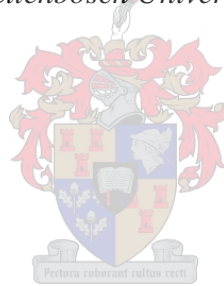


An explorative study of revenue models implemented by three South African news media companies to ensure the survival of their newsrooms in a post-COVID-19 world

by
Lucienne Fild

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Supervisor: Professor Lizette Rabe

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Declaration

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Abstract

Within two weeks of the World Health Organization (WHO) declaring COVID-19 a pandemic on 11 March 2020, news media companies around the globe lost at least half of their advertising revenue and saw print circulation numbers significantly reduced. By the end of 2020, the world's news media had suffered revenue losses of around \$30 billion. The pandemic did not spare the South African news media and in 2020 several hundred news media jobs were lost while numerous print titles had to close permanently. News media experts agree, however, that the revenue crisis facing news media companies has been at least ten years in the making and that the pandemic simply accelerated an existing problem.

With traditional revenue models no longer able to sustain news media companies, there has been a strong shift towards innovating reader revenue models. This study therefore explored the revenue models deployed by three South African news media companies (*News24*, Arena Holdings and the *Daily Maverick*) since the start of the pandemic. The main aim was to contribute answers to the central research question of which revenue models are most likely to be supported by South African audiences in a post-COVID-19 world – thereby ensuring the survival of quality journalism in South Africa.

The focus on news media business strategies and revenue models places this study in the field of media entrepreneurship and innovation, a sub-field of media management and economics (MME). This study was a mixed method exploratory multi-case study, with the aim of positioning the research as a baseline for future longitudinal research of revenue models deployed by South African news media companies. Mixed method research combines qualitative and quantitative research methods to provide descriptive and analytical information. The application of both methods made it possible to build a “multi-case” study via semi-structured in-depth interviews, underpinned by quantitative data to illustrate the impact of some of the business decisions taken by the news media companies included in the study. This approach produced three data sets: the revenue model case studies, statistical data, and insights from independent news media experts.

The findings highlight the importance of presenting this study as the baseline for a longitudinal study of the same news media companies. Reader revenue models are a

relatively new concept worldwide, especially membership revenue models, and South African news media companies are no exception with digital publishers still in the experimental phase of what works. While it is too early to draw conclusions on which revenue models will find support from South African audiences, the findings confirm that the local news media industry is cautiously optimistic that readers are willing to pay for the news. The value of this study lies in presenting candid insights from senior representatives of local news media companies into the strategies driving their revenue models, which they hope will be supported by audiences over time. Not only do these insights contribute data that can be measured over time, but this information also provides important learnings for digital publishers considering reader revenue models.

Opsomming

Binne twee weke nadat die Wêreldgesondheidsorganisasie op 11 Maart 2020 COVID-19 tot 'n pandemie verklaar het, het nuusmediamaatskappye wêreldwyd se advertensie-inkomste met minstens die helfte gekrimp terwyl gedrukte koerante se sirkulasiesyfers dramaties gedaal het. Teen die einde van 2020 het die wêreld se nuusmedia sowat \$30 miljard se inkomsteverliese gely. Die Suid-Afrikaanse nuusmedia het nie ongeskonde daarvan afgekom nie, met honderde nuusmediaposte wat in 2020 in die slag gebly het terwyl verskeie gedrukte titels hul deure permanent moes toemaak. Kundiges in die nuusmediabedryf is dit egter eens dat die inkomstekrisis waardeur nuusmediamaatskappye in die gesig staar word al minstens tien jaar in wording is en dat die pandemie bloot 'n bestaande probleem verhaas het.

Met tradisionele inkomstemodelle wat nuusmediamaatskappye nie meer volhoubaar gemaak het nie, was daar 'n definitiewe skuif na innoverende leser-inkomstemodelle. Hierdie studie is dus 'n ondersoek na die inkomstemodelle wat drie Suid-Afrikaanse nuusmediamaatskappye (*News24*, *Arena* en *Daily Maverick*) sedert die begin van die COVID-19-pandemie ontplooi het. Die vernaamste oogmerk was om antwoorde te vind op die sentrale navorsingsvraag, naamlik watter inkomstemodelle in 'n ná-COVID-19-wêreld die grootste kans het om deur die Suid-Afrikaanse leserspubliek ondersteun te word – en dus die oorlewing van gehalte joernalistiek in Suid-Afrika verseker.

Die fokus op nuusmedia se besigheidstrategieë en inkomstemodelle plaas die studie in die vakgebied van media-entrepreneurskap en innovasie, 'n subvakgebied van mediabestuur en ekonomie (MME). Die studie was 'n gemengde-metode ondersoekende, meervoudige gevallestudie met die doel om die navorsing te posisioneer as 'n basislyn vir toekomstige longitudinale navorsing oor die inkomstemodelle wat deur Suid-Afrikaanse nuusmediamaatskappye ontplooi word. Gemengde-metode-navorsing kombineer kwalitatiewe en kwantitatiewe navorsingsmetodes om beskrywende en analitiese inligting te verskaf. Deur albei metodes te gebruik, kon 'n meervoudige gevallestudie deur semi-gestruktureerde indiepte-onderhoude gedoen word, aangevul deur kwantitatiewe data om die impak van sommige van die sakebesluite wat deur die nuusmediamaatskappye geneem en by hierdie studie ingesluit is, te demonstreer. Hierdie benadering het drie datastelle opgelewer: die inkomstemodel-gevallestudies, statistiese data, en die insigte van onafhanklike nuusmedia-deskundiges.

Die bevindings beklemtoon die noodsaaklikheid om hierdie studie as die basislyn vir 'n longitudinale studie oor dieselfde nuusmediamaatskappye voor te lê. Leser-inkomstemodelle, en veral lidmaatskap-inkomstemodelle, is wêreldwyd 'n betreklik nuwe konsep, en Suid-Afrikaanse nuusmediamaatskappye is geen uitsondering nie met digitale uitgewers wat nog in die eksperimentele fase is om te bepaal wat werk en nie werk nie. Hoewel dit te vroeg is om enige gevolgtrekkings te maak oor watter inkomstemodelle deur die Suid-Afrikaanse leserspubliek ondersteun sal word, bevestig die bevindings dat die plaaslike nuusmediabedryf versigtig optimisties is dat lesers gewillig is om vir nuus te betaal. Die waarde van die studie lê in senior verteenwoordigers van plaaslike nuusmediamaatskappye se onbevooroordeelde insigte in die strategieë wat hul inkomstemodelle dryf en wat hulle hoop mettertyd deur die Suid-Afrikaanse leserspubliek ondersteun sal word. Hierdie insigte dra nie net by tot data wat oor tyd gemeet kan word nie, maar dien ook as 'n belangrike bron van kennis vir digitale uitgewers wat leser-inkomstemodelle oorweeg.

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Chapter 1 Introduction

1.1 Motivation for this study

The decimation of the revenue streams supporting the world's news media has been a “dangerous side-effect” of the COVID-19 pandemic, according to the Secretary-General of the United Nations (UN) (Guterres, 2021). Pointing out that news media companies around the world had lost an estimated \$30 billion in revenue in 2020, Guterres says the world could not afford to let the pandemic drive a “media extinction” event. He emphasises that:

Maintaining independent, fact-based reporting is an essential global public good, critical to building a safer, healthier and greener future. Without urgent action by the international community, we could be left with irrevocable damage to our societies and irreparable threats to the Sustainable Development Goals.

The World Health Organization (WHO) declared COVID-19 a pandemic on 11 March 2020 (Timeline of WHO's response, 2020). As COVID-19 spread indiscriminately around the world, its fallout did not spare publishers. The pandemic halved advertising revenue in its first two weeks (Cobb & Montgomery, 2020; Doctor, 2020) and significantly reduced print circulation revenue (Nel & Milburn-Curtis, 2021; Newman, 2021).

The “terrible irony of this moment”, according to Doctor (2020), is that while the appreciation for quality journalism has never been higher, the news media business that supports this journalism “now finds the future almost impossible to navigate”. Mir (2021) points out that the sudden change in focus from advertising revenue to reader revenue resulted in a “seismic shift in the business model” of the news media, while at the same time “dramatically” changing journalism. According to Mir, the news media industry has yet to grasp the full extent of these shifts and what they mean for its future.

Papayya (Media is in crisis, 2020) agrees that this “complicated” situation confronting the news media requires a “well positioned, well rounded, well documented, well thought out plan so that we can salvage what is left of our journalism”. The motive for this explorative

study is therefore to contribute to a “well thought out plan” to help South African news media companies develop sustainable revenue models that are relevant in the South African context to ensure the survival of diverse and credible sources of the news. The study aims to achieve this by contributing detailed insights into the different revenue strategies pursued by three South African news media companies¹ – *News24*, Arena Holdings and the *Daily Maverick* – presented as case studies in Chapter 5.

Zhang and Albarran (2018:301) define news media companies as “multiplatform enterprises” consisting of traditional platforms (print newspapers and magazines, radio and television) and digital platforms such as websites and mobile applications. In line with this definition, this study is focused on news media companies that predominantly operate in the traditional print and digital publishing space.

In Chapter 3 of this study, Christensen and Raynor (2003b) caution against “impatient” studies of business models which can lead to misguided conclusions. In heeding this advice, this study is designed as a baseline study for future longitudinal research to determine which revenue models implemented by South Africa’s news media are most likely to be supported over the long-term by South African audiences. Therefore, in addition to investigating the strategic thinking behind the revenue models deployed by *News24*, Arena Holdings and the *Daily Maverick*, consolidated news media metrics are included to illustrate the trends presented by the three case studies. These quantitative data sets also form the foundation for the ongoing collection of credible statistics for future research. Included in the findings and the discussion in Chapter 6 are the views of three independent South African news media commentators. This aims to provide a holistic overview of the South African operating environment in which news media companies must innovate solutions to ensure the survival of local journalism.

Rohn (2018:428) highlights that research focused on the business of the news tends to focus on experiences in the news media industries of the US and Europe – where operating environments differ vastly from those in the Global South. Rohn therefore advocates more

¹ While Arena Holdings and the *Daily Maverick* are news media companies, *News24* is a digital news platform owned by Media24 and therefore not a company in the legal sense. However, it is a revenue generating enterprise and therefore included in the term company when it is used in this study to refer to the three entities: *News24*, Arena Holdings and the *Daily Maverick*.

research in the media management and economics (MME) field relevant to the “different transformation” of the news media in regions such as Africa. However, even in the Global North, the academic fields of MME, which include media entrepreneurship and innovation, remain underdeveloped (Achtenhagen, 2017; Albarran, 2018; Horst & Murschetz, 2019; Rohn, 2018). Horst and Murschetz (2019:15) point out that the MME field requires more research into how news media companies operate in the digital world. This study therefore aims to contribute to this discourse in the context of the South African news media environment.

1.2 Research problem and focus

News media experts agree that the impact of the pandemic did not spare the South African news media and that the local media is in crisis (Basson, 2020; Charalambous, 2020a; Harber, 2020; Heywood, 2020; Rumney, 2020). Papayya (Media is in crisis, 2020) points out, however, that while the current diminished revenue facing the South African news media as a result of the COVID-19 pandemic is unprecedented, the crisis has been in the making for the past decade.

According to Heywood (2020), while the print media is “bearing the brunt” of the pandemic, “the media and society as a whole carries the cost”. He adds that: “If we look back through history, we will find that the media was always connected to advancing democracy. This is what is at stake.” Abernathy (2018:16) issues a similar warning, stating that when the loss of local newspapers creates “news deserts”, the affected community and democracy at all levels suffer. Abernathy (2018:11) defines “news deserts” as communities who have lost all or most “credible and comprehensive sources of either local or regional political and economic news”. Basson (2020a) emphasises that it is therefore critically important to identify sustainable revenue models to keep quality journalism in South Africa alive. Basson states that: “Print media has all but reached the end of its glorious lifespan, but we cannot let quality journalism die with paper and ink. We need to build a sustainable model for quality, digital journalism.”

Sustainable solutions will have to align reader interests with shareholder interests in the long-term (Charalambous, 2020a). But, according to Charalambous, innovating such solutions “when bloodletting is happening all around and long-term capital is hard to source” is not

easy to achieve. Research by the Media Industry Research Foundation of Finland into new business models for the US news industry notes that there is no one-size-fits-all solution and finding the right balance between reader and advertising revenue as the basis for a sustainable new business model requires experimentation (New business models, 2017:4). Such experimentation becomes more efficient when news media companies have access to credible research that provides insights into what works and what does not in a specific environment.

This study aims to contribute towards this by focusing on the following:

- An overview of the revenue models in place at *News24*, Arena Holdings and the *Daily Maverick* before the COVID-19 pandemic;
- The impact of the pandemic on the three publishers;
- Revenue models implemented or adjusted by these companies after the pandemic began;
- An analysis of salient metrics to record movement in unique browser numbers, subscriber/member numbers, and print circulation before and after COVID-19; and
- Views on the state of the South African news media by expert analysts and commentators.

1.3 Preliminary literature review

Charalambous (2020a) warned the South African news media in February 2020 – a month before the WHO declared COVID-19 a pandemic – that there was an “oncoming meteor aimed at our world”. According to Charalambous: “This is a global meltdown happening at a rate we can’t quite fathom. In the space of a decade the industry has lost half its workforce and more than half its main source of revenue.”

Nielsen (2020) agrees that the woes facing the news media industry, while compounded by the COVID-19 pandemic, are not new:

Existing forces of creative destruction already rippling through the industry are now compounded by the unwelcome arrival of a

pandemic that those of religious disposition may see as little less than one of the four horsemen of the apocalypse.

As Allsop (2020) points out: “Whichever way you slice it, it’s clear that the coronavirus didn’t start the industry garbage fire as much as it threw accelerant on it.”

1.3.1 The global impact of the pandemic (first six months)

In the United States (US) a *BuzzFeed News* headline on 23 March 2020, stated: “The Coronavirus is a media extinction event” (Silverman, 2020). By 14 August 2020, more than 50 newsrooms across the US had closed down due to the COVID-19 pandemic (Hare, 2020), while US newsrooms cut 11,027 jobs in the first half of 2020 (Challenger Report, 2020).

In Australia, the Public Interest Journalism Initiative reported the closure of 29 print editions in May 2020 and the change from print to digital of a further 60 titles (Number of public, 2020).

In the United Kingdom (UK), the newspaper industry was “facing an existential threat” following an 80 per cent drop in print advertising revenue due to the COVID-19 pandemic (Waterson & Sweney, 2020).

1.3.2 The local impact of the pandemic (first six months)

The *Mail & Guardian* was the first South African news media company to publicly admit financial distress as a result of COVID-19 (*Mail & Guardian* needs, 2020). On 26 March 2020, the company announced a 70 per cent loss in advertising revenue due to advertisers cancelling their campaigns ahead of lockdown, while the cancellation of live events resulted in another 20 per cent loss in revenue. In its appeal to readers for their subscription support, the company shared that:

This week has been one of the worst we have ever experienced in contemporary times. Right now our income will not adequately cover the cost of producing the M&G. We will likely not be able to pay salaries next month. We know we are not the only ones.

The lockdown severely affected print newspaper sales in South Africa, while advertising revenue eroded almost completely across news media companies (Rumney, 2020:14 & 19). Several media houses and publishers had no choice but to cull publications, retrench media workers and reduce salaries (Rumney, 2020:9).

On 30 April 2020, Associated Media Publishing announced its permanent closure, taking down a number of prominent magazine titles and retrenching around 100 media workers (Jooste, 2020).

On 5 May 2020, Caxton Publishing closed its magazine division in response to a continuous decline in revenues accelerated by the impact of the COVID-19 pandemic (Cohen, 2020). In June 2020, the South African Broadcasting Corporation (SABC) served some 600 employees with retrenchment notices (SABC serves retrenchment notices, 2020).

On 7 July 2020, publishing company Media24 announced its intention to close several print titles and restructure its newspaper and magazine division, affecting 1,100 jobs (Media24 announces, 2020). Media24 blamed “the pre-existing and long-term structural decline in print media in the country”, compounded by the effects of the pandemic.

On 16 July 2020, broadcast media group Primedia revealed that it would implement retrenchments to ensure the financial survival of the group (South African media, 2020). Primedia blamed a tough economic environment and increased competition due to technological advances for its unsustainable business model, which was aggravated by the impact of COVID-19.

In addition to the above-mentioned retrenchments, numerous independent newspapers across South Africa were forced to close as a result of the COVID-19 pandemic, resulting in an additional 700 job losses (Rumney, 2020:10).

1.4 Theoretical points of departure

In the absence of established theories that provide suitable building blocks for innovation and entrepreneurship in the digital news media environment, this study is guided by theories in the traditional management and business fields. Chapter 2 and 3 explain why the fields of media and communication, journalism and MME have not yet produced relevant theories.

The following theoretical frameworks are considered to be most relevant to this study:

- Innovation theory and the theory of creative destruction (Schumpeter, 1942);
- Disruptive innovation theory (Christensen & Bower, 1995) and innovator's dilemma theory (Christensen, 2015); and
- Theory of jobs-to-be-done (Christensen & Raynor, 2003).

At the start of the COVID-19 pandemic, Nielsen (2020) predicted that “bad things will happen” for the news media. According to Nielsen, the pandemic would compound the “existing forces of creative destruction” that had been disrupting the news media industry for several years. The term “creative destruction” was devised by political economist Professor Joseph Schumpeter, as part of his innovation theory in the early 1900s. Schumpeter (1942:83) believed that innovation is unleashed by creative destruction.

Jarvis (2019) cautions that “there likely is no path to profitability for journalism as it was”. He adds that successful solutions will require innovative use of technology to produce news products that add value to people's lives. Suárez (2020:36) agrees, and states that sustainable revenue solutions will have to help readers fill a need and therefore take into consideration the theory of “jobs-to-be-done”. The “jobs-to-be-done” theory was coined by Clayton M. Christensen in 2003.

Park (2020:4) says that understanding audiences and their needs must be at the centre of a holistic approach to innovating solutions for the news media. She (2020:7) adds that building a sustainable news media business model also requires “revenue diversification”, which can only be achieved through innovation and “often rethinking the product”.

Building on Schumpeter's creative destruction concept, Christensen and Joseph L. Bower produced the disruptive innovation theory in 1995. Christensen (2020:3) explains disruptive innovation as the process of a simple product or service winning appeal from individuals by being affordable and accessible, and eventually disrupting competitors.

In 1997, Christensen expanded on the theory of disruptive innovation to explain the theory of the innovator's dilemma. Christensen, Skok and Allworth (2012:6) believe that by trying to sustain a traditional business model, news media companies present a classic example of the "innovator's dilemma" by choosing "today's revenues" over "tomorrow's digital promise". Christensen *et al.* maintain that this paves the way for "new-market disruptors" to create news products for the "low-end" of the market made up of audiences that do not consume traditional media.

1.5 Problem statement

In 2018, two years before the COVID-19 pandemic plunged the world's news media into an existential crisis, Rusbridger (2019:369) warned that the news media industry was heading for a "perfect storm" because publishers continue to grapple with the "commercial, technological and editorial imperatives" of the digital age. Pope and Bell (2020) note that "for years, we've watched local journalism efforts wither and news deserts form", and yet "inertia reigned" because the problem seemed unfixable.

The pandemic created a do-or-die moment, leaving the world's news media scrambling for revenue streams to replace the almost instant loss in advertising and circulation spend. In order to survive this crisis, the news media will have to finally let go of the traditional business models that have failed them for the past 20 years and innovate new ones that consider the changed audience needs (Nielsen, 2020). As Mir (2021) points out: "Publications might be able to regroup and adjust their standards to a time when their audience, rather than advertisers, is the leading source of revenue. But the challenge is holding that audience."

The study of the three distinctly different revenue models deployed by *News24*, Arena Holdings and the *Daily Maverick* in the 18 months since the start of the COVID-19 pandemic

provides unique insights into the thinking that drives the strategies behind audience-focused revenue models and also creates a baseline for the tracking of their long-term success rate.

This research therefore initiates ongoing research into business strategies and revenue models in the South African news media industry. It is hoped that the insights produced by this research will inform and guide future news media innovation strategies in South Africa, in order to produce sustainable revenue models able to fund quality journalism, thereby preventing the growth of “news deserts”.

1.6 Research questions

1.6.1 Main research question

With advertising revenue no longer a guaranteed source of income, several South African news media companies are implementing new revenue models to ensure their survival, many of which have not been proven in the South African context. The main research question thus is:

- Which news media revenue models are most likely to be supported by South African audiences in a post-COVID-19 world, thereby ensuring the survival of quality journalism in the country?

1.6.2 Sub-questions

- How well do South African news media companies understand their audiences and their needs?
- To what extent did audience insights determine the type of revenue models implemented?
- To what extent does the leadership of news media companies in South Africa understand the innovation and disruption theories developed by Christensen and Schumpeter, and did this understanding inform specific innovative solutions designed to help readers “get the job done” in return for paying for the news?

1.7 Research design and methodology

1.7.1 Research design

This study was designed as a mixed method exploratory multi-case study, in order to position this research as a baseline for future longitudinal research of revenue models deployed by South African news media companies. Longitudinal studies, also known as patient studies or trend studies, focus on presenting a more holistic picture of the trends and challenges facing news media companies, rather than just “screenshots of reality” (Rohn, 2018:437).

Jung and Kim (2018:72) explain that case studies are not considered a research method, but rather a research design. Case study design can apply quantitative methods, qualitative methods, or both, in a mixed method approach (Creswell & Creswell, 2018:192; Ramírez, 2015:65). Case study research design is popular with media entrepreneurship and innovation scholars because it allows the researcher explore variance and contrast (Habann, 2008; Schultz & Jones, 2017).

Since the case study approach allows the researcher to examine and analyse data that are specific to each case (Schwandt & Gates, 2018:621), the findings are presented in a format of three case studies (one for each news media company) in Chapter 5.

1.7.2 Methodology

The “hybrid nature” of MME research lends itself to mixed method research, combining both qualitative and quantitative methods (Artero & Sánchez-Tabernero, 2018; Du Plooy, 2018; Jung & Kim, 2018). While the social sciences, which include the fields of media, communication, and journalism studies, tend to prefer qualitative research methods for their “rich vein” of information (Brennen, 2017:2), MME researchers often rely on a combination of qualitative and quantitative methods (Artero & Sánchez-Tabernero, 2018:59). Artero and Sánchez-Tabernero explain that the mixed method approach allows MME researchers to extract “valuable insights” from industry practitioners, while using statistical data to measure impact. Since the focus of this study is on revenue models implemented by South African news media companies and the probability of their long-term success, the study used the mixed method approach. The qualitative research element of the study was conducted by

means of in-depth, semi-structured interviews. The quantitative data were sourced from the three senior representatives of the news media companies studied and also from monthly Narrative Reports and the quarterly Audit Bureau of Circulations of South Africa (ABC) Reports.

1.7.3 Research ethics

This research was conducted in compliance with the ethical research requirements stipulated by the University of Stellenbosch Research Ethics Committee for Social, Behavioural and Education Research. Approval to proceed with this research was granted on 3 November 2020 (see Addendum A).

Participants were informed in writing as part of the research consent form (Addendum B) that information provided during the interviews will be regarded as on the record and that it will be published. All participants were also given the opportunity to review and approve the information disclosed by them before it was included in the research findings in Chapters 5 and 6. All seven interviewees reviewed the research findings relevant to them and approved the findings for inclusion in this study.

1.8 Summary

This chapter outlines the profound impact of the COVID-19 pandemic on the world's news media, including the South African media, in the first six months of 2020. In the months following the beginning of the COVID-19 pandemic it became clear that news media companies were navigating uncharted waters and that a “well thought out plan” was needed to help determine revenue models that audiences were likely to support, to ensure the survival of journalism. This study aims to contribute to this in the South African context.

While the preliminary studies presented in this chapter provide insights into the immediate impact of the COVID-19 pandemic on the news media in South Africa and around the world, the next chapter provides a more in-depth evaluation of the impact on the news media over an 18-month period and discusses the implications for the industry.

Chapter 2

Literature review

2.1 Introduction

Since research requires a problem to be solved, preliminary exploration serves to identify whether there is a real problem worthy of academic research (Anderson, 2012:65). Anderson also points out that a problem worth researching should be one “for which there is not already a settled answer”. This chapter therefore considers the impact of the COVID-19 pandemic on the world’s news media industry in the 18 months since the pandemic was declared, in order to establish whether there is a problem worth investigating.

To provide context to the research findings in Chapter 5, this literature review also considers the most common types of reader revenue models that digital news platforms around the world are experimenting with. While there is a growing focus on explaining reader revenue models, especially subscription models, there are gaps in academic research aimed at guiding news media companies, from legacy business models to digital-first strategies.

