

1 PART: News startups: entrepreneurship reshaping journalism

News startups have become a significant force in the media landscape in recent years, reshaping journalism and entrepreneurship. These emerging digital news platforms are disrupting the traditional media industry and changing the way people consume news. News startups are characterized by their use of technology, innovative business models, and a commitment to quality journalism.

The rise of news start-ups is driven by several factors. Firstly, the traditional media industry is facing challenges from the digital age. With the increasing availability of the internet and mobile devices, more people are consuming news online. This has led to a decline in print circulation and advertising revenues for traditional media companies. As a result, many of them have been forced to cut back on their newsrooms, resulting in a reduction in the quality and quantity of their content.

Secondly, the growth of social media has made it easier for news startups to reach audiences. Social media platforms like Twitter and Facebook have enabled news startups to connect with their audiences in real-time, which has increased their visibility and reach. Additionally, social media has made it easier for news start-ups to build brand awareness, engage with their audiences, and drive traffic to their websites.

Thirdly, the rise of digital technology has enabled news start-ups to produce content more efficiently and cost-effectively. For example, some news start-ups are using artificial intelligence and machine learning algorithms to streamline their news production processes. This has enabled them to produce content faster, which has helped them to stay ahead of the competition.

For example, United Robots is a Swedish startup that provides news automation services. The company uses artificial intelligence and natural language processing to automatically generate news articles from structured data and other sources. United Robots' clients include media companies, news agencies, and other organizations that need to produce large volumes of news content quickly and efficiently. The company was founded in 2015 and is headquartered in Stockholm, Sweden.

One of the most significant impacts of news start-ups is their ability to provide alternative perspectives and viewpoints. With traditional media companies focusing on delivering news that appeals to a broad audience, there is often little room for stories that do not fit within the mainstream narrative. News startups, on the other hand, are more agile and can produce content that addresses niche topics and perspectives. This has helped to diversify the media landscape and ensure that a wider range of voices are heard. For example, Lithuanian media startup *bendra.lt* is a first engaged journalism platform in the country. Community members are invited to participate in the reporting process by offering story ideas and voting for the most interesting topics in their community.

Another impact of news startups is their innovative business models. Many news start-ups are experimenting with new revenue streams, such as crowdfunding, sponsored content, and memberships. These new business models are helping to create sustainable revenue streams for news start-ups, which has enabled them to produce quality journalism and attract top talent.

News startups are also reshaping the way journalists work. With the rise of digital technology, journalists are now able to work remotely and collaborate with other journalists from around the world. This has enabled news start-ups to create a more diverse and inclusive newsroom, where journalists from different backgrounds and perspectives can come together to produce quality journalism.

Despite the many benefits of news startups, there are also challenges that they face. One of the biggest challenges is the issue of monetization. While many news start-ups have been successful in attracting audiences and producing quality journalism, they often struggle to generate sustainable revenue streams. This has led to many news start-ups closing down or merging with other companies. Another challenge is the issue of trust. With the rise of fake news and misinformation, many people are becoming increasingly skeptical of the media. News start-ups need to ensure that they are producing quality journalism and maintaining high ethical standards to build trust with their audiences.

News startups are playing an important role in reshaping journalism and entrepreneurship. They are using technology and innovative business models to disrupt the traditional media industry and provide alternative perspectives and viewpoints. While they face challenges, news startups are helping to create a more diverse and inclusive media landscape, where quality journalism can thrive.

2 PART. New subscription models in journalism

Journalism has always been a vital pillar of democracy, providing citizens with access to information and knowledge about their world. However, with the rise of digital technology and the internet, the traditional model of journalism has faced challenges to sustain its revenue streams. Many newspapers, magazines, and online media platforms are struggling to generate income from advertising alone, which has led to the exploration of new business models. One such model is subscription-based journalism, which aims to provide high-quality content to readers in exchange for a fee. For example, in the third quarter of 2021 The New York Times' digital subscribers accounted for 7.6 million, approximately 90% of its total subscriptions, with all subscriptions accounting for approximately 67% of its revenue as of the third quarter of 2021. In this lesson we will discuss what is traditional media business model and what are the

In this lesson, we will explore the new subscription models in journalism, such as paywalls, freemium models, and membership models. We will analyze the benefits and drawbacks of these models and discuss their potential impact on the journalism industry.

