some publishers found that having the advertising agency separate by name, domain and organisation helped them maintain ethical operations. A director notes: 'We help the publisher to avoid that kind of editorial influencing that some might seek to gain. If we are running all the ads we can screen it. We can run sponsored content because we are separate from the publisher so it takes the headache away. We are the ethical gatekeeper.' In previous studies exploring niche-subject journalism, news outlets have been found to worry about seeking direct sponsorship due to perceived conflict of interest (Nolan and Setrikian 2014). Three sites listed problems generating revenues from syndication, as many larger media take content without appropriate credit. One outlet covering Azerbaijan said: 'It is unethical that lots of large media companies take our work without crediting us.'

Some were evolving their value set to accept more soft content to bundle with harder news stories, or to refocus material, in order to

generate revenues. An Iranian site said: 'If it is culture and softer news in separate sections you can make money from that. It is very humanistic and we cannot be ashamed of it.' Others were more open to advertising revenues. In the Russian Caucasus, one of the biggest advertisers is a phone provider. 'The region is important for them because the site can offer large audiences.' One site covering central Asia has shifted in mentality to become a 'normal business-orientated media'. The editor said: 'When we started, commercial revenue was an optional extra but now [grant] funding has been removed there are other ways. We just tried and it has opened my mind to how I want to develop my website. I am interested in commercial not just to write a good story. I want a bigger audience; then I will have more clicks and I will earn more. It is good motivation and good journalism. We had it in our minds we are in exile everyone hates us but no one will complain about Google Ads. It is normal now.'

There was widespread knowledge among the cases that private donations, microdonations (such as a 'donate here' button on a website) or crowdfunding were a step towards income generation. Two sites had run successful crowdfunding campaigns around specific projects. One mobilised a large social media campaign to secure donations around major European cities. This generated \$40,800 mainly targeting middle-class audiences for the broadcasting of information to Azerbaijan. In the Caucasus, an initiative generated around \$50,000 over ten months; however, it was 'very complicated and it took a lot of time'.

Media were reconciling the advantages associated with limiting grant reliance. One Uzbekistan media outlet said: 'With donor funding you can't use their money for marketing or for commercial purposes to generate more money.' For a Belarusian outlet it was the same: 'Grant-givers don't want you to have people supported that are not content providers and be paid from the donor's budget.' FOJO Media Institute's project coordinator noted at the end of a three-year programme to support exile media:

There has been a marked difference in attitudes in the last year. At the beginning of the project, there was a feeling that asking partners to generate revenues made them feel as if they might have to prostitute themselves. Perhaps it was part of the reliance on donor funding without any real thinking of what that would do for them. There are now more ideas and more thinking about the future on their own terms. There was a thinking that to make any money they might have to compromise their values but now they are more ready to reconcile that somehow if they want to continue.

Conclusions

Overall, oppositional news outlets are tailoring their ethical checklist based on shifting goal-posts. The paper finds that non-profit oppositional media are faced with a unique set of pragmatic challenges as they wean themselves off grant dependency. Perspectives shift between commercial reluctance and commercial reconciliation, all the while grappling with the legitimisation of grant funding. A priority was to remain independent and avoid economic corruption, associated with buying editorial control or lack of transparency from bribes or donations. This was expected despite a lack of transparency in what funding is received from whom.

From the cases here, reliance on grants is particularly entrenched and strategic. There are power relations and tensions between grant organisations, consultants and grantees. Despite warnings and efforts on the part of donor organisations to prepare outlets for funding changes, many are economically fragile. Overall grant funding is seen as ethical when approached from the perspective of necessity: where market forces prevent other revenues, and as a way of achieving distance from corruption or editorial control. Grant income is further justified where commercial activity compromises editorial values. Soft control in terms of spending restrictions, and media outlets altering their editorial priorities or projects to fit grants, have not featured heavily in driving emerging value sets. While grant organisations have complex criteria for allocating funding, this is at least in part based on size of audience and quality of production, which are also factors likely to affect earned income potential.

However, with income generation a more pressing concern, several outlets are now reconciling new pragmatic and ethical frameworks. An advertising network was seen as the most ethically robust as it acted as an 'ethical gatekeeper' between commercial and editorial operations. Others were attempting to diversify content production into soft stories in order to be more 'advertiser friendly'. Crowdfunding was a revenue source in two cases around a specific project with a campaign aimed out of country. Overall attitudes to commercial revenue-generation are shifting.