2.2 Gaps in the field of research

According to Du Plooy (2018:61), the purpose of a literature review is to identify what has already been written about a particular problem. It is evident from the literature reviewed since the start of the pandemic that the main focus has been counting the losses that resulted from the financial impact on newsrooms. However, there is still limited research on guiding news media companies to design sustainable digital business strategies (Leandros & Papadopoulou, 2020; Lewis, 2020; Nielsen, 2018; Rohn, 2018).

Attending the 2018 annual meeting of the International Communication Association (ICA) in Prague, Nielsen (2018) realised that academic research papers on news media business models were absent from this “single most important international academic conference for communications research, media studies, and, by extension, work on journalism”. Nielsen was concerned by this, given the structural changes being forced onto the news media by digital innovation.

Lewis (2020:684) notes that journalism research has unwittingly prioritised studies that focus on the journalism profession, thereby sacrificing other critical problem areas such as the business of news in the age of digital platforms. While the research into news media business models is considered the domain of media management and economics (MME), Lewis believes that the impact of the COVID-19 pandemic has highlighted the need for journalism studies to also attend to this topic:

If ever there were an imperative moment for the study of journalism to more assertively make sense of the possibilities and perils of revenue generation or public and philanthropic support for news, it should be now – a moment when the sudden global recession and evisceration of marketing budgets likely will spell doom for many advertising-supported news organisations already struggling to survive.

Lewis may be right in his assertion that research aimed at helping the news media find sustainable revenue models should be included in journalism studies. As Piechota and Brock (2019:6) note, if credible content is the main driver of a successful reader revenue strategy, then the “balance of power” will have to shift to the newsroom.

Rohn (2018:427) highlights that the unique and complex features of the news media have not yet transitioned properly into media management studies. As a result, Rohn notes that there is also a lack of research specific to news media revenue models in the MME field, with most studies still applying general management theories to problems unique to the business of the news.

Nielsen (2018) believes that research in journalism would greatly benefit from assuming a wider focus by connecting with other academic fields that could enrich research focused on topics such as the business of the news. Lewis (2020:684) supports this view but acknowledges that the study of business models deviates from journalism studies and may therefore require skills and tools not usually applied in journalism research.

A practical solution to this dilemma could be to focus more strongly on developing media entrepreneurship and innovation as a standalone academic research field (Achtenhagen, 2017; Rohn, 2018). This approach could lead to the development of innovation and

entrepreneurship theories that consider features and challenges unique to the business of the news media. The importance of developing theories relevant to innovation and entrepreneurship in the news media is discussed in greater detail in Chapter 3.

2.3 The state of the news media (print and digital)

This section builds on the preliminary research presented in Chapter 1 by providing an updated overview of the news media operating environment since the COVID-19 pandemic began in March 2020. A brief review of the health of the world's news media before the arrival of COVID-19 is followed by *International studies* and *National studies*, which outline the impact on news media companies in other countries and then in South Africa.

2.3.1 The environment leading up to the pandemic

For more than ten years the move towards digital content consumption has been “slowly chipping away at the business models” of news media companies (Newman, 2021:30). According to Newman, the devastation caused by the pandemic, together with rapidly changing technology, is finally compelling change in the news media. For those still able to publish, the pandemic has forced organisations to take action and to innovate change to ensure their survival (Roper, 2021:7).

Abernathy (2020:8) states that “successive technological and economic assaults” had all but destroyed a two-century-old news media business model and that the COVID-19 pandemic had accelerated the decay. Abernathy (2020:9) states that while much of the collapse of the news media business models had been unavoidable, a state of denial and some arrogance had stifled innovation, which compounded the problem.

Doctor (2020) agrees, noting that the news media industry had struggled for at least ten years before the pandemic caused what was left of advertising revenue to plummet. Doctor states that unfortunately most publishers were still heavily dependent on advertising revenue when the pandemic arrived, with only the big ones such as *The New York Times*, *The Wall Street Journal* and *The Washington Post* having made the transition to reader revenue-based business models.

2.3.2 International studies

The global crisis unleashed by the COVID-19 pandemic has thrown most industries into turmoil and the news media industry is no exception. Nel and Milburn-Curtis (2021:13) report that print advertising “took the biggest brunt of the crisis”, suffering a 19.5 per cent drop in 2020. In addition, according to Nel and Milburn-Curtis, print circulation revenue around the world dropped by an average of 13 per cent in 2020.

For many news media companies around the world still heavily reliant on advertising spend and print circulation income, the financial impact of the pandemic led to staff cuts, salary cuts or large-scale closures. A survey of 1,308 field journalists in 77 countries, including South Africa, conducted by the International Federation of Journalists (IFJ) in April 2020 showed that two-thirds had suffered financially because of the pandemic by losing their jobs, having their salaries cut or their freelance work reduced (Bellanger, 2020:61).

In the UK, news media companies furloughed 2,000 media workers in response to the COVID-19 crisis and by August 2020 most of these had become permanent cuts (Mayhew & Tobitt, 2020). Mayhew and Tobitt report that: “Cutbacks have fallen across the news industry as the decline in print sales has deepened and the advertising market has collapsed under lockdown.” While 33 print titles closed their doors in the UK between January 2019 and 19 August 2020, the UK had lost 265 print titles in total since 2005 when print newspapers had been at their most profitable (Tobitt, 2020). This shows that the news media industry in the UK had been witnessing a steady downward trend for 14 years, before the pandemic accelerated the decline.

PwC Australia (2021:4) reports that the pandemic “triggered the sharpest contraction in Australian entertainment and media revenues” in history. PwC Australia (2021:46) states that Australian news conglomerate News Corp stopped printing 112 newspapers in 2020, announcing that 36 titles would close completely and the remaining 76 would move to digital only. According to PwC Australia (2021:4), the pandemic accelerated the digital disruption of the media by several years.

The news media industry in the US did not escape the brunt of the pandemic. By 2020 only 30,820 media workers were still employed by newspapers in the US, a drop of 12 per cent

from 2019 and 57 per cent from 2004 (Newspapers fact sheet, 2021). According to Abernathy (2020:9), the impact of the COVID-19 pandemic on an industry already struggling for survival raises concerns about a possible “extinction-level event” that could destroy what is left of the industry. She reports that between April and May 2020, the United States lost some 30 newspapers due to closures and mergers. By October 2021, the number of newsrooms closures in the US had risen to 90 (Hare, 2021). The United States is left with only three national newspapers: *The New York Times*, *The Wall Street Journal* and *USA Today* (Abernathy: 2020:13).

News media companies across Europe also recorded a significant drop in revenue (Carlini & Bleyer-Simon, 2021:11). Privately owned publishers in Germany recorded declining advertising and print sales revenue (Hölig & Hasebrink, 2021:80), with France reporting a 24 per cent drop in print advertising in 2020 (Antheaume, 2021:78).

The year 2020 will be remembered by the world’s news media industry for causing “some of the most dramatic shifts in history” in the global ecosystem (PwC Global, 2021:2). According to PwC Global, the COVID-19 pandemic, together with significant changes in audience behaviour, resulted in the sharpest contraction in media revenues ever recorded.

2.3.3 National studies

The COVID-19 pandemic arrived at the worst possible time for the South African news media (Daniels, 2021a:6). Daniels explains that newsrooms had been shrinking since the global financial crisis in 2008, resulting in a steady decline in editorial jobs leading up to the pandemic. Daniels (2021a:7) estimates that 3,000 journalism jobs (including freelance jobs) could have been lost because of the pandemic, signifying “a diminishing diversity of voices, and therefore democracy and the public are the losers”.

Reid (2021:44) reports that South Africa’s 18 biggest daily newspapers with a cover charge had seen their circulation halve over the past 20 years, while the 15 top weekly newspaper titles with a cover charge lost around two-thirds of their circulation. According to Reid (2021:44), daily paid newspapers lost another 38.1 per cent of circulation in 2020 as a result of the pandemic, while weekly paid titles dropped by another 45.7 per cent, and weekend papers by 36.1 per cent.

Already in a fragile state, the pandemic had a devastating impact on the country's print media (Buys, 2021:42). Buys recounts that:

The sudden initial lockdown brought printing presses and distribution to a halt. Consumers, largely confined to their homes, were unable to buy their favourite reads and print circulations suffered as a result. Advertisers abruptly stopped advertising during the initial uncertainty and some long-standing print brands became early casualties.

Buys (2021:42) believes that the pandemic and the lockdown also resulted in positive outcomes for the news media by speeding up digital innovation. She reports an enormous surge in digital audience numbers for news sites. She adds that while there has been some levelling, digital news portals managed to retain 30 per cent of new readers gained in 2020. Daniels (2021a:7) believes that South African news media with "trusted brands with refreshing twists" will survive. She adds that:

Those who take seriously the mantras of 'audience first' and 'listening journalism' – which are now popular concepts in academic media studies around the world – as they pertain to journalism's role in a democracy will thrive.

According to Charalambous (2021a), the biggest lesson for publishers from the impact of the pandemic is that well diversified revenue streams are key to survival. He acknowledges, however, that building well diversified revenue models is not easy and requires specialist skills that are usually not part of the typical newsroom environment.

2.4 Funding journalism in a sustainable way

Journalism has always been subsidised, whether by advertising, print newspaper cover prices, public broadcaster licence fees or state subsidies (Chittum, 2014; Rosen, 2020; Rusbridger, 2019). For more than a century of journalism, however, newsrooms did not have to be concerned about who was funding their monthly salaries (Rusbridger, 2019:197). According to Rusbridger, readers contributed some and "advertisers filled the void".

Chittum (2014) reminds us that the problem facing the news media is not a loss of readers, but rather a loss of advertising revenue. While advertising was once the most popular source of income for news media companies, Rosen (2020) states that the move to digital platforms fundamentally disrupted the model, causing the “collapse of the ad subsidy” for newsrooms and resulting in the “business model crisis” experienced by news media companies around the world.

Chittum states that “Journalism, broadly speaking, has always required reader revenue, and now it will more than ever”. According to Moerdyk (2020), publishers made a grave mistake by not charging readers for digital content right from the start of the digital revolution. He describes this as “a stupid error of judgement for which a very hefty price was paid because readers got used to getting things for free”. Abernathy (2020:10) states that in the months ahead, as the news media industry finds ways to survive, there are several existential questions that must be answered with urgency, including, “Who pays for the news we consume”.

Piechota (2021:7) comments that while 2020 was the hardest year for the news media, the “tragedy and suffering” caused by the pandemic facilitated a renewed confidence in the value of journalism as audiences worldwide became desperate for credible news. Agile publishers have been able to channel this confidence into fast-growing reader revenue (Piechota, 2021; Skrzypek, 2021). According to Skrzypek (2021), the crisis created by the pandemic presents the news media industry with the opportunity to transform, create new revenue streams, and “come out stronger on the other side”.

Research by the *International News Media Association* (INMA) in 2020 shows, however, that the adoption of reader revenue models by news media companies has not yet become the norm (Piechota, 2020). Piechota, on behalf of INMA, tested 569 mainstream digital news portals around the world as listed in the *Reuters Institute’s Digital News Report*, and found that only 39 per cent had reader revenue models in place. As Abernathy and Sciarrino (2019:96) point out, media companies with legacy businesses cannot simply move away from the structures that still pay the bills, while start-ups require funding to innovate sustainable revenue models.

Piechota and Brock (2019:13) advise news media companies to recognise the importance of “newsroom transformation” when moving to a reader revenue model, which will require an understanding of the fundamental differences between journalism and news. They explain that “With news content available at such volume and velocity from so many sources, it is a commodity with low market value”. They add that to “deliver something that a customer wants to pay for”, newsrooms will have to understand the concept of reader engagement, and that, “without that task of reader engagement being understood, most journalism does not have a sustainable funding model”.

2.5 Understanding reader revenue models

Subscription models and membership models are both reader revenue models in that they require readers to support a news publication financially, but their designs differ. While news media experts agree on the structural differences between subscription and membership models, there is some debate about the theoretical approaches.

Zirulnick and Rosen (2021) believe that a subscription requires readers to form a “product relationship” with the news portal in that the reader buys a product that is otherwise behind a paywall. They add that a membership model, on the other hand, invites readers to “join the cause” and to fund journalism so that it is available to everyone.

However, the view that subscription models are based on a straightforward product relationship where readers subscribe to buy the news as a commodity and not because they back a cause can be challenged. A case in point is *The New York Times*, described as “the digital subscriptions trailblazer” (Turvill, 2021), which experienced a surge in subscriptions after a strong public rebuke of former US President Donald Trump following his first attack on *The New York Times*. Dean Baquet, executive editor of *The New York Times*, told the INMA World Congress of News Media in May 2019 that readers indicated their support for the stand that *The New York Times* took against Trump, by subscribing. Baquet (in Newsplexer Projects, 2019) shared that he came to realise that

... there were a certain number of people who so powerfully believe in the importance of *The New York Times* and its existence and power that they started subscribing. And they started subscribing for their

friends. And I felt like that was an inspiring cheering section that said:
Carry on, push forward, and do what you do. That gives me strength.

Rather than differentiate between subscription models and membership models as a product or a service, Piechota and Brock (2019:4) believe that journalism has transitioned from “being a product to being a service”. To survive, they add, news media companies will have to relinquish the “manufacturers” mindset and instead assume the role of “service providers” to audiences. Abernathy and Sciarrino (2019:104), however, maintain that it is critical that news media companies treat their content as both the product and the service. They add that publishers should be thinking about “What are the benefits that your customers uniquely receive from interacting with your products and services?”

While the debate continues about whether journalism should be considered a product, a service, or both, Zirulnick, Goligoski and Rosen (2020) encourage news media companies to gain a deep understanding of how different reader revenue models work, before deciding which one is right for their target audience and the news operation.

Research by Piechota (2020) on behalf of INMA shows that of the digital news portals included in his research with reader revenue models in place, only 12 per cent took the membership approach, while the remainder put in place some form of paywall. A more detailed breakdown is presented in Figure 1 below.

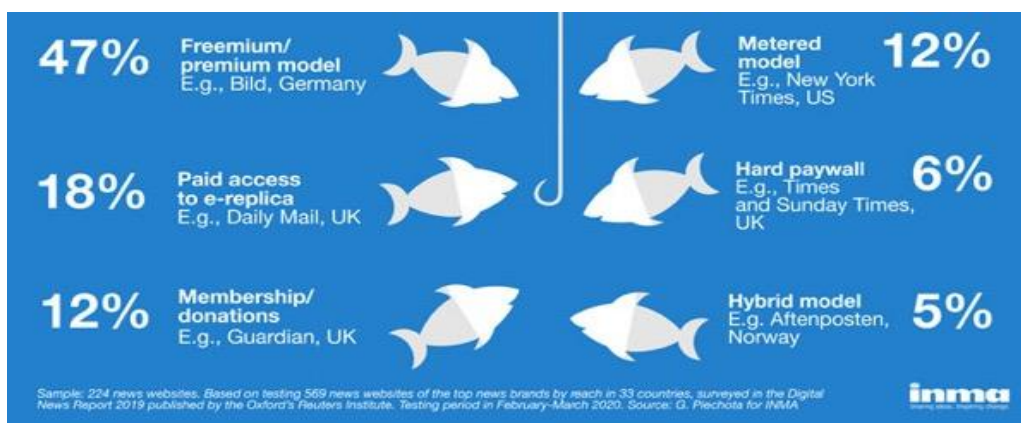


Figure 1: Reader revenue models deployed around the world

(Source: Piechota, 2020)

2.5.1 The membership model

Rosen (2020) considers membership models to be a new beginning for journalism in that they require “finding that portion of the public that still believes in the implied contract between people with a need to know and journalists determined to find out”. Hansen and Roseman (2021) note that membership models are new strategies distinctly different from subscriptions in terms of the value they offer and in how they are marketed to readers. They add that successful membership models require that newsrooms and readers function in a partnership.

Hansen and Roseman (2021) report that most newsrooms that implement membership revenue models attract, on average, only around 1,000 members in the first year. According to Esser (in Lichterman & Roseman, 2020), membership models are often slower to take off than subscription models, but once they do “members stick around longer than subscribers”. Esser elaborates:

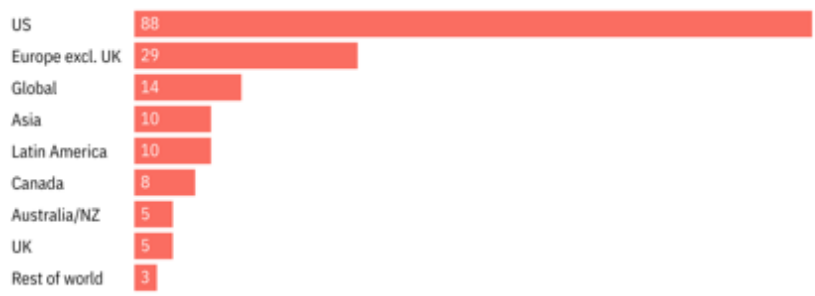
That’s one thing that speaks for membership: Low churn, high retention, strong relationships. People care [about their memberships]. If they cancel, it hurts. [Cancelling membership] is saying to a person I don’t want you anymore. It doesn’t hurt to cancel my Netflix account.

Lichterman and Roseman (2020) believe that a strong focus on member retention is key for building a healthy membership revenue model. They add that this requires an in-depth understanding of what readers are willing to support with funding.

For some of the biggest digital news portals around the world, including *The Guardian* in the UK, *De Correspondent* in the Netherlands and *elDiario.es* in Spain, membership models have become an important source of revenue (Majid, 2021a). According to Majid, most of the membership-funded newsrooms are based in the US (88), followed by Europe (29). Only two are based in Africa, namely *Mada Masr* in Egypt and the *Daily Maverick* in South Africa (How to use, [n.d.]). Other regions with member-funded newsroom are reflected in Figure 2.

The US is home to many member-funded newsrooms but membership is global

Country of primary reach, membership-funded outlets



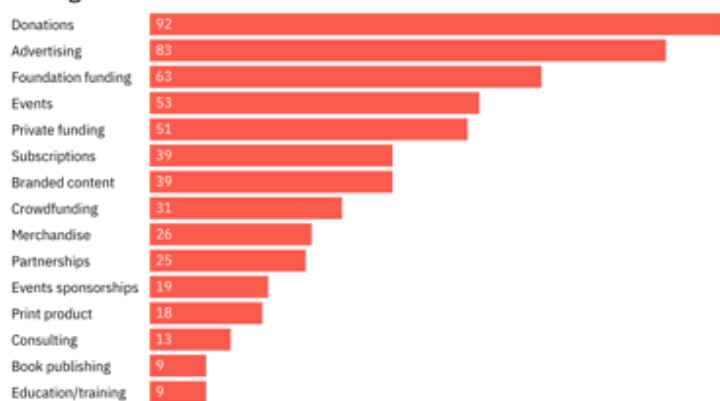
Limited to outlets listed by the Membership Puzzle Project
 Chart: Press Gazette • Source: Press Gazette analysis of Membership Puzzle Project Database

Figure 2: Membership funded newsrooms around the world
 (Source: Majid, 2021a)

Majid (2021a) also reports that a membership model is not a guaranteed fix for the revenue woes facing news media companies around the world, nor should it be considered the only source of revenue. According to Majid, most membership-funded newsrooms have a diversified revenue strategy in place, as outlined in Figure 3.

Most member-funded newsrooms have other revenue streams too

Number of member-funded newsrooms who also raise revenue through:



Top 15 additional revenue sources to membership of the organisations in the MPP database
 Chart: Press Gazette • Source: Membership Puzzle Project

Figure 3: Membership models as part of a diversified revenue strategy
 (Source: Majid, 2021a)

Rosen (2020) encourages news media companies wanting to build a successful membership model to try different approaches to establish what works best for readers:

If in journalism, the basic unit of work is the story, in membership it is the “try”. Meaning: you can only learn what works by trying things with the people who find value in your journalism.

Not convinced by the “walled garden” approach of the subscription model, Rusbridger (2019) embraced the “try” approach when he launched *The Guardian*’s membership programme in 2014. As editor-in-chief of *The Guardian* at the time, Rusbridger introduced a three-tier membership programme ranging from free to £60 a month (Sweney, 2014). Following Rusbridger’s departure in 2015, the new editor, Katharine Viner, changed the membership model to a voluntary contribution system (Rajan, 2019). Rajan reports that readers supported *The Guardian*’s new model and by 2019 the publisher recorded its first operating profit in 20 years. In the October 2021 *PressGazette* rankings of the world’s biggest membership revenue models, *The Guardian* tops the table with 560,000 paying members (Majid, 2021b). *The Guardian*’s content is not placed behind a paywall and its news portal banner reads: “Available for everyone, funded by readers” (*The Guardian*, [n.d.]).

However, the membership model approach is not a guaranteed recipe for success. Carlini and Bleyer-Simon (2021:14) report that the membership model “suffered a great blow during the pandemic” when *The Correspondent*, the English version of the Dutch *De Correspondent*, closed in late December 2020 after members stopped renewing their membership because of financial pressures.

2.5.2 The subscription model

Digital news platforms around the world recorded a 435 per cent growth in paid subscriptions over the past nine years, which means that digital subscriber numbers are now six times higher than in 2012 (Kalim, 2021:2). In 2020 alone, publishers grew their subscription-based revenue by 16 per cent, adds Kalim. Piechota (2021:4) reports that demand for digital news portals increased by up to 70 per cent in the months following the arrival of the COVID-19 pandemic, as people around the world sought credible news sources. Kalim (2021:3) states that while research confirms that readers are prepared to pay for “local news and niche content”, they do so for different reasons (see Figure 4 below).

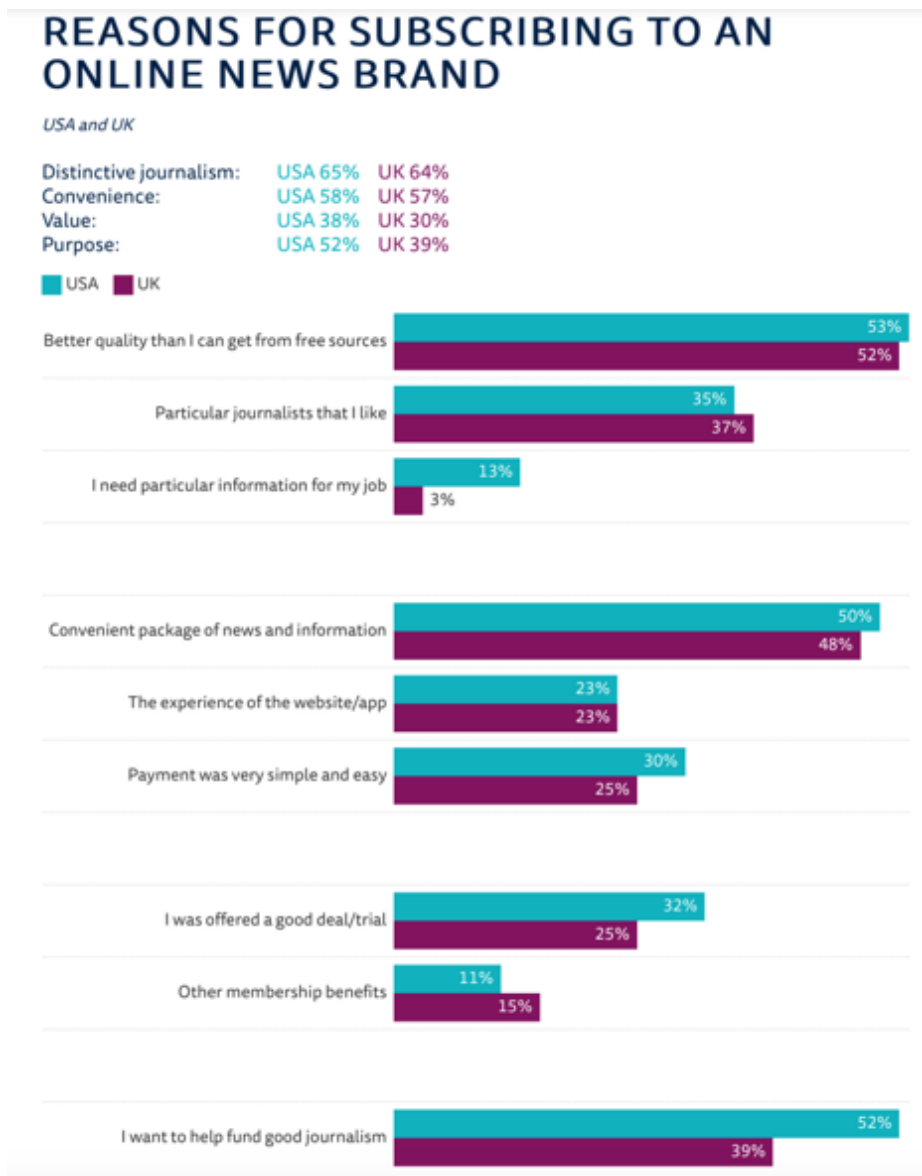


Figure 4: Why readers are prepared to pay for the news

(Source: Kalim, 2021:2)

According to Kalim (2021:5), subscription models use two types of paywalls: hard paywalls and soft paywalls. Hard paywalls tend to work for digital news portals that either dominate or serve niche markets (Kalim, 2021:5). Piechota (2020) reports that only 6 per cent of digital news portals sampled in 2020 had hard paywalls in place. In South Africa, *Netwerk24*, a Media24 platform targeting the Afrikaans-speaking market, operates the most successful hard paywall with around 80,000 subscribers (Basson, 2021). *Vrye Weekblad*, an Afrikaans digital news portal published by Arena Holdings, also has a hard paywall in place, but its subscriber numbers have not been made public (Meer oor, [n.d.]).

