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EDITORIAL

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New Funding Models in Journalism Are Emerging, but Major Leap Forward Is Lacking

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Abstract

This editorial introduces our thematic issue, titled *Examining New Models in Journalism Funding*, at a pivotal time. While news companies have attempted to build sustainable business models, we have not yet seen a major leap forward. As observed by the authors of this issue, digital reader revenue has become a prominent source of income for many publishers, but the bulk of them continue to rely on advertising and print subscriptions for money. Recently, Google and Facebook have become major funders of news and innovation in journalism. Some governments have also launched specific support programs. After providing some background context, we introduce the articles featured in the issue. We go on to argue that these articles signal a renewed interest in the business of journalism, which will help us better understand the ongoing financial crisis in the commercial news sector at a more granular level.

Keywords

business model; e-commerce; funding; innovation; journalism; journalism revenue; news; newspapers; platforms; subscriptions

1. Funding Models and Revenue Sources

At first glance, it seems that not much has changed in journalism funding over the past decade. In 2010, Kaye and Quinn (2010) predicted that advertising would remain the most important revenue source for news organisations as they were starting to introduce paywalls. They noted that "consumers have been funding only a fraction of the cost of producing quality journalism," predicting that this would be the case in future (Kaye & Quinn, 2010, p. 6). Their forecast has turned out to be accurate. Even though 70% of European and 50%

of American news organisations had a paywall by 2019 (Myllylahti, 2021), 48% of news publishers' revenue still comes from print and digital advertising with only 11% from digital-only subscriptions (Henriksson, 2023). These outcomes challenge news organisations' public narrative of rapid business model innovation. In fact, "New business models are mostly new combinations of existing revenue streams, while adaptation of new technology is slow, with few exceptions" (Lehtisaari et al., 2018, p. 1029). It is apparent that journalism funding models have evolved slowly over the last decade, and innovations have largely occurred at the margins.

Since 2010, some news outlets have invested in affiliate marketing (a form of e-commerce), allowing them to diversify revenue streams, earning commissions from promoting products and services on their website to their readers. Advances in customer targeting and automation have also allowed news media companies to attract and retain subscribers. Readers are now presented with variable subscription pricing, with offers based on a variety of data points. Content bundles are experiencing a revival in order to make subscriptions more attractive (Maher, 2023), and events have emerged as an important income source, better connecting audiences with news brands (Henriksson, 2023). Various authors in this thematic issue consider the extent to which the above examples contribute to the sustainability of news business models. Genuinely new forms of journalism funding have also started to emerge, such as platform funding. This thematic issue also considers the growing role of the platforms in the news funding space (Meese, 2023; Myllylahti, 2023), and the emergence of new forms of direct state funding (Neff & Pickard, 2023). While the state funding of news media has a long history in some regions (such as Scandinavia), in other locations it is relatively novel, as well as untried and untested.

2. Introducing the Articles

This issue features developments in journalism funding from Canada, Australia, the US, Spain, Germany, and Scandinavia. Many scholars have attempted to evaluate the value of the news, and assessing the "fair price" for the news has become pivotal as platforms and governments support news and news production. Recently, American academics proposed that news publishers and platforms jointly create "surplus value" from news, calculating that Facebook owes US$1.9 billion and Google US$10–12 billion to American news publishers (Holder et al., 2023, p. 2). In their article, Terry Flew and Agata Stepnik (2024) take a new institutional approach to news value and argue that the value of news as a "consumer product" needs to be assessed in relation to its value as a "social good." Of course, regardless of the actual value of news, the overarching business model needs to be sustainable. Hsiang Iris Chyi and Sun Ho Jeong (2024) suggest that print newspapers still outperform their digital offerings by "a wide margin" as print readers pay more than digital ones, keeping print newspapers as a core source of revenue. In their article, Harry Dugmore et al. (2024) investigate print-centric news start-ups in Queensland, Australia, and find that by drawing from community support, a hybrid business model can be a path for long-term sustainability.

As noted above, platform companies including Meta and Google have become funders of news and journalism. In their article, Andrea Carson and Dennis Muller (2024) argue that platforms have been influential in shaping digital-native outlets in Australia, and that the News Media Bargaining Code which mandates platforms to pay for journalism, has been pivotal for outlets that have survived the recent turbulence. Alfred Hermida and Mary Lynn Young (2024) continue this focus on platforms by exploring how platform initiatives such as Google's Innovation Challenge affect journalism business models. Their article suggests that most of the funding was targeted at for-profit news organisations, focusing on supporting business models that convert audiences to paying subscribers. More recently, governments have started to invest in journalism, for example, Australia and New Zealand established new public interest journalism funds to alleviate the crisis triggered by the Covid-19 pandemic. However, Mikko Grönlund et al. (2024) present a cautionary tale, observing that in Sweden and Norway, direct subsidies for news media have not prevented the closure of news titles or ownership concentration, and have resulted in media companies only surviving on state support.

Of course, news companies continue to build revenue models and experiment with them. Alfonso Vara-Miguel et al. (2024) examine e-commerce as a revenue source for Spanish digital news outlets and find that only a small number use it to create income. Additionally, they find that the business model serves better the legacy news media outlets, widening a gap between large, established media companies and digital native outlets. In their article, Lukas Erbrich et al. (2024) explore news bundles in Germany, finding that news bundles can offer additional revenue for news organisations. Notably, news outlets in other countries are reporting similar outcomes, with *The New York Times* revealing that its "all access" package that bundles its core offerings—news, games, cooking, product reviews, and access to sports news—is behind its recent increase in revenues (Maher, 2023).

3. Considerations for the Field

Collectively, the above articles represent a growing interest in the business of journalism. This is of real benefit to the wider field, given that it was only recently that journalism studies was critiqued for ignoring questions about business models in favour of focusing on production and newsroom practices (Nielsen, 2018; Usher & Poepsel, 2021). While commercial journalism has had something of a financial crisis for some time (McChesney & Pickard, 2011), understanding how the crisis has developed over the last decade or so and the responses of various actors is still a critical task. The studies featured throughout this thematic issue help to shed light on the current state of journalism as a commercial concern, and in doing so, help to set a research agenda for the field. With governments and platforms becoming increasingly involved in journalism funding, ongoing contributions from adjacent sub-fields like media policy and platform studies will become especially vital.

More broadly, our issue also highlights a notable transition for the news media sector. While there has been a lot of popular and scholarly attention on the intersection between social media and the news, our issue shows that we are seeing a return to paywalls, subscriptions, and more tangible forms of revenue (Meese, 2023; Myllylahti, 2021, 2023). In such a context, we might also reflect on the ongoing narrative of the journalism crisis. While some academics including Pickard (2020) argue that the business model of commercial news is irreversibly broken, this is not the case universally. To exemplify, in 2023, *The New York Times* company reported rising revenue and almost 10 million subscribers (Robertson, 2023). Continuing to research the business of journalism helps us understand how and where such a crisis may manifest, and the extent to which new funding models can offer a pathway to a sustainable future.

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Conflict of Interests

The authors declare no conflict of interests.

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ARTICLE

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The Value of News: Aligning Economic and Social Value From an Institutional Perspective

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Abstract

Journalism is considered essential to a functioning democracy. However, the continued viability of commercial news production is uncertain. News producers continue to lose advertising revenue to platform businesses dominating digital advertising markets, and alternate consumer direct revenue streams are not yet meeting the financial shortfall. This has led to questions of who should pay for news, the role of governments in maintaining news production viability, and whether digital platforms have social or economic responsibilities to pay news publishers. In this article, we seek to make explicit what is often implicit in such debates, which is the value of news. This is hard to know in advance as news is an experience good whose value and quality are only known after consuming it, and a credence good, whose perceived qualities may not be observable even after it is consumed. As such, preparedness to pay for news can be hard to ascertain, accentuated by the large amount of free news available online. This article seeks to use a value perspective to consider the relationship between individual consumer choices and questions of news's value to society. Applying a new institutional economic perspective, it is observed that the value of news as a consumer product needs to be examined in relation to its value as a social good in democratic societies as both a media product and part of the institutional environment in which other social actors operate. We consider news's social and economic value within a context of platformed news distribution and declining advertising revenues that appear to be structural and not cyclical.

Keywords

digital platforms; media economics; media regulation; news business; platformisation; social value; value of news

1. Introduction: Why the Value of News Now?

The question of value has arisen sporadically in debates about the economics of news media. Elsewhere, as within journalism studies, there is a long history of research into news values, or the implicit criteria used by journalists and other news media professionals to identify what stories are selected as "newsworthy" and how they are reported (Harcup & O'Neill, 2017; Mast & Temmerman, 2021). Work on news values underpins the concept of news quality, particularly as to how it connects the brand identity of news publications, the subjective values of journalists, and assumptions about audiences (Costera Meijer & Bijleveld, 2016; Urban & Schweiger, 2014). The supply-side focus on how news producers identify what their audiences want has been complemented by scholarship with a demand-side focus on what audiences value in news and how this differs by location and changes over time (Hollifield, 2019; Olsen, 2021; Park et al., 2021). The demand-side focus on news media consumers can raise issues around whether readers' comments are seen as a source of value-adding for news consumers (Ziegele et al., 2020) and the more general literature on preparedness to pay for news (O'Brien et al., 2020).

Strategic management theory draws upon the proposition that "managing for value is concerned with maximising the long-term cash-generating capability of an organisation" (Johnson et al., 2005, p. 468), framing value as how news media managers are adding value to their product for consumers in order to build new value for shareholders (Kung, 2017, pp. 22–24). Such work is recognised by organisations such as the International News Media Association which has a series of global media awards which recognise achievements such as Best New Digital Product and Best Product Iteration (International News Media Association, n.d.), as well as ways in which news publishers use digital data tools such as dashboards to identify audience engagement as a proxy for news quality (de Corniere & Sarvany, 2023). We would argue that while such media management initiatives are applications of measures to enhance consumer value, the underlying questions that surround the value of news remain ones that have a theoretical and conceptual underpinning which is not in itself resolved through such measures.

The challenge is to connect these differing accounts of the value of news. This article raises the question of how news as a commodity is valued socially and economically—a question that has recently acquired greater importance as there has been a growth in news subsidy schemes around the world (De Rosa & Burgess, 2019; Murschetz, 2020; Pickard, 2020). Historically, commercially financed news media have been able to rely upon the nature of dual media markets, meaning that the value of such media from the perspective of advertisers has been only loosely connected to the value of news as experienced by consumers (Albarran, 2010; Picard, 2011). As a result, questions about the value of news have featured less prominently than value debates in other fields—Historically, there has not been a pressing external need to pose such questions. But as economist Joseph Stiglitz has observed, "Historically, the production of news has been a joint product with advertising...and so those ads have supported the production of the news that we all depend on....But if advertising is going down, there won't be the production of news" (Stiglitz, quoted in Mason, 2020). As the crisis of advertiser-funded news means that questions of the future viability and sustainability of news publishers is increasingly becoming a public policy question, the value that is attached to news is increasingly going to be tied to questions of public subvention. As a consequence, questions of public value become increasingly significant.

Value can be interpreted as a primarily economic concept, in any combination of "natural," cost-based, or market price where a monetary value is placed on the news product as a commodity. At the same time, value can be interpreted as social or political, where the existence of a product or service benefits society or the democratic institutions within it. The field of cultural economics provides insights in this regard, as the relationship between cultural value and economic value is one of the framing principles underlying the field (Throsby, 2001, 2010; Towse, 2010). As Towse observes, there is a history of thinking about the distinctive economic characteristics of the arts and culture that includes Adam Smith, W. S. Jevons, John Maynard Keynes, John Kenneth Galbraith, Lionel Robbins, and William Baumol, that precedes the emergence of cultural economics and the economics of the arts as a distinctive disciplinary field (Towse, 2010, pp. 12–15). Concepts that have proven to be of enduring relevance include the notion of public or collective goods, positive externalities, the balance between public and private sector support for the arts, the arts as a source of innovation and novelty, and the challenges in increasing productivity in the creative and performing arts.

Questions of value become particularly prominent when public subsidy is required to maintain the financial sustainability of particular activities. This arises out of perennial issues as to whether governments, and by implication citizens as taxpayers, are getting value for money from the various forms of public support, and whether public policy instruments need to be refined to get better public policy outcomes (Flew, 2019a; Throsby, 2015, 2017). Similarly, publicly funded media is required through the political process to demonstrate that it is using such funds effectively in the pursuit of the various goals and principles that underpin its obligations under the legislative charters and other acts of parliament through which it is established. In such debates numbers matter, and various proxy measures are established to demonstrate forms of value that are outside of the remit of conventional market economics (Flew, 2019a; Throsby, 2017).

Media economics has extensive literature on the value of public service media and the value of entertainment media. Indeed, some of the founding works of what we refer to today as new institutional economics were about the economics of broadcasting regulation and justifications for funding the BBC and other public service broadcasters (Coase, 1950, 1966). The mechanisms and processes through which value is created, distributed, preserved, and destroyed over time have also been a central concern of entertainment industry economics, and not simply in an economic sense. Vogel (2020, pp. 38–39), arguably the founder of modern entertainment industry economics, makes the case for the wider social significance of the entertainment industries:

> Entertainment in all its forms has also always provided otherwise unavailable experiences to consumers and participants. Unlike many consumer products and services—which are intermediaries demanded as a means to reach another end (e.g., an airplane trip to visit customers)—entertainment is directly desired and consumed for the experiences and enjoyment that it inherently provides. As such, entertainment provides unique value as it reflects the interests and motivations, career trajectories, language, and political discourses of society at large.

News and journalism also provide similar sources of value but with the added significance of their importance to the functioning of democratic societies. Schudson (2013, p. 12) has provided a useful summary of the six contributions that independent journalism makes to effective democracies and well-functioning civil societies:

1. Information: The news media can provide fair and full information so citizens can make sound political choices.
2. Investigation: The news media can investigate concentrated sources of power, particularly governmental power.

3. Analysis: The news media can provide coherent frameworks of interpretation to help citizens comprehend a complex world.
4. Social empathy: Journalism can tell people about others in their society and their world so that they can come to appreciate the viewpoints and lives of other people, especially those less advantaged than themselves.
5. Public forum: Journalism can provide a forum for dialogue among citizens and serve as a common carrier of the perspectives of varied groups in society.
6. Mobilization: The news media can serve as advocates for particular political programs and perspectives and mobilize people to act in support of these programs.

Such observations draw attention to the social and political value of news, which also manifests themselves in debates about the public sphere, active citizenship, and propaganda and misinformation (Benkler et al., 2018; Bennett et al., 2007; Bennett & Livingston, 2018, 2021; Dahlgren, 2009; Garnham, 1990; Habermas, 1974, 2006; Pickard, 2020). But these accounts of the social importance of news do not map onto accounts of how and why news is valued by individual consumers nor, for the most part, upon its conditions of industrial production. Insofar as news value does emerge in the scholarly literature, it largely does so through the concept of news values, or the ways in which "in their gatekeeping role…journalists are constantly deciding what counts as valuable news" (Undurraga, 2017, p. 510).

The study of news values, or the institutional, discursive, and professional conditions around which decisions about news are made, provides an important bridge between macro-social accounts of the value of news and its institutional conditions of production and distribution (Reese, 2021), and those between the news organisations that produce news and the "brands" through which it is distributed and individual consumption choices. But what is missing is an integrative framework that can link the macro questions of news and journalism's social value, the meso-level framework of news media institutions and brands, and the micro level of production and consumption decisions and choices. Through an analysis of the types of value that commercial news media provides to its various stakeholders within the news media economy, this article examines how government interventions such as direct subsidy and bargaining codes attempt to align social and economic valuations of news within platformed media ecosystems.

2. Value Theories, Media Economics, and New Institutionalism

The concept of value has a significant status in the history of economic thought (Dobb, 1973; Roncaglia, 2005). It is a concept that is both highly central and highly contentious. In *The Wealth of Nations*, published in 1776 (Smith, 1776/1991), Adam Smith observed that the value of commodities could not be taken to be synonymous with their price, as money is itself subject to changes in its value, so the "natural price" or "real price" of commodities therefore needed to be measured by a standard that was different to that of monetary price. For Smith, the "natural price" of commodities was primarily determined by two factors: the techniques of production and the productivity of labour, which typically reduce the natural price over time; and the returns to the land, labour, and capital required for its production, which includes the average rate of profit expected by capitalists in order to undertake production, and the real wages of the workforce (Dobb, 1973; Sinha, 2018).

From Smith's work, we can see that the process of determining "real prices" is complex, and Ricardo (2001) sought to place the theory of value on a sounder conceptual ground by differentiating the use-value of a commodity (i.e., its usefulness to those who consume it) from its exchange-value, or the value at which it is exchanged for other commodities through the medium of money. Retaining Smith's distinction between market price and "natural price," Ricardo proposed that the latter was determined through a mix of factors that included the ratios of labour to machinery and other capital, the level of real wages, the average rate of profit, the productivity of labour, and the general level of technological development. The work of both Smith and Ricardo forms the basis of the "labour theory of value," a concept that would be radicalised by Karl Marx (Marx & Engels, 1973). Marx extended Smith and Ricardo's conceptual insight, arguing that value is ultimately derived from labour. Marx also forwarded the political proposition that the full value of the social product should thus be returned to labour and that the share that went to the owners of capital was the surplus value produced by labour—yet appropriated on the basis of unequal ownership of the means of social production. For Marx and his successors, this could only occur in a society and a polity that was no longer based on the capitalist mode of production (Elster, 1985; Harvey, 1983).

From Smith, Ricardo, and Marx we have what can be broadly termed the "objectivist" approach to value, where the absolute value of commodities—as distinct from their relative value, or market prices—is broadly determined by their costs of production at a given average rate of profit (Eatwell, 2018). At the same time, there are other traditions within economics that have largely rejected this production-centred approach to value. Most notably, the Austrian school of economists have consistently argued that the notion of objective value is misconceived, and that value is "subjectivist" in nature: It derives from the subjective preferences of individuals, that are at root unknowable as they will vary from one person to another. The virtue of the market system from the perspective of the Austrian school of economics is that there is no requirement for value to be knowable or measurable, as it is through the system of relative prices that such preferences manifest themselves through consumer demand that is in turn met by entrepreneurs who supply the goods and services that meet such demand (Adair-Toteff, 2022).

The production-centred and subjective preference-based theories of value would be brought together in what came to be known as neoclassical or marginalist economics, or the theory of supply and demand, which placed the primary source of value in ultimately unknowable consumer preferences, or the marginal utility derived by individuals from the consumption of goods and services (Henry, 1990; Stilwell, 2002). It is the intersection of supply and demand that generates consumer prices, and neoclassical economics is less concerned with an ultimate measure of value—with national and international economic growth and development taken to be the concern of macroeconomics—than with the movement of relative prices in light of changes in consumer demand, costs, consumer incomes, and technology. For the most part, neoclassical economics as extended to the field of media has constituted the field that is known as media economics (Albarran, 2002, 2010; Picard, 1989).

An important conceptual framework that both informs and cuts across the neoclassical approach is that of institutional economics. Institutional economics has a history going back to the early 20th century, with a distinction sometimes being made between "old" institutionalism associated with critics of corporate power such as Thorstein Veblen and J. K. Galbraith, and the "new" institutionalism associated with economists such as Douglass North, Oliver Williamson, and Elinor Ostrom. The latter focuses on "the rules of the games in a society" (North, 1990, p. 3), and how these rules shape both economic behaviour and market conduct. Institutions constitute a meso level between society as a whole (macro) and individual buyers and sellers in markets (micro; Dopfer et al., 2004). Institutions are both formal entities that include organisations such as media companies, but also the legal-political framework in which they operate, as well as informal institutions, or historically and culturally embedded customs, traditions, norms, values, beliefs, etc. Media in this sense are both the organisations that produce news and other informational and entertainment content for distribution and sale, and a core element through which citizens understand and engage with other social institutions, providing public forums that enable debate and deliberation that informs political decision-making. As they play a primary role in providing such "mental maps" to individuals and groups in society (Denzau & North, 1994), it is common for governments to seek to regulate the conduct of media forums and to be prepared to undertake measures to ensure their sustainability over time.

3. Complexities of Value in the Economics of News

There are several levels of complexity associated with the economics of news media markets. There are three key concerns from the perspective of neoclassical microeconomics. Firstly, media markets have historically been two-sided markets. For commercial media organisations, this has meant that they have been engaged in simultaneously reaching audiences and advertisers. In a "pure" advertiser-financed service, such as broadcast television or free online services, the primary financial transaction is with advertisers, who pay media companies for access to their audiences. For media companies that rely upon a mix of direct payment for access and advertising, the media company is simultaneously selling its product to the audience and its audience to the advertisers. The centrality of advertisers to the financing of news underpins the Canadian political economist Dallas Smythe's famous observation that, in commercial mass media, it is the audience rather than the product that is the commodity (Smythe, 1977). Secondly, where consumers are directly or indirectly paying for news, there is ambiguity as to the nature of the news commodity that consumers are purchasing. As they are paying for a news "bundle" (a newspaper or magazine, access to a broadcasting or online service, etc.), it is uncommon for consumers or providers to value any individual item of news content. Moreover, consumers are characteristically paying for large amounts of content they do not want or need (e.g., classified advertising in newspapers, and sports content for people not interested in sports). While news organisations can use digital data tools to identify what news items attract the most attention, this typically informs subsequent content decisions rather than leading to direct pricing of stories (de Corniere & Sarvany, 2023). Consumers are as likely to be committing to the purchase of a news "brand" rather than individual content items, as with subscriptions. Thirdly, news media are expected to have non-economic or societal forms of value, as noted in Section 2. How to develop a measure of economic and non-economic sources of value, and how to relate these to questions such as financing, price, and distribution, constitute ongoing challenges.

With regards to the nature of the news product and its market, it possesses attributes of information goods. This includes high first-copy costs and low costs of reproduction, public good attributes in that the availability is not depleted by consumption, requiring time to produce to a high quality, and externalities that impact upon society in ways that are intrinsically difficult for producers to capture through price (Hollifield, 2019; Mierzejewska & Kolo, 2019).

Moreover, news is also a credence good, whose value and quality are hard to ascertain even after consuming it (Dulleck et al., 2011), as well as a talent good, "whose quality depends on the knowledge, experience and talent of the individual or groups of individuals who produce them" (Hollifield, 2019, p. 126). All of these attributes indicate that news is expensive to produce but inexpensive to copy, is reliant upon the quality, experience, talent, and ethics of the journalists and news organisations that produce it and has significant non-economic as well as economic value. For consumers, the most reliable means of ensuring that they have news which delivers upon such values is through subscription, and news media subscriptions have grown significantly worldwide in recent years. A number of news and magazine publishers have successfully applied subscription-based models for financial sustainability. Prominent English-language examples include *The Guardian*, *Financial Times*, *The New York Times*, *The Times* (UK), and *The Washington Post*.

At the same time, this capacity to leverage subscriptions from a strong brand identity has not been an option for most news publishers. Moreover, the 2023 *Digital News Report* suggested that subscriptions may have peaked across the 20 countries they surveyed at an average of less than 20% (Newman et al., 2023, p. 18). The concern with subscriptions remains that "a large proportion of digital subscriptions go to just a few upmarket national brands—reinforcing the winner takes most dynamics that are often associated with digital media" (Newman et al., 2023, p. 11), and that they are not affordable in their current forms for significant parts of national populations.

At the same time, that value is very hard to capture through price, and it is not difficult for consumers to access the value associated with quality or original news since, "if news organisations use professional standards in covering hard or breaking news, the facts reported will be nearly identical regardless of which news organisation or reporter produced the story. This makes product differentiation and branding difficult" (Hollifield, 2019, p. 125).

Various mechanisms have been applied by news organisations to deal with such vagaries. With regards to the credence of good elements of news, mechanisms that signal quality are adopted to reduce uncertainty and enhance consumer trust, such as brand reputation, brand trust, legal liability, and government regulation (Dulleck et al., 2011). More generally, the two-sided nature of media markets, and the joint commodity attributes of news, mean that advertising (including classified advertising) has met many of the costs of producing news. This is not without its own risks. The risk that advertisers may come to influence news content is one reason why many public service media organisations around the world prohibit commercial advertising and sponsorship. But it has until recently been a good enough mechanism for commercial news publishers to be able to balance business sustainability and corporate profitability with the capacity to produce news of sufficient quality, originality, and trustworthiness on an ongoing basis.

The question of how to pay for news production by means other than advertising has been addressed differently in various countries and across media systems. In some countries, there is a long history of government subsidies to support news diversity and information quality, most notably in the Nordic states of Norway, Sweden, Denmark, and Iceland (Syvertsen et al., 2014). In these countries, media subsidies have existed as a form of cultural policy since the 1970s, have been relatively uncontentious politically, and have coexisted with high degrees of media freedom (Syvertsen et al., 2014, pp. 53–56)—although this regime is challenged by the rise of digital platforms as a primary source of news (Enli et al., 2019). Press subsidies have also been a feature of those European media systems that Hallin and Mancini (2004, pp. 161–163) classified as "democratic corporatist," including the Nordic states, Belgium, Austria, France, and Italy. It is a distinctive feature of the current period that news media subsidies are being discussed in countries with what Hallin and Mancini termed a "liberal" media system, such as Australia, Canada, and Ireland, where there has been scepticism about whether they were compatible with press freedom.

4. Platformisation of the Internet and News Distribution

The platformisation of the internet has caused significant changes to how, and what, news is produced both commercially and through public service media. In his classic account of how value is distributed among stakeholders in the news media industry, Picard (2010) argued that changes in news distribution entail shifts in the distribution of value, particularly given that news has both individual and social value. Picard identified five key stakeholders in the production and distribution of news:

1. Investors in news, including the publishers, owners, and shareholders who invest in commercial news businesses.
2. Audiences, who rely on news media for accurate and timely information alongside entertainment and diverse views on topical issues.
3. Advertisers, who aim to reach potential customers through news audiences.
4. Journalists and content creators, who seek to pursue a fulfilling and stable career in news media.
5. Society, which benefits from a well-informed citizenry and public debate, as well as news media's watchdog role as the fourth estate.

Picard proposed that the key value shift associated with the internet was from a world of limited news sources, which meant that particular news titles could acquire monopoly or oligopoly status in geographically defined media markets, to a near-infinite proliferation of news sources available online from throughout the world. While the previous situation enabled what became known as the "golden age" of journalism from the 1970s to the 1990s, it was premised upon the high profitability of news publishers enabling high salaries to be paid to journalists, and significant resources to be invested in all forms and genres of journalism, from the investigative to the tabloid. The rise of the internet empowered consumers, who now had access to a much wider range of news and information sources, as well as advertisers, who had not only more outlets to choose from but also more precise data matching and demographic targeting of prospective viewers of their content. At the same time, by shifting value away from publishers and news content creators, there was a crisis of journalism as investors responded to declining revenues and profitability by reducing their employment levels in newsrooms (Picard, 2022). While this may have generated some benefits through "lean" innovation, it has also generated adverse phenomena such as "news deserts" in many places, as well as a decline in particular forms of journalism such as "public interest" and investigative journalism, and coverage of local civic and political affairs (Abernathy, 2023; Australian Competition and Consumer Commission [ACCC], 2019; Cairncross, 2019).

Digitisation should in principle mean greater competition among news publishers and greater content innovation. Picard (2022) has argued that three key features of the digital economy all promote competition and innovation: (a) lower production and distribution costs associated with digital content, (b) network economies of scale arising from the capacity of users to cheaply access common digital infrastructure, and (c) reduced time and labour involved in information searching and consumer research (Picard, 2022, pp. 453–455). A counterpoint to these features has been the platformisation of the internet and the dominance of digital distribution among a small number of mega-tech companies over key markets such as search, news aggregation, and social media. Digital platforms greatly reduce search costs for news consumers by directing them to relevant content, making it easier for audiences to find relevant news and information on digital platforms without having to access the original news website in the first instance. The quid pro quo is that these platforms become increasingly central to the distribution of news content without themselves being news producers, generating significant news publisher dependency upon the platforms and their opaque algorithms (Neilsen & Ganter, 2022). Moreover, these digital platform giants are direct competitors for advertising revenue with traditional news media publishers and possess considerable competitive advantage due to their size and access to a diverse and large-scale set of data sources (ACCC, 2019; Sims, 2022), contributing to the overall decline in revenue to news businesses.

The Covid-19 pandemic has illustrated how vulnerable the advertiser-led business model now is; even as consumer demand for news content increased during the height of the pandemic, it triggered a sharp decline in advertising revenues (Flew, 2021; Tracy, 2020). We would argue that an update to Picard's stakeholder analysis of value creation is warranted that incorporates digital platforms as a sixth stakeholder, as they derive value from the distribution of news content. However, they also compete with news businesses for advertising revenue and are frequently the owners of programmatic advertising systems on theirs and other third-party sites (ACCC, 2019; Faustino & Noam, 2019; Flew & Wilding, 2021). By including platforms as a sixth stakeholder within the value matrix it becomes clearer that the distribution of economic value derived from news production increasingly accumulates toward platforms, who benefit from advertising revenue associated with news content available on their sites without bearing any of the associated costs of production.

5. Platformisation, Advertising, and News Distribution

Global advertising markets have changed significantly during the 2000s, with businesses diverting an increasingly large proportion of their marketing budgets to online digital advertising (ACCC, 2019) where news competes with other online media content and services for revenue, including blogs, search, and social media platforms. Within this online landscape, advertising space is increasingly sold, purchased, and distributed through programmatic advertising systems (Braun, 2023), including real-time bidding systems that target individual users based on data profiles created from their online and offline activity. This is a space that rewards the attention economy (Lanham, 2006), and where news media organisations lack the technical infrastructure and expertise to compete effectively with in-house ad-tech systems developed by digital tech giants such as Google. The platformisation of online advertising has accelerated the fall in revenue that flows to news producers, resulting in a growing sense of urgency to address the ongoing economic sustainability of news as a consumer product.

Direct consumer payment through subscription and donation has been taken up by several commercial news organisations with mixed success (Chyi & Ng, 2020), reflecting differences in global markets (Newman et al., 2023) and consumer's willingness to pay for a consumer product where a highly comparable alternative can be readily found online (Hollifield, 2019; O'Brien et al., 2020). Audiences are increasingly able to access a range of news stories from a variety of news brands through search and social media platforms, representing the platformisation of news distribution (Flew, 2019b; Helmond, 2015). Initially celebrated as an effective means by which to reach new audiences, the platformisation of news distribution has created a number of problems for news producers in their relationships with digital platforms, which are coming to eclipse the value derived from increased visibility online (Flew, 2021; Meese & Hurcombe, 2021). With hindsight, these issues can now be seen as the consequences news producers must face for their earlier eagerness to exchange control over how their content is distributed on these platforms for the promise of audience growth, as well as a superficial understanding of the audience attention economy and how it is monetised on the web.

The problems created by the platformisation of news distribution are manifold. Firstly, dominant search and social media platforms have proven unreliable business partners, reluctant to notify news organisations of changes made to their algorithmic logic that affect content distribution and visibility (ACCC, 2019; Martin, 2019), or to contribute to the economic sustainability of news production (Lee & Molitorisz, 2021; Royal & Napoli, 2022). Secondly, as discussed in Section 4, platforms are not only direct competitors to news organisations for online advertising revenue but also frequently control the programmatic systems that manage advertising content elsewhere on the internet (ACCC, 2019; Braun, 2023). Thirdly, as platforms are increasingly facing regulatory mechanisms that compel them to pay for news content, it is becoming more evident that they not only value news content on their platforms differently but that they do not place an intrinsic value on news.

The responses from Google and Meta to the Australian News Media and Digital Platforms Bargaining Code (Bossio et al., 2022; Heylen, 2023; Leaver, 2021), their approach and willingness to bargain with news media companies when the code was introduced into law (Royal & Napoli, 2022; Treasury, 2022), and their changing commitments to their own internal news initiatives (Bell, 2021; Papaevangelou, 2023) all suggest that the attitude of the major digital platforms to news sustainability is highly fluid. Canada's introduction of the Online News Act 2023 (Robertson, 2023) and California's proposed California Journalism Preservation Act (Paul, 2023) have led to threats from Meta to cease to carry news, as was the case with the Australian Code proposal, giving further credence to the argument that such platforms do not value news content on their platforms. Left within the current state of unchecked platform power, the evidence suggests that platforms would continue to draw disproportionately more economic value from news content than they provide to news production and entrench themselves further within the digital advertising economy (Enli et al., 2019; Flew & Gillett, 2021; Flew et al., 2021). Whether news producers are able to maintain economic feasibility without platform, advertiser, or government subsidy, and importantly, whether they should have to, underpins many of the current debates about the relationship between the sustainability of commercial news businesses and the societal value of news as informational products.

6. Conclusion

It has been argued in this article that the question of the value of news—as distinct from news values—has acquired particular salience as the shift of advertising revenues from news publishers to digital platforms has generated a crisis of sustainability for news organisations. As news publishers provide the primary institutional infrastructure (Steininger, 2020) for the flow of fair and full information in democratic societies, as well as a public forum for debate, contestation, and interpretation of ideas, governments have increasingly sought to support these meso-level institutions through a range of news subsidy schemes, whether directly through payments, or indirectly, such as obligating digital platforms to contribute financially to the production of news.

As governments are increasingly engaged in financially supporting the production of news, questions of value become more central. In this article, we have argued that determining whether there is "value for money" in supporting news is a reminder of the vexed nature of the concept of value itself, where there are not only distinctions between economic and social value, but between notions of value that see it as measurable (e.g., costs of producing news) and those which see it as essentially subjective and fundamentally differing among individuals. News organisations have struggled to capture the value of their output through price-based measures such as subscriptions, and the need to identify alternative sources of finance to advertising has generated new debates about the distribution of news value among different stakeholders, including advertisers, digital platforms, consumers, journalists, and society as a whole. We have argued that questions of value will become more pressing to the degree that governments seek to support commercial news publishing, whether directly through news subsidies or indirectly through laws requiring digital platforms to contribute to the costs of producing news.

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ARTICLE

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Unraveling US Newspapers' Digital and Print Subscriptions in the Context of Price, 2016–2022

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Abstract

Despite industry-wide efforts in digitally transforming news organizations, research showed that most newspapers' legacy products still outperformed the same newspaper's digital offerings in terms of engagement, circulation, readership, pricing, advertising, and subscription revenue—all by a wide margin. But Covid-19 created an unprecedented scenario where the need for instant, local news updates, the fear of contacting anything tangible, and financial stress may have changed consumer behavior. To assess the state of the newspaper industry, this study analyzes short-term and long-term trends in US newspapers' digital and print circulation before and during the pandemic. The analysis considered price, an important factor often neglected in discussions about newspaper demand. Utilizing rich industry data, this study analyzed 18 US metro daily newspapers' circulation trends during 2016–2022. The results revealed that digital circulation increased rapidly after the onset of Covid-19 but subsequently decreased after reaching the peak in Q3 2021. Print circulation continued its rapid decline since 2016, accompanied by continuous, substantial price hikes for print subscriptions—a typical print subscription now costs over $1,000 a year. Despite circulation declines, the print edition remains the core product, with more subscribers paying far more than digital subscribers. Because of the immense price gap (6 to 1), the seemingly promising increase in digital subscriptions during Covid-19 could not generate nearly as much revenue to cover the loss on the print side, resulting in a substantial loss in total subscription revenue. The state of the US newspaper industry needs immediate attention.

Keywords

Covid-19; digital subscription; digital transformation; newspaper circulation; newspapers; subscription revenue

1. Introduction

Since the onset of digital journalism, dating back to the mid-1990s, the economic sustainability of online journalism has been a subject of scrutiny, which at its core revolves around the viability of digital subscriptions as a source of funding for journalism. Despite longstanding, industry-wide efforts in digitally transforming newspaper firms and a large number of users accessing news online (Newman et al., 2023), digital subscriptions have not turned into a reliable stream of revenue (Chyi & Ng, 2020; Edmonds, 2022).

Research on consumer behavior pointed to users' lukewarm responses to newspapers' digital offerings—in terms of use (Chyi & Tenenboim, 2017; Thurman, 2014, 2017) and subscription (Chyi, 2012; Chyi & Ng, 2020)—as a significant reason underlying news organizations' challenges in monetizing digital content. This also explains why the vast majority of US newspapers continue to heavily rely on their legacy product, as it remains the primary source of both advertising and subscription revenue (Chyi & Ng, 2020; Pew Research Center, 2023). To compensate for the substantial loss in advertising revenue since the 2008 recession, the industry sought short-term profits by sharply raising the price of the print product (Chyi & Tenenboim, 2019). The print edition, once considered the "cash cow" product (Picard, 2003), has also experienced substantial declines in circulation in recent years (Pew Research Center, 2023).

While newspaper firms found themselves caught between an unsuccessful digital experiment and a rapidly weakening print product, Covid-19 created a scenario that may have resulted in a shift in newspapers' financial landscape. First, during the pandemic, the demand for instant, local news updates skyrocketed (Kim et al., 2022). Second, the reluctance to interact with tangible objects at the onset of the pandemic might have weakened the existing demand for the printed product. The financial stress induced by the pandemic also might have driven print subscribers to seek cheaper alternatives, such as the same newspaper's digital offerings. All these factors could have provided new momentum for newspaper firms, which have been grappling with digital transformation for more than two decades. This scenario presents a great opportunity to re-assess news consumers' willingness to pay for newspapers' print and digital offerings.

Given circulation is the most important indicator of newspaper demand, this study seeks to unravel the print-digital gap by identifying both short-term and long-term trends in 18 US newspapers' digital and print circulation from 2016 to 2022—before and during the pandemic. Additionally, as previous research has highlighted, price, the determinant of quantity demanded (Hoskins et al., 2004), is often neglected in industry discussion and media coverage on newspaper demand (Chyi & Tenenboim, 2019). Consequently, this study tracks the price of digital/print subscriptions over time and examines digital/print circulation in this context. By analyzing both circulation and pricing data, this study also presents an evaluation of subscription revenue trends.

While newspapers are confronting existential challenges, this study serves three primary goals: (a) to provide a systematic, up-to-date examination of the state of newspapers through identifying long-term and short-term industry trends in the appropriate economic context; (b) to contribute to media economics research by examining digital news consumption in depth; and (c) to offer a critical review on US newspaper firms' technology-centric product strategy.

2. Digital Subscriptions: Research Inquiries

2.1. History of Industry Attempts

In the 1990s, some US newspapers worried about the “cannibalization effect,” fearing that a free web edition might erode their print subscriber base, but the vast majority opted for the advertising model, giving content away for free for well over a decade. *The Wall Street Journal* was a prominent outlier, charging 150,000 online readers a $49 annual subscription fee back in 1998 (Steinbock, 2000).