The Traditional Model

The traditional model of journalism involves newspapers and magazines publishing content and generating revenue from advertising. This model has been around for over a century and has been the primary revenue stream for the industry. However, with the advent of digital technology, this model has become increasingly challenging to sustain. Advertisers are now able to target their ads to specific audiences online, which means that newspapers are no longer the primary way to reach customers. This has led to a decline in advertising revenue for many newspapers and magazines.

The New Models

In response to these challenges, many news organizations have started to experiment with new subscription models. These models include paywalls, freemium models, and membership models.

Paywalls

Paywalls are the most common subscription model used by newspapers, magazines, and online media platforms. Paywalls are a way of limiting access to content to those who have paid for a subscription. This model has been successful for some newspapers, such as The New York Times and The Wall Street Journal, which have seen a significant increase in digital subscriptions. According to a report by the Reuters Institute for the Study of Journalism, paywalls have become more common in recent years, with over 70% of newspapers in the United States now using them.¹

Metered paywall

A metered paywall is a type of subscription model used in journalism where readers are allowed to access a certain number of articles or content items for free before being prompted to subscribe to access additional content. The idea behind a metered paywall is to give readers a taste of the content and incentivize them to subscribe if they want to read more. This approach allows publishers to build a relationship with readers and show the value of their content, while still providing some free access to attract new readers.

Metered paywalls are different from a hard paywall, which completely blocks access to all content unless the reader pays for a subscription. With a metered paywall, readers can access some content for free, which can help build brand loyalty and encourage readers to subscribe. Many news outlets, including The New York Times and The Wall Street Journal, use metered paywalls as a way to generate revenue from their digital content.

Freemium Models

Freemium models are another subscription model that is becoming increasingly popular in the journalism industry. This model involves offering some content for free, while charging for access to premium content. For example, The Guardian offers free access to most of its content, but charges for access to its crosswords and puzzles. This model has been successful for some newspapers, such as The Financial Times, which has seen a significant increase in digital subscribers since it introduced a freemium model in 2019.

Membership Models

Membership models are another subscription model that is becoming popular in the journalism industry. This model involves offering readers access to exclusive content, events, and other perks in exchange for a monthly or annual fee. This model has been successful for some media outlets. For example, ProPublica is a nonprofit news organization that produces investigative journalism in the public interest. The organization relies on a variety of funding sources, including individual donations and grants and membership to support its operations.

¹ Newman, N., Fletcher, R., Kalogeropoulos, A., & Nielsen, R. K. (2020). Digital News Report 2020. Reuters Institute for the Study of Journalism. <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2020>

Members can contribute monthly or annually and receive access to exclusive content and events.

One more example of a membership model is Spanish news site elDario.es. Members can pay €8 monthly or €80 annually or set a higher fee voluntarily. The site uses metered paywall technology to help nudge loyal audiences to become a supporter, for example, by sending a membership pop-up once a reader has consumed more than 10 articles for free in a month. The message says: “You like our journalism, and it needs you.” From that point, a reader has to become a member to access more articles. However, readers can select option “I can’t pay”, with students, unemployed people, those on government furlough schemes or those with low income encouraged to choose a free or reduced fee option. In total, 50% of the newsroom’s revenue comes from readers and 50% from advertising.²

Micropayments

Micropayment is a media subscription model that allows readers to pay a small fee, often just a few cents, to access individual articles or pieces of content instead of paying for a full subscription. This model is designed to cater to readers who are not willing to commit to a full subscription but are willing to pay for specific pieces of content that they find valuable or interesting. Micropayment models have been used by some media outlets, such as Blendle, a Dutch news platform that offers access to individual articles for a small fee. However, this model has not been widely adopted in the industry, and some experts question its feasibility due to the low transaction fees involved in processing small payments.

Benefits and Drawbacks of New Subscription Models

The benefits of new subscription models in journalism are numerous. Firstly, subscription models can provide a stable revenue stream for newspapers, magazines, and online media platforms, which can help them to maintain high-quality journalism. Secondly, subscription models can help to build a loyal readership, as readers who are willing to pay for content are likely to be more engaged with the content than those who access it for free. Finally, subscription models can provide media outlets with valuable data about their readers, which can be used to inform content creation and advertising.