According to Kalim (2021:5) there are two common types of soft paywalls: metered paywalls and freemium paywalls. He explains that a metered paywall allows readers to access a certain number of free articles (an average of five) every month before the paywall kicks in. He adds that, “[u]sing this strategy allows readers to experience the quality of your content and may over time inspire them to sign up for a paid subscription”. The world’s largest metered paywall model belongs to *The New York Times* (Turvill, 2021).

Most South African digital news portals with subscription models use the freemium model. According to Piechota (2020), freemium models are also the most common globally. Kalim (2021:6) explains that freemium models provide readers with some free content and some “premium” content, which is placed behind a paywall. *News24* opted for the freemium model, while the Arena Holdings digital news portals (*TimesLIVE*, *BusinessLIVE*, *HeraldLIVE* and *DispatchLIVE*) also have freemium paywalls. This is explained in greater detail in Chapter 5.

In December 2020, *PressGazette* launched the 100k Club, which ranks the largest digital subscription news portals (Turvill, 2020). By April 2021, the 100k Club rankings showed that the world’s English-language news portals had signed up 23 million digital subscribers (Turvill, 2021). Turvill (2021) also reports that there are 28 digital news portals with 100,000 or more digital-only subscribers. By far the biggest digital news portal is *The New York Times*, which launched its paywall in 2011. By August 2021, *The New York Times* had achieved eight million subscribers (Scire, 2021a). Rusbridger (2019:213) believes that the success of the approach taken by *The New York Times* was driven by its starting point in 2011: “[A] very large (and comparatively affluent) audience in the US which it was already monetizing very effectively.”

2.6 Implementing a successful reader revenue strategy

The success of a news media company’s reader revenue strategy depends on whether newsrooms are capable of “transformational change” (Piechota & Brock, 2019:48). The authors add that, “the first habit to be dumped is seeing users as an undifferentiated mass”. According to Piechota and Brock (2019:49), newsrooms must learn to ask, “What needs are we meeting?” This aligns with the theory of jobs-to-be-done developed by Christensen and

Raynor (2003a:12) in 2003, which is one of the theoretical departure points of this study – as discussed in Chapter 3.

While news media companies around the world are increasingly experimenting with different reader revenue models, the transition to reader revenue models remains muted (Newman, 2021:14). According to Newman, in 20 countries tracked for progress since 2016 for *The Reuters Institute Digital News Report*, only 17 per cent of consumers paid for online news in the last year, representing an increase of only 2 per cent year-on-year.

2.7 Summary

Based on this literature review, it can be concluded that the COVID-19 pandemic is likely to go down in the history of the world's news media as having forced a new direction. News media practitioners and commentators seem to agree that the news media industry has been transitioning towards this moment of reckoning for more than a decade, with traditional advertising and print-circulation revenue models no longer able to sustain legacy business models as a result of audiences having developed a clear preference for digital content consumption. The pandemic amplified this preference for digital consumption.

With print advertising unlikely to return to pre-COVID levels and digital news consumption here to stay, news media companies that survived into 2021 are focused on finding sustainable revenue models that readers are prepared to support. News media experts agree that it is important that publishers gain a deep understanding of different reader revenue models before committing to a business strategy to ensure that readers are likely to support the approach.

This literature review has also highlighted that media entrepreneurship and innovation remains underdeveloped as an academic research field. The reasons for this are explored in more detail in the next chapter.

Chapter 3

Theoretical framework

3.1 Introduction

Theory is crucial to academic research as it provides the point of departure, gives the investigation direction, and provides the context for interpreting the body of scientific findings (Jansen & Steinberg, 1991:9). By applying theory, the researcher can understand “observed reality” and predict possible outcomes based on the “evaluation of evidence” (McQuail, 2010:5). Furthermore, well-researched theory provides predictability to a field of study (Christensen & Raynor, 2003a:11).

This study focuses on innovation and entrepreneurship in the news media. It should therefore seek direction and context from theoretical frameworks within the wider realms of media management and economics (MME), but more specifically within media entrepreneurship, which is part of the field of media management. However, while these fields have seen rapid development driven by the speed at which the media, including the news media, are innovating to survive in the digital world, they remain poorly defined and researched (Achtenhagen, 2017; Albarran, 2018; Horst & Murschetz, 2019; Rohn, 2018).

Achtenhagen (2017:2) confirms that while media entrepreneurship as a sub-field of MME is increasingly being recognised as relevant to the news media, it does not yet have legitimacy as an academic field. As a result, existing media and communication theories do not yet exist for digital innovation and the impact on the entrepreneurial features of the news media (McQuail, 2010:547). The MME field has yet to produce theories suitable as building blocks for a study of this nature (Achtenhagen, 2017:5; Albarran, 2018:12; Rohn, 2018:426).

McQuail (2010:547) concedes that digitalisation of the news requires new theories that “will allow us to escape from the limitations of a rather worn-out conceptual apparatus” of existing media and communication studies. This perhaps explains why media management research, which according to Rohn (2018:426) “lies at the intersection of general management studies and media and communication studies”, has not yet delivered theories specific to media entrepreneurship.

Achtenhagen (2017:6) believes that digital innovation in the media is providing a unique opportunity “to put media entrepreneurship on the academic map beyond media and communication scholarship”. Horst and Murschetz (2019:15) suggest that the field of media management would also benefit from research into how media companies “function, operate and change” in this digitised world. This study, by exploring how news media companies are building revenue models better suited to the digital publishing environment, aims to contribute to this discourse in the context of the South African news media environment.

Storsul and Krumsvik (2013:13) believe that while new media developments are considered important in media research, such research has largely failed to include “explicit theoretical considerations about innovation”. Storsul and Krumsvik argue that there is value in exploring the changing news media environment through the “lens of innovation and innovation theory”. In the absence of theories specific to innovation and entrepreneurship in the media, this study therefore takes guidance from established innovation and entrepreneurship theories that have relevance in that they provide some predictability to the potential outcomes of business decisions taken by the three news media companies included in this study.

Christensen and Raynor (2003a:8) believe that by understanding the forces that influence the outcomes of business decisions, the process of innovation becomes more predictable.

The theoretical departure point of this study is that news media companies able to innovate solutions based on a deep understanding of what will help audiences with their jobs to be done, a concept explained in section 3.4 further on, are more likely to develop sustainable revenue models. The following theoretical frameworks are therefore considered to be most relevant to this study in that they all provide some form of predictability to what business decisions are likely to result in success or failure:

- Innovation theory and the theory of creative destruction (Schumpeter, 1942);
- Disruptive innovation theory (Christensen & Bower, 1995) and innovator’s dilemma theory (Christensen, 2015); and
- Theory of jobs-to-be-done (Christensen & Raynor, 2003).

This chapter engages with the above theories and sets out why they are relevant to what is happening in the news media, as discussed in Chapter 2. This chapter concludes with a motivation on why news media companies should take the theories outlined in this chapter seriously in their quest to innovate revenue models that South African audiences are willing to support.

3.2 Innovation as a product of creative destruction

The concept of innovation was first explored in the early 1900s by Professor Joseph Schumpeter, an economist trained in Austria and who later practised in the US (Liberto, 2021). According to Storsul and Krumsvik (2013:15), Schumpeter is one of the earliest contributors of meaningful innovation theories.

Schumpeter (1942:84) states that for too long economists had believed that price competition drives capitalism. He explains that in “capitalist reality” it is not price that drives competition, but rather “the new commodity, the new technology, the new source of supply, the new type of organization”. Schumpeter also warns entrepreneurs that this “new” drives the competition that weakens the foundations of existing companies.

Schumpeter (1942:84) describes the impact of competition driven by innovation as effective as “a bombardment is in comparison with forcing a door”. According to Schumpeter (1942:134) we should expect the forces of capitalism, which include innovation, to be destructive.

Schumpeter (1942:83), in formulating his innovation theory, compares innovation to “industrial mutation” that “incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one”. Schumpeter refers to this process as creative destruction, which he describes as “an essential fact about capitalism”.

Cunningham (2018:443) argues that the arrival of the internet triggered the “pattern of Schumpeterian innovation” for the world’s media companies by introducing significant structural changes to traditional business practices. In line with Schumpeter’s innovation theory, “creative destruction” followed as traditional media companies were slow to innovate and their business models were pressured by more agile upstarts able to deploy technological

advances and implement creative new solutions (Cunningham, 2018:443). The COVID-19 pandemic in 2020 further compounded the “forces of creative destruction” that had been challenging the news media industry since the arrival of the internet (Nielsen, 2020).

Rose (2013:27) notes that the news media industry believed for too long that “creative destruction” did not apply to it. And now, media companies are being obliterated by the “inexorable forces of creative destruction” (Rose, 2013:33). He adds that:

In their determination to stave off the demise of long-profitable 20th-century business models, media companies of every stripe have largely behaved as if they were sheltered from Joseph Schumpeter’s “perennial gale of creative destruction”.

Rose (2013:28) states that innovation in technology is “only one source of Schumpeter’s gale” and adds that audience behaviour is an even bigger factor since it influences “a welter of other variables, from means of distribution to modes of storytelling”. Rose (2013:38) adds that while there is no guarantee that individual companies will survive, there is hope for the media industry, because if there is an audience “a market will emerge to support it”. He however adds the following warning:

But if they fail to provide what people want, whatever else they do will hardly matter. In media, as in any other business, the companies that succeed are those that focus on satisfying the public, not on protecting obsolete business models.

Schumpeter (1942:85) issued a similar warning in 1942, explaining that the real threat to established businesses does not come from “additional shops of the same type” or from a price war, but rather from a new way of giving consumers what they want. This guidance agrees with the theory of jobs-to-be-done, which is discussed in section 3.4.

Schumpeter (1949:213) also warned that innovation is likely to lead to crisis in the economic cycle. Schumpeter’s innovation theory should therefore be considered in the context of his crisis theory:

The boom ends and the depression begins after the passage of the time which must elapse before the products of the new enterprises can appear on the market. And a new boom succeeds the depression when the process of resorption of the innovations is ended.

Given the current state of the news media, as outlined in Chapter 2, it appears that the news media industry currently finds itself in a state of depression, which will only lift once revenue models are innovated and which audiences are willing to support in the long-term. Media entrepreneurs most likely to achieve this are those prepared to take guidance from the “predictability” provided by the theory of disruptive innovation and the theory of the innovator’s dilemma (outlined in 3.3 below).

3.3 Disruptive innovation

Building on Schumpeter’s creative destruction concept, Harvard professor and innovation guru, Clayton M. Christensen, together with fellow Harvard Business School Professor, Joseph L. Bower, devised the disruptive innovation theory in 1995. While the phrase “disruptive innovation” is frequently used in board rooms around the world, the concept is often misconstrued (Disruptive innovation, [n.d.]). Shortly before his death in January 2020, Christensen (2020:3) therefore clarified that disruptive innovations should not be confused with breakthrough innovations or ambitious upstarts:

Disruptive innovation describes a process by which a product or service powered by a technology enabler initially takes root in simple applications at the low end of a market – typically by being less expensive and more accessible – and then relentlessly moves upmarket, eventually displacing established competitors.

Ghosh, Hughes, Hughes and Hodgkinson (2021:186) believe that it is useful to explain disruptive innovation in the context of the three main categories of innovation: “incremental, revolutionary (integrative), and disruptive”. While incremental innovation leads to product and/or service enhancements for established clients and markets, and revolutionary innovation tends to attract new customers and opens new markets, disruptive innovation not only opens new markets but can also lead to rapid business growth (Ghosh *et al.*, 2021:187).

In 2012, Christensen, Skok and Allworth applied the theory of disruptive innovation to the news media, encouraging companies to apply “the lessons of disruption” in order to innovate new ways of ensuring its survival. Their report *Breaking News: Mastering the art of disruptive innovation in journalism* was published four years after the global financial crisis in 2008 and their introductory statement is as relevant today, in the aftermath of the COVID-19 pandemic, as it was in 2012:

Old habits die hard. Four years after the 2008 financial crisis, traditional news organizations continue to see their newsrooms shrink or close. Those that survive remain mired in the innovator’s dilemma: A false choice between today’s revenues and tomorrow’s digital promise.

In 1997, Christensen expanded on the theory of disruptive innovation with the theory of the innovator’s dilemma, to explain how “profit-maximising resource allocation” can result in the demise of well-run businesses (Christensen & Raynor, 2003a:17). Christensen (2015:427) sets out the innovator’s dilemma as follows:

Because disruptive technologies rarely make sense during the years when investing in them is most important, conventional managerial wisdom at established firms constitutes an entry and mobility barrier that entrepreneurs and investors can bank on. It is powerful and pervasive.

Christensen (2015:427) explains that the implication of the innovator’s dilemma is that disruptors are generally left unchallenged to innovate, because at face value they are creating something that does not make sense for big incumbents to take onboard.

Christensen *et al.* (2012:6) believe that by trying to sustain traditional business models underpinned by advertising and circulation revenue, news media companies are a classic example of the “innovator’s dilemma”. Christensen *et al.* maintain that this paves the way for new-market disruptors to innovate news products for the low-end of the market made up of audiences who do not consume traditional media:

Once established at the market's low end, the disruptors – by producing low-cost, personalized and, increasingly, original content – move into the space previously held by the incumbents.

Christensen *et al.* (2012:8) warn that the news media will remain in crisis unless innovative solutions are implemented that “help fill a gap for readers”. Suárez (2020:36) agrees and notes that simply shifting from a revenue model based on advertising to a reader revenue model will not succeed unless the value proposition helps readers to fill a need. Suárez therefore believes that before implementing a new strategy, news media companies should familiarise themselves with the theory of jobs-to-be-done.

3.4 Jobs-to-be-done

The theory of jobs-to-be-done was developed by Christensen and Michael Raynor in 2003 and is relevant to managers in any industry who want to create new-growth businesses with a certain degree of predictability (Christensen & Raynor, 2003a:15). Christensen and Raynor (2003a:79) explain the theory as:

When managers position a disruptive product squarely on a job that has been poorly addressed in the past that a lot of people are trying to get done, they create a launch pad for subsequent growth through sustaining innovations that build on the initial platform.

Christensen (2020:5) states that it is important to understand that each job that consumers want to get done is multidimensional, featuring functional and social and emotional elements. He elaborates on the theory of jobs-to-be-done as follows:

Customers don't buy products or services; they pull them into their lives to make progress. We call this progress the "job" they are trying to get done, and in our metaphor we say that customers "hire" products or services to do these jobs.

Bessant and Tidd (2013:8) note that innovation is really about entrepreneurship – about taking one person's problem and using it to create an opportunity. Christensen *et al.* (2012:11) share an important observation: jobs that people want done stay the same over time; it is the expectation that people have of the product that helps them complete the job that changes. A good example, according to Christensen *et al.*, is the evolution of the camera. The job that people want done is capturing a specific moment and this job has not changed, and yet the camera as the tool to get the job done has evolved significantly over time. Christensen *et al.* observe that what killed the market for the point-and-shoot camera is the additional part of the job that consumers want to get done: to share the captured moment. Smartphone cameras help users to take photos and share them to their social media platforms. This makes it possible for users to get two jobs done: the capturing of the moment and the sharing of the photo. In the context of the news media, the desire of the audience to want to be able to access credible information has not changed. What has changed as a result of digital innovation, is the expectation of how this information is delivered.

Christensen *et al.* (2012:12) point out that as journalism's value proposition has been eroded, managers grapple with changes to their revenue models by charging for content that was previously available for free. They add that before implementing new revenue models, media companies "should ask whether their organization is doing such an outstanding job of satisfying consumer's needs that consumers will pay for their content". Christensen *et al.* caution news media companies not to charge for content simply because there is a cost for producing it: "Instead, the content must be so compelling that users will pay for it. This requires targeting the right jobs." This observation is particularly relevant to this study where the main focus is on the changes that three South African news media companies have made to their revenue models in order to source alternative funding for the severely depleted advertising and circulation revenue streams. The question to be answered is whether audiences believe that these news media companies are targeting the right jobs. The proof will be in the growth of readers who buy subscriptions or who support the newsrooms via paid memberships.

Christensen and Raynor (2003:73) note that it is this challenge of designing products that customers will pay for, which lies at the heart of building a sustainable business that “screams out for accurately predictive theory”.

3.5 Applying theory to innovating revenue models that audiences are willing to support

To become “disruptors” that will succeed with a certain degree of predictability, entrepreneurs must become “good theorists” (Christensen & Raynor, 2003a:17). With every business decision, business leaders are basing their actions on theory by anticipating a certain outcome (Christensen & Raynor, 2003a:12). The problem is, according to Christensen and Raynor, that business leaders rarely strategically pick a theory before applying it, and therefore frequently end up using the wrong theories for the problem they are trying to solve.

Devising and implementing business strategies while taking direction from solid theory is pivotal (Christensen & Raynor, 2003a:13). Yet, they add, theory is rarely taken seriously by those making strategic business decisions, because theoretical concepts are considered impractical.

In the absence of theory relevant to entrepreneurship in the media (Achtenhagen, 2017; Albarran, 2018; Horst & Murschetz, 2019; McQuail, 2010; Rohn, 2018), the theories outlined in this chapter carry sufficient relevance and should be taken seriously by news media companies in their quest to innovate revenue models that South African audiences are willing to support. This view is supported by Horst and Murschetz (2019:2), who recommend that in the absence of digital media-specific entrepreneurship theories, news media businesses should gain a deeper understanding of the wider field of strategic entrepreneurship to achieve sustainable business success.

3.6 Summary

This chapter presents three innovation and entrepreneurship theories able to provide news media entrepreneurs with predictable guidance as they innovate solutions in order to build sustainable revenue models.

The next chapter outlines the study's research design and methodology. The chapter positions the study as a mixed method exploratory case study, designed to provide a baseline for future longitudinal research of revenue models deployed by South African news media companies. Mixed method research combines qualitative and quantitative research methods to provide descriptive and analytical information.

Chapter 4

Research design and methodology

4.1 Introduction

Social science research, which includes media, communication and journalism studies, tends to prefer qualitative over quantitative research methods, because of the “rich vein” this methodology offers (Brennen, 2017:2). However, scholars in media management and economics (MME) favoured quantitative methods until the early 1990s because they believed it was easier to measure the impact of disruptive technologies on the media with hard data (Artero & Sánchez-Taberner, 2018:58). According to Artero and Sánchez-Taberner, this changed when researchers realised the value of the rich narrative that can only be provided by qualitative research methods.

The focus of this study is the business of the news with the aim of contributing answers to the research question of which revenue models are most likely to be supported by South African audiences in a post-COVID-19 world, thereby ensuring the survival of quality journalism in the country. This places the study in the MME sub-field of media entrepreneurship and innovation. Artero and Sánchez-Taberner (2018:59) note that the hybrid nature of MME lends itself to combining qualitative and quantitative research methods to extract descriptive and analytical information. Du Plooy (2018:40) concurs and advocates a combination of qualitative and quantitative research methods in communication research.

Artero and Sánchez-Taberner (2018:58) explain that without an element of qualitative research in media economics, a study would lack the valuable insights that would help identify innovative business models and competitive strategies. Jung and Kim (2018:76) support this approach: “Although we admit the value of quantitative analysis, strategic decisions are not always made on the basis of data analysis but, many times, on managerial cognition.” According to Jung and Kim, a qualitative approach that includes interviews with industry practitioners can be very effective.

The research methodology applied to this explorative study therefore uses mainly qualitative methods combined with some quantitative data analysis. The qualitative elements of this study are derived from case studies of revenue strategies implemented by three South African news media portals/companies, with additional insights from three independent South African news media experts. Quantitative analysis of metrics commonly used in the news media industry to measure audience support for digital news portals and print newspapers contributes additional context to the study. Studies based on qualitative research and quantitative data are referred to as mixed method research (Creswell & Creswell, 2018:35).

This study was designed as a mixed method exploratory case study with the aim of positioning the research as a baseline for future longitudinal studies of revenue models deployed by South African news media companies. Albarran (2018:12) states that the future of journalism is not only a social problem, but also one of economic concern. He therefore advocates for researchers in the MME field to conduct trend studies by means of longitudinal research to determine the impact of aspects, including changing market share, as well as advertising and financial support.

Case study research design is popular with media entrepreneurship and innovation scholars because this approach allows for the investigation of variance and contrast (Habann, 2008; Schultz & Jones, 2017).

4.2 The mixed method exploratory case study design

The more a study aims to explain the “how” and “why”, the stronger the motivation for case study research (Yin, 2018:4). The main research question of this study and the sub-questions strongly focus on how the three news media companies included in this study selected their revenue models, how well they understand their audiences and the needs of readers, how much focus was placed on innovation and jobs-to-be-done theories in the design of business strategies, how the different revenue models work, and which reader revenue models audiences are most likely to support.

Considering the large-scale disruption that has taken place in the media industry, Dupagne (2018:364) expects more research based on case studies and quantitative analysis of revenue trends. Jung and Kim (2018:71) explain that the case study research design is frequently used

in media management research, because the unit of analysis is usually the company. They also maintain that it is possible to gain a deep understanding of the workings of an industry without conducting many case studies.

Jung and Kim (2018:71) note that case studies usually involve qualitative data collection, but that it is common to introduce an element of multimethod research by supplementing the research with quantitative data. According to Jung and Kim (2018:72), case studies are not considered a research method, but rather a research design. Therefore, case studies can apply quantitative methods, qualitative methods, or both, in a mixed method approach (Creswell & Creswell, 2018:192; Ramírez, 2015:65).

Not only is the case study approach well suited for exploratory research, but it also has the added benefit of enriching the research with descriptive and explanatory elements (Dupagne, 2018:372). In order to achieve this, says Habann (2008:78), case study design should use a “multi-case design” of two or more cases studies. This study achieves this by including three case studies: *News24*, Arena Holdings, and the *Daily Maverick*.

4.3 The case for mixed method research

The benefit of using mixed method research is the ability to obtain more rigorous conclusions (Clark & Ivankova, 2016:99). The authors add that “the strengths of the quantitative methods offset the weaknesses of the qualitative methods and vice versa”.

There are three main mixed method approaches relevant to social science research (Creswell & Creswell, 2018:36). The third approach described by Creswell and Creswell, the exploratory sequential mixed method, applies to this study. This mixed method starts with the qualitative research and, based on the information gathered from participants, a quantitative element is added that best fits the sample being studied (Creswell & Creswell, 2018:36). This approach helps the researcher use quantitative data to illustrate trends discovered during the qualitative part of the research (Clark & Ivankova, 2016:101). For this reason, according to Creswell and Creswell (2018:186), mixed method research is proving useful in new research fields. This is relevant to this study, considering that MME and media entrepreneurship and innovation are still in their early stages of academic development (Achtenhagen, 2017; Albarran, 2018; Horst & Murschetz, 2019; Rohn, 2018) and research on the design of

sustainable digital business strategies is lacking (Leandros & Papadopoulou, 2020; Lewis, 2020; Nielsen, 2018; Rohn, 2018).

4.3.1 The qualitative element of the study

Unlike quantitative research, which relies on “numerical correlations within value-free environments”, qualitative research is interpretative and focused on making sense of human relationships (Brennen, 2017:19).

Interviewing is one of the oldest qualitative research methods (Brennen, 2017:72) and is invaluable in gathering “a large amount of useful, interesting, relevant and/or important information” (Brennen, 2017:73). The benefit of interviews as the main research method is that rich data are yielded quickly and immediate clarification is possible (Marshall & Rossman, 2016:279). The in-depth interview method was chosen as the qualitative research method most likely to produce the information and insights required to answer to the research question. Taylor, Bogdan and DeVault (2016:112) describe the in-depth interview as a face-to-face engagement between the researcher and the subject matter expert, aimed at gaining an understanding of the informant’s perspective.

While face-to-face interviews would have been the preferred approach for this research project, the high risk of infection presented by the pandemic prevented travel and face-to-face interactions. Therefore, all such interviews were conducted via the Google Meet virtual platform, with the exception of the second interview with Styli Charalambous, CEO of the *Daily Maverick*. This follow-up interview was conducted in person in May 2021 when COVID-19 case numbers were low. One interview was conducted via email and one via WhatsApp audio. A schedule of interviews conducted, together with relevant timelines, is presented in Addendum E.