After the internet bubble burst in 2000, while some publishers proposed to charge for the content they offered online (Outing, 2002, as cited in Chyi, 2012) because “there ain’t no such thing as a free lunch,” users were not ready to pay for online news. The sign-up rate for paid-for newspaper sites was as low as 0.2% to 2.6% of the print circulation, and 71% of online news users said they would go somewhere else because free sites were readily available (Borrell & Associates, 2001, as cited in Chyi, 2012). The notion that content must be free unless it is highly specialized (Carlson, 2003) and “it is impossible to charge for general news content” (Herbert & Thurman, 2007, p. 215) gained widespread acceptance in the industry.

The New York Times dropped its first fee-based experiment (TimesSelect) in 2007, on which Jeff Jarvis (2007) commented, “With it goes any hope of charging for content online. Content is now and forever free” (para. 1). The vast majority of US newspaper sites continued giving content away for free (American Press Institute & ITZBelden, 2009), with notable exceptions of *The Wall Street Journal*, *The Arkansas Democrat-Gazette* (Hussman, 2007), and *The Albuquerque Journal* (Windsor, 2009).

After the 2008 recession, “the [industry’s] dream of getting people to pay” recurred (Kinsley, 2009, para. 2), and the idea was put into practice in 2011. *The Dallas Morning News* started a “hard paywall,” charging $16.95 a month for a digital package that included web and apps (Doctor, 2011). Weeks later, *The New York Times* implemented a metered model, or a “soft paywall,” requiring online users who view more than 20 articles (reduced to 10 in April 2012) per month to pay a subscription fee (Peters, 2011).

While some newspapers dropped their paywalls (Ananny & Bighash, 2016), most major US newspapers have adopted the digital subscription model, charging for online news access. By 2015, among the 98 US newspapers with a total circulation of 50,000 or more, 77 implemented some kind of paywalls around their digital products (Williams, 2016). In 2016, the result of the US election triggered a “subscription surge” (aka the “Trump bump”). The growing number of digital subscribers among national newspapers (Benton, 2018; Stelter, 2017), especially *The New York Times*, received substantial media attention.

However, most US newspapers’ paywall experiments were not nearly as successful. Drawing on data from 2017 released by the Alliance for Audited Media ([AAM] formerly ABC, the Audit Bureau of Circulations), Chyi and Ng (2020) empirically examined 50 major US newspapers’ digital and print subscriptions. They revealed that most newspapers charged digital subscribers a fraction of the print subscription price, but digital subscribership remained trivial, contributing only 3% of total reader revenue. This study triggered questions about the disparities between some newspapers’ self-claimed digital subscription figures and the audited data. When media business reporter Rick Edmonds investigated the issue, he found “extreme reluctance” among news executives to discuss these discrepancies (Edmonds, 2021).

2.2. Subscription Surge During the Pandemic?

While the industry was experimenting with the subscription model, media scholars examined its viability from the demand side (for a detailed review, see O'Brien et al., 2020). Yet, the pandemic has created an unprecedented scenario where multiple factors, especially the skyrocketing demand for immediate updates on Covid-19 developments, may have boosted digital subscriptions, triggering another "subscription surge." This study takes this opportunity to measure news consumers' demand for newspapers' digital subscriptions by empirically examining short-term and long-term digital circulation trends, addressing this research question:

RQ1: To what extent has digital circulation increased during Covid-19?

2.3. Print Circulation: Long-Term and Short-Term Trends

The decline in print circulation is a well-established trend that has persisted for decades. Industry data (Pew Research Center, 2023) indicated that weekday newspaper circulation has been decreasing since 1987, while Sunday circulation has seen a decline since 1993, even with the continuous growth of the US population. Taking a broader perspective, newspaper penetration has exhibited a steady decline of 1–2% each year since 1950 (Picard, 2008; Picard & Brody, 1997).

Hal Varian, Google's chief economist, also shed light on the matter, noting that newspaper circulation reached its peak in 1972, suggesting that the decline in circulation can be attributed to competition from other media outlets such as broadcast TV news, cable news, and the internet (Varian, 2013).

During the 2008 recession, most US newspapers experienced substantial print circulation declines (Chyi et al., 2012; Pew Research Center, 2023). During the pandemic, the financial stress induced by Covid-19 and the apprehension of contacting tangible things during Covid-19 may have quickened the decline in print circulation. To examine the state of print newspapers, this study seeks to identify short- and long-term print circulation trends, addressing the following research question:

RQ2: To what extent has print circulation declined before and during Covid-19?

2.4. The Print-Digital Gap in Circulation

Despite the long-term declines in print circulation and the industry's efforts in digitally transforming their newspaper, the print edition remained the core product, generating the majority of subscription and advertising revenue (Benton, 2018; Pew Research Center, 2023; Picard, 2014; Thurman, 2014, 2017). Empirical research showed that readers responded more favorably to the same newspaper's print product (Chyi, 2012; Herbert & Thurman, 2007; Myllylahti, 2014; Thurman, 2014, 2017). The gap between the "supposedly promising" digital edition and the "supposedly dying" print product was also prominent in terms of subscribership. A pre-Covid-19 study compared print and digital circulation among 39 US newspapers, revealing that print circulation exceeded digital circulation in all cases, and digital subscribers often constituted a small, almost negligible fraction of overall circulation (Chyi & Ng, 2020). Such findings suggested that, more than 20 years into US newspapers' digital experiment, news consumers' willingness to pay for online news was still non-existent. But the scenario triggered by Covid-19 might have significantly changed user behavior and narrowed or even closed the enormous print-digital gap for the very first time. To assess the current state of the circulation gap between print and digital, this study proposes the following research question:

> RQ3: How does print circulation compare with the same newspaper's digital circulation before and during Covid-19?

2.5. Price: The Determinant of Quantity

Price is the determinant of quantity demanded (Hoskins et al., 2004). It is however often ignored in discussions and media coverage about newspaper demand (Chyi & Tenenboim, 2019). Since the 2008 recession, in hopes of reducing reliance on rapidly diminishing advertising revenue, most daily newspapers implemented continuous price hikes on their print subscribers. A longitudinal study tracking 25 major US newspapers' print subscription rates in 2008, 2012, and 2016 revealed that these newspapers' seven-day home delivery prices more than doubled since the recession (Chyi & Tenenboim, 2019). The increase in prices naturally resulted in declines in circulation, which made news headlines and fueled the perception that "print is dying." However, industry reports and media coverage seldom consider price as a primary driver of circulation declines. Since price directly affects quantity demanded (and revenue), it is essential to consider changes in price when interpreting demand for multiplatform newspaper products. To contextualize changes in print circulation, this study tracks changes in print subscription prices, addressing this research question:

> RQ4: Have print subscription prices continued to rise over time?

Economic theory suggests that the price of a related good affects demand for a product (Hoskins et al., 2004). It is therefore essential to consider how newspaper firms price their print and digital products simultaneously. It is no secret that newspaper firms have had difficulties charging digital subscribers a premium price. In a study empirically examining the pricing schemes of 50 US newspapers, it was found that a digital subscription was priced at 23% of the cost of the corresponding print edition (Chyi & Ng, 2020). This price gap suggested that it required over four digital subscribers to generate the same amount of revenue as a single print subscription. To re-examine whether the existing price gap changed during Covid-19, this study addresses this research question:

> RQ5: How does the print subscription price compare with the same newspaper's digital subscription price?

2.6. Impact on Subscription Revenue

Newspapers generate revenue from two major sources: advertising and circulation. According to the latest Pew report, industry-side advertising revenue has been declining, and in 2020, circulation revenue surpassed advertising revenue for the first time (Pew Research Center, 2023). As a result, circulation now stands as the primary revenue source for newspapers.

Chyi and Ng (2020) estimated that in 2017, print subscriptions contributed 97% of total subscription revenue, while digital accounted for only 3% of such revenue. That finding resembled a final verdict suggesting US newspapers' industry-wide efforts in digital transformation did not make monetary sense. However, the digital surge during Covid-19 might have led to a shift in newspapers' financial landscape. To re-assess the share of digital subscription revenue among total subscription revenue, this study addresses the following research question:

> RQ6: To what extent do digital subscriptions contribute to overall subscription revenue?

3. Method

To identify short-term and long-term circulation trends and to assess the impact of Covid-19, this study analyzes 18 US newspapers' digital/print circulation and pricing data during 2016–2022. Since the pandemic triggered extensive lockdowns and restrictions in the US starting in March 2020, the analysis comprised nine time points—four before and four after Q1 2020.

3.1. Sample

Sampling started from a list of 50 news publications featured in Pew Research Center's 2016 State of the News Media Report (Pew Research Center, 2017), which includes four national newspapers and 46 metro newspapers operating in 28 states. The researchers closely examined the data source and excluded newspapers that did not file detailed digital circulation data during 2016–2022 and those with missing data at more than two time points. The final sample includes 18 local dailies operating in 16 states—all are leading newspapers in their respective markets. With 18 cases, we could reasonably generalize and at the same time examine each individual case.

3.2. Data Collection

Each newspaper's digital/print circulation and pricing data were manually retrieved from the audit reports and the news media statements filed for the AAM in 2016–2019, Q1 2020, Q3 2020, Q1 2021, Q3 2021, and Q1 2022.

Since the AAM reports after 2020 no longer include pricing data, current digital subscription prices and promotion offers were collected from each newspaper's website from June 2020 to February 2021.

3.3. Measures and Definitions

3.3.1. Print and Digital Circulation

The print product refers to what AAM defined as a "traditional hard copy of the newspaper," and the digital product refers to what AAM defined as Digital Nonreplica, which is "a digital edition that is consistent in character and editorial content with the print edition....Advertising may differ" (AAM, 2022b). Examples of the latter include mobile apps and restricted websites with paywalls (AAM, 2022a).

The AAM reports provide both paid and non-paid circulation data. Since this study focuses on paying subscribership, the analysis is centered on paid circulation, which is the number of subscribers. Total

Average Paid Circulation data (including individually paid circulation and business/traveler paid circulation) for weekdays (i.e., average Monday–Friday or Monday only) for digital nonreplica and print products were retrieved.

3.3.2. Print and Digital Price

The print subscription price (2016–2019) refers to the yearly price, based on 52 weeks, for the home delivery of the print edition as listed in the AAM audit reports. After 2020 the AAM no longer provides such data.

Regarding digital subscriptions, since the AAM no longer provides pricing data after 2020, the researchers turned to each newspaper's website and collected the digital price of the "unlimited digital access" package, which typically encompasses access to the website, mobile app, digital-edition replica, and in certain cases the e-reader edition for the Kindle. Also retrieved from each newspaper's website was the promotional price, which refers to the discounted introductory price for the "unlimited digital access" package, offered to potential subscribers for a certain period of time. Data were retrieved from June 2020 to February 2021.

3.3.3. Subscription Revenue

Digital/print subscription revenue refers to the earnings derived from digital/print subscriptions. It is estimated by multiplying the number of subscribers by the subscription price using the most recent data accessible (specifically, digital and print circulation from Q1 2022, digital subscription prices from 2020–2021, and print subscription prices from 2019).

4. Results

RQ1 concerns the increases in digital circulation (i.e., the number of digital subscribers) during Covid-19. The analysis revealed that most of the 18 newspapers under study, with the exception of five cases, experienced growth in digital circulation during the pandemic. Table 1 presents data for each of the 18 newspapers across nine time points. Taken as a whole, digital circulation increased rapidly after the onset of Covid-19—the median rose from 10,810 in 2019 (pre-Covid-19) to 21,959 in Q3 2021 (the peak), but subsequently decreased to 14,248 by Q1 2022.

Among the 18 newspapers, *The Boston Globe* stands out as the most successful case both for starting with the largest digital subscribership (75,166 in 2017) and for continuously growing it during Covid-19 (adding 139,175 more since 2019). Percentagewise, the most substantial growth in digital subscriptions was reported by *The Fort Worth Star-Telegram* (350%), followed by *Newsday* (207%), *The Miami Herald* (198%), *The Boston Globe* (133%), and *The Seattle Times* (112%).

RQ2 concerns declines in print circulation (i.e., the number of print subscribers) before and during Covid-19. Table 2 presents the results. All the 18 newspapers under study reported substantial, rapid declines in print circulation over time—the median circulation decreased from 101,378 in 2016 to 59,446 in 2019, and then to 34,474 in Q1 2022 (there was one case with missing data in 2016). Some newspapers lost more print subscribers than others. *The Los Angeles Times*, the largest newspaper on the list, has lost more than 80,000 print subscribers since 2019, which is 36% of its print circulation. Percentage-wise, *The Fort Worth*

Table 1. Number of digital nonreplica subscribers (2016–2022).

State	Newspaper	2016	2017	2018	2019	Q1 2020	Q3 2020	Q1 2021	Q3 2021	Q1 2022	Change since 2019	Change since 2019 in %
AZ	The Arizona Republic	10,985	10,384	11,349	13,938	16,157	22,540	24,354	27,939	27,501	13,563	97%
CA	Los Angeles Times	30,793	42,985	58,403	60,468	64,550	89,066	78,780	68,679	68,039	7,571	13%
CA	Sacramento Bee	6,618	5,596	3,939	5,891	6,868	8,404	10,043	10,813	10,719	4,828	82%
CO	Denver Post	4,746	3,171	2,557	8,967	18,606	25,761	30,030	29,556	2,515	−6,452	−72%
FL	Miami Herald	8,242	6,492	5,779	10,695	19,612	23,306	27,136	30,677	31,859	21,164	198%
IA	The Des Moines Register	5,423	6,983	6,558	7,104	6,100	6,068	5,952	6,095	5,714	−1,390	−20%
IN	Indianapolis Star	8,347	10,424	10,558	10,925	10,905	10,693	11,102	12,075	11,158	233	2%
KS	The Kansas City Star	3,617	1,819	6,025	11,053	17,843	19,431	22,222	23,802	18,183	7,130	65%
KY	The Courier-Journal	4,065	6,020	5,698	5,628	5,586	5,710	5,442	6,121	5,817	189	3%
MA	The Boston Globe	NA	75,166	94,593	105,015	166,712	229,027	235,518	234,398	244,190	139,175	133%
MN	The Star Tribune	65,987	69,368	69,364	76,117	90,363	100,128	100,345	95,362	94,902	18,785	25%
NC	Charlotte Observer	2,740	3,510	6,308	8,741	10,272	11,630	13,229	14,146	14,196	5,455	62%
NY	Newsday	6,271	6,778	8,741	20,011	23,906	34,095	37,752	54,804	61,528	41,517	207%
OH	Cincinnati Enquirer	8,557	10,307	9,834	10,110	10,392	9,819	10,138	11,115	9,082	−1,028	−10%
TX	Fort Worth Star-Telegram	1,336	1,620	908	2,280	7,785	8,857	10,045	10,844	10,253	7,973	350%
TX	San Antonio Express-News	4,515	4,660	7,007	9,280	8,995	12,336	16,554	20,116	4,967	−4,313	−46%
WA	Seattle Times	13,523	19,318	27,429	36,228	46,962	61,012	70,267	71,974	76,704	40,476	112%
WI	Milwaukee Journal Sentinel	NA	NA	9,653	18,396	17,303	15,826	16,674	16,130	14,300	−4,096	−22%
	Median	6,445	6,778	7,874	10,810	16,730	17,629	19,448	21,959	14,248	6,293	44%
	Mean	11,610	16,741	19,150	23,380	30,495	38,539	40,310	41,369	39,535	16,154	—
	Sum										290,780	—
	Count (out of 18)	16	17	18	18	18	18	18	18	18	18	18

Note: NA = not available. Source: AAM (2016–2022).

Table 2. Number of print subscribers (2016–2022).

State	Newspaper	2016	2017	2018	2019	Q1 2020	Q3 2020	Q1 2021	Q3 2021	Q1 2022	Change since 2019	Change since 2019 in %
AZ	The Arizona Republic	163,678	142,354	124,944	99,676	101,162	80,132	80,992	66,545	68,437	−31,239	−31%
CA	Los Angeles Times	331,337	296,572	254,906	221,517	190,875	173,485	162,272	146,724	140,795	−80,722	−36%
CA	Sacramento Bee	104,486	88,911	72,673	58,199	52,703	49,569	44,808	39,656	35,923	−22,276	−38%
CO	Denver Post	144,782	122,709	105,553	89,530	68,463	64,153	60,878	55,916	51,622	−37,908	−42%
FL	Miami Herald	68,103	57,845	44,067	33,896	33,706	28,829	24,240	21,580	21,177	−12,719	−38%
IA	The Des Moines Register	66,190	60,249	51,726	42,729	33,877	32,220	30,717	28,859	26,246	−16,483	−39%
IN	Indianapolis Star	93,399	82,125	66,374	52,202	46,291	43,741	40,869	38,475	33,024	−19,178	−37%
KS	The Kansas City Star	101,378	85,996	73,769	60,693	53,589	45,762	40,841	35,736	32,820	−27,873	−46%
KY	The Courier-Journal	84,338	76,330	62,657	49,277	41,509	38,828	35,717	32,413	28,995	−20,282	−41%
MA	The Boston Globe	NA	128,455	116,992	104,372	82,536	78,839	76,114	71,965	67,293	−37,079	−36%
MN	The Star Tribune	182,913	171,257	156,777	142,219	120,805	119,804	113,310	108,643	102,354	−39,865	−28%
NC	Charlotte Observer	78,780	67,441	55,316	47,373	42,388	39,003	34,046	29,685	25,763	−21,610	−46%
NY	Newsday	202,853	179,892	159,309	140,207	123,010	117,853	110,479	103,325	96,879	−43,328	−31%
OH	Cincinnati Enquirer	84,512	74,609	64,373	51,550	40,937	39,183	37,421	34,420	31,179	−20,371	−40%
TX	Fort Worth Star-Telegram	82,445	72,993	61,650	50,976	39,170	34,697	29,804	25,882	23,358	−27,618	−54%
TX	San Antonio Express-News	70,467	59,098	51,904	45,586	41,590	36,170	33,037	30,522	29,106	−16,480	−36%
WA	Seattle Times	154,049	142,704	129,845	119,311	103,832	99,114	94,157	88,909	84,084	−35,227	−30%
WI	Milwaukee Journal Sentinel	124,137	112,580	97,909	80,145	61,816	57,782	53,495	50,214	46,106	−34,039	−42%
	Median	101,378	87,454	73,221	59,446	53,146	47,666	42,839	39,066	34,474	−27,746	−38%
	Mean	125,756	112,340	97,264	82,748	71,014	65,509	61,289	56,082	52,509	−30,239	—
	Sum										−544,297	—
	Count (out of 18)	17	18	18	18	18	18	18	18	18	18	18

Note: NA = not available. Source: AAM (2016–2022).

Star-Telegram suffered the most significant decline, losing 54% of its print circulation, while *The Kansas City Star* and *Charlotte Observer* both experienced a 46% decrease. *The Star Tribune*, despite outperforming the rest of the newspapers in retaining print circulation, also lost 28% of its print subscribers during Covid-19.

These results seem appalling. The subsequent analysis would contextualize these declines with pricing information.

RQ3 concerns the extent to which Covid-19 has narrowed or closed the print-digital gap in circulation. The analysis compared print and digital circulation before and during Covid-19 for each of the 18 newspapers under study. Figure 1 presents the results. The enormous gap between print and digital circulation has indeed narrowed significantly for all the 18 newspapers under study. In two cases (*The Boston Globe* and *The Miami Herald*) the gap closed—meaning digital circulation surpassed print circulation during Covid-19, a pattern unseen in the pre-Covid-19 era. For the remaining 16 newspapers, however, the print edition remains the primary product in terms of circulation despite the digital surge during the pandemic.

To present the overall picture, Figure 2 summarizes the aggregate digital/print circulation data (median) of the 18 newspapers under study. Print circulation keeps declining, while digital circulation showed significant growth during the pandemic until the peak around Q3 2021. The print-digital gap has significantly narrowed; however, print circulation (with a median of 34,474 across 18 newspapers) still exceeds digital circulation (with a median of 14,248) by a considerable margin.

Figure 1. The print-digital circulation gap before and during Covid-19. Note: The purple line depicts print circulation (source: Table 2); the yellow line depicts digital nonreplica circulation (source: Table 1).

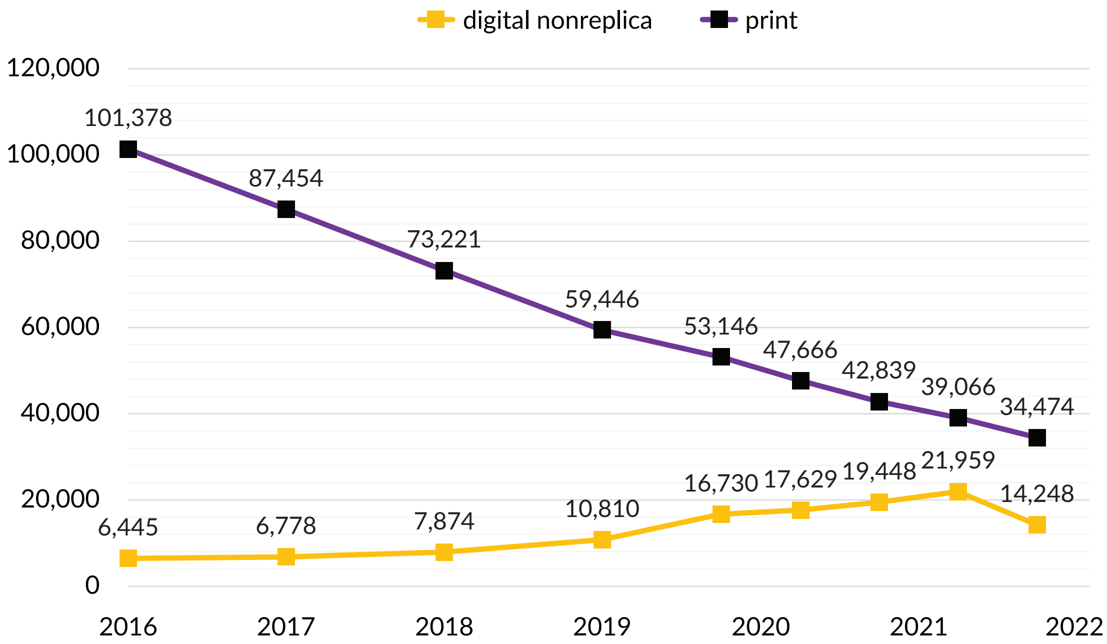

Figure 2. Digital and print circulation before and during Covid-19 among 18 newspapers. Note: The purple line depicts median print circulation (source: Table 2); the yellow line depicts median digital nonreplica circulation (source: Table 1).

RQ4 questioned whether print subscription prices continued to rise over time. Table 3 presents changes in home delivery prices for each of the 18 newspapers, and the answer is yes. Aggregately, the annual median subscription price increased from $499 in 2016 (there was one case with missing data this year) to $1,075 in 2019 (data after 2020 are unavailable). In other words, these papers charged their print readers about twice as much (or $564 more) in merely three years. All but one newspaper significantly increased the print subscription price since 2016 (ranging from 30% to 178%), with *The Boston Globe* being the only exception. This newspaper began charging its print subscribers a whopping annual rate of $1,347 as early as 2017.

A closer examination of how individual newspapers priced their legacy product revealed that some papers were more radical than others. In addition to *The Boston Globe*, the most expensive print newspaper on the list, *Sacramento Bee*, *Miami Herald*, *The Kansas City Star*, *Charlotte Observer*, and *Fort Worth Star-Telegram* also charge print subscribers $1,300 a year.

Given that price is the determinant of quantity demanded, the continuous declines in print circulation should be understood in the context of the corresponding subscription price. Figure 3 visualizes simultaneously the circulation and pricing data for each of the 18 newspapers from 2016 to 2019. In almost all cases, print circulation declines were accompanied by substantial increases in price.

Table 3. Continuous increases in print subscription price.

State	Newspaper	2016	2017	2018	2019	Change 2016 to 2019	Ratio 2019/2016
AZ	The Arizona Republic	$510	$510	$728	$816	$306	1.60
CA	Los Angeles Times	$624	$780	$832	$884	$260	1.42
CA	Sacramento Bee	$999	$999	$1,300	$1,300	$301	1.30
CO	Denver Post	$286	$468	$754	$754	$468	2.64
FL	Miami Herald	$684	$684	$1,040	$1,300	$616	1.90
IA	The Des Moines Register	$516	$876	$1,284	$1,284	$768	2.49
IN	Indianapolis Star	$468	$702	$1,032	$1,032	$564	2.21
KS	The Kansas City Star	$623	$1,040	$1,300	$1,300	$677	2.09
KY	The Courier-Journal	$492	$492	$1,078	$1,078	$586	2.19
MA	The Boston Globe	NA	$1,347	$1,347	$1,347	NA	NA
MN	The Star Tribune	$299	$324	$410	$453	$154	1.52
NC	Charlotte Observer	$499	$1,040	$1,300	$1,300	$801	2.61
NY	Newsday	$831	$1,039	$1,299	$1,299	$468	1.56
OH	Cincinnati Enquirer	$468	$468	$754	$1,072	$604	2.29
TX	Fort Worth Star-Telegram	$687	$910	$1,040	$1,300	$613	1.89
TX	San Antonio Express-News	$494	$546	$546	$663	$169	1.34
WA	Seattle Times	$493	$493	$546	$728	$235	1.48
WI	Milwaukee Journal Sentinel	$320	$627	$864	$890	$570	2.78
	median	499	693	1,036	1,075	564	1.90
	mean	547	741	970	1,044	480	—
	count	17	18	18	18	17	17

Note: NA = not available. Source: AAM (2016–2019).

RQ5 questioned how the print subscription price compares with the same newspaper's digital subscription price. Table 4 presents the latest pricing data accessible. Results indicated that the annual price for a print subscription reached a record high by 2019 (median = $1,075). In contrast, a digital subscription was priced at $181 during the pandemic. It takes six digital subscribers to generate the same revenue from one single print subscription.

The price gap is most prominent for *Fort Worth Star-Telegram*, *The Kansas City Star*, *Newsday*, *Sacramento Bee*, *Miami Herald*, *Charlotte Observer*, *The Des Moines Register*, and *The Boston Globe*, where a print subscription costs $1,000 more than the same newspaper's digital edition.

Table 4 also presents each newspaper's promotional price for new digital subscribers during Covid-19. The median is $0.25 a week, while *The Boston Globe* and *The Des Moines Register* offered introductory rates as low as $0.04 a week.

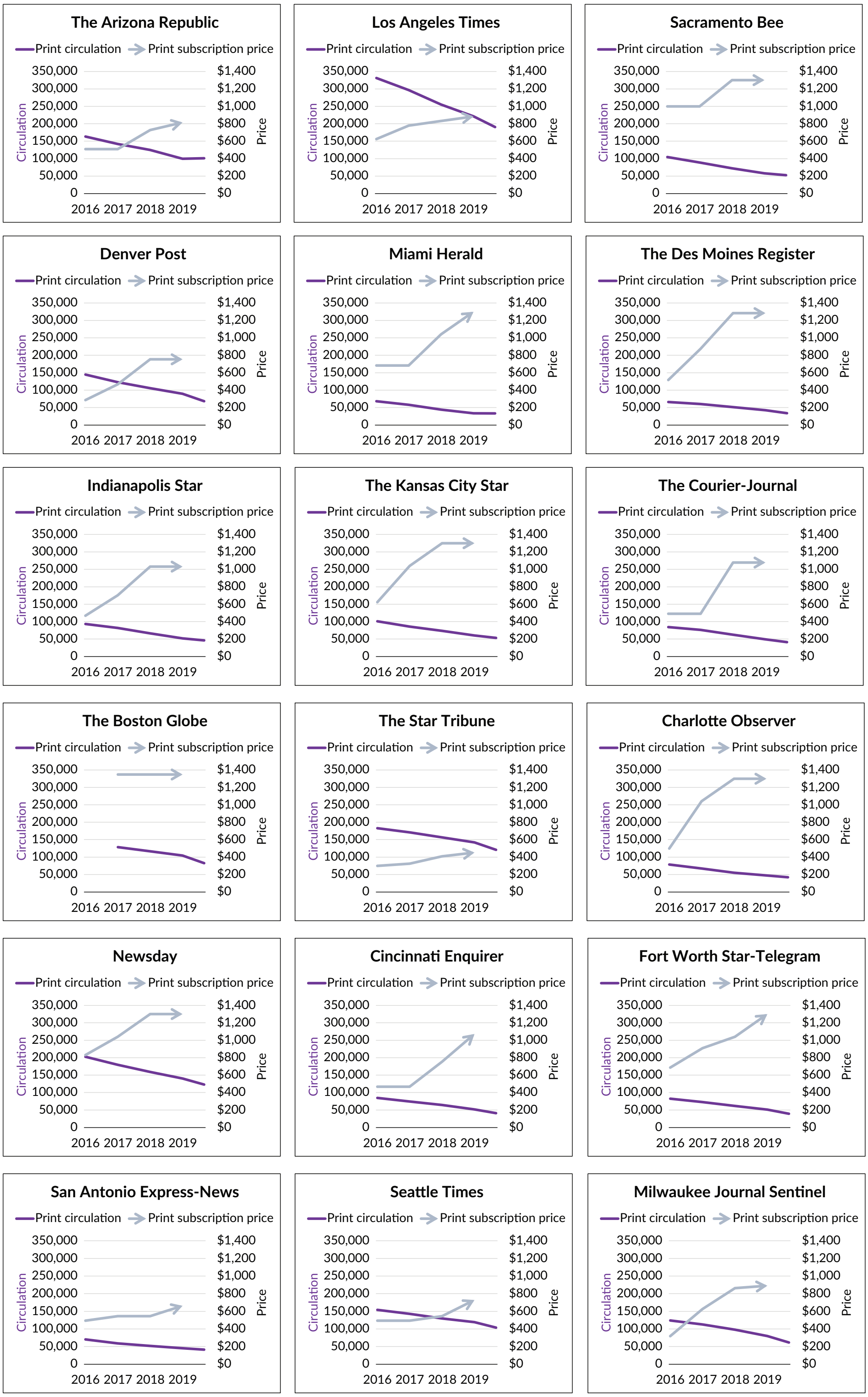

Figure 3. Print circulation declines in the context of price. Source: Tables 2 and 3 (AAM no longer reports pricing data after 2020).

Table 4. Comparing print and digital subscription prices.

State	Newspaper	Print price[a] (yearly)	Digital price[b] (yearly)	Difference Print–digital	Ratio digital / print	Digital promotional price[b] (weekly)
AZ	The Arizona Republic	$816	$120	$696	15%	$0.08
CA	Los Angeles Times	$884	$192	$692	22%	$0.25
CA	Sacramento Bee	$1,300	$192	$1,108	15%	$0.25
CO	Denver Post	$754	$180	$574	24%	$0.25
FL	Miami Herald	$1,300	$192	$1,108	15%	$0.50
IA	The Des Moines Register	$1,284	$240	$1,044	19%	$0.04
IN	Indianapolis Star	$1,032	$108	$924	10%	$0.25
KS	The Kansas City Star	$1,300	$160	$1,140	12%	$0.50
KY	The Courier-Journal	$1,078	$108	$970	10%	$0.25
MA	The Boston Globe	$1,347	$333	$1,014	25%	$0.04
MN	The Star Tribune	$453	$182	$271	40%	$0.25
NC	Charlotte Observer	$1,300	$192	$1,108	15%	$0.50
NY	Newsday	$1,299	$181	$1,118	14%	$0.25
OH	Cincinnati Enquirer	$1,072	$120	$952	11%	$0.08
TX	Fort Worth Star-Telegram	$1,300	$100	$1,200	8%	$0.50
TX	San Antonio Express-News	$663	$70	$593	11%	$0.24
WA	Seattle Times	$728	$192	$536	26%	$0.25
WI	Milwaukee Journal Sentinel	$890	$108	$782	12%	$0.25
	Median	$1,075	$181	$961	15%	$0.25
	Mean	$1,044	$165	$880	—	$0.26
	Count	18	18	18	18	18

Source: [a] AAM (2019), [b] 18 newspapers' websites, 2020–2021.

RQ6 concerns the share of digital subscription revenue among total subscription revenue. Table 5 presents the estimates. While *The Boston Globe* stands out with the highest digital subscription revenue share (47.3%) among the 18 newspapers, the median is 4.9%, suggesting that digital subscription revenue remains a fraction of total subscription revenue for the vast majority of newspapers.

Overall, from 2019 to Q1 2022, the 18 newspapers as a group gained 290,780 digital subscribers while losing 544,297 print subscribers. Given the gigantic price gap (one to six), a substantial decline in total subscription revenue is the outcome.

Table 5. Estimated share of digital subscription revenue among total subscription revenue.

State	Newspaper	Digital subscription revenue/total subscription revenue
AZ	The Arizona Republic	5.6%
CA	Los Angeles Times	9.5%
CA	Sacramento Bee	4.2%
CO	Denver Post	1.1%
FL	Miami Herald	18.2%
IA	The Des Moines Register	3.9%
IN	Indianapolis Star	3.4%
KS	The Kansas City Star	6.4%
KY	The Courier-Journal	2.0%
MA	The Boston Globe	47.3%
MN	The Star Tribune	27.1%
NC	Charlotte Observer	7.5%
NY	Newsday	8.1%
OH	Cincinnati Enquirer	3.2%
TX	Fort Worth Star-Telegram	3.3%
TX	San Antonio Express-News	1.8%
WA	Seattle Times	19.4%
WI	Milwaukee Journal Sentinel	3.6%
	Median	4.9%
	Count	18

Note: These estimates were based on the most recent data accessible—digital and print circulation from Q1 2022, digital subscription prices from 2020–2021, and print subscription prices from 2019.

5. Discussion

Utilizing rich industry data, this study presents a longitudinal analysis of circulation trends in a group of US newspapers. It re-assesses user demand for paid-for newspapers in digital and print formats before and during Covid-19. The results revealed that, during the pandemic, print circulation continued its decline, while digital subscriptions gained new momentum and experienced substantial growth, reaching a peak in Q3 2021. This "Covid-19 bump," however, was subsequently followed by a noticeable decline in Q1 2022, raising questions about the sustainability of the initial increase. Meanwhile, print circulation moved along a remarkably consistent trendline since 2016, with declines showing no signs of acceleration during the pandemic.

Given the rise of digital and the continuous decline in print circulation, the long-time circulation gap between print and digital has narrowed significantly during the pandemic. Nevertheless, for the majority of newspapers examined in this study, print circulation continues to exceed digital circulation, suggesting that the resilience of the print product in relation to its digital counterpart, as revealed in previous studies (Chyi & Ng, 2020; Chyi

& Tenenboim, 2017), has not entirely diminished. However, print circulation at the current level is a cause for serious concern.

The potential death of newspapers was widely (and wildly) discussed during the 2008 recession (Chyi et al., 2012), but the current print circulation figures indicate a true existential challenge. Price is a crucial factor. The substantial industry-wide price hikes implemented after the recession played a role in the decline in readership from 2008 to 2016 (Chyi & Tenenboim, 2019). Yet, prices nearly doubled again between 2016 and 2019, undeniably contributing to the continuous declines in print circulation. When a typical print subscription costs over $1,000 per year, which is on par with the price of the latest iPhone (a device with a significantly longer lifespan), such a pricing strategy appears unsustainable as it alienates even the most loyal readers.

While the price of print subscriptions has surged, monetizing online news access remains a challenge. Notably, the price gap between print and digital subscriptions identified in prior research (Chyi & Ng, 2020) has widened. Leading the game, *The Boston Globe* charges $1,347/year for a print subscription while offering its "all digital access" package at $333 (already the highest digital price among all 18 papers). If price is taken as an indicator of consumer preference, the price gap between print and digital reaffirms previous research findings that print and online newspapers coexist not as two normal goods but as a combination of a normal good and an inferior good (Chyi, 2013; Chyi & Yang, 2009).

Given such a vast price gap, readers' migration from print to digital would result in substantial losses in subscription revenue. Digital transformation, from the reader revenue standpoint, is equivalent to "trading analog dollars for digital dimes" (Zucker, 2009, as cited in Farber, 2013, para. 1). It is also worth noting that despite these 18 newspapers gaining 290,780 digital subscribers during the pandemic, they lost 544,297 print subscribers, indicating that not everyone who discontinued the increasingly expensive print subscription turned to the same newspaper's digital subscription despite a much lower price.

Therefore, these findings serve as a reaffirmation that news consumers are anything but platform-agnostic (Chyi & Ng, 2020; Chyi & Tenenboim, 2017; Thurman & Myllylahti, 2009). Despite the narrowing of the circulation gap as people turned to digital news for various reasons during the pandemic, this did not imply a fundamental shift in newspaper readers' preference for the print edition in relation to the same newspaper's paid-for digital product. These results raise a pressing question: In the post-Covid-19 era, how should newspaper firms approach digital transformation when the outcome would further weaken the industry?

6. Limitations and Future Research

The sample comprises 18 metropolitan daily newspapers operating in different newspaper markets across the US. However, prominent national newspapers, like *The New York Times*, which is known for successfully expanding its digital subscriber base, were not included in the sample. This exclusion was due to these newspapers not providing comprehensive digital data to the AAM (Edmonds, 2021; Pew Research Center, 2023). Nonetheless, *The New York Times* employs pricing strategies that are no different from those used by the 18 newspapers studied, that is, significantly increasing the subscription price for its print product while offering its digital edition at a much lower rate. Therefore, the revenue implications (i.e., exchanging analog dollars for digital dimes) generated from the findings of this study equally apply to *The New York Times* or other newspapers adopting a similar strategy. However, *The New York Times*' national newspaper status inherently affords it a considerably larger subscriber base.

Another limitation of this study is the lack of access to cost data, as cost reduction is frequently cited as a major rationale for newspapers' endeavors toward digital transformation. However, transitioning toward an all-digital production could reduce certain variable costs, such as printing and delivery, while major fixed costs, such as content production, would remain unaffected. With digital accounting for 39–48% of newspapers' shrinking advertising revenue 2021–2023 (Pew Research Center, 2023) and merely 5% of their subscription revenue as estimated by this study, the print product remains the primary revenue source.

Research should continue monitoring news consumers' use, preferences, and willingness to pay for multiplatform news products. Newspapers must engage in a critical review of their technology-centric strategy, reinvesting in content as well as their legacy product, which has served as the lifeblood for newspapers and likely may continue this role beyond the Covid-19 era. Time is of the essence as the industry is running out of opportunities to discover effective solutions.

Conflict of Interests

The authors declare no conflict of interests.