This paper offers a glimpse into ethical concerns of revenue generation for non-profit oppositional news outlets. It was not possible from the approach taken here to accurately contextualise whether wider funding changes represent commercial diminution of these publication's role, or indeed reflect shifting complexities in the identity of what oppositional news media are in an ever-more fragmented information space. Nor is it possible to assess any correlation between funding models and broader impact measures. Further consideration should include the ethical development and corresponding revenue potential of new distribution channels.

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Note on the contributor

Clare Cook is a senior lecturer in print and online journalism at the Media Innovation Studio, the University of Central Lancashire's media research lab. She lectures in the UK and in Europe on social media and its impact on journalism, having co-authored *Social media for journalists: Principles and practice* (Sage). She has co-authored a range of works looking at the revenue models of journalism start-ups globally, hyperlocal media in Europe and oppositional news outlets in fragile states. She is also researching the impact of media technology in restricted environments.

6

EVALUATING ACTION RESEARCH TO INNOVATE DIGITAL JOURNALISM REVENUE MODELS

Clare Cook

MEDIA INNOVATION STUDIO, UNIVERSITY OF CENTRAL LANCASHIRE

Introduction

Publishers globally are delving deeper into the digital shift to explore the issue of business sustainability. For independent niche media operating in financially and politically pressured environments, survival has never been easy, but may never have been more difficult than it is today (Cook, 2016). From some of the world's most media-restricted countries, publishers and journalists are forced into exile in order to exercise their right to share alternative viewpoints. Often considered criminals in their home countries, state-sponsored personal and electronic attacks silence them. Their capacity for income generation often remains limited due to internal factors such as lack of resources and business knowledge (CIMA, 2007), and externally due to operating in flawed markets with limited viable advertising revenues (Pon et al., 2017). Limited audience buying power and apathy constrains the potential for reader revenues (Schmidt, 2015). Revisiting media in the Global South after three years, financial survival remains the biggest worry for media outlets, followed by political risk and physical safety (Schiffrin, 2019). In sub-Saharan Africa, indirect funding models from print-based advertising dominate newspaper models with digital revenues being less than 10% of total revenue (Gicheru, 2014). Squeezed from the one side by erosion of the traditional advertising-led business models, platform intermediaries and increased competition that has challenged the entire industry, and from the other side by increased political pressures, the overall finding is that independent media in developing countries are primarily reliant on donor funding.

Mapping and case study methodologies have been used primarily to chart any move away from donor dependency to diversified revenue strategies. Some independent media organisations in Asia, Latin America and the Middle East are generating revenue from advertising, sponsorship, training workshops or complementary activities such as

consulting services, public relations and book sales (Ismail, 2018). There are a few case studies of independent media start-ups in India which are sustained by a combination of grant funding and advertising revenue as well as use of native advertising and affiliate marketing (Sen & Nielsen, 2016). Likewise, some independent media outlets in Latin America are utilising new business models such as memberships or subscriptions (Breiner, 2014). Mixed revenue models or cross-subsidising of media businesses with complementary for-profit business activities is growing in developing countries (Cook, 2016). Analysing 100 digital native start-ups in Argentina, Brazil, Colombia and Mexico found that revenue diversity is critical to sustainability, including events, training, membership, crowdfunding, and native advertising with more than 65% reported they were earning revenue in at least three ways (Warner & Iastrebner, 2017). Yet when assessing the effectiveness of revenue diversity as proportional share of each revenue to total income, non-profit sites do not perform better because of revenue diversification (Massey, 2018), and local advertising is by far the most dominant revenue source. As such, it is too early to determine if revenue diversification goes hand in hand with sustainability. There is little knowledge about firm day-to-day business operations (Cook, 2019) and much less about possible route maps forward.