According to Brennen (2017:75), the three main interview approaches are structured, semi-structured and unstructured open-ended conversations. The qualitative data for this study were collected via semi-structured interviews. Semi-structured interviews are based on a pre-established set of questions, but allow flexibility in terms of the order of the questions and unscripted follow-up questions to unpack and clarify certain responses (Brennen, 2017:75–76). Marshall and Rossman (2016:276) believe that the “richness of an interview” is strongly

influenced by follow-up questions. Taylor *et al.* (2016:133) agree and recommend going into an interview with a list of open-ended questions aimed at guiding the interview, rather than structuring the conversation.

Kvale (2007:43) cautions that interview research is “saturated with moral and ethical issues” given the high level of human interaction. Graham (2019) agrees that all research requiring interaction with people presents an element of risk. Therefore, obtaining informed consent from interviewees is crucial (Kvale, 2007:44). Kvale also states that confidentiality is critical and discusses the implications for interviewees if material sourced from the interviews is published. The value of this research project lies in making the information obtained through the interviews public. However, as the senior representatives of the news media companies were requested to discuss and disclose business and revenue strategies, there was a risk that participants could inadvertently disclose proprietary company information. This risk was highlighted in the ethical clearance application to the University of Stellenbosch Research Ethics Committee: Social, Behavioural and Education Research. Approval was granted on 3 November 2020 (Addendum A) and the risk mitigation steps outlined in the research proposal were considered adequate.

In order to mitigate risks, participants were informed in writing (as part of the research consent form – Addendum B) that information provided during the interviews would be regarded as on the record and for publication. All participants were also given the opportunity to review and approve the information disclosed by them before it was included in the research findings in Chapter 5. All six participants approved, via email, the information provided by them. Hancock and Algozzine (2017:84) note that in addition to satisfying the ethical requirement, sharing the research findings with participants is a powerful strategy to confirm the plausibility of the findings.

4.3.2 The quantitative element of the study

While the qualitative method of in-depth, semi-structured interviews was the main source of the data gathered for this study, the need to include quantitative data became evident as the research progressed. Brennen (2017:62) states that while data can offer interesting insights into trends relevant to the media, “without analysis and interpretation, big data is just raw

data”. Boyd and Crawford (2012:666) stress that numbers cannot speak for themselves and caution researchers that “Big Data is still subjective”.

The research findings in Chapter 5 contain several data tables aimed at supporting the findings from the qualitative interviews with the representatives from *News24*, Arena Holdings and the *Daily Maverick*. As pointed out by Brennen (2016) and Boyd and Crawford (2012), without analysis these data tables are meaningless. However, presented in the context of the qualitative information the statistics illustrate the trends highlighted during the interviews.

4.4 Sampling – selecting the case studies, participants, and quantitative data

Teddlie and Yu (2007:98) list three different units that can be sampled: cases such as companies or individuals, content material such as statistics and literature, and social elements. For this study, information was sourced from three samples:

- Qualitative sample 1: interviews for the case study element (*News24*, Arena Holdings & the *Daily Maverick*).
- Qualitative sample 2: three independent news media experts to provide the context of the state of the news media environment in South Africa.
- Quantitative sample 3: data in the form of unique browser, subscriber/member and print circulation statistics.

4.4.1 Qualitative samples

When selecting participants for a qualitative study, it is essential to include individuals who can provide meaningful information in relation to answering the research question (Creswell & Creswell Báez, 2021:123). Referred to as purposeful sampling or purposive sampling, Creswell and Creswell Báez (2021:122) define this approach as follows: “The process of selecting participants for a qualitative project based on recruiting individuals who can help inform the central phenomenon in a study.” In the case of this study, the multiple purposive sampling technique was applied, because two sets of participants were selected to contribute different insights to the study. In addition, quantitative data were also sampled to provide

additional depth to the study. According to Teddlie and Yu (2007:83), multiple purposive sampling can be useful in researching complex issues.

Sample 1: Case studies of three news media companies

There are six types of purposive sampling techniques (Teddlie & Yu, 2007:81). They explain that the deviant case sampling method tends to deliver valuable divergences that enable comparability of aspects being studied. For the case study element of this research, interviews were conducted with senior representatives from three South African news media companies – all of them deviant cases in terms of their business strategies – to unpack the strategies driving their businesses and to explore the revenue models that have been implemented. The following representatives were interviewed:

- Alet Law: *News24* Newsletter and Engagement Editor (the interview was conducted via Google Meet);
- Andrew Gill: CEO of Arena Holdings (the interview was conducted via Google Meet); and
- Styli Charalambous: CEO of the *Daily Maverick* (the first interview was conducted via Google Meet and the second interview was conducted in person).

Sample 2: South African news media experts

To balance the inside-out views of the publishers interviewed for this study, the second sample includes three independent South African news media experts. The experts were purposefully selected because they are subject matter experts and commentators on the South African news media industry. Furthermore, all of them are deeply concerned about the survival of journalism in the country. The following news media experts were interviewed:

- Anton Harber – Adjunct Professor of Journalism at the University of the Witwatersrand, author of *So, for the Record*, and founding editor of the *Mail & Guardian* (the interview was conducted via Google Meet,);
- Glenda Daniels – Associate Professor in the Media Studies Department at the University of the Witwatersrand, Press Council of South Africa board member, and author of *Power and Loss in South African Journalism: News in the Age of Social*

Media (the interview consisted of an emailed set of questions, with answers also in writing via email); and

- Mary B. Papayya – Founder Editor of the South African National Editors’ Forum (SANEF) and current chair of SANEF Media Freedom, non-Executive Director of the SABC, news media coach, writer and strategist (the interview was conducted via a WhatsApp audio call).

4.4.2 Sourcing quantitative data

Quantitative data sets do not have to consist of large volumes of data to be meaningful, but the sources have to be certain and credible (Boyd & Crawford, 2012:669). According to Boyd and Crawford, valuable insights can be found “at any level, including at very modest scales”. They add that “it is increasingly important to recognise the value of small data”.

The quantitative data included in this study were collected from the senior representatives from the news media companies interviewed, as well as data providers considered credible by the publishing industry.

The table comparing the monthly unique browser statistics for *News24*, *TimesLIVE* and the *Daily Maverick* was compiled from data sourced from the monthly Narratiive Reports (Chapter 5, Table 5). Narratiive, in partnership with the Interactive Advertising Bureau (IAB) South Africa, collects browser data from websites that have been tagged with the Narratiive code. This means that the news media portals included in the rankings allow Narratiive to collect these data. The print circulation statistic were sourced from the quarterly Audit Bureau of Circulations of South Africa (ABC) Reports (Chapter 5, Table 6).

4.5 Data analysis and presentation of findings

Conducting this study as an exploratory sequential mixed method study produced several separate data sets, which increased the complexity of the data to be analysed. According to Creswell and Creswell (2018:191) it is not uncommon for a qualitative case study, such as this one, to “yield different cases that become the focus of important variables in the second quantitative phase”. They therefore recommend presenting the qualitative findings and the

quantitative findings without attempting to draw comparisons, and to then interpret the mixed method results in the discussion section.

In the absence of a universally accepted way of presenting a case study research report (Hancock & Algozzine, 2017:80), guidance on how to present the findings of this study was also sought from Yin (2018), one of the most cited authors on case study methodology.

Yin (2018:218) presents case study researchers with six choices when presenting the research findings: linear-analytic, comparative, chronological, theory-building, suspense, and unsequenced. Yin (2018:232) explains that the unsequenced approach to presenting case study findings is usually preferred for company case studies, because “an organisation’s genesis and history, its ownership and employees, its product lines, its formal lines of organisation, and its financial status” determine the different sections of each case study in no particular order.

Yin also notes that case studies do not “follow any stereotypic form” and cautions researchers who do not have a flair for writing to consider a different research design. When composing a case study consisting of more than one case, Yin (2018:226) notes that the researcher can choose to present each individual case in a separate section as if it was a single-case study. With this approach, a separate section or chapter is then added for presentation of the “cross-case analysis and results”. Yin (2018:227) states that researchers struggling to write may prefer presenting their case studies in the conventional question and answer format – thereby progressing immediately to addressing the research questions. While this approach delivers the research findings more concisely, the researcher sacrifices creativity and narrative (Yin, 2018:227).

Schultz and Jones (2017:17) note that understanding the context of a specific company in a case study is essential, as is the view of each entrepreneur. Therefore, they add, “examining what the entrepreneurs themselves say about their businesses is important”.

Based on the guidance from Yin (2018) and the learnings from case study researchers such as Creswell and Creswell (2018), Hancock and Algozzine (2017) and Schultz and Jones (2017), the research findings are therefore presented as follows:

- **Qualitative findings from the three case studies: *News24*, *Arena Holdings* and *Daily Maverick*:**

The case studies are presented as individual case studies in Chapter 5, taking an “unsequenced” approach (Yin, 2018: 226 & 232) and without drawing comparisons (Creswell & Creswell, 2018:191). While the opening question for each interview conducted with the senior representative of the three companies included in this multi-case study was the same, the direction of each interview past the first question was heavily influenced by the personality of the participant and their key focus areas. Allowing each interview to flow in a unique way made it possible to extract surprisingly detailed, honest and insightful responses. The fact that none of the company representatives withdrew any of the information provided when asked to review the findings, validates this approach.

Since context matters (Schultz & Jones, 2017:17), each case study is preceded with a brief overview of the history of the news media company and its structure. The insights gathered from analysing these case studies are used to answer the research questions in Chapter 6.

- **Quantitative analysis**

Company-specific quantitative findings are included in each case study section where relevant to provide additional context. Statistics gathered during this research to track the performance of the digital news portals included in the case study of each company, as well as their print publications, were compiled into comparison tables to enable the extraction of trends. These trends are summarised and presented in the qualitative analysis and then interpreted in Chapter 6 together with the case study findings.

- **Qualitative findings from the three interviews with independent news media experts**

The findings of the second qualitative leg of this study, the interviews with the independent news media experts, are presented as part of the findings and discussion in Chapter 6. This approach helps the reader of this study to form an overall picture of the prevailing news

media environment in South Africa and some of the key challenges facing news media companies.

4.6 Data handling and processes

All interviews were recorded on a MacBook Pro laptop (fingerprint and password protected) using the Voice Memos application. Participants were informed that the interviews would be recorded and transcribed as part of the consent process (Addendum B). As per the requirements of the University of Stellenbosch Research Ethics Committee for Social, Behavioural and Education Research, all recordings and transcripts will be kept for a minimum of five years. Copies are stored on Apple iCloud, Google Drive and on an external hard drive which never leaves a secure office environment.

The following protocols were put in place:

- University of Stellenbosch Research Ethics Committee Ethical Approval (valid 3 November 2020 to 2 November 2023) – Addendum A.
- Written consent form – Addendum B.
- List of interview questions submitted to interviewees ahead of the interview – Addendum C & D.
- All interviews were recorded digitally.
- All interviews were transcribed.
- Written approval from seven participants – Addendum E.

4.7 Practical considerations

Clark and Ivankova (2016:259) warn that mixed methods research can be “messy and difficult to navigate”. The “messiness of mixed methods research” is recognised as a concept by mixed method scholars (Clark & Ivankova, 2016:260) and is used by Seltzer-Kelly, Westwood and Peña-Guzman (2012:258) to describe what began as a simple study and progressed to a complicated research project. Despite the “messiness” that became their research, Seltzer-Kelly *et al.* maintain that it resulted in more valuable research.

The same was true for this study, which began as a straightforward explorative study and developed into a complex mixed method case study of revenue models. In hindsight, a study of potential solutions to complex problems in an unprecedented environment created by a global pandemic could never be simple. While the case studies on their own provide interesting and valuable insights, the quantitative data deliver the additional context needed to provide a baseline of answers to the research questions. Furthermore, the information shared by the three news media experts provides further context to create a deeper understanding of the many complexities facing the South African news media environment.

4.8 A case for “trend studies” by longitudinal research

Christensen and Raynor (2003b) caution researchers against writing bad theories by impatiently studying examples of successful business models and then drawing misguided conclusions that by applying the same strategy other companies could also achieve success. While writing theory is not the goal of this study, the advice provided by Christensen and Raynor nevertheless applies in that it would be negligent to draw conclusions on which news media company has implemented the most successful revenue strategy based on just one study. Therefore, this study aims to set the foundation for a patient study, also referred to as a longitudinal study, to determine which revenue models implemented by the country’s news media are most likely to be supported over the long-term by South African audiences.

The contribution of this study to future research in media entrepreneurship in the South African context is the provision of a baseline for the ongoing collection of credible data over time. This will present news media companies with an informative overview of the outcomes of the different revenue models applied to help journalists and their newsrooms survive in a post-COVID world. Rohn (2018:437) supports this approach, since the pace of change experienced by media companies requires more “longitudinal and time series” research, which would serve to present a more holistic picture of the trends and challenges rather than just “screenshots of reality”.

4.9 Summary

This chapter positions the study as a mixed method exploratory case study, designed to provide a baseline for future longitudinal research of revenue models deployed by South African news media companies. Mixed method research combines qualitative and quantitative research methods to provide descriptive and analytical information. The application of both methods made it possible to build a multi-case study via semi-structured in-depth interviews, underpinned by quantitative data to illustrate the impact of some of the business decisions taken by the news media companies included in the study. An additional layer of context is provided by the insights shared by three independent South African news media experts by means of semi-structured, in-depth interviews. This approach produced three data sets, which are presented in the next two chapters.

Chapter 5

Research results: Case studies and quantitative data

5.1 Introduction

The previous chapter set out the rationale for approaching this study as a mixed method exploratory multi-case study in order to contribute answers to the research question of which revenue models are most likely to be supported by South African audiences in a post-COVID-19 world – thereby ensuring the survival of quality journalism in this country.

The research outcomes are presented in three parts. The three case studies (*News24*, Arena Holdings, and *Daily Maverick*) are set out in this chapter, followed by the quantitative data analysis. The insights from three independent South African news media experts are included in the findings and discussion of the research results in Chapter 6, with the aim of providing additional context and expert insights into the prevailing news media operating environment in South Africa.

5.2 Case studies: *News 24*, *Arena Holdings*, and *Daily Maverick*

In the previous chapter, Jung and Kim (2018:71) note that the case study design is well suited to research in media management and economics (MME), where the unit of analysis is usually a company. The case study approach makes it possible to investigate variance and contrast in different approaches (Habann, 2008; Schultz & Jones, 2017). Schultz and Jones (2017:17) also highlight the importance of providing context in a case study by presenting the views of the company leadership.

Taking guidance from Yin (2018:226), each case is presented as a single-case study. This approach makes it possible to feature the unique structure of each company, which is an important driver of the diverging business strategies aimed at establishing revenue models that will increasingly encourage audiences to pay for the news they consume.

News24 is the English digital news platform of Media24, a subsidiary of Naspers, and South Africa's largest digital news portal (Narratiive, [n.d.]; Wasserman, 2020:455). Arena Holdings is a well-established traditional news media conglomerate with interests spanning

digital and print news publications (Wasserman, 2020:454). The *Daily Maverick* is both a relatively young digital news portal and a news media company with one print newspaper title on its books (Prologue, [n.d.]).

To guide the reader, each section starts with an overview of the history of the news media entity being studied. This context is important as it adds perspective to the revenue strategies being pursued by each company.

5.2.1 Case study 1: *News24*

“If this year has taught us anything it’s that you shouldn’t, or can’t rely on just one income stream and that you have to diversify your income streams.”

Alet Law (2020), News24 Newsletter and Engagement Editor

After several attempts to secure an interview with Adriaan Basson, *News24* editor-in-chief, an email response came from Alet Law (2020), *News24* Newsletter and Engagement Editor, explaining that due to time constraints, Basson had asked her to assist with the interview.

The interview with Law took place on 18 December 2020 via Google Meet. While the intention had been to conduct a follow-up interview in 2021 to reflect on the 12 months after the start of the pandemic, this did not take place due to time constraints experienced by Law. On reflection, a second interview would not have rendered material new insights and would probably be more beneficial for an updated research project of a similar nature in 2022. The facts were therefore confirmed via email and the salient numbers updated from published sources. The findings reported below were confirmed by Law (2021) as accurate via email.

5.2.1.1 A brief history

News24 is the English digital news platform of Media24, “South Africa’s leading media company” (About Media24, [n.d.]). The digital media division of Media24 is 24.com, which houses *News24*, *Netwerk24* and *Business Insider South Africa* (Enriching lives, [n.d.]).

In May 2015, the online platforms of Media24's English and Afrikaans local, regional and national newspaper titles were folded into the 24.com network, with 11 English titles incorporated under the *News24* banner and 14 Afrikaans titles included under the *Netwerk24* banner (Massive digital migration, 2015). The news websites of Media24's flagship titles, *Beeld*, *Die Burger*, *Volksblad* and *Rapport*, had already merged into *Netwerk24* on 1 October 2014 after *Netwerk24* was launched in August 2014 (Sapa, 2014).

News24 was launched in October 1998 as a news aggregator in an era when people still accessed the internet via dial-up modems (Raborife, 2018). Reflecting on 20 years of *News24* in 2018, Raborife notes that in its early days a small team of content producers and technicians would scour wire copy, radio and television broadcasts and newspapers for news of relevance to South Africans.

Adriaan Basson was appointed *News24* editor-in-chief in April 2016 (News24 gets, 2016). Basson launched the *News 24* digital subscription service on 8 August 2020, describing it as a "historic moment for all of us at *News24*" (Basson, 2020b). While breaking news remains free, readers have to take out a R75 monthly subscription in order to access "investigative and in-depth journalism, as well as opinions, analysis and views on news, politics, sport, business and lifestyle stories". Subscribers also have access to articles produced by the *City Press* newspaper, as well as *You*, *Drum* and *True Love* magazines.

5.2.1.2 The *News24* revenue model before COVID-19

Law (2020) explains that the *News24* business model was heavily reliant on advertising when South Africa's hard COVID-19 lockdown came into effect on 27 March 2020. While most local print titles and broadcasters saw advertising disappear almost completely during the first weeks of South Africa's lockdown (Rumney, 2020:21), Law (2020) states that *News24* "bucked that trend". She adds that advertising revenue remained surprisingly stable following the outbreak of the COVID-19 pandemic, with some months in 2020 actually showing increases in advertising.

5.2.1.3 The *News24* revenue model after the arrival of COVID-19

Law (2020) points out that the launch of the *News24* paywall during the pandemic was coincidental, and that this had been planned since 2018. She adds that initially the launch had been set for June 2020 but was shifted to August 2020 due to minor delays in the project. Law points out that successfully implementing a paywall takes time.

When Basson (2020a) first announced the *News24* paywall, he wrote that the traditional news media revenue model was “all but broken” and that *News24* would be joining media companies in other countries that had already successfully implemented paywalls. He explained that *News24* had decided on the freemium model, offering “a mixture of free and premium journalism in one hub”. According to Law (2020), a hard paywall had not been a consideration for *News24*, because “you can’t lock the kind of breaking news that we produce in English, because there are 10 other sites that produce the same stories”. She adds that for this reason, readers are able to access breaking news for free, but unique and exclusive content is placed behind the paywall.

Law (2020) believes that the COVID-19 pandemic helped speed up people’s willingness to pay for credible online news. She says the launch of the *News24* paywall could therefore not have come at a better time. According to Law, the additional revenue generated by the subscription model made a big difference to the financial situation of *News24*. She notes, however, that it would be wrong to see the additional subscription revenue as profit. She says that building a paywall comes at cost and so does creating additional subscriber-only content and maintaining the new website. Law explains that *News24* had to hire senior journalists to produce the “quality in-depth journalism that people will be willing to pay for” and sign-up new columnists to write subscriber-only opinion pieces. She notes that there are also fees payable to, for example, Apple, when readers download the *News24* Application via the Apple App Store.

According to Law (2020), the initial target had been to reach 20,000 subscribers by the end of the Media24 financial year, which was 31 March 2021. However, adds Law, since that target was reached within two months of launching the paywall, the target had shifted. Law was not at liberty to disclose the new target.

Releasing the Media24 half-year results on 23 November 2020, just short of a month before the interview with Law, Ishmet Davidson, CEO of Media24, announced the early success of the *News24* subscription (*News24* hits 20 000, 2020). Commenting on the announcement, Basson (*News24* hits 20 000, 2020) writes: “Not in our wildest dreams did we think we would get to 20 000 subscribers in less than two months.”

While 20,000 subscribers at R75 per month provide an additional monthly revenue of only R1.5 million, Law (2020) says that “even though it sounds small, it really isn’t to our digital business”. By August 2021, 12 months after launching the paywall, *News24* had signed up 40,000 subscribers (Basson, 2021) – contributing a monthly revenue of R3 million.

Naspers, in its full-year results released in June 2021 (Naspers posts strong, 2021), reports that Media24 “bore the full brunt of the pandemic as revenues fell in the already-fragile print business” at the start of the financial year, but there was significant recovery in the third quarter “underpinned by strong growth in digital subscribers and advertising”. In an email dated 2 September 2021, Law (2021) confirms that both *News24* and *Netwerk24* had a very good financial year, contributing to the strong growth referred to in the financial results.

5.2.1.4 *News24* reader support in numbers

The number of unique browsers (visitors who visit a website at least once during a month) attracted by *News24* from March 2020 and the number of subscribers gained up to and including August 2021 are listed in Table 1 (below).

Table 1: News24 unique browser and subscriber statistics (March 2020 to August 2021)

	Unique browsers ^I	Subscribers
March 2020 (South Africa's hard lockdown started 27 March 2020)	12,069,885	0
July 2020	13,033,949	0
August 2020	13,092,553	<i>News24</i> paywall was implemented on 8 August 2020 ^{II}
November 2020 (<i>News24</i> releases subscriber numbers for the first time)	10,734,739	20,000 ^{III}
March 2021 (Media24 financial year-end)	13,152,346	31,000 ^{IV} (subscribers reached by April 2021)
July 2021	16,103,105	Not available
August 2021 (One year after implementing the <i>News24</i> paywall)	13,566,270	40,000 ^V

^I (Source: Narrative Report, [n.d.])

^{II} (Source: New era, 2020)

^{III} (Source: *News24* hits 20 000, 2020)

^{IV} (Source: Gupta, 2021a)

^V (Source: Basson, 2021)

Law (2020) says it is impossible to draw meaningful conclusions from the unique browser statistics on whether the launch of the paywall affected reader numbers. This is because the freemium subscription model was launched during a hyper news cycle caused by COVID-19. According to Law this resulted in “massively inflated” numbers. She states that while the *News24* team had expected the unique browser numbers to drop once the paywall was launched, this did not occur.

According to statistics in the monthly Narrative Reports released by IAB South Africa (IAB Research, [n.d.]), there was a slight downward correction in month-to-month unique browser numbers for *News24* between September and November 2020. However, from December 2020 onwards steady growth in monthly unique browser figures followed, with *News24* reaching an all-time high of 16.1 million unique browsers by the end of July 2021 (Narrative Report, [n.d.]). (Also refer to Table 5: Unique browser statistics – *News24*, *TimesLIVE* & *Daily Maverick*).

5.2.1.5 Designing the *News24* freemium subscription model

Law (2020) points out that a subscription model was a viable option for *News24* only because it was already a well-established digital news service with a “massive online presence”. She believes that for news media companies with a much smaller readership base, such as the *Daily Maverick*, the membership revenue model is probably the better approach.

Law (2020) states that designing and implementing a reader revenue model based on subscriptions is not a simple process. First, a strategic decision was required, because suddenly charging readers for content after more than 20 year of providing a free service is not without risk. A key consideration, according to Law, was how to “grow your digital business without damaging or accelerating the death of your print business”. She adds: “We want to build this big digital media company, but we don’t necessarily want it to kill our print publications, because that’s very much still a big part of the business.”

Law (2020) shares that a fair amount of research was done to inform the decision-making process about whether a subscription service was the right approach for *News24* and its readers:

News24 has a massive audience and we didn’t want to lose the audience by locking the contents so that they don’t have access to it. So we had to really sit and look at the risks involved in creating something like that. Also not to jeopardise our advertising business, because that was and still is the majority of our income[,] and by locking content you lose page views, which means you lose advertising income.

Once the strategic decision had been taken that the South African market was ready for a paywall model, Law (2020) says the next question that had to be answered was what kind of paywall would work best. She explains that an important consideration was ensuring that people have free access to credible information, which is one of the pillars of a democracy. Law believes that *News24* has an important role to play in providing readers with credible news that is not locked behind a paywall. She elaborates:

So that really was a big part of the decision to keep our breaking news and our daily news free, so that everyone can still have access to that. If you want that little bit more, more insight, the in-depth stuff, then we're asking you to pay for that.

Law (2020) believes that the move by *News24* from a free news service to a freemium subscription model has not disadvantaged readers who cannot or do not want to pay for news. She states that access to breaking news remains free and the content and features available to subscribers were specifically created for the subscription offering. According to Law, the *News24* subscription model has not taken anything away from anyone.