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ARTICLE

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"Communal News Work" as Sustainable Business Model: Recent Print-Centric News Start-Ups in Regional Queensland

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Abstract

The Covid-19 emergency in Australia precipitated the closure of dozens of print newspapers across Australia but, conversely, the heightened state of anxiety of the early Covid-19 period amplified the need for local information and communality. This was the impetus for a wave of print-centric newspaper start-ups. We previously examined 22 Covid-19 era start-ups in Queensland (see Barnes et al., 2022, p. 21–34) and found that their editors/publishers universally "reassert(ed) and claim(ed) more vigorously the normative values associated with community journalism as 'social glue.'" These proprietors deployed an "affective rationale" as the foundation of their journalism and their "lean start-up" business models. We called this a "community cohesion model." Returning to these start-ups 18 months after the Covid-19 pandemic restrictions were lifted in Queensland, we find that about 60% of these newspapers have continued operating, still drawing on deep wells of community support. They are transitioning to more conventional "newsonomics," seeking—like the news organisations they replaced—to expand their advertising and raise other revenue, keep costs low, and expand their digital channels while remaining focussed on their core print offering. Drawing on in-depth interviews and editorial statements by editors/owners of these start-ups, as well as a close examination of advertising in the surviving newspapers, this study argues that adopting affective "hybrid" business models can be a basis for news organisations' longer-term viability.

Keywords

Australia; business models; entrepreneurial journalism; funding models; local journalism; newspapers

1. Introduction

Within months of the Covid-19 shutdowns in mid-2020, News Corp Australia, Australia's largest news media company, permanently closed 15 community newspapers in Queensland and converted 42 others to digital-only publications. News Corp justified these closures by invoking not just steep pandemic-induced falls in advertising revenues, but by asserting that they would henceforth be "employing more digital only journalists and making investments in digital advertising and marketing solutions for our partners" (Meade, 2020). Dedicated news provision for small communities no longer made economic sense for News Corp but a slew of new start-up print publications began operating in regional Queensland, embracing what we identified as aligning with the "collaborative-facilitative" and "developmental-educative" role conceptions in terms of "political needs" of the community as identified by Hanitzsch and Vos (2018). These founders/editors also indicated that their newspapers would focus on areas of consumption, identity, and emotion—sometimes eschewing critical-monitorial role—which we aligned with Hanitzsch and Vos's "domains of everyday life." Through a study of 22 start-up newspapers in Queensland, we argued that these "lean start-ups" developed work practices that embodied an ethos of entrepreneurial journalism relying on passion and investment in the cause of community cohesion. With their hybrid news and business modes drawing on community volunteerism and support, "creating a sense of social belonging with journalists playing the role of 'mood managers' focusing on connecting the community and its wellbeing," (Barnes et al., 2022, p. 3) we concluded these start-ups employed a "community cohesion model."

From a business model point of view, the founders of these Queensland start-ups had all noted how the shuttered News Corp publications had long histories of reducing staff numbers, and centralising services such as sub-editing, which saw these mastheads losing touch, in their view, with local audiences and advertisers. They became "local in name only" (Hess et al., 2023). The publishers and editors in our study were determined to avoid this fate. The impact of this dispersion of local journalism (Jenkins & Nielsen, 2020), including the centralisation in some cases of advertising sales in urban centres, was especially keenly felt. The loss of local reporting too, and the reduction of what Hess and Waller (2016, p. 267) capture as "practical, embodied" knowledge surfaced and shared via that reporting, also impacted small-town businesses, particularly those in retail, real estate, trade, hospitality, and tourism sectors who relied on local news outlets to advertise their wares and services. Many of the newspaper start-up founders argued both audiences and advertisers were clamouring for ways to stay in touch and communicate in ways not provided by the News Corp digital substitutes (Barnes et al., 2022).

For many people living in regional and rural communities, in the uncertain times of strict lockdowns, their newspaper felt "essential" just as the Covid-19 era notions of "essential services"—areas of work too important to be shut down—were coming into vogue (Hess & Waller, 2021a). Many felt the pressing need for information and updates about local Covid-19 restrictions, for example, including Covid-19 testing and management protocols and a more general need to share local information to enhance communality. The "loyal tie to the medium" (Tsao & Sibley, 2004, p. 780) to print that many older residents felt, and the perceptions of the affordances of printed newspapers, in terms of accessibility and convenience, propelled the print offering overall. Both the journalism and the advertising carried in these local newspapers are implicated in creating a sense of place-based belonging. Nevertheless, according to News Corp's reported public statements, the closure or conversion to digital-only of 57 regional Queensland newspapers by News Corp in May 2020 was ostensibly precipitated by the non-viability of their advertising-centric business models (Mason, 2020).

The era of Covid-19 restrictions that started in 2020 exacerbated the instability and disruption of news media (Bowd, 2021) but also opened spaces for the newcomers who did not agree with New Corp's prognosis. We revisited the 22 newspaper start-ups examined in 2020 to evaluate their sustainability. We explored surviving publications' strategies to secure, in particular, advertising income and how they went about this given the shuttered newspapers' declarations that such business models had run their course, at least in these areas.

1.1. Solidarity, Affect, and Embodied Communality in the Microeconomics of Small Market Newspapers/News Organisations

In 2020, Olsen et al. (2020) responded to the Covid-19 pandemic's impact on local newspapers by proposing a model of "communal news work" for funding the provision of local journalism in ways that are not entirely rational in neo-classical economic frames of reference. Concerned with the longer-term democratic deficits, Olsen et al. (2020, p. 674) propose that communities prioritise news as a "public service" protected from the vagaries of the market, urging that "the burden of supporting this service must be shouldered by all of society."

To do that—assuming particular communities agree that their local news is a valuable "public good" for their community—they suggest a structured approach to how communities can assist with the funding of news work. This includes combinations of membership structures, where locals can pay directly for, or otherwise contribute to, the funding of journalism production. The model also suggests the introduction of more versatile advertising structures which create space for those businesses affectively moved to support the news as a public service that transcends "individual cost-benefit analyses" to embrace its value for society as a whole (Olsen et al., 2020, p. 676). Additionally, Olsen et al. suggest that this ability to attract community-minded advertising income should also be paired with easy-to-use donation channels, and the setting up of government support structures to create internal capacity to apply and use state or federal grant funding or attract funding from private philanthropic sources and local audiences. Olsen et al. round out their model with a call for the more systematic creation or enhancement of "long-tail structures" to generate income from the by-products of journalism, such as photo-selling portals, or using the infrastructure of journalism production to offer, for example, printing services (Olsen et al., 2020).

There is a well-developed scholarship that explores attempts by smaller community print newspapers to broaden and deepen their income and garner other forms of support, but these have mostly focussed on these organisations' "digital transition" strategies. Radcliffe and Ali (2017, p. 4) argued—pre-pandemic—that for small market newspapers, "financial survival is dependent on income diversification" given the smaller size of the local economies of these areas and the proliferation of digital news and advertising. Here, we examine the business models of regional print start-ups in Queensland with their implied commitment to making print "work" and ask: Is the model of community cohesion and the affective rationales we have found to be inherent to this model sustainable?

1.2. Advertising and Affect

Although Olsen et al.'s (2020) conceptualisation of communal news work has been criticised for overemphasising the "feel good factors and noble appeal" and underestimating the "degree of goodwill…involved at all levels of investment" (Hess & Waller, 2022, pp. 87–88), suggesting that greater consideration be given to the roles of emotion and "affect" in audiences' and advertisers' support for local media. Olsen et al. (2020) state that communal work dates back centuries, and literally means helping or supporting via collective action. They see this work as being important to saving institutions that are valuable both to individuals and local communities.

Recent studies have explored the part played by emotion and the meta-theoretical concept of "affect" in journalism studies more explicitly (Lünenborg & Medeiros, 2021; Papacharissi, 2015; Wahl-Jorgensen, 2020). Affect is conceptualised as neither entirely emotional nor cognitive processes, but a state of being that is both pre-feeling and pre-thought and sensed in embodied ways that "can be understood as the link between how we think and how we act" (Papacharissi, 2015, pp. 12–13). Affect can be seen as that which moves people and connects them to others (Clough, 2010) via a sense of, for example, loyalty to a community or sense of place. It also concerns the social dimensions of journalism. As Hess and Gutsche (2018) note, small market or community newspapers provide information that shapes both collective and individual sensibilities (Hess & Gutsche, 2018).

The need for a clearer conceptualisation of the social sphere as a vital foundational concept for journalism studies is strongly advocated for by Hess and Gutsche (2018) and by others (Hanitzsch & Vos, 2018; Hanusch, 2017; Hess & Waller, 2016). Hess and Gutsche (2018, p. 490) note that the relationship between news and daily social order through what they describe as "banal news items" is an area of journalism studies that requires more scholarship.

In this article, considering the business models, we argue that the comparable banality of the advertisements in small market newspapers is also under-researched in terms of how they might present and represent aspects of the life and commerce of communities and embody and promote rituals of "buying local," arguably a key part of the affective response to "being local." Hess and Waller (2016) note how pivotal the buy, sell, swap, and other classified notices and advertisements were to pre-social media era newspapers; we argue these add weight to the contention that these marketing communications of various formats—display, classifieds, advertorial, and so on complement the role of news in readers' everyday lives, and the impact journalism may reassert in the digital age (see Hess & Gutsche, 2018, p. 490).

This chimes with Picard's (2006, p. 131) prescient proposition, early in the digital transition that as print could no longer deliver consistently large audiences, news providers need to "specialise or localise" to provide value to advertisers and audiences. In addition to their vital public sphere roles, small market newspapers play important roles in the social sphere, facilitating the sharing of information that underpins many aspects of social interaction and much of the commerce that takes place in local economic ecosystems. These news organisations' connecting (Bowd, 2021) and linking roles (Hess, 2015) are enacted primarily through the kinds of news covered and the way those stories are framed, but also through the provision of various forms of advertising, including display ads, classified ads, and/or business directories, and "advertorial" forms of advertising. We argue these are not merely transactional and facilitative of regional commerce, but also help create these forms of bridging capital, a component of the broader social capital that Hess (2013, 2015) and others (Bowd, 2011; Campante et al., 2022; Hess & Waller, 2021b) suggest are key to understanding the role of smaller market or community newspapers in the socio-economic and political life of non-metropolitan towns and villages.

These advertisements, sponsorships, and marketing features also arguably reinforce a sense for audiences of living in a relatively successful locale, i.e., a place that "works." They also can provide a sounding board role that likewise "lets people know…how their community is ticking" (Bowd, 2011, p. 86). Advertising is often tied to forms of local newspaper "boosterism" (Olsen et al., 2021, p. 814) and assertions, pertinent to pandemic start-ups, that audiences require reassurance that they are living in a place where at least "nothing terrible has happened in the last week" (Kirkpatrick, 2001, p. 20).

2. Research Questions and Method

To address the research question of whether the community cohesion model employed by the Covid-19 era regional newspapers in Queensland is a sustainable model, we applied a range of approaches. We thematically analysed data from semi-structured interviews with founders and editors of 22 regional Queensland start-ups between May 2020 and August 2020. This start-up data was supplemented with a close examination of the newspapers between January 2023 to July 2023, specifically examining editorial statements, advertising rate cards or advertising/media kits and statements on "advertorial advertising." Four consecutive issues of 12 of the 14 still-operating publications (from the 22 examined in the initial study) were examined to review the types of advertising content, the ratio of local ads to national advertisements, the ratio of ad space to editorial space, and the presence of classified ads including business directories, community noticeboards, and property advertising. Data was also collected on the cover price, total printed pages, and whether the newspapers published advertorials. The ratio of local to non-local advertising content was also quantified. Terms were defined, and data was collected and examined by all members of the research team, which also undertook collective analysis to ensure consistency of interpretations across the advertising elements. Data was then organised thematically to determine the final categories outlined below.

As we sought to examine not just news provision in local newspapers' role in creating a sense of place-based belonging, but also the commercial and advertising components of their content, we evaluated the goals articulated by the founders and editors in 2020 to better understand their business models as they relate to the longer-term sustainability of the community cohesion model.

3. Findings

The optimistic view, articulated by the editors and founders in 2020, that there was a viable gap in their local markets after the exit or switch to digital-only editions of long-established but corporate-owned newspapers, has mostly proved correct in the publications examined. By mid-2023, 14 of the original 22 start-ups were still publishing in print. Five of the 14 had become part of a regional publishing group that now operates 11 community newspapers in Queensland, and three newspapers in other states. This affiliation appears to have provided these five newspapers with some shared resources such as backend classified ad receiving systems, and some centralised selling capacity. Due to the change in format of one of the surviving publications to a glossy tourism-focussed quarterly magazine, and another to a limited monthly free distribution also in a magazine format, we collected and collated additional data from 12 newspapers publishing at least fortnightly. Of the 12 newspapers examined, six are published weekly, and five are published fortnightly. One is printed twice weekly (Table 1).

Table 1. Circulating, frequency, cost, size, ad ratios, and other data: Covid-19 era newspaper start-ups in Queensland (measured across four consecutive editions June/July 2023).

	Circulation	Frequency and price	Average total pages	Average advertising ratio (proportion of ad space compared to editorial content, in percentages)	Average number of pages classified style ads (e.g., community notices, business directories, etc.)	Local to non-local advertising ratio
Paper 1	2,480	Weekly, free	28	18%	3–4 pages	90%–100% local
Paper 2	14,000	Fortnightly, free	36	50%	6–8 pages	95%–100% local
Paper 3	5,000	Fortnightly, free	32–36	30%	1–2 pages	100% local
Paper 4	2,000	Fortnightly, $2	32	21%	1–2 pages	100% local
Paper 5	22,600	Fortnightly, free	84	>50%	3–4 pages	90%–96% local
Paper 6	15,000	Weekly, free	48	>50%	6–8 pages	96%–100% local
Paper 7	4,000	Fortnightly, free	32	32%	5–6 pages	100% local
Paper 8	21,900	Weekly, $3	64–80	28	1–2 pages	90%–100% local
Paper 9	32,665	Twice weekly, $3	56	18%	1–2 pages	94%–100% local
Paper 10	19,185	Weekly, $3.50	80 (with property guide)	41% (about 15% without property guide)	1–2 pages	94–100% local
Paper 11	14,882	Weekly, $3	48	24%	1–2 pages	94%–100% local
Paper 12	24,434	Weekly, $3.50	60	28%	2–3 pages	94%–100% local

3.1. Subscription Income

Six newspapers—including all five newspapers affiliated with one regional publisher—charged a cover price for both print and digital access in 2023. The other six newspapers in this sample are free in both physical and online formats. The five newspapers in the regional stable have increased their cover price in 2023 to between $3.00 and $3.50 and distribute at least 15,000 copies per week of their respective publications. The subscription incomes of these large print runs may be an important part of their financial sustainability, even when distribution costs of sales are factored in. The only other paper to charge a cover price/subscription fee has kept its $2 price since its 2020 inception; its small circulation of 2,000 suggests, by contrast, that its subscription income is likely to be less significant to its overall sustainability.

3.2. Advertising Income: Substantial, but Sustainable?

Although scholarship on the optimal advertising ratios, i.e., the proportion of ads to editorial content is underdeveloped, the 12 newspapers examined here range from about 18% of ads to editorial content in the smallest weekly free paper to more equal proportions of ads and editorial. All but two newspapers in the sample achieve advertising ratios in the 30% to 50% range. Those newspapers with closer to a 50% advertising-to-print ratio have larger volumes of property advertising, sometimes in clearly delineated property sections.

For most of these newspapers revisited in 2023, the amount of advertising is impressive. This is not entirely surprising, as all the editors/publishers interviewed as their start-ups were getting off the ground, felt that there was a good deal of advertising income that had "nowhere to go" once the News Corp newspapers in their areas closed/went online only. One proprietor acknowledged that their paper's advertising income model and metrics were like those of the departing News Corp newspapers, but contended that they were able to raise revenue more sustainably by drawing on deeper connections with the community through the work of local journalists and ads sales representatives familiar with local business:

> We will be the same model News Corp used by running a print edition at basically 50% advertising [to news ratio]. We won't run it any heavier than that…and we're getting very close to the community and giving the community content that they want….People [thus] read our product and buy the product or service that people are advertising. It's not rocket science: we've been doing it for 50 years—why change the model now? (Editor/Proprietor, Paper 6)

The success of this model in generating realisable, reliable income may be attributable to how these newspapers seek to ensure loyalty by offering discounts for longer advertising contracts. Although not an uncommon strategy in retail media advertising, most of these regional newspapers also offer discounts to those taking out small displays or regular classified ads, such as local tradespeople and small-scale service providers. Indeed, one paper even mandates that small advertisers buy a six or 12-pack of ads, i.e., securing a longer-term commitment from smaller advertisers, and doing so by offering a steeply discounted rate. Certainly, over 2023, the advertising ratios shown in Table 1 appear to hold steady across four sequential editions of each paper examined, despite the pressure on consumer discretionary spending as inflation spiked briefly to 7.8% and interest rates were increased on 12 occasions across 2022 and 2023 in Australia.

3.3. Advertising Income "not Just Scrolling Past": Very Local, Very Often

Surprisingly, most of the newspapers feature very little non-local advertising, at least not across the four consecutive issues examined in our 2023 sample period. We defined non-local as ads for any product or service that was not based in the area covered by the newspaper, to the extent that we could discern that information. Even advertisements for national products such as automotive brands or banks, for example, were localised to focus on the local branches or franchises. In most newspapers, close to 100% of all the ads featured are from local businesses and service providers—local government, electricians, plumbers, dentists, lawyers, hairdressers, and, notably, local property ads. Interviewees emphasised how important it is for local advertisers to be tangibly in people's homes, and many tried to articulate the importance of the presence of a hard-copy newspaper edition kept in a local home until the next edition is published. As one proprietor put it:

> Sometimes you can read things online, and it won't sink in. [With our newspaper] you have that in front of you…you know you can go back to it. I've had advertisers who have said to me, "It is an advertisement that sits on someone's table for seven days. They don't forget it. They don't just scroll past it—it's there on their kitchen table." (Editor/Proprietor, Paper 8)

3.4. Advertorials: Adding Value for Local Advertisers

Out of the 12 newspapers examined, 11 offer advertorials of one kind or another. Advertorial—a term that describes "a print advertisement where the execution, and in particular the copy, is in the editorial style of the host publication" (Goodlad et al., 1997, p. 73)—is an advertising format that appears to have grown in importance for these local newspapers: They allow local businesses to publicise their products and services in some depth and emphasise their local credentials in a more detailed manner. One newspaper, which didn't originally offer advertorials, now offers either a full-page ad or a full-page advertorial at the same price ($325 at the time of writing; Rate Card, Newspaper 3). Another newspaper's editor shared that they had made advertorials part of the offering from the start:

> If they book like a quarter-page or a half-page ad, they get the same size editorial about their business. They can put whatever they want about their business in this and include a photo….You get a lot of bang for your buck. (Editor/Proprietor, Newspaper 8)

Another newspaper in our sample shared a "media kit" on their website that provides more granular guidance for what they call "light advertorial" to distinguish it from display ads and their non-acceptance of standard advertorial:

> A "light advertorial" is assessed by the editor of that issue as consisting of at least 80% content that is useful and/or interesting community information and a maximum of 20% "advertorial" messaging. Frequency is limited and only open to repeat advertisers and local new starts. (Media Kit, Newspaper 4)

In all the newspapers in our sample, advertorials are clearly designated as such, as one newspaper explains in their rate card: "The word 'advertisement' is printed in small letters at the top or bottom of your advertorial"; other newspapers mark them explicitly as "advertorial."

3.5. The Return of Property and Classified Advertising

Of the newspapers in our sample, 10 also carry at least two pages of property ads, but many of the newspapers in this sample have far more pages featuring suburban homes, flats, or farms/rural property for sale. Only one of the newspapers carries no property ads. At least two of the start-ups in our sample are owned by publishers who also have interests in local property estate agencies: one was explicit that their main motivation in starting the newspaper was an outlet for their real estate ads that were not just virtual. Another argued that local property guides were very interesting to residents, even those not necessarily in the market, and worked well "in our market because our property doesn't move fast. Our turn around (time) is somewhere between 36 and 41 days average time on market" (Editor/Proprietor, Newspaper 6). Having a printed paper that is also available digitally allows for various kinds of explorations of property markets in these local areas.

All the newspapers feature substantial (relative to size) classified ads, arranged in sections labelled "classifieds," "community notices," "community noticeboard," or "business directory." Some newspapers also have "buy & sell" sections separate from classifieds. Most of the newspapers have a range of classified advertising in different formats, that can include small-sized ads for very local businesses including artisanal services, funeral notices, memorandums, job vacancies, community meetings, church and other religious organisation services, etc. These appear to have been popular even when the newspapers were starting up in 2020, with one editor reporting, "It's growing and growing every week. We're turning away advertisers" (Editor/Proprietor, Newspaper 5). In terms of the number of pages per edition, across all the newspapers in our sample, it is clear that these "smalls" are becoming a substantial feature of all the newspapers.

3.6. Long Tail Structures and Tributary Streams of Incomes

Outside of conventional advertising structures, tweaked to accommodate an affective sense of locality, many of the newspapers are exploring additional sources of income and digital enhancements, mostly through their own websites and Facebook pages. But the newspapers' social media are all still geared towards promoting the print product, aiming to remind local audiences that a new edition is coming out, or just about to come out. Many have well-functioning websites too, and while some are selling advertising on their websites, this appears to be a very limited source of income, as these websites only feature a small number of banner ads. The websites of these newspapers all offer a full digital edition of the printed newspaper, or a link to it, for free or, in the case of those charging a cover price for the print product, for a small monthly subscription fee. This allows those not receiving a printed copy to read the newspaper online. This gives advertisers greater reach, and it also allows those who still feel connected to the area to "keep up," i.e., it extends the inclusivity of these communities beyond geographical boundaries.

Other forms of "long-tail" revenue include the five newspapers now part of the regional publishing house offering the sale of photographs through a common backend gallery and sale service at a price point of $25 per high-resolution photo. The service advises it offers tens of thousands of photos and promises to post new images from any event covered in the newspaper within 48 hours of the events they cover. At least two other newspapers in our sample also sell photos in a similar fashion.

One newspaper offers a service making digital invitations including video production (weekly, free, 2,400 circulation). Another publication sells marketing support services, explaining:

> The business itself has changed to adapt to meet the needs of the community, with the emergence of…the graphic design and printing arm of the company…(we) provide marketing support to small, local businesses. We are all about keeping our business as local as possible and responding to the needs of the community. (Editor/Proprietor, Newspaper 7)

Many of the publications generate income via structures in the Olsen et al. (2020) model to solicit and accept local donations and variants of crowd-funded type support or to facilitate the application of grants. One publication has a well-supported "club," along the lines of Olsen et al.'s (2020) membership structures inviting audiences; membership is facilitated via regular or once-off donations. Those contributing "join and contribute directly to local independent news and help give our community a voice" (Editor/Proprietor, Newspaper 7).

4. Discussion and Conclusion

Our research suggests that the energy of key start-up players was key to bringing together those willing to support these different kinds of "collective funding" that Olsen et al. (2020) suggest is the outcome of the successful marshalling of communal news work. Those newspapers in our sample that have endured now appear to be sustainable through their ability to garner ongoing support from local businesses and from a wide range of social organisations including local councils, sports clubs, schools, religious bodies, NGOs, and voluntary associations. As the communal news work model suggests, these businesses and community institutions/organisations sometimes had to go beyond immediate cost/benefit analysis and get involved in "giving a gift to the local newspaper in the form of an advertising investment" (Olsen et al., 2020, p. 677) especially when the newspapers were in their early start-up phases. To encourage this and operationalise this kind of contribution, most of the newspapers in our sample offer keen discounts to local advertisers if they enter longer-term contracts. As the editor reported, this was financially and logistically crucial as "we have got (our advertisers) hooked in for three or six months depending on what they wanted. And that's what's kept us going…because I knew I didn't have the time to keep going out every week and selling them" (Editor/Proprietor, Newspaper 4). More generally, all the newspapers incentivise loyalty across three-, six-, and 12-month periods, which in turn might be reflected in the dominance of local advertising in all the newspapers that have endured through the Covid-19 pandemic.

Although this might have translated into a relatively small contribution for individual advertisers, these longer-term commitments appear to make a difference in terms of longer-term sustainability for these surviving newspapers. Another founder shared that local estate agents were loyal supporters, but:

> They aren't going to sell through these ads. Most of the properties are already sold by the time [the newspaper] comes out. But I think they want to be seen to be supporting the local paper and by extension the local community. (Editor/Proprietor, Newspaper 1)

Businesses that advertise regularly with local newspapers are also often featured in both advertising and news sections of the publication often through advertorial formats. Although not as explicitly transactional as the Olsen et al. (2020, p 677) suggestion that "new publishers should recognise such advertisers," it is discernible from editorial comments and stories about local business that there is an emerging sense of a mutual symbiosis between community, business, and newspapers. This exemplifies the community cohesion model that prioritises very local news. As one editor put it when giving evidence to the parliamentary inquiry into Australia's regional newspapers:

> Locals want to read about locals, local stories and local events….We had a core group of local business who have supported us wholeheartedly from our first edition, to not generate their own business but to show support for another local community business. (Commonwealth of Australia, 2022, submission 7, p. 1)

This echoes Yun et al.'s (2018, p. 529) argument that an added benefit of local advertising is "not only because readers will be exposed to their advertisement, but also because readers will perceive the advertisements as supporting a local newspaper, that in turn is perceived to be crucial to the local community."

This reliance on social solidarity and a given community's sense of collective responsibility for supporting the provision of the "public good" of news journalism, can arguably inhibit critical inquiry and lessen the amount of journalism that holds local power to account. Although we've focussed more on Hanitzsch and Vos (2018) journalistic roles that centre around meeting public needs in the "domain of everyday life" and the "seven capacities" (Standaert et al., 2021) or roles that journalists can play in this regard—"guide, inspirator, marketer, service provider, friend, connector, and mood manager," most of the newspapers that have survived still cover substantial amounts of local news and operate, to some extent, in the "political arena" in every edition (Hanitzsch & Vos, 2018, p. 147). Although our study does not include a content analysis of political coverage per se, just through informally scanning a few months of the 2023 editions of the surviving newspapers suggests many regularly cover "hard news" stories with a discernible critical stance.

Additionally, the community cohesion or communal news work models that we identified as propelling these 2020 Covid-19 start-ups in regional Queensland don't necessarily differ all that much from older pre-digital community journalism practices that also relied on local advertising, this article has argued that there is, across all the newspapers, a commitment to creating a closer and more authentic connection between audiences, advertisers, and the newspapers, compared to the more corporatised newspapers that started to emerge in smaller towns and communities in the 1990s. This partly manifests in most of our sample publications carrying local ads almost exclusively, with very little national advertising.

The proprietors/editors of the newspapers set up in 2020 wanted to repair what they saw as a loss of connection, with all interviewees expressing a strong desire to be "in and among" the community which they felt they were better able to do as they were not beset with corporate exhortations to be profit centres. This might lead to uncritical forms of "boosterism" in their journalism, which we have not explored here, but these commitments also allowed for deep cost containment as these very lean start-ups relied not just on wide community support but also, to a certain extent, on their own unpaid "emotional labour."

To mix metaphors, advertisements for local businesses and organisations help "lubricate" local commerce, just as the newspapers themselves act as a "social glue" in terms of promoting community cohesion. Both work to reweave the social fabric of communities frayed by the tumultuous first few years of the 2020s. There is substantial evidence to suggest the initial affective rationales and business ethos that inspired the business setups have continued to inform their revenue generation in ways that augur well for their longer-term sustainability. The newspapers in this sample have focussed on getting as many local enterprises as possible to, in effect, commit to the communal news work model's solidarity effort. This sense of solidarity appears to have contributed to these regional Queensland newspapers' survival three years on, a notable milestone given that in Australia approximately 60% of business start-ups fail in their first 36 month of operation.

5. Limitations

There are several limitations to the study, as it focused only on newspapers that started in 2020 after the Covid-19 accelerated News Corp closures of newspapers in regional Queensland. We have not interviewed advertisers, nor analysed in any systematic way the content of the advertisements. Future studies could explore both advertiser motivations and gratifications more directly, and/or do a systematic content analysis of, for example, the regional vernacular (Wahl-Jorgensen & Boelle, 2023) of inclusion that so many advertisements habitually invoke. Additionally, some form of reception analysis, focussing on the audiences of these and other newspapers would be valuable to assess whether the outlets are effectively promoting senses of social belonging, for example, and having the impact that the proprietors/editors believe they are having.

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Conflict of Interests

The authors declare no conflicts of interest.

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Symbiosis or Precarity? Digital Platforms' Role on Australian Digital-Native Journalism and Their Funding Models

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Abstract

Legacy media outlets, especially newspapers, have confronted significant challenges this century due to the shift of advertising revenues to digital platforms like Facebook and Google. Major events like the Global Financial Crisis (2007–2009) and Covid-19 pandemic intensified the financial strain, resulting in further downsizing and newsroom closures. Despite these difficulties, digital-native journalism has experienced widespread growth globally. This article explores funding models of selected digital-native journalism in Australia, drawing on platform dependency theory to address questions of what role digital technology platforms and nascent regulation have played in shaping the state of digital-native journalism in Australia. Australia's concentrated media ownership landscape and its introduction of the world-first News Media Bargaining Code (NMBC), provide a unique backdrop to examine the economic and regulatory environment that impacts Australia's digital-native journalism. Using a case-study approach, the research explores seven diverse digital-native news outlets over six years across three time periods: several years after the Global Financial Crisis (2017), just prior to the Covid-19 pandemic (2020–), and after the introduction of the NMBC (2023). Expert interviews provide insights into the role of digital platforms in shaping digital-only media. The digital native fail rate in this study is high (>40%). But we also find that of those that endure, the most successful placed a premium on building a distinctive brand (often through specialized reporting), adopting a diversified (hybrid) funding model, and growing audience share through trust. Most benefited from regulation in the form of the NMBC to increase newsroom resources, yet were also cautious of platform dependency.

Keywords

Australia; digital-native journalism; Facebook; Google; journalism business models; Meta; News Media Bargaining Code; platform dependency; social media; TikTok

1. Introduction

Australian news organizations, like counterparts in developed economies, have suffered financial duress as media operations have shifted from analogue to digital distribution. It is well documented that as advertisers have decoupled from journalism and migrated online to digital platforms like Facebook and Google—where products can be directly targeted to consumers—legacy media have suffered significant revenue declines (Carson, 2020; Wunsch-Vincent & Vickery, 2010). This has led to waves of newsroom cost-cutting and masthead closures, particularly in rural and regional Australia. (Australian Competition and Consumer Commission [ACCC], 2019). Exacerbating legacy media's financial duress were major economic events such as the Global Financial Crisis ([GFC], 2007–2009), and Covid-19 pandemic (2020). At the same time, digital-native journalism expanded globally (Negredo et al., 2020). Australia has experienced two detectable waves of growth in digital-native journalism, yet sustaining these new newsrooms over time has proved difficult: with each wave, some digital natives fail.

In this article, we define digital native news media broadly as "online-born media" (Salaverría, 2020) and acknowledge that there is no universal definition. As Salaverría (2020, p. 1) states, news media that emerges in the digital sphere has been described by a range of terms including in earlier days "new media," "digital-born" media, "digital native," and "online-native." Digital native media is often defined by what it is not—legacy media—and that it exhibits common structural characteristics that reflect the lowered barriers to entry for producing and publishing journalism in the internet age, including the adoption of new technologies (Nee, 2013), the use of multi-platform storytelling (Carson & Muller, 2017; Harbers, 2016), and hybrid revenue models (Arrese & Kaufmann, 2016; Carson & Muller, 2017). But it also differs from legacy media, sometimes subtly, in its approach to journalism with a reorientation of news values and news logics (Salaverría, 2020, p. 1).

The growth and bust cycle of digital native journalism in Australia raises concerns about the role of platform dependency in the news ecosystem. Platform dependency is defined as dependence on digital platforms via their algorithms for audience and website traffic for survival, but also how it shapes news priorities and the business models of news media (Meese & Hurcombe, 2021; Pickard, 2020). It is contended that the power of platforms in structuring news distribution has not only made media more dependent on platforms because they are powerful conduits of news content, but that this dependency can shape media logics—the norms, news values, and newsgathering routines—to optimize website traffic to garner larger audiences and advertisers (see Bell & Owen, 2017; Nielsen & Ganter, 2018). Much of this scholarship has focused on legacy media's dependency on platforms. This study focuses on whether, and to what extent, online-born media depend on technology platform companies.

In response to concerns of power imbalances between media organizations and digital platforms, the ACCC completed an inquiry into digital platforms in 2019. It identified significant imbalances in market power between news media businesses (legacy and online-born) and digital platforms, finding that news businesses were unable to receive fair remuneration from digital platforms for the value of their content. In 2020, the government asked the ACCC to develop a code using competition law to mandate that specific platforms provide payment for news content to help sustain public interest journalism. This world-first News Media Bargaining Code (NMBC) was legislated in March 2021, after some final amendments in response to Google and Meta's public protests.

Ensuring Australia has a sustainable public interest news ecosystem matters because public access to diverse perspectives and accurate information is a prerequisite for a functioning democracy (McNair et al., 2017, p. 1). With Australia's highly concentrated ownership of legacy media, one avenue for news diversity lies in new digital native journalism. This article examines what role digital technology platforms and recent regulation in the form of the NMBC has played in helping or hindering digital-native journalism in Australia.

This article proceeds as follows: We discuss the background of the Australian digital-native landscape and extant literature on platform dependency. We outline our research design and describe our results with a focus on the role of digital platforms on digital natives' news logics, audience, and business models and the impacts of regulation, especially after a devastating pandemic event. We conclude with our study's contribution and recommendations for sustaining digital native newsrooms.

2. The Australian Media Ecosystem and Theories of Political Economy and Platform Dependency

2.1. The Digital Age and "First Wave" of Digital Natives

At the turn of the millennium, the combination of internet connectivity, digital technologies, and social media was both an optimistic time for news media start-ups and highly disruptive for legacy media. The GFC compounded the catastrophic effects on legacy media, exacerbating masthead closures and newsroom cutbacks (Wunsch-Vincent & Vickery, 2010). Australia was delayed in feeling the GFC's full effects on media operations, due in part to its tightly held media ownership (Young, 2010). However, by 2012 the downturn had impacted Australian legacy media with the single largest wave of job cuts, more than 3,000 staff, across its two major media companies Fairfax Media (now Nine) and News Corp (Carson, 2020, p. 43).

After the commercialization of the internet, advertising's shift to the digital sphere sped up with the launch of Facebook (2004), YouTube (2005), and X (previously Twitter, 2006). Native digital media saw this as an opportunity for new digital newsrooms in Australia to capitalize on platforms as intermediaries to garner audience share and digital advertisers. This period marked the first wave of Australia's digital natives: *Pedestrian TV* (2005), *Mamam!a* (2007), *Mumbrella* (2008), and *The Conversation* (2010), *Global Mail* (2012–2014), and *Hoopla* (2011–2015). *Crikey* (2000) preceded the rise of digital platform titans and is the only example in our study of a digital-only outlet with a paywall, now unpopular with digital natives as paywalls are seen as a brake on widespread digital dissemination.

To provide industry context, notwithstanding waves of digital media entrants, the Australian media environment still has one of the most concentrated media ownership structures of any liberal democracy. The top four media companies control 95% of total revenue among daily newspapers, over 75% of total revenue in free-to-air television, and almost 70% of total revenue in the radio broadcasting sector (Stanford, 2021, p. 20).

However, even with an estimated 16,000 legacy media job losses (16%) from 2014–2019 that led to smaller numbers of journalists working in newsrooms, legacy media (newspapers and television newsrooms) remain the single largest employers of journalists in Australia. The Australia Institute, a research body, estimated in its 2021 report *The Future of Work in Journalism* that free-to-air TV had 11,405 employees, newspapers had

10,585, and radio had 5,286, compared with a growing 6,404 workers in internet publishing and broadcasting, which includes digital natives (Stanford, 2021, p. 19). As the report noted, despite digital natives' rapid growth, they have yet to rival legacy media in terms of the overall number of journalists it employs. But it does represent a more diverse sector with small numbers of journalists employed across scores of newsrooms targeting a range of niche and general audiences.

Growth to date has been made possible by lowering barriers to entry to produce journalism using digital technologies for dissemination. Initially, structural changes were viewed positively by many as an opportunity to revitalize the public sphere(s) and reinvigorate diverse political discourse (Gambs, 2012; Shirky, 2011). Parallel to this debate, and aligned with liberalist thinking, technology optimists had regarded digital platforms as neutral mediums that facilitated democratic, citizen-led "produsers" (producers and users), to enrich public discourse (Napoli, 2019). Sunstein's (2007) seminal book *Republic*, and its updated editions, provided a compelling counterargument to this Pollyanna perspective, describing how social media companies such as Meta (previously Facebook) were shaping people's information exposure. Sunstein heralded an early warning about digital platforms' capacity to facilitate political fragmentation that, left unchecked without adequate regulation, could polarize debate and create echo chambers (Sunstein, 2007).

2.2. A Lack of Government Intervention and "Second Wave" of Digital Natives

Concurrent discourses about government intervention and regulation were occurring in the US and other democracies like Australia. The first concerns the lack of media policy and platform regulation. As "news deserts" began spreading across the US, after mastheads closed and communities were left without local media coverage due to market failure (Abernathy, 2018), digital technology companies grew exponentially with some market capitalizations outpacing the GDP of small nation-states ("Will FAANG stocks," 2019). Critical of the lack of regulatory action in the US, Pickard attributes this to a long-held dominant "corporate libertarian" perspective that "sees the market as an expression of democratic choice and freedom." According to Pickard, it assumes "technologies are inherently liberating, and renders government intervention illegitimate." Pickard (2020, pp. 57–60) argues under libertarian assumptions the "journalism crisis" is superficially understood and often reduced to a mere observation of a "lack of profitability" for legacy media, or "a tale of progress and necessary die-off as the old print dinosaurs fade and new digital media ascend," rather than a forensic examination of the structural inadequacies that lead to market share imbalances.

In Australia, by 2012 this power asymmetry was already evident as record numbers of legacy media jobs disappeared as digital advertising grew. Concurrently this advertising shift sparked a second wave of digital news media natives, this time, some with international backing. Among the new entrants were: *Junkee* (2012), *Daily Mail* (2015), *Huff Post* (2015–2017), *The Guardian Australia* (2013), *BuzzFeed Australia* (2014–2020), and *Vice* (2014) as well as its digital TV station SBS Viceland (2016); and the Australian edition of *The New York Times* (2017). Consistent with the Spanish findings of Negredo et al. (2020), the years 2012–2013 were a growth period for the number of new digital natives in Australia. But Negredo et al. (2020, p. 73) also warn that the new Spanish outlets were yet "to prove their sustainability and stability."