However, there are also drawbacks to subscription models. Firstly, subscription models may limit access to information, which can be problematic in a democratic society. Secondly, subscription models may exacerbate existing inequalities, as those who are unable to pay for content may be excluded from important information. What is more, subscription models may not be sustainable in the long term, as readers may be unwilling to pay for content that they can access for free elsewhere. Moreover, subscription models that limit access to content may result in a decline in traffic and ad revenue for media outlets, as they may not be able to attract as many readers or visitors to their site.

² Oliver, L.(2022, May, 26) These reader revenue models keep in mind people who won’t pay full price (yet) <https://reutersinstitute.politics.ox.ac.uk/news/these-reader-revenue-models-keep-mind-people-who-wont-pay-full-price-yet>

3 PART. Does the funding revolution mean different content?

The past decade has seen a funding revolution in the media industry, with the rise of digital advertising and the decline of print advertising revenue. This has led to significant changes in the way that media companies approach content creation, distribution, and monetization. While this revolution has brought about many positive changes, such as new revenue streams and increased innovation, it has also brought about new challenges and risks.

One of the main ways that the funding revolution has impacted content is by driving innovation. In order to compete in the digital age, media companies have had to find new and creative ways to attract and retain audiences. This has led to the development of new formats, such as podcasts, video content, and interactive experiences, as well as new distribution channels, such as social media and mobile apps. These innovations have helped to keep audiences engaged and to attract new viewers and readers.

However, the drive for innovation can also have negative effects on content quality. As media companies focus more on finding new ways to monetize their content, they may become more focused on quantity over quality. This can lead to a proliferation of clickbait articles, listicles, and other low-quality content that is designed to attract clicks and generate revenue rather than provide valuable information to the audience.

Another way that the funding revolution has impacted content is by changing the way that media companies approach revenue models. In the past, advertising was the primary source of revenue for media companies. However, as the advertising landscape has changed, media companies have had to find new ways to generate revenue. This has led to the rise of subscription models, where readers or viewers pay a monthly fee to access premium content. This has helped to diversify revenue streams and reduce dependence on advertising.

However, subscription models can also have negative impacts on content. In order to convince readers to pay for content, media companies may be more likely to create content that appeals to a specific niche or demographic, rather than focusing on broader topics that would appeal to a wider audience. This can lead to a narrowing of content and a reduction in the diversity of voices and perspectives represented in the media.

Almost half of news leaders (47%) surveyed by the Reuters Institute for the Study of Journalism in 2021 said they were worried that subscription models may “super-serve” richer and more educated audiences. Some news outlets are experimenting with more inclusive models to ensure the news produced by news organizations isn’t just for those who can afford the entry fee.³ Some media outlets set an example of ethical approach. For example, South Africa’s Daily Maverick continues to reject paywalls in a commitment to a more inclusive, reader-supported model. The audience members can choose how much they want to contribute to support the news outlet: from R75 (just under \$5) to R350+ (just under \$23) a month or from R900 (just under \$49) to R4,200+ (just under \$226) annually to become a Maverick Insider.

In order to balance innovation in content and revenue models, media companies must find ways to prioritize quality over quantity while still finding new and creative ways to generate

³ <https://reutersinstitute.politics.ox.ac.uk/news/these-reader-revenue-models-keep-mind-people-who-wont-pay-full-price-yet>

revenue. This can be achieved by focusing on creating content that is valuable and informative, rather than just trying to attract clicks or subscriptions. Media companies can also invest in new technologies and platforms that allow them to reach new audiences and monetize their content in innovative ways.

One example of a media company that has successfully balanced innovation and quality is The New York Times. The Times has invested heavily in developing new digital products and platforms, such as the NYT Cooking app and the virtual reality experience The Daily 360. However, the Times has also maintained a commitment to quality journalism, with a focus on in-depth reporting and investigative journalism. This approach has helped the Times to attract new readers and viewers while also maintaining its reputation as a trusted source of news and information.

The funding revolution has brought about many changes in the media industry, including new revenue models and a focus on innovation in content creation and distribution. While these changes have brought about many positive benefits, they also present new challenges and risks. Media companies must find ways to balance innovation and quality while still generating revenue, in order to ensure that they remain relevant and valuable to audiences in the digital age.