Law (2020) states that another important factor that influenced the decision to introduce a freemium subscription model was the belief that people are willing to pay for credible, trustworthy information. However, adds Law, there is a need to keep educating people about the value of good journalism and why it is worth paying for. For this reason, says Law, the message that “trustworthy information is worth paying for” is included in all *News24* marketing messages. She says that newsrooms often take it for granted that people understand the difference between journalism and information they find on social media and that it costs money to produce credible news stories, investigative journalism and in-depth articles.

5.2.1.6 Future-proofing the *News24* revenue model

Law (2020) states that a key learning from the journey followed by *The New York Times* in implementing a subscription-based reader revenue model is that finding the right approach takes time. She points out that *The New York Times* subscription model has undergone several changes over the years and that the *News24* model may have to be tweaked in future as reader trends change:

I think that's the main thing we took from them. Let's just start somewhere, start where you think is best for you and then be open to change as you go, because everyone is kind of learning as they go.

Asked about the *News24* diversification strategy, Law (2020) states that while she is not at liberty to disclose the details, advertising remains the main source of revenue until the subscription model achieves significant growth. Law explains that the aim is for subscriptions to eventually outgrow the revenue contribution from advertising but adds that “I don’t think we are anywhere near that”.

According to Law (2020), while the print side of *Media24* has been focusing on events as an additional revenue source for some time to make up for the decline in circulation numbers, it has not been a priority for *News24*. However, Law states this will have to change:

I think it’s necessary. If this year has taught us anything, it’s that you shouldn’t, or can’t, rely on just one income stream and that you have to diversify your income streams.

According to Law (2020), the *News24* newsletters play an important role in growing the subscriber base. Since readers who are already loyal to a news brand are most likely to convert to subscribers, newsletters “become a very important entry point into the funnel”, according to Law. Law states that newsletters also provide an opportunity to curate “what we think is our best journalism”, with the intention of enticing already loyal readers to take out a subscription. She explains that readers have a choice of several *News24* newsletters that do not require a subscription, with a content split of 20 per cent free articles and 80 per cent subscriber-only articles. The aim of this, according to Law, is to expose readers to quality content until they are so enticed by a subscriber-only article that they decide to subscribe.

Law (2020) states that *News24* newsletters that are exclusive to subscribers offer content curated by an editor to achieve a “personal kind of interaction between editor and the readers to say this is what we think you have to read today”.

5.2.2 Case study 2: Arena Holdings

“Print is damn well not dead, and it won’t be dead.”

Andrew Gill (2020), CEO of Arena Holdings

The interview with Andrew Gill (2020), CEO of Arena Holdings, took place on 15 December 2020 via Google Meet. Going into the interview the intention had been to identify the predominant digital news platform in the Arena Holdings stable and to focus only on the revenue model of that platform. However, it became clear during the interview with Gill that the Arena Holdings revenue strategy continues to include its print titles. Furthermore, the revenue strategy is focused on its six vertical digital news brands. This is in contrast to the approach taken by Media24, described in the first case study, and makes it impossible to focus on only one brand in the Arena Holdings stable.

A second follow-up interview could not be secured with Gill. Follow-up questions were therefore sent via email, focusing mainly on subscriber numbers for the various portals, but Gill was not happy to disclose this information as it is not in the public domain. Gill (2021) was given an opportunity to review the research findings presented below for accuracy and confirmed them as factually correct via email.

5.2.2.1 A brief history

The Arena Holdings stable consists of six print newspaper titles and six “vertical” digital news brands: *TimesLIVE*, *BusinessLIVE*, *SowetanLIVE*, *HeraldLIVE*, *DispatchLIVE* and *Vrye Weekblad* (Arena Holdings, [n.d.]). Arena Holdings continues to pursue a business model underpinned by a hybrid revenue model consisting of both print newspaper titles and digital news portals (Gill, 2020).

The graphic representations below of the digital (Figure 5) and print (Figure 6) titles that make up the media interests of Arena Holdings provide context to the events and publications mentioned in the brief history that follows.

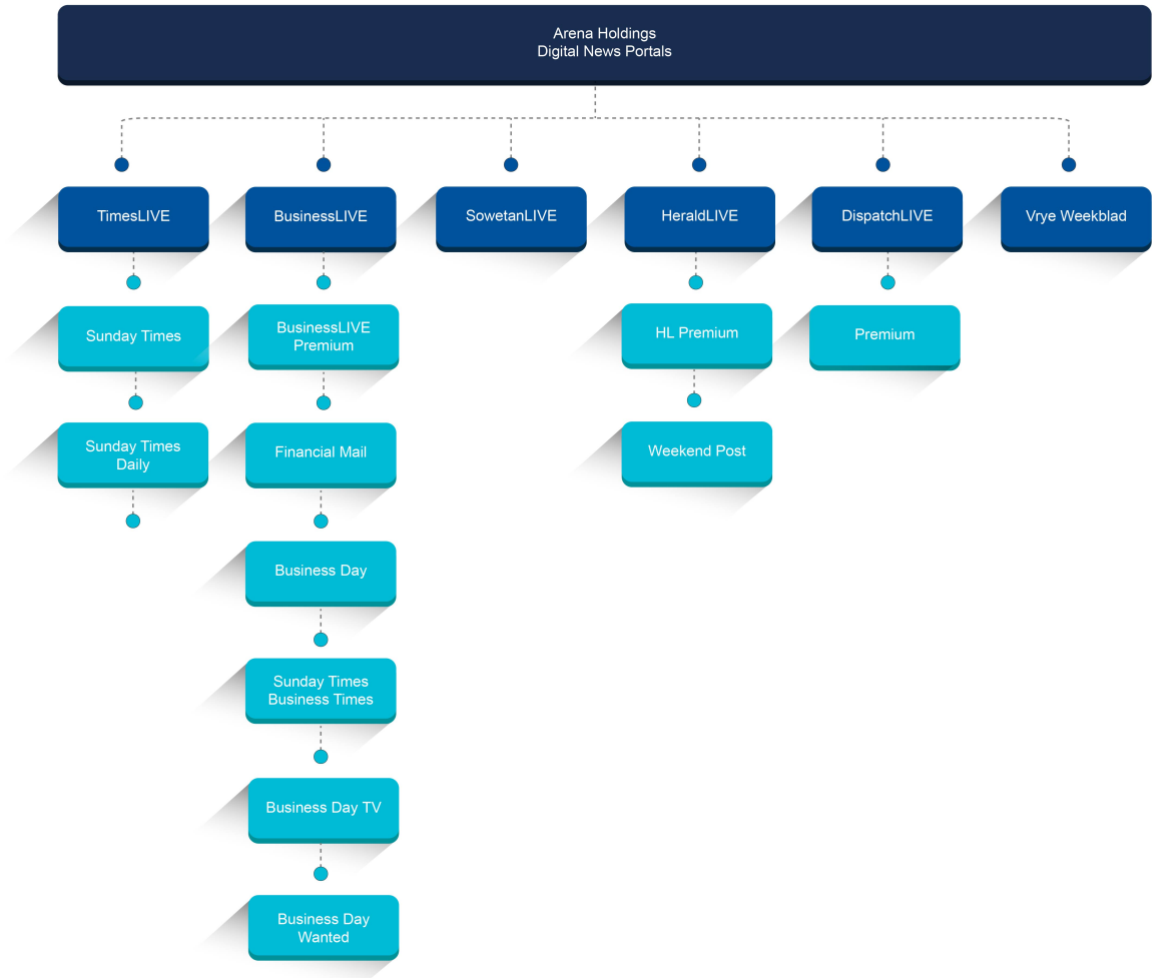


Figure 5: Graphic representation of the Arena Holdings digital news portals

(Source: Compiled by the researcher)

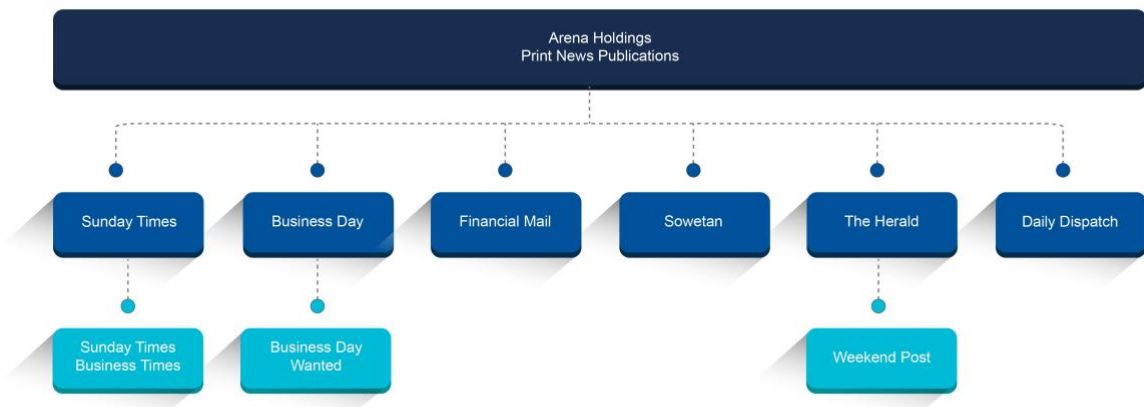


Figure 6: Graphic representation of the Arena Holdings print newspaper titles

(Source: Compiled by the researcher)

The last ownership change for the titles that make up the news media interest of Arena Holdings took place in 2019, when the Lebashe Investment Group bought Tiso Blackstar's media assets and announced that the titles would be housed in a new company, Arena Holdings (Gavaza, 2019). By then, the *Sunday Times*, *Business Day*, *Financial Mail*, *Sowetan*, *The Herald* and *Daily Dispatch* had changed hands six times in 24 years (Bruce, 2019).

Among the first South African digital publications to experiment with paywalls was *The Herald* in Port Elizabeth (now Qqeberha), which put up a paywall in 2010 (Daniels, 2013:11). According to Daniels, by 2013 several other titles had implemented paywalls, including another three Arena Holdings titles: the *Daily Dispatch* in the Eastern Cape, *Business Day*, and the *Sunday Times*. However, the first “serious paywall move for South African newspapers”, according to media commentator Gill Moodie (2011), came in July 2011 with the announcement of *Business Day Live*, a “single digital business-news operation”.

- ***BusinessLIVE***

Business Day Live was launched in August 2012 as “a flagship *Business Day* digital product suite” (*Business Day* launches, 2012). Known as *BDlive*, the website was launched as a free-to-read product, with the aim of introducing a freemium subscription model later based on the metered paywall innovated by the *Financial Times*, the former UK-based sister publication of *Business Day* (*Business Day* launches, 2012). The paywall was finally implemented in May 2013 by former editor Peter Bruce (Nevill, 2015). Readers who wanted to subscribe to *BDlive* had to agree to an annual subscription fee of R4,233, described as excessive by Styli Charalambous, CEO of Daily Maverick (Paywall: there will, 2013).

Late in 2014, *BDlive* took down its paywall for technical reasons and the paywall was only reintroduced in February 2017 (Editorial: New era, 2017) after *BDlive* became *BusinessLIVE* in October 2016, incorporating content from the *Business Day*, *Financial Mail*, *Business Times* and *Business Day Wanted* (*BusinessLIVE* launches, 2016). This time readers could access much of the content on *BusinessLIVE* for free, while “the best comment, opinion and analysis” from the various titles was made available to subscribers as *BusinessLIVE Premium*

content (*BusinessLIVE* launches, 2016). The cost of the subscription is R349 a month and includes access to *TimesLIVE* (BusinessLIVE, [n.d.]).

- ***TimesLIVE***

TimesLIVE was launched in September 2009 as the “new and improved” online home of the *Sunday Times* and *The Times* newspaper (Avusa Media launches, 2009). Readers could access content for free until 17 June 2012, when *Sunday Times* content was no longer placed on the *TimesLIVE* website (Muller, 2012). Instead, according to Muller, readers had to either buy the print newspaper or subscribe to the e-edition.

The print version of *The Times* was shut down in December 2017 and at the time the publisher of *The Times*, the Tiso Blackstar Group, announced that the newspaper would “become the first print newspaper in the country to migrate completely to a digital-only reader offering” after distribution and printing costs had become “uneconomical” (*The Times*, 2017). The printed paper was replaced in February 2018 with a digital version named *Times Select*, which was renamed *Sunday Times Daily* in September 2020 (About *Sunday Times Daily*, [n.d.]).

News published on *TimesLIVE* has never been placed behind a paywall and remains free, but a monthly subscription of R80 is required to access articles in the *Sunday Times* and *Sunday Times Daily* sections of *TimesLIVE* (About *TimesLIVE*, [n.d.]).

- ***SowetanLIVE***

SowetanLIVE is the digital home of the *Sowetan* (About *SowetanLIVE*, [n.d.]). The website provides free access to articles from the paper edition of *The Sowetan* as well as “unique online-only content” produced daily; however, readers are required to register in order to comment on articles or subscribe to newsletters (About *SowetanLIVE*, [n.d.]).

- *Vrye Weekblad*

Vrye Weekblad was re-launched in April 2019 as a digital weekly newspaper published in partnership with Arena Holdings (Meer oor, [n.d.]). Twenty-five years earlier the print version, a staunch anti-apartheid Afrikaans newspaper edited by Max du Preez, had to shut down after lengthy court battles depleted its financial resources (Levitt, 2019). *Vrye Weekblad* has a hard paywall in place, which means that readers require a R100 a month subscription in order to access content (Meer oor, [n.d.]).

5.2.2.2 The Arena Holdings revenue model before COVID-19

According to Gill (2020), Arena Holdings had taken an agile approach to business in the five to six years before the COVID-19 pandemic, anticipating market conditions and adjusting strategy. He states that as advertising and circulation declined in recent years, costs were managed and the business was right sized to ensure that it remained sustainable, which meant that Arena Holdings was “in a fairly okay place in March [2020]”. Nevertheless, Gill remembers wondering in March 2020 at the start of the COVID-19 pandemic, whether Arena Holdings would still be in business three months later. He relates how the Arena Holdings management team went into “serious cash preservation mode” and at the same time tried to secure additional funding by approaching potential funders including banks and the Industrial Development Corporation (IDC). According to Gill, the funding approval process is painfully slow and by the time funding became available it was no longer needed.

Gill (2020) believes that one of the advantages of being a strong player like Arena Holdings is being able to sustain a hybrid model consisting of both print titles and digital publications. “Yes, print will weaken, yes, the shift to digital will continue, but there’s always room for a strong player in the traditional market.” He adds that the *Financial Times*, *The Wall Street Journal* and *The New York Times* are examples of market leaders able to sustain a digital subscription model and a print revenue model.

Gill (2020) maintains that none of the remaining Arena Holdings print titles are loss making, because they are market-leading publications. “For the last five years across the stable we’ve been profitable in the traditional areas,” according to Gill.

5.2.2.3 The current Arena Holdings revenue strategy

According to Gill (2020), the Arena Holdings goal is simple: “We want to be market leaders, we want to have the biggest market share and we want to have the biggest market share of circulation and of advertising.” He explains that the aim is to achieve this goal by focusing on strengthening and growing the vertical digital news brands that have been put in place. Gill says each of these vertical brands has its own strong identity, and the strength of these individual brands “is the thing that will see us all through”.

Gill (2020) states that the focus on maintaining vertical digital news brands differentiates the Arena Holdings revenue strategy from the strategies implemented by competitors such as Media24 and Independent Media. He notes that while Media24 and Independent Media are focused on building “über” brands like *News24* and *IOL* (Independent Online), Arena Holdings has prioritised the brand diversification approach by building vertical brands that are all market leaders.

Gill (2020) states that for this reason, adding *Vrye Weekblad* to the Arena Holdings offering of news brands made sense. He notes that *Vrye Weekblad* is gaining good traction as “an absolutely unique product”, because it offers an alternative Afrikaans voice in the mainstream South African media. He points out that there are a high number of South Africans prepared to pay to read the *Vrye Weekblad* content every week.

- **Diversification**

Gill (2020) states that building a successful news media revenue model requires a solid diversification strategy. He adds that the “saving grace” of Arena Holdings has been its diversified revenue streams, which include print advertising in both newspapers and magazines, digital subscriptions, as well as events. He notes that the print version of *Wanted* magazine, for example, has helped sustain the print edition of *Business Day*, because it is very popular with advertisers. He explains that *Wanted* is an “in paper” magazine which is distributed with the *Business Day* as an insert.

Gill (2020) also points out that the events business, which “was absolutely humming” until the COVID-19 pandemic began, remains a critical pillar of the Arena Holdings revenue model. According to Gill, the events team reacted very quickly to the new operating requirements as a result of the COVID-19 pandemic and managed to deliver 122 revenue generating virtual events between April 2020 and December 2020.

- **Digital subscription models**

Gill (2020) states that he has spent notable time visiting news media companies in other countries to gain a good understanding of international trends. He believes that the benefit of being behind the curve of international trends is that you learn from the mistakes that others make.

Gill (2020) maintains that irrespective of whether a news media company transacts with readers by inviting voluntary contributions saying “give me some money, because you’re going to keep journalism alive” or whether the approach involves a paywall, readers now accept that quality content is worth paying for. According to Gill, the question is no longer whether a paywall model can work in South Africa, but whether news media companies can provide the unique content required to convert audiences into paying readers. He states that the *Netwerk24* hard paywall approach had been so successful, because “that’s where the best traditional Afrikaans content is”.

Gill (2020) notes that the online environment has made it easier to understand what readers want. “I think online brings you much closer to that reader and you’re actually able to almost watch how that person interacts with your site.” He states that with the help of analytical tools it is possible to see which articles are most popular with readers, which journalists are popular, and the topics that create the highest website traffic. In addition, notes Gill, Arena Holdings also conduct regular research via focus groups and the Publisher Research Council.

However, according to Gill (2020), the most meaningful insights into what readers want are still best sourced directly from readers. Gill describes a telephonic discussion he had with a loyal *Business Day* subscriber who was enraged because he had not received his print newspaper for two days: “I said, don’t worry, I’ll fix it. It’ll be at your house tomorrow. He

said make sure you send yesterday and today's paper as well. I said can't you read it online? He said I can't do the bloody crossword online."

5.2.2.4 The model of the future is hybrid

"Print is damn well not dead, and it won't be dead," states Gill (2020). He maintains that there will be a demand for print newspapers at the top end of the market and among low-income groups, while digital news will serve the mass market.

Gill (2020) believes that reader revenue alone will never be enough to carry a news media company's entire operational cost. He adds that companies will have to create well diversified revenue streams from a strong hybrid model, which can provide advertisers with enticing package deals structured for maximum audience reach. He states that Arena Holdings has been able to protect its income streams, because it is able to offer advertisers package deals with access to online audiences, print readers in both newspapers and magazines, viewers via the television channel, and exposure via events.

He states that in an environment where people are bombarded with news via social media and online portals, the top end of the market demands a trusted curated product. According to Gill, print newspapers provide curated "point in time" journalism, which will increasingly become a premium product at the top end of the market. Gill also maintains that the printed product remains a significant part of the South African fabric in the low-income segment. He notes that *The Sowetan* newspaper has a readership of around 11 people per newspaper, because it is not uncommon for one copy to get passed around. "In central Joburg the oke who sits and does shoe repairs also has a few *Sowetans* and he rents them out for 10 cents a read."

Gill (2020) believes that publishers who have given up on print and are focusing solely on digital subscriptions are making a mistake:

You're leaving the market too soon. You're walking away from something that has lots of value still. As long as you've got your structure right and your cost base right in terms of your organisation, [print] can be sustainable for a very long time. I can't see a point at which there is no newspaper. I can see a point at which a newspaper is an absolute premium position.

Gill (2020) acknowledges that print is unlikely to return to pre-COVID levels but predicts that there will be some growth. "We have a core royal audience and this is an audience that advertisers are very keen to communicate with, so print remains a very big part of the advertising mix."

5.2.2.5 What impact has the COVID-19 pandemic had on Arena Holdings?

Gill (2020) states that as a result of the tough restructuring process in 2017 and 2018, the human cost of cost-cutting measures as a result of the COVID-19 pandemic was less severe. He explains that at the beginning of the COVID-19 pandemic, salaries across the board were cut by 30 per cent for three months "simply because we frankly didn't know where we were going to be and to avoid an immediate retrenchment process". Gill explains that after three months there was greater clarity on the impact of the pandemic on the Arena Holdings financial situation and a decision was taken to retrench 50 out of 1,000 employees.

In terms of the impact on revenue, Gill (2020) states that the key indicators are print circulation, digital subscriptions and advertising income.

- **Print circulation:**

Gill (2020) notes that the print newspaper circulation has three drivers: subscribers; retail sales; and distribution via travel, commercial and informal sales. He states that the travel, commercial and informal distribution, while low yielding in terms of revenue, is still considered important because it attracts readers such as air commuters and hotel guests in the higher Living Standards Measure (LSM) groups.

Gill (2020) states that the travel and commercial circulation figures were most adversely affected as a result of the pandemic, because of the global and local travel restrictions. He notes that circulation via retail sales has returned close to pre-COVID levels, while print subscriptions have remained flat.

Table 2: Print circulation statistics – Quarter 2 2019 to Quarter 2 2021

Print Publication	Q2 2019	Q1 2020	Q2 2020[†]	Q4 2020	Q1 2021	Q2 2021	% Change: Q2 2019 to Q2 2021
<i>Sunday Times</i> (Weekend)	240,219	206,182	0	111,670	115,209	119,464	-50.3
<i>Financial Mail</i> (Weekly)	13,836	13,250	0	11,652	13,009	12,882	-6.9
<i>Business Day</i> (Daily)	18,327	19,050	0	13,423	13,958	14,527	-20.7
<i>The Sowetan</i> (Daily)	70,038	52,574	0	27,736	31,005	31,176	-55.5
<i>Daily Dispatch</i> (Daily)	14,348	13,340	0	10,827	10,882	10,900	-24
<i>The Herald</i> (Daily)	14,554	12,967	0	11,533	11,656	11,429	-21.5

(Source: Audit Bureau of Circulations of South Africa (ABC) Reports)

[†] Q2 2020: No submissions made. The ABC Board decided to allow publishers to withhold circulation data if it had been materially affected by the crisis (Manson, 2020).

Table 2 illustrates the impact of the COVID-19 pandemic on the print titles in the Arena Holdings stables. *The Sowetan*, for example, recorded a drop of 55.5 per cent in circulation over the two years from the end of the second quarter of 2019 to the end of the second quarter 2021, followed by the *Sunday Times*, which saw a drop of 50.3 per cent.

- **Advertising:**

Gill (2020) states that by December 2020, print advertising revenue had returned to around 80 per cent of pre-COVID levels. He adds that digital advertising had shown a slight increase from pre-COVID levels to the middle of December 2020. Gill states that with so little advertising revenue recorded in April, May and June of 2020, the recovery to 80 per cent of pre-COVID levels is remarkable.

- **Digital subscriptions:**

Gill (2020) states that while he is not free to share exact numbers, he can disclose that digital subscriptions across platforms have growth by over 25 per cent in the close to nine months since the first COVID-19 lockdown at the end of March 2020 until the time of the interview in December 2020. Gill notes that the goal is to grow digital subscriptions by another 20 per cent to 25 per cent over the six months to the end of June 2021. It was not possible to get an update from Gill on whether this was achieved.

Gill (2020) states that in March 2019, the Arena Holdings news platforms had recorded 5.5 million unique browsers. He adds that in February 2020 total traffic had almost doubled to 10.7 million unique browsers, probably already fuelled by panic about the spread of the COVID-19 virus. Gill states that during the peak of the first COVID-19 wave, unique browser numbers reached 16 million. By December 2020, the unique browser numbers had settled at around the 11 million per month, says Gill. He adds that he would be happy if the news platforms under Arena Holdings achieve a consistent 11 million unique browsers per month. He states that from there, stellar growth becomes almost impossible due to market saturation.

Gill (2020) believes that the digital subscription model is working well for *BusinessLIVE* and *Vrye Weekblad*. He adds that while the *TimesLIVE/Sunday Times* subscription strategy has been “patchy” in the past, because “we have never really had a proper paywall approach to the *Sunday Times*”, it has now settled and is finding acceptance from readers.

Gill (2020) states that while he believes that South Africans across most target markets are prepared to pay for quality news content, this does not include low-income groups. He explains that this is a hurdle for the *SowetanLIVE* because the target audience struggles with affordability and access. According to Gill, the *SowetanLIVE* was the only news site in the Arena Holdings stable that recorded a drop in traffic during the hard lockdown in 2020, because readers typically do not have WiFi at home and have limited data on their mobile devices.

Gill notes that quality news content and provocative opinion pieces are fundamental to the success of the Arena Holdings subscription strategy, together with growing and maintaining unique users across the platforms.