2.3. "Platform Dependence" Concerns and the "Regulatory Turn"

In contrast to the earlier ideal of platform neutrality and its associated optimism with the arrival of Web 2.0 technologies at the turn of the century, governments, scholars, and other stakeholders were increasingly concerned with "platform dependence" caused by the market dominance of digital platform companies. As Meese and Hurcombe (2021, pp. 236–237) explain, platform dependency speaks to the "powerful role algorithms play in shaping news distribution on platforms, and their impact on the business models of news media."

While many scholars have examined how mainstream media have become dependent on these digital intermediaries that in turn have restructured newsroom logics and the news media environment (see Nielsen & Ganter, 2018, p. 1602), few have investigated platform dependency in relation to the longer term "sustainability and stability" that Negredo et al. (2020, p. 23) question, in terms of digital native media.

Changes in 2018 by Meta to its algorithm to deprioritize news sources in social media feeds was a moment of realization of the extent of platform dependency for some news media, both old and new. This change would be catastrophic for digital natives such as *BuzzFeed* that heavily geared their business model to social media reach (Barber & Guaglione, 2023). Consequently, the ACCC's 2019 investigation into digital platform power, which examined three categories of digital platforms—online search engines, social media platforms, and other digital content aggregation platforms—found, among other things, a market power imbalance between news media businesses and platforms especially, Google and Facebook (ACCC, 2019, p. 206, 255). It listed 23 recommendations for policy reform that spanned competition law, consumer protections, media regulation, and privacy laws (ACCC, 2019, pp. 30–37). Among the recommendations relevant to this article, it proposed "designated digital platforms to provide codes of conduct governing relationships between digital platforms and media businesses to the ACMA [Australian Communication and Media Authority]," including compensation for news media businesses when digital platforms obtain value from their content (ACCC, 2019, p. 32).

Its recommendations led to the right-of-centre Morrison federal government introducing world-first legislation, the NMBC, to compel Google and Meta (specifically Facebook) to pay for third-party news content on their platform. This marked the beginning of a "regulatory turn" in platform governance in Australia (Bossio et al., 2022).

The NMBC was an example of regulation using competition law designed to address power imbalances between news media outlets and digital platforms with the aim of strengthening public interest journalism (Fletcher, 2021). Two years after the NMBC's enactment, we examine how concerns about platform dependency and the "regulatory turn" have shaped digital native media in Australia.

2.4. Aim and Research Questions

Our aim is to understand the role of digital platforms, and subsequent regulation (NMBC), for digital-native journalism and its funding models in Australia over time through a case study approach. To do this we focus on two research questions, which are:

RQ1: What role have digital technology platforms played in shaping the state of selected digital-native media in Australia (2017–2023)?

RQ2: What role, if any, has media regulation in the form of the NMBC played in shaping the state of digital-native journalism in Australia?

3. Method

This study combines desk research about the case studies with in-depth semi-structured interviews. The study authors interviewed senior editors and media proprietors of seven digital native outlets. They were conducted in person and online (due to Covid-19 travel disruptions) at three evenly spaced intervals between 2017 and 2023.

The cases were chosen because of their similarities—all were digital native media in that they did not have hardcopy versions and emerged after 2000—but also selected for their differences. Their journalism and target audience varied from niche content (*The Daily Review*, arts and reviews; *Mumbrella*, media sector news), to general audiences with specific targets such as youth and LGBTQI+ (*Junkee*) and political news (*Crikey*) to broader, general audiences with international backing (*The Guardian Australia*, *HuffPost Australia*, *Buzzfeed Australia*). They represent different-sized newsrooms, with varied business models and consist of a mix of for-profit and non-profit organizations (see Table 1).

We follow the lead of Salaverría (2020) and profile both successful and unsuccessful cases to appreciate nuances of the role of platforms in shaping Australia's digital native media landscape.

In-depth interviews ($N = 17$) provided the researchers with a detailed understanding of the interviewee's perspective of their newsroom's operations, staff size, business models, role of digital platforms, and an outlet's relationship with its audience. The interviews were undertaken in three tranches: (a) between 6 July and 11 August 2017, (b) 1 February and 1 March 2020, and (c) 1 June and 15 July 2023. The time periods capture important moments, for example, 2017 is the study's baseline, 2020 is just prior to the Covid-19 pandemic, and 2023 marks the post-Covid-19 recovery for those that survived the pandemic, and the introduction of the NMBC in 2021. All interviews were audio recorded and each interviewee consented to being recorded and identified in this study. The semi-structured interview schedule and list of interviewees is available in the Supplementary File.

4. Findings

Significant changes for the seven digital natives studied have been identified since the first interviews were undertaken in 2017. The first and most obvious finding is case attrition. Three outlets out of seven have not survived. Two were international brands in pursuit of a broad Australian audience: *BuzzFeed* (2014–2020) and *HuffPost* (2015–2017). The other was a niche, Melbourne/Sydney arts-focused news outlet, *The Daily Review* (2013–2020). To understand why three of the seven failed to thrive we examine native newsroom logics and audience attainment, their ownership and funding model, and the impact of Covid-19 on their operations, with attention to their dependence (or not) on digital technology platforms.

4.1. The Role of Platforms in Newsroom Logics and Audience Share

Consistent with the literature, in 2017 we found that digital natives had news logics that differed from legacy media, sometimes subtly, in their approaches to journalism (Salaverría, 2020, p. 1). Other aspects were similar to news values of the past, including a commitment to professional standards of accuracy, source protection, and truth-telling. For example, in 2017, the Editor-in-Chief of *HuffPost Australia* Tory Maguire defined her organization's news values: "It's got to be accurate and it's got to be fair" (interview, May 12, 2017). Newsroom practices also had hallmarks of legacy media routines with a morning news conference to prioritize key stories.

Yet because digital newsrooms have fewer staff, the organizational hierarchy was typically flatter, and the culture less formal than in traditional newsrooms. Journalists used a range of multi-media skills that varied from news copy and headline writing to data visualizations and podcasts. Generally, news selection was narrower and focused on the target readership specific to the outlet. As *Mumbrella*'s founder Tim Burrowes presciently observed about digital native journalism's future:

> The places to be optimistic are probably around niches and specializations. I'm not sure that mass journalism, that that model will work for much longer, certainly not as it exists, which isn't saying that another model won't emerge because it always does. (interview, July 11, 2017)

For outlets seeking a broader audience, there was awareness about identifying a gap in the market. Editor-in-Chief at *The Guardian Australia* Lenore Taylor explained: "We provided something audiences needed. We come to the world from a progressive point of view and that point of view was an area vacated by journalism in Australia" (interview, July 6, 2023). For most digital natives, their journalistic style was focused on narrative storytelling rather than a traditional news-writing model based on the "inverted pyramid." It was often less formal, using personal pronouns and contractions. Co-founder of *Junkee*, a youth news site, Tim Duggan explained:

> We insert tone and opinion and attitude into [the story]; and that, I think, is the part where it differs. So we're not trying to be impartial. We think that we know who our audience is, which is young Australians. Most of them are a bit progressive and we write for them. (interview, July 12, 2017)

Most striking was the importance placed on social media and news aggregators. Digital platforms served as a primary dissemination channel, inspired story ideas, and were a place for story "tip-offs" and audience interaction. Online shareability was a vital factor in 2017 in news selection judgments and story presentation.

For example, in 2017 most outlets were experimenting with video content because they knew Facebook's algorithm favoured it. *Mumbrella* was among them. Burrowes said at that time that about 20–30% of website traffic came from social media: "[We're] experimenting with creating much more basic Facebook friendly video....It's about making the Facebook algorithm like us (interview, July 11, 2017).

For most other digital natives, reliance on Facebook for traffic was even higher, about 50%, and so the online newsrooms strategically utilized social media platforms to widen their distribution. To achieve this, headlines and thumbnails underwent testing to determine the most effective presentation of a story before broader sharing on Facebook. The 2017 Editor-in-Chief of *BuzzFeed News Australia* Simon Crerar explained:

> Journalists write their own headlines. We have a thing called an optimizer. So you have four or six alternative headlines and thumbnails, and before we run it on social, it usually runs on our website and the algorithm figures out which headline and thumbnail will work. (interview, July 1, 2017)

Of the outlets that did not survive, *Buzzfeed Australia* was particularly dependent on platforms (Twitter, Facebook, and Google) with its search-engine-optimized journalism to attract advertisers, clicks and eyeballs to their stories.

Crerar (interview, July 1, 2017) said: "We used to have this 'hundred re-tweets' rule. If something got 100 re-tweets, that's a signal that if we do a piece of reporting around that, and try to advance it, the story will catch fire."

By 2020, two years after Meta changed its algorithm and deprioritized news, Crerar had left *BuzzFeed Australia*. In an interview with his successor, Lane Saintly (interview, February 18, 2020), she described how the changes to Facebook's algorithm in 2018 led to 11 redundancies out of *BuzzFeed Australia*'s 40 staff and shifted its news definition and practices—it dropped investigative reporting—and moved to "content" provision. News logics changed. "The layoffs were really seismic. That changed everything about working here," she said. Editorial and sales divisions merged after the layoffs. Saintly explained:

> The structure used to be that there was a news team, a, what we call, buzz team, who I think most newsrooms would refer to as entertainment and lifestyle. And then there was the sales team and a creative team. Sales sold the ads, creative wrote the ads. The restructure merged the buzz team with the creative team, and now they're called content. Basically, now we have staff who do a mix of editorial and paid content. (interview, February 18, 2020)

Two months later, and with the onslaught of the Covid-19 pandemic that engendered a downturn in advertising and revenue, *BuzzFeed* closed its Australian operations (Samios, 2020).

Similarly at *HuffPost Australia*, its then Editor-in-Chief Tory Maguire placed a high premium on social media shareability of news stories. Each week, *HuffPost*'s audience development lead would debrief the newsroom about what stories went viral. Maguire explained at the time that the briefing focused on "any changes in the algorithms of the social networks, any tools that are coming online that are useful to us. It's like a master class in audience engagement every single week" (interview, May 12, 2017).

By the end of 2017, *HuffPost Australia* had also closed. In a lightly regulated environment, permissive of media acquisitions and takeovers, it lost its financial backing. *HuffPost Australia* was a joint venture between international AOL Holdings and Australian legacy company Fairfax Media (49% share). Fairfax was undergoing waves of cost-cutting due to the erosion of advertising to online competitors such as Google and Facebook and had ended the joint venture. AOL was subsumed by *Verizon Media* and Australia's *HuffPost* was relaunched with reduced staff in 2019. *BuzzFeed*, undergoing its own financial woes, closed the Australian newsroom in 2021 (Rigby, 2021).

The *Daily Review* also failed to survive. It had a loyal following of about 70,000 non-paying subscribers but failed to attract sufficient advertisers from the arts sector. Its owner and editor, Ray Gill (interview, August 11, 2017), explained: "I was successful in terms of [reader] numbers, far more successful than we imagined it would be when we began, but the advertising dollars just were not there." The pandemic was the final straw for the struggling local digital media organization, and after years of successive losses, it on-sold the business, which closed shortly after in 2020.

An important finding from the 2023 interviews is that the search-engine-optimized strategy that had shaped story decision-making and news logics in the quest for maximum audience reach was now considered misguided.

This changed outlook was summed up by the CEO of Private Media, publisher of *Crikey*, Will Hayward:

> I worked at BuzzFeed in the heyday of BuzzFeed. And what we would have said back then was that the biggest leading indicator of the quality of a piece of content was whether someone was prepared to share it….Social media had an outsized role in the creation of journalism, and too many people were just creating stuff on the basis that it would share well. (interview, July 5, 2023)

In 2023, the editors and media owners who have endured, speak of journalism in terms of the logics of trust, quality, and originality, of understanding their audiences, and not being overly dependent on the platforms. Hayward says *Crikey*'s metered paywall with loyal subscribers is a buffer against platform dependence (interview, July 5, 2023).

However, resource constraints have also shaped its news choices by limiting its capacity to expand its investigative journalism offerings in the form of "inquiry" journalism. In mid-2019, *Crikey* hired 12 journalists to set up a specialist investigative journalism unit called INQ. At the time, *Crikey* Managing Editor Peter Fray said the goal of "inquiry journalism" was "getting away from the daily news and lifting up rocks that no one else is lifting up…we're seeking to trial different forms of investigative journalism under a different title, inquiry journalism" (interview, February 18, 2020). A year later it was quietly disbanded and most of the new hires departed *Crikey*, with a former staff member leaking to a rival media outlet that INQ failed because it lacked the necessary resources (Elsworth & Madden, 2022).

Mumbrella does not have a paywall, nor is it overly reliant on the platform giants for online traffic for its key audience. It offers industry-specific information that its readers cannot get elsewhere. Its 2023 Editor, Shannon Molloy, explained:

> The main factor in our survival is the quality of our content and the most important element in this is breaking news. We own this in our field. My staff spend a lot of time doing fairly old-fashioned rounds reporting, getting out and about, talking to people and picking up stories as they go. (interview, July 11, 2023)

Mumbrella's news practices continue the tradition of legacy media news logics relying on old-fashioned shoe-leather journalism, that is, spending time out and about talking to contacts.

However, presentational style and innovation using digital platforms strategically can offer a symbiotic relationship with digital native media by broadening audience appeal without compromising news quality, as

The Guardian Australia's Lenore Taylor explained:

> We have a reporter who presents news on TikTok in a slightly whacky way from her lounge room, jumps out from pot plants, writes things on boards, but she doesn't dumb it down. She got 1.5 million views to a TikTok presentation on Tigray [the separatist war involving Tigrayan rebels, Ethiopia, and Eritrea between 2020 and 2022], and a really strong viewership for the [federal] election. (interview, July 6, 2023)

The surviving outlets emphasize the importance of "knowing your audience" and distinguishing your news brand. *Junkee*'s news niche is pop culture. Its target demographic is 18–29-year-olds. Its content covers film, television, celebrities, and a wry take on politics. *Crikey*'s approach is also niche, but in a different way, as its CEO explained:

> If you don't have a properly differentiated product, you are probably not going to be able to build reader revenue. Rather than trying to compete with Nine or News [Corp], you need to accept that you're a second read and think what is your role as the second read? What do you do that other people don't do? (Hayward, interview, July 5, 2023)

4.2. Ownership and Funding Models of Digital Native Media

The business models of the digital natives have involved experimentation over time, as the failed *Crikey* INQ shows. They have experimented with ownership too. All but *The Guardian Australia* and *Crikey* have been sold to larger organizations—and these two exceptions already belonged to larger, parent media groups.

The range of revenue sources is typically diverse for digital natives. All have multiple income streams (see Table 1), including, at various times: native advertising (e.g., sponsored content) and brand development, display and banner advertising, events and workshops, database services, paywalls, philanthropy, and reader donations. The least diversified revenue models were *Crikey* (metered paywall), *HuffPost*, and *BuzzFeed*. The latter two relied heavily on online clicks to attract advertising and native advertising and did not survive, while *Crikey* predates the rise of the digital technology platforms and had more time to establish its brand.

At *The Guardian Australia*, revenue is largely derived from advertising (including native) and voluntary reader subscriptions (donations). Annual revenue is slightly higher from reader donations than advertising, providing a buffer against platform dependence. Philanthropy and sales revenue from *The Guardian Weekly* played a small role. *The Guardian Australia* generates a surplus in its own right, independent of its UK parent, although it benefits from sharing resources like data journalism tools and back-office support: "We get our digital development from the UK," said Taylor (interview, July 6, 2017).

Although *The Guardian Australia* is the sixth biggest news site measured by audience in Australia, Taylor believes it is at a competitive disadvantage when compared with legacy outlets due to light regulation around cross-media ownership rules: "Most of our competitors are connected with either a radio station or a television station, so they have much more opportunity to cross-promote," she said (interview, July 6, 2023).

Table 1. Overview of case studies organizational, ownership, and business model structures (2017–2023).

Year range	Digital news outlet	Ownership structure	Staff No. (approximately between 2017–2023)	Location (head office)	Target audience	Business model	Digital platform funding (Including NMBC)?
2013	*The Guardian Australia*	International: Non-profit (Guardian Media Group PLC; wholly owned by Scott Trust; limited	80–200	Sydney	General: Educated; politically progressive	Advertising (includes native); reader donations; philanthropy	Yes: NMBC; Google and Meta grants
2000	*Crikey*	National: For-profit; founded by Stephen Mayne and sold to Private Media Partners in 2005	15–20	Melbourne	Niche: Politically interested; educated	Paywall; media products; advertising	Yes: Google and Meta grants
2013–2020	*The Daily Review*	Local: For-profit; founded by Private Media and sold privately in 2015	3–0	Melbourne	Niche: Arts; lifestyle	Advertising (includes native); industry workshops; reader donations	No
2008	*Mumbrella*	National > International: For-profit; founded by Tim Burrowes; sold to Diversified Communications Aust	13–33	Sydney	Niche: Media industry	Advertising; industry events; newsletters	No
2015–2017 Relaunch 2019–2021	*HuffPost*	International: For-profit (49% Fairfax Media with AOL/Oath); rebranded to Verizon Media; *HuffPost* acquired by *BuzzFeed*	30–4	Sydney	General: Politically interested; lifestyle	Advertising (includes native)	No
2012	*Junkee*	National: For-profit; sold 85% to oOh!media in 2016 and then sold editorial arm to RACAT Group in 2021	50–60	Sydney	Niche: Youth; LGBTQI+	Advertising (includes native); NMBC	Yes: Facebook partnership (2019–2021); NMBC
2014–2020	*BuzzFeed*	International: For-profit; sold to Verizon Media	40–0	Sydney	General: Youth	Advertising (includes native)	No

Crikey is likewise independently profitable, but its CEO is concerned that it relies heavily on its paywall with the addition of a small advertising stream. But, like *The Guardian Australia*, *Crikey* has a larger organization supporting it, Private Media Partners, making it sustainable. Yet as the INQ experiment showed, it is limited in expanding its journalism practices by revenue constraints using the paywalled funding model.

Junkee's Co-Founder and Founder of Digital Publishers Alliance, Tim Duggan (interview, July 17, 2023), says that successful and sustainable digital media companies tend to have diversified revenue sources. When he was running *Junkee* (2013–2020) he developed two central revenue streams: *Junkee Media* and Junkee Studio. *Junkee Media* focused on news directed at its 18–29-year audience and attracted advertising, and Junkee Studio was a creative agency that made youth-oriented content for big brands like American Express. In Duggan's time, the revenue shared between the two was slightly higher from *Junkee Media* (interview, February 19, 2020). In 2016, Junkee was sold for A$11 million to an outdoor advertising company, oOh!media. During the financial duress of the Covid-19 pandemic in 2021, it was split in two and *Junkee Media* was sold to the RACAT Group, a Sydney-based cross-media company. oOh!Media retained Junkee Studio (Ward, 2021).

The final digital media survivor, *Mumbrella*, has a diversified revenue stream that relies on advertising, staging major events (Media360), and selling media data. It was sold to American company Diversified Communications in 2017—which had operated in Australia for 17 years in the business trade shows sector—for an undisclosed sum, after making a profit of $1 million that year "after years of breaking even or making small losses" (Burrowes, 2017).

Burrowes said about the deal: "Three things that we insisted on from the beginning were that our editorial freedom would be guaranteed, that all staff jobs would be safe, and that it would be with a partner who could help Mumbrella grow faster" (Burrowes, 2017).

Current editor, Shannon Molloy, said *Mumbrella*'s news quality is a pre-requisite for successful industry events because it builds brand loyalty and trust. In turn, the event revenue provides financial security for *Mumbrella*'s newsroom (interview, July 11, 2023).

All of the surviving outlets spoke about the need to know what made their brand unique in order to provide something consistent and reliable for their audiences, which in turn, built audience loyalty and trust. In the 2023 interviews, this was particularly front-of-mind with interviewees stressing how important audience trust and brand reputation have become. The two terms are seen as being closely intertwined. For example, as Lenore Tayor, editor-in-chief at *The Guardian Australia* explained:

> We were determined not to chase cheap clicks. We weren't pitching our strategy to platform distribution, as many who have since died did. Our primary goal is to rely on getting our audience to come to us, to trust us. We never do something just for the traffic. (interview, July 6, 2023)

Although the four surviving digital outlets are self-sustaining, it can be seen that each is—or has become over the six years through acquisitions and mergers—part of a larger organization. *The Guardian Australia* already belonged to the global *The Guardian* network, a non-profit financed by the Scott Trust, while *Crikey* is part of Private Media Partners. *Mumbrella* is now owned by the international group Diversified Communications, and

Junkee Media is now part of Australia's RACAT Group, which includes quality publications such as *Australian Geographic*. The larger ownership and diversified funding structures of these digital natives appear to provide some protection from platform dependency.

4.2.1. The Impact of Covid-19 on Digital News Media (2020--2023)

The Covid-19 pandemic was devastating for Australian media businesses with an estimated 164 closing down (Public Interest Journalism Initiative, 2021, p. 3). The pandemic impacted the studied digital natives in different ways. It marked the end for *BuzzFeed*, the second iteration of *HuffPost Australia*, and for the *Daily Review*—all heavily reliant on platforms for audience share, and were hit hard by digital advertising shortfalls as businesses cut advertising budgets as they struggled financially under Covid-19 lockdowns. Conversely, at *The Guardian Australia* traffic grew strongly because, according to Taylor, "everyone was tuned into the live blog all day every day, and couldn't get enough trusted news" (interview, July 6, 2023). Reader revenue held up. Advertising revenue rose even though the number of advertisers shrank: Those advertisers who did continue advertising, bought more of it, said Taylor (interview, July 6, 2023). During the Covid-19 pandemic, digital platforms' relationships with digital media were both symbiotic and precarious, depending on digital natives' underlying vulnerabilities, such as a non-diversified business model.

In other instances, digital platforms supported journalism through journalism funds during the pandemic. *The Guardian Australia* received an undisclosed amount from Google News Initiative in 2020 and Meta in 2019–2020 (Papaevangelou, 2021). *Crikey* also received platform company funding during this period, $10,000 from Meta in 2020–2021, and an undisclosed amount from Google News Initiative in 2020 (Papaevangelou, 2021).

The pandemic hit *Mumbrella* harder because the lockdowns meant the cancellation of in-person events. Industry award nights were cancelled, meaning fewer stories and lost opportunities for *Mumbrella* journalists to mix with industry people. Its editor, Shannon Molloy, said the Covid-19 effect has had a long tail, with many people still working from home (interview, July 11, 2023). Being part of a larger organization helped it stay afloat.

Junkee was also cushioned from the worst effects of the pandemic due to its acquisition by a bigger company that allowed staff to stay employed at reduced hours, with a hiring freeze to avoid layoffs. What also helped was that it signed a two-year deal with Meta in 2019 to produce a Facebook Watch daily news show, *The Junkee Takeaway* (Ward, 2021).

4.2.2. The NMBC and Digital News Media

In 2021, the Australian parliament introduced the NMBC under which Meta and Google were required to negotiate with Australian media outlets a price for their news content on the platforms or face the prospect of mandatory arbitration. This government intervention created winners and losers in the wider media sector (Carson, 2022). At face value, the code was successful with Google and Meta collectively paying newsrooms approximately A$200 million ($126.4 million) across almost 40 different media deals in the first year of implementation. Google entered into more deals with media outlets (approximately 23) than Meta (approximately 13) but exact details are unknown because of commercial-in-confidence provisions (Carson, 2022). Critics argue the policy intention to support public interest journalism has not been properly realized as there is no legal imperative that NMBC funds be spent on journalism, and it is difficult to evaluate its impact because of a lack of transparency (Kohler, 2021). Additionally, small media outlets and many digital natives were excluded from bargaining if their annual turnover was below A$150,000 per annum (for three of five years) or, they could not compel the platforms to deal with them. Of the surviving digital natives, *Mumbrella* appeared to be the only outlet not to benefit through NMBC funding.

The Guardian Australia benefited significantly from the bargaining process. It doubled its journalistic staff to 102 over the past five years, strengthened its audio-visual production to produce more podcasts, and put State-based reporting teams in Queensland, New South Wales, and Victoria. However, Taylor questions the longevity of the NMBC, despite it being legislated. This is because Meta and Google were dropping news from their platforms in other jurisdictions that had followed Australia's legislative example such as Canada's Online News Act (Bossio, 2023). Taylor said that:

> While legislation is there with a stick in it, Facebook, since it signed those deals, has moved out of news pretty much entirely, so I would think they probably won't re-sign. Google I don't know, but it relies on AI a bit. Until ChatGPT was a thing, I assumed Google would have to re-sign. (interview, July 6, 2023)

Duggan said the Meta and Google deals were game-changing for *Junkee*: "The deals were significant deals that really helped Junkee stay relevant and keep lots of staff and produce lots of amazing content. And those deals were extremely useful, beneficial, positive" (interview, July 17, 2023).

However, in his new role as the founder of Digital Publishers Alliance, Duggan's interest in the NMBC is on how to make the smaller digital publishing industry sustainable:

> The NMBC has many benefits. The fact it has been able to take the profits that multinational companies like Google and Facebook would otherwise take out of this country and reinvest it into local journalism is phenomenal. The way in which it has been distributed has been a bit problematic. It really favours larger publishers, and of our 60 Members, I would say 10 have probably received funding, and that disproportionately puts them in a better position than other publishers that don't receive funding. (interview, July 17, 2023)

Crikey CEO Will Hayward (interview, July 5, 2023) said NMBC "revenue is good for our business" but he was critical that the government could do more to directly support public interest journalism, "instead of palming it off to some international conglomerates."

In the case of *Mumbrella*, they have received no NMBC funding, and have lost online traffic. Molloy (interview, July 11, 2023) said Facebook had changed its algorithm since the NMBC was enacted, which had reduced *Mumbrella*'s online referrals. If you wanted the algorithm to promote your stories, you had to pay Facebook to make it happen.

5. Discussion and Conclusion

This study's aim is to understand the role of digital platforms, and subsequent regulation, on digital-native journalism in Australia over time through a case study approach. To do this we focused on two research questions.

In answer to RQ1 (what role have digital technology platforms played in shaping the state of digital-native journalism in Australia?) we find digital platforms have been highly influential. The outcomes for digital-native news media have been mixed—both good and bad for their longevity. On one hand, the platforms, particularly in the earlier years, extended digital natives' audience reach and, in turn, the digital natives adjusted their newsroom routines and logics to capitalize on this reach and advertising interest. This dependence had adverse consequences for outlets that became too reliant on platforms for audience referrals, such as *BuzzFeed*. The enduring digital natives that were less reliant on platform traffic such as *Crikey* (whose business model is centred on a metered paywall) *The Guardian Australia* (with its army of voluntary subscribers) and *Mumbrella* (which draws revenue from specialist events and advertising) were less impacted by platform algorithmic changes, and thus less dependent on platforms for online traffic. *Junkee* also had sufficiently diversified its revenue streams to withstand algorithmic changes. The Covid-19 pandemic affected the smaller digital natives, but non-NMBC grants from both Google and Meta financially advantaged three of the four successful case studies during this difficult time, allowing them to retain staff and support digital-native journalism.

We note that a strength, but also a potential limitation of this study, was the timing of the interviews around seismic events such as the Covid-19 pandemic and the introduction of the world-first NMBC, both may have exacerbated the demise of some digital natives and, for recipients of special platform funding, assisted in the survival of others.

As to the RQ2 (what role, if any, has media regulation in the form of the NMBC played in shaping the state of digital-native journalism in Australia?) the answer is nuanced. Three of the four surviving digital natives have benefited significantly from platform funding via the NMBC, which has allowed them to build newsroom resources. In *The Guardian*'s case, it has notably increased its journalistic workforce. But for digital natives that did not receive this additional funding, they are left competing with those that do. The "regulatory turn" has effectively created winners and losers, with NMBC recipients at a greater advantage. However, although the NMBC is legislated, if digital platforms vacate news from their platforms—as they are threatening to do in Canada, and as Meta is already doing—there is no guarantee that NMBC funding will be renewed. This creates uncertainty. If NMBC funding, which underpins an expanded workforce, is cut, digital newsroom jobs may be lost in Australia. This scenario exposes a revived dependency on the platforms, and a need to review the effectiveness of the regulatory instrument (NMBC) and to consider introducing safeguards to preserve its goal in supporting and sustaining Australian journalism.

While this study is limited to a snapshot of seven digital-native news outlets in Australia, its longitudinal nature contributes to our knowledge of platform dependency and provides new evidence that digital platforms have an outsized role to play in the future of digital-native news in Australia, a rapidly growing source of journalism. This relationship can be symbiotic if NMBC funding is maintained, but may lead to precarity if the outlet's revenue model is not sufficiently diversified to protect against platform dependency such as when an algorithm suddenly changes, or the over-reliance on NMBC and non-NMBC platform funding. These examples contribute to scholarship on platform dependency as it pertains to digital natives. The case studies show the benefits of a hybrid business model to guard against platform dependence. It also shows a need to refine the NMBC so that the deals are not so arbitrary and non-transparent. Reforms should ensure funding is ongoing and directly tied to support public interest journalism to provide the resources required to sustain both legacy and digital newsrooms.

Since the study commenced in 2017, it has tracked the attrition of digital natives, but has also contributed valuable lessons learned from those who endure, and about the workings of the NMBC, to build a sustainable public interest news ecosystem in the digital age. Chief among them is that audience reach through the platforms cannot come at the expense of quality and trust. Clickbait is an anathema to credible news and cannot be relied upon for audience share in the event that platforms change their algorithms. The corollary is that brand and news trust is critical for success, as *The Guardian* found with audience growth during times of public uncertainty during the Covid-19 pandemic, witnessing greater demand for trusted news. Another lesson is the importance of digital native's understanding of their primary audience, and place in the news market—their brand. For most, this will be a carefully thought-out niche, with some exceptions such as *The Guardian Australia*, which has successfully expanded its news offerings to compete with national news organizations—helped by its legacy media international antecedents. In response to Negredo et al's. (2020) quest for sustainability and stability of digital natives, we observe that of those that have endured, all have developed critical mass with larger organizational support, that brings additional resources and brand capital, an important safeguard against the fickleness of online advertising and platform dependency for audience share.

Brand capital and audience trust arose in all of the interviews in the final year of the study. This involved: the importance of prior verification as a guard against misinformation; advertising transparency; not becoming dependent on trying to please the algorithm at the expense of reliability; delivering on audience expectations, whether niche or broad; and returning to more traditional news practices and logics such as "shoe-leather journalism" to gather information.

In sum, trust and accuracy matter to digital newsrooms. This is because the trust relationship that an outlet has with its audience is central to its sustainability. To keep readers and viewers returning to a news site, independent of the platforms, digital outlets' editors understand that they must produce stories that are credible and useful to their audience. Like newsrooms of the past, digital outlets see themselves as "sensemakers" to help their audiences navigate through the vast amounts of information available to them each day.

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Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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ARTICLE

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Google's Influence on Global Business Models in Journalism: An Analysis of Its Innovation Challenge

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Abstract

This study investigates how Google is shaping journalism innovation, particularly in business models, through an analysis of one of its global funding competitions, the Innovation Challenge. It adds to an understanding of the impact of platforms on journalism through a descriptive analysis of 354 projects funded between 2018 and 2022 in 78 countries and five regions. Grant recipients were largely for-profit journalism organizations, with a significant US focus. Projects related to audience engagement, business models and distribution dominated the published winning innovation proposals, accounting for 72.6% of funded projects. The three areas were closely connected as they were mostly related to plans to increase reader revenue. Findings suggest that the Innovation Challenge validates reader revenue as the key innovation in business models through a funding competition aligned with Google's global industry and government relations interests. The orientation is problematic as it narrows journalism innovation to a financial issue, with audiences as the answer, even though people are largely unwilling to pay for news and journalism is considered a public good rather than simply a commercial product.

Keywords

business models; Google; Innovation Challenge; journalism; journalism funding; reader revenue

1. Introduction

This study investigates how Google is shaping journalism innovation, particularly in business models, through an analysis of one of its global funding competitions, the Innovation Challenge. It launched in March 2018 as part of the Google News Initiative (GNI), which is the company's global program to support the news industry. The Innovation Challenge was a four-year, competitive program focused on supporting quality journalism, new business models, and technological innovation (Schindler, 2018). It used a cluster approach to research and development funding through annual competitions in five regions, amounting to a total of over US$30 million for 354 projects in Asia-Pacific, Europe, Latin America, North America, and the Middle East, Turkey, and Africa between 2018 and 2022.

The Innovation Challenge funding program emerged following pressure from governments for Google to pay for journalism given its dominance over advertising revenue in many of the world's journalism markets, similar to the origin of its other programs for journalism such as the Digital News Initiative (DNI) in Europe (Nielsen & Ganter, 2022). Its goals reflected Google's publicly stated commitments to support journalism, specifically to "empower news organizations from around the world that pioneer new thinking in online journalism, develop new paths to sustainability and better understand their communities," (GNI, n.d.). Scholars who have studied other Google programs, including the Innovation Challenge, have found that it contributed positively to journalism organizations and innovation, in addition to generating problematic consequences that include a significant dependence on Google amid challenges for the long-term sustainability of the program. de-Lima-Santos et al.'s (2023) study of Innovation Challenge projects in Africa and the Middle East suggests that the program "builds an infrastructure of power and dependency that poses risks to the continuity of the developed projects in the region" (p. 2).

Two other studies on Google's DNI in Europe have raised questions about journalism independence, as well as the commercial orientation of the funding (Fanta & Dachwitz, 2020; Nartiše, 2019). Larger critiques of platforms (Nielsen & Ganter, 2022; Papa & Kouros, 2023; Poell et al., 2022) raise concerns about infrastructural capture and issues of power that require detailed data to understand the impact on journalism globally given the amount and number of funding vehicles and the wide remit these companies have gained, operating arguably as private government actors in some instances.

This research adds to these concerns through a descriptive analysis of the winning proposals of the Innovation Challenge. As de-Lima-Santos et al. (2023) concluded, "power dynamics embedded in these projects cannot be ignored as they influence the levels and trajectories of innovation dependency that bind Google and the project beneficiaries" (p. 11). This study focuses on two research questions through an analysis of the projects funded:

> RQ1: How does the Innovation Challenge define innovation?

> RQ2: What are the types of organizations that were most successful in securing project funding?

Posetti's (2018) typology of journalism innovation was used to operationalize the term, as it takes a wide understanding of the concept, focusing on domains in and beyond technology, including audience engagement, distribution, business models, and people and culture.

A funding analysis found that Innovation Challenge grant recipients were largely for-profit journalism organizations, which aligns with Google's interests in having a healthy commercial media sector that does not seek redress from the platform for its near monopoly on advertising. Geographically, the largest number of funded projects (22%) were located in the US. Two regions in the Global North accounted for 39.2% of projects—26% in North America over three rounds of funding and 13.2% in Europe in one round.

The remaining 60.9% was divided among three regions in the Global South. The type of innovation was dominated by three related categories—27.4% audience engagement, 23.7% business models, and 21.5% distribution, which combined made up 72.6% of funded projects. The three areas were intertwined as they were mostly related to plans to increase reader revenue.

The predominance of this funding model aligns with the prevailing orthodoxy of reader revenue as the answer to the financial concerns of the industry. This orientation frames innovation as primarily a financial issue, and the audience as the solution despite the fact that readers have never historically paid for the full costs of news and online audiences are largely unwilling to pay for news (Newman et al., 2023). It applies a market logic to news, even though journalism is broadly considered a public good rather than solely as a commercially viable product (Picard, 2010). The Innovation Challenge can be viewed as a validation of reader revenue as the key innovation in business models at a time when advertising revenue streams are in decline, through a funding competition aligned with Google's global industry and government relations interests.

Google is in an influential position to approve and endorse audience-first business strategies, given that as a global private corporation, it has, to date, been significantly entangled with the news industry through funding and other indirect support. The Innovation Challenge may be seen as an endorsement by Google of reader revenue, even though this is only one of a broad range of successful revenue strategies globally. By focusing on how innovation is operationalized and funded through Google's Innovation Challenge, this research adds to our understanding of journalism research and development and innovation, a site considered essential for the renewal and resurgence of journalism organizations facing significant economic, social, and technological shifts (Küng, 2015).

2. Google's Entanglement With News

A growing body of work has highlighted how digital platforms such as Google have become embedded in communication infrastructures and the distribution, circulation, and amplification of news and information (Bell et al., 2017; Chua & Westlund, 2022). The process of what Plantin et al. (2018) have called the "platformization of infrastructures" (p. 306) has fueled concerns about the capture by platforms of media organizations (Nechushtai, 2018). In their detailed analysis of the impact of platforms on journalism through interviews with media professionals in France, Germany, the US, and the UK, Nielsen and Ganter (2022) underscore that "no publisher exercises platform power at this scale" (p. 22).

The publishing and distribution tools provided by platforms to news publishers, often for free, serve as an example of how such power is expressed (Hermida & Young, 2019; Meese & Hurcombe, 2021). Papa and Kouros (2023) contend that the use of platform tools in journalism creates a form of "platform schooling" (p. 19) that frames what is considered successful in journalism practice. Initiatives by Google and Facebook to offer training and tools mean they "are initiating a form of platform schooling, where each platform has its own eco-system presented to journalists as a 'one-stop shop,' tailored indirectly to serve platforms' economic interests" (Papa & Kouros, 2023, p. 20).

Over the past 10 years, Google has emerged as a powerful new force in journalism through multi-million-dollar funding programs, as well as through providing its tools and services, training programs, conferences, and more. In 2016, Google's CEO Sundar Pichai said "Google cares deeply about journalism," adding that "put simply, our futures are tied together" (Pichai, 2016, para. 26). Between 2013 and 2023, the company is estimated to have provided at least US$570 million in funding programs for the news industry (Fanta & Dachwitz, 2020; Papaevangelou, 2023). For reference, Google's revenue quintupled to US$279.8 billion in 2022 from US$55.5 billion in 2013 (Bianchi, 2023).

Google's funding for publishers can be traced back to programs in France in 2013, following political pressure resulting from its dominance of the media market in that country. At the time, it agreed to provide €60 million over three years to support the digital transition of French publishers (Nielsen & Ganter, 2022). The French fund was the "blueprint" (Fanta & Dachwitz, 2020, p. 89) for the DNI for Europe launched in 2015, offering €150 million in innovation grants over three years to 662 projects in 30 countries (GNI, 2019). The DNI was in response to increasing political pressure on the company, with senior executive D'Asaro Biondo acknowledging that "we realized in the last years we had a problem" (Waters, 2015, para. 4).