Meanwhile, media firms seeking sustainability are looking outwards, as well as inwards, to explore opportunities that lead to revenues. Taken quite broadly there are a number of examples in free markets that could be described as a collaborative revenue approach. For example, Piano is a federated paywall specialist that launched a common payment system for paywall agreements with nine Slovak publishers in 2011. It offers a software solution to pool content from distinct media providers behind a shared paywall and divide earned revenues between participating firms. In politically pressured environments, collaborations have formed around advertising networks. MCIL Multimedia Sdn Bhd in Malaysia established a premium publishers marketplace platform in 2018 which was the first and largest media consortium of a digital publisher-led programmatic advertising marketplace in Malaysia, reaching 60% of Malaysia's digital population, with 11.4 million unique visitors per month. The consortium's goal was to provide advertisers with more control to layer their own data, audience insights and programmatic advertising across the nine contributing publishers giving exclusive access to real-time mobile inventory and creative advertising formats in a bid to compete with Google and Facebook for market share and revenue. There is no definition of such collaborative revenue models for digital journalism nor research on how digital technologies can facilitate such opportunities. At a time when industry is carving out new collaborative ways of capturing revenues, this research asks what is the effectiveness of action research in the emergence of new collaborative approaches to digital revenue models.

Action Research

The research gaps discussed in the previous section highlight the need for a broader, more integrative research perspective on revenue creation and capture.

How can we avoid the enduring limitations that focus on the known limitations rather than the unknown possibilities? Action sciences offer a broad response by exploring the ways practice and life are agents for new knowledge. The three primary strands can be grouped as action learning (pedagogical process that involves learners working and reflecting together on real-time problems occurring often in organisations, mainly in-company, management and leadership development) action research (participatory and humanistic model for transformational change from a collaborative approach to research inquiry) and other forms of inquiry (action, appreciative, collaborative, co-operative, developmental action). Distinctions lie primarily with the mode of operation, boundary of the researcher as decision-maker in the action process, and when or how academic knowledge is created. The action sciences are an apparent blind spot in the media management literature, despite having a wider community of scholarly support in development, education and management literatures. Action learning has received some attention. For example, Oliver (2008) evaluates the researcher's role, time constraints and resistance to change in the failure of an action learning intervention with a UK television company and proposes action learning more broadly as a particularly well suited methodology for organisations seeking strategy formulation in unpredictable and competitive environments. Action learning shares many common values and positions on knowledge validity with action research, however, it is more happily rooted in practice communities tackling context-specific in-company performance challenges. The shared philosophical grounding is pragmatism favouring a 'future orientated instrumentalism that tries to deploy thought as a weapon to enable more effective action' (West, 1989, p. 5). Pragmatism is the philosophical underpinning, that knowledge is acquired responding to the confrontation with reality through action.

With its focus on a participatory process, linking practice and questioning on significant real-world issues to instigate change improvements, action research is a particularly appropriate process of inquiry here. It has four key characteristics. Firstly, it is an inductive journey-based approach. The origins are broad and lie in the work of social scientist Lewin (1948, p. 206) who advocated 'a circle of planning, action and fact finding' through a bottom-up orientation with a hermeneutic that all understanding is context-dependent. Secondly, curiosity and inquiry are stimulated by questioning and doubt that become the driving force for agenda setting and change. Knowledge is uncertain, provisional and generated through a transaction between agent and environment, through intermediate situations and is arrived at through collaboration and consensus (Hammond, 2012). Answers are tentative and open to modification (Berlin & Hardy, 2000) through an iterative process developing living knowledge, questioning on significant real-world issues (Elden & Chisholm, 1993). Third, it is a model for transformational change fundamentally aimed at overcoming a relevance gap by increasing knowledge and improving practice. With its action-orientated focus on 'social improvement' (McNiff & Whitehead, 2006, p. 14), action research helps to investigate an environment and gain 'immediate and deeply relevant understandings of the situation' (Stringer 1996, p. 32) because it is an 'evolving

process of coming to know rooted in everyday experiences' (Reason & Bradbury, 2008, p. 5). Lastly, and particularly when working with a small community, it has the dual purpose of 'providing practical advice and advancing knowledge' (Locke, 2001, p. 14). Mutual sense making and collective action helps those involved to resolve the problems they see as important through a 'collaborative approach to investigation' (Stringer, 1996, p. 9). Between and across a range of stakeholders, new relationships can form through open dialogue and new communicative spaces. This allows for new meanings and possibilities to emerge as divergent views are compared and contrasted (Guba & Lincoln, 1989).