5.2.3 Case study 3: *Daily Maverick*

“I see a particularly dark period for journalism in the next couple of years, which as we know means a particularly dark period for democracy, especially with the corruption epidemic that we have in this country.”

Styli Charalambous (2021b), CEO of the Daily Maverick

The first interview with Charalambous (2020b) took place via Google Meet on 24 November 2020. Charalambous (2021b) agreed to a follow-up interview. The second interview was conducted at the *Daily Maverick* offices in Cape Town on 17 May 2021, 14 months after South Africa went into lockdown. The write-up of the findings and the figures included in this section were confirmed as correct via email (Charalambous, 2021c).

5.2.3.1 A brief history

The *Daily Maverick* was launched as an online news portal by Branko Brkic on 30 October 2009, a year after he folded the *Maverick* magazine and its sister publication *Empire* (Prologue, [n.d.]). Brkic attributes the demise of these print publications to making enemies as a result of his outspoken nature in a publishing environment that was then dominated by a few news media moguls, and being “not a good enough business person” (Prologue, [n.d.]). Brkic addressed the latter before launching the *Daily Maverick* by bringing onboard Styli Charalambous, a chartered accountant, in the position of publisher and Chief Executive Officer (Prologue, [n.d.]). Brkic has held the position of Editor-in-Chief since inception and Charalambous now holds the position of Chief Executive Officer (Prologue, [n.d.]).

The *Daily Maverick* website (About, [n.d.]) describes the news media company as “an independently owned, private company with no affiliation to any other media group (or political party or religious organization)”. The *Daily Maverick* launched its membership programme, *Maverick Insider*, on 15 August 2018 at “The 2018 Media Gathering” event and then to a wider audience in an editorial on 3 September 2018 (Graduate to *Maverick Insider*, 2018). On 6 August 2020, while print titles were folding around the world, the *Daily Maverick* stunned the South African news media industry by announcing the launch of a weekly print newspaper titled *Daily Maverick 168* (Fellow South Africans, 2020).

Charalambous became the first publisher to be awarded the Nat Nakasa industry award for courage by the South African National Editors’ Forum (SANEF) on 14 August 2021 (Nat Nakasa Award, 2021). Announcing Charalambous as the winner, SANEF stated that: “Since its inception the publication has become one of the leading online and printed publications in SA, in part because of the commitment and passion of the former chartered accountant.”

5.2.3.2 The *Daily Maverick*’s revenue model before COVID-19

At the start of South Africa’s hard lockdown, the *Daily Maverick* had in place a well-diversified revenue model, which Charalambous (2020b) refers to as the “three-two-six” model. This model was introduced by the *Daily Maverick* in 2018 to diversify the news media company away from a predominant reliance on advertising, and consisted of three key revenue pillars: philanthropy, commercial, and reader revenue. Charalambous explains that

each pillar was designed to generate two distinct types of revenue, providing the *Daily Maverick* with six individual revenue streams, and hence the “three-two-six” revenue model.

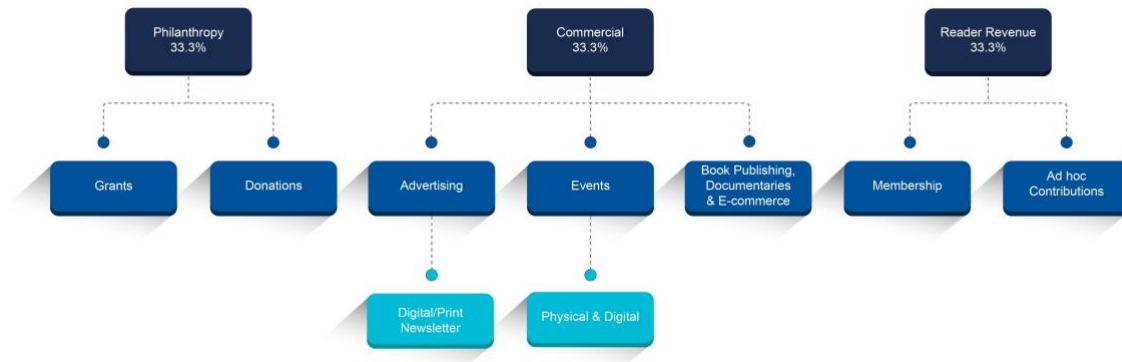


Figure 7: The *Daily Maverick*'s original “three-two-six” revenue model

(Source: Compiled by the researcher)

Charalambous (2020b) concedes that the philanthropic and commercial revenue streams have been volatile, while reader revenue has been more predictable. However, despite being more predictable, generating a consistent reader revenue stream has proven to be a “slow burn”, according to Charalambous. Nevertheless, according to Charalambous, each revenue stream has contributed around one-third of revenue over the rolling 12-month period to the end of November 2020.

Implementing a diversified revenue model in 2018 does not mean that the *Daily Maverick* anticipated the complete demise of the traditional advertising revenue model before anyone else did. Charalambous (2020b) explains that the *Daily Maverick* was “born into a world of pain”, which required hustling and innovating for survival from the beginning, while established news media organisations remained complacent on the back of solid profits and high margins until they suddenly ran out.

Charalambous (2020b) believes that to have a chance of survival, “any medium-sized publisher needs to have some version of a three-two-six in place to ensure a diversified revenue stream.”

5.2.3.3 Designing the *Daily Maverick's* membership revenue model

Looking for a tried and tested revenue model, Charalambous (2020b) embarked on an “innovation tour” in 2017, which included visits to *The New York Times*, *The Washington Post*, *National Geographic* and *USA Today*. He also visited *The Guardian* in London and the Schibsted publishing company in Stockholm for insights on revenue models that work.

Charalambous (2020b) states that in addition to their commercial revenue streams, the news media companies visited had all implemented subscription-based revenue models, placing their content behind paywalls, with the exception of *The Guardian*. He explains that given the political environment in South Africa and the *Daily Maverick's* editorial policy and mission to “defend truth”, a paywall was not the solution, as a paywall would prevent a significant number of people from accessing the *Daily Maverick's* content. The *Daily Maverick* therefore decided to test the membership model (Charalambous, 2020b).

Early in 2018, Charalambous (2020b) came across the “Guide to Audience Revenue and Engagement” by researchers Elizabeth Hansen and Emily Goligoski. According to Charalambous, many of the findings and recommendations made by Hansen and Goligoski resonated with the *Daily Maverick* team. The “Guide to Audience Revenue and Engagement” therefore became the blueprint for the *Daily Maverick* membership programme, with some modifications to provide a solution likely to work for the *Daily Maverick* and its audience.

Charalambous (2020b) believes that a membership approach is more challenging than implementing a subscription or a donation-based model. “It is not a cookie cutter [solution] like paywall subscriptions, for example, or donations. It is much harder, but it can be more rewarding and make you a better news organization.” He believes that a membership revenue model can only be successful if it is customised in line with the vision of the news media company and its funding requirements:

I think this is why membership hasn't taken off with some of the big organisations or some of the more legacy operations, because your version of membership needs to be a bespoke solution. It requires a custom solution and I think that is why it has been difficult.

Charalambous (2020b) states that understanding what audiences want to read and what motivates readers to support a news product financially is key when building a bespoke reader revenue model with a good chance of proving successful. He adds that for many big news media companies and legacy publications this is a challenge, because in the past news media companies simply spent a lot of money and time building platforms in the firm belief that audiences would support them.

To create a reader revenue model that would be supported by the *Daily Maverick* audience, the company put together a minimum viable product based on what the editorial team thought their readers would be inclined to back (Charalambous, 2020b). Charalambous noted that it took two days to put together a “precursor” minimum viable reader revenue solution for the cost of a R2,000 plug-in and a few banners.

With the trial run solution in place, the *Daily Maverick* started running a recurring donation call with its content, which Charalambous (2020b) describes as a real life “hey we need your help” campaign. He notes that within a few hours of launching the fund-raising campaign in places where the *Daily Maverick’s* most loyal and engaging readers were known to spend their time – the newsletters and at the end of long-form articles – the first funding commitment was made. Surprisingly, he adds, readers were signing up without being offered any benefits in return for supporting the *Daily Maverick* financially.

Charalambous (2020b) explains that while readers were signing up to the trial run offering, the full membership programme was being built in the background. Readers who had signed up were asked to vote on the proposed membership benefits, which had been designed based on the research by Hansen and Goligoski and “some gut instinct”.

The *Daily Maverick* positioned its membership programme, *Maverick Insider*, in an editorial on 3 September 2018 (Graduate to *Maverick Insider*, 2018) as follows:

Soon *Daily Maverick* will be 9 years old. We've made it this far thanks to gracious grant funders and donors and the most understanding shareholders ever, who believed in the impact we could achieve. But for *Daily Maverick* to be sustainable, we must now turn to our readers for support. So we're launching Maverick Insider, a community for readers who care deeply about the public interest journalism we do and the way it affects our common future.

The *Daily Maverick* (Graduate to Maverick Insider, 2018) also informed readers that by becoming Maverick Insiders, they would help ensure free access to the content for those who cannot afford to pay for "good journalism". Maverick Insiders decide how much they want to contribute and whether they contribute monthly or annually (Support Daily Maverick, [n.d.]). As an incentive to opt for a membership contribution of R200 or more a month, members receive R100 in Uber Ride vouchers and R100 in Uber Eats vouchers back every month. Other benefits include (Support Daily Maverick, [n.d.]):

- Ad-free browsing
- Exclusive newsletters
- Opportunities to engage with journalists
- Early-bird registration to webinars and events
- Discounted books and merchandise.

5.2.3.4 Launching a print newspaper during a pandemic

Charalambous (2020b) states that designing the *Daily Maverick* membership model happened largely without the influence of innovation theories. He adds, however, that he started studying various theories in 2020 to help guide his thinking on launching a print edition of the *Daily Maverick* in a year which saw print publications decimated around the world. He explains that:

I spent quite a lot of time in 2020 diving into *Innovator's Dilemma* and working on Jobs to be Done and product design thinking. We used quite a lot of that to help us decide on content mix, when does it need to go out, how do we get readers involved in the process, how do we use product design thinking to launch a physical product.

Charalambous (2020b) states that the idea of launching a print newspaper when the print news media was already struggling, even before the arrival of the pandemic, was tested against Christensen's theory of jobs-to-be-done to establish whether it could be viable. He explains that the *Daily Maverick* considered what the key jobs of a printed publication would be and whether these were jobs that potential readers would value in a world of information overload, screen time overload, and misinformation.

In the belief that a print edition of the *Daily Maverick* would be supported by readers because it could do several jobs for them (Charalambous, 2020b), the print edition was launched on 26 September 2020 (Mafolo, 2020). Titled *Daily Maverick 168* (there are 168 hours in a week), Charalambous states that the newspaper was launched to fulfil the following jobs for readers:

- As a weekend edition, it would give people the opportunity to step back from their screens and consume in-depth articles.
- The newspaper would provide original content not published elsewhere.
- It would provide readers with a good balance of content, including analytical articles, satire, cartoons, and entertainment such as crossword puzzles.
- It would be visually stimulating, to encourage people to break away from their mobile phones for a few hours.

Charalambous (2020b) states that a decision was taken to base the revenue model of *Daily Maverick 168* on a traditional advertising revenue model, with the expectation of attracting a large part of the advertising spend that dried up during the hard lockdown phase of the COVID-19 pandemic. According to Charalambous, advertising in South Africa's print media dropped by about 65 per cent in 2020 as a direct result of the COVID-19 pandemic.

Admitting that launching a print newspaper heavily reliant on advertising into this market was a brave move, Charalambous (2020b) notes that it was a calculated risk: “We could possibly end up being the last man standing and owning 90 per cent of what’s left of the market, which would be a significant number for us.” He believes that the *Daily Maverick* was able to take this risk because the digital revenue model was well established and able to carry the company while the print newspaper found its feet.

Charalambous (2020b) explains that while COVID-19 delayed the launch of the *Daily Maverick 168* early in 2020, a decision was taken to go ahead later in the year since the strategy had not changed. According to Charalambous, rather than wait to get the *Daily Maverick 168* included in future advertising budgets, it was decided to proceed with the launch during the toughest time and establish the product in time for the next round of budget allocation for print advertising.

Charalambous (2020b) explains that the *Daily Maverick 168* was launched in a strategic partnership with Pick ’n Pay, whereby the newspaper would be available at no charge to Pick ’n Pay Smart Shopper loyalty card holders. In an editorial published on 6 August 2020 (Fellow South Africans, 2020), announcing the launch of the *Daily Maverick 168*, the *Daily Maverick* stated that:

With *Daily Maverick 168* we’re going back to the future. As a digital-first publisher, we’re taking a technologically driven approach to distributing, refining, and marketing this newspaper. It’s a project not without significant risk, and we will always need your help in making it last.

5.2.3.5 Measuring support for the *Daily Maverick 168*

Charalambous (2020b) states that while there has been strong support from readers, advertising support has been variable. “Support for the first edition was really good, because people generally want to be in a first edition. And then it dropped off the cliff. And then it came back again and then it went down again.”

According to Charalambous (2020b), the circulation count for the launch weekend (26 and 27 September 2020) was 18,000. He explains that the target was to get to a circulation of 25,000 as quickly as possible, since this represented a “substantial number” for potential advertisers.

By the time the second interview took place on 16 May 2021, the average circulation figure had climbed to around 32,000. Charalambous (2021b) notes that this represents around 90 per cent of the weekly print run. He explains that about 75 per cent of circulation is achieved on a Saturday and Sunday, with the remaining take-up on the following Monday and Tuesday.

At the end of the second quarter of 2021, the *Daily Maverick 168* had recorded an average weekly circulation of 30,939 (Audit Bureau of Circulations, 2021). Compared to the circulation figures of other English weekend newspapers in the country, this makes *Daily Maverick 168* the third largest South African English weekend newspaper. The *Sunday Times* was leading with a weekly circulation of 119,464 in the second quarter of 2021 and the *Sunday World* was in second place with a weekly circulation of 32,818 (Audit Bureau of Circulations, 2021).

Charalambous (2021b) explains that a decision had been taken not to grow the *Daily Maverick 168* circulation beyond 32,000 until the advertising market showed some recovery. He states that the plan was always to launch the newspaper so that people could become accustomed to reading it before reassessing the model.

Charalambous (2021b) states that a reader survey conducted in January 2021 showed that just under half of readers spent 45 to 90 minutes reading each edition, while another 25 per cent consumed content for more than 90 minutes per edition. According to Charalambous, readers surveyed gave the content of the *Daily Maverick 168* a score of 8.5 to 9 out of 10. He states that reader feedback shows that people like the content and the product:

We answered the question, we tested the hypothesis. Is there space for a quality editorial product in the South African market, is there demand for it? Yes, there is demand for it. What we haven't quite figured out yet is whether the business model works.

By May 2021, the *Daily Maverick 168* was not yet receiving enough advertising to break even, according to Charalambous (2021b). However, there was a steady increase. The breakeven target for the *Daily Maverick 168* is the end of 2021, he adds.

In July 2021, two months after the second interview, Charalambous (2021d) announced that the newspaper's launch phase would end on 31 July 2021 and that readers would have to pay R25 for future editions. Making the announcement, Charalambous states that: "We wish we could keep absorbing the cost of print and distribution, but the print market has not rebounded from the shock of COVID-19 and we are still a new title carving out our place." Starting from 31 July 2021, the *Daily Maverick 168* cost R25 at Pick 'n Pay, Exclusive Books and airport bookstores (Charalambous, 2021d).

Table 3: *Daily Maverick 168* Circulation Statistics

26/27 September 2020 (launch)^I	Q4 2020^{II}	Q1 2021^{II}	Q2 2021^{II}
18,000	24,788	29,776	30,939

^I Source: Charalambous (2021b)

^{II} Source: Audit Bureau of Circulations of South Africa (ABC) Reports

5.2.3.6 What impact has the COVID-19 pandemic had on the *Daily Maverick*?

Charalambous (2021b) summarises the *Daily Maverick*'s financial situation one year after the arrival of the COVID-19 pandemic as: "Bigger, better, survived it!"

Charalambous (2021b) states that not a single job was lost at the *Daily Maverick* because of the COVID-19 pandemic or the lockdown measures. He adds that the *Daily Maverick* also did not impose salary cuts. Instead, the company added 12 new permanent jobs in 2020 and another five in the first five months of 2021, in addition to a number of freelance positions.

The diversification introduced by the three-two-six revenue model in 2018 paid off for the *Daily Maverick* during a time when most other news media companies were facing financial ruin because of the COVID-19 pandemic, states Charalambous (2021b). He adds that the strategy resulted in a 20 per cent growth in total revenue for the 2020/21 financial year when compared to the previous year. The biggest win, he adds, was the significant growth in

member and reader numbers. He admits that these achievements came with challenges, unexpected costs and many learnings.

- **Impact on the commercial revenue stream:**

As South Africa went into hard lockdown on 27 March 2020, the *Daily Maverick* recorded a significant drop in advertising. According to Charalambous (2020b), this lasted for three months as the country dealt with the shock of COVID-19 and the implications of the lockdown regulations. At the same time, notes Charalambous, the demand for webinars rocketed.

During the second interview in May 2021, Charalambous (2021b) shares that: “We’ve just delivered our 100th online webinar since COVID-19.” He adds that 30,000 people participated in these webinars. According to Charalambous (2020b), the revenue generated by the webinars made up for the shortfall caused by the drop in advertising during the first few months of COVID-19.

Charalambous (2021b) states that the investment in the *Daily Maverick*’s newsletter offering in 2019 also paid off. He explains that the newsletters fulfil three important roles: they drive traffic to the *Daily Maverick* website, they convert readers to paying members, and they are popular with advertisers. As the demand for the various newsletters grew during the COVID-19 lockdown, the demand from advertisers also grew. As a result, advertising space in the *Daily Maverick* newsletters is now booked up to a month in advance, according to Charalambous.

Other contributors to the *Daily Maverick*’s commercial revenue stream are its book publishing division, Maverick451, documentaries, and its online shop where readers can buy selected books and branded merchandise (Charalambous (2020b)).

- **Impact on the membership revenue stream:**

Charalambous (2020b) reports that the *Daily Maverick* recorded its biggest growth in membership numbers in April and May 2020 and again in August 2020. The second biggest month in terms of attracting new members was September 2020. As a result, membership numbers more than doubled from 6,500 at the end of December 2019 to 15,000 by 24 November 2020 (the date of the first interview), with member contributions accounting for close to 40 per cent of the *Daily Maverick* payroll at that stage.

Charalambous (2021b) states that the *Daily Maverick* has set a target of 100,000 members by the end of 2027, adding that there are at least two other membership models that are trailblazing similar numbers. The *El Diario* in Spain reached 61,000 paying members in September 2021 (Gupta, 2021b), while *De Correspondent* in the Netherlands reported just over 69,000 paying members in September 2020 (Goligoski, 2020). According to Charalambous:

There are 26 English news publishers in the world with 100,000 or more subscribers. We want to join that club. In order to achieve that we need to increase the breadth of our journalism, moving into more visual journalism and moving into local journalism. These are all growth opportunities for us.

Charalambous (2021b) points out that membership numbers are content driven: “Through the kind of content that we were publishing, we were hitting all-time high numbers on the website, which meant we were converting people into newsletter subscribers, which meant that we were also converting people into members.” Audience engagement is key in driving membership numbers, states Charalambous. He adds that a popular way of engaging with members is to call on Maverick Insiders to participate in the *Daily Maverick*’s journalism by getting them to submit information as part of crowdsourced investigations.

Table 4: Growth in reader support for the *Daily Maverick*

Date	Maverick Insiders	Monthly unique browsers (million)	<i>First Thing</i> Newsletter subscribers
31 December 2019 ^I	6,500	1.7	115,000
24 November 2020 ^{II}	13,170	3.5	144,533
31 December 2020	13,486	3	148,311
17 May 2021 ^{III}	15,384	2.8	152,202
31 July 2021	15,782	3.4	156,268

(Source: Charalambous, 2021b)

^I Maverick Insider was launched on 15 August 2018.

^{II} Date of the first interview with Charalambous.

^{III} Date of the second interview with Charalambous.

5.2.3.7 Future-proofing the *Daily Maverick*'s revenue model

While the *Daily Maverick*'s three-two-six revenue model delivered as planned in the 2020/21 financial year, Charalambous (2021b) states that looking ahead for the next five years the model needs adjustment. He adds that while the commercial and the reader revenue streams are likely to grow, there are signs of market limitations that could impact on the philanthropy stream: He says that in response the *Daily Maverick* is allocating more resources to grow the commercial and reader revenue streams.

Charalambous (2021b) states that a realistic future revenue split target for the *Daily Maverick* operations will see philanthropy contributing 8 to 10 per cent of revenue, with commercial and reader revenue contributing 45 per cent each.

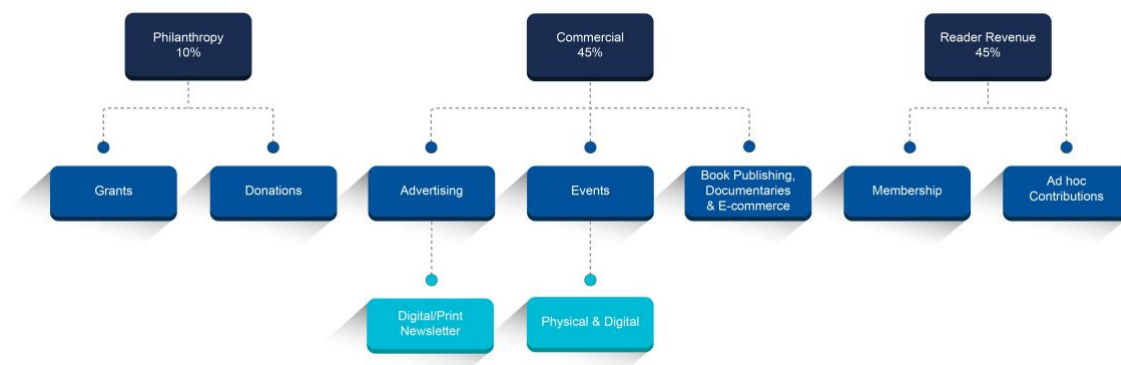


Figure 8: The revised *Daily Maverick* revenue model implemented in 2021

(Source: Compiled by the researcher)

Charalambous (2021b) is adamant that any new revenue stream that is added to the *Daily Maverick* offering must be in line with the company’s vision, which is to be the most trusted source of journalism in the country and “to help people know more and know better”. He adds that the *Daily Maverick* approach to implementing new projects and products is to consider what jobs readers need to get done and whether the new initiative is aligned to the value of helping people “know more and know better”. It is important to “keep it aligned and to keep it authentic”, notes Charalambous.

5.3 Quantitative data analysis

The inclusion of quantitative data in the research findings was motivated in Chapter 4 where it was stated that the exploratory sequential mixed method approach would add value to this study through the use of quantitative data to illustrate and confirm trends revealed during the interviews.

5.3.1 Unique browser statistics for *News24*, *TimesLIVE* and *Daily Maverick*

Table 5 (below) compares the monthly unique browser statistics from January 2020 to September 2021 for *News24*, *TimesLIVE* (Arena Holdings) and the *Daily Maverick*. The table was compiled from data sourced from the monthly Narrative Reports (2020 & 2021) which rank the country’s top ten websites based on page views and unique browsers. *TimesLIVE* is the only Arena Holdings digital news portal reflected in the top ten rankings. Monthly unique

browser numbers represent visitors who visit a website at least once during a month (Who is a monthly, [n.d.]). Visitors are counted only once, even if they visit the website multiple times, unless they access the website from different devices – for example a computer at work and a laptop at home (Who is a monthly, [n.d.]). The statistics show the trends in digital audience behaviour from just before COVID-19 was declared a pandemic on 11 March 2020 (Timeline of WHO’s response, 2020) to the end of September 2021.

Data have been consistently available for *News24*, which has remained in top position for the entire period reflected, while *TimesLIVE* has been ranked in the top four positions throughout this period. The *Daily Maverick* appeared in the top ten ranking tables for the first time in April 2020. From then on, the *Daily Maverick* regularly appeared in the top ten, dropping out of this ranking only six times.

Since *News24* implemented its freemium subscription model in August 2020, the unique browser statistics can be used to assess whether the paywall has negatively affected the *News24* browser numbers. The data in the table below show that *News24* unique browser numbers dropped off slightly after August 2020 to the end of December 2020. However, *News24* unique browser numbers recovered in 2021, reaching a new record high of 16.1 million by July 2021 and levelling off to 12.5 million by September 2021 – slightly lower than the 13.1 million starting point in August 2020. It can be deduced, therefore, that the launch of the freemium subscription model has not significantly affected unique browser numbers for *News24*. Arena Holdings does not publish subscription numbers for its digital news portals and therefore the same comparison is not possible for *TimesLIVE*.