The French funding and the DNI set the pattern for Google's subsequent engagement with the news industry. The platform set the terms rather than facing mandated government intervention that would force it to share advertising revenues and address questions of its infrastructural power and commercial priorities (Nielsen & Ganter, 2022). The launch of Google's global funding program for journalism in 2018, the GNI, came as the platform faced increasing interest from regulators and policymakers (Fanta & Dachwitz, 2020). The GNI has provided US$300 million to more than 7,000 news publishers in over 120 countries and territories, which includes $30 million for the Innovation Challenge (GNI, 2021a).

Research on the impact of Google's engagement with journalism suggests that news is framed as a market-driven commodity to be monetized through maximizing reach and audiences, underwritten by platform tools and services. In their analysis of the DNI in Europe, Fanta and Dachwitz (2020) suggested that "the grants serve to tie media organizations more closely to Google's product ecosystem" and opened "the prospect of Google becoming the dominant 'operating system' for digital journalism" (p. 92). Similarly, Papaevangelou's (2023) analysis of Google funding for journalism from 2017 to 2021 suggested that such initiatives "are part and parcel of their strategy to become the de-facto infrastructural backbone of the news industry" (p. 13).

The dependency of news publishers on Google extends beyond funding. In their analysis of Google and Facebook, Nielsen and Ganter (2022) lay out how platforms enable and structure connections at scale and across domains. For the news media, platforms serve to allocate attention, which is "the life-blood of publishing" (Nielsen & Ganter, 2022, p. 187). Platforms are a double-edged sword as "publishers engage with these because platforms empower them, and in the process becoming increasingly dependent on them," (Nielsen & Ganter, 2022, p. 187). The announcements by Google and Facebook in the summer of 2023 that they will remove news from their services in Canada in response to legislation requiring them to pay publishers have highlighted platform power over communication infrastructures (Hermida & Young, 2023).

Studies of Google's funding for journalism also point to a bias in favour of for-profit journalism organizations. Fanta and Dachwitz (2020) found that 70% of DNI funding went to commercial, well-established Western European news publishers, including *Le Monde*, *El Pais*, *Corriere della Sera*, the *Financial Times*, and *Der Spiegel*. Other studies found that DNI funding was significantly skewed towards one of the program's aims to foster new business models, focused on reader revenue initiatives, rather than its two other priorities to battle misinformation or explore new technologies (Nartiše, 2019; Nunes & Canavilhas, 2020). Google appears to have categorized the funding differently as its analysis of DNI-funded projects says that only 12% were related to revenue, with 52% related to exploring new technologies (GNI, 2019).

To date, there has been one study on the Innovation Challenge which analyzed 43 projects in Africa and the Middle East that were funded in 2019 and 2021 (de-Lima-Santos et al., 2023). As other studies have found, funding focused on developing business models (42%), generating issues of dependency. The one-off funding made "funded organisations heavily depend on Google's technological and financial infrastructure to innovate" (de-Lima-Santos et al., 2023, p. 1). This study extends the work of de-Lima-Santos et al. (2023) by examining the entire sample of funded projects over the four years across five regions. It builds on the existing research to further understand the consequences of private decentralized corporate funding for innovation and business models in journalism. It does this through a descriptive analysis of the types of funded organizations and the types of innovation supported. The study adds to research on how a global private corporation such as Google "mediates understandings of what is and what is not proper behavior when practicing journalism" (Papa & Kouros, 2023, p. 19) through its funding of innovation and business models.

Google's funding is part of a challenging approach to journalism innovation that has largely been developed post-digitalization. It comes as the journalism industry in North America has seen significant changes both in its funding models and content, with journalists no longer the main gatekeepers for public information (Lewis, 2012). According to Lewis (2012), leaders in the space have been foundations such as the Knight Foundation, which has shifted its conceptualization of the problem from saving journalism to considering how to support journalism's core function of meeting a community's information needs.

3. Methods

This study is a descriptive analysis of the 12 rounds of the GNI Innovation Challenge between 2018 and 2022 in five regions of the world—Asia-Pacific (three), Europe (one), Latin America (two), North America (three), and the Middle East, Turkey, and Africa (three). During this period, Google funded 355 projects in 78 countries. Information was available for 354 of these projects as one project from Indonesia by Asumsi.co had a blank entry and was thus excluded from the study. The 354 projects were classified by region, country, type of media organization, and type of journalism innovation. The codesheet for the typology of innovation practice was based on Posetti's (2018) wheel of journalism innovation. To date, no new funding rounds have been announced for 2023.

Posetti's framework is based on conceptions of innovation by interviewees from the news industry and is intended to provide a basis for sustainable innovation. She outlines eight areas for innovation in journalism to help guide newsrooms and help them avoid chasing the latest trend. Posetti's model was adapted to exclude the category of new technologies or products, as most projects tended to fall into this category. The final seven categories of innovation practice were: (a) reporting/storytelling, (b) audience engagement, (c) distribution, (d) business, (e) leadership/management, (f) organization, and (g) people and culture.

The type of innovation practice was coded according to the project information published by Google on its GNI funding recipients' website. This study does not consider how the projects were implemented or if they were successful. The aim was to analyze the details made publicly available by Google. During the course of the study, Google changed the way it provided details about the projects. As a consequence, less information was available for the 2022 recipients. Projects from 2019 to 2021 included summary and solution sections (GNI, 2021b). Those from 2022 only included a solution section. Google also changed the way it presented the projects to remove the year they were funded (GNI, n.d.). Others have encountered similar challenges in researching the Innovation Challenge as details of the funding are tied to non-disclosure agreements with Google (de-Lima-Santos et al., 2023).

The type of media organization was coded according to whether it was (a) commercial, (b) public service, (c) state-owned, (d) non-profit, or (e) charity. At times, this data was not available on the project descriptions on the GNI website. The type of organization was determined by investigating the recipient's website, "About" pages, or the parent organization. It was not possible to code the organizations behind seven projects due to a lack of information on the GNI website.

The projects were coded by two research assistants and reviewed by the authors to address any discrepancies. Any discrepancies were resolved collectively by the team. One of the challenges in coding was that some projects mentioned more than one of the categories in the typology of journalism information. The final coding was based on the predominant type mentioned in the descriptions. For example, the project by *Konbini* (France) sought to convert casual news users on social media to regular users of its website. By doing so, it hoped to develop its reader revenue and a membership model. The Konbini project was classified as audience engagement as that was the primary focus, with revenue as an expected consequence. By comparison, Associação Desenrola (Brazil) proposed a project to distribute news to peripheral areas of São Paulo, going on to explain that it aimed to develop a sustainable business model by reaching lower-income audiences. This project was classified as a distribution project as that was the primary focus.

One of the challenges of descriptive studies like this is determining how far the types of projects were due to the nature of the applications or due to Google's funding call and adjudication process. Each round of funding was designed around regional themes. The first call in Asia-Pacific in 2018 asked for reader revenue projects (Beddoe, 2018). Subsequent regional funding calls were broader, though there was a consistent emphasis on business models and audiences, and this may have shaped the range of applications. Likewise, the funded projects may be a reflection of which revenue models were the most pressing priority for applicants.

It is impossible to determine if the lack of any public service broadcasters was due to a failure to secure funding or a lack of applications due to political sensitivities about accepting platform dollars. Notable, too, was the absence of major, commercial global players like *The New York Times* in the US, the *Süddeutsche Zeitung* in Germany, or *The Times* in the UK. Possibly the Google grants were too small for such organizations or there may have been a reluctance to divulge proprietary details about innovation initiatives with an organization many see as a "frenemy" (Fanta & Dachwitz, 2020, p. 11).

4. Findings

4.1. Geography of Funded Projects

The dataset of 354 projects was coded by region as determined by Google and by country (Figure 1). There were three rounds of funding in all regions but Europe, where there was a single competition in 2022. The region with the largest number of recipients was North America at 26% (92). Second was Latin America with 22.9% (81) grants over funding rounds. The Middle East, Turkey, and Africa were third with 21.8% (77) grants. There were 16.1% (57) grants in Asia-Pacific over funding rounds. Europe had the lowest number of grants at 13.2% (47).

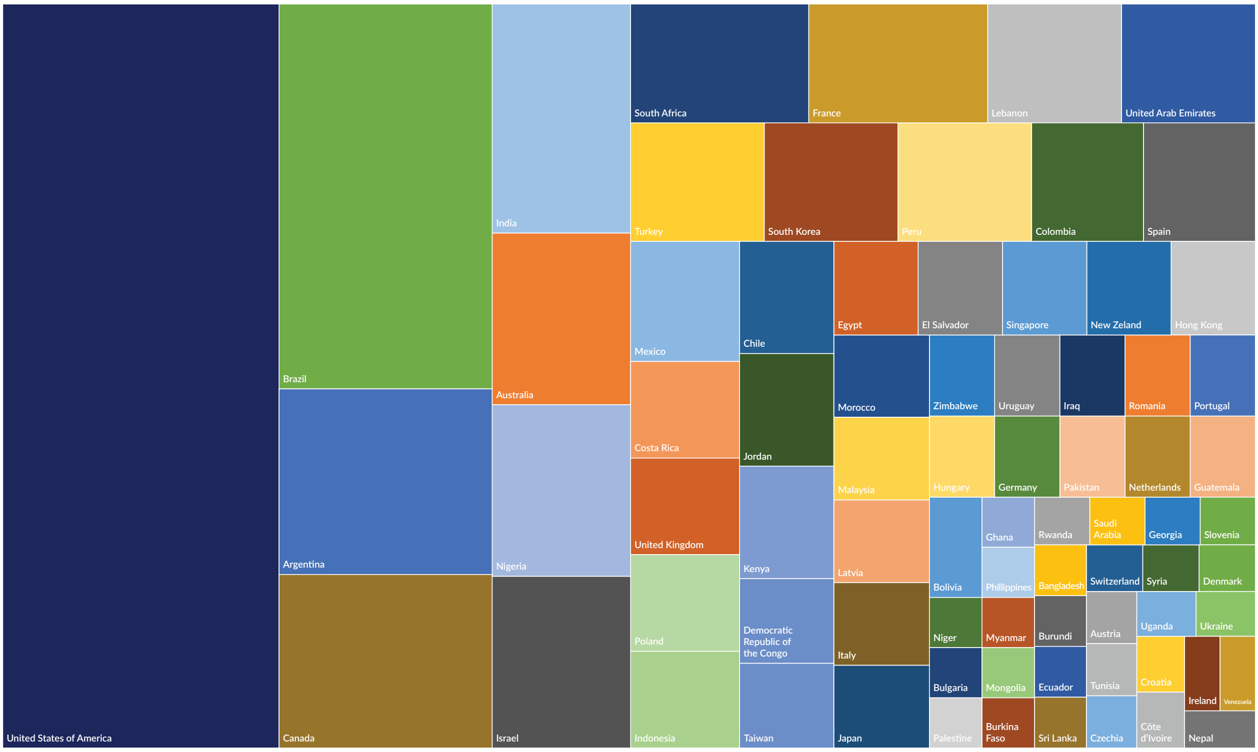

Figure 1. National breakdown of projects funded.

A country analysis reveals a US focus for the program, accounting for 22% (78) of projects funded. The second largest national recipient of funding was Brazil with 8.7% (31) of projects, followed by Argentina with 4.2% (15) of projects, Canada with 3.9% (14) of projects, and India with 3.4% (12). Out of the 78 countries, 8.4% (30) had one funded project.

4.2. Typology of Organizations

The sample was coded by type of media organization (Figure 2). There was insufficient information to determine the status of seven recipients, so these were excluded, leaving a sample of 347 projects. The coding revealed a significant commercial orientation (Figure 2). For-profit media organizations accounted for 73.5% (255) of the projects. Non-profits accounted for 24.5% (85) of projects and the remaining 2% (7) were organizations with charitable status, including universities.

Most organizations only received one grant during the duration of the Innovation Challenge. The company with the largest number of grants (one in 2021 and two in 2022) was the major Israeli media company *Ynet*. Seven media companies received two grants. Of these, three of the four in the US—Gannett, Gatehouse Media, and Medianews Group—are commercial media companies, while the fourth, Local Media Foundation, is a charitable trust. The remaining three companies with two projects were the for-profit *La Gaceta* in Argentina, for-profit *Malaysiakini* in Malaysia, and *El Faro* in El Salvador, which transitioned from commercial to non-profit status in 2023.

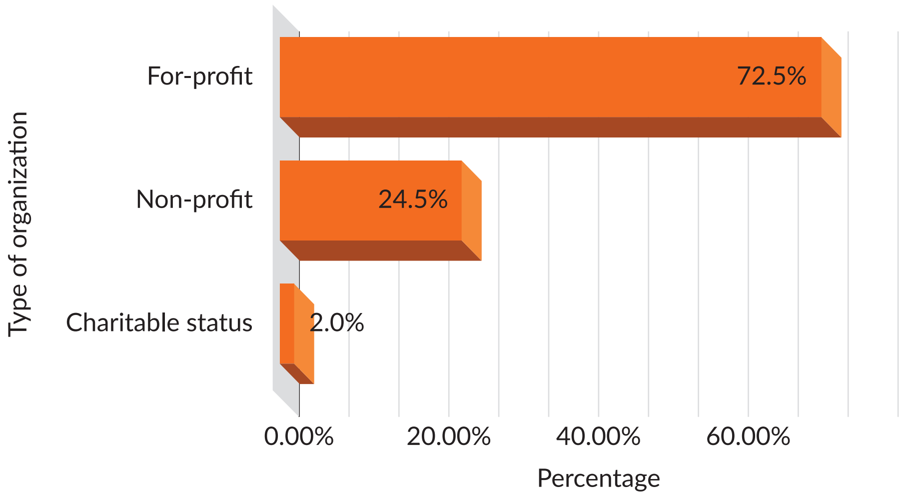

Figure 2. Typology of organizations.

4.3. Journalism Innovation Practices

The funded projects were coded based on the type of journalistic innovation practice. An analysis revealed a focus on audience engagement, business models, reporting and storytelling, and distribution (Figure 3). Audience engagement projects made up the single largest category, numbering 27.4% (97). The second largest type of innovation is related to business models, at 23.7% (84). News distribution projects accounted for 21.5% (76). Initiatives related to reporting and storytelling made up 19.2% (68) of the projects. The remaining types of innovation fell far behind, with 8.2% (29) related to people and culture. There were no projects about leadership or management or organizational and structural innovation.

The regional funding for type of journalistic innovation broadly followed a similar pattern to the overall findings (Table 1). Projects related to business 36.2% (21), audience engagement 24.1% (14), and distribution 20.6% (12) dominate in Asia-Pacific, accounting for 81% (47) of 58 grants. In Europe, funding was broadly distributed over business 27.6% (13), distribution 25.5% (12), and audiences 23.4% (11), accounting for 76.5% of 47 projects. The main categories for the 81 grants in Latin America were business 29.6% (24) and reporting/storytelling 29.6% (24), with audience 22.2% (18) and distribution 14.8% (12) next. For the Middle East, Turkey, and Africa, audience engagement received the most grants at 31.1% (24), followed by distribution at 22% (17), reporting/storytelling at 20% (16), and business at 18.1% (14). For North America, audience projects came top with 32.6% (30), followed by distribution at 23.9% (22) and reporting at 16.3% (15). Finally, 13% (12) of projects were related directly to business models, compared to 14.1% (13) related to people and culture.

Audience engagement projects were often linked to revenue and distribution. *O Globo* in Brazil proposed using AI tools to create more engaged readers and was coded as an audience engagement project, but it also hoped that this would accelerate the growth of digital subscribers, so was related to business models as well. In Canada, Village Media's project aimed to encourage greater engagement between readers and advertisers and was coded as an audience engagement project. It also aimed to boost revenue, so was related to business models.

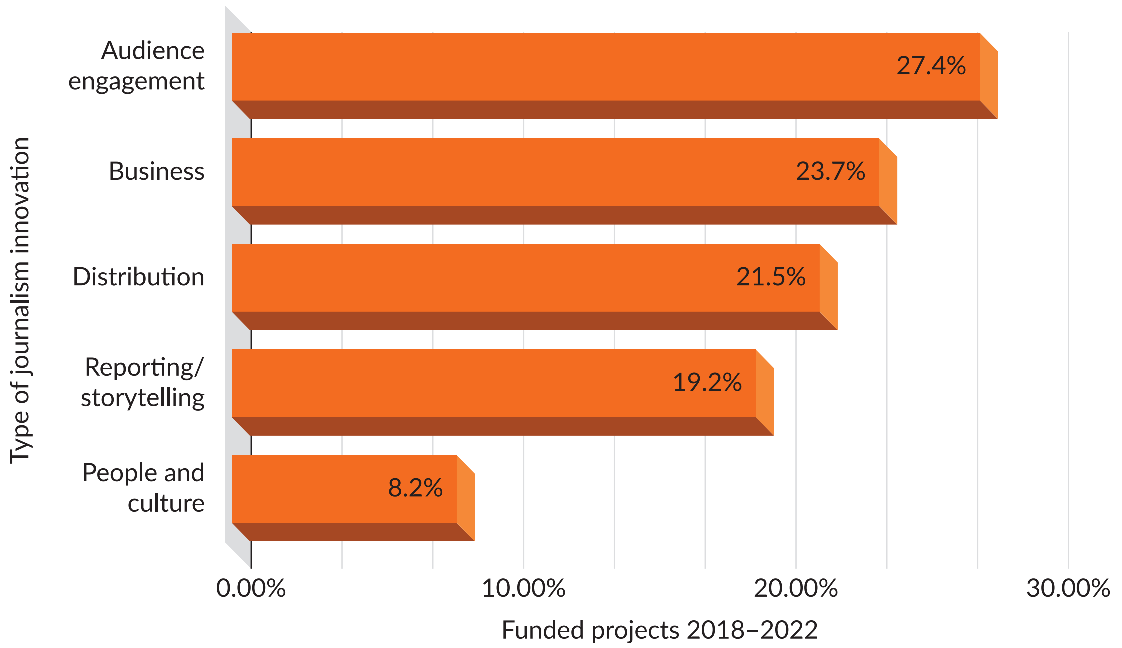

Figure 3. Typology of journalistic innovation. Source: Authors' work based on Posetti's (2018) taxonomy of innovation.

Table 1. Regional breakdown of journalistic innovations.

Region	Reporting/ storytelling	Audience engagement	Distribution	Business	Leadership management	Organization	People and culture
Asia Pacific	6	14	12	21	0	0	4
Europe	7	11	13	13	0	0	3
Latin American	24	28	12	24	0	0	3
Middle East, Turkey, and Africa	16	24	17	14	0	0	6
North America	15	30	22	12	0	0	13

Projects coded as distribution innovations also tended to be related to business models and audiences. The proposal from *Commonwealth Magazine* in Taiwan to develop a recommendation system to grow engagement was coded as an audience project, though a secondary aim was to increase subscriptions and so was also related to business models. Similarly, the Yonhap News Agency in South Korea proposed to develop news games for readers and was coded as a distribution project. However, the project also hoped to develop business models optimized for individual readers.

Together, the categories of audience engagement, distribution, and business accounted for 257 out of the 354 in the sample, making up 72.6% of all funded projects and heavily centred on reader revenue approaches. For example, *Murray Bridge News* in Australia aimed to boost revenue by reaching a wider audience and increasing awareness of its content. In Mongolia, the *Zasgiyn Gazriin Medee* daily newspaper proposed to personalize its subscription services based on reader habits. In Lebanon, WhiteBeard planned to develop a tool for flexible subscription pricing, while in Brazil *Diário do Nordeste* proposed using a token scheme for subscriptions. Others planned to test and launch paid membership schemes, such as *ThisIsTucson* in the US. Similarly, *RED/ACCIÓN* in Argentina proposed a strategy to encourage paid memberships through an audience engagement strategy. Others, such as the *Hong Kong Free Press* and *Mecenas* in Chile proposed to develop membership platforms for other publishers. One initiative from the Asahi Shimbun company in Japan aimed to develop a tipping and donation tool for readers, while the Community Broadcasting Association of Australia aimed to develop a donations platform for community journalism.

Compared to the focus on forms of reader revenue, only 2.26% (eight) of business-oriented projects aimed to develop advertising products and services which would compete with Google's own digital advertising products. Examples include *El Comercio* in Peru which planned to develop its own digital advertising platform for small and medium-sized businesses, Australian Community Media which proposed creating a digital marketplace for classifieds, and TrustList in South Africa which aimed to produce a list of trusted media outlets for advertisers.

Reporting/storytelling made up the fourth largest category, at 19.1% (68) of projects. These ranged from data journalism projects, fact-checking initiatives, and diversifying sourcing. Data journalism initiatives included a project by the Canadian Press to aggregate publicly available datasets and use AI to generate stories. In the US, D.C. Witness planned to increase the accessibility of its homicide data, while Asociación de Periodismo con Lupa in Peru planned to create a digital hub of public health data. Another specific focus was tackling mis- and disinformation. Two projects from Brazil by *Aos Fatos* and *Jornal do Commercio* proposed automated fact-checking systems. Other initiatives to counter so-called fake news included *La Nación* in Costa Rica, Fact Checking in Burkina Faso, Vérifions in the Democratic Republic of Congo, and *Roar Media* in Sri Lanka.

A much smaller number of projects, 8.2% (29) fell into the people and culture category. These initiatives sought to address issues of equity, diversity, and inclusion in news, including the representation of women. The *Women's Agenda* in Australia proposed to feature at least three female sources per article and build up a database of female experts. A similar project by the *Folha da Manhã* media group in Brazil aimed to track the representation of women in its news coverage and suggest experts to journalists. Other projects looked at addressing reporting gaps. In the US, the projects from Gannett, Vox Media, and Santa Clara University aimed to track diversity and coverage of under-represented communities. A handful of projects sought to widen the type of people involved in reporting the news. Gaon Connection in India planned to showcase the work of community journalists. Food for Mzansi aimed to train citizen journalists to report on rural South Africa. In the United Arab Emirates, *Popsci Arabia* proposed creating a platform for academics to write articles for a general public in collaboration with editors.

5. Discussion

This study has investigated how Google may be incentivizing a certain mindset and approach to innovation through a descriptive analysis of projects funded globally by its Innovation Challenge. The stated aims of the challenge were to encourage novel ideas in digital journalism, advance new business models of sustainability, and further efforts to foster community. The analysis of the 354 projects in 78 countries points to a significant focus on business model innovation, with audiences as the source for new revenues. As one of many Google initiatives related to news, the Innovation Challenge reflects a focus on largely conventional commercial journalism organizations in North America.

Given the transformation of the business environment for media over the past two decades, it may be expected to see most innovations related to growth and revenue. Innovations in business models have emerged as a key focus for the news industry (Wirtz & Daiser, 2017). The decline of advertising as a main source of income for commercial news organizations has fueled a transition to other models, with an increasing focus on revenue growth from audiences including subscriptions, membership schemes and other approaches (Fletcher & Nielsen, 2017; Myllylahti, 2017; Villi & Picard, 2019). As a result, there has been a broad focus on audience-first media innovations designed to reach, acquire, and retain paying readers (Lehtisaari et al., 2018).

The audience-first approach is evident in the overwhelming number of innovation projects related to audience engagement, business models, and distribution funded by Google over four years, accounting for 72.6% of the dataset. Audience engagement projects tended to be framed as ways of driving more reader revenue, while distribution initiatives were designed to reach new audiences and potentially convert them into paying readers. There were only a handful of projects (2.25%) to explore alternative business models, such as advertising, which could compete with Google's own revenue model.

The results of the Innovation Challenge reinforce the dominant tenet that reader revenue is the way to address the financial challenges of the news industry, despite studies indicating that readers are largely unwilling to pay for news (O'Brien et al., 2020). These results could also have an incentivizing effect on behaviors as suggested by other studies of foundation funding for journalism (R. Benson, 2018; Ferrucci & Nelson, 2019; Scott et al., 2019). Since Google publicizes details of successful recipients, it may have led other applicants to choose projects that are likely to receive funding.

Results indicate a commercial orientation to Google's support for the news industry, as 73.5% of the successful projects came from for-profit media companies. Such a finding is in line with one of the stated aims of the Innovation Challenge to support the development of sustainable business models, together with the goals of news organizations to become more economically robust. This aligns with a broader trend in funding in the US, where philanthropic support for for-profit news organizations has risen over the past five years (Media Impact Funders, 2023). It also aligns with Google's own business interests, given calls from the news industry and pressure from governments for the company to do more to fund journalism. The commercial orientation of the funding and its focus on innovation as a financial issue is problematic given the racial reckoning taking place in a number of countries in which organizations received funding and that the issue of journalism's relationship with its multiple publics is much more complicated, historic, and ongoing (Callison & Young, 2019).

Innovations around diversity and representation made up a small number of funded projects, even though this was included as a goal in funding calls by Google. Striking, too, was the absence of any projects related to leadership/management or organizational structures. Though the descriptive analysis cannot explain why there were no results in these areas, it is still surprising to see no projects related to forms of innovation that are vital to addressing cultural and systemic hurdles for transformation (Villi & Picard, 2019). Both areas are considered essential for successful digital transformation (Küng, 2015; Posetti, 2018). As Küng (2013) suggests, “legacy media have an opportunity to grow, but this requires innovation, which in turn requires organizational change” (p. 12). Further research would be valuable to understand the reasons behind the lack of projects in these two vital areas.

The total amount of Google’s innovation funding of $30 million was low compared to the overall GNI budget of $300 million, and minuscule considering the value of the global news business (IBISWorld, 2023). Together with a focus on conventional journalism concerns, this raises questions about whether the Innovation Challenge is as much about industry and government relations as it is about supporting research and development. For example, in 2018 the Canadian government allocated more than C$600 million in journalism support over five years. And in 2019, the Knight Foundation allocated $300 million over five years to support local news in the US.

However, this study contemplates the impact of a relatively small fund as an anchoring practice (Swidler, 2001), especially since other countries look to the US as a benchmark for media innovations (Lehtisaari et al., 2018). Further research could apply an anchoring framework to the analysis of Google’s influence on journalism, as an anchoring practice “encodes the dominant schema—encodes it as a pattern of action that people not only read but enact—a schema that is never explicitly formulated as a rule” (Swidler, 2001, p. 83). Such work would respond to Swidler’s (2001) suggestion that “we pay particular attention to the situations in which practices anchor or reproduce constitutive rules, rules that define things as what they are” (p. 99). Further studies could investigate how far Google’s Innovation Challenge, as well as its other journalism programs, support the formation and enactment of a set of practices that serve to stabilize ways of doing and thinking.

As a global private corporation entangled with the news industry in myriad ways, Google is in a unique position to endorse, support and promote audience-first business strategies. The Innovation Challenge may be viewed as a validation by Google of reader revenue as the optimal business model for news organizations, despite the existence of, and need for, a wide-ranging mix of successful revenue strategies globally (Nicholls et al., 2016; Olsen et al., 2021). More broadly, the program, as part of the GNI, was one of the policy levers deployed by Google in response to critiques about platform power. The technology giant has emerged as a potent non-state and non-foundation funder for journalism globally. A potentially useful way to understand the scope of Google’s sway may be the term “private government” (Anderson, 2017; Lakoff, 2009).

Lakoff (2009) talks about public and private governments as “meeting in a continuum marked by partnerships, amalgamations and substitutions of roles” (p. 186), with private associations or corporations gaining power in oligopolistic or monopolistic conditions. Arguably, Google is performing the role of government in providing a range of direct and indirect support for the news industry. The influence of Google as a private government may be more felt in the Global South, where there may be limited or no government funding for innovation. It is worth noting that projects in the Global South accounted for 60.9% of the Innovation Challenge.

The unintended consequences of giving a private government actor such power in a media system is a rich area for further research. While funding may be used to incentivize certain behaviors, such actors have “recourse to potent sanctions short of physical force” (Lakoff, 2009, p. 171), as demonstrated by Meta’s decision to block news from its services in Canada in the summer of 2023, and Google’s threat to follow suit (Hermida & Young, 2023). Initial reports suggested that some news organizations had lost a significant number of visitors that used to come via Facebook, with one experienced news executive describing Meta's actions as a "neutron bomb" (S. Benson, 2023). These actions align with Anderson's (2017) description of a private government where the "subject has no say in how that government operates and no standing to demand that their interests be taken into account, other than perhaps in narrowly defined circumstances, in the decisions that government makes" (p. 45).

It is imperative to understand the scope and breadth of the activities and contributions of platforms like Google to global journalism. Funding initiatives such as the Innovation Challenge are just one way of investigating the relationship between Google's priorities, organizational demands, and systems-level needs, and, more broadly, how these conditions align with what journalism could and should look like given its public service role.

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Conflict of Interests

The authors declare no conflict of interests.

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ARTICLE

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Press Subsidies and Business Performance of Newspaper Publishing in Three Nordic Media Welfare States

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Abstract

The Nordic countries have been regarded as so-called "media welfare states." Despite the large amount of public money used on press subsidies over the decades in the Nordic countries, there is not much academic research on the financial performance of the newspaper publishing industry in these countries. This study examines the "media welfare state" approach to public support for newspapers and the financial performance of newspaper companies in three Nordic countries: Finland, Sweden, and Norway. Our data consists of the key financial figures of newspaper publishing companies in the aforementioned countries from 2005 to 2019. Based on our analysis, we argue that direct press subsidies in Sweden and Norway have not been able to prevent a decrease in the number of titles and, importantly, have resulted in a number of subsidy-dependent news outlets unable to survive on their own income. By contrast, the Finnish newspaper publishing industry has been in a better financial situation in terms of almost all indicators and throughout the review period, despite Finland abandoning direct press subsidies in the 1990s.

Keywords

business performance; Finland; media support; media welfare state; newspapers; Norway; press subsidies; Sweden

1. Introduction

Since the 1960s, newspaper subsidies in Nordic countries have been based on a dual system combining direct subsidies for selected titles in need and indirect tax support for the entire press industry, as subscribed newspapers and magazines have enjoyed reduced or zero-rate value-added tax (VAT; Ots et al., 2016). The “Nordic model” is based on strong editorial independence from the state and other interests, as well as accountability to society rather than to either the state or the market (Neff & Pickard, 2023). Accordingly, the four largest Nordic countries (Sweden, Norway, Denmark, and Finland) have been regarded as so-called “media welfare states” (Syvertsen et al., 2014), with relatively similar media support systems. However, Finland is somewhat of an outlier, as it practically abandoned direct press subsidies and the traditional dual Nordic subsidy model in the 1990s (Ala-Fossi, 2020). The Nordic model can also be seen as undergoing transformations in the other Nordic countries, particularly related to neoliberal policies emphasising media privatisation and deregulation (Neff & Pickard, 2023).

As elsewhere, Nordic newspaper publishing companies have faced significant changes and challenges in their business environments in recent decades (Björkroth & Grönlund, 2015). Despite the large amount of public money used in the Nordic countries on newspaper subsidies over the decades, there is not much academic research on their impact and effectiveness, i.e., the extent to which subsidies achieve their purposes or how distinctive national subsidy schemes and objectives may have differentiated the structures of the newspaper markets (Ots & Picard, 2018; Wirén et al., 2021). This is partly due to the difficulty of isolating or establishing any causal relationships between subsidies and specific outcomes in the industry (Ots & Picard, 2018). Our article addresses this difficulty, underscoring that correlation does not necessarily indicate causation. It is crucial to recognise that factors such as evolving consumer preferences and global economic trends can significantly impact the newspaper market.

Our article explores how newspaper publishing companies in three Nordic nations—Finland, Sweden, and Norway—have operated within more or less similar media environments but with differing methods of public support for newspapers, especially concerning the decision to offer or refrain from direct subsidies. In this study, we analyse the financial performance of the newspaper publishing industry in these countries. Examining and understanding their financial performance is important when discussing the objectives pursued and already achieved by the state support policy for newspapers (see, for example, Gustafsson et al., 2009). Financial statement analysis (FSA) stands as a foundational tool in financial management, offering a comprehensive means of evaluating not only the internal workings of a company but also its interactions with customers, competitors and business partners. This analytical approach involves scrutinising a company’s financial strengths and weaknesses by establishing meaningful connections between the items on the balance sheet and the profit and loss account. The use of FSA in connection to press subsidies in media markets can be considered innovative and original in the media studies context. In addition, by focusing on the “media welfare states,” we can contribute to the study of the newspaper business in the context of specific kinds of media systems.

Harrie (2018) highlights the nuanced nature of Nordic countries, emphasising that while they share numerous similarities, differences also exist, shaped in part by their media structures. Notably, Denmark stands out for its distinct continental characteristics, where television news assumes a singular prominence, diverging from the media landscapes of Finland, Norway, and Sweden. Denmark’s divergence from its Nordic neighbours extends to its newspaper market. Specifically, Denmark hosts a considerably lower number of paid-for newspaper titles, with only one paid-for, one-to-three-times-a-week newspaper. What sets Denmark apart is the thriving segment of free nondaily newspapers, a characteristic reminiscent of the paid-for nondaily papers observed in their Nordic counterparts (Lehtisaari et al., 2016). Conversely, when it comes to readership patterns, Denmark deviates from the trends observed in other Nordic countries, exhibiting a comparatively low readership of newspapers. Because of this, we decided to exclude Denmark from the study.

Our research question is as follows:

> RQ1: How does the financial performance of newspaper publishing companies differ in three Nordic countries with diverse media subsidy policies?

Our dataset comprises key financial figures of newspaper publishing companies in Finland, Norway, and Sweden. An extensive FSA (profitability, solidity, liquidity, and productivity) was carried out in all three countries. The time span of the financial key figure analysis is 2005–2019.

2. Public Subsidies for Newspapers in Nordic Countries

The concept of "media welfare state" (Syvertsen et al., 2014) combines the idea of a democratic corporatist media system (Hallin & Mancini, 2004) with the social democratic welfare state model and underlines the distinctiveness of the media systems in the Nordic countries with certain typical characteristics: communication services understood as public goods, freedom from editorial interference, economic support for media pluralism, and preference for consensual solutions between main stakeholders in the media sphere.

In the Nordic countries, printed newspapers have been considered to have such an important role in the distribution of news that they have been able to enjoy multiple state subsidies, although studies show increasing levels of indifference among the public concerning support for struggling newspapers (Ohlsson, 2014). After periods of declining political and public interest in press subsidies, the recent economic crisis of news media has placed state support for journalism back on the agenda (Ots & Picard, 2018).

Press subsidies have long been considered an instrument for the state to support the general informing of the citizenry and thereby democracy and its institutions. Press subsidies are not seen as just business support for one particular industry but rather as support for democracy and, consequently, the welfare of the citizens (Kammer, 2016). Additionally, in Sweden, there have been motivations to introduce press subsidies related to party politics: Direct press support was introduced in 1971 in a hasty political settlement between the Social Democrats and the Centre Party when several newspapers that were politically close to them had financial concerns (Nord & Ots, 2019).

The postal rates for newspapers in the Nordic countries were already reduced in the early days of the newspaper business. By the late 1940s, when sales tax had been taken into use in all Nordic countries, newspapers were also exempted from it because of their role in democracy. However, this was not enough to protect the regional and political diversity of the press, so direct press subsidies were introduced in the 1960s (Ala-Fossi et al., 2018; Ots et al., 2016).

The practice of tax exemption continued when sales tax was later replaced with VAT and also when Finland and Sweden joined the European Union in 1995. Finland was originally allowed to continue at a 0% rate, like Norway, while Sweden introduced a reduced VAT of 6% on printed newspapers. These dual subsidies (indirect support in the form of reduced VAT and direct press subsidies), boosted with postal subsidies, are the core of the press subsidy system in the Nordic countries even today, with the exception of Finland. In Norway and Sweden, press subsidies are granted to newspapers in local or regional markets that are not market leaders but represent an alternative to the dominant newspapers or that are too limited in terms of circulation and/or frequency to be economically sustainable (Kammer, 2016).

In Norway and Sweden, broader subsidy systems offering more extensive monetary support for newspaper production and distribution have been in place continuously since the 1960s. In 2019, both countries introduced new categories of support for which formats other than print media can also apply. Based on data provided by Nordicom's media statistics, in 2019, direct press subsidies were approximately EUR 38.1 million in Norway and EUR 61.2 million in Sweden. The number of newspapers granted production subsidies was 155 in Norway, and the number of those granted operational subsidies was 77 in Sweden.

Finland ended up gradually abandoning direct press subsidies in the 1990s almost completely, and two decades later also replaced the zero-rate VAT with a reduced rate. In both cases, the reason for the changes in policy was a deep fiscal crisis of the state—first, as a consequence, among others, of the collapse of the Soviet Union, a major trading partner, and second, due to the euro crisis in the late noughties (Ala-Fossi, 2020; Ots et al., 2016). However, later, even in times of economic uptrend, Finnish governments have not decided to restore direct press subsidies, apart from short-term crisis situations such as the Covid-19 pandemic. Such stopgap interventions do not guarantee long-term financial security, which would otherwise be privileged in the Nordic model (Neff & Pickard, 2023). Therefore, the Finnish news media industry has been campaigning for the reintroduction of zero-rate VAT, but the largest political parties would rather consider developing a new permanent press subsidy system instead (Arola, 2023). Still, by 2024, no resolutions have been reached regarding significant direct press subsidies. Importantly, the decisions in Finland not to offer direct press subsidies have been based on the finances of the state, rather than the supposed risks of creating unholy alliances between the news media as a watchdog over those in power (see Ots & Picard, 2018). Currently, the only direct financial support to newspapers in Finland consists of discretionary subsidies granted to newspapers in national minority languages and to Swedish-language news services. In 2019, direct government subsidies to news media in Finland amounted only to EUR 0.5 million, which is minimal compared to the support provided in Sweden and Norway.

A recent study (Neff & Pickard, 2023) situates the press subsidy model applied in the Nordic countries in a wider framework by examining what several large Western democracies have done to maintain the health and independence of their media systems and how these policies benefit journalism. Neff and Pickard (2023) focus on recent initiatives to support journalism in Australia, Canada, Ireland, New Zealand, the United Kingdom, and the United States. The initiatives in these countries can be divided into three categories: private sector-oriented initiatives that focus on mobilising private funding, such as philanthropy from private foundations; those mobilising public funds, either through direct funding of journalism or through indirect subsidies and tax incentives; and a hybrid category that mixes private and public funding. None of the initiatives overtly mimic the Nordic model. They argue that when these initiatives intervene in the commercial media market, they tend to tread lightly, which undermines the long-term financial security guaranteed by the Nordic model. However, for Neff and Pickard (2023), it is less than clear that supporting local journalism elsewhere requires the wholesale adoption of media policies found in Nordic countries.