Action research is currently limited to a handful of digital journalism studies and nothing is known about its effectiveness to innovate around journalism revenue models. Grubenmann (2016) and Wagemans and Witschge (2019) argue for more action research to understand convergence processes: the former through the lens of editorial managers and the latter to understand innovation process. Appelgren and Nygren (2014) explore the development of data journalism at seven Swedish traditional media companies, but stop short of evaluating action research as an approach. Such practice-based applications can emerge first-hand insights into the progress of citizen-led news media in Australia (Flew & Wilson, 2010) or evaluate co-creation as a method for open journalism (Aitamurto, 2013). Applied to journalism issues, Hautakangas and Ahva (2018) find action research an effective way for Finnish journalists to understand their professional concerns by developing an understanding of conciliatory journalism. Similarly, Thomas (2016) finds that time taken to engage and collaborate with local communities in Rwanda through slow journalism breeds a more culturally responsive form of journalism. Answering calls for action research to act as a 'framework for collaborative research between media organisations and scholars in order to develop problem focused and resolution-oriented outcomes fostering innovativeness in digital journalism' (Grubenmann, 2016, p. 163) it is tested here for its effectiveness to innovate around revenue models.

Emerging an Action Research Approach

The intention was to gain a holistic view of collaborations as experimental practice in determining revenue opportunities among media in exile or restricted environments beyond donor dependency. Rather than approaching the issue of revenue models at the individual firm level, it proposed to look for collective responses to ultimately similar needs. It asked what such digital revenue opportunities could be and how they could be actioned whilst challenging normative assumptions of competition and dominant corporate discourse around journalism business models. The open-ended approach of inductive action research was fitting for this exploratory work. The phased approach included contextual analysis followed by a two-day atelier with a range of stakeholders in the media development sector.

Dewey's systematic approach to inquiry involves five steps, which can be summarised as recognising a situation is problematic, considering different definitions

of the problem, developing a possible line of action in response, evaluating potential actions and taking actions to address the situation (Morgan, 2014). A gradual and ongoing process of understanding the problem facing exiled and politically pressured media emerged across two years to gain a deeper empathic sense, a broader mind set and a better understanding of context. Core to action research is a cyclical process, which typically embraces two layers of cycles (Coghlan & Brydon-Miller, 2014). The conceptualisation phase included desk-based research, workshop participation and mapping studies as part of three grant-funded initiatives. FOJO Media Institute's Strengthening Media in Exile programme was a three-year programme of training interventions to strengthen the organisational capacity of their partners in exile. It identified lack of knowledge on how to strengthen their capacity, lack of time and money, and challenges in managing staff, resources and financial sustainability. It also found a strongly expressed need for a coordinated network for exiled media. A further study was commissioned by Internews Europe comprising of 27 semi-structured interviews with media organisations and representatives of the donor community. The overarching aim was to offer an assessment on how to kick-start a culture seeking to circumvent a cycle of grant dependency and, within that, what initiatives were delivering commercial revenues. It focused on three categories of revenue: grants, private donations and earned income. It successfully surfaced, shared and mapped information about new sources of income besides grants, as well as helped the donor community better understand how they could assist those groups. It stopped short, however, of emerging solutions or deeper lived insights. Finally, workshops aimed at supporting a 15-country exiled media network was spearheaded by Open Society Foundations. These varied activities enabled a process of rigorous inquiry, acquiring information (data collection) reflecting on that information (analysis) in order to transform understanding about the nature of the problem under investigation (theorising) to get 'increasingly sophisticated' understandings of the problems being faced (Stringer, 1996, p. 10), then disseminated to scholars and industry.