The table indicates that *TimesLIVE* matched *News24* in terms of unique browsers until February 2020, when *News24* experienced a significant increase in unique browser numbers which it has been able to maintain into 2021. More analysis is provided in Chapter 6.

Table 5: Unique browser statistics from January 2020 to September 2021 for *News24*, *TimesLIVE* and *Daily Maverick*

	<i>News24</i>		<i>TimesLIVE</i>		<i>Daily Maverick</i>	
	Unique browsers	% month on month	Unique browsers	% month on month	Unique browsers	% month on month
January 2020	7,171,081 (No. 1)	16	5,853,859 (No. 2)	2	Not yet in top 10	
February 2020	5,950,586 (No. 1)	-17	5,950,586 (No. 3)	-8	Not yet in top 10	
March 2020^I	12,069,885 (No. 1)	103	7,389,704 (No. 3)	37	Not yet in top 10	
April 2020^{II}	10,978,640 (No.1)	-9	8,193,661 (No. 2)	11	3,856,712 (No. 10)	28
May 2020^{III}	11,631,619 (No. 1)	6	6,922,031 (No. 4)	-16	3,830,819 (No. 10)	-1
June 2020^{IV}	12,297,728 (No. 1)	6	4,811,504 (No.4)	-30	3,306,396 (No 10.)	-14
July 2020	13,033,949 (No. 1)	6	6,201,081 (No. 4)	29	3,082,200 (No. 9)	-7
August 2020	13,092,553 (No. 1)	0	6,371,474 (No. 4)	3	Not in top 10	
September 2020	11,427,703 (No. 1)	-13	5,615,460 (No. 4)	-12	2,828,899 (No. 9)	8
October 2020	10,857,276 (No. 1)	-5	5,146,241 (No. 4)	-8	3,296,351 (No. 9)	17
November 2020	10,734,739 (No. 1)	-1	5,738,584 (No. 4)	12	3,456,008 (No. 7)	5
December 2020	12,713,534 (No. 1)	18	7,065,100 (No. 2)	23	Not in top 10	
January 2021^V	14,431,339 (No.1)	14	8,327,730 (No. 2)	18	3,525,527 (No. 9)	39
February 2021	12,023,769 (No. 1)	-17	6,918,753 (No. 2)	-17	2,824,550 (No. 9)	-20
March 2021	13,152,346 (No. 1)	9	6,889,475 (No. 2)	0	Not in top 10	
April 2021	12,353,840 (No.1)	-6	6,498,521 (No. 2)	-6	2,293,549 (No. 10)	-10
May 2021	13,240,284 (No. 1)	7	7,000,963 (No. 2)	8	Not in top 10	
June 2021	14,714,086 (No1.)	11	6,295,673 (No. 4)	-10	Not in top 10	
July 2021^{VI}	16,103,105 (No. 1)	9	6,862,416 (No. 3)	9	3,435,928 (No. 7)	40
August 2021	13,566,270 (No1.)	-16	6,780,019 (No. 2)	-1	2,708,500 (No. 9)	-2
September 2021	12,495,540 (No. 1)	-8	5,583,574 (No. 3)	-18	Not in top 10	

(Source: Narrative Reports, 2020 & 2021)

^I Narratiive notes that COVID-19 prompted significant increases in traffic to news websites. *News24* recorded the biggest increase in unique browsers for March 2020.

^{II} Narratiive reports that the strong website traffic growth from March 2020 dropped in April 2020, but several news websites still recorded growth “due to successful content”. The *Daily Maverick* made it into the rankings for the first time, taking tenth position.

^{III} Narratiive observes that in May 2020 several of the top ten sites experienced a month-on-month drop in browsers due to COVID-19 news fatigue.

^{IV} Narratiive notes that in June 2020, website traffic returned to pre-COVID-19 levels as audiences started adjusting to their lives with COVID-19.

^V Researcher’s own observation: in January 2021, the *Daily Maverick* recorded the highest month-on-month increase in unique browsers out of the top ten websites.

^{VI} Narratiive reports that website traffic “skyrocketed” in July 2021, mainly due to the looting and violence in some parts of South Africa from 9 to 17 July 2021. The *Daily Maverick* was singled out by Narratiive as one of the top ten sites, having delivered “the most notable growth” with a 40 per cent increase in unique browsers from June to July 2021. Narratiive notes that the significant increase in traffic in July 2021 resulted in a distorted drop in unique browsers in August 2021.

5.3.2 Print circulation statistics for Media24, Arena Holdings, and *Daily Maverick 168*

The quarterly Audit Bureau of Circulations of South Africa (ABC) statistics presented below show that the circulation numbers for the country’s most established news print titles more than halved in the ten-year period from the end of June 2011 to the end of June 2021.

The *Daily Sun* and the *City Press*, both in the Media24 stable, saw the biggest decline in circulation over this period, dropping by 87.8 per cent and 82.9 per cent respectively.

The *Sunday Times* (Arena Holdings) and *The Sowetan* (Arena Holdings) lost around 74 per cent of their print circulation over the ten years to the end of June 2021.

The strongest growth in print circulation numbers was achieved by the *Daily Maverick 168* newspaper. *Daily Maverick 168* was launched on 26 September 2020, and quarterly ABC circulation statistics show good growth in the quarter-on-quarter circulation statistics from 24,788 in the fourth quarter of 2020 to 30,939 in the second quarter of 2021.

Table 6: Audit Bureau of Circulations of South Africa (ABC) circulation statistics for the 10-year period from Quarter 2 2011 to Quarter 2 2021

Publication	2011	2019	2020			2021		% change 10 years from Q2 2011 to Q2 2021
	Q2	Q2	Q1	Q2 ¹	Q4	Q1	Q2	
Media24								
<i>Rapport</i> (Weekend)	241,286	99,528	90,393	0	83,071	81,780	76,187	-68.4
<i>Beeld</i> (Daily)	74,105	31,123	28,291	0	23,823	24,062	23,514	-68.3
<i>Die Burger</i> (Daily)	61,669	36,677	35,349	0	32,829	32,018	30,827	-50.0
<i>Volksblad</i> (Daily)	21,087	12,691	11,913	0	Digital only	-	-	
<i>Daily Sun</i> (Daily)	381,127	112,155	95,021	0	57,459	51,342	46,483	-87.8
<i>City Press</i> (Weekend)	149,586	43,217	33,839	0	29,003	26,764	25,563	-82.9
<i>Finweek</i> (Weekly)	27,815	14,812	14,129	12,295	11,572	11,790	11,929	-57.1
Arena Holdings								
<i>Sunday Times</i> (Weekend)	463,156	240,219	206,182	0	111,670	115,209	119,464	-74.2
<i>Business Day</i> (Daily)	36,087	18,327	19,050	0	13,423	13,958	14,527	-59.7
<i>Daily Dispatch</i> (Daily)	29,043	14,348	13,340	0	10,827	10,882	10 900	-62.5
<i>The Herald</i> (Daily)	22,113	14,554	12,967	0	11,533	11,656	11,429	-48.3
<i>The Sowetan</i> (Daily)	120,207	70,038	52,574	0	27,736	31,005	31,176	-74.1
<i>Financial Mail</i> (Weekly)	24,023	13,836	13,250	0	11,652	13,009	12,882	-46.4
<i>Daily Maverick 168</i> (Weekend)					24,788	29,776	30,939	

(Source: Audit Bureau of Circulations of South Africa (ABC) Reports)

¹No submissions made.

News media commentators agree that the traditional news media industry, globally and in South Africa, has been in crisis for the past decade (Abernathy, 2020; Allsop, 2020; Charalambous, 2020a; Daniels, 2021a; Doctor, 2020; Newman, 2021; Reid, 2021). To illustrate the decline experienced by the South African print news media industry over the past ten years, the table above uses the second quarter of 2011 as a starting point. The latest

quarterly ABC circulation statistics were available up to the second quarter of 2021, making a ten-year comparison possible.

Data for the second quarter of 2019 were included in the table to show the extent of the decline in print newspaper circulation before the COVID-19 pandemic.

The statistics for the first quarter of 2020 show the state of the country's print newspaper environment just as COVID-19 became a global concern. The devastating impact of COVID-19 and the hard lockdown on South Africa's print newspapers is evidenced by the fact that only one print publication, *Finweek* (Media24), submitted circulation numbers in the second quarter. The ABC Board decided to allow publishers to withhold circulation data if they had been materially affected by the crisis (Manson, 2020). The quarter-four data reflect the magnitude of the impact that COVID-19 had on the news print industry in South Africa when compared to the first quarter.

The statistics for the first two quarters of 2021 show that most print publications were not able to reclaim their pre-COVID circulation numbers in the first half of 2021. These circulation statistics, when compared to the unique browsers statistics for the same period, indicate a strong move away from print towards online news websites.

5.4 Summary

This chapter presents two of the three research outcomes of this study. The case studies of *News24*, Arena Holdings and the *Daily Maverick* are set out in detail to provide readers with in-depth insights into the thinking and strategy behind the revenue models deployed by each news media company in a post-COVID-19 environment, to provide the sustainable funding required to enable quality journalism. The qualitative data presented in section 5.3 illustrate and confirm some of the trends revealed by the case studies.

The next chapter answers the research questions posed in Chapter 1, based on the findings presented thus far. The insights provided by three South African news media experts are included in the answers to the research questions to provide additional context and independent views.

Chapter 6 Findings and discussion

6.1 Introduction

Christensen and Raynor (2003:15) urge researchers to refrain from making statements such as “big companies are slow to innovate” or “in our sample of successful companies, each was run by a CEO who had been promoted from within” when analysing research findings. The reader revenue models introduced by South African news media companies are still young and it is far too early for any of them to claim success. For this reason, the study findings are positioned as a baseline for future research and no correlative assertions are made.

The purpose of this study is also not to compare subscriber and unique browser statistics at regular intervals and to then declare a “winner”. While credible and consistent statistics are important in that they are the most accurate indicators of trends, numbers alone make it tempting to draw short-term conclusions that can be misleading if not informed by deeper insights into the influencing factors driving them.

The insights gathered from analysing the three case studies presented in the previous chapter, together with relevant trends identified in the qualitative data, are interpreted below with the aim of providing early answers to the research questions posed in Chapter 1. The responses from the three South African news media experts interviewed for this study are presented together with the findings to provide additional context and independent insights.

6.2 Addressing the research questions

6.2.1 Research question 1: Which news media revenue models are most likely to be supported by South African audiences in a post-COVID-19 world, thereby ensuring the survival of quality journalism in the country?

In August 2021, *News24* recorded 13.6 million unique browsers while 40,000 readers were paying for a monthly subscription. While Arena Holdings does not make subscriber numbers public, unique browser statistics are available for *TimesLIVE*, because it is included in the Narrative top ten rankings. In August 2021, *TimesLIVE* had attracted 6.8 million unique

browsers. The *Daily Maverick* had 15,782 paying members at the end of July 2021, and had attracted 3.4 million unique browsers in the same month.

At face value, based on available numbers, these statistics appear to indicate that the *News24* freemium model is most popular with South African audiences. However, in the absence of Arena Holdings subscriber numbers, this would be an unsound assumption to make. While the *News24* digital news portal appears to attract the highest number of unique browsers every month, it is possible that collectively all the English language digital portals in the Arena Holdings stable match or come close to the *News24* unique browser numbers.

Furthermore, when the *News24* subscriber numbers achieved in August 2021 are calculated as a percentage of unique browsers (i.e., 40,000 subscribers as a percentage of 13.6 million unique browsers), only 0.3 per cent of unique visitors to the *News24* news portal paid for their news in August. By comparison, 0.5 per cent of unique visitors to the *Daily Maverick* news portal were prepared to pay for their news (15,782 paying members at the end of July 2021 as a percentage of 3.4 million unique browsers in the same month). The significance of this is that the *Daily Maverick* has been able to convert more readers to paying consumers of their news than *News24*.

It will be important to track both unique browser numbers and subscriber/member numbers for these digital news portals at regular intervals for some time to establish meaningful trends. It is also hoped that in time Arena Holdings will be willing to contribute unique browser and subscription numbers for all their digital news portals to allow for deeper insights.

Asked to state which revenue models are likely to garner significant support from South African audiences over time, the three news media experts had varying views. Harber (2021a) believes that reader support for online news portals such as *News24*, *Daily Maverick* and *BusinessLIVE* indicates that South Africans are at last starting to show a willingness to pay for credible journalism. He adds: “One of the reasons that I have some cause for optimism in an otherwise very bleak scenario is that I think we’re starting to see in this country the rays of light around online subscription.”

Daniels (2021b) feels that there may be a place for both the freemium subscription model introduced by *News24* in August 2020 and *Daily Maverick*'s membership model, but points out that it is too early to call. She adds that:

A huge study on what South African audiences feel about the matter would be needed. I don't want to speculate. I just know that even people who are employed find it difficult to subscribe to too many different media, as it is generally an expense that adds up.

Harber (2021a) agrees that having several digital news subscriptions is costly. However, states Harber, those that offer value tend to not represent a grudge purchase to him:

You know, I have a lot of subscriptions. Too damn many and I curse every month when I see what it costs me. But I only curse those that I feel do not give me value. I pay a lot of money for the Financial Times, for example, and I don't regret a cent.

Papayya (2021a) states in the context of the South African environment, which is fragmented, divided and struggling with corruption and an economy that is under pressure, "the country is in need of a content service provider that plays more than just the news role". She adds that South African news media companies have additional responsibilities:

It needs to also play an education role, it needs to play a public citizenship role and that's where I feel that if you deny people access to media in one form or another, whether it's a paywall or a subscription, or too expensive data, you deny capability of growth and development and access to information and knowledge and that will be quite significantly an obstacle to what freedom of expression means and what the Constitution entails for media freedom of expression.

6.2.2 Research questions 2 and 3: How well do South African news media companies understand their audiences and their needs? To what extent did audience insights determine the type of revenue models implemented?

While posed as two different research questions in the original study design, the answers to these questions are aligned and the relevant findings are therefore combined into one response.

In the previous chapter, the representatives of the three news media companies indicate that insights obtained via audience research shape their digital offerings and influence the reader revenue models deployed to fund their journalism. However, both Law (2020) and Gill (2020) also refer to the size of their operations as contributing factors in the likely success of the revenue models deployed by *News24* and Arena Holdings. Law (2020) states that the subscription model was considered a viable option for *News24* because it is a well-established offering with a “massive online presence”. According to Law, smaller digital news offerings such as the *Daily Maverick* would be more likely to achieve success with a membership model. Gill believes that Arena Holdings has more room in which to experiment with different revenue models, because of its vertical brands that are all market leaders.

Charalambous (2020b) believes, however, that the large legacy operations lack the agility needed to implement membership models, because in order to be successful, a membership needs to be a bespoke solution informed by reader requirements. He points out that a membership model is not a “cookie cutter” solution like a subscription model.

The three representatives also indicated that their revenue strategies were informed by what has worked in the Global North. While *News24*, for example, took guidance from, among others *The New York Times*, Arena Holdings considered best practice across markets, and the *Daily Maverick* mainly followed the guidance provided by the “Guide to Audience Revenue and Engagement”. In the absence of research relevant to the business of the news in the Global South (Rohn, 2018), South African publishers have little choice but to turn to international case studies for guidance. However, the experiences of news media companies operating in the US, the UK and Europe are not always accurate predictors for how local audiences are likely to behave, given the vastly different political and economic environments. In Chapter 2, for example, the success of the paywall implemented by *The*

New York Times in 2011 is referred to. By August 2021, *The New York Times* had signed up eight million subscribers (Scire, 2021a). But, as Rusbridger (2019:213) points out, the success of *The New York Times* subscription model was driven by a large, affluent audience in the US. As Law (2020) conceded in Chapter 5, *The New York Times* model has evolved over more than ten years, and finding the right approach requires experimentation and tweaking of the model in place.

On 27 August 2021, Adriaan Basson (2021), Editor-in-Chief of *News24*, announced that a year after launching the freemium subscription model, 40,000 readers had signed-up. Describing the decision to introduce the freemium model as a leap of faith, Basson states that “we had no reason to believe that South Africa’s reading public would behave any different from the readers of *The New York Times*, *The Washington Post*, the *Financial Times* and many others who take pride in contributing to building a sustainable future for quality journalism”. However, considering that only 0.3 per cent of *News24* readers were paying for the news that they consume in August 2021, it is too early to conclude that South African audience behaviour will be aligned to audience support for reader revenue models in the Global North.

Furthermore, it is unclear how the three publishers are engaging with audiences outside their current target market. An important learning from this study is that future research should focus strongly on how publishers are researching what audiences are prepared to pay for and what efforts are being made to take this research beyond the established readership.

An analysis of the findings in Chapter 5 also shows that the leadership of *News24*, Arena Holdings and the *Daily Maverick* are well aware that quality content is the key driver in growing reader support for their digital news portals. Harber (2021a) points out, however, that good journalism is not the only factor that converts readers to pay subscribers or members.

Developing top quality news apps should be a priority for news portals, says Harber (2021a). He believes that most local news apps are useless. He explains that a good newspaper used to be defined by its quality journalism and design. In the digital age, the selling point is quality journalism and a well-designed app, says Harber.

6.2.3 Research question 4: To what extent does the leadership of news media companies in South Africa understand the innovation and disruption theories developed by Christensen and Schumpeter and did this understanding inform specific innovative solutions designed to help readers to get the job done in return for paying for the news?

The question was posed during each interview with the representatives of the three news media companies, but only Charalambous (2020b) engaged directly with the innovation and jobs-to-be-done theories set out in Chapter 3. Since the strategic decisions relevant to *News24* are taken by a team of executives, it was not possible for Law (2020) to answer this question. Gill (2020) did not engage with the question directly, but he did make an interesting observation which should be explored further in future research. According to Gill, what readers want often “lives in the head of the editors” of a publication and this has a significant influence on the strategic direction that a publication takes. Gill also notes that for this reason publications tend to change direction when there is a change in editor.

According to Charalambous (2020b), he started engaging with the innovation and jobs-to-be-done theories in 2020 when faced with the challenge of how to launch a print newspaper during a pandemic. Charalambous states that after having studied the various theories on innovation, he believes there is value in looking at the learnings from these various studies when planning for innovation and managing change: “It’s really helped solidify thinking and crystallising what we needed to do in order to launch a newspaper in a pandemic.”

While it is not clear to what extent, or if at all, news media executives in South Africa – except for the *Daily Maverick*’s Charalambous – consult established theories on innovation and entrepreneurship, this study highlights the importance of considering both the disruptive innovation theory and the innovator’s dilemma theory when unpacking the challenges facing news media companies. In combination, these theories provide the framework to understanding, for example, how publishers that have been in business for decades, such as Media24 and Arena Holdings, found themselves in a position where they had to shut down print newspaper titles (Media24 announces, 2020; *The Times*, 2017), while a digital start-up such as *Daily Maverick* launched a print newspaper at the most difficult period in the history of the news media (Fellow South Africans, 2020). Media24, a subsidiary of Naspers, and Arena Holdings are well established news media conglomerates in South Africa (Wasserman,

2020:454). The *Daily Maverick*, on the other hand, was launched as an online news portal in 2009 (Prologue, [n.d.]).

In addition, Christensen and Raynor (2003:287) state that “blindly copying the best practices of successful companies without the guidance of circumstance-contingency theory is akin to fabricating feathered wings and flapping hard”. This raises the question of whether news media companies in South Africa are innovating or whether they are “flapping” fabricated wings. Harber (2021a) is not seeing much innovation happening in the South African news media space. According to Harber, too many South African news media operations are just “plodding along, tinkering at the edges” and trying to survive by cutting costs. But, adds Harber, a few are prepared to invest and innovate and try different approaches to find ways of providing audiences with a news product that they are willing to pay for. Harber cautions, however, that news operations must guard against trying to push up their audience numbers with popular journalism that attracts clicks, when what is needed is meaningful journalism.

6.3 Additional findings of this study

6.3.1 Does print journalism have a future in South Africa?

The focus of this study was establishing which reader revenue models are being favoured by South African news media companies in a post-COVID-19 environment, and which of these revenue models are most likely to find support from South African audiences. Therefore, the future of print newspapers was not part of the study. In analysing the responses to the interviews it became clear, however, that print newspapers continue to feature strongly in the revenue strategies of the three South African news media companies included in this study, and the relevance of print can therefore not be discounted in future research.

As Law (2020) points out in the previous chapter, the *News24* strategy is focused on building the digital news business, without “accelerating the death” of the print business, which still forms “a big part of the business”. Gill (2020) believes that the business model of the future in the South African context is a hybrid model, consisting of digital and print publications. According to Gill, the demand for print newspapers will be driven by the top and bottom end of the market, while the so called “mass market” will drive the demand for digital. Charalambous (2020b) states that there is a demand for print newspapers because they help

readers with a number of “jobs-to-be-done”, especially if the content is unique and visually stimulating.

However, the print circulation statistics presented in section 5.3.2 of Chapter 5 depict a grim future for South African newspapers. The quarterly Audit Bureau of Circulations of South Africa (ABC) statistics indicate that the country’s most established news print titles lost more than half of their circulation in the ten years from the end of June 2011 to the end of June 2021. ABC statistics for the first two quarters of 2021 also show that most print publications were unable to reclaim their pre-COVID circulation numbers. The only real growth in print circulation numbers was achieved by the *Daily Maverick 168* newspaper, launched on 26 September 2020 (24,788 in the fourth quarter of 2020 to 30,939 in the second quarter of 2021).

The question of whether print newspapers have a future in South Africa was also put to the independent news media experts interviewed as part of this study. Harber (2021a) states that while he loves newspapers, he believes that they are dying in their traditional form. According to Harber, the future lies in digital journalism supported by online subscriptions. He therefore questions the decision by the *Daily Maverick* to launch a print newspaper in August 2020: “If you don’t have the baggage of print media as a news operation, why pick up other people’s baggage? It’s like going to the airport and offering to carry everyone’s suitcase.” Harber, a self-professed “newspaper man”, adds that:

I hope I’m wrong. I hope they can make it work for them. I want it to succeed, but I don’t get it. But look, *Daily Maverick* has proved me wrong a few times, I’m getting used to it.

Harber (2021a) is, however, prepared to give the *Daily Maverick* full credit for “investing, innovating, being bold, trying different things, being flexible”. According to Harber, there will be “light at the end of the tunnel” for those news media companies prepared to innovate. He adds that, ironically, the two news operations doing most of the innovating are South Africa’s biggest, *News24*, and *Daily Maverick*, which is one of the smallest.

Daniels (2021b) states that she was not convinced that the *Daily Maverick 168* “experiment” of producing a free print newspaper would work. However, since the introduction of a R25

cover price later in 2021, Daniels believes “it could do well”. The steady loss of print community newspapers over the last decade, however, is a huge loss to South Africa, according to Daniels.

6.3.2 What needs to be done to prevent South African communities from turning into “news deserts”?

The three news media companies included in this study agree that readers should pay for the news to help keep quality journalism alive and to prevent communities from turning into news deserts. All three also agree that news should be accessible to all, even those who cannot afford to pay for it. While *News24* and Arena Holding took a decision to continue serving the public interest by providing all South Africans with access to breaking news and only placing premium content behind a digital paywall, the *Daily Maverick* has taken the approach of asking readers to voluntarily fund the *Daily Maverick*’s journalism.

On whether this is enough to serve the diverse needs of South African audiences, Harber (2021a) states that news media companies already struggling for survival cannot be expected to worry about people who cannot afford to pay for the news. According to Harber, it is not unusual for democratic countries to provide financial support at arm’s length to public service journalism. He believes there is not enough focus in South Africa on funding for public service media that should be providing communities that cannot afford to pay for quality journalism with independent and credible information.

Papayya (2021a), however, strongly believes that placing investigative journalism behind a paywall does not serve the South African public interest. Therefore, states Papayya, the focus should be on funding public journalism in South Africa by a sustainability fund that could assist struggling smaller news media companies such as the *Mail & Guardian* that play an important role in providing quality journalism.

6.3.3 Ensuring a future for South African journalism

The news media companies included in this study have diverging approaches to funding their journalism, but all three agree that quality journalism is critically important in the South African context and that it must be kept alive and developed. In order to achieve this, more needs to be done, according to Daniels (2021b), starting with news media companies investing in the training of new editorial staff, rather than retrenching. Equally important in the digital environment, states Daniels, is protecting especially female journalists from online abuse and bullying.

Harber (2021a) agrees that news media companies need to invest more in their newsrooms. He also believes that in order to encourage innovation in South African newsrooms, journalism learning institutions must ensure that concepts such as “digital” and “innovation” are integrated in the training of future journalists. He adds that journalists must be trained in gathering and analysing metrics to enable them to focus more on what readers want and need. Daniels (2021b) agrees and adds that newsrooms need to focus on becoming trusted brands again and should take responsibility for creating awareness among the public about the difference between social media and journalism.