3. Newspaper Markets in Finland, Norway, and Sweden

Looking solely at the number of paid-for newspaper titles from the middle of the first decade of the millennium, the newspaper market in Norway seems to be quite stable, and the total number of titles, based on Norwegian newspaper statistics (Medianorway, 2023), has remained more or less unchanged (–3%; see Figure 1). The development in Finland and Sweden has been more negative, and the number of paid-for newspaper titles has decreased in both countries. Between 2005 and 2019, the total number of newspapers decreased by 32 titles in Finland (–16%) and by 20 titles in Sweden (–13%). Particular to Norway and Finland is that they have a high amount of paid-for local and regional newspapers. In Sweden, the number of paid-for nondailies is significantly lower. A special feature of the Norwegian newspaper market is that there are only two paid-for newspaper titles published seven times a week. In Finland, some regional and metropolitan seven-day newspapers have begun to abandon the printed Sunday edition, yet the majority of Finnish dailies still publish seven issues per week (as of late 2023).

The revenue structure of newspapers was very similar at the beginning of the review period. Based on data from Nordic Media Statistics (Nordicom, 2023), in 2005, the share of advertising revenue in the total revenue of newspapers was between 53 and 55%, depending on the country. At that time, there were no notable differences in the proportion of newspaper advertising within the overall media advertising market. In 2005, the share of newspaper advertising was approximately 47% in Finland, 45% in Sweden, and 45% in Norway. By 2019, in both Sweden (–36%) and Norway (–31%), total revenues fell by about a third. In Finland, the decrease in profits was the smallest, just over 20%. The remarkable decrease in revenues (Figure 2) was mainly caused by the rapid loss of advertising revenue. In Finland, between 2005 and 2019, newspaper advertising revenues fell from around EUR 585 million to EUR 358 million (–39%). In Norway, the decline was 50%, from

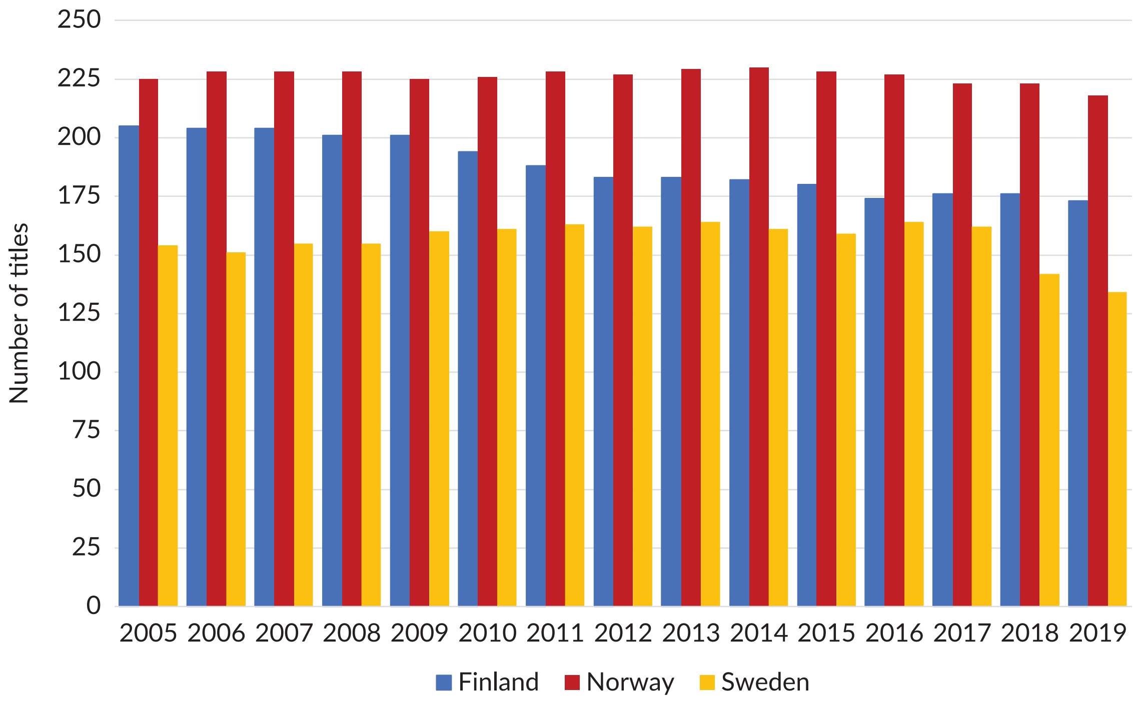

Figure 1. Number of paid-for news titles 2005–2019 with one to seven issues per week.

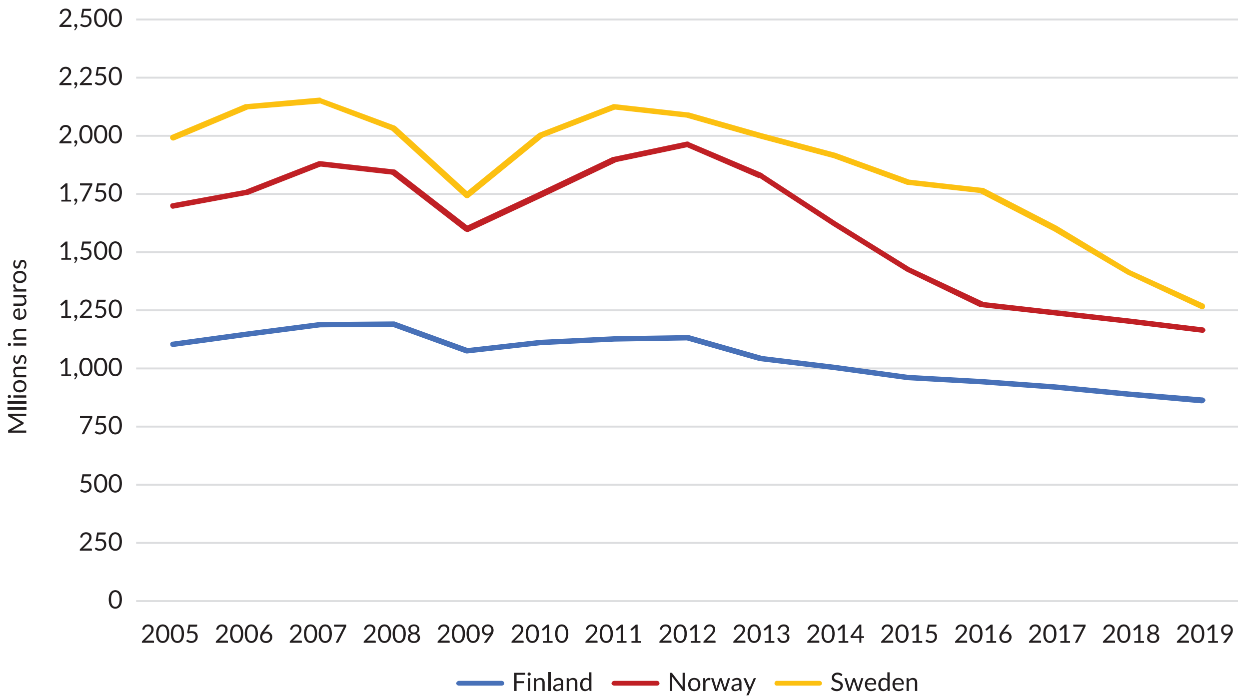

Figure 2. Newspaper revenues (millions in euros), 2005–2019.

EUR 846 million to EUR 424 million. At the same time, global technology giants Meta and Alphabet have been growing their share of Nordic digital advertising investments.

The circulation of paid-for newspapers in all three countries is based on subscriptions and home delivery, except for tabloids. Attracting new subscribers has been a challenge, and a long-term downward trend in circulation is characteristic of the majority of paid-for newspapers in Nordic countries. In recent years, evaluating the development of the total circulation of newspapers has become impossible in Finland and Sweden because an increasing number of newspaper titles have given up official circulation audits.

Despite the big declines in circulation, in Finland, for example, newspaper sales have decreased by only 13 million (–2.5%) since 2005. This means that, despite their challenges, newspapers have been able to raise their subscription prices considerably. The development has been similar in Norway as well, where newspaper sales have fallen only by slightly more than 5% over the past 15 years. By necessity, newspapers have explored different sources of revenue, including events, marketing, and memberships, in order to become multi-sided market products (Gabszewicz et al., 2016). Numerous innovative concepts in the media industry revolve around acquiring and retaining devoted paying customers, essentially implementing an audience-centric approach. Concurrently, there is a growing realisation that media companies must formulate fresh strategies for engaging their readership (Lehtisaari et al., 2018; Villi et al., 2020).

The daily reach of printed newspapers has also been decreasing. In 2005, printed newspapers reached approximately three-quarters of the population in Sweden (73%) and Norway (74%). In comparison, in 2019, the daily reach of printed newspapers was less than one-third, both in Sweden (31%) and Norway (27%). However, the total reach (print and online) of newspapers was still almost two-thirds of the population aged 9 to 79 in Sweden (64%) and Norway (66%). Until 2018, the Swedish Media Barometer survey relied on telephone interviews conducted with a randomly selected range of individuals aged 9–79. Starting in 2019, the survey transitioned to a mixed-mode approach that combined both online and telephone methodologies. The Norwegian data primarily encompass traditional newspapers in both print and online formats. In Finland, in 2019, the daily reach of printed newspapers of the population aged 15+ was one-third (35%). Respectively, the daily reach of digital newspapers and tabloids in Finland was 49%. The Finnish data pertains to the reading habits concerning newspapers and evening tabloids among Finns aged 15 and above. The survey is based on 26,000 telephone interviews and 9,500 online respondents (MediaAuditFinland, 2023). In all, the development points to the need for Nordic newspapers to expand their reach in the online realm, extend the distribution channels, utilise different platforms, and make their content both findable and shareable.

4. Data and Methods

External stakeholders, ranging from investors to business partners, leverage FSA to gauge the overall well-being, financial performance, and intrinsic value of an organisation. Within the realm of financial analysis, several established methods and techniques come into play, including horizontal analysis, vertical analysis, ratio analysis, trend analysis, and cost–volume profit analysis. More information concerning FSA and its different methods is available, for example, in Fridson and Alvarez (2022), Penman (2013), Robinson (2020), and Subramanyam (2014).

FSA and ratio analysis, in particular, take centre stage as fundamental techniques in both academic literature and business research. These methodologies serve as invaluable tools for delving into the financial health and performance of companies. The process entails a meticulous examination of a company's financial statements, including the balance sheet, income statement and cash flow statement, to extract insights into its profitability, liquidity, solvency, and overall operational efficiency.

Ratio analysis, a key component of FSA, involves the calculation of various financial ratios based on data extracted from financial statements. These ratios provide a quantitative measure of different facets of a company's financial performance and position. By utilising these analytical tools, stakeholders gain a nuanced understanding of a company's standing in the market, enabling informed decision-making and strategic planning.

The starting points of the FSA are official financial statements, notes to the accounts, and other available information that are framed in accordance with the valid legislation. The basis for adjusting financial statements is the need to refine financial statement information so that it best serves the purposes of the analyst. Analysis means, on the one hand, taking a position on the items of the official financial statements and their valuation, and on the other hand, grouping the items, the result of the operating period, the financial position, and liquidity of the company (Yritystutkimus ry, 2017).

The terminology related to FSA may differ across sources. Regardless of the specific terms used, FSA aims to address four fundamental questions, as outlined by Mautz and Angell (2006). These questions delineate the key aspects of financial performance: profitability and market performance, liquidity, efficiency, and capital structure. In this context, the unit of analysis employed is the company—a business organisation comprising one or more establishments under common ownership or control. Consequently, the figures and statistics discussed in this article pertain to the company level, not the individual establishment level.

Financial ratios serve various purposes, including assessing a firm's ability to meet its debts, evaluating business and managerial achievements, and even regulatory compliance with statutory requirements (Barnes, 1987). Moreover, FSA frequently involves comparing a company's financial ratios with those of other businesses in the same industry or industry averages (Dahlstedt et al., 1994). The aim of this article's FSA and the utilisation of crucial financial ratios is to present an accurate portrayal of profitability, financial standing, and progress, facilitating a meaningful comparison across different fiscal years.

In our analysis, we gauged specific facets of financial performance within the newspaper publishing industry in Finland, Norway, and Sweden. These aspects encompass (a) the scale of operations, (b) the profitability of operations, (c) the financial stability of the company, and (d) productivity. Profitability ratios assess the outcomes of business activities, indicating the overall performance and efficiency of the company. Solvency ratios depict a firm's capacity to meet its long-term obligations, including interest costs and payment schedules. Productivity ratios provide insights into the effectiveness and efficiency of personnel and capital utilisation.

We employed the median to illustrate the progression of specific key financial figures. The median is determined by arranging these key figures in ascending order and dividing the data into two equal halves. It effectively separates the upper half of the data from the lower half. In cases where there is an even number of observations, the median is calculated as the average of the two middle values. Nevertheless, it is crucial to note that the interpretation of these figures is contingent on the size and quality of the data utilised.

For this article, annual financial statements were collected from the Bureau van Dijk's Orbis database (Orbis, 2023), which is a comprehensive global business database and information platform. It offers a vast collection of financial, ownership, and company information for public and private companies around the world. The database includes data on over 400 million companies, allowing users to access detailed financial statements, ownership structures, mergers and acquisitions activity, news, and other relevant business information.

The Orbis database is widely used by professionals in finance, accounting, risk management, and market research for various purposes, including financial analysis, credit risk assessment, due diligence, business valuation, and market intelligence. It provides valuable insights into company performance, market trends, and industry benchmarks, making it an exceptional tool for researchers, analysts, and business professionals seeking in-depth company and financial data.

The use of FSA and ratio analysis in academic research to assess the media market is not a new phenomenon. It has been used in newspaper industry research by Edge (2014), Grönlund and Björkroth (2015), Jung (2003), Lacy et al. (2006), Soontae et al. (2006), and van der Wurff (2003). Financial data gathered on media companies through the Orbis database and its European predecessor Amadeus have been used by, for example, Ala-Fossi et al. (2018), Almirón and Segovia (2012), De Mateo et al. (2010), Grönlund (2023), Lehtisaari et al. (2016), Rios-Rodríguez et al. (2022, 2023), and van der Burg and Van den Bulck (2017).

The majority of companies in Finland, Norway, and Sweden are obliged by legislation to submit their annual financial statements to the national company register. The financial statements of limited liability companies are also public, so the financial statements of newspaper companies (Table 1) are very comprehensively available in the database. In this sense, the Nordic countries provide a rather exceptional backdrop for collectively and comprehensively evaluating the financial performance of news media companies. While the

Table 1. Number of analysed financial statements, 2005–2019.

	Finland	Norway	Sweden	Total
2005	115	149	33	297
2006	106	162	37	305
2007	105	165	39	309
2008	94	171	42	307
2009	97	182	43	322
2010	95	185	49	329
2011	85	189	51	325
2012	72	197	47	316
2013	74	200	50	324
2014	78	201	52	331
2015	83	207	56	346
2016	87	203	56	346
2017	84	204	56	344
2018	86	203	55	344
2019	86	204	57	347

data from Norway and Sweden suggest a growth in the number of companies, it is important to note that this increase is partly attributed to the narrower nature of the Orbis data until 2011.

5. Financial Performance of Nordic Newspaper Publishing Companies

The margin of earnings before interest, taxes, depreciation, and amortisation (EBITDA) refers to the result of the company's operative or actual operations before depreciation and financial items. Comparability of this key financial figure within an industry is weakened by the fact that companies either own their production equipment or lease it in whole or in part. If the company has leased its production equipment, the cost above the EBITDA is allocated to rental costs, while the expense entries for owned production equipment are directed to depreciation and financial expenses in the income statement.

The margin requirement for an individual company depends on its debt/equity ratio. For example, the trend of the operative profitability of Swedish newspaper companies is clearly declining, and in 2019, the median EBITDA was negative. This means that approximately half of the Swedish newspaper companies faced fundamental problems with their operations even before the Covid-19 pandemic. In contrast, the Finnish newspaper publishing industry has consistently demonstrated the best profitability in its operational activities throughout the entire review period (see Figure 3).

The net profit margin (%), commonly known as the bottom line, net income, or net earnings, serves as a measure of a company's profitability once all costs have been accounted for. For a company to be deemed profitable, its cumulative net result must be positive. A positive net result implies that the company has successfully managed interest rates through its regular business activities, along with handling working capital loans and investment co-financing. The sufficiency of net income and the minimum level required are

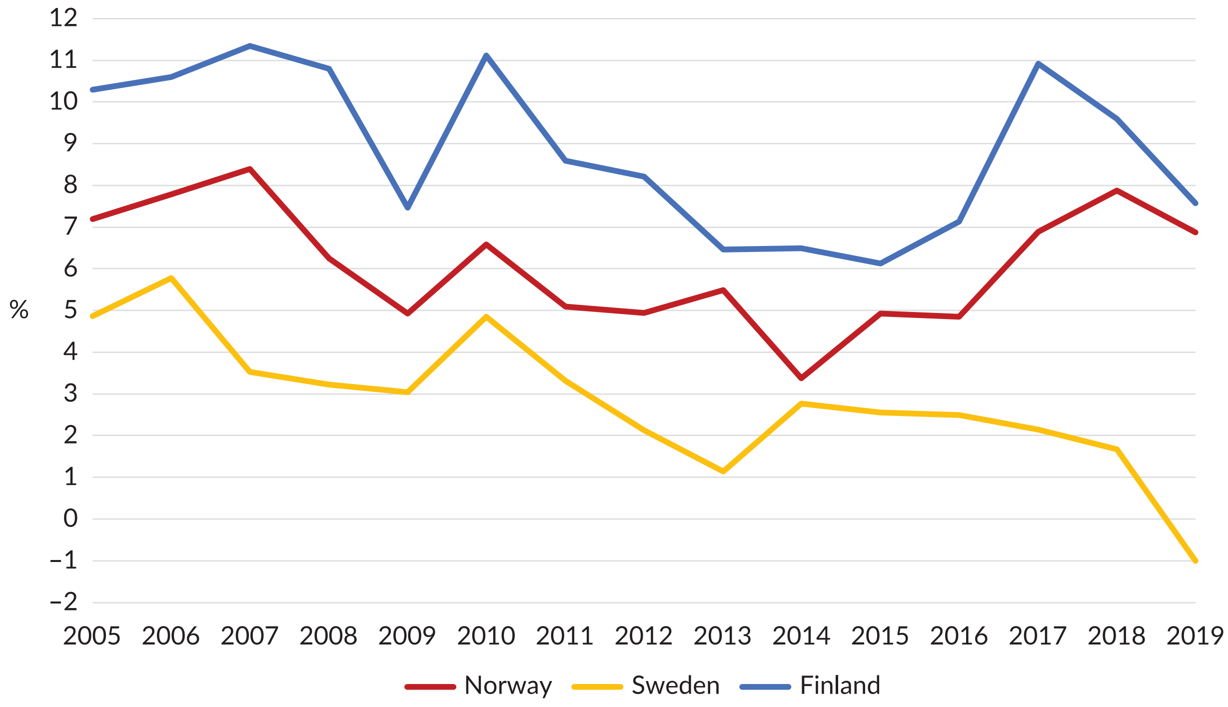

Figure 3. Median of the EBITDA margin (%), 2005–2019.

primarily determined by the company's profit distribution goals. From the beginning of the 2010s, the median net profit margin of Swedish newspaper publishing companies has remained below 1%, and in 2019, two-thirds (68%) of them were unprofitable. By contrast, in Norway, only a fifth (21%), and in Finland, a little over a fifth (23%) of newspaper publishing companies were unprofitable in 2019 (see Figure 4).

The equity ratio (%), calculated by dividing a company's capital and reserves/equity by its total assets, assesses the company's financial stability. This signifies the company's robustness and its ability to withstand losses and manage long-term liabilities, as the assets act as safeguards against potential losses. If the capital reserves diminish, even a single unprofitable year could severely impact the company. When a company demonstrates stable but consistently high losses despite reasonable profitability, it indicates low self-sufficiency. A low equity ratio poses significant risks, especially when profitability declines.

Hence, companies should maintain substantial safety margins to prepare for possible downturns. A higher equity ratio provides companies with more flexibility, reducing their vulnerability to economic fluctuations and other changes in the business environment. Companies with lower solvency ratios than their competitors are typically the first to face challenges during economic downturns. Additionally, the equity ratio is often influenced by a company's age, with established firms usually having lower debt levels compared to their younger counterparts. According to the Yritystutkimus ry (2017), the norm values for equity ratio are good if higher than 40%, satisfactory if between 20 and 40%, and poor if below 20%.

The median solvency of Finnish newspaper publishing companies has been at a very good level throughout the audit period and at a higher level than in Norway and Sweden. Thus, when viewed at the industry level, the readiness of newspaper companies in Finland to cope with economic disruptions and temporary losses

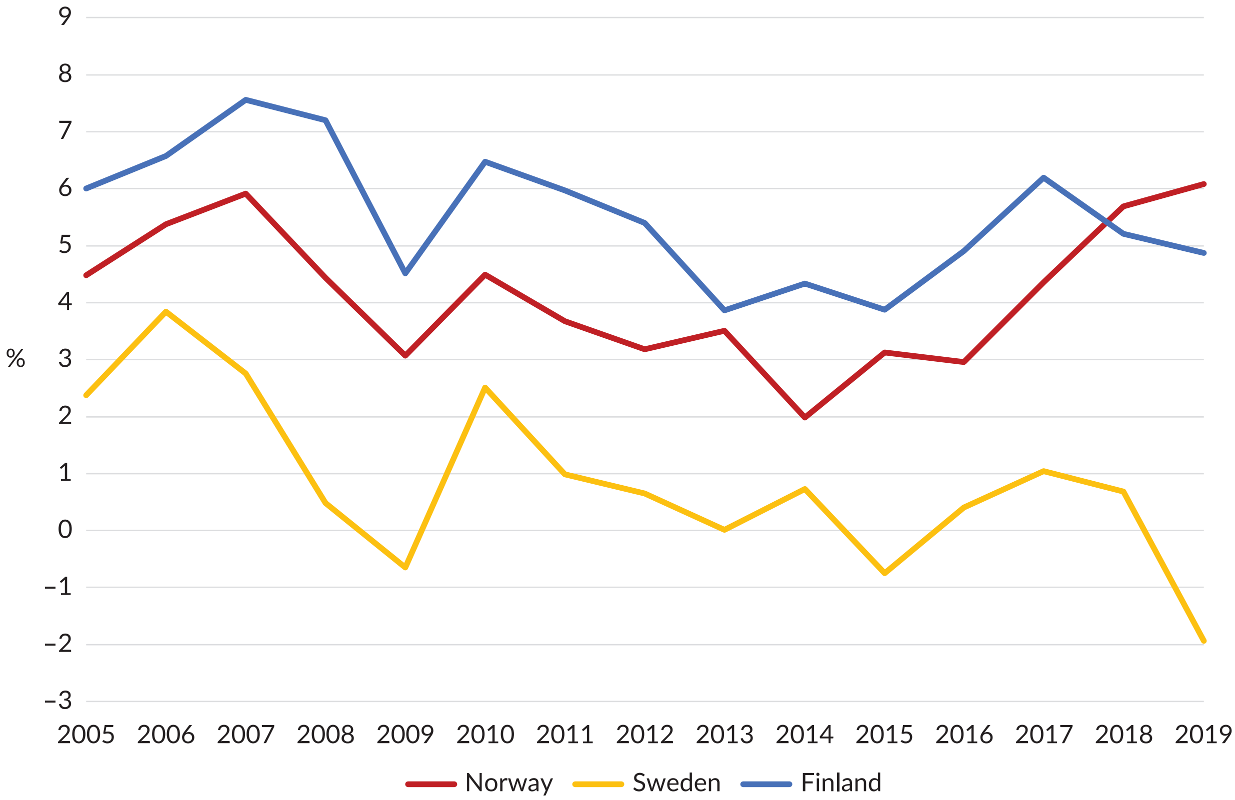

Figure 4. Median of the net profit margin (%), 2005–2019.

was the best in the three countries studied. At the beginning of the review period in 2005, the solvency of the newspaper publishing industries in Norway and Sweden was at approximately the same level. However, since the beginning of the 2010s, the median equity ratio of Swedish newspaper publishing companies has dropped significantly to a lower but still satisfactory level (see Figure 5).

There are considerable differences in the situations of companies, even within countries. The lower the company's equity ratio, the more unstable the company's business foundation is built on. In Finland, one-sixth (17%) of newspaper publishing companies have a low equity ratio. The corresponding share in Norway was 23%, and in Sweden, it was 27%. Such a low equity ratio weakens their loss tolerance and opportunities to cope with challenging economic conditions and the contraction of the economy caused by the Covid-19 pandemic.

Liquidity refers to a company's capacity to fulfil its financial obligations promptly and affordably. If a company fails to pay salaries or make essential purchases due to poor liquidity, it might face insolvency. Liquidity can be assessed through both static balance sheet analysis and dynamic cash flow-based indicators. The dynamic perspective evaluates whether a company's income is sufficient to meet its payment commitments, while the static viewpoint provides a snapshot of the company's financial position on the balance sheet date. In this study, we assessed companies' static liquidity using the current ratio, which gauges a company's ability to sustain itself with short-term assets that can be quickly converted into cash. The Committee for Corporate Analysis typically categorises current ratio values into indicative norm values as follows: excellent (>2.5), good (2–2.5), satisfactory (1.5–2), poor (1–1.5), and weak (<1).

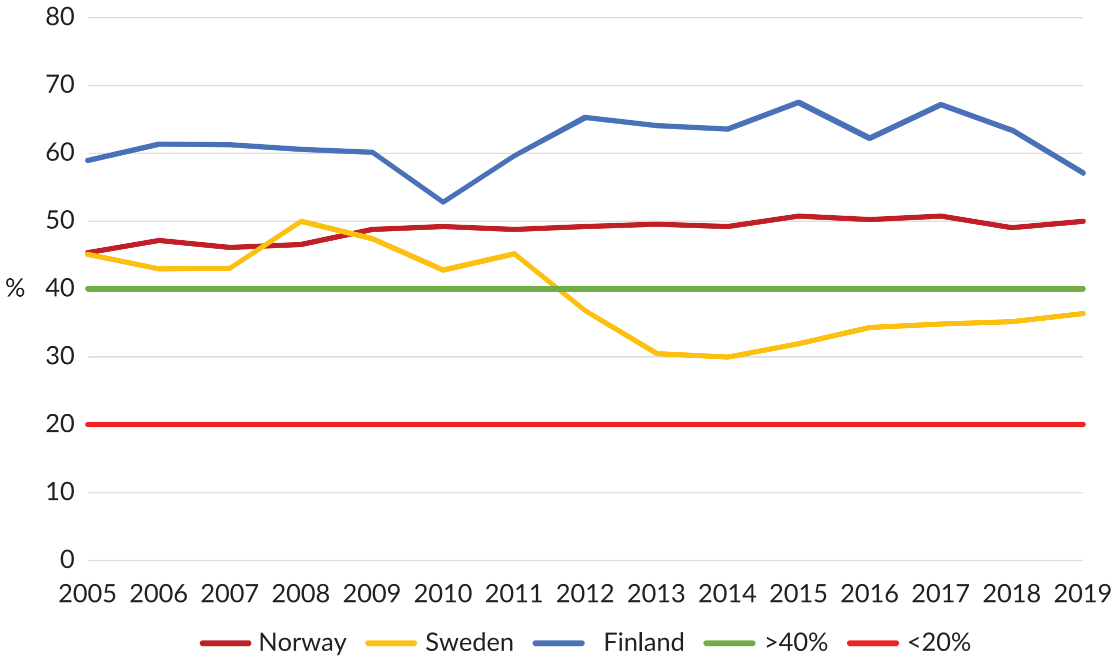

Figure 5. Median of the equity ratio (%), 2005–2019.

The liquidity of newspaper publishing companies in all three countries was at a satisfactory level during 2005–2019, the period under review. In Norway, the trend curve for the development of liquidity is slightly rising, while it is somewhat decreasing in Sweden. In Finland, the trend curve for this indicator is more or less stagnant. In 2019, the median quick ratio was 1.67 in Norway and 1.45 in Finland. In 2019, the corresponding figure in Sweden dropped to 1.18 and thus approached the border of "weak" (see Figure 6).

Value added signifies the value generated by a company's production factors. It holds significant importance, directly impacting the company's ability to compensate its workforce and generate profit. Analysing the ratio of value added to personnel costs offers insights into the relationship between labour expenses and the value produced. This ratio provides a relative perspective, eliminating distortions, such as exchange rate fluctuations or inflation. Unlike a direct measure of productivity, it gauges a company's efficiency concerning money spent on employment, irrespective of workforce size. The crucial benchmark is 1: If the ratio falls below 1, it indicates that the generated value does not cover employment costs, leading to operational losses.

The productivity of Nordic newspaper publishing companies developed quite moderately throughout the review period. At the industry level, both the level of productivity and its development have been the most modest in Sweden. In 2019, the median value added per personnel cost already fell below 1 (0.97) in Sweden. In both Finland and Norway, the development of productivity has been modest as well, and in 2019, the median in both countries was well below 1.2 (see Figure 7).

Z-score is a combination of three variables (1.77 $\times$ percentage of financial results + 14.14 $|times$ quick ratio + 0.54 $\times$ equity ratio) that measure profitability, liquidity, and solvency. It can be used to predict bankruptcy. Three-variable Z-score's indicative values are as follows: excellent over 40, good 28–40, satisfactory 18–28, poor 5–18, and extremely poor under 5. The average bankruptcy risk in the newspaper publishing industry is not particularly high in any of the countries under review (see Figure 8). However, there are considerable

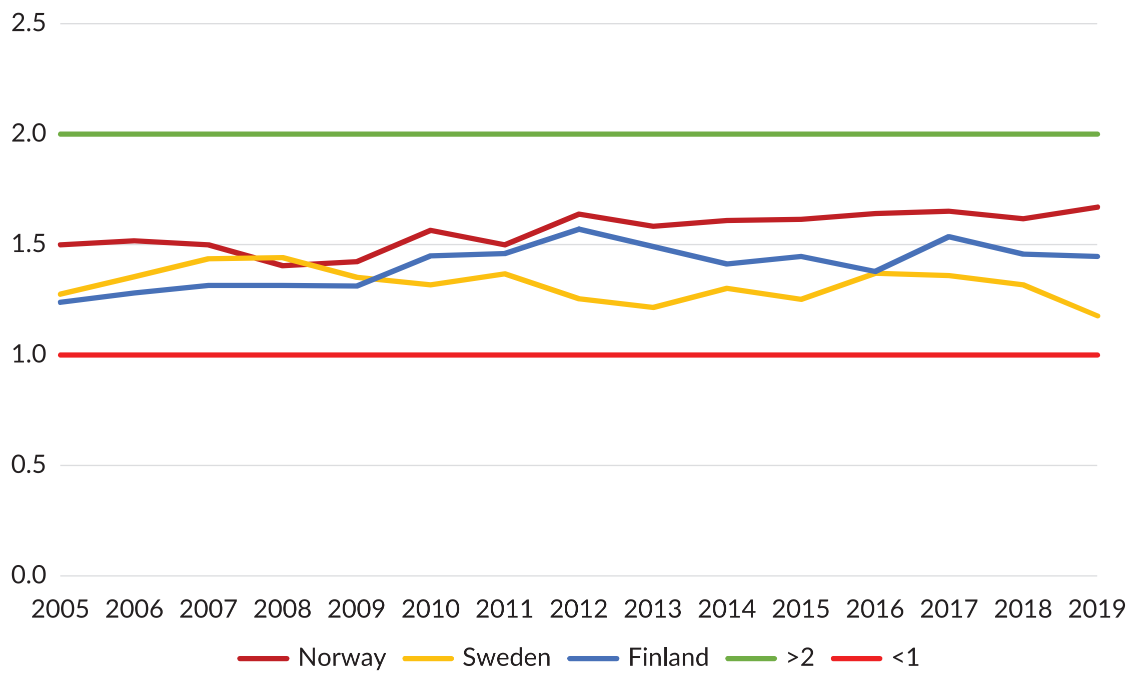

Figure 6. Median of the current liquidity ratio 2005–2019.

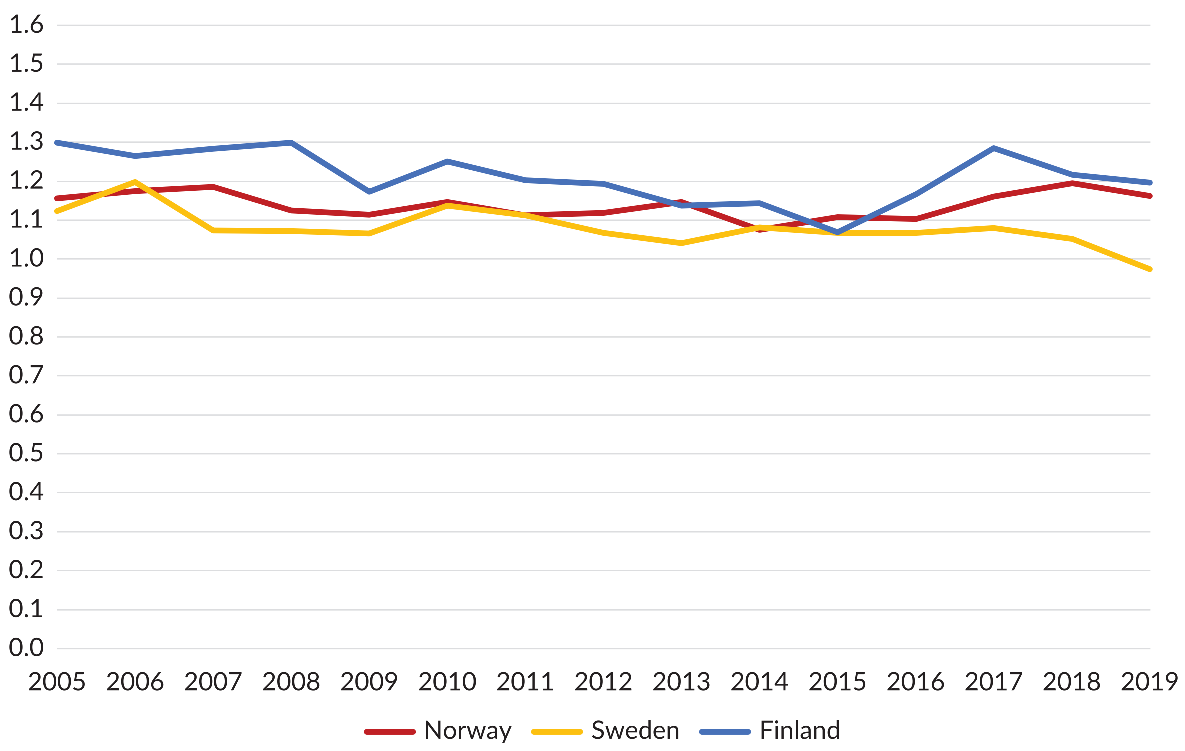

Figure 7. Median of the value added per personnel costs, 2005–2019.

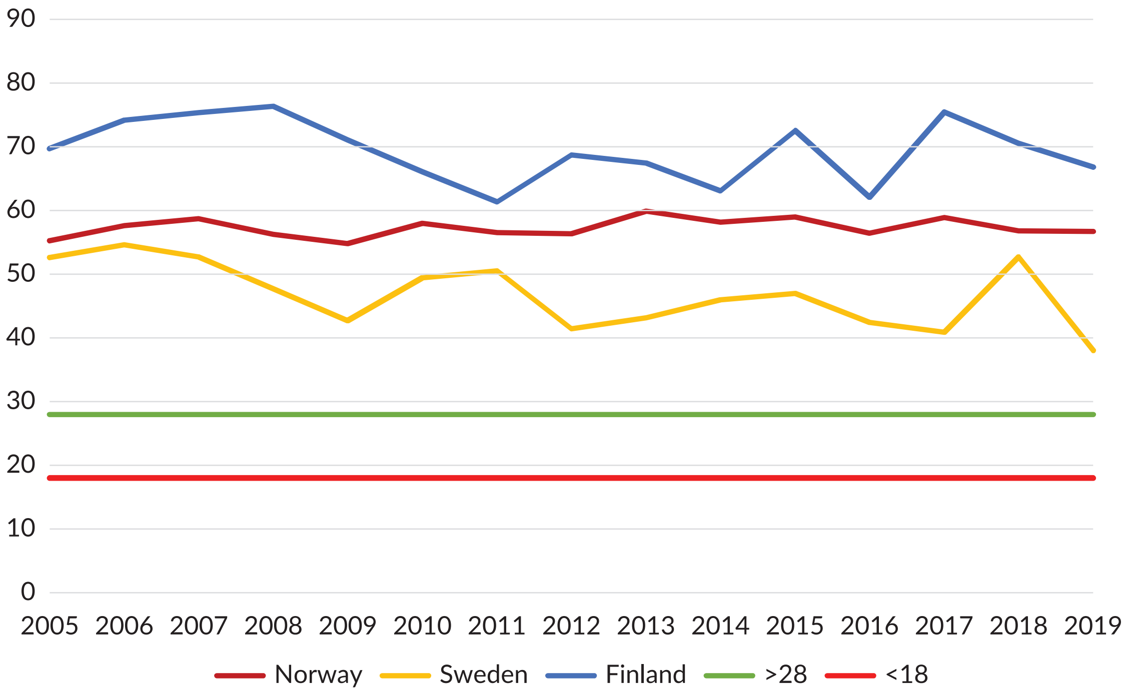

Figure 8. Median of the three-variable Z-score, 2005–2019.

differences in the financial situations of companies within the industry. In 2019, the share of companies at high risk of bankruptcy was less than 3% in both Finland and Norway. On the other hand, the share of companies in a similar situation in Sweden was significantly higher, one-sixth (17%).

To enhance our financial analysis, we introduced a scatter graph (Figure 9) that incorporated productivity and profitability metrics as axes. The graph plots net result percentages, using 0% as the midpoint and the median value added per personnel costs (1.13) of companies. These axes categorise companies into four quadrants representing their economic conditions: swamp, capital graveyard, kindergarten, and business class, as defined by Paasio et al. (1994).