Action-Phase: Atelier

From this contextual analysis, possible actions to address the problems were developed. An atelier was designed to include a series of facilitated panels, activities and interactive knowledge exchange. Such is the day-to-day pressure on media under threat that opportunities to explore wider possibilities for innovation or experimentation are rare. Participants developed their understanding of barriers to revenue generation, collaborations, collaborative revenue concepts and potential new revenue opportunities. The aim was to step back from daily operations and institutional priorities and reflect on future revenue possibilities less bounded in day-to-day realities. Action through a facilitated atelier held in December 2014 funded by the Research Council UK New Economic Models in the Digital Economy answered that need by creating a forum for exchange and exploration beyond piecemeal, individual revenue

issues to facilitate a group process for collaborative inquiry and experimentation (Stringer, 2007). The main aim was to maximise the usefulness of the atelier outcomes for the community and not focus on generalisable or replicable outputs (McNiff & Whitehead, 2006). The primary focus was to understand in what ways fragile media might be more financially resilient through a collaborative approach amongst themselves. In order to respond to the main question, research aims were developed to (1) articulate and define collaborative revenue capture as a model, (2) explore and evaluate how digital technologies can facilitate collaborative revenue capture, (3) assess the extent to which collaborative revenue capture can be used for the benefit of the exiled media sector and (4) for donor representatives and those working in the sector to leave with clearer ideas and roadmap for adoption mechanisms.

It is an important aspect of action research to allow marginalised groups to find ways to tell their own story. In so doing, it is rooted in a liberationist tradition that extolls the dangers of relying on an elite top-down innovation process. The aim was to empower people to construct and use their own knowledge: an alternate system of knowledge production based on people's roles participating in data gathering and analysis, and controlling the use of the outcomes. Journalists from different regions and countries were invited as we assumed that the problems pertaining to revenue models would vary and felt it would be valuable to use these differences as idea springboards. We also brought together stakeholders from a diverse range of expertise: from business models, revenue streams, advertising networks, grant organisations, creative and digital technologists as well as a significant number of stakeholders: media under threat representing Iran, Belarus, Uzbekistan, Turkmenistan, Syria and Sri Lanka, Jordan, Azerbaijan and Ukraine (11). We did not rule out any type of media platform or company, which we hoped would enable practitioners to broaden their focus from their immediate concerns and restraints and examine varying perspectives (Stringer, 2007). However, all media were on the edge of a media system in some way either due to exile or political exclusion. With limitations on licences and distribution for print and broadcast media, most exiled media focus primarily on digital platforms. There were many media that could not attend due to the atelier's budget limitations and visa restrictions. Representatives from the media development community included Rory Peck Trust, Open Society Foundations and Internews Europe (three) alongside journalism experts and innovators (six) business experts (four) and academics (six). As such, the atelier set out to achieve a conscious and meaningful integration of numerous perspectives on practice, research, expert knowledge and activism appropriate for the complex and panoramic view needed to stimulate new knowledge on revenue models.

At the planning stage, the two-day atelier was designed to move through cycles of curiosity, reframing, articulation, connection and idea development. There were six genres of activities across two days: idea brainstorming via an ideas wall; small focused discussion groups; structured anonymous question and response sessions; mini presentation panels; plenary discussions; and ideas lab, market and development. A series of planned questions were addressed through this inquiry process including

definitions, factors for success, barriers and obstacles. At the first stage, the aim was to capture what people were curious about and what they really wanted to see as a desired outcome of working together. Participants formed pairs with someone they did not know well and discussed two questions: What does success look like for exiled or restricted media organisations? What is the most successful collaboration they have personally been involved with? Pairs then joined another pair to form fours and share the main points of their discussion. The aim was to build energy in the room and build connections of trust between the participants. This ensured everyone had equal voice and established a model for sharing and listening in a deeply focused way, offering every participant the chance to develop their own thinking. A mini panel from experts probed what is collaboration thus widening out exposure of exiled media to collaboration and innovation in the sector. This started to focus thinking on what forms and purpose collaborations can take.

We singled out the issues and practices that the journalists themselves regarded as problematic and then explored: What determines the financial resilience of exiled media organisations? What are the obstacles to building and sharing revenues? What forms of collaboration would be of most use to exiled media organisations? This was a World Café format with table hosts and groups mixing after timed rounds. Large paper tablecloths were used for groups to make notes of their ideas and views during discussions. One person on each table volunteered to act as table host, and started to focus the discussion in on money and the scope for collaboration between and involving exiled media organisations. This revealed what were the most obvious areas for collaboration. The preliminary idea of collaborative revenue capture was presented followed by plenary discussions on the potential for collaboration to generate revenues for exiled media. With new discussion partners, reflections, ideas and questions were added to the ideas wall.