Papayya (2021a) states that the debate about the sustainability of the South African news media must take transformation into consideration. She adds that transformation of the news media also requires an understanding of the diversity of the South African audience. Papayya highlights that the current structure of the South African news media industry excludes large segments of the South African audience, leaving millions of South Africans unable to access credible news in their language on digital news portals.

Papayya (2021a) notes that the question to be answered is “what kind of a future media scenario do we want”, what will make it sustainable, and what does true transformation of the news media industry involve?

6.4 Summary

This chapter interprets the findings from the case studies presented in Chapter 5 and refers to some of the trends established by the qualitative data collected to provide answers to the study's four research questions. Reference was made throughout this thesis to the fact that it would be irresponsible to draw empirical conclusions from these findings given that the revenue models under investigation are still very young. Furthermore, the unique operating environment created by the COVID-19 pandemic adds complexities that will have some bearing on long-term audience behaviour, which in turn influences the success rate of revenue models.

The next chapter concludes this thesis by highlighting key study findings. It also recommends next steps to give effect to the intention that this study becomes a longitudinal study.

Chapter 7 Conclusion

7.1 Introduction

The focus of this study was on the business of the news with the aim of contributing answers to the central research question of which revenue models are most likely to be supported by South African audiences in a post-COVID-19 world – thereby ensuring the survival of quality journalism in South Africa. This places the study in the academic field of media entrepreneurship and innovation, a sub-field of media management and entrepreneurship (MME).

While news media companies around the world and in South Africa have been facing a “business model crisis” for the past ten years (Chittum, 2014; Rosen, 2020; Rusbridger 2019), the impact of the COVID-19 pandemic amplified the “forces of creative destruction” (Nielsen, 2020), driving a strong shift towards reader revenue models to ensure the future of the news media (Kalim, 2021; Piechota & Brock, 2019). However, given the unique challenges that different countries are facing, there can be no one-size-fits-all reader revenue funding model and news media companies will have to experiment to determine whether their target audiences are willing to pay for their journalism and how (Lichterman & Roseman, 2020; Rosen, 2020). This study therefore set out to initiate a trend-study, also known as a longitudinal study, to help guide South African news media companies in terms of which revenue models are most likely to be supported by South African audiences.

As a starting point, this requires an in-depth overview of which revenue models South African news media companies are asking audiences to support and why. The true value of this study therefore lies in the deep insights shared by each of the senior representatives of the news media companies interviewed, and presented as case studies in Chapter 5. While some revealed reader revenue statistics more freely than others, all three showed surprising willingness to divulge the thought processes and the influences that shaped each company’s business strategy and revenue models. All three have to be commended for believing in the long-term value of a study of this nature and for trusting that research towards a Master’s thesis could potentially form the basis for deeper academic research leading to the discovery of what works in the South African context and what is unlikely to succeed. In Chapter 4,

Schultz and Jones (2017:17) highlight the importance of narrating the views of entrepreneurs in case studies about the direction that their companies are taking. Charalambous (2021b) summarises why this is important for this study: “Hopefully our story will help them [other news media entrepreneurs] navigate and cut down on a number of school fees that we paid along the way.”

This chapter also provides a high-level summary of the content covered in the six chapters preceding this conclusion, discusses the limitations of this study, and makes recommendations for future research.

7.2 Summary of the study

Chapter 1 described the impact of the COVID-19 pandemic on the world’s news media and motivated the need for research of this nature aimed at guiding news media companies when innovating new revenue models that audiences will support.

Chapter 2 built on the preliminary research in Chapter 1 and provided an updated assessment of the news media operating environment from the start of the pandemic in March 2020 to the third quarter of 2021. Chapter 2 concluded that there is a need for credible academic research regarding sustainable news media revenue models in a post-COVID-19 environment and outlined the gaps in research on news media business models.

Chapter 3 outlined the importance of theory as a point of departure in academic research and discussed in detail the following theoretical frameworks that are considered most relevant to this study:

- Innovation theory and the theory of creative destruction (Schumpeter, 1942);
- Disruptive innovation theory (Christensen & Bower, 1995) and innovator’s dilemma theory (Christensen, 2015); and
- Theory of jobs-to-be-done (Christensen & Raynor, 2003).

Chapter 4 explained that the mixed method approach of combining qualitative and quantitative research methods was applied to this study with the aim of extracting descriptive and analytical information. The qualitative approach rendered the rich and valuable insights shared by the senior representatives of the companies presented as case studies in Chapter 5, while the quantitative analysis illustrated the trends observed in the digital and print publishing environments in South Africa. Chapter 4 also motivated the design of this study as a mixed method exploratory case study with the aim of positioning this research project as a baseline for future longitudinal research of revenue models deployed by South African news media companies.

In **Chapter 5** each news media company included in this study was presented as a single-case study. This approach made it possible to feature the unique structures of the companies while delving into the thinking that drives the business strategies of *News24*, Arena Holdings and the *Daily Maverick*. The statistical data presented as part of the case studies and in the quantitative data analysis provided the foundation for this research to form the baseline for a longitudinal study.

Chapter 6 interpreted the insights gathered from analysing the three case studies presented in Chapter 5, together with relevant trends identified in the qualitative data, and the views of the three independent news media experts. The aim was to provide early answers to the research questions that motivated this study.

7.3 Limitations of this study

Cunningham (2018:448) highlights one of the key challenges facing researchers in media economics, namely difficulty in accessing relevant data. Cunningham (2018:448 & 449) acknowledges that some of the data most critical for meaningful research is often either closely guarded by companies, or it comes at a price from data collection agencies. In the case of this study, *News24* and the *Daily Maverick* provided subscription and membership numbers, but Arena Holdings does not make these figures public. None of the companies were prepared to share advertising revenue numbers.

Cunningham (2018:449) sees the next ten years as a key time for the media in which researchers will contribute meaningful insights, provided they “employ a full array of novel

analytical tools and gain access to previously unexplored data”. As the benefits of research into sustainable revenue models become more evident to the news media industry, it is likely that companies will be more forthcoming with numbers that allow for meaningful comparisons and trend analysis. One way of achieving this is by producing research that will only be shared with participating companies willing to contribute the same predetermined data sets.

7.4 Recommendations for further study

This study was designed as the foundation for a patient study, also referred to as a longitudinal study or trend-study, to determine over time which revenue models implemented by the country’s news media are most likely to be supported by South African audiences. It is recommended that such future research should be conducted annually under the auspices of a South African academic institution. This would make a significant contribution towards establishing the field of media entrepreneurship as a legitimate academic field.

Other topics worthy of future research include:

- **The role of newsrooms in the success of reader revenue models.** Piechota and Brock (2019:15) refer to an analysis of digital news portals by Amedia, a Norwegian media group, which found that editors and journalists were often out of touch with what readers wanted. Piechota and Brock acknowledge that while paying audiences should not necessarily “dictate” the editorial agenda, the journalism must be informed by the needs of the paying readers if a reader revenue model is to succeed. Future research could build on this study by exploring links between reader revenue models that are proving successful and newsrooms that are involved in the strategy.
- **Do South African audiences understand the difference between journalism and “news” distributed via social media platforms and are South Africans willing to pay for credible news?** Daniels (2021b) points out in Chapter 6 that there is a need for research that examines the views of South African audiences regarding which reader revenue models they are most likely to support and why.

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Addenda

Addendum A: University of Stellenbosch Research Ethics Committee Ethical Approval



NOTICE OF APPROVAL

REC: Social, Behavioural and Education Research (SBER) - Initial Application Form

3 November 2020

Project number: 18818

Project Title: An explorative study of revenue models implemented by five South African news media companies to ensure post Covid-19 survival of their newsrooms.

Dear Ms Lucienne Fild

Your REC: Social, Behavioural and Education Research (SBER) - Initial Application Form submitted on 27 September 2020 was reviewed and approved by the REC: Social, Behavioural and Education Research (REC: SBE).

Please note below expiration date of this approved submission:

Ethics approval period:

Protocol approval date (Humanities)	Protocol expiration date (Humanities)
3 November 2020	2 November 2023

GENERAL REC COMMENTS PERTAINING TO THIS PROJECT:

The main risk is in participants' disclosure of proprietary information. The steps to be taken by the researcher to mitigate this risk, and the informed consent process, are adequate.

INVESTIGATOR RESPONSIBILITIES

Please take note of the General Investigator Responsibilities attached to this letter. You may commence with your research after complying fully with these guidelines.

If the researcher deviates in any way from the proposal approved by the REC: SBE, the researcher must notify the REC of these changes.

Please use your SU project number (18818) on any documents or correspondence with the REC concerning your project.

Please note that the REC has the prerogative and authority to ask further questions, seek additional information, require further modifications, or monitor the conduct of your research and the consent process.

CONTINUATION OF PROJECTS AFTER REC APPROVAL PERIOD

You are required to submit a progress report to the REC: SBE before the approval period has expired if a continuation of ethics approval is required. The Committee will then consider the continuation of the project for a further year (if necessary).

Once you have completed your research, you are required to submit a final report to the REC: SBE for review.

Included Documents:

Document Type	File Name	Date	Version
Recruitment material	Recruitment of participants - Draft email (26 Sept 2020)	26/09/2020	1
Informed Consent Form	Appendix A - Consent form (26 Sept 2020) (2)	26/09/2020	3
Data collection tool	Appendix B - draft interview questions (26 Sept 2020)	26/09/2020	1
Definit	Short CV template_REC application - Lucienne Fild (26 Sept 2020)	26/09/2020	2
Research Protocol/Proposal	ME&I Research Proposal (26 Sept 2020) Final	26/09/2020	4

If you have any questions or need further help, please contact the REC office at cgraham@sun.ac.za.

Sincerely,

Clarissa Graham

REC Coordinator: Research Ethics Committee: Social, Behavioral and Education Research

National Health Research Ethics Committee (NHREC) registration number: REC-050411-032.
The Research Ethics Committee: Social, Behavioral and Education Research complies with the SA National Health Act No.61 2003 as it pertains to health research. In addition, this committee abides by the ethical norms and principles for research established by the Declaration of Helsinki (2013) and the Department of Health Guidelines for Ethical Research: Principles Structures and Processes (2nd Ed.) 2015. Annually a number of projects may be selected randomly for an external audit.

Principal Investigator Responsibilities

Protection of Human Research Participants

As soon as Research Ethics Committee approval is confirmed by the REC, the principal investigator (PI) is responsible for the following:

Conducting the Research: The PI is responsible for making sure that the research is conducted according to the REC-approved research protocol. The PI is jointly responsible for the conduct of co-investigators and any research staff involved with this research. The PI must ensure that the research is conducted according to the recognised standards of their research field/discipline and according to the principles and standards of ethical research and responsible research conduct.

Participant Enrolment: The PI may not recruit or enrol participants unless the protocol for recruitment is approved by the REC. Recruitment and data collection activities must cease after the expiration date of REC approval. All recruitment materials must be approved by the REC prior to their use.

Informed Consent: The PI is responsible for obtaining and documenting affirmative informed consent using **only** the REC-approved consent documents process, and for ensuring that no participants are involved in research prior to obtaining their affirmative informed consent. The PI must give all participants copies of the signed informed consent documents, where required. The PI must keep the originals in a secured, REC-approved location for at least five (5) years after the research is complete.

Continuing Review: The REC must review and approve all REC-approved research proposals at intervals appropriate to the degree of risk but not less than once per year. There is **no grace period**. Prior to the date on which the REC approval of the research expires, it is the PI's responsibility to submit the progress report in a timely fashion to ensure a lapse in REC approval does not occur. Once REC approval of your research lapses, all research activities must cease, and contact must be made with the REC immediately.

Amendments and Changes: Any planned changes to any aspect of the research (such as research design, procedures, participant population, informed consent document, instruments, surveys or recruiting material, etc.), must be submitted to the REC for review and approval before implementation. Amendments may not be initiated without first obtaining written REC approval. The **only exception** is when it is necessary to eliminate apparent immediate hazards to participants and the REC should be immediately informed of this necessity.

Adverse or Unanticipated Events: Any serious adverse events, participant complaints, and all unanticipated problems that involve risks to participants or others, as well as any research-related injuries, occurring at this institution or at other performance sites must be reported to the REC within **five (5) days** of discovery of the incident. The PI must also report any instances of serious or continuing problems, or non-compliance with the REC's requirements for protecting human research participants.

Research Record Keeping: The PI must keep the following research-related records, at a minimum, in a secure location for a minimum of five years: the REC approved research proposal and all amendments; all informed consent documents; recruiting materials; continuing review reports; adverse or unanticipated events; and all correspondence and approvals from the REC.

Provision of Counselling or emergency support: When a dedicated counsellor or a psychologist provides support to a participant without prior REC review and approval, to the extent permitted by law, such activities will not be recognised as research nor the data used in support of research. Such cases should be indicated in the progress report or final report.

Final reports: When the research is completed (no further participant enrolment, interactions or interventions), the PI must submit a Final Report to the REC to close the study.

On-Site Evaluations, Inspections, or Audits: If the researcher is notified that the research will be reviewed or audited by the sponsor or any other external agency or any internal group, the PI must inform the REC immediately of the impending audit/evaluation.

Addendum B: Written consent form



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Jou kennisvenoot • your knowledge partner

STELLENBOSCH UNIVERSITY CONSENT TO PARTICIPATE IN RESEARCH

You are invited to take part in a study conducted by Lucienne Fild from the Journalism Department at Stellenbosch University. You were approached as a possible participant because you are in a senior position at a news media company with the authority to directly influence the company's business strategy. Alternatively, you are an experienced media practitioner able to provide valuable insights into the challenges facing the South African news media and possible solutions that could lead to the implementation of more sustainable revenue models to ultimately ensure the survival of journalism as a profession.

1. PURPOSE OF THE STUDY

The study aims to provide answers to the following question, which the majority of South African news media companies are currently grappling with: With advertising revenue no longer a guaranteed source of income, which reader revenue models are South Africans most likely to support?

The research will document and assess revenue models implemented by a number of news media companies over the next 12 months and analyse the success rate. While this research is unlikely to produce a blueprint solution, it will provide newsrooms with an overview of what has worked for some newsrooms.

2. WHAT WILL BE ASKED OF ME?

Senior media practitioners representing a news media company: If you agree to take part in this study, you will be asked to participate in two interviews of 1.5 hours each over a period of six months. Interviews will be conducted virtually via Zoom, Microsoft Teams or Skype depending on your preference. Alternatively, the interview can be conducted face-to-face provided it is logistically possible and all Covid-19 related social distancing protocols can be observed.

News media experts: If you agree to take part in this study, you will be asked to participate in one interview of 1.5 hours. The interview will be conducted virtually via Zoom, Microsoft Teams or Skype depending on your preference. Alternatively, the interview can be conducted face-to-face provided it is logistically possible and all Covid-19 related social distancing protocols can be observed.

3. POSSIBLE RISKS AND DISCOMFORTS

The value of this research project lies in sharing the outcomes of the research with news media companies in South Africa. Information provided during the interviews will therefore be regarded as on the record, which means it will be published and attributed to you.

If you feel that you have sensitive proprietary information to share that may be valuable to this research project, please indicate this before you disclose it so that a joint decision can be taken about how best to use this information without compromising you or your company.

You will be given an opportunity to fact check all information attributed to you before the thesis is submitted.

4. POSSIBLE BENEFITS TO PARTICIPANTS AND/OR TO THE SOCIETY

This research will provide news media companies with a well-documented overview of the different revenue models and business solutions implemented with the shared goal of ensuring that journalism in South Africa survives. In addition, this research will provide the news media industry with an early stage (6 months) assessment of the success rate of the different solutions implemented. This creates a platform for ongoing research into business strategies and revenue models that have proven successful in the South African market. Furthermore, news media companies will also be provided with summarised insights into the different solutions implemented by international news media companies and their success rates.

5. PAYMENT FOR PARTICIPATION

There will be no compensation for participating in this study. You will, however, be provided with a copy of the final thesis.

6. PROTECTION OF YOUR INFORMATION, CONFIDENTIALITY AND IDENTITY

In order to provide the South African news media industry with a well-documented overview of the different revenue models and business solutions implemented to ensure the survival of the news media and their potential for long-term success, the information contained in the thesis should be shared widely.

Information provided during the interviews will therefore be regarded as on the record, unless you specifically state that certain information is strictly off the record. Information provided off the record will not be recorded, shared or published.

If you feel that you have sensitive proprietary information to share that may be valuable to this research project, please indicate this before you disclose it so that a joint decision can be taken about how best to use this information without compromising you or your company.

You will be given an opportunity to fact check all information disclosed by you before the thesis is submitted.

All interviews will be recorded digitally and transcribed by a professional transcription service. The recording and transcription of your interviews will be made available on request.

Please note that all interviews will be recorded on a MacBook Pro Air laptop using the Voice Memos application. The laptop is fingerprint and password protected. All data on the MacBook Pro Air is automatically backed up to the Apple iCloud Drive, a 2TB external hard drive and the external hard drive dedicated to this research project. On conclusion of each interview, the audio files will immediately be transferred to a dedicated external hard drive (1TB WD Elements), which is kept in a fireproof safe.

To further protect the information disclosed during interviews, a professional transcription service able to guarantee secure file transfers and storage will be used. The files will be transferred via a

We Transfer Pro account, which allows for password protected file transfers and two-factor authentication on the We Transfer Pro account.

The researcher's email account (Google for Business) requires a two-step verification process to prevent hacking and unauthorised access. All emails are backed up on the Google Drive and no emails are kept on the researcher's laptop.

This researcher operates from a home office situated on a secure residential estate, which minimises the risk of laptop theft. The laptop rarely leaves the office and when it does it remains with the researcher at all times.

7. PARTICIPATION AND WITHDRAWAL

If you agree to take part in this study, you may withdraw at any time without any consequence. You may also refuse to answer questions and still remain in the study. The researcher may withdraw you from this study if your role within your company changes or if you leave the employ of the company you are currently with.

Should a withdrawal become necessary, the researcher will discuss alternative options with you, which may include the following:

- If you are withdrawing from the study, because the news media company that you represent is no longer comfortable with being one of the case studies, all material relevant to you and the company that you represent will be erased and will not form part of this study. The researcher would then endeavour to replace your company with another news media company. Your withdrawal will not be mentioned in the study and will also not be disclosed to any other parties, with the exception of my supervisor, Prof Lizette Rabe.
- If your withdrawal is necessitated by a role change or because you are leaving the employ of the company you are currently with, you will be requested to facilitate a handover to the new person authorised to speak on the topic of revenue models. If this is not possible, the researcher would then endeavour to replace your company with another news media company. Your withdrawal will not be mentioned in the study and will also not be disclosed to any other parties, with the exception of my supervisor, Prof Lizette Rabe.
- If you are participating in this study as a news media expert and you decide to withdraw, all material relevant to you and the company that you represent will be erased and will not form part of this study. Your withdrawal will not be mentioned in the study and will also not be disclosed to any other parties, with the exception of my supervisor, Prof Lizette Rabe.

8. RESEARCHERS' CONTACT INFORMATION

If you have any questions or concerns about this study, please feel free to contact the researcher Lucienne Fild on 082 567 1553 or lucienne@fild.co, and/or the supervisor Prof Lizette Rabe on 083 450 6661 or lrabe@sun.ac.za.

9. RIGHTS OF RESEARCH PARTICIPANTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study. If you have questions regarding your rights as a research participant, contact Ms Maléne Fouché [mfouche@sun.ac.za; 021 808 4622] at the Division for Research Development.

DECLARATION OF CONSENT BY THE PARTICIPANT

As the participant I confirm that:

- I have read the above information and it is written in a language that I am comfortable with.
- I have had a chance to ask questions and all my questions have been answered.
- All issues related to privacy, and the confidentiality and use of the information I provide, have been explained.

By signing below, I _____ agree to take part in this research study, as conducted by Lucienne Fild.

Signature of Participant

Date

DECLARATION BY THE PRINCIPAL INVESTIGATOR

As the **principal investigator**, I hereby declare that the information contained in this document has been thoroughly explained to the participant. I also declare that the participant has been encouraged (and has been given ample time) to ask any questions. In addition, I would like to select the following option:

<input type="checkbox"/>	The conversation with the participant was conducted in a language in which the participant is fluent.
<input type="checkbox"/>	The conversation with the participant was conducted with the assistance of a translator (who has signed a non-disclosure agreement), and this "Consent Form" is available to the participant in a language in which the participant is fluent.

Signature of Principal Investigator

Date

Addendum C: Interview questions for senior media practitioners:

Round 1 of interviews in November/December 2020:

1. Please explain the revenue model that was in place at the news media company that you represent on 27 March 2020, the first day of the hard Covid-19 lockdown.
2. How successful was/is that revenue model?
3. Please describe the impact of the Covid-19 lockdown on the news media company that you represents.
 - a. Impact on revenue.
 - b. Impact on jobs.
 - c. Impact on titles.
 - d. Impact on the long-term financial outlook of your company.
4. What changes were implemented to save the company?
5. What revenue model is in place now and how does it differ from the model that was in place before lockdown? When was the model introduced?
6. Why did you choose this approach? Have you seen this model applied successfully by comparable news media companies elsewhere?
7. Why do you think that your audiences will support this model?
8. What is your projection for six months from now?
9. Are you familiar with any of the following theories on innovation? If yes, which ones to you think apply best to the situation facing the news media company that you represent and why?
 - a. Bower & Christensen's disruptive innovation theory
 - b. Christensen's innovator's dilemma theory
 - c. Christensen's theory of jobs-to-be-done
 - d. Schumpeter's innovation theory
 - e. Schumpeter's crisis theory
10. In addition to implemented a new revenue model, what other changes are you considering making to ensure that readers support your revenue model?
11. Do you regret not having made the change earlier?

Round 2 of interviews in May 2021:

1. One year has passed since South African went into lockdown. What is the financial health of the news media company you represent today?
2. How successful has the current/new revenue model been? How have you measured this success?
3. Have you made any amendments to the revenue model since we last spoke? If yes, please could you detail them and the reasons for making changes?
4. Have you introduced any new innovative features to build loyalty and to attract new readers?
5. Have you received feedback from your readers? Would you be willing to share some insights from this feedback?
6. What is your projection for your company's financial health for the next 12 months?
7. What is your long-term outlook for your company's financial health?

Addendum D: Interview questions for independent news media experts:

1. The Covid-19 pandemic has left many news media companies around the world and in South Africa fighting for their survival, but some media commentators believe that the pandemic simply accelerated an existing problem. What is your view?
2. What should news media companies have done differently in the time before the pandemic and would it have mitigated the impact of Covid-19?
3. Have news media companies learnt their lesson? If yes, what are some of the encouraging changes that you have noticed?
4. While *News24* launched a monthly subscription service in August 2020, the *Daily Maverick* announced the launch of a print newspaper. Does print have a future in South Africa?
5. The *Daily Maverick* is pursuing a membership revenue model, while *News24* has opted for the subscription model. In your view, which revenue model is most likely to be supported by South African audiences?
6. Eduardo Suárez ([Making readers pay](#). *Journalism, Media, and Technology Trends and Predictions 2020*) points out that simply shifting from a revenue model based on advertising to a reader revenue model will not succeed unless the value proposition will help readers to fill a need. Suárez therefore believes that before implementing a new strategy, news media companies should familiarise themselves with the theory of “jobs-to-be-done”, coined by Harvard professor and innovation guru Clayton M. Christensen in 2003. Do you see news media companies in South Africa considering innovation theories when deciding on revenue models or is the approach a hit and miss affair?
7. What more should be done to protect and nurture journalism in this country to ensure that South African communities do not turn into “news deserts”.

Addendum E: Schedule of interviews and timelines**Interviews with representatives of *News24*, *Arena Holdings* and the *Daily Maverick***

Name & Title	Type of interview conducted	Date	Consent Form Signed	Date of written confirmation of accuracy of research findings relevant to the company
Alet Law – <i>News24</i> Newsletter & Engagement Editor	Face-to-face via Google Meet	18 December 2020	18 December 2020	2 September 2021
Andrew Gill – Arena Holdings CEO	Face-to-face via Google Meet	14 December 2020	14 December 2020	20 September 2021
Styli Charalambous – <i>Daily Maverick</i> CEO	Interview 1: Face-to-face via Google Meet	24 November 2020	16 Nov 2020	5 September 2021
	Interview 2: Face-to-face at the <i>Daily Maverick</i> Cape Town office	17 May 2021		

Interviews with independent South African news media experts

Name & Title	Type of interview conducted	Date	Consent Form Signed	Date of written confirmation of accuracy of research findings relevant to the company
Anton Harber – author & Adjunct Professor of Journalism at Wits University	Face-to-face via Google Meet	20 May 2021	17 May 2021	26 October 2021
Glenda Daniels – author & Associate Professor in the Media Studies department at Wits University	Via email	19 May 2021	18 May 2021	26 October 2021
Mary B. Papayya – Founding member of SANEF, SABC non-Executive Director	Via WhatsApp	27 May 2021	27 May 2021	28 October 2021