Companies with low profitability and productivity are positioned in the swamp quadrant. Notably, one-quarter (26%) of Nordic newspaper publishing companies fall into this category. The capital graveyard quadrant consists of companies that are unprofitable, despite having above-average productivity. Only about 2% of the analysed newspaper publishing companies belong to this group.

Companies situated in the kindergarten quadrant exhibit low productivity but manage to maintain profitability. This quadrant accommodates a notable one-quarter (24%) of all analysed Nordic newspaper publishing companies. In contrast, the business class quadrant comprises industry elites—companies that are both profitable and demonstrate strong productivity. In 2019, nearly half (48%) of the newspaper publishing companies analysed fell into this esteemed category.

A closer look at the four-quadrant analysis reveals a significant difference in the situation of the three countries' newspaper publishing companies. In the analysis, one-fifth of both Finnish (20%) and Norwegian (19%) newspaper publishing companies are situated in the "swamp." In contrast, three out of five (60%)

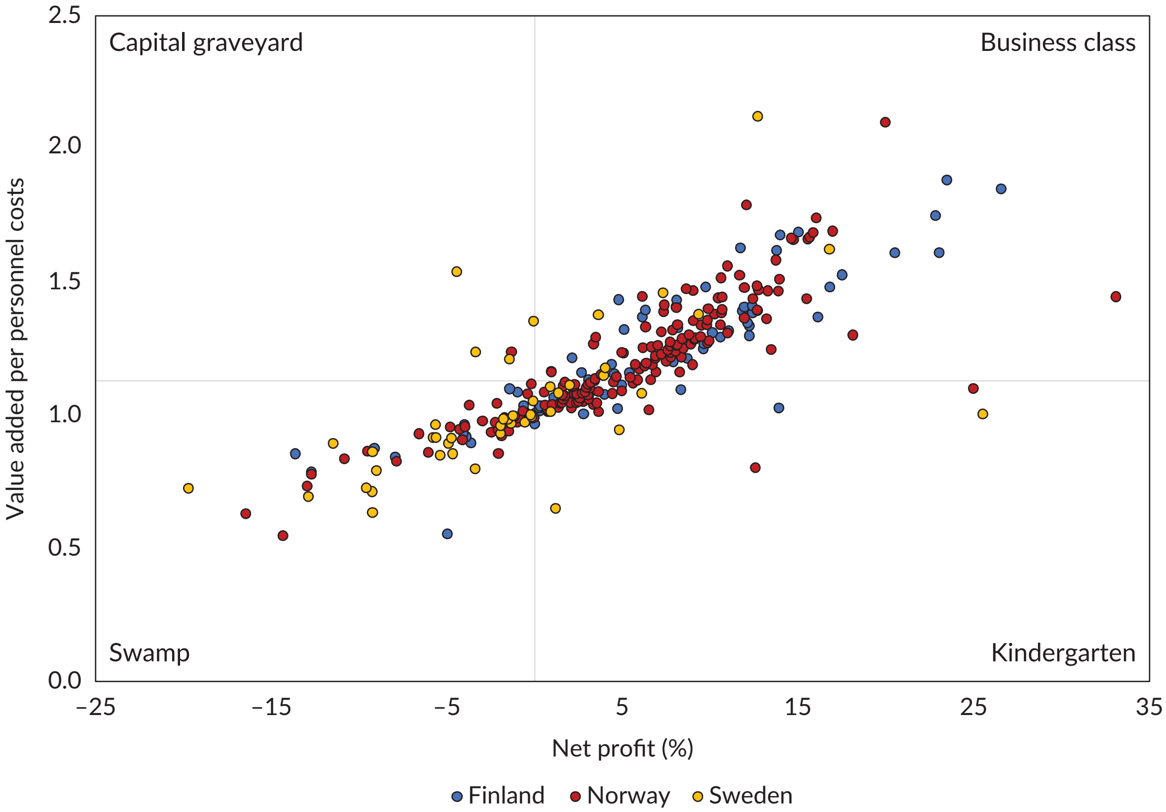

Figure 9. Nordic newspaper publishing companies on profitability–productivity axes in 2019.

Swedish newspaper publishing companies were situated in this quadrant. In addition, almost all firms that are unprofitable, despite better-than-average productivity, are Swedish newspaper publishing companies. However, segmenting these companies based solely on median productivity and profitability could be deceptive. This method overlooks the possibility that certain outcomes might be unusual, temporary, or influenced by specific business choices or uncontrollable national economic factors. Consequently, some companies placed in less favourable quadrants might actually be performing quite close to the industry average (Paasio et al., 1994, p. 44).

6. Conclusions

In their classic study, Hallin and Mancini (2004) found Denmark, Finland, Norway, and Sweden to be examples of the democratic corporatist media model together with Austria, the Netherlands, Belgium, Germany, and Switzerland. The Nordic countries were most like one another in the entire sample. This was later a partial inspiration for the idea of the Nordic "media welfare states," which reflects a certain Nordic exceptionalism (Ala-Fossi, 2020; Kammer, 2016; Syvertsen et al., 2014). However, many of the features of the Nordic media system, such as public subsidies for the media, have also been used elsewhere in Europe and the industrialised Western world. For example, indirect support for paid print media incumbents was the largest form of public media subsidy in the United States in 2008 (Nielsen & Linnebank, 2011). Yet, the shared context, political and commercial preconditions, and the relative similarity of the Nordic media markets still make them, in most cases, highly comparable national case examples (Lund, 2007).

In the Nordic context, the volume of indirect press subsidies is much higher than that of any direct subsidy. Indirect subsidies, such as VAT support and postal delivery subsidies, can be understood as business subsidies, as they are aimed at all operators in the entire industry and, because of their scope, they favour the largest operators. In other words, they speed up the concentration of ownership and the consolidation of the industry but do not help with adaptation or renewal but rather support and maintain current structures. The objective of direct subsidies, on the other hand, is to maintain media pluralism, so perhaps it can be said that these support systems, despite their common conservatory nature, have slightly conflicting goals in the current conditions. Irrespective of the specific policy objectives of the subsidies, from the industry perspective, the subsidies are just economic resources that the companies are using for their own business purposes. Yet, when constructing and managing policy, policymakers must correctly identify the problem they wish to address and construct solutions that actually address the root causes of the problem (Picard, 2007).

The driving forces of change in the newspaper industry have been consistent across all three studied countries: Sweden, Norway, and Finland. Shifts in consumer behaviour, the fragmentation of the advertising market, heightened competition, and technological advancements have reshaped how media is consumed and marketed. This has led to increased competition for consumers' time and money. Across these nations, the numbers of newspaper titles, printed newspaper circulation, and readership have all declined. Moreover, the share of newspapers in media advertising, particularly that of print newspapers, has decreased significantly. Concurrently, the influence of global platform giants, particularly in the realm of digital advertising, has continued to grow. This trend has persisted across all three Nordic countries under examination, while their differing capacities to maintain public spending have resulted in varying approaches to direct and indirect press subsidies. The Finnish national economy has become prone to fiscal crises of the state, and finding political support for new press subsidies is challenging in Finland.

The key finding of this study is that, in Sweden and Norway, direct press subsidies have not been able to prevent the decrease in the number of titles and, importantly, have created a number of support-dependent news media operators who do not have the conditions to survive on the income of their own business. It could be argued that the sheer existence of such support-dependent news media would prove that the subsidies do work as expected. However, while direct press subsidies have been shown to support pluralism aims by sustaining a heterogeneous newspaper structure (Sjøvaag & Pedersen, 2018) and are used specifically for ensuring diversity and supporting the democratic ideal of plurality (Kammer, 2016), direct subsidies seem also to lead to a possibly problematic situation where basically the press subsidy system aims to alleviate and slow down change and maintain the existing situation (treating the symptoms) instead of actually encouraging the industry to reform over time (treating the disease).

This is not just a Nordic phenomenon, as media subsidies elsewhere have largely remained frozen in their late 20th-century forms, not changing to nearly the same extent as the sectors they are meant to support (Nielsen, 2014). The overall question should not be how to best continue to subsidise the news media but rather how to organise digital markets in ways that best serve the interests of democratic societies (Ots & Picard, 2018). As Picard (2007, p. 242) notes, "The Nordic model appears to be based more on rhetoric and good intentions than actually producing and operating a system of support that leads to the desired outcomes." Of course, if preserving a diverse and pluralistic news media structure is the primary goal—instead of creating a financially well-performing one—then the current press subsidy system is the right one.

Based on the key figures from FSA, the Finnish newspaper publishing industry has maintained a stronger financial position (measured by the median) compared to both Sweden and Norway across almost all indicators throughout the review period. In the context of our study, it is a significant conclusion that this has been the case, even though, in Finland, direct subsidies to newspapers have been minimal or have not been there at all, unlike in Norway and Sweden. A noteworthy question for further research, then, is whether the absence of direct subsidies (perhaps together with ownership concentration) has acted in Finland as an incentive to make operations more efficient and streamlined (i.e., "the survival of the fittest") and has thereby led to better profitability, or if there are other factors behind this. It should be noted that the digitalisation efforts of the news media industry in Finland have not been stronger than in Sweden and Norway (sometimes, on the contrary) and thus do not, in our view, explain differences in the financial situations of newspaper publishing companies in these countries. In all, the Finnish news media have not enjoyed such press subsidies that would enable the preservation of their business model as it is or would offer "artificial respiration" for the ailing business of many news media companies in the condition of "failing slowly" (Villi & Picard, 2019). Thus, along with Neff and Pickard (2023), we note that the Nordic media support model cannot necessarily be transplanted into other countries as a bundle of solutions to news media's struggles.

While our analysis relies on financial data, we acknowledge the potential for a more comprehensive understanding of the Nordic news media industry by integrating qualitative insights from industry experts and policymakers and statistical data analysis. Additionally, future research avenues could delve deeper into the effectiveness of subsidy policies, exploring their impact on media pluralism, journalistic quality, and public access.

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Conflict of Interests

The authors declare no conflict of interests.

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E-Commerce as a Source of Revenue in Spanish Digital News Media

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Abstract

This study analyzes e-commerce strategies in Spanish active digital news outlets comprehensively based on a 2021 census. Out of the 2,862 outlets, 11.8% (or 337) incorporated some form of e-commerce, with a higher prevalence observed among legacy media than among digital-native outlets. The study also revealed that e-commerce was more prevalent among outlets with national coverage and specialized subject matters. A detailed examination of 34 high-reach outlets, including 25 legacy and nine digital-native news outlets, found that both types employed on-site sales and affiliate marketing. However, legacy media exclusively engaged in promotional editorial collections, merchandise, tickets, and travel sales. The study highlights that while some outlets are diversifying revenue streams, most still rely primarily on traditional income sources such as advertising and subscriptions. This reliance poses a risk as these conventional streams are becoming less dependable. Furthermore, the increasing move towards market-oriented journalism raises concerns about a shift from the democratic role of news media to a more consumerist model.

Keywords

affiliate marketing; digital journalism; digital media; e-commerce; financial sustainability; news media

1. Introduction

The digital era has ushered in significant challenges to the traditional revenue models of news organizations, which have historically relied heavily on advertising revenue. This challenge is heightened by the decline in advertising returns in digital formats compared with traditional print media (Doyle, 2013; Mitchelstein & Boczkowski, 2009; Picard, 2011). Publishers face additional financial pressure due to reductions in advertising placements, causing a ripple effect that has led to cost-cutting measures such as staff layoffs and reduced reliance on external news agencies (Krueger & Swatman, 2004).

These economic challenges exist in the broader context of the critical societal role of a robust and independent press. News organizations are integral to the functioning of democratic societies, amplifying the importance of finding sustainable revenue models (Peters & Broersma, 2013). As print readership continues to decline, news entities are compelled to explore innovative revenue-generating strategies to ensure their survival (Kaye & Quinn, 2010; Nel, 2010). Traditional advertising revenue is insufficient to sustain news organizations in the digital age (Berger et al., 2015; Casero-Ripollés & Izquierdo-Castillo, 2013).

Given this background, the purpose of this study is to critically examine alternative revenue streams for news organizations with a specific focus on the potential of e-commerce as a viable income source.

1.1. Dual-Sided Market Dynamics and the Role of Reputation

The concept of a dual-sided market is crucial to understanding the economic dynamics of the news industry. A dual-sided market is an economic platform that involves a service or product serving two distinct but interdependent groups of consumers. For news organizations, these two sides are the readers (or viewers) and advertisers. A unique characteristic of such markets is that demand from one group is critically dependent on that from the other group, creating a symbiotic economic relationship (Björkroth & Grönlund, 2018; Evans, 2003).

Newspapers require a large and engaged readership to attract advertisers who want to reach a wide audience. Readers are more likely to value newspapers with relevant advertisements and high-quality content. Poor readership leads to a lack of advertising revenue, which creates an unstable economic situation. Without advertising, newspapers may struggle to offer competitive subscription rates or free access, which could reduce their appeal to readers (Grönlund & Björkroth, 2011).

The print era saw a balanced two-sided market, with newspapers connecting readers and advertisers who had profited (Anderson & Gabszewicz, 2006; Picard, 2011). Digital technology disrupted this equilibrium. Digital platforms allowed advertisers to target consumers more accurately and cheaply, whereas readers wanted free, timely access to news. This put pressure on the newspaper business model, which relied on subscriptions and advertising (Olsen et al., 2021). Newspapers must delicately balance both sides of the market as the health of one affects the other. Charging too much for subscriptions may cause readers to leave, thus making the platform less attractive to advertisers. Offering free content may attract more readers, but advertising revenue is declining in the digital age (Olsen et al., 2021).

The declining reliability of traditional advertising revenues and changing reader behaviors are driving newspapers to explore alternative income streams such as e-commerce affiliations, sponsored content, and premium memberships (Olsen et al., 2021). These alternative models represent attempts to renegotiate the delicate balance between the dual sides of the market in a digital era characterized by rapid change and uncertainty.

In the discourse on dual-sided market dynamics, reputation and trust play pivotal roles, acting as a form of social currency that media organizations can leverage for competitive advantage (Boczkowski, 2002). Contrary to a one-sided viewpoint focusing only on readers, reputation exerts a multifaceted impact, influencing not only the audience but also advertisers and other stakeholders. For readers, the reputational standing of a media outlet serves as an initial heuristic for quality and credibility, thus promoting subscriptions and user engagement, which elevates the platform's attractiveness to advertisers (Ihlström & Palmer, 2002). For advertisers, a media platform's reputation assures a certain level of audience engagement and confers an additional layer of implied credibility to their messages. This perceived legitimacy allows media platforms to offset downward pressure on general advertising rates, potentially commanding premium pricing for ad placements.

Furthermore, the significance of reputation extends to revenue-diversification strategies. New revenue models, such as e-commerce affiliations or sponsored content, require a foundational level of trust and reputation to gain traction (Turban et al., 2002). A reputable media entity can capitalize on this reputational capital to endorse products or services, thereby amplifying the likelihood of successful e-commerce transactions and augmenting revenue streams.

1.2. Revenue Diversification

The literature on revenue diversification in the media industry is robust, with intersecting fields, such as finance, management science, and communications. Within the management science framework, a business model outlines how a company generates, delivers, and captures value (Osterwalder et al., 2005). Nested within this is the revenue model, which delineates the mechanisms for translating activities into income (Amit & Zott, 2001). Revenue diversification refers to the strategic proliferation of income sources, traditionally categorized into contributed/philanthropic (donations, grants) and earned/market-based revenue (advertising, subscriptions; Massey, 2018).

Diversification has not been adopted universally across media platforms. Larger national newspapers have been more experimental in adopting varied online revenue streams, whereas local and regional outlets have shown proclivity for caution (Herbert & Thurman, 2007). While diversification confers benefits such as financial resilience and strategic flexibility, it also complicates managerial tasks (Ramanujam & Varadarajan, 1989), making it a subject of interest for both scholars and industry practitioners (Massey, 2018).

The digital era has particularly favored the exploration of different revenue models, including subscriptions, advertising, and affiliate marketing (Gallaugher et al., 2001; Mensing, 2007; Vara-Miguel et al., 2021). However, the efficacy of diversification as a financial strategy for the media remains debatable. Some, such as Picard and Rimmer (1999), posit that diversification could bolster financial resilience, whereas others, such as Olsen et al. (2021), argue that it may not necessarily translate into increased revenue or stability, particularly in sectors such as the newspaper industry.

1.3. E-Commerce as a New Revenue Model for Publishers

Given the need for revenue diversification, placing too much emphasis on a single income source can be risky (Newman, 2023; Radcliffe, 2022a). Radcliffe (2022b) recommends complementing popular methods with newer streams such as e-commerce. Thus, publishers are increasingly looking beyond traditional methods to more dynamic models that capitalize on online consumer behaviors (Forrester Consulting, 2012; González-Tosat & Sádaba-Chalezquer, 2021). One particularly promising avenue within this diversification strategy is the utilization of e-commerce as an additional or alternative source of income.

The academic landscape of media revenue models has historically paid scant attention to e-commerce as a distinct income avenue for news organizations. Mensing's (2007) work signaled an upward trajectory in "other" revenue sources for the press, which included e-commerce, growing from 3% in 1996 to 19% in 2005. Although some scholars have touched upon multiple revenue streams, including e-commerce, in their analysis of diversification strategies (Cornia et al., 2016; Jenkins & Nielsen, 2020; Medina-Laverón et al., 2021; Nel, 2010; Tejedor & Pablos, 2020), they have not specifically drilled into e-commerce. Doyle's 2013 study also glanced at the multi-platform expansion by British publishers but did not focus on e-commerce. Gallaugher et al. (2001) found that UK magazine publishers were dissatisfied with performance metrics tied to affiliate programs. Ihlström and Palmer (2002) indicated that while Swedish newspaper managers viewed e-commerce as similar to retail portals, users were less enthusiastic. Finally, Berger (2018) explored how trust and reputation are crucial factors that influence the successful monetization of online content, specifically in terms of affiliate marketing and content-driven commerce.

Media publishers use e-commerce strategies to expand their revenue beyond advertising. Berger (2018) described content-driven commerce as a model in which publishers control marketing and sales by integrating non-editorial items with content. Affiliate marketing, as described by Nel (2010), Rappa (2001), and Radcliffe (2022a), directs web traffic to external vendors. Publishers earn commissions from consumer actions such as purchases. This model has been successful in areas such as fashion, travel, and automotive because of consumer trust and content relevance (Berger, 2018; Berger et al., 2015; Gallaugher et al., 2001). E-commerce models, unlike traditional advertising, generate income from consumer actions, making publishers intermediaries between consumers and products (Berger et al., 2015; Gallaugher et al., 2001). The success of the model relies on aligning the publisher's content with consumer interests (Hayes, 2023). Publishers are diversifying revenue sources through online stores, subscription boxes, memberships, retail partnerships, and education (Radcliffe, 2022a) using their distribution channels for targeted marketing (Gallaugher et al., 2001).

1.4. Advantages and Risks of E-Commerce in Media Publishing

E-commerce in media publishing is a multifaceted domain, with advantages and drawbacks that impact the financial and ethical dimensions of the industry. On one hand, e-commerce offers a valuable revenue stream that aligns well with existing brand strengths in sectors such as travel, fashion, and culture (Doyle, 2015; Jenkins & Nielsen, 2020). It also enables the rapid formation of reader communities, thus augmenting commercial prospects and fortifying the relationship between media outlets and audiences (Doyle, 2013, 2015). Conversely, the area is laden with complexities. Gallaugher et al. (2001) highlight a negative correlation between affiliate marketing and financial outcomes, likely due to intricate management demands or adoption by financially unstable entities.

Most critically, e-commerce poses risks to the reputational integrity of media organizations. Failures by e-commerce partners can result in a significant erosion of audience trust (Ihlström & Palmer, 2002). This has led some organizations to adopt a cautious “wait-and-see” strategy. Additionally, there is a perceptual gap between media managers, who see e-commerce as a beneficial supplement, and end users, who are less enthusiastic and prioritize the media’s core journalistic mission (Ihlström & Palmer, 2002).

2. The Use of E-Commerce Among Different Types of Digital Media

Despite these insights, there is a dearth of descriptive studies specifically focusing on e-commerce as a revenue source through digital media outlets. Consequently, no analysis has been conducted to determine whether there is a relationship between the type of media (digital-native media vs. non-native media), the nature of the content, or the geographical scope of the distribution and utilization of this type of revenue. This study aims to fill this investigative gap, at least in Spain. This first descriptive exercise could help raise more precise research questions about the real impact of e-commerce on news media outlets as barriers or motivations for its implementation.

The relationship between revenue diversification and performance in native digital media remains unclear. Massey (2018) found that the optimal performance for profit-based news platforms corresponded to a lower degree of revenue diversity. In contrast, Tejedor and Pablos (2020) and Medina-Laverón et al. (2021) asserted that sustainable digital-native media outlets often utilize at least three different revenue sources. Print-dominant or non-native media transitioning to a mixed print-digital business model may not require extensive diversification of revenue sources given their established market positions and traditional reliance on print and digital income (Pickard & Williams, 2014). Furthermore, Olsen et al. (2021) determined that higher revenue diversification within the newspaper industry was correlated with reduced total revenue. In their study focused on Spain, Vara-Miguel et al. (2021) concluded that digital-native media use statistically significantly fewer sources of revenue than non-native media:18.3% of non-digital-native media use three or more funding sources, as opposed to only 11.8% of digital natives (Vara-Miguel et al., 2021).

This gives rise to the following research question:

> RQ1: Do native and non-native digital media differ significantly in their use of e-commerce as a source of revenue?

Another major factor to consider when identifying and extending business models is the locus of concern of the newspaper. The broader the geographic focus of any newspaper’s news coverage, the less attractive it is to direct marketing (Krueger & Swatman, 2004). However, local and regional news organizations are distinguished by their unique offerings of content that better align with the interests and needs of local audiences (Franklin, 2006; Negreira-Rey et al., 2020).

Despite advertising remaining a primary revenue stream, the trend of declining advertising revenues compels these local news organizations to explore alternatives, such as e-commerce (Abernathy, 2014; Goyanes, 2015; Vara-Miguel et al., 2021). In Spain, digital-native platforms, mostly catering to local audiences, face revenue challenges that require diversification (Negreira-Rey et al., 2020). E-commerce models for local media outlets present opportunities for differentiation although certain constraints exist. These include limited market size, necessitating a diverse range of revenue models, and a stronger focus on civic objectives than profitability, leading to a reliance on community participation for content creation (Negreira-Rey et al., 2020). Consequently, the following question arises:

> RQ2: Is the use of e-commerce less prevalent among local-regional digital media in Spain than among national outlets?

Finally, the viability of a news revenue model is contingent upon the nature of news. Greater reporting depth can be achieved either through specialization in a particular category or through comprehensive coverage of general news. The provision of unique and non-replicable news serves as a key differentiator in attracting a specialized readership. Such exclusivity may involve delivering content tailored to a niche market, thereby serving a specific demographic that more effectively aligns with the media outlet's core values (Marta-Lazo et al., 2017). News organizations that prioritize unique and exclusive content have the potential to better segment their audiences and advertisers. This, in turn, could lead to more efficient monetization through e-commerce revenue streams (Myllylahti, 2017; Vara-Miguel et al., 2014). However, Krueger and Swatman (2004) suggest that specialized media offerings tend to be more successful in generating direct revenue, whether through transactional payments or subscriptions. Conversely, providers of more generalized information are likely to secure increased indirect revenue.

Consequently, we pose the following research question:

> RQ3: Is e-commerce more prevalent among specialized digital media outlets in Spain than among general media outlets?

3. The Spanish Media Landscape

The Spanish media landscape is in the throes of substantial transformation, pivoting from print to digital formats in response to seismic shifts in consumer behavior and advertising revenue. The industry faces the challenge of diminishing print circulation, which currently fails to exceed 100,000 for any daily newspaper, and the steep contraction in traditional advertising revenue—expenditures in print plunging by 82% between 2007 and 2020 and a correlative rise in internet advertising revenue of 450% over the same period (Infoadex, 2022). These challenges have created an imperative for the diversification of revenue streams, including the introduction of paywalls in approximately 30 digital editions since 2021.

Spain leads Europe in the quantity of digital-native brands within its media rankings. It is remarkable for the proliferation of digital-native brands such as *El Confidencial* and *Eldiario.es*, which not only compete with, but also occasionally surpass, traditional outlets in terms of influence and audience reach (Salaverría & Martínez-Costa, 2023). These trends are not limited to national platforms but extend to regional and local media, mostly privately owned, and frequently using co-official languages to engage local communities (Negreira-Rey et al., 2022).

3.1. Types of Revenues

Before analyzing the use of e-commerce as a revenue source by digital media in Spain, it is pertinent to provide an overview of the prevailing revenue sources used by these outlets (Table 1). Conventional advertising continues to predominate as the primary revenue source, with 85.1% of outlets employing standard display formats and 16.3% utilizing sponsored content (Vara-Miguel et al., 2021). However, there is an emergent trend towards revenue diversification, most notably through user-based funding models; 16.2% of outlets have implemented paid content, subscriptions, and memberships, with an additional 3% receiving donations (Vara-Miguel et al., 2023). Public subsidies and private grants support 13.6% of the outlets. Despite this diversification, e-commerce remains underexplored. According to 2023 census data, only 11.8% of Spain's 2,862 active digital news outlets offer e-commerce services under their brand, underscoring that, while multiple revenue streams are being considered, e-commerce is yet to gain substantial traction in the Spanish digital media sector.

Table 1. Sources of revenue in Spanish digital news media.

Types of sources of revenue	Frequency (*n*)	Percentage (%)
Conventional advertising	2,439	85.1
Sponsored content	467	16.3
Pay, subscriptions, memberships	458	16.2
Public or private grants	389	13.6
Electronic commerce	337	11.8
Consulting, events, etc.	140	5
Donations	86	3
Total	2,862	

Notes: Standard errors in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$; sources of revenue are not mutually exclusive; therefore, the sum is > 100%. Source: Vara-Miguel et al. (2021).

4. Methodology

4.1. Mapping Digital Media

This research was part of a project to develop a comprehensive database of Spanish digital news media, conducted by the research team in April 2021. A "digital news outlet" is defined as a journalistic publication with its own brand identity and content, either in Spain or having a specialized edition for the country. The results include only active digital news media updated with new editorial content at least once within three months prior to observation. Out of the extensive number of 3,949 news sites evaluated, the team identified 2,862 active sites, leaving 1,087 as inactive and excluded from the analysis. A critical categorization was made among the active sites: 1,358 (47.4%) were digital-native, while 1,504 (52.5%) were non-digital-native, as per the findings of Negredo-Bruna and Martínez-Costa (2021). To label a media outlet as digital-native, the team assessed its primary online activity from its inception, regardless of subsequent offline activities (Negredo-Bruna & Martínez-Costa, 2021).

4.2. Categories and Variables

Three researchers examined multiple digital media websites to identify various revenue streams, including e-commerce. A revenue source was marked as "yes" if any evidence of it appeared on the homepage, whether active promotions were visible. For e-commerce, revenue was noted if the site offered non-journalistic products or services for sale.

The study also sorted websites based on their content focus into two broad categories: “general news” and “specialized content.” General news sites provide a wide array of topics often targeting specific localities or demographics. By contrast, specialized outlets are concentrated in a particular subject area.

Finally, the sites were categorized based on their geographical reach, distinguishing between hyperlocal journalism and local/regional journalism. Hyperlocal and local/regional journalism differs significantly in scope, scale, and content. Local or regional journalism typically covers a broader geographic area, such as a town, city, or even an entire region, and addresses issues and events with wider impact. Hyperlocal journalism narrows its focus to a specific community, neighborhood, or even a particular street.

4.3. Inter-Coder Agreement Tests

Inter-coder agreement tests were based on a subsample of 350 brands representative of the entire census of news websites with a margin of error of ±5% at a confidence level of 95%. The subsample included the first ten sites every 100, sorted by our internally assigned ID. For revenue streams, three coders independently coded each case in the test sample. Subsequently, the results were compared. Cohen’s Kappa coefficients of agreement were calculated for each pair of coders and each source of revenue. The formula by which Cohen’s kappa coefficients are calculated includes a correction that discounts agreements that may have been reached by chance. The results were 0.75 for coders A–B, 0.79 for coders A–C, and 0.78 for coders B–C. According to the usual parameters of this statistical measurement (Abraira, 2000), a good level of agreement was reached ($K \geq 0.6$) in all the cases.

4.4. A Close-Up on the Largest Online News Brands

To complement the quantitative findings, a qualitative analysis of e-commerce services was conducted on a sample of 34 news outlets, the brands with the highest reach in the *Reuters Institute Digital News Report* survey (Newman et al., 2023), 25 of which were legacy news media and nine were digital-native brands. Non-participant observation of websites was performed in early March 2023, and the presence or absence of five self-descriptive categories of e-commerce was coded. The purpose was to present a more accurate description of e-commerce uptake in all its types, in these 34 cases representing Spain’s largest news sites.

4.5. Statistical Method

Pearson’s chi-square test was selected as the statistical method because of its suitability for analyzing binary categorical data and its capacity for multicategory evaluation (Sirkin, 2006). The test compares observed and expected frequencies under a null hypothesis of no association, making it apt for assessing binary categories like e-commerce adoption (“yes” or “no”) and content type (“general” or “specialized”). It also accommodates the multicategory analysis needed to examine e-commerce adoption across outlets with varying geographic scopes. Methodological rigor was upheld through careful scrutiny of test assumptions, such as the independence of observations, as well as ensuring that the sample size (N = 2,862) and expected frequencies met the accepted guidelines, thereby bolstering the robustness of the chi-square test.

5. Results

The close-up of leading news sites in Spain shows that the sale of products on-site through e-commerce platforms and off-site through affiliate marketing ($n = 15$) and transactions in the form of coupons and discount codes ($n = 10$) were available in both types of media, whereas the sales of promotional editorial collections and merchandise ($n = 8$), ticket sales ($n = 7$), and travel sales ($n = 3$) were exclusive to non-digital native media in our subsample (Table 2).

The only two sites with all five types of e-commerce are the leading paid-for newspaper websites in Spain (*El País*) and Catalonia (*La Vanguardia*). The next three e-commerce sites are *El Mundo* and *El Periódico*, runners to the aforementioned titles according to their weekly online reach in the respective markets, and *Marca*, the leading sports newspaper belonging to the same media corporation as *El Mundo*. Most brands that do not have e-commerce services are broadcast media.

Table 2. Types of e-commerce revenue streams on Spanish digital news sites with the largest weekly reach.

News website brand	Digital native	Percentage of news use (last week)	General products (e-shop, affiliate marketing)	Coupons and discount codes	Promotional editorial collections, own-brand merchandise	Tickets (i.e., for events)	Travel (online agency)	E-sales revenue streams
20 Minutos	No	15	Yes	Yes	No	No	No	2
El País	No	15	Yes	Yes	Yes	Yes	Yes	5
Regional/ local paper (*El Correo*)[a]	No	12	No	Yes	Yes	No	No	1
El Mundo	No	12	Yes	Yes	Yes	No	No	3
Antena 3	No	12	No	No	No	No	No	0
OKDiario	Yes	12	Yes	No	No	No	No	1
ElDiario.es	Yes	11	Yes	No	No	No	No	1
Public reg./ local TV/ radio (*CCMA*)[a]	No	10	No	No	Yes	No	No	1
Marca	No	10	Yes	No	Yes	Yes	No	3
El Confidencial	Yes	10	Yes	No	No	No	No	1
RTVE	No	9	No	No	No	No	No	0
La Vanguardia	No	9	Yes	Yes	Yes	Yes	Yes	5
ABC	No	9	No	Yes	No	No	No	1
Private reg./ local TV/ radio (*RAC1*)[a]	No	8	Yes	No	No	No	No	1
Libertad Digital	Yes	7	Yes	Yes	No	No	No	2
El Español	Yes	7	No	No	No	No	No	0
La Razón	No	7	Yes	No	No	No	No	2
COPE	No	7	No	No	No	No	No	0

Table 2. (Cont.) Types of e-commerce revenue streams on Spanish digital news sites with the largest weekly reach.

News website brand	Digital native	Percentage of news use (last week)	General products (e-shop, affiliate marketing)	Coupons and discount codes	Promotional editorial collections, own-brand merchandise	Tickets (i.e., for events)	Travel (online agency)	E-sales revenue streams
Telecinco	No	7	Yes	No	No	Yes	No	2
Público[b]	No	7	No	No	Yes	No	No	1
Cadena SER	No	7	Yes	No	No	No	No	1
El HuffPost	Yes	6	Yes	No	No	No	No	1
El Periódico	No	6	Yes	Yes	No	Yes	No	3
LaSexta	No	6	No	No	No	No	No	0
Europa Press	No	5	No	No	No	No	No	0
La Voz de Galicia	No	5	No	Yes	No	Yes	No	3
Onda Cero	No	4	No	No	No	No	No	0
Cuatro	No	4	No	No	No	Yes	Yes	2
Esdiario.com	Yes	4	No	No	No	No	No	0
El Economista	No	4	No	No	No	No	No	0
VozPopuli	Yes	3	No	No	No	No	No	0
ElNacional.cat	Yes	3	No	Yes	No	No	No	1
Expansión	No	3	No	No	No	No	No	1
Agencia EFE	No	3	No	No	Yes	No	No	1
Not digital native	25		11	9	8	7	3	18
Digital native	9		4	1	0	0	0	6
Total	34		15	10	8	7	3	24

Notes: [a] = For the three generic categories, the most popular site represented by the category was chosen for the analysis of types of e-commerce, but the percentage of weekly reach for news use represents the generic category, not the specific brand; [b] = *Público* is digital-pure but not digital-native because it was launched as a daily newspaper (2007–2012). Source: Authors' own work, except the column "Percentage of news use (last week)," which is based on Kaufmann (2023). This closer observation of leading sites shows that the use of e-commerce as a revenue source by Spanish digital media outlets was neither uniform nor homogeneous. Next, based on the entire census of active digital news media, we analyzed whether these differences were related to the type of medium, their geographic coverage scope, and the type of content they offered to their readers.

5.1. Segmentation: Traditional or Digital-Native Origin, Geographic Scope, and Topic Scope

Table 3 presents the distribution of e-commerce usage as a revenue source for digital-native and non-native digital media. Of the total 2,862 outlets, a minority (*n* = 337, 11.8%) were found to employ e-commerce as a revenue stream. This practice varied depending on the outlet type. Pearson's chi-squared test was performed to evaluate the presence of statistically significant differences in e-commerce usage. The analysis yielded a statistically significant association between the outlet's origin and e-commerce usage ($\chi^2(1) = 2{,}862$, $p < 0.01$). Among the digital-native outlets, 126 of 1,346 (9.3%) used e-commerce.

Conversely, a slightly larger proportion of non-native outlets, 211 out of 1,520 (14%), reported the use of e-commerce. Therefore, the data demonstrate (RQ1) that native and non-native digital media differ significantly in their use of e-commerce as a source of revenue. Despite these findings, it is important to highlight that the vast majority of active digital news media outlets in Spain, specifically 2,525 outlets (88.2%), do not incorporate e-commerce as a revenue source.

Table 3. E-commerce is a source of revenue for news media outlets.

	Digital-native		Non-native		Total	
E-commerce	*n*	%	*n*	%	*N*	%
Yes	126	9.3	211	14	337	11.8
No	1,232	90.7	1,293	86	2,525	88.2
Total	1,358	100	1,504	100	2,862	100

Table 4 shows the percentage and number of digital news media in Spain that use e-commerce as a source of revenue, categorized by coverage as hyperlocal, local/regional, national, and total. Pearson's chi-squared test was conducted to examine whether there were statistically significant differences in the use of e-commerce as a source of revenue among these types of media. The results revealed a significant association between the reach of coverage and the use of e-commerce ($\chi^2(2) = 74{,}347$, $p < 0.001$). Specifically, of all digital news media in Spain, only 1.9% of hyperlocal media, 8.7% of local/regional media, and 19.7% of national media use e-commerce. These findings suggest that the use of e-commerce as a source of revenue varies significantly depending on the reach of coverage, with national media being more likely to use e-commerce than hyperlocal or local/regional media. Thus, RQ2 is confirmed: The use of e-commerce methods is less prevalent among local/regional digital media in Spain than among national outlets.

Table 4. E-commerce as a source of revenue by news media outlet's coverage area.

	Hyperlocal		Local/regional		National		Total	
E-commerce	*n*	%	*n*	%	*n*	%	*N*	%
Yes	1	1.9	171	8.7	165	19.7	337	11.8
No	52	98.1	1,802	91.3	671	80.3	2,525	88.2
Total	53	100	1,973	100	842	100	2,862	100

Finally, Table 5 presents the proportion and count of active digital news media in Spain that leverages e-commerce as a revenue source, segmented by the scope of news media topics (general or specialized). Pearson's chi-squared test was performed, and the findings demonstrated a significant correlation between media type and e-commerce adoption as a revenue source ($\chi^2(1) = 18{,}338$, $p < 0.001$). Specifically, e-commerce was employed as a revenue source by 9.7% ($n = 168$) of general news media outlets compared to 15% ($n = 169$) of specialized news media outlets. Conversely, e-commerce was not utilized as a revenue source by 90.3% ($n = 1{,}565$) of general news media outlets and 85% ($n = 960$) of specialized news media outlets. Consequently, it can be inferred that statistically significant differences exist between general and specialized media in Spain: Specialized news media outlets exhibit a higher likelihood of employing e-commerce as a revenue source than general news media outlets do. Therefore, these data confirm RQ3.

Table 5. E-commerce as a source of revenue by news media outlets' topic scope.

	General		Specialized		Total	
E-commerce	*n*	%	*n*	%	*N*	%
Yes	168	9.7	169	15	337	11.8
No	1,565	90.3	960	85	2,525	88.2
Total	1,733	100	1,129	100	2,862	100

6. Discussion and Conclusions

This study examines the integration of e-commerce within digital news media outlets in Spain and reveals that only 11.8% have adopted this revenue avenue. Compared to international data, e-commerce emerges as a supplementary financial channel, corroborated by research from Norway (Olsen et al., 2021), the UK (Doyle, 2013; Gallaugher et al., 2001; Herbert & Thurman, 2007; Nel, 2010), France, Italy, Germany (Krueger & Swatman, 2004), and the US (Massey, 2018). Hence, although a small fraction of Spanish media outlets diversify their revenue sources, most remain anchored in traditional advertising revenue. Nonetheless, the data suggest that it is imperative for these entities to diversify their income streams through a mix of sponsored content, membership, grants, and e-commerce to attain fiscal sustainability.