At the second day, we brainstormed and planned more tangible, experimental projects. The ideas lab focused mixed groups of five on how digital technologies can be used to create new shared revenue streams for exiled media organisations. These ideas were developed into mini presentations and feedback. At the ideas market participants chose the idea they would most like to do more work on and organised groups accordingly. This idea of voting with your feet allowed people to follow passions and interests. A further ideas development phase gave teams the opportunity to explore and work up in more detail the strongest ideas, with input from a wider group of participants. Questions included how to turn ideas to reality including team and resourcing requirements, the business model, testing and innovation, and success measures. The final ideas were evaluated and feedback given, before considerations were explored in plenary discussions on next steps and adoption mechanisms.

Outputs

Two facilitators and the researcher typically were guiding the discussions, and a multimedia practitioner captured photographic evidence of handwritten notes and

brainstorming activities. Anonymous tablet-activated interactive brainstorming software was used to capture observation discussions (about 30 pages in total). This allowed responses to structured questions to be recorded, and viewed on a digital wall. Ideas were further explored using written notes and idea mapping facilitations in physical form, which were captured using photography. Together these comprise this study's primary research material. However, we also interacted with the journalists beyond the atelier meetings in informal online and offline discussions and wrote personal memos during the entire project: the analysis is informed also by these activities. Lewin (1948, p. 210) states the need to 'record scientifically the essential happenings during the workshop'. Documentation that somehow charts a tacit inquiry research process becomes increasingly important in making the nebulous nature of future-facing industry-focused practice accessible to others, in particular to people in the wider profession. The project overall consisted of a number of key outputs (images, online report and social media).

Analysis

The embedded nature of action research in a social setting make it difficult to divorce data collection and analysis, and analysis with action planning or interventions (Coghlan & Brydon-Miller, 2014). Data analysis was in one sense integral to and ongoing throughout the process. Collaborative or participatory data analysis, where community members or stakeholders were actively involved in the data analysis process, took place during the event. For example, the interactive brainstorming software viewed on a digital wall enabled participants to vote in real time on responses to structured questions, analyse responses into themes, connect topics and sub-topics. During idea brainstorming via the ideas wall or World Café discussions, participants synthesised discussions and prioritised action points. Developing visualisations of the data assisted in summarising and categorising to aid understanding and interpolating. These included drawings, mind maps, word clouds and collages in both physical and digital form. This analysis focused on seeking out agreement and disagreement and to both resolve any contradictions or ambiguities and appreciate the extent of diversity (Coghlan & Brydon-Miller, 2014).

A phase of enhanced focus on data analysis after the atelier took an overview, made sense and generated understanding and insights from the base of evidence and reflection that had emerged during the project, with a view to contributing to new knowledge. The qualitative data outputs from the atelier were treated with thematic analysis. Deep immersion in the data identified key themes and associated sub-themes. Thematic codes were developed to build a comprehensive, contextualised and integrated understanding of the structured data outputs, which in turn were applied to the text-based outputs to mark the occurrence of specific themes in different places in the data set. Patterns and groupings were noted and assertions developed. An interactive online report of the event was collated and disseminated as it is during writing up that the final learning and

understandings surface as they are articulated and the story emerges (Coghlan & Brydon-Miller, 2014). This emphasis on scholarly rigour was important in advancing academic knowledge through understanding the action as research.

Ethics and Intellectual Property

As action research claims a set of liberationist ethical norms including mutual respect, openness, participation for the co-generation of knowledge, it raises a unique set of ethical and governance challenges. The research was conducted in an ethical manner. As this was participant research involving human subjects it was based on informed consent. In line with established research ethics, human participants were fully informed about the aims, methods and uses of the research. It was important that anonymity was honoured where requested in consent forms due to the politically sensitive position of some participants. Participants were able to opt out of recorded materials such as photographs. The purpose was to focus on the revenue models and as such it was not deemed necessary to attribute initiatives or reflections to individual participants. Personal data was only collected by the project leader where necessary for the provision of travel and communication. Explicit consent was offered for those working with pseudonyms. Data storage conformed with contemporaneous protocols. This atelier was held under the Chatham House Rule. As such participants were free to use the information received and generated, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, were revealed. There was no social media hashtag for the event to avoid participants being identified by association. Safety and that of other participants was ensured by steps to prevent locations being identified where necessary, by avoiding geographic social sign-in software, or using encrypted software if required.