The analysis of characteristics shared by media outlets that utilize e-commerce in Spain shows, first and foremost, that e-commerce is revenue that is more commonly employed by non-native digital media. In most cases, these are legacy brands (i.e., leading media outlets such as *El País*, *El Mundo*, and *Marca*), which are better equipped to explore and implement alternative and innovative revenue streams such as e-commerce (Casero-Ripollés & Izquierdo-Castillo, 2013). In addition to resources, legacy brands benefit from their greater reputation among audiences, a status that is more challenging for new native digital competitors. The reputation of news brands is essential for the efficiency and reach of e-commerce formats such as affiliate marketing (Berger, 2018). If media publishers believe that their readers trust them, they consequently think that they can function as intermediaries for diverse commercial or retail services (Ihlström & Palmer, 2002).

As Gallaugher et al. (2001, p. 476) stated:

> The reputation of an organization that generates information, such as a newspaper or magazine, may be inherited by online services that offer aggregated or syndicated content. The positive reputation effect may be particularly strong for firms seeking to establish their own brand beachheads in cyberspace. This may create a positive brand image due to increasing returns, generating an advantage that may not be easily neutralized by competitors.

Coverage also plays a significant role in the adoption of e-commerce. Spanish national media outlets are more likely to use e-commerce than hyperlocal, local, or regional media outlets. This can be attributed to the broader audience base of the national media, which provides a larger market for e-commerce activities. This trend confirms the findings of Krueger and Swatman (2004) that global corporations have little interest in local or regional websites because their marketing spending is primarily directed towards websites with a wider reach.

Finally, this study shows that the scope of the news media significantly influences e-commerce use. Specialized news media outlets are more likely to use e-commerce than general news media outlets. Although no other studies have examined the relationship between content type and e-commerce usage, the data are consistent with the fact that targeted audiences of specialized outlets are more receptive to specific e-commerce offerings related to the outlet's coverage. Furthermore, for news organizations, e-commerce serves as a vital source of additional revenue, and each brand generally tends to perform well in e-commerce in thematic or niche areas where it already has an established foothold (Doyle, 2013). Thus, the data confirms the idea that "specialized (niche) internet offerings are more successful in generating revenues, irrespective of whether the customer is paying per transaction or subscribing" (Krueger & Swatman, 2004, p. 162).

These trends suggest that market-oriented journalism, under the influence of e-commerce, has gradually shifted from the paradigm of providing citizens with essential democratic information to meet consumerist demands. In an environment characterized by declining media revenues and dwindling newsroom resources, there has emerged a palpable urgency to explore unconventional income avenues, such as e-commerce (Coddington, 2015; Doyle, 2013). Publishers are leveraging technological platforms not only for audience engagement but also for driving web traffic, thereby generating subscriptions and digital advertising revenue (Chua, 2023; Meese & Hurcombe, 2021; Vos et al., 2023).

One pertinent concern arising from this shift is the blurring of lines between editorial and commercially driven content, potentially undermining journalism's independence (Doyle, 2013; Yang & Oliver, 2004). Traditionally, the boundaries between news and advertising have been rigorously defined to serve as safeguards against undue economic and political influences. However, the financial adversities faced by media enterprises have challenged this delineation, fostering an increased permeability between editorial and commercial interests (Coddington, 2015; Yang & Oliver, 2004).

Critics argue that this erosion of boundaries diminishes journalistic standards, harms the reputation of news organizations, and compromises the value and credibility of journalistic brands, even in the eyes of advertisers (Matteo & Zotto, 2015). Furthermore, as the income of news providers increasingly depends on sales induced by their content, there is an incentive to craft editorial materials to enhance sales figures. When news providers employ commerce-oriented revenue models, they face the dilemma of diminished motivation to communicate truthfully (Berger et al., 2015). This conflict of interest, if perceptible to the audience, could tarnish the perceived trustworthiness of these news organizations. This creates a paradox in which providers are caught between the necessity for financial viability and the imperative to maintain editorial integrity (Berger et al., 2015). Nonetheless, studies have shown inconsistent results concerning the impact of commerciality on information processing, adding layers of complexity (Berger, 2018; Metzger et al., 2010).

The findings of this study have significant implications for financial strategies and the economic outlook of digital news media. First, the data indicate that only a small fraction of these outlets ventured into e-commerce as an alternative source of revenue. This suggests a potential area of growth and diversification, particularly when traditional revenue streams such as advertising are becoming increasingly unreliable. Our findings align closely with the studies conducted by Krueger and Swatman (2004), Mensing (2007), and Nel (2010) and strengthen the case for media organizations to consider investing in e-commerce platforms. It reaffirms the scholarly consensus that e-commerce can serve not just as a short-term fix for financial challenges, but also as a strategic asset for long-term financial stability.

Second, this study finds that legacy media brands are more likely to adopt e-commerce as an additional revenue stream, thereby widening the economic gap within the media landscape. Established outlets already have the advantage of brand recognition and trust, which can be leveraged to make e-commerce ventures more successful. This leaves newer digital-native outlets at a financial disadvantage, struggling to compete in terms of both news dissemination and revenue generation. While it may appear that these brands have an edge in e-commerce, it is important to note that there is no one-size-fits-all solution for profitability. Supporting this view, Mensing (2007) and Berger (2018) argue that profitability is not about adopting a single revenue model. Instead, the key to financial success lies in its adaptability to the specific conditions and audiences of each media outlet. Thus, although e-commerce may offer advantages for legacy media, it is not a guaranteed fix for all. These organizations, whether big or small and new or old, must customize their revenue strategies according to their unique circumstances to truly succeed.

This study has several limitations. Primarily, it is descriptive; therefore, it cannot track temporal trends in this rapidly changing field. Thus, future research should use a longitudinal approach to understand the evolution of digital technologies and consumer behavior. Additionally, this study does not explore the financial impact of e-commerce on media outlets, such as revenue generated, or how it compares to other sources such as subscriptions or advertising. This lack of research hinders our understanding of e-commerce's financial and strategic importance for digital news outlets.

Finally, the study mentions ethical issues related to commercialized news content but does not measure audience perceptions and their effect on journalistic credibility. Future research should include quantitative indicators to evaluate how commercialization affects public trust and journalism's societal role.

In conclusion, this study serves as a starting point for future research. To build on this work, subsequent scholarly endeavors should aim to incorporate longitudinal data, detailed financial analyses, and metrics for audience perception, to provide a more comprehensive and nuanced understanding of the role of e-commerce in digital news media in Spain.

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Conflict of Interests

The authors declare that they have no conflicts of interest.

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ARTICLE

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Bundling Digital Journalism: Exploring the Potential of Subscription‐Based Product Bundles

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Abstract

This study explores the potential of cross‐publisher bundled offers as a strategy for increasing subscription sales in digital journalism. While innovative forms of bundling are an integral part of media distribution in music (e.g., Spotify) and film (e.g., Netflix), their adoption in digital journalism has been limited, despite research showing that bundled access to products can increase consumers' willingness to pay, especially in younger target groups. Against this background, we conduct a choice‐based conjoint analysis using data from a representative survey of the German online population (n = 1,542). Results show that bundling digital journalism has the potential to raise publisher revenues and subscription sales in digital markets. In particular, they highlight that a comprehensive, cross‐publisher bundled offer, available at a fixed monthly rate, has the potential to stimulate digital journalism sales among different consumer groups in a relatively balanced way, including those who are typically more reluctant towards journalism. These findings align with the principles of information goods economics, which posit that maximising the size of digital content bundles often tends to be the most profitable distribution strategy. However, it is crucial to examine these findings in the context of the potential negative effects associated with this emerging business model in digital journalism, such as the cannibalisation of print subscriptions, diminished brand identification, and a possible imbalanced distribution of revenues.

Keywords

bundling; choice‐based conjoint analysis; collaborative platforms; digital journalism; innovation; market expansion

1. Introduction

In the last couple of years, many news organisations worldwide have adopted reader revenue strategies and novel subscription-based models (Myllylahti, 2018; Olsen et al., 2021). Nevertheless, the digital journalism market remains challenging. Recent studies highlight that large national media brands dominate subscription penetration, while digital subscription strategies tend to remain less effective for smaller publishers (Newman et al., 2023). Digital subscriptions only account for a small proportion of total reader revenue in the US and Germany (Bundesverband Digitalpublisher und Zeitungsverleger [BDZV], 2022; Chyi & Ng, 2020).

According to the *Reuters Digital News Report 2023*, most people have not paid for digital journalism in the last year. Short-term and non-subscribers tend to find paying full subscription prices unattractive and are concerned about being restricted to a single news brand (Newman & Robertson, 2023). The trend among subscribers to pay for online news is levelling off, mainly due to high inflation rates, resulting in rising customer churn (Newman & Robertson, 2023). Notably, the number of current subscribers for digital news in Germany has actually declined (Deloitte, 2023). Increasing prices, combined with a decrease in readership, are leading to concerns about a growing knowledge gap in the population between subscribers and non-subscribers (Olsen et al., 2021). Revenue strategies that depend primarily on reader payments may limit access to quality journalism for individuals who do not have the means or prefer not to subscribe, ultimately leading to a small group of affluent and highly educated individuals benefiting from it (Benson, 2019; Usher, 2021).

At the same time, news publishers rely heavily on third-party digital platforms to distribute content, expand audiences, and attract paying customers. This dependence results in an imbalanced power dynamic, where algorithms wield significant influence over content presentation and publisher decisions (Ekström & Westlund, 2019). Notably, the removal of news content in Australia by platforms such as Google and Facebook due to the News Media Bargaining Code highlights these power dynamics (Bossio et al., 2022). The emergence of artificial intelligence systems exacerbates platform control, affecting both news distribution and production (Simon, 2022) and aligns with the notion of "infrastructure capture" (Nechushtai, 2018, p. 1045).

With other revenue models struggling, cross-publisher bundles appear to offer a novel avenue for funding digital journalism (Buschow & Wellbrock, 2023). In related media markets, services such as Spotify and Netflix have become prime access points for consuming audio and video content (Hennig-Thurau & Houston, 2019; Prey et al., 2022). They rely on a business model which bundles media content from different providers into one comprehensive package for a fixed monthly subscription. The price of this subscription is typically lower than buying each product separately. A crucial factor in the success of these offers is how bundling mitigates the dispersion in consumer willingness to pay (Bakos & Brynjolfsson, 1999). Prior research on the shift to music streaming services indicates that their effect on industry revenue is positive or, at least, net-neutral, rather than resulting in the displacement of individual products (Aguiar & Waldfogel, 2018; Wlömert & Papies, 2016).

Instead of each publisher trying to compete individually in the market, digital journalism can potentially increase subscription sales and gain more independence from digital platforms by adopting collaborative platforms with cross-publisher content bundling strategies. When those models are introduced in the journalistic media industry, publishers gain control over crucial aspects currently dominated by big tech platforms, including access, revenue distribution, and user data (Wellbrock, 2020b). Notably, such models are more responsive to consumer preferences, as demonstrated in several studies (e.g., Behre et al., 2023; Kammer et al., 2015; Newman et al., 2023).

Examples of current journalism platforms that fulfil the basic characteristics of comprehensive bundles include Readly and Apple News+. However, these platforms still retain a significant share of subscription revenue, with publishers earning stakes based on reading frequency and volume (Fleischer, 2021; Rashidian et al., 2020). Previous research suggests that this revenue-sharing model is why many German publishers remain cautious about the economic potential of journalistic platforms (Weber et al., 2021).

Initial empirical results point towards the market appeal of these models (Wellbrock, 2020a). However, small sample sizes and methodological constraints have hindered the analysis of different consumer groups and broader market effects, such as the potential cannibalisation of print products. Against this background, we propose the following research question:

> RQ: How does the bundling of digital journalistic content from several publishers affect revenues and subscriptions?

To explore our RQ, we analyse consumer preferences for a range of journalistic bundles, from individual subscription offers (as the current dominant distribution strategy) to different hypothetical cross-publisher bundles. We conduct a choice-based conjoint (CBC) analysis to estimate the potential revenues and subscription sales of several text-based news products based on consumer preferences, including different bundled products. Our study involves a representative survey of 1,542 online users in Germany.

This article is structured as follows: In our literature review, we initially direct our attention to the preferences of current and potential subscribers of digital journalism with regard to cross-publisher bundles. We next introduce the theory of predictive value of bundling as proposed by Bakos and Brynjolfsson (1999), revealing the potential benefits of bundling strategies. Their findings serve as a crucial basis for the development of our hypotheses concerning the digital journalism market. Then, we describe the methodology of our study and the sample of the CBC. In the findings section, we explore the effectiveness of bundling strategies in enhancing the overall potential of digital journalism and address the challenges that journalistic platforms may face when implementing bundling strategies. This discussion is embedded in our conclusion.

2. Literature Review and Theory

2.1. Preferences for Cross-Publisher Bundles

Recent market data from the *Reuters Institute Digital News Report 2023* shows that digital news consumers are increasingly opting for multiple subscriptions (Newman et al., 2023). This shift can be attributed to the introduction of cross-publisher bundles in digital journalism, exemplified by offerings such as Apple News+ in the US, Canada, UK, and Australia. This is linked to the findings of Newman et al. (2019), which show that half of all news consumers access content from more than four sources on a weekly basis. Existing and potential subscribers have reservations about being tied to a single news outlet (Newman & Robertson, 2023). They express dissatisfaction with the perceived lack of diversity and want access to multiple news sources at a price significantly lower than the combined cost of multiple individual subscriptions. The findings of Behre et al. (2023) confirm these results for Germany and suggest that access to multiple news websites could increase willingness to pay among German users who do not currently pay for digital journalism.

It is imperative to consider the preferences of young people, as news outlets struggle to persuade them to pay because they perceive the prices of digital journalism as too high (Borchgrevink-Brækhus & Moe, 2023; Groot Kormelink, 2023). Younger audiences predominantly consume news via social media platforms (Newman et al., 2023) and, given their familiarity with platform logics, some of them show a strong inclination towards cross-publisher offerings (Borchgrevink-Brækhus & Moe, 2023; Kammer et al., 2015; Schwaiger et al., 2022). They prefer access to multiple perspectives rather than limiting themselves to a single source, opting instead for a mix of individual media brands tailored to their individual tastes (Borchgrevink-Brækhus & Moe, 2023). Studies highlight generational differences: Older audiences tend to gravitate towards broad journalistic content, while younger audiences tend to gravitate towards personalised offerings (Kammer et al., 2015). Wadbring and Bergström (2021) provide further evidence that, in the context of journalism, younger audiences have lower levels of brand loyalty than older audiences.

Despite these findings, current research falls short when analysing the market potential of cross-publisher bundles in journalism. This research gap can be attributed to the relatively limited attention such platforms have received within media and journalism studies (Buschow & Wellbrock, 2023). A study by Buschow and Wellbrock (2019) suggests that German online users show a strong tendency to subscribe to cross-publisher journalistic platforms, often referred to as "Spotify for News," rather than subscribing to individual news outlets. However, this study is limited by a small sample size, which does not allow for the analysis of certain consumer groups in detail. A follow-up study by Buschow and Wellbrock (2023) provides empirical insights from focus group discussions that identify key attributes of journalism platforms. These findings indicate that respondents expect them to have similar characteristics to those of popular platforms in related media markets (e.g., Spotify), such as the desire for access to multiple subscriptions at a single price.

In the journalism industry, some companies are already experimenting with such cross-publisher bundles. Apple News+ offers a selection of magazines and newspapers in a personalised app for Apple hardware such as the iPhone and iPad, making it particularly attractive to younger demographics in the US. Newman and Robertson (2023) suggest that nearly 30% of all subscribers under the age of 35 are paying for Apple News+ in the US compared to only 13% of older age groups, indicating its appeal to younger users. In Germany, Apple News+ is currently unavailable. However, the model raises concerns about the concentration of bargaining and publishing power in the hands of one market-dominating digital player, which potentially hinders non-discriminatory platform access for publishers.

The Swedish company Readly claims to be the leading platform for digital magazine consumption in Europe, offering a selection of national and regional dailies. However, it only provides access to a handful of premium-quality newspapers. In Germany, adoption thus remains relatively low, with only 2% of respondents claiming to use it (Behre et al., 2023). The platform mainly replicates print magazines and falls short of offering personalised features (Fleischer, 2021). Both Readly and Apple News+ claim a significant share of revenue (30 and 50%) from publishers (Fleischer, 2021; Rashidian et al., 2020).

Norwegian media company Schibsted provides Full Tilgang, a bundle that aggregates a range of local and national newspapers, podcasts, and videos at a lower price than if they were purchased individually (Newman et al., 2023). However, Full Tilgang only includes journalistic content owned by Schibsted, while current studies point towards the increased market potential of bundling content from different publishers.

Unlike northern European countries and the US, where bundled offers have proven more successful (Newman et al., 2023; Newman & Robertson, 2023), Germany appears to be trailing behind in adopting this model (Behre et al., 2023). The reason for this is that current bundled offers only provide a few German dailies, because many publishers tend to recognise insufficient (economic) potential (Weber et al., 2021), including concerns regarding revenue distribution, a possible lack of brand identification and a loss of direct access to user data (Wellbrock, 2020b). Given that German consumers share a preference for cross-publisher offerings, our research seeks to empirically analyse the potential for market expansion among German publishers.

While northern European countries such as Norway have public policies that subsidise journalism as a public good (Andersson, 2023), the US has a highly commercialised media system with minimal public broadcasting and almost no subsidies for journalism (Humprecht et al., 2022). In Germany, the media system is characterised by a private press sector with indirect subsidies and strong public service media (Horz-Ishak & Thomass, 2021) that could potentially position it as a supporting entity for German publishers to build collaborative platforms (Wellbrock, 2020b).

2.2. Theory of Predictive Value of Bundling

Bundling is defined as selling multiple goods in one package (Adams & Yellen, 1976). Since the willingness to pay for a good differs for each individual consumer, a valuable strategy is price differentiation (also often referred to as price discrimination). An effective approach is second-degree price differentiation (Pigou, 2017), where goods are offered in various forms—such as different versions or bundles—to encourage self-selection by customers.

Stigler (1963), as well as Adams and Yellen (1976), have suggested the advantages of bundling if products' valuations are negatively correlated. Schmalensee (1984) has shown that the bundling of two goods can be more profitable than selling the products individually, even if the product valuations are positively correlated. These authors enabled the groundbreaking research by Bakos and Brynjolfsson (1998, 1999): If bundling can reduce differences in consumer willingness to pay, it enables the seller to capture larger parts of consumer welfare with one price (Bakos & Brynjolfsson, 1998; Shapiro & Varian, 1998).

In general, this principle is based on the law of large numbers and is known as the "Predictive Value of Bundling" (Bakos & Brynjolfsson, 1999). Assuming that there are many different goods in a specific market and consumer preferences are sufficiently independent across these goods, it may be beneficial to bundle as many goods as possible, because by increasing the bundle size, consumer willingness to pay will become more similar across consumers.

When Netflix, for example, offers romantic comedies and science fiction content, we can assume that some consumers prefer one genre over the other (Wellbrock, 2020a). The demand for each individual product would therefore look like that seen in Figure 1(a). When bundling the two goods, demand becomes less dispersed—there are now fewer consumers who dislike both types of content and fewer who like both types of content (as in Figure 1(b)). This means that demand becomes more inelastic at the extremes and more elastic around the middle of the demand curve, as seen in Figure 1.

If all the available types of content were bundled together, the aggregated preferences or willingness to pay would align even further across consumers. The broader the range of content in the bundle and the greater the number of consumers with sufficiently heterogeneous preferences, the more the demand curve would resemble that seen in Figure 1(c). There would only be a few consumers with a strong or weak preference for all the components of the bundle. Most consumers fall around the average range.

Netflix, Spotify, and others can thus essentially charge a unified price for the entire bundle across all consumers and capture significant portions of willingness to pay or consumer surplus, avoiding the costly identification of consumer segments (third-degree price discrimination).

However, in the case of information goods, adding a good to the bundle has zero marginal costs, unlike many services and physical goods (Bakos & Brynjolfsson, 1999). Whether a digital newspaper subscription includes comprehensive content or only a portion is, in terms of cost, irrelevant to the provider. This is a strong argument for creating bundles that are as large as possible in the realm of digital journalism, especially across publishers. Since willingness to pay would align across consumers, the revenue-maximising price could also be below the optimal price of individual offers.

Bundling is also a common strategy for selling journalism. For example, *The Economist* bundles articles related to the US and Europe to reduce variability in customer willingness to pay (Shapiro & Varian, 1998). In contrast, selling articles individually tends to result in lower revenue than offering them as bundled packages. This result is reinforced by Stahl et al. (2004), who found that combining digital journalistic content into bundles generates more revenue than selling articles separately.

The New York Times (*NYT*) was one of the first newspapers that experimented with bundles wherein print subscribers get free access to their online newspaper (Pattabhiramaiah et al., 2019). By now, the *NYT* has expanded its strategy by bundling digital content, as print subscriptions are less important to the company's success (*NYT*, 2020b): Currently, it offers a subscription of digital journalistic and service content in an

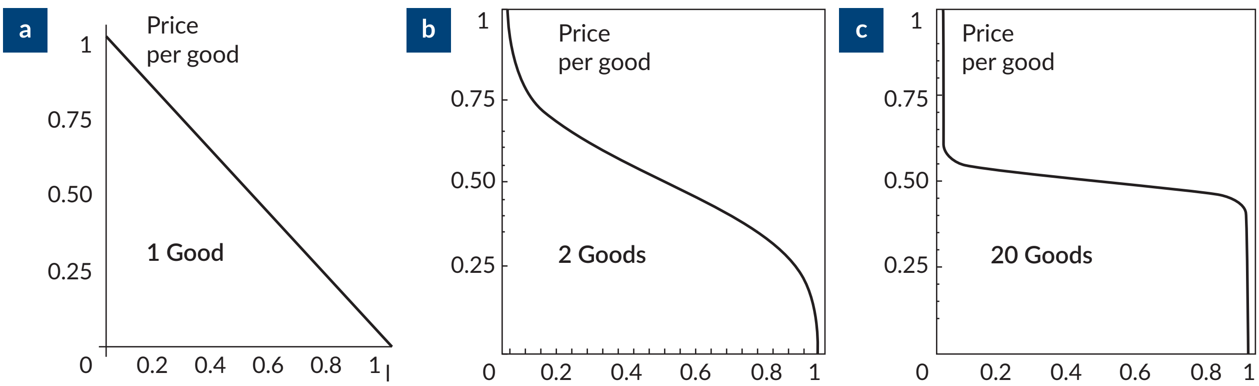

Figure 1. Demand for bundles of 1 (a), 2 (b), and 20 (c) information goods, with independent and identically distributed valuations uniformly distributed in (0,1; linear demand case). Source: Bakos and Brynjolfsson (1999, p. 1617).

"all-inclusive" bundle for one price, including news articles, games, cooking tips, product evaluations through Wirecutter, and sports coverage under The Athletic (Newman et al., 2023; *NYT*, 2023b).

Current market data and the financial figures for 2023 reported by the *NYT* show the appeal of offering subscriptions for multi-products. The news outlet has extended its lead position and now has 36% of total US digital subscribers, ahead of both *The Washington Post* and *The Wall Street Journal* (Newman et al., 2023). In the second quarter of 2023, more than half of the newly acquired digital subscribers embraced the all-access bundle (*NYT*, 2023a). Additionally, 38% of digital-only subscribers opted for at least two different products including the all-access bundle in the third quarter (Q3) of the fiscal year (*NYT*, 2023b). The *NYT* reports that the increase in digital-only subscription revenue in Q3 is driven by higher bundled and multi-product revenues, as well as an increase in other individual-product subscription revenue. Given its "winner-takes-most" status (Newman et al., 2023, p. 18), the success of the *NYT* may serve as an indicator of the broader market dynamics associated with bundling.

What sets this strategy apart from the previously discussed ones is its approach of bundling a wide range of genres and interests that also go beyond journalism. It is important to note that its appeal is also likely connected to the "welcome offer," which allows users to subscribe to the bundle for a lower price for a limited time. This strategy of bundling is an internal offering specific to the *NYT*. We would suggest that other news organisations consider adopting similar strategies, but by establishing collaborative cross-publisher offerings that provide access to an even more diverse range of newspapers, magazines, and other potentially valuable services.

Our research builds on these foundations and underpins our central hypothesis: Multi-publisher bundled offerings could generate higher revenue for news outlets, unlike the prevailing individual subscription products in the contemporary market. This leads to the following hypotheses:

> **H1**: Cross-publisher bundles lead to an overall increase in revenue across the German overall (including print products) and digital market (only digital products, including e-paper).
>
> **H2**: Cross-publisher bundles lead to an overall increase in subscription sales across the German overall (including print products) and digital market (only digital products, including e-paper).

To test these hypotheses, we need to measure consumer preferences for a set of existing and hypothetical journalistic content bundles. We examine the hypotheses based on Wellbrock (2020a) through market simulations, a common technique within CBC that allows for the estimation of demand curves for different products in relation to competing products.

3. Method

Conjoint analysis is a commonly used method in market research to estimate the share of respondent preferences (Dobney et al., 2017). In communication studies, it is established for simulating multidimensional processes of decision-making (Pelzer, 2019). The method presents respondents with a variety of product versions, each characterised by distinctive attributes and systematically different attribute levels. It therefore allows for the simulation of real-life market decisions (Miller et al., 2011). Attribute ratings within conjoint analysis exhibit higher predictive validity than choices in which attributes are assessed independently (Sattler & Hensel-Börner, 2007). For our research, we have applied CBC analysis (Louviere & Woodworth, 1983). Unlike conventional methodologies, CBC quantifies actual choices made by respondents rather than simply classifying alternatives.

Our empirical study involves 1,542 participants, who were selected to represent the German online population based on their activity over the previous three months. In June 2022, the market research company Bilendi recruited participants from its actively managed online access panel. To obtain a representative sample, we used a quota sampling approach, which is a non-probability strategy. We considered demographics such as age, gender, formal education, net household income, and geographical region to ensure a diverse and representative sample. Participants in our survey were aged from 16 to 69. Our resulting sample should be similar to data obtained using probability sampling methods (Fowler, 2002).

We used Sawtooth software to conduct the CBC analysis. Our survey process began with the collection of demographic information from the participants. Following this, the respondents were surveyed about their intention to pay for digital journalism. Nineteen per cent indicated a high or very high likelihood of paying, whereas 56% said it was unlikely or very unlikely that they would pay. We then proceeded to the CBC.

CBC perceives a product as possessing multiple attributes, each distinguished by different attribute levels (Hair et al., 2010). Their perception is understood to have a significant impact on purchasing decisions. Each characteristic holds different partial utility values for a respondent. These values represent the preference weight for each attribute, while their combination allows us to describe a respondent's preference structure. CBC also allows for the classification of attribute importance by computing hierarchical Bayesian estimation. In our study, we have selected four different attributes: price per month, format, bundle size, and access (see Table 1). These affect willingness to pay for journalism, as current research shows.

Price is considered the most important attribute that affects willingness to pay for journalism (Borchgrevink-Brækhus & Moe, 2023; Groot Kormelink, 2023). For digital products, we have chosen a price scale that ranges from €4.95 to €29.95 per month, divided into five tiers. For print products, the scale ranges from €29.95 to €59.95 per month, divided into ten tiers. These price scales are based on 2021 market data for Germany (BDZV, 2022).

The attribute "format" describes the medium through which content is delivered to users. In a conjoint analysis by Berger et al. (2015) it is the second most important attribute when deciding to subscribe to a news outlet. We distinguish between printed paper, website, app, and e-paper as potential formats (attribute levels).

"Bundle size" discerns between individual products and bundles. One of the variants considered includes a comprehensive bundle, providing users with access to text-based content from various national and regional publishers (a "Spotify for News"; Wellbrock, 2020a). Other product versions include bundles that present content from all regional or national publishers, or a combination of a single regional and national title, enabling us to determine whether smaller bundles also positively affect user perceptions. Current research shows that large bundles which allow access to several publishers can enhance willingness to pay for digital journalism, especially for younger audiences (e.g., Behre et al., 2023; Borchgrevink-Brækhus & Moe, 2023; Kammer et al., 2015).

Table 1. Attributes and their levels, surveyed in CBC.

Attributes	Levels
Format	Print Website App e-paper Website + App + e-paper
Bundle size	Regional single product National single product Regional + national product Regional bundle National bundle Comprehensive bundle
Price per month	€4.95–€29.95 €29.95–€59.95
Access	Centralised Decentralised

The term “access” refers to the two ways—centralised and decentralised—in which content can be reached by users. Centralised access involves the delivery of content through a single platform. A decentralised approach allows users to bypass publisher paywalls with a single sign-on solution. They could be a key feature for publishers, as they come at a much lower cost than centralised platforms and the content remains in the publishers’ brand environments (Wellbrock, 2020a).

In our survey, we presented respondents with a text describing various attributes and their corresponding levels. We then asked them to rank four attributes (as shown in Table 1) according to their perceived importance. They were then presented with a choice of five different journalistic products and given the opportunity to abstain, all randomly selected. The specific question they were asked was: “Given this choice of journalistic products, which one would you choose to subscribe to?” Figure 2 shows a sample set of choices, including different bundle options and individual products. Respondents made their choices by clicking on their preferred options, with the option of hovering the mouse over them for additional information about the attributes. Respondents were presented with 26 sets of choices.

The utilities derived from respondents’ choices were used to evaluate how attribute levels impact market share in simulated market scenarios. These simulations allow us to predict respondent behaviour in various market

Figure 2. Exemplary presentation of the possibilities of choice in CBC.

conditions where predefined products, based on current market data (BDZV, 2022), are in play. For each respondent's product profile, a total utility was computed by summing the utilities of the attribute levels associated with that product. We opted for the randomised first-choice method in these simulations, as it has been shown to be effective when compared to other methods using Sawtooth software (Sawtooth, 2023a). The choices of the respondents were combined to estimate the market share for each product profile.

By adjusting the attribute levels of product profiles, different market scenarios were simulated to understand how changes in products or the introduction of new ones might impact market share. Market share was calculated by determining the ratio of respondents who chose a specific product to the total number of respondents (Hal Dean, 2004).

Conducting market simulations allows us to explore the impact on revenue and subscription sales if a comprehensive product bundle (encompassing regional and national content, website, app, e-paper, and centralised format) was introduced to the entire German journalistic market (including print products) and the digital market (excluding print products). Additionally, the potential effect of cannibalisation on print products was approximated by examining the results of these market simulations (Green & Krieger, 1989).

4. Results

Price per month emerged as the most influential factor, followed by format, bundle size, and access (Table 2). These results are consistent with the research already presented, and further indicate the importance of bundle size and the relative unimportance of access, whether centralised or decentralised.

Table 2. Attribute's importance when purchasing journalistic products.

Attribute	Value	Standard error	Lower 95% CI	Upper 95% CI
Price per month	47.12	0.33	46.48	47.76
Format	28.15	0.3	27.56	28.73
Bundle size	20.78	0.23	20.33	21.23
Access	3.95	0.08	3.79	4.12

Note: $n = 1{,}542$.

Table 3 illustrates respondents' relative preferences for different bundle sizes. In general, bundles tend to offer more value to consumers than individual products, as individual products receive the lowest ratings, both for regional and national titles.

Based on the data analysis, it appears that respondents have a stronger preference for the comprehensive bundle than other levels of the attribute. This conclusion is supported by the non-overlapping confidence intervals of the comprehensive bundle when compared to other bundle sizes, as this suggests a statistically significant difference in preferences for the comprehensive bundle ($\alpha = 0.05$; Sawtooth, 2023b).

Additionally, the data indicates a significant difference between the combination of a single bundle of national and regional content and other bundles or single products. These findings provide evidence that respondents prefer the combination of national and regional content, even though they receive less overall content than in the alternatives.

Table 3. Partial utility values of the attribute "bundle size."

Bundle size	Partial Utility value	standard error	Lower 95% CI	Upper 95% CI
Comprehensive bundle	30.51	0.8	28.94	32.08
One national + one regional newspaper	11.45	0.55	10.37	12.53
Bundle of national newspapers	2.73	0.63	1.49	3.96
Bundle of regional newspaper	0.54	0.5	–0.45	1.53
One regional newspaper	–21.92	0.75	–23.39	–20.45
One national newspaper	–23.31	0.6	–24.48	–22.13

It remains, however, inconclusive as to whether respondents exhibit a stronger preference for the national bundle over the regional bundle, as their respective confidence intervals overlap.

Market simulations were applied in order to test the hypotheses. The market simulations were conducted using the prices for existing products (BZDV, 2022) and an optimal price point of €9.95 for the comprehensive bundle, as recommended by the CBC. We projected the preferences exhibited by our sample onto the entire 2021 German online population of 66.6 million (ARD/ZDF-Forschungskommission, 2021).

In contrast to actual market data (BDZV, 2022), the CBC method exhibits a proclivity towards overestimating the total revenues and the demand for digital journalism in Germany. Even though such overestimations are acknowledged limitations of conjoint analysis (Sichtmann et al., 2011), these overestimations are expected to be consistently proportional across all the surveyed groups and products. Credible conclusions can therefore only be drawn from relative differences.

Table 4 shows the impact of introducing a comprehensive bundle in the German digital and the overall market. Despite the comprehensive bundle having a lower price than existing digital products, the market simulation reveals an overall increase in digital revenue. The revenue in the overall market remains stable, with only approximately 10% of current print subscribers switching to the comprehensive bundle, meaning that publisher concerns about a substantial decline in print subscribers seem unfounded. The market expansion induced by the cross-publisher bundle would offset losses in the print market.

In both estimations, cross-publisher bundles account for around 40% of total revenues. The combination of lower prices and access to content from multiple publishers is appealing to consumers, driving market

Table 4. Adding a comprehensive bundle in market simulations.

Market simulations	Digital market	Overall market
Monthly revenue (current market situation)	€432.5 million	€566 million
Monthly revenue + platform	€467.4 million	€566.7 million
Revenue share of platform	43%	35%
Subscription share of platform	62%	58%
Increase in revenue	+10%	+0.12%
Increase in subscriptions	+41%	+37%

Note: *n* = 1,542.

expansion and offering revenue growth potential. These findings remain consistent even when access is provided through a decentralised system, such as a single sign-on model.

These findings partly support H1, as the introduction of a comprehensive bundle would increase the revenue by 10% in the digital market and yield stable revenue in the overall market. H2 is fully supported, as subscription sales substantially increase in both markets.

Remarkably, this market expansion is almost evenly distributed across different population groups. Table 5 shows the effects on different population groups who usually prefer to consume news on platforms and have a low willingness to pay for digital journalism.

Our market simulations show a remarkable increase in subscription sales among groups of young people, people living in rural areas, and people with lower levels of education, political interest, and trust in the media. In the simulation, subscription sales for these groups increase by 33% to 40% in both the digital and total markets when compared to today's mainly single-publisher offerings (see Table 5).

Table 5. Impact on subscriptions for selected population groups as a result of including a comprehensive bundle.

Population group	Change in subscriptions due to platform (current market)	Change in subscriptions due to platform (digital market)
Total sample	+41%	+37%
16 to 29 years old	+34%	+36%
Rural population	+36%	+42%
Low formal school education	+33%	+38%
Low political interest	+35%	+36%
Low trust in media	+37%	+38%

Note: n = 1,542.

5. Discussion and Conclusion

All in all, the results of the CBC analysis confirm that bundling different publishers and formats likely has a positive impact on the digital market revenue and stabilises the overall revenue. The concept of a comprehensive bundle that includes both national and regional content seems to appeal most to consumers. This bundle shares similarities with the presented models, especially in its ability to provide access to multiple publishers with varying content, access types, and bundling options through a single subscription. However, it is crucial to highlight that our comprehensive approach differs from these existing models in two significant ways. First, we propose a collaborative product within the journalistic media industry itself, without relying on a dominant platform company like Apple. Second, the bundle aims to function as a cross-publisher solution, enabling users to access a wide array of offerings from different news companies. Such models, built by the publishers themselves, could be one further promising way to diversify revenue streams (Olsen et al., 2021).

The current focus of news outlets on a financially privileged, and highly educated elite that can pay for digital journalism as well as increasing prices and shrinking audiences, raises concerns about a growing knowledge gap (Benson, 2019; Olsen et al., 2021; Usher, 2021). This scenario could erode a society's ability to stay informed, participate in democratic processes, and nurture institutional and political trust. Our research suggests that offering a comprehensive bundle can help counter this scenario by catering to diverse groups with different interests, such as those with a limited income, lack of political interest, or distrust of the media. Therefore, such models could also serve to fill knowledge gaps and incentivise publishers to broaden their reach beyond a narrow, affluent audience.

In summary, our research is consistent with the empirical studies conducted by Newman et al. (2023), Newman and Robertson (2023), and Behre et al. (2023), all of which highlight the importance of offering access to a variety of news publishers for a single price as an incentive for users to pay for digital journalism subscriptions. In addition, our study reinforces the positive impact of bundling as proposed by Bakos and Brynjolfsson (1998, 1999) and further related to digital journalism by Wellbrock (2020a), showing that a subscription model that facilitates access to multiple news outlets contributes to an overall increase in journalism subscription sales. Our research extends the scope of current research by allowing us to estimate potential market effects. These effects include considerations such as the impact on the overall revenue, subscription sales across different demographic groups, and the extent of cannibalisation of print products—the results of which suggest that cannibalisation is relatively low in this context.

Most publisher concerns regarding cross-publisher models stem from the centralised "Spotify for News" concept (Wellbrock, 2020b). Many of these concerns, including market identification and content prioritisation, can be addressed through decentralised access models. Our research indicates that consumers are open to such approaches. However, the equitable distribution of revenues remains a challenge, regardless of the access model. To prevent revenue concentration among large publishers, the distribution model could consider factors beyond usage duration and intensity, such as a publisher's geographic location or the number of permanently employed journalists.

The chosen method has limitations tied to its assumptions and selected attributes (Kulshreshtha et al., 2023). Specifically, our CBC does not explore respondent preferences for different publishers (e.g., private or public media organisations) and omits attributes such as personalisation, recommendation algorithms, or search functionality to avoid overwhelming respondents. Furthermore, the underlying assumption of full respondent rationality does not capture consumer behaviour's complexity (Curry, 1997). As the products are only partially available in the current market, this approach may be susceptible to response biases, including strategic, random, or satisficing responses, partly due to the repetitive nature of the questions (Bijmolt & Wedel, 1995). Despite these limitations, the method remains widely used because of its ability to facilitate realistic decision-making while allowing for the consideration of market conditions.

Overall, our study shows the potential of embracing collaborative platforms for journalism. Such an approach would expand the societal influence of digital journalism, making it a more accessible resource for a broader audience.

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Conflict of Interests

The authors declare no conflict of interests.

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