The iterative and complex processes of knowledge generation made it operationally impossible to attribute particular findings and ideas to particular individuals. As a result, authorship of publications or products developed through action research are 'intensely problematic' (Greenwood et al., 2006, p. 83). Intellectual property rights are generally designed to exclude others from using a firm's ideas and inventions while action research implies a willingness to allow knowledge sharing. As it was the intention to develop ideas which were appropriate for further research, testing or development, engagement with intellectual property agreements was required from the start, with participants informed via an information sheet. The hosting university retained the copyright of materials created as a result of, or during the atelier. While the university reserved the right to commercially exploit any ideas or products, it was the intention to share (quantum to be agreed) any revenues that may have been generated with the participants. Any intellectual property agreements were subject to collaboration agreements post event according to expressions of interest, steered by the university.

Discussion

Following an extensive period of contextualisation, the atelier opened a space for self-reflexive discussions. Practitioners were reorientated on their shared challenges and deeper understanding of revenue opportunities. In resolving their different perceptions and opinions, participants had the opportunity to develop a deeper understanding of the situation they faced, and how it might be improved. It turns on its head the notion that power concentration resides in the hands of a few, making sure 'the voices of the most powerless groups tend to go unheard, their agendas ignored and their needs unmet' (Stringer, 1996, p. 36).

Collegial interaction and conversation became a fundamental component of the experience. A participatory spirit of honesty and candidness over traditionally secretive experiences of business was needed to emerge new non-hierarchical forms of revenue creation and capture. The setting enabled direct and open relationships from heterogeneous participants to generate diverse viewpoints. Disconfirmation had the effect of refining the growing collective understanding and the process acted as a leveller across open and anonymous discussions from varied stakeholders. This was particularly important for journalists in exile, often vulnerable having experienced atrocities. Stakeholders interpreted the principles of collaborative revenue capture with varying levels of commitment and depth. The culture of honest collaboration resulted in a synergy to yield high-quality interpretations.

Action research allowed for subject-subject approaches over subject-object. Compromising distance, the academic's role was as facilitator 'as a catalyst to assist stakeholders in defining their problems' (Stringer, 1996, p. 22) by contributing professional expertise and planning, to present connecting factors for participant's own analysis. By participating, the scholar abandoned a passive observing and neutral position in favour of one of participant observation to induce change (Ospina & Anderson, 2004). Experiencing research in this way allowed the researcher to fully reflect the complexity of the current media landscape through the process-orientated perspective of emergent phenomena. It also leveraged the academics relatively unburdened position away from day-to-day pressures of the newsroom and profit incentives. It was also a mode of working to adopt a learner's attitude. The researcher and the researched contributed and shared knowledge as equals. This position allowed for small-scale theorising to specific problems in specific contexts (Denzin & Lincoln, 1994). Here the application was knowledge sharing about lived business models as an instrument for social action.

Adopting this methodology on the topic of revenue collaboration was a particular challenge. It aimed to positively shape the revenue experiences of otherwise fragile media. Business thinking on revenues are entrenched in the inherent nature of the corporate worlds of competition and advantage-seeking. For both profit and non-profit media there is a tendency to incorporate or conflate the values and agendas of capitalism with its emphasis on measurement, profit, production and control into all areas of progressive discussion. This is a fundamental problem to pragmatism because

it is not 'of giving but of taking advantage' (West, 1989, p. 27). When issues relating to money are filled with tension, political economy contentions and real-life frustrations 'inquiry will always be a moral, political and value-laden enterprise' (Denzin, 2010, pp. 424–425). Business understanding for example is often thwarted by the use of jargon or esoteric subject matter, inflated notions of success, fear of revealing failures, or lack of clarity on what can or cannot be disclosed by whom.

The emphasis here was on experimentation, and the richness in pooling thinking emerged a wide range of new revenue options worthy of further trial. We set out to go further than just describe and discuss. While insisting on business and organisational relevance, it offered a rare opportunity for media managers and stakeholders to explore a research inquiry for mutual benefit. A pragmatism underpinning provided action research with a dialectical perspective on the generation of knowledge: we came to know the world through our actions and interaction within the world as 'we face gaps in what we know and new problems to address' (Hammond, 2012, p. 603). Four categories of collaborative revenue models emerged: technology, revenue-based systems, coordinating action and journalism production. The suggestions were not intended as a typology of collaborative revenues; this would be better achieved with methodologies better suited to mapping, and would be a worthy addition to the literature. However, the multiplicity of opportunities around partnerships and joined-up initiatives that could lead directly to revenue creation and capture poses a powerful argument about how central the core principle of collaboration is for journalism's economic viability in the digital economy. We can see that there is an appetite for approaches which preserve niche and independence while offering strength and resilience economically.

The revenue initiatives deemed most of benefit were not actionable at firm level and required some degree of collaboration. This raised important issues on transference. A management or representational body to action or implement the suggestions into an impact phase of action research would be needed. The absence of such a coordinating level of media management thwarted the transfer of ideas in the real world thus emerging important implications for media development actors to support or facilitate the necessary coordination activities needed to unlock collaborative approaches that could strengthen independent media. Individuals spearheaded the most successful actions beyond the atelier. The complexities of collaborating as a unified 'body' of exiled or restricted media were acknowledged. There were several barriers to collaboration both practically (language, country-by-country differences) operationally (shared ethical and legal frames) and ideologically (finding a shared mission and vision).

Conclusion

Action research has a role to play as a solutions-orientated approach. Here a conceptualisation phase and atelier offered a holistic view of collaborations as experimental practice in determining revenue opportunities among media in exile or

restricted environments as they tried to carve out resilient digital revenue models beyond donor dependency. A rapidly evolving and competitive global marketplace has accelerated the demand for agile and experienced managers. Action research can have a positive and noticeable impact on a manager's development in such areas. Particularly during the atelier, it was a way of challenging normative assumptions of competition and dominant corporate discourse around journalism business models. Action research was methodology to move beyond an explanation of the now to emerge exploratory pathways for a forward-facing industry. It allowed for learning on the nature of collaboration and factors needed for success as well as lived experiences around revenue generation beyond the scope of qualitative methodologies tackled on a one-to-one basis. Critical reflection by themselves, peers and close stakeholders allowed participants to generate their own knowledge. This allowed for the invention of their own new practice theories and attitudinal change.

Bridging a research-relevance gap, it focused on sourcing new knowledge whilst also improving practice. This study raised issues about how to reconcile tensions between action and research, and how they relate to each other. Measured in research terms, the methodology was particularly slow-burn and requires uniquely placed academics committed to an open-ended cycle of contextual and iterative learning. It relied on a unique set of competencies, connections and motivations open only to a few academics comfortable to work at the intersection of industry, practice and theory. It was particularly limited in emerging traditionally scientific and instrumentalist findings. In order to reach the rigorous standards of scholarship, data and processes must be systematic. In turn, such a commitment can open new opportunities to further extend the collaborative balance of practitioner and academic with collaborative or participatory data analysis. It provides rich subject-on-subject compared to subject-on-object insights with the capacity to address power imbalance. To overcome criticism that action research tends towards the do-gooder, axiological choices and motivations must be transparent throughout.

Transferring research into action was more problematic. Money is an inherently touchy subject for media managers and ideation around revenues is problematic due to normative values of non-disclosure. The revenue initiatives proposed required further championing and coordination, which did not exist. Some scholars conclude that action research is a contradiction in terms (Hammersley, 2004) suggesting that action and research remain different kinds of activity. While theoretical and practical understanding of a problem determines a close alignment between research and actions, the reality is that one does not necessarily result in the other.

The full evaluation and impact of the interventions here, however, will require further measure and analysis. There is no fixed end-point to action research. These inquiries will continue along a broad research journey from multiple sources of knowledge, driving research and development around new revenue models. It is possible for participants to enact interventions that recursively generate learning within and beyond media organisations, and the wider community. Such a process

needs to develop appropriate research ethical and governance frames. Therefore, the approach goes some way to demonstrate new knowledge around revenue models may emerge from unorthodox practical forms of research when conducted in a rigorous way to go beyond explanation of the now and emerge exploratory industry pathways. However, real-world application is more problematic.

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